

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AUTHORIZATION UNDER KRS 278.300 OF)	
FLEMING-MASON ENERGY COOPERATIVE)	
CORPORATION OF APPROVAL OF)	CASE NO.
GUARANTEE OF REVOLVING LINE OF)	2002-00291
CREDIT FOR FLEMING-MASON SERVICES)	
CORPORATION)	

FIRST DATA REQUEST OF COMMISSION STAFF TO
FLEMING-MASON ENERGY COOPERATIVE CORPORATION

Fleming-Mason Energy Cooperative Corporation (Fleming-Mason), pursuant to Administrative Regulation 807 KAR 5:001, is to file with the Commission the original and 8 copies of the following information, with a copy to all parties of record. The information requested herein is due within 14 days of the date of this data request. 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 person who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information herein has been previously provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Concerning the line of credit between Fleming-Mason Services Corporation (Services Corp.) and the National Cooperative Services Corporation (NCSC), provide the following information:

- a. The reason(s) why Services Corp. sought and secured the NCSC line of credit.
- b. A list of the assets of Services Corp. that are being used as the security on the line of credit.
- c. A schedule showing all borrowings and repayments on the line of credit from the time it was established through October 1, 2002. The schedule should show the date and amount of the borrowing or repayment, the interest rate in effect at the time of borrowing, a description of how the borrowed amount was used, and the source of funds to make repayments.
- d. The interest rate on the line of credit borrowings as of October 1, 2002.
- e. The level of debt service coverage achieved by Services Corp. as of October 1, 2002.
- f. The expiration date of this line of credit.
- g. A detailed list of the financial resources that Services Corp. has available to repay the line of credit. If no such resources are available, explain why.
- h. A detailed list of the financial resources that Fleming-Mason has available to repay the line of credit if Services Corp. defaults. If no such resources are available, explain why.

2. In its last general rate case,¹ Fleming-Mason stated that it had extended a line of credit to Services Corp. Prepare a schedule detailing all loans and other borrowings by Services Corp. from Fleming-Mason. The schedule should include the

¹ Case No. 2001-00244, Adjustment of Rates of Fleming-Mason Energy Cooperative Corporation.

date of the transaction, the interest rate, the outstanding balance of the loan or borrowing as of October 1, 2002, and a description of all terms or conditions of the loan or borrowing. In addition, provide copies of the notes or loan agreements documenting each loan or borrowing.

3. Explain whether Fleming-Mason foresees the need for additional loan guarantees for Services Corp. now that Services Corp. is generating its own revenue.

4. Concerning the services currently offered by Services Corp.:

a. Provide a list of all services currently offered by Services Corp. Include a brief description of each service, all required equipment and the customer charges for each service.

b. Is the customer required to purchase or lease equipment in connection with the services provided?

c. If yes to (b), provide a brief description of the required equipment and the customer charge for the equipment.

d. If no to (b), explain who is responsible for the investment in the equipment provided to the customer.

5. Refer to the Application, pages 4 and 5.

a. Explain what revenues are included in Mo. Install Revenue.

b. Is an initial fee required when new customers sign-up for service? If yes, is the initial fee included in the Mo. Install Revenue ? If not included in Mo. Install Revenue, explain how the fee is reported.

c. Provide a schedule for Services Corp. in the same format as the schedule on page 5 of the Application, updated to reflect actual results through October 31, 2002. Compare the cumulative actual results with the projections shown on page 4

of the application for the period from June 2, 2002 through October 31, 2002. The comparison should include a statement summarizing the comparison of projected and actual results similar to the footnote on page 5.

6. Provide the following for Services Corp.:

a. Balance sheet as of September 30, 2002 and income statement for the 9 months ending September 30, 2002.

b. Copies of the financial forecast or business plan that projects the operation of Services Corp. for at least the next 5 years. If the business plan submitted in the last rate case has been changed, indicate the changes. Include all assumptions, workpapers, and calculations used to determine the financial forecast or business plan.

7. Concerning Services Corp. exit strategy:

a. Provide copies of the current exit strategy for the wireless broadband business.

b. Explain whether the current exit strategy details specific actions triggered by specific events or occurrences.

c. If no to (b), explain why the exit strategy does not include these details.

8. Fleming-Mason is seeking approval of its guarantee of Services Corp. s NCSC line of credit.

a. Explain in detail why this action does not demonstrate that the regulated utility is subsidizing a non-regulated affiliate.

b. Explain in detail the steps Fleming-Mason has taken to protect its members from the risk of default on the line of credit guarantee.

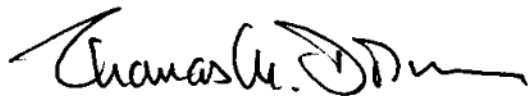
c. Explain in detail the steps Fleming-Mason has taken to protect the regulated utility's financial condition.

9. Is Fleming-Mason aware of federal legislation signed into law on May 13, 2002 that authorizes the Rural Utility Service to administer loans and loan guarantees for rural broadband infrastructure projects in rural communities with populations of 20,000 or less? If yes, explain in detail what actions, if any, Fleming-Mason intends to take regarding this program.

10. For the purposes of this question, assume that the Commission does not approve Fleming-Mason's guarantee of the line of credit between Services Corp. and NCSC.

a. Describe the most likely impact of this decision on Services Corp. and Fleming-Mason.

b. Describe the actions Services Corp. and Fleming-Mason would undertake in response to this decision.



Thomas M. Dorman
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Public Service Commission
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DATED: NOVEMBER 27, 2002

cc: All Parties