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April 24, 2015

Via U.S. Mail

Mr. Jeffrey Derouen
Executive Director
Kentucky Public Service Commission
P.O. Box 615
211 Sower Boulevard
Frankfort, KY 40602

RECEIVED

APR 29 2015

PUBLIC SERVICE
COMMISSION

Re: In the Matter of: An Application of South Kentucky Rural Electric Cooperative Corporation for a Certificate of Public Convenience and Necessity to Construct a New Headquarters Facility and For Approval to Transfer Ownership of Certain Assets or, in the Alternative, a Determination That Such Approval is Unnecessary
PSC Case No. 2014-00355

Dear Mr. Derouen:

On behalf of South Kentucky Rural Electric Cooperative Corporation ("SKRECC"), please accept this letter as formal notification that the transaction by which SKRECC obtained ownership of the Somerset Houseboats Property and by which Citizens National Bank of Somerset obtained ownership of the Northern Property was completed and closed as of approximately 5:00 p.m. on April 20, 2015.

Pursuant to the Commission's Orders entered in the above-referenced matter on March 26, 2015, SKRECC is required, within five (5) days of the aforementioned closing, to "submit written notification to the Commission, advising either that the materials discussed [in the relevant Order] no longer qualify for confidential treatment or requesting that the materials continue to be treated as confidential and demonstrating that the materials still fall within the exclusions established in KRS 61.878." By way of this letter, SKRECC advises the Commission that materials related to the Northern Property and/or Somerset Houseboats Property for which confidential treatment was requested and granted no longer qualify for confidential treatment. Specifically, confidential treatment is no longer warranted for information contained in:

SKRECC'S APPLICATION

- Page 6, at paragraph 20
- Page 7, at paragraph 22
- Page 10, at paragraph 33
- Page 11, at paragraphs 36-37
- Pages 12-13, at paragraphs 42-43

DIRECT TESTIMONY OF ALLEN ANDERSON¹

- Page 11, at lines 8-16
- Page 15, at lines 13-18
- Page 17, at line 23
- Page 19, at lines 9-13
- Page 20, at lines 4-5

DIRECT TESTIMONY OF MICHELLE D. HERRMAN²

- Page 4, at lines 15-16
- Page 5, at lines 1-8, 11, and 16-19
- Page 6, at lines 12-14
- Page 8, at line 6

SKRECC'S RESPONSE TO STAFF'S INITIAL REQUEST FOR INFORMATION

- Items 1(a), 1(b), and 1(c) (including appraisals of Northern Property and Somerset Houseboats Property)
- Item 10, at page 1 of 2
- Item 10, at *the bottom portion only* of page 2 of 2 (the top portion of page 2 of 2 contains specific construction cost estimates that should remain confidential at this time)³
- Item 11, at *the bottom portion only* of page 2 of 4 (the top portion of page 2 of 4 contains specific construction cost estimates that should remain confidential at this time)⁴
- Item 11, at page 4 of 4
- Item 13

¹ The Direct Testimony of Allen Anderson is attached to SKRECC's Application as Exhibit 3.

² The Direct Testimony of Michelle D. Herrman is attached to SKRECC's Application as Exhibit 4.

³ In order to avoid confusion and ensure that only the appropriate portion of the relevant response is made publicly available at this time, please find enclosed a copy of SKRECC's Response to Commission Staff's Initial Request for Information, Item 10, page 2 of 2, which includes updated and proper redaction.

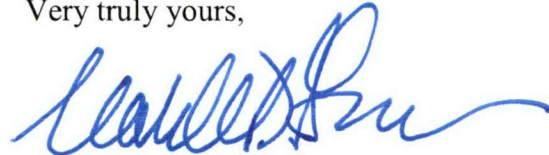
⁴ In order to avoid confusion and ensure that only the appropriate portion of the relevant response is made publicly available at this time, please find enclosed a copy of SKRECC's Response to Commission Staff's Initial Request for Information, Item 11, page 2 of 4, which includes updated and proper redaction.

Mr. Derouen
April 24, 2015
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Please note that information related to specific construction costs estimations⁵ and the Existing Headquarters Facility⁶ remains confidential and should not be made publicly available at this time.

Do not hesitate to contact me if you have any questions or concerns.

Very truly yours,



Mark David Goss

Enclosures

⁵ Confidential construction cost information is contained in: (i) Exhibit GR-2 to the Direct Testimony of Glen Ross (which Direct Testimony is attached to SKRECC's Application as Exhibit 5); (ii) SKRECC's Response to Commission Staff's Initial Request for Information, Item 10, at the top portion of page 2 of 2; and (iii) SKRECC's Response to Commission Staff's Initial Request for Information, Item 11, at the top portion of page 2 of 4.

⁶ Confidential information related to SKRECC's Existing Headquarters Facility is contained in SKRECC's Response to Commission Staff's Initial Request for Information, Item 4(a) (*i.e.*, an appraisal).

Projected Headquarters Facility Cost Comparison

Project Division	2010 Proposed headquarters building (Per 2009 Bid)	Current Proposed headquarters building (Per GR-2)
General Requirements	\$ 440,000	\$ [REDACTED]
Site Construction	2,839,159	[REDACTED]
Concrete	1,575,950	[REDACTED]
Masonry	535,500	[REDACTED]
Metals	578,141	[REDACTED]
Wood and Plastics	238,755	[REDACTED]
Thermal and Moisture Protection	745,630	[REDACTED]
Doors and Windows	504,615	[REDACTED]
Finishes	989,919	[REDACTED]
Specialties	112,148	[REDACTED]
Equipment	40,735	[REDACTED]
Furnishings	47,600	[REDACTED]
Special Construction	917,390	[REDACTED]
Conveying Systems	44,590	[REDACTED]
Mechanical	2,649,669	[REDACTED]
Electrical	1,773,188	[REDACTED]
Bond/Insurance	289,000	196,990
Design Fees	887,120	640,218
Contractor's Fee	807,072	-
Negotiations with Subcontractors	(600,000)	-
Contractor Fee Reduction	(100,000)	-
Reserve for Contingencies	-	500,000
SUBTOTAL CONSTRUCTION:	\$ 15,316,181	\$ 10,226,718
	Difference:	(5,089,463)
<u>Items Not in Original Construction Bids</u>		
Fuel Tanks	75,000	75,000
Communications Tower and Equipment	110,000	110,000
Solar Panels	60,000	60,000
LED Lighting	30,000	30,000
Furnishings	188,282	188,282
Legal Expenses	10,000	10,000
	\$ 473,282	\$ 473,282
TOTAL CONSTRUCTION:	\$ 15,789,463	\$ 10,700,000
	Difference:	\$ (5,089,463)
<u>Site Acquisition</u>		
Land	1,206,000	1,280,000
Building	-	2,720,000
Northern Property Land Transfer	-	(1,200,000)
TOTAL PROJECT BUDGET:	\$ 16,995,463	\$ 13,500,000
	Difference:	\$ (3,495,463)

This information remains confidential at this time

This information is no longer confidential

**South Kentucky RECC Somerset HQ Building
Estimated Cost**

<u>Project Division</u>	<u>Office Area</u>	<u>Operations Area</u>	<u>Total</u>
1 General Requirements	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
2 Site Construction	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
3 Concrete	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
4 Masonry	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
5 Metals	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
6 Wood and Plastics	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
7 Thermal and Moisture Protection	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
8 Doors and Windows	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
9 Finishes	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
10 Specialities	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
11 Equipment	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
12 Furnishings	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
13 Special Construction	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
14 Conveying Systems	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
15 Mechanical	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
16 Electrical	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
<i>Sub Total</i>	\$ 6,399,510	\$ 2,490,000	\$ 8,889,510
Bond/Insurance			\$ 196,990
Architectural Service Fees			\$ 640,218
Reserve for contingencies			\$ 500,000
		Sub Total Construction	\$ 10,226,718
Fuel Tanks			\$ 75,000
Communications Tower and Equipment			\$ 110,000
Solar Panels			\$ 60,000
LED Lighting			\$ 30,000
Furnishings			\$ 188,282
Legal Expenses			\$ 10,000
Site Acquisition			
Land			\$ 1,280,000
Building			\$ 2,720,000
Land Transfer- Northern Property			\$ (1,200,000)
		TOTAL PROJECT BUDGET	\$ 13,500,000

This information remains confidential at this time

This information is no longer confidential