



FLEMING-MASON ENERGY  
COOPERATIVE, INC.

P.O. BOX 328 • FLEMINGSBURG, KENTUCKY 41041 • (606) 845-2661 • FAX (606) 845-1008

December 10, 2007

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

RE: Case No. 2007-00022

Dear Ms. O'Donnell:

Enclosed are the original and six copies of the information requested at the Public Hearing held November 28, 2007 by the Commission Staff. The amended Joint Stipulation and Recommendation between Fleming-Mason Energy and the Attorney General's Office was mailed to the AG's office December 6, 2007 for their approval. Once approved, they were to forward the agreement on to your office.

Please contact the office if further information is required.

Sincerely,

A handwritten signature in cursive script that reads "Christopher S. Perry".

Christopher S. Perry  
President & CEO

Enclosures

Cc: Attorney General's Office

RECEIVED

DEC 12 2007

PUBLIC SERVICE  
COMMISSION

Fleming-Mason Energy  
Case No. 2007-00022  
Information Requested by Commission at Hearing held Nov. 28, 2007

1 Update on sale of assets of subsidiary, Fleming-Mason Service Corp.

Response:

The sale of the assets of Fleming-Mason Service Corporation are not completed as of this date. Negotiations are still on-going between Fleming-Mason Energy and interested parties. Fleming-Mason will dispose of the assets as soon as due diligence is met and terms of the sale are agreed upon. Fleming-Mason Energy's Board of Directors remains committed to selling the assets.

Fleming-Mason will keep the PSC up-to-date on the progress of the sale.

Fleming-Mason Energy  
Case No. 2007-00022  
Information Requested by Commission at Hearing held Nov. 28, 2007

- 2 Copy of Board Resolution to pay off the NCSC Loan.

Response:

Attached

Fleming-Mason Energy  
Case No. 2007-00022  
Information Requested by Commission at Hearing held Nov. 28, 2007

- 3 Provide an updated Rate of Return, Exhibit K of original filing.

Response:

Attached



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COOPERATIVE, INC.

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**NCSC Pay-Off Board Resolution**

I, Lonnie C. Vice, do hereby certify that I am the Secretary of Fleming-Mason Energy Cooperative, Inc.. The following is a true and correct copy of a resolution passed at a meeting of the governing Board of Fleming-Mason Energy held on September 6, 2007, at which a quorum was present and acting throughout; said resolution was duly adopted thereat and is exactly as it appears in the minute book of Fleming-Mason Energy; the meeting was duly and regularly called in accordance with the articles of incorporation and bylaws of the organization; and said resolution has not been modified or rescinded and is in full force and effect:

**WHEREAS**, Fleming-Mason Energy desires to comply with the Kentucky PSC Order in Case No. 2001-00244 dated August 7, 2002;

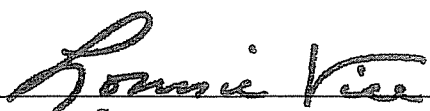
**WHEREAS**, Fleming-Mason Energy is the guarantor of the NCSC line of credit issued to Fleming-Mason Service Corporation;

**NOW, THEREFORE**, the following resolution is hereby adopted:

**RESOLVED**, that Christopher S. Perry, President and CEO, is hereby authorized on behalf of Fleming-Mason Energy and Fleming-Mason Service Corporation, to pay off the NCSC line of credit in full immediately.

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the seal of Fleming-Mason Energy this 6<sup>th</sup> day of September, 2007

SEAL

  
Secretary

Witness: Jim Adkins

**Fleming Mason Energy Cooperative**  
**Case No. 2007-00022**  
**Computation of Rate of Return**  
December 31, 2006

	<u>Actual</u> <u>Test Year</u>	<u>Adjusted</u> <u>Test Year</u>
Net margins	(\$1,318,572)	\$1,540,364
Non-cash patronage dividends	0	0
Interest on long-term debt	<u>1,815,474</u>	<u>2,075,235</u>
Total	<u>496,902</u>	<u>3,615,599</u>
<b>Net rate base</b>	<u>55,209,544</u>	<u>55,135,482</u>
Rate of return	<u>0.90%</u>	<u>6.56%</u>
<b>Equity Capitalization</b>	<u>60,973,036</u>	<u>64,366,843</u>
Rate of return	<u>0.81%</u>	<u>5.62%</u>

**Fleming Mason Energy Cooperative**  
**Case No. 2007-00022**  
**Determination of Rate Base**  
December 31, 2006

	<u>Actual</u> <u>Test Year</u>	<u>Adjusted</u> <u>Test Year</u>
Gross rate base:		
Total electric plant	\$71,456,369	\$71,532,647
Material and supplies (13 months average for test year)	497,001	497,001
Prepayments (13 months average for test year)	211,261	211,261
Working capital: 12.5% of operating expense less cost of power	859,206	859,206
	73,023,837	73,100,115
Deductions from rate base:		
Accumulated depreciation	17,814,293	17,964,633
Consumer advances	-	-
Net rate base	<u>\$55,209,544</u>	<u>\$55,135,482</u>

	<u>Material</u>	<u>Prepayments</u>
December 2005	236,130	214,560
January 2006	322,582	325,908
February	322,468	299,249
March	391,131	274,709
April	485,194	246,684
May	597,698	222,309
June	630,272	249,283
July	630,580	220,651
August	700,240	191,022
September	597,110	152,345
October	624,187	126,326
November	672,741	127,419
December	250,684	95,922
Average	497,001	211,261

**Fleming Mason Energy Cooperative**  
**Case No. 2007-00022**  
**TIER and DSC Calculations**  
December 31, 2006

	<u>Actual</u> <u>Test Year</u>	<u>Adjusted</u> <u>Test Year</u>
<b>TIER:</b>		
Margins, excluding G&T		
capital credits and extraordinary item:	(\$1,318,572)	\$1,540,364
Interest on long term debt	1,815,474	2,075,235
TIER	0.27	1.74

<b>DSC:</b>		
Margins, excluding G&T		
capital credits	(\$1,318,572)	\$1,540,364
Depreciation expense	2,338,905	2,462,868
Interest on long term debt	1,815,474	2,075,235
Principal payment on		
long term debt	985,311	985,311
DSC	1.01	1.99

DSC = (Margins + depreciation + interest  
/ interest + principal payments)



Fleming-Mason Energy  
Case No. 2007-00022

Information Requested by Commission at Hearing held Nov. 28, 2007

- 4 How does Fleming-Mason Energy plan to handle the accounting of the disposal of the subsidiary?

Response:

Fleming-Mason has investments in its subsidiary through advances of capital and advances for operations. The capital is recorded in Account No. 123.11, Invest in Subsidiary and the advances for operations in Account No. 146, A/R Associated Company.

Based on the December 31, 2006 balances, the entry would be as follows:

Debit	131, Cash, general funds	\$ xxxx
Credit	123.11 Investment in Subsidiary Company	220,311
Credit	146.00 Accounts Receivable from Assoc. Company	19,770
Dr / Cr	421.00 Gain / Loss on disiposal of assets	Difference

The gain or loss would be dependent on the sales price in relation to the balances in Accounts Nos. 123.11 and 146.00.

Fleming-Mason Energy  
Case No. 2007-00022  
Information Requested by Commission at Hearing held Nov. 28, 2007

- 5 Provide updated Exhibit J, rates, including a column for EKP increase.

Response:

Attached.

Fleming Mason Energy  
Case No. 2007-00022  
Billing Analysis  
December 31, 2006

Schedule RSP  
Residential and Small Power  
Rate 1

Billing Determinants	Actual		Normalized Case No. 2004-00473		Normalized EKCPC Flow Through		Normalized FAC Rollin		Agreed Rates Proposed		
	Rate	Revenues	Rates	Revenues	Rates	Revenues	Rates	Revenues	Rates	Revenues	
Customer Charge	271.431	\$6.26	\$1,699,158	\$6.26	\$1,699,158	\$6.44	\$1,748,016	\$6.44	\$1,748,016	\$9.75	\$2,646,452
Energy charge per kWh	285,946.912	\$0.06096	17,431,324	\$0.06096	17,431,324	0.06275	\$17,943,169	\$0.06914	19,770,369	\$0.07564	21,629,024
Billing adjustments		(52)	(52)	(52)	(52)	(52)	(52)	(52)	(52)	(52)	(52)
Total from base rates		19,130,430	19,130,430	19,130,430	19,130,430	19,691,132	19,691,132	21,518,333	21,518,333	24,275,425	24,275,425
Fuel adjustment		2,078,303									
Environmental surcharge		1,786,764									
Total revenues		\$22,995,497									
Amount			\$0	\$560,703	\$1,827,201	\$2,757,092					
Percent			0.00%	2.93%	9.55%	12.81%					

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Fleming Mason Energy  
Billing Analysis  
December 31, 2006  
Schedule RSP - ETS  
Residential and Small Power - ETS  
Rate 11

Billing Determinants	Actual		Normalized		Normalized		Normalized		Normalized		Agreed Rates Proposed	
	Rate	Revenues	Rate	Revenues	Rate	Revenues	Rate	Revenues	Rate	Revenues	Rate	Revenues

Customer Charge	909	\$6.26	\$5,690	6.44	\$5,854	\$6.44	\$5,854	9.75%	\$8,863
Energy charge per kWh	825,321	\$0.06096	50,312	0.06275	\$51,789	\$0.06914	57,063	9.75%	62,427
Energy charge per ETS kW	705,494	\$0.03657	25,800	0.03765	\$26,562	\$0.04148	29,267	12.07%	32,018
Billing adjustments	0		0		0		0		0
Total from base rates	81,802		\$81,802		\$84,205		\$92,183		\$103,308
Fuel adjustment	11,228								
Environmental surcharge	7,737								
Total revenues	\$100,767		\$0		\$2,403		\$7,979		\$11,125
Percent			0.00%		2.94%		9.75%		12.07%

Fleming Mason Energy  
Billing Analysis  
December 31, 2006

Schedule SGS  
Small General Service  
Rate 2

Billing Determinants	Actual		Normalized Case No. 2004-00473		Normalized EKPC Flow Through		Normalized FAC Rollin		Agreed Rates Proposed	
	Rate	Revenues	Rates	Revenues	Rates	Revenues	Rates	Revenues	Rates	Revenues
Customer Charge	2.068	\$43.07	\$43.07	\$89,069	\$44.34	\$91,695	\$44.34	\$91,695	\$44.34	\$91,695
Demand Charge	65.287	\$6.49	\$6.49	423,713	6.68	\$436,117	6.68	436,117	6.68	436,117
Energy charge per kWh	16,051,041	\$0.03515	\$0.03515	564,194	0.03618	\$580,727	\$0.04257	683,293	\$0.05477	879,116
Billing adjustments		(848)		(848)		(848)		(848)		(848)
Total from base rates		1,076,127		\$1,076,127		\$1,107,691		\$1,210,257		\$1,406,080
Fuel adjustment		116,188								
Environmental surcharge		100,434								
Total revenues		\$1,292,749								
Amount				\$0		\$31,563		\$102,566		\$195,823
Percent				0.00%		2.93%		9.53%		16.18%

Fleming Mason Energy  
Billing Analysis  
December 31, 2006

Schedule LGS  
Large General Service  
Rate 3

Billing Determinants	Actual		Normalized Case No. 2004-00473		Normalized EKPC Flow Through		Normalized FAC Rollin		Agreed Rates Proposed	
	Rate	Revenues	Rates	Revenues	Rates	Revenues	Rates	Revenues	Rates	Revenues
Customer Charge	1.379	\$57.31	79,030	\$57.31	\$79,030	\$	59.00	\$81,361	\$59.00	\$81,361
Demand Charge	193,947	\$6.06	1,175,319	\$6.06	1,175,319	\$	6.24	\$1,210,229	\$6.24	1,210,229
Energy charge per kWh	53,581,162	\$0.03526	1,889,272	\$0.03526	1,889,272	\$	0.03630	\$1,944,996	\$0.04269	2,287,380
Billing adjustments		(804)		(804)			(804)		(804)	(804)
Total from base rates		3,142,817		3,142,817			3,235,782		3,578,166	3,677,827
Fuel adjustment		384,195								
Environmental surcharge		293,852								
Total revenues		\$3,820,864								
Amount				\$0			\$92,965		\$342,384	\$99,661
Percent				0.00%			2.96%		10.89%	2.79%

Fleming Mason Energy  
Billing Analysis  
December 31, 2006

Schedule LGS  
Large General Service  
Rate 7

Billing Determinants	Actual		Normalized Case No. 2004-00473		Normalized EKPC Flow Through		Normalized FAC Rollin		Agreed Rates Proposed		
	Rate	Revenues	Rate	Revenues	Rate	Revenues	Rate	Revenues	Rate	Revenues	
Customer Charge	144	\$57.31	8,253	\$57.31	\$8,253	\$	59.00	\$8,496	\$	59.00	\$8,496
Demand Charge	102,332	\$6.06	620,132	\$6.06	620,132	\$	6.24	\$638,552	\$	6.24	\$638,552
Energy charge per kWh	49,228,111	\$0.03526	1,735,783	\$0.03526	1,735,783	\$	0.03630	\$1,786,980	\$	0.04455	\$2,193,112
Billing adjustments			14		14			14		14	
Total from base rates			2,364,182		2,364,182			\$2,434,042		\$2,748,610	
Fuel adjustment			351,879								
Environmental surcharge			226,201								
Total revenues			\$2,942,262								
Amount			\$0		\$0			\$69,860		\$384,428	\$91,564
Percent			0.00%		0.00%			2.95%		16.26%	3.33%





Fleming Mason Energy  
Billing Analysis  
December 31, 2006

Schedule LIS  
Dravo  
Rate 6

Billing Determinants	Actual		Normalized Case No. 2004-00473		Normalized EKPC Flow Through		Normalized FAC Rollin		Agreed Rates Proposed	
	Rate	Revenues	Rates	Revenues	Rates	Revenues	Rates	Revenues	Rates	Revenues
Customer Charge	12	\$0.00	0	\$0	\$ 1,100.44	\$13,205	\$ 1,100.44	\$13,205	\$ 1,100.44	\$13,205
Demand Charge	201,345	\$5.39	1,085,250	\$5.39	1,085,250	\$ 5.55	\$1,117,465	\$5.55	1,117,465	\$5.55
Energy charge per kWh	127,564,176	\$0.03085	3,935,355	\$0.03085	3,935,355	\$ 0.03176	\$4,051,438	\$0.03815	4,866,573	\$0.03815
Power Factor penalty			40,167		40,167		40,167		40,167	
Billing adjustments			0		0		0		0	
Total from base rates			5,060,771		5,060,771		5,222,275		6,037,410	
Fuel adjustment			916,336							
Environmental surcharge			488,137							
Total revenues			\$6,465,244							
Amount			\$0		\$161,504		\$815,135		\$0	
Percent			0.00%		3.19%		16.11%		0.00%	

Fleming Mason Energy  
 Billing Analysis  
 December 31, 2006  
 Schedule LIS  
 Guardian Industries  
**Rate 16**

Billing Determinants	Billing Determinants		Actual		Case No. 2004-00473		Normalized		Normalized		Normalized		Normalized	
	Rates	Revenues	Rates	Revenues	Rates	Revenues	Rates	Revenues	Rates	Revenues	Rates	Revenues	Rates	Revenues
Customer Charge	12	\$1,069.00	12,828	\$1,069.00	\$12,828	\$1,100.44	\$13,205	\$1,100.44	\$13,205	\$1,100.44	\$13,205	\$1,100.44	\$13,205	\$13,205
Demand Charge	120,000	\$5.39	646,800	\$5.39	646,800	\$5.55	\$666,000	\$5.55	\$666,000	\$5.55	666,000	\$5.55	666,000	666,000
Energy charge per kWh	53,512,992	\$0.03085	1,650,876	\$0.03085	1,650,876	\$0.03176	\$1,699,573	\$0.03176	\$1,699,573	\$0.03815	2,041,521	\$0.03815	2,041,521	2,041,521
Billing adjustments	0		0		0		0		0		0		0	0
Total from base rates	2,310,504		2,310,504		2,310,504		\$2,378,778		\$2,378,778		\$2,720,726		\$2,720,726	\$2,720,726
Fuel adjustment	378,578		378,578		378,578									
Environmental surcharge	221,498		221,498		221,498									
Total revenues	\$2,910,580		\$2,910,580		\$2,910,580									

Amount	Percent
\$0	0.00%
\$68,274	2.95%
\$410,222	17.75%
\$0	0.00%

Fleming Mason Energy  
Billing Analysis  
December 31, 2006

Schedule LIS  
Tennessee Gas  
Rate 17

Billing Determinants	Actual		Normalized Case No. 2004-00473		Normalized EKPC Flow Through		Normalized FAC Rollin		Agreed Rates Proposed		
	Rate	Revenues	Rates	Revenues	Rates	Revenues	Rates	Revenues	Rates	Revenues	
Customer Charge	12	\$23,650.00	\$283,800	\$23,650.00	\$283,800	\$23,650.00	\$283,800	\$23,650.00	\$283,800	\$23,650.00	\$283,800
Demand Charge			300,000	\$1.75	525,000	\$1.75	525,000	\$1.75	525,000	\$1.75	525,000
Energy charge per kWh			36,869,693	\$0.03727	1,896,780	\$0.03727	1,896,780	\$0.03727	1,896,780	\$0.03727	1,896,780
On peak			43,743,702	\$0.05466	2,331,761	\$0.05466	2,331,761	\$0.05466	2,331,761	\$0.05466	2,331,761
Off peak			80,613,395								
Off peak energy adder					131,231		131,231		131,231		131,231
Other charges and credits					4,266		4,266		4,266		4,266
Billing adjustments					(27)		(27)		(27)		(27)
Total from base rates					5,172,811		5,172,811		5,172,811		5,172,811
Fuel adjustment					0		0		0		0
Environmental surcharge					237,973		237,973		237,973		237,973
Total revenues					5,410,784		5,410,784		5,410,784		5,410,784
Amount					\$0		\$0		\$0		\$0

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Fleming Mason Energy  
Billing Analysis  
December 31, 2006

Schedule OLS  
Outdoor Lighting Service  
Rate 20

Billing Determinants	Actual		Normalized Case No. 2004-00473		Normalized EKPC Flow Through		Normalized FAC Rollin		Agreed Rates Proposed	
	Rate	Revenues	Rates	Revenues	Rates	Revenues	Rates	Revenues	Rates	Revenues
<u>Mercury Vapor</u>										
7,000 Lumens - Standard	\$6.32	\$185,669	\$6.32	\$185,669	\$6.50	\$190,957	\$6.94	\$203,883	\$7.77	\$228,267
7,000 Lumens - Ornamental	\$14.97	0	\$14.97	0	15.41	\$0	\$15.85	0	\$17.75	0
20,000 Lumens - Standard	\$12.03	866	\$12.03	866	12.38	\$891	\$13.34	960	\$14.94	1,076
20,000 Lumens - Ornamental	\$19.54	0	\$19.54	0	20.11	\$0	\$21.07	0	\$23.59	0
<u>High Pressure Sodium</u>										
9,500 Lumens - Standard	\$6.36	365,236	\$6.36	365,236	6.55	\$376,147	\$6.80	390,504	\$7.61	437,019
3,500 Lumens - Ornamental	\$13.84	1,495	\$13.84	1,495	14.25	\$1,539	\$14.50	1,566	\$16.24	1,754
9,500 Lumens - Directional	\$6.44	15,430	\$6.44	15,430	6.63	\$15,885	\$6.88	16,484	\$7.70	18,449
22,000 Lumens - Standard	\$8.85	4,620	\$8.85	4,620	9.11	\$4,755	\$9.63	5,027	\$10.78	5,627
2,000 Lumens - Ornamental	\$16.35	2,551	\$16.35	2,551	16.83	\$2,625	\$17.35	2,707	\$19.43	3,031
22,000 Lumens - Directional	\$8.67	8,289	\$8.67	8,289	8.93	\$8,537	\$9.45	9,034	\$10.58	10,114
50,000 Lumens - Standard	\$13.05	157	\$13.05	157	13.43	\$161	\$14.46	174	\$16.19	194
2,000 Lumens - Ornamental	\$20.15	0	\$20.15	0	20.74	\$0	\$21.77	0	\$24.38	0
50,000 Lumens - Directional	\$12.75	39,920	\$12.75	39,920	13.13	\$41,110	\$14.16	44,335	\$15.86	49,658
kWh										
Billing adjustments		0		0		0		0		0
Total from base rates		624,231		624,231		642,609		674,674		755,190
Fuel adjustment		1,071		1,071						
Environmental surcharge		1,555		1,555						
Total revenues		626,857		626,857						
Amount		\$0		\$0		\$18,377		\$32,065		\$80,516
Percent		0.00%		0.00%		2.94%		4.99%		11.93%