

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)

**ATTORNEY GENERAL’S SECOND REQUEST FOR INFORMATION TO
SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION**

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, through his Office of Rate Intervention (“Attorney General”), and submits his Second Request for Information to South Kentucky Rural Electric Cooperative Corporation (hereinafter “South Kentucky RECC” or the “Company”) to be answered by March 3, 2022, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate requested item will be deemed a satisfactory response.
- (2) Identify the witness who will be prepared to answer questions concerning each request.
- (3) Repeat the question to which each response is intended to refer.
- (4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.
- (5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the

preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

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

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

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

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

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

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

(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

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

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

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

Respectfully submitted,

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Certificate of Service and Filing

Pursuant to the Commission's Orders and in accord with all other applicable law, Counsel certifies that the foregoing electronic filing was transmitted to the Commission on February 17, 2022, and there are currently no parties that the Commission has excused from participation by electronic means in this proceeding.

This 17th day of February, 2022.



Assistant Attorney General

1. Refer to South Kentucky RECC's response to the Attorney General's First Request for Information ("Attorney General's First Request"), Items 2(a) – (g), wherein South Kentucky RECC asserts that it has no knowledge as to why it serves a small number of customers in Pickett and Scott counties in Tennessee.
 - a. Explain why South Kentucky RECC has never attempted to determine why it is providing electricity to portions of two counties outside the state of Kentucky.
 - b. Has South Kentucky RECC spoken with the utility companies that provide electricity to the rest of the customers in Pickett and Scott counties to determine why they do not provide electricity to all of the customers in those counties? Explain in full detail.
 - c. South Kentucky RECC states that there are no Tennessee-specific tariffs in place. Explain whether the Tennessee Public Utility Commission has any jurisdiction over South Kentucky RECC. If not, explain in detail why not.
 - d. Explain in detail whether South Kentucky RECC has documentation from the state of Tennessee, including any applicable certificates of authority, that the Company is in compliance with all legal requirements concerning the provision of electricity. Provide any and all documents and/or communication from the state of Tennessee regarding the same. If no documents or communication exist, explain why not.
 - e. Provide the cost to serve the customers in Pickett and Scott counties for the years 2012 – 2021.

2. Refer to South Kentucky RECC's response to the Attorney General's First Request, Item 3(c).
 - a. Explain in detail why insurance costs for South Kentucky RECC's buildings and property have increased 13.4% from 2013 to 2021. Additionally, explain whether South Kentucky RECC periodically requests competitive insurance rates to ensure it has the most cost efficient insurance products.
 - b. South Kentucky RECC states that the members are using credit card and other automated means to pay their electric bills, which has caused the Company's payment processing fees to increase 201.7% since 2012.
 - i. Explain in full detail whether South Kentucky RECC requires a convenience fee to be added to all credit card transactions in order for other member customers to not subsidize the credit card payments. If not, explain in full detail why not.
 - ii. If South Kentucky RECC includes the credit card fees in the customer rates provide the Commission case number and Order that approved these specific fees to be included in rates.
 - iii. Provide the type of credit cards that South Kentucky RECC accepts as payment (e.g. Visa, MasterCard, American Express, etc.), the fee that the Company pays to process each type of credit card, and the associated fee to the member customer.
 - iv. Provide all other forms of payment that South Kentucky RECC accepts from member customers to pay the utility bill, as well as the corresponding fees that the Company pays for each payment type,

as well as all fees assessed to the member customers for each payment type.

- v. If the Company does include the payment processing fees in the rates, provide the monetary amount included for the same in the proposed rates, with a breakdown between different payment types.
 - c. Explain in full detail why the costs associated with right-of-way clearing has increased 27% per circuit mile since 2012. Further, explain whether South Kentucky RECC utilizes competitive bidding in order to contain costs.
3. Refer to South Kentucky RECC's response to the Attorney General's First Request, Item 3(d).
- a. The Company stated that it had not discussed merger with any other distribution cooperative because it did not believe that merger would be feasible due to system integration challenges and the absence of economic and operational efficiencies.
 - i. Expound upon why merger with other distribution cooperatives would not be feasible due to system integration challenges, and identify the specific integration challenges.
 - ii. Expound upon why merger with other distribution cooperatives would not create economic and operational efficiencies and synergies.
 - iii. Explain in detail whether a formal study has been conducted evaluating the opportunity for merger, and if not, why not.

- b. South Kentucky RECC states that instead of merger, the best course is to continue cost containment to postpone rate increases. However, South Kentucky RECC admits that its energy sales have declined, costs are increasing, and its payroll has increased by 41% from 2012 to 2021. Confirm that merging with another similarly-situated RECC in order to streamline operations and obtain economies of scale would be beneficial to the Company's member customers. If denied, provide a detailed response and provide all studies and other objective documents supporting your statement.
4. Refer to South Kentucky RECC's response to the Attorney General's First Request, Item 4(f). Confirm or deny that the additional funds provided by a 2.0x Times Interest Earned Ratio ("TIER") is used for any purpose South Kentucky RECC deems reasonable, and is not limited to paying debt. If denied, explain in detail how the usage of the additional funds is restricted.
5. Refer to South Kentucky RECC's response to the Attorney General's First Request, Item 5(a).
 - a. Explain how an increased fixed monthly customer charge is beneficial for customers with a low or fixed income when it severely limits the customer's ability to control its total electric bill through reduced energy usage and other conservation means.
 - b. Provide copies of all studies relied upon when stating that a higher monthly customer charge is beneficial to low and fixed income customers.

6. Refer to South Kentucky RECC's response to the Attorney General's First Request, Items 11(a) and (b). The Company asserts that it is holding approximately \$137 million in capital credits. Explain what happens to capital credits that are not claimed by a member, heir, estate, etc. Does South Kentucky RECC have rules in place to allow for the reversion of the capital credits back to the Company if the credits are not claimed within a certain time frame? If not, explain in detail why not. Provide a copy of the Company's policy(ies) regarding both reversion, and distribution of capital credits.
7. Refer to South Kentucky RECC's response to the Attorney General's First Request, Item 12(a). Pursuant to the chart provided in the response comparing the monthly residential customer charge of 23 Kentucky cooperatives, confirm that if the Commission grants South Kentucky RECC's requested \$24.00 monthly residential customer charge, the Company will have a higher monthly residential customer charge than 20 other cooperatives in the state. If not confirmed, explain why not.
8. Refer to South Kentucky RECC's response to the Attorney General's First Request, Item 13(c). Explain in detail why South Kentucky RECC stopped selling Electric Thermal Storage in 2016.
9. Refer to South Kentucky RECC's response to the Attorney General's First Request, Items 14(a) – (c).
 - a. The original question as to how the Company intends to comply with the affiliate transaction statutes concerning The People Fund should be considered a continuing request. Provide any and all updates regarding the same.

- b. Due to the Company not providing any low-income utility bill payment assistance programs, explain whether the Company has ever donated funds raised through The People Fund to low-income payment assistance programs.

10. Refer to South Kentucky RECC's response to the Attorney General's First Request, Item 15(c) and (i).

- a. Explain how the amount of the bonus is determined each year, as well as who approves the bonus amounts.
- b. Provide the criteria used to determine which employee will receive a bonus.
- c. Provide all studies and other objective data relied upon to determine bonus amounts.
- d. Provide the job titles of those employees who received bonuses between 2012 – 2022.
- e. Provide the total monetary amount that South Kentucky RECC provided in bonuses for 2012 – 2022.
- f. Confirm that all bonus amounts have been removed from the proposed rates for ratemaking purposes. If not confirmed, explain why not.
- g. Confirm that even if all bonus amounts have been removed from the proposed rates for ratemaking purposes, since the only revenue stream that South Kentucky RECC has is from the member customers, they are still actually paying for the bonus amounts. If not confirmed, explain in detail why not.

11. Refer to South Kentucky RECC's response to the Attorney General's First Request, Item 15(d) and (j).

- a. Explain how the amount of the award is determined each year, as well as who approves the award amounts.
- b. Provide the criteria used to determine which employee will receive an award.
- c. Provide all studies and other objective data relied upon to determine award amounts.
- d. Provide the job titles of those employees who received awards between 2012 – 2022.
- e. Provide the total monetary amount that South Kentucky RECC provided in awards for 2012 – 2022.
- f. Confirm that all award amounts have been removed from the proposed rates for ratemaking purposes.
- g. Confirm that even if all award amounts have been removed from the proposed rates for ratemaking purposes, since the only revenue stream that South Kentucky RECC has is from the member customers, they are still actually paying for the award amounts. If not confirmed, explain in detail why not.

12. Refer to South Kentucky RECC's response to the Attorney General's First Request, Item 15(e).

- a. Provide the job titles of all employees who receive a vehicle allowance.

- b. Provide the criteria used to determine which employee will receive a vehicle allowance.
 - c. Explain why the vehicle allowance is necessary.
 - d. Explain why the vehicle allowance was over \$14,000 in 2017.
 - e. Explain what the vehicle allowance represents: vehicle lease payment, vehicle purchase payment, or a specified amount of money per mile for driving one's own vehicle.
 - f. Explain whether the vehicle allowance amounts were removed from the proposed rates.
13. Refer to South Kentucky RECC's response to the Attorney General's First Request, Item 15(h).
- a. Provide justification for the average raise of 6.19% in 2021.
 - b. Provide the average raise that South Kentucky RECC has approved to be given in 2022. Consider this a continuing request.
14. Refer to South Kentucky RECC's response to the Attorney General's First Request, Item 15(n). Explain whether the formal wage and salary study that the Company conducted compared South Kentucky RECC's wage and benefit information to the local wage and benefit information for the geographic area in which South Kentucky RECC operates, per Commission precedent.¹ If not, why not?
15. Refer to South Kentucky RECC's response to the Attorney General's First Request, Item 15(p). As originally requested, provide a detailed narrative of the insurance benefits provided to the South Kentucky RECC employees, including but not

¹ Case No. 2020-00160, *Electronic Application of Water Service Corporation of Kentucky for a General Adjustment in Existing Rates* (Ky. PSC Dec. 8, 2020) Order at 10.

limited to health, dental, vision, life insurance, etc. In the discussion, ensure to include all premiums paid by South Kentucky RECC's employees, premiums paid by South Kentucky RECC and the employee's behalf, as well as all copays, deductibles, and maximum out of pocket amounts. If South Kentucky RECC employees do not contribute to specific insurance premiums then assert the same in the response.

16. Refer to South Kentucky RECC's response to the Attorney General's First Request, Item 17.

- a. Provide an update as to the Company's request for Federal and State reimbursement from the Federal Emergency Management Agency ("FEMA") for the \$1,678,468 costs associated with the winter storm of February 2021. If no reimbursement has been received yet, specify when reimbursement should be provided. Further, explain how those reimbursement funds will be utilized when received.
- b. Indicate if the Company deferred the winter storm costs in February 2021. If so, did it seek approval to do so from the Commission? Did the Company record the FEMA receivable? If not, why not?
- c. Provide a narrative explanation of the Company's accounting for the costs of the storm, the FEMA receivable, and how it will account for the receipt of the funds.
- d. Provide the accounting journal entries when the Company incurred the storm costs, the deferral, if any, and the receivable, if any.

- e. Explain in full detail whether the response erroneously referred to Payroll Protection Program, instead of the Paycheck Protection Program (“PPP”).
 - f. Explain how the \$3,087,600 in PPP funds were utilized in 2021, and how it benefitted the member customers.
 - g. Provide a narrative explanation of the receipt of the PPP funds, i.e., did the Company record the receipt of the funds as income, defer the funds, or something else? Regardless of how it recorded the receipt of the funds, did it seek approval to do so from the Commission? If not, why not?
 - h. Provide a narrative explanation of the use of the PPP funds, i.e., did the Company record the use of the funds as negative expense, a reduction of deferral, or something else?
 - i. Provide the accounting journal entries recorded when the Company received the PPP funds and then expended the funds.
17. Refer to South Kentucky RECC’s response to the Attorney General’s First Request, Item 18. Explain why there is reduced competition for right-of-way management contractors.
18. Refer to South Kentucky RECC’s response to the Attorney General’s First Request, Item 20(e)(i). Explain why the Company has four district office locations in close proximity to each other. Has South Kentucky RECC ever contemplated combining locations to streamline efficiencies and save money on overhead expenses? If not, why not? Explain the response in full detail, and provide all benefits and negative ramifications for the same.

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.

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

- a. Explain in full detail why the Company does not have knowledge of the full details of the Cooperative Finance Corporation's ("CFC") patronage payout program.
- b. When CFC provided cash patronage payouts in 2012 – present 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 the CFC has provided to South Kentucky RECC each year from 2012 – present.

21. Refer to South Kentucky RECC's response to the Attorney General's First Request, Item 24. South Kentucky RECC states that it currently has five vacant positions it would like to fill, with four of those being delayed until the Company has the

financial ability to do so. South Kentucky RECC further asserts that it is seeking to fill the Director of Corporate Services position.

- a. Explain whether the salaries, benefits, etc. associated with the above-referenced five vacant positions are included in the proposed revenue requirement. If included, explain in detail why expenses associated with vacant positions would be included in the proposed rates.
- b. Provide the total monetary amount associated with the aforementioned five vacant positions that are included in the proposed revenue requirement, if any.
- c. Provide a breakdown of the total monetary amount associated with the aforementioned five vacant positions that are included in the proposed revenue requirement, if any.
- d. Explain in detail whether a job offer has been made to an applicant for the Director of Corporate Services.
- e. Provide a specific date as to when the Director of Corporate Services position will be filled.

22. Refer to South Kentucky RECC's response to the Attorney General's First Request, Item 25(c). Provide justification for hiring the new President and CEO in 2018 at an annual salary of \$250,016, which is a 31.58% pay increase over the prior President and CEO.

23. Refer to South Kentucky RECC's response to the Attorney General's First Request, Item 25(d). Explain in detail the alternative methods that have been discussed to conduct less expensive Board of Director elections.

24. Refer to pending Case No. 2021-00372.
- a. Provide the monetary amount that Kentucky Utilities Company (“KU”) is providing to South Kentucky RECC, if any, in order to change service territories.
 - b. Explain how South Kentucky RECC plans to utilize the monetary amount provided by KU.
 - c. Explain whether the monetary amount is included in the revenue requirement of the pending case, and if so, specify where it is included. If not, explain why not.
 - d. Explain the journal entries South Kentucky RECC will make upon receipt of these sums from KU.
25. Refer to the March 30, 2012 Final Order in Case No. 2011-00096, wherein the Commission amortized the rate case expense of \$144,660 over three years, or \$48,220 annually. Confirm that South Kentucky RECC has received over three times the amount of rate case expense as it originally expended on the 2011 rate case. If not confirmed, explain in full detail why not.
26. Refer to South Kentucky RECC’s responses to the Attorney General’s First Request, Item 28, and the Commission Staff’s Second Request for Information (“Staff’s Second Request”), Item 1. Refer further to the statement at the end of the response to Staff’s Second Request, Item 1, which reads, “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 RECC elected to keep the funds in the Cushion of Credit program.”

- a. Provide the names of the individuals at South Kentucky RECC who made the decision to keep the funds in the Cushion of Credit program and indicate when the decision was made. If the final decision was the subject of a Board of Directors' vote, please so state and indicate the date of the Board Meeting.
- b. Provide copies of all documents, including Board minutes and presentations, which memorialize the decision to keep the funds in the Cushion of Credit program.
- 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. Provide the journal entries, if any, associated with retaining these funds in the Cushion of Credit program, and with any subsequent disbursement of those funds.

27. Refer to South Kentucky RECC's responses to the Attorney General's First Request, Item 28(f), and the Staff's Second Request, Item 6, wherein the Company states that it began in December 2021 to use the Cushion of Credit balance to make RUS/FFB debt service payments when due.

- a. Provide the debt service payment amount by debt issuance, separately between principal and interest, on RUS/FFB debt made with Cushion of Credit balance amounts in December 2021, and for any other payments subsequent to that with available information.

- b. Provide a listing of RUS/FFB debt service payments, separately between principal and interest, made in 2019, 2020, 2021, and projected for 2022.
 - c. Refer further to the response to Staff’s Second Request, Item 6, which states that, “[t]he funds that would normally be used to make the debt service payments are currently being invested with CFC in their commercial paper program.” Indicate the investment interest rates that have been available by month since the Company started utilizing this option.
 - d. Other than the investment in CFC commercial paper program, indicate how the Company plans to utilize the cash not being used to make debt service payments due to usage of the Cushion of Credit balance amounts.
 - e. Provide the monthly Cushion of Credit beginning balance, debits and credits by source, and ending balance starting October 1, 2021, and continuing through the end of the last month with available data.
28. Refer to South Kentucky RECC’s response to the Attorney General’s First Request, Item 30(b), which includes the following statement: “The Commission has traditionally authorized TIERs of 2.0 with TIER calculated in a manner that excludes non-cash margins.” Provide case citations during the last decade in which TIERs of 2.0 were authorized that excluded non-cash margins and did not authorize a certain level of TIER that would produce a separate authorized level of OTIER.
29. Refer to the Direct Testimony of Michelle D. Herrman (“Herrman Testimony”) page 11, lines 10 – 15, regarding the percentage costs of employee benefits paid by the Cooperative.

- a. Provide the amount of the employees' cost of medical insurance incurred as expense during the 2019 test year.
 - b. Provide the amount of the dependent health insurance coverage costs paid by South Kentucky RECC and recorded as expense, and the amount of the expensed dependent health insurance coverage that was the responsibility of the employees during the 2019 test year.
 - c. Provide the amount of the dental insurance coverage costs paid by South Kentucky RECC and recorded as expense, and the amount of the expensed dental insurance coverage costs that were the responsibility of the employees during the 2019 test year.
 - d. Provide the amount of the short-term disability costs incurred as expense during the 2019 test year.
 - e. Provide the amount of the long-term disability costs incurred as expense during the 2019 test year.
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.

31. Refer to the Application, Exhibit 22, containing the 2019 and 2020 annual reports.

Refer to page 6 of 16, which shows the residential average kWh usage per month for residential customers for 2009 and 2019 as 1,087 kWh per month and 1,063 kWh per month, respectively. Further, refer to page 14 of 16, which shows the residential average kWh usage per month for residential customers for 2010 and 2020 as 1,198 kWh per month and 1,030 kWh per month, respectively. Provide the residential average kWh usage per month for residential customers for each

calendar year 2009 through 2021 calculated in the same format as calculated for the annual reports.

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.
33. Refer to South Kentucky RECC's response to the Attorney General's First Request, Item 53, Attachment at page 50, which shows the calculations of TIER and Operating Times Interest Earned Ratio ("OTIER") for the first eleven months of 2021 through November 30, 2021. Provide the 2021 calculations of TIER and OTIER, stripped and non-stripped, for the twelve months ended December 31, 2021.
34. 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. Provide the same depiction of results for the twelve months ended December 31, 2021.
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.
36. 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 5 which shows the projected level of Distribution Expense – Maintenance of \$8,171,167. Refer also to Exhibit WSS-3, Schedule 1.0, line 7, which shows the proforma level of Distribution Expense – Maintenance of \$8,963,189. Explain all known reasons why the projected 2021 actual level of expense is \$792,022 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.
37. Refer to South Kentucky RECC’s response to the Attorney General’s First Request, Item 35, Attachment at page 509, which reports a credit expense amount of (\$594,601.51) in October 2021 for account 593.00 Maintenance of Overhead Lines. Explain all reasons for the large credit amount in this expense account recorded in October 2021 and explain why this should be considered recurring or non-recurring and the reasons why.
38. Refer to South Kentucky RECC’s response to Staff’s First Request, Item 1(a), Attachment, which is a schedule showing the operating expenses by account for the

- test year and for each year 2017 through 2020. Expand the Attachment response to include the operating expenses by account for calendar year 2021 and the 2021 percentage increase or decrease over the prior year for each account.
39. Refer to South Kentucky RECC's response to Staff's First Request, Item 1(a), Attachment, which is a schedule representing the operating expenses by account for the test year and for each year 2017 through 2020. Refer further to the expense amounts reflected for account 586.00 Meter Expenses, which show a decline in 2020 expense amounts compared to those reflected for the test year.
- a. Explain all known reasons for the decline in expense during 2020 and explain whether the Company experienced a similar decline in 2021 compared to test year levels.
 - b. Provide the monthly expense amounts recorded for account 586.00 for each month and in total during the test year, 2019, 2020, and 2021.
40. Refer to the Application, page 7, where it attributes the proposed rate increase in part to the lost revenue rebates from EKPC related to discontinuation of energy assistance programs (\$100,906). In South Kentucky RECC's response to the Attorney General's First Request, Item 6(c), the Company states that certain energy efficiency programs remain in place as described in the Application, Exhibit 31.
- a. Explain why EKPC discontinued reimbursement of energy efficiency programs.
 - b. Explain why the Company did not discontinue the energy efficiency programs when EKPC discontinued reimbursement of the programs.

- c. Confirm that the Company continued the same energy efficiency programs for which EKPC discontinued reimbursement. If this cannot be confirmed, then provide a corrected statement and explain why the original statement was incorrect.
- d. Provide the present status of these specific programs for which EKPC discontinued reimbursement.

41. Refer to South Kentucky RECC's response to the Attorney General's First Request, Item 31(d) and the journal entry (1) to record patronage capital allocations.

- a. Provide the remaining journal entry(ies), including the credit to members' equity and patronage capital.
- b. Identify the Company's representative(s), by name and job title, who sits on the EKPC Board.