

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF SHELBY ENERGY COOPERATIVE,)
INC. FOR APPROVAL OF A PREPAY METERING) CASE NO.
TARIFF) 2013-00129

COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION TO
SHELBY ENERGY COOPERATIVE, INC.

Shelby Energy Cooperative, Inc. ("Shelby"), pursuant to 807 KAR 5:001, is to file with the Commission the original and eight copies of the following information, with a copy to all parties of record. The information requested herein is due within 10 days of the date of this request. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Shelby shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Big Sandy fails or refuses to furnish all or part of the requested information, Shelby shall

provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Refer to the testimony of Mary Elizabeth Purvis (“Purvis Testimony”), Item 7.

a. Describe the level of interest expressed by Shelby customers for a prepay metering program.

b. State why Shelby proposes 500 customers as a reasonable number to expect to participate in the program.

c. Explain whether Shelby’s prepay metering program is designed for a particular segment of its residential customer base.

2. Refer to Item 16 of the Purvis Testimony.

a. State whether Shelby has purchased any remote disconnect/reconnect collars to date. If so, provide the number that have been acquired.

b. Describe Shelby’s plan for the acquisition of the remote disconnect/reconnect collars, specifically the expected number to be purchased and over what period of time.

c. Provide the total cost of the collars, broken down by purchase price and installation costs.

d. Provide a complete description of the collars that Shelby is proposing to purchase, including manufacturer and all features.

e. Describe the software necessary to support the prepay metering program and the remote disconnect/reconnect collars. Provide the total cost that Shelby will incur for software.

3. Refer to Exhibit E of the application, Section B, Basis for Fixed Charge Rate Percentages.

a. Provide a copy of RUS Form 7, referenced in Items B.1, B.2, and B.3, which show the calculation of the depreciation, O & M, and Admin & General fixed charge percentages.

b. Provide the actual depreciation rate that Shelby will use to record depreciation for prepay metering equipment.

c. Identify the type(s) of meters Shelby currently has in service and the depreciation rate currently in effect.

d. Provide financial statements that support the capital structure and interest on long-term debt amounts shown in Item B.4.

e. Provide the calculations of the percentages shown under Return on Equity.

4. Refer to the Purvis Testimony, Item 12. Explain whether Shelby performed a calculation of the costs of the prepay program using the actual cost method similar to the method used by other cooperatives, such as Blue Grass Energy.¹ If yes, provide the results of that calculation.

¹ Case No. 2012-00260, Application of Blue Grass Energy Cooperative Corporation for Approval of a Prepay Metering Program (Ky. PSC Aug. 10, 2012).

5. Refer to the Purvis Testimony, Item 14. Explain whether Shelby considered including a transaction fee. If so, state the amount of the fee considered and describe its calculation. If not, explain whether Shelby is concerned that the cost of transactions will not be recovered from participating members.

6. Refer to the Purvis Testimony, Item 15. Describe Accounts with Ancillary Services that are not eligible for the proposed Prepay service.

7. Refer to the Purvis Testimony, Item 20. Explain whether disconnections will occur after normal business hours.

8. Refer to the Purvis Testimony, Item 22. If a member returns to the standard residential tariff from the proposed Prepay service tariff:

a. Explain whether the remote connect and disconnect collar will be removed from that customer's meter.

b. If yes, explain whether there will be a charge to remove the collar.

c. Explain whether there will be other charges upon returning to the standard residential tariff from the proposed Prepay service tariff, other than a possible deposit.

9. Refer to the Purvis Testimony, Item 26.

a. Shelby states that studies show that prepay metering programs reduce energy consumption up to 12 percent. Provide copies of these studies.

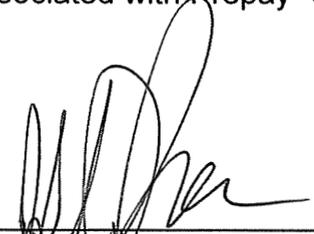
b. Explain how the proposed prepay metering program will support Shelby's demand-side management initiatives.

c. Provide the estimated amount of cost savings, broken down by each expense category, that Shelby expects to achieve by offering the proposed prepay metering program.

10. Explain whether a customer served under the proposed Prepay service tariff may request a paper bill.

11. State whether the service fee referenced in Item 17 of the proposed Prepay Service tariff is Shelby's late-payment fee. If so, explain whether Shelby would be willing to revise its proposed tariff to include the amount of the fee.

12. Refer to Exhibit E of the application, Section C, Customer Charge Adder. Provide an analysis of the "Incremental Costs Associated with Prepay" of \$185.10.



Jeff Deroden
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

DATED MAY 10 2013

cc: Parties of Record

James R Adkins
Jim Adkins Consulting
1041 Chasewood Way
Lexington, KENTUCKY 40513-1731

Debbie Martin
Shelby Energy Cooperative, Inc.
620 Old Finchville Road
Shelbyville, KY 40065

Gay Tennill
VP of Admin & Office Svs
Shelby Energy Cooperative, Inc.
620 Old Finchville Road
Shelbyville, KY 40065