

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF TAYLOR COUNTY RURAL)	
ELECTRIC COOPERATIVE CORPORATION TO)	
BORROW AN ADDITIONAL SUM OF \$1,541,000)	
FROM THE UNITED STATES OF AMERICA AND TO)	
EXECUTE A NOTE FOR SAID AMOUNT AND TO)	
CONCURRENTLY BORROW FROM ITS)	CASE NO.
SUPPLEMENTAL LENDER, COBANK, THE)	2005-00076
ADDITIONAL SUM OF \$660,000 AND TO)	
EXECUTE ITS NOTE THEREFOR, SAID NOTES)	
TO BE SECURED BY AN EXISTING COMMON)	
MORTGAGE HERETOFORE EXECUTED, AS)	
RESTATED)	

FIRST DATA REQUEST OF COMMISSION STAFF TO
TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

Taylor County Rural Electric Cooperative Corporation ("Taylor County"), pursuant to 807 KAR 5:001, is requested to file with the Commission the original and five copies of the following information, with a copy to all parties of record. The information requested herein is due no later than 14 days from the date of this data request. 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 person 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 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.

1. Refer to page 3 of the application. Taylor County states that the funds will be used for making improvements to its plant and extension in its existing system as approved by the Commission in Case No. 1998-00119.¹

a. Provide a full description of the work Taylor County has completed through January 31, 2005 on its 1998-2000 Work Plan.

b. Provide a schedule comparing the estimated 1998-2000 Work Plan cost as shown in Exhibit F of the application with the actual costs incurred by Taylor County.

c. Provide the starting and completion dates for the work included in the 1998-2000 Work Plan.

2. Refer to page 4 of the application. Taylor County states that the loan from CoBank will have a variable interest rate.

a. Has Taylor County formally committed to using a variable interest rate on the CoBank loan? Explain the response.

b. Did Taylor County have the option of selecting a fixed interest rate for part or all of the term of the CoBank loan? Explain the response.

c. Discuss the reason(s) that have led Taylor County to select a variable interest rate for the CoBank loan.

d. Does Taylor County have the option of converting the CoBank loan from a variable to a fixed interest rate or from a fixed to a variable interest rate during

¹ Case No. 1998-00119, Application of Taylor County Rural Electric Cooperative Corporation for a Certificate of Convenience and Necessity, final Order dated November 3, 1998.

the term of the loan? If yes, describe the process Taylor County must follow for interest rate conversions.

3. The Commission approved Taylor County's 1998-2000 Work Plan by Order on November 3, 1998. The financing for this work plan was to be done in two phases. Taylor County sought the Commission's approval of the first phase financing in Case No. 1999-00268.² The Commission approved the first phase financing request on August 18, 1999. Taylor County filed the current application for the second phase financing of the 1998-2000 Work Plan on February 11, 2005.

a. Explain in detail why the application for the second phase financing for the 1998-2000 Work Plan was filed over 4 years after the first phase financing.

b. Is it routine that there is such a gap in time between the first and second phases of a two phase financing plan? Explain the response.

4. Concerning work plans subsequent to the 1998-2000 Work Plan:

a. Has Taylor County developed and implemented any work plans since the 1998-2000 Work Plan?

b. For each work plan developed and implemented by Taylor County since the 1998-2000 Work Plan, provide the following information:

(1) The time period covered by the work plan, for example 2001-2003.

² Case No. 1999-00268, Application of Taylor County Rural Electric Cooperative Corporation to Borrow an Additional Sum of \$3,549,000 from the United States of America and to Execute a Note for Said Amount and to Concurrently Borrow from Its Supplemental Lender, CoBank, the Additional Sum of \$1,522,000 and to Execute Its Note Therefor, Said Notes to be Secured by an Existing Common Mortgage Heretofore Executed, final Order dated August 18, 1999.

(2) A detailed description of the work to be done and the estimated cost of the work plan. The level of detail and format used on RUS Form 740c will be sufficient.

(3) The date work began and the date work was completed on the work plan.

(4) A description of how Taylor County financed the work plan. The description should cover both the initial financing as well as long-term financing.

(5) The filing date and case number of Taylor County's application to the Commission for a Certificate of Public Convenience and Necessity ("CPCN") for the work plan. If Taylor County did not seek a CPCN for the work plan, explain in detail why a CPCN was not sought.

5. Refer to Exhibit A, page 2 of 2, of the application.

a. For 2003 and 2004, calculate Taylor County's equity ratio. For purposes of this request, the equity ratio is the "Total Margins and Equity" divided by the sum of the "Total Margins and Equity" and the "Total Long Term Debt."

b. Does Taylor County have an equity management plan or a target equity ratio? If yes, provide copies of the equity management plan or the target equity ratio.

6. Refer to Exhibit B of the application. For 2003 and 2004, calculate Taylor County's Times Interest Earned Ratio ("TIER"). For purposes of this request, exclude Generation and Transmission Capital Credits received from East Kentucky Power Cooperative, Inc. when calculating the TIER.

7. Taylor County's last general rate case was Case No. 1992-00080,³ where as the result of a settlement agreement, Taylor County's revenue requirements were determined based on a 2.0 TIER.

a. Explain why Taylor County's achieved TIER in 2003 and 2004 is higher than the 2.0 TIER authorized in Case No. 1992-00080.

b. Describe any actions taken by Taylor County during the two previous calendar years to bring the achieved TIER to a level more in line with the last authorized TIER.



Beth O'Donnell
Executive Director
Public Service Commission
P. O. Box 615
Frankfort, KY 40602

DATED February 28, 2005

cc: All Parties

³ Case No. 1992-00080, Application of Taylor County Rural Electric Cooperative Corporation for Adjustment of Rates, final Order dated October 9, 1992.