

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF FARMERS RURAL            )  
ELECTRIC COOPERATIVE CORPORATION    )    CASE NO.  
FOR AN INCREASE IN RETAIL RATES       )    2016-00365

COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION  
TO FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION

Farmers Rural Electric Cooperative Corporation ("Farmers"), pursuant to 807 KAR 5:001, is to file with the Commission the original and ten copies of the following information, with a copy to all parties of record. The information requested herein is due on or before April 10, 2017. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Farmers shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which

Farmers fails or refuses to furnish all or part of the requested information, Farmers shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When filing a paper containing personal information, Farmers shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to page 42 of 74 of the Application, Exhibit F, Schedule G, Adjustment for Rate Case Expense, and Farmers' Supplemental Data Request, Item 34.c., regarding rate case expenses.

a. Provide an update to Farmers' rate case expenses by category (legal, consulting, advertising, etc.).

b. Provide the amount that Farmers proposes to include in its test-year revenue requirement based on a three-year amortization period.

2. Refer to the Response to Staff's Third Request, Items 1 and 2. Also refer to the confidential summary spreadsheet that lists dental benefits costs from 2011 through 2016. Provide the decrease in dental insurance expense incurred by Farmers if employees with single coverage had contributed 21 percent to their premium cost in the test year.

3. Refer to the response to Staff's Fourth Request, Item 3.b. Provide the impact that the increases in employees' 2016 deductibles had on the health insurance cost and allocations between Farmer's and their employees.

4. Refer to the response to Staff's Second Request, Item 4.

a. For the accounts listed below which are either above or below the Rural Utility Service ("RUS") guidelines, provide the impact on Farmers' depreciation expense if the depreciation rate for assets in each of the accounts are brought within the range of rates for the RUS guidelines. For those rates that are greater than RUS guidelines, rates should be decreased to the maximum of the RUS range. For those rates that are less than the RUS guidelines, rates should be increased to the minimum of the RUS range.

(1) Account 365 Overhead Conductors and Devices

(2) Account 367 Underground Conductors and Devices

(3) Account 368 Transformers

(4) Account 371 Installations on Customer Premises

(5) Account 373 Street Lighting

b. Provide the procedures and any authority for Farmers' statement at the hearing that any changes to the current depreciation rates must be approved by RUS.

5. Refer to the response to Staff's Fourth Request, Item 4.b. Provide Farmers' annualized cost of debt based upon rates currently in effect.

6. Provide the itemized cost-saving measures by program and year that generated Farmers' \$1.4 million in annual savings. Include cumulative individual program cost savings since inception.

7. Provide any studies or other information of the impact of increased customer or fixed charges on low-income customers.

8. Provide any studies or other information that indicates whether Farmers' low-income customers use more or less kilowatt-hours than the average residential customer.

9. a. Provide an itemized list of the total consulting fees Power Service Engineering ("PSE") has charged Farmers in this rate case.

b. Provide a complete schedule of all PSE hourly consulting rates and identify those rates charged for Richard Macke and Lance Schafer.

10. Provide an update to Farmers' revenue requirement and proposed increase based upon the adjustments Staff has proposed for the following items:

a. Compensation to its subsidiary in the amount of \$1,578 plus any applicable benefits that should have been removed as an allowable ratemaking expense.

b. Exclude excess life-insurance premiums paid for coverage above \$50,000 in the amount of \$8,406.

c. Exclude voluntary 401(k) contributions for employees hired prior to January 1, 2012, and participating in Farmers' defined benefit plan in the amount of \$28,512.

- d. Exclude an amount equal to 21 percent of the dental-insurance premium cost for employees with single coverage.
- e. Health insurance for employees with family coverage that amount to 32 percent of the total cost or \$63,450.
- f. Utilize RUS guidelines for depreciation rates as described in 4.a. above.
- g. Any applicable interest modifications based upon current cost of debt.
- h. Any change to Farmers' rate case expense. Identify and explain such adjustments and the amount.
- i. Any other items affecting Farmers' revenue requirement.
- j. Adjust the Public Service Commission Annual Assessment ("PSC Assessment") based on 2016 actual revenues, as adjusted for purchased power expense, for the PSC Assessment plus the revised increase in revenue as determined in this updated revenue requirement.



Talina R. Mathews  
Executive Director  
Public Service Commission  
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DATED     **MAR 31 2017**    

cc: Parties of Record

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