

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION TO
NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION

Nolin Rural Electric Cooperative Corporation ("Nolin"), pursuant to 807 KAR 5:001, is to file with the Commission the original and ten copies of the following information, with a copy to all parties of record. The information requested herein is due on or before June 6, 2017. Responses to requests for information shall be appropriately bound, tabbed, and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or 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.

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

refuses to furnish all or part of the requested information, Nolin 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, Nolin 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, Exhibit C, Schedule 5 Security Lights Tariff Sheet. Provide a cost justification of the \$20 fee for Temporary Meter Poles.

2. Refer to the Application, Exhibit 1. Confirm whether all hourly employees are eligible for overtime.

3. Refer to the Application, Exhibit 6, and Nolin's response to Commission Staff's Third Request for Information ("Staff's Third Request"), Item 16, revised Exhibit 6, which explain that normalized test-year wages and the contribution rate for 2016 were used to calculate the proposed contribution cost for retirement and security. Refer also to the Application, Exhibit 1. Confirm that actual test-year base wages and the 2016 contribution rate were used to calculate the proposed contribution cost and the resulting adjustment proposed by Nolin.

a. If confirmed, explain whether normalized test-year wages should have been used to calculate the proposed contribution cost and adjustment.

b. If confirmed, explain whether Nolin's proposed adjustment amount of \$107,139 would change. If so, provide the revised adjustment amount and a revised Exhibit 6.

4. Refer to Nolin's responses to Commission Staff's First Request for Information, Item 24, and Commission Staff's Fourth Request for Information ("Staff's Fourth Request"), Item 9. Provide the amount paid in the test year for the PSC Annual Assessment fee.

5. Refer to Nolin's responses to Commission Staff's Second Request for Information, Item 18.b. Provide the journal entries that originally recorded and corrected the error referenced in this response.

6. Refer to Nolin's response to Staff's Third Request, Item 2.a.(1). The response indicates that employee number 219 is a temporary full-time employee working on a special project. Explain this special project, including its expected duration, and why employee number 219 should be included in the normalized test year as a full-time employee.

7. Refer to Nolin's response to Staff's Third Request, Item 2, Revised Exhibit 1, page 10. Explain if the "Date Terminated" dates are the last day that these employees worked at Nolin.

a. Refer to Nolin's response to Staff's Fourth Request, Item 13, Staff's Fifth Request, Item 2. Explain why employee Greg Harrington is listed as having attended an NRECA conference in February 2016, after the "date Terminated" date of January 31, 2016.

b. Explain why employee OV Sparks is listed as attending the NRECA Annual Meeting and TechAdvantage conference in February 2016, approximately six weeks before the "Date terminated" date of March 31, 2016.

8. Refer to Nolin's response to Staff's Third Request, Item 3.u., which explains that radio advertisements for the Simple Saver and Appliance Recycling Programs were included in miscellaneous expense for the annual meeting, Exhibit 10 of the Application. Radio advertisements for the Simple Saver and Appliance Recycling program are included in test-year advertising expense identified in Exhibit 11 of the Application. Confirm that these expenses are not included in both exhibits.

9. Refer to the response to Staff's Fourth Request, Item 11.b. Explain whether the individuals identified in the response as responsible for the annual review of Nolin's depreciation have had specialized training or education in the analysis of factors affecting depreciation rates, preparation of depreciation studies, and establishing appropriate depreciation rates. If so, provide the specialized training or education for each individual.

10. Refer to Nolin's response to Staff's Fourth Request, Item 13, page 2, and Commission Staff's Fifth Request for Information ("Staff's Fifth Request"), Item 2, Attachment 2. The responses indicate that several Nolin employees attended the NRECA Annual Meeting and the NRECA TechAdvantage expo and conference, which were held during the same week.

a. Confirm that Nolin employees Miller, Sparks, Heuser, and Ryan attended both events and Nolin employee Mattingly attended only the NRECA Tech Advantage.

b. Provide a breakdown of their expenses for each event.

c. In the response to Staff's Fourth Request, page 2, check number 15001822 has an item listed as "NRECA Legislative Conference," with Mr. Miller as an attendee, and several other NRECA events with various attendees. In the response to Staff's Fifth Request, Attachment 2, this check number's description changes to only "NRECA Annual Meeting" for multiple attendees. Confirm to which event(s) this check number relates.

11. Refer to Nolin's response to Staff's Fourth Request, Item 23. Provide a cost justification of Nolin's reconnect fee of \$20.

12. Refer to Nolin's response to Staff's Fifth Request, Item 2, Attachment 2. Provide a detailed explanation of the costs incurred and paid to Visa for items associated with attendance at the listed meetings, conferences, trainings, and seminars.

13. Refer to Nolin's supplemental response to the Attorney General's Second Request for Information ("AG's Second Request"), Item 1, filed on May 10, 2017, pertaining to expenses associated with filing this rate case.

a. Refer to the copies of three invoices from John J. Scott, PSC submitted with the response, which appear to be only the first page of each invoice. Provide complete copies of the invoices.

b. Provide an updated schedule of total rate case expense incurred through the May 18, 2017 hearing, including any estimated expenses that have not been billed. For any estimated expenses, provide a detailed breakdown of each category of expense.

14. Refer to Nolin's response to the Attorney General's First Request for Information, Item 3, Attachment Item #3, at 49–50. Provide the limit on Directors,' Officers,' and Managers' coverage before the increase to \$10 million.

15. Refer to Nolin's response to the AG's Second Request, Item 2.b., Attachment 2H.

a. Provide when Board Policy No. 202 was revised to include Incidental Expenses, paragraphs 3 and 4.

b. Provide any expenses incurred pursuant to Incidental Expenses, paragraph 4, included in the test year.

16. Provide the 2016 per-employee health insurance premiums for all coverage levels available to Nolin's employees and the number of employees covered at each level as of the end of the test year.

17. Confirm that expenses for Nolin's ethics monitor are not included in the test year.

18. Provide an itemized list of Nolin's cost-containment measures with a complete description of the measures taken and any associated dollar amounts for each item.

19. Explain whether Nolin's Long Term Disability insurance is a separate policy or is included in Nolin's insurance package from the National Rural Electric Cooperative Association.

20. Provide the number of employees that have life insurance policies for over \$50,000.

21. Explain how life insurance premiums were paid during the test year.

22. Provide the salary and wage increase for the test year, separated by hourly and salaried employees.

23. Provide Nolin's policy for classifying employees as exempt or non-exempt.

24. Provide Nolin's employee turnover ratio for calendar years 2015 and 2016. Identify the number of employees who retired in each year.

25. Provide the amount and a description of bonuses paid by Nolin in the test year for each employee.

26. Refer to the final Order in Case No. 2011-00141,¹ page 3, which states, "Nolin is proposing a daily charge of \$0.17 (or \$5.10 per month) to participate in the Prepay Program. The charge will cover the cost of necessary metering equipment and computer software." Also refer to the Appendix to this request.

a. Given that \$300 was included for a prepay meter, and that Nolin's AMI metering system is now fully deployed, explain why the Commission should not reduce Nolin's prepay meter program monthly fee by removing the cost of the prepay meter.

b. Provide a revised prepay tariff sheet which shows the cost of administering the prepay program without including costs of the prepay meter.

¹ Case No. 2011-00141, *Application of Nolin Rural Electric Cooperative Corporation for Approval of a Prepay Metering Pilot Program Tariff* (Ky. PSC June 20, 2011).



Talina R. Mathews
Executive Director
Public Service Commission
P.O. Box 615
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DATED **MAY 23 2017**

cc: Parties of Record

Case No. 2016-00367

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2016-00367 DATED **MAY 23 2017**

Nolin Rural Electric Cooperative Corporation
Second Information Request – Case No. 2011-00141
Public Service Commission Staff Request Dated May 6, 2011

Question 5(a-g):

5. Refer to Exhibit A of the application.

- a. The Rates section states that, in addition to the customer charge, Prepay Program customers will incur an additional fee of 17 cents per day. Provide the supporting cost justification for this charge.

Answer:

The first part of this exhibit is equipment cost and this is the amount of investment that Nolin RECC will make for each participant in this program. Listed below is the investment per member and is segmented into two components: the allocated investment and the direct investment.

Equipment Costs			Per Member
1	Software for program	\$20,000	\$66.67
2	Number of participants	300	
3	Pre-pay Meter		\$300
			<hr/>
Investment per Member			\$366.67

The software cost is the allocated investment and has been allocated over the expected pilot participants of 300 members and amounts to \$66.67 per participant. The timeframe obtaining this number of participants cannot be determined at the present time, but Nolin's intent is three years. The participant or direct investment is \$300.00. The second part is an estimate of the annual costs for this program for each one of its participants.

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