

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION	)	
OF SHELBY ENERGY	)	CASE NO.
COOPERATIVE, INC.	)	2024-00351
FOR A GENERAL ADJUSTMENT	)	
OF RATES	)	

---

SHELBY ENERGY COOPERATIVE, INC.'S  
VERIFIED RESPONSE TO THE  
ATTORNEY GENERAL'S SECOND REQUEST FOR INFORMATION  
ENTERED FEBRUARY 13, 2025

---

Comes now Shelby Energy Cooperative, Inc. (Shelby Energy), by counsel, and does hereby tender its Verified Response to the Attorney General's Second Request for Information entered February 13, 2025.

Filed: February 27, 2025



**Shelby Energy Cooperative, Inc.**  
**Case No. 2024-00351**  
**Attorney General's Second Request for Information**

**Request 1:** Please reconcile the difference between the test year directors expenses as shown in Exhibit JW-2, ref. sch. 1.12 in the amount of \$105,362.94 and the expense shown in the response to the PSC Staff Request for Information 2.5 in the amount of \$96,784.88.

**Response 1:** Please see the Excel spreadsheet provided separately for a reconciliation of Exhibit JW-2 Reference Schedule 1.12 and the expense shown in the response to the Commission Staff's Second Request for Information ("Staff's Second Request"), Item 5. Reference Schedule 1.12 contains the amount of \$105,362.94, which is the total expense recorded to GL account 930.30 Directors Fees and Expenses, and the response to Staff's Second Request, Item 5 shows payments made to directors. The difference between the two amounts includes monthly meeting expenses, miscellaneous board expenses, and a portion of the premiums for Directors, Officers, and Managers liability insurance. A portion of the directors' monthly board meeting fee is allocated to Shelby Propane Plus and recorded as a receivable to GL account 143.11.

**ATTACHMENT  
IS AN EXCEL  
SPREADSHEET  
AND UPLOADED  
SEPARATELY**

**Shelby Energy Cooperative, Inc.**  
**Case No. 2024-00351**  
**Attorney General's Second Request for Information**

**Request 2:** Please confirm that the Right of Way (“ROW”) maintenance expense currently built into rates is based off of an average miles cut of 341.6, calculated using the Cooperative’s projected miles of circuit cut for the years 2023 through 2027 (as shown in the response to PSC Staff Request for Information 1-2 from Case No. 2023-00213)

**Response 2:** Confirmed.

**Shelby Energy Cooperative, Inc.**  
**Case No. 2024-00351**  
**Attorney General's Second Request for Information**

**Request 3:** Is Shelby's current ROW maintenance policy based on an average trim cycle of 5 years? If not, please indicate the current ROW maintenance cycle in effect.

**Response 3:** Shelby Energy's current vegetation management plan was adopted in January 2017. The vegetation management plan is to cut ROW circuits once every five years and to spray twice between circuit cuts.

**Shelby Energy Cooperative, Inc.**  
**Case No. 2024-00351**  
**Attorney General's Second Request for Information**

**Request 4:** Please provide a detailed breakdown of all of the components of the proposed ROW maintenance expense, listing each projected activity level and associated cost.

**Response 4:** Please see Excel spreadsheet provided separately for breakdown of components included in the pro forma adjustment for ROW expense. The components include circuit cutting, maintenance cutting, and spraying expense. The circuit cutting expense is based on the test year cost per mile, adjusted for known hourly rate increase of 3% effective January 1, 2024, times one-fifth (1/5) the total overhead primary and secondary miles of line. A breakdown of overhead line by feeder is included in the excel spreadsheet. The proforma maintenance cutting is based on the test year maintenance expense plus the 3% hourly increase mentioned above. The spraying expense is based on a three-year rotation of all overhead lines at the known cost per mile as of the time of Shelby Energy's application filing.

**ATTACHMENT  
IS AN EXCEL  
SPREADSHEET  
AND UPLOADED  
SEPARATELY**



**Shelby Energy Cooperative, Inc.**  
**Case No. 2024-00351**  
**Attorney General's Second Request for Information**

**Request 5:** Please reconcile the actual test year “Other Pays/allowances/vacation payouts shown in Exhibit JW-2, Ref Sch. 1.10 with the 2023 data provided in the confidential excel file “AG 1-4 1-5 1-6 CONFIDENTIAL.xlsx”.

**Response 5:** Please see the Excel spreadsheet provided separately, specifically the Reconciliation tab for detailed reconciliation of Exhibit JW-2, Reference Schedule 1.10 with the 2023 data provided in response to the Attorney General's First Request for Information (“Attorney General's First Request”), Items 4 through 6. The test year Other Pays in exhibit JW-2 are based on accrued payroll costs whereas the amounts in Shelby Energy's response to the Attorney General's First Request are based on 2023 W-2 information for amounts actually paid in calendar year 2023. As noted in the spreadsheet, subtracting the 2023 accrued other pays and adding the 2022 accrued pays to the total from exhibit JW-2 reconciles to the other pays amount in excel file “AG 1-4 1-5 1-6 CONFIDENTIAL.xlsx” without exception. The AG 1-4 tab of the attached spreadsheet is a copy of the 2023 tab provided in excel file “AG 1-4 1-5 1-6 CONFIDENTIAL.xlsx” for reference.

Shelby Energy did note that \$12,481 of Other Pay related to the 2024 accounting period was incorrectly accrued in the 2023 test year. The detail of those items is listed on the 2024 Other Pay Items tab of the attached spreadsheet. This accounting error was removed from the revenue requirement as part of the pro forma adjustment in Exhibit JW-2 Reference Schedule 1.10.

**ATTACHMENT  
IS AN EXCEL  
SPREADSHEETS  
AND UPLOADED  
SEPARATELY**

**Shelby Energy Cooperative, Inc.**  
**Case No. 2024-00351**  
**Attorney General's Second Request for Information**

**Request 6:** Please provide a breakdown of the other pays recoded in ref. sch 1.10 similar to the breakdown shown in the excel file “AG 1-4 1-5 1-6 CONFIDENTIAL.xlsx”.

**Response 6:** The 2023 detail for the test year is included in the excel file “AG 1-4 1-5 1-6 CONFIDENTIAL.xlsx.” Please see the Excel spreadsheet provided separately for a breakdown of the pro forma other pay amounts included in exhibit JW-2 reference schedule 1.10. Shelby Energy negotiated a new collective bargaining agreement with IBEW Local 2100 that became effective September 1, 2024. The new agreement changed the annual boot allowance amount from \$250 to \$400. Shelby Energy noted that the pro forma adjustment in reference schedule 1.10 incorrectly included a boot allowance amount of \$450 rather than \$400. The excel spreadsheet attached to this response shows the corrected amount of \$400 per employee, except for one union position which has a boot allowance of \$250. The original reference schedule 1.10 pro forma adjustment filed in the Application is overstated by a total of \$700.

**ATTACHMENT  
IS AN EXCEL  
SPREADSHEET  
AND UPLOADED  
SEPARATELY**

**Shelby Energy Cooperative, Inc.**  
**Case No. 2024-00351**  
**Attorney General's Second Request for Information**

**Request 7:** Please confirm that the annual TIER and OTIER calculations provided in response to the OAG's request for information 1-16 do not reflect any normalizations, annualizations, or other adjustments that have been ordered in past rate cases.

**Response 7:** The TIER and OTIER calculations provided in response to the Attorney General's First Request, Item 16 do not reflect any normalizations, annualizations, or other adjustments that have been ordered in past rate cases.

**Shelby Energy Cooperative, Inc.**  
**Case No. 2024-00351**  
**Attorney General’s Second Request for Information**

**Request 8:** By year and by employee type (i.e. Management, Union, Non-Union Nonmanagement, etc.) provide the annual authorized wage increases approved by the Board of Directors from 2019 through 2024.

**Response 8:** Please see table below for annual wage increases by employee type from 2019 to 2024. The collective bargaining agreement was amended in 2019 to increase wages adjustments in 2019 and 2020 to address the cooperative’s challenges with retaining journeyman linemen. A new collective bargaining agreement was negotiated in 2021 for the period from 2021 to 2024, and again in 2024 for the period from 2024 to 2029. The terms of the collective bargaining agreement dictate the annual wage increases for union employees.

	2019	2020	2021	2022	2023	2024
Union	8%	6%	3%	3%	3%	3%
Non-Union	4%	3%	3%	5%	5%	5%
Management	3%	3%	3%	4%	9%	5%

**Shelby Energy Cooperative, Inc.**  
**Case No. 2024-00351**  
**Attorney General's Second Request for Information**

**Request 9:** Please indicate whether or not the total amounts (not the individual by employee row amounts) for each column in the Confidential Responses to OAG request for information are deemed confidential.

**Response 9:** The total amounts of the responses in the Confidential Responses to OAG request for information are not deemed confidential.