

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF NOLIN RURAL ELECTRIC)	
COOPERATIVE CORPORATION'S REVISION)	CASE NO. 90-064
TO ITS ELECTRIC TARIFFS)	

O R D E R

IT IS ORDERED that Nolin Rural Electric Cooperative Corporation ("Nolin") shall file the 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 make certain that it is legible. Where information requested herein has been previously provided, reference may be made to the specific location of said information in responding to this information request. The information requested herein is due no later than July 9, 1990.

1. For each of the responses to the Commission's Order of May 25, 1990, provide the name of each witness responsible for the information.

2. Item 5 of the April 30, 1990 Order requested an analysis of Nolin's test-year advertising expenses, including a breakdown of the expenses as shown in Format 2, which was attached to the Order. The breakdown classified advertising expenses as Sales or Promotional Advertising, Institutional Advertising, Conservation Advertising, Rate Case, and Other. Nolin did not provide such a breakdown in its response to Item 5. Provide the requested breakdown for all advertising expenses as indicated in the April 30, 1990 Order.

3. Nolin's response to Item 1 of the May 25, 1990 Order was not complete. The response to Item 1(a),(b),(c), page 2 of 2, is a partial duplication of page 1 of 2. Provide a corrected page 2 of 2 which includes employees number 71 through 116.

4. In Exhibit II, Schedule F of Nolin's application, the proposed adjustment to payroll is based on wages and salaries effective as of January 1, 1990. For each employee listed in the response to Item 1(a),(b),(c), provide the salary or wage rate in effect as of January 1, 1990.

5. The response to Item 1 of the May 25, 1990 Order did not include the requested explanation of how the overtime pay rate was determined. Provide the requested explanation.

6. Concerning the response to Item 7 of the May 25, 1990 Order, explain how the purchase of the automobile and the pickup was financed. If funds were borrowed for the purchase, provide all the details of the financing, including the interest rate.

7. Concerning the response to Item 15 of the May 25, 1990 Order, the directors' fees and expenses, provide the following information:

a. The response states that Nolin was reimbursed \$1,200 by the Kentucky Association of Electric Cooperatives ("KAEC") for meeting fees paid by Nolin to Robert C. Wade, Nolin's representative on the KAEC board of directors. Indicate when this reimbursement was received by Nolin and the account used to record the transaction.

b. As indicated in the response, the total fees and expenses paid to Nolin's directors in the test year amounted to \$37,039.05. This total does not take into consideration the KAEC reimbursement. In Nolin's response to Item 2 of the April 30, 1990 Order, page 1 of 14, directors' fees and expenses were recorded as \$48,139.33. Prepare a detailed reconciliation of these two amounts, listing each transaction included separately.

8. Concerning the response to Item 18 of the May 25, 1990 Order, the costs of the rate case proceeding, provide an update of the actual rate case costs as of the response date of this Order, using the format shown in the response to Item 18(b).

9. Provide a copy of the computer model used to perform the analysis included in response to Item 20 of the May 25, 1990 Order, pages 5 through 10. Include any narrative description available on the use of the model.

10. Provide a narrative explanation of the purpose of the information included in each schedule contained in the response to Item 20 of the May 25, 1990 Order, pages 5 through 10.

11. Using the following scenarios, calculate the required rate of return based upon the test-year actual financial data and the TIER that would be produced by the required rate of return. For each scenario, use Nolin's actual 10 year historical growth rate. The results of each scenario should be provided for the test year and for the years 1990 through 2000. Identify the computer model used in these scenarios, provide a copy of the model, and include all supporting data and calculations. The scenarios are:

a. A 15 year capital credit rotation cycle and a 60 percent target equity level, including Generating and Transmission Capital Credits ("GTCC") in the target equity level.

b. A 15 year capital credit rotation cycle and a 60 percent target equity level, excluding GTCCs in the target equity level.

c. A 10 year capital credit rotation cycle and a 60 percent target equity level, including GTCCs in the target equity level.

d. A 10 year capital credit rotation cycle and a 60 percent target equity level, excluding GTCCs in the target equity level.

e. A 10 year capital credit rotation cycle and a 40 percent target equity level, including GTCCs in the target equity level.

f. A 10 year capital credit rotation cycle and a 40 percent target equity level, excluding GTCCs in the target equity level.

12. Identify and describe the rentals that produce the revenue included in Account 454 - Rent From Electric Property.

13. On May 23, 1990, the Commission, by letter, rejected for filing the Flint, Inc. contract. Explain whether this will necessitate revisions to Nolin's rate application or whether Nolin intends to refile the contract.

14. In its response of June 20, 1990, Item 23, Nolin explains its allocation of the proposed revenue reduction. Historically, in the absence of a cost-of-service study, the Commission has allocated revenue changes based on the percentage of revenue provided by each customer class. Explain whether this approach was considered by Nolin and provide any position Nolin may have with respect to this methodology.

15. In its response of June 20, 1990, Item 12(d), Nolin identifies a cost-of-service study conducted by CADP. Provide a copy of the study and explain the purpose of the study.

Done at Frankfort, Kentucky, this 26th day of June, 1990.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director