

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 AUTHORIZING A BASIC RATE) CASE NO. 9446
INCREASE AND CHANGES IN ITS BILLING)
AND COLLECTING POLICY CONTAINED IN)
THE RULES AND REGULATIONS OF SERVICE)

O R D E R

IT IS ORDERED that Farmers Rural Electric Cooperative Corporation ("Farmers") shall file an original and 12 copies of the following information with this Commission, with a copy to all parties of record, by January 15, 1986. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to insure that it is legible. If neither the requested information nor a motion for an extension of time is filed by the stated date, the case may be dismissed.

1. With reference to Item No. 1, sheet 1 of the first request, Adjustment (1), state whether the column "Actual Payroll for September and October 1984" contains only wages and salaries expensed.

2. With reference to Item No. 1, sheet 1 of the first request, Adjustment (2), Right of Way Adjustment, provide the following information:

a. The basis for the estimated 1,587 hours to do the extra tree-trimming;

b. The source of the December 31, 1984, prices along with an explanation of how adjustments for price increases were made;

c. The basis for the 53 percent overhead amount;

d. A copy of the report wherein the inspector reported 600 cases of right-of-way needing to be cleared;

e. A copy of any reports or studies upon which Farmers relied in determining the necessity of the additional tree-trimming and the cost;

f. Explain why Farmers proposes to recover the full \$100,000 immediately rather than by amortization over 3-5 years.

3. With reference to Item No. 1, sheet 2 of the application, Adjustment (3), Employee Benefits Adjustment, explain how the percentage for pension, long-term disability, and life insurance were determined and provide the calculations.

4. With reference to Exhibit 10, page 3 of the application, Adjustment (6), Blue Cross-Blue Shield Benefits Adjustment, provide a copy of the notice indicating a \$507.19 monthly increase in this cost effective April 1, 1985.

5. With reference to Item No. 1, sheet 2 of the first request, Adjustment (7), provide a copy of the notice, or other evidence, that the cost of providing copies of "Rural Kentuckian" magazine will increase by 4 percent.

6. With reference to Item No. 1, sheet 3 of the first request, Adjustment (11), provide the following information:

a. The entries to record the cost of sealing the parking lot;

b. State the date the entries were made;

c. State the basis for normalizing for 10 months.

7. With reference to Item No. 1, sheet 3 of the first request, Adjustment (13), provide the following information:

a. State the basis for the estimated 1985 billing;

b. For each type of insurance, provide actual billing amounts to date;

c. State actual test-year billings for each type of insurance;

d. Provide the current rate for each type of insurance;

e. Provide copies of notices of any changes to occur in the present rates.

8. With reference to Exhibit 10, page 3 of the application, Adjustment (8), and Exhibit 11 of the application, reconcile the two exhibits with respect to Power Operated Equipment and Communications Equipment.

9. With reference to Exhibit 10, page 3 of the application, Adjustment (9), what was the amount of property tax expense charged to the test period?

10. With reference to Exhibit 10, page 4 of the application, Adjustment (10), reconcile the \$347,181 in test-year REA interest expense with the \$343,608 shown on Exhibit 4, line 25 of the application.

11. With reference to the 1984 Annual Report, page 1, line 42, explain the reason for the increase from \$5,500 to \$50,156 in the Deferred Debit Account.

12. With reference to the 1983 and 1984 Annual Reports, page 14, line 46, explain the reason for the increase from \$319,434 to \$409,954 in Maintenance of Overhead Lines expense.

13. Provide a copy of the September 30, 1985, Audit Report when it become available.

14. a. Furnish breakdown of Purchased Power expense of \$8,942,561 for the test period as to the following:

Test Period Substation Charge - Number Substations X Charge

Test Period Demand Charge - Total KW's X Demand Charge

Test Period Energy Charge - Total KWH's X Energy Charge

Test Period FAC Charge - Show Yearly Total only

Test Period Purchased Power Expense

b. Normalize Purchased Power expense to the latest East Kentucky Power wholesale charges.

15. a. Furnish tariff sheets to the current rates and charges;

b. Furnish tariff sheets to the proposed rates and charges.

16. Does Harrison County follow the depreciation rates and procedures as described in REA Bulletin 183-1?

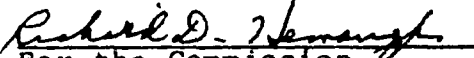
17. Provide information for plotting the depreciation guideline curves in accordance with REA Bulletin 183-1. Furnish the data in the format shown on the attached Data Sheet No. 1.

18. Does Farmers ~~and~~ propose any changes in depreciation rates?

19. Furnish a list of depreciation expenses in the format shown on the attached Data Sheet No. 2.

Done at Frankfort, Kentucky, this 6th day of January, 1986.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary

**DATA FOR
DEPRECIATION GUIDELINE CURVE
PWA BULLETIN 183-1**

Utility:
Case Number:
Date:

Year Ended December 31, 1984	Distribution Plant in Service (1)	Accumulated Provision for Depreciation Plant (2)	Reserve Ratio (3)=(2)/1	Ratio of Current Distribution Plant to Distribution Plant Ten Years Prior
1984				1984
1983				1983
1982				1982
1981				1981
1980				1980
1974				
1973				
1972				
1971				
1970				

(PSC Data Sheet No. 1)

Utility:
 Case Number:
 Date:

Account No.	Item	(End of Test Year) Plant Account Balance	Depreciation Rate	Annual Depreciation
TRANSMISSION PLANT				
350000	Land & Land Rights			
355000	Poles & Fixtures			
356000	O/H Conduct. & Devices			
DISTRIBUTION PLANT				
360000	Land & Land Rights			
362000	Station Equipment			
364000	Poles, Towers, Fixtures			
365000	O/H Conduct. & Devices			
366000	Underground Conduit			
367000	U/G Conduct. & Devices			
368000	Line Transformers			
369000	Services			
370000	Meters			
371000	Install. on Cust. Premises			
372000	Leased Prop. on Cust. Prem.			
373000	St. Light & Sign Systems			
GENERAL PLANT				
389000	Land & Land Rights			
390000	Structures & Improvements			
391000	Office Furn. & Equipment			
391100	IBM 5251 Display Stations			
392000	Transportations Equip.			
393000	Stores Equipment			
394000	Tools, Shop, Garage Equip.			
395000	Laboratory Equipment			
396000	Power Operated Equipment			
397000	Communications Equipment			
398000	Miscellaneous Equipment			