

**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
CORPORATIONFOR A GENERAL)	
ADJUSTMENT OF RATES)	

SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE
CORPORATION'S VERIFIED RESPONSE TO
THE ATTORNEY GENERAL'S SECOND REQUESTS FOR INFORMATION
ENTERED APRIL 25, 2025

Comes now South Kentucky Rural Electric Cooperative Corporation (South Kentucky),
by counsel, and does hereby tender its Verified Response to the Attorney General's Second
Request for Information entered April 25, 2025.

Filed: May 7, 2025

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

Electronic Application of South Kentucky)
Rural Electric Cooperative Corporation for)
a General Adjustment of Rates and Other)
General Relief

Case No. 2024-00402

VERIFICATION OF CARRIE BESSINGER

COMMONWEALTH OF KENTUCKY)
COUNTY OF PULASKI)

Carrie Bessinger, Chief Financial Officer of South Kentucky Rural Electric Cooperative Corporation, being duly sworn, states that she has supervised the preparation of certain responses to the Attorney General'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 6th day of May, 2025, by Carrie Bessinger.


Commission expiration: Aug 31, 2025



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

Request 1: Refer to the Company's response to Staff 2-5 concerning the omission of paid time off payout amounts from the "Other" category of \$120,926 for salaries employees and \$388,788 for hourly employees. Indicate whether these amounts were "inadvertently omitted" from the actual test year "Other" amounts in column 10 or some other column. If "inadvertently omitted" from another column other than column 10, indicate which column should have contained these amounts.

Response 1: The amount was inadvertently omitted from Column 10.

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Request 2: Refer to the Company's response to Staff 2-5 concerning the omission of paid time off payout amounts from the "Other" category of \$120,926 for salaries employees and \$388,788 for hourly employees. Provide the dates when the paid time off payout amounts were made and when they were recorded on the books of SKRECC.

Response 2: The amounts from the response to Commission Staff's Second Request for Information, Item 5(a) are \$120,926 and \$388,778. The table below shows a list of the amounts by payment date. Paid time off is accrued each paycheck into general ledger account 242.40. When the time is paid out the accrual is reduced on the payment date.

Pay Date ▾	Sum of Amount
6/9/2023	\$ 332,062
6/23/2023	\$ 1,027
7/7/2023	\$ 12,117
8/18/2023	\$ 10,244
9/1/2023	\$ 6,473
9/29/2023	\$ 9,096
10/13/2023	\$ 70,137
10/27/2023	\$ 7,031
11/22/2023	\$ 1,856
12/8/2023	\$ 4,378
1/19/2024	\$ 639
2/2/2024	\$ 17,594
3/1/2024	\$ 9,421
3/15/2024	\$ 11,900
5/10/2024	\$ 3,989
5/24/2024	\$ 11,738
Grand Total	\$ 509,704

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Request 3: Refer to the response to AG 1-47 in regards to the non-taxable wages that were factored into the actual test year payroll tax costs but not in the proforma payroll tax adjustment in Reference Schedule 1.13. Besides the non-taxable wages based on government limitations and factored into the calculations in Reference Schedule 1.13, describe all the other kinds of non-taxable wages experienced by the Company that would impact this calculation, such as deferred 401(k) costs or employee health coverage options.

Response 3: Pre-tax deductions include 401k contributions, medical insurance premiums, dental insurance premiums, vision insurance premiums, Aflac premiums, and health savings account contributions. The taxable portion would be increased by the benefit of life insurance higher than \$50,000.

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Request 4: Refer the Attachment response to AG 1-53(b), which includes the general ledger activity associated with account 593.50, Maintenance of Overhead Lines – R/W, for the months June 2023 through February 2025.

- a. Provide a description of each department and activity code used to record costs in this account during these months.
- b. Provide the expense totals by department that were recorded to account 593.50 during the test year.
- c. Provide the expense totals by activity code that were recorded to account 593.50 during the test year.
- d. Indicate whether activity code 6100 is the activity code for all contractor tree trimming invoices in account 593.50. If there are other activity codes for such invoices, please describe.

Response 4(a):

Below is a list of the departments:

1600 - ACCOUNTING
1605 - HUMAN RESOURCES
1607 - WAREHOUSE
1700 - COO
1711 - MCCREARY DISTRICT OFFICE (WHITLEY)
1712 - CLINTON DISTRICT OFFICE (ALBANY)
1713 - WAYNE DISTRICT OFFICE (MONTICELLO)
1714 - RUSSELL DISTRICT OFFICE
1800 - METER SHOP
1801 - SOMERSET MAINTENANCE

1802 - SOMERSET CONSTRUCTION
1803 - RIGHT OF WAY
1805 - ENGINEERING
1806 - GARAGE
1807 - SAFETY
1902 – CFO

Below is a list of activity codes:

1000 - OPER & MAINT-OH LINES
1100 - OPER & MAINT-TOOLS & WORK EQUIP
1115 - TOOLS & EQUIPMENT
1116 - OPERATING SUPPLIES
1118 - TESTING WORK EQUIPMENT
2015 - NONINVENTORY MATERIAL
2031 - FUEL EXPENSE
2040 - STORES EXPENSE ALLOCATION
2130 - TAX- SALES & USE TAX
6100 - CONTRACTOR-RIGHT OF WAY-HOURLY
6101 - CONTRACTOR-RIGHT OF WAY-CIRCUIT
6220 - CONTRACTOR - STAKING
6300 - CONSULTING ENGINEER
7020 - EQUIPMENT RENTAL/LEASE
7030 - FORMS/PRINTING
7090 - OFFICE SUPPLIES AND MISC
7110 - POSTAGE/SHIPPING
7120 - COPIER EXPENSES
7150 - FEES/LICENSES/SVS CHGS
7160 - SOFTWARE EXP
7165 - PROFESSIONAL ASSISTANCE
7180 - EQUIPMENT/SOFTWARE MAINTENANCE
7190 - PAPER/FORMS/PRINTING
7235 - RUBBER COVERUP GOODS
7350 - UTILITY-ELECTRIC/GAS/WATER/SEWAGE
7355 - UTIL-TELEPHONE/CELL/INTERNET/TV CABLE
8100 - TRANSPORTATION
8515 - ACCRUE PROPERTY TAXES
8623 - TRANSFER ACCOUNT BALANCE
8645 - EXPENSE CYBERLIABILITY INSURANCE
9000 - LABOR
9100 - PTO
9200 - EMPLOYEE BENEFITS
9300 - PAYROLL TAXES
9610 - EMPLOYEE TRAVEL/MTG/MEAL EXP
9625 - EMPLOYEE CASUAL CLOTHING
9630 - EMPLOYEE MISC EXPENSE
9640 - EMPLOYEE BOOTS/UNIFORMS

9650 - EMPLOYEE-FIRST AID & SAFETY
9920 - PAYROLL FRINGE BENEFITS – ALLOCATION

Response 4(b):

Department	Sum of Amount
1600 - ACCOUNTING	\$5,236
1605 - HUMAN RESOURCES	\$576
1607 - WAREHOUSE	\$119
1700 - COO	\$5,898
1711 - MOOREARY DISTRICT OFFICE (WHITLEY)	\$8,265
1712 - CLINTON DISTRICT OFFICE (ALBANY)	\$1,208
1713 - WAYNE DISTRICT OFFICE (MONTICELLO)	\$57
1714 - RUSSELL DISTRICT OFFICE	\$851
1801 - SOMERSET MAINTENANCE	\$4,672
1802 - SOMERSET CONSTRUCTION	\$8,757
1803 - RIGHT OF WAY	\$11,542,835
1805 - ENGINEERING	\$178
1806 - GARAGE	\$2,866
1807 - SAFETY	\$23,075
Grand Total	\$11,604,593

Response 4(c):

Activity Code	Sum of Amount
1000 - OPER & MAINT-OH LINES	\$100
1100 - OPER & MAINT-TOOLS & WORK EQUIP	\$2,094
1115 - TOOLS & EQUIPMENT	\$5,090
1116 - OPERATING SUPPLIES	\$2,431
1118 - TESTING WORK EQUIPMENT	\$1,886
2015 - NONINVENTORY MATERIAL	\$14,809
2031 - FUEL EXPENSE	\$69
2130 - TAX- SALES & USE TAX	\$31
6100 - CONTRACTOR-RIGHT OF WAY-HOURLY	\$10,942,441
6220 - CONTRACTOR - STAKING	\$29
6300 - CONSULTING ENGINEER	\$5,901
7020 - EQUIPMENT RENTAL/LEASE	\$2
7030 - FORMS/PRINTING	\$94
7090 - OFFICE SUPPLIES AND MISC	\$1
7110 - POSTAGE/SHIPPING	\$0
7120 - COPIER EXPENSES	\$1
7150 - FEES/LICENSES/SVS CHGS	\$60
7160 - SOFTWARE EXP	\$26
7165 - PROFESSIONAL ASSISTANCE	\$7
7180 - EQUIPMENT/SOFTWARE MAINTENANCE	\$19
7190 - PAPER/FORMS/PRINTING	\$6
7235 - RUBBER COVERUP GOODS	\$4,062
7350 - UTILITY-ELECTRIC/GAS/WATER/SEWAGE	\$0
7355 - UTIL-TELEPHONE/CELL/INTERNET/TV CABLE	\$4,391
8100 - TRANSPORTATION	\$118,907
8515 - ACCRUE PROPERTY TAXES	\$6
8645 - EXPENSE CYBERLIABILITY INSURANCE	\$1
9000 - LABOR	\$254,745
9100 - PTO	\$32,190
9200 - EMPLOYEE BENEFITS	\$161,687
9300 - PAYROLL TAXES	\$20,863
9610 - EMPLOYEE TRAVEL/MTG/MEAL EXP	\$6,482
9625 - EMPLOYEE CASUAL CLOTHING	\$401
9630 - EMPLOYEE MISC EXPENSE	\$431
9640 - EMPLOYEE BOOTS/UNIFORMS	\$7,562
9650 - EMPLOYEE-FIRST AID & SAFETY	\$6,413
9920 - PAYROLL FRINGE BENEFITS- ALLOCATION	\$11,356
Grand Total	\$11,604,593

Response 4(d): Prior to October 2024, activity code 6100 was used for both circuit and hourly contractor right-of-way expenses. Since October 1, 2024, activity code 6100 is used for contractor invoices for hourly right-of-way clearing expenses and activity 6101 is used for contractor invoices for contract circuit right-of-way clearing expenses.

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Request 5: Refer to the annual totals of expense recorded in account 593.50, Maintenance of Overhead Lines – R/W, provided in the Attachment responses to AG 1-53 (a), (b),(d),(g) and (h). Certain annual data from those attachment responses are provided below as an example of some of the costs portrayed for each of the years.

Year	Total ROW Maintenance in Account 593.50	Circuit Mile Contractor Trimming ROW Maintenance in Account 593.50	All Other ROW Maintenance in Account 593.50
2021	3,832,900	3,166,838	666,062
2022	3,739,771	2,970,780	768,991
2023	8,260,070	6,043,354	2,216,716
2024	9,554,931	7,304,060	2,250,871
Test Year	11,604,593	9,235,766	2,368,827

a. Confirm whether the circuit mile trimming costs in the middle data column above and contained in Attachment response to AG 1-53(g) represents just the outside contractor expenses associated with the circuit mile trimming. If not confirmed, explain.

b. Provide a description of each of the other kinds of ROW maintenance expenses recorded in account 593.50 other than the expenses for contractor circuit mile trimming expense. These costs are summed in the third data column in the table above.

c. Describe all known reasons why the other kinds (non-circuit mile contractor trimming) of ROW maintenance expenses recorded in account 593.50 increased substantially from 2022 to 2023, and then remained fairly consistent throughout the remainder of the period portrayed in the table above.

Response 5(a): Confirmed.

Response 5(b): Please see Excel spreadsheet provided separately.

Response 5(c): The increase from 2022 to 2023 is because of the difference in how the contractor costs are now categorized between circuit trimming and hourly work. The hourly work costs are included in the circuit work costs for 2021 and 2022.

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

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Request 6: Refer to the monthly totals of expense recorded in account 593.50, Maintenance of Overhead Lines – R/W, provided in the Attachment response to AG 1-53 (d) for each of the months in 2023 and 2024. Provide the monthly totals of trimming costs only for each of the months in 2023 and 2024 that were recorded in account 593.50, Maintenance of Overhead Lines – R/W (as depicted in the Attachment response to AG 1-53 (g)).

Response 6:

Trimming Costs by Month	Sum of Amount
2023	\$6,043,354
Jan	\$165,221
Feb	\$237,259
Mar	\$143,143
Apr	\$413,386
May	\$137,939
Jun	\$735,913
Jul	\$194,221
Aug	\$1,251,386
Sep	\$78,630
Oct	\$319,866
Nov	\$1,146,842
Dec	\$1,219,548
2024	\$7,304,060
Jan	\$123,095
Feb	\$116,742
Mar	\$1,059,426
Apr	\$1,957,403
May	\$1,032,693
Jun	\$351,471
Jul	\$103,239
Aug	\$670,637
Sep	\$11,000
Oct	\$1,272,819
Nov	\$357,939
Dec	\$247,594
Grand Total	\$13,347,414

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Request 7: Refer to the response to AG 1-53(j), which indicates that the 2025 budget includes circuit trimming for 901.50 miles. Refer also to the Confidential attachment to AG 1-53(k),

[REDACTED]

[REDACTED] Explain all reasons for this apparent discrepancy in the number of circuit trimming miles anticipated in 2025.

Response 7: There were five (5) circuits for a total of 107.4 miles from 2024 that were held and rolled to 2025 to reduce the total 2024 net loss. The 2024 bid costs were honored for 2025 completion of those circuits.

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Request 8: Refer to the Excel attachment response to AG 1-42(b), which shows the kWh and revenues associated with the 212 customer accounts that switched from both Rate 3 (LP) and Rate 4(OPS) to Rate 2 (B).

a. Provide the same type of data by month during the test year that shows the customer accounts that switched from Rate 3 (LP) to Rate 2 (B). Just like with the response to AG 1-42(b), provide in electronic format with all formulas intact.

b. Provide the same type of data by month during the test year that shows the customer accounts that switched from both Rate 4 (OPS) to Rate 2 (B). Just like with the response to AG 1-42(b), provide in electronic format with all formulas intact.

Response 8(a)-(b): There were no Rate 3 (Public Buildings) reclassifications to Rate 2 (B) during March 2024. The response to the Attorney General's First Request, Item 42(b) includes all Rate 4 (LP) and Rate 5 (OPS) accounts that were reclassified to Rate 2 (B) during March 2024. The Rate 4 (LP) accounts are numbered 1 through 147 and the Rate 5 (OPS) accounts are numbered 148 through 212 in the Excel spreadsheet provided for the response to Attorney General's First Request, Item 42(b).

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Request 9: Refer to the Excel attachment revision to Reference Schedule 1.16 supplied with the responses to the AG's first set of requests on April 11, 2024, which shows revisions to the actual test year and projected test year amounts associated with various retiree health insurance benefits. Explain what factors prompted the revisions and why they were deemed to be appropriate.

Response 9: When completing the reconciliation for the response to Attorney General's First Request, Item 61(a) it was discovered Schedule 1.16 was inadvertently misstated for the retiree benefits. The revised schedule provided on April 11, 2024, corrects the discrepancies.

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Request 10: Refer to the Excel attachment revision to Reference Schedule 1.10 supplied with the responses to the AG's first set of requests on April 11, 2024, which shows revisions to the proforma salaries and wages amount. Explain what factors prompted the revisions and why they were deemed to be appropriate.

Response 10: When completing the response for Attorney General's First Request, Item 48, it was discovered that an incorrect wage rate was inadvertently used for employee ID S08. When completing the response for Attorney General's First Request, Item 60 it was discovered that three (3) former salaried employees were inadvertently listed as hourly and one hourly employee was inadvertently not marked as "no longer employed". The corrections were made, and the revised schedule was submitted to provide the most accurate and concise information available.

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Request 11: Refer to the Excel attachment revision to Reference Schedule 1.09 on the overall revenue requirement file supplied with the responses to the AG's first set of requests on April 11, 2024, which shows revisions to the proforma retirement plan and 401(k) amounts. Explain what factors prompted the revisions and why they were deemed to be appropriate.

Response 11: When completing the response to Attorney General's First Request AG1-Request, Item 60, it was discovered that the sum formula in row 184, column M was incorrect because it excluded row 183, column M. The schedule was revised to correct the formula to include all necessary rows and to update with the changes made to Schedule 1.10.

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Request 12: Refer to the Excel attachment revision to Reference Schedule 1.05 supplied with the responses to the AG's first set of requests on April 11, 2024, which shows revisions to the proforma depreciation expense amount. Explain what factors prompted each of the revisions and why they were deemed to be appropriate.

Response 12: When completing the response to Attorney General's First Request, Item 69, it was discovered some fully depreciated items were inadvertently omitted from the original schedule. The schedule was revised to correct the omission and provide accurate information.

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Request 13: Refer to the response to AG 1-83 that references a software conversion that took place in the 2023 timeframe. A major software conversion is also mentioned in the Direct Testimony of Carrie Bessinger at 5. Describe the software conversion that took place.

Response 13: Beginning in the fall of 2022, with final completion in March 2023, the main database software used by all departments was converted from the Southeastern Data Cooperative (“SEDC”) product to the National Information Solutions Cooperative (“NISC”) suite of products for utilities.

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Request 14: Refer to the Excel attachment revision to Reference Schedule 1.09 on the overall revenue requirement file supplied with the responses to the AG's first set of requests on April 11, 2024, which shows revisions to the proforma retirement plan and 401(k) amounts. Refer also to the response to AG 1-59(l), which explains that "The proforma adjustment assumes for those employees that are not eligible for the RS Pension Plan, they will contribute 2% to the 401k plan to receive the cooperative's matching contribution." For the five employees that the 2% 401(k) matching calculation was used in the revised Reference Schedule 1.09 calculation, indicate for each why they were not eligible for the RS Pension Plan.

Response 14: All five of the employees included at the 2% 401k match are no longer eligible for additional contributions to the RS Pension Plan because they have already reached the 30-year maximum for contributions into the plan.