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RECEIVED

APR 15 2013

PUBLIC SERVICE
COMMISSION

James M. Crawford
Ruth H. Baxter

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April 15, 2013

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

RE: Application of Owen Electric Cooperative, Inc.
for an Adjustment of Rates
Case No. 2012-00448

Dear Mr. Derouen:

Please find enclosed the original and ten (10) copies of the response to the Commission's Order "Commission Staff's First Request for Information to Owen Electric Cooperative, Inc." dated October 17, 2012.

Please contact me at (502) 732-6689 or Mark Stallons at (502) 484-3471 with any questions regarding this filing.

Respectfully yours,

CRAWFORD & BAXTER, P.S.C.


James M. Crawford
Counsel for Owen Electric Cooperative, Inc.

JMC/mns

Enclosures

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

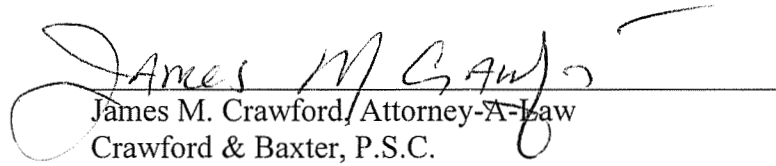
**In the Matter of Adjustment of Rates
Of Owen Electric Cooperative, Inc.**

Case No. 2012-00448

**APPLICANT'S RESPONSES TO
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**

The applicant, Owen Electric Cooperative, Inc., makes the following responses to the "Commission Staff's First Request for Information", as follows:

1. The witnesses who are prepared to answer questions concerning each request are Mark A. Stallons, Michael Cobb, Jim Adkins, and Alan Zumstein.
2. Mark A. Stallons, President and CEO of Owen Electric Cooperative, Inc. is the person supervising the preparation of the responses on behalf of the applicant.
3. The responses and Exhibits are attached hereto and incorporated by reference herein.


James M. Crawford, Attorney-At-Law
Crawford & Baxter, P.S.C.
P.O. Box 353
Carrollton, Kentucky 41008
Attorney for Owen Electric Cooperative, Inc.
Telephone: 502-732-6689

The undersigned, Mark Stallons, as President & CEO of Owen Electric Cooperative, Inc., being duly sworn, states that the responses herein are true and accurate to the best of my knowledge and belief formed after reasonable inquiry.

Dated: April 15, 2013

OWEN ELECTRIC COOPERATIVE, INC.

By: 
MARK STALLONS, PRESIDENT & CEO

Subscribed, sworn to, and acknowledged before me by Mark A. Stallons, as President & CEO for Owen Electric Cooperative, Inc. on behalf of said Corporation this 15th day of April, 2013.


Notary Public, Kentucky State At Large

My Commission Expires: April 25, 2015

CERTIFICATE OF SERVICE

The undersigned counsel certifies that the foregoing responses have been served upon the following:

Original and Ten Copies

Mr. Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601


Copy to:

Jennifer Hans, Assistant Attorney General
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601

This 15th day of April, 2013


ATTORNEY FOR
OWEN ELECTRIC COOPERATIVE, INC.

Affiant, Mark Stallons, states that the answers given by him to the foregoing questions are true and correct to the best of his knowledge and belief.



Mark Stallons - CEO

Subscribed and sworn to before me by the affiant, Mark Stallons, this 12th day of April, 2013.

Notary Shannon Kaye Chappell
State-at-Large

My Commission expires April 25, 2015

Affiant, Michael Cobb, states that the answers given by him to the foregoing questions are true and correct to the best of his knowledge and belief.



Michael Cobb, Senior VP – Customer Service and Marketing

Subscribed and sworn to before me by the affiant, Michael Cobb, this 12th day of April, 2013.

Notary Shannon Kaye Chappell
State-at-Large

My Commission expires April 25, 2015

Affiant, Jim Adkins, states that the answers given by him to the foregoing questions are true and correct to the best of his knowledge and belief.

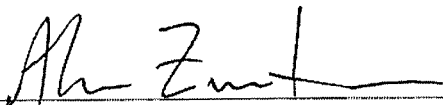
James R. Adkins
Jim Adkins

Subscribed and sworn to before me by the affiant, Jim Adkins, this 12th day of April, 2013.

Notary Shannon Kaye Chappell
State-at-Large

My Commission expires April 25, 2015

Affiant, Alan Zumstein, states that the answers given by him to the foregoing questions are true and correct to the best of his knowledge and belief.



Alan Zumstein

Subscribed and sworn to before me by the affiant, Alan Zumstein, this 12th day of April, 2013.

Notary 

State-at-Large

My Commission expires Sept. 2014

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF INTENT OF OWEN ELECTRIC)	CASE NO.
COOPERATIVE, INC. FOR AN INCREASE IN)	2012-00448
RETAIL RATES ON A HISTORICAL TEST YEAR)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO
OWEN ELECTRIC COOPERATIVE, INC.

Owen Electric Cooperative, Inc. ("Owen"), pursuant to 807 KAR 5:001, is to file with the Commission the original and 10 copies of the following information, with a copy to all parties of record. The information requested herein is due either 14 days after the initial submission of the rate application, or 28 days after the date of this request, whichever is later. 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. If any of the information requested herein is included in Owen's rate application, an index of such information shall be filed along with the rate application.

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 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.

Owen 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 Owen fails or refuses to furnish all or part of the requested information, Owen 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.

1. Provide, in comparative form, a detailed income statement, a statement of cash flows, and a balance sheet for the test year and the 12-month period immediately preceding the test year.

2. Provide Owen's rate of return on net investment rate base for the test year and the five most recent calendar years. Include the data used to calculate each return.

3. Provide Owen's times interest earned ratio and debt service coverage ratio, as calculated by the Rural Utilities Service ("RUS"), for the test year and the five most recent calendar years. Include the data used to calculate each ratio.

4. Provide "Kentucky's Electrical Cooperatives Operating Expense and Statistical Comparisons" for the two most recent years available.

5. Provide Owen's capital structure at the end of each of the periods shown in Format 5.

6. a. List all outstanding issues of long-term debt as of the end of the latest calendar year and the end of the test period, together with the related information as shown in Format 6a. A separate schedule is to be provided for each time period.

Report in Column (k) of Format 6a, Schedule 2, the actual dollar amount of debt cost for the test year. Compute the actual and annualized composite debt cost rates and report them in Column (j) of Format 6a, Schedule 2.

b. Provide an analysis of end-of-period short-term debt and a calculation of the average and end-of-period cost rates as shown in Format 6b.

7. Provide a trial balance as of the last day of the test year showing account number, subaccount number, account title, subaccount title, and amount. The trial balance shall include all asset, liability, capital, income, and expense accounts used by Owen. All income statement accounts should show activity for 12 months. Show the balance in each control account and all underlying subaccounts per company books.

8. Provide the following:

a. A schedule, as shown in Format 8, comparing the balances for each balance sheet account, or subaccount, included in Owen's chart of accounts for each month of the test year to the same month of the 12-month period immediately preceding the test year.

b. A schedule, as shown in Format 8, comparing each income statement account, or subaccount, included in Owen's chart of accounts for each month of the test year to the same month of the 12-month period immediately preceding the test year. The amounts should reflect the income or expense activity of each month, rather than the cumulative balances as of the end of the particular month.

c. A listing, with descriptions, of all activities, initiatives, or programs undertaken, or continued, by Owen since its last general rate case for the purpose of minimizing costs or improving the efficiency of its operations or maintenance activities.

9. Provide the following information for each item of electric property or plant held for future use at the end of the test year:

- a. Description of property;
- b. Location;
- c. Date purchased;
- d. Cost;
- e. Estimated date to be placed in service;
- f. Brief description of intended use; and
- g. Current status of each project.

10. List all non-utility property, related property taxes, and the accounts where amounts are recorded for the test period. Include a description of the property, the date purchased, and the cost.

11. Provide all studies, including all applicable workpapers, which are the basis of jurisdictional plant allocations and expense account allocations.

12. Provide Owen's current bylaws. Indicate any changes to the bylaws since Owen's most recent general rate case.

13. Provide Owen's equity management plan. Indicate when the current plan was adopted and identify any changes made in the plan since the year utilized as the test year in Owen's last rate case. Provide a five-year analysis of the amount of capital credits refunded to members under the plan and indicate the amounts related to general retirements and special retirements (i.e., estates of deceased patrons).

14. Provide Owen's written policies on the compensation of its attorneys, auditors, and all other professional service providers. Include a schedule of fees, per

diems, and other compensation in effect during the test year. Include all agreements, contracts, memoranda of understanding, and any other documentation that explains the nature and type of reimbursement paid for professional services. If any changes occurred during the test year, indicate the effective date of these changes and the reason for these changes.

15. Provide Owen's policies specifying the compensation of directors and a schedule of standard directors' fees, per diems, and other compensation in effect during the test year. If changes occurred during the test year, indicate the effective date and the reason for the changes.

16. Provide the date, time, and a general description of the activities at the most recent annual members' meeting. Indicate the number of new board members elected. For the most recent meeting and the five previous annual members' meetings, provide the number of members in attendance, the number of members voting for new board members, and the total cost of the annual meeting.

17. Provide the following:

a. A schedule showing, by customer class (e.g., residential, commercial, industrial, etc.), the amount and percentage of any proposed increase or decrease in revenue distributed to each class. Provide a detailed explanation of the methodology or basis used to allocate the requested increase or decrease in revenue to each of the respective customer classes.

b. A schedule showing how the increase or decrease in (a) above was further distributed to each rate charge (e.g., customer or facility charge, kWh charge,

etc.). Explain in detail the methodology or basis used to allocate the increase or decrease.

c. If the rate schedule contains a demand charge, describe in detail how the proposed demand charge was determined. Provide all calculations, assumptions, workpapers, methodologies, etc., used in the development of the proposed demand charge.

d. If the rate schedule contains a monthly customer charge, describe in detail how the proposed customer charge was determined. Provide all calculations, assumptions, workpapers, methodologies, etc., used in the development of the proposed customer charge.

e. A reconciliation of Fuel Adjustment Clause ("FAC") revenue and expense for the test year. The net result of this adjustment should be to remove all FAC revenue and expense from test-year revenue and expense.

f. A reconciliation of Environmental Surcharge ("ES") revenue and expense for the test year. The net result of this adjustment should be to remove all ES revenue and expense from test-year revenue and expense.

18. For each rate schedule (rate class), provide the following information for the test year:

- a. Number of customers;
- b. Kilowatt-hour sales;
- c. Rate schedule's percent of Owen's total kilowatt-hour sales;
- d. Monthly peak kW demands for the rate schedule;
- e. Total revenue collected; and

f. Rate schedule's percent of Owen's total revenues.

19. Provide a schedule of purchased power costs for the test year and the 12-month period immediately preceding the test year, by vendor, separated into demand and energy components. Include kW and kWh purchased. Indicate any estimates used and explain their use in detail.

20. Describe how the test-year capitalization rate was determined. If differing rates were used for specific expenses (i.e., payroll, transportation clearing accounts, depreciation, etc.), indicate the rate and how it was determined. Indicate all proposed changes to the test-year capitalization rate and how they were determined.

21. Provide the following:

a. A schedule of salaries and wages for the test year and each of the three calendar years preceding the test year as shown in Format 22a. For each time period, provide the amount of overtime pay.

b. A schedule showing the percentage of increase in salaries and wages for both union and non-union employees for the test year and the five preceding calendar years.

22. Provide the following payroll information for each employee:

a. The actual regular hours worked during the test year;

b. The actual overtime hours worked during the test year;

c. The test-year-end wage rate for each employee and the date of the last increase; and

d. A calculation of the percent of increase granted during the test year.

The information shall identify all the employees as either salaried or hourly, and also as either full-time, part-time, or temporary. Employee numbers or other identifiers should be used instead of employee names. Include an explanation of how the overtime pay rate is determined. All employees terminated during the test year shall be identified (along with the month in which the termination occurred), as well as those employees who replaced terminated employees or were otherwise added to the payroll during the test year. If Owen has more than 100 employees, the above information may be provided by employee classification.

23. Provide the following payroll tax information:

a. The base wages and salaries used to calculate the taxes, with an explanation of how the base wages and salaries were determined; and

b. The tax rates in effect at test-year-end.

24. Provide the following tax data for the test year:

a. A schedule of franchise fees paid to cities, towns, or municipalities during the test year, including the basis of these fees; and

b. An analysis of other operating taxes imposed by Kentucky as shown in Format 25b.

25. Provide a statement of electric plant in service, per company books, for the test year. This data shall be presented as shown in Format 26.

26. Provide a schedule of all employee benefits available to Owen's employees. Include the number of employees at test-year-end covered under each benefit, the test-year-end actual cost of each benefit, the amount of the cost capitalized,

the amount of the cost expensed, and the account numbers in which the capitalized or expensed costs were recorded.

27. Provide a schedule reflecting the salaries and other compensation of each executive officer for the test year and two preceding calendar years. Include the percentage annual increase and the effective date of each increase, the job title, duty and responsibility of each officer, the number of employees who report to each executive officer, and to whom each executive officer reports. Also, for employees elected to executive officer status during the test year, provide the salaries, for the test year, for those persons whom they replaced.

28. Provide a detailed analysis of advertising expenditures during the test year. Include a breakdown of Account No. 913, Advertising Expenses, as shown in Format 29, and show any advertising expenditures included in other expense accounts. Specify the purpose and expected benefit of each expenditure.

29. Provide an analysis of Account No. 930, Miscellaneous General Expenses, for the test year. Include a complete breakdown of this account as shown in Format 30. Include all detailed workpapers supporting this analysis. At a minimum, the workpapers shall show the date, vendor, reference (i.e., voucher number, etc.), dollar amount, and a brief description of each expenditure. Detailed analysis is not required for amounts of less than \$100 provided the items are grouped by classes as shown in Format 30.

30. Provide an analysis of Account No. 426, Other Income Deductions, for the test period. This analysis shall show a complete breakdown of this account as shown in Format 31, and further provide all detailed supporting workpapers. At a minimum, the

workpapers should show the date, vendor, reference (i.e., voucher number, etc.), dollar amount, and brief description of each expenditure. Detailed analysis is not required for amounts of less than \$250 provided the items are grouped by classes as shown in Format 31.

31. Provide the name and personal mailing address of each member of Owen's board of directors. Identify the members who represent the cooperative on the board of directors of East Kentucky Power Cooperative, Inc. ("East Kentucky"). If any changes occur in board membership during the course of these proceedings, update your response to this request.

32. Provide a detailed analysis of the total compensation paid to each member of the board of directors during the test year including all fees, fringe benefits, and expenses, with a description of the type of meetings, seminars, etc., attended by each member. Identify any compensation paid to Owen's board members for serving on East Kentucky's board of directors. Do any of the listed expenses in this analysis include the costs for a director's spouse? If yes, list expenses for the directors' spouses separately.

33. Provide a detailed analysis of expenses incurred during the test year for professional services, as shown in Format 34. Include detailed workpapers supporting this analysis which show the payee, dollar amount, reference (i.e., voucher number, etc.), account charged, hourly rates and time charged to the utility according to each invoice, and a brief description of the service provided. Identify all rate case work by case number.

34. Provide the following information concerning the costs for the preparation of this case:

a. A detailed schedule of costs incurred to date. Include the date of the transaction, check number or other document reference, the vendor, amount, a description of the services performed, and the account number in which the expenditure was recorded. Indicate any costs incurred for this case during the test year. Include copies of invoices received from the vendors.

b. An itemized estimate of the total cost to be incurred, detailed explanation of how the estimate was determined, and all supporting workpapers and calculations.

c. Monthly updates of the actual costs incurred during the course of this proceeding, in the manner prescribed above.

35. Provide the estimated dates for draw downs of unadvanced loan funds at test-year-end and the proposed uses of these funds.

36. Provide a list of depreciation expenses using Format 37.

37. Are the depreciation rates reflected in this filing identical to those most recently approved by the Commission?

a. If yes, identify the case in which they were approved.

b. If no, provide the depreciation study that supports the rates reflected in this filing.

38. Provide information for plotting the depreciation guideline curves in accordance with RUS Bulletin 183-1, as shown in Format 39.

39. For each charitable and political contribution (in cash or services), provide the amount, recipient, and specific account charged.

40. Describe Owen's lobbying activities and provide a schedule showing the name and salary of each lobbyist; all company-paid or reimbursed expenses or allowances; and the account charged for all personnel for whom a principal function is lobbying, on the local, state, or national level; and indicate whether the lobbyist is an employee or an independent contractor. If any amounts are allocated, show a calculation of the factor used to allocate each amount.

41. Provide complete details of the financial reporting and ratemaking treatment of Owen's pension costs.

42. Provide complete details of Owen's financial reporting and rate-making treatment of Statement of Financial Accounting Standard ("SFAS") No. 106, "Postretirement Benefits Other Than Pensions," including:

- a. The date Owen adopted or plans to adopt SFAS No. 106;
- b. All accounting entries made or to be made at the date of adoption;

and

- c. All actuarial studies and other documents used to determine the level of SFAS No. 106 cost recorded, or to be recorded, by Owen.

43. Provide complete details of Owen's financial reporting and rate-making treatment of SFAS No. 112, "Postemployment Benefits," including:

- a. The date that Owen adopted SFAS No. 112;
- b. All accounting entries made at the date of adoption; and

c. All actuarial studies and other documents used to determine the level of SFAS No. 112 cost recorded by Owen.

44. Provide complete details of Owen's financial reporting and rate-making treatment of SFAS No. 143, "Accounting for Asset Retirement Obligations."

a. The date that Owen adopted the SFAS.

b. All accounting entries made at the date of adoption.

c. All studies and other documents used to determine the level of SFAS No. 143 cost recorded by Owen.

d. A schedule comparing the depreciation rates utilized by Owen prior to and after the adoption of SFAS No. 143. The schedule should identify the assets corresponding to the affected depreciation rates.

45. Provide complete details of Owen's financial reporting and rate-making treatment of SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans."

a. The date that Owen adopted the SFAS.

b. All accounting entries made at the date of adoption.

c. All studies and other documents used to determine the level of SFAS No. 158 cost recorded by Owen.

46. Provide any information, as soon as it is known, describing any events occurring after the test year that would have a material effect on net operating income, rate base, or cost of capital that is not incorporated in the filed testimony and exhibits.

47. Provide all current labor contracts and the most recent contracts in effect prior to the current contracts.

48. Regarding demand-side management, conservation and energy efficiency programs, provide the following:

- a. A list of all programs currently offered by Owen;
- b. The total cost incurred for these programs during the test year and in each of the three most recent calendar years; and
- c. The total demand and energy reductions realized through these programs during the test year and in each of the three most recent calendar years.

49. Provide separate schedules, for the test year and the 12-month period immediately preceding the test year, that show the following information regarding Owen's investments in subsidiaries and joint ventures:

- a. Name of subsidiary or joint venture;
- b. Date of initial investment;
- c. Amount and type of investment;
- d. Balance sheet and income statement. Where only internal statements are prepared, furnish copies of these; and
- e. Name of officers of each of the subsidiaries or joint ventures, officer's annual compensation, and portion of compensation charged to the subsidiary or joint venture. Indicate the position that each officer holds with Owen and the compensation received from Owen.

50. Provide separate schedules showing all dividends or income of any type received by Owen from its subsidiaries or joint ventures for the test year and the

three years preceding the test year. Indicate how this income is reflected in the reports filed with the Commission and any reports to Owen's member customers.

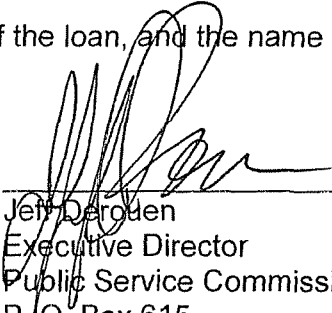
51. Concerning non-regulated activities:

a. Is Owen engaged in any non-regulated activities? If yes, provide a detailed description of each non-regulated activity.

b. Is Owen engaged in any non-regulated activities through an affiliate? If yes, provide the name of each affiliate and the non-regulated activity in which it is engaged.

c. Identify each service agreement with each affiliate and indicate whether the service agreement is on file with the Commission. Provide a copy of each service agreement not already on file with the Commission.

d. Has Owen loaned any money or property to any affiliate? If yes, describe in detail what was loaned, the terms of the loan, and the name of the affiliate.



Jeff Deroen
Executive Director
Public Service Commission
P. O. Box 615
Frankfort, Kentucky 40602

DATED OCT 17 2012

cc: Parties of Record

Case No. 2012-00448

Mark Stallons
President
Owen Electric Cooperative, Inc.
8205 Highway 127 North
P. O. Box 400
Owenton, KY 40359

Owen Electric Cooperative
Case No. 2012-00448
Commission Staff's First Request for Information

1. Provide in comparative form, a detailed income statement, a statement of cash flows, and a balance sheet for the test year and the 12-month period immediately preceding the test year.

Response

See Exhibit V of the Application.

Owen Electric Cooperative
Case No. 2012-00448
Commission Staff's First Request for Information

2. Provide Owen's rate of return on net investment rate base for the test year and the five most recent calendar years. Include the data used to calculate each return.

Response

See Exhibit K of the Application.

Owen Electric Cooperative
Case No. 2012-00448
Commission Staff's First Request for Information

3. Provide Owen's times interest earned ratio and debt service coverage ratio, as calculated by the Rural Utilities Service ("RUS"), for the test year and the five most recent calendar years. Include the data used to calculate each ratio.

Response

See Exhibit K of the Application.

Owen Electric Cooperative
Case No. 2012-00448
Commission Staff's First Request for Information

4. Provide "Kentucky's Electric Cooperatives Operating Expense and Statistical Comparisons" for the two most recent years available.

Response

See Exhibit 18 of the Application.

Owen Electric Cooperative
Case No. 2012-00448
Commission Staff's First Request for Information

5. Provide Owen's capital structure at the end of each of the periods shown in Format 5.

Response

See Exhibit Z of the Application.

Owen Electric Cooperative
Case No. 2012-00448
Commission Staff's First Request for Information

6. a. List all outstanding issues of long-term debt as of the end of the latest calendar year and the end of the test period together with the related information as shown in Format 6a. A separate schedule is to be provided for each time period. Report in column (k) of Format 6a, Schedule 2, the actual dollar amount of debt cost for the test year. Compute the actual and annualized composite debt cost rates and report them in Column (j) of Format 6a, Schedule 2.

Response

See Exhibit 5 of the Application.

b. Provide an analysis of end-of-period short-term debt and a calculation of the average and end-of-period cost rates as shown in Format 6b.

Response

See Exhibit 5 of the Application

Owen Electric Cooperative
Case No. 2012-00448
Commission Staff's First Request for Information

7. Provide a trial balance as of the last day of the test year showing account number, subaccount number, account title, subaccount title, and amount. The trial balance shall include all asset, liability, capital, income, and expense accounts used by Owen. All income statement accounts should show activity for 12 months. Show the balance in each control account and all underlying subaccounts per company books.

Response

See Exhibit Y of the Application.

Witness: Mark Stallons & Michael Cobb

Owen Electric Cooperative
Case No. 2012-00448
Commission Staff's First Request for Information

8. Provide the following:

a. A schedule, as shown in Format 8, comparing the balances for each balance sheet account or subaccount, included in Owen's chart of accounts for each month of the test year, to the same month of the 12-month period immediately preceding the test year.

Response

See Exhibit W of the Application.

b. A schedule, as shown in Format 8, comparing each income statement account, or subaccount, included in Owen's chart of accounts for each month of the test year to the same month of the 12-month period immediately preceding the test year. The amounts should reflect the income or expense activity of each month, rather than the cumulative balances as of the end of the particular month.

Response

See Exhibit X of the Application.

c. A listing, with descriptions, of all activities, initiatives, or programs undertaken, or continued, by Owen since its last general rate case for the purpose of minimizing costs or improving the efficiency of its operations or maintenance activities.

Response

In an effort to gain operational efficiencies and control costs, Owen has undergone cost containment measures to reduce controllable costs. Owen has actively been engaged in the following activities:

HEALTH / WELLNESS:

To mitigate and manage health care costs, Owen is actively involved in a number of initiatives that promote the health and wellness of our employees. These initiatives include tobacco cessation programs, health fairs that assign health coaches as needed, and other programs that promote the overall well being of our employees.

SHARED SERVICES:

Owen has actively engaged in sharing services with neighboring cooperatives in the areas of energy auditing, SCADA monitoring, and other operational areas.

AMI:

Owen continues to realize increased operational efficiencies from its AMI system. The addition of repeaters has enabled Owen to increase the number of remotely obtained meter readings. Additionally, Owen successfully migrated the majority of its large power (three phase meter) members to its AMI system.

SCADA:

Owen has completed the installation of modernized SCADA field equipment. This provides the benefit of earlier notification of potential outages along with fault current values that assist in pinpointing their location, thus reducing man-hours to locate outages and improves restoration times.

VVO:

In 2012, Owen engaged in a Volt/Var pilot that will likely provide improved power delivery efficiency through feeder voltage management and line loss reduction.

SELF HEAL:

Owen has completed two self-healing grid deployments. The first deployment (Penn Self-Heal /April 2011) has provided 4 successful self-healing events thereby reducing member outage durations as planned. The second deployment (SD1 West Region/April 2012) has been successfully commissioned, but has yet to be required to operate in a healing mode.

COMMUNICATION UPGRADES:

With the use of new equipment and the addition of fiber optic and cellular communication we have increased our capacity, speed and reliability throughout the OEC territory.

SECTIONALIZING / CIRCUIT HARDENING:

Owen is in the process of improving our system protection by utilizing new technology to improve reliability and reduce on-going maintenance cost. Reduction in stocking levels of protective equipment will also be realized.

METER TAMPERING / THEFT DETECTION PROGRAM:

Owen has put a program in place to better protect Cooperative revenue by more aggressively monitoring and detecting meter tampering and theft of electric service.

RIGHT OF WAY:

Owen has modified its Right of Way program by incorporating more spraying versus traditional mechanical trimming methods. This has reduced our cost per mile for R.O.W treating.

CONTRACT LABOR:

Owen has reduced the number of construction contractor crews by utilizing its existing construction labor force for new construction and work plan jobs.

FLEET MAINTENANCE:

Owen has extended the life of its vehicle fleet and is reconditioning existing trucks (small buckets and service bodies) when feasible.

COMPUTERS:

Owen has extended the life of its computer hardware and has reduced the number of servers by utilizing 'virtual' servers. Reductions in software costs have been realized through better licensing agreements and more efficient use of the applications.

PHONES:

Owen evaluated long distance and phone usage and adjusted carrier contracts to reduce phone related expenses. Additionally, Owen uses its existing backbone infrastructure to reduce telco charges at district office locations.

Owen Electric Cooperative
Case No. 2012-00448
Commission Staff's First Request for Information

9. Provide the following information for each item of the electric property or plant held for future use at the end of the test year.

- a. Description of property;
- b. Location;
- c. Date purchased;
- d. Cost;
- e. Estimated date to be placed in service;
- f. Brief description of intended use; and
- g. Current status of each project.

Response

Owen does not have property held for future use.

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10. List all non-utility property, related property taxes, and the accounts where amounts are recorded for the test period. Include a description of the property, the date purchased, and the cost.

Response

Owen does not have non-utility property.

Owen Electric Cooperative
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11. Provide all studies, including all applicable workpapers, that are the basis of jurisdictional plant allocations and expense account allocations.

Response

Not applicable.

Owen Electric Cooperative
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Commission Staff's First Request for Information

12. Provide Owen's current bylaws. Indicate any changes to the bylaws since Owen's most recent general rate case.

Response

See Exhibit U of the Application.

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13. Provide Owen's equity management plan. Indicate when the current plan was adopted and identify any changes made in the plan since the year utilized as the test year in Owen's last rate case. Provide a five-year analysis of the amount of capital credits refunded to members under the plan and indicate the amounts related to general retirements and special retirements (i.e., estates of deceased patrons).

Response

See Exhibit 20 of the Application.

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14. Provide Owen's written policies on the compensation of its attorneys, auditors, and all other professional service providers. Include a schedule of fees, per diems, and other compensation in effect during the test year. Include all agreements, contracts, memoranda of understanding, and any other documentation that explains the nature and type of reimbursement paid for professional services. If any changes occurred during the test year, indicate the effective date of these changes and the reason for these changes.

Response

See Exhibit 10 of the Application.

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15. Provide Owen's policies specifying the compensation of directors and a schedule of standard directors' fees, per diems, and other compensation in effect during the test year. If changes occurred during the test year, indicate the effective date and the reason for the changes.

Response

See Exhibit 9 of the Application.

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16. Provide the date, time, and a general description of the activities at the most recent annual members' meeting. Indicate the number of new board members elected. For the most recent meeting and the five previous annual members' meetings, provide the number of members in attendance, the number of members voting for new board members, and the total cost of the annual meeting.

Response:

See Exhibit N of the Application and chart provided below.

Annual Meeting Recap				
Year	Board Members Elected	Members Attending	Members Voting	Cost
2012	2	541	Uncontested	\$ 43,482
2011	3	704	Uncontested	\$ 51,935
2010	2	929	629	\$ 54,819
2009	2	913	Uncontested	\$ 53,408
2008	3	992	Uncontested	\$ 56,755
2007	2	1070	Uncontested	\$ 73,283

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17. Provide the following:

a. A schedule showing, by customer class (e.g., residential, commercial, industrial, etc.), the amount and percentage of any proposed increase or decrease in revenue distributed to each class. Provide a detailed explanation of the methodology or basis used to allocate the requested increase or decrease in revenue to each of the respective customer classes.

b. A schedule showing how the increase or decrease in (a) above was further distributed to each rate charge (e.g., customer or facility charge, kWh charge, etc.). Explain in detail the methodology or basis used to allocate the increase or decrease.

c. If the rate schedule contains a demand charge, describe in detail how the proposed demand charge was determined. Provide all calculations, assumptions, workpapers, methodologies, etc. used in the development of the proposed demand charge.

d. If the rate schedule contains a monthly customer charge, describe in detail how the proposed customer charge was determined. Provide all calculations, assumptions, workpapers, methodologies, etc. used in the development of the proposed customer charge.

e. A reconciliation of the Fuel Adjustment Clause ("FAC") revenue and expense for the test year. The net result of this adjustment should be to remove all FAC revenue and expense from test-year revenue and expense.

f. A reconciliation of the Environmental Surcharge ("ES") revenue and expense for the test year. The net result of this adjustment should be to remove all ES revenue and expense from test-year revenue and expense.

Response

See Exhibit G and J of the Application.

Owen Electric Cooperative
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Commission Staff's First Request for Information

18. For each rate schedule (rate class), provide the following information for the test year:
 - a. Number of customers;
 - b. Kilowatt-hour sales;
 - c. Rate schedule's percent of Owen's total kilowatt-hour sales;
 - d. Monthly peak kW demands for the rate schedule;
 - e. Total revenue collected; and
 - f. Rate schedule's percent of Owen's total revenues.

Response

See Exhibit J of the Application.

Owen Electric Cooperative
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19. Provide a schedule of purchased power costs for the test year and the 12-month period immediately preceding the test year, by vendor, separated into demand and energy components. Include kW and kWh purchased. Indicate any estimates used and explain their use in detail.

Response

See Exhibit 15 of the Application.

Owen Electric Cooperative
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Commission Staff's First Request for Information

20. Describe how the test-year capitalization rate was determined. If differing rates were used for specific expenses (i.e., payroll, transportation clearing accounts, depreciation, etc.), indicate the rate and how it was determined. Indicate all proposed changes to the test-year capitalization rate and how they were determined.

Response

See Exhibit 19 of the Application.

No changes are proposed to the test year allocations.

Owen Electric Cooperative
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Commission Staff's First Request for Information

21. Provide the following:

a. A schedule of salaries and wages for the test year and each of the three calendar years preceding the test year as shown in format 22a. For each time period, provide the amount of overtime pay.

b. A schedule showing the percentage of increase in salaries and wages for both union and non-union employees for the test year and the five preceding calendar years.

Response

See Exhibit 1 of the Application.

Owen Electric Cooperative
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Commission Staff's First Request for Information

22. Provide the following payroll information for each employee:
- a. The actual regular hours worked during the test year;
 - b. The actual overtime hours worked during the test year;
 - c. The test-year-end wage rate for each employee and the date of the last increase; and
 - d. A calculation of the percent of increase granted during the test year.

The information shall identify all the employees as either salaried or hourly, and also as either full-time, part-time, or temporary. Employee numbers or other identifiers should be used instead of employee names. Include an explanation of how the overtime pay rate is determined. All employees terminated during the test year shall be identified (along with the month in which the termination occurred), as well as those employees who replaced terminated employees or were otherwise added to the payroll during the test year. If Owen has more than 100 employees, the above information may be provided by employee classification.

Response

See Exhibit 1 of the Application.

Owen Electric Cooperative
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Commission Staff's First Request for Information

23. Provide the following payroll tax information:
- a. The base wages and salaries used to calculate the taxes, with an explanation of how the base wages and salaries were determined.
 - b. The tax rates in effect at test-year-end.

Response

See Exhibit 2 of the Application.

Owen Electric Cooperative
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24. Provide the following tax data for the test year:
- a. A schedule of franchise fees paid to cities, towns, or municipalities during the test year, including the basis of these fees.
 - b. An analysis of operating taxes imposed by Kentucky as shown in Format 25b.

Response

See Exhibit 4 of the Application.

Owen Electric Cooperative
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25. Provide a statement of electric plant in service, per company books, for the test year. This data shall be presented as shown in Format 26.

Response

See Exhibit 3 of the Application.

Owen Electric Cooperative
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Commission Staff's First Request for Information

26. Provide a schedule of all employee benefits available to Owen's employees. Include the number of employees at test-year-end covered under each benefit, the test year end actual cost of each benefit, the amount of the cost capitalized, the amount of the cost expensed, and the account numbers in which the capitalized or expensed costs were recorded.

Response

See Exhibit 19 of the Application.

Owen Electric Cooperative
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27. Provide a schedule reflecting the salaries and other compensation of each executive officer for the test year and two preceding calendar years. Include the percentage annual increase and the effective date of each increase, the job title, duty and responsibility of each officer, the number of employees who report to each executive officer, and to whom each executive officer reports. Also, for employees elected to executive officer status during the test year, provide the salaries, for the test year, for those persons whom they replaced.

Response

See Exhibit 1 of the Application.

Owen Electric Cooperative
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Commission Staff's First Request for Information

28. Provide a detailed analysis of advertising expenditures during the test year. Include a breakdown of Account No. 913, Advertising Expenses, as shown in Format 29, and show any advertising expenditures included in other expense accounts. Specify the purpose and expected benefit of each expenditure.

Response

See Exhibit 11 of the Application.

Owen Electric Cooperative
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Commission Staff's First Request for Information

29. Provide an analysis of Account No. 930, Miscellaneous General Expenses, for the test year. Include a complete breakdown of this account as shown in Format 30. Include all detailed workpapers supporting this analysis. At a minimum, the workpapers shall show the date, vendor, reference (i.e., voucher no., etc.), dollar amount, and a brief description of each expenditure. Detailed analysis is not required for amounts less than \$100 provided the items are grouped by classes as shown in Format 30.

Response

See Exhibit 11 of the Application.

Owen Electric Cooperative
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30. Provide an analysis of Account No. 426, Other Income Deductions, for the test period. This analysis shall show a complete breakdown of this account as shown in Format 31, and further provide all detailed supporting workpapers. At a minimum, the workpapers should show the date, vendor, reference (i.e., voucher number, etc.), dollar amount, and brief description of each expenditure. Detailed analysis is not required for amounts of less than \$250 provided the items are grouped by classes as shown in Format 31.

Response

See Exhibit 8 of the Application.

Owen Electric Cooperative
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Commission Staff's First Request for Information

31. Provide the name and personal mailing address of each member of Owen's board of directors. Identify the members who represent the cooperative on the board of directors of East Kentucky Power Cooperative, Inc. ("East Kentucky"). If any changes occur in board membership during the course of these proceedings, update your response to this request.

Response

See Exhibit 9 of the Application.

Owen Electric Cooperative
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32. Provide a detailed analysis of the total compensation paid to each member of the board of directors during the test year, including all fees, fringe benefits, and expenses, with a description of the type of meetings, seminars, etc. attended by each member. Identify any compensation paid to Owen's board members for serving on East Kentucky's board of directors. Do any of the listed expenses in this analysis include the costs for a director's spouse? If yes, list expenses for the director's spouses separately.

Response

See Exhibit 9 of the Application.

Owen Electric Cooperative
Case No. 2012-00448
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33. Provide a detailed analysis of expenses incurred during the test year for professional services, as shown in Format 34. Include detailed workpapers supporting this analysis which show the payee, dollar amount, reference (i.e., voucher no. etc.), account charged, hourly rates and time charged to the utility according to each invoice, and a brief description of the service provided. Identify all rate case work by case number.

Response

See Exhibit 10 of the Application.

Owen Electric Cooperative
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Commission Staff's First Request for Information

34. Provide the following information concerning the costs for the preparation of this case:

a. A detailed schedule of costs incurred to date. Include the date of the transaction, check number or other document reference, the vendor, amount, a description of the services performed, and the account number in which the expenditure was recorded. Indicate any costs incurred for this case during the test year. Include copies of invoices received from the vendors.

b. An itemized estimate of the total cost to be incurred, detailed explanation of how the estimate was determined, and all supporting workpapers and calculations.

c. Monthly updates of the actual costs incurred during the course of this proceeding, in the manner prescribed above.

Response

See Exhibit 12 of the Application. Owen will provide updates as each months activity is available.

Owen Electric Cooperative
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Commission Staff's First Request for Information

35. Provide the estimated dates for draw downs of unadvanced loan funds at test-year-end and the proposed uses of these funds.

Response

Owen has no definite plans to advance additional loan funds but will continue to monitor its cash situation and will advance funds when necessary.

Owen Electric Cooperative
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Commission Staff's First Request for Information

36. Provide a list of depreciation expenses using Format 37.

Response

See Exhibit 3 of the Application.

Owen Electric Cooperative
Case No. 2012-00448
Commission Staff's First Request for Information

37. Are the depreciation rates reflected in this filing identical to those most recently approved by the Commission?

- a. If yes, identify the case in which they were approved.
- b. If no, provide the depreciation study that supports the rates reflected in this filing.

Response

- a. Yes. Owen's depreciation rates were approved in Case No. 2008-00154.
- b. n/a

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38. Provide information for plotting the depreciation guideline curves in accordance with RUS Bulletin 183-1, as shown in Format 39.

Response

See Exhibit 3 of the Application.

Owen Electric Cooperative
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39. For each charitable and political contribution (in cash or services), provide the amount, recipient, and specific account charged.

Response

See Exhibit 8 of the Application.

Owen Electric Cooperative
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40. Describe Owen's lobbying activities and provide a schedule showing the name and salary of each lobbyist; all company-paid or reimbursed expenses or allowances; and the account charged for all personnel for whom a principal function is lobbying, on the local, state, or national level; and indicate whether the lobbyist is an employee or an independent contractor. If any amounts are allocated, show a calculation of the factor used to allocate each amount.

Response

Owen does not engage in lobbying activities.

Owen Electric Cooperative
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Commission Staff's First Request for Information

41. Provide complete details of the financial reporting and ratemaking treatment of Owen's pension costs.

Response

Owen has a defined benefit and 401(k) pension plan. The treatment is the same for financial reporting as rate-making purposes.

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Commission Staff's First Request for Information

42. Provide complete details of Owen's financial reporting and rate-making treatment of Statement of Financial Accounting Standard ("SFAS") No. 106, "Postretirement Benefits Other Than Pensions," including:

- a. The date Owen adopted or plans to adopt SFAS No. 106;
- b. All accounting entries made or to be made at the date of adoption; and
- c. All actuarial studies and other documents used to determine the level of SFAS No. 106 cost recorded or to be recorded by Owen.

Response

See Exhibit 6 of the Application.

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43. Provide complete details of Owen's financial reporting and rate-making treatment of SFAS No. 112, "Postemployment Benefits," including;

- a. The date Owen adopted SFAS No. 112;
- b. All accounting entries made at the date of adoption; and
- c. All actuarial studies and other documents used to determine the level of SFAS No. 112 cost recorded by Owen.

Response

SFAS No. 112 does not apply to Owen.

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44. Provide complete details of Owen's financial reporting and ratemaking treatment of SFAS No. 143, "Accounting for Asset Retirement Obligations."

- a. The date that Owen adopted SFAS No. 143.
- b. All accounting entries made at the date of adoption.
- c. All actuarial studies and other documents used to determine the level of SFAS No. 143 cost recorded by Owen.
- d. A schedule comparing the depreciation rates utilized by Owen prior to and after the adoption of SFAS No. 143. The schedule should identify the assets corresponding to the affected depreciation rates.

Response

SFAS No. 143 does not apply to Owen.

Owen Electric Cooperative
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45. Provide complete details of Owen's financial reporting and rate-making treatment of SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans."

- a. The date Owen adopted the SFAS.
- b. All accounting entries made at the date of adoption.
- c. All studies and other documents used to determine the level of SFAS No. 158 cost recorded by Owen.

Response

- a. Adopted December 31, 2009.
- b. Debit Account 215.10, Accumulated Other Comp Income and Credit Account 228.30, Accumulated Provision for Pensions and Benefits in the amount of \$929,000.
- c. This amount is included with the calculations for FAS 106.

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46. Provide any information as soon as it is known, describing any events occurring after test year that would have a material effect on net operating income, rate base, and cost of capital that is not incorporated in the filed testimony and exhibits.

Response

None are known at this time.

Owen Electric Cooperative
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47. Provide all current labor contracts and the most recent contracts in effect prior to the current contracts.

Response

The current union contract is included as Exhibit 21 of the Application. The most recent union contract prior to this contract was included in Case No. 2008-00154, an Application for the Adjustment of Rates, Item #21.

Owen Electric Cooperative
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Commission Staff's First Request for Information

48. Regarding demand-side management, conservation and energy efficiency programs, provide the following:

- a. A list of all programs currently offered by Owen;
- b. The total cost incurred for these programs during the test year and in each of the three most recent calendar years; and
- c. The total demand and energy reductions realized through these programs during the test year and in each of the three most recent calendar years.

Response:

July 1, 2011 - June 30, 2012				
Program	Expenditures	Reduction		
		(kWh)	(Summer KW)	(Winter KW)
<u>RESIDENTIAL</u>				
Button Up	\$4,635	19,232	5.68	15.28
Heat Pump	\$18,590	396,200	10.08	0
TSE Home	\$3,867	2,568	0.66	2.48
Simple Saver DLC	\$28,462	4,425	473.32	117.52
Energy Audits	\$36,062	Undetermined	Undetermined	Undetermined
Smart Home Pilot	\$80,419	To be determined	To be determined	To be determined
CFL's	\$4,198	82,800	16.56	13.25
<u>COMMERCIAL</u>				
Lighting	\$54,783	1,699,280	288.88	155.99
Compressed Air	\$0	0	0	0
<u>OTHER</u>				
Volt Var Pilot	\$68,804	To be determined	To be determined	To be determined

2011				
Program	Expenditures	Reduction		
		(kWh)	(Summer KW)	(Winter KW)
<u>RESIDENTIAL</u>				
Button Up	\$6,535	23,442	6.91	18.53
Heat Pump	\$20,880	466,950	11.88	0
TSE Home	\$5,928	5,136	1.32	4.96
Simple Saver DLC	\$23,717	5,390	572.66	144.56
Energy Audits	\$41,976	Undetermined	Undetermined	Undetermined
Smart Home Pilot	\$27,875	To be determined	To be determined	To be determined
CFL's	\$3,943	82,800	16.56	13.25
<u>COMMERCIAL</u>				
Lighting	\$13,264	402,300	68.39	36.93
Compressed Air	\$0	0	0	0
<u>OTHER</u>				
Volt Var Pilot	\$23,800	To be determined	To be determined	To be determined

2010				
Program	Expenditures	Reduction		
		(kWh)	(Summer KW)	(Winter KW)
<u>RESIDENTIAL</u>				
Button Up	\$5,638	20,135	5.94	15.95
Heat Pump	\$28,262	672,125	17.10	0
TSE Home	\$6,322	2,568	0.66	2.48
Simple Saver DLC	\$10,559	475	64.05	7.80
Energy Audits	\$68,823	Undetermined	Undetermined	Undetermined
Smart Home Pilot	\$10,682	To be determined	To be determined	To be determined
CFL's	\$4,070	82,800	16.56	13.25
<u>COMMERCIAL</u>				
Lighting	\$27,110	1,132,100	192.46	103.93
Compressed Air	\$1,360	313,937	46.46	18.58
<u>OTHER</u>				
Volt Var Pilot	\$19,448	To be determined	To be determined	To be determined

2009				
Program	Expenditures	Reduction		
		(kWh)	(Summer KW)	(Winter KW)
<u>RESIDENTIAL</u>				
Button Up	\$0	0	0	0
Heat Pump	\$17,874	374,975	9.54	0
TSE Home	\$8,448	17,976	4.62	17.36
Simple Saver DLC	\$3,420	2,265	224.66	66.56
Energy Audits	\$81,070	Undetermined	Undetermined	Undetermined
Smart Home Pilot	\$0	To be determined	To be determined	To be determined
CFL's	\$7,095	139,104	27.82	22.26
<u>COMMERCIAL</u>				
Lighting	\$0	0	0	0
Compressed Air	\$0	0	0	0
<u>OTHER</u>				
Volt Var Pilot	\$0	0	0	0

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Commission Staff's First Request for Information

49. Provide separate schedules, for the test year and the 12-month period immediately preceding the test year that show the following information regarding Owen's investments in subsidiaries and joint ventures:

- a. Name of subsidiary or joint venture;
- b. Date of initial investment;
- c. Amount and type of investment;
- d. Balance sheet and income statement. Where only internal statements are prepared, furnish copies of these; and
- e. Name of officers of each of the subsidiaries or joint ventures, officer's annual compensation, and portion of compensation charged to the subsidiary or joint venture. Indicate the position that each officer holds with Owen and the compensation received from Owen.

Response

Owen does not have a subsidiary or joint venture.

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50. Provide separate schedules showing all dividends or income of any type received by Owen from its subsidiaries or joint ventures for the test year and the three years preceding the test year. Indicate how this income is reflected in the reports filed with the Commission and any reports to Owen's member customers.

Response

Not applicable.

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51. Concerning non-regulated activities:

a. Is Owen engaged in any non-regulated activities? If yes, provide a detailed description of each non-regulated activity.

b. Is Owen engaged in any non-regulated activities through an affiliate? If yes, provide the name of each affiliate and the non-regulated activity in which it is engaged.

c. Identify each service agreement with each affiliate and indicate whether the service agreement is on file with the Commission. Provide a copy of each service agreement not already on file with the Commission.

d. Has Owen loaned money or property to any affiliate? If yes, describe in detail what was loaned, the terms of the loan, and the name of the affiliate.

Response

Owen does not have non-regulated or affiliate activities.