

**COMMONWEALTH OF KENTUCKY
BEFORE THE
KENTUCKY PUBLIC SERVICE COMMISSION**

In the Matter of:

| | | |
|-----------------------------------|---|------------|
| THE ELECTRONIC APPLICATION OF |) | |
| FARMERS RURAL ELECTRIC |) | CASE NO. |
| COOPERATIVE CORPORATION |) | 2025-00107 |
| FOR A GENERAL ADJUSTMENT OF RATES |) | |

FARMERS RURAL ELECTRIC COOPERATIVE
CORPORATION'S VERIFIED RESPONSE TO THE
ATTORNEY GENERAL'S THIRD REQUEST FOR INFORMATION
ENTERED JULY 3, 2025

Comes now Farmers Rural Electric Cooperative Corporation (Farmers), by counsel, and does hereby tender its Verified Response to the Attorney General's Second Request for Information entered July 3, 2025.

Filed: July 16, 2025

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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| FARMERS RURAL ELECTRIC |) | |
| COOPERATIVE CORPORATION |) | CASE NO. |
| FOR A GENERAL ADJUSTMENT OF RATES |) | 2025-00107 |

VERIFICATION OF TOBIAS MOSS

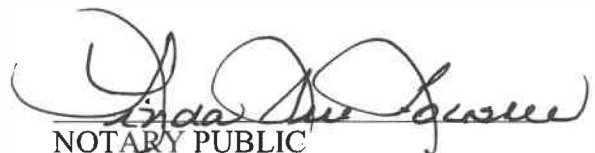
COMMONWEALTH OF KENTUCKY)
)
COUNTY OF BARREN)

Tobias Moss, President and CEO of Farmers Rural Electric Cooperative Corporation, being duly sworn, states that he has supervised the preparation of certain responses to the Attorney General's Second 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.

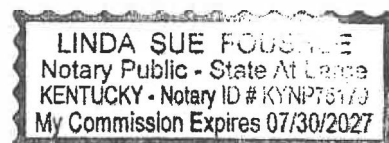


Tobias Moss

The foregoing Verification was signed, acknowledged and sworn to before me this 9th day of July, 2025 by Tobias Moss.



NOTARY PUBLIC



Farmers Rural Electric Cooperative Corporation
Case No. 2025-00107
Response To Request for Information
Attorney General's Request for Information Dated 07/03/2025

Request 1: Please refer to Exhibit JW-2, Reference Schedule 1.06 and Farmers' Response to the Attorney General's Request 65:

- a. Please confirm whether the customer counts in the annual reports can be reconciled through a calculation or combination of customer counts shown in Reference Schedule 1.06.
- b. If confirmed, please provide the calculation of or combination of the customer counts that display how the annual reports and Reference Schedule 1.06 are related using Excel or equivalent program.

Response 1: The customer counts in the annual report can be reconciled to the amounts shown in Reference Schedule 1.06, but this requires data more granular than that which is provided in either source. Please see Attachment AG 2-1.

ATTACHMENT AG 2-1

Reconciliation of Customer Counts: Exh. JW-2 Ref Schedule 1.06 and Annual Report

1. Exhibit JW-2 Reference Schedule 1.06

| Year | Month | Schedule R - Residential Rate | Schedule C - Comm. & Indust. Service Rate < 50 kW | Residential Off Peak ETS Tariff | Net Metering Tariff |
|---------|-------|-------------------------------------|--|------------------------------------|------------------------|
| (1) | (2) | (3) | (4) | (5) | (6) |
| 2024 | Jan | 24,446 | 1,715 | 95 | 78 |
| 2024 | Feb | 24,499 | 1,726 | 89 | 78 |
| 2024 | Mar | 24,501 | 1,725 | 86 | 78 |
| 2024 | Apr | 24,513 | 1,736 | 86 | 78 |
| 2024 | May | 24,544 | 1,733 | 82 | 78 |
| 2024 | Jun | 24,597 | 1,737 | 79 | 80 |
| 2024 | Jul | 24,618 | 1,738 | 77 | 79 |
| 2024 | Aug | 24,655 | 1,749 | 78 | 80 |
| 2024 | Sep | 24,652 | 1,752 | 78 | 81 |
| 2024 | Oct | 24,645 | 1,860 | 79 | 83 |
| 2024 | Nov | 24,588 | 1,879 | 77 | 85 |
| 2024 | Dec | 24,625 | 1,869 | 78 | 84 |
| Average | | 24,574 | 1,768 | 82 | 80 |

2. Annual Report

Average Number of Consumers

| | |
|--------------------------------|---------------|
| Residential | 24,889 |
| Small Commercial | 2,000 |
| Large Commercial | 6 |
| Public Street & Hwy Lighting | 6 |
| Public Buildings & Authorities | - |
| Sales for Resale | - |
| TOTAL | 26,901 |

3. Reconciliation (using Dec 2024 amounts)

| | | |
|---|---------------|-----------------------|
| Annual Report Residential | 24,889 | Line 23 |
| less Residential TOD | (1) | Note A |
| less Residential Off-Peak ETS | (78) | Line 16, Col (5) |
| less Net Metering | (84) | Line 16, Col (6) |
| less RES SEC Light Only Accts | (101) | Note A |
| Remaining Residential + Prepay | 24,625 | |
| Ref Sched 1.06 Residential (includes Prepay) | 24,625 | Line 16 Col (3) |
| Variance | - | Line 40 - Line 38 |

Note: Residential TOD and RES Security Lights Only accounts are not included in Ref Sched 1.06 because the year-end amounts and average amounts do not differ.

Farmers Rural Electric Cooperative Corporation
Case No. 2025-00107
Response To Request for Information
Attorney General's Request for Information Dated 07/03/2025

Request 2: Refer to Exhibit JW-2, Reference Schedule 1.10. Do any employees of Farmers RECC provide labor or services to Farmers Energy Propane Plus?

a. If so, please provide a detail breakdown of hours worked for the propane company for each employee (by PSC Ref Number) who provided labor for each year 2022 through 2024, and in each month of 2025 to date.

Response 2: Yes. As referenced in Response 4, below, Farmers' President & CEO and Farmers' Vice President, Finance & Accounting serve as Board of Directors for Farmers Energy Propane Plus ("FEPP").

Response 2(a): FEPP is charged for labor for Farmers' President & CEO and Farmers' Vice President, Finance & Accounting related to their attendance of FEPP quarterly board meetings. Farmers is reimbursed by FEPP for mileage for Farmers' Board Chair and Vice-Chair. The chart below breakdowns the data provided in the Application, Exhibit 24.

| | Financial Year Ending: | | | | | | | |
|--|------------------------|-------|-------------|-------|-------------|-------|-------------|-------|
| | <u>YTD 2025</u> | | <u>2024</u> | | <u>2023</u> | | <u>2022</u> | |
| | \$\$\$ | Hours | \$\$\$ | Hours | \$\$\$ | Hours | \$\$\$ | Hours |
| Qtrly Board Meetings: | | | | | | | | |
| Farmers President & CEO | \$ 448 | 4.0 | \$ 861 | 8.0 | \$ 817 | 8.5 | \$ 1,226 | 9.5 |
| Farmers VP, Finance & Accounting | 274 | 4.0 | 527 | 8.0 | 521 | 8.5 | 699 | 10.0 |
| Mileage Reimbursement - Farmers Board Chair and Vice-Chair | | | 69 | | 101 | | 328 | |
| TOTAL: | \$ 722 | | \$ 1,457 | | \$ 1,439 | | \$ 2,253 | |

Witness: Tobias Moss and Jennie Phelps

Farmers Rural Electric Cooperative Corporation
Case No. 2025-00107
Response To Request for Information
Attorney General's Request for Information Dated 07/03/2025

Request 3: Refer to the response to PSC Staff data request number 1-38. Please provide the Cost Allocation Manual

Response 3: The Cost Allocation Manual is attached as Attachment AG 2-3.

ATTACHMENT AG 2-3

**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION
GLASGOW, KENTUCKY**

COST ALLOCATION MANUAL

**Originally Adopted June 2001
Reviewed and Reaffirmed September 2015
Reviewed and Revised November 2024**

TABLE OF CONTENTS

| | Page |
|--|------|
| Introduction | 3 |
| Definitions | 4 |
| Regulated and Nonregulated Divisions and Affiliates and Related Services and Products | 7 |
| Nature of Transactions | 9 |
| Shared Services and Other Cost Allocation Methodologies | 10 |
| Adoption / Review Statement | 12 |
| Account Analysis | 13 |

Introduction

In 1998, The Kentucky Public Service Commission initiated a study as demonstrated in Administrative Case No. 369 - An Investigation of the Need for Affiliate Transaction Rules and Cost Allocation Requirements for All Jurisdictional Utilities. Then, in its 2000 regular session, the General Assembly of the Commonwealth of Kentucky enacted House Bill 897. House Bill 897 amended KRS 278 requiring all utilities providing nonregulated activities, either directly or through an affiliate, to keep separate accounts and allocate costs to ensure that regulated ratepayers did not subsidize the nonregulated activities. This law required utilities meeting certain revenue levels to file a cost allocation manual (CAM) identifying the method for segregating costs between regulated and nonregulated activities. The law also required an amended CAM should material changes occur. In 2001, Farmers RECC filed its manual as required. The manual was an indexed compilation and explanation of Farmers RECC's cost allocation policies and procedures.

The law included in Section 8 a Code of Conduct. Utilities organized under KRS Chapter 279 were exempt from the Code of Conduct. Farmers RECC was exempt from the Code of Conduct since it was organized under KRS Chapter 279.

In 2006, House Bill 568 was passed in the legislature. One of the changes brought about by the bill was that it abolished the provision of incidental nonregulated activity as it related to the Cost Allocation Manual. Another change was that it brought the cooperatives under the Code of Conduct.

Definitions

Affiliate – A person that controls or is controlled by, or is under common control with, a utility.

Arm's Length – the standard of conduct under which unrelated parties, each party acting in its own best interest, would negotiate and carry out a particular transaction.

Control - the power to direct the management or policies of a person through ownership, by contract, or otherwise

Cost Allocation Manual (CAM) – the indexed compilation and documentation of a company's cost allocation policies and related procedures.

Cost Allocations - the methods or ratios used to apportion costs. A cost allocator can be based on the origin of costs, as in the case of cost drivers; cost-causative linkage of an indirect nature; or one or more overall factors (also known as general allocators).

Common Costs - costs associated with services or products that are of joint benefit between regulated and non-regulated business units.

Cost Driver - a measurable event or quantity which influences the level of costs incurred and which can be directly traced to the origin of the costs themselves.

Direct Costs – costs that can be specifically identified with a particular service or product.

Distribution Cooperative - a utility formed under KRS Chapter 279 that provides retail electric service.

Electric-Consuming Facilities – everything that utilizes electric energy from a central station source.

Facility – includes all property, means, and instrumentalities owned, operated, leased, licensed, used, furnished, or supplied for, by, or in connection with the business of any utility.

Fully Distributed Costs - the sum of the direct costs plus an appropriate share of indirect costs.

Generation & Transmission Cooperative (G&T) – a utility formed under KRS 279 that provides electric generation and transmission service.

Global Costs – costs that do not have a specific identifiable causal relationship with a particular activity but apply to all activities.

Incidental Treatment – A utility prior to House Bill 568 could report an incidental nonregulated activity if (a) the revenue from the aggregate of the total of the utility's nonregulated incidental activities did not exceed the lesser of two percent (2%) of the utility's total revenue or one million dollars (\$1,000,000) annually; and (b) the nonregulated activity was reasonably related to the utility's regulated activity. Incidental Treatment no longer applies.

Indirect Costs – costs that cannot be identified with a particular service or product. This includes but is not limited to overhead costs, administrative and general, and taxes.

Kentucky Public Service Commission (PSC) (Commission) - state regulatory body governing the rates and practices of utilities.

Net Book Value – the book cost, as defined by the uniform system of accounts, reduced by related provisions for accumulated depreciation, depletion, or amortization and adjusted for any unamortized plant acquisition adjustment related to the asset.

Nonregulated Activity - the provision of competitive retail gas or electric services or other products or services over which the Commission exerts no regulatory authority.

Person – includes natural persons, partnerships, corporations, and two (2) or more persons having a joint or common interest.

Prevailing Market Pricing - a generally accepted market value that can be substantiated by clearly comparable transactions, auction or appraisal.

Rate – means any individual or joint fare, toll, charge, rental, or other compensation for service rendered by any utility, and any rule, regulation, practice, act, requirement, or privilege in any way relating to such fare, toll, charge, rental, or other compensation, and any schedule or tariff or part of a schedule or tariff thereof.

Regulated Activity - a service provided by a utility, the rates and charges of which are regulated by the Commission.

Retail Electric Service – electric service furnished to a consumer for ultimate consumption.

Service - any practice or requirement in any way relating to the service of any utility, including the voltage of electricity, the heat units and pressure of gas, the purity, pressure, and quantity of water, and in general the quality, quantity, and pressure of any commodity or product used for or in connection with the business of any utility.

Shared Services – those centrally-managed services that benefit both the utility and its affiliates/divisions.

Solicit - to engage in or offer for sale a good or service, either directly or indirectly and irrespective of place or audience.

Subsidize - the recovery of costs or the transfer of value from one class of customer, activity, or business unit that is attributable to another.

USoA - Uniform System of Accounts - a system of accounts for public utilities established by the Rural Utilities Service (RUS) of the United States Department of Agriculture and adopted by the Commission.

Utility - a natural person, partnership, or corporation (except a city) who owns controls, operates or manages a facility in connection with the generation, production, transmission, or distribution of electricity to or for the public, for compensation, for lights, heat, power, or other uses.

Utility Revenue - Operating electric revenue as reported on RUS Form 7, Page 1, Line 1.

Wholesale Electric Service – electric service generated or purchased and furnished to a retail electric company or another wholesale electric company for further distribution.

Regulated and Nonregulated Divisions and Affiliates And Related Services and Products

Farmers Rural Electric Cooperative Corporation

Farmers Rural Electric Cooperative Corporation is a regulated distribution utility whose primary function is the delivery of retail electric service.

Farmers Energy Propane Plus, LLC

Farmers Energy Propane Plus, LLC is a for-profit, nonregulated affiliate which provides propane gas, appliances and accessories. Farmers Energy Propane Plus, LLC is solely owned by Farmers Rural Electric Cooperative Corporation.

Products and Services

Farmers Rural Electric Cooperative Corporation

Regulated:

Electric Energy Sales as Tariffed

CATV Attachments

Pole Rentals

Customer Energy Efficiency and Assistance Programs such as Energy Audits

Electric Materials Sales

Nonregulated:

N/A

Farmers Energy Propane Plus, LLC

Regulated:

None

Nonregulated:

Propane

Appliances & Accessories

Nature of Transactions

From the Utility to the Affiliate/Division

Goods, services and use of assets provided by the regulated utility to the nonregulated affiliate/division shall be at the tariffed rate. Non-tariffed items shall be priced at the fully distributed cost or prevailing market price, if available, whichever is greater.

The transfer or sale of assets by the utility to the nonregulated affiliate shall be priced at the greater of the utility's net book value or prevailing market price, if available.

Goods or services provided by a regulated utility to an affiliated regulated utility shall be priced at fully distributed cost.

From the Affiliate/Division to the Utility

Goods, services, and use of assets provided to the regulated utility by the nonregulated affiliate/division shall be priced at the lower of the affiliate's fully distributed cost or prevailing market price, if available.

The transfer or sale of assets by the nonregulated affiliate to the regulated utility shall be priced at the lower of the affiliate's net book value or prevailing market price, if available.

The transfer or sale of assets between regulated affiliates shall be at net book value.

Shared Services and Other Cost Allocation Methodologies

The cost allocation guidelines provided in this document are designed to allocate costs between the nonregulated activities and the regulated activities of a cooperative. After they are placed into effect, these allocation procedures will help to minimize the subsidization of the nonregulated activities by the regulated activity of the cooperative.

It is the intent of this manual to minimize the amount of costs to be allocated and to provide reasonable and simple allocation procedures when certain costs are to be allocated. Therefore, costs will be directly assigned to the nonregulated or to regulated activities at all times possible. Labor will be the primary means for determining whether an expense is either regulated or nonregulated and time reporting procedures will be maintained in quarter-hour increments. Common costs or costs which cannot be directly assigned will be allocated to the regulated and nonregulated activities on the basis of a rational methodology consistent with commonly used measures of cost causation. These allocation methods to be applied to common costs are the following ones:

Number of Accounts

Costs allocated under this method will be allocated proportional to the number of accounts that are served.

Direct Labor Dollars

Costs will be allocated proportionally to the number of direct labor dollars recorded for each activity.

Direct Labor hours

Costs will be allocated proportionally to the number of hours worked on each activity.

Net Plant

Costs will be allocated proportionally on the basis of net plant.

Global Allocator on Direct Expenses

Costs are allocated proportionally based on directly assigned expenses.

Work Space Size

Costs will be allocated proportionally based on the size of the workspace devoted to a particular activity.

Number of Miles Driven

Costs will be allocated based proportionally on miles driven.

Number of Hours Used

Costs will be allocated proportionally on hours logged for a each piece of machinery.

Number of Equipment Units

Costs will be allocated based on number of equipment units devoted to a particular activity.

Revenue Dollars

Costs will be allocated based on the Revenue Dollars produced by each activity.

Income Dollars

Costs will be allocated based on income recorded for each activity.

Amount/Percent of Investment

Costs will be allocated based on dollars invested in a particular activity or percent of the total invested in an activity.

ADOPTION STATEMENT

This CAM has been reviewed and revised as of November 1, 2024

A handwritten signature in blue ink, appearing to read "T. Alan Moss", is written over a horizontal line.

President & CEO

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION
CHART OF ACCOUNTS

All expenses and revenues recorded will be directly assigned when feasible.

| | | Allocation Methods for Shared Regulated / Non-Regulated | | | | | | | | | | | | | | | Comments |
|--------|--|---|---------------|---------------------|--------------------|----------------------|--------------------|-----------|--------------------------------|-----------------|------------------------|----------------------|-----------------------|-----------------|----------------|------------------------------|--|
| Acct # | Account Description | Regulated | Non-Regulated | Shared Reg & NonReg | Number of Accounts | Direct Labor Dollars | Direct Labor Hours | Net Plant | Global Allocator / Dir Expense | Work Space Size | Number of Miles Driven | Number of Hours Used | Number of Equip Units | Revenue Dollars | Income Dollars | Amount/Percent of Investment | |
| 142.20 | Customer Accounts Receivable | | x | | | | x | | | | | | | | | | Pres & CEO and VP, Accounting payroll time for Board meetings. |
| 403.60 | Depreciation Expense - Distribution Plant | x | | | | | | | | | | | | | | | |
| 403.70 | Depreciation Expense - General Plant | x | | | | | | | | | | | | | | | |
| 408.10 | Property Taxes - Expenses | x | | | | | | | | | | | | | | | |
| 408.16 | Taxes - Other - PSC Assessment | x | | | | | | | | | | | | | | | |
| 418.10 | Income (Loss) of Subsidiary - FEPP | | x | | | | | | | | | | | | | | Actual income/loss booked in this account. |
| 419.00 | Interest and Dividend Income | x | | | | | | | | | | | | | | | |
| 419.30 | Interest on Note Receivable - ETS | x | | | | | | | | | | | | | | | |
| 421.10 | Gain/Loss Disposition of Property | x | | | | | | | | | | | | | | | |
| 423.00 | G & T Capital Credits | x | | | | | | | | | | | | | | | |
| 424.00 | Other Capital Credits & Patronage Capital | x | | | | | | | | | | | | | | | |
| 426.10 | Donations | x | | | | | | | | | | | | | | | |
| 426.20 | Operation Warm Hearts | x | | | | | | | | | | | | | | | |
| 426.30 | Load Management Credit Refund | x | | | | | | | | | | | | | | | |
| 426.50 | Other Deductions | x | | | | | | | | | | | | | | | |
| 427.10 | Interest/RUS Construction Loan | x | | | | | | | | | | | | | | | |
| 427.11 | Interest/Federal Fin. Bank Construction Loan | x | | | | | | | | | | | | | | | |
| 427.20 | Interest/Other LTD - CFC | x | | | | | | | | | | | | | | | |
| 428.00 | Amortization of Debt Disc & Exp | x | | | | | | | | | | | | | | | |
| 431.00 | Interest Expense - Consumer Deposits | x | | | | | | | | | | | | | | | |

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION
CHART OF ACCOUNTS

All expenses and revenues recorded will be directly assigned when feasible.

| Acct # | Account Description | Regulated | Non-Regulated | Shared Reg & NonReg | Allocation Methods for Shared Regulated / Non-Regulated | | | | | | | | | | | | Comments |
|--------|---------------------------------------|-----------|---------------|---------------------|---|----------------------|--------------------|-----------|--------------------------------|-----------------|------------------------|----------------------|-----------------------|-----------------|----------------|------------------------------|---------------|
| | | | | | Number of Accounts | Direct Labor Dollars | Direct Labor Hours | Net Plant | Global Allocator / Dir Expense | Work Space Size | Number of Miles Driven | Number of Hours Used | Number of Equip Units | Revenue Dollars | Income Dollars | Amount/Percent of Investment | |
| 431.10 | Interest Expense - Short Term | x | | | | | | | | | | | | | | | |
| 440.10 | Residential Sales | x | | | | | | | | | | | | | | | |
| 442.10 | Commercial & Industrial Sales/Small | x | | | | | | | | | | | | | | | |
| 442.20 | Commercial and Industrial Sales/Large | x | | | | | | | | | | | | | | | |
| 444.00 | Public Street & Highway Lighting | x | | | | | | | | | | | | | | | |
| 450.00 | Forfeited Discounts | x | | | | | | | | | | | | | | | |
| 451.00 | Miscellaneous Service Revenues | x | | | | | | | | | | | | | | | |
| 451.10 | Misc Serv Rev - Trip Charges | x | | | | | | | | | | | | | | | |
| 451.20 | Misc Serv Rev - Check Charges | x | | | | | | | | | | | | | | | |
| 451.30 | Misc Serv Rev - ETS Units | x | | | | | | | | | | | | | | | |
| 451.40 | Misc Serv Rev - Reconnect Reg Hrs | x | | | | | | | | | | | | | | | |
| 451.50 | Misc Serv Rev - Reconnect O.T. Hrs | x | | | | | | | | | | | | | | | |
| 451.60 | Misc Serv Rev - Meter Test Fees | x | | | | | | | | | | | | | | | |
| 451.70 | Misc Serv Rev - Insulation Prog | x | | | | | | | | | | | | | | | |
| 451.80 | Misc Serv Rev - Inspections | x | | | | | | | | | | | | | | | |
| 451.90 | EKPC Marketing Rebate | x | | | | | | | | | | | | | | | |
| 454.00 | Rent from Electric Property | x | | | | | | | | | | | | | | | |
| 456.00 | Other Electric Revenues | x | | | | | | | | | | | | | | | |
| 456.03 | Rental Income - FTSK | | | x | | | | | | | | | | | | | Rental Income |
| 456.10 | Revenue - Temporary Service Rent | x | | | | | | | | | | | | | | | |

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION
CHART OF ACCOUNTS

All expenses and revenues recorded will be directly assigned when feasible.

| | | Allocation Methods for Shared Regulated / Non-Regulated | | | | | | | | | | | | | | | Comments |
|----------------|---|---|---------------|---------------------|--------------------|----------------------|--------------------|-----------|--------------------------------|-----------------|------------------------|----------------------|-----------------------|-----------------|----------------|------------------------------|----------|
| Acct # | Account Description | Regulated | Non-Regulated | Shared Reg & NonReg | Number of Accounts | Direct Labor Dollars | Direct Labor Hours | Net Plant | Global Allocator / Dir Expense | Work Space Size | Number of Miles Driven | Number of Hours Used | Number of Equip Units | Revenue Dollars | Income Dollars | Amount/Percent of Investment | |
| 555.00 | Purchased Power | x | | | | | | | | | | | | | | | |
| 580.00 | Operation Supervision & Engineering | x | | | | | | | | | | | | | | | |
| 583.00 | Overhead Line Expenses | x | | | | | | | | | | | | | | | |
| 583.10 | Overhead Line Expense - PCB | x | | | | | | | | | | | | | | | |
| 586.00 | Meter Expenses | x | | | | | | | | | | | | | | | |
| 587.00 | Customer Installations Expense | x | | | | | | | | | | | | | | | |
| 587.40 | Misc Exp - Temp Serv Rental Repairs | x | | | | | | | | | | | | | | | |
| 588.00 | Misc Distribution Expense | x | | | | | | | | | | | | | | | |
| 593.00-593.40* | Maintenance of Overhead Lines | x | | | | | | | | | | | | | | | |
| 595.00 | Maintenance of Line Transformers | x | | | | | | | | | | | | | | | |
| 595.01 | Maintenance of Transfers - Emergency Repair | x | | | | | | | | | | | | | | | |
| 597.00 | Maintenance of Meters | x | | | | | | | | | | | | | | | |
| 598.00 | Maintenance of Misc. Distribution Plant | x | | | | | | | | | | | | | | | |
| 901.00 | Customer Accounts Supervision | x | | | | | | | | | | | | | | | |
| 902.00 | Meter Reading Expenses | x | | | | | | | | | | | | | | | |
| 903.00 | Customer Records & Collection | x | | | | | | | | | | | | | | | |
| 904.00 | Bad Debt/Write-Off Accrual | x | | | | | | | | | | | | | | | |
| 904.10 | Uncollectible - Other Accounts Receivable | x | | | | | | | | | | | | | | | |
| 908.00 | Customer Assistance Expense | x | | | | | | | | | | | | | | | |
| 908.10 | Duct Sealing Program | x | | | | | | | | | | | | | | | |

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION
CHART OF ACCOUNTS

All expenses and revenues recorded will be directly assigned when feasible.

| Acct # | Account Description | Regulated | Non-Regulated | Shared Reg & NonReg | Allocation Methods for Shared Regulated / Non-Regulated | | | | | | | | | | | | Amount/Percent of Investment | Comments |
|--------|--|-----------|---------------|---------------------|---|----------------------|--------------------|-----------|--------------------------------|-----------------|------------------------|----------------------|-----------------------|-----------------|----------------|--|--|----------|
| | | | | | Number of Accounts | Direct Labor Dollars | Direct Labor Hours | Net Plant | Global Allocator / Dir Expense | Work Space Size | Number of Miles Driven | Number of Hours Used | Number of Equip Units | Revenue Dollars | Income Dollars | | | |
| 908.30 | ETS Unit Expense | x | | | | | | | | | | | | | | | | |
| 908.60 | Energy Conservation - Button Up | x | | | | | | | | | | | | | | | | |
| 909.00 | Public Safety Awareness | x | | | | | | | | | | | | | | | | |
| 912.00 | Marketing Expense | x | | | | | | | | | | | | | | | | |
| 920.00 | Administrative General Salaries | x | | | | | | | | | | | | | | | | |
| 921.00 | Office Supplies and Expenses | x | | | | | | | | | | | | | | | | |
| 923.00 | Outside Services Employed | | | x | | | | | | | | | | | | | Outside professionals bill subsidiary separately. | |
| 924.00 | Property Insurance | x | | | | | | | | | | | | | | | | |
| 925.00 | Injuries and Damages | x | | | | | | | | | | | | | | | | |
| 926.00 | Employee Training - Educational Program | x | | | | | | | | | | | | | | | | |
| 926.10 | Employee Benefits | | | x | | | | | x | | | | | | | | Overheads follow direct labor hours from 142.20 account. | |
| 930.10 | General Advertising Expenses | x | | | | | | | | | | | | | | | | |
| 930.20 | Miscellaneous General Expense | x | | | | | | | | | | | | | | | | |
| 930.21 | Misc Gen Exp - Annual Meeting Expense | x | | | | | | | | | | | | | | | | |
| 930.23 | Misc Gen Exp - Public Relations & Image | x | | | | | | | | | | | | | | | | |
| 930.30 | Misc Gen Exp - Directors' Fees and Expenses | x | | | | | | | | | | | | | | | | |
| 930.31 | Misc. Gen. Exp. - Directors Election Expense | x | | | | | | | | | | | | | | | | |
| 932.00 | Maintenance of General Plant | x | | | | | | | | | | | | | | | | |

*The Cooperative uses the two digits to the right of the decimal to track costs for specific activities from time to time. For example in the 593.00 accounts, sub-accounts are set up to track specific types of right-of-way clearing methods such as circuit work or herbicide programs.

Farmers Rural Electric Cooperative Corporation
Case No. 2025-00107
Response To Request for Information
Attorney General's Request for Information Dated 07/03/2025

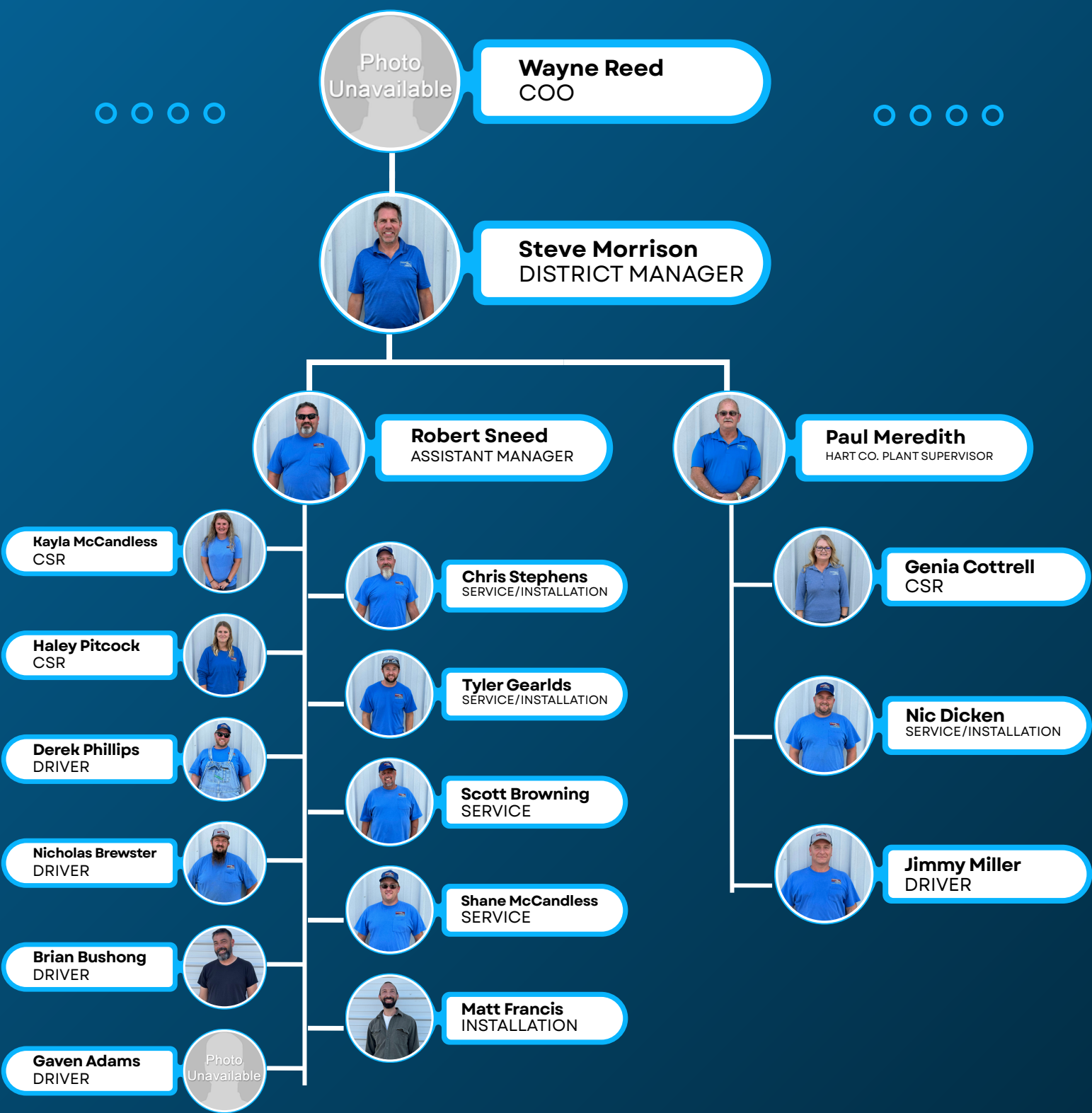
Request 4: Refer to the response to PSC Staff data request number 1-38. Please provide the organizational chart of Farmers Energy Propane Plus and a list of all executives and directors.

Response 4: Farmers Energy Propane Plus, LLC ("FEPP") is a wholly owned subsidiary of Farmers. The Board of Directors include: Farmers' President & CEO, Farmers' Vice President, Finance & Accounting, Farmers' Board Chairperson and Farmers' Board Vice-Chairperson. See Attachment AG 2-4 for the organizational chart.

ATTACHMENT AG 2-4



ORGANIZATIONAL STRUCTURE



Witness: Tobias Moss and Jennie Phelps

Farmers Rural Electric Cooperative Corporation

Case No. 2025-00107

Response To Request for Information

Attorney General's Request for Information Dated 07/03/2025

Request 5: Refer to the response to PSC Staff data request number 1-38. Does Farmers RECC incur any costs beyond labor on behalf of Farmers Energy Propane Plus.

a. Please provide a breakdown of all non-labor charges incurred by Farmers RECC on behalf of Farmers Energy Propane Plus in each of the years 2022 through 2024 and in each month of 2025 to date.

Response 5 and 5(a): While FEPP is a wholly owned subsidiary of Farmers, Farmers is not involved in the day-to-day operations of FEPP. The majority of all expenses are separate. For example, a consolidated audit report is issued. However, Farmers and FEPP are invoiced separately for work performed at each company. Also note, the same methodology was approved by the Commission's October 3, 2023 Order in Case No. 2023-00158, *Electronic Application of Farmers Rural Electric Cooperative Corporation for a General Adjustment of Rates Pursuant to Streamlined Procedure Pilot Program Established in Case No. 2018-00407*.

Farmers Rural Electric Cooperative Corporation
Case No. 2025-00107
Response To Request for Information
Attorney General's Request for Information Dated 07/03/2025

Request 6: Please detail any reimbursement received by Farmers RECC from Farmers Energy Propane Plus in each year 2022 through 2024, and in each month of 2025 to date.

Response 6: Please refer to Response 2.

Witness: John Wolfram and Jennie Phelps

Farmers Rural Electric Cooperative Corporation

Case No. 2025-00107

Response To Request for Information

Attorney General's Request for Information Dated 07/03/2025

Request 7: Please refer to Exhibit JW-2, Reference Schedule 1.17 and the responses to AG date request 1-68. Please explain how the purchase of the Outerloop property was financed. Were any interest charges or depreciation expense related to the Outerloop property ever involved in the member rates? Was the property ever used in providing services to members.

Response 7: The land, originally purchased with deed dated June 26, 1997, was financed through general cash. While land does not depreciate, there were certain land improvements depreciated on Farmers' books.

In accordance with the Restated Mortgage and Security Agreement with Farmers and Rural Utilities Service ("RUS") and National Rural Utilities Cooperative Finance Corporation ("CFC"), Farmers requested a partial lien release from RUS for the sale of the property. Therefore, the sale of the Outerloop property was completed and closed in coordination with RUS.

To date, Farmers still owns 17.5 acres of the originally purchased land and the land is used to provide services to members. The property houses a pole barn with materials and inventory on site. The property is also used to conduct certain safety training and exercises for the lineman.

Witness: Tobias Moss and Jennie Phelps

Farmers Rural Electric Cooperative Corporation

Case No. 2025-00107

Response To Request for Information

Attorney General's Request for Information Dated 07/03/2025

Request 8: Please refer to Exhibit JW-2, Reference Schedule 1.10. Please provide a breakdown of overtime costs for each year 2022 to 2024, and for each month of 2025 to date.

Response 8: The breakdown of overtime costs, by employee, is provided in the response to the Attorney General's First Request for Information, Item 28, Item 29, and Item 50.

The breakdown of overtime cost is as follows:

| | |
|---------------|-----------|
| Year 2022 | \$390,017 |
| Year 2023 | \$569,878 |
| Year 2024 | \$466,906 |
| January 2025 | \$ 46,534 |
| February 2025 | \$ 34,028 |
| March 2025 | \$ 32,928 |
| April 2025 | \$ 48,980 |
| May 2025 | \$115,104 |
| June 2025 | \$ 34,695 |
| YTD 2025 | \$312,269 |

Farmers Rural Electric Cooperative Corporation
Case No. 2025-00107
Response To Request for Information
Attorney General's Request for Information Dated 07/03/2025

Request 9: Have there been any significant changes to Farmers RECC's operations in the 2022 to 2024 timeframe that would impact the labor required from Farmers' employees?

Response 9: Yes.