

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF SOUTH KENTUCKY RURAL)
ELECTRIC COOPERATIVE CORPORATION FOR)
A CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY TO CONSTRUCT A NEW)
HEADQUARTERS FACILITY AND FOR) CASE NO. 2014-00355
APPROVAL TO TRANSFER OWNERSHIP OF)
CERTAIN ASSETS OR, IN THE ALTERNATIVE, A)
DETERMINATION THAT SUCH APPROVAL IS)
UNNECESSARY)

NOTICE OF FILING

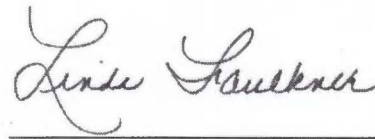
Notice is given to all parties that the following materials have been filed into the record of this proceeding:

- The digital video recording of the evidentiary hearing conducted on March 10, 2015 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- A written log listing, *inter alia*, the date and time of where each witness' testimony begins and ends on the digital video recording of the evidentiary hearing conducted on March 10, 2015.

A copy of this Notice, the certification of the digital video record, and hearing log have been electronically served upon all persons listed at the end of this Notice. Parties desiring an electronic copy of the digital video recording of the hearing in Windows Media format may download a copy at http://psc.ky.gov/av_broadcast/2014-00355/2014-00355_10Mar15_Inter.aspx. Parties wishing an annotated digital video

recording may submit a written request by electronic mail to pscfilings@ky.gov. A minimal fee will be assessed for a copy of this recording.

Done at Frankfort, Kentucky, this 12th day of March 2015.

A handwritten signature in cursive script, reading "Linda Faulkner".

Linda Faulkner
Director, Filings Division
Public Service Commission of Kentucky

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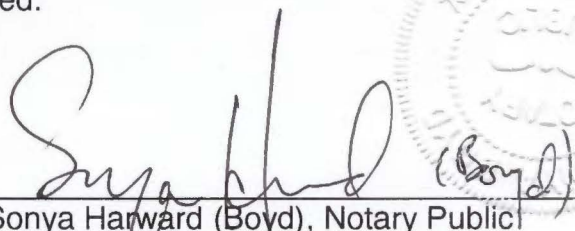
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TRANSFER OWNERSHIP OF CERTAIN ASSETS OR,)
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CERTIFICATE

I, Sonya Harward, hereby certify that:

1. The attached DVD contains a digital recording of the Hearing conducted in the above-styled proceeding on March 10, 2015. Hearing Log and Witness List are included with the recording on March 10, 2015 (excluding confidential segments).
2. I am responsible for the preparation of the digital recording.
3. The digital recording accurately and correctly depicts the Hearing of March 10, 2015 (excluding confidential segments).
4. The "Hearing Log" attached to this Certificate accurately and correctly states the events that occurred at the Hearing of March 10, 2015 (excluding confidential segments) and the time at which each occurred.

Given this 11th day of March, 2015.


Sonya Harward (Boyd), Notary Public
State at Large
My commission expires: August 27, 2017



Date:	Type:	Location:	Department:
3/10/2015	Other	Public Service Commission	Hearing Room 1 (HR 1)

Judge: David Armstrong; Jim Gardner; Dan Logsdon
 Witness: James Adkins - for South Kentucky RECC; Allen Anderson - South Kentucky RECC; Michelle Herman - South Kentucky RECC; Glenn Ross - for South Kentucky RECC
 Clerk: Sonya Harward

Event Time	Log Event
9:52:45 AM	Session Started
9:52:48 AM	Session Paused
10:15:32 AM	Session Resumed
10:15:33 AM	Chairman David Armstrong - Opening Remarks Note: Harward, Sonya Also introduces Vice Chairman Jim Gardner and Commissioner Dan Logsdon.
10:15:40 AM	Camera Lock Deactivated
10:16:29 AM	PSC Staff Introductions Note: Harward, Sonya Staff Atty. Nancy Vinsel and other Staff Members - Jeff Johnson, Ron Handziak, and Matt Baer
10:17:01 AM	Chairman Armstrong introduces CN 2014-00355.
10:19:07 AM	Chairman Armstrong Note: Harward, Sonya Chairman Armstrong notes that this is not the first application for this project, and goes into some detail about previous filings.
10:26:01 AM	South Kentucky RECC Attorneys Introduced Note: Harward, Sonya Atty. Mark David Goss and Atty. Evan Buckley
10:26:58 AM	Atty. Mark David Goss - Notice of Filing Note: Harward, Sonya Notice of Filing - Will be filed later today since the affidavits are in hand but the copies of the newspapers are being delivered to the PSC soon.
10:28:50 AM	Call of Public Comment Note: Harward, Sonya No public present.
10:29:39 AM	Witness Allen Anderson takes the stand and is sworn in. Note: Harward, Sonya President and CEO of South Kentucky RECC
10:31:15 AM	Atty. Goss - Remarks Note: Harward, Sonya South Kentucky RECC has a few enlarged documents posted on an easel in the Hearing room that come from the Application, Exhibit 2, Tab 2.
10:32:08 AM	Atty. Goss Direct Exam of Witness Anderson Note: Harward, Sonya No changes to his testimony, and adopts his testimony as previously filed.
10:32:51 AM	Atty. Vinsel Cross Exam of Witness Anderson Note: Harward, Sonya Asking about the latest date South Kentucky RECC is asking for a Commission decision in this case in order to be able to start on time. (It was given as April 1, 2015.)
10:33:54 AM	Atty. Vinsel to Witness Anderson Note: Harward, Sonya Referencing Witness's Direct Testimony, page 10, regarding delay of 2010 Headquarters.
10:38:02 AM	Atty. Vinsel to Witness Anderson Note: Harward, Sonya Asking Witness why the decision to explore the Sumerset property was made.

10:44:38 AM Atty. Vinsel to Witness Anderson
Note: Harward, Sonya Asking if there were any environmental studies done on the Somerset property.

10:45:58 AM POST HEARING DATA REQUEST by Atty. Vinsel
Note: Harward, Sonya Provide copies of the Phase 1 and Phase 2 environmental studies.

10:46:32 AM Atty. Vinsel to Witness Anderson
Note: Harward, Sonya Asking Witness what funds were used to pay for the studies.

10:47:39 AM POST HEARING DATA REQUEST by Atty. Vinsel
Note: Harward, Sonya Provide the cost for the environmental studies.

10:48:04 AM Atty. Vinsel to Witness Anderson
Note: Harward, Sonya Referencing Witness's Direct Testimony, pp. 16-17, regarding other site options that were evaluated.

10:51:06 AM Atty. Vinsel to Witness Anderson
Note: Harward, Sonya Referencing South Kentucky RECC's Response to Staff's Second Request, Item 1.a., regarding hands-on experience/training staff will need to maintain the solar facility.

10:54:51 AM Atty. Vinsel to Witness Anderson
Note: Harward, Sonya Asking how South Kentucky RECC decided to include the solar panels into their proposal.

10:58:15 AM Chairman Armstrong - Interjects a Question
Note: Harward, Sonya Asking Witness about grants being sought for the project.

10:59:20 AM Going into CONFIDENTIAL SESSION

10:59:26 AM Private Recording Activated

11:03:52 AM Public Recording Activated

11:03:54 AM PUBLIC SESSION Resumes

11:03:58 AM Vice Chairman Gardner Cross Exam of Witness Anderson
Note: Harward, Sonya Referencing Witness's Direct Testimony, p. 10, regarding change in Board of Directors and asking if that was the reason for the delay in the project.

11:07:01 AM Vice Chairman Gardner to Witness Anderson
Note: Harward, Sonya Referencing the Application, p. 2, regarding the number of members.

11:09:30 AM POST HEARING DATA REQUEST by Vice Chairman Gardner
Note: Harward, Sonya Provide the projections for expected growth in members/ customers as far out as has already been calculated.

11:09:52 AM Commissioner Logsdon Cross Exam of Witness Anderson
Note: Harward, Sonya Asking Witness when the Somerset Houseboat business closed.

11:12:10 AM Commissioner Logsdon to Witness Anderson
Note: Harward, Sonya Asking if there is a lot of traffic at its current facility and how this new facility will benefit the members.

11:15:28 AM Witness Anderson dismissed from the stand.

11:15:40 AM Witness Glenn Ross takes the stand and is sworn in.
Note: Harward, Sonya President of MSE of Kentucky, and is a Professional Engineer.

11:19:05 AM Atty. Buckley Direct Exam of Witness Ross
Note: Harward, Sonya No changes to his testimony, and adopts his testimony as previously filed.

11:19:54 AM Atty. Vinsel Cross Exam of Witness Ross
Note: Harward, Sonya Referencing Witness's Direct Testimony, pp. 14-15, regarding construction schedule and asking for the latest date by which they need Commission approval.

11:23:00 AM Atty. Vinsel to Witness Ross
Note: Harward, Sonya Referencing Witness's Direct Testimony, p. 15, asking about each approval needed.

11:23:41 AM POST HEARING DATA REQUEST by Atty. Vinsel
Note: Harward, Sonya Provide a copy of the permits and approvals.

11:30:43 AM	Atty. Vinsel to Witness Ross Note: Harward, Sonya	Asking Witness about the geothermal unit and the effect it will have on energy costs.
11:31:47 AM	Atty. Vinsel to Witness Ross Note: Harward, Sonya	Asking Witness about additional energy-efficiency measures being incorporated into the building.
11:34:51 AM	Atty. Vinsel to Witness Ross Note: Harward, Sonya	Asking if there is any further environmental mediation needed at this site.
11:36:44 AM	Vice Chairman Gardner Cross Exam of Witness Ross Note: Harward, Sonya	Asking Witness follow-up question about the loss of heat by regular light bulbs compared to LED bulbs.
11:38:25 AM	Atty. Buckley - Clarification Note: Harward, Sonya	Asking about the permits requested by Atty. Vinsel. (It was determined that these could be filed post case since they have not been approved yet.)
11:39:04 AM	Witness Ross dismissed from the stand.	
11:39:15 AM	Witness Michelle Herman takes the stand and is sworn in.	
	Note: Harward, Sonya	South Kentucky RECC's Vice President of Finance and is a CPA
11:40:38 AM	Atty. Goss Direct Exam of Witness Herman Note: Harward, Sonya	No changes to her testimony, and adopts her testimony as previously filed.
11:41:24 AM	Atty. Vinsel Cross Exam of Witness Herman Note: Harward, Sonya	Referencing South Kentucky RECC's Response to Staff's First Request, Item 14, pp. 2-3.
11:43:45 AM	Atty. Vinsel to Witness Herman Note: Harward, Sonya	Referencing Witness's Direct Testimony, p. 4 and p. 10 - Tables 1 and 2, regarding how costs in these tables are incorporated into the 10-year forecast.
11:45:29 AM	Atty. Vinsel to Witness Herman Note: Harward, Sonya	Referencing Witness's Direct Testimony, pp. 2-3, regarding net margins.
11:50:24 AM	Atty. Vinsel to Witness Herman Note: Harward, Sonya	Asking about the heating cost listed on one table as \$10,000.00 and listed on another table as \$0.
11:51:28 AM	Atty. Vinsel to Witness Herman Note: Harward, Sonya	Referencing Witness's Direct Testimony, p. 9, regarding South Kentucky RECC not requesting a rate increase for this project in the next 10 years.
11:52:17 AM	Atty. Vinsel to Witness Herman Note: Harward, Sonya	Asking Witness about another case South Kentucky RECC currently has before the Commission, CN 2014-00051, an Environmental Surcharge Review, regarding the potential need to file a rate case if the under-recovery is not approved by the Commission in that case.
11:55:00 AM	Atty. Vinsel to Witness Herman Note: Harward, Sonya	Referencing Witness's Direct Testimony, p. 8, regarding the notice to RUS.
12:00:13 PM	Atty. Vinsel to Witness Herman Note: Harward, Sonya	Asking Witness about excluding the new facility in its revenue requirements if South Kentucky RECC requests a rate increase in the next 10 years.
12:00:59 PM	Vice Chairman Gardner Cross Exam of Witness Herman Note: Harward, Sonya	Referencing Witness's Direct Testimony, Tables 1 and 2, regarding the depreciation expense.

12:03:42 PM	Vice Chairman Gardner to Witness Herman Note: Harward, Sonya	Asking if South Kentucky RECC plans to sell its current facility.
12:03:53 PM	POST HEARING DATA REQUEST by Vice Chariman Note: Harward, Sonya	Provide information as to whether the sale of the current facility has been incorporated into the 10-year financial forecast.
12:05:44 PM	Vice Chairman Gardner to Witness Herman Note: Harward, Sonya	Referencing Witness's Direct Testimony, p. 10, regarding the interest rate of 2.96 percent, and referencing the Application, paragraph 40 on page 12, regarding the interest rate of 2.87 listed there --- and asking about the difference.
12:09:48 PM	Vice Chairman Gardner to Witness Herman Note: Harward, Sonya	Referencing information from CN 2014-00051, and the possibility of not getting approval for the \$1.7M under-recovery, and asking if this has been included in the financial forecast.
12:11:07 PM	Commissioner Logsdon Cross Exam of Witness Herman Note: Harward, Sonya	Asking Witness for some clarification about RUS.
12:12:15 PM	Atty. Goss Re-Direct Exam of Witness Herman Note: Harward, Sonya	Asking Witness to describe South Kentucky RECC's general financial condition.
12:15:02 PM	Atty. Goss to Witness Herman Note: Harward, Sonya	Asking Witness if the depreciation for the current facility is not included in the financial forecast, would that have an impact on the project.
12:16:59 PM	Atty. Goss to Witness Herman Note: Harward, Sonya	Asking Witness about the proceeds from the sale of the current headquarters.
12:18:31 PM	Vice Chairman Gardner Re-Cross Exam of Witness Herman Note: Harward, Sonya	Asking Witness if there was an amount included in the 10-year forecast resulting from the sale of the current headquarters.
12:19:23 PM	Vice Chairman Gardner to Witness Herman Note: Harward, Sonya	Asking Witness about the current TIERS.
12:23:12 PM	Atty. Vinsel Re-Cross Exam of Witness Herman Note: Harward, Sonya	Asking if the dollar amount requested from RUS increased when the workplan was extended from 2010-2013 to 2013-2015.
12:23:48 PM	Private Recording Activated	
12:24:31 PM	Public Recording Activated	
12:24:32 PM	PUBLIC SESSION Resumes	
12:24:46 PM	Chairman Armstrong - Asks about Additional Witnesses	
12:25:26 PM	Witness James Adkins takes the stand and is sworn in. Note: Harward, Sonya	Utility Rate Consultant
12:26:42 PM	Atty. Goss Direct Exam of Witness Adkins Note: Harward, Sonya	No changes to his testimony, and adopts his testimony as previously filed.
12:27:16 PM	Atty. Vinsel Cross Exam of Witness Adkins Note: Harward, Sonya	Asking Witness if he was involved in creating the 10-year financial forecast.
12:27:39 PM	Atty. Vinsel to Witness Adkins Note: Harward, Sonya	Referencing the financial forecast and South Kentucky RECC's Response to Staff's Second Request, Items 2.a. and 2.c., regarding the line item called Increases in Purchase Power.
12:30:05 PM	Atty. Vinsel to Witness Adkins Note: Harward, Sonya	Referencing South Kentucky RECC's Response to Staff's Second Request, Item 2.c., and asking Witness to explain his response.

12:31:59 PM	POST HEARING DATA REQUEST by Atty. Vinsel Note: Harward, Sonya	Provide the information requested in Staff's Second Request, Item 2.c., including the total for both items in the past and what they have collected.
12:32:14 PM	Atty. Vinsel to Witness Adkins Note: Harward, Sonya	Asking Witness about net margins on 10-year financial forecast, with and without the proposed headquarter facility.
12:33:33 PM	Atty. Vinsel to Witness Adkins Note: Harward, Sonya	Pointing out locations where information was retrieved regarding the question she is asking.
12:39:34 PM	Vice Chairman Gardner Cross Exam of Witness Adkins Note: Harward, Sonya	Asking about the amount for the sale of the current facility being in the financial forecast.
12:41:57 PM	Witness Adkins dismissed from the stand.	
12:42:03 PM	POST HEARING DATA REQUESTS ARE DUE NLT MARCH 18, 2015	
12:43:22 PM	POST CASE DATA REQUESTS Note: Harward, Sonya	Permits shall be filed when they are obtained.
12:43:52 PM	Atty. Goss - Regarding Notice Note: Harward, Sonya	Notice of Hearing has now been filed with the PSC.
12:44:21 PM	Hearing Adjourned	
12:44:35 PM	Session Paused	
10:35:50 AM	Session Ended	

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