

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF OWEN ELECTRIC COOPERATIVE	)	
CORPORATION FOR AN ORDER AUTHORIZING A	)	
CHANGE IN RATE DESIGN FOR ITS RESIDENTIAL	)	CASE NO.
AND SMALL COMMERCIAL RATE CLASSES AND	)	2011-00037
THE PROFERRING OF SEVERAL OPTIONAL RATE	)	
DESIGNS FOR THE RESIDENTIAL RATE CLASSES	)	

COMMISSION STAFF'S FIRST INFORMATION REQUEST TO  
OWEN ELECTRIC COOPERATIVE CORPORATION

Owen Electric Cooperative Corporation ("Owen"), pursuant to 807 KAR 5:001, is to file with the Commission the original and 10 copies of the following information, with a copy to all parties of record. The information requested herein is due no later than July 8, 2011. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Owen shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though

correct when made, is now incorrect in any material respect. For any request to which Owen fails or refuses to furnish all or part of the requested information, Owen shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Provide the following information in a comparative format:

a. Average monthly residential usage for each month of the test year.

Using these average usage levels, provide the average bill for each month for the Farm and Home class using the present rates and the proposed rates. Based on these same monthly averages, for each year from 2011 through 2015, show the effect upon the average monthly bill of the proposed increase in the customer charge, along with the corresponding decrease in the energy charge.

b. Provide the information requested in part a. of this request for an average residential non-space heating customer.

c. Provide the information requested in part a. of this request for an average residential space heating customer.

d. Based on the information provided in response to parts a. through c. of this request, provide a narrative discussion of any conclusions that could be made, including whether the proposed change in rates could encourage or discourage usage.

2. Provide the following information in a comparative format:
  - a. Average monthly commercial usage for each month of the test year. Using these average usage levels, provide the average bill for each month for the Small Commercial class using the present rates and the proposed rates. Based on these same monthly averages, for each year from 2011 through 2014, show the effect upon the average monthly bill of the proposed increase in the customer charge, along with the corresponding decrease in the energy charge.
  - b. For the test year, provide the lowest 12-month average usage by a single commercial customer.
  - c. For the test year, provide the highest 12-month average usage by a single commercial customer.
  - d. Using the information provided in response to parts a. through c. of this request, provide a narrative discussion of any conclusions that could be made, including whether the proposed change in rates could encourage or discourage usage since customers under the Small Commercial tariff have no other rate options.
3. Refer to Exhibit 2 of the Application, pages 4-7.
  - a. For schedules 1-B1, 1-B2, and 1-B3, explain how the Schedule of Hours including Months, Days, On-Peak Hours and Off-Peak Hours for each rate was determined. Include with the explanation all calculations performed and supporting documents used in making the determinations.
  - b. For schedule 1-D Farm and Home Inclining Block, explain how the energy charge block increments 0-300 kWh, 301-500 kWh, and Over 500 kWh were

selected. Include in the explanation all calculations and workpapers necessary to justify the block increments selected.

4. Refer to Item 5, page 2, of the Application. Owen states that the rate design adjustments were designed to be rate-neutral. Owen further states that the five-year period within which it proposes to align the member charge with Owen's fixed cost minimizes the financial impact to individual members within each rate class. Describe the financial impact upon individual members to which Owen refers.

5. Refer to Item 7, page 3, of the Application. In response to question 11, Owen states that the twelve months ended December 31, 2009 was selected as the test year. Explain why this test year was chosen, given that more recent data is available.

6 Refer to Exhibit 7a, page 2, of the Application. Explain whether Owen anticipates the need for a base rate increase during the next five years and, if so, whether the rate increase will be assigned entirely to the customer charge.

7. Refer to Exhibit 7a, page 4, of the Application. Provide a copy of the Energy Efficiency & Demand Response Task Force report which includes and discusses the "road map outlining how rural electric cooperatives can expeditiously promote a culture of energy innovation including energy conservation, energy efficiency, and demand response."

8. Refer to Exhibit 7a of the Application, page 5, answer 17. Owen states that it is not reasonable to expect it to aggressively pursue energy innovation, energy efficiency, and demand response programs when every reduction in sales has a negative financial impact on Owen. Explain whether Owen agrees that, through a Demand-Side Management ("DSM") surcharge, it can recover all costs as well as lost

revenues resulting from Commission-authorized, cost-effective DSM programs.

9. Refer to Exhibit 7a of the Application, page 5, answer 18, wherein Owen begins its explanation of the throughput incentive. Explain whether Owen agrees that, as long as the energy charge exceeds the cost to purchase and transmit power to the member, a throughput incentive still exists.

10. Refer to Exhibit 7a, pages 6-8, of the Application. The testimony explains the advantages to the utility of mitigating the throughput incentive. However, a lower energy charge can also lower the incentive for customers to spend money to implement energy conservation, DSM and energy-efficiency programs. If its goal is to expand customer participation in such programs while minimizing its related negative financial impacts, explain how Owen believes this reduced customer incentive can be overcome.

11. Refer to Exhibit 7a of the Application, page 9, answer 25, wherein Owen discusses whether a lower customer charge combined with a higher energy charge would benefit fixed- and low-income members. From 2008 through 2010, members who receive LIHEAP assistance used an average of 1,609 kWh per month, while the remaining members used on average 1,237 kWh per month.

a. How many members of Owen received LIHEAP assistance from 2008 through 2010?

b. Identify and describe all DSM programs that Owen makes available to fixed- and low-income members, and explain how these members are made aware of these programs or other available energy-efficiency measures.

c. Provide support for the statement, “[t]he inefficient energy usage of the dwelling in which they live has typically resulted in the price of the dwelling being

discounted to a level that low income members can afford.” Provide a copy of the referenced EKPC study regarding LIHEAP assistance.

12. Refer to Exhibit 7a in the Application, at page 15, Strategy 6A2. How many homes participated in the Button-Up pilot program in 2010?

13. Refer to Exhibit 7a in the Application, at page 16, Strategy 6A3. Results from the 2009 Button-Up pilot program showed an average reduction of 8,389 BTUs per house and 2.45 kW reduction per house at an average cost of \$1,810 per house.

a. Explain how the 8,389 BTUs per house was determined. Show all calculations.

b. Explain how the 2.45 kW per house was determined. Show all calculations.

c. Explain how the \$1,810 cost per house was determined and what makes up those costs. Show all calculations.

14. Refer to Exhibit 7a, page 18, of the Application. Describe how Owen is upgrading its SCADA system and enhancing its communication and network capacity and reliability.

15. Refer to Exhibit 7a of the Application, at page 19, Strategies 6D1 & 6D2, which state that a task force that was developed in August 2009 hired a consultant who prepared a cost-of-service and rate study based upon a 2009 test year. The results are presently being used to determine how to restructure rates in 2012. In the current case, Owen’s request is for a revenue-neutral rate design for its Farm and Home and Small Commercial classes beginning in 2011. Explain what Owen’s plans are in 2012 as to restructuring its rates.

16. Provide separately the total numbers of Farm and Home and Small Commercial customers that Owen estimates will experience increases in bills due to its proposed changes in rate design.

17. Refer to Exhibit 7b, page 5, of the Application. Owen proposes to offer four optional rate schedules.

a. If a customer opts for one of the three Time-of-Day rate schedules or the inclining block rate schedule, the proposed tariffs require a one-year commitment. Explain why the customer should not be allowed to switch to another rate at any time based on his or her particular circumstances or changes in circumstances.

b. Will a contract or agreement be required if a customer selects an optional rate schedule? If yes, provide copies of all contracts or agreements required.

c. If a customer switches to an optional rate which, due to increases in usage or for other reasons, becomes disadvantageous to the customer, explain whether the customer is expected to initiate the contact with Owen to explore a more suitable rate or if Owen expects to initiate contact with the customer.

18. Refer to Exhibit 7d, page 3, of the Application. Owen describes how it will inform customers to enable them to select the correct rate. If a customer does not choose an optional rate, explain whether Owen intends to have the customer default to the standard Farm and Home or Small Commercial rate without exception.

19. a. For an average residential customer to be served under the proposed Schedule 1-B1—Farm & Home—Time of Day tariff, provide a comparison of the customer's bill under existing rates with the bill as it would be calculated under Schedule 1-B1. Show the effect of each current and proposed rate on the customer's

bill in sufficient detail to show the individual effect of each rate change as shown in the tariff. Include all assumptions used in the calculation of the average customer's bill.

b. Provide the same analysis requested in part a. above using kWh levels that might be experienced during a peak month.

20. a. For an average residential customer to be served under the proposed Schedule 1-B2—Farm & Home—Time of Day tariff, provide a comparison of the customer's bill under existing rates with the bill as it would be calculated under Schedule 1-B2. Show the effect of each current and proposed rate on the customer's bill in sufficient detail to show the individual effect of each rate change as shown in the tariff. Include all assumptions used in the calculation of the average customer's bill.

b. Provide the same analysis requested in part a. above using kWh levels that might be experienced during a peak month.

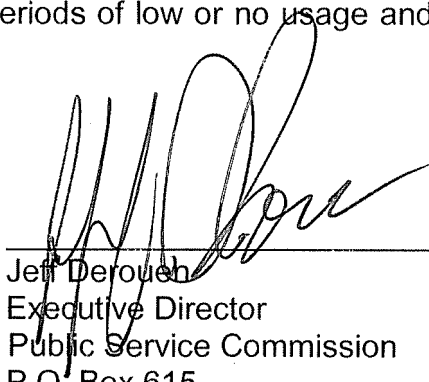
21. a. For an average residential customer to be served under the proposed Schedule 1-B3—Farm & Home—Time of Day tariff, provide a comparison of the customer's bill under existing rates with the bill as it would be calculated under Schedule 1-B3. Show the effect of each current and proposed rate on the customer's bill in sufficient detail to show the individual effect of each rate change as shown in the tariff. Include all assumptions used in the calculation of the average customer's bill.

b. Provide the same analysis requested in part a. above using kWh levels that might be experienced during a peak month.

22. Provide in electronic format, all schedules in Exhibits 10 and 11 of the Application, with all formulas unprotected and unlocked.



23. Owen's current tariff includes a reconnect fee of \$30.00. Explain whether, due to the increased monthly customer charge, low-usage or seasonal customers may choose to disconnect during periods of low or no usage and reconnect when service is needed.



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DATED JUN 24 2011

cc: Parties of Record

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