

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

**ELECTRONIC APPLICATION OF)
SOUTH KENTUCKY RURAL ELECTRIC)
COOPERATIVE CORPORATION FOR A) CASE NO. 2021-00407
GENERAL ADJUSTMENT OF RATES,)
APPROVAL OF DEPRECIATION STUDY,)
AND OTHER GENERAL RELIEF)**

**DIRECT TESTIMONY
AND EXHIBITS OF
LANE KOLLEN**

**ON BEHALF OF THE
OFFICE OF THE ATTORNEY GENERAL OF
THE COMMONWEALTH OF KENTUCKY**

**J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA**

MARCH 2022

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TABLE OF CONTENTS

I.	QUALIFICATIONS AND SUMMARY	2
II.	OPERATING REVENUES AND EXPENSES	5
	A. Annualization of Year End Customer Revenues And Expenses Understates The Increase In Margin.....	5
	B. Eliminate Temporary Staffing Expenses At Office District Locations.....	8
	C. Correct Wages And Salaries Annualization to Remove Capitalized Portion	9
III.	NONOPERATING INCOME.....	10
	A. The Company Incorrectly Used OTIER In Lieu of TIER And Ignored Interest Income, Other Income And Expense, and Capital Credits Income In Calculation of Net Margin.....	10
	B. The Company Improperly Excluded Interest Income from Calculation of Requested Base Rate Increase	12
	C. The Company Improperly Excluded Other Income from Calculation of Requested Base Rate Increase	13
	D. The Company Improperly Excluded CFC Capital Credits Income from Calculation of Requested Base Rate Increase	13
	E. The Company Excluded EKPC Capital Credits Income from Calculation of Requested Base Rate Increase	14
IV.	LONG-TERM DEBT INTEREST EXPENSE.....	18
	A. Long-Term Debt Interest Was Not Annualized Correctly	18
	B. Long-Term Debt Interest Is Excessive Due to Company’s Failure to Use Its RUS Cushion of Credit Deposits to Repay Outstanding Long-Term Debt Without Penalty.....	22
V.	TIMES INTEREST EARNED RATIO	33
	A. Summary of Company’s TIER Request	33
	B. The Company Has Provided No Analytical Support for Its Requested 2.0 TIER	34

C. A 2.0 TIER Is Not Necessary to Meet Requirements In Loan Agreements	35
D. A 2.0 TIER Is Not Necessary To Increase Members' Equity From Present Levels..	36
E. An Excessive TIER in Rates Cannot Be Fully or Timely Remedied Through Capital Credits	37
F. A 1.50 TIER Is Reasonable	39

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DIRECT TESTIMONY OF LANE KOLLEN

1
2

I. QUALIFICATIONS AND SUMMARY

3 **Q. Please state your name and business address.**

4 A. My name is Lane Kollen. My business address is J. Kennedy and Associates, Inc.
5 ("Kennedy and Associates"), 570 Colonial Park Drive, Suite 305, Roswell, Georgia
6 30075.

7
8 **Q. Please state your employer and occupation.**

9 A. I am a Vice President and Principal at Kennedy and Associates. I am a utility rate
10 and planning consultant providing specialized services to state and local
11 government agencies and large consumers of electric, natural gas, and water and
12 sewer regulated utility services.

13

14 **Q. Please describe your education and professional experience.**

1 A. I earned both a Bachelor of Business Administration in Accounting degree and a
2 Master of Business Administration degree from the University of Toledo. I also
3 earned a Master of Arts degree in theology from Luther Rice University. I am a
4 Certified Public Accountant (“CPA”), with a practice license, a Certified
5 Management Accountant (“CMA”), and a Chartered Global Management
6 Accountant (“CGMA”). I am a member of numerous professional organizations,
7 including the American Institute of Certified Public Accountants, the Institute of
8 Management Accounting, and the Society of Depreciation Professionals.

9 I have been an active participant in the utility industry for more than forty
10 years, initially as an employee of an electric and natural gas utility, then as a
11 consultant assisting utilities in their resource planning and financial planning and
12 analyses, and thereafter as a consultant assisting government agencies and large
13 consumers of electricity, natural gas, and water and sewer regulated utility services.

14 I have testified as an expert witness on ratemaking, accounting, finance, tax,
15 resource planning, and other issues in proceedings before regulatory commissions
16 and courts at the federal and state levels on hundreds of occasions, including
17 numerous proceedings before the Kentucky Public Service Commission
18 (“Commission”) involving Atmos Energy Corporation (“Atmos”), Columbia Gas
19 of Kentucky, Inc. (“Columbia Gas”), Big Rivers Electric Corporation (“BREC”),
20 East Kentucky Power Company (“EKPC”), Jackson Purchase Energy Corporation
21 (“JPEC”), Kentucky-American Water Company (“KAW”), Kentucky Utilities
22 Company (“KU”), Louisville Gas and Electric Company (“LG&E”), Kentucky

1 Power Company (“KPCo”), Duke Energy Kentucky, Inc. (“DEK”), and Water
2 Service Corporation of Kentucky (“WCK”).¹

3

4 **Q. On whose behalf are you testifying?**

5 A. I am testifying on behalf of the Office of the Attorney General of the
6 Commonwealth of Kentucky (“AG”).

7

8 **Q. What is the purpose of your testimony?**

9 A. The purpose of my testimony is to address and make recommendations on specific
10 issues that affect South Kentucky Rural Electric Cooperative Corporation’s
11 (“SKRECC” or “Company”) requested base revenue increase and to quantify and
12 summarize the effects of those recommendations.

13

14 **Q. Please summarize your testimony.**

15 A. I recommend that the Commission authorize an increase in the Company’s base
16 revenues of no more than \$1.697 million, a reduction of \$6.989 million from its
17 requested increase of \$8.685 million. The two largest adjustments are related to the
18 Company’s failure to include interest income, even though it included a proforma
19 adjustment to eliminate nearly all of that interest income, and the Company’s failure
20 to use funds on deposit with the RUS under the Cushion of Credit Program to
21 reduce its long-term debt outstanding and thereby reduce its long-term debt interest

¹ My qualifications and regulatory appearances are further detailed in my Exhibit ___(LK-1).

1 expense and the related Times Interest Earned Ratio (“TIER”) included in the
2 claimed revenue requirement.

3 In the following table, I list each adjustment that I recommend and the effect
4 of each adjustment on the Company’s requested revenue increase.²

5

South Kentucky Rural Electric Cooperative Corporation Case Number 2021-00407 Summary AG Revenue Requirement Recommendations Test Year Ended March 31, 2020 (\$ Millions)	
	<u>Adjustment Amount</u>
Amount of Increase Requested by SKRECC - Original Filing	8.685
AG Adjustments to SKRECC's Calculated Revenue Requirement:	
Restate Test Year Annualization of Operating Expenses Related to Revenues Annualization	(0.073)
Reflect Known Reduction in Temporary Staffing Costs	(0.107)
Remove Capitalized Portion of Company's Salaries and Wages Adjustment	(0.094)
Include Interest Income in Net Margins Used to Determine TIER	(1.684)
Include Non-Operating Margins - Interest Income in Net Margins Used to Determine TIER	(0.115)
Include Other Capital Credits and Dividends in Net Margins Used to Determine TIER	(0.136)
Correct Rounding Error In Company's Requested TIER Determination	0.090
Remove Double Count of LTD Interest Expense Related to the Feb 2020 Issuance	(0.030)
Reflect Annualization of LTD Interest Expense Based on Debt Outstanding at March 31, 2020	(0.438)
Reflect Company Admitted Error in the Interest Expense Annualization for New Debt Issues	(0.032)
Correct Further the Company's Interest Expense Annualization for New Debt Issues	(0.034)
Utilize Cushion of Credit Deposits to Repay Highest RUS/FFB Debt Issuances	(2.064)
Reflect TIER of 1.50	(2.258)
Reflect Decrease in PSC Assessment Fees	(0.014)
Total AG Adjustments to SKRECC's Requested Increase	<u>(6.989)</u>
AG Recommended Maximum Base Rate Increase for SKRECC	<u>1.697</u>

7

8 In addition, I recommend that the Commission adopt the Company’s
9 proposal to phase in the authorized increase in two approximately equivalent

² The quantifications shown on the table are detailed in my electronic workpapers, which have been filed along with my testimony.

1 amounts, with the first half implemented on the effective date of the Order, and the
2 second half implemented on the one year anniversary of the effective date of the
3 Order.

4 Finally, I recommend that the Commission direct the Company to actively
5 and aggressively pursue the rotation and retirement of EKPC capital credits through
6 its representative on the EKPC Board and to provide those credits to its customers
7 on a timely basis through the fuel adjustment clause (“FAC”).

8

9 **II. OPERATING REVENUES AND EXPENSES**

10

11 **A. Annualization of Year End Customer Revenues And Expenses Understates**
12 **The Increase In Margin**

13

14 **Q. Describe the Company’s annualization of year end customers on revenues and**
15 **expenses.**

16 A. The Company calculated a proforma adjustment to increase revenues by \$0.534
17 million to reflect year end customers by customer rate tariff. The Company first
18 calculated the change in the number of customers at year end compared to the
19 average number of customers in the test year, then multiplied the increase or
20 reduction in customers times the average kWh usage per customer and times the
21 average revenue per kWh for each of its customer rate tariffs.³

22 The Company calculated a proforma adjustment to increase operating

³ Schedule 2.10 tab of Exhibit_53_Copy_of_Proforma_Analysis_-_
_12_Mo_Test_Year_Revised_1222021_(002).

1 expenses by \$0.452 million to reflect the additional customers through the use of
2 an 84.66% “operating ratio,” which it multiplied times the proforma adjustment to
3 increase customer revenues. It calculated the operating ratio as the total operating
4 expenses less wages and salaries and pensions and benefits.⁴

5

6 **Q. Does the Company’s calculation of the operating ratio improperly include**
7 **fixed expenses that do not vary with the number of customers?**

8 A. Yes. The operating expenses included in the calculation of the operating ratio
9 include depreciation expense, interest expense, property tax expense, and other
10 taxes expense.⁵ None of these expenses vary with the number of customers or kWh
11 sales.

12

13 **Q. Does the Company agree that the fixed expenses do not vary with the number**
14 **of customers or kWh sales?**

15 A. Yes. In response to AG discovery, the Company states that higher kWh sales will
16 increase purchased power expense, but not other “controllable” operating expenses.

17 More specifically, respondents Ms. Herrman and Mr. Seelye state:

18 Revenues do not drive South Kentucky’s controllable expenses. Revenues
19 are driven by kWh sales. Higher kWh sales will increase the cost of
20 purchased power on line 2 of the Statement of Operations, but not
21 controllable expense categories on lines 4- 9. The cost for purchase power
22 is driven by members’ demand for electricity.⁶

23

⁴ *Id.*

⁵ *Id.*

⁶ Response to AG 2-35. I have attached a copy of this response as my Exhibit ___(LK-2).

1 To provide context, “lines 4-9” refer to the functional and customer
2 operation and maintenance expenses.

3 In response to AG discovery, the Company agreed that
4 depreciation/amortization expense and interest expense “would not be expected to
5 change with an increase in revenues.”⁷

6 In addition, in response to AG discovery, the Company did not argue that
7 property tax expense and other taxes expense would change with an increase in
8 revenues, but rather stated that these expenses would change with an increase in
9 plant in-service or an increase in other expenses, respectively.⁸

10

11 **Q. In the pending Jackson Purchase Energy Corporation rate case,⁹ does its**
12 **calculation of the annualization of year end customer revenues and expenses**
13 **limit the effect on operating expenses to only purchased power expense?**

14 A. Yes. The JPEC approach relies solely on the incremental purchased power and
15 other rider expenses for the energy to supply the additional customer kWh sales.¹⁰
16 It correctly assumes that there are no incremental fixed expenses.

17

18 **Q. What is your recommendation?**

19 A. I recommend that the Commission calculate the operating ratio using only the

3). ⁷ Response to AG 2-30(a) and (b). I have attached a copy of this response as my Exhibit ___(LK-

⁸ *Id.*

⁹ Case No. 2021-00358.

¹⁰ See the JPEC filing in Case No. 2021-00358 at Schedule 1.11.

1 Company's purchased power expense and environmental surcharge expense. This
2 is a logical approach and consistent with the JPEC approach.

3

4 **Q. What is the effect of your recommendation?**

5 A. The effect is to reduce the increase in operating expenses and the claimed revenue
6 requirement by \$0.073 million. I calculated an operating ratio of 71.0%, which I
7 applied to the Company's proforma adjustment to increase customer revenues to
8 reflect year end customers. This results in an increase in operating expenses of
9 \$0.379 million, which is \$0.073 million less than the Company's adjustment.

10

11 **B. Eliminate Temporary Staffing Expenses At Office District Locations**

12

13 **Q. Describe the expense reductions achieved by the Company by eliminating most
14 of its temporary staffing assistance.**

15 A. The Company claims that it eliminated most of its temporary staffing assistance at
16 the office district locations "in the last year" and that this resulted in savings of
17 approximately \$0.180 million annually.¹¹ However, the reduction since the end of
18 the test year actually was \$0.107 million, which the Company acknowledged in
19 response to AG discovery.¹²

20

21 **Q. Did the Company propose a proforma adjustment to test year wages and**

¹¹ Direct Testimony of Ken Simmons at 8.

¹² Response to AG 1-49. I have attached a copy of this response as my Exhibit ___(LK-4).

1 **salaries to reflect these savings?**

2 A. No. The Company proposes a proforma adjustment to reflect “position reductions
3 due to attrition.” This appears to be an adjustment to remove the wages and salaries
4 for positions that have been vacated and eliminated, which are separately described
5 by Mr. Simmons and addressed in response to AG discovery.¹³

6
7 **Q. What is your recommendation?**

8 A. I recommend that the Commission reduce operating expenses to reflect the
9 annualized effect of these savings, which amounts to a revenue requirement
10 reduction of \$0.107 million.

11
12 **C. Correct Wages And Salaries Annualization to Remove Capitalized Portion**

13
14 **Q. Describe the Company’s proforma adjustment to annualize wages and
15 salaries.**

16 A. The Company’s calculations annualized total wages and salaries, consisting of both
17 the expensed portion and the capitalized portion. The Company did not remove the
18 capitalized portion that will be recorded to construction work in progress and then
19 closed to plant in service after construction is completed.¹⁴

20

¹³ Direct Testimony of Ken Simmons at 8 and response to AG 1-24. I have attached a copy of this response as my Exhibit ___(LK-5).

¹⁴ Refer to Tab 2.01 of Exhibit_53_Copy_of_Proforma_Analysis_-_12_Mo_Test_Year_Revised_1222021_(002)

1 **Q. What is your recommendation?**

2 A. I recommend that the Commission reduce the Company's proforma adjustment to
3 remove the capitalized portion.

4

5 **Q. What is the effect of your recommendation?**

6 A. The effect is a reduction of \$0.094 million in the wages and salaries expense.

7

8

III. NONOPERATING INCOME

9

10 **A. The Company Incorrectly Used OTIER In Lieu of TIER And Ignored Interest**
11 **Income, Other Income And Expense, and Capital Credits Income In**
12 **Calculation of Net Margin**
13

14 **Q. Describe the Company's calculation of the base revenue deficiency.**

15 A. The Company started with per books *operating* margins of \$0.616 million and made
16 all of its adjustments to this starting point, including its adjustment to reduce
17 *nonoperating* interest income, instead of starting with *net* margins of \$7.639 million
18 and then making adjustments.¹⁵

19

20 **Q. Does this reflect a fundamental error in the Company's calculation of the base**
21 **revenue deficiency?**

22 A. Yes. Mr. Seelye incorrectly excluded all nonoperating income items from the

¹⁵ Refer to Exhibit WSS-2 attached to the Direct Testimony of Steven Seelye, and, more specifically, the Pro Forma Analysis tab in the Excel workbook entitled "Staff 1-53_Copy of Main Proforma and Rev Req Model" provided in response to Staff 1-53, which shows all the calculations reflected in Exhibit WSS-2.

1 calculation of the base revenue deficiency. Mr. Seelye incorrectly used the
2 *operating* margin in lieu of the *net* margin. This was due to his use of an erroneous
3 definition of TIER in his testimony. Specifically, in lieu of the definition of TIER,
4 Mr. Seelye used the definition for Operating Times Interest Earned Ratio
5 (“OTIER”).¹⁶

6 The difference is that the TIER definition uses net margin in the numerator,
7 while the OTIER definition uses operating margin in the numerator.¹⁷ The net
8 margin used in the TIER reflects the additional nonoperating income and expense
9 line items that are not included in operating margin used in the OTIER.

10

11 **Q. What effect does this fundamental error have on the calculation of the base**
12 **revenue deficiency?**

13 A. It results in the loss of three substantial income items that otherwise would reduce
14 the Company’s requested base rate increase and ignores another substantial income
15 item that otherwise is reflected in the TIER for loan agreement purposes, but does
16 not directly affect the requested base rate increase. More specifically, the
17 Company’s request ignores nonoperating margins - interest income; nonoperating
18 margins – other; and other capital credits income that are included in the RUS
19 definition of TIER and historically have been reflected in the base revenue

¹⁶ In yet another error, Mr. Seelye failed to include the cash receipts for capital credits that are included in the definition of OTIER, but not in the definition of operating margin.

¹⁷ The differences between operating margins and net margins can be seen on the income statement in the Company’s audited financial statements on Exhibit WSS-3 Schedule 1.0 page 1 of 2 attached to Mr. Seelye’s Direct Testimony.

1 requirement and in the net margin for financial reporting purposes and in the
2 calculation of TIER for its RUS, CFC, and CoBank loan agreement credit metrics
3 in the test year.¹⁸ It also ignores the G&T capital credits income that was included
4 in the calculation of the net margin for financial reporting purposes and in the
5 calculation of TIER for its RUS, CFC, and CoBank loan agreement credit metrics
6 in the test year.¹⁹

7

8 **B. The Company Improperly Excluded Interest Income from Calculation of**
9 **Requested Base Rate Increase**

10

11 **Q. Describe the first income item that was incorrectly excluded from the**
12 **Company's calculation of its requested base rate increase.**

13 A. The Company's request incorrectly ignores and excludes the \$1.684 million in
14 interest income for the test year, consisting primarily of the RUS Cushion of Credit
15 interest income, included in the net margin, and not in the operating margin, but
16 then subtracts \$1.402 million for the reduction in the RUS Cushion of Credit
17 interest income as a proforma adjustment.²⁰

18

19 **Q. What is your recommendation on the interest income?**

¹⁸ The definition of TIER set forth in the Company's RUS/FFB loan agreements specifies that "patronage capital or margins of the Mortgagor" be used in the numerator. This is the net margin as shown on line 29 of the RUS Form 7 Operating Report.

¹⁹ The differences between operating margins and net margins can be seen on the income statement in the Company's audited financial statements on Exhibit WSS-3 Schedule 1.0 page 1 of 2 attached to Mr. Seelye's Direct Testimony.

²⁰ Proforma adjustment 2.07.

1 A. I recommend that the Commission correct this error and include the interest income
2 of \$1.684 million in the net margin used to calculate the base revenue deficiency.
3 This interest income is included in the actual definition of the TIER. The Company
4 offered no justification to exclude it even while apparently assuming that it was
5 included for the purpose of its proforma adjustment to reduce the test year amount.

6

7 **C. The Company Improperly Excluded Other Income from Calculation of**
8 **Requested Base Rate Increase**
9

10 **Q. Describe the second income item that was incorrectly excluded from the**
11 **Company's calculation of its requested base rate increase.**

12 A. The Company's request incorrectly ignores and excludes the \$0.115 million in
13 nonoperating margins – other income in the test year. This error incorrectly
14 contributes another \$0.115 million to the Company's claimed base revenue
15 deficiency.

16

17 **Q. What is your recommendation on the nonoperating margins – other income?**

18 A. I recommend that the Commission correct this error and include the other income
19 of \$0.115 million in the net margin that is used to calculate the base revenue
20 deficiency. This other income is included in the actual definition of the TIER.

21

22 **D. The Company Improperly Excluded CFC Capital Credits Income from**
23 **Calculation of Requested Base Rate Increase**
24

25 **Q. Describe the third income item that was incorrectly excluded from the**

1 **Company’s calculation of its requested base rate increase.**

2 A. The Company’s request incorrectly ignores and excludes the \$0.136 million in
3 other capital credits and dividends income from the Company’s investment in
4 Cooperative Finance Corporation (“CFC”).

5

6 **Q. What is your recommendation on the other capital credits and dividends?**

7 A. I recommend that the Commission correct this error and include the other income
8 of \$0.136 million in the net margin that is used to calculate the base revenue
9 deficiency. The other capital credits and dividends income from the Company’s
10 investment in CFC is included in the actual definition of the TIER.

11

12 **E. The Company Excluded EKPC Capital Credits Income from Calculation of**
13 **Requested Base Rate Increase**

14

15 **Q. Describe the fourth income item that was excluded from the Company’s**
16 **calculation of its requested base rate increase.**

17 A. The Company’s request ignores the \$5.089 million in capital credits income from
18 the Company’s investment in EKPC.

19

20 **Q. Should the Commission include the EKPC capital credits in the net margin for**
21 **the calculation of TIER for ratemaking purposes?**

22 A. No. Historically, the Commission has not included the non-cash EKPC capital
23 credits in the calculation of TIER for ratemaking purposes. Historically, the EKPC
24 capital credits have been accrued by the Company, included in the net margin, and

1 then added to members' equity and margins in capitalization. The accounting offset
2 for including the non-cash EKPC capital credits in members' equity and margins
3 capitalization is an increase in its asset investment in EKPC.

4 However, now that EKPC has begun actual payments of capital credits, the
5 Commission should address the ratemaking treatment of those payments in this
6 proceeding rather than simply allowing the Company to retain those payments
7 without flowing them through to the Company's customers in a timely manner.

8

9 **Q. Describe the EKPC payments of capital credits to the Company.**

10 A. EKPC made capital credit payments of \$0.721 million in 2020 and \$0.201 million
11 in 2019.²¹

12

13 **Q. How are those EKPC payment of capital credits determined?**

14 A. They are determined by the EKPC Board of Directors in accordance with its capital
15 credit rotation policy.

16

17 **Q. Does the Company have a representative on the EKPC Board?**

18 A. Yes. One of the Company's Board members is its representative on the EKPC
19 Board.²²

20

21 **Q. Does the Company claim ignorance regarding the EKPC capital credit**

²¹ Response to AG 2-19. I have attached a copy of this response as my Exhibit ___(LK-6).

²² *Id.*

1 **rotation and payment policies?**

2 A. Yes, rather surprisingly. In response to AG discovery, the Company claims that
3 “South Kentucky does not know the full details on how these are determined.”²³
4 The Company also claims that “South Kentucky has no control over this non-cash
5 allocation.”²⁴ In response to AG discovery, the Company acknowledged that one
6 of its Board members sits on the EKPC Board; however, respondent Ms. Herrman
7 argued that it did not know the “full details” regarding the EKPC capital credit
8 rotation and payment policies because its staff was not “fully involved in their
9 [EKPC] decision making process.”²⁵

10

11 **Q. Why are these claims by the Company relevant in this proceeding?**

12 A. They are relevant because the EKPC capital credits payments are a way in which
13 the Commission can provide rate mitigation to the Company’s customers. The
14 Company’s representative on the EKPC Board has a responsibility and a vote to
15 ensure that EKPC capital credits are rotated and paid to the Company so that the
16 Company can, in turn, return those capital credits, to its customers on a timely basis.

17 The EKPC Board authorized the “retirement of patronage capital in 2020
18 and 2019 in the amounts of \$6.0 million and \$1.8 million, respectively, which
19 represented all unpaid margin allocations assigned to members through 1975.”²⁶

²³ Response to AG 1-31(a). I have attached a copy of this response as my Exhibit ____(LK-7).

²⁴ *Id.*

²⁵ Response to AG 2-19(a). See Exhibit ____(LK-6).

²⁶ EKPC 2020 Annual Report at 56. I have attached a copy of this page as my Exhibit ____(LK-8).

1 The Company was allocated \$0.721 million in 2020 (12.0% of the EKPC
2 total) and \$0.201 million in 2019 (11.1% of the EKPC total). The Company
3 recorded these capital credit payments as an increase to cash or temporary
4 investments and as a reduction to its investment in EKPC, similar to its accounting
5 for capital credit payments from CFC.

6 Yet, none of these EKPC capital credit payments were refunded to the
7 Company's customers or used to reduce the base revenue requirement in this
8 proceeding.

9

10 **Q. What is your recommendation with respect to the Company's EKPC Board**
11 **representation?**

12 A. I recommend that the Commission direct the Company to actively and aggressively
13 pursue EKPC capital credit rotations and payments to the member cooperatives. I
14 also recommend that the Company be required to report and demonstrate to the
15 Commission that it has done so in every future base rate proceeding to ensure that
16 the Commission's directive is implemented.

17

18 **Q. Did the Company return the EKPC capital credits payments to its customers?**

19 A. No. It simply retained them.

20

21 **Q. Why is that inappropriate?**

22 A. The EKPC accrued capital credits represent the Company's allocated share of the
23 margins that EKPC "earns" from the amounts paid by the Company's customers

1 for wholesale power costs through base revenues and the fuel adjustment clause
2 (“FAC”) revenues. The EKPC capital credits rotations and payments to the
3 member cooperatives are refunds of a portion of those margins retained by EKPC
4 in prior years. Those rebates belong to the Company’s customers who paid the
5 wholesale power costs.

6

7 **Q. What is your recommendation?**

8 A. I recommend that the Commission direct the Company to use the EKPC capital
9 credit payments to reduce the FAC revenue requirement. The capital credit
10 payments are variable and not conducive to credits through the base revenue
11 requirement, but they have been and may be going forward of sufficient magnitude
12 that they should be credited to customers on a timely basis through the FAC.

13

14

15 **IV. LONG-TERM DEBT INTEREST EXPENSE**

16

17 **A. Long-Term Debt Interest Was Not Annualized Correctly**

18

19 **Q. Describe the Company’s calculation of long-term debt interest.**

20 A. The Company calculated \$5.814 million in long-term debt interest, consisting of
21 the \$5.529 million in per books test year long-term debt interest expense plus a
22 proforma adjustment for \$0.285 million in annualized interest on two new debt

1 issuances in February 2020 and March 2020, respectively.²⁷

2

3 **Q. Are there evident errors in the Company’s calculation of long-term debt**
4 **interest?**

5 A. Yes. First, the Company double counted the portion of the interest expense on the
6 new debt issuance on February 7, 2020, already reflected in the per books long-
7 term interest expense for the test year. The Company’s annualization adjustment
8 for the two new debt issues did not remove \$0.015 million that had already been
9 recorded as test year expense.²⁸

10 Second, the Company failed to make an adjustment to reduce the interest
11 expense based on the lower actual outstanding debt amounts at the end of the test
12 year to annualize the long-term debt interest on all outstanding debt issues other
13 than the new issuances in the first quarter 2020. The Company paid off some of
14 the principal of these other long-term debt issues during the test year and no longer
15 will incur the interest on those amounts.

16 Third, the Company admitted that it made an error in the quantification of
17 the \$0.285 million annualized interest adjustment on the two new debt issuances in
18 February 2020 and March 2020.²⁹ It determined that the annualized amount of
19 interest expense it quantified for the March 2020 issuance of \$12 million should

²⁷ Tabs Test Year 0419 to 0320 and Schedule 2.08 of Exhibit WSS-4 in the Excel workbook entitled
“Exhibit_53_Copy_of_Proforma_Analysis_-_12_Mo_Test_Year_Revised_1222021_(002).”

²⁸ *Id.* and Attachment to Response to AG 1-46(a). I have attached a copy of this response as my
Exhibit (LK-9)

²⁹ *Id.*

1 have been \$0.153 million instead of the \$0.169 million included in the proforma
2 adjustment amount in its filing.³⁰

3 Fourth, the \$0.285 million annualized interest adjustment regarding the two
4 new debt issuances in February 2020 and March 2020 included amounts for five
5 separate quarters and not just for the four quarters in an annual period. The
6 Company included \$0.017 too much in interest expense by including partial quarter
7 amounts for the quarter ended March 2020 as well as for the next four full
8 quarters.³¹

9

10 **Q. What are your recommendations?**

11 A. I recommend that the Commission correct each of these four errors.

12

13 **Q. What are the effects of your recommendations?**

14 A. The correction of the first error reduces the interest expense by \$0.015 million and
15 the revenue requirement by \$0.030 million to reflect the application of the requested
16 2.0 TIER to the interest expense.

17 The correction of the second error reduces the interest expense by \$0.219
18 million and the revenue requirement by \$0.438 million to reflect the application of
19 the requested 2.0 TIER to the interest expense.

20 The correction of the third error reduces the interest expense by \$0.016

³⁰ *Id.*

³¹ *Id.*

1 million and the revenue requirement by \$0.032 million to reflect the application of
2 the requested 2.0 TIER to the interest expense.

3 The correction of the fourth error reduces the interest expense by \$0.017
4 million and the revenue requirement by \$0.034 million to reflect the application of
5 the requested 2.0 TIER to the interest expense.

6

7 **Q. After correction of these four errors, how does the long-term debt interest**
8 **expense for the test year compare to that recorded in calendar year 2021.**

9 A. After these corrections, the proforma long-term debt interest expense is \$5.547
10 million based on the long-term debt actually outstanding at the end of the test year,
11 a reduction of \$0.267 million from the Company's requested long-term debt interest
12 expense of \$5.814 million.³² This is greater than the actual long-term debt interest
13 expense of only \$5.238 million in calendar year 2021.³³ The actual expense in 2021
14 is less due to the reductions in the outstanding debt principal amounts due to
15 payments on those loans after March 2020 and continuing through the end of 2021.
16 No additional long-term debt principal was added during that period.

17

18 **Q. Do you recommend any reductions in interest expense to reflect the**
19 **outstanding long-term debt balances at the end of 2021?**

³² The \$5.547 million long-term debt interest expense is the proforma adjusted amount after correction of the Company's four errors. It does not include the adjustment to further reduce the expense related to the usage of Cushion of Credit deposits discussed below.

³³ Response to AG 2-32. I have attached a copy of this response as my Exhibit ___(LK-10).

1 A. No. The Company proposed and utilized a historic test year, except for the
2 proforma adjustment to reduce interest income in October 2021. It didn't otherwise
3 seek to selectively update revenues or other expenses for changes after the end of
4 the test year.

5 I would encourage the Commission not to second-guess the Company and
6 engage in selective post test year ratemaking adjustments, except for those of
7 significant magnitude like the reduction in interest income and the reduction in
8 interest expense that should have been reflected as an interrelated and "paired"
9 adjustment, without an opportunity for the Company and the AG to propose other
10 post test year adjustments necessary to comprehensively and consistently reflect all
11 known changes. Nevertheless, if the Commission does so, then it should include
12 the additional base revenue resulting from the increase in customers from 68,402
13 at the end of the test year to 69,304 at the end of 2020 and to 70,123 at the end of
14 2021,³⁴ among other adjustments that may be necessary to comprehensively reflect
15 all known changes.

16

17 **B. Long-Term Debt Interest Is Excessive Due to Company's Failure to Use Its**
18 **RUS Cushion of Credit Deposits to Repay Outstanding Long-Term Debt**
19 **Without Penalty**
20

21 **Q. Describe the Company's request to reduce interest income.**

22 A. The Company proposes a reduction in interest income to reflect changes in the RUS

³⁴ Exhibit 15 to Application for March 2020. Response to AG 1-3 for December 2020 and December 2021. I have attached a copy of the narrative portion of this response as my Exhibit ___(LK-11).

1 Cushion of Credit Program that became effective with the enactment of the Farm
2 Bill in 2018.

3 The RUS Cushion of Credit Program allowed cooperative utilities, such as
4 the Company, to deposit cash with the RUS from funds available in excess of its
5 debt service requirements and earn interest on those deposits at 5.0%, a rate greater
6 than the Company's cost of long-term debt. Changes in the RUS Cushion of Credit
7 Program were enacted in 2018. One of those changes reduced the interest rate on
8 those deposits from 5% to nearly 0%. Ms. Herrman describes the reduction in the
9 Company's ability to earn interest income on those deposits with the RUS as
10 follows.

11 The Federal Farm Bill that was updated in 2018, made changes to the Rural
12 Utilities Service Cushion of Credit Interest program. This Bill called for the
13 rate of interest to be gradually reduced from its 5% level of return to the 1-
14 year variable treasury rate on of October 1, 2021, which was 0.09%. This
15 change will result in the loss of interest income realized annually and impact
16 our future financial trends.³⁵
17

18 **Q. In other words, the Company used its cash flows to fund RUS deposits instead**
19 **of using the cash flows to avoid new debt issuances or to repay existing debt**
20 **and then arbitrated the difference in the interest income and interest expense**
21 **to increase its net margin and TIER?**

22 A. Yes. The Company, along with many other cooperatives nationwide, including
23 Jackson Purchase Energy Corporation and other Kentucky distribution
24 cooperatives, maintained long-term debt that was far greater than required for their

³⁵ Direct Testimony of Michelle Herrman at 8.

1 utility plant investments in order to take advantage of this opportunity to bolster
2 their net margins at no risk.

3 In response to AG discovery in this proceeding, Mr. Simmons and Ms.
4 Herrman describe how the Company used the RUS Cushion of Credit Program to
5 arbitrage the difference in the interest income against the Company's interest
6 expense.

7 The CoC program allowed for a stable savings vehicle that generated funds
8 at an advantageous interest rate without risk allowing the Cooperative to
9 grow funds, while reducing the factor of long-term debt when calculating
10 the cooperative's equity ratio. This stability and earning power assisted in
11 maintaining electric rates for South Kentucky's members. The CoC interest
12 earnings have a direct impact on South Kentucky's TIER ratio, which
13 allowed its OTIER to be at marginal passing levels because the CoC interest
14 earnings could make up the additional .15 to obtain South Kentucky's TIER
15 requirement.³⁶
16

17 **Q. Describe the interrelationship between the cash on deposit with the RUS and**
18 **the amount of outstanding RUS and other debt.**

19 A. The Company had \$179.452 million in outstanding long-term debt (before
20 corrections) at the end of the test year.³⁷ The Company had \$29.164 million in
21 funds on deposit with the RUS at the end of the test year.³⁸ In other words, absent
22 the funds on deposit with the RUS, the Company would have had only \$150.288
23 million in long-term debt outstanding and only the interest expense on that lesser
24 debt outstanding and the related TIER included in its claimed revenue requirement.

³⁶ Response to AG 1-3. See Exhibit __ (LK-11).

³⁷ Exhibit 3- Schedule B1 Page 1 and Page 2.

³⁸ Tab 2.07 on Exhibit 53 Copy of Proforma Analysis -
_12_Mo_Test_Year_Revised_1222021_(002)

1 In its audited financial statements, the Company nets the funds on deposit
2 with the RUS as a reduction to the long-term debt outstanding (shown as “Advance
3 Payment”).³⁹ This financial statement presentation provides a helpful perspective
4 to understand this issue and the effects on the long-term debt outstanding, interest
5 expense, and the related TIER included in the claimed revenue requirement in this
6 proceeding.

7

8 **Q. Now that the interest income from the Cushion of Credit program has been**
9 **reduced nearly to \$0, does it make sense to maintain the excess long-term debt?**

10 A. No. The excess long-term debt should be repaid. The cash on deposit with the
11 RUS represents an investment fund, or, as the Company describes it, a “savings
12 vehicle.” The Company retained cash that it otherwise could have used to avoid
13 issuing new debt or to pay off existing debt.

14 This “savings vehicle” made sense only so long as the interest income
15 exceeded the interest expense on the debt effectively used to finance the deposits
16 with the RUS. That is no longer the case.

17

18 **Q. Did other cooperative utilities in the state withdraw their funds on deposit with**
19 **the RUS knowing that the interest rate would be reduced to nearly 0% and**
20 **use those funds to repay long-term debt?**

21 A. Yes. In two recent proceedings, JPEC and EKPC both reflected reductions in

³⁹ Exhibit 17 to Application (Audited Financial Statements at December 31, 2020 and December 31, 2019 at 12).

1 interest income due to changes in the RUS Cushion of Credit Program, but also
2 reflected reductions in interest expense because they used the cash that had been on
3 deposit with the RUS to repay long-term debt outstanding and were able to do so
4 without prepayment penalty.

5 In its pending rate case, JPEC described the RUS Cushion of Credit
6 Program, the reduction in the interest rates to nearly 0%, and its use of the funds on
7 deposit with the RUS to prepay higher cost debt without prepayment penalty when
8 the interest rates declined to nearly 0% as follows.

9 (a) The Cushion of Credit program is a valuable financing tool for RUS
10 borrowers, which allows utilities to earn interest on funds set aside for RUS
11 loan repayment. The interest was set at 5%, but due to a change in federal
12 law, it was reduced to 4% in October 2020, then reduced again to the one-
13 year U.S. Treasury rate in October 2021.

14
15 (b) RUS allowed eligible utilities to prepay RUS debt with their Cushion of
16 Credit funds without prepayment penalty before October 1, 2020. Jackson
17 Purchase used this option to pay off RUS debt over 4% with these funds.
18 No balance remains in Jackson Purchase's Cushion of Credit.⁴⁰
19

20 Similarly, in its recent rate case, EKPC described the RUS Cushion of
21 Credit Program, how it operated, the modifications enacted in the Federal Farm Bill
22 in 2018 and how it used the funds on deposit with the RUS to repay more than \$320
23 million of its high-cost long-term debt outstanding without prepayment penalty.⁴¹
24 EKPC witness Mr. Isaac Scott described EKPC's proposed adjustments to reduce
25 interest income due to the use of the funds on deposit with the RUS to reduce the

⁴⁰ Response to Staff 2-24 in Case No. 2021-00358. I have attached a copy of this response as my Exhibit (LK-12).

⁴¹ Direct Testimony of Ann Bridges at 4-7 and Direct Testimony of Isaac Scott at 16-18 in Case No. 2021-00103.

1 long-term debt and to reduce interest expense due to the reduction of the long-term
2 debt as follows.⁴²

3 Traditionally, the Commission does not adjust the balances for long-term
4 debt or investments to recognize changes taking place post-test year. The
5 Commission does normally recognize changes in interest rates for both
6 interest expense and interest income post-test year, usually up until the
7 public hearing date. As a result of the Cushion of Credit paydown of long-
8 term debt, when future interest expense is updated, paid off debt would have
9 a zero interest rate. However, the Cushion of Credit paydown would not be
10 recognized for the balance of investments generating interest income and at
11 best would only recognize the lowering of the interest rate from 5% to 4%.
12 Following the traditional practice would thus result in a mismatch between
13 interest expense and interest income. EKPC will propose to recognize the
14 paydown on long-term debt and the reduction in the Cushion of Credit
15 balance available to generate interest income.
16

17 **Q. How do the funds in the Company’s “savings vehicle” compare to the total**
18 **amount of long-term debt outstanding reflected in the Company’s filing in this**
19 **proceeding?**

20 A. The Company had \$29.164 million on deposit with the RUS in this “savings
21 vehicle” at the end of the test year. The amount on deposit represented 16.25% of
22 the Company’s long-term debt outstanding at the end of the test year. However,
23 the interest expense on the highest cost RUS/FFB debt outstanding represents a
24 disproportionately greater 17.75% of the interest expense in the claimed revenue
25 requirement.
26

27 **Q. Did the Company use its cash on deposit with the RUS to prepay its high cost**

⁴² Exhibit ISS-1 Attachment 2-Workpaper 1.06-Cushion of Credit at 1 of 9 attached to the Direct Testimony of Isaac Scott in Case No. 2021-00103.

1 **RUS debt without prepayment penalty?**

2 A. No. Inexplicably, the Company elected to keep the funds on deposit with the RUS
3 even though it knew that the interest rate on those funds would decline nearly to
4 0% and even though it knew that it would incur the interest expense on the debt
5 used to finance those deposits until it was paid off. As I previously noted, this not
6 only resulted in excessive long-term debt interest expense, but a disproportionately
7 greater amount of interest expense due to the Company’s failure to pay off the high
8 cost debt issuances.

9

10 **Q. Did the Company then perform or has it since then performed any analyses or**
11 **studies to determine whether it should prepay its RUS/FFB debt?**

12 A. No. In response to AG discovery, Ms. Herrman stated that “South Kentucky has
13 not performed research into prepaying its RUS/FFB debt.”⁴³ Nor did it analyze or
14 study its options in the event that it did not use the funds on deposit with the RUS
15 to repay outstanding long-term debt.⁴⁴ In response to Staff discovery, the Company
16 claims that it retained the funds on deposit with the RUS because it could
17 temporarily earn a 4.0% interest return on those funds from October 1, 2020
18 through September 30, 2021, which was greater than the “highest interest rate loan
19 and blended interest rate of South Kentucky’s RUS/FFB portfolio.”⁴⁵ The

⁴³ Response to AG 1-28(g). I have attached a copy of the response to AG 1-28 as my Exhibit __ (LK-13).

⁴⁴ Response to AG 1-28(b), which referred to the response to Staff 2-1. See Exhibit __ (LK-13). I have attached a copy of the response to Staff 2-1 as my Exhibit __ (LK-14).

⁴⁵ Response to Staff 2-1. See Exhibit __ (LK-14).

1 Company made this decision even though it knew that the interest return would
2 decline to nearly 0% on October 1, 2021.

3

4 **Q. Was the Company's decision reasonable?**

5 A. No. The result of that unreasonable and unjustified decision now is clear in this
6 proceeding. The Company's interest expense is excessive because its outstanding
7 long-term debt is excessive. Even worse, the excessive interest expense is
8 compounded by the requested TIER in the calculation of the claimed revenue
9 requirement and deficiency.

10

11 **Q. What does the Company plan to do with the funds that were on deposit with
12 the RUS?**

13 A. It doesn't know, except to use the funds to make debt service payments when due.
14 The Company claims that, in 2021, "it began meeting with potential investment
15 advisors to discuss alternative investment strategies." The Company claims that
16 "[c]urrently, South Kentucky is working to create an investment policy which will
17 be used in requests for proposals for the management and investment of those
18 funds."⁴⁶

19

20 **Q. What is the Company's highest cost RUS/FFB debt at the end of the test year?**

21 A. The Company's highest cost RUS/FFB debt at the end of the test year consisted of

⁴⁶ Response to Staff 2-6. I have attached a copy of this response as my Exhibit ___(LK-15).

1 \$13.876 million at 3.699%, \$2.619 million at 3.649%, \$4.244 million at 3.455%,
2 \$5.483 million at 3.550%, and \$11.070 million at 3.249%.⁴⁷

3

4 **Q. Will there be penalties to prepay this debt?**

5 A. Yes. There will be penalties to prepay this debt due to the Company's decision not
6 to use the funds on deposit at RUS to repay the debt when it could have avoided
7 prepayment penalties. The calculation of the penalties are described in the Code of
8 Federal Regulations ("CFR") §1786.207. In Staff discovery, the Company was
9 asked what those penalties would be, but failed to quantify them.⁴⁸ I estimate that
10 the penalties will be equal to one year of interest expense on the loans that are
11 prepaid scaled up or down depending on the specific debt issuances that are prepaid
12 and when they are prepaid.

13

14 **Q. What interest rate would the Company have to earn to compensate its**
15 **customers for the failure to prepay the highest cost RUS/FFB debt with the**
16 **funds on deposit with the RUS?**

17 A. It would have to consistently and safely earn 2.0 times the average interest rate on
18 the highest cost RUS/FFB debt in order to breakeven on the excessive interest
19 expense and the related TIER at its 2.0 TIER request included in the claimed

⁴⁷ LTDTTestYR tab of Exhibit_3-_Schedule_B1_Page_1_and_Page_2 provided in response to Staff 1-3. I have attached a copy of the narrative portion of the response as well as the Excel attachment as my Exhibit (LK-16).

⁴⁸ Response to Staff 3-8.

1 revenue requirement. The likelihood of finding investments where it could earn at
2 that level for two decades or more is extremely low.

3

4 **Q. What is your recommendation?**

5 A. The Commission should direct the Company to use the entirety of the funds
6 formerly on deposit with the RUS to repay its highest cost long-term debt. This
7 will have the benefit of reducing interest expense and the related TIER by repaying
8 its long-term debt so that the sum of its members' equity and long-term debt
9 capitalization more closely match its rate base.

10 The Company is a regulated cooperative utility, not an unregulated
11 investment firm. The reduction in interest expense from the repayment of long-
12 term debt is known and certain. The return on any investment in unregulated
13 financial assets is not known and certain.

14

15 **Q. What is the effect of your recommendation?**

16 A. The effect of my recommendation is a reduction in the long-term interest expense
17 of \$1.032 million and a reduction of another \$1.032 million in the revenue
18 requirement based on the Company's requested 2.0 TIER.

19

20 **Q. Address the Company's analysis prepared in response to Staff discovery**
21 **purporting to show a savings from retaining the funds on deposit with the RUS**

1 **instead of using them to repay outstanding long-term debt.**⁴⁹

2 A. The Company's analysis is fundamentally flawed in every respect, from the
3 structure of the analysis to the assumptions that were used. There are no savings
4 from retaining the funds on deposit with the RUS. There is a cost to the Company
5 and its customers, not only in this rate case absent the adjustment that I recommend,
6 but also on an ongoing basis until the Company actually repays the maturing long-
7 term debt issues over the next twenty and more years. If the high cost debt issues
8 are repaid uniformly over the next twenty years and interest rates remain at nearly
9 0%, then the harm to customers would range between \$16.972 million and \$21.428
10 million on a net present value basis over that time period.⁵⁰

11 The Company's analysis does not actually provide the net present value of
12 the harm, as requested by the Staff, due to multiple serious flaws. The first flaw is
13 that the analysis does not calculate avoided interest expense, which is the economic
14 tradeoff between retaining funds on deposit with the RUS compared to using those
15 funds to prepay debt.

16 The second flaw is that in the scenario where the funds are not used to
17 prepay the RUS/FFB debt, none of the funds on deposit with the RUS actually are
18 reduced when they ostensibly are used for the scheduled debt service on the
19 \$28.761 million in excessive RUS/FFB debt assumed for the analysis, let alone for
20 the additional amounts that could have or would have been paid. This error allows

⁴⁹ *Id.*

⁵⁰ The low end of the range reflects the average cost of the higher cost long term debt as the discount rate and the high end of the range reflects the 0.09% interest rate on funds on deposit with the RUS.

1 the funds on deposit to grow to \$53.709 million simply through compounded
2 interest income, which overstates the interest income by multiples in that scenario.

3 The third flaw is that the Company assumes the interest rate applied to the
4 funds on deposit will increase from the present 0.09% to 2.86% by 2024, based on
5 an average of historic interest rates. There is no support provided for this
6 assumption.

7 The fourth flaw is that the Company used an excessive and unsupported
8 discount rate of 5.74%, which it footnotes as its “weighted cost of capital.” This
9 discount rate is otherwise unsourced and is excessive compared to its actual average
10 interest rate either on the debt outstanding or on the funds on deposit.

11 In short, the Company’s analysis in response to Staff discovery is
12 fundamentally flawed and the result is unequivocally counterintuitive. The
13 Commission should reject it out of hand.

14

15

V. TIMES INTEREST EARNED RATIO

16

17 **A. Summary of Company’s TIER Request**

18

19 **Q. Describe the Company’s TIER request and the effect on its base revenue**
20 **requirement.**

21 A. The Company requests a 2.00 TIER. The Company included \$5.725 million over
22 and above its \$5.814 million proforma interest expense ostensibly to achieve the

1 proposed 2.00 TIER.⁵¹

2

3 **Q. Do your recommendations regarding the correction of errors in the**
4 **Company's calculation of long-term debt interest expense and the effects of**
5 **the prepayment of outstanding long-term debt using funds on deposit with the**
6 **RUS affect the TIER in the claimed revenue requirement?**

7 A. Yes. The effect on the TIER is the same as the effect on the long-term debt interest
8 expense based on the requested 2.0 TIER.

9

10 **B. The Company Has Provided No Analytical Support for Its Requested 2.0**
11 **TIER**

12

13 **Q. Did the Company provide a demonstration of need or any analytical support**
14 **whatsoever for its requested 2.0 TIER?**

15 A. No. The Company provided no analytical support for its proposed 2.0 TIER in its
16 Application and Direct Testimony.

17

18 **Q. Why is the Company's failure to support its request significant?**

19 A. First, the Company bears the burden to demonstrate that its requested increase and
20 the underlying costs are reasonable. It should not be allowed to present a case for

⁵¹ In addition to the effects of the errors in the Company's calculation of long-term interest expense and the effects of its excessive long-term debt outstanding, the Company also had a calculation error that understated its TIER revenue requirement by \$0.090 million. I have shown the correction of this error as an increase in the revenue requirement on the table in the Summary section of my testimony.

1 the requested 2.0 TIER for the first time in its Rebuttal Testimony. That would
2 deny the AG the ability to ask discovery and to respond through its testimony.

3 Second, the Company's requested 2.0 TIER is excessive compared to the
4 financial and credit metrics required by its lenders. It has offered no support for a
5 TIER that will result in financial and credit metrics far in excess of that required by
6 its lenders.

7 Third, the Company's requested 2.0 TIER is excessive because it has more
8 than sufficient members' equity and no longer needs margins equivalent to its long-
9 term debt interest to further increase members' equity. It has offered no support
10 for a TIER that will result in further increases in members' equity that are not
11 necessary at this time.

12 Fourth, the Company's request, if authorized, will result in an incentive for
13 additional discretionary spending and will not result in equivalent increases in net
14 margins. It has offered no support for a TIER that will allow additional
15 discretionary spending and that will not result in equivalent increases in net margin.

16 Fifth, the excessive revenues resulting from the Company's request will not
17 be returned to customers on an equivalent basis as a practical matter. It has offered
18 no support whatsoever that it would be reasonable and/or economic for it to collect
19 excessive base revenues now in exchange for unknown future capital credits.

20

21 **C. A 2.0 TIER Is Not Necessary to Meet Requirements In Loan Agreements**

22

23 **Q. Is a 2.0 TIER necessary for the Company to meet its loan covenants?**

1 A. No. The Company must meet a 1.25 TIER, a 1.25 Debt Service Coverage Ratio
2 (“DSCR”), and a 1.10 Operating TIER (“OTIER”) to meet the requirements of the
3 RUS loan agreements. The Company also must meet a DSCR of 1.25 for its
4 CoBank loans.

5

6 **D. A 2.0 TIER Is Not Necessary To Increase Members’ Equity From Present**
7 **Levels**

8

9 **Q. What were the actual members’ equity to total capitalization and members’**
10 **equity to total assets ratios in the test year?**

11 A. The members’ equity to total capitalization ratio was 50.6% at the end of the test
12 year.⁵²

13

14 **Q. Is the Company’s members’ equity to total capitalization ratio in the test year**
15 **reasonable?**

16 A. Yes, for purposes of this proceeding, although it is significantly greater than
17 necessary.

18

19 **Q. Is the requested 2.0 TIER necessary for the Company to increase members’**
20 **equity from present levels?**

21 A. No. The Company does not need to increase its members’ equity ratios beyond
22 present levels. To do so would impose unnecessary costs on its customers. The

⁵² Exhibit_11-_Template_Capitalization_to_Net_Investment_rate_base.

1 Company seeks \$5.814 million (as corrected for the \$0.090 million error in the
2 Company's calculation) for its requested 2.0 TIER in the requested revenue
3 requirement. If authorized, this will increase its members' equity by 3.9% annually,
4 all else equal. The Company has provided no evidence to justify this rate of growth
5 in members' equity year after year. I also note that the Company's members' equity
6 increases from the CFC capital credits and the EKPC capital credits, which together
7 significantly exceed the margins from sales to its customers.

8

9 **E. An Excessive TIER in Rates Cannot Be Fully or Timely Remedied Through**
10 **Capital Credits**

11

12 **Q. How does the Company's TIER request result in excessive costs to ratepayers?**

13 A. As a foundational matter, the requested 2.0 TIER is excessive for the reasons that I
14 previously cited. In theory, if the Commission authorizes an excessive TIER and
15 this results in excessive margins, they can be returned to ratepayers through future
16 capital credits. In practice, this is a flawed theory and should be rejected because
17 there is no tracking and no functional equivalence between excessive margins and
18 future capital credits.

19 In practice, the revenues due to an excessive TIER are first available to meet
20 and use for increases in expenses; the revenues are not preserved for future capital
21 credits. The authorization of an excessive TIER is a fundamental disincentive to
22 control discretionary expenses.

23 In practice, there is no requirement that a distribution cooperative provide
24 capital credits for any margins due to an excessive TIER. The capital credits are at

1 the discretion of the cooperative's Board of Directors.

2 In practice, the return of any excess margins to customers is likely to be
3 diluted and delayed. The Company's members/owners/customers stand at the end
4 of the line for any residual revenues that make it to the Company's net margins that
5 are potentially available for any future capital credits. The Company first has to
6 identify, quantify, and authorize capital credits to its members/owners. This is done
7 on a vintage year, first in first out basis, and is subject to numerous restrictions, thus
8 diluting and delaying the return of excess margins in any one year to subsequent
9 years, most likely many years into the future.

10 In practice, the collection of excessive revenues actually costs more than
11 could possibly be returned to ratepayers even in a perfect world of regulation and
12 timely flow through of capital credits from the Company to the distribution
13 cooperatives and then to their customers. That is due to the fact that the distribution
14 cooperatives are required to add and collect sales taxes of 6% on their non-
15 residential sales and school taxes (usually 3%), which, in turn, are simply remitted
16 to the state and local tax authorities and are unavailable for capital credits. In
17 contrast to the collection of revenues, the cooperatives do not add sales or school
18 taxes to capital credits.

19 In sum, the cooperative's rates should not be set using an excessive and
20 unreasonable TIER so that capital credits possibly may be returned to the
21 members/owners/customers at diluted amounts in subsequent years, if indeed, any
22 of the excessive revenues redound to net margins.

23

1 **F. A 1.50 TIER Is Reasonable**
2

3 **Q. What is a reasonable TIER?**

4 A. A maximum 1.50 TIER is reasonable. This provides a margin of 50% in excess of
5 the Company's interest on long-term debt. A 1.50 TIER is well in excess of the
6 required TIER pursuant to its loan agreements. A 1.50 TIER still will allow growth
7 in members' equity of 1.95% annually, all else equal. As I noted previously, the
8 Company's members' equity also grows significantly each year from the CFC and
9 EKPC capital credits.

10

11 **Q. What is the effect of your recommendation?**

12 A. The effect is a reduction of \$2.258 million in the base revenue requirement.

13

14 **Q. Is it axiomatic that lower interest rates result in lower margins?**

15 A. No. This is the case only if the long-term debt outstanding remains constant and
16 only if revenues are adjusted downward on a timely basis to reflect the lower
17 interest rates and interest expense. If the cooperative utility's long-term debt grows
18 and this is reflected in revenues on a timely basis, then the additional interest
19 expense, even at a lower average interest rate, will result in greater margins, not
20 lower margins.

21

22 **Q. Does this complete your testimony?**

23 A. Yes.

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

**ELECTRONIC APPLICATION OF)
SOUTH KENTUCKY RURAL ELECTRIC)
COOPERATIVE CORPORATION FOR A) CASE NO. 2021-00407
GENERAL ADJUSTMENT OF RATES,)
APPROVAL OF DEPRECIATION STUDY,)
AND OTHER GENERAL RELIEF)**

**EXHIBITS
OF
LANE KOLLEN**

**ON BEHALF OF THE
OFFICE OF THE ATTORNEY GENERAL OF
THE COMMONWEALTH OF KENTUCKY**

**J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA**

MARCH 2022

EXHIBIT ____ (LK-1)

RESUME OF LANE KOLLEN, VICE PRESIDENT

EDUCATION

University of Toledo, BBA
Accounting

University of Toledo, MBA

Luther Rice University, MA

PROFESSIONAL CERTIFICATIONS

Certified Public Accountant (CPA)

Certified Management Accountant (CMA)

Chartered Global Management Accountant (CGMA)

PROFESSIONAL AFFILIATIONS

American Institute of Certified Public Accountants

Georgia Society of Certified Public Accountants

Institute of Management Accountants

Society of Depreciation Professionals

Mr. Kollen has more than forty years of utility industry experience in the financial, rate, tax, and planning areas. He specializes in revenue requirements analyses, taxes, evaluation of rate and financial impacts of traditional and nontraditional ratemaking, utility mergers/acquisition and diversification. Mr. Kollen has expertise in proprietary and nonproprietary software systems used by utilities for budgeting, rate case support and strategic and financial planning.

RESUME OF LANE KOLLEN, VICE PRESIDENT

EXPERIENCE

1986 to

Present:

J. Kennedy and Associates, Inc.: Vice President and Principal. Responsible for utility stranded cost analysis, revenue requirements analysis, cash flow projections and solvency, financial and cash effects of traditional and nontraditional ratemaking, and research, speaking and writing on the effects of tax law changes. Testimony before Connecticut, Florida, Georgia, Indiana, Louisiana, Kentucky, Maine, Maryland, Minnesota, New York, North Carolina, Ohio, Pennsylvania, Tennessee, Texas, West Virginia and Wisconsin state regulatory commissions and the Federal Energy Regulatory Commission.

1983 to

1986:

Energy Management Associates: Lead Consultant.

Consulting in the areas of strategic and financial planning, traditional and nontraditional ratemaking, rate case support and testimony, diversification and generation expansion planning. Directed consulting and software development projects utilizing PROSCREEN II and ACUMEN proprietary software products. Utilized ACUMEN detailed corporate simulation system, PROSCREEN II strategic planning system and other custom developed software to support utility rate case filings including test year revenue requirements, rate base, operating income and pro-forma adjustments. Also utilized these software products for revenue simulation, budget preparation and cost-of-service analyses.

1976 to

1983:

The Toledo Edison Company: Planning Supervisor.

Responsible for financial planning activities including generation expansion planning, capital and expense budgeting, evaluation of tax law changes, rate case strategy and support and computerized financial modeling using proprietary and nonproprietary software products. Directed the modeling and evaluation of planning alternatives including:

Rate phase-ins.

Construction project cancellations and write-offs.

Construction project delays.

Capacity swaps.

Financing alternatives.

Competitive pricing for off-system sales.

Sale/leasebacks.

RESUME OF LANE KOLLEN, VICE PRESIDENT

CLIENTS SERVED

Industrial Companies and Groups

Air Products and Chemicals, Inc.	Lehigh Valley Power Committee
Airco Industrial Gases	Maryland Industrial Group
Alcan Aluminum	Multiple Intervenors (New York)
Armco Advanced Materials Co.	National Southwire
Armco Steel	North Carolina Industrial
Bethlehem Steel	Energy Consumers
CF&I Steel, L.P.	Occidental Chemical Corporation
Climax Molybdenum Company	Ohio Energy Group
Connecticut Industrial Energy Consumers	Ohio Industrial Energy Consumers
ELCON	Ohio Manufacturers Association
Enron Gas Pipeline Company	Philadelphia Area Industrial Energy
Florida Industrial Power Users Group	Users Group
Gallatin Steel	PSI Industrial Group
General Electric Company	Smith Cogeneration
GPU Industrial Intervenors	Taconite Intervenors (Minnesota)
Indiana Industrial Group	West Penn Power Industrial Intervenors
Industrial Consumers for	West Virginia Energy Users Group
Fair Utility Rates - Indiana	Westvaco Corporation
Industrial Energy Consumers - Ohio	
Kentucky Industrial Utility Customers, Inc.	
Kimberly-Clark Company	

Regulatory Commissions and Government Agencies

Cities in Texas-New Mexico Power Company's Service Territory
Cities in AEP Texas Central Company's Service Territory
Cities in AEP Texas North Company's Service Territory
City of Austin
Georgia Public Service Commission Staff
Florida Office of Public Counsel
Indiana Office of Utility Consumer Counsel
Kentucky Office of Attorney General
Louisiana Public Service Commission
Louisiana Public Service Commission Staff
Maine Office of Public Advocate
New York City
New York State Energy Office
South Carolina Office of Regulatory Staff
Texas Office of Public Utility Counsel
Utah Office of Consumer Services

RESUME OF LANE KOLLEN, VICE PRESIDENT

Utilities

Allegheny Power System
Atlantic City Electric Company
Carolina Power & Light Company
Cleveland Electric Illuminating Company
Delmarva Power & Light Company
Duquesne Light Company
General Public Utilities
Georgia Power Company
Middle South Services
Nevada Power Company
Niagara Mohawk Power Corporation

Otter Tail Power Company
Pacific Gas & Electric Company
Public Service Electric & Gas
Public Service of Oklahoma
Rochester Gas and Electric
Savannah Electric & Power Company
Seminole Electric Cooperative
Southern California Edison
Talquin Electric Cooperative
Tampa Electric
Texas Utilities
Toledo Edison Company

**Expert Testimony Appearances
of
Lane Kollen
As of February 2022**

Date	Case	Jurisdic.	Party	Utility	Subject
10/86	U-17282 Interim	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements financial solvency.
11/86	U-17282 Interim Rebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements financial solvency.
12/86	9613	KY	Attorney General Div. of Consumer Protection	Big Rivers Electric Corp.	Revenue requirements accounting adjustments financial workout plan.
1/87	U-17282 Interim	LA 19th Judicial District Ct.	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements, financial solvency.
3/87	General Order 236	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Tax Reform Act of 1986.
4/87	U-17282 Prudence	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Prudence of River Bend 1, economic analyses, cancellation studies.
4/87	M-100 Sub 113	NC	North Carolina Industrial Energy Consumers	Duke Power Co.	Tax Reform Act of 1986.
5/87	86-524-E-SC	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Revenue requirements, Tax Reform Act of 1986.
5/87	U-17282 Case In Chief	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, River Bend 1 phase-in plan, financial solvency.
7/87	U-17282 Case In Chief Surrebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, River Bend 1 phase-in plan, financial solvency.
7/87	U-17282 Prudence Surrebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Prudence of River Bend 1, economic analyses, cancellation studies.
7/87	86-524 E-SC Rebuttal	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Revenue requirements, Tax Reform Act of 1986.
8/87	9885	KY	Attorney General Div. of Consumer Protection	Big Rivers Electric Corp.	Financial workout plan.
8/87	E-015/GR-87-223	MN	Taconite Intervenors	Minnesota Power & Light Co.	Revenue requirements, O&M expense, Tax Reform Act of 1986.
10/87	870220-EI	FL	Occidental Chemical Corp.	Florida Power Corp.	Revenue requirements, O&M expense, Tax Reform Act of 1986.
11/87	87-07-01	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Tax Reform Act of 1986.
1/88	U-17282	LA 19th Judicial District Ct.	Louisiana Public Service Commission	Gulf States Utilities	Revenue requirements, River Bend 1 phase-in plan, rate of return.
2/88	9934	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Economics of Trimble County, completion.
2/88	10064	KY	Kentucky Industrial Utility	Louisville Gas &	Revenue requirements, O&M expense, capital

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			Customers	Electric Co.	structure, excess deferred income taxes.
5/88	10217	KY	Alcan Aluminum National Southwire	Big Rivers Electric Corp.	Financial workout plan.
5/88	M-87017-1C001	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Nonutility generator deferred cost recovery.
5/88	M-87017-2C005	PA	GPU Industrial Intervenors	Pennsylvania Electric Co.	Nonutility generator deferred cost recovery.
6/88	U-17282	LA 19th Judicial District Ct.	Louisiana Public Service Commission	Gulf States Utilities	Prudence of River Bend 1 economic analyses, cancellation studies, financial modeling.
7/88	M-87017-1C001 Rebuttal	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Nonutility generator deferred cost recovery, SFAS No. 92.
7/88	M-87017-2C005 Rebuttal	PA	GPU Industrial Intervenors	Pennsylvania Electric Co.	Nonutility generator deferred cost recovery, SFAS No. 92.
9/88	88-05-25	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Excess deferred taxes, O&M expenses.
9/88	10064 Rehearing	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Premature retirements, interest expense.
10/88	88-170-EL-AIR	OH	Ohio Industrial Energy Consumers	Cleveland Electric Illuminating Co.	Revenue requirements, phase-in, excess deferred taxes, O&M expenses, financial considerations, working capital.
10/88	88-171-EL-AIR	OH	Ohio Industrial Energy Consumers	Toledo Edison Co.	Revenue requirements, phase-in, excess deferred taxes, O&M expenses, financial considerations, working capital.
10/88	8800-355-EI	FL	Florida Industrial Power Users' Group	Florida Power & Light Co.	Tax Reform Act of 1986, tax expenses, O&M expenses, pension expense (SFAS No. 87).
10/88	3780-U	GA	Georgia Public Service Commission Staff	Atlanta Gas Light Co.	Pension expense (SFAS No. 87).
11/88	U-17282 Remand	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Rate base exclusion plan (SFAS No. 71).
12/88	U-17970	LA	Louisiana Public Service Commission Staff	AT&T Communications of South Central States	Pension expense (SFAS No. 87).
12/88	U-17949 Rebuttal	LA	Louisiana Public Service Commission Staff	South Central Bell	Compensated absences (SFAS No. 43), pension expense (SFAS No. 87), Part 32, income tax normalization.
2/89	U-17282 Phase II	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, phase-in of River Bend 1, recovery of canceled plant.
6/89	881602-EU 890326-EU	FL	Talquin Electric Cooperative	Talquin/City of Tallahassee	Economic analyses, incremental cost-of-service, average customer rates.

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7/89	U-17970	LA	Louisiana Public Service Commission Staff	AT&T Communications of South Central States	Pension expense (SFAS No. 87), compensated absences (SFAS No. 43), Part 32.
8/89	8555	TX	Occidental Chemical Corp.	Houston Lighting & Power Co.	Cancellation cost recovery, tax expense, revenue requirements.
8/89	3840-U	GA	Georgia Public Service Commission Staff	Georgia Power Co.	Promotional practices, advertising, economic development.
9/89	U-17282 Phase II Detailed	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, detailed investigation.
10/89	8880	TX	Enron Gas Pipeline	Texas-New Mexico Power Co.	Deferred accounting treatment, sale/leaseback.
10/89	8928	TX	Enron Gas Pipeline	Texas-New Mexico Power Co.	Revenue requirements, imputed capital structure, cash working capital.
10/89	R-891364	PA	Philadelphia Area Industrial Energy Users Group	Philadelphia Electric Co.	Revenue requirements.
11/89 12/89	R-891364 Surrebuttal (2 Filings)	PA	Philadelphia Area Industrial Energy Users Group	Philadelphia Electric Co.	Revenue requirements, sale/leaseback.
1/90	U-17282 Phase II Detailed Rebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, detailed investigation.
1/90	U-17282 Phase III	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Phase-in of River Bend 1, deregulated asset plan.
3/90	890319-EI	FL	Florida Industrial Power Users Group	Florida Power & Light Co.	O&M expenses, Tax Reform Act of 1986.
4/90	890319-EI Rebuttal	FL	Florida Industrial Power Users Group	Florida Power & Light Co.	O&M expenses, Tax Reform Act of 1986.
4/90	U-17282	LA 19 th Judicial District Ct.	Louisiana Public Service Commission	Gulf States Utilities	Fuel clause, gain on sale of utility assets.
9/90	90-158	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Revenue requirements, post-test year additions, forecasted test year.
12/90	U-17282 Phase IV	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements.
3/91	29327, et. al.	NY	Multiple Intervenors	Niagara Mohawk Power Corp.	Incentive regulation.
5/91	9945	TX	Office of Public Utility Counsel of Texas	El Paso Electric Co.	Financial modeling, economic analyses, prudence of Palo Verde 3.

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9/91	P-910511 P-910512	PA	Allegheny Ludlum Corp., Armco Advanced Materials Co., The West Penn Power Industrial Users' Group	West Penn Power Co.	Recovery of CAAA costs, least cost financing.
9/91	91-231-E-NC	WV	West Virginia Energy Users Group	Monongahela Power Co.	Recovery of CAAA costs, least cost financing.
11/91	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Asset impairment, deregulated asset plan, revenue requirements.
12/91	91-410-EL-AIR	OH	Air Products and Chemicals, Inc., Armco Steel Co., General Electric Co., Industrial Energy Consumers	Cincinnati Gas & Electric Co.	Revenue requirements, phase-in plan.
12/91	PUC Docket 10200	TX	Office of Public Utility Counsel of Texas	Texas-New Mexico Power Co.	Financial integrity, strategic planning, declined business affiliations.
5/92	910890-EI	FL	Occidental Chemical Corp.	Florida Power Corp.	Revenue requirements, O&M expense, pension expense, OPEB expense, fossil dismantling, nuclear decommissioning.
8/92	R-00922314	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Incentive regulation, performance rewards, purchased power risk, OPEB expense.
9/92	92-043	KY	Kentucky Industrial Utility Consumers	Generic Proceeding	OPEB expense.
9/92	920324-EI	FL	Florida Industrial Power Users' Group	Tampa Electric Co.	OPEB expense.
9/92	39348	IN	Indiana Industrial Group	Generic Proceeding	OPEB expense.
9/92	910840-PU	FL	Florida Industrial Power Users' Group	Generic Proceeding	OPEB expense.
9/92	39314	IN	Industrial Consumers for Fair Utility Rates	Indiana Michigan Power Co.	OPEB expense.
11/92	U-19904	LA	Louisiana Public Service Commission Staff	Gulf States Utilities /Entergy Corp.	Merger.
11/92	8469	MD	Westvaco Corp., Eastalco Aluminum Co.	Potomac Edison Co.	OPEB expense.
11/92	92-1715-AU-COI	OH	Ohio Manufacturers Association	Generic Proceeding	OPEB expense.
12/92	R-00922378	PA	Armco Advanced Materials Co., The WPP Industrial Intervenors	West Penn Power Co.	Incentive regulation, performance rewards, purchased power risk, OPEB expense.
12/92	U-19949	LA	Louisiana Public Service Commission Staff	South Central Bell	Affiliate transactions, cost allocations, merger.

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Date	Case	Jurisdic.	Party	Utility	Subject
12/92	R-00922479	PA	Philadelphia Area Industrial Energy Users' Group	Philadelphia Electric Co.	OPEB expense.
1/93	8487	MD	Maryland Industrial Group	Baltimore Gas & Electric Co., Bethlehem Steel Corp.	OPEB expense, deferred fuel, CWIP in rate base.
1/93	39498	IN	PSI Industrial Group	PSI Energy, Inc.	Refunds due to over-collection of taxes on Marble Hill cancellation.
3/93	92-11-11	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co	OPEB expense.
3/93	U-19904 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities /Entergy Corp.	Merger.
3/93	93-01-EL-EFC	OH	Ohio Industrial Energy Consumers	Ohio Power Co.	Affiliate transactions, fuel.
3/93	EC92-21000 ER92-806-000	FERC	Louisiana Public Service Commission Staff	Gulf States Utilities /Entergy Corp.	Merger.
4/93	92-1464-EL-AIR	OH	Air Products Armco Steel Industrial Energy Consumers	Cincinnati Gas & Electric Co.	Revenue requirements, phase-in plan.
4/93	EC92-21000 ER92-806-000 (Rebuttal)	FERC	Louisiana Public Service Commission	Gulf States Utilities /Entergy Corp.	Merger.
9/93	93-113	KY	Kentucky Industrial Utility Customers	Kentucky Utilities	Fuel clause and coal contract refund.
9/93	92-490, 92-490A, 90-360-C	KY	Kentucky Industrial Utility Customers and Kentucky Attorney General	Big Rivers Electric Corp.	Disallowances and restitution for excessive fuel costs, illegal and improper payments, recovery of mine closure costs.
10/93	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	Revenue requirements, debt restructuring agreement, River Bend cost recovery.
1/94	U-20647	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Audit and investigation into fuel clause costs.
4/94	U-20647 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Nuclear and fossil unit performance, fuel costs, fuel clause principles and guidelines.
4/94	U-20647 (Supplemental Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Audit and investigation into fuel clause costs.
5/94	U-20178	LA	Louisiana Public Service Commission Staff	Louisiana Power & Light Co.	Planning and quantification issues of least cost integrated resource plan.
9/94	U-19904 Initial Post-Merger Earnings Review	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	River Bend phase-in plan, deregulated asset plan, capital structure, other revenue requirement issues.

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Date	Case	Jurisdct.	Party	Utility	Subject
9/94	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	G&T cooperative ratemaking policies, exclusion of River Bend, other revenue requirement issues.
10/94	3905-U	GA	Georgia Public Service Commission Staff	Southern Bell Telephone Co.	Incentive rate plan, earnings review.
10/94	5258-U	GA	Georgia Public Service Commission Staff	Southern Bell Telephone Co.	Alternative regulation, cost allocation.
11/94	U-19904 Initial Post-Merger Earnings Review (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	River Bend phase-in plan, deregulated asset plan, capital structure, other revenue requirement issues.
11/94	U-17735 (Rebuttal)	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	G&T cooperative ratemaking policy, exclusion of River Bend, other revenue requirement issues.
4/95	R-00943271	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Revenue requirements. Fossil dismantling, nuclear decommissioning.
6/95	3905-U Rebuttal	GA	Georgia Public Service Commission	Southern Bell Telephone Co.	Incentive regulation, affiliate transactions, revenue requirements, rate refund.
6/95	U-19904 (Direct)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Gas, coal, nuclear fuel costs, contract prudence, base/fuel realignment.
10/95	95-02614	TN	Tennessee Office of the Attorney General Consumer Advocate	BellSouth Telecommunications, Inc.	Affiliate transactions.
10/95	U-21485 (Direct)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Nuclear O&M, River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues.
11/95	U-19904 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co. Division	Gas, coal, nuclear fuel costs, contract prudence, base/fuel realignment.
11/95	U-21485 (Supplemental Direct)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Nuclear O&M, River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues.
12/95	U-21485 (Surrebuttal)				
1/96	95-299-EL-AIR 95-300-EL-AIR	OH	Industrial Energy Consumers	The Toledo Edison Co., The Cleveland Electric Illuminating Co.	Competition, asset write-offs and revaluation, O&M expense, other revenue requirement issues.
2/96	PUC Docket 14965	TX	Office of Public Utility Counsel	Central Power & Light	Nuclear decommissioning.
5/96	95-485-LCS	NM	City of Las Cruces	El Paso Electric Co.	Stranded cost recovery, municipalization.
7/96	8725	MD	The Maryland Industrial Group and Redland Genstar, Inc.	Baltimore Gas & Electric Co., Potomac Electric Power Co., and Constellation Energy Corp.	Merger savings, tracking mechanism, earnings sharing plan, revenue requirement issues.

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Date	Case	Jurisdic.	Party	Utility	Subject
9/96 11/96	U-22092 U-22092 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues, allocation of regulated/nonregulated costs.
10/96	96-327	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Environmental surcharge recoverable costs.
2/97	R-00973877	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Stranded cost recovery, regulatory assets and liabilities, intangible transition charge, revenue requirements.
3/97	96-489	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Co.	Environmental surcharge recoverable costs, system agreements, allowance inventory, jurisdictional allocation.
6/97	TO-97-397	MO	MCI Telecommunications Corp., Inc., MCImetro Access Transmission Services, Inc.	Southwestern Bell Telephone Co.	Price cap regulation, revenue requirements, rate of return.
6/97	R-00973953	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
7/97	R-00973954	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
7/97	U-22092	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Depreciation rates and methodologies, River Bend phase-in plan.
8/97	97-300	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co., Kentucky Utilities Co.	Merger policy, cost savings, surcredit sharing mechanism, revenue requirements, rate of return.
8/97	R-00973954 (Surrebuttal)	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
10/97	97-204	KY	Alcan Aluminum Corp. Southwire Co.	Big Rivers Electric Corp.	Restructuring, revenue requirements, reasonableness.
10/97	R-974008	PA	Metropolitan Edison Industrial Users Group	Metropolitan Edison Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements.
10/97	R-974009	PA	Penelec Industrial Customer Alliance	Pennsylvania Electric Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements.
11/97	97-204 (Rebuttal)	KY	Alcan Aluminum Corp. Southwire Co.	Big Rivers Electric Corp.	Restructuring, revenue requirements, reasonableness of rates, cost allocation.
11/97	U-22491	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, other revenue requirement issues.

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Date	Case	Jurisdic.	Party	Utility	Subject
11/97	R-00973953 (Surrebuttal)	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
11/97	R-973981	PA	West Penn Power Industrial Intervenor	West Penn Power Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, fossil decommissioning, revenue requirements, securitization.
11/97	R-974104	PA	Duquesne Industrial Intervenor	Duquesne Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements, securitization.
12/97	R-973981 (Surrebuttal)	PA	West Penn Power Industrial Intervenor	West Penn Power Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, fossil decommissioning, revenue requirements.
12/97	R-974104 (Surrebuttal)	PA	Duquesne Industrial Intervenor	Duquesne Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements, securitization.
1/98	U-22491 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, other revenue requirement issues.
2/98	8774	MD	Westvaco	Potomac Edison Co.	Merger of Duquesne, AE, customer safeguards, savings sharing.
3/98	U-22092 (Allocated Stranded Cost Issues)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Restructuring, stranded costs, regulatory assets, securitization, regulatory mitigation.
3/98	8390-U	GA	Georgia Natural Gas Group, Georgia Textile Manufacturers Assoc.	Atlanta Gas Light Co.	Restructuring, unbundling, stranded costs, incentive regulation, revenue requirements.
3/98	U-22092 (Allocated Stranded Cost Issues) (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Restructuring, stranded costs, regulatory assets, securitization, regulatory mitigation.
3/98	U-22491 (Supplemental Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, other revenue requirement issues.
10/98	97-596	ME	Maine Office of the Public Advocate	Bangor Hydro-Electric Co.	Restructuring, unbundling, stranded costs, T&D revenue requirements.
10/98	9355-U	GA	Georgia Public Service Commission Adversary Staff	Georgia Power Co.	Affiliate transactions.
10/98	U-17735 Rebuttal	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	G&T cooperative ratemaking policy, other revenue requirement issues.

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Date	Case	Jurisdic.	Party	Utility	Subject
11/98	U-23327	LA	Louisiana Public Service Commission Staff	SWEPCO, CSW and AEP	Merger policy, savings sharing mechanism, affiliate transaction conditions.
12/98	U-23358 (Direct)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
12/98	98-577	ME	Maine Office of Public Advocate	Maine Public Service Co.	Restructuring, unbundling, stranded cost, T&D revenue requirements.
1/99	98-10-07	CT	Connecticut Industrial Energy Consumers	United Illuminating Co.	Stranded costs, investment tax credits, accumulated deferred income taxes, excess deferred income taxes.
3/99	U-23358 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
3/99	98-474	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co.	Revenue requirements, alternative forms of regulation.
3/99	98-426	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements, alternative forms of regulation.
3/99	99-082	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co.	Revenue requirements.
3/99	99-083	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements.
4/99	U-23358 (Supplemental Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
4/99	99-03-04	CT	Connecticut Industrial Energy Consumers	United Illuminating Co.	Regulatory assets and liabilities, stranded costs, recovery mechanisms.
4/99	99-02-05	CT	Connecticut Industrial Utility Customers	Connecticut Light and Power Co.	Regulatory assets and liabilities, stranded costs, recovery mechanisms.
5/99	98-426 99-082 (Additional Direct)	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co.	Revenue requirements.
5/99	98-474 99-083 (Additional Direct)	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements.
5/99	98-426 98-474 (Response to Amended Applications)	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co., Kentucky Utilities Co.	Alternative regulation.
6/99	97-596	ME	Maine Office of Public Advocate	Bangor Hydro-Electric Co.	Request for accounting order regarding electric industry restructuring costs.
7/99	U-23358	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Affiliate transactions, cost allocations.

**Expert Testimony Appearances
of
Lane Kollen
As of February 2022**

Date	Case	Jurisdict.	Party	Utility	Subject
7/99	99-03-35	CT	Connecticut Industrial Energy Consumers	United Illuminating Co.	Stranded costs, regulatory assets, tax effects of asset divestiture.
7/99	U-23327	LA	Louisiana Public Service Commission Staff	Southwestern Electric Power Co., Central and South West Corp, American Electric Power Co.	Merger Settlement and Stipulation.
7/99	97-596 Surrebuttal	ME	Maine Office of Public Advocate	Bangor Hydro-Electric Co.	Restructuring, unbundling, stranded cost, T&D revenue requirements.
7/99	98-0452-E-GI	WV	West Virginia Energy Users Group	Monongahela Power, Potomac Edison, Appalachian Power, Wheeling Power	Regulatory assets and liabilities.
8/99	98-577 Surrebuttal	ME	Maine Office of Public Advocate	Maine Public Service Co.	Restructuring, unbundling, stranded costs, T&D revenue requirements.
8/99	98-426 99-082 Rebuttal	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co.	Revenue requirements.
8/99	98-474 98-083 Rebuttal	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements.
8/99	98-0452-E-GI Rebuttal	WV	West Virginia Energy Users Group	Monongahela Power, Potomac Edison, Appalachian Power, Wheeling Power	Regulatory assets and liabilities.
10/99	U-24182 Direct	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, affiliate transactions, tax issues, and other revenue requirement issues.
11/99	PUC Docket 21527	TX	The Dallas-Fort Worth Hospital Council and Coalition of Independent Colleges and Universities	TXU Electric	Restructuring, stranded costs, taxes, securitization.
11/99	U-23358 Surrebuttal Affiliate Transactions Review	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Service company affiliate transaction costs.
01/00	U-24182 Surrebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, affiliate transactions, tax issues, and other revenue requirement issues.
04/00	99-1212-EL-ETP 99-1213-EL-ATA 99-1214-EL-AAM	OH	Greater Cleveland Growth Association	First Energy (Cleveland Electric Illuminating, Toledo Edison)	Historical review, stranded costs, regulatory assets, liabilities.

**Expert Testimony Appearances
of
Lane Kollen
As of February 2022**

Date	Case	Jurisdct.	Party	Utility	Subject
05/00	2000-107	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Co.	ECR surcharge roll-in to base rates.
05/00	U-24182 Supplemental Direct	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Affiliate expense proforma adjustments.
05/00	A-110550F0147	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy	Merger between PECO and Unicom.
05/00	99-1658-EL-ETP	OH	AK Steel Corp.	Cincinnati Gas & Electric Co.	Regulatory transition costs, including regulatory assets and liabilities, SFAS 109, ADIT, EDIT, ITC.
07/00	PUC Docket 22344	TX	The Dallas-Fort Worth Hospital Council and The Coalition of Independent Colleges and Universities	Statewide Generic Proceeding	Escalation of O&M expenses for unbundled T&D revenue requirements in projected test year.
07/00	U-21453	LA	Louisiana Public Service Commission	SWEPCO	Stranded costs, regulatory assets and liabilities.
08/00	U-24064	LA	Louisiana Public Service Commission Staff	CLECO	Affiliate transaction pricing ratemaking principles, subsidization of nonregulated affiliates, ratemaking adjustments.
10/00	SOAH Docket 473-00-1015 PUC Docket 22350	TX	The Dallas-Fort Worth Hospital Council and The Coalition of Independent Colleges and Universities	TXU Electric Co.	Restructuring, T&D revenue requirements, mitigation, regulatory assets and liabilities.
10/00	R-00974104 Affidavit	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Final accounting for stranded costs, including treatment of auction proceeds, taxes, capital costs, switchback costs, and excess pension funding.
11/00	P-00001837 R-00974008 P-00001838 R-00974009	PA	Metropolitan Edison Industrial Users Group Penelec Industrial Customer Alliance	Metropolitan Edison Co., Pennsylvania Electric Co.	Final accounting for stranded costs, including treatment of auction proceeds, taxes, regulatory assets and liabilities, transaction costs.
12/00	U-21453, U-20925, U-22092 (Subdocket C) Surrebuttal	LA	Louisiana Public Service Commission Staff	SWEPCO	Stranded costs, regulatory assets.
01/01	U-24993 Direct	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
01/01	U-21453, U-20925, U-22092 (Subdocket B) Surrebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Industry restructuring, business separation plan, organization structure, hold harmless conditions, financing.
01/01	Case No. 2000-386	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co.	Recovery of environmental costs, surcharge mechanism.

**Expert Testimony Appearances
of
Lane Kollen
As of February 2022**

Date	Case	Jurisdic.	Party	Utility	Subject
01/01	Case No. 2000-439	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Recovery of environmental costs, surcharge mechanism.
02/01	A-110300F0095 A-110400F0040	PA	Met-Ed Industrial Users Group, Penelec Industrial Customer Alliance	GPU, Inc. FirstEnergy Corp.	Merger, savings, reliability.
03/01	P-00001860 P-00001861	PA	Met-Ed Industrial Users Group, Penelec Industrial Customer Alliance	Metropolitan Edison Co., Pennsylvania Electric Co.	Recovery of costs due to provider of last resort obligation.
04/01	U-21453, U-20925, U-22092 (Subdocket B) Settlement Term Sheet	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Business separation plan: settlement agreement on overall plan structure.
04/01	U-21453, U-20925, U-22092 (Subdocket B) Contested Issues	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Business separation plan: agreements, hold harmless conditions, separations methodology.
05/01	U-21453, U-20925, U-22092 (Subdocket B) Contested Issues Transmission and Distribution Rebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Business separation plan: agreements, hold harmless conditions, separations methodology.
07/01	U-21453, U-20925, U-22092 (Subdocket B) Transmission and Distribution Term Sheet	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Business separation plan: settlement agreement on T&D issues, agreements necessary to implement T&D separations, hold harmless conditions, separations methodology.
10/01	14000-U	GA	Georgia Public Service Commission Adversary Staff	Georgia Power Company	Revenue requirements, Rate Plan, fuel clause recovery.
11/01	14311-U Direct Panel with Bolin Killings	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co	Revenue requirements, revenue forecast, O&M expense, depreciation, plant additions, cash working capital.
11/01	U-25687 Direct	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Revenue requirements, capital structure, allocation of regulated and nonregulated costs, River Bend uprate.
02/02	PUC Docket 25230	TX	The Dallas-Fort Worth Hospital Council and the Coalition of Independent Colleges and Universities	TXU Electric	Stipulation. Regulatory assets, securitization financing.

**Expert Testimony Appearances
of
Lane Kollen
As of February 2022**

Date	Case	Jurisdiction	Party	Utility	Subject
02/02	U-25687 Surrebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, River Bend uprate.
03/02	14311-U Rebuttal Panel with Bolin Killings	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Revenue requirements, earnings sharing plan, service quality standards.
03/02	14311-U Rebuttal Panel with Michelle L. Thebert	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Revenue requirements, revenue forecast, O&M expense, depreciation, plant additions, cash working capital.
03/02	001148-EI	FL	South Florida Hospital and Healthcare Assoc.	Florida Power & Light Co.	Revenue requirements. Nuclear life extension, storm damage accruals and reserve, capital structure, O&M expense.
04/02	U-25687 (Suppl. Surrebuttal)	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, River Bend uprate.
04/02	U-21453, U-20925 U-22092 (Subdocket C)	LA	Louisiana Public Service Commission	SWEPCO	Business separation plan, T&D Term Sheet, separations methodologies, hold harmless conditions.
08/02	EL01-88-000	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	System Agreement, production cost equalization, tariffs.
08/02	U-25888	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc. and Entergy Louisiana, Inc.	System Agreement, production cost disparities, prudence.
09/02	2002-00224 2002-00225	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric Co.	Line losses and fuel clause recovery associated with off-system sales.
11/02	2002-00146 2002-00147	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric Co.	Environmental compliance costs and surcharge recovery.
01/03	2002-00169	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Power Co.	Environmental compliance costs and surcharge recovery.
04/03	2002-00429 2002-00430	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric Co.	Extension of merger surcredit, flaws in Companies' studies.
04/03	U-26527	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, capital structure, post-test year adjustments.
06/03	EL01-88-000 Rebuttal	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	System Agreement, production cost equalization, tariffs.

**Expert Testimony Appearances
of
Lane Kollen
As of February 2022**

Date	Case	Jurisdic.	Party	Utility	Subject
06/03	2003-00068	KY	Kentucky Industrial Utility Customers	Kentucky Utilities Co.	Environmental cost recovery, correction of base rate error.
11/03	ER03-753-000	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Unit power purchases and sale cost-based tariff pursuant to System Agreement.
11/03	ER03-583-000, ER03-583-001, ER03-583-002 ER03-681-000, ER03-681-001 ER03-682-000, ER03-682-001, ER03-682-002 ER03-744-000, ER03-744-001 (Consolidated)	FERC	Louisiana Public Service Commission	Entergy Services, Inc., the Entergy Operating Companies, EWO Marketing, L.P, and Entergy Power, Inc.	Unit power purchases and sale agreements, contractual provisions, projected costs, levelized rates, and formula rates.
12/03	U-26527 Surrebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, capital structure, post-test year adjustments.
12/03	2003-0334 2003-0335	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric Co.	Earnings Sharing Mechanism.
12/03	U-27136	LA	Louisiana Public Service Commission Staff	Entergy Louisiana, Inc.	Purchased power contracts between affiliates, terms and conditions.
03/04	U-26527 Supplemental Surrebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, capital structure, post-test year adjustments.
03/04	2003-00433	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co.	Revenue requirements, depreciation rates, O&M expense, deferrals and amortization, earnings sharing mechanism, merger surcredit, VDT surcredit.
03/04	2003-00434	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements, depreciation rates, O&M expense, deferrals and amortization, earnings sharing mechanism, merger surcredit, VDT surcredit.
03/04	SOAH Docket 473-04-2459 PUC Docket 29206	TX	Cities Served by Texas-New Mexico Power Co.	Texas-New Mexico Power Co.	Stranded costs true-up, including valuation issues, ITC, ADIT, excess earnings.
05/04	04-169-EL-UNC	OH	Ohio Energy Group, Inc.	Columbus Southern Power Co. & Ohio Power Co.	Rate stabilization plan, deferrals, T&D rate increases, earnings.
06/04	SOAH Docket 473-04-4555 PUC Docket 29526	TX	Houston Council for Health and Education	CenterPoint Energy Houston Electric	Stranded costs true-up, including valuation issues, ITC, EDIT, excess mitigation credits, capacity auction true-up revenues, interest.

**Expert Testimony Appearances
of
Lane Kollen
As of February 2022**

Date	Case	Jurisdiction	Party	Utility	Subject
08/04	SOAH Docket 473-04-4555 PUC Docket 29526 (Suppl Direct)	TX	Houston Council for Health and Education	CenterPoint Energy Houston Electric	Interest on stranded cost pursuant to Texas Supreme Court remand.
09/04	U-23327 Subdocket B	LA	Louisiana Public Service Commission Staff	SWEPCO	Fuel and purchased power expenses recoverable through fuel adjustment clause, trading activities, compliance with terms of various LPSC Orders.
10/04	U-23327 Subdocket A	LA	Louisiana Public Service Commission Staff	SWEPCO	Revenue requirements.
12/04	Case Nos. 2004-00321, 2004-00372	KY	Gallatin Steel Co.	East Kentucky Power Cooperative, Inc., Big Sandy Recc, et al.	Environmental cost recovery, qualified costs, TIER requirements, cost allocation.
01/05	30485	TX	Houston Council for Health and Education	CenterPoint Energy Houston Electric, LLC	Stranded cost true-up including regulatory Central Co. assets and liabilities, ITC, EDIT, capacity auction, proceeds, excess mitigation credits, retrospective and prospective ADIT.
02/05	18638-U	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Revenue requirements.
02/05	18638-U Panel with Tony Wackerly	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Comprehensive rate plan, pipeline replacement program surcharge, performance based rate plan.
02/05	18638-U Panel with Michelle Thebert	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Energy conservation, economic development, and tariff issues.
03/05	Case Nos. 2004-00426, 2004-00421	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric	Environmental cost recovery, Jobs Creation Act of 2004 and §199 deduction, excess common equity ratio, deferral and amortization of nonrecurring O&M expense.
06/05	2005-00068	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Co.	Environmental cost recovery, Jobs Creation Act of 2004 and §199 deduction, margins on allowances used for AEP system sales.
06/05	050045-EI	FL	South Florida Hospital and Healthcare Assoc.	Florida Power & Light Co.	Storm damage expense and reserve, RTO costs, O&M expense projections, return on equity performance incentive, capital structure, selective second phase post-test year rate increase.
08/05	31056	TX	Alliance for Valley Healthcare	AEP Texas Central Co.	Stranded cost true-up including regulatory assets and liabilities, ITC, EDIT, capacity auction, proceeds, excess mitigation credits, retrospective and prospective ADIT.
09/05	20298-U	GA	Georgia Public Service Commission Adversary Staff	Atmos Energy Corp.	Revenue requirements, roll-in of surcharges, cost recovery through surcharge, reporting requirements.
09/05	20298-U	GA	Georgia Public Service	Atmos Energy Corp.	Affiliate transactions, cost allocations, capitalization,

**Expert Testimony Appearances
of
Lane Kollen
As of February 2022**

Date	Case	Jurisdic.	Party	Utility	Subject
	Panel with Victoria Taylor		Commission Adversary Staff		cost of debt.
10/05	04-42	DE	Delaware Public Service Commission Staff	Artesian Water Co.	Allocation of tax net operating losses between regulated and unregulated.
11/05	2005-00351 2005-00352	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric	Workforce Separation Program cost recovery and shared savings through VDT surcredit.
01/06	2005-00341	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Co.	System Sales Clause Rider, Environmental Cost Recovery Rider. Net Congestion Rider, Storm damage, vegetation management program, depreciation, off-system sales, maintenance normalization, pension and OPEB.
03/06	PUC Docket 31994	TX	Cities	Texas-New Mexico Power Co.	Stranded cost recovery through competition transition or change.
05/06	31994 Supplemental	TX	Cities	Texas-New Mexico Power Co.	Retrospective ADFIT, prospective ADFIT.
03/06	U-21453, U-20925, U-22092 (Subdocket B)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Jurisdictional separation plan.
03/06	NOPR Reg 104385-OR	IRS	Alliance for Valley Health Care and Houston Council for Health Education	AEP Texas Central Company and CenterPoint Energy Houston Electric	Proposed Regulations affecting flow-through to ratepayers of excess deferred income taxes and investment tax credits on generation plant that is sold or deregulated.
04/06	U-25116	LA	Louisiana Public Service Commission Staff	Entergy Louisiana, Inc.	2002-2004 Audit of Fuel Adjustment Clause Filings. Affiliate transactions.
07/06	R-00061366, Et. al.	PA	Met-Ed Ind. Users Group Pennsylvania Ind. Customer Alliance	Metropolitan Edison Co., Pennsylvania Electric Co.	Recovery of NUG-related stranded costs, government mandated program costs, storm damage costs.
07/06	U-23327	LA	Louisiana Public Service Commission Staff	Southwestern Electric Power Co.	Revenue requirements, formula rate plan, banking proposal.
08/06	U-21453, U-20925, U-22092 (Subdocket J)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Jurisdictional separation plan.
11/06	05CVH03-3375 Franklin County Court Affidavit	OH	Various Taxing Authorities (Non-Utility Proceeding)	State of Ohio Department of Revenue	Accounting for nuclear fuel assemblies as manufactured equipment and capitalized plant.
12/06	U-23327 Subdocket A Reply Testimony	LA	Louisiana Public Service Commission Staff	Southwestern Electric Power Co.	Revenue requirements, formula rate plan, banking proposal.
03/07	U-29764	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc., Entergy Louisiana, LLC	Jurisdictional allocation of Entergy System Agreement equalization remedy receipts.

**Expert Testimony Appearances
of
Lane Kollen
As of February 2022**

Date	Case	Jurisdic.	Party	Utility	Subject
03/07	PUC Docket 33309	TX	Cities	AEP Texas Central Co.	Revenue requirements, including functionalization of transmission and distribution costs.
03/07	PUC Docket 33310	TX	Cities	AEP Texas North Co.	Revenue requirements, including functionalization of transmission and distribution costs.
03/07	2006-00472	KY	Kentucky Industrial Utility Customers, Inc.	East Kentucky Power Cooperative	Interim rate increase, RUS loan covenants, credit facility requirements, financial condition.
03/07	U-29157	LA	Louisiana Public Service Commission Staff	Cleco Power, LLC	Permanent (Phase II) storm damage cost recovery.
04/07	U-29764 Supplemental and Rebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc., Entergy Louisiana, LLC	Jurisdictional allocation of Entergy System Agreement equalization remedy receipts.
04/07	ER07-682-000 Affidavit	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Allocation of intangible and general plant and A&G expenses to production and state income tax effects on equalization remedy receipts.
04/07	ER07-684-000 Affidavit	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Fuel hedging costs and compliance with FERC USOA.
05/07	ER07-682-000 Supplemental Affidavit	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Allocation of intangible and general plant and A&G expenses to production and account 924 effects on MSS-3 equalization remedy payments and receipts.
06/07	U-29764	LA	Louisiana Public Service Commission Staff	Entergy Louisiana, LLC, Entergy Gulf States, Inc.	Show cause for violating LPSC Order on fuel hedging costs.
07/07	2006-00472	KY	Kentucky Industrial Utility Customers, Inc.	East Kentucky Power Cooperative	Revenue requirements, post-test year adjustments, TIER, surcharge revenues and costs, financial need.
07/07	ER07-956-000 Affidavit	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Storm damage costs related to Hurricanes Katrina and Rita and effects of MSS-3 equalization payments and receipts.
10/07	05-UR-103 Direct	WI	Wisconsin Industrial Energy Group	Wisconsin Electric Power Company, Wisconsin Gas, LLC	Revenue requirements, carrying charges on CWIP, amortization and return on regulatory assets, working capital, incentive compensation, use of rate base in lieu of capitalization, quantification and use of Point Beach sale proceeds.
10/07	05-UR-103 Surrebuttal	WI	Wisconsin Industrial Energy Group	Wisconsin Electric Power Company, Wisconsin Gas, LLC	Revenue requirements, carrying charges on CWIP, amortization and return on regulatory assets, working capital, incentive compensation, use of rate base in lieu of capitalization, quantification and use of Point Beach sale proceeds.
10/07	25060-U Direct	GA	Georgia Public Service Commission Public Interest Adversary Staff	Georgia Power Company	Affiliate costs, incentive compensation, consolidated income taxes, §199 deduction.

**Expert Testimony Appearances
of
Lane Kollen
As of February 2022**

Date	Case	Jurisdct.	Party	Utility	Subject
11/07	06-0033-E-CN Direct	WV	West Virginia Energy Users Group	Appalachian Power Company	IGCC surcharge during construction period and post-in-service date.
11/07	ER07-682-000 Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Functionalization and allocation of intangible and general plant and A&G expenses.
01/08	ER07-682-000 Cross-Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Functionalization and allocation of intangible and general plant and A&G expenses.
01/08	07-551-EL-AIR Direct	OH	Ohio Energy Group, Inc.	Ohio Edison Company, Cleveland Electric Illuminating Company, Toledo Edison Company	Revenue requirements.
02/08	ER07-956-000 Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Functionalization of expenses, storm damage expense and reserves, tax NOL carrybacks in accounts, ADIT, nuclear service lives and effects on depreciation and decommissioning.
03/08	ER07-956-000 Cross-Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Functionalization of expenses, storm damage expense and reserves, tax NOL carrybacks in accounts, ADIT, nuclear service lives and effects on depreciation and decommissioning.
04/08	2007-00562, 2007-00563	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co., Louisville Gas and Electric Co.	Merger surcredit.
04/08	26837 Direct Bond, Johnson, Thebert, Kollen Panel	GA	Georgia Public Service Commission Staff	SCANA Energy Marketing, Inc.	Rule Nisi complaint.
05/08	26837 Rebuttal Bond, Johnson, Thebert, Kollen Panel	GA	Georgia Public Service Commission Staff	SCANA Energy Marketing, Inc.	Rule Nisi complaint.
05/08	26837 Suppl Rebuttal Bond, Johnson, Thebert, Kollen Panel	GA	Georgia Public Service Commission Staff	SCANA Energy Marketing, Inc.	Rule Nisi complaint.
06/08	2008-00115	KY	Kentucky Industrial Utility Customers, Inc.	East Kentucky Power Cooperative, Inc.	Environmental surcharge recoveries, including costs recovered in existing rates, TIER.

**Expert Testimony Appearances
of
Lane Kollen
As of February 2022**

Date	Case	Jurisdic.	Party	Utility	Subject
07/08	27163 Direct	GA	Georgia Public Service Commission Public Interest Advocacy Staff	Atmos Energy Corp.	Revenue requirements, including projected test year rate base and expenses.
07/08	27163 Taylor, Kollen Panel	GA	Georgia Public Service Commission Public Interest Advocacy Staff	Atmos Energy Corp.	Affiliate transactions and division cost allocations, capital structure, cost of debt.
08/08	6680-CE-170 Direct	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Power and Light Company	Nelson Dewey 3 or Colombia 3 fixed financial parameters.
08/08	6680-UR-116 Direct	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Power and Light Company	CWIP in rate base, labor expenses, pension expense, financing, capital structure, decoupling.
08/08	6680-UR-116 Rebuttal	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Power and Light Company	Capital structure.
08/08	6690-UR-119 Direct	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Public Service Corp.	Prudence of Weston 3 outage, incentive compensation, Crane Creek Wind Farm incremental revenue requirement, capital structure.
09/08	6690-UR-119 Surrebuttal	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Public Service Corp.	Prudence of Weston 3 outage, Section 199 deduction.
09/08	08-935-EL-SSO, 08-918-EL-SSO	OH	Ohio Energy Group, Inc.	First Energy	Standard service offer rates pursuant to electric security plan, significantly excessive earnings test.
10/08	08-917-EL-SSO	OH	Ohio Energy Group, Inc.	AEP	Standard service offer rates pursuant to electric security plan, significantly excessive earnings test.
10/08	2007-00564, 2007-00565, 2008-00251 2008-00252	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co., Kentucky Utilities Company	Revenue forecast, affiliate costs, ELG v ASL depreciation procedures, depreciation expenses, federal and state income tax expense, capitalization, cost of debt.
11/08	EL08-51	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Spindletop gas storage facilities, regulatory asset and bandwidth remedy.
11/08	35717	TX	Cities Served by Oncor Delivery Company	Oncor Delivery Company	Recovery of old meter costs, asset ADFIT, cash working capital, recovery of prior year restructuring costs, levelized recovery of storm damage costs, prospective storm damage accrual, consolidated tax savings adjustment.
12/08	27800	GA	Georgia Public Service Commission	Georgia Power Company	AFUDC versus CWIP in rate base, mirror CWIP, certification cost, use of short term debt and trust preferred financing, CWIP recovery, regulatory incentive.
01/09	ER08-1056	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Entergy System Agreement bandwidth remedy calculations, including depreciation expense, ADIT, capital structure.
01/09	ER08-1056 Supplemental Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Blytheville leased turbines; accumulated depreciation.

**Expert Testimony Appearances
of
Lane Kollen
As of February 2022**

Date	Case	Jurisdic.	Party	Utility	Subject
02/09	EL08-51 Rebuttal	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Spindletop gas storage facilities regulatory asset and bandwidth remedy.
02/09	2008-00409 Direct	KY	Kentucky Industrial Utility Customers, Inc.	East Kentucky Power Cooperative, Inc.	Revenue requirements.
03/09	ER08-1056 Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Entergy System Agreement bandwidth remedy calculations, including depreciation expense, ADIT, capital structure.
03/09	U-21453, U-20925 U-22092 (Sub J) Direct	LA	Louisiana Public Service Commission Staff	Entergy Gulf States Louisiana, LLC	Violation of EGSI separation order, ETI and EGSL separation accounting, Spindletop regulatory asset.
04/09	Rebuttal				
04/09	2009-00040 Direct-Interim (Oral)	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Emergency interim rate increase; cash requirements.
04/09	PUC Docket 36530	TX	State Office of Administrative Hearings	Oncor Electric Delivery Company, LLC	Rate case expenses.
05/09	ER08-1056 Rebuttal	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Entergy System Agreement bandwidth remedy calculations, including depreciation expense, ADIT, capital structure.
06/09	2009-00040 Direct- Permanent	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Revenue requirements, TIER, cash flow.
07/09	080677-EI	FL	South Florida Hospital and Healthcare Association	Florida Power & Light Company	Multiple test years, GBRA rider, forecast assumptions, revenue requirement, O&M expense, depreciation expense, Economic Stimulus Bill, capital structure.
08/09	U-21453, U- 20925, U-22092 (Subdocket J) Supplemental Rebuttal	LA	Louisiana Public Service Commission	Entergy Gulf States Louisiana, LLC	Violation of EGSI separation order, ETI and EGSL separation accounting, Spindletop regulatory asset.
08/09	8516 and 29950	GA	Georgia Public Service Commission Staff	Atlanta Gas Light Company	Modification of PRP surcharge to include infrastructure costs.
09/09	05-UR-104 Direct and Surrebuttal	WI	Wisconsin Industrial Energy Group	Wisconsin Electric Power Company	Revenue requirements, incentive compensation, depreciation, deferral mitigation, capital structure, cost of debt.
09/09	09AL-299E Answer	CO	CF&I Steel, Rocky Mountain Steel Mills LP, Climax Molybdenum Company	Public Service Company of Colorado	Forecasted test year, historic test year, proforma adjustments for major plant additions, tax depreciation.

**Expert Testimony Appearances
of
Lane Kollen
As of February 2022**

Date	Case	Jurisdic.	Party	Utility	Subject
09/09	6680-UR-117 Direct and Surrebuttal	WI	Wisconsin Industrial Energy Group	Wisconsin Power and Light Company	Revenue requirements, CWIP in rate base, deferral mitigation, payroll, capacity shutdowns, regulatory assets, rate of return.
10/09	09A-415E Answer	CO	Cripple Creek & Victor Gold Mining Company, et al.	Black Hills/CO Electric Utility Company	Cost prudence, cost sharing mechanism.
10/09	EL09-50 Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Waterford 3 sale/leaseback accumulated deferred income taxes, Entergy System Agreement bandwidth remedy calculations.
10/09	2009-00329	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Company, Kentucky Utilities Company	Trimble County 2 depreciation rates.
12/09	PUE-2009-00030	VA	Old Dominion Committee for Fair Utility Rates	Appalachian Power Company	Return on equity incentive.
12/09	ER09-1224 Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Hypothetical versus actual costs, out of period costs, Spindletop deferred capital costs, Waterford 3 sale/leaseback ADIT.
01/10	ER09-1224 Cross-Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Hypothetical versus actual costs, out of period costs, Spindletop deferred capital costs, Waterford 3 sale/leaseback ADIT.
01/10	EL09-50 Rebuttal Supplemental Rebuttal	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Waterford 3 sale/leaseback accumulated deferred income taxes, Entergy System Agreement bandwidth remedy calculations.
02/10	ER09-1224 Final	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Hypothetical versus actual costs, out of period costs, Spindletop deferred capital costs, Waterford 3 sale/leaseback ADIT.
02/10	30442 Wackerly-Kollen Panel	GA	Georgia Public Service Commission Staff	Atmos Energy Corporation	Revenue requirement issues.
02/10	30442 McBride-Kollen Panel	GA	Georgia Public Service Commission Staff	Atmos Energy Corporation	Affiliate/division transactions, cost allocation, capital structure.
02/10	2009-00353	KY	Kentucky Industrial Utility Customers, Inc., Attorney General	Louisville Gas and Electric Company, Kentucky Utilities Company	Ratemaking recovery of wind power purchased power agreements.
03/10	2009-00545	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Ratemaking recovery of wind power purchased power agreement.
03/10	E015/GR-09-1151	MN	Large Power Interveners	Minnesota Power	Revenue requirement issues, cost overruns on environmental retrofit project.

**Expert Testimony Appearances
of
Lane Kollen
As of February 2022**

Date	Case	Jurisdic.	Party	Utility	Subject
04/10	2009-00459	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Revenue requirement issues.
04/10	2009-00548, 2009-00549	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Company, Louisville Gas and Electric Company	Revenue requirement issues.
08/10	31647	GA	Georgia Public Service Commission Staff	Atlanta Gas Light Company	Revenue requirement and synergy savings issues.
08/10	31647 Wackerly-Kollen Panel	GA	Georgia Public Service Commission Staff	Atlanta Gas Light Company	Affiliate transaction and Customer First program issues.
08/10	2010-00204	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Company, Kentucky Utilities Company	PPL acquisition of E.ON U.S. (LG&E and KU) conditions, acquisition savings, sharing deferral mechanism.
09/10	38339 Direct and Cross-Rebuttal	TX	Gulf Coast Coalition of Cities	CenterPoint Energy Houston Electric	Revenue requirement issues, including consolidated tax savings adjustment, incentive compensation FIN 48; AMS surcharge including roll-in to base rates; rate case expenses.
09/10	EL10-55	FERC	Louisiana Public Service Commission	Entergy Services, Inc., Entergy Operating Cos	Depreciation rates and expense input effects on System Agreement tariffs.
09/10	2010-00167	KY	Gallatin Steel	East Kentucky Power Cooperative, Inc.	Revenue requirements.
09/10	U-23327 Subdocket E Direct	LA	Louisiana Public Service Commission	SWEPCO	Fuel audit: SO2 allowance expense, variable O&M expense, off-system sales margin sharing.
11/10	U-23327 Rebuttal	LA	Louisiana Public Service Commission	SWEPCO	Fuel audit: SO2 allowance expense, variable O&M expense, off-system sales margin sharing.
09/10	U-31351	LA	Louisiana Public Service Commission Staff	SWEPCO and Valley Electric Membership Cooperative	Sale of Valley assets to SWEPCO and dissolution of Valley.
10/10	10-1261-EL-UNC	OH	Ohio OCC, Ohio Manufacturers Association, Ohio Energy Group, Ohio Hospital Association, Appalachian Peace and Justice Network	Columbus Southern Power Company	Significantly excessive earnings test.
10/10	10-0713-E-PC	WV	West Virginia Energy Users Group	Monongahela Power Company, Potomac Edison Power Company	Merger of First Energy and Allegheny Energy.

**Expert Testimony Appearances
of
Lane Kollen
As of February 2022**

Date	Case	Jurisdic.	Party	Utility	Subject
10/10	U-23327 Subdocket F Direct	LA	Louisiana Public Service Commission Staff	SWEPCO	AFUDC adjustments in Formula Rate Plan.
11/10	EL10-55 Rebuttal	FERC	Louisiana Public Service Commission	Entergy Services, Inc., Entergy Operating Cos	Depreciation rates and expense input effects on System Agreement tariffs.
12/10	ER10-1350 Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc. Entergy Operating Cos	Waterford 3 lease amortization, ADIT, and fuel inventory effects on System Agreement tariffs.
01/11	ER10-1350 Cross-Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc., Entergy Operating Cos	Waterford 3 lease amortization, ADIT, and fuel inventory effects on System Agreement tariffs.
03/11	ER10-2001 Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc., Entergy Arkansas, Inc.	EAI depreciation rates.
04/11	Cross-Answering				
04/11	U-23327 Subdocket E	LA	Louisiana Public Service Commission Staff	SWEPCO	Settlement, incl resolution of SO2 allowance expense, var O&M expense, sharing of OSS margins.
04/11	38306 Direct	TX	Cities Served by Texas- New Mexico Power Company	Texas-New Mexico Power Company	AMS deployment plan, AMS Surcharge, rate case expenses.
05/11	Suppl Direct				
05/11	11-0274-E-GI	WV	West Virginia Energy Users Group	Appalachian Power Company, Wheeling Power Company	Deferral recovery phase-in, construction surcharge.
05/11	2011-00036	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Revenue requirements.
06/11	29849	GA	Georgia Public Service Commission Staff	Georgia Power Company	Accounting issues related to Vogtle risk-sharing mechanism.
07/11	ER11-2161 Direct and Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and Entergy Texas, Inc.	ETI depreciation rates; accounting issues.
07/11	PUE-2011-00027	VA	Virginia Committee for Fair Utility Rates	Virginia Electric and Power Company	Return on equity performance incentive.
07/11	11-346-EL-SSO 11-348-EL-SSO 11-349-EL-AAM 11-350-EL-AAM	OH	Ohio Energy Group	AEP-OH	Equity Stabilization Incentive Plan; actual earned returns; ADIT offsets in riders.
08/11	U-23327 Subdocket F Rebuttal	LA	Louisiana Public Service Commission Staff	SWEPCO	Depreciation rates and service lives; AFUDC adjustments.
08/11	05-UR-105	WI	Wisconsin Industrial Energy Group	WE Energies, Inc.	Suspended amortization expenses; revenue requirements.

**Expert Testimony Appearances
of
Lane Kollen
As of February 2022**

Date	Case	Jurisdct.	Party	Utility	Subject
08/11	ER11-2161 Cross-Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and Entergy Texas, Inc.	ETI depreciation rates; accounting issues.
09/11	PUC Docket 39504	TX	Gulf Coast Coalition of Cities	CenterPoint Energy Houston Electric	Investment tax credit, excess deferred income taxes; normalization.
09/11	2011-00161 2011-00162	KY	Kentucky Industrial Utility Consumers, Inc.	Louisville Gas & Electric Company, Kentucky Utilities Company	Environmental requirements and financing.
10/11	11-4571-EL-UNC 11-4572-EL-UNC	OH	Ohio Energy Group	Columbus Southern Power Company, Ohio Power Company	Significantly excessive earnings.
10/11	4220-UR-117 Direct	WI	Wisconsin Industrial Energy Group	Northern States Power-Wisconsin	Nuclear O&M, depreciation.
11/11	4220-UR-117 Surrebuttal	WI	Wisconsin Industrial Energy Group	Northern States Power-Wisconsin	Nuclear O&M, depreciation.
11/11	PUC Docket 39722	TX	Cities Served by AEP Texas Central Company	AEP Texas Central Company	Investment tax credit, excess deferred income taxes; normalization.
02/12	PUC Docket 40020	TX	Cities Served by Oncor	Lone Star Transmission, LLC	Temporary rates.
03/12	11AL-947E Answer	CO	Climax Molybdenum Company and CF&I Steel, L.P. d/b/a Evraz Rocky Mountain Steel	Public Service Company of Colorado	Revenue requirements, including historic test year, future test year, CACJA CWIP, contra-AFUDC.
03/12	2011-00401	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Big Sandy 2 environmental retrofits and environmental surcharge recovery.
4/12	2011-00036 Direct Rehearing Supplemental Rebuttal Rehearing	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Rate case expenses, depreciation rates and expense.
04/12	10-2929-EL-UNC	OH	Ohio Energy Group	AEP Ohio Power	State compensation mechanism, CRES capacity charges, Equity Stabilization Mechanism
05/12	11-346-EL-SSO 11-348-EL-SSO	OH	Ohio Energy Group	AEP Ohio Power	State compensation mechanism, Equity Stabilization Mechanism, Retail Stability Rider.
05/12	11-4393-EL-RDR	OH	Ohio Energy Group	Duke Energy Ohio, Inc.	Incentives for over-compliance on EE/PDR mandates.

**Expert Testimony Appearances
of
Lane Kollen
As of February 2022**

Date	Case	Jurisdic.	Party	Utility	Subject
06/12	40020	TX	Cities Served by Oncor	Lone Star Transmission, LLC	Revenue requirements, including ADIT, bonus depreciation and NOL, working capital, self insurance, depreciation rates, federal income tax expense.
07/12	120015-EI	FL	South Florida Hospital and Healthcare Association	Florida Power & Light Company	Revenue requirements, including vegetation management, nuclear outage expense, cash working capital, CWIP in rate base.
07/12	2012-00063	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Environmental retrofits, including environmental surcharge recovery.
09/12	05-UR-106	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Electric Power Company	Section 1603 grants, new solar facility, payroll expenses, cost of debt.
10/12	2012-00221 2012-00222	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Company, Kentucky Utilities Company	Revenue requirements, including off-system sales, outage maintenance, storm damage, injuries and damages, depreciation rates and expense.
10/12	120015-EI Direct	FL	South Florida Hospital and Healthcare Association	Florida Power & Light Company	Settlement issues.
11/12	120015-EI Rebuttal	FL	South Florida Hospital and Healthcare Association	Florida Power & Light Company	Settlement issues.
10/12	40604	TX	Steering Committee of Cities Served by Oncor	Cross Texas Transmission, LLC	Policy and procedural issues, revenue requirements, including AFUDC, ADIT – bonus depreciation & NOL, incentive compensation, staffing, self-insurance, net salvage, depreciation rates and expense, income tax expense.
11/12	40627 Direct	TX	City of Austin d/b/a Austin Energy	City of Austin d/b/a Austin Energy	Rate case expenses.
12/12	40443	TX	Cities Served by SWEPCO	Southwestern Electric Power Company	Revenue requirements, including depreciation rates and service lives, O&M expenses, consolidated tax savings, CWIP in rate base, Turk plant costs.
12/12	U-29764	LA	Louisiana Public Service Commission Staff	Entergy Gulf States Louisiana, LLC and Entergy Louisiana, LLC	Termination of purchased power contracts between EGSL and ETI, Spindletop regulatory asset.
01/13	ER12-1384 Rebuttal	FERC	Louisiana Public Service Commission	Entergy Gulf States Louisiana, LLC and Entergy Louisiana, LLC	Little Gypsy 3 cancellation costs.
02/13	40627 Rebuttal	TX	City of Austin d/b/a Austin Energy	City of Austin d/b/a Austin Energy	Rate case expenses.
03/13	12-426-EL-SSO	OH	The Ohio Energy Group	The Dayton Power and Light Company	Capacity charges under state compensation mechanism, Service Stability Rider, Switching Tracker.

**Expert Testimony Appearances
of
Lane Kollen
As of February 2022**

Date	Case	Jurisdic.	Party	Utility	Subject
04/13	12-2400-EL-UNC	OH	The Ohio Energy Group	Duke Energy Ohio, Inc.	Capacity charges under state compensation mechanism, deferrals, rider to recover deferrals.
04/13	2012-00578	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Resource plan, including acquisition of interest in Mitchell plant.
05/13	2012-00535	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Revenue requirements, excess capacity, restructuring.
06/13	12-3254-EL-UNC	OH	The Ohio Energy Group, Inc., Office of the Ohio Consumers' Counsel	Ohio Power Company	Energy auctions under CBP, including reserve prices.
07/13	2013-00144	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Biomass renewable energy purchase agreement.
07/13	2013-00221	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Agreements to provide Century Hawesville Smelter market access.
10/13	2013-00199	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Revenue requirements, excess capacity, restructuring.
12/13	2013-00413	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Agreements to provide Century Sebree Smelter market access.
01/14	ER10-1350 Direct and Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Waterford 3 lease accounting and treatment in annual bandwidth filings.
02/14	U-32981	LA	Louisiana Public Service Commission	Entergy Louisiana, LLC	Montauk renewable energy PPA.
04/14	ER13-432 Direct	FERC	Louisiana Public Service Commission	Entergy Gulf States Louisiana, LLC and Entergy Louisiana, LLC	UP Settlement benefits and damages.
05/14	PUE-2013-00132	VA	HP Hood LLC	Shenandoah Valley Electric Cooperative	Market based rate; load control tariffs.
07/14	PUE-2014-00033	VA	Virginia Committee for Fair Utility Rates	Virginia Electric and Power Company	Fuel and purchased power hedge accounting, change in FAC Definitional Framework.
08/14	ER13-432 Rebuttal	FERC	Louisiana Public Service Commission	Entergy Gulf States Louisiana, LLC and Entergy Louisiana, LLC	UP Settlement benefits and damages.
08/14	2014-00134	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Requirements power sales agreements with Nebraska entities.
09/14	E-015/CN-12-1163 Direct	MN	Large Power Intervenors	Minnesota Power	Great Northern Transmission Line; cost cap; AFUDC v. current recovery; rider v. base recovery; class cost allocation.
10/14	2014-00225	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Allocation of fuel costs to off-system sales.

**Expert Testimony Appearances
of
Lane Kollen
As of February 2022**

Date	Case	Jurisdic.	Party	Utility	Subject
10/14	ER13-1508	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Entergy service agreements and tariffs for affiliate power purchases and sales; return on equity.
10/14	14-0702-E-42T 14-0701-E-D	WV	West Virginia Energy Users Group	First Energy-Monongahela Power, Potomac Edison	Consolidated tax savings; payroll; pension, OPEB, amortization; depreciation; environmental surcharge.
11/14	E-015/CN-12-1163 Surrebuttal	MN	Large Power Intervenors	Minnesota Power	Great Northern Transmission Line; cost cap; AFUDC v. current recovery; rider v. base recovery; class allocation.
11/14	05-376-EL-UNC	OH	Ohio Energy Group	Ohio Power Company	Refund of IGCC CWIP financing cost recoveries.
11/14	14AL-0660E	CO	Climax, CF&I Steel	Public Service Company of Colorado	Historic test year v. future test year; AFUDC v. current return; CACJA rider, transmission rider; equivalent availability rider; ADIT; depreciation; royalty income; amortization.
12/14	EL14-026	SD	Black Hills Industrial Intervenors	Black Hills Power Company	Revenue requirement issues, including depreciation expense and affiliate charges.
12/14	14-1152-E-42T	WV	West Virginia Energy Users Group	AEP-Appalachian Power Company	Income taxes, payroll, pension, OPEB, deferred costs and write offs, depreciation rates, environmental projects surcharge.
01/15	9400-YO-100 Direct	WI	Wisconsin Industrial Energy Group	Wisconsin Energy Corporation	WEC acquisition of Integrys Energy Group, Inc.
01/15	14F-0336EG 14F-0404EG	CO	Development Recovery Company LLC	Public Service Company of Colorado	Line extension policies and refunds.
02/15	9400-YO-100 Rebuttal	WI	Wisconsin Industrial Energy Group	Wisconsin Energy Corporation	WEC acquisition of Integrys Energy Group, Inc.
03/15	2014-00396	KY	Kentucky Industrial Utility Customers, Inc.	AEP-Kentucky Power Company	Base, Big Sandy 2 retirement rider, environmental surcharge, and Big Sandy 1 operation rider revenue requirements, depreciation rates, financing, deferrals.
03/15	2014-00371 2014-00372	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Company and Louisville Gas and Electric Company	Revenue requirements, staffing and payroll, depreciation rates.
04/15	2014-00450	KY	Kentucky Industrial Utility Customers, Inc. and the Attorney General of the Commonwealth of Kentucky	AEP-Kentucky Power Company	Allocation of fuel costs between native load and off-system sales.
04/15	2014-00455	KY	Kentucky Industrial Utility Customers, Inc. and the Attorney General of the Commonwealth of Kentucky	Big Rivers Electric Corporation	Allocation of fuel costs between native load and off-system sales.

**Expert Testimony Appearances
of
Lane Kollen
As of February 2022**

Date	Case	Jurisdct.	Party	Utility	Subject
04/15	ER2014-0370	MO	Midwest Energy Consumers' Group	Kansas City Power & Light Company	Affiliate transactions, operation and maintenance expense, management audit.
05/15	PUE-2015-00022	VA	Virginia Committee for Fair Utility Rates	Virginia Electric and Power Company	Fuel and purchased power hedge accounting; change in FAC Definitional Framework.
05/15 09/15	EL10-65 Direct, Rebuttal Complaint	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Accounting for AFUDC Debt, related ADIT.
07/15	EL10-65 Direct and Answering Consolidated Bandwidth Dockets	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Waterford 3 sale/leaseback ADIT, Bandwidth Formula.
09/15	14-1693-EL-RDR	OH	Public Utilities Commission of Ohio	Ohio Energy Group	PPA rider for charges or credits for physical hedges against market.
12/15	45188	TX	Cities Served by Oncor Electric Delivery Company	Oncor Electric Delivery Company	Hunt family acquisition of Oncor; transaction structure; income tax savings from real estate investment trust (REIT) structure; conditions.
12/15 01/16	6680-CE-176 Direct, Surrebuttal, Supplemental Rebuttal	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Power and Light Company	Need for capacity and economics of proposed Riverside Energy Center Expansion project; ratemaking conditions.
03/16 03/16 04/16 05/16 06/16	EL01-88 Remand Direct Answering Cross-Answering Rebuttal	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Bandwidth Formula: Capital structure, fuel inventory, Waterford 3 sale/leaseback, Vidalia purchased power, ADIT, Blythesville, Spindletop, River Bend AFUDC, property insurance reserve, nuclear depreciation expense.
03/16	15-1673-E-T	WV	West Virginia Energy Users Group	Appalachian Power Company	Terms and conditions of utility service for commercial and industrial customers, including security deposits.
04/16	39971 Panel Direct	GA	Georgia Public Service Commission Staff	Southern Company, AGL Resources, Georgia Power Company, Atlanta Gas Light Company	Southern Company acquisition of AGL Resources, risks, opportunities, quantification of savings, ratemaking implications, conditions, settlement.
04/16	2015-00343	KY	Office of the Attorney General	Atmos Energy Corporation	Revenue requirements, including NOL ADIT, affiliate transactions.
04/16	2016-00070	KY	Office of the Attorney General	Atmos Energy Corporation	R & D Rider.

**Expert Testimony Appearances
of
Lane Kollen
As of February 2022**

Date	Case	Jurisdic.	Party	Utility	Subject
05/16	2016-00026 2016-00027	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric Co.	Need for environmental projects, calculation of environmental surcharge rider.
05/16	16-G-0058 16-G-0059	NY	New York City	Keyspan Gas East Corp., Brooklyn Union Gas Company	Depreciation, including excess reserves, leak prone pipe.
06/16	160088-EI	FL	South Florida Hospital and Healthcare Association	Florida Power and Light Company	Fuel Adjustment Clause Incentive Mechanism re: economy sales and purchases, asset optimization.
07/16	160021-EI	FL	South Florida Hospital and Healthcare Association	Florida Power and Light Company	Revenue requirements, including capital recovery, depreciation, ADIT.
07/16	16-057-01	UT	Office of Consumer Services	Dominion Resources, Inc. / Questar Corporation	Merger, risks, harms, benefits, accounting.
08/16	15-1022-EL-UNC 16-1105-EL-UNC	OH	Ohio Energy Group	AEP Ohio Power Company	SEET earnings, effects of other pending proceedings.
9/16	2016-00162	KY	Office of the Attorney General	Columbia Gas Kentucky	Revenue requirements, O&M expense, depreciation, affiliate transactions.
09/16	E-22 Sub 519, 532, 533	NC	Nucor Steel	Dominion North Carolina Power Company	Revenue requirements, deferrals and amortizations.
09/16	15-1256-G-390P (Reopened) 16-0922-G-390P	WV	West Virginia Energy Users Group	Mountaineer Gas Company	Infrastructure rider, including NOL ADIT and other income tax normalization and calculation issues.
10/16	10-2929-EL-UNC 11-346-EL-SSO 11-348-EL-SSO 11-349-EL-SSO 11-350-EL-SSO 14-1186-EL-RDR	OH	Ohio Energy Group	AEP Ohio Power Company	State compensation mechanism, capacity cost, Retail Stability Rider deferrals, refunds, SEET.
11/16	16-0395-EL-SSO Direct	OH	Ohio Energy Group	Dayton Power & Light Company	Credit support and other riders; financial stability of Utility, holding company.
12/16	Formal Case 1139	DC	Healthcare Council of the National Capital Area	Potomac Electric Power Company	Post test year adjust, merger costs, NOL ADIT, incentive compensation, rent.
01/17	46238	TX	Steering Committee of Cities Served by Oncor	Oncor Electric Delivery Company	Next Era acquisition of Oncor; goodwill, transaction costs, transition costs, cost deferrals, ratemaking issues.
02/17	16-0395-EL-SSO Direct (Stipulation)	OH	Ohio Energy Group	Dayton Power & Light Company	Non-unanimous stipulation re: credit support and other riders; financial stability of utility, holding company.
02/17	45414	TX	Cities of Midland, McAllen, and Colorado City	Sharyland Utilities, LP, Sharyland Distribution & Transmission Services, LLC	Income taxes, depreciation, deferred costs, affiliate expenses.

**Expert Testimony Appearances
of
Lane Kollen
As of February 2022**

Date	Case	Jurisdic.	Party	Utility	Subject
03/17	2016-00370 2016-00371	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Company, Louisville Gas and Electric Company	AMS, capital expenditures, maintenance expense, amortization expense, depreciation rates and expense.
06/17	29849 (Panel with Philip Hayet)	GA	Georgia Public Service Commission Staff	Georgia Power Company	Vogtle 3 and 4 economics.
08/17	17-0296-E-PC	WV	West Virginia Energy Users Group	Monongahela Power Company, The Potomac Edison Power Company	ADIT, OPEB.
10/17	2017-00179	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Weather normalization, Rockport lease, O&M, incentive compensation, depreciation, income taxes.
10/17	2017-00287	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Fuel cost allocation to native load customers.
12/17	2017-00321	KY	Attorney General	Duke Energy Kentucky (Electric)	Revenues, depreciation, income taxes, O&M, regulatory assets, environmental surcharge rider, FERC transmission cost reconciliation rider.
12/17	29849 (Panel with Philip Hayet, Tom Newsome)	GA	Georgia Public Service Commission Staff	Georgia Power Company	Vogtle 3 and 4 economics, tax abandonment loss.
01/18	2017-00349	KY	Kentucky Attorney General	Atmos Energy Kentucky	O&M expense, depreciation, regulatory assets and amortization, Annual Review Mechanism, Pipeline Replacement Program and Rider, affiliate expenses.
06/18	18-0047	OH	Ohio Energy Group	Ohio Electric Utilities	Tax Cuts and Jobs Act. Reduction in income tax expense; amortization of excess ADIT.
07/18	T-34695	LA	LPSC Staff	Crimson Gulf, LLC	Revenues, depreciation, income taxes, O&M, ADIT.
08/18	48325	TX	Cities Served by Oncor	Oncor Electric Delivery Company	Tax Cuts and Jobs Act; amortization of excess ADIT.
08/18	48401	TX	Cities Served by TNMP	Texas-New Mexico Power Company	Revenues, payroll, income taxes, amortization of excess ADIT, capital structure.
08/18	2018-00146	KY	KIUC	Big Rivers Electric Corporation	Station Two contracts termination, regulatory asset, regulatory liability for savings
09/18	20170235-EI 20170236-EU	FL	Office of Public Counsel	Florida Power & Light Company	FP&L acquisition of City of Vero Beach municipal electric utility systems.
10/18	Direct Supplemental Direct				

**Expert Testimony Appearances
of
Lane Kollen
As of February 2022**

Date	Case	Jurisdic.	Party	Utility	Subject
09/18	2017-370-E Direct	SC	Office of Regulatory Staff	South Carolina Electric & Gas Company and Dominion Energy, Inc.	Recovery of Summer 2 and 3 new nuclear development costs, related regulatory liabilities, securitization, NOL carryforward and ADIT, TCJA savings, merger conditions and savings.
10/18	2017-207, 305, 370-E Surrebuttal Supplemental Surrebuttal				
12/18	2018-00261	KY	Attorney General	Duke Energy Kentucky (Gas)	Revenues, O&M, regulatory assets, payroll, integrity management, incentive compensation, cash working capital.
01/19	2018-00294 2018-00295	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Company, Louisville Gas & Electric Company	AFUDC v. CWIP in rate base, transmission and distribution plant additions, capitalization, revenues generation outage expense, depreciation rates and expenses, cost of debt.
01/19	2018-00281	KY	Attorney General	Atmos Energy Corp.	AFUDC v. CWIP in rate base, ALG v. ELG depreciation rates, cash working capital, PRP Rider, forecast plant additions, forecast expenses, cost of debt, corporate cost allocation.
02/19	UD-18-17 Direct	New Orleans	Crescent City Power Users Group	Entergy New Orleans, LLC	Post-test year adjustments, storm reserve fund, NOL ADIT, FIN48 ADIT, cash working capital, depreciation, amortization, capital structure, formula rate plans, purchased power rider.
04/19	Surrebuttal and Cross-Answering				
03/19	2018-0358	KY	Attorney General	Kentucky American Water Company	Capital expenditures, cash working capital, payroll expense, incentive compensation, chemicals expense, electricity expense, water losses, rate case expense, excess deferred income taxes.
03/19	48929	TX	Steering Committee of Cities Served by Oncor	Oncor Electric Delivery Company LLC, Sempra Energy, Sharyland Distribution & Transmission Services, L.L.C., Sharyland Utilities, L.P.	Sale, transfer, merger transactions, hold harmless and other regulatory conditions.
06/19	49421	TX	Gulf Coast Coalition of Cities	CenterPoint Energy Houston Electric	Prepaid pension asset, accrued OPEB liability, regulatory assets and liabilities, merger savings, storm damage expense, excess deferred income taxes.
07/19	49494	TX	Cities Served by AEP Texas	AEP Texas, Inc.	Plant in service, prepaid pension asset, O&M, ROW costs, incentive compensation, self-insurance expense, excess deferred income taxes.
08/19	19-G-0309 19-G-0310	NY	New York City	National Grid	Depreciation rates, net negative salvage.

**Expert Testimony Appearances
of
Lane Kollen
As of February 2022**

Date	Case	Jurisdct.	Party	Utility	Subject
10/19	42315	GA	Atlanta Gas Light Company	Public Interest Advocacy Staff	Capital expenditures, O&M expense, prepaid pension asset, incentive compensation, merger savings, affiliate expenses, excess deferred income taxes.
10/19	45253	IN	Duke Energy Indiana	Office of Utility Consumer Counselor	Prepaid pension asset, inventories, regulatory assets and liabilities, unbilled revenues, incentive compensation, income tax expense, affiliate charges, ADIT, riders.
12/19	2019-00271	KY	Attorney General	Duke Energy Kentucky	ADIT, EDIT, CWC, payroll expense, incentive compensation expense, depreciation rates, pilot programs
05/20	202000067-EI	FL	Office of Public Counsel	Tampa Electric Company	Storm Protection Plan.
06/20	20190038-EI	FL	Office of Public Counsel	Gulf Power Company	Hurricane Michael costs.
07/20	PUR-2020-00015 Direct	VA	Old Dominion Committee for Fair Utility Rates	Appalachian Power Company	Coal Amortization Rider, storm damage, prepaid pension and OPEB assets, return on joint-use assets.
09/20	Surrebuttal				
07/20	2019-226-E Direct	SC	Office of Regulatory Staff	Dominion Energy South Carolina	Integrated Resource Plan.
09/20	Surrebuttal				
10/20	2020-00160	KY	Attorney General	Water Service Corporation of Kentucky	Return on rate base v. operating ratio.
10/20	2020-00174	KY	Attorney General and Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Rate base v. capitalization, Rockport UPA, prepaid pension and OPEB, cash working capital, incentive compensation, Rockport 2 depreciation expense, EDIT, AML, grid modernization rider.
11/20	2020-125-E Direct	SC	Office of Regulatory Staff	Dominion Energy South Carolina	Summer 2 and 3 cancelled plant and transmission cost recovery; TCJA; regulatory assets.
12/20	Surrebuttal				
12/20	2020172-EI	FL	Office of Public Counsel	Florida Power & Light Company	Hurricane Dorian costs.
12/20	29849 (Panel with Philip Hayet, Tom Newsome)	GA	Georgia Public Service Commission Staff	Georgia Power Company	VCM23, Vogtle 3 and 4 rate impact analyses.
02/21	2019-224-E	SC	Office of Regulatory Staff	Duke Energy Carolinas, LLC, Duke Energy Progress, LLC	Integrated Resource Plans.
04/21	2019-225-E Direct Surrebuttal				
03/21	51611	TX	Steering Committee of Cities Served by Oncor	Sharyland Utilities, L.L.C.	ADIT, capital structure, return on equity.

**Expert Testimony Appearances
of
Lane Kollen
As of February 2022**

Date	Case	Jurisdct.	Party	Utility	Subject
03/21	2020-00349 2020-00350	KY	Attorney General and Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Company and Louisville Gas and Electric Company	Rate base v. capitalization, retired plant costs, depreciation, securitization, staffing + payroll, pension + OPEB, AML, off-system sales margins.
04/21 Direct	18-857-EL-UNC 19-1338-EL-UNC 20-1034-EL-UNC 20-1476-EL-UNC	OH	The Ohio Energy Group	First Energy Ohio Companies	Significantly Excessive Earnings Test; legacy nuclear plant costs.
07/21	Supplemental Direct				
05/21	2021-00004 Direct	KY	Attorney General and Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	CPCN for CCR/ELG Projects at Mitchell Plant.
06/21	Supplemental Direct				
06/21	29849 (Panel with Philip Hayet, Tom Newsome)	GA	Georgia Public Service Commission Staff	Georgia Power Company	VCM24, Vogtle 3 and 4 rate impact analyses.
06/21	2021-00103	KY	Attorney General and Nucor Steel Gallatin	East Kentucky Power Cooperative, Inc.	Revenues, depreciation, interest, TIER, O&M, regulatory asset.
07/21	U-35441 Direct	LA	Louisiana Public Service Commission Staff	Southwestern Electric Power Company	Revenues, O&M expense, depreciation, retirement rider.
08/21 10/21	Cross-Answering Surrebuttal				
09/21	2021-00190	KY	Attorney General	Duke Energy Kentucky	Revenues, O&M expense, depreciation, capital structure, cost of long-term debt, government mandate rider.
09/21	43838	GA	Public Interest Advocacy Staff	Georgia Power Company	Vogtle 3 base rates, NCCR rates; deferrals.
09/21	2021-00214	KY	Attorney General	Atmos Energy Corp.	NOL ADIT, working capital, affiliate expenses, amortization EDIT, capital structure, cost of debt, accelerated replacement Aldyl-A pipe, PRP Rider, Tax Act Adjustment Rider.
01/22	2021-00358	KY	Attorney General	Jackson Purchase Energy Corporation	Revenues, nonrecurring expenses, normalized expenses, interest expense, TIER.
01/22	2021-00421	KY	Attorney General and Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Proposed Mitchell Plant Operations and Maintenance and Ownership Agreements; sale of Mitchell Plant interest.
02/22	2021-00481	KY	Attorney General and Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Proposed Liberty Utilities, Inc. acquisition of Kentucky Power Company; harm to customers; conditions to mitigate harm.

EXHIBIT __ (LK-2)

SOUTH KENTUCKY RECC
PSC CASE NO. 2021-00407
SECOND REQUEST FOR INFORMATION RESPONSE

AG'S SECOND REQUEST FOR INFORMATION—02/17/22

REQUEST 35

RESPONSIBLE PERSONS: Michelle Herrman and Steve Seelye

COMPANY: South Kentucky RECC

Request 35. Refer to South Kentucky RECC's response to the Attorney General's First Request, Item 53, Attachment at page 50, which shows the Form 7 statement of operations variance analysis for the first eleven months of 2021 and projected for all of 2021. Refer further to line 4 which shows the projected level of Distribution Expense – Operation of \$3,932,704. Refer also to Exhibit WSS-3, Schedule 1.0, line 6, which shows the proforma level of Distribution Expense – Operation of \$4,293,105. Explain all known reasons why the projected 2021 actual level of expense is \$360,401 less than the proforma level in the Company's filing, especially considering that projected 2021 revenues reported on line 1 of each schedule are much higher, by over 8%, than the proforma revenues in the filing.

Response 35.

Please see the Statement of Operations provided in response to question 34 of this data request. The actual amount recorded as expense for the twelve months ended December 31, 2021 for Distribution Expense- Operation is \$3,936,513. When considering this expense category using actual to budget, the categories of Distribution

Expense- Operation and Distribution Expense- Maintenance must be considered together. The discussion below is meant to address the actual versus budget differences for both categories combined.

Revenues do not drive South Kentucky's controllable expenses. Revenues are driven by kWh sales. Higher kWh sales will increase the cost of purchased power on line 2 of the Statement of Operations, but not controllable expense categories on lines 4- 9. The cost for purchase power is driven by members' demand for electricity. This demand is greatly impacted by weather. Similarly, during 2020 this demand was heavily impacted by Government mandated closures and work rules related to the COVID-19 pandemic.

Our controllable cost categories of Distribution Expense- Operation and Distribution Expense- Maintenance can be affected by the amount of work that is capitalized. Member demand for new services can reduce the costs that are expensed on the Statement of Operations, but will increase the costs that are capitalized and reflected on the Balance Sheet. Whether expenditures are expensed or capitalized they require the same revenue stream to fund the expenditures. As we broke out of the pandemic, South Kentucky saw member demand for new Meter Services spike. In 2021 South Kentucky increased number of Meter Services by 1,131. Comparatively, in 2020 our meter services only increased 898 and in 2019 the increase was only 717. We believe the spike in 2021 is only temporary and will return to the levels seen in 2019.

The capitalized percentage of labor and the associated benefits has increased since 2018. The capitalized percentage rates were as follows: 2018- 37.17%, 2019-38.23%,

2020- 40.59%, 2021- 40.77%. In 2021, our budget only assumed a capitalized labor percentage of 38.62%. Using test year salaries and wages of \$10,254,512, the difference between actual and assumed capitalized labor is \$220,472. With the added factor for benefits and payroll taxes, this provides for a total expense reduction reflected in the Statement of Operations from budget to actual of \$360,824.

Vacant positions and position changes impact our Statement of Operations comparison of budget to actual. In 2021, we had 10 employees leave employment whose work was directly related to the areas of Distribution Operations and Distribution Maintenance. This turnover of employees leave positions vacant for a period of time. Due to our financial condition and COVID work rules, many of these positions were delayed in filling. These transition reductions result in budget to actual savings as depicted in the Statement of Operations. The actual cost reduction is difficult to quantify.

The February 2021 storm event impacted operations for approximately two weeks. During this period regularly budgeted expenses that were allocable to the FEMA restoration reimbursement total for Distribution Maintenance and Distribution Operations was \$576,498.88. The FEMA reimbursement is reflected in the Statement of Operations actual results for 2021.

The two noted quantifiable savings total, \$937,323. The difference in the budget to actual categories for Distribution Operations and Distribution Maintenance on the Statement of Operations for the year ended December 31, 2021 combine to \$1,093,435. The variance is \$156,112 is less than 1.2% of the budgeted amount for these cost categories.

EXHIBIT __ (LK-3)

**SOUTH KENTUCKY RECC
PSC CASE NO. 2021-00407
SECOND REQUEST FOR INFORMATION RESPONSE**

AG'S SECOND REQUEST FOR INFORMATION—02/17/22

REQUEST 30

RESPONSIBLE PERSONS: **Michelle Herrman and Steve Seelye**

COMPANY: **South Kentucky RECC**

Request 30. Refer to the calculation of the electric operating ratio in the electronic version of Exhibit WSS-4 at Schedule 1.10, and further to cell F54 that includes the amounts that sum to the total electric operating expenses. Refer also to Exhibit WSS-3 at Schedule 1.0, which contains the source of the expenses used in that calculation.

a. Confirm that the calculation includes the amount of depreciation/amortization expense in the amount of total electric operating expenses. If confirmed, explain why depreciation/amortization expense is included in the computation of the operating ratio and how it would be expected to change with an increase in revenues.

b. Confirm that the calculation includes the amount of long-term debt interest expense in the amount of total electric operating expenses. If confirmed, explain why long-term debt interest expense is included in the computation of the operating ratio and how it would be expected to change with an increase in revenues.

c. Confirm that the calculation includes the amount of property taxes expense in the amount of total electric operating expenses. If confirmed, explain why property taxes

expense is included in the computation of the operating ratio and how it would be expected to change with an increase in revenues.

d. Confirm that the calculation includes the amount of other taxes expense, other interest expense, and other deductions in the amount of total electric operating expenses. If confirmed, explain why other taxes expense, other interest expense, and other deductions are included in the computation of the operating ratio and how each would be expected to change with an increase in revenues.

Response 30.

The methodology used to calculate the operating ratio in the development of the year-end customer adjustment has been approved by the Commission in a number of cases for investor-owned utilities. For example, see Order in Case No. 2004-00067 for Delta Natural Gas Company, Order in Case No. 2000-080 for Louisville Gas and Electric Company, and Case No. 90-158 for Louisville Gas and Electric Company.

a. Depreciation/amortization expense reflected in revenue requirements would not be expected to change with an increase in revenues

b. Long-term debt reflected in revenue requirements would not be expected to change with an increase in revenues.

c. Property taxes were not normalized to reflect year-year levels of plant; therefore, property taxes would be expected to change to reflect year-end plant.

d. Other taxes were not normalized to reflect year-end levels of expenses; therefore other taxes would be expected to change to reflect year-end levels of these expenses.

EXHIBIT __ (LK-4)

**SOUTH KENTUCKY RECC
PSC CASE NO. 2021-00407
FIRST REQUEST FOR INFORMATION RESPONSE**

**AG’S FIRST REQUEST FOR INFORMATION—01/20/22
REQUEST 49**

**RESPONSIBLE PERSON: Michelle Herrman
COMPANY: South Kentucky RECC**

Request 49. Refer to the Simmons Testimony, page 8, lines 22 – 23, concerning the elimination of most of the Company’s temporary staffing assistance for the district offices, saving \$180,000 per year. Provide the amount of temporary staffing assistance costs for each year 2016 through 2021. In addition, provide the amounts of costs considered each year for the estimated savings amount cited.

Response 49.

Staffing Assistance	
2016	\$121,205.30
2017	\$124,324.31
2018	\$130,345.05
2019	\$126,904.84
2020	\$28,849.83
2021	\$19,767.44

The projected budgeted annual amount has historically been \$180,000 and was referenced in Mr. Simmons’ Direct Testimony. The actual amounts are provided in the table above.

EXHIBIT __ (LK-5)

**SOUTH KENTUCKY RECC
PSC CASE NO. 2021-00407
FIRST REQUEST FOR INFORMATION RESPONSE**

**AG'S FIRST REQUEST FOR INFORMATION—01/20/22
REQUEST 24**

**RESPONSIBLE PERSON: Michelle Herrman
COMPANY: South Kentucky RECC**

Request 24. Refer to the Herrman Testimony, page 10.

a. Ms. Herrman states that there are 5 vacant positions due to retirement and resignations, while the Company is seeking to fill one vacant position, but as aforementioned, Mr. Simmons asserted there were 6 vacant positions that were not filled and providing cost containment savings to the members. Reconcile the conflicting information.

b. Provide the job title, duties, and salary/benefits for the one vacant position that South Kentucky RECC is seeking to fill, and explain why it is necessary to fill this position.

Response 24.

a. Mr. Simmons was referring to the number of positions that have been vacated and subsequently eliminated. Mrs. Herrman was referring to the number of positions that are vacant, but that have not been subsequently eliminated. To further explain there are five positions that South Kentucky would like to fill, with four of those being

delayed until South Kentucky has the financial ability to do so. South Kentucky is actively seeking to fill the Director of Corporate Services as noted in b. below.

Three of these positions are vacant because of resignation or retirement. One position would be considered a new role, but would have a direct effect on South Kentucky’s operating margins. That position being a credit and collections representative.

Below is a summary of the positions and position values:

Job Title	Duties	Position Value
Safety and Loss Control Coordinator	Assist in monitoring our safety program; Lead in investigation theft of service	\$ [REDACTED]
Accountant/Regulatory Coordinator	Various accounting functions and regulatory compliance support	\$ [REDACTED]
Member Service Representative- District	Member Service Support to include processing payments and service orders	\$ [REDACTED]
Credit and Collections Representative	Responsible for the cooperative’s delinquent collection process	\$ [REDACTED]

b. Director of Corporate Services, which includes management of South Kentucky’s Human Resources and Safety groups. The market value (mid-point) of this position in South Kentucky’s wage and salary plan is \$ [REDACTED] and the benefits are the same as for all employees. The position is critical to South Kentucky’s organization. Human Resources and Safety are two of the most important areas where the co-op must have strong management.

EXHIBIT __ (LK-6)

**SOUTH KENTUCKY RECC
PSC CASE NO. 2021-00407
SECOND REQUEST FOR INFORMATION RESPONSE**

AG'S SECOND REQUEST FOR INFORMATION—02/17/22

REQUEST 19

RESPONSIBLE PERSON: Michelle Herrman

COMPANY: South Kentucky RECC

Request 19. Refer to South Kentucky RECC's response to the Attorney General's First Request, Item 22(c).

a. Explain in full detail why the Company does not have knowledge of the full details of East Kentucky Power Cooperative's ("EKPC") patronage payout program. Confirm also that South Kentucky RECC has a seat on the EKPC Board of Directors.

b. When EKPC provided cash patronage payouts in 2019 and 2020 why did South Kentucky RECC not ask for details of the program at that time?

c. Provide the monetary amount of cash patronage payouts that EKPC has provided to South Kentucky RECC each year from 2012 – present.

Response 19.

a. South Kentucky has knowledge of EKPC's patronage capital allocation program, in that allocations are made each year based upon EKPC's margins for the year, and our respective contribution to those margins through the revenues we have provided to them. However, in order to have full knowledge about the patronage payout program we would have to be fully involved in their decision making process at a staff level.

Yes, one of South Kentucky's Directors has a seat on the EKPC Board of Directors.

b. The premise of patronage capital and retirement is known; however, full details of the reasons that led EKPC to make cash payouts during those years was not known. The reasons behind the cash payouts would not affect South Kentucky's recording of the payments in its accounting records.

c. Cash patronage payouts were none for the years of 2012-2018 and 2021 and to date in 2022. Cash patronage payout for 2019 and 2020 were \$201,317.92 and \$720,778.97, respectively.

EXHIBIT __ (LK-7)

**SOUTH KENTUCKY RECC
PSC CASE NO. 2021-00407
FIRST REQUEST FOR INFORMATION RESPONSE**

AG'S FIRST REQUEST FOR INFORMATION—01/20/22

REQUEST 31

RESPONSIBLE PERSONS: Michelle Herrman and Steve Seelye

COMPANY: South Kentucky RECC

Request 31. Refer to the statement of operations for the test year depicted in the same format as RUS reporting requirements provided in response to PSC Staff Request 1-54, page 2 of 3. Refer further to the amounts depicted on Line 26 “Generation & Transmission Capital Credits.” Refer also to the Herrman Testimony, page 8. Wherein she discusses cash patronage payouts from EKPC for the years 2019 and 2020.

a. Describe the source(s) of the “Generation & Transmission Capital Credits,” how they are determined, how often they are determined, and how they are assigned to South Kentucky RECC. Cite to and provide a copy of all authorities and source documents relied on for your response.

b. Does the RUS remove “Generation & Transmission Capital Credits” from the calculation of TIER to evaluate the financial condition of the cooperative? Explain in detail. Cite to and provide a copy of all authorities and source documents relied on for your response.

c. Provide the amounts and dates of the recorded cash patronage payouts from EKPC for the years 2019 and 2020.

d. Provide the typical accounting entries performed to record the “Generation & Transmission Capital Credits” and the cash patronage payouts.

e. Provide a copy of the investment agreement between South Kentucky RECC and EKPC.

f. Indicate which line the cash patronage payouts are recorded upon in the statement of operations.

g. Do the “Generation & Transmission Capital Credits” recorded on the statement of operations typically involve cash payments in the year recorded? If not, explain how and when South Kentucky RECC expects to receive the benefits of the “Generation & Transmission Capital Credits” for each of its applicable investments.

h. Why did South Kentucky RECC receive the cash patronage payouts from EKPC for the years 2019 and 2020?

i. Describe how often South Kentucky RECC typically receives cash patronage payouts from EKPC.

Response 31.

a. The Generation & Transmission Capital Credits come from South Kentucky’s power supplier, EKPC. South Kentucky does not know the full details on how these are determined. South Kentucky typically receives a non-cash allocation of Capital Credits in years where EKPC has positive net margins. However, this allocation is not typically cash. South Kentucky has only received a cash payout in the years 2019 and

2020. South Kentucky has no control over this non-cash allocation.

b. RUS does not remove the Generation & Transmission Capital Credits from South Kentucky's calculation of TIER. However, RUS does not include this non-cash item in South Kentucky's calculation of OTIER nor does RUS include the non-cash item in its MDSC calculation. Please also see South Kentucky's response to Request No. 37 below and South Kentucky's response to Commission Staff's Second Request No. 5.

c. June 5, 2019 in the amount of \$201,317.92

July 22, 2020 in the amount of \$720,778.97

d.

1. Patronage capital allocations from EKPC are recorded on line 26 (account #423.00) of the statement of operations as a credit, and on line 8 (account #123.10) of the balance sheet as a debit.

2. Patronage capital payouts from EKPC are recorded on line 15 (account #131.10) of the balance sheet as a debit and line 8 (account #123.10) of the balance sheet as a credit.

e. There is no investment agreement between South Kentucky RECC and EKPC.

f. Patronage capital payouts from EKPC are recorded on line 15 (account #131.10) of the balance sheet and line 8 (account #123.10) of the balance sheet.

g. Generation & Transmission Capital Credits recorded on the statement of operations do not typically involve cash payments in the year recorded. South Kentucky RECC received EKPC's retirement of capital credits from the inception of the Cooperative through 1967 on 6/14/19. South Kentucky RECC received EKPC's retirement of capital credits from 1968 through 1975 on 7/29/20. These are the only two cash patronage payouts ever received from EKPC. EKPC's Board of Directors make the decision as to how and when to provide patronage to South Kentucky. South Kentucky does not have knowledge as to how they arrive at that decision.

h. South Kentucky is unsure why EKPC determined to provide a cash patronage payout for the years 2019 and 2020.

i. The calendar years 2019 and 2020 were the only two years since inception that cash patronage payouts were received from EKPC.

EXHIBIT __ (LK-8)

East Kentucky Power Cooperative, Inc.

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

The PSC has an environmental cost recovery mechanism that allows utilities to recover certain costs incurred in complying with the Federal Clean Air Act as amended and those federal, state, and local environmental requirements which apply to coal combustion wastes and byproducts from facilities utilized for the production of energy from coal. This environmental surcharge is billed on a percentage of revenue basis, one month following the actual costs incurred and is included in member electric sales. The regulatory asset or liability represents the amount that has been under- or over-recovered due to timing or adjustments to the mechanism.

Members' Equities

Memberships represent contributions to the Cooperative made by members. Should the Cooperative cease business, these amounts, if available, will be returned to the members.

Patronage capital represents net margin allocated to the Cooperative's members on a contribution-to-gross margin basis pursuant to the provisions of its bylaws. The Cooperative's bylaws permit the Board of Directors to retire capital contributed by or allocated to members when, after any proposed retirement, the total capital of the Cooperative equals or exceeds 20% of total assets, as defined by RUS. In addition, provisions of certain financing documents prohibit the retirement of capital until stipulated requirements related to aggregate margins and equities are met.

The Cooperative's Board of Directors authorized the retirement of patronage capital in 2020 and 2019 in the amounts of \$6.0 million and \$1.8 million, respectively, which represented all unpaid margin allocations assigned to members through 1975.

EXHIBIT __ (LK-9)

SOUTH KENTUCKY RECC
PSC CASE NO. 2021-00407
FIRST REQUEST FOR INFORMATION RESPONSE

AG'S FIRST REQUEST FOR INFORMATION—01/20/22

REQUEST 46

RESPONSIBLE PERSONS: Michelle Herrman and Steve Seelye

COMPANY: South Kentucky RECC

Request 46. Refer to Exhibit WSS-4, Schedule 2.08, which details the LTD interest expense proforma adjustment. Refer also to Exhibit 3, Schedule B-1, page 2, which provides the actual test year LTD interest expense and annualized interest expense by debt issue.

a. Provide the calculation of the interest amounts for the two 2020 first half issuances in electronic format with all formulas in place.

b. Explain the notation concerning the addition of Section 9 interest on Schedule 2.08. In addition, explain whether this is an addition to LTD interest expense in addition to the coupon rate of interest.

c. Exhibit 3, Schedule B-1, lists the interest rate associated with the February 2020 issuance of \$5,000,000 as 1.938%, or \$96,900 on an annualized basis. The interest expense added as a proforma adjustment for this issuance on Schedule 2.08 is \$116,116. Explain all reasons for the difference.

d. Exhibit 3, Schedule B-1 lists the interest rate associated with the March 2020 issuance of \$12,000,000 as 1.118%, or \$134,160 on an annualized basis. The interest

expense added as a proforma adjustment for this issuance on Schedule 2.08 is \$168,983.

Explain all reasons for the difference.

e. Indicate whether the amount outstanding for each loan on Exhibit 3, Schedule B-1, page 2, is the balance as of March 31, 2020. If not, explain the response in detail.

f. Explain all reasons why the proforma adjustment for LTD interest expense was not based on the annualization of the interest calculated upon March 31, 2020 loan balances as opposed to the annualization of only the two new issuances near the end of the test year and with no regard for loans paid down or paid off during the test year.

g. Exhibit 3, Schedule B-1, lists interest expense recorded in the test year of \$14,937.02 associated with the February 2020 issuance of \$5,000,000. Explain why this amount was not removed from the proforma adjustment to reflect an increase in interest expense for this debt issuance.

Response 46.

a. Please see attached. The attachment is an Excel spreadsheet which is being uploaded into the Commission's electronic filing system separately.

b. The Section 9 interest is an additional fee assessed to the loans from FFB. The additional assessment is described in the loan documents in the Loan Contract, Exhibit A-Future Advance Promissory Note, Paragraph 9- Fee. "The fee on each Advance is equal to one-eighth of one percent (0.125%) per annum of the unpaid principal balance of such advance."

c. Please see the response to Question 46 a. above. South Kentucky included the accrued interest for the period from the date of draw from February 7, 2020 to March 31, 2020 in addition to the four quarterly periods and section 9 interest.

d. Please see the response to Request No. 46 a. above. Upon a review South Kentucky determined that the \$168,983 was incorrect. The amount as noted in the response to Request No. 46a. above should be \$153,042.

e. Yes, the amount outstanding for each loan on Exhibit 3, Schedule B-1, page 2, is the balance as of March 31, 2020.

f. The approach to utilize an annualization of the interest calculated upon March 31, 2020 loan balances was not considered. South Kentucky's debt service repayments on all fixed rate RUS/FFB notes require levelized payments, making the debt service constant. Similarly, the loans with CoBank, the City of Monticello, and CFC, other than the 9027 series loans, are amortized using levelized payments. With the exception of two small CFC loans, there are no current full maturities on any outstanding debt through 2026. Similarly, there were no loans that were paid in full during the test year. Therefore, the expenses for these loans are representative on a going-forward basis.

g. The purpose of the proforma adjustment for interest expense was meant to capture changes in (in this case, increases in) interest expense on the revenue requirements on a going forward basis. Therefore, it is appropriate to include this known and measurable amount.

South Kentucky RECC
Case No. 2021-00407
Question 46a

Schedule 2.08 Adjustment to Reflect New Loans

1	Additional Borrowing in First Half of 2020			<u>\$ 17,000,000.00</u>
	February 2020 (FFB 5-6)	\$5,000,000	1.94% Plus Sec 9 int	\$ 116,116.08
	March 2020 (FFB 5-7)	\$12,000,000	1.12% Plus Sec 9 int	\$ 168,982.86
3	Annual Increase in Interest Expenses			<u>\$ 285,098.94</u>

Calculation using amortization schedules

<u>FFB 5-6</u>		<u>7-Feb-20</u>	<u>FFB 5-7</u>		<u>24-Mar-20</u>
3/31/2020	14,031.97		3/31/2020	2,940.49	Accrual
6/30/2020	24,092.62		6/30/2020	35,922.62	
9/30/2020	24,211.41		9/30/2020	33,499.78	
12/31/2020	24,066.03		12/31/2020	33,269.48	
3/31/2021	23,464.05		3/31/2021	32,408.85	
Annual Section 9 Interest	<u>6,250.00</u>		Annual Section 9 Interest	<u>15,000.00</u>	
	<u>116,116.08</u>			<u>153,041.22</u>	

Please note that we acknowledge a discrepancy in the calculation of the interest for FFB 5-7.
Please see our narrative response.

EXHIBIT __ (LK-10)

**SOUTH KENTUCKY RECC
PSC CASE NO. 2021-00407
SECOND REQUEST FOR INFORMATION RESPONSE**

**AG’S SECOND REQUEST FOR INFORMATION—02/17/22
REQUEST 32**

RESPONSIBLE PERSON: Michelle Herrman
COMPANY: South Kentucky RECC

Request 32. Refer to South Kentucky RECC’s response to the Attorney General’s First Request, Item 53, Attachment at page 50, which shows that long-term debt interest expense actually incurred was only \$4,821,438 for the first eleven months of 2021 through November 30, 2021. Provide the 2021 amount of long-term debt interest expense incurred for the twelve months ended December 31, 2021, and provide the calculation of the expense for each month in the calendar year 2021.

Response 32.

The amount of long-term debt interest expense incurred for the twelve months ended December 31, 2021 is as follows:

RUS	\$ 9,162.12
FFB	\$ 3,169,926.03
CFC	\$ 308,595.11
COBANK	\$ 1,631,801.22
CITY OF MONTICELLO	\$ 118,433.34
2021 LTD INT EXP	\$ 5,237,917.82

To record interest expense monthly, we utilize the following methods based upon the specific vendor.

- a. RUS- RUS payments are made monthly on the last day of the month. The

recorded interest expense would align to the monthly billing statement.

b. FFB- Amortization schedules are utilized to determine the quarterly interest billings. The quarterly interest is recorded by month to coincide with the number of interest days for the month. At the end of the quarter, the interest expense is reconciled to the quarterly billing statement and adjusted if necessary.

c. CFC- The monthly interest expense is calculated using the outstanding principal balance multiplied by the interest rate and interest days. At the end of the quarter, the interest expense is reconciled to the quarterly billing statement and adjusted if necessary.

d. CoBank- The monthly billing statement is utilized to record the monthly interest expense.

e. The City of Monticello is paid one time annually. We simply use the annual interest from the amortization schedule and divide by twelve to record the monthly interest expense.

Please see the attached general ledger detail for each long-term debt interest expense account.

SOUTH KENTUCKY RECC
PRG. ACCTANAL (ANLA)

ACCOUNT ANALYSIS
FOR ACCT: 427.10 INTEREST ON REA CONST LOAN
DATE RANGE FROM 01/01/21 TO 12/31/21

RUN DATE 02/21/22 09:08 AM

SO	TR	RACCT	ITEM ID	DEPT	WH	BH	DATE	CK/JOB/REC/TSK EJ/VHR/VND/VEH	QTY	DEBIT	CREDIT	DESCRIPTION
JE	40	232.40	LOAN	13	1603	2159	01/31/21		.00	1,169.19	.00	JE 12465
JE	40	232.40	LOAN	13	1603	2159	02/28/21		.00	1,040.95	.00	JE 12477
JE	40	232.40	LOAN	13	1603	2159	03/31/21		.00	1,311.93	.00	JE 12490
JE	40	224.30	LOAN	13	1603	2159	03/31/21		.00	80.07	.00	JE12486-COR JE12477 RUS FEB PMT
JE	40	232.40	LOAN	13	1603	2159	04/30/21		.00	1,184.33	.00	JE 12503
JE	40	232.40	LOAN	13	1603	2159	05/31/21		.00	1,097.53	.00	JE 12517
JE	40	232.40	LOAN	13	1603	2159	06/30/21		.00	1,284.24	.00	JE 12529
JE	40	232.40	LOAN	13	1603	2159	07/31/21		.00	331.30	.00	JE 12540
JE	40	232.40	LOAN	13	1603	2159	08/31/21		.00	350.75	.00	JE 12555
JE	40	232.40	LOAN	13	1603	2159	09/30/21		.00	326.36	.00	JE 12577
JE	40	232.40	LOAN	13	1603	2159	10/31/21		.00	312.88	.00	JE 12589
JE	40	232.40	LOAN	13	1603	2159	11/30/21		.00	342.83	.00	JE 12601
JE	40	232.40	LOAN	13	1603	2159	12/31/21		.00	329.56	.00	JE 12610
JE	40	224.30	LOAN	13	1603	2159	12/31/21		.00	.20	.00	JE 12609 - TO CORRECT JE 12589

NUMBER OF RECORDS FOUND - 14

TOTAL QTY .00

TOTAL DEBIT 9,162.12

TOTAL CREDIT .00

NET BALANCE 9,162.12

SOUTH KENTUCKY RECC
PRG. ACCTANAL (ANLA)

ACCOUNT ANALYSIS
FOR ACCT: 427.11 INTEREST ON FFB LOANS
DATE RANGE FROM 01/01/21 TO 12/31/21

SO	TR	RACCT	ITEM	ID	DEPT	WH	BH	DATE	CK/JOB/REC/TSK PJ/VHR/VND/VEH	QTY	DEBIT	CREDIT	DESCRIPTION
JE	40	237.11	SJ00	16	1603			2159 01/31/21		.00	263,502.34	.00	ACCR INT ON LTD-FFB LOANS
JE	40	237.11	SJ00	16	1603			2159 02/28/21		.00	263,502.34	.00	ACCR INT ON LTD-FFB LOANS
JE	40	237.11	SJ00	16	1603			2159 03/31/21		.00	263,114.23	.00	ACCR INT ON LTD-FFB LOANS
JE	40	237.11	SJ00	16	1603			2159 04/30/21		.00	264,318.19	.00	ACCR INT ON LTD-FFB LOANS
JE	40	237.11	SJ00	16	1603			2159 05/31/21		.00	264,318.19	.00	ACCR INT ON LTD-FFB LOANS
JE	40	237.11	SJ00	16	1603			2159 06/30/21		.00	264,318.16	.00	ACCR INT ON LTD-FFB LOANS
JE	40	237.11	SJ00	16	1603			2159 07/31/21		.00	265,403.60	.00	ACCR INT ON LTD-FFB LOANS
JE	40	237.11	SJ00	16	1603			2159 08/31/21		.00	265,403.60	.00	ACCR INT ON LTD-FFB LOANS
JE	40	237.11	SJ00	16	1603			2159 09/30/21		.00	265,403.58	.00	ACCR INT ON LTD-FFB LOANS
JE	40	237.11	SJ00	16	1603			2159 10/31/21		.00	271,761.21	.00	ACCR INT ON LTD-FFB LOANS
JE	40	237.11	SJ00	16	1603			2159 11/30/21		.00	271,761.21	.00	ACCR INT ON LTD-FFB LOANS
JE	40	237.11	SJ00	16	1603			2159 12/31/21		.00	272,901.18	.00	ACCR INT ON LTD-FFB LOANS
JE	40	237.11	SJ00	16	1603			2159 12/31/21		.00	.00	272,901.18-	ACCR INT ON LTD-FFB LOANS
JE	40	237.11	SJ00	16	1603			2159 12/31/21		.00	247,119.38	.00	ACCR INT ON LTD-FFB LOANS

NUMBER OF RECORDS FOUND - 14

TOTAL QTY .00

TOTAL DEBIT 3,442,827.21
 TOTAL CREDIT 272,901.18-

 NET BALANCE 3,169,926.03

SOUTH KENTUCKY RECC
PRG. ACCTANAL (ANLA)

ACCOUNT ANALYSIS
FOR ACCT: 427.21 INTEREST ON OTHER LTD - CFC
DATE RANGE FROM 01/01/21 TO 12/31/21

RUN DATE 02/21/22 09:08 AM

SO	TR	RACCT	ITEM ID	DEPT	WH	BH	DATE	CK/JOB/REC/TSK PJ/VHR/VND/VEH	QTY	DEBIT	CREDIT	DESCRIPTION
JE	40	237.31	SJ00	05	1603	2159	01/31/21		.00	29,156.97	.00	INTEREST ON LTD TO CFC
JE	40	237.31	SJ00	05	1603	2159	02/28/21		.00	25,117.99	.00	INTEREST ON LTD TO CFC
JE	40	237.31	SJ00	05	1603	2159	03/31/21		.00	27,432.75	.00	INTEREST ON LTD TO CFC
JE	40	237.31	SJ00	05	1603	2159	04/30/21		.00	26,547.83	.00	INTEREST ON LTD TO CFC
JE	40	237.31	SJ00	05	1603	2159	05/31/21		.00	26,162.01	.00	INTEREST ON LTD TO CFC
JE	40	237.31	SJ00	05	1603	2159	06/30/21		.00	25,352.04	.00	INTEREST ON LTD TO CFC
JE	40	237.31	SJ00	05	1603	2159	07/31/21		.00	26,197.09	.00	INTEREST ON LTD TO CFC
JE	40	237.31	SJ00	05	1603	2159	08/31/21		.00	24,966.90	.00	INTEREST ON LTD TO CFC
JE	40	237.31	SJ00	05	1603	2159	09/30/21		.00	24,484.84	.00	INTEREST ON LTD TO CFC
JE	40	237.31	SJ00	05	1603	2159	10/31/21		.00	25,300.99	.00	INTEREST ON LTD TO CFC
JE	40	237.31	SJ00	05	1603	2159	11/30/21		.00	23,325.98	.00	INTEREST ON LTD TO CFC
JE	40	237.31	SJ00	05	1603	2159	12/31/21		.00	24,549.72	.00	INTEREST ON LTD TO CFC

NUMBER OF RECORDS FOUND - 12

TOTAL QTY	.00
TOTAL DEBIT	308,595.11
TOTAL CREDIT	.00
NET BALANCE	308,595.11

SOUTH KENTUCKY RECC
PRG. ACCTANAL (ANLA)

ACCOUNT ANALYSIS
FOR ACCT: 427.25 INTEREST ON LTD - COBANK
DATE RANGE FROM 01/01/21 TO 12/31/21

APPROVED BY: Michelle Herrman
RUN DATE 02/21/22 09:08 AM

SO	TR	RACCT	ITEM	ID	DEPT	WH	BH	DATE	CK/JOB/REC/TSK PJ/VHR/VND/VEH	QTY	DEBIT	CREDIT	DESCRIPTION
JE	40	232.51	LOAN	21	1603		2159	01/31/21		.00	142,524.70	.00	JE 12464
JE	40	232.51	LOAN	21	1603		2159	02/28/21		.00	128,179.83	.00	JE 12478
JE	40	232.51	LOAN	21	1603		2159	03/31/21		.00	141,151.20	.00	JE 12489
JE	40	232.51	LOAN	21	1603		2159	04/30/21		.00	135,877.68	.00	JE 12504
JE	40	232.51	LOAN	21	1603		2159	05/31/21		.00	139,677.29	.00	JE 12518
JE	40	232.51	LOAN	21	1603		2159	06/30/21		.00	134,514.89	.00	JE 12530
JE	40	232.51	LOAN	21	1603		2159	07/31/21		.00	138,240.74	.00	JE 12539
JE	40	232.51	LOAN	21	1603		2159	08/31/21		.00	137,519.23	.00	JE 12556
JE	40	232.51	LOAN	21	1603		2159	09/30/21		.00	132,397.14	.00	JE 12578
JE	40	232.51	LOAN	21	1603		2159	10/31/21		.00	136,069.71	.00	JE 12590
JE	40	232.51	LOAN	21	1603		2159	11/30/21		.00	131,037.32	.00	JE 12602
JE	40	232.51	LOAN	21	1603		2159	12/31/21		.00	134,611.49	.00	JE 12611

NUMBER OF RECORDS FOUND - 12

TOTAL QTY .00

TOTAL DEBIT 1,631,801.22

TOTAL CREDIT .00

NET BALANCE 1,631,801.22

SOUTH KENTUCKY RECC
PRG. ACCTANAL (ANLA)

ACCOUNT ANALYSIS
FOR ACCT: 427.24 INTEREST ON LTD - CITY OF MONT
DATE RANGE FROM 01/01/21 TO 12/31/21

Business: Michelle Herrman
RUN DATE 02/21/22 09:08 AM

SO	TR	RACCT	ITEM ID	DEPT	WH	BH	DATE	CK/JOB/REC/TSK PJ/VHR/VND/VEH	QTY	DEBIT	CREDIT	DESCRIPTION
JE	40	237.20	SJOU	13	1603	2159	01/31/21		.00	9,869.39	.00	INT ON LTD TO CITY OF MONT
JE	40	237.20	SJOU	13	1603	2159	02/28/21		.00	9,869.45	.00	INT ON LTD TO CITY OF MONT
JE	40	237.20	SJOU	13	1603	2159	03/31/21		.00	9,869.45	.00	INT ON LTD TO CITY OF MONT
JE	40	237.20	SJOU	13	1603	2159	04/30/21		.00	9,869.45	.00	INT ON LTD TO CITY OF MONT
JE	40	237.20	SJOU	13	1603	2159	05/31/21		.00	9,869.45	.00	INT ON LTD TO CITY OF MONT
JE	40	237.20	SJOU	13	1603	2159	06/30/21		.00	9,869.45	.00	INT ON LTD TO CITY OF MONT
JE	40	237.20	SJOU	13	1603	2159	07/31/21		.00	9,869.45	.00	INT ON LTD TO CITY OF MONT
JE	40	237.20	SJOU	13	1603	2159	08/31/21		.00	9,869.45	.00	INT ON LTD TO CITY OF MONT
JE	40	237.20	SJOU	13	1603	2159	09/30/21		.00	9,869.45	.00	INT ON LTD TO CITY OF MONT
JE	40	237.20	SJOU	13	1603	2159	10/31/21		.00	9,869.45	.00	INT ON LTD TO CITY OF MONT
JE	40	237.20	SJOU	13	1603	2159	11/30/21		.00	9,869.45	.00	INT ON LTD TO CITY OF MONT
JE	40	237.20	SJOU	13	1603	2159	12/31/21		.00	9,869.45	.00	INT ON LTD TO CITY OF MONT

NUMBER OF RECORDS FOUND - 12

TOTAL QTY .00

TOTAL DEBIT 118,433.34

TOTAL CREDIT .00

NET BALANCE 118,433.34

EXHIBIT__ (LK-11)

**SOUTH KENTUCKY RECC
PSC CASE NO. 2021-00407
FIRST REQUEST FOR INFORMATION RESPONSE**

AG'S FIRST REQUEST FOR INFORMATION—01/20/22

REQUEST 3

RESPONSIBLE PERSONS: Ken Simmons and Michelle Herrman

COMPANY: South Kentucky RECC

Request 3. Refer to the Application, page 2. South Kentucky RECC asserts that its existing rates went into effect on March 30, 2012, and with aggressive cost control measures, diligent management practices, board oversight, and favorable federal policies including the Rural Utilities Service's ("RUS") Cushion of Credit program, retail base rates have increased by less than \$4,000,000 over the past ten years, not including the pass-through rate increases from East Kentucky Power Cooperative's ("EKPC") wholesaled rate and surcharge adjustments. The Company further asserts that it needs a rate increase because South Kentucky's retail energy sales have decreased substantially while purchased power and other costs of conducting business have increased in almost every portion of its operations.

- a. Explain in detail why energy sales have decreased.
- b. Provide the number of customers that South Kentucky RECC had for the years 2012-present.
- c. Discuss in detail the costs of conducting business that have increased.

d. If energy sales are decreasing, and costs are increasing, explain in detail whether South Kentucky RECC ever discussed merger with another similarly situated RECC in order to streamline operations and obtain economies of scale.

e. Explain in detail and provide all examples of the “aggressive cost control measures.”

f. Provide all examples of “diligent management practices and board oversight.”

g. Identify all favorable federal policies that South Kentucky RECC is referring to, and how these policies that South Kentucky RECC is referring to, and how these policies have benefitted the ratepayers.

h. Explain in detail the RUS Cushion of Credit program, and ensure to include how it is beneficial to the ratepayers.

i. Provide all pass-through rate increases to South Kentucky RECC customers via EKPC wholesale rate and surcharge adjustments from 2012-present.

Response 3.

a. Energy sales are dependent on consumer habits, economic conditions and weather patterns. Manufacturers are producing more energy efficient products. Similarly, consumers are becoming more educated about their own energy consumption through information we provide, as well as information they can obtain from the internet and other

sources. These factors coupled with stagnant growth in South Kentucky’s service territory has affected its energy sales.

b.

	Number of South Kentucky Customers
December 2012	66,003
December 2013	66,211
December 2014	66,404
December 2015	66,876
December 2016	67,318
December 2017	67,820
December 2018	67,771
December 2019	68,203
December 2020	69,304
December 2021	70,123

c. Costs in almost all facets of South Kentucky’s operations have increased

since 2012. As a representation of these increased costs the following is offered.

1. South Kentucky has reduced its employee headcount; however, the cost per employee has increased. Total payroll from 2012 to 2021 has increased 41%.

2. Insurance costs for South Kentucky’s buildings, property have increased 13.4% from 2013 to 2021.

3. Material costs have risen. As an example, South Kentucky’s standard crossarm has increased 51.2% and a single 25 kVa transformer has increased 11.5% since 2012.

4. South Kentucky’s members are using credit card and other automated means to pay their electric bills. This has caused South Kentucky’s payment processing fees to increase 201.7% since 2012.

5. Fuel costs have increased as well as the costs associated with South Kentucky's fleet. The cost of a standard bucket truck has increased 23.3% since 2012.

6. The costs associated with Right of Way clearing has increased 27% per circuit mile since 2012.

d. South Kentucky has merged with a municipality. In 2008, the Cooperative purchased the Monticello electric plant board, gaining approximately 8,000 members, see PSC Case 2007-00374. South Kentucky has not discussed merger with any another distribution cooperative. South Kentucky does not believe that merger with another distribution cooperative is feasible mainly due to system integration challenges and the absence of economic and operational efficiencies. Instead, South Kentucky believes the best course is to continue with the type of robust cost containment philosophy which has resulted in the postponement of a rate increase for approximately ten years. South Kentucky has been and continues to be active in the Kentucky Electric Cooperative network, leveraging opportunities for mutual services and benefits as they may come available.

e. For a description of important cost cost-containment measures please refer to the testimony of South Kentucky's President/CEO, Ken Simmons, Application Exhibit 8, page 8, and to the testimony of South Kentucky's Vice President of Finance, Michelle Herrman, Application Exhibit 9, pages 9-10, which discusses South Kentucky's efforts to reduce interest expense.

f. The cost-containment measures described in response to AG 1-2c., above, were brought about by action of both management and the Board of Directors. In addition, South Kentucky's financial condition is monitored on a real-time basis by both management and the Board of Directors. This activity has been especially important during the past two years of the COVID-19 pandemic which has led to an increase in inflationary pressures, labor and material shortages, and extended amnesty to delinquent ratepayers. This was the intention of South Kentucky's statement found in the Application, page 2, referred to by the AG in formulating this request.

g. The recent principal federal policies that have benefitted South Kentucky and its member consumers are the federal Payroll Protection Program, the Rural Utilities Service Cushion of Credit program and the opportunity to refinance long-term debt to lower interest rates. A more detailed discussion of these benefits can be found in Michelle Herrman's testimony, Application Exhibit 9, pages 8-10.

h. The RUS Cushion of Credit (CoC) program was established via 7 CFR § 1785.68. When initially established it allowed for a cushion of credit account to be automatically established by RUS for each borrower who makes a payment after October 1, 1987, in excess of amounts then due on an RUS note. Such account will bear interest at a rate of 5 percent per annum. All payments on RUS notes which are in excess of required payments and not otherwise designated shall be deposited in the borrowers' respective cushion of credit accounts. Payments received in the month in which an installment is due will be applied to the installment due. However, if the regular installment payment is

received at a later date in the month, the first payment received will be applied retroactively to a cushion of credit account and the second will be applied to the installment due. Effective December 20, 2018, pursuant to the 2018 Farm Bill Section 6503, no new CoC deposits could be made as of that date. With respect to existing CoC deposits, Section 6503 altered the 5 percent fixed interest rate, in that it was paid until September 30, 2020. Beginning on October 1, 2020, CoC deposits earned 4 percent interest until September 30, 2021. Starting on October 1, 2021 and thereafter, the interest rate will be based upon the variable 1 year Treasury rate at October 1 of each year.

The CoC program allowed for a stable savings vehicle that generated funds at an advantageous interest rate without risk allowing the Cooperative to grow funds, while reducing the factor of long-term debt when calculating the cooperative's equity ratio. This stability and earning power assisted in maintaining electric rates for South Kentucky's members. The CoC interest earnings have a direct impact on South Kentucky's TIER ratio, which allowed its OTIER to be at marginal passing levels because the CoC interest earnings could make up the additional .15 to obtain South Kentucky's TIER requirement. Other risk free investments do not allow for the fixed, dependable earning power that were at the levels South Kentucky recognized.

i. Please see attached. The attachment is an Excel spreadsheet and is being uploaded separately into the Commission's electronic filing system.

EXHIBIT __ (LK-12)

**JACKSON PURCHASE ENERGY CORPORATION
PSC CASE NO. 2021-00358
SECOND REQUEST FOR INFORMATION RESPONSE**

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION—11/12/21
REQUEST 24**

RESPONSIBLE PERSON: Jeff Williams

COMPANY: Jackson Purchase Energy Corporation.

Request 24. Refer to the Williams Testimony, page 14, lines 18-19. Also, refer to the Wolfram Testimony, Exhibit JW-2, page 14 of 24, Reference Schedule 1.10.

- (a) Provide an explanation of the RUS Cushion of Credit program.
- (b) Explain why Jackson Purchase Energy will no longer receive interest income on the RUS Cushion of Credit.

Response

(a) The Cushion of Credit program is a valuable financing tool for RUS borrowers, which allows utilities to earn interest on funds set aside for RUS loan repayment. The interest was set at 5%, but due to a change in federal law, it was reduced to 4% in October 2020, then reduced again to the one-year U.S. Treasury rate in October 2021.

(b) RUS allowed eligible utilities to prepay RUS debt with their Cushion of Credit funds without prepayment penalty before October 1, 2020. Jackson Purchase used this option to pay off RUS debt over 4% with these funds. No balance remains in Jackson Purchase's Cushion of Credit.

EXHIBIT __ (LK-13)

**SOUTH KENTUCKY RECC
PSC CASE NO. 2021-00407
FIRST REQUEST FOR INFORMATION RESPONSE**

**AG'S FIRST REQUEST FOR INFORMATION—01/20/22
REQUEST 28**

RESPONSIBLE PERSON: **Michelle Herrman**
COMPANY: **South Kentucky RECC**

Request 28. Refer to the Herrman Testimony, page 8, wherein she discusses the 2018 changes made to the Federal Farm Bill and the RUS Cushion of Credit Interest program. Refer also to the June 7, 2019 RUS announcement regarding changes to the RUS Cushion of Credit Program that included details about the changes in interest rates noted by Ms. Herrman as well as the ability to utilize Cushion of Credit deposit amounts to prepay RUS/FFB loans without penalty from the period of December 20, 2018, until September 30, 2020.

a. Indicate whether South Kentucky RECC sought and/or obtained prepayment without penalty authorization for any of its RUS/FFB loans. If so, describe in detail and provide copies of all applicable correspondence between South Kentucky RECC and the RUS. If not, explain why it did not do so.

b. Indicate whether South Kentucky RECC considered prepayment without penalty of any RUS/FFB loans since the Cushion of Credit interest income rate was going to be reduced to the “1-year variable treasury rate” on October 1, 2021. If so, describe in detail those considerations. If not, explain why it did not make those considerations.

c. Provide a schedule as of March 31, 2020, December 31, 2020, and December 31, 2021, showing the RUS Cushion of Credit amounts by deposit date and in total.

d. Confirm that there no longer remains the ability to prepay without penalty RUS/FFB loans with Cushion of Credit deposit amounts. If not confirmed, explain the response in detail.

e. Describe in detail South Kentucky RECC's plans regarding the utilization of the remaining RUS Cushion of Credit deposit amounts.

f. Describe in detail if there has been some utilization of South Kentucky RECC's RUS Cushion of Credit deposit amounts since the enactment of the 2018 Farm Bill.

g. Describe the prepayment penalties applicable on each of the currently outstanding RUS/FFB debt issuances.

Response 28.

a. South Kentucky did not seek to prepay any of its RUS/FFB loans. Please see South Kentucky's response to Commission Staff's Second Request No. 1.

b. Please see South Kentucky's response to Commission Staff's Second Request Nos. 1 and 6.

c.

Cushion of Credit Balance	
31-Mar-20	29,163,812.92
31-Dec-20	30,171,214.13
31-Dec-21	31,065,537.90

d. This is confirmed.

e. Please see South Kentucky's response to Commission Staff's Second Request No. 6.

f. Yes, beginning in December 2021, South Kentucky began using the Cushion of Credit balance to pay the RUS/FFB debt service when due.

g. South Kentucky has not performed research into prepaying its RUS/FFB debt.

EXHIBIT __ (LK-14)

**SOUTH KENTUCKY RECC
PSC CASE NO. 2021-00407
SECOND REQUEST FOR INFORMATION RESPONSE**

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION—01/19/22
REQUEST 1**

RESPONSIBLE PERSON: Michelle Herrman
COMPANY: South Kentucky RECC

Request 1. Refer to the Application, paragraph 26, Exhibit 9, Direct Testimony of Michelle D. Herrman (Herrman Testimony) page 8, lines 14-18. Regarding the reduction of interest earned on the Rural Utilities Service cushion of credit program, explain why South Kentucky RECC did not remove the funds and pay down a higher interest rate loan when the interest rates decreased from 5.00 percent to 0.09 percent.

Response 1. When the 2018 Farm Bill was approved in late 2018, South Kentucky reviewed the interest rates on its loan portfolio with RUS/FFB. The interest rates on South Kentucky's RUS/FFB portfolio ranged from 1.00% to 3.699%, with a blended interest rate of 2.90%. Part of the provisions included a gradual ramp down of the Cushion of Credit interest earning rate. On October 1, 2020, the 5.00% interest earning rate was to be reduced to 4.00%. While the provision in the Farm bill did allow for the prepayment of RUS/FFB long term debt through the use of the balance in their Cushion of Credit without penalty, the election would have had to been made prior to September 30, 2020. Since the highest interest rate loan and blended interest rate of South Kentucky's RUS/FFB portfolio

was below the 4% interest earning rate, South Kentucky elected to keep the funds in the Cushion of Credit program.

EXHIBIT __ (LK-15)

SOUTH KENTUCKY RECC

PSC CASE NO. 2021-00407

SECOND REQUEST FOR INFORMATION RESPONSE

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION—01/19/22
REQUEST 6**

RESPONSIBLE PERSONS: Ken Simmons and Michelle Herrman

COMPANY: South Kentucky RECC

Request 6. Refer to the Simmons Testimony, page 9, lines 12-14. Explain whether South Kentucky RECC has evaluated using its cushion of credit investments to reduce its outstanding debts or invest in instruments with a higher return.

Response 6. Yes, South Kentucky's Board and Management have discussed using the investments in the cushion of credit to invest in instruments with a higher return. In 2021, management began meeting with potential investment advisers to discuss alternative investment strategies. In December 2021, South Kentucky began allowing the cushion of credit to pay debt service payments when due. The funds that would normally be used to make the debt service payments are currently being invested with CFC in their commercial paper program. Currently, South Kentucky is working to create an investment policy which will be used in requests for proposals for the management and investment of these funds.

EXHIBIT __ (LK-16)

**SOUTH KENTUCKY RECC
PSC CASE NO. 2021-00407
FIRST REQUEST FOR INFORMATION RESPONSE**

**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION—11/29/21
REQUEST 3**

RESPONSIBLE PERSON: Michelle Herrman
COMPANY: South Kentucky RECC

Request 3. Provide the following:

Request 3a. A list of all outstanding issues of long-term debt as of the end of the latest calendar year together with the related information as shown in Schedule B1.

Response 3a. Please see attached schedules showing long-term debt for the latest calendar year and for the test year.

Request 3b. An analysis of short-term debt as shown in Schedule B2 as of the end of the latest calendar year.

Response 3b. South Kentucky RECC did not have any short-term debt at the end of the latest calendar year or at the end of the test year.

South Kentucky Rural Electric Cooperative Corporation
Case No. 2021-00407

Schedule of Outstanding Long-Term Debt
For the Year Ended December 31, 2020

Line No.	Type of Debt Issue (a)		Date of Issue (b)	Date of Maturity (c)	Amount Outstanding (d)	Coupon Interest Rate (e)	Cost Rate at Issue (f)	Cost Rate at Maturity (3) (g)	Type of Obligation (i)	Annualized Cost Col. (d) X Col. (g) (j)
1.	CoBank	CoBank	4/26/2016	5/20/2034	46,712,888.66	3.550%	3.550%	3.550%	CoBank	1,658,307.55
2.	RUS/FFB	B330	11/1/1997	11/30/2027	1,685,394.10	0.125%	0.125%	0.125%	RUS/FFB	2,106.74
3.	RUS/FFB	B335	6/1/1999	6/30/2029	1,681,175.46	0.750%	0.750%	0.750%	RUS/FFB	12,608.82
4.	RUS/FFB	H0010	3/31/2009	12/31/2041	4,144,841.65	3.455%	3.455%	3.455%	RUS/FFB	143,204.28
5.	RUS/FFB	H0015	2/27/2009	12/31/2041	2,559,056.83	3.649%	3.649%	3.649%	RUS/FFB	93,379.98
6.	RUS/FFB	H0020	3/17/2009	12/31/2042	13,580,528.14	3.699%	3.699%	3.699%	RUS/FFB	502,343.74
7.	RUS/FFB	H0025	8/31/2010	12/31/2042	10,820,046.74	3.249%	3.249%	3.249%	RUS/FFB	351,543.32
8.	RUS/FFB	H0030	1/18/2013	1/2/2046	12,448,711.56	2.657%	2.657%	2.657%	RUS/FFB	330,762.27
9.	RUS/FFB	H0035	12/5/2013	1/2/2046	5,384,218.23	3.550%	3.550%	3.550%	RUS/FFB	191,139.75
10.	RUS/FFB	H0040	2/27/2014	3/31/2044	2,444,639.41	2.207%	2.207%	2.207%	RUS/FFB	53,953.19
11.	RUS/FFB	H0045	9/30/2014	12/31/2044	2,482,449.45	2.207%	2.207%	2.207%	RUS/FFB	54,787.66
12.	RUS/FFB	H0050	10/3/2014	1/2/2046	8,687,965.95	2.870%	2.870%	2.870%	RUS/FFB	249,344.62
13.	RUS/FFB	H0055	12/31/2015	1/2/2046	862,178.60	2.226%	2.226%	2.226%	RUS/FFB	19,192.10
14.	RUS/FFB	H0060	12/31/2015	1/2/2046	862,189.03	2.226%	2.226%	2.226%	RUS/FFB	19,192.33
15.	RUS/FFB	H0065	12/31/2015	1/2/2046	855,106.59	0.081%	0.081%	0.081%	RUS/FFB	692.64
16.	RUS/FFB	H0075	12/31/2015	1/2/2046	3,091,145.63	2.403%	2.403%	2.403%	RUS/FFB	74,280.23
17.	RUS/FFB	H0070	12/31/2015	1/2/2046	855,053.22	0.081%	0.081%	0.081%	RUS/FFB	692.59
18.	RUS/FFB	H0080	12/31/2015	1/2/2046	855,053.22	0.081%	0.081%	0.081%	RUS/FFB	692.59
19.	RUS/FFB	H0085	2/5/2016	1/2/2046	2,647,538.44	2.307%	2.307%	2.307%	RUS/FFB	61,078.71
20.	RUS/FFB	H0090	2/29/2016	1/2/2046	881,118.42	2.223%	2.223%	2.223%	RUS/FFB	19,587.26
21.	RUS/FFB	H0095	2/29/2016	1/2/2046	1,145,453.92	2.223%	2.223%	2.223%	RUS/FFB	25,463.44
22.	RUS/FFB	F0100	8/25/2017	1/3/2051	1,907,600.04	2.571%	2.571%	2.571%	RUS/FFB	49,044.40
23.	RUS/FFB	F0105	9/1/2017	1/3/2051	1,906,682.82	2.513%	2.513%	2.513%	RUS/FFB	47,914.94
24.	RUS/FFB	F0110	2/1/2018	1/3/2051	4,779,723.44	2.848%	2.848%	2.848%	RUS/FFB	136,126.52
25.	RUS/FFB	F0115	6/25/2018	1/3/2051	4,784,589.34	2.977%	2.977%	2.977%	RUS/FFB	142,437.22
26.	RUS/FFB	F0020	12/7/2018	1/3/2051	8,673,176.99	3.034%	3.034%	3.034%	RUS/FFB	263,144.19
27.	RUS/FFB	F0025	2/7/2020	1/3/2051	4,910,204.13	1.938%	1.938%	1.938%	RUS/FFB	95,159.76
28.	RUS/FFB	F0030	3/24/2020	1/3/2051	11,756,339.99	1.118%	1.118%	1.118%	RUS/FFB	131,435.88
29.	CFC	9019	3/28/1986	5/31/2021	47,901.33	6.200%	6.200%	6.200%	CFC	2,969.88
30.	CFC	9020	8/11/1989	8/31/2024	461,745.26	6.250%	6.250%	6.250%	CFC	28,859.08
31.	CFC	9021	9/20/1991	11/30/2026	530,424.96	6.250%	6.250%	6.250%	CFC	33,151.56
32.	CFC	9022	7/15/1993	5/31/2028	954,129.07	6.650%	6.650%	6.650%	CFC	63,449.58
33.	CFC	9023	1/11/1999	5/31/2032	2,112,502.31	6.700%	6.700%	6.700%	CFC	141,537.65
34.	CFC	9027010	9/30/2010	8/31/2020	-	4.250%	4.250%	4.250%	CFC	-
35.	CFC	9027011	9/30/2010	8/31/2021	443,178.42	4.350%	4.350%	4.350%	CFC	19,278.26
36.	CFC	9027012	9/30/2010	8/31/2022	424,043.34	4.400%	4.400%	4.400%	CFC	18,657.91
37.	CFC	9027013	9/30/2010	8/31/2023	425,365.70	4.500%	4.500%	4.500%	CFC	19,141.46
38.	CFC	9027014	9/30/2010	8/31/2024	274,832.42	4.550%	4.550%	4.550%	CFC	12,504.88
39.	City of Monticello, KY	Mortgage	12/31/2007	12/31/2037	2,493,333.42	4.750%	4.750%	4.750%	City of Monticello, KY	118,433.34
40.	USDA Revolving Loan and Grant	REDL-17-1	1/13/2011	1/1/2021	2,418.00	0.000%	0.000%	0.000%	USDA Revolving Loan and Grant	-
41.	USDA Revolving Loan and Grant	REDL-23-1	9/15/2016	9/1/2026	575,000.17	0.000%	0.000%	0.000%	USDA Revolving Loan and Grant	-
42.	USDA Revolving Loan and Grant	REDL-24-1	4/23/2018	3/1/2028	906,249.97	0.000%	0.000%	0.000%	USDA Revolving Loan and Grant	-
43.	USDA Revolving Loan and Grant	REDL-25-1	11/1/2028		659,722.28	0.000%	0.000%	0.000%	USDA Revolving Loan and Grant	-
Total					173,715,916.65					5,187,600.31

* Column H in template- Bond Rating at Time of Issue is not applicable.

Annualized Cost Rate

2.99%

Actual Test Year Cost Rate

South Kentucky Rural Electric Cooperative Corporation
Case No. 2021-00407

Schedule of Outstanding Long-Term Debt
For the Test Year Ended April of 2019 to March of 2020

Line No.	Type of Debt Issue (a)	Date of Issue (b)	Date of Maturity (c)	Amount Outstanding (d)	Coupon Interest Rate (1) (e)	Cost Rate at Issue (2) (f)	Cost Rate at Maturity (3) (g)	Type of Obligation (i)	Annualized Cost Col. (d) X Col. (g) (j)	Actual Test Year Interest Cost (5) (k)	
1.	CoBank	CoBank	4/26/2016	5/20/2034	48,765,930.14	3.550%	3.550%	3.550%	CoBank	1,731,190.52	1,809,332.01
2.	RUS/FFB	B330	11/1/1997	11/30/2027	1,788,574.61	1.000%	1.000%	1.000%	RUS/FFB	17,885.75	26,679.18
3.	RUS/FFB	B335	6/1/1999	6/30/2029	1,783,223.36	1.625%	1.625%	1.625%	RUS/FFB	28,977.38	29,139.41
4.	RUS/FFB	H0010	3/31/2009	12/31/2041	4,244,300.43	3.455%	3.455%	3.455%	RUS/FFB	146,640.58	154,739.09
5.	RUS/FFB	H0015	2/27/2009	12/31/2041	2,619,034.88	3.649%	3.649%	3.649%	RUS/FFB	95,568.58	100,614.22
6.	RUS/FFB	H0020	3/17/2009	12/31/2042	13,876,245.48	3.699%	3.699%	3.699%	RUS/FFB	513,282.32	539,453.14
7.	RUS/FFB	H0025	8/31/2010	12/31/2042	11,059,545.14	3.249%	3.249%	3.249%	RUS/FFB	359,649.52	380,090.43
8.	RUS/FFB	H0030	1/18/2013	1/2/2046	12,709,044.71	2.657%	2.657%	2.657%	RUS/FFB	337,679.32	359,249.98
9.	RUS/FFB	H0035	12/5/2013	1/2/2046	5,483,181.14	3.550%	3.550%	3.550%	RUS/FFB	194,652.93	204,328.78
10.	RUS/FFB	H0040	2/27/2014	3/31/2044	2,499,118.20	2.207%	2.207%	2.207%	RUS/FFB	55,155.54	59,282.09
11.	RUS/FFB	H0045	9/30/2014	12/31/2044	2,537,770.83	2.207%	2.207%	2.207%	RUS/FFB	56,008.60	60,198.97
12.	RUS/FFB	H0050	10/3/2014	1/2/2046	8,864,206.40	2.870%	2.870%	2.870%	RUS/FFB	254,402.72	269,614.75
13.	RUS/FFB	H0055	12/31/2015	1/2/2046	881,341.14	2.226%	2.226%	2.226%	RUS/FFB	19,618.65	21,075.80
14.	RUS/FFB	H0060	12/31/2015	1/2/2046	881,351.81	2.226%	2.226%	2.226%	RUS/FFB	19,618.89	21,076.05
15.	RUS/FFB	H0065	12/31/2015	1/2/2046	880,370.89	0.121%	0.121%	0.121%	RUS/FFB	1,065.25	18,831.25
16.	RUS/FFB	H0075	12/31/2015	1/2/2046	3,156,305.99	2.403%	2.403%	2.403%	RUS/FFB	75,846.03	87,436.00
17.	RUS/FFB	H0070	12/31/2015	1/2/2046	880,315.94	0.121%	0.121%	0.121%	RUS/FFB	1,065.18	18,830.06
18.	RUS/FFB	H0080	12/31/2015	1/2/2046	880,315.94	0.121%	0.121%	0.121%	RUS/FFB	1,065.18	18,830.06
19.	RUS/FFB	H0085	2/5/2016	1/2/2046	2,705,716.24	2.307%	2.307%	2.307%	RUS/FFB	62,420.87	66,918.31
20.	RUS/FFB	H0090	2/29/2016	1/2/2046	900,710.14	2.223%	2.223%	2.223%	RUS/FFB	20,022.79	21,511.64
21.	RUS/FFB	H0095	2/29/2016	1/2/2046	1,170,923.15	2.223%	2.223%	2.223%	RUS/FFB	26,029.62	27,965.14
22.	RUS/FFB	F0100	8/25/2017	1/3/2051	1,938,914.87	2.571%	2.571%	2.571%	RUS/FFB	49,849.50	52,929.03
23.	RUS/FFB	F0105	9/1/2017	1/3/2051	1,938,297.55	2.513%	2.513%	2.513%	RUS/FFB	48,709.42	51,780.80
24.	RUS/FFB	F0110	2/1/2018	1/3/2051	4,854,498.24	2.848%	2.848%	2.848%	RUS/FFB	138,256.11	146,043.81
25.	RUS/FFB	F0115	6/25/2018	1/3/2051	4,857,767.00	2.977%	2.977%	2.977%	RUS/FFB	144,615.72	152,440.19
26.	RUS/FFB	F0020	12/7/2018	1/3/2051	8,804,505.06	3.034%	3.034%	3.034%	RUS/FFB	267,128.68	281,333.79
27.	RUS/FFB	F0025	2/7/2020	1/3/2051	5,000,000.00	1.938%	1.938%	1.938%	RUS/FFB	96,900.00	14,937.02
28.	RUS/FFB	F0030	3/24/2020	1/3/2051	12,000,000.00	1.118%	1.118%	1.118%	RUS/FFB	134,160.00	-
29.	CFC	9018	2/17/1984	2/28/2019	-	6.100%	6.100%	6.100%	CFC	-	(12.70)**
30.	CFC	9019	3/28/1986	5/31/2021	117,047.01	6.200%	6.200%	6.200%	CFC	7,256.91	10,453.39
31.	CFC	9020	8/11/1989	8/31/2024	541,893.44	6.250%	6.250%	6.250%	CFC	33,868.34	37,096.12
32.	CFC	9021	9/20/1991	11/30/2026	583,902.32	6.250%	6.250%	6.250%	CFC	36,493.90	38,369.63
33.	CFC	9022	7/15/1993	5/31/2028	1,026,087.20	6.650%	6.650%	6.650%	CFC	68,234.80	70,676.26
34.	CFC	9023	1/11/1999	5/31/2032	2,202,027.24	6.700%	6.700%	6.700%	CFC	147,535.83	149,450.28
35.	CFC	9027009	9/30/2010	8/31/2019	-	4.150%	4.150%	4.150%	CFC	-	5,569.91
36.	CFC	9027010	9/30/2010	8/30/2020	263,576.52	4.250%	4.250%	4.250%	CFC	11,202.00	20,897.10
37.	CFC	9027011	9/30/2010	8/31/2021	587,737.54	4.350%	4.350%	4.350%	CFC	25,566.58	25,636.62
38.	CFC	9027012	9/30/2010	8/31/2022	424,043.34	4.400%	4.400%	4.400%	CFC	18,657.91	18,709.02
39.	CFC	9027013	9/30/2010	8/31/2023	425,365.70	4.500%	4.500%	4.500%	CFC	19,141.46	19,193.90
40.	CFC	9027014	9/30/2010	8/31/2024	274,832.42	4.550%	4.550%	4.550%	CFC	12,504.88	12,539.12
41.	City of Monticello, KY	Mortgage	12/31/2007	12/31/2037	2,640,000.08	4.750%	4.750%	4.750%	City of Monticello, KY	125,400.00	130,625.04
42.	USDA Revolving Loan and Grant	REDL-17-1	1/13/2011	1/1/2021	21,826.00	0.000%	0.000%	0.000%	USDA Revolving Loan and Grant	-	-
43.	USDA Revolving Loan and Grant	REDL-23-1	9/15/2016	9/1/2026	650,000.14	0.000%	0.000%	0.000%	USDA Revolving Loan and Grant	-	-
44.	USDA Revolving Loan and Grant	REDL-24-1	4/23/2018	3/1/2028	1,000,000.00	0.000%	0.000%	0.000%	USDA Revolving Loan and Grant	-	-
45.	USDA Revolving Loan and Grant	REDL-25-1	12/5/2018	11/1/2028	722,222.24	0.000%	0.000%	0.000%	USDA Revolving Loan and Grant	-	-
				Total	179,452,070.47					5,403,328.27	5,533,864.69

Annualized Cost Rate	3.01%
Actual Test Year Cost Rate	3.08%

3.01%
3.08%

* Column H in template- Bond Rating at Time of Issue is not applicable.

Adjustment made to interest after loan was paid in full

South Kentucky Rural Electric Cooperative Corporation
Case No. 2021-00407

Schedule of Outstanding Short-Term Debt
For the Test Year Ended April of 2019 to March of 2020

Line No.	Type of Debt Instrument (a)	Date of Issue (b)	Date of Maturity (c)	Amount Outstanding (d)	Nominal Interest Rate (e)	Interest Expense (f)	Average Balance (g)	Effective Interest Rate (h)	Annualized Interest Cost Col. (d) X Col. (e) (i)
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****No outstanding short-term debt at end of calendar year or test year****

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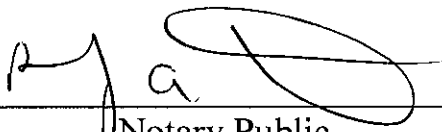
STATE OF GEORGIA)

COUNTY OF FULTON)

LANE KOLLEN, being duly sworn, deposes and states: that the attached is his sworn testimony and that the statements contained are true and correct to the best of his knowledge, information and belief.


Lane Kollen

Sworn to and subscribed before me on this
9th day of March 2022.


Notary Public

