

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

COMMISSION STAFF'S SECOND 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 January 18, 2013. 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.

1. Refer to the response to Item 20, page 7 of Exhibit 7B, in the Application.
 - a. Explain why Fleming-Mason's demand rates were not changed in conjunction with East Kentucky Power Cooperative, Inc.'s ("EKPC") last general rate case.
 - b. Refer to the last line of the response to Item 20. Confirm that the correct retail rate schedule listed should be LIS-6B – Large Industrial Service.
2. Refer to the response to Item 1 of Commission Staff's First Request for Information ("Staff's First Request").
 - a. Refer to the response to Item 1.a. Provide the same information for the months in calendar year 2012 for which information is available.
 - (1) Provide the information for all the months in 2012 when such information becomes available.

(2) Provide the date the information requested in Item 1 of Staff's First Request is expected to be available.

b. Provide a definition of each of the table headings listed in the responses to Items 1.c. and d. and a list of the type of heating utilized by the members that are represented in each table.

c. Explain why the average annual usage listed in response to Item 1.a. is less than the average annual usage listed in response to Items 1.c. and d.

d. Refer to Item 1.e. of Staff's First Request. Provide a response to this item, as Fleming-Mason's initial response did not address it.

e. While Fleming-Mason's proposed changes in rates are designed to be revenue neutral, those proposed changes may not necessarily be bill neutral. Based upon the response to Item 2.d., explain whether Fleming-Mason agrees or disagrees that a decrease in the energy rate could send a price signal that promotes usage.

f. Explain whether Fleming-Mason is aware of any published studies that address customers' responses to conservation, energy efficiency or demand-response offerings of utilities when the offerings coincide with the type of rate-design changes Fleming-Mason is proposing in this proceeding.

3. Refer to the response to Item 3 of Staff's First Request.

a. Refer to the response to Item 3.a. Based on the response that a threshold of 90 percent of peak load, as shown on Exhibit C, was used to determine on- and off-peak hours, explain why 2 p.m. is the beginning of the summer on-peak period and why 5 a.m. and 5 p.m. are the beginnings of the winter on-peak periods.

b. Refer to the response to Item 3.a.(2). Explain whether the fact that Fleming-Mason's proposed rates do not always follow the underlying rates of its wholesale power supplier, East Kentucky Power Cooperative, Inc., puts Fleming-Mason at some financial risk.

4. Refer to the response to Item 9.d. of Staff's First Request. Explain whether any of the Demand-Side Management ("DSM") programs listed in this response are specifically targeted to fixed- and low-income members. If not, explain how many such customers participate in each of the DSM programs listed.

5. Refer to Item 11 of Staff's First Request and the response to Item 10 of Commission Staff's First Request for Information in Case No. 2011-00037¹, where in relevant part, Owen Electric Cooperative, Inc. ("Owen") stated that its time-of-day rate had been available for approximately ten years, but no residential members had chosen the rate in lieu of the standard rate. Explain how Fleming-Mason plans to administer the marketing of the proposed time-of-day rate in order to overcome the problems Owen encountered with its time-of-day rate.

6. Refer to the response to Item 13 of Staff's First Request, which states that if "those customers" (presumably those using between 800 and 1,000 kWh per month) move to an inclining block rate, only 24,298 will experience an increase in their bills.

a. Explain whether the number of customers with usage between 800 and 1,000 kWh as shown on Exhibit F of Item 13 is actually 24,498.

¹ Case No. 2011-00037, Application of Owen Electric Cooperative Corporation for an Order Authorizing a Change in Rate Design for Its Residential and Small Commercial Rate Classes, and the Proffering of Several Optional Rate Designs for the Residential Rate Classes (Ky. PSC Feb. 29, 2012).

b. Explain whether customers using 150 kWh or less will also experience a bill increase from current rates, as shown on Exhibit D of the response to Item 12, even if they move to the proposed inclining block rate.

c. If the answer to b. above is yes, confirm that the number of customers using 150 kWh or less is 59,438, and that the total number of customers experiencing an increase from current rates due to the proposed change in rate design is 83,936.

7. Refer to the response to Item 16.a. of Staff's First Request. State whether the customer bills calculated in the TOD column assume any shifting of customer usage from peak to off peak. If yes, explain the assumptions used in calculating the TOD bills. If no, explain how a customer switching to TOD rate schedule would be able to achieve a lower bill than at present or proposed rates during the January peak month without shifting usage.

8. Refer to the response to Items 19 and 20.a. of Staff's First Request. The response to Item 20.a. states that the proper allocation of Account 403.6, Depreciation Distribution Plant, on page 9 of the cost of service study ("COSS") is the Distribution Plant percentages found on page 12, the Rate Base Schedule. However, in the electronic copy of the revised COSS filed in response to Item 19, the Distribution Plant percentages found on page 12 were not used to allocate account 403.6 on page 9.

a. Provide both an electronic and hard copy of the revised COSS with account 403.6 allocated using the Distribution Plant percentages and all other corrections previously made.

b. State whether the results of the revised COSS would cause Fleming Mason to make any changes to the rate design or class allocations proposed in the application.

9. Refer to the response to Item 23. Referring to the COSS, the response states that "Page 30 represents the monthly sum of the peak demands for the individual consumers in each rate class".

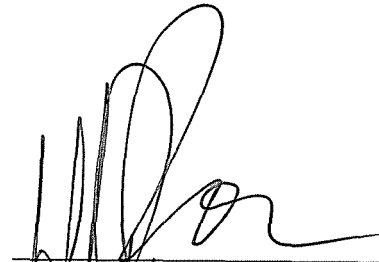
a. Confirm that the response is meant to refer to page 29 instead of page 30.

b. Explain how individual consumer demands are calculated for rate classes without demand meters

10. Refer to the response to Item 26 of Staff's First Request, "Maintained Employment Level" and the reference to slow customer growth. Provide the number of customers, by customer class, for the last five years.

11. Refer to Fleming-Mason's response to Item 24 of Staff's First Request for Information. Provide a copy of the affidavit from each publisher verifying that the notice that was published, including the dates of publication with an attached copy of the published notice.

12. Refer to Fleming-Mason's response to Item 25 of Staff's First Request. Provide a copy of the affidavit from each publisher verifying that the notice that was published, including the dates of publication with an attached copy of the published notice.



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DATED JAN 07 2013

cc: Parties of Record

Case No. 2012-00369

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