

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF CLARK)	
ENERGY COOPERATIVE, INC. FOR A)	
GENERAL ADJUSTMENT OF RATES)	CASE NO.
PURSUANT TO STREAMLINED PROCEDURE)	2020-00104
PILOT PROGRAM ESTABLISHED IN CASE)	
NO. 2018-00407)	

COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION
TO CLARK ENERGY COOPERATIVE, INC.

Clark Energy Cooperative, Inc. (Clark Energy), pursuant to 807 KAR 5:001, is to file with the Commission an electronic version of the following information. The information requested herein is due on June 22, 2020. The Commission directs Clark Energy to the Commission's March 16, 2020 and March 24, 2020 Orders in Case No. 2020-00085¹ regarding filings with the Commission. The Commission expects the original documents to be filed with the Commission within 30 days of the lifting of the current state of emergency. All responses in paper medium shall be appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

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

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 16, 2020), Order at 5–6. Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 24, 2020), Order at 1–3.

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.

Clark Energy shall make timely amendment to any prior response if Clark Energy 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 Clark Energy fails or refuses to furnish all or part of the requested information, Clark Energy 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 applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Clark 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 application, paragraph 4. Provide the monthly energy sales by class for Clark Energy for the years 2010 to date.
2. Refer to the application, Exhibit 1. Provide an example when Clark Energy experienced rate volatility due to its existing rates not aligning with the cost of providing service.

3. Refer to the Direct Testimony of Robert C. Brewer (Brewer Testimony), page 7.
 - a. Quantify the annual savings Clark Energy realized from removing the cost of living adjustment from the Retirements and Savings (R&S) plan in 2016.
 - b. Quantify the annual savings Clark Energy realized from the prepayment to the R&S plan made in 2013.
 - c. Quantify the annual savings Clark Energy realized from lowering the R&S benefit level for new hires after 2015 from 2.0 to 1.75.
4. Refer to the Brewer Testimony, page 8.
 - a. Provide the itemized savings for the \$73,000 per year linked to changes in healthcare.
 - b. Quantify the savings gained from the implementation of the GPS/inventory project.
5. Refer to the Brewer Testimony, page 9. Provide the Key Ratio Trend Analysis. If this is a report, provide the entire report.
6. Provide the number of net metering customers, the annual average usage, and annual average bill for the years 2015, 2016, 2017, 2018, and 2019.
7. Refer to the Direct Testimony of Holly S. Eades (Eades Testimony), page 6.
6. Explain why depreciation has increased over \$1.59 million since 2010.
8. Refer to the Eades Testimony, page 7. Explain for what the \$2 million Rural Economic Development Loan proceeds have been used.

9. Refer to the Eades Testimony, page 8. Provide the total advances against the referenced line of credit of \$8,500,000 as of the date of this request. State the current interest rate on these advances, if any.

10. Refer to the Eades Testimony, page 9. Clark Energy offers a 401K plan that is contributed 100 percent by employees and an R&S plan. Explain why Clark Energy has not transitioned away from the R&S plan to a 401K plan.

11. Refer to the Eades Testimony, pages 9 and 10. Ms. Eades describes steps towards employee contribution towards employment benefits. Explain whether, as employee contributions have increased, employer contribution to flexible spending accounts or some type of health saving accounts has always increased.

12. Refer to the Eades Testimony, page 10.

a. Provide the wage and salary study used in developing Clark Energy's salary scale.

b. Provide the industries that the wage and salary used as comparisons for the salary scale. If the comparable industries only include utilities, explain why Clark Energy did not look at the regional market in its wage and salary study.

13. Refer to the Eades Testimony, page 13.

a. Provide supporting invoices for any rate case expenses incurred to date that have not already been provided in the application, Exhibit 36.

b. Additionally, refer to the Excel spreadsheet provided as Exhibit 30, entitled "Exhibit_30_Clark_Rev_Req_Filed.xlsx", tab 1.10 Int. Provide the three-year and five-year average respectively of interest payments on Clark Energy's debt service

starting with the year 2021. Provide any supporting calculations in Excel spreadsheet format.

c. Refer to the Excel spreadsheet referenced above, tab 1.6 NonRec. Provide a more detailed explanation and history of the AT&T Black-billing for joint pole usage referenced on Line #1. Explain why this item is not likely to recur.

14. Refer to the Direct Testimony of John Wolfram (Wolfram Testimony), pages 20 and 21. Provide the Rates of Return, as displayed on Table 3, which will result with the proposed revenue allocation.

15. Refer to the Wolfram Testimony, page 25. Clark Energy is proposing to increase the marketing service rate.

a. Confirm that this rate is for those customers with Electric Thermal Storage (ETS) units. If this cannot be confirmed, provide the type meter used by the customers who are served by the marketing service rate.

b. Explain whether Clark Energy currently offers installation of new ETS units.

c. Explain whether Clark Energy provides repair service for the ETS units. If so, explain whether Clark Energy finds it difficult to locate replacement parts.

d. In Case No. 2018-00251,² Salt River Electric Cooperative Corporation (Salt River Electric) applied and receive approval for the discontinuance of the Residential Marketing Rate for ETS customers. In the application, Salt River Electric stated one reason for the discontinuance was because the rate structures from East

² Case No. 2018-00251, *Tariff Filing of Salt River Electric Cooperative Corporation to Discontinue Its Residential Marketing Rate*, (Ky. PSC Nov. 20, 2018).

Kentucky Power Cooperative have changed and distorted the rate design so that there was a 2.66 percent cost shift to non-ETS customers.

(1) Explain whether the current rate design results in a cost shift to non-ETS customers. If so, provide the percent of this cost shift.

(2) Explain whether the proposed rate design still results in a cost shift to non-ETS customers. If so, provide the percent of this cost shift.

e. Explain why Clark Energy wishes to continue offering the Time of Use Marketing Service Rate.

16. Refer to the application, Exhibit 21. Explain whether Clark Energy still anticipates to draw down \$2 million in 2020, and provide the anticipated date.

17. Refer to the application, Exhibit 26.

a. Explain whether any studies have been performed by Clark Energy or through any independent consultant with regard to the reasonableness of executive salaries.

b. Provide the position of Clark Energy's board of directors that caused them to grant an increase to executive salaries in the amounts of 4.00 percent, 4.00 percent, and 6.00 percent, respectively for the past three years.

c. State whether similar increases have been given to Clark Energy's other employees. If the increases year over year differ from the amounts stated above for executive salaries, state the amount of each percentage increase by each employee class.

18. Refer to the application, Exhibit 27, page 7. Provide supporting invoices and explanations for the entries in account 930.20, Miscellaneous Expense that were included in pro forma expenses.

19. Provide all costs and benefits Clark Energy has sustained during the COVID-19 state of emergency.

20. Provide the annual percent of customers who receive disconnect notices and the percent who are disconnected due to nonpayment for the past five years.

21. Provide the percent of customers who have not paid their bills for each month of 2020.

22. Refer to the application, Exhibit 30_Clark_Rev_Req_Filed.xlsx, tab 1.01FAC.

a. Refer to the April Fuel Adjustment Clause filing (FAC). In the application, the FAC expenses are (\$179,467), but in the monthly filing, they are (\$179,078). Reconcile this difference.

b. In the application, the FAC adjustment's expenses are from the timeframe of January 2019 to December 2019, but the Revenues used are from December 2018 to November 2019. Reconcile why different timeframes were used to calculate the adjustment.

c. Explain why Clark Energy did not make a pro forma adjustment for the \$118,396 difference in revenue and expenses.

23. Refer to the application, Exhibit 30_Clark_Rev_Req_Filed.xlsx, tab 1.02ED. Explain why Clark Energy did not make a pro forma adjustment for the (\$58,483) difference in revenue and expenses.

24. Refer to the application, Exhibit 30_Clark_Rev_Req_Filed.xlsx, sheet "1.04 CUST," cells F24 and F25. Refer also to Clark Energy's 2019 Annual Report (Annual Report), pages 33 and 45.

a. Reconcile the differences between the calculated average number of residential customers in Exhibit 30 and the reported average number of residential customers in the 2019 Annual Report.

b. Reconcile the differences between the end-of-year (December) amount of customers reported in Exhibit 30 and the end-of-year (December) amount of customers reported in the 2019 Annual Report.

25. Refer to the application, Exhibit 30_Clark_Rev_Req_Filed.xlsx, sheet "1.06 NonRec", cells E13-E15. Refer also to the 2019 Annual Report, page 37. Explain the differences between the expenses recorded in the Annual Report and the expenses recorded in cells E13–E15.

26. Provide the average monthly usage of residential members receiving LiHEAP benefits.



Kent A. Chandler
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

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cc: Parties of Record

*L Allyson Honaker
Goss Samford, PLLC
2365 Harrodsburg Road, Suite B325
Lexington, KENTUCKY 40504

*Chris Brewer
Clark Energy Cooperative, Inc.
2640 Ironworks Road
P. O. Box 748
Winchester, KY 40392-0748

*David S Samford
Goss Samford, PLLC
2365 Harrodsburg Road, Suite B325
Lexington, KENTUCKY 40504

*John Wolfram
Catalyst Consulting
3308 Haddon Rd
Louisville, KENTUCKY 40241

*J. Michael West
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Clark Energy Cooperative, Inc.
2640 Ironworks Road
P. O. Box 748
Winchester, KY 40392-0748