

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)	CASE NO.
ADJUSTMENT OF RATES)	2023-00147

REBUTTAL TESTIMONY OF JEFFREY R. WILLIAMS,
CHIEF EXECUTIVE OFFICER,
ON BEHALF OF TAYLOR COUNTY RURAL ELECTRIC
COOPERATIVE CORPORATION

Filed: September 15, 2023

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

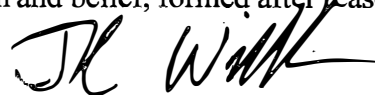
In the Matter of:

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

VERIFICATION OF JEFF WILLIAMS

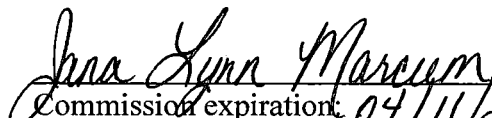
COMMONWEALTH OF KENTUCKY)
)
COUNTY OF TAYLOR)

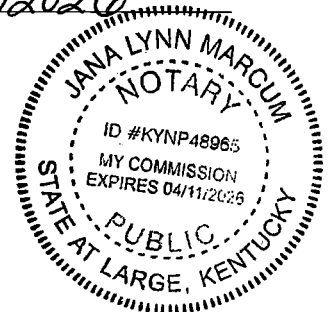
Jeff Williams, Chief Executive Officer of Taylor County Rural Electric Cooperative Corporation, being duly sworn, states that he has supervised the preparation of his Rebuttal Testimony in the above-referenced case, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



Jeff Williams

The foregoing Verification was signed, acknowledged and sworn to before me this 14 day of September, 2023, by Jeff Williams.


Commission expiration: 04/11/2026



1 **Q. PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.**

2 A. My name is Jeffrey R. Williams and I serve as Chief Executive Officer of Taylor
3 County Rural Electric Cooperative Corporation (“Taylor County” or the
4 “Cooperative”). My business address is 625 W. Main Street, Campbellsville,
5 Kentucky 42718.

6 **Q. ARE YOU THE SAME INDIVIDUAL THAT SPONSORED DIRECT**
7 **TESTIMONY IN THIS CASE?**

8 A. Yes.

9 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

10 A. The purpose of my testimony is to respond to the Direct Testimony of Mr. John
11 Defever (“Defever Direct”) on behalf of the office of the Attorney General of the
12 Commonwealth of Kentucky (“AG”). Specifically, I explain why the AG’s
13 recommendations regarding Taylor County’s right-of-way (“ROW”) maintenance
14 and 401k expense are baseless and should be rejected by the Commission.

15 **Q. IN DEFEVER DIRECT PAGES 5 THROUGH 8, THE AG MAKES THE**
16 **ASSERTION THAT SINCE TAYLOR COUNTY CUT MINIMAL**
17 **AMOUNTS OF VEGETATION IN YEARS 2012 THROUGH 2022, THE**
18 **COMMISSION SHOULD ARBITRARILY REDUCE THE AMOUNT OF**
19 **ROW MAINTENANCE NEEDED TO TRIM CIRCUITS ON ITS SYSTEM.**
20 **DO YOU AGREE WITH THIS?**

21 A. No. The Commission should reject this arbitrary recommendation. Taylor County
22 has been forthcoming at all points in this case, including the initial filing at Williams
23 Direct pages 4 and 5, that previous management purposefully did not trim circuits.

1 Current management has evaluated the ROW program and been through a thorough
2 bid process and helped to ensure a reasonable price per mile. Safely providing
3 reliable power to our 27,500 members is critical. Reducing the amount needed to
4 properly cycle through our system could have drastic impacts to outages, service
5 interruptions, safety to our employees, contractors and our membership, as well as
6 higher overtime expenses. As of the time of this filing, Taylor County is finishing
7 the 10th of 11 circuits to be cut in 2023.

8 **Q. THE AG ALSO RECOMMENDS, AT DEFEVER DIRECT 7 THAT THE**
9 **COMPANY RECORD A REGULATORY LIABILITY AND THE AMOUNTS**
10 **SPENT BELOW THE AUTHORIZED AMOUNT BE RETURNED TO**
11 **CUSTOMERS IN THE NEXT RATE CASE. DO YOU AGREE WITH THIS**
12 **RECOMMENDATION?**

13 **A.** No. The AG's claims about ROW maintenance are unnecessary and unfounded.
14 ROW maintenance is critical to each cooperative in the state. Taylor County is
15 taking prudent steps to ensure its membership is given reliable and safe service.
16 Taylor County is spending over \$3 million for ROW circuit trimming in 2023, that
17 is not in rates and will not be recovered. Going forward, any reporting, monitoring
18 or notification requirements are unwarranted and would be a waste of Company
19 and Commission resources.

20 **Q. THE AG RECOMMENDS, AT DEFEVER 15 THROUGH 17 THAT THE**
21 **COMMISSION COMPLETELY REJECT ITS ONLY RETIREMENT PLAN**
22 **OFFERED TO ITS EMPLOYEES. DO YOU AGREE WITH THIS**
23 **RECOMMENDATION?**

1 A. No. The AG glosses over several facts in arbitrarily asking the Commission to
2 reject its only retirement plan. First the AG's response vaguely mentions our union
3 employees. Taylor County has mentioned over and over that we are comprised of
4 approximately 70% Teamsters Union employees. This makes any change to
5 benefits more of a challenge based upon approval and compliance with the union
6 contracts. There are 2 separate contracts that require approval as well. Secondly,
7 the AG ignores the plight of the company described in Williams Direct at 6, which
8 states that Taylor County had lost 4 of its most critical linemen due to subpar pay
9 and benefits. Thirdly, the AG ignores the nationally low wage rate per hour
10 described in Williams Direct at 5. Furthermore, only employees hired prior to
11 November 30, 2005 received family healthcare. These issues have been
12 documented fully in this case, but ignored in the testimony of the AG.

13 **Q. WAS THERE A FORMAL STUDY DONE FOR THE 401K? IF NOT, WHAT**
14 **DID TAYLOR COUNTY REVIEW.**

15 A. As Taylor County indicated in AG 2-36, no formal study exists. However, the
16 response from Taylor County shows how thoroughly it reviewed its plan. Taylor
17 County management reviewed the 401k/pension contributions of other coops in the
18 state and the CEO personally talked with NRECA staff. It's again important to note
19 that Taylor County capped the amount to regular wages, not total wages. The larger
20 picture is this was part of the pay/benefits evaluation and was a part of the overall
21 plan that needed to be done to keep Taylor County's skilled workforce.

22 **Q. IS THE 401K CONTRIBUTION COMPARABLE TO OTHER**
23 **COOPERATIVES?**

1 A. Yes. It is cheaper than the R&S pension plan and is Taylor County's only retirement
2 plan offered.

3 Q. **WAS THE 401K ADJUSTMENT A STAND ALONG ITEM?**

4 A. No. It was part of an amendment to the union contract which included getting
5 everyone an opportunity to have family medical insurance.

6 Q. **DESCRIBE THE HEALTH INSURANCE PORTION OF THIS**
7 **AMENDMENT AND WHAT IT MEANT FOR THE COMPANY?**

8 A. Before the change, only employees hired before November 30, 2005, received
9 family medical insurance. Those hired after November 30, 2005 only received
10 single medical insurance. The employee could opt to purchase the family medical
11 insurance on his own, but the costs were astronomical. There was no employee
12 share of the premiums. The company paid 100%. The union and non-union
13 employees did not want to give up the current high-deductible plan they had.
14 However, it was very costly. As part of the research and work the CEO did on the
15 medical and the 401k, it was found that East Kentucky Power's KREC insurance
16 plan was significantly cheaper. As part of the amendment process, which included
17 the 401k and the medical change. The CEO recommended changing to the KREC
18 insurance and getting employees to start paying toward their medical insurance.
19 And this new policy was passed and adopted. This is currently 5% and will be a
20 12% employee share of the premium in 2025.

21 Q. **HOW MUCH MONEY DID TAYLOR COUNTY SAVE BY GOING TO THE**
22 **KREC MEDICAL PLAN INSTEAD OF THE OLD PLAN THAT WAS IN**
23 **USE MUCH OF 2022?**

1 A. If Taylor County had kept the old insurance and offered it to all employees, instead
 2 of utilizing KREC, it would have cost \$620,514 more. Meanwhile, the 401k
 3 adjustment in rates is \$183,588.

	(A)	(B)	(C)	(D)	(E)
	New Plan Rate	Old Plan Rate	(B) - (A) Variance	Employees	(C) x (D) x 12 months Savings
Employee	548.23	966.98	418.75	15	75,375.00
Employee & Spouse	1,243.70	2,666.61	1,422.91	9	153,674.28
Employee & Children	1,131.36	2,666.61	1,535.25	3	55,269.00
Employee & Family	1,700.53	2,666.61	966.08	29	336,195.84
Total					620,514.12

4
 5 **Q. WERE THESE CHANGES TO BENEFITS AND PAY SUCCESSFUL?**

6 A. Yes. Taylor County has rehired 3 first class linemen that had previously left. We
 7 are now offering a better retirement plan and offering everyone medical insurance
 8 for their family. This is a win/win as we are saving money compared to using the
 9 old medical insurance plan and, our employees are also paying up to 12% by 2025.

10 **Q. SHOULD THE COMMISSION ACCEPT THE CHANGES**
 11 **RECOMMENDED TO THE 401k BY THE AG?**

12 A. No. These changes that were implemented were accompanied by many challenges.
 13 Taylor County had a well thought out plan that brought medical insurance to
 14 everyone, while getting the union employees to agree to paying up to 12% of the
 15 premiums going forward. These changes had to be made together and not
 16 separately in order to be successfully implemented. Taylor County has only one
 17 retirement plan that is cheaper than the pension plans offered by cooperatives
 18 nationwide. The Commission should reject the AG's arbitrary argument for
 19 exclusion of retirement costs.

20 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

1

A. Yes.