

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

RATE ADJUSTMENT OF GRAYSON RURAL)
ELECTRIC COOPERATIVE CORPORATION) CASE NO. 9352

O R D E R

IT IS ORDERED that Grayson Rural Electric Cooperative Corporation ("Grayson") shall file an original and 8 copies of the following information with this Commission, with a copy to all parties of record, by October 18, 1985. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to insure that it is legible. 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.

1. In support of the adjustment for telephone charges, provide, for each month of the period from April 1, 1984, through August 31, 1985, a detailed schedule of telephone charges. This schedule should include:

- a. The number and total dollar amount of collect calls received from customers;
- b. The number and total dollar amount of collect calls received from employees and others;
- c. The total other charges and credits; and
- d. The total amount due for phone charges.

2. Item No. 2 of the response to Information Request No. 2 refers to a provision for merit increases. Provide a schedule of the increases granted, including the percentage of increase, and discuss the basis for these increases.

3. Present the calculations used to determine the normalized PSC assessment of \$6,723 shown on Exhibit III, Schedule 5, page 5 of 6.

4. In regard to the normalized and pro forma adjustments to interest income, what rate of interest would funds earn if invested in National Rural Utilities Cooperative Finance Corporation's commercial paper on March 31, 1985, and July 11, 1985, respectively?

5. Provide copies of the documents requesting and approving the REA loan drawn subsequent to the test year.

6. In Item No. 13, response to Information Request No. 2, you refer to the REA loan being encumbered by work orders and special equipment. Provide copies of the work orders and other documents encumbering this loan.

7. You propose an adjustment to reduce Accounts Receivable and Patronage Capital because of 1-month additional revenue included as a result of an accounting change. In regard to these adjustments, discuss the reasons for the accounting change, Grayson's billing procedures and the necessity for this adjustment.

8. In the Net Investment calculation, Exhibit III, Schedule 6, Grayson includes Materials and Supplies, and Prepayments at the actual test year-end balances. Explain why a 13-month average would not be more representative of the test period.

9. Response No. 19 to Information Request No. 2 states that Grayson abides by the policy established in Section 7 of Grayson's bylaws regarding compensation of directors. As that policy pertains to transportation expenses, explain Grayson's treatment of mileage payments to directors and Grayson's position on the manner of transportation to be utilized for attending out-of-state meetings.

10. Explain Grayson's reasons for not amortizing the expense for the NRECA management audit for accounting purposes and why this cost should not be excluded for rate-making purposes.

11. Detail by classification (legal, engineering, accounting, other) Grayson's Professional Service Expense for the past 10 years.

12. What is the total dollar amount of Generation and Transmission Capital Credits on Grayson's books at the end of the test year?

13. Provide any information available with regard to Grayson's plans to begin rotation of capital credits. Include any board resolutions or minutes of board meetings where this issue has been discussed in the past 5 years.

14. The Equity Management Plan adopted by Grayson calls for attainment of a 40 percent equity level, a 2.5 TIER and a 20-year rotation of capital credits. Please discuss the factors used as a basis for determining these goals. Include any calculations available. Also, what level of revenue would be required for Grayson to begin rotation immediately?

15. Provide information for plotting the depreciation guideline curves in accordance with REA Bulletin 183-1. Furnish the data in the format shown on the attached Data Sheet No. 1. Due to an oversight the year ending December 31, 1984, was omitted when previously requested.

Done at Frankfort, Kentucky, this 8th day of October, 1985.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary

**DATA FOR
DEPRECIATION GUIDELINE CASES
RRA BULLETIN 183-1**

Utility:
Case Number:
Date:

Year Ended December 31, 1984	Distribution Plant in Service (1)	Accumulated Provision for Depreciation Distribution Plant (2)	Reserve Ratio (3)=(2)+	Ratio of Current Distribution Plant to Distribution Plant Ten Years Prior
1984				1984
1983				1983
1982				1982
1981				1981
1980				1980
1979				
1973				
1972				
1971				
1970				