

Meade County RECC

P.O. Box 489
Brandenburg, KY 40108-0489
(270) 422-2162
Fax: (270) 422-4705

March 6, 2013

Mr. Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602

Re: Application of Meade County Rural Electric Cooperative
Corporation for an Adjustment of Rates
Case No. 2013-00033

Dear Mr. Derouen:

In accordance with 807 KAR section 8 (3) [Electronic Filing Procedure] we are filing one (1) original copy of Meade County's application and supporting documentation for Case No 2013-00033 requesting an adjustment in rates.

I certify that the electronically filed document is a true and complete representation of the original document to be filed with the Commission.

Please contact me at (270) 765-2184 or Burns Mercer at (270) 422-2162 with any questions regarding this filing.

Respectfully submitted,

Burns Mercer
President / CEO

Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

**In the Matter of adjustment of Rates
Of Meade County Rural Electric Cooperative
Corporation**

Case No. 2013-00033

APPLICANT'S RESPONSES TO
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION

The applicant, Meade County Rural Electric Cooperative Corporation, makes the following responses to the "Commission Staff's First Request for Information", as follows:

1. The witnesses who are prepared to answer questions concerning each request are Burns Mercer, Jack Gaines, and Karen Brown.
2. Burns Mercer, President and CEO of Meade County Rural Electric Cooperative Corporation is the person supervising the preparation of the responses on behalf of the applicant.
3. The responses and Exhibits are attached hereto and incorporated by reference herein.



Burns Mercer
President / CEO

The undersigned, Burns Mercer, as President & CEO of Meade County Rural Electric Cooperative Corporation, being duly sworn, states that the responses herein are true and accurate to the best of my knowledge and belief formed after reasonable inquiry.

Dated: March 6, 2013

MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

By: Burns Mercer
BURNS MERCER, PRESIDENT & CEO

Subscribed, sworn to, and acknowledged before me by Burns Mercer, as President & CEO for Meade County Rural Electric Cooperative Corporation on behalf of said Corporation this 6th day of March, 2013.

Melinda D. Galt
Notary Public, Kentucky State At Large

My Commission Expires: 3-18-2016

CERTIFICATE OF SERVICE

The foregoing responses have been served upon the following:

Original
Mr. Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

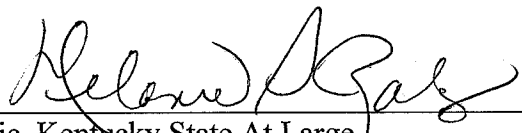
The undersigned, Karen Brown, as V. P. Administration & Finance of Meade County Rural Electric Cooperative Corporation, being duly sworn, states that the responses herein are true and accurate to the best of my knowledge and belief formed after reasonable inquiry.

Dated: March 6, 2013

MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

By: 
Karen Brown, V. P. Administration and Finance

Subscribed, sworn to, and acknowledged before me by Karen Brown, V. P. Administration & Finance for Meade County Rural Electric Cooperative Corporation on behalf of said Corporation this 6th day of March, 2013.


Notary Public, Kentucky State At Large

My Commission Expires: 3-18-2016

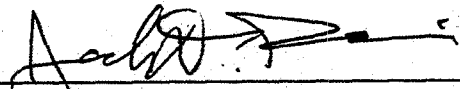
CERTIFICATE OF SERVICE

The foregoing responses have been served upon the following:

Original
Mr. Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

VERIFICATION

I verify, state, and affirm that I prepared or supervised the preparation of the responses to data requests filed with this verification and for which I am listed as a witness; and, that those responses are true and correct to the best of my knowledge, information and belief formed after a reasonable inquiry.



Jack D. Gaines, JDG Consulting, LLC

STATE OF GEORGIA

COUNTY OF: DeKalb

The foregoing was signed, acknowledged and sworn to before me by Jack D. Gaines, this 7 day of ~~February~~^{March}, 2013.

My commission expires December 10, 2016

SHARIF KAMARA
NOTARY PUBLIC
DeKalb County
State of Georgia
My Comm. Expires Dec. 10, 2016

sharif KAMARA
Notary Public

(seal)

Meade County Rural Electric
Case No. 2013-00033
Commission Staff's First Request for Information

1. Provide in comparative form, a detailed income statement, a statement of cash flows, and a balance sheet for the test year and the 12-month period immediately preceding the test year.

Response

See Exhibit V of the Application.

Meade County Rural Electric
Case No. 2013-00033
Commission Staff's First Request for Information

2. Provide Meade County's rate of return on net investment rate base for the test year and 5 preceding calendar years. Include the date used to calculate each return.

Response

See Exhibit K of the Application.

Meade County Rural Electric
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Commission Staff's First Request for Information

3. Provide Meade County's times interest earned ratio and debt service coverage ratio, as calculated by the Rural Utilities Service ("RUS"), for the test year and the 5 preceding calendar years. Include the data used to calculate each ratio.

Response

See Exhibit K of the Application.

Meade County Rural Electric
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Commission Staff's First Request for Information

4. Provide Kentucky's Electric Cooperatives Operating Expense and Statistical Comparisons for the most recent 2 years available.

Response

See Exhibit 14 of the Application.

Meade County Rural Electric
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Commission Staff's First Request for Information

5. Provide Meade County's capital structure at the end of each of the periods shown in Format 5.

Response

See Exhibit Z of the Application.

Meade County Rural Electric
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Commission Staff's First Request for Information

6. a. List all outstanding issues of long-term debt as of the end of the latest calendar year and the end of the test period together with the related information as shown in Format 6a. A separate schedule is to be provided for each time period. Report in column (k) of Format 6a, Schedule 2, the actual dollar amount of debt cost for the test year. Compute the actual and annualized composite debt cost rates and report them in Column (j) of Format 6a, Schedule 2.

Response

See Exhibit 5 of the Application.

b. Provide an analysis of end-of-period short-term debt and a calculation of the average and end-of-period cost rates as shown in Format 6b.

Response

See Exhibit 5 of the Application

Meade County Rural Electric
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Commission Staff's First Request for Information

7. Provide a trial balance as of the last day of the test year showing account number, subaccount number, account title, subaccount title, and amount. The trial balance shall include all asset, liability, capital, income, and expense accounts used by Meade County. All income statement accounts should show activity for 12 months. Show the balance in each control account and all underlying subaccounts per company books.

Response

See Exhibit Y of the Application.

Meade County Rural Electric
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8. Provide a schedule as shown in Format 8, comparing the balances for each balance sheet account or subaccount included in Meade County's chart of accounts for each month of the test year, to the same month of the 12-month period immediately preceding the test year.

Response

See Exhibit W of the Application.

Meade County Rural Electric
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9. Provide a schedule as shown in Format 8, comparing the balances for each income statement account or subaccount included in Meade County's chart of accounts for each month of the test year, to the same month of the 12-month period immediately preceding the test year. The amounts should reflect the income or expense activity for each month, rather than the cumulative balances as of the particular month.

Response

See Exhibit X of the Application.

Meade County Rural Electric
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Commission Staff's First Request for Information

10. Provide the following information for each item of the electric property or plant held for future use at the end of the test year.

- a. Description of property.
- b. Location
- c. Date purchased
- d. Cost.
- e. Estimated date to be placed in service.
- f. Brief description of intended use.
- g. Current status of each project.

Response

Meade County does not have property held for future use.

Meade County Rural Electric
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11. List all non-utility property, related property taxes, and the accounts where amounts are recorded for the test period. Include a description of the property, the date purchased, and the cost.

Response

Meade County does not have non-utility property.

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12. Provide all studies, including all applicable workpapers, that are the basis of jurisdictional plant allocations and expense account allocations.

Response

Not applicable.

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13. Provide Meade County's current bylaws. Indicate any changes to the bylaws since Meade County's most recent general rate case.

Response

See Exhibit U of the Application.

Meade County Rural Electric
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14. Provide Meade County's equity management plan. Indicate when the current plan was adopted and identify any changes made in the plan since the year utilized as the test year in Meade County's last rate case. Provide a 5-year analysis of the amount of capital credits refunded to members under the plan and indicate the amounts related to general retirements and special retirements (i.e., estates of deceased patrons).

Response

See Exhibit 15 of the Application.

Meade County Rural Electric
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15. Provide Meade County's written policies on the compensation of its attorneys, auditors, and all other professional service providers. Include a schedule of fees, per diems, and other compensation in effect during the test year. Include all agreements, contracts, memoranda of understanding, and any other documentation that explains the nature and type of reimbursement paid for professional services. Indicate if any changes occurred during the test year, the effective date of these changes, and the reason for these changes.

Response

See Exhibit 9 of the Application.

Meade County Rural Electric
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16. Provide Meade County's policies specifying the compensation of directors and a schedule of standard directors' 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.

Response

See Exhibit 10 of the Application.

Meade County Rural Electric
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17. Provide the date, time, and a general description of the activities at the most recent annual members' meeting. Indicate the number of new board members elected. For the most recent meeting and the 5 previous annual members' meetings, provide the number of members in attendance, the number of members voting for new board members, and the total cost of the annual meeting.

Response

See Exhibit P of the Application.

Meade County Rural Electric
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Commission Staff's First Request for Information

18. Provide the following:
- a. A schedule showing, by customer class (i.e., residential, commercial, industrial, etc.) the amount and percent of any proposed increase or decrease in revenue distributed to each class. Provide a detailed explanation of the methodology or basis used to allocate the requested increase or decrease in revenue to each of the respective customer classes.
 - b. A schedule showing how the increase or decrease in (a) above was further distributed to each rate charge (i.e., customer or facility charge, kWh charge, etc.). Explain in detail the methodology or basis used to allocate the increase or decrease.
 - c. If the rate schedule contains a demand charge, describe in detail how the proposed demand charge was determined. Provide all calculations, assumptions, workpapers, methodologies, etc. used in the development of the proposed demand charge.
 - d. If the rate schedule contains a monthly customer charge, describe in detail how the proposed customer charge was determined. Provide all calculations, assumptions, workpapers, methodologies, etc. used in the development of the proposed customer charge.
 - e. A reconciliation of the Fuel Adjustment Clause ("FAC") revenue and expense for the test year. The net result of this adjustment should remove all FAC revenue and expense from test-year revenue and expense.
 - f. A reconciliation of the Environmental Surcharge ("ES") revenue and expense for the test year. The net result of this adjustment should remove all ES revenue and expense from test-year revenue and expense.

Response

- a. Refer to Schedule 3 of Exhibit R for a breakdown of the proposed revenue increase by customer class. Refer to the direct testimony of Meade witness Jack Gaines found in Exhibit H for an explanation of the methodology used to allocate the proposed increase among the rate classes. More specifically, see the responses to Q.11 and Q14.

Meade County Rural Electric
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- b. Refer to Schedule 2 of Exhibit R. Refer to the direct testimony of Meade witness Jack Gaines found in Exhibit H for an explanation of the basis for allocating the proposed increase to each rate component. More specifically, see the responses to Q.11 and Q14.
- c. The proposed demand charges are the result of applying the flow through multiplier of 1.199008 to each present demand charge. No other calculations or assumptions were made.
- d. Refer to the direct testimony of Meade witness Jack Gaines found in Exhibit H for an explanation of the methodology used to determine the proposed customer charges. More specifically, see the responses to Q.11 and Q14. It should be further noted that, except for Schedule 4, all proposed customer charges remain below the customer related cost reflected in the cost of service study as summarized on page 5 of Schedule 8 of Exhibit R. Schedule 4 is an optional time of use rate.
- e. Due to the MRSM tariffs of Big Rivers and Meade, the fuel and environmental surcharge expenses and revenues were effectively zero in the test year. However, Meade has normalized Unwind Factor revenue and expense to reflect the currently effective Big Rivers Expense Mitigation Factor ("EMF") of \$0.006 per kWh, net of the \$0.010212 fuel roll-in approved in case No. 2010-00495. The result, as shown on Schedule 1 of Exhibit R is a negative factor of \$0.004212 per kWh and a power cost credit of \$2,500,500. Meade has allocated the power cost credit to each rate class based on a per kWh allocation. Thus, revenues equally offset the power cost.
- f. See the response to 18(e).

Meade County Rural Electric
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Commission Staff's First Request for Information

19. For each rate schedule (rate class), provide the following information for the test year:

- a. Number of customers.
- b. Kilowatt-hour sales.
- c. Rate schedule's percent of Meade County's total kilowatt-hour sales.
- d. Monthly peak KW demands for the rate schedule.
- e. Total revenue collected.
- f. Rate schedule's percent of Meade County's total revenues.

Response

- a. See Schedule 3 of Exhibit R.
- b. See Schedule 3 of Exhibit R.
- c. Schedule 1 – 74.844%
Schedule 2 – 6.106%
Schedule 3 – 15.983%
Schedule 3A - 0.001%
Schedule 4 – 0.634%
Schedule 5 – 2.193%
Schedule 6 – 0.239%
- d. Meade does not maintain data on monthly peak demands by rate class.
- e. See Schedule 3 of Exhibit R.
- f. Schedule 1 – 74.236%
Schedule 2 – 6.615%
Schedule 3 – 15.428%
Schedule 3A - 0.006%
Schedule 4 – 0.696%
Schedule 5 – 2.797%
Schedule 6 – 0.222%

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20. Provide a schedule of purchased power costs for the test year and the 12-month period immediately preceding the test year, by vendor, separated into demand and energy components. Include kW and kWh purchased. Indicate any estimates used and explain their use in detail.

Response

See page 2 of this exhibit.

**Meade County Rural Electric
Response to Commission Staff's First Request for Information
Case Number: 2013-00033
Purchased Power**

Demand Rate \$ 9.50
Energy Rate \$ 0.029736

Month	Billing Determinants		Demand	Energy	Base Rates	Fuel Adjustment	PPA	Environmental Surcharge	Unwind Surcredit	MSRM	Power Cost
	Demand	Energy									
Dec-11	88,200	45,500,230	\$ 837,900.00	\$ 1,352,994.84	\$ 1,860,881.67	\$ 46,410.23	\$ (47,365.74)	\$ 103,831.52	\$ (159,068.80)	\$ (273,820.38)	\$ 1,860,881.67
Jan-12	100,316	49,731,850	\$ 953,002.00	\$ 1,478,826.29	\$ 2,071,123.18	\$ 84,096.56	\$ (51,770.86)	\$ 116,024.41	\$ (211,360.36)	\$ (297,694.86)	\$ 2,071,123.18
Feb-12	98,894	42,332,140	\$ 939,493.00	\$ 1,258,788.52	\$ 1,891,246.51	\$ 90,887.10	\$ (44,067.76)	\$ 81,574.03	\$ (179,911.60)	\$ (255,516.78)	\$ 1,891,246.51
Mar-12	82,187	32,145,840	\$ 780,776.50	\$ 955,888.70	\$ 1,503,511.42	\$ 100,166.44	\$ (33,463.82)	\$ 63,359.45	\$ (136,619.82)	\$ (226,596.03)	\$ 1,503,511.42
Apr-12	52,347	29,297,740	\$ 497,296.50	\$ 871,197.60	\$ 1,155,997.59	\$ 86,223.25	\$ (30,498.95)	\$ 67,443.40	\$ (122,523.15)	\$ (213,141.06)	\$ 1,155,997.59
May-12	79,686	35,013,590	\$ 757,017.00	\$ 1,041,164.11	\$ 1,544,227.54	\$ 116,455.20	\$ (36,449.15)	\$ 67,261.11	\$ (146,426.83)	\$ (254,793.90)	\$ 1,544,227.54
Jun-12	101,424	38,409,450	\$ 963,528.00	\$ 1,142,143.41	\$ 1,827,087.67	\$ 101,400.95	\$ (39,984.24)	\$ 85,422.62	\$ (160,628.32)	\$ (264,794.75)	\$ 1,827,087.67
Jul-12	101,281	49,246,040	\$ 962,169.50	\$ 1,464,380.25	\$ 2,167,860.30	\$ 146,309.98	\$ (51,265.13)	\$ 101,200.61	\$ (206,291.66)	\$ (248,643.25)	\$ 2,167,860.30
Aug-12	93,777	41,416,420	\$ 890,881.50	\$ 1,231,558.67	\$ 1,904,879.72	\$ 148,684.95	\$ (43,114.49)	\$ 93,642.53	\$ (173,493.38)	\$ (243,280.06)	\$ 1,904,879.72
Sep-12	81,960	32,110,460	\$ 778,620.00	\$ 954,836.64	\$ 1,554,633.48	\$ 106,542.51	\$ (43,573.90)	\$ 66,693.43	\$ (134,510.72)	\$ (173,974.48)	\$ 1,554,633.48
Oct-12	69,934	31,807,930	\$ 664,373.00	\$ 945,840.61	\$ 1,433,075.24	\$ 105,379.67	\$ (43,163.37)	\$ 92,677.70	\$ (133,243.42)	\$ (198,788.95)	\$ 1,433,075.24
Nov-12	88,428	39,652,230	\$ 840,066.00	\$ 1,179,098.71	\$ 1,798,341.45	\$ 142,113.59	\$ (53,808.07)	\$ 102,973.67	\$ (166,103.19)	\$ (245,999.26)	\$ 1,798,341.45
Totals	1,038,434	466,663,920	\$ 9,865,123.00	\$ 13,876,718.35	\$ 20,712,865.77	\$ 1,274,670.43	\$ (518,525.48)	\$ 1,042,104.48	\$ (1,930,181.25)	\$ (2,897,043.76)	\$ 20,712,865.77

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Commission Staff's First Request for Information

21. Describe how the test-year capitalization rate was determined. If differing rates were used for specific expenses (i.e., payroll, transportation clearing accounts, depreciation, etc.), indicate the rate and how it was determined. Indicate all proposed charges to the test-year capitalization rate and how they were determined.

Response

See Exhibit 16 of the Application.

No changes are proposed to the test year allocations.

Meade County Rural Electric
Case No. 2013-00033
Commission Staff's First Request for Information

22. Provide the following:

a. A schedule of salaries and wages for the test year and each of the 3 calendar years preceding the test year as shown in format 22a. For each time period, provide the amount of overtime pay.

b. A schedule showing the percentage of increase in salaries and wages for both union and non-union employees for the test year and the 5 preceding calendar years.

Response

See Exhibit 1 of the Application.

Meade County Rural Electric
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23. Provide the following payroll information for each employee:
- a. The actual regular hours worked during the test year.
 - b. The actual overtime hours worked during the test year.
 - c. The test year end wage rate for each employee and the date of the last increase.
 - d. A calculation of the percent of increase granted during the test year.

The information shall identify all the employees as either salaried or hourly, and also as either full-time, part-time, or temporary. Employee numbers or other identifiers may be used instead of employee names. Include an explanation of how the overtime pay rate is determined. All employees terminated during the test year shall be identified (along with the month in which the termination occurred), as well as those employees who replaced terminated employees or were otherwise added to the payroll during the test year. If Meade County has more than 100 employees, the above information may be provided by employee classification.

Response

See Exhibit 1 of the Application.

Meade County Rural Electric
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Commission Staff's First Request for Information

24. Provide the following payroll tax information:

- a. The base wages and salaries used to calculate the taxes, with an explanation of how the base wages and salaries were determined.
- b. The tax rates in effect at test-year-end.

Response

See Exhibit 2 of the Application.

Meade County Rural Electric
Case No. 2013-00033
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25. Provide the following tax data for the test year:
- a. A schedule of franchise fees paid to cities, towns or municipalities during the test year, including the basis of these fees.
 - b. An analysis of operating taxes imposed by Kentucky as shown in Format 25b.

Response

See Exhibit 4 of the Application.

Meade County Rural Electric
Case No. 2013-00033
Commission Staff's First Request for Information

26. Provide a statement of electric plant in service, per company books, for the test year. This data shall be presented as shown in Format 26.

Response

See Exhibit 3 of the Application.

Meade County Rural Electric
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27. Provide a schedule of all employee benefits available to Meade County's employees. Include the number of employees at test-year-end covered under each benefit, the test year end actual cost of each benefit, the amount of the cost capitalized, the amount of the cost expensed, and the account numbers in which the capitalized or expensed costs were recorded.

Response

See Exhibit 16 of the Application.

Meade County Rural Electric
Case No. 2013-00033
Commission Staff's First Request for Information

28. Provide a schedule reflecting the salaries and other compensation of each executive officer for the test year and 2 preceding calendar years. Include the percentage annual increase and the effective date of each increase, the job title, duty and responsibility of each officer, the number of employees who report to each executive officer, and to whom each executive officer reports. Also, for employees elected to executive officer status during the test year, provide the salaries, for the test year, for those persons whom they replaced.

Response

See Exhibit 1 of the Application.

Meade County Rural Electric
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29. Provide a detailed analysis of advertising expenditures during the test year. Include a breakdown of Account No. 913, Advertising Expenses, as shown in Format 29, and show any advertising expenditures included in other expense accounts. Specify the purpose and expected benefit of each expenditure.

Response

See Exhibit 11 of the Application.

Meade County Rural Electric
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30. Provide an analysis of Account No. 930, Miscellaneous General Expenses, for the test year. Include a complete breakdown of this account as shown in Format 30. Include all detailed workpapers supporting this analysis. At a minimum, the workpapers shall show the date, vendor, reference (i.e., voucher no., etc.), dollar amount, and a brief description of each expenditure. Detailed analysis is not required for amounts less than \$100 provided the items are grouped by classes as shown in Format 30.

Response

See Exhibit 11 of the Application.

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31. Provide an analysis of Account No. 426, Other Income Deductions, for the test period. This analysis shall show a complete breakdown of this account as shown in Format 31, and further provide all detailed supporting workpapers. At a minimum, the workpapers should show the date, vendor, reference (i.e., voucher no., etc.), dollar amount, and brief description of each expenditure. Detailed analysis is not required for amounts of less than \$250 provided the items are grouped by classes as shown in Format 31.

Response

See Exhibit 8 of the Application.

Meade County Rural Electric
Case No. 2013-00033
Commission Staff's First Request for Information

32. Provide the name and personal mailing address of each member of Meade County's board of directors. Identify the members who represent the cooperative on the board of directors of East Kentucky Power Cooperative, Inc. ("East Kentucky"). If, during the course of these proceedings, any changes occur in board membership, update your response to this request.

Response

See Exhibit 10 of the Application.

Note: Meade County's directors serve on the Big Rivers Electric Corporation board.

Meade County Rural Electric
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Commission Staff's First Request for Information

33. Provide a detailed analysis of the total compensation paid to each member of the board of directors during the test year, including all fees, fringe benefits, and expenses, with a description of the type of meetings, seminars, etc. attended by each member. Identify any compensation to Meade County's board of directors for serving on East Kentucky's board of directors. Do any of the listed expenses in this analysis include the costs for a director's spouse? If yes, list expenses for the director's spouses separately.

Response

See Exhibit 10 of the Application.

Note: Meade County's directors serve on the Big Rivers Electric Corporation board.

Meade County Rural Electric
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Commission Staff's First Request for Information

34. Provide a detailed analysis of expenses incurred during the test year for professional services, as shown in Format 34. Include detailed workpapers supporting this analysis which show the payee, dollar amount, reference (i.e., voucher no. etc.), account charged, hourly rates and time charged to the utility according to each invoice, and a brief description of the service provided. Identify all rate case work by case number.

Response

See Exhibit 9 of the Application.

Meade County Rural Electric
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Commission Staff's First Request for Information

35. Provide the following information concerning the costs for the preparation of this case:
- a. A detailed schedule of costs incurred to date. Include the date of the transaction, check number or other document reference, the vendor, amount, a description of the services performed, and the account number in which the expenditure was recorded. Indicate any costs incurred for this case during the test year. Include copies of invoices received from the vendors.
 - b. An itemized estimate of the total cost to be incurred, detailed explanation of how the estimate was determined, and all supporting workpapers and calculations.
 - c. Monthly updates of the actual costs incurred during the course of this proceeding, in the manner prescribed above.

Response

See Exhibit 12 of the Application. Meade County will provide updates as each months activity is available.

Meade County Rural Electric
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Commission Staff's First Request for Information

36. Provide the estimated dates for draw downs of unadvanced loan funds at test-year-end and the proposed uses of these funds.

Response

Meade County will draw down the balance of loan funds from Loan No. AS-8 on March 13, 2013 in the amount of \$7,810,000.

Meade County Rural Electric
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Commission Staff's First Request for Information

37. Provide a list of depreciation expenses using Format 37.

Response

See Exhibit 3 of the Application.

Meade County Rural Electric
Case No. 2013-00033
Commission Staff's First Request for Information

38. Are the depreciation rates reflected in this filing identical to those most recently approved by the Commission?

- a. If yes, identify the case in which they were approved.
- b. If no, provide the depreciation study that supports the rates reflected in this filing.

Response

- a. Yes. Meade County's depreciation rates were approved in Case No. 2008-00254. See note to Item number 25 in the application.
- b. n/a

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39. Provide information for plotting the depreciation guideline curves in accordance with RUS Bulletin 183-1, as shown in Format 39.

Response

See Exhibit 3 of the Application.

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40. For each charitable and political contribution (in cash or services), provide the amount, recipient, and specific account charged.

Response

See Exhibit 8 of the Application.

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Commission Staff's First Request for Information

41. Describe Meade County's lobbying activities and provide a schedule showing the name and salary of each lobbyist; all company-paid or reimbursed expenses or allowances; and the account charged for all personnel for whom a principal function is lobbying, on the local, state, or national level. Indicate whether the lobbyist is an employee or an independent contractor. If any amounts are allocated, show a calculation of the factor used to allocate each amount.

Response

Meade County does not engage in lobbying activities.

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42. Provide complete details of the financial reporting and rate-making treatment of Meade County's pension costs.

Response

Meade County has a defined benefit and 401(k) pension plan. The treatment is the same for financial reporting as rate-making purposes.

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43. Provide complete details of Meade County's financial reporting and rate-making treatment of Statement of Financial Accounting Standard ("SFAS") No. 106, including;

- a. The date Meade County adopted or plans to adopt SFAS No. 106.
- b. All accounting entries made or to be made at the date of adoption.
- c. All actuarial studies and other documents used to determine the level of SFAS No. 106 cost recorded or to be recorded by Meade County.

Response

a. Meade County adopted SFAS No. 106 in January, 1995.

b.	Employee benefits	926.00	\$420,978
	Accum postretire benefits	228.30	\$420,978

Initially record adoption of SFAS No. 106.

c. See Exhibit 6 of the Application.

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44. Provide complete details of Meade County's financial reporting and rate-making treatment of Statement of Financial Accounting Standard ("SFAS") No. 112, including;
- a. The date Meade County adopted or plans to adopt SFAS No. 112.
 - b. All accounting entries made or to be made at the date of adoption.
 - c. All actuarial studies and other documents used to determine the level of SFAS No. 112 cost recorded or to be recorded by Meade County.

Response

SFAS No. 112 does not apply to Meade County.

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45. Provide complete details of Meade County's financial reporting and ratemaking treatment of SFAS No. 143, "Accounting for Asset Retirement Obligations."

- a. The date Meade County adopted or plans to adopt SFAS No. 143.
- b. All accounting entries made or to be made at the date of adoption.
- c. All actuarial studies and other documents used to determine the level of SFAS No. 143 cost recorded or to be recorded by Meade County.
- d. A schedule comparing the depreciation rates utilized by Meade County prior to and after adoption of SFAS No. 143. The schedule should identify the assets corresponding to the affected depreciation rates.

Response

SFAS No. 143 does not apply to Meade County.

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46. Provide complete details of Meade County's financial reporting and ratemaking treatment of SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans."

- a. The date Meade County adopted or plans to adopt SFAS No. 158.
- b. All accounting entries made or to be made at the date of adoption.
- c. All actuarial studies and other documents used to determine the level of SFAS No. 158 cost recorded or to be recorded by Meade County.

Response

- a. Adopted December 31, 2008.
- b. Debit Account 215.10, Accumulated Other Comp Income and Credit Account 228.30, Accumulated Provision for Pensions and Benefits in the amount of \$272,832.
- c. This amount is included with the calculations for FAS 106.

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47. Provide any information as soon as it is known, describing any events occurring after test year that would have a material effect on net operating income, rate base, and cost of capital that is not incorporated in the filed testimony and exhibits.

Response

None are known at this time.

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48. Provide all current labor contracts and the most recent contracts in effect prior to the current contracts.

Response

There are none in effect.

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49. Regarding demand-side management, conservation, and energy efficiency programs, provide the following:

- a. A list of all programs currently offered by Meade County;
- b. The total cost incurred for these programs during the test year and in each of the three most recent calendar years; and
- c. The total demand and energy reductions realized through these programs during the test year and in each of the three most recent calendar years.

Response: 49a.

- Compact Fluorescent Lighting (CFL) lamps
- Energy Star® clothes washing machine
- Energy Star® refrigerator replacement
- Residential high efficiency HVAC
- Residential weatherization
- Touchstone Energy® New Home Program
- Residential and Commercial HVAC & Refrigeration Tune-up Program
- Commercial/industrial High Efficiency Lighting Replacement
- Commercial / Industrial General Energy Efficiency Program
- Residential Weatherization Program-Primary Heating Source Non-Electric

49b. DSM Expense [all years presented are calendar years]

1. 2012 \$153,902
2. 2011 \$ 63,612
3. 2010 \$0
4. 2009 \$6,166

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49c. Net Demand Reduction [all years presented are calendar years]

1.	2012 – Energy KWH (969,489)	Winter KW (289.2)	Summer KW (135.9)
2.	2011 – Energy KWH (327,893)	Winter KW (115.6)	Summer KW (49.9)
3.	2010 – Energy KWH (000)	Winter KW (000)	Summer KW (000)
4.	2009 – Energy KWH (164,828)	Winter KW (38.4)	Summer KW (16.9)

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50. Provide separate schedules, for the test year and the 12-month period immediately preceding the test year that show the following information regarding Meade County's investments in subsidiaries and joint ventures:

- a. Name of subsidiary or joint venture.
- b. Date of initial investment.
- b. Amount and type of investment.
- c. Balance sheet and income statement. Where only internal statements are prepared, furnish copies of these.
- d. Name of officers of each of the subsidiaries or joint ventures, officer's annual compensation, and portion of compensation charged to the subsidiary or joint venture. Indicate the position that each officer holds with Meade County and the compensation received from Meade County.

Response

Meade County does not have a subsidiary or joint venture.

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51. Provide separate schedules showing all dividends or income of any type received by Meade County from its subsidiaries or joint ventures for the test year and the 3 years preceding the test year. Indicate how this income is reflected in the reports filed with the Commission and any reports to Meade County's member customers.

Response

Not applicable.

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52. Concerning non-regulated activities:

- a. Is Meade County engaged in any non-regulated activities? If yes, provide a detailed description of each non-regulated activity.
- b. Is Meade County engaged in any non-regulated activities through an affiliate? If yes, provide the name of each affiliate and the non-regulated activity in which it is engaged.
- c. Identify each service agreement with each affiliate and indicate whether the service agreement is on file with the Commission. Provide a copy of each service agreement not already on file with the Commission.
- d. Has Meade County loaned money or property to any affiliate? If yes, describe in detail what was loaned, the terms of the loan, and the name of the affiliate.

Response: Meade County does not have non-regulated or affiliate activities.

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53. Provide a listing, with descriptions, of all activities, initiatives or programs undertaken or continued by Meade County since its last rate case for the purpose of minimizing costs or improving the efficiency of its operations or maintenance activities.

Response:

Since our last rate case, Meade County RECC has continued with or initiated several projects and actions to improve efficiencies and reliabilities within the operation and maintenance of the Cooperative.

- Revised emergency management plan
 - A new and expanded emergency management plan was compiled and implemented with goals to:
 - Improve communications within the Cooperative
 - Confirm personnel responsibilities
 - Improve and speed up the restoration process
- New radio system
 - MCRECC was involved in a joint effort with Big Rivers Electric, Kenergy, and Jackson Purchase Energy to replace the existing antiquated radio systems with a new digital, trunking system. The four cooperatives consolidated and utilized the expertise of all three utilities to minimize costs and improve communications within the service territories. This new system has:
 - Allowed each entity to conform to the new FCC narrow band regulations
 - Improved the coverage and capabilities within the service territories, thus improving restoral times and safety.
 - Allowed intercooperative communications within the Big Rivers service territory:
 - Provides direct communications between Big Rivers and its member cooperatives for daily operational issues
 - Provides direct communications between Meade County RECC, Kenergy, and Jackson Purchase Energy in the event of intercooperative assistance.

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- Expanded and improved SCADA (Supervisor Control and Data Acquisition) capabilities
 - Meade County now has six substations that are either fully or partially SCADA capable
 - Provides a faster detection and acknowledgement of occurrences, such as substation and feeder outages
 - Improves historical and real time data acquisition and storage
 - Better load forecasting and sectionalizing study capabilities
 - Provides remote operations with substation equipment, thus decreasing outage restoration times
- Implemented an Outage Management System (OMS)
 - Meade County RECC installed and implemented an OMS in an effort to provide:
 - Improved tracking of previous and present outages
 - Faster and more accurate outage and restoration reporting.
- Replacement of deteriorated/aging copper conductor
 - Due to the aging and deteriorating copper conductor within the distribution system, Meade County RECC has been replacing the conductor with new and stronger aluminum conductor that also offers increased ampacities. This endeavor has been continuing for several years and is slated to be completed in December 2015. The benefits are expected to be as follows:
 - Increased ampacities
 - Higher reliabilities/fewer outages
 - Many of the lines are being relocated to allow easier accessibility, thus minimizing outage restoral times
- Installation of virtual IT (Information Technologies) servers
 - MCRECC is completing the replacement of multiple individual servers within its LAN and WAN with three virtual servers at each of its offices
 - Allows for expansion due to less space and power requirements
 - Reduces disaster/emergency recovery and restoral times from days to hours
 - Allows full back-up capabilities between offices with minimal time and spectrum needs.