Rural Electric Cooperative Corporation

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PUBLIC SERVICE COMMISSION

January 12, 2009

MR JEFF DEROUEN
EXECUTIVE DIRECTOR
PUBLIC SERVICE COMMISSION
211 SOWER BOULEVARD
FRANKFORT KY 40602

Re: PSC Case No. 2008-00420

Dear Mr. Derouen:

Please find enclosed for filing with the Commission in the above-referenced case an original and five copies of the responses of Nolin RECC to the Commission Staff's Initial Data Request, dated December 19, 2008.

Very truly yours,

John J. Scott
Attorney

Enclosures

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION TO PASS-THROUGH AN INCREASE OF ITS WHOLESALE POWER SUPPLIER PURSUANT TO KRS 278.455(2)	)))))	CASE NO. 2008-00420

CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

James C. Lamb, Jr., being duly sworn, states that he has supervised the preparation of the responses of Nolin Rural Electric Cooperative Corporation to the Public Service Commission Staff Initial Data Request in the above-referenced case dated December 19, 2008, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

James C. Lamb, Jr.

Subscribed and sworn before me on this 12th day of January, 2009.

Peggy S. Duff
Notary Public

My Commission expires: December 8, 2009

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION TO PASS-THROUGH AN INCREASE OF ITS WHOLESALE POWER SUPPLIER PURSUANT TO KRS 278.455(2)	)))))	CASE NO. 2008-00420

CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Ann F. Wood, being duly sworn, states that she has supervised the preparation of the responses of Nolin Rural Electric Cooperative Corporation to the Public Service Commission Staff Initial Data Request in the above-referenced case dated December 19, 2008, and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.

Ann F. Wood

Subscribed and sworn before me on this 9th day of January, 2009.

Peggy S. Duffin
Notary Public

My Commission expires: December 8, 2009

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF NOLIN RURAL ELECTRIC	)	
COOPERATIVE CORPORATION TO	)	CASE NO.
PASS-THROUGH AN INCREASE OF ITS	)	2008-00420
WHOLESALE POWER SUPPLIER PURSUANT	)	
TO KRS 278.455(2)	)	

RESPONSES TO COMMISSION STAFF'S INITIAL DATA REQUEST TO NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION DATED DECEMBER 19, 2008

NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION
PSC CASE NO. 2008-00420
INITIAL DATA REQUEST RESPONSE

COMMISSION STAFF'S INITIAL DATA REQUEST DATED 12/19/08
REQUEST 1
RESPONSIBLE PERSON: **Ann F. Wood**
COMPANY: **Nolin Rural Electric Cooperative Corporation**

Request 1. Provide the workpapers, spreadsheets, etc. which show the calculation of the increase, by individual wholesale rate schedule, in Nolin's cost of power from East Kentucky Power Cooperative, Inc. that Nolin is proposing to flow through to its customers. Include a brief narrative description of the data being provided.

Response 1. Please see pages 2 through 4 of this response. EKPC multiplied the projected wholesale billing units for all members for the test year by the EKPC existing rates to determine revenue before the rate increase. The revenue increase was then proportioned to EKPC rate classes in order to develop proposed rates. After the proposed wholesale rates were developed, the new rates were applied to the same projected billing units proportionally among all rate classes. These rates were then applied to the projected wholesale billing units of each member system, in order to determine their proportionate share of EKPC's revenue requirements.

Please note that the wholesale increase on pages 2 through 4 totals $4,363,192, and is higher than the retail increase of $4,359,380 as filed in the pass-through application dated October 31, 2008 (Exhibit 3, Page 1 of 6). This slight under recovery is a result of rounding.

EKPC
Nolin
Rate E
Option 2

Description	Billing Units	Current Rate Rate	Current Rate Calculated Billings	Description	Billing Units	Pro Rata Rate	Pro Rata Calculated Billings
Metering Point Charge				**Metering Point Charge**			
All Customers	216	$ 125.00	$ 27,000.00	All Customers	216	$ 138.00	$ 29,808.00
Substation charges				**Substation charges**			
Substation 1,000 - 2,999 kVa	-	$ 944.00	$ -	Substation 1,000 - 2,9	-	$ 1,041.00	$ -
Substation 3,000 - 7,499 kVa	24	$ 2,373.00	$ 56,952.00	Substation 3,000 - 7,4	24	$ 2,617.00	$ 62,808.00
Substation 7,500 - 14,999 kVa	132	$ 2,855.00	$ 376,860.00	Substation 7,500 - 14,	132	$ 3,149.00	$ 415,668.00
Substation > 15,000 kVa	60	$ 4,605.00	$ 276,300.00	Substation > 15,000 k	60	$ 5,079.00	$ 304,740.00
	216		$ 710,112.00				$ 783,216.00
Demand Charge				**Demand Charge**			
All Kw	1,527,895	$ 5.22	$ 7,975,611.90	All Kw	1,527,895	$ 5.76	$ 8,800,675.20
	kWh				kWh		
Energy Charge				**Energy Charge**			
On-Peak (April - July)	114,767,728	$ 0.042470	$ 4,874,185.41	On-Peak	347,001,464	$0.046844	$ 16,254,936.58
Off-Peak (April - July)	82,550,483	$ 0.034904	$ 2,881,342.06	Off-Peak	317,297,454	$0.038499	$ 12,215,634.68
On-Peak (Aug - March)	232,233,736	$ 0.042470	$ 9,862,966.77				$ 28,470,571.26
Off-Peak (Aug - March)	234,746,971	$ 0.034904	$ 8,193,608.28				
	664,298,918		$ 25,812,102.51				
FAC		$ 0.007604	$ 5,051,328.97	FAC			$ 5,051,328.97
ES		13.62%	$ 5,390,272.36	ES			$ 5,390,272.36
Power Factor			$ -	Power Factor			$ -
Total Billings			$ 44,966,427.75	**Total Billings**			$ 48,525,871.80
				Increase/(Decrease)			$ 3,559,444.05
				Percent Change			7.92%

PSC Request 1
Page 2 of 4

EKPC
Nolin
Rate B

Description	Billing Units	Current Rate		Description	Billing Units	Pro Rata	
		Rate	Calculated Billings			Rate	Calculated Billings
Demand Charge				**Demand Charge**			
Base kW	93,286	$ 6.22	$ 580,238.92	Base kW	93,286	$ 6.86	$ 639,941.96
Excess kW	-	8.65	$ -	Excess kW		$ 9.54	$ -
Interruptible kW	-		$ -	Interruptible kW			$ -
Buy-Through $			$ -	Buy-Through $			$ -
Energy Charge	kWh			**Energy Charge**	kWh		
All kWh	54,085,749	$ 0.033455	$ 1,809,438.73	All kWh	54,085,749	$ 0.036901	$ 1,995,818.22
	54,085,749		$ 2,389,677.65				$ 2,635,760.18
FAC		$ 0.007604	$ 411,268.04	FAC			$ 411,268.04
ES		13.62%	$ 381,488.80	ES			$ 381,488.80
Power Factor			$ -	Power Factor			$ -
Total Billings			$ 3,182,434.49	**Total Billings**			$ 3,428,517.02
				Increase/(Decrease)			$ 246,082.53
				Percent Change			7.73%

PSC Request 1
Page 3 of 4

EKPC
Nolin
Rate G

Description	Billing Units	Current Rate		Pro Rata		Calculated Billings
		Rate	Calculated Billings	Description	Billing Units	Rate	
Demand Charge				**Demand Charge**			
Billing kW	195,136	$ 6.06	$ 1,182,524.16	195,136	195,136	$ 6.68	$ 1,303,508.48
Energy Charge kWh				**Energy Charge** kWh			
All kWh	133,786,960	$ 0.031690	$ 4,239,708.76	All kWh	133,786,960	$ 0.034954	$ 4,676,389.40
	133,786,960		$ 5,422,232.92				$ 5,979,897.88
FAC		$ 0.007604	$ 1,017,316.04	FAC			$ 1,017,316.04
ES		13.62%	$ 877,066.57	ES			$ 877,066.57
Power Factor			$ -	Power Factor			$ -
Total Billings			$ 7,316,615.54	**Total Billings**			$ 7,874,280.49
				Increase/(Decrease)			$ 557,664.96
				Percent Change			7.62%

PSC Request 1
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NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION
PSC CASE NO. 2008-00420
INITIAL DATA REQUEST RESPONSE

COMMISSION STAFF'S INITIAL DATA REQUEST DATED 12/19/08
REQUEST 2
RESPONSIBLE PERSON: **James C. Lamb, Jr./Ann F. Wood**
COMPANY: **Nolin Rural Electric Cooperative Corporation**

Request 2. Refer to Exhibit 3 of the application. The billing analysis shows various rate schedules with escalation percentages applied to the billing determinants. Explain the need for the escalation percentages and provide workpapers, spreadsheets, etc. for the calculation of the percentages, as well as a narrative explanation of how the percentages were determined.

Response 2. Since EKPC is using a forecasted test period, the increase is calculated based on projected billing determinants. In order to appropriately match retail rates to the forecasted test year used for wholesale rates, an escalation factor was used. The escalated data was applied to Residential and Small Commercial classes only due to the wide variance and unpredictable nature of the Large Commercial/Industrial class.

The Attachment shows the escalation percentages calculated by the Resource Planning Department of EKPC and the supporting calculations.

EKPC prepares a load forecast by working jointly with its member systems in preparing their individual load forecasts. Factors considered in preparing the forecasts include national, regional, and local economic performance, appliance saturations and

efficiencies, population and housing trends, service area industrial development, electric price, household income, and weather. Each member system reviews the preliminary forecast for reasonability.

The general steps followed by EKPC in developing its load forecast are summarized as follows:
EKPC subscribes to Global Insight, Inc., in order to analyze regional economic performance. Global Insight provides EKPC projections for population, employment, and income as well as other variables.

EKPC prepares a preliminary forecast for each of its member systems for each classification using monthly data as reported on the Rural Utilities Services (RUS) Form 7, which contains publicly available retail sales data for member systems. These include: residential, seasonal, small commercial, public buildings, large commercial, and other. EKPC's sales to member systems are then determined by adding distribution losses to total retail sales. Seasonal peak demands are determined by applying peak factors for heating, cooling, and water heating to energy.

The supplementary spreadsheets in the Attachment contain the data resulting from the above-described process. The growth rates for energy sales, winter peak demand, and customers are based upon the monthly forecasts for the test period.

Escalation for Nolin

Escalation - MWH - Energy	
Time Period	MWH Sales
May 2008 to April 2009	817,604
May 2009 to April 2010	842,691
Percent change	**3.1%**

Escalation - MW - Demand	
Time Period	
Winter 2009-2010	208.3
Winter 2010-2011	213.8
Percent change	**2.6%**

Escalation - Customers - Residential	
Time Period	Average Annual Customers
2009	30,689
2010	31,389
Percent change	**2.3%**

Escalation - Customers - Small Commercial	
Time Period	Average Annual Customers
2009	2,235
2010	2,322
Percent change	**3.9%**

NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION
PSC CASE NO. 2008-00420
INITIAL DATA REQUEST RESPONSE

COMMISSION STAFF'S INITIAL DATA REQUEST DATED 12/19/08
REQUEST 3
RESPONSIBLE PERSON: **James C. Lamb, Jr./Ann F. Wood**
COMPANY: **Nolin Rural Electric Cooperative Corporation**

Request 3. Refer to Exhibit 3 of the application, page 6 of 6. State where "TEMP MTR POLES" is found in the proposed tariff provided in Exhibit 1 and where the increase from $20.00 to $21.53 is found in the public notice provided in Exhibit 5.

Response 3. When preparing Exhibit 3, Nolin calculated the change in all rates including "TMP MTR POLES." However, in reviewing the schedules, it was determined that due to the temporary nature of the "TEMP MTR POLES," the rate should not change. It should have been deleted from the calculation on Exhibit 3. This increase would have generated $2,374 and it has not been spread to other rate classes for recovery.