

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

ATTORNEY GENERAL’S DATA REQUESTS

Comes now the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits these Data Requests to Clark Energy Cooperative, Inc. [hereinafter referred to as “Clark” or “the Company”] to be answered by the date specified in the Commission’s Orders 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) Identify the witness who will be prepared to answer questions concerning each request.
- (3) Repeat the question to which each response is intended to refer. The Office of the Attorney General can provide counsel for Clark with an electronic version of these questions, upon request.
- (4) 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.
- (5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or 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.

(6) If you believe any request appears confusing, request clarification directly from Counsel for the Office of Attorney General.

(7) 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.

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

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

(10) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or

otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information regardless of the media or format in which they are stored, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(11) 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.

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, 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.

(13) Provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

(14) “And” and “or” should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.

(15) “Each” and “any” should be considered to be both singular and plural, unless specifically stated otherwise.

Respectfully submitted,
DANIEL CAMERON
ATTORNEY GENERAL



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Certificate of Service and Filing

Pursuant to the Commission's Orders dated March 17, 2020 and March 24, 2020 in Case No. 2020-00085, and in accord with all other applicable law, Counsel certifies that an electronic copy of the forgoing was served and filed by e-mail to the parties of record. Further, the Attorney General will submit the paper originals of the foregoing to the Commission within 30 days after the Governor lifts the current state of emergency.

This 2nd day of June, 2020.



Assistant Attorney General

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1. Reference the Brewer testimony at pp. 5-6, wherein he describes Clark Energy Cooperative, Inc. ("Clark")'s AMI project. State whether the project has resulted in stranded costs from the prior metering system and/or related infrastructure that were retired. If so, provide the amount, and explain whether the Company intends to collect such costs in the current docket.
 - a. Describe all operational savings associated with the AMI program that have resulted in reduced expenses.
 - b. Provide the amount of meter reading expense savings that have occurred under the AMI program.
 - c. Explain whether Clark still retains meter readers. If so:
 - (i) provide a justification for doing so;
 - (ii) explain whether the meter readers are employees of Clark or contractors. If employees, provide the salary increments and benefits provided to them since the date the AMI system was completed.
2. Provide Clark's current fees for connections, disconnections, and reconnections, with references to where they can be found in Clark's tariff.
3. Explain whether Clark's AMI system allows for remote connects and disconnects.
4. Explain whether Clark has incurred or will incur any additional costs to allow the AMI system to communicate with other distribution equipment, including but not limited to breakers, reclosers, regulators, capacitors, distributed generation resources, load tap changers, smart inverters, fault circuit indications, and other communications capable devices. If so, provide the amounts so incurred, or cost projections.
5. State whether Clark has a load control or demand response (DR) program. If so:
 - a. Explain the program(s) in detail; and
 - b. Explain whether Clark provides data regarding DR results to EKPC.
6. Provide any cost savings resulting from the new AMI system for:
 - a. reduced line loss;
 - b. reduced outage management expense;
 - c. reduced energy theft;
 - d. remote connects / disconnects; and
 - e. avoidable meter re-reads

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7. Explain how the AMI system will work with the Company's existing SCADA, outage management, and customer information systems. If any of those systems will require upgrades / replacement to meet compatibility with the new meter system, explain in full detail and provide cost estimates.
8. Identify the DSM programs that Clark either currently has in place, or that it plans on having in place, that can utilize Clark's AMI technology.
9. State whether Clark makes residential TOU rates available to its customers. If so, explain whether participation in that rate increased after the Company deployed its AMI program.
10. Provide the Company's uncollectible expense for the test year and the two preceding calendar years.
11. Provide an explanation of how the Covid-19 crisis has affected the Company.
 - a. State whether Clark has applied to obtain a Paycheck Protection Program loan, and if so, whether the application was granted. Provide all details regarding the loan.
12. Reference the Brewer testimony at p. 6, regarding employee count. Identify the departments that experienced decreased headcount, and the reasons therefore.
13. Provide the Company's TIER levels for each year 2010 to as recent as possible in 2020.
14. Provide the Company's current DSC, and the DSC level it is required to maintain by any applicable covenant.
15. Has Clark conducted any studies to compare the Company's salary, benefits, raises and bonuses per employee with the standard salary, benefits, raises and bonuses of the workforce in the counties that it services? If so, provide copies of all such studies. If not, explain why a study has not been performed.
16. Does Clark employ the relatives of:
 - a. Any Clark Board Member;
 - b. Any Clark Officer;
 - c. Any Clark Consultant; and/or
 - d. Any other Clark Employee?If so, provide specific details.

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17. Reference the application generally. Provide copies of all studies that Clark has conducted addressing the impact that the proposed rate design will have on the elderly, low income, fixed income and home bound segments of its ratepayer base. Provide detailed information for each specified group.
18. Provide the number of Clark residential customers whose usage falls below the system average for the residential class.
19. Provide the total amount of all annual bonuses of any type or sort Clark has granted during the test year and the two preceding years, in terms of actual dollar amounts for each position, including bonuses to officers and directors.
20. Confirm that by placing the full amount of the proposed rate change upon the monthly customer charge, Clark will make it more difficult for its customers to conserve energy.
 - a. Confirm that the purpose of the proposed rate change is to incentivize energy consumption. If Clark does not agree, explain completely why not.
21. Do any of Clark's directors have life insurance coverage with benefits in excess of \$50,000? If so:
 - a. Provide the amount that Clark pays for that portion of the premium attributable to coverage over \$50,000; and
 - b. State whether any portion of this amount is included for purposes of ratemaking.
22. Has the Company provided any type of new benefits to employees, officers, or directors in the past four years? If so, provide a complete description, the monetary value(s) thereof, and the sums included in rates.
23. Provide a copy of Clark's anti-nepotism policy.
24. State to what extent, if any, Clark utilizes weather normalization for its base rates.
25. Reference the Eades testimony at p. 12. Provide all data to support Clark's contention that low-income customers consume more energy than other residential customers.

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- a. Explain if the Company is aware of the study ¹ accessible at the footnote below indicating that low-income customers contribute less to peak loads than most other customers.
26. Reference Exhibit HSE-2, Independent Auditor's Report dated April 30, 2019 and 2018, note 1 at p. 12 of 22, the statement that "All tax related issues would be passed on to Service Corporation." Reference also Application Exhibit 15, sponsored by witness Eades.
- a. Explain what services Clark Energy Services Corporation ("the Service Corporation") provided with regard to both Clark, and Clark Energy Propane Plus, LLC ("Clark Propane").
 - b. Explain the nature of the tax issues that were passed on to the Service Corporation. Explain also whether the Service Corporation filed a consolidated return, including both Clark and Clark Propane.
 - c. Explain why the Service Corporation was dissolved, and confirm that the dissolution occurred on November 6, 2017. If so confirmed, explain why the Independent Auditor's Report dated April 30, 2019 and 2018 makes reference to tax issues being passed on to the Service Corporation.
 - d. State when the next independent auditor's report will become available.
27. Explain whether any portion of the proposed revenue increase will go toward the operations of Clark Propane. If so, provide a detailed justification.
- a. Explain if any employee of Clark also performs work for Clark Propane. If so, explain what portion of the employee's salary and benefits are allocated to Clark, and what portion to Clark Propane, and the justifications thereof.
 - b. Explain whether Clark Propane shares any offices and/or other facilities, motor vehicles, equipment (including office equipment and data management systems) or other plant with Clark. If so, explain what portion of the costs thereof are paid by Clark Propane.
 - c. Explain whether Clark Propane is a customer of Clark for purposes of electric service. If so, explain whether Clark Propane has its own account with Clark, and whether Clark Propane has one or more electric meters in the sole name of Clark Propane.

¹ <https://energynews.us/2019/06/27/midwest/illinois-smart-meter-data-illustrates-demographic-divides-in-electricity-use/>

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- d. Explain whether Clark Propane is covered under any of Clark's insurance policies. If so, provide the percentage of the insurance premium for each policy that goes toward providing coverage to Clark Propane.
 - e. Explain whether the benefits of Clark Propane employees, officers and directors are paid in full or part by Clark. If so, provide the percentage of all such benefits that are paid by Clark.
 - f. Explain whether employees, officers or directors of Clark Propane participate in the NRECA Retirement and Security Plan. If so, explain whether Clark pays any portion of the funds going toward this fund with regard to Clark Propane's employees, officers or directors.
 - g. Explain whether Clark contributes any sums toward any defined contribution plan on behalf of Clark Propane's employees, officers or directors, and if so, how much.
 - h. Reference Exhibit HSE-2, Independent Auditor's Report, p. 11, note four. Explain the following statement: "During August, 2015, Propane Plus purchased East Kentucky's outstanding stock with a note payable in the amount of \$500,351. The note is for 10 years with monthly principal and interest payments are \$4,740."
28. Reference Exhibit HSE-2, Independent Auditor's Report, p. 11, note five. Explain whether Clark will have an opportunity to re-negotiate the 4% interest rate on advances taken on the CFC line of credit, and if so, when.
- a. Explain whether other EKPC member-owner cooperatives have a similar interest rate on CFC lines of credit.
29. Reference Application Exhibit 29.
- a. With regard to directors' expenses, confirm that the Company has included \$117,382, and excluded \$58,846.
 - b. Identify Clark's designated NRECA Annual meeting director attendee.
 - c. Confirm that during the test year, the Company has included directors' expenses for the Annual NRECA meeting totaling \$2,175 for the following directors: Linville Gale Means, James M. Wells, and Robert Russell.
 - d. Confirm that an additional \$1450 of director expense should be excluded.
30. Reference Application Exhibit 26. Confirm that during the test year, Clark's president received a 6% salary increment.

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- a. Provide the test year salary increments for the following: Vice President of Finance; Vice President of Engineering; Vice President of Operations; and Manager of Employee and Member Relations.
 - b. Provide the test year salary increments for all other employees.
31. Explain whether Clark has any plans to return any portion of its patronage capital to its members.
- a. Explain the criteria, if any, for establishing the circumstances under which Clark would return any portion of its patronage capital.
 - b. Explain whether Clark has considered using its members' patronage capital to offset all or any portion of the proposed base rate increase. If not, why not?
32. Explain whether Clark has considered obtaining new financing in order to re-finance older debt having higher interest rates. If not, why not?
33. Discuss generally the justification for the proposal to increase the Residential Rate R customer charge from \$12.43 to \$18.00 per month.
- a. The Company suggests that this increase in the customer charge, "is consistent with the ratemaking principle of gradualism." See Wolfram testimony at 24. That testimony asserts that the COSS supports a fixed monthly charge of \$35.01 for the residential class. *Id.* at 22. Indicate whether it is the intent of the Company to achieve a customer charge of \$35.01 in future rate cases.
 - b. Identify other cases where the Commission has approved an increase to the customer charge of 44.8% or greater.
 - c. Identify specifically how the Company's rate-structure, "results in significant under-recovery of fixed costs." *Id.* at 22.
 - d. Discuss whether the Company has studied whether the proposed increase in the customer charge will increase delinquencies.
 - e. Discuss how conservation and energy efficiency practices on the part of consumers result in under-recovery of fixed costs.
 - f. Discuss whether under-recovery of fixed costs in the customer charge has been off-set historically by energy charges.