

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

GREEN RIVER ELECTRIC CORPORATION'S)
NOTICE OF INCREASE IN RATES FOR) CASE NO. 90-152
RETAIL ELECTRIC SERVICE)

O R D E R

IT IS ORDERED that Green River Electric Corporation ("Green Rivers") 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 August 22, 1990.

1. Concerning Green River's adjustment for wages and salaries, Exhibit 6, page 10 of the application, provide the following information for each employee:

- a. The actual regular hours worked during the test year.
- b. The actual overtime hours worked during the test year.
- c. The test-year-end wage rate for each employee and the date of the last increase.
- d. A calculation of the percent of increase granted during the test year.

The information should identify all employees as either salaried or hourly, and also as either full-time, part-time, or temporary. Employee numbers or other identifiers may be used instead of employee names. Include an explanation of how the overtime pay rate is determined. All employees terminated during the test year should be identified, as well as those employees who replaced terminated employees or were added during the test year.

2. Exhibit 6, page 10 of the application, makes reference to the average savings percentage rate for each employee classification. Provide the savings percentage rate for each employee as of the end of the test year.

3. Concerning the adjustment for the defined contribution pension plan:

- a. Identify who administers the pension plan.
- b. File a complete copy of the 1989 actuarial report.

4. Concerning the adjustment for workers' compensation provide the following:

- a. An explanation as to why only one third of the overtime paid was used in this calculation.

b. The supporting workpapers detailing the allocation of pro-forma labor among the three categories: outside, inside, and salesman.

5. Concerning Exhibit 6, page 15, provide the following:

a. The supporting workpapers and a detailed explanation of the calculations shown in lines 10 through 20. Include an explanation of all assumptions used and the documentations supporting the dependent life insurance coverage referred to on line 19.

b. With reference to Exhibit 11, page 15, when was this policy last renewed and how long is it in effect?

6. Concerning Exhibit 6, page 16, provide the following:

a. The date the new pole change crew was formally hired.

b. Explain why 2,088 hours was used in the calculation on line 6.

c. Provide a list of any other type of work the crew will be doing.

d. With reference to Exhibit 11, page 25, in regard to the existing pole change crew, for the test year, provide the number of employees involved and the number of regular hours and overtime hours each employee worked.

7. With reference to Exhibit 11, page 28, provide a copy of the original cover sheet.

8. Concerning the property tax adjustment shown in Exhibit 6, page 20, provide the following information:

a. A schedule of the idle services of Green River as of December 31, 1989, by county.

b. The book and assessed value for all of Green River's motor vehicles for the 1989 tax year (balances as of December 31, 1988).

c. The book and assessed value for all of Green River's motor vehicles for the 1990 tax year (balances as of December 31, 1989).

d. With reference to Exhibit 11, pages 35 through 41, provide all supporting workpapers for the calculations shown on these pages.

e. With reference to Exhibit 11, page 42 through 49, identify the sources of the tax rates used.

9. With reference to Exhibit 6, page 21, provide the following information:

a. The explanation for the National Bank for Cooperatives' ("CoBank") capital cash credit.

b. The explanation for the calculation shown in footnote number 3 regarding the CoBank loans.

10. With regard to Exhibit 6, page 22, provide a detailed explanation of the nature of this adjustment.

11. With regard to Exhibit 6, page 23, provide the accounting entries that were made to book this adjustment for both the 1989 calendar year and the prior years' cumulative effect.

12. With regard to Exhibit 11, page 53, provide the following information:

a. The 1989 per unit cost for each item listed.

b. The 1990 per unit cost for each item listed.

c. A copy of the current contract with Halbert Pole Treating Company.

13. With regard to Exhibit 6, page 25, provide the following information:

a. A copy of the established program policy.

b. The basis for arriving at a total of 39 eligible installations.

c. Any reimbursement incentives provided by Big Rivers Electric Corporation ("Big Rivers").

14. Provide a copy of Green River's policies specifying the compensation of its attorneys, auditors, or other professional services. Include a schedule of fees, per diems, and other compensation in effect during the test year. Include copies of any agreements, contracts, memoranda of understanding, or other documentation which explain the nature and types of reimbursements paid for professional services. Indicate if any changes occurred during the test year, the effective date of the changes, and the reason for the changes.

15. Provide a copy of Green River's policies specifying the compensation of directors and a schedule of standard director's fees, per diems, and other compensation in effect during the test year. If changes occurred during the test year, indicate the effective date and the reason for the changes.

16. Concerning the compensation paid to Green River's directors, provide the following information:

a. Identify any compensation paid to Green River's board members who serve on Big Rivers board of directors, relating to his or her service on that board. Indicate who serves on Big Rivers' board of directors from Green River.

b. Indicate whether any of the listed expenses in this response include the costs for a director's spouse. List separately any expenses for director's spouses.

17. Provide a copy of Green River's equity management plan. Indicate when the current plan was adopted and identify any changes made in the plan during the test year. Also indicate when the last general capital credit retirement took place and how current is Green River's rotation of capital credits.

18. A time-of-day rate has been proposed in Case No. 90-128.¹ Explain how and when Green River intends to implement a similar tariff at the retail level if the wholesale tariff is approved in Case No. 90-128.

19. Within the single-phase class, explain the methodology used to allocate the increase to the various rate blocks.

20. Within the three-phase demand - commercial, large power, and public buildings - less than 1,000 KW secondary voltage, explain the methodology used to allocate the increase to the various rate blocks.

21. For the three-phase demand large power 1,000 KW and above, explain how the proposed demand and energy charges were derived for Option A and B.

¹ Case No. 90-128, Big Rivers Electric Corporation's Notice of Changes in Rates and Tariffs for Wholesale Electric Service.

22. Provide a detailed explanation of the unbilled revenue and power cost adjustments. Specifically, explain why the December 31, 1988 and February 28, 1989 adjustment is relevant to the test year.

23. Provide an explanation for the change from a 15-minute KW to a 30-minute KW measurement for determination of the billing demand for the three-phase Demand - Large Power 1,000 KW and above customer class.

24. Why has the language regarding the 11 months for determining billing demand been deleted from the three-Phase Demand - Large Power 1,000 KW and above?

25. Explain in detail why the proposed billing demand per Big Rivers shown on Exhibit 7, pages 1 and 11 has changed.

26. Explain why the average and excess method of allocating demand costs to customer classes is the method most commonly used by distribution electric cooperatives, as stated on Exhibit 15, page 9.

27. Explain how low load factor customers have a lower probability of contributing to peak demand, as stated on Exhibit 15, page 10.

28. Regarding the determination of customer weighting factors, as described on Exhibit 15, pages 10-11:

a. Explain how the relative cost of the nominal investment required for metering, transformation and service extension is determined for non-residential and non-single phase customers.

b. Explain why the consumer weighting factor for residential and single phase customers is 1.0.

c. Explain how the customer weighting factors described on these pages were used to calculate the consumer allocators shown on Exhibit 10, page 20.

d. Explain the purpose of Consumer Allocators 1-4 and the Weighting Factor shown on Exhibit 10, page 20, and describe how they were determined.

29. Explain why the unique size of loads and service requirements of special contract customers prevents Mr. Gaines from developing a method to allocate to them a portion of Green River's common costs.

30. Is Mr. Gaines aware of any electric utility that has developed a method for allocating common costs to special contract customers? Explain.

31. Explain how Mr. Gaines determined that the relative rates of return of other rate classes and the relationship among these classes have not been significantly influenced by his decision not to allocate Green River's common costs to special contract customers, as stated on Exhibit 15, page 14. Provide all workpapers that support this determination and calculation.

32. Provide all workpapers showing how the allocation of Green River's proposed revenue increase among customer classes was determined, as explained on Exhibit 15, page 16.

33. Explain the purpose and meaning of the rate of return equalization methodology and subsidy/excess calculation shown on

Exhibit 10, pages 6 and 10. Was this information used in the development of the proposed rate design? Explain.

34. Regarding the zero-intercept or minimum intercept methodologies shown on Exhibit 10, pages 12 (Account 365) and 14 (Account 368):

a. Completely specify all linear and curvilinear regression equations used in each of the analyses, whose partial results are shown on these pages.

b. Specify which equation was chosen as providing the best estimation of unit cost for each of the analyses shown on these pages. Fully explain what criteria were used in the selection of these equations and in the elimination of all other equations.

c. Provide all workpapers, including all computer printouts or manual calculations showing all regression results, used in the development and preparation of the analyses shown on these pages.

d. On page 12, did Mr. Gaines encounter any problems or difficulties in running a regression with only three observations (Small, Large 1, and Large 2)? Explain.

e. Explain why Accounts 364, 366, and 367 share the same allocation factors as those determined for Account 365 through a zero-intercept analysis.

35. Explain fully how all classification factors shown on Exhibit 10, page 17, were determined. Provide all workpapers.

36. Explain fully how all allocation factors shown on Exhibit 10, page 23, were determined. Provide all workpapers.

Furthermore, provide clear and explicit examples if any part of the response to this question references any calculation shown on Exhibit 10, pages 20-22.

37. Provide all workpapers used in the preparation of the cost-of-service study and related testimony not heretofore requested.

Done at Frankfort, Kentucky, this 8th day of August, 1990.

By the Commission

ATTEST:


Executive Director

Furthermore, provide clear and explicit examples if any part of the response to this question references any calculation shown on Exhibit 10, pages 20-22.

37. Provide all workpapers used in the preparation of the cost-of-service study and related testimony not heretofore requested.

Done at Frankfort, Kentucky, this 8th day of August, 1990.

PUBLIC SERVICE COMMISSION


Robert M. Davis
For the Commission

ATTEST:


Lee M. MacCracken
Executive Director