

RECEIVED

OCT 21 2010

PUBLIC SERVICE
COMMISSION

BRITE & HOPKINS, PLLC
ATTORNEYS AT LAW
83 BALLPARK ROAD, P.O. BOX 309
HARDINSBURG, KENTUCKY 40143-0309
PHONE (270) 756-2184, FAX (270) 756-1214

THOMAS C. BRITE
e-mail: tbrite@bbtel.com

STEPHEN G. HOPKINS
e-mail: shopkins@bbtel.com

October 20, 2010

Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602

RE: Application of Meade County Rural Electric for an Adjustment of Rates
Case No. 2010-00222

Dear Mr. Derouen:

Please find enclosed the original and ten (10) copies of the responses to the Commission's Order "Commission Staff's Third Information Request to Meade County Rural Electric Cooperative Corporation." dated October 12, 2010.

Please contact me at (270) 756-2184 or Burns E. Mercer at (270) 422-2162 with any questions regarding this filing.

Respectfully submitted,



THOMAS C. BRITE
Attorney for Meade County Rural Electric
Cooperative Corporation

Enclosure

RECEIVED

OCT 21 2010

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of adjustment of
Rates of Meade County Rural Electric
Cooperative Corporation

Case No. 2010-00222

APPLICANT'S RESPONSES TO

THIRD INFORMATION REQUEST OF COMMISSION STAFF

The applicant, Meade County Rural Electric Cooperative Corporation, makes the following responses to the "Third Information Request of Commission Staff", as follows:

1. The witnesses who are prepared to answer questions concerning each request are Burns E. Mercer, Karen Brown, and Jim Adkins.

2. Burns E. Mercer, President and CEO of Meade County Rural Electric Cooperative Corporation is the person supervising the preparation of the responses on behalf of the applicant.

3. The responses and Exhibits are attached hereto and incorporated by reference herein.

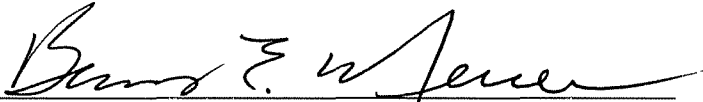


THOMAS C. BRITE
BRITE & HOPKINS, PLLC
P.O. BOX 309
HARDINSBURG, KENTUCKY 40143
ATTORNEY FOR MEADE COUNTY RURAL
ELECTRIC COOPERATIVE CORPORATION
TELEPHONE: 270-756-2184

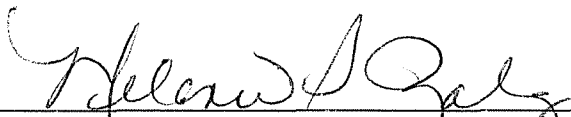
The undersigned, Burns E. Mercer, as President & CEO of Meade County Rural Electric Cooperative Corporation, being duly sworn, states that the responses herein are true and accurate to the best of my knowledge and belief formed after reasonable inquiry.

DATED: October 20, 2010.

Meade County Rural Electric Cooperative Corp.

By: 
BURNS E. MERCER, PRESIDENT & CEO

Subscribed, sworn to, and acknowledged before me by Burns E. Mercer, as President & CEO for Meade County Rural Electric Cooperative Corporation on behalf of said Corporation the 20th day of October, 2010.


NOTARY PUBLIC, Kentucky State At Large
My Commission Expires: 3-18-2012

CERTIFICATE OF SERVICE

The undersigned counsel certifies that the foregoing responses have been served upon the following:

Original and Ten Copies
Mr. Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

This 20th day of October, 2010.


Attorney for Meade County Rural Electric
Cooperative Corporation

RECEIVED

OCT 21 2010

PUBLIC SERVICE
COMMISSION

Meade County Rural Electric Cooperative

Case No. 2010-00222

Third Information Request of Commission Staff

MEADE COUNTY RECC
RESPONSE TO
COMMISSION STAFF'S THIRD INFORMATION REQUEST
IN
CASE NO. 2010-00222

1. Refer to the response to Item 2.b. of Commission Staffs Second Information request ("Staffs Second Request").

a. Refer to pages 2-4 of 5. Meade states that it corrected the tariff pages by referencing the Environmental Surcharge to Schedule 9. Did Meade intend to reference the Environmental Surcharge to Schedule 19 rather than Schedule 9?

Response:

The correct number for the Environmental Surcharge Schedule is Schedule 19. In reviewing the response to the "Staffs Second Request" it is determined that the following schedules are to be revised to reflect Adjustment Clause adjustments:

Schedule 1
Schedule 2
Schedule 3
Schedule 3A
Schedule 4
Schedule 5
Schedule 6

Marked up tariff sheets and new tariff sheets are include as pages 2 through 15 of this exhibit.

Exp 19
pg 2 of 16

FOR Entire Territory served
Community, Town or City
P.S.C. No. 36
1st Sheet No. 1

(Revised)

**MEADE COUNTY RURAL ELECTRIC
COOPERATIVE CORPORATION**

Canceling P.S.C. No. 34
1st (Original) Sheet No. 1

Schedule 1	CLASSIFICATION OF SERVICE	RATE PER UNIT
Residential, Farm and Non-Farm, Schools & Churches		
<u>Applicable:</u> Entire Territory Served.		
<u>Availability of Service:</u> Available to customers of the Cooperative located on its lines for service including lighting, incidental appliances, refrigeration, cooking, home heating and power for motors up to and including seven and one-half horsepower (7 1/2 H.P.); All subject to the rules and regulations of the Cooperative covering this service.		
<u>Character of Service:</u> Single phase, 60 hertz, at Seller's standard voltages.		
<u>Rates: Monthly</u> Customer charge - No KWH usage Energy charge per KWH		\$14.16 (I) \$0.85 06001
State, Federal and local tax will be added to above rate where applicable.		
<u>Minimum Monthly Charge:</u> In no case shall the monthly minimum bill be less than \$0.85 per month.		\$0.47 day.
<u>Adjustment clauses:</u> Fuel Cost Adjustment: The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following: - See Schedule 18 for applicable charge.		
Environmental Surcharge: See Schedule 19 for applicable charge.		
Wholesale Power Cost Adjustment: See Schedule 14 for applicable charge.		
<u>Terms of Payment:</u> The above rates are net, the gross rates being ten percent (10%) higher. In the event the current monthly bill is not paid within ten (10) days from the due date, the gross rates shall apply.		

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DATE OF ISSUE ~~January 24, 2008~~ August 16, 2010
Month
DATE EFFECTIVE ~~December 24, 2007~~ September 18, 2010
Month
ISSUED BY Gary E. Weaver President/CEO
Name of Officer
ISSUED BY AUTHORITY OF P.S.C.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE Year 12/24/2007
PURSUANT TO 807 KAR 5:011
P. O. Box 489, Brandenburg, KY 40108
SECTION 8(1)
By [Signature]
Executive Director

FOR Entire Territory served
 Community, Town or City
 P.S.C. No. 38
 Sheet No. 1
 (Revised)
 Canceling P.S.C. No. 36
 (Original) Sheet No. 1

**MEADE COUNTY RURAL ELECTRIC
 COOPERATIVE CORPORATION**

Schedule 1		CLASSIFICATION OF SERVICE	
Residential, Farm and Non-Farm, Schools & Churches			RATE PER UNIT
<u>Applicable:</u> Entire Territory Served.			
<u>Availability of Service:</u> Available to customers of the Cooperative located on its lines for service including lighting, incidental appliances, refrigeration, cooking, home heating and power for motors up to and including seven and one-half horsepower (7 1/2 H.P.); All subject to the rules and regulations of the Cooperative covering this service.			
<u>Character of Service:</u> Single phase, 60 hertz, at Seller's standard voltages.			
<u>Rates:</u> Customer charge - No KWH usage			
<u>Monthly</u>	I		\$14.16
<u>Daily</u>	N, T		\$0.47
Energy charge per KWH			.06001
State, Federal and local tax will be added to above rate where applicable.			
<u>Minimum Charge:</u> In no case shall the minimum bill be less than \$0.47 per day			I, T
<u>Adjustment Clauses:</u> The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:			T
Fuel Adjustment	Schedule 18		T
Environment Surcharge	Schedule 19		T
Unwind Surcredit Adjustment	Schedule 20		T
Rebate Adjustment	Schedule 21		T
Member Rate Stability Mechanism	Schedule 22		T
Rural Economic Reserve Clause	Schedule 23		T
<u>Terms of Payment:</u> The above rates are net, the gross rates being ten percent (10%) higher. In the event the current monthly bill is not paid within ten (10) days from the due date, the gross rates shall apply.			D

August 16, 2010

 Month Day Year
DATE EFFECTIVE September 18, 2010

 Month Day Year
ISSUED BY _____
 Name of Officer Title Address
 President/CEO P. O. Box 489, Brandenburg, KY 40108

ISSUED BY AUTHORITY OF P.S.C.

Order No. 2010-000222

**MEADE COUNTY RURAL ELECTRIC
COOPERATIVE CORPORATION**

FOR Entire Territory served
 Community, Town or City _____
 P.S.C. No. 1
 (Original) Sheet No. 10
 (Revised) _____
 Canceling P.S.C. No. _____
 (Original) Sheet No. _____
 (Revised) _____

Schedule 3 - continued	CLASSIFICATION OF SERVICE	RATE PER UNIT
Three Phase Power Service, 0 KVA - 999 KVA ^{AND GREATER} - 3 Phase Service	T	
<p>power factor. When the power factor is found to be lower than ninety percent (90%), the consumer will be required to correct its power factor to ninety percent (90%) at the consumer's expense. The demand shall be defined as ninety percent (90%) of the highest average kilovolt-amperes measured during any fifteen consecutive-minute period of the month.</p> <p><u>Adjustment Clauses:</u> Fuel Cost Adjustment: The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following: See Schedule 18 for applicable charge. 18 Fuel Adjustment Schedule 18 Environmental Surcharge: Environmental Surcharge Schedule 19 See Schedule 19 for applicable charge. 19 Rebate Adjustment Schedule 20 Wholesale Power Cost Adjustment: Wholesale Power Cost Adjustment Schedule 21 See Schedule 14 for applicable charge. 22 Rule 9 Economic Reserve Clause Schedule 22 23</p> <p><u>Minimum Monthly Charges:</u> The minimum monthly charge shall be the highest one of the following charges as determined for the consumer in question:</p> <ol style="list-style-type: none"> The monthly charge specified in this schedule. The minimum monthly charge specified in the contract for service. <p><u>Minimum Annual Charge for Seasonal Services:</u> Consumers requiring service only during certain seasons not exceeding nine months per year may guarantee a minimum annual payment of twelve times the minimum monthly charge determined in accordance with the foregoing section in which case there shall be no minimum monthly charge.</p> <p><u>Due Date of Bill:</u> Payment of consumers monthly bill will be due within ten (10) days from due date of bill.</p> <p><u>Delayed Payment Charge:</u> The above rates are net, the gross rates being five percent (5%) higher on the amount not paid within ten (10) days from the due date of the bill, the gross rate shall apply.</p>		

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PUBLIC SERVICE COMMISSION
 OF KENTUCKY
 EFFECTIVE
 JUL 01 2003

DATE OF ISSUE ~~December 23, 2002~~ August 16, 2010 PURSUANT TO 807 KAR 5:011
 DATE EFFECTIVE ~~July 1, 2003~~ September 18, 2010 SECTION 9(1) Year
 ISSUED BY Brent E. New BY Charles E. Dineen
 Name of Officer President/CEO EXECUTIVE DIRECTOR
 Address P. O. Box 489, Brandenburg, KY 40108

ISSUED BY AUTHORITY OF P.S.C.

Order No. 2002-391 dated 12/23/2002

EX 1a
pg 7 of 16

FOR Entire Territory served
 _____ Community, Town or City
 _____ P.S.C. No. 38
 _____ (Original) Sheet No. 10
 _____ (Revised)
 _____ Canceling P.S.C. No. 1
 _____ (Original) Sheet No. 10
 _____ (Revised)

**MEADE COUNTY RURAL ELECTRIC
 COOPERATIVE CORPORATION**

Schedule 3 - continued		CLASSIFICATION OF SERVICE	RATE PER UNIT																	
Three Phase Power Service, 0 KVA and greater - 3 Phase Service		T																		
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Unwind Surcredit Adjustment	Schedule 20	T																		
Rebate Adjustment	Schedule 21	T																		
Member Rate Stability Mechanism	Schedule 22	T																		
Rural Economic Reserve Clause	Schedule 23	T																		

DATE OF ISSUE August 16, 2010

 Month Day Year

DATE EFFECTIVE September 18, 2010

 Month Day Year

ISSUED BY _____ President/CEO P. O. Box 489, Brandenburg, KY 40108
 Name of Officer Title Address

ISSUED BY AUTHORITY OF P.S.C.

Order No. 2010-000222

FOR Entire Territory served
 _____ Community, Town or City _____
 _____ P.S.C. No. 35 _____
 (Original) Sheet No. 13 _____
 (Revised) _____
 _____ Canceling P.S.C. No. _____
 (Original) Sheet No. _____
 (Revised) _____

**MEADE COUNTY RURAL ELECTRIC
 COOPERATIVE CORPORATION**

Schedule 3A continued	CLASSIFICATION OF SERVICE	RATE PER UNIT
Three Phase Power Service, 0 KVA - 999 KVA - Optional Time-of-Day (TOD) Rate		
power factor. When the power factor is found to be lower than ninety percent (90%), the consumer will be required to correct its power factor to ninety percent (90%) at the consumer's expense. The demand shall be defined as ninety percent (90%) of the highest average kilovolt-amperes measured during any fifteen consecutive-minute period of the month.		
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DATE OF ISSUE July 16, 2004 August 16, 2010

 Month
 DATE EFFECTIVE September 1, 2004 Sept. 18, 2010

 Month
 ISSUED BY Bruce E. Newer

 Name of Officer
 ISSUED BY AUTHORITY OF P.S.C.

PUBLIC SERVICE COMMISSION
 OF KENTUCKY
 EFFECTIVE
 Day 09/01/2004 Year
 PURSUANT TO 807 KAR 5.011
 Day SECTION 9 (1) Year
 President/CEO P. O. Box 489, Brandenburg, KY 40108
 Title Address
 By _____
 Executive Director

*Exp 1/16
PS 9 of 16*

FOR Entire Territory served
 _____ Community, Town or City
 _____ P.S.C. No. 37
 _____ (Original) Sheet No. 13
 _____ (Revised)
 _____ Canceling P.S.C. No. 35
 _____ (Original) Sheet No. 13
 _____ (Revised)

**MEADE COUNTY RURAL ELECTRIC
 COOPERATIVE CORPORATION**

Schedule 3A continued	CLASSIFICATION OF SERVICE	RATE PER UNIT												
<p>Three Phase Power Service, 0 KVA - 999 KVA - Optional Time-of-Day (TOD) Rate</p> <p>power factor. When the power factor is found to be lower than ninety percent (90%), the consumer will be required to correct its power factor to ninety percent (90%) at the consumer's expense. The demand shall be defined as ninety percent (90%) of the highest average kilovolt-amperes measured during any fifteen consecutive-minute period of the month.</p> <p><u>Adjustment Clauses:</u> The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:</p> <table style="margin-left: 40px;"> <tr> <td>Fuel Adjustment</td> <td>Schedule 18</td> </tr> <tr> <td>Environment Surcharge</td> <td>Schedule 19</td> </tr> <tr> <td>Unwind Surcredit Adjustment</td> <td>Schedule 20</td> </tr> <tr> <td>Rebate Adjustment</td> <td>Schedule 21</td> </tr> <tr> <td>Member Rate Stability Mechanism</td> <td>Schedule 22</td> </tr> <tr> <td>Rural Economic Reserve Clause</td> <td>Schedule 23</td> </tr> </table> <p><u>Minimum Charges:</u> The minimum charge shall be the highest one of the following charges as determined for the consumer in question:</p> <ol style="list-style-type: none"> 1. The minimum charge specified in this schedule. 2. The minimum monthly charge specified in the contract for service. <p><u>Minimum Annual Charge for Seasonal Services:</u> Consumers requiring service only during certain seasons not exceeding nine months per year may guarantee a minimum annual payment of twelve times the minimum monthly charge determined in accordance with the foregoing section in which case there shall be no minimum monthly charge.</p> <p><u>Due Date of Bill:</u> Payment of consumers monthly bill will be due within ten (10) days from due date of bill.</p> <p><u>Delayed Payment Charge:</u> The above rates are net, the gross rates being five percent (5%) higher on the first \$25.00 and two percent (2%) on the remainder of the bill. In the event the current monthly bill is not paid within ten (10) days from the due date of the bill, the gross rate shall apply.</p>		Fuel Adjustment	Schedule 18	Environment Surcharge	Schedule 19	Unwind Surcredit Adjustment	Schedule 20	Rebate Adjustment	Schedule 21	Member Rate Stability Mechanism	Schedule 22	Rural Economic Reserve Clause	Schedule 23	<p>T T T T T T T T D,T</p>
Fuel Adjustment	Schedule 18													
Environment Surcharge	Schedule 19													
Unwind Surcredit Adjustment	Schedule 20													
Rebate Adjustment	Schedule 21													
Member Rate Stability Mechanism	Schedule 22													
Rural Economic Reserve Clause	Schedule 23													

DATE OF ISSUE August 16, 2010

Month Day Year

DATE EFFECTIVE September 18, 2010

Month Day Year

ISSUED BY _____
Name of Officer Title Address

ISSUED BY AUTHORITY OF P.S.C. Order No. 2007-00470

FOR Entire Territory served
 Community, Town or City _____
 P.S.C. No. 1
 (Original) Sheet No. 14B
 (Revised) _____
 Canceling P.S.C. No. _____
 (Original) Sheet No. _____
 (Revised) _____

**MEADE COUNTY RURAL ELECTRIC
 COOPERATIVE CORPORATION**

Schedule 4 continued	CLASSIFICATION OF SERVICE	RATE PER UNIT
<p>Large Power Service, 1,000 KVA and Larger (TOD)</p> <p>power factor. When the power factor is found to be lower than ninety percent (90%), the consumer will be required to correct its power factor to ninety percent (90%) at the consumer's expense. The demand shall be defined as ninety percent (90%) of the highest average kilovolt-amperes measured during any fifteen consecutive-minute period of the month.</p> <p><u>Adjustment Clauses:</u> <u>Fuel Cost Adjustment:</u> The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following: See Schedule 18 for applicable charge. 18 Fuel Adjustment Schedule 18 <u>Environmental Surcharge:</u> Environmental Surcharge See Schedule 19 for applicable charge. 19 Rebate Adjustment Schedule 19 <u>Wholesale Power Cost Adjustment:</u> Member Rate Stability Mechanism See Schedule 21 for applicable charge. 21 Rural Economic Reserve Clause Schedule 22 22 23</p> <p><u>Minimum Monthly Charges:</u> The minimum monthly charge shall be the highest one of the following charges as determined for the consumer in question:</p> <ol style="list-style-type: none"> The monthly charge specified in this schedule. The minimum monthly charge specified in the contract for service. <p><u>Minimum Annual Charge for Seasonal Services:</u> Consumers requiring service only during certain seasons not exceeding nine months per year may guarantee a minimum annual payment of twelve times the minimum monthly charge determined in accordance with the foregoing section in which case there shall be no minimum monthly charge.</p> <p><u>Due Date of Bill:</u> Payment of consumers monthly bill will be due within ten (10) days from due date of bill.</p> <p><u>Delayed Payment Charge:</u> The above rates are net, the gross rates being five percent (5%) higher on the first \$25.00 and two percent (2%) on the remainder of the bill. In the event the current monthly bill is not paid within ten (10) days from the due date of the bill, the gross rate shall apply.</p>		<p>N T</p> <p>T T T T T T T T D, T</p>

DATE OF ISSUE August 1, 2005 August 16, 2010
 DATE EFFECTIVE September 1, 2005 September 18, 2010
 ISSUED BY [Signature]
 ISSUED BY AUTHORITY OF P.S.C.

**PUBLIC SERVICE COMMISSION
 OF KENTUCKY**
 EFFECTIVE 9/1/2005
 PURSUANT TO 807 KAR 5:011
 SECTION 9 (1)
 P. O. Box 489, Brandenburg, KY 40108
 By [Signature]
 Executive Director

Ex 14
Pg 11 of 16

FOR Entire Territory served
 _____ Community, Town or City
 _____ P.S.C. No. 38
 _____ (Original) Sheet No. 14B
 _____ (Revised)
 _____ Canceling P.S.C. No. 1
 _____ (Original) Sheet No. 14B
 _____ (Revised)

**MEADE COUNTY RURAL ELECTRIC
 COOPERATIVE CORPORATION**

Schedule 4 continued	CLASSIFICATION OF SERVICE	RATE PER UNIT
Large Power Service, 1,000 KVA and Larger (TOD)		
power factor. When the power factor is found to be lower than ninety percent (90%), the consumer will be required to correct its power factor to ninety percent (90%) at the consumer's expense. The demand shall be defined as ninety percent (90%) of the highest average kilovolt-amperes measured during any fifteen consecutive-minute period of the month.		T
<u>Adjustment Clauses:</u> The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:		T T T T T T T T
Fuel Adjustment	Schedule 18	T
Environment Surcharge	Schedule 19	T
Unwind Surcredit Adjustment	Schedule 20	T
Rebate Adjustment	Schedule 21	T
Member Rate Stability Mechanism	Schedule 22	T
Rural Economic Reserve Clause	Schedule 23	D
<u>Minimum Monthly Charges:</u> The minimum monthly charge shall be the highest one of the following charges as determined for the consumer in question:		
1. The monthly charge specified in this schedule.		
2. The minimum monthly charge specified in the contract for service.		
<u>Minimum Annual Charge for Seasonal Services:</u> Consumers requiring service only during certain seasons not exceeding nine months per year may guarantee a minimum annual payment of twelve times the minimum monthly charge determined in accordance with the foregoing section in which case there shall be no minimum monthly charge.		
<u>Due Date of Bill:</u> Payment of consumers monthly bill will be due within ten (10) days from due date of bill.		
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DATE OF ISSUE August 16, 2010

 Month Day Year
 DATE EFFECTIVE September 18, 2010

 Month Day Year
 ISSUED BY _____ President/CEO P. O. Box 489, Brandenburg, KY 40108
 Name of Officer Title Address

ISSUED BY AUTHORITY OF P.S.C.

Order No. 2010-000222

EA 1g
pg 13 of 16

FOR Entire Territory served
 _____ Community, Town or City
 P.S.C. No. 38
 (Original) Sheet No. 15
 (Revised)
 _____ Canceling P.S.C. No. 37
 (Original) Sheet No. 15
 (Revised)

**MEADE COUNTY RURAL ELECTRIC
 COOPERATIVE CORPORATION**

Schedule 5	CLASSIFICATION OF SERVICE	RATE PER UNIT
Outdoor Lighting Service - Individual Consumers		
<u>Applicable:</u> Entire Territory Served.		
<u>Availability of Service:</u> Available to consumers who abide by the rules, regulations and bylaws of the Cooperative And will sign a contract agreement for service in accordance with the special terms and conditions set forth herein.		
<u>Character of Service:</u> This rate schedule covers electric lighting service to outdoor equipment for the illumination of streets, driveways, yards, lots, and other outdoor areas. Cooperative will provide, own, and maintain the lighting equipment, as hereinafter described and will furnish the electrical energy to operate such equipment. Service under this rate will be available on an automatically controlled dusk-to-dawn every-night schedule of approximately 4000 hours per year. Units installed shall be security light type or units as specified herein.		
<u>Rates:</u>		
175 Watt unmetered, per month		\$ 6.93
175 Watt metered, per month		3.35
400 Watt unmetered, per month		\$9.85
400 Watt metered, per month		3.35
State, Federal and local tax will be added to above rate where applicable.		
<u>Terms of Payment:</u> Accounts not paid when due may incur a delinquent charge for collection, and a disconnect and reconnect fee.		
<u>Adjustment Clauses:</u> The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:		T
Fuel Adjustment	Schedule 18	T
Environment Surcharge	Schedule 19	T
Unwind Surcredit Adjustment	Schedule 20	T
Rebate Adjustment	Schedule 21	T
Member Rate Stability Mechanism	Schedule 22	T
Rural Economic Reserve Clause	Schedule 23	T
		D,T

DATE OF ISSUE August 16, 2010

 Month Day Year
 DATE EFFECTIVE September 18, 2010

 Month Day Year
 ISSUED BY _____ President/CEO P. O. Box 489, Brandenburg, KY 40108
 Name of Officer Title Address

ISSUED BY AUTHORITY OF P.S.C.

Order No. 2010-000222

Ex 1a
pg 14 of 16

FOR Entire Territory served

Community, Town or City

P.S.C. No. 34

(Original) Sheet No. 18

(Revised)

Canceling P.S.C. No. 33

(Original) Sheet No. 18

(Revised)

MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

Schedule 6	CLASSIFICATION OF SERVICE	RATE PER UNIT														
Street Lighting - Community, Municipalities, Towns																
<u>Applicable:</u> Entire Territory Served.																
<u>Availability of Service:</u> To any customer who can be served in accordance with the special terms and conditions set forth herein and who is willing to contract for service in accordance with such special terms and conditions; subject to the established rules, regulations and by-laws of the Cooperative.																
<u>Character of Service:</u> This rate schedule covers electric lighting service to outdoor equipment for the illumination of streets, driveways, yards, lots, and other outdoor areas. Cooperative will provide, own, and maintain the lighting equipment, as hereinafter described and will furnish the electrical energy to operate such equipment. Service under this rate will be available on an automatically controlled dusk-to-dawn every-night schedule of approximately 4000 hours per year. Units installed shall be security light type or units as specified herein. Service to alternating current either series or multiple system, or in combination at option of Distributor.																
<u>Rates:</u>																
175 Watt, per month	\$ 6.09	\$5.91 (I)														
400 Watt, per month	\$ 9.09	\$8.91 (I)														
State, Federal and local tax will be added to above rate where applicable.																
<u>Terms of Payment:</u> Accounts not paid when due may incur a delinquent charge for collection, and a disconnect and reconnect fee.																
<u>Adjustment Clauses:</u> Fuel Cost Adjustment: The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following: See Schedule 18 for applicable charge. <table border="0" style="width: 100%;"> <tr> <td>18 Fuel Adjustment</td> <td>Schedule 18</td> </tr> <tr> <td>Environmental Surcharge</td> <td>Schedule 19</td> </tr> <tr> <td>See Schedule 19 for applicable charge</td> <td>Schedule 20</td> </tr> <tr> <td>19 Rebate Adjustment</td> <td>Schedule 21</td> </tr> <tr> <td>member Rate Stability Mechanism</td> <td>Schedule 22</td> </tr> <tr> <td>Wholesale Power Cost Adjustment</td> <td>Schedule 23</td> </tr> <tr> <td>See Schedule 14 for applicable charge.</td> <td></td> </tr> </table>			18 Fuel Adjustment	Schedule 18	Environmental Surcharge	Schedule 19	See Schedule 19 for applicable charge	Schedule 20	19 Rebate Adjustment	Schedule 21	member Rate Stability Mechanism	Schedule 22	Wholesale Power Cost Adjustment	Schedule 23	See Schedule 14 for applicable charge.	
18 Fuel Adjustment	Schedule 18															
Environmental Surcharge	Schedule 19															
See Schedule 19 for applicable charge	Schedule 20															
19 Rebate Adjustment	Schedule 21															
member Rate Stability Mechanism	Schedule 22															
Wholesale Power Cost Adjustment	Schedule 23															
See Schedule 14 for applicable charge.																
		T T T T T T T D.T														

DATE OF ISSUE December 23, 2002 August 10, 2010 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

DATE EFFECTIVE July 1, 2003 September 19, 2010 BY Charles L. Dixon EXECUTIVE DIRECTOR

ISSUED BY Bernard E. Jensen President/CEO P. O. Box 489, Brandenburg, KY 40108

Name of Officer Title Address

ISSUED BY AUTHORITY OF P.S.C.

Order No. 2002-391 dated 12/23/2002

FOR Entire Territory served

Ex 16
Pg 15 of 16

FOR Entire Territory served
 _____ Community, Town or City
 P.S.C. No. 38
 (Original) Sheet No. 18
 (Revised)
 _____ Canceling P.S.C. No. 37
 (Original) Sheet No. 18
 (Revised)

**MEADE COUNTY RURAL ELECTRIC
 COOPERATIVE CORPORATION**

Schedule 6		CLASSIFICATION OF SERVICE	RATE PER UNIT
Street Lighting - Community, Municipalities, Towns			
<u>Applicable:</u> Entire Territory Served.			
<u>Availability of Service:</u> To any customer who can be served in accordance with the special terms and conditions set forth herein and who is willing to contract for service in accordance with such special terms and conditions, subject to the established rules, regulations and by-laws of the Cooperative			
<u>Character of Service:</u> This rate schedule covers electric lighting service to outdoor equipment for the illumination of streets, driveways, yards, lots, and other outdoor areas. Cooperative will provide, own, and maintain the lighting equipment, as hereinafter described and will furnish the electrical energy to operate such equipment. Service under this rate will be available on an automatically controlled dusk-to-dawn every-night schedule of approximately 4000 hours per year. Units installed shall be security light type or units as specified herein. Service to alternating current either series or multiple system, or in combination at option of Distributor.			
<u>Rates:</u> 175 Watt, per month \$6.09 400 Watt, per month \$9.09			
State, Federal and local tax will be added to above rate where applicable.			
<u>Terms of Payment:</u> Accounts not paid when due may incur a delinquent charge for collection, and a disconnect and reconnect fee.			
<u>Adjustment Clauses:</u> The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:			T
Fuel Adjustment	Schedule 18		T
Environment Surcharge	Schedule 19		T
Unwind Surcredit Adjustment	Schedule 20		T
Rebate Adjustment	Schedule 21		T
Member Rate Stability Mechanism	Schedule 22		T
Rural Economic Reserve Clause	Schedule 23		T
			D,T

DATE OF ISSUE August 16, 2010

 Month Day Year
 DATE EFFECTIVE September 18, 2010

 Month Day Year
 ISSUED BY _____ President/CEO P. O. Box 489, Brandenburg, KY 40108
 Name of Officer Title Address

ISSUED BY AUTHORITY OF P.S.C.

Order No. 2010-000222

MEADE COUNTY RECC
CASE NO. 2010-00222

RESPONSE TO COMMISSION STAFF'S THIRD INFORMATION REQUEST

b.(1) Question:

The response states that "Meade does not believe that the titles used in the tariff should not be changed." Did Meade intend to state that it does not believe the titles used in the tariff should be changed.

b.(1) Response:

The titles in the tariff should not be changed.

b.(2) Question:

State whether "Grounding attachment" as it appears in the tariff is the same as a two ground attachment. If no, explain what is meant by grounding attachments.

b.(2) Response:

They are the same things.

b.(3) Questions:

State whether "Pedestal attachment" as it appears in the tariff is the same as a three-party ground attachment. If no, explain what is meant by pedestal attachment.

b.(3) Response:

They are the same things

MEADE COUNTY RECC
RESPONSE TO
COMMISSION STAFF'S THIRD INFORMATION REQUEST
IN
CASE NO. 2010-00222

2. Refer to Meade's response to Item 3.b. of Staffs Second Request.

a. The response did not explain why Meade is proposing to delete the customer deposit criteria. Provide an explanation.

Response:

Meade is not proposing to delete all customer deposit criteria but limit the criteria to:

1. Previous payment history with the Cooperative or
2. Exchange Rating obtained through OnLine Information Systems.

b. Refer to the response to Staffs Second Request, Item 3.d.(4), page 9 of 9, Explain what is meant by "Exchange rating."

Response:

"Exchange rating" is a rating received from OnLine Information Systems to determine the credit risk of a potential customer.

Following is a description of the service provided by this organization:

Services provided through the ONLINE Utility Exchange, ONLINE maintains a centralized database containing credit and consumer data information pertaining to the payment history of utility bills and other services that ONLINE may, from time to time, make available to Subscriber. ONLINE will furnish consumer information from this database to Subscriber. ONLINE will also furnish services to Subscriber involving the supply of consumer and business information. The source of this information may be credit information, consumer information, credit scoring services, fraud detection, and criminal records provided by national credit reporting repositories, national criminal record databases, and/or local county systems. The ONLINE Utility Exchange provides access to Subscriber to Experian Credit Information Service's database.

Based on a predetermined scoring system Meade uses this rating to determine if a deposit is to be charged to the potential customer. Attached as page 2 of this exhibit is an example of an OnLine Utility Exchange report used to determine deposit requirements.

MEADE COUNTY RECC : cathys : 10/12/2010 3.22 09 PM

Report #

SSN Search
210 COYOTE RUN
BRANDENBURG, KY 40108
PHONE: 5023764645
Reported DOB: 1987



[Print Report](#)
[Print Adverse Letter](#)

SSN Verification

RED FLAG ALERT

Match to Other Name

REPORTED ADDRESS DOES NOT MATCH INQUIRY
ISSUED: Kentucky, 1986-1988

SSN Verification

Deposit Decision

23.8%
Potential Delinquency Risk

Maximum Deposit

Deposit Decision

Exchange Results

No Exchange Results Found

Exchange Results

Other Unpaid Utilities

LOUISVILLE WATER COMPANY
ACCT #:
Amount Owed: \$81.00 as of 8/10/2009

Other Unpaid Utilities

Deposit Decision No
Red light = over 10.0% Potential Delinquency Risk
maximum Deposit Required.
Green light = 10% or less = no deposit Required

MEADE COUNTY RECC
RESPONSE TO
COMMISSION STAFF'S THIRD INFORMATION REQUEST
IN
CASE NO. 2010-00222

3. Refer to the response to Staffs Second Request, Item 3.d.(4), page 9 of 9, and Item 32, page 4 of 4. The response to Item 3 states that approximately 350 of Meade's meters are read manually. The response to Item 32 states that Meade has automated meter information technology for all but demand meters on its system. Explain why the demand meters do not have automated meter information technology and state whether Meade has plans for such demand meters in the future.

Response:

As we buy new meters, they are AMI equipped, and we are installing modules in meters that are capable of AMI as we rotate through them for testing. Cost has driven the rate of replacement of demand meters.

MEADE COUNTY RECC
CASE NO. 2010-00222

RESPONSE TO COMMISSION STAFF'S THIRD INFORMATION REQUEST

Refer to Meade's response to Item 7 of Staff's Second Request.

a. Question: Refer to the responses to Item 7.a., page 1 of 2. Meade was requested to either confirm that the zero-intercept method was used for Account 365 (Overhead Conductor) or to provide the location in Schedule R of where the minimum size method was used for Account. The response discusses Account 364 (Poles) but does not discuss Account 365. Respond to the question as requested.

a. Response:

The zero-intercept method was used for account 365 (Overhead Conductor).

b. Question:

Refer to the response to Item 7.b.(2), page 2 of 2. State whether the 2,640 poles equates to 2,640 customers. If no, provide the number of customers that would be affected by the pole rental increase.

b. Response:

Yes, approximately 2,640 customers will be affected by the pole rental increase.

MEADE COUNTY RECC
RESPONSE TO
COMMISSION STAFF'S THIRD INFORMATION REQUEST
IN
CASE NO. 2010-00222

5. Refer to the response to Item 8.d. of Staffs Second Request.

a. Refer to the response to 8.d.(l), page 4 of 4. The response states that "[t]he proposed rate, Exhibit C, Schedule 5, is \$9.80 for the lights plus \$1.00 per month for the pole." Did Meade intend to state that the proposed 400-unmetered rate is \$9.85 as shown in revised Exhibit C, page 21 of 135? If no, explain.

Response:

The proposed rate for the 400-unmetered rate is \$9.85 as shown in revised Exhibit C, page 21 of 135.

MEADE COUNTY RECC
CASE NO. 2010-00222

RESPONSE TO COMMISSION STAFF'S THIRD INFORMATION REQUEST

Refer to the response to Item 8.d of Staff's Second Request.

b. Question:

Meade did not respond to Item 8.d.(2). Provide a response.

b. Response:

The current rate is \$9.56 and the proposed rate is correct at \$9.81. The pole rental fee was included in error in the previously listed current rate.

c. Question:

This response indicates that some of the lighting rates in Exhibit J, page 6 of 6, include pole rental charges. Provide a revised Exhibit J, page 6 of 6, to include pole charges only on the line labeled, "pole rental" with all other rates on the page being shown as lighting rates only for both present and proposed rates (i.e., pole chares are not included in the lighting rates).

c. Response:

Attached as page 2 of this response is the revised page 6 of 6, Exhibit J.

Outdoor Lighting Service

Billing Components	Billing Determinants	Actual Rate	Normalized Case No. 2006-500		Proposed Rates	Revenues	
			Revenues	Revenues			
175 W MV Unmetered	\$ 75,535	\$	7	\$ 508,351	\$	7	\$ 523,458
175 W MV Unmetered - Pole Rental	\$ 27,313	\$	7	\$ 183,816	\$	7	\$ 189,279
175W MV - city	\$ 5,320	\$	6	\$ 31,441	\$	6	\$ 32,399
175W MV Metered	\$ 449	\$	3	\$ 1,459	\$	3	\$ 1,504
175W MV Metered - Pole Rental	\$ 282	\$	3	\$ 917	\$	3	\$ 945
400W MV Unmetered	\$ 2,337	\$	10	\$ 22,342	\$	10	\$ 23,019
400W MV - city	\$ 4,344	\$	9	\$ 38,271	\$	9	\$ 39,487
400W MV - Unmetered, Pole Rental	\$ 2,209	\$	10	\$ 21,008	\$	10	\$ 21,648
400W MV Flood Light	\$ 3,294	\$	10	\$ 31,326	\$	10	\$ 32,281
400w MV Metered	\$ 766	\$	3	\$ 2,490	\$	3	\$ 2,566
400W MV, Metered - Pole Rental	\$ 160	\$	3	\$ 520	\$	3	\$ 536
400W MVFL - Metered	\$ 552	\$	3	\$ 1,794	\$	3	\$ 1,849
400W MVFL - Unmetered	\$ 3,982	\$	10	\$ 38,068	\$	10	\$ 39,223
400W MVFL - Unmetered, Pole Rental	\$ 460	\$	10	\$ 4,398	\$	10	\$ 4,531
400W MVFL, Metered - Pole Rental	\$ 228	\$	3	\$ 741	\$	3	\$ 764
Pole Rental	\$ 30,652	\$	0	\$ 7,663	\$	1	\$ 30,652
kWh	\$ 10,156,344						
Billing adjustments				\$ (1,233)			\$ (1,233)
Total from base rates				\$ 893,370			\$ 942,908
Adjustments (facility, etc.)				\$ -			
Total revenues	\$ 893,370			\$ 893,370			\$ 942,908
Amount				\$ (0)			\$ 49,538
Percent				0%			5.55%

Exhibit 5
 page 3 of 3

MEADE COUNTY RECC
CASE NO. 2010-00222

RESPONSE TO COMMISSION STAFF'S THIRD INFORMATION REQUEST

Refer to the response to Item 16 of Staff's Second Request. Meade used the customer-related revenue requirements to calculate the customer charges in the table.

a. Question:

Explain why customer-related revenue requirements were used in the calculation rather than customer-related costs.

a. Response:

The customer-related revenue requirements include the customer-related costs plus a margin amount which is how the overall revenue requirements have been determined for Meade in the development of this application. Every distribution cost function has a margin amount built into its revenue requirements. These distribution cost functions include the following:

	<u>Demand-related</u>	<u>Customer-Related</u>
• Lines	X	X
• Transformers	X	X
• Services		X
• Meters		X
• Consumer Service & Accounting		X

Meade feels that revenue requirements reflect the true costs for providing service to the end consumer. Meade also feels that the true costs associated with any rate/charge should have the full costs identified.

MEADE COUNTY RECC
CASE NO. 2010-00222

RESPONSE TO COMMISSION STAFF'S THIRD INFORMATION REQUEST

b. Question:

Provide the customer charges if customer-related costs were used in the calculation rather than customer-related revenue requirements.

b. Response:

Listed below are the requested calculations.

Monthly Consumer Related Costs			
<u>Rate Class</u>	<u>Consumer Related Costs</u>	<u>Number of Monthly Billing Units</u>	<u>Consumer Related Costs Per Month</u>
1R Residential	\$ 5,089,072	311,873	\$ 16.32
2R Small Commercial	431,408	20,425	\$ 21.12
3R General Service	375,246	4,153	\$ 90.36
3A TOD Gen Svc	1,408	20	\$ 70.39

MEADE COUNTY RECC
RESPONSE TO
COMMISSION STAFF'S THIRD INFORMATION REQUEST
IN
CASE NO. 2010-00222

7. Refer to Meade's response to Staffs Second Request, Item 19.e. Describe the functions involved for "Labor for the first time Transformer and OCR purchases" used to describe the increase in Overhead Line Expense. Describe what is meant by "first time Transformer and OCR purchases."

Response:

Purchase of new transformers and OCR equipment in Meade's accounting system is classed / defined as "first time Transformer and OCR purchases."

According to RUS guidelines "The first installation cost, as well as all incidental costs necessary to prepare the equipment for use, shall be capitalized with the material upon purchase."

The installation cost referred to in RUS Bulletin 1767B-1 is the "Labor for the first time Transformer and OCR purchases" and is referenced in the response to "Staff's Second Request, Item 19.e." Note: Below is an excerpt from the USDA web site.

119 Special Equipment. Bulletin 1767B-1 Page 268

Special Equipment items are classified as such because they are continually being moved from one location to another due to load changes and maintenance practices. The USoA provides accounting that differs from that used for other types of materials. The cost, new, of special equipment items shall be capitalized at the time of purchase; it shall not be charged to Account 154 as is the case with other materials. The first installation cost, as well as all incidental costs necessary to prepare the equipment for use, shall be capitalized with the material upon purchase.

All subsequent costs of removing, resetting, changing, renewing oil, and repairing constitute operations and maintenance expenses. The capitalized cost of special equipment items, including the first installation, shall be removed from the electric plant accounts only when the items are abandoned or retired from the system.

MEADE COUNTY RECC
RESPONSE TO
COMMISSION STAFF'S THIRD INFORMATION REQUEST
IN
CASE NO. 2010-00222

8. Refer to Meade's response to Staffs Second Request, item 19.g. Meade's response indicates that OMS training contributed to part of the increase for Account 588.000, Misc Distribution Expense. Provide the cost of OMS training during the test year and a description of the training. Include in the description how frequently such training is required.

Response:

The cost of training for the test year was \$11,630. This was a new application for Meade and the costs were to train Meade's software administrators. It is anticipated that like any other software application, updates may require additional administrator training. That cost is estimated to be \$2,000 to \$3,000 per year.

MEADE COUNTY RECC
RESPONSE TO
COMMISSION STAFF'S THIRD INFORMATION REQUEST
IN
CASE NO. 2010-00222

9. Refer to Meade's response to Staffs Second Request, Item 19.i. Meade's response indicates that right-of-way tree-trimming contracts contributed to 98 percent of the increase in Account 593.1 00, Maintenance. For the period ending March 31 , for the four years preceding the test year, provide the costs for right-of-way tree-trimming contracts.

Response:

2009	\$732,105
2008	\$531,995
2007	\$721,258
2006	\$615,684

MEADE COUNTY RECC
RESPONSE TO
COMMISSION STAFF'S THIRD INFORMATION REQUEST
IN
CASE NO. 2010-00222

10 . Refer to Meade's response to Staffs Second Request, Item 19.j. Meade's response indicates that right-of-way clearing to service orders contributed to 48 percent of the increase in Account 593.400, Maintenance-Service Orders. For the period ending March 31, for the four years preceding the test year, provide the balances for right-of-way clearing to service orders.

Response:

2009	\$76,223
2008	\$85,057
2007	\$45,466
2006	\$83,014

MEADE COUNTY RECC
RESPONSE TO
COMMISSION STAFF'S THIRD INFORMATION REQUEST
IN
CASE NO. 2010-00222

11. Refer to Meade's response to Staff's Second Request, Item 19.k. Meade's response indicates that an \$89,000 credit received from a vendor contributed to the decrease in the account balance for the test year.

a. State whether additional credits are anticipated to be received from the vendor related to the warranty on the AMI modules. If yes, provide the amount of credits and when they are expected to be received.

Response:

Credits are based on the failure of modules installed in meters and unless a module fails no credits are applicable. It is next to impossible to determine when or if equipment will fail therefore no additional credits are anticipated.

b. For the period ending March 31, for the four years preceding the test year, provide the balances for Account 902.100, Special Meter Reading Expenses.

Response:

2009	\$ 88,304
2008	\$103,210
2007	\$ 90,526
2006	\$ 65,792

Note: 2006 and 2007 Special Meter Reading Expenses were recorded in Account 902.000

MEADE COUNTY RECC
RESPONSE TO
COMMISSION STAFF'S THIRD INFORMATION REQUEST
IN
CASE NO. 2010-00222

12. Refer to Meade's response to Staffs Second Request, Item 19.1. Meade's response indicates that an increase in contractor costs for field technicians contributed to the increase in the account balance.

a. Provide a more detailed explanation for the increased contractor costs (i.e., additional hours, new negotiated vendor contracts, etc.).

Response:

A change in vendors occurred in September 2008 with a 16% increase in rate. There was also a 3% increase in hours worked from 11,242 hours in 2008 to 11, 898 hours in 2009.

b. For the period ending March 31, for the four years preceding the test year, provide the balances for Account 903.000, Customer Records & Collection.

Response:

-

2009	\$248,388
2008	\$222,708
2007	\$215,769
2006	\$229,579

Meade County Rural Electric Cooperative
Case No. 2010-00222
Third Information Request of Commission Staff

13. Refer to Meade's response to Staff's Second Request, Item 21. Meade states that the Board of Directors has not determined whether to grant a salary increase at the usual November 1 date for 2010. Meade should consider this an ongoing request, with its decision on a 2010 salary increase to be provided when it becomes available.

Response:

Meade's Board granted an average increase of 1.38% at the Board meeting on September 22, 2010, effective November 1, 2010.

Meade County Rural Electric Cooperative
Case No. 2010-00222
Third Information Request of Commission Staff

14. Refer to the response to Item 25 of Staffs Second Request.

- a. Provide the criteria or indices that govern the change in the interest rate for RUS loans B324, B325 and B236.

Response:

Meade County has the option of selecting a variable rate that changes on a monthly basis, or can select a fixed interest rate for various lengths of time, ranging from 1 year to the remaining life of the loan. Meade County has selected a ten year period for these loans.

Meade County Rural Electric Cooperative
Case No. 2010-00222
Third Information Request of Commission Staff

14. Refer to the response to Item 25 of Staffs Second Request.

- b. The column heading for the Interest Rate indicates the rate is as of November 2009. Verify that the date is correct. If correct, provide an explanation why Meade would use an interest rate from November 2009 and provide the interest rate as of September 2010.

Response:

This heading should have stated "August 31, 2010". The interest rates reflected in the response to Item 25 are the actual rates as of August 31, 2010.

The interest rates for September 30, 2010 are the same as August 31, 2010, therefore, the schedule will remain the same (except for the heading which would then state Sept 30, 2010).

Meade County Rural Electric Cooperative
Case No. 2010-00222
Third Information Request of Commission Staff

15. Refer to Meade's response to Staffs Second Request, Item 27, page 2. Explain why Meade's labor and benefits would be included as actual rate case expenses when it was indicated in Exhibit 12 of the application that in-house labor would not be included in the estimated rate case expenses.

Response:

Meade County records all costs for rate case in Account 928. The response to Item 27 reflected the subtotal of costs, which includes all costs to be included with the adjustment for Exhibit 12 of the application. The in-house labor and benefits were shown so that the total of costs recorded in Account 928 would be identified.

Meade County Rural Electric Cooperative
Case No. 2010-00222
Third Information Request of Commission Staff

16. Refer to the response to Item 28 of Staffs Second Request.

- a. Refer to pages 1 and 10 of 12. The request referred to Exhibit 13 of the application and asked Meade to explain why the existing rates for three-party anchor attachments and three-party ground attachments differed from the amounts shown in Meade's current tariff. No response was provided.
 - (1) Provide a response to the original request.
 - (2) Provide a revised page 10 of 12 using the tariff amounts for three-party anchor attachments and three-party ground attachments.
- b. Refer to the response to Item 28.b.' pages 2 and 8 of 12. For the 40'-45' Poles, explain why the weighted average cost is shown as \$542.55 on page 2 and \$538.21 on page 8.
- c. Refer to the response to Item 28.b., page 8 of 12. The average cost of anchors is shown as \$94.01. Provide supporting documentation for this amount.
- d. Refer to the response to Item 28.b., page 9 of 12, and Exhibit S of the application, page 12 of 4. The schedule at Item 28.b.' page 9 of 12, shows total utility plant as \$91,162,723. Exhibit S of the application shows total plant as \$92,400,689. Explain the discrepancy in the two amounts.
- e. Refer to the response to Item 28.b, page 9 of 12. In the Cost of Money section, did Meade intend to reference Case No. 2009-00222? If no, provide the correct case reference.

Response:

- 16.a.(1) Meade County sincerely apologizes for this oversight. There was a miscommunication when billing for the three-party anchor attachment. The rate should have been the \$3.74 in the tariff. There were 97 three-party anchor attachments billed during the test year, this resulted in a difference of only \$95.06 for the year. The \$0.15 for three-party grounds was a result of using the format from another cooperatives' calculations. Since there were no billings for this rate, this was an oversight only.
- 16.a.(2) The updated schedule is attached, along with the updated cost of 40'-45' Poles. See as attached as pages 3-5 of this exhibit. See 16.b. for that explanation.
- 16.b. As noted in Exhibit 28, of Staff's second Request, page 2, the costs for both 35'-40' and 40'-45' poles were updated. The cost for the 40'-45' poles was not carried forward to the revised schedule as shown on page 8.
- 16.c. The CPR's include the cost for both anchors and guys. The CATV companies use the anchor portion and not the guy unit. Therefore, the cost of the anchor is broken out separately from the entire assembly unit. Based on discussions with the VP, Engineering and Operations, approximately 75% of the cost of the anchor/guy assembly unit in the CPR's is related to the anchor. The total cost of the anchor/guy unit from the CPR's is \$125.35. The calculation is as follows:
- $$\$125.35 \times 75\% = \$94.01$$
- 16.d. The total utility plant in Item 28.b., page 9 reflects the balance at December 31, 2009. This is consistent with using the fixed charges as of December 31, 2009. The total utility plant in Exhibit S is as of March 31, 2010.
- 16.e. This was supposed to reference Case No. 2006-00500, which was Meade County's last general rate request.

Meade County Rural Electric
CATV Pole Attachments
as of December 31, 2009

Additional revenues generated

Attachment Description	Number	Rates		Revenue		Increase	
		Existing	Proposed	Existing	Proposed	Amount	Percent
2 party Pole	1,680	\$7.21	\$9.75	\$12,113	\$16,376	\$4,263	26%
3 party Pole	7,152	5.98	6.17	42,769	44,125	\$1,356	3%
2 party Anchor	1	5.67	8.35	6	8	\$3	32%
3 party Anchor	97	4.72	5.51	458	535	\$77	14%
2 party Ground	919	0.27	0.27	248	250	\$2	1%
3 party Ground	0	0.15	0.17	0	0	\$0	0%
Total				\$55,593	\$61,294	\$5,700	9%

2/20/11 11:5
From 4/21/5
Item 16a(2)

Meade County Rural Electric
Case No. 2010-00222
CATV Pole Attachments
as of December 31, 2009

A. 1. Two-Party Pole Cost:

<u>Size</u>	<u>Quantity</u>	<u>Amount</u>	<u>Weighted Average Cost</u>
35'-40' Poles	<u>27,840</u>	<u>\$14,680,250</u>	<u>\$527.31</u>

2. Three-Party Pole Cost:

<u>Size</u>	<u>Quantity</u>	<u>Amount</u>	<u>Weighted Average Cost</u>
40 - 45' Poles	<u>29,426</u>	<u>\$15,837,457</u>	<u>\$538.21</u>

3. Average cost of anchors \$94.01

B. 1. Pole Charge:

a. Two party =	\$527.31	85%	17.77%	0.1224	\$9.75
b. Three party =	\$538.21	85%	17.77%	0.0759	\$6.17

2. Pole Charge, with ground attachments:

a. Two party =	\$527.31	85%	\$12.50	17.77%	0.1224	\$0.27
b. Three party =	\$538.21	85%	\$12.50	17.77%	0.0759	\$0.17

3. Anchor Charge:

a. Two party =	\$94.01		17.77%	0.50	\$8.35
b. Three party =	\$94.01		17.77%	0.33	\$5.51

(1) Remove miscellaneous allocations to pole accounts when using Record Units in the continuing property record (CPR's) system, per PSC Administrative Case No. 251

Meade County has not made any adjustments or modifications to its CPR's during the current or previous several years.

Meade County Rural Electric
 Case No. 2010-00222
 CATV Pole Attachments
 as of December 31, 2009

Fixed charges on investment from PSC Annual Report at December 31, 2009.

Total Distribution Expense	4,704,658	
Reference Page 14		
Customer Accounts Expense	1,253,665	
Reference Page 15		
Customer Service and Informational Expense	230,731	
Reference Page 15		
Administrative and General	1,392,256	
Reference Page 15		
Depreciation Expense	2,956,264	
Reference Page 13		
Taxes Other than Income Taxes	32,462	
Reference Page 13		
Sub total	10,570,036	
Divided by Total Utility Plant	91,162,723	11.59%
Line 2, Page 1		
Cost of Money		
Rate of Return on Investment allowed in the last General Rate Request, Case No. 2009-00222	8.26%	
Net plant ratio for distribution plant:		
Distribution plant	82,006,321	
Accumulated depreciation	20,716,588	25.3%
Rate of return (times 1 minus reserve ratio)		6.17%
Annual carrying charges		17.77%

Meade County Rural Electric Cooperative
Case No. 2010-00222
Third Information Request of Commission Staff

17. Refer to the response to Item 29.c.(2) of Staffs Second Request, page 4 of 4, and Exhibit 14 of the application. In response to Item 29, Meade states that including both the Direct Labor Charge and Direct Wage Expense allows the capture of “both the direct and other benefits in addition to the direct labor.” As shown in Exhibit 14, 100 percent of the hourly salary rate is included in the Direct Labor Charge; retirement, 401 k, payroll taxes, and workers’ compensation insurance are included in “Other Costs Based on Labor”; and health and dental insurance and post-retirement benefits are included in “Other Direct Costs.” Explain what costs are included in “Direct Wage Expense” that are not already included in the other components of the nonrecurring charge calculations

Response:

Costs included in “Direct Wage Expense” include benefits for vacation, holidays, and sick leave days. These are not included in the other costs related to payroll. To recognize these employee benefits, they are included in the direct wage expenses. If they were not included in this category, they would be included as “Other Costs Based on Labor”.

MEADE COUNTY RECC
CASE NO. 2010-00222

RESPONSE TO COMMISSION STAFF'S THIRD INFORMATION REQUEST

Refer to the response to Item 30 of Staff's Second Request; revised Exhibit B of the application, page 107 of 120; and Exhibit 14 of the application, page 3 of 6.

a. Question:

Refer to the response to Item 30. State whether the Special Meter reading charge will apply to remote meter readings if the meter is on read and not disconnected or reconnected.

a. Response:

The Special Meter Reading charge would not apply to remote meter readings only.

b. Question:

State the Special Meter Charge that would apply if a meter is read manually.

b. Response:

The Special Meter Reading Charge would apply if a meter is read manually.

c. Question:

Refer to Exhibit 14 of the application, page 3 of 6. State whether the column "special Meter Reading" is the cost justification for the remote disconnect/reconnect charge of \$30 shown in the tariff at revised Exhibit B, page 107 of 120. If n, provide the location of the justification for the remote disconnect/reconnect

charge. If yes, provide the duties performed by the serviceman and office clerk for the time included in cost justification for the remote disconnect and reconnect charge.

c. Response:

The duties to be performed by these employees are as follows:

- The office clerk/CSR will determine if member to be disconnected/reconnected has the facilities in place for a remote disconnect or reconnect.
- The office clerk will produce a remote disconnect/reconnect ticket and send it to the district office for printing.
- The member's name is entered on a call list for a call to be made to the member to inform the member of the disconnect/reconnect.
- System operators will then activate the necessary equipment to remotely disconnect/reconnect a member.
- System operators will then insure that the remote disconnect/reconnect has been made.
- System operators will then annotate the tickets that disconnect/reconnect actions have been taken by remote means
- Tickets will then be sent to the office clerks to let them know that a remote disconnect/reconnect has been completed.
- The office clerk will then prepare the necessary paperwork and key charges into the system.

The best estimate on the amount of time for each individual event is fifteen minutes for the system operations and fifteen to twenty minutes for the office clerk/CSR.

Meade County Rural Electric Cooperative
Case No. 2010-00222
Third Information Request of Commission Staff

19. Refer to Meade's response to the Supplement to Commission Staffs Second Information Request ("Staffs Second Request Supplement"), Items 1, 2, and 3.
 - a. In response to Item 2, Meade's Capital Management Policy No. 201, Section IV B. from September 22, 1994 until the October 24, 2001 revision, indicates that the Board of Directors would base retirement of capital credits with a goal of retiring capital credits in excess of a modified Times Interest Earned Ratio ("TIER") of 2.0. However, Meade's responses to Items 1 and 3 show TIER results below 2.0 for the years 1994, 1995, 1998, 1999, and 2000 and general capital credits being paid in those years. Confirm that this indicates that the Board of Directors opted not to follow the approved capital management policy and explain why the Board of Directors chose to override the policy in this regard.

Response:

Both the September 22, 1994 Capital Management policy and the policy revised as of July 20, 2005, contain a Purpose, Policy, Responsibility, and Provisions. These also contain goals and practices, along with considerations for many variables to be used in making the determination to retire capital credits. There is not any single provision that is all-inclusive in making this determination. The September 22, 1994 policy contained a provision "...with a goal of retiring capital credits in excess of a Modified Tier of 2.0." This language in no way precluded Meade County from retiring capital credits when the Modified Tier was less than 2.0. The Board of Directors did **not** override the policy in this regard. In fact, on a year by year basis, the Board of Directors did rely upon the policy in making the determination to retire capital credits.

Meade County Rural Electric Cooperative
Case No. 2010-00222
Third Information Request of Commission Staff

19. Refer to Meade's response to the Supplement to Commission Staffs Second Information Request ("Staffs Second Request Supplement"), Items 1, 2, and 3.
 - b. Provide a schedule of Meade's year-end equity capitalization levels from 1994 through the test year if general capital credits had been paid out in accordance with Capital Management Policy 201, Section IV, B, in the years 1994, 1995, 1998, 1999, and 2000.

Response:

Section IV, B contained one of several goals identified throughout Capital Management Policy 201. As such, the year-end-equity capitalization levels from 1994 through the test year are the same as those included in Item 4 of the Staff's Supplemental Request.

Meade County Rural Electric Cooperative
Case No. 2010-00222
Third Information Request of Commission Staff

19. Refer to Meade's response to the Supplement to Commission Staffs Second Information Request ("Staffs Second Request Supplement"), Items 1, 2, and 3.
 - c. Provide a schedule of Meade's year-end equity capitalization levels from 1994 through the test year if capital credits payments had been made only to the estates of deceased members.

Response:

The response is attached.

Meade County Rural Electric Cooperative
Case No. 2010-00222
Equity Capitalization
March 31, 2010

Staff's 3rd Request
Item 19.c
Witness: Jim Adkins

Test Year 2010	Calendar Year														
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995

Equity Capitalization:
without G&T patronage capital

Total margins and equities, modified	30,334,859	29,121,517	27,958,458	25,957,151	24,855,697	23,995,691	22,843,670	21,675,223	20,554,220	19,400,167	17,930,960	16,787,033	15,471,343	14,376,693	13,288,099	12,458,260
General refund of capital credits	0	0	823,439	529,408	601,300	363,263	430,460	417,121	238,797	268,913	386,294	343,810	526,452	284,138	0	247,901
Less G&T Patronage capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Long-term debt	30,334,859	29,121,517	27,958,458	25,957,151	24,855,697	23,995,691	22,843,670	21,675,223	20,554,220	19,400,167	17,930,960	16,787,033	15,471,343	14,376,693	13,288,099	12,458,260
	54,013,405	51,093,205	47,982,373	46,264,913	45,504,316	41,071,945	38,956,192	36,164,171	36,959,909	32,372,777	29,048,712	25,740,740	24,287,265	20,656,473	18,820,514	18,620,664
Total	84,348,264	80,214,722	75,940,831	72,222,064	70,360,013	65,067,636	61,799,862	57,839,394	57,514,129	51,772,944	46,979,672	42,527,773	40,046,475	36,127,816	33,197,207	31,908,763
Equity capitalization ratio	36%	36%	37%	36%	35%	37%	37%	37%	36%	37%	38%	39%	39%	43%	42%	42%

Equity Capitalization:
with G&T patronage capital

Total margins and equities	30,334,859	29,121,517	27,958,458	25,957,151	24,855,697	23,995,691	22,843,670	21,675,223	20,554,220	19,400,167	17,930,960	16,787,033	15,471,343	14,376,693	13,288,099	12,458,260
Long-term debt	54,013,405	51,093,205	47,982,373	46,264,913	45,504,316	41,071,945	38,956,192	36,164,171	36,959,909	32,372,777	29,048,712	25,740,740	24,287,265	20,656,473	18,820,514	18,620,664
Total	84,348,264	80,214,722	75,940,831	72,222,064	70,360,013	65,067,636	61,799,862	57,839,394	57,514,129	51,772,944	46,979,672	42,527,773	40,046,475	36,127,816	33,197,207	31,908,763
Equity capitalization ratio	36%	36%	37%	36%	35%	37%	37%	37%	36%	37%	38%	39%	39%	43%	42%	42%

Equity to Total Assets:
with G&T patronage capital

Total margins and equities	30,334,859	29,121,517	27,958,458	25,957,151	24,855,697	23,995,691	22,843,670	21,675,223	20,554,220	19,400,167	17,930,960	16,787,033	15,471,343	14,376,693	13,288,099	12,458,260
Total assets	83,485,071	79,338,982	74,935,444	71,437,537	70,253,988	65,231,752	61,916,128	58,600,742	58,265,269	52,243,971	48,193,455	43,820,838	41,678,530	37,635,992	35,134,408	34,036,218
Equity to total asset ratio	36%	37%	37%	36%	35%	37%	37%	37%	35%	37%	37%	38%	38%	41%	41%	39%

Meade County Rural Electric Cooperative
Case No. 2010-00222
Third Information Request of Commission Staff

20. Refer to the response to Item 1 of Staffs Second Request Supplement and Exhibit 19 of Meade's application.
- a. Beginning with the August 20, 1998 revision to Policy 201 Capital Management, Section II has stated the policy as either to reach or to maintain modified cash equity between 32 and 40 percent. Section IV B. has consistently stated that retirements are to be "[d]etermined by the Board of Directors based on the financial condition of the cooperative." Provide a detailed description of the process undertaken by the Board of Directors to determine the amount of general credits retired and how it assesses the financial condition of the cooperative..

Response:

It is the intention of the Board of Directors to retire capital credits on an annual basis if the financial condition of the cooperative will allow it to do so. While the Board strives to maintain an equity level of between 32 – 40%, it also recognizes that in order to retire capital credits, this may not always be achieved. The justification to retire capital credits when equity is below 32% is based on several factors, which are contained in Section IV, A. There is not one overriding factor contained in A.1 thru 9 that would either necessitate or preclude retiring capital credits. All these factors are considered in determining if, or how much, to retire in capital credits. Each year any of these provisions may be of more or less importance in making this decision.

Meade County Rural Electric Cooperative
Case No. 2010-00222
Third Information Request of Commission Staff

20. Refer to the response to Item 1 of Staffs Second Request Supplement and Exhibit 19 of Meade's application.
 - b. Provide the minutes of all Board of Directors meetings since 2000 in which decisions were made as to the amount of general capital credits to be retired in a given year.

Response:

Copies of excerpts of the board minutes are attached.



Meade County RECC

Exhibit 20
page 3 of 13
P.O. Box 489
Brandenburg, KY 40108-0489
(270) 422-2162
Fax: (270) 422-4705

EXCERPT FROM MINUTES DATED OCTOBER 18, 2000

MOTION APPROVING EMERGENCY RESPONSE PLAN

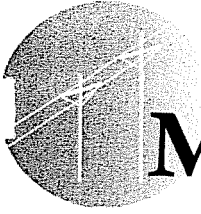
Following, a discussion was held concerning general retirement of capital credits. After deliberation, the board approved the payment of the final half of 1979 and all of 1980 on a motion made by Gary Pile seconded by Leroy Humprey.

CERTIFICATION OF SECRETARY

I, Melanie Raley certify that I am Assistant Secretary of the Meade County Rural Electric Cooperative Corporation Board of Directors and that the above and foregoing is a true excerpt from the minutes of a regular board meeting of the Board of Directors of Meade County Rural Electric Cooperative Corporation held on the eighteenth day of October, 2000 at which meeting a quorum was present and that the above portion of the minutes has not been modified nor rescinded.

IN WITNESS WHEREOF, I have set my hand and affixed the seal of Meade County Rural Electric Cooperative Corporation this fifteenth day of October 2010.


Melanie S. Raley, Assistant Secretary



Meade County RECC

Exhibit 20
page 4 of 13

P.O. Box 489
Brandenburg, KY 40108-0489
(270) 422-2162
Fax: (270) 422-4705

EXCERPT FROM MINUTES DATED OCTOBER 24, 2001

MOTION APPROVING EMERGENCY RESPONSE PLAN

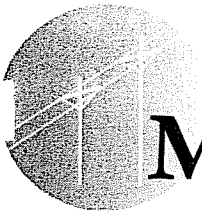
The President/ CEO then recommended that the cooperative pay general retirement of capital credits for the year 1981, in the amount of \$277,738.38. This recommendation was approved on a motion by Robert Rhodes and a second by Paul Butler.

CERTIFICATION OF SECRETARY

I, Melanie Raley certify that I am Assistant Secretary of the Meade County Rural Electric Cooperative Corporation Board of Directors and that the above and foregoing is a true excerpt from the minutes of a regular board meeting of the Board of Directors of Meade County Rural Electric Cooperative Corporation held on the twenty-fourth day of October, 2001, at which meeting a quorum was present and that the above portion of the minutes has not been modified nor rescinded.

IN WITNESS WHEREOF, I have set my hand and affixed the seal of Meade County Rural Electric Cooperative Corporation this fifteenth day of October 2010.


Melanie S. Raley, Assistant Secretary



Meade County RECC

Exhibit 20
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P.O. Box 489
Brandenburg, KY 40108-0489
(270) 422-2162
Fax: (270) 422-4705

EXCERPT FROM MINUTES DATED OCTOBER 16, 2002

MOTION APPROVING EMERGENCY RESPONSE PLAN

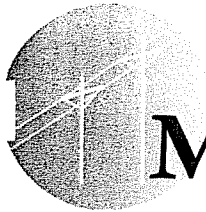
The President/CEO then recommended that the cooperative pay general retirement of capital credits for the year 1982, in the amount of \$246,705.37. This recommendation was approved on a motion by Paul Butler and a second by Darla Sipes.

CERTIFICATION OF SECRETARY

I, Melanie Raley certify that I am Assistant Secretary of the Meade County Rural Electric Cooperative Corporation Board of Directors and that the above and foregoing is a true excerpt from the minutes of a regular board meeting of the Board of Directors of Meade County Rural Electric Cooperative Corporation held on the sixteenth day of October, 2002, at which meeting a quorum was present and that the above portion of the minutes has not been modified nor rescinded.

IN WITNESS WHEREOF, I have set my hand and affixed the seal of Meade County Rural Electric Cooperative Corporation this fifteenth day of October 2010.


Melanie S. Raley, Assistant Secretary



Meade County RECC

*Exhibit 26
Page 6 of 13*

P.O. Box 489
Brandenburg, KY 40108-0489
(270) 422-2162
Fax: (270) 422-4705

EXCERPT FROM MINUTES DATED SEPTEMBER 24, 2003

MOTION APPROVING EMERGENCY RESPONSE PLAN

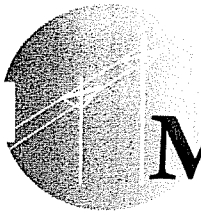
The President/CEO then recommended to the Board a general retirement of capital credits from 1983 in the amount of \$431,065.73. The recommendation was approved on a motion by Ann Marie Williams and a second by Darla Sipes.

CERTIFICATION OF SECRETARY

I, Melanie Raley certify that I am Assistant Secretary of the Meade County Rural Electric Cooperative Corporation Board of Directors and that the above and foregoing is a true excerpt from the minutes of a regular board meeting of the Board of Directors of Meade County Rural Electric Cooperative Corporation held on the twenty-fourth day of September, 2003, at which meeting a quorum was present and that the above portion of the minutes has not been modified nor rescinded.

IN WITNESS WHEREOF, I have set my hand and affixed the seal of Meade County Rural Electric Cooperative Corporation this fifteenth day of October 2010.


Melanie S. Raley, Assistant Secretary



Meade County RECC

Exhibit 20
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P.O. Box 489
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EXCERPT FROM MINUTES DATED OCTOBER 20, 2004

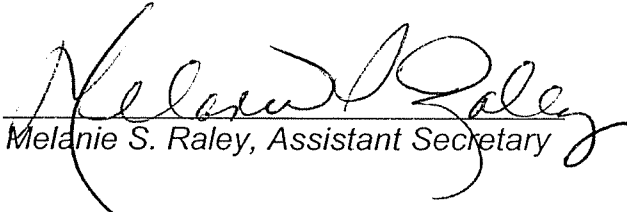
MOTION APPROVING EMERGENCY RESPONSE PLAN

The President/CEO then recommended to the Board a general retirement of capital credits from 1984 in the amount of \$445,171.48. The recommendation was approved on a motion by Paul Edd Butler and a second by James Sills.

CERTIFICATION OF SECRETARY

I, Melanie Raley certify that I am Assistant Secretary of the Meade County Rural Electric Cooperative Corporation Board of Directors and that the above and foregoing is a true excerpt from the minutes of a regular board meeting of the Board of Directors of Meade County Rural Electric Cooperative Corporation held on the twentieth day of October, 2004, at which meeting a quorum was present and that the above portion of the minutes has not been modified nor rescinded.

IN WITNESS WHEREOF, I have set my hand and affixed the seal of Meade County Rural Electric Cooperative Corporation this fifteenth day of October 2010.


Melanie S. Raley, Assistant Secretary



Meade County RECC

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EXCERPT FROM MINUTES DATED OCTOBER 19, 2005

MOTION APPROVING EMERGENCY RESPONSE PLAN

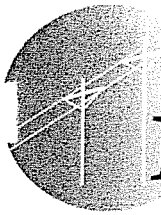
The President/CEO then recommended to the Board a general retirement of capital credits from 1985 in the amount of \$363,925.30. The recommendation was approved on a motion by James Sills and a second by Stephen Barr.

CERTIFICATION OF SECRETARY

I, Melanie Raley certify that I am Assistant Secretary of the Meade County Rural Electric Cooperative Corporation Board of Directors and that the above and foregoing is a true excerpt from the minutes of a regular board meeting of the Board of Directors of Meade County Rural Electric Cooperative Corporation held on the nineteenth day of October, 2005, at which meeting a quorum was present and that the above portion of the minutes has not been modified nor rescinded.

IN WITNESS WHEREOF, I have set my hand and affixed the seal of Meade County Rural Electric Cooperative Corporation this fifteenth day of October 2010.


Melanie S. Raley, Assistant Secretary



Meade County RECC

Exhibit 20
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P.O. Box 489
Brandenburg, KY 40108-0489
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EXCERPT FROM MINUTES DATED SEPTEMBER 20, 2006


MOTION APPROVING EMERGENCY RESPONSE PLAN

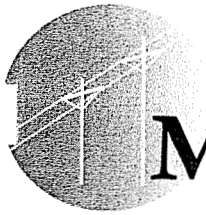
The President/CEO then recommended to the Board a general retirement of capital credits from 1986 in the amount of approximately \$625,000.00. The recommendation was approved on a motion by Paul Edd Butler and a second by Stephen Barr.

CERTIFICATION OF SECRETARY

I, Melanie Raley certify that I am Assistant Secretary of the Meade County Rural Electric Cooperative Corporation Board of Directors and that the above and foregoing is a true excerpt from the minutes of a regular board meeting of the Board of Directors of Meade County Rural Electric Cooperative Corporation held on the twentieth day of September, 2006, at which meeting a quorum was present and that the above portion of the minutes has not been modified nor rescinded.

IN WITNESS WHEREOF, I have set my hand and affixed the seal of Meade County Rural Electric Cooperative Corporation this fifteenth day of October 2010.


Melanie S. Raley, Assistant Secretary



Meade County RECC

Exhibit 20
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P.O. Box 489
Brandenburg, KY 40108-0489
(270) 422-2162
Fax: (270) 422-4705

EXCERPT FROM MINUTES DATED JULY 18, 2007


MOTION APPROVING EMERGENCY RESPONSE PLAN

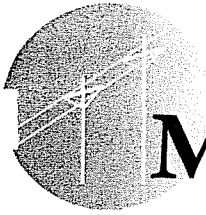
The President/CEO then recommended to the Board a general retirement of capital credits from 1987 in the amount of approximately \$550,000.00. The recommendation was approved on a motion by James Sills and a second by Robert Rhodes.

CERTIFICATION OF SECRETARY

I, Melanie Raley certify that I am Assistant Secretary of the Meade County Rural Electric Cooperative Corporation Board of Directors and that the above and foregoing is a true excerpt from the minutes of a regular board meeting of the Board of Directors of Meade County Rural Electric Cooperative Corporation held on the eighteenth day of July, 2007, at which meeting a quorum was present and that the above portion of the minutes has not been modified nor rescinded.

IN WITNESS WHEREOF, I have set my hand and affixed the seal of Meade County Rural Electric Cooperative Corporation this fifteenth day of October 2010.


Melanie S. Raley, Assistant Secretary



Meade County RECC

Exhibit 20
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P.O. Box 489
Brandenburg, KY 40108-0489
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Fax: (270) 422-4705

EXCERPT FROM MINUTES DATED OCTOBER 22, 2008

MOTION APPROVING EMERGENCY RESPONSE PLAN

The capital credit reimbursement recommendation to retire 1988 capital credits in the amount of \$850,286.76 was approved on a motion by Paul Edd Butler and a second by Darla Sipes.

CERTIFICATION OF SECRETARY

I, Melanie Raley certify that I am Assistant Secretary of the Meade County Rural Electric Cooperative Corporation Board of Directors and that the above and foregoing is a true excerpt from the minutes of a regular board meeting of the Board of Directors of Meade County Rural Electric Cooperative Corporation held on the twenty-second day of October, 2008, at which meeting a quorum was present and that the above portion of the minutes has not been modified nor rescinded.

IN WITNESS WHEREOF, I have set my hand and affixed the seal of Meade County Rural Electric Cooperative Corporation this fifteenth day of October 2010.


Melanie S. Raley, Assistant Secretary

Meade County Rural Electric Cooperative
Case No. 2010-00222
Third Information Request of Commission Staff

20. Refer to the response to Item 1 of Staffs Second Request Supplement and Exhibit 19 of Meade's application.
 - c. Given that its equity capitalization ratio has been below 32 percent each year since 2006, identify and describe the steps Meade has taken during the past five years to improve its financial condition.

Response:

Meade County has recognized for several years that its equity capitalization ratio was below 32%. That is one of the reasons that it filed a general rate increase in Case No. 2005-00500. One of the desired results of that application was to be able to build equity above 32% while continuing to retire capital credits. Obviously, that desired result did not come to fruition. As can be seen by the exhibits filed in this application, (specifically Exhibit 19 of the application and Exhibit 1 of the Supplement to Staff's Second Information Request) Meade County has continued to retire capital credits to its member/owners. This is still a primary goal of the Board of Directors. In addition to the rate increase filed in 2005, Meade County has continued to monitor its costs and expenses and has attempted to control these to the extent possible, given that operating costs have continued to increase (raw materials, right of way, labor and benefits, insurances, taxes, and others).

Meade County Rural Electric Cooperative
Case No. 2010-00222
Third Information Request of Commission Staff

20. Refer to the response to Item 1 of Staffs Second Request Supplement and Exhibit 19 of Meade's application.
 - d. Explain why there were no payments of general capital credits in 1996 or 2009.

Response:

Meade County reviewed the provision of the Capital Management Policy and determined that it would not be financially feasible to retire capital credits for those years.