

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF FARMERS RURAL ELECTRIC)	
COOPERATIVE CORPORATION FOR)	
APPROVAL OF AN OPTIONAL RESIDENTIAL)	CASE NO.
TIME-OF-DAY TARIFF AND FIFTEEN)	2014-00155
INDUSTRIAL TARIFFS BASED ON THREE)	
WHOLESALE POWER TARIFFS AVAILABLE TO)	
FARMERS RECC)	

COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION
TO FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION

Farmers Rural Electric Cooperative Corporation ("Farmers"), pursuant to 807 KAR 5:001, 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 by June 17, 2014. 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.

Farmers 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

Farmers fails or refuses to furnish all or part of the requested information, Farmers 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. Refer to paragraph 5 of the application, which states that the Residential Time-of-Day ("TOD") tariff will provide members the opportunity to reduce their electric bills. The Commercial TOD annual reports filed by Farmers in compliance with the Commission's Order in Case No. 2012-00108¹ show that, on an annual basis, total revenue received from Commercial TOD customers is greater than the revenue that would have been collected from those customers if they had been billed under Farmers' Schedule C tariff. Explain why Farmers expects residential customers to be able to reduce their electric bills when commercial customers have not.

2. Refer to paragraph 6 of the application.

a. The paragraph states that Farmers has two tariffs that were designed for large industrial customers and that it is seeking to limit the use of those tariffs to members currently served under the tariffs. State the number of customers on each of the two tariffs and explain why Farmers wishes to limit the use of the tariffs.

¹ Case No. 2012-00108, Application of Farmers Rural Electric Cooperative Corporation for a New Commercial Time-of-Day Tariff (Ky. PSC Apr. 27, 2012).

b. Confirm that the members currently served on the two existing industrial tariffs would have the option to be served pursuant to one of the proposed optional industrial tariffs.

c. Confirm that Schedule C will still be available for new industrial customers.

d. The paragraph states that Farmers has developed five tariffs based on each of East Kentucky Power Cooperative, Inc.'s ("EKPC") schedules B, C, and E2. Explain why Farmers did not develop tariffs based on EKPC schedules A and E1.

e. Paragraph 6 lists five load ranges for the proposed industrial tariffs. Explain how the load ranges were determined.

3. Refer to Exhibit D of the application, Schedule 1, pages 1 and 2 of 2.

a. Explain why customer-charge revenues are not included in the Gross Margin analysis shown on these pages.

b. Explain the differences in the kW column from page 1 to page 2. For example, near the top of the page, June is shown as 6,595 kW on page 1 and as 7,233 kW on page 2.

c. Refer to page 2 of 2, the table at the top of the page. Explain the origin of the \$.049882 shown as the Retail energy charge.

4. Refer to Exhibit D of the application, Schedule 2, pages 1 and 2 of 2.

a. Explain why customer charge revenues are not included in the Gross Margin analysis shown on these pages.

b. Explain the differences in the kW column from page 1 to page 2.

5. Refer to Schedule D of the application, Schedule 3, page 2 of 2. Confirm that the EKPC Load Center Charge for 7,500 to 14,999 kVa should be stated at \$3,292 instead of the \$3,297 shown.

6. Refer to Exhibit E of the application. Explain why Farmers' current Schedule D and E tariff pages are marked as being deleted.

7. Provide a detailed explanation of the inadequacy of Farmers' existing Schedule D and E tariffs that caused it to decide to propose limiting their use, and an explanation of how the proposed optional industrial tariffs will improve the provision of service and service offerings to industrial customers.

8. Refer to the Direct Testimony of James R. Adkins ("Adkins Testimony"), the response to question 2.

a. Mr. Adkins states that, in designing the proposed Residential TOD Tariff, Farmers wanted to set the customer charge at an amount higher than the current charge, but not high enough to be a barrier to choosing the tariff. Exhibit A of the application, the Proposed Residential TOD Tariff, Sheet No. 20.001, shows a proposed customer charge of \$15.00 per month. The current customer charge for Farmers Schedule R – Residential is \$9.35. Explain why Farmers wanted a higher customer charge for the proposed tariff than exists for the Farmers' Schedule R and how the \$15 customer charge was determined.

b. Mr. Adkins states that Farmers wanted to "establish an off-peak energy rate that would provide a reasonable incentive for a member to give serious consideration to this rate." Farmers is proposing to set the off-peak energy rate for the

Residential TOD Tariff at \$.06 per kWh. Explain how it was determined that this rate would provide “reasonable incentive” for customers to give consideration to the tariff.

9. a. For an average customer to be served under the proposed Residential TOD tariff, provide a comparison of the customer’s bill under existing rates with the bill as it would be calculated under the proposed tariff rates, assuming the level of load shifting expected by Farmers.

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

10. Refer to the response to question 4 in the Adkins Testimony which states that the customer charges for the proposed large industrial tariffs were based on the load center charges of EKPC. Provide a reconciliation of the customer charges at the five different load levels proposed by Farmers with the load center charges in EKPC's tariff for each level.

11. Describe Farmers’ efforts to communicate with residential customers regarding their interest in optional rate designs such as the proposed Residential TOD Tariff.

12. State whether Farmers considered any other optional tariff offerings for residential customers, and if so, explain what other tariff designs were considered and why they were rejected.

13. Provide a detailed explanation of Farmers’ plan to communicate with its residential customers regarding the availability of the Residential TOD Tariff and the benefits they could realize from shifting their usage to the off-peak periods.

14. State how many residential customers Farmers expects to switch to the proposed Residential TOD Tariff if it is approved by the Commission.

15. State how Farmers intends to monitor residential customers' bills and communicate with customers if they experience increased bills as a result of switching to the proposed Residential TOD tariff. The explanation should include Farmers' experience with monitoring Commercial TOD customer bills and how, or if, Farmers has communicated with those customers regarding increases in their bills compared to what their bills would have been under Schedule C billing.

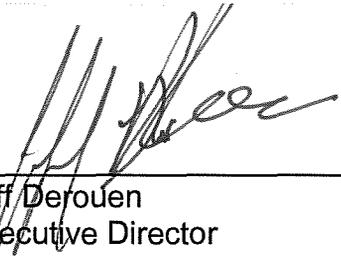
16. Describe Farmers' efforts to communicate with its existing industrial customers regarding their interest in optional rate designs such as the proposed optional industrial tariffs.

17. State whether Farmers considered any other optional tariff offerings for industrial customers, and if so, explain what other tariff designs were considered and why they were rejected.

18. Provide a detailed explanation of Farmers' plan to communicate with its existing industrial customers regarding the availability of the optional industrial tariffs and the benefits they could realize from switching to one of those tariffs.

19. State how many existing industrial customers, if any, Farmers expects to switch to the proposed industrial tariffs if the tariffs are approved by the Commission.

20. State whether a contract or agreement will be required if a residential or industrial customer selects an optional rate schedule. If such is the case, provide copies of all contracts or agreements required.



Jeff Derouen
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DATED **JUN 03 2014**

cc: Parties of Record

Case No. 2014-00155

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