

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF FLEMING-MASON ENERGY	)	
COOPERATIVE, INC. FOR AN ORDER	)	
AUTHORIZING A CHANGE IN RATE DESIGN	)	CASE NO.
FOR ITS RESIDENTIAL RATE CLASSES AND	)	2012-00369
THE OFFERING OF SEVERAL OPTIONAL RATE	)	
DESIGNS FOR THE RESIDENTIAL RATE	)	
CLASSES	)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION  
TO FLEMING-MASON ENERGY COOPERATIVE, INC.

Pursuant to 807 KAR 5:001, Fleming-Mason Rural Electric Cooperative Corporation ("Fleming-Mason") is to file with the Commission the original and ten copies of the following information, with a copy to all parties of record. The information requested herein is due on or before December 19, 2012. 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.

Fleming-Mason 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 Fleming-Mason fails or refuses to furnish all or part of the requested information, Fleming-Mason 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. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Provide the following information in a comparative format:
  - a. Average monthly residential usage for each month of the test year. Using these average usage levels, provide the average bill for each month for the Residential and Small Power Rate Class using the present rates and the proposed rates.
  - b. Average monthly residential usage for the years 2007 through 2010.
  - c. Provide the information requested in part a. of this request for an average residential non-space-heating customer.
  - d. Provide the information requested in part a. of this request for an average residential space-heating customer.

e. Based on the information provided in response to parts a., c., and d. of this request, provide a narrative discussion of any conclusions that could be made, including whether the proposed change in rates could encourage or discourage usage.

2. State whether Fleming-Mason has experienced opposition from any of its members to its proposal to recover more of its fixed costs through the customer charge. Include in the explanation whether Fleming-Mason has communicated its proposal to customers in any way other than through its Official Notice; for example, through civic- or community-group presentations

3. Refer to Exhibit 2 of the Application, pages 3-6.

a. Refer to page 3, the Schedule of Hours in the Residential and Small Power - Schedule RSP – Time of Day tariff.

(1) Explain how the Schedule of Hours including Months, Days, On-Peak and Off-Peak Hours was determined. Include with the explanation all calculations performed and supporting document used in making the determinations.

(2) Are Fleming-Mason's On-Peak and Off-Peak hours the same as those for East Kentucky Power Company? If not, explain any differences.

b. Refer to the Energy Charge in the Monthly Rate section on page 5, the Residential and Small Power – Schedule RSP – Inclining Block tariff. Explain how the inclining energy charge block increments of 0-300 kWh, 301-500 kWh, and over 500 kWh were selected. Include in the explanation all calculations and workpapers necessary to justify the block increments selected.

4. Refer to Item 18 on page 2 of the Application. Explain why the 12-month period ending December 2011 was selected as the test year when more recent data is available.

5. Refer to Exhibit 7A, page 2 of the Application. Explain whether Fleming-Mason anticipates the need for a base rate increase during the next 5 years and, if so, the likelihood that the rate increase will be assigned entirely to the customer charge.

6. Refer to the response to Item 16 on page 3 of Exhibit 7A.

a. Provide, as a percentage, the ratio of Fleming-Mason's annual investment in energy efficiency/demand-side management ("DSM") relative to its annual electric sales revenue for the years 2010 and 2011.

b. Provide, as a percentage, the ratio of Fleming-Mason's annual energy-efficiency savings relative to its total electric sales (in kWh) for the years 2010 and 2011.

c. Provide the information requested in parts a. and b. above, based on current estimates, for years 2012 through 2015.

d. Identify and explain what steps Fleming-Mason is taking to find new or expanded cost-effective DSM programs for implementation.

7. Refer to the response to Item 24 on page 7 of Exhibit 7A and Exhibits 14 and 15 filed with the the application filed in Case No. 2011-00037<sup>1</sup>.

a. Explain the similarities in the DSM plans in Fleming-Mason's current application to the plans contained in Case No. 2011-00037.

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<sup>1</sup> Case No. 2011-00037, Application of Owen Electric Cooperative Corporation for and Order Authorizing a Change in Rate Design for its Residential and Small Commercial Rate Classes and the Proferring of Several Optional Rate Designs for the Residential Rate Classes (Ky. PSC, June 10, 2011).

b. Provide a comparison of the long-term DSM plans and targets in Fleming-Mason's current application, versus those contained in Case No. 2011-00037.

8. Refer to the response to Item 17 on page 5 of Exhibit 7A. It states, in relevant part, that the current retail rate designs provide disincentives for Fleming-Mason to aggressively pursue energy innovation, efficiency, conservation and demand response efforts with its members. Explain whether Fleming-Mason agrees that, through a DSM surcharge, it can recover all costs as well as lost revenues resulting from Commission-authorized, cost-effective DSM programs.

9. Refer to the response to Item 21 on page 6 of Exhibit 7A wherein Fleming-Mason discusses whether a lower customer charge combined with a higher energy charge would benefit fixed- and low-income members.

a. Provide the annual number of Fleming-Mason members who received Low Income Home Energy Assistance Program ("LIHEAP") assistance from 2009 through 2011.

b. Provide the average usage of members who received LIHEAP assistance for 2009 through 2011.

c. Provide the average usage for non-LIHEAP residential members for 2009 through 2011.

d. Identify and describe all DSM programs Fleming-Mason makes available to fixed- and low-income members, and explain how these members are made aware of these programs or other available energy-efficiency measures.

10. Refer to the response to Item 23 on page 7 of Exhibit 7A. Explain whether the rates of Alabama cooperatives, Harrison County REMC, or Tennessee Valley Authority cooperatives in Kentucky are regulated by state public service commissions.

11. Refer to the response to Item 9 on pages 3 through 4 of Exhibit 7B, the Prepared Testimony of James R. Adkins, where it states that “[t]he off-peak energy rate is \$0.06000 per kWh. The on-peak energy rate is then calculated so that if the average customer does not change his or her usage patterns, the bill remains revenue neutral.” Provide the calculations for determining these rates, including any supporting workpapers.

12. Refer to the response Item 9 on page 4 of Exhibit 7B where it discusses the rates applicable to the inclining block increments. Provide the calculations for determining these rates, including any supporting workpapers.

13. Provide separately the total number of Residential and Small Power customers that Fleming-Mason estimates will experience increases in bills due to its proposed changes in rate design.

14. Refer to the response to Item 11 on page 4 of Exhibit 7B where it discusses the basis for the development of the rates in Fleming-Mason’s proposal. Identify the development date for the load research data was developed that Fleming-Mason relied on in developing this proposal.

15. Refer to Exhibit 7B, page 6, of the Application. Fleming-Mason describes how it will inform customers of the optional rate riders. If a customer does not choose an optional rate, explain whether Fleming-Mason intends to have the customer default to the standard Residential and Small Power rate without exception.

16. a. For an average customer to be served under the proposed RSP – Time of Day tariff, provide a comparison of the customer’s bill under existing rates with the bill as it would be calculated under RSP – Time of Day tariff.

b. Provide the same analysis as requested in part a. above using kWh levels that might be experienced during a peak month.

17. Fleming-Mason’s current tariff includes a reconnect charge of \$25. State whether, due to the increased monthly customer charge, low-usage or seasonal customers may choose to disconnect during periods of low or no usage and reconnect when service is needed.

18. Provide on CD-ROM all schedules in Exhibit 10 in Microsoft Excel format with all formulas intact and unprotected.

19. Provide an electronic copy in spreadsheet format of Exhibit 11 with all formulas intact and unprotected, and with all columns and rows accessible. If it is necessary to update Exhibit 11 in response to questions contained in this information request, provide the updated version instead of the original version in both hard copy and electronically.

20. Refer to Exhibit 11 of the application, page 9 of 32.

a. Account 403.6, Depreciation Distribution Plant, is shown as being allocated using Footnote 6, which is the Net Plant percentages found in the Rate Base Schedule. Account 403.6 was actually allocated using Footnote 7. State whether Account 403.6 was allocated using Footnote 7 in error, and explain why the Distribution Plant percentages found on page 12, the Rate Base Schedule, would not be more appropriate for allocating this expense.

b. Explain the rationale for allocating the various 408 Tax accounts using Footnote 7.

c. The 427, 430, and 431 Interest Expense accounts are shown as being allocated using Footnote 5, which is the Rate Base percentages found in the Rate Base Schedule on page 12 of 32. The accounts were actually allocated using Footnote 7. State whether the interest expense accounts were allocated using Footnote 7 in error.

21. Refer to Exhibit 11 of the application, page 10 of 32.

a. Under Footnote 1, the Poles and Conductor total of \$69,476,017 includes Accounts 364, 365, 367, and 368 from page 12 of 32. Explain why Account 368, Transformers, should be included with Poles and Conductor when using Plant Investment to allocate expenses between Lines and Services.

b. In the "Actual" column under Footnote 2, explain why \$1,046,370 appears as the total for Lines and \$0 for Services when page 8 of 32 shows that, for accounts 580-589, \$968,252 is assigned to Lines and \$78,118 is assigned to Services.

c. In the "Actual" column under Footnote 3, explain why the \$231,614 appears as the total for Customer Service when page 8 of 32 shows that amount as Maintenance of Security Lights and is directly assigned to Security Lighting.

22. Refer to Exhibit 11 of the application, page 21 of 32, the table at the bottom of the page. Confirm that the consumer-related and demand-related allocation percentages shown on the first row for Account 364 are actually the allocation percentages that should be used for Account 365 on the second row, and vice versa. If this cannot be confirmed, explain why the percentage amounts for each account differ



from those shown on the middle of page 19 for Account 364 and the top of page 21 for Account 365.

23. Refer to Exhibit 11 of the Application, pages 26-29 of 32. Explain what each of these pages represent.

24. Refer to paragraph 12 of the Application and Exhibit 4. Fleming-Mason states that a copy of the notice given is provided in Exhibit 4.

a. State the manner in which Fleming-Mason gave notice – i.e., publication or mailing.

b. If the notice was published, pursuant to 807 KAR 5:001 Section 10 (4)(d), provide an affidavit from the publisher verifying the notice was published, including the dates of publication with an attached copy of the published notice, no later than 45 days of the filed date of the application.

c. If the notice was mailed, pursuant to 807 KAR 5:001 Section 10 (4)(e), provide a written statement signed by the utility's chief officer in charge of Kentucky operations verifying the notice was mailed no later than 30 days of the filed date of the application.

25. Refer to Fleming-Mason's filing of October 23, 2012. Fleming-Mason identifies as Exhibit 4 – corrected copy of official notice given.

a. State the manner in which Fleming-Mason provided notice to its customers of its corrected Exhibit 4.

b. If the corrected Exhibit 4 was published, pursuant to 807 KAR 5:001 Section 10 (4)(d), provide an affidavit from the publisher verifying the notice was

published, including the dates of publication with an attached copy of the published notice, no later than 45 days of the filed date of the application.

c. If the notice was mailed, pursuant to 807 KAR 5:001 Section 10(4) (e), provide a written statement signed by the utility's chief officer in charge of Kentucky operations verifying the notice was mailed no later than 30 days of the filed date of the application.

26. Provide a listing, with descriptions, of all activities, initiatives or programs undertaken or continued by Fleming-Mason since its last general rate case for the purpose of minimizing costs or improving the efficiency of its operations or maintenance activities.



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Jeff Derouen  
Executive Director  
Public Service Commission  
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DATED DEC 05 2012

cc: Parties of Record

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