



**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)

ORIGINAL

RECEIVED

JUL 10 2014

**PUBLIC SERVICE
COMMISSION**

July 8, 2014

Mr. Jeff Derouen
Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40602

RE: Commission Staff's second request for information.
Public Service Commission Case No. 2014-00051

Dear Mr. Derouen:

Please find enclosed the original and 7 copies of Big Sandy Rural Electric Cooperative Corporation's response to Commission Staff's second request for information regarding Case No. 2014-00051, AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION OF THE ENVIRONMENTAL SURCHARGE MECHANISM OF EAST KENTUCKY POWER COOPERATIVE, INC. FOR THE SIX-MONTH BILLING PERIOD ENDING DECEMBER 31, 2013 AND THE PASS THROUGH MECHANISM FOR ITS SIXTEEN MEMBER DISTRIBUTION COOPERATIVES. Billy Frasure will be the witness responsible for responding to the questions related to the information provided.

If you should need any additional information, please do not hesitate to contact me.

Thank you,

A handwritten signature in black ink, appearing to read "David Estep", written over a horizontal line.

David Estep
President & General Manager

BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION
CASE NO. 2014-00051
RESPONSE TO STAFF'S SECOND REQUEST FOR INFORMATION
WITNESS: BILLY FRASURE

1. This question is addressed to each of the member distribution cooperatives. To further Staff's understanding of how environmental surcharge expenses and revenues impact a cooperative's financial position, explain how the transactions are recorded on your books and provide representative journal entries showing account numbers and descriptions.

Big Sandy records its power bill expense, which includes environmental surcharge, by an expense accrual made in the accounting month which the bill applies to.

Account	Description	Debit	Credit
555.00	Purchased Power	xx	
232.40	Accounts Payable-Wholesale power		xx

Using July 2013 as an example, this journal entry would be dated July 31, 2013 and would apply to July's financial statements. Its source would be the power bill received in August from EKPC.

Staying with July 2013 as the example, Big Sandy would bill its members at the beginning of August for their usage during the month of July. This billing would apply to July's financial statements. Environmental surcharge billing is based on the pass-through factor received from EKPC and is billed at this time also. The following journal entry would be made:

Account	Description	Debit	Credit
142.10	Cons. Accts. Receivable Electric	xx	
440.10	Residential Sales- Rural		xx

2. This question is addressed to each of the member distribution cooperatives. Refer to the responses to the Commission Staff's First Request for information, Item 2.a., for your cooperative.

- a. Using the month of July 2013 as an example, for the amount shown in the column titled "EKPC Invoice Month recorded on Member's Books," for your cooperative, provide the month in which the expenses are incurred by EKPC and when this amount was billed to the member cooperative.**

Month expenses were incurred by EKPC- June 2013.

Billed to Big Sandy- July (bill dated 8/1/2013)

- b. Using the month of July 2013 as an example, for the amount shown in the column titled "Billed to Retail Consumer & recorded on Member's books," for your cooperative, provide the pass-through factor and the revenue amount to which it was applied to arrive at the amount shown.**

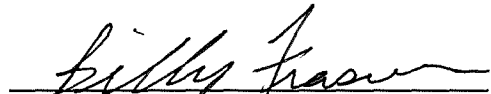
Pass-through factor – 11.93%

Revenue amount- \$2,004,628

CERTIFICATE


STATE OF KENTUCKY)
COUNTY OF JOHNSON)

Billy O. Frasure, CPA, being duly sworn, states that he has supervised the preparation of the response of Big Sandy RECC to the Public Service Commission Staff's second Request for information in Case No. 2014-00051 dated July 01, 2014 and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



Billy O. Frasure, CPA

Subscribed and sworn before me on this 8th day of July, 2014



Notary Public