

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BIG SANDY RURAL )  
ELECTRIC COOPERATIVE CORPORATION TO ) CASE NO. 95-383  
ADJUST ELECTRIC RATES )

O R D E R

IT IS ORDERED that Big Sandy Rural Electric Cooperative Corporation ("Big Sandy") shall file no later than February 20, 1996 an original and 12 copies of the following information with the Commission, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 19(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been provided along with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Refer to Item 4 of the Commission's January 8, 1996 Order.

a. What circumstances led to the checks being voided?

b. What is the policy on handling checks that are not cashed?

c. Provide a copy of the current policy regarding returned capital credit checks and describe any additional practices which are followed.

2. Provide a breakdown of Donated Capital of \$50,023, Capital Credit Gains of \$11,290, and Capital Gains of \$106,515. Include in this breakdown the date, amount, name of party which is the source of the transaction, nature of expense, and account originally charged.

3. Refer to Item 11 of the Commission's January 8, 1996 Order. Explain the rationale for deducting "Hours in excess of 2080" and "Excess vacation payout" from proposed wages.

4. Refer to Exhibit S, pages 5 and 6 of 85, of the Application. Explain the difference between the two columns labeled "Excess Vacation." Include an explanation of the \$26,809 excess vacation for the terminated employee.

5. In light of the response to Item 11 and 12(c) of the January 8, 1996 Order, why has the excess vacation payout of \$14,840 been left in wages?

6. Refer to Item 14, page 1 of 4, of the Commission's January 8, 1996 Order. Provide the job responsibilities for Employees 25, 31, 33, and 39. Explain why these employees have high overtime hours for the last 3 years and the test year.

7. Refer to Item 15 of the Commission's January 8, 1996 Order.

a. What were the primary factors contributing to the increase in overtime hours from 2,846.5 in 1993 to 4,392.5 in 1994?

b. What were the primary factors contributing to the reduction in overtime hours from 4,392.5 to 2,375 in the test year?

8. Refer to Item 15 of the Commission's January 8, 1996 Order.

a. Why should overtime be included at the test year level?

b. What level should be included in revenue requirements?

9. Refer to Item 18 of the Commission's January 8, 1996 Order. Why is Big Sandy not including proposed FUTA and SUTA in the corrected adjustment as shown in Exhibit S, page 11 of 85, of the Application?

10. Refer to Item 21 of the Commission's January 8, 1996 Order. Reconcile the workpapers in Item 21 with the vehicle taxes shown in Exhibit S, page 22 of 85, of the Application.

11. Refer to Item 24 of the Commission's January 8, 1996 Order.

a. What are the balances and amounts outstanding as of test year end for the long-term liability and the deferred asset?

b. Explain how Big Sandy determined that the past service pension benefits qualified for treatment under SFAS No. 71.

c. Why is the unpaid past service pension cost of \$196,327.86 being amortized?

d. Why is no amortization expense being recorded for the unpaid past service pension cost?

e. Why is the unpaid past service pension cost being amortized over a 12 year period?

f. Provide journal entries for the purchase of the past service pension benefits in 1981.

g. Provide journal entries for the unpaid past service pension cost of \$196,327.86 in 1990.

12. Refer to Exhibit M of the Application and Item 24 of the January 8, 1996 Order. Reconcile the balances of accounts number 186.6 and number 224.15 with Item 24.

13. Refer to Item 33 of the Commission's January 8, 1996 Order.

a. State the purpose of each Special Board Meeting held during the test year and explain why the business conducted could not have been included in a regular board meeting.

b. Are subscriptions and newsletters included in the National Rural Electric Cooperative Association ("NRECA") dues? If no, provide a breakdown of how Big Sandy's NRECA dues are used.

14. Refer to Item 39, page 2 of 3, of the Commission's January 8, 1996 Order.

a. How did Big Sandy determine that it would pay Bill Wells 33 1/3 percent of his base salary for services as a consultant? What is Bill Wells' consultant fee?

b. Provide copies of Bill Wells' telephone bills that Big Sandy is currently paying.

15. Refer to Item 40 of the Commission's January 8, 1996 Order. Are the forty-four payments of \$675.73 each Bill Wells' consulting fee? If not, what is the reason for the payments? If yes, reconcile the total amount with that provided in Exhibit 9, page 2 of 12, of the Application.

16. Refer to Item 40 of the Commission's January 8, 1996 Order.

a. Provide copies of all invoices submitted by Bill Wells.

b. Provide an itemized list of all payments made to Bill Wells and the accounts charged.

c. Provide a schedule of anticipated expenses over the 12 months following the test year for the services of the consultant.

d. Beyond the 12 months, how long does Big Sandy anticipate these expenses being incurred?

17. Refer to Item 40 of the Commission's January 8, 1996 Order and Exhibit 9, page 9 of 12, of the Application. Exhibit 9 states that Bill Wells shall receive ". . . insurance to be paid by the Cooperative monthly." Item 40 states that the retiree is responsible for paying the premiums. Explain the discrepancy.

18. Refer to Item 41 of the Commission's January 8, 1996 Order.

- a. Explain Big Sandy's need for two attorneys.
- b. Describe the services covered by the monthly retainer.

19. Refer to Item 46(c) of the Commission's January 8, 1996 Order. What is the National Earth Comfort Program?

20. Refer to Item 49 of the Commission's January 8, 1996 Order.

- a. Provide the copies of existing policies and describe current practices for achieving the desired equity level, TIER level, and the rotation of capital credits.

21. Refer to Item 24 of the Commission's January 8, 1996 Order.

- a. What is the status of the new equity management plan?
- b. When does Big Sandy anticipate implementing the new equity management plan?
- c. What is the target equity level?

22. Refer to Item 24 of the Commission's January 8, 1996 Order.

a. If Big Sandy is allowed a 2.00 TIER, will it continue to make capital credit refunds and to what extent?

b. What are Big Sandy's plans for the next 3-4 years regarding general retirements of patronage capital?

23. Refer to Item 58, Data Response filed January 22, 1996. Submit corrected pages of all exhibits where an incorrect overtime rate was used.

24. Refer to Item 61, Data Response filed January 22, 1996. The "corrected" pages filed with this response are identical to those filed in the application. Explain.

Done at Frankfort, Kentucky, this 5th day of February, 1996.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

  
Executive Director