



FLEMING-MASON ENERGY  
COOPERATIVE, INC.

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

March 24, 2007

Beth O'Donnell, Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P O Box 615  
Frankfort, KY 40602

RECEIVED  
MAY 29 2007  
PUBLIC SERVICE  
COMMISSION

RE: Case No. 2007-00022

Dear Ms. O'Donnell:

Please find enclosed the original and six (6) copies of the responses to the Commission's Order "First Data Request of Commission Staff to Fleming-Mason Energy Cooperative, Inc." dated February 7, 2007

If you have any questions, please do not hesitate to call.

Sincerely,

A handwritten signature in black ink that reads 'Christopher Perry'.

Christopher Perry  
President & CEO

Copy to: Attorney General  
Utility & Rate Intervention Division  
1024 Capital Center Drive  
Frankfort, KY 40601



A Touchstone Energy<sup>®</sup> Cooperative 

**FIRST DATA REQUEST  
OF COMMISSION STAFF**

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Jim Adkins

Item 1. Comparative detailed income statement, cash flows and balance sheet.

Shown as Exhibit V of Application.  
Sheets 1 thru 3.

RECEIVED  
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Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Jim Adkins

Item 2. Rate of return and rate base

Shown as Exhibit K of Application.

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Jim Adkins

Item 3. TIER and DSC

Shown as Exhibit K of Application.

These are included in Item 2 above of this response.

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Joni Hazelrigg

Item 4. Borrower's Statistical Profile

Shown as Exhibit 17 of Application.

This information is reviewed on an annual basis. Neither Fleming Mason Energy's management, Board of Directors nor RUS has taken any actions as a result of the Borrower Statistical Profile.

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Joni Hazelrigg

Item 5. CFC Key Ratio Trend Analysis

Shown as Exhibit 18 of Application.

This information is reviewed on an annual basis. Neither Fleming Mason Energy's management, Board of Directors nor RUS has taken any actions as a result of the CFC Key Trend Analysis.

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Joni Hazelrigg

Item 6. KAEC Statistical Comparison

Shown as Exhibit 19 of Application.



Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Jim Adkins

Item 7. Capital structure

The capital structure is shown as Exhibit Z of the Application.

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Jim Adkins

Item 8. Outstanding issues of long-term debt and short term debt

Item 8 a.

Shown as Exhibit 5 of this Application.

Item 8 b .

Shown as Exhibit 5 of this Application, page 4 of 4.

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Joni Hazelrigg

Item 9. Trial balance for 12 months

Shown as Exhibit Y of this Application.

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Jim Adkins

Item 10. Comparison of balance sheet account balances with prior year's balance

Shown as Exhibit W of this Application.

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Jim Adkins

Item 11. Comparison of income statement account balances with prior years

Shown as Exhibit X of this Application.

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Jim Adkins

Item No. 12. Property held for future use

Fleming Mason Energy has no plant held for future use.

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Jim Adkins

Item 13. Non utility property

Fleming Mason Energy does not have any non-utility property.

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Jim Adkins

Item 14. Jurisdictional plant allocations

Fleming Mason Energy has no jurisdictional plant or expense allocations that are required.



Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Chris Perry

Item 15. By Laws

No changes have been made to the By Laws since January 1, 1990.

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Chris Perry

Item 16. Equity management plan

Fleming Mason Energy is in the process of developing an Equity Management Plan. This will be finalized and approved by the Board of Directors. At that time, it will be filed with the Commission in this Case.

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Jim Adkins

Item 17. Professional services

Shown as Exhibit 9 of this Application.

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Chris Perry

Item 18. Compensation of Directors

Shown as Exhibit 10 of this Application.

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Chris Perry

Item 19. Annual meeting information

Shown as Exhibit P in this Application.

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Jim Adkins

Item 20. Customer billing and increases, by rate class

- a. Shown as Exhibit G of this Application.
- b. Shown as Exhibit G of this Application.
- c. Shown as Exhibit G of this Application
- d. Shown as Exhibit G of this Application
- e. Shown as Exhibit 15 of this Application, page 2 of 2

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: *Jim Adkins*

Item 21. Customer billing determinants

Item 20 a. through f.

Shown as Exhibit G and Exhibit J to this Application.

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Jim Adkins

Item 22. Capitalization rates

Shown as Exhibit T of this Application.



Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Jim Adkins

Item 23. Salaries and wages

Item 23 a. and b.

a. Attached.

b. Shown as Exhibit 1, page 4 of 8 of this Application.

Fleming Mason Energy  
Case No. 2006-00022

Exhibit 23.a.  
page 1 of 2  
Witness: Joni Hazelrigg

Analysis of Salaries and Wages  
For the calendar years 2003 through 2005  
and the Test year

Line No	Item (a)	Twelve Months Ended						Test year 2006	
		2003		2004		2005		Amount (l)	% (m)
		Amount (f)	% (g)	Amount (h)	% (i)	Amount (j)	% (k)		
1	Wages charged to expense:								
2	Distribution expense	1,158,702	40%	875,370	-24%	897,067	2%	977,040	9%
3	Customer accounts expense	371,921	-1%	405,736	9%	430,575	6%	443,114	3%
4	Customer service and information	9,859	7%	9,511	-4%	12,748	34%	15,656	23%
5	Sales expense	20,589	-19%	22,335	8%	21,058	-6%	21,283	1%
6	Administrative and general expenses:								
	(a) Administrative and general	263,421	1%	303,299	15%	297,250	-2%	305,445	3%
	(b) Office supplies and expense	19,776	47%	21,693	10%	20,051	-8%	16,919	-16%
	(c) Outside services employed								
	(d) Property insurance								
	(e) Injuries and damages								
	(f) Employees hospitalization and benefits								
	(g) Retirement and security	34,679	-41%	40,029	15%	47,912	20%	45,980	-4%
	(h) Miscellaneous general	22,817	4%	23,861	5%	24,538	3%	26,585	8%
	(i) Maintenance of general plant								
7	Total administrative and general expenses L6(a) to L6(i)	340,693	-4%	388,882	-3%	389,751	0%	394,929	-3%
8	Charged to clearing and others	232,958	-2%	248,802	7%	256,425	3%	246,192	-4%
9	Total salaries and wages charged to expense and other L2 to L6 + L7 + L8	2,134,722	17%	1,950,636	-9%	2,007,624	3%	2,098,214	5%
10	Wages capitalized	575,220	7%	707,706	23%	744,870	5%	727,066	-2%
11	Total salaries and wages	2,709,942	14%	2,658,342	-2%	2,752,494	4%	2,825,280	3%
12	Ratio of salaries and wages charged to expense to total wages L9 / L11	79%		73%		73%		74%	
13	Ratio of salaries and wages capitalized to total wages L10 / L11	21%		27%		27%		26%	
14	Overtime wages	346,766	134%	194,471	-44%	172,403	-11%	175,279	2%
15	Overtime hours	11,819		6,200		5,237		5,023	

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Chris Perry

Item 24. Regular and overtime hours, and percentages of increase

Item 24 a to d.

Shown as Exhibit 1 of this Application.  
Pages 6 thru 8

d. Attached

Employee Number	Wage Rate Dec 1, 2005	Wage Rate Dec 1, 2006	Percent Increase	Date of last Increase	Reason for increase
<b>Salaried Employees:</b>					
101	76.20	79.81	4.7%	12/01-06	
207	34.48	35.69	3.5%	12/01-06	
222	34.48	35.69	3.5%	12/01-06	
312	36.06	37.32	3.5%	12/01-06	
412	10.00	20.10	101.0%	12/01-06	Promotion to Superviso
417	40.98	42.42	3.5%	12/01-06	
502	28.92	31.22	8.0%	12/01-06	
Subtotal Salaried employees					
<b>Hourly Employees:</b>					
102	22.55	23.34	3.5%	12/01-06	
202	26.05	26.96	3.5%	12/01-06	
205	27.40	28.36	3.5%	12/01-06	
206	26.05	26.96	3.5%	12/01-06	
208	26.05	26.96	3.5%	12/01-06	
209	27.40	28.36	3.5%	12/01-06	
210	26.05	26.96	3.5%	12/01-06	
211	27.40	28.36	3.5%	12/01-06	
215	21.76	22.52	3.5%	12/01-06	
217	26.33	27.25	3.5%	12/01-06	
218	26.05	26.96	3.5%	12/01-06	
219	27.40	28.36	3.5%	12/01-06	
220	26.32	27.24	3.5%	12/01-06	
223	24.78	25.65	3.5%	12/01-06	
224	24.78	25.65	3.5%	12/01-06	
225	24.78	25.65	3.5%	12/01-06	
226	24.78	25.65	3.5%	12/01-06	
227	24.78	25.65	3.5%	12/01-06	
228	24.78	25.65	3.5%	12/01-06	
229	24.78	25.65	3.5%	12/01-06	
230	24.78	25.65	3.5%	12/01-06	
231	24.78	25.65	3.5%	12/01-06	
232	19.00	19.67	3.5%	12/01-06	
302	24.78	25.65	3.5%	12/01-06	
308	18.23	18.87	3.5%	12/01-06	
309	19.48	20.16	3.5%	12/01-06	
313	13.39	13.86	3.5%	12/01-06	

Fleming Mason Energy  
Case No. 2006-00022  
Employee Earnings and Hours  
December 31, 2006

Exhibit 1  
page 3 of 3  
Witness: Chris Perry

<u>Employee Number</u>	<u>Wage Rate Dec 1, 2005</u>	<u>Wage Rate Dec 1, 2006</u>	<u>Percent Increase</u>	<u>Date of last Increase</u>	<u>Reason for increase</u>
314	26.05	26.96	3.5%	12/01-06	
317	14.82	15.34	3.5%	12/01-06	
320	21.94	22.71	3.5%	12/01-06	
323	20.22	20.93	3.5%	12/01-06	
324	18.73	19.39	3.5%	12/01-06	
325	15.40	15.94	3.5%	12/01-06	
327	14.82	15.34	3.5%	12/01-06	
328	14.82	15.34	3.5%	12/01-06	
330	10.00	10.35	3.5%	12/01-06	
331	18.00	18.63	3.5%	12/01-06	
401	20.22	20.93	3.5%	12/01-06	
404	25.62	26.52	3.5%	12/01-06	
407	21.25	21.99	3.5%	12/01-06	
408	24.78	25.65	3.5%	12/01-06	
409	21.43	22.18	3.5%	12/01-06	
413	20.60	21.32	3.5%	12/01-06	
414	20.60	21.32	3.5%	12/01-06	
416	20.60	21.32	3.5%	12/01-06	

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Jim Adkins

Item 25. Payroll tax information

Item 25 a. to d.

Shown as Exhibit 2 of this Application.

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Jim Adkins

Item 25. Payroll tax information.

Item 25 a. and b.

Shown as Exhibit 4 of this Application.

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Jim Adkins

Item 26. Property and franchise taxes

Shown as Exhibit 4. of this Application.



Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Jim Adkins

Item 27 Electric plant in service

Shown as Exhibit 3 of this Application.

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Jim Adkins

Item 28. Employee benefits

Shown as Exhibit T of this Application.

The Benefit Distribution has been revised to show the actual test per amount.  
The amounts reported in the Application were incorrect.

Total benefits available	1,499,357
No of employees	<u>52</u>
Average per employee	<u><u>28,834</u></u>

Fleming Mason Energy  
Case No. 2006-00022  
Capitalization Policies

		<u>Benefits Distribution</u>
10	107.20	Construction work in progress 365,196
11	108.80	Retirement work in progress 44,456
12	146.00	Due from subsidiary 8,092
13	163.00	Stores 17,451
14	184.00	Transportation 20,676
15	242.52	Employee sick leave
16	580.00	Operations 38,545
17	583.00	Overhead line 87,037
18	586.00	Meter 79,084
19	587.00	Consumer installation 4,422
20	588.00	Miscellaneous distribution 25,944
21	590.00	Maintenance 34,203
22	593.00	Overhead line 187,793
23	594.00	Underground 658
24	595.00	Transformers 25,070
25	597.00	Meters 28,077
26	598.00	Miscellaneous maintenance 39,660
27	901.00	Supervision, customer accounts 22,991
28	902.00	Meter reading 13,705
29	903.00	Consumer records 212,967
30	907.00	Customer service & information 3,618
31	908.00	Consumer assistance 4,951
32	909.00	Consumer information 252
33	912.00	Advertising 11,992
34	920.00	Administrative 172,097
35	921.00	Office expense 9,533
36	930.00	Miscellaneous 25,907
37	935.00	Maintenance general plant <u>14,979</u>
38		
39	Total	<u>1,499,356</u>

Benefits include the following:

42	Medical insurance	540,917
43	Retirement	356,467
44	Savings plan 401(k)	25,929
45	Postretirement benefits	279,840
46	Workers' compensation	90,283
47	Payroll taxes	<u>205,920</u>
48		
49		<u>1,499,356</u>

Fleming Mason Energy accumulates all benefits, then allocates these to accounts based on the labor distribution for the month. The above is the actual allocation for the test year for the above benefits

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Chris Perry

Item 29. Salary of Executive Officers

Shown as Exhibit 1 of this Application, pages 5 and 6

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Jim Adkins

Item 30. Advertising

Shown as Exhibit 11 of this Application.  
Pages 2, 3 and 4

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Jim Adkins

Item 31. Miscellaneous general expenses

Shown as Exhibit 11 of this Application.

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Jim Adkins

Item 32. Other income deduction Account 426

Shown as Exhibit 8 of this Application.

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Chris Perry

Item 33. Board of Directors

Shown as Exhibit 10 of this Application.



Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Jim Adkins  
Witness: Chris Perry

Item 34. Compensation of Board of Directors

Shown as Exhibit 10 of this Application.  
There are no spouse expenses included.

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Jim Adkins

Item 35. Professional services expenses

Shown as Exhibit 9 of this Application.

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Jim Adkins  
Witness: Joni Hazelrigg

Item 36. Rate case costs

Item 36 a. to c.

- a. All costs are recorded in Account 928.00. There were no costs incurred during the test year.
- b. Shown as Exhibit 12 of this Application.
- c. All cost are included as Item 36 a. of this response, with monthly updates being submitted at the time the monthly reports are prepared.

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Jim Adkins

Item 37. Advance of loan funds

On January 22, 2007, Fleming Mason recieved loan funds from RUS in the amount of \$2,000,000. These funds were requested by Fleming Mason on December 19, 2006, however, with the holidays and year end, RUS did not get the funds to Fleming Mason at the time requested.

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Jim Adkins

Item 38 . Depreciation expense

Shown as Exhibit 3 of this Application.

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Jim Adkins

Item 39. Depreciation rates

Item 39 a. and b.

- a. The depreciation rates are the same as those approved by the Commission in Case No. 2001-00244.
  
- b. Fleming Mason Energy reviewed its depreciation rates and where it falls on the depreciation guideline curve in accordance with RUS Bulletin 183-1. Since Fleming Mason Energy's accumulated depreciation and ratio to plant in service 10 years ago, Fleming Mason elected not to file a depreciation study with this Application.

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Jim Adkins

Item 40. Depreciation guideline curve information

Shown as Exhibit 3 of this Application.

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Jim Adkins

Item 41. Charitable and political contributions

All charitable and political contributions are recorded in Account 426. An analysis of that account is shown as Exhibit 8 of this Application.

All amounts included in this Account are for charitable purposes, there are no political contributions either in cash or services.



Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Jim Adkins

Item 42. Lobbying activities

Fleming Mason Energy does not engage in lobbying activities,  
therefore, there are no expenses to report.

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Jim Adkins

Item 43. Pension plan expenses

Fleming Mason Energy treats and accounts for the pension plans using the same basis for rate-making purposes and financial reporting.

Fleming Mason sponsors a defined benefit pension plan which covers substantially all employees. The plan has pay related and years of service pension benefit formula. Pension contributions are determined based on normal cost plus amortization of past service liabilities.

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Jim Adkins

Item 44. SFAS No. 106

Item 44 a. to c.

- a. SFAS 106 was adopted as of January 1, 1995.
- b. The accounting entry to recognize SFAS 106 as is shown as Exhibit 6, page 11 of this Application.
- c. Shown as Exhibit 6.

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Jim Adkins

Item 45. SFAS No. 112

SFAS 112 does not apply to Fleming Mason Energy.

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Jim Adkins  
Witness: Joni Hazelrigg

Item 46. Subsequent events that may effect rate request

As of the date of this response, there are no known events that have occurred after the test year end that would have a material effect on net operating income, rate base, and cost of capital.

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Joni Hazelrigg

Item 47. Current labor contracts

There are no employment contracts in place.

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Chris Perry

Item 48. Investment in subsidiary and joint ventures

- a. Fleming Mason Services Corporation
- b. December 31, 2003
- c. Fleming Mason purchased stock for \$910,000.
- d. Included with Exhibit N of Application as part of the consolidated financial statements.

e.

<u>Name of Officer</u>	<u>Annual Compensation</u>	<u>Compensation charged to Subsidiary</u>	<u>Position With Fleming Mason</u>	<u>Compensation Received from Fleming Mason</u>
Tim Eldridge	0	0	Director	\$430
Steve Miller	0	0	none	0
Patty Price	0	0	none	0

Time Eldridge receives monthly board fee from Fleming Mason of \$430.

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Chris Perry

Item 49. Dividends or income received from subsidiary

Test year	(142,088)
2005	(187,185)
2004	(213,576)
2003	(247,840)

Results of operations are included on the income statement in Account No. 418. The Balance Sheet and Income Statement are included with the financial results in the annual report to members. See Exhibit P, pages 15 and 23 of the Application.



Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Jim Adkins

Item 50. Non-regulated activities

- a. No
- b. No
- c. n/a
- d. n/a

Fleming Mason Eenergy  
Case No. 2007-00022  
First Data Request of Commission Staff

Witness: Jim Adkins

Item 50. Purchase power costs

Shown as Exhibit 14 of this Application.