

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF TAYLOR COUNTY RURAL	)	
ELECTRIC COOPERATIVE CORPORATION	)	CASE NO. 92-080
FOR ADJUSTMENT OF RATES	)	

O R D E R

IT IS ORDERED that Taylor County Rural Electric Cooperative Corporation ("Taylor County") shall file an original and 12 copies of the following information with the 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 ensure that it is legible. Where information requested herein has been previously provided, in the format requested herein, 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 June 26, 1992.

1. Refer to Exhibit B of Taylor County's application, page 1 of 2. The adjustments to the test period for the change in base fuel rate consist of \$59,324.00 for purchased power and \$28,976.00

in sales. Explain the difference in these amounts. Provide workpapers to show how each amount is computed.

2. Refer to Taylor County's Application, Exhibit F, page 2 of 24. Provide workpapers, reports, or other documents to show how the Fuel Adjustment Revenue (\$88,516) was computed.

3. In Exhibit F, page 4 of 24, Taylor County has proposed adjustment number 3, an increase of \$12,828 to purchase power expense relating to load center charges for the new Green River Plaza substation. Identify the loads to be served by this substation.

4. In its order in Administrative Case No. 251-49,<sup>1</sup> the Commission directed that the interest expense component be eliminated from the calculation of annual carrying cost for pole attachment since interest is covered in the "cost of money" component. Provide a revised Exhibit G, pages 15 and 16, to eliminate the interest expense component.

5. Refer to Taylor County's Application, Exhibit G, page 27 of 27:

a. The current street lighting service tariff shows both incandescent and mercury vapor lights are available yet no lights are shown in service. State whether Taylor County serves any incandescent or mercury vapor street lighting customers?

b. The proposed security light tariff adds sodium lights. Provide detailed cost justification for the new lights in

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<sup>1</sup> Administrative Case No. 251-49, The CATV Pole Attachment Tariff of Taylor County Rural Electric Cooperative Corporation, Order dated March 31, 1983.

this tariff including, but not limited to, pole cost, fixture costs and installation cost.

c. Provide workpapers, invoices, cost data, or information to justify the increases in fixed charges associated with street and security lights. The cost of service does not clearly define these increases.

6. Refer to Taylor County's Application, Exhibit F of the application, page 4 of 24. Provide the status of the Green River Plaza substation as of June 26, 1992.

7. Refer to Taylor County's Application, Exhibit F, pages 7 and 8 of 24. For the following employees, explain why the test-year actual overtime hours for each employee were not included in the calculation of the normalized wages:

- a. Employee No. 112.
- b. Employee No. 145.
- c. Employee No. 152.
- d. Employee No. 157.

8. For each of the employees listed below who is paid an hourly wage rate, provide a detailed explanation of why his test-year regular hours exceeded 2,080 hours:

- a. Employee No. 127.
- b. Employee No. 128.
- c. Employee No. 129.
- d. Employee No. 130.
- e. Employee No. 135.

9. Refer to Taylor County's Application, Exhibit F, pages 7 and 8 of 24. Provide a detailed explanation as to why an amount

for retirement is included in the determination of test-year pay and normalized pay.

10. Refer to Taylor County's Application, Exhibit F, pages 10 and 11 of 24. Provide a detailed explanation as to why the normalized employer's share of FICA includes the amount classified as 10 percent retirement on pages 7 and 8.

11. Refer to Taylor County's Application, Exhibit F, page 12 of 24. Provide a detailed explanation of Taylor County's employee retirement plan. The explanation should include, but not be limited to, a description of employee eligibility, determination of plan costs for both employee and Taylor County, indication of how long the plan has been in effect, and identification of who administers the plan. Include a copy of any materials provided to employees concerning the retirement plan.

12. Refer To Taylor County's Application, Exhibit F, page 14 of 24, provide the following information:

a. Copies of the notice from Blue Cross/Blue Shield which document the cost of the single and family plans as of test-year end.

b. Explain the reference on page 14 to "Retire Paid."

c. Explain what is meant on the schedule on page 14 by "Less Paid."

d. Describe the coverage provided under the Blue Cross/Blue Shield plan.

e. Describe the eligibility requirements an employee must meet to qualify for coverage.

13. a. Using the listing of employees set forth in Taylor

County's Application, Exhibit F, at pages 7 and 8 of 24, indicate whether the employee is covered under the single or family plan.

b. For directors, list the director by name and indicate the applicable plan under which he is covered.

14. Refer to Taylor County's Application, Exhibit F, page 16 of 24. Provide a detailed explanation as to why the normalized depreciation expense for Account No. 392 - Transportation Equipment was calculated using the net book value rather than the book value. Include with this explanation a discussion as to how long Taylor County has followed this depreciation practice.

15. In Taylor County's Application at Exhibit F, page 16 of 24, Taylor County has included four trucks purchased in March 1992. Taylor County's proposed test-year ended December 31, 1991. In final Orders in Case No. 10498<sup>2</sup> and Case No. 10481,<sup>3</sup> the Commission placed all utilities under its jurisdiction on notice that when a historic test period was used in a rate case, adjustments for post test-period additions to plant should not be requested unless all revenues, expenses, rate base, and capital items have been updated to the same period as the plant additions. Provide the following information:

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<sup>2</sup> Case No. 10498, Adjustment of Rates of Columbia Gas of Kentucky, Inc., Order dated October 6, 1989.

<sup>3</sup> Case No. 10481, Notice of Adjustment of the Rates of Kentucky-American Water Company Effective on February 2, 1989, Order dated August 22, 1989.

a. Explain the circumstances surrounding the purchase of the four trucks. Indicate whether the new trucks replaced existing vehicles.

b. Describe the accounting entries made by Taylor County to record the purchase of the trucks, the financing of the trucks, and the retirement of vehicles replaced by the purchase.

c. Indicate whether Taylor County was aware of the Commission's position concerning post test-year plant additions.

d. Explain whether Taylor County's rate filing conforms to the Commission's requirements for a post test-year plant addition.

e. Explain in detail why any rate adjustment should reflect expenses associated with these four trucks.

16. Taylor County's Application, Exhibit F, page 17 of 24, contains Taylor County's proposed interest expense normalization. Provide the following information:

a. Concerning the CoBank loans, Exhibit D of Taylor County's Application indicates that these loans are variable interest rate loans. On page 17 of 24, reference is made to fixed rates for these loans. Identify the specific interest rate program applicable to each of the CoBank loans, as of test-year end and as of the response date of this Order.

b. Exhibit F, page 17 of 24 indicates that the interest rate on CoBank Loan No. 34038 was expected to change on June 1, 1992. Indicate the interest rate applicable to CoBank Loan No. 34038 as of June 26, 1992.

c. For the remaining CoBank loans, indicate the next scheduled interest rate adjustment date.

17. Refer to Taylor County's Application, Exhibit F, page 18 of 24. Provide the following information:

a. Copies of the tax bills which document the test-year property tax expense of \$146,681.

b. A copy of the 1991 Notice of Assessment.

c. A copy of the 1991 and 1992 tax year assessments (Revenue Cabinet Form K), which reports the value of utility property as of December 31, 1990 and December 31, 1991, respectively.

d. A copy of the 1991 Certification of Public Service Company Property Assessment (Revenue Cabinet Form 61A-200J) for each county served by Taylor County.

e. A schedule of the 1991 Real Estate and Tangible Personal Property tax rates for each taxing district.

f. A schedule of idle services, by county, as of December 31, 1991.

g. A schedule of the booked and assessed values for all motor vehicles for the 1990 tax year.

h. A schedule of the booked and assessed values for all motor vehicles for the 1991 tax year.

i. A schedule of the booked and assessed values for all motor vehicles for the 1992 tax year, if available.

18. Refer to Taylor County's Application, Exhibit F, page 19 of 24, provide the following information:

a. All accounting entries made by Taylor County to reflect the change in accounting procedure relating to the meter and transformer installation costs.

b. Explain why it was appropriate to credit expense accounts for the difference recorded in the liability account.

19. Refer to Taylor County's Response to the Commission's Order of March 31, 1992, page 14 of 17. Taylor County's audit report discusses the accounting practices concerning the meter and transformer installation costs. Provide the following information:

a. The auditor's report was for the period ended May 31, 1991. Indicate when Taylor County decided to discontinue this accounting practice.

b. The auditor's report indicates that his concern over this accounting practice had been cited in the previous year's letter. Explain why Taylor County waited until 1991 to address this audit concern.

c. The auditor's report indicated that Taylor County should either reconcile the balance between the installation costs and the purchased costs or discontinue the accounting treatment. Explain in detail why Taylor County chose to discontinue the accounting treatment.

20. Referring to Taylor County's Application, Exhibit F, page 20 of 24, the proposed adjustment to right-of-way contractor expense, provide the following information:

a. A copy of the contract with Asplundh that was in effect as of test-year end.



b. Explain the process Taylor County used in awarding the right-of-way contract. Indicate when the current contract was awarded. If a competitive bidding process was used, include the names of all bidders in the last solicitation and the bids offered.

c. Explain in detail why a fourth right-of-way crew was added for Taylor County. Include with this explanation a discussion of the approach Taylor County has adopted concerning the clearing of rights-of-way and indicate the right-of-way clearing cycle currently in use.

d. Indicate the total test-year expense for right-of-way contract work. Identify the account number(s) where the expense was recorded.

e. Indicate how the work factors of 82.5 and 84.45 percent were calculated.

21. Referring to Taylor County's Application, Exhibit F, page 21 of 24, the proposed adjustment for the tree replacement program, provide the following information:

a. Explain in detail why Taylor County implemented a tree replacement program. Include any studies or analysis prepared by or for Taylor County which was used in evaluating the need and/or potential effectiveness of a tree replacement program.

b. Explain in detail the nature of the tree replacement program. Include a discussion concerning who decides a tree should be replaced. Also, include copies of any information provided to members concerning this program.

c. Indicate how many Kentucky rural electric cooperatives have implemented a similar tree replacement program.

d. Prepare a cost/benefit analysis concerning the tree replacement program. Include a discussion of the expected savings from the program and the impact the tree replacement program is expected to have on its right-of-way clearing expenses.

22. Concerning the calculation of the proposed adjustment for the tree replacement program, provide the following information:

a. The adjustment is based on the assumption that an average of 28 trees would be replaced each month. Explain why an average based on 5 months of activity, during winter months, results in a reasonable estimate of the number of trees to be replaced in a year.

b. Explain in detail how the cost per tree amount of \$80 was determined. Include all supporting workpapers, calculations, and other documentation.

c. Indicate the account number(s) where the tree replacement program expenses are recorded.

23. Included in Exhibit J of Taylor County's Application is a determination of Taylor County's test-year actual and adjusted rate base. Provide the following information:

a. A breakdown of the accounts and balances included as Materials and Supplies in the rate base calculation.

b. Explain why Taylor County included 3.29 percent of its purchased power cost in the calculation of rate base. Include with this explanation the rationale for the 3.29 percent. Also,

explain why Taylor County included purchased power costs in its calculation of the rate base.

c. Indicate whether Taylor County was aware that the Commission has not historically included an amount for purchased power cost in the determination of rate base.

d. Explain why Taylor County applied 12.33 percent to the portion of operating expenses included in the rate base. Include with this explanation the rationale for using 12.33 percent. Indicate whether Taylor County was aware that the Commission has historically used the 1/8 formula method to determine the cash working capital allowance included in rate base.

24. Taylor County's Response to the Commission's Order of March 31, 1992, Item 7, contains an analysis of changes in balance sheet accounts between the test year and the previous year. For each of the accounts listed below, provide a detailed explanation concerning the reason(s) for the change in the account between the two time periods.

a. Account No. 373 - Street Lighting & Signal System, page 2 of 8.

b. Account No. 392 - Transportation Equipment, page 2 of 8.

c. Account No. 108.7 - Accum. Prov. for Depr. - General Plant, page 3 of 8.

d. Account No. 123.11 - Patronage Cap. from United Utility, page 3 of 8.

e. Account No. 123.21 - Investment in Cap. Term Cert.  
- E Stock, page 3 of 8.

f. Account No. 123.22 - Investment in Capital Term  
Cert. - LBC, page 4 of 8.

g. Account No. 136 - Temporary Investments, page 4 of  
8.

h. Account No. 143 - Other Accounts Receivable, page 4  
of 8.

i. Account No. 165.1 - Prepayments - Insurance, page 5  
of 8.

j. Account No. 183 - Preliminary Survey & Invest.,  
page 5 of 8.

k. Account No. 208 - Donated Capital, page 5 of 8.

l. Account No. 232.1 - Accounts Payable - General,  
page 6 of 8.

m. Account No. 253 - Other Deferred Credits, page 8 of  
8.

25. Taylor County's Response to the Commission's Order of  
March 31, 1992, Item 8, contains an analysis of income and expense  
account balances for the test year and the previous year. For  
each of the accounts listed below, provide a detailed explanation  
concerning the reason(s) for the change in the account between the  
two time periods.

a. Account No. 444 - Public Street & Highway Lighting,  
page 2 of 6.

b. Account No. 445.B - Sales to Public Building -  
Schools, page 2 of 6.

- c. Account No. 450 - Forfeited Discounts, page 2 of 6.
- d. Account No. 588 - Miscellaneous Distribution Expense, page 3 of 6.
- e. Account No. 593 - Maintenance of Overhead Lines, page 3 of 6.
- f. Account No. 593.a - Maintenance of Overhead Lines - Indirect, page 3 of 6.
- g. Account No. 595 - Maintenance of Line Transformers, page 3 of 6.
- h. Account No. 904 - Uncollectible Accounts, page 4 of 6.
- i. Account No. 924 - Property Insurance, page 4 of 6.
- j. Account No. 925 - Injuries & Damages, page 4 of 6.
- k. Account No. 926 - Employees' Pensions & Benefits, page 4 of 6.
- l. Account No. 926.a - Directors' Benefits, page 4 of 6.
- m. Account No. 930.1 - Directors' Fees & Mileage, page 4 of 6.
- n. Account No. 930.4 - Miscellaneous General Expense, page 4 of 6.
- o. Account No. 932 - Maintenance of General Plant, page 4 of 6.
- p. Account No. 403.7 - Depr. Expense - General Plant, page 5 of 6.
- q. Account No. 416 - Cost Exp. of Merchandising, page 6 of 6.

26. In Article VIII, Section 2, of Taylor County's bylaws is a discussion of the policies concerning patronage capital. Given these policies, explain what Taylor County's obligations are to its members concerning equity management and the refunding of capital credits.

27. Refer to Taylor County's Response to the Commission's Order of March 31, 1992, Item 11. Provide a description of the equity management policies and practices followed by Taylor County. In addition, explain why Taylor County has not adopted a formal equity management plan.

28. In its response to the Commission's Order of March 31, 1992, Item 11, Taylor County indicated that the present refunds of capital credits are made to the estates of deceased members. In Item 9, page 10 of 17, the auditor's report indicated that the total retirements of patronage capital through May 31, 1991 totalled \$1,820,903. Provide the following information:

a. Indicate when Taylor County last made a general retirement or refund of capital credits to its members. Include the date of the retirement and the amount retired or refunded.

b. Explain in detail Taylor County's plans concerning the possibility of future retirements or refunds of capital credits to members.

29. Refer to Taylor County's Response to the Commission's Order of March 31, 1992, Item 12. Provide the following information:

a. Explain in detail how Taylor County selected the providers of its legal, engineering, and auditing services.

b. Indicate when Taylor County retained its current providers of legal, engineering, and auditing services. Also indicate how frequently the use of these providers is reviewed.

c. If competitive bidding procedures were used to secure legal, engineering, or auditing services, indicate when the last competitive bidding was performed. Include a listing of all bidders and the bid amounts submitted. If the successful bidder was not the lowest bidder, explain why the successful bidder was chosen.

30. Concerning the auditing services provided to Taylor County, provide the following information:

a. Indicate the cost of the three previous annual audits and what firm performed the audit.

b. Indicate the cost of the three previous audits of the Employees Retirement Savings Trust Fund, what firm performed the audit, and the period covered by the audit.

31. Refer to Taylor County's Response to the Commission's Order of March 31, 1992, Item 13. Provide the following information:

a. Indicate what mileage rate(s) were in effect during the test year.

b. Explain in detail why it is appropriate for Taylor County to pay both a per diem amount and actual expenses to directors when they are attending meetings other than Taylor County's regular board and committee meetings.

c. Explain in detail why it is appropriate for Taylor County to pay for medical insurance for both its directors and their families.

32. Refer to Taylor County's Response to the Commission's Order of March 31, 1992, Item 14. Provide the following information:

a. Explain in detail the reason(s) for the fluctuations in the annual meeting costs over the last six years.

b. In Item 14, the 1991 annual meeting costs are listed as \$20,440. In the response to Item 22, the combined costs for the board election and annual meeting are shown as \$18,842. Reconcile these two amounts and explain why there is a difference.

33. Concerning the test-year capitalization rates discussed in the response to Item 16, provide the following information:

a. Explain why the capitalization rate used to compute the wage adjustment shown in Taylor County's Application, Exhibit F, page 5 of 24, is not the same rate as indicated by the schedule shown in Exhibit F, page 6 of 24.

b. Explain why the capitalization rates shown in Taylor County's Response to the Commission's Order of March 31, 1992, Item 1, page 18 of 29, for federal unemployment, FICA, and state unemployment are not the rates used to calculate the adjustment to these items as shown in Taylor County's Application, Exhibit F, page 9 of 24.

34. Refer to Taylor County's Response to the Commission's Order of March 31, 1992, Item 20. Provide the following information:



a. Taylor County has indicated that 12 retired employees are covered under the Blue Cross/Blue Shield plan. Identify these retirees and indicate the job or position each person held with Taylor County before their retirement.

b. Indicate whether it is the normal policy of Taylor County to include its retirees on the medical insurance plan. Also indicate how long this has been a policy of Taylor County.

c. The response indicates that 5 directors are included under the medical insurance plan. The response to Item 23 indicates there are 7 directors. Explain why all 7 directors are not included under the medical insurance plan.

d. Indicate whether it is the normal policy of Taylor County to include its directors on the medical insurance plan. Also indicate how long this has been a policy of Taylor County.

35. In its response to Item 21, Taylor County indicated that it did not have advertising expenses during the test year. Provide a detailed explanation of how Taylor County makes its members aware of the following items:

- a. The All-Seasons Comfort Home program.
- b. Electric Heat Pumps.
- c. Geothermal or Electric Thermal Storage systems.
- d. Encouraging energy efficiency through the addition of insulation, caulking, use of energy efficient appliances, or other methods.
- e. Encouraging the safe use of electricity.
- f. Encouraging the selection of electricity as an energy source when constructing new buildings or homes.

36. Provide copies of the March, June, September, and December issues of Taylor County's newsletter that were published during the test year.

37. The response to Item 22 contains a schedule of expenses recorded in Account No. 930 - Miscellaneous Expenses. For each of the transactions or groups of transactions listed below, provide an explanation of the nature of the transaction and why it is appropriate to include the transaction for rate-making purposes.

a. Directors Advance for NRECA Annual Meeting - Voucher Nos. 10293, 10271, 10311, 10321, and 10322.

b. Directors - Spurlock Station - Voucher Nos. 11046, 11047, 11020, 11016, and 11025.

c. Flowers - Voucher Nos. 11120, 11385, 11796, 13062, and 13099.

d. NRTC Dues - Voucher No. 11095.

e. Nominating Committee - Voucher Nos. 11059 through 11065.

f. KAEC Manager Association Dues - Voucher No. 11285.

g. Gifts - KAEC Meeting - Voucher No. 11477.

h. Morris Advertising Annual Meeting Prize - Voucher Nos. 11616 and 11644.

i. Election Commissioners - Voucher Nos. 11567 through 11569.

j. Construction Pole Beds/Pole Yard - Voucher Nos. J8826 and J8852.

k. East Ky Power Exp. Annual Meeting - Voucher No. 12269.

1. East Ky Power Energy Conference - Voucher No. 12322.

m. Enfield Stationers - Voucher No. 12384.

38. Refer to Taylor County's Response to the Commission's March 31, 1992 Order, Item 24. Provide the following information:

a. Explain in detail why it is appropriate for Taylor County to pay expenses for directors' spouses to attend the NRECA annual meeting.

b. Indicate whether Taylor County was aware that the Commission normally does not include expenses for directors' spouses for rate-making purposes.

39. Concerning the schedule of directors' expenses included in Item 24, provide the following information:

a. Explain in detail why Director Harris was paid a board meeting fee and mileage to sign checks. Include a discussion of why it is appropriate for Taylor County to make this payment and why it should be included for rate-making purposes.

b. Indicate whether a regular board meeting was held on the same day as Taylor County's annual meeting.

c. If yes to part (b), explain in detail why it was appropriate to pay Taylor County's directors a board meeting fee and mileage for both the regular meeting and the annual meeting.

d. Explain why there are differences in the amounts paid for Blue Cross/Blue Shield coverage, as shown on page 6 of 7.

e. Explain why payments for annual meeting food were made to Director Harris, Voucher Nos. 11727 and 11768.

40. Taylor County's Response to Item 25 of the Commission's March 31, 1992 Order does not provide all the requested information. The analysis of professional service expenses was to include an identification of the account charged, the hourly rates and time charged to the utility according to each invoice, and a brief description of the service provided. Provide a copy of the invoice and the voucher referenced for each transaction shown in Item 25, except for those identified as legal and engineering retainer fees. For each of these transactions, indicate the account number(s) used to record the transaction.

41. For the professional services identified below, provide a detailed explanation concerning the nature of the services supplied and an indication of whether this expense would be of a recurring nature:

- a. Mapping.
- b. Construction Contract.
- c. Work Order Inspection.
- d. Work Plan.

42. Refer to Taylor County's Response to the Commission's Order of March 31, 1992, Item 26. Provide the following information:

- a. Indicate the account number(s) in which the actual expenses through April 30, 1992 were recorded, as was originally requested.
- b. Based on the response, indicate whether it is correct that Taylor County estimates the total cost of this rate

case to be approximately \$14,271. If this is not correct, supply the total estimated cost.

43. Provide monthly updates of the actual rate case costs incurred by Taylor County. The updates should provide the same detail as was requested in Item 26(a) of the Commission's March 31, 1992 Order. The updates should be filed during each month of this proceeding, through and including the month of the public hearing. The updates should be filed by the 20th of the month following the reporting month.

44. Taylor County's Response to the Commission's Order of March 31, 1992, Item 26, indicates that \$4,861 of the actual rate case costs incurred to date are for payroll. Provide the following information:

a. Indicate whether the payroll relates to the use of in-house labor in preparing this case.

b. Explain whether the payroll reflects labor charges that are part of the regular work hours of employees or overtime hours.

c. If the Commission were to allow recovery of the rate case expenses, explain why it would be appropriate to include in-house labor costs in the rate case expenses and also allow for the normalization of labor costs as proposed in this proceeding.

45. The Financial Accounting Standards Board ("FASB") has issued Opinion No. 106, concerning the accounting for other post-retirement benefits. Provide an explanation concerning whether Taylor County has reviewed FASB No. 106 and whether Taylor

County has determined how FASB No. 106 will apply to its other post-retirement benefits.

46. Provide a schedule listing any extraordinary and/or non-recurring transactions which have been included in test-year operations. Include a description of the transaction and the account number(s) where the transaction was recorded.

47. Provide a detailed explanation concerning how Taylor County determined it should request a 2.0 Times Interest Earned Ratio.

48. Indicate whether Taylor County intends to prefile testimony in support of its application. If Taylor County plans to prefile testimony, it should be filed by the response date of this Order.

49. Refer to Taylor County's Retail Rate Analysis:

a. Provide all workpapers and background material, ordered by exhibit, used to derive and or support Exhibits 10 through 17.

b. If calculations in one exhibit are used to support a subsequent exhibit, provide an explanation of how and where they are used.

50. Refer to Taylor County's Retail Rate Analysis, Exhibit 9A:

a. If any of the numbers or percentages are used in subsequent exhibits, give a detailed explanation of how and where they are used.

b. As a utility, Taylor County's total KWH sales and KWH sales/consumer peak in March, though this is not listed on the

table. Explain why this is not a significant fact in the cost-of-service study.

51. Refer to Taylor County's Retail Rate Analysis, Exhibit 10:

a. Explain the method used to derive each weighting factor.

b. Explain why the customer classes are being weighted.

52. Refer to Taylor County's Retail Rate Analysis, Exhibit 11:

a. Explain how total KWH and KW demand are used to allocate power cost in footnote 3.

b. List KW demand for each customer class.

53. Refer to Taylor County's Retail Rate Analysis, Exhibit 13. Explain why distribution plant is allocated to customer classes on the basis of KWH usage as opposed to a demand and customer allocation.

54. Refer to Taylor County's Retail Rate Analysis, Exhibits 14 - 16. Explain the method(s) used to separate expenses by category.

Done at Frankfort, Kentucky, this 5th day of June, 1992.

PUBLIC SERVICE COMMISSION

ATTEST:

  
For the Commission

  
Executive Director , Acting