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May 16, 2012

Albert A. Burchett
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David Estep
President & General Manager
Big Sandy RECC
504 11th Street
Paintsville, KY 41240-1422

RE: Case No 2012-00030
Big Sandy RECC

The Commission staff has reviewed Big Sandy RECC's response submitted May 16, 2012 and has determined that the application in the above case now meets the minimum filing requirements.

Enclosed please find a stamped filed copy of the first page of your filing. This case has been docketed and will be processed as expeditiously as possible.

Sincerely,

A handwritten signature in cursive script that reads "Linda Faulkner".

Linda Faulkner
Filings Division Director

LF/rs

cc: Parties of Record

**ORIGINAL
FILED**

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

MAY 16 2012

**PUBLIC SERVICE
COMMISSION**

**In the Matter of Adjustment of Rates
for Big Sandy Rural Electric Cooperative**

APR 19 2012

Case No. 2012-00030

**PUBLIC SERVICE
COMMISSION**

APPLICATION

Big Sandy Rural Electric Cooperative (herein designated as "Big Sandy") hereby makes application for an adjustment of rates, as follows:

1. Big Sandy informs the commission that it is engaged in the business of operation of a retail electric distributions system in portions of eight (8) counties in eastern Kentucky and does hereby propose to adjust rates, effective April 12, 2012, in conformity with the attached schedule.

2. The name and post office address of the applicant is Big Sandy Rural Electric Cooperative, 504 Eleventh Street, Paintsville, Kentucky, 41240 [807 KAR 5:001, Section 8(1)].

3. The Articles of Incorporation and all amendments thereto for Big Sandy were filed with the Commission in PSC Case No. 92-219, for an application to increase rates. [807 KAR 5:001, Section 8(3)].

4. The application is supported by a twelve month historical test period ending August 31, 2011 and includes adjustments for known and measurable changes [807 KAR 5:001, Section 10(1)(a)].

5. Big Sandy states that the reasons the rate adjustment are required pursuant to 807 KAR Section 10(1)(a)(1) are as follows:

a. Big Sandy last filed an increase in rates in Case No. 2008-00401. Since then, Big Sandy has incurred increases in the cost of power, materials, equipment, labor, taxes, interest, debt service and other fixed and variable costs. Big Sandy has been required to borrow funds to finance its construction projects.

b. The financial condition of Big Sandy has continued to deteriorate over the past few years.

c. Big Sandy had a Times Interest Earned Ratio (TIER) of 1.96 [a TIER of 1.18 excluding G&T capital credits], for the test year ending August 31, 2011. The TIER was 2.00 for calendar year of 2010 [a TIER of 1.25 excluding G&T capital credits]. Big Sandy is required