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November 22, 2017

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NOV 22 2017

PUBLIC SERVICE
COMMISSION

VIA HAND DELIVERY

Gwen R. Pinson, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

Re: IN THE MATTER OF: APPLICATION OF BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION FOR A GENERAL ADJUSTMENT OF EXISTING
RATES - Case No. 2017-00374

Ms. Pinson:

Please find enclosed and accept for filing on behalf of Big Sandy Rural Electric Cooperative Corporation an original and ten (10) copies of its Motion for Leave to File Supplemental Direct Testimony. Also included are eleven (11) identical compact discs containing electronic versions of certain exhibits also filed in hardcopy format. Please return a file-stamped copy of this submission to me.

I appreciate your assistance with this matter, and please do not hesitate to contact me with any questions or concerns.

Respectfully submitted,



Mark David Goss

Enclosures

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**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

PUBLIC SERVICE
COMMISSION

In the Matter of:

APPLICATION OF BIG SANDY RURAL ELECTRIC)
COOPERATIVE CORPORATION FOR A GENERAL) Case No. 2017-00374
ADJUSTMENT OF EXISTING RATES)

MOTION FOR LEAVE TO FILE SUPPLEMENTAL DIRECT TESTIMONY

Comes now Big Sandy Rural Electric Cooperative Corporation (“Big Sandy”), by counsel, pursuant to 807 KAR 5:001 Section 4(5) and other applicable law, and for its Motion for Leave to File Supplemental Direct Testimony in the above-referenced matter, respectfully states as follows:

1. On or about October 30, 2017, Big Sandy filed its Application in this matter requesting a general adjustment of its existing rates. By Order entered November 16, 2017, the Commission suspended the rates proposed by Big Sandy and prescribed a procedural schedule.

2. In conjunction with and in support of its Application, Big Sandy filed, *inter alia*, the Direct Testimony of John Wolfram, Principal with Catalyst Consulting LLC. Mr. Wolfram serves as Big Sandy’s expert consultant and has offered testimony describing Big Sandy’s rate classes, the calculation of Big Sandy’s revenue requirement, the pro forma adjustments to the test period results, the Cost of Service Study process and results, the proposed allocation of the revenue increase to the rate classes, and the rate design, proposed rates, and estimated billing impact by rate class, among other topics.

3. Since the filing of its Application and as part of the process of preparing its Response to Commission Staff's First Request for Information, Big Sandy has discovered that two (2) of its proposed pro forma adjustments require revision in order to accurately reflect the expenses of the cooperative. These revisions specifically concern Big Sandy's proposed pro forma adjustments related to FEMA reimbursements and Interest on Long Term Debt, respectively.

4. In order to fully explain the updated pro forma adjustments proposed by Big Sandy and to ensure that the record of this case is complete and accurate, Big Sandy requests that it be permitted to file the sworn Supplemental Direct Testimony of Mr. Wolfram attached hereto as Exhibit A. Mr. Wolfram's Supplemental Direct Testimony describes the background and basis for Big Sandy's updated revenue requirement determination, explains in detail the specific revisions made, and provides a "Revised Exhibit JW-2" to replace the original Exhibit JW-2 previously submitted in this matter. Big Sandy believes the attached Supplemental Direct Testimony is appropriate and necessary and does not believe its request to file same will result in undue prejudice or delay at this early stage of this proceeding.

WHEREFORE, on the basis of the foregoing and for good cause shown, Big Sandy respectfully requests that the Commission enter an Order permitting the attached Supplemental Direct Testimony to be filed in the record of this case.

Dated this 22nd day of November, 2017.

Respectfully submitted,



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Counsel for Big Sandy RECC

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION FOR A GENERAL
ADJUSTMENT OF EXISTING RATES

)
) Case No. 2017-00374
)

SUPPLEMENTAL DIRECT TESTIMONY OF
JOHN WOLFRAM
PRINCIPAL, CATALYST CONSULTING LLC
ON BEHALF OF BIG SANDY R.E.C.C.

Filed: November 22, 2017



1 Testimony, Exhibit JW-2, Reference Schedule 1.05. This adjustment is correct but
2 was inadvertently excluded from the revenue requirement determination on
3 Exhibit JW-2, Page 1.

4 **Q. PLEASE DESCRIBE THE REVISION RELATED TO FEMA**
5 **REIMBURSEMENTS IN REFERENCE SCHEDULE 1.12.**

6 A. Recall first that during July 2015, Big Sandy experienced a severe flood that was
7 ultimately determined to be eligible for FEMA disaster relief. The flood took
8 place before the test year, but the FEMA reimbursements took place during the
9 test year. In Reference Schedule 1.12, and as originally understood to be so during
10 the development of this application, the FEMA reimbursements were treated as
11 non-recurring payments to Big Sandy from FEMA – i.e., revenue. Thus, the
12 original adjustment removed \$155,175 of revenue from the test year. However,
13 during the preparation of responses to the Commission’s First Data Request,
14 further review of Big Sandy’s books and records revealed that the FEMA
15 reimbursements were not recorded as revenue, but instead were reflected as a
16 receivable that effectively reduced O&M expenses. In other words, before the test
17 year, O&M expenses increased as a result of the flood, and during the test year,
18 the FEMA reimbursement was booked such that it offset those increased O&M
19 expenses. (For the calendar year 2015, the increased O&M associated with the
20 flood would be offset by the FEMA reimbursement, and the year-end amounts
21 would properly reflect O&M expenses for the period; revenue would be
22 unaffected.)

1 What this means is that the test year O&M expenses on Big Sandy's books
2 had been reduced by the FEMA reimbursement; thus, the test year O&M
3 expenses were understated by the amount of the reimbursement. To properly
4 adjust the test year to remove the effects of this non-recurring event, the test year
5 O&M expenses must be increased by the reimbursement amounts. It also means
6 that the test period revenues were originally correct and required no adjustment
7 for FEMA reimbursements, since those amounts were never booked as revenue.
8 The result is that the original adjustment in Reference Schedule 1.12 improperly
9 reduced test year revenues to remove the effects of non-recurring FEMA disaster
10 relief, when the appropriate adjustment is to increase test year expenses by that
11 same amount.

12 **Q. IS THIS REVISION TANTAMOUNT TO CHANGING THE SIGN ON**
13 **THE ORIGINAL ADJUSTMENT FROM A NEGATIVE TO A POSITIVE?**

14 A. Yes. The original adjustment reduced revenues and the revised adjustment
15 increases expenses by the same amount, which effectively switches the sign on
16 the original adjustment from a negative to a positive.

17 **Q. WHAT IS THE IMPACT OF THIS REVISION ON THE REVENUE**
18 **REQUIREMENT?**

19 A. Because the originally proposed adjustment decreased revenues by \$155,175, but
20 should have increased expenses by \$155,175, the effect of this revision is to
21 increase the revenue requirement by twice that amount, or \$310,350.

22 **Q. PLEASE EXPLAIN THE REVISION RELATED TO INTEREST ON**
23 **LONG TERM DEBT IN REFERENCE SCHEDULE 1.05.**

1 A. The originally proposed adjustment for Interest on Long Term Debt in Reference
2 Schedule 1.05 is correct; however, the amount was inadvertently excluded from
3 the determination of Big Sandy's revenue requirement in Exhibit JW-2.
4 Specifically, the amount on Exhibit JW-2, Page 1, Line 18, Column 4 was
5 reported as zero (\$0) when it should have been reported as (\$78,803).

6 **Q. WHAT IS THE IMPACT OF THIS REVISION ON THE REVENUE**
7 **REQUIREMENT?**

8 A. At the proposed TIER of 2.00, this revision decreases the revenue requirement by
9 \$157,606 (or two times the adjustment amount of \$78,803).

10 **Q. WHAT IS THE COLLECTIVE IMPACT OF THESE TWO REVISIONS**
11 **ON THE REVENUE REQUIREMENT?**

12 A. The first revision increases the revenue requirement by \$310,350 and the second
13 revision decreases the revenue requirement by \$157,606. Taken together, these
14 two revisions increase the revenue requirement by \$152,744, from \$928,645 to
15 \$1,081,390.

16 **Q. ARE YOU PROVIDING AN UPDATED SCHEDULE TO INCORPORATE**
17 **THESE REVISIONS INTO THE REVENUE REQUIREMENT AND TO**
18 **UPDATE THE RECORD IN THIS PROCEEDING?**

19 A. Yes. Included with this Supplemental Direct Testimony (in both hardcopy and
20 electronic Excel spreadsheet format with all formulas intact and unprotected) is
21 "Revised Exhibit JW-2," which is designed to replace the original Exhibit JW-2
22 submitted with my Direct Testimony in conjunction with Big Sandy's Application
23 in this matter. In the exhibit, Pages 1, 2, 4 and 27 of 38 have been updated. All

1 of the other pages of Exhibit JW-2 are correct and require no revision, but the
2 entire exhibit is labeled as “Revised” and provided for convenience.

3 Also, a second, new schedule comparing the original and revised amounts
4 for Exhibit JW-2 and Revised Exhibit JW-2 is provided with this Supplement
5 Direct Testimony as Exhibit JW-2-S (in both hardcopy and electronic format).
6 This schedule highlights the line items that were updated, by comparing the
7 Exhibit JW-2, Page 1 amounts in Columns 4, 5 and 6, as originally filed and as
8 revised, along with a calculation of the difference for each line of the schedule.

9 **Q. AT THIS TIME, IS BIG SANDY PROPOSING CHANGES TO THE**
10 **RATES THAT WERE PUBLISHED IN THE PUBLIC NOTICE AND**
11 **PROVIDED IN THIS APPLICATION IN EXHIBITS 3, 12, AND 13?**

12 A. No.

13 **Q. WHY NOT?**

14 A. At this time, Big Sandy’s intent is to update the record in this case to properly
15 reflect the determination of Big Sandy’s annual revenue requirement. The
16 revisions described herein increase Big Sandy’s revenue deficiency by \$152,744.
17 If the rates as filed were accepted by the Commission by the proposed effective
18 date of November 29, 2017, Big Sandy would forego the incorporation of this
19 incremental revenue in base rates for reasons of administrative efficiency.
20 However, Big Sandy recognizes that in its order dated November 16, 2017, the
21 Commission suspended the effective date of the proposed rates for five months to
22 conduct an investigation into the reasonableness of the proposed rates. Because
23 this investigation is just beginning, it is possible that other items that increase or

1 decrease the revenue deficiency may be identified by the Commission or Big
2 Sandy over the course of this proceeding, pursuant to the established procedural
3 schedule. For this reason, Big Sandy requests that the Commission consider the
4 revised revenue requirement in place of the originally-filed revenue requirement,
5 both in its on-going investigation of the reasonableness of the proposed rates and
6 in its ultimate findings in this docket.

7 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

8 **A.** Yes, it does.

Revised Exhibit JW-2
Revenue Requirements
& Pro Forma Adjustments

BIG SANDY RECC
Statement of Operations & Revenue Requirement
For the 12 Months Ended July 31, 2016

Line #	Description (1)	Actual Rates Actual Test Yr (2)	Present Rates Unadj Test Yr (3)	Pro Forma Adjustment (4)	Present Rates Pro Forma Test Yr (5)	Proposed Rates Pro Forma Test Yr (6)
1	<u>Operating Revenues</u>					
2	Total Sales of Electric Energy	23,087,258	22,470,741	(1,336,864)	21,133,877	22,215,267
3	Other Electric Revenue	778,953	778,953	-	778,953	778,953
4	Total Operating Revenue	23,866,212	23,249,695	(1,336,864)	21,912,831	22,994,220
5						
6	<u>Operating Expenses:</u>					
7	Purchased Power	16,010,784	16,010,784	(1,355,065)	14,655,719	14,655,719
8	Distribution Operations	1,094,553	1,094,553	5,955	1,100,508	1,100,508
9	Distribution Maintenance	1,516,304	1,516,304	165,989	1,682,294	1,682,294
10	Customer Accounts	887,246	887,246	2,659	889,904	889,904
11	Customer Service	29,781	29,781	2,322	32,103	32,103
12	Sales Expense	5,403	5,403	-	5,403	5,403
13	A&G	1,364,315	1,364,315	(138,731)	1,225,584	1,225,584
14	Total O&M Expense	20,908,387	20,908,387	(1,316,872)	19,591,515	19,591,515
15						
16	Depreciation	2,272,704	2,272,704	776	2,273,481	2,273,481
17	Taxes - Other	33,861	33,861	2,521	36,382	36,382
18	Interest on LTD	701,164	701,164	(78,803)	622,361	622,361
19	Interest - Other	62,878	62,878	-	62,878	62,878
20	Other Deductions	19,500	19,500	-	19,500	19,500
21						
22	Total Cost of Electric Service	23,998,494	23,998,494	(1,392,377)	22,606,117	22,606,117
23						
24	Utility Operating Margins	(132,283)	(748,800)	55,513	(693,287)	388,103
25						
26	Non-Operating Margins - Interest	173,911	173,911	-	173,911	173,911
27	Non-Operating Margins - Other	13,496	13,496	-	13,496	13,496
28	G&T Capital Credits	1,400,000	1,400,000	(1,400,000)	-	-
29	Other Capital Credits	46,851	46,851	-	46,851	46,851
30						
31	Net Margins	1,501,975	885,458	(1,344,487)	(459,029)	622,361
32						
33	Cash Receipts from Lenders	12,575	12,575		12,575	12,575
34	OTIER	0.83	(0.05)		(0.09)	1.64
35	TIER	3.14	2.26		0.26	2.00
36	TIER excluding GTCC	1.15	0.27		0.26	2.00
37						
38	Target TIER	2.00	2.00		2.00	2.00
39	Margins at Target TIER	701,164	701,164		622,361	622,361
40	Revenue Requirement	24,699,658	24,699,658		23,228,478	23,228,478
41	Revenue Deficiency	(800,811)	(184,294)		1,081,390	-

BIG SANDY RECC
Summary of Pro Forma Adjustments

Reference Schedule #	Item (1)	Revenue (2)	Expense (3)	Non- Operating Income (4)	Net Margin (5)
1.01	Wages & Salaries	-	(22,900)		22,900
1.02	Payroll Taxes	-	(1,624)		1,624
1.03	Depreciation	-	27,206		(27,206)
1.04	Property Taxes	-	2,521		(2,521)
1.05	Interest on Long Term Debt	-	(78,803)		78,803
1.06	Retirement Plan & 401(k)	-	23,479		(23,479)
1.07	Donations, Promotional Advertising & Dues	-	(25,867)		25,867
1.08	Professional Services	-	(3,920)		3,920
1.09	Directors Fees	-	(16,601)		16,601
1.10	Miscellaneous Expenses	-	(1,307)		1,307
1.11	Rate Case Expenses	-	61,912		(61,912)
1.12	FEMA	-	155,175		(155,175)
1.13	GTCC	-	-	(1,400,000)	(1,400,000)
1.14	Misc Service Charges	5,370	-		5,370
1.15	Fuel Adjustment Clause	1,006,816	1,030,652		(23,836)
1.16	Environmental Surcharge	(2,263,819)	(2,331,039)		67,220
1.17	Year-End Customers	(85,231)	(54,678)		(30,553)
1.18	Employee Healthcare	-	(156,584)		156,584
	Total	(1,336,864)	(1,392,377)	(1,400,000)	(1,344,487)

BIG SANDY RECC
Summary of Adjustments to Test Year Balance Sheet

Line #	Description (1)	Actual Test Yr (2)	Pro Forma Adjs (3)	Pro Forma Test Yr (4)
1	Assets and Other Debits			
2	Total Utility Plant In Service	52,952,636	-	52,952,636
3	Construction Work In Progress	(73,568)	-	(73,568)
4	Total Utility Plant	52,879,068	-	52,879,068
5	Accum Provision for Depr and Amort	(19,823,387)	-	(19,823,387)
6	Net Utility Plant	33,055,681	-	33,055,681
7				
8	Investment In Assoc Org - Patr Capital	15,757,520	-	15,757,520
9	Investment In Assoc Org - Other Gen Fnd	2,205	-	2,205
10	Investment In Assoc Org - Non Gen Fnd	472,200	-	472,200
11	Other Investment	500	-	500
12	Total Other Prop & Investments	16,232,426	-	16,232,426
13				
14	Cash - General Funds	498,011	-	498,011
15	Cash - Construction Fund Trust	407	-	407
16	Special Deposits	120	-	120
17	Temporary Investments	(937,802)	-	(937,802)
18	Accts Receivable - Sales Energy (Net)	2,701,731	-	2,701,731
19	Accts Receivable - Other (Net)	970,185	-	970,185
20	Renewable Energy Credits	-	-	-
21	Material & Supplies - Elec & Other	293,066	-	293,066
22	Prepayments	56,697	-	56,697
23	Other Current & Accr Assets	5,326	-	5,326
24	Total Current & Accr Assets	3,587,720	-	3,587,720
25				
26	Other Regulatory Assets	-	-	-
27	Other Deferred Debits	9,900	-	9,900
28				
29	Total Assets & Other Debits	52,885,727	-	52,885,727
30				
31	Liabilities & Other Credits			
32	Memberships	(226,565)	-	(226,565)
33	Patronage Capital	(24,654,092)	-	(24,654,092)
34	Operating Margins - Current Year	(1,314,567)	-	(1,314,567)
35	Non-Operating Margins	(187,407)	-	(187,407)
36	Other Margins & Equities	1,711,537	-	1,711,537
37	Total Margins & Equities	(24,671,095)	-	(24,671,095)
38				
39	Long Term Debt - RUS (Net)	(5,007,074)	-	(5,007,074)
40	Long Term Debt - FFB - RUS GUAR	-	-	-
41	Long Term Debt - Other - RUS GUAR	-	-	-
42	Long Term Debt - Other (Net)	(16,116,770)	-	(16,116,770)
43	Long Term Debt - RUS -Econ Dev - Net	-	-	-
44	Total Long Term Debt	(21,123,844)	-	(21,123,844)
45				
46	Accum Operating Provisions	(3,698,066)	-	(3,698,066)
47				
48	Notes Payable	(650,000)	-	(650,000)
49	Accounts Payable	(1,886,264)	-	(1,886,264)
50	Consumer Deposits	(604,538)	-	(604,538)
51	Other Current & Accr Liabilities	(239,209)	-	(239,209)
52	Total Current & Accr Liabilities	(3,380,010)	-	(3,380,010)
53				
54	Regulatory Liabilities	-	-	-
55	Other Deferred Credits	(12,712)	-	(12,712)
56	Total Liabilities & Other Credits	(52,885,727)	-	(52,885,727)
57				
58	Estimated Contrib In Aid of Construction			
59	Balance Beginning of Year	-	-	-
60	Amount Received This Year (Net)	217,177	-	217,177
61	Total Contributions in Aid of Construction	217,177	-	217,177

BIG BANDY RECC
Summary of Adjustments to Test Year Statement of Operations

Reference Schedule	>	1.01	1.02	1.03	1.04	1.05	1.06	1.07	1.08	1.09	1.10	1.11	1.12	1.13	1.14	1.15	1.16	1.17	1.18		
Item	>	Wages & Salaries	Payroll Taxes	Depreciation	Property Taxes	Interest on Long Term Debt	Retirement Plan & 401(k)	Donations, Promotional Advertising & Dues	Professional Services	Directors Fees	Miscellaneous Expenses	Rate Case Expenses	FEMA	GTCC	Misc Service Charges	Fuel Adjustment Clause	Environmental Surcharge	Year-End Customers	Employee Healthcare	TOTAL	
1																					
2	<u>Operating Revenues</u>																				
3	Base Rates																				0
4	FAC & ES															1,006,816	(2,263,818)				(1,257,003)
5	Other Electric Revenue														5,370						(79,881)
6	<u>Total Revenues</u>	0	0	0	0	0	0	0	0	0	0	0	0	0	5,370	1,006,816	(2,263,818)	(85,231)			(1,338,884)
7																					
8	<u>Operating Expenses</u>																				
9	Purchased Power																				0
10	Base Rates																				(54,678)
11	FAC & ES															1,030,652	(2,331,039)				(1,300,387)
12	Distribution - Operations	(4,871)	(345)	6,177			4,995														5,955
13	Distribution - Maintenance	(5,024)	(356)	11,044			5,151							155,175							165,989
14	Consumer Accounts	(3,928)	(279)	2,838			4,028														2,659
15	Customer Service	(483)	(34)	2,344			495														2,322
16	Sales		0	0			0														0
17	<u>Administrative and General</u>	(8,593)	(609)	4,028			8,811	(25,867)	(3,920)	(16,601)	(1,307)	61,912									(156,584)
18	<u>Total Operating Expenses</u>	(22,900)	(1,624)	26,430	0	0	23,479	(25,867)	(3,920)	(16,601)	(1,307)	61,912	155,175	0	0	1,030,652	(2,331,039)	(54,678)	(156,584)		(1,316,872)
19																					
20	Depreciation			776																	776
21	Taxes - Other				2,521																2,521
22	Interest on Long Term Debt					(78,803)															(78,803)
23	Interest Expense - Other																				0
24	Other Deductions																				0
25	<u>Total Cost of Electric Service</u>	(22,900)	(1,624)	27,206	2,521	(78,803)	23,479	(25,867)	(3,920)	(16,601)	(1,307)	61,912	155,175	0	0	1,030,652	(2,331,039)	(54,678)	(156,584)		(1,392,377)
26																					
27	<u>Utility Operating Margins</u>	22,900	1,624	(27,206)	(2,521)	78,803	(23,479)	25,867	3,920	16,601	1,307	(61,912)	(155,175)	0	5,370	(23,838)	67,220	(30,553)	156,584		55,513
28																					
29	Non-Operating Margins - Interest																				0
30	Non-Operating Margins - Other																				0
31	G&T Capital Credits													(1,400,000)							(1,400,000)
32	Other Capital Credits																				0
33	<u>Total Non-Operating Margins</u>	0	0	0	0	0	0	0	0	0	0	0	0	(1,400,000)	0	0	0	0	0	0	(1,400,000)
34																					
35	<u>Net Margins</u>	22,900	1,624	(27,206)	(2,521)	78,803	(23,479)	25,867	3,920	16,601	1,307	(61,912)	(155,175)	(1,400,000)	5,370	(23,838)	67,220	(30,553)	156,584		(1,344,487)

**BIG SANDY RECC
For the 12 Months Ended July 31, 2016**

Wages & Salaries

Line #	Employee			Hours Worked			Actual Test Year Wages					2018 Wage Rate (12)	Pro Forma Wages at 2,080 Hours					Pro Forma Adjustment (18)
	Count (1)	ID (2)	Note (3)	Regular (4)	Overtime (5)	Vac P.Out (6)	Regular (7)	Overtime (8)	Vac P.Out (9)	Other (10)	Total (11)		Regular (13)	Overtime (14)	Vac P.Out (15)	Other (16)	Total (17)	
1	Salary Employees																	
2	1	S01		2,080.00		31.04	74,142		1,102	650	75,894	36.65	76,232		1,138	77,370	\$ 1,476	
3	1	S02		2,080.00		39.96	81,048		1,551	700	83,299	39.97	83,138		1,597	84,735	\$ 1,436	
4	1	S03	A	2,080.00		39.96	123,148		2,374		125,522	0.00	0		0	0	\$ (125,522)	
5	1	S04		2,080.00			72,031			900	72,931	35.74	74,339			74,339	\$ 1,408	
6	1	S05		2,080.00			54,684			900	55,584	29.82	62,026			62,026	\$ 6,442	
7		S06	B	-							-	52.89	110,011			110,011	\$ 110,011	
8	1	S07		2,080.00			54,851			850	55,701	27.48	57,158			57,158	\$ 1,457	
9	1	S08		2,080.00			47,956			850	48,806	24.77	51,522	0		51,522	\$ 2,716	
10	1	S09		2,080.00			49,401			850	50,251	26.57	55,266			55,266	\$ 5,015	
11	1	S10		1,833.00			40,894			550	41,444	23.15	48,152	0		48,152	\$ 6,708	
12	9	Subtotal		18,473.00	-	110.96	598,165	-	5,027	6,250	609,432		617,843	0	2,735	0	620,578	\$ 11,146
13																		
14	Hourly Employees																	
15	1	H01		1,995.96	77.50		61,502	3,601			65,103	29.84	62,067	3,469		65,536	\$ 433	
16	1	H02		2,080.00	46.00	34.96	64,834	2,165	1,080		68,079	32.28	67,142	2,227	1,129	70,498	\$ 2,419	
17	1	H03		2,064.00	1,121.00	40.00	58,967	48,090	1,131		108,188	29.68	61,734	49,907	1,187	112,829	\$ 4,841	
18	1	H04		2,064.00	698.00	39.96	58,966	29,964	1,130		90,060	29.68	61,734	31,075	1,186	93,995	\$ 3,935	
19	1	H05		2,080.00	52.50		56,223	2,120			58,343	28.14	58,531	2,216		60,747	\$ 2,404	
20	1	H06		2,080.00	86.00	36.04	64,066	3,991	1,100		69,157	31.91	66,373	4,116	1,150	71,639	\$ 2,482	
21	1	H07		2,080.00	23.50		57,762	986			58,748	28.88	60,070	1,018		61,088	\$ 2,340	
22	1	H08		2,080.00	26.00	38.88	71,397	1,193	1,346		73,936	36.52	75,962	1,424	1,420	78,806	\$ 4,870	
23	1	H09		2,080.00	496.00		59,892	21,382			81,274	31.91	66,373	23,741		90,114	\$ 8,840	
24	1	H10		2,080.00	61.50		59,185	2,630			61,815	29.43	61,214	2,715		63,929	\$ 2,114	
25	1	H11		2,080.00	220.50		59,759	9,547			69,306	30.78	64,022	10,180		74,203	\$ 4,897	
26	1	H12		1,150.29	4.50		33,078	198			33,274	30.78	64,022	208		64,230	\$ 30,956	
27	1	H13		2,075.96	139.50		58,964	5,978			64,942	29.68	61,734	6,211		67,945	\$ 3,003	
28	1	H14		1,905.00	39.50		54,002	1,688			55,690	29.43	61,214	1,744		62,958	\$ 7,268	
29	1	H15		2,064.00	89.50		58,490	3,824			62,314	29.43	61,214	3,951		65,165	\$ 2,851	
30	1	H16		2,080.00	3.00		53,644	117		500	54,261	26.90	55,952	121		56,073	\$ 1,812	
31	1	H17		2,080.00	11.00		47,114	377		500	47,991	23.76	49,421	392		49,813	\$ 1,822	
32	1	H18		2,080.00	21.00		39,915	608		500	41,023	20.30	42,224	639		42,863	\$ 1,840	
33	1	H19		2,082.00	10.50		33,916	255		500	34,671	17.40	36,192	274		36,466	\$ 1,795	
34	1	H20		2,080.00	23.50		38,044	652			38,696	19.40	40,352	684		41,036	\$ 2,340	
35	1	H21		1,894.00	6.00		26,262	123		500	26,885	15.40	32,032	139		32,171	\$ 5,286	
36	1	H22		1,796.49	4.00		21,340	72		500	21,912	11.40	23,712	68		23,780	\$ 1,868	

**BIG SANDY RECC
For the 12 Months Ended July 31, 2016**

Wages & Salaries

Line #	Employee			Hours Worked			Actual Test Year Wages					2018 Wage Rate (12)	Pro Forma Wages at 2,080 Hours					Pro Forma Adjustment (18)
	Count (1)	ID (2)	Note (3)	Regular (4)	Overtime (5)	Vac P.Out (6)	Regular (7)	Overtime (8)	Vac P.Out (9)	Other (10)	Total (11)		Regular (13)	Overtime (14)	Vac P.Out (15)	Other (16)	Total (17)	
37	1	H23		2,080.00	10.00		23,702	171		500	24,373	13.90	28,912	209		29,121	\$ 4,748	
38	1	H24		2,080.00	62.00		41,963	1,995			43,958	23.65	49,192	2,199		51,391	\$ 7,433	
39	1	H25	A	2,080.00	58.00		51,017	2,171			53,188	0.00	0	0		0	\$ (53,188)	
40	1	H26		2,064.00	137.00		48,071	4,817			52,888	25.94	53,955	5,331		59,286	\$ 6,398	
41	1	H27	A	2,078.00			52,712				52,712	0.00	0	0		0	\$ (52,712)	
42	1	H28		2,080.00	38.00		46,884	1,297			48,181	24.15	50,232	1,377		51,609	\$ 3,428	
43	1	H29		1,952.00	7.50		21,992	128		500	22,620	12.15	25,272	137		25,409	\$ 2,789	
44	1	H30		1,540.50	123.50		42,553	5,133			47,686	29.43	61,214	5,452		66,666	\$ 18,980	
45	1	H31	B	-			-				-	24.08	50,086			50,086	\$ 50,086	
46	32	Subtotal		60,004	3,697	190	1,486,216	155,271	6,787	4,000	1,631,274		1,552,158	161,223	6,072	-	1,719,454	88,180
47																		
48		Part Time & Summer Employees																
49	1	P01	A	70.00			508				508	0.00	0	0		0	\$ (508)	
50	1	P02	A	276.00			2,760				2,760	0.00	0	0		0	\$ (2,760)	
51	1	P03	A	1,045.50			7,933				7,933	0.00	0	0		0	\$ (7,933)	
52	3	Subtotal		1,391.50	-	-	11,201	-	-	-	11,201		0	0	0	0	0	\$ (11,201)
53																		
54		Retired Employees																
55	1	R01	A	860.77			25,290				25,290	0.00	0			0	\$ (25,290)	
56	1	R02	A	1,469.12	3.00		37,393	114			37,507	0.00	0			0	\$ (37,507)	
57	1	R03	A	2,080.00	24.50		59,426	1,058			60,484	0.00	0			0	\$ (60,484)	
58	3	Subtotal		4,409.89	27.50	-	122,109	1,172	-	-	123,281		0	0	0	0	0	\$ (123,281)
59																		
60	41	TOTAL		84,278.59	3,724.00	300.80	2,197,681	166,443	10,814	10,250	2,375,188		2,170,002	161,223	8,806	0	2,340,032	\$ (35,157)
61																		
62		Adjustment																\$ (35,157)

NOTES: A No longer employed B Hired 2017

BIG SANDY RECC
For the 12 Months Ended July 31, 2016

Wages & Salaries

This adjustment normalizes wages and salaries to account for changes due to wage increases, promotions, retirements, terminations, or new hires for standard year of 2,080 hours.

	<u>Labor Expense Summary</u>	<u>Labor \$</u>	<u>Alloc</u>	<u>Adjustment</u>
63	580-589 Operations	\$ 330,622	13.9%	\$ (4,871)
64	590-598 Maintenance	\$ 341,006	14.3%	\$ (5,024)
65	901-905 Consumer Accounts	\$ 266,627	11.2%	\$ (3,928)
66	907-910 Customer Service	\$ 32,772	1.4%	\$ (483)
67	920-935 Administrative & General	\$ 583,237	24.4%	\$ (8,593)
68	Subtotal	\$ 1,554,265	65.1%	\$ (22,900)
69	101-120 Utility Plant	\$ 577,449	24.2%	\$ (8,508)
70	131-174 Current & Accrued Assets	\$ 48,089	2.0%	\$ (709)
71	181-190 Deferred Debits	\$ 45,453	1.9%	\$ (670)
72	231-283 Current & Accrued Liabilities	\$ 160,903	6.7%	\$ (2,371)
73	Subtotal	\$ 831,894	34.9%	\$ (12,257)
74	Total	\$ 2,386,159	100.0%	\$ (35,157)

BIG SANDY RECC
For the 12 Months Ended July 31, 2016

Payroll Taxes

Line #	Employee			Social Security		Medicare		Federal Unemployment		State Unemployment		Total (6)+(8)+ (10)+(12)	
	Count	ID	Note	Normalized Wages	Up To	At	All Wages	At	Up To	At	Up To		At
					\$118,500	6.20%		1.45%	\$7,000	0.60%	\$10,200		1.20%
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	
1	Salary Employees												
2	1	S01		77,370	77,370	4,797	77,370	1,122	7,000	42	10,200	122	6,083
3	1	S02		84,735	84,735	5,254	84,735	1,229	7,000	42	10,200	122	6,647
4	1	S03	A	-	-	-	-	-	-	-	-	-	-
5	1	S04		74,339	74,339	4,609	74,339	1,078	7,000	42	10,200	122	5,851
6	1	S05		62,026	62,026	3,846	62,026	899	7,000	42	10,200	122	4,909
7	1	S06	B	110,011	110,011	6,821	110,011	1,595	7,000	42	10,200	122	8,580
8	1	S07		57,158	57,158	3,544	57,158	829	7,000	42	10,200	122	4,537
9	1	S08		51,522	51,522	3,194	51,522	747	7,000	42	10,200	122	4,106
10	1	S09		55,266	55,266	3,426	55,266	801	7,000	42	10,200	122	4,392
11	1	S10		48,152	48,152	2,985	48,152	698	7,000	42	10,200	122	3,848
12	9	Subtotal		620,578	620,578	38,476	620,578	8,998	63,000	378	91,800	1,102	48,954
13													
14	Hourly Employees												
15	1	H01		65,536	65,536	4,063	65,536	950	7,000	42	10,200	122	5,178
16	1	H02		70,498	70,498	4,371	70,498	1,022	7,000	42	10,200	122	5,558
17	1	H03		112,829	112,829	6,995	112,829	1,636	7,000	42	10,200	122	8,796
18	1	H04		93,995	93,995	5,828	93,995	1,363	7,000	42	10,200	122	7,355
19	1	H05		60,747	60,747	3,766	60,747	881	7,000	42	10,200	122	4,812
20	1	H06		71,639	71,639	4,442	71,639	1,039	7,000	42	10,200	122	5,645
21	1	H07		61,088	61,088	3,787	61,088	888	7,000	42	10,200	122	4,838
22	1	H08		78,806	78,806	4,886	78,806	1,143	7,000	42	10,200	122	6,193
23	1	H09		90,114	90,114	5,587	90,114	1,307	7,000	42	10,200	122	7,058
24	1	H10		63,929	63,929	3,964	63,929	927	7,000	42	10,200	122	5,055
25	1	H11		74,203	74,203	4,601	74,203	1,076	7,000	42	10,200	122	5,841
26	1	H12		64,230	64,230	3,982	64,230	931	7,000	42	10,200	122	5,078
27	1	H13		67,945	67,945	4,213	67,945	985	7,000	42	10,200	122	5,362
28	1	H14		62,958	62,958	3,903	62,958	913	7,000	42	10,200	122	4,981
29	1	H15		65,165	65,165	4,040	65,165	945	7,000	42	10,200	122	5,150
30	1	H16		56,073	56,073	3,477	56,073	813	7,000	42	10,200	122	4,454
31	1	H17		49,813	49,813	3,088	49,813	722	7,000	42	10,200	122	3,975
32	1	H18		42,863	42,863	2,658	42,863	622	7,000	42	10,200	122	3,443
33	1	H19		36,466	36,466	2,261	36,466	529	7,000	42	10,200	122	2,954
34	1	H20		41,036	41,036	2,544	41,036	595	7,000	42	10,200	122	3,304
35	1	H21		32,171	32,171	1,995	32,171	466	7,000	42	10,200	122	2,625
36	1	H22		23,780	23,780	1,474	23,780	345	7,000	42	10,200	122	1,984
37	1	H23		29,121	29,121	1,805	29,121	422	7,000	42	10,200	122	2,392
38	1	H24		51,391	51,391	3,186	51,391	745	7,000	42	10,200	122	4,098
39	1	H25	A	-	-	-	-	-	-	-	-	-	-
40	1	H26		59,286	59,286	3,676	59,286	860	7,000	42	10,200	122	4,700
41	1	H27	A	-	-	-	-	-	-	-	-	-	-
42	1	H28		51,609	51,609	3,200	51,609	748	7,000	42	10,200	122	4,112
43	1	H29		25,409	25,409	1,575	25,409	388	7,000	42	10,200	122	2,108
44	1	H30		66,666	66,666	4,133	66,666	987	7,000	42	10,200	122	5,264
45	1	H31	B	50,086	50,086	3,105	50,086	726	7,000	42	10,200	122	3,996
46	31	Subtotal		1,719,454	1,719,454	106,606	1,719,454	24,932	203,000	1,218	295,800	3,550	136,306
47													
48	40	TOTAL		2,340,032	2,340,032	145,082	2,340,032	33,930	266,000	1,596	387,800	4,851	185,260
49													
50		Test Year Amount				179,935	<--(6) + (8)			2,318		5,500	187,753
51													
52		Pro Forma Amount				179,012	<-- (6) + (8)			1,596		4,851	185,260
53													
54		Adjustment				(922)				(722)		(849)	(2,493)

NOTES:

A - No longer employed

B- Hired 2017

BIG SANDY RECC
For the 12 Months Ended July 31, 2016

Payroll Taxes

This adjustment normalizes test year payroll taxes for FICA, Medicare, FUTA and SUTA based on most recent effective rates.

<u>Allocation to Accounts</u>		<u>Alloc</u>	<u>Adjustment</u>
580-589	Operations	13.86%	(345)
580-598	Maintenance	14.29%	(356)
901-905	Consumer Accounts	11.17%	(279)
907-910	Customer Service	1.37%	(34)
920-935	Administrative & General	24.44%	(609)
	Subtotal	65.14%	(1,624)
101-120	Utility Plant	24.20%	(603)
131-174	Current & Accrued Assets	2.02%	(50)
181-190	Deferred Debits	1.90%	(47)
231-283	Current & Accrued Liabilities	6.74%	(168)
	Subtotal	34.86%	(869)
	Total	100.00%	(2,493)

BIG SANDY RECC
For the 12 Months Ended July 31, 2016

Depreciation

Line #	Acct # (1)	Description (2)	Test Yr Ending Bal (3)	Fully Depr Items (4)	Rate (5)	Normalized Expense (6)	Test Year Expense (7)	Pro Forma Adj (8)
1		<u>Distribution Plant</u>						
2	362	Station equipment	400,205	-	2.86%	11,446	11,446	\$ (0)
3	364	Poles, towers & fixtures	14,209,217	-	4.99%	709,040	701,943	\$ 7,097
4	365	Overhead conductors & devices	13,008,337	-	4.84%	629,604	628,290	\$ 1,314
5	366	Underground conduit	606,272	-	4.84%	29,344	28,448	\$ 896
6	367	Underground conductor & devices	400,641	-	3.13%	12,540	11,667	\$ 873
7	368	Line transformers	6,417,073	-	3.46%	222,031	221,026	\$ 1,005
8	369	Services	5,081,015	-	4.02%	204,257	202,261	\$ 1,996
9	370	Meters	3,482,975	-	6.67%	232,314	233,762	\$ (1,448)
10	371	Installations on customer premises	2,471,803	-	4.09%	101,097	98,180	\$ 2,917
11		Subtotal	46,077,538	-		2,151,672	2,137,023	14,649
12								
13		<u>General Plant</u>						
14	389	Land	292,419					
15	390	Structures and Improvements	2,991,477	492,577	2.50%	62,473	74,667	\$ (12,195)
16	391	Office furn and eqt	702,484		6.00%	42,149	44,327	\$ (2,178)
17	393	Stores	-		5.00%	-	-	\$ -
18	394	Tools, shop and garage	124,891		5.00%	6,245	6,078	\$ 167
19	395	Laboratory	154,634		5.00%	7,732	7,738	\$ (6)
20	396	Power operated	11,903	11,903	14.00%	-	-	\$ -
21	397	Communications	50,173	18,530	7.00%	2,215	2,075	\$ 140
22	398	Miscellaneous	30,873	10,953	5.00%	996	796	\$ 200
23		Subtotal	4,358,854	533,963		121,809	135,681	(13,872)
24		Distribution & General Subtotal	50,436,392	533,963		2,273,480	2,272,704	776
25		<u>Transportation Charged to Clearing</u>						
26	392	Transportation	1,783,882	801,195	19.20%	188,676	147,630	\$ 41,046
27								
28		TOTAL	52,220,274	1,335,158		2,462,156	2,420,334	41,822

This adjustment normalizes depreciation expenses by replacing test year actual expenses with test year end balances (less any fully depreciated items) at approved depreciation rates.

<u>Allocation of Clearing to O&M</u>	<u>Alloc</u>	<u>Depr \$</u>
Operations	15.0%	\$ 6,177
Maintenance	26.9%	\$ 11,044
Consumer Accounts	6.9%	\$ 2,838
Customer Service	5.7%	\$ 2,344
Administrative & General	9.8%	\$ 4,028
Subtotal	64.4%	\$ 26,430
CWIP & RWIP	34.4%	\$ 14,132
Other	1.2%	\$ 484
Subtotal	35.6%	\$ 14,616
Total	100.0%	\$ 41,046

BIG SANDY RECC
For the 12 Months Ended July 31, 2016

Property Taxes

Line #	Payments (1)	2014 (2)	2016 (3)	Adjustment (4)
1	KY State Treas	\$ 10	\$ 10	\$ -
2	KY State Treas, Public Service Co	\$ 105,116	\$ 102,349	\$ (2,767)
3	Floyd County	\$ 65,643	\$ 64,563	\$ (1,079)
4	Johnson County	\$ 100,594	\$ 103,359	\$ 2,765
5	Martin County	\$ 11,569	\$ 13,987	\$ 2,418
6	Lawrence Couty	\$ 10,028	\$ 9,053	\$ (976)
7	Knott County	\$ 7,967	\$ 8,812	\$ 844
8	Morgan County	\$ 667	\$ 703	\$ 36
9	Breathitt Coutny	\$ 204	\$ 238	\$ 34
10	Magoffin County	\$ 45	\$ 62	\$ 17
11	Paintsville City	\$ 5,992	\$ 7,221	\$ 1,228
12				
13				
14	Adjustment	\$ 307,836	\$ 310,357	\$ 2,521

This adjustment normalizes property taxes from test year to current amounts.

BIG SANDY RECC
For the 12 Months Ended July 31, 2016

Interest on Long Term Debt

Line #	Type of Debt Issued (1)	Date of Issue (2)	Date of Maturity (3)	Outstanding Amount (4)	Cost Rate to Maturity (5)	Pro Forma Interest Cost (6)	Test Year Interest Cost (7)	Pro Forma Adj (8)	
1	<u>RUS Loans</u>								
2	RET-6-1	Jan-96	Jan-31	\$ 237,540	3.375%	\$ 8,017	\$ 7,960	\$ 57	
3	RET-6-2	Jan-96	Jan-31	\$ 115,634	0.250%	\$ 289	\$ 289	\$ 0	
4	RET-6-3	Jan-96	Jan-31	\$ 285,567	3.875%	\$ 11,066	\$ 10,987	\$ 79	
5	RET-6-4	Jan-96	Jan-31	\$ 137,050	3.750%	\$ 5,139	\$ 5,124	\$ 15	
6	RET-6-5	Jan-96	Jan-31	\$ 274,592	0.875%	\$ 2,403	\$ 2,397	\$ 6	
7	RET-6-6	Jan-96	Jan-31	\$ 510,430	4.250%	\$ 21,693	\$ 21,548	\$ 145	
8	* RET-7-1	Nov-04	Oct-39	\$ 1,122,502	2.200%	\$ 24,695	\$ 24,468	\$ 227	
9	* RET-7-2	Nov-04	Oct-39	\$ 1,682,837	4.630%	\$ 77,915	\$ 76,777	\$ 1,138	
10	* RET-7-3	Nov-04	Oct-39	\$ 1,280,562	4.930%	\$ 63,132	\$ 62,176	\$ 956	
11	* RET-7-4	Nov-04	Oct-39	\$ 1,286,997	4.580%	\$ 58,944	\$ 58,009	\$ 935	
12	* RET-7-5	Nov-04	Oct-39	\$ 1,191,653	4.570%	\$ 54,459	\$ 53,640	\$ 819	
13	Advance Payment unapplied				\$ (3,024,500)				
14					\$ 5,100,864	\$ 327,752	\$ 323,375	\$ 4,377	
15	<u>FFB Loans</u>								
16	H0010	Jan-99	Dec-33	\$ 5,169,701	4.597%	\$ 237,651	\$ 240,698	\$ (3,047)	
17	H0035	Sep-09	Sep-44	\$ 9,232,642	0.390%	\$ 36,007	\$ 27,026	\$ 8,981	
18					\$ 14,402,343	\$ 273,658	\$ 267,724	\$ 5,934	
19	<u>CFC Loans</u>								
20	9014	Mar-82	Feb-17	\$ 21,956	6.300%	\$ 1,383	\$ 1,401	\$ (18)	
21	9018002	Sep-84	Aug-19	\$ 203,737	6.300%	\$ 12,835	\$ 12,996	\$ (161)	
22	9018003	Sep-89	Aug-24	\$ 135,825	6.350%	\$ 8,625	\$ 8,733	\$ (108)	
23	9021012	Jun-03	May-16	\$ -	6.460%	\$ -	\$ 14,904	\$ (14,904)	
24	9021013	Jun-03	May-17	\$ 344,755	5.650%	\$ -	\$ 19,479	\$ (19,479)	
25	9021014	Jun-03	May-18	\$ 344,755	5.700%	\$ -	\$ 19,651	\$ (19,651)	
26					\$ 1,051,028	\$ 22,844	\$ 77,164	\$ (54,320)	
27	<u>CoBank Loans</u>								
28	204343	Dec-11	Nov-19	\$ 379,744	3.260%	\$ 12,380	\$ 14,979	\$ (2,599)	
29	224152	Dec-12	Nov-22	\$ 545,026	3.070%	\$ 16,732	\$ 17,922	\$ (1,190)	
30					\$ 924,770	\$ 29,112	\$ 32,901	\$ (3,789)	
31									
32	Sub-Total				\$ 21,479,005	\$ 653,366	\$ 701,164	\$ (47,798)	
33									
34	Annualized Cost Rate					3.042%	3.264%		
35									
36	<u>Refinancing per Case No. 2017-00190</u>								
37									
38	* RUS 7-1 through 7-5 refinanced w/CFC				\$ 6,564,551	3.780%	\$ 279,145	\$ 248,140	\$ (31,005)
39									
40	<u>Total Adjustment</u>							\$ (78,803)	

This adjustment normalizes the interest on Long-Term Debt. Test year cost of debt is normalized to annualized cost rate (by multiplying the test year end debt amounts by the interest rate in effect at the end of the test year for each loan). The adjustment removes two loans in effect during the test year but paid off before mid-2018. The refinance approved in Case No. 2017-00191 is incorporated by replacing the normalized debt for the refinanced RUS loans and recalculating the interest at the final CFC-refinanced effective interest rate (including capital credits over the life of the loan) of 3.78%.

BIG SANDY RECC
For the 12 Months Ended July 31, 2016

Retirement Plan & 401(k)

R&S Rate: 34.95%
 401(k) Match: 10.00%

Line #	Employee			Retirement Cost		
	Count (1)	ID (2)	Note (3)	Normalized Wages (4)	Retirement Cost Rate (5)	Retirement Cost Accrual (6)
1	<u>Salary Employees</u>					
2	1	S01		77,370	34.95%	27,041
3	1	S02		84,735	34.95%	29,615
4	1	S03	A	-	34.95%	-
5	1	S04		74,339	34.95%	25,982
6	1	S05		62,026	34.95%	21,678
7		S06	B	110,011	10.00%	11,001
8	1	S07		57,158	34.95%	19,977
9	1	S08		51,522	34.95%	18,007
10	1	S09		55,266	34.95%	19,315
11	1	S10		48,152	34.95%	16,829
12	9	Subtotal		620,578		189,444
13						
14	<u>Hourly Employees</u>					
15	1	H01		65,536	10.00%	6,554
16	1	H02		70,498	34.95%	24,639
17	1	H03		112,829	10.00%	11,283
18	1	H04		93,995	10.00%	9,400
19	1	H05		60,747	10.00%	6,075
20	1	H06		71,639	10.00%	7,164
21	1	H07		61,088	10.00%	6,109
22	1	H08		78,806	34.95%	27,543
23	1	H09		90,114	10.00%	9,011
24	1	H10		63,929	10.00%	6,393
25	1	H11		74,203	10.00%	7,420
26	1	H12		64,230	10.00%	6,423
27	1	H13		67,945	10.00%	6,794
28	1	H14		62,958	10.00%	6,296
29	1	H15		65,165	10.00%	6,517
30	1	H16		56,073	34.95%	19,598
31	1	H17		49,813	34.95%	17,410
32	1	H18		42,863	34.95%	14,981
33	1	H19		36,466	10.00%	3,647
34	1	H20		41,036	34.95%	14,342
35	1	H21		32,171	10.00%	3,217
36	1	H22		23,780	10.00%	2,378
37	1	H23		29,121	10.00%	2,912
38	1	H24		51,391	10.00%	5,139
39	1	H25	A	-	10.00%	-
40	1	H26		59,286	10.00%	5,929
41	1	H27	A	-	10.00%	-
42	1	H28		51,609	10.00%	5,161

**BIG SANDY RECC
For the 12 Months Ended July 31, 2016**

Retirement Plan & 401(k)

R&S Rate: 34.95%
401(k) Match: 10.00%

Line #	Employee			Retirement Cost		
	Count (1)	ID (2)	Note (3)	Normalized Wages (4)	Retirement Cost Rate (5)	Retirement Cost Accrual (6)
43	1	H29		25,409	10.00%	2,541
44	1	H30		66,666	10.00%	6,667
45	1	H31	B	50,086	10.00%	5,009
46	31	Subtotal		1,719,454		256,548
47						
48	40	TOTAL		2,340,032		445,992
49						
50		Test Year Amount				409,946
51						
52		Pro Forma Amount				445,992
53						
54		Adjustment				36,046

NOTES: A - No longer employed B- Hired 2017

This adjustment normalizes test year utility contributions to NRECA Retirement & Security Program and NRECA Savings Plan 401(k) based on most recent contribution rates.

	Allocation to Accounts	<u>Alloc</u>	<u>Adjustment</u>
55			
56			
57	580-589 Operations	13.86%	4,995
58	590-598 Maintenance	14.29%	5,151
59	901-905 Consumer Accounts	11.17%	4,028
60	907-910 Customer Service	1.37%	495
61	920-935 Administrative & General	24.44%	8,811
62	Subtotal	65.14%	23,479
63			
64	101-120 Utility Plant	24.20%	8,723
65	131-174 Current & Accrued Assets	2.02%	726
66	181-190 Deferred Debits	1.90%	687
67	231-283 Current & Accrued Liabilities	6.74%	2,431
68	Subtotal	34.86%	12,567
69			
70	Total	100.00%	36,046

BIG SANDY RECC
For the 12 Months Ended July 31, 2016

Donations, Promotional Advertising, & Dues

Line #	Item (1)	Account (2)	Expense (4)
1	Donations	426.10 \$	19,238
2	Advertising Expense	913.00 \$	5,403
3	General Advertising Expense	930.10 \$	866
4	Dues - Paintsville Kiwanis	908.00 \$	360
5	Test Year Amount	\$	25,867
6			
7	Pro Forma Year Amount	\$	-
8			
9	Adjustment	\$	(25,867)

This adjustment removes charitable donations, promotional advertising expenses, and dues from the revenue requirement consistent with standard Commission practices.

10	Acct:	426.10		
11				
12	<u>DATE</u>	<u>CHECK</u>	<u>VENDOR NAME</u>	<u>DEBIT</u> <u>DESCRIPTION</u>
13	08/06/15	53891	FLOYD CO EMERGENCY & RESCUE	100.00 DONATION FLOYD CO RESCUE
14	08/10/15	53892	PAUL B HALL SCHOLARSHIP FUND	200.00 PBH HOLE SPONSORSHIP GOLF TOURN
15	08/18/15	53907	HIGHLANDS FOUNDATION	750.00 HIGHLANDS GOLF CLASSIC SPONORSHI
16	08/27/15	53975	RICEVILLE NEW BETHEL FREEWIL	100.00 RUN FOR THE SON 5K-DONATION
17	09/10/15	54044	THE FAST BREAK CLUB	200.00 JCHS BOY'S BASKET BALL SPOT ON B
18	09/21/15	54076	FLOYD CO HOMELESS	150.00 5K WALK-SPONSORSHIP HOMELESS SHE
19	11/13/15	54395	MID-SOUTH DIVISION INC	50.00 2014 ANNUAL FUND PAINTSVILLE DRI
20	11/16/15	54398	MAYTOWN VOLUNTEER FIRE DEPT	100.00 MAYTOWN FIRE-SANTA RUN DONATION
21	11/18/15	54537	RURAL COOPERATIVES CREDIT UN	100.00 GIFT CARD CARL PERKINS-DONATION
22	11/18/15	54537	RURAL COOPERATIVES CREDIT UN	279.20 CANDY & BIKE MEADE SCHOOL
23	11/18/15	54537	RURAL COOPERATIVES CREDIT UN	182.12 SOUL FOOD-DONATION BOB GOUND
24	12/15/15	54548	FIRST CHURCH OF GOD	300.00 DONATION-FOOD BANK EKPC SHARED
25	12/15/15	54549	HEAVEN'S HARVEST FOOD PANTRY	300.00 DONATION-FOOD BANK EKPC SHARED
26	12/15/15	54550	APPALACHIA REACH OUT	300.00 DONATION-FOOD BANK EKPC SHARED
27	02/11/16	54871	JOHNSON CENTRAL HIGH SCHOOL	100.00 SWAP MEET SPONSORSHIP JCHS FISH
28	02/11/16	54873	SPECIAL OLYMPICS KENTUCKY	290.00 DONATION-SPECIAL OLYMPICS
29	02/12/16	54876	JOHNSON CENTRAL HOMERUN	400.00 JCHS BASEBALL-HOMEROOM BOOST DE
30	02/22/16	54952	KENTUCKY ASSN ELECTRIC COOP	196.53 2016 KY CHAMBER COMMERCE DUES
31	02/23/16	54900	MID-SOUTH DIVISION INC	50.00 2016 ANNUAL FUND PAINTSVILLE DRI
32	02/29/16	54953	KENTUCKY COUNCIL OF COOP	200.00 2016 MSHIP DUES
33	03/04/16	54989	AMS DANCE CATS	100.00 AMS-DANCE TEAM-DONATION
34	03/08/16	55007	MELVIN GOINS	100.00 HONOR TROOPS & VETERANS NW
35	03/15/16	55044	JOHNSON CENTRAL HIGH SCHOOL	750.00 JCHS-DONATION SOFTBALL
36	03/30/16	55106	KIWANIS CLUB OF PAINTSVILLE	80.00 PLACEMAT AD NW
37	03/30/16	55069	ALLEN CENTRAL HIGH SCHOOL	500.00 SPONSORSHIP-ARCHERY TOURN/ ACHS
38	04/05/16	55156	PAINTSVILLE LITTLE LEAGUE	250.00 P-VILLE LIL LEAGUE SPONSOR (AD)
39	04/06/16	55170	ALLEN CENTRAL HIGH SCHOOL	150.00 DONATION-JRTOC/ ACHS
40	04/13/16	55190	THE JORDAN LIGHT FOUNDATION	200.00 DONATION-2016 JLF GOLF /AD
41	04/14/16	55194	KRISTEN SERGENT	500.00 PORTER ELEM CMPS-DONATION/DE
42	04/19/16	55227	JCHS PROJECT PROM	100.00 PROJECT PROM DONATION-AD
43	04/19/16	55229	JCHS LADY EAGLES SOCCER	100.00 JCHS GIRLS SOCCER-SPONSORSHIP
44	04/25/16	55241	JOHNSON COUNTY MIDDLE SCHOOL	500.00 DONATION-JCMS ACADEMIC TEAM
45	04/28/16	55252	BIG SANDY SHRINE CLUB	100.00 DONATIONS-KIDS OPEN BASS TOURNEY
46	05/17/16	55378	CHASE SOLER	1,000.00 C SOLER 2016 SCHOLARSHIP-ACHS
47	05/17/16	55379	AMANDA WRIGHT	1,000.00 A WRIGHT-2016 SCHOLARSHIP JCHS
48	05/17/16	55380	CHELSEY NOEL COUCH	1,000.00 C COUCH-2016 SCHOLARSHIP-KCC
49	05/17/16	55381	JOHN TATE HALL	1,000.00 J HALL 2016 SCHOLARSHIP-LCHS
50	05/17/16	55373	EMILY WILLIAMS	1,000.00 E WILLIAMS-2016 SCHOLARSHIP-PHS
51	05/17/16	55374	DYLAN SLONE	1,000.00 D SLONE-2016 SCHOLARSHIP-PHS
52	05/17/16	55375	HALEY LEMASTER	1,000.00 H LEMASTER-2016 SCHOLARSHIP-SCHS
53	05/17/16	55376	SANTANA SPRADLIN	1,000.00 S SPRADLIN-2016 SCHOLARSHIP-PIAR

BIG SANDY RECC
For the 12 Months Ended July 31, 2016

Donations, Promotional Advertising, & Dues

54	05/17/16	55377	SHELBY CANTRELL	1,000.00	S CANTRELL-2016 SCHOLARSHIP-JCHS
55	06/01/16	55581	PAUL B HALL SCHOLARSHIP FUND	300.00	PAUL B HALL SPONSORSHIP GOLF TOU
56	06/21/16	55571	JOHNSON CO CAL RIPKEN YOUTH	300.00	CAL-RIPKEN TEAM SPONSOR/BANNER
57	06/28/16	55580	FLOYD CO EMERGENCY & RESCUE	100.00	FLOYD CO EMERGENCY & RESCUE-DONA
58	07/12/16	55707	VAN LEAR HISTORICAL SOCIETY	200.00	AD DONATION
59	07/12/16	55702	KENTUCKY STATE POLICE	260.00	TROOPER ISLAND GOLF TOUR. (4) PL
60	07/13/16	55708	EAST KENTUCKY GEARHEADS	250.00	DONATION-DE
61	07/19/16	55737	FOOTPRINT MINISTRY OF	200.00	4 MAN GOLF SCRAMBLE-DONATION HOL
62	07/19/16	55871	RURAL COOPERATIVES CREDIT UN	750.00	HRMC GOLF CLASSIC-DONATION
63	07/28/16	55842	HIGHLANDS CANCER CENTER	100.00	HRMC-12TH ANNUAL SURVIVORS-DONAT
64			TOTAL		19,237.85

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67 Acct:

913.00

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<u>DATE</u>	<u>CHECK</u>	<u>VENDOR NAME</u>	<u>AMOUNT</u>	<u>DESCRIPTION</u>
08/25/15	54054	AROUND TOWN INC	150.00	AD VIDEO/PRINT AD JCHS/PHS GRADU
09/21/15	54173	RIGHT PLACE MEDIA	1,007.85	SIMPLE SAVER ADVT-FB/GOOGLE/T-MO
09/30/15	54163	PORTER ELEMENTARY PTO	100.00	DONATION- PORTER PEE WEE BASKETB
09/30/15	54185	WSIP BROADCASTING CO	360.00	SEPTEMBER GAMES JCHS
01/31/16	54877	WYMT	83.25	WYMT-DSM ADVT 75/25 EKPC-RECC
01/31/16	54877	WYMT	171.25	WYMT-DSM ADVT 75/25 EKPC-RECC
02/18/16	54956	PAINTSVILLE HERALD	35.00	1YR SUBSCRIPTION
02/28/16	55011	WYMT	83.25	WYMT-DSM ADVT 75/25 EKPC-RECC
02/29/16	55011	WYMT	317.50	WYMT-DSM ADVT 75/25 EKPC-RECC
03/16/16	55046	WYMT	2,594.75	WYMT-DSM ADVT 75/25 EKPC-RECC
03/31/16	55141	WSIP BROADCASTING CO	250.00	BATTLE BY THE CRK/ADVT
05/31/16	55522	AROUND TOWN INC	150.00	ADVT GRADUATION
07/31/16	55844	EKB-TV	100.00	ADVT-ANNUAL SHOW JOHNSON CO FLOO
		TOTAL		5,402.85

BIG SANDY RECC
For the 12 Months Ended July 31, 2016

Donations, Promotional Advertising, & Dues

84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135
		Acct:	DATE	CHECK	VENDOR NAME	AMOUNT	DESCRIPTION	REMOVE:																																											
		930.10 & 930.20																																																	
			08/20/15	53992	KENTUCKY ASSN ELECTRIC COOP	5,214.48	KY LIVING/INSERTS/POSTAGE																																												
			08/31/15			1,795.38	EXPENSE KAEC DUES 66%																																												
			08/31/15			1,450.16	EXPENS NRECA DUES																																												
			08/31/15			2,750.00	ACCRUE ANNUAL MEETING EXP																																												
			08/31/15			5,500.58	ACCRUED PROPERTY TAX																																												
			08/31/15			1,154.63	PROPERTY DAMAGES INS.																																												
			08/31/15			94.25	CRIME/DISHONESTY INS																																												
		54142	09/17/15		KENTUCKY ASSN ELECTRIC COOP	5,176.91	KY LIVING/INSERTS/POSTAGE																																												
			09/28/15			222.61	5% 2015 CFC INTEGRITY FUND																																												
		54120	09/30/15		OUR LADY OF MOUNTAINS SCHOOL	30.00	WILLIE TURTLE TROT RACE	30.00																																											
			09/30/15			1,798.41	EXPENSE KAEC DUES 66%																																												
			09/30/15			1,450.17	EXPENS NRECA DUES																																												
			09/30/15			2,750.00	ACCRUE ANNUAL MEETING EXP																																												
			09/30/15			5,500.58	ACCRUED PROPERTY TAX																																												
			09/30/15			1,154.61	PROPERTY DAMAGES INS.																																												
			09/30/15			94.25	CRIME/DISHONESTY INS																																												
		54304	10/21/15		KENTUCKY ASSN ELECTRIC COOP	5,149.89	KY LIVING/INSERTS/POSTAGE																																												
			10/31/15			1,792.31	EXPENSE KAEC DUES 66%																																												
			10/31/15			1,499.75	EXPENS NRECA DUES																																												
			10/31/15			7,337.83	ACCRUE ANNUAL MEETING EXP																																												
			10/31/15			5,500.58	ACCRUED PROPERTY TAX																																												
			10/31/15			1,155.29	PROPERTY DAMAGES INS.																																												
			10/31/15			94.25	CRIME/DISHONESTY INS																																												
		54480	11/18/15		KENTUCKY ASSN ELECTRIC COOP	5,144.66	KY LIVING/INSERTS/POSTAGE																																												
		54537	11/18/15		RURAL COOPERATIVES CREDIT UN	23.69	KAEC MTG	23.69																																											
			11/30/15			3,553.58	ADJ PROPERTY TX ACCRU 2015																																												
			11/30/15			1,792.31	EXPENSE KAEC DUES 66%																																												
			11/30/15			1,499.75	EXPENS NRECA DUES																																												
			11/30/15			7,337.83	ACCRUE ANNUAL MEETING EXP																																												
			11/30/15			5,500.58	ACCRUED PROPERTY TAX																																												
			11/30/15			1,155.29	PROPERTY DAMAGES INS.																																												
			11/30/15			94.25	CRIME/DISHONESTY INS																																												
		54639	12/16/15		KENTUCKY ASSN ELECTRIC COOP	5,130.59	KY LIVING/INSERTS/POSTAGE																																												
			12/31/15			3,553.58	ADJ PROPERTY TAX ACCR 2015																																												
			12/31/15			1,792.31	EXPENSE KAEC DUES 66%																																												
			12/31/15			1,499.75	EXPENS NRECA DUES																																												
			12/31/15			7,337.82	ACCRUE ANNUAL MEETING EXP																																												
			12/31/15			5,500.58	ACCRUED PROPERTY TAX																																												
			12/31/15			1,155.29	PROPERTY DAMAGES INS.																																												
			12/31/15			94.25	CRIME/DISHONESTY INS																																												
		54811	01/21/16		KENTUCKY ASSN ELECTRIC COOP	5,125.87	KY LIVING/INSERTS/POSTAGE																																												
			01/31/16			1,785.17	EXPENSE KAEC DUES 66%																																												
			01/31/16			1,499.75	EXPENS NRECA DUES																																												
			01/31/16			2,750.00	ACCRUE ANNUAL MEETING EXP																																												
			01/31/16			5,678.83	ACCRUED PROPERTY TAX																																												
			01/31/16			1,187.86	PROPERTY DAMAGES INS.																																												
			01/31/16			94.59	CRIME/DISHONESTY INS																																												
			01/31/16			420.38	CYBER LIABILITY																																												

BIG SANDY RECC
For the 12 Months Ended July 31, 2016

Donations, Promotional Advertising, & Dues

	<u>DATE</u>	<u>CHECK</u>	<u>VENDOR NAME</u>	<u>AMOUNT</u>	<u>DESCRIPTION</u>	<u>REMOVE:</u>
136						
137						
138	02/15/16	54952	KENTUCKY ASSN ELECTRIC COOP	5,122.22	KY LIVING/INSERTS/POSTAGE	
139	02/29/16			1,785.17	EXPENSE KAEC DUES 66%	
140	02/29/16			1,499.75	EXPENS NRECA DUES	
141	02/29/16			2,750.00	ACCRUE ANNUAL MEETING EXP	
142	02/29/16			5,678.83	ACCRUED PROPERTY TAX	
143	02/29/16			1,187.86	PROPERTY DAMAGES INS.	
144	02/29/16			94.59	CRIME/DISHONESTY INS	
145	02/29/16			420.38	CYBER LIABILITY	
146	03/08/16	55131	KENTUCKY ASSN ELECTRIC COOP	5,125.87	KY LIVING/INSERTS/POSTAGE	
147	03/30/16	55101	MOUNTAIN CITIZENS	27.00	MTN CITIZENS 1YR SUBSCRIPTION	
148	03/31/16			1,785.17	EXPENSE KAEC DUES 66%	
149	03/31/16			1,499.75	EXPENS NRECA DUES	
150	03/31/16			2,750.00	ACCRUE ANNUAL MEETING EXP	
151	03/31/16			5,678.83	ACCRUED PROPERTY TAX	
152	03/31/16			1,187.86	PROPERTY DAMAGES INS.	
153	03/31/16			94.59	CRIME/DISHONESTY INS	
154	03/31/16			420.38	CYBER LIABILITY	
155	04/21/16	55293	KENTUCKY ASSN ELECTRIC COOP	5,118.04	KY LIVING/INSERTS/POSTAGE	
156	04/30/16			1,785.17	EXPENSE KAEC DUES 66%	
157	04/30/16			1,499.75	EXPENS NRECA DUES	
158	04/30/16			2,750.00	ACCRUE ANNUAL MEETING EXP	
159	04/30/16			5,678.83	ACCRUED PROPERTY TAX	
160	04/30/16			1,187.86	PROPERTY DAMAGES INS.	
161	04/30/16			94.59	CRIME/DISHONESTY INS	
162	04/30/16			420.38	CYBER LIABILITY	
163	05/18/16	55478	KENTUCKY ASSN ELECTRIC COOP	5,112.80	KY LIVING/INSERTS/POSTAGE	
164	05/26/16	55511	PINNACLE PUBLISHING	812.40	FOOTHILLS PHONE DIR ADVT	812.40
165	05/31/16			1,785.17	EXPENSE KAEC DUES 66%	
166	05/31/16			1,499.75	EXPENS NRECA DUES	
167	05/31/16			2,750.00	ACCRUE ANNUAL MEETING EXP	
168	05/31/16			5,678.83	ACCRUED PROPERTY TAX	
169	05/31/16			1,187.86	PROPERTY DAMAGES INS.	
170	05/31/16			94.59	CRIME/DISHONESTY INS	
171	05/31/16			420.38	CYBER LIABILITY	
172	06/15/16	55644	KENTUCKY ASSN ELECTRIC COOP	5,105.52	KY LIVING/INSERTS/POSTAGE	
173	06/30/16			1,785.17	EXPENSE KAEC DUES 66%	
174	06/30/16			1,499.75	EXPENS NRECA DUES	
175	06/30/16			2,750.00	ACCRUE ANNUAL MEETING EXP	
176	06/30/16			5,678.83	ACCRUED PROPERTY TAX	
177	06/30/16			1,187.86	PROPERTY DAMAGES INS.	
178	06/30/16			94.59	CRIME/DISHONESTY INS	
179	06/30/16			420.38	CYBER LIABILITY	
180	07/20/16	55810	KENTUCKY ASSN ELECTRIC COOP	5,210.99	KY LIVING/INSERTS/POSTAGE	
181	07/31/16			1,785.17	EXPENSE KAEC DUES 66%	
182	07/31/16			1,499.75	EXPENS NRECA DUES	
183	07/31/16			2,750.00	ACCRUE ANNUAL MEETING EXP	
184	07/31/16			5,678.83	ACCRUED PROPERTY TAX	
185	07/31/16			1,187.86	PROPERTY DAMAGES INS.	
186	07/31/16			94.59	CRIME/DISHONESTY INS	
187	07/31/16			420.38	CYBER LIABILITY	
188			TOTAL	241,509.80		866.09

BIG SANDY RECC
For the 12 Months Ended July 31, 2016

Professional Services

Line #	Date (1)	Check (2)	Item (3)	Amount (4)	Description (5)	To Be Removed (6)
1	08/01/15	53816	HEALTHSMART BENEFIT	300.00	CONSULTING FEES	300.00
2	08/31/15		LANCE DANIELS	500.00	RETAINER FEE	
3	09/30/15		LANCE DANIELS	500.00	RETAINER FEE	
4	10/01/15	54204	NATIONAL RURAL ELECTRIC COOP	1.35	ATTNY. ACCDT. INS PD	
5	10/31/15		LANCE DANIELS	500.00	RETAINER FEE	
6	11/01/15	54277	NATIONAL RURAL ELECTRIC COOP	1.35	ATTNY. ACCDT. INS PD	
7	11/17/15		LANCE DANIELS	500.00	KAEC ANNUAL MTG PER DIEM	500.00
8	11/18/15	54537	VISA	233.33	ATTORNEY- CHRISTMAS GIFT	233.33
9	11/18/15	54537	VISA	167.53	KAEC MTG LODGING	167.53
10	11/18/15	54537	VISA	113.49	ATTORNEY-CLOTHING	113.49
11	11/24/15	54416	LANCE DANIELS	500.00	SPECIAL MEETING PER DIEM	
12	11/30/15		LANCE DANIELS	500.00	RETAINER FEE	
13	12/01/15	54449	NATIONAL RURAL ELECTRIC COOP	1.35	ATTNY. ACCDT. INS PD	
14	12/01/15	54473	K-VA-T FOOD STORIES, INC	71.24	ATTNY FOOD CITY GIFT CARD	71.24
15	12/02/15	54639	KENTUCKY ASSN ELECTRIC COOP	121.00	KAEC ATTORNEY MEETING	121.00
16	12/07/15	54639	KENTUCKY ASSN ELECTRIC COOP	37.00	KAEC ANNUAL MTG MEAL	37.00
17	12/20/15	54688	VISA	205.44	CHRISTMAS GIFT CARD	205.44
18	12/21/15	54572	FEDERATED RURAL ELECT.INS.	2,106.00	LAWSUIT TRISH B	2,106.00
19	12/31/15		LANCE DANIELS	500.00	RETAINER FEE	
20	01/01/16	54641	NATIONAL RURAL ELECTRIC COOP	1.35	ATTNY. ACCDT. INS PD	
21	01/31/16		LANCE DANIELS	500.00	RETAINER FEE	
22	02/01/16	54772	NATIONAL RURAL ELECTRIC COOP	1.35	ATTNY. ACCDT. INS PD	
23	02/29/16		LANCE DANIELS	500.00	RETAINER FEE	
24	03/01/16	54926	NATIONAL RURAL ELECTRIC COOP	1.35	ATTNY. ACCDT. INS PD	
25	03/31/16		LANCE DANIELS	500.00	RETAINER FEE	
26	04/01/16	55094	NATIONAL RURAL ELECTRIC COOP	1.35	ATTNY. ACCDT. INS PD	
27	04/30/16		LANCE DANIELS	500.00	RETAINER FEE	
28	42016		ALAN ZUMSTEIN, CPA	9,427.70	ANNUAL AUDIT	
29	05/01/16	55269	NATIONAL RURAL ELECTRIC COOP	1.35	ATTNY. ACCDT. INS PD	
30	05/31/16		LANCE DANIELS	500.00	RETAINER FEE	
31	06/01/16	55452	NATIONAL RURAL ELECTRIC COOP	1.35	ATTNY. ACCDT. INS PD	
32	06/19/16	55686	RURAL COOPERATIVES CREDIT UN	65.36	LANCE-BASEBALL BAT	65.36
33	06/21/16		LANCE DANIELS	500.00	RETAINER FEE	
34	07/01/16	55618	NATIONAL RURAL ELECTRIC COOP	1.35	ATTNY. ACCDT. INS PD	
35						
36			Test Year Amount	19,361.59		3,920.39
37						
38			Pro Forma Amount	15,441.20		
39						
40			Adjustment	\$ (3,920)		

This adjustment removes certain outside professional services costs from the test period, consistent with Commission practice.

**BIG SANDY RECC
For the 12 Months Ended July 31, 2016**

Directors Fees

Line #	Date	Check Number	Vendor Name	Description	Meeting Fees				Other			Total	Remove	
					Regular (5)	Special (6)	Per Diem (7)	Mileage (8)	Regls Fees 9	Hotel	Meals			Allow
1	08/25/15		DANNY WALLEN		400			14					414	
2	09/22/15		DANNY WALLEN		400			14					414	
3	10/20/15		DANNY WALLEN		400			14					414	
4	11/17/15		DANNY WALLEN		400			14					414	
5	11/17/15		DANNY WALLEN	KAEC ANNUAL MEETING			1,000						1,000	1,000
6	11/17/15	54400	DANNY WALLEN	KAEC ANNUAL MEETING				228		670			898	898
7	12/02/15	54639	KAEC	KAEC TRAINING COORD					187				187	
8	12/7/15	54639	KAEC	KAEC ANNUAL MEETING							148		148	148
9	12/14/15	54547	DANNY WALLEN	ANNUAL BID OPENINGS		250							250	
10	12/15/15		DANNY WALLEN		400			14					414	
11	01/12/16	54707	DANNY WALLEN	CFC FINANCIAL FORUM			500						500	500
12	1/19/16	54870	VISA	KAEC ANNUAL MEETING						146	56		203	203
13	01/26/16		DANNY WALLEN		400			13					413	
14	02/23/16		DANNY WALLEN		400			13					413	
15	03/14/16	55034	DANNY WALLEN	KAEC BOARD MEETING			500						500	500
16	03/22/16		DANNY WALLEN		400			13					413	
17	03/29/16	55171	AMERICAN EXPRESS	KAEC BOARD MEETING						146			146	146
18	04/26/16		DANNY WALLEN		400			13					413	
19	05/17/16	55363	DANNY WALLEN	ANNUAL MEETING		400		13					413	
20	05/24/16		DANNY WALLEN		400			13					413	
21	06/21/16		DANNY WALLEN		400			13					413	
22	06/21/16		DANNY WALLEN	STRATEGIC PLANNING MTG		250							250	
23	06/28/16	55674	AMERICAN EXPRESS	STRATEGIC PLANNING MTG						139	64		203	
24	07/26/16		DANNY WALLEN		500			13					513	
25			TOTAL DANNY WALLEN		4,900	900	2,000	400	187	1,102	268	-	9,757	3,395
26														
27	08/25/15		GREG DAVIS		400			37					437	
28	09/22/15		GREG DAVIS		400			37					437	
29	10/20/15		GREG DAVIS		400			37					437	
30	11/17/15		GREG DAVIS		400			37					437	
31	12/15/15		GREG DAVIS		400			37					437	
32	01/26/16		GREG DAVIS		400			35					435	
33	02/23/16		GREG DAVIS		400			35					435	
34	03/22/16		GREG DAVIS		400			35					435	
35	04/26/16		GREG DAVIS		400			35					435	
36	05/17/16	55361	GREG DAVIS	ANNUAL MEETING		400		35					435	
37	05/24/16		GREG DAVIS		400			35					435	
38	06/21/16		GREG DAVIS		400			35					435	
39	06/21/16		GREG DAVIS	STRATEGIC PLANNING MTG		250							250	
40	06/28/16	55674	AMERICAN EXPRESS	STRATEGIC PLANNING MTG						139	64		203	
41	07/26/16		GREG DAVIS		500			35					535	
42			TOTAL GREG DAVIS		4,900	650	-	460	-	139	64	-	6,213	-

BIG SANDY RECC
For the 12 Months Ended July 31, 2016

Directors Fees

Line #	Date	Check Number	Vendor Name	Description	Meeting Fees				Other			Total	Remove	
					Regular	Special	Per Diem	Mileage	Regls Fees	Hotel	Meals			Allow
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	9					
43														
44	08/19/15	54002	VISA	BACKGROUND CHECK								111		111
45	08/25/15		KELLY SHEPHERD		400			9						409
46	09/22/15		KELLY SHEPHERD		400			9						409
47	10/20/15		KELLY SHEPHERD		400			9						409
48	11/15/15	54479	KELLY SHEPHERD	KAEC ANNUAL MEETING						135				135
49	11/17/15		KELLY SHEPHERD		400			9						409
50	11/17/15		KELLY SHEPHERD	KAEC ANNUAL MEETING			750							750
51	11/28/15	54530	AMERICAN EXPRESS	KAEC ANNUAL MEETING						311				311
52	12/07/15	54639	KAEC	KAEC ANNUAL MEETING							148			148
53	12/15/15		KELLY SHEPHERD		400			9						409
54	01/26/16		KELLY SHEPHERD		400			9						409
55	02/23/16		KELLY SHEPHERD		400			9						409
56	03/22/16		KELLY SHEPHERD		400			9						409
57	04/26/16		KELLY SHEPHERD		400			9						409
58	05/17/16	55356	KELLY SHEPHERD	ANNUAL MEETING		400		9						409
59	05/24/16		KELLY SHEPHERD		400			9						409
60	06/01/16	55582	GEN INFO SERVICES	BACKGROUND CHECK								48		48
61	06/21/16		KELLY SHEPHERD		400			9						409
62	07/26/16		KELLY SHEPHERD		500			9						509
63				TOTAL KELLY SHEPHERD	4,900	400	750	115	-	446	148	159	-	6,918
64														1,344
65	08/25/15		ROBERT N MOORE		400			18						418
66	09/22/15		ROBERT N MOORE		400			18						418
67	10/20/15		ROBERT N MOORE		400			18						418
68	11/17/15		ROBERT N MOORE	KAEC ANNUAL MTG			750							750
69	11/17/15		ROBERT N MOORE		400			18						418
70	11/28/15	54530	AMERICAN EXPRESS	KAEC ANNUAL MTG						334				334
71	12/07/15	54639	KAEC	KAEC ANNUAL MTG							148			148
72	12/15/15		ROBERT N MOORE		400			18						418
73	01/28/16		ROBERT N MOORE		400			17						417
74	02/23/16		ROBERT N MOORE		400			17						417
75	03/22/16		ROBERT N MOORE		400			17						417
76	04/18/16	55304	VISA	NRECA DIR CONFERENCE						1,281	243			1,533
77	04/26/16		ROBERT N MOORE		400			17						417
78	05/17/16	55362	ROBERT N MOORE	ANNUAL MEETING		400		17						417
79	05/24/16		ROBERT N MOORE		400			17						417
80	06/14/16		ROBERT N MOORE	EKPC ANNUAL MTG			250							250
81	06/21/16		ROBERT N MOORE		400			17						417
82	06/21/16		ROBERT N MOORE	STRATEGIC PLANNING MTG		250								250
83	06/27/16	55579	SANDRA SHEPHERD	NRECA DIR CONFERENCE						35				35
84	06/28/16	55674	AMERICAN EXPRESS	STRATEGIC PLANNING MTG						139	64			203
85	07/26/16		ROBERT N MOORE		500			17						517
86				TOTAL ROBERT MOORE	4,900	650	1,000	223	-	1,799	454	-	-	9,026
87														3,016
88	08/25/15		VELMA MAY		400			10						410
89	09/22/15		VELMA MAY		400			10						410
90	10/19/15	54318	VISA	NRECA WINTER SCHOOL						2,005	220			2,225
91	10/20/15		VELMA MAY		400			10						410
92	11/17/15		VELMA MAY		400			10						410

BIG SANDY RECC
For the 12 Months Ended July 31, 2016

Directors Fees

Line #	Date (1)	Check Number (2)	Vendor Name (3)	Description (4)	Meeting Fees				Other			Total	Remove		
					Regular (5)	Special (6)	Per Diem (7)	Mileage (8)	Regis Fees (9)	Hotel	Meals			Allow	Disallow
93	12/10/15	54578	VELMA MAY	NRECA WINTER SCHOOL				394			504	91		989	
94	12/15/15	54589	VELMA MAY	NRECA WINTER SCHOOL			1,250							1,250	1,250
95	12/15/15		VELMA MAY		400			10						410	
96	12/20/15	54688	VISA	NRECA WINTER SCHOOL							549			549	
97	01/12/16	54708	VELMA MAY	CFC FINANCIAL FORUM			500	185						685	500
98	01/19/16	54870	VISA	KAEC ANNUAL MTG							146	113		259	259
99	01/19/16	54870	VISA	NRECA WINTER SCHOOL							42			42	
100	01/26/16		VELMA MAY		400			10						410	
101	02/23/16		VELMA MAY		400			10						410	
102	03/22/16		VELMA MAY		400			10						410	
103	04/18/16	55304	VISA	NRECA DIR CONFERENCE							1,251	225		1,476	
104	04/26/16		VELMA MAY		400			10						410	
105	05/17/16	55371	VELMA MAY	ANNUAL MEETING		400		10						410	
106	05/19/16	55515	NRECA	NRECA SUMMER SCHOOL					3,528					3,528	
107	05/24/16		VELMA MAY		400			10						410	
108	06/14/16		VELMA MAY	EKPC ANNUAL MTG			250							250	250
109	06/21/16		VELMA MAY		400			10						410	
110	06/21/16		VELMA MAY	STRATEGIC PLANNING MTG		250								250	
111	06/28/16	55674	AMERICAN EXPRESS	STRATEGIC PLANNING MTG							139	64		203	203
112	07/26/16		VELMA MAY		500			10						510	
113	07/27/16	55751	VELMA MAY	NRECA SUMMER SCHOOL				538	2,400	1,471	125			4,534	
114				TOTAL VELMA MAY	4,900	650	2,000	1,246	7,933	4,322	618	-	-	21,669	2,462
115															
116	08/25/15		WILLIAM A MAXEY		400			14						414	
117	09/20/15		WILLIAM A MAXEY	KAEC BOARD MTG			250							250	250
118	09/22/15		WILLIAM A MAXEY		400			14						414	
119	09/28/15	54195	AMERICAN EXPRESS	KAEC BOARD MTG							145	42		187	
120	10/20/15		WILLIAM A MAXEY		400			14						414	
121	10/20/15		WILLIAM A MAXEY	KAEC BOARD MTG			250							250	250
122	11/17/15		WILLIAM A MAXEY	KAEC ANNUAL MTG			750							750	750
123	11/17/15		WILLIAM A MAXEY		400			14						414	
124	11/18/15	54537	VISA	KAEC BOARD MTG							145	38		184	
125	11/28/15	54530	AMERICAN EXPRESS	KAEC ANNUAL MTG							311			311	
126	12/07/15	54639	KAEC	KAEC ANNUAL MTG								148		148	
127	12/14/15		WILLIAM A MAXEY	KAEC BOARD MTG			250							250	250
128	12/15/15		WILLIAM A MAXEY		400			14						414	
129	12/20/15	54688	VISA	KAEC BOARD MTG								23		23	
130	12/28/15	54675	AMERICAN EXPRESS	KAEC BOARD MTG							145			145	
131	01/26/16		WILLIAM A MAXEY		400			13						413	
132	02/02/16	54791	WILLIAM A MAXEY	LEGISLATIVE SEMINAR			250							250	250
133	02/17/16	55000	VISA	KAEC BOARD MTG								6		6	
134	02/23/16		WILLIAM A MAXEY		400			13						413	
135	03/14/16	55032	WILLIAM A MAXEY	KAEC BOARD MTG			250							250	250
136	03/22/16		WILLIAM A MAXEY		400			13						413	
137	03/29/16	55171	AMERICAN EXPRESS	KAEC BOARD MTG							146			146	
138	04/26/16		WILLIAM A MAXEY		400			13						413	
139	05/16/16	55358	WILLIAM A MAXEY	KAEC BOARD MTG			250							250	250
140	05/17/16	55358	WILLIAM A MAXEY	ANNUAL MEETING		400		13						413	
141	05/19/16	55515	VISA	KAEC BOARD MTG							146	58		204	
142	05/24/16		WILLIAM A MAXEY		400			13						413	

BIG SANDY RECC
For the 12 Months Ended July 31, 2016

Directors Fees

Line #	Date	Check Number	Vendor Name	Description	Meeting Fees					Other		Total	Remove	
					Regular (5)	Special (6)	Per Diem (7)	Mileage (8)	Regls Fees 9	Hotel	Meals			Allow
143	06/14/16		WILLIAM A MAXEY	EKPC ANNUAL MTG			250						250	250
144	06/20/16		WILLIAM A MAXEY	KAEC ANNUAL MTG			250						250	250
145	06/21/16		WILLIAM A MAXEY		400			13					413	
146	06/21/16		WILLIAM A MAXEY	STRATEGIC PLANNING MTG		250							250	
147	06/28/16	55674	AMERICAN EXPRESS	KAEC BOARD MTG						146	59		205	
148	06/28/16	55674	AMERICAN EXPRESS	STRATEGIC PLANNING MTG						139	64		203	
149	07/26/16		WILLIAM A MAXEY		500			13					513	
150				TOTAL WILLIAM MAXEY	4,900	650	2,750	173	-	1,324	437	-	10,234	2,750
151				General Expenses:										
152		VAR VAR	NRECA	DIR ACCIDENT INSURANCE								117	117	
153	08/19/15	54002	VISA	BOARD MEAL							86		86	
154	08/19/15	54002	VISA	BOARD MEAL							70		70	
155	08/20/15	54034	NRECA	RURAL MAGAZINE SUBSCR								258	258	
156	09/18/15	54197	VISA	BOARD MEAL							154		154	
157	09/18/15	54197	VISA	BOARD MEAL							13		13	
158	09/18/15	54197	VISA	BOARD MEAL							9		9	
159	09/30/15	54126	FLOYD COUNTY	CHRISTMAS GIFTS								255	255	255
160	10/19/15	54318	VISA	BOARD MEAL							77		77	
161	10/19/15	54318	VISA	BOARD MEAL							17		17	
162	10/19/15	54318	VISA	BOARD MEAL							51		51	
163	11/18/15	54537	VISA	BOARD MEAL							176		176	
164	11/18/15	54537	VISA	CHRISTMAS GIFTS								1,350	1,350	1,350
165	12/01/15	54473	K-VA-T FOOD STORIES	GIFT CARDS								427	427	427
166	12/20/15	54688	VISA	BOARD MEAL							20		20	
167	12/20/15	54688	VISA	BOARD MEAL							142		142	
168	12/20/15	54688	VISA	CHRISTMAS GIFT CARD								1,211	1,211	1,211
169	02/17/16	55000	VISA	BOARD MEAL							191		191	
170	03/20/16	55173	VISA	BOARD MEAL							123		123	

**BIG SANDY RECC
For the 12 Months Ended July 31, 2018**

Directors Fees

Line #	Date	Check Number	Vendor Name	Description	Meeting Fees				Other			Total	Remove		
					Regular	Special	Per Diam	Mileage	Regis Fees	Hotel	Meals			Allow	Disallow
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	9						
171	03/20/16	55173	VISA	BOARD MEAL							62		62		
172	04/18/16	55304	VISA	BOARD MEAL							123		123		
173	05/19/16	55515	VISA	BOARD MEAL							160		160		
174	05/19/16	55515	VISA	BOARD MEAL							19		19		
175	06/19/16	55686	VISA	BOARD MEAL							158		158		
176	06/19/16	55686	VISA	DIRECTOR GIFTS								392	392	392	
177	07/19/16	55871	VISA	BOARD MEAL STRAT PLN MT							34		34	392	
178	VAR	VAR		DOM LIABILITY INSURANCE								5,610	5,610		
179				TOTAL GENRL EXPENSES	-	-	-	-	-	-	1,666	5,985	3,635	11,306	3,635
180															
181				GRAND TOTAL	29,400	3,900	8,500	2,618	8,120	9,132	3,674	6,144	3,635	75,123	16,601
182															
183				Test Year Amount										75,123	
184															
185				Pro Forma Amount										58,522	
186															
187				Adjustment										(16,601)	

This adjustment removes certain Director expenses, including directors' per diems, Christmas gifts, attending the Legislative conference, directors attending EKPC / KAEC / NRECA annual meeting(s) when the director is not the Big Sandy representative for the respective organization. Expenses that are not removed for rate-making purposes include costs of attending NRECA director training/education seminars (esp for new directors). These seminars help directors to meet their fiduciary duties to the membership by educating them on industry issues. Also included is Liability Insurance that protects the directors for decisions they make on a routine basis.

BIG SANDY RECC
For the 12 Months Ended July 31, 2016

Miscellaneous Expenses

Line #	Item (1)	Amount (2)
1	Check 55366 Door Prize	100
2	Check 55515 VISA - Gift Card	100
3	Check 55515 VISA - Giveaways	400
4	Check 55515 VISA - Giveaways	707
5	TOTAL	1,307
6		
7	Adjustment	(1,307)

This adjustment removes costs related to Annual Meeting prizes, consistent with Commission practice.

**BIG SANDY RECC
For the 12 Months Ended July 31, 2016**

Rate Case Expenses

Line #	Item (1)	Expense (2)
1	Legal - Goss Samford PLLC	\$ 75,000
2	Consulting - Catalyst Consulting LLC	\$ 70,000
3	Consulting - A. Zumstein, CPA	\$ 21,860
4	Consulting - J. Adkins	\$ 9,875
5	Advertising	\$ 7,000
6	Supplies / Misc	\$ 2,000
7	Subtotal	\$ 185,735
8		
9	Total Amount	\$ 185,735
10	Amortization Period (Years)	\$ 3
11	Annual Amortization Amount	\$ 61,912
12		
13	Test Year Amount	\$ -
14		
15	Pro Forma Year Amount	\$ 61,912
16		
17	<u>Adjustment</u>	<u>\$ 61,912</u>

This adjustment estimates the rate case costs amortized over a 3 year period, consistent with standard Commission practice.

Reference Schedule: 1.12

BIG SANDY RECC
For the 12 Months Ended July 31, 2016

FEMA Reimbursement

Line #	Year (1)	Month (2)	Expense (3)
1	2015	Sep	\$ (17,689)
2	2015	Dec	\$ (51,445)
3	2016	May	\$ (86,041)
13	TOTAL		\$ (155,175)
14			
15	Test Year Amount		\$ (155,175)
16			
17	Pro Forma Year Amount		\$ -
18			
19	<u>Adjustment</u>		<u>\$ 155,175</u>

During July 2015 Big Sandy experienced a severe flood that ultimately was determined to be eligible for FEMA disaster relief. All expenses associated with the flood were recorded before the test period in July 2015, however, the FEMA reimbursements of expense were recorded during the test period in three separate months. These reimbursements of expense are non-recurring. This adjustment is to remove the reimbursements from the test year expenses.

**BIG SANDY RECC
For the 12 Months Ended July 31, 2016**

G&T Capital Credits

Line #	Item (1)	Account (2)	Expense (3)
1	East Kentucky Power Cooperative	424.00	\$ 1,400,000
2			
3	Test Year Amount		\$ 1,446,850
4			
5	Pro Forma Year Amount		\$ 46,850
6			
7	<u>Adjustment</u>		<u>\$ (1,400,000)</u>

This adjustment removes the G&T Capital Credits from the test period, consistent with Commission practice.

BIG SANDY RECC
For the 12 Months Ended July 31, 2016

Miscellaneous Service Charges

Line #	Item (1)	Count	Charges		Revenue (\$)		
			Current (2)	Proposed (3)	Current (4)	Proposed (5)	Adjustment (6)
1	Second Service Connect Fee	11	\$30.00	\$40.00	330	440	110
2	Temporary Disconnect/Reconnect	6	\$30.00	\$35.00	180	210	30
3	Meter Test Fee	19	\$30.00	\$40.00	570	760	190
4	Returned Check Fee	304	\$20.00	\$25.00	6,080	7,600	1,520
5	Collection Fee	624	\$30.00	\$35.00	18,720	21,840	3,120
6	Reconnection Fee - Reg Hrs	545	\$35.00	\$35.00	19,075	19,075	-
7	Reconnection Fee - After Hrs	32	\$52.50	\$65.00	1,680	2,080	400
8					46,635	52,005	5,370
9							
10	Test Year Amount				46,635		
11							
12	Pro Forma Year Amount					52,005	
13							
14	Adjustment						5,370

This adjustment removes the incremental revenue associated with proposed revisions to miscellaneous service charges.

BIG SANDY RECC
For the 12 Months Ended July 31, 2016

Miscellaneous Service Charges

Line #	Item (1)	Per Hour (2)	Miles (3)	Miscellaneous Service Charge						
				Second Service Connect (4)	Temporary Disconnect Reconnect (5)	Meter Test (6)	Returned Check (7)	Collection (8)	Reconnect - Reg Hrs (9)	Reconnect- After Hrs (10)
1	<u>Field Personnel</u>									
2	Minutes			35	30	30	25	30	30	60
3	Direct Labor charge - Acct	\$23.76					\$9.90			
4	Direct Labor charge - FSR	\$29.68		\$17.31	\$14.84			\$14.84	\$14.84	\$29.68
5	Direct Labor charge - Meter Tech	\$30.78				\$15.39				
6	Other Labor Cost	36.40%		\$6.30	\$5.40	\$5.60	\$3.60	\$5.40	\$5.40	\$10.80
7	Other Direct Cost	\$7.35		\$4.29	\$3.68	\$3.68	\$3.06	\$3.68	\$3.68	\$7.35
8	Mileage	\$0.535	10	\$5.35	\$5.35	\$5.35		\$5.35	\$5.35	
9	Mileage	\$0.535	20							\$10.70
10	Subtotal			\$33.25	\$29.27	\$30.02	\$16.56	\$29.27	\$29.27	\$58.53
11										
12	<u>Office / Clerical Personnel</u>									
13	Minutes			15	15	25	20	15	15	20
14	Direct Labor charge - CSR	\$17.40		\$4.35	\$4.35	\$7.25	\$5.80	\$4.35	\$4.35	\$5.80
15	Other Labor Cost	36.40%		\$1.58	\$1.58	\$2.64	\$2.11	\$1.58	\$1.58	\$2.11
16	Other Direct Cost	\$7.35		\$1.84	\$1.84	\$3.06	\$2.45	\$1.84	\$1.84	\$2.45
17	Subtotal			\$7.77	\$7.77	\$12.95	\$10.36	\$7.77	\$7.77	\$10.36
18										
19	Total			\$41.02	\$37.04	\$42.97	\$26.92	\$37.04	\$37.04	\$68.89
20										
21	Proposed Charge			\$40.00	\$35.00	\$40.00	\$25.00	\$35.00	\$35.00	\$65.00
22	Variance			(\$1.02)	(\$2.04)	(\$2.97)	(\$1.92)	(\$2.04)	(\$2.04)	(\$3.89)
23										
24	Current Charge			\$30.00	\$30.00	\$30.00	\$20.00	\$30.00	\$35.00	\$52.50
25	Change			\$10.00	\$5.00	\$10.00	\$5.00	\$5.00	\$0.00	\$12.50

BIG SANDY RECC
For the 12 Months Ended July 31, 2016

Miscellaneous Service Charges

#	(1)	(2)	(3)	(4)	(5)	(6)
1	<u>Direct Wage Expense</u>			<u>Other Costs Based on Labor</u>		
2		Empl ID	Wage		Total Charges	% of Labor
3	Accounting	H17	\$23.76	Regular	\$2,340,032	
4	Customer Service Rep (CSR)	H19	\$17.40	R&S Pension	\$265,918	11.36%
5	Field Service Rep (FSR)	H03	\$29.68	401(k)	\$144,028	6.15%
6	After Hrs FSR	H03	\$29.68	Life, Disability, Dental	\$39,251	1.68%
7	Meter Tech	H11	\$30.78	Payroll Taxes	\$187,753	8.02%
8				Vacation, Holidays, Sick Days	\$148,532	6.35%
9				Workers Comp Insurance	\$66,260	2.83%
10	<u>Other Direct Costs</u>			Subtotal		36.40%
11						
12	Health Insurance Premiums	\$506,676				
13	Post Retirement Benefits	\$120,244				
14	Subtotal	\$626,920				
15	Number of Employees	41				
16	Annual Cost / Employee	\$15,291				
17	Regular Hours Worked	2,080				
18	Hourly Cost	\$7.35				

**BIG SANDY RECC
For the 12 Months Ended July 31, 2016**

Fuel Adjustment Clause

Line #	Year (1)	Month (2)	Revenue (3)	Expense (4)
1	2015	Aug	\$ (48,922)	\$ (67,359)
2	2015	Sep	\$ (59,702)	\$ (57,754)
3	2015	Oct	\$ (65,101)	\$ (68,771)
4	2015	Nov	\$ (80,120)	\$ (64,364)
5	2015	Dec	\$ (63,833)	\$ (59,973)
6	2016	Jan	\$ (78,757)	\$ (138,105)
7	2016	Feb	\$ (84,555)	\$ (72,300)
8	2016	Mar	\$ (77,890)	\$ (97,774)
9	2016	Apr	\$ (101,705)	\$ (105,464)
10	2016	May	\$ (121,287)	\$ (94,798)
11	2016	Jun	\$ (115,237)	\$ (114,061)
12	2016	Jul	\$ (109,706)	\$ (89,929)
13		TOTAL	\$ (1,006,816)	\$ (1,030,652)
14				
15		Test Year Amount	\$ (1,006,816)	\$ (1,030,652)
16				
17		Pro Forma Year Amount	\$ -	\$ -
18				
19		Adjustment	\$ 1,006,816	\$ 1,030,652

This adjustment removes the FAC revenues and expenses from the test period.

BIG SANDY RECC
For the 12 Months Ended July 31, 2016

Environmental Surcharge

Line #	Year (1)	Month (2)	Revenue (3)	Expense (4)
1	2015	Aug	\$ 186,927	\$ 182,089
2	2015	Sep	\$ 152,153	\$ 163,121
3	2015	Oct	\$ 154,838	\$ 160,833
4	2015	Nov	\$ 187,293	\$ 210,084
5	2015	Dec	\$ 218,308	\$ 229,407
6	2016	Jan	\$ 304,736	\$ 321,393
7	2016	Feb	\$ 206,438	\$ 223,442
8	2016	Mar	\$ 120,006	\$ 113,431
9	2016	Apr	\$ 132,583	\$ 125,568
10	2016	May	\$ 160,247	\$ 157,915
11	2016	Jun	\$ 202,554	\$ 202,042
12	2016	Jul	\$ 237,736	\$ 241,714
13		TOTAL	\$ 2,263,819	\$ 2,331,039
14				
15		Test Year Amount	\$ 2,263,819	\$ 2,331,039
16				
17		Pro Forma Year Amount	\$ -	\$ -
18				
19		Adjustment	\$ (2,263,819)	\$ (2,331,039)

This adjustment removes the Environmental Surcharge revenues and expenses from the test period.

BIG SANDY RECC
For the 12 Months Ended July 31, 2016

Year-End Customers

Line #	Year (1)	Month (2)	Sched A-1 (3)	Sched A-2 (4)	Sched LP (5)	Sched LPR (6)	Sched IND 1-B (7)	Total (8)
1	2015	Aug	11,950	928	154	8	1	
2	2015	Sep	11,904	924	155	8	1	
3	2015	Oct	11,910	927	155	7	1	
4	2015	Nov	11,916	935	154	7	1	
5	2015	Dec	11,891	937	154	7	1	
6	2016	Jan	11,858	938	153	7	1	
7	2016	Feb	11,932	923	157	7	1	
8	2016	Mar	11,900	922	154	7	1	
9	2016	Apr	11,857	933	154	7	1	
10	2016	May	11,855	939	155	7	1	
11	2016	Jun	12,102	941	154	7	1	
12	2016	Jul	11,850	928	154	7	1	
13	Average		11,910	931	154	7	1	
14								
15	End of Period Increase over Avg		(60)	(3)	-	-	-	
16								
17	Total kWh		161,398,270	10,939,701	28,601,653	8,524,412	6,224,112	
18	Average kWh		13,551	11,750	185,725	1,217,773	6,224,112	
19	Year-End kWh Adjustment		(813,090)	(35,251)	-	-	-	(848,341)
20								

BIG SANDY RECC
For the 12 Months Ended July 31, 2016

Year-End Customers

Line #	Year (1)	Month (2)	Sched A-1 (3)	Sched A-2 (4)	Sched LP (5)	Sched LPR (6)	Sched IND 1-B (7)	Total (8)
21	Revenue Adjustment							
22			\$ 16,045,555	\$ 1,364,551	\$ 2,472,207	\$ 660,074	\$ 394,422	
23			\$ 0.09942	\$ 0.12473	\$ 0.08644	\$ 0.07743	\$ 0.06337	
24			\$ (80,834)	\$ (4,397)	\$ -	\$ -	\$ -	(85,231)
25								
26	Expense Adjustment							
27			0.06445	0.06445	0.06445	0.06445	0.06445	
28			\$ (52,406)	\$ (2,272)	\$ -	\$ -	\$ -	(54,678)
29								
30								
31			<u>Revenue</u>		<u>Expense</u>		<u>Net Rev</u>	
32			\$ -	\$ -			\$ -	
33								
34			\$ (85,231)	\$ (54,678)			\$ (30,553)	
35								
36			<u>\$ (85,231)</u>	<u>\$ (54,678)</u>			<u>\$ (30,553)</u>	
37								
38								
39	<u>For Expense Adjustment:</u>			<u>Test Period Total</u>				
40				\$ 16,010,784				
41				\$ 1,030,652				
42				\$ (2,331,039)				
43				\$ 20,331				
44				\$ 14,730,728				
45				228,551,642				

This adjustment adjusts the test year expenses and revenues to reflect the number of customers at the end of the test year.

BIG SANDY RECC
For the 12 Months Ended July 31, 2016

Employee Healthcare

Line #	Empl ID (1)	Aug-15 (2)	Sep-15 (3)	Oct-15 (4)	Nov-15 (5)	Dec-15 (6)	Jan-16 (7)	Feb-16 (8)	Mar-16 (9)	Apr-16 (10)	May-16 (11)	Jun-16 (12)	Jul-16 (13)	Total (14)	Coverage Type (15)	Test Year \$ (16)	Pro Forma \$ (17)	Incr(Decr)\$ (18)	Note (19)
1	R01	475	475	475	475	475	526	526	526	526	526	526	528	6,055	Employee Single	6,055	-	(6,055)	A
2	H01	1,652	1,652	1,652	1,652	1,652	1,858	1,858	1,858	1,858	1,858	1,858	1,858	21,264	Employee & Family	21,264	22,292	1,028	
3	H02	1,212	1,212	1,212	1,212	1,212	1,357	1,357	1,357	1,357	1,357	1,357	1,357	15,554	Spouse	15,554	16,279	725	
4	H03	1,212	1,212	1,212	1,212	1,212	1,357	1,357	1,357	1,357	1,357	1,357	1,357	15,554	Spouse	15,554	16,279	725	
5	H04	1,212	1,212	1,212	1,212	1,212	1,357	1,357	1,357	1,357	1,357	1,357	1,357	15,554	Spouse	15,554	16,279	725	
6	H05	1,047	1,047	1,047	1,047	1,047	1,176	1,176	1,176	1,176	1,176	1,176	1,176	13,466	Children	13,466	14,113	648	
7	S01	475	475	475	475	475	1,357	1,357	1,357	1,357	1,357	1,357	1,357	11,871	Spouse	11,871	16,279	4,409	B
8	H06	1,212	1,212	1,212	1,212	1,212	1,357	1,357	1,357	1,357	1,357	1,357	1,357	15,554	Spouse	15,554	16,279	725	
9	S02	1,047	1,047	1,047	1,047	1,047	1,176	1,176	1,176	1,176	1,176	1,176	1,176	13,466	Children	13,466	14,113	648	
10	R02	1,212	1,212	1,212	1,212	1,212	1,357	1,357	1,357	1,357	1,357	1,357	1,357	15,554	Spouse	15,554	-	(15,554)	A
11	R03	1,212	1,212	1,212	1,212	1,212	1,357	1,357	1,357	1,357	1,357	1,357	1,357	15,554	Spouse	15,554	-	(15,554)	A
12	H07	475	475	475	475	475	526	526	526	526	526	526	528	6,055	Employee Single	6,055	6,310	255	
13	H08	1,047	1,047	1,047	1,047	1,047	1,858	1,858	1,858	1,858	1,858	1,858	1,858	18,236	Family	18,236	22,292	4,055	C
14	H09	475	475	475	475	475	526	526	526	526	526	526	528	7,717	Spouse	7,717	16,279	8,562	D
15	H10	1,212	1,212	1,212	1,212	1,212	1,357	1,357	1,357	1,357	1,357	1,357	1,357	15,554	Spouse	15,554	16,279	725	
16	H11	1,652	1,652	1,652	1,652	1,652	1,858	1,858	1,858	1,858	1,858	1,858	1,858	21,264	Employee & Family	21,264	22,292	1,028	
17	H12	1,047	1,047	1,047	1,047	1,047	1,176	1,176	1,176	1,176	1,176	1,176	1,176	13,466	Children	13,466	14,113	648	
18	H13	1,652	1,652	1,652	1,652	1,652	1,858	1,858	1,858	1,858	1,858	1,858	1,858	21,264	Employee & Family	21,264	22,292	1,028	
19	H14	1,652	1,652	1,652	1,652	1,652	1,858	1,858	1,858	1,858	1,858	1,858	1,858	21,264	Employee & Family	21,264	22,292	1,028	
20	H15	1,047	1,047	1,047	1,047	1,047	1,176	1,176	1,176	1,176	1,176	1,176	1,176	13,466	Children	13,466	14,113	648	
21	S03	1,047	1,047	1,047	1,047	1,047	1,176	1,176	1,176	1,176	1,176	1,176	1,176	13,466	Children	13,466	-	(13,466)	A
22	S04	1,212	1,212	1,212	1,212	1,212	1,357	1,357	1,357	1,357	1,357	1,357	1,357	15,554	Spouse	15,554	16,279	725	
23	H16	475	475	475	475	475	526	526	526	526	526	526	528	6,055	Employee Single	6,055	6,310	255	
24	H17	1,047	1,047	1,047	1,047	1,047	1,176	1,176	1,176	1,176	1,176	1,176	1,176	13,466	Children	13,466	14,113	648	
25	H18	1,212	1,212	1,212	1,212	1,212	1,357	1,357	1,357	1,357	1,357	1,357	1,357	15,554	Spouse	15,554	16,279	725	
26	S05	1,652	1,652	1,652	1,652	1,652	1,858	1,858	1,858	1,858	1,858	1,858	1,858	21,264	Employee & Family	21,264	22,292	1,028	
27	S07	1,652	1,652	1,652	1,652	1,652	1,858	1,858	1,858	1,858	1,858	1,858	1,858	21,264	Employee & Family	21,264	22,292	1,028	
28	S08	1,212	1,212	1,212	1,212	1,212	1,357	1,357	1,357	1,357	1,357	1,357	1,357	15,554	Spouse	15,554	16,279	725	

BIG SANDY RECC
For the 12 Months Ended July 31, 2016

Employee Healthcare

Line #	Empl ID (1)	Aug-15 (2)	Sep-15 (3)	Oct-15 (4)	Nov-15 (5)	Dec-15 (6)	Jan-16 (7)	Feb-16 (8)	Mar-16 (9)	Apr-16 (10)	May-16 (11)	Jun-16 (12)	Jul-16 (13)	Total (14)	Coverage Type (15)	Test Year \$ (16)	Pro Forma \$ (17)	Incr(Decr)\$ (18)	Note (19)
29	H20	475	475	475	475	475	526	526	526	526	526	526	526	6,055	Employee Single	6,055	6,310	255	
30	H21	475	475	475	475	475	-	-	-	-	-	-	-	2,374	Employee Single	2,374	-	(2,374)	A
31	S09	1,652	1,652	1,652	1,652	1,652	1,858	1,858	1,858	1,858	1,858	1,858	1,858	21,264	Employee & Family	21,264	22,292	1,028	
32	H22	475	475	475	475	475	526	526	526	526	526	-	-	5,004	Employee Single	5,004	6,310	1,306	F
33	H23	475	475	475	475	475	526	526	526	526	526	526	526	6,055	Employee Single	6,055	6,310	255	
34	H24	475	475	1,047	1,047	1,047	1,176	1,176	1,176	1,178	1,176	1,176	1,176	12,322	Children	12,322	14,113	1,791	E
35	H25	1,047	1,047	1,047	1,047	1,047	1,176	1,176	1,176	1,176	1,176	1,176	1,178	13,466	Children	13,466	-	(13,466)	A
36	H26	475	475	475	475	475	526	526	526	526	526	526	526	6,055	Employee Single	6,055	6,310	255	
37	H27	475	475	475	475	475	526	526	526	526	526	526	526	6,055	Employee Single	6,055	-	(6,055)	A
38	H28	-	-	-	1,047	1,047	1,176	1,176	1,176	1,176	1,176	1,176	1,176	10,326	Children	10,326	14,113	3,787	
39	H29	-	-	-	475	475	526	526	526	526	526	526	526	4,631	Employee Single	4,631	6,310	1,679	
40	H30	-	-	-	-	-	-	-	1,357	1,357	1,357	1,357	1,357	6,783	Spouse	6,783	16,279	9,496	
41	H31	-	-	-	-	-	-	-	-	-	-	-	-	-	Employee Single	-	6,310	6,310	G
42	TOTAL	79,970	80,002	80,805	82,158	82,189	88,004	88,036	89,422	89,454	89,485	89,822	89,853	520,309		520,311	506,693	(13,618)	

Notes

Coverage Type	Test Year \$	Pro Forma \$	Incr(Decr)
Employee Single	54,394	50,479	(3,916)
Spouse	181,910	179,070	(2,840)
Children	116,908	98,794	(18,114)
Employee & Family	148,846	156,042	7,196
Spouse Only	-	-	-
Children Only	-	-	-
Family	18,236	22,292	4,055
Total	520,295	506,676	(13,619)

- A No longer employed or retired, or opted out of coverage
- B Employee Single (during 2015) Spouse (During 2016)
- C Employee Single (during 2015) Family (During 2016)
- D Employee Single (Aug 2015-May 2016) Spouse (June 2016- July 2016)
- E Employee Single (Aug 2015-Sept 2015) Children (Oct 2015- July 2016)
- F Employee left in test year then returned post test year
- G Employee began employment post test year

BIG SANDY RECC
For the 12 Months Ended July 31, 2016

Employee Healthcare

54					
55	Option	Total Cost \$	Employee %	Employee \$	Utility %
56	(1)	(2)	(3)	(4)	Utility %
57					(6)
58	<u>Normalized Test Year</u>				
59					
60	Employee	50,479	0%	-	100%
61	Employee & Spouse	179,070	0%	-	100%
62	Employee & Child(ren)	98,794	0%	-	100%
63	Employee & Family	156,042	0%	-	100%
64	Spouse Only	-	0%	-	100%
65	Child(ren) Only	-	0%	-	100%
66	Spouse & Child(ren)	22,292	0%	-	100%
67	Total	506,676		-	506,676
68					
69	<u>Pro Forma Year</u>				
70					
71	Employee	50,479	21%	10,601	79%
72	Employee & Spouse	179,070	32%	57,302	68%
73	Employee & Child(ren)	98,794	32%	31,614	68%
74	Employee & Family	156,042	32%	49,933	68%
75	Spouse Only	-	21%	-	79%
76	Child(ren) Only	-	32%	-	68%
77	Spouse & Child(ren)	22,292	32%	7,133	68%
78	Total	506,676		156,584	350,092
79					
80	Adjustment				(156,584)

Targets for Employee Contribution	
Single:	21%
Multiple:	32%

This adjustment normalizes the test year healthcare costs to year-end costs for mid-year changes to employee coverage type and for employee departures, then removes amounts for employee contribution consistent with recent Commission orders.

Exhibit JW-2-S

Revenue Requirement Comparison of Original and Revised Amounts

BIG SANDY RECC
Statement of Operations & Revenue Requirement
Comparison of Original and Revised Amounts

Line #	Description (1)	ORIGINAL			REVISED			INCREASE (DECREASE)		
		Pro Forma Adjustment (4)	Present Rates Pro Forma TY (5)	Proposed Rates Pro Forma TY (6)	Pro Forma Adjustment (4)	Present Rates Pro Forma TY (5)	Proposed Rates Pro Forma TY (6)	Pro Forma Adjustment (4)	Present Rates Pro Forma TY (5)	Proposed Rates Pro Forma TY (6)
1	<u>Operating Revenues</u>									
2	Total Sales of Electric Energy	(1,336,864)	21,133,877	22,062,523	(1,336,864)	21,133,877	22,215,267	-	-	152,744
3	Other Electric Revenue		778,953	778,953	-	778,953	778,953	-	-	-
4	<u>Total Operating Revenue</u>	<u>(1,336,864)</u>	<u>21,912,831</u>	<u>22,841,476</u>	<u>(1,336,864)</u>	<u>21,912,831</u>	<u>22,994,220</u>	<u>-</u>	<u>-</u>	<u>152,744</u>
5										
6	<u>Operating Expenses:</u>									
7	Purchased Power	(1,355,065)	14,655,719	14,655,719	(1,355,065)	14,655,719	14,655,719	-	-	-
8	Distribution Operations	5,955	1,100,508	1,100,508	5,955	1,100,508	1,100,508	-	-	-
9	Distribution Maintenance	(144,361)	1,371,944	1,371,944	165,989	1,682,294	1,682,294	310,350	310,350	310,350
10	Customer Accounts	2,659	889,904	889,904	2,659	889,904	889,904	-	-	-
11	Customer Service	2,322	32,103	32,103	2,322	32,103	32,103	-	-	-
12	Sales Expense	-	5,403	5,403	-	5,403	5,403	-	-	-
13	A&G	(138,731)	1,225,584	1,225,584	(138,731)	1,225,584	1,225,584	-	-	-
14	<u>Total O&M Expense</u>	<u>(1,627,222)</u>	<u>19,281,165</u>	<u>19,281,165</u>	<u>(1,316,872)</u>	<u>19,591,515</u>	<u>19,591,515</u>	<u>310,350</u>	<u>310,350</u>	<u>310,350</u>
15										
16	Depreciation	776	2,273,481	2,273,481	776	2,273,481	2,273,481	-	-	-
17	Taxes - Other	2,521	36,382	36,382	2,521	36,382	36,382	-	-	-
18	Interest on LTD	-	701,164	701,164	(78,803)	622,361	622,361	(78,803)	(78,803)	(78,803)
19	Interest - Other	-	62,878	62,878	-	62,878	62,878	-	-	-
20	Other Deductions	-	19,500	19,500	-	19,500	19,500	-	-	-
21										
22	<u>Total Cost of Electric Service</u>	<u>(1,623,924)</u>	<u>22,374,570</u>	<u>22,374,570</u>	<u>(1,392,377)</u>	<u>22,606,117</u>	<u>22,606,117</u>	<u>231,547</u>	<u>231,547</u>	<u>231,547</u>
23										
24	<u>Utility Operating Margins</u>	<u>287,060</u>	<u>(461,739)</u>	<u>466,906</u>	<u>55,513</u>	<u>(693,287)</u>	<u>388,103</u>	<u>(231,547)</u>	<u>(231,547)</u>	<u>(78,803)</u>
25										
26	Non-Operating Margins - Interest	-	173,911	173,911	-	173,911	173,911	-	-	-
27	Non-Operating Margins - Other	-	13,496	13,496	-	13,496	13,496	-	-	-
28	G&T Capital Credits	(1,400,000)	-	-	(1,400,000)	-	-	-	-	-
29	Other Capital Credits	-	46,851	46,851	-	46,851	46,851	-	-	-
30										
31	<u>Net Margins</u>	<u>(1,112,940)</u>	<u>(227,481)</u>	<u>701,164</u>	<u>(1,344,487)</u>	<u>(459,029)</u>	<u>622,361</u>	<u>(231,547)</u>	<u>(231,547)</u>	<u>(78,803)</u>
32										
33	Cash Receipts from Lenders		12,575	12,575		12,575	12,575	-	-	-
34	OTIER		0.36	1.68		(0.09)	1.64	-	(0.45)	(0.04)
35	TIER		0.68	2.00		0.26	2.00	-	(0.41)	-
36	TIER excluding GTCC		0.68	2.00		0.26	2.00	-	(0.41)	-
37										
38	Target TIER		2.00	2.00		2.00	2.00	-	-	-
39	Margins at Target TIER		701,164	701,164		622,361	622,361	-	(78,803)	(78,803)
40	Revenue Requirement		23,075,734	23,075,734		23,228,478	23,228,478	-	152,744	152,744
41	Revenue Deficiency		928,645	-		1,081,390	-		152,744	-

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BIG SANDY RURAL ELECTRIC)
COOPERATIVE CORPORATION FOR A GENERAL) Case No. 2017-00374
ADJUSTMENT OF EXISTING RATES)

VERIFICATION OF JOHN WOLFRAM

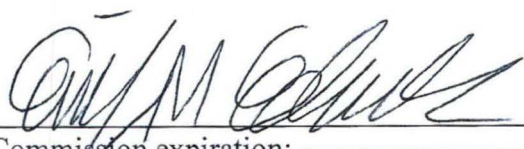
COMMONWEALTH OF KENTUCKY)
COUNTY OF Jefferson)

John Wolfram, being duly sworn, states that he has supervised the preparation of his Supplemental Direct Testimony in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



John Wolfram

The foregoing Verification was signed, acknowledged and sworn to before me this 21st day of November, 2017, by John Wolfram.



Commission expiration:

<p style="text-align: center;">EMILY M. EDWARDS Notary Public State at Large Kentucky My Commission Expires Feb. 19, 2018</p>
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