

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

|  |   |            |
|--|---|------------|
| THE TARIFF FILING OF INTER-COUNTY ENERGY | ) |            |
| COOPERATIVE CORPORATION FOR APPROVAL     | ) | CASE NO.   |
| OF AN AUTOMATED METER READING OPTION     | ) | 2003-00070 |
| FOR ITS MEMBERS/OWNERS                   | ) |            |

INITIAL DATA REQUEST OF COMMISSION STAFF  
TO INTER-COUNTY ENERGY COOPERATIVE CORPORATION

Inter-County Energy Cooperative Corporation ( Inter-County ), pursuant to 807 KAR 5:001, is requested to file with the Commission the original and 6 copies of the following information, with a copy to all parties of record. The information requested herein is due 14 days from the date of this 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. Explain whether 5 years is considered the useful life of the automatic meter reading ( AMR ) units. Provide all supporting documentation used by Inter-County to establish 5 years as the useful life of the units. Include any information in Inter-County's possession that relates to the salvage value of these units.

2. Inter-County has used 6 percent as its interest cost in calculating the monthly charge for the automated meter reading option.

a. Explain whether this is Inter-County's overall borrowing cost. If not, provide Inter-County's blended interest rate for long- and short-term debt for calendar year 2002.

b. Explain why Inter-County chose to base the interest expense on one year rather than calculating an interest expense based upon the 60-month life of the AMR unit.

3. Inter-County has included the cost of a bi-annual inspection in the derivation of the proposed monthly charge of \$5.15. As Inter-County is aware, the Commission requires an actual meter reading on at least an annual basis.

a. Explain what the bi-annual inspection actually includes, other than a meter reading. In the explanation, discuss the possibility of having the meter reading contractor doing the inspection at a reasonable cost in lieu of the proposed \$13.95 annualized inspection cost.

b. Explain whether inclusion of the yearly meter read requirement will affect the calculation of the AMR monthly fee.

c. Explain whether the inspection's cost will be capitalized or expensed by Inter-County as it is incurred.

4. In addition to charges for these overhead categories - social security taxes, retirement expenses, and workers compensation, Inter-County has included a general overhead charge equal to 65 percent of the labor and vacation allowance

shown in the cost support for the proposed \$5.15 charge. Provide a detailed description of the cost components included in the derivation of the 65 percent.

5. Explain the reasons for including the cost of removal for the AMR unit in Inter-County's calculation for the monthly AMR lease charge.

6. Provide the annual cost incurred by Inter-County for monthly readings of a single customer's meter. Explain why this cost should not be deducted in developing the charge for the automated meter reading option.

7. Most special charge calculations proposed to the Commission are based on a method that differs from that proposed by Inter-County. This method reflects the development of an overall carrying charge rate based on a depreciation rate, a cost of money component, and a component for property taxes and insurance. An example of this method, roughly based on the information in Inter-County's cost support included with its proposed tariff, follows:

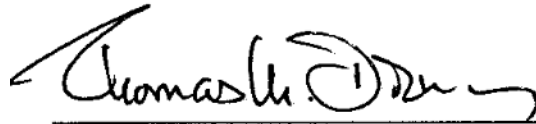
|                                      |              |  |
|--------------------------------------|--------------|--|
| Installed Cost -                     | \$206.00     |  |
| X Carrying Charge                    | <u>.27</u>   |  |
| Sub-total                            | \$55.62      |  |
| Plus: Bi-annual<br>Inspection cost   | <u>13.95</u> |  |
| Sub-total                            | \$69.57      |  |
| Less: Cost of<br>Avoided reads (est) | <u>10.00</u> |  |
| Net Annual Cost                      | \$59.57      |  |
| Monthly Charge                       | \$ 5.00      |  |

|  |                              |
|--|------------------------------|
|  | <u>Carrying Charge</u>       |
|  | Depreciation - 20%           |
|  | Interest Exp. - 6%           |
|  | Prop. Txs / Ins. - <u>1%</u> |
|  | Total 27%                    |

(This example is for illustrative purposes only. The ultimate charge will, by any method, incorporate changes reflected in Inter-County's response to this data request.)

- a. Explain whether Inter-County is familiar with this type of method.
- b. Provide a discussion of Inter-County's concerns, if any, with this alternative method.



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Executive Director  
Public Service Commission  
P. O. Box 615  
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DATED March 28, 2003

cc: All Parties