

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

NOTICE OF FILING

Notice is given to all parties that the following materials have been filed into the record of this proceeding:

- The digital video recording of the oral arguments conducted on March 29, 2017 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- A written log listing, *inter alia*, the date and time of where each witness' testimony begins and ends on the digital video recording of the oral arguments conducted on March 29, 2017.

A copy of this Notice, the certification of the digital video record, and oral arguments log have been electronically served upon all persons listed at the end of this Notice. Parties desiring an electronic copy of the digital video recording of the hearing in Windows Media format may download a copy at http://www.psc.ky.gov/av_broadcast/2016-00365/2016-00365_29Mar17_Inter.aspx.

Parties wishing an annotated digital video recording may submit a written request by electronic mail to pscfilings@ky.gov. A minimal fee will be assessed for a copy of this recording.

Done at Frankfort, Kentucky, this 7th day of April 2017.

Talina R. Mathews

Talina R. Mathews
Executive Director
Public Service Commission of Kentucky

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

CERTIFICATION

I, Stephanie Schweighardt, hereby certify that:

1. The attached DVD contains a digital recording of the Hearing conducted in the above-styled proceeding on March 29, 2017. Hearing Log and Witness List are included with the recording on March 29, 2017.
2. I am responsible for the preparation of the digital recording.
3. The digital recording accurately and correctly depicts the Hearing of March 29, 2017.
4. The "Hearing Log" attached to this Certificate accurately and correctly states the events that occurred at the Hearing of March 29, 2017 and the time at which each occurred.

Signed this 4th day of April 2017.


Stephanie Schweighardt, Notary Public
State at Large
My Commission Expires: January 14, 2019
ID#: 525987



Session Report - Detail

2016-00365 29MAR2017

Farmers RECC

Date:	Type:	Location:	Department:
3/29/2017	Other	Hearing Room 1	Hearing Room 1 (HR 1)

Judge: Bob Cicero; Dan Logsdon; Michael Schmitt

Defendant: David Samford

Witness: James R Adkins; Richard J Macke; Jennie Phelps; William T Prather; Lance C Schafer

Clerk: Stephanie Schweighardt

Event Time	Log Event
8:39:06 AM	Session Started
8:39:08 AM	Session Paused
8:59:05 AM	Session Resumed
8:59:08 AM	Chairman Schmitt Note: Schweighardt, Stephanie Introduces Vice Chairman and Commissioner
8:59:34 AM	Chairman Schmitt Note: Schweighardt, Stephanie Perliminary remarks
9:00:06 AM	Chairman Schmitt Note: Schweighardt, Stephanie Introduces Case #2016-00365
9:00:23 AM	Atty David Samford Note: Schweighardt, Stephanie Introduces counsel staff for Farmers RECC
9:00:40 AM	Atty John Park Note: Schweighardt, Stephanie Introduces counsel staff for PSC
9:01:06 AM	Chairman Schmitt Note: Schweighardt, Stephanie Reviews Public Notice and motion for confidentiality
9:01:44 AM	Chairman Schmitt Note: Schweighardt, Stephanie Ask if counsel has any other motions Note: Schweighardt, Stephanie No other motions submitted
9:01:55 AM	Chairman Schmitt Note: Schweighardt, Stephanie Ask for public comments Note: Schweighardt, Stephanie No one present for public comments
9:02:15 AM	Chairman Schmitt Note: Schweighardt, Stephanie Ask for any documents to be distributed Note: Schweighardt, Stephanie Counsel for Farmers RECC has no documents at this time.
9:02:45 AM	Atty John Park Note: Schweighardt, Stephanie Distributes document from PSC Staff
9:03:31 AM	Chairman Schmitt Note: Schweighardt, Stephanie Ask for Atty David Samford to call his first witness

9:03:45 AM	Atty David Samford Note: Schweighardt, Stephanie	Calls Witness William Prather to the stand
9:04:01 AM	Chairman Schmitt Note: Schweighardt, Stephanie	Swears in Witness
9:04:16 AM	Atty David Samford direct exam of Note: Schweighardt, Stephanie	Witness William Prather Ask Witness to state name and position with the company
	Note: Schweighardt, Stephanie	William Prather, Farmers CEO and President
	Note: Schweighardt, Stephanie	Ask Witness if he has any changes to his submitted testimony
	Note: Schweighardt, Stephanie	Witness has no changes
9:04:51 AM	Atty John Park cross exam of Note: Schweighardt, Stephanie	Witness William Prather Ask Witness to refer to testimony, page 2, and explain need for rate increase
	Note: Schweighardt, Stephanie	Witness reviews and explains need for rate increase. Discuss payroll, overtime, employee benefits and decrease in employment. Refers to submitted data request and change in payroll cost due to growth. Increase in tax rate and cost of additional plant.
9:20:59 AM	Atty John Park cross exam of Note: Schweighardt, Stephanie	Witness William Prather Ask Witness if Farmers has taken steps to reduce interest expenses.
	Note: Schweighardt, Stephanie	Witness explains steps that have been taken, including low interest rates
9:21:40 AM	Vice Chairman Cicero cross exam of Note: Schweighardt, Stephanie	Witness William Prather What programs has Farmers looked into to bring reduction to overall cost of company?
	Note: Schweighardt, Stephanie	Witness discuss steps including employee benefit plans.
9:24:00 AM	Vice Chairman Cicero cross exam of Note: Schweighardt, Stephanie	Witness William Prather Asking Witness about employee plans including 401K and being grandfathered into plan and what the company matches
	Note: Schweighardt, Stephanie	Witness states yes they match at 1%.
9:25:50 AM	Vice Chairman Cicero cross exam of Note: Schweighardt, Stephanie	Witness William Prather Asking Witness about benefit and pension plan
	Note: Schweighardt, Stephanie	Witness explains benefit and pension plan for employee retirement
9:27:30 AM	Vice Chairman Cicero cross exam of Note: Schweighardt, Stephanie	Witness William Prather Commenting on Farmers RECC making sure benefit plan continues as it is a better plan for all employees
9:29:33 AM	Witness William Prather Note: Schweighardt, Stephanie	Continues discussing steps taken for cost reduction
9:32:10 AM	Atty John Park cross exam of Note: Schweighardt, Stephanie	Witness William Prather Asking Witness about Exhibit F of application, page 15 and to explain why Farmers payroll decrease was \$144 over previous year.
	Note: Schweighardt, Stephanie	Witness stated two positions were reduced in 2015 that would not be replaced.

9:33:48 AM	<p>Atty John Park cross exam of Witness William Prather</p> <p>Note: Schweighardt, Stephanie</p> <p>Note: Schweighardt, Stephanie</p>	<p>Referring to Staff fourth data request, Item 1 or Response 1 - Farmers payroll expense reduction</p> <p>Witness stated, Yes, overlooked this.</p>
9:34:28 AM	<p>Atty John Park cross exam of Witness William Prather</p> <p>Note: Schweighardt, Stephanie</p> <p>Note: Schweighardt, Stephanie</p>	<p>Referring to Exhibit F to the application, page 42 of 74. - Schedule G adjustment for rate schedule expense - confirm total is \$143,623.00.</p> <p>Witness states the amount sounds correct, from memory</p>
9:35:44 AM	<p>Atty John Park cross exam of Witness William Prather</p> <p>Note: Schweighardt, Stephanie</p> <p>Note: Schweighardt, Stephanie</p>	<p>Referring to table distributed early, explain why Farmers rate is higher the Co-ops.</p> <p>Farmers has utilized service for rate design and legal counsel more this time then in 2009 case due to more DRs and wanting to properly answer questions.</p>
9:37:54 AM	<p>PHDR</p> <p>Note: Schweighardt, Stephanie</p>	<p>Update on Famers rate case expenses.</p>
9:38:10 AM	<p>Atty John Park cross exam of Witness William Prather</p> <p>Note: Schweighardt, Stephanie</p> <p>Note: Schweighardt, Stephanie</p>	<p>Asking Witness to refer to response to Staff Third Data Request, Items 1 and 2 - Conf Summary Spreadsheet 2011-2016. Reasons Farmers portion of health care cost decreased.</p> <p>Witness refer to Ms. Phelps to answer.</p>
9:40:55 AM	<p>PHDR</p> <p>Note: Schweighardt, Stephanie</p>	<p>Amount of dental insuereace expense would have decrease if the employees with single coverage had to pay 21% in the test year</p>
9:41:17 AM	<p>Atty John Park cross exam of Witness William Prather</p> <p>Note: Schweighardt, Stephanie</p> <p>Note: Schweighardt, Stephanie</p>	<p>Staff Fourth Data Request for information -Item 3b - Confirm Farmers would have incurred \$63, 450. 00 reduction of health insurance expense if emplyooees paid 32% of premiums as calculated in response.</p> <p>Witness stated yes.</p>
9:42:01 AM	<p>Atty John Park cross exam of Witness William Prather</p> <p>Note: Schweighardt, Stephanie</p> <p>Note: Schweighardt, Stephanie</p> <p>Note: Schweighardt, Stephanie</p>	<p>Referring to Staff Fourth Data Request , Item 2F - Can employees under the defined contribution 401K plan can contribute to the voluntary 401K plan.</p> <p>Witness stated yes they can</p> <p>Asking Witness to explain the difference between the two plans</p> <p>Witness explains the difference</p>
9:44:55 AM	<p>Atty John Park cross exam of Witness William Prather</p> <p>Note: Schweighardt, Stephanie</p> <p>Note: Schweighardt, Stephanie</p>	<p>Asking Witness to confirm Farmers paid \$28,512,00 in the test year for employees hired before Jan. 1, 2012 under the RNS defined benefit plan - Staff Fourth Data Request, item 2f, subsection 3 page 5 of 7.</p> <p>Witness stated yes, correct</p>

9:46:24 AM	Atty John Park cross exam of Witness William Prather Note: Schweighardt, Stephanie	Questions being asked regarding of the \$19,702.00 Farmers paid on behalf of employees under the defined contribution 401K plan, what amount was paid on the employees voluntary 401K plan. Witness answered there were none.
	Note: Schweighardt, Stephanie	
9:48:02 AM	Atty John Park cross exam of Witness William Prather Note: Schweighardt, Stephanie	Asking Witness of Farmers contribution for employees eligible for the defined benefit plan, what was the match for the voluntary 401K, was it \$28,000?
	Note: Schweighardt, Stephanie	Witness stated he believed that is correct.
9:48:36 AM	PHDR Note: Schweighardt, Stephanie	Impact that the increase in deductibles in 2016, would of had to cost breakdown in health insurances
9:50:04 AM	Atty John Park cross exam of Witness William Prather Note: Schweighardt, Stephanie	Referring to Staff Third Data Request - Response to item 29 - and Staff First Data Request item 21 - Farmers awarded wage and salary increases as much as 2.5% greater than inflation rate.
	Note: Schweighardt, Stephanie	Witness explained why, referring to payroll increases, including competitive pay,
9:54:08 AM	Vice Chairman Cicero cross exam of Witness William Prather Note: Schweighardt, Stephanie	Regarding mitigating payroll cost, asking Witness what can be done in order to mitigate those cost and how will Farmers address this.
	Note: Schweighardt, Stephanie	Witness explains stating last 8 years of getting staff where they need to be and looking at rate of growth not being that high.
9:56:00 AM	Vice Chairman Cicero cross exam of Witness William Prather Note: Schweighardt, Stephanie	Asking Witness about future need of eliminating staff
	Note: Schweighardt, Stephanie	Witness addressed need to have contract staff and turnover, including retirement and turnover.
9:58:07 AM	Vice Chairman Cicero cross exam of Witness William Prather Note: Schweighardt, Stephanie	Asking Witness to explain the used salary survey and competitive local/state data.
	Note: Schweighardt, Stephanie	Witness explains how Farmers establishes a market value of jobs based on market value. Refers to Farmers four different levels of recruitment.
10:04:22 AM	Vice Charim Cicero cross exam of Witness William Prather Note: Schweighardt, Stephanie	Regarding Lineman, asking Witness if Farmers looks at potential candidates with certain background or those already trained.
	Note: Schweighardt, Stephanie	Witness states Farmers recruits grads from linemen school, just out of high school with basic skills. as well as those from other businesses.
10:06:32 AM	Vice Chairman Cicero cross exam of Witness William Prather Note: Schweighardt, Stephanie	Asking Witness if Farmers has trouble retaining employees or trouble hiring new employees
	Note: Schweighardt, Stephanie	Witness states, not retaining or hiring, but lost two due to compenstion.
10:08:52 AM	Atty John Park cross exam of Witness William Prather Note: Schweighardt, Stephanie	Asking Witness when Farmers will do the next compensation study and survey
	Note: Schweighardt, Stephanie	Witness stated every three years due to market changes
10:09:37 AM	Atty John Park cross exam of Witness William Prather Note: Schweighardt, Stephanie	Asking Witness to explain Farmers vegetation management plan

	Note: Schweighardt, Stephanie	Witness explains plan including goal to get to a 6 year cycle plan
10:13:03 AM	Atty John Park cross exam of Witness William Prather	
	Note: Schweighardt, Stephanie	Asking Witness to explain what the Farmers Right-of-Way trimming impact has had.
	Note: Schweighardt, Stephanie	Witness explains the impact including the future issue with Ash Trees in Kentucky as they die on the Right-of-Way.
10:15:25 AM	Vice Chairman Cicero cross exam of Witness William Prather	
	Note: Schweighardt, Stephanie	Asking Witness to explain the purposed Right-of-Way budget for 2017
	Note: Schweighardt, Stephanie	Witness explains the budget, but states it is a suggested budget
10:18:04 AM	Atty John Park cross exam of Witness William Prather	
	Note: Schweighardt, Stephanie	Asked to confirm Farmers vegetation management expense for the test year is \$979,634.00.
	Note: Schweighardt, Stephanie	Witness states that is correct
10:18:38 AM	Atty John Park cross exam of Witness William Prather	
	Note: Schweighardt, Stephanie	Asking Witness how much of the cost does Farmers plan to spend of the vegetation management budget for 2017,
	Note: Schweighardt, Stephanie	Witness states it will depend upon the outcome of case.
10:19:46 AM	Atty John Park cross exam of Witness William Prather	
	Note: Schweighardt, Stephanie	Asking Witness to confirm Farmers never had depreciation study.
	Note: Schweighardt, Stephanie	Witness states that is correct
10:20:10 AM	Atty John Park cross exam of Witness William Prather	
	Note: Schweighardt, Stephanie	Distributes handout - RUS Depreciation Guidelines document
10:21:12 AM	Atty John Park cross exam of Witness William Prather	
	Note: Schweighardt, Stephanie	Questioning Witness regarding the accounts listed on the RUS Depreciation Guidelines document
10:22:13 AM	PHDR	
	Note: Schweighardt, Stephanie	Provide impact on its depreciation expense if the rate of depreciation for the assets of each of the accounts are brought to the range of the RUS guidelines. With the exception of account 370.
10:24:32 AM	PHDR	
	Note: Schweighardt, Stephanie	Provide confirmation that RUS would have to approve changes to current rates before they are implemented.
10:25:28 AM	Atty John Park cross exam of Witness William Prather	
	Note: Schweighardt, Stephanie	Regarding Staff Second Data Request, item 11 and Staff Third Request, item 20 - Farmers Nepotism policy
	Note: Schweighardt, Stephanie	Witness stated from August 2007 to Jan of 2017 - Farmers followed guidelines in the bylaws pertaining to directors or director candidates. Explained the policy and who it refers to.
10:29:37 AM	Commissioner Logsdon cross exam of Witness William Prather	
	Note: Schweighardt, Stephanie	Asking Witness rquestions regarding the DSM program -
10:30:40 AM	Commissioner Logsdon cross exam of Witness William Prather	
	Note: Schweighardt, Stephanie	Asking Witness to explain the Co-Op program
	Note: Schweighardt, Stephanie	Witness explains the Co-Op program

10:33:25 AM	Commissioner Logsdon cross exam of Witness William Prather Note: Schweighardt, Stephanie Note: Schweighardt, Stephanie Note: Schweighardt, Stephanie Note: Schweighardt, Stephanie	Asking Witness how many customers have taken advantage of the Co-op program Witness states 25 loans gone through the program as of the end of 2016 Asking Witness what's the source of funds for the Co-Op program Witness states from MACD - Mountain Association of Community Development
10:34:44 AM	Commissioner Logsdon cross exam of Witness William Prather Note: Schweighardt, Stephanie Note: Schweighardt, Stephanie	Regarding DLCAC and DLCWH programs and the spike in 2013 that has gone back done. Witness states Direct Load Control for Air Conditioners and Director Load Control for Water Heaters. Spike was due to marketing efforts.
10:35:20 AM	Commissioner Logsdon cross exam of Witness William Prather Note: Schweighardt, Stephanie Note: Schweighardt, Stephanie	Asking Witness what is CFL. Witness states Compact Force of Lighting
10:35:55 AM	Commissioner Logsdon cross exam of Witness William Prather Note: Schweighardt, Stephanie	Asking Witness about flattening growth and reduction in sales due to mild weather and the utility of these programs.
10:40:06 AM	Chairman Schmitt cross exam of Witness William Prather Note: Schweighardt, Stephanie Note: Schweighardt, Stephanie	Regarding Program to get loans, if the 25 people who have taken a loan is over the entire time the program has been available. Out of a total customer base of 24,987? Witness states this is correct.
10:40:51 AM	Atty David Samford redirect exam of Witness William Prather Note: Schweighardt, Stephanie Note: Schweighardt, Stephanie	Asking Witness to explain how much management has been able to save through reduction in headcount. Explains the savings of \$1.4 million
10:42:12 AM	Atty David Samford redirect exam of Witness William Prather Note: Schweighardt, Stephanie Note: Schweighardt, Stephanie	Asking Witness to explain other decisions made that were not easy to put a cost savings on Witness explained other items including outages from previous months and better plan to restore power.
10:43:48 AM	Atty David Samford redirect exam of Witness William Prather Note: Schweighardt, Stephanie Note: Schweighardt, Stephanie	Asking Witness about Farmers investment and how these investments better the members. Witness explains investments including computerized systems to assist with power outages and fault data.
10:46:22 AM	Atty David Samford redirect exam of Witness William Prather Note: Schweighardt, Stephanie Note: Schweighardt, Stephanie	Asking Witness about Farmers prepositions to reduce cost and improve service Witness stats, yes and explains two new out post stations located in two counties.
10:47:56 AM	Atty David Samford redirect exam of Witness William Prather Note: Schweighardt, Stephanie	Regarding total amount of rate increase Farmers is requesting
10:48:51 AM	Atty David Samford redirect exam of Witness William Prather Note: Schweighardt, Stephanie	Regarding reason Farmers arrived to this amount and impact on the customers

	Note: Schweighardt, Stephanie	Witness stated Farmers understands it comes from our member owners and did not ask for anymore then what was needed.
10:50:34 AM	Atty David Samford redirect exam of Witness William Prather	
	Note: Schweighardt, Stephanie	Asking Witness if this rate request is reasonable.
	Note: Schweighardt, Stephanie	Witness stated yes it is.
10:51:08 AM	Vice Chairman Cicero cross exam of Witness William Prather	
	Note: Schweighardt, Stephanie	Asking Witness if the 1.4m is cumulative or annually?
	Note: Schweighardt, Stephanie	Witness states annual impact and explains why.
10:52:33 AM	Vice Chairman Cicero cross exam of Witness William Prather	
	Note: Schweighardt, Stephanie	Request a breakdown of the 1.4m
	Note: Schweighardt, Stephanie	Atty states it will be provided.
10:52:57 AM	Chairman Schmitt	
	Note: Schweighardt, Stephanie	Witness is excused.
10:53:06 AM	Chairman Schmitt	
	Note: Schweighardt, Stephanie	BREAK
10:53:20 AM	Session Paused	
11:01:58 AM	Session Resumed	
11:02:01 AM	Atty David Samford	
	Note: Schweighardt, Stephanie	Calls Witness Jennie Phelps to the stand
11:02:07 AM	Chairman Schmitt	
	Note: Schweighardt, Stephanie	Swears in Witness
11:02:15 AM	Atty David Samford direct exam of Witness Jennie Phelps	
	Note: Schweighardt, Stephanie	Ask Witness to state name and position with the company
	Note: Schweighardt, Stephanie	Jennie Phelps, Vice President Finance and Accounting
	Note: Schweighardt, Stephanie	Ask Witness if she has any changes to her submitted testimony
	Note: Schweighardt, Stephanie	Witness has no changes
11:02:50 AM	Atty John Park cross exam of Witness Jennie Phelps	
	Note: Schweighardt, Stephanie	Witness explains the variation of cost listed on the spreadsheet
	Note: Schweighardt, Stephanie	Regarding explanation to Staff Third Data Request, item 1 and 2, summary spreadsheet of health benefit costs from 2011 thru 2016.
11:03:55 AM	Atty John Park cross exam of Witness Jennie Phelps	
	Note: Schweighardt, Stephanie	Referring to the handout from the Informal Conference - explain the RUS requirements and tiers.
11:05:19 AM	Atty John Park cross exam of Witness Jennie Phelps	
	Note: Schweighardt, Stephanie	Witness states that amount is for the 2016 year.
	Note: Schweighardt, Stephanie	Ask Witness to refer to Schedule 4b page 5 for the amount referred to.
	Note: Schweighardt, Stephanie	Witness asked to confirm the annualize cost of debt based upon the current rate is \$1,730,638.00.

11:06:45 AM	Note: Schweighardt, Stephanie PHDR	Witness states yes, the amount is \$1,771, 588.00.
11:07:13 AM	Note: Schweighardt, Stephanie Chairman Schmitt	Provide the annualized cost of debt based upon current rates.
11:07:17 AM	Note: Schweighardt, Stephanie Atty Allyson Honaker	Witness is excused
11:07:33 AM	Note: Schweighardt, Stephanie Chairman Schmitt	Calls Witness Jim Adkins to the stand
11:07:42 AM	Note: Schweighardt, Stephanie Atty Allyson Honaker directs Witness Jim Adkins	Swears in Witness Jim Adkins
11:08:29 AM	Note: Schweighardt, Stephanie Atty Jennifer Fell cross exam of Witness Jim Adkins	Ask Witness to state name and position with the company
	Note: Schweighardt, Stephanie	Jim Adkins, Consultant
	Note: Schweighardt, Stephanie	Ask Witness if he has any changes to his submitted testimony
	Note: Schweighardt, Stephanie	Witness has no changes
11:08:29 AM	Note: Schweighardt, Stephanie Atty Jennifer Fell cross exam of Witness Jim Adkins	Witness explains including the cost to serve each customer.
	Note: Schweighardt, Stephanie	Ask Witness to generally explain what Farmers is proposing to the rate design and revenue allocation proposed in this case and specifically why most of the increase is placed on the customer charge and not allocated between the customer charge and the energy
11:10:18 AM	Note: Schweighardt, Stephanie Atty Jennifer Fell cross exam of Witness Jim Adkins	Referring to Staff Second Data Request, item 2c - page 2 of 4 - Regarding class contributions of tier and O tier and the rate design increase, confirm that these classes are over contributing to these tiers.
	Note: Schweighardt, Stephanie	States he agrees and the reason for the over contribution is for rate design purposes.
11:12:17 AM	Note: Schweighardt, Stephanie Atty Jennifer Fell cross exam of Witness Jim Adkins	Asking Witness how would Farmers purpose the difference in the increase be allocated between the customer classes.
	Note: Schweighardt, Stephanie	Witness states the proportional change would be somewhat reasonable
11:15:55 AM	Note: Schweighardt, Stephanie Atty Jennifer Fell cross exam of Witness Jim Adkins	Asking Witness if decrease in propose increase, what is Farmers position in regards to placing the decrease on those rate classes that are over contributing.
	Note: Schweighardt, Stephanie	Witness states that decision would be up to Mr. Prather
11:16:28 AM	Note: Schweighardt, Stephanie Atty Jennifer Fell cross exam of Witness Jim Adkins	Asking Witness if Framers has done a study that would indicate the impact of the increased customer charge or fixed charge on low income customers
	Note: Schweighardt, Stephanie	Witness states it is his understanding they have looked at this.

11:17:08 AM	Atty Jennifer Fell cross exam of Witness Jim Adkins Note: Schweighardt, Stephanie Note: Schweighardt, Stephanie	Asking Witness if this was an actual study Witness states yes, it is his understanding.
11:17:28 AM	PHDR Note: Schweighardt, Stephanie Note: Schweighardt, Stephanie	Atty David Samford stated Mr. Prather may be able to answer this question Provide study showing the impact of the increased customer charge or fixed charge on low income customers
11:17:57 AM	Atty Jennifer Fell cross exam of Witness Jim Adkins Note: Schweighardt, Stephanie Note: Schweighardt, Stephanie	Asking Witness if Farmers has done a study showing if low income customers use low or less kilowatts. Witness stated to refer the question to Mr. Prather.
11:18:25 AM	Vice Chariman Cicero cross exam of Witness Jim Adkins Note: Schweighardt, Stephanie Note: Schweighardt, Stephanie	Regarding Farmers' management not wanting a residential increase greater than 5% and therefore requesting a rate design that reaches this and flow it throw to whatever it comes out to be. Witness explained why this was inaccurate including that they looked at the rate design of others.
11:19:55 AM	Vice Chariman Cicero cross exam of Witness Jim Adkins Note: Schweighardt, Stephanie	Asking Witness about his recommendation towards the cost of service
11:20:46 AM	Chairman Schmitt Note: Schweighardt, Stephanie Note: Schweighardt, Stephanie Note: Schweighardt, Stephanie	Witness Excused Atty David Samford calls Witness William Prather back to the stand Chairman Schmitt reminds Witness he is still under oath
11:21:58 AM	Atty Jennifer Fell cross exam of Witness William Prather Note: Schweighardt, Stephanie Note: Schweighardt, Stephanie	Witness states that they would come off of those classes that are over contributing. Asking Witness follow up question to Witness Adkins, regarding what would Farmers position be in regards to placing the decrease on those rate classes that are over contributing.
11:23:20 AM	Atty Jennifer Fell cross exam of Witness William Prather Note: Schweighardt, Stephanie Note: Schweighardt, Stephanie	Asking Witness if Farmers has done a study that would indicate the impact of the increased customer charge or fixed charge on low income customers as well as a study showing if low income customers use low or less kilowatts. Witness stated both studies have been completed and explained the outcome including that low income custmvers actually use more kilowatts.
11:26:42 AM	Vice Chairman Cicero cross exam of Witness William Prather Note: Schweighardt, Stephanie Note: Schweighardt, Stephanie	Regarding if PSC were to increase the amount that it woudl not be proportionally applied. Witness stated that is correct and explains why.
11:27:42 AM	Chairman Schmitt Note: Schweighardt, Stephanie	Witness Excused.
11:27:51 AM	Atty Allyson Honaker Note: Schweighardt, Stephanie	Calls Witness Richard Macke to the stand

11:28:08 AM	Chairman Schmitt Note: Schweighardt, Stephanie	Swears in Witness
11:28:21 AM	Atty Allyson Honaker directs Witness Richard Macke Note: Schweighardt, Stephanie	Ask Witness to state name and position with the company
	Note: Schweighardt, Stephanie	Richard Macke, Consultant, PSE
	Note: Schweighardt, Stephanie	Ask Witness if he has any changes to his submitted testimony
	Note: Schweighardt, Stephanie	Witness has no changes
11:29:01 AM	Atty Jennifer Fell cross exam of Witness Mackey Note: Schweighardt, Stephanie	Asking Witness regarding rate case expense - estimate for consultant fees of \$78,000 being a high estimate.
	Note: Schweighardt, Stephanie	Witness stated he did not think this was high
11:29:57 AM	Atty Jennifer Fell cross exam of Witness Richard Mackey Note: Schweighardt, Stephanie	Asking Witness regarding the total cost PSE has charged Farmers for consulting fees for the current rate case and how were these determined.
	Note: Schweighardt, Stephanie	Witness stated he does not have the number, but based on hours worked and expenses incurred.
11:30:44 AM	Atty Jennifer Fell cross exam of Witness Richard Mackey Note: Schweighardt, Stephanie	PHDR 1 to include breakdown of PSE rates
11:31:05 AM	Atty Jennifer Fell cross exam of Witness Richard Mackey Note: Schweighardt, Stephanie	Asking Witness the hourly rate for him and Mr. Schafer
	Note: Schweighardt, Stephanie	Witness states his is \$230 per hour - subject to check and Mr. Schafer's is \$120, subject to check
11:31:41 AM	PHDR Note: Schweighardt, Stephanie	Provide the hourly rate for Mr. Macke and Mr. Schafer
11:31:53 AM	Atty Jennifer Fell cross exam of Witness Richard Mackey Note: Schweighardt, Stephanie	Asking Witness if fees that have been charged by PSE are in line with similar studies.
	Note: Schweighardt, Stephanie	Witness considers the fees are in line with others.
11:32:16 AM	Atty Jennifer Fell cross exam of Witness Richard Mackey Note: Schweighardt, Stephanie	Asking Witness if any cause in this case that the cost of service study may be higher than other cost of service study
	Note: Schweighardt, Stephanie	Witness states he is not familiar with details of other cases, but cant think of any material reasons the would be similar.
11:33:09 AM	Vice Chairman Cicero cross exam of Witness Richard Mackey Note: Schweighardt, Stephanie	Asking Witness of his education and background
11:34:11 AM	Vice Chairman Cicero cross exam of Witness Richard Mackey Note: Schweighardt, Stephanie	Witness states Vice President and about 80
	Note: Schweighardt, Stephanie	Asking Witness of his position in the company and how many are in the organization
11:34:24 AM	Chairman Schmitt Note: Schweighardt, Stephanie	Witness is excused

11:34:27 AM	Atty David Samford Note: Schweighardt, Stephanie	Calls Witness Lance Schafer to the stand
11:34:40 AM	Chairman Schmitt Note: Schweighardt, Stephanie	Swears in Witness
11:34:49 AM	Atty David Samford direct exam of Witness Lance Schafer Note: Schweighardt, Stephanie	Ask Witness to state name and position with the company
	Note: Schweighardt, Stephanie	Lance Schafer, Consultant, PSE
	Note: Schweighardt, Stephanie	Ask Witness if he has any changes to his submitted testimony
	Note: Schweighardt, Stephanie	Witness has no changes
11:35:27 AM	Atty Jennifer Fell cross exam of Witness Lance Schafer Note: Schweighardt, Stephanie	Asking Witness to provide background and education
11:36:34 AM	Atty Jennifer Fell cross exam of Witness Lance Schafer Note: Schweighardt, Stephanie	Asking Witness to confirm that Farmers admended requested increase of \$1,873,993.00 based on the adjustments made from Staffs third request
	Note: Schweighardt, Stephanie	Witness states this is correct
11:38:58 AM	PHDR Note: Schweighardt, Stephanie	Atty Jennifer Fell reviews Staff Post Hearing Data Request
11:41:24 AM	Chairman Schmitt Note: Schweighardt, Stephanie	Witness Excused
11:41:39 AM	Chairman Schmitt Note: Schweighardt, Stephanie	Discuss timeline for Staff to prepare written version of PHDR - to be out by COB Friday, March 31
	Note: Schweighardt, Stephanie	Discuss timeline for Farmers to file a response - by Monday, April 10.
11:42:35 AM	Chairman Schmitt Note: Schweighardt, Stephanie	Adjourns hearing
11:42:43 AM	Session Paused	
11:44:31 AM	Session Ended	

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