

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF SHELBY ENERGY	)	CASE NO.
COOPERATIVE, INC. FOR AN INCREASE IN ITS	)	2016-00434
RETAIL RATES	)	

COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION TO  
SHELBY ENERGY COOPERATIVE, INC.

Shelby Energy Cooperative, Inc. ("Shelby Energy"), pursuant to 807 KAR 5:001, is to file with the Commission the original and ten copies of the following information, with a copy to all parties of record. The information requested herein is due on or before June 30, 2017. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Shelby Energy shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any

request to which Shelby Energy fails or refuses to furnish all or part of the requested information, Shelby Energy shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Shelby Energy shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the response to Commission Staff's Second Request for Information ("Staff's Second Request"), Item 42, regarding the annualized cost of long-term debt. Provide an update to the schedule of outstanding long-term debt showing the current annualized cost.

2. Provide an update to Shelby Energy's payroll and payroll tax adjustments for the test year using the 2017 payroll increase for union and non-union employees of 2.93 percent and 2.04 percent, respectively.

3. Refer to the response to Commission Staff's Third Request for Information ("Staff's Third Request"), Item 8, regarding rate case expenses. Provide an update to Shelby's rate case expenses including all documentation that is not already included in the record of this case.

4. Refer to the response to Staff's Third Request, Item 20, regarding employee benefits.

a. Assume the total cost of health insurance for non-union employees is the sum of the premium paid by the employee and the premium paid by Shelby Energy. Also assume that employees with single coverage would pay 21 percent of the total cost and that for all other types of coverage, the employee would pay 32 percent of the total cost. Provide the adjustment to the test year that would result based on the assumptions listed above.

b. Provide the same information as requested in a. above assuming a 16 percent contribution by employees with single coverage and a 23 percent contribution by employees with all other types of coverage.

5. In Case No. 2012-00102,<sup>1</sup> the Commission approved a regulatory asset associated with Shelby Energy's retirement of old meters following the implementation of its AMI project. The regulatory asset was to be amortized over a five-year period beginning in 2011 in the amount of \$88,712.55 per year.

a. Given the five-year period for amortization (2011 through 2015) of the regulatory asset and that five months of the test year are in 2015, explain why there is there is no amortization expense related to the regulatory asset in the test year.

b. State when the regulatory asset was fully amortized.

6. Refer to the response to Exhibit 2-51.h., the Profit and Loss pages for Shelby Energy Services ("SES"). Refer specifically to pages 2, 5, and 8. These pages

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<sup>1</sup> Case No. 2012-00102, *Request of Shelby Energy Cooperative for Approval to Establish a Regulatory Asset in the Amount of \$443,562.75 and Amortize the Amount over a Period of Five (5) Years* (Ky. PSC Apr. 16, 2012).

show revenue from Shelby Energy Propane Plus, LLC (“Shelby Propane”) under the Income heading at the top of the page for years 2013 through 2015. Refer also to page 12 of 12. This page shows the Profit and Loss for Shelby Energy Services for 2016. However, it does not show income from Shelby Propane for 2016.

a. Explain why years 2013 through 2015 show income for Shelby Propane, but no income is shown on the 2016 Income Statement.

b. Provide any corrections as necessary to the 2016 financial statements for SES to reflect the income from Shelby Propane.

c. Provide the financial statements for SES for the most recent 12 months such information is available.

7. Provide the Vice-President of Operations’ and the Manager of Accounting and Finance’s 2015 and 2016 annual performance evaluations as examples of Shelby Energy’s performance and appraisal process used to determine annual employee salary increases.

8. Provide the annual percentage of increase in payroll for the union and non-union employees from 2012 through the most recent year such information is available.

9. For each calendar year 1998 through 2016, provide the number of union and non-union employees, total operating revenues, and the revenue per employee (calculated by dividing total operating revenues by the total number of employees in each year).

10. Refer to Staff’s Third Request, Items 1 and 4. Provide the payroll tax adjustment associated with the responses to Items 1 and 4 of Staff’s Third Request.

11. Provide an updated Exhibit S with the following adjustments identified in discovery and at the hearing.

- a. The current annualized cost of long-term debt.
- b. The payroll and payroll tax adjustment to the test year using the 2017 payroll increases of 2.04 percent for non-union employees and 2.93 percent for union employees.
- c. The updated rate case expenses.
- d. The adjustment to health insurance expense using the information from hearing Exhibit 1 from the Bureau of Labor Statistics which identifies the amount of the employee contribution of 16 percent for employees with single coverage and a 23 percent contribution for employees with all other types of coverage.
- e. The amount of life insurance premium paid by Shelby for coverage over the \$50,000 threshold of \$6,243.
- f. The amount of the matching 401(k) paid by Shelby for employees who are under the NRECA R&S Plan (pre-2009) of \$24,046.
- g. The amount of regulatory asset amortization, if any, as identified in response to Item 5 herein.
- h. The lower of the amount of net income from SES for calendar year 2016 or the most recent 12 months as compared to the test-year amount.
- i. The amount of the Public Service Commission Assessment Fee based on the resulting increase as determined herein and using a rate of 1.966 mills.



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DATED JUN 20 2017

cc: Parties of Record

Case No. 2016-00434

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