

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF TAYLOR)	
COUNTY RURAL ELECTRIC COOPERATIVE)	CASE NO.
CORPORATION FOR A GENERAL)	2023-00147
ADJUSTMENT OF RATES)	

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

Taylor County Rural Electric Cooperative Corporation (Taylor RECC), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on July 21, 2023. The Commission directs Taylor RECC to the Commission's July 22, 2021, Order in Case No. 2020-00085¹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and 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

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Taylor RECC shall make timely amendment to any prior response if Taylor RECC obtains information that indicates the response was incorrect or incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which Taylor RECC fails or refuses to furnish all or part of the requested information, Taylor RECC shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned 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, Taylor RECC 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 8, Direct Testimony of Jeffery Williams (Williams Direct Testimony), page 4. Also refer to the Application, Exhibit 9, Direct Testimony of Patsy Walters (Walters Direct Testimony), page 9.

- a. Provide supporting documentation for a right-of-way (ROW) increase of \$3,279,658, including the current ROW contract.

b. Provide the annual ROW costs, miles cleared, and costs per mile line from 2016 to the most recent available data for 2023.

c. Provide the request for proposal and all responses for the most recent ROW contract.

d. Provide Taylor RECC's vegetative management plan.

2. Refer to the Williams Direct Testimony, page 4. Explain whether Taylor RECC annualized the pass-through rate increase approved in 2021. If so, state the location of this adjustment. If not, explain why not.

3. Refer to the Williams Direct Testimony, pages 5–6. Provide the 2020 contract that was executed by Taylor RECC and Local Union No. 89, General Drivers, Warehousemen and Helpers, Affiliated with International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America (Teamsters). Also provide the contract that was in place prior to 2020 with the Teamsters. Include in the prior contract any red line changes with the 2020 contract.

4. Refer to the Williams Direct Testimony, page 9.

a. Provide Taylor RECC's annual reliability metrics for 2016 to the most recent available data for 2023 and separately show outages caused by ROW vegetation.

b. Provide the basis for a five-year ROW clearing cycle.

5. Refer to the Williams Direct Testimony, page 10. State when in 2022 Taylor RECC engaged Mr. Wolfram for the rate analysis.

6. Refer to the Walters Direct Testimony, page 9. Provide the adjustment necessary to reduce Taylor RECC's life insurance premium expense to the lesser of \$50,000 or the employee's base salary.

7. Refer to the Walters Direct Testimony, pages 9–10. Provide the number of employees that contribute at least 3 percent of their base salary to Taylor RECC’s 401(k) savings plan.

8. Refer to the Walters Direct Testimony, Exhibit PW-1. Provide the same information for 2022.

9. Refer to the Application, Exhibit 10, Direct Testimony of John Wolfram (Wolfram Direct Testimony), pages 8–9. State the credit metrics which are used in Taylor RECC’s debt covenants.

10. Refer to the Wolfram Direct Testimony, page 22, which states that “the COSS supports a fixed monthly charge of \$30.79 for the residential class. This is shown on Exhibit JW-3, page 2. Since the current charge is \$10.22 per month, the fixed customer charge should be increased.”

a. Provide documentation to support how Taylor RECC determined the residential customer charge should be \$16.84 instead of the \$30.79 as determined by the cost-of-service-study (COSS).

b. Provide information on the way Taylor RECC will recover the additional difference between the \$16.48 customer charge and the \$30.79 customer charge recommended by the COSS.

11. Refer to the Wolfram Direct Testimony, page 23, Table 4 – Proposed Base Rate Increases. Explain why Taylor RECC is not requesting an increase in the customer charge for the General Purpose Part 2 > 50 KVA – GP2 and Large Industrial – B1 customer classes.

12. Refer to the Wolfram Direct Testimony, Exhibit JW-2, Schedule 1.03. Provide a breakdown of the test-year interest expense in the same format as Schedule 1.03.

13. Refer to the Wolfram Direct Testimony, Exhibit JW-2, Schedule 1.04.

- a. Explain why it is appropriate to normalize depreciation based on December 31, 2022, ending balances for a test-year ended December 31, 2021.
- b. Provide the plant additions for each account during 2022.
- c. Provide the adjustment necessary to normalize depreciation expense based on plant balances ending December 31, 2021.

14. Refer to the Wolfram Direct Testimony, Exhibit JW-2, Schedule 1.05. Explain whether Taylor RECC expects to decrease ROW expenses outside of routine clearing. If so, provide an estimate of the decrease. If not, explain why not.

15. Refer to the Wolfram Direct Testimony, Exhibit JW-2, Schedule 1.07.

- a. Provide the test-year storm damage expense and identify any capitalized portion.
- b. Explain how Taylor RECC receives reimbursement for storm damage repairs, including any change from 2021.

16. Refer to the Wolfram Direct Testimony, Exhibit JW-2, Schedule 1.08. Provide the test-year amount for each item.

17. Refer to the Wolfram Direct Testimony, Exhibit JW-2, Schedule 1.09.

- a. Explain why Taylor RECC did not remove amounts for “NRECA Winter School,” “KEC Annual Meeting,” and “CFC Workshop” for Director Shufett or “EKPC Annual Meeting” for Director Tucker.

b. Explain the basis for a retainer for the Board of Directors.

c. Explain the difference between test-year per diems and pro forma per diems.

18. Refer to the Wolfram Direct Testimony, Exhibit JW-2, Schedule 1.10.

a. Identify which employees are union and which are non-union.

b. Provide the 2021 wage rate for each employee.

c. Explain why the pro forma wages are normalized to 2,080 hours for employees that had test-year hours of less than 2,080 hours but overtime was not reduced for these employees.

19. Refer to the Wolfram Direct Testimony, Exhibit JW-2, Schedule 1.12 and Case No. Case No. 2019-00053,² final Order, page 9. Provide the adjustment necessary to reduce Taylor RECC's contribution to employee insurance premiums to the Bureau of Labor Statistics' average.



Linda C. Bridwell, PE
Executive Director
Public Service Commission
P.O. Box 615
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DATED JUL 05 2023

cc: Parties of Record

² Case No. Case No. 2019-00053, *Electronic Application of Jackson Purchase Energy Corporation for a General Adjustment in Existing Rates* (Ky. PSC June 20, 2019).

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