

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF FARMERS)
RURAL ELECTRIC COOPERATIVE)
CORPORATION FOR AN ORDER) CASE NO. 8438
AUTHORIZING A BASIC RATE)
INCREASE)

O R D E R

IT IS ORDERED that Farmers Rural Electric Cooperative Corporation shall file an original and five copies of the following information with the Commission, with a copy to the Attorney General's Division of Consumer Protection, by February 22, 1982. Where a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), page 2 of 5. If neither the requested information nor a motion for an extension of time is filed by the stated date, the case will be dismissed.

Information Request No. 1

1. In comparative form, an income statement, a statement of changes in financial position, and a balance sheet for the test year and the 12-month period immediately preceding the test year.
2. The board resolution approving the November 1981 wage adjustment.
3. The detailed workpapers showing calculations supporting all revenue, expense, and tax adjustments in the rate application, together with a detailed explanation of each component used in each calculation. Index each calculation and related explanation to the adjustment it supports.

4. A schedule of salaries and wages for the test year and each of the 5 preceding calendar years as shown in Format 1, attached.

5. A detailed analysis of advertising expenditures during the test period. This analysis should include a breakdown of Account 913 - Advertising Expenses, as shown in Format 2, attached, and should also show any advertising expenditures included in other expense accounts. This analysis should be specific as to the purpose and expected benefit of each expenditure.

6. An analysis of Account 930 - Miscellaneous General Expenses for the test period. This should include a complete breakdown of this account as shown in attached Format 3, and also provide all detailed workpapers supporting this analysis. At minimum, the workpapers should show the date, vendor, reference (i.e., voucher no., etc.), dollar amount and brief description of the expenditure.

7. A detailed analysis of contributions for charitable and political purposes (in cash or services). This analysis should indicate the amount of the expenditure, the recipient of the contribution, and the specific account charged.

8. A copy of the auditor's report from the co-op's most recent audit.

9. Provide the utility's times interest earned ratio and debt service coverage ratio, as calculated by the Rural Electrification Administration, for the test year and the 5 preceding calendar years. Include the data used to calculate each ratio.

10. Provide the utility's rate of return on net investment rate base for the test year and the 5 preceding calendar years.

11. Provide a detailed analysis of expenses incurred during the test year for professional services as shown in attached Format 4, and all detailed workpapers supporting the analysis. At minimum the workpapers should show the payee, dollar amount, reference (i.e., voucher no., etc.), account charged, and a brief description of the service provided.

12. A copy of the most recent publication of the Borrower Statistical Profile for Farmers RECC as published by the Rural Electrification Administration.

13. A copy of Kentucky's Electric Cooperatives Operating and Expense Statistical Comparisons for 1980.

14. The date and time of the most recent annual members' meeting. Provide the number of members in attendance, the number of members voting for new board members, the number elected, and a general description of the meeting's activities.

Done at Frankfort, Kentucky, this 25th day of January, 1982.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary

Farmers Rural Electric Cooperative Corporation

Case No. 8438

ANALYSIS OF SALARIES AND WAGES

For the Calendar Years 1976 Through 1980
And the 12-Month Period Ending October 31, 1981

(000's)

| Line No. | Item (a) | 12 Months Ended | | | | | | | | | | | |
|----------|----------|-----------------|-----|--------|-----|--------|-----|--------|-----|--------|-----|-----------|-----|
| | | 5th | | 4th | | 3rd | | 2nd | | 1st | | Test Year | |
| | | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % |
| | | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) | (l) | (m) |

1. Wages charged to expense:
2. Power production expense
3. Transmission expenses
4. Distribution expenses
5. Customer accounts expense
6. Sales expenses
7. Administrative and general expenses:
 - (a) Administrative and general salaries
 - (b) Office supplies and expense
 - (c) Administrative expense transferred-cr.
 - (d) Outside services employed
 - (e) Property insurance
 - (f) Injuries and damages

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| Line No. | Item (a) | 12 Months Ended | | | | | Test Year | | | | | |
|----------|----------|-----------------------------------|-------|------------|-------|------------|-----------|------------|-------|------------|-------|------------|
| | | Calendar Years Prior to Test Year | | | | | | | | | | |
| | | 5th | 4th | 3rd | 2nd | 1st | | | | | | |
| | | Amount (b) | % (c) | Amount (d) | % (e) | Amount (f) | % (g) | Amount (h) | % (i) | Amount (j) | % (k) | Amount (l) |

Administrative and general expenses (continued):

- (g) Employee pensions and benefits
- (h) Franchise requirements
- (i) Regulatory commission expense
- (j) Duplicate charges-cr. Miscellaneous general expense
- (k) Rents
- (l) Maintenance of general plant

Total administrative and general expenses L7(a) through L7 (m)

Total salaries and wages charged expense (L2 through L6 + L8)

Wages capitalized

Total of salaries and wages

Ratio of salaries and wages charged expense to total wages (L9 + L11)

Ratio of salaries and wages capitalized to total wages (L10 + L11)

E: Show percent increase of each year over the prior year in Columns (c), (e), (g), (i), (k), and (m).

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ACCOUNT 913 - ADVERTISING EXPENSE

For the 12 Months Ended October 31, 1981

| <u>Line No.</u> | <u>Item</u> (a) | <u>Sales or Promotional Advertising</u> (b) | <u>Institutional Advertising</u> (c) | <u>Conservation Advertising</u> (d) | <u>Rate Case</u> (e) | <u>Other</u> (f) | <u>Total</u> (g) |
|-----------------|---------------------|--|---|--|-------------------------|---------------------|---------------------|
| 1. | Newspaper | | | | | | |
| 2. | Magazines and Other | | | | | | |
| 3. | Television | | | | | | |
| 4. | Radio | | | | | | |
| 5. | Direct Mail | | | | | | |
| 6. | Sales Aids | | | | | | |
| 7. | Total | | | | | | |

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ACCOUNT 930 - MISCELLANEOUS EXPENSES

For the 12 Months Ended October 31, 1981

| <u>Line No.</u> | <u>Item</u> (a) | <u>Account</u> (b) |
|---------------------|---------------------------------------|-----------------------|
| 1. | Industry Association Dues | |
| 2. | Institutional Advertising | |
| 3. | Conservation Advertising | |
| 4. | Rate Department Load Studies | |
| 5. | Water, and Other Testing and Research | |
| 6. | Director's Fees and expenses | |
| 7. | Dues and Subscriptions | |
| 8. | Miscellaneous | |
| 9. | Total | |

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Professional Service Expenses

For the Twelve Months Ended October 31, 1981

| <u>Line No.</u> | <u>Item</u> | <u>Rate Case</u> | <u>Annual Audit</u> | <u>Other</u> | <u>Total</u> |
|---------------------|-------------|------------------|---------------------|--------------|--------------|
| 1. | Legal | | | | |
| 2. | Engineering | | | | |
| 3. | Accounting | | | | |
| 4. | Other | | | | |
| 5. | Total | | | | |