

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF BIG SANDY RURAL)	
ELECTRIC COOPERATIVE CORP.,)	
FLEMING-MASON ENERGY COOPERATIVE,)	CASE NO.
INC., GRAYSON RURAL ELECTRIC)	2012-00484
COOPERATIVE CORP., FOR AN ORDER)	
APPROVING KY ENERGY RETROFIT)	
RIDER PERMANENT TARIFF)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO
BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION,
FLEMING-MASON ENERGY COOPERATIVE, INC., AND GRAYSON RURAL
ELECTRIC COOPERATIVE CORPORATION

Big Sandy Rural Electric Cooperative Corporation ("Big Sandy"), Fleming-Mason Energy Cooperative, Inc., ("Fleming-Mason"), and Grayson Rural Electric Cooperative Corporation ("Grayson") (collectively "Joint Applicants"), pursuant to 807 KAR 5:001, are each to file with the Commission the original and six copies of the following information,¹ with a copy to all parties of record. The information requested herein is due no later than 10 days from the date of issuance of this request. 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

¹ Item No. 13 is asked only of Big Sandy. Item No. 14 is asked only of Fleming-Mason.

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.

Big Sandy, Fleming-Mason, and Grayson 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 Big Sandy, Fleming-Mason, or Grayson fails or refuses to furnish all or part of the requested information, it 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.

1. Refer to footnote 3 on page 3 of the Application and the Data Report for the period of December 1, 2011 through May 31, 2012, contained in the Semi Annual Report filed on June 20, 2012. In the Data Report, Jackson Energy was the most active cooperative with respect to the Kentucky Energy Retrofit Rider ("KER Rider"), but the footnote states that Jackson Energy is not filing for a permanent rider at this time.

a. If known, explain why Jackson Energy is not proposing a permanent rider at this time.

b. If known, explain when and if Jackson Energy expects to propose a permanent KER Rider.

2. In the Application, the Joint Applicants state that they will partner with the Mountain Association for Community Economic Development ("MACED") to operate the KER Rider program. Provide the total dollar amount, to date, of funds paid by MACED to your particular cooperative, as well as the total amount of funds paid by your particular cooperative to MACED for the retrofit project.

3. Refer to page 4, Item No. 11 of the Application.

a. The response states that to date, \$538,008 in capital has been deployed through the program. For each of the Joint applicants, provide a breakdown of the manner in which the capital has been deployed at your particular cooperative, including:

(1) The types of costs involved, including costs of actual projects, advertising and promotional costs, and administrative costs;

(2) The associated dollar amounts, for each type of cost shown in the response to Item 3.a.(1) above.

b. The average monthly retrofit project charge is stated as \$38.70. Provide the average payback period associated with the \$38.70 charge.

4. Refer to page 4, Item No. 12 of the Application. Joint Applicants state that some additional accounting costs incurred have been, to date, adequately covered by the existing project management fee calculated as part of the Retrofit Project Charge.

a. Provide the dollar amount of the additional accounting costs incurred by your particular cooperative that have been covered by the existing project management fee.

b. Provide the average amount of the project management fee at your particular cooperative for projects to date.

c. Provide the total amount of funding provided through the Kentucky Home Performance Program to your particular cooperative for reimbursement of the initial training costs associated with attaining Building Performance Institute certification.

d. Explain the reasons for the additional costs. In the explanation, state whether the costs are considered significant, and whether the costs are expected to be covered by the existing fee for the foreseeable future.

5. Refer to page 4, Item No. 13 of the Application. Joint Applicants state that only one of the 98 completed retrofit projects is currently inactive. Joint Applicants further state that repayment has been suspended on that account and that the Retrofit Project Charge will resume when service resumes at that location. Additionally, Joint Applicants state that, in a few cases, some participating locations have significant damage resulting from fire or natural disaster, but electric service has remained current at those locations, resulting in no interruption of the repayment of the Retrofit Project Charge. For each of the Joint Applicants:

a. Provide for your particular cooperative the specific number of participating locations that have significant damage from fire or natural disaster, as defined by the Joint Applicants.

b. Provide for your particular cooperative the total number of completed retrofit project locations that have been sold, foreclosed upon, or for which, owners have had a change of address since the completion of the retrofit projects.

6. State whether payments made on projects are returned to the pool of capital set aside for future energy retrofit projects. If returned, state approximately what percentage of the total payments are returned to the pool.

7. Refer to page 5, Item No. 15 of the Application.

a. Joint Applicants attempt to clarify in Item 15(b) that the investment is tied to the physical location, not an account. Explain the necessity of tying the investment to the physical location as opposed to the account of an individual customer.

b. Refer to page 5, Item No. 16 of the Application. Joint Applicants state that the KER Rider “remains a voluntary tariff available to customers”. Explain how the KER Rider is considered “voluntary,” given the Joint Applicants’ proposal is to tie the investment to the physical location, rather than the individual account holder.

8. Refer to pages 5 and 6, Item No. 16 of the Application.

a. On page 6, Joint Applicants state that the proposed KER Rider requires the development of a Conservation Plan for each retrofit option proposed for a customer. For your particular cooperative, provide an example of Conservation Plans developed during the pilot program.

b. For your particular cooperative, provide an analysis of the projected savings associated with each identified Conservation Plan as compared to the actual savings experienced by the customer on each account.

9. Refer to page 6, Item No. 17 of the Application. For your particular cooperative, provide an itemized breakdown of all funding sources, including name and dollar amount, that will be providing funds for the program administration, sources of the funding, and any adjustments to the revenue structure of the program.

10. Refer to the Application, pages 6 and 7, Item No. 18.

a. On pages 6 and 7 there is a discussion about the September 2012 United State Department of Agriculture’s Rural Utilities Service (“RUS”) Notice of Proposed Rulemaking regarding the Energy Efficiency and Conservation Loan Program

("Program"), which proposes to allow qualified energy-efficiency programs, the standards to which the KER Rider programs appears to comply, to constitute an eligible use of the program funds for active borrowers in good standing with RUS.

(1) Explain what steps your particular cooperative has taken in an attempt to ensure the KER Rider is an eligible use of the Program funds.

(2) If known, state when Program funds will be available for your particular cooperative for energy-efficiency programs.

(3) Identify all procedures and costs necessary to implement the Program at your particular cooperative.

b. Explain whether any additional funding supporting the on-bill financing program has been earmarked or received to date at your particular cooperative.

11. Refer to Exhibit A of the Application. Joint Applicants describe Exhibit A as the current KY Energy Retrofit Rider Tariff with proposed changes indicated by striking over deletions and adding or changing text as noted. Confirm that Exhibit A is actually the proposed tariff and Exhibit B is the tariff with changes indicated.

12. Refer to Exhibit B, page 3, of the existing rider where there is a proposed text change to revise the annual interest rate in the Retrofit Project Charge from the Company's current average cost of long-term debt to the cost of capital used by the capital provider to finance the project.

a. Explain the basis of this proposed change.

b. Identify how the KER Rider would be jeopardized if this specific change is not made to the existing program.

c. State whether this change represents an increase in the Retrofit Project Charge.

d. State whether the terms “annual interest rate” and “cost of capital” are synonymous for purposes of the Retrofit Project Charge.

13. This Item is requested only of Big Sandy. In Case No. 2012-00030,² Big Sandy was granted a rate increase accompanied with a change in its rate design. Describe what impacts, if any, the granted changes will have on the administration and costs of the KER Rider at Big Sandy.

14. This Item is requested only of Fleming-Mason. In Case No. 2012-00369,³ Fleming-Mason Energy Cooperative Inc. is requesting a rate design change as well as new tariffs for Time of Day Rates and Inclining Block Rates in a revenue neutral case. If approved, describe what impacts, if any, the proposed changes will have on the administration and costs of the KER Rider at Fleming-Mason.



Jeff Derouen
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED DEC 14 2012

cc: Parties of Record

² Case No. 2012-00030, Application of Big Sandy Rural Electric Cooperative Corporation for an Adjustment of Rates, (Ky. PSC Oct. 31, 2012).

³ Case No. 2012-00369, Application of Fleming-Mason Energy Cooperative, Inc. for an Order Authorizing a Change in Rate Design for Its Residential Rate Classes, and the Offering of Several Optional Rate Designs for the Residential Rate Classes, filed Nov. 21, 2012.

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