

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

**ATTORNEY GENERAL’S FIRST REQUEST FOR INFORMATION TO
FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION**

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, through his Office of Rate Intervention (“Attorney General”), and submits the First Request for Information to Farmers Rural Electric Cooperative Corporation (hereinafter “Farmers RECC” or the “Company”) to be answered by September 7, 2023, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate requested item will be deemed a satisfactory response.
- (2) Identify the witness who will be prepared to answer questions concerning each request.
- (3) Repeat the question to which each response is intended to refer.
- (4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.
- (5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the

preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

(6) If you believe any request appears confusing, please request clarification directly from undersigned Counsel for the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout, which would not be self-evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, notify the Office of the Attorney General as soon as possible, and in accordance with Commission direction.

(10) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings;

calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information regardless of the media or format in which they are stored, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

(14) “And” and “or” should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.

(15) “Each” and “any” should be considered to be both singular and plural, unless specifically stated otherwise.

Respectfully submitted,

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Certificate of Service and Filing

Pursuant to the Commission's Orders and in accord with all other applicable law, Counsel certifies that the foregoing electronic filing was transmitted to the Commission on August 24, 2023, and there are currently no parties that the Commission has excused from participation by electronic means in this proceeding.

This 24th day of August, 2023,

Angela M. Aoad

Assistant Attorney General

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1. Refer to the Application generally. Provide an organizational chart of Farmers RECC, including all positions. If a position is vacant, please designate as such.
2. Refer to the Application, paragraph 1, in which Farmers RECC states that it provides electric power to approximately 26,452 members in the Kentucky counties of Adair, Barren, Edmonson, Grayson, Green, Hardin, Hart, Larue, Metcalfe, Monroe, and Warren.
 - a. Provide a detailed account of all economic issues that the Company’s customers in the above-referenced counties are combating at the present time.
 - b. Provide Farmers RECC’s actual number of customers for the years 2016 – 2023, using the most updated data.
 - c. Explain in detail whether Farmers RECC projects a future gain or loss of electric customers, and provide all projections concerning the same.
 - d. Provide Farmers RECC’s total annual energy sales for the years 2016 – 2023.
 - e. Explain whether Farmers RECC expects annual energy sales to increase or decrease, and provide all projections concerning the same.
 - f. Taylor County Rural Electric Cooperative (“Taylor County RECC”), South Kentucky Rural Electric Cooperative Corporation (“South Kentucky RECC”), and Farmers RECC provides electricity to overlapping counties.
 - i. Provide a map of Farmers RECC’s electric service area.
 - ii. Provide a map differentiating between the electric service areas of Taylor County RECC, South Kentucky RECC, and Farmers RECC.

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- iii. Explain whether Farmers RECC has ever worked, or plans on working, with Taylor County RECC, South Kentucky RECC, or another similarly situated rural electric cooperative on any joint ventures to provide electricity to its customers.
- iv. Explain in detail whether Farmers RECC has ever discussed merger with Taylor County RECC, South Kentucky RECC, or another similarly situated rural electric cooperative in order to streamline operations and obtain economies of scale. If not, explain in detail why not.
- g. Based upon the most recent United States Census information, the poverty rates for Farmers RECC's electric service area are as follows:
 - Adair County – 24.2%,
 - Barren County – 19.3%,
 - Edmonson County – 18.4%,
 - Grayson County – 18.2%,
 - Green County – 19.5% ,
 - Hardin County – 11.7%,
 - Hart County – 20.4%,
 - Larue County – 15.5%,
 - Metcalfe County – 19.3%,
 - Monroe County – 22%, and,

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Warren County – 14.8%.¹

Confirm that Farmers RECC is aware of the above percentages of its electric customers who live at or below the poverty line.

3. Refer to the Application generally. Provide the following information for Farmers RECC's employees.
 - a. Provide the position title and salary for each salaried employee for the years 2016 – 2023.
 - b. Provide the average raise that the salaried employees received for the years 2016 – 2023. Ensure to explain whether the annual raise is directly connected to a performance review.
 - c. Provide the average bonus that each salaried employee received for the years 2016 – 2023, and identify all amounts included in the pending revenue requirement.
 - d. Provide all awards given to the salaried employees for the years 2016 – 2023, and identify all amounts included in the pending revenue requirement.
 - e. Provide all vehicle allowances given to the salaried employees for the years 2016 – 2023, and identify all amounts included in the pending revenue requirement.
 - f. Provide all incentive compensation given to the salaried employees for the years 2016 – 2023, and identify all amounts included in the pending revenue requirement.

¹<https://www.census.gov/quickfacts/fact/table/greencountykentucky,graysoncountykentucky,edmonsoncountykentucky,barrencountykentucky,adaircountykentucky/PST045222>;
<https://www.census.gov/quickfacts/fact/table/warrencountykentucky,monroecountykentucky,metcalfecountykentucky,laruecountykentucky,hartcountykentucky,hardincountykentucky/PST045222>.

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- g. Provide the average raise, if any, which will be given to salaried employees for 2024.
 - h. Provide a detailed explanation of the insurance benefits provided to the Company's salaried employees, including but not limited to health, dental, vision, life insurance, etc. Ensure to include all premiums paid by the Company's salaried employees, premiums paid by the Company or parent company on the salaried employees' behalf, as well as all copays, deductibles, and maximum out of pocket amounts.
 - i. Provide a detailed explanation of the retirement benefits provided to the Company's salaried employees, including but not limited to, whether there is a defined benefit plan, 401(k) matching, etc.
 - j. Explain whether any of the salaried employees are members of a union.
4. Refer to the Application generally. Provide the following information for Farmers RECC's employees.
- a. Provide the position title and wages for each non-salaried employee for the years 2016 – 2023.
 - b. Provide the average raise provided to the non-salaried employees for the years 2016 – 2023. Ensure to explain whether the annual raise is directly connected to a performance review.
 - c. Provide the average bonus provided to the non-salaried employees for the years 2016 – 2023, and identify all amounts included in the pending revenue requirement.

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- d. Provide all awards given to the non-salaried employees for the years 2016 – 2023, and identify all amounts included in the pending revenue requirement.
 - e. Provide all vehicle allowances given to the non-salaried employees for the years 2016– 2023, and identify all amounts included in the pending revenue requirement.
 - f. Provide all incentive compensation given to the non-salaried employees for the years 2016 – 2023, and identify all amounts included in the pending revenue requirement.
 - g. Provide the average raise, if any, which will be given to non-salaried employees for 2024.
 - h. Provide a detailed explanation of the insurance benefits provided to the Company’s non-salaried employees, including but not limited to health, dental, vision, life insurance, etc. Ensure to include all premiums paid by the Company’s non-salaried employees, premiums paid by the Company or parent company on the non-salaried employees’ behalf, as well as all copays, deductibles, and maximum out of pocket amounts.
 - i. Provide a detailed explanation of the retirement benefits provided to the Company’s non-salaried employees, including but not limited to, whether there is a defined benefit plan, 401(k) matching, etc.
 - j. Explain whether any of the non-salaried employees are members of a union.
5. Refer to the Application generally.

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- a. Provide a detailed explanation of all salary and benefits provided to the members of the Board of Directors during the years 2016 – 2023. Ensure to provide the salary amounts, and specific details regarding all benefit packages including but not limited to health, dental, vision, accidental death and disability, life insurance, bonuses, awards, vehicle allowances, and the like.
 - b. Provide the total amount of the Board of Directors’ fees included in the test year.
 - c. Provide a breakdown of the total amount of the Board of Directors’ fees for the test year.
 - d. Discuss if there will be any changes to the Board of Directors’ salaries and/or benefit packages for 2024.
 - e. When setting the Board of Directors’ fees and benefits did Farmers RECC review other Kentucky rural electric cooperative Board of Directors’ fees and benefits? If so, explain in detail the findings. If not, explain in detail why not.
6. Refer to the Application generally. Provide a copy of all formal studies conducted that compare Farmers RECC’s wage and benefit information to the local wage and benefit information for the geographic area in which Farmers RECC operates. If no study exists, explain why not.
7. Refer to the Application generally.
- a. Provide the number and type of all meters that Farmers RECC currently has in its electric system (e.g. Automated Meter Reading (“AMR”), Advanced Metering Infrastructure (“AMI”), manual read meters, etc.).

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- b. If Farmers RECC has AMI, identify all associated savings that have been included in the pending rate case such as meter reading positions, expense associated with truck rolls, etc. If no savings were included, explain why not in detail.
8. Refer to the Application generally. Explain the current process of awarding wage/salary increases to salaried versus non-salaried and union versus non-union employees.
9. Refer to the Application generally. Has Farmers RECC obtained and/or is the Company seeking any funds/grants from federal, state, or local sources which have been or will be made available? If so, identify the source and amount of those funds/grants. If not, and funds/grants are available for which the Company is eligible, explain why the Company is foregoing those opportunities.
10. Refer to the Application generally. Provide a succinct list that identifies all proposed pro forma adjustments, the amount of each pro forma adjustment, along with a brief description of the necessity of each adjustment.
11. Refer to the Application generally.
 - a. Provide a list that identifies all miscellaneous costs for the test year, including but not limited to dinners (including all holiday dinners), gifts, donations, membership dues, annual meeting costs, etc.
 - b. For each cost indicate whether it was removed from or included in the requested revenue requirement, and the reason for the exclusion or inclusion.
12. Refer to the Application generally. Explain in detail whether there are any direct charges, allocated costs, surcharges, pass-through charges, etc., from East Kentucky Power

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Cooperative (“EKPC”), or any other entity, to Farmers RECC. If so, provide a detailed list of the same with explanations for each allocated charge.

13. Refer to the Application generally. Explain in detail whether Farmers RECC provides any assistance program(s) for customers experiencing difficulty paying their electric bills.

14. Refer to the Application generally.

a. Provide a detailed explanation of how Farmers RECC operates its capital credit program, and ensure to discuss how the Company accounts for capital credits that cannot be provided back to the member due to the member passing away, moving, etc.

b. Provide the monetary amount of capital credits that Farmers RECC currently has on the books, separated by year.

15. Refer to the Application, paragraph 4. Confirm that in Case No. 2021-00108, the Commission granted Farmers RECC a \$1,624,924 rate increase associated with EKPC’s wholesale rate increase.² If not confirmed, explain why not in detail.

16. Refer to the Application generally.

a. Explain in detail whether Farmers RECC has participated in, or continues to participate in, the Rural Utilities Service’s (“RUS”) Cushion of Credit program.

b. Confirm that the RUS Cushion of Credit program allowed cooperatives utilities to deposit cash with RUS from funds available in excess of its debt service

² Case No. 2021-00108, *Electronic Application of Farmers Rural Electric Cooperative Corporation for Pass-Through of East Kentucky Power Cooperative, Inc. Wholesale Rate Adjustment* (Ky. PSC Sep. 30, 2021), Order at 8.

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requirements and earn interest on those deposits at 5.0%. However, when changes were made to the RUS Cushion of Credit Program through the enactment of the 2018 Farm Bill, it modified the interest rate on those deposits from 5% to the 1-year variable treasury rate on October 1st of each year. The 2018 Farm Bill also allowed for cooperatives to apply the Cushion of Credit funds to outstanding RUS and Federal Financing Bank (“FFB”) loans by September 30, 2020, without prepayment penalties.³ If not confirmed, explain why not.

- c. Explain whether Farmers RECC is aware of any further updates to the RUS Cushion of Credit program since the 2018 Farm Bill was enacted.
- d. If Farmers RECC received interest income from the RUS Cushion of Credit program for the test year, explain whether this amount was included in the revenue requirement. If not, explain why not.
- e. When changes were made to the Federal Farm Bill in 2018, explain whether Farmers RECC used its Cushion of Credit deposit amounts to prepay its RUS/FFB loans without penalty from the period of December 20, 2018 – September 30, 2020. If not, explain in detail why not.
- f. Provide a detailed account of Farmers RECC’s Cushion of Credit deposit amounts for the years 2016 – 2023.

³<https://www.federalregister.gov/documents/2019/06/07/2019-11924/announcement-of-new-cushion-of-credit-program-provisions>; <https://www.usda.gov/farmbill>; <https://www.electric.coop/farm-bill-advances-electric-co-op-interests-in-rural-development-broadband>.

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- g. Provide a detailed account of Farmers RECC's RUS/FFB loans, with the corresponding principal and interest amounts, for the years 2016 – 2023.
- 17. Refer to the Application, paragraph 5. Farmers RECC asserts that it is requesting a \$2,415,704 rate increase, or 3.99%, to achieve an Operating Times Interest Earned Ratio (“OTIER”) of 1.51.
 - a. Provide Farmers RECC's OTIER for the years 2016 – 2023.
 - b. Provide Farmers RECC's TIER for the years 2016 – 2023.
 - c. If the Commission were to grant Farmers RECC's full rate increase request in the pending case, provide the resulting TIER.
- 18. Refer to the Application, Exhibit 1. Farmers RECC states that it is, “at risk of not satisfying key financial metrics contained in its loan covenants with lenders.”
 - a. Explain in detail the various lender requirements.
 - b. Provide Farmers RECC's rate structure in comparison to its lender requirements for the years 2016 – 2023.
- 19. Refer to the Application, Exhibit 4, Customer Notice.
 - a. Confirm that the average residential customer, using 1,102 kWh of electricity, will have an \$8.30 increase, or 5.93%, to the monthly electric bill if the Commission grants Farmers RECC's rate increase request.
 - b. If the Commission grants Farmers RECC's rate increase request provide the total monthly electric bill for the average residential customer.

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20. Refer to the Application, Exhibit 4, Customer Notice. Farmers RECC states that it is requesting an increase in the monthly residential customer charge from \$14.49 to \$19.50, to take effect immediately.
- a. Explain how seeking to increase the monthly residential customer charge from \$14.49 to \$19.50, which is an increase of approximately 34.5756%, is in line with the principle of gradualism.
 - b. Explain whether Farmers RECC contemplated implementing the proposed higher customer charge in two phases instead of a 34.5756% increase at one time.
 - c. Identify all rate classes to which Farmers RECC provides electric service.
 - d. Compare and contrast the following rate classes: Residential Service, TOD Residential, and Net Metering.
 - e. Explain in detail why Farmers RECC is only requesting the rate increase to apply to the Residential Service, TOD Residential, and Net Metering rate classes.
 - f. Provide citations to precedent in which the Commission granted a rate increase only on the residential customers.
 - g. Confirm that if the Commission grants Farmers RECC's requested rate increase on the residential rate class, the residential customers will be paying a monthly customer charge of \$19.50, and an energy charge per kWh of \$0.090673, while the commercial and industrial rate classes using less than 50 kWh per month will continue to pay a monthly customer charge of \$22.07, and an energy charge per kWh of \$0.082796.

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- h. Explain in detail whether Farmers RECC has any special contracts in place, and if so, provide the corresponding case number in which the Commission approved of the same.

- 21. Refer to the Direct Testimony of Tobias Moss (“Moss Testimony”), at 3, in which he states that Farmers has, “had several cost-saving initiatives” since the last rate case. Explain in detail the cost-saving initiatives that have been implemented since the last rate case.

- 22. Refer to the Moss Testimony at 2 and 4.
 - a. Provide the salary, including all overtime pay, and all benefits that Farmers RECC’s prior Chief Executive Officer (“CEO”) received in 2021 and 2022.
 - b. Provide the salary, including all overtime pay, and all benefits that Farmers RECC’s new Chief Executive Officer (“CEO”) has received in 2023.
 - c. If there are differences of salary and/or benefits between the prior and current CEO, identify the differences and include a detailed explanation as to why the differences exist.

- 23. Refer to the Moss Testimony at 4 – 5.
 - a. Specify the revenue increase the comprehensive cost of service study indicated was needed for Farmers RECC.
 - b. Provide a copy of the comprehensive cost of service study.

- 24. Refer to the Moss Testimony at 5, in which he admits that, “[s]ince Farmers’ last rate case, costs for other goods, including household staples like milk, gasoline and eggs have

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increased up to 145%.” Provide the supporting documentation and citations for this statement.

25. Refer to the Moss Testimony at 6 – 7, in which he states that right-of-way (“ROW”) maintenance costs have significantly increased.

- a. Provide the monetary amount of the increased ROW costs that are in the pending rate request.
- b. Explain in detail why the ROW costs have increased so drastically.
- c. Explain whether Farmers RECC handles right of way internally or if it uses contractors.
- d. Provide Farmers RECC’s right of way maintenance plan, including the trimming cycle.
- e. Explain whether Farmers RECC issues requests for proposal in order to secure the most economically favorable right of way contracts.
- f. Explain whether Farmers RECC works with other regional electric utilities to develop regional bids for ROW management. If so, explain in detail. If not, explain why not.
- g. Provide copies of all responses to the right of way requests for proposal for the last five years.
- h. Explain in detail whether Farmers RECC coordinates its right of way program with the Kentucky Transportation Cabinet/Kentucky Department of Highways right of

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way program, in order to mitigate expense for the Company's customers. If not, explain why not. Provide all related documentation regarding the same.

- i. Provide the budgeted ROW maintenance expense for each of the years: 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, and the adjusted test year.
 - j. Provide the actual ROW maintenance expense for each of the years: 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, and 2023.
 - k. Provide the annual ROW maintenance expense approved in the last rate case.
 - l. Provide the budgeted ROW miles trimmed for each of the years: 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, and 2023.
 - m. Provide the actual ROW miles trimmed for each of the years: 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, and year to date 2023.
 - n. Provide justification for making a pro forma adjustment of \$2.3 million to the \$1,015,237 test-year ROW expense.
 - o. Explain in detail whether in the past Farmers RECC has intentionally reduced its ROW expenses in order to divert the funds elsewhere. Ensure to include the years that this intentional reduction occurred, and where the funds were diverted.
26. Refer to the Moss Testimony at 7, in which he states that the forgiveness of Covid-19 funds assisted in foregoing a draw of loan funds for its RUS work plan. Explain in detail the specific project(s) in the RUS work plan that were assisted with the forgiveness of the Covid-19 funds.

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27. Refer to the Direct Testimony of Jennie Gibson Phelps (“Phelps Testimony”), at 4 – 5, in which she states that Farmers RECC has experienced increases in its business, with the primary increases in costs occurring in ROW maintenance, interest rates, general labor costs, construction materials, and system maintenance costs. Provide a detailed discussion of why there have been significant increases in each of these referenced categories and provide examples for each category.
28. Refer to the Phelps Testimony at 5. Ms. Phelps discusses Farmers RECC’s debt portfolio which includes the following lenders: Rural Utilities Service (“RUS”) and the National Rural Utilities Cooperative Finance Corporation (“CFC”).
- a. Provide the TIER and OTIER that are required by all of Farmers RECC’s loan contracts.
 - b. Confirm or deny that normally loans that an RECC enters into only require a TIER of 1.25X. If denied, explain in full detail what TIER is generally required.
 - c. If (c) is confirmed, other than Commission precedent, provide the justification and reason a higher TIER than what is required by the loan contract terms is necessary.
 - d. Explain how Farmers RECC utilizes the additional funds that the Commission awards that are above and beyond the required TIER and OTIER amounts per the loan contract terms, and how the company accounts for these funds.
 - e. If Farmers RECC were to ask for a 1.25X TIER, provide the rate increase that the Company would be seeking in the pending case, all else equal.

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- f. If Farmers RECC were to ask for a 1.50X TIER, provide the rate increase that the Company would be seeking in the pending case, all else equal.
29. Refer to the Phelps Testimony at 6, in which she states that Farmers RECC bid its ROW circuit work for a two-year period recently and the contracts were much higher than past per circuit-mile rates. Provide the prior versus the most updated per circuit-mile rate.
30. Refer to the Phelps Testimony at 7, in which she asserts that Farmers RECC decided to lock-in several loans bringing its portfolio to 13% variable and 87% fixed by the end of the 2022 test year.
- a. Provide the current blended interest rate of the portfolio.
 - b. Provide a list of all outstanding loans including the principal, interest rate, date of origination, loan terms, and maturity date.
31. Refer to the Phelps Testimony at 7, in which she states that Farmers RECC introduced a new lower cost employee defined contribution retirement plan, to replace the higher cost defined benefit plan, for all new hires after January 1, 2012. As of December 31, 2022, 26 of its 60 full-time employees are on the lower cost employee defined contribution retirement plan
- a. Compare and contrast the lower cost employee defined contribution retirement plan with the higher cost defined benefit plan. Ensure to include all contributions percentages from the employer and employee.
 - b. Provide an update as to the number of employees who are on the lowest cost retirement plan versus the higher cost retirement plan.

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- c. For the employees who are on the higher cost retirement plan explain whether Farmers RECC contributes to only the higher cost retirement plan, or if the Company also contributes to a secondary retirement plan. For example, does Farmers RECC contribute to a defined benefit plan and a 401(k) plan for certain employees? If so, explain all of the contributions in detail.
 - d. If Farmers RECC does contribute to both a defined benefit plan and a 401(k) plan for certain employees, provide the monetary amount associated with the 401(k) plan that is included in the proposed revenue increase.
 - e. Explain in detail whether Farmers RECC considered moving toward a 401(k) based retirement plan for new hires. If not, explain why not.
32. Refer to the Phelps Testimony at 8.
- a. Explain in detail why the creation of the Purchasing Manager position was necessary.
 - b. Which position handled the responsibilities of the Purchasing Manager prior to the position being created in December 2020?
33. Refer to the Phelps Testimony at 9.
- a. Farmers RECC asserts that it is requesting the rate case expense to be allowed recovery in the rates, and amortized over a three-year period.
 - i. Provide the total rate case expense that has been accrued thus far. Consider this a continuing request.

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- ii. Provide a breakdown of the total rate case expense that has been accrued thus far by category. Consider this a continuing request.
 - iii. Provide copies of invoices supporting the level of incurred rate case costs to date and supply such new invoices as they become available.
 - iv. Provide the estimated total rate case expense.
 - v. Provide a breakdown of the estimated total rate case expense.
 - vi. If Farmers RECC has not filed a general rate case in almost seven years,⁴ explain why the rate case expense should be amortized over only three years.
 - vii. Explain whether Farmers RECC intends to include charges for its own employees to work on the rate case during regular business hours.
34. Refer to the Phelps Testimony, Exhibit JP-1. Provide the exhibit including 2023 using the most updated data.
35. Refer to the Application generally.
- a. If Farmers RECC has union employees, provide a copy of the most recent union contract, including all amendments.
 - b. Provide a copy of the Cooperative Finance Corporation's ("CFC") Key Ratio Trend Analysis ("KRTA").

⁴ Case No. 2016-00365, *Application of Farmers Rural Electric Cooperative Corporation for an Increase in Retail Rates* (Ky. PSC May 12, 2017).

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- c. Provide a list of all electric utilities in Kentucky, with the corresponding monthly residential customer charge, residential volumetric charge, average bill, and rank the utilities from lowest to highest average bill. Ensure to include Farmers RECC's proposed residential customer charge, residential volumetric charge, average bill, and rank based upon its proposed revenue requirement.
36. Refer to the Application generally.
- a. Provide the monetary amount that Farmers RECC has included in the revenue requirement for payment processing fees, with a breakdown between each payment type.
 - b. If Farmers RECC includes credit card fees in the revenue requirement then provide the Commission case number and Order that approved these specific fees to be included in rates.
 - c. Provide all payment processing fees that Farmers RECC has paid for in the years 2016 – 2023, and provide a breakdown for each type of payment processing fee.
 - d. Identify the type of payments Farmers RECC accepts from a customer without assessing a fee.
 - e. Identify the type of payments Farmers RECC accepts only with a fee assessment.
 - f. Explain in full detail whether Farmers RECC requires a convenience fee to be added to all credit card transactions in order for other member customers to not subsidize the credit card payments. If not, explain in full detail why not.

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- g. Provide the type of credit cards that Farmers RECC accepts as payment (e.g. Visa, MasterCard, American Express, etc.), the fee that the Company pays to process each type of credit card, and the associated fee to the member customer.
- h. Provide all other forms of payment that Farmers RECC accepts from member customers to pay the utility bill, as well as the corresponding fees that the Company pays for each payment type, as well as all fees assessed to the member customers for each payment type.

37. Refer to the Application generally.

- a. Provide a copy of all formal studies conducted that compare Farmer RECC's health insurance premium and health savings account contributions to those of local employers for the geographic area in which Farmers RECC operates. If no formal study exists explain why not.
- b. Discuss any informal studies that compare Farmers RECC's health insurance premium and health savings account contributions to those of local employers for the geographic area in which Farmers RECC operates. If no informal study exists explain why not.
- c. Confirm that according to the most recent data from the Bureau of Labor Statistics, the average share of premiums paid by the employer for single coverage in private industry is 78%.⁵

⁵ https://www.bls.gov/news.release/archives/ebs2_09222022.htm, Table 3.

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- d. Confirm that according to the most recent data from the Bureau of Labor Statistics, the average share of premiums paid by the employer for family coverage in private industry is 67%.⁶
- e. Explain whether Farmers RECC pays 100% of the insurance costs for retirees and their families. If not, provide the contribution amounts made by Farmers RECC and the retirees.

38. Refer to the Application generally.

- a. Provide the defined benefit retirement contribution rates by the employer and employee.
- b. Discuss all changes that have been made to the defined benefit retirement plans in the past decade.
- c. Provide a copy of all studies that Farmers RECC conducted and/or relied upon concerning the employer and employee contribution rates. If no study exists, explain why not.
- d. Provide a copy of all formal studies conducted that compare Farmers RECC's defined benefit retirement contributions to that of local employers for the geographic area in which Farmers RECC operates. If no formal study exists, explain why not.

⁶ https://www.bls.gov/news.release/archives/ebs2_09222022.htm, Table 4.

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- e. Discuss any informal studies that compare Farmers RECC's defined benefit retirement contributions to that of local employers for the geographic area in which Farmers RECC operates. If no informal study exists, explain why not.
39. Refer to the Application generally.
- a. Provide the 401(k) contribution rates by the employer and employee.
 - b. Discuss all changes that have been made to the 401(k) plans in the past decade.
 - c. Provide a copy of all studies that Farmers RECC conducted and/or relied upon concerning the employer and employee contribution rates. If no study exists, explain why not.
 - d. Provide a copy of all formal studies conducted that compare Farmers RECC's 401(k) contributions to that of local employers for the geographic area in which Farmers RECC operates. If no formal study exists, explain why not.
 - e. Discuss any informal studies that compare Farmers RECC's 401(k) contributions to that of local employers for the geographic area in which Farmers RECC operates. If no informal study exists, explain why not.
40. Refer to the Direct Testimony of John Wolfram ("Wolfram Testimony"), at 7, in which he states that he made certain adjustments to the cooperative's actual booked amounts as needed to perform the cost of service study. Identify all adjustments made and the reason for each adjustment.
41. Refer to the Wolfram Testimony at 8. Mr. Wolfram states that based on the total revenue increase cap, the increase is limited to an overall increase of 4.09%, or \$2,415,453, but due

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to rate rounding, Farmers' request is for an increase of \$2,415,704, which yields an OTIER of 1.51. Explain what "rate rounding" occurred, and why Farmers RECC should be allowed a rate increase higher than the Commission imposed cap.

42. Refer to the Wolfram Testimony at 13.

- a. Provide the amount of the FEMA credit that was added back in as an expense.
- b. Explain why a FEMA credit should not be reflected in the requested revenue requirement, which would be beneficial to the ratepayers.
- c. Provide a description of and monetary amount of all FEMA funds that have been applied for and received by Farmers RECC for the years 2016- 2023.

43. Refer to the Wolfram Testimony at 14, in which he states that an adjustment was made to remove the employer retirement plan contributions for the least generous of any multiple retirement packages, consistent with the requirements of the streamlined rate order. Employees hired prior to January 1, 2012 may participate in multiple retirement plans.

- a. Specify the amount that was removed for this specific adjustment.
- b. Explain why Farmers continues to offer multiple retirement plans to specific employees instead of attempting to rein in costs.
- c. Explain in detail which employees have multiple retirement plans, and which do not.
- d. Admit that generally employers in both the public and private sectors contribute to either a defined benefit plan or a 401(k), but not both.

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44. Refer to the Wolfram Testimony at 14, in which he states that an adjustment to remove life insurance premiums for coverage above the lesser of an employee's annual salary or \$50,000 from the test period, pursuant to the requirements of the Streamlined Rate Order.
- a. Specify the amount that was removed for this specific adjustment.
 - b. Explain why Farmers continues to offer life insurance premium coverage above the lesser of an employee's annual salary or \$50,000, instead of attempting to rein in costs.
45. Refer to the Wolfram Testimony at 15, in which he states that no adjustment was made to adjust to national average contribution levels because Farmers' employee health insurance premium contribution is not zero.
- a. Explain in detail Farmers RECC's employer and employee health insurance contribution rates for all coverages (e.g. single, family, etc.)
 - b. Refer to the Commission's final Order in Case No. 2019-00053, in which the Commission asserted that, "as long as the employee contribution rate for health insurance is at least 12 percent, it will not make a further adjustment to the national average. If a utility's employees' health insurance contribution is less than 12 percent, the Commission will adjust all contributions to the national average."⁷
Explain whether Farmers RECC is in compliance with this Commission precedent.

⁷ Case No. 2019-000053, *Electronic Application of Jackson Purchase Energy Corporation for a General Adjustment in Existing Rates*, (Ky. PSC June 20, 2019) Order at 8 – 9.

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- c. Provide the necessary adjustment to reduce Farmers RECC's contribution to employee insurance premiums to the Bureau of Labor Statistics' average.
46. Refer to the Application generally. Provide a list of all open/vacant positions in the test year and adjusted test year including:
- a. Job title,
 - b. Date the job was created,
 - c. Length of time that the position has been open,
 - d. Explanation as to why the position is still vacant,
 - e. Planned hiring dates for each position,
 - f. Hiring dates for any of these positions that have been filled, and
 - g. Annual salary for unfilled positions.
47. Refer to the Application generally. Provide a list of all new positions in the test year and adjusted test year including:
- a. Job title,
 - b. Date the job was created,
 - c. Length of time that the position has been open,
 - d. Planned hiring dates for each position,
 - e. Hiring dates for any of these positions that have been filled, and,
 - f. Annual salary for unfilled positions.

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48. Refer to the Wolfram Testimony at 16 – 23. Explain whether the class cost of service study was performed in conformance with recent Commission precedent.⁸ If not, explain in detail why not.
49. Refer to the Application generally. Provide the 401(k) match expense for the test year, the adjusted test year, and each of the years 2018, 2019, 2020, 2021, 2022, and 2023, broken out by expensed and capitalized.
50. Refer to the Application, Exhibit 15.
- a. Explain in detail why Farmers RECC’s propane income increased from \$191,288 in 2020, to \$207,272 in 2021, to \$480,012 in 2022.
 - b. Explain whether Farmers RECC included the \$480,012 of 2022 propane income in the pending rate case. If not, explain why not.
51. Refer to the Application generally. Provide the Board of Director Meeting Minutes for 2021, 2022, and 2023 year-to-date.
52. Refer to the Application generally. Provide the total amount of contributions and donations included for recovery in the test year and the adjusted test year by separate payee, along

⁸ See Case No. 2021-00066, *Electronic Application of Kenergy Corp. for a General Adjustment of Rates Pursuant to Streamlined Procedure Pilot Program Established in Case No. 2018-00407* (Ky. PSC June 24, 2021), Order at 11 – 12; See Case No. 2020–00131, *Electronic Application of Meade County Rural Electric Cooperative Corporation for an Adjustment in Rates* (Ky. PSC Sept. 16, 2020), Order at 12 – 13; See Case No. 2020-00264, *Electronic Application of Cumberland Valley Electric, Inc. for a General Adjustment of Rates Pursuant to Streamlined Procedure Pilot Program Established in Case No. 2018-00407* (Ky. PSC Dec. 30, 2020), Order at 10 – 11; See Case No. 2020-00338, *Electronic Application of Licking Valley Rural Electric Cooperative Corporation for a General Adjustment of Rates Pursuant to Streamlined Procedure Pilot Program Established in Case No. 2018-00407* (Ky. PSC Apr. 8, 2021), Order at 10 – 12.

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with a description of and the purpose for each payee. Also identify the customer benefit associated with each cost.

53. Refer to the Application. Provide the amount of country club and golf club dues expenses included in the test year and for recovery in the adjusted test year.

54. Refer to the Application generally.

- a. Provide a breakdown of all dues that Farmers RECC pays by organization for 2016 – 2023, and the adjusted test year.
- b. Explain whether any of these dues are included in the revenue requirement in the pending rate case.
- c. State the purpose and objective of each organization listed.
- d. For each organization, identify the benefits provided to customers.
- e. State whether any of the organizations listed engage in lobbying or advocacy activities, attempts to influence public opinion, institutional or image-building advertising. If so, identify the amount and whether Farmers RECC has included the portions of dues related to such activities in the test year and adjusted test year.

55. Refer to the Application generally.

- a. Identify all gains and losses on sales of utility property for each year since the last rate case.
- b. For each transaction, provide a description of the property, the original cost, sale price, date acquired, date sold, and whether the asset is included in the test year and adjusted test year rate base.

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- c. Identify the amount of gains and losses that have been reflected in the revenue requirement in the test year and the adjusted test year and the schedule where they are reflected. If none are reflected in the revenue requirement, explain why not.
 - d. If gains and losses occur in between rate cases, explain how they are treated for ratemaking purposes.
56. Refer to the Application generally.
- a. Itemize the amount of outside legal expense, by vendor, included in the test year, the adjusted test year, and each of the calendar years 2018, 2019, 2020, 2021, 2022, and 2023.
 - b. Provide a brief description for the legal expense, by vendor, included in the test year, adjusted test year, and for each of the years 2018, 2019, 2020, 2021, 2022, and 2023.
57. Refer to the Wolfram Testimony, Exhibit JW-2, page 1, line 3. Provide an itemization of other electric revenue by type for each year 2018, 2019, 2020, 2021, 2022, 2023, the test year, and the adjusted test year.
58. Refer to the Application generally. State when Farmers RECC anticipates it will file its next rate case.
59. Refer to the Application generally.
- a. Provide the amount of Supplemental Executive Retirement Plan (“SERP”) included in the test year, the adjusted test year, and each of the years 2018, 2019, 2020, 2021, and 2022.

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- b. Describe the benefits provided by Farmers RECC's SERP plan.
 - c. Identify both the number of employees eligible for SERP and the number of employees ineligible for SERP for each of the years 2018, 2019, 2020, 2021, and 2022.
 - d. Explain how eligibility for SERP is determined.
60. Refer to the Application generally. Identify all surcharges, trackers and mechanisms approved by the Commission and utilized by the utility. Identify the Docket Number in which the surcharge/tracker/balancing account was initially approved, and a description of the costs/revenues being recovered via the surcharge/tracker/mechanism.
61. Refer to the Application generally. Did the Company apply a vacancy adjustment to its adjusted test year payroll expense? If so, provide the amount and all supporting calculations. If not, explain why not.
62. Refer to the Application generally.
- a. Provide the names, positions, salaries, and date of hire for all employees of Farmers RECC who are related to executive staff, such as the CEO, or any member of the Board of Directors, if any.
 - b. Provide the names of all members of the Farmers RECC Board of Directors who are related to the executive staff, such as the CEO, if any.
 - c. Explain whether Farmers RECC has a Nepotism Policy. If so, provide a copy of the policy. If not, explain why a Nepotism Policy is not in place, and whether Farmers RECC is agreeable to implementing one.