



Allen Anderson, President & 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, 2011

Mr. Jeff Derouen, Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40602

RE: Case No. 2011-00096  
Application of South Kentucky Rural Electric Cooperative Corporation, for  
an Adjustment of Rates

Dear Mr. Derouen:

Please find enclosed the original and ten (10) copies of the responses to the Commission's Order "Third Data Request of the Commission Staff to South Kentucky Rural Electric Cooperative Corporation" dated September 23, 2011.

Please contact me at (606) 523-1370 or Allen Anderson at (606) 678-4121 with any questions regarding this filing.

Respectfully submitted,

A handwritten signature in cursive script that reads 'Darrell Saunders'.

Darrell Saunders  
Counsel for South Kentucky Rural Electric Cooperative Corporation

Enclosure

RECEIVED

OCT 24 2011

PUBLIC SERVICE  
COMMISSION

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of adjustment of Rates Of  
South Kentucky Rural Electric Cooperative  
Corporation**

**Case No. 2011-00096**

**APPLICANT'S RESPONSES TO  
THIRD DATA REQUEST OF COMMISSION STAFF**

The applicant, South Kentucky Rural Electric Cooperative Corporation, makes the following responses to the "Third Data Request of Commission Staff", as follows:

1. The witnesses who are prepared to answer questions concerning each request are Allen Anderson, Stephen Johnson, and Jim Adkins.
2. Allen Anderson, President and CEO of South Kentucky Rural Electric Cooperative Corporation is the person supervising the preparation of the responses on behalf of the applicant.
3. The responses and Exhibits are attached hereto and incorporated by reference herein.



---

Darrell Saunders, Attorney at Law  
P.O. Box 1324  
Corbin, Kentucky 40702  
Attorney for South Kentucky Rural Electric Cooperative  
Telephone: 606-523-1370

The undersigned, Allen Anderson, as President & CEO of South Kentucky Rural Electric Cooperative Corporation, being duly sworn, states that the responses herein are true and accurate to the best of my knowledge and belief formed after reasonable inquiry.

Dated: October 20, 2011

SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE

*Allen Anderson*

By: \_\_\_\_\_  
ALLEN ANDERSON, PRESIDENT & CEO

Subscribed, sworn to, and acknowledged before me by Allen Anderson, as President & CEO for South Kentucky Rural Electric Cooperative Corporation on behalf of said Corporation the 20th day of October, 2011.

*Janice M. Baker*

\_\_\_\_\_  
Notary Public, Kentucky State At Large

My Commission Expires: 12-2-2013

CERTIFICATE OF SERVICE

The undersigned counsel certifies that the foregoing responses have been served upon the following:

Original and Ten Copies

Mr. Jeff Derouen, Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40601

Copy

Hon. Lawrence W. Cook  
Assistant Attorney General  
1024 Capital Center Drive, Suite 200  
Frankfort, Kentucky 40601

This 20th day of October, 2011

*Daniel L. Sanders*

\_\_\_\_\_  
ATTORNEY FOR  
SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE



South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

1. Refer to the response to Item 1 of Commission Staff's Second Request for Information ("Staff's Second Request"). Explain what regulatory authority, if any, the state of Tennessee has over South Kentucky.

Response Question #1

The state of Tennessee has never provided regulatory authority over the customers located in Tennessee.



South Kentucky Rural Electric Cooperative  
Case No. 2011-00096  
Commission Staff's Third Information Request

2. Refer to the response to Item 2 of Staff's Second Request. The response states that South Kentucky published notice in various newspapers in its service territory of the proposed rate increase and that its members were informed in May 2011 in South Kentucky's Annual Report in *Kentucky Living* magazine of its intent to apply for a rate increase. Further, South Kentucky states that a June 2011 article regarding the proposed rate increase appeared in South Kentucky's section of *Kentucky Living* magazine. Provide an affidavit of publication from the publisher of each publication in which the notice was published indicating the dates of publication with an attached copy of the notice that was published.

Response to Question#2.

See attached requested information.

# The Times Journal

PO Box 190, 120 WILSON ST., RUSSELL SPRINGS, KY 42642  
PHONE 270.866.3191 - www.russellcounty.net - 270.866.3198 FAX

## Affidavit of Publication:

RECC  
925 N Main St  
Somerset KY 42501

June 11, 18, 25, 2011

6x10.75 = \$396.90x3 runs= \$1190.70 Russell County News Register

I hereby affirm that the above listed advertisement was published in The Times Journal on the above listed date and at the size indicated.

Stephanie Smith  
Stephanie Smith

9-27-11  
Date signed

Notary:

I attest that the above signature is true and correct.

Signed Derek Aaron

Dated 9-27-11

I Derek Aaron, am a Kentucky Notary Public – State out Large, for acts performed in Kentucky for recordation in Kentucky; my commission expires: 18 March, 2015.



# Official Notice

South Kentucky Rural Electric Cooperative Corporation, with its principal office at Somerset, Kentucky, and with its address at 925-929 N. Main St., Somerset, Kentucky 42503, intend to file with the Kentucky Public Service Commission in Case No. 2011-00086 an application to adjust its retail rates and charges. This Adjustment will result in a general rate increase to the member-consumers of South Kentucky Rural Electric Cooperative Corporation.

The rates proposed in this application are the rates proposed by South Kentucky Rural Electric Cooperative Corporation. However, the Kentucky Public Service Commission may order rates to be changed that differ from those proposed rates. Such action may result in rates for consumers other than the rates in this application.

Any corporation, association, body politic, or person may by motion within thirty (30) days after publication or mailing of notice of the proposed rate changes request leave to intervene. The motion shall be submitted to the Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the request, including the status and interest of the party. Any person who has been granted intervention by the Commission may obtain copies of the rate application and any other filings made by the utility by contacting Mr. Stephen Johnson, South Kentucky Rural Electric Cooperative Corporation, 925-929 N. Main St., Somerset, KY 42503; phone 606-678-4121.

Any person may examine the rate application and any other filing made by the utility at the office of South Kentucky Rural Electric Cooperative Corporation or at the Commission's office.

South Kentucky REOC  
925-929 N. Main St.  
Somerset, Kentucky 42503  
606-678-4121

Ky. Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602  
502-564-3940

The amount and percent of increase are listed below:

Rate Class	Amount	Percent Increase	Present Rate	Proposed Rate	Percent Increase
<b>Schedule A</b> Residential, Farm and Home	\$6,568,492	7.8%	\$83,921	\$89,321	9.6%
<b>Schedule B</b> Small Commercial	\$83,921	9.6%	\$81,430	\$89,321	10.9%
<b>Schedule LP</b> Large Power	\$81,430	4.5%	\$248,043	\$259,488	10.3%
<b>Schedule OPS</b> Optional Power Service	\$248,043	16.3%			
<b>Schedule A</b> Residential Marketing Rate - ETS					
Consumers with no contract			\$41,950	\$44,950	7.1%
Year 1			\$41,360	\$44,360	7.1%
Year 2			\$41,360	\$44,360	7.1%
Year 3					
<b>Schedule B</b> Small Commercial Marketing Rate - ETS	\$364	18.8%			
<b>Schedule LP1</b> Large Power 1	\$	0%			
<b>Schedule LP2</b> Large Power 2	\$	0%			
<b>Schedule LP-3</b> Large Power 3	\$106,286	2.1%			
<b>Schedule AES</b> All Electric School	\$80,592	9.9%			
<b>Schedule OL</b> Outdoor Lighting	\$	0%			
<b>Schedule STL</b> Street Lighting	\$21,990	15.0%			
<b>Schedule DSTL</b> Decorative Street Lighting	\$	0%			
<b>Schedule B</b> Residential, Farm and Home	\$9.02	7.8%			
<b>Schedule B</b> Small Commercial	\$16.35	9.5%			
<b>Schedule LP</b> Large Power	\$195.04	4.5%			
<b>Schedule OPS</b> Optional Power Service	\$121.89	15.3%			
<b>Schedule A</b> Residential Marketing Rate - ETS					
Consumers with no contract			\$1.79	\$1.92	7.1%
Year 1			\$1.79	\$1.92	7.1%
Year 2			\$1.79	\$1.92	7.1%
Year 3			\$0.75	\$0.75	3.0%
<b>Schedule B</b> Small Commercial Marketing Rate - ETS	\$3.79	18.82%			
<b>Schedule LP1</b> Large Power 1	\$	0%			
<b>Schedule LP2</b> Large Power 2	\$	0%			
<b>Schedule LP-3</b> Large Power 3	\$994.13	2.1%			
<b>Schedule AES</b> All Electric School	\$548.24	9.9%			
<b>Schedule OL</b> Outdoor Lighting	\$	0%			
<b>Schedule STL</b> Street Lighting	\$2.27	15.0%			
<b>Schedule DSTL</b> Decorative Street Lighting	\$	0%			
The present and proposed rates structures of South Kentucky Rural Electric Cooperative Corporation are listed below:					
<b>Schedule A</b> Customer Charge per month	\$9.14	\$15.00			
Energy Rate per kWh	\$0.09214				
<b>Schedule B</b> Customer Charge per month	\$17.14	\$25.00			
Energy Rate per kWh	\$0.10389				
<b>Schedule LP</b> Customer Charge per month	\$34.28	\$50.00			
Energy Rate per kWh	\$0.06896	\$0.06914			
Demand Charge per kW	\$0.06596	\$0.06934			
<b>Schedule OPS</b> Customer Charge per month	\$34.28	\$50.00			
Energy Rate per kWh	\$0.10625	\$0.12105			
<b>Schedule A - Residential Marketing Rate - ETS</b> Consumers with contract	\$0.05528	\$0.066934			
Year 1	\$0.05528	\$0.066921			
Year 2	\$0.05921	\$0.069313			
Year 3	\$0.06913	\$0.06706			
<b>Schedule B - Small Commercial Marketing Rate - ETS</b>					
Energy Rate per kWh	\$0.06293	\$0.06293			
<b>Schedule LP-1</b> Metering Charge	\$142.56	\$142.56			
Substation Charge	\$1,078.94	\$1,078.94			
Demand Charge per kW	\$6.16	\$6.16			
Energy Rate per kWh	\$0.06091	\$0.06091			
<b>Schedule LP-2</b> Metering Charge	\$1,857	\$1,857			
Substation Charge	\$2,711.98	\$2,711.98			
Demand Charge per kW	\$6.16	\$6.16			
Energy Charge for first 400 kWh	\$0.06091	\$0.06091			
Energy Charge for all kWh over 400 kWh	\$0.05404	\$0.05404			
<b>Schedule LP-3</b> Metering Charge	\$142.85	\$142.85			
Substation Charge	\$359.99	\$359.99			
Contract Demand Charge per kW	\$6.16	\$6.16			
Excess Demand Charge per kW	\$8.57	\$8.57			
Energy Rate per kWh	\$0.05790	\$0.05790			
<b>Schedule AES</b> Customer Charge per month	\$79.28	\$79.28			
Energy Rate per kWh	\$0.06900	\$0.06900			
<b>Schedule OL</b> Metal Halide 250W Dir	\$18.34	\$18.34			
Metal Halide 250W Metered Dir	\$10.22	\$10.22			
MVapor Sec Light 74 KWH	\$10.57	\$10.57			
MVapor Metered Sec Light	\$7.23	\$7.23			
Sodium Security Light	\$10.57	\$10.57			
Sodium Metered Sec Light	\$7.23	\$7.23			
Sodium Directional Light	\$16.99	\$16.99			
Sodium Metered Directional	\$9.18	\$9.18			
Metal Halide 400W Directional	\$23.14	\$23.14			
Metal Halide 400W Metered Dir	\$10.22	\$10.22			
Metal Halide 1000W Directional	\$41.70	\$41.70			
Metal Halide 1000W Metered Dir	\$11.41	\$11.41			
Metal Halide 250W Directional	\$18.34	\$18.34			
Metal Halide 250W Metered Dir	\$10.22	\$10.22			
<b>Schedule STL</b> MVapor Sec Light 74 KWH	\$8.48	\$8.48			
Metal Halide 250W Dir	\$8.48	\$8.48			
Metal Halide 250W Metered Dir	\$4.12	\$4.12			
Sodium Streetlight 360 Watts	\$4.12	\$4.12			
250 W Flood 1200 Lum-MV	\$8.48	\$8.48			
400 W Flood 1900 Lum-MV	\$8.48	\$8.48			
Sodium Streetlight 160 Watts	\$8.48	\$8.48			
Sodium Streetlight 360 Watts	\$14.12	\$14.12			
Sodium Cobra HD 100W SLL <sup>6</sup>	\$8.48	\$8.48			
<b>Schedule DSTL</b> 250W Cobra Existing Pole	\$16.56	\$16.56			
250W Cobra 30' Aluminum Pol	\$22.88	\$22.88			
250W Cobra 30' Aluminum Pol	\$25.21	\$25.21			
1000W M/Halide Galleria	\$39.88	\$39.88			
100W M/Halide Galleria	\$33.21	\$33.21			
100W Metal Halide Acorn	\$7.81	\$7.81			
14' Smooth Pole	\$11.62	\$11.62			
30' Square Steel Pole	\$16.04	\$16.04			
100W Metal Halide Acorn	\$17.24	\$17.24			
100W Metal Halide Acorn	\$10.81	\$10.81			
100W Metal Halide Lexington	\$8.64	\$8.64			
400W Metal Halide Galleria	\$23.21	\$23.21			
Metered 100W M/Hal Acorn	\$7.81	\$7.81			
250W Cobra Existing Pole	\$16.56	\$16.56			
250W Cobra 30' Aluminum Pol	\$22.88	\$22.88			
400W Mercury Cobra 12' Arm	\$22.88	\$22.88			
100W M/Halide Lexington	\$8.64	\$8.64			

# Clinton County News

Published Since 1949 By  
Gibson Printing Co., Inc.

Item No. 2  
P.O. Box 360 • 116 North Washington Street  
Albany, Kentucky 42602-0360 Page 15 of 15

Witness: Jim Adkins  
606-387-5144 / Fax: 606-387-7949

gpccompany@kih.net / www.clintonnews.net

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The News . . . It's All About You!

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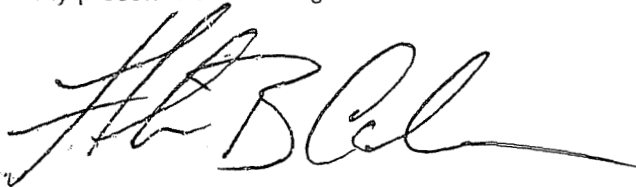
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## AFFIDAVIT OF PUBLICATION

I, Janie U. Gibson, Advertising Manager for the Clinton County News, a newspaper published in Albany, Clinton County, Kentucky, do hereby affirm that an advertisement titled "Official Notice" regarding retail rates and charges, was published in the June 9, 2011, June 16, 2011 and the June 23, 2011 issues.

  
Janie U. Gibson  
Advertising Manager  
Clinton County News

I, Alan B. Gibson, a Notary Public, State at Large, Kentucky, do hereby affirm that the above named person did personally appear before me on this 30th day of June, 2011, affixing her signature to this document in my presence and stating that the above facts were true to the best of her knowledge.

  
Alan B. Gibson  
Notary Public  
State at Large, Kentucky

My Commission Expires 09/26/12

**Official Notice**

South Kentucky Rural Electric Cooperative Corporation, with its principal office at Somerset, Kentucky, and with its address as 925-929 N. Main St., Somerset, Kentucky 42503, intends to file with the Kentucky Public Service Commission in Case No. 2011-00096 an application to adjust its retail rates and charges. This Adjustment will result in a general rate increase to the member-consumers of South Kentucky Rural Electric Cooperative Corporation.

The rates proposed in this application are the rates proposed by South Kentucky Rural Electric Cooperative Corporation. However, the Kentucky Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this application.

Any corporation, association, body politic, or person may by motion within thirty (30) days after publication or mailing of notice of the proposed rate changes request leave to intervene. The motion shall be submitted to the Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the request including the status and interest of the party. Any person who has been granted intervention by the Commission may obtain copies of the rate application and any other filings made by the utility by contacting Mr. Stephen Johnson, South Kentucky Rural Electric Cooperative Corporation, 925-929 N. Main St., Somerset, KY 42503, phone 606-678-4121.

Any person may examine the rate application and any other filings made by the utility at the office of South Kentucky Rural Electric Cooperative Corporation or at the Commission's office.

South Kentucky RECC  
 925-929 N. Main St  
 Somerset, Kentucky 42503  
 606-678-4121

Kentucky Public Service Commission  
 211 Sower Boulevard  
 Frankfort, Kentucky 40602  
 502-564-3940

The amount and percent of increase are listed below

Rate Class	Increase Amount	Percent	Schedule B	Current	Proposed
			Customer Charge per month	\$ 17.14	\$ 25.00
			Energy Rate per kWh	\$ 0.10389	\$ 0.10965
Schedule A			Schedule LP		
Residential, Farm and Home	\$ 5,668,492	7.8%	Customer Charge per month	\$ 34.28	\$ 50.00
Small Commercial	\$ 833,321	9.6%	Energy Rate per kWh	\$ 0.06596	\$ 0.06914
Large Power	\$ 814,306	4.5%	Demand Charge per kW	\$ 0.06596	\$ 0.06914
Optional Power Service	\$ 248,043	15.3%	Schedule OPS		
Residential Marketing Rate - ETS			Customer Charge per month	\$ 34.28	\$ 50.00
Consumers with no contract			Energy Rate per kWh	\$ 0.10625	\$ 0.12105
Year 1	\$ 41,350	7.1%	Schedule A - Residential Marketing Rate - ETS		
Year 2	\$ 41,350	7.1%	Consumers with contract	\$ 0.05528	\$ 0.05634
Year 3	\$ 41,350	7.1%	Consumers with no contract	\$ 0.05528	\$ 0.05921
Small Commercial Marketing Rate - ETS	\$ 364	18.8%	Year 2	\$ 0.05921	\$ 0.06313
Large Power 1	\$ -	0%	Year 3	\$ 0.06313	\$ 0.06706
Large Power 2	\$ -	0%	Schedule B - Small Commercial Marketing Rate - ETS		
Large Power 3	\$ 106,286	2.1%	Energy Rate per kWh	\$ 0.06233	\$ 0.07406
All Electric School	\$ 80,592	9.9%	Schedule LP-1		
Outdoor Lighting	\$ -	0%	Metering Charge	\$ 142.85	\$ 142.85
Street Lighting	\$ 21,390	15.0%	Substation Charge	\$ 1,078.84	\$ 1,078.84
Decorative Street Lighting	\$ -	0%	Demand Charge per kW	\$ 8.16	\$ 8.16
			Energy Rate per kWh	\$ 0.06001	\$ 0.06091
			Schedule LP-2		
			Metering Charge	\$ 1,857	\$ 1,857
			Substation Charge	\$ 2,711.98	\$ 2,711.98
			Demand Charge per kW	\$ 8.16	\$ 8.16
			Energy Charge for the first 400 kWh	\$ 0.06091	\$ 0.06091
			Energy Charge for all kWh over 400 kWh	\$ 0.05404	\$ 0.05404
			Schedule LP-3		
			Metering Charge	\$ 142.85	\$ 145.86
			Substation Charge	\$ 359.99	\$ 367.59
			Contract Demand Charge per kW	\$ 8.16	\$ 8.29
			Excess Demand Charge per kW	\$ 8.57	\$ 9.13
			Energy Rate per kWh	\$ 0.05793	\$ 0.05915

The effect of the proposed rates on the average monthly bill by rate class is listed below

Rate Class	Increase Amount	Percent	Schedule AES	Current	Proposed
			Customer Charge per month	\$ 79.20	\$ 83.02
			Energy Rate per kWh	\$ 0.08300	\$ 0.09127
Schedule A			Schedule DL		
Residential, Farm and Home	\$ 802	7.6%	Metal Halide 400W Dir	\$ 18.34	\$ 18.34
Small Commercial	\$ 16.35	9.6%	MHalide 400W Accromed	\$ 10.22	\$ 10.22
Large Power	\$ 195.04	4.5%	MVapor Sec Light 74 KW	\$ 10.57	\$ 10.57
Optional Power Service	\$ 121.89	15.3%	MVapor Metal Halide Sec Light	\$ 7.23	\$ 7.23
Residential Marketing Rate - ETS			Sodium Security Light	\$ 10.57	\$ 10.57
Consumers with no contract			Sodium Metering Sec Light	\$ 7.23	\$ 7.23
Year 1	\$ 1.79	7.1%	Sodium Directional Light	\$ 10.99	\$ 10.99
Year 2	\$ 1.79	7.1%	Sodium Metered Directional	\$ 9.18	\$ 9.18
Year 3	\$ 1.79	7.1%	MHalide 400W Directional	\$ 23.14	\$ 23.14
Consumers with contract	\$ 0.75	3.0%	MHalide 400W Metered Dir	\$ 10.22	\$ 10.22
Small Commercial Marketing Rate - ETS	\$ 3.79	18.82%	MHalide 1000W Directional	\$ 41.70	\$ 41.70
Large Power 1	\$ -	0%	MHalide 1000W Metered Dir	\$ 11.41	\$ 11.41
Large Power 2	\$ -	0%	MHalide 250W Directional	\$ 18.34	\$ 18.34
Large Power 3	\$ 984.13	2.1%	MHalide 250W Metered Dir	\$ 10.22	\$ 10.22
All Electric School	\$ 548.24	9.9%	Schedule STL		
Outdoor Lighting	\$ -	0%	MVapor Sec Light 74 KW	\$ 8.48	\$ 9.75
Street Lighting	\$ 2.27	15.0%	400W Flood 21000 Lum-M Iv	\$ 8.48	\$ 9.75
Decorative Street Lighting	\$ -	0%	Sodium Streetlgt 360 Watts	\$ 14.12	\$ 16.24
			250 W Flood 1200 Lum-M Iv	\$ 14.12	\$ 16.24
			400 Watt 18000 Lum-M Iv	\$ 8.48	\$ 9.75
			Sodium Streetlgt 160 Watts	\$ 8.48	\$ 9.75
			Sodium Streetlgt 360 Watts	\$ 14.12	\$ 16.24
			Sodium Cobra-MD 100W STLgt	\$ 8.48	\$ 9.75
			Schedule DSTL		
			250W Cobra Existing Pole	\$ 16.50	\$ 16.56
			250W Cobra 30' Aluminum Pol	\$ 22.88	\$ 22.88
			250W Cobra 30'Aluminum Pol	\$ 25.21	\$ 25.21
			1000W MHalide Galleria	\$ 39.88	\$ 39.88
			400W MHalide Galleria	\$ 23.21	\$ 23.21
			100W Metal Halide Azom	\$ 7.81	\$ 7.81
			14' Smooth Pole	\$ 11.62	\$ 11.62
			14' Fluted Pole	\$ 15.04	\$ 15.04
			30' Square Steel Pole	\$ 17.24	\$ 17.24
			100W Metal Halide Azom	\$ 10.81	\$ 10.81
			100W Metal Halide Lexington	\$ 8.64	\$ 8.64
			400W Metal Halide Galleria	\$ 23.21	\$ 23.21
			Molered 100W MHal Azom	\$ 7.81	\$ 7.81
			250W Cobra Existing Pole	\$ 16.59	\$ 16.56
			250W Cobra 30' Aluminum Pol	\$ 22.88	\$ 22.88
			400W Mercury Cobra 12' Arm	\$ 22.86	\$ 22.86
			100W MHalide Lexington	\$ 8.64	\$ 8.64

The present and proposed rate structures of South Kentucky Rural Electric Cooperative Corporations are listed below

Rate Class	Present	Proposed
Schedule A		
Customer Charge per month	\$ 9.14	\$15.00
Energy Rate per kWh	\$ 0.09214	\$ 0.09489

(continued to next column)

**AFFIDAVIT OF PUBLICATION**

I, Debra Gossett, OF THE  
COMMONWEALTH JOURNAL, A LEGAL NEWSPAPER HOLDING A SECOND-  
CLASS PERMIT, PUBLISHED DAILY EXCEPT FOR MONDAYS IN SOMERSET,  
COUNTY OF PULASKI, COMMONWEALTH OF KENTUCKY DO SWEAR THAT  
THE ATTACHED PROOF OF PUBLICATION OF A

LEGAL NOTICE, AS REQUIRED AND PRESCRIBED BY KRS

PAID ADVERTISEMENT

WAS PUBLISHED IN SAID NEWSPAPER IN THE ISSUE OF 6-8-11, 6-15-11,  
FOR WHICH THE SUM \$ \_\_\_\_\_ IS DUE AND PAYABLE. 6-22-11

SIGNED: [Signature]  
TITLE Classified AD  
manager

SUBSCRIBED AND SWORN TO BEFORE ME, A NOTARY PUBLIC FOR THE  
COUNTY OF PULASKI, COMMONWEALTH OF KENTUCKY THIS 22 DAY  
OF June 20 11.

[Signature]  
MY COMMISSION EXPIRES August 12, 2014

**Official Notice**

South Kentucky Electric Corporation, with its principal office at Somerset, Kentucky, and with its address at 926-929 N. Main St., Somerset, Kentucky 42503, Intend to file with the Kentucky Public Service Commission, and with the Kentucky Rural Electric Cooperative Corporation, with its principal office at Somerset, Kentucky, and with its address at 926-929 N. Main St., Somerset, Kentucky 42503, a proposed increase in a general rate increase to the members-consumers of South Kentucky Rural Electric Cooperative Corporation. However, the South Kentucky Rural Electric Cooperative Corporation, through its Kentucky Public Service Commission may order rates on its rate consumers other than the rates in this application.

Any corporation, association, body public, or person may by petition within thirty (30) days after the filing of the proposed rates submitted to the Public Service Commission, 211 Sower Boulevard, P.O. Box 616, Frankfort, Kentucky 40602, and instead of the party, any person who has been granted intervention by the Commission may obtain copies of the rate application and any other information available to the Commission by contacting the Kentucky Rural Electric Cooperative Corporation, 926-929 N. Main St., Somerset, KY 42503, phone 606/978-4121. The rate application and any other filing may be made only at the office of South Kentucky Rural Electric Cooperative Corporation or at the Commission's office.

The amount and percent of increase are listed below:

Schedule A	Rate Class	Amount	Percent
Schedule A	Residential, Farm and Home	\$6,089,492	7.8%
Schedule B	Small Commercial	\$839,521	9.6%
Schedule C	Large Power 1	\$814,906	4.6%
Schedule D	Optional Power Service	\$248,043	16.3%
Schedule E	Consumers with no contract	\$41,980	7.1%
Schedule F	Year 1	\$41,350	7.1%
Schedule G	Year 2	\$41,050	7.1%
Schedule H	Year 3	\$364	18.8%
Schedule I	Large Power 2	\$	0%
Schedule J	Large Power 3	\$106,266	2.1%
Schedule K	All Electric School	\$80,692	9.9%
Schedule L	Outdoor Lighting	\$	0%
Schedule M	Street Lighting	\$21,350	16.0%

Schedule DSTL	Decorative Street Lighting	Rate Class	Amount	Percent
Schedule A	Residential, Farm and Home	\$9,002	7.8%	
Schedule B	Small Commercial	\$18,85	9.6%	
Schedule C	Large Power 1	\$105,04	4.6%	
Schedule D	Optional Power Service	\$21,189	16.3%	
Schedule E	Consumers with no contract	\$1,79	7.1%	
Schedule F	Year 1	\$1,79	7.1%	
Schedule G	Year 2	\$0,75	3.0%	
Schedule H	Year 3	\$2,70	18.82%	
Schedule I	Large Power 2	\$	0%	
Schedule J	Large Power 3	\$	0%	
Schedule K	Large Power 4	\$884,13	2.1%	
Schedule L	Outdoor Lighting	\$548,24	9.9%	
Schedule M	Street Lighting	\$	0%	
Schedule N	Decorative Street Lighting	\$2,27	16.0%	

Schedule A <th>Residential, Farm and Home</th> <th>Rate Class</th> <th>Amount</th> <th>Percent</th>	Residential, Farm and Home	Rate Class	Amount	Percent
Schedule A	Residential, Farm and Home	\$9,002	7.8%	
Schedule B	Small Commercial	\$18,85	9.6%	
Schedule C	Large Power 1	\$105,04	4.6%	
Schedule D	Optional Power Service	\$21,189	16.3%	
Schedule E	Consumers with no contract	\$1,79	7.1%	
Schedule F	Year 1	\$1,79	7.1%	
Schedule G	Year 2	\$0,75	3.0%	
Schedule H	Year 3	\$2,70	18.82%	
Schedule I	Large Power 2	\$	0%	
Schedule J	Large Power 3	\$	0%	
Schedule K	Large Power 4	\$884,13	2.1%	
Schedule L	Outdoor Lighting	\$548,24	9.9%	
Schedule M	Street Lighting	\$	0%	
Schedule N	Decorative Street Lighting	\$2,27	16.0%	

Schedule B <th>Small Commercial Manufacturing Rate - ETS</th> <th>Rate Class</th> <th>Amount</th> <th>Percent</th>	Small Commercial Manufacturing Rate - ETS	Rate Class	Amount	Percent
Schedule B	Small Commercial Manufacturing Rate - ETS	\$90,0214	\$16.00	
Schedule C	Optional Power Service	\$248,043	16.3%	
Schedule D	Consumers with no contract	\$41,980	7.1%	
Schedule E	Year 1	\$41,350	7.1%	
Schedule F	Year 2	\$41,050	7.1%	
Schedule G	Year 3	\$364	18.8%	

Schedule DSTL	Decorative Street Lighting	Rate Class	Amount	Percent
Schedule A	Residential, Farm and Home	\$9,002	7.8%	
Schedule B	Small Commercial	\$18,85	9.6%	
Schedule C	Large Power 1	\$105,04	4.6%	
Schedule D	Optional Power Service	\$21,189	16.3%	
Schedule E	Consumers with no contract	\$1,79	7.1%	
Schedule F	Year 1	\$1,79	7.1%	
Schedule G	Year 2	\$0,75	3.0%	
Schedule H	Year 3	\$2,70	18.82%	
Schedule I	Large Power 2	\$	0%	
Schedule J	Large Power 3	\$	0%	
Schedule K	Large Power 4	\$884,13	2.1%	
Schedule L	Outdoor Lighting	\$548,24	9.9%	
Schedule M	Street Lighting	\$	0%	
Schedule N	Decorative Street Lighting	\$2,27	16.0%	

Schedule B	Small Commercial Manufacturing Rate - ETS	Rate Class	Amount	Percent
Schedule B	Small Commercial Manufacturing Rate - ETS	\$90,0214	\$16.00	
Schedule C	Optional Power Service	\$248,043	16.3%	
Schedule D	Consumers with no contract	\$41,980	7.1%	
Schedule E	Year 1	\$41,350	7.1%	
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Schedule I	Large Power 2	\$	0%	
Schedule J	Large Power 3	\$	0%	
Schedule K	Large Power 4	\$884,13	2.1%	
Schedule L	Outdoor Lighting	\$548,24	9.9%	
Schedule M	Street Lighting	\$	0%	
Schedule N	Decorative Street Lighting	\$2,27	16.0%	

008-382-0593

AFFIDAVIT OF PUBLICATION

I, Patricia Stephens

Of the McCreary County Voice, a weekly newspaper, holding a mailing permit, published in Whitley City, county of McCreary, Commonwealth of Kentucky, do swear and subscribe that the attached proof of publication of a legal notice was published in said newspaper in the issue of

06/09/11 6x8.5 Legal Ad

\_\_\_\_\_ for which the sum of \$ 242.<sup>25</sup>  
is due and payable.

Signed: Patricia Stephens

Title: Publisher

Subscribed and sworn to before me, a notary public for the County of McCreary, Commonwealth of Kentucky this 9<sup>th</sup> day of June, 20 11.

My commission expires 03/27/15  
Jandy W. Stephens

AFFIDAVIT OF PUBLICATION

I, Patricia Stephens

Of the McCreary County Voice, a weekly newspaper, holding a mailing permit, published in Whitley City, county of McCreary, Commonwealth of Kentucky, do swear and subscribe that the attached proof of publication of a legal notice was published in said newspaper in the issue of

06/16/11 6x8.5 Legal Ad

\_\_\_\_\_ for which the sum of \$ 242.<sup>25</sup>  
is due and payable.

Signed: Patricia Stephens

Title: Publisher

Subscribed and sworn to before me, a notary public for the County  
of McCreary, Commonwealth of Kentucky this 16<sup>th</sup>  
day of June, 20 11.

My commission expires 03/27/15

Jandy W. Stephens

AFFIDAVIT OF PUBLICATION

I, Patricia Stephens

Of the McCreary County Voice, a weekly newspaper, holding a mailing permit, published in Whitley City, county of McCreary, Commonwealth of Kentucky, do swear and subscribe that the attached proof of publication of a legal notice was published in said newspaper in the issue of

06/23/11 6x8.5 Legal Ad

\_\_\_\_\_ for which the sum of \$ 242.<sup>25</sup>  
is due and payable.

Signed: Patricia Stephens

Title: Publisher

Subscribed and sworn to before me, a notary public for the County of McCreary, Commonwealth of Kentucky this 23<sup>rd</sup> day of June, 20 11.

My commission expires 03/27/15  
Jandy W. Stephens



OFFICIAL NOTICE

SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION, WITH ITS PRINCIPAL OFFICE AT SOMERSET, KENTUCKY, AND WITH ITS ADDRESS AS 925-929 N. MAIN ST., SOMERSET, KENTUCKY 42503, INTENDS TO FILE WITH KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2011-00099 AN APPLICATION TO ADJUST ITS RETAIL RATES AND CHARGES. THIS ADJUSTMENT WILL RESULT IN A GENERAL RATE INCREASE TO THE MEMBER-CONSUMER SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION.

THE RATES PROPOSED IN THIS APPLICATION ARE THE RATES PROPOSED BY SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION. HOWEVER, THE KENTUCKY PUBLIC SERVICE COMMISSION MAY ORDER RATES CHARGED THAT DIFFER FROM THESE PROPOSED RATES, SUCH ACTION MAY RESULT IN RATES FOR CONSUMERS OTHER THAN THE RATES IN THIS APPLICATION. ANY CORPORATION, ASSOCIATION, BODY POLITICAL, OR PERSON MAY BY MOTION WITHIN THIRTY (30) DAYS AFTER PUBLICATION OR MAILING OF NOTICE OF NOTICE OF INTEREST IN THE STATUS OF THE APPLICATION, MOTION SHALL BE SUBMITTED TO THE PUBLIC SERVICE COMMISSION, 211 SOWER BOULEVARD, P.O. BOX 615, FRANKFORT, KENTUCKY 40602, AND SHALL SET FORTH THE GROUNDS FOR THE REQUEST INCLUDING THE STATUS OF INTEREST OF THE PARTY. ANY PERSON WHO HAS BEEN GRANTED INTERVENTION BY THE COMMISSION MAY OBTAIN COPIES OF THE RATE APPLICATION AND ANY OTHER FILINGS MADE BY THE UTILITY BY CONTACTING MR. STEPHEN JOHNSON, SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION, 925-929 N. MAIN ST., SOMERSET, KY 42503, PHONE 606-678-4121.

ANY PERSON MAY EXAMINE THE RATE APPLICATION AND ANY OTHER FILINGS MADE BY THE UTILITY AT THE OFFICE OF SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION OR AT THE COMMISSION'S OFFICE.

THE AMOUNT AND PERCENT OF INCREASE ARE LISTED BELOW

SOUTH KENTUCKY RECC  
925-929 N. MAIN ST  
SOMERSET, KENTUCKY 42503  
606-678-4121

KENTUCKY PUBLIC SERVICE COMMISSION  
211 SOWER BOULEVARD  
FRANKFORT, KENTUCKY 40602  
502-584-3940

RATE CLASS	INCREASE AMOUNT	PERCENT	SCHEDULE B SMALL COMMERCIAL MARKETING RATE - ETS	RATES PRESENT	RATES PROPOSED
SCHEDULE A RESIDENTIAL, FARM AND HOME	\$8,688,482	7.8%	SCHEDULE LP-1	\$3.79	18.82%
SCHEDULE B SMALL COMMERCIAL	\$833,321	8.6%	LARGE POWER 1	\$	0%
SCHEDULE LP-1 LARGE POWER	\$814,306	4.5%	SCHEDULE LP-2	\$	0%
SCHEDULE OPS OPTIONAL POWER SERVICE	248,043	15.3%	LARGE POWER 2	\$	0%
SCHEDULE A RESIDENTIAL MARKETING RATE - ETS			SCHEDULE LP-3	\$984.13	2.1%
YEAR 1	\$41,350	7.1%	LARGE POWER 3	\$	0%
YEAR 2	\$41,350	7.1%	SHOULLESSCHEDULE AES	\$548.24	9.8%
YEAR 3	\$41,350	7.1%	ALL ELECTRIC SCHOOL	\$	0%
CONSUMERS WITH NO CONTRACT			OUTDOOR LIGHTING	\$	0%
SCHEDULE B SMALL COMMERCIAL MARKETING RATE - ETS	\$384	18.6%	STREET LIGHTING	\$2.27	15.0%
SCHEDULE LP-1 LARGE POWER 1	\$	0%	DECORATIVE STREET LIGHTING	\$	0%
SCHEDULE LP-2 LARGE POWER 2	\$	0%	THE PRESENT AND PROPOSED RATE STRUCTURES OF SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATIONS ARE LISTED BELOW.		
SCHEDULE LP-3 LARGE POWER 3	\$106,286	2.1%	SCHEDULE A		
SCHEDULE AES	\$80,592	9.9%	CUSTOMER CHARGE PER MONTH	\$9.14	\$16.00
ALL ELECTRIC SCHOOL	\$	0%	ENERGY RATE PER KWH	\$0.09214	\$0.08489
OUTDOOR LIGHTING	\$	0%	SCHEDULE B		
STREET LIGHTING	\$21,390	15.0%	CUSTOMER CHARGE PER MONTH	\$17.14	\$25.00
DECORATIVE STREET LIGHTING	\$	0%	ENERGY RATE PER KWH	\$0.10889	\$0.10885
THE EFFECT OF THE PROPOSED RATES ON THE AVERAGE MONTHLY BILL BY RATE CLASS IS LISTED BELOW					
INCREASE AMOUNT			PERCENT		
SCHEDULE A RESIDENTIAL, FARM AND HOME	\$9,02	7.8%	SCHEDULE LP	\$34.28	\$50.00
SCHEDULE B SMALL COMMERCIAL	\$16.35	8.6%	CUSTOMER CHARGE PER MONTH	\$0.05586	\$0.08914
SCHEDULE LP-1 LARGE POWER	\$195.04	4.5%	ENERGY RATE PER KWH	\$0.05586	\$0.08914
SCHEDULE OPS OPTIONAL POWER SERVICE	\$121.89	15.3%	DEMAND CHARGE PER KW	\$0.05586	\$0.08914
SCHEDULE A RESIDENTIAL MARKETING RATE - ETS			SCHEDULE OPS	\$34.28	\$50.00
YEAR 1	\$179	7.1%	CUSTOMER CHARGE PER MONTH	\$0.10625	\$0.12105
YEAR 2	\$179	7.1%	ENERGY RATE PER KWH	\$0.10625	\$0.12105
YEAR 3	\$179	7.1%	ENERGY RATE PER KWH	\$0.10625	\$0.12105
CONSUMERS WITH CONTRACT	\$0.75	3.0%	CONSUMERS WITH CONTRACT	\$0.05528	\$0.05834
SCHEDULE B - SMALL COMMERCIAL MARKETING RATE - ETS					
ENERGY RATE PER KWH					
YEAR 1	\$0.05528	\$0.05921			
YEAR 2	\$0.05528	\$0.05921			
YEAR 3	\$0.05528	\$0.05921			
SCHEDULE LP-1					
METERING CHARGE					
SUBSTATION CHARGE					
DEMAND CHARGE PER KW					
ENERGY RATE PER KWH					
SCHEDULE LP-2					
METERING CHARGE					
SUBSTATION CHARGE					
DEMAND CHARGE PER KW					
ENERGY RATE PER KWH					
SCHEDULE LP-3					
METERING CHARGE					
SUBSTATION CHARGE					
DEMAND CHARGE PER KW					
ENERGY RATE PER KWH					
FIRST 400 KWH					
ENERGY CHARGE FOR ALL KWH					
OVER 400 KWH	\$0.05404				
SCHEDULE LP-3			METERING CHARGE	\$142.85	
CONTRACT DEMAND CHARGE	\$359.99		SUBSTATION CHARGE	\$359.99	
PER KW	\$8.16		CONTRACT DEMAND CHARGE	\$8.16	
EXCESS DEMAND CHARGE PER KW	\$9.57		PER KW	\$9.57	
ENERGY RATE PER KWH	\$0.05793		ENERGY RATE PER KWH	\$0.05793	
SCHEDULE DSTL					
CUSTOMER CHARGE PER MONTH					
ENERGY RATE PER KWH					
SCHEDULE OL	\$0.09300				
SCHEDULE OL					
METAL HALIDE 250W DIR	\$18.34				
MVAOR SEC LIGHT 7A KWH	\$10.57				
MVAOR METERED SEC LIGHT	\$7.23				
SODIUM SECURITY LIGHT	\$10.57				
SODIUM METERED SEC LIGHT	\$7.23				
SODIUM DIRECTONAL LIGHT	\$16.99				
SODIUM METERED DIRECTONAL	\$9.16				
MHALIDE 400W DIRECTONAL	\$23.14				
MHALIDE 400W METERED DIR	\$10.22				
MHALIDE 1000W DIRECTONAL	\$11.70				
MHALIDE 250W DIRECTONAL	\$18.24				
MHALIDE 250W METERED DIR	\$10.22				
SCHEDULE STL					
MVAOR SEC LIGHT 7A KWH	\$8.48				
400W FLOOD 21000 LUM-HR	\$14.12				
SODIUM STREET LIGHT 350 WATTS	\$14.12				
250 W FLOOD 12000 LUM-HR	\$8.48				
400 WATT 14000 LUM-HR	\$8.48				
SODIUM STREET LIGHT 160 WATTS	\$14.12				
SODIUM STREET LIGHT 350 WATTS	\$14.12				
SODIUM STREET LIGHT 100W STLTG	\$9.48				
SCHEDULE EXISTING					
250W COBRA EXISTING POLE	\$18.58				
250W COBRA 30' ALUMINUM POL	\$22.88				
250W COBRA 30' ALUMINUM POL	\$25.21				
1000W MHALIDE GALLERIA	\$39.88				
400W MHALIDE HALIDE ACORN	\$23.21				
100W MHALIDE HALIDE ACORN	\$7.81				
14' SHUNT POLE	\$11.62				
30' SQUARE STEEL POLE	\$15.04				
100W METAL HALIDE LEXINGTON	\$17.24				
400W METAL HALIDE GALLERIA	\$58.64				
METERED 100W METAL ACORN	\$23.21				
250W COBRA EXISTING POLE	\$7.81				
250W COBRA 30' ALUMINUM POL	\$16.56				
400W MERCURY COBRA 12' ARM	\$22.88				
100W MHALIDE LEXINGTON	\$8.64				

# AFFIDAVIT OF PUBLICATION

I, Paula Vann

of The McCreary County Record, a legal newspaper holding a second class mailing permit, published weekly in Whitley City, county of McCreary, Commonwealth of Kentucky, do swear and subscribe that the attached proof of publication of a legal notice, as required and prescribed by KRS Chapter..., was published in said newspaper in the issue of

June 7, 14, 21, 2011

204" for which the sum of \$ 321.64 is due and payable.

Signed: Paula Vann

Title: composition

Subscribed and sworn to before me, a notary public for the County of McCreary, Commonwealth of

Kentucky, this 23rd

day of June, A.D. 20 11

Sue Anderson

My Commission expires Dec. 17, 2012

(SEAL)

### Official Notice

South Kentucky Rural Electric Cooperative Corporation, with its principal office at Somerset, Kentucky, and with its address at 925-929 N. Main St., Somerset, Kentucky 42503, intends to file with the Kentucky Public Service Commission in Case No. 2011-00096 an application to adjust its retail rates and charges. This Adjustment will result in a general rate increase to the member-consumers of South Kentucky Rural Electric Cooperative Corporation.

The rates proposed in this application are the rates proposed by South Kentucky Rural Electric Cooperative Corporation. However, the Kentucky Public Service Commission may order rates to be changed that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this application.

Any corporation, association, body politic or person may by motion within thirty (30) days after publication or mailing of notice of the proposed rate changes request leave to intervene. The motion shall be submitted to the Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the request including the status and interest of the party. Any person who has been granted intervention by the Commission may obtain copies of the rate application and any other filings made by the utility by contacting Mr. Stephen Johnson, South Kentucky Rural Electric Cooperative Corporation, 925-929 N. Main St., Somerset, KY 42503, phone 606-678-4121.

Any person may examine the rate application and any other filings made by the utility at the office of South Kentucky Rural Electric Cooperative Corporation or at the Commission's office.

South Kentucky RECC  
925-929 N. Main St.  
Somerset, Kentucky 42503  
606-678-4121

Ky. Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602  
502-564-3940

The amount and percent of increase are listed below:

Schedule	Rate Class	Amount	Percent
Schedule A	Residential, Farm and Home	\$6,668,492	7.8%
Schedule B	Small Commercial	\$833,321	9.6%
Schedule LP	Large Power	\$814,306	4.5%
Schedule OPS	Optional Power Service	\$248,043	15.3%
Schedule A	Residential Marketing Rate - ETS		
Consumers with no contract			
Year 1		\$41,350	7.1%
Year 2		\$41,350	7.1%
Year 3		\$41,350	7.1%
Schedule B	Small Commercial Marketing Rate - ETS	\$364	18.8%
Schedule LP1	Large Power 1		
Schedule LP2	Large Power 2		
Schedule LP3	Large Power 3	\$106,286	2.1%
Schedule AES	All Electric School	\$80,592	9.9%
Schedule OL	Outdoor Lighting		
Schedule STL	Street Lighting	\$21,390	16.0%

Schedule	Rate Class	Amount	Percent
Schedule DSTL	Decorative Street Lighting		
Schedule LP-1	Large Power 1	\$179	7.1%
Schedule LP-2	Large Power 2	\$179	7.1%
Schedule LP-3	Large Power 3	\$0.75	3.0%
Schedule B	Small Commercial Marketing Rate - ETS	\$3.79	18.82%
Schedule LP1	Large Power 1		
Schedule LP2	Large Power 2		
Schedule LP3	Large Power 3	\$984.13	2.1%
Schedule AES	All Electric School	\$548.24	9.9%
Schedule OL	Outdoor Lighting		
Schedule STL	Street Lighting	\$2.27	16.0%
Schedule DSTL	Decorative Street Lighting		

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Schedule LP1	Large Power 1		
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Schedule OL	Outdoor Lighting		
Schedule STL	Street Lighting	\$2.27	16.0%
Schedule DSTL	Decorative Street Lighting		

The effect of the proposed rates on the average monthly bill by rate class is listed below:

Schedule	Rate Class	Amount	Percent
Schedule A	Residential, Farm and Home	\$9.02	7.8%
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Schedule LP1	Large Power 1		
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Schedule AES	All Electric School	\$548.24	9.9%
Schedule OL	Outdoor Lighting		
Schedule STL	Street Lighting	\$2.27	16.0%
Schedule DSTL	Decorative Street Lighting		

Witness: Jim Adkins

Wayne County

# The Outlook

45 East Columbia Avenue • P.O. Box 432

Monticello, KY 42633 • Phone (606) 348-3338 • Fax (606) 348-8848

Melinda Jones, Publisher

## Newspaper Affidavit

I, Melinda Jones, Publisher of The Wayne County Outlook published at Monticello, Kentucky do solemnly swear that from my own personal knowledge and reference to the files of said publication, the advertisement of:

South Ky. Rural Electric - Official Notice

was inserted on the following dates in this newspaper: Case No. 2011-00096

<u>Date</u>	<u>Page</u>	<u>Column</u>
<u>6-8-11</u>	<u>24A</u>	<u>4-6</u>
<u>6-15-11</u>	<u>13B</u>	<u>4-6</u>
<u>6-22-11</u>	<u>14B</u>	<u>4-6</u>

Melinda Jones  
Publisher

Subscribed and sworn before me this 22nd day of June, 2011, A.D.  
commission expires 9-28-13.

Nicki G. Dishman  
Notary Public

The Wayne County Outlook • June 15, 2011 **13-B**

**Official Notice**

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The rates proposed in this application are the rates proposed by South Kentucky Rural Electric Cooperative Corporation. However, the Kentucky Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this application.

Any corporation, association, body politic, or person may by motion within thirty (30) days after publication or mailing of notice of the proposed rate changes request leave to intervene. The motion shall be submitted to the Public Service Commission, 211 Sower Boulevard, P. O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the request including the status and interest of the party. Any person who has been granted intervention by the Commission may obtain copies of the rate application and any other filings made by the utility by contacting Mr. Stephen Johnson, South Kentucky Rural Electric Cooperative Corporation, 925-929 N. Main St., Somerset, KY 42503, phone 606-678-4121.

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South Kentucky RECC  
925-929 N. Main St  
Somerset, Kentucky 42503  
606-678-4121

Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602  
502-564-3940

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Large Power	\$814,306	4.5%
Schedule OPS		
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Schedule A		
Residential Marketing Rate - ETS		
Consumers with no contract		
Year 1	\$41,350	7.1%
Year 2	\$41,350	7.1%
Year 3	\$41,350	7.1%
Schedule B		
Small Commercial Marketing Rate - ETS	\$364	18.8%
Schedule LP1		
Large Power 1	\$-	0%
Schedule LP-2		
Large Power 2	\$-	0%
Schedule LP-3		
Large Power 3	\$106,286	2.1%
Schedule AES		
All Electric School	\$80,592	9.9%
Schedule OL		
Outdoor Lighting	\$-	0%
Schedule STL		
Street Lighting	\$21,390	15.0%
Schedule DSTL		
Decorative Street Lighting	\$-	0%

The effect of the proposed rates on the average monthly bill by rate class is listed below:

Rate Class	Increase Amount	Percent
Schedule A		
Residential, Farm and Home	\$9.02	7.8%
Schedule B		
Small Commercial	\$16.35	9.6%
Schedule LP		
Large Power	\$195.04	4.5%
Schedule OPS		
Optional Power Service	\$121.89	15.3%
Schedule A		
Residential Marketing Rate - ETS		
Consumers with no contract		
Year 1	\$1.79	7.1%
Year 2	\$1.79	7.1%
Year 3	\$1.79	7.1%
Consumers with contract	\$0.75	3.0%
Schedule B		
Small Commercial Marketing Rate - ETS	\$3.79	18.82%
Schedule LP1		
Large Power 1	\$-	0%
Schedule LP-2		
Large Power 2	\$-	0%
Schedule LP-3		

Witness: Jim Adkins

	Present Rates	Proposed Rates
Schedule STL		
Street Lighting	\$2.27	15.0%
Schedule DSTL		
Decorative Street Lighting	\$-	0%
The present and proposed rate structures of South Kentucky Rural Electric Cooperative Corporations are listed below:		
Schedule A		
Customer Charge per month	\$9.14	\$15.00
Energy Rate per kWh	\$0.09214	\$0.09489
Schedule B		
Customer Charge per month	\$17.14	\$25.00
Energy Rate per kWh	\$0.10389	\$0.10965
Schedule LP		
Customer Charge per month	\$34.28	\$50.00
Energy Rate per kWh	\$0.06596	\$0.06914
Demand Charge per kW	\$0.06596	\$0.06914
Schedule OPS		
Customer Charge per month	\$34.28	\$50.00
Energy Rate per kWh	\$0.10625	\$0.12105
Schedule A - Residential Marketing Rate - ETS		
Consumers with contract	\$0.06	\$0.06
Consumers with no contract		
Year 1	\$0.05528	\$0.05921
Year 2	\$0.05921	\$0.06313
Year 3	\$0.06313	\$0.06706
Schedule B - Small Commercial Marketing Rate - ETS		
Energy Rate per kWh	\$0.06233	\$0.07406
Schedule LP-1		
Metering Charge	\$142.85	\$142.85
Substation Charge	\$1,078.84	\$1,078.84
Demand Charge per kW	\$6.16	\$6.16
Energy Rate per kWh	\$0.06091	\$0.06091
Schedule LP-2		
Metering Charge	\$1,857	\$1,857
Substation Charge	\$2,711.98	\$2,711.98
Demand Charge per kW	\$6.16	\$6
Energy Charge for the first 400 kWh	\$0.06091	\$0.06091
Energy Charge for all kWh over 400 kWh	\$0.05404	\$0.05404
Schedule LP-3		
Metering Charge	\$142.85	\$145.86
Substation Charge	\$359.99	\$367.59
Contract Demand Charge per kW	\$6.16	\$6.29
Excess Demand Charge per kW	\$8.57	\$9.13
Energy Rate per kWh	\$0.05793	\$0.05915
Schedule AES		
Customer Charge per month	\$79.28	\$83.02
Energy Rate per kWh	\$0.08300	\$0.09127
Schedule OL		
Metal Halide 250W Dir	\$18.34	\$18.34
M/Halide 260W Metered Dir	\$10.22	\$10.22
M/Vapor Sec Light 74 KWH	\$10.57	\$10.57
M/Vapor Metered Sec Light	\$7.23	\$7.23
Sodium Security Light	\$10.57	\$10.57
Sodium Metered Sec Light	\$7.23	\$7.23
Sodium Directional Light	\$16.99	\$16.99
Sodium Metered Directional	\$9.18	\$9.18
M/Halide 400W Directional	\$23.14	\$23.14
M/Halide 400W Metered Dir	\$10.22	\$10.22
M/Halide 1000W Directional	\$41.70	\$41.70
M/Halide 1000W Metered Dir	\$11.41	\$11.41
M/Halide 250W Directional	\$18.34	\$18.34
M/Halide 250W Metered Dir	\$10.22	\$10.22
Schedule STL		
M/Vapor Sec Light 74 KWH	\$8.48	\$9.75
400W Flood 21000 Lum-M Mv	\$8.48	\$9.75
Sodium Streetlgt 380 Watts	\$14.12	\$16.24
250 W Flood 12100 Lum-M Mv	\$14.12	\$16.24
400 Watt 19100 Lum-M Mv	\$8.48	\$9.75
Sodium Streetlgt 160 Watts	\$8.48	\$9.75
Sodium Streetlgt 360 Watts	\$14.12	\$16.24
Sodium Cobra-HD 100W Streetlgt	\$8.48	\$9.75
Schedule DSTL		
250W Cobra Existing Pole	\$16.56	\$16.56
250W Cobra 30' Aluminum Pol	\$22.88	\$22.88
250W Cobra 30' Aluminum Pol	\$25.21	\$25.21
1000W M/Halide Galleria	\$39.88	\$39.88
400W M/Halide Galleria	\$23.21	\$23.21
100W Metal Halide Acorn	\$7.81	\$7.81
14' Smooth Pole	\$11.62	\$11.62
14' Fluted Pole	\$15.04	\$15.04
30' Square Steel Pole	\$17.24	\$17.24
100W Metal Halide Acorn	\$10.81	\$10.81
100W Metal Halide Lexington	\$8.64	\$8.64
400W Metal Halide Galleria	\$23.21	\$23.21
Metered 100W M/Hal Acorn	\$7.81	\$7.81
250W Cobra Existing Pole	\$16.56	\$16.56
250W Cobra 30' Aluminum Pol	\$22.88	\$22.88
400W Mercury Cobra 12' Arm	\$22.86	\$22.86
100W M/Halide Lexington	\$8.64	\$8.64



South Kentucky Rural Electric Cooperative  
Case No. 2011-00096  
Commission Staff's Third Information Request

Refer to the response to Item 3 of Staff's Second Data Request and revised Exhibit D of the application. The response to Item 3 states that the STL tariff rates are based on a lumens rating range.

a. Question:

Provide the amount of lumens for the 1<sup>st</sup>, 3<sup>rd</sup>, 6<sup>th</sup>, 7<sup>th</sup>, and 8<sup>th</sup> street lights listed in Schedule STL of revised Exhibit D.

a. Response:

The lumens for these lights are these:

- 1<sup>st</sup> light                      7,700 lumens
- 3<sup>rd</sup> light                      50,000 lumens
- 6<sup>th</sup> light                      15,000 lumens
- 7<sup>th</sup> light                      50,000 lumens
- 8<sup>th</sup> light                      9,500 lumens

b. Question:

The 4<sup>th</sup> street light listed in Schedule STL of revised Exhibit D, the 250W Flood 12,100 Lumen Mercury Vapor, is shown as having a present rate of \$13.12. Explain how it is known which rate would apply to this light when the amount of lumens listed for the light does not fall within the 7,000-10,000 range shown in South Kentucky's current tariff as having a rate of \$8.02 or the 15,000-28,000 lumen range shown as having a rate of \$13.12.

b. Response:

It is one of the lights from the city of Monticello and has been placed in this category because of its previous rate for that utility. It probably should be considered for change.



c. Question:

The 5<sup>th</sup> street light listed in Schedule STL of revised Exhibit D, the 400W 19,100 Lumen Mercury Vapor, is shown as having a present rate of \$8.02 when the amount of lumens listed for the light would have it fall within the 15,000-28,000 lumen range which is shown in South Kentucky's current tariff as having a rate of 13.12.

c. Response:

It is one of the lights from the city of Monticello and has been placed in this category because of its previous rate for that utility. It probably should be considered for change.



South Kentucky Rural Electric Cooperative  
Case No. 2011-00096  
Commission Staff's Third Information Request

Question:

Refer to response to Items 5.a.(2) and 20.a. of Staffs Second Request. Item 5.2.(a) states the target equity is 35 percent in 15 years. Item 20.a. states that South Kentucky has a goal of attaining an equity level of 40 percent. Confirm that the response to Item 5.a.(2) contains the correct equity target.

Response:

The correct goal is an equity capitalization ratio of 35 percent in 15 years.



South Kentucky Rural Electric Cooperative  
Case No. 2011-00096  
Commission Staff's Third Information Request

Question:

Refer to the response to Item 5.e.(3) of Staffs Second Request. South Kentucky states that there are 471 residential customers under contract but shows 483 contracts expiring between 2012 and 2021. Explain the discrepancy.

Response:

The difference is due to the number of contracts that will expire this year or 2011 and that number is 12, which is the difference in the above question.



South Kentucky Rural Electric Cooperative  
Case No. 2011-00096  
Commission Staff's Third Information Request

Question:

Refer to the response to Item 5.e.(4) of Staff's Second Request regarding residential ETS customers. The response states that "[o]nce a contract expires, the ETS customer will go on the regular ETS rate which is currently proposed to be \$0.06705." The \$0.06705 referenced in the response does not appear in revised Exhibit D, South Kentucky's revised customer notice. For residential customers without contracts, South Kentucky is proposing different residential ETS rates for years 1, 2, and 3. State whether South Kentucky intends to state that the first year after a customer's contract expires, the customer will be charged the proposed Year 1 rate, the second year, the customer will be charged the proposed Year 2 rate, and in the third year the customer would be charged the Year 3 rate.

Response:

That is South Kentucky's plan.





South Kentucky Rural Electric Cooperative  
Case No. 2011-00096  
Commission Staff's Third Information Request

Question:

Refer to the 15<sup>th</sup> Revised Tariff Sheet No. T-2 filed on July 6, 2011. For residential customers without contracts, South Kentucky is proposing different residential ETS rates for years 1, 2, and three. Confirm that the Year 3 rates is proposed for Year 3 and beyond and not limited to Year 3. If this is not correct, explain how the ETS service will be priced after Year 3.

Response

It is confirmed that the Year 3 rate is proposed for Year 3 and beyond.



South Kentucky Rural Electric Cooperative  
Case No. 2011-00096  
Commission Staff's Third Information Request

Question:

Refer to the response to Item 6 of Staff's Second Request, Revised Exhibit G, Revenue Summary. The revised exhibit shows an annual base rate revenue increase of \$8,847,915. Exhibit G of the application shows an annual increase of \$8,896,843. Explain the reason for the decrease in base revenue of 48,928.

Response:

The gross margin change after the normalization of the retail rates and wholesale power rates effective as of May 31, 2011 is the reason for the decrease in base revenues or the amount of increase in revenue required.

SOUTH KENTUCKY RECC  
CASE NO. 2011-00096

REVENUE SUMMARY

Exhibit G  
Page 1 of 1  
Witness: Jim Adkins

	Rate Schedule	Kwh Usage	Test Year Revenue	Percent of Total	Effective Case No. 2010-182	Percent of Total	Effective Case No. 2010-00510	Percent of Total	Proposed Revenue	Percent of Total	Increase Amount	Percent
###	Schedule A - Residential	849,780,821	\$81,569,242	66.60%	\$85,054,910	66.60%	\$79,352,881	66.72%	\$85,970,386	67.28%	\$6,617,505	8.34%
###	Schedule B - Small Commercial	75,104,607	8,320,816	6.79%	8,676,449	6.79%	8,172,497	6.87%	9,003,565	7.05%	\$831,068	10.17%
###	Schedule LP - Large Power Rate	204,613,675	17,369,554	14.18%	18,114,930	14.18%	16,741,972	14.08%	17,494,894	13.69%	\$752,922	4.50%
###	Schedule OPS - Optional Power Service	14,598,187	1,554,300	1.27%	1,620,817	1.27%	1,522,863	1.28%	1,770,907	1.39%	\$248,043	16.29%
###	Schedule A - Residential Marketing Rate - ETS	10,530,533	558,329	0.46%	582,128	0.46%	539,795	0.45%	707,020	0.55%	\$167,225	30.98%
###	Rate B - Small Commercial Marketing Rate - E	31,036	1,855	0.00%	1,934	0.00%	1,810	0.00%	2,301	0.00%	\$492	27.17%
###	Schedule LP1 - Large Power 1	15,182,167	1,072,773	0.88%	1,118,602	0.88%	1,016,729	0.85%	1,016,729	0.80%	\$0	0.00%
###	Schedule LP2 - Large Power 2	44,424,472	3,143,383	2.57%	3,277,657	2.57%	2,979,569	2.51%	2,979,569	2.33%	\$0	0.00%
###	Schedule LP-3 Large Power 3	69,748,929	4,830,723	3.94%	5,037,237	3.94%	4,569,222	3.84%	4,697,238	3.68%	\$128,016	2.80%
###	Schedule AES - All Electric Schools	9,678,600	781,593	0.64%	814,978	0.64%	750,035	0.63%	832,482	0.65%	\$82,447	10.99%
###	Envirowatts	223,100	6,685	0.01%	6,685	0.01%	6,685	0.01%	6,685	0.01%	\$0	0.00%
###	Schedule III - Outdoor Lights	20,414,835	3,065,140	2.50%	3,195,321	2.50%	3,071,971	2.58%	3,071,971	2.40%	\$0	0.00%
###	Street Lighting	1,143,973	135,260	0.11%	142,765	0.11%	134,711	0.11%	154,918	0.12%	\$20,207	15.00%
###	Decorative Street Lighting	213,529	64,591	0.05%	67,356	0.05%	65,912	0.06%	65,912	0.05%	\$0	0.00%
###	Total from base rates	1,315,688,464	122,474,244	100.00%	\$127,711,769	100%	\$118,926,652	100%	\$127,774,576	100%	\$ 8,847,924.45	7.44%



South Kentucky Rural Electric Cooperative  
Case No. 2011-00096  
Commission Staff's Third Information Request

Refer to the response to Item 6 of Staff's Second Request, revised Exhibit J, billing analysis.

a. Question:

For those rate classes receiving an increase, explain why the proposed rates in revised Exhibit J differ from the proposed rates listed in revised Exhibit D, Customer Notice. If the rates being proposed by South Kentucky are the rates that appear in revised Exhibit D, provide second a second-revised Exhibit J using those rates.

a. Response:

The proposed rates in the revised Exhibit J are the rates being proposed by South Kentucky and do differ from those in the revised Exhibit D. The reason for those differences in rates is that South Kentucky's gross margins (rate revenue minus purchased power costs) increased by \$69,670.

<b>SOUTH KENTUCKY RECC</b>			
<b>CHANGE IN GROSS MARGINS DUE TO CHANGE IN RATES</b>			
	Rates 1-17-11	Rates 5-31-11	
Revenue	\$ 127,711,769	\$ 118,926,591	
Purchased Power	96,762,966	87,908,118	
Gross Margin	<u>\$ 30,948,803</u>	<u>\$ 31,018,473</u>	
Change		\$ 69,670	

This increase in gross margins lessens the increase need by the above amount and the filed revised Exhibit J reflects those changes.

b. Question:

Refer to the top of page 6 of 6, the Street Lighting class. The 2<sup>nd</sup> light listed, the 400W Flood 21,000 Lumen Mercury Vapor, is shown to have a current rate of \$8.02. Explain why this light would have a current rate of \$8.02 when the amount of lumens listed for the light would have it fall within the 15,000 - 28,000 lumen range wich is shown in South Kentucky's current tariff as having a rate of \$13.12.

b. Response:

The correct rate is \$13.12. The rate of \$8.02 was made in error and has been corrected as a part of the 2<sup>nd</sup> revised Exhibit D provided in the response to 9a above.

## Official Notice

South Kentucky Rural Electric Cooperative Corporation, with its principal office at Somerset, Kentucky, and with its address as 925-929 N. Main St., Somerset, Kentucky 42503, intends to file with the Kentucky Public Service Commission in Case No. 2011-00096 an application to adjust its retail rates and charges. This Adjustment will result in a general rate increase to the member-consumers of South Kentucky Rural Electric Cooperative Corporation.

The rates proposed in this application are the rates proposed by South Kentucky Rural Electric Cooperative Corporation. However, the Kentucky Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this application.

Any corporation, association, body politic, or person may by motion within thirty (30) days after publication or mailing of notice of the proposed rate changes request leave to intervene. The motion shall be submitted to the Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the request including the status and interest of the party. Any person who has been granted intervention by the Commission may obtain copies of the rate application and any other filings made by the utility by contacting Mr. Stephen Johnson, South Kentucky Rural Electric Cooperative Corporation, 925-929 N. Main St., Somerset, KY 42503, phone 606678-4121.

Any person may examine the rate application and any other filings made by the utility at the office of South Kentucky Rural Electric Cooperative Corporation or at the Commission's office.

South Kentucky RECC  
925-929 N. Main St  
Somerset, Kentucky 42503  
606-678-4121

Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602  
502-564-394



The amount and percent of increase are listed below

<b>Rate Class</b>	<b><u>Increase Amount</u></b>	<b><u>Percent</u></b>
<b>Schedule A</b>		
Residential, Farm and Home	\$ 6,617,505	8.3%
<b>Schedule B</b>		
Small Commercial	\$ 831,068	10.2%
<b>Schedule LP</b>		
Large Power	\$ 752,922	4.5%
<b>Schedule OPS</b>		
Optional Power Service	\$ 248,043	16.3%
<b>Schedule A</b>		
Residential Marketing Rate - ETS Consumers with no contract		
Year 1	\$ 55,742	10.3%
Year 2	\$ 55,742	10.3%
Year 3	\$ 55,742	10.3%
<b>Schedule B</b>		
Small Commercial Marketing Rate - ETS	\$ 2,301	27.2%
<b>Schedule LP1</b>		
Large Power 1	\$ -	0%
<b>Schedule LP-2</b>		
Large Power 2	\$ -	0%
<b>Schedule LP-3</b>		
Large Power 3	\$ 128,016	2.8%
<b>Schedule AES</b>		
All Electric School	\$ 82,447	11.0%
<b>Schedule OL</b>		
Outdoor Lighting	\$ -	0%
<b>Schedule STL</b>		
Street Lighting	\$ 20	15.0%
<b>Schedule DSTL</b>		
Decorative Street Lighting	\$ -	0%

The effect of the proposed rates on the average monthly bill by rate class is listed below

<b>Rate Class</b>	<b><u>Increase Amount</u></b>	<b><u>Percent</u></b>
<b>Schedule A</b>		
Residential, Farm and Home	\$ 8.95	8.3%
<b>Schedule B</b>		
Small Commercial	\$ 16.30	10.2%
<b>Schedule LP</b>		
Large Power	\$ 180.34	4.5%
<b>Schedule OPS</b>		
Optional Power Service	\$ 121.89	16.3%
<b>Schedule A</b>		
Residential Marketing Rate - ETS		
Consumers with no contract		
Year 1	\$ 2.41	10.3%
Year 2	\$ 2.41	10.3%
Year 3	\$ 2.41	10.3%
Consumers with contract	\$ 0.73	3.2%
<b>Schedule B</b>		
Small Commercial Marketing Rate - ETS	\$ 20.48	2720.00%
<b>Schedule LP1</b>		
Large Power 1	\$ -	0%
<b>Schedule LP-2</b>		
Large Power 2	\$ -	0%
<b>Schedule LP-3</b>		
Large Power 3	\$ 1,185.33	2.8%
<b>Schedule AES</b>		
All Electric School	\$ 560.86	11.0%
<b>Schedule OL</b>		
Outdoor Lighting	\$ -	0%
<b>Schedule STL</b>		
Street Lighting	\$ 1.28	15.0%
<b>Schedule DSTL</b>		
Decorative Street Lighting	\$ -	0%

The present and proposed rate structures of South Kentucky Rural Electric Cooperative Corporations are listed below.

	<u>Rates</u>	
	<u>Present</u>	<u>Proposed</u>
<b>Schedule A</b>		
Customer Charge per month	\$ 9.14	\$ 15.00
Energy Rate per kWh	\$ 0.08543	\$ 0.08812
<b>Schedule B</b>		
Customer Charge per month	\$ 17.14	\$ 25.00
Energy Rate per kWh	\$ 0.09718	\$ 0.10291
<b>Schedule LP</b>		
Customer Charge per month	\$ 34.28	\$ 50.00
Energy Rate per kWh	\$ 0.05925	\$ 0.62130
Demand Charge per kW	\$ 6.85	\$ 7.00
<b>Schedule OPS</b>		
Customer Charge per month	\$ 34.28	\$ 50.00
Energy Rate per kWh	\$ 0.09954	\$ 0.11434
<b>Schedule A - Residential Marketing Rate - ETS</b>		
Consumers with contract	\$ 0.05126	\$ 0.05281
Consumers with no contract		
Year 1	\$ 0.05126	\$ 0.05655
Year 2		\$ 0.06185
Year 3		\$ 0.06714
<b>Schedule B - Small Commercial Marketing Rate - ETS</b>		
Energy Rate per kWh	\$ 0.05831	\$ 0.07415
<b>Schedule LP-1</b>		
Metering Charge	\$ 142.85	\$ 142.85
Substation Charge - 500-999 kW	\$ 359.99	\$ 359.99
Substation Charge 1,000-2,999 kW	\$ 1,078.84	\$ 1,078.84
Substation Charge 3,000-7,499 kW	\$ 2,711.96	\$ 2,711.96
Demand Charge per kW	\$ 6.16	\$ 6.16
Energy Rate per kWh	\$ 0.05420	\$ 0.05420
<b>Schedule LP-2</b>		
Metering Charge	\$ 142.85	\$ 142.85
Substation Charge 3,000-7,499 kW	\$ 2,711.96	\$ 2,711.96
Substation Charge - 7,500 - 14,999 kW	\$ 3,262.80	\$ 3,262.80
Demand Charge per kW	\$ 6.16	\$ 6.16
Energy Charge for the first 400 kWh	\$ 0.05420	\$ 0.05420
Energy Charge for all kWh over 400 kWh	\$ 0.04733	\$ 0.04733
<b>Schedule LP-3</b>		
Metering Charge	\$ 142.85	\$ 146.86
Substation Charge - 500-999 kW	\$ 359.99	\$ 370.14
Substation Charge 1,000-2,999 kW	\$ 1,078.84	\$ 1,109.26
Contract Demand Charge per kW	\$ 6.33	\$ 6.29
Excess Demand Charge per kW	\$ 9.19	\$ 9.13
Energy Rate per kWh	\$ 0.05122	\$ 0.05266

	<u>Rates</u>	
	<u>Present</u>	<u>Proposed</u>
<b>Schedule AES</b>		
Customer Charge per month	\$ 104.20	\$ 83.02
Energy Rate per kWh	\$ 0.07629	\$ 0.08443
<b>Schedule OL</b>		
Metal Halide 250W Dir	\$ 17.63	\$ 17.63
M/Halide 260W Metered Dir	\$ 10.22	\$ 10.22
M/Vapor Sec Light 74 KWH	\$ 10.17	\$ 10.17
M/Vapor Metered Sec Light	\$ 7.23	\$ 7.23
Sodium Security Light	\$ 10.17	\$ 10.17
Sodium Metered Sec Light	\$ 7.23	\$ 7.23
Sodium Directional Light	\$ 16.28	\$ 16.28
Sodium Metered Directional	\$ 9.18	\$ 9.18
M/Halide 400W Directional	\$ 22.02	\$ 22.02
M/Halide 400W Metered Dir	\$ 22.02	\$ 22.02
M/Halide 1000W Directional	\$ 39.05	\$ 39.05
M/Halide 1000W Metered Dir	\$ 11.41	\$ 11.41
M/Halide 250W Directional	\$ 17.63	\$ 17.63
M/Halide 250W Metered Dir	\$ 10.22	\$ 10.22
<b>Schedule STL</b>		
M/Vapor Sec Light 74 KWH	\$ 8.02	\$ 9.22
400W Flood 21000 Lum-M Mv	\$ 13.12	\$ 15.09
Sodium Streetlgt 380 Watts	\$ 13.12	\$ 15.09
250 W Flood I2I00 Lum-M Mv	\$ 13.12	\$ 15.09
400 Watt I9I00 Lum-M Mv	\$ 8.02	\$ 9.22
Sodium Streetlgt 160 Watts	\$ 8.02	\$ 9.22
Sodium Streetlgt 360 Watts	\$ 13.12	\$ 15.09
Sodium Cobra-HD 100W StLgt	\$ 8.02	\$ 9.22

**Schedule DSTL**

	<u>Rates</u>	
	<u>Present</u>	<u>Proposed</u>
250W Cobra Existing Pole	\$ 15.89	\$ 15.89
250W Cobra 30' Aluminum Pol	\$ 22.21	\$ 22.21
250W Cobra 30'Aluminum Pol	\$ 22.21	\$ 22.21
1000W M/Halide Galleria	\$ 37.23	\$ 37.23
400W M/Halide Galleria	\$ 22.09	\$ 22.09
100W Metal Halide Acorn	\$ 7.81	\$ 7.81
14' Smooth Pole	\$ 11.62	\$ 11.62
14' Fluted Pole	\$ 15.04	\$ 15.04
30' Square Steel Pole	\$ 17.24	\$ 17.24
100W Metal Halide Acorn	\$ 10.51	\$ 10.51
100W Metal Halide Lexington	\$ 8.34	\$ 8.34
400W Metal Halide Galleria	\$ 22.09	\$ 22.09
Metered 100W M/Hal Acorn	\$ 7.81	\$ 7.81
250W Cobra Existing Pole	\$ 15.89	\$ 15.89
250W Cobra 30' Aluminum Pol	\$ 22.21	\$ 22.21
400W Mercury Cobra 12' Arm	\$ 21.74	\$ 21.74
100W M/Halide Lexington	\$ 8.34	\$ 8.34



South Kentucky Rural Electric Cooperative  
Case No. 2011-00096  
Commission Staff's Third Information Request

Refer to the response to Item 7 of Staff's Second Request, the revised Cost of Service Study ("COSS").

a. Question:

Refer to page 35 of 41, the Consumer and Accounting Services table.

Explain why column 3 is not the product of columns 1 and 2 for rate classes OL and STL.

a. Response:

The formula entered into this cell was incorrect and provided an amount of 0.30 which rounded to zero since no spaces to the right of the decimal was displayed.

b. Question:

Refer to page 36 of 41, the COSS-based rate increase for Rate 4, Large Power, is shown as \$16,952. Explain why South Kentucky is recommending an increase for this class of \$753,389.

b. Response:

South Kentucky is recommending an increase for this rate class in order to lessen the rate increase amount for some other rate classes especially for Schedule OPS – Optional Power Service. Schedule OPS is for customers approximately the same size as those in Schedule 4 – Large Power.

c. Question:

Refer to page 36 of 41. The COSS based rate increase for Rate 5,

Optional Power Service, is shown as \$430,728. Explain why South Kentucky is recommending an increase for this class of \$248,000.

c. Responses:

South Kentucky is recommending a lesser amount to hold the percentage increase to a more reasonable level for that class and to gradually increase its revenue requirements to the level from the COSS.

d. Question:

Refer to page 36 of 41. South Kentucky is recommending a rate increase of 30.98 percent for Rate 6, Residential ETS and 27.16 percent for Rate 7, Small Commercial ETS. Explain how percentage increases of this magnitude satisfy the principal of gradualism.

d. Response:

South Kentucky realizes that this does not meet the concept of gradualism but it feels that these rates have been discounted in the past and are now proposed to bring them up to the cost to serve level.

e. Question:

Refer to page 37 of 41. South Kentucky is not recommending an increase for the Outdoor Lighting class. The COSS filed as Exhibit R of the application showed that the Outdoor Lighting class was providing revenues in excess of the costs to serve it. However, the revised COSS shows that the Outdoor Lighting class should receive a \$52,518 increase. In light of the results of the revised COSS, does South Kentucky now believe that this rate class should receive an increase? If no, explain.



e. Response:

South Kentucky did not propose an increase as the increase would be a percentage increase of 1.71 percent. South Kentucky may be willing to consider that proposition.



South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

11. Refer to the response to Item 11 of Staff's Second Request. The response does not contain an answer to Item d. of the request. Provide the requested response.

Response to Question #11

South Kentucky apologizes for this omission. Below is the response where the numbers come from Exhibit S of the application.

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Equity Capitalization

September 30, 2010

Test

Year

Proposed                      2010                      2009

**Equity Capitalization:**  
**Without G & T patronage**  
**Capital**

Total margins and equities	72,337,734	61,157,341	52,863,269
Less G & T Patronage capital	<u>22,924,768</u>	<u>22,924,768</u>	<u>22,924,768</u>
	49,412,966	38,232,573	29,938,501
Long-term debt	<u>143,837,704</u>	<u>143,837,704</u>	<u>132,904,854</u>

Total                      193,250,670                      182,070,277                      162,843,355

**Equity capitalization ratio**                      26%                      21%                      18%

South Kentucky Rural Electric Cooperative

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Commission Staff's Third Information Request

**Equity Capitalization:**  
**With G & T patronage capital**

Total margins and equities	72,337,734	61,157,341	52,863,269
Long-term debt	<u>143,837,704</u>	<u>143,837,704</u>	<u>132,904,854</u>
Total	<u>216,175,438</u>	<u>204,995,045</u>	<u>185,768,123</u>

**Equity capitalization ratio**                      **33%**                      **30%**                      **28%**

**Equity to Total Assets:**  
**With G & T patronage capital**

Total margins and equities	72,337,734	61,157,341	52,863,269
Total Assets	233,971,512	222,791,119	203,639,361

**Equity to total asset ratio**                      **31%**                      **27%**                      **26%**



South Kentucky Rural Electric Cooperative  
Case No. 2011-00096  
Commission Staff's Third Information Request

Refer to the responses to Items 12.b., 31, and 34.e of Staffs Second Request. At Item 31, South Kentucky makes it clear that it seeks to recover depreciation on the full amount of its meter replacement program. At Item 12.b. and 34.e., South Kentucky identifies additional costs and savings that will result form the meter replacement program. In its response, South Kentucky quantified some of these identified costs and savings but not all.

a. Question:

Quantify the cost and saving that were not quantified in the response:

a. Response:

Attached below is our best estimate of annual savings as a direct result of AMI.

<b>ANNUAL AMI COST SAVINGS</b>		
<b><u>Acct #</u></b>	<b><u>Description</u></b>	<b><u>Amount</u></b>
586	Meter Expense	\$ 320,000
902	Meter Reading	464,726
Unk	Estimate for Other Savings	100,000
	Total	\$ 784,726

b. Question:

State why it is appropriate to recognize in pro forma operations only the depreciation on the meter replacement program and not the other costs and savings resulting from the replacement program as identified by South Kentucky.

b. Response:

It is appropriate to properly match revenues, expenses and savings dealing with all pro forma adjustments. The savings should be recognized.

c. Question:

Will eliminating the need for meters to be read on site result in the loss of any revenue, such as a charge for re-reading a meter at the customer's request? If yes, provide a schedule showing each charge to be eliminated and the test year annual revenue from the charge to be eliminated.

c. Response:

The lost revenue amount that South Kentucky may realize as a result of the installation of the AMI network is the revenue associated with Account 451 – Miscellaneous Revenue and it is estimated to be approximately \$16,000 per year and most of it due to no longer needing to re-read a meter.





South Kentucky Rural Electric Cooperative  
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Commission Staff's Third Information Request

Question :

Refer to the response to Item 19 of Staff's Second Request. Explain why the amounts calculated in this response for the residential and small commercial ETS rates are not the rates proposed by South Kentucky for those rate classes in its application.

Response:

I believe that the difference is due to the fact that some changes were made to various rates in order for the total amount of the increase to be approximately the SKRECC Board of Directors approved increase amount. Based on the original application which was based on the rates effective January 17, 2011, the difference for both rate classes to \$0.00001 per kWh.



South Kentucky Rural Electric Cooperative

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Commission Staff's Third Information Request

14. Refer to the response to Item 20 of Staff's Second Request. The responses to 20.c.(1) and (2) state that revisions were made after the adjustments were entered on page 3 of Exhibit S. Provide an updated Exhibit S with the correct adjustments. The updated Exhibit S should also include the revised revenue and purchased power amounts resulting from the change in the base fuel rate in Case No. 2010-00510<sup>1</sup>.

Response to Question#14.

See attached information.

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<sup>1</sup> Case No. 2010-00510, An Examination of the Application of the Fuel Adjustment Clause of South Kentucky Rural Electric Cooperative Corporation from November 1, 2008 through October 31, 2010 (Ky. PSC May 31, 2011).

South Kentucky Rural Electric Cooperative

Exhibit S

Case No. 2011-00096

page 1 of 4

Statement of Operations, Adjusted

Witness: Jim Adkins

	<u>Actual Test Year</u>	<u>Normalized Adjustments</u>	<u>Normalized Test Year</u>	<u>Proposed Increase</u>	<u>Proposed Test Year</u>
<b>Operating Revenues:</b>					
Base rates	122,474,242	(3,547,653)	118,926,589	8,900,000	127,826,589
Fuel and surcharge	(2,964,439)	2,964,439	-		-
Other electric revenue	<u>3,218,398</u>	<u>56,365</u>	<u>3,274,763</u>		<u>3,274,763</u>
	<u>122,728,201</u>	<u>(526,849)</u>	<u>122,201,352</u>	<u>8,900,000</u>	<u>131,101,352</u>
<b>Operating Expenses:</b>					
Cost of power	91,617,995	(3,714,620)	87,903,375		87,903,375
Fuel and surcharge	(2,445,262)	2,445,262	-		-
Distribution - operations	3,541,520	84,493	3,626,013		3,626,013
Distribution - maintenance	6,825,070	55,087	6,880,157		6,880,157
Consumer accounts	4,119,541	36,162	4,155,703		4,155,703
Customer service	717,597	10,560	728,157		728,157
Sales	22,271	2,218	24,489		24,489
Administrative and general	<u>3,959,964</u>	<u>(457,855)</u>	<u>3,502,109</u>		<u>3,502,109</u>
Total operating expenses	<u>108,358,696</u>	<u>(1,538,692)</u>	<u>106,820,004</u>	<u>-</u>	<u>106,820,004</u>
Depreciation	5,618,934	3,551,492	9,170,426		9,170,426
Taxes - other	112,330	-	112,330		112,330
Interest on long-term debt	6,087,075	207,638	6,294,713		6,294,713
Interest expense - other	59,074	-	59,074		59,074
Other deductions	<u>65,474</u>	<u>(60,790)</u>	<u>4,684</u>		<u>4,684</u>
Total cost of electric service	<u>120,301,583</u>	<u>2,159,648</u>	<u>122,461,231</u>	<u>-</u>	<u>122,461,231</u>
Utility operating margins	<u>2,426,618</u>	<u>(2,686,497)</u>	<u>(259,879)</u>	<u>8,900,000</u>	<u>8,640,121</u>
Nonoperating margins, interest	100,164	-	100,164		100,164
Income from equity investments	(100)	-	(100)		(100)
Nonoperating margins, other	93,247	-	93,247		93,247
G & T capital credits	4,918,417	(4,918,417)	-		-
Patronage capital credits	<u>261,565</u>	<u>-</u>	<u>261,565</u>		<u>261,565</u>
Net Margins	<u>7,799,911</u>	<u>(7,604,914)</u>	<u>194,997</u>	<u>8,900,000</u>	<u>9,094,997</u>
TIER	2.28		1.03		2.44
OTIER	1.44		1.00		2.41

South Kentucky Rural Electric Cooperative  
Case No. 2011-00096  
Balance Sheet, Adjusted  
September 30, 2010

Exhibit S  
page 2 of 4  
Witness: Jim Adkins

	<u>Actual Test Year</u>	<u>Adjustments to Test Year</u>	<u>Adjusted Test Year</u>
<b><u>ASSETS</u></b>			
Electric Plant:			
In service	198,773,326	14,218,717	212,992,043
Under construction	4,182,904		4,182,904
	202,956,230	14,218,717	217,174,947
Less accumulated depreciation	41,950,551	3,559,178	45,509,729
	161,005,679	10,659,539	171,665,218
Investments	32,295,122		32,295,122
Current Assets:			
Cash and temporary investments	16,982,425		16,982,425
Accounts receivable, net	7,524,630		7,524,630
Material and supplies	3,158,551		3,158,551
Prepayments and current assets	1,824,712		1,824,712
	29,490,318		29,490,318
Net change in assets	-	520,854	520,854
Total	222,791,119	11,180,393	233,971,512
<b><u>MEMBERS' EQUITIES AND LIABILITIES</u></b>			
Margins:			
Memberships	1,287,781		1,287,781
Other equities	59,908,458	9,538,234	69,446,692
Patronage capital	(38,898)	1,642,158	1,603,260
	61,157,341	11,180,393	72,337,734
Long Term Debt	143,837,704		143,837,704
Accumulated postretirement benefits	4,945,709		4,945,709
Current Liabilities:			
Notes payable	40,724		40,724
Accounts payable	8,687,113		8,687,113
Consumer deposits	970,253		970,253
Accrued expenses	2,416,482		2,416,482
	12,114,572		12,114,572
Consumer advances for construction	735,793		735,793
Total	222,791,119	11,180,393	233,971,512

South Kentucky Rural Electric Cooperative  
Case No. 2011-00096  
Summary of Adjustments to Test Year

	Adj 1	Adj 2	Adj 3	Adj 4	Adj 5	Adj 6	Adj 7	Adj 8	Adj 9	Adj 10	Adj 11	Adj 12	Adj 13	Adj 14	Adj 15	Adj 16	Adj 17	Total			
	Salaries	Payroll Taxes	Deprec & Amortization	Property Tax	Interest	FAS 106 Cost	Retirement	Health Ins	Professional Fees	Donations	Misc Expenses	Directors	Rate Case	G&T	Purchase Power	Case No. 2010-00510	Revenue	Case No. 2010-00510	Customer Growth	Total	
Operating Revenues:																					
Base rates																					
Fuel and surcharge																					
Other electric revenue	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8,201,964	(8,785,178)	56,365	(526,849)	
Operating Expenses:																					
Cost of power																					
Fuel and surcharge																					
Distribution - operations	(12,773)	(180)	2,811	46,068		9,587	18,414	20,567							5,144,971	(8,859,591)				(3,714,620)	
Distribution - maintenance	(18,282)	(258)	4,112	26,356		13,721	26,356	29,438							2,445,262						2,445,262
Consumer accounts	(172,902)	(182)	188			9,683	18,600	20,775													84,493
Customer service	(3,696)	(52)	256			2,774	5,328	5,951													55,087
Sales	(796)	(11)				597	1,147	1,281													36,162
Administrative and gener	(9,895)	(140)	319	1,982		7,429	14,269	15,937	(22,763)				25,000								10,560
Total operating expense	(58,346)	(824)	7,686	48,050	0	43,791	84,113	93,949	(22,763)	0	(74,295)	(415,695)	25,000	0	7,590,233	(8,859,591)	0	0	0	0	(1,538,692)
Depreciation and amortization			3,551,492																		3,551,492
Taxes - other																					0
Interest on long-term debt					207,638																207,638
Interest expense - other																					0
Other deductions										(60,790)											(60,790)
Total cost of electric ser	(58,346)	(824)	3,559,178	48,050	207,638	43,791	84,113	93,949	(22,763)	(60,790)	(74,295)	(415,695)	25,000	0	7,590,233	(8,859,591)	0	0	0	0	2,159,648
Utility operating margin	58,346	824	(3,559,178)	(48,050)	(207,638)	(43,791)	(84,113)	(93,949)	22,763	60,790	74,295	415,695	(25,000)	0	(7,590,233)	8,859,591	8,201,964	(8,785,178)	56,365	0	(2,686,497)
Nonoperating margins, interest																					0
Income from equity investments																					0
Nonoperating margins, other																					0
G&T capital credits														(4,918,417)							(4,918,417)
Patronage capital credits	0	0	0	0	0	0	0	0	0	0	0	0	0	(4,918,417)	0	0	0	0	0	0	(4,918,417)
Net Margins	58,346	824	(3,559,178)	(48,050)	(207,638)	(43,791)	(84,113)	(93,949)	22,763	60,790	74,295	415,695	(25,000)	(4,918,417)	(7,590,233)	8,859,591	8,201,964	(8,785,178)	56,365	0	(7,604,914)





South Kentucky Rural Electric Cooperative

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Commission Staff's Third Information Request

15. Refer to the response to Item 21 of Staff's Second Request.
  - a. Refer to Item d. Provide the authority for the increase in rates charged for electrical inspections.
  - b. Refer to Item i. Explain why South Kentucky considers this to be an allowable expense for ratemaking purposes.
  - c. Refer to Item j. Explain the basis for the cost of health insurance and deferred compensation for the Board of Directors.

Response to Question #15

- a. The fee increased \$25 per charge. This was suggested by management and approved by the board of directors.
- b. The remaining cost is from the past rate increase, which the Commission allowed to be recovered through rates.
- c. Policy "H" of the Director Retirement and Advisory Status policy that was approved May 13,2004.



South Kentucky Rural Electric Cooperative

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Commission Staff's Third Information Request

16. Refer to the response to Item 25.a. of Staff's Second Request. It states there is a correct page 7 attached to the response. Explain where in the response the correct page 7 is located?

Response to Question#16

Attached is the corrected page 7.

South Kentucky Rural Electric Cooperative  
Case No. 2011-00096

Analysis of Salaries and Wages  
For the calendar years 2007 through 2009  
and the Test year

Line No	Item (a)	Twelve Months Ended				Test year			
		2007	2008	2009	2010	Amount (l)	% (m)		
	Amount (f)	% (g)	Amount (h)	% (i)	Amount (j)	% (k)	Amount (l)	% (m)	
1	Wages charged to expense:								
2	Distribution expense	2,522	5%	2,724	8%	2,822	4%	2,923	4%
3	Customer accounts expense	1,180	2%	1,359	15%	1,282	-6%	1,214	-5%
4	Customer service and and infort	368	-7%	453	23%	430	-5%	423	-2%
5	Sales expense								
6	Administrative and general expenses:								
19	(a) Administrative and general	610	1%	670	10%	678	1%	683	1%
20	(b) Office supplies and expense								
21	(h) Miscellaneous general	52	-21%	50	-4%	42	-16%	48	14%
22	(i) Maintenance of general plant	158	4%	183	16%	171	-7%	201	18%
23									
24	Total administrative and general expenses L6(a) to L6(i)	820	0%	903	-3%	891	-1%	932	-3%
25									
26									
27	Charged to clearing and others	721	1%	762	6%	844	11%	686	-19%
28									
29	Total salaries and wages charged to expense and other L2 to L6 + L7 + L8	5,611	2%	6,201	11%	6,269	1%	6,178	-1%
30									
31									
32	Wages capitalized	2,621	-2%	2,817	7%	2,666	-5%	2,601	-2%
33									
34	Total salaries and wages	8,232	1%	9,018	10%	8,935	-1%	8,779	-2%
35									
36	Ratio of salaries and wages charged to expense to total wages L9 / L	68%		69%		70%		70%	
37									
38									
39	Ratio of salaries and wages capitalized to total wages L10 / L11	32%		31%		30%		30%	
40									
41									
42	Overtime wages	624	-3%	795	27%	852	7%	628	-26%
43	Overtime hours	17,892	%	22,750	27%	23,936	5%	17,164	-28%



South Kentucky Rural Electric Cooperative

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Commission Staff's Third Information Request

17. Refer to the response to Item 29 of Staff's Second Request and page 2 of Exhibit
3. Identify and explain by account number, any factors other than physical depreciation, that cause South Kentucky's depreciation rates to be higher or lower than those of RUS.

Response to Question#17

RUS high and low rates were developed in the 1960's. There is no way to determine why there would be some accounts that calculate to a higher or lower rate. It is common to have accounts that are higher or lower. No pattern exists to reflect why certain accounts would calculate higher and some lower.



South Kentucky Rural Electric Cooperative

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Commission Staff's Third Information Request

18. Refer to the Application, Exhibit 3, page 2, and Exhibit 20, Section 2, page 4. The depreciation percentage for Account 362 Station Equipment is listed as 6.67 percent in Exhibit 3 and 3 percent in Exhibit 20. Explain this discrepancy and provide any corrections.

Response to Question#18

The depreciation rate listed for Account 362 Station Equipment listed in Exhibit 20, Section 2, should state 6.67%. The rate for station equipment in Exhibit 20 lists the rate as 6.67% for the rest of Exhibit 20. There would be no change in the proposed adjustment.





South Kentucky Rural Electric Cooperative

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Commission Staff's Third Information Request

19. Refer to the Application, Exhibit 3, page 3. Provide an allocation of the proposed total depreciation adjustment in the manner listed at the bottom of page 3.

Response to Question#19

<u>Account</u>	<u>%</u>	<u>Test Year</u>	<u>Proposed</u>	<u>Adjustment</u>
Construction and retirement WIP	39%	190,382	195,494	\$ 5,113
Others	4%	17,591	18,064	472
Distribution – operations	21%	104,656	107,466	2,811
Distribution – maintenance	31%	153,137	157,250	4,112
Consumer accounts	1%	7,006	7,194	188
Consumer service and information	2%	9,532	9,788	256
Administrative and general	<u>2%</u>	<u>11,861</u>	<u>12,180</u>	<u>319</u>
Total	<u>100%</u>	<u>494,166</u>	<u>507,437</u>	<u>\$13,271</u>



South Kentucky Rural Electric Cooperative

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Commission Staff's Third Information Request

20. Refer to the Application, Exhibit 3, page 5, and Item 30 of Staff's Second Request. Shown on Exhibit 3 are the plant account balances as of September 30, 2010 upon which South Kentucky requests depreciation. Included in Item 30 are the subsidiary plant ledger accounts for the year ending September 30, 2010. The balances for each plant account shown in Exhibit 3 and Item 30 are compared in Table 1 below. Explain the differences in each account balance.

Response to Question #20

To get the information requested in Item 30 of Staff's Second Request, an Account Analysis was required to be printed. The Account Analysis totals the debits and credits for the time period selected. Included in the debits is the Beg Year Balance Forward, which reflects the debit balance at January 1, 2010. Other reports South Kentucky could prepare do not show the activity, but summarized by activity, which would not be an adequate response to the question.

South Kentucky Rural Electric Cooperative

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	Exhibit 3	Item 30	Difference
<b>Distribution Plant</b>			
Land	\$ 52,264		\$ 52,264
Station Equipment	864,832	\$ 860,315	4,517
Poles, Towers and Fixtures	49,248,403	49,726,134	(477,731)
Overhead Conductors and Devices	51,967,266	52,497,478	(530,212)
Underground Conduit	425,821	432,661	(6,840)
Underground Conductor and Devices	5,746,724	5,871,625	(124,901)
Line Transformers	31,935,654	32,353,761	(418,107)
Services	20,469,544	20,674,247	(204,703)
Meters	19,636,215	5,417,498	14,218,717
Installations on Customer Premises		6,179,038	(6,179,038)
Security Lights	6,122,251	665,914	5,456,337
Street Lights	650,070		650,070
			-
<b>Total Distribution Plant</b>	<u>187,119,044</u>	<u>174,678,671</u>	<u>12,440,373</u>
<b>General Plant</b>			
Land	2,945,856	3,114,654	(168,798)
Sturctures and Improvements	9,146,231	9,174,572	(28,341)
Office Furniture and Equipment	556,849	562,362	(5,513)
Computer Equipment	2,253,402	2,311,083	(57,681)
Transportation Equipment	7,473,479	7,689,998	(216,519)
Stores	213,712	213,712	0
Tools, Shop and Garage	154,621	154,621	0
Laboratory	259,238	259,238	0
Power Operated Equipment	111,819	113,058	(1,239)
Communications	2,415,458	2,415,458	(0)
Miscellaneous	332,353	332,353	(0)
			-
<b>Total General Plant</b>	<u>25,863,018</u>	<u>26,341,108</u>	<u>(478,090)</u>
			-
<b>Total Electric Plant</b>	<u>\$ 212,982,062</u>	<u>\$ 201,019,779</u>	<u>\$ 11,962,283</u>



South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

21. Refer to the Application, Exhibit 5, pages 2 and 3. For each lender listed on these pages, state separately the total annual principal payments that will be made by South Kentucky for each of the next 10 years.

Response to Question#21

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
RUS	1,511,103	1,541,325	1,572,151	1,603,594	1,635,666	1,668,379	1,701,747	1,735,782	1,770,498	1,805,908
Economic	576,358	587,885	599,643	611,636	623,868	636,346	649,073	662,054	675,295	212,940
FFB	359,844	662,102	675,344	688,851	702,628	716,680	731,014	745,634	760,547	775,758
CFC	2,889,581	2,910,724	2,358,619	2,043,558	1,821,549	1,659,985	1,569,609	1,481,873	1,359,069	873,196





South Kentucky Rural Electric Cooperative

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Commission Staff's Third Information Request

22. For each of the previous ten calendar years, state the total amount of funds expended on capital improvement projects. For each amount listed, state, separately, the amount that was funded with internally generated funds and the amount funded through the issuance of long-term indebtedness.

Response to Question#22

Year	Total	Loan Funds	Internal Funds
2000	7,429,926	7,090,050	339,875
2001	7,650,233	7,300,280	349,953
2002	7,088,807	6,764,535	324,271
2003	7,535,676	7,190,963	344,713
2004	7,957,839	7,593,815	364,024
2005	9,625,843	9,185,517	440,326
2006	10,862,080	10,365,204	496,876
2007	14,195,479	13,546,120	649,360
2008	12,469,149	11,898,759	570,390
2009	10,328,212	9,855,757	472,455
	95,143,243	90,791,000	4,352,243



South Kentucky Rural Electric Cooperative

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Commission Staff's Third Information Request

23. Provide South Kentucky's annual capital improvement budgets for all future years that are available. For each annual budget, state, separately, the amount anticipated to be funded through internally generated funds and the amount to be funded through the issuance of long-term indebtedness.

Response to Question#23

South Kentucky has prepared a 4 Year Work Plan from 2010 to 2013 in the amount of \$53,695,726. In conjunction with this work plan, an application was made for a loan from FFB in the amount of \$ 51,000,000. The difference will be funded through internally generated funds.



South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Third Information Request

24. Refer to the response to Item 33 of Staff's Second Request.

a. At Item 33.b., page 1 of 53, the "Govt. Share" of the project is stated at \$9,538,234. At Items 33.c. and 33.e., South Kentucky states total grant funds for the meter replacement program to be \$8,805,307, as detailed in Table 2. Reconcile the differences in the \$9.5 million and the \$8.8 million.

DOE Grants Received On:	11/1/2010	\$	1,373,858
	5/12/2011		1,791,492
	9/12/2011		1,137,694
DOE Grants to be Received On:	12/2/2011		2,094,076
	4/16/2012		1,361,149
	9/4/2012		<u>1,047,038</u>
Total Grant		\$	<u>8,805,307</u>

b. At Item 33.a., South Kentucky references Case No. 2009-00489 wherein it estimated the total cost of the AMI meter replacement program at \$19,500,000. As shown above in Item a., South Kentucky will receive a grant in an amount ranging from \$8.8 million to \$9.5 million to pay for a portion of the replacement program.

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

- (1) Identify the source of funding planned for the portion of the meter replacement program that will not be funded by the Department of Energy ("DOE") and state the terms of this funding.
- (2) Provide the amounts and dates upon which South Kentucky either has received or will receive the funding for the portion of the meter replacement program that will not be funded by the DOE grant funds.

Response to Question#24

- a. The estimated receipts due for 12/3/2012 were omitted. The receipts to total the DOE Grant project are as follows:

DOE Grants Received:	11/1/2010	\$ 1,373,858
	5/12/2011	1,791,492
	9/12/2011	1,137,694
DOE Grants to be Received:	12/2//2011	2,094,076
	4/16/2012	1,361,149
	9/4/2012	1,047,038
	12/3/2012	<u>732,927</u>
 Total Grant		 <u>\$ 9,538,234</u>

South Kentucky Rural Electric Cooperative

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Commission Staff's Third Information Request

- b. (1) The non-grant portion of the AMI project will be funded with loan proceeds from RUS through the FFB loan program.

DOE Grant	\$ 9,538,234
RUS loan	<u>10,097,981</u>
Total AMI Project	<u>\$19,636,215</u>

- (2) South Kentucky estimates that the loan funds will be advanced after all the grant proceeds are received. Estimated advances are as follows:

2012	\$ 3,500,000
2013	3,500,000
2014	<u>3,097,981</u>
	<u>\$10,097,981</u>





South Kentucky Rural Electric Cooperative

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Commission Staff's Third Information Request

25. Refer to the response to Item 33.h. of Staff's Second Request. South Kentucky states that "the estimated useful life for the new AMI meters has no correlation to the amortization period for mechanical meters that have been retired." Would South Kentucky agree that, if the undepreciated balance of the mechanical meters in the amount of \$3,723,716 were accounted for as required by the Uniform System of Accounts ("USof A") and South Kentucky were requesting depreciation rates using the remaining life method, the \$3,723,716 would effectively be depreciated over the remaining life of the new AMI meters. If no, explain.

Response to Question#25

South Kentucky would agree that if the meters were not taken out of service, the depreciation period would be 15 years. However, the mechanical meters will all be taken out of service as AMI meters are installed. The mechanical meters will be disposed of and will not have a remaining useful life of 15 years.

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Commission Staff's Third Information Request

26. Refer to the response to Item 33.i. of Staff's Second Request.
  - a. Provide the correspondence from Rural Utilities Service informing South Kentucky that it is proper to account for the grant proceeds as donated capital.
  - b. State whether South Kentucky is aware that the USoA, at Section 1767.16 Electric Plant Instruction (b)(4), requires contributions in aid of construction to be credited to the appropriate plant account.
  - c. State the reasons it is necessary for South Kentucky to depart from the requirements of the USoA regarding the contribution in aid of construction from the DOE.
  - d. The accounting treatment requested by South Kentucky for the DOE contribution results in recovery of depreciation expense on the contributed portion of the meter replacement program. Provide the reasons it is necessary for South Kentucky to recover depreciation expense on the portion of the meter replacement program that will be funded by the DOE contribution.

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Commission Staff's Third Information Request

Response to Question #26

a. South Kentucky attended a seminar presented by RUS on July 13, 2010 that addressed grant proceeds from the Department of Energy. Part of the presentation dealt with how to account for grant proceeds. RUS has allowed certain rural economic development grants to be recorded in Account 208, Donated Capital. Based on the court case included with the response to PSC-26.c. that allows for depreciation on contributed property, South Kentucky would propose that the proceeds of the DOE grant should be recorded as equity and not a contribution in aid of construction.

b. South Kentucky is aware that the USoA requires contributions in aid of construction to be credited to the appropriate plant account. Under normal circumstances on routine contributions South Kentucky records contributions as aid to construction, however, based on PSC-3-26.a. & c., South Kentucky proposes that under this unique situation that the grant not be considered a normal contribution.

c. Since the Supreme Court of Kentucky has allowed depreciation on contributed property in the DeWitt Water District case, South Kentucky has proposed to account for the DOE grant proceeds as equity instead of a contribution.

c. Based on the Supreme Court of Kentucky's ruling on the following case, South Kentucky believes that it should be able to recover depreciation expense on the portion of the meter replacement program that will be funded by the DOE contribution. Even though this case dealt with a water utility, the concepts and applications are all applicable to an electric cooperative since it is a publicly-owned utility.

**PUBLIC SERVICE COMMISSION OF KENTUCKY,  
APPELLANT v. DEWITT WATER DISTRICT, APPELLEE;  
EAST CLARK WATER DISTRICT and WARREN COUNTY  
WATER DISTRICT, APPELLANT v. PUBLIC SERVICE  
COMMISSION AND DAVID L. ARMSTRONG, ATTORNEY**

South Kentucky Rural Electric Cooperative

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Commission Staff's Third Information Request

**GENERAL, DIVISION OF CONSUMER PROTECTION,  
APPELLEE**

**Nos. 86-SC-342-DG, 86-SC-362-DG**

**SUPREME COURT OF KENTUCKY**

***720 S.W.2d 725; 1986 Ky. LEXIS 314***

**November 26, 1986, Decided**

**PRIOR HISTORY:** [**\*\*1**] ON REVIEW FROM COURT OF APPEALS 85-CA-220-MR (Franklin Circuit Court #83-CI-1672) and 85-CA-851-MR (Franklin Circuit Court #83-CI-492 & 575).

**DISPOSITION:** AFFIRMING DEWITT WATER DISTRICT AND REVERSING EAST CLARK AND WARREN COUNTY WATER DISTRICT

**CASE SUMMARY:**

**PROCEDURAL POSTURE:** The Court of Appeals (Kentucky) sought guidance in a conflict between two of its panels as well as conflict in the same division of a circuit court wherein two opinions were rendered the same day with conflicting results. The question was whether the Kentucky Public Service Commission (commission) could disallow a depreciation expense on contributed property when determining the rates of publicly-owned water districts.

**OVERVIEW:** Two Court of Appeals panels reached conflicting results on the issue of whether the commission could disallow a depreciation expense on contributed property when determining the rates of publicly-owned water districts. The court held that it could not and that depreciation expense on contributed plant property could be considered as an operating expense for rate-

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

making purposes in matters involving publicly held water districts. The court further held that the commission's failure to allow a rate recovery for depreciation expense on contributed property could have a substantial impact on the financial stability of the publicly-owned systems and their ability to continue to provide a needed water utility service to the rural areas of the state. Further, the court held that the disallowance of the expense was opposed to the commission's statutory mandate, constitutional prohibitions against confiscation, and sound utility management practices.

**OUTCOME:** The court held that the commission could not disallow a depreciation expense on contributed property when determining the rates of publicly-owned water districts.

South Kentucky Rural Electric Cooperative

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Commission Staff's Third Information Request

27. Refer to the response to Items 34.a. and b. of Staff's Second Request. At Item a., the number of mechanical meters to be replaced total 86,227. At Item b., the number of replacement AMI's total 69,300. Reconcile the difference in the number of meters to be replaced and the number of replacement meters.

Response to Question#27

The information gathered for the initial response where 86,227 meters were calculated included a formula that counted several months that included a subtotal in the formula. In addition, South Kentucky did not retire newer meters for most of 2008, 2009, and a portion of 2010 until it was determined what type of meter was going to be installed as a result of the AMI project. If the meters could be retrofitted, then some of the newer meters retired could be used. It was decided that new meters would be purchased and not retrofit the old meters.

Therefore, there would be more meters retired than would be purchased as part Of the AMI project. The retirements are as follows:

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

Through September 30, 2010	8,735
October 1 to December 31, 2010	324
2011	33,563
2012	<u>29,140</u>
Total meters retired	<u>71,762</u>

South Kentucky Rural Electric Cooperative

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Commission Staff's Third Information Request

28. Refer to the response to Item 34.e.(2) of Staff's Second Request. It states that "[A]ccount --598—Meter maintenance will increase tremendously as these meters are still unknown for maintenance but other cooperatives in Kentucky have expressed a significant increase in meter maintenance because these meters seem to be much more sensitive to items such as lighting than the older meters were."

a. Provide the basis of the information relative to other cooperatives that South Kentucky has relied upon in making this statement.

b. Provide a list and explanation of the other items that make the AMI meters more sensitive than the older ones.

c. Provide an estimate, based on the experience of other cooperatives, of the amount of increase expected in meter maintenance expense associated with the new AMI meters.

Response to Question #28

- a. These are casual conversations with other cooperatives. No official studies were conducted.
- b. Again, this observation was made based on conversations at various times. There were no direct inquires specifically related to the sensitivity of the AMI meters.



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Commission Staff's Third Information Request

- c. Based on the conversations, it was not that additional costs were recognized so much as the efficiencies that were assumed did not materialize as a result of the sensitivity of the AMI meters and the time it took to gather, assimilate, and review the results of information gathered and the time the servicemen spent inspecting meters.

South Kentucky Rural Electric Cooperative

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Commission Staff's Third Information Request

29. Refer to the response to Item 35.b.(2) of Staff's Second Request. State whether construction on the new headquarters facility was started but halted, or not started. If construction was started and halted, provide the date that construction began.

Response to Question#29

There has been no construction activity for the new headquarters facility at this time. South Kentucky has no definitive time table on when construction will commence.

South Kentucky Rural Electric Cooperative

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Commission Staff's Third Information Request

29. Refer to the response to Item 35.b.(2) of Staff's Second Request. State whether construction on the new headquarters facility was started but halted, or not started. If construction was started and halted, provide the date that construction began.

Response to Question#29

South Kentucky's Board of Director's (Board) was prepared to start construction shortly after receiving Commission's approval to construct a new headquarters facility. However, once approval was granted the Board was concerned about the economic downturn. The Board then decided to postpone the start of construction for six months and review the economic condition at that time. The six month review was to take place during the winter months and since construction could not start the Board decided to wait till spring to review. At that time South KY was made aware of a facility in the Somerset area that could potentially be retro fitted to meet South KY's needs. South KY's Board feels it has a fiduciary responsibility to its members to explore this option further before starting construction. South KY has been exploring this option. Also, during this timeframe the county government has expressed interest in the purchase of the current South KY's headquarter facilities. South KY's Board is still committed to either building a new headquarter facility or the purchase of the existing facility from a local bank.

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

30. Refer to the response to Item 38 of Staff's Second Request. Item c. requested, in part, a listing of specific projects resulting from the consulting efforts of Garland & Associates.

a. State whether or not any specific economic development projects have resulted from the consulting efforts of Garland & Associates.

b. Provide a copy of the economic development consulting contract with Garland and Associates and the terms for payment of the consulting services.

c. Explain what costs, other than the base contract consulting fees, South Kentucky pays Garland and Associates and the basis for such payments.

d. Explain what procedures South Kentucky has in place to ensure accountability for the economic consulting activities provided by Garland and Associates.

e. Provide the total amount paid to Garland and Associates during the test year.

f. Provide an estimate of the additional revenues that have been generated by South Kentucky as a result of the economic development consulting activities of Garland and Associates.

South Kentucky Rural Electric Cooperative

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Commission Staff's Third Information Request

Response to Question #30

- a. Garland & Associates have made numerous contacts and have provided assistance to many organizations since the program was initiated. There have been 70 contacts where either loan, grants, or some form of funding has been obtained. South Kentucky has participated in 23 of these projects where a total of \$9,490,469 has been in the form of grants or loans.
- b. A copy of the agreement is attached.
- c. South Kentucky will reimburse Garland & Associates for travel and costs, special contractual services, and expenses for a grant writer. These costs are reviewed to ensure they are properly documented for payment.
- d. The board of directors reviews the expenses and list of contacts by Garland & Associates on a monthly basis. The contract is reviewed on an annual basis.
- e. The total paid to Garland & Associates for the test year are as follows:

Contract consulting	200,213.95
Travel, contractual, grant writing	<u>83,657.73</u>
Total	<u><u>283,871.68</u></u>

- f. The Actual Jobs created by the economic development program that South Kentucky implemented is 1,193. Based on information obtained from the Kentucky Cabinet for Economic Development, the direct benefit impact of adding these additional jobs to the areas is \$104,318,120. The additional revenues that have been generated for South Kentucky cannot be determined. However, it is estimated that the majority of the jobs created would be in South Kentucky's service territory.

## CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT is made and entered into this the \_\_\_\_\_ day of January, 2008, by and between SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION, of Post Office Box 910, Somerset, Kentucky 42502, (hereinafter referred to as “Company”) and BENNIE GARLAND, of Post Office Box 2099, Russell Springs, Kentucky 4242 (hereinafter referred to as “Consultant”);

WHEREAS, Consultant has a great deal of knowledge and expertise in the area of economic development; and

WHEREAS, Company wishes to avail itself of Consultant’s talents, advice, and abilities during the term of this Agreement, and Consultant is willing to offer that advise and those talents and abilities on the terms and conditions set forth herein;

NOW, THEREFORE, for and in consideration of the premises contained herein, and intending to be legally bound, the parties agree as follows:

1. Engagement and Duties: During the term of this Agreement, Company engages Consultant, and Consultant agrees to serve Company, as an independent contractor in the role of an independent consultant. Consultant will be available to work at reasonable times, and for reasonable periods of time, to perform consultation. Consultant will travel on the business of Company whenever requested to do so. Consultant must endeavor to improve the business of Company during the term of this Agreement.
2. Term: The term of this Agreement shall be from January 15, 2008, to January 15, 2013.
3. Obligations and/or Responsibilities of Consultant: It is expected that consultant will

devote time in all of Company's service area. It is understood that Consultant may be required to spend more time in a particular portion of the service area than others from time to time, dependent upon many factors, including the particular area's economy, ongoing projects, etc. It is understood and agreed, however, that Consultant will attempt to balance his time among all of the Company's service area.

It is understood and agreed that Consultant will regularly visit local agencies and officials of the company's service area, particularly such officials as are affiliated with community and economic development. Consultant is to work in harmony with those agencies and officials efforts and will keep them informed, relating to the work which Consultant is performing in those agencies and officials geographic area.

Consultant will provide a monthly update on progress of Consultant's work, which update may be suitable for inclusion in South Kentucky Rural Electric Cooperative Corporation's Board of Directors Board Book. Consultant shall, on a quarterly basis, give an oral report to Company's Board of Directors at their regular monthly Board meeting.

Consultant will be available at all reasonable times to assist Company's employees and/or designees on any commercial and/or industrial visits.

Consultant agrees that he will at least maintain office hours from 8:00 AM to 4:00 PM, CST Monday through Friday. Consultant's office will be located in Russell County, Kentucky.

During the term of this Agreement, Consultant expects to engage in projects such as the following:

1. Make applications as needed and that are available for Community Economic Development and Public Safety purposes.

2. Work to generate USDA Loan Funds and Grants from all available sources to be leveraged for job creation.
3. Create industrial park master plans in remaining areas that Company serves that do not have such plans.
4. Conduct or assist in organizing and conducting regional and local Community Meetings with emphasis on Community and Economic Development.
5. Assist in recruiting new industries.
6. Work with new and existing businesses and industries in identifying and securing funding sources that would be conducive to job creation and retention in the service area.

Consultant agrees to undertake and attempt to accomplish such other activities and/or programs as may be requested and/or required by the Company.

4. Performance Measurement of Consultant: The parties agree that measurement of progress of Consultant's endeavors is an essential and necessary component of this Agreement. Consultant agrees to provide at least an annual summary report of Consultant's work and accomplishments for the year. Consultant agrees that he should show evidence of accomplishment of a return to Company of at least 20 to 1. Consultant agrees that this is interpreted that for every dollar expended by the Company relating to the Consulting there should be a showing of \$20.00 in value return. Said value may be exhibited in jobs, grants, outside loan funds, or such other value or measurable benefits as will be specifically identified by Consultant.



5. Compensation: For all services Consultant will render under this Agreement, Consultant is to be paid for the first year of this agreement the amount of EIGHT THOUSAND SIXTY FOUR DOLLARS AND 43/100 (\$8,064.43) bi-monthly on the 1<sup>st</sup> and 15<sup>th</sup> days of each month during the term of this agreement. Unless sooner terminated, Consultant shall receive a two (2%) increase per year for the remaining years of the contract term at the anniversary date of this agreement. The payments above-referenced will cover all of Consultant's expenses including, but not limited to, an assistant, benefits, office equipment, office rent, phone, liability insurance, etc. Consultant's relationship will be that of an independent contractor, and Company will not withhold taxes or Social Security Payments from any sum paid under this Agreement.

6. Reimbursement of Expenses: In addition to the compensation provided for hereinabove, Consultant will be reimbursed up to SIXTEEN THOUSAND AND 00/100 (\$16,000.00) DOLLARS for travel expenses and SEVENTEEN THOUSAND FIVE HUNDRED AND 00/100 (\$17,500.00) DOLLARS for special contractual services, the reimbursement for which must be documented and delivered to Company's CEO for approval prior to payment.

7. Expenses of Grant Writer: Consultant shall be provided an amount, not to exceed \$34,200.00, for purposes of contracting with individuals qualified to assist in the writing of Grant and Loan Applications with appropriate funding agencies.

The Consultant agrees to indemnify and hold Company fully harmless from and against any and all claims arising out of consultant's activities with and/or work for Company.

8. Indemnification/Insurance: The Consultant shall, during the term hereof, keep in full force and effect, a policy or policies of liability insurance, the limits of which shall not be less than ONE MILLION AND 00/100 (\$1,000,000.00) DOLLARS. The Consultant shall include Company as a named insured thereon.

9. Confidentiality: All data or information concerning the business activities of Company which Consultant acquires, or had acquired, in connection with, or as a result of the performance of his services with Company, whether under this Agreement or prior to the effective date of this Agreement, shall be kept secret and confidential by Consultant and shall be revealed only to Company, unless Company otherwise consents or unless otherwise required by law. This covenant of confidentiality shall extend beyond the term of this Agreement and shall survive the termination of this Agreement for any reason.

10. Termination: Upon the death and/or disability of Consultant prior to the expiration of the term of this Agreement or in the event that any government agency or body, either federal or state, including the Rural Utility Service and the Public Service Commission, directs the Company to cease employment of the Consultant or to cease the Company's economic development program as embodied in this Agreement, this Agreement shall immediately terminate and any payments due thereafter to Consultant shall cease.

11. Other: This Agreement may be unilaterally terminated by Company's CEO (Head Coach) or Consultant for just cause, either party shall give a sixty (60) day written Certified notice.

12. Severability and Limited Enforceability: It is understood and agreed that should any portion of any clause or paragraph of this Agreement be deemed too broad to permit enforcement to its full extent, then such restriction shall be enforced to the maximum extent permitted by law, and Consultant hereby consents and agrees that such scope may be modified accordingly in any proceeding brought to enforce such restriction. Further, it is agreed that should any provision in this Agreement be entirely unenforceable, the remaining provisions of the Agreement shall not be affected thereby.

13. Governing Law: This Agreement shall be governed by and construed under and in accordance with the laws of the Commonwealth of Kentucky.

14. Assignment: This Agreement and the rights, duties and obligations hereunder, shall not be assignable by Consultant without the prior written consent of Company.

15. Entire Agreement: This Agreement contains all the terms, conditions, and promises of the parties hereto. No modification or waiver of this Agreement, or any provision thereof, shall be valid or binding, unless in writing and executed by both parties hereto. No waiver by either party or any breach of any term or provision of this Agreement shall be construed as a waiver of any succeeding breach of the same or any other term or provision.

IN WITNESS WHEREOF the parties have executed this Agreement as of the day and year first above written.

COMPANY:

SOUTH KENTUCKY RURAL ELECTRIC  
COOPERATIVE CORPORATION

BY: \_\_\_\_\_  
ALLEN ANDERSON, CEO

CONSULTANT:

\_\_\_\_\_  
BENNIE GARLAND

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

I, \_\_\_\_\_, the undersigned Notary Public in and for the state and county aforesaid, hereby certify that the foregoing instrument was on this \_\_\_\_\_ day of January, 2008 produced to me in said state and county and was then and there acknowledged and sworn to before me by South Kentucky Rural Electric Cooperative Corporation, by and through Allen Anderson, CEO, to be the voluntary act and deed of said corporation.

My Commission Expires: \_\_\_\_\_.

\_\_\_\_\_  
NOTARY PUBLIC/STATE AT LARGE

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

I, \_\_\_\_\_, the undersigned Notary Public in and for the state and county aforesaid, hereby certify that the foregoing instrument was on this \_\_\_\_\_ day of January, 2008 produced to me in said state and county and was then and there acknowledged and sworn to before me by Bennie Garland, party thereto, to be his own voluntary act and deed.

My Commission Expires: \_\_\_\_\_.

\_\_\_\_\_  
NOTARY PUBLIC/STATE AT LARGE

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

31. Refer to the response to Item 39 of Staff's Second Request. The response has a line item entitled "Coop labor and benefits." Explain whether the allowance of this expense would constitute double recovery of the coop labor and benefits cost.

Response to Question#31

South Kentucky does not intend to include employee labor and benefits in the adjustment for rate case expenses. The request for costs recorded in rate case expenses, for which labor by coop employees is recorded in this account.

South Kentucky Rural Electric Cooperative  
Case No. 2011-00096  
Commission Staff's Third Information Request

Refer to the response to Item 40.b of Staffs Second Request and the revised Exhibit 16 of the year customer growth adjustment.

a. Question:

Refer to Item 40.b. The response states that the revised customer adjustment is based on a 12 month average. Confirm that the revised Exhibit 16 is based on a 13 month average.

a. Response:

It is confirmed that this adjustment is based on a 13 month average.

b. Question:

In revised Exhibit 16, the kWh amount shown for Small Commercial class is 72,762,631. Explain why this differs form revised Exhibit J which shows the kWh for this class to be 75,104,607.

b. Response:

Attached is 2<sup>nd</sup> revised Exhibit 16 that provides the proper kWh amount for the Small Commercial class.

c. Refer to the LP3-Large Power column of revised Exhibit 16.

(1) Question:

Confirm that the "1" shown for September 2009 is correct.

(1) Response:

The number should be "9" for September 2009.

(2) Questions:

Explain why a customer growth adjustment was not calculated for this rate class given that a change of 1 is shown for this class.

(3) Response:

A customer growth adjustment was not calculated because there was not increase or decrease in the number of customers for this class. See the 2<sup>nd</sup> revised Exhibit 16.

YEAR END CUSTOMER GROWTH ADJUSTMENT

Month	Rate A Residential	Rate B SmI Comm	Rate LP Large Power	Rate OPS Opt Pow Serv	LP1 Lar Pow	LP2 Lar Pow	LP3 Lar Pow	Rate Stl St. Lights	Rate OL Sec. Lights	Rate DSTI Dec St. Lights	AES Elec Schl	Resid. SmI Comm	Witness: Jim Adkins
September	61,715	4,247	348	170	1	1	9	1,261	24,024	375	12	1,583	1
October	61,730	4,249	348	170	1	1	9	696	24,073	370	12	1,583	1
November	61,482	4,245	346	171	1	1	9	1,261	23,976	384	12	1,583	1
December	61,653	4,268	351	171	1	1	9	1,261	23,878	384	12	1,583	1
January	61,499	4,241	348	169	1	1	9	1,261	23,830	364	12	1,584	1
February	61,602	4,236	344	169	1	1	9	770	23,652	364	12	1,584	1
March	61,565	4,232	344	170	1	2	9	1,823	23,849	366	12	1,584	1
April	61,677	4,234	346	170	1	1	9	1,260	23,761	366	12	1,585	1
May	60,717	4,136	326	168	1	1	9	1,263	23,771	364	11	1,585	1
June	62,206	4,359	368	173	1	1	9	1,443	23,713	364	13	1,585	1
July	61,739	4,262	350	168	1	1	9	1,266	23,792	368	13	1,586	1
August	61,684	4,253	352	169	1	1	9	1,266	23,719	366	13	1,586	1
September	61,626	4,267	352	167	1	1	9	1,268	23,770	384	13	1,586	1
Average	61,607	4,248	348	170	1	1	9	1,238	23,831	371	12	1,584	1
Change	19	18.6	4	(3)	-	(0)	-	29.6	(61)	13	0.77	1.62	-
TV Base Revenue	\$ 79,352,881	\$ 8,172,497	\$ 16,741,972	1,522,863				134,650	3,071,971	65,912	750,035	539,795	
Energy kWh	849,780,821	75,104,607	204,613,675	14,598,187				1,032,169	20,526,639	213,529	9,678,600	#####	
Avg. Revenue/kWh	\$ 0.09338	\$ 0.10881	\$ 0.08182	\$ 0.10432				\$ 0.13045	\$ 0.14966	\$ 0.30868	\$ 0.07749	#####	
Total Consumers	739,180	50,982	4,175	2,035				14,838	285,784	4,424	147	19,014	
Avg Monthly kWh	1,149.63	1,473.16	49,009	7,174				70	72	48	65,841	554	
Increase in Revenue	\$ 24,080.01	\$ 35,808.92	\$ 196,184.14	\$ (23,486.23)				\$ 3,225.00	\$ (7,918.08)	\$ 2,379.20	\$ 47,097.93	\$ 550.32	
Purchased Power													
Costs	\$ 55,025,186	\$ 5,493,885	\$ 13,599,364	\$ 1,234,799				67,415	\$ 1,215,716	\$ 13,045	653,097	547,576	
Avg Cost per kWh	\$ 0.06475	\$ 0.07315	\$ 0.06646	\$ 0.08459				\$ 0.06631	\$ 0.05923	\$ 0.06109	\$ 0.06748	#####	
Increase in Power													
Costs	\$ 16,697.65	\$ 24,072.21	\$ 159,359	\$ (19,044)				\$ 1,615	\$ (3,134)	\$ 471	\$ 41,011	\$ 558	
Gross Margins	\$ 7,382	\$ 11,737	\$ 36,825	\$ (4,443)	\$ -	\$ -	\$ -	\$ 1,610	\$ (4,785)	\$ 1,908	\$ 6,087	\$ (8)	
Total Adjustment													\$ 56,315

Revised Exhibit 16  
Witness: Jim Adkins



**SOUTH KENTUCKY RECC**  
**CASE NO. 2011-00096**

**Schedule A - Residential**  
**Rate 1**

Actual Billing Data	Test Year End Rate	Rates Effective January 14, 2011			Rates Effective May 31, 2011			Proposed Rates						
		Normalized Revenues	Current Rate	Normalized Revenues	Increase Total	Current Rate	Normalized Revenues	Increase	Proposed Rate	Normalized Revenues	Increase Amount	Percent		
Customer Charge	739,180	\$ 8.77	6,482,609	\$ 9.14	\$6,756,105	\$273,497	\$	9.14	\$6,756,105	\$	\$15.00	11,087,700	\$ 4,331,595	64.11%
Energy Charge per kWh	849,780,821	0.08836	75,086,633	\$0.09214	\$78,298,805	\$3,212,172	\$0.08543	72,596,776	(5,702,029)	0.08812	\$	74,892,686	\$ 2,295,910	3.15%
Total From Base Rates			<u>81,569,242</u>		<u>85,054,910</u>	<u>3,485,668</u>		<u>79,352,881</u>	<u>(5,702,029)</u>		\$	<u>85,970,386</u>	<u>6,617,505</u>	8.34%
Average Monthly Bill		\$ 110.35		\$ 115.07	\$ 4.72		\$ 107.35	(7.71)		\$	116.31	\$ 8.95	8.34%	

**Schedule B - Small Commercial**  
**Rate 2**

Actual Billing Data	Test Year End Rate	Rates Effective January 14, 2011			Rates Effective May 31, 2011			Proposed Rates						
		Normalized Revenues	Current Rate	Normalized Revenues	Increase Total	Current Rate	Normalized Revenues	Increase	Proposed Rate	Normalized Revenues	Increase Amount	Percent		
Customer Charge	50,982	\$ 16.44	838,144	\$ 17.14	\$873,831	\$35,687	\$ 17.14	\$ 873,831	\$	25.00	\$ 1,274,550	\$ 400,719	45.86%	
Energy charge per kWh	75,104,607	\$ 0.09963	7,482,672	\$0.10389	\$7,602,618	\$319,946	\$ 0.097180	\$ 7,298,666	(503,952)	0.102910	\$ 7,729,015	\$ 430,349	5.90%	
Total from base rates			<u>8,320,816</u>		<u>8,676,449</u>	<u>355,633</u>		<u>8,172,497</u>	<u>(503,952)</u>			<u>9,003,585</u>	<u>831,068</u>	10.17%
Average Monthly Bill		\$ 163.21		\$ 170.19	\$ 6.98		\$ 160.30	(9.89)		\$	176.60	\$ 16.30	10.17%	

**Schedule LP - Large Power Rate**  
**Rate 4**

Actual Billing Data	Test Year End Rate	Rates Effective January 14, 2011			Rates Effective May 31, 2011			Proposed Rates					
		Normalized Revenues	Current Rate	Normalized Revenues	Increase Total	Current Rate	Normalized Revenues	Increase	Proposed Rate	Normalized Revenues	Increase Amount	Percent	
Customer Charge	4,175	\$ 32.87	137,232	\$ 34.28	\$143,119	0.79%	\$ 34.28	\$ 143,119	\$	50.00	\$ 208,750	\$ 65,631	45.86%
Demand Charge	653,357	\$ 6.57	4,292,553	6.85	\$4,475,493	24.71%	\$ 6.85	\$ 4,475,493	-	7.00	\$ 4,573,486	\$ 98,003	2.19%
Energy charge per kWh	204,613,675	\$ 0.06324	12,939,769	\$0.06596	\$13,496,318	74.50%	\$0.05925	\$ 12,123,360	(1,372,958)	0.062130	\$ 12,712,648	\$ 589,287	4.86%
Total from base rates			<u>\$ 17,369,554</u>		<u>\$ 18,114,930</u>	<u>100.00%</u>		<u>\$ 16,741,972</u>	<u>\$(1,372,958)</u>		<u>\$ 17,484,894</u>	<u>\$ 752,922</u>	4.50%
Average Monthly Bill		\$ 4,160.37		\$ 4,338.91	\$ 178.53		\$ 4,010.05	(328.85)		\$	4,190.39	\$ 180.34	4.50%

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Schedule OPS - Optional Power Service  
Rate 5 - Over 50 kW

Actual Billing Data	Test Year End Rate	Rates Effective January 14, 2011 Case No. 2010-00185			Rates Effective May 31, 2011 Case No. 2010-00186			Proposed Rates				
		Normalized Revenues	Current Rate	Increase Total	Normalized Revenues	Current Rate	Increase Total	Normalized Revenues	Proposed Rate	Increase Amount	Percent	
2,035	\$ 32.87	66,890	\$34.28	4.30%	\$69,760	\$34.28	\$69,760	\$ -	\$50.00	\$101,750	\$31,990	45.86%
14,598,187	\$ 0.10189	1,487,409	\$0.10625	95.70%	\$1,551,057	\$0.09954	\$1,453,104	(\$97,954)	0.114340	\$1,669,157	\$216,053	14.87%
		<u>\$ 1,554,300</u>		100.00%	<u>\$ 1,620,817</u>		<u>\$ 1,522,863</u>	<u>(\$97,954)</u>		<u>\$ 1,770,907</u>	<u>\$ 248,043</u>	16.29%
Average Monthly Bill		\$ 763.78		32.69	\$ 796.47		\$ 749.34	(\$48.13)		\$ 870.22	\$ 121.89	16.29%

Schedule A - Residential Marketing Rate - ETS  
Rate 6

Actual Billing Data	Test Year End Rate	Rates Effective January 14, 2011 Case No. 2010-00185			Rates Effective May 31, 2011 Case No. 2010-00186			Proposed Rates				
		Normalized Revenues	Current Rate	Increase Total	Normalized Revenues	Current Rate	Increase Total	Normalized Revenues	Proposed Rate	Increase Amount	Percent	
10,530,533	\$ 0.05302	558,329	\$0.05528	100.00%	\$582,128	\$0.05126	\$39,795	(\$42,332.74)	0.067140	\$707,020	\$167,224.86	30.98%
Total BaseLoad Charges		<u>\$ 558,329</u>		100.00%	<u>\$ 582,128</u>		<u>\$ 539,795</u>	<u>(\$42,333)</u>		<u>\$ 707,020</u>	<u>\$ 167,225</u>	30.98%

Rate B - Small Commercial Marketing Rate - ETS  
Rate 7

Actual Billing Data	Test Year End Rate	Rates Effective January 14, 2011 Case No. 2010-00185			Rates Effective May 31, 2011 Case No. 2010-00186			Proposed Rates				
		Normalized Revenues	Current Rate	Increase Total	Normalized Revenues	Current Rate	Increase Total	Normalized Revenues	Proposed Rate	Increase Amount	Percent	
31,036	\$ 0.05978	1,855	\$0.06233	\$1,934	\$0.05831	\$1,810	(\$124.76)	0.07415	\$2,301	\$491.61	27.17%	
Total from base rates		<u>\$ 1,855</u>		0.00%	<u>\$ 1,934</u>		<u>\$ 1,810</u>	<u>(\$125)</u>		<u>\$ 2,301</u>	<u>\$ 492</u>	27.17%

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Schedule LP1 - Large Power 1  
Rate 9

Actual Billing Data	Test Year End Rate	Rates Effective January 14, 2011 Case No. 2010-00185			Rates Effective May 31, 2011 Case No. 2010-00186			Proposed Rates					
		Normalized Revenues	Current Rate	Normalized Revenues	Increase Total	Current Rate	Normalized Revenues	Increase	Proposed Rate	Normalized Revenues	Increase Amount	Increase Percent	
Metering Charge	12	\$ 136.99	1,644	\$ 142.85	\$1,714	0.15%	\$ 142.85	\$1,714	\$ -	\$ 142.85	\$1,714	\$ -	0.00%
Substation Charge	12	\$ 1,034.60	12,415	\$ 1,078.84	\$12,946		\$ 1,078.84	\$12,946	\$ -	\$ 1,078.84	\$12,946	\$ -	0.00%
Demand Charge	29,090	\$ 5.91	171,923	6.16	\$179,196	16.02%	6.16	\$179,196	\$ -	6.16	\$179,196	\$ -	0.00%
Energy charge per kWh	15,182,167	\$ 0.05841	886,790	\$0.06091	\$924,746		0.05420	\$822,873	\$ -	0.05	\$822,873	\$ -	0.00%
Total from base rates			\$ 1,072,773		\$ 1,118,602	16.17%		\$ 1,016,729	\$ -		\$ 1,016,729	\$ -	0.00%
Average Monthly Bill			\$ 89,397.71		\$ 93,216.81	3.819.10		\$ 84,727.44	\$ (8,489.36)				

Schedule LP2 - Large Power 2  
Rate 10

Actual Billing Data	Test Year End Rate	Rates Effective January 14, 2011 Case No. 2010-00185			Rates Effective May 31, 2011 Case No. 2010-00186			Proposed Rates						
		Normalized Revenues	Current Rate	Normalized Revenues	Increase Total	Current Rate	Normalized Revenues	Increase	Proposed Rate	Normalized Revenues	Increase Amount	Increase Percent		
Metering Charge	13	\$ 136.99	1,781	\$ 142.85	\$1,857	0.06%	\$ 142.85	\$ 1,857	\$ -	\$ 142.85	\$ 1,857	\$ -	0.00%	
Substation Charge	13	\$ 2,600.75	33,810	\$ 2,711.98	\$35,256		\$ 2,711.98	\$ 35,256	\$ 2,711,980	\$ 35,256	\$ -	\$ 2,711,980	\$ -	0.00%
Demand Charge	94,280	\$ 5.91	557,194	\$6.16	\$580,764	17.72%	6.16	\$ 580,764	\$ -	6.16	\$ 580,764	\$ -	0.00%	
Energy charge per kWh	37,711,970	\$ 0.05841	2,202,756	\$0.06091	\$2,297,036	70.08%	0.05420	\$ 2,043,989	(253,047.32)	0.054	\$ 2,043,989	\$ -	0.00%	
First 400 kWh per kW	6,712,502	\$ 0.05182	347,842	0.05404	\$362,744		0.04733	\$ 317,703	(45,040.89)	0.047	\$ 317,703	\$ -	0.00%	
Total from base rates			\$ 3,143,383		\$ 3,277,657	87.86%		\$ 2,979,569	\$ (298,088)		\$ 2,979,569	\$ -	0.00%	
Average Monthly Bill			\$ 241,798.69		\$ 252,127.45	10.328.76		\$ 229,197.59	\$ (22,929.86)		\$ 229,197.59	\$ -	0.00%	

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Schedule LP-3 Large Power 3  
Rate 15

Actual Billing Date	Test Year End Rate	Normalized Revenues	Current Rate	Rates Effective January 14, 2011 Case No. 2010-00185		Rates Effective May 31, 2011 Case No. 2010-00186		Proposed Rates				
				Normalized Revenues	Increase Total	Normalized Revenues	Increase	Proposed Rate	Normalized Revenues	Increase Amount	Percent	
108	\$ 136.99	14,795	142.85	\$ 15,428	\$ -	142.85	15,428	\$ -	146.88	15,863	\$ 435.24	2.82%
36	\$ 345.23	12,428	359.99	\$ 12,960	\$ -	359.99	12,960	\$ -	370.14	13,325	\$ 365.40	2.82%
72	\$ 1,034.60	74,491	1,078.84	\$ 77,676	\$ -	1,078.84	77,676	\$ -	1,109.26	79,867	\$ 2,190.24	2.82%
141,140	5.91	834,136	6.16	\$ 869,421	\$ -	6.16	869,421	\$ -	6.33	893,415	\$ 23,993.76	2.76%
2,371	8.57	20,319	8.94	\$ 21,197	\$ -	8.94	21,197	\$ -	9.19	21,789	\$ 592.75	2.80%
69,748,929	0.05555	3,674,553	0.05793	\$ 4,040,555	\$ -	0.05122	3,672,540	\$ (468,015.31)	0.052660	3,672,979	\$ 100,438	2.81%
		4,830,723		5,037,237		4,569,222	(468,015)		102.81%	4,697,238	128,016	2.80%
Average Monthly Bill		\$ 44,728.92		\$ 46,641.08	\$ 1,912.17	\$ 42,307.61	(4,333.48)			\$ 43,492.94	\$ 1,185.33	2.80%

Schedule AES - All Electric Schools  
Rate 17

Actual Billing Date	Test Year End Rate	Normalized Revenues	Current Rate	Rates Effective January 14, 2011 Case No. 2010-00185		Rates Effective May 31, 2011 Case No. 2010-00186		Proposed Rates				
				Normalized Revenues	Increase Total	Normalized Revenues	Increase	Proposed Rate	Normalized Revenues	Increase Amount	Percent	
147	\$ 76.03	11,176	79.28	\$ 11,654	1.43%	79.28	11,654	\$ -	104.20	15,317	\$ 3,663.24	31.43%
9,678,600	0.07960	770,417	0.08300	\$ 803,324		0.07629	738,380	\$ (64,943.41)	0.08443	817,164	\$ 78,783.80	10.67%
Total From Base Rates		781,593		814,976	1.43%	750,035	(64,943.41)			832,482	82,447	10.99%
Average Monthly Bill		\$ 5,316.96		\$ 5,544.07		\$ 5,102.28	(441.79)			\$ 5,653.14	\$ 560.86	10.99%

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**Envirowatts**

Actual Billing Date	Test Year End	Rates Effective January 14, 2011			Rates Effective May 31, 2011			Proposed Rates					
		Normalized Revenues	Current Rate	Normalized Revenues	Increase Total	Current Rate	Normalized Revenues	Increase	Proposed Rate	Normalized Revenues	Increase		
				Case No. 2010-00185		Case No. 2010-00186							
223,100	\$ 0.02750	6,685	0.02750	6,685	0.00%	6,685	\$ -	\$ 0.02750	6,685	\$ -	0.00%		
<b>Total From Base Rates</b>		<b>6,685</b>		<b>6,685</b>		<b>6,685</b>		<b>6,685</b>			<b>0.00%</b>		

**Schedule III - Outdoor Lights**

Type of Lamp	Units	Actual Billing Date	Test Year End Rate	Rates Effective January 14, 2011			Rates Effective May 31, 2011			Proposed Rates		
				Normalized Revenues	Current Rate	Normalized Revenues	Increase Total	Current Rate	Normalized Revenues	Increase	Proposed Rate	Normalized Revenues
M/Vapor Sec Light 74 KWH	194,853	10/14	\$ 1,975,809	10.57	2,059,596	10.17	1,981,695	(\$ 77,941.20)	10.17	1,981,655.01	\$ -	
M/Vapor Metered Sec Light	398	6/93	2,758	7.23	2,878	7.23	2,878	\$ -	7.23	2,877.54	\$ -	
Sodium Sec Light 45 KWH	44,165	10/14	447,833	10.57	466,824	10.17	449,158	(\$ 17,666.00)	10.17	449,158.05	\$ -	
Sodium Metered Sec Light	132	6/93	915	7.23	954	7.23	954	\$ -	7.23	954.36	\$ -	
Sodium Directional Light	5,716	16/29	93,114	16.99	97,115	16.28	93,056	(\$ 4,058.36)	16.28	93,056.48	\$ -	
Sodium Metered Directional	564	8.8	4,963	9.18	5,178	9.18	5,178	\$ -	9.18	5,177.52	\$ -	
Metal Halide 250W Dir	579	17/59	10,185	18.34	10,619	17.63	10,208	(\$ 411.09)	17.63	10,207.77	\$ -	
M/Halide 400W Metered Dir	192	9.8	1,882	10.22	1,962	10.22	1,962	\$ -	10.22	1,962.24	\$ -	
M/Halide 400W Directional	778	22/19	17,264	23.14	18,003	22.02	17,132	(\$ 871.36)	22.02	17,131.56	\$ -	
M/Halide 400W Metered Dir	95	9.8	931	10.22	971	10.22	971	\$ -	10.22	970.90	\$ -	
M/Vapor Sec Light 74 KWH	17,942	10/14	181,932	10.57	189,647	10.17	182,470	(\$ 7,176.80)	10.17	182,470.14	\$ -	
M/Vapor Metered Sec Light	1,332	6/93	9,231	7.23	9,630	7.23	9,630	\$ -	7.23	9,630.36	\$ -	
Sodium Security Light	4,983	10/14	50,528	10.57	52,670	10.17	50,677	(\$ 1,993.20)	10.17	50,677.11	\$ -	
Sodium Metered Sec Light	48	6/93	333	7.23	347	7.23	347	\$ -	7.23	347.04	\$ -	
Sodium Directional Light	6,569	16/29	107,009	16.99	111,607	16.28	106,943	(\$ 4,663.99)	16.28	106,943.32	\$ -	
Sodium Metered Directional	64	8.8	563	9.18	588	9.18	588	\$ -	9.18	587.52	\$ -	
M/Halide 400W Directional	2,677	22/19	59,403	23.14	61,946	22.02	58,948	(\$ 2,998.24)	22.02	58,947.54	\$ -	
M/Halide 400W Metered Dir	628	9.8	6,154	10.22	6,418	10.22	6,418	\$ -	10.22	6,418.16	\$ -	
M/Halide 1000W Directional	1,875	39/99	74,981	41.70	78,188	39.05	73,219	(\$ 4,968.75)	39.05	73,218.75	\$ -	
M/Halide 1000W Metered Dir	428	10/94	4,882	11.41	4,883	11.41	4,883	\$ -	11.41	4,883.48	\$ -	
Metal Halide 1000W Dir	22	39/99	880	41.70	917	39.05	859	(\$ 58.30)	39.05	859.10	\$ -	
M/Halide 250W Directional	764	17/59	13,439	18.34	14,012	17.63	13,469	(\$ 542.44)	17.63	13,469.32	\$ -	
M/Halide 250W Metered Dir	36	9.8	353	10.22	368	10.22	368	\$ -	10.22	367.92	\$ -	
<b>Total From Base Rates</b>			<b>\$ 3,065,140</b>		<b>\$ 3,195,321</b>		<b>\$ 3,071,971</b>	<b>(\$ 123,350)</b>		<b>\$ 3,071,971</b>	<b>\$ -</b>	<b>0.00%</b>

South Kentucky Rural Electric Cooperative

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Commission Staff's Third Information Request

33. Refer to the response to Item 42 of Staff's Second Request. Provide a breakdown of capital credits paid by year for the years prior to 2005 in the format shown in Exhibit 19 of the Application.

Response to Question #33

<u>Year</u>	<u>General</u>	<u>Estates</u>	<u>Total</u>	<u>Year</u>	<u>General</u>	<u>Estates</u>	<u>Total</u>
2010	0	112,351	112,351	1993	618,753	0	618,753
2009	0	147,179	147,179	1992	257,627	0	257,627
2008	0	112,500	112,500	1991	82,691	316,567	399,258
2007	0	114,976	114,976	1990	0	0	0
2006	0	133,279	133,279	1989	0	0	0
2005	733,402	241,073	974,475	1988	0	0	0
2004	672,160	142,328	814,488	1987	0	0	0
2003	1,402,820	139,292	1,542,112	1986	0	0	0
2002	1,617,224	680,528	2,297,752	1985	0	0	0
2001	1,406,852	0	1,406,852	1984	0	0	0
2000	1,427,592	0	1,427,592	1983	0	0	0
1999	942,153	0	942,153	1982	0	0	0
1998	884,587	0	884,587	1981	0	0	0
1997	380,488	0	380,488	1980	0	0	0
1996	714,883	0	714,883	1979	0	0	0
1995	399,144	0	399,144	1978	0	0	0
1994	983,995		983,995	prior	213,105	585,548	798,653

South Kentucky Rural Electric Cooperative

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Commission Staff's Third Information Request

34. Refer to the response to Item 43.b.(1) of Staff's Second request and the Application, Exhibit 20, Section 8, page 2, Account 364. At Item 43.b.(1), South Kentucky states that "[r]etirements are recorded using the average plant balance for each record unit that is removed from service." In Exhibit 20, South Kentucky reported retirements of poles, towers, and fixtures during 2009 in the amount of \$619,317. Provide the work papers showing full detail of the calculation of this retirement amount using the average plant balance method.

Response to Question #34

Attached is the Account Analysis for Account 364. for the year of 2009. The total retirements for the year calculate to \$619,317.24, as shown on page 3. Also reflected on page 3 are the additions and retirements for the month of December being \$155,038.51 and \$41,417.3, respectively. The summary of completed work orders is shown on page 4 which reflect the same amounts for Account 364. The Continuing Property Records for Account 364 are included as pages 5 thru 8.

It should be noted that each month there are approximately 300 work orders completed that include additions and retirements for items reflected in Account 364. Each of these work orders includes an individual staking sheet drawing [which can be up to several pages], a material picking list of all material to be used on the work order [which is usually 2-3 pages], and a job analysis [which is usually 5 pages in length]. A normal month would include approximately 2,500 pages of information to support the plant additions and retirements through the work order system.

South Kentucky Rural Electric Cooperative

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Commission Staff's Third Information Request

The computer software utilized by South Kentucky follows the Uniform System of Accounts and the Suggested Work Order Procedures established by RUS. The software vendor provides programming for numerous electric cooperatives in the southeastern portion of the United States.



SO	TR	RACCT	ITEM	ID	DEPT	WH	BH	DATE	CK/JOB/REC/TASK	PJ/VHR/VND/VEH	QTY	DEBIT	CREDIT	DESCRIPTION
BF	99	364.00	BYBA	00	01		1	01/01/09			.00	45,641.492.86	.00	BEG YEAR BALANCE FORWARD
WO	70	107.20	PLEL	00	01		1	01/31/09			.00	173,199.26	.00	
WO	71	108.80	PLEL	00	01		1	01/31/09			.00	.00	.00	
WO	70	107.20	PLEL	00	01		1	02/28/09			.00	133,401.48	.00	
WO	70	107.20	PLEL	00	01		1	02/28/09	P		.00	3,978.17	.00	
WO	71	108.80	PLEL	00	01		1	02/28/09	P		.00	.00	.00	
WO	70	107.20	PLEL	00	01		1	02/28/09	P		.00	198,662.00	.00	
WO	70	107.20	PLEL	00	01		1	03/31/09	P		.00	60,680.39	.00	
WO	71	108.80	PLEL	00	01		1	03/31/09	P		.00	.00	.00	
WO	70	107.20	PLEL	00	01		1	03/31/09	P		.00	.00	.00	
WO	70	107.20	PLEL	00	01		1	04/30/09	P		.00	235,292.93	.00	
WO	71	108.80	PLEL	00	01		1	04/30/09	P		.00	399.53	.00	
WO	70	107.20	PLEL	00	01		1	04/30/09	P		.00	.00	.00	
WO	71	108.80	PLEL	00	01		1	05/31/09	P		.00	218,088.39	.00	
WO	70	107.20	PLEL	00	01		1	05/31/09	P		.00	1,566.42	.00	
WO	71	108.80	PLEL	00	01		1	05/31/09	P		.00	.00	.00	
WO	70	107.20	PLEL	00	01		1	05/31/09	P		.00	.00	.00	
WO	71	108.80	PLEL	00	01		1	05/31/09	P		.00	.00	.00	
WO	70	107.20	PLEL	00	01		1	06/30/09	P		.00	200,912.00	.00	
WO	71	108.80	PLEL	00	01		1	06/30/09	P		.00	.00	.00	
JE	40	108.60	99000010	1603			2016	07/31/09			.00	243.00	.00	
JE	40	108.60	99000011	1603			2016	07/31/09			.00	50,400.35	.00	
JE	40	108.60	99000012	1603			2016	07/31/09			.00	92,272.25	.00	
JE	40	108.60	99000020	1603			2016	07/31/09			.00	773.00	.00	
JE	40	108.60	99000021	1603			2016	07/31/09			.00	117,305.57	.00	
JE	40	108.60	99000030	1603			2016	07/31/09			.00	390,509.84	.00	
JE	40	108.60	99000031	1603			2016	07/31/09			.00	313.00	.00	
JE	40	108.60	99000032	1603			2016	07/31/09			.00	125,544.26	.00	
JE	40	108.60	99000036	1603			2016	07/31/09			.00	67.00	.00	
JE	40	108.60	99000040	1603			2016	07/31/09			.00	16.00	.00	
JE	40	108.60	99000040	1603			2016	07/31/09			.00	11.00	.00	
JE	40	108.60	99000040	1603			2016	07/31/09			.00	52.00	.00	
JE	40	108.60	99000040	1603			2016	07/31/09			.00	4290.00	.00	
JE	40	108.60	99000040	1603			2016	07/31/09			.00	11,580.58	.00	
JE	40	108.60	99000040	1603			2016	07/31/09			.00	118,484.98	.00	
JE	40	108.60	99000040	1603			2016	07/31/09			.00	3,206.40	.00	
JE	40	108.60	99000050	1603			2016	07/31/09			.00	47.00	.00	
JE	40	108.60	99000050	1603			2016	07/31/09			.00	2193.00	.00	
JE	40	108.60	99000050	1603			2016	07/31/09			.00	43.00	.00	
JE	40	108.60	99000070	1603			2016	07/31/09			.00	25.00	.00	
JE	40	108.60	99000070	1603			2016	07/31/09			.00	15,954.76	.00	
JE	40	108.60	99000050	1603			2016	07/31/09			.00	2,209.18	.00	
JE	40	108.60	99000040	1603			2016	07/31/09			.00	3.00	.00	
JE	40	108.60	99000040	1603			2016	07/31/09			.00	175.72	.00	
JE	40	108.60	99000040	1603			2016	07/31/09			.00	1,769.46	.00	
JE	40	108.60	99000040	1603			2016	07/31/09			.00	52.58	.00	
JE	40	108.60	99000040	1603			2016	07/31/09			.00	1.00	.00	
JE	40	108.60	99000040	1603			2016	07/31/09			.00	9.11	.00	
JE	40	108.60	99000050	1603			2016	07/31/09			.00	85.86	.00	
JE	40	108.60	99009091	1603			2016	07/31/09			.00	104.80	.00	
WO	70	107.20	PLEL	00	01		1	07/31/09			.00	.00	.00	
WO	71	108.80	PLEL	00	01		1	07/31/09			.00	281,286.22	.00	
WO	70	107.20	PLEL	00	01		1	08/31/09			.00	.00	.00	
WO	71	108.80	PLEL	00	01		1	08/31/09			.00	229,603.11	.00	
WO	70	107.20	PLEL	00	01		1	09/30/09			.00	.00	.00	
WO	71	108.80	PLEL	00	01		1	09/30/09			.00	216,161.32	.00	

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SO	TR	RACCT	ITEM	ID	DEPT	WH	BH	DATE	CK/JOB/REC/TSK	PJ/VHR/VND/VEH	QTY	DEBIT	CREDIT	DESCRIPTION
WO	71	108.80	PLEL	00	01		1	09/30/09			.00	.00	53,970.75-	
WO	70	107.20	PLEL	00	01		1	10/31/09			.00	201,260.50	.00	
WO	70	107.20	PLEL	00	01		1	10/31/09	P		.00	17,473.36	.00	
WO	71	108.80	PLEL	00	01		1	10/31/09			.00	.00	44,971.09-	
WO	71	108.80	PLEL	00	01		1	10/31/09	P		.00	.00	3,298.91-	
WO	70	107.20	PLEL	00	01		1	11/30/09			.00	276,306.18	.00	
WO	71	108.80	PLEL	00	01		1	11/30/09			.00	.00	82,659.42-	
WO	70	107.20	PLEL	00	01		1	12/31/09	P		.00	146,799.13	.00	
WO	70	107.20	PLEL	00	01		1	12/31/09	P		.00	6,488.04	.00	
WO	70	107.20	PLEL	00	01		1	12/31/09	P		.00	1,751.34	.00	
WO	71	108.80	PLEL	00	01		1	12/31/09	P		.00	.00	38,052.47-	
WO	71	108.80	PLEL	00	01		1	12/31/09	P		.00	.00	2,940.51-	
WO	71	108.80	PLEL	00	01		1	12/31/09	P		.00	.00	424.32-	

NUMBER OF RECORDS FOUND - 64  
 TOTAL QTY 11,239.00

TOTAL DEBIT 49,353,698.74  
 TOTAL CREDIT 1,418,662.66-  
 NET BALANCE 47,935,036.08

Total Credits 1,418,662.66  
 Less MEPS entries < 799,345.42 >  
 Ref:remnants 619,317.24

December  
 Additions 155,038.51  
 Ref:remnants 41,417.30

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WORK ORDER DISTRIBUTION REPORT  
BY ACCOUNT

ACCOUNT	BUILT	AMOUNT	RETIRE	AMOUNT	TOTAL
364.00	323	155038.51	247-	41417.30-	113621.21
365.00	47307	147097.58	46642-	37213.72-	109883.86
366.00	237	3814.91		.00	3814.91
367.00	1025	11084.24		.00	11084.24
368.00	206	40024.63	68-	4631.08-	35393.55
369.00	114	88599.32	65-	8917.04-	79682.28
371.00	70	27326.18	31-	7429.36-	19896.82
373.00	338	6430.11	4-	893.41-	5536.70
TOTALS	49620	479415.48	47057-	100501.91-	378913.57

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UNIT	DESCRIPTION	MONTH	YTD	LIFE
99000010	POLES, 25'	0	50400.35	85045
	RETIRED	24-	23668.20-	68380-
	TOTAL	24-	26732.15	16665
	AVG BUILT COST		207.41	100.10
99000011	POLES, 30'	67	647141.09	41038
	RETIRED	28-	134628.99-	8472-
	TOTAL	39	512512.10	32566
	AVG BUILT COST		498.57	214.62
99000012	POLES, 35'	7	4765.00	852
	RETIRED	50-	7269.00-	816-
	TOTAL	43-	2504.00-	36
	AVG BUILT COST		680.71	209.79
99000020	POLES, 40'	75	53904.64	2397
	RETIRED	41-	12818.65-	482-
	TOTAL	34	41085.99	1915
	AVG BUILT COST		718.73	560.74
99000021	POLES, 45'	25	15533.28	755
	RETIRED	2-	616.96-	118-
	TOTAL	23	14916.32	637
	AVG BUILT COST		621.33	554.99
99000030	POLES, 50'	2	1248.02	131
	RETIRED	3-	1079.28-	14-
	TOTAL	1-	168.74	117
	AVG BUILT COST		624.01	555.41
99000031	POLES, 55'	2	722.93	27
	RETIRED	0	.00	0
	TOTAL	2	722.93	27
	AVG BUILT COST		361.47	667.78
99000032	POLES, 60'	0	5838.36	55
	RETIRED	0	.00	3-
	TOTAL	0	5838.36	52
	AVG BUILT COST		729.80	403.78
99000033	POLES, 65'	0	3396.93	31
	RETIRED	0	.00	4-
	TOTAL	0	3396.93	27
	AVG BUILT COST		679.39	461.66
99000034	POLES, 70'	0	2331.07	5
	RETIRED	0	.00	2-
	TOTAL	0	2331.07	3
	AVG BUILT COST		466.21	1402.57

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UNIT	DESCRIPTION		-----MONTH-----	-----YTD-----	-----LIFE-----
99000036	POLES, CONCRETE-MEPB	BUILT	0	0	0
		RETIRED	0	0	0
		TOTAL	0	0	0
		AVG BUILT COST	.00	2630.80	2630.80
99000040	ANCHOR GUY ASSEMBLY	BUILT	66	443080.72	139534
		RETIRED	36-	43870.13-	14952-
		TOTAL	30	399210.59	124582
		AVG BUILT COST	244.39	61.71	64.81
99000050	CROSSARMS	BUILT	77	498122.14	45309
		RETIRED	62-	104959.64-	8915-
		TOTAL	15	393162.50	36394
		AVG BUILT COST	284.39	151.04	135.32
99000051	CROSSARMS - 18'	BUILT	0	3207.58	46
		RETIRED	0	.00	3-
		TOTAL	0	3207.58	43
		AVG BUILT COST	.00	400.95	472.85
99000060	CLUSTER MOUNTS	BUILT	2	700.80	20
		RETIRED	1-	227.27-	10-
		TOTAL	1	473.53	10
		AVG BUILT COST	350.40	6795.38	534
99000070	TRANSFORMER RACKS	BUILT	0	.00	8
		RETIRED	0	.00	1-
		TOTAL	0	.00	7
		AVG BUILT COST	.00	2370.04	2872.92
99000080	WOODEN TRANSF PLTFM HDQTRS-SOM.	BUILT	0	.00	4
		RETIRED	0	.00	0
		TOTAL	0	.00	4
		AVG BUILT COST	.00	.00	891.33
99009091	MEPB	BUILT	0	.00	0
		RETIRED	0	.00	0
		TOTAL	0	.00	0
		AVG BUILT COST	.00	799336.31-	799336.31-

GRAND TOTALS

	MONTH	YTD	LIFE
BUILT	323	16241	442002
REPAIR	247-	3747-	133414-
TOTAL	76	12494	308588
		2293543.22	47935036.08

GRAND TOTALS BY ACCOUNT

ACCOUNT	QUANTITY	AMOUNT
364.00	308588	47935036.08

*Item 3 of 8*  
*Page 8 of 8*

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

35. Refer to the response to Item 44.a. of Staff's Second Request and the Application, Exhibit 20, Section 4, page 3. Provide all work papers detailing the selection of the retirement dispersion for poles, towers, and fixtures "that matched the closeness between actual annual amounts and those that had been simulated . . . ."

Response to Question #35

Attached is the worksheet that summarizes the findings to select the curve and historical life. The best fit for the curve and life are the differences that are closest to zero differences.

South Kentucky Rural Electric Cooperative - Historic Life

Best Fit Difference	Account	Historical Life Curve	Historical Life (H/L)	Net Salvage Adjustment	Average Service Life =	31,9999
\$242.22	364	S1	32	50%	Average Remaining Life =	21.1532
242.22	L0	L1	L1.5	L2	L2.5	L3
1	4409292.13	4409382.56	4409473.00	4409563.43	4409653.86	4409744.29
2	4180652.94	4178284.51	4175916.08	4173547.65	4171179.22	4168810.79
3	3002956.24	3002956.24	3002956.24	3002956.24	3002956.24	3002956.24
4	3854295.64	3854295.64	3854295.64	3854295.64	3854295.64	3854295.64
5	3185529.53	3185529.53	3185529.53	3185529.53	3185529.53	3185529.53
6	2090292.48	2090292.48	2090292.48	2090292.48	2090292.48	2090292.48
7	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
8	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
9	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
10	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
11	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
12	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
13	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
14	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
15	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
16	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
17	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
19	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
20	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
21	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
22	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
23	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
24	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
25	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
26	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
27	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
28	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
29	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
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31	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
32	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
33	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
34	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
35	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
36	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
37	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
38	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
39	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
40	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
41	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
42	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
43	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
44	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
45	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
46	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
47	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
48	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
49	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18
50	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18	2093192.18



South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

36. Refer to the response to Item 45 of Staff's Second Request and the Application, Exhibit 20, Section 4, page 3. Provide all work papers detailing the comparison of the actual plant retirements with the guideline curves for poles, towers, and fixtures.

Response to Question#36

See the response to Question#35 of this request.

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

37. Refer to the response to Item 46.a. of Staff's Second Request and the Application, Exhibit 20, Section 4, page 3.

a. In Item 46.a., South Kentucky states that a "computer model calculates an average service life and historical life curve." Provide a detailed description of the computer model used by South Kentucky that includes the name of its vendor and year it was created.

b. Provide all information that was input into the computer model to develop the average service life and historical life curve for poles, towers, and fixtures.

Response to Question #37

- a. The computer model was developed in conjunction with and assistance from Mr. Leroy Murphy, from Chicago, Illinois, in 1990. Mr. Murphy was a depreciation specialist who assisted in the development of the program used to calculate the Iowa Curve and Historical lives of assets. Electric cooperatives in Kentucky who have had depreciation studies prepared and submitted to this Commission include the following:

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

Cooperative	Case No.
Fleming-Mason Energy	2001-00244
Big Sandy RECC	2008-00401
Licking Valley RECC	2009-00016
Clark Energy	2009-00314
Grayson RECC	2008-00254
Cumberland Valley Electric	2005-00187

It should be noted that the Attorney General's depreciation intervener, Mike Majoros, confirmed that the lives used in the Fleming-Mason Energy rate application were appropriate using this model.

- b. Information used to input is included in Section 8: Data used for Input Into Study.

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

38. Refer to the response to Item 47.a. of Staff's Second Request. South Kentucky states:

The allocation of net salvage is based upon assumptions. Net salvage percentages were based on the same percentages as other RECC's, then adjusted to arrive at net salvage percentages that would most closely relate to the actual net salvage as recorded by South Kentucky in its accumulated depreciation for distribution plant.

Provide all work papers supporting South Kentucky's calculation and allocation of the net salvage.

Response to Question #38

Keep in mind that the only purpose of the Net Salvage Ratio is to allocate the "Five year average actual net salvage" as recorded in the books and records of South Kentucky. This analysis is performed to allocate the five year average of \$1,093,501. This is shown in Section 10 of the depreciation study. Whether the Net Salvage Ratio is 2 times more, or only half as much, the net salvage to be recovered will be the "Five year average actual net salvage" amount.

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

39. Refer to the response to Item 50 of Staff's Second Request. Provide work papers showing how the assumptions listed in this response were incorporated into the depreciation study.

Response to Question #39

Discussions with South Kentucky personnel indicated there were no significant conductor programs in effect, or anticipated, normal right-of-way programs were in effect, and no unusual or unique situations that have occurred that would affect the lives of any of the plant accounts, other than for meters. Therefore, no adjustments were required to be incorporated into the depreciation study.

South Kentucky Rural Electric Cooperative

Case No. 2011-00096

Commission Staff's Third Information Request

40. Refer to the response to Item 54 of Staff's Second Request. Items a. through d. of the original request did not have a response. Provide the requested responses.

Response to Question #40

South Kentucky apologizes for this omission. The response was made but copies were not included with the reply.

Response to Question 54.

- a. Had South Kentucky had a prior study, it is probable that the lives of assets would be very similar to the rates as proposed in the current study.
- b. A review of the historical service lives of South Kentucky's plant suggest they are similar to the lives of other Kentucky electric cooperatives. This would suggest that the lives of plant items in Kentucky are very similar. It appears the lives as suggested by RUS do not follow the lives of Kentucky electric cooperatives plant lives.
- c. Units of property that have been replaced are retired through the plant account and the accumulated depreciation account. Where conductor is broken and repaired with a connector, trees removed from lines, transformers reset, and other activity not including a record unit, these costs are expensed to maintenance accounts.
- d. The past ice storms would have little impact on the lives of assets since the study analyzes data over many years. The study looks at trends more than individual years. There has not been significant enough activity in the years of ice storms to make a difference in the lives of South Kentucky's plant accounts.