

ATTORNEYS AT LAW | PLLC

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November 15, 2016

RECEIVED  
NOV 16 2016  
PUBLIC SERVICE  
COMMISSION

Dr. Talina Mathews, Ph.D.  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40601

RE: Case No. 2016-00365

Dear Dr. Mathews:

Enclosed for filing is an original and ten copies of the application of Farmers Rural Electric Cooperative Corporation for an adjustment of rates. Please return a file-stamped copy of this filing to my office at your earliest convenience.

Please feel free to call if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "D. Samford".

David S. Samford

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

RECEIVED

NOV 15 2016

PUBLIC SERVICE  
COMMISSION

**In the Matter of Adjustment of Rates     )**  
**of Farmers Rural Electric                    )**  
**Cooperative Corporation                    )**

**Case No. 2016-00365**

**APPLICATION**

Comes now Farmers Rural Electric Cooperative Corporation (“Farmers”), by counsel, pursuant to KRS 278.180, 807 KAR 5:001 and other applicable law, and hereby makes application for an adjustment of rates, respectfully stating as follows:

1. Farmers informs the Kentucky Public Service Commission (“Commission”) that it is engaged in the business of operating a retail electric distributions system in portions of eight (8) counties in Kentucky and does hereby propose to adjust rates, effective December 15, 2016 in conformity with the attached schedule. In this proposed adjustment of rates, Farmers is proposing to increase its electric rates by \$1,893,805. [807 KAR 5:001, Section 14].
2. The name and post office address of the applicant is Farmers Rural Electric Cooperative Corporation, 504 South Broadway, P.O. Box 1298 Glasgow, KY 42142-1298. Farmers’ email address is farmersrecc-psc@farmersrecc.com. [807 KAR 5:001, Section 14(1)].
3. Farmers is a Kentucky rural electric cooperative corporation incorporated under the authority of KRS Chapter 279 on March 14, 1938 and currently in good standing within and throughout the Commonwealth of Kentucky. Farmers is neither a limited partnership nor a limited liability company [807 KAR 5:001, Section 14(3) and Section 14(4)]. Farmers is authorized to do business in Kentucky.
4. The application is supported by a twelve-month historical test period ending December 31, 2015 and includes adjustments for known and measurable changes [807 KAR 5:001, Section 16(1)(a)1].

5. Farmers states the reasons the rate adjustment is required pursuant to 807 KAR Section 16(1)(b)1 are as follows:
  - a. Farmers last filed an increase in rates in Case No 2008-00030, which resulted in a base rate increase of \$3,690,686. Since then, Farmers has incurred increases in the cost of power, materials, equipment, labor, taxes, and other fixed and variable costs. Farmers' Board has received and considered the recommendations of management and retained consultants that indicate a modest rate increase is necessary in order to assure that Farmers will be able to continue providing safe, efficient and reliable service to its Members.
  - b. The financial performance of Farmers has slowly deteriorated, and as a result, it is not meeting its mortgage requirements.
  - c. Farmers had a Times Interest Earned Ratio ("TIER") of 1.07 excluding G&T capital credits and an Operating Times Interest Earned Ratio ("OTIER") of 0.98 for the test year ending December 31, 2015. Farmers is required in its mortgage agreement to maintain both a minimum TIER of 1.25 and a minimum OTIER of 1.10, based on an average of two best out of the three most current years. Farmers is requesting a TIER of 2.00 which provides some cushion against unpredictable situations that may occur such as loss of revenue due to extensive periods of mild weather or loss of customers, unexpected costs due to large scale storm damage and to provide a reasonable time interval between rate cases.
  - d. Farmers requests this rate adjustment in order to meet the terms of the mortgage agreement, improve its financial stability and integrity, and continue to provide safe and reliable electric service.
6. The Board of Directors of Farmers, at its meeting on August 18, 2016, reviewed the current financial condition of Farmers and the need for a rate adjustment to maintain the financial stability and integrity of the Cooperative. The Board of Directors adopted a motion directing management to prepare and file the necessary application and

associated filings with the Public Service Commission to adjust the rates of Farmers. A copy of the motion is attached as Exhibit A.

7. Farmers does not conduct business under an assumed name [807 KAR 5:001, Section 16(1)(b)2].
8. The proposed tariff is attached as Exhibit B in a form that complies with 807 KAR 5:011 with an effective date not less than 30 days from the date of this application [807 KAR 5:001, Section 16(1)(b)3].
9. The proposed tariff changes, identified in compliance with 807 KAR 5:011, are shown by providing the present and proposed tariffs in comparative form on the same sheet, side by side, or on facing sheets, side by side, as Exhibit C [807 KAR 5:001, Section 16(1)(b)4a].
10. Farmers is giving notice to its members of the filing of this application in accordance with 807 KAR 5:001, Section 17 by publishing a notice once a week for three (3) consecutive weeks in a prominent manner in newspapers of general circulation in Farmers' Service Territory, the first publication to be made no later than the date the application is filed with the Commission. A copy of the notice is attached as Exhibit D [807 KAR 5:001, Section 16(1)(b)5]
11. Farmers filed with the Commission a written notice of intent to file a rate application on October 13, 2016. The notice of intent stated that the rate application would be supported by a historical test period and was served upon the Attorney General's Office of Rate Intervention. A copy of the notice of intent is attached as Exhibit E [807 KAR 5:001, Section 16(2) and 807 KAR 5:001, Section 16(2)(a) and Section 16(2)(c)].
12. A complete description and qualified explanation for all proposed adjustments with proper support for any proposed changes in price or activity levels, and any other factors which may affect the adjustment, including a Revenue Analysis shown as Exhibit F. [807 KAR 5:001, Section (16)(4)(a)].

13. The prepared testimony of each witness supporting the application and exhibits is attached as Exhibit G [807 KAR 5:001, Section 16(4)(b)].
14. A statement estimating the effect the new rates will have upon the revenues of Farmers, including, at a minimum, the total amount of revenues resulting from the increase or decrease and the percentage of the increase or decrease is shown by Exhibits H and I [807 KAR 5:001, Section 16(4)(d)].
15. The effect upon the average bill for each customer classification to which the proposed rate change will apply is shown by Exhibit I [807 KAR 5:001, Section 16(4)(e)].
16. An analysis of customers' bills in such detail that revenues from present and proposed rates can be readily determined for each customer class is shown by Exhibits H and I [807 KAR 5:001, Section 16(4)(g)].
17. A summary of the Cooperative's determination of its revenue requirements based on return on net investment rate base, return on capitalization, interest coverage, debt service coverage or operating ratio, with supporting schedules is shown by Exhibit J [807 KAR 5:001, Section 16(4)(h)].
18. A reconciliation of the rate base and capital used to determine its revenue requirements is shown by Exhibit K [807 KAR 5:001, Section 16(4)(i)].
19. A current chart of accounts is shown by Exhibit L [807 KAR 5:001, Section 16(4)(j)].
20. The independent auditor's report is attached as Exhibit M [807 KAR 5:001, Section 16(4)(k)].
21. Neither the Federal Energy Regulatory Commission nor the Federal Communications Commission has audited Farmers and no audit reports exist [807 KAR 5:001, Section 16(4)(l)].

22. No Federal Energy Regulatory Commission Form 1 exists for Farmers [807 KAR 5:001, Section 16(4)(m)].
23. Farmers has never had a depreciation study completed [807 KAR 5:001, Section 16(4)(n)].
24. A list of commercially available or in-house developed computer software, programs, and models used in the development of the schedules and work papers associated with the filing of this application are attached as Exhibit N [807 KAR 5:001, Section 16(4)(o)].
25. No stock or bond offerings have been made by Farmers [807 KAR 5:001, Section 16(4)(p)].
26. Annual Reports to members for years 2014 and 2015 are attached as Exhibit O [807 KAR 5:001, Section 16(4)(q)].
27. The monthly managerial reports providing financial results of operations for the twelve (12) months in the test period are attached as Exhibit P [807 KAR 5:001, Section 16(4)(r)].
28. No Securities and Exchange Commission Annual Reports exist as for Farmers because it is not regulated by that regulatory body [807 KAR 5:001, Section 16(4)(s)].
29. Farmers has had no amounts charged or allocated to it by an affiliate or general or home office and did pay monies to an affiliate or general or home office during the test period or during the previous three (3) calendar years [807 KAR 5:001, Section 16(4)(t)].
30. A cost of service study based on a methodology generally accepted within the electric industry and based on current and reliable data for the test period is attached as Exhibit Q [807 KAR 5:001, Section 16(4)(u)].

31. Farmers is not a Local Exchange Carrier or Company as set forth in 807 KAR 5:001, Section 16(4)(v)].
32. A detailed income statement and balance sheet reflecting the impact of all proposed adjustments is attached as Exhibit H [807 KAR 5:001, Section 16(5)(a)].
33. No “proposed pro forma adjustments reflecting plant additions” exist or apply to Farmers. [807 KAR 5:001, Section 16(5)(b) and Section 16(5)(c)].
34. The number of customers to be added to the test period end level is attached as Exhibit R [807 KAR 5:001 Section 16(5)(e)].
35. Additional financial exhibits required by 807 KAR 5:001, Section 16, financial information covering twelve (12) month historical test period ending December 31, 2015, and other information required to be filed is attached by exhibits, as follows:

Exhibit S	Detailed comparative income statement, statement of cash flows and balance sheet
Exhibit T	Capital structure
Exhibit F, Schedule D	Adjustments for salaries and wages
Exhibit F, Schedule D	Adjustments for payroll taxes
Exhibit F, Schedule E	Adjustment for depreciation
Exhibit F, Schedule F	Adjustment for property taxes
Exhibit F, Schedule D	Adjustment for Pension Plan
Exhibit F, Schedule H	Adjustment for donations
Exhibit F, Schedule H	Adjustment for professional fees
Exhibit F, Schedule H	Adjustment for director expenses
Exhibit F, Schedule H	Adjustment for miscellaneous expenses
Exhibit F, Schedule G	Adjustment for rate case costs
Exhibits F and H	Adjustment for G&T capital credits
Exhibit F, Schedule B	Adjustment for purchase power
Exhibit F, Schedule A	Adjustment for normalized revenue
Exhibit U	Equity Management Plan



Respectfully submitted,



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*Counsel for Farmers Rural Electric  
Cooperative Corporation*

CC: Parties of Interest

# Table of Contents

<b>A</b>	Board Resolution
<b>B</b>	Proposed Tariffs
<b>C</b>	Proposed Tariff Markups
<b>D</b>	Newspaper Notice
<b>E</b>	Notice to Commission
<b>F</b>	State of Op. Present Rates
<b>G</b>	Testimony
<b>H</b>	State of Op. Proposed Rates
<b>I</b>	Comparison of Rev. Present & Proposed
<b>J</b>	Rev. Req. at TIER 2.00
<b>K</b>	Rec. of Rate Base & Capital
<b>L</b>	Chart of Accounts
<b>M</b>	Independent Auditors Report
<b>N</b>	Software Used
<b>O</b>	Annual Meeting Reports
<b>P</b>	Monthly Form 7s
<b>Q</b>	Cost of Service
<b>R</b>	EOY Customer Adjustment
<b>S</b>	Income State, Balance Sheet, Cash Flow
<b>T</b>	Capital Structure
<b>U</b>	Equity Mgt. Plan
<b>V</b>	
<b>W</b>	
<b>X</b>	
<b>Y</b>	
<b>Z</b>	

**RESOLUTION**

WHEREAS, Farmers R.E.C.C. is owned by its Members and endeavors to provide safe, efficient and reliable electric service to said Members at rates that are fair, just and reasonable; and

WHEREAS, Farmers R.E.C.C.'s last base rate case was filed in 2008 and resulted in a rate increase of \$3.69 million; and

WHEREAS, since its last base rate case, Farmers R.E.C.C. has closely monitored its revenues and controlled its expenses so as to prudently manage the cooperative corporation and delay the necessity of filing any additional applications for an increase in base rates; and

WHEREAS, the Board has received and considered the recommendations of management and retained consultants that indicate a modest rate increase is necessary in order to assure that Farmers R.E.C.C. will be able to continue providing safe, efficient and reliable service to its Members;

NOW THEREFORE BE IT RESOLVED BY THE BOARD AS FOLLOWS:

- 1) Farmers R.E.C.C.'s management is authorized to prepare and file an application for an increase in base rates, in an amount not to exceed \$1.894 million, with the Kentucky Public Service Commission;
- 2) Farmers R.E.C.C.'s management is further authorized to take any and all actions necessary or advisable to seek approval of the requested rate increase with the Kentucky Public Service Commission.

Done this 18 day of August, 2016.



Mr. Randy Sexton, Secretary-Treasurer

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10

1<sup>st</sup> Revised SHEET NO. 12

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

CANCELLING P.S.C. KY. NO. 9

Original SHEET NO. 12

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**RATES AND CHARGES**

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**SCHEDULE R – RESIDENTIAL SERVICE**

APPLICABLE: In all territory served by the seller.

AVAILABILITY: Available to residents for all uses in the home and on the farm and for other consumers using single-phase service below 50 kW for ordinary merchandising establishments, repair shops, garages and service stations, schools, churches and community buildings, all subject to the established rules and regulations of the seller. Three-phase service may be provided to consumers located within 1,000 feet of existing three-phase line.

TYPE OF SERVICE: Single-phase, or three-phase where available, 60 cycles, at available secondary voltages.

RATES PER MONTH:

Customer Charge		\$14.00	(I)
All kWh	@	\$0.08895 per kWh	

FUEL ADJUSTMENT CLAUSE: All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per kWh equal to the fuel adjustment amount per kWh as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10 percent and is based on a twelve-month moving average of such losses. This Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

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DATE OF ISSUE: 11-15-2016

DATE EFFECTIVE: 12-15-2016

ISSUED BY: William J. Pratten  
TITLE: President & Chief Executive Officer

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10

1<sup>st</sup> Revised SHEET NO. 20.001

CANCELLING P.S.C. KY. NO. 9

Original SHEET NO. 20.001

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

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**RATES AND CHARGES**

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**SCHEDULE R- TIME-OF-DAY- RESIDENTIAL SERVICE**

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to all members for residential use where the monthly demand is less than 50 kW and only single phase service is required.

MONTHLY RATE:

Customer Charge	\$19.65 per Month	(I)
On-Peak Energy	\$ 0.10473 per kWh	
Off-Peak Energy	\$ 0.06000 per kWh	

ON-PEAK HOURS

Central Prevailing Time

October through April  
6:00 A.M. to 11:00 A.M. Central Time  
4:00 P.M. to 9:00 P.M. Central Time

May through September  
9:00 A.M. to 9:00 P.M. Central Time

All other hours are Off-Peak.

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DATE OF ISSUE: 11-15-2016

DATE EFFECTIVE: 12-15-2016

ISSUED BY William J. Arthur  
TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of KY  
in Case No. 2014-00155 Dated: 10-16-2014

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10

1<sup>st</sup> Revised SHEET NO. 21

CANCELLING P.S.C. KY. NO. 9

Original SHEET NO. 21

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

**RATES AND CHARGES**

**SCHEDULE C – COMMERCIAL & INDUSTRIAL SERVICE**

APPLICABLE: In all territory served by the seller.

AVAILABILITY: Available to consumers for commercial and industrial loads for all uses including lighting, heating and power, including oil well services, all subject to the established rules and regulations of the seller.

TYPE OF SERVICE: Single-phase, or three-phase where available, 60 cycles at available voltages.

RATES PER MONTH

1. For all consumers whose kilowatt demand is less than 50 kW.

Kilowatt Demand Charge:	None		
Customer Charge		\$21.32	(I)
All kWh	@	0.08424 per kWh	

2. For all consumers whose kilowatt demand is 50 kW or above.

Kilowatt Demand Charge:		\$7.89 per kW	(I)
Customer Charge		\$105.00	(I)
Energy Charge:			
All kWh	@	\$0.06513 per kWh	

DATE OF ISSUE: 11-15-2016

DATE EFFECTIVE: 12-15-2016

ISSUED BY William J. Prater  
TITLE: President & Chief Executive Officer

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10

1<sup>st</sup> Revised SHEET NO. 24

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

CANCELLING P.S.C. KY. NO. 9

Original SHEET NO. 24

**RATES AND CHARGES**

**SCHEDULE C – TIME-OF-DAY-COMMERCIAL SERVICE**

APPLICABLE: In all territory served by the seller.

AVAILABILITY: Available to consumers for commercial or non-residential loads of all uses including lighting, heating, and power not exceeding a total kilowatt demand of 500 kW; all subject to the established rules and regulations of the seller.

TYPE OF SERVICE: Single phase or three phase where available, 60 cycles at available voltages.

RATES PER MONTH

Customer Charge:

Single Phase Service	\$ 21.32 per month	(I)
Three Phase Service	\$105.00 per month	(I)

Energy Charge per kWh:

On-Peak Energy	\$0.11814 per kWh
Off-Peak Energy	\$0.06000 per kWh

On-Peak Hours

May – September 9:00 a.m. – 9:00 p.m. CST\*

October – April 6:00 a.m. – 11:00 a.m. CST\*  
4:00 p.m. – 9:00 p.m. CST\*

\*Refer to notation on following page concerning daylight savings time.

All other hours are Off-Peak.

DATE OF ISSUE: 11-15-2016

DATE EFFECTIVE: 12-15-2016

ISSUED BY   
TITLE: President & Chief Executive Officer

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10

2<sup>nd</sup> Revised SHEET NO. 26

CANCELLING P.S.C. KY. NO. 10

1<sup>st</sup> Revised SHEET NO. 26

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

**RATES AND CHARGES**

**SCHEDULE D – LARGE COMMERCIAL/INDUSTRIAL SERVICE**  
**OPTIONAL TIME-OF-DAY RATE**

APPLICABLE: In all territory served by the seller.

AVAILABILITY: In Case No. 2014-00155, the Public Service Commission approved the discontinuance of Schedule D for all but existing members that were currently being served pursuant to Schedule D on and before October 16, 2014.

TYPE OF SERVICE: Single-phase, or three-phase where available, 60 cycles at available voltages.

RATES PER MONTH

Customer Charge	\$105.00	(I)
Kilowatt Demand Charge:	\$7.89 per kW	(I)
Energy Charge:		
All	kWh @ \$0.06513 per kWh	

DETERMINATION OF BILLING DEMAND: The billing demand shall be the maximum kilowatt demand established by the consumer for any period of fifteen consecutive minutes during the on-peak hours specified by the seller in the consumer's service contract during the month for which the bill is rendered, as indicated or recorded by a demand meter and adjusted for power factor as provided below.

DATE OF ISSUE: 11-15-2016

DATE EFFECTIVE: 12-15-2016

ISSUED BY *William J. Frasier*  
TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of KY  
in Case No. 2014-00155 Dated: October 16, 2014

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10

2<sup>nd</sup> Revised SHEET NO. 29

CANCELLING P.S.C. KY. NO. 10

1<sup>st</sup> Revised SHEET NO. 29

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

**RATES AND CHARGES**

**SCHEDULE E – LARGE INDUSTRIAL RATE**

APPLICABLE: In all territory served by the seller.

AVAILABILITY: In Case No. 2014-00155, the Public Service Commission approved the discontinuance of Schedule E for all but existing members that were currently being served pursuant to Schedule E on and before October 16, 2014.

MONTHLY RATE:

Customer Charge:	\$1,142.46 per Month	
Demand Charge:	\$7.89 per kW	(I)
Energy Charge:	\$ 0.05163 per kWh	

DETERMINATION OF BILLING DEMAND: The monthly billing demand shall be the greater of (a) or (b) listed below:

- (a) The contract demand,
- (b) The consumer's highest demand during the current month or preceding eleven months coincident with the load center's peak demand. The load center's peak demand is the highest average rate at which energy is used during any fifteen-minute interval in the below listed hours for each month and adjusted for power factor as provided herein:

<u>MONTHS</u>	<u>HOURS APPLICABLE FOR DEMAND BILLING - EST</u>
October through April	7:00 A.M. to 12:00 Noon 5:00 P.M. to 10:00 P.M.
May through September	10:00 A.M. to 10:00 P.M.

DATE OF ISSUE: 11-15-2016

DATE EFFECTIVE: 12-15-2016

ISSUED BY William J. Patten  
TITLE: President & Chief Executive Officer

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10

2<sup>nd</sup> Revised SHEET NO. 31.001

CANCELLING P.S.C. KY. NO. 10

1<sup>st</sup> Revised SHEET NO. 31.001

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

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**RATES AND CHARGES**

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**SCHEDULE LPC-1 – LARGE POWER**

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to all members of the Cooperative where the monthly contract demand is 500 to 999 kW with a monthly energy usage equal to or greater than 425 kilowatt hours per kW of billing demand, all subject to the established rules and regulations of the Cooperative.

MONTHLY RATE:

Customer Charge:	\$1,016.00 per Month	(I)
Demand Charge:	\$ 7.77 per kW	(I)
Energy Charge:	\$ 0.057882 per kWh	

DETERMINATION OF BILLING DEMAND: The billing demand shall be the greater of (a) or (b) listed below:

- (a) The contract kW demand,
- (b) The member's highest kW peak demand during the current month or preceding eleven months. The peak demand is the highest average rate at which energy is used during any fifteen-minute interval in the hours listed for each month and adjusted for power factor as provided herein.

DETERMINATION OF BILLING ENERGY: The kWh billing energy shall be the billing kW demand multiplied by 425 hours or the actual kWh energy used in the current month, whichever is greater.

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DATE OF ISSUE: 11-15-2016

DATE EFFECTIVE: 12-15-2016

ISSUED BY *William J. Patton*  
TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of KY  
in Case No. 2014-00155 Dated: 10-16-2014

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10

2<sup>nd</sup> Revised SHEET NO. 31.004

CANCELLING P.S.C. KY. NO. 10

1<sup>st</sup> Revised SHEET NO. 31.004

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

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**RATES AND CHARGES**

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**SCHEDULE LPC-2 – LARGE POWER**

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to all members of the Cooperative where the monthly contract demand is 1,000 to 2,999 kW with a monthly energy usage equal to or greater than 425 kilowatt hours per kW of billing demand, all subject to the established rules and regulations of the Cooperative.

MONTHLY RATE:

Customer Charge:	\$1,288.00 per Month	(I)
Demand Charge:	\$ 7.77 per kW	(I)
Energy Charge:	\$ 0.055882 per kWh	

DETERMINATION OF BILLING DEMAND: The billing demand shall be the greater of (a) or (b) listed below:

- (a) The contract kW demand,
- (b) The member's highest kW peak demand during the current month or preceding eleven months. The peak demand is the highest average rate at which energy is used during any fifteen-minute interval in the hours listed for each month and adjusted for power factor as provided herein.

DETERMINATION OF BILLING ENERGY: The kWh billing energy shall be the billing kW demand multiplied by 425 hours or the actual kWh energy used in the current month, whichever is greater.

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DATE OF ISSUE: 11-15-2016

DATE EFFECTIVE: 12-15-2016

ISSUED BY William J. Prater  
TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of KY  
in Case No. 2014-00155 Dated: 10-16-2014

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10

2<sup>nd</sup> Revised SHEET NO. 31.007

CANCELLING P.S.C. KY. NO. 10

1<sup>st</sup> Revised SHEET NO. 31.007

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

**RATES AND CHARGES**

**SCHEDULE LPC-3 – LARGE POWER**

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to all members of the Cooperative where the monthly contract demand is 3,000 to 4,999 kW with a monthly energy usage equal to or greater than 425 kilowatt hours per kW of billing demand, all subject to the established rules and regulations of the Cooperative.

MONTHLY RATE:

Customer Charge:	\$2,937.00 per Month	(I)
Demand Charge:	\$ 7.77 per kW	(I)
Energy Charge:	\$ 0.054382 per kWh	

DETERMINATION OF BILLING DEMAND: The billing demand shall be the greater of (a) or (b) listed below:

- (a) The contract kW demand,
- (b) The member's highest kW peak demand during the current month or preceding eleven months. The peak demand is the highest average rate at which energy is used during any fifteen-minute interval in the hours listed for each month and adjusted for power factor as provided herein.

DETERMINATION OF BILLING ENERGY: The kWh billing energy shall be the billing kW demand multiplied by 425 hours or the actual kWh energy used in the current month, whichever is greater.

DATE OF ISSUE: 11-15-2016

DATE EFFECTIVE: 12-15-2016

ISSUED BY William J. Pratten  
TITLE: President & Chief Executive Officer

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10

2<sup>nd</sup> Revised SHEET NO. 31.010

CANCELLING P.S.C. KY. NO. 10

1<sup>st</sup> Revised SHEET NO. 31.010

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

**RATES AND CHARGES**

**SCHEDULE LPC-4 – LARGE POWER**

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to all members of the Cooperative where the monthly contract demand is 5,000 to 9,999 kW with a monthly energy usage equal to or greater than 425 kilowatt hours per kW of billing demand, all subject to the established rules and regulations of the Cooperative.

MONTHLY RATE:

Customer Charge:	\$3,215.00 per Month	(I)
Demand Charge:	\$ 7.77 per kW	(I)
Energy Charge:	\$ 0.051882 per kWh	

DETERMINATION OF BILLING DEMAND: The billing demand shall be the greater of (a) or (b) listed below:

- (a) The contract kW demand,
- (b) The member's highest kW peak demand during the current month or preceding eleven months. The peak demand is the highest average rate at which energy is used during any fifteen-minute interval in the hours listed for each month and adjusted for power factor as provided herein.

DETERMINATION OF BILLING ENERGY: The kWh billing energy shall be the billing kW demand multiplied by 425 hours or the actual kWh energy used in the current month, whichever is greater.

DATE OF ISSUE: 11-15-2016

DATE EFFECTIVE: 12-15-2016

ISSUED BY William J. Austin  
TITLE: President & Chief Executive Officer

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10

2<sup>nd</sup> Revised SHEET NO. 31.013

CANCELLING P.S.C. KY. NO. 10

1<sup>st</sup> Revised SHEET NO. 31.013

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

**RATES AND CHARGES**

**SCHEDULE LPC-5 – LARGE POWER**

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to all members of the Cooperative where the monthly contract demand is 10,000 kW or greater with a monthly energy usage equal to or greater than 425 kilowatt hours per kW of billing demand, all subject to the established rules and regulations of the Cooperative.

MONTHLY RATE:

Customer Charge:	\$4,501.00 per Month	(I)
Demand Charge:	\$ 7.77 per kW	(I)
Energy Charge:	\$ 0.049382 per kWh	

DETERMINATION OF BILLING DEMAND: The billing demand shall be the greater of (a) or (b) listed below:

- (a) The contract kW demand,
- (b) The member's highest kW peak demand during the current month or preceding eleven months. The peak demand is the highest average rate at which energy is used during any fifteen-minute interval in the hours listed for each month and adjusted for power factor as provided herein.

DETERMINATION OF BILLING ENERGY: The kWh billing energy shall be the billing kW demand multiplied by 425 hours or the actual kWh energy used in the current month, whichever is greater.

DATE OF ISSUE: 11-15-2016

DATE EFFECTIVE: 12-15-2016

ISSUED BY William J. Priddy  
TITLE: President & Chief Executive Officer

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10

2<sup>nd</sup> Revised SHEET NO. 31.016

CANCELLING P.S.C. KY. NO. 10

1<sup>st</sup> Revised SHEET NO. 31.016

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

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**RATES AND CHARGES**

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**SCHEDULE LPB-1 – LARGE POWER**

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to all members of the cooperative who are or shall be members of the Cooperative where the monthly contract demand is 500 to 999 kW with a monthly energy usage equal to or greater than 425 kilowatt hours per kW of contract billing demand, all subject to the established rules and regulations of the Cooperative.

MONTHLY RATE:

Customer Charge:	\$1,016.00 per Month	(I)
Demand Charge:	\$7.77 per kW of contract demand	(I)
	\$9.98 per kW for all billing demand in excess of contract demand	
Energy Charge:	\$0.057882 per kWh	

DETERMINATION OF BILLING DEMAND: The kW billing demand shall be the contract demand plus any excess demand. Excess demand occurs when the member's peak demand during the current month exceeds the contract demand. The member's peak demand is the highest average rate at which energy is used during any fifteen-minute interval in the hours listed for each month and adjusted for power factor as provided herein.

DETERMINATION OF BILLING ENERGY: The kWh billing energy shall be the contract billing kW demand multiplied by 425 hours or the actual energy used in the current month, whichever is greater.

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DATE OF ISSUE: 11-15-2016

DATE EFFECTIVE: 12-15-2016

ISSUED BY *William J. Priddy*  
TITLE: President & Chief Executive Officer

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10

2<sup>nd</sup> Revised SHEET NO. 31.019

CANCELLING P.S.C. KY. NO. 10

1<sup>st</sup> Revised SHEET NO. 31.019

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

**RATES AND CHARGES**

**SCHEDULE LPB-2 – LARGE POWER**

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to all members of the Cooperative where the monthly contract demand is 1,000 to 2,999 kW with a monthly energy usage equal to or greater than 425 kilowatt hours per kW of contract billing demand, all subject to the established rules and regulations of the Cooperative.

MONTHLY RATE:

Customer Charge:	\$1,288.00 per Month	(I)
Demand Charge:	\$7.77 per kW of contract demand	(I)
	\$9.98 per kW for all billing demand in excess of contract demand	
Energy Charge:	\$0.055882 per kWh	

DETERMINATION OF BILLING DEMAND: The kW billing demand shall be the contract demand plus any excess demand. Excess demand occurs when the member's peak demand during the current month exceeds the contract demand. The member's peak demand is the highest average rate at which energy is used during any fifteen-minute interval in the hours listed for each month and adjusted for power factor as provided herein.

DETERMINATION OF BILLING ENERGY: The kWh billing energy shall be the contract billing kW demand multiplied by 425 hours or the actual energy used in the current month, whichever is greater.

DATE OF ISSUE: 11-15-2016

DATE EFFECTIVE: 12-15-2016

ISSUED BY William J. Patton  
TITLE: President & Chief Executive Officer

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10

2<sup>nd</sup> Revised SHEET NO. 31.022

CANCELLING P.S.C. KY. NO. 10

1<sup>st</sup> Revised SHEET NO. 31.022

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

**RATES AND CHARGES**

**SCHEDULE LPB-3 – LARGE POWER**

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to all members of the Cooperative where the monthly contract demand is 3,000 to 4,999 kW with a monthly energy usage equal to or greater than 425 kilowatt hours per kW of contract billing demand, all subject to the established rules and regulations of the Cooperative.

MONTHLY RATE:

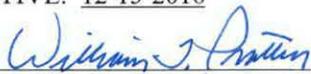
Customer Charge:	\$2,937.00 per Month	(I)
Demand Charge:	\$7.77 per kW of contract demand \$9.98 per kW for all billing demand in excess of contract demand	(I)
Energy Charge:	\$0.054382 per kWh	

DETERMINATION OF BILLING DEMAND: The kW billing demand shall be the contract demand plus any excess demand. Excess demand occurs when the member's peak demand during the current month exceeds the contract demand. The member's peak demand is the highest average rate at which energy is used during any fifteen-minute interval in the hours listed for each month and adjusted for power factor as provided herein.

DETERMINATION OF BILLING ENERGY: The kWh billing energy shall be the contract billing kW demand multiplied by 425 hours or the actual energy used in the current month, whichever is greater.

DATE OF ISSUE: 11-15-2016

DATE EFFECTIVE: 12-15-2016

ISSUED BY   
TITLE: President & Chief Executive Officer

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10

2<sup>nd</sup> Revised SHEET NO. 31.025

CANCELLING P.S.C. KY. NO. 10

1<sup>st</sup> Revised SHEET NO. 31.025

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

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**RATES AND CHARGES**

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**SCHEDULE LPB-4 – LARGE POWER**

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to all members of the Cooperative where the monthly contract demand is 5,000 to 9,999 kW with a monthly energy usage equal to or greater than 425 kilowatt hours per kW of contract billing demand, all subject to the established rules and regulations of the Cooperative.

MONTHLY RATE:

Customer Charge:	\$3,215.00 per month	(I)
Demand Charge:	\$7.77 per kW of contract demand	(I)
	\$9.98 per kW for all billing demand in excess of contract demand	
Energy Charge:	\$0.051882 per kWh	

DETERMINATION OF BILLING DEMAND: The kW billing demand shall be the contract demand plus any excess demand. Excess demand occurs when the member's peak demand during the current month exceeds the contract demand. The member's peak demand is the highest average rate at which energy is used during any fifteen-minute interval in the hours listed for each month and adjusted for power factor as provided herein.

DETERMINATION OF BILLING ENERGY: The kWh billing energy shall be the contract billing kW demand multiplied by 425 hours or the actual energy used in the current month, whichever is greater.

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DATE OF ISSUE: 11-15-2016

DATE EFFECTIVE: 12-15-2016

ISSUED BY *William J. Prater*  
TITLE: President & Chief Executive Officer

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10

1<sup>st</sup> Revised SHEET NO. 31.028

CANCELLING P.S.C. KY. NO. 9

Original SHEET NO. 31.028

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

**RATES AND CHARGES**

**SCHEDULE LPB-5 – LARGE POWER**

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to all members of the Cooperative where the monthly contract demand is 10,000 kW or greater with a monthly energy usage equal to or greater than 425 kilowatt hours per kW of contract billing demand, all subject to the established rules and regulations of the Cooperative.

MONTHLY RATE:

Customer Charge:	\$4,501.00 per Month	(I)
Demand Charge:	\$7.77 per kW of contract demand	(I)
	\$9.98 per kW for all billing demand in excess of contract demand	
Energy Charge:	\$0.049382 per kWh	

DETERMINATION OF BILLING DEMAND: The kW billing demand shall be the contract demand plus any excess demand. Excess demand occurs when the member's peak demand during the current month exceeds the contract demand. The member's peak demand is the highest average rate at which energy is used during any fifteen-minute interval in the hours listed for each month and adjusted for power factor as provided herein.

DETERMINATION OF BILLING ENERGY: The kWh billing energy shall be the contract billing kW demand multiplied by 425 hours or the actual energy used in the current month, whichever is greater.

DATE OF ISSUE: 11-15-2016

DATE EFFECTIVE: 12-15-2016

ISSUED BY William J. Prater  
TITLE: President & Chief Executive Officer

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10

1<sup>st</sup> Revised SHEET NO. 31.031

CANCELLING P.S.C. KY. NO. 9

Original SHEET NO. 31.031

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

**RATES AND CHARGES**

**SCHEDULE LPE-1 – LARGE POWER TIME-OF-DAY**

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to all members of the Cooperative where the monthly kilowatt demand is 500 to 999 kW; all subject to the established rules and regulations of the Cooperative.

MONTHLY RATE:

Customer Charge:	\$1,016.00 per Month	(I)
Demand Charge:	\$ 6.62 per kW	(I)
Energy Charge:	\$ 0.068279 per kWh On-Peak	
	\$ 0.059554 per kWh Off-Peak	

DETERMINATION OF DEMAND BILLED: The kW billing demand shall be the highest average rate at which energy is used during any fifteen-minute interval during the month and adjusted for power factor as provided herein.

DETERMINATION OF ENERGY BILLED: On-Peak and Off-Peak kWh energy billing shall be in accordance with the hours listed for each month:

<u>MONTHS</u>	<u>ON-PEAK HOURS – Central Prevailing Time</u>
October through April	6:00 A.M. to 11:00 A.M. Central Time 4:00 P.M. to 9:00 P.M. Central Time
May through September	9:00 A.M. to 9:00 P.M. Central Time
All other hours are Off-Peak	

DATE OF ISSUE: 11-15-2016

DATE EFFECTIVE: 12-15-2016

ISSUED BY *William S. Patton*  
TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of KY  
in Case No. 2014-00155 Dated: 10-16-2014

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10

1<sup>st</sup> Revised SHEET NO. 31.033

CANCELLING P.S.C. KY. NO. 9

Original SHEET NO. 31.033

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

**RATES AND CHARGES**

**SCHEDULE LPE-2 – LARGE POWER TIME-OF-DAY**

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to all members of the Cooperative where the monthly kilowatt demand is 1,000 to 2,999 kW; all subject to the established rules and regulations of the Cooperative.

MONTHLY RATE:

Customer Charge:	\$1,288.00 per Month	(I)
Demand Charge:	\$ 6.62 per kW	(I)
Energy Charge:	\$ 0.066279 per kWh On-Peak	
	\$ 0.057554 per kWh Off-Peak	

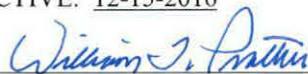
DETERMINATION OF DEMAND BILLED: The kW billing demand shall be the highest average rate at which energy is used during any fifteen-minute interval during the month and adjusted for power factor as provided herein.

DETERMINATION OF ENERGY BILLED: On-Peak and Off-Peak kWh energy billing shall be in accordance with the hours listed for each month:

<u>MONTHS</u>	<u>ON-PEAK HOURS – Central Prevailing Time</u>
October through April	6:00 A.M. to 11:00 A.M. Central Time 4:00 P.M. to 9:00 P.M. Central Time
May through September	9:00 A.M. to 9:00 P.M. Central Time
All other hours are Off-Peak	

DATE OF ISSUE: 11-15-2016

DATE EFFECTIVE: 12-15-2016

ISSUED BY   
TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of KY  
in Case No. 2014-00155 Dated: 10-16-2014

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10

1<sup>st</sup> Revised SHEET NO. 31.035

CANCELLING P.S.C. KY. NO. 9

Original SHEET NO. 31.035

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

**RATES AND CHARGES**

**SCHEDULE LPE-3 – LARGE POWER TIME-OF-DAY**

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to all members of the Cooperative where the monthly kilowatt demand is 3,000 to 4,999 kW; all subject to the established rules and regulations of the Cooperative.

MONTHLY RATE:

Customer Charge:	\$2,937.00 per Month	(I)
Demand Charge:	\$ 6.62 per kW	(I)
Energy Charge:	\$ 0.064779 per kWh On-Peak	
	\$ 0.056054 per kWh Off-Peak	

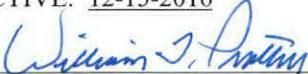
DETERMINATION OF DEMAND BILLED: The kW billing demand shall be the highest average rate at which energy is used during any fifteen-minute interval during the month and adjusted for power factor as provided herein.

DETERMINATION OF ENERGY BILLED: On-Peak and Off-Peak kWh energy billing shall be in accordance with the hours listed for each month:

<u>MONTHS</u>	<u>ON-PEAK HOURS – Central Prevailing Time</u>
October through April	6:00 A.M. to 11:00 A.M. Central Time 4:00 P.M. to 9:00 P.M. Central Time
May through September	9:00 A.M. to 9:00 P.M. Central Time
All other hours are Off-Peak	

DATE OF ISSUE: 11-15-2016

DATE EFFECTIVE: 12-15-2016

ISSUED BY   
TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of KY  
in Case No. 2014-00155 Dated: 10-16-2014

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10

1<sup>st</sup> Revised SHEET NO. 31.037

CANCELLING P.S.C. KY. NO. 9

Original SHEET NO. 31.037

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

**RATES AND CHARGES**

**SCHEDULE LPE-4 – LARGE POWER TIME-OF-DAY**

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to all commercial or non-residential members of the Cooperative where the monthly kilowatt demand is 5,000 kW to 9,999 kW; all subject to the established rules and regulations of the Cooperative.

MONTHLY RATE:

Customer Charge:	\$3,215.00 per Month	(I)
Demand Charge:	\$ 6.62 per kW	(I)
Energy Charge:	\$ 0.062279 per kWh On-Peak	
	\$ 0.053554 per kWh Off-Peak	

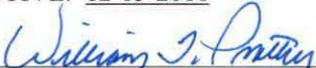
DETERMINATION OF DEMAND BILLED: The kW billing demand shall be the highest average rate at which energy is used during any fifteen-minute interval during the month and adjusted for power factor as provided herein.

DETERMINATION OF ENERGY BILLED: On-Peak and Off-Peak kWh energy billing shall be in accordance with the hours listed for each month:

<u>MONTHS</u>	<u>ON-PEAK HOURS – Central Prevailing Time</u>
October through April	6:00 A.M. to 11:00 A.M. Central Time 4:00 P.M. to 9:00 P.M. Central Time
May through September	9:00 A.M. to 9:00 P.M. Central Time
All other hours are Off-Peak	

DATE OF ISSUE: 11-15-2016

DATE EFFECTIVE: 12-15-2016

ISSUED BY   
TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of KY  
in Case No. 2014-00155 Dated: 10-16-2014

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10

1<sup>st</sup> Revised SHEET NO. 31.039

CANCELLING P.S.C. KY. NO. 9

Original SHEET NO. 31.039

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

**RATES AND CHARGES**

**SCHEDULE LPE-5 – LARGE POWER TIME-OF-DAY**

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to all commercial or non-residential members of the Cooperative where the monthly kilowatt demand is 10,000 kW or greater; all subject to the established rules and regulations of the Cooperative.

MONTHLY RATE:

Customer Charge:	\$4,501.00 per Month	(I)
Demand Charge:	\$ 6.62 per kW	(I)
Energy Charge:	\$ 0.059779 per kWh On-Peak	
	\$ 0.051054 per kWh Off-Peak	

DETERMINATION OF DEMAND BILLED: The kW billing demand shall be the highest average rate at which energy is used during any fifteen-minute interval during the month and adjusted for power factor as provided herein.

DETERMINATION OF ENERGY BILLED: On-Peak and Off-Peak kWh energy billing shall be in accordance with the hours listed for each month:

<u>MONTHS</u>	<u>ON-PEAK HOURS – Central Prevailing Time</u>
October through April	6:00 A.M. to 11:00 A.M. Central Time
	4:00 P.M. to 9:00 P.M. Central Time
May through September	9:00 A.M. to 9:00 P.M. Central Time
All other hours are Off-Peak	

DATE OF ISSUE: 11-15-2016

DATE EFFECTIVE: 12-15-2016

ISSUED BY William J. Proctor  
TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of KY  
in Case No. 2014-00155 Dated: 10-16-2014

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10

1<sup>st</sup> Revised SHEET NO. 41

CANCELLING P.S.C. KY. NO. 9

Original SHEET NO. 41

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

**RATES AND CHARGES**

**SCHEDULE SL – STREET LIGHTING SERVICE**

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to federal, state and local governmental agencies for dusk to dawn street lighting subject to established rules and regulations.

TYPE OF SERVICE: Automatic dusk to dawn lighting systems, single-phase, 60 cycles, at available secondary voltages.

MONTHLY RATE:

Energy Charge: The monthly energy charge for each type of lamp shall be \$0.05908 per rated kWh per month (I) as determined from Table I below:

TABLE I

<u>Type of Lamp</u>	<u>Lamp Size Watts</u>	<u>Lumens</u>	<u>Rated kWh</u>
Mercury Vapor	175	7,650	70
Mercury Vapor	250	10,400	98
Mercury Vapor	400	19,100	156
High Pressure Sodium	100	8,550	42
High Pressure Sodium	250	23,000	105
High Pressure Sodium	400	45,000	165
High Pressure Sodium	1,000	126,000	385

Facility Charge: The books of the Cooperative shall accurately reflect the Cooperative's total investment in facilities for each specific agency receiving service under this tariff. The monthly facility charge for a given agency shall be 1.14 percent of said total investment.

DATE OF ISSUE: 11-15-2016

DATE EFFECTIVE: 12-15-2016

ISSUED BY William J. Priddy  
TITLE: President & Chief Executive Officer

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10

2<sup>nd</sup> Revised SHEET NO. 43

CANCELLING P.S.C. KY. NO. 10

1<sup>st</sup> Revised SHEET NO. 43

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

**RATES AND CHARGES**

**SCHEDULE OL – OUTDOOR LIGHTING SERVICE**

APPLICABLE: In all territory served by the seller.

AVAILABILITY: To individuals, towns, villages and others for controlled single and multiple outdoor lighting from dusk to dawn. Service under this schedule is for a term of not less than one year and is subject to the rules and regulations of the seller as approved by the Kentucky Public Service Commission.

RATE PER FIXTURE:

<u>Type of Lamp</u>	<u>Watts</u>	<u>Monthly kWh Usage</u>	<u>Monthly Charge Per Lamp</u>	
Mercury Vapor	175	70	\$ 9.73	(I)
Mercury Vapor	175 Watt, shared	70	3.47	(I)
Mercury Vapor	250	98	11.16	(I)
Mercury Vapor	400	156	16.97	(I)
Mercury Vapor	1000	378	30.15	(I)
Sodium Vapor	100	42	10.04	(I)
Sodium Vapor	150	63	11.72	(I)
Sodium Vapor	250	105	15.96	(I)
Sodium Vapor	400	165	20.61	(I)
Sodium Vapor	1000	385	44.70	(I)
LED Lighting	70	27	9.90	(I)

FUEL ADJUSTMENT CLAUSE: All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per kWh equal to the fuel adjustment amount per kWh as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10 percent and is based on a twelve-month moving average of such losses. This Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

CONDITIONS OF SERVICE:

1. Outdoor lighting, including lamps, fixture, other necessary facilities and electric energy, will be furnished by the Cooperative.
2. Above service is limited to one existing wood pole per fixture.
3. Lamp replacements will be furnished and made by the Cooperative except in cases of vandalism or willful destruction.
4. Service required other than the above shall be paid for by the consumer according to the initial cost of such installation.

DATE OF ISSUE: 11-15-2016

DATE EFFECTIVE: 12-15-2016

ISSUED BY William J. Prother  
TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of KY  
in Case No. 2010-00500 Dated: May 31, 2011

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10

1<sup>st</sup> Revised SHEET NO. 83

CANCELLING P.S.C. KY. NO. 9

Original SHEET NO. 83

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

**RATES AND CHARGES**

**SCHEDULE RM – RESIDENTIAL OFF-PEAK MARKETING - ETS**

APPLICABLE: In all territory served by the seller.

AVAILABILITY: Available to consumers eligible for Schedule R - Residential Service. The electric power and energy furnished under Tariff RM Residential Off-Peak Marketing Rate shall be separately metered for each point of delivery and requires an executed contract between the member and the Cooperative. A sample contract is shown following these tariffs as Appendix D. Other power and energy furnished will be billed under Schedule R.

RATES:

Energy Charge: \$0.0600 per kWh (I)

SCHEDULE OF HOURS: This rate is only applicable for the below listed off-peak hours:

<u>MONTHS</u>	<u>OFF-PEAK HOURS - EST</u>
October thru April	12:00 Noon to 5:00 P.M. 10:00 P.M. to 7:00 A.M.
May thru September	10:00 P.M. to 10:00 A.M.

DATE OF ISSUE: 11-15-2016

DATE EFFECTIVE: 12-15-2016

ISSUED BY William J. [Signature]  
TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of KY  
in Case No. 2010-00500 Dated: May 31, 2011

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10

1<sup>st</sup> Revised SHEET NO. 85

CANCELLING P.S.C. KY. NO. 9

Original SHEET NO. 85

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

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**RATES AND CHARGES**

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**SCHEDULE CM – SMALL COMMERCIAL OFF-PEAK MARKETING - ETS**

APPLICABLE: In all territory served by the seller.

AVAILABILITY: Available to commercial consumers whose kilowatt demand is less than 50 kW. The electric power and energy furnished under Tariff CM, Small Commercial Off-Peak Marketing Rate, shall be separately metered for each point of delivery and requires an executed contract between the member and the Cooperative. A sample contract is shown following this tariff as Appendix D. Other power and energy furnished will be billed under Schedule C-1.

RATES:

Energy Charge: \$0.0600 per kWh (I)

SCHEDULE OF HOURS: This rate is only applicable for the below listed off-peak hours:

<u>MONTHS</u>	<u>OFF-PEAK HOURS - EST</u>
October thru April	12:00 Noon to 5:00 P.M. 10:00 P.M. to 7:00 A.M.
May thru September	10:00 P.M. to 10:00 A.M.

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DATE OF ISSUE: 11-15-2016

DATE EFFECTIVE: 12-15-2016

ISSUED BY William J. Patton  
TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of KY  
in Case No. 2010-00500 Dated: May 31, 2011

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10  
*1<sup>st</sup> Revised*  
Original SHEET NO. 12

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

CANCELLING P.S.C. KY. NO. 9  
*Original* SHEET NO. 12

**RATES AND CHARGES**

**SCHEDULE R – RESIDENTIAL SERVICE**

APPLICABLE: In all territory served by the seller.

AVAILABILITY: Available to residents for all uses in the home and on the farm and for other consumers using single-phase service below 50 kW for ordinary merchandising establishments, repair shops, garages and service stations, schools, churches and community buildings, all subject to the established rules and regulations of the seller. Three-phase service may be provided to consumers located within 1,000 feet of existing three-phase line.

TYPE OF SERVICE: Single-phase, or three-phase where available, 60 cycles, at available secondary voltages.

RATES PER MONTH:

Customer Charge		<del>\$9.35</del>	\$14.00	(1)
All kWh	@		\$0.08895 per kWh	

FUEL ADJUSTMENT CLAUSE: All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per kWh equal to the fuel adjustment amount per kWh as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10 percent and is based on a twelve-month moving average of such losses. This Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

DATE OF ISSUE: ~~05-15-2013~~ 11-15-2016

DATE EFFECTIVE: ~~06-15-2013~~ 12-15-2016

ISSUED BY: William J. Prutts  
TITLE: President & Chief Executive Officer

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10

*1<sup>st</sup> Revised*

Original SHEET NO. 20.001

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

CANCELLING P.S.C. KY. NO. 9

*Original* SHEET NO. 20.001

**RATES AND CHARGES**

**SCHEDULE R- TIME-OF-DAY- RESIDENTIAL SERVICE**

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to all members for residential use where the monthly demand is less than 50 kW and only single phase service is required.

MONTHLY RATE:

Customer Charge	\$19.65 <del>\$15.00</del> per Month	(1)
On-Peak Energy	\$ 0.10473 per kWh	
Off-Peak Energy	\$ 0.06000 per kWh	

ON-PEAK HOURS

Central Prevailing Time

October through April  
6:00 A.M. to 11:00 A.M. Central Time  
4:00 P.M. to 9:00 P.M. Central Time

May through September  
9:00 A.M. to 9:00 P.M. Central Time

All other hours are Off-Peak.

DATE OF ISSUE: ~~05-01-2014~~ 11-15-2016

DATE EFFECTIVE: ~~10-16-2014~~ 12-15-2016

ISSUED BY William J. Patton

TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of KY  
in Case No. 2014-00155 Dated: 10-16-2014

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10  
*1<sup>st</sup> Revised*

~~Original~~ SHEET NO. 21

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

CANCELLING P.S.C. KY. NO. 9

*Original* SHEET NO. 21

**RATES AND CHARGES**

**SCHEDULE C – COMMERCIAL & INDUSTRIAL SERVICE**

APPLICABLE: In all territory served by the seller.

AVAILABILITY: Available to consumers for commercial and industrial loads for all uses including lighting, heating and power, including oil well services, all subject to the established rules and regulations of the seller.

TYPE OF SERVICE: Single-phase, or three-phase where available, 60 cycles at available voltages.

RATES PER MONTH

1. For all consumers whose kilowatt demand is less than 50 kW.

Kilowatt Demand Charge:	None		
Customer Charge		\$11.42	\$21.32 (I)
All kWh	@	0.08424 per kWh	

2. For all consumers whose kilowatt demand is 50 kW or above.

Kilowatt Demand Charge:		\$7.12 per kW	\$7.89 (I)
Customer Charge		\$51.93	\$105.00 (I)
Energy Charge:			
All kWh	@	\$0.06513 per kWh	

DATE OF ISSUE: ~~05-15-2013~~ 11-15-2016

DATE EFFECTIVE: ~~06-15-2013~~ 12-15-2016

ISSUED BY William J. Pratten  
TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of KY  
in Case No. 2010-00500 Dated: May 31, 2011

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10  
*1<sup>st</sup> Revised*

~~Original~~ SHEET NO. 24

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

CANCELLING P.S.C. KY. NO. 9

*Original* SHEET NO. 24

**RATES AND CHARGES**

**SCHEDULE C – TIME-OF-DAY-COMMERCIAL SERVICE**

APPLICABLE: In all territory served by the seller.

AVAILABILITY: Available to consumers for commercial or non-residential loads of all uses including lighting, heating, and power not exceeding a total kilowatt demand of 500 kW; all subject to the established rules and regulations of the seller.

TYPE OF SERVICE: Single phase or three phase where available, 60 cycles at available voltages.

RATES PER MONTH

Customer Charge:

Single Phase Service	\$ <del>19.75</del> per month	\$ 21.32	(1)
Three Phase Service	\$ <del>60.26</del> per month	\$105.00	(1)

Energy Charge per kWh:

On-Peak Energy	\$0.11814 per kWh
Off-Peak Energy	\$0.06000 per kWh

On-Peak Hours

May – September 9:00 a.m. – 9:00 p.m. CST\*

October – April 6:00 a.m. – 11:00 a.m. CST\*  
4:00 p.m. – 9:00 p.m. CST\*

\*Refer to notation on following page concerning daylight savings time.

All other hours are Off-Peak.

DATE OF ISSUE: 05-15-2013 11-15-2016

DATE EFFECTIVE: 06-15-2013 12-15-2016

ISSUED BY *William J. Priddy*  
TITLE: President & Chief Executive Officer

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10  
*2<sup>nd</sup> Revised*  
~~1<sup>st</sup> Revised~~ SHEET NO. 26

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

CANCELLING P.S.C. KY. NO. 10  
*1<sup>st</sup> Revised*  
~~Original~~ SHEET NO. 26

**RATES AND CHARGES**

**SCHEDULE D – LARGE COMMERCIAL/INDUSTRIAL SERVICE**  
**OPTIONAL TIME-OF-DAY RATE**

APPLICABLE: In all territory served by the seller.

AVAILABILITY: In Case No. 2014-00155, the Public Service Commission approved the discontinuance of Schedule D for all but existing members that were currently being served pursuant to Schedule D on and before October 16, 2014.

TYPE OF SERVICE: Single-phase, or three-phase where available, 60 cycles at available voltages.

RATES PER MONTH

Customer Charge ~~\$51.93~~ \$105.00 (I)

Kilowatt Demand Charge: ~~-\$7.12~~ per kW \$7.89 (I)

Energy Charge:

All kWh @ \$0.06513 per kWh

DETERMINATION OF BILLING DEMAND: The billing demand shall be the maximum kilowatt demand established by the consumer for any period of fifteen consecutive minutes during the on-peak hours specified by the seller in the consumer's service contract during the month for which the bill is rendered, as indicated or recorded by a demand meter and adjusted for power factor as provided below.

DATE OF ISSUE: ~~05-15-2013~~ 11-15-2016

DATE EFFECTIVE: ~~10-16-2014~~ 12-15-2016

ISSUED BY *William J. Patton*  
TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of KY  
in Case No. 2014-00155 Dated: October 16, 2014

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10  
*2<sup>nd</sup> Revised*  
~~1<sup>st</sup> Revised~~ SHEET NO. 29

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

CANCELLING P.S.C. KY. NO. 10  
*1<sup>st</sup> Revised*  
~~Original~~ SHEET NO. 29

**RATES AND CHARGES**

**SCHEDULE E – LARGE INDUSTRIAL RATE**

APPLICABLE: In all territory served by the seller.

AVAILABILITY: In Case No. 2014-00155, the Public Service Commission approved the discontinuance of Schedule E for all but existing members that were currently being served pursuant to Schedule E on and before October 16, 2014.

MONTHLY RATE:

Customer Charge:	\$1,142.46 per Month	
Demand Charge:	<del>-\$7.12</del> per kW	\$7.89 (I)
Energy Charge:	\$ 0.05163 per kWh	

DETERMINATION OF BILLING DEMAND: The monthly billing demand shall be the greater of (a) or (b) listed below:

- (a) The contract demand,
- (b) The consumer's highest demand during the current month or preceding eleven months coincident with the load center's peak demand. The load center's peak demand is the highest average rate at which energy is used during any fifteen-minute interval in the below listed hours for each month and adjusted for power factor as provided herein:

<u>MONTHS</u>	<u>HOURS APPLICABLE FOR DEMAND BILLING - EST</u>
October through April	7:00 A.M. to 12:00 Noon 5:00 P.M. to 10:00 P.M.
May through September	10:00 A.M. to 10:00 P.M.

DATE OF ISSUE: ~~05-15-2013~~ 11-15-2016

DATE EFFECTIVE: ~~10-16-2014~~ 12-15-2016

ISSUED BY *William J. Posten*  
TITLE: President & Chief Executive Officer

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10  
*2<sup>nd</sup> Revised*  
~~1<sup>st</sup> Revised~~ SHEET NO. 31.001

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

CANCELLING P.S.C. KY. NO. 10  
*1<sup>st</sup> Revised*  
~~Original~~ SHEET NO. 31.001

**RATES AND CHARGES**

**SCHEDULE LPC-1 – LARGE POWER**

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to all members of the Cooperative where the monthly contract demand is 500 to 999 kW with a monthly energy usage equal to or greater than 425 kilowatt hours per kW of billing demand, all subject to the established rules and regulations of the Cooperative.

MONTHLY RATE:

Customer Charge:	\$816.00 per Month	\$1,016.00	(1)
Demand Charge:	-\$7.17 per kW	\$ 7.77	(1)
Energy Charge:	\$ 0.057882 per kWh		

DETERMINATION OF BILLING DEMAND: The billing demand shall be the greater of (a) or (b) listed below:

- (a) The contract kW demand,
- (b) The member's highest kW peak demand during the current month or preceding eleven months. The peak demand is the highest average rate at which energy is used during any fifteen-minute interval in the hours listed for each month and adjusted for power factor as provided herein.

DETERMINATION OF BILLING ENERGY: The kWh billing energy shall be the billing kW demand multiplied by 425 hours or the actual kWh energy used in the current month, whichever is greater.

DATE OF ISSUE: ~~05-01-2014~~ 11-15-2016

DATE EFFECTIVE: ~~10-16-2014~~ 12-15-2016

ISSUED BY William J. Patton  
TITLE: President & Chief Executive Officer

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10  
*2<sup>nd</sup> Revised*  
~~1<sup>st</sup> Revised~~ SHEET NO. 31.004

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

CANCELLING P.S.C. KY. NO. 10  
*1<sup>st</sup> Revised*  
~~Original~~ SHEET NO. 31.004

**RATES AND CHARGES**

**SCHEDULE LPC-2 – LARGE POWER**

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to all members of the Cooperative where the monthly contract demand is 1,000 to 2,999 kW with a monthly energy usage equal to or greater than 425 kilowatt hours per kW of billing demand, all subject to the established rules and regulations of the Cooperative.

MONTHLY RATE:

Customer Charge:	\$1,088.00 per Month	\$1,288.00	(I)
Demand Charge:	\$7.17-per kW	\$ 7.77	(I)
Energy Charge:	\$ 0.055882 per kWh		

DETERMINATION OF BILLING DEMAND: The billing demand shall be the greater of (a) or (b) listed below:

- (a) The contract kW demand,
- (b) The member's highest kW peak demand during the current month or preceding eleven months. The peak demand is the highest average rate at which energy is used during any fifteen-minute interval in the hours listed for each month and adjusted for power factor as provided herein.

DETERMINATION OF BILLING ENERGY: The kWh billing energy shall be the billing kW demand multiplied by 425 hours or the actual kWh energy used in the current month, whichever is greater.

DATE OF ISSUE: ~~05-01-2014~~ 11-15-2016

DATE EFFECTIVE: ~~10-16-2014~~ 12-15-2016

ISSUED BY William J. Patton  
TITLE: President & Chief Executive Officer

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10  
*2<sup>nd</sup> Revised*  
~~1<sup>st</sup> Revised~~ SHEET NO. 31.007

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

CANCELLING P.S.C. KY. NO. 10  
*1<sup>st</sup> Revised*  
~~Original~~ SHEET NO. 31.007

**RATES AND CHARGES**

**SCHEDULE LPC-3 – LARGE POWER**

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to all members of the Cooperative where the monthly contract demand is 3,000 to 4,999 kW with a monthly energy usage equal to or greater than 425 kilowatt hours per kW of billing demand, all subject to the established rules and regulations of the Cooperative.

MONTHLY RATE:

Customer Charge:	\$ <del>2,737.00</del> per Month	\$2,937.00	(I)
Demand Charge:	\$7.17-per kW	\$ 7.77	(I)
Energy Charge:	\$ 0.054382 per kWh		

DETERMINATION OF BILLING DEMAND: The billing demand shall be the greater of (a) or (b) listed below:

- (a) The contract kW demand,
- (b) The member's highest kW peak demand during the current month or preceding eleven months. The peak demand is the highest average rate at which energy is used during any fifteen-minute interval in the hours listed for each month and adjusted for power factor as provided herein.

DETERMINATION OF BILLING ENERGY: The kWh billing energy shall be the billing kW demand multiplied by 425 hours or the actual kWh energy used in the current month, whichever is greater.

DATE OF ISSUE: ~~05-01-2014~~ 11-15-2016

DATE EFFECTIVE: ~~10-16-2014~~ 12-15-2016

ISSUED BY William J. Antley  
TITLE: President & Chief Executive Officer

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10  
*2<sup>nd</sup> Revised*  
~~1<sup>st</sup> Revised~~ SHEET NO. 31.010

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

CANCELLING P.S.C. KY. NO. 10  
*1<sup>st</sup> Revised*  
~~Original~~ SHEET NO. 31.010

**RATES AND CHARGES**

**SCHEDULE LPC-4 – LARGE POWER**

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to all members of the Cooperative where the monthly contract demand is 5,000 to 9,999 kW with a monthly energy usage equal to or greater than 425 kilowatt hours per kW of billing demand, all subject to the established rules and regulations of the Cooperative.

MONTHLY RATE:

Customer Charge:	<del>-\$3,015.00</del> per Month	\$3,215.00	(I)
Demand Charge:	<del>-\$7.17</del> per kW	\$ 7.77	(I)
Energy Charge:	\$ 0.051882 per kWh		

DETERMINATION OF BILLING DEMAND: The billing demand shall be the greater of (a) or (b) listed below:

- (a) The contract kW demand,
- (b) The member's highest kW peak demand during the current month or preceding eleven months. The peak demand is the highest average rate at which energy is used during any fifteen-minute interval in the hours listed for each month and adjusted for power factor as provided herein.

DETERMINATION OF BILLING ENERGY: The kWh billing energy shall be the billing kW demand multiplied by 425 hours or the actual kWh energy used in the current month, whichever is greater.

DATE OF ISSUE: ~~05-01-2014~~ 11-15-2016

DATE EFFECTIVE: ~~10-16-2014~~ 12-15-2016

ISSUED BY *William J. Patton*  
TITLE: President & Chief Executive Officer

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10  
*2<sup>nd</sup> Revised*  
~~1<sup>st</sup> Revised~~ SHEET NO. 31.013

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

CANCELLING P.S.C. KY. NO. 10  
*1<sup>st</sup> Revised*  
~~Original~~ SHEET NO. 31.013

**RATES AND CHARGES**

**SCHEDULE LPC-5 – LARGE POWER**

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to all members of the Cooperative where the monthly contract demand is 10,000 kW or greater with a monthly energy usage equal to or greater than 425 kilowatt hours per kW of billing demand, all subject to the established rules and regulations of the Cooperative.

MONTHLY RATE:

Customer Charge:	<del>-\$4,301.00</del> per Month	\$4,501.00	(I)
Demand Charge:	<del>-\$7.17</del> per kW	\$ 7.77	(I)
Energy Charge:	\$ 0.049382 per kWh		

DETERMINATION OF BILLING DEMAND: The billing demand shall be the greater of (a) or (b) listed below:

- (a) The contract kW demand,
- (b) The member's highest kW peak demand during the current month or preceding eleven months. The peak demand is the highest average rate at which energy is used during any fifteen-minute interval in the hours listed for each month and adjusted for power factor as provided herein.

DETERMINATION OF BILLING ENERGY: The kWh billing energy shall be the billing kW demand multiplied by 425 hours or the actual kWh energy used in the current month, whichever is greater.

DATE OF ISSUE: ~~05-01-2014~~ 11-15-2016

DATE EFFECTIVE: ~~10-16-2014~~ 12-15-2016

ISSUED BY William J. Putter  
TITLE: President & Chief Executive Officer

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10  
*2<sup>nd</sup> Revised*  
~~1<sup>st</sup> Revised~~ SHEET NO. 31.016

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

CANCELLING P.S.C. KY. NO. 10  
*1<sup>st</sup> Revised*  
~~Original~~ SHEET NO. 31.016

**RATES AND CHARGES**

**SCHEDULE LPB-1 – LARGE POWER**

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to all members of the cooperative who are or shall be members of the Cooperative where the monthly contract demand is 500 to 999 kW with a monthly energy usage equal to or greater than 425 kilowatt hours per kW of contract billing demand, all subject to the established rules and regulations of the Cooperative.

MONTHLY RATE:

Customer Charge:	\$816.00 per Month	\$1,016.00	(I)
Demand Charge:	\$7.17 per kW of contract demand	\$7.77	(I)
	\$9.98 per kW for all billing demand in excess of contract demand		
Energy Charge:	\$0.057882 per kWh		

DETERMINATION OF BILLING DEMAND: The kW billing demand shall be the contract demand plus any excess demand. Excess demand occurs when the member's peak demand during the current month exceeds the contract demand. The member's peak demand is the highest average rate at which energy is used during any fifteen-minute interval in the hours listed for each month and adjusted for power factor as provided herein.

DETERMINATION OF BILLING ENERGY: The kWh billing energy shall be the contract billing kW demand multiplied by 425 hours or the actual energy used in the current month, whichever is greater.

DATE OF ISSUE: ~~05-01-2014~~ 11-15-2016

DATE EFFECTIVE: ~~10-16-2014~~ 12-15-2016

ISSUED BY William J. Austin  
TITLE: President & Chief Executive Officer

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10  
*2<sup>nd</sup> Revised*  
~~1<sup>st</sup> Revised~~ SHEET NO. 31.019

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

CANCELLING P.S.C. KY. NO. 10  
*1<sup>st</sup> Revised*  
~~Original~~ SHEET NO. 31.019

**RATES AND CHARGES**

**SCHEDULE LPB-2 – LARGE POWER**

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to all members of the Cooperative where the monthly contract demand is 1,000 to 2,999 kW with a monthly energy usage equal to or greater than 425 kilowatt hours per kW of contract billing demand, all subject to the established rules and regulations of the Cooperative.

MONTHLY RATE:

Customer Charge:	<del>\$1,088.00</del> per Month	<i>\$1,288.00</i>	<i>(1)</i>
Demand Charge:	\$7.17 per kW of contract demand	<i>\$7.77</i>	<i>(1)</i>
	\$9.98 per kW for all billing demand in excess of contract demand		
Energy Charge:	\$0.055882 per kWh		

DETERMINATION OF BILLING DEMAND: The kW billing demand shall be the contract demand plus any excess demand. Excess demand occurs when the member's peak demand during the current month exceeds the contract demand. The member's peak demand is the highest average rate at which energy is used during any fifteen-minute interval in the hours listed for each month and adjusted for power factor as provided herein.

DETERMINATION OF BILLING ENERGY: The kWh billing energy shall be the contract billing kW demand multiplied by 425 hours or the actual energy used in the current month, whichever is greater.

DATE OF ISSUE: ~~05-01-2014~~ 11-15-2016

DATE EFFECTIVE: ~~10-16-2014~~ 12-15-2016

ISSUED BY *William J. Prather*  
TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of KY  
in Case No. 2014-00155 Dated: 10-16-2014

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10  
*2<sup>nd</sup> Revised*  
~~1<sup>st</sup> Revised~~ SHEET NO. 31.022

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

CANCELLING P.S.C. KY. NO. 10  
*1<sup>st</sup> Revised*  
~~Original~~ SHEET NO. 31.022

**RATES AND CHARGES**

**SCHEDULE LPB-3 – LARGE POWER**

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to all members of the Cooperative where the monthly contract demand is 3,000 to 4,999 kW with a monthly energy usage equal to or greater than 425 kilowatt hours per kW of contract billing demand, all subject to the established rules and regulations of the Cooperative.

MONTHLY RATE:

Customer Charge:	<del>\$2,737.00.00</del> per Month \$2,937.00	(I)
Demand Charge:	<del>\$7.17</del> per kW of contract demand \$7.77 \$9.98 per kW for all billing demand in excess of contract demand	(I)
Energy Charge:	\$0.054382 per kWh	

DETERMINATION OF BILLING DEMAND: The kW billing demand shall be the contract demand plus any excess demand. Excess demand occurs when the member's peak demand during the current month exceeds the contract demand. The member's peak demand is the highest average rate at which energy is used during any fifteen-minute interval in the hours listed for each month and adjusted for power factor as provided herein.

DETERMINATION OF BILLING ENERGY: The kWh billing energy shall be the contract billing kW demand multiplied by 425 hours or the actual energy used in the current month, whichever is greater.

DATE OF ISSUE: ~~05-01-2014~~ 11-15-2016

DATE EFFECTIVE: ~~10-16-2014~~ 12-15-2016

ISSUED BY William J. Patten  
TITLE: President & Chief Executive Officer

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10  
*2<sup>nd</sup> Revised*  
~~1<sup>st</sup> Revised~~ SHEET NO. 31.025

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

CANCELLING P.S.C. KY. NO. 10  
*1<sup>st</sup> Revised*  
~~Original~~ SHEET NO. 31.025

**RATES AND CHARGES**

**SCHEDULE LPB-4 – LARGE POWER**

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to all members of the Cooperative where the monthly contract demand is 5,000 to 9,999 kW with a monthly energy usage equal to or greater than 425 kilowatt hours per kW of contract billing demand, all subject to the established rules and regulations of the Cooperative.

MONTHLY RATE:

Customer Charge:	\$3,015.00 per month	\$3,215.00	(1)
Demand Charge:	\$7.17 per kW of contract demand	\$7.77	(1)
	\$9.98 per kW for all billing demand in excess of contract demand		
Energy Charge:	\$0.051882 per kWh		

DETERMINATION OF BILLING DEMAND: The kW billing demand shall be the contract demand plus any excess demand. Excess demand occurs when the member's peak demand during the current month exceeds the contract demand. The member's peak demand is the highest average rate at which energy is used during any fifteen-minute interval in the hours listed for each month and adjusted for power factor as provided herein.

DETERMINATION OF BILLING ENERGY: The kWh billing energy shall be the contract billing kW demand multiplied by 425 hours or the actual energy used in the current month, whichever is greater.

DATE OF ISSUE: ~~05-01-2014~~ 11-15-2016

DATE EFFECTIVE: ~~10-16-2014~~ 12-15-2016

ISSUED BY William J. Prater  
TITLE: President & Chief Executive Officer

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10  
*1<sup>st</sup> Revised*

Original SHEET NO. 31.028

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

CANCELLING P.S.C. KY. NO. 9

Original SHEET NO. 31.028

**RATES AND CHARGES**

**SCHEDULE LPB-5 – LARGE POWER**

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to all members of the Cooperative where the monthly contract demand is 10,000 kW or greater with a monthly energy usage equal to or greater than 425 kilowatt hours per kW of contract billing demand, all subject to the established rules and regulations of the Cooperative.

MONTHLY RATE:

Customer Charge:	\$4,301.00-per Month	\$4,501.00	(I)
Demand Charge:	-\$7.17 per kW of contract demand \$7.77 (I)		
	\$9.98 per kW for all billing demand in excess of contract demand		
Energy Charge:	\$0.049382 per kWh		

DETERMINATION OF BILLING DEMAND: The kW billing demand shall be the contract demand plus any excess demand. Excess demand occurs when the member's peak demand during the current month exceeds the contract demand. The member's peak demand is the highest average rate at which energy is used during any fifteen-minute interval in the hours listed for each month and adjusted for power factor as provided herein.

DETERMINATION OF BILLING ENERGY: The kWh billing energy shall be the contract billing kW demand multiplied by 425 hours or the actual energy used in the current month, whichever is greater.

DATE OF ISSUE: 05-01-2014 11-15-2016

DATE EFFECTIVE: 10-16-2014 12-15-2016

ISSUED BY William J. Patten  
TITLE: President & Chief Executive Officer

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10

*1<sup>st</sup> Revised*

Original SHEET NO. 31.031

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

CANCELLING P.S.C. KY. NO. 9

*Original* SHEET NO. 31.031

**RATES AND CHARGES**

**SCHEDULE LPE-1 – LARGE POWER TIME-OF-DAY**

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to all members of the Cooperative where the monthly kilowatt demand is 500 to 999 kW; all subject to the established rules and regulations of the Cooperative.

MONTHLY RATE:

Customer Charge:	–\$816.00 per Month	\$1,016.00	(1)
Demand Charge:	\$6.02 per kW	\$ 6.62	(1)
Energy Charge:	\$ 0.068279 per kWh On-Peak		
	\$ 0.059554 per kWh Off-Peak		

DETERMINATION OF DEMAND BILLED: The kW billing demand shall be the highest average rate at which energy is used during any fifteen-minute interval during the month and adjusted for power factor as provided herein.

DETERMINATION OF ENERGY BILLED: On-Peak and Off-Peak kWh energy billing shall be in accordance with the hours listed for each month:

<u>MONTHS</u>	<u>ON-PEAK HOURS – Central Prevailing Time</u>
October through April	6:00 A.M. to 11:00 A.M. Central Time 4:00 P.M. to 9:00 P.M. Central Time
May through September	9:00 A.M. to 9:00 P.M. Central Time
All other hours are Off-Peak	

DATE OF ISSUE: 05-01-2014 11-15-2016

DATE EFFECTIVE: 10-16-2014 12-15-2016

ISSUED BY William J. Patton  
TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of KY  
in Case No. 2014-00155 Dated: 10-16-2014

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10  
*1<sup>st</sup> Revised*

Original SHEET NO. 31.033

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

CANCELLING P.S.C. KY. NO. 9

Original SHEET NO. 31.033

**RATES AND CHARGES**

**SCHEDULE LPE-2 – LARGE POWER TIME-OF-DAY**

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to all members of the Cooperative where the monthly kilowatt demand is 1,000 to 2,999 kW; all subject to the established rules and regulations of the Cooperative.

MONTHLY RATE:

Customer Charge:	<del>-\$1,088.00</del> per Month	\$1,288.00	(1)
Demand Charge:	\$6.02 per kW	\$ 6.62	(1)
Energy Charge:	\$ 0.066279 per kWh On-Peak		
	\$ 0.057554 per kWh Off-Peak		

DETERMINATION OF DEMAND BILLED: The kW billing demand shall be the highest average rate at which energy is used during any fifteen-minute interval during the month and adjusted for power factor as provided herein.

DETERMINATION OF ENERGY BILLED: On-Peak and Off-Peak kWh energy billing shall be in accordance with the hours listed for each month:

<u>MONTHS</u>	<u>ON-PEAK HOURS – Central Prevailing Time</u>
October through April	6:00 A.M. to 11:00 A.M. Central Time 4:00 P.M. to 9:00 P.M. Central Time
May through September	9:00 A.M. to 9:00 P.M. Central Time
All other hours are Off-Peak	

DATE OF ISSUE: ~~05-01-2014~~ 11-15-2016

DATE EFFECTIVE: ~~10-16-2014~~ 12-15-2016

ISSUED BY William J. Antler  
TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of KY  
in Case No. 2014-00155 Dated: 10-16-2014

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10  
*1<sup>st</sup> Revised*

Original SHEET NO. 31.035

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

CANCELLING P.S.C. KY. NO. 9

Original SHEET NO. 31.035

**RATES AND CHARGES**

**SCHEDULE LPE-3 – LARGE POWER TIME-OF-DAY**

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to all members of the Cooperative where the monthly kilowatt demand is 3,000 to 4,999 kW; all subject to the established rules and regulations of the Cooperative.

MONTHLY RATE:

Customer Charge:	<del>-\$2,737.00</del> per Month	\$2,937.00	(I)
Demand Charge:	<del>-\$6.02</del> per kW	\$ 6.62	(I)
Energy Charge:	\$ 0.064779 per kWh On-Peak		
	\$ 0.056054 per kWh Off-Peak		

DETERMINATION OF DEMAND BILLED: The kW billing demand shall be the highest average rate at which energy is used during any fifteen-minute interval during the month and adjusted for power factor as provided herein.

DETERMINATION OF ENERGY BILLED: On-Peak and Off-Peak kWh energy billing shall be in accordance with the hours listed for each month:

<u>MONTHS</u>	<u>ON-PEAK HOURS – CentralPrevailing Time</u>
October through April	6:00 A.M. to 11:00 A.M. Central Time 4:00 P.M. to 9:00 P.M. Central Time
May through September	9:00 A.M. to 9:00 P.M. Central Time
All other hours are Off-Peak	

DATE OF ISSUE: ~~05-01-2014~~ 11-15-2016

DATE EFFECTIVE: ~~10-16-2014~~ 12-15-2016

ISSUED BY William J. Anthony  
TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of KY  
in Case No. 2014-00155 Dated: 10-16-2014

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10  
*1<sup>st</sup> Revised*  
Original SHEET NO. 31.037

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

CANCELLING P.S.C. KY. NO. 9  
*Original* SHEET NO. 31.037

**RATES AND CHARGES**

**SCHEDULE LPE-4 – LARGE POWER TIME-OF-DAY**

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to all commercial or non-residential members of the Cooperative where the monthly kilowatt demand is 5,000 kW to 9,999 kW; all subject to the established rules and regulations of the Cooperative.

MONTHLY RATE:

Customer Charge:	\$3,015.00 per Month	\$3,215.00	(1)
Demand Charge:	-\$6.02 per kW	\$ 6.62	(1)
Energy Charge:	\$ 0.062279 per kWh On-Peak		
	\$ 0.053554 per kWh Off-Peak		

DETERMINATION OF DEMAND BILLED: The kW billing demand shall be the highest average rate at which energy is used during any fifteen-minute interval during the month and adjusted for power factor as provided herein.

DETERMINATION OF ENERGY BILLED: On-Peak and Off-Peak kWh energy billing shall be in accordance with the hours listed for each month:

<u>MONTHS</u>	<u>ON-PEAK HOURS – Central Prevailing Time</u>
October through April	6:00 A.M. to 11:00 A.M. Central Time 4:00 P.M. to 9:00 P.M. Central Time
May through September	9:00 A.M. to 9:00 P.M. Central Time
All other hours are Off-Peak	

DATE OF ISSUE: 05-01-2014 11-15-2016

DATE EFFECTIVE: 10-16-2014 12-15-2016

ISSUED BY William J. Austin  
TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of KY  
in Case No. 2014-00155 Dated: 10-16-2014

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10  
*1<sup>st</sup> Revised*  
*Original* SHEET NO. 31.039

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

CANCELLING P.S.C. KY. NO. 9  
*Original* SHEET NO. 31.039

**RATES AND CHARGES**

**SCHEDULE LPE-5 – LARGE POWER TIME-OF-DAY**

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to all commercial or non-residential members of the Cooperative where the monthly kilowatt demand is 10,000 kW or greater; all subject to the established rules and regulations of the Cooperative.

MONTHLY RATE:

Customer Charge:	<del>-\$4,301.00</del> per Month	\$4,501.00	(I)
Demand Charge:	<del>-\$6.02</del> per kW	\$ 6.62	(I)
Energy Charge:	\$ 0.059779 per kWh On-Peak		
	\$ 0.051054 per kWh Off-Peak		

DETERMINATION OF DEMAND BILLED: The kW billing demand shall be the highest average rate at which energy is used during any fifteen-minute interval during the month and adjusted for power factor as provided herein.

DETERMINATION OF ENERGY BILLED: On-Peak and Off-Peak kWh energy billing shall be in accordance with the hours listed for each month:

<u>MONTHS</u>	<u>ON-PEAK HOURS – Central Prevailing Time</u>
October through April	6:00 A.M. to 11:00 A.M. Central Time 4:00 P.M. to 9:00 P.M. Central Time
May through September	9:00 A.M. to 9:00 P.M. Central Time
All other hours are Off-Peak	

DATE OF ISSUE: ~~05-01-2014~~ 11-15-2016

DATE EFFECTIVE: ~~10-16-2014~~ 12-15-2016

ISSUED BY William J. Prather  
TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of KY  
in Case No. 2014-00155 Dated: 10-16-2014

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10

*1<sup>st</sup> Revised*

Original SHEET NO. 41

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

CANCELLING P.S.C. KY. NO. 9

Original SHEET NO. 41

**RATES AND CHARGES**

**SCHEDULE SL – STREET LIGHTING SERVICE**

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to federal, state and local governmental agencies for dusk to dawn street lighting subject to established rules and regulations.

TYPE OF SERVICE: Automatic dusk to dawn lighting systems, single-phase, 60 cycles, at available secondary voltages.

MONTHLY RATE:

*\$0.05908* (1)

Energy Charge: The monthly energy charge for each type of lamp shall be ~~\$0.05574~~ per rated kWh per month as determined from Table I below:

TABLE I

<u>Type of Lamp</u>	<u>Lamp Size Watts</u>	<u>Lumens</u>	<u>Rated kWh</u>
Mercury Vapor	175	7,650	70
Mercury Vapor	250	10,400	98
Mercury Vapor	400	19,100	156
High Pressure Sodium	100	8,550	42
High Pressure Sodium	250	23,000	105
High Pressure Sodium	400	45,000	165
High Pressure Sodium	1,000	126,000	385

Facility Charge: The books of the Cooperative shall accurately reflect the Cooperative's total investment in facilities for each specific agency receiving service under this tariff. The monthly facility charge for a given agency shall be 1.14 percent of said total investment.

DATE OF ISSUE: ~~05-15-2013~~ 11-15-2016

DATE EFFECTIVE: ~~06-15-2013~~ 12-15-2016

ISSUED BY William J. Patten  
TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of KY  
in Case No. 2010-00500 Dated: May 31, 2011

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10  
*2<sup>nd</sup> Revised*  
~~1<sup>st</sup> Revised~~ SHEET NO. 43

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

CANCELLING P.S.C. KY. NO. 10  
*1<sup>st</sup> Revised*  
~~Original~~ SHEET NO. 43

**RATES AND CHARGES**

**SCHEDULE 01 – OUTDOOR LIGHTING SERVICE**

APPLICABLE: In all territory served by the seller.

AVAILABILITY: To individuals, towns, villages and others for controlled single and multiple outdoor lighting from dusk to dawn. Service under this schedule is for a term of not less than one year and is subject to the rules and regulations of the seller as approved by the Kentucky Public Service Commission.

RATE PER FIXTURE:

Type of Lamp	Watts	Monthly kWh Usage	Monthly Charge Per Lamp	
Mercury Vapor	175	70	<del>\$9.18</del> \$9.73	(I)
Mercury Vapor	175 Watt, shared	70	<del>3.27</del> \$3.47	(I)
Mercury Vapor	250	98	<del>10.53</del> \$11.16	(I)
Mercury Vapor	400	156	<del>16.01</del> \$16.97	(I)
Mercury Vapor	1000	378	<del>28.44</del> \$30.15	(I)
Sodium Vapor	100	42	<del>9.47</del> \$10.04	(I)
Sodium Vapor	150	63	<del>11.06</del> \$11.72	(I)
Sodium Vapor	250	105	<del>15.06</del> \$15.96	(I)
Sodium Vapor	400	165	<del>19.44</del> \$20.61	(I)
Sodium Vapor	1000	385	<del>42.17</del> \$44.70	(I)
LED Lighting	70	27	<del>9.34</del> \$9.90	(I)

FUEL ADJUSTMENT CLAUSE: All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per kWh equal to the fuel adjustment amount per kWh as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10 percent and is based on a twelve-month moving average of such losses. This Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

CONDITIONS OF SERVICE:

- Outdoor lighting, including lamps, fixture, other necessary facilities and electric energy, will be furnished by the Cooperative.
- Above service is limited to one existing wood pole per fixture.
- Lamp replacements will be furnished and made by the Cooperative except in cases of vandalism or willful destruction.
- Service required other than the above shall be paid for by the consumer according to the initial cost of such installation.

DATE OF ISSUE: ~~05-15-2013~~ 11-15-2016

DATE EFFECTIVE: ~~06-15-2013~~ 12-15-2016

ISSUED BY William J. Prater  
TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of KY  
in Case No. 2010-00500 Dated: May 31, 2011

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10

*1<sup>st</sup> Revised*

Original SHEET NO. 83

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

CANCELLING P.S.C. KY. NO. 9

Original SHEET NO. 83

**RATES AND CHARGES**

**SCHEDULE RM – RESIDENTIAL OFF-PEAK MARKETING - ETS**

APPLICABLE: In all territory served by the seller.

AVAILABILITY: Available to consumers eligible for Schedule R - Residential Service. The electric power and energy furnished under Tariff RM Residential Off-Peak Marketing Rate shall be separately metered for each point of delivery and requires an executed contract between the member and the Cooperative. A sample contract is shown following these tariffs as Appendix D. Other power and energy furnished will be billed under Schedule R.

RATES:

Energy Charge: \$0.0600 (I)  
\$0.05337-per kWh

SCHEDULE OF HOURS: This rate is only applicable for the below listed off-peak hours:

<u>MONTHS</u>	<u>OFF-PEAK HOURS - EST</u>
October thru April	12:00 Noon to 5:00 P.M. 10:00 P.M. to 7:00 A.M.
May thru September	10:00 P.M. to 10:00 A.M.

DATE OF ISSUE: ~~05-15-2013~~ 11-15-2016

DATE EFFECTIVE: ~~06-15-2013~~ 12-15-2016

ISSUED BY William J. Prater  
TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of KY  
in Case No. 2010-00500 Dated: May 31, 2011

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 10  
*1<sup>st</sup> Revised*  
Original SHEET NO. 85

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

CANCELLING P.S.C. KY. NO. 9  
*Original* SHEET NO. 85

**RATES AND CHARGES**

**SCHEDULE CM – SMALL COMMERCIAL OFF-PEAK MARKETING - ETS**

APPLICABLE: In all territory served by the seller.

AVAILABILITY: Available to commercial consumers whose kilowatt demand is less than 50 kW. The electric power and energy furnished under Tariff CM, Small Commercial Off-Peak Marketing Rate, shall be separately metered for each point of delivery and requires an executed contract between the member and the Cooperative. A sample contract is shown following this tariff as Appendix D. Other power and energy furnished will be billed under Schedule C-1.

RATES:

Energy Charge: \$0.0600 (1)  
\$0.05054 per kWh

SCHEDULE OF HOURS: This rate is only applicable for the below listed off-peak hours:

<u>MONTHS</u>	<u>OFF-PEAK HOURS - EST</u>
October thru April	12:00 Noon to 5:00 P.M. 10:00 P.M. to 7:00 A.M.
May thru September	10:00 P.M. to 10:00 A.M.

DATE OF ISSUE: 05-15-2013 11-15-2016

DATE EFFECTIVE: 06-15-2013 12-15-2016

ISSUED BY *William J. Patton*  
TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of KY  
in Case No. 2010-00500 Dated: May 31, 2011

# Official Notice

Farmers Rural Electric Cooperative Corporation, with its principal office at 504 South Broadway, Glasgow, KY 42141, intends to file with the Kentucky Public Service Commission in Case No. 2016-00365 an application to adjust its retail rates and charges. This adjustment will result in a general rate increase to the member-consumers of Farmers Rural Electric Cooperative Corporation. The proposed effective date of these new rates is December 15, 2016 and these rates are to be filed with the Commission on November 15, 2016.

The present and proposed rates for each Customer Classification are provided below:

	Rates	
	Present	Proposed
<b>Schedule R - Residential Service</b>		
Customer Charge	\$ 9.35	\$14.00
Energy Charge per kWh	\$ 0.088950	\$ 0.088950
Pay as You Go (Prepay)		
Customer Charge	\$ 9.35	\$ 14.00
Incremental Charge	\$ 3.18	\$ 3.18
<b>Schedule R - Residential Time-of-Day Rate</b>		
Customer Charge	\$ 15.00	\$ 19.65
On-peak Energy per kWh	\$ 0.10473	\$ 0.10473
Off-peak Energy per kWh	\$ 0.06000	\$ 0.06000
<b>Schedule OL - Outdoor Lighting Service Rate</b>		
175 W MV	\$ 9.18	\$ 9.73
175 W, shared MV	\$ 3.27	\$ 3.47
250 W MV	\$ 10.53	\$ 11.16
400 W MV	\$ 16.01	\$ 16.97
1000 W MV	\$ 28.44	\$ 30.15
100 W SV	\$ 9.47	\$ 10.04
150 W SV	\$ 11.06	\$ 11.72
250 W SV	\$ 15.06	\$ 15.96
400 W SV	\$ 19.44	\$ 20.61
1000 W SV	\$ 42.17	\$ 44.70
LED Lighting	\$ 9.34	\$ 9.90
<b>Schedule C - Comm. &amp; Indust. Service Rate &lt; 50 kW</b>		
Customer Charge	\$ 11.42	\$ 21.32
Energy Charge	\$ 0.08424	\$ 0.08424
<b>Schedule C - Comm. &amp; Indust. Service Rate &gt; 50 kW</b>		
Customer Charge	\$ 51.93	\$ 105.00
Demand Charge per kW	\$ 7.12	\$ 7.89
Energy Charge per kWh	\$ 0.06513	\$ 0.06513
<b>Schedule C - Time-of-Day Commercial Service</b>		
Customer Charge		
Single Phase Service	\$ 19.75	\$ 21.32
Three Phase Service	\$ 60.26	\$ 105.00
Energy Charge		
On-Peak per kWh	\$ 0.11814	\$ 0.11814
Off-Peak per kWh	\$ 0.06000	\$ 0.06000
<b>Schedule D - Large Comm/Ind Opt Time of Day Rate</b>		
Customer Charge	\$ 51.93	\$ 105.00
Demand Charge per kW	\$ 7.12	\$ 7.89
Energy Charge per kWh	\$ 0.06513	\$ 0.06513
<b>Schedule E - Large industrial Rate</b>		
Customer Charge	\$ 1,142.46	\$ 1,142.46
Demand Charge per kW	\$ 7.12	\$ 7.89
Energy Charge kWh	\$ 0.05163	\$ 0.05163
<b>Schedule SL - Street Lighting</b>		
Fluorescent 40 Watt, 16 kWh	\$ 0.05574	\$ 0.05908
175 W MV, 7,650 L, 70 kWh	\$ 0.05574	\$ 0.05908
250 W MV, 10,400 L, 98 kWh	\$ 0.05574	\$ 0.05908
400 W MV, 19,100 L, 156 kWh	\$ 0.05574	\$ 0.05908
100 W HPS, 8,550 L, 42 kWh	\$ 0.05574	\$ 0.05908
150 W HPS, 63 kWh	\$ 0.05574	\$ 0.05908
250 W HPS, 23,000 L, 105 kWh	\$ 0.05574	\$ 0.05908
400 W HPS, 45,000 L, 165 kWh	\$ 0.05574	\$ 0.05908
1,000 W HPS, 126,000 L, 385 kWh	\$ 0.05574	\$ 0.05908
Metal Halide 175 Watt, 70 kWh	\$ 0.05574	\$ 0.05908
<b>Schedule LPC-1 - Large Power</b>		
Customer Charge	\$ 816.00	\$ 1,016.00
Demand Charge per kW	\$ 7.17	\$ 7.77
Energy Charge per kWh	\$ 0.057882	\$ 0.057882
<b>Schedule LPC-2 - Large Power</b>		
Customer Charge	\$ 1,088.00	\$ 1,288.00
Demand Charge per kW	\$ 7.17	\$ 7.77
Energy Charge per kWh	\$ 0.055882	\$ 0.055882
<b>Schedule LPC-3 - Large Power</b>		
Customer Charge	\$ 2,737.00	\$ 2,937.00
Demand Charge	\$ 7.17	\$ 7.77
Energy Charge	\$ 0.054382	\$ 0.054382
<b>Schedule LPC-4 - Large Power</b>		
Customer Charge	\$ 3,015.00	\$ 3,215.00
Demand Charge per kW	\$ 7.17	\$ 7.77
Energy Charge per kWh	\$ 0.051882	\$ 0.051882
<b>Schedule LPC-5 - Large Power</b>		
Customer Charge	\$ 4,301.00	\$ 4,501.00
Demand Charge per kW	\$ 7.17	\$ 7.77
Energy Charge per kWh	\$ 0.049382	\$ 0.049382
<b>Schedule LPB-1 - Large Power</b>		
Customer Charge	\$ 816.00	\$ 1,016.00
Demand Charge per kW	\$ 7.17	\$ 7.77
as per contract	\$ 9.98	\$ 9.98
per kW in excess of contract	\$ 0.057882	\$ 0.057882
Energy Charge per kWh	\$ 0.057882	\$ 0.057882
<b>Schedule LPB-2 - Large Power</b>		
Customer Charge	\$ 1,088.00	\$ 1,288.00
Demand Charge per kW	\$ 7.17	\$ 7.77
as per contract	\$ 9.98	\$ 9.98
per kW in excess of contract	\$ 0.055882	\$ 0.055882
Energy Charge per kWh	\$ 0.055882	\$ 0.055882

<b>Schedule LPB-3 - Large Power</b>		
Customer Charge	\$ 2,737.00	\$ 2,937.00
Demand Charge per kW		
as per contract	\$ 7.17	\$ 7.77
per kW in excess of contract	\$ 9.98	\$ 9.98
Energy Charge per kWh	\$ 0.054382	\$ 0.054382
<b>Schedule LPB-4 - Large Power</b>		
Customer Charge	\$ 3,015.00	\$ 3,215.00
Demand Charge per kW		
as per contract	\$ 7.17	\$ 7.77
per kW in excess of contract	\$ 9.98	\$ 9.98
Energy Charge per kWh	\$ 0.051882	\$ 0.051882
<b>Schedule LPB-5 - Large Power</b>		
Customer Charge	\$ 4,301.00	\$ 4,501.00
Demand Charge per kW		
as per contract	\$ 7.17	\$ 7.77
per kW in excess of contract	\$ 9.98	\$ 9.98
Energy Charge per kWh	\$ 0.049382	\$ 0.049382
<b>Schedule LPE-1 Large Power Time of Day Rate Tariff</b>		
Customer Charge	\$ 816.00	\$ 1,016.00
Demand Charge per kW	\$ 6.02	\$ 6.62
Energy Charge per kWh		
On-Peak Energy	\$ 0.068279	\$ 0.068279
Off-Peak Energy	\$ 0.059554	\$ 0.059554
<b>Schedule LPE-2 Large Power Time of Day Rate Tariff</b>		
Customer Charge	\$ 1,088.00	\$ 1,288.00
Demand Charge per kW	\$ 6.02	\$ 6.62
Energy Charge per kWh		
On-Peak Energy	\$ 0.066279	\$ 0.066279
Off-Peak Energy	\$ 0.057554	\$ 0.057554
<b>Schedule LPE-3 Large Power Time of Day Rate Tariff</b>		
Customer Charge	\$ 2,737.00	\$ 2,937.00
Demand Charge per kW	\$ 6.02	\$ 6.62
Energy Charge per kWh		
On-Peak Energy	\$ 0.064779	\$ 0.064779
Off-Peak Energy	\$ 0.056054	\$ 0.056054
<b>Schedule LPE-4 Large Power Time of Day Rate Tariff</b>		
Customer Charge	\$ 3,015.00	\$ 3,215.00
Demand Charge per kW	\$ 6.02	\$ 6.62
Energy Charge per kWh		
On-Peak Energy	\$ 0.062279	\$ 0.062279
Off-Peak Energy	\$ 0.053554	\$ 0.053554
<b>Schedule LPE-5 Large Power Time of Day Rate Tariff</b>		
Customer Charge	\$ 4,301.00	\$ 4,501.00
Demand Charge per kW	\$ 6.02	\$ 6.62
Energy Charge per kWh		
On-Peak Energy	\$ 0.059779	\$ 0.059779
Off-Peak Energy	\$ 0.051054	\$ 0.051054
<b>Rate Schedule NM - Net Metering</b>		
Customer Charge		
NM and NM no fuel surcharge	\$ 9.35	\$ 14.00
Energy Charge per kWh (purchased)	\$ 0.08895	\$ 0.08895
<b>Schedule RM - Residential Off-Peak Marketing - ETS</b>		
Energy Charge per kWh	\$ 0.05337	\$ 0.06000
<b>Schedule CM - Small Commercial Off-Peak Marketing - ETS</b>		
Energy Charge	\$ 0.05054	\$ 0.06000

The amount of the change requested in dollar amounts and percentage change for each customer classification is presented below:

	Increase	
	Dollar	Percent
Schedule R - Residential Service	1,275,978.60	4.4%
Schedule OL - Outdoor Lighting Service Rate	53,304.50	6.0%
Schedule C - Comm. & Indust. Service Rate < 50 kW	209,206.80	7.7%
Schedule C - Comm. & Indust. Service Rate > 50 kW	215,802.53	3.5%
Schedule C - Time-of-Day Commercial Service	2,147.52	4.6%
Schedule D - Large Comm/Ind Opt Time of Day Rate	7,157.04	7.7%
Schedule E - Large industrial Rate	71,617.39	1.9%
Schedule SL - Street Lighting	1,724.20	2.8%
Schedule LPC-2 - Large Power	9,661.68	2.1%
Schedule LPE-4 Large Power Time of Day Rate Tariff	40,905.30	2.0%
Schedule RM - Residential Off-Peak Marketing - ETS	5,482.57	12.4%
Schedule CM - Small Commercial Off-Peak Marketing - ETS	35.53	18.7%
Rate Schedule NM - Net Metering	781.20	8.1%
<b>Total</b>	<b>1,893,804.86</b>	<b>4.1%</b>

The amount of the average usage and the effect upon the average bill for each customer classification is provided below:

	Average Usage - kWh	Increase	
		Dollar	Percent
Schedule R - Residential Service	1,092	\$4.65	4.4%
Schedule OL - Outdoor Lighting Service Rate	68	\$ 0.57	6.0%
Schedule C - Comm. & Indust. Service Rate < 50 kW	1,399	\$ 9.90	7.7%
Schedule C - Comm. & Indust. Service Rate > 50 kW	68,081	\$ 199.50	3.4%
Schedule C - Time-of-Day Commercial Service	9,919	\$ 44.74	4.6%
Schedule D - Large Comm/Ind Opt Time of Day Rate	15,400	\$ 149.11	7.7%
Schedule E - Large industrial Rate	5,167,200	\$ 5,968.12	1.8%
Schedule SL - Street Lighting	5,784	\$ 20.53	2.8%
Schedule LPC-2 - Large Power	530,300	\$ 805.14	2.1%
Schedule LPE-4 Large Power Time of Day Rate Tariff	2,428,971	\$ 3,408.77	1.9%
Schedule RM - Residential Off-Peak Marketing - ETS	377	\$ 2.50	12.4%
Schedule CM - Small Commercial Off-Peak Marketing - ETS	313	\$ 2.96	18.7%
Rate Schedule NM - Net Metering	556	\$ 4.65	7.9%

A person may examine this application at the offices of Farmers Rural Electric located at 504 South Broadway, Glasgow, KY 42141. A person may also examine the application at the Public Service Commission's offices located at 211 Sower Boulevard, Frankfort, KY, Monday through Friday 8:00 a.m. to 4:30 p.m., or through the Public Service Commission's website at <http://psc.ky.gov>.

Comments regarding this application may be submitted to the Public Service Commission through its website or by mail to the Public Service Commission, Post Office Box 615, Frankfort, KY 40602.

The rates proposed in this application are the rates proposed by Farmers Rural Electric Cooperative Corp. However, the Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this application.

A person may submit a timely written request for intervention to the Public Service Commission, Post Office Box 615, Frankfort, KY 40602, establishing the grounds for the request including the status and interest of the party. If the Commission does not receive a written request for intervention within thirty (30) days of initial publication or mailing of the notice, the Commission may take final action on the application.



Farmers Rural Electric Cooperative Corporation

504 S. Broadway, Glasgow, KY 42141 • P.O. Box 1298, Glasgow, KY 42142 • (270) 651-2191 • Fax (270) 651-7332

October 13, 2016

RECEIVED

Kentucky Public Service Commission  
c/o Ms. Talina Matthews  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, Kentucky 40602-0615

OCT 14 2016

PUBLIC SERVICE  
COMMISSION

Dear Ms. Matthews:

Case No. 2016-00365

This is to advise, in accordance with the Commission's Administrative Regulation 807 KAR 5:001, Section 16(2), that, after 30 days from October 13, 2016, Farmers Rural Electric Cooperative Corporation intends to file an application for an increase in its retail rates based on a historical test year ending December 31, 2015.

Please contact me with any questions you have concerning this matter.

Respectfully submitted,

A handwritten signature in cursive script that reads 'William T. Prather'.

William T. Prather  
President & CEO

Copy to:

Hon. Andrew Beshear, Attorney General  
Attn: Office of Rate Intervention  
1024 Capital Center Drive  
Frankfort, Kentucky 40601

*Farmers RECC is an equal opportunity employer.*

[www.farmersrecc.com](http://www.farmersrecc.com)

A Touchstone Energy<sup>®</sup> Cooperative The logo for Touchstone Energy, featuring a stylized sun or starburst design.

**Statement of Operations**  
**Present Rates**  
**For the Test Year Ended December 31, 2015**

(a) Line No.	(b) Description	(c) 2015 Actual	(d) Adjustments <sup>1</sup>	(e) Pro Forma Test Year
1	<b><u>Operating Revenue</u></b>	(\$)	(\$)	(\$)
2	Rate Schedules	48,538,417	(2,772,113)	45,766,304
3	Other	934,364	-	934,364
4	<b>Total Operating Revenue</b>	49,472,781	(2,772,113)	46,700,668
5	<b><u>Operating Expenses</u></b>			
6	Cost of Purchased Power	36,226,666	(2,716,606)	33,510,060
7	Transmission - O & M	-	-	-
8	Distribution - Operation	1,740,525	(11,704)	1,728,821
9	Distribution - Maintenance	2,969,616	(11,221)	2,958,395
10	Consumer Accounts	1,108,315	(8,894)	1,099,421
11	Consumer Service & Information	121,986	(1,283)	120,703
12	Sales	-	-	-
13	Administrative & General	2,147,127	(15,911)	2,131,216
14	Depreciation & Amortization	2,744,248	213,136	2,957,384
15	Taxes - Property	597,804	28,332	626,136
16	Taxes - Other	64,482	-	64,482
17	Interest on Long-Term Debt	1,769,176	-	1,769,176
18	Other Interest Expense	11,144	-	11,144
19	Other Deductions	2,830	-	2,830
20	<b>Total Operating Expenses</b>	49,503,919	(2,524,153)	46,979,766
21	<b>Patronage Capital &amp; Operating Margins (line 4 minus line 20)</b>	(31,138)	(247,960)	(279,098)
22	Non Operating Margins - Interest	52,038	-	52,038
23	Allowance for Funds Used During Construction	-	-	-
24	Income (Loss) from Equity Investments	(12,108)	-	(12,108)
25	Non Operating Margins - Other	14,373	-	14,373
26	Generation and Transmission Capital Credits	2,372,445	(2,372,445)	-
27	Other Capital Credits and Patronage Dividends	98,868	-	98,868
28	Extraordinary Items	-	-	-
29	<b>Patronage Capital or Margins (lines 21 through 28)</b>	2,494,478	(2,620,405)	(125,927)

<sup>1</sup> Reference Page 2 for a summary of adjustments and page references to supporting schedules.

**Supporting Adjustment Schedules  
Summary of Adjustments**

(a) Description	(b) Page	(c) Amounts
<b>I. Revenues</b>		
Schedule A - Adjustment to Remove FAC Revenue	3	\$ 1,910,752
Schedule A - Adjustment to Remove ESR Revenue	3	\$ (4,802,473)
Schedule A - Adjustment to Revenue for Normalization	4	\$ 119,608
		<u>\$ (2,772,113)</u>
<b>II. Purchased Power</b>		
Schedule B - Purchased Power	10	<u>\$ (2,716,606)</u>
<b>III. Distribution - Operations</b>		
Schedule C - Payroll	15	\$ (15,881)
Schedule D - Payroll Related Expenses	18	\$ 1,159
Schedule E - Depreciation (Charged-to-Clearing Adjustment)	39	\$ 3,017
		<u>\$ (11,704)</u>
<b>IV. Distribution - Maintenance</b>		
Schedule C - Payroll	15	\$ (19,832)
Schedule D - Payroll Related Expenses	18	\$ 1,448
Schedule E - Depreciation (Charged-to-Clearing Adjustment)	39	\$ 7,164
		<u>\$ (11,221)</u>
<b>V. Consumer Accounts</b>		
Schedule C - Payroll	15	\$ (10,824)
Schedule D - Payroll Related Expenses	18	\$ 790
Schedule E - Depreciation (Charged-to-Clearing Adjustment)	39	\$ 1,140
		<u>\$ (8,894)</u>
<b>VI. Consumer Service and Information</b>		
Schedule C - Payroll	15	\$ (1,384)
Schedule D - Payroll Related Expenses	18	\$ 101
Schedule E - Depreciation (Charged-to-Clearing Adjustment)	39	\$ 632
		<u>\$ (1,283)</u>
<b>VII. Administrative and General</b>		
Schedule C - Payroll	15	\$ (15,561)
Schedule D - Payroll Related Expenses	18	\$ 1,136
Schedule E - Depreciation (Charged-to-Clearing Adjustment)	39	\$ 496
Schedule G - Adjustment for Rate-Making Expense	42	\$ 47,873
Schedule H - Expense Adjustments	43	\$ (49,856)
		<u>\$ (15,911)</u>
<b>VIII. Depreciation</b>		
Schedule E - Depreciation	39	<u>\$ 213,136</u>
<b>IX. Property Taxes</b>		
Schedule F - Property Taxes	42	<u>\$ 28,332</u>

**Schedule A**  
**Summary of Consumers, Energy Sales, and**  
**Revenue Under Present Rates**

**I. Consumer and Sales Data for 2015 (As Recorded)<sup>1</sup>**

(a) Line No.	(b) Description	(c) Total Bills	(d) Energy Sales (kWh)	(e) % of Total	(f) Billing Demand		(g) Rate Schedule (\$)	(h) % of Total	(i) Revenue		(k) Revenue (\$)
					Non-Coincident (kW)	Rate Schedule			FAC (\$)	ESR (\$)	
1	Schedule R - Residential Service	273,402	298,474,017	58.53%	-	29,097,971	63.75%	(1,116,967)	3,173,349	31,154,353	
2	Schedule OL - Outdoor Lighting Service Rate	92,304	6,305,033	1.24%	-	883,205	1.93%	-	-	883,205	
3	Schedule C - Comm. & Indust. Service Rate < 50 kW	21,266	29,747,894	5.83%	-	2,738,906	6.00%	(116,328)	299,476	2,922,055	
4	Schedule C - Comm. & Indust. Service Rate > 50 kW	1,105	75,230,022	14.75%	210,134	6,247,512	13.69%	(288,345)	650,693	6,609,860	
5	Schedule C - Time-of-Day Commercial Service	37	367,000	0.07%	-	36,093	0.08%	(1,884)	3,901	38,110	
6	Schedule D - Large Comm/Ind Opt Time of Day Rate	60	7,102,800	1.39%	12,520	551,605	1.21%	(27,102)	57,164	581,668	
7	Schedule E - Large industrial Rate	12	62,006,400	12.16%	93,010	3,872,791	8.48%	(239,083)	390,348	4,024,056	
8	Schedule SL - Street Lighting	84	485,868	0.10%	-	62,615	0.14%	(1,851)	6,532	67,297	
9	Schedule LPC-2 - Large Power	-	-	0.00%	-	-	0.00%	-	-	-	
10	Schedule LPE-4 Large Power Time of Day Rate Tariff	12	29,147,646	5.72%	64,176	2,099,442	4.60%	(116,231)	214,876	2,198,088	
11	Schedule RM - Residential Off-Peak Marketing - ETS	2,392	900,740	0.18%	-	47,874	0.10%	(2,677)	5,230	50,427	
12	Schedule CM - Small Commercial Off-Peak Marketing - ETS	12	3,756	0.00%	-	161	0.00%	(14)	32	179	
13	Rate Schedule NM - Net Metering	139	155,057	0.03%	-	8,010	0.02%	(269)	869	8,610	
14	Green Power <sup>2</sup>	-	-	0.00%	-	509	0.00%	-	-	509	
15	<b>Total</b>	<b>298,521</b>	<b>509,926,233</b>	<b>100.00%</b>	<b>379,838.6</b>	<b>45,646,696</b>	<b>100.00%</b>	<b>(1,910,752)</b>	<b>4,802,473</b>	<b>48,538,417</b>	

<sup>1</sup> The total number of bills excludes Outdoor Lighting.

<sup>2</sup> Green Power revenue retrieved from Farmers 2015 Form 7.

**Schedule A**  
**Summary of Consumers, Energy Sales, and**  
**Revenue Under Present Rates**  
(Continued)

**II. Consumer and Sales Data for Pro Forma Test Year**

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Line No.	Description	Total Bills <sup>1</sup>	Energy Sales <sup>2</sup>	As a Percent of Total Sales	Billing Demand Non-Coincident	Revenue <sup>3</sup>	% of Total
			(kWh)		(kW)	(\$)	
1	Schedule R - Residential Service	274,404	299,567,904	58.64%	-	29,215,881	63.84%
2	Schedule OL - Outdoor Lighting Service Rate	92,064	6,288,639	1.23%	-	888,408	1.94%
3	Schedule C - Comm. & Indust. Service Rate < 50 kW	21,132	29,560,448	5.79%	-	2,731,500	5.97%
4	Schedule C - Comm. & Indust. Service Rate > 50 kW	1,104	75,161,941	14.71%	209,943.4	6,241,478	13.64%
5	Schedule C - Time-of-Day Commercial Service	48	476,108	0.09%	-	47,058	0.10%
6	Schedule D - Large Comm/Ind Opt Time of Day Rate	48	739,200	0.14%	5,986.6	93,261	0.20%
7	Schedule E - Large industrial Rate	12	62,006,400	12.14%	93,009.6	3,877,328	8.47%
8	Schedule SL - Street Lighting	84	485,868	0.10%	-	61,974	0.14%
9	Schedule LPC-2 - Large Power	12	6,363,600	1.25%	12,102.8	455,444	1.00%
10	Schedule LPE-4 Large Power Time of Day Rate Tariff	12	29,147,646	5.71%	64,175.5	2,099,446	4.59%
11	Schedule RM - Residential Off-Peak Marketing - ETS	2,196	826,934	0.16%	-	44,133	0.10%
12	Schedule CM - Small Commercial Off-Peak Marketing - ETS	12	3,756	0.00%	-	190	0.00%
13	Rate Schedule NM - Net Metering	168	187,407	0.04%	-	9,693	0.02%
14	Green Power		-	0.00%	-	509	0.00%
15	<b>Total<sup>4</sup></b>	299,232	510,815,851	100.00%	385,217.9	45,766,304	100.00%

## Billing Determinant Adjustment for Consumer Rate Schedule Change

	Bills	Energy	Demand
From Schedule D	(12)	(6,363,600)	(6,533.4)
To Schedule LPC-2 <sup>5</sup>	12	6,363,600	12,102.8

<sup>1</sup> Pro Forma Test Year total bills are based on the number of consumers served as of December 31, 2015.

<sup>2</sup> Energy Sales are based on the historical average usage per consumer and the number of consumers served as of 12/31/2015, adjusted for new loads.

<sup>3</sup> Reference pages 5-7 for calculations of revenue under present rates.

<sup>4</sup> The total number of bills excludes Outdoor Lighting.

<sup>5</sup> Per Schedule LPC-2, the minimum monthly Billing Demand is 1000 kW.

**Schedule A**  
**Summary of Consumers, Energy Sales, and**  
**Revenue Under Present Rates**  
(Continued)

**II. Estimate of Revenue Under Present Rates**

Rate Class	Billing Determinants	Units	Rate	Revenue
<b>Schedule R - Residential Service</b>				(\$)
Customer Charge	274,404	bills	\$9.35	2,565,677
Energy Charge	299,567,904	kWh	\$0.08895	26,646,565
Pay-As-You-Go (PrePay) Res. Rider				
Incremental Charge	10,380	bills	\$3.18	33,008
Residential Direct Load Credits				(29,370)
			Total	29,215,881
<b>Schedule OL - Outdoor Lighting Service Rate</b>				
Unmetered				
175 W MV	5,657	lights	\$9.18	623,175
175 W, shared MV	53	lights	\$3.27	2,080
250 W MV	51	lights	\$10.53	6,444
400 W MV	67	lights	\$16.01	12,872
1000 W MV	-	lights	\$28.44	-
100 W SV	1,516	lights	\$9.47	172,278
150 W SV	31	lights	\$11.06	4,114
250 W SV	35	lights	\$15.06	6,325
400 W SV	262	lights	\$19.44	61,119
1000 W SV	-	lights	\$42.17	-
LED Lighting	-	lights	\$9.34	-
Fuel Adjustment Clause	6,288,639	kWh		
			Total	888,408
<b>Schedule C - Comm. &amp; Indust. Service Rate &lt; 50 kW</b>				
Customer Charge	21,132	bills	\$11.42000	241,327
Energy Charge	29,560,448	kWh	\$0.08424	2,490,172
Power Adjustment Factor				
			Total	2,731,500
<b>Schedule C - Comm. &amp; Indust. Service Rate &gt; 50 kW</b>				
Customer Charge	1,104	bills	\$51.93	57,331
Demand Charge	209,943	kW	\$7.12	1,494,797
Energy Charge	75,161,941	kWh	\$0.06513	4,895,297
Power Factor Adjustment				
Discount for service at Primary Voltage				
Demand at Discount of 10%	57,703	kW	(\$0.71200)	(41,085)
Energy Discount of 10%	25,312,790	kWh	(\$0.00651)	(164,862)
			Total	6,241,478

Witness: Lance C. Schafer

**Schedule A**  
**Summary of Consumers, Energy Sales, and**  
**Revenue Under Present Rates**  
(Continued)

**II. Estimate of Revenue Under Present Rates**

Rate Class	Billing Determinants	Units	Rate	Revenue (\$)
<b>Schedule C - Time-of-Day Commerical Service</b>				
Customer Charge				
Single Phase Service	-	bills	\$19.75	-
Three Phase Service	48.00	bills	\$60.26	2,892
Energy Charge	-			
On-Peak	268,306	kWh	\$0.11814	31,698
Off-Peak	207,802	kWh	\$0.06000	12,468
			Total	47,058
<b>Schedule D - Large Comm/Ind Opt Time of Day Rate</b>				
Customer Charge	48	bills	\$51.93	2,493
Demand Charge	5,987	kW	\$7.12	42,625
Energy Charge	739,200	kWh	\$0.06513	48,144
Service at Primary Voltage	-			
Demand Discount of 10%	-	kW	(\$0.71200)	-
Energy Discount of 10%		kWh	(\$0.00651)	-
			Total	93,261
<b>Schedule E - Large industrial Rate</b>				
Customer Charge	12	bills	\$1,142.46	13,710
Demand Charge	93,010	kW	\$7.12	662,228
Energy Charge	62,006,400	kWh	\$0.05163	3,201,390
			Total	3,877,328
<b>Schedule SL - Street Lighting</b>				
Unmetered			/rated kWh /mc	
Fluorescent 40 Watt, 16 kWh	1	lights	\$0.05574	11
175 W MV, 7,650 L, 70 kWh	64	lights	\$0.05574	2,997
250 W MV, 10,400 L, 98 kWh	9	lights	\$0.05574	590
400 W MV, 19,100 L, 156 kWh	31	lights	\$0.05574	3,235
100 W HPS, 8,550 L, 42 kWh	8	lights	\$0.05574	225
150 W HPS, 63 kWh	61	lights	\$0.05574	2,571
250 W HPS, 23,000 L, 105 kWh	133	lights	\$0.05574	9,341
400 W HPS, 45,000 L, 165 kWh	68	lights	\$0.05574	7,505
1,000 W HPS, 126,000 L, 385 kWh		lights	\$0.05574	
Metal Halide 175 Watt, 70 kWh	1	lights	\$0.05574	47
Fuel Adjustment Clause	485,868	kWh		
Facilities Charge	\$189,817	\$	1.14%	25,967
Total Contributions in Aid	94,670	\$	0.64%	7,271
35 Yard Light Adj. (Edmonton) - Add	35	lights	9.18	3,856
35 Yard Light Adj. (Edmonton) - Remove kWh Char	35	lights	\$0.05574	(1,639)
			Total	61,974

**Schedule A**  
**Summary of Consumers, Energy Sales, and**  
**Revenue Under Present Rates**  
(Continued)

**II. Estimate of Revenue Under Present Rates**

Rate Class	Billing Determinants	Units	Rate	Revenue
<b>Schedule LPC-2 - Large Power</b>				
Customer Charge	12	bills	\$1,088.00	13,056
Demand Charge	12,103	kW	\$7.17	86,777
Energy Charge	6,363,600	kWh	\$0.055882	355,611
			Total	455,444
<b>Schedule LPE-4 Large Power Time of Day Rate Tarif</b>				
Customer Charge	12	bills	\$3,015.00	36,180
Demand Charge	64,176	kW	\$6.02	386,337
Energy Charge				(\$)
On-Peak Energy	13,290,159	kWh	\$0.06228	827,698
Off-Peak Energy	15,857,487	kWh	\$0.05355	849,232
			Total	2,099,446
<b>Schedule RM - Residential Off-Peak Marketing - ETS</b>				
Energy Charge	826,934	kWh	\$0.05337	44,133
			Total	44,133
<b>Schedule CM - Small Commercial Off-Peak Marketing - ETS</b>				
Energy Charge	3,756	kWh	\$0.05054	190
			Total	190
<b>Rate Schedule NM - Net Metering</b>				
Customer Charge				
NM and NM no fuel surcharge	168	bills	\$9.35	1,571
Energy (purchased and produced)	187,407	kWh		
Energy Charge (purchased)	91,313	kWh	\$0.08895	8,122
			Total	9,693
<b>Green Power</b>				
kWh purchases		kWh		509
<b>Totals</b>	<b>510,815,851</b>	<b>kWh</b>	<b>\$0.08959</b>	<b>45,766,304</b>

**Schedule B  
Historical  
Test Year Purchased Power Expense**

(a) Line No.	(b) Description	(c) Units	(d) Rate <sup>1</sup>	(e) Cost (\$)
1	<b>Rate Schedule E2</b>			
2				
3	<b>Metering Point Charge</b>	15 meters	\$144 /mo.	25,920
4				
5	<b>Demand Charge</b>	1,042,708 kW	\$6.02 /kW	6,277,102
6	Nemac (JL French)	9,922 kW	\$7.17 /kW	71,141
7	Amak Brake	93,708 kW	\$7.17 /kW	671,886
8			Subtotal	7,020,129
9	<b>Energy Charge</b>			
10	On Peak Energy	236,450,616 kWh	\$0.053279 /kWh	12,597,852
11	Off Peak Energy	231,373,415 kWh	\$0.044554 /kWh	10,308,611
12	Nemac (JL French)	4,177,713 kWh	\$0.042882 /kWh	179,149
13	Amak Brake	62,000,095 kWh	\$0.042882 /kWh	2,658,688
14			Subtotal	25,744,300
15	<b>Substation/Wheeling Charge</b>			
16	1,000 - 2,999 kVA	- substations	\$1,088 /mo.	-
17	3,000 - 7499 kVA	1 substations	\$2,737 /mo.	32,844
18	7,500 - 14,999 kVA	13 substations	\$3,292 /mo.	513,552
19	15,000 - 99,999 kVA	1 substations	\$5,310 /mo.	63,720
20		15	Subtotal	610,116
21				
22	Fuel Adjustment Charge	534,001,839 kWh	-\$0.00376 /kWh	(2,010,477)
23				
24	Environmental Surcharge			4,901,213
25				
26	<b>Direct Load</b>			
27	Direct Load Charge			(59,677)
28	Surcharge			(9,315)
29	<b>Green Power</b>	18,400 kWh	\$0.02370 /kWh	436
30	<b>Methane Gas-Landfill</b>	200,689 kWh	\$0.02001 /kWh	4,016
31	or		Subtotal	(64,540)
32				
33	<b>Total Purchased Power Expense</b>	534,220,928 kWh	\$ 0.06781 /kWh	36,226,662

<sup>1</sup> Reflects the East Kentucky Power Cooperative, Inc.'s rates effective January 14, 2011, as per docket no. 2010-00167.

**Schedule B  
Summary of Pro-Forma Adjustments  
Test Year Purchased Power Expense**

(a) Line No.	(b) Description	(c) Units	(d) Rate <sup>2</sup>	(e) Cost (\$)
1	<b>Rate Schedule E2</b>			
2				
3	<b>Metering Point Charge<sup>1</sup></b>	1 meters	\$144 /mo.	1,728
4				
5	<b>Demand Charge<sup>3</sup></b>	(3,033) kW	\$6.02 /kW	(18,260)
6	Nemac (JL French)	(9,922) kW	\$7.17 /kW	(71,141)
7	Amak Brake	- kW	\$7.17 /kW	-
8			Subtotal	(89,401)
9	<b>Energy Charge<sup>4</sup></b>			
10	On Peak Energy	(1,467,575) kWh	\$0.053279 /kWh	(78,191)
11	Off Peak Energy	(711,820) kWh	\$0.044554 /kWh	(31,714)
12	Nemac (JL French)	(4,177,713) kWh	\$0.042882 /kWh	(179,149)
13	Amak Brake	- kWh	\$0.042882 /kWh	-
14			Subtotal	(289,054)
15	<b>Substation/Wheeling Charge<sup>1</sup></b>			
16	1,000 - 2,999 kVA	- substations	\$1,088 /mo.	-
17	3,000 - 7499 kVA	- substations	\$2,737 /mo.	-
18	7,500 - 14,999 kVA	1 substations	\$3,292 /mo.	39,504
19	15,000 - 99,999 kVA	- substations	\$5,310 /mo.	-
20	Subtotal	1	Subtotal	39,504
21				
22	Fuel Adjustment Charge <sup>5</sup>	(534,001,839) kWh	-\$0.00376 /kWh	2,010,477
23				
24	Environmental Surcharge <sup>5</sup>			(4,901,213)
25				
26	<b>Direct Load</b>			
27	Direct Load Charge			-
28	Surcharge			-
29	<b>Green Power</b>	- kWh	\$0.02370 /kWh	-
30	<b>Methane Gas-Landfill<sup>6</sup></b>	7,289,111 kWh	\$0.06881 /kWh	511,357
31	or		Subtotal	511,357
32				
33	<b>Adjustment Amounts</b>	<b>932,003 kWh</b>		<b>(2,716,602)</b>

<sup>1</sup> Reflects the addition of 1 substation in 2016 per Farmers.

<sup>2</sup> Reflects the East Kentucky Power Cooperative, Inc.'s rates effective January 14, 2011, as per docket no. 2010-00167.

<sup>3</sup> Demand charge adjustments reflect three changes:

1. Nemac (JL French) switching to the E2 rate from Farmers' special billing rate C
2. Reduced demand purchases related to 1000 kW/month capacity provided by methane-gas landfill generation
3. The historical load factor and the pro-forma energy purchases

<sup>4</sup> Energy charge adjustments reflect three changes:

1. Nemac (JL French) switching to the E2 rate from Farmers' special billing rate C
2. An increase in kWh coming from the methane-gas landfill
3. The pro-forma sales adjusted for historical line loss

<sup>5</sup> The Fuel Adjustment Charge and Environmental Surcharge are removed for rate-making purposes.

<sup>6</sup> The kWh rate has increased from .02001 (or \$1.5/MMBTU) to \$.06881 per kWh. The increase reflects the bundled cost of 1000 kW per month. Adjustment calculated as:

(7,489,800 kWh \* \$.06881) - \$4,016 = \$511,357. This represents the pro forma expense minus the test-year expense.

The kWh adjustment is calculated as the pro-forma kWh minus the historical kWh amount:

$$7,489,800 - 200,689 = 7,289,111$$

**Schedule B**  
**Estimate of Pro Forma**  
**Test Year Purchased Power Expense**

(a) Line No.	(b) Description	(c) Units <sup>1</sup>	(d) Rate <sup>2</sup>	(e) Cost (\$)
1	<b>Rate Schedule E2</b>			
2				
3	<b>Metering Point Charge</b>	16 meters	\$144 /month	27,648
4				
5	<b>Demand Charge</b>	1,039,675 kW	\$6.02 /kW	6,258,842
6	Nemac (JL French)	- kW	\$7.17 /kW	-
7	Amak Brake <sup>3</sup>	93,708 kW	\$7.17 /kW	671,886
8			Subtotal	6,930,728
9	<b>Energy Charge</b>			
10	On Peak Energy	234,983,041 kWh	\$0.053279 /kWh	12,519,661
11	Off Peak Energy	230,661,595 kWh	\$0.044554 /kWh	10,276,897
12	Nemac (JL French)	- kWh	\$0.042882 /kWh	-
13	Amak Brake <sup>3</sup>	62,000,095 kWh	\$0.042882 /kWh	2,658,688
14			Subtotal	25,455,246
15	<b>Substation/Wheeling Charge</b>			
16	1,000 - 2,999 kVA	- substations	\$1,088 /month	-
17	3,000 - 7499 kVA	1 substations	\$2,737 /month	32,844
18	7,500 - 14,999 kVA	14 substations	\$3,292 /month	553,056
19	15,000 - 99,999 kVA	1 substations	\$5,310 /month	63,720
20		Subtotal		649,620
21				
22	Fuel Adjustment Charge	kWh	/kWh	-
23				
24	Environmental Surcharge			-
25				
26	<b>Direct Load</b>			
27	Direct Load Charge			(59,677)
28	Surcharge			(9,315)
29	<b>Green Power</b>	18,400 kWh	\$0.02370 /kWh	436
30	<b>Methane Gas-Landfill<sup>3</sup></b>	7,489,800 kWh	\$0.06881 /kWh	515,373
31			Subtotal	446,817
32				
33	<b>Total Purchased Power Expense</b>	535,152,931 kWh	\$ 0.06262 /kWh	33,510,060

<sup>1</sup> Based upon pro-forma sales from page 4 plus 0.0455 line loss.

<sup>2</sup> Reflects the East Kentucky Power Cooperative, Inc.'s rates effective January 14, 2011, as per docket no. 2010-00167.

<sup>3</sup> Source of methane gas-landfill billing determinants: provided by Farmers via email communication.

**Schedule C**  
**Adjustment to Payroll Expense**

**I. Adjustment to Non-Union Payroll Expense**

**A.** **Actual wages recorded during the test year.**  
1. From January 1, 2015 to December 31, 2015

\$ 3,663,055

**B.** **Employees Leaving during Test Year**

	<u>2015</u>	<u>Test Year</u>	<u>Adjustment</u>
1. Employee R/T1	\$ 6,536	\$ -	\$ (6,536)
2. Employee R/T2	\$ 34,963	\$ -	\$ (34,963)
3. Employee R/T3	\$ 51,588	\$ -	\$ (51,588)
4. Employee R/T4	\$ 55,950	\$ -	\$ (55,950)
5. Employee R/T5	\$ 18,670	\$ -	\$ (18,670)
6. Employee R/T6	\$ 4,750	\$ -	\$ (4,750)
7. Employee R/T7	\$ 27,897	\$ -	\$ (27,897)
8. Employee R/T8	\$ 1,680	\$ -	\$ (1,680)
9. Employee R/T9	\$ 7,604	\$ -	\$ (7,604)
<b>Total</b>	<b>\$ 209,638</b>	<b>\$ -</b>	<b>\$ (209,638)</b>

**Schedule C  
Adjustment to Payroll Expense  
Continued**

<u>I. Adjustment to Non-Union Payroll Expense - continued</u>			2015 Wages	Wage	Normalized	Adjustment
<u>C.</u>	Normalized Increase in Regular Wages		From Regular	Rate	Wages	
Line No.	Employee Designation:	Notes	Hours	1/1/2016	@ 2080 Hours	[c - a]
			(a)	(b)	(c)	(d)
1	S1	Salaried	\$ 180,305	\$ 87.19	\$ 181,349	\$ 1,044
2	S2	Salaried	\$ 91,639	\$ 44.62	\$ 92,799	\$ 1,160
3	S3	Salaried	\$ 97,945	\$ 47.69	\$ 99,185	\$ 1,240
4	S4	Salaried	\$ 91,639	\$ 44.62	\$ 92,799	\$ 1,160
5	S5	Salaried	\$ 91,639	\$ 44.62	\$ 92,799	\$ 1,160
6	S6	Salaried	\$ 96,680	\$ 47.45	\$ 98,700	\$ 2,020
7	H1	Hourly	\$ 57,005	\$ 27.75	\$ 57,720	\$ 715
8	H2	Hourly	\$ 66,666	\$ 32.46	\$ 67,517	\$ 851
9	H3	Hourly	\$ 60,757	\$ 29.58	\$ 61,526	\$ 769
10	H4	Hourly	\$ 63,245	\$ 30.29	\$ 63,003	\$ (242)
11	H5	Hourly	\$ 73,369	\$ 35.72	\$ 74,298	\$ 929
12	H6	Hourly	\$ 60,568	\$ 29.58	\$ 61,526	\$ 958
13	H7	Hourly	\$ 38,947	\$ 18.96	\$ 39,437	\$ 490
14	H8	Hourly	\$ 56,630	\$ 27.57	\$ 57,346	\$ 716
15	H9	Hourly	\$ 34,715	\$ 16.90	\$ 35,152	\$ 437
16	H10	Hourly	\$ 56,211	\$ 27.37	\$ 56,930	\$ 719
17	H11	Hourly	\$ 47,998	\$ 23.37	\$ 48,610	\$ 612
18	H12	Hourly	\$ 39,461	\$ 19.29	\$ 40,123	\$ 662
19	H13	Hourly	\$ 37,018	\$ 18.02	\$ 37,482	\$ 464
20	H14	Hourly	\$ 62,096	\$ 30.23	\$ 62,878	\$ 782
21	H15	Hourly	\$ 36,287	\$ 17.67	\$ 36,754	\$ 467
22	H16	Hourly	\$ 59,628	\$ 29.21	\$ 60,757	\$ 1,129
23	H17	Hourly	\$ 41,003	\$ 19.97	\$ 41,538	\$ 535
24	H18	Hourly	\$ 57,677	\$ 28.08	\$ 58,406	\$ 729
25	H19	Hourly	\$ 31,927	\$ 15.54	\$ 32,323	\$ 396
26	H20	Hourly	\$ 54,387	\$ 26.48	\$ 55,078	\$ 691
27	H21	Hourly	\$ 47,894	\$ 23.32	\$ 48,506	\$ 612
28	H22	Hourly	\$ 41,188	\$ 20.05	\$ 41,704	\$ 516
29	H23	Hourly	\$ 47,198	\$ 23.07	\$ 47,986	\$ 788
30	H24	Hourly	\$ 39,659	\$ 19.31	\$ 40,165	\$ 506
31	H25	Hourly	\$ 53,009	\$ 25.97	\$ 54,018	\$ 1,009
32	H26	Hourly	\$ 50,343	\$ 24.31	\$ 50,565	\$ 222
33	H27	Hourly	\$ 60,001	\$ 29.21	\$ 60,757	\$ 756
34	H28	Hourly	\$ 42,510	\$ 20.70	\$ 43,056	\$ 546
35	H29	Hourly	\$ 53,009	\$ 25.97	\$ 54,018	\$ 1,009
36	H30	Hourly	\$ 62,065	\$ 30.30	\$ 63,024	\$ 959
37	H31	Hourly	\$ 44,250	\$ 20.98	\$ 43,638	\$ (612)
38	H32	Hourly	\$ 48,837	\$ 23.78	\$ 49,462	\$ 625
39	H33	Hourly	\$ 36,538	\$ 17.79	\$ 37,003	\$ 465
40	H34	Hourly	\$ 41,285	\$ 20.18	\$ 41,974	\$ 689
41	H35	Hourly	\$ 34,172	\$ 16.64	\$ 34,611	\$ 439
42	H36	Hourly	\$ 32,094	\$ 15.62	\$ 32,490	\$ 396
43	H37	Hourly	\$ 34,247	\$ 19.47	\$ 40,498	\$ 6,251
44	H38	Hourly	\$ 32,172	\$ 15.79	\$ 32,843	\$ 671
45	H39	Hourly	\$ 47,645	\$ 23.46	\$ 48,797	\$ 1,152
46	H40	Hourly	\$ 35,219	\$ 17.15	\$ 35,672	\$ 453
47	H41	Hourly	\$ 47,743	\$ 23.46	\$ 48,797	\$ 1,054
48	H42	Hourly	\$ 32,494	\$ 15.82	\$ 32,906	\$ 412
49	H43	Hourly	\$ 61,132	\$ 29.76	\$ 61,901	\$ 769
50	H44	Hourly	\$ 32,181	\$ 15.67	\$ 32,594	\$ 413
51	H45	Hourly	\$ 44,582	\$ 21.93	\$ 45,614	\$ 1,032
52	H46	Hourly	\$ 45,001	\$ 21.91	\$ 45,573	\$ 572
53	H47	Hourly	\$ 42,487	\$ 20.91	\$ 43,493	\$ 1,006
54	H48	Hourly	\$ 42,488	\$ 20.91	\$ 43,493	\$ 1,005
55	H49	Hourly	\$ 30,963	\$ 15.07	\$ 31,346	\$ 383
56	H50	Hourly	\$ 42,488	\$ 20.91	\$ 43,493	\$ 1,005
57	H51	Hourly	\$ 39,701	\$ 19.70	\$ 40,976	\$ 1,275
58	H52	Hourly (New)	\$ 72,338	\$ 37.50	\$ 78,000	\$ 5,662
59	H53	Hourly (New)	\$ 27,981	\$ 20.40	\$ 42,432	\$ 14,451
60	H54	Hourly (New)	\$ 23,514	\$ 19.57	\$ 40,706	\$ 17,192
61	H55	Hourly (New)	\$ 13,528	\$ 19.00	\$ 39,520	\$ 25,992
62	PT1	PT/Summer	\$ 2,736	\$ 12.18	\$ 3,045	\$ 309
63	PT2	PT/Summer	\$ 12,961	\$ 12.86	\$ 12,731	\$ (230)
64	PT3	PT/Summer (New)	\$ 4,260	\$ 10.00	\$ 4,250	\$ (10)
65		Total	\$ 3,187,355		\$ 3,297,688	\$ 110,333

Schedule C  
Adjustment to Payroll Expense  
Continued

I. Adjustment to Non-Union Payroll Expense - continued			2015 Wages	Wage	2015	Wage	Normalized	Adjustment
D. Normalized Increase in Over Time Wages			From OT	Rate	OT	Rate	OT Wages	
Line No.	Employee Number:	Notes	Hours	11/01/14	Hours Worked	1/1/2016	(e)	[e - a]
			(a)	(b)	(c)	(d)	(e)	(f)
1	H1	Hourly	\$ 245	27.21	6	\$ 27.75	\$ 250	\$ 5
2	H2	Hourly	\$ 4,782	31.82	100	\$ 32.46	\$ 4,869	\$ 87
3	H3	Hourly	\$ 6,491	29.00	149	\$ 29.58	\$ 6,611	\$ 120
4	H4	Hourly	\$ -	30.29	0	\$ 30.29	\$ -	\$ -
5	H5	Hourly	\$ -	35.02	0	\$ 35.72	\$ -	\$ -
6	H6	Hourly	\$ 5,120	29.00	118	\$ 29.58	\$ 5,213	\$ 93
7	H7	Hourly	\$ 1,859	18.59	67	\$ 18.96	\$ 1,891	\$ 32
8	H8	Hourly	\$ 527	27.03	13	\$ 27.57	\$ 538	\$ 11
9	H9	Hourly	\$ -	16.57	0	\$ 16.90	\$ -	\$ -
10	H10	Hourly	\$ -	26.83	0	\$ 27.37	\$ -	\$ -
11	H11	Hourly	\$ 3,561	22.91	103	\$ 23.37	\$ 3,611	\$ 50
12	H12	Hourly	\$ -	18.91	0	\$ 19.29	\$ -	\$ -
13	H13	Hourly	\$ 119	17.67	5	\$ 18.02	\$ 122	\$ 3
14	H14	Hourly	\$ -	29.64	0	\$ 30.23	\$ -	\$ -
15	H15	Hourly	\$ 156	17.32	6	\$ 17.67	\$ 159	\$ 3
16	H16	Hourly	\$ 7,100	28.64	165	\$ 29.21	\$ 7,229	\$ 129
17	H17	Hourly	\$ 458	19.57	16	\$ 19.97	\$ 464	\$ 6
18	H18	Hourly	\$ 9,029	27.53	219	\$ 28.08	\$ 9,203	\$ 174
19	H19	Hourly	\$ 607	15.24	27	\$ 15.54	\$ 618	\$ 11
20	H20	Hourly	\$ 6,754	25.96	173	\$ 26.48	\$ 6,872	\$ 118
21	H21	Hourly	\$ 6,561	22.86	191	\$ 23.32	\$ 6,672	\$ 111
22	H22	Hourly	\$ 575	19.66	20	\$ 20.05	\$ 586	\$ 11
23	H23	Hourly	\$ -	22.51	0	\$ 23.07	\$ -	\$ -
24	H24	Hourly	\$ 2,043	18.93	72	\$ 19.31	\$ 2,071	\$ 28
25	H25	Hourly	\$ 7,848	25.46	205	\$ 25.97	\$ 7,986	\$ 138
26	H26	Hourly	\$ 524	24.07	15	\$ 24.31	\$ 529	\$ 5
27	H27	Hourly	\$ 5,743	28.64	134	\$ 29.21	\$ 5,849	\$ 106
28	H28	Hourly	\$ 122	20.29	4	\$ 20.70	\$ 124	\$ 2
29	H29	Hourly	\$ 29,260	25.46	764	\$ 25.97	\$ 29,742	\$ 482
30	H30	Hourly	\$ 18,722	29.71	419	\$ 30.30	\$ 19,044	\$ 322
31	H31	Hourly	\$ 3,364	24.01	109	\$ 20.98	\$ 3,414	\$ 50
33	H33	Hourly	\$ 1,187	17.44	45	\$ 17.79	\$ 1,207	\$ 20
34	H34	Hourly	\$ 9,286	19.69	313	\$ 20.18	\$ 9,475	\$ 189
35	H35	Hourly	\$ 73	16.31	3	\$ 16.64	\$ 75	\$ 2
36	H36	Hourly	\$ 2,801	15.32	122	\$ 15.62	\$ 2,847	\$ 46
37	H37	Hourly	\$ 297	19.13	10	\$ 19.47	\$ 299	\$ 2
38	H38	Hourly	\$ 980	15.33	43	\$ 15.79	\$ 1,007	\$ 27
39	H39	Hourly	\$ 8,750	22.58	254	\$ 23.46	\$ 8,938	\$ 188
40	H40	Hourly	\$ 3,588	16.81	142	\$ 17.15	\$ 3,653	\$ 65
41	H41	Hourly	\$ 18,498	22.47	537	\$ 23.46	\$ 18,897	\$ 399
42	H42	Hourly	\$ 81	15.51	4	\$ 15.82	\$ 83	\$ 2
43	H43	Hourly	\$ 16,425	29.18	375	\$ 29.76	\$ 16,718	\$ 293
44	H44	Hourly	\$ 69	15.36	3	\$ 15.67	\$ 71	\$ 2
45	H45	Hourly	\$ 6,218	20.70	193	\$ 21.93	\$ 6,349	\$ 131
46	H46	Hourly	\$ 145	21.48	5	\$ 21.91	\$ 148	\$ 3
48	H48	Hourly	\$ 18,357	19.13	603	\$ 20.91	\$ 18,913	\$ 556
49	H49	Hourly	\$ 1,373	14.78	62	\$ 15.07	\$ 1,396	\$ 23
50	H50	Hourly	\$ 8,474	18.57	277	\$ 20.91	\$ 8,688	\$ 214
51	H51	Hourly	\$ 7,609	18.57	268	\$ 19.70	\$ 7,919	\$ 310
52	H52	Hourly (New)	\$ -	N.A.	0	\$ 37.50	\$ -	\$ -
53	H53	Hourly (New)	\$ 617	N.A.	20.50	\$ 20.40	\$ 627	\$ 10
54	H54	Hourly (New)	\$ 9,684	N.A.	339	\$ 19.57	\$ 9,951	\$ 267
55	H55	Hourly (New)	\$ 2,793	N.A.	98	\$ 19.00	\$ 2,793	\$ -
56		Total	\$ 255,042				\$ 260,323	\$ 5,281

Schedule C  
Adjustment to Payroll Expense  
Continued

I. Adjustment to Non-Union Payroll Expense - continued

E. Adjustment to Remove Christmas Bonuses

Line No.	Employee Number:	Notes	Christmas Bonus	Adjustment
1	S1	Salaried	\$ 280	\$ (280)
2	S2	Salaried	\$ 230	\$ (230)
3	S3	Salaried	\$ 195	\$ (195)
4	S4	Salaried	\$ 170	\$ (170)
5	S5	Salaried	\$ 130	\$ (130)
6	S6	Salaried	\$ 125	\$ (125)
7	H1	Hourly	\$ 260	\$ (260)
8	H2	Hourly	\$ 255	\$ (255)
9	H3	Hourly	\$ 285	\$ (285)
10	H4	Hourly	\$ 295	\$ (295)
11	H5	Hourly	\$ 285	\$ (285)
12	H6	Hourly	\$ 260	\$ (260)
13	H7	Hourly	\$ 250	\$ (250)
14	H8	Hourly	\$ 245	\$ (245)
15	H9	Hourly	\$ 245	\$ (245)
16	H10	Hourly	\$ 240	\$ (240)
17	H11	Hourly	\$ 235	\$ (235)
18	H12	Hourly	\$ 235	\$ (235)
19	H13	Hourly	\$ 215	\$ (215)
20	H14	Hourly	\$ 215	\$ (215)
21	H15	Hourly	\$ 205	\$ (205)
22	H16	Hourly	\$ 205	\$ (205)
23	H17	Hourly	\$ 200	\$ (200)
24	H18	Hourly	\$ 200	\$ (200)
25	H19	Hourly	\$ 195	\$ (195)
26	H20	Hourly	\$ 195	\$ (195)
27	H21	Hourly	\$ 195	\$ (195)
28	H22	Hourly	\$ 190	\$ (190)
29	H23	Hourly	\$ 190	\$ (190)
30	H24	Hourly	\$ 185	\$ (185)
31	H25	Hourly	\$ 185	\$ (185)
32	H26	Hourly	\$ 180	\$ (180)
33	H27	Hourly	\$ 180	\$ (180)
34	H28	Hourly	\$ 180	\$ (180)
35	H29	Hourly	\$ 180	\$ (180)
36	H30	Hourly	\$ 175	\$ (175)
37	H31	Hourly	\$ 170	\$ (170)
38	H32	Hourly	\$ 160	\$ (160)
39	H33	Hourly	\$ 155	\$ (155)
40	H34	Hourly	\$ 145	\$ (145)
41	H35	Hourly	\$ 145	\$ (145)
42	H36	Hourly	\$ 140	\$ (140)
43	H37	Hourly	\$ 135	\$ (135)
44	H38	Hourly	\$ 135	\$ (135)
45	H39	Hourly	\$ 130	\$ (130)
46	H40	Hourly	\$ 125	\$ (125)
47	H41	Hourly	\$ 125	\$ (125)
48	H42	Hourly	\$ 125	\$ (125)
49	H43	Hourly	\$ 120	\$ (120)
50	H44	Hourly	\$ 120	\$ (120)
51	H45	Hourly	\$ 120	\$ (120)
52	H46	Hourly	\$ 120	\$ (120)
53	H47	Hourly	\$ 115	\$ (115)
54	H48	Hourly	\$ 115	\$ (115)
55	H49	Hourly	\$ 110	\$ (110)
56	H50	Hourly	\$ 110	\$ (110)
57	H51	Hourly	\$ 110	\$ (110)
58	H52	Hourly (New)	\$ 100	\$ (100)
59	H53	Hourly (New)	\$ 100	\$ (100)
60	H54	Hourly (New)	\$ 100	\$ (100)
61	H55	Hourly (New)	\$ 100	\$ (100)
62	PT1	PT/Summer	\$ 100	\$ (100)
63	PT2	PT/Summer	\$ 100	\$ (100)
64	PT3	PT/Summer (New)	\$ -	\$ -
65			Total \$ 11,020	\$ (11,020)

**Schedule C**  
**Adjustment to Payroll Expense**  
**Continued**

**II. Summary**

	Union	Non-Union	Total
1. Wages booked in Test Year	\$ -	\$ 3,663,055	\$ 3,663,055
2. Adjustments (Schedule C, Parts I, II, and III)			
Test Year Changes			
a. Terminated Employees	\$ -	\$ (209,638)	\$ (209,638)
b. Removal of Christmas bonus	\$ -	\$ (11,020)	\$ (11,020)
c. Normalized increase in regular wages	\$ -	\$ 110,333	\$ 110,333
d. Normalized increase in OT wages	\$ -	\$ 5,281	\$ 5,281
Total Adjustments	\$ -	\$ (105,044)	\$ (105,044)
3. Total Pro Forma Test Year Payroll	\$ -	\$ 3,558,011	\$ 3,558,011

**IV. Allocation of Payroll Adjustment to Expense Categories**

Category	Payroll Recorded in Test Year	Allocation Factor	Adjustment
Transmission	\$ -	0.00%	\$ -
Distribution Operations	\$ 553,795	15.12%	\$ (15,881)
Distribution Maintenance	\$ 691,593	18.88%	\$ (19,832)
Consumer Accounts	\$ 377,456	10.30%	\$ (10,824)
Consumer Service/Sales	\$ 48,277	1.32%	\$ (1,384)
Administrative and General	\$ 542,650	14.81%	\$ (15,561)
Sub-total	\$ 2,213,771	60.44%	\$ (63,483)
Construction & Retirements	\$ 979,549	26.74%	\$ (28,090)
Other Balance Sheet Accounts	\$ 469,735	12.82%	\$ (13,470)
Total	\$ 3,663,055	100.00%	\$ (105,044)

**Schedule D  
Adjustment to Payroll Related Expenses**

	Union	Non-Union	Total
<u>Total Change in Payroll per Schedule C</u>	\$ -	\$ (105,044)	\$ (105,044)
<u>A. Life, Long-Term Disability, and Business Travel Accident Insurance<sup>1</sup></u>			
1. 2015 Test Year Life, Long Term Disability, and BTA Insurance Expense			\$ 49,376
2. 2016 Proposed Life, Long Term Disability, and BTA Insurance Expense			\$ 49,544
3. Adjustment			\$ 168
<u>B. Workers' Compensation</u>			
1. 2015 Test Year Workers' Compensation Expense			\$ 84,744
2. 2016 Proposed Workers' Compensation Expense <sup>2</sup>			\$ 82,562
3. Adjustment			\$ (2,182)
<u>C. Hospitalization Expense<sup>3</sup></u>			
1. Medical/Hospitalization Coverage Expense			
a. 2015 Medical/Hospitalization Coverage			\$ 927,624
b. Adjustments due to Changes in Participation at 2015 Rates			
i. Total Claims Fund - EKPC			\$ (31,811)
ii. Total Fixed Cost - Healthsmart			\$ (1,369)
iii. HRA Admin Fees			\$ (58)
		Subtotal	\$ (33,238)
c. Adjustments due to 2016 Rate Changes			
i. Total Claims Fund - EKPC			\$ (1,190)
ii. Total Fixed Cost - Healthsmart			\$ (11,688)
		Subtotal	\$ (12,879)
d. Adjustment due to Change in HRA Claims			
i. 2015 HRA Claims - All Employees			\$ 116,815
ii. 2016 HRA Claims - All Employees			\$ 143,625
		Increase	\$ 26,810
c. Subtotal of Adjustments			\$ (19,307)
d. 2016 Medical/Hospitalization Coverage Expense			\$ 908,317
2. Delta Dental Coverage			
a. 2015 Delta Dental Coverage			\$ 26,331
b. Adjustments due to Changes in Participation (no change in rate for Dental)			\$ (1,380)
c. 2016 Delta Dental Coverage			\$ 24,952
3. Total Adjustments to Medical/Hospitalization (including Dental)			\$ (20,686)
a. 2016 Total Medical/Hospitalization expense (including Dental)			\$ 933,268

<sup>1</sup> For supporting materials, see pages 29-32 of this exhibit.

<sup>2</sup> Calculated as the test-year ratio of workers' comp. to total payroll (2.32%) times the total pro-forma payroll (3,558,011).

<sup>3</sup> For supporting materials, see pages 33-36 of this exhibit.

**Schedule D**  
**Adjustment to Payroll Related Expenses**  
**Continued**

<b><u>D. State and Federal Unemployment<sup>1</sup></u></b>		
1. Federal Unemployment		
A.	2015 Test year amount	\$ 2,942
B.	2016 Proposed amount	\$ 2,648
C.	Adjustment	<u>\$ (294)</u>
2. State Unemployment		
D.	2015 Test year amount	\$ 8,355
E.	2016 Proposed amount	\$ 7,740
F.	Adjustment	<u>\$ (615)</u>
3. Total Federal and State Unemployment Adjustment		<u>\$ (909)</u>
<b><u>E. Retirement and Security<sup>2</sup></u></b>		
1. 2015 Test year on Base Wages		
a.	R&S Contributions	\$ 584,398
b.	R&S Prepayment	\$ 124,705
	Subtotal	<u>\$ 709,103</u>
2. 2016 Normalized on Base Wages		
a.	R&S Contributions	\$ 578,290
b.	R&S Prepayment	\$ 124,705
	Subtotal	<u>\$ 702,995</u>
3. R&S Adjustment		\$ (6,108)
<b><u>F. 401(k) Plan<sup>2</sup></u></b>		
1. 2015 Test year on Base Wages		
a.	401k Contributions	\$ 53,142
2. 2016 Normalized on Base Wages		
a.	401k Contributions	\$ 69,088
3. Adjustment		\$ 15,946
<b><u>G. Employee Assistance Program</u></b>		
1.	2015 Test Year Long Term Disability Expense	\$ 3,358
2.	2016 Proposed Long Term Disability Expense <sup>3</sup>	\$ 3,272
3.	Adjustment	<u>\$ (86)</u>
<b><u>H. Employer's Accounting for Postretirement Benefits</u></b>		
1.	2015 Test Year Accrual	\$ 85,860
2.	Proposed Annual Cost	\$ 112,595
3.	Proposed Adjustment	<u>\$ 26,735</u>

<sup>1</sup> For supporting materials, see pages 23-24 of this exhibit.

<sup>2</sup> For supporting materials, see pages 27-28 of this exhibit.

<sup>3</sup> Calculated as the test-year ratio of Empl. Assistance to total payroll (0.092%) times the total pro-forma payroll (3,558,011).

**Schedule D  
Adjustment to Payroll Related Expenses  
Continued**

**I. FICA**<sup>1</sup>

1.	2015 Test Year FICA (Social Security & Medicare)	\$ 273,501
2.	2016 Proposed FICA	
a.	Social Security	\$ 216,700
b.	Medicare	\$ 51,591
c.	Total	<u>\$ 268,291</u>
3.	Adjustment	<u>\$ (5,210)</u>

**J. Summary**

1.	Life, Long-Term Disability, and BTA Insurance	\$ -	\$ 168	\$ 168
2.	Workmen's Compensation	\$ -	\$ (2,182)	\$ (2,182)
3.	Hospitalization Insurance Expense	\$ -	\$ (20,686)	\$ (20,686)
4.	State and Federal Unemployment	\$ -	\$ (909)	\$ (909)
5.	Retirement and Security	\$ -	\$ (6,108)	\$ (6,108)
6.	401k	\$ -	\$ 15,946	\$ 15,946
7.	Employee Assistance Program	\$ -	\$ (86)	\$ (86)
8.	Employer's Accounting for Postretirement Benefits	\$ -	\$ 26,735	\$ 26,735
9.	Sub-Total	<u>\$ -</u>	<u>\$ 12,877</u>	<u>\$ 12,877</u>
10.	FICA	\$ -	\$ (5,210)	\$ (5,210)
11.	Total	<u>\$ -</u>	<u>\$ 7,667</u>	<u>\$ 7,667</u>

**K. Allocation Payroll Related Expense Adjustments to Expense Categories**

Category	Payroll Recorded in Test Year	Allocation Factor	Adjustment
Generation			
Transmission			
Distribution Operations	\$ 553,795	15.12%	\$ 1,159
Distribution Maintenance	\$ 691,593	18.88%	\$ 1,448
Consumer Accounts	\$ 377,456	10.30%	\$ 790
Consumer Service/Sales	\$ 48,277	1.32%	\$ 101
Admin. and General	\$ 542,650	14.81%	\$ 1,136
Regulatory Expense			
Sub-total	<u>\$ 2,213,771</u>	60.44%	<u>\$ 4,634</u>
Construction & Retirements	\$ 979,549	26.74%	\$ 2,050
Other Balance Sheet Accounts	\$ 469,735	12.82%	\$ 983
Total	<u>\$ 3,663,055</u>	100.00%	<u>\$ 7,667</u>

<sup>1</sup> For supporting materials, see pages 23-24 of this exhibit.

**Schedule D**  
**Adjustment to Payroll Related Expenses**  
**Continued**

**L. Supporting Documentation - Employee Earnings, Hours, Social Security, Medicare, Unemployment,  
Retirement and Insurance**

Line No.	Employee Designation	Hours Worked			Actual Test Year Wages			
		Reg Hrs	OT Hrs	TOTAL	Reg Hrs	OT Hrs	Christmas	Total
<b>Salaried Employees:</b>								
1	S1	2,088		2,088	180,305		280	180,585
2	S2	2,088		2,088	91,639		230	91,869
3	S3	2,088		2,088	97,945		195	98,140
4	S4	2,088		2,088	91,639		170	91,809
5	S5	2,088		2,088	91,639		130	91,769
6	S6	2,088		2,088	96,680		125	96,805
7								
	Subtotal Salaried Employees	12,528	0	12,528	649,847	0	1,130	650,977
8								
9								
<b>Hourly Employees:</b>								
10								
11	H1	2,088	6	2,094	57,005	245	260	57,510
12	H2	2,088	100	2,188	66,666	4,782	255	71,703
13	H3	2,088	149	2,237	60,757	6,491	285	67,533
14	H4	2,088		2,088	63,245		295	63,540
15	H5	2,088		2,088	73,369		285	73,654
16	H6	2,082	118	2,199	60,568	5,120	260	65,948
17	H7	2,088	67	2,155	38,947	1,859	250	41,056
18	H8	2,088	13	2,101	56,630	527	245	57,402
19	H9	2,088		2,088	34,715		245	34,960
20	H10	2,088		2,088	56,211		240	56,451
21	H11	2,088	103	2,191	47,998	3,561	235	51,794
22	H12	2,080		2,080	39,461		235	39,696
23	H13	2,088	5	2,093	37,018	119	215	37,352
24	H14	2,088		2,088	62,096		215	62,311
25	H15	2,088	6	2,094	36,287	156	205	36,648
26	H16	2,075	165	2,240	59,628	7,100	205	66,933
27	H17	2,088	16	2,104	41,003	458	200	41,661
28	H18	2,088	219	2,307	57,677	9,029	200	66,906
29	H19	2,088	27	2,115	31,927	607	195	32,729
30	H20	2,088	173	2,261	54,387	6,754	195	61,336
31	H21	2,088	191	2,279	47,894	6,561	195	54,650
32	H22	2,088	20	2,108	41,188	575	190	41,953
33	H23	2,088		2,088	47,198		190	47,388
34	H24	2,088	72	2,160	39,659	2,043	185	41,887
35	H25	2,075	205	2,280	53,009	7,848	185	61,042
36	H26	2,088	15	2,103	50,343	524	180	51,047
37	H27	2,088	134	2,222	60,001	5,743	180	65,924
38	H28	2,088	4	2,092	42,510	122	180	42,812
39	H29	2,075	764	2,839	53,009	29,260	180	82,449
40	H30	2,082	419	2,501	62,065	18,722	175	80,962

**Schedule D**  
**Adjustment to Payroll Related Expenses**  
**Continued**

**L. Supporting Documentation - Employee Earnings, Hours, Social Security, Medicare, Unemployment,  
Retirement and Insurance**

Line No.	Employee Designation	Hours Worked			Actual Test Year Wages			
		Reg Hrs	OT Hrs	TOTAL	Reg Hrs	OT Hrs	Christmas	Total
	Hourly Employees, continued							
41	H31	2,088	109	2,197	44,250	3,364	170	47,784
42	H32	2,088	152	2,240	48,837	5,299	160	54,296
43	H33	2,088	45	2,133	36,538	1,187	155	37,880
44	H34	2,088	313	2,401	41,285	9,286	145	50,716
45	H35	2,088	3	2,091	34,172	73	145	34,390
46	H36	2,088	122	2,210	32,094	2,801	140	35,035
47	H37	1,784	10	1,794	34,247	297	135	34,679
48	H38	2,088	43	2,131	32,172	980	135	33,287
49	H39	2,075	254	2,329	47,645	8,750	130	56,525
50	H40	2,088	142	2,230	35,219	3,588	125	38,932
51	H41	2,082	537	2,619	47,743	18,498	125	66,366
52	H42	2,088	4	2,092	32,494	81	125	32,700
53	H43	2,088	375	2,463	61,132	16,425	120	77,677
54	H44	2,088	3	2,091	32,181	69	120	32,370
55	H45	2,088	193	2,281	44,582	6,218	120	50,920
56	H46	2,088	5	2,093	45,001	145	120	45,266
57	H47	2,088	357	2,445	42,487	10,868	115	53,470
58	H48	2,088	603	2,691	42,488	18,357	115	60,960
59	H49	2,088	62	2,150	30,963	1,373	110	32,446
60	H50	2,088	277	2,365	42,488	8,474	110	51,072
61	H51	2,088	268	2,356	39,701	7,609	110	47,420
62	H52	1,992		1,992	72,338		100	72,438
63	H53	1,392	21	1,413	27,981	617	100	28,698
64	H54	1,232	339	1,571	23,514	9,684	100	33,298
65	H55	712	98	810	13,528	2,793	100	16,421
66								
67	Subtotal Hourly Employees	111,434	7,317	118,750	2,517,551	255,042	9,690	2,782,283
68								
	Part Time/Summer Employees:							
69	PT1			229	2,736		100	2,836
70	PT2	1,025		1,025	12,961		100	13,061
71	PT3	426		426	4,260			4,260
72								
73								
74	Subtotal PT/Summer Employees	1,679	0	1,679	19,957	0	200	20,157
75								
	Retired or Terminated Employees:							
76	R/T1	166		166	6,536			6,536
77	R/T2	1,414	71	1,485	32,514	2,449		34,963
78	R/T3	2,112	13	2,125	51,116	472		51,588
79	R/T4	2,809		2,809	55,950			55,950
80	R/T5	1,035	4	1,038	18,576	94		18,670
81	R/T6	295		295	4,750			4,750
82	R/T7	1,057		1,057	27,897			27,897
83	R/T8	168		168	1,680			1,680
84	R/T9	320	44	364	6,304	1,300		7,604
85								
86								
87	Subtotal Retired or Terminated Employees	9,375	132	9,507	205,323	4,315	0	209,638
88								
89	<b>TOTAL</b>	<b>135,016</b>	<b>7,448</b>	<b>142,464</b>	<b>3,392,678</b>	<b>259,357</b>	<b>11,020</b>	<b>3,663,055</b>



**Schedule D**  
**Adjustment to Payroll Related Expenses**  
**Continued**

**L. Supporting Documentation - Employee Earnings, Hours, Social Security, Medicare,  
Unemployment, Retirement and Insurance**

Line No.	Employee Designation	Wage Rate 01/01/16	Normalized Wages @ 2,080 Hours			Incremental Change (Normalized minus Actual Test Year)			
			Reg Hrs	OT Hrs	Total	Reg wages	OT wages	Christmas	Total
			<b>Hourly Employees, continued</b>						
41	H31	20.98	43,638	3,414	47,053	(612)	50	(170)	(731)
42	H32	23.78	49,462	5,404	54,866	625	105	(160)	570
43	H33	17.79	37,003	1,207	38,211	465	20	(155)	331
44	H34	20.18	41,974	9,475	51,449	689	189	(145)	733
45	H35	16.64	34,611	75	34,686	439	2	(145)	296
46	H36	15.62	32,490	2,847	35,336	396	46	(140)	301
47	H37	19.47	40,498	299	40,797	6,251	2	(135)	6,118
48	H38	15.79	32,843	1,007	33,850	671	27	(135)	563
49	H39	23.46	48,797	8,938	57,735	1,152	188	(130)	1,210
50	H40	17.15	35,672	3,653	39,325	453	65	(125)	393
51	H41	23.46	48,797	18,897	67,694	1,054	399	(125)	1,328
52	H42	15.82	32,906	83	32,989	412	2	(125)	289
53	H43	29.76	61,901	16,718	78,618	769	293	(120)	941
54	H44	15.67	32,594	71	32,664	413	2	(120)	294
55	H45	21.93	45,614	6,349	51,963	1,032	131	(120)	1,043
56	H46	21.91	45,573	148	45,721	572	3	(120)	455
57	H47	20.91	43,493	11,197	54,690	1,006	329	(115)	1,220
58	H48	20.91	43,493	18,913	62,406	1,005	556	(115)	1,446
59	H49	15.07	31,346	1,396	32,741	383	23	(110)	295
60	H50	20.91	43,493	8,688	52,181	1,005	214	(110)	1,109
61	H51	19.70	40,976	7,919	48,895	1,275	310	(110)	1,475
62	H52	37.50	78,000	0	78,000	5,662	0	(100)	5,562
63	H53	20.40	42,432	627	43,059	14,451	10	(100)	14,361
64	H54	19.57	40,706	9,951	50,657	17,192	267	(100)	17,359
65	H55	19.00	39,520	2,793	42,313	25,992	0	(100)	25,892
66	<b>Subtotal Hourly Employees</b>								
67			2,620,030	260,323	2,880,353	102,479	5,281	(9,690)	98,070
68	<b>Part Time/Summer Employees:</b>								
69	PT1	12.18	3,045	0	3,045	309	0	(100)	209
70	PT2	12.86	12,731	0	12,731	(230)	0	(100)	(330)
71	PT3	10.00	4,250	0	4,250	(10)	0		(10)
72	<b>Subtotal PT/Summer Employees</b>								
73			20,026	0	20,026	69	0	(200)	(131)
74	<b>Retired or Terminated Employees:</b>								
75	R/T1	39.41				-6536	0		(6,536)
76	R/T2	23.00				-32514	-2449		(34,963)
77	R/T3	24.20				-51116	-472		(51,588)
78	R/T4	19.92				-55950	0		(55,950)
79	R/T5	17.95				-18576	-94		(18,670)
80	R/T6	16.10				-4750	0		(4,750)
81	R/T7	26.39				-27897	0		(27,897)
82	R/T8	10.00				-1680	0		(1,680)
83	R/T9	19.70				-6304	-1300		(7,604)
84	<b>Subtotal Retired or Terminated Employees</b>								
85			0	0	0	(205,323)	(4,315)		(209,638)
86	<b>TOTAL</b>								
87			3,297,688	260,323	3,558,011	(94,990)	966	(11,020)	(105,044)



**Schedule D**  
**Adjustment to Payroll Related Expenses**  
**Continued**

**L. Supporting Documentation - Employee Earnings, Hours, Social Security, Medicare,  
Unemployment, Retirement and Insurance**

Line No.	Employee Designation	Normalized							
		Social Security		Medicare Wages		Federal Unemployment		State Unemployment	
		Up to \$118,500	@ 6.20%	All Wages	@ 1.45%	Up to \$7,000	@ 0.60%	Up to \$10,200	@ 1.21%
	Hourly Employees, continued								
41	H31	47,053	2,917	47,053	682	7,000	42	10,200	123
42	H32	54,866	3,402	54,866	796	7,000	42	10,200	123
43	H33	38,211	2,369	38,211	554	7,000	42	10,200	123
44	H34	51,449	3,190	51,449	746	7,000	42	10,200	123
45	H35	34,686	2,151	34,686	503	7,000	42	10,200	123
46	H36	35,336	2,191	35,336	512	7,000	42	10,200	123
47	H37	40,797	2,529	40,797	592	7,000	42	10,200	123
48	H38	33,850	2,099	33,850	491	7,000	42	10,200	123
49	H39	57,735	3,580	57,735	837	7,000	42	10,200	123
50	H40	39,325	2,438	39,325	570	7,000	42	10,200	123
51	H41	67,694	4,197	67,694	982	7,000	42	10,200	123
52	H42	32,989	2,045	32,989	478	7,000	42	10,200	123
53	H43	78,618	4,874	78,618	1,140	7,000	42	10,200	123
54	H44	32,664	2,025	32,664	474	7,000	42	10,200	123
55	H45	51,963	3,222	51,963	753	7,000	42	10,200	123
56	H46	45,721	2,835	45,721	663	7,000	42	10,200	123
57	H47	54,690	3,391	54,690	793	7,000	42	10,200	123
58	H48	62,406	3,869	62,406	905	7,000	42	10,200	123
59	H49	32,741	2,030	32,741	475	7,000	42	10,200	123
60	H50	52,181	3,235	52,181	757	7,000	42	10,200	123
61	H51	48,895	3,032	48,895	709	7,000	42	10,200	123
62	H52	78,000	4,836	78,000	1,131	7,000	42	10,200	123
63	H53	43,059	2,670	43,059	624	7,000	42	10,200	123
64	H54	50,657	3,141	50,657	735	7,000	42	10,200	123
65	H55	42,313	2,623	42,313	614	7,000	42	10,200	123
66									
67	Subtotal Hourly Employees	2,998,853	178,582	2,880,353	41,765	392,000	2,310	571,200	6,788
68									
	Part Time/Summer Employees:								
69									
70	PT1	3,045	189	3,045	44	3,045	18	3,045	37
71	PT2	12,731	789	12,731	185	7,000	42	10,200	123
72	PT3	4,250	264	4,250	62	4,250	26	4,250	51
73									
74	Subtotal PT/Summer Employees	20,026	1,242	20,026	290	14,295	86	17,495	212
75									
	Retired or Terminated Employees:								
76									
77	R/T1								
78	R/T2								
79	R/T3								
80	R/T4								
81	R/T5								
82	R/T6								
83	R/T7								
84	R/T8								
85	R/T9								
86									
87	Subtotal Retired or Terminated Employees	0	0	0	0	0	0	0	0
88									
89									
	<b>TOTAL</b>	<b>3,613,662</b>	<b>216,700</b>	<b>3,558,011</b>	<b>51,591</b>	<b>448,295</b>	<b>2,648</b>	<b>649,895</b>	<b>7,740</b>

**Schedule D**  
**Adjustment to Payroll Related Expenses**  
**Continued**

**L. Supporting Documentation - Employee Earnings, Hours, Social Security, Medicare, Unemployment, Retirement and Insurance**

Line No.	Employee Designation	Wage	Wage	Percent Increase	Reason for Increase	Wage	Percent Increase	Reason for Increase
		Rate 11/01/13	Rate 11/01/14			Rate 01/01/16		
<b>Salaried Employees:</b>								
1	S1	79.86	84.65	6.0%	<i>Merit and to bring in line with compensation plan</i>	87.19	3.0%	<i>Merit and to bring in line with compensation plan</i>
2	S2	42.36	43.74	3.3%		44.62	2.0%	
3	S3	45.28	46.75	3.2%		47.69	2.0%	
4	S4	42.36	43.74	3.3%		44.62	2.0%	
5	S5	42.36	43.74	3.3%		44.62	2.0%	
6	S6	44.19	46.07	4.3%	<i>Merit and to bring in line with compensation plan</i>	47.45	3.0%	<i>Merit and to bring in line with compensation plan</i>
7								
	Subtotal							
8	Salaried Employees							
9								
<b>Hourly Employees:</b>								
10	H1	26.42	27.21	3.0%		27.75	2.0%	
11	H2	31.20	31.82	2.0%		32.46	2.0%	
12	H3	28.43	29.00	2.0%		29.58	2.0%	
13	H4	30.29	30.29	0.0%	<i>At maximum in compensation plan</i>	30.29	0.0%	<i>At maximum in compensation plan</i>
14	H5	34.00	35.02	3.0%		35.72	2.0%	
15	H6	28.15	29.00	3.0%		29.58	2.0%	
16	H7	18.22	18.59	2.0%		18.96	2.0%	
17	H8	26.50	27.03	2.0%		27.57	2.0%	
18	H9	16.09	16.57	3.0%		16.90	2.0%	
19	H10	26.05	26.83	3.0%		27.37	2.0%	
20	H11	22.24	22.91	3.0%		23.37	2.0%	
21	H12	18.40	18.91	2.8%		19.29	2.0%	
22	H13	17.32	17.67	2.0%		18.02	2.0%	
23	H14	24.48	29.64	21.1%	<i>Promoted to Manager of Service Department</i>	30.23	2.0%	
24	H15	16.98	17.32	2.0%		17.67	2.0%	
25	H16	27.81	28.64	3.0%		29.21	2.0%	
26	H17	19.19	19.57	2.0%		19.97	2.0%	
27	H18	26.73	27.53	3.0%		28.08	2.0%	
28	H19	14.94	15.24	2.0%		15.54	2.0%	
29	H20	25.20	25.96	3.0%		26.48	2.0%	
30	H21	22.19	22.86	3.0%		23.32	2.0%	
31	H22	19.09	19.66	3.0%		20.05	2.0%	
32	H23	21.75	22.51	3.5%		23.07	2.5%	
33	H24	18.38	18.93	3.0%		19.31	2.0%	
34	H25	24.72	25.46	3.0%		25.97	2.0%	
35	H26	23.60	24.07	2.0%		24.31	1.0%	
36	H27	27.81	28.64	3.0%		29.21	2.0%	
37	H28	19.70	20.29	3.0%		20.70	2.0%	
38	H29	24.72	25.46	3.0%		25.97	2.0%	
39	H30	28.84	29.71	3.0%		30.30	2.0%	

Schedule D  
Adjustment to Payroll Related Expenses  
Continued

**L. Supporting Documentation - Employee Earnings, Hours, Social Security, Medicare, Unemployment, Retirement and Insurance**

Line No.	Employee Designation	Wage Rate 11/01/13	Wage Rate 11/01/14	Percent Increase	Reason for Increase	Wage Rate 01/01/16	Percent Increase	Reason for Increase
	<b>Hourly Employees, continued</b>							
41	H31	21.50	24.01	11.7%	Promoted to Journeyman Lineman	20.98	-12.6%	Moved to Field Service Rep Position
42	H32	20.94	23.31	11.3%	Promoted to Journeyman Lineman	23.78	2.0%	
43	H33	16.45	17.44	6.0%	Merit and to bring in line with compensation plan	17.79	2.0%	
44	H34	18.93	19.69	4.0%	Merit and to bring in line with compensation plan	20.18	2.5%	
45	H35	15.99	16.31	2.0%		16.64	2.0%	
46	H36	14.45	15.32	6.0%	Merit and to bring in line with compensation plan	15.62	2.0%	
47	H37	18.66	19.13	2.5%		19.47	1.8%	
48	H38	14.88	15.33	3.0%		15.79	3.0%	
49	H39	19.96	22.58	13.1%	Promoted to Lineman	23.46	3.9%	Completed first year Lineman training.
50	H40	16.16	16.81	4.0%	Merit and to bring in line with compensation plan	17.15	2.0%	
51	H41	19.96	22.47	12.6%	Promoted to Lineman	23.46	4.4%	Completed first year Lineman training.
52	H42	14.88	15.51	4.3%	Merit and to bring in line with compensation plan	15.82	2.0%	
53	H43	28.33	29.18	3.0%		29.76	2.0%	
54	H44	14.73	15.36	4.2%	Merit and to bring in line with compensation plan	15.67	2.0%	
55	H45	18.05	20.70	14.7%	Promoted to Lineman	21.93	5.9%	Completed first year Lineman training.
56	H46	20.80	21.48	3.3%		21.91	2.0%	
57	H47	18.03	19.13	6.1%	Completed Apprentice step in training	20.91	9.3%	completed apprentice training
58	H48	18.03	19.13	6.1%	Completed Apprentice step in training	20.91	9.3%	completed apprentice training
59	H49	13.81	14.78	7.0%	Merit and to bring in line with compensation plan	15.07	2.0%	
60	H50	17.50	18.57	6.1%	Completed Apprentice step in training	20.91	12.6%	completed apprentice training
61	H51	17.50	18.57	6.1%	Completed Apprentice step in training	19.70	6.1%	Completed Apprentice step in training
62	H52	n/a	n/a			37.50		
63	H53	n/a	n/a			20.40		
64	H54	n/a	n/a			19.57		
65	H55	n/a	n/a			19.00		
66	<b>Subtotal Hourly Employees</b>							
67								
68								
	<b>Part Time/Summer Employees:</b>							
69	PT1	11.94	11.94	0.0%		12.18	2.0%	
70	PT2	12.61	12.61	0.0%		12.86	2.0%	
71	PT3	n/a	n/a			10.00		
72								
73								
	<b>Subtotal PT/Summer Employees</b>							
74								
75								
	<b>Retired or Terminated Employees:</b>							
76	R/T1							
77	R/T2							
78	R/T3							
79	R/T4							
80	R/T5							
81	R/T6							
82	R/T7							
83	R/T8							
84	R/T9							
85								
86								
	<b>Subtotal Retired or Terminated Employees</b>							
87								
88								
89								

Schedule D  
Adjustment to Payroll Related Expenses  
Continued

L. Supporting Documentation - Employee  
Earnings, Hours, Social Security, Medicare,  
Unemployment, Retirement and Insurance

Line No.	Employee Designation	Normalized			
		R & S		401(K)	
		Rate	Amount	Rate	Amount
	<b>Salaried Employees:</b>				
1	S1	20.12%	36,487	1.00%	1,813
2	S2	20.12%	18,671	1.00%	928
3	S3	20.12%	19,956	1.00%	992
4	S4	20.12%	18,671	1.00%	928
5	S5	20.12%	18,671	1.00%	928
6	S6	20.12%	19,858	1.00%	987
7					
	Subtotal Salaried Employees				
8					
9					
	<b>Hourly Employees:</b>				
10					
11	H1	20.12%	11,613	1.00%	577
12	H2	20.12%	13,584	1.00%	675
13	H3	20.12%	12,379	1.00%	615
14	H4	20.12%	12,676	1.00%	630
15	H5	20.12%	14,949	1.00%	743
16	H6	20.12%	12,379	1.00%	615
17	H7	20.12%	7,935	1.00%	394
18	H8	20.12%	11,538	1.00%	573
19	H9	20.12%	7,073	1.00%	352
20	H10	20.12%	11,454	1.00%	569
21	H11	20.12%	9,780	1.00%	486
22	H12	20.12%	8,073	1.00%	401
23	H13	20.12%	7,541	1.00%	375
24	H14	20.12%	12,651	1.00%	629
25	H15	20.12%	7,395	1.00%	368
26	H16	20.12%	12,224	1.00%	608
27	H17	20.12%	8,357	1.00%	415
28	H18	20.12%	11,751	1.00%	584
29	H19	20.12%	6,503	1.00%	323
30	H20	20.12%	11,082	1.00%	551
31	H21	20.12%	9,759	1.00%	485
32	H22	20.12%	8,391	1.00%	417
33	H23	20.12%	9,655	1.00%	480
34	H24	20.12%	8,081	1.00%	402
35	H25	20.12%	10,868	1.00%	540
36	H26	20.12%	10,174	1.00%	506
37	H27	20.12%	12,224	1.00%	608
38	H28	20.12%	8,663	1.00%	431
39	H29	20.12%	10,868	1.00%	540
40	H30	20.12%	12,680	1.00%	630

**Schedule D  
Adjustment to Payroll Related Expenses  
Continued**

**L. Supporting Documentation - Employee  
Earnings, Hours, Social Security, Medicare,  
Unemployment, Retirement and Insurance**

Line No.	Employee Designation	Normalized			
		R & S		401(K)	
		Rate	Amount	Rate	Amount
	<b>Hourly Employees, continued</b>				
41	H31	20.12%	8,780	1.00%	436
42	H32	20.12%	9,952	1.00%	495
43	H33	20.12%	7,445	1.00%	370
44	H34	20.12%	8,445	1.00%	420
45	H35	20.12%	6,964	1.00%	346
46	H36	20.12%	6,537	1.00%	325
47	H37	20.12%	8,148	1.00%	405
48	H38	20.12%	6,608	1.00%	328
49	H39	20.12%	9,818	1.00%	488
50	H40	20.12%	7,177	1.00%	357
51	H41	20.12%	9,818	1.00%	488
52	H42	20.12%	6,621	1.00%	329
53	H43	20.12%	12,454	1.00%	619
54	H44	20.12%	6,558	1.00%	326
55	H45	20.12%	9,178	1.00%	456
56	H46	20.12%	9,169	1.00%	456
57	H47	0.00%	0	10.00%	4,349
58	H48	0.00%	0	10.00%	4,349
59	H49	0.00%	0	10.00%	3,135
60	H50	0.00%	0	10.00%	4,349
61	H51	0.00%	0	10.00%	4,098
62	H52	0.00%	0	10.00%	7,800
63	H53	0.00%	0	10.00%	4,243
64	H54	0.00%	0	10.00%	4,071
65	H55	0.00%	0	10.00%	3,952
66					
67	Subtotal Hourly Employees	<b>Total:</b>	<b>578,290</b>		<b>69,088</b>
68					
	<b>Part Time/Summer Employees:</b>				
69					
70	PT1				
71	PT2				
72	PT3				
73					
74	Subtotal PT/Summer Employees				
75					
	<b>Retired or Terminated Employees:</b>				
76					
77	R/T1				
78	R/T2				
79	R/T3				
80	R/T4				
81	R/T5				
82	R/T6				
83	R/T7				
84	R/T8				
85	R/T9				
86					
87	Subtotal Retired or Terminated Employees				
88					
89					

Schedule D  
Adjustment to Payroll Related Expenses  
Continued

**L. Supporting Documentation - Employee Earnings, Hours, Social Security,  
Medicare, Unemployment, Retirement and Insurance**

Line No.	Employee Designation	Normalized Life Insurance		
		Coverage (coverage = 2x annual salary)	Monthly Rate rate: .237 per \$1000 of coverage	Annual Amount [(AN/1000)*.237*12]
<b>Salaried Employees:</b>				
1	S1	362,698	0.237	1,032
2	S2	185,598	0.237	528
3	S3	198,370	0.237	564
4	S4	185,598	0.237	528
5	S5	185,598	0.237	528
6	S6	197,400	0.237	561
7				
	Subtotal Salaried Employees			
8				
9				
<b>Hourly Employees:</b>				
10				
11	H1	115,440	0.237	328
12	H2	135,034	0.237	384
13	H3	123,053	0.237	350
14	H4	126,006	0.237	358
15	H5	148,595	0.237	423
16	H6	123,053	0.237	350
17	H7	78,874	0.237	224
18	H8	114,691	0.237	326
19	H9	70,304	0.237	200
20	H10	113,859	0.237	324
21	H11	97,219	0.237	276
22	H12	80,246	0.237	228
23	H13	74,963	0.237	213
24	H14	125,757	0.237	358
25	H15	73,507	0.237	209
26	H16	121,514	0.237	346
27	H17	83,075	0.237	236
28	H18	116,813	0.237	332
29	H19	64,646	0.237	184
30	H20	110,157	0.237	313
31	H21	97,011	0.237	276
32	H22	83,408	0.237	237
33	H23	95,971	0.237	273
34	H24	80,330	0.237	228
35	H25	108,035	0.237	307
36	H26	101,130	0.237	288
37	H27	121,514	0.237	346
38	H28	86,112	0.237	245
39	H29	108,035	0.237	307
40	H30	126,048	0.237	358

**Schedule D**  
**Adjustment to Payroll Related Expenses**  
**Continued**

**L. Supporting Documentation - Employee Earnings, Hours, Social Security,  
Medicare, Unemployment, Retirement and Insurance**

Line No.	Employee Designation	Normalized		
		Life Insurance		
	Coverage (coverage = 2x annual salary	Monthly Rate rate: .237 per \$1000 of coverage	Annual Amount [(AN/1000)*.237*12]	
	<b>Hourly Employees, continued</b>			
41	H31	87,277	0.237	248
42	H32	98,925	0.237	281
43	H33	74,006	0.237	210
44	H34	83,949	0.237	239
45	H35	69,222	0.237	197
46	H36	64,979	0.237	185
47	H37	80,995	0.237	230
48	H38	65,686	0.237	187
49	H39	97,594	0.237	278
50	H40	71,344	0.237	203
51	H41	97,594	0.237	278
52	H42	65,811	0.237	187
53	H43	123,802	0.237	352
54	H44	65,187	0.237	185
55	H45	91,229	0.237	259
56	H46	91,146	0.237	259
57	H47	86,986	0.237	247
58	H48	86,986	0.237	247
59	H49	62,691	0.237	178
60	H50	86,986	0.237	247
61	H51	81,952	0.237	233
62	H52	156,000	0.237	444
63	H53	84,864	0.237	241
64	H54	81,411	0.237	232
65	H55	79,040	0.237	225
66			<b>Total</b>	<b>18,643</b>
67	<b>Subtotal Hourly Employees</b>			
68	<b>Part Time/Summer Employees:</b>			
69	PT1			
70	PT2			
71	PT3			
72				
73	<b>Subtotal PT/Summer Employees</b>			
74	<b>Retired or Terminated Employees:</b>			
75	R/T1			
76	R/T2			
77	R/T3			
78	R/T4			
79	R/T5			
80	R/T6			
81	R/T7			
82	R/T8			
83	R/T9			
84	<b>Subtotal Retired or Terminated Employees</b>			
85				
86				
87				
88				
89				

Schedule D  
Adjustment to Payroll Related Expenses  
Continued

**L. Supporting Documentation - Employee Earnings, Hours, Social Security, Medicare, Unemployment, Retirement and Insurance**

Line No.	Employee Designation	Normalized			Business Travel Accident Insurance Plan	
		Coverage Calculated at full base salary amount	Monthly Rate .0779 per \$100 of coverage	Annual Amount [(AQ/100)*.0779*12]	Rate \$21.75 per employee	Total Annual Amount per Farmers \$ 261.00
<b>Salaried Employees:</b>						
1	S1	181,349	0.0779	1,695		
2	S2	92,799	0.0779	867		
3	S3	99,185	0.0779	927		
4	S4	92,799	0.0779	867		
5	S5	92,799	0.0779	867		
6	S6	98,700	0.0779	923		
7						
	Subtotal Salaried Employees					
8						
9						
<b>Hourly Employees:</b>						
10						
11	H1	57,720	0.0779	540		
12	H2	67,517	0.0779	631		
13	H3	61,526	0.0779	575		
14	H4	63,003	0.0779	589		
15	H5	74,298	0.0779	695		
16	H6	61,526	0.0779	575		
17	H7	39,437	0.0779	369		
18	H8	57,346	0.0779	536		
19	H9	35,152	0.0779	329		
20	H10	56,930	0.0779	532		
21	H11	48,610	0.0779	454		
22	H12	40,123	0.0779	375		
23	H13	37,482	0.0779	350		
24	H14	62,878	0.0779	588		
25	H15	36,754	0.0779	344		
26	H16	60,757	0.0779	568		
27	H17	41,538	0.0779	388		
28	H18	58,406	0.0779	546		
29	H19	32,323	0.0779	302		
30	H20	55,078	0.0779	515		
31	H21	48,506	0.0779	453		
32	H22	41,704	0.0779	390		
33	H23	47,986	0.0779	449		
34	H24	40,165	0.0779	375		
35	H25	54,018	0.0779	505		
36	H26	50,565	0.0779	473		
37	H27	60,757	0.0779	568		
38	H28	43,056	0.0779	402		
39	H29	54,018	0.0779	505		
40	H30	63,024	0.0779	589		

Schedule D  
Adjustment to Payroll Related Expenses  
Continued

**L. Supporting Documentation - Employee Earnings, Hours, Social Security, Medicare, Unemployment, Retirement and Insurance**

Line No.	Employee Designation	Normalized			Business Travel Accident Insurance Plan	
		Coverage Calculated at full base salary amount	Long-Term Disability		Rate \$21.75 per employee	Total Annual Amount per Farmers \$ 261.00
			Monthly Rate .0779 per \$100 of coverage	Annual Amount [(AQ/100)*.0779*12]		
	Hourly Employees, continued					
41	H31	43,638	0.0779	408		
42	H32	49,462	0.0779	462		
43	H33	37,003	0.0779	346		
44	H34	41,974	0.0779	392		
45	H35	34,611	0.0779	324		
46	H36	32,490	0.0779	304		
47	H37	40,498	0.0779	379		
48	H38	32,843	0.0779	307		
49	H39	48,797	0.0779	456		
50	H40	35,672	0.0779	333		
51	H41	48,797	0.0779	456		
52	H42	32,906	0.0779	308		
53	H43	61,901	0.0779	579		
54	H44	32,594	0.0779	305		
55	H45	45,614	0.0779	426		
56	H46	45,573	0.0779	426		
57	H47	43,493	0.0779	407		
58	H48	43,493	0.0779	407		
59	H49	31,346	0.0779	293		
60	H50	43,493	0.0779	407		
61	H51	40,976	0.0779	383		
62	H52	78,000	0.0779	729		
63	H53	42,432	0.0779	397		
64	H54	40,706	0.0779	381		
65	H55	39,520	0.0779	369		
66			Total	30,640		
67	Subtotal Hourly Employees					
68			Total Life Insurance:	18,643		
69	Part Time/Summer Employees:		Total Long-Term:	30,640		
70	PT1		Total BTA:	\$ 261.00		
71	PT2		Total Life/Long-term/BTA:	49,544		
72	PT3					
73	Subtotal PT/Summer Employees					
74						
75						
76	Retired or Terminated Employees:					
77	R/T1					
78	R/T2					
79	R/T3					
80	R/T4					
81	R/T5					
82	R/T6					
83	R/T7					
84	R/T8					
85	R/T9					
86	Subtotal Retired or Terminated Employees					
87						
88						
89						





**Schedule D**  
**Adjustment to Payroll Related Expenses**  
**Continued**

**M. Supporting Data - Medical/Hospitalization Coverage, Continued**

**3. 2015-2016 Change in Total Annual Contributions Attributable to the Change in Rate**

<b>Kentucky Rural Electric Cooperative Employers Benefit Plan - Medical/Hospitalization Coverage</b>						
	Employee + Family	Employee + Spouse	Employee + (Child)ren	Single Only	HRA Claims - All Employees	Participant/Employe e Contribution
2016 Annual Number of Participants	372	156	72	168	600	
2015-2016 Change in Tot. Claims Fund	\$17.33	-\$1.03	-\$58.22	-\$82.04		
2015-2016 Change in Tot. Fixed Cost- Healthsmart	-\$1.55	-\$1.55	-\$1.55	-\$1.55		
2015-2016 Change in HRA Admin. Fees	\$0.00	\$0.00	\$0.00	\$0.00		<b>Total</b>
<b>Change due to Rate Change</b>	<b>\$5,870.16</b>	<b>-\$402.48</b>	<b>-\$4,303.44</b>	<b>-\$14,043.12</b>		<b>-\$12,879</b>

**4. Change in HRA Claims**

<b>Change in HRA Claims *</b>	
2015	\$ 116,815
2016	\$ 143,625
<b>Difference:</b>	<b>\$ 26,810</b>

**5. Summary of Changes in Medical/Hospitalization Coverage**

<b>Sum of Changes</b>	
Amount Attributable to the Change in Participants:	\$ (33,238)
Amount Attributable to the Change in Rate:	\$ (12,879)
Change in HRA Claims:	\$ 26,810
<b>Total</b>	<b>\$ (19,307)</b>

**Schedule D**  
**Adjustment to Payroll Related Expenses**  
**Continued**

**N. Supporting Data - Dental Coverage****1. Total Annual Cost**

	<b>Delta Dental Coverage</b>							<b>Total</b>
	Employee + Family	Employee + Spouse	Employee + Child	Employee + Children	Single Only	Participant/Two- Party	Participant/Family Contribution	
2015 Annual Number of Participants	228	228	60	24	420	288	252	
2015 Base Rate	\$94.88	\$54.50	\$60.15	\$60.15	\$24.60	-\$26.00	-\$62.00	
2015 Total Cost	\$21,633	\$12,426	\$3,609	\$1,444	\$10,332	-\$7,488	-\$15,624	<u><u>\$26,331</u></u>
2016 Annual Number of Participants	204	228	60	24	396	288	228	
2016 Base Rate	\$94.88	\$54.50	\$60.15	\$60.15	\$24.60	-\$26.00	-\$62.00	
2016 Total Cost	\$19,356	\$12,426	\$3,609	\$1,444	\$9,742	-\$7,488	-\$14,136	<u><u>\$24,952</u></u>
<b>2. Amount Attributable to Change in Participants</b>								
2015 Annual Number of Participants	228	228	60	24	420	288	252	
2016 Annual Number of Participants	204	228	60	24	396	288	228	
2015-2016 Change in Participants	-24	0	0	0	-24	0	-24	
2015 Base Rate	\$94.88	\$54.50	\$60.15	\$60.15	\$24.60	-\$26.00	-\$62.00	
2016 Base Rate	\$94.88	\$54.50	\$60.15	\$60.15	\$24.60	-\$26.00	-\$62.00	
2015-2016 Change in Base Rate:	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
2015-2016 Change in Participants	-24	0	0	0	-24	0	-24	
2016 Base Rate	\$94.88	\$54.50	\$60.15	\$60.15	\$24.60	-\$26.00	-\$62.00	
Amount Attributable to Change in Participants	-\$2,277.12	\$0.00	\$0.00	\$0.00	-\$590.40	\$0.00	\$1,488.00	<u><u>-\$1,379.52</u></u>

**Schedule E**  
**Adjustment to Depreciation Expense**

**A. Depreciation on Existing Plant Using Depreciation Rates as of December 2015 and Commission-Approved Rates for Account 370**

Acct. No.	Description	Account Balance as of 12/31/2015	Fully Depreciated Items <sup>1</sup>	Depreciation Rate as of December 2015 <sup>2</sup>	Normalized Depreciation [(a) * (c)]	Test-Year Depreciation	Pro-Forma Adjustment [(d) - (e)]
		(a)	(b)	(c)	(d)	(e)	(f)
<b>1. Intangible Plant</b>							
303	Misc. Intangible Plant	3,625		-			
	Subtotal	3,625					
<b>2. Other Production Plant</b>							
342	Fuel Holders, Producers/ACC	40,846		3.24%	1,323	1,323	0
344	Generators	1,032,397		3.24%	33,450	33,029	421
345	Accessory Electric Equipment	197,673		3.24%	6,405	6,405	(0)
	Subtotal	1,270,916			41,178	40,757	421
<b>3. Distribution Plant</b>							
362	Station Equipment <sup>3</sup>	16,235	16,235	3.24%	-	-	-
362.01	SCADA/Load Management	41,356		20.00%	8,271	8,272	(1)
364	Poles, Towers & Fixtures	25,005,047		3.24%	810,164	793,965	16,199
365	O/H Conductors & Devices	19,581,962		3.24%	634,456	618,152	16,304
367	U/G Conduct. & Devices	1,654,669		3.24%	53,611	52,784	827
368	Line Transformers	15,187,042		3.24%	492,060	481,424	10,636
369	Services	7,787,963		3.24%	252,330	249,061	3,269
370	Meters-Traditional	118,333		6.67%	7,889	3,897	3,992
370.01	AMR-TWAC-Meters	4,024,563		6.67%	268,304	128,889	139,415
370.02	AMR-TWAC-Receiver/Equip.	637,137		6.67%	42,476	20,946	21,530
370.03	AMR-TWAC-Transformers	254,924		6.67%	16,995	8,260	8,735
370.04	AMR-TWAC-Computer	38,278		6.67%	2,552	-	2,552
370.05	AMR-TWAC-Control links	11,379		6.67%	759	298	461
371	Install/Cust. Premis	1,998,521		3.24%	64,752	63,846	906
373	St. Light & Sign. Sys.	2,850		3.24%	92	93	(0)
373.1	Street Lighting/City Of Glasgow	78,809		3.24%	2,553	2,567	(14)
373.2	Street Lighting/City-Cave City	65,761		3.24%	2,131	2,142	(11)
373.3	Street Lighting/Metcalfe County	6,722		3.24%	218	219	(1)
373.4	Street Lighting/City Of MunfVle	4,792		3.24%	155	156	(1)
373.5	Street Lighting/City Of Edmonton	14,691		3.24%	476	479	(3)
373.7	Street Lighting/Barren County	19,041		3.24%	617	620	(3)
	Subtotal	76,550,075			2,660,860	2,436,070	224,790
<b>4. General Plant</b>							
389	Land And Land Rights	992,775			-		0
390	Structures & Imprvemt	2,202,525	297,675	2.50%	47,621	48,180	(559)
391	Office Furniture & Equipment	827,359	278,725	20.00%	109,727	121,594	(11,867)
392	Transportation Equipment	3,428,981	1,038,298	14.00%	334,696	308,192	26,504
394	Tools,Shop,Garage Equipment	67,682	36,397	20.00%	6,257	8,693	(2,436)
395	Laboratory Equipment	83,351	37,142	8.00%	3,697	3,490	207
396	Power Operated Equipment	131,149	58,636	12.00%	8,702	8,811	(109)
397	Communications Equipment	783,960	5,435	9.00%	70,067	67,382	2,685
398	Miscellaneous Equipment	177,056	51,054	7.00%	8,820	9,270	(450)
399	Temp Service/Cons Prem	6,509		7.00%	456		
	Subtotal	8,701,345	1,803,362		590,042	575,612	14,430
<b>Grand Total</b>		<b>86,525,960</b>			<b>3,292,080</b>	<b>3,052,439</b>	<b>239,641</b>

<sup>1</sup> Fully depreciated items are removed from the end-of-year balance to calculate normalized depreciation.

<sup>2</sup> The depreciation rate used for account 370 is not historical, but rather a Commission-approved rate.

<sup>3</sup> Per Farmers, account 362 - station equipment is fully depreciated.

Witness: Lance C. Schafer

**Schedule E**  
**Adjustment to Depreciation Expense**  
**Continued**

**B. Depreciation on Existing Plant Using Depreciation Rates as of December 2015 for All Accounts (Shown For Illustrative Purposes)**

Acct. No.	Description	Account Balance as of 12/31/2015	Fully Depreciated Items <sup>1</sup>	Depreciation Rate as of December 2015	Normalized Depreciation [(a) * (c)]	Test-Year Depreciation	Pro-Forma Adjustment [(d) - (e)]
		(a)	(b)	(c)	(d)	(e)	(f)
<b>1. Intangible Plant</b>							
303	Misc. Intangible Plant	3,625		-			
	Subtotal	3,625					
<b>2. Other Production Plant</b>							
342	Fuel Holders, Producers/ACC	40,846		3.24%	1,323	1,323	0
344	Generators	1,032,397		3.24%	33,450	33,029	421
345	Accessory Electric Equipment	197,673		3.24%	6,405	6,405	(0)
	Subtotal	1,270,916			41,178	40,757	421
<b>3. Distribution Plant</b>							
362	Station Equipment <sup>2</sup>	16,235	16,235	3.24%	-	-	-
362.01	SCADA/Load Management	41,356		20.00%	8,271	8,272	(1)
364	Poles, Towers & Fixtures	25,005,047		3.24%	810,164	793,965	16,199
365	O/H Conductors & Devices	19,581,962		3.24%	634,456	618,152	16,304
367	U/G Conduct. & Devices	1,654,669		3.24%	53,611	52,784	827
368	Line Transformers	15,187,042		3.24%	492,060	481,424	10,636
369	Services	7,787,963		3.24%	252,330	249,061	3,269
370	Meters-Traditional	118,333		3.24%	3,834	3,897	(63)
370.01	AMR-TWAC-Meters	4,024,563		3.24%	130,396	128,889	1,507
370.02	AMR-TWAC-Receiver/Equip.	637,137		3.24%	20,643	20,946	(303)
370.03	AMR-TWAC-Transformers	254,924		3.24%	8,260	8,260	(0)
370.04	AMR-TWAC-Computer	38,278		20.00%	7,656	-	7,656
370.05	AMR-TWAC-Control links	11,379		14.40%	1,639	298	1,341
371	Install/Cust. Premis	1,998,521		3.24%	64,752	63,846	906
373	St. Light & Sign. Sys.	2,850		3.24%	92	93	(0)
373.1	Street Lighting/City Of Glasgow	78,809		3.24%	2,553	2,567	(14)
373.2	Street Lighting/City--Cave City	65,761		3.24%	2,131	2,142	(11)
373.3	Street Lighting/Metcalf County	6,722		3.24%	218	219	(1)
373.4	Street Lighting/City Of MunfVle	4,792		3.24%	155	156	(1)
373.5	Street Lighting/City Of Edmonton	14,691		3.24%	476	479	(3)
373.7	Street Lighting/Barren County	19,041		3.24%	617	620	(3)
	Subtotal	76,550,075			2,494,313	2,436,070	58,243
<b>4. General Plant</b>							
389	Land And Land Rights	992,775			-		0
390	Structures & Imprvments	2,202,525	297,675	2.50%	47,621	48,180	(559)
391	Office Furniture & Equipment	827,359	278,725	20.00%	109,727	121,594	(11,867)
392	Transportation Equipment	3,428,981	1,038,298	14.00%	334,696	308,192	26,504
394	Tools,Shop,Garage Equipment	67,682	36,397	20.00%	6,257	8,693	(2,436)
395	Laboratory Equipment	83,351	37,142	8.00%	3,697	3,490	207
396	Power Operated Equipment	131,149	58,636	12.00%	8,702	8,811	(109)
397	Communications Equipment	783,960	5,435	9.00%	70,067	67,382	2,685
398	Miscellaneous Equipment	177,056	51,054	7.00%	8,820	9,270	(450)
399	Temp Service/Cons Prem	6,509		7.00%	456		
	Subtotal	8,701,345	1,803,362		590,042	575,612	14,430
<b>Grand Total<sup>2</sup></b>		<b>86,525,960</b>			<b>3,125,532</b>	<b>3,052,439</b>	<b>73,093</b>

<sup>1</sup> Fully depreciated items are removed from the end-of-year balance to calculate normalized depreciation.

<sup>2</sup> Per Farmers, account 362 - station equipment is fully depreciated

**Schedule E**  
**Adjustment to Depreciation Expense**  
**Continued**

**C. Comparison of the Impact of Commission-Approved Rates for Account 370 on Total Normalized Depreciation**

	Amount
1. Total Normalized Depreciation Using Commission-Approved Rates for Account 370	3,292,080
2. Total Normalized Depreciation Using December 2015 Rates for All Accounts	3,125,532
3. Increase in Total Normalized Depreciation Attributable to Commission-Approved Rates for Acct. 370	166,548

**D. Depreciation Adjustment**

	Amount
1. Adjustment for Transportation Depreciation Charged to Clearing <sup>1</sup>	
A. Pro-Forma Test Year	
Normalized Depreciation Accrual	\$ 3,292,080
Less Charged to Clearing from GP Account 392	\$ (334,696)
Subtotal	\$ 2,957,384
B. Historical Test Year	
Test-Year Depreciation Accrual	\$ 3,052,439
Less Charged to Clearing from GP Account 392	\$ (308,192)
Subtotal	\$ 2,744,247

**E. Summary of Adjustment to Depreciation Expense**

1. Total Depreciation Expense for the Pro Forma Test Year	\$ 2,957,384
2. Less: Actual Depreciation Expense for the Test Year	\$ (2,744,248)
3. Adjustment to Depreciation Expense	\$ 213,136

**F. Adjustment for Change in Charged to Clearing From GP Account 392**

1. Adjustment to Transportation Charged-to-Clearing Amount	
Normalized Charged-to-Clearing Amount	\$ 334,696
Test-Year Charged-to-Clearing Amount	\$ 308,192
Total	\$ 26,504
2. Allocation of Charged-to-Clearing Adjustment <sup>2</sup>	
Construction and Retirement WIP	51% \$ 13,411
Other	2% \$ 643
Distribution - Operations	11% \$ 3,017
Distribution - Maintenance	27% \$ 7,164
Consumer Accounts	4% \$ 1,140
Consumer Service and Information	2% \$ 632
Administrative and General	2% \$ 496
Total	26,504

<sup>1</sup> Depreciation on transportation equipment is charged to a clearing account.

Transportation costs are then cleared to various accounts based on miles driven for each vehicle from the daily time sheets of employees driving the vehicles.

<sup>2</sup> The allocation of the increase in depreciation on transportation equipment is based on actual test-year transportation clearing.

Schedule F  
Adjustment to Property Taxes

A. Summary		Amount
1. Property Taxes to be booked in the next 12 months		\$ 626,136
2. Property Taxes booked in 2015		\$ 597,804
3. Adjustment to Property Tax Expense		<u>\$ 28,332</u>

B. Supporting Data

Line No.	Taxing District	Assessment for 2015 Taxes			Assessment for 2014 Taxes			Increase Decrease in Taxes
		Assessed Value	Tax Rate	Tax Due	Assessed Value	Tax Rate	Tax Due	
		<i>estimated</i>	<i>p/y rates</i>					
1	<b>Adair County</b>							
2	Tangible - County	243,208	0.1901	462	233,463	0.1901	444	19
3	Tangible - School	243,208	0.5170	1,257	233,463	0.5170	1,207	50
4	Tangible - Extension	243,208	0.0769	187	233,463	0.0769	180	7
5	Tangible - Health	243,208	0.0300	73	233,463	0.0300	70	3
6	Tangible - Library	243,208	0.0534	130	233,463	0.0534	125	5
7	Tangible - Ambulance	243,208	0.0745	181	233,463	0.0745	174	7
8	Tangible - Hospital	243,208	0.1000	243	233,463	0.1000	233	10
9								
10	<b>Barren County</b>							
11	Real Estate - County	1,718,984	0.1380	2,372	1,702,441	0.1380	2,349	23
12	Tangible - County	20,603,962	0.1530	31,524	19,592,908	0.1530	29,977	1,547
13	Real Estate - Library	1,718,984	0.0290	499	1,702,441	0.0290	494	5
14	Tangible - Library	20,603,962	0.0254	5,233	19,592,908	0.0254	4,977	257
15	Real Estate - Extension	1,718,984	0.0160	275	1,702,441	0.0160	272	3
16	Tangible - Extension	20,603,962	0.0167	3,441	19,592,908	0.0167	3,272	169
17	Other Barren School	18,629,430	0.6420	119,601	17,715,268	0.6420	113,732	5,869
18	Other Glasgow School	1,718,984	0.8640	14,852	1,702,441	0.8640	14,709	143
19	Other Glasgow School	1,854,470	0.8640	16,023	1,763,470	0.8640	15,236	786
20	Other Caverna School	120,062	0.7300	876	114,170	0.7300	833	43
21								
22	<b>Edmonson County</b>							
23	Tangible - County	157,022	0.1950	306	149,915	0.1950	292	14
24	Tangible - School	157,022	0.4330	680	149,915	0.4330	649	31
25	Tangible - Library	157,022	0.2000	314	149,915	0.2000	300	14
26	Tangible - Ambulance	157,022	0.1000	157	149,915	0.1000	150	7
27	Tangible - Health	157,022	0.0200	31	149,915	0.0200	30	1
28	Tangible - Extension	157,022	0.0175	27	149,915	0.0175	26	1

Schedule F  
Adjustment to Property Taxes  
Continued

B. Supporting Data (Continued)

Line No.	Taxing District	Assessment for 2015 Taxes			Assessment for 2014 Taxes			Increase Decrease in Taxes
		Assessed Value	Tax Rate	Tax Due	Assessed Value	Tax Rate	Tax Due	
29	<i>Grayson County</i>							
30	Tangible - County	300,144	0.0790	237	284,679	0.0790	225	12
31	Tangible - School	300,144	0.4900	1,471	284,679	0.4900	1,395	76
32	Tangible - Library	300,144	0.0779	234	284,679	0.0779	222	12
33	Tangible - Ambulance	300,144	0.0300	90	284,679	0.0300	85	5
34	Tangible - Health	300,144	0.0500	150	284,679	0.0500	142	8
35	Tangible - Extension	300,144	0.1601	481	284,679	0.1601	456	25
36								
37	<i>Green County</i>							
38	Tangible - Ambulance	420,470	0.1000	420	403,438	0.1000	403	17
39	Tangible - Extension	420,470	0.0745	313	403,438	0.0745	301	13
40	Tangible - County	420,470	0.1070	450	403,438	0.1070	432	18
41	Tangible - Health	420,470	0.0340	143	403,438	0.0340	137	6
42	Tangible - Library	420,470	0.1700	715	403,438	0.1700	686	29
43	Tangible - School	420,470	0.5060	2,128	403,438	0.5060	2,041	86
44								
45	<i>Hart County</i>							
46	Real Estate - Ambulance	395,433	0.0740	293	401,158	0.0740	297	(4)
47	Real Estate - County	395,433	0.1060	419	401,158	0.1060	425	(6)
48	Real Estate - Library	395,433	0.0680	269	401,158	0.0680	273	(4)
49	Real Estate - School	395,433	0.5750	2,274	401,158	0.5750	2,307	(33)
50	Tangible - Ambulance	12,751,511	0.0900	11,476	12,208,423	0.0900	10,988	489
51	Tangible - County	12,751,511	0.1219	15,544	12,208,423	0.1219	14,882	662
52	Tangible - Library	12,751,511	0.1336	17,036	12,208,423	0.1336	16,310	726
53	Tangible - School	12,683,972	0.5750	72,933	12,143,761	0.5750	69,827	3,106
54	Tangible - School	67,538	0.7300	493	64,662	0.7300	472	21
55								
56	<i>LaRue County</i>							
57	Tangible - County	39,255	0.2985	117	36,278	0.2985	108	9
58	Tangible - School	39,255	0.4500	177	36,278	0.4500	163	13
59	Tangible - Library	39,255	0.0911	36	36,278	0.0911	33	3
60	Tangible - Health	39,255	0.0280	11	36,278	0.0280	10	1
61	Tangible - Extension	39,255	0.0781	31	36,278	0.0781	28	2
62								
63	<i>Metcalfe County</i>							
64	Real Estate - County	248,944	0.0870	217	261,685	0.0870	228	(11)
65	Real Estate - School	248,944	0.5140	1,280	261,685	0.5140	1,345	(65)
66	Real Estate - Ambulance	248,944	0.0590	147	261,685	0.0590	154	(8)
67	Real Estate - Library	248,944	0.0940	234	261,685	0.0940	246	(12)
68	Real Estate - Extension	248,944	0.0940	234	261,685	0.0940	246	(12)
69	Real Estate - Soil	248,944	0.0150	37	261,685	0.0150	39	(2)
70	Tangible - County	7,813,644	0.1000	7,814	7,490,631	0.1000	7,491	323
71	Tangible - School	7,813,644	0.5140	40,162	7,490,631	0.5140	38,502	1,660
72	Tangible - Ambulance	7,813,644	0.0600	4,688	7,490,631	0.0600	4,494	194
73	Tangible - Library	7,813,644	0.1669	13,041	7,490,631	0.1669	12,502	539
74	Tangible - Extension	7,813,644	0.1582	12,361	7,490,631	0.1582	11,850	511

Schedule F  
Adjustment to Property Taxes  
Continued

B. Supporting Data (Continued)

Line No.	Taxing District	Assessment for 2015 Taxes			Assessment for 2014 Taxes			Increase Decrease in Taxes
		Assessed Value	Tax Rate	Tax Due	Assessed Value	Tax Rate	Tax Due	
75	<i>City of Glasgow</i>							
76	Real Estate	1,718,984	0.1740	2,991	1,702,441	0.1740	2,962	29
77	Tangible	1,854,470	0.1800	3,338	1,763,470	0.1800	3,174	164
78								
79	<i>City of Munfordville</i>							
80	Real Estate	395,433	0.2520	996	401,158	0.2520	1,011	(14)
81								
82	<i>City of Edmonton</i>							
83	Real Estate	248,944	0.0850	212	261,685	0.0850	222	(11)
84	Tangible	106,916	0.0850	91	101,899	0.0850	87	4
85	2% Discount Applied						(6)	6
86								
87	<i>City of Cave City</i>							
88		120,062	0.1550	186	114,170	0.1550	177	9
89								
90	<b>Public Service Company Assessment:</b>							
91	Total Amount Due			209,225			198,506	10,719
92								
93	Misc:							
94	Glasgow - Storm water Fee			342			342	0
95	Dell Financial			1,550			1,530	20
96	Pitney Bowes			45			43	2
97	Konica			250			250	(0)
98	Barren Co Sheriff - Misc.			-			19	(19)
99	Rural Co-Op Tax			10			10	0
100								
101								
102	<b>Total</b>			<b>626,136</b>			<b>597,804</b>	<b>28,332</b>
103								
104	<b>Amount of Adjustment</b>							<b>28,332</b>
105								
106	<b>Percent Increase (Decrease)</b>							<b>4.7%</b>

Schedule G  
Adjustment for Rate Case Expense

	Amount
1. Rate Case Expense	
A. Total Budget for Consulting Services	\$ 78,620
B. Advertising Budget Estimate	\$ 50,000
C. Legal Fee Estimate	\$ 15,000
	Subtotal
	\$ 143,620
2. Years	3
3. Annual Rate Case Expense	\$ 47,873

Schedule H  
Adjustment to Expense

	Amount
A. Accounts 921.00 and 165.20 - Dues <sup>1</sup>	
1. Debit	\$ 96,201
2. Credit	\$ -
3. Gross Expense	\$ 96,201
4. Allowable Dues	\$ 93,711
5. Adjustment	\$ (2,490)

<sup>1</sup> For supporting materials, see page 44 of this exhibit (section F).

**Schedule H**  
**Adjustment to Expense**  
**Continued**

<b>B. Account 923.00 - Outside Services<sup>1</sup></b>	<b>Amount</b>
1. Debit	\$ 103,960
2. Credit	\$ -
3. Gross Expense	<u>\$ 103,960</u>
4. Less: Expense Not Anticipated for 2016	\$ (41,681)
5. Less: Exclusions for Rate-Making Purposes	\$ (100)
5. Add: Expense Budgeted for 2016	<u>\$ 17,500</u>
6. Net Expense	<u>\$ 79,680</u>
7. Adjustment	<u>\$ (24,281)</u>
<b>C. Account 930.21 - Annual Expense<sup>2</sup></b>	<b>Amount</b>
1. Debit	\$ 32,142
2. Credit	\$ (180)
3. Gross Expense	<u>\$ 31,962</u>
4. Less: Annual Meeting Expense Exclusions	\$ (6,933)
5. Net Expense	<u>\$ 25,029</u>
6. Adjustment	<u>\$ (6,933)</u>
<b>D. Account 930.30 - Directors' Expenses<sup>3</sup></b>	<b>Amount</b>
1. General Ledger as of December 31, 2015	\$ 114,040
2. Less: Exclusions for Rate-Making Purposes	\$ (15,160)
3. Less: Corrections	\$ (992)
4. Net Expense	<u>\$ 97,888</u>
5. Adjustment	<u>\$ (16,152)</u>
<b>E. Summary of Expense Adjustments</b>	<b>Amount</b>
1. Adjustment to Accounts 921.00 and 165.20 - Dues	\$ (2,490)
2. Adjustment to Account 923.00 - Outside Services	\$ (24,281)
3. Adjustment to Account 930.21 - Annual Expense	\$ (6,933)
4. Adjustment to Account 930.30 - Directors' Expenses	<u>\$ (16,152)</u>
<b>Total</b>	<b>\$ (49,856)</b>

<sup>1</sup> For supporting data, see pages 45-46 of this exhibit (section F).  
<sup>2</sup> For supporting materials, see pages 47-50 of this exhibit (section F).  
<sup>3</sup> For supporting materials, see pages 51-74 of this exhibit (section F).

Schedule H  
Adjustment to Expense  
Continued

F. Supporting Data

Farmers RECC - DUES

Line No.	ACCOUNT SOURCE	R-ACCT ITEM ID	DEPT	BATCH DATE	CHECK	VENDOR	VENDOR NAME	DEBIT	CREDIT DESCRIPTION	INVOICE NBR	
1	921.00	Accounts Payable	232.03	DUES 07 15	740	01/19/15	35336 8910	TENNESSEE VALLEY PUBLIC	500.00	.00 2015 MEMBERSHIP DUES	78430
2	921.00	Accounts Payable	232.03	DUES 07 10	2017	01/31/15	35568 1295	KAEC	315.16	.00 CHAMBER DUES	11542487
3	921.00	Accounts Payable	232.03	DUES 07 10	812	02/17/15	35568 1295	KAEC	300.00	.00 2015 MANAGERS DUES	11542820
4	921.00	Accounts Payable	232.03	DUES 07 10	2017	02/24/15	35602 10734	GLASGOW ROTARY CLUB	150.00	.00 JAN-MAR 2015 DUES/BILL PRATHER	SA00000000055343
5	921.00	Accounts Payable	232.03	DUES 07 10	2017	03/09/15	35705 1298	KY COUNCIL OF COOPERATIVES	200.00	.00 MEMBERSHIP DUES	SA00000000055404
6	921.00	Accounts Payable	232.03	DUES 07 40	2017	03/17/15	35757 1216	GLASGOW KIWANIS CLUB	300.00	.00 JAN-DEC 2015 DUES/SCOTT LESTER	SA00000000055421
7	921.00	Accounts Payable	232.03	DUES 07 10	838	03/26/15	35886 1213	GLASGOW BARREN CO CHAMBER	150.00	.00 AMBASSADOR CLUB DUES/BILL,CARALY	14316
8	921.00	Accounts Payable	232.03	DUES 07 10	2017	04/22/15	36128 10734	GLASGOW ROTARY CLUB	165.00	.00 APR-JUNE DUES/BILL PRATHER	948557
9	921.00	Accounts Payable	232.03	DUES 07 20	2017	04/22/15	36128 10734	GLASGOW ROTARY CLUB	165.00	.00 APR-JUNE DUES/ CARTER	948517
10	921.00	Accounts Payable	232.03	DUES 07 10	2017	07/10/15	36767 10734	GLASGOW ROTARY CLUB	165.00	.00 JULY-DEC 2015 DUES/BILL PRATHER	26636
11	921.00	Accounts Payable	232.03	DUES 07 20	828	07/13/15	36793 10734	GLASGOW ROTARY CLUB	165.00	.00 JULY-SEPT DUES/JERRY CARTER	1023559
12	921.00	Accounts Payable	232.03	DUES 07 10	2017	10/01/15	37387 12719	RERC	900.00	.00 MEMBERSHIP INVESTMENT RENEWAL	4534
13	921.00	Accounts Payable	232.03	DUES 07 10	848	10/13/15	37507 10734	GLASGOW ROTARY CLUB	165.00	.00 OCT-DEC DUES/BILL PRATHER	28437
14	921.00	Accounts Payable	232.03	DUES 07 20	2017	11/19/15	37795 10734	GLASGOW ROTARY CLUB	165.00	.00 OCT-DEC 2015 DUES/ CARTER	1097465
15											
16	ACCOUNT SOURCE	R-ACCT ITEM ID	DEPT	BATCH DATE	CHECK	VENDOR	VENDOR NAME	DEBIT	CREDIT DESCRIPTION	INVOICE NBR	
17	165.20	Accounts Payable		DUES 03	11/6/2015	37664	1371 NRECA	28,047.00	ANNUAL MEMBERSHIP DUES	1441055	
18	165.20	Accounts Payable		ASEM 01	6/23/2015	36569	1304 KENTUCKY STATE TREASURER	64,348.82	ANNUAL DUES - PSC	SA00000000055804	
19											
20											
21							Allowable Dues	93,710.98			
22							Total Expenses	<u>96,200.98</u>			
23							Adjustment	<u>(2,490.00)</u>			

Schedule H  
Adjustment to Expense  
Continued

F. Supporting Data, Continued

Account 923.00 - Outside Services

Line No.	ACCOUNT	SOURCE	R-ACCT	ITEM ID	DATE	CHECK	VENDOR	VENDOR NAME	DEBIT	CREDIT	DESCRIPTION	INVOICE NBR	Amount of	
													Excluded?	Exclusion
1	923.00	Accounts Payable	232.03	OSEM 02	01/02/15	35184	12994	NRECA GROUP BENEFITS TRUST	1.35	.00	ATTORNEY	15011063		
2	923.00	Journal Entries	232.31	ACRU 05	01/31/15				1,385.00	.00	ACCRUAL/ANNUAL AUDIT REPORT			
3	923.00	Accounts Payable	232.03	OSEM 02	02/02/15	35443	12994	NRECA GROUP BENEFITS TRUST	1.35	.00	ATTORNEY	15021063		
4	923.00	Accounts Payable	232.03	OSEM 02	02/04/15	35511	11436	RICHARDSON,GARDNER &	644.77	.00	JAN RETAINER & VARIOUS CHARGES	SA00000000055282		
5	923.00	Accounts Payable	232.03	OSEM 02	02/16/15	35591	13708	GOSS SAMFORD PLLC	293.50	.00	GLASGOW LANDFILL PROJECT	SA00000000055310		
6	923.00	Accounts Payable	232.03	OSEM 05	02/17/15	35620	1295	KENTUCKY ASSOCIATION OF	329.96	.00	WARREN RECC SALES TAX ISSUE	11542984		
7	923.00	Accounts Payable	232.03	OSEM 05	02/25/15	35633	12789	ZUMSTEIN ALAN M	3,000.00	.00	PREPARATION / 2014 FAS 106 STUDY	SA00000000055361		
8	923.00	Accounts Payable	232.03	OSEM 09	02/28/15	35746	13947	KENVIRONS INC	620.00	.00	AIR PERMIT/FEDERAL MOGUL GENERAT	SA00000000055374		
9	923.00	Accounts Payable	232.03	OSEM 05	02/28/15	35691	13270	GDS ASSOCIATES INC	515.00	.00	GENERAL CONSULTING	123434		
10	923.00	Accounts Payable	232.03	OSEM 02	02/28/15	35736	11436	RICHARDSON,GARDNER &	468.75	.00	FEB RETAINER & VARIOUS CHARGES	SA00000000055396		
11	923.00	Journal Entries	232.31	ACRU 05	02/28/15				1,385.00	.00	ACCRUAL/ANNUAL AUDIT REPORT			
12	923.00	Accounts Payable	232.03	OSEM 02	03/03/15	35653	12994	NRECA GROUP BENEFITS TRUST	1.35	.00	ATTORNEY	15031063		
13	923.00	Accounts Payable	232.03	OSEM 05	03/19/15	35888	1295	KENTUCKY ASSOCIATION OF	1,128.83	.00	WARREN'S SALES & USE TAX ISSUE	11544380		
14	923.00	Accounts Payable	232.03	OSEM 02	03/31/15	35998	11436	RICHARDSON,GARDNER &	631.25	.00	MARCH RETAINER & VARIOUS CHGS	SA00000000055524		
15	923.00	Journal Entries	232.31	ACRU 05	03/31/15				1,385.00	.00	ACCRUAL/ANNUAL AUDIT REPORT			
16	923.00	Accounts Payable	232.03	OSEM 02	04/02/15	35925	12994	NRECA GROUP BENEFITS TRUST	1.35	.00	ATTORNEY	15041063		
17	923.00	Accounts Payable	232.03	OSEM 02	04/14/15	36138	13708	GOSS SAMFORD PLLC	1,229.50	.00	GLASGOW LFGTE PPA APPROVAL	SA00000000055553		
18	923.00	Accounts Payable	232.03	OSEM 05	04/23/15	36209	1295	KENTUCKY ASSOCIATION OF	1,690.95	.00	WARREN RECC SALES TAX ISSUE	11545892		
19	923.00	Accounts Payable	232.03	OSEM 05	04/30/15	36353	1295	KENTUCKY ASSOCIATION OF	931.53	.00	WARREN RECC SALES TAX ISSUE	11546645		
20	923.00	Accounts Payable	232.03	OSEM 02	04/30/15	36282	11436	RICHARDSON,GARDNER &	431.25	.00	APR RETAINER & VARIOUS CHGS	SA00000000055647		
21	923.00	Journal Entries	232.31	ACRU 05	04/30/15				1,620.00	.00	ACCRUAL/ANNUAL AUDIT REPORT			
22	923.00	Accounts Payable	232.03	OSEM 02	05/01/15	36193	12994	NRECA GROUP BENEFITS TRUST	1.35	.00	ATTORNEY	15051063		
23	923.00	Accounts Payable	232.03	OSEM 02	05/12/15	36271	1371	NATIONAL RURAL ELECTRIC	835.00	.00	NRECA LEGAL SEMINAR/W.GARDNER	SA00000000055651		
24	923.00	Accounts Payable	232.03	OSEM 02	05/18/15	36373	13708	GOSS SAMFORD PLLC	2,811.00	.00	RE LANDFILL PLANT-PSC APPLICATI	1343		
25	923.00	Accounts Payable	232.03	OSEM 09	05/26/15	36413	13947	KENVIRONS INC	697.50	.00	AIR PERMIT COMPLIANCE/FEDERAL MO	20150338		
26	923.00	Accounts Payable	232.03	OSEM 02	05/29/15	36438	1751	VISA	514.70	.00	AIRFARE/NRECA LEGAL SEMINAR/WG	SA00000000055752		
27	923.00	Accounts Payable	232.03	OSEM 05	05/31/15	36522	1295	KENTUCKY ASSOCIATION OF	3,198.62	.00	WARREN RECC SALES TAX ISSUE	11548158		
28	923.00	Accounts Payable	232.03	OSEM 02	05/31/15	36497	11436	RICHARDSON,GARDNER &	2,854.85	.00	MONTHLY RETAINER & VARIOUS CHGS	SA00000000055762		
29	923.00	Journal Entries	232.31	ACRU 05	05/31/15				1,620.00	.00	ACCRUAL/ANNUAL AUDIT REPORT			
30	923.00	Accounts Payable	232.03	OSEM 02	06/01/15	36454	12994	NRECA GROUP BENEFITS TRUST	1.35	.00	ATTORNEY	15061063		
31	923.00	Accounts Payable	232.03	OSEM 05	06/25/15	36604	13718	INTERNAL INNOVATIONS	2,759.60	.00	STAFF LEADERSHIP TRAINING	1342		
32	923.00	Accounts Payable	232.03	OSEM 02	06/26/15	36664	1751	VISA	45.00	.00	AIRPORT PKNG/NRECA LGL SEMINAR	SA00000000055847		
33	923.00	Accounts Payable	232.03	OSEM 02	06/26/15	36664	1751	VISA	11.80	.00	ATTORNEY MTG MEAL/WOODY GARDNER	SA00000000055849		
34	923.00	Accounts Payable	232.03	OSEM 02	06/30/15	36752	11436	RICHARDSON,GARDNER &	1,681.25	.00	JUNE RETAINER & VARIOUS CHGS	SA00000000055869		
35	923.00	Journal Entries	232.31	ACRU 05	06/30/15				1,620.00	.00	ACCRUAL/ANNUAL AUDIT REPORT			
36	923.00	Accounts Payable	232.03	OSEM 02	07/01/15	36640	12994	NRECA GROUP BENEFITS TRUST	1.35	.00	ATTORNEY	15071063		
37	923.00	Accounts Payable	232.03	OSEM 05	07/27/15	36990	1295	KENTUCKY ASSOCIATION OF	1,694.19	.00	WARREN RECC SALES & USE TAX ISSU	11551004		
38	923.00	Accounts Payable	232.03	OSEM 05	07/30/15	36923	13933	ESSENTIAL HR PARTNERS LLC	1,270.68	.00	CONSULTING/JULY 23 -24	1011		
39	923.00	Accounts Payable	232.03	OSEM 02	07/31/15	37006	11436	RICHARDSON,GARDNER &	538.00	.00	JULY RETAINER & VARIOUS CHGS	SA00000000056013		
40	923.00	Accounts Payable	232.03	OSEM 05	07/31/15	36981	13718	INTERNAL INNOVATIONS	2,250.00	.00	LEADERSHIP DEVELOPMENT TRAINING	INV 0036		
41	923.00	Journal Entries	232.31	ACRU 05	07/31/15				1,620.00	.00	ACCRUAL/ANNUAL AUDIT REPORT			
42	923.00	Accounts Payable	232.03	OSEM 02	08/03/15	36921	12994	NRECA GROUP BENEFITS TRUST	1.35	.00	ATTORNEY	15081063		
43	923.00	Accounts Payable	232.03	OSEM 11	08/11/15	37123	13176	POWER SYSTEM ENGINEERING INC	787.50	.00	RESEARCH FOR SOLAR	9016845		
44	923.00	Accounts Payable	232.03	OSEM 05	08/26/15	37150	1295	KENTUCKY ASSOCIATION OF	1,240.60	.00	WARREN RECC SALES & USE TAX ISSU	11552023		
45	923.00	Accounts Payable	232.03	OSEM 02	08/26/15	37118	11436	RICHARDSON,GARDNER &	300.00	.00	FRECC ANNUAL MTG	SA00000000056079		
46	923.00	Accounts Payable	232.03	OSEM 02	08/31/15	37212	10408	FROST, BROWN, TODD LLC	5,265.00	.00	ATTORNEY/EMPLOYMENT MATTERS	10981556		
47	923.00	Accounts Payable	232.03	OSEM 02	08/31/15	37216	11436	RICHARDSON,GARDNER &	543.75	.00	AUG RETAINER & VARIOUS CHGS	SA00000000056109		
48	923.00	Journal Entries	232.31	ACRU 05	08/31/15				1,620.00	.00	ACCRUAL/ANNUAL AUDIT REPORT			
49	923.00	Accounts Payable	232.03	OSEM 02	09/01/15	37134	12994	NRECA GROUP BENEFITS TRUST	1.35	.00	ATTORNEY	15091063		
50	923.00	Accounts Payable	232.03	OSEM 11	09/09/15	37264	13176	POWER SYSTEM ENGINEERING INC	2,595.00	.00	FRECC SOLAR SURVEY	9017134		

Schedule H  
Adjustment to Expense  
Continued

F. Supporting Data, Continued

Account 923.00 - Outside Services, Continued

Line No.	ACCOUNT	SOURCE	R-ACCT	ITEM ID	DATE	CHECK	VENDOR	VENDOR NAME	DEBIT	CREDIT	DESCRIPTION	INVOICE NBR	Excluded?	Amount of Exclusion
51	923.00	Accounts Payable	232.03	OSEM 05	09/09/15	37336	1295	KENTUCKY ASSOCIATION OF	1,636.49	.00	WARREN RECC SALES TAX ISSUE	11553453		
52	923.00	Accounts Payable	232.03	OSEM 05	09/22/15	37354	13718	INTERNAL INNOVATIONS	1,750.00	.00	STAFF LEADERSHIP TRAINING	57		
53	923.00	Accounts Payable	232.03	OSEM 09	09/30/15	37472	13947	KENVIRONS INC	620.00	.00	AIR PERMIT COMPLIANCE	20150794		
54	923.00	Accounts Payable	232.03	OSEM 02	09/30/15	37454	11436	RICHARDSON,GARDNER &	405.00	.00	SEPT RETAINER & VARIOUS CHGS	SA00000000056220		
55	923.00	Journal Entries	232.31	ACRU 05	09/30/15				1,620.00	.00	ACCRUAL/ANNUAL AUDIT REPORT			
56	923.00	Accounts Payable	232.03	OSEM 02	10/01/15	37400	12994	NRECA GROUP BENEFITS TRUST	1.35	.00	ATTORNEY	1510163		
57	923.00	Accounts Payable	232.03	OSEM 11	10/08/15	37519	13176	POWER SYSTEM ENGINEERING INC	854.80	.00	CONSULTING/SOLAR SURVEY	9017408		
58	923.00	Accounts Payable	232.03	OSEM 02	10/09/15	37524	13708	GOSS SAMFORD PLLC	1,157.12	.00	ENVIRONMENTAL SURCHARGE REVIEW	SA00000000056236		
59	923.00	Accounts Payable	232.03	OSEM 05	10/14/15	37521	13270	GDS ASSOCIATES INC	1,616.20	.00	GENERAL CONSULTING	130058		
60	923.00	Accounts Payable	232.03	OSEM 05	10/21/15	37601	13718	INTERNAL INNOVATIONS	2,000.00	.00	SENIOR STAFF COUNSELING	82		
61	923.00	Accounts Payable	232.03	OSEM 05	10/31/15	37710	1295	KENTUCKY ASSOCIATION OF	1,717.77	.00	WARREN RECC SALES & USE TAX	11556144		
62	923.00	Accounts Payable	232.03	OSEM 05	10/31/15	37710	1295	KENTUCKY ASSOCIATION OF	1,165.64	.00	WARREN RECC SALES & USE TAX	11556120		
63	923.00	Accounts Payable	232.03	OSEM 02	10/31/15	37734	11436	RICHARDSON,GARDNER &	705.00	.00	OCTOBER RETAINER & VARIOUS CHGS	SA00000000056347		
64	923.00	Journal Entries	232.31	ACRU 05	10/31/15				1,620.00	.00	ACCRUAL/ANNUAL AUDIT REPORT			
65	923.00	Accounts Payable	232.03	OSEM 02	11/02/15	37648	12994	NRECA GROUP BENEFITS TRUST	1.35	.00	ATTORNEY	15111063		
66	923.00	Accounts Payable	232.03	OSEM 05	11/10/15	37695	13933	ESSENTIAL HR PARTNERS LLC	757.32	.00	ANNUAL HARRASEMENT TRNG	1016		
67	923.00	Accounts Payable	232.03	OSEM 02	11/11/15	37791	13708	GOSS SAMFORD PLLC	73.50	.00	ENVIRONMENTAL SURCHARGE REVIEW	2467		
68	923.00	Accounts Payable	232.03	OSEM 11	11/13/15	37787	13176	POWER SYSTEM ENGINEERING INC	2,650.00	.00	RESEARCH FOR SOLAR	9017676		
69	923.00	Accounts Payable	232.03	OSEM 05	11/13/15	37848	13718	INTERNAL INNOVATIONS	3,000.00	.00	SENIOR STAFF COUNSELING	105		
70	923.00	Accounts Payable	232.03	OSEM 02	11/30/15	37953	11436	RICHARDSON,GARDNER &	1,430.85	.00	NOV RETAINER & VARIOUS CHARGES	SA00000000056464		
71	923.00	Journal Entries	232.31	ACRU 05	11/30/15				1,620.00	.00	ACCRUAL/ANNUAL AUDIT REPORT			
72	923.00	Accounts Payable	232.03	OSEM 02	12/01/15	37809	11667	WOODFORD L GARDNER JR	100.00	.00	CHRISTMAS GIFT	SA00000000056405	Yes	(100.00)
73	923.00	Accounts Payable	232.03	OSEM 02	12/01/15	37874	12994	NRECA GROUP BENEFITS TRUST	1.35	.00	ATTORNEY	1512063		
74	923.00	Accounts Payable	232.03	OSEM 11	12/02/15	37963	13176	POWER SYSTEM ENGINEERING INC	2,010.00	.00	SOLAR SURVEY	9018011		
75	923.00	Accounts Payable	232.03	OSEM 02	12/09/15	37923	1751	VISA	167.53	.00	KAEC ANN MTG/W GARDNER	SA00000000056479		
76	923.00	Accounts Payable	232.03	OSEM 05	12/14/15	38050	1295	KENTUCKY ASSOCIATION OF	571.87	.00	WARREN RECC TAX ISSUE	11558561		
77	923.00	Accounts Payable	232.03	OSEM 02	12/15/15	38050	1295	KENTUCKY ASSOCIATION OF	121.00	.00	COOPERATIVE ATTORNEY MTG	11558380		
78	923.00	Accounts Payable	232.03	OSEM 02	12/15/15	38016	13708	GOSS SAMFORD PLLC	122.50	.00	ENVIRONMENTAL SURCHARGE	SA00000000056517		
79	923.00	Accounts Payable	232.03	OSEM 05	12/18/15	38075	13718	INTERNAL INNOVATIONS	2,500.00	.00	STAFF LEADERSHIP TRAINING	134		
80	923.00	Accounts Payable	232.03	OSEM 05	12/30/15	38210	1295	KENTUCKY ASSOCIATION OF	1,125.82	.00	WARREN RECC TAX ISSUE	11559570		
81	923.00	Accounts Payable	232.03	OSEM 05	12/31/15	38194	13524	NCAEC	7,975.00	.00	DATA COLLECTION,TRACKING SURVEY	25388		
82	923.00	Accounts Payable	232.03	OSEM 02	12/31/15	38182	11436	RICHARDSON,GARDNER &	442.50	.00	DEC RETAINER & VARIOUS CHGS	SA00000000056592		
83	923.00	Accounts Payable	232.03	OSEM 05	12/31/15	38200	1304	KENTUCKY STATE TREASURER	4,723.95	.00	COMPUTER SOFTWARE SETTLEMENT AGR	SA00000000056594		
84	923.00	Journal Entries	232.31	ACRU 05	12/31/15				1,620.00	.00	ACCRUAL/ANNUAL AUDIT REPORT			
85													Total Exclue	(100.00)
86								General Ledger	103,960.39					
87														
88								Breakdown of Expense Not Anticipated for 2016 (TOTAL)	41,680.52					
89								KAEC/KY State Treasurer	(21,156.22)		Warren RECC Tax Issue			
90								Power System Engineering	(8,897.30)		Solar Survey			
91								Goss Samford	(4,334.00)		Glasgow Landfill			
92								Essential HR Partners	(2,028.00)		Various Training			
93								Frost Todd Brown	(5,265.00)		Employment Matters			
94									62,279.87					
95														
96								Budgeted for 2016						
97									2,500.00		Update Wage Compensation Plan			
98								Line Extension	15,000.00		Update Line Extension Policy			
99									79,779.87					

Schedule H  
Adjustment to Expense  
Continued

F. Supporting Data, Continued

Account 930.21 - Annual Expense

Line No.	ACCOUNT	SOURCE	ITEM ID	DATE	CHECK	VENDOR	VENDOR NAME	DEBIT	CREDIT	DESCRIPTION	INVOICE NBR
1	930.21	Cash Receipts	MBSV 03	05/22/15				-	(180.00)	EAST KY PWR ANNUAL MTG BULBS	
2	930.21	Accounts Payable	MBSV 03	05/31/15	36526	1414	GERALD PRINTING	130.17	-	MISSION STMT BANNER	145800
3	930.21	Accounts Payable	MBSV 03	06/17/15	36659	1414	GERALD PRINTING	413.40	-	STRATEGIC OBJECTIVES BANNER	145310
4	930.21	Accounts Payable	MBSV 03	06/29/15	36783	1295	KENTUCKY ASSOCIATION OF	147.34	-	ANNUAL REPORT HANDOUTS (500)	11549482
5	930.21	Accounts Payable	MBSV 03	07/09/15	36766	10057	NEW DIRECTION	500.00	-	ANNUAL MTG ENTERTAINMENT	SA0000000055889
6	930.21	Accounts Payable	MBSV 03	07/15/15	36873	13898	MORRIS PROMOTIONAL SPECIALI	1,227.09	-	SILICONE SPATULAS (525)	10981
7	930.21	Accounts Payable	MBSV 03	07/15/15	36898	1414	GERALD PRINTING	281.47	-	ANNUAL MTG PROGRAMS (500)	149177
8	930.21	Accounts Payable	MBSV 03	07/15/15	36898	1414	GERALD PRINTING	67.42	-	GOING G WEATHERIZATION BANNER	149175
9	930.21	Accounts Payable	MBSV 03	07/15/15	36898	1414	GERALD PRINTING	79.16	-	SCHOLARSHIP DRAWING CARDS (100)	149171
10	930.21	Accounts Payable	MBSV 03	07/15/15	36898	1414	GERALD PRINTING	67.42	-	SCHOLARSHIP DRAWIN REGIST BANNER	149628
11	930.21	Accounts Payable	MBSV 03	07/17/15	36845	1106	CAVE CITY CONVENTION CENTER	3,058.64	-	FRECC ANNUAL MTG/7-9-15	2741
12	930.21	Accounts Payable	MBSV 03	07/17/15	36845	1106	CAVE CITY CONVENTION CENTER	1,200.00	-	ANNUAL MTG ROOM RENTAL/7-9-15	2610
13	930.21	Accounts Payable	MBSV 03	07/23/15	36866	12893	KELLIE CARTER PHOTOGRAPHY	530.00	-	PHOTOGRAPHY/FRECC ANNUAL MTG	58
14	930.21	Payroll	LAOT 01	07/24/15				103.11	-	LABOR - O.T.	
15	930.21	Payroll	LABR 00	07/24/15				803.77	-	REGULAR LABOR	
16	930.21	Payroll	LAOT 01	07/24/15				1,077.22	-	LABOR - O.T.	
17	930.21	Payroll	LABR 00	07/24/15				318.72	-	REGULAR LABOR	
18	930.21	Payroll	LABR 00	07/24/15				190.52	-	REGULAR LABOR	
19	930.21	Payroll	LAOT 01	07/24/15				155.88	-	LABOR - O.T.	
20	930.21	Accounts Payable	MBSV 03	07/27/15	36939	1295	KENTUCKY ASSOCIATION OF	4,332.75	-	ANNUAL MEETING EXPENSE	11550593
21	930.21	Accounts Payable	MBSV 03	07/27/15	36922	1751	VISA	683.77	-	GIFTS,VEH RENTAL,MEALS	SA0000000055946
22	930.21	Accounts Payable	MBSV 03	07/27/15	36922	1751	VISA	805.00	-	ANNUAL MTRG PRIZES	SA0000000055947
23	930.21	Accounts Payable	MBSV 03	07/27/15	36922	1751	VISA	439.37	-	ANNUAL MEETING EXPENSE	SA0000000055959
24	930.21	Accounts Payable	MBSV 03	07/31/15	36999	8980	WCLU-AM	135.73	-	ANNUAL MEETING EXPENSE	SA0000000056012
25	930.21	Accounts Payable	MBSV 03	07/31/15	36998	1765	COMMONWEALTH BROADCASTIN	300.00	-	ANNUAL MEETING EXPENSE	SA0000000056014
26	930.21	Journal Entries	BNFT 04	07/31/15				2.90	-	CO PD/W.C. INSURANCE	
27	930.21	Journal Entries	BNFT 04	07/31/15				52.94	-	CO PD/W.C. INSURANCE	
28	930.21	Journal Entries	BNFT 04	07/31/15				8.97	-	CO PD/W.C. INSURANCE	
29	930.21	Journal Entries	BNFT 04	07/31/15				9.75	-	CO PD/W.C. INSURANCE	
30	930.21	Journal Entries	BNFT 02	07/31/15				0.02	-	CO PD/TAXES	
31	930.21	Journal Entries	BNFT 02	07/31/15				0.35	-	CO PD/TAXES	
32	930.21	Journal Entries	BNFT 02	07/31/15				0.06	-	CO PD/TAXES	
33	930.21	Journal Entries	BNFT 02	07/31/15				0.06	-	CO PD/TAXES	
34	930.21	Journal Entries	BNFT 02	07/31/15				10.59	-	CO PD/TAXES	
35	930.21	Journal Entries	BNFT 02	07/31/15				193.22	-	CO PD/TAXES	
36	930.21	Journal Entries	BNFT 02	07/31/15				32.74	-	CO PD/TAXES	
37	930.21	Journal Entries	BNFT 02	07/31/15				35.58	-	CO PD/TAXES	
38	930.21	Journal Entries	BNFT 02	07/31/15				0.06	-	CO PD/TAXES	
39	930.21	Journal Entries	BNFT 02	07/31/15				1.02	-	CO PD/TAXES	
40	930.21	Journal Entries	BNFT 02	07/31/15				0.17	-	CO PD/TAXES	
41	930.21	Journal Entries	BNFT 02	07/31/15				0.19	-	CO PD/TAXES	
42	930.21	Journal Entries	ACRD 01	07/31/15				6.08	-	ACCRUED VACATION	

Schedule H  
Adjustment to Expense  
Continued

F. Supporting Data, Continued

Account 930.21 - Annual Expense, Continued

Line No.	ACCOUNT	SOURCE	ITEM ID	DATE	CHECK	VENDOR	VENDOR NAME	DEBIT	CREDIT	DESCRIPTION	INVOICE NBR
43	930.21	Journal Entries	ACRD 01	07/31/15				110.91	-	ACCRUED VACATION	
44	930.21	Journal Entries	ACRD 01	07/31/15				18.79	-	ACCRUED VACATION	
45	930.21	Journal Entries	ACRD 01	07/31/15				20.42	-	ACCRUED VACATION	
46	930.21	Journal Entries	ACRU 06	07/31/15				38.09	-	ACCRUAL/SELF FUNDED HEALTH INS	
47	930.21	Journal Entries	ACRU 06	07/31/15				694.90	-	ACCRUAL/SELF FUNDED HEALTH INS	
48	930.21	Journal Entries	ACRU 06	07/31/15				117.75	-	ACCRUAL/SELF FUNDED HEALTH INS	
49	930.21	Journal Entries	ACRU 06	07/31/15				127.97	-	ACCRUAL/SELF FUNDED HEALTH INS	
50	930.21	Journal Entries	BNFT 06	07/31/15				1.52	-	LIFE/L.T.D.	
51	930.21	Journal Entries	BNFT 06	07/31/15				27.65	-	LIFE/L.T.D.	
52	930.21	Journal Entries	BNFT 06	07/31/15				4.68	-	LIFE/L.T.D.	
53	930.21	Journal Entries	BNFT 06	07/31/15				5.09	-	LIFE/L.T.D.	
54	930.21	Journal Entries	BNFT 07	07/31/15				1.00	-	401 K	
55	930.21	Journal Entries	BNFT 07	07/31/15				18.16	-	401 K	
56	930.21	Journal Entries	BNFT 07	07/31/15				3.08	-	401 K	
57	930.21	Journal Entries	BNFT 07	07/31/15				3.34	-	401 K	
58	930.21	Journal Entries	BNFT 32	07/31/15				21.97	-	RETIREMENT	
59	930.21	Journal Entries	BNFT 32	07/31/15				400.74	-	RETIREMENT	
60	930.21	Journal Entries	BNFT 32	07/31/15				67.90	-	RETIREMENT	
61	930.21	Journal Entries	BNFT 32	07/31/15				73.80	-	RETIREMENT	
62	930.21	Journal Entries	BNFT 52	07/31/15				0.31	-	EMPLOYEE ASSISTANCE PROGRAM	
63	930.21	Journal Entries	BNFT 52	07/31/15				5.60	-	EMPLOYEE ASSISTANCE PROGRAM	
64	930.21	Journal Entries	BNFT 52	07/31/15				0.95	-	EMPLOYEE ASSISTANCE PROGRAM	
65	930.21	Journal Entries	BNFT 52	07/31/15				1.03	-	EMPLOYEE ASSISTANCE PROGRAM	
66	930.21	Journal Entries	BNFT 53	07/31/15				2.61	-	POSTRETIREMENT BENEFIT (62-65)	
67	930.21	Journal Entries	BNFT 53	07/31/15				47.65	-	POSTRETIREMENT BENEFIT (62-65)	
68	930.21	Journal Entries	BNFT 53	07/31/15				8.07	-	POSTRETIREMENT BENEFIT (62-65)	
69	930.21	Journal Entries	BNFT 53	07/31/15				8.78	-	POSTRETIREMENT BENEFIT (62-65)	
70	930.21	Transportation	TRAN 00	07/31/15				365.80	-	TRANSPORTATION EXP-P/R	
71	930.21	Transportation	TRAN 00	07/31/15				188.80	-	TRANSPORTATION EXP-P/R	
72	930.21	Accounts Payable	MBSV 03	08/20/15	37107	1295	KENTUCKY ASSOCIATION OF	11,351.97	-	ANNUAL MEETING EXPENSE	11551673
73	930.21	Accounts Payable	MBSV 03	09/30/15	37412	1102	CAMPBELL MYERS & RUTLEDGE	400.00	-	2015 ANNUAL MTG & PROVOST	24690
74	930.21	Accounts Payable	MBSV 03	12/01/15	37881	1106	CAVE CITY CONVENTION CENTE	600.00	-	FRECC ANNUAL MTG DEPOSIT 7-14-16	2831
75											
76											
77								32,141.98	(180.00)		
78											
79								Account Balance as of December 31, 2015:	31,961.98		

Schedule H  
Adjustment to Expense  
Continued

F. Supporting Data, Continued

Annual Meeting 2015

Line No.	Advertising		Exclude for Rate-Making Purposes?	Amount to Remove
1	WCLU-AM	\$ 135.73		
2	Commonwealth Broadcasting	300.00		
3	Subtotal	\$ 435.73		
4				
5	Facilities/Décor/Food			
6	CC Convention Center/Food	\$ 2,237.58		<i>512 hot dogs, 341 popcorn, 11 tank-soft drinks; 4 coffees</i>
7	CCCC/VIP Room/Servers Fee/Taxes	821.06		
8	CC Convention Center/Facilities	1,200.00		
9	Glasgow Kiwanis/Cotton Candy			
11				
12	Scholarships			
13	Banner	\$ 67.42	Yes	(67.42)
14	Drawing Cards (100)	79.16	Yes	(79.16)
15	Subtotal	\$ 146.58		
16				
17	Entertainment			
18	New Direction	\$ 500.00		
19	KAEC - Featured Entertainment	4,500.00		
20	KAEC - Caricaturist	1,150.00		
21	KAEC - Sound System & Tech/Tax	1,351.50		
22	Subtotal	\$ 7,501.50		
23				
24	Prizes/Give-A-Ways			
25	Wal-Mart (4) \$100 GC	\$ 400.00	Yes	(400.00)
26	Cracker Barrel (2) \$50 GC	100.00	Yes	(100.00)
27	Mama Lou's BBQ (2) \$50 GC	100.00	Yes	(100.00)
28	Lighthouse (2) \$50 GC	105.00	Yes	(105.00)
29	El Mazatlan's (2) \$50 GC	100.00	Yes	(100.00)
30	Teen Prize	148.39	Yes	(148.39)
31	Walmart - Bikes	281.30	Yes	(281.30)
32	Amazon - Leapfrogs	328.85	Yes	(328.85)
33	Subtotal	\$ 1,563.54		
34				
35	Bucket/Give-A-Ways			
36	10 Quart Pail (396)	\$ 440.75	Yes	(440.75)
37	20 Watt CFL (200)	349.80	Yes	(349.80)
38	11 Watt LED (504)	3,205.44	Yes	(3,205.44)
39	Silicone Spatulas (525)	1,227.09	Yes	(1,227.09)
40	EKPC \$\$\$ - Bulbs	(180.00)		
41	Subtotal	\$ 5,043.08		
42				
43	Miscellaneous			
44	Going Green Banner	\$ 67.42		
45	Provost/CMR	400.00		
46	Mission Statement Banner	130.17		
47	Strategic Objective Banner	413.40		
48	Annual Mtg. Programs (500)	281.47		
49	Annual Report Handouts (500)	147.34		
50	Annual Report/KAEC	4,332.75		
51	U-Haul Rental	142.53		
52	Photography	530.00		
53	Walmart - Misc (DVD, Canisters)	58.10		
54	Food - El Maz, Cracker Barrel	164.00		
55	KAEC Inv. - Service Fee	354.48		
56				
57	Subtotal	\$ 7,021.66	Total Amount of Exclusions:	(6,933.20)
58				
59	Expenses Total (from above)	\$ 25,970.73		
60	Payroll, Benefits & Transportation	\$ 5,391.25		
61				
62	GRAND TOTAL	\$ 31,361.98		
63				
64	General Ledger Balance - Acct.	\$ 31,961.98		
65				
66	Difference - Deposit for 2016 Annual Mtg	600.00		

**Schedule H  
Adjustment to Expense  
Continued**

F. Supporting Data, Continued

**Historical Annual Meeting Expense**

**1. 2010 Annual Meeting**

Expenses	\$ 32,705.71
Payroll & Benefits	<u>\$ 14,466.95</u>
Grand Total	\$ 47,172.66

**2. 2011 Annual Meeting**

Expenses	\$ 29,736.30
Payroll & Benefits	<u>\$ 8,266.91</u>
Grand Total	\$ 38,003.21

**3. 2012 Annual Meeting**

Expenses	\$ 30,017.64
Payroll & Benefits	<u>\$ 5,663.79</u>
Grand Total	\$ 35,681.43

**4. 2013 Annual Meeting**

Expenses	\$ 27,816.12
Payroll & Benefits	<u>\$ 9,204.43</u>
Grand Total	\$ 37,020.55

**5. 2014 Annual Meeting**

Expenses	\$ 27,864.08
Payroll & Benefits	<u>\$ 7,438.38</u>
Grand Total	\$ 35,302.46

Schedule H  
Adjustment to Expense  
Continued

F. Supporting Data, Continued

Account 930.30 - Directors Expenses

Line No.	ACCOUNT SOURCE	R-ACCT	ITEM ID	DATE	CHECK	VENDOR	VENDOR NAME	DEBIT	CREDIT	DESCRIPTION	INVOICE NBR
1	930.30 Accounts Payable	232.03	BDEX 06	01/02/15	35184	12994	NRECA GROUP BENEI	75.33	-	DIRECTOR PAID LIFE INSURANCE	15011063
2	930.30 Accounts Payable	232.03	BDEX 01	01/26/15	35364	1088	BUTTON FREDDIE D	300.00	-	FRECC BRD MTG/1-22-15/F BUTTON	SA0000000055208
3	930.30 Accounts Payable	232.03	BDEX 02	01/26/15	35364	1088	BUTTON FREDDIE D	12.65	-	DIRECTOR'S MILEAGE	SA0000000055208
4	930.30 Accounts Payable	232.03	BDEX 17	01/26/15	35364	1088	BUTTON FREDDIE D	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000055208
5	930.30 Accounts Payable	232.03	BDEX 06	01/26/15	35364	1088	BUTTON FREDDIE D	-	(0.61)	DIRECTOR PAID LIFE INSURANCE	SA0000000055208
6	930.30 Accounts Payable	232.03	BDEX 01	01/26/15	35365	1259	HAWKINS PAUL C	300.00	-	FRECC BRD MTG 1-22-15/P HAWKINS	SA0000000055209
7	930.30 Accounts Payable	232.03	BDEX 02	01/26/15	35365	1259	HAWKINS PAUL C	39.10	-	DIRECTOR'S MILEAGE	SA0000000055209
8	930.30 Accounts Payable	232.03	BDEX 17	01/26/15	35365	1259	HAWKINS PAUL C	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000055209
9	930.30 Accounts Payable	232.03	BDEX 06	01/26/15	35365	1259	HAWKINS PAUL C	-	(24.05)	DIRECTOR PAID LIFE INSURANCE	SA0000000055209
10	930.30 Accounts Payable	232.03	BDEX 01	01/26/15	35369	12105	LONDON RANDY	300.00	-	FRECC BRD MTG 1-22-15/R LONDON	SA0000000055210
11	930.30 Accounts Payable	232.03	BDEX 02	01/26/15	35369	12105	LONDON RANDY	10.35	-	DIRECTOR'S MILEAGE	SA0000000055210
12	930.30 Accounts Payable	232.03	BDEX 17	01/26/15	35369	12105	LONDON RANDY	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000055210
13	930.30 Accounts Payable	232.03	BDEX 06	01/26/15	35369	12105	LONDON RANDY	-	(24.05)	DIRECTOR PAID LIFE INSURANCE	SA0000000055210
14	930.30 Accounts Payable	232.03	BDEX 01	01/26/15	35367	1398	MARTIN C F JR	300.00	-	FRECC BRD MTG 1-22-15/CF MARTIN	SA0000000055211
15	930.30 Accounts Payable	232.03	BDEX 02	01/26/15	35367	1398	MARTIN C F JR	23.00	-	DIRECTOR'S MILEAGE	SA0000000055211
16	930.30 Accounts Payable	232.03	BDEX 17	01/26/15	35367	1398	MARTIN C F JR	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000055211
17	930.30 Accounts Payable	232.03	BDEX 06	01/26/15	35367	1398	MARTIN C F JR	-	(0.61)	DIRECTOR PAID LIFE INSURANCE	SA0000000055211
18	930.30 Accounts Payable	232.03	BDEX 01	01/26/15	35366	1352	PENDYGRAFT NEIL	300.00	-	FRECC BRD MTG 1-22-15/N PENDYGRA	SA0000000055212
19	930.30 Accounts Payable	232.03	BDEX 02	01/26/15	35366	1352	PENDYGRAFT NEIL	7.48	-	DIRECTOR'S MILEAGE	SA0000000055212
20	930.30 Accounts Payable	232.03	BDEX 17	01/26/15	35366	1352	PENDYGRAFT NEIL	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000055212
21	930.30 Accounts Payable	232.03	BDEX 06	01/26/15	35366	1352	PENDYGRAFT NEIL	-	(0.61)	DIRECTOR PAID LIFE INSURANCE	SA0000000055212
22	930.30 Accounts Payable	232.03	BDEX 01	01/26/15	35368	10928	SEXTON RANDY D	300.00	-	FRECC BRD MTG 1-22-15/R SEXTON	SA0000000055213
23	930.30 Accounts Payable	232.03	BDEX 02	01/26/15	35368	10928	SEXTON RANDY D	21.85	-	DIRECTOR'S MILEAGE	SA0000000055213
24	930.30 Accounts Payable	232.03	BDEX 17	01/26/15	35368	10928	SEXTON RANDY D	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000055213
25	930.30 Accounts Payable	232.03	BDEX 06	01/26/15	35368	10928	SEXTON RANDY D	-	(1.35)	DIRECTOR PAID LIFE INSURANCE	SA0000000055213
26	930.30 Accounts Payable	232.03	BDEX 01	01/26/15	35370	12563	SMITH RONNIE D	300.00	-	FRECC BRD MTG 1-22-15/R SMITH	SA0000000055214
27	930.30 Accounts Payable	232.03	BDEX 02	01/26/15	35370	12563	SMITH RONNIE D	23.58	-	DIRECTOR'S MILEAGE	SA0000000055214
28	930.30 Accounts Payable	232.03	BDEX 17	01/26/15	35370	12563	SMITH RONNIE D	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000055214
29	930.30 Accounts Payable	232.03	BDEX 06	01/26/15	35370	12563	SMITH RONNIE D	-	(24.05)	DIRECTOR PAID LIFE INSURANCE	SA0000000055214
30	930.30 Accounts Payable	232.03	BDEX 06	02/02/15	35443	12994	NRECA GROUP BENEI	75.33	-	DIRECTOR PAID LIFE INSURANCE	15021063
31	930.30 Accounts Payable	232.03	BDEX 01	02/24/15	35603	1088	BUTTON FREDDIE D	300.00	-	FRECC BRD MTG 2-19-15/F BUTTON	SA0000000055344
32	930.30 Accounts Payable	232.03	BDEX 02	02/24/15	35603	1088	BUTTON FREDDIE D	12.65	-	DIRECTOR'S MILEAGE	SA0000000055344
33	930.30 Accounts Payable	232.03	BDEX 17	02/24/15	35603	1088	BUTTON FREDDIE D	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000055344
34	930.30 Accounts Payable	232.03	BDEX 06	02/24/15	35603	1088	BUTTON FREDDIE D	-	(0.61)	DIRECTOR PAID LIFE INSURANCE	SA0000000055344
35	930.30 Accounts Payable	232.03	BDEX 01	02/24/15	35604	1259	HAWKINS PAUL C	300.00	-	FRECC BRD MTG 2-19-15/P HAWKINS	SA0000000055345
36	930.30 Accounts Payable	232.03	BDEX 02	02/24/15	35604	1259	HAWKINS PAUL C	39.10	-	DIRECTOR'S MILEAGE	SA0000000055345
37	930.30 Accounts Payable	232.03	BDEX 17	02/24/15	35604	1259	HAWKINS PAUL C	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000055345
38	930.30 Accounts Payable	232.03	BDEX 06	02/24/15	35604	1259	HAWKINS PAUL C	-	(24.05)	DIRECTOR PAID LIFE INSURANCE	SA0000000055345
39	930.30 Accounts Payable	232.03	BDEX 01	02/24/15	35608	12105	LONDON RANDY	300.00	-	FRECC BRD MTG 2-19-15/R LONDON	SA0000000055346
40	930.30 Accounts Payable	232.03	BDEX 02	02/24/15	35608	12105	LONDON RANDY	10.35	-	DIRECTOR'S MILEAGE	SA0000000055346
41	930.30 Accounts Payable	232.03	BDEX 17	02/24/15	35608	12105	LONDON RANDY	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000055346
42	930.30 Accounts Payable	232.03	BDEX 06	02/24/15	35608	12105	LONDON RANDY	-	(24.05)	DIRECTOR PAID LIFE INSURANCE	SA0000000055346
43	930.30 Accounts Payable	232.03	BDEX 01	02/24/15	35606	1398	MARTIN C F JR	300.00	-	FRECC BRD MTG 2-19-15/CF MARTIN	SA0000000055347
44	930.30 Accounts Payable	232.03	BDEX 02	02/24/15	35606	1398	MARTIN C F JR	23.00	-	DIRECTOR'S MILEAGE	SA0000000055347
45	930.30 Accounts Payable	232.03	BDEX 17	02/24/15	35606	1398	MARTIN C F JR	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000055347
46	930.30 Accounts Payable	232.03	BDEX 06	02/24/15	35606	1398	MARTIN C F JR	-	(0.61)	DIRECTOR PAID LIFE INSURANCE	SA0000000055347
47	930.30 Accounts Payable	232.03	BDEX 01	02/24/15	35605	1352	PENDYGRAFT NEIL	300.00	-	FRECC BRD MTG 2-19-15/NEIL PENDY	SA0000000055348
48	930.30 Accounts Payable	232.03	BDEX 02	02/24/15	35605	1352	PENDYGRAFT NEIL	7.48	-	DIRECTOR'S MILEAGE	SA0000000055348

Schedule H  
Adjustment to Expense  
Continued

F. Supporting Data, Continued

Account 930.30 - Directors Expenses, Continued

Line No.	ACCOUNT SOURCE	R-ACCT	ITEM ID	DATE	CHECK	VENDOR	VENDOR NAME	DEBIT	CREDIT	DESCRIPTION	INVOICE NBR
49	930.30 Accounts Payable	232.03	BDEX 17	02/24/15	35605	1352	PENDYGRAFT NEIL	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000055348
50	930.30 Accounts Payable	232.03	BDEX 06	02/24/15	35605	1352	PENDYGRAFT NEIL	-	(0.61)	DIRECTOR PAID LIFE INSURANCE	SA0000000055348
51	930.30 Accounts Payable	232.03	BDEX 01	02/24/15	35607	10928	SEXTON RANDY D	300.00	-	FRECC BRD MTG 2-19-15/RANDY SEXT	SA0000000055349
52	930.30 Accounts Payable	232.03	BDEX 02	02/24/15	35607	10928	SEXTON RANDY D	21.85	-	DIRECTOR'S MILEAGE	SA0000000055349
53	930.30 Accounts Payable	232.03	BDEX 17	02/24/15	35607	10928	SEXTON RANDY D	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000055349
54	930.30 Accounts Payable	232.03	BDEX 06	02/24/15	35607	10928	SEXTON RANDY D	-	(1.35)	DIRECTOR PAID LIFE INSURANCE	SA0000000055349
55	930.30 Accounts Payable	232.03	BDEX 01	02/24/15	35609	12563	SMITH RONNIE D	300.00	-	FRECC BRD MTG 2-19-15/R SMITH	SA0000000055350
56	930.30 Accounts Payable	232.03	BDEX 02	02/24/15	35609	12563	SMITH RONNIE D	23.58	-	DIRECTOR'S MILEAGE	SA0000000055350
57	930.30 Accounts Payable	232.03	BDEX 17	02/24/15	35609	12563	SMITH RONNIE D	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000055350
58	930.30 Accounts Payable	232.03	BDEX 06	02/24/15	35609	12563	SMITH RONNIE D	-	(24.05)	DIRECTOR PAID LIFE INSURANCE	SA0000000055350
59	930.30 Accounts Payable	232.03	BDEX 11	02/26/15	35678	1751	VISA	309.38	-	NRECA ANN MTG ROOM/NEIL PENDYGRA	SA0000000055369
60	930.30 Accounts Payable	232.03	BDEX 11	02/27/15	35678	1751	VISA	9.64	-	KAEC BRD METG MEAL/R SMITH	SA0000000055369
61	930.30 Accounts Payable	232.03	BDEX 06	03/03/15	35653	12994	NRECA GROUP BENEI	74.86	-	DIRECTOR PAID LIFE INSURANCE	15031063
62	930.30 Accounts Payable	232.03	BDEX 01	03/24/15	35832	1088	BUTTON FREDDIE D	300.00	-	FRECC BRD MTG 3-19-15/F BUTTON	SA0000000055462
63	930.30 Accounts Payable	232.03	BDEX 02	03/24/15	35832	1088	BUTTON FREDDIE D	12.65	-	DIRECTOR'S MILEAGE	SA0000000055462
64	930.30 Accounts Payable	232.03	BDEX 17	03/24/15	35832	1088	BUTTON FREDDIE D	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000055462
65	930.30 Accounts Payable	232.03	BDEX 06	03/24/15	35832	1088	BUTTON FREDDIE D	-	(0.61)	DIRECTOR PAID LIFE INSURANCE	SA0000000055462
66	930.30 Accounts Payable	232.03	BDEX 01	03/24/15	35833	1259	HAWKINS PAUL C	300.00	-	FRECC BRD MTG 3-19-15/P HAWKINS	SA0000000055463
67	930.30 Accounts Payable	232.03	BDEX 02	03/24/15	35833	1259	HAWKINS PAUL C	39.10	-	DIRECTOR'S MILEAGE	SA0000000055463
68	930.30 Accounts Payable	232.03	BDEX 17	03/24/15	35833	1259	HAWKINS PAUL C	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000055463
69	930.30 Accounts Payable	232.03	BDEX 06	03/24/15	35833	1259	HAWKINS PAUL C	-	(24.05)	DIRECTOR PAID LIFE INSURANCE	SA0000000055463
70	930.30 Accounts Payable	232.03	BDEX 01	03/24/15	35837	12105	LONDON RANDY	300.00	-	FRECC BRD MTG 3-19-15/R LONDON	SA0000000055464
71	930.30 Accounts Payable	232.03	BDEX 02	03/24/15	35837	12105	LONDON RANDY	10.35	-	DIRECTOR'S MILEAGE	SA0000000055464
72	930.30 Accounts Payable	232.03	BDEX 17	03/24/15	35837	12105	LONDON RANDY	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000055464
73	930.30 Accounts Payable	232.03	BDEX 06	03/24/15	35837	12105	LONDON RANDY	-	(24.05)	DIRECTOR PAID LIFE INSURANCE	SA0000000055464
74	930.30 Accounts Payable	232.03	BDEX 01	03/24/15	35835	1398	MARTIN C F JR	300.00	-	FRECC BRD MTG 3-19-15/CF MARTIN	SA0000000055465
75	930.30 Accounts Payable	232.03	BDEX 02	03/24/15	35835	1398	MARTIN C F JR	23.00	-	DIRECTOR'S MILEAGE	SA0000000055465
76	930.30 Accounts Payable	232.03	BDEX 17	03/24/15	35835	1398	MARTIN C F JR	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000055465
77	930.30 Accounts Payable	232.03	BDEX 06	03/24/15	35835	1398	MARTIN C F JR	-	(0.61)	DIRECTOR PAID LIFE INSURANCE	SA0000000055465
78	930.30 Accounts Payable	232.03	BDEX 01	03/24/15	35834	1352	PENDYGRAFT NEIL	300.00	-	FRECC BRD MTG 3-19-15/N PENDYGRA	SA0000000055466
79	930.30 Accounts Payable	232.03	BDEX 02	03/24/15	35834	1352	PENDYGRAFT NEIL	7.48	-	DIRECTOR'S MILEAGE	SA0000000055466
80	930.30 Accounts Payable	232.03	BDEX 17	03/24/15	35834	1352	PENDYGRAFT NEIL	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000055466
81	930.30 Accounts Payable	232.03	BDEX 06	03/24/15	35834	1352	PENDYGRAFT NEIL	-	(0.61)	DIRECTOR PAID LIFE INSURANCE	SA0000000055466
82	930.30 Accounts Payable	232.03	BDEX 01	03/24/15	35836	10928	SEXTON RANDY D	300.00	-	FRECC BRD MTG 3-19-15/R SEXTON	SA0000000055467
83	930.30 Accounts Payable	232.03	BDEX 02	03/24/15	35836	10928	SEXTON RANDY D	21.85	-	DIRECTOR'S MILEAGE	SA0000000055467
84	930.30 Accounts Payable	232.03	BDEX 17	03/24/15	35836	10928	SEXTON RANDY D	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000055467
85	930.30 Accounts Payable	232.03	BDEX 06	03/24/15	35836	10928	SEXTON RANDY D	-	(1.35)	DIRECTOR PAID LIFE INSURANCE	SA0000000055467
86	930.30 Accounts Payable	232.03	BDEX 01	03/24/15	35838	12563	SMITH RONNIE D	300.00	-	FRECC BRD MTG 3-19-15/R SMITH	SA0000000055468
87	930.30 Accounts Payable	232.03	BDEX 02	03/24/15	35838	12563	SMITH RONNIE D	23.58	-	DIRECTOR'S MILEAGE	SA0000000055468
88	930.30 Accounts Payable	232.03	BDEX 17	03/24/15	35838	12563	SMITH RONNIE D	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000055468
89	930.30 Accounts Payable	232.03	BDEX 06	03/24/15	35838	12563	SMITH RONNIE D	-	(24.05)	DIRECTOR PAID LIFE INSURANCE	SA0000000055468
90	930.30 Accounts Payable	232.03	BDEX 11	03/27/15	35872	1352	PENDYGRAFT NEIL	1,200.00	-	NRECA ANN MTG/N PENDYGRAFT	SA0000000055481
91	930.30 Accounts Payable	232.03	BDEX 11	03/31/15	35927	1751	VISA	1,185.46	-	NRECA ANN MTG/NEIL PENDYGRAFT	SA0000000055510
92	930.30 Accounts Payable	232.03	BDEX 11	03/31/15	35927	1751	VISA	21.12	-	NRECA ANN MTG MEAL/NEIL PENDYGRA	SA0000000055511
93	930.30 Accounts Payable	232.03	BDEX 06	04/02/15	35925	12994	NRECA GROUP BENEI	74.86	-	DIRECTOR PAID LIFE INSURANCE	15041063
94	930.30 Accounts Payable	232.03	BDEX 11	04/16/15	36119	1371	NATIONAL RURAL EL	2,071.00	-	NRECA SUMMER SCHOOL/R SMITH	1336644
95	930.30 Accounts Payable	232.03	BDEX 01	04/20/15	36074	1088	BUTTON FREDDIE D	300.00	-	FRECC BRD MTG 4-16-15/F BUTTON	SA0000000055557

Schedule H  
Adjustment to Expense  
Continued

F. Supporting Data, Continued

Account 930.30 - Directors Expenses, Continued

Line No.	ACCOUNT	SOURCE	R-ACCT	ITEM ID	DATE	CHECK	VENDOR	VENDOR NAME	DEBIT	CREDIT	DESCRIPTION	INVOICE NBR
96	930.30	Accounts Payable	232.03	BDEX 02	04/20/15	36074	1088	BUTTON FREDDIE D	12.65	-	DIRECTOR'S MILEAGE	SA00000000055557
97	930.30	Accounts Payable	232.03	BDEX 17	04/20/15	36074	1088	BUTTON FREDDIE D	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA00000000055557
98	930.30	Accounts Payable	232.03	BDEX 06	04/20/15	36074	1088	BUTTON FREDDIE D	-	(0.61)	DIRECTOR PAID LIFE INSURANCE	SA00000000055557
99	930.30	Accounts Payable	232.03	BDEX 01	04/20/15	36075	1259	HAWKINS PAUL C	300.00	-	FRECC BRD MTG 4-16-15/P HAWKINS	SA00000000055558
100	930.30	Accounts Payable	232.03	BDEX 02	04/20/15	36075	1259	HAWKINS PAUL C	39.10	-	DIRECTOR'S MILEAGE	SA00000000055558
101	930.30	Accounts Payable	232.03	BDEX 17	04/20/15	36075	1259	HAWKINS PAUL C	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA00000000055558
102	930.30	Accounts Payable	232.03	BDEX 06	04/20/15	36075	1259	HAWKINS PAUL C	-	(24.05)	DIRECTOR PAID LIFE INSURANCE	SA00000000055558
103	930.30	Accounts Payable	232.03	BDEX 01	04/20/15	36079	12105	LONDON RANDY	300.00	-	FRECC BRD MTG 4-16-15/RANDY LOND	SA00000000055559
104	930.30	Accounts Payable	232.03	BDEX 02	04/20/15	36079	12105	LONDON RANDY	10.35	-	DIRECTOR'S MILEAGE	SA00000000055559
105	930.30	Accounts Payable	232.03	BDEX 17	04/20/15	36079	12105	LONDON RANDY	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA00000000055559
106	930.30	Accounts Payable	232.03	BDEX 06	04/20/15	36079	12105	LONDON RANDY	-	(24.05)	DIRECTOR PAID LIFE INSURANCE	SA00000000055559
107	930.30	Accounts Payable	232.03	BDEX 01	04/20/15	36077	1398	MARTIN C F JR	300.00	-	FRECC BRD MTG 4-16-15/CF MARTIN	SA00000000055560
108	930.30	Accounts Payable	232.03	BDEX 02	04/20/15	36077	1398	MARTIN C F JR	23.00	-	DIRECTOR'S MILEAGE	SA00000000055560
109	930.30	Accounts Payable	232.03	BDEX 17	04/20/15	36077	1398	MARTIN C F JR	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA00000000055560
110	930.30	Accounts Payable	232.03	BDEX 06	04/20/15	36077	1398	MARTIN C F JR	-	(0.61)	DIRECTOR PAID LIFE INSURANCE	SA00000000055560
111	930.30	Accounts Payable	232.03	BDEX 01	04/20/15	36076	1352	PENDYGRAFT NEIL	300.00	-	FRECC BRD MTG 4-16-15/NEIL PENDY	SA00000000055561
112	930.30	Accounts Payable	232.03	BDEX 02	04/20/15	36076	1352	PENDYGRAFT NEIL	7.48	-	DIRECTOR'S MILEAGE	SA00000000055561
113	930.30	Accounts Payable	232.03	BDEX 17	04/20/15	36076	1352	PENDYGRAFT NEIL	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA00000000055561
114	930.30	Accounts Payable	232.03	BDEX 06	04/20/15	36076	1352	PENDYGRAFT NEIL	-	(0.61)	DIRECTOR PAID LIFE INSURANCE	SA00000000055561
115	930.30	Accounts Payable	232.03	BDEX 01	04/20/15	36078	10928	SEXTON RANDY D	300.00	-	FRECC BRD MTG 4-19-15/RANDY SEXT	SA00000000055562
116	930.30	Accounts Payable	232.03	BDEX 02	04/20/15	36078	10928	SEXTON RANDY D	21.85	-	DIRECTOR'S MILEAGE	SA00000000055562
117	930.30	Accounts Payable	232.03	BDEX 17	04/20/15	36078	10928	SEXTON RANDY D	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA00000000055562
118	930.30	Accounts Payable	232.03	BDEX 06	04/20/15	36078	10928	SEXTON RANDY D	-	(1.35)	DIRECTOR PAID LIFE INSURANCE	SA00000000055562
119	930.30	Accounts Payable	232.03	BDEX 01	04/20/15	36080	12563	SMITH RONNIE D	300.00	-	FRECC BRD MTG 4-16-15/R SMITH	SA00000000055563
120	930.30	Accounts Payable	232.03	BDEX 02	04/20/15	36080	12563	SMITH RONNIE D	23.58	-	DIRECTOR'S MILEAGE	SA00000000055563
121	930.30	Accounts Payable	232.03	BDEX 17	04/20/15	36080	12563	SMITH RONNIE D	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA00000000055563
122	930.30	Accounts Payable	232.03	BDEX 06	04/20/15	36080	12563	SMITH RONNIE D	-	(24.05)	DIRECTOR PAID LIFE INSURANCE	SA00000000055563
123	930.30	Accounts Payable	232.03	BDEX 06	05/01/15	36193	12994	NRECA GROUP BENEI	74.86	-	DIRECTOR PAID LIFE INSURANCE	15051063
124	930.30	Accounts Payable	232.03	BDEX 01	05/26/15	36379	1088	BUTTON FREDDIE D	300.00	-	FRECC BRD MTG 5-22-15/F BUTTON	SA00000000055725
125	930.30	Accounts Payable	232.03	BDEX 02	05/26/15	36379	1088	BUTTON FREDDIE D	12.65	-	DIRECTOR'S MILEAGE	SA00000000055725
126	930.30	Accounts Payable	232.03	BDEX 17	05/26/15	36379	1088	BUTTON FREDDIE D	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA00000000055725
127	930.30	Accounts Payable	232.03	BDEX 06	05/26/15	36379	1088	BUTTON FREDDIE D	-	(0.61)	DIRECTOR PAID LIFE INSURANCE	SA00000000055725
128	930.30	Accounts Payable	232.03	BDEX 01	05/26/15	36380	1259	HAWKINS PAUL C	300.00	-	FRECC BRD MTG 5-22-15/P HAWKINS	SA00000000055726
129	930.30	Accounts Payable	232.03	BDEX 02	05/26/15	36380	1259	HAWKINS PAUL C	39.10	-	DIRECTOR'S MILEAGE	SA00000000055726
130	930.30	Accounts Payable	232.03	BDEX 17	05/26/15	36380	1259	HAWKINS PAUL C	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA00000000055726
131	930.30	Accounts Payable	232.03	BDEX 06	05/26/15	36380	1259	HAWKINS PAUL C	-	(24.05)	DIRECTOR PAID LIFE INSURANCE	SA00000000055726
132	930.30	Accounts Payable	232.03	BDEX 01	05/26/15	36384	12105	LONDON RANDY	300.00	-	FRECC BRD MTG 5-22-15/R LONDON	SA00000000055727
133	930.30	Accounts Payable	232.03	BDEX 02	05/26/15	36384	12105	LONDON RANDY	10.35	-	DIRECTOR'S MILEAGE	SA00000000055727
134	930.30	Accounts Payable	232.03	BDEX 17	05/26/15	36384	12105	LONDON RANDY	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA00000000055727
135	930.30	Accounts Payable	232.03	BDEX 06	05/26/15	36384	12105	LONDON RANDY	-	(24.05)	DIRECTOR PAID LIFE INSURANCE	SA00000000055727
136	930.30	Accounts Payable	232.03	BDEX 01	05/26/15	36382	1398	MARTIN C F JR	300.00	-	FRECC BRD MTG 5-22-15/CF MARTIN	SA00000000055728
137	930.30	Accounts Payable	232.03	BDEX 02	05/26/15	36382	1398	MARTIN C F JR	23.00	-	DIRECTOR'S MILEAGE	SA00000000055728
138	930.30	Accounts Payable	232.03	BDEX 17	05/26/15	36382	1398	MARTIN C F JR	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA00000000055728
139	930.30	Accounts Payable	232.03	BDEX 06	05/26/15	36382	1398	MARTIN C F JR	-	(0.61)	DIRECTOR PAID LIFE INSURANCE	SA00000000055728
140	930.30	Accounts Payable	232.03	BDEX 01	05/26/15	36381	1352	PENDYGRAFT NEIL	300.00	-	FRECC BRD MTG 5-22-15/NEIL PENDY	SA00000000055729
141	930.30	Accounts Payable	232.03	BDEX 02	05/26/15	36381	1352	PENDYGRAFT NEIL	7.48	-	DIRECTOR'S MILEAGE	SA00000000055729
142	930.30	Accounts Payable	232.03	BDEX 17	05/26/15	36381	1352	PENDYGRAFT NEIL	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA00000000055729

Schedule H  
Adjustment to Expense  
Continued

F. Supporting Data, Continued

Account 930.30 - Directors Expenses, Continued

Line No.	ACCOUNT SOURCE	R-ACCT	ITEM ID	DATE	CHECK	VENDOR	VENDOR NAME	DEBIT	CREDIT	DESCRIPTION	INVOICE NBR
143	930.30 Accounts Payable	232.03	BDEX 06	05/26/15	36381	1352	PENDYGRAFT NEIL	-	(0.61)	DIRECTOR PAID LIFE INSURANCE	SA0000000055729
144	930.30 Accounts Payable	232.03	BDEX 01	05/26/15	36383	10928	SEXTON RANDY D	300.00	-	FRECC BRD MTG 5-22-15/R SEXTON	SA0000000055730
145	930.30 Accounts Payable	232.03	BDEX 02	05/26/15	36383	10928	SEXTON RANDY D	21.85	-	DIRECTOR'S MILEAGE	SA0000000055730
146	930.30 Accounts Payable	232.03	BDEX 17	05/26/15	36383	10928	SEXTON RANDY D	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000055730
147	930.30 Accounts Payable	232.03	BDEX 06	05/26/15	36383	10928	SEXTON RANDY D	-	(1.35)	DIRECTOR PAID LIFE INSURANCE	SA0000000055730
148	930.30 Accounts Payable	232.03	BDEX 01	05/26/15	36385	12563	SMITH RONNIE D	300.00	-	FRECC BRD MTG 5-22-15/R SMITH	SA0000000055731
149	930.30 Accounts Payable	232.03	BDEX 02	05/26/15	36385	12563	SMITH RONNIE D	23.58	-	DIRECTOR'S MILEAGE	SA0000000055731
150	930.30 Accounts Payable	232.03	BDEX 17	05/26/15	36385	12563	SMITH RONNIE D	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000055731
151	930.30 Accounts Payable	232.03	BDEX 11	05/26/15	36385	12563	SMITH RONNIE D	111.55	-	MILEAGE/KAEC MTG/R SMITH	SA0000000055731
152	930.30 Accounts Payable	232.03	BDEX 06	05/26/15	36385	12563	SMITH RONNIE D	-	(24.05)	DIRECTOR PAID LIFE INSURANCE	SA0000000055731
153	930.30 Accounts Payable	232.03	BDEX 06	06/01/15	36454	12994	NRECA GROUP BENEI	74.86	-	DIRECTOR PAID LIFE INSURANCE	15061063
154	930.30 Accounts Payable	232.03	BDEX 11	06/11/15	36511	1088	BUTTON FREDDIE D	339.10	-	EKPC ANNUAL MTG/F BUTTON	SA0000000055782
155	930.30 Accounts Payable	232.03	BDEX 01	06/19/15	36558	1088	BUTTON FREDDIE D	300.00	-	FRECC BRD MTG 6-18-15/F BUTTON	SA0000000055794
156	930.30 Accounts Payable	232.03	BDEX 02	06/19/15	36558	1088	BUTTON FREDDIE D	12.65	-	DIRECTOR'S MILEAGE	SA0000000055794
157	930.30 Accounts Payable	232.03	BDEX 17	06/19/15	36558	1088	BUTTON FREDDIE D	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000055794
158	930.30 Accounts Payable	232.03	BDEX 06	06/19/15	36558	1088	BUTTON FREDDIE D	-	(0.61)	DIRECTOR PAID LIFE INSURANCE	SA0000000055794
159	930.30 Accounts Payable	232.03	BDEX 01	06/19/15	36559	1259	HAWKINS PAUL C	300.00	-	FRECC BRD MTG 6-18-15/P HAWKINS	SA0000000055795
160	930.30 Accounts Payable	232.03	BDEX 02	06/19/15	36559	1259	HAWKINS PAUL C	39.10	-	DIRECTOR'S MILEAGE	SA0000000055795
161	930.30 Accounts Payable	232.03	BDEX 17	06/19/15	36559	1259	HAWKINS PAUL C	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000055795
162	930.30 Accounts Payable	232.03	BDEX 06	06/19/15	36559	1259	HAWKINS PAUL C	-	(24.05)	DIRECTOR PAID LIFE INSURANCE	SA0000000055795
163	930.30 Accounts Payable	232.03	BDEX 01	06/19/15	36563	12105	LONDON RANDY	300.00	-	FRECC BRD MTG 6-18-15/R LONDON	SA0000000055796
164	930.30 Accounts Payable	232.03	BDEX 02	06/19/15	36563	12105	LONDON RANDY	10.35	-	DIRECTOR'S MILEAGE	SA0000000055796
165	930.30 Accounts Payable	232.03	BDEX 17	06/19/15	36563	12105	LONDON RANDY	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000055796
166	930.30 Accounts Payable	232.03	BDEX 06	06/19/15	36563	12105	LONDON RANDY	-	(24.05)	DIRECTOR PAID LIFE INSURANCE	SA0000000055796
167	930.30 Accounts Payable	232.03	BDEX 01	06/19/15	36561	1398	MARTIN C F JR	300.00	-	FRECC BRD MTG 6-18-15/CF MARTIN	SA0000000055797
168	930.30 Accounts Payable	232.03	BDEX 02	06/19/15	36561	1398	MARTIN C F JR	23.00	-	DIRECTOR'S MILEAGE	SA0000000055797
169	930.30 Accounts Payable	232.03	BDEX 17	06/19/15	36561	1398	MARTIN C F JR	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000055797
170	930.30 Accounts Payable	232.03	BDEX 06	06/19/15	36561	1398	MARTIN C F JR	-	(0.61)	DIRECTOR PAID LIFE INSURANCE	SA0000000055797
171	930.30 Accounts Payable	232.03	BDEX 01	06/19/15	36560	1352	PENDYGRAFT NEIL	300.00	-	FRECC BRD MTG 6-18-15/N PENDYGRA	SA0000000055798
172	930.30 Accounts Payable	232.03	BDEX 02	06/19/15	36560	1352	PENDYGRAFT NEIL	7.48	-	DIRECTOR'S MILEAGE	SA0000000055798
173	930.30 Accounts Payable	232.03	BDEX 17	06/19/15	36560	1352	PENDYGRAFT NEIL	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000055798
174	930.30 Accounts Payable	232.03	BDEX 06	06/19/15	36560	1352	PENDYGRAFT NEIL	-	(0.61)	DIRECTOR PAID LIFE INSURANCE	SA0000000055798
175	930.30 Accounts Payable	232.03	BDEX 01	06/19/15	36562	10928	SEXTON RANDY D	300.00	-	FRECC BRD MTG 6-18-15/R SEXTON	SA0000000055799
176	930.30 Accounts Payable	232.03	BDEX 02	06/19/15	36562	10928	SEXTON RANDY D	21.85	-	DIRECTOR'S MILEAGE	SA0000000055799
177	930.30 Accounts Payable	232.03	BDEX 17	06/19/15	36562	10928	SEXTON RANDY D	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000055799
178	930.30 Accounts Payable	232.03	BDEX 06	06/19/15	36562	10928	SEXTON RANDY D	-	(1.35)	DIRECTOR PAID LIFE INSURANCE	SA0000000055799
179	930.30 Accounts Payable	232.03	BDEX 01	06/19/15	36564	12563	SMITH RONNIE D	300.00	-	FRECC BRD MTG 6-18-15/R SMITH	SA0000000055800
180	930.30 Accounts Payable	232.03	BDEX 02	06/19/15	36564	12563	SMITH RONNIE D	23.58	-	DIRECTOR'S MILEAGE	SA0000000055800
181	930.30 Accounts Payable	232.03	BDEX 17	06/19/15	36564	12563	SMITH RONNIE D	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000055800
182	930.30 Accounts Payable	232.03	BDEX 06	06/19/15	36564	12563	SMITH RONNIE D	-	(24.05)	DIRECTOR PAID LIFE INSURANCE	SA0000000055800
183	930.30 Accounts Payable	232.03	BDEX 11	06/26/15	36664	1751	VISA	168.94	-	KAEC BRD MTG/R SMITH	SA0000000055846
184	930.30 Accounts Payable	232.03	BDEX 11	06/26/15	36664	1751	VISA	12.19	-	BOARD AGENDA MTG MEAL/NEIL P	SA0000000055849
185	930.30 Accounts Payable	232.03	BDEX 06	07/01/15	36640	12994	NRECA GROUP BENEI	74.86	-	DIRECTOR PAID LIFE INSURANCE	15071063
186	930.30 Accounts Payable	232.03	BDEX 01	07/23/15	36844	1088	BUTTON FREDDIE D	300.00	-	FREDD BRD MTG 7-16-15/F BUTTON	SA0000000055929
187	930.30 Accounts Payable	232.03	BDEX 17	07/23/15	36844	1088	BUTTON FREDDIE D	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000055929
188	930.30 Accounts Payable	232.03	BDEX 06	07/23/15	36844	1088	BUTTON FREDDIE D	-	(0.61)	DIRECTOR PAID LIFE INSURANCE	SA0000000055929
189	930.30 Accounts Payable	232.03	BDEX 01	07/23/15	36850	1259	HAWKINS PAUL C	300.00	-	FRECC BRD MTG 7-16-15/P HAWKINS	SA0000000055930

Schedule H  
Adjustment to Expense  
Continued

F. Supporting Data, Continued

Account 930.30 - Directors Expenses, Continued

Line No.	ACCOUNT SOURCE	R-ACCT	ITEM ID	DATE	CHECK	VENDOR	VENDOR NAME	DEBIT	CREDIT	DESCRIPTION	INVOICE NBR
190	930.30 Accounts Payable	232.03	BDEX 02	07/23/15	36850	1259	HAWKINS PAUL C	39.10	-	DIRECTOR'S MILEAGE	SA00000000055930
191	930.30 Accounts Payable	232.03	BDEX 17	07/23/15	36850	1259	HAWKINS PAUL C	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA00000000055930
192	930.30 Accounts Payable	232.03	BDEX 06	07/23/15	36850	1259	HAWKINS PAUL C	-	(24.05)	DIRECTOR PAID LIFE INSURANCE	SA00000000055930
193	930.30 Accounts Payable	232.03	BDEX 01	07/23/15	36863	12105	LONDON RANDY	300.00	-	FRECC BRD MTG 7-16-15/R LONDON	SA00000000055931
194	930.30 Accounts Payable	232.03	BDEX 02	07/23/15	36863	12105	LONDON RANDY	10.35	-	DIRECTOR'S MILEAGE	SA00000000055931
195	930.30 Accounts Payable	232.03	BDEX 17	07/23/15	36863	12105	LONDON RANDY	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA00000000055931
196	930.30 Accounts Payable	232.03	BDEX 06	07/23/15	36863	12105	LONDON RANDY	-	(24.05)	DIRECTOR PAID LIFE INSURANCE	SA00000000055931
197	930.30 Accounts Payable	232.03	BDEX 01	07/23/15	36854	1398	MARTIN C F JR	300.00	-	FRECC BRD MTG 7-16-15/CF MARTIN	SA00000000055932
198	930.30 Accounts Payable	232.03	BDEX 02	07/23/15	36854	1398	MARTIN C F JR	23.00	-	DIRECTOR'S MILEAGE	SA00000000055932
199	930.30 Accounts Payable	232.03	BDEX 17	07/23/15	36854	1398	MARTIN C F JR	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA00000000055932
200	930.30 Accounts Payable	232.03	BDEX 06	07/23/15	36854	1398	MARTIN C F JR	-	(0.61)	DIRECTOR PAID LIFE INSURANCE	SA00000000055932
201	930.30 Accounts Payable	232.03	BDEX 01	07/23/15	36853	1352	PENDYGRAFT NEIL	300.00	-	FRECC BRD MTG 7-16-15/NEIL PENDY	SA00000000055933
202	930.30 Accounts Payable	232.03	BDEX 02	07/23/15	36853	1352	PENDYGRAFT NEIL	7.48	-	DIRECTOR'S MILEAGE	SA00000000055933
203	930.30 Accounts Payable	232.03	BDEX 17	07/23/15	36853	1352	PENDYGRAFT NEIL	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA00000000055933
204	930.30 Accounts Payable	232.03	BDEX 06	07/23/15	36853	1352	PENDYGRAFT NEIL	-	(0.61)	DIRECTOR PAID LIFE INSURANCE	SA00000000055933
205	930.30 Accounts Payable	232.03	BDEX 17	07/23/15	36860	10928	SEXTON RANDY D	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA00000000055934
206	930.30 Accounts Payable	232.03	BDEX 06	07/23/15	36860	10928	SEXTON RANDY D	-	(1.35)	DIRECTOR PAID LIFE INSURANCE	SA00000000055934
207	930.30 Accounts Payable	232.03	BDEX 01	07/23/15	36865	12563	SMITH RONNIE D	300.00	-	FRECC BRD MTG 7-16-15/R SMITH	SA00000000055935
208	930.30 Accounts Payable	232.03	BDEX 02	07/23/15	36865	12563	SMITH RONNIE D	23.58	-	DIRECTOR'S MILEAGE	SA00000000055935
209	930.30 Accounts Payable	232.03	BDEX 17	07/23/15	36865	12563	SMITH RONNIE D	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA00000000055935
210	930.30 Accounts Payable	232.03	BDEX 11	07/23/15	36865	12563	SMITH RONNIE D	507.51	-	DIR CONF BRANSON/R SMITH	SA00000000055935
211	930.30 Accounts Payable	232.03	BDEX 06	07/23/15	36865	12563	SMITH RONNIE D	-	(24.05)	DIRECTOR PAID LIFE INSURANCE	SA00000000055935
212	930.30 Accounts Payable	232.03	BDEX 11	07/28/15	36922	1751	VISA	634.05	-	NRECA DIR CONF/RONNIE SMITH	SA00000000055967
213	930.30 Accounts Payable	232.03	BDEX 11	07/31/15	36968	12563	SMITH RONNIE D	1,200.00	-	NRECA DIR CONF/R SMITH/BRANSON M	SA00000000055994
214	930.30 Accounts Payable	232.03	BDEX 06	08/03/15	36921	12994	NRECA GROUP BENEI	74.86	-	DIRECTOR PAID LIFE INSURANCE	15081063
215	930.30 Accounts Payable	232.03	BDEX 01	08/26/15	37088	1088	BUTTON FREDDIE D	300.00	-	FRECC BRD MTG 8-20-15/F BUTTON	SA00000000056068
216	930.30 Accounts Payable	232.03	BDEX 02	08/26/15	37088	1088	BUTTON FREDDIE D	12.65	-	DIRECTOR'S MILEAGE	SA00000000056068
217	930.30 Accounts Payable	232.03	BDEX 17	08/26/15	37088	1088	BUTTON FREDDIE D	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA00000000056068
218	930.30 Accounts Payable	232.03	BDEX 06	08/26/15	37088	1088	BUTTON FREDDIE D	-	(0.61)	DIRECTOR PAID LIFE INSURANCE	SA00000000056068
219	930.30 Accounts Payable	232.03	BDEX 01	08/26/15	37090	1259	HAWKINS PAUL C	300.00	-	FRECC BRD MTG 8-20-15/P HAWKINS	SA00000000056069
220	930.30 Accounts Payable	232.03	BDEX 02	08/26/15	37090	1259	HAWKINS PAUL C	39.10	-	DIRECTOR'S MILEAGE	SA00000000056069
221	930.30 Accounts Payable	232.03	BDEX 17	08/26/15	37090	1259	HAWKINS PAUL C	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA00000000056069
222	930.30 Accounts Payable	232.03	BDEX 06	08/26/15	37090	1259	HAWKINS PAUL C	-	(24.05)	DIRECTOR PAID LIFE INSURANCE	SA00000000056069
223	930.30 Accounts Payable	232.03	BDEX 01	08/26/15	37094	12105	LONDON RANDY	300.00	-	FRECC BRD MTG 8-20-15/R LONDON	SA00000000056070
224	930.30 Accounts Payable	232.03	BDEX 02	08/26/15	37094	12105	LONDON RANDY	10.35	-	DIRECTOR'S MILEAGE	SA00000000056070
225	930.30 Accounts Payable	232.03	BDEX 17	08/26/15	37094	12105	LONDON RANDY	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA00000000056070
226	930.30 Accounts Payable	232.03	BDEX 06	08/26/15	37094	12105	LONDON RANDY	-	(24.05)	DIRECTOR PAID LIFE INSURANCE	SA00000000056070
227	930.30 Accounts Payable	232.03	BDEX 01	08/26/15	37092	1398	MARTIN C F JR	300.00	-	FRECC BRD MTG 8-20-15/CF MARTIN	SA00000000056071
228	930.30 Accounts Payable	232.03	BDEX 02	08/26/15	37092	1398	MARTIN C F JR	23.00	-	DIRECTOR'S MILEAGE	SA00000000056071
229	930.30 Accounts Payable	232.03	BDEX 17	08/26/15	37092	1398	MARTIN C F JR	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA00000000056071
230	930.30 Accounts Payable	232.03	BDEX 06	08/26/15	37092	1398	MARTIN C F JR	-	(0.61)	DIRECTOR PAID LIFE INSURANCE	SA00000000056071
231	930.30 Accounts Payable	232.03	BDEX 01	08/26/15	37091	1352	PENDYGRAFT NEIL	300.00	-	FRECC BRD MTG 8-20-15/NEIL PENDY	SA00000000056072
232	930.30 Accounts Payable	232.03	BDEX 02	08/26/15	37091	1352	PENDYGRAFT NEIL	7.48	-	DIRECTOR'S MILEAGE	SA00000000056072
233	930.30 Accounts Payable	232.03	BDEX 17	08/26/15	37091	1352	PENDYGRAFT NEIL	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA00000000056072
234	930.30 Accounts Payable	232.03	BDEX 06	08/26/15	37091	1352	PENDYGRAFT NEIL	-	(0.61)	DIRECTOR PAID LIFE INSURANCE	SA00000000056072
235	930.30 Accounts Payable	232.03	BDEX 01	08/26/15	37093	10928	SEXTON RANDY D	300.00	-	FRECC BRD MTG 8-20-15/R SEXTON	SA00000000056073
236	930.30 Accounts Payable	232.03	BDEX 02	08/26/15	37093	10928	SEXTON RANDY D	21.85	-	DIRECTOR'S MILEAGE	SA00000000056073

Schedule H  
Adjustment to Expense  
Continued

F. Supporting Data, Continued

Account 930.30 - Directors Expenses, Continued

Line No.	ACCOUNT SOURCE	R-ACCT	ITEM ID	DATE	CHECK	VENDOR	VENDOR NAME	DEBIT	CREDIT	DESCRIPTION	INVOICE NBR
237	930.30	Accounts Payable	232.03	BDEX 17	08/26/15	37093	10928	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000056073
238	930.30	Accounts Payable	232.03	BDEX 06	08/26/15	37093	10928	-	(1.35)	DIRECTOR PAID LIFE INSURANCE	SA0000000056073
239	930.30	Accounts Payable	232.03	BDEX 01	08/26/15	37095	12563	300.00	-	FRECC BRD MTG 8-20-15/R SMITH	SA0000000056074
240	930.30	Accounts Payable	232.03	BDEX 02	08/26/15	37095	12563	23.58	-	DIRECTOR'S MILEAGE	SA0000000056074
241	930.30	Accounts Payable	232.03	BDEX 17	08/26/15	37095	12563	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000056074
242	930.30	Accounts Payable	232.03	BDEX 02	08/26/15	37095	12563	89.70	-	DIRECTOR'S MILEAGE	SA0000000056074
243	930.30	Accounts Payable	232.03	BDEX 06	08/26/15	37095	12563	-	(24.05)	DIRECTOR PAID LIFE INSURANCE	SA0000000056074
244	930.30	Accounts Payable	232.03	BDEX 06	09/01/15	37134	12994	74.86	-	DIRECTOR PAID LIFE INSURANCE	15091063
245	930.30	Accounts Payable	232.03	BDEX 01	09/21/15	37312	1088	300.00	-	FRECC BRD MTG 9-17-15/F BUTTON	SA0000000056171
246	930.30	Accounts Payable	232.03	BDEX 02	09/21/15	37312	1088	12.65	-	DIRECTOR'S MILEAGE	SA0000000056171
247	930.30	Accounts Payable	232.03	BDEX 17	09/21/15	37312	1088	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000056171
248	930.30	Accounts Payable	232.03	BDEX 06	09/21/15	37312	1088	-	(0.61)	DIRECTOR PAID LIFE INSURANCE	SA0000000056171
249	930.30	Accounts Payable	232.03	BDEX 01	09/21/15	37313	1259	300.00	-	FRECC BRD MTG 9-17-15/P HAWKINS	SA0000000056172
250	930.30	Accounts Payable	232.03	BDEX 02	09/21/15	37313	1259	39.10	-	DIRECTOR'S MILEAGE	SA0000000056172
251	930.30	Accounts Payable	232.03	BDEX 17	09/21/15	37313	1259	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000056172
252	930.30	Accounts Payable	232.03	BDEX 06	09/21/15	37313	1259	-	(24.05)	DIRECTOR PAID LIFE INSURANCE	SA0000000056172
253	930.30	Accounts Payable	232.03	BDEX 01	09/21/15	37317	12105	300.00	-	FRECC BRD MTG 9-17-15/R LONDON	SA0000000056173
254	930.30	Accounts Payable	232.03	BDEX 02	09/21/15	37317	12105	10.35	-	DIRECTOR'S MILEAGE	SA0000000056173
255	930.30	Accounts Payable	232.03	BDEX 17	09/21/15	37317	12105	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000056173
256	930.30	Accounts Payable	232.03	BDEX 06	09/21/15	37317	12105	-	(24.05)	DIRECTOR PAID LIFE INSURANCE	SA0000000056173
257	930.30	Accounts Payable	232.03	BDEX 01	09/21/15	37315	1398	300.00	-	FRECC BRD MTG 9-17-15/CF MARTIN	SA0000000056174
258	930.30	Accounts Payable	232.03	BDEX 02	09/21/15	37315	1398	23.00	-	DIRECTOR'S MILEAGE	SA0000000056174
259	930.30	Accounts Payable	232.03	BDEX 17	09/21/15	37315	1398	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000056174
260	930.30	Accounts Payable	232.03	BDEX 06	09/21/15	37315	1398	-	(0.61)	DIRECTOR PAID LIFE INSURANCE	SA0000000056174
261	930.30	Accounts Payable	232.03	BDEX 01	09/21/15	37314	1352	300.00	-	FRECC BRD MTG 9-17-15/NEIL PENDY	SA0000000056175
262	930.30	Accounts Payable	232.03	BDEX 02	09/21/15	37314	1352	7.48	-	DIRECTOR'S MILEAGE	SA0000000056175
263	930.30	Accounts Payable	232.03	BDEX 17	09/21/15	37314	1352	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000056175
264	930.30	Accounts Payable	232.03	BDEX 06	09/21/15	37314	1352	-	(0.61)	DIRECTOR PAID LIFE INSURANCE	SA0000000056175
265	930.30	Accounts Payable	232.03	BDEX 01	09/21/15	37316	10928	300.00	-	FRECC BRD MTG 9-17-15/R SEXTON	SA0000000056176
266	930.30	Accounts Payable	232.03	BDEX 02	09/21/15	37316	10928	21.85	-	DIRECTOR'S MILEAGE	SA0000000056176
267	930.30	Accounts Payable	232.03	BDEX 17	09/21/15	37316	10928	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000056176
268	930.30	Accounts Payable	232.03	BDEX 06	09/21/15	37316	10928	-	(1.35)	DIRECTOR PAID LIFE INSURANCE	SA0000000056176
269	930.30	Accounts Payable	232.03	BDEX 01	09/21/15	37318	12563	300.00	-	FRECC BRD MTG 9-17-15/R SMITH	SA0000000056177
270	930.30	Accounts Payable	232.03	BDEX 02	09/21/15	37318	12563	23.58	-	DIRECTOR'S MILEAGE	SA0000000056177
271	930.30	Accounts Payable	232.03	BDEX 17	09/21/15	37318	12563	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000056177
272	930.30	Accounts Payable	232.03	BDEX 06	09/21/15	37318	12563	-	(24.05)	DIRECTOR PAID LIFE INSURANCE	SA0000000056177
273	930.30	Accounts Payable	232.03	BDEX 06	10/01/15	37400	12994	74.86	-	DIRECTOR PAID LIFE INSURANCE	1510163
274	930.30	Accounts Payable	232.03	BDEX 01	10/20/15	37568	1088	300.00	-	FRECC BRD MTG 10-15-15/F BUTTON	SA0000000056286
275	930.30	Accounts Payable	232.03	BDEX 02	10/20/15	37568	1088	12.65	-	DIRECTOR'S MILEAGE	SA0000000056286
276	930.30	Accounts Payable	232.03	BDEX 17	10/20/15	37568	1088	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000056286
277	930.30	Accounts Payable	232.03	BDEX 06	10/20/15	37568	1088	-	(0.61)	DIRECTOR PAID LIFE INSURANCE	SA0000000056286
278	930.30	Accounts Payable	232.03	BDEX 01	10/20/15	37569	1259	300.00	-	FRECC BRD MTG 10-15-15/P HAWKINS	SA0000000056287
279	930.30	Accounts Payable	232.03	BDEX 02	10/20/15	37569	1259	39.10	-	DIRECTOR'S MILEAGE	SA0000000056287
280	930.30	Accounts Payable	232.03	BDEX 17	10/20/15	37569	1259	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000056287
281	930.30	Accounts Payable	232.03	BDEX 06	10/20/15	37569	1259	-	(24.05)	DIRECTOR PAID LIFE INSURANCE	SA0000000056287

Schedule H  
Adjustment to Expense  
Continued

F. Supporting Data, Continued

Account 930.30 - Directors Expenses, Continued

Line No.	ACCOUNT SOURCE	R-ACCT	ITEM ID	DATE	CHECK	VENDOR	VENDOR NAME	DEBIT	CREDIT	DESCRIPTION	INVOICE NBR	
282	930.30	Accounts Payable	232.03	BDEX 01	10/20/15	37573	12105	LONDON RANDY	300.00	-	FRECC BRD MTG 10-15-15/R LONDON	SA0000000056288
283	930.30	Accounts Payable	232.03	BDEX 03	10/20/15	37573	12105	LONDON RANDY	10.35	-	DIRECTOR'S EXPENSE - MISCL	SA0000000056288
284	930.30	Accounts Payable	232.03	BDEX 17	10/20/15	37573	12105	LONDON RANDY	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000056288
285	930.30	Accounts Payable	232.03	BDEX 06	10/20/15	37573	12105	LONDON RANDY	-	(24.05)	DIRECTOR PAID LIFE INSURANCE	SA0000000056288
286	930.30	Accounts Payable	232.03	BDEX 01	10/20/15	37571	1398	MARTIN C F JR	300.00	-	FRECC BRD MTG 10-15-15/CF MARTIN	SA0000000056289
287	930.30	Accounts Payable	232.03	BDEX 02	10/20/15	37571	1398	MARTIN C F JR	23.00	-	DIRECTOR'S MILEAGE	SA0000000056289
288	930.30	Accounts Payable	232.03	BDEX 17	10/20/15	37571	1398	MARTIN C F JR	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000056289
289	930.30	Accounts Payable	232.03	BDEX 06	10/20/15	37571	1398	MARTIN C F JR	-	(0.61)	DIRECTOR PAID LIFE INSURANCE	SA0000000056289
290	930.30	Accounts Payable	232.03	BDEX 01	10/20/15	37570	1352	PENDYGRAFT NEIL	300.00	-	FRECC BRD MTG 10-15-15/NEIL PEND	SA0000000056290
291	930.30	Accounts Payable	232.03	BDEX 02	10/20/15	37570	1352	PENDYGRAFT NEIL	7.48	-	DIRECTOR'S MILEAGE	SA0000000056290
292	930.30	Accounts Payable	232.03	BDEX 17	10/20/15	37570	1352	PENDYGRAFT NEIL	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000056290
293	930.30	Accounts Payable	232.03	BDEX 06	10/20/15	37570	1352	PENDYGRAFT NEIL	-	(0.61)	DIRECTOR PAID LIFE INSURANCE	SA0000000056290
294	930.30	Accounts Payable	232.03	BDEX 01	10/20/15	37572	10928	SEXTON RANDY D	300.00	-	FRECC BRD MTG 10-15-15/R SEXTON	SA0000000056291
295	930.30	Accounts Payable	232.03	BDEX 02	10/20/15	37572	10928	SEXTON RANDY D	21.85	-	DIRECTOR'S MILEAGE	SA0000000056291
296	930.30	Accounts Payable	232.03	BDEX 17	10/20/15	37572	10928	SEXTON RANDY D	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000056291
297	930.30	Accounts Payable	232.03	BDEX 06	10/20/15	37572	10928	SEXTON RANDY D	-	(1.35)	DIRECTOR PAID LIFE INSURANCE	SA0000000056291
298	930.30	Accounts Payable	232.03	BDEX 01	10/20/15	37574	12563	SMITH RONNIE D	300.00	-	FRECC BRD MTG 10-15-15/R SMITH	SA0000000056292
299	930.30	Accounts Payable	232.03	BDEX 02	10/20/15	37574	12563	SMITH RONNIE D	23.58	-	DIRECTOR'S MILEAGE	SA0000000056292
300	930.30	Accounts Payable	232.03	BDEX 17	10/20/15	37574	12563	SMITH RONNIE D	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000056292
301	930.30	Accounts Payable	232.03	BDEX 11	10/20/15	37574	12563	SMITH RONNIE D	112.12	-	MILEAGE/KAEC/R SMITH	SA0000000056292
302	930.30	Accounts Payable	232.03	BDEX 06	10/20/15	37574	12563	SMITH RONNIE D	-	(24.05)	DIRECTOR PAID LIFE INSURANCE	SA0000000056292
303	930.30	Accounts Payable	232.03	BDEX 11	10/31/15	37667	1751	VISA	155.96	-	KAEC MTG/RONNIE SMITH	SA0000000056344
304	930.30	Accounts Payable	232.03	BDEX 06	11/02/15	37648	12994	NRECA GROUP BENEF	74.86	-	DIRECTOR PAID LIFE INSURANCE	15111063
305	930.30	Accounts Payable	232.03	BDEX 01	11/24/15	37816	1088	BUTTON FREDDIE D	300.00	-	FRECC BRD MTG 11-17-15/F BUTTON	SA0000000056407
306	930.30	Accounts Payable	232.03	BDEX 02	11/24/15	37816	1088	BUTTON FREDDIE D	12.65	-	DIRECTOR'S MILEAGE	SA0000000056407
307	930.30	Accounts Payable	232.03	BDEX 17	11/24/15	37816	1088	BUTTON FREDDIE D	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000056407
308	930.30	Accounts Payable	232.03	BDEX 11	11/24/15	37816	1088	BUTTON FREDDIE D	600.00	-	KAEC ANN MTG/F BUTTON	SA0000000056407
309	930.30	Accounts Payable	232.03	BDEX 06	11/24/15	37816	1088	BUTTON FREDDIE D	-	(0.61)	DIRECTOR PAID LIFE INSURANCE	SA0000000056407
310	930.30	Accounts Payable	232.03	BDEX 01	11/24/15	37817	1259	HAWKINS PAUL C	300.00	-	FRECC BRD MTG 11-17-15/P HAWKINS	SA0000000056408
311	930.30	Accounts Payable	232.03	BDEX 02	11/24/15	37817	1259	HAWKINS PAUL C	39.10	-	DIRECTOR'S MILEAGE	SA0000000056408
312	930.30	Accounts Payable	232.03	BDEX 17	11/24/15	37817	1259	HAWKINS PAUL C	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000056408
313	930.30	Accounts Payable	232.03	BDEX 02	11/24/15	37817	1259	HAWKINS PAUL C	126.50	-	DIRECTOR'S MILEAGE	SA0000000056408
314	930.30	Accounts Payable	232.03	BDEX 11	11/24/15	37817	1259	HAWKINS PAUL C	-	(428.70)	AIRFARE NRECA REGION III/P HAWKI	SA0000000056408
315	930.30	Accounts Payable	232.03	BDEX 06	11/24/15	37817	1259	HAWKINS PAUL C	-	(24.05)	DIRECTOR PAID LIFE INSURANCE	SA0000000056408
316	930.30	Accounts Payable	232.03	BDEX 01	11/24/15	37821	12105	LONDON RANDY	300.00	-	FRECC BRD MTG 11-17-15/R LONDON	SA0000000056409
317	930.30	Accounts Payable	232.03	BDEX 02	11/24/15	37821	12105	LONDON RANDY	10.35	-	DIRECTOR'S MILEAGE	SA0000000056409
318	930.30	Accounts Payable	232.03	BDEX 17	11/24/15	37821	12105	LONDON RANDY	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000056409
319	930.30	Accounts Payable	232.03	BDEX 11	11/24/15	37821	12105	LONDON RANDY	600.00	-	KAEC ANN MTG/R LONDON	SA0000000056409
320	930.30	Accounts Payable	232.03	BDEX 06	11/24/15	37821	12105	LONDON RANDY	-	(24.05)	DIRECTOR PAID LIFE INSURANCE	SA0000000056409
321	930.30	Accounts Payable	232.03	BDEX 01	11/24/15	37819	1398	MARTIN C F JR	300.00	-	FRECC BRD MTG 11-17-15/CF MARTIN	SA0000000056410
322	930.30	Accounts Payable	232.03	BDEX 02	11/24/15	37819	1398	MARTIN C F JR	23.00	-	DIRECTOR'S MILEAGE	SA0000000056410
323	930.30	Accounts Payable	232.03	BDEX 17	11/24/15	37819	1398	MARTIN C F JR	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000056410
324	930.30	Accounts Payable	232.03	BDEX 11	11/24/15	37819	1398	MARTIN C F JR	600.00	-	KAEC ANN MTG/CF MARTIN	SA0000000056410
325	930.30	Accounts Payable	232.03	BDEX 06	11/24/15	37819	1398	MARTIN C F JR	-	(0.61)	DIRECTOR PAID LIFE INSURANCE	SA0000000056410
326	930.30	Accounts Payable	232.03	BDEX 01	11/24/15	37818	1352	PENDYGRAFT NEIL	300.00	-	FRECC BRD MTG 11-17-15/NEIL PEND	SA0000000056411
327	930.30	Accounts Payable	232.03	BDEX 02	11/24/15	37818	1352	PENDYGRAFT NEIL	7.48	-	DIRECTOR'S MILEAGE	SA0000000056411
328	930.30	Accounts Payable	232.03	BDEX 17	11/24/15	37818	1352	PENDYGRAFT NEIL	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000056411

Schedule H  
Adjustment to Expense  
Continued

F. Supporting Data, Continued

Account 930.30 - Directors Expenses, Continued

Line No.	ACCOUNT SOURCE	R-ACCT	ITEM ID	DATE	CHECK	VENDOR	VENDOR NAME	DEBIT	CREDIT	DESCRIPTION	INVOICE NBR	
329	930.30	Accounts Payable	232.03	BDEX 11	11/24/15	37818	1352	PENDYGRAFT NEIL	600.00	-	KAEC ANN MTG/NEIL PENDYGRAFT	SA0000000056411
330	930.30	Accounts Payable	232.03	BDEX 02	11/24/15	37818	1352	PENDYGRAFT NEIL	121.90	-	DIRECTOR'S MILEAGE	SA0000000056411
331	930.30	Accounts Payable	232.03	BDEX 06	11/24/15	37818	1352	PENDYGRAFT NEIL	-	(0.61)	DIRECTOR PAID LIFE INSURANCE	SA0000000056411
332	930.30	Accounts Payable	232.03	BDEX 01	11/24/15	37820	10928	SEXTON RANDY D	300.00	-	FRECC BRD MTG 11-17-1/R SEXTON	SA0000000056412
333	930.30	Accounts Payable	232.03	BDEX 02	11/24/15	37820	10928	SEXTON RANDY D	21.85	-	DIRECTOR'S MILEAGE	SA0000000056412
334	930.30	Accounts Payable	232.03	BDEX 17	11/24/15	37820	10928	SEXTON RANDY D	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000056412
335	930.30	Accounts Payable	232.03	BDEX 11	11/24/15	37820	10928	SEXTON RANDY D	600.00	-	KAEC ANN MTG/R SEXTON	SA0000000056412
336	930.30	Accounts Payable	232.03	BDEX 02	11/24/15	37820	10928	SEXTON RANDY D	130.53	-	DIRECTOR'S MILEAGE	SA0000000056412
337	930.30	Accounts Payable	232.03	BDEX 11	11/24/15	37820	10928	SEXTON RANDY D	335.06	-	ROOM/USED PERSONAL CC/R SEXTON	SA0000000056412
338	930.30	Accounts Payable	232.03	BDEX 06	11/24/15	37820	10928	SEXTON RANDY D	-	(1.35)	DIRECTOR PAID LIFE INSURANCE	SA0000000056412
339	930.30	Accounts Payable	232.03	BDEX 01	11/24/15	37822	12563	SMITH RONNIE D	300.00	-	FRECC BRD MTG 11-17-15/R SMITH	SA0000000056413
340	930.30	Accounts Payable	232.03	BDEX 02	11/24/15	37822	12563	SMITH RONNIE D	23.58	-	DIRECTOR'S MILEAGE	SA0000000056413
341	930.30	Accounts Payable	232.03	BDEX 17	11/24/15	37822	12563	SMITH RONNIE D	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000056413
342	930.30	Accounts Payable	232.03	BDEX 11	11/24/15	37822	12563	SMITH RONNIE D	600.00	-	KAEC ANN MTG/R SMITH	SA0000000056413
343	930.30	Accounts Payable	232.03	BDEX 02	11/24/15	37822	12563	SMITH RONNIE D	207.00	-	DIRECTOR'S MILEAGE	SA0000000056413
344	930.30	Accounts Payable	232.03	BDEX 06	11/24/15	37822	12563	SMITH RONNIE D	-	(24.05)	DIRECTOR PAID LIFE INSURANCE	SA0000000056413
345	930.30	Accounts Payable	232.03	BDEX 10	12/01/15	37800	1088	BUTTON FREDDIE D	100.00	-	DIRECTOR'S/CHRISTMAS GIFT	SA0000000056398
346	930.30	Accounts Payable	232.03	BDEX 10	12/01/15	37801	1259	HAWKINS PAUL C	100.00	-	DIRECTOR'S/CHRISTMAS GIFT	SA0000000056399
347	930.30	Accounts Payable	232.03	BDEX 10	12/01/15	37810	12105	LONDON RANDY	100.00	-	DIRECTOR'S/CHRISTMAS GIFT	SA0000000056400
348	930.30	Accounts Payable	232.03	BDEX 10	12/01/15	37803	1398	MARTIN C F JR	100.00	-	DIRECTOR'S/CHRISTMAS GIFT	SA0000000056401
349	930.30	Accounts Payable	232.03	BDEX 10	12/01/15	37802	1352	PENDYGRAFT NEIL	100.00	-	DIRECTOR'S/CHRISTMAS GIFT	SA0000000056402
350	930.30	Accounts Payable	232.03	BDEX 10	12/01/15	37808	10928	SEXTON RANDY D	100.00	-	DIRECTOR'S/CHRISTMAS GIFT	SA0000000056403
351	930.30	Accounts Payable	232.03	BDEX 10	12/01/15	37811	12563	SMITH RONNIE D	100.00	-	DIRECTOR'S/CHRISTMAS GIFT	SA0000000056404
352	930.30	Accounts Payable	232.03	BDEX 06	12/01/15	37874	12994	NRECA GROUP BENEFI	74.86	-	DIRECTOR PAID LIFE INSURANCE	1512063
353	930.30	Accounts Payable	232.03	BDEX 11	12/09/15	37923	1751	VISA	1,176.00	-	NRECA WINTER SCHOOL/R LONDON	SA0000000056477
354	930.30	Accounts Payable	232.03	BDEX 11	12/09/15	37923	1751	VISA	167.53	-	KAEC ANN MTG/R SMITH	SA0000000056478
355	930.30	Accounts Payable	232.03	BDEX 11	12/14/15	38050	1295	KENTUCKY ASSOCIA'	94.00	-	KAEC TRNG/R SMITH	11558358
356	930.30	Accounts Payable	232.03	BDEX 03	12/14/15	38088	1295	KENTUCKY ASSOCIA'	1,036.00	-	KAEC ANN MTG MEALS/DIRECTORS	11558638
357	930.30	Accounts Payable	232.03	BDEX 01	12/21/15	38031	1088	BUTTON FREDDIE D	300.00	-	FRECC BRD MTG 12-17-15/F BUTTON	SA0000000056532
358	930.30	Accounts Payable	232.03	BDEX 02	12/21/15	38031	1088	BUTTON FREDDIE D	12.65	-	DIRECTOR'S MILEAGE	SA0000000056532
359	930.30	Accounts Payable	232.03	BDEX 17	12/21/15	38031	1088	BUTTON FREDDIE D	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000056532
360	930.30	Accounts Payable	232.03	BDEX 06	12/21/15	38031	1088	BUTTON FREDDIE D	-	(0.61)	DIRECTOR PAID LIFE INSURANCE	SA0000000056532
361	930.30	Accounts Payable	232.03	BDEX 01	12/21/15	38036	12105	LONDON RANDY	300.00	-	FRECC BRD MTG 12-17-15/R LONDON	SA0000000056534
362	930.30	Accounts Payable	232.03	BDEX 02	12/21/15	38036	12105	LONDON RANDY	10.35	-	DIRECTOR'S MILEAGE	SA0000000056534
363	930.30	Accounts Payable	232.03	BDEX 17	12/21/15	38036	12105	LONDON RANDY	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000056534
364	930.30	Accounts Payable	232.03	BDEX 11	12/21/15	38036	12105	LONDON RANDY	900.00	-	NRECA DIR CONF/R LONDON	SA0000000056534
365	930.30	Accounts Payable	232.03	BDEX 02	12/21/15	38036	12105	LONDON RANDY	116.73	-	MILEAGE/WINTER SCHOOL/R LONDON	SA0000000056534
366	930.30	Accounts Payable	232.03	BDEX 06	12/21/15	38036	12105	LONDON RANDY	-	(24.05)	DIRECTOR PAID LIFE INSURANCE	SA0000000056534
367	930.30	Accounts Payable	232.03	BDEX 01	12/21/15	38034	1398	MARTIN C F JR	300.00	-	FRECC BRD MTG 12-17-15/CF MRTIN	SA0000000056535
368	930.30	Accounts Payable	232.03	BDEX 02	12/21/15	38034	1398	MARTIN C F JR	23.00	-	DIRECTOR'S MILEAGE	SA0000000056535
369	930.30	Accounts Payable	232.03	BDEX 17	12/21/15	38034	1398	MARTIN C F JR	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000056535
370	930.30	Accounts Payable	232.03	BDEX 06	12/21/15	38034	1398	MARTIN C F JR	-	(0.61)	DIRECTOR PAID LIFE INSURANCE	SA0000000056535
371	930.30	Accounts Payable	232.03	BDEX 01	12/21/15	38033	1352	PENDYGRAFT NEIL	300.00	-	FRECC BRD MTG 12-17-15/NEIL P	SA0000000056536
372	930.30	Accounts Payable	232.03	BDEX 02	12/21/15	38033	1352	PENDYGRAFT NEIL	7.48	-	DIRECTOR'S MILEAGE	SA0000000056536
373	930.30	Accounts Payable	232.03	BDEX 17	12/21/15	38033	1352	PENDYGRAFT NEIL	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000056536
374	930.30	Accounts Payable	232.03	BDEX 06	12/21/15	38033	1352	PENDYGRAFT NEIL	-	(0.61)	DIRECTOR PAID LIFE INSURANCE	SA0000000056536
375	930.30	Accounts Payable	232.03	BDEX 01	12/21/15	38035	10928	SEXTON RANDY D	300.00	-	FRECC BRD MTG 12-17-15/R SEXTON	SA0000000056537

Schedule H  
Adjustment to Expense  
Continued

F. Supporting Data, Continued

Account 930.30 - Directors Expenses, Continued

Line No.	ACCOUNT SOURCE	R-ACCT	ITEM ID	DATE	CHECK	VENDOR	VENDOR NAME	DEBIT	CREDIT	DESCRIPTION	INVOICE NBR
376	930.30 Accounts Payable	232.03	BDEX 02	12/21/15	38035	10928	SEXTON RANDY D	21.85	-	DIRECTOR'S MILEAGE	SA0000000056537
377	930.30 Accounts Payable	232.03	BDEX 17	12/21/15	38035	10928	SEXTON RANDY D	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000056537
378	930.30 Accounts Payable	232.03	BDEX 06	12/21/15	38035	10928	SEXTON RANDY D	-	(1.35)	DIRECTOR PAID LIFE INSURANCE	SA0000000056537
379	930.30 Accounts Payable	232.03	BDEX 01	12/21/15	38037	12563	SMITH RONNIE D	300.00	-	FRECC BRD MTG 12-17-15/R SMITH	SA0000000056538
380	930.30 Accounts Payable	232.03	BDEX 02	12/21/15	38037	12563	SMITH RONNIE D	23.58	-	DIRECTOR'S MILEAGE	SA0000000056538
381	930.30 Accounts Payable	232.03	BDEX 17	12/21/15	38037	12563	SMITH RONNIE D	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000056538
382	930.30 Accounts Payable	232.03	BDEX 06	12/21/15	38037	12563	SMITH RONNIE D	-	(24.05)	DIRECTOR PAID LIFE INSURANCE	SA0000000056538
383	930.30 Accounts Payable	232.03	BDEX 01	12/21/15	38032	1259	HAWKINS PAUL C	300.00	-	FRECC BRD MTG 12-21-15/P HAWKINS	SA0000000056539
384	930.30 Accounts Payable	232.03	BDEX 02	12/21/15	38032	1259	HAWKINS PAUL C	39.10	-	DIRECTOR'S MILEAGE	SA0000000056539
385	930.30 Accounts Payable	232.03	BDEX 17	12/21/15	38032	1259	HAWKINS PAUL C	800.00	-	DIRECTOR'S MONTHLY STIPEND	SA0000000056539
386	930.30 Accounts Payable	232.03	BDEX 06	12/21/15	38032	1259	HAWKINS PAUL C	-	(24.05)	DIRECTOR PAID LIFE INSURANCE	SA0000000056539
387	930.30 Journal Entries	143.00	AREC 05	12/21/15				-	(148.00)	CORRECT A/C # KAEC MEALS/P HAWKI	
388	930.30 Journal Entries	143.00	JECR 07	12/21/15				428.70	-	CORRECT A/C # ON CHECK 37817	
389	930.30 Accounts Payable	232.03	BDEX 11	12/31/15	38115	1751	VISA	1,140.00	-	NRECA WINTER SCHOOL/R LONDON	SA0000000056562
390	930.30 Accounts Payable	232.03	BDEX 11	12/31/15	38115	1751	VISA	311.06	-	KAEC ANN MTG ROOM/R LONDON	SA0000000056563
391	930.30 Accounts Payable	232.03	BDEX 11	12/31/15	38115	1751	VISA	600.69	-	NRECA WINTER SCHOOL ROOM/R LOND	SA0000000056563
392	930.30 Accounts Payable	232.03	BDEX 11	12/31/15	38115	1751	VISA	311.06	-	KAEC ANN MTG/F BUTTON	SA0000000056564
393	930.30 Accounts Payable	232.03	BDEX 11	12/31/15	38115	1751	VISA	335.06	-	KAEC ANN MTG/CF MARTIN	SA0000000056565
394	930.30 Accounts Payable	232.03	BDEX 11	12/31/15	38115	1751	VISA	335.06	-	KAEC ANN MTG/NEIL PENDYGRAFT	SA0000000056566
395	930.30 Accounts Payable	232.03	BDEX 11	12/31/15	38115	1751	VISA	21.22	-	KAEC ANN MTG MEAL/P HAWKINS	SA0000000056568
396	930.30 Accounts Payable	232.03	BDEX 11	12/31/15	38115	1751	VISA	21.22	-	KAEC ANN MTG MEAL/R LONDON	SA0000000056568
397	930.30 Accounts Payable	232.03	BDEX 11	12/31/15	38115	1751	VISA	21.22	-	KAEC ANN MTG MEAL/R SEXTON	SA0000000056568
398	930.30 Accounts Payable	232.03	BDEX 11	12/31/15	38115	1751	VISA	21.22	-	KAEC ANN MTG MEAL/N PENDYGRAFT	SA0000000056568
399	930.30 Accounts Payable	232.03	BDEX 11	12/31/15	38115	1751	VISA	21.22	-	KAEC ANN MTG MEAL/R SMITH	SA0000000056568
400	930.30 Accounts Payable	232.03	BDEX 11	12/31/15	38115	1751	VISA	21.22	-	KAEC ANN MTG MEAL/F BUTTON	SA0000000056568
401	930.30 Accounts Payable	232.03	BDEX 11	12/31/15	38115	1751	VISA	15.21	-	UUS/KAEC BRD MTG/R SMITH	SA0000000056580
402	930.30 Accounts Payable	232.03	BDEX 11	12/31/15	38115	1751	VISA	311.06	-	KAEC ANN MTG ROOM/R SMITH	SA0000000056580
403	930.30 Accounts Payable	232.03	BDEX 11	12/31/15	38115	1751	VISA	145.09	-	BRD LEADERSHIP TRNG ROOM/R SMITH	SA0000000056580
404											
405								115,520.16	(1,480.66)		
406											
407											
								Account Balance as of December 31, 2015:		114,039.50	

Schedule H  
Adjustment to Expense  
Continued

F. Supporting Data, Continued

**Account 930.30 - Directors Expenses**

Line No.	Payee	Date	Check Number	Description	Invoice No.	Amount
1	NRECA GROUP BENEFITS TRUST	01/02/15	35184	DIRECTOR PAID LIFE INSURANCE	15011063	75.33
2	BUTTON FREDDIE D	01/26/15	35364	FRECC BRD MTG/1-22-15/F BUTTON	SA00000000055208	1,112.04
3	HAWKINS PAUL C	01/26/15	35365	FRECC BRD MTG 1-22-15/P HAWKINS	SA00000000055209	1,115.05
4	LONDON RANDY	01/26/15	35369	FRECC BRD MTG 1-22-15/R LONDON	SA00000000055210	1,086.30
5	MARTIN C F JR	01/26/15	35367	FRECC BRD MTG 1-22-15/CF MARTIN	SA00000000055211	1,122.39
6	PENDYGRAFT NEIL	01/26/15	35366	FRECC BRD MTG 1-22-15/N PENDYGRAFT	SA00000000055212	1,106.87
7	SEXTON RANDY D	01/26/15	35368	FRECC BRD MTG 1-22-15/R SEXTON	SA00000000055213	1,120.50
8	SMITH RONNIE D	01/26/15	35370	FRECC BRD MTG 1-22-15/R SMITH	SA00000000055214	1,099.53
9	NRECA GROUP BENEFITS TRUST	02/02/15	35443	DIRECTOR PAID LIFE INSURANCE	15021063	75.33
10	BUTTON FREDDIE D	02/24/15	35603	FRECC BRD MTG 2-19-15/F BUTTON	SA00000000055344	1,112.04
11	HAWKINS PAUL C	02/24/15	35604	FRECC BRD MTG 2-19-15/P HAWKINS	SA00000000055345	1,115.05
12	LONDON RANDY	02/24/15	35608	FRECC BRD MTG 2-19-15/R LONDON	SA00000000055346	1,086.30
13	MARTIN C F JR	02/24/15	35606	FRECC BRD MTG 2-19-15/CF MARTIN	SA00000000055347	1,122.39
14	PENDYGRAFT NEIL	02/24/15	35605	FRECC BRD MTG 2-19-15/NEIL PENDYGRAFT	SA00000000055348	1,106.87
15	SEXTON RANDY D	02/24/15	35607	FRECC BRD MTG 2-19-15/RANDY SEXTON	SA00000000055349	1,120.50
16	SMITH RONNIE D	02/24/15	35609	FRECC BRD MTG 2-19-15/R SMITH	SA00000000055350	1,099.53
17	VISA	02/26/15	35678	NRECA ANN MTG ROOM/NEIL PENDYGRAFT	SA00000000055365	309.38
18	VISA	02/27/15	35678	KAEC BRD METG MEAL/R SMITH	SA00000000055369	9.64
19	NRECA GROUP BENEFITS TRUST	03/03/15	35653	DIRECTOR PAID LIFE INSURANCE	15031063	74.86
20	BUTTON FREDDIE D	03/24/15	35832	FRECC BRD MTG 3-19-15/F BUTTON	SA00000000055462	1,112.04
21	HAWKINS PAUL C	03/24/15	35833	FRECC BRD MTG 3-19-15/P HAWKINS	SA00000000055463	1,115.05
22	LONDON RANDY	03/24/15	35837	FRECC BRD MTG 3-19-15/R LONDON	SA00000000055464	1,086.30
23	MARTIN C F JR	03/24/15	35835	FRECC BRD MTG 3-19-15/CF MARTIN	SA00000000055465	1,122.39
24	PENDYGRAFT NEIL	03/24/15	35834	FRECC BRD MTG 3-19-15/N PENDYGRAFT	SA00000000055466	1,106.87
25	SEXTON RANDY D	03/24/15	35836	FRECC BRD MTG 3-19-15/R SEXTON	SA00000000055467	1,120.50
26	SMITH RONNIE D	03/24/15	35838	FRECC BRD MTG 3-19-15/R SMITH	SA00000000055468	1,099.53
27	PENDYGRAFT NEIL	03/27/15	35872	NRECA ANN MTG/N PENDYGRAFT	SA00000000055481	2,406.58
28	NRECA GROUP BENEFITS TRUST	04/02/15	35925	DIRECTOR PAID LIFE INSURANCE	15041063	74.86
29	NATIONAL RURAL ELECTRIC	04/16/15	36119	NRECA SUMMER SCHOOL/R SMITH	1336644	2,071.00
30	BUTTON FREDDIE D	04/20/15	36074	FRECC BRD MTG 4-16-15/F BUTTON	SA00000000055557	1,112.04
31	HAWKINS PAUL C	04/20/15	36075	FRECC BRD MTG 4-16-15/P HAWKINS	SA00000000055558	1,115.05

Schenectady H  
Adjustment to Expense  
Continued

Witness: Lance C. Schafer

F. Supporting Data, Continued

**Account 930.30 - Directors Expenses**

Line No.	Payee	Date	Check Number	Description	Invoice No.	Amount
32	LONDON RANDY	04/20/15	36079	FRECC BRD MTG 4-16-15/RANDY LOND	SA00000000055559	1,086.30
33	MARTIN C F JR	04/20/15	36077	FRECC BRD MTG 4-16-15/CF MARTIN	SA00000000055560	1,122.39
34	PENDYGRAFT NEIL	04/20/15	36076	FRECC BRD MTG 4-16-15/NEIL PENDY	SA00000000055561	1,106.87
35	SEXTON RANDY D	04/20/15	36078	FRECC BRD MTG 4-19-15/RANDY SEXT	SA00000000055562	1,120.50
36	SMITH RONNIE D	04/20/15	36080	FRECC BRD MTG 4-16-15/R SMITH	SA00000000055563	1,099.53
37	NRECA GROUP BENEFITS TRUST	05/01/15	36193	DIRECTOR PAID LIFE INSURANCE	15051063	74.86
38	BUTTON FREDDIE D	05/26/15	36379	FRECC BRD MTG 5-22-15/F BUTTON	SA00000000055725	1,112.04
39	HAWKINS PAUL C	05/26/15	36380	FRECC BRD MTG 5-22-15/P HAWKINS	SA00000000055726	1,115.05
40	LONDON RANDY	05/26/15	36384	FRECC BRD MTG 5-22-15/R LONDON	SA00000000055727	1,086.30
41	MARTIN C F JR	05/26/15	36382	FRECC BRD MTG 5-22-15/CF MARTIN	SA00000000055728	1,122.39
42	PENDYGRAFT NEIL	05/26/15	36381	FRECC BRD MTG 5-22-15/NEIL PENDYGF	SA00000000055729	1,106.87
43	SEXTON RANDY D	05/26/15	36383	FRECC BRD MTG 5-22-15/R SEXTON	SA00000000055730	1,120.50
44	SMITH RONNIE D	05/26/15	36385	FRECC BRD MTG 5-22-15/R SMITH	SA00000000055731	1,099.53
45	SMITH RONNIE D	05/26/15	36385	MILEAGE/KAEC MTG/R SMITH	SA00000000055731	111.55
46	NRECA GROUP BENEFITS TRUST	06/01/15	36454	DIRECTOR PAID LIFE INSURANCE	15061063	74.86
47	BUTTON FREDDIE D	06/11/15	36511	EKPC ANNUAL MTG/F BUTTON	SA00000000055782	339.10
48	BUTTON FREDDIE D	06/19/15	36558	FRECC BRD MTG 6-18-15/F BUTTON	SA00000000055794	1,112.04
49	HAWKINS PAUL C	06/19/15	36559	FRECC BRD MTG 6-18-15/P. HAWKINS	SA00000000055795	1,115.05
50	LONDON RANDY	06/19/15	36563	FRECC BRD MTG 6-18-15/R LONDON	SA00000000055796	1,086.30
51	MARTIN C F JR	06/19/15	36561	FRECC BRD MTG 6-18-15/CF MARTIN	SA00000000055797	1,122.39
52	PENDYGRAFT NEIL	06/19/15	36560	FRECC BRD MTG 6-18-15/N PENDYGRA	SA00000000055798	1,106.87
53	SEXTON RANDY D	06/19/15	36562	FRECC BRD MTG 6-18-15/R SEXTON	SA00000000055799	1,120.50
54	SMITH RONNIE D	06/19/15	36564	FRECC BRD MTG 6-18-15/R SMITH	SA00000000055800	1,099.53
55	VISA	06/26/15	36664	KAEC BRD MTG/R SMITH	SA00000000055846	168.94
56	VISA	06/26/15	36664	BOARD AGENDA MTG MEAL/NEIL P	SA00000000055849	12.19
57	NRECA GROUP BENEFITS TRUST	07/01/15	36640	DIRECTOR PAID LIFE INSURANCE	15071063	74.86
58	BUTTON FREDDIE D	07/23/15	36844	FREDD BRD MTG 7-16-15/F BUTTON	SA00000000055929	1,099.39
59	HAWKINS PAUL C	07/23/15	36850	FRECC BRD MTG 7-16-15/P HAWKINS	SA00000000055930	1,115.05
60	LONDON RANDY	07/23/15	36863	FRECC BRD MTG 7-16-15/R LONDON	SA00000000055931	1,086.30
61	MARTIN C F JR	07/23/15	36854	FRECC BRD MTG 7-16-15/CF MARTIN	SA00000000055932	1,122.39
62	PENDYGRAFT NEIL	07/23/15	36853	FRECC BRD MTG 7-16-15/NEIL PENDYGF	SA00000000055933	1,106.87
63	SEXTON RANDY D	07/23/15	36860	DIRECTOR'S MONTHLY STIPEND	SA00000000055934	798.65
64	SMITH RONNIE D	07/23/15	36865	FRECC BRD MTG 7-16-15/R SMITH	SA00000000055935	1,099.53

Schedule H  
Adjustment to Expense  
Continued

Exhibit F

Page 62 of 74

Witness: Lance C. Schafer

F. Supporting Data, Continued

**Account 930.30 - Directors Expenses**

Line No.	Payee	Date	Check Number	Description	Invoice No.	Amount
65	SMITH RONNIE D	07/23/15	36865	NRECA DIR CONF BRANSON/R SMITH	SA00000000055935	2,341.56
66	NRECA GROUP BENEFITS TRUST	08/03/15	36921	DIRECTOR PAID LIFE INSURANCE	15081063	74.86
67	BUTTON FREDDIE D	08/26/15	37088	FRECC BRD MTG 8-20-15/F BUTTON	SA00000000056068	1,112.04
68	HAWKINS PAUL C	08/26/15	37090	FRECC BRD MTG 8-20-15/P HAWKINS	SA00000000056069	1,115.05
69	LONDON RANDY	08/26/15	37094	FRECC BRD MTG 8-20-15/R LONDON	SA00000000056070	1,086.30
70	MARTIN C F JR	08/26/15	37092	FRECC BRD MTG 8-20-15/CF MARTIN	SA00000000056071	1,122.39
71	PENDYGRAFT NEIL	08/26/15	37091	FRECC BRD MTG 8-20-15/NEIL PENDY	SA00000000056072	1,106.87
72	SEXTON RANDY D	08/26/15	37093	FRECC BRD MTG 8-20-15/R SEXTON	SA00000000056073	1,120.50
73	SMITH RONNIE D	08/26/15	37095	FRECC BRD MTG 8-20-15/R SMITH	SA00000000056074	1,099.53
74	SMITH RONNIE D	08/26/15	37095	DIRECTOR'S MILEAGE	SA00000000056074	89.70
75	NRECA GROUP BENEFITS TRUST	09/01/15	37134	DIRECTOR PAID LIFE INSURANCE	15091063	74.86
76	BUTTON FREDDIE D	09/21/15	37312	FRECC BRD MTG 9-17-15/F BUTTON	SA00000000056171	1,112.04
77	HAWKINS PAUL C	09/21/15	37313	FRECC BRD MTG 9-17-15/P HAWKINS	SA00000000056172	1,115.05
78	LONDON RANDY	09/21/15	37317	FRECC BRD MTG 9-17-15/R LONDON	SA00000000056173	1,086.30
79	MARTIN C F JR	09/21/15	37315	FRECC BRD MTG 9-17-15/CF MARTIN	SA00000000056174	1,122.39
80	PENDYGRAFT NEIL	09/21/15	37314	FRECC BRD MTG 9-17-15/NEIL PENDY	SA00000000056175	1,106.87
81	SEXTON RANDY D	09/21/15	37316	FRECC BRD MTG 9-17-15/R SEXTON	SA00000000056176	1,120.50
82	SMITH RONNIE D	09/21/15	37318	FRECC BRD MTG 9-17-15/R SMITH	SA00000000056177	1,099.53
83	NRECA GROUP BENEFITS TRUST	10/01/15	37400	DIRECTOR PAID LIFE INSURANCE	1510163	74.86
84	BUTTON FREDDIE D	10/20/15	37568	FRECC BRD MTG 10-15-15/F BUTTON	SA00000000056286	1,112.04
85	HAWKINS PAUL C	10/20/15	37569	FRECC BRD MTG 10-15-15/P HAWKINS	SA00000000056287	1,115.05
86	LONDON RANDY	10/20/15	37573	FRECC BRD MTG 10-15-15/R LONDON	SA00000000056288	1,086.30
87	MARTIN C F JR	10/20/15	37571	FRECC BRD MTG 10-15-15/CF MARTIN	SA00000000056289	1,122.39
88	PENDYGRAFT NEIL	10/20/15	37570	FRECC BRD MTG 10-15-15/NEIL PEND	SA00000000056290	1,106.87
89	SEXTON RANDY D	10/20/15	37572	FRECC BRD MTG 10-15-15/R SEXTON	SA00000000056291	1,120.50
90	SMITH RONNIE D	10/20/15	37574	FRECC BRD MTG 10-15-15/R SMITH	SA00000000056292	1,099.53
91	SMITH RONNIE D	10/20/15	37574	MILEAGE/KAEC/R SMITH	SA00000000056292	268.08
92	NRECA GROUP BENEFITS TRUST	11/02/15	37648	DIRECTOR PAID LIFE INSURANCE	15111063	74.86
93	BUTTON FREDDIE D	11/24/15	37816	FRECC BRD MTG 11-17-15/F BUTTON	SA00000000056407	1,112.04
94	BUTTON FREDDIE D	11/24/15	37816	KAEC ANN MTG/F BUTTON	SA00000000056407	600.00
95	HAWKINS PAUL C	11/24/15	37817	FRECC BRD MTG 11-17-15/P HAWKINS	SA00000000056408	1,115.05
96	HAWKINS PAUL C	11/24/15	37817	DIRECTOR'S MILEAGE	SA00000000056408	126.50
97	LONDON RANDY	11/24/15	37821	FRECC BRD MTG 11-17-15/R LONDON	SA00000000056409	1,086.30

Schedule H  
Adjustment to Expense  
Continued

Witness: Lance C. Schafer

F. Supporting Data, Continued

**Account 930.30 - Directors Expenses**

Line No.	Payee	Date	Check Number	Description	Invoice No.	Amount
98	LONDON RANDY	11/24/15	37821	KAEC ANN MTG/R LONDON	SA0000000056409	600.00
99	MARTIN C F JR	11/24/15	37819	FRECC BRD MTG 11-17-15/CF MARTIN	SA0000000056410	1,122.39
100	MARTIN C F JR	11/24/15	37819	KAEC ANN MTG/CF MARTIN	SA0000000056410	600.00
101	PENDYGRAFT NEIL	11/24/15	37818	FRECC BRD MTG 11-17-15/NEIL PEND	SA0000000056411	1,106.87
102	PENDYGRAFT NEIL	11/24/15	37818	KAEC ANN MTG/NEIL PENDYGRAFT	SA0000000056411	721.90
103	SEXTON RANDY D	11/24/15	37820	FRECC BRD MTG 11-17-1/R SEXTON	SA0000000056412	1,120.50
104	SEXTON RANDY D	11/24/15	37820	KAEC ANN MTG/R SEXTON	SA0000000056412	1,065.59
105	SMITH RONNIE D	11/24/15	37822	FRECC BRD MTG 11-17-15/R SMITH	SA0000000056413	1,099.53
106	SMITH RONNIE D	11/24/15	37822	KAEC ANN MTG/R SMITH	SA0000000056413	807.00
107	BUTTON FREDDIE D	12/01/15	37800	DIRECTOR'S/CHRISTMAS GIFT	SA0000000056398	100.00
108	HAWKINS PAUL C	12/01/15	37801	DIRECTOR'S/CHRISTMAS GIFT	SA0000000056399	100.00
109	LONDON RANDY	12/01/15	37810	DIRECTOR'S/CHRISTMAS GIFT	SA0000000056400	100.00
110	MARTIN C F JR	12/01/15	37803	DIRECTOR'S/CHRISTMAS GIFT	SA0000000056401	100.00
111	PENDYGRAFT NEIL	12/01/15	37802	DIRECTOR'S/CHRISTMAS GIFT	SA0000000056402	100.00
112	SEXTON RANDY D	12/01/15	37808	DIRECTOR'S/CHRISTMAS GIFT	SA0000000056403	100.00
113	SMITH RONNIE D	12/01/15	37811	DIRECTOR'S/CHRISTMAS GIFT	SA0000000056404	100.00
114	NRECA GROUP BENEFITS TRUST	12/01/15	37874	DIRECTOR PAID LIFE INSURANCE	1512063	74.86
115	VISA	12/09/15	37923	NRECA WINTER SCHOOL/R LONDON	SA0000000056477	1,176.00
116	VISA	12/09/15	37923	KAEC ANN MTG/R SMITH	SA0000000056478	167.53
117	KENTUCKY ASSOCIATION OF	12/14/15	38050	KAEC TRNG/R SMITH	11558358	94.00
118	KENTUCKY ASSOCIATION OF	12/14/15	38088	KAEC ANN MTG MEALS/DIRECTORS	11558638	1,036.00
119	BUTTON FREDDIE D	12/21/15	38031	FRECC BRD MTG 12-17-15/F BUTTON	SA0000000056532	1,112.04
120	LONDON RANDY	12/21/15	38036	FRECC BRD MTG 12-17-15/R LONDON	SA0000000056534	1,086.30
121	LONDON RANDY	12/21/15	38036	NRECA WINTER SCHOOL/R LONDON	SA0000000056534	1,016.73
122	MARTIN C F JR	12/21/15	38034	FRECC BRD MTG 12-17-15/CF MARTIN	SA0000000056535	1,122.39
123	PENDYGRAFT NEIL	12/21/15	38033	FRECC BRD MTG 12-17-15/NEIL P	SA0000000056536	1,106.87
124	SEXTON RANDY D	12/21/15	38035	FRECC BRD MTG 12-17-15/R SEXTON	SA0000000056537	1,120.50
125	SMITH RONNIE D	12/21/15	38037	FRECC BRD MTG 12-17-15/R SMITH	SA0000000056538	1,099.53
126	HAWKINS PAUL C	12/21/15	38032	FRECC BRD MTG 12-21-15/P HAWKINS	SA0000000056539	1,115.05
127	VISA	12/31/15	38115	KAEC ANN MTG ROOM/R LONDON	SA0000000056563	311.06
128	VISA	12/31/15	38115	NRECA WINTER SCHOOL ROOM/R LONI	SA0000000056563	600.69
129	VISA	12/31/15	38115	KAEC ANN MTG/F BUTTON	SA0000000056564	311.06
130	VISA	12/31/15	38115	KAEC ANN MTG/CF MARTIN	SA0000000056565	335.06

Schedule H  
Adjustment to Expense  
Continued

Witness: Lance C. Schafer

F. Supporting Data, Continued

**Account 930.30 - Directors Expenses**

Line No.	Payee	Date	Check Number	Description	Invoice No.	Amount
131	VISA	12/31/15	38115	KAEC ANN MTG/NEIL PENDYGRAFT	SA00000000056566	335.06
132	VISA	12/31/15	38115	KAEC ANN MTG MEAL/P HAWKINS	SA00000000056568	21.22
133	VISA	12/31/15	38115	KAEC ANN MTG MEAL/R LONDON	SA00000000056568	21.22
134	VISA	12/31/15	38115	KAEC ANN MTG MEAL/R SEXTON	SA00000000056568	21.22
135	VISA	12/31/15	38115	KAEC ANN MTG MEAL/N PENDYGRAFT	SA00000000056568	21.22
136	VISA	12/31/15	38115	KAEC ANN MTG MEAL/R SMITH	SA00000000056568	21.22
137	VISA	12/31/15	38115	KAEC ANN MTG MEAL/F BUTTON	SA00000000056568	21.22
138	VISA	12/31/15	38115	UUS/KAEC BRD MTG/R SMITH	SA00000000056568	15.21
139	VISA	12/31/15	38115	KAEC ANN MTG ROOM/R SMITH	SA00000000056580	311.06
140	VISA	12/31/15	38115	BRD LEADERSHIP TRNG ROOM/R SMITH	SA00000000056580	<u>145.09</u>
141						
142						
143						
144						
145						
146						
147						
148						
149						
150						
151						

Acceptable Expenses for Rate-Making Purp  
Total Expenses  
Adjustment Amount

Schedule H  
Adjustment to Expense  
Continued

F. Supporting Data, Continued

Account 930.30 - Directors Expenses

Line No.	Payee	Breakdown of Check							
		Monthly Stipend	Regular Board Mtg	Mileage Reimb - Reg. Board Mtg	Other Meetings	Mileage Reimb - Other Mtgs	Airfare	Class Training	Hotel
1	NRECA GROUP BENEFITS TRUST								
2	BUTTON FREDDIE D	800	300	12.65					
3	HAWKINS PAUL C	800	300	39.10					
4	LONDON RANDY	800	300	10.35					
5	MARTIN C F JR	800	300	23.00					
6	PENDYGRAFT NEIL	800	300	7.48					
7	SEXTON RANDY D	800	300	21.85					
8	SMITH RONNIE D	800	300	23.58					
9	NRECA GROUP BENEFITS TRUST								
10	BUTTON FREDDIE D	800	300	12.65					
11	HAWKINS PAUL C	800	300	39.10					
12	LONDON RANDY	800	300	10.35					
13	MARTIN C F JR	800	300	23.00					
14	PENDYGRAFT NEIL	800	300	7.48					
15	SEXTON RANDY D	800	300	21.85					
16	SMITH RONNIE D	800	300	23.58					
17	VISA								309.38
18	VISA								
19	NRECA GROUP BENEFITS TRUST								
20	BUTTON FREDDIE D	800	300	12.65					
21	HAWKINS PAUL C	800	300	39.10					
22	LONDON RANDY	800	300	10.35					
23	MARTIN C F JR	800	300	23.00					
24	PENDYGRAFT NEIL	800	300	7.48					
25	SEXTON RANDY D	800	300	21.85					
26	SMITH RONNIE D	800	300	23.58					
27	PENDYGRAFT NEIL				1,200.00		566.70		618.76
28	NRECA GROUP BENEFITS TRUST								
29	NATIONAL RURAL ELECTRIC						2,071.00		
30	BUTTON FREDDIE D	800	300	12.65					
31	HAWKINS PAUL C	800	300	39.10					

Schedule H  
Adjustment to Expense  
Continued



F. Supporting Data, Continued

**Account 930.30 - Directors Expenses**

Line No.	Payee	Breakdown of Check							
		Monthly Stipend	Regular Board Mtg	Mileage Reimb - Reg. Board Mtg	Other Meetings	Mileage Reimb - Other Mtgs	Airfare	Class Training	Hotel
32	LONDON RANDY	800	300	10.35					
33	MARTIN C F JR	800	300	23.00					
34	PENDYGRAFT NEIL	800	300	7.48					
35	SEXTON RANDY D	800	300	21.85					
36	SMITH RONNIE D	800	300	23.58					
37	NRECA GROUP BENEFITS TRUST								
38	BUTTON FREDDIE D	800	300	12.65					
39	HAWKINS PAUL C	800	300	39.10					
40	LONDON RANDY	800	300	10.35					
41	MARTIN C F JR	800	300	23.00					
42	PENDYGRAFT NEIL	800	300	7.48					
43	SEXTON RANDY D	800	300	21.85					
44	SMITH RONNIE D	800	300	23.58					
45	SMITH RONNIE D							111.55	
46	NRECA GROUP BENEFITS TRUST								
47	BUTTON FREDDIE D				300.00		39.10		
48	BUTTON FREDDIE D	800	300	12.65					
49	HAWKINS PAUL C	800	300	39.10					
50	LONDON RANDY	800	300	10.35					
51	MARTIN C F JR	800	300	23.00					
52	PENDYGRAFT NEIL	800	300	7.48					
53	SEXTON RANDY D	800	300	21.85					
54	SMITH RONNIE D	800	300	23.58					
55	VISA								145.09
56	VISA								
57	NRECA GROUP BENEFITS TRUST								
58	BUTTON FREDDIE D	800	300						
59	HAWKINS PAUL C	800	300	39.10					
60	LONDON RANDY	800	300	10.35					
61	MARTIN C F JR	800	300	23.00					
62	PENDYGRAFT NEIL	800	300	7.48					
63	SEXTON RANDY D	800							
64	SMITH RONNIE D	800	300	23.58					

Schedule H  
Adjustment to Expense  
Continued

Witness: Lance C. Schafer

F. Supporting Data, Continued

**Account 930.30 - Directors Expenses**

Line No.	Payee	Breakdown of Check							
		Monthly Stipend	Regular Board Mtg	Mileage Reimb - Reg. Board Mtg	Other Meetings	Mileage Reimb - Other Mtgs	Airfare	Class Training	Hotel
65	SMITH RONNIE D				1,200.00	500.00			540.84
66	NRECA GROUP BENEFITS TRUST								
67	BUTTON FREDDIE D	800	300	12.65					
68	HAWKINS PAUL C	800	300	39.10					
69	LONDON RANDY	800	300	10.35					
70	MARTIN C F JR	800	300	23.00					
71	PENDYGRAFT NEIL	800	300	7.48					
72	SEXTON RANDY D	800	300	21.85					
73	SMITH RONNIE D	800	300	23.58					
74	SMITH RONNIE D					89.70			
75	NRECA GROUP BENEFITS TRUST								
76	BUTTON FREDDIE D	800	300	12.65					
77	HAWKINS PAUL C	800	300	39.10					
78	LONDON RANDY	800	300	10.35					
79	MARTIN C F JR	800	300	23.00					
80	PENDYGRAFT NEIL	800	300	7.48					
81	SEXTON RANDY D	800	300	21.85					
82	SMITH RONNIE D	800	300	23.58					
83	NRECA GROUP BENEFITS TRUST								
84	BUTTON FREDDIE D	800	300	12.65					
85	HAWKINS PAUL C	800	300	39.10					
86	LONDON RANDY	800	300	10.35					
87	MARTIN C F JR	800	300	23.00					
88	PENDYGRAFT NEIL	800	300	7.48					
89	SEXTON RANDY D	800	300	21.85					
90	SMITH RONNIE D	800	300	23.58					
91	SMITH RONNIE D					112.12			145.09
92	NRECA GROUP BENEFITS TRUST								
93	BUTTON FREDDIE D	800	300	12.65					
94	BUTTON FREDDIE D				600.00				
95	HAWKINS PAUL C	800	300	39.10					
96	HAWKINS PAUL C					126.50			
97	LONDON RANDY	800	300	10.35					



Schedule H  
Adjustment to Expense  
Continued

F. Supporting Data, Continued

Account 930.30 - Directors Expenses

Line No.	Payee	Breakdown of Check							Hotel
		Monthly Stipend	Regular Board Mtg	Mileage Reimb - Reg. Board Mtg	Other Meetings	Mileage Reimb - Other Mtgs	Airfare	Class Training	
131	VISA								311.06
132	VISA								
133	VISA								
134	VISA								
135	VISA								
136	VISA								
137	VISA								
138	VISA								
139	VISA								311.06
140	VISA								145.09
141									
142		67,200	24,900	<u>1,621.62</u>	7,200.00	1,555.13	566.70	3,341.00	4,540.39
143									
144									
145		67,200	24,900	1,621.62	2,100.00	39.10	566.70	0	1,384.29
146									
147				Exclusions:	5,100.00	1,516.03	-	3,341.00	3,156.10
148									
149		97,887.54		Tot. Exclusions:	15,159.96				
150		<u>113,047.50</u>		Corrections:	992.00				
151		<u>(15,159.96)</u>		Total	14,167.96				

Schedule H  
Adjustment to Expense  
Continued

F. Supporting Data, Continued

Account 930.30 - Directors Expenses

Breakdown of Check, Cont'd
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Line No.	Payee	Meals	Parking	Insurance	Other	Total
1	NRECA GROUP BENEFITS TRUST			75.33		75.33
2	BUTTON FREDDIE D			(0.61)		1,112.04
3	HAWKINS PAUL C			(24.05)		1,115.05
4	LONDON RANDY			(24.05)		1,086.30
5	MARTIN C F JR			(0.61)		1,122.39
6	PENDYGRAFT NEIL			(0.61)		1,106.87
7	SEXTON RANDY D			(1.35)		1,120.50
8	SMITH RONNIE D			(24.05)		1,099.53
9	NRECA GROUP BENEFITS TRUST			75.33		75.33
10	BUTTON FREDDIE D			(0.61)		1,112.04
11	HAWKINS PAUL C			(24.05)		1,115.05
12	LONDON RANDY			(24.05)		1,086.30
13	MARTIN C F JR			(0.61)		1,122.39
14	PENDYGRAFT NEIL			(0.61)		1,106.87
15	SEXTON RANDY D			(1.35)		1,120.50
16	SMITH RONNIE D			(24.05)		1,099.53
17	VISA					309.38
18	VISA	9.64				9.64
19	NRECA GROUP BENEFITS TRUST			74.86		74.86
20	BUTTON FREDDIE D			(0.61)		1,112.04
21	HAWKINS PAUL C			(24.05)		1,115.05
22	LONDON RANDY			(24.05)		1,086.30
23	MARTIN C F JR			(0.61)		1,122.39
24	PENDYGRAFT NEIL			(0.61)		1,106.87
25	SEXTON RANDY D			(1.35)		1,120.50
26	SMITH RONNIE D			(24.05)		1,099.53
27	PENDYGRAFT NEIL	21.12				2,406.58
28	NRECA GROUP BENEFITS TRUST			74.86		74.86
29	NATIONAL RURAL ELECTRIC					2,071.00
30	BUTTON FREDDIE D			(0.61)		1,112.04
31	HAWKINS PAUL C			(24.05)		1,115.05

Schedule H  
Adjustment to Expense  
Continued

F. Supporting Data, Continued

Account 930.30 - Directors Expenses

Breakdown of Check, Cont'd
----------------------------

Line No.	Payee	Meals	Parking	Insurance	Other	Total
32	LONDON RANDY			(24.05)		1,086.30
33	MARTIN C F JR			(0.61)		1,122.39
34	PENDYGRAFT NEIL			(0.61)		1,106.87
35	SEXTON RANDY D			(1.35)		1,120.50
36	SMITH RONNIE D			(24.05)		1,099.53
37	NRECA GROUP BENEFITS TRUST			74.86		74.86
38	BUTTON FREDDIE D			(0.61)		1,112.04
39	HAWKINS PAUL C			(24.05)		1,115.05
40	LONDON RANDY			(24.05)		1,086.30
41	MARTIN C F JR			(0.61)		1,122.39
42	PENDYGRAFT NEIL			(0.61)		1,106.87
43	SEXTON RANDY D			(1.35)		1,120.50
44	SMITH RONNIE D			(24.05)		1,099.53
45	SMITH RONNIE D					111.55
46	NRECA GROUP BENEFITS TRUST			74.86		74.86
47	BUTTON FREDDIE D					339.10
48	BUTTON FREDDIE D			(0.61)		1,112.04
49	HAWKINS PAUL C			(24.05)		1,115.05
50	LONDON RANDY			(24.05)		1,086.30
51	MARTIN C F JR			(0.61)		1,122.39
52	PENDYGRAFT NEIL			(0.61)		1,106.87
53	SEXTON RANDY D			(1.35)		1,120.50
54	SMITH RONNIE D			(24.05)		1,099.53
55	VISA	23.85				168.94
56	VISA	12.19				12.19
57	NRECA GROUP BENEFITS TRUST			74.86		74.86
58	BUTTON FREDDIE D			(0.61)		1,099.39
59	HAWKINS PAUL C			(24.05)		1,115.05
60	LONDON RANDY			(24.05)		1,086.30
61	MARTIN C F JR			(0.61)		1,122.39
62	PENDYGRAFT NEIL			(0.61)		1,106.87
63	SEXTON RANDY D			(1.35)		798.65
64	SMITH RONNIE D			(24.05)		1,099.53

Schedule H  
Adjustment to Expense  
Continued

F. Supporting Data, Continued

**Account 930.30 - Directors Expenses**

Breakdown of Check, Cont'd
----------------------------

Line No.	Payee	Meals	Parking	Insurance	Other	Total
65	SMITH RONNIE D	100.72				2,341.56
66	NRECA GROUP BENEFITS TRUST			74.86		74.86
67	BUTTON FREDDIE D			(0.61)		1,112.04
68	HAWKINS PAUL C			(24.05)		1,115.05
69	LONDON RANDY			(24.05)		1,086.30
70	MARTIN C F JR			(0.61)		1,122.39
71	PENDYGRAFT NEIL			(0.61)		1,106.87
72	SEXTON RANDY D			(1.35)		1,120.50
73	SMITH RONNIE D			(24.05)		1,099.53
74	SMITH RONNIE D					89.70
75	NRECA GROUP BENEFITS TRUST			74.86		74.86
76	BUTTON FREDDIE D			(0.61)		1,112.04
77	HAWKINS PAUL C			(24.05)		1,115.05
78	LONDON RANDY			(24.05)		1,086.30
79	MARTIN C F JR			(0.61)		1,122.39
80	PENDYGRAFT NEIL			(0.61)		1,106.87
81	SEXTON RANDY D			(1.35)		1,120.50
82	SMITH RONNIE D			(24.05)		1,099.53
83	NRECA GROUP BENEFITS TRUST			74.86		74.86
84	BUTTON FREDDIE D			(0.61)		1,112.04
85	HAWKINS PAUL C			(24.05)		1,115.05
86	LONDON RANDY			(24.05)		1,086.30
87	MARTIN C F JR			(0.61)		1,122.39
88	PENDYGRAFT NEIL			(0.61)		1,106.87
89	SEXTON RANDY D			(1.35)		1,120.50
90	SMITH RONNIE D			(24.05)		1,099.53
91	SMITH RONNIE D	10.87				268.08
92	NRECA GROUP BENEFITS TRUST			74.86		74.86
93	BUTTON FREDDIE D			(0.61)		1,112.04
94	BUTTON FREDDIE D					600.00
95	HAWKINS PAUL C			(24.05)		1,115.05
96	HAWKINS PAUL C					126.50
97	LONDON RANDY			(24.05)		1,086.30

Schedule H  
Adjustment to Expense  
Continued

F. Supporting Data, Continued

**Account 930.30 - Directors Expenses**

Breakdown of Check, Cont'd
----------------------------

Line No.	Payee	Meals	Parking	Insurance	Other	Total
98	LONDON RANDY					600.00
99	MARTIN C F JR			(0.61)		1,122.39
100	MARTIN C F JR					600.00
101	PENDYGRAFT NEIL			(0.61)		1,106.87
102	PENDYGRAFT NEIL					721.90
103	SEXTON RANDY D			(1.35)		1,120.50
104	SEXTON RANDY D					1,065.59
105	SMITH RONNIE D			(24.05)		1,099.53
106	SMITH RONNIE D					807.00
107	BUTTON FREDDIE D				100.00	100.00
108	HAWKINS PAUL C				100.00	100.00
109	LONDON RANDY				100.00	100.00
110	MARTIN C F JR				100.00	100.00
111	PENDYGRAFT NEIL				100.00	100.00
112	SEXTON RANDY D				100.00	100.00
113	SMITH RONNIE D				100.00	100.00
114	NRECA GROUP BENEFITS TRUST			74.86		74.86
115	VISA					1,176.00
116	VISA	22.44				167.53
117	KENTUCKY ASSOCIATION OF					94.00
118	KENTUCKY ASSOCIATION OF	1,036.00				1,036.00
119	BUTTON FREDDIE D			(0.61)		1,112.04
120	LONDON RANDY			(24.05)		1,086.30
121	LONDON RANDY					1,016.73
122	MARTIN C F JR			(0.61)		1,122.39
123	PENDYGRAFT NEIL			(0.61)		1,106.87
124	SEXTON RANDY D			(1.35)		1,120.50
125	SMITH RONNIE D			(24.05)		1,099.53
126	HAWKINS PAUL C			(24.05)		1,115.05
127	VISA					311.06
128	VISA					600.69
129	VISA					311.06
130	VISA		24.00			335.06

Schedule H  
Adjustment to Expense  
Continued

F. Supporting Data, Continued

**Account 930.30 - Directors Expenses**

Breakdown of Check, Cont'd
----------------------------

Line No.	Payee	Meals	Parking	Insurance	Other	Total
131	VISA		24.00			335.06
132	VISA	21.22				21.22
133	VISA	21.22				21.22
134	VISA	21.22				21.22
135	VISA	21.22				21.22
136	VISA	21.22				21.22
137	VISA	21.22				21.22
138	VISA	15.21				15.21
139	VISA					311.06
140	VISA					145.09
141						-
142		1,379.36	48.00	(4.70)	700.00	113,047.50
143						
144						General Ledger Balance as of 12/31/15 114,039.50
145		75.83	0	0	0	
146						Difference
147		1,303.53	48.00	(4.70)	700.00	992.00
148						<i>J/E to correct a/c # KAEC Meals/P Hawkins</i> (148.00)
149						<i>Portion of Check #38115 coded incorrectly.</i> 1,140.00
150						<i>This NRECA training was not a directors expense,</i>
151						<i>but a training for CEO &amp; VP Tech Services</i>

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

**IN THE MATTER OF ADJUSTMENT  
OF RATES OF FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

**CASE NO. 2016-00365**

**PREPARED TESTIMONY OF WILLIAM T. PRATHER**

**Q1. State your name, job title, and business address.**

A1. I am William T. Prather, President and CEO of Farmers Rural Electric Cooperative Corporation ("Farmers"), 504 South Broadway, Glasgow, KY 42141.

**Q2. How long have you been employed by Farmers?**

A2. I have been employed by Farmers RECC, as President and CEO, since August 2007, a period of over nine years.

**Q3. What was your employment experience prior to working for Farmers RECC?**

A3. I was employed at Owen Electric Cooperative, Inc., from February 1979 to October 2005, a period of almost 27 years. I held various positions during my tenure with Owen Electric, including supervision of the corporate general accounting, customer accounting and billing, member and public relations, IT services, construction, engineering staking, and vehicle fleet services. In October 2005, I accepted a position with East Kentucky Power Cooperative in economic development and industrial recruitment. I later assumed responsibility for the

member service department and Envision Energy Services subsidiary. I left East Kentucky Power in August 2007 to accept the CEO position at Farmers RECC.

**Q4. What is your educational background?**

A4. I have a Bachelor of Business Administration from Eastern Kentucky University and a Masters of Business Administration from the University of Kentucky.

**Q5. What is the main reason behind Farmer's request for an increase in rates?**

A5. The primary reason for the request for an increase in rates is to continue to provide the necessary funds to properly maintain and operate the distribution system and provide reliable service to our member-owners. Since our last rate adjustment in 2009, costs have risen and load growth has been small and erratic during the intervening years. The cooperative must also maintain financial stability and integrity and meet its loan covenants and requirements with the Rural Utilities Service ("RUS") and the National Rural Utilities Cooperative Finance Corporation ("CFC").

**Q6. You attributed the increase in expenses as the primary reason for this requested increase and lackluster load growth as a secondary reason. Please explain to us what expenses have increased and why, and the main reasons for a lack of load growth?**

A6. Some of the primary increases in costs have occurred in our vegetation management program, general labor costs, construction materials, system maintenance costs, property taxes, and depreciation. Cost drivers to most of these

are driven primarily by year-to-year inflationary increases over the past seven years. Depreciation cost increases are due to growth in plant value as we have constructed new plant or replaced existing plant. Load growth has been low and inconsistent due to weather variation, increases in energy efficiency by members, and slow economic growth.

**Q7. What steps has Farmers taken in regards to its current financial situation?**

A7. First and foremost, cooperative management is always focused on cost containment and improving efficiency and service. All program activities are scrutinized for a positive benefit, and whether they remain pertinent to providing the member-owners with value. We are focused on continual improvement in our operations and seek to improve operations while eliminating or reducing costs where possible. The vast majority of our costs are fixed, which gives us little latitude in reacting to declines in sales and the resulting margins used for operations. In the past couple of years, we have temporarily pared back our right-of-way trimming to preserve margins and try to meet long term lender financial requirements. This has been done, recognizing that this was only a temporary stop-gap measure, and not one that could or should be maintained without causing a decline in reliable service, decreased member satisfaction, and increased costs in other areas such as outage restoration. This reduction in expenditures for vegetation management is reflected in the test year data of this case. We chose not to increase the test year data with additional vegetation expenditures in an effort to keep the requested revenue/rate increase at approximately 4%.

**Q8. What has Farmers done to lower or control costs?**

A8. Management has consistently been focused on continual improvement with the goals of improving service and efficiency while lowering or controlling increases in costs. During the course of the last several years we have seized the opportunity twice to refinance existing RUS loans to reduce interest expense. Additionally, we have taken advantage of the historically-low variable interest rates on a portion of our new debt. In 2012, we introduced a new lower cost employee defined contribution retirement plan, to replace the higher cost defined benefit plan, for all new hires. In 2013, Farmers participated in a voluntarily prepay option to fund obligations to the National Rural Electric Cooperative Association ("NRECA") Retirement & Security ("RS") defined benefit Plan. The prepayment resulted in billing rate reductions and future cost savings. In 2010, we adopted much higher deductibles and a new wellness plan for our employee medical insurance coverage. In 2016, we joined the Kentucky Rural Electric Cooperative self-funded medical insurance group to reduce and moderate growth in costs for employee medical insurance coverage. Since 2007, we have reduced the number of full-time equivalent employees from seventy-one to sixty-three through restructuring, outsourcing, and improvements in productivity. Since 2011, we have focused heavily on maintenance and reliability work to reduce outage costs and improve member satisfaction.

**Q9. What are the objectives of the rates and changes that have been proposed in this case by Farmers?**

A9. The rates requested in this case have been designed to take into consideration the Cooperative's cost of service for its various classes of service with the goal of gradually moving towards proper cost recovery among the various classes; gradually moving towards recovering more of the Cooperative's fixed distribution costs through the customer charge to reduce dependence on energy sales for adequate revenue; and gradually moving towards a more accurate, consistent and fair recovery of fixed distribution costs via the customer charge from each individual customer so that each customer pays the same fair share of fixed distribution costs. The cooperative followed the same objectives in its 2008-00030 rate case. The Cooperative's rate design changes have followed the philosophy of "gradualism" to assist its member-owners in adapting to those changes in a non-disruptive manner. The overriding goal is to provide our member-owners with rates that are fair, just and reasonable.

**Q10. Does this conclude your testimony?**

A10. Yes, it does.



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

**IN THE MATTER OF ADJUSTMENT  
OF RATES OF FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

**CASE NO. 2016-00365**

**PREPARED TESTIMONY OF JENNIE PHELPS**

**Q1. Would you please state your name and business address?**

A1. My name is Jennie Phelps. My business address is Farmers Rural Electric Cooperative Corporation ("Farmers"), 504 South Broadway, P.O. Box 1298, Glasgow, Kentucky 42142-1298.

**Q2. What is your occupation?**

A2. I am the Vice President, Finance & Accounting at Farmers.

**Q3. How long have you been employed at Farmers and what are your responsibilities?**

A3. I was employed in October 2009. I am responsible for the management and oversight of the finance and accounting activities of the Cooperative. I oversee the day-to-day accounting functions for the Cooperative, which includes the preparation of all financial and accounting reports, payroll, accounts payable and distribution plant. I monitor cash flow activities, invest funds, manage the debt portfolio, and prepare the annual budget and the financial forecasting model to ensure that Farmers maintains a healthy and strong financial position.

**Q4. What is your education and work experience?**

A4. I graduated from the University of Kentucky in December 2002 with a Bachelor of Science in Accounting and in May 2003 with a Bachelor of Science in Business Administration. Upon graduation, I worked, for four years, as a staff accountant at

a public accounting firm. My primary responsibilities included auditing multiple commercial clients and completing several employee benefit plan audits. In April 2007, I joined an automotive supplier of aluminum die castings as its senior accountant. I was promoted to accounting manager where I performed general ledger review, supervised all accounting functions, monitored cash flow availability and administered the Company's retirement plan. In October 2009, I was hired at Farmers as the Controller. I was promoted to my current position as Vice President, Finance & Accounting in July 2012.

**Q5. Are you familiar with the contents of the Application and the Exhibits of Farmers RECC which has been filed with this Commission to commence this Case?**

A5. Yes. I have worked with our rate consultants in the preparation of this Application and its Exhibits.

**Q6. Are you sponsoring any exhibits?**

A6. Yes. I have included the following Exhibits:

Exhibit S – Balance Sheet, Income Statement and Cash Flow

Exhibit T – Capital Structure

**Q7. What considerations were given to increase the rates and charges of Farmers?**

A7. The purpose of this Application is to provide support of the fact that Farmers RECC needs the requested rate relief that is being sought in this rate application. The primary reason for the request is to continue to provide the necessary funds to properly maintain and operate the distribution system and provide reliable service to our member-owners. Costs gradually escalate over time and to maintain operations in a prudent manner, rates have to cover the increases. Since our last rate adjustment in 2009, load growth has been minimal during the intervening years. Between 2009 and 2015, the growth rate for the average number of members billed totaled 0.44%. Overall, the average kilowatt hours ("kWh") has

seen a growth rate of 1.75%; however, residential kWh sales declined 0.19% since 2009. Also, Farmers has filed this application due to its need to meet certain financial ratios as required by its mortgage agreements with its lenders: the Rural Utilities Service ("RUS") and the National Rural Utilities Cooperative Finance Corporation ("CFC"). For the test year ending December 31, 2015, Farmers had an Operating Times Interest Earned Ratio ("OTIER") of 0.98. Farmers is required in its mortgage agreement to maintain at least a minimum OTIER of 1.10, based on an average of two best out of the three most current years.

**Q8. What has been Farmers' policy in regards to long term financing and interest rates?**

A8. Farmers has always strived to find a balance between maximizing savings on interest rates and maintaining stability to lessen the impact on electric rates. In 2009, the debt ratio was 100% fixed with a blended interest rate of 5.31%. Since our last rate adjustment, Farmers has taken advantage of extremely low variable Federal Financing Bank ("FFB") rates. In 2015, the debt ratio was 26% variable and 74% fixed with a blended interest rate of 3.55%. Also, Farmers has seized the opportunity twice to refinance existing RUS loans to further reduce its interest expense [PSC Case No. 2010-00219 and PSC Case No. 2012-00194].

**Q9. What adjustments have Farmers made to payroll-related items?**

A9. Farmers has consistently focused on lowering or controlling increases for payroll-related items. Farmers introduced a new lower cost employee defined contribution retirement plan, to replace the higher cost defined benefit plan, for all new hires after January 1, 2012. In 2013, Farmers participated in a voluntarily prepay option to fund obligations to the National Rural Electric Cooperative Association ("NRECA") Retirement & Security ("RS") Plan. The prepayment resulted in billing rate reductions and future cost savings. For example, the prepayment reduced the billing rate from 26.00% to 19.54% in the year 2015.

**Q10. Why did Farmers change its medical plan?**

A10. Farmers maintained its own self-insured medical plan for its 60+ employees for a number of years. Due to recent regulations, the Plan became too financially cumbersome to maintain. In order to reduce administration cost, Farmers joined the Kentucky Rural Electric Cooperative Employers Benefit Plan ("KREC"), effective January 1, 2016. The financial impact resulted in a normalized decrease in total fixed costs of \$12,879, as shown in Exhibit F, Schedule D.

**Q11. In your opinion, why is the rate case necessary for Farmers?**

A11. The adjusted rates requested in this case by Farmers are necessary to maintain the financial integrity of the Cooperative, satisfy the loan covenants of our lenders, and continue to provide reliable energy services for the member-owners. Since our last rate adjustment in 2009, several cost-saving initiatives have been made. Examples are illustrated throughout my testimony. Farmers will continue to operate in a cost-effective manner. However, we live in an environment of rising costs. Interest rates will not continue at historic lows. To properly maintain and operate the distribution system, this rate adjustment is necessary for Farmers.

**Q12. Does this conclude your testimony in this Case?**

A12. Yes it does.



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

**IN THE MATTER OF AN ADJUSTMENT OF )  
ELECTRIC UTILITY RATES OF FARMERS ) CASE NO. 2016-00365  
RURAL ELECTRIC COOPERATIVE CORPORATION )**

**DIRECT TESTIMONY OF JAMES R. ADKINS**

**Q1. State your name and business address.**

A1. My name is James R. Adkins and my address is 2189 Roswell Dr., Lexington, KY 40513.

**Q2. What is your past experience in cost of service studies and rate design for electric utilities?**

A2. I have been dealing with electric utility cost of service studies, rate design, revenue requirements and many different types of projects in the accounting and financial aspects of an electric utility for over thirty-five years.

**Q3. What is your experience in the electric utility industry?**

A3. I spent twenty-five years as the rate/pricing manager for East Kentucky Power Cooperative ("EKPC") and the last thirteen years, I have provided similar consulting services to electric cooperatives.

**Q4. Have you ever appeared as a witness before this Commission?**

A4. I have appeared as a witness before this Commission many times for East Kentucky Power Cooperative and for all the distribution cooperatives of EKPC and for two of the distribution cooperatives of Big Rivers Electric Corporation.

**Q5. What is your education background?**

A5. I have a Bachelor of Science Degree in Finance and a Master's Degree in Accounting. Both of my degrees are from the University of Kentucky.

**Q6. What has been your role in the preparation of this Application?**

A6. My role in this application has been to provide assistance and support to Farmers Rural Electric Cooperative Corporation ("Farmers") in the development of revenue requirements including the preparation of the test year adjustments, the determination of margin levels, and the rate design proposed in this Application.

**Q7. What is the basis for the proposed rates in this Application?**

A7. Guidance on the proposed rate design has been provided by the senior management of Farmers. The general guidance in the proposed rates and increase amounts were the following ones:

- Increase the customer charge;
- Use the results of the Cost of Service Study ("COSS") as a general guide in the development of the proposed rates and in the determination of the increase amounts for each rate class; and

- All rate classes will see some type of increase.
- The increase amount for the residential rate class is not to exceed five percent.

**Q8. The results of the COSS indicate that only a few rate classes are producing revenue less than the costs to serve and many rate classes are providing revenues in excess of the costs to serve. Why are those rate classes with revenues in excess of the costs to service receiving an increase in their proposed rates?**

A8. These classes are receiving some type of increase in the proposed rates primarily to keep the proposed increase for the residential rate class to the stated goal of an increase amount of less than five percent. See the table provided below which indicates the percentage the total increase proposed for each rate class.

Rate Class				Increase Amount	Percent of Total Increase
Schedule R - Residential Service				\$1,275,979	67.4%
Schedule OL - Outdoor Lighting Service Rate				53,305	2.8%
Schedule C - Comm. & Indust. Service Rate < 50 kW				209,207	11.0%
Schedule C - Comm. & Indust. Service Rate > 50 kW				215,803	11.4%
Schedule C - Time-of-Day Commerical Service				2,148	0.1%
Schedule D - Large Comm/Ind Opt Time of Day Rate				7,157	0.4%
Schedule E - Large industrial Rate				71,617	3.8%
Schedule SL - Street Lighting				1,724	0.1%
Schedule LPC-2 - Large Power				9,662	0.5%
Schedule LPE-4 Large Power Time of Day Rate Tariff				40,905	2.2%
Schedule RM - Residential Off-Peak Marketing - ETS				5,483	0.3%
Schedule CM - Small Commercial Off-Peak Marketing - ETS				36	0.0%
Rate Schedule NM - Net Metering				781	0.0%
Green Power				-	0.0%
Total				\$1,893,805	100.0%

It is readily apparent that ninety percent of the requested increase is going to Schedule R - Residential Service and Schedule C – Commercial and Industrial Service Rate for under fifty kW. It was determined to raise the customer charge for Schedule R – Residential Service to \$14.00 per month as a reasonable amount, to raise the customer charge for Schedule C – Commercial and Industrial to \$21.32 per month as a reasonable amount based on the COSS. The customer charge for Schedule C – Commercial and Industrial Service Rate – over 50 kW has been raised to make it proportional to the Schedule C – Commercial and Industrial

Service Rate under 50 kW. Its demand rate has also been increased to an amount consistent with the demand charge for other rate schedules based on East Kentucky Power Cooperative's ("EKPC") Schedule E-2 wholesale rate. The customer charge for Schedule C - Time of Day Commercial Service has been increased to the same amount as for the Schedule C – Commercial and Industrial Service Rate – over 50 kW

**Q9. What is the purpose for placing most of the proposed increase on the customer charge?**

A9. The rationale for placing most of the requested increase on the customer charge is as follows:

- It better matches the customer related costs with the customer charge rate but it is still very significantly less than full cost recovery of the customer related costs.
- With energy conservation and energy efficiency being promoted by all facets of society, increasing the customer charge raises the revenue floor for Farmers and better insures that members pay a larger amount toward their total customer related costs.
- It lessens revenue volatility for Farmers that it now experiences especially during extreme weather seasons.
- It lessens bill volatility for the member-owners in that it has no adverse effect on their bills if the weather is severe and they use more energy.

- And, it is the better approach to take for the future stability of the Cooperative.

**Q10. Do the proposed rates and increase meet the needs of Farmers?**

A10. Yes. The proposed rates meet the needs of Farmers based on the guidance laid out by the senior management of the Cooperative and it has been approved by its Board of Directors.

**Q11. Does this conclude your testimony?**

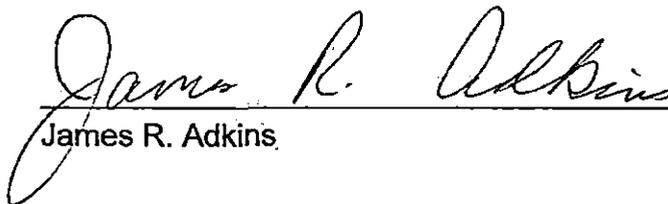
A11. Yes, this concludes my testimony.

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF AN ADJUSTMENT OF )  
ELECTRIC UTILITY RATES OF FARMERS ) CASE NO. 2016-00365  
RURAL ELECTRIC COOPERATIVE CORPORATION )

AFFIDAVIT

James R. Adkins, being duly sworn, states that he has read the foregoing prepared testimony and that he would respond in the same manner to the questions if so asked upon taking the stand and that the matters and things set forth therein are true and correct, to the best of his knowledge, information and belief.

  
James R. Adkins

COMMONWEALTH OF KENTUCKY )  
 )  
COUNTY OF KNOX )

Subscribed and sworn to before me on this 11<sup>th</sup> day of November, 2016.

  
Notary Public  
ID: 528194

My Commission Expires: 2-13-19

BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION  
OF THE STATE OF KENTUCKY

**Application for Revised Rates, Tariffs, and Rate Design Changes**

of

**Farmers Rural Electric Cooperative Corporation**

**Docket No. 2016-00365**

**November 15, 2016**

**PREFILED DIRECT TESTIMONY  
RICHARD J. MACKE  
VICE PRESIDENT, ECONOMICS, RATES, AND BUSINESS PLANNING  
POWER SYSTEM ENGINEERING, INC.**

**ON BEHALF OF  
FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION**

**TABLE OF CONTENTS**

**PART I - QUALIFICATIONS ..... 1**  
**PART II - INTRODUCTION ..... 4**  
**PART III - SUMMARY OF DIRECT TESTIMONY..... 5**  
**PART IV - COST OF SERVICE ANALYSIS ..... 6**

**TABLES**

Table 1 - Class Cost of Service Summary -- Present Rates ..... 16  
Table 2 - Class Cost of Service -- Class Allocation Summary ..... 16  
Table 3 - Class Cost of Service -- Rate Design Factors..... 17

**EXHIBITS**

Exhibit Q - Class Cost of Service Study

**ADDENDA**

Addendum 1 - Curriculum Vitae - Richard J. Macke

1                                   **PREFILED DIRECT TESTIMONY**  
2                                   **RICHARD J. MACKE**  
3                                   **VICE PRESIDENT, RATES AND FINANCIAL PLANNING**  
4                                   **POWER SYSTEM ENGINEERING, INC.**

5                                   **ON BEHALF OF**  
6                                   **FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION**

7                                   **PART I - QUALIFICATIONS**

8                   **Q. Please state your name and business address.**

9                   A. My name is Richard J. Macke. My business address is 10710 Town Square Drive NE, Suite  
10                   201, Minneapolis, Minnesota 55449.

11                  **Q. What is your profession?**

12                  A. I am a Vice President and lead the Economics, Rates, and Business Planning Department at  
13                  Power System Engineering, Inc. ("PSE"), which is headquartered at 1532 W. Broadway,  
14                  Madison, Wisconsin 53713.

15                  **Q. Please describe the business activities of PSE.**

16                  A. PSE is a full-service consulting firm serving electric utilities across the country, but primarily  
17                  in the Midwest. Our headquarters is in Madison, Wisconsin with regional offices in  
18                  Indianapolis, Indiana; Lexington, Kentucky; Minneapolis, Minnesota; Marietta, Ohio; Sioux  
19                  Falls, South Dakota; and Topeka, Kansas. PSE is involved in: power supply, transmission  
20                  and distribution system planning; distribution, substation and transmission design;  
21                  construction contracting and supervision; retail and wholesale rate and cost of service  
22                  ("COS") studies; economic feasibility studies; merger and acquisition feasibility analysis;  
23                  load forecasting; financial and operating consultation; telecommunication and network  
24                  design, mapping/GIS; and system automation including Supervisory Control and Data  
25

Testimony of Richard J. Macke, page 2

1 Acquisition ("SCADA"), Demand Side Management ("DSM"), metering, and outage  
2 management systems.

3 **Q. Please describe your responsibilities with PSE.**

4 A. I lead and direct staff in Indiana, Kansas, Kentucky, Minnesota, Ohio, and Wisconsin who  
5 provide economic, financial, and rate-related consulting services to investor-owned,  
6 cooperative and municipal utilities as well as regulators and industry associations. These  
7 services include:

- 8 • Cost of Service Studies
- 9 • Capital Credit Allocations
- 10 • Demand Response
- 11 • Distributed Generation Rates
- 12 • Energy Efficiency
- 13 • Financial Forecasting
- 14 • Individual Customer Profitability
- 15 • Large Power Contract Rates/Proposals
- 16 • Line Extension Policies/Charges
- 17 • Load Management Analysis
- 18 • Load Forecasting
- 19 • Market and Load Research
- 20 • Merger Analysis
- 21 • Pole Attachment Charges
- 22 • Policy and Board Audits
- 23 • Power Cost Adjustments
- 24 • Rate Consolidation
- 25 • Retail Rate Design and Analysis
- Special Fees and Charges
- Statistical Performance Measurement (Benchmarking)
- Value of Service

15 **Q. What is your educational background?**

16 A. I graduated from Bethel University in St. Paul, Minnesota in 1996 with a Bachelor of Arts  
17 degree in Business, which included an emphasis in Finance and Marketing. In 2007, I  
18 received my Masters of Business Administration degree, with an emphasis in Finance and  
19 Strategic Management, from the University of Minnesota in Minneapolis, Minnesota. I have  
20 also attended numerous industry seminars/courses on cost of service, pricing, valuation,  
21 distributed generation, etc.

22 **Q. What is your professional background?**

23  
24  
25

Testimony of Richard J. Macke, page 3

1 A. From 1996 to 1998, I was employed by PSE in its Minneapolis, Minnesota office as a  
2 Financial Analyst in the Utility Planning and Rates Department. My work responsibilities  
3 primarily were focused on retail rate studies, including revenue requirements and  
4 bundled/unbundled COS studies. I also provided analyses used to support testimony,  
5 mergers and acquisitions analysis, and financial forecasting.

6 From 1998 to 1999; I was employed as a Senior Analyst by Energy & Resource  
7 Consulting Group, LLC in Denver, Colorado, a financial, engineering, and management  
8 consulting firm. I performed consulting services related to electric, gas, and water rate  
9 studies. As part of the Legend Consulting Advisor Team contracted to the City Council of  
10 the City of New Orleans, Louisiana, I assisted in various electric and gas utility matters. I  
11 also provided general financial, management, and public policy support to clients.

12 I rejoined PSE in 1999; and from 1999 to 2002, I held the position of Rate and Financial  
13 Analyst in the Rates and Financial Planning Department. From 2002 to March 2008, I held  
14 the position of Senior Rate and Financial Analyst in the Utility Planning and Rate Division.  
15 My responsibilities have included performing complex financial analyses, such as rate  
16 studies consisting of determination of revenue requirements, bundled and unbundled COS  
17 analysis, and rate design. Other responsibilities included performing analysis of special rates  
18 and programs, key account analyses, financial forecasting, merger and acquisition analysis,  
19 activity-based costing, policy development and evaluation, and other financial analyses for  
20 various PSE clients. Additional responsibilities included strategic planning, litigation  
21 support, regulatory compliance, capital expenditure and operational assessments, and  
22 advisement. From April 2008 to June 2010, I held the position of Leader, Rates and  
23 Financial Planning. In July 2010, my title changed to Vice President, Rates and Financial  
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Testimony of Richard J. Macke, page 4

1 Planning. Since June 2011, I have held the position of Vice President, Economics, Rates,  
2 and Business Planning. In this capacity, I continue to provide, amongst other things: (1) rate,  
3 financial, and economic consulting services to clients, (2) management and leadership to the  
4 Economics, Rates, and Business Planning Department, and (3) management and leadership at  
5 the corporate level to PSE through participation on the Executive Committee and Board of  
6 Directors.

7 **Q. Have you previously presented testimony before the Kentucky Public Service**  
8 **Commission (“KPSC” or “Commission”) relative to rate change applications?**

9 A. No.

10 **Q. Do you have any other rate related experience?**

11 A. Yes. I have directed well over 100 rate and COS studies and numerous other rate and  
12 financial related projects. Many times these projects were conducted for self-regulated  
13 electric utilities. I have also performed such analysis which was filed in regulated rate cases  
14 in Iowa, Kansas, Michigan, Minnesota, New Hampshire, and Texas.

15 I have also conducted seminars and made presentations to utilities, consumers, and  
16 industry groups on a variety of topics including: COS, rate change communications, line  
17 extension policies, mergers and acquisitions, DSM, conservation and energy efficiency,  
18 industry trends, and rate design strategic planning.

19  
20 **PART II - INTRODUCTION**

21 **Q. What is the purpose of your testimony in this proceeding?**  
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Testimony of Richard J. Macke, page 5

1 A. The purpose of my testimony is to present and provide support for the Class Cost of Service  
2 Study (CCOSS) that I have conducted for Farmers Rural Electric Cooperative Corporation  
3 (“Farmers” or “Cooperative”).

4 **Q. Are you sponsoring any exhibits?**

5 A. Yes. I have included the following exhibit detailing the analysis completed:

6 Exhibit Q - Class Cost of Service Study.

7 **Q. Have the exhibits been prepared by you or by others under your supervision?**

8 A. Yes.

9  
10 **PART III - SUMMARY OF DIRECT TESTIMONY**

11 **Q. Please summarize the CCOSS you have prepared for Farmers.**

12 A. The CCOSS allocates the revenue requirement and ultimately the requested increase of  
13 \$1,893,805 as determined in the testimony and exhibits sponsored by Mr. Lance Schafer to  
14 the Farmer’s retail rate schedules. This is done using an average embedded CCOSS approach  
15 that reflects principles of cost causation and consistent with the methodologies described in  
16 the National Association of Regulatory Utility Commissioners (NARUC) Cost Allocation  
17 Manual. The results provide guidance for the ultimate design of rates to achieve the  
18 requested rate change which is provided in the testimony and exhibits of Mr. Jim Adkins.  
19 The results of the CCOSS show the magnitude of any cross class subsidies in Farmers rates  
20 relative to collecting the class revenue requirement (operating expense plus margin  
21 requirements). The results also indicate the unit costs (i.e. consumer costs per month, energy  
22 costs per kWh, etc.) that are used to assess the design of the rates.

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**PART IV – CLASS COST OF SERVICE STUDY**

**Q. Please explain the CCOSS you prepared for Farmers.**

A. I prepared a CCOSS for the retail service to provide information used in evaluating and designing proposed retail rates for Farmers. The basic objective of a CCOSS is to identify the cost of providing service to each rate class as a function of load and service characteristics. The methodology employed is often referred to as the “fully allocated average embedded” approach, meaning that 1) costs are allocated on an average system-wide basis and 2) embedded or accounting costs as recorded on the utility’s books are used in the analysis. I believe that this is the most appropriate technique to use in allocating cost responsibility to the various classes and developing rate design data in this application.

**Q. Please describe the CCOSS that you prepared for Farmers.**

A. Exhibit Q includes the Class COS analysis for Farmers. The detailed calculations and assumptions that go into the analysis are as follows:

<u>Page</u>	<u>Description</u>
1-3	Cost of Service Summary
4-5	Classification of Plant in Service
6-11	Classification of Revenue Requirements
12	Adjusted Statement of Operations
13-17	Primary Line and Transformer Classification Factors
18-21	Summary of Classification Factors
22	Summary of Allocation of Revenue Requirements to Rate Classes
23	Allocation of Plant in Service to Rate Classes
24-26	Allocation of Revenue Requirements to Rate Classes
27	Rate Class Weighting Factors
28	Summary of Class Demands
29-33	Load Research Data
34-35	Development of Allocation Factors.

1 **Q. Please explain the general procedure for conducting a CCOSS.**

2 A. The basic procedure used to determine the cost responsibility of each consumer classification  
3 is as follows:

4 Step 1 - Classify the plant account records into basic cost causative categories.

5 Step 2 - Classify the Test Year expenses and margin requirement into the same cost  
6 causative categories.

7 Step 3 - Develop allocation factors for each rate class.

8 Step 4 - Allocate costs to the various rate classes using the class allocation factors  
9 developed for each cost causative category.

10 **Q. Please explain the process of classification into cost causative categories.**

11 A. Plant investments, Test Year expenses, and margin requirement are classified into the  
12 following cost causative categories:

13 1. Direct – Plant and costs which are directly attributable to one specific customer  
14 classification. Expense associated with security and street lighting is an example of a  
15 Direct assignment.

16 2. Consumer – Plant and costs that are directly related to the number of customers and  
17 which do not vary significantly with the demand imposed on the system or the  
18 amount of energy consumed. Metering and customer accounting related plant and  
19 expenses are good examples.

20 3. Capacity – Plant and costs which result from providing and maintaining in readiness  
21 for operation facilities required to meet the peak demand, whether it be the system  
22 peak, circuit peak, or individual customer service peak. The expense of owning,  
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1 operating, and maintaining a three-phase backbone feeder would fall within this  
2 category as would the demand charge from the purchased power expense.

3 4. Energy - Costs which are related to the amount of energy used. The major item in  
4 this category is the Energy Charge in the purchased power rate.

5 Each of these general cost causative categories is further subdivided as follows:

<u>Direct</u>	<u>Consumer</u>	<u>Capacity</u>	<u>Energy</u>
As Assigned	Secondary & Service Meter	Power Supply Distribution Substation	Power Supply
	Customer Accounting Primary Line	Primary Line Line Transformer	
	Line Transformer		

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10 **Q. Please explain the methodology used in assigning plant accounts to cost causative**  
11 **categories.**

12 A. The cost causative classification of the various electric plant accounts is presented on pages 4  
13 and 5 of Exhibit Q. The methodology used in assigning the plant accounts to the cost  
14 causative categories is discussed as follows:

- 15 1. Intangible Plant (Acct. 301 to 303) - The Intangible Plant accounts were prorated to  
16 the cost categories in the same relationship as the distribution plant allocations.
- 17 2. Land, Structures, Station and Battery (Accts. 360 to 363) - The Land and Land  
18 Rights, Structures and Improvements, Station Equipment, and Battery accounts were  
19 classified as capacity related since the facilities represented by the investment are  
20 generally dictated by capacity considerations.
- 21 3. Primary Line and Devices (Accts. 364, 365, 366, 367) - The Primary Line and Device  
22 accounts were assigned to the consumer and capacity components.

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- 1           4. Line Transformers (Acct. 368) - Classification of the Line Transformer account was
- 2           assigned to consumer and capacity components.
- 3           5. Services and Meters (Accts. 369 and 370) - Because the investment in Services and
- 4           Meters is independent of usage level, it was assigned entirely to the consumer
- 5           component.
- 6           6. Consumer Premise (Acct. 371) - The investment in installations on Consumer's
- 7           Premises was assigned primarily to the Outdoor Lighting rate class with any
- 8           remainder classified per Primary Line.
- 9           7. Street Lighting (Acct. 373) - Investment in street or security lighting facilities was
- 10          assigned directly to the Lighting Class.
- 11          8. General Plant Accounts (Accts. 389 to 399) - The General Plant accounts were
- 12          assigned to the cost causative categories in the same relationship as the total
- 13          distribution plant classifications. Because the classification of the investment in
- 14          general plant has minimal impact on the classification of Test Year expenses, which
- 15          ultimately is used to determine class COS responsibility, a more detailed analysis of
- 16          general plant investment was not warranted.

17 **Q. Please explain the basis for categorizing distribution primary line and line transformer**  
18 **plant as both consumer and capacity-related.**

19 A. Often times in CCOS, the investment in expense for primary lines and line transformers is  
20 split between the consumer and capacity cost causative categories. This reflects the case that  
21 primary line and transformer investments are driven both by the need to connect consumers  
22 and to size such facilities to meet the capacity requirements of those consumers. Reflecting  
23 these dual cost drivers is accomplished by using either the minimum-size or zero-intercept

Testimony of Richard J. Macke, page 10

1 method. Either method is a means by which to identify the investment and related expense  
2 that is caused by simply having consumers versus that related to sizing the facilities to meet  
3 consumer capacity requirements. Both methods are contained in and described in the  
4 NARUC Cost Allocation Manuals of various dates. Both methods have also been included in  
5 Class COS studies filed with this Commission. In this CCOSS the zero-intercept and  
6 minimum-size methods used to determine the consumer versus capacity classification factors  
7 are shown in Exhibit Q, pages 13 to 17.

8 **Q. Please explain the Adjusted Operating Statement shown in Exhibit Q, page 12.**

9 A. The Adjusted Operating Statement shown in Exhibit Q, page 12, forms the basis for the  
10 revenue requirements included in the CCOSS. The schedule shows more detail on how the  
11 revenue requirement, determined in Exhibits F and H are established for purposes of input to  
12 the CCOSS. For example, while Exhibit F, page 1 shows the Test Year purchased power  
13 expense and pages 8 through 10 of the same exhibit shows a detailed calculation, the  
14 Adjusted Operating Statement shown in Exhibit Q, page 12 shows how these costs have been  
15 combined, or grouped into either Substation Charges, Demand Charges and Time-of-Use  
16 Energy Charges. This level of detail and grouping is necessary in order to appropriately  
17 classify this major component of the revenue requirement. Further, costs directly attributable  
18 to a particular customer have been kept separate so that they can be directly assigned.

19 **Q. Please explain how the Test Year revenue requirements were classified.**

20 A. The various components of the revenue requirements were classified to the four basic cost  
21 causative categories as presented on pages 6 through 11 of Exhibit Q. The factors used in the  
22 expense classification are summarized on pages 18 through 21 of Exhibit Q. The  
23 methodology and rationale for that methodology is discussed below:  
24  
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- 1           1. Purchased Power (Acct. 555) - The demand and energy charge portions of the cost of  
2           Purchased Power were assigned to the capacity and energy components, respectively.  
3           The substation charges were assigned to distribution substation capacity. Purchased  
4           power expenses directly related to procuring power supply for the Schedule E rate  
5           class were directly assigned to that class.
- 6           2. Distribution Operation and Maintenance (Accts. 580 - 598) - Distribution expense  
7           accounts that are related to specific plant accounts (Accts. 582, 583, 584, 585, 586,  
8           587, 591, 592, 593, 594, 595, 596, and 597) were classified in proportion to the  
9           corresponding plant accounts. These expenses result from operating and maintaining  
10          the distribution plant and thus may be considered plant related. The remaining  
11          distribution expense accounts (Accts. 580, 581, 588, 589, 590, and 598) were prorated  
12          on the basis of the sum of the previously assigned distribution expense accounts.  
13          These accounts basically represent overhead or general distribution expenses.
- 14          3. Consumer Accounting (Accts. 901 - 905) - Consumer Accounting expenses were  
15          assigned in total to the consumer component since this expense is basically  
16          independent of energy usage or capacity requirements. Instead, these accounts are  
17          related to the number of consumers.
- 18          4. Consumer Service and Information and Sales (Accts. 907 - 916) - Consumer Service  
19          and Information and Sales expenses were considered consumer-related expenses.
- 20          5. Administrative and General (Accts. 920 - 932) - A&G expenses are common costs for  
21          which there exists no obvious relationship to the functional categories. Thus, they  
22          were classified in proportion to the total of all other expenses without wholesale  
23          power supply.

1           6. Depreciation and Amortization (Accts. 403 - 407) - Depreciation and Amortization  
2           expense was classified in proportion to the total plant account classifications.

3           7. Property Taxes (Acct. 408) - Property Taxes were classified in proportion to the total  
4           plant account classifications.

5           8. Other Taxes, Other Interest, and Other Deductions - Other Taxes, Other Interest, and  
6           Other Deductions were classified in proportion to the total of all other expenses  
7           without wholesale power supply.

8           9. Interest on Long-Term Debt - Interest on long-term debt is related to financing of  
9           plant investments as so was classified in proportion to the total plant account  
10          classifications.

11          10. Net Operating Income (Margin Requirement) - The margin requirement is established  
12          based upon the Times Interest Earned Ratio (TIER) and is thus a function of interest  
13          expense and ultimately plant investment. For this reason, it is reasonable to classify  
14          this component in proportion to the total plant classifications.

15          **Q. Once the plant and revenue requirement have been classified into cost causative**  
16          **categories, what is the next step?**

17          A. The next and final step of the CCOSS is to allocate the classified plant and revenue  
18          requirement to the rate classes. Essentially the classification categories which are laid out as  
19          horizontal columns during the classification step are re-oriented vertically and allocated (i.e.  
20          spread) horizontally to the various rate classes of Farmers.

21          **Q. What is the basis for allocating plant and revenue requirements to the rate classes?**

22          A. The ultimate basis is grounded in the principle of cost causation. Various allocation factors  
23          are required because there are various types of plant and costs as has been previously  
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Testimony of Richard J. Macke, page 13

1 identified and explained in the classification step. For example, the plant and costs that have  
2 been classified as consumer related are appropriately allocated on a consumer-based  
3 allocation factor. Similarly, costs classified as energy related are appropriately allocated to  
4 the rate classes based upon energy requirements (i.e. kWh sales) of each rate class.

5 **Q. Please discuss the allocation of the classified revenue requirements to rate classes.**

6 A. The allocation of the classified revenue requirement to each rate class is presented on page  
7 22 of Exhibit Q. The allocations are based on various allocation factors that reflect certain  
8 cost causative drivers as discussed below:

9 1. Direct Cost Allocation - Costs specifically associated with street or security lighting  
10 facilities (investment and O&M) directly assigned to the Lighting Class are an  
11 example of a possible direct cost allocation.

12 2. Consumer Costs Allocations - Generally speaking, consumer related costs were  
13 allocated to the various classes on the basis of the total number of consumers in each  
14 class. However, several adjustments were made in the general allocation procedure to  
15 reflect differences in the cost of providing basic service. Weighting factors were  
16 developed on page 27 of Exhibit Q to recognize the higher cost of three-phase service  
17 versus standard single-phase service for each subcategory of consumer related cost.  
18 A "weighting factor" of 0.1 was used to allocate the consumer expense related to  
19 providing basic service to an individual security or street light. Because these lights  
20 make use of facilities and services which have been primarily provided for under  
21 other rate schedules, it may be argued that it costs no more to prepare a bill for a  
22 consumer with a security light than for one without. However, it seems only fair that

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1 the lighting classes should be required to pay a token portion of the consumer related  
2 expense; hence, the 0.1 weighting factor.

3 3. Capacity Cost Allocations - Different allocation factors were developed for the  
4 capacity component to account for different capacity cost drivers. (See pages 28 to  
5 31 of Exhibit Q for the summary of class demands and load research data):

6 a. Line transformer capacity related costs were allocated in accordance with the  
7 estimated, undiversified non-coincidental peak demand of each consumer in each  
8 class as this definition of demand most closely approximates transformer capacity  
9 requirements. Reference allocation factor D1.

10 b. Primary line and substation capacity allocated costs were allocated using the  
11 average monthly non-coincident demand for each class; i.e. Class NCP.  
12 Distribution system capacity related costs are a function not only of the system  
13 peak, but also the individual circuit and even consumer peak demand. The Class  
14 NCP allocator considers each rate class's responsibility for capacity related  
15 primary line and substation costs.

16 c. Purchased power demand charges were allocated in accordance with the average  
17 monthly coincidental class demands ("12CP"), meaning coincident with Farmers'  
18 power supply, East Kentucky Power Cooperative, Inc. (EKPC). This is consistent  
19 with the basis by which Farmers incurs wholesale capacity costs from EKPC.

20 4. Energy Cost Allocations - Energy related costs were allocated on the basis of time of  
21 use energy usage for each rate class. Reference Exhibit Q, pages 32 and 33.

22 **Q. How did you determine the various capacity allocation factors by rate class?**

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Testimony of Richard J. Macke, page 15

1 A. The different capacity allocation factors were determined from load research data provided  
2 by EKPC. The results of this analysis is shown on page 28 with the allocation factors then  
3 developed on pages 34 and 35 (i.e. D1, D2, D7).

4 Page 29 shows the sum of individual customer annual peak demands aggregated by rate class  
5 which is used to develop the D1 allocator for line transformer capacity-related plant and cost  
6 of service.

7 Page 30 shows the class NCP for each rate class which is used to develop the D2 allocator for  
8 distribution substation and primary line capacity-related plant and cost of service.

9 Page 31 shows the class CP for each rate class. The result is the Test Year capacity  
10 requirements of each rate class during the time of the EKPC billing peak which is used to  
11 develop the D7 allocator for wholesale capacity-related cost of service.

12 **Q. How did you determine the time-of-use energy allocation factors by rate class?**

13 A. Again, these allocators were developed from load research data provided by EKPC. This  
14 information is shown on Exhibit Q, pages 32 and 33. The percentages of on-peak versus off-  
15 peak energy are applied to the Test Year energy sales by rate class with the results shown on  
16 page 28. These energy determinants are then used to develop the on-peak and off-peak  
17 energy allocation factors (E2 and E3) shown on page 35, lines 46 and 47.

18 **Q. Please summarize the results of the CCOSS study you performed for Farmers.**

19 A. Results obtained from the CCOSS analysis are summarized in Tables 1, 2, and 3 on the  
20 following pages. Table 1 provides a comparison of the calculated cost of providing service  
21 to each rate class with the revenue generated under the present rates by that class.

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Testimony of Richard J. Macke, page 16

Table 1 Class Cost of Service Summary - Present Rates				
Rate Class	Present Rate Revenue	Cost of Service	Difference	As Percent
	(\$)	(\$)	(\$)	
Schedule R - Residential Service	29,822,762	32,571,104	2,748,342	9.4%
Schedule C - Comm. & Indust. Service Rate < 50 kW	2,787,266	3,110,993	323,727	11.9%
Schedule C - Comm. & Indust. Service Rate > 50 kW	6,368,904	5,648,119	(720,785)	(11.5%)
Schedule C - Time-of-Day Commercial Service	48,019	42,891	(5,128)	(10.9%)
Schedule D - Large Comm/Ind Opt Time of Day Rate	95,165	94,287	(878)	(0.9%)
Schedule E - Large Industrial Rate	3,956,488	3,704,813	(251,675)	(6.5%)
Schedule LPC-2 - Large Power	464,742	403,538	(61,205)	(13.4%)
Schedule LPE-4 Large Power Time of Day Rate Tariff	2,142,308	1,983,677	(158,632)	(7.6%)
Schedule RM - Residential Off-Peak Marketing - ETS	45,034	47,892	2,858	6.5%
Schedule CM - Small Commercial Off-Peak Marketing - ETS	194	221	28	14.5%
Schedule OL - Outdoor Lighting Service Rate	906,546	922,086	15,540	1.7%
Schedule SL - Street Lighting	63,239	66,150	2,911	4.7%
Total	46,700,668	48,595,771	1,895,103	4.1%

Table 2 shows a breakdown of the CCOSS by cost category for each class.

Table 2 Class Allocation Summary					
Rate Class	Power Supply		Distribution		Total COS
	Capacity	Energy	Consumer	Capacity	
	(\$)	(\$)	(\$)	(\$)	(\$)
Schedule R - Residential Service	4,828,290	15,551,789	8,565,033	3,625,993	32,571,104
Schedule C - Comm. & Indust. Service Rate < 50 kW	295,542	1,530,668	1,013,285	271,497	3,110,993
Schedule C - Comm. & Indust. Service Rate > 50 kW	829,369	3,888,276	103,639	826,835	5,648,119
Schedule C - Time-of-Day Commercial Service	7,568	24,733	4,506	6,084	42,891
Schedule D - Large Comm/Ind Opt Time of Day Rate	30,013	38,088	4,152	22,035	94,287
Schedule E - Large Industrial Rate	671,886	2,658,688	1,127	373,112	3,704,813
Schedule LPC-2 - Large Power	31,412	320,252	1,038	50,835	403,538
Schedule LPE-4 Large Power Time of Day Rate Tariff	264,732	1,496,569	1,127	221,249	1,983,677
Schedule RM - Residential Off-Peak Marketing - ETS	-	39,105	6,850	1,937	47,892
Schedule CM - Small Commercial Off-Peak Marketing - ETS	-	178	37	6	221
Schedule OL - Outdoor Lighting Service Rate	41,164	325,333	493,453	62,136	922,086
Schedule SL - Street Lighting	2,992	25,136	33,513	4,510	66,150
Total	7,002,968	25,898,815	10,227,759	5,466,229	48,595,771

Table 3 provides total costs by class expressed in terms of \$/customer/month (consumer component) and ¢/kWh (capacity and energy components).

Rate Class	Power Supply		Distribution		Total Cost (¢/kWh)
	Capacity (¢/kWh)	Energy (¢/kWh)	Consumer (\$/mo.)	Capacity (¢/kWh)	
Schedule R - Residential Service	1.61	5.19	\$ 31.19	1.21	10.87
Schedule C - Comm. & Indust. Service Rate < 50 kW	1.00	5.18	\$ 47.95	0.92	10.52
Schedule C - Comm. & Indust. Service Rate > 50 kW	1.10	5.17	\$ 93.88	1.10	7.51
Schedule C - Time-of-Day Commercial Service	1.59	5.19	\$ 93.88	1.28	9.01
Schedule D - Large Comm/Ind Opt Time of Day Rate	4.06	5.15	\$ 86.50	2.98	12.76
Schedule E - Large Industrial Rate	1.08	4.29	\$ 93.88	0.60	5.97
Schedule LPC-2 - Large Power	0.49	5.03	\$ 86.50	0.80	6.34
Schedule LPE-4 Large Power Time of Day Rate Tariff	0.91	5.13	\$ 93.88	0.76	6.81
Schedule RM - Residential Off-Peak Marketing - ETS	-	4.73	\$ 3.12	0.23	5.79
Schedule CM - Small Commercial Off-Peak Marketing - ETS	-	4.73	\$ 3.12	0.16	5.89
Schedule OL - Outdoor Lighting Service Rate	0.65	5.17	\$ 3.12	0.99	14.66
Schedule SL - Street Lighting	0.62	5.17	\$ 3.12	0.93	13.61
Total - Average	1.37	5.07	\$ 33.45	1.07	9.51

9 **Q. How should the Commission interpret the results above showing a consumer related**  
10 **cost for Schedule R of \$31.19 per month?**

11 A. This figure represents the average cost of providing basic service to all customers served  
12 under Schedule R. It is the costs that all customers should bear equally and independently of  
13 their energy use. To the extent these costs are not recovered from all Schedule R customers  
14 in a fixed charge the Schedule R energy charge will be higher than necessary. This, while  
15 present in many electric utility rate design, is not an ideal situation as it can cause intra-class  
16 subsidization between low and high use, and low load factor and high load factor customers.  
17 As per the testimony of Mr. Adkins, the proposed rates implement a gradual correction of  
18 this rate design issue.

19 **Q. Are you recommending that the Commission adopt the CCOSS as the sole basis for**  
20 **distributing the \$1,893,805 requested revenue increase to Farmers' rate classes?**

21 A. While I recommend that the Commission adopt the results of the CCOSS as an important  
22 factor in the design of Farmers' rates, I am not recommending that the CCOSS should be the  
23 only factor used by the Commission in setting Farmers' rates. Instead, as presented and  
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1 recommended in the testimony of Mr. Adkins, there are other generally accepted rate design  
2 principles that Farmers and its member-elected Board of Directors have; and the Commission  
3 should consider when implementing the \$1,893,805 rate increase requirement.

4 **Q. Does this conclude your prefiled Direct Testimony for Farmers?**

5 A. Yes, it does.

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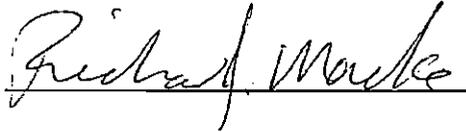
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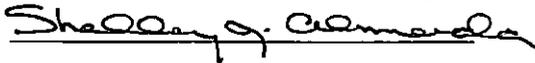
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Affiant, Richard J. Macke, states that the answers given by him in the foregoing questions are true and correct to the best of his knowledge and belief.



Richard J. Macke

Subscribed and sworn to before me by the affiant, Richard J. Macke, this 11th day of November, 2016.



Notary Public, Minnesota State at Large



My Commission Expires 1/31/2020



Full Service Consultants

## **RICHARD J. MACKE**

### **VICE PRESIDENT, ECONOMICS, RATES, AND BUSINESS PLANNING**

#### **SUMMARY OF EXPERIENCE AND EXPERTISE**

- 20 years of experience in electric utility consulting.
- Specialized expertise in financial advisement with particular emphasis on: cost of service analyses, wholesale and retail rate design, strategic planning, mergers and acquisitions, and financial modeling.
- Frequent speaker at industry events and utility board, commission, and staff meetings.
- Expert witness in regulatory cases concerning rates and distributed generation policies.

#### **PROFESSIONAL EXPERIENCE**

##### **Power System Engineering, Inc. - Minneapolis, MN (1999-present)**

**Vice President, Economics, Rates, and Business Planning (June 2011-present)**

**Vice President, Rates and Financial Planning (July 2010-May 2011)**

**Various Other Positions (1999-June 2010)**

As Vice President of the Economics, Rates, and Business Planning Department at PSE, responsibilities include managing the firm's economic and rate practice areas and providing senior level consulting services to clients in the areas of cost of service, rate design, financial planning and forecasting, merger and acquisition analysis, and support. Additional responsibilities include strategic planning, litigation support, expert witness, regulatory compliance, capital expenditure, and operational assessments and advisement.

##### **Energy & Resource Consulting Group, LLC - Denver, CO (1998-1999)**

###### **Senior Analyst**

Senior Analyst for financial, engineering, and management consulting firm. Performed consulting services related to electric, gas, and water rate studies. Part of the Financial and Engineering Advisor Team contracted to the City Council of the City of New Orleans, LA to assist in various electric and gas utility matters. Provided expert testimony and participated in various regulatory proceedings involving the City Council, the Public Utilities Commission of Texas, and the Public Utilities Commission of Nevada. Provided general financial, management, and public policy support to clients.

##### **Power System Engineering, Inc. - Blaine, MN (1996-1998)**

###### **Financial Analyst**

Financial Analyst in Utility Planning and Rates Division. Emphasis on retail rate studies, including revenue requirements, and bundled/unbundled cost of service studies. Provided analysis used to support testimony, mergers and acquisitions cases, and financial forecasting.

**RICHARD J. MACKE****EDUCATION**

University of Minnesota, Minneapolis, MN  
Masters of Business Administration, 2007  
Bethel University, St. Paul, MN  
Bachelor of Arts Degree in Business, Minor in Economics, 1996

**ADDENDUM REFERENCES - EXPERT TESTIMONY**

<b>Case or Jurisdiction</b>	<b>Docket No.</b>	<b>Description</b>
Kansas	16-PLCE-490-TAR	Prairie Land Electric Cooperative, Inc., application for approval to update its Local Access Delivery Service Tariff pursuant to the 34.5kV Formula Based Rate Plan approved in Docket No. 16-MKEE-023-TAR. Testimony filed on behalf of Prairie Land.
Kansas	16-SPEE-501-TAR	Southern Pioneer Electric Company, Annual Filing for approval to make certain changes to its charges for electric services pursuant to the 34.5kV Formula Based Rate Plan approved in Docket No. 16-MKEE-023-TAR. Testimony filed on behalf of Southern Pioneer.
Kansas	16-VICE-494-TAR	The Victory Electric Cooperative Association, Inc., application for approval to update its Local Access Delivery Service Tariff pursuant to the 34.5kV Formula Based Rate Plan approved in Docket No. 16-MKEE-023-TAR. Testimony filed on behalf of Victory.
Kansas	16-WSTE-496-TAR	Western Cooperative Electric Association, Inc., application for approval to update its Local Access Delivery Service Tariff pursuant to the 34.5kV Formula Based Rate Plan approved in Docket No. 16-MKEE-023-TAR. Testimony filed on behalf of Western.
Kansas	16-MKEE-023-TAR	Mid-Kansas Electric Company, application for approval of individual 34.5kV formula-based rates. Testimony filed on behalf of Mid-Kansas, Southern Pioneer, Victory, and Western.
Kansas	15-SPEE-519-RTS	Southern Pioneer Electric Company, Annual Filing for approval to make certain changes to its charges for electric services, pursuant to the Debt Service Coverage Formula Based Ratemaking Plan approved in Docket No. 13-MKEE-452-MIS. Testimony filed on behalf of Southern Pioneer.

**RICHARD J. MACKE**

Kansas	15-SPEE-161-RTS	Southern Pioneer Electric Company, application for approval to make certain changes to its Local Access Charge Rate. Testimony filed on behalf of Southern Pioneer.
Kansas	14-SPEE-507-RTS	Southern Pioneer Electric Company, Annual Filing for approval to make certain changes to its charges for electric services pursuant to the Debt Service Coverage Formula Based Ratemaking Plan Approved in Docket No. 13-MKKEE-452-MIS. Testimony filed on behalf of Southern Pioneer.
Kansas	13-MKKEE-452-MIS	Mid-Kansas Electric Company, LLC, application for approval of a Debt Service Coverage Ratemaking Pilot Plan. Testimony filed on behalf of its member-owner, Southern Pioneer Electric Company.
Kansas	11-MKKEE-380-RTS	Mid-Kansas Electric Company, LLC, application for revised rates, tariffs, and rate design changes. Testimony filed on behalf of its member-owner, Southern Pioneer Electric Company.
Kansas	11-MKKEE-491-RTS	Mid-Kansas Electric Company, LLC, application for revised rates, tariffs, and rate design changes. Testimony filed on behalf of its member-owner, Western Cooperative Electric Assn., Inc.
Kansas	11-MKKEE-439-RTS	Mid-Kansas Electric Company, LLC, application for revised rates, tariffs, and rate design changes. Testimony filed on behalf of its member-owner, Wheatland Electric Cooperative, Inc.
Kansas	09-MKKEE-969-RTS	Mid-Kansas Electric Company, LLC, application for approval to make certain changes in the charges for electric services. Testimony filed on behalf of Mid-Kansas and its member-owners: Lane-Scott Electric Cooperative, Inc.; Prairie Land Electric Cooperative, Inc.; Southern Pioneer Electric Company; Victory Electric Cooperative Association, Inc.; Western Cooperative Electric Association, Inc.; and Wheatland Electric Cooperative, Inc.
Kansas	09-PNRE-563-RTS	Pioneer Electric Cooperative, Inc., application to increase rates. Testimony filed on behalf of Pioneer.
Kansas	09-WHLE-681-RTS	Wheatland Electric Cooperative, Inc., application to increase rates. Testimony filed on behalf of Wheatland.
Minnesota	E-111/GR-03-261	Dakota Electric Association, application to increase rates. Testimony filed on behalf of Dakota.



## RICHARD J. MACKE

South Carolina	2014-246-E	Testimony in support of the Settlement Agreement submitted by the parties to the Commission as the generic net metering methodology required by S.C. Code §58-40- 20(F)(4) of Act 236 on behalf of Central Electric Power Cooperative, Inc. and the Electric Cooperatives of South Carolina.
Texas	2150	North Star Steel, appropriateness of settlement rates being charged by Entergy Gulf States, Inc. Testimony filed on behalf of North Star Steel before the Public Utilities Commission of Texas.



BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION  
OF THE STATE OF KENTUCKY

**Application for Revised Rates, Tariffs, and Rate Design Changes**

**of**

**Farmers Rural Electric Cooperative Corporation**

**Docket No. 2016-00365**

**November 15, 2016**

**PREFILED DIRECT TESTIMONY  
LANCE C. SCHAFER  
RATE AND FINANCIAL ANALYST  
POWER SYSTEM ENGINEERING, INC.**

**ON BEHALF OF  
FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION**

## TABLE OF CONTENTS

<b>PART I - QUALIFICATIONS .....</b>	<b>1</b>
<b>PART II - INTRODUCTION .....</b>	<b>2</b>
<b>PART III - SUMMARY OF DIRECT TESTIMONY .....</b>	<b>3</b>
<b>PART IV - REVENUE REQUIREMENTS .....</b>	<b>5</b>

## TABLES

Table 1 - Farmers Revenue Requirements Summary TIER = 2.0 Objective .....	4
Table 2 - Farmers Comparison of Revenue Present and Proposed Rates .....	5
Table 3 - Farmers Statement of Operations - Present Rates .....	11
Table 4 - Farmers Equity Position <i>As of 12/31/15</i> .....	13
Table 5 - Farmers Revenue Requirements Summary TIER = 2.0 Objective .....	15

## EXHIBITS

Exhibit F	- Statement of Operations - Present Rates
Exhibit H	- Statement of Operations - Proposed Rates
Exhibit I	- Comparison of Present and Proposed Rate Schedules
Exhibit J	- Revenue Requirements
Exhibit K	- Reconciliation of Rate Base and Capital
Exhibit N	- Software Used in Support of Filing
Exhibit P	- Monthly Managerial Reports from the Test Year
Exhibit R	- Customer Adjustment to Test Period End Level

## ADDENDA

Addendum 1	- Curriculum Vitae – Lance C. Schafer
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1                                   **PREFILED DIRECT TESTIMONY**  
2                                   **LANCE C. SCHAFER**  
3                                   **VICE PRESIDENT, RATES AND FINANCIAL PLANNING**  
4                                   **POWER SYSTEM ENGINEERING, INC.**

5                                   **ON BEHALF OF**  
6                                   **FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION**

7                                   **PART I - QUALIFICATIONS**

8                                   **Q. Please state your name and business address.**

9                                   A. My name is Lance C. Schafer. My business address is 400 Bellerive Boulevard, Suite 150,  
10                                   Nicholasville, Kentucky 40356.

11                                   **Q. What is your profession?**

12                                   A. I am a Rate and Financial Analyst at Power System Engineering, Inc. ("PSE"), which is  
13                                   headquartered at 1532 W. Broadway, Madison, Wisconsin 53713.

14                                   **Q. Please describe the business activities of PSE.**

15                                   A. PSE is a full-service consulting firm serving electric utilities across the country, but primarily  
16                                   in the Midwest. Our headquarters is in Madison, Wisconsin with regional offices in  
17                                   Indianapolis, Indiana; Lexington, Kentucky; Minneapolis, Minnesota; Marietta, Ohio; Sioux  
18                                   Falls, South Dakota; and Topeka, Kansas. PSE is involved in: power supply, transmission  
19                                   and distribution system planning; distribution, substation and transmission design;  
20                                   construction contracting and supervision; retail and wholesale rate and cost of service  
21                                   ("COS") studies; economic feasibility studies; merger and acquisition feasibility analysis;  
22                                   load forecasting; financial and operating consultation; telecommunication and network  
23                                   design, mapping/GIS; and system automation including Supervisory Control and Data  
24                                   Acquisition ("SCADA"), Demand Side Management ("DSM"), metering, and outage  
25                                   management systems.

Testimony of Lance C. Schafer, page 2

1 **Q. Please describe your responsibilities with PSE.**

2 A. As a member of PSE's Economics, Rates and Business Planning team, I provide revenue  
3 requirements, cost of service and rate design services to PSE's clients.

4 **Q. What is your educational background?**

5 A. I obtained a Master of Business Administration with a concentration in finance from the  
6 University of Missouri, Columbia in 2014. I also hold a B.A. in English from the University  
7 of Missouri, Columbia, and an M.A. in French literature from the University of California,  
8 Irvine.

9 **Q. What is your professional background?**

10 A. From 2014 to 2016, I was employed by the Missouri Department of Economic Development  
11 as a Public Utility Financial Analyst. My duties included performing cost-of-capital analyses  
12 for Missouri's investor-owned utilities (IOUs). I also contributed to the writing and editing of  
13 Missouri's Statewide Energy Plan, and provided analyses of policies affecting Missouri's  
14 IOUs. I joined PSE in the spring of 2016. Prior to obtaining my MBA, I worked as an  
15 educator at various institutions in both the U.S. and France.

16 **Q. Have you previously presented testimony before the Kentucky Public Service  
17 Commission ("KPSC" or "Commission") relative to rate change applications?**

18 A. No.

19  
20 **PART II - INTRODUCTION**

21 **Q. What is the purpose of your testimony in this proceeding?**

22 A. The purpose of my testimony is to present my analysis of Farmers Rural Electric Cooperative  
23 Corporation's ("Farmers" or "Cooperative") retail revenue requirements.

24 **Q. Please describe Farmers.**

25

Testimony of Lance C. Schafer, page 3

1 A. Farmers is a member-owned electric distribution cooperative. Headquartered in Glasgow,  
2 Kentucky, Farmers serves over 24,000 meters in portions of eight Kentucky counties: Barren,  
3 Hart, Metcalfe, Adair, Edmonson, Grayson, Green, and Larue. In 2015, Farmers delivered  
4 over 500,000,000 kilowatt hours to its member-consumers. Farmers is a member of the East  
5 Kentucky Power Cooperative.

6 **Q. Are you sponsoring any exhibits?**

7 A. Yes. I have included the following exhibits detailing the analysis completed:

- 8 Exhibit F - Statement of Operations - Present Rates  
9 Exhibit H - Statement of Operations - Proposed Rates  
10 Exhibit I - Comparison of Present and Proposed Rate Schedules  
11 Exhibit J - Revenue Requirements  
12 Exhibit K - Reconciliation of Rate Base and Capital  
13 Exhibit N - Software Used in Support of Filing  
14 Exhibit P - Monthly Managerial Reports from the Test Year  
15 Exhibit R - Customer Adjustment to Test Period End Level

16 **Q. Have the exhibits been prepared by you or by others under your supervision?**

17 A. Yes.

18  
19 **PART III - SUMMARY OF DIRECT TESTIMONY**

20 **Q. Please summarize the increase being requested for Farmers.**

21 A. The rate revenue increase needed for Farmers is \$1,893,805 or 4.14 percent.

22 **Q. Please summarize the revenue requirements analysis you prepared for Farmers.**

23 A. With Pro Forma Test Year Operating Expenses (before Long-Term Interest Expense) of  
24 \$45,210,590 and Margin Requirements of \$3,385,181, the total Pro Forma Test Year  
25 Revenue Requirements are \$48,595,771. Operating Revenue under present rates on a Pro  
Forma Test Year basis is determined to be \$46,700,668. Therefore, to recover the total Pro  
Forma Revenue Requirements, the increase required would be \$1,895,103. However, due to

Testimony of Lance C. Schafer, page 4

1 rate-design considerations as detailed in the Prefiled Direct Testimony of J. Adkins, Farmers  
2 is requesting a slightly lower increase of \$1,893,805. Expressed as a percentage of tariff  
3 revenue, this is equivalent to a 4.14 percent increase requirement. Table 1 presents a  
4 summary of the revenue requirements analysis for the Test Year.

<b>Table 1</b>	
<b>Farmers</b>	
<b>Revenue Requirements Summary</b>	
<b>TIER = 2.0 Objective</b>	
	(\$)
1. Operating Expenses (Excluding Interest)	45,210,590
2. Margin Requirements	
a. Interest Expense	1,769,176
b. Target TIER	<u>2.0</u>
c. Total Margin Requirements	3,538,352
d. Less: Capital Credits	(98,868)
e. Less: Non-Operating Margins	<u>(54,303)</u>
f. Net Operating Margins Required	3,385,181
3. Total Revenue Requirements	48,595,771
4. Revenue From Present Rates	
a. Tariff Revenue	45,766,304
b. Other Operating Revenue	<u>934,364</u>
c. Total Revenue	46,700,668
5. Required Increase (Decrease)	1,895,103
	or 4.14%

19 **Q. Please provide your recommended distribution of the requested increase (\$1,893,805)**  
20 **between the various rate schedules of Farmers.**

21 **A.** Based upon the results of the COS studies (detailed in the Direct Prefiled Testimony of R.  
22 Macke) and in consideration of other ratemaking objectives and the balancing of those  
23 objectives, the increase is proposed to be distributed as per Table 2 below.  
24  
25

**Table 2  
Farmers  
Comparison of Revenue  
Present and Proposed Rates**

(1)	(2)	(3)	(4)	(5)	(6)
Line No.	Rate Schedule	Revenue Present	Revenue Proposed	Increase (Decrease)	
		Rates	Rates	Amount	Percent
		(\$)	(\$)	(\$)	(%)
1	Schedule R - Residential Service	29,215,881	30,491,859	1,275,979	4.4
2	Schedule OL - Outdoor Lighting Service Rate	888,408	941,713	53,305	6.0
3	Sch. C - Comm. & Ind. Service Rate < 50 kW	2,731,500	2,940,706	209,207	7.7
4	Sch. C - Comm. & Ind. Service Rate > 50 kW	6,241,478	6,457,280	215,803	3.5
5	Sch. C - Time-of-Day Commercial Service	47,058	49,206	2,148	4.6
6	Sch. D - Large Comm/Ind Opt Time-of-Day Rate	93,261	100,418	7,157	7.7
7	Schedule E - Large Industrial Rate	3,877,328	3,948,946	71,617	1.9
8	Schedule SL - Street Lighting	61,974	63,698	1,724	2.8
9	Schedule LPC-2 - Large Power	455,444	465,105	9,662	2.1
10	Sch. LPE-4 - Large Power Time-of-Day Rate	2,099,446	2,140,351	40,905	2.0
11	Sch. RM - Residential Off-Peak Marketing - ETS	44,133	49,616	5,483	12.4
12	Sch. CM - Sm. Comm. Off-Peak Marketing - ETS	190	225	36	18.7
13	Rate Schedule NM - Net Metering	9,693	10,474	781	8.1
14	Green Power	509	509	-	0.0
16	<b>Total</b>	<b>45,766,304</b>	<b>47,660,109</b>	<b>1,893,805</b>	<b>4.14</b>

**PART IV - REVENUE REQUIREMENTS**

**Q. Please provide an overview of the revenue requirements analysis.**

A. In order to ensure financial viability, a utility's retail rates must be designed to generate sufficient revenue to meet operating expenses and margin requirements. The margin requirements must be adequate to meet lender requirements, fund plant renewals and replacement necessary to provide safe and reliable service, and accomplish capital management objectives such as achieving and/or maintaining an appropriate equity position. In this testimony, I will refer to the total operating expense and margin requirements as the "revenue requirements." This is expressed by the following equation:

$$\text{REVENUE REQUIREMENTS} = \text{OPERATING EXPENSE} + \text{MARGIN REQUIREMENTS}$$

Testimony of Lance C. Schafer, page 6

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To evaluate a utility's revenue requirements and the adequacy of its present rate structure to meet these requirements, it is common practice to analyze revenue and costs for a 12-month period of time, commonly referred to as the "Pro Forma Test Year" or simply "Test Year."

**Q. What Test Year did you use to establish the revenue requirements?**

A. The Test Year revenue requirements were based on actual historical results for the 12 months ending December 2015, adjusted for known and measurable changes that either occurred during the historical period or within a reasonable time thereafter.

**Q. Please describe the revenue requirements analysis you completed for Farmers.**

A. Exhibit F provides a Statement of Operations for the Test Year based on the revenue generated by the present rates. This provides much of the framework for the revenue requirements determination.

Page 1 of Exhibit F provides a summary of the Statement of Operations for the 2015 Historical Test Year period. The results shown in Column (c) reflect an unadjusted Test Year as actually recorded on Farmers' books. Column (d) summarizes the various adjustments for known and measurable changes to the revenue and expense accounts with the resulting adjusted Pro Forma Test Year shown in Column (e).

Page 2 of Exhibit F provides a summary of each of the proposed adjustments. Pages 3 through 74 of Exhibit F provide the detailed calculations for the adjustments, including:

- 1           ▪ Revenue;
- 2           ▪ Purchased Power Expense;
- 3           ▪ Payroll Expense;
- 4           ▪ Payroll Related Expense;
- 5           ▪ Depreciation Expense;
- 6           ▪ Property Taxes;
- 7           ▪ Rate Case Expense; and
- 8           ▪ A&G Expense Accounts.

9           Page 3 presents the billing determinants for the rate classes as recorded for the Historical and  
10           Test Year. Page 4 presents the Pro Forma Test Year billing units. Pages 5 through 7 of  
11           Exhibit F provide the calculations of revenue under present rates for the Pro Forma Test  
12           Year.

13           **Q. To calculate the adjustment to revenue under present rates, how were the pro forma  
14           billing determinants calculated?**

15           A. The revenue adjustment reflects the difference between the historical recorded revenue and  
16           the Pro Forma Test Year revenue as calculated using the pro forma billing determinants  
17           contained in Exhibit F, page 4. The pro forma average number of bills is based on the  
18           number of bills as of December 2015. As indicated in the footnotes on page 4, the December  
19           2015 number of consumers was multiplied by the average usage per bill to arrive at the pro  
20           forma energy sales. The pro forma demand was prorated based on the normalized billing  
21           units (i.e., energy and demand) and the pro forma energy.

22           **Q. Were there any other adjustments made to the historical billing determinants for  
23           purposes of calculating the Pro Forma Test Year revenue?**

24           A. Yes. As of January 1, 2016, a customer that was on the Schedule D – Large  
25           Commercial/Industrial Service, Optional Time-of-Day rate changed to the Schedule LPC-2  
              Large Power rate. To reflect this change, this customer's Test Year billing determinants were

1 moved accordingly for the purposes of the Pro Forma revenue calculation, as shown in  
2 Exhibit F, page 4.

3 Additionally, an adjustment was made to Schedule SL – Street Lighting. Per Farmers,  
4 thirty-five lights in the city of Edmonton that were billed at the Schedule SL – Street  
5 Lighting rate should have been billed at the Schedule OL – Outdoor Lighting rate. This  
6 adjustment is shown in Exhibit F, page 6.

7 The complete calculation of the number of customers and bills added to the test period  
8 end level is presented in Exhibit R.

9 **Q. How were the Fuel Adjustment Clause (“FAC”) and the Environmental Surcharge**  
10 **Rider (“ESR”) treated in the calculation of pro forma revenue?**

11 A. Both the FAC and the ESR were removed for the purposes of the pro forma revenue  
12 calculation, as shown in Exhibit F, page 2. The FAC and ESR were also removed to calculate  
13 the Estimate of Pro Forma Test Year Purchased Power Expense, as shown in Exhibit F,  
14 pages 8 through 10.

15 **Q. Please describe the pro forma adjustments to the purchased power expense.**

16 A. The Pro Forma Test Year purchased power expense is based on the East Kentucky Power  
17 Cooperative’s currently effective wholesale rates as approved by the Commission in its  
18 January 14, 2011 order in Docket no. 2010-00167. The billing units have been adjusted for  
19 known and measurable changes that occurred either during the Test Year or shortly  
20 thereafter. The three changes are outlined below.

21 Customer Nematik (formerly “JL French”) was billed at a special retail rate based on East  
22 Kentucky Power Cooperative’s Wholesale Rate C during January and February of the Test  
23 Year, after which the customer’s retail rate was changed to rate LPE-4, which is based on  
24  
25

Testimony of Lance C. Schafer, page 9

1 EKPC's wholesale rate E2. For the pro-forma Test Year, the cost of purchased power for  
2 customer Nematik has been calculated entirely at the E2 wholesale rate, as shown in Exhibit F,  
3 pages 8 through 10.

4 The Pro-Forma Test Year purchased power billing units reflect the 2016 addition of one  
5 substation. The substation charge and the corresponding metering point charge are shown in  
6 Exhibit F, page 9.

7 Finally, the Pro-Forma Test Year purchased power billing units reflect the increased  
8 utilization of the Methane Gas Landfill resource. The cost per kWh of this resource has been  
9 adjusted to reflect the bundled cost of demand and energy. The adjustments to both the cost  
10 and quantity of energy supplied by this resource are shown in Exhibit F, pages 8 through 10.

11 **Q. Please explain the remaining pro forma adjustments to the actual operating expenses.**

12 **A.** The following briefly describes these adjustments.

13 Payroll Expense was adjusted to reflect the most recent wage rate changes and any changes  
14 in staffing (see Exhibit F, pages 11 through 15). Accordingly, Distribution - Operations,  
15 Distribution - Maintenance, Consumer Accounts, Consumer Service and Information, and  
16 Administrative and General ("A&G") expense categories were adjusted to reflect these  
17 changes.

18 Payroll Related Expense was adjusted to reflect the changes in payroll expense and the  
19 known rate changes (see Exhibit F, pages 16 through 36). Accordingly, Distribution -  
20 Operations, Distribution - Maintenance, Consumer Accounts, Consumer Service and  
21 Information, and A&G expense categories were adjusted to reflect these changes.

22 Depreciation Expense was annualized by using the plant balances as of December 31, 2015  
23 and depreciation rates as of December 2015. The adjustment to the Depreciation Expense  
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1 also accounts for the adoption of a historically Commission-approved rate for Distribution  
2 Plant Account 370. For detail, see Exhibit F, pages 37 through 39. Additionally, increase in  
3 depreciation on transportation equipment, charged to a clearing account, was allocated to  
4 Distribution – Operations, Distribution – Maintenance, Consumer Accounts, Consumer  
5 Service and Information, and A&G expense categories based on actual clearing of the  
6 transportation costs for the Test Year.

7 Adjustment to Property Taxes was made to reflect the most recent estimation of Farmers'  
8 assessment for 2015 taxes (see Exhibit F, pages 40 through 42).

9 Rate Case Expense is an adjustment to A&G expense based on an estimated rate case  
10 expense amortized over three years (see Exhibit F, page 42).

11 Adjustment to Expense Accounts is another adjustment to A&G expense made to remove  
12 items that are either non-recurring or typically excluded for rate-making purposes (see  
13 Exhibit F, pages 42 through 74).

14 **Q. Please summarize the operating results for Farmers for both actual 2015 and the Pro**  
15 **Forma Test Year.**

16 A. Exhibit F summarizes the operating results for Farmers on both an unadjusted and an  
17 adjusted basis for the Test Year ending on December 31, 2015. A summary of the Operating  
18 Statement is provided in Table 3.

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<b>Table 3 Farmers Statement of Operations - Present Rates</b>		
<b>Description</b>	<b>12 Months Ending 12/31/15</b>	<b>Pro Forma Test Year</b>
	(\$)	(\$)
Operating Revenue	49,472,781	46,700,668
Operating Expenses <sup>1</sup>	<u>47,734,743</u>	<u>45,210,590</u>
Net Operating Income	1,738,038	1,490,078

It should be emphasized that the Net Operating Income is stated before Long-Term ("LT") interest expense on LT debt is deducted, since LT interest plus margin requirements are treated together as the margin requirement.

**Q. How have you determined the margin requirements for Farmers?**

A. The margin requirements were determined using a Time Interest Earned Ratio ("TIER"). By general definition, TIER is the ratio of annual earnings before LT interest to annual LT interest expense. As such, it is a measure of a long-term viability or solvency of a business in terms of being able to pay off its debts. The TIER margin requirement is determined by multiplying the required ratio by the Pro Forma Test Year LT interest expense for Farmers.

**Q. What is a reasonable TIER ratio for Farmers?**

---

<sup>1</sup> Before long-term interest expense.

Testimony of Lance C. Schafer, page 12

1 A. As explained below (and in light of the coverage required by the Cooperative's lenders, as  
2 noted in the Direct Prefiled Testimony of J. Phelps), TIER at 2.0 or greater would be  
3 appropriate.

4 **Q. What is Farmers' Test Year TIER ratio?**

5 A. Farmers' actual TIER ratio achieved in the 2015 Test Year is 1.07. After pro-forma  
6 adjustments are made, it falls to .93 (see Exhibit J). At the current level, Farmers' TIER ratio  
7 has resulted in an equity ratio that is substantially below both state and national medians as  
8 reported by National Rural Utilities Cooperative Finance Corporation, or CFC (see below).

9 **Q. What is the equity portion of Farmers' capital structure?**

10 A. Using 2015 year-end financial statements, I have summarized Farmers' equity position in  
11 Table 4. This has been prepared using the margins and equities as stated on the balance sheet  
12 and then excluding Farmers' investment/equity in East Kentucky Power Cooperative  
13 (EKPC). It is informative to look at the equity without the investment in EKPC, as the  
14 remainder represents the equity generated by the distribution operations of Farmers.  
15 Although the Cooperative accumulates an equity share in EKPC, such equity and margins are  
16 generated by EKPC's wholesale rates and are not available as cash to Farmers.

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<b>Table 4</b> <b>Farmers Equity Position</b> <i>As of 12/31/15</i>			
<b>1. Equity Percent of Total Capitalization<sup>2</sup></b>			
	<b>Total Equity</b>	<b>Total Capitalization</b>	<b>Equity Ratio</b>
	(\$)	(\$)	(%)
Farmers	38,626,203	87,609,814	44.09
National Median (CFC borrowers for 2015)			50.19
State Median (CFC borrowers for 2015)			47.68
<b>2. Distribution Equity (excluding equity in associated organizations)<sup>3</sup></b>			
<b>EKPC Member</b>	<b>Distribution Equity</b>	<b>Distribution Capitalization</b>	<b>Equity Ratio</b>
	(\$)	(\$)	(%)
Farmers	13,879,027	72,934,143	19.03
National Median (CFC borrowers for 2015)			36.38
State Median (CFC borrowers for 2015)			25.00

As can be seen above, Farmers' equity ratios are currently lower than both state and national medians. Without adequate revenue from rates to fund operations and plant investments, the equity portion of Farmers' capital structure will most likely continue to decline, which would result in increased business risk, increased cost of debt, and limited access to needed financing.

**Q. What effect would Farmers' proposed increase in revenue have on the distribution equity ratio?**

A. Under the proposed rates using the 2.0 TIER, Farmers' Test Year Distribution Equity ratio increases from 19.03% to 20.82%.<sup>4</sup> Therefore, even after the requested increase, Farmers' distribution equity ratio would be approximately 4% lower than the state average and

<sup>2</sup> 2015 CFC Key Ratio Trend Analysis (KRTA) – Ratio 18.

<sup>3</sup> 2015 CFC Key Ratio Trend Analysis (KRTA) – Ratio 17.

<sup>4</sup> \$15,524,872/\$74,579,988 = 20.82%. For inputs, see Exhibit H, page 2.

Testimony of Lance C. Schafer, page 14

1 approximately 15% lower than the national average.

2 **Q. Are you proposing a 2.0 TIER margin requirement for Farmers in order to restore the**  
3 **financial strength and stability necessary to provide safe, reliable, efficient and**  
4 **sufficient service to its members?**

5 A. Yes. I am proposing that a TIER ratio of 2.0 be used to set rates in this case for Farmers.  
6 Although, as stated above, a TIER greater than 2.0 may appear to be warranted when  
7 compared to national and state medians and in consideration of the need to grow equity, a  
8 TIER of 2.0 has been deemed an appropriate balance for this rate application when  
9 considering the rate impact on Farmers' member-consumers. Achieving a TIER of 2.0 would  
10 generate around \$1.7M in operating margins under Test Year conditions, which is a  
11 reasonable step in the right direction towards achieving and maintaining a more stable capital  
12 structure for Farmers.

13 **Q. Please summarize the increase Farmers is requesting.**

14 A. With Pro Forma Test Year Operating Expenses (excluding LT interest expense) of  
15 \$45,210,590 and Total Margin Requirements (before LT interest) of \$3,538,352, the total Pro  
16 Forma Test Year Revenue Requirements are calculated to be \$48,595,771. Revenue for the  
17 present rates on a Pro Forma Test Year basis is determined to be \$46,700,668. Therefore, to  
18 achieve the targeted TIER of 2.0, revenue must be increased by \$1,895,103 or 4.14 percent.  
19 Farmers is requesting an amount slightly lower than that, or \$1,893,805, due to rate-design  
20 considerations. Table 5 below presents a summary of the revenue requirements analysis.

21  
22  
23  
24  
25

<b>Table 5</b> <b>Farmers</b> <b>Revenue Requirements Summary</b> <b>TIER = 2.0 Objective</b>	
	(\$)
1. Operating Expenses (Excluding Interest)	45,210,590
2. Margin Requirements	
a. Interest Expense	1,769,176
b. Target TIER	<u>2.0</u>
c. Total Margin Requirements	3,538,352
d. Less: Capital Credits	(98,868)
e. Less: Non-Operating Margins	<u>(54,303)</u>
f. Net Operating Margins Required	3,385,181
3. Total Revenue Requirements	48,595,771
4. Revenue From Present Rates	
a. Tariff Revenue	45,766,304
b. Other Operating Revenue	<u>934,364</u>
c. Total Revenue	46,700,668
5. Required Increase (Decrease)	1,895,103
	or 4.14%

16 **Q. Does this conclude your prefiled Direct Testimony for Farmers' retail revenue**  
 17 **requirement analysis?**

18 **A. Yes, it does.**

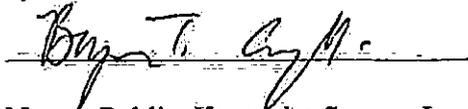
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Affiant, Lance C. Schafer, states that the answers given by him in the foregoing questions are true and correct to the best of his knowledge and belief.



Lance C. Schafer

Subscribed and sworn to before me by the affiant, Lance C. Schafer, this 11<sup>th</sup> day of November, 2016.



Notary Public, Kentucky State at Large

# 543665

My Commission Expires 11-4-19



## **LANCE C. SCHAFER**

### **RATE AND FINANCIAL ANALYST**

#### **SUMMARY OF EXPERIENCE AND EXPERTISE**

- Obtained an MBA with an emphasis in Finance from the University of Missouri's Crosby MBA program
- Filed rate-of-return testimony regarding Missouri's investor-owned utilities before the Missouri Public Service Commission
- Edited and provided content for Missouri's first-ever Comprehensive State Energy Plan
- Works on financial and utility rate studies in a project team environment

#### **PROFESSIONAL EXPERIENCE**

##### **Power System Engineering, Inc. – Lexington, KY (2016-present)**

###### **Rate and Financial Analyst**

Participates in the completion of various financial and utility rate studies in a project team environment. Manages and documents progress on assigned tasks, deadlines, and budgets for multiple projects simultaneously. Assists in the preparation of analysis and exhibits as needed to support expert testimony.

##### **Missouri Department of Economic Development – Division of Energy – Jefferson City, MO (2015-2016)**

###### **Public Utility Financial Analyst**

Monitored financial and energy-related policy pertaining to regulated public utilities such as energy efficiency programs, rate structure, revenue adjustment mechanism, cost of capital, and credit standing. Submitted policy testimony before the Missouri Public Service Commission relating to energy efficiency and its effects on utilities' financial standing.

- Edited and wrote content for Missouri's first-ever Comprehensive State Energy Plan

##### **Missouri Department of Economic Development – Office of the Public Counsel – Jefferson City, MO (2014-2015)**

###### **Public Utility Financial Analyst**

Prepared testimony before the Missouri Public Service Commission to establish the cost of capital for regulated public utilities.

- Filed rate-of-return testimony for Missouri's investor-owned utilities

#### **EDUCATION**

University of Missouri, Columbia, MO

Master of Business Administration Degree – Emphasis in Finance, 2014

University of California, Irvine, CA

Master of Arts Degree in French Literature, 2007

University of Missouri, Columbia, MO

Bachelor of Arts Degree in English, 1998

Continuing Education Courses:

- Passed the CFA level one exam in December, 2013

**ADDENDUM REFERENCES – EXPERT TESTIMONY**

<u>Case or Jurisdiction</u>	<u>Docket No.</u>	<u>Description</u>
Missouri	ER-2014-0258	I filed cost of capital testimony on behalf of the Office of the Public Counsel in Union Electric Company d/b/a Ameren Missouri's rate case.
Missouri	ER-2014-0351	I filed cost of capital testimony on behalf of the Office of the Public Counsel in the Empire District Electric Company's rate case.



**Statement of Operations  
Proposed Rates  
For the Test Year Ended December 31, 2015**

(a) Line No.	(b) Description	(c) 2015 Actual	(d) Adjustments	(e) Pro Forma Test Year
1	<b>Operating Revenue</b>	(\$)	(\$)	(\$)
2	Rate Schedules	48,538,417	(2,772,113)	47,660,109 <sup>1</sup>
3	Other	934,364	-	934,364
4	<b>Total Operating Revenue</b>	49,472,781	(2,772,113)	48,594,473
5	<b>Operating Expenses</b>			
6	Cost of Purchased Power	36,226,666	(2,716,606)	33,510,060
7	Transmission - O & M	-	-	-
8	Distribution - Operation	1,740,525	(11,704)	1,728,821
9	Distribution - Maintenance	2,969,616	(11,221)	2,958,395
10	Consumer Accounts	1,108,315	(8,894)	1,099,421
11	Consumer Service & Information	121,986	(1,283)	120,703
12	Sales	-	-	-
13	Administrative & General	2,147,127	(15,911)	2,131,216
14	Depreciation & Amortization	2,744,248	213,136	2,957,384
15	Taxes - Property	597,804	28,332	626,136
16	Taxes - Other	64,482	-	64,482
17	Interest on Long-Term Debt	1,769,176	-	1,769,176
18	Other Interest Expense	11,144	-	11,144
19	Other Deductions	2,830	-	2,830
20	<b>Total Operating Expenses</b>	49,503,919	(2,524,153)	46,979,766
21	<b>Net Operating Income</b>	(31,138)	(247,960)	1,614,707
22	Non Operating Margins - Interest	52,038		52,038
23	Allowance for Funds Used During Construction	-		-
24	Income (Loss) from Equity Investments	(12,108)		(12,108)
25	Non Operating Margins - Other	14,373		14,373
26	Generation and Transmission Capital Credits	2,372,445	(2,372,445)	-
27	Other Capital Credits and Patronage Dividends	98,868		98,868
28	Extraordinary Items	-		-
29	<b>Patronage Capital or Margins (lines 21 through 28)</b>	2,494,478	(2,620,405)	1,767,878

<sup>1</sup> Reference Schedule A for an estimate of the Pro Forma Test Year revenue under proposed rates.

**Balance Sheet, Adjusted  
Proposed Rates  
For the Test Year Ended December 31, 2015**

(a) Line No.	(b) Description	(c) 2015 Actual	(d) Adjustments <sup>1</sup>	(e) Pro Forma Test Year
1	<b>Assets and Other Debits</b>			
2	Total Utility Plant in Service	86,525,960		86,525,960
3	Construction Work in Progress	662,102		662,102
4	<b>Total Utility Plant</b>	<u>87,188,062</u>		<u>87,188,062</u>
5				
6	Less: Accum. Provision for Depreciation and Amort.	25,640,619	213,136	<u>25,853,755</u>
7				
8	<b>Net Utility Plant</b>	<u>61,547,443</u>		<u>61,334,307</u>
9				
10	<b>Total Other Property and Investments</b>	28,642,551		28,642,551
11				
12	Current Assets:			
13	Cash and Temporary Investments	385,991		385,991
14	Accounts Receivable, Net	1,589,501		1,589,501
15	Materials and Supplies	824,947		824,947
16	Prepayments	195,246		195,246
17	Subtotal	<u>2,995,685</u>		<u>2,995,685</u>
18				
19	Other Current and Accrued Assets & Other Deferred Debits	4,495,640	1,858,981	6,354,621
20				
21	<b>Total ( sum of lines 9, 11, 19, and 22 )</b>	<u>97,681,319</u>	<u>1,645,845</u>	<u>99,327,164</u>
22				
23	<b>Liabilities and Other Credits</b>			
24	Margins and Equities:			
25	Memberships	540,380		540,380
26	Patronage Capital	33,830,313	1,645,845	35,476,158
27	Operating Margins - Prior Years	-		-
28	Operating Margins - Current Year	(31,138)		(31,138)
29	Non-Operating Margins	3,277,563		3,277,563
30	Other Margins and Equities	1,009,085		1,009,085
31	<b>Total Margins &amp; Equities</b>	<u>38,626,203</u>	<u>1,645,845</u>	<u>40,272,048</u>
32				
33	<b>Total Long-Term Debt</b>	48,983,611		48,983,611
34				
35	Other Noncurrent Liabilities:			
36	Obligations Under Current Capital Leases - Noncurrent	-		-
37	Accum. Op. Provisions and Asset Retirement Oblig.	878,967		878,967
38	<b>Total Other Noncurrent Liabilities</b>	<u>878,967</u>		<u>878,967</u>
39				
40	Current Liabilities:			
41	Notes Payable	-		-
42	Accounts Payable	3,961,765		3,961,765
43	Consumer Deposits	861,686		861,686
44	Current Maturities Long-Term Debt	2,154,000		2,154,000
45	Current Maturities Long-Term Debt - Econ. Dev.	111,120		111,120
46	Current Maturities Captial Leases	-		-
47	Other Current and Accrued Liabilities	1,302,849		1,302,849
48	<b>Total Current &amp; Accrued Liabilities</b>	<u>8,391,420</u>		<u>8,391,420</u>
49				
50	Regulatory Liabilities	453,668		453,668
51	Other Deferred Credits	347,450		347,450
52	Subtotal	<u>801,118</u>		<u>801,118</u>
53				
54	<b>Total Liabilities and Other Credits (sum of lines 34, 36, 41, 51, and 55)</b>	<u>97,681,319</u>	<u>1,645,845</u>	<u>99,327,164</u>

**Schedule A**  
**Summary of Consumers, Energy Sales, and**  
**Revenue Under Proposed Rates**  
(Continued)

**I. Consumer and Sales Data for Pro Forma Test Year**

(a) Line No.	(c) Total Bills. <sup>1</sup>	(d) Energy Sales <sup>2</sup> (kWh)	(e) Demand Maximum <sup>3</sup> (kW)	(f) Revenue <sup>4</sup> (\$)
1	274,404	299,567,904		30,491,859
2	92,064	6,288,639		941,713
3	21,132	29,560,448		2,940,706
4	1,104	75,161,941	209,943.4	6,457,280
5	48	476,108		49,206
6	48	739,200	5,986.6	100,418
7	12	62,006,400	93,009.6	3,948,946
8	84	485,868		63,698
9	12	6,363,600	12,102.8	465,105
10	12	29,147,646	64,175.5	2,140,351
11	2,196	826,934		49,616
12	12	3,756		225
13	168	187,407		10,474
14				509
15	<b>Total</b>	<b>510,815,851</b>	<b>385,217.9</b>	<b>47,660,109</b>

<sup>1</sup> See Exhibit F, page 4.

<sup>2</sup> See Exhibit F, page 4.

<sup>3</sup> See Exhibit F, page 4.

<sup>4</sup> See Schedule A, pages 4 through 6.

**Schedule A**  
**Summary of Consumers, Energy Sales, and**  
**Revenue Under Proposed Rates**  
 (Continued)

**III. Estimate of Revenue Under Proposed Rates**

Rate Class	Billing Determinants	Units	Rate	Revenue
<b><u>Schedule R - Residential Service</u></b>				
Customer Charge	274,404	bills	\$14.00	\$3,841,656
Energy Charge	299,567,904	kWh	\$0.08895	\$26,646,565
Pay-As-You-Go (PrePay) Res. Rider				
Customer Charge		cons.		
Incremental Charge	10,380	cons.	\$3.18	\$33,008
Residential Direct Load Credits				-\$29,370
			Total	\$30,491,859
<b><u>Schedule OL - Outdoor Lighting Service Rate</u></b>				
Unmetered				
175 W MV	5,657	lights	\$9.73	\$660,566
175 W, shared MV	53	lights	\$3.47	\$2,205
250 W MV	51	lights	\$11.16	\$6,831
400 W MV	67	lights	\$16.97	\$13,644
1000 W MV	-	lights	\$30.15	\$0
100 W SV	1,516	lights	\$10.04	\$182,615
150 W SV	31	lights	\$11.72	\$4,361
250 W SV	35	lights	\$15.96	\$6,705
400 W SV	262	lights	\$20.61	\$64,787
1000 W SV	-	lights	\$44.70	-
LED Lighting	-	lights	\$9.90	-
			Total	\$941,713
<b><u>Schedule C - Comm. &amp; Indust. Service Rate &lt; 50 kW</u></b>				
Customer Charge	21,132	bills	\$21.32	\$450,534
Energy Charge	29,560,448	kWh	\$0.08424	\$2,490,172
			Total	\$2,940,706
<b><u>Schedule C - Comm. &amp; Indust. Service Rate &gt; 50 kW</u></b>				
Customer Charge	1,104	bills	\$105.00	\$115,920
Demand Charge	209,943	kW	\$7.89	\$1,656,453
Energy Charge	75,161,941	kWh	\$0.06513	\$4,895,297
Discount for service at Primary Voltage				
Demand at Discount of 10%	57,703	kW	(\$0.79)	(\$45,528)
Energy Discount of 10%	25,312,790	kWh	(\$0.006513)	(\$164,862)
			Total	\$6,457,280

**Schedule A**  
**Summary of Consumers, Energy Sales, and**  
**Revenue Under Proposed Rates**  
(Continued)

**III. Estimate of Revenue Under Proposed Rates**

Rate Class	Billing Determinants	Units	Rate	Revenue
<b><u>Schedule C - Time-of-Day Commerical Service</u></b>				
Customer Charge				
Single Phase Service	-	bills	\$21.32	\$0
Three Phase Service	48	bills	\$105.00	\$5,040
Energy Charge				
On-Peak	268,306	kWh	\$0.11814	\$31,698
Off-Peak	207,802	kWh	\$0.06000	\$12,468
			Total	\$49,206
<b><u>Schedule D - Large Comm/Ind Opt Time of Day Rate</u></b>				
Customer Charge	48	bills	\$105.00	\$5,040.00
Demand Charge	5,987	kW	\$7.89	47,234
Energy Charge	739,200	kWh	\$0.06513	\$48,144.10
Service at Primary Voltage				
Demand Discount of 10%	-	kW	(\$0.78900)	-
Energy Discount of 10%	-	kWh	(\$0.00651)	-
			Total	\$100,418
<b><u>Schedule E - Large industrial Rate</u></b>				
Customer Charge	12	bills	\$1,142.46	\$13,710
Demand Charge	93,010	kW	\$7.89	\$733,846
Energy Charge	62,006,400	kWh	\$0.05163	\$3,201,390
			Total	\$3,948,946
<b><u>Schedule SL - Street Lighting</u></b>				
Unmetered			/rated kWh /month	
Fluorescent 40 Watt, 16 kWh	1	lights	\$0.05908	\$11
175 W MV, 7,650 L, 70 kWh	64	lights	\$0.05908	\$3,176
250 W MV, 10,400 L, 98 kWh	9	lights	\$0.05908	\$625
400 W MV, 19,100 L, 156 kWh	31	lights	\$0.05908	\$3,429
100 W HPS, 8,550 L, 42 kWh	8	lights	\$0.05908	\$238
150 W HPS, 63 kWh	61	lights	\$0.05908	\$2,725
250 W HPS, 23,000 L, 105 kWh	133	lights	\$0.05908	\$9,901
400 W HPS, 45,000 L, 165 kWh	68	lights	\$0.05908	\$7,955
1,000 W HPS, 126,000 L, 385 kWh	-	lights	\$0.05908	\$0
Metal Halide 175 Watt, 70 kWh	1	lights	\$0.05908	\$50
Facilities Charge	189,817	%	1.14%	\$25,967
Total Contributions in Aid	94,670	\$	0.64%	\$7,271
35 Yard Light Adj. (Edmonton) - Add	35	lights	\$9.73	\$4,087
35 Yard Light Adj. (Edmonton) - Remove kWh Char	35	lights	\$0.05908	-\$1,737
			Total	\$63,698

**Schedule A**  
**Summary of Consumers, Energy Sales, and**  
**Revenue Under Proposed Rates**  
(Continued)

**III. Estimate of Revenue Under Proposed Rates**

Rate Class	Billing Determinants	Units	Rate	Revenue
<b><u>Schedule LPC-2 - Large Power</u></b>				
Customer Charge	12	bills	\$1,288.00	15,456
Demand Charge	12,103	kW	\$7.77	94,039
Energy Charge	6,363,600	kWh	\$0.055882	355,611
			Total	465,105
<b><u>Schedule LPE-4 Large Power Time of Day Rate Tariff</u></b>				
Customer Charge	12	bills	\$3,215.00	\$38,580
Demand Charge	64175.5	kW	\$6.62	\$424,842
Energy Charge				
On-Peak Energy	13,290,159	kWh	\$0.062279	827,697.81
Off-Peak Energy	15,857,487	kWh	\$0.053554	849,231.86
			Total	\$2,140,351
<b><u>Schedule RM - Residential Off-Peak Marketing - ETS</u></b>				
Energy Charge	826934	kWh	\$0.06000	\$49,616
			Total	\$49,616
<b><u>Schedule CM - Small Commercial Off-Peak Marketing - ETS</u></b>				
Energy Charge	3,756	kWh	\$0.06000	\$225
			Total	\$225
<b><u>Rate Schedule NM - Net Metering</u></b>				
Customer Charge				
NM and NM no fuel surcharge	168	bills	\$ 14.00	\$2,352
Energy (purchased and produced)	187,407	kWh		
Energy Charge (purchased)	91,313	kWh	\$0.08895	\$8,122
			Total	\$10,474
<b><u>Green Power</u></b>				
kWh purchases		/kWh		509
<b>Totals</b>	<b>510,815,851</b>	<b>kWh</b>	<b>\$0.09330</b>	<b>47,660,109</b>

**Comparison of Revenue  
Present and Proposed Rates**

(a)	(b)	(c)	(d)	(e)	(f)
Line No.	Rate Schedule	Revenue Present Rates	Revenue Proposed Rates	Increase (Decrease) Amount	Percent
		(\$)	(\$)	(\$)	(%)
1	Schedule R - Residential Service	29,215,881	30,491,859	1,275,979	4.4
2	Schedule OL - Outdoor Lighting Service Rate	888,408	941,713	53,305	6.0
3	Schedule C - Comm. & Indust. Service Rate < 50 kW	2,731,500	2,940,706	209,207	7.7
4	Schedule C - Comm. & Indust. Service Rate > 50 kW	6,241,478	6,457,280	215,803	3.5
5	Schedule C - Time-of-Day Commerical Service	47,058	49,206	2,148	4.6
6	Schedule D - Large Comm/Ind Opt Time of Day Rate	93,261	100,418	7,157	7.7
7	Schedule E - Large industrial Rate	3,877,328	3,948,946	71,617	1.9
8	Schedule SL - Street Lighting	61,974	63,698	1,724	2.8
9	Schedule LPC-2 - Large Power	455,444	465,105	9,662	2.1
10	Schedule LPE-4 Large Power Time of Day Rate Tariff	2,099,446	2,140,351	40,905	2.0
11	Schedule RM - Residential Off-Peak Marketing - ETS	44,133	49,616	5,483	12.4
12	Schedule CM - Small Commercial Off-Peak Marketing - ETS	190	225	36	18.7
13	Rate Schedule NM - Net Metering	9,693	10,474	781	8.1
14	Green Power	509	509	-	0.0
15	<b>Total</b>	<b>45,766,304</b>	<b>47,660,109</b>	<b>1,893,804.86</b>	<b>4.1</b>

**Comparison of Monthly Bills  
Average Use by Rate Schedule  
Present and Proposed Rates**

(a) Line No.	(b) Rate Schedule	(c) Average Use kWh/MO (kWh/mo)	(d) Estimated Bill		(e) Difference		(f) Average Rate	
			Present (\$)	Proposed (\$)	Amount (\$)	Percent (%)	Present (\$/kWh)	Proposed (\$/kWh)
1	Schedule R - Residential Service	1,092	106.46	111.11	4.65	4.4	9.75	10.18
2	Schedule OL - Outdoor Lighting Service Rate	68	9.57	10.14	0.57	6.0	14.09	14.94
3	Schedule C - Comm. & Indust. Service Rate < 50 kW	1,399	129.26	139.16	9.90	7.7	9.24	9.95
4	Schedule C - Comm. & Indust. Service Rate > 50 kW	68,081	5,840.06	6,039.56	199.50	3.4	8.58	8.87
5	Schedule C - Time-of-Day Commercial Service	9,919	980.38	1,025.12	44.74	4.6	9.88	10.34
6	Schedule D - Large Comm/Ind Opt Time of Day Rate	15,400	1,942.94	2,092.05	149.11	7.7	12.62	13.58
7	Schedule E - Large industrial Rate	5,167,200	323,110.69	329,078.81	5968.12	1.8	6.25	6.37
8	Schedule SL - Street Lighting	5,784	737.79	758.31	20.53	2.8	12.76	13.11
9	Schedule LPC-2 - Large Power	530,300	39,014.25	39,819.39	805.14	2.1	7.36	7.51
10	Schedule LPE-4 Large Power Time of Day Rate Tariff	2,428,971	174,953.85	178,362.62	3408.77	1.9	7.20	7.34
11	Schedule RM - Residential Off-Peak Marketing - ETS	377	20.10	22.59	2.50	12.4	5.34	6.00
12	Schedule CM - Small Commercial Off-Peak Marketing - ETS	313	15.82	18.78	2.96	18.7	5.05	6.00
13	Rate Schedule NM - Net Metering	556	58.81	63.46	4.65	7.9	10.58	11.41

**Comparison of  
Present and Proposed Rate Schedules**

<u>Present Rates</u>				<u>Proposed Rates</u>			
<b><u>Schedule R - Residential Service</u></b>				<b><u>Residential Service (01)</u></b>			
Customer Charge	@	\$9.35	/month	Customer Charge	@	\$14.00	/month
Energy Charge	@	\$0.08895	/kWh	Energy Charge	@	\$0.08895	/kWh
<b>Pay-As-You-Go (PrePay) Res. Rider</b>				<b>Pay-As-You-Go (PrePay) Res. Rider</b>			
Customer Charge	@	\$9.35	/month	Customer Charge	@	\$14.00	/month
Incremental Charge	@	\$3.18	/month	Incremental Charge	@	\$3.18	/month
<b><u>Schedule R - Residential Time-of-Day Rate</u></b>				<b><u>Schedule R - Residential Time-of-Day Rate</u></b>			
Customer Charge	@	\$15.00	/month	Customer Charge		\$19.65	
Energy Charge				Energy Charge			
On-Peak Energy	@	\$0.10473	/kWh	On-Peak Energy	@	\$0.10473	/kWh
Off-Peak Energy	@	\$0.06000	/kWh	Off-Peak Energy	@	\$0.06000	/kWh
<b><u>Schedule OL - Outdoor Lighting Service Rate</u></b>				<b><u>Schedule OL - Outdoor Lighting Service Rate</u></b>			
<b>Unmetered</b>				<b>Unmetered</b>			
175 W MV	@	\$9.18	/light	175 W MV	@	\$9.73	/light
175 W, shared MV	@	\$3.27	/light	175 W, shared MV	@	\$3.47	/light
250 W MV	@	\$10.53	/light	250 W MV	@	\$11.16	/light
400 W MV	@	\$16.01	/light	400 W MV	@	\$16.97	/light
1000 W MV	@	\$28.44	/light	1000 W MV	@	\$30.15	/light
100 W SV	@	\$9.47	/light	100 W SV	@	\$10.04	/light
150 W SV	@	\$11.06	/light	150 W SV	@	\$11.72	/light
250 W SV	@	\$15.06	/light	250 W SV	@	\$15.96	/light
400 W SV	@	\$19.44	/light	400 W SV	@	\$20.61	/light
1000 W SV	@	\$42.17	/light	1000 W SV	@	\$44.70	/light
LED Lighting	@	\$9.34	/light	LED Lighting	@	\$9.90	/light
<b><u>Schedule C - Comm. &amp; Indust. Service Rate &lt; 50 kW</u></b>				<b><u>Schedule C - Comm. &amp; Indust. Service Rate &lt; 50 kW</u></b>			
Customer Charge	@	\$11.42	/month	Customer Charge	@	\$21.32	/month
Energy Charge	@	\$0.08424	/kWh	Energy Charge	@	\$0.08424	/kWh
<b><u>Schedule C - Comm. &amp; Indust. Service Rate &gt; 50 kW</u></b>				<b><u>Schedule C - Comm. &amp; Indust. Service Rate &gt; 50 kW</u></b>			
Customer Charge	@	\$51.93	/month	Customer Charge	@	\$105.00	/month
Demand Charge	@	\$7.12	/kW	Demand Charge	@	\$7.89	/kW
Energy Charge	@	\$0.06513	/kWh	Energy Charge	@	\$0.06513	/kWh
<b>Discount for service at Primary Voltage</b>				<b>Discount for service at Primary Voltage</b>			
Demand at Discount of 10%	@	-\$0.71	/kW	Demand at Discount of 10%	@	-\$0.79	/kW
Energy Discount of 10%	@	-\$0.006513	/kWh	Energy Discount of 10%	@	-\$0.006513	/kWh

**Comparison of  
Present and Proposed Rate Schedules  
(Continued)**

**Present Rates**  
**Schedule C - Time-of-Day Commercial Service**

Customer Charge			
Single Phase Service	@	\$19.75	/month
Three Phase Service	@	\$60.26	/month
Energy Charge			
On-Peak	@	\$0.11814	/kWh
Off-Peak	@	\$0.06000	/kWh

**Schedule D - Large Comm/Ind Opt Time of Day Rate**

Customer Charge	@	\$51.93	/month
Demand Charge	@	\$7.12	/kW
Energy Charge	@	\$0.06513	/kWh
Service at Primary Voltage			
Demand Discount of 10%	@	-\$0.71	/kW
Energy Discount of 10%	@	-\$0.006513	/kWh

**Schedule E - Large industrial Rate**

Customer Charge	@	\$1,142.46	/month
Demand Charge	@	\$7.12	/kW
Energy Charge	@	\$0.05163	/kWh

**Schedule SL - Street Lighting**

Unmetered			
Fluorescent 40 Watt, 16 kWh	@	\$0.05574	/rated kWh
175 W MV, 7,650 L, 70 kWh	@	\$0.05574	/rated kWh
250 W MV, 10,400 L, 98 kWh	@	\$0.05574	/rated kWh
400 W MV, 19,100 L, 156 kWh	@	\$0.05574	/rated kWh
100 W HPS, 8,550 L, 42 kWh	@	\$0.05574	/rated kWh
150 W HPS, 63 kWh	@	\$0.05574	/rated kWh
250 W HPS, 23,000 L, 105 kWh	@	\$0.05574	/rated kWh
400 W HPS, 45,000 L, 165 kWh	@	\$0.05574	/rated kWh
1,000 W HPS, 126,000 L, 385 kWh	@	\$0.05574	/rated kWh
Metal Halide 175 Watt, 70 kWh	@	\$0.05574	/rated kWh
Facilities Charge	@	1.14%	/total inv. In fa
Total Contributions in Aid	@	0.64%	/total Cont. in .

**Proposed Rates**  
**Schedule C - Time-of-Day Commercial Service**

Customer Charge			
Single Phase Service	@	\$21.32	/month
Three Phase Service	@	\$105.00	/month
Energy Charge			
On-Peak	@	\$0.11814	/kWh
Off-Peak	@	\$0.06000	/kWh

**Schedule D - Large Comm/Ind Opt Time of Day Rate**

Customer Charge	@	\$105.00	/month
Demand Charge	@	\$7.89	/kW
Energy Charge	@	\$0.06513	/kWh
Service at Primary Voltage			
Demand Discount of 10%	@	-\$0.79	/kW
Energy Discount of 10%	@	-\$0.006513	/kWh

**Schedule E - Large industrial Rate**

Customer Charge	@	\$1,142.46	/month
Demand Charge	@	\$7.89	/kW
Energy Charge	@	\$0.05163	/kWh

**Schedule SL - Street Lighting**

Unmetered			
Fluorescent 40 Watt, 16 kWh @		\$0.05908	/rated kWh
175 W MV, 7,650 L, 70 kWh @		\$0.05908	/rated kWh
250 W MV, 10,400 L, 98 kWh @		\$0.05908	/rated kWh
400 W MV, 19,100 L, 156 kWh @		\$0.05908	/rated kWh
100 W HPS, 8,550 L, 42 kWh @		\$0.05908	/rated kWh
150 W HPS, 63 kWh @		\$0.05908	/rated kWh
250 W HPS, 23,000 L, 105 kWh @		\$0.05908	/rated kWh
400 W HPS, 45,000 L, 165 kWh @		\$0.05908	/rated kWh
1,000 W HPS, 126,000 L, 385 kWh @		\$0.05908	/rated kWh
Metal Halide 175 Watt, 70 kWh @		\$0.05908	/rated kWh
Facilities Charge	@	1.14%	/total inv. In
Total Contributions in Aid	@	0.64%	/total Cont.

**Comparison of  
Present and Proposed Rate Schedules  
(Continued)**

<u>Present Rates</u>				<u>Proposed Rates</u>			
<b><u>Schedule LPC-1 - Large Power</u></b>				<b><u>Schedule LPC-1 - Large Power</u></b>			
Customer Charge	@	\$816.00	/month	Customer Charge	@	\$1,016.00	/month
Demand Charge	@	\$7.17	/kW	Demand Charge	@	\$7.77	/kW
Energy Charge	@	\$0.057882	/kWh	Energy Charge	@	\$0.057882	/kWh
<b><u>Schedule LPC-2 - Large Power</u></b>				<b><u>Schedule LPC-2 - Large Power</u></b>			
Customer Charge	@	\$1,088.00	/month	Customer Charge	@	\$1,288.00	/month
Demand Charge	@	\$7.17	/kW	Demand Charge	@	\$7.77	/kW
Energy Charge	@	\$0.055882	/kWh	Energy Charge	@	\$0.055882	/kWh
<b><u>Schedule LPC-3 - Large Power</u></b>				<b><u>Schedule LPC-3 - Large Power</u></b>			
Customer Charge	@	\$2,737.00	/month	Customer Charge	@	\$2,937.00	/month
Demand Charge	@	\$7.17	/kW	Demand Charge	@	\$7.77	/kW
Energy Charge	@	\$0.054382	/kWh	Energy Charge	@	\$0.054382	/kWh
<b><u>Schedule LPC-4 - Large Power</u></b>				<b><u>Schedule LPC-4 - Large Power</u></b>			
Customer Charge	@	\$3,015.00	/month	Customer Charge	@	\$3,215.00	/month
Demand Charge	@	\$7.17	/kW	Demand Charge	@	\$7.77	/kW
Energy Charge	@	\$0.051882	/kWh	Energy Charge	@	\$0.051882	/kWh
<b><u>Schedule LPC-5 - Large Power</u></b>				<b><u>Schedule LPC-5 - Large Power</u></b>			
Customer Charge	@	\$4,301.00	/month	Customer Charge	@	\$4,501.00	/month
Demand Charge	@	\$7.17	/kW	Demand Charge	@	\$7.77	/kW
Energy Charge	@	\$0.049382	/kWh	Energy Charge	@	\$0.049382	/kWh
<b><u>Schedule LPB-1 - Large Power</u></b>				<b><u>Schedule LPB-1 - Large Power</u></b>			
Customer Charge	@	\$816.00	/month	Customer Charge	@	\$1,016.00	/month
Demand Charge				Demand Charge			
as per contract	@	\$7.17	/kW	as per contract	@	\$7.77	/kW
per kW in excess of contract	@	\$9.98	/kW	per kW in excess of contract	@	\$9.98	/kW
Energy Charge	@	\$0.057882	/kWh	Energy Charge	@	\$0.057882	/kWh

**Comparison of  
Present and Proposed Rate Schedules  
(Continued)**

**Schedule LPB-2 - Large Power**

Customer Charge	@	\$1,088.00	/month
Demand Charge			
as per contract	@	\$7.17	/kW
per kW in excess of contract	@	\$9.98	/kW
Energy Charge	@	\$0.055882	/kWh

**Schedule LPB-3 - Large Power**

Customer Charge	@	\$2,737.00	/month
Demand Charge			
as per contract	@	\$7.17	/kW
per kW in excess of contract	@	\$9.98	/kW
Energy Charge	@	\$0.054382	/kWh

**Schedule LPB-4 - Large Power**

Customer Charge	@	\$3,015.00	/month
Demand Charge			
as per contract	@	\$7.17	/kW
per kW in excess of contract	@	\$9.98	/kW
Energy Charge	@	\$0.051882	/kWh

**Schedule LPB-5 - Large Power**

Customer Charge	@	\$4,301.00	/month
Demand Charge			
as per contract	@	\$7.17	/kW
per kW in excess of contract	@	\$9.98	/kW
Energy Charge	@	\$0.049382	/kWh

**Schedule LPE-1 Large Power Time of Day Rate Tariff**

Customer Charge	@	\$816.00	/month
Demand Charge	@	\$6.02	/kW
Energy Charge			
On-Peak Energy	@	\$0.068279	/kWh
Off-Peak Energy	@	\$0.059554	/kWh

**Schedule LPB-2 - Large Power**

Customer Charge	@	\$1,288.00	/month
Demand Charge			
as per contract	@	\$7.77	/kW
per kW in excess of contract	@	\$9.98	/kW
Energy Charge	@	\$0.055882	/kWh

**Schedule LPB-3 - Large Power**

Customer Charge	@	\$2,937.00	/month
Demand Charge			
as per contract	@	\$7.77	/kW
per kW in excess of contract	@	\$9.98	/kW
Energy Charge	@	\$0.054382	/kWh

**Schedule LPB-4 - Large Power**

Customer Charge	@	\$3,215.00	/month
Demand Charge			
as per contract	@	\$7.77	/kW
per kW in excess of contract	@	\$9.98	/kW
Energy Charge	@	\$0.051882	/kWh

**Schedule LPB-5 - Large Power**

Customer Charge	@	\$4,501.00	/month
Demand Charge			
as per contract	@	\$7.77	/kW
per kW in excess of contract	@	\$9.98	/kW
Energy Charge	@	\$0.049382	/kWh

**Schedule LPE-1 Large Power Time of Day Rate Tariff**

Customer Charge	@	\$1,016.00	/month
Demand Charge	@	\$6.62	/kW
Energy Charge			
On-Peak Energy	@	\$0.068279	/kWh
Off-Peak Energy	@	\$0.059554	/kWh

**Comparison of  
Present and Proposed Rate Schedules  
(Continued)**

**Schedule LPE-2 Large Power Time of Day Rate Tariff**

Customer Charge	@	\$1,088.00	/month
Demand Charge	@	\$6.02	/kW
Energy Charge			
On-Peak Energy	@	\$0.066279	/kWh
Off-Peak Energy	@	\$0.057554	/kWh

**Schedule LPE-2 Large Power Time of Day Rate Tariff**

Customer Charge	@	\$1,288.00	/month
Demand Charge	@	\$6.62	/kW
Energy Charge			
On-Peak Energy	@	\$0.066279	/kWh
Off-Peak Energy	@	\$0.057554	/kWh

**Schedule LPE-3 Large Power Time of Day Rate Tariff**

Customer Charge	@	\$2,737.00	/month
Demand Charge	@	\$6.02	/kW
Energy Charge			
On-Peak Energy	@	\$0.064779	/kWh
Off-Peak Energy	@	\$0.056054	/kWh

**Schedule LPE-3 Large Power Time of Day Rate Tariff**

Customer Charge	@	\$2,937.00	/month
Demand Charge	@	\$6.62	/kW
Energy Charge			
On-Peak Energy	@	\$0.064779	/kWh
Off-Peak Energy	@	\$0.056054	/kWh

**Schedule LPE-4 Large Power Time of Day Rate Tariff**

Customer Charge	@	\$3,015.00	/month
Demand Charge	@	\$6.02	/kW
Energy Charge			
On-Peak Energy	@	\$0.062279	/kWh
Off-Peak Energy	@	\$0.053554	/kWh

**Schedule LPE-4 Large Power Time of Day Rate Tariff**

Customer Charge	@	\$3,215.00	/month
Demand Charge	@	\$6.62	/kW
Energy Charge			
On-Peak Energy	@	\$0.062279	/kWh
Off-Peak Energy	@	\$0.053554	/kWh

**Schedule LPE-5 Large Power Time of Day Rate Tariff**

Customer Charge	@	\$4,301.00	/month
Demand Charge	@	\$6.02	/kW
Energy Charge			
On-Peak Energy	@	\$0.059779	/kWh
Off-Peak Energy	@	\$0.051054	/kWh

**Schedule LPE-5 Large Power Time of Day Rate Tariff**

Customer Charge	@	\$4,501.00	/month
Demand Charge	@	\$6.62	/kW
Energy Charge			
On-Peak Energy	@	\$0.059779	/kWh
Off-Peak Energy	@	\$0.051054	/kWh

**Schedule RM - Residential Off-Peak Marketing - ETS**

Energy Charge	@	\$0.05337	/kWh
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**Schedule RM - Residential Off-Peak Marketing - ETS**

Energy Charge	@	\$0.06000	/kWh
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**Schedule CM - Small Commercial Off-Peak Marketing - ETS**

Energy Charge	@	\$0.05054	/kWh
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**Schedule CM - Small Commercial Off-Peak Marketing - ETS**

Energy Charge	@	\$0.06000	/kWh
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**Rate Schedule NM - Net Metering**

Customer Charge			
NM and NM no fuel surcharge	@	\$9.35	/month
Energy Charge (purchased)	@	\$0.08895	/kWh

**Rate Schedule NM - Net Metering**

Customer Charge			
NM and NM no fuel surcharge	@	\$14.00	/month
Energy Charge (purchased)	@	\$0.08895	/kWh

**Green Power**

kWh purchases	@		/kWh
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**Green Power**

	@		/kWh
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**Determination of Revenue Requirements**  
**TIER of 2.00**

(a)	(b)	(c)	(d)	(e)
Line No.	Description	2015 Actual	Present Rates Pro Forma Test Year	Proposed Rates Pro Forma Test Year
<b>Financial Results From Rates</b>		(\$)	(\$)	(\$)
1	Total Revenue <sup>1</sup>	49,472,781	46,700,668	48,594,473
2	Operating Expense (excluding interest expense) <sup>1</sup>	47,734,743	45,210,590	45,210,590
3	Net Operating Margins (before interest expense) <sup>2</sup>	1,738,038	1,490,078	3,383,883
4	Capital Credits <sup>3</sup>	98,868	98,868	98,868
5	Other Non-Operating Margins <sup>3</sup>	54,303	54,303	54,303
6	Total Margin (before interest expense) <sup>4</sup>	1,891,209	1,643,249	3,537,054
7	Long Term Interest <sup>3</sup>	1,769,176	1,769,176	1,769,176
8	Total TIER <sup>5</sup>	1.07	0.93	2.00
<b>Required Increase (Decrease) --TIER Objective</b>				
9	Operating Expenses (excluding interest) <sup>1</sup>	47,734,743	45,210,590	45,210,590
10	Margin Requirements			
11	Interest Expense <sup>3</sup>	1,769,176	1,769,176	1,769,176
12	Target TIER <sup>6</sup>	2.00	2.00	2.00
13	Total Margin Required (before interest) <sup>7</sup>	3,538,352	3,538,352	3,538,352
14	Less: Capital Credits <sup>3</sup>	98,868	98,868	98,868
15	Less: Non-Operating Margins <sup>3</sup>	54,303	54,303	54,303
16	Net Operating Margins Required <sup>8</sup>	3,385,181	3,385,181	3,385,181
17	Total Revenue Requirements <sup>9</sup>	51,119,924	48,595,771	48,595,771
18	Revenue From Present Rates			
19	Tariff Revenue <sup>1</sup>	48,538,417	45,766,304	47,660,109
20	Other Operating Revenue <sup>1</sup>	934,364	934,364	934,364
21	Total Revenue <sup>10</sup>	49,472,781	46,700,668	48,594,473
22	Required Increase (Decrease) <sup>11</sup>	1,647,143	1,895,103	1,298
23	Percent Increase (Decrease) <sup>12</sup>	3.39	4.14	0.00

<sup>1</sup> Reference Exhibit F and Exhibit H.

<sup>2</sup> Line 1 minus Line 2.

<sup>3</sup> Actual 2015 from December 31, 2015 Form 7 (Line 4 amount excludes G&T capital credits).

<sup>4</sup> Line 3 plus Line 4 plus Line 5.

<sup>5</sup> Line 6 divided by Line 7.

<sup>6</sup> As determined by Farmers RECC.

<sup>7</sup> Line 11 times Line 12.

<sup>8</sup> Line 13 minus Line 14 and Line 15.

<sup>9</sup> Line 9 plus Line 16.

<sup>10</sup> Line 19 plus Line 20.

<sup>11</sup> Line 17 minus Line 21.

<sup>12</sup> Line 22 divided by Line 19.

**Farmers Rural Electric Cooperative Corporation**  
**Case No. 2016-00365**  
**Development of Rate Base & Capitalization**  
**December 31, 2015**

Line No.	<b>Net Investment Rate Base</b>	
1	Total Utility Plant	\$ 87,188,062
2		
3	Material & Supplies	
4	(13 month average)	779,564
5	Prepayments	
6	(13 month average)	286,943
7	Cash Working Capital	
8	(12.5% of operating expenses)	<u>1,010,946</u>
9		
10		\$ 89,265,515
11	<b>Deductions</b>	
12		
13	Accumulated Depreciation	25,640,619
14	Other Deferred Credits	<u>347,450</u>
15		
16	Net Investment Rate Base	<u>\$ 63,277,446</u>
17		
18	<b>Total Capitalization</b>	
19		
20		
21	Total Margins & Equities	\$ 38,626,203
22		
23	Total Long Term Debt	<u>51,248,731</u>
24		
25		89,874,934
26		
27	Less GTCCs	<u>24,003,706</u>
28		
29	Total Capitalization	<u>\$ 65,871,228</u>

**Farmers Rural Electric Cooperative Corporation**  
**Case No: 2016-00365**  
**Reconciliation of Rate Base and Capital**  
**December 31, 2015**

Line No.	<b>Reconciliation of Rate Base and Capital used to determine revenue requirements are as follows:</b>
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1	Total Capitalization, with G&T capital credits	\$ 89,874,934
2	G&T capital credits	(24,003,706)
3		
4	Total Capitalization, excluding G&T capital credits	65,871,228
5	Reconciling items:	
6	Capital credits from associated organizations	
7	(Allocated but unpaid)	(1,798,491)
8	Working capital requirements	1,010,946
9	Material and supplies, 13 month average	779,564
10	Prepayments, 13 month average	286,943
11	Cash and temporary investments	(385,991)
12	Accounts receivable	(1,589,501)
13	Material and supplies	(824,947)
14	Prepayments	(195,246)
15	Other Current and Accrued Assets	(2,409,391)
16	Deferred charges	(2,086,249)
17	Investments	(2,840,354)
18	Accumulated operating provisions	878,967
19	Accounts payable	3,961,765
20	Notes Payable	-
21	Consumer deposits	861,686
22	Other Current and Accrued Liabilities	1,302,849
23	Regulatory Liabilities	453,668
24		
25	Net Rate Base	\$ 63,277,446

ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCT	INACTIVE	BANK TRANSIT ABA NBR	BANK NAME BANK ACCOUNT	ACCT LENGTH
		B/S LINE	INC LINE	B/S LINE	INC LINE					
102.00	ELECTRIC PLANT PURCHASED OR SOLD	1.00		1.00		102.00				
102.10	TEMP SERV RENTALS SUPPLIES PURCH	1.00		1.00		102.10				
107.11	CONSTR W I P-MBLE RADIO COMM SYS	2.00		2.00		107.11				
107.12	CONSTR W I P-GIS FIELD INVENTORY	2.00		2.00		107.12				
107.20	CONSTRUCTION W I P - F/A	2.00		2.00		107.20				
107.21	CONST W.I.P.-OVERHEAD	2.00		2.00		107.21				
107.30	CONST W.I.P-SPECIAL EQUIPMENT	2.00		2.00		107.30				
108.60	ACCUM DEPR/DISTRIBUTION PLANT	4.00		4.00		108.60				
108.70	GP ACCUM DEPR-BLDG & IMPROVEMENT	4.00		4.00		108.70				
108.71	GP ACCUM DEPR-FURNITURE & EQUIP	4.00		4.00		108.71				
108.72	GP ACCUM DEPR-VEHICLES	4.00		4.00		108.72				
108.74	GP ACCUM DEPR-GARAGE EQUIP/TOOLS	4.00		4.00		108.74				
108.75	GP ACCUM DEPR-LABORATORY EQUIP	4.00		4.00		108.75				
108.76	GP ACCUM DEPR-POWER OP EQUIP	4.00		4.00		108.76				
108.77	GP ACCUM DEPR-COMMUNICATIO EQUIP	4.00		4.00		108.77				
108.78	GP ACCUM DEPR-MISC. EQUIP	4.00		4.00		108.78				
108.79	GP ACCUM DEPR-TEMPORARY SERVICES	4.00		4.00		108.79				
108.80	RETIREMENT WORK IN PROGRESS	4.00		4.00		108.80				
108.81	RETIREMENT W.I.P.-OVERHEAD	4.00		4.00		108.81				
123.10	PAT CAP FROM ASSOC COOPS-UUS	8.00		7.00		123.10				
123.11	PAT CAP FROM ASSOC COOPS-EKPC	8.00		7.00		123.11				
123.12	PAT CAP FROM ASSOC COOPS-CFC	8.00		7.00		123.12				
123.13	PAT CAP FROM ASSOC COOPS-KAEC	8.00		7.00		123.13				
123.14	PAT CAP ASSOC COOP-SO EASTN DATA	8.00		7.00		123.14				
123.15	INVESTMENT IN SUBSIDIARY-FESC	7.00		7.00		123.15				
123.16	INVESTMENT IN SUB - ENVISION	7.00		7.00		123.16				

ACCOUNT	DESCRIPTION	---RUS---		---TVA---		MARGIN ACCT	INACTIVE	BANK TRANSIT ABA NBR	BANK NAME BANK ACCOUNT	ACCT LENGTH
		B/S LINE	INC LINE	B/S LINE	INC LINE					
123.17	PAT CAP ASSOC COOP-NRTC	8.00		7.00		123.17				
123.21	OTHER INVESTMENTS/ CRC	10.00		9.00		123.21				
123.22	INVESTMT'S IN CAP TERM CERT-CFC	10.00		9.00		123.22				
123.23	OTHER INVESTM'TS/ASSOC ORGANIZAN	10.00		9.00		123.23				
123.25	OTHER INVESTMENTS/FEDERATED INS	10.00		9.00		123.25				
124.00	OTHER INVESTMENTS - USDA REDLG	11.00		11.00		124.00				
128.00	OTHER SPECIAL FUNDS	13.00		13.00		128.00				
131.00	CASH CONSUMER REFUND/EDM STATE B	15.00		14.00		131.00				
131.01	CASH CAP CR A/C-EDMONTON STATE	15.00		14.00		131.01				
131.03	CASH - PBI MONEY MARKET ACCOUNT	15.00		14.00		131.03				
131.04	CASH-HEALTH INS FD/SOUTH CENTRAL	15.00		14.00		131.04				
131.05	CASH-MUNF SERV CNTR--PBI BANK	15.00		14.00		131.05				
131.07	CASH-GEN FUNDS/EDMONTON STATE BK	15.00		14.00		131.07				
131.09	CASH-USDA REDLG LOAN	15.00				131.09				
131.10	CASH-PAYROLL-B B & T BANK	15.00		14.00		131.10				
131.20	CASH CONSTR FUND-TRUSTEE/ESB	15.00		14.00		131.20				
131.40	TRANSFER OF CASH	15.00		14.00		131.40				
135.00	WORKING FUNDS	15.00		14.00		135.00				
136.00	TEMPORARY CASH INVESTMENTS	18.00		17.00		136.00				
141.30	NOTES RECEIVABLE - ETS	19.00		18.00		141.30				
141.40	NOTES RECEIVABLE-SPD EC DEV LOAN	19.00		18.00		141.40				
141.50	NOTES REC/CONSUMER POLE REPLACMT	19.00		18.00		141.50				
141.60	NOTES REC/MISC CONTRACT	19.00		18.00		141.60				
142.10	CUSTOMER ACCTS RECEIVABLE/ELEC	20.00		19.00		142.10				
142.12	CUST ACCTS REC/ASSISTANCE VOUCHR	20.00		19.00		142.12				
142.20	CUSTOMER ACCTS REC/UTILITY SERV	21.00		20.00		142.20				

ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCT	INACTIVE	BANK TRANSIT ABA NBR	BANK NAME BANK ACCOUNT	ACCT LENGTH
		B/S LINE	INC LINE	B/S LINE	INC LINE					
142.30	UNBILLED REVENUE	21.00		20.00		142.30				
142.40	ACCTS REC/HOWSMART	21.00		20.00		142.40				
142.50	ES RECOVERY - ASSET	21.00		20.00		142.50				
142.60	FAC RECOVERY - ASSET	21.00		20.00		142.60				
143.00	OTHER ACCOUNTS RECEIVABLE	21.00		20.00		143.00				
143.10	ACCTS RECEIVABLE/MATERIAL SALES	21.00		20.00		143.10				
143.30	OTHER A/C REC/JOBS/MATL/PROJ/ETC	21.00		20.00		143.30				
144.10	ACCUM PROV FOR UNCOLLECTABLE A/C	20.00		19.00		144.10				
144.20	PREPAY DEBT MANAGEMENT	20.00		19.00		144.20				
154.00	PLT MATERIALS & OPR SUPPLIES	23.00		21.00		154.00				
163.00	STORES EXPENSE - UNDISTRIBUTED	24.00		22.00		163.00				
163.01	MINOR MATERIAL EXPENSED	24.00		22.00		163.01				
163.10	STORES/INVENTORY EXPENSED	28.00		27.00		163.10				
163.40	STORES/MATERIAL INVENTORY ADJ'MT	24.00		22.00		163.40				
165.10	PREPAYMENTS - INSURANCE	24.00		22.00		165.10				
165.20	OTHER PREPAYMENTS	24.00		22.00		165.20				
165.30	GASOLINE PURCHASES	24.00		22.00		165.30				
173.00	ACCRUED UTILITY REVENUE	25.00		24.00		173.00				
181.00	UNAMORTIZED DEBT EXPENSE - CFC	28.00		25.00		181.00				
182.30	OTHER REGULATORY ASSETS	27.00		25.00		182.30				
184.00	TRANSPORTATION EXPENSE/OVERHEAD	28.00		25.00		184.00				
184.10	TRANSPORTATION EXPENSE/CLEARING	28.00		25.00		184.10				
186.00	MISCELLANEOUS DEFERRED DEBITS	28.00		25.00		186.00				
186.01	DEFERRED/2011 LONG RANGE PLAN	28.00		25.00		186.01				
186.10	DEFERRED DEBIT/CFC CONVERSION FE	28.00		25.00		186.10				
186.30	CLEARING ACCOUNT/DEPRECIATION	28.00		25.00		186.30				

ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCT	INACTIVE	BANK TRANSIT ABA NBR	BANK NAME BANK ACCOUNT	ACCT LENGTH
		B/S LINE	INC LINE	B/S LINE	INC LINE					
186.40	GIS-FIELD INVENTORY COST	28.00		25.00		186.40				
200.10	MEMBERSHIPS ISSUED	30.00		27.00		200.10				
201.10	PATRONS CAPITAL CREDITS	31.00		28.00		201.10				
209.00	ACCUM OTHER COMP INCOME	35.00				209.00				
217.00	RETIRED CAPITAL CREDITS/GAIN	35.00		32.00		217.00				
219.10	OPERATING MARGINS	32.00		29.00		219.10				
219.20	NON-OPERATING MARGINS	34.00		31.00		219.20				
219.21	NON-OPERATING MARGINS-FESC	34.00		31.00		219.21				
219.22	NON OPERATING MARGINS-ENVISON	34.00		31.00		219.22				
224.03	LTD-RUS CONSTR NOTES EXECUTED	37.00		34.00		224.03				
224.04	RUS NOTES EXECUTED-CONSTR DEBIT	37.00		34.00		224.04				
224.05	INT ACCRUED-DEFERRED-REA CONSTR	37.00		34.00		224.05				
224.06	ADV PAYM'TS UNAPPLIED-LTD DEBIT	37.00		34.00		224.06				
224.07	LONG TERM DEBT OTHER-FFB	38.00		34.00		224.07				
224.08	FFB NOTES EXECUTED-CONSTR-DEBIT	38.00		34.00		224.08				
224.11	OTHER LONG-TERM DEBT-SUBSCRIPTNS	40.00		36.00		224.11				
224.12	OTHER LONG-TERM DEBT-CFC	40.00		36.00		224.12				
224.13	CFC NOTES EXECUTED - DEBIT	40.00		36.00		224.13				
224.14	OTHER LONG TERM DEBT/MISCL	40.00		40.00		224.14				
224.16	LTD--RUS ECONOMIC DEV NOTES EXEC	41.00		34.00		224.16				
224.17	RUS NOTE EXEC-ECONOMIC DEV-DEBIT	41.00		34.00		224.17				
228.30	ACCUMULATED BENEFITS	45.00				228.30				
231.10	NOTES PAYABLE - SHORT TERM	47.00		39.00		231.10				
232.03	GENERAL FUNDS/ESB BANK	48.00		40.00		232.03				
232.30	ACCOUNTS PAYABLE	48.00		40.00		232.30				
232.31	ACCOUNTS PAYABLE - OTHER	48.00		40.00		232.31				

ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCT	INACTIVE	BANK TRANSIT ABA NBR	BANK NAME BANK ACCOUNT	ACCT LENGTH
		B/S LINE	INC LINE	B/S LINE	INC LINE					
232.40	ACCTS PAY/HOWSMART	48.00		40.00		232.40				
232.50	ES RECOVERY - LIABILITY	48.00		40.00		232.50				
232.60	FAC RECOVERY - LIABILITY	48.00		40.00		232.60				
235.00	CONSUMER DEPOSITS	49.00		41.00		235.00				
235.10	OTHER CONSUMER DEPOSITS	49.00		41.00		235.10				
236.10	ACCRUED PROPERTY TAXES	53.00		42.00		236.10				
236.20	ACCRUED TAXES/U S SOC SEC/UNEMPL	53.00		42.00		236.20				
236.30	ACCRUED TAXES - F.I.C.A.	53.00		42.00		236.30				
236.40	ACCRUED TAXES - KY UNEMPLOYMENT	53.00		42.00		236.40				
236.50	ACCRUED TAXES - KY SALES & USE	53.00		42.00		236.50				
237.10	ACCRUED INT-REA CONSTR OBLIGAT'N	53.00		42.00		237.10				
237.11	ACCRUED INT-FFB	53.00		42.00		237.11				
237.30	OTHER INTEREST ACCRUED - CFC	53.00		42.00		237.30				
237.40	OTHER INTEREST ACCRUED-CONS DEP	53.00		42.00		237.40				
237.50	ACCRUED INTEREST - SHORT TERM	53.00		42.00		237.50				
238.10	PATRONAGE CAPITAL PAYABLE	53.00		42.00		238.10				
241.00	INCOME TAX WITHHELD - FEDERAL	53.00		42.00		241.00				
241.10	INCOME TAX WITHHELD - STATE	53.00		42.00		241.10				
241.20	INCOME TAX WITHHELD - CITY	53.00		42.00		241.20				
241.21	HART COUNTY PAYROLL TAX	53.00		42.00		241.21				
241.22	CITY OF MUNFORDVILLE PAYROLL TAX	53.00		42.00		241.22				
241.25	METCALFE COUNTY PAYROLL TAX	53.00		42.00		241.25				
241.30	UTILITY SCHOOL TAX- ALL COUNTIES	53.00		42.00		241.30				
241.40	3% UTILITY TAX-GREEN CO SCHOOLS	53.00		42.00		241.40				
241.50	3% UTIL TAX-METCALFE CO SCHOOLS	53.00		42.00		241.50				
241.60	3% UTIL TAX-EDMONSON CO SCHOOLS	53.00		42.00		241.60				

ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCT	INACTIVE	BANK TRANSIT ABA NBR	BANK NAME BANK ACCOUNT	ACCT LENGTH
		B/S LINE	INC LINE	B/S LINE	INC LINE					
241.70	3% UTIL TAX-ADAIR CO SCHOOLS	53.00		42.00		241.70				
241.80	3% UTIL TAX - BARREN CO SCHOOLS	53.00		42.00		241.80				
241.81	3% UTIL TAX--MONROE CO SCHOOLS	53.00		42.00		241.81				
241.90	3% UTIL TAX - HART CO SCHOOLS	53.00		42.00		241.90				
241.91	3% UTIL TAX - LAURE CO SCHOOLS	53.00		42.00		241.91				
241.92	3% UTIL TAX - CAVERNA SCH DIST	53.00		42.00		241.92				
241.93	3% UTIL TAX - GLASGOW INDPDT SCH	53.00		42.00		241.93				
241.95	FRANCHISE TAX - CITY TAX	53.00		42.00		241.95				
242.00	ACCRUED LABOR	53.00		42.00		242.00				
242.30	ACCRUED EMPLOYEES VACATION	53.00		42.00		242.30				
242.40	ACCRUED SICK LEAVE - RETIREMENT	53.00		42.00		242.40				
242.50	OTHER CURRENT/ACCRUED LIAB/401K	53.00		42.00		242.50				
242.60	OTHER CURRENT/ACCR LIA/COLONIAL	53.00		42.00		242.60				
242.65	OTHER CURRENT/ACC LIAB/ALLSTATE	53.00		42.00		242.65				
242.70	CURRENT ACCRUED LIA/EMPL MEDICAL	53.00		42.00		242.70				
242.71	CURRENT ACCRUED LIA/DIR MEDICAL	53.00		42.00		242.71				
242.80	OTHER CURRENT/ACCRUED LIA/CANCER	53.00		42.00		242.80				
242.90	MEDICAL & DEP CARE REIMBURSEMENT	53.00		42.00		242.90				
252.00	CUSTOMER ADVANCES/CONSTRUCTION	56.00		44.00		252.00				
254.00	OTHER REGULATORY LIABILITIES	55.00		40.00		254.00				
303.00	MISCELLANEOUS INTANGIBLE PLANT	1.00		1.00		303.00				
342.00	OPPLT-FUEL HOLDERS, PRODUCERS/ACC	1.00		1.00		342.00				
344.00	OTHER PRODUCTION PLT-GENERATORS	1.00		1.00		344.00				
345.00	OPPLT-ACCESSORY ELECTRIC EQUIP	1.00		1.00		345.00				
362.00	DIST PLT-STATION EQUIPMENT	1.00		1.00		362.00				
362.01	DIST PLT-SCADA/LOAD MANAGEMENT	1.00		1.00		362.01				

ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCT	INACTIVE	BANK TRANSIT ABA NBR	BANK NAME BANK ACCOUNT	ACCT LENGTH
		B/S LINE	INC LINE	B/S LINE	INC LINE					
364.00	DIST PLT-POLES,TOWERS & FIXTURES	1.00		1.00		364.00				
365.00	DIST PLT-O/H CONDUCTOR & DEVICES	1.00		1.00		365.00				
367.00	DIST PLT-U/G CONDUCT. & DEVICES	1.00		1.00		367.00				
368.00	DIST PLT - LINE TRANSFORMERS	1.00		1.00		368.00				
369.00	DIST PLT - SERVICES	1.00		1.00		369.00				
370.00	DIST. PLT. - METERS-TRADITIONAL	1.00		1.00		370.00				
370.01	DIST.PLT.-AMR-TWAC-METERS	1.00		1.00		370.01				
370.02	DIST.PLT-AMR-TWAC-RECEIVER/EQUIP	1.00		1.00		370.02				
370.03	DIST.PLT.-AMR-TWAC-TRANSFORMERS	1.00		1.00		370.03				
370.04	DIST.PLT.-AMR-TWAC-COMPUTER	1.00		1.00		370.04				
370.05	DIST.PLT.-AMR-TWAC-CONTROL LINKS	1.00		1.00		370.05				
370.10	DIST PLT/AMR REMOVE VOLTAGE MONT	1.00		1.00		370.10				
371.00	DIST PLT-INSTALL/CUST. PREMISE	1.00		1.00		371.00				
371.20	DIST PLT-INST/CUST. PREMISE LED	1.00		1.00		371.20				
372.00	DIST PLT-LEASED PROP/CONS PREM	1.00		1.00		372.00				
373.00	DIST PLT - ST LIGHT & SIGN. SYS.	1.00		1.00		373.00				
373.10	STREET LIGHTING/CITY OF GLASGOW	1.00		1.00		373.10				
373.20	STREET LIGHTING/CITY--CAVE CITY	1.00		1.00		373.20				
373.30	STREET LIGHTING/METCALFE COUNTY	1.00		1.00		373.30				
373.40	STREET LIGHTING/CITY OF MUNF'VLE	1.00		1.00		373.40				
373.50	STREET LIGHTING/CITY OF EDMONTON	1.00		1.00		373.50				
373.60	STREET LIGHTING/HISEVILLE	1.00		1.00		373.60				
373.70	STREET LIGHTING/BARREN COUNTY	1.00		1.00		373.70				
389.00	GEN PLT-LAND AND LAND RIGHTS	1.00		1.00		389.00				
390.00	GEN PLT - STRUCTURES & IMPRVEMTS	1.00		1.00		390.00				
391.00	GEN PLT-OFFICE FURNITURE & EQUIP	1.00		1.00		391.00				

ACCOUNT	DESCRIPTION	---RUS---		---TVA---		MARGIN ACCT	INACTIVE	BANK TRANSIT ABA NBR	BANK NAME BANK ACCOUNT	ACCT LENGTH
		B/S LINE	INC LINE	B/S LINE	INC LINE					
392.00	GEN PLT/TRANSPORTATION EQUIPM'T	1.00		1.00		392.00				
393.00	GEN PLANT/STORES EQUIPMENT	1.00		1.00		393.00				
394.00	GEN PLT/TOOLS, SHOP, GARAGE EQUIP	1.00		1.00		394.00				
395.00	GEN PLT-LABORATORY EQUIPMENT	1.00		1.00		395.00				
396.00	GEN PLT-POWER OPERATED EQUIPMENT	1.00		1.00		396.00				
397.00	GEN PLT - COMMUNICATIONS EQUIPMT	1.00		1.00		397.00				
398.00	GEN PLT - MISCELLANEOUS EQUIPM'T	1.00		1.00		398.00				
399.00	GEN PLNT/TEMP SERVICE/CONS PREM	1.00		1.00		399.00				
403.60	DEPR EXPENSE/DISTRIBUTION PLANT	33.00	13.00	30.00	12.00	219.10				
403.70	DEPR EXPENSE - GENERAL PLANT	33.00	13.00	30.00	12.00	219.10				
408.10	PROPERTY TAXES - EXPENSES	33.00	14.00	30.00	13.00	219.10				
408.12	TAXES-U S UNEMPLOYMENT	33.00	15.00	30.00	14.00	219.10				
408.13	TAXES-U S SOC SEC - F.I.C.A.	33.00	15.00	30.00	14.00	219.10				
408.14	TAXES - STATE UNEMPLOYMENT - KY	33.00	15.00	30.00	14.00	219.10				
408.16	TAXES - PSC ASSESMENT	33.00	15.00	30.00	14.00	219.10				
418.10	INCOME (LOSS) OF SUBSIDIARY-FESC	34.00	24.00	30.00	1.00	219.21				
418.11	INCOME (LOSS) OF SUBSIDIARY-ENVS	34.00	24.00	30.00	1.00	219.22				
419.00	INTEREST AND DIVIDEND INCOME	34.00	22.00	31.00	21.00	219.20				
421.01	GAIN/LOSS ON DISPOSITION OF PROP	34.00	25.00	34.00	24.00	219.20				
421.10	GAIN ON DISPOSITION OF PROPERTY	34.00	25.00	31.00	23.00	219.20				
423.00	G & T CAPITAL CREDITS	34.00	26.00	30.00	24.00	219.10				
424.00	OTHER CAP CRS & PATR. CAP. ALLOC	34.00	27.00	30.00	25.00	219.10				
426.10	DONATIONS	33.00	19.00	30.00	18.00	219.10				
426.20	OPERATION WARM HEARTS	33.00	19.00	30.00	18.00	219.10				
426.30	LOAD MANAGEMENT CREDIT REFUND	33.00	19.00	30.00	18.00	219.10				
426.50	OTHER DEDUCTIONS	33.00	19.00	30.00	18.00	219.10				

ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCT	INACTIVE	BANK TRANSIT ABA NBR	BANK NAME BANK ACCOUNT	ACCT LENGTH
		B/S LINE	INC LINE	B/S LINE	INC LINE					
427.10	INTEREST/REA CONSTRUCTION LOAN	33.00	16.00	30.00	15.00	219.10				
427.11	INTEREST/FFB	33.00	16.00	30.00	15.00	219.10				
427.20	INTEREST ON OTHER LTD - CFC	33.00	16.00	30.00	15.00	219.10				
427.30	ENV SUR HOLDING ACCOUNT - CA/GA	33.00	16.00	30.00	15.00	219.10				
428.00	AMORTIZATION OF DEBT DISC & EXP	33.00	19.00	30.00	18.00	219.10				
431.00	INTEREST EXP/CONSUMER DEPOSITS	33.00	18.00	30.00	17.00	219.10				
431.10	INTEREST EXPENSE - SHORT TERM	33.00	18.00	30.00	17.00	219.10				
440.10	RESIDENTIAL SALES - RURAL	33.00	1.00	30.00	1.00	219.10				
442.10	COMMERCIAL & INDUSTRIAL SALES/SM	33.00	1.00	30.00	1.00	219.10				
442.20	COMMERCIAL & INDUSTRIAL SALES/LG	33.00	1.00	30.00	1.00	219.10				
444.00	PUBLIC STREET & HIGHWAY LIGHTING	33.00	1.00	30.00	1.00	219.10				
450.00	FORFEITED DISC-OTHER OPERT'G REV	33.00	1.00	30.00	1.00	219.10				
451.00	MISCELLANEOUS SERVICE REVENUE	33.00	1.00	30.00	1.00	219.10				
451.10	MISC SERV REV/TRIP CHARGES	33.00	1.00	30.00	1.00	219.10				
451.20	MISC SERV REV/CHECK CHARGES	33.00	1.00	30.00	1.00	219.10				
451.30	MISC SERVICE REVENUE-ETS UNITS	33.00	1.00	30.00	1.00	219.10				
451.40	MISC SERV REV/RECONNECT REG HRS	33.00	1.00	30.00	1.00	219.10				
451.50	MISC SERV REV/RECONNECT O.T. HRS	33.00	1.00	30.00	1.00	219.10				
451.60	MISC SERV REV/METER TEST FEES	33.00	1.00	30.00	1.00	219.10				
451.70	MISCL SERV REV/INSULATION PROG	33.00	1.00	30.00	1.00	219.10				
451.80	MISC SERV REVENUE/INSPECTIONS	33.00	1.00	30.00	1.00	219.10				
451.90	EKPC MARKETING REBATE/REVENUE	33.00	1.00	30.00	1.00	219.10				
454.00	RENT FROM ELECTRIC PROPERTY	33.00	1.00	30.00	1.00	219.10				
456.00	OTHER ELECTRIC REVENUE	33.00	1.00	30.00	1.00	219.10				
456.03	RENTAL INCOME - FTSK	33.00	1.00	30.00	1.00	219.10				
456.10	REVENUE/TEMPORARY SERVICE RENT	33.00	1.00	33.00	1.00	219.10				

ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCT	INACTIVE	BANK TRANSIT ABA NBR	BANK NAME BANK ACCOUNT	ACCT LENGTH
		B/S LINE	INC LINE	B/S LINE	INC LINE					
555.00	PURCHASED POWER	33.00	3.00	30.00	3.00	219.10				
580.00	OPERATIONS, SUPERVISION & ENG	33.00	6.00	30.00	5.00	219.10				
583.00	OVERHEAD LINE EXPENSE	33.00	6.00	30.00	5.00	219.10				
583.10	OVERHEAD LINE EXPENSE - PCB	33.00	6.00	30.00	5.00	219.10				
586.00	METER EXPENSE	33.00	6.00	30.00	5.00	219.10				
587.00	CONSUMER INSTALLATION EXPENSE	33.00	6.00	30.00	5.00	219.10				
587.40	MISCL EXP/TEMP SERV RNTL REPAIRS	33.00	6.00	33.00	5.00	219.10				
588.00	MISCELLANEOUS DISTRIBUTION EXP	33.00	6.00	30.00	5.00	219.10				
593.00	MAINTENANCE OF OVERHEAD LINES	33.00	7.00	30.00	6.00	219.10				
593.01	MAINTENANCE OF LINE/EMERG REPAIR	33.00	7.00	30.00	6.00	219.10				
593.10	MAINTENANCE OF RIGHT OF WAY	33.00	7.00	30.00	6.00	219.10				
593.17	R/W MAJOR EQUIPMENT	33.00	7.00	30.00	6.00	219.10				
593.21	CONTRACTORS ROW-TRIMMING	33.00	7.00	30.00	6.00	219.10				
593.28	CONTACTORS ROW-CHEMICAL	33.00	7.00	30.00	6.00	219.10				
593.29	CONT/AREA HAND CLRING/CYC 2	33.00	7.00	30.00	6.00	219.10				
593.30	MAINTENACE OF POLES	33.00	7.00	30.00	6.00	219.10				
593.40	MAINTENANCE OF LINE INSPECTION	33.00	7.00	30.00	6.00	219.10				
595.00	MAINTENANCE OF LINE TRANSFORMERS	33.00	7.00	30.00	6.00	219.10				
595.01	MAINT OF TRANSF/EMERG REPAIRS	33.00	7.00	30.00	6.00	219.10				
597.00	MAINTENANCE OF METERS	33.00	7.00	30.00	6.00	219.10				
598.00	MAINTENANCE OF MISC DISTR PLANT	33.00	7.00	30.00	6.00	219.10				
598.10	STREET LIGHT/OVERHEAD EXPENSE	33.00	7.00	30.00	6.00	219.10				
888.88	DEFAULTT CAGA ACCOUNT					888.88				
902.00	METER READING EXPENSE	33.00	8.00	30.00	7.00	219.10				
903.00	CUST RECORDS & COLLECTION EXPENS	33.00	8.00	30.00	7.00	219.10				
904.00	UNCOLLECTIBLE ACCOUNTS	33.00	8.00	30.00	7.00	219.10				

ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCT	INACTIVE	BANK TRANSIT ABA NBR	BANK NAME BANK ACCOUNT	ACCT LENGTH
		B/S LINE	INC LINE	B/S LINE	INC LINE					
904.10	UNCOLLECTIBLE/OTHER A/R	33.00	8.00	30.00	7.00	219.10				
908.00	CUSTOMER ASSISTANCE EXPENSE	33.00	9.00	30.00	8.00	219.10				
908.10	DUCT SEALING PROGRAM	33.00	9.00	30.00	8.00	219.10				
908.30	ETS EXPENSE	33.00	9.00	30.00	8.00	219.10				
908.60	ENRGY CONSERVATION/EXP BUTTON UP	33.00	9.00	30.00	8.00	219.10				
909.00	PUBLIC SAFETY AWARENESS	33.00	9.00	30.00	8.00	219.10				
920.00	ADMINISTRATIVE & GEN'L SALARIES	33.00	11.00	30.00	10.00	219.10				
920.10	CAPITAL CREDIT REFUNDS-EXPENSE	33.00	11.00	30.00	10.00	219.10				
921.00	OFFICE SUPPLIES AND EXPENSE	33.00	11.00	30.00	10.00	219.10				
923.00	OUTSIDE SERVICES EMPLOYED	33.00	11.00	30.00	10.00	219.10				
924.00	PROPERTY INSURANCE	33.00	11.00	30.00	10.00	219.10				
925.00	INJURIES AND DAMAGES	33.00	11.00	30.00	10.00	219.10				
926.00	EMPL TRAINING/EDUCATIONAL PROG	33.00	11.00	30.00	10.00	219.10				
926.10	EMPLOYEE BENEFITS	33.00	11.00	30.00	10.00	219.10				
928.00	REGULATROY COMMISSION EXPENSES	33.00	11.00	30.00	10.00	219.10				
930.10	GENERAL ADVERTISING EXPENSES	33.00	11.00	30.00	10.00	219.10				
930.20	MISCELLANEOUS GENERAL EXPENSE	33.00	11.00	30.00	10.00	219.10				
930.21	ANNUAL MEETING EXPENSE	33.00	11.00	30.00	10.00	219.10				
930.23	PUBLIC RELATIONS & IMAGE	33.00	11.00	30.00	10.00	219.10				
930.30	DIRECTOR'S FEES AND EXPENSES	33.00	11.00	30.00	10.00	219.10				
930.31	DIRECTORS ELECTION EXPENSE	33.00	11.00	30.00	10.00	219.10				
932.00	MAINTENANCE OF GENERAL PLANT	33.00	11.00	30.00	10.00	219.10				

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION AND SUBSIDIARY  
GLASGOW, KENTUCKY**

**REPORT ON AUDIT OF CONSOLIDATED  
FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION**

**For the Years Ended  
December 31, 2015 and 2014**

**CONTENTS**

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	<u>Pages</u>
Independent Auditors' Report	1 - 2
Consolidated Financial Statements:	
Balance Sheets	3 - 4
Statements of Revenue	5
Statements of Comprehensive Income	6
Statements of Patronage Capital and Memberships	7
Statements of Cash Flows	8 - 9
Notes to Consolidated Financial Statements	10 - 19
Supplementary Information:	
Independent Auditors' Report on Consolidating Information	20
Schedule I - 2015 Consolidating Balance Sheet	21
Schedule II - 2015 Consolidating Statement of Revenue	22
Schedule III - 2014 Consolidating Balance Sheet	23
Schedule IV - 2014 Consolidating Statement of Revenue	24
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	25 - 26
Independent Auditors' Report on Compliance with Aspects of Contractual Agreements and Regulatory Requirements for Electric Borrowers	27 - 29

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Farmers Rural Electric  
Cooperative Corporation  
Glasgow, Kentucky

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Farmers Rural Electric Cooperative Corporation which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of revenue, comprehensive income, patronage capital and memberships, and cash flows, for the years then ended and related notes to the consolidated financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of Farmers Energy Propane Plus, a wholly owned subsidiary, which statements reflect total assets of \$2,290,993 and \$2,217,779 as of December 31, 2015 and 2014, respectively, and total revenues of \$2,426,462 and \$2,701,641 respectively, for the years then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Farmers Energy Propane Plus, is based solely on the report of the other auditor. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, based on our audits and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the respective financial position of Farmers Rural Electric Cooperative Corporation and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

Our audit was conducted for the purpose of forming opinions on the consolidated financial statements that collectively comprise Farmers Rural Electric Cooperative Corporation's basic financial statements. The consolidating balance sheets and consolidating statements of revenue are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The consolidating balance sheets and consolidating statements of revenue are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information in Schedules I – IV, which insofar as it relates to Farmers Energy Propane Plus is based on the report of other auditors, is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2016 on our consideration of the Cooperative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Farmers Rural Electric Cooperative Corporation's internal control over financial reporting and compliance.

*Campbell, Myers, and Ralledge, PLLC*  
Certified Public Accountants  
Glasgow, Kentucky

March 25, 2016

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION AND SUBSIDIARY  
BALANCE SHEETS  
December 31, 2015 and 2014

	<u>2015</u>	<u>Restated 2014</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 559,476	\$ 643,145
Accounts and notes receivable, less allowance for doubtful accounts of \$92,514 in 2015 and \$92,053 in 2014	4,118,672	5,339,495
Materials and supplies, at average cost	952,521	902,388
Prepaid expenses	195,246	246,924
<b>Total current assets</b>	<u>5,825,915</u>	<u>7,131,952</u>
<b>Other assets and investments:</b>		
Cash - Special funds	453,668	-
Goodwill, net of amortization	458,052	458,052
Investments in subsidiary companies	21,479	19,464
Investment in associated organizations	25,802,197	23,360,199
Deferred charges	2,086,249	2,239,750
Note receivable	888,880	1,000,000
<b>Total other assets</b>	<u>29,710,525</u>	<u>27,077,465</u>
Utility plant in service	89,393,630	85,307,588
Construction work in progress	662,102	886,561
	<u>90,055,732</u>	<u>86,194,149</u>
Less accumulated depreciation	(27,039,511)	(25,725,035)
Utility plant, net	<u>63,016,221</u>	<u>60,469,114</u>
<b>Total assets</b>	<u>\$ 98,552,661</u>	<u>\$ 94,678,531</u>

The accompanying notes are an integral  
part of the financial statements.

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION AND SUBSIDIARY  
BALANCE SHEETS, CONCLUDED  
December 31, 2015 and 2014

	<u>2015</u>	<u>Restated 2014</u>
<b>Current liabilities:</b>		
Accounts payable	\$ 4,126,057	\$ 5,422,455
Accrued expenses	1,302,849	1,317,413
Customer deposits	861,686	900,227
Current portion of capital leases	27,667	33,905
Current portion of long-term debt	<u>2,359,392</u>	<u>2,186,793</u>
Total current liabilities	<u>8,677,651</u>	<u>9,860,793</u>
<b>Long-term liabilities:</b>		
Capital lease less current maturities	18,597	46,264
Long-term debt less current maturities	<u>49,418,236</u>	<u>46,280,237</u>
Total long-term liabilities	<u>49,436,833</u>	<u>46,326,501</u>
<b>Noncurrent liabilities:</b>		
Regulatory liability	453,668	-
Post retirement benefit obligations	878,967	531,973
Customer advances for construction	<u>347,450</u>	<u>369,932</u>
Total noncurrent liabilities	<u>1,680,085</u>	<u>901,905</u>
<b>Members' equities:</b>		
Memberships	540,380	536,810
Patronage capital	37,208,627	35,355,714
Accumulated other comprehensive income	(794,396)	(454,986)
Other equities	<u>1,803,481</u>	<u>1,680,165</u>
Total members' equities	<u>38,758,092</u>	<u>37,117,703</u>
Minority interests	-	471,629
Total equities	<u>38,758,092</u>	<u>37,589,332</u>
Total liabilities and equity	<u>\$ 98,552,661</u>	<u>\$ 94,678,531</u>

The accompanying notes are an integral  
part of the financial statements.

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION AND SUBSIDIARY  
STATEMENTS OF REVENUE  
For the years ended December 31, 2015 and 2014

	<u>2015</u>	<u>Restated 2014</u>
Operating revenue	\$ 51,899,243	\$ 55,540,918
Operating expenses:		
Cost of purchases	37,445,395	40,420,930
Distribution - operations	2,083,890	1,976,442
Distribution - maintenance	2,969,616	2,960,807
Consumer accounts	1,108,315	1,093,049
Customer services and informational expense	121,986	169,746
Administrative and general	2,689,996	2,541,388
Depreciation	2,918,159	2,752,062
Taxes	824,116	782,422
Total operating expenses	<u>50,161,473</u>	<u>52,696,846</u>
Operating margins	1,737,770	2,844,072
Interest on long-term debt to RUS and CFC	<u>1,769,176</u>	<u>1,832,381</u>
Operating margins after fixed charges	(31,406)	1,011,691
G & T and other capital credits	<u>2,471,313</u>	<u>2,693,970</u>
Net operating margins	<u>2,439,907</u>	<u>3,705,661</u>
Nonoperating margins:		
Interest income, net of expenses of \$11,144 in 2015 and \$4,685 in 2014	41,014	57,134
Other net nonoperating income (loss)	<u>13,557</u>	<u>(31,026)</u>
	<u>54,571</u>	<u>26,108</u>
Net margins	<u>\$ 2,494,478</u>	<u>\$ 3,731,769</u>

The accompanying notes are an integral  
part of the financial statements.

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION AND SUBSIDIARY  
STATEMENTS OF COMPREHENSIVE INCOME  
For the years ended December 31, 2015 and 2014

	<u>2015</u>	<u>Restated 2014</u>
Net margins	\$ 2,494,478	\$ 3,731,769
Defined benefit pension plans:		
Net gain (loss) during period	(362,162)	(55,724)
Amortization of net gain (loss)	12,708	10,968
Less: amortization of transition obligation	<u>10,044</u>	<u>10,044</u>
Other comprehensive income (loss)	(339,410)	(34,712)
Total comprehensive income	<u>\$ 2,155,068</u>	<u>\$ 3,697,057</u>

The accompanying notes are an integral  
part of the financial statements.

**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION AND SUBSIDIARY**  
**STATEMENTS OF PATRONAGE CAPITAL AND MEMBERSHIPS**  
For the years ended December 31, 2015 and 2014

	Memberships	Patronage Capital	Accumulated Other Comprehensive Income	Other Equities	Minority Interest	Total
Balances, January 1, 2014, Restated	\$ 534,305	\$ 32,255,070	\$ (420,274)	\$ 1,556,613	\$ 433,321	\$ 34,359,035
Increase in memberships, net of terminations	2,505	-	-	-	-	2,505
Net margins for the year ended December 31, 2014	-	3,731,769	-	-	-	3,731,769
Retirement of patronage capital of estates of deceased members and adjustments	-	-	-	123,552	-	123,552
Other comprehensive income	-	-	(34,712)	-	-	(34,712)
Transfers to other equity and minority interests	-	-	-	-	38,308	38,308
Distributions of patronage capital	-	(631,125)	-	-	-	(631,125)
Balances, December 31, 2014, Restated	\$ 536,810	\$ 35,355,714	\$ (454,986)	\$ 1,680,165	\$ 471,629	\$ 37,589,332
Increase in memberships, net of terminations	3,570	-	-	-	-	3,570
Net margins for the year ended December 31, 2015	-	2,494,478	-	-	-	2,494,478
Retirement of patronage capital of estates of deceased members and adjustments	-	-	-	123,316	-	123,316
Other comprehensive income	-	-	(339,410)	-	-	(339,410)
Transfers to other equity and minority interests	-	(25,187)	-	-	(471,629)	(496,816)
Distributions of patronage capital	-	(616,378)	-	-	-	(616,378)
Balances, December 31, 2015	<u>\$ 540,380</u>	<u>\$ 37,208,627</u>	<u>\$ (794,396)</u>	<u>\$ 1,803,481</u>	<u>\$ -</u>	<u>\$ 38,758,092</u>

The accompanying notes are an integral part of the financial statements.

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION AND SUBSIDIARY  
STATEMENTS OF CASH FLOWS  
For the years ended December 31, 2015 and 2014

	<u>2015</u>	Restated <u>2014</u>
<b>Cash flows from operating activities:</b>		
Net margins	\$ 2,494,478	\$ 3,731,769
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,918,159	2,752,062
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	1,220,823	243,301
(Increase) decrease in inventory	(50,133)	(203,059)
(Increase) decrease in prepaid expenses	51,678	(2,719)
Increase (decrease) in accounts payable	(1,296,398)	1,073,480
Increase (decrease) in customer deposits	(38,541)	(24,092)
Increase (decrease) in accrued expenses	(14,564)	(68,250)
Increase (decrease) in customer advances for construction	(22,482)	(20,805)
(Increase) decrease in deferred charges	<u>153,501</u>	<u>174,843</u>
Net cash provided (used) by operating activities	<u>5,416,521</u>	<u>7,656,530</u>
<b>Cash flows from investing activities:</b>		
Purchases of property, plant, and equipment	(5,193,703)	(5,496,605)
Plant removal costs	(715,930)	(674,525)
Salvage recovered from retirement of plant	100,927	67,117
Investments in subsidiary companies	2,015	6,454
(Increase) decrease in other receivable	111,120	(1,000,000)
(Increase) decrease in investments in associated organizations and other investments	<u>(2,441,998)</u>	<u>(2,661,597)</u>
Net cash provided (used) by investing activities	<u>(8,137,569)</u>	<u>(9,759,156)</u>

The accompanying notes are an integral  
part of the financial statements.

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION AND SUBSIDIARY  
STATEMENTS OF CASH FLOWS, CONCLUDED  
For the years ended December 31, 2015 and 2014

	<u>2015</u>	Restated <u>2014</u>
Cash flows from financing activities:		
Memberships issued	\$ 3,570	\$ 2,505
Increase (decrease) in noncurrent liabilities	800,662	30,918
Distributions of patronage capital	(616,378)	(631,125)
Retired capital credits - gain	123,316	123,552
Minority interest and other equities	(496,816)	195,384
Other debt increase (decrease)	452,224	(128,616)
Principal payments under capital lease obligation	(33,905)	(16,703)
Principal payments to RUS	(117,696)	(112,270)
Advanced principal payments unapplied	35,030	478,033
Principal payments to CFC	(848,463)	(791,880)
Loan advancements from RUS/FFB	5,018,522	2,300,000
Principal payments to RUS/FFB	<u>(1,229,019)</u>	<u>(940,782)</u>
 Net cash provided (used) by financing activities	 <u>3,091,047</u>	 <u>509,016</u>
 Increase (decrease) in cash and cash equivalents	 369,999	 (1,593,610)
Cash and cash equivalents at beginning of year	<u>643,145</u>	<u>2,236,755</u>
Cash and cash equivalents at end of year	<u>\$ 1,013,144</u>	<u>\$ 643,145</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	<u>\$ 1,769,176</u>	<u>\$ 1,832,381</u>

The accompanying notes are an integral  
part of the financial statements.

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies:

Principles of Consolidation:

The consolidated financial statements include the accounts of Farmers Rural Electric Cooperative Corporation and its 100% owned subsidiary, Farmers Energy Services Corporation. All material intercompany transactions have been eliminated in consolidation.

General:

The Cooperative maintains its records in accordance with policies prescribed or permitted by Kentucky Public Service Commission and United States Department of Agriculture, Rural Utilities Service, which conform in all material respects with generally accepted accounting principles.

Nature of Business:

Farmers Rural Electric Cooperative Corporation provides electric service in an eight-county area of south central Kentucky. The Cooperative grants credit to customers, substantially all of whom are local residents and commercial businesses.

Utility Plant:

Utility plant is stated substantially at original cost, net of contributions, which is the cost when first dedicated to public service. Such cost includes applicable supervisory and overhead cost.

The cost of maintenance and repairs, including renewals of minor items of property, is charged to operating expense. The cost of replacement of depreciable property units, as distinguished from minor items, is charged to utility plant. The cost of units of property replaced or retired, including cost of removal, net of any salvage value, is charged to accumulated depreciation. When property is sold, a gain or loss is reflected in income.

The major classifications of electric plant in service at December 31, 2015 and 2014 were:

	<u>2015</u>	<u>2014</u>
Distribution Plant	\$ 76,550,072	\$ 73,071,180
General Plant	8,701,347	8,434,025
Other Production Plant	1,270,916	1,115,068
Intangible Plant	3,625	3,625
Electric Plant	<u>86,525,960</u>	<u>82,623,898</u>
Propane Plant	<u>2,867,670</u>	<u>2,683,690</u>
Total Utility Plant	<u>\$ 89,393,630</u>	<u>\$ 85,307,588</u>

Cash and Cash Equivalents:

For purposes of the statement of cash flows, the Cooperative considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Materials and Supplies:

Materials and supplies inventories are stated at the lower of cost or market using the average cost method.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management estimates and assumptions that affect the reporting amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reporting amounts of the revenues and expenses during the reporting period. Actual results could differ from those estimates.

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

1. Summary of Significant Accounting Policies, Continued:

Depreciation:

Provision has been made for depreciation on the basis of estimated lives of assets, using the straight-line method. Distribution plant depreciation is based on a composite rate of three and twenty-four hundredths percent (3.24%) per annum.

The following depreciation rates for the components of the general plant were in effect as of December 31, 2015 and 2014:

Structures and Improvements	2.5%
Office Furniture and Fixtures	20.0%
Transportation and Communication Equipment	14.0%
Power-Operated Equipment	12.0%
Office Equipment and Computers	20.0%
Telephone Equipment	14.0%
Other General Plant	6.0%

Depreciation expense for the years ended December 31, 2015 and 2014 was \$2,918,159 and \$2,752,062 respectively.

Revenue and Cost of Power:

Operating revenue and cost of purchased power include increases (decreases) under the fuel clause adjustment of approximately \$34,437 for the year ended December 31, 2015, and \$71,096 for the year ended December 31, 2014.

Accounts Receivable:

Accounts receivable consists of uncollected amounts due from customers for the sales of electric energy, which are not received by the Cooperative at year-end, billed and unbilled. Based on management's evaluation of uncollected accounts receivable at the end of each year, bad debts are provided for on the allowance method.

Note Receivable:

The Cooperative has a note receivable from the City of Glasgow, Kentucky in the amount of \$888,880 without interest. Monthly installments of \$9,260 are due the first day of each month beginning January 1, 2015 and continuing on the first day of each month until the principal sum has been paid in full.

Income Tax Status:

The Cooperative is exempt from federal and state income taxes under Code Section 501(c)(12) because more than 85% of its revenue is received from members. Accordingly, the financial statements include no provision for income taxes.

Investment in Subsidiary Companies:

This balance represents the Cooperative's investments in affiliates, together with other Cooperatives, for the purpose of providing other energy services and products. These investments are accounted for using the equity method.

Subsequent Events:

Management has evaluated subsequent events through March 25, 2016, the date which the financial statements were available to be issued. On March 11, 2016, the Cooperative was approved for loan funds in the amount of \$1,200,000 from Federal Financing Bank.

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

1. Summary of Significant Accounting Policies, Concluded:

Reclassifications

Certain amounts in the 2014 financial statements were reclassified to conform to the 2015 presentation.

2. Investments in Associated Organizations:

Investments in associated organizations as of December 31, 2015 and 2014 are listed as follows:

	<u>2015</u>	<u>2014</u>
East Kentucky Power Cooperative, Inc.	\$ 24,003,706	\$ 21,631,260
National Rural Utilities Cooperative Finance Corp.	828,910	830,079
Other	969,581	898,860
Total	<u>\$ 25,802,197</u>	<u>\$ 23,360,199</u>

FRECC records patronage capital assigned by associated organizations in the year in which assignments are received. Investments in National Rural Cooperative Finance Corporation consist of a membership fee and capital term certificates which are also valued by patronage capital assigned in the year in which assignments are received.

3. Long-Term Debt:

All assets, except motor vehicles are pledged as collateral for the long-term debt to the United States of America and National Rural Utilities Cooperative Finance Corporation under a joint mortgage agreement.

Long-term debt at December 31, 2015 and 2014 consisted of:

	<u>2015</u>	<u>2014</u>
Due United States of America:		
5.12% First Mortgage Notes-Variable Rate	\$ 1,617,611	\$ 1,676,262
4.125 - 4.5% First Mortgage Notes-Variable Rate	1,499,623	1,558,668
5.49% Mortgage Note-FFB	3,567,192	3,671,341
5.62% Mortgage Note-FFB	351,253	361,362
2.87 - 4.93% Mortgage Note-FFB-Variable Rate	37,845,258	33,830,377
0% Rural Economic Development Loan	888,880	1,000,000
Total due United States of America	<u>\$ 45,769,817</u>	<u>\$ 42,098,010</u>
Due National Rural Utilities Cooperative Finance Corporation:		
2.4 - 6.8% First Mortgage Notes	5,570,665	6,419,128
Advance payments unapplied to long term debt	<u>(91,751)</u>	<u>(126,781)</u>
Total	51,248,731	48,390,357
Less current maturities	<u>(2,265,120)</u>	<u>(2,110,120)</u>
Farmers Rural Electric Cooperative Corporation	<u>\$ 48,983,611</u>	<u>\$ 46,280,237</u>
Due East Kentucky Power 2.75%	\$ -	\$ 76,673
Due Other	50,000	-
Less current maturities	<u>(50,000)</u>	<u>(76,673)</u>
Farmers Energy Propane Plus	<u>\$ -</u>	<u>\$ -</u>
Due East Kentucky Power 2.75%	\$ 478,897	\$ -
Less current maturities	<u>(44,272)</u>	<u>-</u>
Farmers Energy Services Corporation	<u>\$ 434,625</u>	<u>\$ -</u>
Total all companies	\$ 51,777,628	\$ 48,467,030
Less current maturities	<u>(2,359,392)</u>	<u>(2,186,793)</u>
Total long term consolidated debt	<u>\$ 49,418,236</u>	<u>\$ 46,280,237</u>

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

3. Long-Term Debt, Concluded:

In 2000, the Cooperative received approval from the Federal Financing Bank – Rural Utilities Service for a loan in amount of \$5,053,000. This loan is for a period of thirty-five years and bears interest at the approximate rate of 5.5%. The total amount of this loan was advanced to the Cooperative in January, 2001. Principal payments began June 30, 2002, and are due quarterly.

In 2003, the Cooperative received approval from the Federal Financing Bank – Rural Utilities Service for a loan in the amount of \$18,228,000. This loan is for a period of thirty-five years, is payable quarterly, and currently bearing a variable interest rate of approximately 4.5%. The total amount of this loan was advanced to the Cooperative.

In 2008, the Cooperative received approval from the Federal Financing Bank-Rural Utilities Service for a loan in the amount of \$17,402,000. This loan is for a period of thirty-five years, is payable quarterly, and currently bearing a variable interest rate of approximately 3.63%. The total amount of this loan was advanced to the Cooperative.

In 2013, the Cooperative received approval from the Federal Financing Bank-Rural Utilities Service for a loan in the amount of \$17,582,000. This final maturity date on the loan is December 31, 2047, interest rates have not yet been established and the Cooperative had advanced \$7,300,000 of loan funds as of December 31, 2015.

The Cooperative has available a line of credit for short-term loans of up to \$5,000,000 with National Rural Utilities Cooperative Finance Corporation extending to September 30, 2016. The maximum interest rate is to be the prevailing bank prime rate published in the "money rates" column of The Wall Street Journal plus one percent (1%) per annum. At December 31, 2015, the balance of the line-of-credit was \$-0-.

In 2014, the Cooperative received a US Department of Agriculture Rural Economic Development Loan in the amount of \$1,000,000 without interest. Monthly installments of \$9,260 are due the last day of the month beginning January 31, 2015 and continuing until the principal sum has been paid in full.

In 2015, Farmers Energy Services Corporation received approval from East Kentucky Power Cooperative Corporation for a loan in the amount of \$496,817. This loan is for 10 years, and is payable monthly at an interest rate of 2.75%.

The maturities of long-term debt for each of the five years succeeding the balance sheet are as follows:

2016	\$	2,359,392
2017		2,329,626
2018		2,354,893
2019		2,013,195
2020		2,072,534
2021-2025		11,740,137
2026-2030		11,560,000
2031-2035		10,956,000
2036-2040		6,391,851
Total	\$	<u>51,777,628</u>

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

4. Deferred Charges:

Following is a summary of amounts recorded as deferred charges approved by RUS per 1773.33(h) as of December 31, 2015 and 2014 which have been approved in writing by RUS:

<u>Deferred Debits:</u>	<u>2015</u>	<u>2014</u>
Transportation Expense	\$ 116	\$ 8,339
GIS-Field Inventory Cost	476,956	511,228
Long Range Plans	49,344	59,213
ESRI and EDP costs	63,371	39,802
Pension Plan Prepayment	1,496,462	1,621,168
	<u>\$ 2,086,249</u>	<u>\$ 2,239,750</u>
 <u>Deferred Credits:</u>		
Customer Advances for Construction	\$ 347,450	\$ 369,932
	<u>\$ 347,450</u>	<u>\$ 369,932</u>

5. Return of Capital:

Under provisions of the long-term debt agreement, return to patrons of capital contributed by them is limited to amounts which would not allow the total members' equities to be less than thirty percent (30%) of total assets, except that distributions may be made to estates of deceased patrons. The debt agreement provides, however, that should such distributions to estates not exceed twenty-five percent (25%) of net margins for the next preceding year, the Cooperative may distribute the difference between twenty-five percent (25%) and the payments made to such estates.

Capital credit retirements in the amount of \$616,378 and \$631,125 were paid for the years ended December 31, 2015 and 2014, respectively.

6. Other Equities:

At December 31, 2015 and 2014 other equities consisted of retired capital credits – gain, in amounts of \$1,803,481 and \$1,680,165, respectively.

7. Pension Plan:

Narrative Description

The Retirement Security Plan (RS Plan), sponsored by the National Rural Electric Cooperative Association (NRECA), is a defined benefit pension plan qualified under Section 401 and tax exempt under Section 501(a) of the Internal Revenue Code. It is considered a multi-employer plan under the accounting standards. The plan sponsor's Employer Identification Number is 53-0116145 and the Plan Number is 333.

A unique characteristic of a multi-employer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers.

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

7. Pension Plan, Continued:

Plan Information

Farmers Rural Electric Cooperative Corporation contributions to the RS Plan in 2015 and in 2014 represented less than 5 percent of the total contributions made to the RS Plan by all participating employers. Farmers Rural Electric Cooperative Corporation made contributions to the RS Plan of \$596,520 in 2015 and \$577,100 in 2014. There have been no significant changes that affect the comparability of 2015 and 2014 contributions.

For the RS Plan, a "zone status" determination is not required, and therefore not determined, under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the RS Plan was over 80% funded at January 1, 2015 and over 80% funded at January 1, 2014 based on the PPA funding target and PPA actuarial value of assets on those dates.

Because the provisions of the PPA do not apply to the RS Plan, funding improvement plans and surcharges are not applicable. Future contribution requirements are determined each year as part of the actuarial valuation of the plan and may change as a result of the plan experience.

Footnote: RS Plan Prepayment Option

At the December 2012 meeting of the I&FS Committee of the NRECA Board of Directors, the Committee approved an option to allow participating cooperatives in the RS Plan to make a contribution prepayment and reduce future required contributions. The prepayment amount is a cooperative's share, as of January 1, 2013, of future contributions required to fund the RS Plan's unfunded value of benefits earned to date using RS Plan actuarial valuation assumptions. The prepayment amount will typically equal approximately 2.5 times a cooperative's annual RS Plan required contribution as of January 1, 2013. After making the prepayment, for most cooperatives the billing rate is reduced by approximately 25%, retroactive to January 1 of the year in which the amount is paid to the RS Plan. The 25% differential in billing rates is expected to continue for approximately 15 years. However changes in interest rates, asset returns and other plan experience different from expected, plan assumption changes and other factors may have an impact on the differential in billing rates and the 15 year period.

Additionally, the Cooperative has two 401(K) Plans and a 457(b) Plan. The first Plan is for those employees hired before January 1, 2012. The terms of the Plan call for an elective contribution from employees of 0.5% - 1.0% or more of their salaries while the Cooperative matches 100% of employees' contributions up to 1.0%. The second Plan is for those employees hired on or after January 1, 2012. The Cooperative makes a 6.0% base contribution to this second plan. Also, the terms of the Plan call for an elective contribution from employees of 1.0% - 4.0% or more of their salaries while the Cooperative matches 100% of employees' contributions up to 4.0%. The third plan allows for employee contributions with no company match. Total employer contributions for all Plans for 2015 and 2014 were \$42,846 and \$37,888 respectively. Total employee contributions for all Plans for 2015 and 2014 were \$185,896 and \$153,025, respectively.

All full time employees of Farmers Energy Propane Plus are eligible to participate in the NRECA 401(k) Plan. The Company contributes 5% annual wages to the plan, which totaled \$11,426 in 2015 and \$9,993 in 2014.

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

8. Self-Funded Health Insurance Plan:

In October, 1995, the Cooperative's Board of Directors approved the establishment of the FRECC Group Medical Program. The Plan is self-funded and is re-insured through Houston Casualty Company. The Plan was designed to duplicate the Cooperative's prior plan. The third-party administrator is North America Administrators. The Cooperative is protected against any individual claim in excess of \$30,000 and any aggregate claims in excess of \$1,220,000 by the re-insurance. The current funding levels are designed to allow for the maximum claim liability that the Cooperative could incur under the Plan. At December 31, 2015 and 2014, the Cooperative held \$214,793 and \$137,314 in cash designated for payment of claims in 2015 and 2014, respectively, and included \$102,950 as a liability in accrued expenses at December 31, 2015, and \$102,478 at December 31, 2014.

9. Related Party Transactions:

The Cooperative is a member of the National Rural Utilities Cooperative Finance Corporation, which furnishes a portion of the Cooperative's financing.

The Cooperative is a member of East Kentucky Power Cooperative which is a generating and transmission cooperative. The Cooperative has entered into an agreement with East Kentucky Power Cooperative to supply substantially all of the Cooperative's future power needs. Under its wholesale power agreement, the Cooperative has agreed to purchase the majority of its electric power and energy requirements from East Kentucky Power Cooperative until January 2040. Changes in rates are refunded to or recovered from the Cooperative's customers through a cost of power adjustment.

10. Cash and Cash Equivalents:

All deposits are in various financial institutions and are carried at cost.

	2015		2014	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 680,907	\$ 686,161	\$ 643,145	\$ 1,030,838
Pledged securities	332,237	378,086	-	-
Total deposits	<u>\$ 1,013,144</u>	<u>\$ 1,064,247</u>	<u>\$ 643,145</u>	<u>\$ 1,030,838</u>

Included in total deposits are special funds of \$453,668 which were set aside to pay the regulatory liability recorded on the financial statements at December 31, 2015.

11. Litigation:

The Cooperative is subject to claims and investigations that arise in the ordinary course of business. One legal investigation is ongoing, and the Cooperative intends to vigorously contest any alleged violations. Management and the Cooperative's legal counsel do not anticipate any material effect on the Cooperative's financial statements as a result of these actions.

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

12. Postretirement Benefit Plans:

The Cooperative provides certain retired employees with postretirement health care benefits.

The annual measurement date is December 31 for other postretirement benefits. The following tables provide information about changes in the benefit obligation and plan assets and the funded status of the Cooperative's postretirement benefit plan:

	<u>2015</u>	<u>2014</u>
<b>Accumulated Benefit Obligation</b>		
Projected benefit obligation at end of year	\$ 878,967	\$ 531,973
Fair Value of plan assets at end of year	-	-
Unfunded status at end of year	<u>\$ 878,967</u>	<u>\$ 531,973</u>
 <b>Amounts recognized in the balance sheet</b>		
Unfunded status	\$ 878,967	\$ 531,973
Current liabilities	-	-
Noncurrent liabilities	<u>\$ 878,967</u>	<u>\$ 531,973</u>
 <b>Change in Accumulated Benefit Obligation</b>		
Accumulated post-retirement benefit obligation at beginning of year	\$ 531,973	\$ 501,055
Service cost	36,960	31,263
Interest cost	26,148	25,053
Actuarial loss (gain)	362,162	55,724
Amortization of transition obligation	-	-
Amortization of net actuarial gain	-	-
Benefits paid	<u>(78,276)</u>	<u>(81,122)</u>
Accumulated post-retirement benefit obligation at end of year	<u>\$ 878,967</u>	<u>\$ 531,973</u>

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

12. Postretirement Benefit Plans, Concluded:

Change in plan assets and benefit obligations recognized in other comprehensive income

	<u>2015</u>	<u>2014</u>
Beginning of year	\$ 454,986	\$ 420,274
Net loss (gain)	362,162	55,724
Amortization of net loss (gain)	(12,708)	(10,968)
Amortization of transition obligation	(10,044)	(10,044)
Total recognized in other comprehensive income	<u>339,410</u>	<u>34,712</u>
End of year	<u>\$ 794,396</u>	<u>\$ 454,986</u>

Amounts recognized in accumulated other comprehensive income

Net loss (gain)	\$ 653,722	\$ 304,268
Transition obligation	140,674	150,718
	<u>\$ 794,396</u>	<u>\$ 454,986</u>

Net periodic benefit cost

Service cost	\$ 36,960	\$ 31,263
Interest cost	26,148	25,053
Amortization of transition obligation	10,044	10,044
Amortization of net actuarial gain	12,708	10,968
Net periodic benefit cost	<u>\$ 85,860</u>	<u>\$ 77,328</u>

Amounts in other comprehensive income expected to be realized in 2016

Amortization of net loss (gain)	\$ 16,436
Amortization of transition obligation	10,044
	<u>\$ 26,480</u>

The discount rate used in determining the accumulated postretirement benefit obligation was 4.5% in 2015 and 5% in 2014.

The following expected benefit payments from the plan, which reflect anticipated future services, are as follows:

2016	\$ 64,200
2017	68,534
2018	72,303
2019	76,279
2020	80,475

For measurement purposes, a 7.0% annual medical rate increase was used for the year ended December 31, 2015. The rate is assumed to decline by .25% per year until level at 5% per year.

The effect of a 1% increase in the health care trend rates would have the following effects on the plan:

Postemployment benefit obligation	\$ 945,000
Net periodic benefit cost	121,000

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONCLUDED

13. Leases:

The Corporation is the lessee of office equipment under capital leases expiring December 2017. The asset and liabilities under capital leases are recorded at the lower of present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over their estimated productive lives.

Following is a summary of property held under capital leases:

Office equipment	\$ 109,001
Accumulated depreciation	(37,700)
	<u>\$ 71,301</u>

Minimum future lease payments under capital leases as of December 31, 2015 were as follows:

	<u>Amount</u>
2016	\$ 27,667
2017	<u>18,597</u>
Net minimum lease payments	46,264
Amount representing interest	-
Present value of net minimum lease payments	<u>\$ 46,264</u>

14. Prior Period Restatement:

The Cooperative bills its customers each month an environmental surcharge for the overhead associated with the cost of power. This rate is provided by its supplier, East Kentucky Power Cooperative Corporation. The Cooperative restated its 2014 financial statements to reflect the amounts that were determined to be over billed to its customers. Periodically, an assessment is made to determine if this rate is accurate. An assessment was made in 2015 and therefore the amount determined to be refundable to its customers is shown as a regulatory liability. Going forward, the amounts determined to be recoverable from its customers and refundable to its customers are shown as regulatory assets and regulatory liabilities, respectively. Estimated amounts recoverable from its customers and refundable to its customers are shown in accounts receivable and accounts payable.

The Cooperative also restated its 2014 financial statements to reflect the detailed activity of Farmers Energy Propane Plus, a single member LLC of its wholly owned subsidiary, Farmers Energy Services Corporation.

Patronage Capital as previously reported, December 31, 2014	\$ 36,276,290
Environmental surcharge adjustment	(1,077,652)
Equity adjustment in subsidiary	<u>157,076</u>
Patronage Capital as restated, December 31, 2014	<u>\$ 35,355,714</u>

15. Provision for Income Taxes:

The Cooperative follows the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles. The Cooperative has no tax position at December 31, 2015 for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. The Cooperative's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively. No such interest or penalties were recognized during the periods presented. The Cooperative files income tax returns in the U.S. federal jurisdiction, and various state and local jurisdictions. The Cooperative is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years before 2012.

Independent Auditors' Report  
on Consolidating Information

Board of Directors  
Farmers Rural Electric  
Cooperative Corporation  
Glasgow, Kentucky

We have audited the consolidated financial statements of Farmers Rural Electric Cooperative Corporation as of and for the years ended December 31, 2015 and 2014, and our report thereon dated March 25, 2016, which expressed an unmodified opinion on those financial statements appears on pages one and two. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information presented in Schedule I and II is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information in Schedules I – IV, which insofar as it relates to Farmers Energy Propane Plus, LLC is based on the report of other auditors, is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Campbell, Myers & Rattledge, PLLC*  
Certified Public Accountants  
Glasgow, Kentucky

March 25, 2016

**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION AND SUBSIDIARY**  
**SCHEDULE I – CONSOLIDATING BALANCE SHEET**  
**December 31, 2015**

ASSETS	Farmers Rural Electric Cooperative Corporation, Inc.	Farmers Energy Services Corporation	Farmers Energy Propane Plus	Consolidating Entries	Consolidated Totals
<b>Current assets:</b>					
Cash	\$ 385,991	\$ 56,676	\$ 116,809	\$ -	\$ 559,476
Accounts and notes receivable, less allowance for doubtful accounts of \$92,514 in 2015	3,998,892	-	119,780	-	4,118,672
Materials and supplies, at average cost	824,947	-	127,574	-	952,521
Prepaid expenses	195,246	-	-	-	195,246
<b>Total current assets</b>	<b>5,405,076</b>	<b>56,676</b>	<b>364,163</b>	<b>-</b>	<b>5,825,915</b>
<b>Other assets and investments:</b>					
Goodwill	-	-	458,052	-	458,052
Special funds	453,668	-	-	-	453,668
Investments in subsidiary companies	1,497,806	1,716,284	-	(3,192,611)	21,479
Investments in associated organizations	25,802,197	-	-	-	25,802,197
Deferred charges	2,086,249	-	-	-	2,086,249
Note receivable	888,880	-	-	-	888,880
	<u>30,728,800</u>	<u>1,716,284</u>	<u>458,052</u>	<u>(3,192,611)</u>	<u>29,710,525</u>
<b>Utility plant, at cost</b>					
Utility plant in service	86,525,960	-	2,867,670	-	89,393,630
Construction work-in-progress	662,102	-	-	-	662,102
	<u>87,188,062</u>	<u>-</u>	<u>2,867,670</u>	<u>-</u>	<u>90,055,732</u>
Less accumulated depreciation and amortization	(25,840,819)	-	(1,398,892)	-	(27,039,511)
Utility plant, net	61,547,443	-	1,468,778	-	63,016,221
<b>TOTAL ASSETS</b>	<b>\$ 97,681,319</b>	<b>\$ 1,772,960</b>	<b>\$ 2,290,993</b>	<b>\$ (3,192,611)</b>	<b>\$ 98,552,661</b>
<b>LIABILITIES AND MEMBERS' EQUITIES</b>					
<b>Current liabilities:</b>					
Accounts payable	\$ 3,915,501	\$ -	\$ 210,556	\$ -	\$ 4,126,057
Accrued expenses	1,302,849	-	-	-	1,302,849
Customer deposits	861,686	-	-	-	861,686
Current portion of capital leases	27,667	-	-	-	27,667
Current portion of long-term debt	2,265,120	44,272	50,000	-	2,359,392
<b>Total current liabilities</b>	<b>8,372,823</b>	<b>44,272</b>	<b>260,556</b>	<b>-</b>	<b>8,677,651</b>
<b>Long-term liabilities</b>					
Capital lease less current maturities	18,597	-	-	-	18,597
Long-term debt less current maturities	48,983,611	434,625	0	-	49,418,236
<b>Total long-term liabilities</b>	<b>49,002,208</b>	<b>434,625</b>	<b>-</b>	<b>-</b>	<b>49,436,833</b>
<b>Noncurrent liabilities:</b>					
Regulatory liability	453,668	-	-	-	453,668
Post retirement benefit obligations	878,967	-	-	-	878,967
Customer advances for construction	347,450	-	-	-	347,450
<b>Total noncurrent liabilities</b>	<b>1,680,085</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,680,085</b>
<b>Members' equities:</b>					
Memberships	540,380	-	-	-	540,380
Patronage capital and retained earnings	37,076,738	386,107	664,878	(919,096)	37,208,627
Accumulated other comprehensive income	(794,396)	-	-	-	(794,396)
Other equities	1,803,481	-	-	-	1,803,481
Minority interests and other equities	-	907,956	1,365,559	(2,273,515)	-
<b>Total members' equities</b>	<b>38,626,203</b>	<b>1,294,063</b>	<b>2,030,437</b>	<b>(3,192,611)</b>	<b>38,758,092</b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITIES</b>	<b>\$ 97,681,319</b>	<b>\$ 1,772,960</b>	<b>\$ 2,290,993</b>	<b>\$ (3,192,611)</b>	<b>\$ 98,552,661</b>

**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION AND SUBSIDIARY**  
**SCHEDULE II – CONSOLIDATING STATEMENT OF REVENUE**  
For the Year Ended December 31, 2015

	Farmers Rural Electric Cooperative Corporation, Inc.	Farmers Energy Services Corporation	Farmers Energy Propane Plus	Consolidating Entries	Consolidated Totals
Operating revenues	\$ 49,472,781	\$ -	\$ 2,426,462	\$ -	\$ 51,899,243
Operating expenses:					
Cost of purchases	36,226,666	-	1,218,729	-	37,445,395
Distribution - operations	1,740,525	-	343,365	-	2,083,890
Distribution - maintenance	2,969,616	-	-	-	2,969,616
Consumer accounts	1,108,315	-	-	-	1,108,315
Customer services and informational expense	121,986	-	-	-	121,986
Administrative and general	2,147,127	6,121	536,748	-	2,689,996
Depreciation	2,744,248	-	173,911	-	2,918,159
Taxes	662,286	115,591	46,239	-	824,116
Total operating expenses	47,720,769	121,712	2,318,992	-	50,161,473
Operating margins	1,752,012	(121,712)	107,470	-	1,737,770
Interest on long-term debt to RUS and CFC	\$ 1,769,176	-	-	-	1,769,176
Operating margins after fixed charges	(17,164)	(121,712)	107,470	-	(31,406)
G & T and other capital credits	\$ 2,471,313	-	-	-	2,471,313
Net operating margins	2,454,149	(121,712)	107,470	-	2,439,907
Nonoperating margins:					
Interest income, net of interest expense of \$11,144	40,894	120	-	-	41,014
Other net nonoperating income (loss)	11,543	-	-	-	11,543
Income (loss) from equity investments	(12,108)	107,470	-	(93,348)	2,014
	40,329	107,590	-	(93,348)	54,571
Net margins	\$ 2,494,478	\$ (14,122)	\$ 107,470	\$ (93,348)	\$ 2,494,478

**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION AND SUBSIDIARY**  
**SCHEDULE III – CONSOLIDATING BALANCE SHEET**  
**December 31, 2014**

ASSETS	Farmers Rural Electric Cooperative Corporation, Inc.	Farmers Energy Services Corporation	Farmers Energy Propane Plus	Consolidating Entries	Consolidated Totals
<b>Current assets:</b>					
Cash	\$ 528,703	\$ 57,062	\$ 57,380	\$ -	\$ 643,145
Accounts and notes receivable, less allowance for doubtful accounts of \$92,053 in 2014	5,249,910	-	89,585	-	5,339,495
Materials and supplies, at average cost	770,707	-	131,681	-	902,388
Prepaid expenses	201,368	-	45,556	-	246,924
<b>Total current assets</b>	<b>6,750,688</b>	<b>57,062</b>	<b>324,202</b>	<b>-</b>	<b>7,131,952</b>
<b>Other assets and investments:</b>					
Goodwill, net of amortization	-	-	458,052	-	458,052
Investments in subsidiary companies	1,509,914	1,747,940	-	(3,238,390)	19,464
Investments in associated organizations	23,360,199	-	-	-	23,360,199
Deferred charges	2,239,750	-	-	-	2,239,750
Note receivable	1,000,000	-	-	-	1,000,000
	28,109,863	1,747,940	458,052	(3,238,390)	27,077,465
<b>Utility plant, at cost</b>					
Utility plant in service	82,623,898	-	2,683,690	-	85,307,588
Construction work-in-progress	886,561	-	-	-	886,561
	83,510,459	-	2,683,690	-	86,194,149
Less accumulated depreciation (24,476,870)	-	-	(1,248,165)	-	(25,725,035)
Utility plant, net	59,033,589	-	1,435,525	-	60,469,114
	<b>\$ 93,894,140</b>	<b>\$ 1,805,002</b>	<b>\$ 2,217,779</b>	<b>\$ (3,238,390)</b>	<b>\$ 94,678,531</b>
<b>LIABILITIES AND MEMBERS' EQUITIES</b>					
<b>Current liabilities:</b>					
Accounts payable	\$ 5,343,442	\$ -	\$ 79,013	\$ -	\$ 5,422,455
Accrued expenses	1,317,413	-	-	-	1,317,413
Customer deposits	900,227	-	-	-	900,227
Current portion of capital leases	33,905	-	-	-	33,905
Current portion of long-term debt	2,110,120	-	76,673	-	2,186,793
<b>Total current liabilities</b>	<b>9,705,107</b>	<b>-</b>	<b>155,686</b>	<b>-</b>	<b>9,860,793</b>
<b>Long-term liabilities</b>					
Capital lease less current maturities	46,264	-	-	-	46,264
Long-term debt less current maturities	46,280,237	-	-	-	46,280,237
<b>Total long-term liabilities</b>	<b>46,326,501</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46,326,501</b>
<b>Noncurrent liabilities:</b>					
Post retirement benefit obligations	531,973	-	-	-	531,973
Customer advances for construction	369,932	-	-	-	369,932
<b>Total noncurrent liabilities</b>	<b>901,905</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>901,905</b>
<b>Members' equities:</b>					
Memberships	536,810	-	-	-	536,810
Patronage capital and retained earnings	35,198,638	1,040,000	696,534	(1,579,458)	35,355,714
Accumulated other comprehensive income	(454,986)	-	-	-	(454,986)
Other equities	1,680,165	-	-	-	1,680,165
Minority interest and other equities	-	765,002	1,365,559	(1,658,932)	471,629
	38,960,627	1,805,002	2,062,093	(3,238,390)	37,589,332
	<b>\$ 93,894,140</b>	<b>\$ 1,805,002</b>	<b>\$ 2,217,779</b>	<b>\$ (3,238,390)</b>	<b>\$ 94,678,531</b>

**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION AND SUBSIDIARY**  
**SCHEDULE IV – CONSOLIDATING STATEMENT OF REVENUE**  
**For the Year Ended December 31, 2014**

	Farmers Rural Electric Cooperative Corporation, Inc.	Farmers Energy Services Corporation	Farmers Energy Propane Plus	Consolidating Entries	Consolidated Totals
Operating revenues	\$ 52,839,277	\$ -	\$ 2,701,641	\$ -	\$ 55,540,918
Operating expenses:					
Cost of purchases	38,924,102	-	1,496,828	-	40,420,930
Distribution - operations	1,660,558	-	315,884	-	1,976,442
Distribution - maintenance	2,960,807	-	-	-	2,960,807
Consumer accounts	1,093,049	-	-	-	1,093,049
Customer services and informational expense	169,746	-	-	-	169,746
Administrative and general	2,125,970	510	414,908	-	2,541,388
Depreciation	2,610,589	-	141,473	-	2,752,062
Taxes	603,454	136,718	42,250	-	782,422
Total operating expenses	50,148,275	137,228	2,411,343	-	52,696,846
Operating margins	\$ 2,691,002	\$ (137,228)	\$ 290,298	\$ -	\$ 2,844,072
Interest on long-term debt to RUS and CFC	1,832,381	-	-	-	1,832,381
Operating margins after fixed charges	858,621	(137,228)	290,298	-	1,011,691
G & T and other capital credits	2,693,970	-	-	-	2,693,970
Net operating margins	\$ 3,552,591	\$ (137,228)	\$ 290,298	\$ -	\$ 3,705,661
Nonoperating margins:					
Interest income, net of interest expense of \$4,685	56,976	158	-	-	57,134
Other net nonoperating income (loss)	827	-	-	-	827
Income (loss) from equity investments	121,375	290,298	-	(443,526)	(31,853)
	179,178	290,456	-	(443,526)	26,108
Net margins	\$ 3,731,769	\$ 153,228	\$ 290,298	\$ (443,526)	\$ 3,731,769

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
- ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors  
Farmers Rural Electric  
Cooperative Corporation  
Glasgow, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Farmers Rural Electric Cooperative Corporation, which comprise the balance sheets as of December 31, 2015 and 2014 and the related statements of revenue, comprehensive income, patronage capital and memberships, and cash flows for the years then ended, and related notes to the consolidated financial statements, and have issued our report thereon dated March 25, 2016. Our report includes a reference to other auditors who audited the financial statements of Farmers Energy Propane Plus, a wholly owned subsidiary of the Cooperative, as described in the report on the Cooperative's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Farmers Rural Electric Cooperative Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Farmers Rural Electric Cooperative Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Farmers Rural Electric Cooperative Corporation's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Farmers Rural Electric Cooperative Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Campbell, Myers, & Ratledge, PLLC*

Certified Public Accountants  
Glasgow, Kentucky

March 25, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH ASPECTS  
OF CONTRACTUAL AGREEMENTS AND REGULATORY REQUIREMENTS  
FOR ELECTRIC BORROWERS

Board of Directors  
Farmers Rural Electric  
Cooperative Corporation  
Glasgow, Kentucky

Independent Auditor's Report

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Farmers Rural Electric Cooperative Corporation (FRECC), which comprise the balance sheets as of December 31, 2015 and 2014 and the related statements of revenue, comprehensive income, patronage capital and memberships, changes in cash flows for the years ended, and the related notes to the financial statements, and have issued our report thereon dated March 25, 2016. In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2016, on our consideration of FRECC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. No reports other than the reports referred to above have been furnished to management.

In connection with our audit, nothing came to our attention that caused us to believe that FRECC failed to comply with the terms, covenants, provisions, or conditions of their loan, grant, and security instruments as set forth in 7 CFR Part 1773, Policy on Audits of Rural Utilities Service Borrowers, & 1773.33 clarified in the RUS policy memorandum dated February 7, 2014, insofar as they relate to accounting matters as enumerated below. However, our audit was not directed primarily toward obtaining knowledge of noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding FRECC's noncompliance with the above-referenced terms, covenants, provisions, or conditions of the contractual agreements and regulatory requirements, insofar as they relate to accounting matters. In connection with our audit, we noted no matters regarding FRECC's accounting and records to indicate that FRECC did not:

Maintain adequate and effective accounting procedures;

Utilize adequate and fair methods for accumulating and recording labor, material, and overhead costs, and the distribution of these costs to construction, retirement, and maintenance or other expense accounts;

Reconcile continuing property records to the controlling general ledger plant accounts; Clear construction accounts and accrue depreciation on completed construction;

Record and properly price the retirement of plant;

Seek approval of the sale, lease or transfer of capital assets and disposition of proceeds for the sale or lease of plant, material, or scrap;

Maintain adequate control over materials and supplies;

Prepare accurate and timely Financial and Operating Reports;

Obtain RUS approval to enter into any contract for the management, operation, or maintenance of the borrower's system if the contract covers all or substantially all of the electric system;

Disclose material related party transactions in the financial statements, in accordance with requirements for related parties in generally accepted accounting principles;

Record depreciation in accordance with RUS requirements (See RUS Bulletin 183-1, Depreciation Rates and Procedures);

Comply with the requirements for the detailed schedule of deferred debits and deferred credits; and

Comply with the requirements for the detailed schedule of investments. A detailed schedule of investments is as follows:

As of July 1, 2015, Farmers Energy Service Corporation is a 100% owned subsidiary of the Cooperative. The subsidiary is the sole owner of a limited liability company which sells propane gas. The Cooperative accounts for the investment on the equity basis.

Investment in Subsidiary Company:		
Original Investment Cost - 1997		\$ 225,000
Investment Advances:		
	12/31/1998	120,000
	12/31/1999	135,000
	12/31/2000	225,000
	12/31/2001	75,000
		<u>555,000</u>
Total Contributions:		<u>\$ 780,000</u>

Undistributed (Losses) Earnings:

12/31/1997	(45,263)
12/31/1998	(55,962)
12/31/1999	(40,973)
12/31/2000	(135,639)
12/31/2001	(99,613)
12/31/2002	(23,182)
12/31/2003	61,207
12/31/2004	18,357
12/31/2005	145,423
12/31/2006	99,535
12/31/2007	54,546
12/31/2008	88,742
12/31/2009	99,980
12/31/2010	89,059
12/31/2011	74,484
12/31/2012	97,859
12/31/2013	166,968
12/31/2014	114,921
12/31/2015	<u>(14,122)</u>
Total Undistributed (Losses) Earnings:	696,327
Original Investment and Investment Activities:	<u>780,000</u>
Book Value 12/31/15	<u>\$ 1,476,327</u>

This report is intended solely for the information and use of the board of directors, management, and the RUS and supplemental lenders and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Campbell, Myers & Rattledge, PLLC*  
Glasgow, Kentucky

March 25, 2016

**Farmers Rural Electric Cooperative Corporation**  
**Case No. 2016-00365**

Line No.

1 The following is a list of commercially available software used in the  
2 development of the schedules and work papers associated with the filing of  
3 this application:

4  
5 Adobe Acrobat  
6 Microsoft Excel  
7 Microsoft Word

8  
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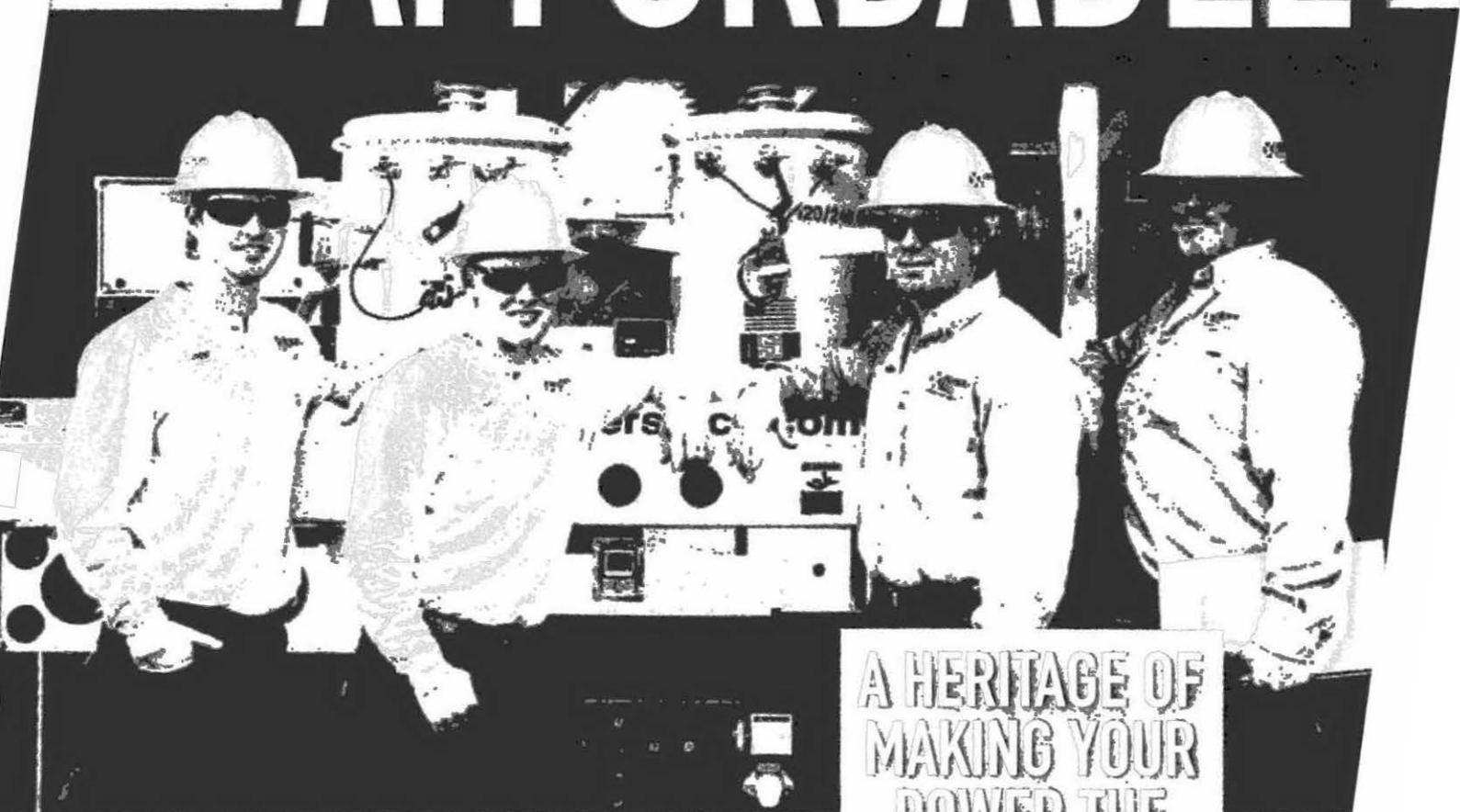
A Touchstone Energy® Cooperative 

# 2014

## ANNUAL REPORT

Exhibit O  
Page 1 of 2

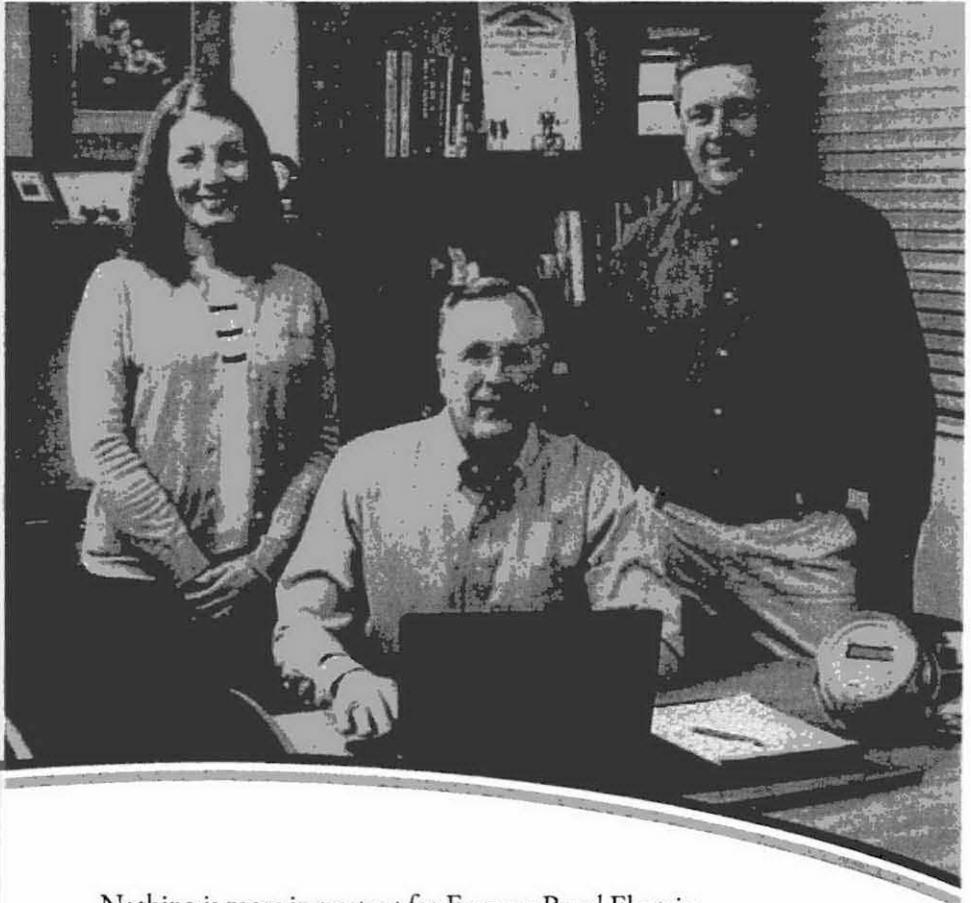
# RELIABLE & AFFORDABLE



A HERITAGE OF  
MAKING YOUR  
POWER THE  
TOP PRIORITY

## Reliability and Affordability: a heritage of making your power the top priority

Part of the Farmers Rural Electric Co-op team bringing you reliable and affordable electricity shown here are Jennie Phelps, vice president of finance and accounting; Bill Prather, president and CEO; and Scott Lester, vice president of operations. Photo: Joe Imel



Nothing is more important for Farmers Rural Electric Cooperative Corporation than making sure you have electricity when you want it, at the most reasonable cost possible.

Reliable and affordable electricity motivated farmers more than 75 years ago, when batteries, generators, or no power at all separated them from the people in town. They organized themselves into user-owned utilities so they could be part of modern American society.

A lot has changed over the decades. But what will never change is Farmers RECC's mission of making your power the top priority.

This annual report gives you the basics of the past year. For an even better sense of Farmers RECC, come to this year's annual meeting for some important business, and an entertaining and fulfilling sense of community.

**ON THE COVER:** Planning a safe and productive workday for Farmers Rural Electric Co-op at a pre-job "tailgate meeting" are Logan Dennison, lineman; Jason England, journeyman lineman; Scotty Mitchell, crew foreman; and Josh Cook, journeyman lineman. Photo: Joe Imel



A Touchstone Energy® Cooperative 

## Fuel factor

Over the past year you've heard a lot from Farmers about the effects of environmental rules, especially about the Environmental Protection Agency proposals to regulate carbon dioxide emissions from coal-fired power plants.

There's a good reason for that attention: those proposals will affect the reliability and affordability of your electricity.

During the past two winters we've had extended cold spells that required Farmers RECC to use all its available sources of electricity to allow you to heat your home.

The EPA's proposed regulations make it so difficult to continue to operate coal power plants that some of them are being shut down, even here in Kentucky, where coal provides the fuel for nearly all of our electricity.

Replacing coal with renewable fuels like solar and wind energy would be extremely expensive and difficult, and maybe even impossible. For now, natural gas is currently being used to meet near-term needs.

In other words, the actions of the federal government are threatening the reliability and affordability of your electricity.

Farmers RECC will continue working with co-ops and other utilities across the state and nation to make any proposed rules as fair as possible to our community. Electric co-op representatives in Frankfort and Washington, D.C., will continue to work with officials at all levels to protect the reliability and affordability of your electricity.



The heritage of electric co-ops' reliable and affordable electricity in America goes back more than 75 years, shown in these photos.

Farmers RECC linemen set a utility pole during the early years of the cooperative. In 1939 alone, linemen constructed 375 miles of service infrastructure.

Farmers RECC's first group of employees pose for a photo in front of the Farmers RECC offices at 134 North Public Square in Glasgow. Pictured L - R: Walter Coffman, assistant lineman, Earl Tomes, lineman, Henry Staples, lineman's helper, Norris Jolly, bookkeeper, King C. Crenshaw, right-of-way man, Sarah Smith, stenographer, Elizabeth Wilson, file clerk, Henry E. Gardner, project superintendent, A. Berry, utilization specialist, C.D. Moore, resident engineer



Sponsored by Farmers Rural Electric Cooperative and the electric appliance dealers of Barren, Hart, and Metcalfe counties, the Appliance Show featured the latest appliances available on the market. The show was held at Glasgow High School.

Employees work in Farmers RECC's new headquarters building. A heavy period of construction at the beginning of the 1960s caused the cooperative to approve six-day work weeks for its construction department.

### 24/7 safety

Farmers RECC preaches and practices attention to safety around electricity all the time. For employees, especially linemen regularly out in the field, strict procedures are followed. No shortcuts allowed. They regularly attend training and awareness sessions. For you at home, Farmers RECC uses every means of communication to remind you how to stay safe around electricity.

### Save energy, save money

Farmers RECC helps you use your electricity as efficiently as possible through information and incentive programs. It's good business, making the best use of resources, and it's good for your budget. Contact Farmers for advice on getting the best value from your energy dollar.

### Community neighbor

Electricity means more than lights. As your member-owned utility, Farmers RECC sees reliable and affordable electricity as an essential part of a strong community. Involvement in economic development, youth and scholarship programs, and other local priorities are part of what makes Farmers a good neighbor in the community.



*William T. Prather  
President and CEO*



*Neil Pendygraft  
Chairman*



*Randy London  
Vice Chairman*



*Ronnie Smith  
Secretary-Treasurer*



*Freddie D. Button*



*Paul C. Hawkins*



*C.F. Martin Jr.*



*Randy Sexton*



*Woodford Gardner  
Attorney*

## **Official Business Meeting Agenda Annual Meeting of Members Farmers Rural Electric Cooperative Corporation**

**Where: Cave City Convention Center**

**When: Thursday, July 9, 2015**

**Registration Time: 6:00 p.m. CDST**

**Business Meeting Time: 7:00 p.m. CDST**

The annual membership meeting of this co-op organizes to take action on the following matters:

1. Report on the number of members present in order to determine the existence of a quorum
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof
3. Reading and approval of last year's annual meeting minutes
4. Presentation and consideration of reports of officers, trustees, and committees
5. Report on the election of board members
6. New business (or other business if properly raised)
7. Adjournment



A Touchstone Energy® Cooperative 

**ACTIVE ACCOUNTS**

(as of December 31, 2014)

Adair.....	135
Barren.....	13,795
Edmonson.....	152
Grayson.....	349
Green.....	194
Hart.....	6,366
Larue.....	49
Metcalfe.....	3,884
Total.....	24,924

**Accounts Billed**

2014.....	24,924
-----------	--------

**Average Kilowatt-hour Use  
(Residential per month)**

2014.....	1,167
-----------	-------

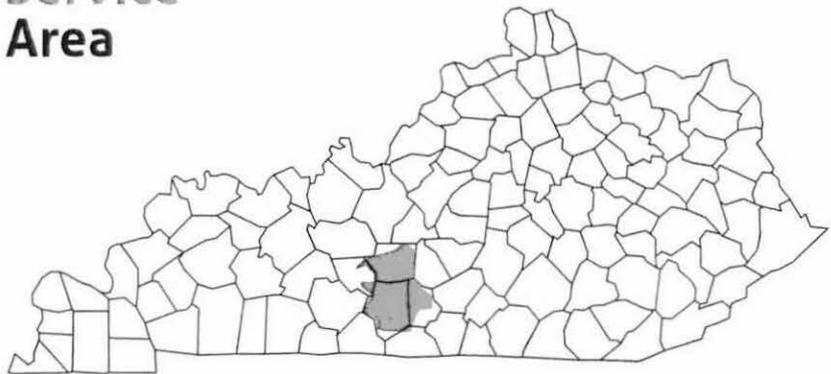
**Miles of Line**

2014.....	3,624
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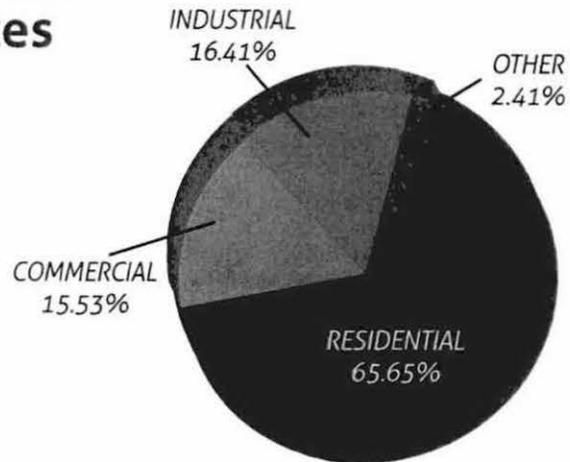
**Consumers Per Mile**

2014.....	6.9
-----------	-----

**Service Area**

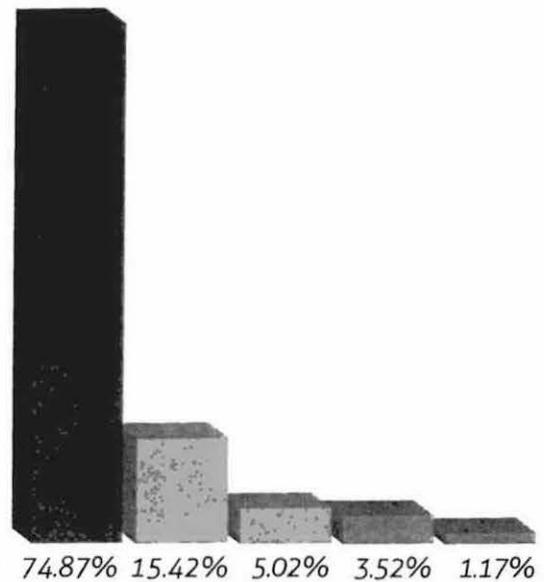


**Revenue Sources**



**Major Costs**

- POWER BILL
- OPERATING
- DEPRECIATION
- INTEREST
- TAXES



## Statement of Operations

For the Year Ending December 31, 2014

Operating Revenue.....	\$53,312,037
Operating Expense	
Purchased Power .....	\$38,924,102
Operating System.....	8,010,130
Depreciation .....	2,610,589
Taxes .....	603,454
Interest on Loans.....	1,832,381
Other Deductions .....	8,023
Total Cost of Electric Service .....	\$51,988,679
Operating Margins.....	\$1,323,358
Non-Operating Margins.....	187,201
G & T Capital Credits .....	2,590,375
Other Capital Credits.....	103,595
Patronage Capital and Margins.....	4,204,529

## Balance Sheet

For the Year Ending December 31, 2014

### ASSETS

Total Utility Plant.....	\$83,510,459
Less Depreciation.....	24,476,870
Net Utility Plant.....	\$59,033,589
Investment in Assoc.	
Organization.....	\$25,870,113
Cash.....	528,703
Notes Receivable	
Accounts Receivable .....	5,249,910
Inventory.....	770,707
Expenses Paid in Advance .....	201,368
Deferred Debits and Other Assets .....	2,239,750
Total Assets .....	\$93,894,140

### LIABILITIES

Consumer Deposits.....	900,227
Membership and Other Equities.....	38,038,279
Long-Term Debt.....	48,390,357
Notes and Accounts Payable.....	4,345,959
Other Current Liabilities.....	2,219,318
Total Liabilities.....	\$93,894,140

Farmers RECC was audited by Campbell, Myers & Rutledge, CPAs

## Farmers Propane Plus Statement of Operations

For the Year Ending December 31, 2014

Operating Revenues.....	\$2,701,641
Cost of Goods Sold.....	1,496,827
Operating Expense .....	726,761
Depreciation.....	141,473
Taxes.....	42,250
Interest Expense.....	4,032
Net Income.....	290,298

## Balance Sheet

December 31, 2014

### ASSETS

Cash .....	\$57,382
Accounts Receivable (net).....	89,585
Inventory .....	131,681
Prepayments.....	45,556
Plant.....	3,178,202
Less Depreciation & Amortization....	1,284,625
Net Plant.....	1,893,577

Total Assets .....

### LIABILITIES

Current Liabilities.....	\$79,014
Notes Payable.....	76,673

EQUITY..... 2,062,094

Total Liabilities & Equity .....

Farmers Propane Plus was audited by Alan Zumstein, CPA



A Touchstone Energy® Cooperative 



A Touchstone Energy® Cooperative 

# 2015 ANNUAL MEETING THURSDAY, JULY 9

Cave City Convention Center  
Cave City, KY  
Registration: 6 p.m. CDST  
Business Meeting: 7 p.m. CDST



Featured Entertainment  
**Brian Free and Assurance**



**FREE**  
Energy-saving light  
bulbs for members  
who attend!

- Farmers RECC  
Scholarship Drawing
- Energy Fair
- Registration Gifts
- Door Prizes



Special Guest  
**New Direction**



Caricaturist  
**Denny Whalen**

## MINUTES OF 2015 ANNUAL MEETING

The annual meeting of the members of Farmers Rural Electric Cooperative Corporation was held at the Cave City Convention Center, Cave City, Kentucky, on July 9, 2015.

The business meeting was called to order by Chairman Neil Pendygraft., who presided, and Secretary-Treasurer Ronnie Smith, who recorded the meeting. Chairman Pendygraft noted that the registration numbers indicate a quorum present.

The Chairman declared a quorum present (Adair County - 0 Barren County - 173; Edmonson County - 3; Hart County - 63; Grayson County - 0; Green County - 3; Larue County - 2; Metcalfe County - 42; Total - 286) and the meeting open for the transaction of business.

Neil Pendygraft gave the invocation and called upon President and CEO Bill Prather to present the manager's report to the members.

Mr. Prather welcomed the members/owners and introduced the people sitting on the stage. Following those introductions, Mr. Prather introduced special guests who were seated in the audience.

Mr. Prather provided the members with a brief overview of the past year and some of the current initiatives. Mr. Prather reported:

- ↓ The cooperative's sales have been normal over the past year, our expenses have all been in line with our budget, and as a result, margins were healthy for 2014. Farmers' has complied with all lending agency financial requirements.
- ↓ In March, \$616,000 in capital credits was returned to members who received service in 1994, and 1995. It was noted that Farmers' has returned over \$14.1 million in capital credits to members since beginning general refunds in 1987.
- ↓ Reviewed the mission statement guidepost, and the Farmers RECC ten strategic objectives.
- ↓ Noted aggressive reliability goals.
- ↓ From inception in 1938, Farmers Rural Electric has been a catalyst for community and economic development in the area. Farmers' continues to be a significant partner with local communities, counties, and state in improving our local economy, and attracting businesses that provide employment opportunities in our area.
- ↓ Reviewed environmental stewardship.
- ↓ Noted continued emphasis on energy efficiency
- ↓ Noted concern about the future cost of power increasing substantially over the past few years due to the increasingly more stringent environmental regulations. Also noted that Farmers' is working to meet the desire for cleaner energy, while preserving affordability.

Mr. Prather concluded by saying that as a member-owned cooperative, we will always remember who we work for and why we are in business. His pledge for the cooperative is to do our best to ensure that members receive quality electric service at the lowest possible cost.

Next, Mr. Prather introduced Mr. Woodford L. Gardner, Attorney At Law.

Mr. Woodford L. Gardner then presented the official notices of the meeting and the

respective proofs of mailings thereof.

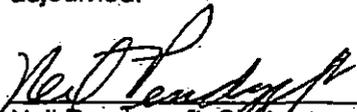
The Chairman stated the next item of business would be consideration of the minutes of the 2014 Annual Meeting. Following which, a motion was made and seconded that, in essence of time, the reading of said minutes be waived and that the same be accepted as recorded in the records of the Cooperative. This motion was voted in the affirmative.

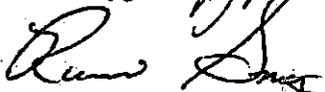
The next item of business was the Treasurer's report given by Secretary/Treasurer Ronnie Smith. Mr. Smith reported that the financial condition of the Cooperative was sound and that the annual reports provided to each of the members fairly and accurately reflected last year's performance.

Mrs. Cindy Greer, representing the firm Campbell, Myers and Rutledge, Provost for the 2015 election, read the report of the 2015 Nominating Committee. Mrs. Greer stated that no nominations were made by petition. Since Mr. Randy London, representing District No. I - Barren and Edmonson Counties, Mr. C. F. Martin, Jr. - representing District No. 2 - Hart, Grayson, and Larue Counties, and Mr. Randy Sexton, representing District No. III - Metcalfe, Green, and Adair Counties, the nominees of the Nominating Committee, were unopposed in their bids for reelection, she declared them elected to serve as directors for the ensuing three years, or until their successors have been chosen and qualified.

#### **OTHER BUSINESS**

Chairman Pendygraft then asked if there was any further business to be discussed. There being none from the floor by the members, Chairman Pendygraft declared the meeting adjourned.

  
Neil Pendygraft, Chairman

  
Ronnie Smith, Secretary/Treasurer

# GUIDING PRINCIPLES

*Owned by you, working for you*



A Farmers Group Company 

## 2015 ANNUAL REPORT

**Cover:** in front sitting, Bill Prather, President & CEO, standing left to right, Jennie Phelps, Vice President of Finance and Accounting, Scott Lester, Vice President of Operations, Chuck Bishop, Vice President of Engineering, Jerry Carter, Vice President of Member and Corporate Services, Tony Wells, Vice President of Technical Services, Linda Foushee, Executive Assistance and Human Resources Coordinator, and Caralyne Pennington, Director of Member and Public Communications, adhere to the 7 Cooperative Principles making for a better electric cooperative for Farmers RECC members.

**At right:** Farmers RECC's Energy Advisor Chris Childers, right, helps keep member Steve Jackson's energy affordable by showing how energy-efficient appliances can save money.  
Photos: Joe Imel



## THE GUIDING PRINCIPLES

**Farmers RECC is proud to be unique.**

We are unique in that we are a cooperative business, owned by you, working for you, and guided by **The Seven Cooperative Principles**, which 171 years after they were first written, are still relevant today.

This annual report highlights the achievements your cooperative has made by adhering to these principles.

For instance, we rely on the principle of **Cooperation Among Cooperatives** as we work with our partner co-ops to deal with new EPA regulations.

Kentucky enjoys inexpensive and reliable electricity thanks to its coal-fired power plants, which supply about 90 percent of our electricity. As the EPA's Clean Power Plan places

steep limits on carbon emissions from those plants, Farmers RECC is working with our national association and a network of 900 co-ops across the country to craft innovative solutions and a united response.

While the regulations may ultimately impact how we generate your energy, our mission of safe, reliable, and affordable electric service does not change.

### **KEEPING ENERGY AFFORDABLE**

The principles of **Open and Voluntary Membership** and **Democratic Member Control** ensure you have a say in how Farmers RECC does business.

Elected by you, our Board of Directors sets policy and hires a co-op President/CEO, who in turn hires professionals to carry out our mission.

Farmers RECC exerts its **Autonomy**

force us to use less coal to generate electricity, we expect to see energy prices gradually increase for Kentuckians over the next several years.

We take our **Members' Economic Participation** very seriously as we watch out for your interests. Unlike investor-owned utilities, Farmers RECC does not create profits for investors and shareholders. Any excess dollars or margins are reinvested in the co-op to enhance reliable and dependable service to our member-owners.

We provide energy audits, rebates, and energy-efficiency tools to encourage you to actually use less electricity, which keeps costs lower for all member-owners.

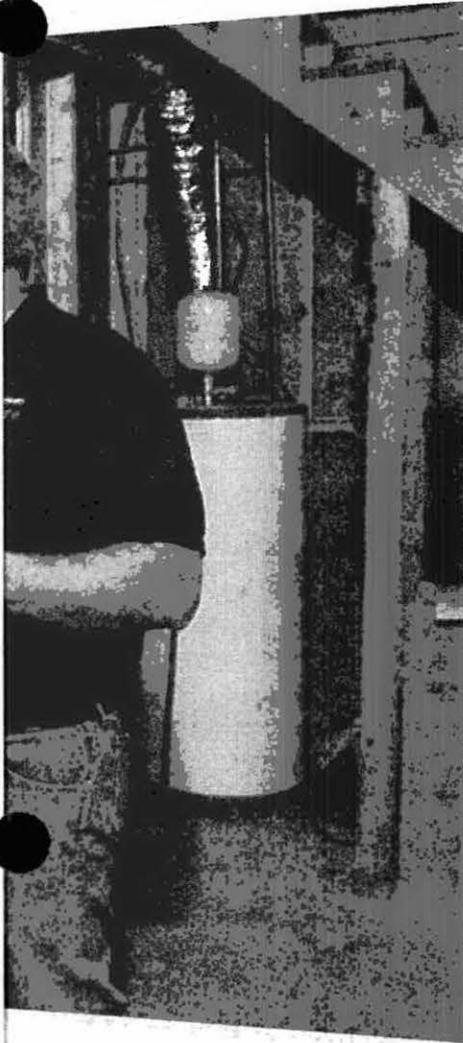
### STAYING SAFE AND STAYING INFORMED

Since delivery of electricity is a complex process, Farmers RECC places a high value on providing **Education, Training, and Information**. Working with the Kentucky Association of Electric Cooperatives' Safety & Loss Prevention team, we are proud of our safety record. To date, Farmers RECC employees have worked more than 210,000 hours without a lost-time accident.

We also work hard to keep our members informed about their cooperative. In addition to our real-time Outage Viewer, which members can access through our website, we also offer the Farmers RECC smartphone app, available for free from the Google Play

*Perhaps the most important cooperative principle we follow at Farmers RECC is Concern for Community. Each year, Farmers RECC sponsors the "Lighting Up Christmas" program for a school in their service territory. The program, coordinated by the Events Team at Farmers RECC, gathers unwrapped toys and monetary donations for a school in its service territory to use for students in need. Below, Events Team members Angela Hall, Member Services Representative, Jennifer Edwards, Engineering Clerk, and Ryan Atwell, Lineman, present a check and toys to the Temple Hill Elementary School Family Resource Office.*

*Photo: Farmers RECC*



**and Independence** in crafting strategy and hiring decisions.

We employ experts in the fields of engineering and operations, information technology, communications, member services, and community and economic development. Some of the best, brightest, most creative, and dedicated people have chosen careers that serve their communities working at Farmers RECC.

### HOW REGULATIONS IMPACT YOUR ELECTRIC RATES

Current and yet-to-be implemented regulations affect the cost to generate electricity. To comply, our co-op power supplier has invested hundreds of millions of dollars in environmental control equipment.

Because the new EPA regulations will



or Apple Store. Members can also view their home's daily energy use through the Your Meter tab in the Member Center, located on our website.

Timely and important information about your electric cooperative and member benefits can be found on [www.farmersrecc.com](http://www.farmersrecc.com), in *Kentucky Living* magazine, and look for us on Facebook and Twitter.

### **YOUR COMMUNITY IS OUR COMMUNITY**

Your cooperative employees are your neighbors. Because of our **Concern for Community**, we support and partici-

pate in many area causes and events. Farmers RECC is part of your community, and we will continue to participate in events and activities that help us all. You'll see co-op employees volunteering for local community groups, conducting school safety programs, and sponsoring local events.

Each day, Farmers RECC remembers who owns our co-op—you do. Thank you for your trust as we remain guided by **The Seven Cooperative Principles** in each of our decisions to protect and improve the quality of life for our community.

## **COOPERATIVE PRINCIPLES**

**Cooperatives operate according to the same core principles and values. Cooperatives trace the roots of these principles to the first modern cooperative founded in Rochdale, England, in 1844.**

### **VOLUNTARY AND OPEN MEMBERSHIP**

Cooperatives are voluntary organizations, open to all people able to use its services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.

### **DEMOCRATIC MEMBER CONTROL**

Cooperatives are democratic organizations controlled by members—those who buy the goods or use the services of the cooperative—who actively participate in setting policies and making decisions.

### **MEMBERS' ECONOMIC PARTICIPATION**

Members contribute equally to, and democratically control, the capital of the

cooperative benefiting members in proportion to the business they conduct with the cooperative rather than on the capital invested.

### **AUTONOMY AND INDEPENDENCE**

Cooperatives are autonomous, self-help organizations controlled by members. If the co-op enters into agreements with other organizations or raises capital from external sources, it is done so based on terms that ensure democratic control by members and maintain the cooperative's autonomy.

### **EDUCATION, TRAINING, AND INFORMATION**

Cooperatives provide education and training for members, elected representatives, managers, and employees so they can

contribute effectively to the development of their co-op.

### **COOPERATION AMONG COOPERATIVES**

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional, and international structures.

### **CONCERN FOR COMMUNITY**

While focusing on member needs, cooperatives work for the sustainable development of communities through policies and programs accepted by the members.



*William T. Prather  
President and CEO*



*Neil Pendygraft  
Chairman*

## **OFFICIAL BUSINESS MEETING AGENDA ANNUAL MEETING OF MEMBERS**

### **FARMERS RECC**

**Where: Cave City Convention Center, Cave City, KY**

**When: Thursday, July 14, 2016**

**Registration Time: 6:00 PM CDST**

**Business Meeting Time: 7:00 PM CDST**

The annual membership meeting of this co-op organizes to take action on the following matters:

1. Report on the number of members present in person in order to determine the existence of a quorum
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be
3. Reading of approved meeting of the members and the taking of necessary action thereon
4. Presentation and consideration of reports of officers, trustees, and committees
5. Report on the election of board members
6. Unfinished business
7. New business (or other business if properly raised)
8. Adjournment



*Randy London  
Vice Chairman*



*Ronnie Smith  
Secretary-Treasurer*



*Freddie D. Button*



*Paul C. Hawkins*



*C.F. Martin Jr.*



*Randy Sexton*



*Woodford Gardner  
Attorney*



### ACTIVE ACCOUNTS

(as of December 15, 2015)

Adair County .....	130
Barren County .....	13,887
Edmonson County .....	155
Grayson County .....	352
Green County .....	197
Hart County .....	6,381
Larue County .....	50
Metcalf County .....	3,893
Total .....	25,045

### Accounts Billed

2015 .....	25,045
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### Average Kilowatt-hour Use

(Residential per month)

2015 .....	1,097
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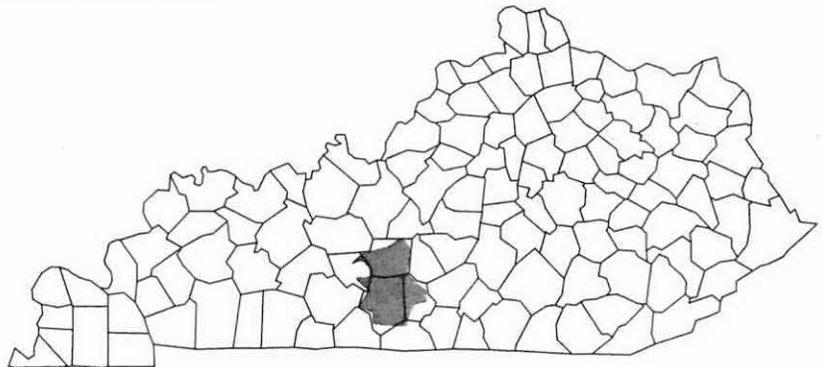
### Miles of Line

2015 .....	3,632
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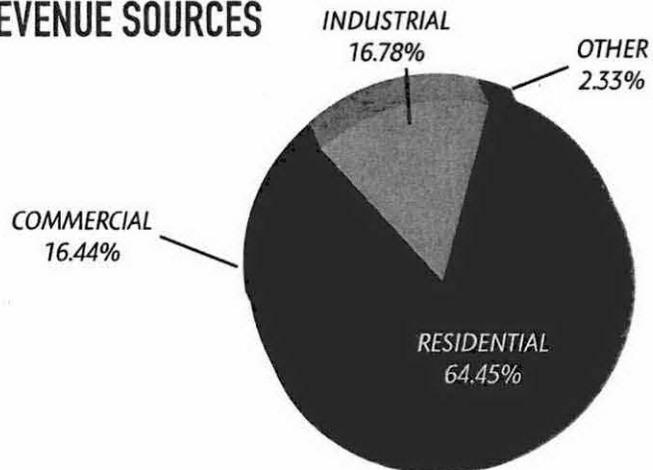
### Consumers Per Mile

2015 .....	6.9
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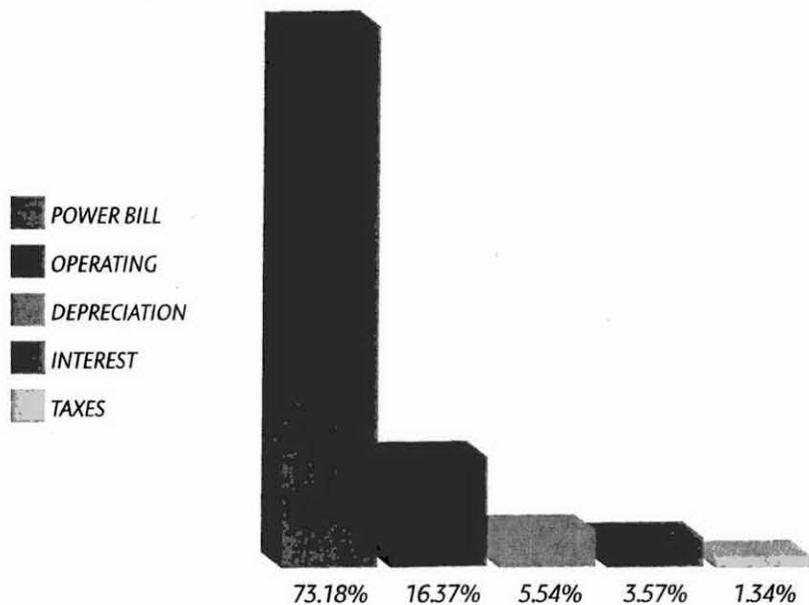
### SERVICE AREA



### REVENUE SOURCES



### MAJOR COSTS



## STATEMENT OF OPERATIONS

For the Year Ending December 31, 2015

Operating Revenue.....	\$49,472,781
Operating Expense	
Purchased Power .....	\$36,226,666
Operating System .....	\$8,087,569
Depreciation.....	\$2,744,248
Taxes.....	\$662,286
Interest on Loans.....	\$1,769,176
Other Deductions .....	\$13,974
Total Cost of Electric Service.....	\$49,503,919
Operating Margins.....	(\$31,138)
Non-Operating Margins.....	\$54,303
G & T Capital Credits .....	\$2,372,445
Other Capital Credits .....	\$98,868
Patronage Capital and Margins .....	\$2,494,478

## BALANCE SHEET

For the Year Ending December 31, 2015

### ASSETS

Total Utility Plant .....	\$87,188,062
Less Depreciation .....	\$25,640,619
Net Utility Plant.....	\$61,547,443

### Investments in

Assoc. Organization.....	\$28,642,551
Cash.....	\$385,991
Accounts Receivable .....	\$3,998,892
Inventory.....	\$824,947
Expenses Paid in Advance .....	\$195,246
Deferred Debits and	
Other Assets.....	\$2,086,249
Total Assets .....	\$97,681,319

### LIABILITIES

Consumer Deposits .....	\$861,686
Membership and	
Other Equities.....	\$38,626,203
Long-Term Debt .....	\$51,248,731
Notes and Accounts Payable .....	\$3,961,765
Other Current	
Liabilities .....	\$2,982,934
Total Liabilities.....	\$97,681,319

Farmers RECC was audited by Campbell, Myers & Rutledge, CPAs

## FARMERS PROPANE PLUS STATEMENT OF OPERATIONS

For the Year Ending December 31, 2015

Operating Revenues .....	\$2,426,462
Cost of Goods Sold .....	\$1,218,731
Operating Expense .....	\$880,113
Depreciation.....	\$173,911
Taxes.....	\$46,238
Net Income.....	\$107,469

## FARMERS PROPANE PLUS BALANCE SHEET

For the Year Ending December 31, 2015

### ASSETS

Cash.....	\$116,809
Accounts Receivable (Net) .....	(60,741)
Inventory.....	\$127,574
Plant.....	\$3,362,182
Less Depreciation &	
Amortization.....	\$1,435,353
Net Plant.....	\$1,926,829

### LIABILITIES

Current Liabilities .....	\$30,034
Notes Payable.....	\$50,000

EQUITY..... \$2,030,437

Total Liabilities  
and Equity .....

\$2,110,471

Farmers Propane Plus was audited by Alan Zumstein, CPA

# 2016 ANNUAL MEETING

Thursday, July 14

Featuring  
**The Sneed  
Family**



**Cave City Convention  
Center, Cave City, KY**

**Registration: 6:00 p.m. CDST**

**Business Meeting: 7:00 p.m. CDST**

- **Farmers RECC Scholarship Drawing**
- **FREE Energy-Saving Light Bulbs**
- **Registration Gifts**
- **Door Prizes**
- **Energy Fair**



Pre-registration Entertainment  
**The Gospel Sounds**

## Glasgow Regional Landfill GRAND OPENING



**FARMERS  
RECC**  
A Tractor Energy Corporation

Please join us on Friday, August 5, 2016, for an open house at  
Glasgow Regional Landfill, 400 Glen Garry Road, Glasgow.

9 a.m. to 3 p.m.

*Tours of the power plant.*

11:30 a.m.

*Dedication ceremony.*

[www.farmersrecc.com](http://www.farmersrecc.com)

## **MINUTES OF 2016 ANNUAL MEETING**

The annual meeting of the members of Farmers Rural Electric Cooperative Corporation was held at the Cave City Convention Center, Cave City, Kentucky, on July 14, 2016.

The business meeting was called to order by Chairman Neil Pendygraft., who presided, and Secretary-Treasurer Ronnie Smith, who recorded the meeting. Chairman Pendygraft noted that the registration numbers indicate a quorum present.

The Chairman declared a quorum present (Adair County - 0; Barren County - 162; Edmonson County - 1; Hart County - 46; Grayson County - 0; Green County - 3; Larue County - 0; Metcalfe County - 34; Total - 246) and the meeting open for the transaction of business.

Neil Pendygraft gave the invocation and called upon President and CEO Bill Prather to present the manager's report to the members.

Mr. Prather welcomed the members/owners and introduced the people sitting on the stage. Following those introductions, Mr. Prather introduced special guests who were seated in the audience.

Mr. Prather provided the members with a brief overview of the past year and some of the current initiatives. Mr. Prather reported:

- ↓ The employees are committed to doing their best for the members and are constantly looking for ways to continually improve the cooperative. Comments and suggestions are always welcome as to how members can be served better.
- ↓ Sales declined significantly due to low growth and mild weather during 2015.
- ↓ Expenses were below budget by 1.4%.
- ↓ FRECC returned \$332,200 in capital credits in March 2016. \$14.4 million has been refunded in capital credits since 1987.
- ↓ No lost time accidents occurred with FRECC employees during 2015.
- ↓ System reliability continues to improve.
- ↓ FRECC has 3,638 miles of line, 62,500 poles, 22,160 transformers, 25,052 services (portions of eight counties), and 6.9 services per mile of line.
- ↓ The cost per mile to cut trees and maintain right-of-way is \$2,300-\$3,000.
- ↓ Invested \$29.1 million in improvements since 2006.
- ↓ Developed the Glasgow landfill generating plant turning waste into kilowatts.
- ↓ Reviewed benefits to our cooperative and the community from the development of the City Landfill creating a new source of revenue in gas sales, and provides backup power for the City's sewer plant.
- ↓ Reported on the current activities of 2016 which included reliability improvement, vegetation management program, maintenance projects, and the construction of the new Roseville substation in Southern Barren County.

Next, Mr. Prather introduced Mr. Woodford L. Gardner, Attorney At Law.

Mr. Woodford L. Gardner then presented the official notices of the meeting and the respective proofs of mailings thereof.

The Chairman stated the next item of business would be consideration of the minutes of the 2015 Annual Meeting. Following which, a motion was made and seconded that, in essence of time, the reading of said minutes be waived and that the same be accepted as recorded in the records of the Cooperative. This motion was voted in the affirmative.

The next item of business was the Treasurer's report given by Secretary/Treasurer Ronnie Smith. Mr. Smith reported that the financial condition of the Cooperative was sound and that the annual reports provided to each of the members fairly and accurately reflected last year's performance. It was noted that Farmers Rural Electric complies with all financial lender requirements.

Mrs. Cindy Greer, representing the firm Campbell, Myers and Rutledge, Provost for the 2016 election, read the report of the 2016 Nominating Committee. Mrs. Greer stated that no nominations were made by petition. Since Mr. Neil Pendygraft, representing District No. 1 - Barren and Edmonson Counties, and Mr. Paul Hawkins - representing District No. 2 - Hart, Grayson, and Larue Counties, the nominees of the Nominating Committee, were unopposed in their bids for reelection, she declared them elected to serve as directors for the ensuing three years, or until their successors have been chosen and qualified.

#### **OTHER BUSINESS**

Chairman Pendygraft then asked if there was any further business to be discussed. There being none from the floor by the members, Chairman Pendygraft declared the meeting adjourned.

---

Neil Pendygraft, Chairman

---

Ronnie Smith, Secretary/Treasurer

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 15 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT                  ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION KY0034
	PERIOD ENDED January, 2015
	BORROWER NAME Farmers Rural Electric Cooperative Corporation

INSTRUCTIONS - See help in the online application.

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

**CERTIFICATION**

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

**ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII**

(check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

William Prather

2/12/2015  
DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	6,385,766	5,323,270	6,114,122	5,323,270
2. Power Production Expense	0	0	0	0
3. Cost of Purchased Power	4,494,170	3,891,370	4,435,474	3,891,370
4. Transmission Expense	0	0	0	0
5. Regional Market Expense	0	0	0	0
6. Distribution Expense - Operation	156,983	130,691	147,348	130,691
7. Distribution Expense - Maintenance	313,900	305,862	245,934	305,862
8. Customer Accounts Expense	96,178	88,963	87,487	88,963
9. Customer Service and Informational Expense	14,496	13,275	13,990	13,275
10. Sales Expense	0	0	0	0
11. Administrative and General Expense	192,831	161,175	186,479	161,175
12. Total Operation & Maintenance Expense (2 thru 11)	5,268,558	4,591,336	5,116,712	4,591,336
13. Depreciation and Amortization Expense	211,356	223,743	218,602	223,743
14. Tax Expense - Property & Gross Receipts	44,800	47,500	47,500	47,500
15. Tax Expense - Other	4,474	5,385	5,385	5,385
16. Interest on Long-Term Debt	157,612	152,329	154,488	152,329
17. Interest Charged to Construction - Credit	0	0	0	0
18. Interest Expense - Other	682	979	170	979
19. Other Deductions	1,135	595	1,300	595
20. Total Cost of Electric Service (12 thru 19)	5,688,617	5,021,867	5,544,157	5,021,867
21. Patronage Capital & Operating Margins (1 minus 20)	697,149	301,403	569,965	301,403
22. Non Operating Margins - Interest	448	269	18,168	269
23. Allowance for Funds Used During Construction	0	0	0	0
24. Income (Loss) from Equity Investments	0	0	0	0
25. Non Operating Margins - Other	(159)	0	0	0
26. Generation and Transmission Capital Credits	0	0	0	0
27. Other Capital Credits and Patronage Dividends	0	0	0	0
Extraordinary Items	0	0	0	0
Patronage Capital or Margins (21 thru 28)	697,438	301,672	588,133	301,672

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE			BORROWER DESIGNATION		
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION			KY0034		
INSTRUCTIONS - See help in the online application.			PERIOD ENDED January, 2015		
PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT					
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	37	26	5. Miles Transmission	0.00	0.00
2. Services Retired	20	27	6. Miles Distribution - Overhead	3,341.90	3,343.77
3. Total Services in Place	27,950	27,998	7. Miles Distribution - Underground	273.41	279.42
4. Idle Services (Exclude Seasonals)	3,020	3,061	8. Total Miles Energized (5 + 6 + 7)	3,615.31	3,623.19
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	82,826,928		30. Memberships		536,810
2. Construction Work in Progress	740,235		31. Patronage Capital		35,524,343
3. Total Utility Plant (1 + 2)	83,567,163		32. Operating Margins - Prior Years		0
4. Accum. Provision for Depreciation and Amort.	24,624,797		33. Operating Margins - Current Year		301,403
5. Net Utility Plant (3 - 4)	58,942,366		34. Non-Operating Margins		752,216
6. Non-Utility Property (Net)	0		35. Other Margins and Equities		1,227,075
7. Investments in Subsidiary Companies	1,509,914		36. Total Margins & Equities (30 thru 35)		38,341,847
8. Invest. in Assoc. Org. - Patronage Capital	22,341,260		37. Long-Term Debt - RUS (Net)		3,114,081
9. Invest. in Assoc. Org. - Other - General Funds	0		38. Long-Term Debt - FFB - RUS Guaranteed		36,830,580
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	1,018,939		39. Long-Term Debt - Other - RUS Guaranteed		0
11. Investments in Economic Development Projects	990,740		40. Long-Term Debt Other (Net)		5,564,128
12. Other Investments	0		41. Long-Term Debt - RUS - Econ. Devel. (Net)		879,620
13. Special Funds	0		42. Payments - Unapplied		104,389
14. Total Other Property & Investments (6 thru 13)	25,860,853		43. Total Long-Term Debt (37 thru 41 - 42)		46,284,020
15. Cash - General Funds	1,131,917		44. Obligations Under Capital Leases - Noncurrent		0
16. Cash - Construction Funds - Trustee	0		45. Accumulated Operating Provisions and Asset Retirement Obligations		530,089
17. Special Deposits	0		46. Total Other Noncurrent Liabilities (44 + 45)		530,089
18. Temporary Investments	0		47. Notes Payable		0
19. Notes Receivable (Net)	25		48. Accounts Payable		4,752,019
20. Accounts Receivable - Sales of Energy (Net)	2,581,665		49. Consumers Deposits		898,492
21. Accounts Receivable - Other (Net)	3,021,656		50. Current Maturities Long-Term Debt		1,999,000
22. Renewable Energy Credits	0		51. Current Maturities Long-Term Debt - Economic Development		111,120
23. Materials and Supplies - Electric & Other	750,093		52. Current Maturities Capital Leases		0
24. Prepayments	332,355		53. Other Current and Accrued Liabilities		1,555,640
25. Other Current and Accrued Assets	0		54. Total Current & Accrued Liabilities (47 thru 53)		9,316,271
26. Total Current and Accrued Assets (15 thru 25)	7,817,711		55. Regulatory Liabilities		0
27. Regulatory Assets	0		56. Other Deferred Credits		369,481
28. Other Deferred Debits	2,220,778		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)		94,841,708
29. Total Assets and Other Debits (5+14+26 thru 28)	94,841,708				

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 15 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT                  ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION KY0034
	PERIOD ENDED February, 2015
	BORROWER NAME Farmers Rural Electric Cooperative Corporation

INSTRUCTIONS - See help in the online application.

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**CERTIFICATION**

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

**ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII**

(check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

William Prather

3/11/2015  
DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	11,548,225	10,750,801	10,906,061	5,427,531
2. Power Production Expense	0	0	0	0
3. Cost of Purchased Power	8,103,704	7,820,344	7,915,645	3,928,974
4. Transmission Expense	0	0	0	0
5. Regional Market Expense	0	0	0	0
6. Distribution Expense - Operation	305,222	291,829	287,250	161,138
7. Distribution Expense - Maintenance	551,326	575,941	477,443	270,079
8. Customer Accounts Expense	178,596	174,762	171,875	85,799
9. Customer Service and Informational Expense	27,551	23,816	27,333	10,541
10. Sales Expense	0	0	0	0
11. Administrative and General Expense	354,239	316,518	351,256	155,343
12. Total Operation & Maintenance Expense (2 thru 11)	9,520,638	9,203,210	9,230,802	4,611,874
13. Depreciation and Amortization Expense	423,093	449,351	439,775	225,608
14. Tax Expense - Property & Gross Receipts	89,600	95,000	95,000	47,500
15. Tax Expense - Other	8,948	10,769	10,770	5,384
16. Interest on Long-Term Debt	300,612	299,196	308,976	146,867
17. Interest Charged to Construction - Credit	0	0	0	0
18. Interest Expense - Other	740	2,238	340	1,259
19. Other Deductions	9,145	10,055	1,900	9,460
20. Total Cost of Electric Service (12 thru 19)	10,352,776	10,069,819	10,087,563	5,047,952
21. Patronage Capital & Operating Margins (1 minus 20)	1,195,449	680,982	818,498	379,579
22. Non Operating Margins - Interest	10,918	3,935	20,368	3,666
23. Allowance for Funds Used During Construction	0	0	0	0
24. Income (Loss) from Equity Investments	6,454	0	0	0
25. Non Operating Margins - Other	(160)	0	0	0
26. Generation and Transmission Capital Credits	0	0	0	0
27. Other Capital Credits and Patronage Dividends	0	0	0	0
28. Extraordinary Items	0	0	0	0
29. Patronage Capital or Margins (21 thru 28)	1,212,661	684,917	838,866	383,245

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION  KY0034
INSTRUCTIONS - See help in the online application.	PERIOD ENDED  February, 2015

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT					
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	57	40	5. Miles Transmission	0.00	0.00
2. Services Retired	45	58	6. Miles Distribution - Overhead	3,341.20	3,344.36
3. Total Services in Place	27,945	27,981	7. Miles Distribution - Underground	273.95	279.74
4. Idle Services (Exclude Seasonals)	3,044	3,049	8. Total Miles Energized (5 + 6 + 7)	3,615.15	3,624.10

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	83,507,398	30. Memberships	537,285
2. Construction Work in Progress	630,382	31. Patronage Capital	35,524,343
3. Total Utility Plant (1 + 2)	84,137,780	32. Operating Margins - Prior Years	0
4. Accum. Provision for Depreciation and Amort.	24,700,869	33. Operating Margins - Current Year	680,982
5. Net Utility Plant (3 - 4)	59,436,911	34. Non-Operating Margins	755,882
6. Non-Utility Property (Net)	0	35. Other Margins and Equities	1,228,971
7. Investments in Subsidiary Companies	1,509,914	36. Total Margins & Equities (30 thru 35)	38,727,463
8. Invest. in Assoc. Org. - Patronage Capital	22,341,260	37. Long-Term Debt - RUS (Net)	3,103,435
9. Invest. in Assoc. Org. - Other - General Funds	0	38. Long-Term Debt - FFB - RUS Guaranteed	37,830,580
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	1,018,939	39. Long-Term Debt - Other - RUS Guaranteed	0
11. Investments in Economic Development Projects	981,480	40. Long-Term Debt Other (Net)	5,343,156
12. Other Investments	0	41. Long-Term Debt - RUS - Econ. Devel. (Net)	870,360
13. Special Funds	0	42. Payments - Unapplied	405,357
14. Total Other Property & Investments (6 thru 13)	25,851,593	43. Total Long-Term Debt (37 thru 41 - 42)	46,742,174
15. Cash - General Funds	1,064,816	44. Obligations Under Capital Leases - Noncurrent	0
16. Cash - Construction Funds - Trustee	0	45. Accumulated Operating Provisions and Asset Retirement Obligations	528,205
17. Special Deposits	0	46. Total Other Noncurrent Liabilities (44 + 45)	528,205
18. Temporary Investments	30,078	47. Notes Payable	0
19. Notes Receivable (Net)	0	48. Accounts Payable	4,833,366
20. Accounts Receivable - Sales of Energy (Net)	2,977,708	49. Consumers Deposits	899,182
21. Accounts Receivable - Other (Net)	3,226,624	50. Current Maturities Long-Term Debt	1,999,000
22. Renewable Energy Credits	0	51. Current Maturities Long-Term Debt - Economic Development	111,120
23. Materials and Supplies - Electric & Other	740,831	52. Current Maturities Capital Leases	0
24. Prepayments	329,596	53. Other Current and Accrued Liabilities	1,684,586
25. Other Current and Accrued Assets	0	54. Total Current & Accrued Liabilities (47 thru 53)	9,527,254
26. Total Current and Accrued Assets (15 thru 25)	8,369,653	55. Regulatory Liabilities	0
27. Regulatory Assets	0	56. Other Deferred Credits	360,643
28. Other Deferred Debits	2,227,582	57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	95,885,739
29. Total Assets and Other Debits (5+14+26 thru 28)	95,885,739		

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 15 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT                  ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION KY0034
	PERIOD ENDED March, 2015
	BORROWER NAME Farmers Rural Electric Cooperative Corporation

INSTRUCTIONS - See help in the online application.

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

**CERTIFICATION**

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

**ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII**

(check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

William Prather

4/9/2015

DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
Operating Revenue and Patronage Capital	15,799,508	14,881,519	15,422,369	4,130,719
Power Production Expense	0	0	0	0
3. Cost of Purchased Power	11,298,763	10,868,804	11,235,610	3,048,460
4. Transmission Expense	0	0	0	0
5. Regional Market Expense	0	0	0	0
6. Distribution Expense - Operation	420,045	446,924	432,154	155,095
7. Distribution Expense - Maintenance	805,024	817,928	714,977	241,988
8. Customer Accounts Expense	267,280	272,126	260,440	97,364
9. Customer Service and Informational Expense	43,634	36,880	41,648	13,064
10. Sales Expense	0	0	0	0
11. Administrative and General Expense	529,554	479,617	522,553	163,099
12. Total Operation & Maintenance Expense (2 thru 11)	13,364,300	12,922,279	13,207,382	3,719,070
13. Depreciation and Amortization Expense	635,567	674,727	662,610	225,376
14. Tax Expense - Property & Gross Receipts	134,400	142,500	142,500	47,500
15. Tax Expense - Other	13,423	16,154	16,155	5,384
16. Interest on Long-Term Debt	460,542	433,841	463,464	134,646
17. Interest Charged to Construction - Credit	0	0	0	0
18. Interest Expense - Other	1,457	3,200	1,010	961
19. Other Deductions	1,205	1,273	2,500	(8,782)
20. Total Cost of Electric Service (12 thru 19)	14,610,894	14,193,974	14,495,621	4,124,155
21. Patronage Capital & Operating Margins (1 minus 20)	1,188,614	687,545	926,748	6,564
22. Non Operating Margins - Interest	11,271	4,201	22,568	265
23. Allowance for Funds Used During Construction	0	0	0	0
24. Income (Loss) from Equity Investments	6,454	1,857	0	1,857
25. Non Operating Margins - Other	(159)	0	0	0
26. Generation and Transmission Capital Credits	0	0	0	0
27. Other Capital Credits and Patronage Dividends	61,550	65,705	63,500	65,705
28. Extraordinary Items	0	0	0	0
29. Patronage Capital or Margins (21 thru 28)	1,267,730	759,308	1,012,816	74,391

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC DISTRIBUTION</b>	<b>BORROWER DESIGNATION</b>  KY0034
INSTRUCTIONS - See help in the online application.	<b>PERIOD ENDED</b>  March, 2015

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT					
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	70	75	5. Miles Transmission	0.00	0.00
2. Services Retired	66	91	6. Miles Distribution - Overhead	3,341.08	3,343.35
3. Total Services in Place	27,937	27,983	7. Miles Distribution - Underground	274.35	280.11
4. Idle Services (Exclude Seasonals)	3,135	3,076	8. Total Miles Energized (5 + 6 + 7)	3,615.43	3,623.46

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	83,739,931	30. Memberships	536,780
2. Construction Work in Progress	551,570	31. Patronage Capital	34,907,965
3. Total Utility Plant (1 + 2)	84,291,501	32. Operating Margins - Prior Years	0
4. Accum. Provision for Depreciation and Amort.	24,809,452	33. Operating Margins - Current Year	687,545
5. Net Utility Plant (3 - 4)	59,482,049	34. Non-Operating Margins	823,709
6. Non-Utility Property (Net)	0	35. Other Margins and Equities	1,325,515
7. Investments in Subsidiary Companies	1,511,771	36. Total Margins & Equities (30 thru 35)	38,281,514
8. Invest. in Assoc. Org. - Patronage Capital	22,358,561	37. Long-Term Debt - RUS (Net)	3,094,005
9. Invest. in Assoc. Org. - Other - General Funds	0	38. Long-Term Debt - FFB - RUS Guaranteed	37,551,887
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	1,052,598	39. Long-Term Debt - Other - RUS Guaranteed	0
11. Investments in Economic Development Projects	972,220	40. Long-Term Debt Other (Net)	5,343,156
12. Other Investments	0	41. Long-Term Debt - RUS - Econ. Devel. (Net)	861,100
13. Special Funds	0	42. Payments - Unapplied	56,645
14. Total Other Property & Investments (6 thru 13)	25,895,150	43. Total Long-Term Debt (37 thru 41 - 42)	46,793,503
15. Cash - General Funds	1,614,361	44. Obligations Under Capital Leases - Noncurrent	0
16. Cash - Construction Funds - Trustee	0	45. Accumulated Operating Provisions and Asset Retirement Obligations	527,065
17. Special Deposits	0	46. Total Other Noncurrent Liabilities (44 + 45)	527,065
18. Temporary Investments	0	47. Notes Payable	0
19. Notes Receivable (Net)	0	48. Accounts Payable	3,831,313
20. Accounts Receivable - Sales of Energy (Net)	2,127,208	49. Consumers Deposits	891,632
21. Accounts Receivable - Other (Net)	2,413,506	50. Current Maturities Long-Term Debt	1,999,000
22. Renewable Energy Credits	0	51. Current Maturities Long-Term Debt - Economic Development	111,120
23. Materials and Supplies - Electric & Other	758,284	52. Current Maturities Capital Leases	0
24. Prepayments	317,817	53. Other Current and Accrued Liabilities	2,037,425
25. Other Current and Accrued Assets	0	54. Total Current & Accrued Liabilities (47 thru 53)	8,870,490
26. Total Current and Accrued Assets (15 thru 25)	7,231,176	55. Regulatory Liabilities	0
27. Regulatory Assets	0	56. Other Deferred Credits	358,899
28. Other Deferred Debits	2,223,096	57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	94,831,471
29. Total Assets and Other Debits (5+14+26 thru 28)	94,831,471		

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 15 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT                  ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION KY0034
	PERIOD ENDED April, 2015
	BORROWER NAME Farmers Rural Electric Cooperative Corporation
INSTRUCTIONS - See help in the online application.	

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

**CERTIFICATION**

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

**ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII**

(check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

William Prather

5/12/2015

DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
Operating Revenue and Patronage Capital	19,198,610	18,062,865	19,084,874	3,181,345
Power Production Expense	0	0	0	0
3. Cost of Purchased Power	13,819,941	12,976,014	13,969,698	2,107,210
4. Transmission Expense	0	0	0	0
5. Regional Market Expense	0	0	0	0
6. Distribution Expense - Operation	513,279	558,088	576,873	111,164
7. Distribution Expense - Maintenance	999,290	1,070,324	977,680	252,396
8. Customer Accounts Expense	359,373	363,507	349,491	91,381
9. Customer Service and Informational Expense	58,319	52,211	55,959	15,331
10. Sales Expense	0	0	0	0
11. Administrative and General Expense	693,330	637,571	695,024	157,954
12. Total Operation & Maintenance Expense (2 thru 11)	16,443,532	15,657,715	16,624,725	2,735,436
13. Depreciation and Amortization Expense	853,252	901,053	887,119	226,325
14. Tax Expense - Property & Gross Receipts	179,200	190,000	190,000	47,500
15. Tax Expense - Other	17,897	21,538	21,540	5,384
16. Interest on Long-Term Debt	613,001	589,430	619,952	155,589
17. Interest Charged to Construction - Credit	0	0	0	0
18. Interest Expense - Other	1,516	4,099	1,780	900
19. Other Deductions	2,807	2,653	2,800	1,380
20. Total Cost of Electric Service (12 thru 19)	18,111,205	17,366,488	18,347,916	3,172,514
21. Patronage Capital & Operating Margins (1 minus 20)	1,087,405	696,377	736,958	8,831
22. Non Operating Margins - Interest	30,495	23,273	24,768	19,073
23. Allowance for Funds Used During Construction	0	0	0	0
24. Income (Loss) from Equity Investments	6,454	1,857	2,000	0
25. Non Operating Margins - Other	(1,736)	(208)	1,000	(208)
26. Generation and Transmission Capital Credits	0	0	0	0
27. Other Capital Credits and Patronage Dividends	61,549	65,705	63,500	0
28. Extraordinary Items	0	0	0	0
29. Patronage Capital or Margins (21 thru 28)	1,184,167	787,004	828,226	27,696

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION  KY0034
INSTRUCTIONS - See help in the online application.	PERIOD ENDED  April, 2015

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT					
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	97	118	5. Miles Transmission	0.00	0.00
2. Services Retired	83	116	6. Miles Distribution -- Overhead	3,341.36	3,343.58
3. Total Services in Place	27,947	28,001	7. Miles Distribution - Underground	274.48	280.49
4. Idle Services (Exclude Seasonals)	3,142	3,005	8. Total Miles Energized (5 + 6 + 7)	3,615.84	3,624.07

PART C. BALANCE SHEET			
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	84,269,300	30. Memberships	537,150
2. Construction Work in Progress	350,371	31. Patronage Capital	34,907,965
3. Total Utility Plant (1 + 2)	84,619,671	32. Operating Margins - Prior Years	0
4. Accum. Provision for Depreciation and Amort.	24,862,592	33. Operating Margins - Current Year	696,377
5. Net Utility Plant (3 - 4)	59,757,079	34. Non-Operating Margins	842,574
6. Non-Utility Property (Net)	0	35. Other Margins and Equities	1,327,411
7. Investments in Subsidiary Companies	1,511,771	36. Total Margins & Equities (30 thru 35)	38,311,477
8. Invest. in Assoc. Org. - Patronage Capital	22,358,561	37. Long-Term Debt - RUS (Net)	3,084,121
9. Invest. in Assoc. Org. - Other - General Funds	0	38. Long-Term Debt - FFB - RUS Guaranteed	37,561,104
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	1,052,598	39. Long-Term Debt - Other - RUS Guaranteed	0
11. Investments in Economic Development Projects	962,960	40. Long-Term Debt Other (Net)	5,343,156
12. Other Investments	0	41. Long-Term Debt - RUS - Econ. Devel. (Net)	851,840
13. Special Funds	0	42. Payments - Unapplied	34,253
14. Total Other Property & Investments (6 thru 13)	25,885,890	43. Total Long-Term Debt (37 thru 41 - 42)	46,805,968
15. Cash - General Funds	1,122,475	44. Obligations Under Capital Leases - Noncurrent	0
16. Cash - Construction Funds - Trustee	0	45. Accumulated Operating Provisions and Asset Retirement Obligations	525,925
17. Special Deposits	0	46. Total Other Noncurrent Liabilities (44 + 45)	525,925
18. Temporary Investments	0	47. Notes Payable	0
19. Notes Receivable (Net)	0	48. Accounts Payable	2,834,699
20. Accounts Receivable - Sales of Energy (Net)	1,432,018	49. Consumers Deposits	881,682
21. Accounts Receivable - Other (Net)	2,101,215	50. Current Maturities Long-Term Debt	1,999,000
22. Renewable Energy Credits	0	51. Current Maturities Long-Term Debt - Economic Development	111,120
23. Materials and Supplies - Electric & Other	805,114	52. Current Maturities Capital Leases	0
24. Prepayments	318,266	53. Other Current and Accrued Liabilities	1,782,853
25. Other Current and Accrued Assets	0	54. Total Current & Accrued Liabilities (47 thru 53)	7,609,354
26. Total Current and Accrued Assets (15 thru 25)	5,779,088	55. Regulatory Liabilities	0
27. Regulatory Assets	0	56. Other Deferred Credits	359,683
28. Other Deferred Debits	2,190,350	57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	93,612,407
29. Total Assets and Other Debits (5+14+26 thru 28)	93,612,407		

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UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT                  ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION KY0034
	PERIOD ENDED May, 2015
	BORROWER NAME Farmers Rural Electric Cooperative Corporation
INSTRUCTIONS - See help in the online application.	

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**CERTIFICATION**

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We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

**ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII**

(check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

William Prather

6/11/2015  
DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
Operating Revenue and Patronage Capital	22,851,534	21,559,257	22,917,112	3,496,392
Power Production Expense	0	0	0	0
3. Cost of Purchased Power	16,579,667	15,335,484	16,812,820	2,359,470
4. Transmission Expense	0	0	0	0
5. Regional Market Expense	0	0	0	0
6. Distribution Expense - Operation	643,822	694,135	720,158	136,047
7. Distribution Expense - Maintenance	1,245,004	1,277,148	1,236,390	206,824
8. Customer Accounts Expense	456,563	462,728	444,753	99,221
9. Customer Service and Informational Expense	73,250	64,732	70,077	12,521
10. Sales Expense	0	0	0	0
11. Administrative and General Expense	860,914	806,770	860,829	169,199
12. Total Operation & Maintenance Expense (2 thru 11)	19,859,220	18,640,997	20,145,027	2,983,282
13. Depreciation and Amortization Expense	1,072,232	1,128,127	1,113,278	227,074
14. Tax Expense - Property & Gross Receipts	224,000	237,500	237,500	47,500
15. Tax Expense - Other	22,371	26,922	26,925	5,385
16. Interest on Long-Term Debt	765,652	737,399	776,440	147,969
17. Interest Charged to Construction - Credit	0	0	0	0
18. Interest Expense - Other	1,699	4,606	2,550	506
19. Other Deductions	1,645	2,093	2,900	(560)
20. Total Cost of Electric Service (12 thru 19)	21,946,819	20,777,644	22,304,620	3,411,156
21. Patronage Capital & Operating Margins (1 minus 20)	904,715	781,613	612,492	85,236
22. Non Operating Margins - Interest	34,551	25,981	26,968	2,709
23. Allowance for Funds Used During Construction	0	0	0	0
24. Income (Loss) from Equity Investments	6,454	1,857	2,000	0
25. Non Operating Margins - Other	(1,736)	(208)	1,000	0
26. Generation and Transmission Capital Credits	0	0	0	0
Other Capital Credits and Patronage Dividends	61,550	65,705	63,500	0
Extraordinary Items	0	0	0	0
29. Patronage Capital or Margins (21 thru 28)	1,005,534	874,948	705,960	87,945

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	BORROWER DESIGNATION  KY0034
INSTRUCTIONS - See help in the online application.	PERIOD ENDED  May, 2015

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT					
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	127	158	5. Miles Transmission	0.00	0.00
2. Services Retired	98	147	6. Miles Distribution - Overhead	3,341.72	3,342.17
3. Total Services in Place	27,962	28,010	7. Miles Distribution - Underground	274.87	281.22
4. Idle Services (Exclude Seasonals)	3,108	3,071	8. Total Miles Energized (5 + 6 + 7)	3,616.59	3,623.39

PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	84,533,903		30. Memberships	537,525	
2. Construction Work in Progress	343,576		31. Patronage Capital	34,907,965	
3. Total Utility Plant (1 + 2)	84,877,479		32. Operating Margins - Prior Years	0	
4. Accum. Provision for Depreciation and Amort.	25,010,492		33. Operating Margins - Current Year	781,613	
5. Net Utility Plant (3 - 4)	59,866,987		34. Non-Operating Margins	845,283	
6. Non-Utility Property (Net)	0		35. Other Margins and Equities	1,329,251	
7. Investments in Subsidiary Companies	1,511,771		36. Total Margins & Equities (30 thru 35)	38,401,637	
8. Invest. in Assoc. Org. - Patronage Capital	22,358,561		37. Long-Term Debt - RUS (Net) -	3,074,614	
9. Invest. in Assoc. Org. - Other - General Funds	0		38. Long-Term Debt - FFB - RUS Guaranteed	37,561,104	
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	1,052,598		39. Long-Term Debt - Other - RUS Guaranteed	0	
11. Investments in Economic Development Projects	953,700		40. Long-Term Debt Other (Net)	5,120,279	
12. Other Investments	0		41. Long-Term Debt - RUS - Econ. Devel. (Net)	842,580	
13. Special Funds	0		42. Payments - Unapplied	14,413	
14. Total Other Property & Investments (6 thru 13)	25,876,630		43. Total Long-Term Debt (37 thru 41 - 42)	46,584,164	
15. Cash - General Funds	744,389		44. Obligations Under Capital Leases - Noncurrent	0	
16. Cash - Construction Funds - Trustee	0		45. Accumulated Operating Provisions and Asset Retirement Obligations	524,785	
17. Special Deposits	0		46. Total Other Noncurrent Liabilities (44 + 45)	524,785	
18. Temporary Investments	5,701		47. Notes Payable	0	
19. Notes Receivable (Net)	0		48. Accounts Payable	2,949,583	
20. Accounts Receivable - Sales of Energy (Net)	1,491,917		49. Consumers Deposits	881,217	
21. Accounts Receivable - Other (Net)	2,288,427		50. Current Maturities Long-Term Debt	1,999,000	
22. Renewable Energy Credits	0		51. Current Maturities Long-Term Debt - Economic Development	111,120	
23. Materials and Supplies - Electric & Other	817,979		52. Current Maturities Capital Leases	0	
24. Prepayments	305,342		53. Other Current and Accrued Liabilities	1,746,824	
25. Other Current and Accrued Assets	0		54. Total Current & Accrued Liabilities (47 thru 53)	7,687,744	
26. Total Current and Accrued Assets (15 thru 25)	5,653,755		55. Regulatory Liabilities	0	
27. Regulatory Assets	0		56. Other Deferred Credits	356,452	
28. Other Deferred Debits	2,157,410		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	93,554,782	
29. Total Assets and Other Debits (5+14+26 thru 28)	93,554,782				

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 15 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION KY0034
	PERIOD ENDED June, 2015
	BORROWER NAME Farmers Rural Electric Cooperative Corporation
INSTRUCTIONS - See help in the online application.	

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

**CERTIFICATION**

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

**ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII**

(check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

William Prather

7/9/2015

DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
Operating Revenue and Patronage Capital	27,386,351	25,650,326	27,462,392	4,091,069
Power Production Expense	0	0	0	0
3. Cost of Purchased Power	19,905,673	18,539,001	20,161,510	3,203,517
4. Transmission Expense	0	0	0	0
5. Regional Market Expense	0	0	0	0
6. Distribution Expense - Operation	778,803	821,731	869,402	127,596
7. Distribution Expense - Maintenance	1,473,875	1,605,884	1,495,536	328,736
8. Customer Accounts Expense	533,142	550,220	533,654	87,492
9. Customer Service and Informational Expense	84,037	66,336	84,287	1,604
10. Sales Expense	0	0	0	0
11. Administrative and General Expense	1,025,500	977,020	1,029,994	170,249
12. Total Operation & Maintenance Expense (2 thru 11)	23,801,030	22,560,192	24,174,383	3,919,194
13. Depreciation and Amortization Expense	1,288,772	1,355,536	1,341,053	227,410
14. Tax Expense - Property & Gross Receipts	268,800	285,000	285,000	47,500
15. Tax Expense - Other	26,845	32,307	32,310	5,384
16. Interest on Long-Term Debt	918,104	885,725	932,928	148,326
17. Interest Charged to Construction - Credit	0	0	0	0
18. Interest Expense - Other	2,375	5,127	2,720	521
19. Other Deductions	6,570	7,183	3,000	5,090
20. Total Cost of Electric Service (12 thru 19)	26,312,496	25,131,070	26,771,394	4,353,425
21. Patronage Capital & Operating Margins (1 minus 20)	1,073,855	519,256	690,998	(262,356)
22. Non Operating Margins - Interest	34,787	26,184	29,168	201
23. Allowance for Funds Used During Construction	0	0	0	0
24. Income (Loss) from Equity Investments	6,454	1,857	2,000	0
25. Non Operating Margins - Other	(1,736)	(208)	1,000	0
26. Generation and Transmission Capital Credits	0	0	0	0
7. Other Capital Credits and Patronage Dividends	61,550	65,705	63,500	0
8. Extraordinary Items	0	0	0	0
29. Patronage Capital or Margins (21 thru 28)	1,174,910	612,794	786,666	(262,155)

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION  KY0034
INSTRUCTIONS - See help in the online application.	PERIOD ENDED  June, 2015

**PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT**

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	166	186	5. Miles Transmission	0.00	0.00
2. Services Retired	118	186	6. Miles Distribution - Overhead	3,343.22	3,341.87
3. Total Services in Place	27,981	27,999	7. Miles Distribution - Underground	275.47	281.79
4. Idle Services (Exclude Seasonals)	3,132	3,030	8. Total Miles Energized (5 + 6 + 7)	3,618.69	3,623.66

**PART C. BALANCE SHEET**

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	84,747,977	30. Memberships	538,015
2. Construction Work in Progress	416,599	31. Patronage Capital	34,907,965
3. Total Utility Plant (1 + 2)	85,164,576	32. Operating Margins - Prior Years	0
4. Accum. Provision for Depreciation and Amort.	25,102,842	33. Operating Margins - Current Year	519,256
5. Net Utility Plant (3 - 4)	60,061,734	34. Non-Operating Margins	845,485
6. Non-Utility Property (Net)	0	35. Other Margins and Equities	1,330,079
7. Investments in Subsidiary Companies	1,511,771	36. Total Margins & Equities (30 thru 35)	38,140,800
8. Invest. in Assoc. Org. - Patronage Capital	22,358,561	37. Long-Term Debt - RUS (Net)	3,064,654
9. Invest. in Assoc. Org. - Other - General Funds	0	38. Long-Term Debt - FFB - RUS Guaranteed	38,293,265
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	1,052,598	39. Long-Term Debt - Other - RUS Guaranteed	0
11. Investments in Economic Development Projects	944,440	40. Long-Term Debt Other (Net)	5,120,279
Other Investments	0	41. Long-Term Debt - RUS - Econ. Devel. (Net)	833,320
Special Funds	0	42. Payments - Unapplied	150,384
14. Total Other Property & Investments (6 thru 13)	25,867,370	43. Total Long-Term Debt (37 thru 41 - 42)	47,161,134
15. Cash - General Funds	1,220,363	44. Obligations Under Capital Leases - Noncurrent	0
16. Cash - Construction Funds - Trustee	0	45. Accumulated Operating Provisions and Asset Retirement Obligations	523,645
17. Special Deposits	0	46. Total Other Noncurrent Liabilities (44 + 45)	523,645
18. Temporary Investments	5,701	47. Notes Payable	0
19. Notes Receivable (Net)	0	48. Accounts Payable	3,897,150
20. Accounts Receivable - Sales of Energy (Net)	1,351,343	49. Consumers Deposits	878,452
21. Accounts Receivable - Other (Net)	2,872,855	50. Current Maturities Long-Term Debt	1,999,000
22. Renewable Energy Credits	0	51. Current Maturities Long-Term Debt - Economic Development	111,120
23. Materials and Supplies - Electric & Other	821,689	52. Current Maturities Capital Leases	0
24. Prepayments	354,764	53. Other Current and Accrued Liabilities	1,621,017
25. Other Current and Accrued Assets	0	54. Total Current & Accrued Liabilities (47 thru 53)	8,506,739
26. Total Current and Accrued Assets (15 thru 25)	6,626,715	55. Regulatory Liabilities	0
27. Regulatory Assets	0	56. Other Deferred Credits	355,341
28. Other Deferred Debits	2,131,840	57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	94,687,659
29. Total Assets and Other Debits (5+14+26 thru 28)	94,687,659		

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 15 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT                  ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION <b>KY0034</b>  PERIOD ENDED <b>July, 2015</b>  BORROWER NAME <b>Farmers Rural Electric Cooperative Corporation</b>
INSTRUCTIONS - See help in the online application.	

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

**CERTIFICATION**

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

**ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII**

*(check one of the following)*

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

William Prather

8/13/2015  
DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
Operating Revenue and Patronage Capital	31,837,103	30,121,893	32,388,267	4,471,567
Power Production Expense	0	0	0	0
3. Cost of Purchased Power	23,335,929	22,072,940	23,789,223	3,533,939
4. Transmission Expense	0	0	0	0
5. Regional Market Expense	0	0	0	0
6. Distribution Expense - Operation	920,130	958,889	1,021,402	137,159
7. Distribution Expense - Maintenance	1,709,450	1,882,487	1,753,947	276,603
8. Customer Accounts Expense	623,558	637,703	625,306	87,483
9. Customer Service and Informational Expense	96,282	77,606	98,815	11,271
10. Sales Expense	0	0	0	0
11. Administrative and General Expense	1,218,696	1,246,736	1,236,972	269,716
12. Total Operation & Maintenance Expense (2 thru 11)	27,904,045	26,876,361	28,525,665	4,316,171
13. Depreciation and Amortization Expense	1,504,674	1,584,428	1,570,404	228,892
14. Tax Expense - Property & Gross Receipts	313,600	332,500	332,500	47,500
15. Tax Expense - Other	32,230	37,669	38,020	5,362
16. Interest on Long-Term Debt	1,073,303	1,034,110	1,091,416	148,385
17. Interest Charged to Construction - Credit	0	0	0	0
18. Interest Expense - Other	2,449	5,198	2,890	71
19. Other Deductions	6,565	12,189	3,300	5,005
20. Total Cost of Electric Service (12 thru 19)	30,836,866	29,882,455	31,564,195	4,751,386
21. Patronage Capital & Operating Margins (1 minus 20)	1,000,237	239,438	824,072	(279,819)
22. Non Operating Margins - Interest	35,052	26,455	47,368	272
23. Allowance for Funds Used During Construction	0	0	0	0
24. Income (Loss) from Equity Investments	6,454	1,857	2,000	0
25. Non Operating Margins - Other	(1,736)	(208)	1,000	0
26. Generation and Transmission Capital Credits	0	0	0	0
27. Other Capital Credits and Patronage Dividends	61,550	65,705	63,500	0
28. Extraordinary Items	0	0	0	0
29. Patronage Capital or Margins (21 thru 28)	1,101,557	333,247	937,940	(279,547)

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	BORROWER DESIGNATION  KY0034
INSTRUCTIONS - See help in the online application.	PERIOD ENDED  July, 2015

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT					
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	197	186	5. Miles Transmission	0.00	0.00
2. Services Retired	138	186	6. Miles Distribution - Overhead	3,343.21	3,342.66
3. Total Services in Place	27,992	28,010	7. Miles Distribution - Underground	276.55	282.22
4. Idle Services (Exclude Seasonals)	3,038	2,980	8. Total Miles Energized (5 + 6 + 7)	3,619.76	3,624.88

PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	85,276,221		30. Memberships	538,545	
2. Construction Work in Progress	385,614		31. Patronage Capital	34,907,965	
3. Total Utility Plant (1 + 2)	85,661,835		32. Operating Margins - Prior Years	0	
4. Accum. Provision for Depreciation and Amort.	25,199,656		33. Operating Margins - Current Year	239,438	
5. Net Utility Plant (3 - 4)	60,462,179		34. Non-Operating Margins	845,756	
6. Non-Utility Property (Net)	0		35. Other Margins and Equities	1,331,901	
7. Investments in Subsidiary Companies	1,511,771		36. Total Margins & Equities (30 thru 35)	37,863,605	
8. Invest. in Assoc. Org. - Patronage Capital	22,358,561		37. Long-Term Debt - RUS (Net)	3,055,068	
9. Invest. in Assoc. Org. - Other - General Funds	0		38. Long-Term Debt - FFB - RUS Guaranteed	38,293,265	
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	1,052,598		39. Long-Term Debt - Other - RUS Guaranteed	0	
11. Investments in Economic Development Projects	935,180		40. Long-Term Debt Other (Net)	5,120,279	
12. Other Investments	0		41. Long-Term Debt - RUS - Econ. Devel. (Net)	824,060	
13. Special Funds	0		42. Payments - Unapplied	127,992	
14. Total Other Property & Investments (6 thru 13)	25,858,110		43. Total Long-Term Debt (37 thru 41 - 42)	47,164,680	
15. Cash - General Funds	497,002		44. Obligations Under Capital Leases - Noncurrent	0	
16. Cash - Construction Funds - Trustee	0		45. Accumulated Operating Provisions and Asset Retirement Obligations	522,505	
17. Special Deposits	0		46. Total Other Noncurrent Liabilities (44 + 45)	522,505	
18. Temporary Investments	227,732		47. Notes Payable	0	
19. Notes Receivable (Net)	0		48. Accounts Payable	4,217,501	
20. Accounts Receivable - Sales of Energy (Net)	1,602,379		49. Consumers Deposits	876,707	
21. Accounts Receivable - Other (Net)	3,082,506		50. Current Maturities Long-Term Debt	1,999,000	
22. Renewable Energy Credits	0		51. Current Maturities Long-Term Debt - Economic Development	111,120	
23. Materials and Supplies - Electric & Other	762,729		52. Current Maturities Capital Leases	0	
24. Prepayments	339,803		53. Other Current and Accrued Liabilities	1,855,703	
25. Other Current and Accrued Assets	0		54. Total Current & Accrued Liabilities (47 thru 53)	9,060,031	
26. Total Current and Accrued Assets (15 thru 25)	6,512,151		55. Regulatory Liabilities	0	
27. Regulatory Assets	0		56. Other Deferred Credits	353,453	
28. Other Deferred Debits	2,131,834		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	94,964,274	
29. Total Assets and Other Debits (5+14+26 thru 28)	94,964,274				

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UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL UTILITIES SERVICE

BORROWER DESIGNATION  
KY0034

FINANCIAL AND OPERATING REPORT  
ELECTRIC DISTRIBUTION

PERIOD ENDED August, 2015

BORROWER NAME Farmers Rural Electric Cooperative Corporation

INSTRUCTIONS - See help in the online application.

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

**CERTIFICATION**

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII

(check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

William Prather

9/11/2015  
DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	36,487,852	34,459,151	37,122,856	4,337,259
2. Power Production Expense	0	0	0	0
3. Cost of Purchased Power	26,765,602	25,187,910	27,290,279	3,114,970
4. Transmission Expense	0	0	0	0
5. Regional Market Expense	0	0	0	0
6. Distribution Expense - Operation	1,095,005	1,120,954	1,165,545	162,065
7. Distribution Expense - Maintenance	1,973,289	2,120,650	2,030,204	238,163
8. Customer Accounts Expense	707,548	722,659	711,737	84,956
9. Customer Service and Informational Expense	108,747	87,932	113,032	10,325
10. Sales Expense	0	0	0	0
11. Administrative and General Expense	1,383,323	1,426,985	1,421,899	180,250
12. Total Operation & Maintenance Expense (2 thru 11)	32,033,514	30,667,090	32,732,696	3,790,729
13. Depreciation and Amortization Expense	1,721,044	1,813,872	1,801,171	229,444
14. Tax Expense - Property & Gross Receipts	358,400	380,000	380,000	47,500
15. Tax Expense - Other	37,614	43,032	43,730	5,362
16. Interest on Long-Term Debt	1,225,996	1,179,000	1,249,904	144,890
17. Interest Charged to Construction - Credit	0	0	0	0
18. Interest Expense - Other	2,643	6,321	3,060	1,123
19. Other Deductions	7,115	12,138	3,900	(50)
20. Total Cost of Electric Service (12 thru 19)	35,386,326	34,101,453	36,214,461	4,218,998
21. Patronage Capital & Operating Margins (1 minus 20)	1,101,526	357,698	908,395	118,261
22. Non Operating Margins - Interest	36,620	28,805	49,568	2,349
23. Allowance for Funds Used During Construction	0	0	0	0
24. Income (Loss) from Equity Investments	6,454	1,857	2,000	0
25. Non Operating Margins - Other	(1,736)	(208)	1,000	0
26. Generation and Transmission Capital Credits	0	0	0	0
27. Other Capital Credits and Patronage Dividends	61,550	65,705	63,500	0
28. Extraordinary Items	0	0	0	0
29. Patronage Capital or Margins (21 thru 28)	1,204,414	453,857	1,024,463	120,610

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION  KY0034
INSTRUCTIONS - See help in the online application.	PERIOD ENDED  August, 2015

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT					
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	208	247	5. Miles Transmission	0.00	0.00
2. Services Retired	179	215	6. Miles Distribution - Overhead	3,342.81	3,343.25
3. Total Services in Place	27,962	28,031	7. Miles Distribution - Underground	276.94	282.86
4. Idle Services (Exclude Seasonals)	3,027	3,001	8. Total Miles Energized (5 + 6 + 7)	3,619.75	3,626.11

PART C. BALANCE SHEET			
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	85,501,145	30. Memberships	539,495
2. Construction Work in Progress	536,189	31. Patronage Capital	34,907,965
3. Total Utility Plant (1 + 2)	86,037,334	32. Operating Margins - Prior Years	0
4. Accum. Provision for Depreciation and Amort.	25,351,796	33. Operating Margins - Current Year	357,698
5. Net Utility Plant (3 - 4)	60,685,538	34. Non-Operating Margins	848,106
6. Non-Utility Property (Net)	0	35. Other Margins and Equities	1,333,797
7. Investments in Subsidiary Companies	1,511,771	36. Total Margins & Equities (30 thru 35)	37,987,061
8. Invest. in Assoc. Org. - Patronage Capital	22,358,561	37. Long-Term Debt - RUS (Net)	3,045,444
9. Invest. in Assoc. Org. - Other - General Funds	0	38. Long-Term Debt - FFB - RUS Guaranteed	39,793,265
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	1,052,598	39. Long-Term Debt - Other - RUS Guaranteed	0
11. Investments in Economic Development Projects	925,920	40. Long-Term Debt Other (Net)	4,918,866
12. Other Investments	0	41. Long-Term Debt - RUS - Econ. Devel. (Net)	814,800
13. Special Funds	0	42. Payments - Unapplied	457,803
14. Total Other Property & Investments (6 thru 13)	25,848,850	43. Total Long-Term Debt (37 thru 41 - 42)	48,114,572
15. Cash - General Funds	1,102,453	44. Obligations Under Capital Leases - Noncurrent	0
16. Cash - Construction Funds - Trustee	0	45. Accumulated Operating Provisions and Asset Retirement Obligations	521,365
17. Special Deposits	0	46. Total Other Noncurrent Liabilities (44 + 45)	521,365
18. Temporary Investments	20,835	47. Notes Payable	0
19. Notes Receivable (Net)	0	48. Accounts Payable	3,623,451
20. Accounts Receivable - Sales of Energy (Net)	1,783,927	49. Consumers Deposits	873,581
21. Accounts Receivable - Other (Net)	2,735,160	50. Current Maturities Long-Term Debt	1,999,000
22. Renewable Energy Credits	0	51. Current Maturities Long-Term Debt - Economic Development	111,120
23. Materials and Supplies - Electric & Other	720,818	52. Current Maturities Capital Leases	0
24. Prepayments	328,086	53. Other Current and Accrued Liabilities	1,796,900
25. Other Current and Accrued Assets	0	54. Total Current & Accrued Liabilities (47 thru 53)	8,404,052
26. Total Current and Accrued Assets (15 thru 25)	6,691,279	55. Regulatory Liabilities	0
27. Regulatory Assets	0	56. Other Deferred Credits	350,633
28. Other Deferred Debits	2,152,016	57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	95,377,683
29. Total Assets and Other Debits (5+14+26 thru 28)	95,377,683		

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 15 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT                  ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION <b>KY0034</b>
	PERIOD ENDED <b>September, 2015</b>
	BORROWER NAME <b>Farmers Rural Electric Cooperative Corporation</b>
INSTRUCTIONS - See help in the online application.	

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

**CERTIFICATION**

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

**ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII**

*(check one of the following)*

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

William Prather

10/9/2015  
DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
Operating Revenue and Patronage Capital	40,215,989	38,310,504	40,974,169	3,851,353
Power Production Expense	0	0	0	0
3. Cost of Purchased Power	29,660,343	28,034,462	30,160,407	2,846,552
4. Transmission Expense	0	0	0	0
5. Regional Market Expense	0	0	0	0
6. Distribution Expense - Operation	1,224,771	1,288,630	1,308,064	167,675
7. Distribution Expense - Maintenance	2,060,638	2,315,488	2,307,202	194,838
8. Customer Accounts Expense	797,122	806,943	800,194	84,284
9. Customer Service and Informational Expense	123,096	103,394	127,218	15,463
10. Sales Expense	0	0	0	0
11. Administrative and General Expense	1,548,002	1,578,388	1,599,586	151,403
12. Total Operation & Maintenance Expense (2 thru 11)	35,413,972	34,127,305	36,302,671	3,460,215
13. Depreciation and Amortization Expense	1,940,276	2,044,494	2,033,449	230,621
14. Tax Expense - Property & Gross Receipts	403,200	429,500	427,500	49,500
15. Tax Expense - Other	42,999	48,394	49,440	5,362
16. Interest on Long-Term Debt	1,376,565	1,319,860	1,408,392	140,860
17. Interest Charged to Construction - Credit	0	0	0	0
18. Interest Expense - Other	3,640	8,724	3,730	2,404
19. Other Deductions	8,173	18,380	4,500	6,242
20. Total Cost of Electric Service (12 thru 19)	39,188,825	37,996,657	40,229,682	3,895,204
21. Patronage Capital & Operating Margins (1 minus 20)	1,027,164	313,847	744,487	(43,851)
22. Non Operating Margins - Interest	37,047	29,044	51,768	238
23. Allowance for Funds Used During Construction	0	0	0	0
24. Income (Loss) from Equity Investments	6,454	1,857	2,000	0
25. Non Operating Margins - Other	4,165	14,373	1,000	14,581
26. Generation and Transmission Capital Credits	0	0	0	0
27. Other Capital Credits and Patronage Dividends	103,596	98,868	107,000	33,164
28. Extraordinary Items	0	0	0	0
29. Patronage Capital or Margins (21 thru 28)	1,178,426	457,989	906,255	4,132

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	BORROWER DESIGNATION  KY0034
INSTRUCTIONS - See help in the online application.	PERIOD ENDED  September, 2015

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT					
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	235	288	5. Miles Transmission	0.00	0.00
2. Services Retired	201	240	6. Miles Distribution - Overhead	3,343.88	3,343.29
3. Total Services in Place	27,967	28,047	7. Miles Distribution - Underground	277.75	283.38
4. Idle Services (Exclude Seasonals)	3,081	3,029	8. Total Miles Energized (5 + 6 + 7)	3,621.63	3,626.67

PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	85,862,872		30. Memberships	539,455	
2. Construction Work in Progress	533,884		31. Patronage Capital	34,907,965	
3. Total Utility Plant (1 + 2)	86,396,756		32. Operating Margins - Prior Years	0	
4. Accum. Provision for Depreciation and Amort.	25,278,289		33. Operating Margins - Current Year	313,847	
5. Net Utility Plant (3 - 4)	61,118,467		34. Non-Operating Margins	896,089	
6. Non-Utility Property (Net)	0		35. Other Margins and Equities	1,335,693	
7. Investments in Subsidiary Companies	1,511,771		36. Total Margins & Equities (30 thru 35)	37,993,049	
8. Invest. in Assoc. Org. - Patronage Capital	22,374,730		37. Long-Term Debt - RUS (Net)	3,035,371	
9. Invest. in Assoc. Org. - Other - General Funds	0		38. Long-Term Debt - FFB - RUS Guaranteed	39,509,725	
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	1,055,021		39. Long-Term Debt - Other - RUS Guaranteed	0	
11. Investments in Economic Development Projects	916,660		40. Long-Term Debt Other (Net)	4,918,866	
Other Investments	0		41. Long-Term Debt - RUS - Econ. Devel. (Net)	805,540	
Special Funds	0		42. Payments - Unapplied	150,478	
14. Total Other Property & Investments (6 thru 13)	25,858,182		43. Total Long-Term Debt (37 thru 41 - 42)	48,119,024	
15. Cash - General Funds	536,020		44. Obligations Under Capital Leases - Noncurrent	0	
16. Cash - Construction Funds - Trustee	0		45. Accumulated Operating Provisions and Asset Retirement Obligations	520,225	
17. Special Deposits	0		46. Total Other Noncurrent Liabilities (44 + 45)	520,225	
18. Temporary Investments	33,411		47. Notes Payable	0	
19. Notes Receivable (Net)	0		48. Accounts Payable	3,281,944	
20. Accounts Receivable - Sales of Energy (Net)	1,683,284		49. Consumers Deposits	867,441	
21. Accounts Receivable - Other (Net)	2,488,562		50. Current Maturities Long-Term Debt	1,999,000	
22. Renewable Energy Credits	0		51. Current Maturities Long-Term Debt - Economic Development	111,120	
23. Materials and Supplies - Electric & Other	793,813		52. Current Maturities Capital Leases	0	
24. Prepayments	255,280		53. Other Current and Accrued Liabilities	1,663,592	
25. Other Current and Accrued Assets	0		54. Total Current & Accrued Liabilities (47 thru 53)	7,923,097	
26. Total Current and Accrued Assets (15 thru 25)	5,790,370		55. Regulatory Liabilities	0	
27. Regulatory Assets	0		56. Other Deferred Credits	349,744	
28. Other Deferred Debits	2,138,120		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	94,905,139	
29. Total Assets and Other Debits (5+14+26 thru 28)	94,905,139				

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 15 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT                  ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION KY0034
	PERIOD ENDED October, 2015
	BORROWER NAME Farmers Rural Electric Cooperative Corporation
INSTRUCTIONS - See help in the online application.	

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

**CERTIFICATION**

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

**ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII**

(check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

William Prather

11/10/2015  
DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
Operating Revenue and Patronage Capital	43,968,644	41,744,881	44,659,297	3,434,377
Power Production Expense	0	0	0	0
3. Cost of Purchased Power	32,175,109	30,486,497	32,899,275	2,452,035
4. Transmission Expense	0	0	0	0
5. Regional Market Expense	0	0	0	0
6. Distribution Expense - Operation	1,348,815	1,449,870	1,450,583	161,240
7. Distribution Expense - Maintenance	2,373,521	2,514,131	2,598,645	198,643
8. Customer Accounts Expense	881,430	915,810	888,801	108,867
9. Customer Service and Informational Expense	134,376	113,668	141,754	10,274
10. Sales Expense	0	0	0	0
11. Administrative and General Expense	1,702,497	1,757,560	1,771,843	179,172
12. Total Operation & Maintenance Expense (2 thru 11)	38,615,748	37,237,536	39,750,901	3,110,231
13. Depreciation and Amortization Expense	2,160,105	2,275,610	2,267,234	231,116
14. Tax Expense - Property & Gross Receipts	455,800	479,000	475,000	49,500
15. Tax Expense - Other	48,383	53,756	55,150	5,362
16. Interest on Long-Term Debt	1,532,556	1,476,284	1,568,880	156,424
17. Interest Charged to Construction - Credit	0	0	0	0
18. Interest Expense - Other	4,134	8,781	4,400	57
19. Other Deductions	3,093	8,015	5,300	(10,365)
20. Total Cost of Electric Service (12 thru 19)	42,819,819	41,538,982	44,126,865	3,542,325
21. Patronage Capital & Operating Margins (1 minus 20)	1,148,825	205,899	532,432	(107,948)
22. Non Operating Margins - Interest	56,407	48,172	53,968	19,127
23. Allowance for Funds Used During Construction	0	0	0	0
24. Income (Loss) from Equity Investments	6,454	1,857	2,000	0
25. Non Operating Margins - Other	4,165	14,373	4,500	0
26. Generation and Transmission Capital Credits	0	0	0	0
27. Other Capital Credits and Patronage Dividends	103,595	98,868	107,000	0
28. Extraordinary Items	0	0	0	0
29. Patronage Capital or Margins (21 thru 28)	1,319,446	369,169	699,900	(88,821)

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION  KY0034  PERIOD ENDED October, 2015
INSTRUCTIONS - See help in the online application.	

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT					
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	283	319	5. Miles Transmission	0.00	0.00
2. Services Retired	225	272	6. Miles Distribution - Overhead	3,344.30	3,344.99
3. Total Services in Place	27,991	28,046	7. Miles Distribution - Underground	278.33	284.10
4. Idle Services (Exclude Seasonals)	3,006	2,958	8. Total Miles Energized (5 + 6 + 7)	3,622.63	3,629.09

PART C. BALANCE SHEET			
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	86,101,325	30. Memberships	539,505
2. Construction Work in Progress	487,855	31. Patronage Capital	34,907,965
3. Total Utility Plant (1 + 2)	86,589,180	32. Operating Margins - Prior Years	0
4. Accum. Provision for Depreciation and Amort.	25,301,410	33. Operating Margins - Current Year	205,899
5. Net Utility Plant (3 - 4)	61,287,770	34. Non-Operating Margins	915,217
6. Non-Utility Property (Net)	0	35. Other Margins and Equities	1,346,845
7. Investments in Subsidiary Companies	1,511,771	36. Total Margins & Equities (30 thru 35)	37,915,431
8. Invest. in Assoc. Org. - Patronage Capital	22,374,730	37. Long-Term Debt - RUS (Net)	3,025,668
9. Invest. in Assoc. Org. - Other - General Funds	0	38. Long-Term Debt - FFB - RUS Guaranteed	39,519,030
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	1,055,021	39. Long-Term Debt - Other - RUS Guaranteed	0
11. Investments in Economic Development Projects	907,400	40. Long-Term Debt Other (Net)	4,918,866
12. Other Investments	0	41. Long-Term Debt - RUS - Econ. Devel. (Net)	796,280
13. Special Funds	0	42. Payments - Unapplied	128,086
14. Total Other Property & Investments (6 thru 13)	25,848,922	43. Total Long-Term Debt (37 thru 41 - 42)	48,131,758
15. Cash - General Funds	609,780	44. Obligations Under Capital Leases - Noncurrent	0
16. Cash - Construction Funds - Trustee	0	45. Accumulated Operating Provisions and Asset Retirement Obligations	519,085
17. Special Deposits	0	46. Total Other Noncurrent Liabilities (44 + 45)	519,085
18. Temporary Investments	33,411	47. Notes Payable	0
19. Notes Receivable (Net)	0	48. Accounts Payable	3,174,043
20. Accounts Receivable - Sales of Energy (Net)	1,392,456	49. Consumers Deposits	864,746
21. Accounts Receivable - Other (Net)	2,354,983	50. Current Maturities Long-Term Debt	1,999,000
22. Renewable Energy Credits	0	51. Current Maturities Long-Term Debt - Economic Development	111,120
23. Materials and Supplies - Electric & Other	823,998	52. Current Maturities Capital Leases	0
24. Prepayments	173,292	53. Other Current and Accrued Liabilities	1,595,562
25. Other Current and Accrued Assets	0	54. Total Current & Accrued Liabilities (47 thru 53)	7,744,471
26. Total Current and Accrued Assets (15 thru 25)	5,387,920	55. Regulatory Liabilities	0
27. Regulatory Assets	0	56. Other Deferred Credits	345,896
28. Other Deferred Debits	2,132,029	57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	94,656,641
29. Total Assets and Other Debits (5+14+26 thru 28)	94,656,641		

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UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL UTILITIES SERVICE

BORROWER DESIGNATION  
KY0034

FINANCIAL AND OPERATING REPORT  
ELECTRIC DISTRIBUTION

PERIOD ENDED November, 2015

BORROWER NAME Farmers Rural Electric Cooperative Corporation

INSTRUCTIONS - See help in the online application.

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

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**ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII**

(check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

William Prather

12/10/2015  
DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
Operating Revenue and Patronage Capital	48,500,013	45,387,137	49,258,491	3,642,255
Power Production Expense	0	0	0	0
3. Cost of Purchased Power	35,452,650	33,267,081	36,252,215	2,780,584
4. Transmission Expense	0	0	0	0
5. Regional Market Expense	0	0	0	0
6. Distribution Expense - Operation	1,478,814	1,600,576	1,591,954	150,706
7. Distribution Expense - Maintenance	2,712,457	2,701,919	2,860,456	187,789
8. Customer Accounts Expense	972,216	1,006,136	975,630	90,326
9. Customer Service and Informational Expense	146,221	125,004	155,598	11,336
10. Sales Expense	0	0	0	0
11. Administrative and General Expense	1,873,923	1,933,288	1,934,367	175,728
12. Total Operation & Maintenance Expense (2 thru 11)	42,636,281	40,634,004	43,770,220	3,396,469
13. Depreciation and Amortization Expense	2,380,610	2,507,420	2,502,451	231,810
14. Tax Expense - Property & Gross Receipts	503,800	537,000	522,500	58,000
15. Tax Expense - Other	53,768	59,119	60,860	5,362
16. Interest on Long-Term Debt	1,680,588	1,615,943	1,729,368	139,659
17. Interest Charged to Construction - Credit	0	0	0	0
18. Interest Expense - Other	4,187	9,934	5,370	1,152
19. Other Deductions	3,328	2,890	5,900	(5,125)
20. Total Cost of Electric Service (12 thru 19)	47,262,562	45,366,310	48,596,669	3,827,327
21. Patronage Capital & Operating Margins (1 minus 20)	1,237,451	20,827	661,822	(185,072)
22. Non Operating Margins - Interest	61,362	51,790	56,168	3,618
23. Allowance for Funds Used During Construction	0	0	0	0
24. Income (Loss) from Equity Investments	6,454	1,857	2,000	0
25. Non Operating Margins - Other	4,165	14,373	4,500	0
26. Generation and Transmission Capital Credits	0	0	0	0
Other Capital Credits and Patronage Dividends	103,595	98,868	107,000	0
Extraordinary Items	0	0	0	0
29. Patronage Capital or Margins (21 thru 28)	1,413,027	187,715	831,490	(181,454)

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION  KY0034
INSTRUCTIONS - See help in the online application.	PERIOD ENDED  November, 2015

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT					
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	310	352	5. Miles Transmission	0.00	0.00
2. Services Retired	242	277	6. Miles Distribution - Overhead	3,344.25	3,346.39
3. Total Services in Place	28,001	28,074	7. Miles Distribution - Underground	278.45	284.37
4. Idle Services (Exclude Seasonals)	3,065	3,068	8. Total Miles Energized (5 + 6 + 7)	3,622.70	3,630.76

PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	86,372,467		30. Memberships	539,905	
2. Construction Work in Progress	554,048		31. Patronage Capital	34,907,965	
3. Total Utility Plant (1 + 2)	86,926,515		32. Operating Margins - Prior Years	0	
4. Accum. Provision for Depreciation and Amort.	25,457,952		33. Operating Margins - Current Year	20,827	
5. Net Utility Plant (3 - 4)	61,468,563		34. Non-Operating Margins	918,834	
6. Non-Utility Property (Net)	0		35. Other Margins and Equities	1,369,351	
7. Investments in Subsidiary Companies	1,511,771		36. Total Margins & Equities (30 thru 35)	37,756,882	
8. Invest. in Assoc. Org. - Patronage Capital	22,374,730		37. Long-Term Debt - RUS (Net)	3,015,517	
9. Invest. in Assoc. Org. - Other - General Funds	0		38. Long-Term Debt - FFB - RUS Guaranteed	39,519,030	
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	1,055,021		39. Long-Term Debt - Other - RUS Guaranteed	0	
11. Investments in Economic Development Projects	898,140		40. Long-Term Debt Other (Net)	4,715,665	
Other Investments	0		41. Long-Term Debt - RUS - Econ. Devel. (Net)	787,020	
Special Funds	0		42. Payments - Unapplied	109,141	
14. Total Other Property & Investments (6 thru 13)	25,839,662		43. Total Long-Term Debt (37 thru 41 - 42)	47,928,091	
15. Cash - General Funds	478,685		44. Obligations Under Capital Leases - Noncurrent	0	
16. Cash - Construction Funds - Trustee	0		45. Accumulated Operating Provisions and Asset Retirement Obligations	517,945	
17. Special Deposits	0		46. Total Other Noncurrent Liabilities (44 + 45)	517,945	
18. Temporary Investments	11,700		47. Notes Payable	0	
19. Notes Receivable (Net)	0		48. Accounts Payable	3,741,259	
20. Accounts Receivable - Sales of Energy (Net)	1,288,566		49. Consumers Deposits	863,591	
21. Accounts Receivable - Other (Net)	2,557,987		50. Current Maturities Long-Term Debt	1,999,000	
22. Renewable Energy Credits	0		51. Current Maturities Long-Term Debt - Economic Development	111,120	
23. Materials and Supplies - Electric & Other	743,324		52. Current Maturities Capital Leases	0	
24. Prepayments	279,048		53. Other Current and Accrued Liabilities	1,520,910	
25. Other Current and Accrued Assets	0		54. Total Current & Accrued Liabilities (47 thru 53)	8,235,880	
26. Total Current and Accrued Assets (15 thru 25)	5,359,310		55. Regulatory Liabilities	0	
27. Regulatory Assets	0		56. Other Deferred Credits	341,432	
28. Other Deferred Debits	2,112,695		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	94,780,230	
29. Total Assets and Other Debits (5+14+26 thru 28)	94,780,230				

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 15 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT                  ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION KY0034
	PERIOD ENDED December, 2015
	BORROWER NAME Farmers Rural Electric Cooperative Corporation

INSTRUCTIONS - See help in the online application.

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

**CERTIFICATION**

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

**ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII**

(check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

William Prather  
*William J. Prather*

3/28/2016  
DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	52,839,277	49,472,781	54,641,270	4,085,644
2. Power Production Expense	0	0	0	0
3. Cost of Purchased Power	38,924,102	36,226,666	40,155,484	2,959,585
4. Transmission Expense	0	0	0	0
5. Regional Market Expense	0	0	0	0
6. Distribution Expense - Operation	1,660,558	1,740,525	1,735,458	139,949
7. Distribution Expense - Maintenance	2,960,807	2,969,616	3,106,330	267,697
8. Customer Accounts Expense	1,093,049	1,108,315	1,068,400	102,179
9. Customer Service and Informational Expense	169,746	121,986	170,458	(3,018)
10. Sales Expense	0	0	0	0
11. Administrative and General Expense	2,125,970	2,147,127	2,111,747	213,838
12. Total Operation & Maintenance Expense (2 thru 11)	46,934,232	44,314,235	48,347,877	3,680,230
13. Depreciation and Amortization Expense	2,610,589	2,744,248	2,739,114	236,828
14. Tax Expense - Property & Gross Receipts	539,969	597,804	570,000	60,804
15. Tax Expense - Other	63,485	64,482	66,570	5,363
16. Interest on Long-Term Debt	1,832,381	1,769,176	1,889,856	153,234
17. Interest Charged to Construction - Credit	0	0	0	0
18. Interest Expense - Other	4,685	11,144	5,540	1,211
19. Other Deductions	3,338	2,830	6,500	(60)
20. Total Cost of Electric Service (12 thru 19)	51,988,679	49,503,919	53,625,457	4,137,610
21. Patronage Capital & Operating Margins (1 minus 20)	850,598	(31,138)	1,015,813	(51,966)
22. Non Operating Margins - Interest	61,661	52,038	58,368	249
23. Allowance for Funds Used During Construction	0	0	0	0
24. Income (Loss) from Equity Investments	121,375	(12,108)	202,000	(13,965)
25. Non Operating Margins - Other	4,165	14,373	4,500	0
26. Generation and Transmission Capital Credits	2,590,375	2,372,445	2,500,000	2,372,445
27. Other Capital Credits and Patronage Dividends	103,595	98,868	107,000	0
28. Extraordinary Items	0	0	0	0
29. Patronage Capital or Margins (21 thru 28)	3,731,769	2,494,478	3,887,681	2,306,763

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE			BORROWER DESIGNATION		
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION			KY0034		
INSTRUCTIONS - See help in the online application.			PERIOD ENDED December, 2015		
PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT					
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	336	397	5. Miles Transmission	0.00	0.00
2. Services Retired	270	293	6. Miles Distribution - Overhead	3,344.41	3,347.68
3. Total Services in Place	27,999	28,103	7. Miles Distribution - Underground	279.27	284.80
4. Idle Services (Exclude Seasonals)	3,075	3,058	8. Total Miles Energized (5 + 6 + 7)	3,623.68	3,632.48
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	86,525,960		30. Memberships		540,380
2. Construction Work in Progress	662,102		31. Patronage Capital		33,830,313
3. Total Utility Plant (1 + 2)	87,188,062		32. Operating Margins - Prior Years		0
4. Accum. Provision for Depreciation and Amort.	25,640,619		33. Operating Margins - Current Year		(31,138)
5. Net Utility Plant (3 - 4)	61,547,443		34. Non-Operating Margins		3,277,563
6. Non-Utility Property (Net)	0		35. Other Margins and Equities		1,009,085
7. Investments in Subsidiary Companies	1,497,806		36. Total Margins & Equities (30 thru 35)		38,626,203
8. Invest. in Assoc. Org. - Patronage Capital	24,747,176		37. Long-Term Debt - RUS (Net)		3,006,234
9. Invest. in Assoc. Org. - Other - General Funds	0		38. Long-Term Debt - FFB - RUS Guaranteed		40,556,703
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	1,055,021		39. Long-Term Debt - Other - RUS Guaranteed		0
11. Investments in Economic Development Projects	888,880		40. Long-Term Debt Other (Net)		4,734,665
12. Other Investments	0		41. Long-Term Debt - RUS - Econ. Devel. (Net)		777,760
13. Special Funds	453,668		42. Payments - Unapplied		91,751
14. Total Other Property & Investments (6 thru 13)	28,642,551		43. Total Long-Term Debt (37 thru 41 - 42)		48,983,611
15. Cash - General Funds	385,991		44. Obligations Under Capital Leases - Noncurrent		0
16. Cash - Construction Funds - Trustee	0		45. Accumulated Operating Provisions and Asset Retirement Obligations		878,967
17. Special Deposits	0		46. Total Other Noncurrent Liabilities (44 + 45)		878,967
18. Temporary Investments	0		47. Notes Payable		0
19. Notes Receivable (Net)	0		48. Accounts Payable		3,961,765
20. Accounts Receivable - Sales of Energy (Net)	1,286,436		49. Consumers Deposits		861,686
21. Accounts Receivable - Other (Net)	303,065		50. Current Maturities Long-Term Debt		2,154,000
22. Renewable Energy Credits	0		51. Current Maturities Long-Term Debt - Economic Development		111,120
23. Materials and Supplies - Electric & Other	824,947		52. Current Maturities Capital Leases		0
24. Prepayments	195,246		53. Other Current and Accrued Liabilities		1,302,849
25. Other Current and Accrued Assets	2,409,391		54. Total Current & Accrued Liabilities (47 thru 53)		8,391,420
26. Total Current and Accrued Assets (15 thru 25)	5,405,076		55. Regulatory Liabilities		453,668
27. Regulatory Assets	0		56. Other Deferred Credits		347,450
28. Other Deferred Debits	2,086,249		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)		97,681,319
29. Total Assets and Other Debits (5+14+26 thru 28)	97,681,319				

<p align="center">UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION</p>	<p>BORROWER DESIGNATION  KY0034</p>
<p>INSTRUCTIONS - See help in the online application.</p>	<p>PERIOD ENDED December, 2015</p>

**PART D. NOTES TO FINANCIAL STATEMENTS**

On April 30 2013, Farmers Rural Electric Cooperative Corporation ("FRECC") made a prepayment of \$1,870,578 to the NRECA RS Plan. The Cooperative is amortizing this amount over 15 years. Interest expense associated with the prepayment loan is being accounted in accordance with the RUS USOA.

FRECC calculates unbilled revenue. The amount is listed in Part C, Line 25 (Other Current and Accrued Assets).

FRECC bills its members each month an environmental surcharge for the overhead associated with the cost of power. This rate is provided by our supplier, East Kentucky Power Cooperative Corporation. FRECC restated its 2014 financial statements to reflect the amounts that were determined to be over-billed to its members. Periodically, an assessment is made to determine if this rate is accurate. An assessment was made in 2015 and therefore the amount concluded as refundable to our members is shown as a regulatory liability.

<p>UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION</p>	<p>BORROWER DESIGNATION KY0034</p>
<p>INSTRUCTIONS - See help in the online application.</p>	<p>PERIOD ENDED December, 2015</p>
<p><b>PART D. CERTIFICATION LOAN DEFAULT NOTES</b></p>	

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT                  ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION KY0034
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December, 2015

PART E. CHANGES IN UTILITY PLANT					
PLANT ITEM	BALANCE BEGINNING OF YEAR (a)	ADDITIONS (b)	RETIREMENTS (c)	ADJUSTMENTS AND TRANSFERS (d)	BALANCE END OF YEAR (e)
1. Distribution Plant	74,186,248	4,569,684	934,942	0	77,820,990
2. General Plant	5,295,447	373,918	163,320	0	5,506,045
3. Headquarters Plant	3,138,578	56,722	0	0	3,195,300
4. Intangibles	3,625	0	0	0	3,625
5. Transmission Plant	0	0	0	0	0
6. Regional Transmission and Market Operation Plant	0	0	0	0	0
7. All Other Utility Plant	0	0	0	0	0
8. Total Utility Plant in Service (1 thru 7)	82,623,898	5,000,324	1,098,262	0	86,525,960
9. Construction Work in Progress	886,561	(224,459)			662,102
10. Total Utility Plant (8 + 9)	83,510,459	4,775,865	1,098,262	0	87,188,062

PART F. MATERIALS AND SUPPLIES							
ITEM	BALANCE BEGINNING OF YEAR (a)	PURCHASED (b)	SALVAGED (c)	USED (NET) (d)	SOLD (e)	ADJUSTMENT (f)	BALANCE END OF YEAR (g)
1. Electric	763,568	1,571,870	100,927	1,615,570	1,222	5,374	824,947
2. Other	7,139	1,434			918	(7,655)	0

PART G. SERVICE INTERRUPTIONS					
ITEM	AVERAGE MINUTES PER CONSUMER BY CAUSE				TOTAL (e)
	POWER SUPPLIER (a)	MAJOR EVENT (b)	PLANNED (c)	ALL OTHER (d)	
Present Year	5.630	25.450	7.040	136.990	175.110
Five-Year Average	22.580	41.140	7.470	182.940	254.130

PART H. EMPLOYEE-HOUR AND PAYROLL STATISTICS			
1. Number of Full Time Employees	61	4. Payroll - Expensed	2,318,354
2. Employee - Hours Worked - Regular Time	134,607	5. Payroll - Capitalized	979,548
3. Employee - Hours Worked - Overtime	7,375	6. Payroll - Other	469,734

PART I. PATRONAGE CAPITAL			
ITEM	DESCRIPTION	THIS YEAR (a)	CUMULATIVE (b)
1. Capital Credits - Distributions	a. General Retirements	616,378	14,091,797
	b. Special Retirements		433,300
	c. Total Retirements (a + b)	616,378	14,525,097
2. Capital Credits - Received	a. Cash Received From Retirement of Patronage Capital by Suppliers of Electric Power	0	
	b. Cash Received From Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	12,569	
	c. Total Cash Received (a + b)	12,569	

PART J. DUE FROM CONSUMERS FOR ELECTRIC SERVICE			
1. Amount Due Over 60 Days	\$ 15,678	2. Amount Written Off During Year	\$ 50,405

ENERGY EFFICIENCY AND CONSERVATION LOAN PROGRAM			
1. Anticipated Loan Delinquency %		4. Anticipated Loan Default %	
2. Actual Loan Delinquency %		5. Actual Loan Default %	
3. Total Loan Delinquency Dollars YTD	\$	6. Total Loan Default Dollars YTD	\$

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE					BORROWER DESIGNATION				
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION					KY0034				
INSTRUCTIONS - See help in the online application					PERIOD ENDED December, 2015				
PART K. kWh PURCHASED AND TOTAL COST									
No	ITEM	SUPPLIER CODE	RENEWABLE ENERGY PROGRAM NAME	RENEWABLE FUEL TYPE	kWh PURCHASED	TOTAL COST	AVERAGE COST (Cents/kWh)	INCLUDED IN TOTAL COST - FUEL COST ADJUSTMENT	INCLUDED IN TOTAL COST - WHEELING AND OTHER CHARGES
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	East Kentucky Power Coop, Inc (KY0059)	5580			533,983,439	36,222,214	6.78	(2,010,477)	5,472,709
2	East Kentucky Power Coop, Inc (KY0059)	5580	Green Power	Methane - landfill gas	200,689	4,016	2.00		
3	East Kentucky Power Coop, Inc (KY0059)	5580	Green Power	Methane - landfill gas	18,400	436	2.37		
	Total				534,202,528	36,226,666	6.78	(2,010,477)	5,472,709

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT                  ELECTRIC DISTRIBUTION</b>		BORROWER DESIGNATION  KY0034
INSTRUCTIONS - See help in the online application		PERIOD ENDED December, 2015
<b>PART K. kWh PURCHASED AND TOTAL COST</b>		
<b>No</b>	<b>Comments</b>	
1		
2		
3		

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION		BORROWER DESIGNATION KY0034	
INSTRUCTIONS - See help in the online application.		PERIOD ENDED December, 2015	
<b>PART L. LONG-TERM LEASES</b>			
No	NAME OF LESSOR (a)	TYPE OF PROPERTY (b)	RENTAL THIS YEAR (c)
TOTAL			

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT                  ELECTRIC DISTRIBUTION</b>		BORROWER DESIGNATION KY0034	
INSTRUCTIONS - See help in the online application.		PERIOD ENDED December, 2015	
<b>PART M. ANNUAL MEETING AND BOARD DATA</b>			
1. Date of Last Annual Meeting 7/9/2015	2. Total Number of Members 17,475	3. Number of Members Present at Meeting 286	4. Was Quorum Present? Y
5. Number of Members Voting by Proxy or Mail 0	6. Total Number of Board Members 7	7. Total Amount of Fees and Expenses for Board Members \$ 113,048	8. Does Manager Have Written Contract? N

RUS Financial and Operating Report Electric Distribution

Revision Date 2014

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION		BORROWER DESIGNATION  KY0034			
INSTRUCTIONS - See help in the online application.		PERIOD ENDED December, 2015			
PART N. LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS					
No	ITEM	BALANCE END OF YEAR (a)	INTEREST (Billed This Year) (b)	PRINCIPAL (Billed This Year) (c)	TOTAL (Billed This Year) (d)
1	Rural Utilities Service (Excludes RUS - Economic Development Loans)	3,006,234	151,009	117,695	268,704
2	National Rural Utilities Cooperative Finance Corporation	4,734,665	285,418	848,463	1,133,881
3	CoBank, ACB				
4	Federal Financing Bank	40,556,703	1,335,154	1,099,377	2,434,531
5	RUS - Economic Development Loans	777,760		111,040	111,040
6	Payments Unapplied	91,751			
7	Principal Payments Received from Ultimate Recipients of IRP Loans				
8	Principal Payments Received from Ultimate Recipients of REDL Loans				
9	Principal Payments Received from Ultimate Recipients of EE Loans				
	<b>TOTAL</b>	<b>48,983,611</b>	<b>1,771,581</b>	<b>2,176,575</b>	<b>3,948,156</b>

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION KY0034		
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION		PERIOD ENDED December, 2015		
INSTRUCTIONS - See help in the online application.				
PART O. POWER REQUIREMENTS DATABASE - ANNUAL SUMMARY				
CLASSIFICATION	CONSUMER SALES & REVENUE DATA	DECEMBER (a)	AVERAGE NO. CONSUMERS SERVED (b)	TOTAL YEAR TO DATE (c)
1. Residential Sales (excluding seasonal)	a. No. Consumers Served	23,155	23,087	
	b. kWh Sold			304,948,052
	c. Revenue			31,985,735
2. Residential Sales - Seasonal	a. No. Consumers Served	0	0	
	b. kWh Sold			0
	c. Revenue			0
3. Irrigation Sales	a. No. Consumers Served	0	0	
	b. kWh Sold			0
	c. Revenue			0
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	1,879	1,889	
	b. kWh Sold			86,027,467
	c. Revenue			8,160,013
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served	4	4	
	b. kWh Sold			118,464,846
	c. Revenue			8,325,372
6. Public Street & Highway Lighting	a. No. Consumers Served	7	7	
	b. kWh Sold			485,868
	c. Revenue			67,297
7. Other Sales to Public Authorities	a. No. Consumers Served	0	0	
	b. kWh Sold			0
	c. Revenue			0
8. Sales for Resale - RUS Borrowers	a. No. Consumers Served	0	0	
	b. kWh Sold			0
	c. Revenue			0
9. Sales for Resale - Other	a. No. Consumers Served	0	0	
	b. kWh Sold			0
	c. Revenue			0
10. Total No. of Consumers (lines 1a thru 9a)		25,045	24,987	
11. Total kWh Sold (lines 1b thru 9b)				509,926,233
12. Total Revenue Received From Sales of Electric Energy (lines 1c thru 9c)				48,538,417
13. Transmission Revenue				0
14. Other Electric Revenue				934,364
15. kWh - Own Use				39,039
16. Total kWh Purchased				534,202,528
17. Total kWh Generated				0
18. Cost of Purchases and Generation				36,226,666
19. Interchange - kWh - Net				0
20. Peak - Sum All kW Input (Metered) Non-coincident <input type="checkbox"/> Coincident <input checked="" type="checkbox"/>				139,431

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	BORROWER DESIGNATION KY0034
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December, 2015

PART P. ENERGY EFFICIENCY PROGRAMS						
CLASSIFICATION	ADDED THIS YEAR			TOTAL TO DATE		
	No. of Consumers (a)	Amount Invested (b)	Estimated MMBTU Savings (c)	No. of Consumers (d)	Amount Invested (e)	Estimated MMBTU Savings (f)
1. Residential Sales (excluding seasonal)	389	277,949	1,783	3,951	855,309	6,384
2. Residential Sales - Seasonal						
3. Irrigation Sales						
4. Comm. and Ind. 1000 KVA or Less	4	28,735	1,859	11	105,230	4,334
5. Comm. and Ind. Over 1000 KVA				2	46,923	2,291
6. Public Street and Highway Lighting						
7. Other Sales to Public Authorities						
8. Sales for Resale - RUS Borrowers						
9. Sales for Resale - Other						
10. Total	393	306,684	3,642	3,964	1,007,462	13,009

RUS Financial and Operating Report Electric Distribution

Revision Date 2014

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION KY0034			
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS		PERIOD ENDED December, 2015			
INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' investments must be reported. See help in the online application.					
<b>PART Q. SECTION I. INVESTMENTS (See Instructions for definitions of Income or Loss)</b>					
No	DESCRIPTION (a)	INCLUDED (\$) (b)	EXCLUDED (\$) (c)	INCOME OR LOSS (\$) (d)	RURAL DEVELOPMENT (e)
<b>2</b>	<b>Investments in Associated Organizations</b>				
	United Utility Supply - Cap Cr	271,815			
	East Kentucky Power Cooperative - Cap Cr		24,003,706		
	National Rural Utilities CFC - Cap Cr		230,389		
	Ky Association of Electric Cooperatives	65,432			
	Southeastern Data Cooperative - Cap Cr	175,816			
	Farmers Energy Services Corp	1,476,327		(14,123)	
	Envision Energy Services, LLC	21,479			
	National Rural Telephone Cooperative	18			
	NRUCFC - Capital Term Certificates		828,910		
	NRUCFC - Membership	1,000			
	KAEC - Debentures	2,000			
	East Ky Power Cooperative - Membership	100			
	NRECA - Membership	10			
	Consumer Credit Cooperative - Membership	10			
	Federated Insurance	215,312			
	CRC - Membership	7,679			
	Totals	2,236,998	25,063,005	(14,123)	
<b>3</b>	<b>Investments in Economic Development Projects</b>				
	Investment in REDLG Program		888,880		X
	Totals		888,880		
<b>5</b>	<b>Special Funds</b>				
	Other Special Funds	453,668			
	Totals	453,668			
<b>6</b>	<b>Cash - General</b>				
	Edmonton State Bank	5,050			
	Edmonton State Bank	5,154			
	South Central Bank	215,520			
	PBI Bank	26,890			
	Edmonton State Bank	116,245			
	BB & T	2,379			
	Working Funds	2,120			
	PBI Bank	12,633			
	Edmonton State Bank - REDLG Loan	0			X
	Totals	385,991			
<b>8</b>	<b>Temporary Investments</b>				
	CFC - Commercial Paper	0			
	Totals	0			
<b>9</b>	<b>Accounts and Notes Receivable - NET</b>				
	Other Accounts Receivable	303,065			
	Other Notes Receivable				
	Totals	303,065			
<b>11</b>	<b>TOTAL INVESTMENTS (1 thru 10)</b>	<b>3,379,722</b>	<b>25,951,885</b>	<b>(14,123)</b>	

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT</b> ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS	BORROWER DESIGNATION KY0034  PERIOD ENDED December, 2015
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INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.

**PART Q. SECTION II. LOAN GUARANTEES**

No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT (\$) (c)	LOAN BALANCE (\$) (d)	RURAL DEVELOPMENT (e)
	<b>TOTAL</b>				
	<b>TOTAL (Included Loan Guarantees Only)</b>				

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION KY0034			
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS		PERIOD ENDED December, 2015			
INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.					
SECTION III. RATIO					
RATIO OF INVESTMENTS AND LOAN GUARANTEES TO UTILITY PLANT [Total of Included Investments (Section I, 11b) and Loan Guarantees - Loan Balance (Section II, 5d) to Total Utility Plant (Line 3, Part C) of this report]					3.88 %
SECTION IV. LOANS					
No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT (\$) (c)	LOAN BALANCE (\$) (d)	RURAL DEVELOPMENT (e)
TOTAL					

Cost of Service Summary  
Revenue Requirements Summary

Line No.	Description	Total	Sch. R Residential Service	Sch. C Comm. & Ind. < 50 kW	Sch. C Comm. & Ind. > 50 kW	Sch. C Comm. & Ind. TOD	Sch. D Lg. Comm. & Ind. TOD	Sch. E Large Industrial	Sch. LPC-2 Large Power	Sch. LPE-4 Large Power TOD	Sch. RM Residential ETS	Sch. CM Sm. Comm. ETS	Sch. OL Outdoor Lighting	Sch. SL Street Lighting
1	<u>Revenue Requirements</u>													
2	Revenue Requirements	48,595,772	32,571,104	3,110,993	5,648,119	42,891	94,287	3,704,813	403,538	1,983,677	47,892	221	922,086	66,150
3														
4	<u>Present Rates</u>													
5	Revenue-Present Rates	45,766,304	29,226,083	2,731,500	6,241,478	47,058	93,261	3,877,328	455,444	2,099,446	44,133	190	888,408	61,974
6	Revenue Credits	934,364	596,679	55,766	127,426	961	1,904	79,159	9,298	42,862	901	4	18,138	1,265
7		46,700,668	29,822,762	2,787,266	6,368,904	48,019	95,165	3,956,488	464,742	2,142,308	45,034	194	906,546	63,239
8														
9	Difference	1,895,103	2,748,342	323,727	(720,785)	(5,128)	(878)	(251,675)	(61,205)	(158,632)	2,858	28	15,540	2,911
10	Percent	4.14%	9.40%	11.85%	(11.55%)	(10.90%)	(0.94%)	(6.49%)	(13.44%)	(7.56%)	6.47%	14.50%	1.75%	4.70%

Cost of Service Summary  
Class Allocation Summary

Line No.	Category	Total	Sch. R Residential Service	Sch. C Comm. & Ind. < 50 KW	Sch. C Comm. & Ind. > 50 KW	Sch. C Comm. & Ind. TOD	Sch. D Lg. Comm. & Ind. TOD	Sch. E Large Industrial	Sch. LPC-2 Large Power	Sch. LPE-4 Large Power TOD	Sch. RM Residential ETS	Sch. CM Sm. Comm. ETS	Sch. OL Outdoor Lighting	Sch. SL Street Lighting
11	<u>Power Supply</u>													
12	Direct and Revenue Related													
13	Wholesale Cost													
14	Allocated Cost													
15	Subtotal													
16	Capacity Related													
17	Wholesale Cost	7,002,968	4,828,290	295,542	829,369	7,568	30,013	671,886	31,412	264,732			41,164	2,992
18	Allocated Cost													
19	Subtotal	7,002,968	4,828,290	295,542	829,369	7,568	30,013	671,886	31,412	264,732			41,164	2,992
20	Energy Related													
21	Wholesale Cost	25,898,815	15,551,789	1,530,668	3,888,276	24,733	38,088	2,658,688	320,252	1,496,569	39,105	178	325,333	25,136
22	Allocated Cost													
23	Subtotal	25,898,815	15,551,789	1,530,668	3,888,276	24,733	38,088	2,658,688	320,252	1,496,569	39,105	178	325,333	25,136
24	Sub. Power Supply	32,901,784	20,380,079	1,826,211	4,717,645	32,302	68,101	3,330,574	351,665	1,761,301	39,105	178	366,497	28,127
25	<u>Transmission</u>													
26	Direct													
27	Capacity													
28	Energy													
29	Allocated Cost													
30	Sub. Transmission													
31	<u>Distribution</u>													
32	Direct	225,705											206,267	19,438
33	Consumer	10,002,054	8,565,033	1,013,285	103,639	4,506	4,152	1,127	1,038	1,127	6,850	37	287,186	14,075
34	Capacity	5,466,229	3,625,993	271,497	826,835	6,084	22,035	373,112	50,835	221,249	1,937	6	62,136	4,510
35	Energy													
36	Sub. Distribution	15,693,988	12,191,025	1,284,782	930,474	10,590	26,186	374,239	51,873	222,376	8,788	44	555,589	38,023
37														
38	<b>Total</b>	<b>48,595,771</b>	<b>32,571,104</b>	<b>3,110,993</b>	<b>5,648,119</b>	<b>42,891</b>	<b>94,287</b>	<b>3,704,813</b>	<b>403,538</b>	<b>1,983,677</b>	<b>47,892</b>	<b>221</b>	<b>922,086</b>	<b>66,150</b>

Cost of Service Summary  
Rate Design Factors

Line No.	Category	Units	Total	Sch. R Residential Service	Sch. C Comm. & Ind. < 50 kW	Sch. C Comm. & Ind. > 50 kW	Sch. C Comm. & Ind. TOD	Sch. D Lg. Comm. & Ind. TOD	Sch. E Large Industrial	Sch. LPC-2 Large Power	Sch. LPE-4 Large Power TOD	Sch. RM Residential ETS	Sch. CM Sm. Comm. ETS	Sch. OL Outdoor Lighting	Sch. SL Street Lighting	
39	<b>Costs Broken Down by Function</b>															
40	<b>Power Supply</b>															
41	Direct and Revenue Related															
42	Wholesale Cost	\$/kWh														
43	Allocated Cost	\$/kWh														
44	Subtotal															
45	Capacity Related															
46	Wholesale Cost	\$/kWh	1.37	1.61	1.00	1.10	1.59	4.06	1.08	0.49	0.91			0.65	0.62	
47	Allocated Cost	\$/kWh														
48	Subtotal	\$/kWh	1.37	1.61	1.00	1.10	1.59	4.06	1.08	0.49	0.91			0.65	0.62	
49	Energy Related															
50	Wholesale Cost	\$/kWh	5.07	5.19	5.18	5.17	5.19	5.15	4.29	5.03	5.13	4.73	4.73	5.17	5.17	
51	Allocated Cost	\$/kWh														
52	Subtotal	\$/kWh	5.07	5.19	5.18	5.17	5.19	5.15	4.29	5.03	5.13	4.73	4.73	5.17	5.17	
53	Sub. Power Supply	\$/kWh	6.44	6.80	6.18	6.28	6.78	9.21	5.37	5.53	6.04	4.73	4.73	5.83	5.79	
54	<b>Transmission</b>															
55	Direct	\$/kWh														
56	Capacity	\$/kWh														
57	Energy	\$/kWh														
58	Allocated Cost	\$/kWh														
59	Sub. Transmission	\$/kWh														
60	<b>Distribution</b>															
61	Direct	\$/Mo./cons	0.75											2.24	4.31	
62	Consumer	\$/Mo./cons	33.45	31.19	47.95	93.88	93.88	86.50	93.88	86.50	93.88	3.12	3.12	3.12	3.12	
63	Capacity	\$/kWh	1.07	1.21	0.92	1.10	1.28	2.98	0.60	0.80	0.76	0.23	0.16	0.99	0.93	
64	Energy	\$/kWh														
65	Sub. Distribution	\$/kWh	3.07	4.07	4.35	1.24	2.22	3.54	0.60	0.82	0.76	1.06	1.16	8.83	7.83	
66	Total	\$/kWh	9.51	10.87	10.52	7.51	9.01	12.76	5.97	6.34	6.81	5.79	5.89	14.66	13.61	
67	<b>Costs Broken Down by Classification</b>															
68	Direct	\$/kWh	0.0442											2.24	4.31	
69	Consumer	\$/Mo./cons	33.45	31.19	47.95	93.88	93.88	86.50	93.88	86.50	93.88	3.12	3.12	3.12	3.12	
70	Capacity	\$/kWh	2.44	2.82	1.92	2.20	2.87	7.04	1.69	1.29	1.67	0.23	0.16	1.64	1.54	
71	Energy	\$/kWh	5.07	5.19	5.18	5.17	5.19	5.15	4.29	5.03	5.13	4.73	4.73	5.17	5.17	
72	Total		9.51	10.87	10.52	7.51	9.01	12.76	5.97	6.34	6.81	5.79	5.89	14.66	13.61	

Classification of Plant in Service

Line No.	Acct. No.	Description	Class. Factor	Total	Power Supply Energy	Power Supply Capacity	Transmission Energy	Transmission Capacity	Dist. Substation Capacity	Dist. Substation Cons.	Primary Line Capacity	Primary Line Cons.	Line Transf. Capacity	Line Transf. Cons.	Second. & Serv. Cons.	Meter Cons.	Acct. & Serv. Cons.	Revenue
1		<b>Intangible Plant</b>																
2	301	Organization	PLNT															
3	302	Franchises and consents	PLNT															
4	303	Miscellaneous intangible plant	PLNT	3,625					3		942	1,248	324	396	369	241		
5	301-303	Subtotal		3,625					3		942	1,248	324	396	369	241		
6																		
7		<b>Production Plant</b>																
8	310-346	Production Plant	PRODI															
9																		
10		<b>Transmission Plant</b>																
11	350-359	Transmission Plant	TRAN1															
12																		
13		<b>Distribution Plant</b>																
14	360	Land	LAND															
15	361	Structures	SUB															
16	362	Station	SUB	57,590				57,590										
17	363	Battery	SUB															
18	364	Poles, towers	PRI	25,005,047							10,756,392	14,248,656						
19	365	OH Cond	PRI	19,581,962							8,423,549	11,158,412						
20	366	UG Conduit	PRI															
21	367	UG Cond	PRI	1,654,669							711,787	942,882						
22	368	Transf	TRF	15,187,042									6,834,232	8,352,811				
23	369	Services	SERV	7,787,963											7,787,963			
24	370	Meters	MTR	5,084,613												5,084,613		
25	371	Cons Premise	ICON	1,998,521							1,153	1,527						
26	372	Leased Prop	LICON															
27	373	St. Light	STL	192,667														
28	360-373	Subtotal		76,550,075				57,590			19,892,881	26,351,477	6,834,232	8,352,811	7,787,963	5,084,613		
29																		
30		<b>General Plant</b>																
31	389	Land & Land Rights	PLNT	992,775				747			257,990	341,751	88,633	108,327	101,002	65,942		
32	390	Structures and Improve.	PLNT	2,202,525				1,657			572,365	758,194	196,637	240,330	224,078	146,296		
33	391	Office Furniture & Equip.	PLNT	827,359				622			215,004	284,809	73,865	90,278	84,173	54,955		
34	392	Transportation & Equipment	PLNT	3,428,981				2,580			891,081	1,180,387	306,132	374,155	348,854	227,760		
35	393	Stores Equipment	PLNT															
36	394	Tool, Shop & Garage Equip.	PLNT	67,682				51			17,588	23,299	6,042	7,385	6,886	4,496		
37	395	Laboratory Equipment	PLNT	83,351				63			21,660	28,693	7,441	9,095	8,480	5,536		
38	396	Power Operated Equipment	PLNT	131,149				99			34,081	45,146	11,709	14,310	13,343	8,711		
39	397	Communication Equipment	PLNT	783,960				590			203,726	269,869	69,990	85,542	79,758	52,072		
40	398	Miscellaneous Equipment	PLNT	177,056				133			46,011	60,949	15,807	19,320	18,013	11,760		
41	399	Other tangible property	PLNT	6,509				5			1,692	2,241	581	710	662	432		
42	389-399	Subtotal		8,701,345				6,546			2,261,197	2,995,337	776,838	949,453	885,247	577,961		
43																		
44		<b>Total Plant</b>		<b>85,255,044</b>				<b>64,139</b>			<b>22,155,020</b>	<b>29,348,062</b>	<b>7,611,393</b>	<b>9,302,659</b>	<b>8,673,579</b>	<b>5,662,815</b>		

Classification of Plant In Service

Line No.	Acct. No.	Description	Class. Factor	Total	Sch. R	Sch. C	Sch. C	Sch. C	Sch. D	Sch. E	Sch. LPC-2	Sch. LPE-4	Sch. RM	Sch. CM	Sch. OL	Sch. SL
					Residential Service	Comm. & Ind < 50 kW	Comm. & Ind > 50 kW	Comm. & Ind. TOD	Lg. Comm. & Ind. TOD	Large Industrial	Large Power	Large Power TOD	Residential ETS	Sm. Comm. ETS	Outdoor Lighting	Street Lighting
1		<u>Intangible Plant</u>														
2	301	Organization	PLNT													
3	302	Franchises and consents	PLNT													
4	303	Miscellaneous intangible plant	PLNT	3,625											95	9
5	301-303	Subtotal		3,625											95	9
6																
7		<u>Production Plant</u>														
8	310-346	Production Plant	PROD1													
9																
10		<u>Transmission Plant</u>														
11	350-359	Transmission Plant	TRAN1													
12																
13		<u>Distribution Plant</u>														
14	360	Land	LAND													
15	361	Structures	SUB													
16	362	Station	SUB	57,590												
17	363	Battery	SUB													
18	364	Poles, towers	PRI	25,005,047												
19	365	OH Cond	PRI	19,581,962												
20	366	UG Conduit	PRI													
21	367	UG Cond	PRI	1,654,669												
22	368	Transf	TRF	15,187,042												
23	369	Services	SERV	7,787,963												
24	370	Meters	MTR	5,084,613												
25	371	Cons Premise	ICON	1,998,521											1,995,841	
26	372	Leased Prop	LICON													
27	373	St. Light	STL	192,667												192,667
28	360-373	Subtotal		76,550,075											1,995,841	192,667
29																
30		<u>General Plant</u>														
31	389	Land & Land Rights	PLNT	992,775											25,884	2,499
32	390	Structures and Improve.	PLNT	2,202,525											57,425	5,543
33	391	Office Furniture & Equip.	PLNT	827,359											21,571	2,082
34	392	Transportation & Equipment	PLNT	3,428,981											89,402	8,630
35	393	Stores Equipment	PLNT													
36	394	Tool, Shop & Garage Equip.	PLNT	67,682											1,765	170
37	395	Laboratory Equipment	PLNT	83,351											2,173	210
38	396	Power Operated Equipment	PLNT	131,149											3,419	330
39	397	Communication Equipment	PLNT	783,960											20,440	1,973
40	398	Miscellaneous Equipment	PLNT	177,056											4,616	446
41	399	Other tangible property	PLNT	6,509											170	16
42	389-399	Subtotal		8,701,345											226,865	21,900
43																
44		<b>Total Plant</b>		<b>85,255,044</b>											<b>2,222,800</b>	<b>214,576</b>

Classification of Revenue Requirements

Line No.	Acct. No.	Description	Class. Factor	Total	Power Supply Energy	Power Supply Capacity	Transmission Energy	Transmission Capacity	Dist. Substation Capacity	Dist. Substation Cons.	Primary Line Capacity	Primary Line Cons.	Line Transf. Capacity	Line Transf. Cons.	Second. & Serv. Cons.	Meter Cons.	Acct. & Serv. Cons.	Revenue
1		<b>Power Supply</b>																
2		Production																
3	500-557	Fuel	FUEL															
4	500-557	Non-Fuel O&M - Demand	PROD1															
5	500-557	Non-Fuel O&M - Energy	PROD1															
6		Subtotal - Production																
7		Purchases																
8	555	Substation Charges - Direct	SUB															
9	555	Substation Charges	SUB	608,276					608,276									
10	555	Demand Charges	PURKW-1	6,331,082		6,331,082												
11	555	Demand Charges - Direct	PURKW-2	671,886														
12	555																	
13	555																	
14	555	Energy Charges - On-Peak	PURKWH-1	12,743,504	12,743,504													
15	555	Energy Charge - Off-Peak	PURKWH-2	10,496,623	10,496,623													
16	555	Energy Charges - Direct	PURKWH-3	2,658,688														
17	555	Revenue Related Charges	REV															
18		Subtotal - Purchases		33,510,060	23,240,127	6,331,082			608,276									
19	500-557	Total Power Supply		33,510,060	23,240,127	6,331,082			608,276									
20																		
21		<b>Transmission</b>																
22	560-573	Operation & Maintenance	TRAN1															
23	555	Transmission - G&T Charges	TRAN2															
24		Total Transmission																
25																		
26		<b>Distribution</b>																
27	580	Oper. Super & Eng.	EX1	33,535							7,526	9,969					16,039	
28	581	Load Dispatch	EX1															
29	582	Oper. Station	SUB															
30	583	Oper. OH Line	PRI	334,027							143,688	190,339						
31	584	Oper. UG Line	PRI															
32	585	Oper. St. Lighting	STL															
33	586	Oper. Meters	MTR	308,598														308,598
34	587	Oper. Cons. Install	ICON	2,577							1,109	1,468						
35	588	Oper. Misc. Oper.	EX1	1,050,084							235,661	312,172						502,252
36	589	Rents	EX1															
37	590	Main. Super. & Eng.	EX2															
38	591	Main. Structure	SUB															
39	592	Main. Station	SUB															
40	593	Main. OH Line	PRI	2,867,871							1,233,669	1,634,202						
41	594	Main. UG Line	PRI															
42	595	Main. Line Transf.	TRF	64,049									28,822	35,227				
43	596	Main. St. Lighting	STL	26,475														
44	597	Main. Meters	MTR															
45	598	Main. Misc. Dist.	EX2															
46	580-598	Subtotal		4,687,216							1,621,652	2,148,151	28,822	35,227				826,889

Classification of Revenue Requirements

Line No.	Acct. No.	Description	Class. Factor	Total	Sch. R	Sch. C	Sch. C	Sch. C	Sch. D	Sch. E	Sch. LPC-2	Sch. LPE-4	Sch. RM	Sch. CM	Sch. OL	Sch. SL
					Residential Service	Comm. & Ind. < 50 kW	Comm. & Ind. > 50 kW	Comm. & Ind. TOD	Lg. Comm. & Ind. TOD	Large Industrial	Large Power	Large Power TOD	Residential ETS	Sm. Comm. ETS	Outdoor Lighting	Street Lighting
1		<b>Power Supply</b>														
2		<b>Production</b>														
3	500-557	Fuel	FOEL													
4	500-557	Non-Fuel O&M - Demand	PROD1													
5	500-557	Non-Fuel O&M - Energy	PROD1													
6		Subtotal - Production														
7		<b>Purchases</b>														
8	555	Substation Charges - Direct	SUB													
9	555	Substation Charges	SUB	608,276												
10	555	Demand Charges	PURKW-1	6,331,082												
11	555	Demand Charges - Direct	PURKW-2	671,886						671,886						
12	555															
13	555															
14	555	Energy Charges - On-Peak	PURKWH-1	12,743,504												
15	555	Energy Charge - Off-Peak	PURKWH-2	10,496,623												
16	555	Energy Charges - Direct	PURKWH-3	2,658,688						2,658,688						
17	555	Revenue Related Charges	REV													
18		Subtotal - Purchases		33,510,060						3,330,574						
19	500-557	Total Power Supply		33,510,060						3,330,574						
20																
21		<b>Transmission</b>														
22	560-573	Operation & Maintenance	TRAN1													
23	555	Transmission - G&T Charge	TRAN2													
24		Total Transmission														
25																
26		<b>Distribution</b>														
27	580	Oper. Super & Eng.	EX1	33,535												
28	581	Load Dispatch	EX1													
29	582	Oper. Station	SUB													
30	583	Oper. OH Line	PRI	334,027												
31	584	Oper. UG Line	PRI													
32	585	Oper. St. Lighting	STL													
33	586	Oper. Meters	MTR	308,598												
34	587	Oper. Cons. Install	ICON	2,577												
35	588	Oper. Misc. Oper.	EX1	1,050,084												
36	589	Rents	EX1													
37	590	Main. Super. & Eng.	EX2													
38	591	Main. Structure	SUB													
39	592	Main. Station	SUB													
40	593	Main. OH Line	PRI	2,867,871												
41	594	Main. UG Line	PRI													
42	595	Main. Line Transf.	TRF	64,049												
43	596	Main. St. Lighting	STL	26,475											24,576	1,899
44	597	Main. Meters	MTR													
45	598	Main. Misc. Dist.	EX2													
46	580-598	Subtotal		4,687,216											24,576	1,899

Classification of Revenue Requirements  
(Continued)

Line No.	Acct. No.	Description	Class. Factor	Total	Power Supply		Transmission		Dist. Substation		Primary Line		Line Transf.		Second. & Serv. Cons.	Meter Cons.	Acct. & Serv. Cons.	Revenue
					Energy	Capacity	Energy	Capacity	Capacity	Cons.	Capacity	Cons.	Capacity	Cons.				
47		<u>Consumer Acct. Service &amp; Sales</u>																
48		Consumer Accounting																
49	901	Supervision	CACC															
50	902	Meter Reading Expense	CACC	24,359													24,359	
51	903	Records & Collections	CACC	1,060,713													1,060,713	
52	904	Uncollectible Accounts	CACC	14,348													14,348	
53	905	Misc. Customer Account	CACC															
54		Subtotal		1,099,421													1,099,421	
55																		
56		<u>Consumer Service &amp; Info.</u>																
57	907	Supervision	CS															
58	908	Customer Assistance	CS	120,703													120,703	
59	909	Info. & Instruction	CS															
60	910	Misc. Cust Serv. & Info	CS															
61		Subtotal		120,703													120,703	
62																		
63		<u>Sales</u>																
64	911	Supervision	SALES															
65	912	Demonstrating & Selling	SALES															
66	913	Advertising	SALES															
67	916	Misc. Sales	SALES															
68		Subtotal																
69																		
70		<u>Prorated Operating Expenses</u>																
71	920-	<u>Administrative &amp; General</u>																
72	932	Power Supply	EX6-PS															
73		Transmission	EX6-TR															
74		Distribution	EX6-D	2,131,216				199,775		532,596	705,513	9,466	11,569		271,573	400,723		
75		Subtotal - A&G		2,131,216				199,775		532,596	705,513	9,466	11,569		271,573	400,723		
76																		
77	408	<u>Other Taxes</u>																
78		Power Supply	EX6-PS															
79		Transmission	EX6-TR															
80		Distribution	EX6-D	64,482				6,044		16,114	21,346	286	350		8,217	12,124		
81		Subtotal - Other Taxes		64,482				6,044		16,114	21,346	286	350		8,217	12,124		
82																		
83	421-	<u>Miscellaneous Expense</u>																
84	426,431	Power Supply	EX6-PS															
85		Transmission	EX6-TR															
86		Distribution	EX6-D	13,974				1,310		3,492	4,626	62	76		1,781	2,627		
87		Subtotal - Misc. Expense		13,974				1,310		3,492	4,626	62	76		1,781	2,627		

Classification of Revenue Requirements  
(Continued)

Line No.	Acct. No.	Description	Class. Factor	Total	Sch. R	Sch. C	Sch. C	Sch. C	Sch. D	Sch. E	Sch. LPC-2	Sch. LPE-4	Sch. RM	Sch. CM	Sch. OL	Sch. SL
					Residential Service	Comm. & Ind. < 50 kW	Comm. & Ind. > 50 kW	Comm. & Ind. TOD	Lg. Comm. & Ind. TOD	Large Industrial	Large Power	Large Power TOD	Residential ETS	Sen. Comm. ETS	Outdoor Lighting	Street Lighting
47		<b>Consumer Acct., Service &amp; Sales</b>														
48		<b>Consumer Accounting</b>														
49	901	Supervision	CACC													
50	902	Meter Reading Expense	CACC	24,359												
51	903	Records & Collections	CACC	1,060,713												
52	904	Uncollectible Accounts	CACC	14,348												
53	905	Misc. Customer Account	CACC													
54		Subtotal		1,099,421												
55																
56		<b>Consumer Service &amp; Info.</b>														
57	907	Supervision	CS													
58	908	Customer Assistance	CS	120,703												
59	909	Info. & Instruction	CS													
60	910	Misc. Cust Serv. & Info	CS													
61		Subtotal		120,703												
62																
63		<b>Sales</b>														
64	911	Supervision	SALES													
65	912	Demonstrating & Selling	SALES													
66	913	Advertising	SALES													
67	916	Misc. Sales	SALES													
68		Subtotal														
69																
70		<b>Prorated Operating Expenses</b>														
71	920-	<b>Administrative &amp; General</b>														
72	932	Power Supply	EX6-PS													
73		Transmission	EX6-TR													
74		Distribution	EX6-D	2,131,216												
75		Subtotal - A&G		2,131,216												
76																
77	408	<b>Other Taxes</b>														
78		Power Supply	EX6-PS													
79		Transmission	EX6-TR													
80		Distribution	EX6-D	64,482												
81		Subtotal - Other Taxes		64,482												
82																
83	421-	<b>Miscellaneous Expense</b>														
84	426,431	Power Supply	EX6-PS													
85		Transmission	EX6-TR													
86		Distribution	EX6-D	13,974												
87		Subtotal - Misc. Expense		13,974												

Classification of Revenue Requirements  
(Continued)

Line No.	Acct. No.	Description	Class. Factor	Total	Power Supply Energy	Power Supply Capacity	Transmission Energy	Transmission Capacity	Dist. Substation Capacity	Dist. Substation Cons.	Primary Line Capacity	Primary Line Cons.	Line Transf. Capacity	Line Transf. Cons.	Second. & Serv. Cons.	Meter Cons.	Acct. & Serv. Cons.	Revenue
88		<b>Fixed Charges</b>																
89	403-	Depreciation																
90	407	Power Supply	PROPLNT															
91		Transmission	TRNPLNT															
92		Distribution	DSTPLNT	2,957,384					2,225		768,528	1,018,045	264,029	322,697	300,875		196,436	
93		Subtotal - Depreciation		2,957,384					2,225		768,528	1,018,045	264,029	322,697	300,875		196,436	
94																		
95	408	Property Taxes																
96		Power Supply	PROPLNT															
97		Transmission	TRNPLNT															
98		Distribution	DSTPLNT	626,136					471		162,712	215,540	55,900	68,321	63,701		41,589	
99		Subtotal - Property Taxes		626,136					471		162,712	215,540	55,900	68,321	63,701		41,589	
100																		
101	427	Interest-LT																
102		Power Supply	PROPLNT															
103		Transmission	TRNPLNT															
104		Distribution	DSTPLNT	1,769,176					1,331		459,751	609,018	157,948	193,045	179,990		117,512	
105		Subtotal - Interest-LT		1,769,176					1,331		459,751	609,018	157,948	193,045	179,990		117,512	
106																		
107		Required Margin																
108		Power Supply	PROPLNT															
109		Transmission	TRNPLNT															
110		Distribution	DSTPLNT	1,616,005					1,216		419,947	556,291	144,274	176,331	164,407		107,338	
111		Subtotal - Required Margin		1,616,005					1,216		419,947	556,291	144,274	176,331	164,407		107,338	
112																		
113		<b>Summary of Revenue Requirements</b>																
114		Power Supply		32,901,784	23,240,127	6,331,082												
115		Transmission																
116		Distribution		15,693,988					820,648		3,984,793	5,278,531	660,788	807,616	708,974		1,571,335	1,635,598
117		Total Revenue Required		48,595,771	23,240,127	6,331,082			820,648		3,984,793	5,278,531	660,788	807,616	708,974		1,571,335	1,635,598

Classification of Revenue Requirements  
(Continued)

Line No.	Acct. No.	Description	Class. Factor	Total	Sch. R	Sch. C	Sch. C	Sch. C	Sch. D	Sch. E	Sch. LPC-2	Sch. LPE-4	Sch. RM	Sch. CM	Sch. OL	Sch. SL
					Residential Service	Comm. & Ind. < 50 kW	Comm. & Ind. > 50 kW	Comm. & Ind. TOD	Lg. Comm. & Ind. TOD	Large Industrial	Large Power	Large Power TOD	Residential ETS	Sm. Comm. ETS	Outdoor Lighting	Street Lighting
88		<b>Fixed Charges</b>														
89	403-	Depreciation														
90	407	Power Supply	PROPLNT													
91		Transmission	TRNPLNT													
92		Distribution	DSTPLNT	2,957,384											77,106	7,443
93		Subtotal - Depreciation		2,957,384											77,106	7,443
94																
95	408	<b>Property Taxes</b>														
96		Power Supply	PROPLNT													
97		Transmission	TRNPLNT													
98		Distribution	DSTPLNT	626,136											16,325	1,576
99		Subtotal - Property Taxes		626,136											16,325	1,576
100																
101	427	<b>Interest-LT</b>														
102		Power Supply	PROPLNT													
103		Transmission	TRNPLNT													
104		Distribution	DSTPLNT	1,769,176											46,127	4,453
105		Subtotal - Interest-LT		1,769,176											46,127	4,453
106																
107		<b>Required Margin</b>														
108		Power Supply	PROPLNT													
109		Transmission	TRNPLNT													
110		Distribution	DSTPLNT	1,616,005											42,133	4,067
111		Subtotal - Required Margin		1,616,005											42,133	4,067
112																
113		<b>Summary of Revenue Requirements</b>														
114		Power Supply		32,901,784						3,330,574						
115		Transmission														
116		Distribution		15,693,988											206,267	19,438
117		<b>Total Revenue Required</b>		<b>48,595,771</b>						<b>3,330,574</b>					<b>206,267</b>	<b>19,438</b>

**Schedule B  
Adjusted Statement of Operations  
and Revenue Requirements**

(a) Line No.	(b) Description	(c) Total System	(d) Adjustment	(e) Adjusted System
	<b><u>Operating Revenue</u></b>	(\$)	(\$)	(\$)
1	Rate Schedules	45,766,304		45,766,304
2	Other	934,364		934,364
3	<b>Total Operating Revenue</b>	<b>46,700,668</b>		<b>46,700,668</b>
4	<b><u>Operating Expenses</u></b>			
5	Cost of Purchased Power			
6	Substation	544,556		544,556
7	Substation - Amak Brake	63,720		63,720
8	Demand	6,331,082		6,331,082
9	Demand - Amak Brake	671,886		671,886
10	Energy On-Peak	12,743,504		12,743,504
11	Energy Off-Peak	10,496,623		10,496,623
12	Energy - Amak Brake	2,658,688		2,658,688
13	Transmission - O & M	-		-
14	Distribution - Operation	1,728,821		1,728,821
15	Distribution - Maintenance	2,958,395		2,958,395
16	Consumer Accounts	1,099,421		1,099,421
17	Consumer Service & Information	120,703		120,703
18	Sales	-		-
19	Administrative & General	2,131,216		2,131,216
20	Depreciation & Amortization	2,957,384		2,957,384
21	Taxes - Property	626,136		626,136
22	Taxes - Other	64,482		64,482
23	Other Interest Expense	11,144		11,144
24	Other Deductions	2,830		2,830
25	<b>Total Operating Expenses (Before Long</b>			
26	<b>Term Interest)</b>	<b>45,210,590</b>	-	<b>45,210,590</b>
27	<b>Long Term Interest</b>	<b>1,769,176</b>		<b>1,769,176</b>
28	<b>Required Margin <sup>2</sup></b>	<b>1,616,005</b>		<b>1,616,005</b>
29	<b>Revenue Requirements</b>	<b>48,595,771</b>	-	<b>48,595,771</b>

<sup>1</sup> Reference Exhibit F, page 1.

<sup>2</sup> Required Net Operating Income less Long Term Interest. Reference Exhibit J, Page 1.  
3,385,181 - 1,769,176 = 1,616,005

**Determination of Classification Factors  
Account 364 - Poles**

Size	Size of Pole	Per Books Investment	No. of Poles	Unit Cost	n	y	x	yn <sup>.5</sup>	n <sup>.5</sup>	xn <sup>.5</sup>
30 Foot Pole	35' and under	\$ 5,720,858	34,218	\$ 167.19	34,218	167	30	30,927	185	5,549
40 Foot Pole	40' & 45'	\$ 9,763,943	26,673	\$ 366.06	26,673	366	40	59,785	163	6,533
50 Foot Pole	50' & over	\$ 681,392	1,941	\$ 351.05	1,941	351	50	15,466	44	2,203
		\$ 16,166,193	62,832							

**A. Zero Intercept Approach**

X Variable - (Size)

20.85

Zero Intercept

(385.53)

**B. Minimum Size Approach**

Unit Cost - Minimum Size

\$ 167.19 30 Foot Pole

Number of Poles

62,832

Consumer Related Investment in Poles

\$ 10,504,792

Total Investment in Poles

\$ 16,166,193

Capacity Related Investment

\$ 5,661,402

**Use Minimum Size Approach due to negative Zero Intercept**

Consumer Related Investment Percent

64.98%

Capacity Related Investment Percent

35.02%

**Determination of Classification Factors  
Account 364 - Overhead Conductor**

Wire Size	Amps	Investment	No. of Units	Unit Cost	n	y	x	yn <sup>.5</sup>	n <sup>.5</sup>	xn <sup>.5</sup>
#4 ACSR	130	\$ 1,927,846	21,184,797	\$ 0.09	21,184,797	0	130	419	4,603	598,350
#2 ACSR	175	\$ 3,677,453	9,206,332	\$ 0.40	9,206,332	0	175	1,212	3,034	530,984
1/0 ACSR	230	\$ 1,636,373	5,008,869	\$ 0.33	5,008,869	0	230	731	2,238	514,752
4/0 ACSR	350	\$ 698,410	1,174,237	\$ 0.59	1,174,237	1	350	645	1,084	379,268
397 ACSR	550	\$ 623,848	682,509	\$ 0.91	682,509	1	550	755	826	454,378
3/0 ACSR	310	\$ 48,625	318,662	\$ 0.15	318,662	0	310	86	565	174,995
2/0 ACSR	265	\$ 7,394	79,742	\$ 0.09	79,742	0	265	26	282	74,832
12/7 ACSR	0	\$ 37,474	10,414	\$ 3.60						
ALUMOWELD	0	\$ 14,966	79,037	\$ 0.19						
AAC 37	0	\$ 15,618	7,995	\$ 1.95						
# 6 COPPER		\$ 147	2,983	\$ 0.05						
# 4 COPPER		\$ 233	3,318	\$ 0.07						
# 2 COPPER		\$ 2,094	25,712	\$ 0.08						
1/0 COPPER		\$ 11,360	89,991	\$ 0.13						
2/0 COPPER		\$ 626	250	\$ 2.50						
#8A CWC	0	\$ 25,795	799,232	\$ 0.03						
\$6A CWC		\$ 8,638	271,510	\$ 0.03						
\$6 STEEL		\$ 103	7,111	\$ 0.01						
		\$ 8,737,002	38,952,701							

**A. Zero Intercept Approach**

X Variable - (Size)	\$ 0.00296
Zero Intercept	\$ (0.17231)

**B. Minimum Size Approach**

Unit Cost - Minimum Size	\$ 0.091 = #4 ACSR
Number of feet	38,952,701
Consumer Related Investment in OH Conductor	\$ 3,544,749
Total Investment in OH Conductor	\$ 8,737,002
Capacity Related Investment	\$ 5,192,253

**Use Minimum Size Approach due to negative Zero Intercept**

Consumer Related Investment Percent	40.57%
Capacity Related Investment Percent	59.43%

**Determination of Classification Factors  
Account 367 - Underground Conductor**

Wire Size	Amps	Investment	No. of Units	Unit Cost	n	y	x	yn <sup>.5</sup>	n <sup>.5</sup>	xn <sup>.5</sup>
#1 URD Primary ALUM 25kV	120	\$ 28,088	8,440	\$ 3.33	8,440	3	120	306	92	11,024
1/0 URD Primary ALUM 25kV	185	\$ 517,925	156,837	\$ 3.30	156,837	3	185	1,308	396	73,265
URD Primary 25kV 750 ALUM	680	\$ 58,482	3,359	\$ 17.41	3,359	17	680	1,009	58	39,411
4/0 URD Primary ALUM 25kV	310	\$ 116,596	17,453	\$ 6.68	17,453	7	310	883	132	40,954
URD Primary 25kV 500 ALUM	450	\$ 219,876	14,280	\$ 15.40	14,280	15	450	1,840	119	53,775
4/0 URD Primary ALUM 15kV	310	\$ 8,651	1,773	\$ 4.88	1,773	5	310	205	42	13,053
#2 URD Primary ALUM	165	\$ 6,909	5,632	\$ 1.23	5,632	1	165	92	75	12,383
		\$ 956,527	207,774							

**A. Zero Intercept Approach**

X Variable - (Size)	\$ 0.03642
Zero Intercept	\$ (3.19474)

**B. Minimum Size Approach**

Unit Cost - Minimum Size	\$ 3.302 = 1/0 URD Primary ALUM 25kV
Number of feet	207,774
Consumer Related Investment in UG Conductor	\$ 686,135
Total Investment in UG Conductor	\$ 956,527
Capacity Related Investment in UG Conductor	\$ 270,392

**Use Minimum Size Approach due to negative Zero Intercept**

Consumer Related Investment Percent	71.73%
Capacity Related Investment Percent	28.27%

**Summary Primary Line Classification - Capacity and Consumer Related**

	Consumer Related Investment	Demand Related Investment	Total
Poles	\$ 10,504,792	\$ 5,661,402	\$ 16,166,193
Overhead Conductor	\$ 3,544,749	\$ 5,192,253	\$ 8,737,002
Underground	\$ 686,135	\$ 270,392	\$ 956,527
<b>Total</b>	<b>\$ 14,735,676</b>	<b>\$ 11,124,047</b>	<b>\$ 25,859,723</b>
 PRI Classification Factor	<b>56.98%</b>	<b>43.02%</b>	<b>100.00%</b>

Account 368 - Transformers

Transformer	kVa	Investment	No. of Units	Unit Cost	Estimated Unit Cost	n	y	x	yn <sup>.5</sup>	n <sup>.5</sup>	xn <sup>.5</sup>
10 KVA CONV	10	\$ 863,589	1,450	596	\$ 442.82	1,450	596	10	22,679	38	381
15 KVA CONV	15	\$ 4,564,410	6,620	689	\$ 442.82	6,620	689	15	56,099	81	1,220
25 KVA CONV	25	\$ 2,416,169	3,085	783	\$ 442.82	3,085	783	25	43,501	56	1,389
37.5 KVA CONV	38	\$ 422,190	398	1,061	\$ 442.82	398	1,061	38	21,162	20	748
50 KVA CONV	50	\$ 283,269	217	1,305	\$ 442.82	217	1,305	50	19,230	15	737
15 KVA PADMOUNT	15	\$ 769	1	769	\$ 442.82	1	769	15	769	1	15
25 KVA PADMOUNT	25	\$ 223,045	174	1,282	\$ 442.82	174	1,282	25	16,909	13	330
50 & 75 KVA PADMOUNT	50 & 75	\$ 38,783	30	1,293							
75 KVA CONV	75	\$ 186,381	87	2,142							
100 KVA CONV	100	\$ 130,569	67	1,949							
167 KVA CONV	167	\$ 62,974	30	2,099							
250 KVA & 333 KVA CONV		\$ 16,561	5	3,312							
333 KVA AUTO		\$ 16,450	8	2,056							
500 KVA AUTO		\$ 392,595	105	3,739							
1000 KVA AUTO		\$ 56,467	12	4,706							
3P 78/300 KVA		\$ 122,354	19	6,440							
500 KVA		\$ 125,850	16	7,866							
		\$ 9,922,423	12,324								

A. Zero Intercept Approach

X Variable - (Size)	FALSE
Zero Intercept	\$ 442.82
Use Intercept	\$ 442.82
Number of feet	12,324
Consumer Related Investment in Transformers	\$ 5,457,292
Total Investment in Transformers	\$ 9,922,423
Demand Related Investment Transformers	\$ 4,465,131

B. Minimum Size Approach

Unit Cost - Minimum Size	\$ 596
Number of feet	12,324
Consumer Related Investment in Transformers	\$ 7,339,910
Total Investment in Transformers	\$ 9,922,423
Capacity Related Investment in Transformers	\$ 2,582,514

Consumer Related Investment Percent	55.00%	Classificaiton Factor TRF	Not used	73.97%
Demand Related Investment Percen	45.00%	Classificaiton Factor TRF	Not used	26.03%

Summary of Classification Factors

Line No.	Name	Description	Source	Total	Power Supply		Transmission		Dist. Substation		Primary Line		Line Transf.		Second. & Serv. Cons.	Meter Cons.	Acct. & Serv. Cons.	Revenue
					Energy	Cap.	Energy	Capacity	Cap.	Cons.	Cap.	Cons.	Cap.	Cons.				
<u>Classification Factor Data</u>																		
1	PROPLNT	Production Plant	Plant															
2	TRNPLNT	Transmission Plant	Plant															
3	DSTPLNT	Distribution Plant	Plant	76,550,075					57,590		19,892,881	26,351,477	6,834,232	8,352,811	7,787,963	5,084,613		
4	PLNT	Prod, Trans, Dist. Subtotal	Plant	76,550,075					57,590		19,892,881	26,351,477	6,834,232	8,352,811	7,787,963	5,084,613		
5	EX1	Assigned Dist. Oper. Exp.	Rev Rcq	645,202							144,797	191,807				308,598		
6	EX2	Assigned Dist. Main. Exp.	Rev Req	2,958,395							1,233,669	1,634,202	28,822	35,227				
7	EX3	Dist. Oper. & Main.	Rev Req	4,687,216							1,621,652	2,148,151	28,822	35,227		826,889		
8	EX4	Assigned O & M Exp.	Rev Req	39,417,399	23,240,127	6,331,082			608,276		1,621,652	2,148,151	28,822	35,227		826,889	1,220,123	
9	EX4-PS	Power Supply	Rev Req	32,901,784	23,240,127	6,331,082												
10	EX4-TR	Transmission	Rev Req															
11	EX4-D	Distribution	Rev Req	6,515,615					608,276		1,621,652	2,148,151	28,822	35,227		826,889	1,220,123	
12	EX5	Rev. Req. Less Margin	Rev Req	44,770,095	23,240,127	6,331,082			612,303		3,012,644	3,990,755	506,700	619,290	544,566	1,182,426	1,220,123	
13	EX5-PS	Power Supply	Rev Req	32,901,784	23,240,127	6,331,082												
14	EX5-TR	Transmission	Rev Req															
15	EX5-D	Distribution	Rev Req	11,868,311					612,303		3,012,644	3,990,755	506,700	619,290	544,566	1,182,426	1,220,123	

Summary of Classification Factors

Line No.	Name	Description	Source	Total	Sch. R	Sch. C	Sch. C	Sch. C	Sch. D	Sch. E	Sch. LPC-2	Sch. LPE-4	Sch. RM	Sch. CM	Sch. OL	Sch. SL
					Residential Service Direct	Comm. & Ind. < 50 kW Direct	Comm. & Ind. > 50 kW Direct	Comm. & Ind. TOD Direct	Lg. Comm. & Ind. TOD Direct	Large Industrial Direct	Large Power Direct	Large Power TOD Direct	Residential ETS Direct	Sm. Comm. ETS Direct	Outdoor Lighting Direct	Street Lighting Direct
<u>Classification Factor Data</u>																
1	PROPLNT	Production Plant	Plant													
2	TRNPLNT	Transmission Plant	Plant													
3	DSTPLNT	Distribution Plant	Plant	76,550,075											1,995,841	192,667
4	PLNT	Prod, Trans, Dist. Subtotal	Plant	76,550,075											1,995,841	192,667
5	EX1	Assigned Dist. Oper. Exp.	Rev Req	645,202												
6	EX2	Assigned Dist. Main. Exp.	Rev Req	2,958,395											24,576	1,899
7	EX3	Dist. Oper. & Main.	Rev Req	4,687,216											24,576	1,899
8	EX4	Assigned O & M Exp.	Rev Req	39,417,399						3,330,574					24,576	1,899
9	EX4-PS	Power Supply	Rev Req	32,901,784						3,330,574						
10	EX4-TR	Transmission	Rev Req													
11	EX4-D	Distribution	Rev Req	6,515,615											24,576	1,899
12	EX5	Rev. Req. Less Margin	Rev Req	44,770,095						3,330,574					164,134	15,371
13	EX5-PS	Power Supply	Rev Req	32,901,784						3,330,574						
14	EX5-TR	Transmission	Rev Req													
15	EX5-D	Distribution	Rev Req	11,868,311											164,134	15,371

Summary of Classification Factors

Line No.	Name	Description	Source	Total	Power Supply		Transmission		Dist. Substation		Primary Line		Line Transf.		Second. & Serv. Cons.	Meter Cons.	Acct. & Serv. Cons.	Revenue	
					Energy	Cap.	Energy	Capacity	Cap.	Cons.	Cap.	Cons.	Cap.	Cons.					
16	Classification Factors																		
17	CACC	Consumer Accounting	Input	1.000000														1.000000	
18	CS	Customer Service	Input	1.000000														1.000000	
19	CS-PS	Cust. Service - Pwr. Supply	Input																
20	CS-TR	Cust. Service - Transmission	Input																
21	CS-D	Cust. Service - Distribution	Input	1.000000														1.000000	
22	SALES	Sales	Input	1.000000	1.000000														
23	SALES-PS	Sales - Power Supply	Input																
24	SALES-TR	Sales - Transmission	Input																
25	SALES-D	Sales - Distribution	Input	1.000000	1.000000														
26	PROPLNT	Production Plant	Plant																
27	TRNPLNT	Transmission Plant	Plant																
28	DSTPLNT	Distribution Plant	Plant	1.000000					0.000752		0.259868	0.344238	0.089278	0.109116	0.101737	0.066422			
29	PLNT	Prod. Trans. Dist. Subtotal	Plant	1.000000					0.000752		0.259868	0.344238	0.089278	0.109116	0.101737	0.066422			
30	EX1	Assigned Dist. Oper. Exp.	Rev Req	1.000000							0.224421	0.297283						0.478296	
31	EX2	Assigned Dist. Main. Exp.	Rev Req	1.000000							0.417006	0.552395	0.009743	0.011907					
32	EX3	Dist. Oper. & Main.	Rev Req	1.000000							0.345973	0.458300	0.006149	0.007515				0.176414	
33	EX4	Assigned O & M Exp.	Rev Req	1.000000	0.589591	0.160616			0.015432		0.041141	0.054498	0.000731	0.000894				0.020978	
34	EX4-PS	Power Supply	Rev Req	0.834702	0.589591	0.160616													
35	EX4-TR	Transmission	Rev Req																
36	EX4-D	Distribution	Rev Req	0.165298					0.015432		0.041141	0.054498	0.000731	0.000894				0.020978	
37	EX5	Rev. Req. Less Margin	Rev Req	1.000000	0.519099	0.141413			0.013677		0.067291	0.089139	0.011318	0.013833	0.012164	0.026411		0.027253	
38	EX5-PS	Power Supply	Rev Req	0.734905	0.519099	0.141413													
39	EX5-TR	Transmission	Rev Req																
40	EX5-D	Distribution	Rev Req	0.265095					0.013677		0.067291	0.089139	0.011318	0.013833	0.012164	0.026411		0.027253	
41	EX6	A&G Classification	Input	1.000000					0.093738		0.249902	0.331038	0.004442	0.005429				0.127427	
42	EX6-PS	Power Supply	Input																
43	EX6-TR	Transmission	Input																
44	EX6-D	Distribution	Input	1.000000					0.093738		0.249902	0.331038	0.004442	0.005429				0.127427	
45	FUEL	Fuel	Input																
46	ICON	Install Cons. Prem.	Input	1.000000							0.430169	0.569831							
47	LAND	Land & Land Rights	Input	1.000000					1.000000										
48	LICON	Leased Property	Input	1.000000							0.430169	0.569831							
49	MTR	Meters	Input	1.000000														1.000000	
50	PRI	Primary Line	Input	1.000000							0.430169	0.569831							
51	PROD1	Production Plant	Input																
52	PROD2	Production O & M	Input																
53	PURTR-1	Trans. Capacity	Input	1.000000					1.000000										
54	PURTR-2	Trans. Energy	Input	1.000000	1.000000														
55	PURKW-1	Purchased Power Capacity	Input	1.000000		1.000000													
56	PURKW-2	Peak	Input	1.000000		1.000000													
57	PURKW-3	Monthly	Input	1.000000		1.000000													
58	PURKW-4	A-2	Input	1.000000		1.000000													
59	PURKWH-1	Purchased Power Energy	Input	1.000000	1.000000														
60	PURKWH-2	Heat Plus	Input	1.000000		1.000000													
61	PURKWH-3	A-2	Input	1.000000	1.000000														
60	SERV	Services	Input	1.000000											1.000000				
61	STL	Street Lighting	Input																
62	SUB	Substation	Input	1.000000															
63	TRAN1	Transmission Plant	Input	1.000000					1.000000										
64	TRAN2	Transmission Purchases	Input																
65	TRF	Line Transf.	Input	1.000000									0.450004	0.549996					
66	REV	Revenue Related	Input	1.000000														1.000000	

Summary of Classification Factors

Line No.	Name	Description	Source	Total	Sch. R	Sch. C	Sch. C	Sch. C	Sch. D	Sch. E	Sch. LFC-2	Sch. LPE-4	Sch. RM	Sch. CM	Sch. OL	Sch. SL	
					Residential Service	Comm. & Ind. < 50 kW	Comm. & Ind. > 50 kW	Comm. & Ind. TOD	Lg. Comm. & Ind. TOD	Large Industrial	Large Power	Large Power TOD	Residential ETS	Sm. Comm. ETS	Outdoor Lighting	Street Lighting	
16	<u>Classification Factors</u>																
17	CACC	Consumer Accounting	Input	1.000000													
18	CS	Customer Service	Input	1.000000													
19	CS-PS	Cust. Service - Pwr. Supply	Input														
20	CS-TR	Cust. Service - Transmission	Input														
21	CS-D	Cust. Service - Distribution	Input	1.000000													
22	SALES	Sales	Input	1.000000													
23	SALES-PS	Sales - Power Supply	Input														
24	SALES-TR	Sales - Transmission	Input														
25	SALES-D	Sales - Distribution	Input	1.000000													
26	PROPLNT	Production Plant	Plant														
27	TRNPLNT	Transmission Plant	Plant														
28	DSTPLNT	Distribution Plant	Plant	1.000000											0.026072	0.002517	
29	PLNT	Prod. Trans. Dist. Subtotal	Plant	1.000000											0.026072	0.002517	
30	EX1	Assigned Dist. Oper. Exp.	Rev Req	1.000000													
31	EX2	Assigned Dist. Main. Exp.	Rev Req	1.000000											0.008307	0.000642	
32	EX3	Dist. Oper. & Main.	Rev Req	1.000000											0.005243	0.000405	
33	EX4	Assigned O & M Exp.	Rev Req	1.000000						0.084495					0.000623	0.000048	
34	EX4-PS	Power Supply	Rev Req	0.834702						0.084495							
35	EX4-TR	Transmission	Rev Req														
36	EX4-D	Distribution	Rev Req	0.165298											0.000623	0.000048	
37	EX5	Rev. Req. Less Margin	Rev Req	1.000000						0.074393					0.003666	0.000343	
38	EX5-PS	Power Supply	Rev Req	0.734905						0.074393							
39	EX5-TR	Transmission	Rev Req														
40	EX5-D	Distribution	Rev Req	0.265095											0.003666	0.000343	
41	EX6	A&G Classification	Input	1.000000													
42	EX6-PS	Power Supply	Input														
43	EX6-TR	Transmission	Input														
44	EX6-D	Distribution	Input	1.000000													
45	FUEL	Fuel	Input														
46	ICON	Install Cons. Prem.	Input	1.000000													
47	LAND	Land & Land Rights	Input	1.000000													
48	LICON	Lensed Property	Input	1.000000													
49	MTR	Meters	Input	1.000000													
50	PRI	Primary Line	Input	1.000000													
51	PROD1	Production Plant	Input														
52	PROD2	Production O & M	Input														
53	PURTR-1	Trans. Capacity	Input	1.000000													
54	PURTR-2	Trans. Energy	Input	1.000000													
55	PURKW-1	Purchased Power Capacity	Input	1.000000													
56	PURKW-2	Peak	Input	1.000000													
57	PURKW-3	Monthly	Input	1.000000													
58	PURKW-4	A-2	Input	1.000000													
59	PURKWH-1	Purchased Power Energy	Input	1.000000													
60	PURKWH-2	Heat Plus	Input	1.000000													
61	PURKWH-3	A-2	Input	1.000000													
60	SERV	Services	Input	1.000000													
61	STL	Street Lighting	Input														
62	SUB	Substation	Input	1.000000													
63	TRAN1	Transmission Plant	Input	1.000000													
64	TRAN2	Transmission Purchases	Input														
65	TRF	Line Transf.	Input	1.000000													
66	REV	Revenue Related	Input	1.000000													

Summary of Allocation of Revenue Requirements to Rate Classes

Line No.	Cost Classification	Alloc. Factor	Total	Sch. R Residential Service	Sch. C Comm. & Ind. < 50 kW	Sch. C' Comm. & Ind. > 50 kW	Sch. C Comm. & Ind. Lg. TOD	Sch. D Comm. & Ind. TOD	Sch. E Large Industrial	Sch. LPC-2 Large Power	Sch. LPE-4 Large Power TOD	Sch. RM Residential ETS	Sch. CM Sm. Comm. ETS	Sch. OL Outdoor Lighting	Sch. SL Street Lighting
1	<b>Power Supply</b>														
2	Wholesale Power														
3	Direct Assigned Charges (Credits)	Direct													
4	Demand Related	D7	6,331,082	4,828,290	295,542	829,369	7,568	30,013		31,412	264,732			41,164	2,992
5	Demand Related - Direct	D5	671,886						671,886						
6		D7													
7		D5													
8	Subtotal - Demand		7,002,968	4,828,290	295,542	829,369	7,568	30,013	671,886	31,412	264,732			41,164	2,992
9	Energy Related On-Peak	E2	12,743,504	8,700,474	839,198	2,110,525	14,021	19,795		122,134	747,068			176,643	13,648
10	Energy Related - Off-Peak	E3	10,496,623	6,851,315	691,471	1,777,752	10,712	18,293		198,119	749,501	39,105	178	148,691	11,488
11	Energy Related - Direct	E4	2,658,688						2,658,688						
12	Subtotal - Energy		25,898,815	15,551,789	1,530,668	3,888,276	24,733	38,088	2,658,688	320,252	1,496,569	39,105	178	325,333	25,136
13	Revenue Related	PP													
14	Subtotal - Wholesale		32,901,784	20,380,079	1,826,211	4,717,645	32,302	68,101	3,330,574	351,665	1,761,301	39,105	178	366,497	28,127
15	<b>Allocated Overhead &amp; Margin</b>														
16	Direct Related	Direct													
17	Revenue Related	PP													
18	Demand Related	D6													
19	Energy Related	E1													
20	Subtotal - Allocated														
21	Subtotal - Power Supply		32,901,784	20,380,079	1,826,211	4,717,645	32,302	68,101	3,330,574	351,665	1,761,301	39,105	178	366,497	28,127
22															
23	<b>Transmission</b>														
24	Direct Assigned	Direct													
25	Demand Related	D6													
26	Energy Related	E1													
27	Subtotal - Transmission														
28	<b>Allocated Overhead &amp; Margin</b>														
29	Direct Related	Direct													
30	Revenue Related	PP													
31	Demand Related	D6													
32	Energy Related	E1													
33	Subtotal - Allocated														
34	Subtotal - Transmission														
35															
36	<b>Distribution</b>														
37	Power Supply	-Energy	E1												
38	Dist. Sub.	-Capacity	D2	820,648	527,788	41,556	132,207	960	3,491	60,091	8,187	35,633		10,007	726
39	Dist. Sub.	-Consumer	C2												
40	Primary Line	-Capacity	D2	3,984,793	2,562,762	201,784	641,955	4,663	16,953	291,781	39,754	173,021		48,592	3,527
41	Primary Line	-Consumer	C2	5,278,531	4,709,441	362,455	33,228	1,445	1,445	361	361	3,767	21	157,908	7,739
42	Line Transf.	-Capacity	D1	660,788	535,443	28,156	52,673	460	1,590	21,240	2,894	12,595	1,937	6	3,537
43	Line Transf.	-Consumer	C3	807,616	720,990	55,490	4,642	202	202	50	50	50	577	3	24,175
44	Sec. & Serv.	-Consumer	C4	708,974	632,796	48,702	4,206	183	183	46	46	506	3	21,218	1,040
45	Meter	-Consumer	C5	1,571,335	1,067,464	436,247	26,267	1,142	991	286	248	286	854	5	35,792
46	Acct. & Serv.	-Consumer	C6	1,635,598	1,434,341	110,392	35,295	1,535	1,331	384	333	384	1,147	6	48,093
47	Revenue Related	-Revenue	PP												
48	Direct Assigned	Direct	225,705												
49	Subtotal - Distribution		15,693,988	12,191,025	1,284,782	930,474	10,590	26,186	374,239	51,873	222,376	8,788	44	555,589	38,023
50	<b>Total</b>		<b>48,595,772</b>	<b>32,571,104</b>	<b>3,110,993</b>	<b>5,648,119</b>	<b>42,891</b>	<b>94,287</b>	<b>3,704,813</b>	<b>403,538</b>	<b>1,983,677</b>	<b>47,892</b>	<b>221</b>	<b>922,086</b>	<b>66,150</b>

Allocation of Plant In Service To Rate Classes

Line No.	Acct. No.	Description	Class. Factor	Total	Sch. R Residential Service	Sch. C Comm. & Ind. < 50 kW	Sch. C Comm. & Ind. > 50 kW	Sch. C Comm. & Ind. TOD	Sch. D Lg. Comm. & Ind. TOD	Sch. E Large Industrial	Sch. LPC-2 Large Power	Sch. LPE-4 Large Power TOD	Sch. RM Residential ETS	Sch. CM Sm. Comm. ETS	Sch. OL Outdoor Lighting	Sch. SL Street Lightlog
1		<b>Intangible Plant</b>														
2	301	Organization	PLNT													
3	302	Franchises and consents	PLNT													
4	303	Miscellaneous intangible plant	PLNT	3,625	2,819	268	192	2	5	88	11	50	3	0	173	13
5	301-303	Subtotal	PLNT	3,625	2,819	268	192	2	5	88	11	50	3	0	173	13
6																
7		<b>Production Plant</b>														
8	310-346	Production Plant	PRODI													
9																
10		<b>Transmission Plant</b>														
11	350-359	Transmission Plant	TRANI													
12																
13		<b>Distribution Plant</b>														
14	360	Land	LAND													
15	361	Structures	SUB													
16	362	Station	SUB	57,590	37,038	2,916	9,278	67	245	4,217	575	2,501			702	51
17	363	Battery	SUB													
18	364	Poles, towers	PRI	25,005,047	19,630,295	1,523,084	1,822,563	16,488	49,663	788,598	108,285	468,022	10,167	56	557,416	30,411
19	365	OH Cond	PRI	19,581,962	15,372,883	1,192,758	1,427,286	12,912	38,892	617,567	84,800	366,518	7,962	44	436,524	23,815
20	366	UG Conduit	PRI													
21	367	UG Cond	PRI	1,654,669	1,299,003	100,788	120,605	1,091	3,286	52,184	7,166	30,971	673	4	36,886	2,012
22	368	Transf	TRF	15,187,042	12,994,720	865,113	592,780	6,843	18,529	220,199	30,452	130,787	26,000	96	286,613	14,909
23	369	Services	SERV	7,787,963	6,951,168	534,986	46,200	2,009	2,009	502	502	502	5,559	30	233,073	11,423
24	370	Meters	MTR	5,084,613	3,454,161	1,411,632	84,998	3,696	3,206	924	802	924	2,763	15	115,818	5,676
25	371	Cons Premise	ICON	1,998,521	2,104	163	195	2	5	85	12	50	1	0	1,995,901	3
26	372	Leased Prop	LICON													
27	373	St. Light	STL	192,667												192,667
28	360-373	Subtotal		76,550,075	59,741,373	5,631,440	4,103,905	43,107	115,836	1,684,276	232,593	1,000,274	53,126	245	3,662,933	280,967
29																
30		<b>General Plant</b>														
31	389	Land & Land Rights	PLNT	992,775	774,784	73,034	53,223	559	1,502	21,843	3,016	12,973	689	3	47,504	3,644
32	390	Structures and Improve.	PLNT	2,202,525	1,718,899	162,030	118,079	1,240	3,333	48,461	6,692	28,780	1,529	7	105,391	8,084
33	391	Office Furniture & Equip.	PLNT	827,359	645,689	60,865	44,355	466	1,252	18,204	2,514	10,811	574	3	39,589	3,037
34	392	Transportation & Equipment	PLNT	3,428,981	2,676,052	252,254	183,830	1,931	5,189	75,445	10,419	44,806	2,380	11	164,077	12,586
35	393	Stores Equipment	PLNT													
36	394	Tool, Shop & Garage Equip.	PLNT	67,682	52,820	4,979	3,628	38	102	1,489	206	884	47	0	3,239	248
37	395	Laboratory Equipment	PLNT	83,351	65,049	6,132	4,469	47	126	1,834	253	1,089	58	0	3,988	306
38	396	Power Operated Equipment	PLNT	131,149	102,351	9,648	7,031	74	198	2,886	398	1,714	91	0	6,275	481
39	397	Communication Equipment	PLNT	783,960	611,820	57,672	42,029	441	1,186	17,249	2,382	10,244	544	3	37,513	2,877
40	398	Miscellaneous Equipment	PLNT	177,056	138,178	13,025	9,492	100	268	3,896	538	2,314	123	1	8,472	650
41	399	Other tangible property	PLNT	6,509	5,080	479	349	4	10	143	20	85	5	0	311	24
42	389-399	Subtotal		8,701,345	6,790,722	640,118	466,485	4,900	13,167	191,449	26,439	113,700	6,039	28	416,361	31,937
43																
44		<b>Total Plant</b>		<b>85,255,044</b>	<b>66,534,914</b>	<b>6,271,827</b>	<b>4,570,582</b>	<b>48,009</b>	<b>129,008</b>	<b>1,875,813</b>	<b>259,043</b>	<b>1,114,024</b>	<b>59,167</b>	<b>273</b>	<b>4,079,467</b>	<b>312,918</b>

Allocation of Revenue Requirements to Rate Classes

Line No.	Acct. No.	Description	Class. Factor	Total	Sch. R Residential Service	Sch. C Comm. & Ind. < 50 kW	Sch. C Comm. & Ind. > 50 kW	Sch. C Comm. & Ind. TOD	Sch. D Lg. Comm. & Ind. TOD	Sch. E Large Industrial	Sch. LPC-2 Large Power	Sch. LPE-4 Large Power TOD	Sch. RM Residential ETS	Sch. CM Sm. Comm. ETS	Sch. OL Outdoor Lighting	Sch. SL Street Lighting
1		<b>Power Supply</b>														
2		Production														
3	500-557	Fuel	FUEL													
4	500-557	Non-Fuel O&M - Demand	PROD1													
5	500-557	Non-Fuel O&M - Energy	PROD1													
6		Subtotal - Production														
7		Purchases														
8	555	Substation Charges - Direct														
9	555	Substation Charges	PURSUB	608,276	391,204	30,802	97,994	712	2,588	44,540	6,068	26,412			7,417	538
10	555	Demand Charges	PURKW-1	6,331,082	4,828,290	295,542	829,369	7,568	30,013		31,412	264,732			41,164	2,992
11	555	Direct	PURKW-2	671,886						671,886						
12	555															
13	555															
14		Total Demand		7,002,968	4,828,290	295,542	829,369	7,568	30,013	671,886	31,412	264,732			41,164	2,992
15	555	Energy Charges - On-Peak	PURKWH-1	12,743,504	8,700,474	839,198	2,110,525	14,021	19,795		122,134	747,068			176,643	13,648
16	555	Energy Charge - Off-Peak	PURKWH-2	10,496,623	6,851,315	691,471	1,777,752	10,712	18,293		198,119	749,501	39,105	178	148,691	11,488
17	555	Energy Charges - Direct	PURKWH-3	2,658,688						2,658,688						
18		Total Energy		25,898,815	15,551,789	1,530,668	3,888,276	24,733	38,088	2,658,688	320,252	1,496,569	39,105	178	325,333	25,136
19	555	Revenue Related Charges	PP													
20		Subtotal - Purchases		33,510,060	20,771,282	1,857,013	4,815,639	33,013	70,689	3,375,115	357,733	1,787,712	39,105	178	373,915	28,666
21	500-557	Total Power Supply		33,510,060	20,771,282	1,857,013	4,815,639	33,013	70,689	3,375,115	357,733	1,787,712	39,105	178	373,915	28,666
22		<b>Transmission</b>														
23	560-573	Operation & Maintenance	TRAN1													
24	555	Transmission - G&T Charges	TRAN2													
25		Total Transmission														
26		<b>Distribution</b>														
27	580	Oper. Super & Eng.	EX1	33,535	24,631	5,519	1,543	23	45	555	78	330	16	0	755	39
28	581	Load Dispatch	EX1													
29	582	Oper. Station	SUB													
30	583	Oper. OH Line	PRI	334,027	262,229	20,346	24,346	220	663	10,534	1,447	6,252	136	1	7,446	406
31	584	Oper. UG Line	PRI													
32	585	Oper. St. Lighting	STL													
33	586	Oper. Meters	MTR	308,598	209,641	85,675	5,159	224	195	56	49	56	168	1	7,029	345
34	587	Oper. Cons. Install	ICON	2,577	2,023	157	188	2	5	81	11	48	1	0	57	3
35	588	Oper. Misc. Oper.	EX1	1,050,084	771,276	172,808	48,326	726	1,405	17,369	2,452	10,345	496	3	23,653	1,227
36	589	Rents	EX1													
37	590	Main. Super. & Eng.	EX2													
38	591	Main. Structure	SUB													
39	592	Main. Station	SUB													
40	593	Main. OH Line	PRI	2,867,871	2,251,431	174,685	209,033	1,891	5,696	90,446	12,419	53,678	1,166	6	63,931	3,488
41	594	Main. UG Line	PRI													
42	595	Main. Line Transf.	TRF	64,049	54,803	3,648	2,500	29	78	929	128	552	110	0	1,209	63
43	596	Main. St. Lighting	STL	26,475											24,576	1,899
44	597	Main. Meters	MTR													
45	598	Main. Misc. Dist.	EX2													
46	580-598	Subtotal		4,687,216	3,576,035	462,839	291,095	3,116	8,087	119,969	16,584	71,262	2,092	11	128,657	7,470

Allocation of Revenue Requirements to Rate Classes  
(Continued)

Line No.	Acct. No.	Description	Class. Factor	Total	Sch. R Residential Service	Sch. C Comm. & Ind. < 50 kW	Sch. C Comm. & Ind. > 50 kW	Sch. C Comm. & Ind. TOD	Sch. D Lg. Comm. & Ind. TOD	Sch. E Large Industrial	Sch. LPC-2 Large Power	Sch. LPE-4 Large Power TOD	Sch. RM Residential ETS	Sch. CM Sm. Comm. ETS	Sch. OL Outdoor Lighting	Sch. SL Street Lighting
47	<b>Consumer Acct., Service &amp; Sales</b>															
48	Consumer Accounting															
49	901	Supervision	CACC													
50	902	Meter Reading Expense	CACC	24,359	21,362	1,644	526	23	20	6	5	6	17	0	716	35
51	903	Records & Collections	CACC	1,060,713	930,194	71,591	22,890	995	863	249	216	249	744	4	31,189	1,529
52	904	Uncollectible Accounts	CACC	14,348	12,583	968	310	13	12	3	3	3	10	0	422	21
53	905	Misc. Customer Account	CACC													
54		Subtotal		1,099,421	964,139	74,203	23,725	1,032	895	258	224	258	771	4	32,328	1,584
55	<b>Consumer Service &amp; Info.</b>															
56	907	Supervision	CS													
57	908	Customer Assistance	CS	120,703	105,850	8,147	2,605	113	98	28	25	28	85	0	3,549	174
58	909	Info. & Instruction	CS													
59	910	Misc. Cust Serv. & Info	CS													
60		Subtotal		120,703	105,850	8,147	2,605	113	98	28	25	28	85	0	3,549	174
61	<b>Sales</b>															
62	911	Supervision	SALES													
63	912	Demonstrating & Selling	SALES													
64	913	Advertising	SALES													
65	916	Misc. Sales	SALES													
66		Subtotal														
67	<b>Prorated Operating Expenses</b>															
68	<b>Administrative &amp; General</b>															
69	920	Administrative & General		986,645												
70	921	Office Supplies & Expenses		251,704												
71	922	Admin. Expenses Transferred														
72	923	Outside Services Employed		81,146												
73	924	Property Insurance		20,873												
74	925	Injuries & Damages		93,222												
75	926	Employee Pensions & Benefits		85,383												
76	927	Franchise Requirements														
77	928	Regulatory Commission Exp.														
78	929	Duplicate Charges														
79	930.1	General Advertising		135,330												
80	930.2	Misc.		390,048												
81	931	Rents														
82	935	Maint. of General Plant		86,866												
83		Accounts 920-935		2,131,216												
84		Power Supply	EX6-PS													
85		Transmission	EX6-TR													
86		Distribution	EX6-D	2,131,216	1,654,367	189,172	136,435	1,633	3,832	54,123	7,521	32,173	968	5	48,402	2,584
87		Subtotal - A&G		2,131,216	1,654,367	189,172	136,435	1,633	3,832	54,123	7,521	32,173	968	5	48,402	2,584

Allocation of Revenue Requirements to Rate Classes  
(Continued)

Line No.	Acct. No.	Description	Class. Factor	Total	Sch. R Residential Service	Sch. C Comm. & Ind. < 50 kW	Sch. C Comm. & Ind. > 50 kW	Sch. C Comm. & Ind. TOD	Sch. D Lg. Comm. & Ind. TOD	Sch. E Large Industrial	Sch. LPC-2 Large Power	Sch. LPE-4 Large Power TOD	Sch. RM Residential ETS	Sch. CM Sm. Comm. ETS	Sch. OL Outdoor Lighting	Sch. SL Street Lighting
88	408	Other Taxes														
89		Power Supply	EX6-PS													
90		Transmission	EX6-TR													
91		Distribution	EX6-D	64,482	50,054	5,724	4,128	49	116	1,638	228	973	29	0	1,464	78
92		Subtotal - Other Taxes		64,482	50,054	5,724	4,128	49	116	1,638	228	973	29	0	1,464	78
93	421-	Miscellaneous Expense														
94	426,431	Power Supply	EX6-PS													
95		Transmission	EX6-TR													
96		Distribution	EX6-D	13,974	10,847	1,240	895	11	25	355	49	211	6	0	317	17
97		Subtotal - Misc. Expense		13,974	10,847	1,240	895	11	25	355	49	211	6	0	317	17
98		Fixed Charges														
99	403-	Depreciation														
100	407	Power Supply	PROPLNT													
101		Transmission	TRNPLNT													
102		Distribution	DSTPLNT	2,957,384	2,308,008	217,561	158,548	1,665	4,475	65,069	8,986	38,644	2,052	9	141,511	10,855
103		Subtotal - Depreciation		2,957,384	2,308,008	217,561	158,548	1,665	4,475	65,069	8,986	38,644	2,052	9	141,511	10,855
104	408	Property Taxes														
105		Power Supply	PROPLNT													
106		Transmission	TRNPLNT													
107		Distribution	DSTPLNT	626,136	488,650	46,062	33,568	353	947	13,776	1,902	8,182	435	2	29,961	2,298
108		Subtotal - Property Taxes		626,136	488,650	46,062	33,568	353	947	13,776	1,902	8,182	435	2	29,961	2,298
109																
110		Total Oper. Expenses		45,210,590	29,929,234	2,861,961	5,466,637	40,985	89,165	3,630,332	393,252	1,939,443	45,543	210	760,105	53,725
111																
112	427	Interest-LT														
113		Power Supply	PROPLNT													
114		Transmission	TRNPLNT													
115		Distribution	DSTPLNT	1,769,176	1,380,704	130,150	94,847	996	2,677	38,926	5,376	23,118	1,228	6	84,655	6,494
116		Subtotal - Interest-LT		1,769,176	1,380,704	130,150	94,847	996	2,677	38,926	5,376	23,118	1,228	6	84,655	6,494
117		Required Margin														
118		Power Supply	PROPLNT													
119		Transmission	TRNPLNT													
120		Distribution	DSTPLNT	1,616,005	1,261,166	118,882	86,635	910	2,445	35,556	4,910	21,116	1,122	5	77,326	5,931
121		Subtotal - Required Margin		1,616,005	1,261,166	118,882	86,635	910	2,445	35,556	4,910	21,116	1,122	5	77,326	5,931
122		Summary of Revenue Requirements														
123		Power Supply		33,510,060	20,771,282	1,857,013	4,815,639	33,013	70,689	3,375,115	357,733	1,787,712	39,105	178	373,915	28,666
124		Transmission														
125		Distribution		15,085,712	11,799,822	1,253,980	832,480	9,878	23,598	329,699	45,804	195,964	8,788	44	548,171	37,485
126		Total Rev. Req.		48,595,771	32,571,104	3,110,993	5,648,119	42,891	94,287	3,704,813	403,538	1,983,677	47,892	221	922,086	66,150

Rate Class Weighting Factors

I. Three Phase Vs. Single Phase Class Weighting Factors

A. cost)

	<u>1Ø</u>	<u>3Ø</u>
1. kWh Meter	\$66	\$237
2. kWh Meter	\$260	
3. kWh & kW Meter	\$233	\$475
4. kWh & kW Meter (pulse activated)	\$286	\$665
5. Service <sup>1</sup>	\$247	\$409
6. Transformer <sup>2</sup>	\$1,718	\$2,751
7. Primary Line <sup>3</sup>	\$714	\$1,252

B. Costs

1. Meter (3Ø Interval Recording)	\$1,200 ÷	\$66 =	18.18
2. Meter (3Ø w/demand, TOD)	\$665 ÷	\$66 =	10.08
3. Meter (3Ø w/demand)	\$475 ÷	\$66 =	7.20
4. Meter (3Ø w/o demand)	\$237 ÷	\$66 =	3.59
5. Meter (1Ø TOD)	\$260 ÷	\$66 =	3.94
6. Service	\$409 ÷	\$247 =	1.65
7. Transformer	\$2,751 ÷	\$1,718 =	1.60
8. Primary Line	\$1,252 ÷	\$714 =	1.75
9. Consumer Accounting - Multi-Phase <sup>4</sup>	\$94 ÷	\$78 =	1.20
10. Consumer Accounting - Large Power <sup>4</sup>	\$214 ÷	\$78 =	2.73
11. Consumer Accounting - Dual Fuel <sup>5</sup>	\$16 ÷	\$78 =	0.20
12. Consumer Accounting - Lighting <sup>5</sup>	\$2 ÷	\$78 =	0.02

<sup>1</sup> Assume a typical installation of 80 feet of 1/0 triplex (or quadriplex), pole and miscellaneous materials to estimate the difference between a 1Ø and 3Ø installation.

<sup>2</sup> Use the cost difference between 1-75 kVA transformer and 3-25 kVA transformers as representative of the difference between a 1Ø versus a 3Ø transformer installation.

<sup>3</sup> Assume a typical installation of 150 feet of 1/0 ACSR to estimate the difference in primary line between a 1Ø and 3Ø installation.

<sup>4</sup> Meter reading costs were allocated based upon the meter weighting factor.

<sup>5</sup> All costs were allocated based upon the meter weighting factor.

Estimate of Class Demands Summary

Description	Total System	Sch. R Residential Service	Sch. C Comm. & < 50 kW	Sch. C Comm. & > 50 kW	Sch. C Comm. & TOD	Sch. D Lg. Comm. TOD	Sch. E Large Industrial	Sch. LPC-2 Large Power	Sch. LPE-4 Large Power	Sch. RM Residential ETS	Sch. CM Sm. Comm. ETS	Sch. OL Outdoor Lighting	Sch. SL Street Lighting
<b><u>Class Billing Determinants</u></b>													
Number of Consumers	32,416	22,881	1,761	92	4	4	1	1	1	183	1	7,672	376
Energy (MWh)	510,816	299,755	29,560	75,162	476	739	62,006	6,364	29,148	827	4	6,289	486
Energy On-Peak (MWh)	255,086	154,872	14,938	37,568	250	352	28,246	2,174	13,298	-	-	3,144	243
Energy Off-Peak (MWh)	255,730	144,883	14,622	37,594	227	387	33,760	4,190	15,850	827	4	3,144	243
Billing Demand (kW)	385,218	n/a	n/a	209,943	n/a	5,987	93,010	12,103	64,176	n/a	n/a	n/a	n/a
<b><u>Estimated Demand Responsibility</u></b>													
NCP Consumer Demand - Ave. Mo.	249,523	202,191	10,632	19,890	174	600	8,021	1,093	4,756	732	2	1,336	97
NCP Class Demand - Ave. Mo.	109,536	70,446	5,547	17,646	128	466	8,021	1,093	4,756	-	-	1,336	97
Coincidence Factor (Load Research Data)		92.5%	71.9%	63.5%	79.7%	87.0%	91.5%	38.8%	75.2%			41.6%	41.7%
CP Class Demand - Ave. Mo. (Historical)	92,828	65,197	3,991	11,199	102	405	7,339	424	3,575	-	-	556	40
CP Class Demand - Ave. Mo. (TY)	86,640	66,074	4,044	11,350	104	411	7,809	430	3,623	-	-	563	41
CP Class Demand - Ave. Mo. (TY)	7,809						7,809						
CP Class Demand - Ave. Mo. (TY)	94,449	66,074	4,044	11,350	104	411	7,809	430	3,623	-	-	563	41

Farmers RECC  
2015  
Load Research Data

15-Minute Customer Noncoincident Maximum Demand (nonratcheted billing demand)													2015				Test Year	
RATE	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Peak kW	Cons.	kW/cons.	Cons.	Peak kW	
	(kW)				(kW)	(kW)												
Residential (See Schedule R)	231,133	231,900	212,151	198,086	195,351	178,222	176,549	179,062	179,896	192,032	223,168	217,764	201,276	22,784	8.8	22,867	202,014	
Net Metering - Residential (See Schedule R)	180	180	164	153	151	137	136	138	139	148	172	168	156	12	13.4	14	188	
Schedule R - Residential Service	231,313	232,080	212,315	198,239	195,502	178,359	176,685	179,200	180,035	192,180	223,340	217,932	201,432	22,795	8.8	22,881	202,191	
Schedule C - Comm. & Indust. Service Rate < 50 kW	13,685	12,259	11,111	10,431	9,092	8,919	8,796	8,096	8,126	11,920	14,309	11,651	10,700	1,772	6.0	1,761	10,632	
Schedule C - Comm. & Indust. Service Rate > 50 kW	19,425	18,348	19,232	19,819	20,355	20,287	20,080	20,444	20,265	20,084	21,455	18,884	19,890	92	216.2	92	19,890	
Schedule C - Time-of-Day Commercial Service	100	100	90	217	232	213	81	81	79	228	79	106	134	3	43.4	4	174	
Schedule E - Large Industrial Rate	7,062	7,255	7,773	7,936	8,076	8,348	8,343	8,315	8,304	8,228	8,344	8,264	8,021	1	8,020.6	1	8,021	
Schedule LPE-4 Large Power Time of Day Rate Tariff	5,072	5,270	5,206	4,133	4,591	4,955	4,902	4,893	4,670	4,877	4,188	4,317	4,756	1	4,756.1	1	4,756	
Schedule LPC-2 - Large Power	1,175	1,173	1,135	1,063	1,078	1,062	1,046	1,117	1,083	1,116	1,064	1,001	1,093	1	1,092.8	1	1,093	
Schedule D - Large Comm/Ind Opt Time of Day Rate	719	658	641	574	581	588	521	586	383	569	746	638	600	4	150.1	4	600	
Schedule RM - Residential Off-Peak Marketing - ETS	987	1,001	994	917	714	609	560	574	609	784	875	938	797	199	4.0	183	732	
Schedule CM - Small Commercial Off-Peak Marketing - ETS	7	7	7	7	0	0	0	0	0	0	0	0	2	1	2.3	1	2	
Schedule SL - Street Lighting	97	97	97	97	97	97	97	97	97	97	97	97	97	376	0.3	376	97	
Schedule OL - Outdoor Lighting Service Rate	1,351	1,340	1,338	1,353	1,344	1,338	1,339	1,336	1,335	1,339	1,330	1,329	1,339	7,692	0.2	7,672	1,336	

Farmers RECC  
2015  
Load Research Data

RATE	15-Minute Class Noncoincident Demand (class peak)												2015				Test Year	
	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Class kW	Ave Cons.	kW/cons.	Ave Cons.	Class kW	
	(kW)	(kW)	(kW)	(kW)	(kW)	(kW)	(kW)	(kW)	(kW)	(kW)	(kW)	(kW)	(kW)				(kW)	(kW)
Residential	107,195	107,550	88,233	47,867	47,864	63,619	70,219	59,661	63,953	60,078	60,816	64,476	70,128	22,784	3.1	22,867	70,385	
Net Metering - Residential	83	83	68	37	37	49	54	46	49	46	47	50	54	12	4.7	14	65	
Schedule R - Residential Service	107,278	107,633	88,301	47,904	47,901	63,668	70,273	59,707	64,002	60,124	60,863	64,526	70,182	22,795	3.1	22,881	70,446	
Schedule C - Comm. & Indust. Service Rate < 50 kW	9,677	6,288	4,853	4,629	4,708	4,580	4,783	4,714	4,750	5,197	6,198	6,606	5,582	1,772	3.1	1,761	5,547	
Schedule C - Comm. & Indust. Service Rate > 50 kW	16,588	16,375	16,685	17,494	18,670	18,030	18,443	18,622	18,626	17,826	17,861	16,535	17,646	92	191.8	92	17,646	
Schedule C - Time-of-Day Commerical Service	68	70	58	147	189	163	62	60	63	183	64	59	99	3	32.0	4	128	
Schedule E - Large Industrial Rate	7,062	7,255	7,773	7,936	8,076	8,348	8,343	8,315	8,304	8,228	8,344	8,264	8,021	1	8,020.6	1	8,021	
Schedule LPE-4 Large Power Time of Day Rate Tariff	5,072	5,270	5,206	4,133	4,591	4,955	4,902	4,893	4,670	4,877	4,188	4,317	4,756	1	4,756.1	1	4,756	
Schedule LPC-2 - Large Power	1,175	1,173	1,135	1,063	1,078	1,062	1,046	1,117	1,083	1,116	1,064	1,001	1,093	1	1,092.8	1	1,093	
Schedule D - Large Comm/Ind Opt Time of Day Rate	565	540	534	431	465	437	406	462	309	452	506	485	466	4	116.5	4	466	
Schedule RM - Residential Off-Peak Marketing - ETS	987	1,001	994	917	714	609	560	574	609	784	875	938	797	199	4.0	183	732	
Schedule CM - Small Commercial Off-Peak Marketing - ETS	7	7	7	7	0	0	0	0	0	0	0	0	2	1	2.3	1	2	
Schedule SL - Street Lighting	97	97	97	97	97	97	97	97	97	97	97	97	97	376	0.3	376	97	
Schedule OL - Outdoor Lighting Service Rate	1,351	1,340	1,338	1,353	1,344	1,338	1,339	1,336	1,335	1,339	1,330	1,329	1,339	7,692	0.2	7,672	1,336	

Farmers RECC  
2015  
Load Research Data

Rate	Coincident Demand With EKPC EMS's 15-Minute System Peak (Used for Billing)												Class Coincidence Factor		
	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	CP	NCP	Coinc %
	(kW)	(kW)	(kW)	(kW)	(kW)	(kW)	(kW)	(kW)	(kW)	(kW)	(kW)	(kW)	(kW)	(kW)	
Schedule R - Residential Service	92,416	97,477	88,233	39,883	40,682	63,619	70,219	59,293	63,953	44,151	60,587	58,908	64,952	70,182	92.5%
Schedule C - Comm. & Indust. Service Rate < 50 kW	8,471	5,584	4,853	2,109	2,261	2,673	3,870	2,305	2,784	2,792	6,198	4,294	4,016	5,582	71.9%
Schedule C - Comm. & Indust. Service Rate > 50 kW	10,675	11,213	12,856	8,717	8,675	11,508	12,498	11,361	12,352	12,456	10,442	11,635	11,199	17,646	63.5%
Schedule C - Time-of-Day Commerical Service	60	49	51	92	112	140	62	50	63	167	40	59	79	99	79.7%
Schedule E - Large Industrial Rate	6,752	6,174	6,736	7,283	7,311	8,104	7,667	7,908	7,761	7,272	7,493	7,610	7,339	8,021	91.5%
Schedule LPE-4 Large Power Time of Day Rate Tariff	3,339	3,110	2,867	3,417	3,390	4,334	4,188	4,144	3,904	3,270	3,614	3,318	3,575	4,756	75.2%
Schedule LPC-2 - Large Power	512	504	542	537	298	318	315	328	300	361	465	610	424	1,093	38.8%
Schedule D - Large Comm/Ind Opt Time of Day Rate	494	502	534	367	296	376	376	349	244	414	442	470	405	466	87.0%
Schedule RM - Residential Off-Peak Marketing - ETS	0	0	0	0	0	0	0	0	0	0	0	0	0	797	0.0%
Schedule CM - Small Commercial Off-Peak Marketing - ETS	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0.0%
Schedule SL - Street Lighting	97	97	97	0	0	0	0	0	0	0	97	97	40	97	41.7%
Schedule OL - Outdoor Lighting Service Rate	1,351	1,340	1,338	0	0	0	0	0	0	0	1,330	1,329	557	1,339	41.6%

2015 Load Research Data  
Percentage of Energy Use During On-Peak Hours

Rate Description	Rate	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	
Residential	1&2	44.52	44.15	45.35	45.91	59.13	62.66	64.17	64.67	60.42	47.35	45.79	45.55	
Small Commercial <50kW	4	44.03	44.28	44.68	45.03	56.77	59.18	57.80	57.85	57.20	45.72	44.80	44.44	
Commercial and Industrial >50 kW	5/9 - Sch C	44.79	44.58	45.83	45.86	55.21	56.99	55.78	56.32	55.75	45.38	46.02	45.39	
Large Power TOD Sch C	50 (40 PSE)	44.02	44.28	44.67	45.02	56.79	59.21	57.83	57.87	57.22	45.72	44.78	44.43	
Large Industrial	10 - Sch E	41.80	41.76	41.72	41.67	50.05	50.79	50.66	50.71	50.57	41.76	41.61	41.78	All Actual
Large Power TOD - LPE4	36	41.51	41.59	41.37	41.69	50.31	50.32	50.16	49.87	50.36	41.82	41.56	41.59	All Actual
Large Power - LPC2	14	26.52	30.50	26.88	25.10	42.85	41.57	41.66	42.65	42.63	24.67	24.86	36.80	All Actual
Large Comm/Industrial TOD	15 - Sch D	44.02	44.28	44.67	45.02	56.79	59.21	57.83	57.87	57.22	45.72	44.78	44.43	
Net Metering - Residential	20&22	44.52	44.15	45.35	45.91	59.13	62.66	64.17	64.67	60.42	47.35	45.79	45.55	
Residential ETS	7	* 0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Commercial ETS	8	* 0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
SL/Street Lights	6	**50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	
Outdoor Lighting Service OL	55(OL)	**50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	

\* Note that ETS usage is assumed to be 100% off peak.

\*\* Note that Security Lights are used for outdoor lighting. The load research sample does not monitor outdoor lighting. The 50% is an assumption.

Actuals	Rate	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
Customer 1	5	43.24	43.99	42.53	43.92	56.40	54.60	53.54	48.57	51.76	48.39	48.26	43.58
Customer 2	5	42.64	42.60	47.98	47.31	70.77	72.03	72.65	71.63	72.17	47.53	43.52	43.38
Customer 3	5	42.64	42.60	47.98	47.31	70.77	72.03	72.65	71.63	72.17	47.53	43.52	43.38
Customer 4	5	52.02	52.04	52.80	54.08	63.26	63.40	63.27	63.13	63.40	53.00	52.22	52.26
Customer 5	5	52.02	52.04	52.80	54.08	63.26	63.40	63.27	63.13	63.40	53.00	52.22	52.26
Customer 6	5	52.02	52.04	52.80	54.08	63.26	63.40	63.27	63.13	63.40	53.00	52.22	52.26
Customer 7	5	62.64	82.18	78.70	81.88	85.52	89.58	89.18	87.63	89.98	79.70	75.45	77.48
Customer 8	5	42.78	42.80	43.01	42.94	52.16	52.31	52.31	52.17	52.29	42.78	42.72	42.92
Customer 9	5	0.00	41.43	41.24	39.58	51.66	52.47	51.73	52.43	51.34	41.73	41.10	40.46
Customer 10	5	41.91	41.72	41.91	41.91	53.78	53.32	53.37	53.13	53.11	41.84	41.54	41.63
Customer 11	9	44.23	43.86	44.63	45.76	57.21	57.76	58.38	58.37	58.34	46.22	45.52	45.30
Customer 12	9	52.02	52.04	52.80	54.08	63.26	63.40	63.27	63.13	63.40	53.00	52.22	52.26
Customer 13	9	41.58	40.23	41.27	41.72	49.82	49.34	48.89	50.55	49.97	41.66	41.07	41.59
Customer 14	10	41.80	41.76	41.72	41.67	50.05	50.79	50.66	50.71	50.57	41.76	41.61	41.78
Customer 15	14	26.52	30.50	26.88	25.10	42.85	41.57	41.66	42.65	42.63	24.67	24.86	36.80
Customer 16	36	41.51	41.59	41.37	41.69	50.31	50.32	50.16	49.87	50.36	41.82	41.56	41.59

Rate	Billing Energy (kWh)												2015
	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	
Residential	32,452,454	34,869,461	26,393,188	19,237,334	19,492,985	23,975,358	27,215,019	24,726,638	20,382,603	18,362,966	20,910,364	30,455,648	298,474,017
Residential + Net Metering	32,464,302	34,883,072	26,405,910	19,249,591	19,504,406	23,986,854	27,227,669	24,739,562	20,394,952	18,375,762	20,923,803	30,473,191	298,629,074
Small Commercial <50kW	2,411,828	2,504,780	2,247,203	2,147,180	2,449,207	2,903,188	3,234,219	2,835,733	2,495,652	2,135,517	2,096,431	2,286,956	29,747,894
Commercial and Industrial >50 kW	5,926,607	5,447,990	5,674,240	5,723,895	6,392,139	6,887,340	7,353,612	7,256,433	6,591,182	6,248,031	5,818,656	5,909,900	75,230,022
Large Power TOD Sch C	19,754	5,232	12,471	49,365	67,963	65,066	36,995	13,706	37,212	46,303	9,439	3,493	367,000
Large Industrial	4,679,588	4,370,427	5,126,333	5,155,197	5,291,988	5,363,994	5,234,411	5,558,371	5,421,612	5,587,185	5,270,428	4,946,864	62,006,400
Large Power TOD - LPE4	2,032,793	2,107,365	2,191,150	2,025,051	2,678,258	2,585,846	3,107,196	2,709,505	2,559,733	2,739,649	2,171,581	2,239,519	29,147,646
Large Power - LPC2	503,105	554,884	539,585	489,049	528,980	527,830	538,997	585,837	522,425	502,241	465,656	531,811	6,290,400
Large Comm/Industrial TOD	86,704	82,050	79,159	69,796	72,498	49,789	21,292	27,652	30,977	94,709	104,066	93,708	812,400
Net Metering - Residential	11,848	13,611	12,722	12,257	11,421	11,496	12,651	12,924	12,350	12,796	13,439	17,543	155,057
Residential ETS	220,066	227,245	150,315	62,238	15,706	1,575	480	318	5,846	27,916	69,072	119,964	900,740
Commercial ETS	1,777	1,569	388	23	-	-	-	-	-	-	-	-	3,756
SL/Street Lights	41,778	41,778	41,778	41,778	39,840	39,840	39,840	39,840	39,840	39,840	39,840	39,858	485,868
Outdoor Lighting Service OL	529,516	525,827	525,960	528,262	527,254	524,473	525,348	524,291	524,122	525,014	522,568	522,398	6,305,033

2015 Load Research Data  
TOU Energy

Rate	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	2015
Schedule R - Residential Service	14,453,107	15,400,876	11,975,080	8,837,487	11,532,955	15,030,163	17,471,995	15,999,075	12,322,630	8,700,923	9,581,009	13,880,538	155,185,840
Schedule C - Comm. & Indust. Service Rate < 50 kW	1,061,918	1,109,209	1,004,151	966,886	1,390,420	1,718,170	1,869,521	1,640,489	1,427,553	976,266	939,107	1,016,369	15,120,059
Schedule C - Comm. & Indust. Service Rate > 50 kW	2,654,409	2,428,496	2,600,504	2,624,978	3,528,844	3,924,820	4,101,992	4,086,678	3,674,452	2,835,106	2,677,745	2,682,503	37,820,527
Schedule C - Time-of-Day Commercial Service	8,696	2,317	5,571	22,224	38,596	38,526	21,394	7,932	21,293	21,170	4,227	1,552	193,497
Schedule E - Large Industrial Rate	1,956,068	1,825,090	2,138,706	2,148,171	2,648,640	2,724,372	2,651,753	2,818,650	2,741,709	2,333,209	2,193,025	2,066,800	28,246,193
Schedule LPE-4 Large Power Time of Day Rate Tariff	843,812	876,453	906,479	844,244	1,347,432	1,301,198	1,558,570	1,351,230	1,289,082	1,145,721	902,509	931,416	13,298,145
Schedule LPC-2 - Large Power	133,423	169,240	145,040	122,751	226,668	219,419	224,546	249,860	222,710	123,903	115,762	195,706	2,149,029
Schedule D - Large Comm/Ind Opt Time of Day Rate	38,167	36,332	35,360	31,422	41,171	29,480	12,313	16,002	17,725	43,301	46,601	41,634	389,510
Schedule RM - Residential Off-Peak Marketing - ETS	0	0	0	0	0	0	0	0	0	0	0	0	0
Schedule CM - Small Commercial Off-Peak Marketing - ETS	0	0	0	0	0	0	0	0	0	0	0	0	0
Schedule SL - Street Lighting	20,889	20,889	20,889	20,889	19,920	19,920	19,920	19,920	19,920	19,920	19,929	19,929	242,934
Schedule OL - Outdoor Lighting Service Rate	264,758	262,914	262,980	264,131	263,627	262,237	262,674	262,146	262,061	262,507	261,284	261,199	3,152,517

Rate	Historical kWh Sales		Test Year kWh Sales			
	Total kWh	On-Peak %	Total kWh	Unadj. On-Peak	Adj. On-Peak	On-Peak %
Schedule R - Residential Service	298,629,074	51.97%	299,755,311	155,771,101	154,872,376	51.67%
Schedule C - Comm. & Indust. Service Rate < 50 kW	29,747,894	50.83%	29,560,448	15,024,786	14,938,100	50.53%
Schedule C - Comm. & Indust. Service Rate > 50 kW	75,230,022	50.27%	75,161,941	37,786,301	37,568,292	49.98%
Schedule C - Time-of-Day Commercial Service	367,000	52.72%	476,108	251,023	249,574	52.42%
Schedule E - Large Industrial Rate	62,006,400	45.55%				45.55%
Schedule LPE-4 Large Power Time of Day Rate Tariff	29,147,646	45.62%	29,147,646	13,298,145	13,298,145	45.62%
Schedule LPC-2 - Large Power	6,290,400	34.16%	6,363,600	2,174,036	2,174,036	34.16%
Schedule D - Large Comm/Ind Opt Time of Day Rate	812,400	47.95%	739,200	354,413	352,369	47.67%
Schedule RM - Residential Off-Peak Marketing - ETS			826,934	0	0	0.00%
Schedule CM - Small Commercial Off-Peak Marketing - ETS			3,756	0	0	0.00%
Schedule SL - Street Lighting	485,868	50.00%	485,868	242,934	242,934	50.00%
Schedule OL - Outdoor Lighting Service Rate	6,305,033	50.00%	6,288,639	3,144,320	3,144,320	50.00%
	447,015,337		448,809,451	228,047,059	226,840,145	0.505
				0.508	0.505	check

**Development of Allocation Factors**

Line No.	Description	Units	Total	Sch. R Service	Sch. C Comm. & Int < 50 kW	Sch. C Comm. & Ind > 50 kW	Sch. C Comm. & Ind. TOD	Sch. D Comm. & I TOD	Sch. E Large Industrial	Sch. LPC-2 Large Power	Sch. LPE-4 Large Power TOD	Sch. RM Residential ETS	Sch. CM Sm. Comm. ETS	Sch. SL Street Lighting
1	<b>Allocation Factor Input Data</b>													
2	<b>Energy</b>													
3	Energy Sales – All	MWh	510,816	299,755	29,560	75,162	476	739	62,006	6,364	29,148	827	4	486
4	Energy Sales – On-Peak	MWh	255,086	154,872	14,938	37,568	250	352	28,246	2,174	13,298			243
5	Energy Sales – Off-Peak	MWh	255,730	144,883	14,622	37,594	227	387	33,760	4,190	15,850	827	4	243
6	Dist. Losses	MWh	5.42%	5.42%	5.42%	5.42%	5.42%	5.42%	5.42%	5.42%	5.42%	5.42%	5.42%	5.42%
7	Energy – All @ Sub.	MWh	535,159	316,014	31,164	79,239	502	779	62,006	6,709	30,729	872	4	512
8	Energy – On-Peak @ Sub.	MWh	267,390	163,273	15,748	39,606	263	371	28,246	2,292	14,019			256
9	Energy – Off-Peak @ Sub.	MWh	267,769	152,741	15,415	39,633	239	408	33,760	4,417	16,709	872	4	256
10	Trans. Losses	MWh												
11	Energy – All @ Source	MWh	535,159	316,014	31,164	79,239	502	779	62,006	6,709	30,729	872	4	512
12	Energy – On-Peak @ Source	MWh	267,390	163,273	15,748	39,606	263	371	28,246	2,292	14,019			256
13	Energy – Off-Peak @ Source	MWh	267,769	152,741	15,415	39,633	239	408	33,760	4,417	16,709	872	4	256
14	<b>Demand</b>													
15	Non-Coinc. Demand @ Cons.-	kW	249,523	202,191	10,632	19,890	174	600	8,021	1,093	4,756	732	2	97
16	Class Non-Coinc. Demand @ Sub.	kW	109,536	70,446	5,547	17,646	128	466	8,021	1,093	4,756			97
17	Class Non-Coinc. Demand Transm.	kW												
18	Other Coinc. Demand	kW												
19	Direct Assigned Demand	kW	7,809						7,809					
20	Other Coinc. Demand	kW	94,449	66,074	4,044	11,350	104	411	7,809	430	3,623			41
21	Monthly Coinc. Demand @ Sub.	kW	86,640	66,074	4,044	11,350	104	411		430	3,623			41
22	Monthly Coinc. Demand @ Source	kW	86,640	66,074	4,044	11,350	104	411		430	3,623			41
23	<b>Average and Excess Demand</b>													
24	Average Demand	kW	61,091	36,075	3,558	9,046	57	89	7,078	766	3,508	100	0	58
25	Class Excess Demand	kW	48,444	34,372	1,989	8,601	71	377	942	327	1,248	(100)	(0)	38
26	Allocated Excess Demand	kW	33,357	23,667	1,370	5,922	49	260	649	225	860	(69)	(0)	26
27	Avg. & Excess Demand	kW	94,449	59,742	4,927	14,968	106	349	7,727	991	4,367	31	0	85
28	<b>Revenue</b>													
29	Proposed Rate Revenue	\$	45,766,304	29,226,083	2,731,500	6,241,478	47,058	93,261	3,877,328	455,444	2,099,446	44,133	190	61,974
30	Purchased Power Expense	\$	19,074,586	13,528,764	1,134,740	2,939,893	21,589	49,808		153,546	1,011,800			16,639
31	<b>Consumer</b>													
32	No. Consumers		32,977	22,881	1,761	92	4	4	1	1	1	183	1	376
33	Pri. Line Weight. Factor			1.00	1.00	1.75	1.75	1.75	1.75	1.75	1.75	0.10	0.10	0.10
34	Weight. No. of Cons.		25,645.9	22,881.0	1,761.0	161.4	7.0	7.0	1.8	1.8	1.8	18.3	0.1	37.6
35	Transf. Weight. Factor			1.00	1.00	1.60	1.60	1.60	1.60	1.60	1.60	0.10	0.10	0.10
36	Weight. No. of Cons.		25,630.1	22,881.0	1,761.0	147.3	6.4	6.4	1.6	1.6	1.6	18.3	0.1	37.6
37	Service Weight. Factor			1.00	1.00	1.65	1.65	1.65	1.65	1.65	1.65	0.10	0.10	0.10
38	Weight. No. of Cons.		25,635.5	22,881.0	1,761.0	152.1	6.6	6.6	1.7	1.7	1.7	18.3	0.1	37.6
39	Meter Weight. Factor			1.00	5.31	6.12	6.12	5.31	6.12	5.31	6.12	0.10	0.10	0.10
40	Weight. No. of Cons.		33,681.4	22,881.0	9,350.9	563.0	24.5	21.2	6.1	5.3	6.1	18.3	0.1	37.6
41	Cons. Acct. Weight Factor			1.00	1.00	6.12	6.12	5.31	6.12	5.31	6.12	0.10	0.10	0.10
42	Weight. No. of Cons.		26,091.5	22,881.0	1,761.0	563.0	24.5	21.2	6.1	5.3	6.1	18.3	0.1	37.6

Development of Allocation Factors  
(Continued)

Line No.	Description	Data Line No.	Name	Total	Sch. R Residential Service	Sch. C Comm. & Int < 50 kW	Sch. C Comm. & Ind > 50 kW	Sch. C Comm. & Ind. TOD	Sch. D Comm. & I TOD	Sch. E Large Industrial	Sch. LPC-2 Large Power	Sch. LPE-4 Large Power TOD	Sch. RM Residential ETS	Sch. CM Sm. Comm. ETS	Sch. SL Street Lighting
43	<b>Allocation Factors</b>														
44	Energy Related														
45	Energy – All @ Sub.	7	E1	1.000000	0.667890	0.065864	0.167470	0.001061	0.001647		0.014179	0.064944	0.001843	0.000008	0.001083
46	Energy – On-Peak @ Sub.	8	E2	1.000000	0.682738	0.065853	0.165616	0.001100	0.001553		0.009584	0.058623			0.001071
47	Energy – Off-Peak @ Sub.	9	E3	1.000000	0.652716	0.065876	0.169364	0.001021	0.001743		0.018875	0.071404	0.003725	0.000017	0.001094
48	Energy – Direct	11	E4	1.000000						1.000000					
49	[blank]	12	E5												
50	[blank]	13	E6												
51															
52	<b>Demand Related</b>														
53	Non-coinc. Demand @ Cons.	15	D1	1.000000	0.810310	0.042610	0.079712	0.000696	0.002406	0.032144	0.004379	0.019061	0.002932	0.000009	0.000389
54	Non-coinc. Demand @ Class	16	D2	1.000000	0.643135	0.050639	0.161101	0.001170	0.004255	0.073224	0.009976	0.043420			0.000885
55	[blank]	17	D3												
56	[blank]	18	D4												
57	CP Demand - Direct	19	D5	1.000000						1.000000					
58	Other Coinc. Demand	20	D6	1.000000	0.699578	0.042822	0.120168	0.001097	0.004349	0.082680	0.004551	0.038357			0.000433
59	Monthly Coinc. Demand @ Sub.	21	D7	1.000000	0.762633	0.046681	0.131000	0.001195	0.004741		0.004962	0.041815			0.000473
60	Monthly Coinc. Demand @ Source	22	D8	1.000000	0.762633	0.046681	0.131000	0.001195	0.004741		0.004962	0.041815			0.000473
61	Avg. & Excess	27	D9	1.000000	0.632534	0.052168	0.158475	0.001123	0.003691	0.081813	0.010492	0.046240	0.000328	0.000001	0.000900
62															
63	<b>Revenue Related</b>														
64	Proposed Rate Revenue	29	R1	1.000000	0.638594	0.059684	0.136377	0.001028	0.002038	0.084720	0.009952	0.045873	0.000964	0.000004	0.001354
65	Purchased Power Expense	30	PP	1.000000	0.709256	0.059490	0.154126	0.001132	0.002611		0.008050	0.053044			0.000872
66															
67	<b>Consumer Related</b>														
68	No. of Cons.	32	C1	1.000000	0.693847	0.053401	0.002790	0.000121	0.000121	0.000030	0.000030	0.000030	0.005549	0.000030	0.011402
69	Pri. Line Weight. Cons.	34	C2	1.000000	0.892188	0.068666	0.006295	0.000274	0.000274	0.000068	0.000068	0.000068	0.000714	0.000004	0.001466
70	Transf. Weight. Cons.	36	C3	1.000000	0.892738	0.068708	0.005748	0.000250	0.000250	0.000062	0.000062	0.000062	0.000714	0.000004	0.001467
71	Services Weight. Cons.	38	C4	1.000000	0.892553	0.068694	0.005932	0.000258	0.000258	0.000064	0.000064	0.000064	0.000714	0.000004	0.001467
72	Meter Weight. Cons.	40	C5	1.000000	0.679336	0.277628	0.016717	0.000727	0.000631	0.000182	0.000158	0.000182	0.000543	0.000003	0.001116
73	Cons. Acct. Weight. Cons.	42	C6	1.000000	0.876952	0.067493	0.021579	0.000938	0.000814	0.000235	0.000204	0.000235	0.000701	0.000004	0.001441

Farmers Rural Electric Cooperative Corporation  
End-of-Year Customer Adjustment  
For the Test Year Ending 2015

Line No.		Schedule R	Schedule R	Schedule OL	Schedule C	Schedule C	Schedule C	Schedule D	Schedule E	Schedule LPC-2	Schedule SL	Schedule LPE-4	Residential	Small Comm.	Net
		Residential Rate	Pay as you go	Outdoor Lights	C&I <50 kW	C&I > 50 kW	TOD Comm.	Large C&I Opt. TOD	Large Ind.	Large Power	Street Lighting	LP TOD	ETS	ETS	Metering
		1, 2	2	All Rates	4	5, 9	40, 50 - Three Phase	15, 19 - Three phase <sup>1</sup>	10	14	6	36	7	8	20, 22
1	January	22,715	634	7,728	1,777	92	3	5	1	0	7	1	213	1	10
2	February	22,721	641	7,658	1,768	92	3	5	1	0	7	1	215	1	11
3	March	22,694	662	7,655	1,773	92	3	5	1	0	7	1	209	1	11
4	April	22,775	716	7,714	1,781	92	3	5	1	0	7	1	208	1	11
5	May	22,725	728	7,702	1,778	92	3	5	1	0	7	1	203	1	11
6	June	22,755	758	7,691	1,776	93	3	5	1	0	7	1	201	1	11
7	July	22,823	781	7,705	1,776	92	3	5	1	0	7	1	197	1	11
8	August	22,783	783	7,692	1,775	92	3	5	1	0	7	1	196	1	11
9	September	22,817	793	7,690	1,773	93	3	5	1	0	7	1	192	1	12
10	October	22,895	836	7,713	1,773	91	3	5	1	0	7	1	189	1	12
11	November	22,832	844	7,684	1,755	92	3	5	1	0	7	1	186	1	14
12	December	22,867	865	7,672	1,761	92	4	5	1	0	7	1	183	1	14
13															
14	Average	22,784	753	7,692	1,772	92	3	5	1	0	7	1	199	1	12
15	End-of-year Increase in customers <sup>2</sup>	84	112	-20	-11	0	1	-1	0	1	0	0	-16	0	2
16	Increase in bills <sup>3</sup>	1,002	1,339	-240	-134	-1	11	-12	0	12	0	0	-196	0	29
17	Test-year historical total bills	273,402	9,041	92,304	21,266	1,105	37	60	12	0	84	12	2,392	12	139
18	Test-year adjusted total bills <sup>4</sup>	274,404	10,380	92,064	21,132	1,104	48	48	12	12	84	12	2,196	12	168

<sup>1</sup> One customer moved from Schedule D to LPC-2 in 2016.  
<sup>2</sup> End-of-year increase equals the December customer count minus the year average customer count  
<sup>3</sup> Increase in bills equals the end-of-year increase in customers times 12.  
<sup>4</sup> Equals the test-year historical total bills plus the increase in bills; Schedule OL is in total lights

**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION**  
**BALANCE SHEET**

For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>Restated</u> <u>2014</u>
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 385,911	\$ 528,703
Accounts receivable, less allowance for doubtful accounts	3,998,892	5,249,910
Materials and supplies, at average cost	824,947	770,707
Prepaid expenses	195,246	201,368
Total current assets	<u>5,404,996</u>	<u>6,750,688</u>
<b>Other assets and investments:</b>		
Cash - special funds	453,668	-
Investments in subsidiary companies	1,497,806	1,509,914
Investment in associated organizations	25,802,197	23,360,199
Deferred charges	2,086,249	2,239,750
Note receivable	888,880	1,000,000
Total other assets	<u>30,728,800</u>	<u>28,109,863</u>
Utility plant in service	86,525,960	82,623,898
Construction work in progress	662,102	886,561
	<u>87,188,062</u>	<u>83,510,459</u>
less accumulated depreciation.	<u>(25,640,619)</u>	<u>(24,476,870)</u>
Utility plant, net	61,547,443	59,033,589
Total assets	<u>\$ 97,681,239</u>	<u>\$ 93,894,140</u>
	<u>2015</u>	<u>Restated</u> <u>2014</u>
<b>Current liabilities:</b>		
Accounts payable	\$ 3,915,501	\$ 5,343,442
Accrued expense	1,302,849	1,317,413
Customer deposits	861,686	900,227
Current portion of capital leases	27,667	33,905
Current portion of long-term debt	2,265,120	2,110,120
Total current liabilities	<u>8,372,823</u>	<u>9,705,107</u>
<b>Long-term liabilities:</b>		
Capital lease less current maturities	18,597	46,264
Long-term debt less current maturities	48,983,611	46,280,237
	<u>49,002,208</u>	<u>46,326,501</u>
<b>Noncurrent liabilities:</b>		
Regulatory liability	453,668	-
Post retirement benefit obligations	878,967	531,973
Customer advances for construction	347,450	369,932
Total noncurrent liabilities	<u>1,680,085</u>	<u>901,905</u>
<b>Members' equities:</b>		
Memberships	540,380	536,810
Patronage capital	37,076,738	35,198,638
Accumulated other comprehensive income	(794,396)	(454,986)
Other equities	1,803,481	1,680,165
Total members' equities	<u>38,626,203</u>	<u>36,960,627</u>
Total liabilities and equity	<u>\$ 97,681,319</u>	<u>\$ 93,894,140</u>

**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION**  
**STATEMENTS OF REVENUE**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>Restated 2014</u>
Operating revenue	<u>\$ 49,472,781</u>	<u>\$ 52,839,277</u>
Operating expenses:		
Cost of purchases	36,226,666	38,924,102
Distribution - operations	1,740,525	1,660,558
Distribution - maintenance	2,969,616	2,960,807
Consumer accounts	1,108,315	1,093,049
Customer services and information expense	121,986	169,746
Administrative and general	2,147,127	2,125,970
Depreciation	2,744,248	2,610,589
Taxes	<u>662,286</u>	<u>603,454</u>
Total operating expenses	47,720,769	50,148,275
Operating margins	1,752,012	2,691,002
Interest on long-term debt to RUS and CFC	<u>\$ 1,769,176</u>	<u>\$ 1,832,381</u>
Operating margins after fixed charges	(17,164)	858,621
G & T and other capital credits	<u>\$ 2,471,313</u>	<u>\$ 2,693,970</u>
Net operating margins	2,454,149	3,552,591
Nonoperating margins:		
Interest income, net of expenses	40,894	56,976
Other net nonoperating income (loss)	11,543	827
Income (loss) from equity investments	<u>(12,108)</u>	<u>121,375</u>
	<u>40,329</u>	<u>179,178</u>
Net margins	<u>\$ 2,494,478</u>	<u>\$ 3,731,769</u>

**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2015 and 2014

Exhibit S  
Page 3 of 4  
Witness:  
Jennie Phelps

	<u>2015</u>	<u>Restated 2014</u>
<b>Cash flows from operating activities:</b>		
Net margins	\$ 2,494,478	\$ 3,731,769
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,744,248	2,610,589
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	1,251,018	212,321
(Increase) decrease in inventory	(54,240)	(161,233)
(Increase) decrease in prepaid expenses	6,122	8,181
Increase (decrease) in accounts payable	(1,427,941)	416,391
Increase (decrease) in customer deposits	(38,541)	(24,092)
Increase (decrease) in accrued expenses	(14,564)	(68,250)
Increase (decrease) in customer advances for construction	(22,482)	(20,805)
(Increase) decrease in deferred charges	<u>153,501</u>	<u>174,843</u>
Net cash provided (used) by operating activities	<u>5,091,599</u>	<u>6,879,714</u>
<b>Cash flows from investing activities:</b>		
Purchases of property, plant, and equipment	(4,643,099)	(5,492,108)
Plant removal costs	(715,930)	(674,525)
Salvage recovered from retirement of plant	100,927	67,117
Investments in subsidiary companies	12,108	(121,375)
(Increase) decrease in other receivable	111,120	(1,000,000)
(Increase) decrease in investments in associated organizations and other investments	<u>(2,441,998)</u>	<u>(2,661,597)</u>
Net cash provided (used) by investing activities	<u>(7,576,872)</u>	<u>(9,882,488)</u>

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION  
STATEMENTS OF CASH FLOWS, CONCLUDED  
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	Restated <u>2014</u>
Cash flows from financing activities:		
Memberships issued	\$ 3,570	\$ 2,505
Increase (decrease) in noncurrent liabilities	461,252	(3,794)
Distributions of patronage capital	(616,378)	(631,125)
Retired capital credits - gain	123,316	123,552
Increase (decrease) in capital lease obligation	(33,905)	62,316
Principal payments to RUS	(117,696)	(112,270)
Advanced principal payments unapplied	35,030	478,033
Principal payments to CFC	(848,463)	(791,880)
Loan advancements from RUS/FFB	5,018,522	2,300,000
Advances/(payments) to RD	(111,120)	1,000,000
Principal payments to RUS/FFB	<u>(1,117,899)</u>	<u>(940,782)</u>
 Net cash provided (used) by financing activities	 <u>2,796,229</u>	 <u>1,486,555</u>
 Increase (decrease) in cash and cash equivalents	 310,956	 (1,516,219)
Cash and cash equivalents at beginning of year	<u>528,703</u>	<u>2,044,922</u>
Cash and cash equivalents at end of year	<u>\$ 839,659</u>	<u>\$ 528,703</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	<u>\$ 1,769,176</u>	<u>\$ 1,832,381</u>

Farmers Rural Electric Cooperative  
Case No. 2016-00365

Exhibit T  
Page 1 of 2  
Witness: Jennie Phelps

Comparative Capital Structure  
For the Periods as Shown  
"000" Omitted

Line No.	Type of Capital	2005 10th Year		2006 9th Year		2007 8th Year		2008 7th Year		2009 6th Year		2010 5th Year	
		Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
1	Long Term Debt	31,001	59%	32,400	60%	34,518	59%	33,384	55%	40,229	63%	40,167	60%
2	Short Term Debt	927	2%	1,031	2%	3,022	5%	8,114	13%	1,163	2%	1,200	2%
3	Memberships	505	1%	517	1%	526	1%	531	1%	533	1%	535	1%
4	Patronage Capital	20,097	38%	20,378	38%	20,207	35%	19,168	31%	21,655	34%	25,576	38%
5	Other												
6	Total Capitalization	52,530	100%	54,326	100%	58,273	100%	61,197	100%	63,580	100%	67,478	100%

Line No.	Type of Capital	2011 4th Year		2012 3rd Year		2013 2nd Year		2014 1st Year		2015 Test Year		Average Test Year	
		Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
7	Long Term Debt	39,953	58%	40,915	57%	44,570	55%	46,280	54%	48,984	55%	47,315	54%
8	Short Term Debt	1,289	2%	1,289	2%	1,887	2%	2,110	2%	2,265	3%	2,122	2%
9	Memberships	535	1%	532	1%	534	1%	537	1%	540	1%	538	1%
10	Patronage Capital	27,073	39%	29,458	41%	33,840	42%	36,424	43%	38,086	42%	37,562	43%
11	Other												
12	Total Capitalization	68,850	100%	72,194	100%	80,831	100%	85,351	100%	89,875	100%	87,537	100%

Farmers Rural Electric Cooperative  
Case No. 2016-00365

**Exhibit T**  
**Page 2 of 2**  
**Witness: Jennie Phelps**

Comparative Capital Structure  
For the Periods as Shown  
"000" Omitted

Line No.	Item (a)	Total Capital (b)	Long-Term Debt (c)	Short-Term Debt (d)	Memberships (e)	Common Stock (f)	Patronage Capital (g)	Total Common Equity (h)
1	Balance beginning of test year	85,351	46,280	2,110	537		36,424	
2	1st Month	86,736	46,284	2,110	537		37,805	
3	2nd Month	87,579	46,742	2,110	537		38,190	
4	3rd Month	87,186	46,794	2,110	537		37,745	
5	4th Month	87,227	46,806	2,110	537		37,774	
6	5th Month	87,096	46,584	2,110	538		37,864	
7	6th Month	87,412	47,161	2,110	538		37,603	
8	7th Month	87,139	47,165	2,110	539		37,325	
9	8th Month	88,212	48,115	2,110	539		37,448	
10	9th Month	88,222	48,119	2,110	539		37,454	
11	10th Month	88,157	48,132	2,110	540		37,375	
12	11th Month	87,795	47,928	2,110	540		37,217	
13	12th Month	89,875	48,984	2,265	540		38,086	
14	Total (Line 1 through 13)	1,137,987	615,094	27,585	6,998	-	488,310	-
15	Average Balance (Line 14/13)	87,537	47,315	2,122	538	-	37,562	-
16	Average Capitalization Ratios	100%	54%	2%	1%	0%	43%	0%
17	End of period capitalization ratios	101%	55%	3%	1%	0%	42%	0%

**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION**

**POLICY NO. 401**

**EQUITY MANAGEMENT PLAN**

**I. OBJECTIVE**

- A. In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis.
- B. The Cooperative will make annual payments of capital credits on the capital of the Cooperative, provided that the following conditions are met:
- a. The Board of Directors shall determine that the financial condition of the Cooperative will not be impaired, and that satisfactory progress is being made toward the Cooperative's Equity Management goals as set forth below:
  - b. The Cooperative's Equity Management goals shall be to operate the Cooperative's business with annual revenue and expense levels so as to:
    1. Maintain a Times Interest Earned Ratio (TIER) of 1.25x to 2.0x.
    2. Achieve an equity capitalization target range of thirty percent (30%) to forty percent (40%).
    3. Expend all efforts to achieve and maintain a rate of return upon the total capital structure of the Cooperative equal to that necessary to attain the stated TIER goal and optimum equity goal;
  - c. All payments of general and special capital credit refunds will be authorized at least annually by the Board of Directors, and
    1. The repayment of capital credits to the Cooperative's members based on a cycle that will pay annual credit equal to or less than five percent (5%) of the total member's equity at calendar year end.
    2. Will be in total amounts not exceeding those amounts permitted by the mortgage requirements of Farmer's lenders; or
    3. Larger amounts may be paid if approved by the Rural Utilities Service (RUS), the National Rural Utilities Cooperative Finance Corporation (CFC), or other lenders pursuant to a request made by the Cooperative's Board of Directors,

Date Policy approved by Board of Directors: 03-20-2008; 04-16-2009; 12-16-10; 03-21-2013; 02-19-2015

Reviewed by FRECC staff: 12-01-2010; 03-06-2013;; 02-04-2015

Revised: 02-19-2015

Reaffirmed:

New:

**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION**

**POLICY NO. 401**

**EQUITY MANAGEMENT PLAN**

and supported by an equity management plan which indicates satisfactory progress toward the Cooperative's equity management goals.

4. Capital credit refunds to the estates of deceased members may be paid in full or discounted, at the discretion of the Board of Directors, if all loan requirements of Farmer's lenders are being met.
  - d. The discretionary powers of such capital credit repayments shall remain with the Board of Directors of Farmers Rural Electric Cooperative Corporation as stated within the bylaws, and this policy shall not diminish that right.

**II. RESPONSIBILITY**

The Board of Directors and President/CEO shall be responsible for the administration of this policy.

Date Policy approved by Board of Directors: 03-20-2008; 04-16-2009; 12-16-10; 03-21-2013; 02-19-2015

Reviewed by FRECC staff: 12-01-2010; 03-06-2013;; 02-04-2015

Revised: 02-19-2015

Reaffirmed:

New: