

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENT OF RATES OF BIG SANDY RURAL)
ELECTRIC COOPERATIVE CORPORATION) CASE NO. 95-383

O R D E R

On November 30, 1995, Big Sandy Rural Electric Cooperative Corporation ("Big Sandy") filed an application requesting a general increase in electric rates of \$509,958, an increase of approximately 4.54 percent over test year adjusted total operating revenues. The Attorney General, by and through his Public Service Litigation Branch, ("AG") requested and was granted full intervenor status.

The Commission entered a procedural schedule which provided for extensive discovery. At the conclusion of discovery, Big Sandy requested an informal conference which was held on March 14, 1996 to discuss any outstanding issues and determine whether any facts could be stipulated. The AG subsequently withdrew as an intervenor.

As a result of discussions held at the informal conference, Big Sandy and Commission Staff executed a Stipulation which was filed on April 8, 1996. The Stipulation is intended to resolve all outstanding issues of fact and, if accepted by the Commission, will obviate the need for a hearing. The Stipulation provides that Big Sandy is entitled to increase its electric rates to produce \$450,000 in additional revenues annually. The new rates, to be

effective with service rendered on and after May 1, 1996, will be designed as provided for in the Stipulation.

Based on the evidence of record and being otherwise sufficiently advised, the Commission hereby finds that the Stipulation is reasonable and should be accepted for rate-making purposes. The rates that result from the Stipulation are reasonable and in accord with generally accepted rate-making standards.

IT IS THEREFORE ORDERED that:

1. The Stipulation, attached hereto and incorporated herein as Appendix A, shall be accepted and approved.

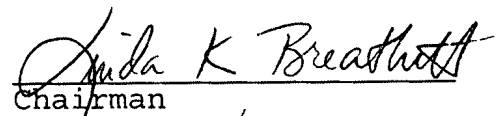
2. The rates set forth in Appendix B to this Order shall be effective for service rendered on and after May 1, 1996.

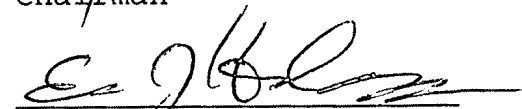
3. The rates proposed by Big Sandy will produce revenue in excess of that provided for in the Stipulation and are denied.

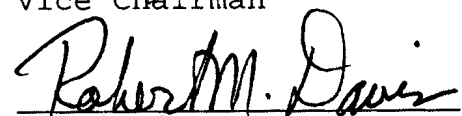
4. Within 30 days from the date of this Order, Big Sandy shall file new tariff sheets in accordance with 807 KAR 5:011, reflecting the new rates set forth in Appendix B.

Done at Frankfort, Kentucky, this 17th day of April, 1996.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

AN APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 95-383 DATED APRIL 17, 1996

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENT OF RATES OF BIG SANDY RURAL)
ELECTRIC COOPERATIVE CORPORATION) CASE NO. 95-383

STIPULATION

This Stipulation is entered into by and between Big Sandy Rural Electric Cooperative Corporation ("Big Sandy") and the Public Service Commission Staff (collectively referred to as the "Parties").

Big Sandy filed an application with the Public Service Commission on November 30, 1995 requesting a general increase in electric rates of \$509,958, an increase of approximately 4.54 percent over test year adjusted total operating revenues of \$11,125,124 (as shown in the Application, Notice Exhibit G, page 1 of 2, exclusive of the March 1, 1996 decrease in purchased power costs). The Attorney General's Office intervened and its subsequent motion to withdraw was granted by Order dated March 20, 1996.

At the request of Big Sandy, an informal conference was held at the Commission's offices on March 14, 1996. As a result of discussions held at that time, the Parties have agreed that the following provisions are reasonable based upon the evidence of record and should be accepted and adopted by the Public Service Commission.

1. Big Sandy shall be entitled to increase its electric rates to produce additional revenues of \$450,000 above test year adjusted total operating revenues.

2. Big Sandy shall be entitled to collect the additional revenues provided for in No. 1, above, by implementing the rates proposed in its Application, Notice Exhibit C, except that all proposed energy charges shall be reduced on a pro rata basis to reflect the March 1, 1996 decrease in purchased power costs and a decrease in the proposed revenue increase to \$450,000.

3. Big Sandy shall be entitled to implement the new rates derived in No. 2, above, for service rendered on and after May 1, 1996.

4. Staff is concerned that Big Sandy's current equity level is too high. Big Sandy has attempted to levelize its equity position by making general retirements of patronage capital during the last several years and agrees with the need to reduce equity. Big Sandy is committed to completing an equity management plan in the third quarter of 1996, agrees to continue to move toward a more reasonable level of equity, and will not build equity above existing levels as a result of the additional revenues provided for in this Stipulation.

5. The parties discussed funding for Big Sandy's liability accruing as a result of the Financial Accounting Standards Board's Statement of Financial Accounting Standards 106. Big Sandy was informed that in a number of prior cases the Commission had required funding of SFAS 106 liability to the extent economically

feasible considering the Federal Income Tax implications. Although Big Sandy is not presently funding this liability, Staff recommended that funding be considered.

6. Big Sandy agrees to use its best efforts to operate its system at the lowest reasonable cost consistent with its obligation to provide safe, adequate and efficient service.

7. Big Sandy agrees to waive any right that it may have to an evidentiary hearing and have this case submitted to the Public Service Commission for adjudication based on this Stipulation and the evidence of record. In the event that the Public Service Commission accepts without modification this Stipulation, Big Sandy agrees to waives its right to file for a rehearing before the Public Service Commission or an appeal to the Franklin Circuit Court.

8. In the event this Stipulation is not accepted and approved by the Public Service Commission, it shall become null and void and the Parties shall not be obligated or bound by any of the terms or provisions contained herein.

9. The provisions of this Stipulation are applicable to this proceeding only and establish no precedent on any issue that may subsequently arise in any future proceeding.

AGREED TO BY:

BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION

BY: Bruce A Davis

TITLE: President/General Manager

April 2, 1996
DATE

PUBLIC SERVICE COMMISSION STAFF

BY: Richard G. Roff

TITLE: Staff Attorney

April 5, 1996
DATE

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 95-383 DATED APRIL 17, 1996

The following rates and charges are prescribed for the customers in the area served by Big Sandy Rural Electric Cooperative Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

SCHEDULE A-1
FARM AND HOME

Rate:

Customer Charge	\$7.00	Per Month
Energy Charge	\$.04947	Per KWH
Off-Peak Energy Charge	.02968	Per KWH

SCHEDULE A-2
COMMERCIAL AND SMALL POWER

Rate:

Demand Charge	\$4.00	Per KWH
Energy Charge	\$.04388	Per KWH

SCHEDULE LP
LARGE POWER SERVICE

Rate:

Energy Charge		
Secondary Meter	\$.03450	Per KWH
Primary Meter	\$.03381	Per KWH

SCHEDULE LPR
LARGE POWER RATE

Rate:

Energy Charge	
Secondary Meter	\$.03222 Per KWH
Primary Meter	\$.03156 Per KWH

SCHEDULE YL-1
YARD SECURITY LIGHT SERVICE

Rate:

Flat rate per light per month as follows:

175 Watt	\$ 5.45 Per Month
400 Watt	7.35 Per Month
500 Watt	8.22 Per Month
1,500 Watt	16.77 Per Month

SCHEDULE IND 1

Rate:

Energy Charge	\$.02765 Per KWH
Primary Meter Energy Charge	\$.02708 Per KWH

SCHEDULE IND 2

Rate:

Energy Charge	\$.02265 Per KWH
Primary Meter Energy Charge	\$.02220 Per KWH

NON-RECURRING CHARGES

Rate:

Return Check	\$15.00
Meter Reading	25.00
Collection	25.00
Reconnect-Disconnect	37.50
Overtime	47.50

CATV ATTACHMENTS

Rate:

2 Party Pole Attachment	\$ 4.66 per Year
3 Party Pole Attachment	3.84 per Year
2 Party Anchor Attachment	4.02 per Year
3 Party Anchor Attachment	2.65 per Year
2 Party Ground Attachment	.34 per Year
3 Party Ground Attachment	.21 per Year