

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF SOUTH KENTUCKY RURAL	)	
ELECTRIC COOPERATIVE CORPORATION	)	
FOR A CERTIFICATE OF CONVENIENCE AND	)	CASE NO.
NECESSITY TO CONSTRUCT A NEW	)	2008-00371
HEADQUARTERS FACILITY IN SOMERSET,	)	
KENTUCKY	)	

FIRST DATA REQUEST OF COMMISSION STAFF TO  
SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION

South Kentucky Rural Electric Cooperative Corporation ("South Kentucky"), pursuant to 807 KAR 5:001, is to file with the Commission the original and 10 copies of the following information, with a copy to all parties of record. The information requested herein is due 10 days after the date of this Order. 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.

South Kentucky shall make timely amendment to any prior responses 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 South Kentucky fails or refuses to furnish all or part of the requested information, South Kentucky 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.

1. What is the total square footage of South Kentucky's current headquarters facilities in Somerset, Kentucky?

2. What is the total square footage of South Kentucky's current warehouse facilities in Somerset, Kentucky?

3. Refer to Paragraph 2 of the Application.

a. Provide a copy of the 2002 Facilities Analysis.

b. Is the 2002 Facilities Analysis the same study that was filed in Case No. 2005-00261, Application of South Kentucky Rural Electric Cooperative Corporation for a Certificate of Convenience and Necessity to Construct a District Office and Service Facility in Whitley City, Kentucky?

c. Provide in detail, with a full explanation, the most significant changes in the 2008 Facilities Analysis with respect to the 2002 Facilities Analysis.

4. Refer to Exhibit 1 of the Application.

a. Explain fully why the current headquarters facilities, including the warehouse, shops, and storage areas, have exceeded their effective life with no land available for expansion.

b. Explain fully why access to and from the current headquarters facilities has become a safety issue for South Kentucky employees and members.

c. Explain fully how the proposed new headquarters facilities would lower operating costs, including any quantitative analysis conducted to support such a conclusion.

d. Explain in detail the significance of obtaining a consumer-to-employee ratio of approximately 370 – 375 consumers per employee.

e. Based on the 2002 Facilities Analysis, state the total number of employees the proposed facility is designed to accommodate.

f. The 2008 Facilities Analysis states that the proposed facility should be designed to accommodate 164 employees. Provide the calculation in arriving at the projected staffing level of 164 employees by 2022.

g. The 2008 Facilities Analysis proposes significant increases in the size of the headquarters facilities as compared to the 2002 Facilities Analysis. The 2008 study proposes to increase the office space from 35,750 square feet (based on the 2002 study) to 49,200 square feet; to increase the warehouse facilities from 57,000 square feet (based on the 2002 study) to 67,800 square feet; and to increase the community room from 4,000 square feet (based on the 2002 study) to 4,900 square feet. Explain in detail why South Kentucky is proposing such large increases in office space, warehouse space, and community room space.

h. Explain fully why the cost of construction has increased significantly since the 2002 Facilities Analysis.

i. How many contractors did South Kentucky contact before arriving at the estimated cost per square foot for the headquarters facilities contained in the 2008 Facilities Analysis? What was the range of estimates provided to South Kentucky?

5. Refer to Exhibit 6 of the Application. Page 70 of the 2002 Facilities Analysis, entitled "Project Cost Conditions," provided that the building estimates were based on prefabricated steel structures such as "Butler Building" and that other designs would result in cost increase. Are the building estimates for the 2008 Facilities Analysis based on prefabricated steel structures?

6. South Kentucky is requesting expedited processing of this application on the grounds that "this time of year is a very beneficial time to do earth work..." and any delay in commencing the excavation process would increase the cost of construction. Explain why South Kentucky decided to wait until September to file the application.

7. When is the company expected to be able to provide specifics on the loans necessary for the construction of this project?

8. Provide load and member growth projections as indicated in the report titled "Facilities Analysis for Headquarters" dated August 2008 and filed as Exhibit 1 of the application. Refer to page 10 of Exhibit 1 of the Application. Provide information supporting the member growth projection.

9. Refer to Exhibit 4, Financing Plan For New Headquarters Facilities:

a. Provide documentation that supports the following statement:  
"Rural Development-Utility Services ("RD-US") is fully aware of South Kentucky's plan to finance these new facilities through the Guaranteed Loan Program."


b. Has South Kentucky received any preliminary loan commitment from the Federal Finance Bank or RD-US? If so, provide documentation that evidences the loan commitment.

10. When were the current headquarters and warehouse facilities constructed?

11. Refer to Exhibit 5 of the Application. Provide a schedule detailing the annual operating costs of the existing facilities for 2006 and 2007 and an estimate for 2008.

12. What is the estimated construction timeline for the new facilities?

13. Refer to Exhibit 1 of the Application. Explain fully why the cost per square foot for the Community/Training Room at \$150 is less than the cost per square foot for the offices, given that both are located in the same building.

  
for Stephanie Stumbo  
Stephanie L. Stumbo *w/permission*  
Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602-0615

DATED October 8, 2008

c: All Parties