



Farmers Rural Electric Cooperative Corporation

504 South Broadway, Glasgow, KY 42141 • P.O. Box 1298, Glasgow, KY 42142-1298 • (270) 651-2191 • FAX (270) 651-7332

February 12, 2010

Mr. Jeff Derouen,  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40602-0615

RECEIVED

FEB 12 2010

PUBLIC SERVICE  
COMMISSION

Dear Mr. Derouen:

2010-00059

Attached you will find Farmers Rural Electric Cooperative Corporation's ("Farmers") filing to establish a rate for a new nonrecurring service that will be offered by Farmers. This filing is being made in compliance with 807 KAR 5:011, Section 10. This filing includes the below listed documents:

- Exhibit I – The tariff sheet with the proposed new service and rate;
- Exhibit II – Cost Justification for the proposed rate;
- Exhibit III – A copy of the notice placed in local newspapers;
- Exhibit IV – Statement as to why this new rate is not a part of a general rate case;
- Exhibit V – Statement on the impact of this proposed rate on groups of customers;
- Exhibit VI – A Statement of Operations for the twelve month period ending November 30, 2009 and a Balance Sheet for November 30, 2009.

Farmers does not expect this new rate to provide any additional revenue. It will help minimize the need to send a service man out to a consumer to make a physical disconnect or reconnect. It is really a replacement of one service for another service.

If you have any questions, please contact me at your convenience.

Sincerely,

A handwritten signature in cursive script that reads 'William J. Prather'.

William Prather  
President & CEO

cc Kentucky Attorney General

[www.farmersrecc.com](http://www.farmersrecc.com)

A Touchstone Energy® Cooperative The logo for Touchstone Energy, featuring a stylized 'T' and 'E' intertwined within a circle.

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

5th Revised SHEET NO. 11

CANCELLING P.S.C. KY. NO. 9

4th Revised SHEET NO. 11

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

**RULES AND REGULATIONS**

Extensions greater than 150 feet from the nearest facility and up to 300 feet shall be made provided the customer shall pay the utility a "customer advance for construction" of \$50 in addition to any other charges required by the utility for all customers. This advance shall be refunded at the end of one year if the service to the location continues for that length of time.

For extensions greater than 300 feet and less than 1,000 feet from the nearest facility, the utility may charge an advance equal to the reasonable cost incurred by it for that portion of the service beyond 300 feet plus \$50. This advance shall be refunded to the customer over a four-year period in equal amounts for each year the service is continued. If the service is discontinued for a period of 60 days, or should the mobile home, etc. be removed and another not take its place within 60 days, or be replaced by a permanent structure, the remainder of the advance shall be forfeited. No refunds shall be made to any customer who did not make the advance originally.

For extensions over 1000 feet, the policy set forth in 807 KAR 5:041 electric, section 11, shall apply. For extensions over 300 feet or 1000 feet shall be made on an "Estimated Average Cost" per foot of the total extension. If termination or meter pole is required, there will be a non-refundable charge for installing the pole.

21. CONSUMER BILLING AND COLLECTING POLICY – The Cooperative's billing period is on a monthly basis and shall be flexible so as to allow various billing cycles based upon the date of the monthly meter reading. Each month, the Cooperative shall render an electric service statement to each member for approximately thirty days of service. Final bills may be rendered as soon as possible after the service is disconnected. The member shall pay the net amount of the bill within 12 days of the date the bill was rendered. If payment is not received by the Cooperative within 12 days of the date the bill was rendered, the gross amount (as defined in the Rate Schedule) shall be due. The late payment penalty shall only be assessed one time for any bill rendered for services. Failure to receive the bill will not release the member from payment obligation.

Delinquent bill notices are to be sent out two (2) days after the due date of the original bill each month. Field collection or termination for non-payment shall be 10 days after mailing of the delinquent notice and at least twenty-seven days after the mailing of the original bill

- (I) A \$30 fee is to be collected on first call and on all subsequent calls for purposes of collecting delinquent accounts during regular working hours. Seventy dollars (\$70.00) will be collected for trips made other than during regular working hours.

No consumer is to be reconnected at any location without first having paid all previous indebtedness to the Cooperative. Service to a consumer is not to be connected in another name in order to avoid payment of an unpaid bill.

- (I) A service charge of \$30.00 shall be applied to each reconnect.

In some instances, a remote disconnect switch will be installed. If service is disconnected for non-payment or (N) if a reconnect is made with the switch, a fee of \$30.00 will be applied to the members account of this extra (N) service and is due and payable at the time such account is collected. (N)

DATE OF ISSUE: February 12, 2010

DATE EFFECTIVE: March 15, 2010

ISSUED BY: *William J. Prater*  
TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky  
in Case No. \_\_\_\_\_ Dated: \_\_\_\_\_

**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION**

**COST JUSTIFICATION FOR SERVICE CHARGE FOR REMOTE DISCONNECTS AND REMOTE RECONNECT**

1						
2						
3	Cost of Remote Disconnect/Reconnect	\$	211.11			
4	Tax		12.67			
5	Processing & Handling		25.00			
6	Total Cost of Unit	\$	248.78			
7						
8	Installation					
9	One (1) Hour of Labor		30.00			
10	Overhead - 100%		30.00			
11					60.00	
12						
13	Total Equipment & Installation Cost	\$	308.78			
14						
15						
16						
17	<b>FIXED COSTS - Service Life of Ten Years</b>					
18	Interest - 5%	\$	15.44			
19	Margins for 2.0 TIER		15.44			
20	Depreciation - 10 Year Life		30.88			
21	Total Annual Costs		61.76			
22	Estimated Disconnects and Reconnects per Year		6.00			
23	Monthly Cost		10.29			
24						
25	<b><u>DISTRIBUTION SYSTEM CONTROL &amp; COMMUNICATIONS</u></b>					
26	One (1) Hour of Labor for Communications and					
27	Operational Control		30.00			
28	Overhead		15.00			
29	Total		45.00			
30	Approximate Length of Time to Disconnect/Reconnect				15 Minutes	11.25
31						
32	<b>PROCESSING SERVICE ORDER</b>					
33	Customer Service Representative - One (1) Hour		20.00			
34	Overhead		12.00			
35	Total		32.00			
36	Approximate Length of Time to Disconnect/Reconnect				15 Minutes	8.00
37						
38	Total Annual Cost	\$	29.54			
39						
40	<b>SERVICE FEE REQUESTED</b>	\$	30.00			

### Official Notice

Farmers Rural Electric Cooperative Corporation, with its principal office at 504 South Broadway, Glasgow, KY 42141 intends to file a new nonrecurring rate with the Kentucky Public Service Commission. This filing will result in a new rate applicable to customers facing disconnection.

The rates proposed in this application are the rates proposed by Farmers Rural Electric Cooperative Corporation. However, the Kentucky Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this application.

Any corporation, association, body politic or person may by motion within thirty (30) days after publication or mailing of notice of the proposed rate changes request leave to intervene. The motion shall be submitted to the Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the request including the status and interest of the party. Intervenors may obtain copies of the application and testimony by contacting Mr. Wayne Davis, Farmers RECC, 504 South Broadway, Glasgow, KY 42141. A copy of the application and testimony is available for public inspection at the utility's offices.

The amount and percent of increase are listed below:

<u>Rate Class</u>	<u>Increase</u>	
	<u>Dollar</u>	<u>Percent</u>
Nonrecurring Charges		
Automatic Meter Reading (AMR) Remote Disconnect	\$ 30.00	100%

The effect of the proposed rate on the average monthly bill by rate class is provided below

<u>Rate Class</u>	<u>Increase</u>	
	<u>Dollar</u>	<u>Percent</u>
Nonrecurring Charges		
Automatic Meter Reading (AMR) Remote Disconnect	\$ 30.00	100%

The present and proposed rate structure of Farmers RECC are listed below

<u>Rate Class</u>	<u>Rates</u>	
	<u>Present</u>	<u>Proposed</u>
Nonrecurring Charges		
Automatic Meter Reading (AMR) Remote Disconnect	\$0.00	\$30.00

**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION  
REMOTE DISCONNECT AND RECONNECT SERVICE**

**REASON WHY THE PROPOSED RATE WAS NOT A PART OF  
LAST RATE APPLICATION**

The proposed rate is a new service that is currently being offered by Farmers Rural Electric Cooperative Corporation (“Farmers”) for which Farmers does not have not presently charge. Farmers did not propose this new rate in last general rate case for these primary reasons:

1. At the time of the preparation of Farmers’ last rate case, Owen’ Automated Meter Reading (“AMR”) was not complete.
2. At that same time, Farmers was not fully versed on all the capabilities of this system and the needed ancillary equipment for remote connections and disconnections.
3. Farmers was unsure at that time if it would venture into developing this capability.

Farmers does not feel that it should wait until its next general rate case before it provides this service or develops a charge for this service. Farmers feeling is predicated on two facts:

1. This is a new service and a rate or fee should be allowed at the time the service is initially provided.
2. Farmers is currently not sure when its next general case may be filed with the Commission.

**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION  
REMOTE DISCONNECT AND RECONNECT SERVICE**

**GROUPS OF CUSTOMERS AFFECTED BY THE PROPOSED TARIFF**

All customers could be affected by the proposed tariff dependent upon their need for disconnect or reconnect services. The primary rate class that would most probably be affected would be the residential rate class because it has the largest number of consumers. The second largest rate class is the small commercial consumers and they would have the next largest impact



FARMERS RECC		BALANCE SHEET		AS OF NOVEMBER 30, 2009	
Total Utility Plant in Service	\$ 67,835,470	Memberships	\$ 533,240		
Construction Work In Progress	937,820	Patronage Capital	18,128,650		
Total Utility Plant in Service	68,773,290	Operating Margins - Prior Years	-		
Accum. Provision for Depreciation	18,640,869	Operating Margins - Current Year	444,913		
Net Utility Plant	50,132,421	Non-Operating Margins	286,908		
Non-Utility Plant - Net	-	Other Margins & Equities	945,591		
Investments in Subsidiary Companies	871,763	Total Margins & Equities	20,339,302		
Invest. In Assoc Org. - Patronage Capital	9,095,529	Long Term Debt - RUS	7,473,348		
Invest. In Assoc Org. - Other - General Funds	-	Long Term Debt - FFB-RUS Guar.	29,390,628		
Invest. In Assoc Org. - Other - Nongeneral Funds	927,950	Long Term Debt - Other -RUS Guar.	-		
Investments in Economic Development Projects	-	Long Term Debt Other	3,502,261		
Other Investments	-	Total Long Term Debt	40,366,237		
Special Funds	-	Accumulated Operating Provisions			
Total Other Property & Investments	10,895,242	& Asset Retirement Obligations	218,291		
Cash - General Fnds	1,129,427	Total Other Noncurrent Obligations	218,291		
Cash - Commerical Funds - Trustee	-	Notes Payable	-		
Special Deposits	-	Accounts Payable	434,573		
Temporary Investments	529,561	Consumers Deposits	1,079,212		
Notes Receivable	43,310	Current Maturities Long Term Debt	1,136,000		
Accounts Receivable - Sales of Energy Net	1,448,573	Other Current & Accrued Liabilities	2,649,865		
Accounts Receivable - Other Net	657,440	Total Current & Accrued Liabilities	5,299,650		
Materials & Supplies - Electric & Other	515,444	Regulatory Liabilities	-		
Prepayments	194,132	Other Deferred Credits	341,262		
Other Current & Accrued Assets	-				
Total Current & Accrued Assets	4,517,887				
Regulatory Assets	-				
Other Deferred Debits	19,192				
Total Assets and Other Debits	\$ 65,564,742	Total Liabilities and Other Credits	\$ 66,564,742		