

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

GREEN RIVER ELECTRIC CORPORATION)
NOTICE OF INCREASE IN RATES FOR) CASE NO. 10275
RETAIL ELECTRIC SERVICE)

O R D E R

IT IS ORDERED that Green River Electric Corporation shall file an original and 12 copies of the following information with this Commission, with a copy to all parties of record. 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. The information requested herein is due no later than September 26, 1988. If the information cannot be provided by this date, you should submit a motion for an extension of time stating the reason a delay is necessary and include a date by which it will be furnished. Such motion will be considered by the Commission.

Information Request No. 3

1. With reference to Green River's response to the Commission's Information Request No. 2, Item No. 1, provide the following information:

a. Explain how the average wage rate per hour in columns (e) and (f) was calculated.

b. With respect to the percent increase during 1987, column (g), provide a thorough explanation supporting the increase in excess of 8.00 percent for grade levels 2, 3, 4, 5, 8, and 13.

c. Provide the actual regular hours, overtime hours and wage rate for each of Green River's 14 part-time employees.

d. Explain why it was necessary for Green River to hire 14 part-time employees. Include a discussion of the duties performed by the part-time employees.

e. Provide an explanation of footnote 2 regarding an understatement of pro forma labor. Include a discussion regarding standby hours. If the information contained in Green River's response to Item No. 1 of the Commission's Information Request No. 2 or Exhibit 6, page 9 is incorrect, provide the corrected information and supporting workpapers.

f. Provide an explanation and supporting workpapers for the base overtime at 9.42 percent and for the part-time at 1.74 percent. Provide the actual dollar amount of overtime and part-time labor included in the test year.

2. Green River's response to Information Request No. 2, Item No. 6, indicates that bids for insurance were solicited on September 16, 1985. Has Green River solicited bids for insurance subsequent to those received in November 1985? If no, explain why not.

3. With reference to Green River's response to the Commission's Information Request No. 2, Item No. 9, provide the following information:

a. With reference to the objective of reducing advertising costs, explain in what manner and by what amount Green River has reduced its advertising as a result of subscription to the Rural Kentuckian.

b. Explain in what manner Green River has utilized the Rural Kentuckian as a marketing tool.

4. With reference to Green River's response to the Commission's Information Request No. 2, Item No. 17, provide the following information:

a. Provide a thorough discussion of the \$145,081 major storm damage expense charged to Account No. 593.200. Include a discussion of Green River's accounting for storm damage expense and the basis on which a determination that a storm is "major" is made. Provide the major storm damage expense for the past 10 calendar years.

b. Provide a thorough discussion of the \$20,831 marketing expenses of the ground water heat pump project. Provide a description of specific expenses.

c. Provide a thorough discussion of any consideration given by Green River regarding amortization of any or all of the \$65,115 charged to Account No. 928.000, Regulatory Commission Expense.

5. With reference to Green River's response to the Commission's Information Request No. 2, Item No. 18, provide the following information:

a. Provide the date on which Kentucky Telecommunications, Inc. ("KTI") was incorporated.

b. Provide a description of the manner in which KTI was capitalized. Include a discussion of Green River's ownership interest.

c. List the directors and officers of KTI.

d. Provide the number of employees of KTI.

e. Discuss the "extensive study" conducted regarding the demand for satellite service. Include a discussion of when the study was conducted, by whom the study was conducted, the cost of the study, the type of analysis performed and the results of the study.

6. The following questions pertain to Mr. Gaines' response to the Commission's Information Request No. 2, Item No. 24:

It is stated in that response that "the classifiers used to compute Green River's classifiers" were computed using the minimum intercept method.

a. Provide workpapers fully documenting all computations, calculations, and formulations made in determining Green River's classifier Nos. 9, 10, 11, 12, 13, 19, and 20 as shown on Exhibit 10, page 8.

b. Identify all classifiers determined using the minimum intercept method.

c. Fully explain the minimum intercept methodology as used in Green River's cost-of-service study.

d. How is the minimum intercept method related to Green River's "minimum standards for safety and reliability," as Mr. Gaines has stated?

7. In demonstrating the calculation of the weighting factors as requested in the Commission's Information Request No. 2, Item No. 25(b), a total investment of \$71,650 is shown for each Three Phase - Over 1000 KVA customer. Disaggregate this total individual investment into its components.

8. With reference to the Commission's Information Request No. 2, Item No. 25(c), provide a copy of the REA Bulletin 45-2 and explain the procedure used to determine the 4-month average calculated maximum demand (NCP) of residential consumers.

9. Provide a thorough discussion of the effect of the ratchet demand billing on test year revenues and expenses. Include a discussion regarding Green River's load factor for the test year and the past 10 calendar years as a basis for this discussion. If appropriate the load factors should be adjusted to exclude the effects of NSA's load and adjusted to reflect a ratchet billing.

Done at Frankfort, Kentucky, this 15th day of September, 1988.

PUBLIC SERVICE COMMISSION

Richard D. Wernon, Jr.
For the Commission

ATTEST:

Executive Director