

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ELECTRONIC APPLICATION OF)	
FARMERS RURAL ELECTRIC)	CASE NO.
COOPERATIVE CORPORATION FOR A)	2023-00158
GENERAL ADJUSTMENT OF RATES)	
PURSUANT TO STREAMLINED PROCEDURE)	
PILOT PROGRAM ESTABLISHED)	
IN CASE NO. 2018-00407)	

**RESPONSES TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO
FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION
DATED AUGUST 21, 2023**

Filed: September 7, 2023

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GENERAL ADJUSTMENT OF RATES)
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PILOT PROGRAM ESTABLISHED)
IN CASE NO. 2018-00407)

VERIFICATION OF TOBIAS MOSS

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF BARREN)

Tobias Moss, President and Chief Executive Officer of Farmers Rural Electric Cooperative Corporation, being duly sworn, states that he has supervised the preparation of his Responses to Staff's First Request for Information in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.


Tobias Moss

The foregoing Verification was signed, acknowledged and sworn to before me this 6th day of September, 2023, by Tobias Moss.



Notary Commission No. KYNP8027

Commission expiration: 5/31/24

TRISHA BRUMETT
NOTARY PUBLIC
STATE AT LARGE KENTUCKY
COMM # KYNP8027
MY COM. EXPIRES MAY 31, 2024

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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FARMERS RURAL ELECTRIC)	CASE NO.
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GENERAL ADJUSTMENT OF RATES)	
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PILOT PROGRAM ESTABLISHED)	
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VERIFICATION OF JENNIE GIBSON PHELPS

COMMONWEALTH OF KENTUCKY)
)
 COUNTY OF BARREN)

Jennie Gibson Phelps, Vice-President, Finance and Accounting Farmers Rural Electric Cooperative Corporation, being duly sworn, states that she has supervised the preparation of her Responses to Staff's First Request for Information in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.

Jennie G. Phelps
 Jennie Gibson Phelps

The foregoing Verification was signed, acknowledged and sworn to before me this 6th day of September, 2023, by Jennie Gibson Phelps.

Trisha Brumett

Notary Commission No. KYNP8027

Commission expiration: 5/31/24

TRISHA BRUMETT
 NOTARY PUBLIC
 STATE AT LARGE KENTUCKY
 COMM. # KYNP8027
 MY COMMISSION EXPIRES MAY 31, 2024

Farmers Rural Electric Cooperative Corporation
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Commission Staff's First Request for Information

Request 1.

Refer to Application, Exhibit 15, which provides a three-year history for propane income shown in the table below. Explain how Farmers RECC concluded that 2022 income did not justify a pro forma adjustment.

	Financial Year Ending:		
	2022	2021	2020
Propane Income	\$ 480,012	\$ 207,272	\$ 191,288

Response 1.

The streamlined case is based upon an Operating Times Interest Earned Ratio ("OTIER") of 1.51xx. The income from the propane subsidiary is included on Line 24 – Income (Loss) from Equity Investments on the Statement of Operations. Line 24 of the Statement of Operations is not included in the formula for OTIER and therefore, the propane income should not be considered as a pro forma adjustment.

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Request 2.

Refer to Application, Direct Testimony of Tobias Moss (Moss Direct Testimony), page 6 and Direct Testimony of John Wolfram (Wolfram Direct Testimony), Exhibit JW-2, Schedule 1.05.

Request 2a.

Provide the number of miles of right-of-way (“ROW”) maintenance, cost per mile, and total cost expended for each year 2019, 2020, 2021, and 2022.

Response 2a.

The breakdown is as follows:

	2019			2020		
	Amount	Miles	Cost - Mile Per Line	Amount	Miles	Cost - Mile Per Line
R-O-W Circuit Work	\$ 1,050,292	403	\$ 2,606	\$ 1,017,457	326	\$ 3,121
Removals	126,587			211,228		
Hourly Work	136,003			111,067		
Herbicide	116,380			99,188		
Total Cost Projected	\$ 1,429,262			\$ 1,438,940		

	2021			2022		
	Amount	Miles	Cost - Mile Per Line	Amount	Miles	Cost - Mile Per Line
R-O-W Circuit Work	\$ 1,070,274	362	\$ 2,957	\$ 480,113	161	\$ 2,982
Removals	426,879			228,289		
Hourly Work	106,109			131,393		
Herbicide	141,182			175,442		
Total Cost Projected	\$ 1,744,444			\$ 1,015,237		

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Response 2a. (continued)

The calculation for cost per mile is calculated as ROW circuit work divided by miles. Removals are defined as the drop and cut of trees with diameters greater than 6 inches. Removals are associated with circuit work; however, due to the size of the tree, the tree cannot be removed by a bush hog and is manually cut. An incentive to "remove" the tree results in no future maintenance because the tree is completely eliminated. Hourly work is defined as "hot spots" that, for example, are identified as trees that need to be trimmed prior to the full circuit being cut. Hourly work is considered out-of-cycle maintenance. Herbicide is the spray of tree stumps that have been removed and assist in preventing re-growth.

Request 2b.

Provide the number of miles of ROW maintenance, cost per mile, and total cost for 2023.

Response 2b.

The breakdown is as follow:

	2023		
	Amount	Miles	Cost - Mile Per Line
R-O-W Circuit Work	\$ 606,787	197	\$ 3,080
Removals	314,961		
Hourly Work	83,329		
Herbicide	270,465		
Total Cost Projected	\$1,275,542		

Request 2c.

Provide the annual number of miles and cycle over which right-of-way maintenance is routinely conducted. Included in the response the total miles of right-of-way that Farmers RECC maintains.

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Response 2c.

Farmers RECC maintains 2,990 miles of ROW. From 2016 – 2023, Farmers RECC has averaged trimming 286 miles of line annually. Farmers RECC ultimate goal is to maintain a ROW maintenance cycle of 7-8 years.

Request 2d.

State how the pro forma ROW maintenance expense of \$2.3 million was determined.

Response 2d.

Farmers RECC ultimate goal is to maintain a ROW maintenance cycle of 7-8 years. Achieving that target requires Farmers RECC to increase its right-of-way circuit trimming between 400 and 500 miles per year. In the fall of 2022, Farmers RECC requested quotes for circuit work to be performed in 2024. Various examples were presented in order for Farmers to attain its target maintenance cycle and determine a pro forma ROW expense for this rate case. Scenarios included:

	2024 - Scenario 1			2024 - Scenario 2			2024 - Scenario 3		
	Amount	Miles	Cost - Mile Per Line	Amount	Miles	Cost - Mile Per Line	Amount	Miles	Cost - Mile Per Line
R-O-W Circuit Work	\$ 1,612,879	413	\$ 3,905	\$ 1,968,364	482	\$ 4,084	\$ 2,193,947	530	\$ 4,140
Removals	\$ 340,000			\$ 340,000			\$ 340,000		
Hourly Work	90,000			90,000			90,000		
Herbicide	200,000			200,000			200,000		
Total Cost Projected	\$ 2,242,879			\$ 2,598,364			\$ 2,823,947		

To assist in managing cost, Farmers RECC will continue its herbicide program. Starting in 2015, Farmers RECC started a mid-cycle spray, which is defined as the contractor will spray herbicide the year after the ROW is trimmed and then return two years later to spray those same lines again. The logic behind mid-cycle spray is to help prevent tree regrowth. Herbicide is approximately

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Response 2d. (continued)

20% the cost per mile of trimming a circuit. Farmers RECC uses a low volume herbicide spray that allows native grasses to grow in the ROW.

Request 2e.

State how much of the cost increase of ROW maintenance in the pro forma is due to prior deferral of maintenance versus costs per mile increases.

Response 2e.

Farmers RECC believes the response depends on which comparison the Commission prefers to analysis. From 2019 to 2022, the cost per mile of ROW circuit work trimmed increased \$376 or 14.42% (*please refer to response 2a*). Farmers RECC absorbs this significant cost surge without increasing its rate to members. However, in doing so, Farmers RECC had to pare back the ROW trimming to preserve margins and try to meet long term lender financial requirements.

From 2019 to 2022, the total cost expended for right-of-way, including circuit work, removal work, hourly work and herbicide, averaged \$1,406,971 per year. From 2019 to 2022, Farmers RECC averaged trimming 313 miles of line annually. To maintain reliable service and member satisfaction, Farmers RECC projects that the increase to \$2,300,000 is split equally between the deferral of maintenance and costs per miles increased.

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Request 3.

Refer to the Direct Testimony of Jennie Phelps, page 8.

Request 3a.

Explain why Farmers RECC does not propose to use the depreciation rates from its 2021 study.

Response 3a.

The study was filed with the Commission on December 16, 2021. Based upon the results of the depreciation study, Farmers RECC did not request any changes in its depreciation rates at that time. There have been no significant changes in the calculation of depreciation rates since the study and therefore Farmers RECC is not requesting any change in its depreciation rates at this time.

Request 3b.

Provide the adjustment necessary to normalize depreciation expense using the rates from the 2021 depreciation study in the same format as Exhibit JW-2, Schedule 1.04.

Response 3b.

Please see attached.

**ATTACHMENTS ARE
EXCEL SPREADHSEETS
AND UPLOADED
SEPARATELY**

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Request 4.

Refer to the Wolfram Direct Testimony at 22-23.

Request 4a.

Explain why Farmers RECC proposed to only increase rates for residential rate classes.

Response 4a.

The Cost of Service Study ("COSS") indicates that the only classes that are being subsidized are those associated with residential service. Thus the COSS does not support increasing overall revenues for the non-residential classes. See Wolfram Direct, pages 21-23.

Request 4b.

Explain whether Farmers RECC considered other rate increase allocations. If so, provide the allocations that were considered. If not, explain why not.

Response 4b.

No. See the response to Request 4a.

Request 4c.

State whether Farmers RECC is aware of any rate case in which the Commission approved a rate increase for only residential rate classes. If so, provide the reference number for those cases.

Response 4c.

Farmers RECC is aware of the following recent cases in which the Commission approved a rate increase for only residential rate classes. There may be others. (This list does not exclude cases where changes were made to miscellaneous charges, pole attachment charges, and/or prepay fees. It also does not exclude those marked with * where a corresponding increase in the fixed monthly charge of a non-residential rate class was required in order for that charge to remain higher than the new residential customer charge).

Witness: Tobias Moss and John Wolfram

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Response 4c. (continued)

<u>Case No.</u>	<u>Cooperative</u>
2021-00066	Kenergy Corp.
2020-00338	Licking Valley RECC
2020-00264	Cumberland Valley Electric Cooperative *
2020-00131	Meade County RECC
2020-00104	Clark Energy Cooperative *
2019-00053	Jackson Purchase Energy Corporation

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Request 5.

Refer to the Wolfram Direct Testimony, Exhibit JW-2, page 2. Provide the following with respect to Non-Operating Margins – Interest of \$59,725.

Request 5a.

List each investment, dollar amount, interest rate, and maturity that comprises the investments that will generate the interest income of \$59,725.

Response 5a.

The breakdown of the interest income includes:

Investment	Dollar Amount	Interest Rate	Maturity
CFC SCTC and LCTC - March 2022	\$ 18,392.41	3% and 5%	^^
CFC SCTC and LCTC - September 2022	\$ 18,493.47	3% and 5%	^^
CFC Commercial Paper	19,635.84	**	**
Money Market Account	283.03	various	#
Checking Account - Payroll	58.24	various	#
Checking Account - Consumer Refunds	70.87	various	#
Checking Account - Capital Credits	29.96	various	#
Checking Account - General Funds	2,758.56	various	#
Checking Accounting - Healthcare	2.06	various	#
TOTAL	\$ 59,724.44		
Line 22 - Non Operating Margins - Interest	\$ 59,725.00		
Difference - Rounding	\$ (0.56)		

^^^Monies are in regards to membership and loan certificates. Membership certificates (SCTC) equity was the seed capital to get CFC started. The 5% return is paid twice a year. CFC used the loan certificates (LCTC) equity to help stabilize their debt/equity position; CFC stopped requiring LCTCs in the mid-1990s. The 3% return is paid twice a year. Copies of the certificates are included on pages 2 and 3 of this response.

**CFC Commercial Paper provides a short-term investment option for surplus cash that yields competitive returns. The terms range from one to 270 days. Interest rates are set daily and may be reset in response to market conditions. Interest is calculated on a daily basis and credited to investment upon maturity.

#Farmers RECC has multiple checking accounts and a money market account that earn interest. Interest is recorded at month-end and rate varies from month-to-month.

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Response 5a. (continued)

CFC SCTC and LCTC – March 2022

National Rural Utilities Cooperative Finance Corporation

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To KY034

Farmers Rural Electric Cooperative Corporation
P.O. Box 1298
Glasgow, KY 42142-1298

Program	Serial Number	Certificate Amount	Interest Rate	Interest Earned
LTC	L2115	\$13,100.00	3.00%	\$195.97
LTC	L2609	\$12,000.00	3.00%	\$179.53
LTC	L2916	\$30,600.00	3.00%	\$457.75
LTC	L4048	\$34,250.00	3.00%	\$512.35
LTC	L4698	\$34,550.00	3.00%	\$516.82
SCTC	00020	\$62,945.00	5.00%	\$1,569.31
SCTC	01069	\$62,945.00	5.00%	\$1,569.31
SCTC	01757	\$62,945.00	5.00%	\$1,569.31
SCTC	02613	\$22,622.00	5.00%	\$564.02
SCTC	03566	\$23,533.00	5.00%	\$586.69
SCTC	05296	\$25,794.00	5.00%	\$643.10
SCTC	06139	\$27,333.00	5.00%	\$681.45
SCTC	06988	\$29,934.00	5.00%	\$746.32
SCTC	07825	\$35,242.00	5.00%	\$878.64
SCTC	08545	\$36,787.00	5.00%	\$917.16
SCTC	10172	\$42,844.00	5.00%	\$1,068.16
SCTC	11014	\$50,642.00	5.00%	\$1,262.60
SCTC	11863	\$54,706.00	5.00%	\$1,363.89
SCTC	12713	\$59,987.00	5.00%	\$1,495.57
SCTC	13570	\$64,756.00	5.00%	\$1,614.46
	Total	\$787,515.00		\$18,392.41

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Response 5a. (continued)

CFC SCTC and LCTC – September 2022

National Rural Utilities Cooperative Finance Corporation

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To KY034

Farmers Rural Electric Cooperative Corporation
P.O. Box 1298
Glasgow, KY 42142-1298

Program	Serial Number	Certificate Amount	Interest Rate	Interest Earned
LTC	L2115	\$13,100.00	3.00%	\$197.04
LTC	L2609	\$12,000.00	3.00%	\$180.51
LTC	L2916	\$30,600.00	3.00%	\$460.26
LTC	L4048	\$34,250.00	3.00%	\$515.16
LTC	L4698	\$34,550.00	3.00%	\$519.66
SCTC	00020	\$62,945.00	5.00%	\$1,577.94
SCTC	01069	\$62,945.00	5.00%	\$1,577.94
SCTC	01757	\$62,945.00	5.00%	\$1,577.94
SCTC	02613	\$22,622.00	5.00%	\$567.12
SCTC	03566	\$23,533.00	5.00%	\$589.92
SCTC	05296	\$25,794.00	5.00%	\$646.62
SCTC	06139	\$27,333.00	5.00%	\$685.20
SCTC	06988	\$29,934.00	5.00%	\$750.42
SCTC	07825	\$35,242.00	5.00%	\$883.47
SCTC	08545	\$36,787.00	5.00%	\$922.20
SCTC	10172	\$42,844.00	5.00%	\$1,074.03
SCTC	11014	\$50,642.00	5.00%	\$1,269.54
SCTC	11863	\$54,706.00	5.00%	\$1,371.39
SCTC	12713	\$59,987.00	5.00%	\$1,503.78
SCTC	13570	\$64,756.00	5.00%	\$1,623.33
	Total	\$787,515.00		\$18,493.47

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Request 5. (continued)

Refer to the Wolfram Direct Testimony, Exhibit JW-2, page 2. Provide the following with respect to Non-Operating Margins – Interest of \$59,725.

Request 5b.

For each investment that has a maturity date during 2023, state the estimated interest rate at which the funds will be reinvested.

Response 5b.

To date in 2023, Farmers RECC has received \$18,392.41 for its semi-annual interest on the 5% SCTC and 3% LCTC return. Also, Farmers RECC continues to utilize CFC Commercial Paper as a short-term investment option. Through July 31, 2023, interest recorded from the CFC Commercial Paper totaled \$19,735.44. Farmers RECC continues to have the same checking accounts and money market account. Through July 31, 2023, interest recorded on these accounts totaled \$1,464.39.

Please note that the streamlined case is based upon an OTIER of 1.51xx. Interest income is included on Line 22 – Non Operating Margins - Interest on the Statement of Operations. Line 22 of the Statement of Operations is not included in the formula for OTIER.

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Request 6.

Refer to the Wolfram Direct Testimony, Exhibit JW-2, page 1.03.

Request 6a.

Confirm that the balances shown are as of December 31, 2022. If this cannot be confirmed, provide a schedule using the balance as of December 31, 2022.

Response 6a.

Farmers RECC confirmed the interest expense of \$1,802,579, as of December 31, 2022. This amount agrees to the annual Form 7 – Financial and Operating Report, Part N, Long-Term Debt and Debt Service Requirements, Column B. This interest was billed and paid to lenders in 2022.

Request 6b.

Identify any debt with a variable interest rate and explain how the interest rate was determined for the normalization adjustment.

Response 6b.

As of December 31, 2022, 13% of Farmers RECC's debt portfolio was variable. This variable debt was on the 3-month Federal Financing Bank ("FFB") rate and included the following six notes:

#	Lender	Rate	Balance	Interest
22	FFB-4-5	3.395%	1,201,330	40,785
23	FFB-4-6	3.395%	1,210,878	41,109
24	FFB-4-7	3.395%	976,165	33,141
42	FFB-5-12	3.395%	1,447,759	49,151
43	FFB-5-13	3.395%	1,946,469	66,083
44	FFB-5-14	3.395%	1,913,835	64,975

As detailed in the Testimony by Jennie Phelps, provided in the Application, Farmers has always strived to find a balance between maximizing savings on interest rates and maintaining stability to

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Response 6b. (continued)

lessen the impact on electric rates. For years, Farmers took advantage of the historically low 3-month variable interest rates by FFB. Between 2017 and 2021, this 3-month FFB interest ranged from rates as high as 2.403% but as low as 0.020%. However, in 2022, the Feds ultimately raised interest rates seven times. The 90-day FFB rates jump from 0.0460% to 3.395% by the end of the year. The 3.395% interest rate was used for the variable rates in Exhibit JW-2, page 1.03. The Feds have continued to raise interest rates, multiple times, in 2023 and therefore it was no longer feasible to leave the variable rate loans on the 3-month FFB rates. Therefore, on June 30, 2023, these six loans were placed on either long-term rates or the 10-year FFB rate, which were the lowest interest rates available on that date. The new interest rates and maturity dates are below:

#	Lender	Rate	Balance	Interest	Current Interest Rate	Maturity Date
Exhibit JW-2, Reference Schedule 1.03						
22	FFB-4-5	3.395%	1,201,330	40,785	3.877%	09/30/33
23	FFB-4-6	3.395%	1,210,878	41,109	3.877%	09/30/33
24	FFB-4-7	3.395%	976,165	33,141	3.877%	09/30/33
42	FFB-5-12	3.395%	1,447,759	49,151	4.015%	01/02/52
43	FFB-5-13	3.395%	1,946,469	66,083	3.867%	09/30/33
44	FFB-5-14	3.395%	1,913,835	64,975	4.015%	01/02/52

Given the existing interest rate environment and raising interest cost, the current interest rates are higher than the interest rates used in Exhibit JW-2, page 1.03. And therefore, if we were to “normalize” the interest expense, based on these current rates, the pro forma adjustment would be greater than the \$284,255 amount calculated in Exhibit JW-2, page 1.03. The difference would be \$330,616. See Page 3 of 3 of this exhibit.

Farmers RECC also notes that the normalization of interest cost does not consider loan funds drawn down in 2023. As discussed in Exhibit 21 of the Application, Farmers RECC has drawn

Witness: Jennie Phelps and John Wolfram

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Response 6b. (continued)

down \$3,800,000 of its construction work plan in the first half of 2023. Interest rates on those

loans range from 3.839% to 4.025% and those loans will increase debt cost by \$108,576 in 2023.

#	Lender	Rate	Balance	Interest	Current Interest Rate	Interest
					Normalized With Updated Rates	
Exhibit JW-2, Reference Schedule 1.03						
1	FFB-2-1	4.770%	3,229,813	154,062	4.770%	154,062
2	FFB-2-2	4.770%	645,963	30,812	4.770%	30,812
3	FFB-2-3	4.770%	645,963	30,812	4.770%	30,812
4	FFB-2-4	4.770%	1,291,925	61,625	4.770%	61,625
5	FFB-2-5	4.353%	1,905,173	82,932	4.353%	82,932
6	FFB-2-6	4.671%	650,570	30,388	4.671%	30,388
7	FFB-2-7	4.587%	648,039	29,726	4.587%	29,726
8	FFB-2-8	4.898%	665,389	32,591	4.898%	32,591
9	FFB-3-1	3.406%	4,964,111	169,078	3.406%	169,078
10	FFB-3-2	3.630%	716,339	26,003	3.630%	26,003
11	FFB-3-3	4.449%	741,746	33,000	4.449%	33,000
12	FFB-3-4	3.491%	718,262	25,075	3.491%	25,075
13	FFB-3-5	2.868%	532,544	15,273	2.868%	15,273
14	FFB-3-6	1.804%	658,241	11,875	1.804%	11,875
15	FFB-3-7	1.804%	675,738	12,190	1.804%	12,190
16	FFB-3-8	1.804%	1,022,647	18,449	1.804%	18,449
17	FFB-3-9	1.804%	2,188,091	39,473	1.804%	39,473
18	FFB-4-1	1.927%	1,035,331	19,951	1.927%	19,951
19	FFB-4-2	1.927%	796,409	15,347	1.927%	15,347
20	FFB-4-3	3.333%	783,790	26,124	3.333%	26,124
21	FFB-4-4	3.333%	795,828	26,525	3.333%	26,525
22	FFB-4-5	3.395%	1,201,330	40,785	3.877%	46,576
23	FFB-4-6	3.395%	1,210,878	41,109	3.877%	46,946
24	FFB-4-7	3.395%	976,165	33,141	3.877%	37,846
25	FFB-4-8	3.333%	984,933	32,828	3.333%	32,828
26	FFB-4-9	2.139%	1,708,648	36,548	2.139%	36,548
27	FFB-4-10	2.816%	1,748,828	49,247	2.816%	49,247
28	FFB-4-11	2.612%	1,141,212	29,808	2.612%	29,808
29	FFB-4-12	2.654%	1,148,319	30,476	2.654%	30,476
30	FFB-4-13	2.763%	1,140,987	31,525	2.763%	31,525
31	FFB-5-1	2.910%	1,864,099	54,245	2.910%	54,245
32	FFB-5-2	2.980%	1,865,715	55,598	2.980%	55,598
33	FFB-5-3	2.869%	1,117,887	32,072	2.869%	32,072
34	FFB-5-4	2.347%	925,890	21,731	2.347%	21,731
35	FFB-5-5	1.813%	915,755	16,603	1.813%	16,603
36	FFB-5-6	2.079%	1,211,599	25,189	2.079%	25,189
37	FFB-5-7	1.836%	934,673	17,161	1.836%	17,161
38	FFB-5-8	3.314%	460,651	15,266	3.314%	15,266
39	FFB-5-9	3.314%	1,414,948	46,891	3.314%	46,891
40	FFB-5-10	3.314%	1,426,386	47,270	3.314%	47,270
41	FFB-5-11	3.314%	1,449,764	48,045	3.314%	48,045
42	FFB-5-12	3.395%	1,447,759	49,151	4.015%	58,128
43	FFB-5-13	3.395%	1,946,469	66,083	3.867%	75,270
44	FFB-5-14	3.395%	1,913,835	64,975	4.015%	76,840
45	FFB-6-1	3.327%	2,000,000	66,540	3.327%	66,540
46	FFB-6-2	3.742%	1,000,000	37,420	3.742%	37,420
47	FFB-6-3	3.887%	2,000,000	77,740	3.887%	77,740
48	FFB-6-4					
49	FFB-6-5					
50	CFC 9016-001	3.550%	38,529	1,368	3.550%	1,368
51	CFC 9017-001	4.000%	240,219	9,609	4.000%	9,609
52	CFC 9018-001	4.400%	466,865	20,542	4.400%	20,542
53	CFC 9018-002	4.400%	207,496	9,130	4.400%	9,130
54	CFC 9018-003	4.400%	331,633	14,592	4.400%	14,592
55	CFC 9020-011	4.300%	110,309	4,743	4.300%	4,743
56	CFC 9020-012	4.400%	151,914	6,684	4.400%	6,684
57	CFC 9022-001	3.500%	1,754,496	61,407	3.500%	61,407
58	REDLG Loan	0.000%	111,040	-	0.000%	-
59	REDLG Loan	0.000%	1,481,468	-	0.000%	-
60						
61	Annualized Cost			2,086,834	Annualized Cost	2,133,195
62						
63	2022 Actual Test Year			1,802,579	2022 Actual Test Year	1,802,579
64						
65	Difference			284,255	Difference	330,616

Witness: Jennie Phelps and John Wolfram

Farmers Rural Electric Cooperative Corporation
Case No. 2023-00158
Commission Staff's First Request for Information

Request 7.

Refer to the Wolfram Direct Testimony, Exhibit JW-2, page 1.08. Provide the test-year expense for all donations, promotional advertising and dues.

Response 7.

The summary and detailed test year expenses are included in Exhibit 27 of the Application for the following accounts:

930.10	General Advertising Expenses (includes KEC Dues and Kentucky Living)
930.20	Miscellaneous General Expenses (includes NRECA Dues)
930.21	Annual Meeting Expenses
930.23	Community Support Activities

The summary of Account 426.10 – Donations is included in Exhibit 28 of the Application.

The full test year details of Account 426.10 – Donations is attached to this response. Note all Account 426.10 donations are removed for ratemaking purposes.

**ATTACHMENTS ARE
EXCEL SPREADHSEETS
AND UPLOADED
SEPARATELY**

Witness: Jennie Phelps and John Wolfram

Farmers Rural Electric Cooperative Corporation
Case No. 2023-00158
Commission Staff's First Request for Information

Request 8.

Refer to the Wolfram Direct Testimony, Exhibit JW-2, page 1.10.

Request 8a.

For the three employees hired after 2022, provide the date they were hired.

Response 8a.

S9 – Hire Date of 01/09/2023

H53 – Hire Date of 01/30/2023

H54 – Hire Date of 04/03/2023

Request 8b.

For the 11 employees that retired or were terminated, provide the date if they left employment after 2022.

Response 8b.

The 11 employees that were listed as retired or terminated on Exhibit JW-2, Page 1.10 left employment prior to December 31, 2022.

Farmers Rural Electric Cooperative Corporation
Case No. 2023-00158
Commission Staff's First Request for Information

Request 9.

Refer to the Wolfram Direct Testimony, Exhibit JW-2, page 1.13 and the Application, Exhibit

36. Provide the total rate case expense incurred through August 1, 2023 and provide a revised estimate of the remaining expense.

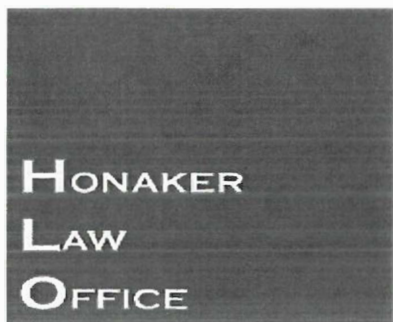
Response 9.

As of August 1, 2023, rate case expenses incurred totaled \$48,371.02. Please refer to the attachment to this response. Invoice copies are also provided.

Farmers believes that \$70,000.00 is still a reasonable estimate for the total cost of the rate case.

That will leave an estimated remaining expense of \$21,628.98.

V#14887



L. Allyson Honaker
allyson@hloky.com
(859) 368-8803 (office)
(859)396-3172 (mobile)



\$00014887



~386

1795 Alysheba Way, Ste 6202
Lexington, KY 40509

July 03, 2023

Invoice No. 386

Farmers RECC
Mr. Toby Moss
504 S. Broadway
Glasgow, KY 42141

osem 05
928.00
LR

2023 Rate Case

Client Number: 02020 Farmers RECC
Matter 02020-0002 Farmers RECC - 2023 Rate Case
For Services Rendered from 6/1/2023 Through 6/30/2023.

Fees

<u>Date</u>	<u>Timekeeper</u>	<u>Description</u>	<u>Hours</u>	<u>Amount</u>
6/1/2023	BHK	Prepared draft of application and notice re: members that do not receive Ky Living Magazine and sent to client for review and preparation for meeting on Monday, June 5.	1.40	\$357.00
6/1/2023	LAH	Review draft application; review and edit affidavit for mailing notice; conference with B. Koenig re same.	0.70	\$185.50
6/2/2023	LAH	Review and edit draft testimony; conference with B. Koenig re edits made for her review; review revised Application and affidavit from B. Koenig.	1.00	\$265.00
6/5/2023	LAH	Participate in video conference with J. Phelps, et. al. re status of filing and questions on same.	0.50	\$132.50
6/5/2023	LAH	Exchange emails with J. Wolfram re filing timeline.	0.10	\$26.50
6/5/2023	BHK	Meeting with J. Phelps and A. Honaker to discuss application preparation.	0.60	\$153.00
6/5/2023	BHK	Follow-up with J. Phelps and A. Honaker by email re: application preparation.	0.20	\$51.00

Continued On Next Page

6/5/2023	BHK	Discussion with A. Honaker re: exhibits, J. Wolfram review and exhibits, application preparation.	0.50	\$127.50
6/6/2023	LAH	Exchange emails with C. Pennington, et. al. re notices returned.	0.10	\$26.50
6/6/2023	BHK	Review email questions re: customer notice for customers that do not receive Ky Living and mail was returned.	0.20	\$51.00
6/7/2023	BHK	Discussion with A. Honaker re: application preparation.	0.40	\$102.00
6/7/2023	BHK	Drafting narrative portions of application based upon testimony submitted by T. Moss and J. Phelps.	0.70	\$178.50
6/8/2023	BHK	Drafting and formatting exhibits for rate application, 4, 5, 7, 8. Sent to A. Honaker for review and notes re: verifications needed and confirmation on full notice.	1.50	\$382.50
6/8/2023	BHK	Drafting Rate Application exhibits from documents provided by J. Wolfram, expert and drafting exhibit cover sheets for client review.	5.50	\$1,402.50
6/8/2023	LAH	Conference call with B. Koenig re status of drafts for rate proceeding; review and edit multiple exhibit cover sheets and other documents; exchange multiple emails with B. Koenig re same; review email from J. Wolfram re attached testimony and exhibits; review emails re updated exhibit needed from J. Wolfram; begin review of same.	1.20	\$318.00
6/8/2023	LAH	Telephone conference with B. Koenig re status of drafts; review multiple emails from J. Wolfram, et. al. re exhibits; review emails from B. Koenig re status of drafts for review.	0.50	\$132.50
6/8/2023	BHK	Conference with B. Koenig re status of drafts; exchange multiple emails with B. Koenig re same.	0.50	\$127.50
6/11/2023	LAH	Review all Exhibit cover sheets and exhibits and edit same; review and edit application; review testimony and exhibits from J. Wolfram; prepare all drafts to email to J. Wolfram for review and verification of exhibit numbers, schedules, etc.; email same to J. Wolfram; exchange emails with J. Wolfram re same.	5.00	\$1,325.00

Continued On Next Page

6/12/2023	LAH	Exchange emails with J. Phelps re edits to testimony and timing for filing Application; review edits from J. Phelps; exchange emails with J. Wolfram re same; conference with B. Koenig re status; draft verifications and emails same for signature.	0.70	\$185.50
6/13/2023	LAH	Exchange emails with J. Wolfram re verifications; draft verifications for witnesses; email same to team.	0.40	\$106.00
6/14/2023	LAH	Review all documents for Application filing; compile all documents for filing into pdf; email complete application to team to review; exchange emails with J. Wolfram re status.	3.80	\$1,007.00
6/14/2023	BHK	Review multiple email discussions re: application edits and reviewed edits and changes to rate application. Sent to A. Honaker.	1.30	\$331.50
6/15/2023	LAH	Separate telephone conferences with J. Wolfram and J. Phelps re updates to spreadsheets and other exhibits needed to Application; exchange emails with J. Phelps re full customer notice questions; review and email J. Phelps sample response for Exhibit 36.	0.70	\$185.50
6/15/2023	LAH	Exchange multiple emails with J. Wolfram and J. Phelps re edits to Application and timing to receive updated exhibits; review all edits.	0.50	\$132.50
6/15/2023	LAH	Review multiple updated exhibits from J. Wolfram; review suggested edits from J. Phelps; make edits to Application and Exhibits; replace exhibits that were updated by J. Wolfram; exchange emails with J. Wolfram aNotice of Deposition Jennie Phelps re exhibit 14 attachment still needed; review exhibit 14 attachment; email draft Application to team for review; email all Excel spreadsheets for review; exchange emails re review of Application and timing to complete same.	1.90	\$503.50
6/15/2023	BHK	Reviewed additions and changes to application from J. Wolfram and J. Phelps.	0.50	\$127.50
6/16/2023	LAH	Review multiple emails and edits from J. Phelps and J. Wolfram; begin making edits.	0.70	\$185.50
6/16/2023	LAH	Prepare application for one additional review for team.	0.80	\$212.00
6/16/2023	BHK	Review several emails re: final corrections and formatting of exhibits for application filing.	0.30	\$76.50
6/16/2023	BHK	Review final form of application as filed.	0.80	\$204.00

Continued On Next Page

6/17/2023	LAH	Email to team re confidentiality agreement for AG; draft same; email to A. Goad for review and signature.	0.50	\$132.50
6/17/2023	LAH	Exchange emails with J.Phelps re final edits; prepare all documents for electronic filing; draft cover letter for filing; electronically file completed application and exhibits; email link to application to the AG; exchange emails with the team re filing complete; exchange emails with A. Goad re confidentiality agreement with AG.	1.00	\$265.00
6/17/2023	BHK	Review of emails from A. Honaker and J. Phelps re: AG intervention of rate case and request to file confidentiality agreement.	0.30	\$76.50
6/22/2023	LAH	Exchange emails with A. Goad re edits to confidentiality agreement; make edits to same; email same to client for review.	0.50	\$132.50
6/28/2023	LAH	Review executed confidentiality agreement from A. Goad; exchange emails re procedural schedule not entered and AG intervention not granted yet.	0.20	\$53.00
6/29/2023	LAH	Telephone conference with J. Wolfram re status and next steps.	0.10	\$26.50
6/30/2023	LAH	Review Commission's Order with deficiencies; exchange emails with J. Phelps re same; telephone conference with B. Koenig re Order; forward Order to J. Wolfram to review.	0.70	\$185.50
6/30/2023	BHK	Review Order from PSC re: deficiencies in application.	0.40	\$102.00
6/30/2023	BHK	Email discussion with J. Phelps, A. Honaker, T. Moss, J. Wolfram re: curing the two deficiencies in PSC Order.	0.40	\$102.00
6/30/2023	BHK	Discussion with A. Honaker re: work plan to address deficiencies in PSC Order for information on uses of draw downs and data used to determine OTIER and file materials asap in order to get a filing date as soon as possible for utility.	0.30	\$76.50

Billable Hours / Fees: 37.40 \$9,753.00

Timekeeper Summary

Timekeeper LAH worked 21.60 hours at \$265.00 per hour, totaling \$5,724.00.

Timekeeper BHK worked 15.80 hours at \$255.00 per hour, totaling \$4,029.00.

Continued On Next Page

Client Number: 02020
Matter Number: 02020-0002

7/3/2023
Page: 5

Payment Detail

<u>Date</u>	<u>Description</u>	<u>Amount</u>
6/22/2023	Check Number 57213 against Inv# 347	(\$11,345.50)
Total Payments Received:		(\$11,345.50)

Current Invoice Summary

Prior Balance:	\$11,345.50	
Payments Received:	(\$11,345.50)	Last Payment: 6/22/2023
Unpaid Prior Balance:	\$0.00	
Current Fees:	\$9,753.00	
Advanced Costs:	\$0.00	
TOTAL AMOUNT DUE:	\$9,753.00	

Thank You for Letting Us Serve You.
Payment Due Upon Receipt.

OK to pay
JSP

V#14470



CATAYST
CONSULTING LLC

3308 Haddon Road
 Louisville, KY 40241
 (502) 599-1739
 johnwolfram@catalystcllc.com

INVOICE

Date: July 1, 2023	Invoice #: 230609
Client: Farmers R.E.C.C. 504 South Broadway Glasgow, Kentucky 42141	Project: 2022 Rate Review Case No. 2023-00158 For Services Provided in June 2023

	Item	Description	Qty	Rate	Amt
1	Consulting Services	John Wolfram – consulting support. Prepare materials for filing. Review final draft filing. Calls and/or mails with staff on same.	9.0 hours	\$225.00	\$ 2,025.00
TOTAL					\$ 2,025.00

Please remit payment to Catalyst Consulting LLC at the address listed above. Thank you.

RATE
CASE

OK to pay
JSP

osem 05
928.00



\$30014470



~230609

**ATTACHMENTS ARE
EXCEL SPREADHSEETS
AND UPLOADED
SEPARATELY**

Farmers Rural Electric Cooperative Corporation
Case No. 2023-00158
Commission Staff's First Request for Information

Request 10.

Refer to the Wolfram Direct Testimony, Exhibit JW-3, page 1 and JW-4. Provide revised rate increase allocations that reduce the subsidy provided to the residential rate classes by 5, 10, 25 and 50 percent. Provide all supporting calculations and documentation in Excel spreadsheet format, with all formulas, columns, and rows unprotected and fully accessible. Include in the response a summary or present and resulting rates in the same format as Exhibit JW-9 for each scenario.

Response 10.

To model these scenarios, the first assumption is that the proposed increase does not change (i.e. the total dollar amount of the increase is set according to the 4 percent cap, at \$2,415,453 per Exhibit JW-2). With that increase fully allocated to the residential class, the cost of service study results are as follows:

Rate (1)	Code (2)	Pro Forma Operating Revenue (3)	Pro Forma Operating Expenses (4)	Margin (5)	Rate Base (6)	Pro Forma Rate of Return on Rate Base (7)
Schedule R - Residential Rate	1	\$ 35,565,011	\$ 34,673,787	\$ 891,224	\$ 126,909,325	0.70%
Schedule R - Residential Time of Day Rate	3	\$ 1,863	\$ 2,170	\$ (307)	\$ 9,117	-3.37%
Schedule C - Comm. & Indust. Service Rate < 50 kW	4	\$ 3,163,900	\$ 2,755,667	\$ 408,233	\$ 6,205,067	6.58%
Schedule C - Comm. & Indust. Service Rate > 50 kW	5	\$ 4,959,797	\$ 4,104,058	\$ 855,739	\$ 5,840,538	14.65%
Residential Off Peak Electric Thermal Storage Tariff	7	\$ 23,814	\$ 36,001	\$ (12,187)	\$ 121,339	-10.04%
Schedule C - Large Commercial 10% Discount	9	\$ 1,805,756	\$ 1,740,987	\$ 64,769	\$ 1,721,758	3.76%
Schedule E - Large Industrial Rate	10	\$ 2,428,707	\$ 2,182,952	\$ 245,755	\$ 2,177,442	11.29%
Schedule LPC-2 Large Power Rate Tariff	14	\$ 585,483	\$ 563,118	\$ 22,366	\$ 462,889	4.83%
Schedule D - Large Comm/Ind Opt Time of Day Rate	15	\$ 102,423	\$ 77,107	\$ 25,316	\$ 166,409	15.21%
Net Metering Tariff	20	\$ 52,274	\$ 129,313	\$ (77,039)	\$ 480,738	-16.03%
Schedule LPE-4 Large Power Time of DayRate Tariff	36	\$ 1,662,473	\$ 1,388,949	\$ 273,524	\$ 1,226,373	22.30%
Schedule C - TOD Comm - Three Phase	50	\$ 32,578	\$ 22,862	\$ 9,716	\$ 93,571	10.38%
Lighting		\$ 1,055,893	\$ 290,976	\$ 764,916	\$ 6,119,191	12.50%
Total		\$ 51,439,972	\$ 47,967,948	\$ 3,472,024	\$ 151,533,754	2.29%

Farmers Rural Electric Cooperative Corporation
Case No. 2023-00158
Commission Staff’s First Request for Information

Request 10 (continued).

Note the Residential rate of return on rate base is 0.70% and the overall system rate of return on rate base is 2.29%. To determine the amount of subsidization, the margins are recalculated for each rate class at the overall system rate of return of 2.29%. Then, the difference in margins at the class rate of return above and at the overall system rate of return is the amount of subsidy.

See the table below:

		Subsidies		\$ 2,415,453 < Total Increase					
		Before Increase		After Increase		Difference			
Rate (1)	Code (2)	Margins at Cost Based	Current Subsidy	Margins at Cost Based	Current Subsidy	Margins at Cost Based	Current Subsidy	Change	
Schedule R - Residential Rate	1	\$ 884,877	\$ 2,409,105	\$ 2,907,815	\$ 2,016,591	\$ 2,022,939	\$(392,514)	-16%	
Schedule R - Residential Time of Day Rate	3	\$ 64	\$ 371	\$ 209	\$ 516	\$ 145	\$ 145	39%	
Schedule C - Comm. & Indust. Service Rate < 50 kW	4	\$ 43,265	\$ (364,968)	\$ 142,174	\$ (266,059)	\$ 98,909	\$ 98,909	-27%	
Schedule C - Comm. & Indust. Service Rate > 50 kW	5	\$ 40,723	\$ (815,016)	\$ 133,822	\$ (721,917)	\$ 93,098	\$ 93,098	-11%	
Residential Off Peak Electric Thermal Storage Tariff	7	\$ 846	\$ 13,033	\$ 2,780	\$ 14,967	\$ 1,934	\$ 1,934	15%	
Schedule C - Large Commercial 10% Discount	9	\$ 12,005	\$ (52,764)	\$ 39,450	\$ (25,319)	\$ 27,445	\$ 27,445	-52%	
Schedule E - Large Industrial Rate	10	\$ 15,182	\$ (230,572)	\$ 49,891	\$ (195,864)	\$ 34,708	\$ 34,708	-15%	
Schedule LPC-2 Large Power Rate Tariff	14	\$ 3,227	\$ (19,138)	\$ 10,606	\$ (11,760)	\$ 7,378	\$ 7,378	-39%	
Schedule D - Large Comm/Ind Opt Time of Day Rate	15	\$ 1,160	\$ (24,155)	\$ 3,813	\$ (21,503)	\$ 2,653	\$ 2,653	-11%	
Net Metering Tariff	20	\$ 3,352	\$ 80,391	\$ 11,015	\$ 88,054	\$ 7,663	\$ 7,663	10%	
Schedule LPE-4 Large Power Time of DayRate Tariff	36	\$ 8,551	\$ (264,973)	\$ 28,099	\$ (245,424)	\$ 19,548	\$ 19,548	-7%	
Schedule C - TOD Comm - Three Phase	50	\$ 652	\$ (9,064)	\$ 2,144	\$ (7,572)	\$ 1,492	\$ 1,492	-16%	
Lighting		\$ 42,666	\$ (722,250)	\$ 140,206	\$ (624,710)	\$ 97,540	\$ 97,540	-14%	
Total		\$ 1,056,571	\$ 0.00	\$ 3,472,024	\$ 0.00	\$ 2,415,453	\$ 0.00	17%	

This shows that if the full increase is allocated to Residential, the decrease in subsidy to that class is 16%. Any decrease in subsidy greater than 16% would require a total increase greater than the 4 percent cap of \$2,415,453, and thus is not meaningful. For this reason the analysis of the requested 25 and 50 percent levels is not provided.

Farmers Rural Electric Cooperative Corporation
Case No. 2023-00158
Commission Staff's First Request for Information

Request 10 (continued).

The increase attributable to Residential for a 5% decrease in subsidies is \$741,257. This amount is calculated as the amount of margin change that results in a 5% reduction in subsidy instead of a 16% reduction. The calculation is iterative in nature. Since the total increase amount at the cap does not change, this requires \$1,674,196 to be attributed to the other rate classes.

The increase attributable to Residential for a 10% decrease in subsidies is \$1,482,515. This requires \$932,938 to be attributed to the other rate classes.

The file for the cost of service study showing the margin and subsidy information tabulated above is attached as follows:

Farmers-COS-2022-PSC1-10v0.xlsx

Note that there is no single or "best" way to attribute the remaining increases to the rate classes which are already paying more than their fair share towards margins. For this data request, the remainder of the revenue increase was assigned to all remaining classes as a fixed percentage increase to the energy charges (or in the case of lighting, to the per lamp charge). Note also that the rates are rounded to the appropriate number of decimal places and some small variations may result.

Farmers Rural Electric Cooperative Corporation
Case No. 2023-00158
Commission Staff's First Request for Information

Request 10 (continued).

Results for 5%

Item	Code	Present Revenue	Proposed Revenue	Incr(Decr) \$	Incr(Decr) %	Avg Bill Incr per Mon
Residential - Schedule R	1	\$ 40,618,278	\$ 41,359,271	\$ 740,993	1.82%	\$ 2.55
TOD Residential - Schedule R	3	\$ 2,301	\$ 2,547	\$ 246	10.68%	\$ 13.66
Net Metering	20	\$ 132,392	\$ 133,649	\$ 1,258	0.95%	\$ 1.61
ETS Residential - Schedule RM	7	\$ 29,328	\$ 31,536	\$ 2,208	7.53%	\$ 1.64
Small Commercial - Schedule C	4	\$ 3,927,301	\$ 4,261,289	\$ 333,988	8.50%	\$ 16.22
Large Commercial - Schedule C	5	\$ 6,223,071	\$ 6,751,410	\$ 528,339	8.49%	\$ 449.65
Large Commercial 10% Disc- Schedule C	9	\$ 2,539,007	\$ 2,753,185	\$ 214,179	8.44%	\$ 4,462.06
Large Commercial - Schedule E	10	\$ 3,141,330	\$ 3,394,177	\$ 252,847	8.05%	\$ 21,070.57
Large Power - Schedule LPC2	14	\$ 742,949	\$ 803,486	\$ 60,536	8.15%	\$ 5,044.70
Large Commercial Optional TOD - Schedule D	15	\$ 124,551	\$ 135,369	\$ 10,819	8.69%	\$ 225.39
Large Power - Schedule LPE4	36	\$ 1,964,275	\$ 2,125,030	\$ 160,754	8.18%	\$ 13,396.18
TOD Three Phase - Schedule C	50	\$ 35,299	\$ 38,409	\$ 3,110	8.81%	\$ 42.61
Lighting		\$ 1,004,392	\$ 1,110,600	\$ 106,208	10.57%	\$ -
TOTAL Base Rates		\$ 60,484,474	\$ 62,899,958	\$ 2,415,484.3	3.99%	
Target Revenue				\$ 2,415,452.9		
Rate Rounding Variance				\$ 31		
Rate Rounding Variance				0.00%		

Results for 10%

Item	Code	Present Revenue	Proposed Revenue	Incr(Decr) \$	Incr(Decr) %	Avg Bill Incr per Mon
Residential - Schedule R	1	\$ 40,618,278	\$ 42,100,801	\$ 1,482,523	3.65%	\$ 5.11
TOD Residential - Schedule R	3	\$ 2,301	\$ 2,478	\$ 177	7.68%	\$ 9.81
Net Metering	20	\$ 132,392	\$ 136,406	\$ 4,015	3.03%	\$ 5.15
ETS Residential - Schedule RM	7	\$ 29,328	\$ 30,554	\$ 1,226	4.18%	\$ 0.91
Small Commercial - Schedule C	4	\$ 3,927,301	\$ 4,112,808	\$ 185,507	4.72%	\$ 9.01
Large Commercial - Schedule C	5	\$ 6,223,071	\$ 6,516,367	\$ 293,297	4.71%	\$ 249.61
Large Commercial 10% Disc- Schedule C	9	\$ 2,539,007	\$ 2,657,989	\$ 118,982	4.69%	\$ 2,478.79
Large Commercial - Schedule E	10	\$ 3,141,330	\$ 3,281,790	\$ 140,460	4.47%	\$ 11,705.03
Large Power - Schedule LPC2	14	\$ 742,949	\$ 776,602	\$ 33,652	4.53%	\$ 2,804.35
Large Commercial Optional TOD - Schedule D	15	\$ 124,551	\$ 130,564	\$ 6,013	4.83%	\$ 125.27
Large Power - Schedule LPE4	36	\$ 1,964,275	\$ 2,053,479	\$ 89,203	4.54%	\$ 7,433.59
TOD Three Phase - Schedule C	50	\$ 35,299	\$ 37,026	\$ 1,727	4.89%	\$ 23.66
Lighting		\$ 1,004,392	\$ 1,063,008	\$ 58,616	5.84%	\$ -
TOTAL Base Rates		\$ 60,484,474	\$ 62,899,871	\$ 2,415,397.1	3.99%	
Target Revenue				\$ 2,415,452.9		
Rate Rounding Variance				\$ (56)		
Rate Rounding Variance				0.00%		

Farmers Rural Electric Cooperative Corporation
Case No. 2023-00158
Commission Staff's First Request for Information

Request 10 (continued).

The resulting schedule in the format of Exhibit JW-9 is attached as follows:

File for 5%: Farmers RECC PSC1-10v5percent.xlsx
File for 10%: Farmers RECC PSC1-10v10percent.xlsx

Finally, note that Farmers RECC does not support either of these two scenarios because they do not align with the cost of service study results, requiring members who are already paying more than their fair share to carry an even greater rate burden and sending a price signal to residential members that is well below cost.

**ATTACHMENTS ARE
EXCEL SPREADHSEETS
AND UPLOADED
SEPARATELY**

Farmers Rural Electric Cooperative Corporation
Case No. 2023-00158
Commission Staff's First Request for Information

Request 11.

Refer to the Application, Exhibit 35 and Case No. 2019-00053, final Order, page 9. Provide the adjustment necessary to reduce Farmers RECC's contribution to employee insurance premiums to the Bureau of Labor Statistics' average.

Response 11.

The adjustment is calculated and highlighted in yellow in the excel sheet attached to this response.

Farmers RECC was not party to Case No. 2019-00053 and thus does not believe it is required to "comply" with any findings in that docket. Farmers RECC was party to Case No. 2018-00407 in which the streamlined rate pilot program was established. In the instant case, Farmers followed the requirements set forth in that docket, in the order dated December 20, 2019, Appendix A, pages 5 and 6, under "E. Items Excluded for Ratemaking Purposes", Item 2, which states "If employee health care insurance premium contribution is zero, for ratemaking purposes the pro forma income statement should reflect healthcare insurance premiums adjusted for employee contributions based on the national average for coverage type." Since Farmers RECC does not meet the stated criteria, no adjustment was proposed.

**ATTACHMENTS ARE
EXCEL SPREADHSEETS
AND UPLOADED
SEPARATELY**

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Request 12.

Provide the number of disconnections and reconnections for 2020, 2021, and per month for 2022 and 2023.

Response 12.

DATE	NUMBER OF DISCONNECTS	NUMBER OF RECONNECTS
2020	458	358
2021	1576	1331
22-Jan	93	81
22-Feb	116	93
22-Mar	170	135
22-Apr	159	132
22-May	149	132
22-Jun	105	81
22-Jul	115	102
22-Aug	200	183
22-Sep	178	157
22-Oct	102	82
22-Nov	104	81
22-Dec	104	99
23-Jan	173	150
23-Feb	127	105
23-Mar	146	110
23-Apr	199	176
23-May	174	146
23-Jun	77	58
23-Jul	164	140

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Request 13.

State the credit metrics which are used in Farmers RECC's debt covenants and provide the minimum required for each.

Response 13.

The Rural Utilities Service ("RUS") Loan Contract, Section 5.4.(b), Rates to Provide Sufficient to Meet Coverage Ratio Requirements, states:

The average Coverage Ratios achieved by the Borrower in the 2 best years out of the 3 most recent calendar years must be not less than any of the following:

<i>TIER</i>	=	<i>1.25</i>
<i>DSC</i>	=	<i>1.25</i>
<i>OTIER</i>	=	<i>1.1</i>
<i>ODSC</i>	=	<i>1.1</i>

The National Rural Utilities Cooperative Finance Corporation ("CFC") Loan Agreement, Section 5.01 A states:

The Borrower shall achieve an Average DSC Ratio of not less than 1.35.

Please refer to Exhibit 31 of the Application for definitions, formulas and calculations of the credit metrics.

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Request 14.

Provide a summary, by year, from 2013 through 2022 of the following:

Request 14a.

Residential, commercial and total customers.

Response 14a.

The attached excel sheet includes the total customer counts by class. This data agrees to the annual Form 7s – Financial and Operating Report, Part O – Power Requirements Database, Annual Summary.

Request 14b.

Residential, commercial and total kWh sold.

Response 14b.

The attached excel sheet includes the total kWh sold by class. This data agrees to the annual Form 7s – Financial and Operating Report, Part O – Power Requirements Database, Annual Summary.

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