

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF HENDERSON-UNION RURAL)
ELECTRIC COOPERATIVE CORPORATION)
THAT ON AUGUST 1, 1988, OR AT SUCH)
TIME AS BIG RIVERS ELECTRIC)
CORPORATION'S RATE INCREASE BECOMES)
EFFECTIVE IT WILL ADJUST AND) CASE NO. 10276
INCREASE ITS RATES TO FLOW THROUGH)
THE INCREASED WHOLESALE CHARGES OF)
BIG RIVERS ELECTRIC CORPORATION)
SOUGHT IN PUBLIC SERVICE COMMISSION)
CASE NO. 10265)

O R D E R

IT IS ORDERED that Henderson-Union Rural Electric Cooperative Corporation ("Henderson-Union") shall file an original and 12 copies of the following information with this Commission, with a copy to all parties of record. 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. When applicable, the information requested herein should

be provided for total company operations and jurisdictional operations separately. The information requested herein is due no later than September 22, 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 a motion will be considered by the Commission.

Information Request No. 2

1. With reference to Information Request No. 1, Item No. 2, provide the following information:

a. The state unemployment tax rate, federal unemployment tax rate, and the workers' compensation tax rate for the test year-end and at the January 1, 1988 wage increase.

b. Explain why the actual regular hours were 2,088 instead of 2,080 which is usually considered the normal work hours in a year.

c. Indicate if the assumption that overtime pay is at one and one-half times the regular wage rate is correct. Explain any exceptions to this assumption.

2. With reference to Information Request No. 1, Item No. 6, provide the following information:

a. Explain why the limit liability on Directors' and Officers' insurance increased by \$3,000,000.

b. Explain why the earthquake insurance appears to have been dropped for 1987-88.

3. With reference to Information Request No. 1, Item No. 11, provide a copy of the February 15, 1988 out-of-court settlement agreement, as was previously requested.

4. With reference to Information Request No. 1, Item No. 12, explain the nature of various payments to Mr. West, which were classified as miscellaneous.

5. With reference to Information Request No. 1, Item No. 14, page 5 of 5, provide a copy of the "The Connector" for the month of July 1987.

6. With reference to Information Request No. 1, Item No. 19, explain the concern for the increases or decreases in account totals for the following accounts:

a. Page 10 of 50, Account No. 582.000, Station Expenses.

b. Page 12 of 50, Account No. 583.200, Overhead Line Expenses - Special Equipment.

c. Page 13 of 50, Account No. 583.300, Overhead Line Expenses - PCB Inspections.

d. Page 18 of 50, Account No. 587.000, Customer Installation Expense.

e. Page 21 of 50, Account No. 592.000, Maintenance of Substations.

f. Page 23 of 50, Account No. 593.000, Maintenance of Overhead Line.

g. Page 26 of 50, Account No. 595.000, Maintenance of Transformers.

h. Page 34 of 50, Account No. 908.000, Customer Assistance Expense.

i. Page 35 of 50, Account No. 908.100, Customer Assistance Expense RCS.

j. Page 39 of 50, Account No. 910.000, Miscellaneous Customer Service and Information.

k. Page 43 of 50, Account No. 924.000, Property Insurance.

7. With reference to Information Request No. 1, Item No. 21, provide the following information:

a. A copy of the policies of the cooperative specifying the compensation of directors and a schedule of standard director's fees, per diems, and other compensation in effect during the test year. If changes occurred during the test year, indicate the effective date and the reason for the changes. Provide the same information if a manager's compensation policy exists.

b. Explain why Henderson-Union uses a per diem system of reimbursement rather than reimbursement of actual expenses.

c. Identify the directors of Henderson-Union who also serve on the Big Rivers Electric Corporation ("BREC") board of directors. Indicate if these directors received compensation from Henderson-Union for BREC meetings or other BREC functions.

d. Explain the variation in insurance payments for the directors.

8. With reference to Information Request No. 1, Item Nos. 2 and 22, provide a clarification to the following: In the response to Item No. 22, it is indicated that at test year-end there were 67 employees at Henderson-Union. The payroll information in Item No. 2 implies there are 72 employees. Provide an explanation of the difference. If some employees were not employed at test year-end, but did work during the test year and have been terminated, identify these employees by employee number.

Done at Frankfort, Kentucky, this 12th day of September, 1988.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Executive Director