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August 7, 2014

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

RECEIVED
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PUBLIC SERVICE
COMMISSION

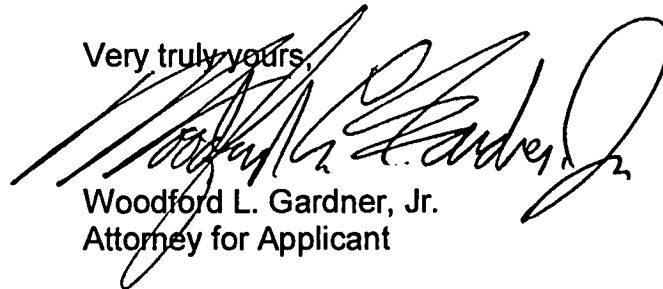
Re: Case No. 2014-00155

Dear Mr. Derouen:

Enclosed for filing is the original and ten (10) copies of the response to Commission Staff's Third 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 Third Information Request in the above-referenced case, 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 8th day of August, 2014.



Notary Public

ID: 466934

Expires: 6/18/16

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

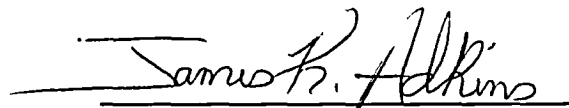
IN THE MATTER OF:

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 Third Information Request in the above-referenced case, 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 8th day of August, 2014.



Notary Public

ID: 466934

Expires: 6/18/16

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

Request 1:

Refer to Exhibit D of the application, Schedule 3, page 1 of 2. Explain why the proposed energy rates on this page do not reconcile to the energy rates shown in the proposed tariff pages filed in Exhibit B of the application, with the exceptions of LPC-1, LPB-1, and LPE-1. State which energy rates Farmers intends to propose and, if the energy rates included in the proposed tariffs are the rates being proposed, provide a revised Exhibit D, Schedule 3, pages 1 and 2, since the "Energy Adders" on page 2 would change.

Response 1:

These energy rates do not reconcile as the wrong schedule was used in Exhibit D, Schedule 3 of the original application. The proper rates are those listed in the filed tariffs. Attached as pages 2 and 3 of this response is the requested revised Exhibit D, Schedule 3.

Witness: James R. Adkins

APPLICATION FOR OPTIONAL TIME-OF-DAY TARIFF AND FIFTEEN INDUSTRIAL TARIFFS

FARMERS RECC

PROPOSED MENU OF INDUSTRIAL RATES - DRAFT

Rate Schedule	Demand		Demand kW		Energy kWh		Customer Charge
	From	To	Contract	Excess	On-Peak	Off-Peak	
Large Power C-1	500 kW	999 kW	\$ 7.17		\$ 0.057882		\$ 816.00
Large Power C-2	1,000 kW	2,999 kW	\$ 7.17		\$ 0.055882		\$ 1,088
Large Power C-3	3,000 kW	4,999 kW	\$ 7.17		\$ 0.054382		\$ 2,737
Large Power C-4	5,000 kW	9,999 kW	\$ 7.17		\$ 0.051882		\$ 3,015
Large Power C-5	10,000 kW	& Over	\$ 7.17		\$ 0.049382		\$ 4,301
Large Power B-1	500 kW	999 kW	\$ 7.17	\$ 9.98	\$ 0.057882		\$ 816.00
Large Power B-2	1,000 kW	2,999 kW	\$ 7.17	\$ 9.98	\$ 0.055882		\$ 1,088.00
Large Power B-3	3,000 kW	4,999 kW	\$ 7.17	\$ 9.98	\$ 0.054382		\$ 2,737.00
Large Power B-4	5,000 kW	9,999 kW	\$ 7.17	\$ 9.98	\$ 0.051882		\$ 3,014.50
Large Power B-5	10,000 kW	& Over	\$ 7.17	\$ 9.98	\$ 0.049382		\$ 4,301.00
Large Power E-1	500 kW	999 kW	\$ 6.02		\$ 0.068279	\$ 0.059554	\$ 816.00
Large Power E-2	1,000 kW	2,999 kW	\$ 6.02		\$ 0.066279	\$ 0.057554	\$ 1,088.00
Large Power E-3	3,000 kW	4,999 kW	\$ 6.02		\$ 0.064779	\$ 0.056054	\$ 2,737.00
Large Power E-4	5,000 kW	9,999 kW	\$ 6.02		\$ 0.062279	\$ 0.053554	\$ 3,014.50
Large Power E-5	10,000 kW	& Over	\$ 6.02		\$ 0.059779	\$ 0.051054	\$ 4,301.00

APPLICATION FOR OPTIONAL TIME-OF-DAY TARIFF AND FIFTEEN INDUSTRIAL TARIFFS

FARMERS RECC

East Kentucky Power Cooperative Wholesale Rates

Load Centers

<u>Size - kVa</u>	<u>From</u>	<u>To</u>	<u>Rate</u>
	1,000	2,999	\$ 1,088
	3,000	7,499	\$ 2,737
	7,500	14,999	\$ 3,292
	15,000	& Over	\$ 5,310

Schedule C

Demand Per kW	\$ 7.17
Energy per kWh	\$ 0.042882

Schedule B

Contract Demand per kW	\$ 7.17
Excess Demand per kW	\$ 9.98
Energy per kWh	\$ 0.042882

Schedule E

Demand Per kW	\$ 6.02
On-peak Energy per kWh	\$ 0.053279
Off-peak Energy per kWh	\$ 0.044554

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

Request 2:

Refer to Farmers' response to Item 9 of Commission Staff's Second Request for Information ("Staff's Second Request"), Exhibit A, page 1 of 1.

Request 2a:

Refer to the Proposed Base Rate table in the middle. Explain why the energy charge shown of \$.056882 per kWh does not reconcile with the proposed tariff for schedule LPC-3 of \$.054382 per kWh or with the LPC-3 energy charge in Exhibit D of \$.054882 per kWh. State which rate is correct for the comparison provided, or if a different rate is correct, provided a corrected table showing the bill comparison for the first industrial customer.

Response 2a:

Attached as pages two through four of this response are corrected calculations reflecting the use of energy rates of \$.054382 for LPC-3 which are consistent with the proposed tariff rate and the revised schedule provided in the response to item 1 of this data request.

Request 2b:

Refer to the Proposed Base Rate table on the right side of the page. Explain why the energy charge shown of \$.056882 per kWh does not reconcile with the proposed tariff rate for schedule LPB-3 of \$.054382 per kWh or with the LPB-3 energy charge in Exhibit D of \$.054882 per kWh. State which rate is correct for the comparison provided, or if a different rate is correct, provide a corrected table showing the bill comparison for the first industrial customer.

Response 2b:

Attached as pages two through four of this response are corrected calculations reflecting the use of energy rates of \$.054382 for LPB-3 which are consistent with the proposed tariff rate and the revised schedule provided in the response to item 1 of this data request.

Witness: James R. Adkins

RESPONSE TO COMMISSIONS STAFF'S THIRD DATA REQUEST

Current Base Rates

Member 1

Rates	Retail	Wholesale
Customer Charge	\$ 51.93	
Demand Charge per kW	\$ 7.12	\$ 6.020000
Energy Charge per kWh	\$ 0.06513	\$ 0.048917

	<u>kW</u>	<u>kWh</u>	<u>kW \$\$</u>	<u>Energy \$\$</u>	<u>Total</u>
Jun	3,110	1,611,184	\$ 22,143	104,936	\$ 127,132
May	3,052	1,543,306	\$ 21,730	100,516	\$ 122,298
Apr	2,914	1,468,409	\$ 20,748	95,637	\$ 116,437
Mar	2,742	1,379,738	\$ 19,522	89,862	\$ 109,436
Feb	2,734	1,309,622	\$ 19,466	85,296	\$ 104,814
Jan	2,791	1,447,659	\$ 19,872	94,286	\$ 114,210
Dec	2,676	1,160,008	\$ 19,053	75,551	\$ 94,656
Nov	2,727	1,198,556	\$ 19,416	78,062	\$ 97,530
Oct	2,832	1,408,091	\$ 20,164	91,709	\$ 111,925
Sep	3,221	1,527,936	\$ 22,934	99,514	\$ 122,500
Aug	3,230	1,826,638	\$ 22,998	118,969	\$ 142,018
Jul	3,211	1,802,953	\$ 22,862	117,426	\$ 140,341
	35,240	17,684,100			<u>\$ 1,403,296</u>

RESPONSE TO COMMISSIONS STAFF'S THIRD DATA REQUEST

Proposed Base Rates			Member 1		
Large Power C-3			Retail	Wholesale	
Customer Charge			\$	2,737.00	
Demand Charge per kW			\$	7.17	\$ 7.17
Energy Charge per kWh			\$	0.054382	\$ 0.042882

	<u>kW</u>	<u>kWh</u>	<u>kW \$\$</u>	<u>Energy \$\$</u>	<u>Total</u>
				1321750	
Jun	3,110	1,611,184	22,299	87,619	112,655
May	3,110	1,543,306	22,299	83,928	108,964
Apr	3,110	1,468,409	22,299	79,855	104,891
Mar	3,110	1,379,738	22,299	75,033	100,069
Feb	3,110	1,309,622	22,299	71,220	96,256
Jan	3,110	1,447,659	22,299	78,727	103,762
Dec	3,110	1,321,750	22,299	71,879	96,915
Nov	3,110	1,321,750	22,299	71,879	96,915
Oct	3,110	1,408,091	22,299	76,575	101,611
Sep	3,221	1,527,936	23,095	83,092	108,924
Aug	3,230	1,826,638	23,159	99,336	125,232
Jul	3,230	1,802,953	23,159	98,048	123,944
			270,101	977,192	\$ 1,280,137

RESPONSE TO COMMISSIONS STAFF'S THIRD DATA REQUEST

Proposed Base Rates			Member 1			
Large Power B-3			Retail	Wholesale		
Customer Charge			\$ 2,737.00			
Contract Demand Charge p			\$ 7.17	\$	7.17	
Excess Demand Charge per kW			\$ 9.98		9.98	
Energy Charge per kWh			\$ 0.054382	\$	0.042882	
	<u>Contract kW</u>	<u>Excess kW</u>	<u>kWh</u>	<u>kW \$\$</u>	<u>kWh \$\$</u>	<u>Total</u>
Jun	2700	410	1,611,184	23,451	87,619	113,807
May	2700	352	1,543,306	22,872	83,928	109,537
Apr	2700	214	1,468,409	21,495	79,855	104,087
Mar	2700	42	1,379,738	19,776	75,033	97,546
Feb	2700	34	1,309,622	19,698	71,220	93,655
Jan	2700	91	1,447,659	20,267	78,727	101,731
Dec	2700	-24	1,160,008	19,119	63,084	84,940
Nov	2700	27	1,198,556	19,628	65,180	87,545
Oct	2700	132	1,408,091	20,676	76,575	99,988
Sep	2700	521	1,527,936	24,559	83,092	110,388
Aug	2700	530	1,826,638	24,648	99,336	126,722
Jul	2700	511	1,802,953	24,459	98,048	125,244
				260,649	961,697	1,255,190

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

Request 3:

Refer to Farmers' response to Item 9 of Staff's Second Request. Given the statement that the second industrial customer has such a small load factor that it would incur a penalty by switching to the proposed tariff, state whether this customer is realistically expected to do so.

Response 3:

The second industrial customer is a metal scrap recycling and processing concern. Their business is located adjacent to residential development. They currently operate their facility approximately twelve hours per day, during daylight hours. They have a desire and capability of moving to a twenty-four hour operation, but due to the location of their facilities near residential development, they have received complaints of noise. They have been reluctant to proceed with extended operational hours into the evening and overnight due to their desire to maintain good relations with their neighbors. If they were to extend their hours of operation, their load factor would improve, probably to the point that they would be able to take advantage of one of the new proposed tariffs.

Witness: William T. Prather

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

Request 4:

Refer to Farmers' response to Item 9 of Staff's Second Request, Exhibit B, page 1 of 1.

Request 4a:

Refer to the "E-Rate Proposed" table at the upper left side of the page. Provide the origin of the \$7.12 kW, \$.05163 per kWh, and \$1,142.46 customer charge rates and indicate the location of these rates in the application.

Response 4a:

Due to a misinterpretation of request #9 in the second information request from the PSC a recalculated spreadsheet for one of the two industrial companies is being submitted.

Current Mid-State Rate – Sch D
Optional Time of Day Rate

Use Month	kW	kWh	No L.F. penalty		Customer Charge	Total
			kW \$7.12	kWh \$0.06513		
Jul-12	363	320400	\$2,584.56	\$20,867.65	\$51.93	\$23,504.14
Aug-12	262.2	414600	\$1,866.86	\$27,002.90	\$51.93	\$28,921.69
Sep-12	2280.6	349200	\$16,237.87	\$22,743.40	\$51.93	\$39,033.20
Oct-12	2369.4	349200	\$16,870.13	\$22,743.40	\$51.93	\$39,665.45
Nov-12	2343.6	378000	\$16,686.43	\$24,619.14	\$51.93	\$41,357.50
Dec-12	2410.8	443400	\$17,164.90	\$28,878.64	\$51.93	\$46,095.47
Jan-13	2377.2	355800	\$16,925.66	\$23,173.25	\$51.93	\$40,150.85
Feb-13	2341.8	397200	\$16,673.62	\$25,869.64	\$51.93	\$42,595.18
Mar-13	2371.8	415800	\$16,887.22	\$27,081.05	\$51.93	\$44,020.20
Apr-13	2261.4	332400	\$16,101.17	\$21,649.21	\$51.93	\$37,802.31
May-13	2281.8	405000	\$16,246.42	\$26,377.65	\$51.93	\$42,676.00
Jun-13	2242.8	510000	\$15,968.74	\$33,216.30	\$51.93	\$49,236.97
			\$170,213.57	\$304,222.23	\$623.16	\$475,058.96

Witness: William T. Prather

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

Response 4a (continued):

<u>Proposed Mid-State Proposed Rate-LPC-2-Large Power</u>			L.F. penalty included		Customer		
	Use Month	kW	kWh	kW	kWh	Charge	Total
			\$7.17		\$0.05582	\$1,088.00	
Jul-12	2280.6	320400	\$16,351.90		\$54,103.81	\$1,088.00	\$71,543.72
Aug-12	2280.6	414600	\$16,351.90		\$54,103.81	\$1,088.00	\$71,543.72
Sep-12	2280.6	349200	\$16,351.90		\$54,103.81	\$1,088.00	\$71,543.72
Oct-12	2369.4	349200	\$16,988.60		\$56,210.46	\$1,088.00	\$74,287.06
Nov-12	2369.4	378000	\$16,988.60		\$56,210.46	\$1,088.00	\$74,287.06
Dec-12	2410.8	443400	\$17,285.44		\$57,192.61	\$1,088.00	\$75,566.05
Jan-13	2410.8	355800	\$17,285.44		\$57,192.61	\$1,088.00	\$75,566.05
Feb-13	2410.8	397200	\$17,285.44		\$57,192.61	\$1,088.00	\$75,566.05
Mar-13	2410.8	415800	\$17,285.44		\$57,192.61	\$1,088.00	\$75,566.05
Apr-13	2410.8	332400	\$17,285.44		\$57,192.61	\$1,088.00	\$75,566.05
May-13	2410.8	405000	\$17,285.44		\$57,192.61	\$1,088.00	\$75,566.05
Jun-13	2410.8	510000	\$17,285.44		\$57,192.61	\$1,088.00	\$75,566.05
			\$204,030.95		\$675,080.66	\$13,056.00	\$892,167.61

Request 4b:

Explain how the dollar amounts in the “E-Rate Proposed” kWh column were calculated.

Response 4b:

See Response 4a.

Request 4c:

Refer to the C-Rate table at the lower left side of the page. Explain how the dollar amounts in the kW column were calculated for Jul-12, Dec-12, Jan-13, Mar-13, and Jun-13. “

Response 4c:

See Response 4a.

Witness: William T. Prather

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

Request 4 (continued):

Request 4d:

Explain the notation that the exhibit does not include a monthly facility charge \$1,695 which expires in January 2019. Include in the response supporting documentation for the January 2019 expiration date.

Response 4d:

Farmers RECC and Mid-State Recycling entered into a special facilities rider in January 2009. The agreement outlines Farmers RECC's cost to provide certain mutually agreed upon facilities specific to the consumer's service requirements, including Farmers RECC's purchase of two 1,500 kVa, 575 volt specialty transformer that are located on the consumer's facilities.

Witness: William T. Prather