

**COMMONWEALTH OF KENTUCKY
BEFORE THE
KENTUCKY PUBLIC SERVICE COMMISSION**

In the Matter of:

ELECTRONIC APPLICATION)	
OF SOUTH KENTUCKY RURAL)	CASE NO.
ELECTRIC COOPERATIVE)	2024-00402
CORPORATION FOR A GENERAL)	
ADJUSTMENT OF RATES)	

SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE
CORPORATION'S VERIFIED RESPONSE TO
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
ENTERED FEBRUARY 10, 2025

Comes now South Kentucky Rural Electric Cooperative Corporation (South Kentucky), by counsel, and does hereby tender its Verified Response to Commission Staff's Second Request for Information entered March 14, 2025.

Filed: March 28, 2025

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

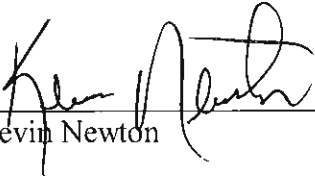
In the Matter of:

THE ELECTRONIC APPLICATION OF)	
SOUTH KENTUCKY RURAL ELECTRIC)	
COOPERATIVE CORPORATION FOR A)	CASE NO.
GENERAL ADJUSTMENT OF RATES)	2024-00402
AND OTHER GENERAL RELIEF)	

VERIFICATION OF KEVIN NEWTON

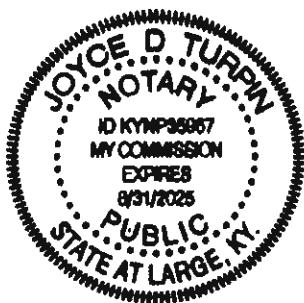
COMMONWEALTH OF KENTUCKY)
)
COUNTY OF PULASKI)

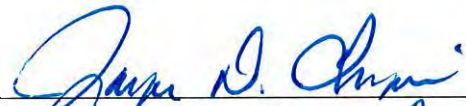
Kevin Newton, President and Chief Executive Officer of South Kentucky Rural Electric Cooperative Corporation, being duly sworn, states that he has supervised the responses to Commission Staff’s Second Request for Information in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



Kevin Newton

The foregoing Verification was signed, acknowledged and sworn to before me this 28th day of March, 2025, by Kevin Newton.





Commission expiration: Aug 21, 2025

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ELECTRONIC APPLICATION OF)	
SOUTH KENTUCKY RURAL ELECTRIC)	
COOPERATIVE CORPORATION FOR A)	CASE NO.
GENERAL ADJUSTMENT OF RATES)	2024-00402
AND OTHER GENERAL RELIEF)	

VERIFICATION OF CARRIE BESSINGER

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF PULASKI)

Carrie Bessinger, Vice-President of Finance and Member Services of South Kentucky Rural Electric Cooperative Corporation, being duly sworn, states that she has supervised the preparation of her Responses to Commission Staff's Second Request for Information, in the above-referenced case 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.

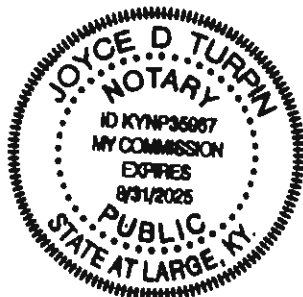


Carrie Bessinger

The foregoing Verification was signed, acknowledged and sworn to before me this 28th day of March, 2025, by Carrie Bessinger.



Commission expiration: Aug 31, 2025



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ELECTRONIC APPLICATION OF)
SOUTH KENTUCKY RURAL ELECTRIC)
COOPERATIVE CORPORATION FOR A) CASE NO.
GENERAL ADJUSTMENT OF RATES) 2024-00402
AND OTHER GENERAL RELIF)

VERIFICATION OF JOHN WOLFRAM


COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

John Wolfram, Principal of Catalyst Consulting LLC, being duly sworn, states that he has supervised the preparation of the responses to certain requests for information 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.

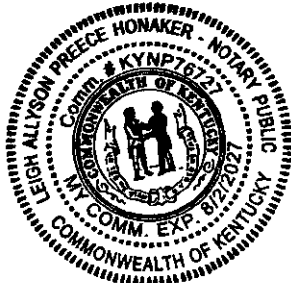


John Wolfram

The foregoing Verification was signed, acknowledged and sworn to before me this 28th day of March, 2025, by John Wolfram.



Commission expiration: 8/2/27
#KYNP76727



**South Kentucky RECC
Case No. 2024-00402
Commission Staff's Second Request for Information**

Request 1: Provide the total number of overtime hours, by month, recorded for employees during the fiscal years 2019 through the present month of 2025.

- a. In this response, identify how many of those hours were union employees and non-union employees, as well as a summary of the reasons for the overtime.
- b. Will overtime hours be reduced as the result of fulfillment of vacant positions. If yes, calculate and provide the impact of the expected reduction in overtime hours to the test year.

Response 1(a): Please see the Excel spreadsheet provided separately.

Response 1(b): No. Most overtime is incurred from storms, other after-hours outages, or other work needs. These types of overtime will not be eliminated nor drastically reduced by fulfillment of vacant positions.

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

**South Kentucky RECC
Case No. 2024-00402
Commission Staff's Second Request for Information**

Request 2: Refer to the Direct Testimony of John Wolfram (Wolfram Direct Testimony), page 24, lines 10 through 13. Explain how an increase in the residential customer charge of \$13.25, or 75.7 percent, is consistent with the principle of gradualism.

Response 2: South Kentucky notes that the increase in the total residential billings rather than one component of those billings is more relevant for the purposes of assessing gradualism. Examined another way, South Kentucky's current customer charge is only 57% ($\$17.50 / \30.91) of what it should be in order to recover the actual fixed customer-related costs of serving residential members of the cooperative. Increasing the charge as proposed, in combination with the proposed energy charge, will increase residential rates on average by 10.8%. This average bill increase will be the same whether the customer charge is increased to \$30.75 or not, so it makes more sense to move it closer to the actual cost-based rate.

Shelby Energy Cooperative, Inc.
Case No. 2024-00402
Commission Staff's Second Request for Information

Request 3: Refer to the Direct Testimony of Carrie Bessinger (Bessinger Direct Testimony), page 9, lines 9-11. Refer also to the Wolfram Direct Testimony, Exhibit JW-2, Schedule 1.10. Confirm that the pro forma adjustment to Wages & Salaries is based on 165 total employees. If confirmed, provide an explanation for the employee level used in this adjustment considering South Kentucky RECC currently employs 131 employees.

Response 3: The pro forma adjustment is based on an employee count of 136 total employees as referenced by regular wage amounts in Schedule 1.10, Column 13. The other 29 employees had hours during the test year but are no longer employed.

**South Kentucky RECC
Case No. 2024-00402
Commission Staff's Second Request for Information**

Request 4: Refer to Bessinger Direct Testimony, page 13, lines 1-11.

- a. Explain why South Kentucky RECC delineated between 60 days or less and 61 days - 365 days for the proposed remote reconnection fees.
- b. Explain the purpose for the proposed remote reconnection fee for 61 days – 365 days and provide the cost justification for the \$300 charge.

Response 4(a): Reconnection of service typically occurs after disconnection for non-payment or a seasonal/extended time away from the residence without the member's desire to retain electric service during the time away. The length of time an account remains disconnected is often coincidental with the reason for disconnection. In situations of disconnection due to non-payment, the cooperative's notification, disconnection, and reconnection request timeline is usually within 60 days. For disconnection at the member's request due to an extended absence from the need for service, the reconnection request is usually more than 60 days, often 6 months or longer. All other reasons for discontinuance of service as outlined in section 2.41 of the Rules and Regulations are less common and can vary in disconnection time depending on the circumstances, therefore were not considered in the delineation between 60 days or less and 61-365 days for the proposed remote reconnection fees.

Response 4(b): The purpose of the proposed remote reconnection fee for accounts disconnected more than 60 days and less than 365 days is to cover the fixed costs of the service location during the time of disconnection. After one year the location must be inspected and possibly serviced prior to reconnection. Requiring the member seeking reconnection to pay the fixed costs during the period of disconnection reduces subsidization of costs by the rest of the membership. The proposed reconnection fee was determined using the cost-of-service study fixed monthly residential cost amount of \$30 (\$30.91 actual cost rounded down to the nearest whole dollar) multiplied by 10 months of disconnection.

**South Kentucky RECC
Case No. 2024-00402
Commission Staff's Second Request for Information**

Request 5: Refer to Exhibit JW-2, Schedule 1.10.

- a. Provide an explanation for the columns labeled "Other".
- b. Confirm that the employees listed in lines 1-13 are salaried employees. If this cannot be confirmed, provide a description for those employees similar to the description found in line 26.

Response 5(a): Included in the column labeled "Other" are pay for years of service awards, retirement awards, pay in-lieu of employment notice, and several management bonuses. Attachment PSC 2-5 is the policies regarding years of service, retirement awards, and exempt employees extended hours bonuses. Included is one bonus for the new CEO to compensate for additional responsibilities during his time as Interim CEO. Pay in lieu of employment notice is regular 8 hours per day wages and standard procedure for positions considered to be an elevated safety risk.

Inadvertently omitted from the "Other" category in the original filing are paid time off payout amounts for salaried employees totaling \$120,926 and for hourly employees totaling \$388,778. These are non-recurring in nature, therefore not affecting the revenue requirement and excluded from the pro forma adjustment, and a result of a time off policy change from a traditional vacation and sick time accrual to a combined Paid Time Off accrual. This change occurred at the end of 2022. The new Paid Time Off policy is included in Attachment PSC 2-5.

ATTACHMENT PSC 2-5

SKRECC
Somerset, Kentucky
Administrative Policy # C150

SUBJECT: SERVICE RECOGNITION AND RETIREMENT RECEPTIONS

APPLICABLE TO: All full time employees of SKRECC

POLICY STATEMENT: To recognize SKRECC employees for their service to SKRECC at five-year milestones and at retirement.

PROVISIONS:

1. Service Awards and Gifts:

Service awards and plaques will be presented to employees for every five years of service completed up to 30 years of employment. Service awards are completely discretionary. Years of service beyond 30 years will be recognized with plaques only. Employees with prior service at other member cooperatives will be recognized based on their years of service with SKRECC only. Employees on Long Term Disability are not eligible for Service Awards.

Awards for milestones reached are as follows:

1 year -	Tie Tack or Charm
5 years -	\$100
10 years -	\$200
15 years -	\$300
20 years -	\$400
25 years -	\$500
30 years -	\$600
Retirement Award:	\$700

Receptions:

Each team is responsible for sponsoring an appropriate reception recognizing an employee's retirement (within 30 days from date of retirement). The format and scale of recognition events should reflect the preferences of the employee. Receptions involving a large number of participants should normally be scheduled from 3:00 – 5:00 p.m. in order to optimize attendance by minimizing conflicts with other business activities.

Responsibility:

The Executive Staff and Managers are directly responsible to see that this policy is adhered to within their respective areas. The President/CEO is responsible to the Board of Directors for overall compliance.

Signed: Allen Anderson
President/CEO

Date: 12/5/2014



Administrative Policy #C170

SUBJECT: Paid Time Off Policy (PTO)

APPLICABLE TO: All full-time employees of SKRECC

POLICY STATEMENT: To establish a Paid Time Off (PTO) program

CONTENT: SKRECC recognizes that employees have diverse needs for time off from work and, as such, SKRECC has established this paid time off (PTO) policy. The benefits of PTO are that it promotes a flexible approach to time off by combining vacation and sick leave. Employees are accountable and responsible for managing their own PTO hours to allow for adequate reserves if there is a need to cover vacation, illness or disability, appointments, emergencies, or other situations that require time off from work.

PROVISIONS:

Eligibility

PTO is accrued upon hire or transfer into a benefits-eligible position. Eligible employees must be scheduled to work at least 32 hours per week on a regular basis. Employees working less than 32 hours per week on a regular basis and temporary employees are not eligible to accrue PTO. All PTO leave requests must be preapproved with the employee's supervisor and may be taken in no less than two-hour increments. Approval for all scheduled time away from work is subject to applicable workloads. In case of an emergency, however, unscheduled PTO may be allowed at the discretion of the employee's supervisor.

Availability

PTO accruals are available for use in the pay period following completion of 30 days of employment. All hours thereafter are available for use in the pay period following the pay period in which they are accrued.

Accrual and Payment of PTO

Accruals are based upon paid hours up to 2,080 hours per year, excluding overtime. Employees working less than 40 hours per week but at least 32 hours per week will earn PTO hours on a prorated basis. Length of service determines the rate at which the employee will accrue PTO and is governed by the Full-time Accrual Rates chart provided below. PTO does not accrue on unpaid leaves of absence or PTO cash outs upon termination. Employees become eligible for the next highest applicable accrual rate on the first day of the pay period in which the employee's employment anniversary date falls.

Full-time Accrual Rates

Years of Service	Accrual Rate per Bi-Weekly Pay Period	Accrual Rate for* Annual PTO
0-4 years of service	6.78	22 days (176 hours)
5-9 years of service	7.55	25 days (196 hours)
10-14 years of service	8.32	27 days (216 hours)
15-19 years of service	9.08	30 days (236 hours)
20+ years of service	9.85	32 days (256 hours)

*Annual PTO accrual rates are based on an employee having 2,080 paid hours per year (40 hours per week).

*Employees working less than a full calendar year, or less than 40 hours per week but at least 32 hours per week will earn PTO hours on a prorated basis.

** A maximum of 520 hours of accrued and unused PTO in the employee's time bank may be carried over from one calendar year to the next.

Use and Scheduling of PTO

Employees are required to use available PTO when taking time off from work. PTO may be taken in increments of as low as two-hours.

Whenever possible, PTO must be scheduled in advance. PTO is subject to supervisory approval, department staffing needs and established departmental procedures. Unscheduled absences will be monitored. An employee will be counseled when the frequency of unscheduled absences adversely affects the operations of the department. The supervisor may request that the employee provide a statement from a health care provider concerning the justification for an unscheduled absence.

An employee is required to use PTO hours according to their regularly scheduled workday. For example, if an employee works a ten-hour day, they will request ten hours of PTO when taking that day off. PTO is paid at the employee's straight time rate. PTO is not part of any overtime calculation.

Employees may not borrow against their PTO banks; therefore, no advance leave will be granted.

Cash Out

SKRECC will schedule the option for employees to cash out a portion of their earned PTO two times each year.

From the effective date of this policy, up until December 2024 employees may cash out any amounts in excess of 520 earned hours of PTO. The cash out will be paid at the employee's current base rate of pay.

Effective January 2025, employees may cash out any amounts, provided they will have at least 280 earned hours of PTO remaining to cover unanticipated absences. The cash out will be paid at the employee's current base rate of pay.

It will be the responsibility of the employee to utilize the cash out option to maintain a bank of no more than 520 hours going into a new calendar year. PTO hours in excess of 520 hours will not rollover into the employee's bank in the new calendar year.

Payment Upon Separation from Employment

An employee will be paid upon resignation, separation or retirement for all allowable PTO hours accumulated but not used.

RESPONSIBILITY:

The Executive Staff and Managers are directly responsible to see that this policy is adhered to within their respective areas. The President/CEO is responsible to the Board of Directors for overall compliance.

Approved: 

President/CEO

Approval Date: 12/29/22

Replacing Policy#C40 – Vacation
Original Date Approved: 10/14/93, 11/17/97
Revision Date: 12/5/2014

Replacing Policy# D30A – Sick Leave
Original Date Approved: 11/11/1993
Revision Date: 12/5/2014

Administrative Policy E10A

SUBJECT: Exempt Employee Extended Hours Compensation

APPLICABLE TO: Exempt Employees

POLICY STATEMENT:

Exempt employees are not eligible for overtime compensation. However, at the sole discretion of SKRECC, they may receive bonus compensation for hours worked in excess of their regular schedule. This time must have prior authorization by the employee's Executive Staff Member.

CONTENT:

Exempt employees working beyond the normal expectations of their daily job duties may submit their time via the proper form to their manager/executive staff member. The manager/executive staff member will then submit the request to the President/CEO for approval.

PROVISIONS:

The following schedule denotes bonus compensation for approved requests:

At the sole discretion of SKRECC, a BONUS may be in effect for any major outages due to weather or natural disaster lasting longer than 48 hours.

Salaried employees will be compensated via a BONUS equal to 1.5 times their hourly pay rate after the first 16 hours of time worked beyond their normal work schedule.

*This is a discretionary policy

Approved: _____

CEO

5/7/2021

Approval Date

Revision Approval Date: 7/8/2021

Response 5(b): The employees listed in lines 1-23 are salaried employees.

**South Kentucky RECC
Case No. 2024-00402
Commission Staff's Second Request for Information**

Request 6: Refer to the Direct Testimony of Kevin Newton (Newton Direct Testimony), page 5, lines 5-6. Provide total residential customer sales in kWh for 2024.

Request 6: The total residential kWh sales for 2024 were 784,647,521.

**South Kentucky RECC
Case No. 2024-00402
Commission Staff's Second Request for Information**

Request 7: Refer to Newton Direct Testimony, page 5, line 18. Provide board minutes approving a six-year Right-Of-Way (ROW) cycle. If not apparent in the meeting minutes, explain how a six-year ROW cycle was chosen.

Response 7: Please see Attachment PSC 2-7.

ATTACHMENT PSC 2-7

MINUTES
OCTOBER 25, 2022
REGULAR BOARD MEETING
SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE
CORPORATION

The Regular Board Meeting of the Board of Directors of South Kentucky Rural Electric Cooperative Corporation (SKRECC) was held on Tuesday, October 25, 2022, beginning at 5:00 p.m., in the Boardroom at the Headquarters Office located in Somerset, Kentucky.

- 1) Call to Order – Cathy Epperson, Chairperson, called the meeting to order.
- 2) Invocation – Cathy Epperson gave the invocation.
- 3) Roll Call/Declaration of Quorum - Present at the meeting were Board Directors, Cathy Epperson, Chairperson; Billy G. Hurd, Vice Chairperson; Boris Haynes, Secretary/Treasurer; Brent Tackett, Greg Redmon and Rick Halloran. Director Tommy Nelson, Jr. was present via Microsoft Teams meeting. Also present were Ken Simmons, President and CEO; Kevin Newton, Chief Operating Officer; Mark David Goss, General Counsel; and Joy Turpin, Executive Administrator to the President/CEO and Board of Directors. Mr. Dakota Brown, SKRECC Director of Engineering, was in attendance for a presentation on Distribution Automation and exited the meeting immediately following his presentation. Michelle Herrman joined the meeting via conference call for the financial report presentation and exited the meeting immediately upon conclusion.
- 4) Distribution Automation (DA) Pilot Project Presentation - Dakota Brown – Mr. Brown presented information on the circuits with the worst reliability performance history on our system and described to the directors the DA pilot project. At current costs, the total DA pilot project would cost an estimated \$468,160 and would be completed in 2023. Mr. Brown further described a long-range, system-wide DA plan that will be proposed in the 2024-2027 work plan. This long-range plan is estimated to cost approximately \$2.9 million, which should be less than 6% of the total work plan. Mr. Brown stated that our current reliability numbers are in the mid-300 minutes and that co-ops which have implemented a DA program are experiencing outage numbers of less than 100 minutes. Mr. Simmons stated that the DA plan does carry an annual cost for maintenance and software upgrades, plus there are annual communication expenses since the devices communicate cellularly; however, manpower should not increase by headcount. Mr. Simmons further stated that this investment can probably be depreciated for 30 years, and that there will be required annual training for service and maintenance. We will need to build a scheme at the Somerset office yard in order for service crews to train and qualify each year. Meter technicians will also need to be trained to troubleshoot and work on the equipment.
- 5) Safety Moment – Mr. Simmons discussed the dangers and possible repair costs associated with neglecting maintenance on your HVAC system.

- 6) ADOPTION OF CONSENT AGENDA – Upon a motion duly made, seconded, and unanimously carried, the consent agenda was approved as presented.
- 7) ADOPTION OF DISCUSSION AGENDA – Upon a motion duly made, seconded, and unanimously carried, the discussion agenda was adopted as presented.

CONSENT AGENDA

- 1) Approval of Regular Board Meeting Minutes of September 8, 2022 – Upon a motion duly made, seconded, and unanimously carried, the minutes were approved as presented.
- 2) Recurring Monthly Approvals – Cathy Epperson
 - a. Electric Write-offs for August 2022 in the amount of \$22,401.
 - b. Capital Credit Refunds Deceased Estates for September 2022 in the amount of \$23,249.55.
 - c. SKRECC 433 New Members for September 2022.
 - d. Claims for September 2022.
 - e. CEO, Directors, and Attorney Expenses for August 2022.

DISCUSSION AGENDA

- 1) EXECUTIVE REPORTS – In the interest of time, Mr. Simmons requested that Mr. Newton present his report first followed by Mrs. Herrman.
 - A. COO's Report – Mr. Newton provided a written report included in the meeting materials which were provided to the directors prior to the meeting.
 - Engineering & Operations – Mr. Newton had nothing to add to his written report.
 - AppHarvest Update – Mr. Newton stated that the contract for service is almost ready to be signed and that AppHarvest has indicated that they will provide a surety bond for the \$700,000 deposit. Service will begin on an LP 3 rate to eventually include an interruptible service rider. This may take effect after the PSC approves the contract.
 - R–O–W Budget Options – Mr. Newton presented figures based on the past five years and stated that the 2023 proposed budget includes a requested increase of \$4.41 million in Right of Way expenditures. In 2022, 305 miles of right of way were trimmed, and this included some of the very worst circuits in our service area. We have already bid circuits for next year at a total of approximately \$3.3 million and are proposing an additional \$4.4 million for a total budget of \$7.7 million for 2023. Mr. Newton commented that during the

last rate case, the PSC charged us to get on a six-year trimming rotation, and that is what we will endeavor to do based on a plan created by our Right Of Way Manager, Don Bethel. Mr. Newton presented photos of before and after R-O-W trimming in our service areas.

- Mr. Newton also briefly spoke about the success of the pilot program for the pole inspection/treatment plan, and informed directors that he will present the resulting information to them at a future meeting.

B. Finance Report – Mrs. Herrman provided a detailed written report on the August financials included in the meeting materials which were provided to the directors prior to the meeting. Mrs. Herrman joined the meeting remotely and briefly touched on the August financial numbers.

- Returns were strong and well above budget. Year to date margins were over \$2.2 million and were better than budgeted. Net margins were also positive at over \$790,000. Controllable costs per meter for the month were under budget as were year-to-date totals.

Monthly payments to RUS and Cobank were made, along with the quarterly payment to CFC. Total debt principal payments were \$514,074 for the month.

The new interest rate on the Cushion of Credit funds was set October 1st at 4.05%. In comparison, our highest interest rate loan is at 3.699%. CFC funds are earning 3.75% and could gain a higher rate if longer term investments were selected. Note that equity without EKPC is exceeding the top end of our benchmark range. The equity ratio is at 30.6%.

- 2023 Capital Budget Proposed – Mrs. Herrman summarized the itemized list by department for the directors and commented that the budget for 2023 is just over \$3.5 million adding that there is a lot of carryover expenses from 2022. The IT budget is \$1.7 million with quite a bit of carryover from 2022 which includes the NISC conversion and equipment upgrades which have not been made. The Transportation department includes a large amount of carryover from 2022 mainly resulting from vehicles which have not been received. Due to ongoing supply chain issues, Mr. Simmons stated that we also have no assurances that we will receive the ordered bucket trucks in 2023. Mrs. Herrman concluded her summary by saying that the 2023 proposed capital budget includes just over \$2 million in new requests which is down from last year.

The directors thanked Mrs. Herrman for her budget summary and had no further questions. Mrs. Herrman thanked the directors and exited the meeting.

C. CEO's Report – Mr. Simmons provided a written report included in the meeting materials which were provided to the directors prior to the meeting.

- Job Postings Update – Mr. Simmons informed directors about the activity this month. An offer was extended to a candidate for the Director of Communications & Public Relations position. The candidate withdrew her name from consideration stating that she needed more flexibility in her schedule and this would not have worked for us. We are placing the job posting on hold and will revisit at a later date. Morghan Blevins, our new Communications Specialist, is doing an excellent job currently.

Mrs. Shelley Young, from northern Pennsylvania, has accepted the offer for the CFO position. Mrs. Young has a great deal of experience, including NISC familiarity and has been through a software conversion. We also interviewed a second very good candidate and may have an opportunity to make him an offer for an existing open position in the accounting department in the near future. Mrs. Young's target start date is on or before the week of Thanksgiving. Mrs. Herrman will finish out the 2023 budget process.

We have one MSR position in the Somerset office left to fill. There is a vacancy for a lineman in Albany and will be one soon in Russell Springs.

There are two Meter Technician jobs open but we only need to fill one of those at this time. There is a possibility that we may need to backfill the second Meter Technician position as we move forward with the DA project. The current Meter Technician position is an entry level position requiring little to no relevant experience. At this time, it is almost impossible to attract anyone to the job with relative experience. It takes three years to gain the experience needed to work unsupervised and our current meter tech has been in the job about nine months. Therefore, we need to add someone with experience, and unfortunately, the pay is not attractive to someone with the needed experience. Mr. Simmons requested dividing the job into two positions; Meter Tech I and Meter Tech II. The Meter Tech II position would require a level of competency to adequately perform the job without supervision, justifying a higher pay grade to hopefully attract qualified candidates. Upon a motion duly made, seconded, and unanimously carried, the Board approved the creation of Meter Tech I and Meter Tech II positions as requested.

- D. Information Technology Report – The IT Group provided a written report included in the meeting materials which were provided to the directors prior to the meeting. Mr. Simmons stated that this will be a monthly report included in the board meeting materials and that discussion is needed on this topic each month. Directors agreed.
- E. General Counsel Report – Mark David Goss distributed a copy of the NRECA Cyber Security handout to each of the directors from the course he attended at the regional

meeting this month in Florida. He commented that they should take it home and review it at their convenience as a useful resource tool.

- Director Election Report – Mr. Goss stated that the process is coming along well and that he, Mrs. Turpin, and Morghan Blevins met today to do a semi-final page turn of the candidate application packet. It is now complete and will go out to the Credentials & Elections Committee tomorrow for their review and approval. The next committee meeting is scheduled for November 9th to discuss the packet, website updates, and the next steps moving toward the election. Mr. Goss commented that the November Kentucky Living magazine will be sent out on October 27th and will contain the first notice of the election. The notice lists the three seats which will be open and that interested parties can pick up packets in person beginning December 5th. The website will list information on the process along with a sample application packet containing a watermark. Packets must be turned in on or by January 13th at 4:30 pm EST. All correspondence between Mr. Goss and potential candidates will be done by email so that all records are in writing. Mr. Goss stated that more emphasis will be placed on the actual voting procedure after the first of the year and that the electronic voting procedure should be much easier after this first time.
- Workers Compensation Litigation Report – At the directors' request, Mr. Goss stated he would discuss the status of the litigation in executive session.
- Verbal Notification of Possible REDLG Loan Request – Mr. Goss stated he recently received an inquiry on a potential \$1 million REDLG loan request from the McCreary Industrial Foundation. Mr. Gordon Kidd, the foundation director, is moving forward to complete a spec building at Pine Knot for a tenant that would be a fairly large employer for McCreary County. Mr. Goss cautioned the Board that even though Mr. Kidd has contacted Dean Tandy with the USDA, the process is in the preliminary stages and may take some time to come to fruition, if at all.
- NRECA Governance Talk Video Presentation – *Director Peer Assessment* – Directors watched the 10-minute video presentation. Mr. Goss stated that the series of NRECA Governance Talk videos are excellent resources of valuable information and he discussed presenting a different one at each regular monthly meeting. Directors agreed.

2) EXECUTIVE SESSION – Upon a motion duly made, seconded, and unanimously carried, the Board of Directors moved to executive session at 7:35 pm. The Board of Directors exited executive session at 9:46 pm and the regular meeting resumed at 9:48 pm.

3) ACTION ITEMS

- A. Request Approval of Investment Policy and Accompanying Request For Proposal Respectfully Submitted by the Investment Policy Committee. In consideration of the late hour, the Directors agreed to table the discussion and the requested approval until the November meeting.
 - B. Request for Approval to Grant Request for RLF Loan Application Documents for Stephens Hardwood, LLC., McCreary County, Kentucky. Mr. Haynes stated that Stephens Hardwood, LLC. had another RLF loan in the past which has been paid off. This new loan will be to help fund an addition to the stove mill that will add 20 new jobs to the area. Upon a motion duly made, seconded, and unanimously carried, directors agreed to pursue the application process with Stephens Hardwood, LLC.
- 4) KEC Report – Mr. Halloran stated that the meeting was held on September 23rd, and that Ky Attorney General candidate, Russell Coleman, was introduced during the meeting. Tim Eldridge, District 3 Director, gave the CFC report which included information on a \$59 million patronage capital distribution. CFC has returned nearly \$2 billion in capital credits since 1980. CEO Chris Perry stated that materials availability is strained to capacity, and labor shortages and increased demand from utilities are all contributing to the problem. There was also some discussion about the proposed talk of placing EV charging stations every few miles along interstate highways.
- 5) East Kentucky Power Report – Mr. Haynes stated that the EKPC Board met on October 4th, and he distributed copies of a letter that CEO Tony Campbell wrote to President Biden regarding shutting down coal fired plants early. The Board approved retiring \$20.1 million in capital credits to be distributed to member co-ops, and our portion of capital credits will be approximately \$2.2 million. One CEO from eastern Kentucky stated that the funds would help his area significantly and Mr. Haynes stated that he fears this will prevent co-ops from pursuing needed rate increases. Mr. Haynes further stated that the EKPC Board approved construction of substations to improve reliability.

The capital credits checks are to be passed out at the next EKPC Board meeting in early November. Mr. Simmons stated that we need to decide quickly on how to manage the capital credits if we desire to send them out to members before Christmas. He also stated that Mrs. Herrman would need to be involved in the process since these are pass-through funds. Upon a motion duly made, seconded, and unanimously carried, Directors agreed to pay the approximately \$2.2 million capital credits from EKPC back to SKRECC members, contingent upon the years accepted.

6) Other Business –

- A. Discussion was held in executive session regarding a one-time employee appreciation gift in recognition of sacrifice and diligence of the employees through the difficulties of the past few years. Upon a motion duly made,

seconded, and unanimously carried, Directors approved a \$750 one-time per employee gift payable to all full-time employees hired prior to January 1st, 2022.

B. A discussion was held regarding a Board Christmas Dinner. Directors agreed that Mrs. Turpin would try to reserve The Chalet in Somerset for December 8th at 6:00 pm.

7) Board of Directors' Discussion Items – None mentioned.

8) Future Agenda Items

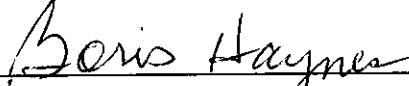
- A. Capital Budget Approval
- B. Expense Budget Review
- C. Approval of Investment Policy and Accompanying Request For Proposal
- D. Expense Budget Approval
- E. PTO Plan Policy Review and Acceptance
- F. Pole Inspection Report

9) Meeting Adjournment – Upon a motion duly made, seconded, and unanimously carried, the meeting was adjourned at 10:06 p.m.



Cathy Epperson, Chairperson of the Board

11-29-22
Date



Boris Haynes, Secretary/Treasurer

11/29/22
Date

MINUTES
NOVEMBER 10, 2022
SPECIAL BOARD MEETING
SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE
CORPORATION

A Special Board Meeting of the Board of Directors of South Kentucky Rural Electric Cooperative Corporation (SKRECC) was held on Thursday, November 10, 2022, beginning at 5:00 p.m., in the Boardroom at the Headquarters Office located in Somerset, Kentucky.

- 1) Call to Order – Cathy Epperson, Chairperson, called the meeting to order.
- 2) Invocation – Cathy Epperson gave the invocation.
- 3) Roll Call/Declaration of Quorum - Present at the meeting were Board Directors, Cathy Epperson, Chairperson; Billy G. Hurd, Vice Chairperson; Boris Haynes, Secretary/Treasurer; Tommy Nelson, Greg Redmon, Rick Halloran, and Brent Tackett. Also present were Ken Simmons, President and CEO; Mark David Goss, General Counsel; and Joy Turpin, Executive Administrator to the President/CEO and Board of Directors. Michelle Herrman joined the meeting via conference call for the Expense Budget Presentation and exited the meeting immediately upon conclusion.
- 4) Consideration Of Approval Of The Agenda – Upon a motion duly made, seconded, and unanimously carried, the discussion agenda was approved as presented. In the interest of time, Mrs. Epperson requested that Mr. Simmons and Mr. Goss present their items of discussion prior to the dinner break.

DISCUSSION AGENDA

- A. Presentation and Discussion of the Employee Paid Time Off (PTO) Plan Policy – Mr. Simmons discussed the main points of the policy with directors including the advantages to employees who, due to their job requirements, find it difficult to use their allotted vacation days before they are lost under the current policy. Mr. Simmons stated that the pandemic, employee retirements, and the NISC conversion have all had an effect on how much time certain employees have been able to take off during the past year. Mr. Simmons further stated that with little historical data available for the limited time that he has been CEO along with no idea how many employees will choose to sell their unused time under the “buy-back” option of the PTO plan, he is unable to provide a reasonably accurate estimate of cost to the co-op. There is currently, however, a problem with employees who save their sick time, which is uncapped, for a big payout at retirement. This is very costly to the co-op, and with many of our employees quickly nearing retirement age, the payouts for these retirements will be rather large. Mr. Simmons explained the time limits under the PTO policy which complement short-term and long-term disability and stated that the

co-op would have the option to pay out the long-term employees who have large balances of unused sick leave over a two-year period. To minimize the budget impact, Mr. Simmons stated that this will also allow us to budget for the pay-out from year-to-year and stop quasi-retired employees from building huge balances of time which we must pay them for when they walk out the door. Mr. Simmons urged the directors to read through the policy and direct any questions to him prior to the November 29th meeting.

- B. Discussion and Requested Approval of South Kentucky RECC Bylaws Revisions – Mr. Goss reviewed the revisions to the bylaws which were sent out to directors prior to the meeting. The revisions, which are minor and non-substantive, involve the director elections and syncing the new procedure of in-person voting at the member appreciation days. Revisions include a change in the director seating date; updated phrasing to accommodate this date change pertaining to a protest or objection to the election and the proper filing procedure; a date change to the tenure of board members; cleanup of ballot wording; changed phrasing on the certification process by the Credentials & Elections Committee due to the change from an annual meeting; and the correction of a clerical error in which a revision to the Independence Director section was made in the past and never implemented in the current version of the bylaws. Discussion was had regarding the proposed changes to the bylaws. Upon a motion duly made, seconded, and unanimously carried, the proposed revisions to the bylaws were approved as presented.

Mr. Goss informed directors that he would present the proposed member meeting attendance policy that he has been working on at a future board meeting for review and approval.

- C. Presentation and Discussion of 2023 Expense Budget – Mrs. Herrman presented and discussed the proposed 2023 expense budget via video conference.

Directors welcomed Mrs. Herrman to the meeting. Mrs. Herrman walked the directors through the 2023 expense budget proposal detailing information contained within the budget package under Historical Information, Assumptions, Expense Budget, Combined Capital & Expense Budget, Statement of Operations, 2023 Budget Compared to Financial Forecast, and Capital Expenditures Information.

Mrs. Herrman stated that projected revenue is much larger based on the projected increases in the FAC and the anticipated inflation of the fuel surcharge. However, these projections can also be seen in our power bill, which consumes 72% of our revenue, affecting our bottom-line revenue numbers. EKPC has projected fuel surcharges three times larger than 2022 for the upcoming year.

Mr. Simmons stated that much time, thought, and effort has gone into formulation of an expense budget which allows the co-op to achieve its debt covenants as well as other assumptions, while accomplishing a projected \$4.5 million increase to the right

of way budget in the execution of a much-needed strategic initiative of a six-year right of way circuit trimming rotation.

With no further discussion or questions regarding the 2023 proposed budget, Directors thanked Mrs. Herrman and she exited the meeting.

- 5) Executive Session - Upon a motion duly made, seconded, and unanimously carried, the Board of Directors moved to executive session at 6:48 pm. The Board of Directors exited executive session at 8:13 pm and the regular meeting resumed.
- 6) Action Items --
 - A. Requested Approval of 2023 Capital Budget as Presented During the October 25, 2022, Regular Monthly Meeting. Upon a motion duly made, seconded, and unanimously carried, the 2023 Capital Budget was approved as presented.
 - B. Requested Approval of South Kentucky RECC Bylaws Revisions. Approved during presentation and discussion portion of meeting – See Discussion Agenda Item B.
 - C. EKPC Capital Credits Pay Out – Upon a motion duly made, seconded, and unanimously carried, Directors approved a resolution directing the return of \$2,234,502.24 to members for years 1976 through 1982, inclusive, representing retirement of EKPC Generation and Transmission Cooperative capital credits to be paid by bill credit to active members.
- 7) Other Business – None discussed.
- 8) November Regular Meeting Agenda Items
 - A. Expense Budget
 - B. Pole Inspection Report - Tentative
 - C. Member Attendance Policy
- 9) Meeting Adjournment – Upon a motion duly made, seconded, and unanimously carried, the meeting was adjourned at 8:18 pm.

Cathy Epperson
Cathy Epperson, Chairperson of the Board

11-29-22
Date

Boris Haynes
Boris Haynes, Secretary/Treasurer

11/29/22
Date

MINUTES
JANUARY 31, 2023
REGULAR BOARD MEETING
SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE
CORPORATION

The Regular Board Meeting of the Board of Directors of South Kentucky Rural Electric Cooperative Corporation (SKRECC) was held on Tuesday, January 31, 2023, beginning at 5:00 p.m., in the Boardroom at the Headquarters Office located in Somerset, Kentucky.

- 1) Call to Order – Cathy Epperson, Chairperson, called the meeting to order.
- 2) Invocation – Cathy Epperson gave the invocation.
- 3) Roll Call/Declaration of Quorum - Present at the meeting were Board Directors, Cathy Epperson, Chairperson; Billy G. Hurd, Vice Chairperson; Boris Haynes, Secretary/Treasurer; Tommy Nelson, Jr., Brent Tackett, Greg Redmon and Rick Halloran. Also present were Ken Simmons, President and CEO; Kevin Newton, Chief Operating Officer; Shelley Young, Chief Financial Officer; Mark David Goss, General Counsel; and Joy Turpin, Executive Administrator to the President/CEO and Board of Directors.
- 4) Member Address to Board of Directors – Mr. Larry Abbott. *(Complaint documentation, a timeline of events/contacts, and a detailed letter sent to the co-op from Mr. Abbott were previously sent to all directors for their review prior to the January board meeting.)*

Mr. Newton escorted Mr. Abbott into the meeting at 5:02 pm. Mr. Abbott was introduced to the directors and Mr. Goss reminded Mr. Abbott of the guidelines of Board Policy 106, which he was provided with in advance. Mrs. Epperson requested that Mr. Abbott outline his complaint, concerns, and request to the Board.

Mr. Abbott began by introducing himself, stating his tenure as a member with SKRECC, and sharing some personal background information. He reiterated the complete timeline of his problems with his security light and the response that he claims to have gotten from the co-op upon calling in for service. He further stated that he disagreed with paying extra for a light when he was unable to choose the type of fixture used to replace his non-working unit.

Mr. Abbott commented that he took issue with the fact that Mr. Simmons failed to respond to either of the two emails that he claimed to have sent. Mr. Abbott also stated that after spending the amount of time and effort that he had on the matter without what he felt was a positive solution, he developed an interest in being able to address the Board at the annual meeting and was told that he could not.

At this time, Mr. Abbott stated that he then filed a formal complaint with the PSC. After registering his complaint, Mr. Newton contacted him via telephone, which Mr. Abbott stated was his second response from Mr. Newton. Mr. Newton restated the co-op's billing policy, and afterwards, Mr. Abbott called in and had the light disconnected. Incredibly, the light started to work again at this point, even though Mr. Abbott was not being charged for it on his bill. Mr. Abbott stated that one of his neighbors told him that she had called in about having the light fixed and she was told that the light "belonged" to Larry Abbott. Mr. Abbott stated that to his knowledge, SKRECC had never been out to the light and performed any kind of maintenance.

Mr. Abbott commented that he couldn't believe that SKRECC has never had a policy allowing a member to address the Board and that he had to work very hard to be granted 15 minutes. Mr. Abbott further commented that his account is on Autopay, and he had never been late on a bill. He stated that one of his main concerns is that the co-op doesn't care about the members and that the members don't have a way to complain to the Board. Mr. Abbott suggested that the Board should publish the response that Mr. Goss sent to him since the members don't know what is going on with directors' meeting fees, and the co-op exists under a veil of secrecy.

Mr. Abbott requested that the Board direct that his light is to be repaired, and he doesn't care what type of fixture is used. He further stated that he only wants to be charged the \$10.00 plus change monthly fee that he was paying for the old fixture since he doesn't understand why an LED fixture should cost more. He commented that he wouldn't want any other member to go through this or be charged in this manner and feels the maintenance of the light should be SKRECC's responsibility just like a transformer is. He stated that it's our equipment, we should cover the maintenance on our equipment, and he doesn't want his neighbors and others to be told that members own the lights when they don't. In closing, Mr. Abbott finally requested that the member address process be published so that other members are aware of it.

Mrs. Epperson thanked Mr. Abbott and informed him that the directors would discuss his concerns and notify him, in writing, as soon as possible. Mr. Newton escorted Mr. Abbott from the boardroom and out of the building. Mr. Newton returned to the boardroom and the regular meeting continued.

- 5) Safety Moment – Mr. Simmons discussed household items which were listed on a wedding registry for his niece recently. Their list had items such as a fire extinguisher instead of china and silver. Mr. Simmons commented that we should think about safety equipment which is used at home and make sure that it is serviceable and readily available in an emergency.
- 6) Adoption of Consent Agenda – Upon a motion duly made, seconded, and unanimously carried, the consent agenda was adopted as presented with the exception of approval of the Regular Board Meeting Minutes of December 15, 2022, which were moved to Item C under Action Items.

- 7) Adoption of Discussion Agenda – Upon a motion duly made, seconded, and unanimously carried, the discussion agenda was adopted as edited with “*Capital Budget Adjustment Discussion*” added to the CEO’s Report and “*Request 2023 Capital Budget Adjustment For Vehicle Purchase*” added as Item D under Action Items.

CONSENT AGENDA

- 1) Approval of Regular Board Meeting Minutes of December 15, 2022 – *To be addressed following executive session. Moved to Item C of Action Items.*
- 2) Recurring Monthly Approvals – Cathy Epperson
- a. Electric Write-offs for November 2022 in the amount of \$16,863.
 - b. Capital Credit Refunds Deceased Estates for December 2022 in the amount of \$20,394.71.
 - c. SKRECC New Members for December 2022: 462.
 - d. Claims for December 2022.
 - e. CEO and Directors Expenses for November 2022.

DISCUSSION AGENDA

1) Executive Reports –

- A. CEO’s Report – Mr. Simmons provided a written report included in the meeting materials which were distributed to the directors prior to the meeting.
- Job Postings Update – Mr. Simmons stated that vacancies have been filled significantly since the December board meeting. Nick Jones and Josh Johnson have been promoted to Lead Line Technicians in Somerset. Following Lana Sidwell’s retirement in December, we have moved Aaron Baldwin into a retitled position of Fixed Asset Accountant which also covers Lana’s job duties as AP Accountant and will post Aaron’s vacated Accountant 1 position soon.
 - NISC Conversion Update – Mr. Simmons stated that the process is still ongoing and there are many daily training sessions for most of the staff. Member Services will be making the transition from SEDC to NISC on March 6th, and we will need to close the offices to payments on Friday, March 3rd in order to transfer everything over. All MSR’s will be at headquarters through the weekend to get the conversion completed so that we are ready to go on Monday, March 6th. We will not be doing any service cutoffs during this period. The new software will not allow call-ins for billing cycle estimates, and this will be a change for the members. Beginning March 6th, the MSR’s will walk members through the process of making credit card payments using the online process over the phone utilizing the IVR. We realize that we will

be “holding the members’ hands” for months while they get familiar with the new system, but we must move them to this process in order to achieve an update on the 100% PCI compliance. There may be a hiccup or two in transition with our 4,500 or so prepaid accounts, but we are working through it.

- Vehicle Update – Mr. Simmons gave the directors an update on the 16 vehicles we had impounded due to emissions issues and designated “out of service”. After evaluating them, Transportation has recommended that six to seven of them do not qualify for repair; four have been repaired and are back in service including the McCreary digger truck; two are at dealerships awaiting final repairs; and the remaining three are waiting on parts which are hard to get. The six to seven not slated for repairs will be sold, and we have been contacted by an out-of-state service about selling them. At this time, we don’t have a good estimate of their value, but we are guessing between \$7,000 to \$10,000 for each one. We also don’t know if we will be required to “kill” the titles due to the emissions issues. Mr. Simmons informed directors that we have taken delivery of three new vehicles during the last week which were ordered in January of 2021.
- Capital BUDGET Adjustment Discussion – Mr. Simmons stated that the 2023 budget contained funding for a new digger truck which we would like to push into 2024 and utilize the funds to order two small bucket trucks. Mr. Simmons requested that directors think about this and be prepared to vote on it as an action item during that portion of the meeting.
- HB 8 Update – Mr. Simmons reported that calls regarding HB 8 have slowed down and that he feels state legislators will be discussing modifications to the bill in the future. We have stacks of forms that members have turned in in anticipation of the new tax starting February 1st. Mr. Simmons also stated that exempt entities such as churches will be required to submit exemption documents to be kept on file.

B. Finance Report – Mrs. Young provided a written report included in the meeting materials which were distributed to the directors prior to the meeting.

- November Financial Report – Mrs. Young reported to the directors that she is providing them with a new format and discussed the information briefly. The new format relies heavily on graphs which the directors agreed were easily read.

Year-to-date totals are \$1.3 million ahead of the budget through November, which signifies that we are meeting our targets. Total sales are up but the kWhs sold were slightly below the budget. This may seem counterintuitive but is the impact resulting from the increased FAC and the application of our new rate in July.

Mrs. Young commented that as indicated in the Cost of Revenue chart, costs are up, and the FAC is affecting this.

Mrs. Young stated that all patronage allocations are being recorded as illustrated in the graph and commented that patronage from EKPC can be added at the directors' request. She further commented that OTIER, TIER, and equity will affect these numbers somewhat.

Mrs. Young requested that directors take some time to look over, digest the information and let her know what suggested revisions/additions they would like to make. Mr. Nelson commented that he would appreciate a summary for each graph, and Mr. Hurd requested a short analysis of budget numbers, month-to-month and year-to-date, with a graph added.

Mr. Simmons stated that Mrs. Young did not take it upon herself to change the forms and the format. He took the opportunity with Mrs. Herrman's exit, to revise the financial forms into a similar format to the ones that EKPC uses at their board meetings which are clearer and easier to read. Mr. Simmons further stated that nothing is cut in stone and the documents can be revised.

Mr. Nelson stated that he printed pdfs of the documents and couldn't read them. He questioned line loss and unbilled revenue. Mrs. Young stated that line loss is part of unbilled revenue and fluctuates constantly. In November and December, members typically pay their bills later due to factors such as Christmas charges and higher utility bills. Mrs. Young further stated that it looks like we purchased less than we sold but, typically, when you look at the next month's numbers they will be different and to get a good picture of unbilled revenue you should focus on the year-to-date number.

- CARES Act Application Discussion – Mr. Simmons informed directors that the CARES Act was passed by congress to “reward” businesses who did not lay off workers during the pandemic with a tax refund. The co-op can submit an amended tax return to request funds which are based on a “per worker” status. Mrs. Young stated that she had spoken with a representative from Synergi Associates, a third-party firm which specializes in filing paperwork, and initial estimates are that we could receive a \$1million to \$1.8 million refund. Synergi would receive 15% of the total refund not including any interest paid for filing the amendment if we choose to utilize them plus they assume the liability of filing the documents correctly. Mr. Simmons stated that it could take 8-10 months to receive the refund and he plans to execute the contract and move forward as soon as possible so that we get in the queue to receive the funds. He further stated that we must set a timeline and explain the impacts of COVID which occurred each quarter by department.

C. COO's Report – Mr. Newton provided a written report included in the meeting materials which were distributed to the directors prior to the meeting.

- Engineering & Operations – Mr. Newton informed directors that the right of way bids are due to be submitted the week after next and everyone is looking forward to getting started this year.
- Phone System Update – Mr. Newton stated that one area of concern was that members would not be able to reach their district offices since calls would be answered by an automated system beginning in early February. He assured directors that members would be routed to their home offices unless the system was “busy”.
- Pole Inspection Report – Mr. Newton stated that this year the co-op would be tripling the number of pole inspections done during the pilot program conducted in 2022. The initial estimate is that we will change out approximately 800 poles annually. The pole rejection rate in 2022 was less than what was estimated by the contractor, and Mr. Newton commented that he feels last year was a good representation of what to expect in 2023. Mr. Newton further commented to directors who raised multiple questions, stating that the pole wrap is a tarry treatment wrap which has been used in the industry for years; the amount of decay which can be removed from a pole usually depends on the class of the pole; pole life expectancy varies greatly but is usually dependent on the type and class of the pole; poles are financed over a period of 30 years; and the co-op has approximately 150,000 poles in the system.
- Vegetation Management Plan – Mr. Newton stated that Mr. Goss and Don Bethel spent a lot of time creating and revising the plan document which will be filed with the PSC as part of our liability report. Mr. Newton commented that it is a good document which may be used by our employees and distributed to members to help them understand our right of way procedures. Directors commented that the plan was very detailed and informative.

D. Information Technology Report – The IT Group provided a written report included in the meeting materials which were distributed to the directors prior to the meeting. No further comments were made.

E. General Counsel Report – Mark David Goss

- Director Election Report – Mr. Goss reported to the directors that of the three seats open for election this cycle, Mr. Redmon (District 2) and Mr. Haynes (District 6) are not opposed. Pending his review of their background check reports and the Credentials & Elections Committee's certification, they will be installed as the directors for their districts in 2024. Mr. Halloran (District 3) and Mr. C. V. Hansford will oppose each other for the remaining seat pending

Mr. Goss's review of their background check reports and the Credentials & Elections Committee's certification. Mr. Goss anticipated reviewing the reports by Thursday and drafting letters to the C & E Committee so that they may complete their eligibility certification process as soon as possible.

- Completion of Annual Independence & Conflict of Interest Policy for 2023 – Mr. Goss distributed the annual Confidentiality and Nondisclosure Agreements to the directors. The documents were executed and returned to Mr. Goss for his records.
- NRECA Governance Talk Video Presentation – *“Finding the Right Level of Transparency”* – The video was unavailable on the website for viewing. *Tabled until next meeting.*
- Directors questioned the status of the lawsuit against the co-op brought by the former directors. Mr. Goss updated them on what has recently transpired in the case and advised that the presiding judge has ordered the attorneys to file written briefs on the issue of whether the case should be dismissed based on the law or, instead, set for a jury trial. In the next few weeks Mr. Goss will prepare and file South Kentucky's brief. He promised to keep the board abreast of future developments in the case.

2) Executive Session – Upon a motion duly made, seconded, and unanimously carried, the Board of Directors moved to executive session at 7:04 pm. The Board of Directors exited executive session and the regular meeting resumed at 8:16 pm. No formal action was taken by the Board during executive session.

3) Action Items

- A. Request Approval of 2023 NRECA Annual Meeting Voting Delegate and Alternate Voting Delegate – Nashville, TN (Friday, March 3rd – Wednesday, March 8th). Upon a motion duly made, seconded, and unanimously carried, the directors approved Mr. Haynes as the Delegate and Mr. Simmons as the Alternate.
- B. Request Approval of 2023 NRTC Annual Meeting Voting Delegate and Alternate Voting Delegate – Nashville, TN (Sunday, March 5th). Upon a motion duly made, seconded, and unanimously carried, the directors approved Mr. Simmons as the Delegate and Mr. Goss as the Alternate Delegate.
- C. Approval of Regular Board Meeting Minutes of December 15, 2022. Upon a motion duly made and seconded, by a vote of six directors for and one director against, the directors approved the minutes as presented.
- D. Request 2023 Capital Budget Adjustment for Vehicle Purchase. Upon a motion duly made, seconded, and unanimously carried, the directors approved the

adjustment which removes the large expenditure of a digger truck from the 2023 budget and adds two smaller expenditures for bucket trucks to the 2023 budget.

- 4) KEC Report – Mr. Halloran stated there have been two meetings since the last board meeting. At the December 20th meeting, a rep from Rappahannock Electric Co-op discussed EV research that they had conducted and which Washington DC is ignoring. Mr. Halloran commented that the aging grid, infrastructure, and a lack of knowledge could spell disaster by 2030. He expressed interest in distributing the report which he was sent following the meeting but was unable to open it. Mr. Simmons stated that he had access to the report and would make it available to everyone. Mr. Halloran stated that the 2023 NRECA Legislative Conference is scheduled for April 16th through 19th and encouraged all directors to attend. Mr. Simmons agreed and mentioned that NRECA has many things scheduled for the conference which are educational along with messages that we need to communicate to the House and Senate.

Discussion during the January 17th meeting included news that product sales are up, and all outstanding long-term debt was paid in full effective November 8th. Mr. Simmons commented that KEC is completely out of debt now. Mr. Halloran stated that a motion was approved to apply for an increase in the line of credit from \$20 million to \$50 million. Mr. Halloran also stated that during the meeting, Tobias Moss was introduced as the new CEO of Farmers RECC. Mr. Moss shared his experience for the last six years at Clay Electric Cooperative in Florida and projected 25,000 new homes will be built in Florida over the next year.

- 5) East Kentucky Power Report – Mr. Haynes stated that the EKPC Board met on December 13th and there was no board meeting in January. He and Mr. Tackett attended the CFC Statewide Financial Workshop held in Lexington on January 24th and 25th. Mr. Haynes commented that he sat in on an EKPC-hosted Zoom meeting recently regarding the December storm (“Elliott”) which highlighted lessons learned.
- 6) Other Business – Mr. Simmons informed directors that the 2024 statewide lineman rodeo was scheduled to be hosted by Bluegrass and they withdrew due to a location problem. SKRECC was scheduled to host the rodeo in 2025, but Statewide (KEC) asked us to step in and host the 2024 event here. We are looking at a couple of different options for the location but intend to host the rodeo in September of 2024.
- 7) Board of Directors’ Discussion Items – None mentioned.
- 8) Future Agenda Items
 - A. 2023 R-O-W Contracts
 - B. 2023 Annual Meeting Discussion
 - C. NRECA Governance Talk Video Presentation – “Finding The Right Level of Transparency”

- 9) Meeting Adjournment – Upon a motion duly made, seconded, and unanimously carried, the meeting was adjourned at 8:32 p.m.

Cathy Epperson
Cathy Epperson, Chairperson of the Board

2/28/23
Date

Boris Haynes
Boris Haynes, Secretary/Treasurer

2/28/23
Date

**South Kentucky RECC
Case No. 2024-00402
Commission Staff's Second Request for Information**

Request 8: Refer to Bessinger Direct Testimony, page 7, lines 10-12. Provide South Kentucky RECC's TIER and OTIER metrics for 2024.

Response 8: For 2024, the TIER was 0.63 and the OTIER was 0.14.

**South Kentucky RECC
Case No. 2024-00402
Commission Staff's Second Request for Information**

Request 9: Describe any restrictions, penalties, assessments, or sanctions that South Kentucky RECC has received from its lenders for not meeting its OTIER requirement of 1.10.

Response 9: On March 6, 2025, South Kentucky provided a letter to the United States Department of Agriculture (“USDA”) Rural Utility Services (“RUS”) the provided notification South Kentucky was unable to meet its OTIER debt covenant requirement of a minimum of 1.10 for the average of the best two (2) out of the last three (3) years. There has not been a response from RUS. Please see Attachment PSC 2-9 for a copy of the letter sent to RUS.

ATTACHMENT PSC 2-9



200 Electric Avenue
Post Office Box 910
Somerset, KY 42502-0910
Telephone 606-678-4121
Toll Free 800-264-5112
Fax 606-679-8279
www.skrecc.com

March 6, 2025

Chris McLean
Assistant Administrator for Electric Program
Rural Utilities Service
STOP 1560, Rm 4121-S
1400 Independence Ave., SW
Washington, DC 20250-1560

RE: KY0054, Reporting Non-achievement of OTIER Coverage Ratio

Mr. McLean,

Please accept this letter as notice of South Kentucky RECC's non-compliance with the OTIER coverage ratio requirement for the year 2024.

With reductions in sales from mild weather, increased member efficiency and increased right-of-way clearing costs requested by the Kentucky Public Service Commission, our margins for 2024 were insufficient to meet this coverage ratio.

We have Case No. 2024-00402 currently open with the Kentucky Public Service Commission requesting a general adjustment of rates to meet the requirements of the increased expense and provide adequate margins. The case requests additional revenue from member rates of \$10,766,999. We expect the rate increase to go into effect at the beginning of August 2025.

The cooperative had intended to file a rate case in 2023, but with a major software conversion and changes in executive leadership, the filing was delayed. Kevin Newton started as CEO with South Kentucky at the beginning of 2024, and I started as CFO in May 2024.

The primary reason for insufficient margins was the increase in vegetation clearing costs. The stipulation put forth by the KY Public Service Commission during our last rate case from 2022 was to clear all our right of way in 6 years. We are currently about halfway through the 6-year cycle.

To maintain uninterrupted operations, we have RUS Cushion of Credit dollars and other Investments to bridge the cash flow gap while waiting on approval of the rate case. We also have \$14 million approved and available RUS work plan loan funds remaining to draw to support cash flow needs.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Bessinger'.

Carrie Bessinger
Chief Financial Officer

**South Kentucky RECC
Case No. 2024-00402
Commission Staff's Second Request for Information**

Request 10: Refer to Bessinger Direct Testimony, page 8, lines 8-9. Provide South Kentucky RECC's outstanding debt and weighted average interest rate as of February 28, 2025.

Response 10: Please see the Excel spreadsheet provided separately.

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

**South Kentucky RECC
Case No. 2024-00402
Commission Staff's Second Request for Information**

Request 11: Refer to Bessinger Direct Testimony, page 9-10. Confirm South Kentucky RECC has not ever completed a formal or informal study of the benefits package offered to its employees. If not confirmed, provide a copy of the study. If confirmed, explain why not.

Response 11: South Kentucky participates in the Kentucky Rural Electric Cooperative Health Plan along with 16 other electric cooperatives in Kentucky. South Kentucky does not have a formal or informal study comparing health insurance premiums to those of local employers, but the plan's broker (Brown & Brown Insurance) provided a benchmark report for comparison. The report is attached as Attachment PSC 2-11.

ATTACHMENT PSC 2-11



EMPLOYEE BENEFITS

Benefit Plan Assessment 2024



Prepared For:

COHORT BENCHMARK:

Employer Size

**50-99
Employees**

Employer Region

Southeast

Employer Industry

Utilities



Table of Contents

1. About this Report
2. Executive Summary
3. Medical Plan
4. Medical Ancillary
5. Core Ancillary



1. About this Report

Your Benchmarking Cohort

Your Cohort Selection

Size: **50–99 Employees**

Region: **Southeast**

Industry: **Utilities**

of Plans

17,000+ plans. Plan designs are collected throughout the year. Updated information is made available each year in December and includes both a combination of plans implemented for that calendar year, as well as benefit plans set to begin in the next calendar year.

Your Cohort Size

Each cohort has 30 or more companies included to ensure it is statistically significant. For a small subset of cohorts where few companies exist nationally, e.g. Agriculture & Forestry, MidAtlantic with 50–99 employees, we may have less than 30 participants. In that case, we expand the group by size or region until that threshold is reached. For certain benchmarking components we may have more data than others, e.g. medical vs. retirement. In those cases, we may choose to utilize national numbers where we cannot provide a statistically significant number for your size.

Data Sources

Mployer's benefit benchmark data is compiled annually from several sources including –

- Mployer direct surveys of employers
- Plans shared by broker partners and consultants
- Plans directly submitted by employers on Mployer
- Claims data clearinghouses
- Department of Labor filings
- Foundation & Association plan aggregation and submission

At times, Mployer Advisor may blend sources and refine this data using proprietary modeling as needed to create the right benchmarks for your selections.

ABOUT THIS REPORT

Understanding the report

Example Ranking

Market Competitive

This is your plan's overall rating as compared to the market, evaluating all plan components.

Example: Total Employer Contribution

\$15,200

This is the dollar value of your plan including all components provided.

Market Positioning: Overall Benefit Scoring



Your plan is **above 50%** of the plans in your cohort.

How values are calculated

Please refer to this section on each page for more detail on calculations impacting those specific variables.

What your rating means

Each of the segments for each of the plan components is compared against your custom cohort. The aggregate rating is then provided, both at a component and segment level, which ultimately rolls up into the overall plan rating.

Top Benefits

Offers an elite benefits package surpassing industry standards, providing unique and comprehensive advantages for retention and recruitment but likely costing more for the employer.

Market Leading

Features a benefits package materially above market, demonstrating a commitment to employee welfare.

Market Competitive

Presents a solid benefits package in line with industry norms, balancing employee needs with market expectations and cost.

Below Market

Provides a benefits package that is modest compared to industry standards, reflecting a more cost-conscious approach. Plans in this area could face headwinds when recruiting new employees

Market Laggard

Offers a basic benefits package below industry norms, prioritizing cost-saving while indicating room for enhancement. Employers in this area will face issues retaining and recruiting new employees.



2. Executive Summary

Benefit Plan Summary

Plan Ranking:

Below Market

Total employer contribution to the plan:

\$9,000

Individual Plan: \$3,500

Family Plan: \$14,500

Market Positioning: Overall Benefit Scoring



Your plan is **above 33%** of the plans in your cohort.

Plan ranking: The plan ranking is the sum total of the benefits provided across each segment, e.g. medical, ancillary, and compared to the custom cohort.

Employer contribution: The total employer contribution to the plan is a summary of the contribution to each plan component. For medical, it is an average of the individual and family plans.

COHORT	Employer Size	50-99 Employees
BENCHMARK:	Employer Region	Southeast
	Employer Industry	Utilities

Your Plan Summary

Your plan is rated as Below Market meaning it is a richer plan than 33% of the market when compared to similar employers in the Southeast region with 50-99 employees and in the utilities industry.

Medical

Market Competitive



Employer Contribution
Average Single + Family
\$9,000

Ancillary

Market Laggard



Employer Contribution
\$-

Your plan's grade

Below Market

- The plan's overall rating is Below Market compared to similar employers in the Southeast region with 50-99 employees in the utilities industry, with the medical plan ranking as Market Competitive.

- The individual medical plan offering is in line with the family plan offering compared to the cohort.

- Compared to the market, the employer contribution is rated as Market Competitive, while the plan design competitiveness is rated as Market Competitive leading to the company's position on the 2x2.

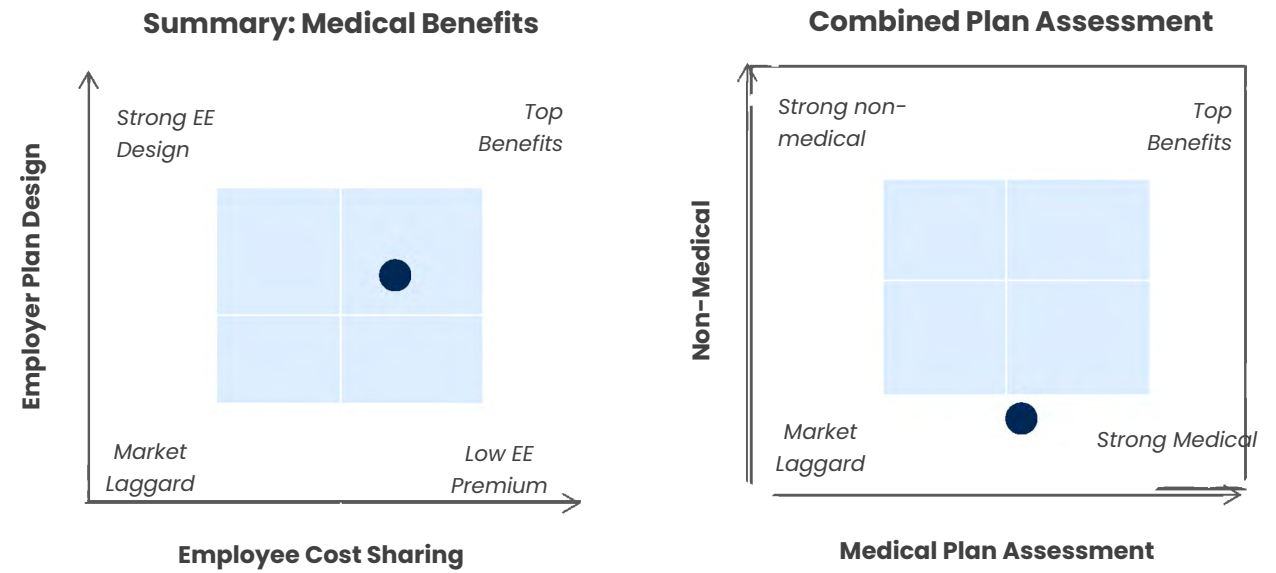
- Evaluating ancillary benefits, voluntary ranks as the highest ranked and is Below Market driving the company's position on the chart to the far right.

COHORT	Employer Size	50-99 Employees
BENCHMARK:	Employer Region	Southeast
	Employer Industry	Utilities

Market Plan Comparison Quadrant

Target zone - benefits that fall in this range are generally market competitive

● Your market position



3. Medical Plan

COMPONENT SUMMARY

Medical Benefits

Plan Ranking:

Market Competitive

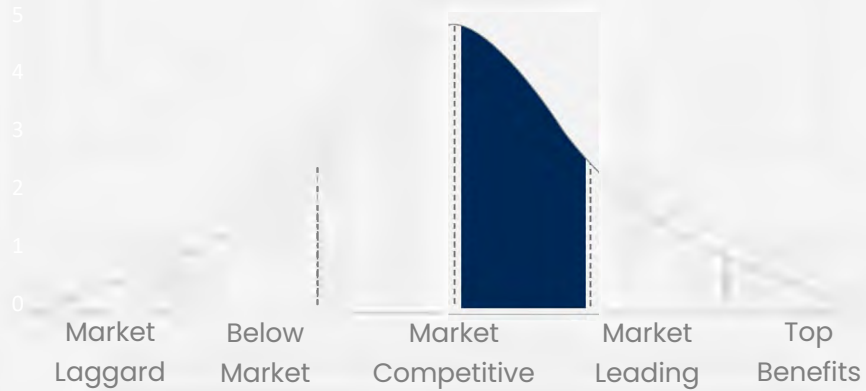
Employer Contribution:

\$9,000

Individual Plan: \$3,500

Family Plan: \$14,500

Market Positioning: Medical Benefits



Your plan is **above 50%** of the plans in your cohort.

Plan ranking: The plan ranking evaluates the employer contribution and plan design value for an employee compared to the custom cohort.

Employer contribution: The total employer contribution to the plan is the average of the contribution to each of the medical plans provided. It is the average of the individual and family score.

COHORT

Employer Size

50-99 Employees

BENCHMARK:

Employer Region

Southeast

Employer Industry

Utilities

Summary Medical Plan Rating

Market Competitive

Avg Employer Contribution

\$9,000

1. '24 KREC PPO

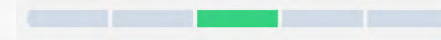
Market Competitive

2. '24 KREC HDHP

Market Competitive

1. Medical Plan: '24 KREC PPO

Plan Rank: Market Competitive



MEDICAL PLAN ASSESSMENT

Plan Design

		Current plan	Cohort	National
Individual				
Employer Contribution	Employer Contribution	81%	82%	81%
	Employee Premium	\$78	\$124	\$140
	Deductible	\$600	\$1,459	\$1,101
Plan Design	Max Out of Pocket	\$7,150	\$4,906	\$4,117
Family (Employee + Dependents)				
Employer Contribution	Employer Contribution	76%	68%	72%
	Employee Premium	\$408	\$640	\$597
	Deductible	\$1,800	\$2,228	\$1,371
Plan Design	Max Out of Pocket	\$14,300	\$9,812	\$8,234

Compared to other PPO plans

Copayments

	Current plan	National
Care Utilization Copay Summary		
PCP Copay	\$30	\$26
Specialist Copay	\$30	\$44
Employee - Office Coinsurance	10%	20%
Emergency Room Copay	\$100	\$259
Prescription Copay Summary		
Tier One - Generics	\$15	\$11
Tier Two - Preferred	\$30	\$36
Tier Three - Non-Preferred	\$60	\$66
Tier Four - Specialty	20%	26%
Tier Five - Other		



* Indicates not applicable

2. Medical Plan: '24 KREC HDHP

Plan Rank: Market Competitive



Plan Design		Current plan	Cohort	National
Individual				
Employer Contribution	Employer Contribution	73%	80%	84%
	Employee Premium	\$93	\$132	\$101
	Deductible	\$1,600	\$3,479	\$2,710
Plan Design	Max Out of Pocket	\$3,500	\$5,530	\$4,833
	HSA	\$-	\$879	\$639
Family (Employee + Dependents)				
Employer Contribution	Employer Contribution	75%	63%	76%
	Employee Premium	\$374	\$697	\$449
	Deductible	\$3,200	\$6,256	\$5,123
Plan Design	Max Out of Pocket	\$7,000	\$11,059	\$9,666
	HSA	\$-	\$1,404	\$1,172

Compared to other HSA plans

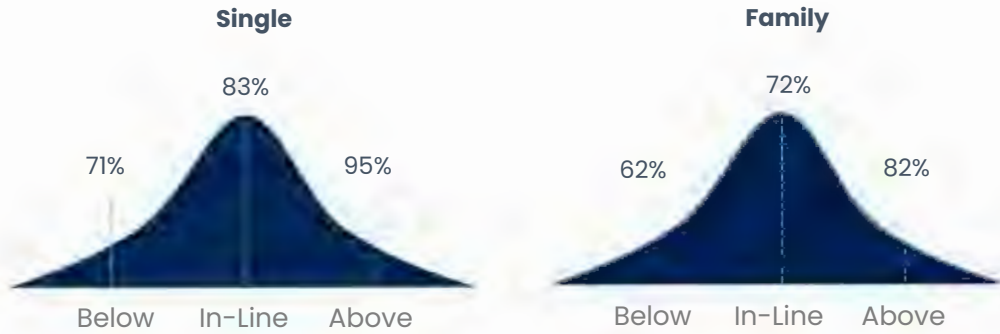
Copayments		Current plan	National
Care Utilization Copay Summary			
	PCP Copay	*	
Healthcare Setting	Specialist Copay	*	
	Employee - Office Coinsurance	*	
	Emergency Room Copay	*	
Prescription Copay Summary			
	Tier One - Generics	*	
Drug Class	Tier Two - Preferred	*	
	Tier Three - Non-Preferred	*	
	Tier Four - Specialty	*	
	Tier Five - Other	*	

* Indicates not applicable

For Reference Only

Medical Plan Design: Cohort Market Data

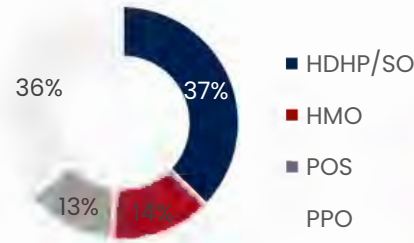
Proportion of Premium Covered by the Employer
All Plan Type Average



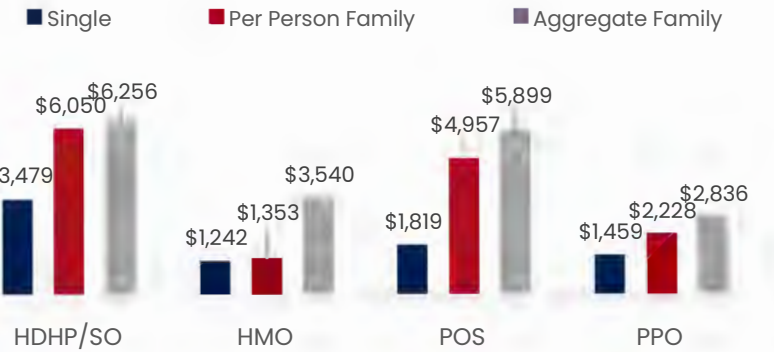
EE Contribution Ranges
All Plan Type Average



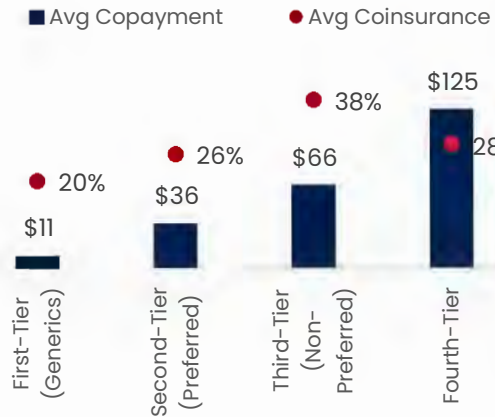
Plan Type Utilization



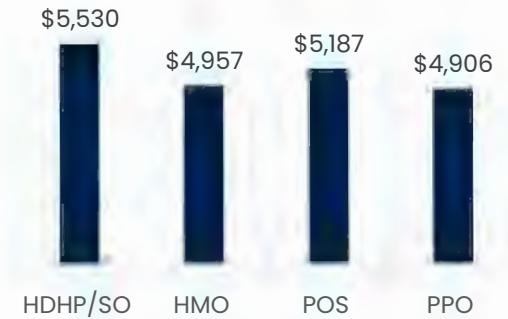
Deductible Ranges by Plan Type



Prescription Tiers Benchmark*
Plans with 3+ Tiers



Max OOP Ranges Individual Plan



*Though only a small percentage difference, HDHP/SO plans are more likely than other plan types to have the same payment regardless of the type of drug and be in a plan with no cost sharing once the plan deductible is met.

Witness: Carrie Bessinger and John Wolfram

**South Kentucky RECC
Case No. 2024-00402
Commission Staff's Second Request for Information**

Request 12: Refer to Wolfram Direct Testimony, page 7, line 20. Explain why South Kentucky RECC is using an OTIER of 1.85 as the basis for its revenue requirement when its previous general rate application, Case No. 2021-00407,¹ South Kentucky RECC requested a TIER of 2.00.

Response 12: Lender requirements for both TIER and OTIER metrics must be met annually. Because South Kentucky RECC has historically received non-operating income such as patronage allocation from East Kentucky Power Cooperative, Inc. (“EKPC”) and other associated organizations and interest income from investments, it requires lower operating margins to meet the TIER requirement leaving the OTIER metric more difficult to meet lender obligations driving the need for increased rates.

¹ Case No. 2021-00407, *Electronic Application of South Kentucky Rural Electric Cooperative Corporation for a General Adjustment of Rates, Approval of Depreciation Study, and Other General Relief* (filed Dec. 14, 2021), Application at 4.

**South Kentucky RECC
Case No. 2024-00402
Commission Staff's Second Request for Information**

Request 13: Refer to Exhibit JW-2 Schedule 1.04. Provide an updated Year-End Customer Normalization adjustment with the month and year entries in chronological order.

Response 13: Please see Attachment PSC 2-13. The revised entries are noted with highlights. The months were reordered chronologically (lines 1-12). The Average was recalculated without rounding (line 13). The End of Period Increase over Average (line 15) was determined as the difference between Average (line 13) and May 2024 (line 12). Also, minor adjustments were made to the current base rate revenues (line 22) pursuant to the response to the Attorney General's First Request for Information, Item 42(e). The effects of this revision and other revisions are compiled into a single revised revenue requirements file (for Exhibit JW-2) electronically uploaded to the Commission's website with the response to the Attorney General's First Request for Information.

At this time South Kentucky is maintaining its request for the proposed rates and overall increase as filed in its Application.

ATTACHMENT PSC 2-13

SOUTH KENTUCKY R.E.C.C.
For the 12 Months Ended May 2024

Year-End Customers

Line #	Year (1)	Month (2)	Rate 1 A (3)	Rate 2 B (4)	Rate 3 LP (5)	Rate 4 OPS (6)	Total (8)
1	2023	Jun	64,841	4,801	474	160	
2	2023	Jul	64,922	4,827	477	160	
3	2023	Aug	65,002	4,844	479	160	
4	2023	Sep	65,067	4,843	478	160	
5	2023	Oct	65,051	4,822	480	160	
6	2023	Nov	65,007	4,818	482	160	
7	2023	Dec	65,097	4,815	481	159	
8	2024	Jan	65,156	4,810	486	157	
9	2024	Feb	65,238	4,802	484	157	
10	2024	Mar	65,337	5,032	341	90	
11	2024	Apr	65,349	5,042	341	89	
12	2024	May	65,479	5,047	345	89	
13	Average		65,129	4,875	446	142	
14							
15	End of Period Increase over Avg		350	172	(101)	(53)	
16							
17	Total kWh		766,561,470	69,966,370	183,071,000	11,928,714	
18	Average kWh		11,770	14,351	410,780	84,153	
19	Year-End kWh Adjustment		4,121,435	2,464,843	(41,351,864)	(4,439,081)	(39,204,666)
20							
21	Revenue Adjustment						
22	Current Base Rate Revenue		\$ 88,922,729	\$ 8,456,580	\$ 15,727,611	\$ 1,362,149	
23	Average Revenue per kWh		\$ 0.11600	\$ 0.12087	\$ 0.08591	\$ 0.11419	
24	Year End Revenue Adj		\$ 478,095	\$ 297,917	\$ (3,552,534)	\$ (506,902)	(3,283,425)
25							
26	Expense Adjustment						
27	Avg Adj Purchase Exp per kWh		0.06384	0.06384	0.06384	0.06384	
28	Year End Expense Adj		\$ 263,101	\$ 157,349	\$ (2,639,793)	\$ (283,379)	(2,502,722)
29							
30							
31			Revenue	Expense			Net Rev
32	Test Year Amount		\$ -	\$ -			\$ -
33							
34	Pro Forma Year Amount		\$ (3,283,425)	\$ (2,502,722)			\$ (780,703)
35							
36	Adjustment		\$ (3,283,425)	\$ (2,502,722)			\$ (780,703)
37							
38							
39	For Expense Adjustment:						
40	Total Purchased Power Expense				Test Period		\$ 109,041,205
41	Less Fuel Adjustment Clause						\$ (11,241,462)
42	Less Environmental Surcharge						\$ (15,508,843)
43	Less Other Rate Mechanisms						\$ -
44	Adjusted Purchased Power Expense						\$ 82,290,900
45	Total Purchased Power kWh						1,289,071,575

This adjustment adjusts the test year expenses and revenues to reflect the number of customers at the end of the test year.

**South Kentucky RECC
Case No. 2024-00402
Commission Staff's Second Request for Information**

Request 14: Refer to Exhibit JW-2 Schedule 1.04. Provide an updated Year-End Customer Normalization adjustment with the month and year entries in chronological order.

Response 14: While preparing a response to this item South Kentucky identified an inadvertent error in the as-filed adjustment. The revised adjustment decreases the as-filed expense adjustment by \$234,788. At this time South Kentucky is maintaining its request for the proposed rates and overall increase as filed in its Application. Please see Attachment PSC 2-14 and the revised revenue requirement filed as an Excel spreadsheet provided separately.

ATTACHMENT PSC 2-14

SOUTH KENTUCKY R.E.C.C.
For the 12 Months Ended May 2024

FEMA Costs and Reimbursements

#	Item	Cost
1	Test Year FEMA storm expenses	\$ 655,473
2	Test Year FEMA storm reimbursements	\$ 1,416,873
3	Adjustment	\$ 761,400

This adjustment removes from expenses any FEMA declared storm costs and reimbursements.

**South Kentucky RECC
Case No. 2024-00402
Commission Staff's Second Request for Information**

Request 15: Refer to Exhibit JW-2, Schedule 1.08. Explain the calculation and purpose of the \$12,380.88 added to the pro forma adjustment of Directors' Expense.

Response 15: The purpose of the additional \$12,381 is to normalize the costs estimated for one Board position that was vacant for nine (9) months of the test year. The amount is calculated as \$1,350 monthly per diem plus average monthly board member travel costs to regular and committee meetings multiplied by 9 months.

**South Kentucky RECC
Case No. 2024-00402
Commission Staff's Second Request for Information**

Request 16: Refer to Exhibit JW-2, Schedules 1.09 and 1.10. Confirm that the normalized wages in 1.09 are the pro forma wages excluding overtime from 1.10. If not confirmed, identify and explain the specific information included in the pro forma wages in Schedule 1.09.

Response 16: Confirmed.

**South Kentucky RECC
Case No. 2024-00402
Commission Staff's Second Request for Information**

Request 17: Refer to Exhibit JW-2, Schedules 1.10 and 1.13. Confirm that the normalized wages in 1.13 are the pro forma wages including overtime from 1.10. If not confirmed, identify and explain the specific information included in the pro forma wages in Schedule 1.13.

Response 17: Confirmed.

**South Kentucky RECC
Case No. 2024-00402
Commission Staff's Second Request for Information**

Request 18: Refer to Exhibit JW-2, Schedules 1.19 and 1.20. Explain how South Kentucky RECC estimated the number of pro forma occurrences for remote service reconnection within 60 days and remote reconnection greater than 60 and less than 365 days.

Response 18: The number of pro forma occurrences for remote service reconnection within 60 days was estimated by taking the total quantity of test year reconnection fees assessed (2,338) multiplied by the estimated percentage of those reconnections which occurred within 60 days of disconnection (80%) then multiplied by the approximate percentage of meters with remote reconnection capability (40%), then rounded to the nearest hundred.

The number of pro forma occurrences for remote service reconnection greater than 60 days and less than 365 days was estimated by taking the total quantity of business hour reconnection fees charged during the test year (2,150) multiplied by an estimated 1%, then rounded to the nearest ten. A low estimation of 1% was used because it is assumed that most members would prefer to forego disconnection of service and continue to pay the monthly fixed cost on their regular bill in lieu of paying the lump sum amount at time of reconnection.

**South Kentucky RECC
Case No. 2024-00402
Commission Staff's Second Request for Information**

Request 19: Refer to South Kentucky RECC's response to Commission Staff's First Request (Staff's First Request), Item 1a.

- a. Confirm that Account 925.01 Linemen Rodeo Expense of \$17,672.18 is included in the test year. If not confirmed, explain when the line item expense occurred and whether it is excluded from the requested revenue requirement increase.
- b. Explain the benefit of a Linemen Rodeo to South Kentucky's customers.
- c. Provide all line items in account 925.01 that make up the \$17,672.18 amount.

Response 19(a): Not confirmed. Please see the March 4, 2025, filing of schedule 1-1a-REVISED showing account 925.01 Linemen Rodeo Expense total of \$16,408.66 for the test year.

Response 19(b): Although the name would suggest differently, the Linemen Rodeo is a training opportunity for the linemen that work for the electric utilities in the state. This is beneficial to South Kentucky's members in the same way any training is beneficial for any workforce.

Response 19(c): Please see the provided chart for the total amount referenced in Response 19(a).

Expense Category	Sum of Amount
LABOR	13,001.97
TRANSPORTATION DISTRIBUTION	1,399.09
DISTRIBUTION OF BENEFIT COST	1,033.11
LINEMAN RODEO EXPENSE-TRAVEL EXPENSE	512.74
DISTRIBUTION OF UNPRODUCTIVE PAYS	307.17
LINEMAN RODEO EXPENSE-MILEAGE REIMBURSEMENT	154.58
Grand Total	16,408.66

**South Kentucky RECC
Case No. 2024-00402
Commission Staff's Second Request for Information**

Request 20: Refer to South Kentucky RECC's response to Staff's First Request, Item 5. Confirm that 2020-2023 Construction Work Plan is the newest Construction Work Plan South Kentucky RECC has. If no, provide the newest Construction Work Plan. If yes, explain why South Kentucky RECC is using a Construction Work Plan that uses load forecasting from 2018.

Response 20: The Most current Construction Work Plan is for the years 2020-2023. A new work plan will be developed in the first half of 2025. The new work plan was delayed one year at the request of South Kentucky's RUS Field Representative because no new system upgrades related to load growth were necessary.

**South Kentucky RECC
Case No. 2024-00402
Commission Staff's Second Request for Information**

Request 21: Refer to South Kentucky RECC's response to Staff's First Request, Item 6. Describe how being short-staffed effects the design process for South Kentucky RECC's delayed projects.

Response 21: The Staking Department was short staffed in 2021, and then hiring/training new staff in 2022. This caused delays in the design work of projects. Due to the lack of available staff for design work, the design and ultimate construction of projects was postponed.

**South Kentucky RECC
Case No. 2024-00402
Commission Staff's Second Request for Information**

Request 22: Refer to South Kentucky RECC's responses to Staff's First Request, Item 15. Provide the same Excel file including the year 2024.

Response 22: Please see the Excel spreadsheet provided separately.

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

**South Kentucky RECC
Case No. 2024-00402
Commission Staff's Second Request for Information**

Request 23: Refer to South Kentucky RECC's response to Staff's First Request, Item 17.

- a. Confirm that South Kentucky has 131 filled positions and six unfilled positions. If not confirmed, provide the current number of filled and unfilled positions with titles.
- b. Provide any documentation or minutes for when the Board approved the total number of employees; and any budget approvals related to employees or specific employee count.

Response 23: At the January 2025, the Board approved the 2025 Budget. The budget included 138 positions. As of the date of this response, South Kentucky has 134 filled positions and 3 unfilled positions. The current unfilled positions are: Member Services/Call Center Representative; District Line Technician; and, Lead Line Technician. Please see Attachment PSC 2-23 for the Board Minutes of a September 2023 meeting discussing staffing needs and January 2025 Board Minutes.

ATTACHMENT PSC 2-23

MINUTES
SEPTEMBER 12, 2023
SPECIAL BOARD MEETING
SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE
CORPORATION

A Special Board Meeting of the Board of Directors of South Kentucky Rural Electric Cooperative Corporation (SKRECC) was held on Tuesday, September 12, 2023, beginning at 4:00 p.m. EDT, in the Boardroom at the Headquarters Office located in Somerset, Kentucky.

- 1) Call to Order – Cathy Epperson, Chairperson, called the meeting to order.
- 2) Invocation – Cathy Epperson gave the invocation.
- 3) Roll Call/Declaration of Quorum - Present at the meeting were Board Directors, Cathy Epperson, Chairperson; Boris Haynes, Secretary/Treasurer; Charles “CV” Hansford, Tommy Nelson, Jr., Greg Redmon, and Brent Tackett. Also present were Kevin Newton, Interim CEO and Chief Operating Officer; Shelley Young, Chief Financial Officer; Doug Hutton, Chief of Corporate Relations; Mark David Goss, Chief Legal Officer; and Joy Turpin, Executive Administrator to the President/CEO and Board of Directors.
- 4) Reading of the Mission Statement – Cathy Epperson
- 5) Adoption of Discussion Agenda – Upon a motion duly made, seconded, and unanimously carried, the Discussion Agenda was adopted as presented.

DISCUSSION AGENDA

- 1) SKRECC Staffing Update and Discussion – Mrs. Epperson cautioned the attendees regarding the confidentiality of topics discussed during all board meetings.
 - A. Mr. Newton distributed documents which he further discussed in relation to vacant positions and job postings. The information he presented was taken from the 2022 KRTA report and focused on ratios related to the average number of consumers/members per employee and the number of full-time employees in comparison to national averages. Mr. Newton shared that we are currently down to 123 employees from 127 at the end of 2022 and that we have lost around 50 employees to retirement during the past five years. He further commented that it should be seen as a benefit to be fully staffed.
 - B. Mr. Goss presented information related to the following vacancies and positions under his leadership.

- Director of Human Resources and Corporate Services – Vacant due to the resignation of Amy Caudill. Teri Lacey, EKPC Human Resources, is assisting in the hiring process and the in-person interviews will begin soon with the top five candidates.
- Chief Technology Officer (CTO) – This position replaces the position left vacant after Joe Langdon’s retirement. Mr. Goss reviewed 68 resumes and the top candidates have been interviewed. A decision has not been made yet but will be accomplished soon. We currently have Ann Fracas serving in the position as a contractor.
- Safety & Loss Control Coordinator – This position has been vacant for several years due to the retirement of Tracy Hopper, and we have a contractor in place who works with Eric Chumbley, our Safety & Loss Control Manager. The contractor works around 30 hours per week and there is a definitive need for a full-time employee. The position is not posted yet; the job description has been prepared, and the coordinator will report to Mr. Chumbley directly. The current contractor’s cost will cover most of the employee cost.

C. Mr. Newton presented information related to the following vacancies and positions under his leadership.

- Mapping/GIS Coordinator – Our new NISC software requires more detail and more steps in the mapping process than our one current employee is capable of keeping up with alone. Things are more time sensitive now and all steps must be completed in order to prevent delays in work orders. The position has been posted for some time and the interview process will start soon. There is money budgeted for a joint-use mapping position and with the retirement of Paul Tucker, we have another vacant position that can be easily shifted over if needed.
- Engineering & Operations Assistant – With Missy Johnson’s recent move to the new position of Compliance Coordinator in order to maintain our employee training and compliance documentation, Jeannie Wood, current Engineering & Ops Assistant, and our former payroll clerk, moved into the role of Benefits Administrator vacated by Mrs. Johnson. Mrs. Wood, having worked in the confidential environment of payroll in the past, was the natural choice to fill the benefits vacancy and interact with the finance group as well as employees and retirees. The E & O Assistant position is the backup for the AMI Coordinator as well as the backup for our work order clerk which are critical roles. This position is not posted yet.
- IT Helpdesk Technician – This is an entry level position designed to handle routine questions, computer set-ups, and iPad and cell phone problems. Melisa Butte, Network Administrator 1, is retiring at the end of 2023, and the organizational structure of the IT department has been changed to cover the

funding for the position. The interview process is completed, and we are ready to make an offer.

- Lineman (3) – Whitley City, Albany, Somerset – We are currently using contractors to supplement crews which are short-handed due to resignations. The contractors are not a long-term solution.

D. Mr. Hutton presented information related to the following vacancies and positions under his leadership.

- MSR Manager – There are currently 28 MSR's who would fall under the supervision of the MSR Manager. The position is posted and there are 36 applicants, four of which are internal. This individual would coordinate training for the MSR's on processes, procedures, and with the new phone system to help mitigate member complaints as well as conduct routine visits to all district offices. He/she would also be available to fill in for MSR's who are out due to sickness and vacation.
- Communication Generalist – This is an entry level position which reports to Morghan Blevins, Communications Administrator, and would focus time on marketing in all forms of social media and the education of our members on what a co-op is. He/she would also take over some of the after hours and weekend social media monitoring and response. There are currently thirty-plus applicants for the job with one of those internal.
- Energy Advisor – This position, which is currently in the budget, has been vacant since the retirement of Chuck Ball a few years ago and reports directly to Alan Coffey, our current Energy Services/Member Engagement Manager. It is not posted. We do receive money back from EKPC for the incentive programs we offer but have not been actively promoting them since we only have one energy services employee to keep up with the appointments.

E. Mrs. Young presented information related to the following vacancy/position under her leadership.

- Warehouseman – The vacant position is created from an internal promotion. It is in the current budget and could be filled by a current warehouse employee by promotion. If it is filled by promotion, an entry level position within the warehouse would then be vacant. There are three warehouse employees in Somerset who also make deliveries of goods to the district offices.

Mrs. Epperson thanked the team for coming in and presenting the information related to staffing and vacancies and commented that the Board found it very helpful. Mr. Goss commented that the positions discussed are urgent and should be addressed as soon as possible. Upon a motion duly made, seconded, and unanimously carried, the Board

agreed to go into executive session at 5:20 pm. The Board exited executive session at 6:11 pm for a dinner break. No formal action was taken during the executive session.

The regular meeting resumed at 6:44 following the dinner break. After a short discussion, directors agreed that the team should move forward with all positions which were presented and discussed.

- 2) Other Business – Mr. Goss distributed copies of the CEO job description draft which was emailed to directors prior to the meeting. Mrs. Epperson suggested directors read through and approve it so that Mr. Goss can move forward with the posting process which was previously discussed during the last special meeting. Mr. Goss read an introduction for the CEO job posting that Morghan Blevins prepared.

Mrs. Epperson requested that “visiting district offices at least quarterly to build employee relationships and trust” be added to the job description. Mrs. Epperson also requested that Mr. Goss add “manages and mentors executive staff”.

Mr. Goss stated that, according to directives given during the last special meeting, he will post the CEO job on the SKRECC website and social media platforms. However, he advised that EKPC will not post our vacancy on their website. The KEC website has a careers link which, when clicked on, shows all available jobs at KEC. There is a drop-down menu which lists cooperatives and leads to another drop down menu for all distribution coops. We can use this menu to direct a visitor to their website on to our SKRECC webpage which would then allow a candidate to view our CEO position posting. Directors agreed that the position should be posted for thirty (30) days, and Mr. Goss stated that he would have the job posted by the end of the week.

Mr. Goss requested directors discuss and set a compensation range for the CEO position. After much discussion, directors agreed to set the salary range at \$250,000 - \$350,000 depending on experience and qualifications.

Mr. Goss requested directors determine what they would like to set as requirements for the applicants/candidates. Mrs. Epperson suggested that Mr. Goss use the questionnaire which was used when Mr. Simmons was hired, revising the questions if necessary.

Directors agreed that a deadline of October 15th should be set for resumes to be sent to Mr. Goss at the co-op mailing address in Somerset. After the deadline, Mrs. Epperson and Mr. Goss will meet to review the resumes and determine which candidates should receive the questionnaire. Mr. Goss will then send the questionnaire to the chosen candidates.

The directors will review the resumes and questionnaires at the October 23rd board meeting to determine who will be interviewed.

Mr. Goss stated that the resumes which are received could be from current CEOs of sister co-ops and their identities must be kept confidential. The directors indicated they understood the importance of this. Mrs. Epperson also stressed to the directors that the review and interview process must be kept completely confidential in all respects.

- 3) Upon a motion duly made, seconded, and unanimously carried, the meeting adjourned at 7:24 pm.

Cathy Epperson
Cathy Epperson, Chairperson of the Board

9-26-23
Date

Boris Haynes
Boris Haynes, Secretary/Treasurer

9/26/23
Date

MINUTES
JANUARY 8, 2025
REGULAR BOARD MEETING
SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE
CORPORATION

The Regular Board Meeting of the Board of Directors of South Kentucky Rural Electric Cooperative Corporation (SKRECC) was held on Thursday, January 8, 2025, beginning at 5:00 p.m., in the Boardroom at the Headquarters Office located in Somerset, Kentucky.

- 1) Call to Order – Cathy Epperson, Chairperson, called the meeting to order.
- 2) Invocation – Cathy Epperson gave the invocation.
- 3) Roll Call/Declaration of Quorum - Present at the meeting were Board Directors, Cathy Epperson, Chairperson; Brent Tackett, Vice Chair; Boris Haynes, Secretary/Treasurer; directors William Allen, Jr., Charles “CV” Hansford, Tommy Nelson, Jr., and Greg Redmon. Also, present were Kevin Newton, President and Chief Executive Officer, Carrie Bessinger, Chief Financial Officer; Joy Turpin, Executive Administrator to the President/CEO and Board of Directors, and Frank Phillips, Board Counsel.
- 4) Reading of the Mission Statement – Cathy Epperson
- 5) Safety Moment – Mrs. Bessinger discussed safety measures to take when dealing with snow and ice.
- 6) Adoption of Consent Agenda – Upon a motion duly made, seconded, and unanimously carried, the consent agenda was adopted as presented.
- 7) Adoption of Discussion Agenda – Upon a motion duly made, seconded, and unanimously carried, the discussion agenda was adopted as presented.

CONSENT AGENDA

- 1) Approval of Regular Board Meeting Minutes of December 12, 2024 – Cathy Epperson.
- 2) Approval of Regular Board Meeting Summary for December 12, 2024 – Cathy Epperson.
- 3) Recurring Monthly Approvals – Cathy Epperson.
 - A. Electric Write-offs for November 2024 in the amount of \$22,526.
 - B. Twenty-seven Capital Credit Refunds for Deceased Estates for December 2024 in the amount of \$8,526.96.
 - C. SKRECC New Members for December 2024: 333.

D. Claims for December 2024.

E. CEO, Attorney, and Directors Expenses for November 2024.

DISCUSSION AGENDA

1) Executive Report – Kevin Newton, CEO

A. CEO's Report – Mr. Newton provided a written report included in the meeting materials which were distributed to the directors prior to the meeting. Mr. Newton provided additional information and answered inquiries related to the following topics.

- Staffing Update – Mr. Newton updated the directors on the following staff changes. Three internal applicants have expressed interest in the Energy Advisor position recently vacated by Jackson Smith. Alan Coffey plans to take the three applicants with him on a ride-along before conducting the interviews. The internal promotion of Melody Raney to Operations Assistant has left a vacant MSR position in the Somerset office. This position will be held open and revisited after the rate case to determine the need basis. Due to the announced retirement of Jerry Whitaker this week, there's a lineman position open in Somerset.
- Rate Case Update – Mr. Newton informed directors that the rate case notice which is required to be given to our members by the PSC will be published in the February Ky Living magazine. The total dollar amount is \$10.7 million which is a 10.84% increase. This will affect all residential, farm, and non-farm service accounts.
- EKPC Wholesale Power Contract Amendment 5 – Mr. Newton informed directors that the agreement to buy all power from EKPC will be extended from 2051 to 2068 upon execution of the amendment. This is a 17-year extension and is seen as typical for generation and transmission co-ops when they seek to add units. Mr. Newton commented that it is in the co-op's best interest to extend the contract, and cautioned that by not executing the amendment, EKPC would have the right to not include us in their power plan once our contract period expires. Mr. Newton stated that the consensus is that all the co-op members will sign the extension.

B. CFO's Report – Mrs. Bessinger and the Finance Team provided a written report included in the meeting materials which were distributed to the directors prior to the meeting. Mrs. Bessinger provided additional information and answered inquiries related to the following topics.

- November Financial Report – Mrs. Bessinger stated that the November margin showed a \$1.4 million loss compared to a budgeted gain of \$331,000. This is quite disappointing and can be attributed to mild weather and the fact that one

of our large power accounts, Hendrickson, was shut down for half the month. Mr. Newton commented that Hendrickson was shut down for an extended period to change out machinery.

Operating revenues are under budget by \$1.6 million for November and \$5.8 million for 2024. They are less than November 2023 by \$3.3 million, which includes unbilled revenue of \$1.9 million.

November kilowatt hours sold total 81.6 million compared to November 2023 with 89.6 million which is a significant reduction. Over \$5 million of this variance was in residential billings compared to \$3 million in large power accounts. Weather played a key role in these shortfalls as evidenced by 20% fewer degree days in November compared to November of 2023. Mrs. Bessinger reported that year-to-date totals for 2024 kilowatt hours sold are ahead of 2023 by just over 38 million.

Year-to-date operating expenses are higher than budgeted by \$700,000 and higher than the prior year by \$2.9 million. The difference in the year-to-date comparison is attributed to contractor right-of-way expenses, increased storm expenses, staff legal counsel, additional engineering and safety positions, routine wage increases, and other overtime.

Mrs. Bessinger commented that November's disappointing numbers brought ratios down and will probably prevent the co-op from ending on a more favorable note in regard to ratios, but she was encouraged that all operating debt service coverage is meeting minimums which is important. Preliminary calculations for unbilled revenue indicate an approximate \$100,000 gain.

- 2025 Expense Budget Update – Mrs. Bessinger informed directors the decreased budget reflects changes of \$394,000. Reductions were made in Legal Union Fees which contributed to \$390,000 of the total decrease. Mrs. Bessinger stated that she inserted the increase for the CEO wage and the increase has been offset by a further reduction in pension costs due to the co-op no longer paying retirement on Mr. Newton since he has reached his 30-year threshold. Mrs. Bessinger stated that the budget cuts helped increase the ratios a few points and commented that staff are dedicated to continuing to do everything possible to cut costs. She also emphasized that the staffing freeze related to the MSR position will further help cut costs in the budget. Directors thanked Mrs. Bessinger for her work on the budget reductions.

Mr. Allen stated that it's encouraging that the 2025 contractor right-of-way bids came in lower than anticipated, which should help. Mr. Nelson suggested the board lead by example in reducing the directors' budget, and Mrs. Turpin responded that when completing the 2025 expense budget for the directors, she made reductions in many of the accounts. Mrs. Epperson suggested discussing it further in executive session.

- C. Chief Membership Officer's Report – Mr. Hutton provided a written report included in the meeting materials which were distributed to the directors prior to the meeting. Directors had no further comments.
 - D. IT Team Report – Mr. Johnson provided a written report which was included in the meeting materials which were distributed to the directors prior to the meeting. Directors were complimentary on the excellent job that Mr. Johnson has done in cutting the IT budget and cleaning up invoices to reduce monthly costs. Mrs. Epperson requested that Mr. Newton pass along their gratitude to Mr. Johnson.
- 2) Attorney's Report – Mr. Phillips provided information, answered inquiries, and handled the following items of business.
- A. Completion of Annual Independence & Conflict of Interest Policy for 2025 – Mr. Phillips went over key points within the document while Mrs. Turpin distributed the forms to the directors for completion. Mr. Phillips stated that he would collect the completed forms at the end of the meeting.
 - B. Annual Review of Director Compensation – Mr. Phillips went over the process to revise the policy pertaining to the director's compensation. Upon a motion duly made, seconded, and unanimously carried, the current Board Policy 103 was adopted as presented with no changes made for 2025.
 - C. 2025 Director Election Process Update – Mr. Phillips reported that he and Mrs. Turpin had discussed the election process extensively in recent weeks. Mr. Phillips stated that in District 1, Mrs. Epperson has submitted her packet for re-election and Rick Barker has turned in a packet hoping to challenge her. Ben Hudson, a District 1 member who picked up a packet, has not turned it in. In District 5, Mr. Nelson turned in his packet, and currently, no other District 5 member has requested a packet. The deadline for candidates to submit packets is Friday, January 10th, and certification by the Credentials and Elections Committee will follow next week. The committee will meet on Thursday, January 16th at 1:30 pm to go over the packets. Mr. Phillips requested that the directors reach out to him with any questions.
- 3) Executive Session – Upon a motion duly made, seconded, and unanimously carried, the directors entered into executive session at 6:12 pm. Mrs. Bessinger and Mrs. Turpin were excused from the meeting. The directors broke during executive session for dinner and returned to executive session immediately following the meal. The executive session ended at 7:55 pm, Mrs. Turpin returned, and the regular meeting resumed.
- Mrs. Epperson requested that the minutes reflect that the directors completed the annual review of the Board Counsel, Mr. Phillips, during the executive session.
- 4) Action Items

- A. Request Approval of 2025 Expense Budget – Upon a motion made, seconded, and unanimously carried, the 2025 Expense Budget was approved as revised and presented.
 - B. Request Approval of Annual Director Compensation Review (Board Policy 103) – Action taken during Attorney’s Report portion of the meeting. See Item 2) under Discussion Agenda.
 - C. Resolution Approval for EKPC Wholesale Power Contract Amendment 5 – Upon a motion made, seconded, and unanimously carried, the resolution was approved as presented.
 - D. Appointment of 2025 NRECA Annual/Regional Meeting Delegate and Alternate Voting Delegate – Upon a motion duly made, seconded, and unanimously carried, Mr. Newton was appointed as meeting delegate and Mr. Haynes was appointed as alternate.
 - E. Appointment of 2025 NRTC Annual Meeting Delegate and Alternate Voting Delegate – No representative will attend the meeting, and therefore, no delegates were appointed.
- 5) KEC Report – Mrs. Epperson reported that KEC met on December 17th, and she attended without Mr. Newton, due to a death in his family. Mrs. Epperson listed the following items discussed during the meeting.
- Marty Littrell announced that he is running for the NRECA board secretary treasurer position.
 - CEO Chris Perry reported that he and EKPC’s Don Mosier are among a group appointed by Governor Beshears to the Ky Nuclear Energy Development Authority to serve terms through September of 2028.
 - The PSC hosted an informal conference on pole attachments on December 13th to discuss pole attachment data and proposed amendments to the Pole Attachment Regulation.
 - The Rural Electric Cooperative Caucus has grown to 98 members since formed in 2023. It is now the largest in Frankfort. The 2025 legislative guide will feature a new section highlighting the caucus and its members.
 - A resource document was circulated to help clarify existing drug/alcohol policy as it pertains to medical marijuana which became legal on January 1st in Kentucky. A video conference with co-op CEOs was also held to recap the new laws in Kentucky.
 - KEC is hosting their annual legislative reception in Frankfort on February 18th. The monthly board meeting will also be held that day in Frankfort.
 - The SURE executive subcommittee will meet following the February KEC board meeting to discuss their name change to “Kentucky Electric Cooperatives PAC.”
 - The CFC Statewide Workshop will be held January 21st and 22nd in Lexington, and Mrs. Epperson, Mr. Haynes, and Mr. Newton are attending.
 - NRECA’s PowerXchange will be held March 9th through 12th in Atlanta.

- The Finance Committee reported that \$10,000 was donated to each of the Appalachian areas of Tennessee and North Carolina to support hurricane Helene recovery efforts. In addition to mutual aid provided by Kentucky co-ops, 12,000 bottles of water were sent to French Broad Electric Membership Corporation in North Carolina.
 - The Legislative Committee reported that the 2025 legislative session will convene January 7th through 10th for organizational session and convene February 4th for regular session, adjourning March 30th.
 - The Safety Committee reported that the statewide safety manual is complete and will be circulated for use to the co-ops. Mr. Newton commented that our safety team along with the employee safety committee will be editing it to fit our needs before it is adopted.
 - The Governance Committee reported that committee rotations will be discussed at the January meeting and committees will be assigned/confirmed at the February 18th board meeting.
 - The Member Outreach Committee is reviewing a possible new board policy regarding the Youth Tour which will affect co-ops' financial support based on participation.
 - In new business, Tony Campbell donated on behalf of the EKPC board of directors to the Ky Rural Electric Disaster Fund.
- 6) East Kentucky Power Report – Mr. Haynes reported that the EKPC Board of Directors did not meet during the month of January but will be attending CFC's Statewide Workshop in Lexington January 21st and 22nd.
- 7) Other Business – Mr. Nelson stated that a member has asked him if we conduct a pole audit for pole attachments. Mr. Newton reported that we have had audits in the past and are due for one anytime. There is some expense involved, and Mr. Newton suggested that a full audit, which will take over a year to complete, may be done in 2026.
- Mr. Nelson questioned what the co-op's bidding process is for fuel. Mr. Newton stated that the Transportation Manager is currently calling distributors and checking fuel prices for diesel in the district offices and gas and diesel in Somerset every six months. He added that the main concern with fuel suppliers is whether they can supply fuel to our district offices during a major weather event such as an ice storm. After some discussion, Mr. Newton stated that he would meet with the Transportation Manager and set up a uniform process to secure bids every six months.
- 8) Board of Directors' Discussion Items – None
- 9) Future Agenda Items
- A. 2025 SKRECC Annual Business Meeting Date & Format Approval – February
- 10) Meeting Adjournment – Upon a motion duly made, seconded, and unanimously carried, the meeting was adjourned at 8:19 p.m.

Cathy Epperson
Cathy Epperson, Chairperson of the Board

2/13/25
Date

Boris Haynes
Boris Haynes, Secretary/Treasurer

2/13/25
Date

**South Kentucky RECC
Case No. 2024-00402
Commission Staff's Second Request for Information**

Request 24: Provide the cost justification for each nonrecurring charge currently listed in South Kentucky RECC's tariff.

Response 24:

Meter Test – Application, Exhibit 10, Direct Testimony of John Wolfram, Exhibit JW-2, Schedule 1.17 shows a calculation of average costs to retrieve and test the meter including 2 hours for a line technician with a service truck to pick up the meter and bring it back to the meter shop. Then an average of 8 minutes per meter for a meter service technician to test the meter. A total of 14 meter tests per year were used in the calculations based on the number of meter tests performed during the test year.

Trip Charge – Application, Exhibit 10, Direct Testimony of John Wolfram, Exhibit JW-2, Schedule 1.18 shows a calculation of average costs for a trip to a location both during regular business hours and after hours. Included in the calculation for regular business hours is an average of 2 labor hours for a service technician with a small bucket truck. Included in the calculation for after-hours is an average of 4 labor hours for two service technicians with two small bucket trucks. Two service technicians are required on all after-hour trips for the safety of employees. Two trucks are used to reduce travel time to and from the office. The total number of trips expected during regular business hours is 1,475 based on approximately 70% of the test year number of trips because we expect a shift to remote reconnection for approximately 30% of those situations that

would have previously required a trip. The number of after-hours trips used were the number taken during the test year assuming no change.

Remote Reconnection less than 60 days – Application, Exhibit 10, Direct Testimony of John Wolfram, Exhibit JW-2, Schedule 1.19 shows a calculation of the average cost including 30 minutes for a system operator or member service representative to reconnect the service from the office. This capability requires the location to have a remote meter or a disconnect collar already installed. The calculation assumes approximately 30% of the test year trip charges (700) could be remotely reconnected based on the number of installed meters having the technical capability.

Remote Reconnection 61-365 days – Application, Exhibit 10, Direct Testimony of John Wolfram, Exhibit JW-2, Schedule 1.20 shows that annually an estimated 20 meters with installed remote reconnection capability would choose to cover their fixed costs of \$30.91 per month (as determined by the cost of service study) via a one-time reconnection fee in lieu of maintaining their monthly service. The fee amount is determined using the cost-of-service study actual fixed cost of \$30.91 per month multiplied by 10 months of service then rounded down for ease of administration.

Returned Check Charge – Application, Exhibit 10, Direct Testimony of John Wolfram, Exhibit JW-2, Schedule 1.21 shows a calculation of the average cost to process a returned payment item. This cost calculation includes 60% of the annual labor hours for one member service representative, bank fees of \$6 per item returned and postage and mailing supplies of \$1 per item returned.