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**JUL 24 2007**

**PUBLIC SERVICE  
COMMISSION**

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF FLEMING-MASON            )  
ENERGY COOPERATIVE CORPORATION        ) CASE NO. 2007-00022  
FOR AN ADJUSTMENT OF RATES            )

ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits this Initial Request for Information to Fleming-Mason Energy Cooperative Corporation ["FMECC"], to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following:

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.

(2) Please identify the witness who will be prepared to answer questions concerning each request.

(3) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(4) If any request appears confusing, please request clarification directly from the Office of Attorney General.

(5) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(6) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.

(7) If FMECC objects to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

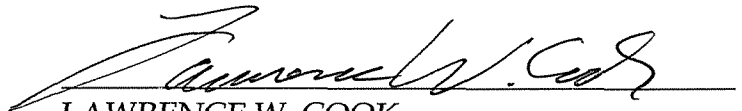
(8) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(9) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(10) Please provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response.

Respectfully submitted,

GREGORY D. STUMBO  
ATTORNEY GENERAL

A handwritten signature in black ink, appearing to read "Lawrence W. Cook", is written over a horizontal line.

LAWRENCE W. COOK  
PAUL D. ADAMS  
ASSISTANT ATTORNEYS GENERAL  
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*Certificate of Service and Filing*

Counsel certifies that an original and ten photocopies of the foregoing were served and filed by hand delivery to Beth O'Donnell, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; counsel further states that true and accurate copies of the foregoing were mailed via First Class U.S. Mail, postage pre-paid, to:

Chris Perry  
President and CEO  
Fleming-Mason Energy Cooperative  
P. O. Box 328  
Flemingsburg, KY 41041

Hon. Marvin W Suit  
Attorney At Law  
Suit, McCartney & Price, PLLC  
207 Court Sq.  
Flemingsburg, KY 41041

this 24<sup>th</sup> day of JULY, 2007

  
Assistant Attorney General

**Attorney General's Initial Data Requests**  
**Fleming-Mason Energy Cooperative Corp.**  
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1. Please state whether any FMECC employees or members of FMECC's Board of Directors are employees, board members, partners, or members of any other business entity or organization. Identify each such individual, the name of the business entity or organization, and the title of their position.
2. Please identify FMECC's designated delegates for KAEC annual meetings, and NRECA annual meetings.
3. Please provide a schedule listing all CWIP projects included in the rate base. For each project, provide the scheduled completion date, projected cost at completion, and identify any and all PSC orders allowing FMECC to include CWIP in the rate base.
4. Please state the test year customer deposit balance.
5. Is interest on customer deposits used as a cost of service (i.e., has customer deposit interest been used to reduce test year net income?).
6. Please state whether any relative, by blood or marriage, of FMECC's board of directors or executive management team holds, or will hold any type or sort of position, whether as employee, officer, board member, contractor or consultant, with FMECC.
7. Does FMECC anticipate any changes in any existing contracts as a result of any potential rate increase (e.g., engineering, information technology, maintenance, etc.)?
8. Does FMECC maintain any contracts with vendors whose principals are in any manner related, by blood or marriage, to FMECC's officers, members of its Board, its employees, its independent contractors or consultants? If yes:
  - a) Please provide copies of any such contract, and a breakdown of how much money was spent per contract per year for the last ten (10) calendar years; and

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- b) Please state whether the contracts were awarded pursuant to a bid process, and if so, provide specifics of that bid process.
9. Does FMECC have any anti-nepotism policies in place? If so, provide copies of any and all such policies, and/or memoranda referring to such policies.
10. Does FMECC employ the relatives of:
- a) any FMECC board member;
  - b) any FMECC officer;
  - c) any FMECC consultant;
  - d) any other FMECC employee?
11. Has any member of FMECC's Board ever served on the Board of any other business entity? If so, please state:
- a) the name and address of each such entity; and
  - b) the length of time they served on the other entity's board.
12. Does FMECC's filing contain a test year pre-payment balance? If so, does this balance include dividend receivables and rent receivables?
13. Since the filing of its last rate case (2001-244), has FMECC subsidized or guaranteed any loans made to Fleming Mason Services?
14. Refer to adjustment no. 10. Do any of the claimed director's expenses include meal expenses for director's spouses? If so, identify the exact dates and amounts so claimed.
15. Explain in detail the rationale for FMECC seeking an increase of approximately 54% in the customer charge for Schedule RSP, while it is seeking an increase in the energy charge for this same class of only approximately 12.6%.
16. Explain in detail why FMECC is not seeking an increase in either the customer charge or demand charge for Sch. SGS or Sch. LGS.

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17. Can FMECC confirm that it has no customers in any of its Large Industrial Service (LIS) rate plans? If so, why does FMECC maintain these rate plans?
18. Explain in detail why FMECC is not seeking any rate increase of any type or sort from its four contract customers (Dravo, Inland, Guardian Services, and Tennessee Gas).
19. Explain in detail why Dravo currently has no customer charge, and why FMECC is not proposing to establish one in the instant filing.
20. Reference application exhibit N. Explain in complete detail how FMECC determined the price of the stock it purchased from its subsidiary. Were any studies conducted? If so, by whom? Provide a copy of any and all studies indicating the appropriate stock purchase price.
21. Reference account no. 390, structures and improvements. Explain the \$970,220 increase in December of the test year compared with the same time period in the preceding year.
22. Reference account no. 393, stores. Explain the 212.6% increase in spending in this account. Additionally, explain why most of this increase occurred in the latter one-half of the test year.
23. With regard to account no. 393, provide the figures for the past five (5) years in the same format provided in the application.
24. Please state precisely when the FMECC board of directors decided to file the instant rate case. Provide a copy or copies of any and all board resolutions relevant to this decision.
25. Reference account no. 397. Explain why spending in this account increased to \$188,404 in the last month of the test year over the same time in the preceding year, when expenses totaled only \$75,200, an increase of 150.5%.
26. With regard to account no. 397, please provide the figures for the past five (5) years in the same format provided in the application.

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27. Reference account 123.11, subsidiary investments. Explain the \$82,815 increase in expenses (46.12%) that occurred in June of the test year for this account over the same time in the preceding year.
28. Reference accounts 131.50, 135.00 and 135.10. Explain the increase under the heading "Total Cash" from \$385,190 in the 12<sup>th</sup> month of the preceding year to \$769,952 in the 12<sup>th</sup> month of the test year, an increase of 99.88%.
29. Reference account no. 232.20, "Wintercare." Explain the nature of these expenses.
30. Reference adjustment no. 9, page 1 of 4. Is FMECC aware of the well-established Commission policy precluding costs for attorney seminars, and legal subscriptions from being included in the rate base?
  - a. Confirm that FMECC is seeking ratepayer reimbursement for the following attorney-related expenses:
    - (i) \$1,099.24 for NRECA legal seminar;
    - (ii) \$206.70 for NRECA legal subscription.
31. Reference adjustment no. 9, page 3 of 4. Please state the purpose of the services provided by Blue One Communications.
32. Reference adjustment no. 10, page 1 of 11. Please confirm that all of the expenses set forth on this page are being excluded from the rate base.