

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENT OF RATES OF THE FLEMING-)
MASON RURAL ELECTRIC COOPERATIVE) CASE NO. 90-081
CORPORATION, FLEMINGSBURG, KENTUCKY)

O R D E R

IT IS ORDERED that Fleming-Mason Rural Electric Cooperative Corporation ("Fleming-Mason") shall file the original and 12 copies of the following information with this Commission, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. 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 make certain that it is legible. Where information requested herein has been previously provided, reference may be made to the specific location of said information in responding to this information request. The information requested herein is due no later than July 23, 1990.

1. Concerning the response to Item 7 of the June 12, 1990 Order, provide the following information:

a. Indicate if this is the compensation study referenced in Fleming-Mason's response to Item 11 of the May 3, 1990 Order.

b. Indicate when work on this study began, when the work was completed, and when the report was submitted to Fleming-Mason's board of directors for review.

c. On page 4 of 12, when comparing Fleming-Mason's wages and salaries to several labor market surveys, the conclusion was reached that "[i]n general, it was found that Fleming-Mason's wages and salaries are on target. . . ." Explain why it then was necessary for the majority of Fleming-Mason's employees to receive a 5 percent general increase during the test year.

2. Concerning the response to Item 12 of the June 12, 1990 Order, provide the following information:

a. From the schedule in the response, it would appear that the last year in which Fleming-Mason read all the meters in its system within one year was in 1986. Indicate whether this is an appropriate interpretation of this information.

b. For the period January through June 1990, indicate how many meters have actually been read in Fleming-Mason's system.

c. List the cooperatives surveyed by Fleming-Mason concerning the meter reading cost. If the information is available, indicate whether each surveyed cooperative performs the readings with its employees or contracts to have the readings done.

d. Indicate how many retired personnel Fleming-Mason plans to utilize to accomplish the annual reading of all meters.

3. The response to Item 23(b) of the June 12, 1990 Order concerning the \$2,000 estimate for legal services did not provide the information requested. Prepare a breakdown of the \$2,000 estimate into the hours to be worked, hourly rate to be charged, and any amounts estimated for any additional expenses.

4. Concerning the response to Item 23 of the June 12, 1990 Order, the costs of the rate case proceeding, provide an update of the actual rate case costs as of the response date of this Order, showing the same level of detail as provided in Item 23, page 2 of 3.

5. Prepare a schedule listing any Christmas gifts or bonuses paid by Fleming-Mason to its directors, attorney, or employees during the test year. Include the account number in which the expenditures were recorded.

6. Prepare a schedule of the test-year expenses recorded in Account No. 926.000, Employees' Welfare.

7. Using the following scenarios, calculate the required rate of return based upon the test-year actual financial data and the TIER that would be produced by the required rate of return. For each scenario, use Fleming-Mason's actual 10 year historical growth rate. The results of each scenario should be provided for the test year and for the years 1990 through 2000. Identify the computer model used in these scenarios, provide a copy of the model, and include all supporting data and calculations. The scenarios are:

a. A 15 year capital credit rotation cycle and a 50 percent target equity level, including Generating and Transmission Capital Credits ("GTCC") in the target equity level.

b. A 15 year capital credit rotation cycle and a 50 percent target equity level, excluding GTCCs in the target equity level.

c. A 10 year capital credit rotation cycle and a 50 percent target equity level, including GTCCs in the target equity level.

d. A 10 year capital credit rotation cycle and a 50 percent target equity level, excluding GTCCs in the target equity level.

e. A 10 year capital credit rotation cycle and a 40 percent target equity level, including GTCCs in the target equity level.

f. A 10 year capital credit rotation cycle and a 40 percent target equity level, excluding GTCCs in the target equity level.

g. Capital credit rotation to estates of deceased members only and a 40 percent equity level, including GTCCs in the target equity level.

h. Capital credit rotation to estates of deceased members only and a 40 percent equity level, excluding GTCCs in the target equity level.

8. Late charge revenues and electric revenues were previously provided on a monthly basis through April 1990.

Provide the monthly late charge revenues and electric revenues for May 1990 and June 1990 (if available).

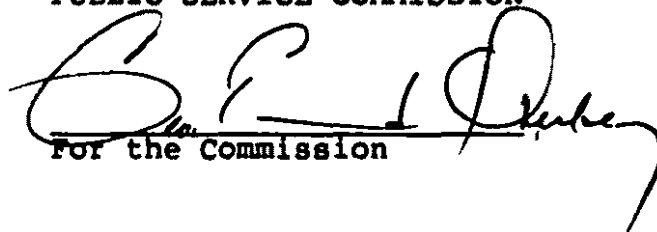
9. a. In response to Item 30(A) of the Commission's Order of June 12, 1990, billing costs are identified as one of the costs associated with serving Dravo. If Fleming-Mason can quantify the billing costs related to serving Dravo, provide such costs in detail.

b. The same response includes a discussion of the lag between payments for purchased power and customer receipts. If this lag has any impacts, i.e. interest cost or working capital requirements, on Fleming-Mason's revenue requirements or revenue allocation, explain and quantify in detail.

c. In Part B of the same response, a 1977 cost-of-service study is identified as the original basis for the Dravo rate. Provide East Kentucky Power's load center charge (sub-station charge) used in the 1977 study.

Done at Frankfort, Kentucky, this 11th day of July, 1990.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director