

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

In the Matter of:

ELECTRONIC APPLICATION FOR AN	)	
ALTERNATIVE ADJUSTMENT OF RATES	)	CASE NO.
FOR MEADE COUNTY RURAL ELECTRIC	)	2025-00159
COOPERATIVE CORPORATION PURSUANT	)	
TO 807 KAR 5:078	)	

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MEADE COUNTY RURAL ELECTRIC COOPERATIVE  
CORPORATION'S VERIFIED RESPONSE TO  
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION  
ENTERED AUGUST 12, 2025

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Comes now Meade County Rural Electric Cooperative Corporation (Meade County RECC), by counsel, and does hereby tender its Verified Response to Commission Staff's First Request for Information entered August 12, 2025.

Dated August 29, 2025

In the Matter of:

ELECTRONIC APPLICATION FOR AN )  
ALTERNATIVE ADJUSTMENT OF RATES ) CASE NO.  
FOR MEADE COUNTY RURAL ELECTRIC ) 2025-00159  
COOPERATIVE CORPORATION PURSUANT )  
TO 807 KAR 5:078 )

COMMONWEALTH OF KENTUCKY )  
 )  
COUNTY OF MEADE )

Martin Littrel

Jina Whitman  
Commission expiration: 4-12-26

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

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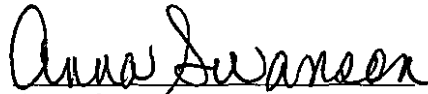
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**VERIFICATION OF ANNA SWANSON**

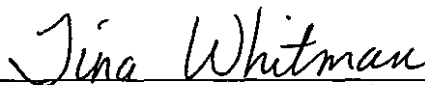
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COMMONWEALTH OF KENTUCKY    )  
  )  
COUNTY OF MEADE                    )

Anna Swanson, Chief Financial Officer of Meade County RECC, being duly sworn, states that she has supervised the preparation of her response to the Commission Staff's First Request for Information and the Attorney General's First Request 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.

  
Anna Swanson

The foregoing Verification was signed, acknowledged and sworn to before me this 27<sup>th</sup> day of August 2025, by Anna Swanson.

  
Commission expiration: 4-12-26



**Meade County Rural Electric Cooperative Corporation**  
**Case No. 2025-00159**  
**Commission Staff's First Request for Information**

**Request 1:** Refer to the Direct Testimony of John Wolfram, (Wolfram Direct Testimony), Exhibit JW-3 at 2 and Exhibit JW-9 at 1. The cost of service study (COSS) supports an increase of the residential energy charge; yet Meade County RECC did not choose to make an adjustment to that charge. Explain the reasoning for Meade County RECC's decision to only increase the residential customer charge.

**Response 1:** Meade County RECC elected to increase the residential customer charge because the current customer charge is only 60% of what the cost-based customer charge is (\$20.87/\$35.06), while the current energy charge is 92% of what the cost-based energy charge is (\$0.09767/\$0.10563). This shows the customer charge is much more in need of a correction than the energy charge. For the proposed rates, the customer charge will still only be 74% of the cost-based rate (\$25.85/\$36.05) while the energy charge will remain 92% of the cost-based rate. Further changes are limited by the fact this Application was filed based on the streamlined regulations and the 1.85 OTIER limit had been met.

**Meade County Rural Electric Cooperative Corporation**  
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**Request 2:** Refer to the Wolfram Direct Testimony, Exhibit JW-3 at 2 and Exhibit JW-9 at 1. The COSS references a customer charge of \$35.06; yet Meade County RECC proposed a customer charge of \$25.85. Recognizing Meade County RECC did not propose a rate adjustment to its residential energy charge, explain the reasoning for Meade County RECC's decision not to propose a larger increase in its residential customer charge.

**Response 2:** The proposed customer charge of \$25.85 achieves an overall OTIER of 1.85 which is the applicable limit under the regulation.

**Meade County Rural Electric Cooperative Corporation**  
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**Request 3:** Provide Meade County RECC's actual number of miles of right-of-way maintenance completed, cost per mile, total actual cost expended, the budgeted number of miles, and the budgeted expense, separately for each calendar year 2020, 2021, 2022, 2023, and 2024. Provide the expected cost of right-of-way maintenance in 2025. As part of the response, please include an explanation of any variance between the actual amounts and the budgeted amounts in any given year.

**Response 3:** Please see the Excel spreadsheet provided separately for the costs of right-of-way ("ROW") maintenance.

Approximately 153 miles budgeted in 2022 had to be completed in 2023 due to weather. In 2023, the contractor was able to complete the budgeted miles which included the 153 miles from 2022. In 2024, the contractor completed the budgeted amount of miles plus the carry forward from the previous year. Over the 5 year cycle, all budgeted miles were trimmed even if the years are not aligned.

Herbicide spraying was similar to trimming. There were approximately 213 miles budgeted in 2021 that were completed in 2022, and approximately 260 miles budgeted in 2023 that were completed in 2024. Over the 5 year cycle, all budgeted miles were trimmed even if the years are not aligned.

Other ROW expenses relate to areas not in the current yearly cycle, but are causing reliability issues or damaged from storms. The actual number of miles trimmed varies yearly due to the amount of service orders and storms received.

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



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**Request 4:** Refer to Exhibit 13. Explain the 37 percent increase in President/CEO salary from 2022 to 2023. Include any quantitative or qualitative evaluations to support the response.

**Response 4:** Please see confidential Attachment PSC 1-4. The labor market for executive management requires competitive compensation packages to recruit and retain talent. Kentucky electric distribution cooperative executive management employees are consistently being recruited at regional and national levels. To avoid creating expensive turnover in critical executive roles, maintain employee morale, and allow for organizational stability, Meade County RECC's Board of Directors determined it was best to offer a competitive executive compensation structure that will eventually align, or surpass, industry averages based upon performance.

Meade County RECC benchmarks the CEO's compensation package along with all other employees at Meade County RECC. In 2021, the National Rural Electric Cooperative Association ("NRECA") Wage and Salary survey indicated the Meade County's CEO salary was 44% below the national average and 8.9% below the Kentucky average of annual salaries of electric cooperative CEOs of similar size. Since Meade County RECC has experienced significant industrial growth during that time span and its CEO is a tenured cooperative leader in the state there was added pressure to retain the CEO. Based on the desire to retain the CEO and the large growth, the Board of Directors at Meade County RECC increased the CEO's compensation structure to match the statewide electric distribution CEO annual salary average, even though the annual salary remained well below the national average.

Additionally, in December of 2022, Meade County RECC's CEO was recruited for a different electric distribution cooperative. The Board wanted to retain the current CEO, so in 2023 the Board increased the annual compensation to match the competitive offer from the opposing electric distribution utility. The decision to increase the salary allowed Meade

County RECC to retain an experienced manager who has successfully managed an electric cooperative, had an understanding of Kentucky's regulatory environment, and avoided any business instability at the cooperative from a departing executive staff. In the current competitive executive job market, the Cooperative believes in retaining strong leadership and compensating executives appropriately based on performance and external salary comparisons.

ATTACHMENT  
FILED UNDER SEAL  
PURSUANT TO A  
MOTION FOR  
CONFIDENTIAL  
TREATMENT

**Meade County Rural Electric Cooperative Corporation**  
**Case No. 2025-00159**  
**Commission Staff's First Request for Information**

**Request 5:** Refer to Reference Schedule 1.13.

- a. Explain the regular hours not paid column and why it is not included in the calculation of the test year wages total amount but is included in the pro forma wages total amount.
- b. Explain why Meade County RECC is requesting a \$402,394 increase to wages and salaries but no changes in payroll tax expense.
- c. Explain the circumstances under which an employee may receive double-time hours.
- d. Provide an explanation for each employee wage rate increase above 10 percent from the test year.

**Response 5(a):** The “regular hours not paid” column is not used to calculate any wage and salary total for the test year. The column was used to show if an employee did not have 2080 hours. The hours in that column were paid at overtime rate because it was during a major prolonged storm outage or employees were out on storm outage work with another cooperative. Therefore, an employee could have less than 2080 regular hours for the year. The other employees with hours in that column showing higher amount of hours are coded with a letter (A, B, C, D, etc...) and the key explains that those employees did not have 2080 regular hours for various reasons (when hired during the year or unpaid leave). The hours listed in the “regular hours not paid” column are included in the regular hours amount of the pro forma adjustment because 2080 hours are the normal amount of hours that employees work during a year under normal circumstances.

**Response 5(b):** Not including an adjustment for the increase in payroll taxes was simply an oversight on Meade County RECC's part. Attached is a spreadsheet to show the adjustment amount of \$26,367 for the increase in payroll taxes due to the increase in wages and salaries for the year.

**Response 5(c):** Meade County RECC hourly employees receive double time pay when work is required on the following holidays: New Year's Day, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day, Friday following Thanksgiving, Christmas Eve and Christmas Day.

**Response 5(d):**

Line #45 – Employee moved up from Grade 4 to Grade 5 on pay scale because of job duties and responsibilities.

Line #46 – Employee was part time and moved to full time in 2025.

Line #54 – Employee is in the lineman training program and has advanced from an apprentice lineman to 2nd class lineman.

Line #61 – Employee is in the lineman training program and has advanced from an apprentice lineman to 2nd class lineman.

Line #65 – Employee hourly rate increase is lower than 10 percent. However, total salary shows higher increase than 10 percent because employee had time off without pay in 2024 due to Family Medical Leave Act ("FMLA").

Line #70 – Employee was part time and moved to full time in 2024, so hourly rate increase is less than 10 percent even though the total salary is higher than 10 percent because employee did not work all year in 2024.

Line #71 – Employee is moving up in the specific pay grade as taking on more responsibilities and job duties. Employee has been with the company for approximately 2 years.

Line #72 – Employee is moving up in the specific pay grade as taking on more responsibilities and job duties. Employee has been with the company for approximately 2 years.

Line #73 – Employee is in the lineman training program as an apprentice lineman and has finished the first year of school and training, so employee has moved up in the pay grade range.

Line #79 – Employee hourly rate is lower than 10 percent increase even though the total salary is higher due to being hired in 2024.

Line #80 – Employee hourly rate is lower than 10 percent increase even though the total salary is higher due to being hired in 2024.

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**Request 6:** Refer to the Direct Testimony of Ana Swanson (Swanson Direct Testimony), page 11. Provide the wage study that was conducted by a third party.

**Response 6:** Meade County RECC reviews several factors when determining an annual wage increase including the NRECA salary survey, employee evaluations, inflation, cost of living adjustments, and any other relevant information. Meade County RECC also contracts a third-party consultant to conduct a wage study and update the current wage scale on a periodic basis. Please see Attachment PSC 1-6, in Excel and pdf formats, the 2024 Meade County RECC wage increase proposal that was approved by the Board of Directors and the NRECA salary survey used for the test year. Additionally, Meade County RECC is filing under seal subject to a motion for confidential treatment, the wage and salary study that was completed to assist in determining wage proposals for 2026.

## **ATTACHMENT PSC 1-6**



<b>Meade County RECC</b>		<b>Amount</b>	<b>3 Year Average</b>
(increase given in past years)	2023	4.1%	
	2022	2.9%	
	2021	2.0%	

**3.0%**

#### **Inflation Rate**

2023	4.5%
2022	8.0%
2021	4.7%

**5.7%**

#### **Cost of Living Adjustment (COLA)**

2023	8.7%
2022	5.9%
2021	1.3%

**5.3%**

#### **Amount of increase approved**

**Overall Average 4.7%**

#### **Adder Based on Financials**

##### **August 1.89**

TIER 1.50	0.25%	
TIER 1.80	0.50%	
TIER 2.00	1.00%	0.5%

#### **Wage Increase Proposal**

**5.2%**

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**Request 7:** Refer to the Swanson Direct Testimony, page 8, lines 20-21. Refer also to the Reference Schedule 1.11: 401(k). Confirm that only nine employees of Meade County RECC's 78 total employees participated in multiple benefit packages and received Retirement & Security plan contributions in the test period.

**Response 7:** Meade County RECC confirms that only 9 employees participated in multiple benefit packages having both the NRECA Retirement & Security Plan and a 401(k) plan. Reference Schedule 1.11 contains the adjustment removing the contribution amount for the least generous plan for employer retirement contributions for the 9 employees participating in both plans.