

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

O R D E R

On May 11, 2005, Big Sandy Rural Electric Cooperative Corporation (“Big Sandy”) applied to the Commission for authority to adjust its rates to produce additional annual revenue in the amount of \$831,079. Big Sandy is a consumer-owned rural electric cooperative organized pursuant to KRS Chapter 279 and engaged in the distribution and sale of electric energy to approximately 12,600 customers in 8 counties in Kentucky.¹

To determine the reasonableness of Big Sandy’s proposal, the Commission suspended the proposed rates pursuant to KRS 278.190(2) for 5 months from their effective date up to and including November 12, 2005. The Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention (“AG”), and the Kentucky Cable Telecommunications Association (“KCTA”) sought and were granted full intervention in this proceeding.

On August 25, 2005, Big Sandy informed the Commission that it was engaged in settlement negotiations with the AG and KCTA and requested an informal conference with Commission Staff to discuss the results of those negotiations. After notice to all

¹ The 8 counties are Breathitt, Floyd, Johnson, Knott, Lawrence, Magoffin, Martin, and Morgan.

parties, an informal conference was held at the Commission's offices on September 1, 2005. Big Sandy explained the terms of the settlement that it had reached with the intervenors and a signed Settlement Agreement was filed on September 12, 2005. Under the terms of the Settlement Agreement, attached hereto as Appendix A and incorporated herein by reference, Big Sandy will be granted a revenue increase of \$785,100 or 5.3 percent over normalized total operating revenues.

After careful review of the Settlement Agreement, an examination of the record, and being otherwise sufficiently advised, the Commission finds that the terms are reasonable and that the rate design and terms of service provisions are in conformity with generally accepted rate-making standards. The Settlement Agreement includes a provision to reduce the late payment fee from 10 percent to 7 percent. The reduction in this non-recurring fee was not proposed by Big Sandy in its rate application, but was agreed to based on a recommendation by the AG. By lowering the late payment penalty to 7 percent, Big Sandy's non-recurring revenues will decrease by \$83,600 annually. Since there is no off-setting reduction in expenses, the loss of this non-recurring revenue will need to be made up by an equal increase in recurring, i.e., base rate, revenue. The Commission further finds that the Settlement Agreement, and the proposed rate schedules included therein, are in the public interest and should be accepted.²

² Although the rates for Schedule LPR are not changing as a result of the Settlement Agreement, the Commission notes that the Secondary Meter Energy Charge in that schedule is shown as .0420 per kWh, whereas it should be .0402 per kWh.

IT IS THEREFORE ORDERED that:

1. The Settlement Agreement, attached as Appendix A, is adopted and approved in its entirety.
2. The rates set forth in Appendix B are approved for service rendered on and after October 1, 2005.
3. Within 20 days of the date of this Order, Big Sandy shall file new tariffs reflecting the provisions of this Order.

Done at Frankfort, Kentucky, this 29th day of September, 2005.

By the Commission

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2005-00125 DATED September 29, 2005

JOINT SETTLEMENT STIPULATION AND RECOMMENDATIONS



Big Sandy Rural Electric Cooperative Corporation

504 11th Street
Paintsville, Kentucky 41240-1422
(606) 789-4095 • Fax (606) 789-5454

Branch Office:

Box 8, Glyn View Plaza
Prestonsburg, KY 41653
(606) 886-2987

September 9, 2005

Beth O'Donnell
Executive Director
Public Service Commission
P O Box 615
Frankfort KY 40602-0615

RECEIVED

SEP 12 2005

PUBLIC SERVICE
COMMISSION

Dear Ms O'Donnell:

Enclosed is the "Joint Settlement Stipulation and Recommendations" in Case No. 2005-00125. We have attached faxed copies of signatures from all intervenes. The original signature page will be forwarded to your office as soon as it is available.

As stated in Paragraph 1, Page 2, please make note that we are requesting this rate increase be effective for services rendered after October 1, 2005.

If you have any questions please contact our office.

Very truly yours,

Bobby Sexton
President/General Manager

BS:DE/jh

Enclosures

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the matter of adjustment of rates of)
Big Sandy Rural Electric Cooperative) *Case No. 2005-00125*
Corporation)

JOINT SETTLEMENT STIPULATION & RECOMMENDATIONS

It is the intent and purpose of the parties to this proceeding, namely Big Sandy Rural Electric Cooperative Corporation (Big Sandy); and the Attorney General of the Commonwealth of Kentucky and also Kentucky Cable Telecommunications Association, to express their agreement on a mutually satisfactory resolution of all of the issues in the instant proceeding.

It is understood by all parties hereto that this Recommendation is not binding upon the Public Service Commission (“Commission”), nor does it represent agreement on any specific theory supporting the appropriateness of any recommended adjustments to Big Sandy’s rates. The parties have expended considerable efforts to reach the stipulation and agreements that form the basis of 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 significant resources in litigation of this proceeding, and eliminate the possibility of, and any need for, rehearing or appeals of the Commission’s final order herein. Based upon the parties’ participation in settlement conferences and the materials on file with the Commission, and upon the belief that these materials adequately support this Stipulation and Recommendation, the

parties hereby stipulate and recommend the following:

1. Big Sandy should be permitted to adjust its rates in order to permit it to recover more in annual revenue than it is recovering under its current rates, with such rates to be effective for service rendered after October 1, 2005. The pro-forma tariff sheets attached hereto as Attachment A are recommended as reflecting the new rates to be effective as of the aforementioned date. These pro-forma tariff sheets further reflect rates that are designed to allow Big Sandy to recover the increased revenue from its various classes of customers, in the manner agreed to by the parties to this Recommendation.

2. Big Sandy's proposed tariff revisions should be adopted as are reflected in the proposed tariff sheets attached to this Stipulation and Recommendation as Attachment A.

3. Attached to this Stipulation and Recommendation as Attachment B, Calculation of Rates Agreed Upon, showing that the rates set forth in Attachment A will generate the proposed revenue increase to which the parties have agreed in Paragraph number 1 hereof.

4. Big Sandy and the Kentucky CATV Association have agreed to use the rate of return generated in this Settlement Agreement Stipulation for calculating the annual carrying charges. The rate of return resulting from the additional revenues was 4.48%, which has been used to recalculate the CATV Pole Attachment rates contained in Attachment B, page 1 of 3. A recalculated Exhibit 12, from the original filing is attached as "Attachment D".

5. Each party hereto waives all cross-examination of the witnesses of the other parties hereto unless the Commission disapproves this Recommendation, and each party further stipulates and recommends that the Notice of Intent, Notice of Application, testimony, pleadings and responses to data requests filed in this proceeding be admitted into the record.

6. This Recommendation is submitted for purposes of this case only and is not deemed binding upon the parties hereto in any other proceeding, nor is it to be offered or relied upon in any other proceeding involving Big Sandy or any other utility.

7. If the Commission issues an order adopting this Recommendation in its entirety, each of the parties hereto agrees that it shall file neither an application for rehearing with the Commission, nor an appeal to the Franklin County Circuit Court with respect to such order.

8. If this Recommendation is not adopted in its entirety, each party reserves the right to withdraw from it and require that hearings go forward upon any or all matters involved herein, and that in such event the terms of this Recommendation shall not be deemed binding upon the parties hereto, nor shall such Recommendation be admitted into evidence, or referred to, or relied upon in any manner by any party hereto, the Commission, or its Staff in any such hearing.

9. The parties hereto agree that the foregoing Recommendation is reasonable and in the best Interests of all concerned, and urge the Commission to adopt the Recommendation in its entirety.

FROM :

FAX NO. : 6067895454

Sep. 09 2005 08:03AM F6

AGREED, this 9th day of September 2005.



Albert A Burchett
On behalf of Big Sandy Rural Electric Cooperative Corporation



Elizabeth E Blackford
On behalf of the Attorney General of the Commonwealth of Kentucky

Gardner P Gillespie
On behalf of the Kentucky Cable Telecommunications Association

FROM :

FAX NO. : 606 7550434

AGREED, this 9th day of September 2005.

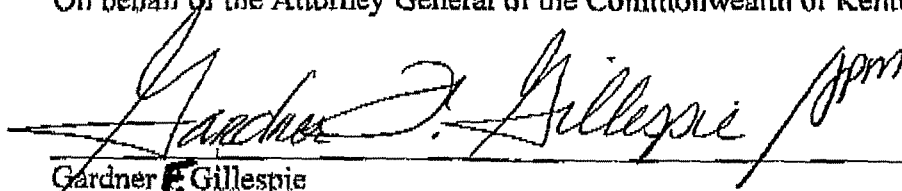


Albert A Burchett

On behalf of Big Sandy Rural Electric Cooperative Corporation

Elizabeth E Blackford

On behalf of the Attorney General of the Commonwealth of Kentucky



Gardner J. Gillespie

On behalf of the Kentucky Cable Telecommunications Association

AGREED, this 9th day of September 2005.



Albert A Burchett
On behalf of Big Sandy Rural Electric Cooperative Corporation

Elizabeth E Blackford
On behalf of the Attorney General of the Commonwealth of Kentucky

Gardner P Gillespie
On behalf of the Kentucky Cable Telecommunications Association

FORM FOR FILING RATE SCHEDULES

**FOR ALL TERRITORIES SERVED
PSC NO. 2005-00125
ORIGINAL SHEET NO. 14
CANCELLING PSC NO. 95-383
ORIGINAL SHEET NO. 14**

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

MISCELLANEOUS SERVICE CHARGES

25. MEMBERSHIP FEE - \$25.00

The membership fee will be refunded, if all bills are paid, or applied against Any unpaid bills of the consumer at the time service is disconnected, which Will automatically terminate the membership.

26. SECOND SERVICE CONNECT FEE - \$30.00

This fee will be charged for any service connections made in addition to the Initial service connection.

27. TEMPORARY DISCONNECT/RECONNECT FEE - \$30.00

- Seasonal (extended vacation)**
- Repair to service entrance – no charge**
- Upgrade service entrance -- no charge**

28. METER READING FEE - \$30.00

In the event that the consumer fails to read the meter as outlined or Fails to notify the Cooperative office for two (2) successive months, The Cooperative will read same meter and bill the consumer for this Service.

29. METER TEST FEE - \$30.00

A member may request that their meter be tested at a time other than The Cooperative's regular testing schedule by paying this fee in advance In accordance with 807 KAR 5:006 Sec. 18.

30. RETURNED CHECK FEE - \$20.00

A service charge shall be charged for all checks returned by the bank due To insufficient funds or a closed account.

DATE OF ISSUE: Sept 07, 2005

DATE EFFECTIVE: October 01, 2005

ISSUED BY: _____

TITLE: President/General Manager

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2005-00125, dated _____.

FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED
PSC NO. 2005-00125
ORIGINAL SHEET NO. 15
CANCELLING PSC NO. 95-383
ORIGINAL SHEET NO.

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

31. COLLECTION FEE - \$30.00

**When a Cooperative representative calls at a members premises
For the purpose of collecting a delinquent bill, it will be assessed
When:**

- The service is terminated.**
- Member pays the delinquent bill.**
- Member agrees to a payment schedule.**

**A maximum of one (1) collection fees will be assessed a member
Within a single thirty (30) day period.**

**32. RECONNECTION FEE - \$35.00 DURING REGULAR OFFICE HOURS
\$52.50 OUTSIDE REGULAR OFFICE HOURS**

**Applicable to services which have been disconnected due to non-
payment. Due and payable at the time of reconnection.**

33. LATE PAYMENT PENALTY - 7% OF NET AMOUNT

**7% of net amount due will be assessed if member fails to pay the net amount
by the 15th of the month. A penalty may be assessed only once on any bill for
service rendered.**

34. TAMPERING

**If the meter or other property belonging to the Cooperative is tampered or
interfered with, the customer being supplied through such equipment shall
pay the amount which the Cooperative may estimate is due for service
rendered but not registered on the Cooperative's meter and for such testing,
replacements, and repairs as are necessary, as well as for costs of
inspections, investigation, and protective installation.**

DATE OF ISSUE: Sept 07, 2005

DATE EFFECTIVE: October 01, 2005

ISSUED BY: _____

TITLE: President/General Manager

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No.
2005-00125 dated _____.

FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

PSC NO. 2005-00125

ORIGINAL SHEET NO. 16

CANCELLING PSC NO. 95-383

ORIGINAL SHEET NO. 16

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

35. TAMPERING (continued)

“Tampered and Interfeared with” refers to any activity that would prohibit a meter or any other electrical equipment for accurately recording electric consumption at any given metering point. Examples of this would include, but not limited to, drilling holes and inserting objects into meter to “slow down” the meter. Other examples are turning the meter upside down, bypassing the meter and changing/destroying settings or components of a meter.

The process and factors used to estimate the amount due for services not registering on a meter would include determination of the last accurate reading on the consumer’s meter, review and analysis of consumer’s usage history and any other pertinent information. These factors would be used to apply a method of averaging to determine estimated usage.

The rates for such procedures are as follows:

Testing meter for accuracy:	\$30.00
Replacements:	Actual Cost
Repairs:	Actual Cost
Inspections:	\$30.00
Investigations:	\$30.00
Protective Installation (installation of specialized tamper-resistant security band and meter base lock):	\$30.00 labor plus actual cost of equipment

DATE OF ISSUE: Sept 07, 2005
ISSUED BY: _____

DATE EFFECTIVE: October 01, 2005
TITLE: President/General Manager

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2005-125 dated _____.

FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

PSC NO. 2005-00125

ORIGINAL SHEET NO. 1

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

CANCELLING PSC NO. 95-383

ORIGINAL SHEET NO. 1

CLASSIFICATION OF SERVICE

SCHEDULE CATV TELEVISION ATTACHMENT TARIFF RATE PER UNIT

APPLICABILITY:

In all territory served by the company on poles owned and used by the Company for their electric plant.

AVAILABILITY:

To all qualified CATV operators having the right to receive service.

RENTAL CHARGE:

The yearly rental charges shall be as follows:

	<u>Annual</u>
Two-party pole attachment	\$4.92
Three-party pole attachment	4.01
Two-party anchor attachment	2.13
Three-party anchor attachment	1.41
Two-party pole ground attachment	0.27
Three party pole ground attachment	0.17

BILLING:

Rental charges shall be billed yearly in advance based on the number of pole Attachments. The rental charges are net, the gross being ten percent (10%) higher. In the event the current annual bill is not paid within thirty (30) days from the date Of the bill, the gross rate shall apply.

DATE OF ISSUE: Sept 07, 2005

DATE EFFECTIVE: October 01, 2005

ISSUED BY: _____

TITLE: President/General Manager

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2005-00125 dated _____.

FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

PSC NO. 2005-00125

ORIGINAL SHEET NO. 1

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

CANCELLING PSC NO. 2004-00468

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	\$7.00 per month
Energy charge	0.06163 per KWH
Off peak energy charge	0.03698

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 PM
May through September	10:00 PM to 10:00 AM

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DATE EFFECTIVE: OCTOBER 01, 2005
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. 2005-00125

ORIGINAL SHEET NO. 2

CANCELLING PSC NO. 2004-00468

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 \$7.00. 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

DATE OF ISSUE: SEPT 07, 2005
ISSUED BY: _____

DATE EFFECTIVE: OCTOBER 01, 2005
TITLE: PRESIDENT/GENERAL MANAGER

Issued by authority of an Order of the Public Service Commission of Kentucky in
Case No. 2005-00125, _____.

FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

PSC NO. 2005-00125

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

ORIGINAL SHEET NO. 3

CANCELLING PSC NO. 2004-00468

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 07, 2005
ISSUED BY: _____

DATE EFFECTIVE: OCTOBER 01, 2005
TITLE: PRESIDENT/GENERAL MANAGER

Issued by authority of an Order of the Public Service Commission of Kentucky in Case
No. 2005-00125, dated _____.

FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

PSC NO. 2005-00125

ORIGINAL SHEET NO. 4

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

CANCELLING PSC NO. 2004-00468

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	\$15.00	per month
Energy charge	.05510	per KWH
Demand charge	4.00	per KW

MINIMUM MONTHLY CHARGE:

The minimum monthly charge under the above rate shall be \$10.00 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.

DATE OF ISSUE: SEPT 07, 2005
ISSUED BY: _____

DATE EFFECTIVE: OCTOBER 01, 2005
TITLE: PRESIDENT/GENERAL MANAGER

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2005-00125, dated _____.

FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

PSC NO. 2005-00125

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

ORIGINAL SHEET NO. 5

CANCELLING PSC NO. 2004-00468

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.

DATE OF ISSUE: SEPT 07, 2005

DATE EFFECTIVE: OCTOBER 01, 2005

ISSUED BY: _____

TITLE: PRESIDENT/GENERAL MANAGER

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2005-00125, dated _____.

FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

PSC NO. 2005-00125

ORIGINAL SHEET NO. 6

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

CANCELLING PSC NO. 2004-00468

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 07, 2005
ISSUED BY: _____

DATE EFFECTIVE: OCTOBER 01, 2005
TITLE: PRESIDENT/GENERAL MANAGER

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2005-00125, dated _____.

FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

PSC NO. 2005-00125

ORIGINAL SHEET NO. 7

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

CANCELLING PSC NO. 2004-00468

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	\$ 5.10	per KW of billing
Secondary Meter Energy Charge	.04248	per KWH
Primary Meter Energy Charge	.04179	per KWH
Customer Charge Per Delivery Point	50.00	per Month

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.

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TITLE: PRESIDENT/GENERAL MANAGER

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FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

PSC NO. 2005-00125

ORIGINAL SHEET NO. 8

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

CANCELLING PSC NO. 2004-00468

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 Fifty Dollars (\$50.00).

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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ISSUED BY: _____

TITLE: PRESIDENT/GENERAL MANAGER

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FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

PSC NO. 2005-00125

ORIGINAL SHEET NO. 9

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

CANCELLING PSC NO. 2004-00468

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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ISSUED BY: _____

TITLE: PRESIDENT/GENERAL MANAGER

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FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

PSC NO. 2005-00125

ORIGINAL SHEET NO. 10

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

CANCELLING PSC NO. 2004-00468

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:	\$ 5.10	per KW of billing demand
Secondary Meter Energy Charge:	.0420	per KWH
Primary Meter Energy Charge:	.03954	per KWH
Customer Charge Per Delivery Point:	\$75.00	per month

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

DATE OF ISSUE: SEPT 07, 2005

DATE EFFECTIVE: OCTOBER 01, 2005

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TITLE: PRESIDENT/GENERAL MANAGER

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FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

PSC NO. 2005-00125

ORIGINAL SHEET NO. 11

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

CANCELLING PSC NO. 2004-00468

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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FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

PSC NO. 2005-00125

ORIGINAL SHEET NO. 12

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

CANCELLING PSC NO. 2004-00468

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. 2005-00125

ORIGINAL SHEET NO. 13

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

CANCELLING PSC NO. 2004-00468

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	@	\$ 6.57	per month
400	Watt	@	9.40	per month
500	Watt	@	10.78	per month
1,500	Watt	@	23.67	per month

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%

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FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

PSC NO. 2005-00125

ORIGINAL SHEET NO. 14

CANCELLING PSC NO. 2004-00468

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. 2005-00125

ORIGINAL SHEET NO. 15

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

CANCELLING PSC NO. 2004-00468

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:	\$ 5.39	per KW of Billing Demand
Secondary Meter Energy Charge	.03563	per KWH
Primary Meter Energy Charge:	.03506	per KWH
Customer Charge:	150.00	

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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FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

PSC NO. 2005-00125

ORIGINAL SHEET NO. 16

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

CANCELLING PSC NO. 2004-00468

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

PSC NO. 2005-00125

ORIGINAL SHEET NO. 17

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

CANCELLING PSC NO. 2004-00468

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. 2005-00125

ORIGINAL SHEET NO. 18

CANCELLING PSC NO. 2004-00468

ORIGINAL SHEET NO. 18

CLASSIFICATION OF SERVICE

SCHEDULE	IND 1	RATE PER UNIT
-----------------	--------------	----------------------

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. 2005-00125

ORIGINAL SHEET NO. 19

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

CANCELLING PSC NO. 2004-00468

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:	\$ 5.39	per KW of Billing Demand
Secondary Meter Energy Charge	.03063	per KWH
Primary Meter Energy Charge	.03018	per KWH
Customer Charge	1,069.00	

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. 2005-00125

ORIGINAL SHEET NO. 20

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

CANCELLING PSC NO. 2004-00468

ORIGINAL SHEET NO. 20

CLASSIFICATION OF SERVICE

SCHEDULE IND 2

RATE PER UNIT

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 factor 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. 2005-00125

ORIGINAL SHEET NO. 21

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

CANCELLING PSC NO. 2004-00468

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 form the date of the bill, the gross rates shall apply

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**Case No. 2005-00125
Big Sandy Rural Electric Cooperative**

Attachment B
page 1 of 3

Calculation of Rates Agreed Upon

The calculations to arrive at the proposed rates that have been agreed upon by the Attorney General through its Rate Intervention Department were for the rate in effect at December 31, 2004. During 2005, East Kentucky Power Cooperative rolled the fuel adjustment into the base rates, which Big Sandy also did, with no effect on the net margins of Big Sandy. This will reconcile the rates agreed upon by Big Sandy and the Attorney General's office with the rates in effect in Case No. 2004-00468 to roll the fuel adjustment into the base rates. This has been filed by Big Sandy in the Second Data Request of the Commission Staff, Item 1, page 1 of 1.

<u>Rate Class</u>	<u>Rates in Application</u>		<u>a</u>	<u>b</u>	<u>c</u>
	<u>Present</u>	<u>Agreed Upon</u>	<u>Difference</u>	<u>Rates in Effect Case No. 2004-468</u>	<u>Proposed Rates</u>
A-1, Farm and Home					
Customer charge	\$7.00	\$7.00	\$0.00	\$7.00	\$7.00
Energy charge per kwh	\$0.05253	\$0.05622	\$0.00369	\$0.05745	\$0.06163 ¹
A-2, Commercial and Small Power					
Customer charge	\$10.00	\$15.00	\$5.00	\$10.00	\$15.00
Demad charge per kw	\$4.00	\$4.00	\$0.00	\$4.00	\$4.00
Energy charge per kwh	\$0.04694	\$0.05018	\$0.00324	\$0.05186	\$0.05510
YL-1, Outdoor Lighting Service					
175 Watt	\$5.66	\$6.23	\$0.57	\$6.00	\$6.57
400 Watt	\$7.85	\$8.64	\$0.79	\$8.61	\$9.40
500 Watt	\$8.86	\$9.75	\$0.89	\$9.89	\$10.78
1,500 Watt	\$18.70	\$20.57	\$1.87	\$21.80	\$23.67

c The proposed rate is the difference as calculated in column a added to the rates in effect in Case No. 2004-00468 to arrive at the proposed rates, except for the proposed rates for A-1, energy charge, which has been calculated on Attachment B, page 2 of 3.

1 See Attachment B, page 2 of 3 for this calculation.

Allocation of Revenue Requirement

Revenue requirement agreed upon	785,100
Reallocate 3% penalty to residential energy charge	<u>83,615</u>
	868,715
Less:	
Increase in Schedule A-2	98,544
Increase in Schedule YL-1	<u>53,916</u> <u>152,460</u>
Increase allocated to Schedule A-1 energy charge	<u><u>716,255</u></u>
Increase in Schedule A-1 energy charge as follows:	
Rate effective Case No. 2004-00468	\$0.05745
Test year kwh sold	<u>171,619,388</u>
Adjusted normalized	9,859,534
Increase allocated to Schedule A-1 energy charge	<u>716,255</u>
Total proposed A-1 energy revenues	10,575,789
Adjusted A-1 energy charge per kwh	<u><u>\$0.06163</u></u>
Revenue from 10% penalty for test year	\$278,717
Reduction of 3% to 7% penalty	\$83,615
CATV rates	
2 party pole attachment	\$4.92
3 party pole	\$4.01
2 party anchor	\$2.13
3 party anchor	\$1.41
2 party ground	\$0.27
3 party gound	\$0.17

Office of the Attorney General

Case No. 2005-00125

Allocation of Increase in Revenue Requirements

A. Determination of Increase Amount for Specified Rate Classes

Revenue Requirements		<u>Schedule A-1</u>	<u>Schedule A-2</u>	<u>Schedule YL-1</u>		
Normalized Revenue		\$ 9,992,287	\$ 985,438	\$ 539,163	10,977,725	
Increase Amount	\$ 868,715				785,100	83,615
Increase Schedule YL-1 by 10%				53,916		
Increase Amount for Schedules A-1 & A-2	\$ 814,799					868,715
Increase Amounts for Schedules A-1 & A-2		<u>\$ 716,255</u>	<u>\$ 98,544</u>			
Revenue Requirements		\$10,708,542	\$ 1,083,982	\$ 593,079		
Class Percentage Increase		7.17%	10.00%	10.00%		

B. Rate Design - Schedules A-1 & A-2

	<u>Schedule A-1</u>	<u>Schedule A-2</u>	<u>Schedule YL-1</u>
New Customer Charge		<u>15.00</u>	
Billing Units		<u>10,689</u>	
Customer Charge Revenue	976,577	160,335	
Plus Demand Charge Revenue		<u>237,236</u>	
Revenue Required - Energy Rate	9,731,965	686,411	
Energy KWh	<u>171,619,388</u>	<u>13,679,658</u>	
Proposed Energy Rate	<u>0.05671</u>	<u>0.05018</u>	

C. Rate Design for Schedule YL-1

	<u>Rates</u>	
	<u>Current</u>	<u>Proposed</u>
175 Watt Lamp	\$ 5.66	\$ 6.23
400 Watt	\$ 7.85	\$ 8.64
500 Watt	\$ 8.86	\$ 9.75
1500 Watt	\$ 18.70	\$ 20.57

Present Rate	0.05253	0.04694
Case No. 2004-468 Rate	0.05745	0.05186
Fuel Clause Increase	0.00492	0.00492

Proposed Rate with Fuel Increase 0.06163 0.05510

Rate Schedule	Kwh Usage	Test Year Revenue	Percent of Total	Effective Case No. 2004-00468 Normalized Revenue	Percent of Total	Proposed Revenue	Percent of Total	Increase Amount	Percent
A-1, Farm and Home	171,619,388	9,992,287	67%	10,836,655	69%	11,554,024	69%	717,369	6.6%
A-2, Commercial and Small Power	13,679,658	985,438	7%	1,052,742	7%	1,150,509	7%	97,767	9.3%
LP, Large Power Service	33,190,922	1,871,729	13%	1,871,729	12%	1,871,729	11%	0	0.0%
LPR, Large Power Rate	28,467,140	1,459,978	10%	1,459,978	9%	1,459,978	9%	0	0.0%
YL-1, Yard/Security Light	7,569,083	539,233	4%	576,261	4%	630,710	4%	54,449	9.4%
Rounding differences		1		1		(869)		(870)	
Total from base rates	254,526,191	14,848,666	100%	15,797,366	100%	16,666,081	100%	868,715	5.5%
Fuel		1,351,529							
Total revenue from books		16,200,195							
Increase				948,700		868,715			

1 Big Sandy Rural Electric
 2 **CATV Pole Attachments**
 3 December 31, 2004

Exhibit
 Page
 of

12
 1
 3

4
 5
 6 A. 1. Two-Party Pole Cost:

	<u>Size</u>	<u>Quantity</u>	<u>Amount</u>	<u>Weighted Average Cost</u>
	35' poles	5,652	\$1,204,179	
	40' poles	5,124	\$1,664,399	
		<u>10,776</u>	<u>\$2,868,578</u>	<u>\$266.20</u>

14
 15 2. Three-Party Pole Cost:

	<u>Size</u>	<u>Quantity</u>	<u>Amount</u>	<u>Weighted Average Cost</u>
	40' poles	5,124	\$1,664,399	
	45' poles	2,880	\$1,133,955	
		<u>8,004</u>	<u>\$2,798,354</u>	<u>\$349.62</u>

23
 24 3. Average cost of anchors

\$23.99

25
 26 B. 1. Pole Charge:

27	a. Two party =	\$266.20	85%	17.76%	0.1224	\$4.92
28	b. Three party =	\$349.62	85%	17.76%	0.0759	\$4.01

30
 31 2. Pole Charge, with ground attachments:

32	a. Two party =	\$266.20	85%	\$12.50	17.76%	0.1224	\$0.27
33	b. Three party =	\$349.62	85%	\$12.50	17.76%	0.0759	\$0.17

34
 35
 36 3. Anchor Charge:

37	a. Two party =	\$23.99		17.76%	0.50	\$2.13
38	b. Three party =	\$23.99		17.76%	0.33	\$1.41

39
 40
 41 No adjustments have been made to any of the quantities or amounts in the CPRs.
 42 The values were taken from the CPRs as of December 31, 2004.

43
 44

1 Big Sandy Rural Electric
2 **CATV Pole Attachments**
3 December 31, 2004
4
5

Exhibit
Page
of

12
2
3

6 Fixed charges on investment from PSC Annual Report at December 31, 2004.
7

9	Operation and Maintenance Expense		\$1,636,345	
10	Page 14, line 53			
11	Customer Accounts Expense		691,036	
12	Page 15, line 8			
13	Customer Service and Informational Expense		95,517	
14	Page 15, line 14			
15	Administrative and General		1,170,048	
16	Page 15, line 34			
17	Depreciation Expense		1,037,868	
18	Page 13, line 28			
19	Taxes Other than Income Taxes		<u>17,172</u>	
20	Page 13, line 30			
21	Sub total		4,647,986	
22				
23	Divided by Utility Plant		\$32,435,506	14.33%
24	Page 1, line 2			
25	Cost of Money			
26	Rate of Return on Investment			
27	allowed in the last General			
28	Rate Request, Case No 2005-00125			
29	effective 10/01-2005.		4.48%	
30				
31	Distribution plant, page 4	<u>30,123,865</u>		
32	Accumulated depreciation, page 5	<u>7,026,718</u>		
33	Reserve ratio	=		23%
34				
35	Rate of return times 1 minus reserve ratio			<u>3.43%</u>
36				
37	Annual carrying charges			<u><u>17.76%</u></u>
38				
39				

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Big Sandy Rural Electric
CATV Pole Attachments
 December 31, 2004

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Description	Number of Attachments	Rates		Revenue	
		Existing	Proposed	Existing	Proposed
2 party Pole Attachments	1,228	\$4.66	\$4.92	5,722	6,042
3 party Pole Attachments	7,344	\$3.84	\$4.01	28,201	29,427
2 party Anchor Attachmer	0	\$2.65	\$2.13	0	0
3 party Anchor Attachmer	466	\$2.65	\$1.41	1,235	655
2 party Ground Attachmer	209	\$0.34	\$0.27	71	57
3 party Ground Attachmer	282	\$0.21	\$0.17	59	48
Total				<u>35,289</u>	<u>36,229</u>
Increase					<u>940</u>

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2005-00125 DATED September 29, 2005

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.

A -1 – Farm and Home

Customer Charge	\$ 7.00
Energy charge per kWh	\$.06163
Off peak energy charge per kWh	\$.03698

A - 2 – Commercial and Small Power

Customer Charge	\$ 15.00
Demand Charge per kW	\$ 4.00
Energy charge per kWh	\$.05510

YL – 1, Outdoor Lighting Service

175 Watt	\$ 6.57
400 Watt	\$ 9.40
500 Watt	\$ 10.78
1,500 Watt	\$ 23.67

CATV Attachments

	<u>Annual Rate</u>
Two-party pole attachment	\$ 4.92
Three-party pole attachment	\$ 4.01
Two-party anchor attachment	\$ 2.13
Three-party anchor attachment	\$ 1.41
Two-party ground attachment	\$ 0.27
Three-party ground attachment	\$ 0.17

Miscellaneous Service Charges

Membership Fee	\$ 25.00
Second Service Connect Fee	\$ 30.00
Temporary Disconnect/Reconnect Fee	\$ 30.00
Meter Reading Fee	\$ 30.00
Meter Test Fee	\$ 30.00
Returned Check Fee	\$ 20.00
Collection Fee	\$ 30.00
Reconnection Fee	
During regular office hours	\$ 35.00
Outside regular office hours	\$ 52.50
Late Payment Penalty	7% of net amount
Tampering	
Testing meter for accuracy	\$ 30.00
Replacements	Actual cost
Repairs	Actual cost
Inspections	\$ 30.00
Investigations	\$ 30.00
Protective installation	\$ 30.00 labor plus cost of equipment