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	**)** **)** **)** **)**	**CASE NO. 2025-00107**

REVISED

DIRECT TESTIMONY

OF

GREG R. MEYER

ON BEHALF OF THE

OFFICE OF THE ATTORNEY GENERAL OF THE COMMONWEALTH OF KENTUCKY

Brubaker &Associates, Inc.
16690 Swingley Ridge Road, Suite 140
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August 420, 2025

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REVISED DIRECT TESTIMONY OF GREG R. MEYER

I. QUALIFICATIONS AND SUMMARY

Q. Please state your name and business address.

A. Greg R. Meyer. My business address is 16690 Swingley Ridge Road, Suite 140, Chesterfield, Missouri 63017.

Q. What is your occupation and by whom are you employed?

A. I am a consultant in the field of public utility regulation and a Senior Principal with the firm of Brubaker & Associates, Inc. ("BAI"), energy, economic and regulatory consultants.

Q. Please describe your educational and professional experience.

A. I graduated from the University of Missouri in 1979 with a Bachelor of Science Degree in Business Administration, with a major in Accounting. Subsequent to graduation I was employed by the Missouri Public Service Commission ("MPSC"). I was employed with the MPSC from July 1, 1979 until May 31, 2008.

I began my employment at the MPSC as a Junior Auditor. During my employment at the MPSC, I was promoted to higher auditing classifications. My final position at the MPSC was an Auditor V, which I held for approximately ten years.

As an Auditor V, I conducted audits and examinations of the accounts, books, records and reports of jurisdictional utilities. I also aided in the planning of audits and investigations, including staffing decisions, and in the development of staff positions in which the Auditing Department was assigned. I served as Lead Auditor and/or Case Supervisor as assigned. I assisted in the technical training of other auditors, which included the preparation of auditors' workpapers, oral and written testimony.

During my career at the MPSC, I presented testimony in numerous electric, gas, telephone and water and sewer rate cases. In addition, I was involved in cases regarding service territory transfers. In the context of those cases listed above, I presented testimony on all conventional ratemaking principles related to a utility's revenue requirement. During the last three years of my employment with the MPSC, I was involved in developing transmission policy for the Southwest Power Pool as a member of the Cost Allocation Working Group.

In June of 2008, I joined the firm of BAI as a Consultant. Since joining the firm, I have presented testimony and/or testified in the state jurisdictions of Arkansas, Florida, Idaho, Illinois, Indiana, Iowa, Kentucky, Maryland, Missouri, Montana, New Mexico, Ohio, Pennsylvania, Utah, Washington, Wisconsin and Wyoming. I have also appeared and presented testimony in Alberta and Nova Scotia, Canada. In addition, I have filed testimony at the Federal Energy Regulatory Commission ("FERC"). These cases involved addressing conventional ratemaking principles focusing on the utility's

revenue requirement. BAI provides consulting services in the field of energy procurement and public utility regulation to many clients including industrial and institutional customers, some utilities and, on occasion, state regulatory agencies.

More specifically, we provide analysis of energy procurement options based on consideration of prices and reliability as related to the needs of the client; prepare rate, feasibility, economic, and cost of service studies relating to energy and utility services; prepare depreciation and feasibility studies relating to utility service; assist in contract negotiations for utility services, and provide technical support to legislative activities.

In addition to our main office in St. Louis, the firm also has branch offices in Corpus Christi, Texas; Louisville, Kentucky; and Phoenix, Arizona.

Q. On whose behalf are you appearing in this proceeding?

A. I am appearing on the behalf of the Office of the Attorney General of the Commonwealth of Kentucky ("OAG").

II. CASE OVERVIEW

Q. Please describe the rate increase that Farmers Rural Electric Cooperative Corporation ("Farmers" or "Company") filed.

A. On May 5, 2025, Farmers filed an application seeking approval to increase base rates by $2,365,822 to achieve an Operating Times Interest Earned Ratio ("OTIER") of 1.85.[1] Farmers filed the Direct Testimony of three witnesses. Farmers has approximately

[1]Application, paragraph 4. While the application itself requests an increase to rates of $2,365,822, the accompanying workpapers included in John Wolfram's Exhibit JW-2, specifically page 1, shows a requested increase of $2,365,837. Thus, in calculating a revenue requirement, I will begin with John Wolfram's $2,365,837.

26,900 member customers.[2] Farmers stated in its Application that it must seek a general increase in its rates to produce sufficient revenues to align with the cost of providing safe and reliable service.[3]

Q. Do you believe an increase in Farmers' revenues of approximately $2.4 million will result in just and reasonable rates for Farmers' members?

A. No. I believe that the base rate increase proposed by Farmers is overstated. I have prepared Table GRM-1 that shows the adjustments I am proposing that reduce the revenue increase sought by Farmers.

[2] *Id.*, paragraph 1.
[3] *Id.*, paragraph 25.

Table GRM-1

OAG Revenue Requirement Adjustments

Line	Description	Amount
1	Farmers' Proposed Revenue Requirement[1]	$ 2,365,837
	OAG Proposed Adjustments	
2	Rate Revenue	$ (558,284)
3	Payroll - Propane	$ (38,639)
4	Payroll - Overtime	$ (5,683)
5	Right of Way	$ (393,820)
6	Healthcare Costs	$ (103,829)
	OTIER	
7	2.0 TIER	$ (254,895)
8	Unreimbursed Cost	$ (300,623)
9	Total OTIER	$ (555,518)
10	Total OAG Proposed Adjustments	$ (1,655,773)
11	OAG Proposd Revenue Requirement	$ 710,064

Source:

[1]Company Exhibit JW-2 Tab "Statement of Operations & Revenue Requirement"

III. OPERATING TIMES INTEREST EARNED RATIO ("OTIER")

Q. What is OTIER?

A. OTIER is a ratio that compares the sum of an entity's operating margins, cash receipts from lenders, and interest on long term debt to the amount of interest on long term debt. It is generally a measure of a company's ability to meet its interest obligations.

Q. Why is this ratio important for an electric cooperative?

A. Electric cooperatives frequently borrow from agencies like the Rural Utilities Service ("RUS") and Federal Financing Bank ("FFB"), or institutions such as the National Rural Utilities Cooperative Finance Corporation ("CFC"), or CoBank, who mandate that loan recipients maintain a certain level of a given financial ratio (or ratios) in order to ensure solvency and reduce the default risk on loans.

Q. Do Farmers' loan covenants require a certain OTIER?

A. Yes. As noted in the Direct Testimony of Farmers' witness Jennie Gibson Phelps, "Farmers' loan contract with Rural Utilities Service ('RUS') states '*the average coverage ratio by the Borrower in the 2 best years out of the 3 most recent calendar years must be not less than OTIER = 1.0.*'"[4]

Q. Has Farmers been able to meet the 1.0 OTIER requirement over the past six years (2019 through 2024)?

A. Yes, it has. Looking at the ratios included in Ms. Phelps' Exhibit JP-1, they have been able to meet the two out of three years average OTIER condition throughout this time. There was only one year in which the annual OTIER fell below 1.0 and that was 2023 with a one-year OTIER of 0.35. In that year, the Kentucky Public Service Commission ("Commission") had an opportunity to review the Company's earnings and ultimately

[4]*See* the Direct Testimony of Jennie Gibson Phelps at pages 6-7.

awarded a rate increase in October of 2023.[5] The full effects of which increased the Company's OTIER to 1.14 in the following year.

Q. What OTIER has the Company requested in its revenue requirement?

A. Per the testimony of the Company's witness Tobias Moss, Farmers is requesting an increase resulting in an OTIER of 1.85.[6] As noted in the revenue requirement calculation included as Exhibit JW-2, attached to the Direct Testimony of Farmers' witness John Wolfram, this equates to a Times Interest Earned Ratio ("TIER") calculation of 2.10.[7] TIER is a comparison of the earnings before interest and tax and the interest obligations.

Q. In the Company's last streamlined case, what did the Commission award the Company for the additional margin to ensure solvency (i.e., TIER or OTIER)?

A. In Case No. 2023-00158, the Commission found "that Farmers RECC's rates should be based on a 2.0 TIER, which will include the non-utility margins in base rates because TIER is based on net margins."[8]

[5]*See* Case No. 2023-00158, *In the Matter of: 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*, (Ky. PSC, Oct. 3, 2023).

[6]*See* the Direct Testimony of Tobias Moss at page 4, lines 20-21.

[7]*See* Exhibit JW-2 at page 1, line 35 in Column (5).

[8]*See* Case No. 2023-00158, *In the Matter of: 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*, (Ky. PSC, Oct. 3, 2023), Order at page 13.

Q. Are you familiar with other recently decided cases where the Commission awarded a TIER of 2.0 to electric cooperatives?

A. Yes. Most recently, the Commission awarded Shelby Energy Cooperative a TIER of 2.0 in its July 23, 2025 Order in Case No. 2024-00351. I am also aware that the Commission has awarded a 2.0 TIER in the following recent electric cooperative cases: Case No. 2023-00223 (Fleming-Mason Energy Cooperative), Case No. 2024-00085 (Jackson Purchase Energy Corporation), and Case No. 2024-00287 (Big Sandy Rural Electric Cooperative Corporation).

Q. Has Farmers offered any reason that a TIER of 2.0 would not be sufficient?

A. No. Mr. Wolfram claims that "[t]he Commission has approved an OTIER of 1.85 in other recent distribution cooperative rate filings."[9] When asked by the OAG to provide citations to non-streamlined cases backing up this claim in Request for Information ("RFI") 1-24, Mr. Wolfram provided references to cases where the Commission awarded a TIER of 2.0 that was the equivalent of a 1.85 OTIER.[10] Beyond this statement, there were no further reasons provided why a 1.85 OTIER was more appropriate than a 2.0 TIER.

[9] *See* the Direct Testimony of John Wolfram at page 8, lines 8-9.

[10] The cases cited were Case No. 2024-00085 (Jackson Purchase Energy Cooperative), Case No. 2023-00147 (Taylor County RECC), and Case No. 2023-00223 (Fleming-Mason Energy Cooperative).

Q. What would be the impact of switching from an OTIER of 1.85 to a TIER of 2.0 in this case?

A. Switching to a TIER of 2.0 would reduce the Company's revenue requirement by $254,895. This equates to an OTIER of 1.75, well in excess of the RUS's requirement of an OTIER of 1.0 in the best two out of three years.[11]

Q. What did the Commission award Farmers in the last case?

A. The Commission granted Farmers a TIER of 2.0 and an OTIER of 1.65.[12]

Q. Are there any further adjustments that you believe would be appropriate for the Commission to consider when setting an additional margin requirement?

A. Yes. While the Company removes the cost of certain donations, promotional advertisements, and dues from its revenue requirement, there is no indication that Farmers will limit these costs going forward. As such, the Company will continue to pay for these items from either the additional margin funds set by the Commission or by reducing the level of activities such as Right of Way ("ROW") maintenance. Given that there is no separate funding source for these costs, ultimately the Company's members will end up footing the bill. Therefore, I believe it is appropriate to reduce the additional margin provided by the amount of donations, promotional advertising, and dues in order to incentivize Farmers to discontinue these unnecessary outlays of cash.

[11] *See* the hidden Column F in the excel version of Mr. Wolfram's Exhibit JW-2 at page 1, lines 34 and 35.

[12] *See* Case No. 2023-00158, *In the Matter of: 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*, (Ky. PSC, Oct. 3, 2023), Order at page 13.

In this case, the Company has voluntarily removed $300,623 from its revenue requirement. Had the Company not made these payments, its unadjusted test year TIER would have increased from 1.70 to 1.83, and its OTIER would have increased from 1.14 to 1.27.

Q. Why do you believe the Company is likely to continue incurring these costs?

A. I believe this to be true because Farmers has paid these costs out of member revenues even in times of lower TIER and OTIER. In response to OAG RFI 1-61, which asked for a historical review of similar charges incurred, Farmers indicated that in 2022, when the OTIER was 1.01,[13] the Company incurred $308,170 of donations. In 2023, when the OTIER for that single year fell to 0.35,[14] the Company still managed to pay out $299,807 of these expenses, which the Company agrees are not appropriate to be collected in rate revenues. It makes no sense to say these charges are inappropriate to be collected in rate revenues, but still include enough money in TIER or OTIER such that they can still be paid out of member provided funds.

Q. What would the test year TIER be after removing these items?

A. Assuming that we start from a 2.0 TIER and reduce the additional margins by the $300,623 paid for these items, the TIER would be 1.89.

[13] *See* Farmers' Exhibit JP-1 at page 1.
[14] *Ibid.*

Q. Please summarize your position regarding the additional margins required to meet loan covenant requirements.

A. I recommend that the Commission first follow its recent cooperative decisions and set the base additional margin using a 2.0 TIER, lowering Farmers' proposed revenue requirement by $254,895. From there, I encourage the Commission to lower the additional margins further by the amount of the cash outlays for donations, dues, and promotional advertising, $300,623, to incentivize the Company to cease incurring these expenses. In total, my adjustments to the additional margins reduce Farmers' revenue requirement by $555,518.

IV. RATE REVENUES

Q. Have you reviewed the revenue adjustment proposed by Mr. Wolfram?

A. Yes. Mr. Wolfram proposes to increase revenues from customer growth that occurred during the test year (2024).

Q. Do you have any concerns with the revenues proposed by Mr. Wolfram?

A. Yes. The revenues included in Mr. Wolfram's revenue requirement calculation do not match the billing determinants he relies on for his rate design calculations. I will demonstrate that rate revenues from Mr. Wolfram's rate design work produce higher customer revenues than what Mr. Wolfram includes in his revenue requirement calculation.

Q. Is it important for the revenues included in the revenue requirement to match those same revenues used to calculate the rates from the rate case?

A. Yes. The revenues used in calculating the revenue requirement must match the revenues achieved in the rate design phase of the rate case. In this instance, the billing determinants used by Mr. Wolfram in his rate design produce revenues net of purchased power in excess of the booked revenues included in Mr. Wolfram's revenue requirement by approximately $558,284. I have attached as Exhibit GRM-1 the support for my conclusion that the revenue requirement net revenues have been understated by $558,284.

Q. Were there any rate changes in the test year?

A. Yes. Beginning October 1, 2024, Farmers was authorized to increase the base charges for purchased power expense by $0.01185 per kilowatthour ("kWh"). Essentially this meant that revenues from October 1, 2024, through December 31, 2024, were higher than the previous eight months. However, it is my belief that this rate change did not affect the shortfall in revenues included in Mr. Wolfram's revenue requirement calculation.

Q. Please describe why you believe base rate revenues were understated in the Farmers' revenue requirement.

A. I first calculated the base rate revenues that would exist if January 1, 2024 rates were in effect for the whole year using test year, unadjusted billing determinants. This produced a level of revenues of $49,448,427. This total matches the calculation in Mr. Wolfram's

rate design on Exhibit JW-9, page 6, Column "Test Year Revenue," line 189. I then calculated base rate revenues assuming the rates in effect on December 31, 2024 were in effect for the whole year, using test year, unadjusted billing determinants. This produced a total revenue amount of $55,237,940. Finally, I calculated base rate revenues with December 31, 2024 rates and the proposed billing determinants adjusted for customer growth. Again, this total agrees to Mr. Wolfram's rate design revenues on Exhibit JW-9, page 6, Column "Present Revenue," line 189. However, this level of revenues is $4,524,567 greater than the revenues included in the revenue requirement calculation. I have summarized these calculations in Table GRM-2 below.

Table GRM-2

Annualization of Revenues

Line	Units	Rates	Calculated Revenue	Exhibit JW-9 Revenue
1	Test Year, Unadjusted	Jan 1, 2024	$49,448,427	$ 49,448,427
2	Test Year, Unadjusted	Current Rates	$55,237,940	NA
3	Proposed	Current Rates	$55,590,456	$ 55,590,456

Q. Given that you have increased the revenues to reflect the change in the purchased power cost, have you also increased the expenses to reflect this change?

A. Yes, I have. Using the monthly usage found in Mr. Wolfram's cost of service, I estimated that the base purchased power cost included during the months of January through September of 2024 was $0.06351/kWh. For these months, I added an additional

$0.01185/kWh to the purchased power cost. Additionally, for all growth in usage associated with Mr. Wolfram's proposed billing determinants, I applied the total purchased power cost rate present in the months October through December of 2024, after the additional purchased power cost changes had been billed to customers. Adding both the annualized purchased power cost change and the growth purchased power cost gave me a total adjusted test year purchased power cost of $37,871,525. This increases the purchased power cost included in the Company's revenue requirement by $3,966,283. Netting my additional revenues of $4,524,567 with my additional purchased power cost, my total increase in revenue requirement is $558,284 for the revenue related issues.

Q. Are you suggesting that the increase in revenues you have proposed is tied to the purchased power expense increase that went into effect on October 1, 2024?

A. No. The increase I am proposing in revenues matches the revenues calculated by Mr. Wolfram in his rate design workpapers. I am merely recognizing the revenues that Mr. Wolfram has calculated. This level of revenues would become the starting point before any of my other adjustments are made to Farmers' revenue requirement. My adjustment does nothing more than match the test year pro forma revenues that Mr. Wolfram proposes with his billing determinants to the revenues included in the revenue requirement calculation.

Q. What are some possible explanations of why the $558,284 net revenue shortfall exists during the pro forma test year?

A Some possible reasons for the revenue shortfall could be billing errors, customer bill credits, 365 days of customer usage, and the effects of unbilled revenues. When Farmers discovered the level of revenues contained in Mr. Wolfram's rate design workpapers did not match what was included in the revenue requirement, Mr. Wolfram should have performed a revenue reconciliation (alternatively called a "proof of revenue") to identify the root causes for the understated revenues. The Company has performed no such analysis to my knowledge.

V. PAYROLL – PROPANE

Q. Does the organizational structure of Farmers include any subsidiaries?

A. Yes, Farmers has ~~at least two~~one wholly owned subsidiar~~iesy.~~, ~~One subsidiary is~~ Farmers Energy Propane Plus ("FEPP"). ~~and the other subsidiary is Farmers Rural Connect Inc.~~ FEPP was established in 1997 and provides propane services to the public. ~~Farmers Rural Connect Inc. offers fiber optic, internet and telephone services.~~

Q. Have you reviewed the employees working for either FEPP ~~or Fiber Rural Connect Inc.~~?

A. Yes. In response to RFI 2-4, an organizational chart for FEPP was provided and I have attached that organizational chart as Exhibit GRM-2. According to that organizational chart, FEPP has approximately 18 employees. However, FEPP's organizational chart

fails to include employees to provide general and administrative functions for FEPP. FEPP lists one employee as a Chief Operating Officer ("COO").

Q. Do you believe that FEPP is relying on employee support from Farmers?

A. Yes, I do.

Q. Did Farmers indicate if any labor charges from Farmers were allocated to FEPP?

A. Yes. In response to RFI 2-2, Farmers indicated that 8 hours of time for the Farmers' President and Vice President in 2024 were allocated to FEPP for time spent attending FEPP Board meetings ($1,457). This allocation was not included in the Company's revenue requirement.

Q. Do you believe that allocation of time is adequate considering the employees who work for FEPP?

A. No. I believe that certain employees of Farmers must be doing support work for FEPP and those hours are not being charged to FEPP by Farmers' employees. There appear to be no administrative employees in FEPP to provide the administrative functions necessary to run a business. For example, processing invoices, processing payroll, paying bills, human resources, bookkeeping, scheduling meetings, etc. Furthermore, it is obvious that Farmers' Vice President and President must have some oversight responsibilities for FEPP as they attend and participate in FEPP Board meetings. Surely, they do not gain all of their knowledge about the FEPP operations from simply

attending Board meetings. There must be some other time spent on managing the FEPP business operations.

Q. Are you aware that Farmers files a Cost Allocation Manual ("CAM")?

A. Yes. I have reviewed the CAM. The CAM claims that no Farmers' time is being spent on FEPP operations except for attendance at FEPP Board meetings. However, there was no discussion or time study to support Farmers' claim that no Farmers' employees support the operations of FEPP.

Q. Do you accept the fact that no Farmers' employees provide work support for FEPP?

A. Given the FEPP organizational chart and the normal responsibilities to operate a business, I find it very hard to accept that no Farmers' employees provide support work for FEPP.

Q. What do you propose to address this situation?

A. I propose that a total 5% of the Farmers' management/administrative team salaries be assigned to FEPP ~~and Farmers Rural Connect Inc~~. The 5% assignment of salaries would represent time spent by Farmers' management/administrative employees who assist in the operations of FEPP ~~and Farmers Rural Connect Inc~~. I would also recommend that Farmers be required to perform a time study of a typical week for its employees noting the time it spends on FEPP ~~or Farmers Rural Connect Inc.~~'s operations or work performed for the benefit of all operating units.

Q. What is the effect of allocating 5% of Farmers' management/administrative employees' salaries to FEPP ~~and Farmers Rural Connect Inc.~~?

A. My proposed adjustment would lower Farmers' revenue requirement by $38,639.

Q. How do you respond to the argument that the profits of FEPP ~~or Farmers Rural Connect Inc.~~ flow back to Farmers' members at some point in the future?

A. I believe each entity should be assigned the costs of operating its business. The profitability of each entity should be judged on the total cost of operating that business unit. Furthermore, if subsidiary profits are returned to Farmers' members, it is my understanding that those profit returns may take several years to be distributed to members. If given a choice between reflecting Farmers' true cost of service and receiving profits years from now, I would choose to have Farmers' rates decreased by assigning the true cost to do business to those subsidiaries.

VI. PAYROLL – OVERTIME WAGES

Q. Have you reviewed the calculation of pro forma overtime wages included in Exhibit JW-2, Reference Schedule 1.10?

A. Yes, I have.

Q. Please describe the calculation of pro forma overtime wages.

A. For the pro forma overtime, Farmers' witness Mr. Wolfram multiplies the number of overtime hours worked by each employee during the test year by the adjusted pro forma wage rates multiplied by 1.5 to calculate the overtime dollars paid during the test year.[15]

Mr. Wolfram assumes no change to the overtime hours worked. He also assumes that the overtime wage will grow in proportion to the average regular time wage. Mr. Wolfram calculates that the total overtime cost is $484,917.[16]

Q. Do you believe that this calculation results in a reasonable cost for overtime hours worked?

A. No, I do not. In OAG RFI 2-8, Farmers was asked to provide, among other things, a breakdown of overtime wages for each year 2022 through 2024. I have summarized the annual overtime wages paid in Table GRM-3 below.

Table GRM-3

Overtime Wages By Year

Year	Amount
2022	$ 390,017
2023	$ 569,878
2024	$ 466,906
3-Year Average	$ 475,600

Source: Response to OAG RFI 2-8

[15] *See* Exhibit JW-2, Reference Schedule 1.10.
[16] *Id.*

There was no analysis provided to show that either the current rate of overtime booked in the test year was appropriate or that the amount of overtime in the test year would be on-going or would match the planned activity levels in the years to come.

Q. What is your proposal for overtime wages?

A. Since overtime in a given period is a complex mix of varying factors such as number of employees available, wage rates of employees asked to work overtime, and the total amount of work to be done, among other things – a multi-year average period will capture the mix of those factors for normalizing overtime. Looking back over the past three years (as shown in Table GRM-2), it is evident that the overtime costs fluctuate up and down significantly rather than lining up in a clearly discernable trend – this further supports an averaging approach. Therefore, I propose that overtime costs be set at $475,600 (the three-year average of these costs) before applying the labor capitalization rate. These large fluctuations year to year, "supports normalizing the expense" as the Commission noted in the recent Big Sandy Rural Electric Cooperative Corporation Order.[17] This reduces pro forma overtime wages by $9,317. After applying the capitalization rate, I am proposing to remove $5,279 from the proposed revenue requirement related to overtime wages.[18] Additionally, I am proposing to remove $327 for Social Security tax and $77 for Medicare tax. I have not included any adjustment for Federal and Commonwealth unemployment taxes as the employees earning

[17]*See* Case No. 2024-00287, *In the Matter of: ELECTRIC APPLICATION OF BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION FOR A GENERAL ADJUSTMENT OF RATES,* (Ky. PSC, June 20, 2025), Order at page 16.

[18]Farmers' labor capitalization rate as found on Exhibit JW-2, Reference Schedule 1.10, is 43.339%. $9,317 x (1 - 0.43339) = $5,279 in Operation & Maintenance ("O&M") expense.

overtime already exceed the taxable wage level. In total, I am proposing to remove $5,683 from the revenue requirement.

VII. RIGHT OF WAY ("ROW") EXPENSES

Q. Have you read the Direct Testimony of John Wolfram as it relates to Farmers' ROW expenses?

A. Yes, I have. I have also reviewed the Company's responses to RFIs related to the ROW expenses and the adjustment to these expenses in the proposed revenue requirement.

Q. What is Farmers requesting for ROW expenses?

A. The Company is requesting approximately $2.5 million in ROW expenses. This represents an increase of $393,820 over the expenses recorded for the 2024 test year.

Q. Please explain the Company's estimate of this expense level.

A. In response to OAG RFI 1-47, Farmers provided the calculation for its proposed $2.5 million ROW expense. The Company had requested quotes for 2025 and 2026 work and presented three different scenarios with mileage of 392, 458, and 497 with different pricing for each scenario. The Company used the second scenario with 458 miles trimmed at a cost of $4,464 per mile. All the scenarios presented included $455,000 of cost associated with removals, hourly work, and herbicide spraying.

Q. Do you support this level of ROW expense?

A. No, I do not. When asked to provide five-years' worth of history of miles trimmed in OAG RFI 1-46, the Company chose to provide only three-years of data, with the highest year being 2024's 339 miles trimmed at a cost per mile of $4,853 and[19] $450,488 of cost associated with removals, hourly work, and herbicide spraying.[20] This level of miles trimmed is significantly lower than any of the quotes presented by the Company.

Q. What do you propose for ROW instead?

A. If one assumes the highest cost per trimmed mile of $4,489 (provided in Farmers' scenario 3) for test year trimming cost, the Company could trim approximately 367 miles. This is 28 miles greater than the Company has been able to achieve in the recent past. Furthermore, if Farmers is able to manage their costs as shown in the other scenarios, they can trim an even greater number of miles with the test year level of expense.

The Company's estimation of removals, hourly work, and herbicide spraying are not significantly different from that incurred in the 2024 test year. The test year level of expense is adequate to clear more miles than previously achieved and incentivizes Farmers to efficiently manage their costs. For these reasons, I support the test year expense of $2,095,748. This reduces the Company's revenue requirement by $393,820.

[19]In 2022, the Company trimmed 161 miles. In 2023, the Company trimmed 197 miles.
[20]$2,095,748 of total cost less $1,645,300 trimming expenses = $450,488 remaining cost.

VIII. HEALTH CARE COSTS

Q. Has the Company made an adjustment to test year health care premiums?

A. Yes. In 2024, the total cost of Farmers' health care premiums was $96,901 for single coverage and $877,463 for various types of family coverage. Farmers paid $877,187, or 90%, of the total cost of health insurance premiums, $87,210 for Single coverage and $789,977 for family coverage options.[21] Farmers has a policy of covering 90% of employee healthcare costs for both single coverage and family coverage.[22] In the revenue requirement filing, Farmers has adjusted the premiums down to a proposed 88% of the total cost.

Q. Does the Commission have precedent regarding the amount of cost that *should* be covered by employees?

A. Yes. In its Final Order in Farmers' last general rate case, Case No. 2023-00158, the Commission noted that "the Commission has since maintained the position that employee contribution rates of less than 12 percent will be adjusted to the Bureau of Labor Statistics (BLS) average."[23] Given that the employees pay less than the Commission standard of 12%, an adjustment to the Bureau of Labor Statistics ("BLS") average is warranted.[24]

[21] *See* Farmers' Exhibit JW-2, Reference Schedule 1.07.

[22] *Ibid*.

[23] *See* Case No. 2023-00158, *In the Matter of: 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*, (Ky. PSC, Oct. 3, 2023), Order at page 10.

[24] 100% - 90% = 10%. 10% is less than 12%.

Q. What is the BLS average share of premiums paid by private industry employers for healthcare coverage?

A. The most recent data available from the BLS indicates that employers in the private industry on average pay 80% of the premiums for single coverage[25] and 68% of the premiums for family coverage.[26]

Q. Using the BLS payment rates, what should test year healthcare premiums be adjusted to?

A. Using the 80% rate for single coverage and 68% for family coverage, the healthcare premiums paid by Farmers should be reduced to $77,521 for single coverage and $596,675 for the family coverage options.[27] When Farmers' capitalization rate of 43.3% is applied, Farmers' proposed expense levels are reduced by $103,829. I recommend that Farmers' revenue requirement be reduced by the $103,829 to reflect this adjustment to healthcare premiums.

Q. Does this conclude your Direct Testimony?

A. Yes, it does.

[25] *See* https://www.bls.gov/news.release/ebs2.t03.htm.
[26] *See* https://www.bls.gov/news.release/ebs2.t04.htm.
[27] $96,901 x 80% = $77,521. $877,463 x 68% = $596,675.

Farmer's R.E.C.C.

Rate Revenue Summary

Line	Description	Revenue: Test Year Units and Jan 1, 2024 Rates	Revenue: Test Year Units and Current Rates	Revenue: Proposed Units and Current Rates	Revenue: Proposed Units and Rates	Expense: Test Year Units and Jan 1, 2024 Rates	Expense: Test Year Units and Current Rates	Expense: Proposed Units and Current Rates	Expense: Proposed Units and Rates	Net Revenue: Test Year Units and Jan 1, 2024 Rates	Net Revenue: Test Year Units and Current Rates	Net Revenue: Proposed Units and Current Rates	Net Revenue: Proposed Units and Rates
1	Schedule R - Residential Service	$ 32,913,716	$ 36,592,216	$ 36,668,690	$ 39,025,612	$ 19,714,495	$ 23,392,995	$ 23,441,941	$ 23,441,941	$ 13,199,221	$ 13,199,221	$ 13,226,748	$ 15,583,671
2	Schedule R - TOD Residential Service	$ 1,146	$ 1,278	$ 1,278	$ 1,324	$ 707	$ 839	$ 839	$ 839	$ 439	$ 439	$ 439	$ 485
3	Rate Schedule NM - Net Metering	$ 163,105	$ 182,542	$ 191,306	$ 198,308	$ 104,166	$ 123,602	$ 129,512	$ 129,512	$ 58,940	$ 58,940	$ 61,794	$ 68,796
4	Schedule RM - Residential Off-Peak Marketing - ETS	$ 14,226	$ 17,350	$ 16,504	$ 18,356	$ 16,744	$ 19,868	$ 18,899	$ 18,899	$ (2,518)	$ (2,518)	$ (2,395)	$ (543)
5	Schedule C - Commercial & Industrial Service <50kW	$ 3,515,443	$ 3,923,238	$ 4,146,844	$ 4,146,844	$ 2,185,532	$ 2,593,327	$ 2,741,088	$ 2,741,088	$ 1,329,911	$ 1,329,911	$ 1,405,756	$ 1,405,756
6	Schedule C - Commercial & Industrial Service >50kW	$ 5,203,609	$ 5,831,889	$ 5,831,889	$ 5,831,889	$ 3,367,195	$ 3,995,476	$ 3,995,476	$ 3,995,476	$ 1,836,413	$ 1,836,413	$ 1,836,413	$ 1,836,413
7	Schedule C - Commercial & Industrial Service - Primary	$ 2,145,221	$ 2,433,234	$ 2,433,234	$ 2,433,234	$ 1,543,572	$ 1,831,584	$ 1,831,584	$ 1,831,584	$ 601,650	$ 601,650	$ 601,650	$ 601,650
8	Schedule E - Large Industrial Rate	$ 2,340,685	$ 2,741,882	$ 2,741,882	$ 2,741,882	$ 2,150,168	$ 2,551,365	$ 2,551,365	$ 2,551,365	$ 190,517	$ 190,517	$ 190,517	$ 190,517
9	Schedule LPC-2 - Large Power	$ 630,227	$ 729,063	$ 729,063	$ 729,063	$ 529,701	$ 628,537	$ 628,537	$ 628,537	$ 100,526	$ 100,526	$ 100,526	$ 100,526
10	Schedule D - Large Commercial/Industrial Optional TOD Rate	$ 97,852	$ 106,922	$ 106,922	$ 106,922	$ 48,610	$ 57,680	$ 57,680	$ 57,680	$ 49,243	$ 49,243	$ 49,243	$ 49,243
11	Schedule LPE-4 - Large Power TOD Interruptible 1500 Firm 200	$ 1,289,724	$ 1,486,714	$ 1,486,714	$ 1,486,714	$ 1,055,747	$ 1,252,737	$ 1,252,737	$ 1,252,737	$ 233,977	$ 233,977	$ 233,977	$ 233,977
12	Schedule C - TOD Commercial Service	$ 56,520	$ 63,162	$ 63,162	$ 63,162	$ 35,595	$ 42,237	$ 42,237	$ 42,237	$ 20,925	$ 20,925	$ 20,925	$ 20,925
13	Schedule SL - Street Lighting Service	$ 18,593	$ 22,480	$ 66,999	$ 66,999	$ 20,829	$ 24,716	$ 73,662	$ 73,662	$ (2,236)	$ (2,236)	$ (6,663)	$ (6,663)
14	Schedule OL - Outdoor Lighting Service[1]	$ 1,058,359	$ 1,105,969	$ 1,105,969	$ 1,105,969	$ 1,058,359	$ 1,105,969	$ 1,105,969	$ 1,105,969	$ -	$ -	$ -	$ -
15	Total Test Year Units with Test Year Rates	$ 49,448,427	$ 55,237,940	$ 55,590,456	$ 57,956,278	$ 31,831,418	$ 37,620,931	$ 37,871,525	$ 37,871,525	$ 17,617,009	$ 17,617,009	$ 17,718,931	$ 20,084,753
16	Increase		$ 5,789,513	$ 352,516	$ 2,365,822		$ 5,789,513	$ 250,595	$ -		$ -	$ 101,922	$ 2,365,822
	Customer Annualization												
17	Schedule R - Residential Service		$ 76,564				$ 48,946				$ 27,617		
18	Schedule C - Commercial & Industrial Service <50kW		$ 8,729				$ 5,910				$ 2,818		
19	Schedule RM - Residential Off-Peak Marketing - ETS		$ (846)				$ (969)				$ 123		
20	Rate Schedule NM - Net Metering		$ 223,535				$ 147,761				$ 75,775		
21	Total Customer Annualization Adjustment Under Present Rates		$ 307,981				$ 201,648				$ 106,333		
22	Schedule SL Usage Change Not Reflected in Farmers' Rev Req		$ 44,519				$ 48,946				$ (4,428)		
23	Total Level after Annualizations (Line 15 + Line 21 + Line 22)		$ 55,590,440	$ 55,590,456			$ 37,871,525	$ 37,871,525			$ 17,718,915	$ 17,718,931	
24	Company Proposed Level		$ 51,065,889	$ 51,065,889			$ 33,905,243	$ 33,905,243			$ 17,160,647	$ 17,160,647	
25	Adjustment to Revenue Requirement		$ 4,524,551	$ 4,524,567			$ 3,966,283	$ 3,966,283			$ 558,268	$ 558,284	

Notes:
[1]The revenues shown are sourced from Company Exhibit JW-9. The expenses are set equal to revenues since an expense level cannot be derived. If my adjustments are accepted, an actual level of expense will need to be provided which will increase my adjustment.

Farmer's R.E.C.C.

Rate Revenue - Schedule R

Line	Description	Test Year Units and Jan 1, 2024 Rates	Test Year Units and Current Rates	Proposed Units and Current Rates	Proposed Units and Rates
	Present Rate Adjustment				
	Billing Units[1]				
1	Customers	294,883	294,883	295,495	295,495
2	Energy (kWh)	310,421,953	310,421,953	311,071,466	311,071,466
	Rates[1]				
3	Customer Charge	$ 18.12	$ 18.12	$ 18.12	27.79
4	Energy Charge	$ 0.088816	$ 0.100666	$ 0.100666	0.099057
	Present Revenues				
5	Customer Charge (Line 1 x Line 3)	$ 5,343,280	$ 5,343,280	$ 5,354,369	$ 8,211,806
6	Energy Charge (Line 2 x Line 4)	$ 27,570,436	$ 31,248,936	$ 31,314,320	$ 30,813,806
7	Total (Line 5 + Line 6)	$ 32,913,716	$ 36,592,216	$ 36,668,690	$ 39,025,612
8	Purchased Power Expense Rate[2]	$ 0.06351	$ 0.07536	$ 0.07536	$ 0.07536
9	Present Expense (Line 2 x Line 8)	$ 19,714,495	$ 23,392,995	$ 23,441,941	$ 23,441,941
10	Net Revenues Annualized	$ 13,199,221	$ 13,199,221	$ 13,226,748	$ 15,583,671
	Customer Annualization				
11	Additional Customers[1]		51		
12	Additional Customer Charge (Line 11 x 12 x Line 3)		$ 11,180		
13	Company Proposed Usage per Customer		12,632		
14	Additional Usage (Line 11 x Line 13)[1]		649,513		
15	Additional Energy Charge (Line 4 x Line 14)		$ 65,384		
16	Additional Expense (Line 8 x Line 14)		$ 48,946		
17	Additional Net Revenue for Customer Annualization (Line 12 + Line 15 - Line 16)		$ 27,617		

Sources:

[1]Company Exhibit JW-9; Farmer's Present and Proposed Rate Detail Workpaper

[2]Calculated on Tab "Expense Rate"

Farmer's R.E.C.C.

Rate Revenue - Schedule R - TOD

Line	Description	Test Year Units and Jan 1, 2024 Rates	Test Year Units and Current Rates	Proposed Units and Current Rates	Proposed Units and Rates
	Test Year Units[1]				
1	Customers	12	12	12	12
2	Energy (kWh) - On Peak	3,600	3,600	3,600	3,600
3	Energy (kWh) - Off Peak	7,527	7,527	7,527	7,527
	Present Rates[1]				
4	Customer Charge	$ 23.97	$ 23.97	$ 23.97	$ 27.79
5	Energy Charge - On Peak	$ 0.110191	$ 0.122041	$ 0.122041	$0.122041
6	Energy Charge - Off Peak	$ 0.061343	$ 0.073193	$ 0.073193	$0.073193
	Present Revenues				
7	Customer Charge (Line 1 x Line 4)	$ 288	$ 288	$ 288	$ 333
8	Energy Charge - On Peak (Line 2 x Line 5)	$ 397	$ 439	$ 439	$ 439
9	Energy Charge - Off Peak (Line 3 x Line 6)	$ 462	$ 551	$ 551	$ 551
10	Total (Line 7 + Line 8 + Line 9)	$ 1,146	$ 1,278	$ 1,278	$ 1,324
11	Purchased Power Expense Rate[2]	$ 0.06351	$ 0.07536	$ 0.07536	$ 0.07536
12	Present Expense ((Line 2 + Line 3) x Line 11)	$ 707	$ 839	$ 839	$ 839
13	Net Revenues Annualized	$ 439	$ 439	$ 439	$ 485

Sources:

[1]Farmer's Present and Proposed Rate Detail Workpaper

[2]Calculated on Tab "Expense Rate"

Farmer's R.E.C.C.

Rate Revenue - Schedule NM

Line	Description	Test Year Units and Jan 1, 2024 Rates	Test Year Units and Current Rates	Proposed Units and Current Rates	Proposed Units and Rates
	Present Rate Adjustment				
	Billing Units[1]				
1	Customers	962	962	1,010	1,010
2	Energy (kWh)	1,640,178	1,640,178	1,718,606	1,718,606
	Rates[1]				
3	Customer Charge	$ 18.12	$ 18.12	$ 18.12	$ 27.79
4	Energy Charge	$ 0.088816	$ 0.100666	$ 0.100666	$ 0.099057
	Present Revenues				
5	Customer Charge (Line 1 x Line 3)	$ 17,431	$ 17,431	$ 18,301	$ 28,068
6	Energy Charge (Line 2 x Line 4)	$ 145,674	$ 165,110	$ 173,005	$ 170,240
7	Total (Line 5 + Line 6)	$ 163,105	$ 182,542	$ 191,306	$ 198,308
8	Purchased Power Expense Rate[2]	$ 0.06351	$ 0.07536	$ 0.07536	$ 0.07536
9	Present Expense (Line 2 x Line 8)	$ 104,166	$ 123,602	$ 129,512	$ 129,512
10	Net Revenues Annualized	$ 58,940	$ 58,940	$ 61,794	$ 68,796
	Customer Annualization				
11	Additional Customers[1]		4		
12	Additional Customer Charge (Line 11 x 12 x Line 3)		$ 834		
13	Company Proposed Usage per Customer		20,460		
14	Additional Usage (Line 11 x Line 13)[1]		78,428		
15	Additional Energy Charge (Line 4 x Line 14)		$ 7,895		
16	Additional Expense (Line 8 x Line 14)		$ 5,910		
17	Additional Net Revenue for Customer Annualization (Line 12 + Line 15 - Line 16)		$ 2,818		

Sources:

[1]Company Exhibit JW-9; Farmer's Present and Proposed Rate Detail Workpaper

[2]Calculated on Tab "Expense Rate"

Farmer's R.E.C.C.

Rate Revenue - Schedule ETS

Line	Description	Test Year Units and Jan 1, 2024 Rates	Test Year Units and Current Rates	Proposed Units and Current Rates	Proposed Units and Rates
	Present Rate Adjustment				
	Billing Units[1]				
1	Customers	984	984	936	936
2	Energy (kWh)	263,644	263,644	250,783	250,783
	Rates[1]				
3	Customer Charge	$ -	$ -	$ -	$ -
4	Energy Charge	$ 0.053958	$ 0.065808	$ 0.065808	$ 0.073193
	Present Revenues				
5	Customer Charge (Line 1 x Line 3)	$ -	$ -	$ -	$ -
6	Energy Charge (Line 2 x Line 4)	$ 14,226	$ 17,350	$ 16,504	$ 18,356
7	Total (Line 5 + Line 6)	$ 14,226	$ 17,350	$ 16,504	$ 18,356
8	Purchased Power Expense Rate[2]	$ 0.06351	$ 0.07536	$ 0.07536	$ 0.07536
9	Present Expense (Line 2 x Line 8)	$ 16,744	$ 19,868	$ 18,899	$ 18,899
10	Net Revenues Annualized	$ (2,518)	$ (2,518)	$ (2,395)	$ (543)
	Customer Annualization				
11	Additional Customers[1]		(4)		
12	Additional Customer Charge (Line 11 x 12 x Line 3)		$ -		
13	Company Proposed Usage per Customer		3,215		
14	Additional Usage (Line 11 x Line 13)[1]		(12,861)		
15	Additional Energy Charge (Line 4 x Line 14)		$ (846)		
16	Additional Expense (Line 8 x Line 14)		$ (969)		
17	Additional Net Revenue for Customer Annualization (Line 12 + Line 15 - Line 16)		$ 123		

Sources:

[1]Company Exhibit JW-9; Farmer's Present and Proposed Rate Detail Workpaper

[2]Calculated on Tab "Expense Rate"

Farmer's R.E.C.C.

Rate Revenue - Schedule C <50kW

Line	Description	Test Year Units and Jan 1, 2024 Rates	Test Year Units and Current Rates	Proposed Units and Current Rates	Proposed Units and Rates
	Present Rate Adjustment				
	Billing Units[1]				
1	Customers	21,219	21,219	22,431	22,431
2	Energy (kWh)	34,413,107	34,413,107	36,373,871	36,373,871
	Rates[1]				
3	Customer Charge	$ 23.39	$ 23.39	$ 23.39	$ 33.06
4	Energy Charge	$ 0.087732	$ 0.099582	$ 0.099582	$ 0.093619
	Present Revenues				
5	Customer Charge (Line 1 x Line 3)	$ 496,312	$ 496,312	$ 524,661	$ 741,569
6	Energy Charge (Line 2 x Line 4)	$ 3,019,131	$ 3,426,926	$ 3,622,183	$ 3,405,275
7	Total (Line 5 + Line 6)	$ 3,515,443	$ 3,923,238	$ 4,146,844	$ 4,146,844
8	Purchased Power Expense Rate[2]	$ 0.06351	$ 0.07536	$ 0.07536	$ 0.07536
9	Present Expense (Line 2 x Line 8)	$ 2,185,532	$ 2,593,327	$ 2,741,088	$ 2,741,088
10	Net Revenues Annualized	$ 1,329,911	$ 1,329,911	$ 1,405,756	$ 1,405,756
	Customer Annualization				
11	Additional Customers[1]		101		
12	Additional Customer Charge (Line 11 x 12 x Line 3)		$ 28,279		
13	Company Proposed Usage per Customer		19,462		
14	Additional Usage (Line 11 x Line 13)[1]		1,960,764		
15	Additional Energy Charge (Line 4 x Line 14)		$ 195,257		
16	Additional Expense (Line 8 x Line 14)		$ 147,761		
17	Additional Net Revenue for Customer Annualization (Line 12 + Line 15 - Line 16)		$ 75,775		

Sources:

[1]Company Exhibit JW-9; Farmer's Present and Proposed Rate Detail Workpaper

[2]Calculated on Tab "Expense Rate"

Farmer's R.E.C.C.

Rate Revenue - Schedule C >50kW

Line	Description	Test Year Units and Jan 1, 2024 Rates	Test Year Units and Current Rates	Proposed Units and Current Rates	Proposed Units and Rates
	Test Year Units[1]				
1	Customers	1,190	1,190	1,190	1,190
2	Energy (kWh)	53,019,436	53,019,436	53,019,436	53,019,436
3	Demand kW	176,753	176,753	176,753	176,753
	Present Rates[1]				
4	Customer Charge	$ 115.18	$ 115.18	$ 115.18	$ 115.18
5	Energy Charge	$ 0.066690	$ 0.078540	$ 0.078540	$ 0.078540
6	Demand Charge	$ 8.66	$ 8.66	$ 8.66	$ 8.66
	Present Revenues				
7	Customer Charge (Line 1 x Line 4)	$ 137,064	$ 137,064	$ 137,064	$ 137,064
8	Energy Charge (Line 2 x Line 5)	$ 3,535,866	$ 4,164,147	$ 4,164,147	$ 4,164,147
9	Demand Charge (Line 3 x Line 6)	$ 1,530,679	$ 1,530,679	$ 1,530,679	$ 1,530,679
10	Total (Line 7 + Line 8 + Line 9)	$ 5,203,609	$ 5,831,889	$ 5,831,889	$ 5,831,889
11	Purchased Power Expense Rate[2]	$ 0.06351	$ 0.07536	$ 0.07536	$ 0.07536
12	Present Expense (Line 2 x Line 11)	$ 3,367,195	$ 3,995,476	$ 3,995,476	$ 3,995,476
13	Net Revenues Annualized	$ 1,836,413	$ 1,836,413	$ 1,836,413	$ 1,836,413

Sources:

[1]Farmer's Present and Proposed Rate Detail Workpaper

[2]Calculated on Tab "Expense Rate"

Farmer's R.E.C.C.

Rate Revenue - Schedule C Primary

Line	Description	Test Year Units and Jan 1, 2024 Rates	Test Year Units and Current Rates	Proposed Units and Current Rates	Proposed Units and Rates
	Test Year Units[1]				
1	Customers	48	48	48	48
2	Energy (kWh)	24,304,884	24,304,884	24,304,884	24,304,884
3	Demand kW	59,908	59,908	59,908	59,908
	Present Rates[1]				
4	Customer Charge	$ 115.18	$ 115.18	$ 115.18	$ 115.18
5	Energy Charge	$ 0.066690	$ 0.078540	$ 0.078540	$ 0.078540
6	Demand Charge	$ 8.66	$ 8.66	$ 8.66	$ 8.66
	Present Revenues				
7	Customer Charge (Line 1 x Line 4)	$ 5,529	$ 5,529	$ 5,529	$ 5,529
8	Energy Charge (Line 2 x Line 5)	$ 1,620,893	$ 1,908,906	$ 1,908,906	$ 1,908,906
9	Demand Charge (Line 3 x Line 6)	$ 518,800	$ 518,800	$ 518,800	$ 518,800
10	Total (Line 7 + Line 8 + Line 9)	$ 2,145,221	$ 2,433,234	$ 2,433,234	$ 2,433,234
11	Purchased Power Expense Rate[2]	$ 0.06351	$ 0.07536	$ 0.07536	$ 0.07536
12	Present Expense (Line 2 x Line 11)	$ 1,543,572	$ 1,831,584	$ 1,831,584	$ 1,831,584
13	Net Revenues Annualized	$ 601,650	$ 601,650	$ 601,650	$ 601,650

Sources:

[1]Farmer's Present and Proposed Rate Detail Workpaper

[2]Calculated on Tab "Expense Rate"

Farmer's R.E.C.C.

Rate Revenue - Schedule E

Line	Description	Test Year Units and Jan 1, 2024 Rates	Test Year Units and Current Rates	Proposed Units and Current Rates	Proposed Units and Rates
	Test Year Units[1]				
1	Customers	12	12	12	12
2	Energy (kWh)	33,856,272	33,856,272	33,856,272	33,856,272
3	Demand kW	65,131	65,131	65,131	65,131
	Present Rates[1]				
4	Customer Charge	$ 1,253.27	$ 1,253.27	$ 1,253.27	$ 1,253.27
5	Energy Charge	$ 0.052032	$ 0.063882	$ 0.063882	$ 0.063882
6	Demand Charge	$ 8.66	$ 8.66	$ 8.66	$ 8.66
	Present Revenues				
7	Customer Charge (Line 1 x Line 4)	$ 15,039	$ 15,039	$ 15,039	$ 15,039
8	Energy Charge (Line 2 x Line 5)	$ 1,761,610	$ 2,162,806	$ 2,162,806	$ 2,162,806
9	Demand Charge (Line 3 x Line 6)	$ 564,036	$ 564,036	$ 564,036	$ 564,036
10	Total (Line 7 + Line 8 + Line 9)	$ 2,340,685	$ 2,741,882	$ 2,741,882	$ 2,741,882
11	Purchased Power Expense Rate[2]	$ 0.06351	$ 0.07536	$ 0.07536	$ 0.07536
12	Present Expense (Line 2 x Line 11)	$ 2,150,168	$ 2,551,365	$ 2,551,365	$ 2,551,365
13	Net Revenues Annualized	$ 190,517	$ 190,517	$ 190,517	$ 190,517

Sources:

[1]Farmer's Present and Proposed Rate Detail Workpaper

[2]Calculated on Tab "Expense Rate"

Farmer's R.E.C.C.

Rate Revenue - Schedule LPC-2

Line	Description	Test Year Units and Jan 1, 2024 Rates	Test Year Units and Current Rates	Proposed Units and Current Rates	Proposed Units and Rates
	Test Year Units[1]				
1	Customers	12	12	12	12
2	Energy (kWh)	8,340,600	8,340,600	8,340,600	8,340,600
3	Demand kW	16,230	16,230	16,230	16,230
	Present Rates[1]				
4	Customer Charge	$ 1,412.92	$ 1,412.92	$ 1,412.92	$ 1,412.92
5	Energy Charge	$ 0.056677	$ 0.068527	$ 0.068527	$ 0.068527
6	Demand Charge	$ 8.66	$ 8.66	$ 8.66	$ 8.66
	Present Revenues				
7	Customer Charge (Line 1 x Line 4)	$ 16,955	$ 16,955	$ 16,955	$ 16,955
8	Energy Charge (Line 2 x Line 5)	$ 472,720	$ 571,556	$ 571,556	$ 571,556
9	Demand Charge (Line 3 x Line 6)	$ 140,552	$ 140,552	$ 140,552	$ 140,552
10	Total (Line 7 + Line 8 + Line 9)	$ 630,227	$ 729,063	$ 729,063	$ 729,063
11	Purchased Power Expense Rate[2]	$ 0.06351	$ 0.07536	$ 0.07536	$ 0.07536
12	Present Expense (Line 2 x Line 11)	$ 529,701	$ 628,537	$ 628,537	$ 628,537
13	Net Revenues Annualized	$ 100,526	$ 100,526	$ 100,526	$ 100,526

Sources:

[1]Farmer's Present and Proposed Rate Detail Workpaper

[2]Calculated on Tab "Expense Rate"

Farmer's R.E.C.C.

Rate Revenue - Schedule D

Line	Description	Test Year Units and Jan 1, 2024 Rates	Test Year Units and Current Rates	Proposed Units and Current Rates	Proposed Units and Rates
	Test Year Units[1]				
1	Customers	48	48	48	48
2	Energy (kWh)	765,404	765,404	765,404	765,404
3	Demand kW	4,766	4,766	4,766	4,766
	Present Rates[1]				
4	Customer Charge	$ 115.18	$ 115.18	$ 115.18	$ 115.18
5	Energy Charge	$ 0.066697	$ 0.078547	$ 0.078547	$ 0.078547
6	Demand Charge	$ 8.66	$ 8.66	$ 8.66	$ 8.66
	Present Revenues				
7	Customer Charge (Line 1 x Line 4)	$ 5,529	$ 5,529	$ 5,529	$ 5,529
8	Energy Charge (Line 2 x Line 5)	$ 51,050	$ 60,120	$ 60,120	$ 60,120
9	Demand Charge (Line 3 x Line 6)	$ 41,274	$ 41,274	$ 41,274	$ 41,274
10	Total (Line 7 + Line 8 + Line 9)	$ 97,852	$ 106,922	$ 106,922	$ 106,922
11	Purchased Power Expense Rate[2]	$ 0.06351	$ 0.07536	$ 0.07536	$ 0.07536
12	Present Expense (Line 2 x Line 11)	$ 48,610	$ 57,680	$ 57,680	$ 57,680
13	Net Revenues Annualized	$ 49,243	$ 49,243	$ 49,243	$ 49,243

Sources:

[1]Farmer's Present and Proposed Rate Detail Workpaper

[2]Calculated on Tab "Expense Rate"

Farmer's R.E.C.C.

Rate Revenue - Schedule LPE-4

Line	Description	Test Year Units and Jan 1, 2024 Rates	Test Year Units and Current Rates	Proposed Units and Current Rates	Proposed Units and Rates
	Test Year Units[1]				
1	Customers	12	12	12	12
2	Energy (kWh) - On Peak	7,486,837	7,486,837	7,486,837	7,486,837
3	Energy (kWh) - Off Peak	9,136,822	9,136,822	9,136,822	9,136,822
4	Demand kW	38,017	38,017	38,017	38,017
	Present Rates[1]				
5	Customer Charge	$ 3,526.81	$ 3,526.81	$ 3,526.81	$ 3,526.81
6	Energy Charge - On Peak	$ 0.063515	$ 0.075365	$ 0.075365	$ 0.075365
7	Energy Charge - Off Peak	$ 0.054272	$ 0.066122	$ 0.066122	$ 0.066122
8	Demand Charge	$ 7.26	$ 7.26	$ 7.26	$ 7.26
	Present Revenues				
9	Customer Charge (Line 1 x Line 5)	$ 42,322	$ 42,322	$ 42,322	$ 42,322
10	Energy Charge - On Peak (Line 2 x Line 6)	$ 475,526	$ 564,245	$ 564,245	$ 564,245
11	Energy Charge - Off Peak (Line 3 x Line 7)	$ 495,874	$ 604,145	$ 604,145	$ 604,145
12	Demand Charge (Line 4 x Line 8)	$ 276,002	$ 276,002	$ 276,002	$ 276,002
13	Total (Sum of Lines 9 through 12)	$ 1,289,724	$ 1,486,714	$ 1,486,714	$ 1,486,714
14	Purchased Power Expense Rate[2]	$ 0.06351	$ 0.07536	$ 0.07536	$ 0.07536
15	Present Expense ((Line 2 + Line 3) x Line 11)	$ 1,055,747	$ 1,252,737	$ 1,252,737	$ 1,252,737
16	Net Revenues Annualized	$ 233,977	$ 233,977	$ 233,977	$ 233,977

Sources:

[1]Farmer's Present and Proposed Rate Detail Workpaper

[2]Calculated on Tab "Expense Rate"

Farmer's R.E.C.C.

Rate Revenue - Schedule C - TOD

Line	Description	Test Year Units and Jan 1, 2024 Rates	Test Year Units and Current Rates	Proposed Units and Current Rates	Proposed Units and Rates
	Test Year Units[1]				
1	Customers	79	79	79	79
2	Energy (kWh) - On Peak	205,506	205,506	205,506	205,506
3	Energy (kWh) - Off Peak	354,974	354,974	354,974	354,974
	Present Rates[1]				
4	Customer Charge	$ 115.18	$ 115.18	$ 115.18	$ 115.18
5	Energy Charge - On Peak	$ 0.124794	$ 0.136644	$ 0.136644	$ 0.136644
6	Energy Charge - Off Peak	$ 0.061343	$ 0.073193	$ 0.073193	$ 0.073193
	Present Revenues				
7	Customer Charge (Line 1 x Line 4)	$ 9,099	$ 9,099	$ 9,099	$ 9,099
8	Energy Charge - On Peak (Line 2 x Line 5)	$ 25,646	$ 28,081	$ 28,081	$ 28,081
9	Energy Charge - Off Peak (Line 3 x Line 6)	$ 21,775	$ 25,982	$ 25,982	$ 25,982
10	Total (Line 7 + Line 8 + Line 9)	$ 56,520	$ 63,162	$ 63,162	$ 63,162
11	Purchased Power Expense Rate[2]	$ 0.06351	$ 0.07536	$ 0.07536	$ 0.07536
12	Present Expense ((Line 2 + Line 3) x Line 11)	$ 35,595	$ 42,237	$ 42,237	$ 42,237
13	Net Revenues Annualized	$ 20,925	$ 20,925	$ 20,925	$ 20,925

Sources:

[1]Farmer's Present and Proposed Rate Detail Workpaper

[2]Calculated on Tab "Expense Rate"

Farmer's R.E.C.C.

Rate Revenue Adjustments - Schedule SL

Line	Description	Test Year Units and Jan 1, 2024 Rates	Test Year Units and Current Rates	Proposed Units and Current Rates	Proposed Units and Rates
	Present Rate Adjustment				
1	Test Year Energy (kWh)[1]	327,973	327,973	977,486	977,486
2	Present Rates Energy Charge[1]	$ 0.056692	$ 0.068542	$ 0.068542	$ 0.068542
3	Energy Charge Revenue (Line 1 x Line 2)	$ 18,593	$ 22,480	$ 66,999	$ 66,999
4	Purchased Power Expense Rate[2]	$ 0.06351	$ 0.07536	$ 0.07536	$ 0.07536
5	Present Expense (Line 1 x Line 4)	$ 20,829	$ 24,716	$ 73,662	$ 73,662
6	Net Revenues Annualized	$ (2,236)	$ (2,236)	$ (6,663)	$ (6,663)
	Usage Normalization				
7	Proposed Energy Increase		649,513		
8	Energy Charge Revenue		$ 44,519		
9	Purchased Power Expense Rate[2]		$ 0.07536		
10	Present Expense (Line 1 x Line 4)		48,946		
11	Net Revenues Annualized		$ (4,428)		

Sources:

[1]Farmer's Present and Proposed Rate Detail Workpaper

[2]Calculated on Tab "Expense Rate"

Farmer's R.E.C.C.

Base Fuel Rate

Line	Description	Beginning Test Year	Entire Test Year	Ending Test Year
1	Total Usage 2024[1]	501,974,709	501,974,709	501,974,709
2	4 Months Ended December 2024 Usage	155,210,332		155,210,332
3	8 Months Ended August 2024 Usage	346,764,377		346,764,377
4	Purchased Power Expense 2024[1]	$ 42,568,609	$ 42,568,609	$ 42,568,609
5	FAC and ES Expense[2]	$ 8,849,605	$ 8,849,605	$ 8,849,605
6	Adjusted Purchased Power Expense 2024 (Line 4 - Line 5)	$ 33,719,004	$ 33,719,004	$ 33,719,004
7	Increase in Expense for 8 Months TY (Line 3 x $0.01185)[3]			$ 4,109,158
8	Decrease in Expense for 4 Months TY (Line 2 x -$0.01185)	(1,839,242)		
9	Adjusted Purchased Power Expense for Present Rates (Sum of Lines 6 to 8)	$ 31,879,761	$ 33,719,004	$ 37,828,162
10	Purchase Power Expense per Usage (Line 9 / Line 1)	$ 0.06351	$ 0.06717	$ 0.07536

Sources and Notes:
[1]Company Exhibit JW-2 Reference Schedule 1.06
[2]Farmer's Present and Proposed Rate Detail Workpaper
[3]Base fuel rate increase is found in Case No. 2023-00014 Order.

Farmers R.E.C.C.

Test Year Usage

Month	Usage	Has Base Fuel Increase?
January	59,251,990	No
February	41,377,661	No
March	37,536,931	No
April	34,017,290	No
May	35,984,258	No
June	43,962,976	No
July	47,905,728	No
August	46,727,543	No
September	37,404,214	Yes
October	34,585,047	Yes
November	36,064,582	Yes
December	47,156,489	Yes
Total	501,974,709	
Total Without Base Fuel Increase		##########
Total With Base Fuel Increase		##########

Source:
Company Exhibit JW-7

FARMERS ENERGY PROPANE PLUS
28th Anniversary
SINCE 1997
FIREPLACE & MORE STORE

ORGANIZATIONAL STRUCTURE

Photo Unavailable
Wayne Reed
COO


Steve Morrison
DISTRICT MANAGER


Robert Sneed
ASSISTANT MANAGER


Paul Meredith
HART CO. PLANT SUPERVISOR


Kayla McCandless
CSR


Haley Pitcock
CSR


Derek Phillips
DRIVER


Nicholas Brewster
DRIVER


Brian Bushong
DRIVER

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Gaven Adams
DRIVER


Chris Stephens
SERVICE/INSTALLATION


Tyler Gearlds
SERVICE/INSTALLATION


Scott Browning
SERVICE


Shane McCandless
SERVICE


Matt Francis
INSTALLATION


Genia Cottrell
CSR


Nic Dicken
SERVICE/INSTALLATION


Jimmy Miller
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51 Raider Hollow Rd, Munfordville, KY 42765

FOLLOW US

AFFIDAVIT

STATE OF MISSOURI)

COUNTY OF ST. LOUIS)

GREG R. MEYER, being duly sworn, deposes and states: that the attached is his sworn testimony and that the statements contained are true and correct to the best of his knowledge, information and belief.

Greg R. Meyer

Sworn to and subscribed before me on this
20th day of August, 2025.

Notary Public

ADRIENNE J. FOLLETT
Notary Public - Notary Seal
STATE OF MISSOURI
Jefferson County
My Commission Expires: Mar. 22, 2029
Commission # 21989987