

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

RATE ADJUSTMENT OF SALT)
RIVER RURAL ELECTRIC) CASE NO. 8778
COOPERATIVE CORPORATION)

O R D E R

IT IS ORDERED that Salt River Rural Electric Cooperative Corporation ("Salt River") shall file an original and eight copies of the following information with the Commission, with a copy to all parties of record by August 12, 1983. Each copy of the data requested should be placed in a bound volume with each item tabbed. Where a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Careful attention should be given to copied material to insure that it is legible. Salt River shall furnish with each response the name of the witness who will be available at the public hearing for responding to questions concerning each area of information requested. Where information requested herein has been provided along with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. If neither the requested information nor a motion for an

extension of time is filed by the stated date, the case may be dismissed.

Information Request No. 3

1. Provide a detailed analysis of all benefits provided to employees of Salt River including the itemized cost of each benefit and the average annual cost of benefits per employee. Provide this data by employee classification.

2. Provide an itemized listing of the costs incurred to date for the preparation of this case and an itemized estimate of the total cost to be incurred for this case. Indicate any costs incurred for this case that occurred during the test year. Include the account charged for each amount and a complete narrative explanation of the services provided for the hours billed by each firm or individual rendering services in connection with this case.

3. In response to the Commissions second information request Salt River has provided the REA Borrower Statistical Profile and Expense Comparison Study & Plant Investment Analysis. The expense comparison study indicates that Salt River's maintenance expense per mile exceeds the expected amount by over 40 percent.

a. Provide an explanation for this expense to be higher for Salt River than for other utilities in the state and area.

b. Provide any and all information available to Salt River to indicate that the test year level of maintenance expense is normal for Salt River.

c. Provide a detailed narrative explanation of any efforts being made to reduce these expenses and the results of these efforts.

4. Provide an explanation of the \$43,179 addition to distribution plant in adjustment number 3 of the application and noted "Adjustment A to Balance Sheet".

5. In response to a Commission request Salt River has indicated that prior to 1982 it did not have a pole treatment program and changed out poles when they deteriorated. Provide the following concerning this program.

a. An explanation of how it was decided to initiate the program (cost study, engineering study, etc.).

b. An explanation of why formal competitive bids were not taken.

c. Details of expected savings, both short and long term, expected to be achieved from this program.

d. A copy of the 1983 contract and details of 1983 prices, if established at this time. If 1983 contract has not been awarded or prices established, provide this as soon as it becomes available.

6. In response to the Commission's second information request concerning overtime hours, Salt River indicated that of the total number of overtime hours worked, 8,760 hours can be attributed to "stand-by" time for two (2) person crews which under the terms of the union contract are paid at overtime rates.

a. Provide an explanation of the duties and responsibilities of the two (2) person crews while on "stand-by".

b. Is this policy common among cooperatives or only to Salt River?

c. Is this policy essential to the safe reliable operation of Salt River on an ongoing basis or has Salt River considered alternatives to this policy? Explain in detail

d. What characteristics of Salt River's system would be primarily responsible for the incurrence of this level of overtime hours worked?

7. A statement of expenses incurred by Salt River in providing service to each of its two large industrial customers. Owens-Illinois and Owensboro-Ashland. The statement should enumerate the types of expenses incurred and the size of each expense. Where possible supporting documentation for the expenses should be provided.

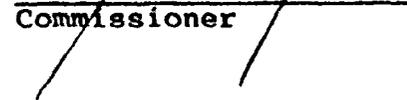
8. A statement of what factors, other than expenses, should be considered in the determination of rates for Owens-Illinois and Owensboro-Ashland.

Done at Frankfort, Kentucky, this 29th day of July, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary