

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE  
COMMISSION

In the Matter of:

APPLICATION OF SOUTH KENTUCKY RURAL )  
ELECTRIC COOPERATIVE CORPORATION ) CASE NO. 2005-00450  
FOR AN ADJUSTMENT OF RATES )

**ATTORNEY GENERAL'S SUPPLEMENTAL REQUEST  
FOR INFORMATION TO SOUTH KENTUCKY  
RURAL ELECTRIC COOPERATIVE CORPORATION**

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits Supplemental Requests for Information to South Kentucky Rural Electric Cooperative Corporation, to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.
- (2) Please identify the witness who will be prepared to answer questions concerning each request.
- (3) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.
- (4) If any request appears confusing, please request clarification directly from the Office of Attorney General.
- (5) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(6) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.

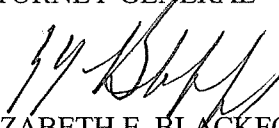
(7) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(8) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(9) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

Respectfully submitted,

GREGORY D. STUMBO  
ATTORNEY GENERAL



ELIZABETH E. BLACKFORD  
LAWRENCE W. COOK  
ASSISTANT ATTORNEYS GENERAL  
Office for Rate Intervention  
1024 Capital Center Drive, Suite 200  
Frankfort, KY 40601  
(502) 696-5453

CERTIFICATE OF SERVICE AND NOTICE OF FILING

I hereby give notice that this the 5th day of June, 2006, I have filed the original and eight copies of the foregoing with the Executive Director of the Kentucky Public Service Commission at 211 Sower Boulevard, Frankfort, Kentucky, 40601 and certify that this same day I have served the parties by mailing a true copy of same, postage prepaid, to those listed below.

ALLEN ANDERSON  
MANAGER  
SOUTH KENTUCKY RECC  
P O BOX 910  
SOMERSET KY 42502-0910

HONORABLE DARRELL L SAUNDERS PSC  
P O BOX 1324  
CORBIN KY 40702



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1. Exhibit 11, pages 7 and 8 show that the test year includes \$283,524 for KY Living magazine expenses. In this regard, please provide the following information:
  - a. Confirm the above-stated fact. If you do not agree, please explain your disagreement.
  - b. Provide copies of the KL magazines for the months of January and September 2005.
  - c. Explain the nature and purpose of the magazine.
  - d. Is the KL magazine content directly related to, and informative of, SKRE's operations, service territory and members? If so, to what extent?
  - e. Justify the cost of almost \$300,000 per year for this type of magazine and explain what annual benefits (expressed in dollars) the members receive from this magazine.
  - f. Provide the actual KL magazine expenses booked by SKRE in each of the last 5 years.
2. With regard to the response to AG-1-2, is South Kentucky aware of the fact that in Delta Natural Gas Company's 1999 rate case, Case No. 1999-176, the Commission stated that it is inconsistent to include customer deposit interest for ratemaking purposes without at the same time deducting customer deposits from rate base, and that, for that reason, the Commission ruled that customer deposits should not be deducted from rate base and customer deposit interest should not be included as an above-the-line ratemaking expense?
3. For each of the grants listed in the response to AG-1-10a, f, h, j, k, and l, please provide the following information:
  - a. The response to AG-1-10 indicates that all of these grants are donations given by South Kentucky to the various recipient organizations. If you do not agree, explain what exactly each of these grants represents.
  - b. Explain what activities Garland performs in "assisting with the grants awarded" and in "grant writing services."
4. Please describe the type, nature and purpose of services rendered for the "Articles in KY Living magazine" charges and the "Economic Development in KY Living magazine" in Exhibit 11, pages 7 and 8, lines 32, 57, 75 and 76.
5. With regard to lines 97 – 107 in Exhibit 11, page 8 and the response to PSC-2-22, please provide the following information:
  - a. The Rural Business Opportunity grants listed on lines 97 – 107 would appear to be donations from South Kentucky to the various recipients.

- Please confirm this. If you do not agree, explain what exactly each of these grants represents.
- b. What is the nature and purpose of the “cash receipts” shown on lines 100, 104 and 105?
  - c. Please explain in more detail what is meant by “This is a \$70,000 grant, with a requirement that matching funds of \$20,000 be obtained.” Is the entire grant amount of \$70,000 for South Kentucky with \$20,000 coming from South Kentucky and \$50,000 to be received by South Kentucky from RUS after South Kentucky has spent the \$20,000 funds? Please describe in detail how South Kentucky plans to use the \$50,000 received from RUS?
6. With regard to page 3 of 3 of the response to PSC-2-30, please provide the following information:
- a. Indicate exactly where the non-utility property revenues and expenses listed on page 3 of 3 are reflected in the “Normalized Test Year” column on Exhibit S, page 2 of 4.
  - b. Provide a revised Exhibit S, page 2 showing the impact of the removal of any non-utility property revenues and expenses reflected in the “Normalized Test Year” column on Exhibit S, page 2.
7. Follow-up to Question 21. Do the figures in the second column “Total kWh Sales Schedule A” include the sales in the first column “ETS kWh Sales Schedule A”, or is the second column simply sales metered separate from the ETS sales?
8. Follow-up to Question 22. Do the figures in the second column “Total kWh Sales Schedule A” include the sales in the first column “ETS kWh Sales Schedule A”, or is the second column simply sales metered separate from the ETS sales?
9. Follow-up to Question 31. Please provide the source of the figures used in this response. If the source is the Cost of Service Study, please provide the location in the study from which these figures are taken.
10. Follow-up to Question 34.
- a) Please provide all calculations, assumptions and workpapers used to develop this 60% figure in the 1980’s.
  - b) Please provide all calculations, assumptions and workpapers that show that this 60% figure is still relevant today and should not be changed to some updated figure.
11. Follow-up to PSC-2, Question 1a. This response states that ETS customers have signed up for 10 year contracts. Please provide a schedule showing the number of ETS customers that have signed 10 year contracts, by year, for each year since the ETS program was adopted.

12. Follow-up to PSC-2, Question 1b. In response to AG Questions 31, 32, and 33, Mr. Adkins based his response on the principle of the “Cost to Serve.” Please explain why he is unwilling to apply this “Cost to Serve” principle to the ETS program.