

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF FARMERS	)	
RURAL ELECTRIC COOPERATIVE	)	
CORPORATION FOR A GENERAL	)	CASE NO.
ADJUSTMENT OF RATES PURSUANT TO	)	2023-00158
STREAMLINED PROCEDURE PILOT PROGRAM	)	
ESTABLISHED IN CASE NO. 2018-00407	)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION  
TO FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION

Farmers Rural Electric Cooperative Corporation (Farmers RECC), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on September 7, 2023. The Commission directs Farmers RECC to the Commission's July 22, 2021 Order in Case No. 2020-00085<sup>1</sup> regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and 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 the person supervising the preparation of the response on behalf of the entity that the

---

<sup>1</sup> Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

response is true and accurate to the best of that person’s knowledge, information, and belief formed after a reasonable inquiry.

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

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

Careful attention shall be given to copied and scanned 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 applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Farmers RECC 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 the Application, Exhibit 15, which provides a three-year history for propane income shown in the table below. Explain how Farmers RECC concluded that 2022 income did not justify a pro forma adjustment.

	<b>Financial Year Ending:</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Propane Income</b>	\$ 480,012	\$ 207,272	\$ 191,288

2. Refer to the Application, Direct Testimony of Tobias Moss (Moss Direct Testimony), page 6 and Direct Testimony of John Wolfram (Wolfram Direct Testimony), Exhibit JW-2, Schedule 1.05.

a. Provide the number of miles of right-of-way maintenance, cost per mile, and total cost expended for each year 2019, 2020, 2021, and 2022.

b. Provide the number of miles of right-of-way maintenance, cost per mile, and total cost for 2023.

c. Provide the annual number of miles and cycle over which right-of-way maintenance is routinely conducted. Include in the response the total miles of right-of-way that Farmers RECC maintains.

d. State how the pro forma right-of-way maintenance expense of \$2.3 million was determined.

e. State how much of the cost increase of right-of-way maintenance in the pro forma is due to prior deferral of maintenance versus costs per mile increases.

3. Refer to the Direct Testimony of Jennie Phelps, page 8.

a. Explain why Farmers RECC does not propose to use the depreciation rates from its 2021 study.

b. Provide the adjustment necessary to normalize depreciation expense using the rates from the 2021 depreciation study in the same format as Exhibit JW-2, Schedule 1.04.

4. Refer to the Wolfram Direct Testimony at 22–23.

a. Explain why Farmers RECC proposed to only increase rates for residential rate classes.

b. Explain whether Farmers RECC considered other rate increase allocations. If so, provide the allocations that were considered. If not, explain why not.

c. State whether Farmers RECC is aware of any rate case in which the Commission approved a rate increase for only the residential rate classes. If so, provide the reference number for those cases.

5. Refer to the Wolfram Direct Testimony, Exhibit JW-2, page 2. Provide the following with respect to Non-Operating Margins – Interest of \$59,725.

a. List each investment, dollar amount, interest rate, and maturity that comprises the investments that will generate the interest income of \$59,725.

b. For each investment that has a maturity date during 2023, state the estimated interest rate at which the funds will be reinvested.

6. Refer to the Wolfram Direct Testimony, Exhibit JW-2, Schedule 1.03.

a. Confirm that the balances shown are as of December 31, 2022. If this cannot be confirmed, provide a schedule using the balance as of December 31, 2022.

b. Identify any debt with a variable interest rate and explain how the interest rate was determined for the normalization adjustment.

7. Refer to the Wolfram Direct Testimony, Exhibit JW-2, Schedule 1.08. Provide the yest-year expense for all donations, promotional advertising, and dues.

8. Refer to the Wolfram Direct Testimony, Exhibit JW-2, Schedule 1.10.

a. For the three employees hired after 2022, provide the date they were hired.

b. For the 11 employees that retired or were terminated, provide the date if they left employment after 2022.

9. Refer to the Wolfram Direct Testimony, Exhibit JW-2, Schedule 1.13, and the Application, Exhibit 36. Provide the total rate case expense incurred through August 1, 2023, and provide a revised estimate of the remaining expense.

10. Refer to the Wolfram Direct Testimony, Exhibit JW-3, page 1, and JW-4. Provide revised rate increase allocations that reduce the subsidy provided to the residential rate classes by 5, 10, 25, and 50 percent. Provide all supporting calculations and documentation in Excel spreadsheet format, with all formulas, columns, and rows unprotected and fully accessible. Include in the response a summary of present and resulting rates in the same format as Exhibit JW-9 for each scenario.

11. Refer to the Application, Exhibit 35 and Case No. Case No. 2019-00053, final Order, page 9.<sup>2</sup> Provide the adjustment necessary to reduce Farmers RECC's contribution to employee insurance premiums to the Bureau of Labor Statistics' average.

12. Provide the number of disconnections and reconnections for 2020, 2021, and per month for 2022 and 2023.

13. State the credit metrics which are used in Farmers RECC's debt covenants and provide the minimum required for each.

14. Provide a summary, by year, from 2013 through 2022 of the following:

- a. Residential, commercial, and total customers.
- b. Residential, commercial, and total kWh sold.

---

<sup>2</sup> Case No. Case No. 2019-00053, *Electronic Application of Jackson Purchase Energy Corporation for a General Adjustment in Existing Rates* (Ky. PSC June 20, 2019).



Linda C. Bridwell, PE  
Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602

DATED     AUG 21 2023    

cc: Parties of Record

Case No. 2023-00158

\*L. Allyson Honaker  
Honaker Law Office, PLLC  
1795 Alysheba Way  
Suite 6202  
Lexington, KENTUCKY 40509

\*Michael West  
Office of the Attorney General Office of Rate  
700 Capitol Avenue  
Suite 20  
Frankfort, KENTUCKY 40601-8204

\*Angela M Goad  
Assistant Attorney General  
Office of the Attorney General Office of Rate  
700 Capitol Avenue  
Suite 20  
Frankfort, KENTUCKY 40601-8204

\*Tobias Moss  
President  
Farmers R.E.C.C.  
504 South Broadway  
P. O. Box 1298  
Glasgow, KY 42141-1298

\*Brittany H. Koenig  
Honaker Law Office, PLLC  
1795 Alysheba Way  
Suite 6202  
Lexington, KENTUCKY 40509

\*Farmers R.E.C.C.  
504 South Broadway  
P. O. Box 1298  
Glasgow, KY 42141-1298

\*John Horne  
Office of the Attorney General Office of Rate  
700 Capitol Avenue  
Suite 20  
Frankfort, KENTUCKY 40601-8204

\*Jennie G Phelps  
Farmers R.E.C.C.  
504 South Broadway  
P. O. Box 1298  
Glasgow, KY 42141-1298

\*Lawrence W Cook  
Assistant Attorney General  
Office of the Attorney General Office of Rate  
700 Capitol Avenue  
Suite 20  
Frankfort, KENTUCKY 40601-8204