

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

**INITIAL DATA REQUESTS OF SOUTH KENTUCKY RURAL ELECTRIC
COOPERATIVE CORPORATION TO THE KENTUCKY ATTORNEY GENERAL
OFFICE OF RATE INTERVENTION**

Filed: March 18, 2022

I. DEFINITIONS AND INSTRUCTIONS

1. With respect to each discovery request, all information is to be divulged that is within the knowledge, possession or control of the parties to whom it is addressed, including their agents, employees, advisors, consultants, attorneys and/or investigators.

2. Please identify the witness(es) who will be prepared to answer questions concerning each request.

3. These requests shall be deemed continuing so as to require further and supplemental responses if the party receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

4. All answers must be separately and fully stated in writing under oath.

5. Where a data request calls for an answer in more than one part, each part should be separated in the answer so that the answer is clearly understandable.

6. If any request appears confusing, please request clarification directly from counsel for South Kentucky Rural Electric Cooperative Corporation (“SKRECC”).

7. For purpose of these discovery requests, the following terms shall have meanings set forth below:

- (a) As used herein, “document,” “documentation” and/or “record,” whether stated as the singular or the plural, means any course of binders, book, pamphlet, periodical, letter, correspondence, memoranda, including but not limited to, any memorandum or report of a meeting or telephone or other conversation, invoice, account, credit memo, debit memo, financial statement, general ledger, ledger, journal, work papers, account work papers, report, diary, telegram, record, contract, agreement, study, draft,

telex, handwritten or other note, sketch, picture, photograph, plan, chart, paper, graph, index, tape, data processing card, data processing disc, data cells or sheet, check acceptance draft, e-mail, studies, analyses, contracts, estimates, summaries, statistical statements, analytical records, reports and/or summaries of investigations, opinions or reports of consultants, opinions or reports of accountants, trade letters, comparisons, brochures, pamphlets, circulars, bulletins, notices, forecasts, electronic communication, printouts, all other data compilations from which information can be obtained (translated if necessary by defendants into usable form), any preliminary versions, drafts or revisions of any of the foregoing, and/or any other written, recorded, transcribed, punched, taped, filmed or graphic matter, however produced or reproduced and regardless of origin or location, in the possession, custody and/or control of the defendant and/or their agents, accountants, employees, representatives and/or attorneys. "Document" and "record" also mean all copies of documents by whatever means made, if the copy bears any other markings or notations not found on the original.

- (b) The terms "relating to," "referring to," "referred to," "pertaining to," "pertained to" and "relates to" means referring to, reporting, embodying, establishing, evidencing, comprising, connected with, commenting on, responding to, showing, describing, analyzing, reflecting, presenting and/or constituting and/or in any way involving.

- (c) The terms “and,” “or,” and “and/or” within the meaning of this document shall include each other and shall be both inclusive and disjunctive and shall be construed to require production of all documents, as above-described, in the broadest possible fashion and manner.
- (d) Unless otherwise noted, the term “AG” shall mean The Kentucky Attorney General’s Office of Rate Intervention and shall include, but is not limited to, each and every employee, advisor, consultant and/or attorney of The Kentucky Attorney General’s Office of Rate Intervention. The term “you” shall be deemed to refer to the Kentucky Attorney General’s Office of Rate Intervention.
- (e) The term “Commission” shall mean the Kentucky Public Service Commission.
- (f) To “identify” shall mean:
 - (1) With respect to a document, to state its date, its author, its type (for example, letter, memorandum, chart, photograph, sound reproduction, etc.), its subject matter, its present location, and the name of its present custodian. The document may be produced in lieu of supplying the foregoing information. For each document which contains information as privileged or otherwise excludable from discovery, there shall be included a statement as to the basis for such claim of privilege or other grounds for exclusion.

- (2) With regard to a natural person, to state his or her full name, last known employer or business affiliation, title and last known home address.
- (3) With regard to a person other than a natural person, state the title of that person, any trade name, or corporate name or partnership name used by that person, and the principal business address of that person.
- (g) To “produce” or to “identify and produce,” shall mean that Company shall produce each document or other requested tangible thing. For each tangible thing which Company contends is privileged or otherwise excludable from discovery, there shall be included a statement as to the basis for such claim of privilege or other grounds for exclusion.
- (h) The terms “Party or Parties” shall mean any organization, person, corporation, entity, etc., which intervened in the above-captioned proceeding and shall further include the Commission Staff.

8. The information requested herein is due back to South Kentucky RECC no later than April 1, 2022.

Respectfully submitted,

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Counsel for South Kentucky RECC

1. Please list and provide copies of all studies or analyses that Mr. Kollen has performed analyzing electric cooperative capital rotation policies.
2. Please provide copies of each presentation that Mr. Kollen has made regarding electric cooperative capital rotation policies.
3. Please provide copies of any journal articles or other publications prepared by Mr. Kollen regarding electric utility capital credit rotation policies.
4. Provide a list of each electric cooperative for which Mr. Kollen has provided advice to the electric cooperative regarding its capital credit rotation policies.
5. Provide all studies or research that Mr. Kollen has conducted regarding the capital credit policies of electric cooperatives in the United States.
6. For each electric cooperative for which Mr. Kollen has provided consulting services, please indicate the methodology that was used to determine revenue requirements, namely, return on rate base, TIER, OTIER, DSC, or other.
7. On page 30 of his testimony Mr. Kollen states that a “1.50 TIER will allow growth in members’ equity of 1.95% annually.”
 - a. Provide Mr. Kollen’s definition of members’ equity showing the formula used to calculate members’ equity, indicating whether members’ equity includes all capital credits from EKPC.
 - b. Provide the detailed analysis and source documents that Mr. Kollen relied on to determine the 1.95% in members’ equity.
 - c. Please indicate whether the analysis reflects the impact of inflation or other cost increases.

- d. Provide an analysis of the change in members' equity for the next five years based on a 1.50 TIER reflecting forecasted expense increases for South Kentucky, providing all assumptions.
8. Provide all analytic support that Mr. Kollen relied on in arriving at his specific 1.50 TIER recommendation. In other words, provide the detailed calculations and support for how Mr. Kollen derived the 1.50 figure he recommends.
9. Provide a complete description of Mr. Kollen's analysis of and all assumptions he made in evaluating the risk impact and reserve requirements necessary to account for the following uncertainties and cost volatilities in the determination of his 1.50 TIER: (1) impacts of weather variability, (2) capital cost and income impacts of normal and unusual levels of storm damage, (3) expense and impact of higher than normal inflation, (4) the impact on income from pandemics, (5) costs and income impacts from international impacts.
10. Provide a copy of all research that Mr. Kollen has performed regarding the levels of TIER and OTIER used by electric cooperatives in the United States during the last five years.
11. What date did Mr. Kollen assume that South Kentucky terminated the use of its temporary office staffing? How is this date significant?
12. Please describe in detail Mr. Kollen's understanding of whether South Kentucky declared a general retirement of capital credits to occur in the years 2020 and 2021? If so, what amount was retired, and what years did the payouts represent. Did this also include any retirements of EKPC capital credits?
13. Please describe in detail whether the interest rate earned on the Cushion of Credit funds will change on October 1, 2022 and annually going forward? Does Mr. Kollen know what the interest rate will be on October 1, 2022?

14. Please indicate whether South Kentucky provided a footnote with the website location as to where it sourced the Treasury Rate assumptions used in the NPV scenario when using the cushion of credit to repay long term debt? (Reference Commission's Third Request for Information, Request No. 8).