

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BIG SANDY RURAL ELECTRIC)	
COOPERATIVE CORPORATION FOR AN)	CASE NO.
ADJUSTMENT OF RATES)	2005-00125

THIRD DATA REQUEST OF COMMISSION STAFF TO
BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION

Big Sandy Rural Electric Cooperative Corporation ("Big Sandy") is requested, pursuant to 807 KAR 5:001, to file with the Commission the original and 8 copies of the following information, with a copy to all parties of record.¹ The information requested herein is due on or before July 27, 2005. 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 1(a), Sheet 2 of 6. Include with each response the name of the person 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, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

¹ Emphasis added. Big Sandy failed to file the requested number of copies of its July 1, 2005 response to the Commission Staff's Second Data Request dated June 17, 2005.

1. Using Big Sandy's responses to Items 1, 8, and 22 to the Commission Staff's Second Data Request dated June 17, 2005 ("Staff's Second Request"), provide a revised version of Exhibit S of the Application, pages 2 and 3 of 4.

2. Refer to the response to the Staff's Second Request, Item 2. The heading for Column F of Big Sandy's summary revenue analysis is "Effective May 1, 1999 Normalized Revenue." Should the heading for Column F reflect that the rates used were approved in Case No. 2004-00468² rather than effective May 1, 1999?

3. Refer to the response to the Staff's Second Request, Item 5. Big Sandy was requested to provide a description of construction projects not financed with long-term debt. Big Sandy responded that it does not maintain a list of these projects. The request sought a general description of the types of construction projects not financed with long-term debt, not a detailed list of specific projects. With this clarification, provide the originally requested information.

4. Refer to the response to the Staff's Second Request, Item 10(j). Explain in detail why meters that have been purchased but not installed are recorded in Account No. 186.10, Miscellaneous. Include citations to the appropriate sections of the Rural Utilities Service ("RUS") Uniform System of Accounts that support this accounting treatment.

5. Refer to the response to the Staff's Second Request, Item 13(l). Explain why Big Sandy has never undertaken a wage and salary plan study or an employees' benefit package study.

² Case No. 2004-00468, An Examination of the Application of the Fuel Adjustment Clause of Big Sandy Rural Electric Cooperative Corporation from November 1, 2002 to October 31, 2004.

6. Refer to the response to the Staff's Second Request, Item 17(b). Big Sandy was asked if it was aware that in previous electric cooperative rate cases the Commission has not included for rate-making purposes the expenses and fees paid to the cooperative attorney for attendance at the National Rural Electric Cooperative Association ("NRECA") and Kentucky Association of Electric Cooperatives ("KAEC") annual meetings. Big Sandy's response did not address the question. Provide the originally requested information.

7. Refer to the response to the Staff's Second Request, Item 18(a).

a. Big Sandy was requested to indicate whether the "Negotiating Committee meeting" was a regularly occurring expense for the board of directors. Big Sandy's response did not address the question. Provide the originally requested information.

b. Provide the term of the current contract for Big Sandy's President and General Manager.

8. Refer to the response to the Staff's Second Request, Item 19(a)(3). Does Big Sandy contend that the cost for the "Kids Day in the Park" advertisement should be included for rate-making purposes? Explain the response.

9. Refer to the response to the Staff's Second Request, Item 22.

a. Should total billings for the residential and small commercial classes have been adjusted to reflect the change in the average number of customers that resulted from the recalculation for the 13-month customer adjustment?

b. If the answer to part (a) is yes, provide an updated billing analysis reflecting the recalculated customer adjustment.

10. Refer to the response to the Staff's Second Request, Item 23. In its response Big Sandy states its goal is "to obtain a 25-year cycle for paying capital credits and doesn't feel that discounting should only occur in years when general capital credit payments are declared."

a. Explain the reason(s) why Big Sandy feels it can discount the capital credits paid to deceased members' estates when it has not been making annual general payments of capital credits. Include copies of any studies, reports, or other documentation supporting its position.

b. Explain why Big Sandy began the practice of discounting the capital credits paid to deceased members' estates in 1997.

c. Has NRECA, KAEC, RUS, or the National Rural Utilities Cooperative Finance Corporation issued any instructions or guidelines concerning the discounting of capital credits paid to deceased members' estates? If yes, provide copies of the instructions or guidelines.

11. Refer to the response to the Staff's Second Request, Item 23(d).

a. When was the most recent 10 year financial forecast prepared?

b. How frequently are these financial forecasts prepared?

c. Big Sandy was requested to provide its most recent long range financial plan, including the detailed financial plan for the 5 year period. Page 2 of 2 in the response is titled "Summary Table for Reference." The request sought the entire long range financial plan and detailed financial plan for the 5 year period, not a summary of the plans. Provide the originally requested information and include all assumptions and calculations incorporated into the financial plans.

12. Refer to the response to the Staff's Second Request, Item 25.

a. In Item 25(b), Big Sandy was asked to state how many years it expected to take to implement its automatic meter reading ("AMR") program. Big Sandy did not provide the information in its response. Provide the originally requested information.

b. In the response to Item 25(c), Big Sandy states, "The actual savings will be about half of this amount because an existing employee will donate about half of his time to administer this program."

(1) Explain the meaning of this response.

(2) Explain in detail why an employee would be donating time to administer the AMR program.

13. Refer to the response to the Attorney General's First Data Request dated June 17, 2005, Item 32. The response appears to imply that some or all of the accounting fees recorded in 2004 are associated with the current rate case. Indicate the portion of the \$5,966 test-year expense associated with the current rate case.



Beth O'Donnell
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Public Service Commission
P. O. Box 615
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DATED July 15, 2005

cc: All Parties