

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 IN RATES) 2008-00401

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

Big Sandy Rural Electric Cooperative Corporation ("Big Sandy"), pursuant to 807 KAR 5:001, is to file with the Commission the original and seven copies of the following information, with a copy to all parties of record. The information requested herein is due on or before March 23, 2009. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Big Sandy shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which

Big Sandy fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Refer to Big Sandy's response to the Commission Staff's Second Information Request, item 19. Big Sandy proposes to consolidate the anchors and grounds into the two and three-party pole attachments charges.

a. Provide the names of the cable companies that have attachments on Big Sandy's poles.

b. Explain whether the cable companies have been noticed and are agreeable to the consolidation of the charges.

c. Provide the calculations for the proposed combined two-party attachment rate of \$6.64 and the combined three-party attachment rate of \$4.87.

2. Refer to Big Sandy's response to the Commission Staff's Second Information Request, item 23. Big Sandy states that rates Ind 1 and Ind 2 did not have consumers on them during the test period.

a. Have consumers previously been served under these rates? If yes, provide the reason the customers are no longer served under the rates.

b. Are any customers currently served under rates Ind 1 or Ind 2? If not, explain why Big Sandy is retaining the tariffs for the classes.

3. Refer to Big Sandy's response to the Commission Staff's Second Information Request, item 24 at 2.

a. Big Sandy states that the rate of return on each rate class is not readily calculated or available for each rate class. Explain whether Big Sandy intends to update the calculation for CATV attachments using the overall rate of return from this case, rather than the rate of return from Case No. 2005-00125¹.

b. Big Sandy states that the allocation of non-electric revenue in the cost-of-service study in this case is based on revenue from rates which are different from previous cost-of-service studies filed by Jim Adkins for other East Kentucky Power Cooperative distribution cooperatives. State how non-electric revenue was allocated in previous cost-of-service studies filed by Mr. Adkins.

4. Refer to Big Sandy's response to the Commission Staff's Second Information Request, item 28, and Exhibit R of the application, the last line on page 10. Explain how it was determined that 75 percent (\$11,728,776) of purchased power costs are energy-related costs and 25 percent (\$3,947,691) are demand-related costs.

5. Refer to Exhibit R of the application, Schedule 6, page 31.

a. In the column "A-1 Farm and Home", Big Sandy calculates customer costs of \$1,653,867. Dividing this amount by the customer charge billing

¹ Case No. 2005-00125, Application of Big Sandy Rural Electric Cooperative Corporation for an Adjustment of Rates.

determinant of 144,805 results in a customer charge of \$11.42. Given this calculation, explain why Big Sandy is requesting a customer charge of \$15.00 for this class.

b. In the column "A-2 Comm & Sml Power", Big Sandy calculates customer costs of \$185,917. Dividing this amount by the customer charge billing determinant of 11,633 results in a customer charge of \$15.98. Given this calculation, explain why Big Sandy is requesting a customer charge of \$20.00 for this class.

6. Refer to Big Sandy's response to the Commission Staff's Second Information Request, item 6(a). Identify the impact the corrected payroll tax allocation will have upon Big Sandy's revenue requirement.

7. Refer to Big Sandy's response to the Commission Staff's Second Information Request, item 7(a). Staff Instruction 1710-4 – Approval of Depreciation Rates, dated September 18, 2001 supersedes Staff Instruction 183-1, dated December 30, 1982.

a. Explain how Staff Instruction 1710-4 impacts Big Sandy's requested depreciation rates in this proceeding.

b. Explain whether Big Sandy has complied with the filing requirements outlined in Staff Instruction 1710-4 that requests for special depreciation rates should be submitted to the Chairperson of the Depreciation Committee (Electric).²

c. Has Rural Utility Services ("RUS") issued any depreciation instruction(s) that supersede Staff Instruction 1710-4? If they have, provide copies of the RUS instruction(s).

² Staff Instruction 1710-4 at 3, 4.1 Borrower's Transmittal Memo.

8. In its response to the Commission Staff's Second Information Request, item 7(b), Big sandy states that "RUS will allow the use of higher or lower rates if Commission approval is obtained prior to RUS approval." Cite the references in either RUS Bulletin 183-1 or Staff Instruction 1710-4 where this is allowed.

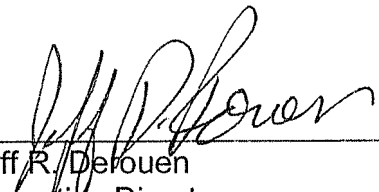
9. Refer to Big Sandy's response to the Commission Staff's Second Information Request, item 13(a). Big Sandy states that, for choosing not to participate in the non-contributory plan, its union employees receive higher hourly wages than the non-union workers. Provide documentation to support this statement.

10. Refer to Big Sandy's response to the Commission Staff's Second Information Request, item 15(a). Given Big Sandy's response and the language in the contract, explain why the right-of-way clearing expense should not be reduced to reflect the 75 miles that will be cleared in 2009.

11. Big Sandy failed to respond to the Commission Staff's Second Information Request, items 16(c) and (d). Provide responses to the following items as originally requested.

a. Big Sandy estimates that fringe benefits for the safety director will be 63.87 percent. Provide documentation to support the 63.87 percent fringe benefit factor.

b. Provide a schedule comparing the employee fringe benefits (i.e., retirement, taxes, insurance benefits), for each of the cooperatives that will be sharing the safety director.



Jeff R. Derouen
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED: MARCH 9, 2009

cc: Parties of Record

Case No. 2008-00401

Lawrence W Cook
Assistant Attorney General
Office of the Attorney General Utility & Rate
1024 Capital Center Drive
Suite 200
Frankfort, KY 40601-8204

Bobby D Sexton
President/General Manager
Big Sandy R.E.C.C.
504 11th Street
Paintsville, KY 41240-1422