

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF NOLIN RURAL ELECTRIC )  
COOPERATIVE CORPORATION FOR A ) CASE NO. 2016-00367  
GENERAL RATE INCREASE )

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 May 18, 2017 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- All exhibits introduced at the evidentiary hearing conducted on May 18, 2017 in this proceeding;
- 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 May 18, 2017.

A copy of this Notice, the certification of the digital video record, hearing log, and exhibits have been electronically served upon all persons listed at the end of this Notice. Parties desiring to view the digital video recording of the hearing may do so at [http://psc.ky.gov/av\\_broadcast/2016-00367/2016-00367\\_18May17\\_Inter.asx](http://psc.ky.gov/av_broadcast/2016-00367/2016-00367_18May17_Inter.asx).

Parties wishing an annotated digital video recording may submit a written request by electronic mail to [pscfilings@ky.gov](mailto:pscfilings@ky.gov). A minimal fee will be assessed for a copy of this recording.

Done at Frankfort, Kentucky, this 25<sup>th</sup> day of May 2017.

*Talina R. Mathews*

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COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF NOLIN RURAL ELECTRIC )  
COOPERATIVE CORPORATION FOR A GENERAL ) CASE NO. 2016-00367  
RATE INCREASE )

CERTIFICATE

I, Stephanie Schweighardt, hereby certify that:

1. The attached DVD contains a digital recording of the hearing conducted in the above-styled proceeding on May 18, 2017; (excluding any confidential segments, which were recorded on a separate DVD and will be maintained in the non-public records of the Commission, along with the Confidential Exhibits and Hearing Log).

2. I am responsible for the preparation of the digital recording;

3. The digital recording accurately and correctly depicts the hearing of May 18, 2017 (excluding any confidential segments);

4. The "Exhibit List" attached to this Certificate correctly lists all exhibits introduced at the hearing of May 18, 2017 (excluding any confidential exhibits).

5. The "Hearing Log" attached to this Certificate accurately and correctly states the events that occurred at the hearing of May 18, 2017 (excluding any confidential segments) and the time at which each occurred.

6. All items listed above containing confidential materials will be maintained in the non-public records of the Commission.

Signed this 22<sup>nd</sup> day of May 2017.



Stephanie Schweighardt, Notary Public  
State at Large  
My commission expires: January 14, 2019  
ID#: 525987







Judge: Bob Cicero; Dan Logsdon; Michael Schmitt

Witness: James R Adkins; Michael L Miller; Sara Roberson

Clerk: Stephanie Schweighardt

Date:	Type:	Location:	Department:
5/18/2017	Other	Hearing Room 1	Hearing Room 1 (HR 1)

Event Time	Log Event	
8:37:30 AM	PHDR Note: Schweighardt, Stephanie	Provide amount paid in test year for the PSC Annual Assessmnt fee
8:37:31 AM	Session Started	
8:37:33 AM	Session Paused	
9:00:03 AM	Session Resumed	
9:00:05 AM	Chairman Schmitt Note: Schweighardt, Stephanie	Introduces Vice Chairman Cicero and Commissioner Logsdon
9:01:01 AM	Att Mark David Goss Note: Schweighardt, Stephanie	Counsel for Nolin RECC, Introduces staff and witnesses
9:02:14 AM	Atty Larry Cook Note: Schweighardt, Stephanie	Attorney General's Office - Introduction
9:02:19 AM	PSC Atty Jennifer Fell Note: Schweighardt, Stephanie	Introduces PSC staff
9:02:28 AM	Chairman Schmitt Note: Schweighardt, Stephanie	Preliminary Remarks
9:03:05 AM	Chairman Schmitt Note: Schweighardt, Stephanie	Asking for any other motions to be submitted
	Note: Schweighardt, Stephanie	No other motions to be submitted
9:03:20 AM	Chairman Schmitt Note: Schweighardt, Stephanie	Asking for any public comments
	Note: Schweighardt, Stephanie	No public comments
9:03:49 AM	Chairman Schmitt Note: Schweighardt, Stephanie	Asking Atty Goss for any documents to be address or filed
	Note: Schweighardt, Stephanie	PSC Atty Fell has no documentes to be distributed
	Note: Schweighardt, Stephanie	Atty Goss request to distribute documents during hearing
	Note: Schweighardt, Stephanie	Atty Cook may have a few to also be distributed during the hearing
9:05:02 AM	Atty Goss calls Witness Miller to the stand Note: Schweighardt, Stephanie	Chairman Schmitt swears in Witness Miller

9:05:22 AM	Atty Goss Direct Exam of Witness Miller Note: Schweighardt, Stephanie	Asking Witness to state name and about employment at Nolin RECC
9:06:00 AM	Atty Goss Direct Exam of Witness Miller Note: Schweighardt, Stephanie	Asking of any revisions to testimonies and/or data request
9:06:30 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	PSC Second Data Request, Item 19 - Regarding Nolin RECC Board Meetings
9:08:22 AM	Atty Cook Cross Exam of Witness Miller	
9:08:53 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Regarding payment of \$350 for each meeting the member attends
9:09:12 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Asking the Witness if its the same sum for attending special meetings
9:09:34 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Same Data Request, D - regarding Nolin pays cost for each director and CoOp attorney to have NRECA sponsored benefits
9:10:49 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Asking Witness of any expenses associated with the four items excluded for rate making purposes.
9:11:03 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	AG Second data request, confidential exhibit 8A - Regarding 2015 total compensation for board members
9:12:39 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	PSC Third data request, Item 15 E - Asking witness to read response regarding the offered supplement insurance to Nolin employees
9:15:45 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Regarding Directors being offered supplement insurance
9:17:30 AM	PHDR Note: Schweighardt, Stephanie	Confirm if long-term disability is part of a separate policy
9:18:41 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Regarding employees and directors with an over \$50,000 Life Insurance policy
9:19:15 AM	PHDR Note: Schweighardt, Stephanie	Number of employees having an over \$50,000 life insurance policy
9:20:00 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Asking about life insurance premiums
9:20:52 AM	PHDR Note: Schweighardt, Stephanie	Life Insurance Premiums during the test-year
9:21:12 AM	Chairman Schmitt Note: Schweighardt, Stephanie	States all PHDR will be discussed at the close of the hearing and should be submitted in witting
9:21:34 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	PSC Second data request, Item 19 E - Regarding five Nolin directors attending KAEC Annual Conference

9:22:46 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	PSC Fourth data request, Item 7 A - Application Exhibit 10 - Revised to Item 3 Attachment 3B, revised exhibit 10, line 131- Regarding Director Thomas expense of \$686 to attend the NRECA Conference
9:25:34 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	AG Second data request, Item 2 - B - Asking Witness to read response into the record regarding directors fees and expenses
9:27:27 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Attachment 2 H of previous response - Page 2 - C - Asked to read parts 3 & 4 into the record regarding directors attending meetings
9:29:05 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Asking Witness when policies were developed
9:29:34 AM	PHDR Note: Schweighardt, Stephanie	PHDR - When were items 3 & 4 were adopted and if they were in place during the test year, were any expensed occurred in paying the directors under these policies
9:30:38 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	AG First data request, Item 3 - Regarding Nolin's copies of board of directors meeting minutes. page 49 - 50. - asking Witness to read response regarding the federated rural electric insurance
9:33:06 AM	PHDR Note: Schweighardt, Stephanie	What was the limit on directors, officers and managers policies prior to the date mentioned
9:33:36 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Asking if Nolin ever submit a claim on the directors, officers, and managers policies to cover amounts Nolin had to pay on the April 2015 settlement reached with the US Justice Dept
9:34:42 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Asking Witness about the Ft Knox operations, net margins and expenses paid
9:39:51 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Asking Witness about the corporate ethics monitor
9:40:50 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Asking Witness about the final corporate ethics monitor report and if a copy will be given to the Commission
9:42:31 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Asking Witness about Mr. Zumsteeen's audit report
9:42:59 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	AG First data request, Item 2 - attachment 2A, Pg 37 of 45 - Mr. Adkins statement for services rendered
9:44:38 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	AG First data request, Item 6 - Regarding Nolin did not conduct a wage and salary survey
9:46:12 AM	Atty Cook Cross Exam of Witness Miller	
9:48:54 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	PSC Third data request, Item 2 D - revised exhibit 1 - page 1 - Regarding calendar 2016 - salary increase to employees
9:50:08 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Asking Witness what percentage of increase was provided during the test-year

9:50:38 AM	PHDR Note: Schweighardt, Stephanie	Provide figure of percentage of increase that was provided during the test-year
9:51:10 AM	Chairman Schmitt Note: Schweighardt, Stephanie	Enter into Confidential Record
9:51:46 AM	Private Recording Activated	
10:35:20 AM	Chairman Schmitt	
10:35:36 AM	Session Paused	
10:45:30 AM	Session Resumed	
10:45:36 AM	Chairman Schmitt Note: Schweighardt, Stephanie	Chairman Schmitt states the hearing is now back on record
10:46:02 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Regarding premiums paid to employees
10:46:54 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Regarding Cumberland Valley rate case and its premiums paid to employees
10:47:26 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Regarding document distributed - Letter from counsel representing Cumberland Valley
10:49:21 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Request document be accepted as AG office Exhibit 1
	Note: Schweighardt, Stephanie	Chairman accepts as Exhibit 1
10:49:50 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Response to PSC Fifth data request, Item 3 - asking Witness to verify Nolin pays over \$1.296m annually for health insurance premiums.
10:51:23 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Response to PSC Third data request, Item 15 H- asking Witness to read first sentence regarding Nolin's rate payors
10:52:10 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Asking Witness about Nolin's rate payors thoughts regarding premiums paid
10:53:33 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	PSC Third data request, Item 3 - attachment 3b - revised exhibit 10 - miscellaneous general - subsection D. Regarding the listed four expense items
10:55:21 AM	PHDR Note: Schweighardt, Stephanie	Provide total cost for E-town laundry
10:55:34 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Section H - listed expense for EAP, Asking Witness why are rate payers paying this cost.
	Note: Schweighardt, Stephanie	Section E - Asking Witness to confirm the listed Coffee expense is over \$1,000
10:57:06 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Section I - Regarding employee clothing with Nolin logo being the same as the linemen clothing with logo

10:59:55 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	subsection K - Hartland catering for holiday and retirement parties and subsection L - asking Witness if this could be done every other year
11:01:04 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Regarding Section N - Flu shots - asking Witness if any other co-ops do this and if it should be paid for under employees health insurance.
11:01:50 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Section P - \$1,457 for electricity safety education for fire dept, schools, police officers, etc
11:02:57 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Section R - RE Magazine and the number of employees receiving this magazine
11:03:15 AM	PHDR Note: Schweighardt, Stephanie	Provide number of employee having a subscription to the magazine
11:03:47 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Section S - expense for employees shirts
11:05:09 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Section U - Advertising cost of \$10,727. Asking Witness what publication did Nolin post for this hearing
11:06:06 AM	Atty Goss Note: Schweighardt, Stephanie	Atty Cook notes the clarification
11:06:36 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Ask to clarify the section speaks of adversting for a " meeting" and not for the "hearing" as stated by Atty Cook.
	Note: Schweighardt, Stephanie	Regarding Line 41, page 6 - prizes given away
	Note: Schweighardt, Stephanie	PSC Fourth data request, Item 7 C - regarding application exhibit 10 -
	Note: Schweighardt, Stephanie	Atty Goss notes this was revised and gives to witness
11:10:08 AM	PHDR Note: Schweighardt, Stephanie	Provide confirmation this is not listed anywhere else in the application
11:10:41 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	PSC Fourth data request, Item 13 - attachment 13B - Denver NRECA conference attended by two Nolin Staff. Asking Witness why did these employees attend this conference and the benefit to the company and rate payors.
11:14:04 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Same data request- attachment 13D - NRECA Interact Conference, attending by one employee. Asking the employees position and benefit for company and rate payor.
11:15:23 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	same date request - Attachment E - NRECA Conference held in Louisville - showing cost for one employee to attend, Asking the employees position and benefit for company and rate payor.
11:16:41 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Attachemnet 13F - NRECA Connect 16 Conference - regarding two employees attending and asking Witness to explain the four hour exam offered and the total cost for this event



11:17:59 AM	PHDR Note: Schweighardt, Stephanie	Provide total amount for the NRECA Connect 16 Conference in the test year, broken down by expense for each employee
11:18:59 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Attachment 13 H - referring to the NRECA Tech Conference in New Orleans and the five employees who attended.
11:21:57 AM	PHDR Note: Schweighardt, Stephanie	Provide total expense for the five employees to attend the conference
11:22:15 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Attachment 13 J - Regarding NRECA Touchstone Board of Directors Conference in Maine
11:23:40 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Attachment 13 L - Regarding NRECA Touchstone Network in Florida
11:26:50 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	PSC Third data request, Item 3, attachment 3B - page 4 of 7 - asking Witness to confirm Mr. Houser attended the same meeting,
11:28:10 AM	Vice Chairman Cicero Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Asking Witness about travel by hourly employees and if Nolin is paying for travel time
11:29:45 AM	PHDR Note: Schweighardt, Stephanie	Verify if Mr. Houser was at meeting
11:30:04 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	PSC Third data request, Item 3 - Attachment 3B - NRECA Annual Meeting in New Orleans. Asking Witness why four employees had to go.
11:32:12 AM	PHDR Note: Schweighardt, Stephanie	Clarify which employees were at which meetings and expense for each
11:32:35 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	PSC Fifth data request, Item 2 attachment 2 - page 1 - NRECA International Program in Washington DC. Attended by Mr. Houser.
11:35:45 AM	PHDR Note: Schweighardt, Stephanie	Provide cost for this trip
11:36:06 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	AG Second data request, Item 13 - Regarding increase in customer charge.
11:38:57 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Regarding Nolin DSM programs and other programs
11:40:53 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	AG Second data request, 13 - Regarding customer charge based on Nolin's fixed cost
11:41:57 AM	Atty Cook Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Asking Witness if fixed cost are the same as customer related cost
11:42:38 AM	PSC Atty Fell Cross Exam of Witness Miller Note: Schweighardt, Stephanie	PSC Second data request, Item 21, C - Regarding Nolin's treatment of capital credit payments for which members could not be located.
11:43:35 AM	PSC Atty Fell Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Asking Witness if Nolin retired capital credits before those retired in 2013?

11:46:13 AM	PHDR Note: Schweighardt, Stephanie	Provide Schedule showing any unclaimed capital credits retired before 2013.
11:48:54 AM	Vice Chairman Cicero Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Asking Witness about 27yr rotation directed by the Commission
11:50:28 AM	PSC Atty Fell Cross Exam of Witness Miller Note: Schweighardt, Stephanie	PSC Third data request, Item 2 - 2.a (1) - Response indicates that this employe is a temporary fulltime employe working on a special project. Explain this special project and why this employee should be included in the test year as a full time employee.
11:52:23 AM	PHDR Note: Schweighardt, Stephanie	Provide explanation of the special projects and duration and why employee should be labeled in the test year as a full-time employee
11:52:48 AM	PSC Atty Fell Cross Exam of Witness Miller Note: Schweighardt, Stephanie	PSC Third data request, Item 2, revised exhibit 1 page 10. Explain if the date terminated date are the last day that these employees worked at Nolins.
11:53:42 AM	PSC Atty Fell Cross Exam of Witness Miller Note: Schweighardt, Stephanie	PSC Fourth request, item 13, page 2 of 2 and PSC Fifth data request, item 2 - Explain why employee Greg Harrington is listed as attending an NRECA conference in Feb 2016 after the date terminated date of Jan, 2016.
11:56:13 AM	PHDR Note: Schweighardt, Stephanie	Provide explanation if employee attended conference or if a typo
11:56:37 AM	PSC Atty Fell Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Asking why employee, OVSparks, is listed as attending the NRECA Annual meeting and Tech Advantge conf in February 2016, approximately six weeks before the Date Terminated date of March 31, 2016.
11:57:26 AM	PSC Atty Fell Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Asking if Nolin has any policies regarding continuing employee training when the employee has notified Nolin of their intentions to resign or retire.
11:57:36 AM	Vice Chairman Cicero Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Asking Witness if there were any benefit from this employee attending before his final six weeks
11:58:17 AM	PSC Atty Fell Cross Exam of Witness Miller Note: Schweighardt, Stephanie	PSC Third data request, item 3U- Regarding radio advertisements for the Simple Saver and if these expenses included in both exhibits
12:00:04 PM	PHDR Note: Schweighardt, Stephanie	Provide confirmation of expenses and if duplicated
12:00:22 PM	PSC Atty Fell Cross Exam of Witness Miller Note: Schweighardt, Stephanie	PSC Third data request, Item 6 - Explain if Nolin believes a 121 percent increase in the customer charge is a reasonable increase even if justified by the cost of service study.
12:03:47 PM	PSC Atty Fell Cross Exam of Witness Miller Note: Schweighardt, Stephanie	PSC Fourth data request, Item 5, attachment 5B - Why did Nolin not conduct a revised depreciation study?
12:07:31 PM	PSC Atty Fell Cross Exam of Witness Miller Note: Schweighardt, Stephanie	PSC Fourth data request, item 19 - Regarding employee evaluations. Can you explain more about this? What tracking of the evaluations occurs? Are the daily evaluations documented?

12:09:38 PM PSC Atty Fell Cross Exam of Witness Miller  
Note: Schweighardt, PCS Fourth data request, Item 23  
Stephanie

12:09:42 PM VC Cross Exam of Witness Miller  
Note: Schweighardt, Asking Witness more about the employee evaluation and  
Stephanie documentation of performance

12:16:17 PM PSC Atty Fell Cross Exam of Witness Miller  
Note: Schweighardt, PSC Fourth data request, item 23 - Regarding CPCN to install AMI  
Stephanie meters in Case #2014-00436

12:17:36 PM PHDR  
Note: Schweighardt, Confirm \$5.10 includes the cost of the AMI Meters  
Stephanie

12:19:28 PM PSC Atty Fell Cross Exam of Witness Miller  
Note: Schweighardt, reconnect fee of 20, correct?  
Stephanie  
Note: Schweighardt, Regarding Nolin's \$20 reconnect fee  
Stephanie

12:20:16 PM PSC Atty Fell Cross Exam of Witness Miller  
Note: Schweighardt, PSC Fifth data request, item 2, attachment 2 and Fourth data  
Stephanie request, item 13, pg 2. - Can you confirm any employees other than  
yourself Nolin employees Spaarks, Heuser and Ryan did attend both  
events and only employee Mattingly only attended the NRECA Tech  
Advantage?

12:22:03 PM PHDR  
Note: Schweighardt, Provide which employees attended the conference and breakdown  
Stephanie of expenses for each employee

12:22:27 PM PSC Atty Fell Cross Exam of Witness Miller  
Note: Schweighardt, PSC Fourth data request, attachment 2, item 2 - Check number -  
Stephanie 15001822 - can you confirm to which events this check number  
relates?

12:26:44 PM PHDR  
Note: Schweighardt, Confirm what this check number refers to  
Stephanie

12:28:09 PM Chairman Schmitt  
Note: Schweighardt, Break  
Stephanie

12:28:20 PM Session Paused

1:29:06 PM Session Resumed

1:29:07 PM Chairman Schmitt  
Note: Schweighardt, Back on record  
Stephanie

1:29:34 PM PSC Atty Fell Cross Exam of Witness Miller  
Note: Schweighardt, PSC Fourth data request, item 13, attachments 13A and 13G -  
Stephanie Explain why the NRECA Legislative Conference should not be  
considered lobbying and excluded for ratemaking purposes.

1:32:44 PM PHDR  
Note: Schweighardt, PSC Fifth data request, Item 2, attachment 2 - Provide a detail  
Stephanie explanation of the costs incurred and paid to Visa for items  
associated with attendance at meetings conferences training and  
seminars.

1:33:02 PM Atty Fell Cross Exam of Witness Miller  
Note: Schweighardt, Explain why Nolin did not propose any adjustment to the test-year  
Stephanie for its increased costs to match employee 401k contributions or for  
health insurance premium increases.



1:34:34 PM	Atty Fell Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Asking Witness if were granted a lower revenue increase than what Nolins is requesting, which classes should the decrease be applied to and why?
1:35:16 PM	Atty Fell Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Describe the nature and scope of Nolin's operations at Ft Knox during the test year.
1:36:41 PM	Atty Fell Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Describe any differences from the test year in the nature and scope of Nolin's Ft Knox's operaitons on a going forward basis.
1:37:18 PM	Atty Fell Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Confirm Ft. Knox margins are expected to remain consistent to the test year levels
1:37:46 PM	PHDR Note: Schweighardt, Stephanie	2016 per employee health insurance premiums available to employee at the end of the test year
1:38:20 PM	Atty Fell Cross Exam of Witness Miller Note: Schweighardt, Stephanie	AG First data request, Item 2 - Explain Nolins decision to retain the law firm of Goss-Samford, PLLC in addition to orginal counsel John J. Scott, PSC
1:41:32 PM	PSC Atty Fell Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Would retaining additional counsel is the primary reason that actual legal expenses are so much higher than the \$5000 originally estimated.
1:42:25 PM	PHDR Note: Schweighardt, Stephanie	Complete copies of invoices from John J scott, PSC as those submitted appear to be just the first page of each invoice.
1:42:48 PM	PSC Atty Fell Cross Exam of Witness Miller Note: Schweighardt, Stephanie	May 10, 2017 supplemental response indicates that Nolin expects to incur additional expenses of \$46,500, are there any changes to the estimate?
1:43:27 PM	PHDR Note: Schweighardt, Stephanie	Provide updated schedule of total rarte case expense incurred through todays hearing including any estimated expenses that have not been billed.
1:43:57 PM	PSC Atty Fell Cross Exam of Witness Miller Note: Schweighardt, Stephanie	If a final order is not issued by suspension date, what is Nolins intent regarding putting the proposed rate into effect subject to refund?
1:44:59 PM	PSC Atty Fell Cross Exam of Witness Miller Note: Schweighardt, Stephanie	PSC Third data request, Item 5, attachment 5 a - Asking Witness to confirm that with Nolins purposed increase modified debt ratio would be 1.76 for the test year.
1:46:10 PM	Vice Chairman Cicero Cross Exam of Witness Miller Note: Schweighardt, Stephanie	PHDR - Regarding Corporate Ethics Monitors in base rate
1:46:35 PM	Vice Chairman Cicero Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Regarding providing gas service to Ft. Knox
1:49:50 PM	Vice Chairman Cicero Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Regarding personnel assigned to Ft. Knox operations and salaries
1:51:08 PM	Vice Chairman Cicero Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Questioning Witness regarding employee benefits / retirement plans.

1:58:41 PM	Chairman Schmitt Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Regarding life insurance and health insurance policy, whereas the company owns the master plan.
2:01:11 PM	Chairman Schmitt Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Regarding certain employees required to have safety clothing, provided by Nolin.
2:03:26 PM	Chairman Schmitt Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Regarding Nolin using AMI Meters - if any issues and savings from using the AMI program. Any strange complaints about health insurance due to these AMI meters.
2:07:17 PM	Chairman Schmitt Cross Exam of Witness Miller Note: Schweighardt, Stephanie	Regarding electricity sales to Nolin, increasing or decreasing.
2:08:38 PM	Atty Goss Re-Direct Exam of Witness Miller Note: Schweighardt, Stephanie	Regarding Nolin's total utility plant value
2:09:10 PM	Atty Goss Re-Direct Exam of Witness Miller Note: Schweighardt, Stephanie	Regarding who are the NRECA and what they do for Nolin
2:10:56 PM	Atty Goss Re-Direct Exam of Witness Miller Note: Schweighardt, Stephanie	Regarding PSC Fourth data request, Item 13 - regarding conferences that staff were sent to. Do you feel these conferences are necessary to your staff?
2:12:32 PM	Atty Goss Re-Direct Exam of Witness Miller Note: Schweighardt, Stephanie	PSC Fourth data request, Item 13 D - Employee that was sent to this conference.
2:13:52 PM	Atty Goss Re-Direct Exam of Witness Miller Note: Schweighardt, Stephanie	Regarding line item in Nolin budget for these continuing education required training.
2:14:41 PM	Atty Goss Re-Direct Exam of Witness Miller Note: Schweighardt, Stephanie	Regarding line of questions regarding sending two employees to one conference.
2:15:26 PM	Atty Goss Re-Direct Exam of Witness Miller Note: Schweighardt, Stephanie	Regarding line of questions about board members attending these conferences and meetings, what is Nolin's policy about members attending these trainings.
2:16:58 PM	Atty Goss Re-Direct Exam of Witness Miller Note: Schweighardt, Stephanie	Regarding the KAEC meeting and Board members that attend
2:17:48 PM	Atty Goss Re-Direct Exam of Witness Miller Note: Schweighardt, Stephanie	Regarding the provision of electric service
2:18:07 PM	Atty Goss Re-Direct Exam of Witness Miller Note: Schweighardt, Stephanie	Regarding the Chairman's questions about AMI meters being pretty technical stuff
2:18:17 PM	OBJECTION Note: Schweighardt, Stephanie	Atty Cook Objects to the form of the question
	Note: Schweighardt, Stephanie	Chairman overrules
2:19:12 PM	Atty Goss Re-Direct Exam of Witness Miller Note: Schweighardt, Stephanie	Regarding educating and getting these folks to understand and help make important and expensive decisions

2:19:53 PM Atty Goss Re-Direct Exam of Witness Miller  
Note: Schweighardt, Asking Witness to provide Nolins rate case history. How many times  
Stephanie Nolins has been in to raise rates, etc..

2:24:30 PM Atty Goss Re-Direct Exam of Witness Miller  
Note: Schweighardt, Why does Nolin come in so infrequently  
Stephanie

2:26:09 PM Atty Goss Re-Direct Exam of Witness Miller  
Note: Schweighardt, Do you realize the concern of the extend of the customer charge  
Stephanie and what does this have to do with the frequency of Nolin not  
coming in.

2:28:39 PM Atty Goss Re-Direct Exam of Witness Miller  
Note: Schweighardt, Regarding the customer charge, Nolin is the third lowest of the  
Stephanie CoOp in terms of customer charge

2:29:18 PM Atty Goss Re-Direct Exam of Witness Miller  
Note: Schweighardt, Distributes document "Cooperative Residential Customer Charges"  
Stephanie

2:29:33 PM Atty Goss Re-Direct Exam of Witness Miller  
Note: Schweighardt, Request to be submit document as Nolins Exhibit 1  
Stephanie

Note: Schweighardt, Chairman Schmitt accepts as Nolins Exhibit 1  
Stephanie

2:31:47 PM Atty Goss Re-Direct Exam of Witness Miller  
Note: Schweighardt, Regarding if there is an alternative to live with if Commission does  
Stephanie not grant the increase

2:33:11 PM Atty Goss Re-Direct Exam of Witness Miller  
Note: Schweighardt, Do you have a proposal Nolin could live with Commission does not  
Stephanie grant full 20

2:35:06 PM Atty Goss Re-Direct Exam of Witness Miller  
Note: Schweighardt, Could you educate us on the various catagories of containment  
Stephanie Nolin has put into place.

2:37:21 PM Atty Goss Re-Direct Exam of Witness Miller  
Note: Schweighardt, Has the savings from the refinance been a good thing for the CoOp  
Stephanie

2:41:39 PM Atty Goss Re-Direct Exam of Witness Miller  
Note: Schweighardt, Regarding medical health insurance premiums.  
Stephanie

2:43:40 PM Atty Goss Re-Direct Exam of Witness Miller  
Note: Schweighardt, Distributes document and request it to be submitted as Nolin Exhibit  
Stephanie #2

Note: Schweighardt, Chairman approves  
Stephanie

2:45:35 PM Atty Goss Re-Direct Exam of Witness Miller  
Note: Schweighardt, Asking Witness about Exhibit #2.  
Stephanie

2:46:19 PM Atty Goss Re-Direct Exam of Witness Miller  
Note: Schweighardt, Explain why Nolin has not adjusted its health insurance premuims  
Stephanie and continues to pay 100%

2:47:47 PM Atty Goss Re-Direct Exam of Witness Miller  
Note: Schweighardt, If Commisison direct Nolin to adjust contributions to less than  
Stephanie 100%, does Nolin have a plan to cover.

2:48:54 PM Atty Goss Re-Direct Exam of Witness Miller  
Note: Schweighardt, Regarding continuing discussing cost containment  
Stephanie

2:50:32 PM Atty Goss Re-Direct Exam of Witness Miller  
Note: Schweighardt, Witness asked Commission to remember how unique electric service is. Explaining that Nolin requires highly skilled and educated staff.  
Stephanie

2:53:55 PM Atty Goss Re-Direct Exam of Witness Miller  
Note: Schweighardt, Regarding Ft. Knox and corporate ethics monitor.  
Stephanie

2:55:16 PM Atty Cook Re Cross Exam Witness Miller  
Note: Schweighardt, Regarding the Corporate Ethics Monitor Report  
Stephanie

2:55:50 PM Atty Cook Re Cross Exam Witness Miller  
Note: Schweighardt, Regarding premiums and a nation wide basis  
Stephanie

2:56:14 PM Vice Chairman Cicero Re Cross Exam Witness Miller  
Note: Schweighardt, Regarding Nolin's Turnover Ratio  
Stephanie

2:56:32 PM Atty Cook Re Cross Exam Witness Miller  
Note: Schweighardt, Regarding Nolin Exhibit 1  
Stephanie

2:57:16 PM Atty Cook Re Cross Exam Witness Miller  
Note: Schweighardt, NRECA and lobbying - what percentage is towards lobbying  
Stephanie

2:57:49 PM PHDR  
Note: Schweighardt, Provide the percentage of NRECA towards lobbying  
Stephanie

2:58:15 PM Atty Cook Re Cross Exam Witness Miller  
Note: Schweighardt, Regarding KAEC lobbying  
Stephanie

2:58:33 PM PHDR  
Note: Schweighardt, Provide the percentage of KAEC towards lobbying  
Stephanie

2:58:48 PM PHDR - PSC Atty Fell Re Cross Exam Witness Miller  
Note: Schweighardt, Provide summary of cost savings and estimated cost savings  
Stephanie

2:59:51 PM Vice Chairman Re Cross Exam Witness Miller  
Note: Schweighardt, Regarding Turnover Ratio  
Stephanie

3:00:19 PM PHDR  
Note: Schweighardt, Provide summary of turnover ratio - who left and why  
Stephanie

3:00:49 PM Vice Chairman Cicero Re Cross Exam Witness Miller  
Note: Schweighardt, Why didn't the board look at other cost savings, like salaries?  
Stephanie

3:04:28 PM Atty Goss Re Directs Witness Miller  
Note: Schweighardt, Regarding the board of directors requiring Nolin to do anything to approve those increase. Explain this plan to the Commission.  
Stephanie

3:06:40 PM Chairman excuses witness

3:07:10 PM Atty Goss Directs Witness Roberson  
Note: Schweighardt, Atty Goss calls Witness Sara Roberson to stand  
Stephanie  
Note: Schweighardt, Chairman swears in Witness  
Stephanie

3:08:31 PM Atty Goss Directs Witness Roberson  
Note: Schweighardt, Ask witness to state name and position at Nolin  
Stephanie

3:08:55 PM Atty Goss Directs Witness Roberson  
Note: Schweighardt, Stephanie Regarding questions asked about PSC Second data request, attachment 16 A and column title Bonus / Other. Please explain what this column means within test year or any other year.

3:11:41 PM Atty Goss Directs Witness Roberson  
Note: Schweighardt, Stephanie Regarding employee #11, amount listed was not a bonus, but vacation payout.

3:12:09 PM Atty Goss Directs Witness Roberson  
Note: Schweighardt, Stephanie Regarding a \$250 Christmas dollar pay, but employee that have a \$0.00 dollar amount of bonus.

3:14:28 PM PHDR - Atty Cook Cross Exam of Witness Robeson  
Note: Schweighardt, Stephanie Total sum of bonuses

3:15:11 PM Vice Chairman Cross Exam Witness Roberson  
Note: Schweighardt, Stephanie Regarding bonuses in two different columns?

3:15:47 PM Vice Chairman Cross Exam Witness Roberson  
Note: Schweighardt, Stephanie Regarding how do you calculate vacation?

3:17:23 PM Chairman excuses Witness Robeson

3:17:28 PM Atty Goss calls Witness Adkins to the stand

3:17:37 PM Chairman Schmitt  
Note: Schweighardt, Stephanie Break

3:17:48 PM Session Paused

3:30:09 PM Session Resumed

3:30:15 PM Chairman Schmitt  
Note: Schweighardt, Stephanie Resumes hearing and notes Commissioner Logston had left to attend a meeting

3:30:36 PM Chairman Schmitt  
Note: Schweighardt, Stephanie Swears in Witness Adkins

3:30:45 PM Atty Goss Directs Witness Adkins  
Note: Schweighardt, Stephanie Ask Witness to state name, position, title and if any changes to testimony

3:31:30 PM Atty Cook Cross Exam of Witness Adkins  
Note: Schweighardt, Stephanie PSC Second data request, Item 19 - E - five of Nolin's directors attending KAEC Annual Meeting

3:33:05 PM Atty Cook Cross Exam of Witness Adkins  
Note: Schweighardt, Stephanie PSC First data request, Item 52 - regarding AMI Meters, cost Nolin incurred during the test year.

3:34:44 PM Atty Cook Cross Exam of Witness Adkins  
Note: Schweighardt, Stephanie Distributes copies of two exhibits

3:37:20 PM Atty Cook Cross Exam of Witness Adkins  
Note: Schweighardt, Stephanie Request to be submitted as AG #2 and #3 Exhibits  
Note: Schweighardt, Stephanie Chairman accepts as AG #2 and #3 Exhibits

3:38:14 PM Atty Cook Cross Exam of Witness Adkins  
Note: Schweighardt, Stephanie Regarding Exhibit 2

3:38:36 PM Atty Cook Cross Exam of Witness Adkins  
Note: Schweighardt, Stephanie Regarding Exhibit 3



3:39:03 PM Atty Cook Cross Exam of Witness Adkins  
Note: Schweighardt, Regarding Exhibit 2 -  
Stephanie

3:39:33 PM Atty Cook Cross Exam of Witness Adkins  
Note: Schweighardt, Back to Exhibit 3, pg 1  
Stephanie

3:40:00 PM Atty Cook Cross Exam of Witness Adkins  
Note: Schweighardt, Regarding Nolins cost saving with switch to AMI Meters  
Stephanie

3:41:33 PM Atty Cook Cross Exam of Witness Adkins  
Note: Schweighardt, Exhibit 5, page 4 - Regarding listing of savings in various types of  
Stephanie categories

3:44:03 PM Atty Cook Cross Exam of Witness Adkins  
Note: Schweighardt, Provide Nolins cost for each category for 12mths preceding the test  
Stephanie year

3:44:50 PM Atty Goss  
Note: Schweighardt, Atty Goss states this is a rate case and concerned of questions  
Stephanie  
Note: Schweighardt, Chairman ask Atty Cook to state relevance  
Stephanie

3:47:00 PM Atty Cook Cross Exam of Witness Adkins  
Note: Schweighardt, Asking how will rate payors and the Commission know these savings  
Stephanie have occurred  
Note: Schweighardt, Chairman Schmitt states if question is stated as a PHDR, Atty Goss  
Stephanie may object and the Commission will rule on it  
Note: Schweighardt, Witness Adkins states he is not sure if the information would be  
Stephanie possible to get within the timeline of the rate case  
Note: Schweighardt, Atty Goss states they will attempt to get the information  
Stephanie

3:50:32 PM Atty Cook Cross Exam of Witness Adkins  
Note: Schweighardt, Regarding reductions in the tariff regarding disconnections  
Stephanie

3:51:57 PM Atty Cook Cross Exam of Witness Adkins  
Note: Schweighardt, PSC Second data request, item 18 - C - regarding application exhibit  
Stephanie 7, page 4 - nine payments to Invision Services. Explain why  
company personnel cannot perform these services.

3:55:10 PM Atty Cook Cross Exam of Witness Adkins  
Note: Schweighardt, Regarding the cost of service study - case 2016-00434  
Stephanie

3:55:58 PM Atty Park Cross Exam of Witness Adkins  
Note: Schweighardt, Regarding AMI after Test Year  
Stephanie

3:57:43 PM Atty Park Cross Exam of Witness Adkins  
Note: Schweighardt, Has Nolin completes a rate design on low income customers  
Stephanie

3:59:24 PM Atty Park Cross Exam of Witness Adkins  
Note: Schweighardt, PSC Second data request, Item 32 - Can you explain why the  
Stephanie proposed increase does not allow the prepay service to positively  
contribute to TIER and OTEIR.

4:00:26 PM Atty Park Cross Exam of Witness Adkins  
Note: Schweighardt, Regarding schedule four, industrial rate - Can you explain why the  
Stephanie proposed rate design does not lower this over contribution so that  
this class lowers its subsidy to other rate classes.

4:01:58 PM	Atty Park Cross Exam of Witness Adkins Note: Schweighardt, Stephanie	Rate Class Schedule 3 Large Power Rate - explain why the demand charge for Schedule 4 - Industrial Rate was not increased from \$4.95 to \$6.02.
4:03:48 PM	Atty Park Cross Exam of Witness Adkins Note: Schweighardt, Stephanie	Why was the changed made from 3 step to 2 step
4:04:19 PM	Atty Park Cross Exam of Witness Adkins Note: Schweighardt, Stephanie	Schedule 4 - Explain why this class had no customer charge prior.
4:04:56 PM	Atty Park Cross Exam of Witness Adkins Note: Schweighardt, Stephanie	Schedule 10 - Explain the reason behind these increases.
4:06:31 PM	PHDR Note: Schweighardt, Stephanie	Provide a cost justification for the temporary Meter Poles
4:06:49 PM	Atty Park Cross Exam of Witness Adkins Note: Schweighardt, Stephanie	Exhibit 6 of application and PSC Third data request, Item 16
4:08:10 PM	Chairman Schmitt Note: Schweighardt, Stephanie	Enter into Confidential Record
4:08:14 PM	Private Recording Activated	
4:10:33 PM	Public Recording Activated	
4:10:41 PM	Atty Park Cross Exam of Witness Adkins Note: Schweighardt, Stephanie	PSC First data request, item 24 and Fourth data request, Item 9 - Provide amount paid in the test year for the PSC Annual Assesment fee.
4:13:01 PM	Atty Park Cross Exam of Witness Adkins Note: Schweighardt, Stephanie	PSC Second data request, Item 18 B - provide the journal entries that originally recorded and corrected the error.
4:14:00 PM	PHDR Note: Schweighardt, Stephanie	Provide the journal entries that originally recorded and corrected the error.
4:14:19 PM	Atty Park Cross Exam of Witness Adkins Note: Schweighardt, Stephanie	PSC Fourth data request, Item 11 B -
4:15:16 PM	Atty Park Cross Exam of Witness Adkins Note: Schweighardt, Stephanie	Confirm if Nolin offers an ETS Marketing Rate for Residential or Commercial.
4:16:02 PM	Atty Fell Cross Exam of Witness Adkins Note: Schweighardt, Stephanie	PSC Fourth data request, item 23 - AMI Meters completed 2016, Nolins prepaid program includes cost of AMI Meters.
4:17:24 PM	Atty Fell Cross Exam of Witness Adkins Note: Schweighardt, Stephanie	Do you still feel the reconnect fee of \$20 is still appropriate?
4:18:29 PM	Atty Fell Cross Exam of Witness Adkins Note: Schweighardt, Stephanie	Explain why Nolin did not propose an adjustment to the test year for its increase cost to match employees 401k contributions or health insuranace premiums
4:19:10 PM	PHDR Note: Schweighardt, Stephanie	Provide cost justification to continue the \$20 reconnect fee

4:19:31 PM Atty Fell Cross Exam of Witness Adkins  
Note: Schweighardt, PSC Third data request, item 5, attachment 5a - page 1 of 1 -  
Stephanie explain if there is a minimum ratio that would be acceptable by  
Nolin.

4:21:51 PM Atty Cook Re Cross Exam of Witness Adkins  
Note: Schweighardt, Regarding conversion to AMI and level of savings.  
Stephanie

4:23:27 PM Chairman excuse Witness Adkins

4:23:41 PM Chairman Schmitt  
Note: Schweighardt, PHDR - To Goss by May 23, Goss to file responses in 10 days  
Stephanie  
Note: Schweighardt, Briefs to be filed by June 14  
Stephanie

4:26:06 PM Chairman Schmitt  
Note: Schweighardt, Adjourns Hearinig  
Stephanie

4:26:09 PM Session Paused

4:30:58 PM Session Ended





Judge: Bob Cicero; Dan Logsdon; Michael Schmitt

Witness: James R Adkins; Michael L Miller; Sara Roberson

Clerk: Stephanie Schweighardt

**Name:**

**Description:**

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Attorney General Exhibit 01	Letter from Goss Samford, PLLC to PSC, Regarding Case No. 2016-00169 Cumberland Valley Electric, Inc.
Attorney General Exhibit 02	Projected Benefits for Applicant and Its Members
Attorney General Exhibit 03	Economic Analysis
Nolin RECC Exhibit 01	Cooperative Residential Customer Charges
Nolin RECC Exhibit 02	National Compensation Survey (Employee Benefits) Dated March 2016

**Goss  
Samford**

ATTORNEYS AT LAW | PLLC

**Mark David Goss**  
mdgoss@gosssamfordlaw.com  
(859) 368-7740

April 5, 2017

***Via Electronic Filing and USPS***

Dr. Talina Mathews  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40602

Re: *In the Matter of: Application of Cumberland Valley Electric, Inc.  
for a General Adjustment of Rates*  
**PSC Case No. 2016-00169**

Dr. Mathews:

Accompanying this letter in electronic medium are copies of: (i) the minutes of a special meeting of the Board of Directors of Cumberland Valley Electric, Inc. ("Cumberland Valley") held February 23, 2017; and (ii) certain Resolutions adopted by the Board of Directors of Cumberland Valley during said special meeting. This filing is made in compliance with the Order entered by the Commission in the above-styled case on February 6, 2017, and specifically ordering paragraph number 5 thereof.

Pursuant to the Order, the leadership of Cumberland Valley has conducted an extensive evaluation of the cooperative's health and dental insurance expenses for its ten (10) salaried/management employees, primarily examining the extent to which said employees should be required to contribute to their insurance coverage. Numerous scenarios (*i.e.*, respective employer/employee contribution percentages) were considered and discussed as part of this process. Ultimately, and in keeping with the general principle of gradualism embraced by the Commission in recent rate-adjustment decisions, Cumberland Valley has determined that its salaried employees' contribution to health insurance premiums (for both individual and family coverages) should steadily increase over the next thirty-six (36) months from 0% to 12.5%, ultimately resulting in annual savings to Cumberland Valley totaling approximately \$17,900.00 and total savings over the next forty-eight (48) months of \$50,448.91.<sup>1</sup> Cumberland Valley has also determined that its salaried employees' contribution to both individual and family dental insurance coverage should be 40%, effective April 1, 2017.

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<sup>1</sup> Cumberland Valley's savings estimates for the near term assume premiums for health and dental insurance will remain constant. Of course, as premiums increase so too does the total insurance expense avoided by Cumberland Valley as a result of enlarging salaried employee contributions. In addition, Cumberland Valley's Board of Directors may, in the future, adjust the implementation schedule to better align the salaried employees' contribution increases with re-pricings of the cooperative's health and dental insurance premiums.

Dr. Mathews  
Case No. 2016-00169  
April 5, 2017

This letter and the enclosures are intended to satisfy all aspects of ordering paragraph number 5 of the Commission's Order entered February 6, 2017, including both the required "report" and the required "evidence of implementation." To the extent additional information or documents are desired, Cumberland Valley respectfully requests direction from the Commission or its Staff as to the form/content of any future filing in this respect.

Please note that the filenames of the documents hereby submitted electronically are:

This Letter: CVE\_Read1st\_040517  
Meeting Minutes: CVE\_Minutes\_040517  
Board Resolutions: CVE\_Resolutions\_040517

One (1) original and six (6) copies of the minutes and the Resolutions are enclosed with this letter in the paper-medium submission made via U.S. mail.

In accordance with 807 KAR 5:001, Section 8, this is to certify that the electronically filed documents (including this "Read1st" letter and the enclosures) are true and accurate copies of the same documents being filed in paper medium; that the electronic filing has been transmitted to the Commission on April 5, 2017; that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means; that the original of the documents transmitted electronically will be filed with the Commission in paper medium within two (2) business days from the date of the electronic filing; and that attached to the top of the paper medium submission is a copy in paper medium of the electronic notification from the Commission confirming receipt of electronic submission.

Please do not hesitate to contact me if you have any questions or concerns.

Respectfully submitted,



Mark David Goss

CC (with enclosures):

Hon. Rebecca W. Goodman  
Hon. Kent Chandler  
Assistant Attorneys General  
1024 Capital Center Drive, Suite 200  
Frankfort, Kentucky 40601-8204  
Rebecca.Goodman@ky.gov  
Kent.Chandler@ky.gov

Enclosures

**RESOLUTIONS**  
**OF THE BOARD OF DIRECTORS OF**  
**CUMBERLAND VALLEY ELECTRIC, INC.**

A special meeting of the Board of Directors of Cumberland Valley Electric, Inc. ("Cumberland Valley"), was held at the Headquarters Office at Gray, Knox County, State of Kentucky, on February 23, 2017, for the purpose of considering action to address the issue of prospective contributions by salaried/management employees to both health and dental insurance coverage.

Upon motion by Mr. Elbert Hampton, seconded by Mr. Kevin Moses, and duly carried, the following resolution was unanimously adopted:

**RESOLUTION I**

**WHEREAS**, in its Order entered February 6, 2017, in Case No. 2016-00169, *In the Matter of: Application of Cumberland Valley Electric, Inc. for a General Adjustment of Rates*, the Kentucky Public Service Commission ("Commission") directed Cumberland Valley to make a filing to the Commission setting forth the prospective employer and employee contribution amounts and percentages which Cumberland Valley will implement for health and dental insurance offered to salaried employees, along with the date the revised contribution schedules will be implemented; and,

**WHEREAS**, the Commission's Order also directed Cumberland Valley to file evidence of its implementation of the revised contribution schedules; and,

**WHEREAS**, the Board of Directors of Cumberland Valley has solicited and obtained from the cooperative's financial staff several different scenarios under which these contribution amounts could be implemented; and,

**WHEREAS**, the Board of Directors of Cumberland Valley believes that any such change shall be gradually implemented in order to prevent a sudden and unduly burdensome impact on the personal financial condition of Cumberland Valley's salaried/management employees, while at the same time realizing increased savings for the cooperative over time;

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of Cumberland Valley hereby approves and implements a plan pursuant to which, beginning April 1, 2017, Cumberland Valley's salaried/management employees shall be required to contribute to their individual and family health insurance coverage in accordance with the following implementation schedule:

<b>Timeframe</b>	<b>Employee Contribution</b>	<b>Employer Contribution</b>	<b>Projected Annual Savings to Cumberland Valley</b>
4/1/17 – 3/31/18	5.0 %	95.0 %	\$7,232.70
4/1/18 – 3/31/19	7.5 %	92.5 %	\$10,849.05
4/1/19 – 3/31/20	10.0 %	90.0 %	\$14,465.41
4/1/20 – indefinitely	12.5%	87.5 %	\$17,901.75

Also, upon motion by Mr. Roger Vanover, seconded by Mr. Kermit Creech, and duly carried, a second resolution, presented below, was unanimously adopted:

**RESOLUTION II**

**WHEREAS**, in its Order entered February 6, 2017, in Case No. 2016-00169, *In the Matter of: Application of Cumberland Valley Electric, Inc. for a General Adjustment of Rates*, the Kentucky Public Service Commission (“Commission”) directed Cumberland Valley to make a filing to the Commission setting forth the prospective employer and employee contribution amounts and percentages which Cumberland Valley will implement for health and dental insurance offered to salaried employees, along with the date the revised contribution schedules will be implemented; and,

**WHEREAS**, the Commission’s Order also directed Cumberland Valley to file evidence of its implementation of the revised contribution schedules; and,

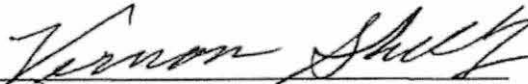
**WHEREAS**, the Board of Directors of Cumberland Valley has solicited and obtained from the cooperative’s financial staff several different scenarios under which these contribution amounts could be implemented;

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of Cumberland Valley hereby approves and implements a plan pursuant to which, beginning April 1, 2017, Cumberland Valley’s salaried/management employees shall be required to contribute to their individual and family dental insurance coverage in accordance with the following:

<b>Timeframe</b>	<b>Employee Contribution</b>	<b>Employer Contribution</b>	<b>Projected Annual Savings to Cumberland Valley</b>
4/1/17 – indefinitely	40.0 %	60.0 %	\$931.01

**CERTIFICATION**

I, Mr. Vernon Shelley, Chairman of Cumberland Valley Electric, Inc., do hereby certify that the above is a true and correct excerpt from the minutes of the meeting of the Board of Directors of Cumberland Valley Electric, Inc., held on February 23, 2017, at which meeting a quorum was present.

  
VERNON SHELLEY, CHAIRMAN



## **Projected Benefits for Applicant and Its Members**

Data collected from an AMI system can be utilized for many cost savings purposes as well as enhancing information that can be used by members to better manage and control their electric usage and associated costs. In addition, Nolin expects other benefits will emerge as new technology becomes available to integrate in with this AMI system. Below are current benefits that will be utilized immediately:

### **Pre-Pay Metering**

Studies have shown that members electing to move to pre-pay metering consume anywhere from 7% to 12% less electricity. Nolin will continue to offer pre-pay as an option for our members with this deployment.

### **Member Access**

Nolin members will be able to log-in to NISC's Smart Hub to access their consumption data in real-time via a web portal.

### **Member Billing and Usage Questions**

Real-time data will provide Nolin's Customer Service Representatives with effective and accurate tools to answer member questions about electric usage and fluctuations in the billing.

### **Outage Reporting**

AMI will improve outage response time by locating the cause of an outage. It will also verify whether all members on a line have been restored when a repair is completed.

### **Cost-Savings Benefit**

AMI system will eliminate the need for manual meter reads for service connections and disconnections. It will eliminate energy theft through the use of tamper detection. It will reduce line losses through better collection and utilization of load data.

### **Load Control**

Nolin in conjunction with East Kentucky Power (EKP) has installed over 2,000 load control devices that control water heaters and air conditioners. This AMI system has load control capabilities and both Nolin and EKP are looking forward to launching a campaign to market more load control devices in our system.

### **Rate Structure**

Every meter will be capable of supporting Time-of-Use rates; Critical Peak Pricing, and Real-Time Pricing.

## **Voltage Conservation**

Voltage conservation (VC), also known as conservation voltage reduction, decreases the amount of electricity needed to serve a given area without causing detrimental changes in power quality or reduced supply to customers. The goal is to cut energy losses and consumption by operating at the lower end of approved voltage ranges. Voltage conservation is a beneficial way to access energy and revenue savings while increasing customer satisfaction with no effort on the customer's part.

Currently, the missing link to overall implementation of voltage conservation is an effective communication system. Because of this, Nolin has little or no visibility outside of the distribution substation and down to the customer. AMI systems, such as GE's trademarked Grid IQ Connect System, provide the necessary technology communications infrastructure to fully implement a VC program.

Nolin has historically relied on voltage measurements at distribution substations, middle and/or end of line voltage recorders and MilSoft (engineering analysis software) models to predict voltage at the service point, resulting in a very conservative approach. The GE AMI system enables a more aggressive approach by making voltage information available from meters along the distribution feeder.

Smart meters can monitor the service voltage on a continuous basis, thereby ensuring adequate visibility at various locations on feeders. The GE AMI system allow Nolin to monitor key points frequently and harvest data in near real-time for detection of changes in voltage levels and assure that any voltage adjustments result in the desired effect. The GE AMI systems also function as the "eyes" throughout the distribution infrastructure by providing information for NISC's Meter Data Management System (MDMS) and ACS's Supervisory Control and Data Acquisition (SCADA) system.

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COMMISSION

**Economic Analysis**

Nolin has performed analysis on the costs and savings associated with implementing a full AMI system. Page 2-4 of this Exhibit outlines the basic assumptions used in this calculation.

**Assuming a 10 year life of the AMI System:**

Accumulated Total Annual Cost of AMI System:	██████████
Accumulated Total Annual Saving of AMI System:	<u>\$ 7,219,938</u>
Accumulated Total Annual Cost of AMI System:	██████████
Present Worth of Total Annual Cost of AMI System:	██████████

**Current AMR Meter Reading Analysis for 10 years:**

Accumulated Total Annual Cost of Existing AMR System:	██████████
Present Worth of Total Annual Cost of Existing AMR System:	██████████

The above costs results in a 10 year Present Worth savings of \$ 3,620,975 when comparing AMI net costs to AMR net cost.



## CALCULATE FIXED CHARGE RATE FACTORS

NOTES: If FCR factors are known, then go directly to Worksheet "INPUT"  
Enter data in the shaded (yellow) cells only.  
Amounts entered from December 2013 RUS Form 7.

\$64,626,424	NET UTILITY PLANT	Part C, Line 5
\$65,488,202	TOTAL MARGINS & EQUITIES	Part C, Line 35
\$101,248,169	TOTAL LONG-TERM DEBT	Part C, Line 38
\$3,610,861	DISTRIBUTION EXPENSE - OPERATION	Part A, Line 5 (b)
\$3,392,225	DISTRIBUTION EXPENSE - MAINTENANCE	Part A, Line 6 (b)
\$3,890,057	DEPRECIATION & AMORTIZATION EXPENSE	Part A, Line 12 (b)
\$0	TAX EXPENSE - PROPERTY	Part A, Line 13 (b)
\$0	TAX EXPENSE - OTHER	Part A, Line 14 (b)

Loan Source	Interest Rate	% of Total
RUS		
CFC	3.00%	100.00%
Other		

<b>3.00%</b>	Blended Interest Rate (%)
--------------	---------------------------

## COST OF EQUITY FACTOR

35	ENTER the Capital Retirement Cycle. Number of Years.
3.25%	ENTER Utility Plant Growth Rate. Five year Average.
<b>4.83%</b>	Calculated Cost of Equity Factor (%)

## FIXED CHARGE RATE FACTORS

1.82%	Cost of Debt (%)
1.90%	Cost of Equity (%)
<b>3.72%</b>	<b>TOTAL COST OF CAPITAL (%)</b>
<b>0.00%</b>	<b>TAX RATE (%)</b>
<b>6.02%</b>	<b>DEPRECIATION RATE (%)</b>
<b>10.84%</b>	<b>OPERATIONS AND MAINTENANCE RATE (%)</b>
<b>20.57%</b>	<b>FIXED CHARGE RATE (%)</b>

# ASSUMPTIONS

Present Worth Rate (%)	4.00%	year
Annual Fixed Charge (%)	20.57%	year
O & M Cost - AMR Solid State Meters (%)	2.00%	year
O & M Cost - AMR Mechanical Meter (%)	2.00%	year
Inflation Rate - AMR Solid State Meters (%)	3.00%	year
Inflation Rate - AMR Mechanical Meters (%)	3.00%	year
Meters - Residential	32,817	2014
Meters - Commercial & Industrial	794	2014
AMR Meter Reading Cost per Month per Meter	\$	each
Inflation Rate - Nolin Labor	4.00%	year
Growth in Meters	500	year
AMI Meter Cost - Residential (Avg)	\$	each
AMI Meter Cost - Commercial & Industrial (Avg)	\$	each
AMR Meter Cost - Residential (Avg)	\$	each
AMR Meter Cost - Commercial & Industrial (Avg)	\$	each
Energy Cost (\$/kWh)	\$0.10	each
Cost Reduction from Improved Outage Mgmt.	\$30,000	year
Annual Power Cost (energy only) (December 2013)	\$56,000,000	year
Cost to Oversee Meter Reading	\$10,000	year
Energy Rate Increase (%)	3.00%	year
Meter Re-Reads (%)	1.70%	year
Cost per Re-Read	\$	each
Connects / Disconnects (% of Meters)	15.00%	year
Cost per Connect / Disconnect	\$	each
Transformers with Avoided OL Damage	30	year
Cost of Replacing Failed Transformer	\$2,000	each
Line Loss due to Theft Deterrent (%)	0.20%	year
"Not Reporting" Meters (%)	0.75%	year
Cost to Replace & Bill for "Not Reporting" Meter	\$85	each
Inflation Rate - Contract Labor	2.40%	year
High Bill Complaints (%)	1.00%	year
Cost of High Bill Complaint Investigation (Avg)	\$250	each
Reduction in High Bill Complaints (%)	50%	year
Voltage Check Service Orders	80	year
Cost of Voltage Check Service Order	\$250	each
Net Meter Plant (October 2014)	\$6,127,486	net
Cost Reduction of Eliminating PSC Voltage Recorders	\$3,000	year
No Voltage Service Calls (No Problem Found)	250	year
Cost of No Voltage Service Call	\$250	each
Reduction in No Voltage Service Calls	60%	year
Cost to Read 5 Large Power Meters	\$1,000	year
AMI License Fee (Avg)	\$	year
AMR License Fee (Avg)	\$	year
Cost to Replace Existing AMR Meter with AMI Meter	\$	each
Cost Associated with Meter Replacement	\$	each
Cost for Communication (78 Towers)	\$11,000	each
Cost for Make Ready (Labor & Material @ 78 Towers)	\$6,500	each
Reduction of Line Losses for Phase Balancing, etc.	0.25%	year
Evaluation Period	10	years
Beginning Year	2015	

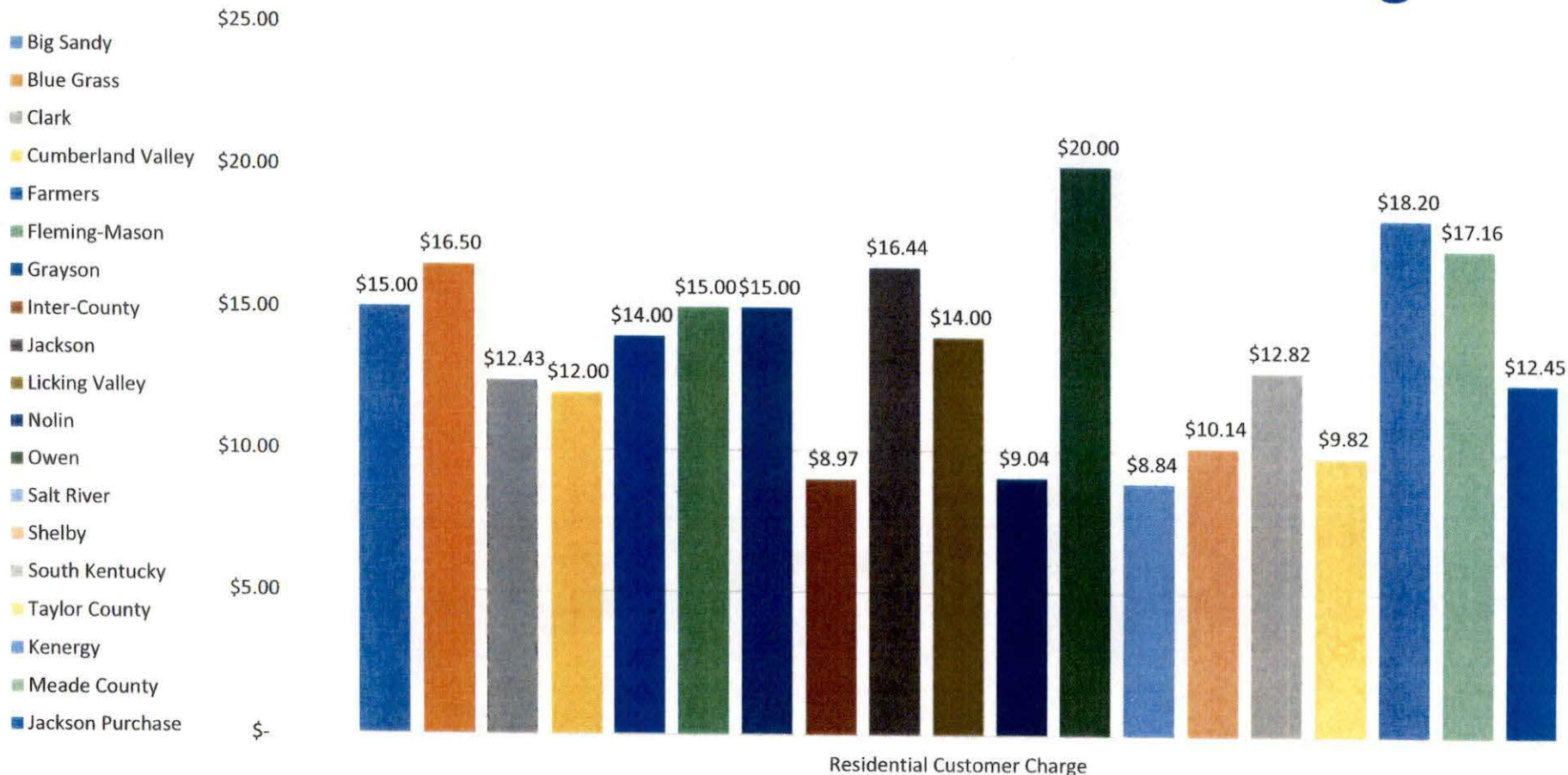
SUM OF COSTS & SAVINGS ASSOCIATED WITH CONVERSION FROM AMR TO AMI METER READING										
Cost to Replace AMR Meters w/ AMI Meters	Cost of AMI (Make Ready)	Cost to Install AMI Meters for New Members	Total Cost of O&M Expenses	Total Cost of Fixed Charges of AMI Equipment	Total Cost of License & Maintenance Fees	Cost to Read AMR Meters until AMI is Operational	Savings from Reduction of High Bill Complaints	Savings from Reduction of Not Reporting Meters	Savings from Avoidable kWh Energy Theft	Savings from Reduction in "No Voltage" Calls
	\$1,365,000		\$1,481,975				(\$492,506)	(\$251,178)	(\$1,344,684)	(\$240,122)

SUM OF COSTS & SAVINGS ASSOCIATED WITH CONVERSION FROM AMR TO AMI METER READING (continued)										
Savings from Avoidable Damage to Transformers	Savings from Connects & Disconnects	Savings from Avoidable Meter Re-Reads	Savings from Reduction of Line Loss (Phase Balancing)	Savings from End of Line PSC Voltage Recordings	Savings from Improved Outage Management	Savings from not Admin. Contract Meter Reading	Accumulated Total Annual Cost of AMI System	Accumulated Total Annual Saving of AMI System	Accumulated Total Annual Cost of AMI System	Present Worth of Total Annual Cost of AMI System
(\$720,366)			(\$1,680,855)	(\$36,018)	(\$360,183)			(\$7,219,938)		

SUM OF COSTS ASSOCIATED WITH OPERATING EXISTING AMR SYSTEM (10 years)										
AMR Mechanical Meter 30% Replacement (10% Year)	AMR Solid State Meter 70% Replacement (10% Year)	Total Cost of AMR Meters for New Meter Installations	Total Cost of O&M Expenses for Existing AMR System	Total Cost of Fixed Charges of AMR Metering Equipment	Cost to Read Large Commercial Meters	Cost to Read Residential & Commercial AMR Meters	Accumulated Total Annual Cost of Existing AMR System		Accumulated Total Annual Cost of Existing AMR System	Present Worth of Total Annual Cost of Existing AMR System
		\$678,345	\$1,338,558	\$1,146,672	\$12,006					

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# Cooperative Residential Customer Charges



UNITED STATES BUREAU OF LABOR STATISTICS  
NATIONAL COMPENSATION SURVEY (EMPLOYEE BENEFITS)  
MARCH 2016

TABLE 10. MEDICAL CARE BENEFITS: SHARE OF PREMIUMS PAID BY EMPLOYERS & EMPLOYEE



**Table 10. Medical care benefits: Share of premiums paid by employer and employee, private industry workers, March 2016**

(In percent)

Characteristics	Single coverage		Family coverage	
	Employer share	Employee share	Employer share	Employee share
All workers .....	79	21	68	32
<b>Worker characteristics</b>				
Management, professional, and related .....	80	20	69	31
Management, business, and financial .....	80	20	70	30
Professional and related .....	80	20	68	32
Service .....	80	20	64	36
Protective service .....	83	17	72	28
Sales and office .....	77	23	65	35
Sales and related .....	75	25	63	37
Office and administrative support .....	78	22	66	34
Natural resources, construction, and maintenance	80	20	69	31
Construction, extraction, farming, fishing, and forestry .....	81	19	68	32
Installation, maintenance, and repair .....	79	21	69	31
Production, transportation, and material moving ...	80	20	71	29
Production .....	79	21	71	29
Transportation and material moving .....	81	19	71	29
Full time .....	79	21	68	32
Part time .....	77	23	63	37
Union .....	87	13	83	17
Nonunion .....	78	22	65	35
Average wage within the following categories: <sup>1</sup>				
Lowest 25 percent .....	76	24	62	38
Lowest 10 percent .....	75	25	62	38
Second 25 percent .....	78	22	64	36
Third 25 percent .....	80	20	68	32
Highest 25 percent .....	81	19	72	28
Highest 10 percent .....	81	19	73	27
<b>Establishment characteristics</b>				
Goods-producing industries .....	80	20	72	28
Construction .....	82	18	68	32
Manufacturing .....	80	20	74	26
Service-providing industries .....	79	21	67	33
Trade, transportation, and utilities .....	78	22	66	34
Wholesale trade .....	79	21	69	31
Retail trade .....	74	26	60	40
Transportation and warehousing .....	82	18	72	28
Utilities .....	84	16	77	23

See footnotes at end of table.

**Table 10. Medical care benefits: Share of premiums paid by employer and employee, private industry workers, March 2016—continued**

(In percent)

Characteristics	Single coverage		Family coverage	
	Employer share	Employee share	Employer share	Employee share
Information .....	81	19	77	23
Financial activities .....	79	21	69	31
Finance and insurance .....	79	21	72	28
Credit intermediation and related activities .....	79	21	70	30
Insurance carriers and related activities .....	80	20	74	26
Real estate and rental and leasing .....	76	24	60	40
Professional and business services .....	78	22	64	36
Professional and technical services .....	82	18	68	32
Administrative and waste services .....	72	28	56	44
Education and health services .....	79	21	64	36
Educational services .....	80	20	66	34
Junior colleges, colleges, and universities .....	80	20	71	29
Health care and social assistance .....	79	21	64	36
Leisure and hospitality .....	83	17	72	28
Accommodation and food services .....	80	20	70	30
Other services .....	85	15	66	34
1 to 99 workers .....	79	21	64	36
1 to 49 workers .....	80	20	64	36
50 to 99 workers .....	77	23	63	37
100 workers or more .....	79	21	71	29
100 to 499 workers .....	78	22	67	33
500 workers or more .....	80	20	75	25
<b>Geographic areas</b>				
Northeast .....	81	19	73	27
New England .....	79	21	71	29
Middle Atlantic .....	82	18	74	26
South .....	78	22	63	37
South Atlantic .....	77	23	65	35
East South Central .....	78	22	65	35
West South Central .....	78	22	60	40
Midwest .....	78	22	69	31
East North Central .....	78	22	70	30
West North Central .....	79	21	67	33
West .....	82	18	69	31
Mountain .....	80	20	68	32
Pacific .....	82	18	69	31

<sup>1</sup> Surveyed occupations are classified into wage categories based on the average wage for the occupation, which may include workers with earnings both above and below the threshold. The categories were formed using percentile estimates generated using wage data for March 2016.

Note: Because of rounding, sums of individual items may not equal totals. For definitions of major plans, key provisions, and related terms, see the "Glossary of Employee Benefit Terms" at [www.bls.gov/ncs/ebs/glossary20152016.htm](http://www.bls.gov/ncs/ebs/glossary20152016.htm).

Source: Bureau of Labor Statistics, National Compensation Survey.

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