

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

RATE ADJUSTMENT OF SALT)
RIVER RURAL ELECTRIC) CASE NO. 8778
COOPERATIVE CORPORATION)

O R D E R

IT IS ORDERED that Salt River Rural Electric Cooperative Corporation ("Salt River") shall file an original and eight copies of the following information with the Commission, with a copy to all parties of record by June 28, 1983. Each copy of the data requested should be placed in a bound volume with each item tabbed. Where a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Careful attention should be given to copied material to insure that it is legible. Salt River shall furnish with each response the name of the witness who will be available at the public hearing for responding to questions concerning each area of information requested. Where information requested herein has been provided along with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. If neither the requested information nor a motion for an

extension of time is filed by the stated date, the case may be dismissed.

Information Request No. 2

1. Salt River requested net operating income of \$1,416,155, provide an explanation of the basis for the requested revenue requirements (TIER, Rate of Return, etc.)

2. Salt River has supplied the Commission with the REA Borrower Statistical Profile for the year ended May 4, 1982. Some of the information contained on that document is illegible due to poor copy quality, please supply another copy of the REA Borrower Statistical Profile for the year ended May 4, 1982, In addition, provide a copy of the 1982 Statistical Profile when received by Salt River.

3. Salt River has proposed to increase its pole treatment expense by \$18,893. It is stated that this program began in 1982 and is expected to continue for the next 6 to 8 years. Please provide the following concerning this program:

- a) An explanation of the derivation of the cost of \$15 per pole as well as the 5,000 poles to be treated each year,
- b) An explanation of the method used to treat poles prior to adoption of this program.
- c) A copy of the present contract with Osmose Wood Preseving Co.

d) An explanation of how it was determined to award the contract to Osmose.

e) Copies of bids taken from alternate suppliers.

f) The reasons for adopting the new pole treatment program verses maintaining the prior program.

4. Provide a copy of the current union contract.

5. Provide a schedule showing the total number of overtime hours for the last 5 years broken down in the manner set out in format 1 attached hereto.

6. Based upon the schedule used by Salt River to compute its normalized payroll in adjustment 5, provide the hourly or salary rate at December 31, 1981.

7. Provide the monthly interest rate charged by Louisville Bank for Cooperatives for the test period and the 3 years preceeding the test period. In addition, provide the Commission with monthly updates of the current interest rate charged as they become known.

8. Provide the overall union and non-union wage increases granted in the years 1980, 1981, and 1982.

9. Provide a detailed explanation of the basis for the removal by Salt River of capital credits assigned it by Louisville Bank for Cooperatives and Central Area Data Processing Cooperative, Inc.

10. Provide the detailed work papers showing calculations in support of the estimated annual expenses associated with the branch office to be opened in Bullit County shown as adjustment number 12 in the application.

11. Provide a brief explanation of the change in the following expense accounts between the test year and the preceeding 12 month period.

- a) Consumer Records & Collection Expense -
Account 903
- b) Uncollectible Accounts - Account 904
- c) Outside Services - Account 923

12. Describe the utility's current policies regarding compensation of directors - i.e., meeting fees, expense reimbursement, per diem allowance, insurance, etc.

13. Provide a brief explanation of the change in the balance reported in Account 390 - Structures and Improvements during the months of November and December 1982.

14. Provide an analysis of the \$289,594 in wages charged to customer accounts expense as shown in exhibit 7. This analysis should show the number of employees in this classification, job titles of these employees, and explanations for any allocation of salaries.

15. Provide an explanation of how the wage adjustment of 4.3 percent and 4.0 percent for union workers during the test period were determined. Provide any supporting calculations.

16. Provide examples of the institutional and conservational advertising by Salt River during the test year.

17. Salt River has estimated the annual cost of operating its new branch office in Bullit County to be \$95,401. Regarding the new branch office please provide the following:

- a) A description of any existing facility or services that the new branch office will replace,
- b) A description of any savings expected to be realized through the use of the new office (Elimination of rent expense, etc.),
- c) The approximate date the facility will be completed and the related costs transferred from CWIP to Plant in Service. If the facility has already been transferred from CWIP to Plant in Service include the date of that transfer.

18. Included in the breakdown of Account 930.2 on page 13 of 32 is an expenditure of \$4,475 to American Express described as business and travel expense. Please explain throughly the nature of this expense.

19. EXH. 6 Page 1 Schedule A-5

For calculating the minimum charge how will the KVA capacity be determined?

20. EXH. 6 Page 7 Schedule LLP-1
EXH. 6 Page 19 Schedule LLP-3
EXH. 6 Page 22 Schdeule LPR-1

Why does not the penalty for low power factor start at a higher per cent than 80 percent?

21. Exhibit O provides the calculations for the new rate designs that produce approximately the same revenue as the current rates. Provide an explanation of the methodology or bases used to allocate the amount of revenue between the customer charge and the flat KWH rate in the A-5, B-2, and OL-1 tariffs. Also explain the reasoning for that methodology.

22. Provide a narrative explanation of the reasons for combining rates LLP-1 and LLP-2.

23. Explain the rational for decreasing the amount charged to customers under the LPR-1 rate.

24. On page 4 of 25 in Exhibit 6 we have noted that there has been a change from connected load to installed capacity in the temporary service section of the B-2 tariff. Explain the rational for this change and why the charge was decreased from \$6.39 to \$5.87.

25. On page 6 in Section II of Exhibit O there is a paragraph pertaining to the disparity between the KW demand billed to Salt River's customers and the amount billed by East Kentucky to Salt River on the LPR-1 tariff. Provide a further explanation of why this disparity exists.

26. Explain why the language change shown under 4a of page 21 in Exhibit 6 is necessary.

27. Under the proposed tariff schedule LLP-3 the 10 percent discount on demand and energy charges has been deleted, however the calculation of the proposed revenue from LLP-3 rates shown on page 2 in Section III of Exhibit O uses this discount. Please clarify company intentions.

Done at Frankfort, Kentucky, this 13th day of June, 1983.

PUBLIC SERVICE COMMISSION


BY THE COMMISSION

ATTEST:

Secretary

Salt River Rural Electric Cooperative Corporation

Case No. 8778

ANALYSIS OF OVERTIME HOURS WORKED

For the Calendar Years 19 Through 19
And the 12-Month Period Ending

(000's)

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

1. Hours 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

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

Administrative and general expenses (continued):

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

- 8. Total administrative and general expenses L7(a) through L7(m)
- 9. Total overtime hours charged expense (L2 through L6 + L8)
- 10. Eogars capitalized
- 11. Total overtime hours
- Ratio of overtime hours charged expense to total overtime hours (L9 + L11)
- 13. Ratio of overtime hours capitalized to total overtime hours (L10 + L11)

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