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JUL 15 2014

PUBLIC SERVICE
COMMISSION

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July 11, 2014

Mr. Jeff Derouen
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

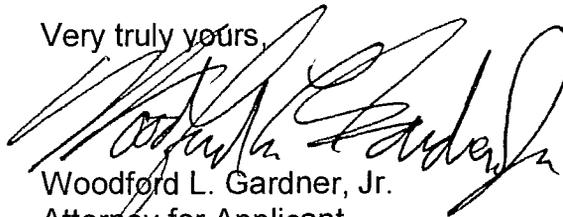
Re: Case No. 2014-00155

Dear Mr. Derouen:

Enclosed for filing is the original and ten (10) copies of the response to Commission Staff's Second Request for Information, regarding the Application of Farmers Rural Electric Cooperative Corporation for Approval of an Optional Residential Time-of-Day Tariff and Fifteen Industrial Tariffs Based on Three Wholesale Power Tariffs Available to Farmers RECC.

Thank you for your assistance.

Very truly yours,



Woodford L. Gardner, Jr.
Attorney for Applicant

Enclosures

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF FARMERS RURAL ELECTRIC) Case No.
COOPERATIVE CORPORATION FOR APPROVAL) 2014-00155
OF AN OPTIONAL RESIDENTIAL TIME-OF-DAY)
TARIFF AND FIFTEEN INDUSTRIAL TARIFFS BASED)
ON THREE WHOLESALE POWER TARIFFS AVAILABLE)
TO FARMERS RECC)

CERTIFICATE

STATE OF KENTUCKY)
COUNTY OF BARREN)

William T. Prather, being duly sworn, states that he has supervised the preparation of the responses of Farmers Rural Electric Cooperative Corporation to the Public Service Commission Staff's Second Information Request in the above-referenced case dated July 1, 2014, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

William T. Prather

Subscribed and sworn before me on this 11th day of July, 2014.

Joey Inman
Notary Public
ID: 466934
Commission Expires: 6/18/16

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

**APPLICATION OF FARMERS RURAL ELECTRIC) Case No.
COOPERATIVE CORPORATION FOR APPROVAL) 2014-00155
OF AN OPTIONAL RESIDENTIAL TIME-OF-DAY)
TARIFF AND FIFTEEN INDUSTRIAL TARIFFS BASED)
ON THREE WHOLESALE POWER TARIFFS AVAILABLE)
TO FARMERS RECC)**

CERTIFICATE

**STATE OF KENTUCKY)
COUNTY OF BARREN)**

James R. Adkins, being duly sworn, states that he has supervised the preparation of the responses of Farmers Rural Electric Cooperative Corporation to the Public Service Commission Staff's Second Information Request in the above-referenced case dated July 1, 2014, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



Subscribed and sworn before me on this 11th day of July, 2014.



Notary Public
ID: 466934
Commission Expires: 6/18/16

**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION
PSC CASE NO. 2014-00155
SECOND INFORMATION REQUEST RESPONSE**

Request 1:

Refer to Farmers' response to Item 1 of Commission Staff's Initial Information Request ("Staff's First Request"). Paragraph 3 of the response states that the increase experienced by commercial customers was "...because their loads were going to exceed 50 kw demand and thus be subject to the additional kW demand charges in Schedule C."

Request 1a:

State whether this is true for all the commercial customers who experienced an increase.

Response 1a:

This is true for all of the commercial customers who experienced an increase.

Witness: William T. Prather

Request 1b:

Explain why the annual filing in Case No. 2012-00108 do not reflect the total the customers would have paid, including demand charges, if they had stayed on Schedule C.

Response 1b:

When those members elected to take advantage of the commercial time-of-day rate, which does not have a demand billing charge, new meters were installed on their services which only record kWh energy use. Demand data for those accounts is not recorded.

Witness: William T. Prather

**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION
PSC CASE NO. 2014-00155
SECOND INFORMATION REQUEST RESPONSE**

Request 2:

Refer to the response to Item 2.e. of the Staff's First Request. The response states, "One primary driver contributed to the determination of the load ranges." The response mentions only one factor, service requirements which differ for the various size loads to meet capacity and energy requirements, for determining the load ranges. State any other factors that contributed to the determination of the load ranges.

Response 2:

Farmers reviewed the rate structures of other Cooperatives, Municipals, and Investor Owned Utilities and determined that the proposed classes would best meet the needs of Farmers to compete with other neighboring utilities. Another item of significance is the fact that Farmers will file in the very near future an Economic Development Rider ("EDR") that will be applicable to the proposed rates.

Witnesses: James R. Adkins

**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION
PSC CASE NO. 2014-00155
SECOND INFORMATION REQUEST RESPONSE**

Request 3:

Refer to the response to Item 3.b. of Staff's First Request. The response states, "The proposed tariff has been developed to bill an industrial member to bill [sic] on its maximum demand." State whether the "proposed tariff" referenced in the response refers to all of the proposed industrial tariffs. If the response is no, state to which proposed tariff the response refers.

Response 3:

All proposed industrial tariffs are written so that all customers will be billed at its maximum demand. The customer's maximum demand will determine the investment that Farmers must incur to provide facilities to serve these customers.

Witnesses: William T. Prather

**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION
PSC CASE NO. 2014-00155
SECOND INFORMATION REQUEST RESPONSE**

Request 4:

Refer to the response to Item 3.c. of Staff's First Request, which discusses the origin of the \$.049882 per kWh which appears in the analysis on Schedule 1, page 2 of 2, in Schedule D of the application. Confirm that the \$.049882 per kWh is not a retail rate proposed in any of the tariffs in Farmers' application.

Response 4:

It is confirmed that an energy rate of \$0.049882 is not a proposed retail rate in any of the tariffs in Farmers' application.

Witness: James R. Adkins

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION
PSC CASE NO. 2014-00155
SECOND INFORMATION REQUEST RESPONSE

Request 5:

Refer to the response to Item 6 of Staff's First Request. Confirm that Farmers is not proposing to delete Schedules D and E at this time

Response 5:

Farmers is not proposing to delete Schedules D and E. Farmers only desires to close both Schedules D and E to any new entrants and limit those tariffs to members currently on those tariffs.

Witness: William T. Prather

**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION
PSC CASE NO. 2014-00155
SECOND INFORMATION REQUEST RESPONSE**

Request 6:

Refer to responses to Item 9.b. of Staff's First Request.

Request 6a:

Confirm that the comparison uses 1,660 kWh for the current rate and 1,560 kWh for the proposed rate.

Response 6a:

It is confirmed that 1,660 kWh was used for the current rate and 1,560 kWh was used for the proposed rate.

Witness: James R. Adkins

Request 6b:

Provide a revised response using 1,660 kWh for both the current and proposed rates.

Response 6b:

COMPARISON OF CURRENT BILL & PROPOSED TOD RATES - AVERAGE CONSUMER					
Current Bill	Rate	Amount	Proposed Rates	Rate	Amount
Customer Charge	\$ 9.35	\$ 9.35	Customer Charge	\$ 15.00	\$ 15.00
Energy Charges	\$ 0.08895	147.657	On-peak Energy	\$ 0.10473	83.784
Total		157.007	Off-Peak Energy	\$ 0.06000	51.60
					\$ 150.38
Average Usage - Peak Month: 1660 kWh			Assumes a shift of 100 kWh from on-peak to off-peak usage		

Witness: James R. Adkins

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION
PSC CASE NO. 2014-00155
SECOND INFORMATION REQUEST RESPONSE

Request 7:

Refer to response to Item 10 of Staff's First Request.

Request 7a:

Confirm that Farmers calculated a customer charge of \$3,017 for loads of 5,000 kW – 9,999 kW by averaging an East Kentucky Power Cooperative, Inc. ("EKPC") Load Center charge of \$2,737 for loads of 3,000 kW – 7,499 kW and \$3,297 for loads of 7,500 kW – 14,999 kW. If this cannot be confirmed, explain how the \$3,017 was calculated. If this can be confirmed, given Farmers' response to Item 5 of Staff's First Request, state whether the proposed customer charge for load of 5,000 kW – 9,999 kW should instead be \$3,015 ($\$2,737 + \$3,292/2$).

Response 7a:

The proposed customer charge should be \$3,015.

Witness: James R. Adkins

**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION
PSC CASE NO. 2014-00155
SECOND INFORMATION REQUEST RESPONSE**

Request 8:

Confirm that Farmers calculated a customer charge of \$4,304 for loads of 10,000 kW and above by averaging an EKPC's Load Center charge of \$3,297 for loads of 7,500 kW – 14,999 kW and \$5,310 for loads of 15,000 kW and above. If this cannot be confirmed, explain how the \$4,304 was calculated. If this can be confirmed, given Farmers' response to Item 5 of Staff's First Request, state whether the proposed customer charge for loads of 10,000 kW and above should instead be \$4,301 ($\$3,292 + \$5,310/2$)

Response 8:

The proposed customer charge should be \$4,301.

Witness: James R. Adkins

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION
PSC CASE NO. 2014-00155
SECOND INFORMATION REQUEST RESPONSE

Request 9:

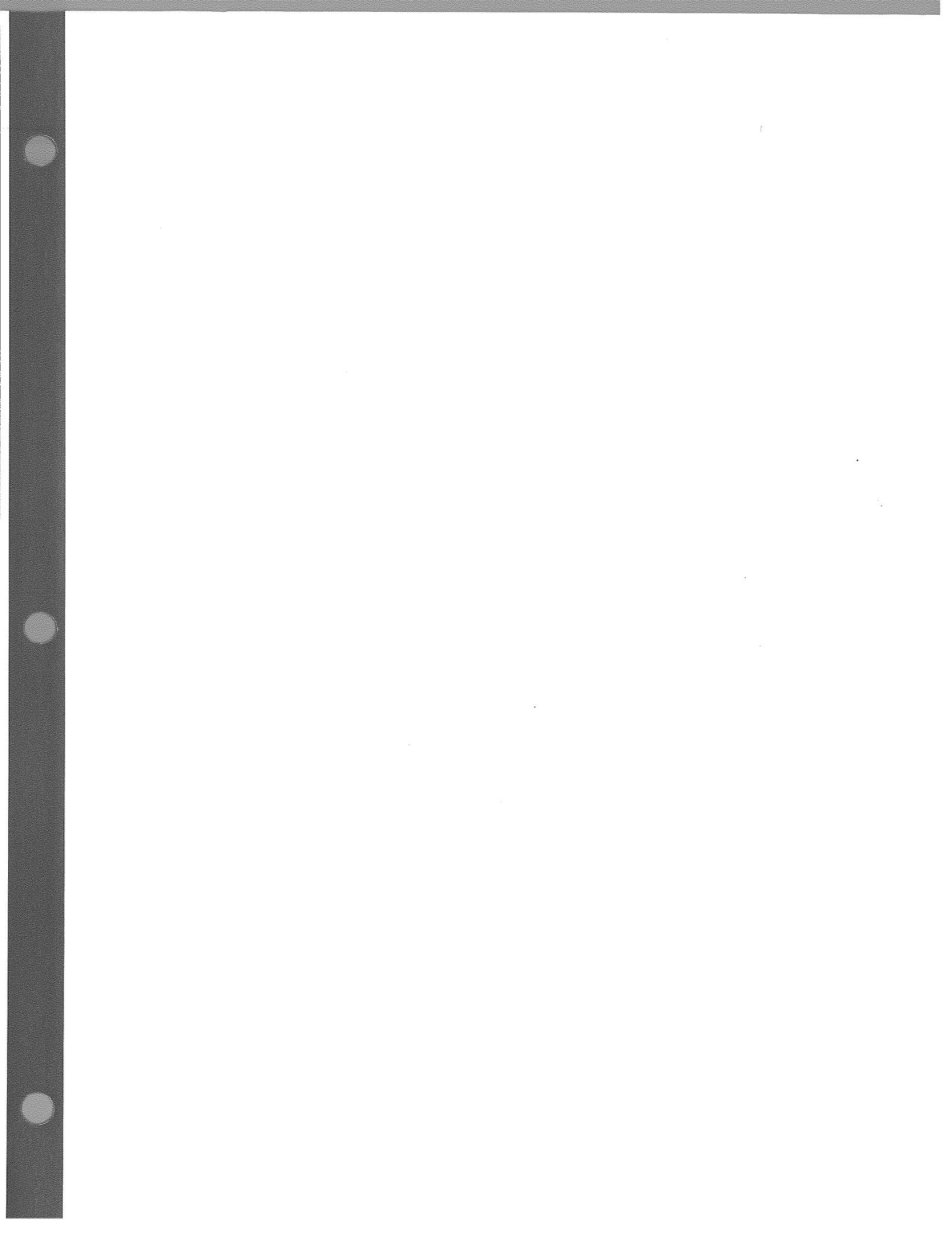
Refer to the response to Item 19 of Staff's First Request. For the two industrial customers that may be interested in switching to one of the proposed tariffs, provide a comparison for each customer of its bill under the existing tariff rate with its bill as it would be calculated under the proposed tariff rate that would most likely apply to each customer.

Response 9:

Exhibit A shows the comparison for the first industrial customer.

Exhibit B provides information for the second industrial customer. This customer has such a small load factor that a penalty would occur if the customer switched to the proposed tariff.

Witness: William T. Prather



Mid-State Bill Comparison

E-rate	Proposed			kW	kWh	Cons Char
				\$7.12	\$0.05163	\$1,142.46
Use Month	kW	kWh				
Jul-12	2280.6	320400	\$16,237.87	\$50,042.64	\$67,422.97	
Aug-12	2280.6	414600	\$16,237.87	\$50,042.64	\$67,422.97	
Sep-12	2280.6	349200	\$16,237.87	\$50,042.64	\$67,422.97	
Oct-12	2369.4	349200	\$16,870.13	\$51,991.15	\$70,003.74	
Nov-12	2369.4	378000	\$16,870.13	\$51,991.15	\$70,003.74	
Dec-12	2410.8	443400	\$17,164.90	\$52,899.58	\$71,206.94	
Jan-13	2410.8	355800	\$17,164.90	\$52,899.58	\$71,206.94	
Feb-13	2410.8	397200	\$17,164.90	\$52,899.58	\$71,206.94	
Mar-13	2410.8	415800	\$17,164.90	\$52,899.58	\$71,206.94	
Apr-13	2410.8	332400	\$17,164.90	\$52,899.58	\$71,206.94	
May-13	2410.8	405000	\$17,164.90	\$52,899.58	\$71,206.94	
Jun-13	2410.8	510000	\$17,164.90	\$52,899.58	\$71,206.94	
			\$202,608.14	\$624,407.28	\$840,724.95	

***Does not include monthly facility charge of \$1695, (expires in January 2019), fuel adjustment, environmental surcharge, or applicable taxes.**

C-Rate			kW	kWh	Cons Char
			\$7.12	\$0.06513	\$51.93
Use Month	kW	kWh			
Jul-12	2280.6	320400	\$15,870.48	\$20,867.65	\$36,790.06
Aug-12	2280.6	414600	\$16,237.87	\$27,002.90	\$43,292.70
Sep-12	2280.6	349200	\$16,237.87	\$22,743.40	\$39,033.20
Oct-12	2369.4	349200	\$16,870.13	\$22,743.40	\$39,665.45
Nov-12	2343.6	378000	\$16,686.43	\$24,619.14	\$41,357.50
Dec-12	2410.8	443400	\$16,525.52	\$28,878.64	\$45,456.09
Jan-13	2377.2	355800	\$16,589.60	\$23,173.25	\$39,814.78
Feb-13	2341.8	397200	\$16,673.62	\$25,869.64	\$42,595.18
Mar-13	2371.8	415800	\$16,703.52	\$27,081.05	\$43,836.50
Apr-13	2261.4	332400	\$16,101.17	\$21,649.21	\$37,802.31
May-13	2281.8	405000	\$16,246.42	\$26,377.65	\$42,676.00
Jun-13	2242.8	510000	\$16,895.76	\$33,216.30	\$50,163.99
			\$197,638.38	\$304,222.23	\$502,483.77

D-Rate	OffPeak				
		Actual	Billed		
363	320400	\$2,584.56	\$20,867.65	\$23,504.14	
262.2	414600	\$1,866.86	\$27,002.90	\$28,921.69	
2280.6	349200	\$16,237.87	\$22,743.40	\$39,033.20	
2369.4	349200	\$16,870.13	\$22,743.40	\$39,665.45	
2343.6	378000	\$16,686.43	\$24,619.14	\$41,357.50	
2410.8	443400	\$17,164.90	\$28,878.64	\$46,095.47	
2377.2	355800	\$16,925.66	\$23,173.25	\$40,150.85	
2341.8	397200	\$16,673.62	\$25,869.64	\$42,595.18	
2371.8	415800	\$16,887.22	\$27,081.05	\$44,020.20	
2261.4	332400	\$16,101.17	\$21,649.21	\$37,802.31	
2281.8	405000	\$16,246.42	\$26,377.65	\$42,676.00	
2242.8	510000	\$15,968.74	\$33,216.30	\$49,236.97	
		\$170,213.57	\$304,222.23	\$475,058.96	

-\$338,241.17

-\$365,665.99