

Witness: David Estep

Item 20. Expense account comparisons

- a. See Second Data Request of Commission Staff to Big Sandy RECC
Item 11, m, n, o, h and i.
- b. Copy of 2005 Budget included in Item 19 of this response.

Witness: David Estep

Item 21. Salary increases for salaried employees

See Second Data Request of Commission Staff to Big Sandy RECC
Item 13, d.

Employee 157 is the President & General Manager, who was hired in July 2003. The President & General Manager was hired by the Board of Directors at a lower pay rate, with the understanding that the performance would be evaluated, and an adjustment in pay would be forthcoming. The Board decided upon an annual salary of \$95,000 for the position of President & General Manager.

Witness: David Estep

Item 22. Hourly and part time employee wage increases

	<u>January 1</u> <u>2005</u>	<u>2004</u>	<u>Percent</u> <u>Increase</u>	
Hourly Employees:				
1	24.51	22.78	7.59%	See Exhibit 1, page 5 and 6 of 7, of Application
3	23.46	21.92	7.03%	See Exhibit 1, page 5 and 6 of 7, of Application
5	22.44	21.79	2.98%	Union contract
8	22.16	21.79	1.70%	Became warehouseman during 2004.
10	22.44	21.79	2.98%	Union contract
11	22.44	21.79	2.98%	Union contract
13	21.47	20.84	3.02%	Union contract
14	24.51	23.80	2.98%	Union contract
15	24.51	23.80	2.98%	Union contract
17	22.44	21.79	2.98%	Union contract
18	22.44	21.79	2.98%	Union contract
20	17.00	14.54	16.92%	See Exhibit 1, page 5 and 6 of 7, of Application
21	19.10	18.54	3.02%	Union contract
22	19.10	18.54	3.02%	Union contract
23	19.10	18.54	3.02%	Union contract
24	22.44	21.55	4.13%	Union contract
25	22.44	21.55	4.13%	Union contract
27	11.83	7.96	48.62%	See Exhibit 1, page 5 and 6 of 7, of Application
31	22.20	21.55	3.02%	Union contract
33	18.00	7.96	126.13%	See Exhibit 1, page 5 and 6 of 7, of Application
38	22.20	21.55	3.02%	Union contract
40	22.20	20.84	6.53%	See Exhibit 1, page 5 and 6 of 7, of Application
41	21.47	20.84	3.02%	Union contract
42	13.91	10.50	32.48%	See Exhibit 1, page 5 and 6 of 7, of Application
43	21.47	20.84	3.02%	Union contract
124	18.50	16.88	9.60%	See Exhibit 1, page 5 and 6 of 7, of Application
131	15.00	13.72	9.33%	See Exhibit 1, page 5 and 6 of 7, of Application
133	17.00	15.15	12.21%	See Exhibit 1, page 5 and 6 of 7, of Application
134	18.21	12.71	43.27%	See Exhibit 1, page 5 and 6 of 7, of Application
138	17.00	15.15	12.21%	See Exhibit 1, page 5 and 6 of 7, of Application
139	14.50	10.41	39.29%	See Exhibit 1, page 5 and 6 of 7, of Application
142	11.50	8.16	40.93%	See Exhibit 1, page 5 and 6 of 7, of Application
144	11.50	9.01	27.64%	See Exhibit 1, page 5 and 6 of 7, of Application
149	16.50	13.53	21.95%	See Exhibit 1, page 5 and 6 of 7, of Application
155	16.50	7.57	117.97%	See Exhibit 1, page 5 and 6 of 7, of Application
156	17.00	7.21	135.78%	See Exhibit 1, page 5 and 6 of 7, of Application
159	17.00	16.50	3.03%	Union contract
Summer and Part Time Employees:				
145	9.25	7.04	31.39%	See Exhibit 1, page 5 and 6 of 7, of Application
158	8.50	8.00	6.25%	See Exhibit 1, page 5 and 6 of 7, of Application

Witness: Alan Zumstein

Item 23. Normalized overtime wages

The overtime wages were determined to be the overtime hours worked times the pay rates for during the test year and normalized for wage rate effective January 1, 2005.

Big Sandy Rural Electric Cooperative
Attorney General's Initial Request for Information
Case No. 2005-00125

Witness: David Estep

Item 24. Number of employees

	2004															
	2001	2002	2003	January	February	March	April	May	June	July	August	September	October	November	December	
Salary	4	5	5	4	4	4	4	4	4	4	4	4	4	4	4	
Hourly	35	36	35	35	35	35	35	35	35	35	35	37	37	37	37	
Part time	1	4	4	3	3	3	3	3	3	3	3	3	2	2	2	
Retire				5	3	3	3	3	3	3	3	2	2	2	2	
Total	40	45	44	47	45	45	45	45	45	45	45	46	46	45	45	45

Witness: Alan Zumstein

Item 25. Wage and salary information

- a. The actual payroll for 2004 was higher than 2003 for several reasons. Employees 126 and 128 were both salary employees that gave their retirement date for 2004, therefore, Big Sandy had the replacements in place to smooth the transition. Employee 126 was the Plant Supervisor and 128 was the President & General Manager. Employee 7 was the warehouseman. An employee was advanced to train for this position. Employees were hired to replace the employees advanced by the promotions.

For several months of 2004, there were duplicate employees as stated by the reasons above.

- b. Number of employees

2001	40
2002	45
2003	44
2004	44

- c. The total payroll budgeted for 2005 was \$1,906,000.
- d. Based on the prior two (2) years overtime, the increase in overtime hours for a year is only about 500 hours more than that average. This does not appear to be that large of an increase when an entire year is considered.

Big Sandy does consider 2004 overtime hours to be representative.

- e. Big Sandy does not budget overtime hours as a component of its operating budget. The overall payroll is estimated to increase, not the individual components of payroll. The budget for 2005 included the 2004 actual overtime hours in its calculations.

Witness: Alan Zumstein

Item 26. Employee benefits by component

	<u>2001</u>	<u>2002</u>	<u>2003</u>	Budget <u>2005</u>
Vacation earned	152,277	129,112	144,918	Not budgeted separately
Group insurance	367,036	403,682	558,331	453,000
Retirement	129,411	120,218	133,359	185,000
Employee sick leave	45,614	45,366	48,701	Not budgeted separately
Paid holidays	32,425	37,748	47,773	Not budgeted separately
Postretirement benefits	78,000	98,000	98,000	120,000
Total	804,763	834,126	1,031,082	758,000
Number of employees	40	45	44	44
Average per employee	20,119	18,536	23,434	17,227

Witness: David Estep

Item 27. Monthly costs for employee benefits

	January	February	March	April	May
Postretirement benefits	8,167	8,167	8,167	8,167	8,167
Retirement	10,956	18,747	17,751	17,755	20,529
Group insurance	40,295	35,493	34,824	37,394	37,261

Big Sandy Rural Electric Cooperative
Attorney General's Initial Request for Information
Case No. 2005-00125

Witness: Alan Zumstein

Item 28. Account 926, Employee benefits

Retirement	2,147
Tuition	50
401 K	96
Misc employee expense	60
Sick leave	96
Emp auto use	3,511
Transportation	<u>6</u>
	<u>5,966</u>

Witness: Alan Zumstein

Item 29. Costs for attorney to attend NRECA and KAEC meetings.

See Second Data Request of Commission Staff to Big Sandy RECC
Item 17.

Big Sandy Rural Electric Cooperative
Attorney General's Initial Request for Information
Case No. 2005-00125

Item 30
Page 1 of 1

Witness: David Estep

Item 30. Alternate directors for NRECA and KAEC

See Second Data Request of Commission Staff to Big Sandy RECC
Item 12.

Big Sandy Rural Electric Cooperative
Attorney General's Initial Request for Information
Case No. 2005-00125

Witness: Alan Zumstein

Item 31. Uncollectible expense account

- | | | |
|---------------------------------------|------|------------|
| a) accrual | 2001 | 42,000 |
| | 2002 | 60,000 |
| | 2003 | 60,000 |
| | 2004 | 72,000 |
| b) net write-offs | 2001 | 61,456 |
| | 2002 | 42,544 |
| | 2003 | 54,687 |
| | 2004 | 65,553 |
| c) revenues subject to uncollectibles | 2001 | 13,604,858 |
| | 2002 | 14,302,319 |
| | 2003 | 14,782,155 |
| | 2004 | 14,848,666 |
- d) projected uncollectible for 2005 is \$84,000.
- e) On an annual basis, the net write-offs, the aging of receivables and the balance are all reviewed. The estimated uncollectibles is base on those factors.

Witness: Alan Zumstein

Item 32. Regulatory expenses

Accounting fees	5,966
-----------------	-------

These are costs that for this current rate case, for activity that occurred during 2004.

Witness: Alan Zumstein

Item 33. Office expenses in Account 921

Computer processing costs	50,857
Data processing supplies	5,106
Employee meetings	12,817
Telephone charges	13,111
Utilities, electric, water	10,677
General office supplies	12,919
Miscellaneous office expenses	6,726
Dues	2,091
Retirement plan administration	1,560
Equipment rental and expenses	294
Others	2,002
	118,160

Big Sandy Rural Electric Cooperative
Attorney General's Initial Request for Information
Case No. 2005-00125

Witness: Alan Zumstein

Item 34. Account 908.00, Consumer assistance

Labor	34,531
Employee benefits	17,711
Worker's compensation	1,196
Transportation costs	11,942
Telephone charges	1,001
KAEC dues	9,442
Advertising costs	2,788
School programs	2,502
Heat pump and ETS energy conserv	4,575
Meeting expenses	2,366
Miscellaneous	1,101
	89,155

Big Sandy Rural Electric Cooperative
Attorney General's Initial Request for Information
Case No. 2005-00125

Witness: Alan Zumstein

Item 35. Annual meeting expenses

923.53 meal for workers
480.66 prizes
28.29 film for pictures

Big Sandy Rural Electric Cooperative
Attorney General's Initial Request for Information
Case No. 2005-00125

Item 36
Page 1 of 1

Witness: Alan Zumstein

Item 36. Advertising notice

There is no page 5.

Witness: Alan Zumstein

Item 37. Non recurring charges

Big Sandy has had several changes in its Customer Service Representatives in the last several years. It appears there have been some miscommunications in terminology and descriptions of which services and charges are categorized by appropriate charge and rate classification. Several employees have been using the temporary disconnect\reconnect for consumers who have been disconnected, and the probability that they will be connected again soon as this charge.

There were, in fact, no consumers who applied for the seasonal temporary disconnect\reconnect service.

The connect fee is actually the Second Service connect fee. Since these are the same rate, there would be no change in the existing or proposed revenues. The revenues should be classified as not Temporary disconnect\reconnect and should be as Second service connect fee.

Witness: Alan Zumstein

Item 38. Non recurring charges

On Exhibit D, page 1, the Dollar Increase for Temporary disconnect
reconnect should be \$3,200 instead of the reported \$10,375.

The total increase of \$21,300 is correct.

Witness: Alan Zumstein

Item 39. Temporary disconnect\reconnect fee

- (a) Originally designed for consumers who left for several months during either the summer or winter months so that estimated readings, and late charges would not be assessed while away.
- (b) None
- (c) None
- (d) n\

Witness: Alan Zumstein

Item 40. Late payment penalty

- (a) Big Sandy has had the 10% gross rate as part of its tariff charges for approximately the last 25 years.
- (b) Big Sandy has been unable to locate any studies performed for the time when that charge was established.
- (c) 24,210
- (d) \$278,717

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

CASE NO. 2005-00125
BIG SANDY RECC

RESPONSE TO FIRST REQUEST OF THE ATTORNEY GENERAL

The current revenue from rates for Rate Schedule A-2 do not recover the costs to serve that class and the current consumer charge is less than one half the cost to serve. It was determined to raise the customer charge to \$15.00 per month to move this segment of the rate schedule closer to the cost to serve. Additionally, it was determined to place the additional increase for this rate class on the energy segment.

The Cost of Service Study supports a Consumer Charge significantly higher than the amount requested in this application. Provided below is the rate calculation for the consumer charge for full cost recovery.

Costs To Be Included	Sched <u>A-2</u>
Consumer Related Costs	
Transformers	\$ 5,641
Services	37,088
Metering	78,685
Consumer Service & Accounting	<u>106,818</u>
Total	228,232
Number of Billing Units for Test Period	<u>10,689</u>
Cost Based Consumer Charge	<u><u>\$ 21.35</u></u>

Witness: Alan Zumstein

Item 42. Length of time for connect and disconnect.

A seasonal disconnect will require the serviceman to disconnect the service at the meter. However, a disconnect for nonpayment will require the serviceman to disconnect the service at the pole. This keeps the consumer from tampering with the meter and trying to reconnect service themselves.

Big Sandy Rural Electric Cooperative
Attorney General's Initial Request for Information
Case No. 2005-00125

Item 43
page 1 of 1

Witness: Alan Zumstein

Item 43. Disconnects\reconnects during for nonpayment during regular hours.

Big Sandy Rural Electric Cooperative
Attorney General's Initial Request for Information
Case No. 2005-00125

Witness: Alan Zumstein

Item 44. Disconnects/reconnects during for nonpayment during overtime hours.

Witness: David Estep

Item 45. Customer read, or Big Sandy read meters.

- (a) Consumer reads all, except apartment complexes and mobile home parks.
- (b) Big Sandy reads
- (c) Big Sandy reads
- (d) Big Sandy reads

Witness: Alan Zumstein

Item 46. Meter tests

The existing charge did not recover all labor to test a meter. The new meter charge will recover the costs associated with testing and recording the results of the meter test.

The detail to test the meter is shown as Exhibit 13, page 6 of 6, of the Application.

Big Sandy Rural Electric Cooperative
Attorney General's Initial Request for Information
Case No. 2005-00125

Item 47
Page 1 of 1

Witness: David Estep

Item 47. Tariffs IND 1 and IND 2

Yes

Big Sandy Rural Electric Cooperative
Attorney General's Initial Request for Information
Case No. 2005-00125

Witness: David Estep

Item 48. Schedule J in electronic format

See Second Data Request of Commission Staff to Big Sandy RECC
Item 2

**Big Sandy Rural Electric Cooperative
Attorney General's Initial Request for Information
Case No. 2005-00125**

Witness: Jim Adkins

Item 49. Exhibit R is attached on the enclosed CD, labeled "Item 49".

Microsoft EXCEL 2002 was used to prepare this item.

Big Sandy Rural Electric Cooperative
Attorney General's Initial Request for Information
Case No. 2005-00125

Item 50
Page 1 of 1

Witness: David Estep

Item 50. Exhibit 13 in electronic format

See Second Data Request of Commission Staff to Big Sandy RECC
Item 2

**Big Sandy Rural Electric Cooperative
Attorney General's Initial Request for Information
Case No. 2005-00125**

Witness: Jim Adkins

Item 51. To the best of our knowledge, all calculations, assumptions and workpapers used in then production of the Cost of Service Study has already been provided.

**Big Sandy Rural Electric Cooperative
Attorney General's Initial Request for Information
Case No. 2005-00125**

Witness: Jim Adkins

Item 52. The "Energy Sales" figures provided in Exhibit R, page 7 of 25 comes from the billing analysis submitted with this application.

**Big Sandy Rural Electric Cooperative
Attorney General's Initial Request for Information
Case No. 2005-00125**

Witness: Jim Adkins

Item 53. The Wholesale Billing CP Contributions listed in Exhibit R Page 8 of 25 is based on an ongoing Load Research Studies conducted by East Kentucky Power Cooperative (EKPC) throughout the service territory served by its Distribution Cooperatives.

**Big Sandy Rural Electric Cooperative
Attorney General's Initial Request for Information
Case No. 2005-00125**

Witness: Jim Adkins

Item 54. The Monthly Peak Demands for each Rate Class listed in Exhibit R page 9 of 25 is based on an ongoing Load Research Studies conducted by EKPC throughout the service territory served by its Distribution Cooperatives.

CASE NO. 2005-00125
BIG SANDY RECC

RESPONSE TO FIRST AG DATA REQUEST

While every retail customer has a meter, the meter records kWh usage, not kW demand – except for customers with special contracts (almost always large loads), hourly or 15 minute usage is unknown beyond the system level.

With the exception of Big Sandy's system coincident peak numbers, all the data reported in Exhibit R pages 8 and 9 are estimated via a random sample of class customers. This is because kW demand, unlike kWh, is not known for individual customers or classes.

The electric utility industry, over the years, has developed standard approaches to making reliable estimates of class kW demand contributions. EKPC utilizes those standard approaches in its load research program.

The key to electric utility load research performance is in the design of the sample. Invariably, stratified random samples by class are used in the estimation process. EKPC's sample design utilizes over 500 meters capable of recording kW values, over different classes of load. Class definitions are provided in the following table:

EKPC And Member System Load Research Sample Design

Class	Sample Size	Definition	# Of Stratum or Sub-classes
Residential	175		6
Small Commercial	90	<50 kW	4
Medium Commercial	90	50-350 max kW	3
Large Power Census	155	Over 350 kW	1

Member systems each year supply EKPC with a billing information tape that contains the monthly energies, monthly billing demand (if applicable), and revenue for each retail member. This data is used to identify class populations, and to provide population weights to apply to the stratum in order to calculate the class data that is representative for a particular member system's cost of service analysis.

EKPC collects the interval data from the sampled customers, and uploads it into Itron's MV-90 software where the pulses are translated into demand and energy. The load research package of MV-90 creates statistics from the totalization process of the strata and classes. MV-90 creates an annual summary report that contains the following information for each stratum and class:

- Number of contributors
- Monthly NCP
- Date, time, mean per unit kW contribution to Cass Peak
- Date, time, mean per unit kW contribution to EKPC Coincident Peak
- Date, time, mean per unit kW contribution to Member System Coincident Peak

This information is transferred to Excel, where the weights described above are applied to the strata mean-per-unit demand to calculate the class mean-per-unit demand. The mean-per-unit demands are then multiplied by the number of customers in a rate class to compute an estimate of the kW demand for the class.

There are times when member system rate classes do not match the EKPC load research sample design classes. When this occurs, EKPC reweights its sample design to more closely approximate member system classes.

Because EKPC and its members make every effort to meter all large loads, no estimation of their demand is needed. Their kW demands are known with certainty.

Once EKPC makes an estimate of each class kW demand, it sums the classes and applies distribution losses in order to come up with an estimate for member system total demand. The estimated system demand is compared to actual system demand, and any unaccounted for energy (UFE) is apportioned to the estimated classes.

CASE NO. 2005-00125
BIG SANDY RECC

RESPONSE TO FIRST AG DATA REQUEST

While every retail customer has a meter, the meter records kWh usage, not kW demand – except for customers with special contracts (almost always large loads), hourly or 15 minute usage is unknown beyond the system level.

With the exception of Big Sandy’s system coincident peak numbers, all the data reported in Exhibit R pages 8 and 9 are estimated via a random sample of class customers. This is because kW demand, unlike kWh, is not known for individual customers or classes.

The electric utility industry, over the years, has developed standard approaches to making reliable estimates of class kW demand contributions. EKPC utilizes those standard approaches in its load research program.

The key to electric utility load research performance is in the design of the sample. Invariably, stratified random samples by class are used in the estimation process. EKPC’s sample design utilizes over 500 meters capable of recording kW values, over different classes of load. Class definitions are provided in the following table:

EKPC And Member System Load Research Sample Design

Class	Sample Size	Definition	# Of Stratum or Sub-classes
Residential	175		6
Small Commercial	90	<50 kW	4
Medium Commercial	90	50-350 max kW	3
Large Power Census	155	Over 350 kW	1

Member systems each year supply EKPC with a billing information tape that contains the monthly energies, monthly billing demand (if applicable), and revenue for each retail member. This data is used to identify class populations, and to provide population weights to apply to the stratum in order to calculate the class data that is representative for a particular member system’s cost of service analysis.

EKPC collects the interval data from the sampled customers, and uploads it into Itron's MV-90 software where the pulses are translated into demand and energy. The load research package of MV-90 creates statistics from the totalization process of the strata and classes. MV-90 creates an annual summary report that contains the following information for each stratum and class:

- Number of contributors
- Monthly NCP
- Date, time, mean per unit kW contribution to Cass Peak
- Date, time, mean per unit kW contribution to EKPC Coincident Peak
- Date, time, mean per unit kW contribution to Member System Coincident Peak

This information is transferred to Excel, where the weights described above are applied to the strata mean-per-unit demand to calculate the class mean-per-unit demand. The mean-per-unit demands are then multiplied by the number of customers in a rate class to compute an estimate of the kW demand for the class.

There are times when member system rate classes do not match the EKPC load research sample design classes. When this occurs, EKPC reweights its sample design to more closely approximate member system classes.

Because EKPC and its members make every effort to meter all large loads, no estimation of their demand is needed. Their kW demands are known with certainty.

Once EKPC makes an estimate of each class kW demand, it sums the classes and applies distribution losses in order to come up with an estimate for member system total demand. The estimated system demand is compared to actual system demand, and any unaccounted for energy (UFE) is apportioned to the estimated classes.