

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF SOUTH	)	
KENTUCKY RURAL ELECTRIC COOPERATIVE	)	
CORPORATION FOR A GENERAL	)	CASE NO.
ADJUSTMENT OF RATES, APPROVAL OF	)	2021-00407
DEPRECIATION STUDY, AND OTHER GENERAL	)	
RELIEF	)	

COMMISSION STAFF'S FOURTH REQUEST FOR INFORMATION  
TO SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE COOPERATION.

South Kentucky Rural Electric Cooperative Corporation (South Kentucky RECC), pursuant to 807 KAR 5:001, is to file with the Commission an electronic version of the following information. The information requested is due on April 19, 2022. The Commission directs South Kentucky RECC to the Commission's July 22, 2021 Order in Case No. 2020-00085<sup>1</sup> regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and 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 the

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<sup>1</sup> Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

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.

South Kentucky RECC shall make timely amendment to any prior response if South Kentucky RECC obtains information that indicates the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which South Kentucky RECC fails or refuses to furnish all or part of the requested information, South Kentucky RECC shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall 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. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, South Kentucky RECC shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to South Kentucky RECC's response to Commission Staff's Third Request for Information (Staff's Third Request), Item 8.

a. Confirm that South Kentucky RECC is unable to prepay its loans using the cushion of credit. If confirmed, further explain why the cushion of credit cannot be used.

b. Explain whether South Kentucky RECC currently uses the cushion of credit to make regular debt service payments. If not, explain whether South Kentucky RECC plans to in the future.

c. Provide the prepayment penalties for the following loans: H0020, H0015, H0010, H0025, FFB 1-1, FFB 2-1, and FFB 2-2.

d. Provide support for the weighted average cost of capital of 5.74 percent.

e. For the net present value calculation, a historical debt rate of 2.86 percent was applied.

(1) Explain why a forecasted interest rate was not applied.

(2) Provide the period for which the historical average was calculated and explain why this is the appropriate period for this analysis.

(3) Provide support that beginning in 2024, the one-year treasury rate will increase from 1.03 percent to 2.86 percent, a total of 183 basis points.

(4) Provide the most recent historical date when the one-year treasury rate was 2.86 percent.

(5) Confirm that the average one-year Treasury rate on October 1 from 2012 to 2021 was 0.72 percent.

(6) Confirm that the average one-year Treasury rate on October 1 from 2001 to 2021 was 1.43 percent.

2. Refer to South Kentucky's response to Staff's Third Request, Item 9.

a. Provide the cost per uncollectible account charged by the collection agency.

- b. Provide the amount spent recovering bad debt in the test year.
  - c. Provide the contract with the collection agency.
  - d. Provide the expenses and recovered revenue for the past five years.
3. Refer to South Kentucky RECC's response to Staff's Third Request, Item 15. Confirm that the cost support for special charges includes connect, reconnect, collection, and meter reading.
4. Refer to Case No. 2013-00198<sup>2</sup> and Tariff Original Sheet No. T-38, Prepay Metering Program.
- a. South Kentucky RECC estimated that approximately 3 percent of its members would elect to participate in the prepay program. Provide the percentage of South Kentucky RECC's members that are currently enrolled in the prepay program.
  - b. Refer to Exhibit E of the application for Case No. 2013-00198. Provide support that the \$9.00 monthly prepaid fee remains valid and reasonable.
5. In Case No. 2018-00251, Salt River Electric Cooperative Corporation (Salt River Electric) received approved to discontinue its residential marketing rate for customers who have Electric Thermal Storage (ETS) heaters.<sup>3</sup>
- a. Salt River Electric noted that due to changes in the rate structures at Salt River Electric's wholesale electric provider, East Kentucky Power Cooperative over time had resulted in a cost shift to non-ETS customers.

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<sup>2</sup> Case No. 2013-00198, *Application of South Kentucky Rural Electric Cooperative Corporation for Approval of a Prepay Metering Tariff* (Ky. PSC Nov. 15, 2013).

<sup>3</sup> Case No. 2018-00251, *Tariff Filing of Salt River Electric Cooperative Corporation to Discontinue Its Residential marketing Rate* (Ky. PSC Nov. 20, 2018).

(1) Explain whether South Kentucky RECC has studied any cost shifts to its non-ETS customers. If so, provide the study and the percent of this cost shift.

(2) Explain whether the proposed rate design results in a cost shift to non-ETS customers. If so, provide the percent of this cost shift.

b. Explain whether or not South Kentucky RECC still markets ETS units.

c. Explain whether or not South Kentucky RECC offers repair service to ETS units.

d. Provide the number of ETS units on South Kentucky RECC's service territory.

6. Provide the contractors that South Kentucky RECC uses for right-of-way maintenance.

7. Provide South Kentucky RECC's policy regarding after hours reconnections, including whether customers are notified that the reconnection will be performed at the higher after-hours rate when the service is requested and whether South Kentucky RECC has the right to postpone an afterhours request until the following business day.



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DATED APR 04 2022

cc: Parties of Record

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