




A Touchstone Energy Cooperative 

February 12, 2013

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

RECEIVED

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COMMISSION

RE: Case 2012-00369

Dear Mr. Derouen:

Enclosed for filing are an original and ten copies of Fleming-Mason Energy's response to the Third Data Request of Commission Staff dated February 4, 2013, for the above referenced case.

Please contact the office if you need further information

Sincerely,

A handwritten signature in cursive script that reads "Joni K Hazelrigg".

Joni K. Hazelrigg  
CFO

Enclosures

1. Refer to Exhibit 4 of the application, the second page of this exhibit, which shows present and proposed rates. The following rate classes are not listed on this page: Small General Service, Large General Service, Large Industrial Service (“LIS”) 1, LIS2, LIS3, and All Electric Schools. Explain why Fleming-Mason is not proposing to make rate design changes to these rate classes.

RESPONSE:

Fleming-Mason believes that the current customer charges for Small General Service, Large General Service, LIS1, LIS2, LIS3, and All Electric Schools reflect the current cost of serving these customers; hence there is no need to change. In addition, Fleming-Mason did not want to change the current rates to these customers.

2. Refer to Exhibit 10 of the application.

- a. Refer to page 1 of 6. Refer to the top half of the page, which shows the billing analysis for the Residential and Small Power Class and the ETS rate. For the Residential and Small Power class, Fleming Mason is proposing to increase the customer charge and decrease the energy charge. Fleming-Mason is proposing not change to the ETS rate. As in the case with many East Kentucky Power Cooperative, Inc.'s cooperative members, Fleming-Mason's ETS rate is set at 60 percent of the residential energy rate. Explain why Fleming-Mason is not proposing to decrease the ETS rate in order to maintain the 60 percent ratio between the residential energy and the ETS rate.

RESPONSE:

Fleming-Mason is not proposing to decrease the ETS rate because a decrease of 60 percent will lower the rate to \$0.050586, which is less than the wholesale rate to EKPC.

- b. The following rate classes do not appear in this billing analysis: All Electric Schools, LIS1, LIS2, LIS3, LIS4, LIS5, LIS4B, LIS5B and LIS6B. Explain whether these classes are omitted because there are no customers on these rate schedules. If that is not the case, explain.

RESPONSE:

The above rate classes do not appear in this billing analysis because there are no customers on these rate schedules.

3. Refer to the revised cost of service study filed in response to Item 8 of the Commissions Staff's Second information Request.

- a. Refer to page 23 of 31. The second to the last column is labeled Rate 3 & 7 Large General Service. Explain whether this column represents rate classes LIS3 and LIS 7 or the Large General Service class, or some combination of the three classes.

RESPONSE:

The Large General Service class is the sum of LIS3 and LIS7.

- b. Refer to pages 23 and 24 of 31. Several of Fleming-Mason's rate classes are not shown on these pages. Explain whether the classes are omitted because there are no customers on those rate schedules.

RESPONSE:

Correct, those rate classes are omitted because currently there are no customers on those rate schedules.

- c. Refer to the page which follows page 31 or 31. This page is labeled Exhibit JRA-1. This page shows that the cost of service study supports a Residential and Small Power customer charge of \$18.36. Refer also to Exhibit 4 of the application, the third page of this exhibit which shows that, for the new Residential and Small Power Time of Day class, the customer charge is proposed at \$20. Explain why it would be appropriate to set this customer charge above the amount supported by the cost of service study.

RESPONSE:

The customer charge of \$20 was chosen because at this rate and an off-peak energy rate of \$0.06, the revenue neutral on-peak rate is \$0.12031. Fleming-Mason felt that this rate was appropriate so to encourage TOD customers to shift usage to off-peak for a savings of approximately fifty percent per kWh. Fleming-Mason believes that at a lower customer charge and the same off peak rate of \$0.06, the resulting revenue neutral on-peak rate was too high. The off-peak rate of \$0.06 was not increased because this is rate is above the wholesale cost and covers the cost marginal cost to service the next kWh. Fleming-Mason believes that a higher off-peak rate will not be incentive enough for customers to alter their usage patterns from on-peak to off-peak.

4. Refer to Fleming-Mason's response to Items 11 and 12 to the Commission Staff's Second Request for Information, filed January 18, 2013. It appears that notice was published in newspapers in Bath, Fleming, Lewis, Mason, Nicholas, and Rowan Counties, but that notice was not published in Fleming-Mason's service territory in Bracken and Robertson Counties.

a. Is there a newspaper in Fleming-Mason's Robertson County service territory which is qualified pursuant to KRS 424.120?

RESPONSE: Yes, The Ledger Independent produced in Mason County meets the qualifications of KRS 424.120 for both Bracken and Robertson counties. Its principal office is located geographically close to both counties, is of regular issue (5 days per week) and has bona fide circulation in Bracken and Robertson counties. Please see the attached advertisement.

b. If yes, what is the name of the newspaper?

RESPONSE: The Ledger Independent

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5. How many customers does Fleming-Mason service under its LIS-6B Large Industrial Service tariff?

RESPONSE: None.