

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF BIG SANDY)	
RURAL ELECTRIC COOPERATIVE)	
CORPORATION FOR A GENERAL ADJUSTMENT)	CASE NO.
OF RATES PURSUANT TO STREAMLINED)	2023-00285
PROCEDURE PILOT PROGRAM ESTABLISHED IN)	
CASE NO. 2018-00407)	

ORDER

On November 3, 2023, Big Sandy Rural Electric Cooperative Corporation (Big Sandy RECC), pursuant to the amended streamlined procedure established in Case No. 2018-00407,¹ tendered an application seeking an adjustment in its rates. Under the procedure established in Case No. 2018-00407,² the Commission finds that the application does not meet the filing requirements for the streamlined rate case procedure for Distribution Cooperatives and should not be accepted for filing according to the procedure set forth in Appendix A of the December 20, 2019 Order in Case No. 2018-00407. Additionally, the Commission finds that Big Sandy RECC's application is deficient for the following items, but that deviations should be granted.

807 KAR 5:001 Section 16(4)(i): A reconciliation of the rate base and capital used to determine its revenue requirements.

¹ Case No. 2018-00407, *A Review of the Rate Case Procedure for Electric Distribution Cooperatives* (Ky. PSC Dec. 20, 2019).

² Case No. 2018- 00407, Dec. 20, 2019 Order, Appendix A at 1–2.

Big Sandy RECC did not provide the reconciliation because the “revenue requirements were determined on the basis of achieving an overall increase of 4 percent, pursuant to the requirements set forth in Case No. 2018-00407.”³ The streamline procedure grants deviations from several filing requirements, but not 807 KAR 5:001 Section 16(4)(i). In Case No. 2021-00407, the Commission found that a utility that omits the required reconciliation in its application should file a statement with its application explaining why the required reconciliation does not exist and is not applicable to the utility’s application to comply with 807 KAR 5:001 Section 16(4)(i) or file a motion for a deviation from the requirement under the regulation.⁴ The Commission does not accept the argument that the utility chose to use a method of determining its rates that does not rely upon all the elements needed to provide a reconciliation as good cause for a deviation from the requirement to provide same. The Commission will request this information through discovery and Big Sandy RECC is expected to provide an adequate response. The Commission hereby notifies all electric cooperatives that a reconciliation of rate base and capital is clearly required by the regulation and a specific showing of good cause to grant a deviation must be requested if the reconciliation is not provided.

Appendix A, Section A(3): The application requests a maximum rate increase of 0.75 percent per 12 months.

³ Application, Exhibit 14.

⁴ Case No. 2021-00407, *Electronic Application of South Kentucky Rural Electric Cooperative Corporation for A General Adjustment of Rates, Approval of Depreciation Study, And Other General Relief*, Order (Ky. PSC Jan. 10, 2022), Order at 3.

Big Sandy RECC's last rate case, Case No. 2017-00374, was finalized on April 26, 2018, or 5.5 years before this application was filed.⁵ The streamline procedures state that a prerequisite is that the "application requests a maximum rate increase of 0.75 percent per 12 months" and that "[w]hile multiple 12-month periods may be aggregated in one rate increase application, the overall cumulative increase shall not exceed 4 percent." Big Sandy RECC based its request on a 4 percent increase in base rates. The plain language of "per 12 months" and "12-month periods" used in the streamline procedures indicates that the request should be capped at 3.75 percent, therefore, Big Sandy RECC's request should be limited to 3.75 percent. The Commission will request this information through discovery and Big Sandy RECC is expected to provide an adequate response. The Commission will not reject Big Sandy RECC's application due to this error because Big Sandy RECC's customers will not be harmed by notice of rates in excess of those that can be approved.

The Commission finds that the application should not be accepted for filing as a streamlined rate case until the following deficiencies are corrected and the missing information is provided.

Appendix B(5): Within five days of filing its application with the Commission, the Distribution Cooperative shall conspicuously post a copy of the notice on its website and *include therein a hyperlink to the Commission's website* where the case documents are available;

⁵ Case No. 2017-00374, *Application of Big Sandy Rural Electric Cooperative Corporation for a General Adjustment of Existing Rates* (Ky. PSC Apr. 26, 2018).

Big Sandy RECC has posted a copy of the notice on its website (bigsandyrecc.com), but the notice does not include a hyperlink to the Commission's website wherein the public can access related case documents. Big Sandy RECC is to post the hyperlink to the Commission's website on its website and file notice with the Commission once the correct hyperlink has been posted. Once the hyperlink has been posted and notice has been filed with the Commission, the application will be accepted as of the date updated notice is filed and the 75-day time period will begin to run at that time.

The 75-day time period for the Commission to enter a final Order in this case will begin once all application materials have been filed and accepted.

The Commission directs Big Sandy RECC to the Commission's July 22, 2021 Order in Case No. 2020-00085⁶ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

IT IS THEREFORE ORDERED that:


1. Big Sandy RECC's application is deemed deficient and rejected for filing until the deficiencies outlined above are cured.
2. Big Sandy RECC is granted a deviation from 807 KAR 5:001 Section 16(4)(i).

⁶ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

3. Big Sandy RECC is granted a deviation from Appendix A, Section A(3) of the streamline procedures.

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PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ENTERED
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