

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF INTER-COUNTY RURAL)
ELECTRIC COOPERATIVE CORPORATION OF)
DANVILLE, KENTUCKY, FOR AN ORDER) CASE NO. 9486
AUTHORIZING AN INCREASE IN ITS RETAIL)
RATES, APPLICABLE TO ALL CONSUMERS)

O R D E R

IT IS ORDERED that Inter-County Rural Electric Cooperative Corporation ("Inter-County") shall file an original and 12 copies of the following information with this Commission, with a copy to all parties of record, by April 7, 1986, or within 2 weeks after the date of this Order, whichever is later. 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. 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. 2

1. Reconcile the \$741,732.85 interest paid on long-term debt for the 12 months ending October 31, 1985, as shown in Exhibit D, page 2, with the interest expense on long-term debt for the actual test period of \$755,359 as shown in Exhibit I, page 2.

2. With reference to Exhibit F, provide the basis, if any, used by Inter-County to determine the capital credits refunded to the estates for the test year and for the previous 5 calendar years.

3. Explain why Inter-County used the test year ratio of expensed to capitalized wages in the payroll expense adjustment rather than a historical annual average.

4. With reference to Adjustment No. 6, Increase in Payroll Taxes, explain why the test period allocation of taxes expensed of 68.28 percent was different than the 64.3 percent allocation of wages expensed.

5. With reference to Adjustment No. 7, Fringe Benefits, provide the following:

a. The computations supporting the \$19,480 cost of group life insurance. What was the test year cost?

b. The computations supporting the \$146,179 cost of hospital and major medical insurance. Provide the number of employees receiving family coverage and the number with single coverage at test year-end. What was the test year cost of this insurance?

c. The computations supporting the \$7,210 cost of short-term disability. What was the test year cost?

d. The computations supporting the \$19,728 cost of long-term disability. Explain the reason for the increase over the test year cost of \$17,941.

6. With reference to Adjustment 11, what was the basis for Inter-County's decision to amortize the remaining \$5,676.63 over 10 months? Why is this considered appropriate?

7. With reference to Exhibit Q, provide an explanation of the \$4,529.21 expense for promotional items.

8. With reference to Exhibit R showing test year contributions of \$954.77, in what ways do these expenditures relate to or improve Inter-County's service to its customers?

9. Provide a comparative schedule of Account No. 923--Outside Services Employed for the past 5 years and the test year.

10. Provide an explanation of the difference between test year margins and interest on long-term debt as shown in Exhibit 1, revised and in Exhibit I.

11. With reference to Exhibit 5, provide the following:

a. An explanation of the increase in Account No. 580.00--Operation Supervision and Engineering from \$34,728 to \$54,850.

b. An explanation of the increase in Account No. 583.00--Overhead Line Expense from \$100,426 to \$121,267.

c. An explanation of the increase in Account No. 593.00--Maintenance of Overhead Lines from \$112,751 to \$137,917.

12. With reference to Exhibit 11, provide a schedule showing the fees paid each director for attending regular board meetings and the fees paid each director for other meetings.

13. Provide an explanation for the \$1,800, Treasurer Duties Fees, and the \$180, Treasurer Duties Expenses, paid to James Preston.

14. Do the expenses of \$14,791.59 paid directors for attendance at other meetings include only out-of-pocket costs?

15. Are any of the director's expenses for expenses incurred by director's spouses or relatives?

16. In recent electric cooperative proceedings before the Commission, the Commission has determined that a TIER level of 2.0 is appropriate under existing economic conditions. Explain the factors considered by Inter-County in determining to request an increase of \$716,690. Also, provide any evidence deemed appropriate as to why the Commission should deviate from recent decisions and grant a TIER in excess of 2.0 in this instance.

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

18. Has Inter-County adopted an equity management plan? If yes, what are the goals of that plan?

19. What TIER is Inter-County requesting in this case?

20. Does Inter-County follow the depreciation rates and procedures as described in REA Bulletin 183-1?

21. 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.

22. Does Inter-County propose any changes in depreciation rates?

23. Furnish a list of depreciation expenses in the format shown on the attached data sheet No. 2.

Done at Frankfort, Kentucky, this 25th day of March, 1986.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary

Utility:
Case Number:
Date:

DATA FOR
DEPRECIATION GUIDELINE CURVE
PBA BULLETIN 183-1

<u>Year Ended December 31, 1985</u>	<u>Distribution Plant in Service (1)</u>	<u>Accumulated Provision for Depreciation Distribution Plant (2)</u>	<u>Reserve Ratio (3)=(2)÷</u>	<u>Ratio of Current Distribution Plant to Distribution Plant Ten Years Prior</u>
1985				1985
1984				1984
1983				1983
1982				1982
1981				1981
1975				
1974				
1973				
1972				
1971				

(PSC Data Sheet No. 1)