

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

In the Matter of:

APPLICATION OF MEADE COUNTY)
RURAL ELECTRIC COOPERATIVE CORP.)
FOR AN ADJUSTMENT OF RATES) CASE NO. 2006-00500

ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits this Initial Request for Information to Meade County Rural Electric Cooperative Corporation ["MCRECC"], to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.
- (2) Please identify the witness who will be prepared to answer questions concerning each request.
- (3) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(4) If any request appears confusing, please request clarification directly from the Office of Attorney General.

(5) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(6) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.

(7) If MCRECC objects to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

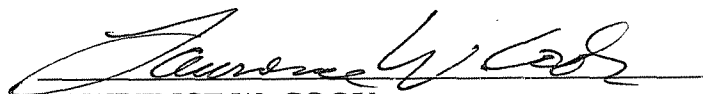
(8) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(9) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(10) Please provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response.

Respectfully submitted,

GREGORY D. STUMBO
ATTORNEY GENERAL

A handwritten signature in black ink, appearing to read "Lawrence W. Cook", written over a horizontal line.

LAWRENCE W. COOK
PAUL D. ADAMS
ASSISTANT ATTORNEYS GENERAL
1024 CAPITAL CENTER DRIVE,
SUITE 200
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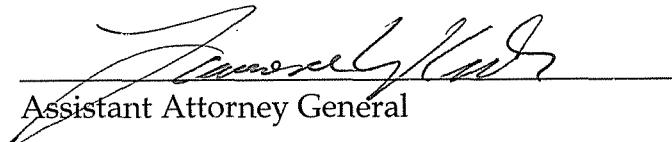
Certificate of Service and Filing

Counsel certifies that an original and ten photocopies of the foregoing were served and filed by hand delivery to Beth O'Donnell, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; counsel further states that true and accurate copies of the foregoing were mailed via First Class U.S. Mail, postage pre-paid, to:

Burns E. Mercer
President & CEO
Meade County R.E.C.C.
P. O. Box 489
Brandenburg, KY 40108-0489

Hon. Thomas C. Brite
Attorney At Law
Brite & Butler
P.O. Box 309
Hardinsburg, KY 40143-0309

this 20th day of April, 2007


Assistant Attorney General

Attorney General's Initial Data Requests
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1. Please state whether any MCRECC employees or members of MCRECC's Board of Directors are employees, board members, partners, or members of any other business entity or organization. Identify each such individual, the name of the business entity or organization, and the title of their position.
2. Please identify MCRECC's designated delegates for KAEC annual meetings, and NRECA annual meetings.
3. Please reference proposed adjustment No. 9. Is MCRECC aware of the long-standing PSC policy to disallow expenses associated with travel to, registration for, and attendance at legal seminars attended by utility company attorneys?
4. With regard to proposed adjustment 9, why has the company included \$1896.13 for attorney expenses to attend the NRECA annual meeting? Explain the rationale for deviating from the PSC policy.
5. Please reference account no. 921, Office Supplies and Expenses. Explain in detail the increase from the prior year's expenses of \$107,171 to the test year total of \$133,798. Please provide a schedule depicting these expenses for each of the past five years.
6. Please reference account no. 926, Employee Pensions and Benefits. Explain the purpose for the test year costs of \$134.
7. Please reference account no. 593, Maintenance of Overhead Lines. Explain in detail the 67.5% increase in expenses for the test year (prior year: \$282,749; test year: \$473,645). Please provide a schedule depicting these expenses for each of the past five years.
 - a. With regard to account no. 593.200 ("Maintenance – Chemicals") please provide a description of the items of expense, and provide a schedule depicting these expenses for each of the past five years.
8. Please reference account no. 583, Overhead Line Expenses. Please provide a schedule depicting these expenses for each of the past five years.

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9. Please reference account no. 930.100, Misc. General Expense, Magazine. Please identify the reason for the test year expense of \$108,519. Please provide a schedule depicting expenses for this item for each of the past five years.
10. Is MCRECC a summer or winter peaking utility?
11. Please provide a schedule listing all CWIP projects included in the rate base. For each project, provide the scheduled completion date, projected cost at completion, and identify any and all PSC orders allowing MCRECC to include CWIP in the rate base.
12. Please reference account no. 426.40, Civil Political Contributions. Is it MCRECC's intent, per proposed adjustment no. 8, to exclude this entire sum for ratemaking purposes? If not, explain why not.
13. Please state the test year customer deposit balance.
14. Is interest on customer deposits used as a cost of service (i.e., has customer deposit interest been used to reduce test year net income?).
15. Please state whether any relative, by blood or marriage, of MCRECC's board of directors or executive management team holds, or will hold any type or sort of position, whether as employee, officer, board member, contractor or consultant, with MCRECC.
16. Does MCRECC anticipate any changes in any existing contracts as a result of any potential rate increase (e.g., engineering, information technology, maintenance, etc.)?
17. Does MCRECC maintain any contracts with vendors whose principals are in any manner related, by blood or marriage, to MCRECC's officers, members of its Board, its employees, its independent contractors or consultants? If yes:
 - a) Please provide copies of any such contract, and a breakdown of how much money was spent per contract per year for the last ten (10) calendar years; and

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b) Please state whether the contracts were awarded pursuant to a bid process, and if so, provide specifics of that bid process.

18. Does MCRECC have any anti-nepotism policies in place? If so, provide copies of any and all such policies, and/or memoranda referring to such policies.

19. Does MCRECC employ the relatives of:

- a) any MCRECC board member;
- b) any MCRECC officer;
- c) any MCRECC consultant;
- d) any other MCRECC employee?

20. Has any member of MCRECC's Board ever served on the Board of any other business entity? If so, please state:

- a) the name and address of each such entity; and
- b) the length of time they served on the other entity's board.