

BRITE & HOPKINS, PLLC
ATTORNEYS AT LAW
83 BALLPARK ROAD, P.O. BOX 309
HARDINSBURG, KENTUCKY 40143-0309
PHONE (270) 756-2184, FAX (270) 756-1214

THOMAS C. BRITE
e-mail: tbrite@bbtel.com

STEPHEN G. HOPKINS
e-mail: shopkins@bbtel.com

September 24, 2010

RECEIVED

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

SEP 27 2010

**PUBLIC SERVICE
COMMISSION**

Re: Application of Meade County Rural Electric for an Adjustment of Rates
Case No. 2010-00222

Dear Mr. Derouen:

Please find enclosed the original and ten (10) copies of the responses to the Commission's Order "Supplemental to Second Information Request of the Commission Staff to Meade County Rural Electric Cooperative Corporation." dated September 15, 2010.

Please contact me at (270) 756-2184 or Burns E. Mercer at (270) 422-2162 with any questions regarding this filing.

Respectfully submitted,



Thomas C. Brite
Attorney for Meade County Rural Electric
Cooperative Corporation

Enclosure

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

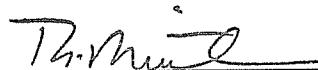
**In the Matter of adjustment of
Rates of Meade County Rural Electric
Cooperative Corporation**

Case No. 2010-00222

**APPLICANT'S RESPONSES TO
SUPPLEMENTAL TO SECOND INFORMATION REQUEST OF COMMISSION
STAFF**

The applicant, Meade County Rural Electric Cooperative Corporation, makes the following responses to the "Supplemental to Second Information Request of Commission Staff", as follows:

1. The witnesses who are prepared to answer questions concerning each request are Burns E. Mercer, Karen Brown, and Jim Adkins.
2. Burns E. Mercer, President and CEO of Meade County Rural Electric Cooperative Corporation is the person supervising the preparation of the responses on behalf of the applicant.
3. The responses and Exhibits are attached hereto and incorporated by reference herein.



Thomas C. Brite
Brite & Butler, Attorneys-At-Law
P.O. Box 309
Brandenburg, Kentucky 40143
Attorney for Meade County Rural Electric
Cooperative Corporation
Telephone: 270-756-2184

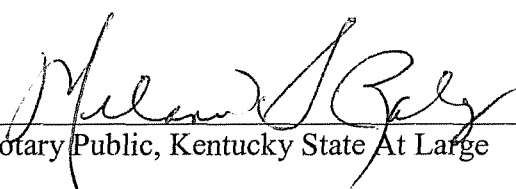
The undersigned, Burns E. Mercer, as President & CEO of Meade County Rural Electric Cooperative Corporation, being duly sworn, states that the responses herein are true and accurate to the best of my knowledge and belief formed after reasonable inquiry.

Dated: September 24, 2010

Meade County Rural Electric Cooperative Corp.

By: 
BURNS E. MERCER, PRESIDENT & CEO

Subscribed, sworn to, and acknowledged before me by Burns E. Mercer, as President & CEO for Meade County Rural Electric Cooperative Corporation on behalf of said Corporation the 24th day of September, 2010.



Notary Public, Kentucky State At Large
My Commission Expires: 3-18-2012

CERTIFICATE OF SERVICE

The undersigned counsel certifies that the foregoing responses have been served upon the following:

Original and Ten Copies
Mr. Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

This 24th day of September, 2010


Attorney for Meade County Rural Electric Cooperative Corporation

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SEP 27 2010

**PUBLIC SERVICE
COMMISSION**

Meade County Rural Electric Cooperative

Case No. 2010-00222

Supplement to Commission Staff's Second Information Request



Meade County Rural Electric Cooperative
Case No. 2010-00222
Supplement to Commission Staff's Second Information Request

1. Refer to Exhibit 19 of Meade's application, page 1 of 4, which shows the payment of capital credits to its members on an annual basis beginning with calendar year 2005. Provide a schedule of Meade's capital credit payments for the years 1994 through 2004 in the same format as used in the exhibit.

Response

| | <u>General</u> | <u>Estates</u> | <u>Total</u> |
|------|---------------------|---------------------|---------------------|
| 1994 | 490,948 | 114,376 | 605,324 |
| 1995 | 247,901 | 101,841 | 349,742 |
| 1996 | | 123,595 | 123,595 |
| 1997 | 284,138 | 117,294 | 401,432 |
| 1998 | 526,452 | 158,605 | 685,057 |
| 1999 | 343,810 | 143,775 | 487,585 |
| 2000 | 386,294 | 157,813 | 544,107 |
| 2001 | 268,913 | 141,309 | 410,222 |
| 2002 | 238,797 | 170,570 | 409,367 |
| 2003 | 417,121 | 155,116 | 572,237 |
| 2004 | 430,460 | 188,636 | 619,096 |
| | <u>\$ 3,634,834</u> | <u>\$ 1,572,930</u> | <u>\$ 5,207,764</u> |

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Meade County Rural Electric Cooperative
Case No. 2010-00222
Supplement to Commission Staff's Second Information Request

2. Refer to Exhibit 19, pages 2 through 4 of 4, which is Meade's Board Policy No. 201, with the subject of "Capital management." The sub-heading identifies the original policy effective date as September 22, 1994, and that the exhibit contains the latest revision of the policy, which is dated July 20, 2005. Provide the original policy dated September 22, 1994, and any revisions in effect between that date and the July 20, 2005 date of the latest revision.

Response

Original Policy No. 201 and revisions in effect between the dates of September 22, 1994 through July 20, 2005 attached as pages 2 through 12 of this exhibit

MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

POLICY NO. 201

SUBJECT: Capital Management

Effective Date: September 22, 1994

I. PURPOSE

Meade County Rural Electric Cooperative Corporation is a non-profit corporation organized under the laws of the State of Kentucky. In addition to these legal requirements, the Cooperative is guided in its operation by the various regulations and operational practices prescribed by the REA and the Kentucky Public Service Commission. Beyond these legal and official requirements, the Cooperative has an obligation to its members to insure the financial integrity of the Cooperative so that it can provide high quality electric service to its members at the lowest possible long term cost.

II. POLICY

It will be the policy of Meade County Rural Electric Cooperative Corporation to reach goals of 40 - 50% Modified (Cash) Equity and Modified (Cash) Tier of 2.0 - 3.0 through an approved Capital Management Program. Once achieved, those levels will be maintained to insure that the Cooperative's members receive electric service at cost.

III. RESPONSIBILITY

The Manager.

IV. PROVISIONS

Particular areas of concern included under this policy for which specific goals and practices need to be established are:


- A. Develop a long range financial plan and goals that will guide and insure the Cooperative of meeting all of its financial obligations through sound financial planning, which includes the following:
 - 1. Maintain necessary working capital and cash reserves.
 - 2. Maintain necessary funds for the debt retirement.
 - 3. Maintain access to timely loan funds balances and sources to meet needed plant additions.

4. Insure that funds are available for an established capital credit retirement program.
 5. Maintain DSC (Debt Service Coverage Ratio) minimum level of 1.25 to meet loan eligibility requirements as a borrower of REA and CFC.
- B. Develop a flexible capital credit rotation program on a minimum year cycle using FIFO method of rotation. Retirements are to be determined by the Board of Directors based on the financial condition of the Cooperative, with a goal of retiring capital credits in excess of a Modified Tier of 2.0.
- Consider using different rotation cycles including percentage, LIFO, or hybrids to maximize the value to the membership. Rotating capital credits is an effective way to regulate cash and show the membership they own the Cooperative.
- C. To reach and maintain the above goals by establishing a Capital Management Plan, which determines revenue requirements to meet margins, equity level, rotation of capital credits, debt service goals, and to forecast necessary retail rate increases.

In the implementation of this policy, it is recognized that the above goals need to be reviewed at least annually to adjust for certain variables (i.e., cost of debt capital, growth of electric plant, and margins).

This policy supersedes any existing policy which may be in conflict with provisions of this policy.

Approved:



Joseph A. Hamilton, President

MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

POLICY NO. 201

SUBJECT: Capital Management

Original Policy Effective Date: September 22, 1994

Latest Revision: August 20, 1998

I. PURPOSE

Meade County Rural Electric Cooperative Corporation is a non-profit corporation organized under the laws of the State of Kentucky. In addition to these legal requirements, the Cooperative is guided in its operation by the various regulations and operational practices prescribed by the RUS and the Kentucky Public Service Commission. Beyond these legal and official requirements, the Cooperative has an obligation to its members to insure the financial integrity of the Cooperative so that it can provide high quality electric service to its members at the lowest possible long term cost.

II. POLICY

It will be the policy of Meade County Rural Electric Cooperative Corporation to reach goals of 32 - 40% Modified (Cash) Equity and Modified (Cash) Tier of 2.0 - 3.0 through an approved Capital Management Program. Once achieved, those levels will be maintained to insure that the Cooperative's members receive electric service at cost.

III. RESPONSIBILITY

The President/CEO.

IV. PROVISIONS

Particular areas of concern included under this policy for which specific goals and practices need to be established are:

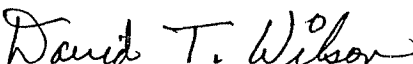
- A. Develop a long range financial plan and goals that will guide and insure the Cooperative of meeting all of its financial obligations through sound financial planning, which includes the following:
 - 1. Maintain necessary working capital and cash reserves.
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 5. Maintain DSC (Debt Service Coverage Ratio) minimum level of 1.25 to meet loan eligibility requirements as a borrower of RUS and CFC.
- B. Develop a flexible capital credit rotation program on a minimum year cycle using FIFO method of rotation. Retirements are to be determined by the Board of Directors based on the financial condition of the Cooperative, with a goal of retiring capital credits in excess of a Modified Tier of 2.0.
- Consider using different rotation cycles including percentage, LIFO, or hybrids to maximize the value to the membership. Rotating capital credits is an effective way to regulate cash and show the membership they own the Cooperative.
- C. To reach and maintain the above goals by establishing a Capital Management Plan, which determines revenue requirements to meet margins, equity level, rotation of capital credits, debt service goals, and to forecast necessary retail rate increases.

In the implementation of this policy, it is recognized that the above goals need to be reviewed at least annually to adjust for certain variables (i.e., cost of debt capital, growth of electric plant, and margins).

This policy supersedes any existing policy which may be in conflict with provisions of this policy.

Approved:



David T. Wilson, Chairman

MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

POLICY NO. 201

SUBJECT: Capital Management

Original Policy Effective Date: September 22, 1994

Latest Revision: November 18, 1999

I. PURPOSE

Meade County Rural Electric Cooperative Corporation is a non-profit corporation organized under the laws of the State of Kentucky. In addition to these legal requirements, the Cooperative is guided in its operation by the various regulations and operational practices prescribed by the RUS and the Kentucky Public Service Commission. Beyond these legal and official requirements, the Cooperative has an obligation to its members to insure the financial integrity of the Cooperative so that it can provide high quality electric service to its members at the lowest possible long-term cost.

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 - 1. Maintain necessary working capital and cash reserves.
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3. Maintain access to timely loan funds balances and sources to meet needed plant additions.
 4. Insure that funds are available for an established capital credit retirement program.
 5. Maintain DSC (Debt Service Coverage Ratio) minimum level of 1.25 to meet loan eligibility requirements as a borrower of RUS and CFC.
 6. Capitalized purchases shall include property with an expected life in service of more than one year and an original cost of no less than \$1,000.
- B. Develop a flexible capital credit rotation program on a minimum year cycle using FIFO method of rotation. Retirements are to be determined by the Board of Directors based on the financial condition of the Cooperative, with a goal of retiring capital credits in excess of a Modified Tier of 2.0.

Consider using different rotation cycles including percentage, LIFO, or hybrids to maximize the value to the membership. Rotating capital credits is an effective way to regulate cash and show the membership they own the Cooperative.

- C. To reach and maintain the above goals by establishing a Capital Management Plan, which determines revenue requirements to meet margins, equity level, rotation of capital credits, debt service goals, and to forecast necessary retail rate increases.

In the implementation of this policy, it is recognized that the above goals need to be reviewed at least annually to adjust for certain variables (i.e., cost of debt capital, growth of electric plant, and margins).

This policy supersedes any existing policy, which may be in conflict with provisions of this policy.

Approved:



David T. Wilson, Chairman

MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

POLICY NO. 201

SUBJECT: Capital Management

Original Policy Effective Date: September 22, 1994 (Original)
Latest Revision: October 24, 2001

I. PURPOSE

Meade County Rural Electric Cooperative Corporation is a non-profit corporation organized under the laws of the State of Kentucky. In addition to these legal requirements, the Cooperative is guided in its operation by the various regulations and operational practices prescribed by the RUS and the Kentucky Public Service Commission. Beyond these legal and official requirements, the Cooperative has an obligation to its members to insure the financial integrity of the Cooperative so that it can provide high quality electric service to its members at the lowest possible long-term cost.

II. POLICY

It will be the policy of Meade County Rural Electric Cooperative Corporation to maintain current modified cash equity between 32 - 40%, continue capital credit rotation on at least a 20 year cycle, and maintain a modified cash TIER equal to or greater than mortgage requirements while also maintaining adequate cash reserves. Once achieved, those levels will be maintained to insure that the Cooperative's members receive electric service at cost.

III. RESPONSIBILITY

The President/CEO.

IV. PROVISIONS

Particular areas of concern included under this policy for which specific goals and practices need to be established are:

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 4. Insure that funds are available for an established capital credit retirement program.
 5. Maintain DSC (Debt Service Coverage Ratio) minimum level of 1.25 to meet loan eligibility requirements as a borrower of RUS and CFC.
 6. Capitalized purchases shall include property with an expected life in service of more than one year and an original cost of no less than \$1,000.
- B. Develop a flexible capital credit rotation program on a minimum year cycle using FIFO method of rotation. Retirements are to be determined by the Board of Directors based on the financial condition of the Cooperative, with a goal of retiring capital credits on at least a 20 year rotation cycle.
- Consider using different rotation cycles including percentage, LIFO, or hybrids to maximize the value to the membership. Rotating capital credits is an effective way to regulate cash and show the membership they own the Cooperative.
- C. To reach and maintain the above goals by establishing a Capital Management Plan, which determines revenue requirements to meet margins, equity level, rotation of capital credits, debt service goals, and to forecast necessary retail rate increases.

In the implementation of this policy, it is recognized that the above goals need to be reviewed at least annually to adjust for certain variables (i.e., cost of debt capital, growth of electric plant, and margins).

This policy supersedes any existing policy, which may be in conflict with provisions of this policy.

Approved:



David T. Wilson, Chairman

MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

POLICY NO. 201

SUBJECT: Capital Management

Original Policy Effective Date: September 22, 1994 (Original)
Latest Revision: July 20, 2005

I. PURPOSE

Meade County Rural Electric Cooperative Corporation is a non-profit corporation organized under the laws of the State of Kentucky. In addition to these legal requirements, the Cooperative is guided in its operation by the various regulations and operational practices prescribed by the RUS and the Kentucky Public Service Commission. Beyond these legal and official requirements, the Cooperative has an obligation to its members to insure the financial integrity of the Cooperative so that it can provide high quality electric service to its members at the lowest possible long-term cost.

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The President/CEO.

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 - 1. Maintain necessary working capital and cash reserves.
 - 2. Maintain necessary funds for the debt retirement.

3. Maintain access to timely loan funds balances and sources to meet needed plant additions.
 4. Insure that funds are available for an established capital credit retirement program.
 5. Maintain DSC (Debt Service Coverage Ratio) minimum level to meet loan eligibility requirements of all lenders.
 6. The Cooperative shall give primary consideration to safety and liquidity in the management of general funds. Funds shall be kept in CFC or in member investment programs of the G&T or in banks whose deposits are insured by FDIC, FSLIC, or invested in securities of the United States Government or institutions insured or guaranteed by the United States Government or by an instrumentality thereof. An investment is considered liquid when it can readily be converted into cash without loss of principal. Any investment in the equity of a publicly traded company or in a development subsidiary company set up by the Cooperative may be made only with the approval of the Board of Directors.
 7. A line of credit not greater than 10% of total utility plant, with CFC, shall be maintained to provide funds in the event they are needed for storm damage, temporary construction financing, pending advances of long term debt loan funds, or other unpredictable requirements.
 8. In considering the financing of distribution plant including system additions and improvements, all available sources of capital will be considered with primary consideration to be given to the RUS and CFC. The loan terms will be level debt payments (principal and interest) and no more than 50% of the Cooperative's total long-term debt will be financed at a variable interest rate
 9. Capitalized purchases shall include property with an expected life in service of more than one year and an original cost of no less than \$1,000.
- B. Develop a flexible capital credit rotation program on a minimum year cycle using FIFO method of rotation. Retirements are to be determined by the Board of Directors based on the financial condition of the Cooperative, with a goal of retiring capital credits on at least a 20 year rotation cycle.

Consider using different rotation cycles including percentage, LIFO, or hybrids to maximize the value to the membership. Rotating capital credits

is an effective way to regulate cash and show the membership they own the Cooperative.

- C. To reach and maintain the above goals by establishing a Capital Management Plan, which determines revenue requirements to meet margins, equity level, rotation of capital credits, debt service goals, and to forecast necessary retail rate increases.

In the implementation of this policy, it is recognized that the above goals need to be reviewed at least annually to adjust for certain variables (i.e., cost of debt capital, growth of electric plant, and margins).

This policy supersedes any existing policy, which may be in conflict with provisions of this policy.

Approved:

David T. Wilson 7-20-05
David T. Wilson, Chairman

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Wilson Jones.

Meade County Rural Electric Cooperative
Case No. 2010-00222
Supplement to Commission Staff's Second Information Request

3. Refer to Exhibit K, page 6 of 7, which shows Meade's annual Times Interest Earned Ratio ("TIER") and Debt Service Coverage ("DSC") calculations starting with calendar year 2005. Provide a schedule of Meade's annual TIER and DSC levels for the years 1994 through 2004 in the same format as used in the exhibit.

Response:

See attached

Meade County Rural Electric Cooperative
Case No. 2010-00222
TIER and DSC Calculations
March 31, 2010

Supplemental Request
Item 3. Exhibit K, page 6 of 7
Witness: Jim Adkins

| | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 | 1996 | 1995 | 1994 |
| <u>TIER calculations:</u> | | | | | | | | | | | |
| Margins, excluding G&T capital credits | \$1,306,875 | \$1,231,132 | \$1,301,542 | \$1,582,741 | \$1,269,802 | \$1,138,484 | \$400,751 | \$1,156,863 | \$1,205,193 | \$938,655 | \$546,389 |
| Interest on long term debt | 1,404,391 | 1,536,005 | 1,581,326 | 1,586,100 | 1,499,454 | 1,325,488 | 1,219,580 | 1,043,979 | 1,015,690 | 959,725 | 807,272 |
| Modified TIER | 1.93 | 1.80 | 1.82 | 2.00 | 1.85 | 1.86 | 1.33 | 2.11 | 2.19 | 1.98 | 1.68 |
| Margins, including G&T capital credits | \$1,306,875 | \$1,231,132 | \$1,301,542 | \$1,582,741 | \$1,269,802 | \$1,138,484 | \$400,751 | \$1,156,863 | \$1,205,193 | \$938,655 | \$546,389 |
| Interest on long term debt | 1,404,391 | 1,536,005 | 1,581,326 | 1,586,100 | 1,499,454 | 1,325,488 | 1,219,580 | 1,043,979 | 1,015,690 | 959,725 | 807,272 |
| TIER | 1.93 | 1.80 | 1.82 | 2.00 | 1.85 | 1.86 | 1.33 | 2.11 | 2.19 | 1.98 | 1.68 |
| <u>DSC calculations:</u> | | | | | | | | | | | |
| DSC = ((Margins + depreciation + interest) / (interest + principal payments)) | | | | | | | | | | | |
| Margins, excluding G&T capital credits | \$1,306,875 | \$1,231,132 | \$1,301,542 | \$1,582,741 | \$1,269,802 | \$1,138,484 | \$400,751 | \$1,156,863 | \$1,205,193 | \$938,655 | \$546,389 |
| Depreciation expense | 2,176,160 | 2,069,065 | 2,000,863 | 1,875,298 | 1,706,303 | 1,526,553 | 1,369,371 | 1,259,238 | 1,152,484 | 1,080,439 | 989,498 |
| Interest on long term debt | 1,404,391 | 1,536,005 | 1,581,326 | 1,586,100 | 1,499,454 | 1,325,488 | 1,219,580 | 1,043,979 | 1,015,690 | 959,725 | 807,272 |
| Principal payment on long term debt | 2,023,252 | 772,795 | 830,868 | 696,986 | 627,027 | 546,526 | 499,231 | 488,541 | 488,149 | 450,404 | 439,712 |
| Modified DSC | <u>1.43</u> | <u>2.09</u> | <u>2.02</u> | <u>2.21</u> | <u>2.10</u> | <u>2.13</u> | <u>1.74</u> | <u>2.26</u> | <u>2.24</u> | <u>2.11</u> | <u>1.88</u> |
| Margins, including G&T capital credits | \$1,306,875 | \$1,231,132 | \$1,301,542 | \$1,582,741 | \$1,269,802 | \$1,138,484 | \$400,751 | \$1,156,863 | \$1,205,193 | \$938,655 | \$546,389 |
| Depreciation expense | 2,176,160 | 2,069,065 | 2,000,863 | 1,875,298 | 1,706,303 | 1,526,553 | 1,369,371 | 1,259,238 | 1,152,484 | 1,080,439 | 989,498 |
| Interest on long term debt | 1,404,391 | 1,536,005 | 1,581,326 | 1,586,100 | 1,499,454 | 1,325,488 | 1,219,580 | 1,043,979 | 1,015,690 | 959,725 | 807,272 |
| Principal payment on long term debt | 2,023,252 | 772,795 | 830,868 | 696,986 | 627,027 | 546,526 | 499,231 | 488,541 | 488,149 | 450,404 | 439,712 |
| DSC | <u>1.43</u> | <u>2.09</u> | <u>2.02</u> | <u>2.21</u> | <u>2.10</u> | <u>2.13</u> | <u>1.74</u> | <u>2.26</u> | <u>2.24</u> | <u>2.11</u> | <u>1.88</u> |

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Wilson Jones.

Meade County Rural Electric Cooperative
Case No. 2010-00222
Supplement to Commission Staff's Second Information Request

4. Refer to Exhibit K, page 7 of 7
 - a. The bottom third of the page is headed "Equity to Total Assets: with G&T patronage capital." However, the calculations on lines 38 to 43 show: (1) the sum of total margins and debt on line 38; (2) total assets on line 39; (3) the amounts on line 38 added to the amounts on line 39 to produce the totals shown on line 41; and (4) the percentage derived by dividing the amounts of line 38 by the amounts on line 41 shown on line 43. Explain what this percentage, which reflects the sum of margins and debt, divided by the sum of margins and debt, plus total assets, is intended to represent.
 - b. Refer to the top two-thirds of the page which shows Meade's equity capitalization ratios, with and without G&T, capital credits, beginning with the year 2005. Provide a schedule of Meade's equity capitalization ratios, in the same format as used in the exhibit, for the years 1994 through 2004.

Response:

See attached

| 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 | 1996 | 1995 | 1994 | |
|------|------|------|------|------|------|------|------|------|------|------|--|

Equity Capitalization:
without G&T patronage capital

| | | | | | | | | | | | |
|-----------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Total margins and equities | 19,208,836 | 18,470,849 | 17,766,967 | 16,851,711 | 15,651,417 | 14,893,784 | 14,209,771 | 14,448,356 | 13,637,844 | 12,549,250 | 11,967,312 |
| Less G&T Patronage capital | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Long-term debt | 19,208,836 | 18,470,849 | 17,766,967 | 16,851,711 | 15,651,417 | 14,893,784 | 14,209,771 | 14,448,356 | 13,637,844 | 12,549,250 | 11,967,312 |
| | 38,956,192 | 36,164,171 | 36,959,909 | 32,372,777 | 29,048,712 | 25,740,740 | 24,287,265 | 20,656,473 | 18,820,514 | 18,620,664 | 16,939,007 |
| Total | 58,165,028 | 54,635,020 | 54,726,876 | 49,224,488 | 44,700,129 | 40,634,524 | 38,497,036 | 35,104,829 | 32,458,358 | 31,169,914 | 28,906,319 |
| Equity capitalization ratio | <u>33%</u> | <u>34%</u> | <u>32%</u> | <u>34%</u> | <u>35%</u> | <u>37%</u> | <u>37%</u> | <u>41%</u> | <u>42%</u> | <u>40%</u> | <u>41%</u> |

Equity Capitalization:
with G&T patronage capital

| | | | | | | | | | | | |
|-----------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Total margins and equities | 19,208,836 | 18,470,849 | 17,766,967 | 16,851,711 | 15,651,417 | 14,893,784 | 14,209,771 | 14,448,356 | 13,637,844 | 12,549,250 | 11,967,312 |
| Long-term debt | 38,956,192 | 36,164,171 | 36,959,909 | 32,372,777 | 29,048,712 | 25,740,740 | 24,287,265 | 20,656,473 | 18,820,514 | 18,620,664 | 16,939,007 |
| Total | 58,165,028 | 54,635,020 | 54,726,876 | 49,224,488 | 44,700,129 | 40,634,524 | 38,497,036 | 35,104,829 | 32,458,358 | 31,169,914 | 28,906,319 |
| Equity capitalization ratio | <u>33%</u> | <u>34%</u> | <u>32%</u> | <u>34%</u> | <u>35%</u> | <u>37%</u> | <u>37%</u> | <u>41%</u> | <u>42%</u> | <u>40%</u> | <u>41%</u> |

Equity to Total Assets:
with G&T patronage capital

| | | | | | | | | | | | |
|-----------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Total margins and equities | 19,208,836 | 18,470,849 | 17,766,967 | 16,851,711 | 15,651,417 | 14,893,784 | 14,209,771 | 14,448,356 | 13,637,844 | 12,549,250 | 11,967,312 |
| Total assets | 61,916,128 | 58,600,742 | 58,265,269 | 52,243,971 | 48,193,455 | 43,820,838 | 41,678,530 | 37,635,992 | 35,134,408 | 34,036,218 | 31,069,920 |
| Equity to total asset ratio | <u>31%</u> | <u>32%</u> | <u>30%</u> | <u>32%</u> | <u>32%</u> | <u>34%</u> | <u>34%</u> | <u>38%</u> | <u>39%</u> | <u>37%</u> | <u>39%</u> |

a. This bottom third of the page was intended to show the Equity to Asset ratio. The schedule has been revised to show this ratio.

Meade County Rural Electric Cooperative
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Second Data Request of Commission Staff

9. Provide a copy of Exhibits J and R electronically on CD-ROM in Microsoft Excel format with all formulas intact and unprotected.

Response:

Attached to the original copy is a CD-ROM containing the requested information.

Meade County Rural Electric Cooperative
Case No. 2010-00222
Second Data Request of Commission Staff

10. Refer to Exhibit K of the application.

a. Refer to page 2 of 7. The amount for Materials has increased 263 percent from March 2009 to January 2010. Provide an explanation for this level of increase

Response:

Meade County is planning to replace copper conductor with aluminum conductor. Additional conductor was purchased in anticipation of this replacement.

Meade County Rural Electric Cooperative
Case No. 2010-00222
Second Data Request of Commission Staff

10. Refer to Exhibit K of the application.

b. Refer to page 4 of 7. Provide an explanation for the magnitude of the amount of Materials and Supplies in the calendar year 2009 of \$16,690,857.

Response:

This was an input error only. The Material and Supplies amount should have been \$1,669,087.

MEADE COUNTY RECC
CASE NO. 2020-00222

RESPONSE TO COMMISSION STAFF'S SECOND INFORMATION REQUEST

Refer to Exhibit R, page 8 of 41.

a. Question:

Account 935, Maintenance of General Plant, is shown as having been allocated using the General Plant percentages from the Rate Base Schedule. However, the allocation appears to be based on Rate Base percentages from the Rate Base Schedule. Confirm that Rate Base percentages were incorrectly used. Provide the effect that a correction would have on the results of the cost-of-service study ("COSS").

b. Response:

The allocation of Account 935, Maintenance of General Plant has been made on the basis of the Rate Base percentages from the Rate Base Schedule. The impact upon the revenue requirements for each rate class by changing this allocation to one based on the basis of the General Plant percentages are shown on page 2 of this Exhibit. As one can readily see, a significant difference does not exist between the two methods.

MEADE COUNTY RECC
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Item No. 11a
Page 2 of 2
Witness: Jim Adkins

RESPONSE TO COMMISSION STAFF'S SECOND INFORMATION REQUEST

REVENUE REQUIREMENTS BY RATE CLASS

| Function | Amount | Green Power | 1R Residential Schl & Chur | 2R Commercial Rate | 3R Gen Svc 0-999 kVa | 3A TOD Rate | Outdoor Lighting |
|---|------------|-------------|----------------------------|--------------------|----------------------|-------------|------------------|
| Revenue Requirements Based on Filed COSS | 34,216,998 | 100 | 26,181,078 | 2,240,401 | 4,765,134 | 2,691 | 1,027,593 |
| Revenue Requirements Revision of 935 Allocation | 34,216,998 | 100 | 26,182,628 | 2,241,185 | 4,762,955 | 2,685 | 1,027,444 |
| Differenc in Dollar Amount | - | \$ - | \$ (1,550) | \$ (785) | \$ 2,179 | \$ 6 | \$ 149 |
| Difference In Percent | | 0.00% | -0.01% | -0.04% | 0.05% | 0.23% | 0.01% |

MEADE COUNTY RECC
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RESPONSE TO COMMISSION STAFF'S SECOND INFORMATION REQUEST

b. Question:

Depreciation – Distribution Plant and Depreciation – General Plant are shown as having been allocated using the Net Plant percentages from the Rate Base Schedule. However, the allocation for Depreciation – Distribution Plant appears to be based on the Distribution Plant percentages, and Depreciation – General Plant appears to be based on the General Plant percentages. Confirm that Meade intended to use these allocation percentages. If not, and a correction, provide copies of all exhibits that would be revised as a result of the correction.

b. Response:

Meade used the depreciation allocation methods it intended to use. Footnote No. 6 as written in the filed COSS was wrong. It should have referenced the use of the Distribution Plant percentages and the General Plant percentages.

MEADE COUNTY RECC
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RESPONSE TO COMMISSION STAFF'S SECOND INFORMATION REQUEST

Refer to Exhibit R, page 9 of 41, footnote 6 at the bottom of the page.

a. Question:

The first number under the Total column, \$16,129,440 appears to be the total of Overhead Conductors and Devices rather than Poles, Towers and Fixtures as labeled. Confirm that this total is mislabeled.

a. Response:

It is confirmed that this total is mislabeled.

b. The second number under the Total column, \$1,894,878, appears to be the total of Underground Conductor rather than Overhead Conductors as labeled. Confirm that this total is mislabeled.

b. Response:

It is confirmed that this total is mislabeled.

c. Question:

Explain where in the COSS the allocations calculated in footnote 6 are used.

c. Response:

The calculations in footnote 6 should not have been included while footnote 6 was written in error. Please see the response Item 11b.

MEADE COUNTY RECC
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RESPONSE TO COMMISSION STAFF'S SECOND INFORMATION REQUEST

Question:

Refer to Exhibit R, page 11 of 41. Explain how the General Plant allocation percentages were calculated.

Response:

The general plant allocation percentages on page 41 comes from footnote 7 on page 10 of 41.

MEADE COUNTY RECC
CASE NO. 2020-00222

RESPONSE TO COMMISSION STAFF'S SECOND INFORMATION REQUEST

Refer to Exhibit R, pages 29 and 30 of 41.

a. Question:

Refer to the Transformers table at the bottom of page 29. The amounts in the Relative Weight column do not equal column 3 multiplied by column 4 for rates 3R and 3A. Explain how the amounts in this column were calculated. If a correction is needed, provided the effect a correction would have on the results of the COSS.

a. Response:

The amounts in column 3 and column 4 for rates 3R and 3A have additional multiplier of 3 in the calculations for the Relative Weight column. The allocation of the customer-related portion of the various plant accounts is based on the number of customers by classes of service with appropriate weightings and adjustments. Weighting factors reflect the differences in the characteristics within a class and between classes. This additional multiplier of 3 was utilized to better reflect the allocation of the customer related transformer costs to each rate class in the judgment of this witness. The classes 3R and 3A have a significant range in size of customers that can be assigned to these two rate classes. And this additional multiplier has been utilized to better assure a better allocation of transformer related customer costs.

b. Question:

Refer to the Services table at the top of page 30. The amounts in the Cost of Service column do not equal column 2 multiplied by column 3 for rates 3R and 3A. Explain how the amounts in this column were calculated. If a correction is needed, provide the effect a correction would have on the results of the COSS.

b. Response:

For rate 3A, an additional multiplier of 3 has been utilized in the calculations for the amount listed in the Cost of Service column. The allocation of the customer-related portion of the various plant accounts is based on the number of customers by classes of service with appropriate weightings and adjustments. Weighting factors reflect the differences in the characteristics within a class and between classes. This additional multiplier of 3 was utilized to better reflect the allocation of the customer related transformer costs to each rate class in the judgment of this witness.

For rate 3R, the amount in the Cost of Service column is based on the below schedule. Since there is a wide size range of customers within this class, a different method was determined to be a better fit to recognize the size range of customers.

| Rate 3 R | Length of | Cost Per | Cost per | Number | |
|--------------|-------------|-------------|-----------------|-----------------|--------------|
| <u>Type</u> | <u>Wire</u> | <u>Unit</u> | <u>Customer</u> | <u>of Cust,</u> | <u>Total</u> |
| 0-100 KVA | 120.00 | 2.46 | 885.60 | 169.00 | 149,666 |
| 101-1000 KVA | 120.00 | 2.46 | 885.60 | 173.00 | 153,209 |
| 1000 KVA + | 120.00 | 3.13 | 1,126.80 | 4.00 | 4,507 |
| Total | | | | 346 | 307,382 |
| Average | | | | | 888.39 |

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RESPONSE TO COMMISSION STAFF'S SECOND INFORMATION REQUEST

Question:

Refer to Exhibit R, page 32 and 41 of 41. Explain the origin of the \$893,370 shown as Revenue from Rates for the Lighting Class.

Response:

The Revenue from Rates for the Lighting Class on page 32 of \$893,370 was from a previous draft of the billing analysis and then copied to page 41. When the billing analysis was changed, this update was not made to pages 32 and 41.

MEADE COUNTY RECC
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RESPONSE TO COMMISSION STAFF'S SECOND INFORMATION REQUEST

Questions:

Refer to Exhibits R, pages 39 and 40 of 41 in which Meade calculates proposed customer charges. Provide the calculation for the customer charges if all customer-related costs were recovered through the customer charges.

Response:

Provided below is the requested monthly related costs per consumer broken down by rate class.

| Monthly Consumer Related Costs | | | |
|---------------------------------------|--|--|---|
| <u>Rate Class</u> | <u>Consumer Related Revenue Requirements</u> | <u>Number of Monthly Billing Units</u> | <u>Consumer Related Costs Per Month</u> |
| 1R Residential | \$ 6,033,546 | 311,873 | \$ 19.35 |
| 2R Small Commercial | 498,020 | 20,425 | \$ 24.38 |
| 3R General Service | 451,766 | 4,153 | \$ 108.78 |
| 3A TOD Gen Svc | 1,843 | 20 | \$ 92.15 |

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RESPONSE TO COMMISSION STAFF'S SECOND INFORMATION REQUEST

Question:

Refer to Exhibit R, page 40 of 41. Can the amounts shown as Transformer investment for the three levels of KVA be found in the COSS. If yes, provide the location of the amounts. If no, explain.

Response:

These amounts are not provided in the COSS as filed. Provided below is the basis for these amounts.

| Transformer Investment - Rate 3R | | | |
|----------------------------------|-----------|----------|-----------|
| Rate 3 R | | Number | |
| Type | Cost | of Cust, | Total |
| 50 KVA | 902.60 | 169.00 | 152,540 |
| 112.5 KVA PA | 5,949.00 | 173.00 | 1,029,177 |
| 2-500 KVA PA | 16,941.70 | 4.00 | 67,767 |
| Total | | 346 | 1,249,484 |
| | | | 3,611 |

MEADE COUNTY RECC
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RESPONSE TO COMMISSION STAFF'S SECOND INFORMATION REQUEST

Refer to Exhibit S, page 1, which shows the amount of the proposed increase based on attaining a Times Interest Earned Ratio ("TIER") of 2.32X.

a. Question:

Describe how Meade determined that 232X was the appropriate TIER on which to base its requested increase.

a. Response:

Please see the response to Item No. 6 in this information request for this explanation.

b. Question:

Is Meade aware of any studies performed by the Rural Utilities Service ("RUS") or the National Rural Utilities Cooperative Finance Corporation ("CFC") on the subject of the appropriate TIER level for an electric distribution cooperative? If yes, identify the studies and when they were performed.

b. Response:

Meade County is not aware of any studies performed by RUS or CFC on the appropriate TIER level.

Meade County Rural Electric Cooperative
Case No. 2010-00222
Second Data Request of Commission Staff

19. Refer to Exhibit X of the application, which provides a comparison of income statement account levels for the test period and the 12 months immediately preceding the test period.

a. Refer to page 3. Provide an explanation of how costs are assigned to Accounts 417.101 through 417.114, Expenses-Wildblue.

Response:

Actual costs of materials and supplies are allocated to the following accounts as appropriate. Payroll and benefits are distributed based on number of hours required to assist customers, prepare billings and provide other miscellaneous services.

| | |
|---|---------|
| COS Expenses - Wildblue | 417.101 |
| Expenses - Wildblue - Equipment | 417.102 |
| Expenses - Wildblue - Installation fees | 417.103 |
| Expenses - Wildblue - Cost-of-Service Other | 417.104 |
| Expenses - Wildblue - payroll - A&G Customer Support | 417.105 |
| Expenses - Wildblue - A&G Billing | 417.106 |
| Expenses - Wildblue - Payroll - Other Customer Expenses | 417.107 |
| Expenses - Wildblue - advertising | 417.108 |
| Expenses - Wildblue - bad debt | 417.109 |
| Expenses - Wildblue - depreciation | 417.110 |
| Expenses - Wildblue - Payroll - A&G | 417.111 |
| Expenses - Wildblue - Interest Expense | 417.112 |
| Expenses - Wildblue - Amortization | 417.113 |
| Expenses - Wildblue - Service Calls | 417.114 |

Meade County Rural Electric Cooperative
Case No. 2010-00222
Second Data Request of Commission Staff

19. Refer to Exhibit X of the application, which provides a comparison of income statement account levels for the test period and the 12 months immediately preceding the test period.

b. Refer to page 9. Provide a detailed breakdown of Accounts 451 and 454, Miscellaneous Service Revenue and Rent from Electric Property.

Response:

Connection, collection and after hours service fees are recorded in Account 451.000 "Miscellaneous Service Revenue".

Detail of Acct. 451 – Miscellaneous Service Revenue – Test Year

| | |
|------------------|-----------------|
| Connection fees | \$80,225.00 |
| Collection Fees | 55,268.00 |
| After hours fees | <u>2,070.00</u> |
| Total | \$137,563.00 |

Detail of Acct. 454 – Rent from Electric Property – Test Year

| | |
|--------------------------|------------------|
| Joint Use Pole Rental | \$242,714.00 |
| Fordsville Office Rental | <u>18,000.00</u> |
| Total | \$260,714.00 |

Meade County Rural Electric Cooperative
Case No. 2010-00222
Second Data Request of Commission Staff

19. Refer to Exhibit X of the application, which provides a comparison of income statement account levels for the test period and the 12 months immediately preceding the test period.

c. For Account 451 and 454, provide the March 31 balances for most recent five-year period.

Response:

March 31 - Account 451 Balances

| | |
|------|-----------|
| 2009 | \$140,580 |
| 2008 | 154,495 |
| 2007 | 160,978 |
| 2006 | 169,740 |
| 2005 | 162,869 |

March 31 - Account 454 Balances

| | |
|------|-----------|
| 2009 | \$263,721 |
| 2008 | 237,802 |
| 2007 | 210,627 |
| 2006 | 193,483 |
| 2005 | 161,092 |

Meade County Rural Electric Cooperative
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Second Data Request of Commission Staff

19. Refer to Exhibit X of the application, which provides a comparison of income statement account levels for the test period and the 12 months immediately preceding the test period.

d. Page 11 shows that Account 580.000, Operation-Supervision & Engineering, increased from \$287,254 in the 12 months preceding the test year to \$327,749 in the test year. Provide a detailed explanation for why this expense increased by this magnitude.

Response:

Account 580.000 Post-retirement and Pension benefits represent 48% of the increase from \$287,254 to \$327,749 and Labor increases for individuals for step promotions represent the remainder of the increase.

Meade County Rural Electric Cooperative
Case No. 2010-00222
Second Data Request of Commission Staff

19. Refer to Exhibit X of the application, which provides a comparison of income statement account levels for the test period and the 12 months immediately preceding the test period.

e. Page 11 shows that Account 583.00, Overhead Line Expense, increased from \$763,681 in the 12 months preceding the test year to \$849,400 in the test year. Provide a detailed explanation for why this expense increased by this magnitude.

Response:

Account 583.000 Labor for first time Transformer and OCR purchases represent 51% of the increase; Property taxes represent 28%; payroll and benefits represent 21% of the increase from \$763,681 to \$849,400.

Meade County Rural Electric Cooperative
Case No. 2010-00222
Second Data Request of Commission Staff

19. Refer to Exhibit X of the application, which provides a comparison of income statement account levels for the test period and the 12 months immediately preceding the test period.

f. Page I 1 shows that Account 586.000, Meter Expense, increased from \$217,494 in the 12 months preceding the test year to \$295,401 in the test year. Provide a detailed explanation for why this expense increased by this magnitude.

Response:

Account 586.000 an increase in rates to change and test statistical meters and an increase in the number of meters represents 95%; payroll and benefits represent 5% of the increase from \$217,494 to \$295,401. There were 1,800 more meters changed and tested in the test year.

Meade County Rural Electric Cooperative
Case No. 2010-00222
Second Data Request of Commission Staff

19. Refer to Exhibit X of the application, which provides a comparison of income statement account levels for the test period and the 12 months immediately preceding the test period.

g. Page 13 shows that Account 588.000, Misc Distribution Expense, increased from \$455,966 in the 12 months preceding the test year to \$641,545 in the test year. Provide a detailed explanation for why this expense increased by this magnitude.

Response:

In Account 588.000 a \$56,000 credit to health insurance to true up the account in December 2008 resulted in test year payroll and benefits at 55% of the increase. The remaining 45% increase is a result of OMS training and other computer software and supplies.

Meade County Rural Electric Cooperative
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Second Data Request of Commission Staff

19. Refer to Exhibit X of the application, which provides a comparison of income statement account levels for the test period and the 12 months immediately preceding the test period.

h. Page 13 shows that Account 590.000, Maintenance-Supervision & Engineering, increased from \$308,314 in the 12 months preceding the test year to \$351,958 in the test year. Provide a detailed explanation for why this expense increased by this magnitude.

Response:

In Account 590.000 there was a credit to Pension expense in December 2008 for \$12,400 to true-up the expenses for the year. Two employees reached 30 years of service early in the year and the expense was not adjusted until December. This resulted in test year expenses to appear 47% greater than the prior year. The remainder or 53% of the increase was other payroll and benefit expenses.

Meade County Rural Electric Cooperative
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Second Data Request of Commission Staff

19. Refer to Exhibit X of the application, which provides a comparison of income statement account levels for the test period and the 12 months immediately preceding the test period.

i. Page 15 shows that Account 593.100, Maintenance, increased from \$825,911 in the 12 months preceding the test year to \$970,332 in the test year. Provide a detailed explanation for why this expense increased by this magnitude.

Response:

In Account 593.100 98% of the increase from \$824,911 to \$970,332 is attributed to an increase in right-of-way tree trimming contracts and 2% to payroll and benefit expenses.

Meade County Rural Electric Cooperative
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Second Data Request of Commission Staff

19. Refer to Exhibit X of the application, which provides a comparison of income statement account levels for the test period and the 12 months immediately preceding the test period.

j. Page 15 shows that Account 593.400, Maintenance-Service Orders, increased from \$188,479 in the 12 months preceding the test year to \$292,475 in the test year. Provide a detailed explanation for why this expense increased by this magnitude.

Response:

In Account 593.400 48% of the increase from \$188,479 to \$292,475 is attributed to an increase in right-of-way clearing to service orders, 15% in transportation expenses, and 37% in payroll and benefit expenses.

Meade County Rural Electric Cooperative
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Second Data Request of Commission Staff

19. Refer to Exhibit X of the application, which provides a comparison of income statement account levels for the test period and the 12 months immediately preceding the test period.

k. Page 17 shows that Account 902.100, Special Meter Reading Expenses, decreased from \$141,991 in the 12 months preceding the test year to \$57,181 in the test year. Provide a detailed explanation for why this expense decreased by this magnitude.

Response:

In Account 902.100 a credit received from a vendor for approximately \$89,000 for warranty repairs to AMI meter modules attributes to 100% of the decrease from \$141,991 to \$57,181.

Meade County Rural Electric Cooperative
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Second Data Request of Commission Staff

19. Refer to Exhibit X of the application, which provides a comparison of income statement account levels for the test period and the 12 months immediately preceding the test period.

1. Page 17 shows that Account 903.000, Customer Records & Collections Exp, increased from \$212,120 in the 12 months preceding the test year to \$281,907 in the test year. Provide a detailed explanation for why this expense increased by this magnitude

Response:

In Account 903.000 64% of the increase is for contractor costs for field technicians and 36% for payroll and benefit expenses for the increase from \$212,120 to \$281,907.

Meade County Rural Electric Cooperative
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Second Data Request of Commission Staff

19. Refer to Exhibit X of the application, which provides a comparison of income statement account levels for the test period and the 12 months immediately preceding the test period.

m. Refer to pages 17 and 19, Accounts 903.201 through 903.210. Provide an explanation why there is only activity in these accounts for the ninth month. Explain the purpose of these added accounts.

Response:

Data for Accounts 903.201 through 903.210 was summarized into the G/L control account 903.200 for all but the ninth month.

Meade County Rural Electric Cooperative
Case No. 2010-00222
Second Data Request of Commission Staff

19. Refer to Exhibit X of the application, which provides a comparison of income statement account levels for the test period and the 12 months immediately preceding the test period.

n. Refer to pages 19 and 21, Accounts 903.301 through 903.305. Provide an explanation why there is only activity in these accounts for the ninth month. Explain the purpose of these added accounts.

Response:

Data for Accounts 903.301 through 903.305 was summarized into the G/L control account 903.300 for all but the ninth month.

Meade County Rural Electric Cooperative
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Second Data Request of Commission Staff

19. Refer to Exhibit X of the application, which provides a comparison of income statement account levels for the test period and the 12 months immediately preceding the test period.

o. Refer to page 21, Accounts 903.501 through 903.507. Provide an explanation why there is only activity in these accounts for the ninth month. Explain the purpose of these added accounts.

Response:

Data for Accounts 903.501 through 903.507 was summarized into the G/L control account 903.500 for all but the ninth month.

Meade County Rural Electric Cooperative
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Second Data Request of Commission Staff

19. Refer to Exhibit X of the application, which provides a comparison of income statement account levels for the test period and the 12 months immediately preceding the test period.

p. Refer to page 23, Accounts 903.601 through 903.607. Provide an explanation why there is only activity in these accounts for the ninth month. Explain the purpose of these added accounts.

Response:

Data for Accounts 903.601 through 903.6.7 was summarized into the G/L control account 903.600 for all but the ninth month.

Meade County Rural Electric Cooperative
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Second Data Request of Commission Staff

19. Refer to Exhibit X of the application, which provides a comparison of income statement account levels for the test period and the 12 months immediately preceding the test period.

q. Page 23 shows that Account 910.000, Misc Customer Serv & Inform Exp, increased from \$58,992 in the 12 months preceding the test year to \$71,486 in the test year. Provide a detailed explanation for why this expense increased by this magnitude.

Response:

In Account 910.000 an 18% increase in transportation costs and 82% increase in payroll and benefit expenses accounts for the increase from \$58,992 to \$71,486.

Meade County Rural Electric Cooperative
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Second Data Request of Commission Staff

19. Refer to Exhibit X of the application, which provides a comparison of income statement account levels for the test period and the 12 months immediately preceding the test period.

r. Page 28 shows that Account 920.000, Administrative & General Salaries, increased from \$379,264 in the 12 months preceding the test year to \$443,222 in the test year. Provide a detailed explanation for why this expense increased by this magnitude.

Response:

In Account 920.000 the entire increase is attributable to payroll for step increases, retirement and post-retirement expenses from \$379,264 to \$443,222.

Even though there is an increase in A&G expenses it is important to keep in mind that we are coming from low levels of A&G expense per consumer, for example, in the latest KRTA (Key Ratio Trend Analysis) available for the calendar year 2009 Meade ranked in the bottom 30 of 816 coops (\$49.73 v. \$115.92) across the nation in the amount of A&G expense per consumer.

Meade County Rural Electric Cooperative
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Second Data Request of Commission Staff

19. Refer to Exhibit X of the application, which provides a comparison of income statement account levels for the test period and the 12 months immediately preceding the test period.

s. Page 33 shows that Account 930.200, Misc General Exp, increased from \$138,866 in the 12 months preceding the test year to \$166,954 in the test year. Provide a detailed explanation for why this expense increased by this magnitude.

Response:

In Account 930.200 the entire increase is attributable to payroll for step increases, retirement and post-retirement expenses from \$138,866 to \$166,954.

Meade County Rural Electric Cooperative
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Second Data Request of Commission Staff

19. Refer to Exhibit X of the application, which provides a comparison of income statement account levels for the test period and the 12 months immediately preceding the test period.

t. Page 33 shows that Account 930.300, Misc General Exp-Directors Fee Expense, decreased from \$109,323 in the 12 months preceding the test year to \$96,882 in the test year. Provide a detailed explanation for why this expense decreased by this magnitude.

Response:

Directors were paid for additional special meetings in 2008 that were not required in the test year resulting in a decrease of fees from the preceding 12 months to the test year.

Meade County Rural Electric Cooperative
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Second Data Request of Commission Staff

19. Refer to Exhibit X of the application, which provides a comparison of income statement account levels for the test period and the 12 months immediately preceding the test period.

u. Page 33 shows that Account 935.000, Maintenance of General Property, decreased from \$143,468 in the 12 months preceding the test year to \$110,607 in the test year. Provide a detailed explanation for why this expense decreased by this magnitude.

Response:

In Account 935.000 trim, pavement and tile floor repairs account for 100% of the reduction in expenses from \$143,468 to \$110,607.

Meade County Rural Electric Cooperative
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Second Data Request of Commission Staff

20. Refer to Exhibit I, page 1 of the application. Meade states that employees may elect to be paid for up to 12 days for unused sick time and 5 days of unused vacation time. Provide a copy of Meade's policy for paying unused sick and vacation days.

Response:

See attached Vacation and Sick Leave policies, pages 2 through 7, this exhibit. Vacation exchange is found in Policy No. 514, Item II D and Sick Leave reimbursement in Policy No. 516, Item II, L.

MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

POLICY NO. 514

SUBJECT: Vacation Leave

Effective Date: September 1, 1991 (Original)

Revised: September 19, 2007; Effective January 1, 2008

I. PURPOSE

To define guidelines for vacation leave for all employees.

II. POLICY

- A. All full-time **hourly** employees of the Cooperative shall earn vacation leave in accordance with the following schedule:

| <u>Years of Employment</u> | <u>Vacation Leave Earned</u> |
|---|------------------------------|
| 6 months to 1 year <i>(6 months must be completed by November 1st of that year)</i> | 5 days |
| 1 st year through 5 th year | 10 days |
| 6 th year after hire | 11 days |
| 7 th year after hire | 12 days |
| 8 th year after hire | 13 days |
| 9 th year after hire | 14 days |
| 10 th year after hire | 15 days |
| 11 th year after hire | 16 days |
| 12 th year after hire | 17 days |
| 13 th year after hire | 18 days |
| 14 th year after hire | 19 days |
| 15 th year after hire | 20 days |

- B. All full-time salaried employees of the Cooperative shall earn vacation leave in accordance with the following schedule:

| <u>Years of Employment</u> | <u>Vacation Leave Earned</u> |
|---|------------------------------|
| 6 months to 1 year <i>(6 months must be completed by November 1st of that year)</i> | 5 days |
| 1 st year through 5 th year | 10 days |
| 6 th year through 10 th year | 15 days |
| 11 th year after hire | 16 days |
| 12 th year after hire | 17 days |
| 13 th year after hire | 18 days |
| 14 th year after hire | 19 days |
| 15 th year after hire | 20 days |
| 16 th year through 25 th year | 20 days |
| 26 th year + | 25 days |

- C. Two (2) consecutive workweeks shall be the maximum vacation period allowed at any one time. Vacation may be taken one day at a time if desired, if the details can be worked out with the employee's immediate supervisor. The only exception to this one day rule would be that the one day would not precede or follow a paid holiday.
- D. All vacation leave must be taken within the calendar year or forfeited. However, those employees with more than 80 hours of paid vacation leave each year may opt to exchange up to 40 hours (no more) for pay comparable to the wage which that employee currently receives. Request for exchange shall be made in writing and submitted to Management.
- E. No vacation leave shall be taken without prior approval of an authorized supervisor, subject to the approval of the Management. The right to designate vacation periods is reserved to the Cooperative at all times. Every effort will be made to assign vacation periods of the employees' choice. In the event of a dispute or conflict as to choice of vacation periods between

employees, seniority shall govern insofar as compatible with the Cooperative's operation.

- F. All requests for vacation leave shall be made at the earliest possible date. Holidays falling in vacation periods will not be charged against vacation time. Vacation time may be used as sick leave after all sick leave time is used.
- G. A vacation leave form must be signed by employees and approved by department head for any vacation leave taken.
- H. Upon termination of employment, employees shall be paid for all accumulated vacation leave within the year.
- I. Accumulated vacation leave shall not exceed four regular workweeks for an hourly employee and five regular workweeks for a salaried employee.
- J. It shall not be the policy of the Cooperative to ask employees to work on the weekend before, weekend during, or the weekend following an employee's vacation. This policy will be waived only during extreme emergencies. If an employee is so requested to work, his vacation time will be considered as time worked in the computation of overtime.
- K. It shall be the discretion of the hiring supervisor and the President/CEO to give new hires vacation credit for previous utility experience and also previous professional experience.

III. RESPONSIBILITY FOR ENFORCEMENT

The President/CEO, or duly authorized personnel delegated by the President/CEO, shall be responsible for the communication and enforcement of this policy.

9/19/2007
Date

Burns E. Mercer
Burns E. Mercer, President/CEO

MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

POLICY NO. 516

SUBJECT: Sick Leave
Effective: September 1, 1991 (Original)
Revised: September 19, 2007; Effective January 1, 2008

I. PURPOSE

To specify guidelines for administering and utilizing sick leave.

II. POLICY

- A. Regular employees, after completing their probationary period, will begin to accumulate sick leave at the rate of one eight hour working day per calendar month. Probationary time will be used in computing sick leave days.
- B. Unused sick leave shall accumulate from year to year up to a maximum of ninety (90) working days.
- C. Sick leave will be paid only during a bonafide illness of the employee. No sick leave will be paid when illness or injury arises out of participation in unlawful activities.
- D. A physician's certificate as to the existence or continuance of illness or disability may be required. A certificate may be waived for the first two days, with the approval of the supervisor and the management. Illness during a vacation period will not be credited to sick leave.
- E. When an employee is unable to report to work due to illness or any other reason, they must notify their supervisor at the earliest possible time; but in no case less than one hour prior to regular work time. Failure to do so may mean disallowance of sick leave for the day.

- F. In case of injury at work for the Cooperative, for which Workman's Compensation is applicable, an employee will be eligible to use accumulated sick leave only to the extent that it is necessary to assure him his regular straight time pay during his absence from work as a result of an injury on the job.
- G. Sick Leave time may be used by the employee to attend to the illness of immediate family (wife, husband, son or daughter, father or mother, or in-law of the same relation).
- H. A Sick Leave day, or any portion thereof, taken the day before and/or the day after a company paid holiday will be counted as two (2) sick days against the employee's sick leave. If an employee does not have two (2) sick days accumulated, the employee will forfeit their pay for the holiday.
- I. Maternity cases shall be reported to the supervisor at the earliest possible date. Each case will be considered individually, but an employee may request a leave of absence beginning at the end of the seventh month, if desired. This leave of absence may be granted for maternity cases for up to a period of five months, providing the employee desires to return to work within that time. Unpaid leave of absence request is to be in writing, stating beginning and approximate ending dates and approved by the supervisor.
- J. Sick leave forms must be completed in detail and signed by the employee and approved by the supervisor for any sick leave taken before sick leave payment will be allowed. Sick leave will not be paid until the proper approved forms have been received by the Accounting Department. Abuse of sick leave will not be tolerated and may be cause for termination if such is proved.
- K. Sick leave time will be considered as time worked in the computation of overtime.
- L. Employees accruing sick leave over ninety (90) days will be reimbursed annually at applicable pay rate for one-half of all excess days. The time period for computation of reimbursement will be November 1 through October 31.

- M. At retirement, employees will be paid at applicable pay rate for one-half of the remaining sick days accumulated under the ninety (90) days cited in paragraph "B". Terminating employees, voluntary or involuntary, will not receive compensation for any unused sick days.

- N. Employees on paid leave, sick or vacation, will continue to accrue sick leave at the normal rate for the duration of paid leave time. Employees on unpaid leave or disciplinary leave will not accrue sick leave hours.

III. RESPONSIBILITY FOR ENFORCEMENT

- A. It shall be the duty of the immediate supervisor to monitor sick leave usage.

- B. The President/CEO, or duly authorized personnel delegated by the President/CEO, shall be responsible for the communication and enforcement of this Policy.

Date

9/19/2007

Burns E. Mercer, President/CEO

Meade County Rural Electric Cooperative
Case No. 2010-00222
Second Data Request of Commission Staff

21. Refer to Exhibit 1, page 1. Meade states that wage increases are granted on November 1 of each year and there was no salary increase during the test year. State whether the Board of Directors has determined or granted a salary increase for the upcoming November 1 date for the current year.

Response:

The Board of Directors will review whether to grant wage increases. It has not been determined if increases will be granted at this time, however, Meade County anticipates the Board will grant an increase for November 1, 2010.

Meade County Rural Electric Cooperative
Case No. 2010-00222
Second Data Request of Commission Staff

22. Refer to Exhibit 1, page 3 through 5 of the application.

a. If an employee worked 2,080 regular hours during the test period, explain why the employee would also have payments for vacation/sick leave and why those payments should be included in normalized wages

Response:

To encourage employees to work on a regular basis, therefore, not requiring Meade County the have to hire additional employees, accumulated unused vacation and sick days are paid to employees. Vacation is paid for unused days up to 5 days per year for employees that earn over 15 days per year. Employees can elect to be paid for up to 90 hours per year for unused sick leave days during the year. Sick leave is paid at $\frac{1}{2}$ the hourly pay rate.

Having employees working facilitates the planning process for crews, office services, and other functions. Meade County feels that work is more productive with full crews and full staffing than if employees sporatically use vacation and sick days.

Meade County Rural Electric Cooperative
Case No. 2010-00222
Second Data Request of Commission Staff

22. Refer to Exhibit 1, page 3 through 5 of the application.

b. For each employee listed in Table 1 below, explain in detail why they worked less than 2,080 hours in the test period.

| Table 1 | | |
|---------|--------------|---------------|
| | Employee No. | Regular Hours |
| (1) | 154 | 1,970.5 |
| (2) | 167 | 2,072 |
| (3) | 173 | 1,693.5 |
| (4) | 184 | 1,840 |
| (5) | 186 | 633 |

Response:

Emp. No 154 – on worker comp for part of year; Emp No. 167 – took one (1) day off with no pay; Emp No. 173 – from part time to full time; Emp No. 184 – new employee; Emp No. 186 – new employee.

Meade County Rural Electric Cooperative
Case No. 2010-00222
Second Data Request of Commission Staff

22. Refer to Exhibit 1, page 3 through 5 of the application.

c. Explain why 2,080 hours was used in calculating normalized wages rather than the actual hours worked during the test period.

Response:

There are normally 2,080 working hours in a normal year. The hours were normalized as if an employee had worked a full year.

Meade County Rural Electric Cooperative
Case No. 2010-00222
Second Data Request of Commission Staff

22. Refer to Exhibit 1, page 3 through 5 of the application.

d. Provide an update of any additional labor costs incurred subsequent to the end of the test year. Provide an explanation for the reason for the changes and update Exhibit 1, page 3 through 5, for these changes as of August 31, 2010.

Response:

Changes from the application are as follows:

- Employees No. 166 and 173 from part time to full time.
- Employee No. 184 and 186 new employees.
- Employees No. 135; 173; 180; 182; 183 all step increases.
- There were no retirees during the twelve (12) months ended August 31, 2010.

Meade County Rural Electric Cooperative
Case No. 2010-00222
as of August 31, 2010

Item 22 (d)
Witness: Jim Adkins

EX 22
pg 5 of 7

| Emp # | Hours Worked | | | Actual Test Year Wages | | | | | Wage Rate 9/1/10 | Normalized Wages @ 2,080 Hours | | | Total | |
|-------|--------------------------|-----------------|--------------------|------------------------|------------------|--------------------|--------------------|---------------|---------------------|-----------------------------------|---------------|--------------------|------------------|--------------------|
| | Reg Hrs | OT Hrs | Unused Vacation | Regular | Overtime | Unused Vacation | Unused Sick Pay | Total | | Regular | Overtime | Unused Vacation | | Unused Sick Pay |
| | | | | | | | | | | | | | | |
| 1 | 4 | 2,080.0 | 0.0 | 32.0 | 172,120 | 0 | 2,648 | 3,972 | 82.75 | 172,120 | 2,648 | 3,972 | 178,740 | |
| 1 | 37 | 2,080.0 | 0.0 | 40.0 | 85,738 | 0 | 1,649 | 1,979 | 41.22 | 85,738 | 1,649 | 1,979 | 89,365 | |
| 1 | 38 | 2,080.0 | 0.0 | 40.0 | 79,810 | 0 | 1,535 | 1,842 | 38.37 | 79,810 | 1,535 | 1,842 | 83,186 | |
| 1 | 65 | 2,080.0 | 0.0 | 40.0 | 79,810 | 0 | 1,535 | 1,746 | 38.37 | 79,810 | 1,535 | 1,746 | 83,090 | |
| 1 | 70 | 2,080.0 | 0.0 | 40.0 | 104,707 | 0 | 2,014 | 2,416 | 50.34 | 104,707 | 2,014 | 2,416 | 109,137 | |
| 1 | 85 | 2,080.0 | 0.0 | 40.0 | 91,853 | 0 | 1,535 | 2,120 | 44.16 | 91,853 | 1,535 | 2,120 | 93,972 | |
| 1 | 91 | 2,080.0 | 0.0 | 40.0 | 79,810 | 0 | 1,535 | 0 | 38.37 | 79,810 | 1,535 | 0 | 81,344 | |
| 1 | 103 | 2,080.0 | 15.4 | 40.0 | 50,814 | 564 | 0 | 0 | 24.43 | 50,814 | 0 | 0 | 50,814 | |
| 1 | 110 | 2,080.0 | 0.0 | 40.0 | 73,736 | 0 | 993 | 993 | 35.45 | 73,736 | 993 | 993 | 74,729 | |
| 1 | 112 | 2,080.0 | 0.0 | 32.0 | 111,426 | 0 | 1,661 | 1,661 | 53.57 | 111,426 | 1,661 | 1,661 | 113,086 | |
| 1 | 116 | 2,080.0 | 0.0 | 32.0 | 61,630 | 0 | 948 | 1,129 | 29.63 | 61,630 | 948 | 1,129 | 63,707 | |
| 1 | 135 | 2,080.0 | 0.0 | 40.0 | 77,741 | 0 | 0 | 0.00 | 41.22 | 85,738 | 0 | 0 | 85,738 | |
| 1 | 146 | 2,080.0 | 0.0 | 40.0 | 62,941 | 0 | 0 | 0.00 | 30.26 | 62,941 | 0 | 0 | 62,941 | |
| 1 | 161 | 2,080.0 | 0.0 | 40.0 | 54,267 | 0 | 0 | 0 | 26.09 | 54,267 | 0 | 0 | 54,267 | |
| 14 | Subtotal | 29,120.0 | 15.4 | 264.0 | 1,186,402 | 564 | 11863 | 17,856 | 0 | 1,194,398 | 11,863 | 17,856 | 1,224,118 | |
| 1 | Hourly Employees: | | | | | | | | | | | | | |
| 1 | 23 | 2,080.0 | 12.5 | 40.0 | 57,866 | 522 | 1,113 | 0 | 27.82 | 57,866 | 1,113 | 0 | 59,500 | |
| 1 | 68 | 2,080.0 | 20.5 | 28.0 | 62,941 | 930 | 536 | 0 | 30.26 | 62,941 | 536 | 0 | 63,871 | |
| 1 | 81 | 2,080.0 | 8.0 | 28.0 | 39,853 | 230 | 536 | 0 | 19.16 | 39,853 | 536 | 0 | 40,619 | |
| 1 | 82 | 2,080.0 | 116.5 | 40.0 | 65,021 | 5,463 | 0 | 0 | 31.26 | 65,021 | 0 | 0 | 70,483 | |
| 1 | 83 | 2,080.0 | 203.0 | 40.0 | 49,005 | 7,174 | 0 | 0 | 23.56 | 49,005 | 0 | 0 | 56,179 | |
| 1 | 84 | 2,080.0 | 117.0 | 40.0 | 62,941 | 5,311 | 0 | 0 | 30.26 | 62,941 | 0 | 0 | 68,251 | |
| 1 | 86 | 2,080.0 | 226.0 | 40.0 | 62,941 | 10,258 | 0 | 0 | 30.26 | 62,941 | 0 | 0 | 73,199 | |
| 1 | 89 | 2,080.0 | 6.5 | 40.0 | 39,853 | 187 | 766 | 0 | 19.16 | 39,853 | 766 | 0 | 40,806 | |
| 1 | 90 | 2,080.0 | 74.0 | 40.0 | 62,941 | 3,359 | 0 | 0 | 30.26 | 62,941 | 0 | 0 | 66,300 | |
| 1 | 93 | 2,080.0 | 207.0 | 40.0 | 57,866 | 8,638 | 0 | 0 | 27.82 | 57,866 | 0 | 0 | 66,504 | |
| 1 | 98 | 2,080.0 | 40.0 | 40.0 | 57,866 | 1,669 | 0 | 0 | 27.82 | 57,866 | 1,669 | 0 | 59,535 | |
| 1 | 101 | 2,080.0 | 0.0 | 40.0 | 57,866 | 0 | 1,113 | 0 | 27.82 | 57,866 | 1,113 | 0 | 58,978 | |
| 1 | 107 | 2,080.0 | 0.0 | 40.0 | 41,205 | 0 | 0 | 0 | 19.81 | 41,205 | 0 | 0 | 41,205 | |
| 1 | 114 | 2,078.5 | 7.5 | 40.0 | 43,981 | 238 | 0 | 0 | 21.16 | 44,013 | 0 | 0 | 44,251 | |
| 1 | 119 | 2,080.0 | 70.5 | 40.0 | 49,005 | 2,491 | 0 | 0 | 23.56 | 49,005 | 2,491 | 0 | 51,496 | |

Meade County Rural Electric Cooperative
Case No. 2010-00222
as of August 31, 2010

Item 22 (d)
Witness: Jim Adkins

Ex 22
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| Emp # | Hours Worked | | | Actual Test Year Wages | | | | | | Wage Rate 9/1/10 | Normalized Wages @ 2,080 Hours | | | Total |
|-------|--------------|--------|--------------------|------------------------|----------|--------------------|--------------------|--------|---------|---------------------|-----------------------------------|--------------------|--------------------|-------|
| | Reg Hrs | OT Hrs | Unused Vacation | Regular | Overtime | Unused Vacation | Unused Sick Pay | Total | Regular | | Overtime | Unused Vacation | Unused Sick Pay | |
| | | | | | | | | | | | | | | |
| 120 | 2,080.0 | 245.0 | | 62,941 | 11,121 | 0 | 0 | 74,061 | 30.26 | 62,941 | 11,121 | 0 | 74,061 | |
| 122 | 2,080.0 | 152.5 | | 44,013 | 4,840 | 0 | 0 | 48,853 | 21.16 | 44,013 | 4,840 | 0 | 48,853 | |
| 126 | 2,080.0 | 5.0 | | 39,853 | 144 | 0 | 0 | 39,997 | 19.16 | 39,853 | 144 | 0 | 39,997 | |
| 127 | 2,080.0 | 0.0 | 32.0 | 44,013 | 0 | 677 | 0 | 44,690 | 21.16 | 44,013 | 0 | 677 | 44,690 | |
| 130 | 2,080.0 | 11.5 | | 39,853 | 331 | 0 | 0 | 40,183 | 19.16 | 39,853 | 331 | 0 | 40,183 | |
| 131 | 2,080.0 | 9.5 | | 39,853 | 273 | 0 | 0 | 40,126 | 19.16 | 39,853 | 273 | 0 | 40,126 | |
| 132 | 2,080.0 | 13.5 | | 52,957 | 516 | 0 | 0 | 53,472 | 25.46 | 52,957 | 516 | 0 | 53,472 | |
| 133 | 2,080.0 | 277.0 | | 57,866 | 11,559 | 0 | 0 | 69,425 | 27.82 | 57,866 | 11,559 | 0 | 69,425 | |
| 134 | 2,080.0 | 0.0 | | 44,013 | 0 | 0 | 0 | 44,013 | 21.16 | 44,013 | 0 | 0 | 44,013 | |
| 136 | 2,080.0 | 168.5 | | 57,866 | 7,032 | 0 | 0 | 64,897 | 27.82 | 57,866 | 7,032 | 0 | 64,897 | |
| 139 | 2,080.0 | 494.5 | | 57,866 | 20,635 | 0 | 0 | 78,501 | 27.82 | 57,866 | 20,635 | 0 | 78,501 | |
| 140 | 2,080.0 | 13.0 | | 39,853 | 374 | 0 | 0 | 40,226 | 19.16 | 39,853 | 374 | 0 | 40,226 | |
| 143 | 2,080.0 | 657.5 | | 59,946 | 28,424 | 0 | 0 | 88,369 | 28.82 | 59,946 | 28,424 | 0 | 88,369 | |
| 145 | 2,080.0 | 341.5 | | 57,866 | 14,251 | 0 | 0 | 72,116 | 27.82 | 57,866 | 14,251 | 0 | 72,116 | |
| 148 | 2,080.0 | 14.0 | | 39,853 | 402 | 0 | 0 | 40,255 | 19.16 | 39,853 | 402 | 0 | 40,255 | |
| 149 | 2,080.0 | 342.5 | | 57,866 | 14,293 | 0 | 0 | 72,158 | 27.82 | 57,866 | 14,293 | 0 | 72,158 | |
| 151 | 2,080.0 | 10.5 | | 37,024 | 280 | 0 | 0 | 37,304 | 17.80 | 37,024 | 280 | 0 | 37,304 | |
| 152 | 2,080.0 | 138.0 | | 48,298 | 4,807 | 0 | 0 | 53,104 | 23.22 | 48,298 | 4,807 | 0 | 53,104 | |
| 154 | 1,779.0 | 144.5 | | 49,492 | 6,030 | 0 | 0 | 55,522 | 27.82 | 57,866 | 6,030 | 0 | 63,896 | |
| 158 | 2,080.0 | 7.5 | | 38,750 | 210 | 0 | 0 | 38,960 | 18.63 | 38,750 | 210 | 0 | 38,960 | |
| 160 | 2,080.0 | 96.5 | | 54,267 | 3,777 | 0 | 0 | 58,044 | 26.09 | 54,267 | 3,777 | 0 | 58,044 | |
| 162 | 2,080.0 | 220.0 | | 42,474 | 6,739 | 0 | 0 | 49,212 | 20.42 | 42,474 | 6,739 | 0 | 49,212 | |
| 163 | 2,080.0 | 174.0 | | 43,514 | 5,460 | 0 | 0 | 48,974 | 20.92 | 43,514 | 5,460 | 0 | 48,974 | |
| 166 | 446.0 | 6.0 | | 7,600 | 153 | 0 | 0 | 7,753 | 17.04 | 35,443 | 153 | 0 | 35,597 | |
| 167 | 2,072.0 | 10.0 | | 36,281 | 263 | 0 | 0 | 36,543 | 17.51 | 36,421 | 263 | 0 | 36,683 | |
| 168 | 1,948.0 | 6.5 | | 34,109 | 171 | 0 | 0 | 34,280 | 17.51 | 36,421 | 171 | 0 | 36,592 | |
| 169 | 2,080.0 | 228.0 | | 41,080 | 6,755 | 0 | 0 | 47,835 | 19.75 | 41,080 | 6,755 | 0 | 47,835 | |
| 170 | 2,080.0 | 13.0 | | 35,360 | 332 | 0 | 0 | 35,692 | 17.00 | 35,360 | 332 | 0 | 35,692 | |
| 171 | 2,080.0 | 43.0 | | 45,864 | 1,422 | 0 | 0 | 47,286 | 22.05 | 45,864 | 1,422 | 0 | 47,286 | |
| 173 | 2,070.0 | 6.5 | | 25,116 | 135 | 0 | 0 | 25,251 | 13.85 | 28,808 | 135 | 0 | 28,943 | |
| 180 | 2,080.0 | 476.5 | | 35,820 | 11,599 | 0 | 0 | 47,419 | 19.01 | 39,541 | 13,587 | 0 | 53,128 | |
| 182 | 2,080.0 | 246.0 | | 36,978 | 6,597 | 0 | 0 | 43,575 | 19.01 | 39,541 | 7,015 | 0 | 46,555 | |
| 183 | 2,080.0 | 280.5 | | 35,820 | 7,260 | 0 | 0 | 43,080 | 19.01 | 39,541 | 7,998 | 0 | 47,539 | |
| 184 | 2,080.0 | 7.5 | | 28,808 | 156 | 0 | 0 | 28,964 | 13.85 | 28,808 | 156 | 0 | 28,964 | |

| Emp # | Hours Worked | | Actual Test Year Wages | | | | | | Wage Rate 9/1/10 | Normalized Wages @ 2,080 Hours | | Unused Vacation | Unused Sick Pay | Total |
|-----------------|------------------|----------------|------------------------|----------------|--------------------|--------------------|------------------|---------|---------------------|-----------------------------------|--------------|--------------------|--------------------|-------|
| | Reg Hrs | OT Hrs | Regular | Overtime | Unused Vacation | Unused Sick Pay | Total | Regular | | Overtime | | | | |
| | 186 | 1,513.0 | 3.5 | 17,963 | 63 | 0 | 0 | 18,026 | | 15.41 | 32,053 | | | |
| Subtotal | 101,346.5 | 5,972.5 | 2,302,238 | 222,869 | 4,206 | 0 | 2,529,313 | | 2,368,725 | 226,032 | 4,206 | 0 | 2,598,962 | |

| Part Time & Summer Employees | | | | | | | | | | | | | |
|------------------------------|----------------|-------------|------------|---------------|------------|----------|---------------|-------|---------------|------------|----------|----------|---------------|
| 1 | 164 | 755.0 | 0.0 | 7,550 | 0 | 0 | 7,550 | 10.00 | 7,550 | 0 | 0 | 0 | 7,550 |
| 1 | 165 | 754.0 | 0.0 | 7,540 | 0 | 0 | 7,540 | 10.00 | 7,540 | 0 | 0 | 0 | 7,540 |
| 1 | 175 | 934.1 | 0.0 | 10,154 | 0 | 0 | 10,154 | 10.87 | 10,154 | 0 | 0 | 0 | 10,154 |
| 1 | 177 | 994.0 | 0.0 | 10,805 | 0 | 0 | 10,805 | 10.87 | 10,805 | 0 | 0 | 0 | 10,805 |
| 1 | 179 | 1,451.5 | 0.0 | 14,515 | 0 | 0 | 14,515 | 10.00 | 14,515 | 0 | 0 | 0 | 14,515 |
| 1 | 187 | 956.5 | 0.0 | 9,565 | 0 | 0 | 9,565 | 10.00 | 9,565 | 0 | 0 | 0 | 9,565 |
| 1 | 188 | 341.8 | 7.0 | 3,418 | 105 | 0 | 3,523 | 10.00 | 3,418 | 105 | 0 | 0 | 3,523 |
| 1 | 189 | 508.0 | 8.5 | 4,318 | 108 | 0 | 4,426 | 8.50 | 4,318 | 108 | 0 | 0 | 4,426 |
| 1 | 190 | 385.0 | 6.0 | 3,273 | 77 | 0 | 3,349 | 8.50 | 3,273 | 77 | 0 | 0 | 3,349 |
| Subtotal | 7,079.9 | 21.5 | 0.0 | 71,137 | 290 | 0 | 71,427 | | 71,137 | 290 | 0 | 0 | 71,427 |

| Retired Employees | | | | | | | | | | | | | |
|-------------------|------------|------------|------------|----------|----------|----------|----------|-------|----------|----------|----------|----------|----------|
| 22 | 0.0 | 0.0 | 0 | 0 | 0 | 0 | 0 | 27.82 | 0 | 0 | 0 | 0 | 0 |
| 56 | 0.0 | 0.0 | 0 | 0 | 0 | 0 | 0 | 21.16 | 0 | 0 | 0 | 0 | 0 |
| 87 | 0.0 | 0.0 | 0 | 0 | 0 | 0 | 0 | 19.16 | 0 | 0 | 0 | 0 | 0 |
| Subtotal | 0.0 | 0.0 | 0.0 | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |

| | | | | | | | | | | | | | |
|--------------|------------------|----------------|--------------|------------------|----------------|---------------|------------------|--|------------------|----------------|---------------|---------------|------------------|
| Total | 137,546.4 | 6,009.4 | 444.0 | 3,559,777 | 223,724 | 16,069 | 3,817,425 | | 3,634,260 | 226,322 | 16,069 | 17,856 | 3,894,507 |
|--------------|------------------|----------------|--------------|------------------|----------------|---------------|------------------|--|------------------|----------------|---------------|---------------|------------------|

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Meade County Rural Electric Cooperative
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Second Data Request of Commission Staff

23. Refer to Exhibit 3, page 2, of the application, which shows the test-year actual and normalized total depreciation expense and the test-year actual and normalized depreciation expense charged to transportation clearing. Provide the same information for each of the calendar years 2000 to 2009.

Response:

| <u>Year</u> | <u>Depreciation</u> | |
|-------------|---------------------|-----------------|
| | <u>Expense</u> | <u>Clearing</u> |
| 2009 | 2,956,264 | 461,502 |
| 2008 | 2,842,245 | 486,323 |
| 2007 | 2,702,560 | 395,392 |
| 2006 | 2,497,883 | 452,918 |
| 2005 | 2,318,515 | 371,387 |
| 2004 | 2,176,161 | 343,977 |
| 2003 | 2,069,065 | 304,920 |
| 2002 | 2,000,863 | 287,292 |
| 2001 | 1,875,298 | 264,671 |
| 2000 | 1,706,303 | 303,469 |

Meade County Rural Electric Cooperative
Case No. 2010-00222
Second Data Request of Commission Staff

24. Refer to Exhibit 3, page 4, of the application, which shows distribution plant in service, accumulated depreciation for distribution plant, and the reserve ratio percentages for distribution plant for each of the years 1995 through 1999 and 2005 through 2008. Provide the same information as of the end of the test year and for the years from 2000 through 2004.

Response:

| Year <u>Ended</u> | Distribution Plant in <u>Service</u> | Accumulated Depreciation for <u>Distribution</u> | Reserve <u>Ratio</u> | Ratio of Current Distribution Plant to Distribution <u>Plant 10 Years</u> <u>Prior</u> |
|----------------------|--|---|-------------------------|--|
| 2009 | 82,006,321 | 20,716,588 | 25.26% | 1.85 |
| 2008 | 79,412,895 | 19,148,191 | 24.11% | 1.94 |
| 2007 | 76,020,263 | 17,461,623 | 22.97% | 2.03 |
| 2006 | 71,399,630 | 16,181,781 | 22.66% | 2.04 |
| 2005 | 66,374,927 | 14,810,722 | 22.31% | 2.08 |
| 2004 | 62,260,936 | 13,927,986 | 22.37% | |
| 2003 | 58,231,350 | 12,910,540 | 22.17% | |
| 2002 | 54,739,430 | 11,835,646 | 21.62% | |
| 2001 | 51,255,660 | 11,264,997 | 21.98% | |
| 2000 | 47,530,430 | 10,575,145 | 22.25% | |
| 1999 | 44,363,056 | 9,937,785 | 22.40% | |
| 1998 | 40,845,433 | 9,289,706 | 22.74% | |
| 1997 | 37,522,573 | 8,632,283 | 23.01% | |
| 1996 | 34,972,409 | 8,178,601 | 23.39% | |
| 1995 | 31,958,257 | 7,742,742 | 24.23% | |

Meade County Rural Electric Cooperative
Case No. 2010-00222
Second Data Request of Commission Staff

25. Refer to Exhibit 5, page 2. This is a schedule of Meade's outstanding long-term debt.
- a. Provide an update of the schedule on pages 2 and 3 that reflects the current interest rates for long-term debt applied to the long-term debt balances as of the end of the proposed test year.

Response:

Attached

S+h 25
2 of 3

Meade County Rural Electric
Case No. 2010-00222
Schedule of Outstanding Long-Term Debt
March 31, 2010

| Type of Debt Issued (a) | Date of Issue (b) | Date of Maturity (c) | Outstanding Amount (d) | Interest Rate Nov 2009 | Annualized Cost Col (d)x(g) (j) |
|--|-------------------|----------------------|------------------------|------------------------|---------------------------------|
| RUS loans | | | | | |
| B290 | Jun-97 | Jun-32 | 1,916,239 | 3.750% | 71,859 |
| B295 | Jun-97 | Jun-32 | 1,834,158 | 4.870% | 89,323 |
| B310 | Oct-03 | Oct-38 | 2,393,040 | 4.670% | 111,755 |
| B311 | Oct-03 | Oct-38 | 2,790,511 | 4.180% | 116,643 |
| B312 | Oct-03 | Oct-38 | 1,867,507 | 4.490% | 83,851 |
| B313 | Oct-03 | Oct-38 | 1,865,671 | 4.440% | 82,836 |
| B314 | Oct-03 | Oct-38 | 2,842,965 | 5.060% | 143,854 |
| B315 | Oct-03 | Oct-38 | 2,829,566 | 3.380% | 95,639 |
| B320 | Dec-08 | Dec-43 | 2,935,459 | 4.860% | 142,663 |
| B321 | Dec-08 | Dec-43 | 1,939,101 | 3.020% | 58,561 |
| B322 | Dec-08 | Dec-43 | 1,956,089 | 3.640% | 71,202 |
| B323 | Dec-08 | Dec-43 | 2,943,487 | 3.650% | 107,437 |
| B324 | Dec-08 | Dec-43 | 2,462,958 | 3.550% | 87,435 |
| B325 | Dec-08 | Dec-43 | 1,979,994 | 3.550% | 70,290 |
| B326 | Dec-08 | Dec-43 | 2,626,000 | 3.550% | 93,223 |
| Advance payment | | | (1,321,389) | | |
| | | | <u>33,861,356</u> | | <u>1,426,572</u> |
| FFB loans | | | | | |
| H010 | Nov-98 | Oct-33 | 353,112 | 6.490% | 22,917 |
| H015 | Sep-00 | Aug-35 | 1,099,549 | 4.474% | 49,194 |
| H020 | Sep-02 | Aug-37 | 1,686,808 | 4.777% | 80,579 |
| H025 | Sep-02 | Aug-37 | 1,683,414 | 3.753% | 63,179 |
| F030 | Mar-03 | Feb-38 | 4,583,923 | 4.069% | 186,520 |
| | | | <u>9,406,806</u> | | <u>402,388</u> |
| CFC loans | | | | | |
| 9002 | Jun-74 | May-09 | 0 | 7.00% | 0 |
| 9005 | Dec-75 | Nov-10 | 15,283 | 5.70% | 871 |
| 9007 | Jun-77 | May-12 | 44,584 | 5.85% | 2,608 |
| 9009-15 | Jun-78 | May-13 | 491,504 | 5.75% | 28,261 |
| 9016 | Jun-89 | May-24 | 2,732,052 | 4.95% | 135,237 |
| 9017 | Mar-92 | Feb-27 | 1,587,776 | 5.75% | 91,297 |
| 9022006 | Aug-04 | Jul-39 | 0 | 7.00% | 0 |
| 9022007 | Aug-04 | Jul-39 | 1,468,511 | 7.00% | 102,796 |
| 9022008 | Aug-04 | Jul-39 | 1,468,511 | 6.80% | 99,859 |
| 9022009 | Aug-04 | Jul-09 | 1,468,511 | 6.80% | 99,859 |
| 9022010 | Aug-04 | Jul-09 | 1,468,511 | 6.05% | 88,845 |
| | | | <u>10,745,243</u> | | <u>649,633</u> |
| Total long term debt and annualized | | | <u>54,013,405</u> | | <u>2,478,592</u> |
| Annualized cost rate [Total Col. (j) / Total Col. (d)] | | | | | 4.59% |
| Actual test year cost rate [Total Col (k) / Total Reported in Col (d)] | | | | | |

Meade County Rural Electric Cooperative
Case No. 2010-00222
Second Data Request of Commission Staff

25. Refer to Exhibit 5, page 2. This is a schedule of Meade's outstanding long-term debt.

b. Provide an explanation for the variance between the annualized interest expense and the test-year interest costs for RUS loan numbers B323, B324, B325 and B326.

Response:

The variance on loan number B323, B324, and B325 are due the estimated accrual on these loans and the actual interest calculated. The variance for loan number B326 is due the date of the advance, which was not for the full test year.

Meade County Rural Electric Cooperative
Case No. 2010-00222
Second Data Request of Commission Staff

26. Refer to Exhibit 7, page 1. Meade states that the retirement and security (“R&S”) contribution rate is determined by the National Rural Electric Cooperative Association. Provide a copy of the documentation supporting the R&S rate of 28.78 percent used for the proposed adjustment to pension benefits.

Response:

Attached as page 2 of this exhibit is a copy of the document from NRECA supporting the R&S rate of 28.78 percent for the proposed adjustment to pension benefits.

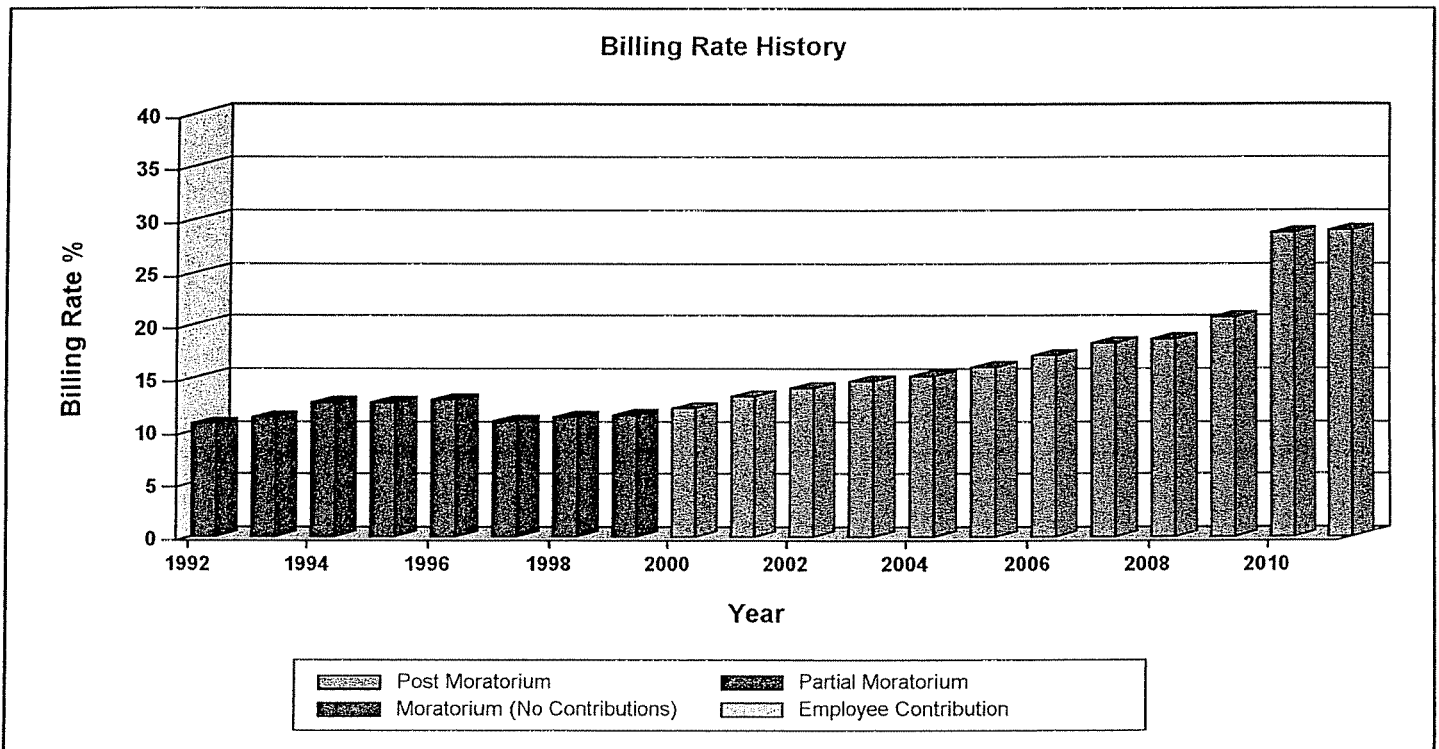
NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION

Retirement Security Plan



| | | | |
|-----------|-------------------|----------|--------|
| System #: | 01-18018-001 | Plan ID: | RNR01A |
| Name: | MEADE COUNTY RECC | | |

| Year | Benefit Level | System Cost | Employee Contribution | Plan | COLA | Average Age | 100% Death Benefit | Salary Type |
|------|---------------|-------------|-----------------------|------|------|-------------|--------------------|-------------|
| 1992 | 1.50 | 10.70 | 0.00 | 30 | No | 42 | No | BS |
| 1993 | 1.50 | 11.30 | 0.00 | 30 | No | 42 | No | BS |
| 1994 | 1.50 | 12.72 | 0.00 | 30 | No | 42 | No | BS |
| 1995 | 1.50 | 12.72 | 0.00 | 30 | No | 42 | No | BS |
| 1996 | 1.70 | 12.98 | 0.00 | 30 | No | 40 | Yes | BS |
| 1997 | 1.70 | 10.95 | 0.00 | 30 | No | 41 | Yes | BS |
| 1998 | 1.70 | 11.32 | 0.00 | 30 | No | 41 | Yes | BS |
| 1999 | 1.70 | 11.51 | 0.00 | 30 | No | 41 | Yes | BS |
| 2000 | 1.70 | 12.15 | 0.00 | 30 | No | 43 | Yes | BS |
| 2001 | 1.70 | 13.30 | 0.00 | 30 | No | 43 | Yes | BS |
| 2002 | 1.70 | 14.07 | 0.00 | 30 | No | 43 | Yes | BS |
| 2003 | 1.70 | 14.73 | 0.00 | 30 | No | 44 | Yes | BS |
| 2004 | 1.70 | 15.22 | 0.00 | 30 | No | 44 | Yes | BS |
| 2005 | 1.70 | 16.06 | 0.00 | 30 | No | 44 | Yes | BS |
| 2006 | 1.70 | 17.17 | 0.00 | 30 | No | 45 | Yes | BS |
| 2007 | 1.70 | 18.35 | 0.00 | 30 | No | 46 | Yes | BS |
| 2008 | 1.70 | 18.72 | 0.00 | 30 | No | 46 | Yes | BS |
| 2009 | 1.70 | 20.78 | 0.00 | 30 | No | 46 | Yes | BS |
| 2010 | 1.70 | 28.78 | 0.00 | 30 | No | 47 | Yes | BS |
| 2011 | 1.70 | 29.02 | 0.00 | 30 | No | 48 | Yes | BS |



Note: The System Cost is the total of the Trust Contribution and the Administrative Fee.

Your Retirement Security Plan's salary type is "base salary." As a result, your contribution cost is applied as a percentage of each participant's annualized base rate of pay in effect on November 15, 2010, which is that participant's effective salary for the 2011 plan year. Beginning with your January 2011 monthly statement, the estimated amount due will be based on this percentage. Rates noted are for the plan in effect as of January 1 for each year.

Meade County Rural Electric Cooperative
Case No. 2010-00222
Second Data Request of Commission Staff

27. Refer to Exhibit 12 of the application, where Meade estimates the expenses associated with this rate case. On a monthly basis, beginning in April 2009, provide the amount of Meade's actual rate case expenses, by category, as was done in the estimate. Consider this an ongoing request which is to be updated monthly.

Response:

Attached

Meade County Rural Electric
Case No. 2010-00222
Second Information Request of Staff
Rate Case Expenses

Exh 27
2 of 2

| <u>Date</u> | <u>Check Number</u> | <u>Payee</u> | <u>Description</u> | <u>Legal</u> | <u>Consulting</u> | <u>Advertising</u> | <u>Other</u> | <u>Total</u> |
|-------------|---------------------|---|----------------------|--------------|-------------------|--------------------|--------------|--------------|
| 5/28/2010 | 93808 | Visa | Meals, consultants | | | | 67.05 | 67.05 |
| 7/7/2010 | 94001 | Visa | Meals, consultants | | | | 180.67 | 180.67 |
| 7/30/2010 | 94373 | Visa | Meals, consultants | | | | 35.82 | 35.82 |
| 8/6/2010 | 94444 | Staples | Office supplies | | | | 887.84 | 887.84 |
| 8/31/2010 | | | Prepaid postage | | | | 38.46 | 38.46 |
| 8/27/2010 | 94607 | Ohio Co. Times/News | Ads | | | 992.25 | | 992.25 |
| 8/27/2010 | 94627 | Visa | Meals, consultants | | | | 30.15 | 30.15 |
| 8/27/2010 | 94627 | Visa | Sec State, existence | | | | 10.00 | 10.00 |
| 8/27/2010 | 94627 | Visa | UPS | | | | 42.85 | 42.85 |
| 8/31/2010 | 94643 | Herald News Publishing | Ads | | | 2,394.00 | | 2,394.00 |
| 9/7/2010 | 94685 | Meade Co Messenger | Ads | | | 1,070.10 | | 1,070.10 |
| 9/7/2010 | 94675 | Grayson Co News | Ads | | | 3,572.10 | | 3,572.10 |
| | | Subtotal | | 0.00 | 0.00 | 8,028.45 | 1,292.84 | 9,321.29 |
| | | Cooperative labor and benefits (no overtime included) | | | | | 8,758.61 | 8,758.61 |
| | | Total expenses | | 0.00 | 0.00 | 8,028.45 | 10,051.45 | 18,079.90 |

Meade County Rural Electric Cooperative
Case No. 2010-00222
Second Data Request of Commission Staff

28. Refer to Exhibit 13.

a. Refer to page 1 of 3. The existing rates for the three-party anchor attachment and three-party ground attachment are shown as \$4.72 and \$.15, respectively. The amounts in Meade's current tariff are \$3.74 and \$.17, respectively. Explain the discrepancy between the rates shown on this page and those in Meade's tariff.

Response:

See the revised CATV attachment computations. This reflects a lower rate for the three-party attachment in relation to the two-party attachment rate.

Meade County Rural Electric Cooperative
Case No. 2010-00222
Second Data Request of Commission Staff

28. Refer to Exhibit 13.

b. Refer to page 2 of 3.

(1) Provide all documents and workpapers supporting the pole sizes and costs used in the calculation of the weighted average costs. Include in the response whether the gross investment costs shown on this page are gross or net.

Response:

Attached are the continuing property records (CPR's) that indicate the quantities and amounts for each of the elements for poles. It should be noted that the Three-Party Pole cost in the application did not include the 40' poles with the 45' poles. This has been remedied in this response. The investment is shown as gross costs.

| | <u>Quantity</u> | <u>Cost</u> | <u>Average</u> |
|-----------------|-----------------|-------------|----------------|
| 35' - 40' Poles | 27,840 | 14,680,250 | 527.31 |
| 40' - 45' Poles | 29,191 | 15,837,457 | 542.55 |

CPR MASTER FILE DATA

| CPR CODE | DESCRIPTION | TO DATE COST | TO DATE QTY | AVERAGE COST | STD COST TO ADD LABOR | STD COST TO ADD MATERIAL | STD COST TO ADD OVERHEAD |
|----------|--------------------|--------------|-------------|--------------|-----------------------|--------------------------|--------------------------|
| 364010 | 0000 ANCHOR GUYS | 674,605.56 | 11,823 | 57,0587 | 24.66 | 33.33 | 49.32 |
| 364010 | 1989 ANCHOR GUYS | 115,606.07 | 1,853 | 135,5288 | 28.52 | 32.87 | 57.03 |
| 364010 | 1990 ANCHOR GUYS | 181,459.43 | 1,154 | 157,2439 | 28.52 | 33.36 | 57.03 |
| 364010 | 1991 ANCHOR GUYS | 139,797.15 | 914 | 152,9509 | 19.68 | 37.20 | 39.35 |
| 364010 | 1992 ANCHOR GUYS | 164,240.14 | 1,381 | 118,9284 | 19.68 | 34.34 | 39.35 |
| 364010 | 1993 ANCHOR GUYS | 161,339.50 | 1,333 | 121,0349 | 19.68 | 39.53 | 39.35 |
| 364010 | 1994 ANCHOR GUYS | 213,667.98 | 1,576 | 135,5761 | 19.68 | 32.99 | 39.35 |
| 364010 | 1995 ANCHOR GUYS | 217,494.86 | 1,525 | 142,6196 | 19.68 | 33.12 | 39.35 |
| 364010 | 1996 ANCHOR GUYS | 248,631.71 | 1,818 | 136,7611 | 23.55 | 32.46 | 47.09 |
| 364010 | 1997 ANCHOR GUYS | 198,599.17 | 1,604 | 123,8149 | 23.55 | 33.22 | 47.09 |
| 364010 | 1998 ANCHOR GUYS | 250,515.37 | 2,020 | 124,0175 | 23.55 | 28.86 | 47.09 |
| 364010 | 1999 ANCHOR GUYS | 213,418.92 | 1,904 | 112,0898 | 24.66 | 28.01 | 49.32 |
| 364010 | 2000 ANCHOR GUYS | 244,421.55 | 1,802 | 135,6390 | 24.66 | 30.06 | 49.32 |
| 364010 | 2001 ANCHOR GUYS | 329,723.33 | 2,326 | 141,7555 | 24.66 | 28.62 | 49.32 |
| 364010 | 2002 ANCHOR GUYS | 309,601.68 | 2,374 | 130,4135 | 24.66 | 30.55 | 49.32 |
| 364010 | 2003 ANCHOR GUYS | 284,997.01 | 2,013 | 141,5782 | 24.66 | 31.29 | 49.32 |
| 364010 | 2004 ANCHOR GUYS | 236,830.77 | 1,608 | 147,2828 | 24.66 | 34.29 | 49.32 |
| 364010 | 2005 ANCHOR GUYS | 337,782.90 | 2,056 | 164,2913 | 24.66 | 46.98 | 49.32 |
| 364010 | 2006 ANCHOR GUYS | 324,662.67 | 1,766 | 183,8407 | 24.66 | 49.23 | 49.32 |
| 364010 | 2007 ANCHOR GUYS | 404,435.28 | 2,056 | 196,7098 | 34.57 | 51.27 | 69.14 |
| 364010 | 2008 ANCHOR GUYS | 277,082.94 | 1,195 | 231,8686 | 34.57 | 63.43 | 69.14 |
| 364010 | 2009 ANCHOR GUYS | 247,527.28 | 1,980 | 252,5789 | 34.57 | 58.58 | 69.14 |
| 364012 | 0000 STAND OFF ARM | 832.60 | 25 | 33,3040 | 21.06 | 48.97 | 42.13 |
| 364012 | 1989 STAND OFF ARM | .00 | 0 | 33,3041 | 16.81 | 35.34 | 33.62 |
| 364012 | 1990 STAND OFF ARM | .00 | 0 | 33,3041 | 16.81 | 39.12 | 33.62 |
| 364012 | 1991 STAND OFF ARM | .00 | 0 | 33,3041 | 16.81 | 44.87 | 33.62 |
| 364012 | 1992 STAND OFF ARM | 361.38 | 3 | 120,4600 | 16.81 | 45.60 | 33.62 |
| 364012 | 1993 STAND OFF ARM | 1,029.91 | 13 | 79,2238 | 16.81 | 44.30 | 33.62 |
| 364012 | 1994 STAND OFF ARM | .00 | 0 | 79,2238 | 16.81 | 53.79 | 33.62 |
| 364012 | 1995 STAND OFF ARM | .00 | 0 | 79,2238 | 16.81 | 47.68 | 33.62 |
| 364012 | 1996 STAND OFF ARM | 829.27 | 6 | 138,2117 | 20.11 | 48.76 | 40.22 |
| 364012 | 1997 STAND OFF ARM | .00 | 0 | 138,2117 | 20.11 | 46.78 | 40.22 |
| 364012 | 1998 STAND OFF ARM | .00 | 0 | 138,2117 | 20.11 | 44.38 | 40.22 |
| 364012 | 1999 STAND OFF ARM | 783.10 | 7 | 111,8714 | 21.06 | 51.36 | 42.13 |
| 364012 | 2000 STAND OFF ARM | .00 | 0 | 111,8714 | 21.06 | 47.76 | 42.13 |
| 364012 | 2001 STAND OFF ARM | 10,595.30 | 64 | 165,5516 | 21.06 | 52.53 | 42.13 |
| 364012 | 2002 STAND OFF ARM | 742.34 | 4 | 185,5850 | 21.06 | 50.42 | 42.13 |
| 364012 | 2003 STAND OFF ARM | 267.59 | 2 | 133,7950 | 21.06 | 48.16 | 42.13 |
| 364012 | 2004 STAND OFF ARM | .00 | 0 | 133,7950 | 21.06 | 52.97 | 42.13 |
| 364012 | 2005 STAND OFF ARM | .00 | 0 | 133,7950 | 21.06 | 62.61 | 42.13 |
| 364012 | 2006 STAND OFF ARM | .00 | 0 | 133,7950 | 21.06 | 65.25 | 42.13 |
| 364012 | 2007 STAND OFF ARM | .00 | 0 | 133,7950 | 29.53 | 67.24 | 59.05 |
| 364012 | 2008 STAND OFF ARM | .00 | 0 | 133,7950 | 29.53 | 64.30 | 59.05 |
| 364012 | 2009 STAND OFF ARM | .00 | 0 | 133,7950 | 29.53 | 60.26 | 59.05 |
| 364020 | 0000 CROSSARM | 141,369.85 | 5,270 | 26,8254 | 23.63 | 73.37 | 47.27 |
| 364020 | 1989 CROSSARM | 49,429.36 | 264 | 187,2324 | 35.25 | 61.56 | 70.51 |
| 364020 | 1990 CROSSARM | 31,803.23 | 136 | 233,8473 | 35.25 | 65.68 | 70.51 |
| 364020 | 1991 CROSSARM | 41,355.00 | 243 | 170,1852 | 18.86 | 70.69 | 37.71 |
| 364020 | 1992 CROSSARM | 62,008.92 | 388 | 159,8168 | 18.86 | 70.64 | 37.71 |
| 364020 | 1993 CROSSARM | 46,962.92 | 276 | 170,1555 | 18.86 | 70.69 | 37.71 |
| 364020 | 1994 CROSSARM | 90,278.53 | 417 | 216,4953 | 18.86 | 80.21 | 37.71 |

5,776,441.27

180,925

| CPR CODE | DESCRIPTION | TO DATE COST | TO DATE QTY | AVERAGE COST | STD COST TO ADD LABOR | STD COST TO ADD MATERIAL | STD COST TO ADD OVERHEAD |
|-------------|-------------|--------------|-------------|--------------|-----------------------|--------------------------|--------------------------|
| 364020 1995 | CROSSARM | 40,723.87 | 212 | 192.0937 | 18.86 | 71.95 | 37.71 |
| 364020 1996 | CROSSARM | 128,768.02 | 617 | 208.7002 | 22.56 | 76.02 | 45.13 |
| 364020 1997 | CROSSARM | 83,108.02 | 310 | 268.0904 | 22.56 | 70.63 | 45.13 |
| 364020 1998 | CROSSARM | 69,720.07 | 417 | 167.1944 | 22.56 | 68.98 | 45.13 |
| 364020 1999 | CROSSARM | 111,231.11 | 583 | 190.7909 | 23.63 | 76.01 | 47.27 |
| 364020 2000 | CROSSARM | 94,828.67 | 499 | 190.0374 | 23.63 | 71.51 | 47.27 |
| 364020 2001 | CROSSARM | 124,763.09 | 588 | 212.1821 | 23.63 | 77.81 | 47.27 |
| 364020 2002 | CROSSARM | 204,075.13 | 1,067 | 191.2607 | 23.63 | 76.17 | 47.27 |
| 364020 2003 | CROSSARM | 74,245.61 | 357 | 207.9709 | 23.63 | 73.55 | 47.27 |
| 364020 2004 | CROSSARM | 95,905.97 | 449 | 213.5990 | 23.63 | 81.64 | 47.27 |
| 364020 2005 | CROSSARM | 116,173.98 | 507 | 229.1400 | 23.63 | 96.29 | 47.27 |
| 364020 2006 | CROSSARM | 147,827.52 | 551 | 268.2895 | 23.63 | 100.73 | 47.27 |
| 364020 2007 | CROSSARM | 181,503.45 | 755 | 240.4019 | 33.13 | 103.22 | 66.26 |
| 364020 2008 | CROSSARM | 118,753.53 | 401 | 296.1435 | 33.13 | 105.11 | 66.26 |
| 364020 2009 | CROSSARM | 61,459.17 | 206 | 298.3455 | 33.13 | 100.60 | 66.26 |
| 364030 0000 | POLES 30 | 1,192,431.19 | 11,956 | 99.7350 | 78.61 | 145.45 | 157.21 |
| 364030 1989 | POLES 30 | 140,136.29 | 439 | 319.2171 | 50.10 | 100.95 | 100.19 |
| 364030 1990 | POLES 30 | 233,289.33 | 667 | 349.7591 | 50.10 | 113.01 | 100.19 |
| 364030 1991 | POLES 30 | 203,803.68 | 530 | 384.5352 | 62.72 | 101.57 | 125.44 |
| 364030 1992 | POLES 30 | 214,519.37 | 639 | 335.7111 | 62.72 | 99.84 | 125.44 |
| 364030 1993 | POLES 30 | 209,583.20 | 579 | 361.9744 | 62.72 | 108.39 | 125.44 |
| 364030 1994 | POLES 30 | 224,453.94 | 560 | 400.8106 | 62.72 | 117.52 | 125.44 |
| 364030 1995 | POLES 30 | 258,561.48 | 599 | 431.6552 | 62.72 | 127.38 | 125.44 |
| 364030 1996 | POLES 30 | 302,607.34 | 713 | 424.4142 | 75.05 | 135.65 | 150.09 |
| 364030 1997 | POLES 30 | 247,359.15 | 599 | 412.9535 | 75.05 | 140.78 | 150.09 |
| 364030 1998 | POLES 30 | 267,564.57 | 650 | 411.6378 | 75.05 | 142.31 | 150.09 |
| 364030 1999 | POLES 30 | 271,258.29 | 670 | 404.8631 | 78.61 | 141.90 | 157.21 |
| 364030 2000 | POLES 30 | 241,633.02 | 487 | 496.1664 | 78.61 | 159.72 | 157.21 |
| 364030 2001 | POLES 30 | 269,063.73 | 564 | 477.0634 | 78.61 | 150.34 | 157.21 |
| 364030 2002 | POLES 30 | 285,511.21 | 567 | 503.5471 | 78.61 | 155.93 | 157.21 |
| 364030 2003 | POLES 30 | 260,718.96 | 512 | 509.2167 | 78.61 | 151.36 | 157.21 |
| 364030 2004 | POLES 30 | 255,343.47 | 495 | 515.8454 | 78.61 | 179.47 | 157.21 |
| 364030 2005 | POLES 30 | 294,713.92 | 603 | 488.7461 | 78.61 | 158.13 | 157.21 |
| 364030 2006 | POLES 30 | 259,722.67 | 435 | 597.0636 | 78.61 | 198.38 | 157.21 |
| 364030 2007 | POLES 30 | 303,761.14 | 497 | 611.1894 | 110.19 | 195.52 | 220.37 |
| 364030 2008 | POLES 30 | 323,099.39 | 443 | 729.3440 | 110.19 | 206.78 | 220.37 |
| 364030 2009 | POLES 30 | 255,994.93 | 359 | 713.0778 | 110.19 | 183.55 | 220.37 |
| 364035 0000 | POLES 35 | .00 | 0 | .0000 | .00 | .00 | .00 |
| 364035 1989 | POLES 35 | .00 | 0 | .0000 | .00 | .00 | .00 |
| 364035 1990 | POLES 35 | .00 | 0 | .0000 | .00 | .00 | .00 |
| 364035 1991 | POLES 35 | .00 | 0 | .0000 | .00 | .00 | .00 |
| 364035 1992 | POLES 35 | .00 | 0 | .0000 | .00 | .00 | .00 |
| 364035 1993 | POLES 35 | .00 | 0 | .0000 | .00 | .00 | .00 |
| 364035 1994 | POLES 35 | .00 | 0 | .0000 | .00 | .00 | .00 |
| 364035 1995 | POLES 35 | .00 | 0 | .0000 | .00 | .00 | .00 |
| 364035 1996 | POLES 35 | .00 | 0 | .0000 | .00 | .00 | .00 |
| 364035 1997 | POLES 35 | .00 | 0 | .0000 | .00 | .00 | .00 |
| 364035 1998 | POLES 35 | .00 | 0 | .0000 | .00 | .00 | .00 |
| 364035 1999 | POLES 35 | .00 | 0 | .0000 | .00 | .00 | .00 |
| 364035 2000 | POLES 35 | .00 | 0 | .0000 | .00 | .00 | .00 |
| 364035 2001 | POLES 35 | .00 | 0 | .0000 | .00 | .00 | .00 |

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| CPR CODE | DESCRIPTION | TO DATE COST | TO DATE QTY | AVERAGE COST | STD COST TO ADD LABOR | STD COST TO ADD MATERIAL | STD COST TO ADD OVERHEAD |
|----------|----------------|--------------|-------------|--------------|-----------------------|--------------------------|--------------------------|
| 364035 | 2002 POLES 35' | .00 | 0 | .0000 | .00 | .00 | .00 |
| 364035 | 2003 POLES 35' | 148.66 | 0 | 487.3500 | 78.61 | 151.36 | 157.21 |
| 364035 | 2004 POLES 35' | .00 | 0 | 535.8400 | 78.61 | 179.47 | 157.21 |
| 364035 | 2005 POLES 35' | .00 | 0 | 344.7600 | 78.61 | 158.13 | 157.21 |
| 364035 | 2006 POLES 35' | .00 | 0 | 646.4100 | 78.61 | 198.38 | 157.21 |
| 364035 | 2007 POLES 35' | 10.23 | 0 | 646.4100 | 110.19 | 195.52 | 220.37 |
| 364035 | 2008 POLES 35' | .00 | 0 | 554.8600 | 110.19 | 206.78 | 220.37 |
| 364035 | 2009 POLES 35' | .00 | 0 | 1,019.0600 | 110.19 | 183.55 | 220.37 |
| 364040 | 0000 POLES 40' | 711.131.82 | 4,466 | 159.2324 | 92.99 | 214.34 | 185.98 |
| 364040 | 1989 POLES 40' | 139,041.19 | 361 | 385.1557 | 56.64 | 147.08 | 113.27 |
| 364040 | 1990 POLES 40' | 299,139.16 | 669 | 447.1437 | 56.64 | 149.22 | 113.27 |
| 364040 | 1991 POLES 40' | 201,508.51 | 437 | 461.1179 | 74.20 | 147.64 | 148.40 |
| 364040 | 1992 POLES 40' | 330,963.25 | 769 | 430.3813 | 74.20 | 146.11 | 148.40 |
| 364040 | 1993 POLES 40' | 351,347.47 | 785 | 447.5764 | 74.20 | 162.43 | 148.40 |
| 364040 | 1994 POLES 40' | 390,257.60 | 767 | 508.8104 | 74.20 | 173.39 | 148.40 |
| 364040 | 1995 POLES 40' | 569,996.77 | 1,001 | 569.4273 | 74.20 | 188.98 | 148.40 |
| 364040 | 1996 POLES 40' | 713,990.46 | 1,269 | 562.6402 | 88.78 | 195.88 | 177.56 |
| 364040 | 1997 POLES 40' | 706,643.56 | 1,266 | 558.1703 | 88.78 | 205.49 | 177.56 |
| 364040 | 1998 POLES 40' | 845,450.72 | 1,576 | 536.4535 | 88.78 | 199.33 | 177.56 |
| 364040 | 1999 POLES 40' | 754,883.60 | 1,418 | 532.3580 | 92.99 | 237.92 | 185.98 |
| 364040 | 2000 POLES 40' | 892,168.28 | 1,419 | 628.7303 | 92.99 | 215.95 | 185.98 |
| 364040 | 2001 POLES 40' | 1,242.473.75 | 1,982 | 626.8788 | 92.99 | 230.57 | 185.98 |
| 364040 | 2002 POLES 40' | 1,093,208.97 | 1,710 | 639.3035 | 92.99 | 233.93 | 185.98 |
| 364040 | 2003 POLES 40' | 934,209.34 | 1,439 | 649.2073 | 92.99 | 229.86 | 185.98 |
| 364040 | 2004 POLES 40' | 639,056.95 | 977 | 654.1013 | 92.99 | 233.94 | 185.98 |
| 364040 | 2005 POLES 40' | 1,057,792.74 | 1,573 | 672.4684 | 92.99 | 268.10 | 185.98 |
| 364040 | 2006 POLES 40' | 978,508.30 | 1,246 | 785.3197 | 92.99 | 320.24 | 185.98 |
| 364040 | 2007 POLES 40' | 1,182,378.77 | 1,426 | 829.1576 | 130.35 | 300.57 | 260.70 |
| 364040 | 2008 POLES 40' | 651,113.93 | 732 | 889.4999 | 130.35 | 283.63 | 260.70 |
| 364040 | 2009 POLES 40' | 507,981.67 | 552 | 920.2566 | 130.35 | 266.59 | 260.70 |
| 364045 | 0000 POLES 45' | .00 | 0 | .0000 | .00 | .00 | .00 |
| 364045 | 1989 POLES 45' | .00 | 0 | .0000 | .00 | .00 | .00 |
| 364045 | 1990 POLES 45' | .00 | 0 | .0000 | .00 | .00 | .00 |
| 364045 | 1991 POLES 45' | .00 | 0 | .0000 | .00 | .00 | .00 |
| 364045 | 1992 POLES 45' | .00 | 0 | .0000 | .00 | .00 | .00 |
| 364045 | 1993 POLES 45' | .00 | 0 | .0000 | .00 | .00 | .00 |
| 364045 | 1994 POLES 45' | .00 | 0 | .0000 | .00 | .00 | .00 |
| 364045 | 1995 POLES 45' | .00 | 0 | .0000 | .00 | .00 | .00 |
| 364045 | 1996 POLES 45' | .00 | 0 | .0000 | .00 | .00 | .00 |
| 364045 | 1997 POLES 45' | .00 | 0 | .0000 | .00 | .00 | .00 |
| 364045 | 1998 POLES 45' | .00 | 0 | .0000 | .00 | .00 | .00 |
| 364045 | 1999 POLES 45' | .00 | 0 | .0000 | .00 | .00 | .00 |
| 364045 | 2000 POLES 45' | .00 | 0 | .0000 | .00 | .00 | .00 |
| 364045 | 2001 POLES 45' | .00 | 0 | .0000 | .00 | .00 | .00 |
| 364045 | 2002 POLES 45' | .00 | 0 | .0000 | .00 | .00 | .00 |
| 364045 | 2003 POLES 45' | .00 | 0 | .0000 | .00 | .00 | .00 |
| 364045 | 2004 POLES 45' | 93,732.09 | 127 | 631.2657 | 92.99 | 265.78 | 185.98 |
| 364045 | 2005 POLES 45' | 193,619.29 | 271 | 738.0480 | 92.99 | 285.36 | 185.98 |
| 364045 | 2006 POLES 45' | 267,297.18 | 304 | 714.4623 | 92.99 | 305.71 | 185.98 |
| 364045 | 2007 POLES 45' | 294,738.40 | 345 | 879.2670 | 92.99 | 358.42 | 185.98 |
| 364045 | 2008 POLES 45' | 150,759.13 | 153 | 854.3142 | 130.35 | 332.70 | 260.70 |
| 364045 | 2008 POLES 45' | | | 985.3538 | 130.35 | 351.37 | 260.70 |

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14,680,249.71

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| CPR CODE | DESCRIPTION | TO DATE | COST | TO DATE | QTY | AVERAGE | COST | STD COST TO ADD LABOR | STD COST TO ADD MATERIAL | STD COST TO ADD OVERHEAD |
|----------|----------------|------------|------|------------|--------|---------|--------|--------------------------|-----------------------------|-----------------------------|
| 364045 | 2009 POLES 45' | 157,060.52 | 151 | 1,040.1359 | 130.35 | 337.34 | 260.70 | | | |
| 364050 | 0000 POLES 50' | 84,693.14 | 749 | 113.0750 | 113.03 | 345.33 | 226.05 | | | |
| 364050 | 1989 POLES 50' | 10,896.12 | 18 | 605.3400 | 77.82 | 294.04 | 155.63 | | | |
| 364050 | 1990 POLES 50' | 20,189.65 | 25 | 807.5860 | 77.82 | 276.88 | 155.63 | | | |
| 364050 | 1991 POLES 50' | 8,943.33 | 14 | 638.8093 | 90.19 | 258.31 | 180.37 | | | |
| 364050 | 1992 POLES 50' | 25,726.21 | 47 | 547.3662 | 90.19 | 249.14 | 180.37 | | | |
| 364050 | 1993 POLES 50' | 15,300.01 | 25 | 612.0004 | 90.19 | 291.50 | 180.37 | | | |
| 364050 | 1994 POLES 50' | 57,891.18 | 84 | 689.1807 | 90.19 | 259.35 | 180.37 | | | |
| 364050 | 1995 POLES 50' | 20,805.19 | 28 | 743.0425 | 90.19 | 322.24 | 180.37 | | | |
| 364050 | 1996 POLES 50' | 74,849.01 | 86 | 870.3373 | 107.91 | 326.23 | 215.82 | | | |
| 364050 | 1997 POLES 50' | 93,072.79 | 70 | 1,329.6113 | 107.91 | 359.51 | 215.82 | | | |
| 364050 | 1998 POLES 50' | 62,859.25 | 73 | 861.0856 | 107.91 | 367.74 | 215.82 | | | |
| 364050 | 1999 POLES 50' | 84,285.20 | 98 | 860.0531 | 113.03 | 353.21 | 226.05 | | | |
| 364050 | 2000 POLES 50' | 81,408.78 | 95 | 856.9345 | 113.03 | 351.42 | 226.05 | | | |
| 364050 | 2001 POLES 50' | 114,439.19 | 115 | 995.1234 | 113.03 | 363.49 | 226.05 | | | |
| 364050 | 2002 POLES 50' | 152,426.04 | 187 | 815.1125 | 113.03 | 351.84 | 226.05 | | | |
| 364050 | 2003 POLES 50' | 23,060.98 | 27 | 854.1104 | 113.03 | 404.65 | 226.05 | | | |
| 364050 | 2004 POLES 50' | 46,888.07 | 48 | 976.8348 | 113.03 | 421.33 | 226.05 | | | |
| 364050 | 2005 POLES 50' | 41,597.91 | 45 | 924.3980 | 113.03 | 436.70 | 226.05 | | | |
| 364050 | 2006 POLES 50' | 59,864.74 | 54 | 1,108.6063 | 113.03 | 486.46 | 226.05 | | | |
| 364050 | 2007 POLES 50' | 73,571.33 | 73 | 1,007.8264 | 158.44 | 466.22 | 316.88 | | | |
| 364050 | 2008 POLES 50' | 97,377.24 | 78 | 1,248.4262 | 158.44 | 487.19 | 316.88 | | | |
| 364050 | 2009 POLES 50' | 22,092.63 | 15 | 1,472.8420 | 158.44 | 470.94 | 316.88 | | | |
| 364055 | 0000 POLES 55' | .00 | 0 | .0000 | .00 | .00 | .00 | | | |
| 364055 | 1989 POLES 55' | .00 | 0 | .0000 | .00 | .00 | .00 | | | |
| 364055 | 1990 POLES 55' | .00 | 0 | .0000 | .00 | .00 | .00 | | | |
| 364055 | 1991 POLES 55' | .00 | 0 | .0000 | .00 | .00 | .00 | | | |
| 364055 | 1992 POLES 55' | .00 | 0 | .0000 | .00 | .00 | .00 | | | |
| 364055 | 1993 POLES 55' | .00 | 0 | .0000 | .00 | .00 | .00 | | | |
| 364055 | 1994 POLES 55' | .00 | 0 | .0000 | .00 | .00 | .00 | | | |
| 364055 | 1995 POLES 55' | .00 | 0 | .0000 | .00 | .00 | .00 | | | |
| 364055 | 1996 POLES 55' | .00 | 0 | .0000 | .00 | .00 | .00 | | | |
| 364055 | 1997 POLES 55' | .00 | 0 | .0000 | .00 | .00 | .00 | | | |
| 364055 | 1998 POLES 55' | .00 | 0 | .0000 | .00 | .00 | .00 | | | |
| 364055 | 1999 POLES 55' | .00 | 0 | .0000 | .00 | .00 | .00 | | | |
| 364055 | 2000 POLES 55' | .00 | 0 | .0000 | .00 | .00 | .00 | | | |
| 364055 | 2001 POLES 55' | .00 | 0 | .0000 | .00 | .00 | .00 | | | |
| 364055 | 2002 POLES 55' | .00 | 0 | .0000 | .00 | .00 | .00 | | | |
| 364055 | 2003 POLES 55' | .00 | 0 | .0000 | .00 | .00 | .00 | | | |
| 364055 | 2004 POLES 55' | .00 | 0 | .0000 | .00 | .00 | .00 | | | |
| 364055 | 2005 POLES 55' | 1,826.37 | 2 | 913.1850 | 113.03 | 417.72 | 226.05 | | | |
| 364055 | 2006 POLES 55' | 12,016.81 | 10 | 1,201.6810 | 113.03 | 563.50 | 226.05 | | | |
| 364055 | 2007 POLES 55' | 9,326.46 | 9 | 1,036.2733 | 158.44 | 527.54 | 316.88 | | | |
| 364055 | 2008 POLES 55' | 21,686.76 | 17 | 1,275.6918 | 158.44 | 537.48 | 316.88 | | | |
| 364055 | 2009 POLES 55' | 15,303.32 | 9 | 1,700.3689 | 158.44 | 536.69 | 316.88 | | | |
| 364060 | 0000 POLES 60' | .00 | 0 | .0000 | .00 | .00 | .00 | | | |
| 364060 | 1989 POLES 60' | .00 | 0 | .0000 | .00 | .00 | .00 | | | |
| 364060 | 1990 POLES 60' | .00 | 0 | .0000 | .00 | .00 | .00 | | | |
| 364060 | 1991 POLES 60' | .00 | 0 | .0000 | .00 | .00 | .00 | | | |
| 364060 | 1992 POLES 60' | .00 | 0 | .0000 | .00 | .00 | .00 | | | |
| 364060 | 1993 POLES 60' | .00 | 0 | .0000 | .00 | .00 | .00 | | | |

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Meade County Rural Electric Cooperative
Case No. 2010-00222
Second Data Request of Commission Staff

28. Refer to Exhibit 13.

b. Refer to page 2 of 3.

(2) Explain why it is reasonable for a three-party pole attachment to be higher than a two-party pole attachment. Include in the response the calculation of the present rates which resulted in a lower charge for the three-party pole attachment.

Response:

See the revised CATV attachment computations. This reflects a lower rate for the three-party attachment in relation to the two-party attachment rate.

Meade County Rural Electric
Case No. 2010-00222
CATV Pole Attachments
as of December 31, 2009

A. 1. Two-Party Pole Cost:

| <u>Size</u> | <u>Quantity</u> | <u>Amount</u> | <u>Weighted Average Cost</u> |
|---------------|-----------------|---------------------|------------------------------|
| 35'-40' Poles | <u>27,840</u> | <u>\$14,680,250</u> | <u>\$527.31</u> |

2. Three-Party Pole Cost:

| <u>Size</u> | <u>Quantity</u> | <u>Amount</u> | <u>Weighted Average Cost</u> |
|----------------|-----------------|---------------------|------------------------------|
| 40 - 45' Poles | <u>29,426</u> | <u>\$15,837,457</u> | <u>\$538.21</u> |

3. Average cost of anchors \$94.01

B. 1. Pole Charge:

| | | | | | |
|------------------|----------|-----|--------|--------|--------|
| a. Two party = | \$527.31 | 85% | 17.77% | 0.1224 | \$9.75 |
| b. Three party = | \$538.21 | 85% | 17.77% | 0.0759 | \$6.17 |

2. Pole Charge, with ground attachments:

| | | | | | | |
|------------------|----------|-----|---------|--------|--------|--------|
| a. Two party = | \$527.31 | 85% | \$12.50 | 17.77% | 0.1224 | \$0.27 |
| b. Three party = | \$538.21 | 85% | \$12.50 | 17.77% | 0.0759 | \$0.17 |

3. Anchor Charge:

| | | | | | |
|------------------|---------|--|--------|------|--------|
| a. Two party = | \$94.01 | | 17.77% | 0.50 | \$8.35 |
| b. Three party = | \$94.01 | | 17.77% | 0.33 | \$5.51 |

(1) Remove miscellaneous allocations to pole accounts when using Record Units in the continuing property record (CPR's) system, per PSC Administrative Case No. 251

Meade County has not made any adjustments or modifications to its CPR's during the current or previous several years.

Meade County Rural Electric
Case No. 2010-00222
CATV Pole Attachments
as of December 31, 2009

Fixed charges on investment from PSC Annual Report at December 31, 2009.

| | | |
|--|-------------------|----------------------|
| Total Distribution Expense | 4,704,658 | |
| Reference Page 14 | | |
| Customer Accounts Expense | 1,253,665 | |
| Reference Page 15 | | |
| Customer Service and Informational Expense | 230,731 | |
| Reference Page 15 | | |
| Administrative and General | 1,392,256 | |
| Reference Page 15 | | |
| Depreciation Expense | 2,956,264 | |
| Reference Page 13 | | |
| Taxes Other than Income Taxes | 32,462 | |
| Reference Page 13 | | |
| | <hr/> | |
| Sub total | 10,570,036 | |
| Divided by Total Utility Plant | 91,162,723 | 11.59% |
| Line 2, Page 1 | | |
| Cost of Money | | |
| Rate of Return on Investment allowed in the last General | | |
| Rate Request, Case No. 2009-00222 | 8.26% | |
| Net plant ratio for distribution plant: | | |
| Distribution plant | <u>82,006,321</u> | |
| Accumulated depreciation | 20,716,588 | 25.3% |
| Rate of return (times 1 minus reserve ratio) | | <u>6.17%</u> |
| Annual carrying charges | | <u><u>17.77%</u></u> |

Meade County Rural Electric
CATV Pole Attachments
as of December 31, 2009

2/20/12

Additional revenues generated

| Attachment Description | Number | Rates | | Revenue | | Increase | |
|------------------------|--------|----------|----------|----------|----------|----------|---------|
| | | Existing | Proposed | Existing | Proposed | Amount | Percent |
| 2 party Pole | 1,680 | \$7.21 | \$9.75 | \$12,113 | \$16,376 | \$4,263 | 26% |
| 3 party Pole | 7,152 | 5.98 | 6.17 | 42,769 | 44,125 | \$1,356 | 3% |
| 2 party Anchor | 1 | 5.67 | 8.35 | 6 | 8 | \$3 | 32% |
| 3 party Anchor | 97 | 4.72 | 5.51 | 458 | 535 | \$77 | 14% |
| 2 party Ground | 919 | 0.27 | 0.27 | 248 | 250 | \$2 | 1% |
| 3 party Ground | 0 | 0.15 | 0.17 | 0 | 0 | \$0 | 0% |
| Total | | | | \$55,593 | \$61,294 | \$5,700 | 9% |

Meade County Rural Electric Cooperative
Case No. 2010-00222
Second Data Request of Commission Staff

28. Refer to Exhibit 13.

c. Refer to page 3 of 3 wherein the rate of return used in the CATV calculation is shown as 6.47 percent.

(1) State where in the Order in Meade's most recent general rate case the 6.47 percent rate of return is shown.

Response:

The calculation of rate of return from Meade County's most recent general rate case is as follows:

| | |
|---------------------------------------|------------------|
| Normalized test year margins (Exh S) | 234,981 |
| Increase granted in Order | <u>1,905,793</u> |
| Adjusted margins | 2,140,774 |
| Normalized interest on long term debt | <u>2,188,093</u> |
| Margins plus interest | 4,328,867 |
| | |
| Net rate base (Exh K) | 60,295,462 |
| | |
| Rate of return | 7.18% |

Meade County Rural Electric Cooperative
Case No. 2010-00222
Second Data Request of Commission Staff

28. Refer to Exhibit 13.

c. Refer to page 3 of 3 wherein the rate of return used in the CATV calculation is shown as 6.47 percent.

(2) Provide a revised Exhibit 13 using the rate of return proposed in this case.

Response:

A revised Exhibit 13 is attached with the updated average cost for poles and the rate of return requested in this application, with the proposed rate being 8.26%.

d. The parties and attachments are as follows:

| | Windjammer | Insight | Mediacom |
|----------------|------------|---------|----------|
| 2 party Pole | 263 | 675 | 742 |
| 3 party Pole | 1,557 | 4,349 | 1,246 |
| 2 party Anchor | | | 1 |
| 3 party Anchor | 97 | | |
| 2 party Ground | | 423 | 496 |
| 3 party Ground | | | |

Meade County Rural Electric Cooperative
Case No. 2010-00222
Second Data Request of Commission Staff

29. Refer to Exhibit 14 of the application.

a. Refer to page 1 of 6. The existing rate for Temporary Service is shown as \$35.00. However, Meade's tariff shows the amount to be \$60. Explain the discrepancy between the rate shown on this page and Meade's tariff.

Response:

The tariff reflects a \$35.00 pole fee plus a service charge of \$25.00 for a total of \$60.00.

Meade County Rural Electric Cooperative
Case No. 2010-00222
Second Data Request of Commission Staff

29. Refer to Exhibit 14 of the application.

b. Refer to page 2 of 6. At the bottom of the page, under "Other Direct Costs", explain why it is appropriate to divide the annual cost per employee by 1,784 hours rather than 2,080 hours.

Response:

2,080 is the total number of hours an employee can work if they perform 8 hours of work each day. Since employees receive vacation, holidays, and sick days off from work, the direct costs should be divided by the actual hours worked on an annual basis.

Meade County Rural Electric Cooperative
Case No. 2010-00222
Second Data Request of Commission Staff

29. Refer to Exhibit 14 of the application.

c. Refer to page 3 of 6.

(1) Provide justification for the 240 minutes of serviceman time and 45 minutes of clerical time for the Tampering charge.

Response:

When there are suspicions of tampering, Meade County sends two (2) linemen to investigate the situation. If there is evidence of tampering, there are both written reports and pictures taken of the tampering. Extreme care is exercised since tampering usually results in a dangerous situation for both the consumer and Meade County's linemen. Also, the linemen are apprised that tampering could result in legal action by either the Cooperative against the consumer, or by the consumer against the Cooperative. The average time expended is at least two (2) hours for this encounter (2 men x 2 hours x 60 minutes = 240 minutes). Again, clerical time is expended greatly to document the tampering, ensure that all information is documented in the file, and notes are placed in the consumers records to document the result of the findings. Usually this information is reviewed by the CSR Supervisor to ensure all necessary information is included in the consumer's file.

Meade County Rural Electric Cooperative
Case No. 2010-00222
Second Data Request of Commission Staff

29. Refer to Exhibit 14 of the application.

c. Refer to page 3 of 6.

(2) Given that the hourly rate used to calculate the “Direct Labor Charge” for the nonrecurring charges consists of both the 85.77 percent actual hours worked and 14.23 percent non-working hours (as calculated by Meade on page 2 of 6), explain why it is appropriate to also include the “Direct Wage Expense” which is calculated using the 14.23 percent non-working hours (Le., explain how the 14.23 percent is not included twice).

Response:

Using the “Direct Labor Charge” allows this rate to include vacation, holiday, and sick time. The “Direct Wage Expense” is only the benefits that are associated with labor. This method allows Meade County to capture both the direct and other benefits in addition to the direct labor. This is not double-recovery in that Meade County’s computer software does not allocate benefits to labor charged to vacation, holiday, and sick time.

MEADE COUNTY RECC
CASE NO. 2020-00222

RESPONSE TO COMMISSION STAFF'S SECOND INFORMATION REQUEST

Question:

State whether the Special Meter Reading Charge will always be in reference to a remote meter reading. If so, provide justification for the time incurred by the service man and office clerk.

Response:

The Special Meter Reading Charge applies to other types of meter readings.

Meade County Rural Electric Cooperative
Case No. 2010-00222
Second Data Request of Commission Staff

31. State whether Meade has made any recent changes in the accounting for the following items:

- a. Recognition of income and expense;
- b. Capitalization threshold for assets;
- c. Expensing of costs; and
- d. Prepayments

Response:

Meade has not made any changes in accounting practices and none are anticipated.

Meade County Rural Electric Cooperative
Case No. 2010-00222
Second Data Request of Commission Staff

32. In the September 1, 2010 issue of *Energy Finance Daily*, it was reported that Meade received an \$18.6 million loan from United States Department of Agriculture for work on its distribution system.

a. Describe in detail and provide quantification of the impact(s) this loan has on the financial assumptions put forward in this rate case.

Response:

The impact of the \$18.6 million loan impacts Exhibit H, James Adkins testimony in Exhibit JRA-1 data. This information was obtained from the Financial Forecast, as prepared by the RUS Field Representative, in connection with the loan application filed with RUS. This is the only place in the application that reflects this loan.

Meade County Rural Electric Cooperative
Case No. 2010-00222
Second Data Request of Commission Staff

32. In the September 1, 2010 issue of *Energy Finance Daily*, it was reported that Meade received an \$18.6 million loan from United States Department of Agriculture for work on its distribution system.

b. Provide the date the loan proceeds were received and the terms of the loan.

Response:

There have been no loan advances. The loan is still pending awaiting final RUS approval. Until RUS makes its final determination, Meade County is not able to advance loan funds.

Meade County Rural Electric Cooperative
Case No. 2010-00222
Second Data Request of Commission Staff

32. In the September 1, 2010 issue of *Energy Finance Daily*, it was reported that Meade received an \$18.6 million loan from United States Department of Agriculture for work on its distribution system.

c. Describe in detail how Meade will use the proceeds from this loan.

Response:

Meade County will use the proceeds to finance a portion of the construction projects included with the work plan and loan application.

Meade County Rural Electric Cooperative
Case No. 2010-00222
Second Data Request of Commission Staff

32. In the September 1, 2010 issue of *Energy Finance Daily*, it was reported that Meade received an \$18.6 million loan from United States Department of Agriculture for work on its distribution system.

d. Does Meade plan to use any of these funds or any other funds for the development of smart meter or smart grid technology? If so, describe these plans in detail.

Response:

Meade County has already installed automated meter information (AMI) technology for all but demand meters on its system. The projects included in the work plan are normal construction and replacement activities. There are no funds designated for either smart meter or smart grid technology. Meade County has filed the work plan with this Commission in Case No. 2009-00496.