



Meade County RECC

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March 28, 2007

RECEIVED

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PUBLIC SERVICE
COMMISSION

BETH O'DONNELL
EXECUTIVE DIRECTOR
KENTUCKY PUBLIC SERVICE COMMISSION
211 SOWER BLVD
FRANKFROT KY 40602

Re: Case No. 2006-00500

Dear Ms. O'Donnell:

Please find enclosed the original and ten (10) copies of the responses to the Commission's Order "First Data Request of Commission Staff to Meade County Rural Electric Cooperative Corporation" dated January 17, 2007.

If you have any questions, please do not hesitate to call.

Sincerely,

Burns E. Mercer
President/CEO

copy to: Gregory D. Stumbo
Attorney General
Utility & Rate Intervention Division
1024 Capital Center Drive
Frankfort, KY 40601

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Jim Adkins
Witness: Karen Brown
Witness: Burns Mercer

Item 1. Comparative detailed income statement, cash flows and balance sheet.

Shown as Exhibit V of Application.
Sheets 1 thru 3.

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Jim Adkins

Item 2. Rate of return and rate base

Shown as Exhibit K of Application.

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Jim Adkins

Item 3. TIER and DSC

Shown as Exhibit K of Application.

These are included in Item 2 above of this response.

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Karen Brown

Item 4. Borrower's Statistical Profile

Shown as Exhibit 18 of Application.

This information is reviewed on an annual basis. Neither Meade County Rural Electric's management, Board of Directors nor RUS has taken any actions as a result of the Borrower Statistical Profile.

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Karen Brown

Item 5. CFC Key Ratio Trend Analysis

Shown as Exhibit 19 of Application.

This information is reviewed on an annual basis. Neither Meade County Rural Electric's management, Board of Directors nor RUS has taken any actions as a result of the Borrower Statistical Profile.

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Karen Brown

Item 6. KAEC Statistical Comparison

Shown as Exhibit 20 of Application.

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Jim Adkins

Item 7. Capital structure

The capital structure is shown as Exhibit Z of the Application.

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Jim Adkins

Item 8. Outstanding issues of long-term debt and short term debt

Item 8 a.

Shown as Exhibit 5 of this Application.

Item 8 b .

Shown as Exhibit 5 of this Application, page 4 of 4.

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Jim Adkins
Witness: Karen Brown

Item 9. Trial balance for 12 months

Shown as Exhibit Y of this Application.

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Jim Adkins

Item 10. Comparison of balance sheet account balances with prior year's balance

Shown as Exhibit W of this Application.

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Jim Adkins

Item 11. Comparison of income statement account balances with prior years

Shown as Exhibit X of this Application.

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Jim Adkins

Item No. 12. Property held for future use

Meade County Rural Electric has no plant held for future use.

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Jim Adkins

Item 13. Non utility property

Meade County Rural Electric does not have any non-utility property.

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Jim Adkins

Item 14. Jurisdictional plant allocations

Meade County Rural Electric has no jurisdictional plant or expense allocations that are required.

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Burns Mercer

Item 15. By Laws

No changes have been made to the By Laws since that time.

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Burns Mercer

Item 16. Equity management plan

This information is included as Exhibit U of the Application.

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Jim Adkins

Item 17. Professional services

Shown as Exhibit 9 of this Application.

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Burns Mercer

Item 18. Compensation of Directors

Shown as Exhibit 10 of this Application.

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Burns Mercer

Item 19. Annual meeting information

Shown as Exhibit P in this Application.

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Jim Adkins

Item 20. Customer billing and increases, by rate class

- a. Shown as Exhibit G of this Application.
- b. Shown as Exhibit G of this Application.
- c. Shown as Exhibit G of this Application
- d. Shown as Exhibit G of this Application
- e. Shown as Exhibit 16 of this Application, page 2 of 2

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Jim Adkins

Item 21. Customer billing determinants

Item 21. a. through f.

Shown as Exhibit G and Exhibit J to this Application.

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Jim Adkins

Item 22. Capitalization rates

Shown as Exhibit T of this Application.

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Jim Adkins

Item 23. Salaries and wages

Item 23 a. and b.

- a. Shown as Exhibit 1, page 1 of 8 of this Application.
- b. Shown as Exhibit 1, page 4 of 8 of this Application.

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Burns Mercer

Item 24. Regular and overtime hours, and percentages of increase

Item 24 a to d.

Shown as Exhibit 1 of this Application.
Pages 6 thru 8

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Jim Adkins

Item 25. Payroll tax information

Item 25. a. and b.

Shown as Exhibit 2 of this Application.

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Jim Adkins

Item 26. Property and Franchise taxes
Operating taxes

Item 26. a. and b.

Shown as Exhibit 4 of this Application.

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Jim Adkins

Item 27 Electric plant in service

Shown as Exhibit 3 of this Application.

Meade County Rural Electric
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First Data Request of Commission Staff

Witness: Jim Adkins

Item 28. Employee benefits

Shown as Exhibit T of this Application.

Total benefits available	1,606,251
No of employees	<u>66</u>
Average per employee	<u><u>24,337</u></u>

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Burns Mercer

Item 29. Salary of Executive Officers

Shown as Exhibit 1 of this Application, pages 2 and 3

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Jim Adkins

Item 30. Advertising

Shown as Exhibit 11 of this Application.
Pages 2 and 3

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Jim Adkins

Item 31. Miscellaneous general expenses

Shown as Exhibit 11 of this Application.

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Jim Adkins

Item 32. Other income deduction Account 426

Shown as Exhibit 8 of this Application.

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Burns Mercer

Item 33. Board of Directors

Shown as Exhibit 10 of this Application.

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Jim Adkins
Witness: Burns Mercer

Item 34. Compensation of Board of Directors

Shown as Exhibit 10 of this Application.
There are no spouse expenses included.

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: *Jim Adkins*

Item 35. Professional services expenses

Shown as Exhibit 9 of this Application.

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Jim Adkins
Witness: Karen Brown

Item 36. Rate case costs

Item 36 a. to c.

- a. All costs are recorded in Account 928.00, with copies of invoices attached.
- b. Shown as Exhibit 12 of this Application.
- c. All cost are included as Item 36 a. of this response, with monthly updates being submitted at the time the monthly reports are prepared.

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Jim Adkins

Item 37. Advance of loan funds

Meade County Rural Electric has not advanced loan funds since the filing of this Application.

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Jim Adkins

Item 38 . Depreciation expense

Shown as Exhibit 3 of this Application.

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Jim Adkins

Item No. 39 - Depreciation Rates

Responses

- a. The depreciation rates are the same as those used in the rate case Meade County RECC filed with this Commission in PSC Case No. 2002-00391.
- b. Meade County RECC reviewed its depreciation rates and where it falls on the depreciation guideline curve in accordance with RUS Bulletin 183-1. Since Meade County RECC's accumulated depreciation and ratio to plant in service falls within the boundaries of the guideline curve, Meade County elected not to file a depreciation study with this Application.

Meade County Rural Electric
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Witness: Jim Adkins

Item 40. Depreciation guideline curve information

Shown as Exhibit 3 of this Application.

Meade County Rural Electric
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First Data Request of Commission Staff

Witness: Jim Adkins

Item 41. Charitable and political contributions

All charitable and political contributions are recorded in Account 426. An analysis of that account is shown as Exhibit 8 of this Application.

All amounts included in this Account are for charitable purposes, there are no political contributions either in cash or services.

Meade County Rural Electric
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Witness: Jim Adkins

Item 42. Lobbying activities

Meade County Rural Electric does not engage in lobbying activities,
therefore, there are no expenses to report.

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Witness: Jim Adkins

Item 43. Pension plan expenses

Meade County Rural Electric treats and accounts for the pension plans using the same basis for rate-making purposes and financial reporting.

All eligible employees of Meade County Rural Electric participate in the NRECA Retirement and Security Program, a defined benefit pension plan qualified under Section 401 and tax- exempt under Section 501(a) of the Internal Revenue Code. Meade County Rural Electric makes annual contributions to the Program equal to the amounts accrued for pension expense. In this multiple employer plan, which is available to all member cooperatives of NRECA, the accumulated benefits and plan assets are not determined or allocated separately by individual employer.

Meade County Rural Electric
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Witness: Jim Adkins

Item 44. SFAS No. 106

Item 44 a. to c.

- a. SFAS 106 was adopted as of January 1, 1995.
- b. The accounting entry to recognize SFAS 106 as is shown as Exhibit 6 of this Application.
- c. Shown as Exhibit 6.

Meade County Rural Electric
Case No. 2006-00500
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Witness: Jim Adkins

Item 45. SFAS No. 112

SFAS 112 does not apply to Meade County Rural Electric.

Meade County Rural Electric
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Witness: Jim Adkins
Witness: Karen Brown

Item 46. Subsequent events that may effect rate request

As of the date of this response, there are no known events that have occurred after the test year end that would have a material effect on net operating income, rate base, and cost of capital.

Meade County Rural Electric
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Witness: Karen Brown

Item 47. Current labor contracts

There are no employment contracts in place.

Meade County Rural Electric
Case No. 2006-00500
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Witness: Burns Mercer

Item 48. Investment in subsidiary and joint ventures

Meade County Rural Electric does not have any subsidiaries or joint ventures to report.

Meade County Rural Electric
Case No. 2006-00500
First Data Request of Commission Staff

Witness: Burns Mercer

Item 49. Dividends or income received from subsidiary

Meade County Rural Electric does not have any subsidiaries or joint ventures to report.

Meade County Rural Electric
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First Data Request of Commission Staff

Witness: Jim Adkins

Item 50. Non-regulated activities

- a. Meade County participates in wireless internet service to its members through NRTC's program titled "Wildblue". Meade County bills and collects for this service and pays NRTC a fee to provide the wireless signal.
- b. This service is not provided through an affiliate.
- c. n/a
- d. n/a

Meade County Rural Electric
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Witness: Jim Adkins

Item No. 51 - Purchased Power Costs

Response

This information is provided in Exhibit 15 of the original application