

**Big Sandy Rural Electric
Cooperative Corporation**

504 11th Street
Paintsville, Kentucky 41240-1422
(606) 789-4095 • Fax (606) 789-5454
Toll Free (888) 789-RECC (7322)

RECEIVED

JUL 19 2012

**PUBLIC SERVICE
COMMISSION**

July 18, 2012

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

Re: Application of Big Sandy Rural Electric Cooperative
Corporation for an Adjustment of Rates
Case No. 2012-00030

Dear Mr. Derouen:

Please find enclosed the original and ten (10) copies of the responses to the Commission's Order "Commission Staff's Third Request for Information to Big Sandy Rural Electric Cooperative Corporation." dated July 5, 2012.

Please contact me at (606) 874-9701 or David Estep at (606) 789-4095 with any questions regarding this filing.

Respectfully submitted,

A handwritten signature in cursive script that reads "Albert A. Burchett".

Albert A. Burchett
Counsel for Big Sandy Rural Electric Cooperative Corporation

Enclosure

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


**In the Matter of adjustment of Rates
Of Big Sandy Rural Electric Cooperative
Corporation**

Case No. 2012-00030

**APPLICANT'S RESPONSES TO
COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION**

The applicant, Big Sandy Rural Electric Cooperative Corporation, makes the following responses to the "Commission Staff's Third Request for Information", as follows:

1. The witnesses who are prepared to answer questions concerning each request are David Estep, James R. Adkins, and Alan Zumstein.
2. David Estep, President and General Manager of Big Sandy 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.



Albert A. Burchett, Attorney-A-Law

PO Box 346

Prestonsburg, Kentucky 41653

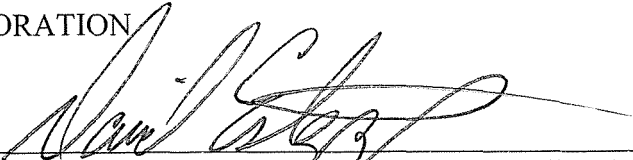
Attorney for Big Sandy Rural Electric Cooperative
Corporation

Telephone: 606-874-9701


The undersigned, David Estepp, as President & General Manager of Big Sandy 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: July 18, 2012

BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION

By: 
DAVID ESTEPP, PRESIDENT & GENERAL MANAGER

Subscribed, sworn to, and acknowledged before me by David Estepp, as President & General Manager for Big Sandy Rural Electric Cooperative Corporation on behalf of said Corporation this 18th day of July, 2012.


Notary Public, Kentucky State At Large

My Commission Expires: 6-19-2014

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

Copy

Hon. Lawrence W. Cook
Assistant Attorney General
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601

This 18th day of July, 2012


ATTORNEY FOR

BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION

Big Sandy Rural Electric Cooperative
Case No. 2012-00030
Commission Staff's Continuing Request for Information

Rate case costs incurred are as follows:

Date	Ck No.	Payee	Legal	Consulting	Advertising	Supplies
5/3/2012	46163	Service Office Supply				877
5/3/2012	46168	Sec of State				10
5/3/2012	46170	Troublesome Creek Times			1,022	
5/3/2012	46171	Big Sandy News			540	
5/3/2012	46180	Intermountain Publishing			560	
6/6/2012	46405	US Post Office				42
6/6/2012	46410	Big Sandy News			1,530	
6/6/2012	46420	Intermountain Publishing			504	
6/18/2012	46763	Service Office Supply				567
6/30/2012	46834	Troublesome Creek Times			553	
			0	0	4,709	1,496
						6,205

ORIGINAL

Witness: Jim Adkins

Big Sandy Rural Electric Cooperative
Case No. 2012-00030
Commission Staff's Third Request for Information

I. Refer to Original Sheet 1 in the tariffs in Exhibit B of the Application. Under the Rates section for the months October to April, the Off-peak Hours (EST) listed in the second part are stated as 10:00 PM to 7:00 PM.

a. Explain whether the schedule of Off-peak Hours applies during both weekdays and weekends. **Response:** This is correct.

b. Confirm that the Off-peak Hours should be from 10:00 PM to 7:00 AM (EST) and, if so, provide the corrected tariff. **Response:** The off-peak hours should end at 7:00 am. The corrected tariff is attached.

FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

PSC NO. 2012-00030

ORIGINAL SHEET NO. 1

CANCELLING PSC NO. 2010-00496

ORIGINAL SHEET NO. 1

CLASSIFICATION OF SERVICE

SCHEDULE A-1 FARM & HOME

RATE PER UNIT

APPLICABLE:

Entire territory served.

AVAILABILITY OF SERVICE:

Available to members of this Cooperative for Farm and Home use having a required transformer capacity not to exceed 50 KVA, subject to all rules and regulations established by the Cooperative.

TYPE OF SERVICE:

- A. Single-Phase, 120/240 volts, or
- B. Three-Phase, 240/480 volts, or
- C. Three-Phase, 120/208 wye volts

RATES:

Customer charge per delivery point	\$ 12.87 per month	I
Energy charge	0.09069 per KWH	I
Off peak energy charge	0.05441	I

Applicable only to programs which are expressly approved by the Commission to be offered under the Marketing Rate of East Kentucky Power Cooperative's Wholesale Power Rate Schedule A during the following off-peak hours. Energy furnished under this rate shall be separately metered for each point of delivery.

Months	Off-Peak Hours (EST)
October through April	12:00 noon to 5:00 PM 10:00 PM to 7:00 AM
May through September	10:00 PM to 10:00 AM

DATE OF ISSUE: April 13, 2012

DATE EFFECTIVE: June 10, 2012

ISSUED BY: _____

TITLE: PRESIDENT/GENERAL MANAGER

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2012-00030, dated June 10, 2012.

Witness: Alan Zumstein

Big Sandy Rural Electric Cooperative
Case No. 2012-00030
Commission Staff's Third Request for Information

2. Big Sandy's current tariffs for its Miscellaneous Service Charges became effective October 1, 2005. Explain whether Big Sandy considered adjusting those charges in the current rate case.

Response: The miscellaneous service charges were reviewed and it was determined there were no significant changes in any of the costs or time estimates from 2005. Therefore, there were no proposed change to the existing charges.

Witness: David Estep

Big Sandy Rural Electric Cooperative
Case No. 2012-00030
Commission Staff's Third Request for Information

3. Provide the total number of Farm and Home customers that Big Sandy expects will experience an increase in bills due to its proposed changes in its rate design, irrespective of any increase in revenue requirement. If exact numbers are unavailable, educated estimates will suffice.

Response: Approximately 8,500.

Witness: David Estep

Big Sandy Rural Electric Cooperative
Case No. 2012-00030
Commission Staff's Third Request for Information

4. Provide the highest usage for a Farm and Home customer during Big Sandy's most recent billing period, and show in comparative form what the bill would be at that same usage level for each of the three levels of proposed rates.

Response:

Description	Test Year Billing Units	Proposed Rates	Proposed Revenues
Current Rates			
Customer charge	1	\$10.38	\$10
Energy charge	7,375	\$0.08886	655
			<u>\$666</u>
Step 1 Effective May 18, 2012			
Customer charge	1	\$12.87	\$13
Energy charge	7,375	\$0.09069	669
			<u>\$682</u>
Step 2 Effective June 1, 2013			
Customer charge	1	\$15.50	\$16
Energy charge	7,375	\$0.08860	653
			<u>\$669</u>
Step 3 Effective June 1, 2014			
Customer charge	1	\$18.00	\$18
Energy charge	7,375	\$0.08662	639
			<u>\$657</u>

Witness: Alan Zumstein

Big Sandy Rural Electric Cooperative
Case No. 2012-00030
Commission Staff's Third Request for Information

5. Provide the lowest usage for a Farm and Home customer during Big Sandy's most recent billing period, and show in comparative form what the bill would be at that same usage level for each of the three levels of proposed rates.

Response:

Description	Test Year Billing Units	Proposed Rates	Proposed Revenues
Current Rates			
Customer charge	1	\$10.38	\$10
Energy charge	0	\$0.08886	0
			<u>\$10</u>
Step 1 Effective May 18, 2012			
Customer charge	1	\$12.87	\$13
Energy charge	0	\$0.09069	0
			<u>\$13</u>
Step 2 Effective June 1, 2013			
Customer charge	1	\$15.50	\$16
Energy charge	0	\$0.08860	0
			<u>\$16</u>
Step 3 Effective June 1, 2014			
Customer charge	1	\$18.00	\$18
Energy charge	0	\$0.08662	0
			<u>\$18</u>

Witness: Alan Zumstein

Big Sandy Rural Electric Cooperative
Case No. 2012-00030
Commission Staff's Third Request for Information

6. Refer to Exhibit N of the Application. Explain why Big Sandy changed independent auditors for calendar year 2011.

Response: During years where Big Sandy files for a rate application, it changes auditors so the rate application and audit procedures are separate functions.

Witness: Jim Adkins

Big Sandy Rural Electric Cooperative
Case No. 2012-00030
Commission Staff's Third Request for Information

7. Refer to Exhibit R of the Application, page 29 of 33. Given that the rates of return shown on this schedule for rate classes LP and LPR are significantly higher than the system rate of return, explain why Big Sandy is proposing increases for these two classes.

Response: Big Sandy was of the opinion that all customers should participate in the rate increase. It was decided that the LP and LPR rate classes would receive a 2% increase. This would help to minimize the increase for the other rate classes, especially the residential and small commercial rate classes.

Witness: Alan Zumstein

Big Sandy Rural Electric Cooperative
Case No. 2012-00030
Commission Staff's Third Request for Information

8. Refer to Exhibit 14 of the Application. Identify the cable television companies with attachments to Big Sandy's poles and the number of each type of attachment for each cable company.

Response:

Company	No of Pole Attachments	
	2-party	3-Party
Rick Howard CATV	1	114
Garrett Cable Co.	2	66
Tri-Wave Communications	88	1,107
Suddenlink	364	4,289
Big Sandy Broadband	80	1,579
Inter Mountain Cable, Inc.	540	3,859
Total	1,075	11,014

Witness: Alan Zumstein

Big Sandy Rural Electric Cooperative
Case No. 2012-00030
Commission Staff's Third Request for Information

9. Refer to Big Sandy's response to Commission Staffs Second Request for Information ("Staffs Second Request"), Items 2(a), (b), and (c). Pursuant to the mortgage agreement with the Rural Utilities Service ("RUS"), does RUS apply a TIER ratio that excludes capital credits from Big Sandy's wholesale supplier, East Kentucky Power Cooperative, Inc. ("EKPC"), in determining whether Big Sandy has satisfied the covenant relating to a minimum TIER level? If no, explain why Big Sandy provided TIER levels that excluded EKPC capital credits.

Response: RUS does not exclude EKPC capital credits in calculating the total TIER. However, RUS will review both the total TIER and the operating TIER. If a cooperative meets the total TIER requirement, but not the operating TIER requirement, then the cooperative is in violation of its mortgage agreement. A cooperative must meet both the total and operating TIER requirements, so in effect, the EKPC capital credits are excluded.

Big Sandy provided a schedule showing TIER with and without EKPC capital credits since the Commission has always excluded G&T capital credits from its TIER calculations for rate making purposes.

Witness: David Estep

Big Sandy Rural Electric Cooperative
Case No. 2012-00030
Commission Staff's Third Request for Information

10. Refer to Big Sandy's response to Staffs Second Request, Item 2(d), in which Big Sandy states that it needs to be proactive in meeting RUS mortgage requirements. Identify any steps or processes implemented by Big Sandy to improve operational efficiency and/or reduce costs.

Response: Big Sandy monitors its construction, right-of-way, and other contractors to provide the most cost effective use. Big Sandy has reduced its use of construction contractors, implemented contract answering for after hours, is more closely monitoring its right-of-way contractors, and reviewed all aspects of operations and maintenance to get to most effective and efficient use from those areas. Big Sandy has closed its branch office in Prestonsburg and now uses a local bank for those operations at a much reduced cost. Big Sandy has also refinanced loans with CFC at a lower interest rate through CoBank. Reviewing procedures and analyzing costs is an ongoing process for Big Sandy.

Witness: David Estep

Big Sandy Rural Electric Cooperative
Case No. 2012-00030
Commission Staff's Third Request for Information

11. Refer to Item 3 of Staff's Second Request for Information concerning the revised "notice filed on May 3, 2012." Pursuant to 807 KAR 5:001, Section 10(4)(d), provide the affidavit from the publisher(s) verifying the revised notice was published, including the dates of the publication, with an attached copy of the published revised notice.

Response: Big Sandy apologizes for the delay in providing this information. The employee responsible for obtaining the affidavits has resigned. The resignation was during the time when affidavits were to be obtained. Attached are the affidavits from each of the newspapers.

The BIG SANDY NEWS

• P.O. Box 766 • Louisa, KY 41230
(606) 638-4581 • Fax: (606) 638-9949 • email: editor@bigsandynews.com

AFFIDAVIT OF PUBLICATION

I, Tony Fyffe, hereby certify that I am the editor of THE BIG SANDY NEWS.
I further certify that a PUBLIC NOTICE, for BIG SANDY RECC was published May 9, May 16 and May 23, 2012, in THE BIG SANDY NEWS. IN TESTIMONY WHERE-OF, witness my signature this July 16, 2012.

THE BIG SANDY NEWS

SIGNATURE Tony Fyffe

SUBSCRIBED AND SWORN TO BEFORE ME BY Tony Fyffe

THIS THE 16 DAY OF July, 2012.

NOTARY PUBLIC Kimberly C Thomas

MY COMMISSION EXPIRES: Oct 21, 2014

NEWSPAPER AFFIDAVIT

I, Sharon Kay Hall, of the TROUBLESOME CREEK TIMES newspaper, published at HINDMAN, KENTUCKY, and having the largest general circulation of any newspaper in KNOTT COUNTY, KENTUCKY, do hereby certify from my own knowledge and a check of the files of the newspaper, that the advertisement of:

Official Notice / Big Sandy Rural Electric Corp. intends to file with the Kentucky Public Service Com. in Case # 2012-00030 an application to adjust its retail rates & charges.
For: Big Sandy Rural Electric Cooperative Corp.

Was inserted in the TROUBLESOME CREEK TIMES on the following dates:

Date: May 24, 2012 Page(s): B6 Column(s): 1, 2, 3, 4, 5, & 6

Date: May 17, 2012 Page(s): B5 Column(s): 1, 2, 3, 4, 5, & 6

Date: May 10, 2012 Page(s): B6 Column(s): 1, 2, 3, 4, 5, & 6

Date: _____ Page(s): _____ Column(s): _____

Signature: Sharon K Hall

Subscribed and sworn before me on this 16th day of July, 20 12, by the above.

NOTARY PUBLIC: Helma R. Pomeroy

My commission expires: August 30, 2014

The Jackson-Breathitt County Times-Voice
Intermountain Publishing Co., Inc.

22 Howell Lane P.O. Box 999 Jackson, KY 41339

Phone: (606) 666-2451

Fax: (606) 666-5706

Email: advertising@jacksontimesky.com

NEWSPAPER AFFIDAVIT

I, Kami Griffith OF THE
JACKSON-BREATHITT COUNTY TIMES-VOICE
NEWSPAPER, PUBLISHED AT JACKSON, KY AND
HAVING THE LARGEST GENERAL CIRCULATION OF
ANY NEWSPAPER IN BREATHITT COUNTY,
KENTUCKY, DO HEREBY CERTIFY THAT FROM MY
OWN KNOWLEDGE AND A CHECK OF THE FILES OF
THIS NEWSPAPER THAT THE ADVERTISEMENT OF
OFFICIAL NOTICE FOR RATE CASE 2012 FOR BIG SANDY
RECC WAS INSERTED IN THE JACKSON-BREATHITT
COUNTY TIMES-VOICE ON THE FOLLOWING DATES:

DATE 5-10-12 PAGE NO. A3 COLUMN NO. 1+2

DATE 5-17-12 PAGE NO. A7 COLUMN NO. 1+2

DATE 5-24-12 PAGE NO. A10 COLUMN NO. 5+6

DATE _____ PAGE NO. _____ COLUMN NO. _____

SIGNATURE: Kami Griffith

SUBSCRIBED AND SWORN TO BEFORE ME BY:

Cheryl Campbell

THIS THE 9 DAY OF July, 2012

NOTARY PUBLIC: Cheryl Campbell

MY COMMISSION EXPIRES: 3-25-2016

Witness: Alan Zumstein

Big Sandy Rural Electric Cooperative
Case No. 2012-00030
Commission Staff's Third Request for Information

12. Refer to the response to Item 4.d.(6) of Staffs Second Request. Provide the number of customers billed in each usage block shown during Big Sandy's most recent billing month.

Response:

Usage	No of Customers
0	432
1 - 100	1,051
101 - 250	774
251 - 500	1,142
501 - 750	1,617
751 - 1,000	1,864
1,001 - 1,250	1,692
1,251 - 1,500	1,304
1,501 - 1,750	872
1,751 - 2,000	549
2,001 - 2,500	489
2,501 - 3,000	184
over 3,000	105
Total	12,075

Witness: Alan Zumstein

Big Sandy Rural Electric Cooperative
Case No. 2012-00030
Commission Staff's Third Request for Information

13. Refer to Item 4.d.(10) of Staff's Second Request. The answer to the question was not responsive. Provide the percentage of energy savings (in kWhs) from demand-side management programs to total retail sales (in kWhs) for calendar years 2010 and 2011.

Response:

Year	Energy Savings	Total kwh	Percentage
2010	764,424	197,249,978	0.39%
2011	731,511	179,540,511	0.41%

Witness: Alan Zumstein

Big Sandy Rural Electric Cooperative
Case No. 2012-00030
Commission Staff's Third Request for Information

14. Refer to Big Sandy's response to Staffs Second Request, Item 6. Big Sandy responded that it does not offer Time-of-Day ("TOD") rates, but would consider it in the future if the need arises.

a. Explain whether Big Sandy considered offering TOD rates in this proceeding.

Response: East Kentucky is in the process of analyzing its rate structure and performing a cost of service study. Big Sandy is waiting for the results of that study before proposing a TOD rate. It is our belief that developing and marketing a TOD rate with EKPC's existing rate structure, then immediately changing the TOD rate based on EKPC's updated study, would not be very effective or efficient. Should EKPC's rate structure change as a result of its study, Big Sandy would need to prepare a complete analysis for developing a new TOD rate that would be in line with EKPC's rate structure.

b. Explain whether Big Sandy agrees that TOD rates can be an effective way for a customer to control usage during peak hours and, by doing so, lower the customer's bill.

Response: Bid Sandy agrees this would be an effective way for not only the customer to reduce their bill, but also for Big Sandy to recognize a reduction in its power bill by reducing on-peak usage and peak demand.

c. If the rate design changes requested by Big Sandy are approved by the Commission, explain whether Big Sandy would commit to examine and request approval of cost-effective TOD rates. If so, when would Big Sandy do so?

Response: As stated earlier, Big Sandy is waiting on the results of EKPC's rate study before proposing a TOD rate. EKPC intends to have preliminary information by the end of August, 2012.

Witness: David Estep

Big Sandy Rural Electric Cooperative
Case No. 2012-00030
Commission Staff's Third Request for Information

15. Refer to Big Sandy's response to Staff's Second Request, Item 8. Given that the increase in rates is greater for customers with lower consumption, explain whether Big Sandy considered a voluntary inclining energy charge block rate with a lower customer charge as an alternative for those customers.

Response: At the same time Big Sandy proposes a TOD rate, it will also look at various other rate options, including an inclining block rate.

Witness: **Jim Adkins**

Big Sandy Rural Electric Cooperative
Case No. 2012-00030
Commission Staff's Third Request for Information

16. Refer to the response to Item 16 of Staff's Second Request. The response states that Transformers Demand was allocated based on "the sum of the individual consumers [sic] monthly demands by rate class." Explain how the sum of demands is calculated for the Farm and Home class since customers in this class do not have demand meters.

Response: The load data concerning peak demands including rate class contributions to coincident peak, rate class peak demands, and the sum of individual consumer demands used and referenced in the Cost of Service Study are based on load research data developed by East Kentucky Power Cooperative (EKPC") at the request of Big Sandy. All load data used in cost of service studies for all EKPC distribution cooperatives is based on this load research. This load research is conducted through the systems of all of EKPC's member systems.

Witness: **Jim Adkins**

Big Sandy Rural Electric Cooperative
Case No. 2012-00030
Commission Staff's Third Request for Information

17. Refer to the table provided in response to Item 17 of Staff's Second Request.

a. For all classes except the YL-1 class, the customer count for Lines, Transformers and Services are at or near the same number. For the L-I class, the customer count is as follows: Lines - 32, Transformers - 81, and Services - 7,248. Explain the relationship between Transformers and Services for the YL-1 class.

Response: The rate class YL-1 varies by function on the following basis. The amount listed for lines indicates the number of accounts that are lights only accounts. This means that these accounts have no additional services other than lights. The transformer amount provides the number of transformers that are utilized to provide service to lights only. The services amount equals the number lights for which a separate service is provided.

b. Provide the maximum number of lights that are served by a single transformer and the maximum that can be served by a single transformer.

Response: The number of lights that may be served from a single transformer is really dependent upon the size of the transformer and the distance the lights may be from it.

Witness: **Jim Adkins**

Big Sandy Rural Electric Cooperative
Case No. 2012-00030
Commission Staff's Third Request for Information

18. Refer to the response to Item 19.b. of Staffs Second Request. Provide revised tariffs reflecting the corrections identified in the response.

Response: The tariffs in the application reflect the proper rates which were corrected in Exhibit R, page 33 in the response to Item 19b in the Staff's second data request.

Witness: Alan Zumstein

Big Sandy Rural Electric Cooperative
Case No. 2012-00030
Commission Staff's Third Request for Information

19. Refer to the response to Item 21 of Staffs Second Request.

a. Refer to the response to Item 21 .a. Provide an explanation of what comprises the nonrecurring charges listed in Account 451 and why they are nonrecurring.

Response: Nonrecurring charges include return check charges, collections charges, reconnect, after hours trips, and others. These are nonrecurring because they are not charged to customers on a monthly basis, but only as the charge is incurred.

b. Refer to the response to Items 21,e.(2) and f. Explain the basis and timing of the adjustments to the credits for the FEMA reimbursements related to the January 2009 ice storm.

Response: Costs and expenses as a result of the ice storm carried over for several months after the actual ice storm occurred. It may take FEMA several months to actually declare an event a disaster eligible for FEMA funds. Big Sandy estimated the amount of reimbursement it would receive from FEMA. There are times when FEMA will make adjustments to the application to exclude certain costs incurred during a disaster. Big Sandy estimates the amount that it will receive at the time of the ice storm. When FEMA makes its final payment, the receivable, and expense account, are then adjusted to the actual amount received from FEMA. The final adjustment of \$43,583 to reduce maintenance costs was made during August 2011.

Witness: Alan Zumstein

Big Sandy Rural Electric Cooperative
Case No. 2012-00030
Commission Staff's Third Request for Information

20. Refer to Item 22 of Staffs Second Request and Exhibit 1 of the Application. Provide an updated Exhibit 1 reflecting the corrections to the payroll adjustment identified in Item 22.

Response: The revised pages are attached to reflect the correction for overtime wages for No. 15 and to reflect actual test year hours of 2,088.

Big Sandy Rural Electric Cooperative
Case No. 2012-00030
Test year August 31, 2011

Payroll Adjustment

To reflect the increase granted by the Board of Directors, the step increases granted and promotions during the year. To give recognition to employees terminated and employees hired during the test year. Overtime pay is calculated at 1-1/2 times regular pay rate for hours worked in excess of 8 hours per day.

Employees are granted wage rate increases on November 1 of each year. Generally all employees are granted wage increases based on the union contract. Outside, non-management employees, participate in the union.

Wage and salary increases are as follows:

	<u>Increase</u>	
	<u>Union</u>	<u>Non-Union</u>
2011	2.00%	2.00%
2010	2.00%	2.00%
2009	\$0.50	\$0.50 per hour
2008	\$0.50	\$0.50 per hour
2007	4.00%	4.00%

The amount of increase was calculated based on the actual test year wages.

Projected wages	\$2,224,176
Actual wages for test year	<u>2,142,151</u>
Increase in normalized wages	<u><u>\$82,025</u></u>

The allocation is on the following page:

Big Sandy Rural Electric Cooperative
Case No. 2012-00030

Allocation of increase in payroll:

<u>Acct No.</u>		<u>Labor Distribution</u>	<u>Percent</u>	<u>Allocation</u>
107.20	Construction work in progress	359,363	16.8%	13,760
108.80	Retirement work in progress	117,411	5.5%	4,496
163.00	Stores	49,006	2.3%	1,876
184.10	Transportation	44,912	2.1%	1,720
242.32	Employee sick leave/vacation	204,707	9.6%	7,838
398.00	Non operating accounts	91	0.0%	3
580.00	Supervision, operations	15,771		
583.00	Overhead line	28,651		
586.00	Meter	171,575		
587.00	Installations	4,210		
588.00	Miscellaneous distribution	85,108	14.3%	11,691
590.00	Supervision, maintenance	50,396		
593.00	Maintenance	226,433		
595.00	Transformers	9,736		
597.00	Meters	698		
598.00	Miscellaneous maintenance	29,160	14.8%	12,116
902.00	Meter reading	22,830		
903.00	Consumer records	204,998	10.6%	8,724
920.00	Administrative	308,304		
930.00	Miscellaneous	203,148		
935.00	Maintenance general plant	<u>5,643</u>	<u>24.1%</u>	<u>19,800</u>
	Total	<u>2,142,151</u>	<u>100.0%</u>	<u>82,024</u>

1 - 0.6 J

Big Sandy Rural Electric Cooperative
 Case No. 2012-00030
 Test year August 31, 2011

Emp #	Hours Worked		Actual Test Year Wages						Wage Rate 1/1/11	Normalized Wages	
	Reg Hrs	OT Hrs	Regular	Overtime	Dispatch	Misc	Total	@ 2,088 Hours			
								Regular		Overtime	Total
Salary Employees											
1	2,088.0		67,076			729	67,076	33.00	68,904		68,904
1	2,088.0		71,440			915	71,440	34.42	71,869		71,869
1	2,088.0		81,808			818	81,808	48.08	100,391		100,391
1	2,088.0		46,735				46,735	22.53	47,043		47,043
1	2,088.0		66,079				66,079	31.84	66,482		66,482
1	2,088.0		42,539			859	42,539	20.64	43,096		43,096
1	2,088.0		44,711				44,711	21.68	45,268		45,268
1	2,088.0		42,903				42,903	22.43	46,834		46,834
8	16,704.0	0.0	463,291	0	0	3,321	463,291		489,887	0	489,887
Hourly Employees:											
1	2,088.0	34.5	56,343	1,405			57,748	27.13	56,647	1,404	58,051
1	1,723.0	23.5	48,985	1,021			50,006	28.26	59,007	996	60,003
1	2,088.0	8.5	54,983	338			55,321	26.48	55,290	338	55,628
1	2,088.0	1,123.5	54,087	43,777			97,864	26.03	54,351	43,867	98,218
1	2,088.0	519.0	54,095	20,271			74,366	26.03	54,351	20,264	74,615
1	2,088.0	54.0	51,859	2,016			53,875	24.99	52,179	2,024	54,203
1	2,088.0	79.0	59,624	3,309			62,933	28.26	59,007	3,349	62,356
1	2,088.0	460.5	54,064	17,969			72,033	26.03	54,351	17,980	72,331
1	2,088.0	33.0	54,030	1,289			55,319	26.03	54,351	1,288	55,639
1	2,088.0	77.0	53,891	2,911			56,802	26.03	54,351	3,006	57,357
1	2,088.0	43.5	46,613	1,463			48,076	22.46	46,896	1,466	48,362
1	2,088.0	550.5	56,399	22,439			78,838	27.13	56,647	22,403	79,050
1	2,088.0	317.5	56,142	12,487			68,629	26.03	54,351	12,397	66,747
1	2,088.0	40.5	54,503	1,503			56,006	25.78	53,829	1,566	55,395
1	2,086.5	36.0	34,532	927	1,200		36,659	19.00	39,672	1,026	40,698
1	2,088.0	58.5	54,791	2,244			57,035	25.78	53,829	2,262	56,091
1	2,088.0	54.5	54,649	2,080			56,729	25.78	53,829	2,108	55,936

Emp #	Hours Worked		Actual Test Year Wages						Wage Rate 1/1/11	Normalized Wages		
	Reg Hrs	OT Hrs	Regular	Overtime	Dispatch	Misc	Total	@ 2,088 Hours		Total		
								Regular			Overtime	
1 41	2,088.0	49.5	54,530	1,859			56,389	25.78	53,829	1,914	55,743	
1 43	2,088.0	53.5	54,537	2,026			56,563	25.78	53,829	2,069	55,897	
1 47	1,973.5	33.0	26,645	733			27,378	20.43	42,658	1,011	43,669	
1 50	2,088.0	71.0	52,607	2,572	415		55,594	25.78	53,829	2,746	56,574	
1 51	829.5	19.5	8,295	293			8,588	10.00	20,880	293	21,173	
1 52	651.5	6.5	10,094	149			10,243	16.50	34,452	161	34,613	
1 53	126.0	1.5	1,638	29			1,667	13.00	27,144	29	27,173	
1 54	560.0	0.0	7,360	0			7,360	13.50	28,188	0	28,188	
1 124	2,088.0	48.0	45,191	1,564			46,755	21.79	45,498	1,569	47,066	
1 138	2,088.0	3.0	43,785	98			43,883	21.73	45,372	98	45,470	
1 139	2,088.0	10.0	34,141	245			34,386	16.44	34,327	247	34,573	
1 142	2,088.0	17.0	32,429	395			32,824	15.62	32,615	398	33,013	
1 144	2,088.0	18.5	33,013	441			33,454	15.90	33,199	441	33,640	
1 155	803.0	3.5	10,495	68		2128	10,563	13.30	27,770	70	27,840	
1 161	1,900.0	32.0	25,066	635			25,701	13.29	27,750	638	28,387	
1 163	2,088.0		34,944				34,944	16.84	35,162	0	35,162	
1 164	1,356.0	36.0	15,088	602			15,690	11.50	24,012	621	24,633	
1 166	2,088.0	42.0	25,476	772			26,248	12.29	25,662	774	26,436	
1 168	1,256.0	20.0	12,896	305			13,201	11.50	24,012	345	24,357	
36	Subtotal	65,465.0	3,978.0	150,235	1,615	2128	1,579,670		1,583,122	151,167	1,734,289	
0	Part Time & Summer Employees											
0	Subtotal	0.0	0.0	0	0	0	0	8.00	0	0	0	
0	Retired Employees											
0	Subtotal	0.0	0.0	0	0	0	0		0	0	0	

Big Sandy Rural Electric Cooperative
 Case No. 2012-00030
 Test year August 31, 2011

Emp #	Hours Worked		Actual Test Year Wages						Wage Rate 1/1/11	Normalized Wages	
	Reg Hrs	OT Hrs	Regular	Overtime	Dispatch	Misc	Total	@ 2,088 Hours			
								Regular		Overtime	Total
1	787.0		24,515			502	24,515				
1	1,035.0		20,959				20,959				
1	576.0		6,445				6,445				
1	983.0		47,271				47,271				
4	3,381.0	0.0	99,190	0	0	502	99,190	0	0	0	
44	85,550.0	3,978.0	1,990,301	150,235	1,615	5,951	2,142,151	2,073,008	151,167	2,224,176	

Witness: Alan Zumstein

Big Sandy Rural Electric Cooperative
Case No. 2012-00030
Commission Staff's Third Request for Information

21. Refer to Item 24 of Staffs Second Request. Provide an updated Exhibit 4 reflecting the 2011 property tax expenses for all taxing districts and total property tax.

Response: The updated Exhibit 4 is attached.

Big Sandy Rural Electric Cooperative
Case No. 2012-00030
Analysis of Other Operating Taxes
12 Months Ended
August 31, 2011

Line No.	Item (a)	Charged Expense (b)	Charged to Construction (c)	Charged to Other Accounts (d)	Amounts Accrued (e)	Amount Paid (f)
1.	Kentucky Retail:					
	(a) State Income					
	(b) Franchise Fees	272,386			272,386	266,550
	(c) Ad Valorem					
	(d) Payroll (Employer's Portion)	103,722	36,189	22,663	162,574	162,574
	(e) Other Taxes	25,430			25,430	25,430
2.	Total Retail (L1(a) through L1(e))	401,538	36,189	22,663	460,390	454,554
3.	Other Jurisdictions					
	Total Per Books (L2 and L3)	401,538	36,189	22,663	460,390	454,554

Allocation of adjustment:

583	Overhead line exp	61%	9,832
584	Underground line exp	25%	3,959
586	Meter exp	3%	462
587	Customer installation exp	3%	437
588	Miscellaneous distribution exp	4%	581
903	Consumer records	3%	436
910	Misc customer service	1%	145
921	Office supply and exp	2%	287
		100%	16,139

Taxing District	Assessment for 2012 Taxes			Assessment for 2010 Taxes			Increase Decrease in Taxes
	Assessed Value	Tax Rate	Tax Due	Assessed Value	Tax Rate	Tax Due	
Floyd County							
Tangible - County	7,103,179	0.1270	9,021.04	7,079,568	0.1270	8,991.05	30
Tangible - School	7,103,179	0.5290	37,575.82	7,079,568	0.5280	37,380.12	196
Tangible - Library	7,103,179	0.1022	7,259.45	7,079,568	0.0903	6,392.85	867
Tangible - Health	7,103,179	0.0400	2,841.27	7,079,568	0.0400	2,831.83	9
Tangible - Extension	7,103,179	0.0290	2,059.92	7,079,568	0.0265	1,876.09	184
Tangible FD - Allen	137,665	0.1000	137.67	136,503	0.1000	136.50	1
Tangible FD - Cow Creek	299,625	0.1000	299.63	297,095	0.1000	297.10	3
Tangible FD - David	613,421	0.1000	613.42	606,241	0.1000	606.24	7
Tangible FD - Garrett	489,927	0.1000	489.93	485,790	0.1000	485.79	4
Tangible FD - Maytown	66,808	0.1000	66.81	76,281	0.1000	76.28	(9)
Tangible FD - Middle Creek	489,927	0.1000	489.93	485,790	0.1000	485.79	4
Johnson County							
Real Estate - County	294,861	0.0870	256.53	111,136	0.0850	94.47	162
Real Estate - Common School	269,631	0.3600	970.67	50,000	0.3430	171.50	799
Real Estate - Independent School	25,230	0.8190	206.63	61,136	0.7630	466.47	(260)
Real Estate - Library	294,861	0.0850	250.63	111,136	0.0770	85.57	165
Real Estate - Health	294,861	0.0400	117.94	111,136	0.0400	44.45	73
Real Estate - Extension	294,861	0.0270	79.61	111,136	0.0240	26.67	53
Real Estate - Conservation	294,861	0.0070	20.64	111,136	0.0070	7.78	13
Tangible - County	11,380,471	0.0870	9,901.01	10,979,734	0.0850	9,332.77	568
Tangible - Common School	11,102,196	0.3600	39,967.91	10,863,859	0.3430	37,263.04	2,705
Tangible - Independent School	278,275	0.8190	2,279.07	115,875	0.7630	884.13	1,395
Tangible - Library	11,380,471	0.1463	16,649.63	10,979,734	0.1229	13,494.09	3,156
Tangible - Health	11,380,471	0.0400	4,552.19	10,979,734	0.0400	4,391.89	160
Tangible - Extension	11,380,471	0.0327	3,721.41	10,979,734	0.0264	2,898.65	823
Knott County							
Tangible - County	894,266	0.1400	1,251.97	874,872	0.1300	1,137.33	115
Tangible - School	894,266	0.4950	4,426.62	874,872	0.4690	4,103.15	323
Tangible - Extension	894,266	0.0578	516.89	874,872	0.0469	410.31	107
Tangible - Health	894,266	0.0310	277.22	874,872	0.0310	271.21	6
page totals			146,301.45			134,643.13	11,658.32

Taxing District	Assessment for 2012 Taxes			Assessment for 2010 Taxes			Increase Decrease in Taxes
	Assessed Value	Tax Rate	Tax Due	Assessed Value	Tax Rate	Tax Due	
Martin County							
Tangible - County	1,227,652	0.1280	1,571.39	1,218,891	0.1280	1,560.18	11
Tangible - School	1,227,652	0.5530	6,788.92	1,218,891	0.5310	6,472.31	317
Tangible - Library	1,227,652	0.0350	429.68	1,218,891	0.0350	426.61	3
Tangible - Health	1,227,652	0.1425	1,749.40	1,218,891	0.1240	1,511.42	238
Tangible - Extension	1,227,652	0.0909	1,115.94	1,218,891	0.0909	1,107.97	8
Lawrence County							
Tangible - County	983,093	0.1740	1,710.58	974,591	0.1580	1,539.85	171
Tangible - School	983,093	0.4810	4,728.68	974,591	0.4100	3,995.82	733
Tangible - Library	983,093	0.2000	1,966.19	974,591	0.1853	1,805.92	160
Tangible - Health	983,093	0.0300	294.93	974,591	0.0300	292.38	3
Tangible - Extension	983,093	0.0859	844.48	974,591	0.0603	587.68	257
Morgan County							
Tangible - County	67,011	0.0600	40.21	66,444	0.0550	36.54	4
Tangible - School	67,011	0.4930	330.36	66,444	0.4740	314.94	15
Tangible - Library	67,011	0.1159	77.67	66,444	0.0828	55.02	23
Tangible - Health	67,011	0.1000	67.01	66,444	0.0500	33.22	34
Tangible - Extension	67,011	0.1250	83.76	66,444	0.1300	86.38	(3)
Tangible - Ambulance	67,011	0.0710	47.58	66,444	0.0660	43.85	4
Breathitt County							
Tangible - County	21,055	0.1120	23.58	20,877	0.1120	23.38	0
Tangible - School	21,055	0.4100	86.33	20,877	0.4060	84.76	2
Tangible - Library	21,055	0.1344	28.30	20,877	0.0878	18.33	10
Tangible - Health	21,055	0.0800	16.84	20,877	0.0800	16.70	0
Tangible - Extension	21,055	0.1667	35.10	20,877	0.0992	20.71	14
page totals			22,036.91			20,033.99	2,002.92

Taxing District	Assessment for 2012 Taxes			Assessment for 2010 Taxes			Increase Decrease in Taxes
	Assessed Value	Tax Rate	Tax Due	Assessed Value	Tax Rate	Tax Due	
Magoffin County							
Tangible - County	3,847	0.3771	14.51	3,814	0.3414	13.02	1
Tangible - School	3,847	0.4090	15.73	3,814	0.3570	13.62	2
Tangible - Extension	3,847	0.0827	3.18	3,814	0.0630	2.40	1
Tangible - Health	3,847	0.0800	3.08	3,814	0.0500	1.91	1
Tangible - Library	3,847	0.0678	2.61	3,814	0.0445	1.70	1
City of Paintsville							
Real Estate	25,230	0.1650	41.63	61,136	0.1650	100.87	(59)
Tangible	278,275	0.1650	459.15	115,875	0.1650	191.19	268
Public Service Company Assessment:							
Real Estate	294,861	0.1220	359.73	92,177	0.1220	112.46	247
Tangible Property	21,680,574	0.4500	97,562.58	21,240,242	0.4500	95,581.09	1,981
Manufacturing Machinery	3,723,452	0.1500	5,585.18	3,700,591	0.1500	5,550.89	34
total			<u>104,047.38</u>			<u>101,569.14</u>	<u>2,478.24</u>
Total			<u>272,385.75</u>			<u>256,246.26</u>	<u>16,139.48</u>
Amount of Adjustment							<u>16,139</u>

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Witness: Alan Zumstein

Big Sandy Rural Electric Cooperative
Case No. 2012-00030
Commission Staff's Third Request for Information

22. Refer to Item 29 of Staffs Second Request. The percentage increase for the CATV Pole Attachments appears to be calculated incorrectly; for example, the \$1,742 increase of a two-party pole attachment divided by the proposed revenue to derive an increase of 21 percent instead of dividing by the existing revenue to derive an increase of 26 percent. Confirm the percentage increase for the two-party pole attachments is 26 percent, the two-party anchor attachments is 17 percent, the two party ground attachments is 11 percent, the three-party pole attachments is 25 percent, the three-party anchor attachments is 17 percent, the three-party ground attachments is 13 percent, and the total increase is 25 percent.

Response: Big Sandy agrees with the Commissions percentage calculations.

Witness: Alan Zumstein

Big Sandy Rural Electric Cooperative
Case No. 2012-00030
Commission Staff's Third Request for Information

23. Refer to Big Sandy's response to the Attorney General's ("AG") Initial Request, Item 4. Big Sandy's response indicates that EKPC has stated that it will look into the effect of the purchased power payments on Big Sandy's financial condition.

a. Given that it is possible that other cooperatives have experienced the same problem, explain to what extent Big Sandy has discussed the purchase power payments with any other cooperatives. If no discussions have taken place, explain why Big Sandy believes an internal solution with EKPC is not an option.

Response: Big Sandy has discussed this situation with other cooperatives in the EKPC group. Several are experiencing the same effect, however, not all cooperatives are effected to the same degree. It seems the more a cooperative's revenues are generated from residential customers, the greater the effect.

b. Explain whether Big Sandy is aware of any reason EKPC could not address this problem without an additional rider and outside of the fuel adjustment clause.

Response: Since not all cooperatives are effected the same, the rider for each cooperative would be different. This would cause EKPC to treat each cooperative differently. Presently, EKPC has consistent rates for all its members. Energy, demand, substation, metering points, fuel and environmental surcharge rates are the same for each cooperative. The demand that EKPC charges is based on a peak for the month. If there is a month that sets a high peak, then has mild weather for the rest of the month, there is not a mechanism for Big Sandy to pass this high peak on to its customers. Residential customers do not have demand meters so Big Sandy has to absorb this cost for the month. When the demand is set at a high level, then the rest of the month has mild weather, there are no kwh sales to pass this high peak on to customers. Big Sandy's margins suffer in those months. Conversely, if the demand peak is low for the month, Big Sandy can have high margins for the month. Big Sandy is proposing to levelize this fluctuation in margins by implementing its own purchase power clause that would be specific to the weather and usage patterns of its customers.

Witness: Alan Zumstein

Big Sandy Rural Electric Cooperative
Case No. 2012-00030
Commission Staff's Third Request for Information

24. Refer to the response to Item 10 of the AG's initial Requests. Provide the amount of interest paid by Big Sandy, if any, during the test year on the obligation for the EKPC subsidiary.

Response: Big Sandy has never paid interest on the EKPC subsidiary obligation.

Witness: Alan Zumstein

Big Sandy Rural Electric Cooperative
Case No. 2012-00030
Commission Staff's Third Request for Information

25. Refer to the response to Item 11 of the AG's Initial Requests. Provide the location where the \$1,000,000 loan is listed in Big Sandy's outstanding long-term debt as of August 31, 2011.

Response: Big Sandy advanced \$1 million on September 16, 2011 and another \$1.5 million on April 3, 2012 from FFB.

Witness: Alan Zumstein

Big Sandy Rural Electric Cooperative
Case No. 2012-00030
Commission Staff's Third Request for Information

26. Refer to Big Sandy's response to the AG's Initial Request, Item 15, Attachment, page 8 of 8. In the "New Business" section, a statement is made concerning a "new Operations Center, which Big Sandy is in dire need of, with hopes to be completed sometime in the Fall of 2012." Provide the details of the new Operations Center, including the cost of the project, the size and scope of the new center, the location, the need for the center, and the status of the construction project.

Response: This information is included in Big Sandy's application to the Commission in Case No. 2010-00516, styled as "Application of Big Sandy Rural Electric Cooperative Corporation for a Certificate of Convenience and Necessity Pursuant to KRS 278.020 and KAR 5:001, Section 9 and Related Sections, Authorizing Certain Proposed Construction". Big Sandy was granted approval by this Commission on July 27, 2011. Big Sandy has expended approximately \$1.2 million through June 30, 2012. The Operations Center is expected to be complete by the end of August, 2012.