

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF INTER-COUNTY ENERGY)	
COOPERATIVE CORPORATION FOR A)	CASE NO
GENERAL ADJUSTMENT OF EXISTING)	2018-00129
RATES)	

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO INTER-COUNTY ENERGY COOPERATIVE CORPORATION

Inter-County Energy Cooperative Corporation ("Inter-County"), 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 July 17, 2018, pursuant to the Commission's June 13, 2018 Order herein. Responses to requests for information in paper medium 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 the 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.

Inter-County shall make timely amendment to any prior response if it obtains information that 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 Inter-County fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall 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 filing a paper containing personal information, Inter-County shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Pursuant to 807 KAR 5:001 Section 17, Inter-County is to post to its website a copy of the public notice and provide a hyperlink to the location of the Commission website where the case documents are available.

a. State whether Inter-County included this information on its website.

b. If Inter-County contends this information is included on its website, provide the web address and screenshots of the information along with the web address and screenshots of any hyperlink on other pages of Inter-County's website directing its customers to the notice. State when notice was posted on Inter-County's webpage and when each page containing a link to the notice was edited to include the link to the notice.

c. If the notice and link to the Commission's webpage were not included on Inter-County's webpage in a timely manner, explain why Inter-County failed to include the information on its website as required by Commission regulations.

2. Refer to the Direct Testimony of Jerry Carter (“Carter Testimony”), page 10 in which Mr. Carter states that Inter-County is in the process of obtaining a compensation study to examine the compensation structure of the cooperative. Please describe the parameters of the study, whether Inter-County has engaged a consultant to perform the study and the time frame for completion of the study.

3. Identify all officers, executives, and employees who have been separated from Inter-County in the five years preceding the filing of the instant Application and since the filing of the instant Application by providing their name; date of hire; date of separation; position at time of hire; position at the time of separation; compensation at the time of hire; compensation at the time of separation; reason for separation (whether they were discharged or voluntarily quit, and why); and the results of an exit interview, if any.

4. State whether Inter-County performs annual employee performance evaluations. If so, provide a sample or template of the performance evaluations performed for each position.

5. Refer to the Direct Testimony of Sheree Gilliam (“Gilliam Testimony”), page 8, lines 16–19 in which she refers to persons serving as a Lineman as requiring “a specialized skill set that is not available from work in other types of businesses.”

a. Identify all positions, other than Lineman, that Inter-County contends require a specialized skill set not available from work in other types of business.

b. For each such position, including Lineman, state whether Inter-County generally hires persons with little to no relevant experience and state why Inter-County generally hires such persons.

c. If Inter-County generally fills such a position with persons that have little to no experience, describe the training that is required for each such position, provide the amount that Inter-County contends it costs to train a new hire for each such position, and the basis for those costs.

6. Refer to the Gilliam Testimony, page 14. Provide a list showing any wage increases and the amount of the wage increase granted for the previous five years.

7. Refer to the Gilliam Testimony, page 12, lines 39. Confirm that the percentage of single and family health insurance premiums paid by Inter-County is 100 percent.

8. Refer to the Gilliam Testimony, page 7, lines 17–20.

a. State the percentage and dollar amount of Inter-County's debt that is at variable interest rates.

b. Identify and describe the nature of Inter-County's variable rate debt i.e. notes, revolving credit accounts, bonds, etc.

c. Identify and describe the parties that hold Inter-County's variable rate debt.

d. Explain how Inter-County monitors this interest rate risk.

9. Refer to the Gilliam Testimony, page 8, lines 5–10.

a. Identify and describe all efforts by Inter-County to refinance its variable rate debt at a fixed rate.

b. Explain whether Inter-County is exploring further refinancing opportunities.

10. Refer to Item 13 and Item 3 of Staff's First Request for Information ("Staff's First Request"). Inter-County's Equity Management Plan states that the Cooperative may retire general capital credits if the Cooperative's equity to assets ratio remains greater than 30 percent and the Cooperative met the annual TIER (1.25) and DSC (1.35) requirements for the most recently completed fiscal year. For this evaluation, state whether Inter-County uses TIER and DSC calculations including or excluding generation and transmission capital credits.

11. Provide an update to Item 46 of Staff's First Request. Provide all invoices that support Inter-County's response to Item 46 and any update thereto.

12. Refer to the Application at paragraph 9 in which Inter-County states that it is still compiling the cost of the "extraordinary" expense but that it estimates it to be approximately \$500,000.

a. State whether the "extraordinary" expense referred to therein is the same amount referred to in response to Staff's First Request, Item 46.

b. State whether Inter-County is still projecting that the amount of the requested regulatory asset will be \$500,000 or whether Inter-County has a more up-to-date amount and, if so, provide this amount.

c. Provide support for Inter-County's current projection and, if it differs from Inter-County's previous projection, state the reasons for the change in the projection.

13. Refer to the Application, Exhibit 7, work paper 1, page 3 of 3. Explain why Employee Designation H21 and H36 were not included.

14. Refer to the Direct Testimony of Lance C. Schafer ("Schafer Testimony"), page 12, lines 4–11 in which he states that the adjustment to the depreciation expense

also accounts for the adoption of a historically Commission-approved rate for Distribution Plant accounts 370 – Meters, and 370.01 – AMI Meters – substation. State whether Inter-County sought approval of these rates outside of this proceeding.

15. Refer to the Schafer Testimony, page 15, footnote 4. Provide the calculations used for \$24,482,302 and \$95,033,645 used therein.

16. Refer to the Application, Exhibit 27.

a. Refer to page 12, footnote 2, which refers to “Exhibit J.” Identify Exhibit J as described therein and state where it is located in any filings in this matter or, if not previously filed, provide a copy of the same.

b. Refer to page 14. Confirm the account number for Overhead Conductor is 364.

17. Refer to the Application, Exhibit 7, Schedule A, page 2 of 17. Reconcile the revenue stated in column (g) with the Total Bills column (c) and Energy Sales stated in column (d) for each customer class listed in the schedule.

18. Refer to the Application, Exhibit 14. Provide the schedules in the exhibit in Excel spreadsheet format with all formulas intact and unprotected and with columns and rows accessible.

19. Refer to the Application, Exhibit 32. Provide the same customer information provided in the exhibit for each month from the end of the October 2017 test year to the present.

20. Provide a schedule of all non-recurring charges for the test year, containing the type of charge, the amount of the charge, the number of occurrences for the test year, and the total revenue generated from each charge.

21. Refer to the Gilliam Testimony, page 6, lines 12–16. Provide the annual average customer count by rate class from 2013 to present.

22. Refer to the Direct Testimony of Richard J. Macke (“Macke Testimony”), page 25. Explain the discrepancy between the reference to a customer charge in the amount of \$15.20 and a customer charge in the amount of \$15.40, and state the actual amount of the customer charge referred to therein.

23. Refer to the Cost of Service Study. Provide a chart showing the unitized rates of return for each class at the present rates and proposed rates.

24. Refer to the Application, tab 4, Inter-County’s revised tariff sheet 48. This sheet sets out Inter-County’s prepay service fee as \$8.20.

a. Provide the number of customers participating in the prepay program.

b. State if Inter-County believes a lower prepay service fee would encourage more customers to participate.

c. Explain whether Inter-County has deployed Automated Metering Infrastructure (“AMI”) meters to all of its customers, or only customers participating in the prepay program have AMI meters.

25. Refer to the Carter Testimony page 7, lines 14–17, in which Mr. Carter states that Inter-County has worked to deploy an AMI system.

a. Explain whether Inter-County sought Commission approval to install the AMI system. If so, provide the case number and date of the order allowing Inter-County to do so.

b. Refer to Case No. 2009-00143.¹ In the application in this case, at Exhibit 3-K1, Inter-County sought approval and was subsequently granted approval to install an Automated Meter Reading (“AMR”) system. State if the system described in the instant application in the Carter Testimony is a different system than the one that was approved for installation in Case No. 2009-00143.

c. Provide a detailed cost-benefit analysis supporting the claim that savings from the AMI system will be \$324,113 per year (in 2009 dollars).

d. Provide an estimate of the savings per year (in 2018 dollars).

e. If the answer to question 24c above is that Inter-County has deployed AMI meters system-wide, explain why Inter-County’s connection and disconnection charges should not be changed.

26. Refer to the Carter Testimony, page 7, lines 18–23. Inter-County states that it estimates it can save approximately \$115,000 per year due to managing its total workforce, and not back-filling some of its vacant positions. State how many vacant positions Inter-County has not back-filled, and how many vacant positions remain today.

27. Refer to the Carter Testimony, page 8, lines 4–7. The testimony states that Inter-County decided in 2008 that it would substantially reduce the number of cooperative-owned vehicles its employees were taking home and that it should save Inter-County approximately \$25,000 annually. Given that Inter-County implemented this measure approximately ten years ago, explain why Inter-County is not able to provide a more detailed description of the savings associated with implementing this change.

¹ Case No. 2009-00143, Application of Inter-County Energy Cooperative for a Certificate of Public Convenience and Necessity Pursuant to KRS 278.020(1) and 807 KAR 5:001, Section 9, and Related Sections, Authorizing Certain Proposed Construction Identified as the 2009- 2012 Construction Work Plan (Ky. PSC Dec. 23, 2009).

28. Refer to the Carter Testimony, page 8, lines 10–15. These lines show various changes Inter-County has made to various processes to improve system reliability and member satisfaction. Explain whether Inter-County is able to quantify the value gained from implementing these changes. (i.e. Provide any realized savings due to changing the cycles for its vegetation management program or its pole inspection program. Explain whether Inter-County reduced the amount or duration of outages due to replacing aged conductor and installing cut-outs and fault indicators.)

29. Refer to the Carter Testimony, page 9, line 11, in which Mr. Carter states that Inter-County had begun planning for a rate case to begin in 2017 but delayed the rate case when it became apparent that 2017 would be a more difficult year than 2016. Identify and explain all material changes in costs and expenses that made 2017 a more difficult year than 2016.

30. Refer to the Carter Testimony, page 10, lines 1–10. Mr. Carter states that: “the level of investment in our distribution system must increase” and that “we would like to add redundancy to our system so that outages can be worked around until power can be fully restored.”

a. Explain whether Inter-County has estimated the level of spending and the investment needed for its distribution system.

b. Provide Inter-County’s System Average Interruption Duration Index and System Average Interruption Frequency Index for 2017 by the substation.

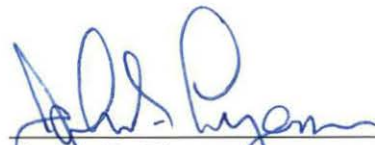
c. These lines also state that workforce retention is an issue and that turnover of Inter-County’s technically skilled workforce is high. Explain how many skilled

positions were vacated in 2017, and how many of the positions Inter-County was subsequently able to fill.

31. Refer to the Carter Testimony, page 8, line 10 in which Mr. Carter states that Inter-County was moving to a six-year vegetation management cycle. State when Inter-County moved to a six-year cycle and what the cycle was for each of the ten years preceding the change to a six-year cycle.

32. Provide the vegetation management expenditures for the past six years and the budgeted expenditures for the next three years.

33. Refer to the Gilliam Testimony, page 8. Explain what method Inter-County uses to depreciate its AMI system.

For 

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Public Service Commission
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DATED **JUL 03 2018** _____

cc: Parties of Record

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