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PUBLIC SERVICE
COMMISSION

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April 20, 2012

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Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-4615

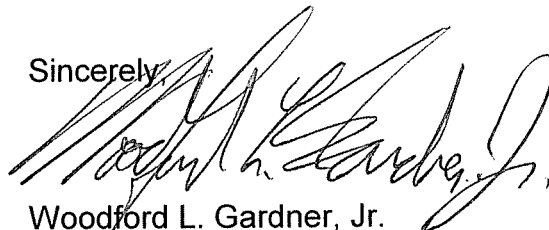
RE: New Commercial Time-Of-Day Tariff, Case No. 2012-00108

Dear Mr. Derouen:

Please find enclosed for filing with the Commission in the above-referenced case an original and six copies of the responses of Farmers Rural Electric Cooperative Corporation to the Commission Staff's First Request for Information, dated April 3, 2012.

Since the listed effective date for this tariff is May 1, 2012, Farmers Rural Electric Cooperative requests Commission's approval so this rate can be effective on the requested date.

Sincerely,



Woodford L. Gardner, Jr.
Cooperative Attorney

cc: William T. Prather

Enclosures

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF FARMERS RURAL ELECTRIC) Case No.
COOPERATIVE CORPORATION FOR A NEW) 2012-00108
COMMERICAL TIME-OF-DAY TARIFF)

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COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

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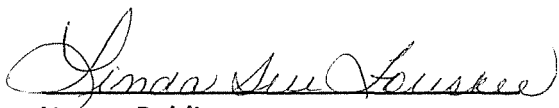
CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF BARREN)

William T. Prather, being duly sworn, states that he has supervised the preparation of the responses of Farmers Rural Electric Cooperative Corporation to the Public Service Commission Staff's First Information Request in the above-referenced case dated April 3, 2012, 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.



Subscribed and sworn before me on this 17th day of April, 2012.



Notary Public
Notary ID 446566
My Commission Expires: 7-30-2015

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF FARMERS RURAL ELECTRIC) Case No.
COOPERATIVE CORPORATION FOR A NEW) 2012-00108
COMMERICAL TIME-OF-DAY TARIFF)

CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF BARREN)

James R. Adkins, being duly sworn, states that he has supervised the preparation of the responses of Farmers Rural Electric Cooperative Corporation to the Public Service Commission Staff's First Information Request in the above-referenced case dated April 3, 2012, 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 R. Adkins

Subscribed and sworn before me on this 17th day of April, 2012.

Linda D. Loussee
Notary Public
Notary ID 446566
My Commission Expires: 7-30-2015

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION
CASE NO. 2012-00108

RESPONSE TO COMMISSION STAFF'S FIRST DATA REQUEST

1. Question: Refer to Exhibit A of the Application.
 - a. Farmers' proposed Schedule C - Time-of-Day – Commercial Service (“Commercial TOD”) tariff limits availability to consumers with a total demand not exceeding 500 kW. Farmers' current Schedule D - Large Commercial/Industrial Service Optional Time-of-Day rate has no demand limit for consumers whose kilowatt demand exceeds 50 kW. Explain why Farmers proposes the 500 kW limit for the Commercial TOD tariff. Include in the explanation whether Farmers has consumers currently served under its Schedule D - Large Commercial Industrial Service Optional Time-of-Day whose demand exceeds 500 kW and who would be eligible to receive service under the Commercial TOD rate if not for the 500 kW limit.

Response:

Farmers proposed the demand limit on this particular tariff to reflect cost of service for this range of service type. Also, the load characteristics, specifically load factor, for consumers in the 0-500 kW level is normally very similar. The increased cost to serve larger loads would need to be reflected in a different rate structure. Farmers intends to develop a time-of-day rate for loads in excess of 500 kW at a later date.

Farmers currently has two accounts which exceed 500 kW on the Schedule D tariff.

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION
CASE NO. 2012-00108

RESPONSE TO COMMISSION STAFF'S FIRST DATA REQUEST

- b. Explain whether the proposed Commercial TOD rate is intended to be available on a voluntary basis only, and whether it is meant to replace any existing tariff.

Response:

This is a voluntary, optional rate and is not intended to replace any existing tariff.

- c. Farmers' current Schedule D - Large Commercial/Industrial Service Optional Time-of-Day rate includes a demand charge, while Farmers' proposed Commercial TOD rate does not. Explain. Include in the explanation whether the Time-of-Day component of the existing Schedule D - Large Commercial/Industrial Service Optional Time-of-Day rate is through the demand charge and, if so, why the change to an on-peak/off-peak energy charge for the proposed Commercial TOD rate is preferable.

Response:

The new TOD rate does not have a separate demand charge so that services which have a lower load factor may have a rate option that recovers cost to serve exclusively through the customer charge and energy rate. Schedule D primarily utilizes the demand charge to recover time-of-use cost.

The new TOD rate offers customers who may have a lower load factor an option for reducing the cost impact of a demand charge. Services such as churches, ball field lighting, etc., can be adversely impacted by demand charges as they may have large fluctuations in energy and demand usage. The new TOD rate option will provide these types of services the flexibility of being able to use service without having to be concerned about establishing large kW peaks and charges during periods of lower energy use.

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION
CASE NO. 2012-00108

RESPONSE TO COMMISSION STAFF'S FIRST DATA REQUEST

Question:

Refer to Exhibit B, page 3, A8 of the Prepared Testimony of James R. Adkins.
Explain how the off-peak energy rate was of \$0.06 per kWh was determined.

Response:

The off-peak rate of \$0.06 cents per kWh has been selected as incentive for members to move to off-peak usage as well as providing a reasonable contribution to the distribution costs of Farmers. In this situation, the markup above the off-peak energy rate of East Kentucky Power Cooperative's Schedule E Option 2 is approximately \$0.015 per kWh. Additionally, a ratio of approximately two to one was preferred ratio of the on-peak energy rate to the off-peak energy rate.

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION
CASE NO. 2012-00108

RESPONSE TO COMMISSION STAFF'S FIRST DATA REQUEST

Question:

Refer to Exhibit D of the Application. Provide the year in which the January through December cost support data provided on pages 1 and 2 occurred.

Response:

This data is from the billing data for 2011.

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION
CASE NO. 2012-00108

RESPONSE TO COMMISSION STAFF'S FIRST DATA REQUEST

Question:

Is Farmers proposed Commercial TOD rate designed to be bill-neutral to a consumer switching from either Schedule C – Commercial & Industrial Service, or from Schedule D – Large Commercial/Industrial Service Optional Time-of-Day rate. If not, provide a comparison of the monthly bill for an average customer currently served under each of the current Schedule C and Schedule D rates and for an average customer served under the proposed Commercial TOD rate. Provide all calculations and work papers to support the response.

Response:

The Commercial TOD rate has been designed to be bill-neutral based on the current Schedule C Consumers.

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION
CASE NO. 2012-00108

RESPONSE TO COMMISSION STAFF'S FIRST DATA REQUEST

5. Question:

Refer to Farmers' application, Exhibit E, page 2. The customer charge adder shows an additional meter cost of \$500.00.

- a. Provide a breakdown of the \$500.00 cost.

Response:

The cost of a Sentinel FM9S CL20 Level 1 meter with basic time of use capability is currently \$290.00 each. The TWACS 9S 240V L-L module for power line reading capability is currently \$214.00 each. The total price is \$504.00.

- b. Provide the estimated life expectancy for this type of meter.

Response:

The life expectancy for this type of meter is estimated to be fifteen (15) years.

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION
CASE NO. 2012-00108

RESPONSE TO COMMISSION STAFF'S FIRST DATA REQUEST

6. Question:

The rates under Farmers' current Schedule C - Commercial & Industrial Service for consumers of 50 kW or above and current Schedule D - Large Commercial Service Optional Time-of-Day, appear to be identical. Explain whether both rates are currently available and, if so, whether Farmers intends to eliminate either or both rates if its Commercial TOD rate is approved by the Commission.

Response:

Both rates are currently available to members. Farmers does not plan to eliminate either of the rates if the new TOD rate is approved. The TOD rate will just be another optional rate.

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION
CASE NO. 2012-00108

RESPONSE TO COMMISSION STAFF'S FIRST DATA REQUEST

7. Question:

How does Farmers intend to inform its customers of this new proposed tariff and the proposed rate schedules?

Response:

The new rate will be included on our web site along with all other rates for general information. Customers who will potentially qualify for this rate will be contacted and informed of the rate option. We currently have one customer who is aware of this rate filing and is awaiting approval for it to be available.