

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BIG SANDY RURAL ELECTRIC)	
COOPERATIVE CORPORATION FOR APPROVAL OF)	CASE NO.
A PREPAY METERING PROGRAM)	2012-00425

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
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 eight copies of the following information, with a copy to all parties of record. The information requested herein is due within 14 days of the date of this request. 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 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, Big Sandy shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should 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 the Application, Exhibit A, Terms & Conditions Section, page 1, paragraph 1.

a. Identify the consequences a prepay customer would be subject to for terminating a prepay contract before the one-year term expires.

b. Identify and explain the basis for any cost applicable to a prepay customer for damaged prepay equipment and software.

2. Refer to the Application, Exhibit C, page 2. Exhibit B of that page includes depreciation based on a 15-year life. Explain why 15 years was used for depreciation.

3. Refer to the response to Item 3.b.(1) of the Initial Information Request of Commission Staff ("Staff's First Request"), which asked Big Sandy to confirm that if a customer is unable to receive either email, text, or automated phone messages, the customer will not be able to participate in the prepay program. It is not clear from Big Sandy's response that access to Internet service is a requirement for participating in the proposed prepay program. Confirm that access to the Internet is required, and explain what information will be provided on Big Sandy's Web site.

4. Refer to the response to Item 5.a. of Staff's First Request. Explain whether Big Sandy is willing to add a specific reference to the \$20 Returned Check fee to paragraph 13 of the Terms & Conditions section of its proposed tariff.

5. Refer to Big Sandy's response to Item 5.c. of Staff's First Request.

a. Confirm that participants in the proposed prepay program will be required to set an alert. If not, explain the reasoning for not including this requirement.

b. Explain whether there have been any instances in the past where Big Sandy has not been able to communicate with a customer through electronic means.

6. Refer to Item 6 of Staff's First Request. Provide Big Sandy's definition of "extreme weather conditions," and explain whether adverse weather conditions could give rise to a power outage causing a customer to be unable to make a timely payment toward an arrearage.

7. Refer to the response to Item 7.a. of Staff's First Request. Explain whether the participation rate cited is premised on an assumed monthly fee level.

8. Refer to the responses to Items 7.b and c of Staff's First Request. Clarify whether it is Big Sandy's intent to propose a decreased customer charge if participation levels exceed expectations.

9. Refer to the response to Item 8 and to the Application, Exhibit C, page 3 of 6.

a. Provide details concerning Exceleron's monthly hosting fee and services provided for the \$6 per customer per month fee. The response should include Exceleron's guarantees in terms of down-time, length of maintenance windows, plans

for maintaining power in the event of outages and natural disasters, fire wall security, SSL encryption, etc.

b. Explain the basis for:

(1) The estimated cost of \$1.05 per transaction per month.

(2) The estimate of three transactions per month.

(3) The reasonableness of charging software hosting expense as well as expense for three transactions per month in the monthly charge.

(4) The decision to use Excleron's Prepaid Account Management System rather than using Big Sandy's CIS system.

10. Refer to the response to Item 11 of Staff's First Request.

a. If 2,500 delinquent notices are sent per month, of which approximately 100 of those are subject to disconnect, and Big Sandy had 12,095 residential customers according to its 2011 Annual Report, explain why the 100 disconnects represent 4 percent and not .83 percent of total customers ($100 / 12,095$). Asked another way, if approximately 20.7 percent ($2,500 / 12,095$) of residential customers receive disconnect notices each month, and 4 percent ($100 / 2,500$) are subject to disconnect, explain why the 100 disconnects are not .83 percent ($4 \text{ percent} \times 20.7 \text{ percent}$) of total customers.

b. If the answer to a. above is that the percentage of disconnects should be .83 percent of program participants, confirm that the number of estimated avoided field trips should be 4 or 5 instead of 20, and provide all impacts on the calculation of Additional Annual Savings as originally requested in Item 11.

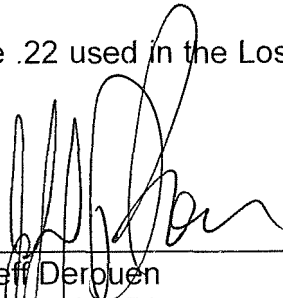
11. Refer to the response to Item 12 of Staff's First Request, and Attachment 1 of the Application, Additional Annual Savings.

a. Confirm that the 25 overtime trips used in estimating the savings in overtime due to winter hardship reconnects are not calculated similarly to the 4 percent referenced in Item 6 above. If they are calculated in a similar manner to the 4 percent, and if the percentage should be something different based on the percent of 12,095 residential customers needing winter hardship reconnects, provide any necessary revisions to the calculation of estimated savings in winter hardship reconnect over time.

b. Provide Big Sandy's level of bad debt write-offs corresponding to the \$33,394,000 (12 months' revenue) indicated in the response to Item 12.

c. Explain why 980 kwh was used as the residential average for the purpose of calculating lost margin from kwh sales, rather than the residential average usage of 1,260 provided in Case No. 2012-00030,¹ page 1 of Exhibit 1 of the Prepared Testimony of James R. Adkins.

d. Explain the calculation of the .22 used in the Loss Margin from kwh Sales calculation.



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

DATED NOV 09 2012

cc: Parties of Record

¹ Case No. 2012-00030, Application of Big Sandy Rural Electric Cooperative Corporation for an Adjustment of Rates, filed Apr. 19, 2012.

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