

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

ELECTRONIC APPLICATION OF TAYLOR COUNTY)	
RURAL ELECTRIC COOPERATIVE CORPORATION)	CASE NO.
FOR A GENERAL ADJUSTMENT OF RATES)	2023-00147

**RESPONSES TO COMMISSION STAFF'S FOURTH REQUEST FOR INFORMATION
TO TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION
DATED AUGUST 22, 2023**

Filed: September 1, 2023

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ELECTRONIC APPLICATION OF)
TAYLOR COUNTY RURAL ELECTRIC)
COOPERATIVE CORPORATION FOR)
A GENERAL ADJUSTMENT OF RATES)

Case No. 2023-000147

VERIFICATION OF JEFFREY R. WILLIAMS

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF TAYLOR)

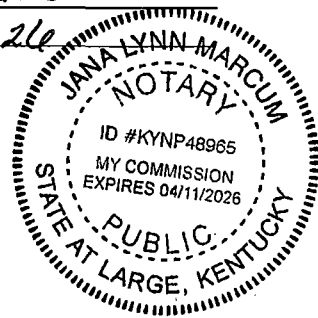
Jeffrey R. Williams, Chief Executive Officer of Taylor County Rural Electric Cooperative Corporation, being duly sworn, states that he has supervised the preparation of certain responses to Commission Staff's Fourth Request for Information in the above referenced case on behalf of Taylor County Rural Electric Cooperative Corporation, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

JK Will

Jeffrey R. Williams

The foregoing Verification was signed, acknowledged and sworn to before me this 30 day of August, 2023, by Jeffrey R. Williams.

Jana Lynn Marcum
Commission expiration: 04/11/2026



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ELECTRONIC APPLICATION OF)
TAYLOR COUNTY RURAL ELECTRIC) **Case No. 2023-000147**
COOPERATIVE CORPORATION FOR)
A GENERAL ADJUSTMENT OF RATES)

VERIFICATION OF PATSY WALTERS

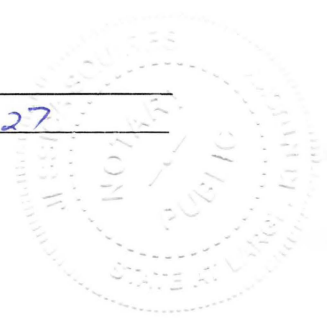
COMMONWEALTH OF KENTUCKY)
)
COUNTY OF TAYLOR)

Patsy Walters, Manager, Finance and Accounting of Taylor County Rural Electric Cooperative Corporation, being duly sworn, states that she has supervised the preparation of certain responses to Commission Staff's Fourth Request for Information in the above referenced case on behalf of Taylor County Rural Electric Cooperative Corporation, and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.

Patsy Walters
Patsy Walters

The foregoing Verification was signed, acknowledged and sworn to before me this 28th day of August, 2023, by Patsy Walters.

Jennie Squin
Commission expiration: 5-20-27
ID 623618



TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

PSC CASE NO. 2023-00147

RESPONSE TO REQUEST FOR INFORMATION

PSC'S REQUEST FOR INFORMATION DATED 8/22/2023

REQUEST 1

RESPONSIBLE PARTY: John Wolfram

Request 1. Refer to Taylor RECC's response to Commission Staff's Third Request for Information (Staff's Third Request), Item 2 and the Application, the Direct Testimony of John Wolfram (Wolfram Direct Testimony), Exhibit JW-2, Schedule 1.06. Confirm that column 1, "Year" incorrectly states 2022. If this cannot be confirmed, provide the same adjustment using 2021 data.

Response 1. Confirmed.

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

PSC CASE NO. 2023-00147

RESPONSE TO REQUEST FOR INFORMATION

PSC'S REQUEST FOR INFORMATION DATED 8/22/2023

REQUEST 2

RESPONSIBLE PARTY: John Wolfram

Request 2. Refer to Taylor RECC's response to Commission Staff's First Request for Information, Item 8. The response does not address whether the amount 90.71 percent customer related classification for underground conductors and devices is considered average. Explain whether the percent is average when conducting a similar COSS.

Response 2. Yes, the amount is considered average when conducting a similar COSS.

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

PSC CASE NO. 2023-00147

RESPONSE TO REQUEST FOR INFORMATION

PSC'S REQUEST FOR INFORMATION DATED 8/22/2023

REQUEST 3

RESPONSIBLE PARTY: Patsy Walters

Request 3. Refer to Taylor RECC's response to Staff's Third Request, Item 10 and the Attachment, Application, Exhibit 20 and Taylor RECC's response to the Attorney General's First Request for Information (Attorney General's First Request), Item 53. The rates in the chart do not vary from year to year. Reconcile the information and clarify which rates were applied and provide an accurate updated depreciation chart including specific explanations for variances.

Response 3. Upon further research, Taylor County RECC was able to locate internal documentation related to the implementation of the applied depreciation rates currently being used beginning in 2014. The reason that Taylor County may not be using all the depreciations rates approved by the Commission in its 2012 rate case is not known, since neither the current CEO nor the Manager of Finance & Accounting were with the cooperative at that time. However, variances may result from the view that the Commission Order is not entirely clear about which rates were approved for certain accounts. In addition, please see the Excel spreadsheet attachment that is being uploaded into the Commission's electronic filing system separately.

ATTACHMENTS
ARE EXCEL
SPREADSHEETS
AND UPLOADED
SEPARATELY

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION
PSC CASE NO. 2023-00147
RESPONSE TO REQUEST FOR INFORMATION

PSC'S REQUEST FOR INFORMATION DATED 8/22/2023

REQUEST 4

RESPONSIBLE PARTY: Jeff Williams

Request 4. Refer to Taylor RECC's response to Attorney General's Second Request for Information (Attorney General's Second Request), Item 26. Provide the engineering feasibility studies provided by CBS and MSE engineering firms on the new headquarters. Include any invoices or expenditures that Taylor RECC has paid in accordance with the up to \$90,000 approved for the studies.

Response 4. Currently, work is proceeding on feasibility studies from CBS and MSE, but no work is finished, nor has it been reviewed by the Board. We currently have two invoices from CBS, which accompanies this response.



77 Westport Plaza, Suite 250
St. Louis, MO 63146

(636) 561-9500

INVOICE

TAYLOR COUNTY RECC

Jeff Williams Via email: jwilliams@tcrecc.com
625 West Main Street
Campbellsville, KY 42718

Invoice Date: 8/11/23
Invoice No: CB23013-02

	Previous Billings	Current Billing	Total Billed to Date
Facility Planning Study (\$26,000 - \$30,000 per 11/7/22 proposal)	14,000.00	7,000.00	21,000.00
<u>Additional Services / Reimb.</u> Travel Expenses	1,020.74	530.37	1,551.11
 Total Services	\$ 15,020.74	\$ 7,530.37	\$ 22,551.11

Current Payment Due: \$ 7,530.37

(See attached email)

3144

183.10

OTSD 06

CONSULTING FEES - CBS

Please remit payment to:

Cooperative Building Solutions
PO Box 790379
St. Louis, MO 63179

**Payment Remittance has changed
Please Read attached Notice . . .**

Thanks for Your Business!



77 Westport Plaza, Suite 250
St. Louis, MO 63146

(636) 561-9500

INVOICE

TAYLOR COUNTY RECC

Jeff Williams Via email: jwilliams@tcrecc.com
625 West Main Street
Campbellsville, KY 42718

Invoice Date: 7/14/2023

Invoice No: CB23013-01

	Previous Billings	Current Billing	Total Billed to Date
Facility Planning Study (\$26,000 - \$30,000 per 11/7/22 proposal)	-	14,000.00	14,000.00
<u>Additional Services / Reimb.</u> Travel Expenses	-	1,020.74	1,020.74
 Total Services	 \$ -	 \$ 15,020.74	 \$ 15,020.74

Current Payment Due: \$ 15,020.74

Please remit payment to:

Cooperative Building Solutions
PO Box 790100
St. Louis, MO 63179

Thanks for Your Business!

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

PSC CASE NO. 2023-00147

RESPONSE TO REQUEST FOR INFORMATION

PSC'S REQUEST FOR INFORMATION DATED 8/22/23

REQUEST 5

RESPONSIBLE PARTY: Patsy Walters

Request 5. Refer to Taylor RECC's response to Attorney General's Second Request, Item 37(a). Confirm that Taylor RECC has waived all late fees since the Order referenced in the response. If not, explain why not.

Response 5. Taylor County RECC confirms that all late fees were waived until otherwise ordered by the Commission.

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

PSC CASE NO. 2023-00147

RESPONSE TO REQUEST FOR INFORMATION

PSC'S REQUEST FOR INFORMATION DATED 8/22/2023

REQUEST 6

RESPONSIBLE PARTY: Patsy Walters

Request 6. Provide Taylor RECC's written policy and procedure for uncollectible accounts. Including when an account is deemed uncollectible and when the loss is written off.

Response 6. When an account is disconnected, if there is a deposit, this amount is applied to the account. If the account still has an outstanding balance after 30 weeks of nonpayment, this amount is deemed uncollectible. The balance is then written off to GL #144.10-Accum Prov for Uncoll Cons A/C.

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

PSC CASE NO. 2023-00147

RESPONSE TO REQUEST FOR INFORMATION

PSC'S REQUEST FOR INFORMATION DATED 8/22/2023

REQUEST 7

RESPONSIBLE PARTIES: Patsy Walters

Request 7. Refer to Taylor RECC's response to Attorney General's Second Request, Item 69. Provide the Case Number and Commission approval Order for the GPS system. If not available, explain why.

Response 7. Taylor County RECC did not file a CPCN for the GPS system. The GPS system project was included in Taylor County RECC's 2019-2021 Construction Work Plan (code 707-GIS) which was hand delivered to the Commission on January 4, 2019. Brandon Bruner with the Commission followed up with Taylor County RECC/Patterson and Dewar requesting paper maps on January 7, 2019. The Commission Staff Opinion was issued on January 25, 2019 stating that it was the opinion of Commission Staff that no projects contained in the Construction Work Plan required a CPCN. Please see attached cover letter for the Construction Work Plan filing with the Commissions date stamp and a copy of the Staff Opinion that was issued.

Taylor County
Rural Electric Cooperative
Corporation

P. O. BOX 100
CAMPBELLSVILLE, KENTUCKY 42719

(270) 465-4101 • Fax (270) 789-3625
(800) 931-4551

January 4, 2019

RECEIVED

JAN - 4 2019

PUBLIC SERVICE
COMMISSION

(Stephanie)

Ms. Gwen Pinson, Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602

Dear Ms. Pinson:

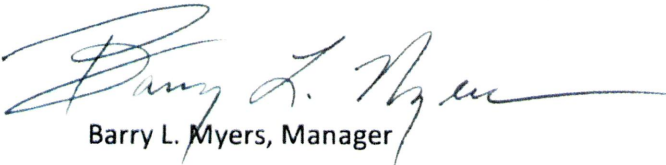
Enclosed are an original and six copies of Taylor County Rural Electric Cooperative Corporation's 2019-2021 Construction Work Plan ("CWP").

Taylor County RECC requests a Staff Opinion as to whether any or all projects contained in the 2019-2021 CWP require a Certificate of Public Convenience and Necessity ("CPCN") or whether the projects fall within the 'ordinary course of business' exemption and, therefore, do not require a CPCN.

One additional copy of the cover letter is included to be stamped as filed and returned to Taylor County RECC.

Sincerely,

TAYLOR COUNTY RURAL ELECTRIC
COOPERATIVE CORPORATION


Barry L. Myers, Manager

Enclosures



Matthew G. Bevin
Governor

Charles G. Snavelly
Secretary
Energy and Environment Cabinet

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

Michael J. Schmitt
Chairman

Robert Cicero
Vice Chairman

Talina R. Mathews
Commissioner

January 25, 2019

PSC STAFF OPINION 2019-001

Barry L. Myers
Taylor County Rural Electric Cooperative Corporation
P.O. Box 100
Campbellsville, KY 42719

Re: Taylor County Rural Electric Cooperative Corporation 2019-2021 Construction Work Plan

Dear Mr. Myers:

Commission Staff acknowledges receipt of your letter dated January 4, 2019, on behalf of Taylor County Rural Electric Cooperative Corporation (Taylor County RECC), in which you request an opinion as to whether any or all projects contained in Taylor County RECC's 2019-2021 Construction Work Plan (CWP) require a Certificate of Public Convenience and Necessity (CPCN) or whether the projects fall within the "ordinary course of business" exemption and, therefore, do not require a CPCN.

Pursuant to the Commission's decision that each construction project contained in a CWP should be analyzed on an individual basis to determine whether that individual project is exempt from the requirement in KRS 278.020(1) to obtain a CPCN, Commission Staff has reviewed the projects contained in Taylor County RECC's 2019-2021 CWP. This letter represents Commission Staff's opinion, which is advisory in nature, and not binding on the Commission should the issues herein be formally presented for Commission resolution.

As with all legal opinions requesting a determination of the exemption from the requirement of a CPCN, Commission Staff's review does not consider the reasonableness or the need for each project. Therefore, because reasonableness and need are not considered herein, or in other non-rate cases, the cost of such a project can be denied recovery in a rate case if found to be unreasonable or unnecessary.

According to its 2019-2021 CWP, Taylor County RECC proposes construction identified by the following RUS Codes: (1) Code 100 construction for new services at an

estimated total cost of \$4,969,094; (2) Code 300 line conversion and replacement at an estimated total cost of \$2,093,000; (3) Code 600 miscellaneous distribution equipment and pole changes at an estimated total cost of \$7,693,391; and (4) Code 700 security lights, GIS, and AML equipment at an estimated total cost of \$1,909,423.

KRS 278.020(1) provides, in relevant part, as follows:

No person, partnership, public or private corporation, or combination thereof shall commence providing utility service to or for the public or begin the construction of any plant, equipment, property, or facility for furnishing to the public any of the services enumerated in KRS 278.010, except retail electric suppliers for service connections to electric consuming facilities located within its certified territory and ordinary extensions of existing systems in the usual course of business, until that person has obtained from the Public Service Commission a certificate that public convenience and necessity require the service or construction.

Regarding the exception to the CPCN requirement, Administrative Regulation 807 KAR 5:001, Section 15(3) provides, in full, as follows:

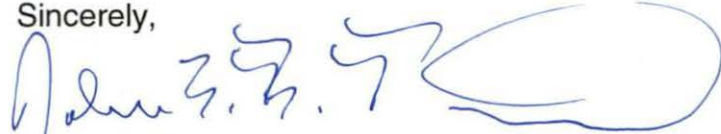
Extensions in the ordinary course of business. A certificate of public convenience and necessity shall not be required for extensions that do not create wasteful duplication of plant, equipment, property, or facilities, or conflict with the existing certificates or service of other utilities operating in the same area and under the jurisdiction of the commission that are in the general or contiguous area in which the utility renders service, and that do not involve sufficient capital outlay to materially affect the existing financial condition of the utility involved, or will not result in increased charges to its customers.

In analyzing whether the proposed projects would materially affect Taylor County RECC's financial condition, Commission Staff takes notice of Taylor County's RECC's 2017 Annual Report, which shows Taylor County RECC with a net utility plant of approximately \$58,134,520 as of December 31, 2017. When reviewed individually, each proposed construction project based on its estimated cost would not materially impact Taylor County RECC's existing financial condition. Therefore, each construction project is generally considered to be an extension in the ordinary course of business. Likewise, the cost estimate of each project considered separately in the 2019-2021 CWP will not have an immediate or significant impact on Taylor County RECC's rates. Lastly, the individual construction projects would not result in wasteful duplication of facilities or conflict with the service of other utilities. Thus, Commission Staff is of the opinion that

each of the proposed projects set out in Taylor County RECC's 2019-2021 CWP satisfy the "ordinary course of business" exemption from CPCN requirement.

This letter represents Commission Staff's interpretation of the law as applied to the facts presented. This opinion is advisory in nature and not binding on the Commission should the issues herein be formally presented for Commission resolution. Questions concerning this opinion should be directed to Quang D. Nguyen at (502) 782-2586.

Sincerely,



John E.B. Pinney,
Acting General Counsel

QN/kg

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

PSC CASE NO. 2023-00147

RESPONSE TO REQUEST FOR INFORMATION

PSC'S REQUEST FOR INFORMATION DATED 8/22/2023

REQUEST 8

RESPONSIBLE PARTY: Jeff Williams

Request 8. Refer to Taylor RECC's response to Attorney General's First Request, Board Minutes, June 2023. Provide the Case Number and Commission approval Order for the increase in indebtedness. If not available, explain why.

Response 8. Commission approval has not been requested for an increase to our CoBank line-of-credit because of exemptions contained in KRS 278.300 (8).

**TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION
PSC CASE NO. 2023-00147
RESPONSE TO REQUEST FOR INFORMATION**

PSC'S REQUEST FOR INFORMATION DATED 8/22/2023

REQUEST 9

RESPONSIBLE PARTY: Jeff Williams

Request 9. Provide the total amount(s) of each severance package approved by the Taylor RECC Board in March 2023.

Response 9. No severance packages were approved at the March 2023 Board Meeting. However, the board did vote to discontinue policy 402 – director severance, and to pay out the amounts owed per that policy. Per the Board meeting minutes only 2 directors qualified for the severance per the aforementioned policy. No further amounts are owed or will be paid. The amounts paid out were \$24,750 and \$17,550.

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

PSC CASE NO. 2023-00147

RESPONSE TO REQUEST FOR INFORMATION

PSC'S REQUEST FOR INFORMATION DATED 8/22/2023

REQUEST 10

RESPONSIBLE PARTY: Patsy Walters

Request 10. Explain the monthly payments of capital credits in the context of Taylor RECC not meeting its debt covenant requirements.

Response 10. Taylor County RECC does not currently perform general capital credit retirement of years. As stated in Taylor County By-Laws listed under Attorney General First Data Request Response 13 Page 4 of 8; capital credits are retired to a deceased member's estate based on Board Approval:

The Board of Directors, at its discretion, shall have the power at any time upon the death of any patron, if the legal representative of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board of Directors acting under policies of general application, and the legal representative of such patron's estate shall agree upon; provided, however, that the financial conditions of the Cooperative will not be impaired.

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

PSC CASE NO. 2023-00147

RESPONSE TO REQUEST FOR INFORMATION

PSC'S REQUEST FOR INFORMATION DATED 8/22/2023

REQUEST 11

RESPONSIBLE PARTY: Patsy Walters

Request 11. State whether any Board members currently serve on other Boards for other business entities. If the member does serve on another Board, provide the name of the business, position of the member and length of service time.

Response 11. The current Board members who currently serve on other Boards are as follows:

- Greg Corbin – Secretary at East Kentucky Power Cooperative (5 years)
Board Member - Farm Bureau (30 years)
- Chris Tucker – Board Member - Kentucky Electric Cooperatives (11 years)
- Mark Woodrum – Board Member – Casey County FSA (8 years)
Vice-President Casey County Farm Bureau (22 years)

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION
PSC CASE NO. 2023-00147
RESPONSE TO REQUEST FOR INFORMATION

PSC'S REQUEST FOR INFORMATION DATED 8/22/2023
REQUEST 12

RESPONSIBLE PARTY: Patsy Walters

Request 12. Refer to Taylor RECC's response to Commission Staff's Second Request for Information (Staff's Second Request), Item 7(a)-(c). The response provided is not responsive. For each hypothetical, provide the resulting energy charge that would appear on each bill.

Response 12. I am assuming this request is in reference to the Commission Staff's Third Request for Information, Item 7(a)-(c). Taylor County attached a sample bill for each hypothetical base rate using the proposed energy charge per kWh \$0.094458. Please see below the resulting energy charge that would appear on each bill.

Hypothetical Base Rate	Average kWh Usage	Proposed Energy Charge per kWh \$0.094458	Resulting Energy Charge
\$16.84	1113	\$105.13	\$121.97
\$13.53	1113	\$105.13	\$118.66
\$20.15	1113	\$105.13	\$125.28

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

PSC CASE NO. 2023-00147

RESPONSE TO REQUEST FOR INFORMATION

PSC'S REQUEST FOR INFORMATION DATED 8/22/2023

REQUEST 13

RESPONSIBLE PARTY: Patsy Walters

Request 13. Refer to Taylor RECC's response to Staff's Second Request, Item 7(a)-(c). The line items were handwritten on the bill in the upper left-hand corner. Explain why the line items are not documented on the bill, including the customer charge.

Response 13. I am assuming this request is in reference to the Commission Staff's Third Request for Information, Item 7(a)-(c). The customer charge/base rate and energy charge per kWh have never been listed on Taylor County RECC's monthly bill. The reason as to why is not known since neither the current CEO nor the Manager of Finance & Accounting were with the cooperative at that time.