

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

2 A. The purpose of my testimony is to review and make recommendations on
3 specific issues that affect Taylor County Rural Electric Cooperative
4 Corporation's ("Taylor County RECC" or "Company") requested increase in
5 rates.

6 **Q. Please summarize your testimony.**

7 A. Based on my recommended adjustments, the Commission should authorize an
8 increase of no more than \$3.165.41 million.¹ Below is a table summarizing my
9 adjustments.

Amount of Increase Requested by TC RECC \$ 6.377

| Recommended Adjustments to TC RECC's Calculated Revenue Requirement: | Adjustment | |
|--|-----------------------|----------|
| | Amount | Schedule |
| Other Revenues | \$ (0.110) | 1.16 |
| ROW Expense | \$ (2.317) | 1.05 |
| Employee Awards | \$ (0.011) | 1.17 |
| Director Expenses | \$ (0.120) | 1.09 |
| Health Care Costs | \$ (0.230) | 1.12 |
| Depreciation Expense | \$ (0.135) | 1.04 |
| Meter Testing Expense | \$ (0.090) | 1.18 |
| Legal Expense | \$ (0.022) | 1.19 |
| Non-recurring GPS Project cost | \$ (0.025) | 1.20 |
| 401(k) Expense | \$ (0.150) | 1.11 |
| | \$ (0.126) | |
| Rate Case Expense | <u>\$ (0.027)</u> | 1.13 |
| Total Recommended Adjustments to TC RECC's Requested Increase | \$ (3.236) | |
| | \$ (3.212) | |
| | \$ 3.165 | |
| 10 Recommended Maximum Base Rate Increase for TC RECC | \$ 3.144 | |

11 It should be noted that silence on any issues should not be interpreted as
12 acceptance of the Company's proposals.

¹ My calculations are based on a TIER of 1.91. Although the Company's schedules have a column reflecting a TIER of 2.00, the Company's actual request was based on an OTIER of 1.85. My use of a TIER of 1.91 as an equivalent for the Company's OTIER of 1.85 is based on Taylor County RECC's response to the Attorney General's First Request for Information ("Attorney General's First Request"), Item 17(c).

1 **Q. Has the Company provided sufficient support for this requested**
2 **increase?**

3 A. No. The Company admitted that it had no studies to support its request and its
4 assertions were unsupported. It is the Company's obligation to support its
5 request and for this expense that has not been done.

6

7 **Q. What is your recommended adjustment?**

8 A. I recommend the disallowance of the entire increase to 401(k) expense related
9 to the change in contribution percentage, a decrease of \$~~126,206~~ ~~150,104~~ as
10 shown on Excel Spreadsheet, Exhibit JD-1, Schedule 1.11.

11

12 **K. Rate Case Expense**

13

14 **Q. Please describe the Company's proposed adjustment for rate case**
15 **expense.**

16 A. The Company is proposing to amortize \$160,000 of rate case expenses over
17 three years, or \$53,333 annually.⁴²

18

19 **Q. Do you agree with this approach?**

20 A. No. While I am aware the Commission has previously approved three-year
21 amortizations of rate case expense, it is important to note that the Company will
22 collect \$53,333 each year until rates are reset. The Company's last general rate
23 case was filed on August 30, 2012, and the one before that was filed on May

⁴² Wolfram Testimony, Exhibit JW-2, Schedule 1.13.