



Steven L. Beshear
Governor

Leonard K. Peters
Secretary
Energy and Environment Cabinet

Commonwealth of Kentucky
Public Service Commission
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David L. Armstrong
Chairman

James W. Gardner
Vice Chairman

Linda Breathitt
Commissioner

September 25, 2012

PARTIES OF RECORD

Re: Case No. 2012-00030
Application of Big Sandy Rural Electric Cooperative for an Order authorizing the Adjustment of Retail Rates Based on Historical Test Year Ending August 31, 2011

Attached is a copy of the memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the informal conference memorandum, please do so within five days of receipt of this letter. If you have any questions, please contact Steven Bailey, Staff Attorney, at 502-564-3940, Extension 262.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen
Executive Director

SB/kar

Attachments

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File – Case No. 2012-00030

FROM: Steven Bailey, Staff Attorney

DATE: September 25, 2012

RE: Informal Conference of September 17, 2012
Application of Big Sandy Rural Electric Cooperative for an Order authorizing the Adjustment of Retail Rates Based on Historical Test Year Ending August 31, 2011

Pursuant to a Staff Notice issued on September 14, 2012, an Informal Conference (“IC”) was conducted at the Commission’s Offices in Frankfort, Kentucky on September 17, 2012. The purpose of the meeting was to discuss any issues relating to this matter. Also on September 14, 2012, Big Sandy Rural Electric Cooperative Corporation (“Big Sandy”) contacted Staff Counsel via electronic mail to advise that Big Sandy and the Office of the Attorney General, by and through his Office of Rate Intervention (“AG”), had tentatively reached a settlement of all issues relating to this matter. The focus of the IC was then to review the settlement agreement. A list of the attendees is attached to this memo.

At the outset of the IC, Big Sandy’s president described how Big Sandy contacted the AG in an attempt to reach a mutual settlement regarding Big Sandy’s rate application. The parties ultimately were successful in negotiating an understanding and formalized this agreement in writing.

Big Sandy provided Commission Staff with the written settlement agreement, direct testimony of Alan M. Zumstein in support of the settlement and a calculation of the Effect of Customer Charge on Schedule A-1, Farm and Home. These documents are also attached. Commission Staff asked a few clarifying questions concerning Big Sandy’s agreeing to withdraw its request for a purchased power adjustment as well as the framework concerning Big Sandy’s agreement to continue its commitment to Demand-Side Management efforts. Big Sandy was also asked to clarify an issue concerning the CATV rates, which were not specifically mentioned in the language of the settlement agreement.

There being no additional matters to discuss, the conference was adjourned.

Attachments

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BIG SANDY RURAL)
ELECTRIC COOPERATIVE CORPORATION) CASE NO.
FOR AN ADJUSTMENT OF RATES) 2012-00030

September 17, 2012

Please sign in:

NAME	REPRESENTING
<u>Quang D. Nguyen</u>	<u>PSC</u>
<u>Alvin Zentgraf</u>	<u>B.S. Co. Sec. 2012</u>
<u>Jimmy Adkins</u>	<u>Big Sandy RECC</u>
<u>Paul Stapp</u>	<u>Big Sandy RECC</u>
<u>Leah Faulkner</u>	<u>PSC - FA</u>
<u>Daryl Newby</u>	<u>PSC - FA</u>
<u>Steven Barber</u>	<u>PSC legal</u>
<u>Tim Livers</u>	<u>PSC - FA</u>
<u>Joseph Clark How</u>	<u>OAG</u>
<u>Dennis Howard (by phone)</u>	<u>OAG</u>
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<u> </u>	<u> </u>
<u> </u>	<u> </u>

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

In the Matter of:

**THE APPLICATION OF BIG SANDY RURAL)
ELECTRIC COOPERATIVE FOR AN ORDER) CASE NO. 2012-00030
AUTHORIZING THE ADJUSTMENT OF)
RETAIL RATES BASED ON HISTORICAL)
TEST YEAR ENDING AUGUST 31, 2011)**

JOINT SETTLEMENT STIPULATION AND RECOMMENDATION

It is the intent and purpose of the parties to this proceeding, being the applicant, Big Sandy Rural Electric Cooperative (“Big Sandy”), and the intervenor, Attorney General of the Commonwealth of Kentucky (“Attorney General”) to express their agreement on a mutually satisfactory resolution of all of the issues in the instant proceeding which shall hereafter be referred to as the “Stipulation” and/or the “Recommendation.”

It is understood by all parties hereto that this Recommendation is not binding upon the Kentucky Public Service Commission (“Commission”), nor does it represent agreement on any specific theory supporting the appropriateness of any recommended adjustment to Big Sandy’s rates. Big Sandy and the Attorney General have expended considerable efforts to reach the stipulation and agreements that form the basis for this Recommendation. The parties, representing diverse interests and divergent viewpoints, agree that this Recommendation, viewed in its entirety, constitutes a reasonable resolution of all issues in this proceeding.

In addition, the adoption of this Recommendation will eliminate the need for the Commission and the parties to expend considerable resources in litigation of this proceeding, and will eliminate the possibility of, and any need for, rehearing or appeals of the Commission’s final order herein. Based upon the parties’ participation in a settlement conference and the materials

3. Big Sandy's proposed tariff revisions are attached in "Exhibit A" and should be adopted and should become effective as of November 1, 2012, or as soon thereafter as ordered by the Commission. Attached as "Exhibit B" is the direct testimony of Alan Zumstein to explain the development of these rates.
4. This agreement incorporates as though stated herein Exhibit J of the application, which includes the current rates, the rates proposed in the application and the rates that are a result of this agreement, except Schedule A-1, Farm & Home, which are included in Exhibit C of this Stipulation.
5. It is the purpose and intent of the parties hereto that the revision in rates for Big Sandy will result in a 2.0 TIER (Times Interest Earned Ratio), and the revision in rates as proposed by this Recommendation and Stipulation will result in such a TIER.
6. Big Sandy RECC is committed to continuing its demand-side management ("DSM") efforts, such as How\$mart KY, Direct Load Control, energy audits, energy efficiency rebates and others, as described in its responses to the data requests filed in this case.¹ Big Sandy RECC further commits to pursue additional DSM and energy efficiency programs that are deemed to be effective and useful, and seek Commission approval of such programs. Big Sandy RECC commits to annual reporting of all DSM activities.
7. Big Sandy's Board of Directors has approved the stipulated amount of \$911,007 the rate design change, and DSM efforts as agreed to herein.

¹ See Big Sandy's Response to Commission Staff's 1st Request for Information DR 1-49 (June 4, 2012), Big Sandy's Response to Commission Staff's 2nd Request for Information DRs 2-6 and 2-7 (June 22, 2012) and Big Sandy's Response To Commission Staff's 3rd Request for Information DRs 3-14 and 3-15.

This _____ day of September, 2012.

BIG SANDY RURAL ELECTRIC COOPERATIVE

David Estepp, President/CEO
Big Sandy Rural Electric Cooperative

Albert A. Burchett, Attorney for
Big Sandy Rural Electric Cooperative

KENTUCKY ATTORNEY GENERAL

By Office of Attorney General

Big Sandy Rural Electric Cooperative
Case No. 2012-00030

Direct Testimony of Alan M. Zumstein

Q1 What is the purpose of your testimony?

A1 The purpose of my testimony is to explain the development of the rates based on the settlement that has been reached with the Office of the Attorney General (“OAG”) and Big Sandy Rural Electric Cooperative (“Big Sandy”). The OAG has agreed to allow Big Sandy to increase its rates by the amount of \$911,007, as was requested in the application.

Q2 What rates have been changed to accomplish this amount of increase?

A2 Big Sandy’s customer charge per month for its residential class (Schedule A-1 – Farm & Home) will be reduced from the steps of \$12.87 the first year, \$15.50 the second year, and \$18.00 the third year requested in the application to \$12.69 the first year to \$15.00 the next year. The energy charge has been adjusted to reflect the change in customer charges. The demand charges, customer charges, and energy charges for all other classes remain as contained in the original application.

Q3 How can it be determined that the proposed rate design will provide the amount of revenue agreed upon in the settlement?

A3 Exhibit J of the application can be referred to as the Revenue Analysis to provide the agreed upon revenue in the Settlement. Also, attached is Exhibit C, which develops the customer charge and energy charge for each customer charge level.

Q4 Will the proposed rates meet the needs of Big Sandy?

A4 The proposed rates as a result of this settlement will provide for the immediate financial needs of Big Sandy and should insure that Big Sandy will meet its mortgage requirements for several years.

Q5 What documentation is Big Sandy providing in support of this settlement?

A5 The following additional documents are provided as support:

- The proposed tariffs as Exhibit A, and,
- Change in rate design for Schedule A-1 – Farm & Home for the Settlement agreement as Exhibit C.

Q6 Have you made any other changes that need to be identified?

A6 No, there are none.

Q7 Does this conclude your testimony?

A7 This concludes my testimony.

FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

PSC NO. 2012-00030

ORIGINAL SHEET NO. 1

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

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	\$ 12.69 per month	I
Energy charge	0.09083 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: Sept. 17, 2012

DATE EFFECTIVE: Nov. 1, 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 _____.

FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

PSC NO. 2012-00030

ORIGINAL SHEET NO. 2

CANCELLING PSC NO. 2010-00496

ORIGINAL SHEET NO. 2

CLASSIFICATION OF SERVICE

SCHEDULE A-1 FARM & HOME

RATE PER UNIT

MINIMUM CHARGES:

The minimum monthly charge under the above rate is \$12.69. For members requiring more than 15 KVA of transformer capacity, the minimum monthly charge shall be increased at the rate of 75 cents for each additional KVA or fraction thereof required.

TERMS OF PAYMENT:

All of the above rates are net, the gross rates being seven percent (7%) higher. In the event the current monthly bill is not paid within 15 days from the date of the bill, the gross rates shall apply.

SPECIAL RULES:

- A. The rated capacity of a single-phase motor shall not be in excess of ten horsepower (10 hp).
- B. Motors having a rated capacity in excess of ten horsepower (10 hp) must be three phase.
- C. Service under this schedule is limited to customers whose load requirements can be met by transformers having a capacity not to exceed 50 KVA. Customers requiring more than 50 KVA shall be serviced under an appropriate schedule for larger power service.

BUDGET BILLING:

Members having an opportunity to sign agreements with the Cooperative for spreading billing evenly over a twelve (12) month period. The billing is based on estimated consumption made by a Cooperative representative. In May, the end of the twelve-month

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FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

PSC NO. 2012-00030

ORIGINAL SHEET NO. 3

CANCELLING PSC NO. 2010-00496

ORIGINAL SHEET NO. 3

CLASSIFICATION OF SERVICE

SCHEDULE A-1 FARM & HOME

RATE PER UNIT

Period, the difference between payments and actual usage is adjusted by adding or crediting the difference of the regular electric service bill.

FUEL ADJUSTMENT CLAUSE:

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the wholesale power supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a 12-month moving average of such losses. This Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

DATE OF ISSUE: Sept. 17, 2012

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FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

PSC NO. 2012-00030

ORIGINAL SHEET NO. 4

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

CANCELLING PSC NO. 2010-00496

ORIGINAL SHEET NO. 4

CLASSIFICATION OF SERVICE

SCHEDULE A-2 COMMERCIAL AND SMALL POWER

RATE PER UNIT

APPLICABLE:

Entire territory served.

AVAILABILITY OF SERVICE:

Available to commercial loads having a required transformer capacity not to exceed 25 KVA

TYPE OF SERVICE:

Single-phase and Three-phase at a standard voltage

RATES:

Customer charge per delivery point	\$ 24.64	per month	1
Energy charge	0.07880	per KWH	1
Demand charge	5.50	per KW	1

MINIMUM MONTHLY CHARGE:

The minimum monthly charge under the above rate shall be \$24.64 where 15 KVA or less of transformer capacity is required. For consumers requiring more than 15 KVA of transformer capacity, the minimum monthly charge shall be increased at the rate of 75 cents for each additional KVA or fraction thereof required.

MINIMUM ANNUAL CHARGE FOR SEASONAL SERVICE:

Customers requiring service during, but not to exceed nine months per year may guarantee a minimum annual payment of twelve (12) times the minimum monthly charge determined in accordance with the foregoing section, in which case there shall be no minimum monthly charge.

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FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

PSC NO. 2012-00030

ORIGINAL SHEET NO. 5

CANCELLING PSC NO. 2010-00496

ORIGINAL SHEET NO. 5

CLASSIFICATION OF SERVICE

SCHEDULE A-2 COMMERCIAL AND SMALL POWER

RATE PER UNIT

FUEL ADJUSTMENT CLAUSE:

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale power Supplier for line losses will not exceed 10% and is based on a 12-month moving average of such losses. This Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

TEMPORARY SERVICE:

Temporary service shall be supplied in accordance with the foregoing rate except that there shall be an additional charge of one dollar and twenty-five cents (\$1.25) for each kilowatt or fraction thereof of connected load for each month or fraction thereof that service is connected. Bills will not be prorated for a fractional part of a month. The customer shall in addition, pay the total cost of connecting and disconnecting service less the value of materials returned to stock. The cooperative may require a deposit, in advance, of two-twelfth (2/12) of the estimated annual bill.

TERMS OF PAYMENT:

All of the above rates are net, the gross rates being seven percent (7%) higher. In the event the current monthly bill is not paid within 15 days from the date of the bill, the gross rates shall apply.

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TITLE: PRESIDENT/GENERAL MANAGER

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FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

PSC NO. 2012-00030

ORIGINAL SHEET NO. 6

CANCELLING PSC NO. 2010-00496

ORIGINAL SHEET NO. 6

CLASSIFICATION OF SERVICE

SCHEDULE A-2 COMMERCIAL AND SMALL POWER RATE PER UNIT

SPECIAL RULES:

- A. The rated capacity of a single-phase motor shall not be in excess of ten Horsepower (10 hp).**

- B. Motors having a rated capacity in excess of ten horsepower (10 hp) Must be three-phase.**

- C. Service under this schedule is limited to customers whose load requirements can be met by transformers having a capacity not to exceed 25 KVA. Customers requiring more than 25 KVA shall be served under an appropriate schedule for large power service.**

DATE OF ISSUE: Sept. 17, 2012

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FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

PSC NO. 2012-00030

ORIGINAL SHEET NO. 7

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

CANCELLING PSC NO. 2010-00496

ORIGINAL SHEET NO. 7

CLASSIFICATION OF SERVICE

SCHEDULE LP LARGE POWER SERVICE

RATE PER UNIT

APPLICABLE:

Entire territory served.

AVAILABILITY OF SERVICE:

Available to customers located on or near Seller's three-phase lines having a required transformer capacity not to exceed 750 KVA, subject of the established rules and regulations of seller.

RATES:

Demand Charge	\$ 6.25	per KW of billing	I
Secondary Meter Energy Charge	0.06119	per KWH	I
Primary Meter Energy Charge	0.05507	per KWH	D
Customer Charge Per Delivery Point	93.28	per Month	I

DETERMINATION OF BILLING DEMAND:

The billing demand shall be the maximum kilowatt demand established by the customer for any period of fifteen (15) consecutive minutes during the month for which the bill is rendered, as indicated or recorded by demand meter and adjusted for power factor as follows:

POWER FACTOR ADJUSTMENT:

The customer agrees to maintain unity power factor as nearly as practicable. Should the demand meter indicate that the average power factor is less than ninety percent (90%), the demand for billing purposes shall be the demand as indicated or recorded by the demand meter multiplied by ninety percent (90%) and divided by the percentage power factor.

F DATE OF ISSUE: Sept. 17, 2012

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TITLE: PRESIDENT/GENERAL MANAGER

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FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

PSC NO. 2012-00030

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

ORIGINAL SHEET NO. 8

CANCELLING PSC NO. 2010-00496

ORIGINAL SHEET NO. 8

CLASSIFICATION OF SERVICE

SCHEDULE LP LARGE POWER SERVICE

RATE PER UNIT

FUEL ADJUSTMENT CLAUSE:

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a 12-month moving average of such losses. This Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

MINIMUM MONTHLY CHARGE:

The minimum monthly charge shall be the highest one of the following charges as determined for the customer in question.

- (1) The minimum monthly charge specified in the contract for service.
- (2) A charge of seventy-five cents (\$.75) per KVA of installed transformer capacity.
- (3) A charge of ninety-three dollars and twenty-eight cents (93.28). I

MINIMUM ANNUAL CHARGE FOR SEASONAL SERVICE:

Customers requiring service only during certain seasons not exceeding nine (9) months per year may guarantee a minimum annual payment of twelve (12) times the minimum monthly charge determined in accordance with the foregoing section in which case there shall be no minimum monthly charge.

TYPE OF SERVICE:

Three-phase, 60 hertz, at Seller's standard voltage.

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DATE EFFECTIVE: Nov. 1, 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 _____.

FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

PSC NO. 2012-00030

ORIGINAL SHEET NO. 9

CANCELLING PSC NO. 2010-00496

ORIGINAL SHEET NO. 9

CLASSIFICATION OF SERVICE

SCHEDULE LP LARGE POWER SERVICE

RATE PER UNIT

CONDITIONS OF SERVICE:

1. Motors having a rated capacity in excess of ten horsepower (10 hp) must be three-phase.
2. Both power and lighting shall be billed at the foregoing rate. If a separate meter is required for the lighting circuit, it shall be a kilowatt-hour meter only (not a demand meter). The registration of the two kilowatt-hour meters shall be added to obtain the total kilowatt hours used and the registration of the one demand meter shall determine the kilowatt demand for billing purposes.
3. All wiring, pole lines, and other electrical equipment beyond the metering point, shall be considered the distribution system of the customer and shall be furnished and maintained by the customer.
4. If service is furnished at primary distribution voltage, the primary meter energy charge shall apply.

TERMS OF PAYMENT:

All of the above rates are net, the gross rates being seven percent (7%) higher, In the event the current monthly bill is not paid within 15 days from the date of the bill, the gross rates shall apply.

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FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

PSC NO. 2012-00030

ORIGINAL SHEET NO. 10

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

CANCELLING PSC NO. 2010-00496

ORIGINAL SHEET NO. 10

CLASSIFICATION OF SERVICE

SCHEDULE LPR LARGE POWER SERVICE

RATE PER UNIT

APPLICABLE:

In all territory served.

AVAILABILITY OF SERVICE:

Available to all commercial and industrial customers whose power requirements shall exceed 750 KVA of transformer capacity.

CONDITIONS:

An "Agreement for Purchase of Power" shall be executed by the customer for service under this schedule.

CHARACTER OF SERVICE:

The electric service furnished under this schedule will be 60 hertz, alternating current and at available nominal voltage.

RATE:

Maximum Demand Charge:	\$ 6.25	per KW of billing demand	I
Secondary Meter Energy Charge:	0.06030	per KWH	I
Primary Meter Energy Charge:	0.05427	per KWH	D
Customer Charge Per Delivery Point:	\$ 107.68	per month	I

DETERMINATION OF BILLING DEMAND:

The billing demand shall be the maximum kilowatt demand established by the customer for any period of fifteen (15) consecutive minutes during the month for which the bill is

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FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

PSC NO. 2012-00030

ORIGINAL SHEET NO. 11

CANCELLING PSC NO. 2010-00496

ORIGINAL SHEET NO. 11

CLASSIFICATION OF SERVICE

SCHEDULE LPR LARGE POWER SERVICE

RATE PER UNIT

rendered, as indicated or recorded by a demand meter and adjusted for power factor as provided below.

POWER FACTOR ADJUSTMENT:

The customer agrees to maintain unity power factor as nearly as practicable. Should the demand meter indicate that the average power factor is less than ninety percent (90%), the demand for billing purposes shall be the demand as indicated or recorded by the demand meter multiplied by ninety percent (90%), the demand for billing purposes shall be the demand as indicated or recorded by the demand meter multiplied by ninety percent (90%) and divided by the percentage power factor.

MINIMUM CHARGES:

The minimum monthly charge shall be the highest one of the following charges:

- (a) The minimum monthly charge as specified in the contract for service.
- (b) A charge of seventy-five cents (\$.75) per KVA per month of contract capacity.

FUEL COST ADJUSTMENT:

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier plus an allowance for line losses.

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TITLE: PRESIDENT/GENERAL MANAGER

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FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

PSC NO. 2012-00030

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

ORIGINAL SHEET NO. 12

CANCELLING PSC NO. 2010-00496

ORIGINAL SHEET NO. 12

CLASSIFICATION OF SERVICE

SCHEDULE LPR LARGE POWER SERVICE

RATE PER UNIT

The allowance for line losses will not exceed 10% and is based on a 12-month moving average of such losses. This Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

SPECIAL PROVISIONS:

1. **Delivery Point** – If service is furnished at secondary voltage, the delivery point shall be the metering point unless otherwise specified in the contract for service. All wiring, pole lines, and other electric equipment on the load side of the delivery point shall be the point of attachment of Seller’s primary line to customer’s transformer structure unless otherwise specified in the contract for service. All wiring, pole lines, and other electrical equipment (except metering equipment on the load side of the delivery point) shall be owned and maintained by the customer.
2. **Lighting** – Both power and lighting shall be billed at the foregoing rate.
3. **Primary Service** – If service is furnished at 7620/13200 volts or above, the Primary Meter Energy Charge shall apply.

TERMS OF PAYMENT:

All of the above rates are net, the gross rates being seven percent (7%) higher. In the event the current monthly bill is not paid within 15 days from the date of the bill, the gross rates shall apply.

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FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

PSC NO. 2012-00030

ORIGINAL SHEET NO. 13

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

CANCELLING PSC NO. 2010-00496

ORIGINAL SHEET NO. 13

CLASSIFICATION OF SERVICE

SCHEDULE YL-1

RATE PER UNIT

APPLICABLE:

Entire territory served.

AVAILABILITY OF SERVICE:

Available to all members of the Cooperative subject to its established rules and regulations.

TYPE OF SERVICE:

Single-Phase, 120 volts, mercury vapor type or equivalent lighting unit.

RATES:

Flat rate per light per month as follows:

175	Watt	@	\$ 9.49	per month	1
400	Watt	@	14.27	per month	1
500	Watt	@	16.82	per month	1
1,500	Watt	@	39.13	per month	1
400	Watt Flood	@	19.28	per month	1

TERMS OF PAYMENT:

All of the above rates are net, the gross rates being seven percent (7%) higher. In the event the current monthly bill is not paid within 15 days from the date of the bill, the gross rates shall apply.

FUEL ADJUSTMENT CLAUSE:

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10%

DATE OF ISSUE: Sept. 17, 2012

DATE EFFECTIVE: Nov. 1, 2012

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TITLE: PRESIDENT/GENERAL MANAGER

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

FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

PSC NO. 2012-00030

ORIGINAL SHEET NO. 14

CANCELLING PSC NO. 2010-00496

ORIGINAL SHEET NO. 14

CLASSIFICATION OF SERVICE

SCHEDULE YL-1

RATE PER UNIT

and is based on a 12-month moving average of such losses. This Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

SPECIAL RULES:

Those members having primary metering or receiving service at a voltage other than approximately 120 volts shall not be eligible for service under this rate schedule except for special agreement.

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FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

PSC NO. 2012-00030

ORIGINAL SHEET NO. 15

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

CANCELLING PSC NO. 2010-00496

ORIGINAL SHEET NO. 15

CLASSIFICATION OF SERVICE

SCHEDULE IND 1

RATE PER UNIT

APPLICABLE:

Applicable to contracts with contract demands of 1000 KW or greater with a monthly energy usage equal to or greater than 425 hours per KW of Billing Demand. These contracts will be a "two party" contract between the Cooperative and the ultimate consumer.

AVAILABILITY:

Available to all members.

MONTHLY RATE:

Demand Charge:	\$ 5.93	per KW of Billing Demand
Secondary Meter Energy Charge	0.05701	per KWH
Primary Meter Energy Charge:	0.05638	per KWH
Customer Charge:	\$ 165.06	

BILLING DEMAND:

The Kilowatt Demand shall be the greater of (A) or (B) listed below:

- A. The Contract Demand.
- B. The ultimate consumer's highest demand during the current month or preceding eleven months coincident with the load center's peak demand. The load center's peak demand is the highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month and adjusted for power factor as provided herein:

Months:

October through April	7:00 AM to 12:00 Noon 5:00 PM to 10:00 PM
May through September	10:00 AM to 10:00 PM

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FOR ALL TERRITORIES SERVED

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

PSC NO. 2012-00030

ORIGINAL SHEET NO. 16

CANCELLING PSC NO. 2010-00496

ORIGINAL SHEET NO. 16

CLASSIFICATION OF SERVICE

SCHEDULE IND 1

RATE PER UNIT

MINIMUM MONTHLY CHARGE:

The Minimum monthly charge shall not be less than the sum of (A), (B) & (C) below:

- A. The product of the billing demand multiplies by the demand charge, plus
- B. The product of the billing demand multiplies by 425 hours and the energy charge per KWH,
plus
- C. Consumer Charge

POWER FACTOR ADJUSTMENT:

The consumer agrees to maintain unity power factor as nearly as practicable. Should the demand meter indicate that the average power factor is less than ninety percent (90%), the demand for billing purposes shall be the demand as indicated or recorded by the demand meter multiplied by ninety percent (90%) and dividing this product by the actual power factor at the time of the monthly maximum demand.

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FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

PSC NO. 2012-00030

ORIGINAL SHEET NO. 17

CANCELLING PSC NO. 2010-00496

ORIGINAL SHEET NO. 17

CLASSIFICATION OF SERVICE

SCHEDULE IND 1

RATE PER UNIT

FUEL ADJUSTMENT CLAUSE:

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier, plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a 12-month moving average of such losses. This fuel clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

SPECIAL PROVISIONS:

1. **Delivery Point** – If service is furnished at secondary voltage, the delivery point shall be the metering point unless otherwise specified in the contract for service. All wiring, pole lines, and other electric equipment on the load side of the delivery point shall be owned and maintained by the customer. If service is furnished at Seller's primary line voltage, the delivery point shall be the point of attachment of Seller's primary line to customer's transformer structure unless otherwise specified in the contract for service. All wiring, pole lines, and other electrical equipment (except metering equipment on the load side of the delivery point) shall be owned and maintained by the customer.
2. **Lighting** – Both power and lighting shall be billed at the foregoing rate.

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FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

PSC NO. 2012-00030

ORIGINAL SHEET NO. 18

CANCELLING PSC NO. 2010-00496

ORIGINAL SHEET NO. 18

CLASSIFICATION OF SERVICE

SCHEDULE	IND 1	RATE PER UNIT
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3. **Primary Service – If service is furnished at 7620/13200 volts or above, the Primary Meter Energy Charge shall apply.**

TERMS OF PAYMENT:

All of the above rates are net, the gross rates being seven percent (7%) higher. In the event the current monthly bill is not paid within 15 days from the date of the bill, the gross rates shall apply.

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FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

PSC NO. 2012-00030

ORIGINAL SHEET NO. 19

CANCELLING PSC NO. 2010-00496

ORIGINAL SHEET NO. 19

CLASSIFICATION OF SERVICE

SCHEDULE IND 2

RATE PER UNIT

APPLICABLE:

Applicable to contracts with contract demands of 5000 KW or greater with a monthly energy usage equal to or greater than 425 hours per KW of Billing Demand. These contracts will be a "two party" contract between the Cooperative and the ultimate consumer.

AVAILABILITY:

Available to all members.

MONTHLY RATE:

Demand Charge:	\$ 5.93	per KW of Billing Demand
Secondary Meter Energy Charge	0.05151	per KWH
Primary Meter Energy Charge	0.05102	per KWH
Customer Charge	\$ 1,176.33	

BILLING DEMAND:

The Kilowatt Demand shall be the greater of (A) or (B) listed below:

- A. The Contract Demand.
- B. The ultimate consumer's highest demand during the current month or preceding eleven months coincident with the load center's peak demand. The load center's peak demand is the highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month and adjusted for power factor as provided herein.

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FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

PSC NO. 2012-00030

ORIGINAL SHEET NO. 20

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

CANCELLING PSC NO. 2010-00496

ORIGINAL SHEET NO. 20

CLASSIFICATION OF SERVICE

SCHEDULE	IND 2	RATE PER UNIT
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Months:

October through April	7:00 AM to 12:00 Noon 5:00 PM to 10:00 PM
May through September	10:00 AM to 10:00 PM

MINIMUM MONTHLY CHARGE:

The minimum monthly charge shall not be less than the sum of (A), (B) & (C) below:

- A. The product of the billing demand multiplies by the demand charge, plus
- B. The product of the billing demand multiplies by 425 hours and the energy charge per KWH, plus
- C. Consumer charge.

POWER FACTOR ADJUSTMENT:

The consumer agrees to maintain unity power factor as nearly as practicable. Should the demand meter indicate that the average power factor is less than ninety percent (90%), the demand for billing purposes shall be the demand as indicated or recorded by the demand meter multiplied by ninety percent (90%) and dividing this product by the actual power fact or at the time of the monthly maximum demand.

FUEL ADJUSTMENT CLAUSE:

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the wholesale power supplier, plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a 12-month

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FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

PSC NO. 2012-00030

ORIGINAL SHEET NO. 21

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

CANCELLING PSC NO. 2010-00496

ORIGINAL SHEET NO. 21

CLASSIFICATION OF SERVICE

SCHEDULE IND 2

RATE PER UNIT

moving average of such losses. This fuel clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

SPECIAL PROVISIONS:

1. **Delivery Point** – If service is furnished at secondary voltage, the delivery point shall be the metering point unless otherwise specified in the contract for service. All wiring, pole lines, and other electric equipment on the load side of the delivery point shall be owned and maintained by the customer. If service is furnished at Seller’s primary line voltage, the delivery point shall be the point of attachment of Seller’s primary line to customer’s transformer structure unless otherwise specified in the contract for service. All wiring, pole lines, and other electrical equipment (except metering equipment on the load side of the delivery point) shall be owned and maintained by the customer.
2. **Lighting** – Both power and lighting shall be billed at the foregoing rate.
3. **Primary Service** – If service is furnished at 7620/13200 volts or above, the Primary Meter Energy Charge shall apply.

TERMS OF PAYMENT:

All of the above rates are net, the gross rates being seven percent (7%) higher. In the event the current monthly bill is not paid within 15 days from the date of the bill, the gross rates shall apply.

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Big Sandy Rural Electric Cooperative
Case No. 2012-00030
Effect of Customer Charge on Schedule A-1, Farm & Home

Calculation of Customer Charge and Energy Charge

Description	Test Year Billing Units	First Year	Settlement Revenues	Next Year	Settlement Revenues
Customer charge	144,933	\$12.69	\$1,839,200	\$15.00	\$2,173,995
Energy charge	182,561,395	\$0.09083	16,582,052	\$0.08900	16,247,964
rounding differences			530		(178)
			<u>\$18,421,781</u>		<u>\$18,421,781</u>