



Big Sandy Rural Electric Cooperative Corporation

504 11th Street
Paintsville, Kentucky 41240-1422
(606) 789-4095 • Fax (606) 789-5454

Branch Office:

Box 8, Glyn View Plaza
Prestonsburg, KY 41653
(606) 886-2987

May 5, 2005

Ms Beth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P O Box 615
Frankfort KY 40602

RECEIVED

MAY 11 2005

PUBLIC SERVICE
COMMISSION

RE: Case No. 2005-00125

Dear Ms O'Donnell:

Please find enclosed the original and eight (8) copies of the responses to the Commission's Order "First Data Request of Commission Staff to Big Sandy Rural Electric Cooperative Corporation" dated April 18, 2005.

If you have any questions, please do not hesitate to call.

Sincerely,

A handwritten signature in cursive script that reads "Bobby D. Sexton".

Bobby D. Sexton
President/General Manager

Copy to: Attorney General
Utility & Rate Intervention Division
1024 Capital Center Drive
Frankfort KY 40601

COMMONWEALTH OF KENTUCKY BEFORE THE
PUBLIC SERVICE COMMISSION

CASE NO. 2005-00125

*RESPONSE TO
FIRST DATA REQUEST*

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

PAINTSVILLE KY

May 5, 2005

ORIGINAL

RECEIVED

MAY 11 2005

PUBLIC SERVICE
COMMISSION

Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005

Witness: Alan Zumstein

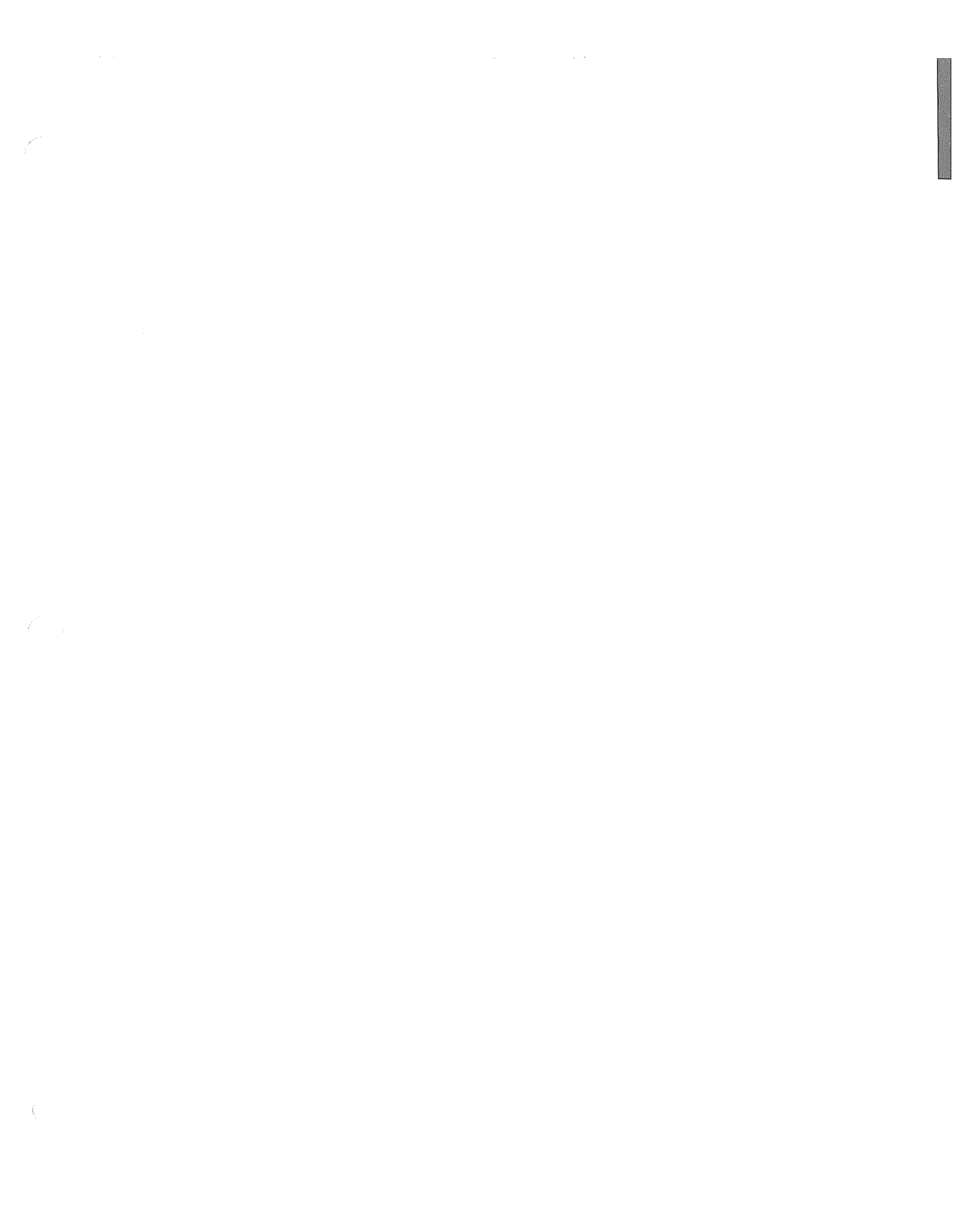
Witness: David Estepp

Witness: Bobby Sexton

Item 1. Comparative detailed income statement, cash flows and balance sheet.

Shown as Exhibit V of Application.

Sheets 1 thru 3.



Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005
Witness: Alan Zumstein

Item 2. Rate of return and rate base

Shown as Exhibit K and L of Application.



Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005
Witness: Alan Zumstein

Item 3. TIER and DSC

Shown as Exhibit K and L of Application.

These are included in Item 2 above of this response.



Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005
Witness: David Estepp

Item 4. Borrower's Statistical Profile

Shown as Exhibit 17 of Application.

Neither Big Sandy Rural Electric's management, Board of Directors nor RUS
has taken any actions as a result of the Borrower Statistical Profile.

Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005
Witness: David Estepp

Item 5. CFC Key Ratio Trend Analysis

Shown as Exhibit 18 of Application.

Neither Big Sandy Rural Electric's management, Board of Directors nor RUS
has taken any actions as a result of the Borrower Statistical Profile.

Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005
Witness: David Estep

Item 6. KAEC Statistical Comparison

Shown as Exhibit 18 of Application.



Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005
Witness: Alan Zumstein

Item 7. Capital structure

The capital structure is shown as Exhibit 20 of the Application.



Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005
Witness: Alan Zumstein

Item 8. Outstanding issues of long-term debt and short term debt

Item 8 a.

Shown as Exhibit 5 of this Application.

Item 8 b .

There were no short term borrowings during the test year.



Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005
Witness: Alan Zumstein
Witness: David Estepp

Item 9. Trial balance for 12 months

Shown as Exhibit Y of this Application.



Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005
Witness: Alan Zumstein

Item 10. Comparison of balance sheet account balances with prior year's balance

Shown as Exhibit W of this Application.



Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005
Witness: Alan Zumstein

Item 11. Comparison of income statement account balances with prior years

Shown as Exhibit X of this Application.



Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005

Witness: David Estepp

Item No. 12. Property held for future use

Big Sandy Rural Electric has no plant held for future use.



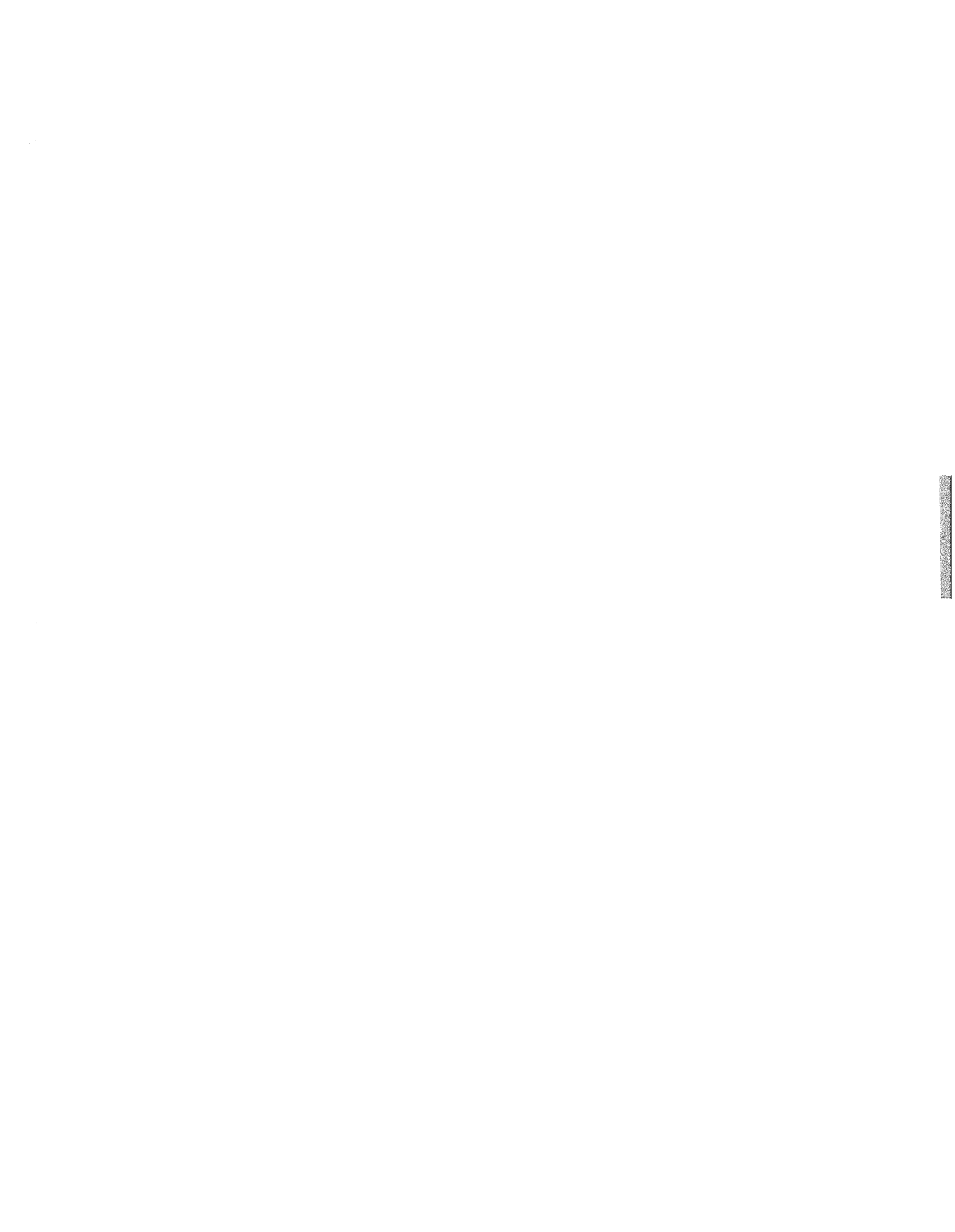
Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005

Witness: David Estepp

Item 13. Non utility property

Big Sandy Rural Electric does not have any non-utility property.

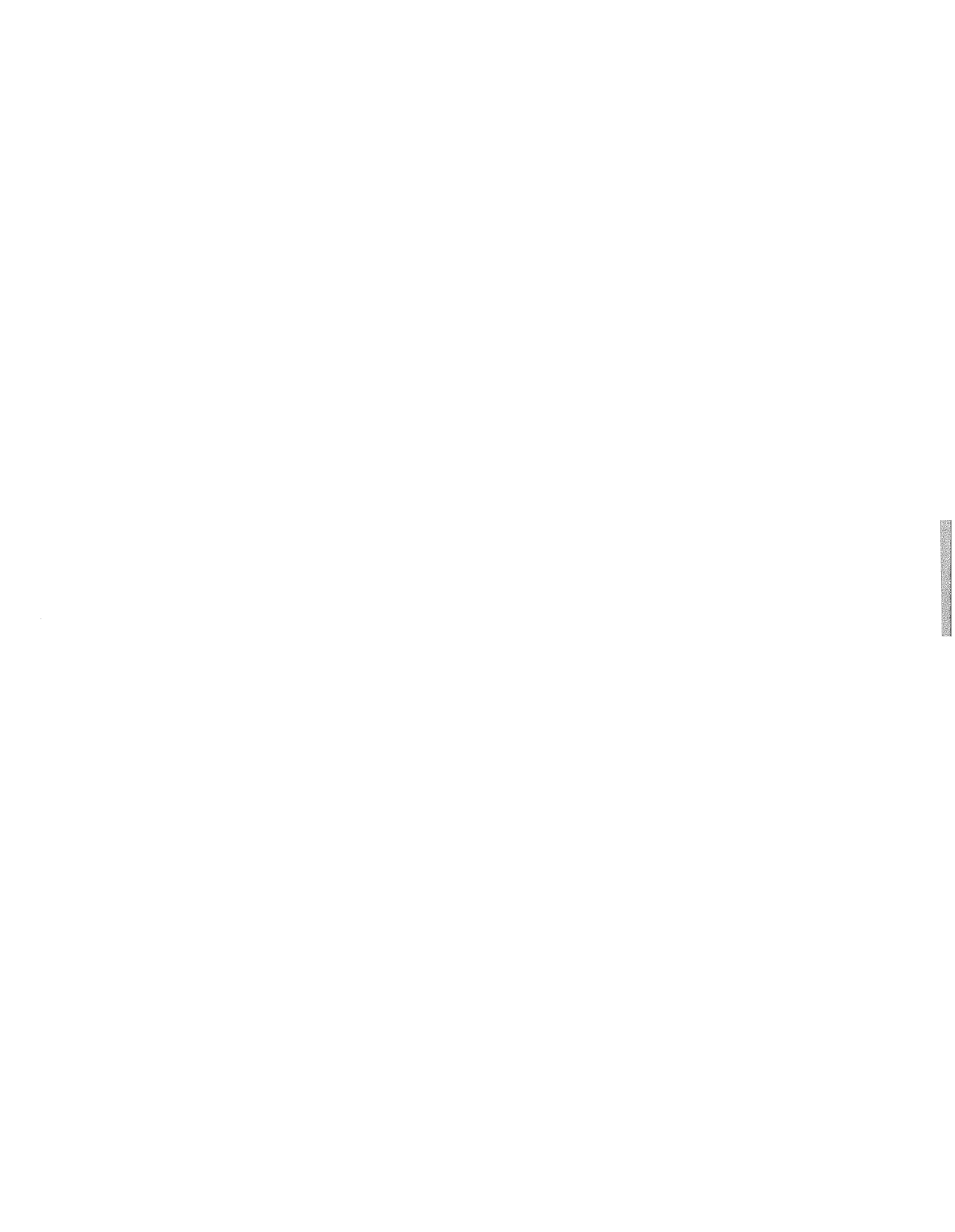


Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005
Witness: Alan Zumstein

Item 14. Jurisdictional plant allocations

Big Sandy Rural Electric has no jurisdictional plant or expense allocations that are required.



Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005
Witness: David Estepp

Item 15. By Laws

Shown as Exhibit U of this Application.

Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005
Witness: David Estepp

Item 16. Equity mangedent plan

This information is included as Exhibit 21 of the Application.



Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005
Witness: Alan Zumstein
Witness: David Estepp

Item 17. Professional services

Shown as Exhibit 8 of this Application.

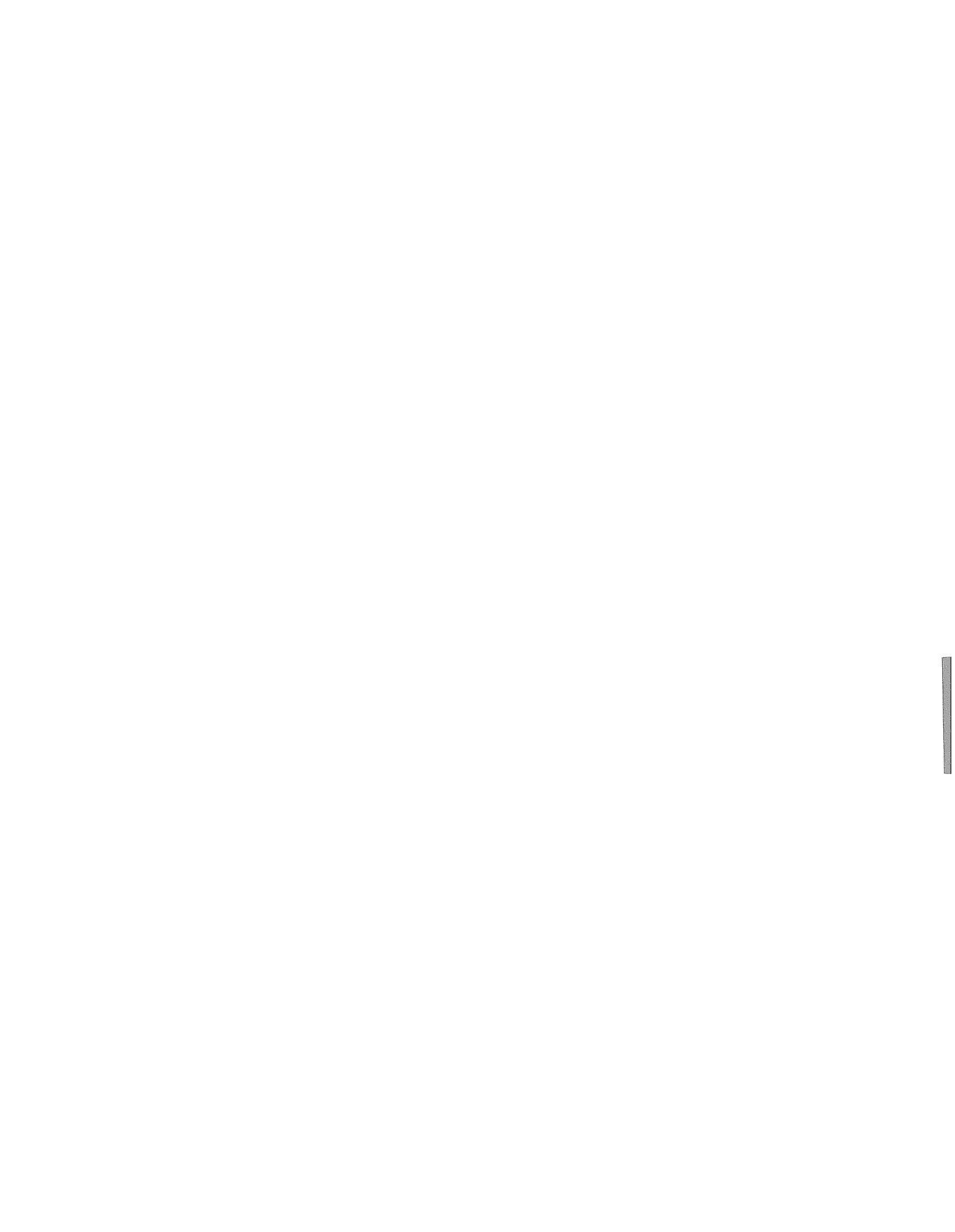


Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005
Witness: David Estepp

Item 18. Compensation of Directors

Shown as Exhibit Z and Exhibit 9 of this Application.



Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005
Witness: David Estepp

Item 19. Annual meeting information

Shown as Exhibit P in this Application.

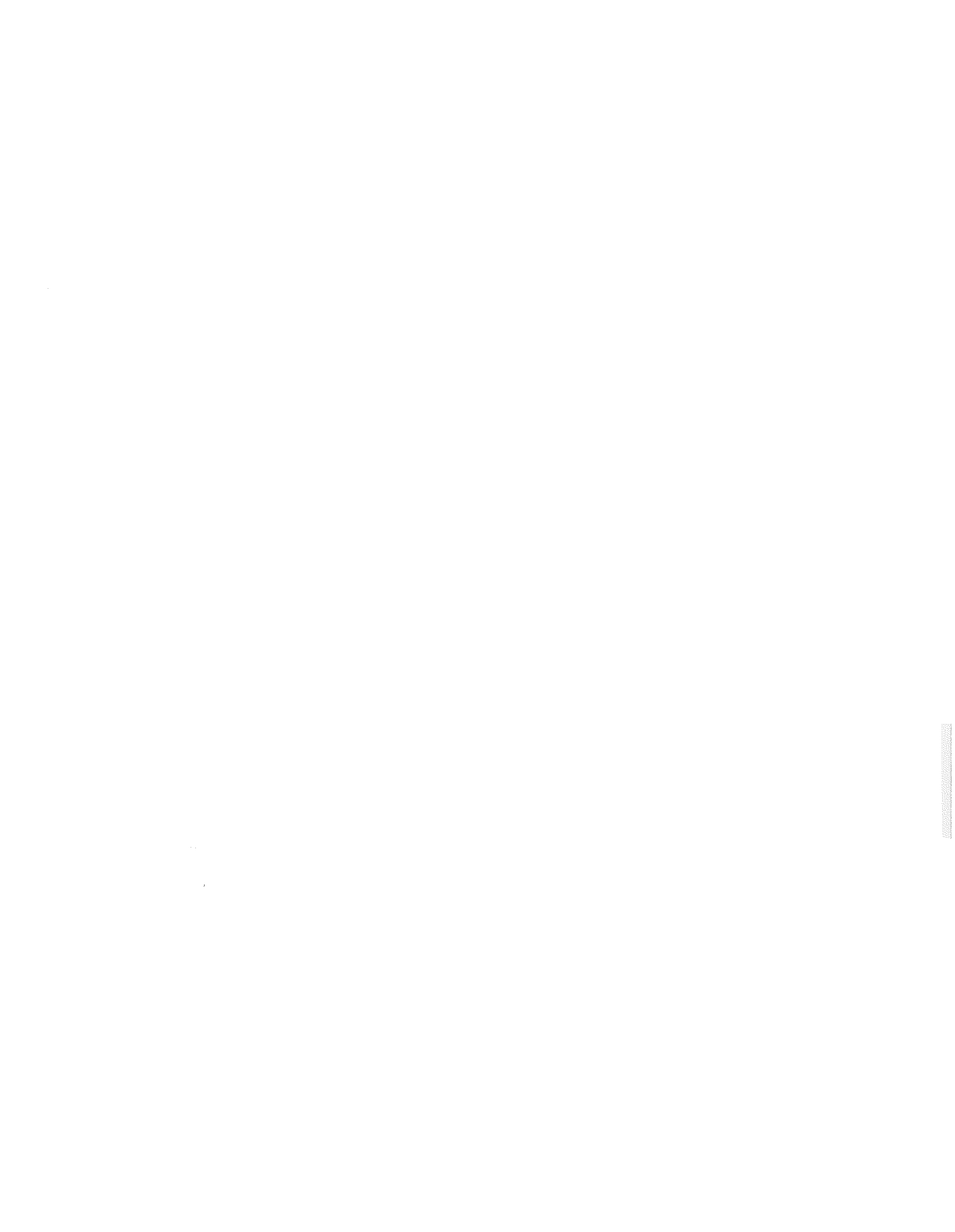


Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005
Witness: Alan Zumstein

Item 20. Customer billing and increases, by rate class

- a. Shown as Exhibit G of this Application.
- b. Shown as Exhibit G of this Application.
- c. Shown as Exhibit G of this Application
- d. Shown as Exhibit G of this Application
- e. Shown as Exhibit 15 of this Application



Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005
Witness: Alan Zumstein

Item 21. Customer billing determinants

Item 20 a. through f.

Shown as Exhibit G and Exhibit J to this Application.

Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005
Witness: Alan Zumstein

Item 22. Capitalization rates

Shown as Exhibit 22 of this Application.



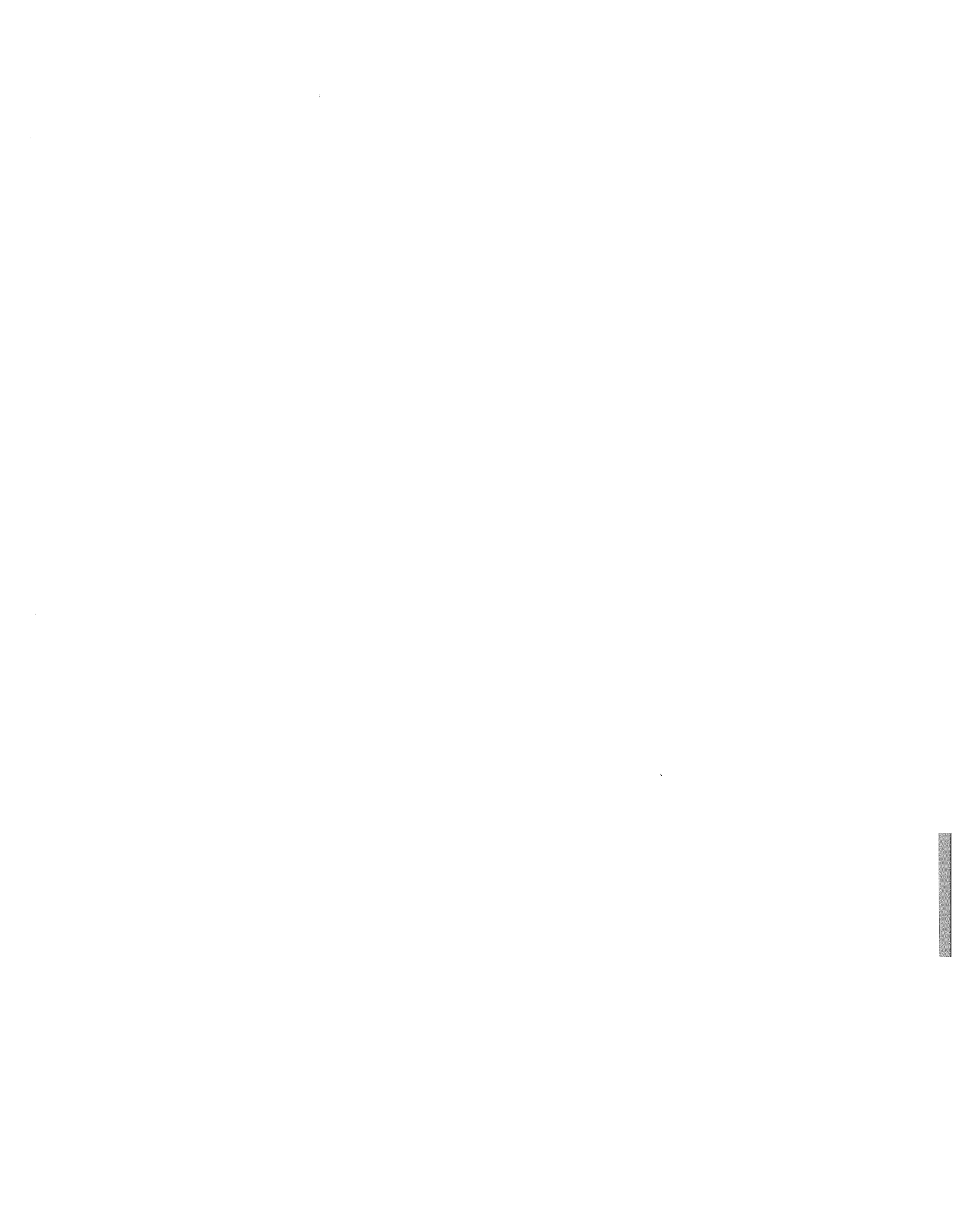
Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005
Witness: Alan Zumstein

Item 23. Salaries and wages

Item 23 a. and b.

- a. Shown as Exhibit 1, page 7 of 7 of this Application.
- b. Shown as Exhibit 1, page 1 of 7 of this Application.



Big Sandy Rural Electric Cooperative
Case No. 2005-00125

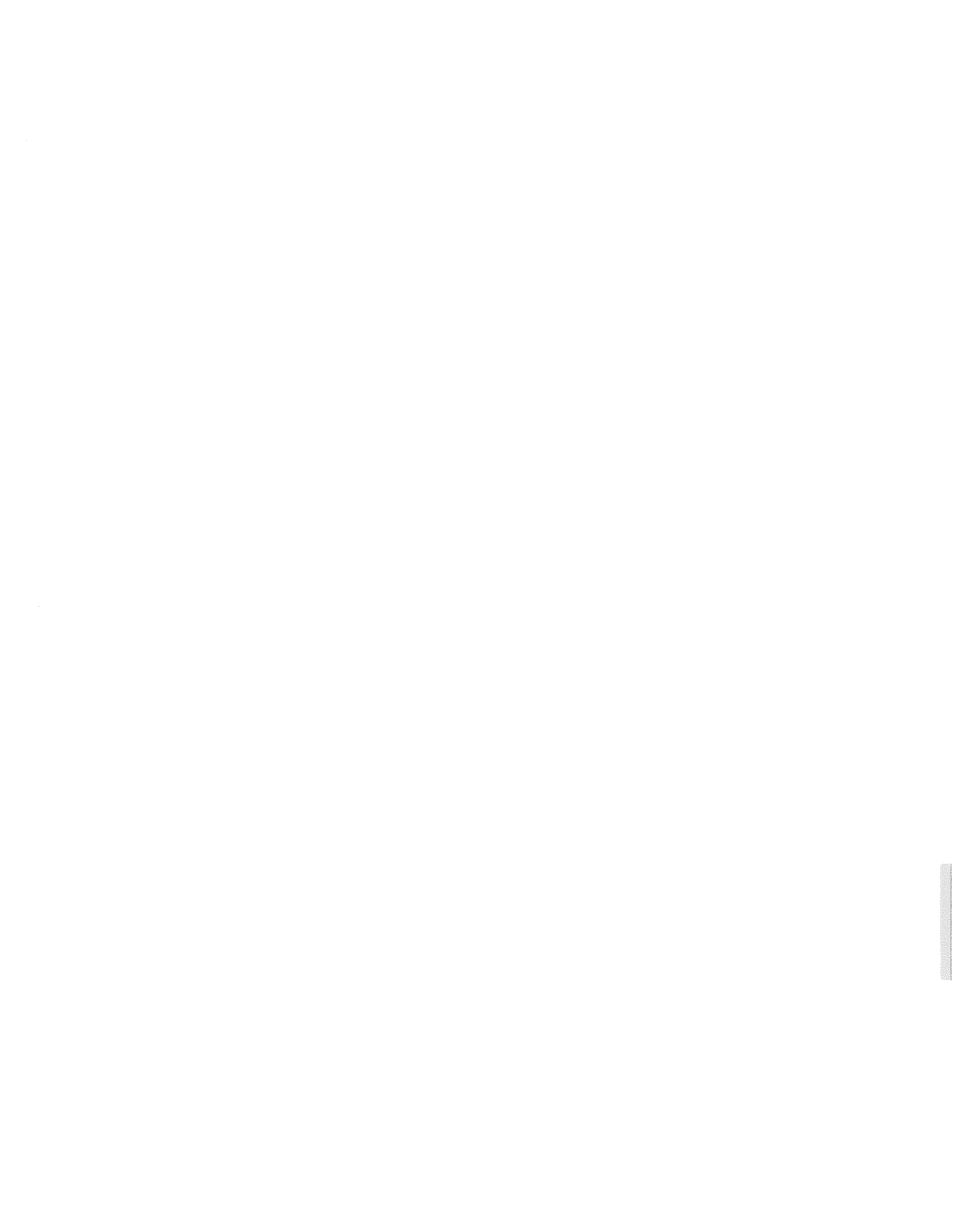
Info Request dated April 18, 2005

Witness: David Estepp

Item 24. Regular and overtime hours, and percentages of increase

Item 24 a to d.

Shown as Exhibit 1 of this Application.
Pages 2 thru 6.



Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005
Witness: Alan Zumstein

Item 25. Payroll tax information

Item 25 a. to d.

Shown as Exhibit 2 of this Application.

Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005

Witness: Alan Zumstein

Witness: David Estepp

Item 25. Operating taxes

Item 25 a. and b.

Shown as Exhibit 4 of this Application.



Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005
Witness: Alan Zumstein

Item 26. Property and franchise taxes

Shown as Exhibit 4. of this Application.



Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005
Witness: Alan Zumstein

Item 27 Electric plant in service

Shown as Exhibit 3 of this Application.



Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005

Witness: Alan Zumstein

Witness: David Estepp

Item 28. Employee benefits

Shown as Exhibit 22 of this Application.

Page 3 of 3



Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005
Witness: Bobby Sexton

Item 29. Salary of Executive Officers

The only employee considered as an Executive Officer would be the position of President and General Manager. The present President and General Manager was selected to be effective for October 20, 2003. The President and General Manager reports directly to the Board of Directors.

Annual salary of present	\$95,000
Annual salary of previous	\$124,209



Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005
Witness: Alan Zumstein

Item 30. Advertising

Shown as Exhibit 10 of this Application.
Page 3 of 6



Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005
Witness: Alan Zumstein

Item 31. Miscellaneous general expenses

Shown as Exhibit 11 of this Application.

Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005

Witness: Alan Zumstein

Witness: David Estepp

Item 32. Other income deduction Account 426

Shown as Exhibit 7 of this Application.

Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005
Witness: David Estepp

Item 33. Board of Directors

Shown as Exhibit Z of this Application.

Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005

Witness: Alan Zumstein

Witness: David Estepp

Item 34. Compensation of Board of Directors

Shown as Exhibit 10 of this Application.
There are no spouse expenses included.

Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005

Witness: Alan Zumstein

Witness: David Estepp

Item 35. Professional services expenses

Shown as Exhibit 8 of this Application.

Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005
Witness: Alan Zumstein

Item 36. Rate case costs

Item 36 a. to c.

- a. All costs are recorded in Account 928.00, with copies of invoices attached.
- b. Shown as Exhibit 11 of this Application.
- c. All cost are included as Item 36 a. of this response, with monthly updates being submitted at the time the monthly reports are prepared.

Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Rate Case Expenses
as of April 30, 2005

<u>Date</u>	<u>Vendor</u>	<u>Check Number</u>	<u>Amount</u>	<u>Description</u>
01/31-05	regular labor and benefits		439.41	
04/30-05	regular labor		618.00	Benefits have not been allocated as of the filing of this response.

Total costs to date

1,057.41

The above includes all costs associated with this Application. The regular labor and benefits that are recorded in this account have not been included in the rate case expenses estimated in Exhibit 11 of the Application.

Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005

Witness: Alan Zumstein

Witness: David Estepp

Item 37. Advance of loan funds

On April 14, 2005 Big Sandy advanced \$1,500,000 of loan funds from RUS. This advance was to reimburse general funds and to repay a short term line of credit advance from National Bank for Cooperatives (CoBank). Big Sandy had advanced \$400,000 from CoBank on January 19, 2005.

Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005
Witness: Alan Zumstein

Item 38 . Depreciation expense

Shown as Exhibit 3 of this Application.

Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005
Witness: Alan Zumstein

Item 39. Depreciation rates

Item 39 a. and b.

- a. The depreciation rates are the same as those used in the last rate case Big Sandy Rural Electric filed with this Commission in PSC Case No. 95-383.

- b. Big Sandy reviewed its depreciation rates and where it falls on the depreciation guideline curve in accordance with RUS Bulletin 183-1. Since Big Sandy's accumulated depreciation and ratio to plant in service 10 years ago, Big Sandy elected not to file a depreciation study with this Application.

Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005
Witness: Alan Zumstein

Item 40. Depreciation guideline curve information

Shown as Exhibit 3 of this Application.

Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005

Witness: Alan Zumstein

Witness: David Estepp

Item 41. Charitable and political contributions

All charitable and political contributions are recorded in Account 426. An analysis of that account is shown as Item 30 of this Request.

All amounts included in this Account are for charitable purposes, there are no political contributions either in cash or services.

Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005

Witness: Alan Zumstein

Witness: David Estepp

Item 42. Lobbying activities

Big Sandy Rural Electric does not engage in lobbying activities, therefore, there are no expenses to report.

Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005

Witness: Alan Zumstein

Witness: David Estepp

Item 43. Pension plan expenses

Big Sandy has two (2) pension plans, one for the union employees and another for the non-union employees. Big Sandy treats and accounts for the pension plans using the same basis for rate-making purposes and financial reporting.

Retirement benefits for substantially all employees are provided by Big Sandy. Big Sandy has two pension plans, which have been qualified as tax exempt by the Internal Revenue Service. Retirement cost for union employees was \$53,907 for 2004 and \$41,415 for 2003 and for non-union employees was \$96,555 for 2004 and \$87,307 for 2003. It is the policy of Big Sandy to fund pension costs accrued. A portion of pension cost is allocated to construction overheads.

All eligible non-union employees of Big Sandy participate in the NRECA Retirement and Security Program, a defined benefit pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the Internal Revenue Code. Big Sandy makes annual contributions to the Program equal to the amounts accrued for pension expense. In this multiple employer plan, which is available to all member cooperatives of NRECA, the accumulated benefits and plan assets are not determined or allocated separately by individual employer.

Union employees are covered by the Big Sandy RECC Pension Plan and Trust #2 pursuant to Section 401(k) of the Internal Revenue Code. Big Sandy contributes 5% of annual wages and employees may contribute up to 10% of annual wages. Contributions by Big Sandy vest based on years of service. Employee contributions vest immediately.

Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005
Witness: Alan Zumstein

Item 44. SFAS No. 106

Item 44 a. to c.

- a. SFAS 106 was adopted as of January 1, 1994.
- b. The accounting entry to recognize SFAS 106 as is shown as Exhibit 6 of this Application.
- c. Shown as Exhibit 6.

Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005
Witness: Alan Zumstein

Item 45. SFAS No. 112

SFAS 112 does not apply to Big Sandy Rural Electric.

Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005

Witness: Alan Zumstein

Witness: David Estepp

Item 46. Subsequent events that may effect rate request

As of the date of this response, there are no known events that have occurred after the test year end that would have a material effect on net operating income, rate base, and cost of capital.

Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005

Witness: David Estepp

Item 47. Current labor contracts

A copy of the union contract is included as Exhibit 23 of this Application.

Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005

Witness: David Estepp

Item 48. Investment in subsidiary and joint ventures

Big Sandy does not have any subsidiaries or joint ventures to report.

Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005

Witness: David Estep

Item 49. Dividends or income received from subsidiary

Big Sandy does not have any subsidiaries or joint ventures to report.

Big Sandy Rural Electric Cooperative
Case No. 2005-00125

Info Request dated April 18, 2005
Witness: Alan Zumstein

Item 50. Purchase power costs

Shown as Exhibit 14 of this Application.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

MAY 11 2005

PUBLIC SERVICE
COMMISSION

In the matter of:

ADJUSTMENT OF RATES OF
BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION

CASE NO. 2005-00125

APPLICATION

Comes Big Sandy Rural Electric Cooperative Corporation (hereafter referred to as "Big Sandy Rural Electric" for an Application to change its retail electric power tariffs, states as follows:

1. Big Sandy Rural Electric is filing this Application for the purpose of requesting permission from the Commission to increase its basic rates effective May 31, 2005, in such amounts as are set forth herein for all electricity sold. The rates and revenue applied for are considered necessary as minimum amounts by Big Sandy Rural Electric's management and Board of Directors for Big Sandy Rural Electric to maintain its financial integrity and sound operations.
2. The full name of Big Sandy Rural Electric is "Big Sandy Rural Electric Cooperative Corporation", and its address is 504 Eleventh Street, Paintsville, Kentucky 41240, (807 KAR 5:001, Section 8(1)).
3. The Articles of Incorporation and all amendments thereto for Big Sandy Rural Electric were filed with the Commission in PSC Case No. 95-383, Adjustment of Rates of Big Sandy Rural Electric Cooperative Corporation (807 KAR 5:001, Section 8(3)).
4. This Application is supported by a 12 month historical test period ending December 31 2004, and includes adjustments for known and measurable changes (807 KAR 5:001, Section 10(1)).
5. Big Sandy Rural Electric's annual reports, including the annual report for the most recent calendar year, are on file with the Commission in accordance with 807 KAR 5:006, Section 3(1). (807 KAR 5:001, Section 10(1)(a)2.)
6. Big Sandy Rural Electric is not a limited partnership. (807 KAR 5:001, Section 10(1)(a)4.)
7. Big Sandy Rural Electric has filed with this Application a Certificate of Good Standing dated within 60 days of the date of this Application. This is filed as Big Sandy Rural Electric's Exhibit A. (807 KAR 5:001, Section 10(1)(a)6.)

8. Big Sandy Rural Electric does not conduct business under an assumed name and thus no Certificate of Assumed Name is needed for this Application. (807 KAR 5:001, Section 10(1)(a)6.)
9. Big Sandy Rural Electric has attached the proposed tariff, proposed changes to cable television charges, and proposed changes to nonrecurring charges as Exhibit B. (807 KAR 5:001, Section 10(1)(a)7.)
10. Big Sandy Rural Electric has attached the present and proposed tariffs in comparative form shown as Exhibit C. (807 KAR 5:001, Section 10(1)(a)8.)
11. Big Sandy Rural Electric states that its members have been given notice of the filing of this Application in compliance with 807 KAR 5:001, Section 3-10(3)-(4). A copy is attached as Exhibit D. (807 KAR 5:001, Section 10(1)(a)9.)
12. Big Sandy Rural Electric states that it provided written notice of its intent to file this rate case (Exhibit E) at least four (4) weeks prior to filing this Application, and that the Notice of Intent stated that the Application would be supported by a historical test period, which is December 31, 2004. (807 KAR 5:001, Section 10(2). Big Sandy Rural Electric's reasons for filing this Application to increase its rates and charges pursuant to the requirements of 807 KAR 5:001, Section 10(1)(s)1, are as follows:
 - a. Big Sandy Rural Electric's last general rate increase was a Settlement Agreement with this Commission on April 17, 1996, in Case No. 95-383. Since that time Big Sandy Rural Electric has continued to incur, in addition to specific increases and decreases in the cost of power which has been passed on to its customers, other customary increases in the costs of materials, equipment, taxes, labor, debt service and other fixed and occasional costs. In addition, Big Sandy Rural Electric has needed to borrow moneys to finance its construction projects.
 - b. Big Sandy Rural Electric finds that its financial operations have deteriorated substantially over the past few years. Net margins, excluding East Kentucky Power Cooperative's capital credit allocation and extraordinary items, have decreased from \$1,115,475 in 2001 to a loss of (\$347,303) for the test year of December 31, 2004.
 - c. For the test year ended December 31, 2004, Big Sandy Rural Electric attained a Times Interest Earned Ratio (TIER) of 0.34. For the calendar year of 2001, the TIER was 2.46. Under terms of its joint mortgage agreement, Big Sandy Rural Electric is required to maintain an operating TIER ratio of 1.25, based on an average of two of the three most current years. Unless Big Sandy Rural Electric is granted the relief it seeks, it stands to be in jeopardy on this requirement. Further, it is necessary that it maintains in excess of this bare minimum in order to continue its financial integrity.

- d. Big Sandy Rural Electric's Board of Directors, at a regular meeting held on March 15, 2005, reviewed the Cooperative's current financial situation and the results of its operations for the three months ended and twelve months ended December 31, 2004. After a thorough discussion of the situation, the Board voted unanimously to request that the Commission approve increases in retail rates in such amounts as would provide approximately \$840,000 in additional annual revenues. A resolution adopted by the Board of Directors at the meeting is included herein as Exhibit F. This Application is for an increase of \$831,079.
13. Big Sandy Rural Electric has included a complete description and quantified explanation for all proposed adjustments with proper support for any changes in price, no changes are proposed for activity levels, for its members with the Revenue Analysis shown as Exhibit G. (807 KAR 5:001, Section 10(6)(a).)
14. Big Sandy Rural Electric has included prepared testimony of each witness the utility proposes to use to support its Application. These testimonies are attached as Exhibits H-1, H-2, and H-3. (807 KAR 5:001, Section 10(6)(b).)
15. Big Sandy Rural Electric has included a statement showing the effect the new rates will have upon the revenues of Big Sandy Rural Electric including, the total amount of revenues resulting from the increase and the percentage of the increase as shown in Exhibit G. (807 KAR 5:001, Section 10(6)(d).)
16. Big Sandy Rural Electric has included a schedule showing the effect upon the average bill for each customer classification to which the proposed increase will apply as Exhibit I. (807 KAR 5:001, Section 10(6)(e).)
17. Big Sandy Rural Electric has included an analysis of customer's bills in such detail that revenues from present and proposed rates can be readily determined for each rate class as the Billing Summary and is attached as Exhibit J. (807 KAR 5:001, Section 10(6)(g).)
18. Big Sandy Rural Electric has attached a schedule displaying its determination of its revenue requirements based on return on net investment rate base, return on capitalization, interest coverage, debt service coverage or operating ratio, with supporting schedules as Exhibit K. (807 KAR 5:001, Section 10(6)(h).)
19. Big Sandy Rural Electric has attached a calculation of its rate base and capital used to determine its revenue requirements as Exhibit L. (807 KAR 5:001, Section 10(6)(i).)
20. Big Sandy Rural Electric has included a current chart of accounts as Exhibit M. (807 KAR 5:001, Section 10(6)(j).)
21. Big Sandy Rural Electric has included the independent auditor's annual report as Exhibit N. (807 KAR 5:001, Section 10(6)(k).)

22. Big Sandy Rural Electric states that the Federal Rural Electric Regulatory Commission or Federal Communication Commission has not conducted any audits, and therefore, no reports are available. (807 KAR 5:001, Section 10(6)(l).)
23. Big Sandy Rural Electric has not had a depreciation study performed either with this application or at any time in the past. (807 KAR 5:001, Section 10(6)(n).)
24. Big Sandy Rural Electric has included a list of all commercially available or in-house developed computer software programs and models used in the development of this rate application as Exhibit O. (807 KAR 5:001, Section 10(6)(o).)
25. Big Sandy Rural Electric has made no stock or bond offerings. (807 KAR 5:001, Section 10(6)(p).)
26. Big Sandy Rural Electric has attached its annual report to members for 2004 and 2003 as Exhibit P. (807 KAR 5:001, Section 10(6)(q).)
27. Big Sandy Rural Electric has included its monthly managerial reports providing financial results of operations for the twelve (12) months in the test period as Exhibit Q. (807 KAR 5:001, Section 10(6)(r).)
28. Big Sandy Rural Electric requests a waiver of the requirement for filing Securities and Exchange Commission reports because Big Sandy Rural Electric is not regulated by the SEC. (807 KAR 5:001, Section 10(6)(s).)
29. Big Sandy Rural Electric has not had any amounts charged or allocated to it by an affiliate or general or home office or paid any moneys to an affiliate or general or home office during the test period or during the previous three (3) calendar years. (807 KAR 5:001, Section 10(6)(t).)
30. Big Sandy Rural Electric has included a cost of service study based on a methodology generally accepted within the electric industry and based on current and reliable data for the test period as Exhibit R. (807 KAR 5:001, Section 10(6)(u).)
31. Big Sandy Rural Electric states that the requirements of 807 KAR 5:001, Section 10(6)(f) and (v) are not applicable to Big Sandy Rural Electric.
32. Big Sandy Rural Electric has filed a detailed income statement and balance sheet reflecting the impact of all proposed adjustments for the historical test period as Exhibit S. (807 KAR 5:001, Section 10(7)(a).)
33. Big Sandy Rural Electric has filed in Case No. 97-216 its most recent capital construction budget. This case is styled as "Application of Big Sandy Rural Electric Cooperative for a Certificate of Convenience and Necessity and Approval of Associated Financing." (807 KAR 5:001, Section 10(7)(b).)

34. Big Sandy Rural Electric states that the requirements of 807 KAR 10(7)(c) are not applicable to Big Sandy Rural Electric.
35. Big Sandy Rural Electric has included the operating budget for each month of the period encompassing the pro forma adjustments as Exhibit T. (807 KAR 5:001, Section 10(7)(d).)
36. See paragraph number 33 herein for compliance with the requirements of 807 KAR 5:001, Section 10(7)(e).
37. In addition to the financial Exhibits required by 807 KAR 5:001, Section 10, financial information covering a twelve month historical test period ending December 31, 2004, other information required to be filed is as follows:

Exhibit U	By Laws
Exhibit V	Detailed comparative income statement, statement of cash flows and balance sheet.
Exhibit W	Schedule Showing Monthly Comparison of Balance Sheet Accounts from Test Year to Preceding Year
Exhibit X	Schedule Showing Monthly Comparison of Income Statement Accounts from Test Year to Preceding Year
Exhibit Y	Trial balance at end of test year
Exhibit Z	Name and Address of the Members of the Board of Directors, and Policies and Compensation of Directors
Exhibit 1	Adjustment for salaries and wages
Exhibit 2	Adjustment for payroll taxes
Exhibit 3	Adjustment for depreciation
Exhibit 4	Adjustment for property taxes
Exhibit 5	Adjustment for long term interest
Exhibit 6	Adjustment for postretirement benefits
Exhibit 7	Adjustment for donations
Exhibit 8	Adjustment for professional fees


Exhibit 9	Adjustment for Director expenses
Exhibit 10	Adjustment for miscellaneous expenses
Exhibit 11	Adjustment for rate case expenses
Exhibit 12	Adjustment for CATV attachments
Exhibit 13	Adjustment for nonrecurring charges
Exhibit 14	Adjustment for purchase power
Exhibit 15	Adjustment for normalized revenue
Exhibit 16	Adjustment for additional revenues
Exhibit 17	RUS Borrower's Statistical Profile
Exhibit 18	CFC Key Ratio Trend Analysis
Exhibit 19	KAEC Statistical Comparison
Exhibit 20	Capital structure
Exhibit 21	Equity Management Plan
Exhibit 22	Capitalization policies and Schedule of employee benefits
Exhibit 23	Union contract

WHEREFORE, Big Sandy Rural Electric requests that the Public Service Commission approve the increase as expeditiously as possible and issue an order authorizing Big Sandy Rural Electric to make effective those rates.

Dated at Paintsville, Kentucky this 21st day of April, 2005.


Respectfully submitted,

Big Sandy Rural Electric Cooperative Corporation


BOBBY D. SEXTON, President & General Manager

COUNSEL:

Albert A. Burchett
Attorney at Law
P.O. Box 346
Prestonsburg, Kentucky 41653


Albert A. Burchett
Attorney for Big Sandy Rural Electric
Cooperative Corporation

I, Bobby D. Sexton, President & General Manager of Big Sandy Rural Electric Cooperative Corporation, declare that the statements contained in the foregoing Application are true to the best of my information and belief.


BOBBY D. SEXTON, President & General Manager
Big Sandy Rural Electric Cooperative Corporation

Subscribed and sworn to before me by Bobby Sexton, this 21st day of April, 2005.


NOTARY PUBLIC, State at Large

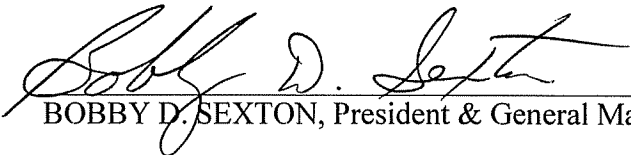
My Commission Expires: 8-28-06 .

WHEREFORE, Big Sandy Rural Electric requests that the Public Service Commission approve the increase as expeditiously as possible and issue an order authorizing Big Sandy Rural Electric to make effective those rates.

Dated at Paintsville, Kentucky this 21st day of April, 2005.


Respectfully submitted,

Big Sandy Rural Electric Cooperative Corporation

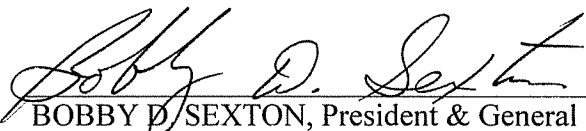

BOBBY D. SEXTON, President & General Manager

COUNSEL:

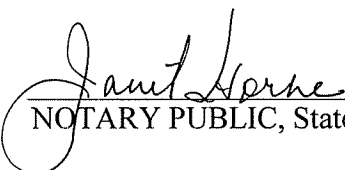
Albert A. Burchett
Attorney at Law
P.O. Box 346
Prestonsburg, Kentucky 41653


Albert A. Burchett
Attorney for Big Sandy Rural Electric
Cooperative Corporation

I, Bobby D. Sexton, President & General Manager of Big Sandy Rural Electric Cooperative Corporation, declare that the statements contained in the foregoing Application are true to the best of my information and belief.

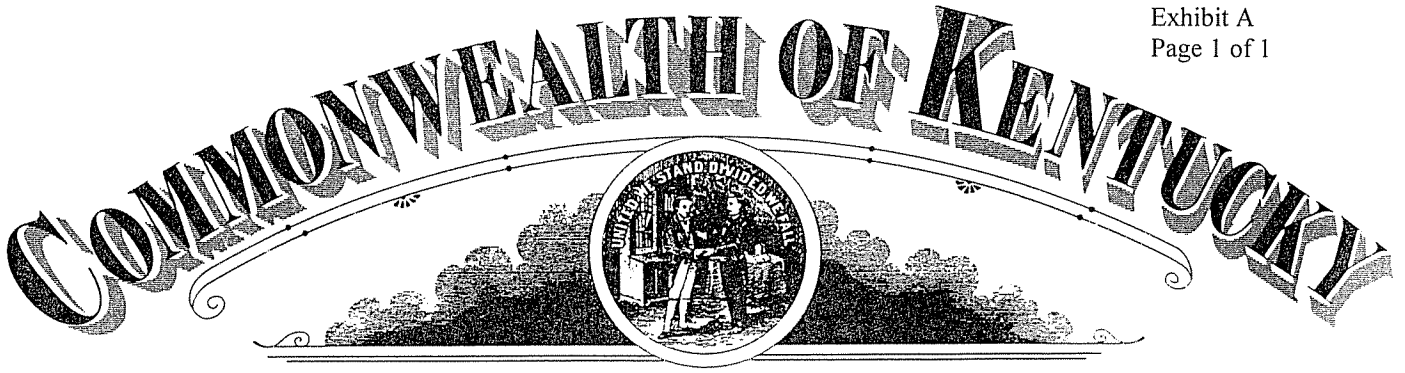

BOBBY D. SEXTON, President & General Manager
Big Sandy Rural Electric Cooperative Corporation

Subscribed and sworn to before me by Bobby Sexton, this 21st day of April, 2005.


NOTARY PUBLIC, State at Large

My Commission Expires: 8-28-06 .





Trey Grayson
Secretary of State

Certificate of Existence

I, Trey Grayson, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records of the Office of the Secretary of State,

**BIG SANDY RURAL ELECTRIC COOPERATIVE
CORPORATION**

is a nonprofit corporation duly incorporated and existing under KRS Chapter 273, whose date of incorporation is September 5, 1940 and whose period of duration is perpetual.

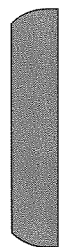
I further certify that all fees and penalties owed to the Secretary of state have been paid; that articles of dissolution have not been filed; and that the most recent annual report required by KRS 273.3671 has been delivered to the Secretary of State.

IN WITNESS THEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 22nd day of March, 2005.



Trey Grayson

Trey Grayson
Secretary of State
Commonwealth of Kentucky
BWeber/0004187 - Certificate ID: 12274



FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

PSC NO. 2005-00125

ORIGINAL SHEET NO. 1

CANCELLING PSC NO. 98-567

ORIGINAL SHEET NO. 1

CLASSIFICATION OF SERVICE

SCHEDULE A-1 FARM & HOME

RATE PER UNIT

APPLICABLE:

Entire territory served.

AVAILABILITY OF SERVICE:

Available to members of this Cooperative for Farm and Home use having a required transformer capacity not to exceed 50 KVA, subject to all rules and regulations established by the Cooperative.

TYPE OF SERVICE:

- A. Single-Phase, 120/240 volts, or
- B. Three-Phase, 240/480 volts, or
- C. Three-Phase, 120/208 wye volts

RATES:

Customer charge per delivery point	\$7.00 per month	
Energy charge	0.05666 per KWH	I
Off peak energy charge	0.03427	I

Applicable only to programs which are expressly approved by the Commission to be offered under the Marketing Rate of East Kentucky Power Cooperative's Wholesale Power Rate Schedule A during the following off-peak hours. Energy furnished under this rate shall be separately metered for each point of delivery.

Months	Off-Peak Hours (EST)
October through April	12:00 noon to 5:00 PM 10:00 PM to 7:00 PM
May through September	10:00 PM to 10:00 AM

DATE OF ISSUE: MAY 10, 2005

DATE EFFECTIVE: JUNE 13, 2005

ISSUED BY: _____

TITLE: PRESIDENT/GENERAL MANAGER

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2005-00125, dated May 10, 2005.

FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

PSC NO. 2005-00125

ORIGINAL SHEET NO. 2

CANCELLING PSC NO. 98-567

ORIGINAL SHEET NO. 2

CLASSIFICATION OF SERVICE

SCHEDULE A-1 FARM & HOME

RATE PER UNIT

MINIMUM CHARGES:

The minimum monthly charge under the above rate is \$7.00. For members requiring more than 15 KVA of transformer capacity, the minimum monthly charge shall be increased at the rate of 75 cents for each additional KVA or fraction thereof required.

TERMS OF PAYMENT:

All of the above rates are net, the gross rates being ten percent (10%) higher. In the event the current monthly bill is not paid within 15 days from the date of the bill, the gross rates shall apply.

SPECIAL RULES:

- A. The rated capacity of a single-phase motor shall not be in excess of ten horsepower (10 hp).
- B. Motors having a rated capacity in excess of ten horsepower (10 hp) must be three phase.
- C. Service under this schedule is limited to customers whose load requirements can be met by transformers having a capacity not to exceed 50 KVA. Customers requiring more than 50 KVA shall be serviced under an appropriate schedule for larger power service.

BUDGET BILLING:

Members having an opportunity to sign agreements with the Cooperative for spreading billing evenly over a twelve (12) month period. The billing is based on estimated consumption made by a Cooperative representative. In May, the end of the twelve-month

DATE OF ISSUE: MAY 10, 2005

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TITLE: PRESIDENT/GENERAL MANAGER

Issued by authority of an Order of the Public Service Commission of Kentucky in
Case No. 2005-00125, May 10, 2005.

FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

PSC NO. 2005-00125

ORIGINAL SHEET NO. 3

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

CANCELLING PSC NO. 98-567

ORIGINAL SHEET NO. 3

CLASSIFICATION OF SERVICE

SCHEDULE A-1 FARM & HOME

RATE PER UNIT

Period, the difference between payments and actual usage is adjusted by adding or crediting
The difference of the regular electric service bill.

FUEL ADJUSTMENT CLAUSE:

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased
by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the wholesale
power supplier plus an allowance for line losses. The allowance for line losses will not exceed 10%
and is based on a 12-month moving average of such losses. This Fuel Clause is subject to all other
applicable provisions as set out in 807 KAR 5:056.

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FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

PSC NO. 2005-00125

ORIGINAL SHEET NO. 4

CANCELLING PSC NO. 98-567

ORIGINAL SHEET NO. 4

CLASSIFICATION OF SERVICE

SCHEDULE A-2 COMMERCIAL AND SMALL POWER

RATE PER UNIT

APPLICABLE:

Entire territory served.

AVAILABILITY OF SERVICE:

Available to commercial loads having a required transformer capacity not to exceed 25 KVA

TYPE OF SERVICE:

Single-phase and Three-phase at a standard voltage

RATES:

Customer charge per delivery point	\$15.00	per month	I
Energy charge	.04800	per KWH	I
Demand charge	4.00	per KW	

MINIMUM MONTHLY CHARGE:

The minimum monthly charge under the above rate shall be \$10.00 where 15 KVA or less of transformer capacity is required. For consumers requiring more than 15 KVA of transformer capacity, the minimum monthly charge shall be increased at the rate of 75 cents for each additional KVA or fraction thereof required.

MINIMUM ANNUAL CHARGE FOR SEASONAL SERVICE:

Customers requiring service during, but not to exceed nine months per year may guarantee a minimum annual payment of twelve (12) times the minimum monthly charge determined in accordance with the foregoing section, in which case there shall be no minimum monthly charge.

DATE OF ISSUE: MAY 10, 2005

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FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

PSC NO. 2005-00125

ORIGINAL SHEET NO. 5

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

CANCELLING PSC NO. 98-567

ORIGINAL SHEET NO. 5

CLASSIFICATION OF SERVICE

SCHEDULE A-2 COMMERCIAL AND SMALL POWER

RATE PER UNIT

FUEL ADJUSTMENT CLAUSE:

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale power Supplier for line losses will not exceed 10% and is based on a 12-month moving average of such losses. This Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

TEMPORARY SERVICE:

Temporary service shall be supplied in accordance with the foregoing rate except that there shall be an additional charge of one dollar and twenty-five cents (\$1.25) for each kilowatt or fraction thereof of connected load for each month or fraction thereof that service is connected. Bills will not be prorated for a fractional part of a month. The customer shall in addition, pay the total cost of connecting and disconnecting service less the value of materials returned to stock. The cooperative may require a deposit, in advance, of two-twelfth (2/12) of the estimated annual bill.

TERMS OF PAYMENT:

All of the above rates are net, the gross rates being ten percent (10%) higher. In the event the current monthly bill is not paid within 15 days from the date of the bill, the gross rates shall apply.

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FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

PSC NO. 2005-00125

ORIGINAL SHEET NO. 6

CANCELLING PSC NO. 98-567

ORIGINAL SHEET NO. 6

CLASSIFICATION OF SERVICE

SCHEDULE A-2 COMMERCIAL AND SMALL POWER RATE PER UNIT

SPECIAL RULES:

- A. The rated capacity of a single-phase motor shall not be in excess of ten Horsepower (10 hp).

- B. Motors having a rated capacity in excess of ten horsepower (10 hp) Must be three-phase.

- C. Service under this schedule is limited to customers whose load requirements can be met by transformers having a capacity not to exceed 25 KVA. Customers requiring more than 25 KVA shall be served under an appropriate schedule for large power service.

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ISSUED BY: _____

DATE EFFECTIVE: JUNE 13, 2005
TITLE: PRESIDENT/GENERAL MANAGER

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FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

PSC NO. 2005-00125

ORIGINAL SHEET NO. 7

CANCELLING PSC NO. 98-567

ORIGINAL SHEET NO. 7

CLASSIFICATION OF SERVICE

SCHEDULE LP LARGE POWER SERVICE

RATE PER UNIT

APPLICABLE:

Entire territory served.

AVAILABILITY OF SERVICE:

Available to customers located on or near Seller's three-phase lines having a required transformer capacity not to exceed 750 KVA, subject of the established rules and regulations of seller.

RATES:

Demand Charge	\$ 5.10	per KW of billing
Secondary Meter Energy Charge	.03756	per KWH
Primary Meter Energy Charge	.03687	per KWH
Customer Charge Per Delivery Point	50.00	per Month

DETERMINATION OF BILLING DEMAND:

The billing demand shall be the maximum kilowatt demand established by the customer for any period of fifteen (15) consecutive minutes during the month for which the bill is rendered, as indicated or recorded by demand meter and adjusted for power factor as follows:

POWER FACTOR ADJUSTMENT:

The customer agrees to maintain unity power factor as nearly as practicable. Should the demand meter indicate that the average power factor is less than ninety percent (90%), the demand for billing purposes shall be the demand as indicated or recorded by the demand meter multiplied by ninety percent (90%) and divided by the percentage power factor.

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TITLE: PRESIDENT/GENERAL MANAGER

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FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

PSC NO. 2005-00125

ORIGINAL SHEET NO. 8

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

CANCELLING PSC NO. 98-567

ORIGINAL SHEET NO. 8

CLASSIFICATION OF SERVICE

SCHEDULE LP LARGE POWER SERVICE

RATE PER UNIT

FUEL ADJUSTMENT CLAUSE:

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a 12-month moving average of such losses. This Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

MINIMUM MONTHLY CHARGE:

The minimum monthly charge shall be the highest one of the following charges as determined for the customer in question.

- (1) The minimum monthly charge specified in the contract for service.
- (2) A charge of seventy-five cents (\$.75) per KVA of installed transformer capacity.
- (3) A charge of Fifty Dollars (\$50.00).

MINIMUM ANNUAL CHARGE FOR SEASONAL SERVICE:

Customers requiring service only during certain seasons not exceeding nine (9) months per year may guarantee a minimum annual payment of twelve (12) times the minimum monthly charge determined in accordance with the foregoing section in which case there shall be no minimum monthly charge.

TYPE OF SERVICE:

Three-phase, 60 hertz, at Seller's standard voltage.

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FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

PSC NO. 2005-00125

ORIGINAL SHEET NO. 9

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

CANCELLING PSC NO. 98-567

ORIGINAL SHEET NO. 9

CLASSIFICATION OF SERVICE

SCHEDULE LP LARGE POWER SERVICE

RATE PER UNIT

CONDITIONS OF SERVICE:

1. Motors having a rated capacity in excess of ten horsepower (10 hp) must be three-phase.
2. Both power and lighting shall be billed at the foregoing rate. If a separate meter is required for the lighting circuit, it shall be a kilowatt-hour meter only (not a demand meter). The registration of the two kilowatt-hour meters shall be added to obtain the total kilowatt hours used and the registration of the one demand meter shall determine the kilowatt demand for billing purposes.
3. All wiring, pole lines, and other electrical equipment beyond the metering point, shall be considered the distribution system of the customer and shall be furnished and maintained by the customer.
4. If service is furnished at primary distribution voltage, the primary meter energy charge shall apply.

TERMS OF PAYMENT:

All of the above rates are net, the gross rates being ten percent (10%) higher, In the event the current monthly bill is not paid within 15 days from the date of the bill, the gross rates shall apply.

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FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

PSC NO. 2005-00125

ORIGINAL SHEET NO. 10

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

CANCELLING PSC NO. 98-567

ORIGINAL SHEET NO. 10

CLASSIFICATION OF SERVICE

SCHEDULE LPR LARGE POWER SERVICE

RATE PER UNIT

APPLICABLE:

In all territory served.

AVAILABILITY OF SERVICE:

Available to all commercial and industrial customers whose power requirements shall exceed 750 KVA of transformer capacity.

CONDITIONS:

An "Agreement for Purchase of Power" shall be executed by the customer for service under this schedule.

CHARACTER OF SERVICE:

The electric service furnished under this schedule will be 60 hertz, alternating current and at available nominal voltage.

RATE:

Maximum Demand Charge:	\$ 5.10	per KW of billing demand
Secondary Meter Energy Charge:	.03528	per KWH
Primary Meter Energy Charge:	.03462	per KWH
Customer Charge Per Delivery Point:	\$75.00	per month

DETERMINATION OF BILLING DEMAND:

The billing demand shall be the maximum kilowatt demand established by the customer for any period of fifteen (15) consecutive minutes during the month for which the bill is

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FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

PSC NO. 2005-00125

ORIGINAL SHEET NO. 11

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

CANCELLING PSC NO. 98-567

ORIGINAL SHEET NO. 11

CLASSIFICATION OF SERVICE

SCHEDULE LPR LARGE POWER SERVICE

RATE PER UNIT

rendered, as indicated or recorded by a demand meter and adjusted for power factor as provided below.

POWER FACTOR ADJUSTMENT:

The customer agrees to maintain unity power factor as nearly as practicable. Should the demand meter indicate that the average power factor is less than ninety percent (90%), the demand for billing purposes shall be the demand as indicated or recorded by the demand meter multiplied by ninety percent (90%), the demand for billing purposes shall be the demand as indicated or recorded by the demand meter multiplied by ninety percent (90%) and divided by the percentage power factor.

MINIMUM CHARGES:

The minimum monthly charge shall be the highest one of the following charges:

- (a) The minimum monthly charge as specified in the contract for service.
- (b) A charge of seventy-five cents (\$.75) per KVA per month of contract capacity.

FUEL COST ADJUSTMENT:

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier plus an allowance for line losses.

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FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

PSC NO. 2005-00125

ORIGINAL SHEET NO. 12

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

CANCELLING PSC NO. 98-567

ORIGINAL SHEET NO. 12

CLASSIFICATION OF SERVICE

SCHEDULE LPR LARGE POWER SERVICE

RATE PER UNIT

The allowance for line losses will not exceed 10% and is based on a 12-month moving average of such losses. This Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

SPECIAL PROVISIONS:

1. **Delivery Point** – If service is furnished at secondary voltage, the delivery point shall be the metering point unless otherwise specified in the contract for service. All wiring, pole lines, and other electric equipment on the load side of the delivery point shall be the point of attachment of Seller's primary line to customer's transformer structure unless otherwise specified in the contract for service. All wiring, pole lines, and other electrical equipment (except metering equipment on the load side of the delivery point) shall be owned and maintained by the customer.
2. **Lighting** – Both power and lighting shall be billed at the foregoing rate.
3. **Primary Service** – If service is furnished at 7620/13200 volts or above, the Primary Meter Energy Charge shall apply.

TERMS OF PAYMENT:

All of the above rates are net, the gross rates being ten percent (10%) higher. In the event the current monthly bill is not paid within 15 days from the date of the bill, the gross rates shall apply.

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FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

PSC NO. 2005-00125

ORIGINAL SHEET NO. 13

CANCELLING PSC NO. 98-567

ORIGINAL SHEET NO. 13

CLASSIFICATION OF SERVICE

SCHEDULE YL-1

RATE PER UNIT

APPLICABLE:

Entire territory served.

AVAILABILITY OF SERVICE:

Available to all members of the Cooperative subject to its established rules and regulations.

TYPE OF SERVICE:

Single-Phase, 120 volts, mercury vapor type or equivalent lighting unit.

RATES:

Flat rate per light per month as follows:

175	Watt	@	\$ 6.23	per month	I
400	Watt	@	8.64	per month	I
500	Watt	@	9.75	per month	I
1,500	Watt	@	20.57	per month	I

TERMS OF PAYMENT:

All of the above rates are net, the gross rates being ten percent (10%) higher. In the event the current monthly bill is not paid within 15 days from the date of the bill, the gross rates shall apply.

FUEL ADJUSTMENT CLAUSE:

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10%

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FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

PSC NO. 2005-00125

ORIGINAL SHEET NO. 14

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

CANCELLING PSC NO. 98-567

ORIGINAL SHEET NO. 14

CLASSIFICATION OF SERVICE

SCHEDULE YL-1

RATE PER UNIT

and is based on a 12-month moving average of such losses. This Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

SPECIAL RULES:

Those members having primary metering or receiving service at a voltage other than approximately 120 volts shall not be eligible for service under this rate schedule except for special agreement.

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FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

PSC NO. 2005-00125

ORIGINAL SHEET NO. 15

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

CANCELLING PSC NO. 98-567

ORIGINAL SHEET NO. 15

CLASSIFICATION OF SERVICE

SCHEDULE IND 1

RATE PER UNIT

APPLICABLE:

Applicable to contracts with contract demands of 1000 KW or greater with a monthly energy usage equal to or greater than 425 hours per KW of Billing Demand. These contracts will be a "two party" contract between the Cooperative and the ultimate consumer.

AVAILABILITY:

Available to all members.

MONTHLY RATE:

Demand Charge:	\$ 5.39	per KW of Billing Demand
Secondary Meter Energy Charge	.03071	per KWH
Primary Meter Energy Charge:	.03014	per KWH
Customer Charge:	150.00	

BILLING DEMAND:

The Kilowatt Demand shall be the greater of (A) or (B) listed below:

- A. The Contract Demand.
- B. The ultimate consumer's highest demand during the current month or preceding eleven months coincident with the load center's peak demand. The load center's peak demand is the highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month and adjusted for power factor as provided herein:

Months:

October through April	7:00 AM to 12:00 Noon 5:00 PM to 10:00 PM
May through September	10:00 AM to 10:00 PM

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FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

PSC NO. 2005-00125

ORIGINAL SHEET NO. 16

CANCELLING PSC NO. 98-567

ORIGINAL SHEET NO. 16

CLASSIFICATION OF SERVICE

SCHEDULE IND 1

RATE PER UNIT

MINIMUM MONTHLY CHARGE:

The Minimum monthly charge shall not be less than the sum of (A), (B) & (C) below:

- A. The product of the billing demand multiplies by the demand charge, plus
- B. The product of the billing demand multiplies by 425 hours and the energy charge per KWH,
plus
- C. Consumer Charge

POWER FACTOR ADJUSTMENT:

The consumer agrees to maintain unity power factor as nearly as practicable. Should the demand meter indicate that the average power factor is less than ninety percent (90%), the demand for billing purposes shall be the demand as indicated or recorded by the demand meter multiplied by ninety percent (90%) and dividing this product by the actual power factor at the time of the monthly maximum demand.

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FOR ALL TERRITORIES SERVED

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

PSC NO. 2005-00125

ORIGINAL SHEET NO. 17

CANCELLING PSC NO. 98-567

ORIGINAL SHEET NO. 17

CLASSIFICATION OF SERVICE

SCHEDULE IND 1

RATE PER UNIT

FUEL ADJUSTMENT CLAUSE:

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier, plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a 12-month moving average of such losses. This fuel clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

SPECIAL PROVISIONS:

1. **Delivery Point** – If service is furnished at secondary voltage, the delivery point shall be the metering point unless otherwise specified in the contract for service. All wiring, pole lines, and other electric equipment on the load side of the delivery point shall be owned and maintained by the customer. If service is furnished at Seller's primary line voltage, the delivery point shall be the point of attachment of Seller's primary line to customer's transformer structure unless otherwise specified in the contract for service. All wiring, pole lines, and other electrical equipment (except metering equipment on the load side of the delivery point) shall be owned and maintained by the customer.
2. **Lighting** – Both power and lighting shall be billed at the foregoing rate.

DATE OF ISSUE: MAY 10, 2005

DATE EFFECTIVE: JUNE 13, 2005

ISSUED BY: _____

TITLE: PRESIDENT/GENERAL MANAGER

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2005-00125, dated May 10, 2005.

FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

PSC NO. 2005-00125

ORIGINAL SHEET NO. 18

CANCELLING PSC NO. 98-567

ORIGINAL SHEET NO. 18

CLASSIFICATION OF SERVICE

SCHEDULE IND 1

RATE PER UNIT

3. **Primary Service** – If service is furnished at 7620/13200 volts or above, the Primary Meter Energy Charge shall apply.

TERMS OF PAYMENT:

All of the above rates are net, the gross rates being ten percent (10%) higher. In the event the current monthly bill is not paid within 15 days from the date of the bill, the gross rates shall apply.

DATE OF ISSUE: MAY 10, 2005

DATE EFFECTIVE: JUNE 13, 2005

ISSUED BY: _____

TITLE: PRESIDENT/GENERAL MANAGER

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2005-00125, dated May 10, 2005.

FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

PSC NO. 2005-00125

ORIGINAL SHEET NO. 19

CANCELLING PSC NO. 98-567

ORIGINAL SHEET NO. 19

CLASSIFICATION OF SERVICE

SCHEDULE IND 2

RATE PER UNIT

APPLICABLE:

Applicable to contracts with contract demands of 5000 KW or greater with a monthly energy usage equal to or greater than 425 hours per KW of Billing Demand. These contracts will be a "two party" contract between the Cooperative and the ultimate consumer.

AVAILABILITY:

Available to all members.

MONTHLY RATE:

Demand Charge:	\$ 5.39	per KW of Billing Demand
Secondary Meter Energy Charge	.02571	per KWH
Primary Meter Energy Charge	.02526	per KWH
Customer Charge	1,069.00	

BILLING DEMAND:

The Kilowatt Demand shall be the greater of (A) or (B) listed below:

- A. The Contract Demand.
- B. The ultimate consumer's highest demand during the current month or preceding eleven months coincident with the load center's peak demand. The load center's peak demand is the highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month and adjusted for power factor as provided herein.

DATE OF ISSUE: MAY 10, 2005

DATE EFFECTIVE: JUNE 13, 2005

ISSUED BY: _____

TITLE: PRESIDENT/GENERAL MANAGER

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FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

PSC NO. 2005-00125

ORIGINAL SHEET NO. 20

CANCELLING PSC NO. 98-567

ORIGINAL SHEET NO. 20

CLASSIFICATION OF SERVICE

SCHEDULE IND 2

RATE PER UNIT

Months:

October through April

7:00 AM to 12:00 Noon

5:00 PM to 10:00 PM

May through September

10:00 AM to 10:00 PM

MINIMUM MONTHLY CHARGE:

The minimum monthly charge shall not be less than the sum of (A), (B) & (C) below:

- A. The product of the billing demand multiplies by the demand charge, plus
- B. The product of the billing demand multiplies by 425 hours and the energy charge per KWH, plus
- C. Consumer charge.

POWER FACTOR ADJUSTMENT:

The consumer agrees to maintain unity power factor as nearly as practicable. Should the demand meter indicate that the average power factor is less than ninety percent (90%), the demand for billing purposes shall be the demand as indicated or recorded by the demand meter multiplied by ninety percent (90%) and dividing this product by the actual power fact or at the time of the monthly maximum demand.

FUEL ADJUSTMENT CLAUSE:

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the wholesale power supplier, plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a 12-month

DATE OF ISSUE: MAY 10, 2005

DATE EFFECTIVE: JUNE 13, 2005

ISSUED BY: _____

TITLE: PRESIDENT/GENERAL MANAGER

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2005-00125, dated May 10, 2005.

FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED

PSC NO. 2005-00125

ORIGINAL SHEET NO. 21

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

CANCELLING PSC NO. 98-567

ORIGINAL SHEET NO. 21

CLASSIFICATION OF SERVICE

SCHEDULE IND 2

RATE PER UNIT

moving average of such losses. This fuel clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

SPECIAL PROVISIONS:

1. **Delivery Point** – If service is furnished at secondary voltage, the delivery point shall be the metering point unless otherwise specified in the contract for service. All wiring, pole lines, and other electric equipment on the load side of the delivery point shall be owned and maintained by the customer. If service is furnished at Seller's primary line voltage, the delivery point shall be the point of attachment of Seller's primary line to customer's transformer structure unless otherwise specified in the contract for service. All wiring, pole lines, and other electrical equipment (except metering equipment on the load side of the delivery point) shall be owned and maintained by the customer.
2. **Lighting** – Both power and lighting shall be billed at the foregoing rate.
3. **Primary Service** – If service is furnished at 7620/13200 volts or above, the Primary Meter Energy Charge shall apply.

TERMS OF PAYMENT:

All of the above rates are net, the gross rates being ten percent (10%) higher. In the event the current monthly bill is not paid within 15 days from the date of the bill, the gross rates shall apply

DATE OF ISSUE: MAY 10, 2005

DATE EFFECTIVE: JUNE 13, 2005

ISSUED BY: _____

TITLE: PRESIDENT/GENERAL MANAGER

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2005-00125, dated May 10, 2005.

FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED
PSC NO. 2005-00125
ORIGINAL SHEET NO. 14
CANCELLING PSC NO. 95-383
ORIGINAL SHEET NO. 14

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

MISCELLANEOUS SERVICE CHARGES

25. MEMBERSHIP FEE - \$25.00

The membership fee will be refunded, if all bills are paid, or applied against Any unpaid bills of the consumer at the time service is disconnected, which Will automatically terminate the membership.

26. SECOND SERVICE CONNECT FEE - \$30.00 I

This fee will be charged for any service connections made in addition to the Initial service connection.

27. TEMPORARY DISCONNECT/RECONNECT FEE - \$30.00 I

-Seasonal (extended vacation)
-Repair to service entrance -- no charge
-Upgrade service entrance -- no charge

28. METER READING FEE - \$30.00 I

In the event that the consumer fails to read the meter as outlined or Fails to notify the Cooperative office for two (2) successive months, The Cooperative will read same meter and bill the consumer for this Service.

29. METER TEST FEE - \$30.00 I

A member may request that their meter be tested at a time other than The Cooperative's regular testing schedule by paying this fee in advance In accordance with 807 KAR 5:006 Sec. 18.

30. RETURNED CHECK FEE - \$20.00 I

A service charge shall be charged for all checks returned by the bank due To insufficient funds or a closed account.

DATE OF ISSUE: May 10, 2005
ISSUED BY: _____

DATE EFFECTIVE: June 13, 2005
TITLE: President/General Manager

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2005-00125, dated _____.

FORM FOR FILING RATE SCHEDULES

FOR ALL TERRITORIES SERVED
PSC NO. 2005-00125
ORIGINAL SHEET NO. 15
CANCELLING PSC NO. 95-383
ORIGINAL SHEET NO.

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

31. COLLECTION FEE - \$30.00 I

When a Cooperative representative calls at a members premises
For the purpose of collecting a delinquent bill, it will be assessed
When:

- The service is terminated.
- Member pays the delinquent bill.
- Member agrees to a payment schedule.

A maximum of one (1) collection fees will be assessed a member
Within a single thirty (30) day period.

32. RECONNECTION FEE - \$40.00 DURING REGULAR OFFICE HOURS I
\$55.00 OUTSIDE REGULAR OFFICE HOURS I

Applicable to services which have been disconnected due to non-
payment. Due and payable at the time of reconnection.

33. LATE PAYMENT PENALTY - 10% OF NET AMOUNT

10% of net amount due will be assessed if member fails to pay the net
amount by the 15th of the month. A penalty may be assessed only once on
any bill for service rendered.

34. TAMPERING

If the meter or other property belonging to the Cooperative is tampered or
interfered with, the customer being supplied through such equipment shall
pay the amount which the Cooperative may estimate is due for service
rendered but not registered on the Cooperative's meter and for such testing,
replacements, and repairs as are necessary, as well as for costs of
inspections, investigation, and protective installation.

DATE OF ISSUE: May 10, 2005
ISSUED BY: _____

DATE EFFECTIVE: June 13, 2005
TITLE: President/General Manager

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No.
2005-00125 dated _____.

FORM FOR FILING RATE SCHEDULES

**FOR ALL TERRITORIES SERVED
PSC NO. 2005-00125
ORIGINAL SHEET NO. 16
CANCELLING PSC NO. 95-383
ORIGINAL SHEET NO. 16**

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

35. TAMPERING (continued)

“Tampered and Interfeared with” refers to any activity that would prohibit a meter or any other electrical equipment for accurately recording electric consumption at any given metering point. Examples of this would include, but not limited to, drilling holes and inserting objects into meter to “slow down” the meter. Other examples are turning the meter upside down, bypassing the meter and changing/destroying settings or components of a meter.

The process and factors used to estimate the amount due for services not registering on a meter would include determination of the last accurate reading on the consumer’s meter, review and analysis of consumer’s usage history and any other pertinent information. These factors would be used to apply a method of averaging to determine estimated usage.

The rates for such procedures are as follows:

Testing meter for accuracy:	\$30.00	I
Replacements:	Actual Cost	
Repairs:	Actual Cost	
Inspections:	\$30.00	I
Investigations:	\$30.00	I
Protective Installation (installation of specialized tamper-resistant security band and meter base lock):	\$30.00 labor plus actual cost of equipment	I

DATE OF ISSUE: May 10, 2005
ISSUED BY: _____

DATE EFFECTIVE: June 13, 2005
TITLE: President/General Manager

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2005-125 dated _____.

FORM FOR FILING RATE SCHEDULES

**FOR ALL TERRITORIES SERVED
PSC NO. 2005-00125
ORIGINAL SHEET NO. 1
CANCELLING PSC NO. 95-383
ORIGINAL SHEET NO. 1**

**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

CLASSIFICATION OF SERVICE

SCHEDULE CATV TELEVISION ATTACHMENT TARIFF RATE PER UNIT

APPLICABILITY:

In all territory served by the company on poles owned and used by the Company for their electric plant.

AVAILABILITY:

To all qualified CATV operators having the right to receive service.

RENTAL CHARGE:

The yearly rental charges shall be as follows:

	<u>Annual</u>	
Two-party pole attachment	\$5.41	I
Three-party pole attachment	4.40	I
Two-party anchor attachment	2.34	D
Three-party anchor attachment	1.55	D
Two-party pole ground attachment	0.30	D
Three party pole ground attachment	0.19	D

BILLING:

Rental charges shall be billed yearly in advance based on the number of pole Attachments. The rental charges are net, the gross being ten percent (10%) higher. In the event the current annual bill is not paid within thirty (30) days from the date Of the bill, the gross rate shall apply.

DATE OF ISSUE: May 10, 2005
ISSUED BY: _____

DATE EFFECTIVE: June 13, 2005
TITLE: President/General Manager

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2005-00125 dated _____.



1 Big Sandy Rural Electric
2 **Existing and Proposed Rates and Charges**
3 December 31, 2004
4 Witness: Alan Zumstein

Exhibit
page
of

Exhibit C
Page 1 of 2

5
6
7 **A-1, Farm and Home**

8

Rates	Present	Proposed	Difference
Customer charge	\$7.00	\$7.00	\$0.00
Energy charge	\$0.05253	\$0.05666	\$0.00413

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14 **A-2, Commercial and Small Power**

15

Rates	Present	Proposed	Difference
Customer charge	\$10.00	\$15.00	\$5.00
Demand charge	\$4.00	\$4.00	\$0.00
Energy charge	\$0.04694	\$0.04800	\$0.00106

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22 **LP, Large Power Service**

23

Rates	Present	Proposed	Difference
Customer charge	\$50.00	\$50.00	\$0.00
Demand charge	\$5.10	\$5.10	\$0.00
Energy charge	\$0.03756	\$0.03756	\$0.00000

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30 **LPR, Large Power Rate**

31

Rates	Present	Proposed	Difference
Customer charge	\$75.00	\$75.00	\$0.00
Demand charge	\$5.10	\$5.10	\$0.00
Primary energy charge	\$0.03462	\$0.03462	\$0.00000

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38 **YL-1, Yard\Security Lights**

39

Rates	Present	Proposed	Difference
Flat rate per light per month			
175 Watt	\$5.66	\$6.23	\$0.57
400 Watt	\$7.85	\$8.64	\$0.79
500 Watt	\$8.86	\$9.75	\$0.89
1,500 Watt	\$18.70	\$20.57	\$1.87

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4
5 Witness: Alan Zumstein
6

7
8 **CATV Attachments**
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10

Annual Rates	Present	Proposed	Difference
11 2 party attachments	\$4.66	\$5.41	\$0.75
12 3 party attachments	\$3.84	\$4.40	\$0.56
13 Anchor attachments, two pa	\$4.02	\$2.34	(\$1.68)
14 Anchor attachments, three p	\$2.65	\$1.55	(\$1.10)
15 Ground attachments, two pa	\$0.34	\$0.30	(\$0.04)
16 Ground attachments, three p	\$0.21	\$0.19	(\$0.02)

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19 **Non Recurring Charges**
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Annual Rates	Present	Proposed	Difference
22 Second service connect fee	\$25.00	\$30.00	\$5.00
23 Installation and reconnect	\$25.00	\$30.00	\$5.00
24 Meter reading	\$25.00	\$30.00	\$5.00
25 Meter tests	\$15.00	\$30.00	\$15.00
26 Return check	\$15.00	\$20.00	\$5.00
27 Collection	\$25.00	\$30.00	\$5.00
28 Reconnect fee	\$37.50	\$40.00	\$2.50
29 Reconnect fee overtime	\$47.50	\$55.00	\$7.50

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form of published notice of the proposed rates provided the notice includes a coupon which may be used to obtain all of the information required herein.

(4) Manner of notification.


(a) Sewer utilities shall give the required typewritten notice by mail to all of their customers pursuant to KRS 278.185.

(b) Applicants with twenty (20) or fewer customers affected by the proposed general rate adjustment shall mail the required typewritten notice to each customer no later than the date the application is filed with the commission.

(c) Except for sewer utilities, applicants with more than twenty (20) customers affected by the proposed general rate adjustment shall give the required notice by one (1) of the following methods:

1. A typewritten notice mailed to all customers no later than the date the application is filed with the commission;

2. Publishing the notice in a trade publication or newsletter which is mailed to all customers no later than the date on which the application is filed with the commission, or

 3. Publishing the notice once a week for three (3) consecutive weeks in a prominent manner in a newspaper of general circulation in the utility's service area, the first publication to be made within seven (7) days of the filing of the application with the commission.

(d) If the notice is published, an affidavit from the publisher verifying the notice was published, including the dates of the publication with an attached copy of the published notice, shall be filed with the commission no later than forty-five (45) days of the filed date of the application.

(e) If the notice is mailed, a written statement signed by the utility's chief officer in charge of Kentucky operations verifying the notice was mailed shall be filed with the commission no later than thirty (30) days of the filed date of the application.

(f) All utilities, in addition to the above notification, shall post a sample copy of the required notification at their place of business no later than the date on which the application is filed which shall remain posted until the commission has finally determined the utility's rates.

(g) Compliance with this subsection shall constitute compliance with 807 KAR 5:051, Section 2.

(5) Notice of hearing scheduled by the commission upon application by a utility for a general adjustment in rates shall be advertised by the utility by newspaper publication in the areas that will be affected in compliance with KRS 424.300.

(6) All applications supported by a historical test period shall include the following information or a statement explaining why the required information does not exist and is not applicable to the utility's application:

(a) A complete description and quantified explanation for all proposed adjustments with proper support for any proposed changes in price or activity levels, and any other factors which may affect the adjustment,

(b) If the utility has gross annual revenues greater than \$1,000,000, the prepared testimony of each witness the utility proposes to use to support its application;

(c) If the utility has gross annual revenues less than \$1,000,000, the prepared testimony of each witness the utility proposes to use to support its application or a statement that the utility does not plan to submit any prepared testimony;

(d) A statement estimating the effect that the new rate(s) will have upon the revenues of the utility including, at minimum, the total amount of revenues resulting from the increase or decrease and the percentage of the increase or decrease;

(e) If the utility provides electric, gas, water or sewer service the effect upon the average bill for each customer classification to which the proposed rate change will apply;

(f) If the utility is a local exchange company the effect upon the average bill for each customer class for the proposed rate change in basic local service.

(g) An analysis of customers' bills in such detail that revenues from the present and proposed rates can be readily determined for each customer class.

(h) A summary of the utility's determination of its revenue requirements based on return on net investment rate base, return on capitalization, interest coverage, debt service coverage, or operating ratio, with supporting schedules,

(i) A reconciliation of the rate base and capital used to determine its revenue requirements;

(j) A current chart of accounts if more detailed than the Uniform System of Accounts prescribed by the commission;



Official Notice

Big Sandy Rural Electric Cooperative Corporation, with its principal office at Paintsville, Kentucky and with its address at 504 Eleventh Street, Paintsville, Kentucky 41240, intends to file with the Kentucky Public Service Commission in Case No. 2005-00125 an application to adjust its retail rates and charges. This adjustment will result in a general rate increase to the member-consumers of Big Sandy Rural Electric Cooperative Corporation.

The rates proposed in this application are the rates proposed by Big Sandy Rural Electric Cooperative Corporation. However, the Kentucky Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this application.

Any corporation, association, body politic or person may by motion within thirty (30) days after publication or mailing of notice of the proposed rate changes request leave to intervene. The motion shall be submitted to the Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the request including the status and interest of the party. A copy of the application and testimony shall be available for public inspection at Big Sandy Rural Electric's offices.

The amount and percent of increase are listed below:

<u>RATE CLASS</u>	<u>INCREASE</u>	
	<u>DOLLAR</u>	<u>PERCENT</u>
Schedule A-1		
Farm and Home	\$708,788	7%
Schedule A-2		
Commercial and Small Power	\$67,945	7%
Schedule YL-1		
Outdoor Lighting Service	\$54,449	10%
CATV Attachments		
2 Party pole	\$917	16%
3 Party pole	\$4,135	15%
2 Party anchor	\$0	0%
3 Party anchor	(\$515)	-42%
2 Party ground	(\$9)	-13%
3 Party ground	(\$7)	-12%
Nonrecurring Charges		
Second service connect fee	\$0	0%
Temporary disconnect/reconnect fee	\$10,375	20%
Meter reading fee	\$4,340	20%
Meter test fee	\$45	100%
Returned check fee	\$3,160	33%
Collection fee	\$10,375	20%
Reconnect fee - regular office hours	\$75	7%
Reconnect fee - outside regular hours	\$105	16%

The effect of the proposed rates on the average monthly bill by rate class are listed below:

<u>RATE CLASS</u>	<u>INCREASE</u>	
	<u>DOLLAR</u>	<u>PERCENT</u>
Schedule A-1		
Farm and Home	\$5	7%
Schedule A-2		
Commercial and Small Power	\$6	7%
Schedule YL-1		
175 Watt	\$1	10%
400 Watt	\$1	10%
500 Watt	\$1	10%
1,500 Watt	\$2	10%
CATV Attachments		
2 Party pole	\$1	16%
3 Party pole	\$1	15%
2 Party anchor	(\$2)	-42%
3 Party anchor	(\$1)	-42%
2 Party ground	(\$0)	-18%
3 Party ground	(\$0)	-10%
Nonrecurring Charges		
Second service connect fee	\$5	20%
Temporary disconnect/reconnect fee	\$5	20%
Meter reading fee	\$5	20%
Meter test fee	\$23	100%
Returned check fee	\$5	33%
Collection fee	\$5	20%
Reconnect fee - regular office hours	\$3	7%
Reconnect fee - outside regular hours	\$8	16%

The present and proposed rate structure of Big Sandy Rural Electric Cooperative Corporation are listed below:

RATE CLASS	RATES	
	PRESENT	PROPOSED
A-1, Farm and Home		
Customer charge	\$7.00	\$7.00
Energy charge per kwh	\$0.05253	\$0.05666
Off peak energy charge	\$0.03274	\$0.03427
A-2, Commercial and SmallPower		
Customer charge	\$10.00	\$15.00
Demand charge per kw	\$4.00	\$4.00
Energy charge per kwh	\$0.04694	\$0.04800
YL-1, Outdoor Lighting Service		
175 Watt	\$5.66	\$6.23
400 Watt	\$7.85	\$8.64
500 Watt	\$8.86	\$9.75
1,500 Watt	\$18.70	\$20.57
CATV Attachments		
2 Party pole	\$4.66	\$5.41
3 Party pole	\$3.84	\$4.40
2 Party anchor	\$4.02	\$2.34
3 Party anchor	\$2.65	\$1.55
2 Party ground	\$0.34	\$0.30
3 Party ground	\$0.21	\$0.19
Nonrecurring Charges		
Second service connect fee	\$25.00	\$30.00
Temporary disconnect/reconnect fee	\$25.00	\$30.00
Meter reading fee	\$25.00	\$30.00
Meter test fee	\$15.00	\$30.00
Returned check fee	\$15.00	\$20.00
Collection fee	\$25.00	\$30.00
Reconnect fee - regular office hours	\$37.50	\$40.00
Reconnect fee - outside regular hours	\$47.50	\$55.00





Big Sandy Rural Electric Cooperative Corporation

504 11th Street
Paintsville, Kentucky 41240-1422
(606) 789-4095 • Fax (606) 789-5454

Exhibit E
Page 1 of 2

Branch Office:

Box 8, Glyn View Plaza
Prestonsburg, KY 41653
(606) 886-2987

March 16, 2005

Beth A. O'Donnell, Executive Director
Kentucky Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602

Dear Ms. O'Donnell:

This is to advise, in accordance with the Commission's Administrative Regulation 807 KAR 5:001, Section 11(2), that on or about April 30, 2005, Big Sandy Rural Electric Cooperative Corporation (hereafter Big Sandy Rural Electric) intends to file an application for an increase in its retail rates based on a historical test year ending December 31, 2004.

If there are any questions concerning this matter, please contact me at your convenience.

Respectfully submitted,

Bobby D. Sexton
President & General Manager

copy to: Attorney General
Utility Intervention and Rate Division
1024 Capital Center Drive
Frankfort, Kentucky 40601

Ernie Fletcher
Governor

LaJuana S. Wilcher, Secretary
Environmental and Public
Protection Cabinet

Christopher L. Lilly
Commissioner
Department of Public Protection

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



Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

Exhibit E
Mark David Goss
Page 2 of 2
Chairman

Ellen C. Williams
Vice Chairman

Gregory Coker
Commissioner

March 25, 2005

RE: Case No 2005-00125
Big Sandy R.E.C.C.
(General Rates)

This letter is to acknowledge receipt of notice of intent to file an application in the above case. The notice was date-stamped received and has been assigned Case No 2005-00125. In all future correspondence or filings in connection with this case, please reference the above case number.

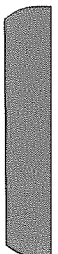
If you need further assistance, please contact my staff at (502) 564-3940.

Sincerely,

A handwritten signature in black ink, appearing to read "Beth O'Donnell".

Beth O'Donnell
Executive Director

BOD/sa



**BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

Exhibit F
Page 1 of 1

**"A RESOLUTION OF THE BOARD OF DIRECTORS OF BIG SANDY RURAL
ELECTRIC COOPERATIVE CORPORATION AUTHORIZING AND
DIRECTING ITS PRESIDENT & CEO TO FILE WITH THE KENTUCKY
PUBLIC SERVICE COMMISSION FOR A RATE INCREASE OF
APPROXIMATELY \$840,000."**

WHEREAS, Big Sandy Rural Electric Cooperative Corporation (Big Sandy Rural Electric) has applied for a general rate increase in 1995; and

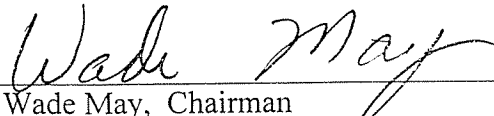
WHEREAS, since the last application for a rate increase, approximately ten (10) years ago, various expenses of Big Sandy Rural Electric have increased substantially; and

WHEREAS, to provide its members with a reliable source of power it is the opinion of the Board of Directors of Big Sandy Rural Electric that a rate increase is necessary to maintain Big Sandy Rural Electric in a sound financial condition; and

WHEREAS, the Board of Directors of Big Sandy Rural Electric hereby authorizes and directs its President & General Manager, Bobby D. Sexton, to file with the Kentucky Public Service Commission for a rate increase in the amount of approximately \$840,000;

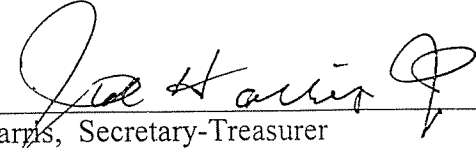
BE IT THEREFORE RESOLVED that this resolution was properly authorized and adopted on behalf of Big Sandy Rural Electric by the Board of Directors during the regular monthly Board of Directors meeting held during the duly regular monthly Board of Directors meeting held March 15, 2005.

Corporate Seal



Wade May, Chairman

ATTEST:



Joe Harris, Secretary-Treasurer



Big Sandy Rural Electric
Revenue Analysis
 December 31, 2004

Exhibit
 Page
 of

Witness: Alan Zumstein

Rate Schedule	Kwh Usage	Test Year Revenue	Percent of Total	Effective May 1, 1999 Normalized Revenue	Percent of Total	Proposed Revenue	Percent of Total	Increase	
								Amount	Percent
A-1, Farm and Home	171,619,388	\$9,992,287	67%	\$9,992,287	67%	\$10,701,076	68%	\$708,788	7.1%
A-2, Commercial and Small Power	13,679,658	985,438	7%	985,438	7%	1,053,384	7%	67,945	6.9%
LP, Large Power Service	33,190,922	1,871,729	13%	1,871,729	13%	1,871,729	12%	0	0.0%
LPR, Large Power Rate	28,467,140	1,459,978	10%	1,459,978	10%	1,459,978	9%	0	0.0%
YL-1, Yard/Security Light	7,569,083	539,233	4%	539,233	4%	593,681	4%	54,449	10.1%
Rounding differences		1		1		(102)			
Total from base rates	<u>254,526,191</u>	<u>14,848,666</u>	100%	<u>\$14,848,666</u>	100%	<u>\$15,679,745</u>	100%	<u>\$831,182</u>	5.6%
Fuel		<u>1,351,529</u>							
Total revenue from books		\$16,200,195							
Increase				<u>\$0</u>		<u>\$831,079</u>			

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5 Witness: Bobby Sexton
6 Witness: Alan Zumstein

7
8 All revenues were normalized using rates that went into effect in connection with a flow
9 through of East Kentucky Power Cooperative's increase in rates in EKPC Case No. 98-566
10 and Big Sandy Rural Electric's flow through Case No. 98-567, effective May 1, 1999.

11
12 The proposed rate increase was allocated in the following manner:

13
14 **A-1, Farm and Home**

15 Rate schedules A-1 and A-2 were both assigned the same increase, after the increase was
16 allocated to yard lights and security lights in Rate Schedule YL. This amounted to an increase
17 of approximately 7% for both rate schedules. Big Sandy elected not to increase the customer
18 charge, and to assign the increase to the energy charge.

19
20 **A-2, Commercial and Small Power**

21 The 7% increase was allocated to customer charge and energy usage. Based on the cost of
22 service study, the customer charge was increased from \$10.00 to \$15.00, with the remaining
23 revenue requirement assigned to energy charge.

24
25 **YL-1, Yard/Security Light**

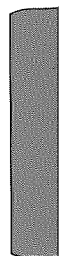
26 Based on the cost of service study, the yard and security lights were all allocated an
27 increase of 10%.

28
29
30 **All Other Schedules**

31 No increases were proposed, based on the Cost of Service Study.

32
33
34
35 All Customer Charges were established in Big Sandy Rural Electric's last general rate
36 increase, Case No. 95-383, dated April 17, 1996. These charges were ordered by the
37 Kentucky Commission based on the Cost of Service Study filed with that general rate
38 increase. A copy of that study is on file in that Case, noted by reference.

39
40 Big Sandy Rural Electric does not have monthly peak demands for rate schedules, only the
41 amount of KW billed to each consumer.



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**ADJUSTMENT OF RATES OF
BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

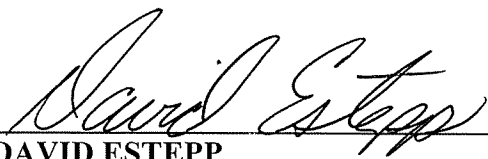
CASE NO. 2005-00125

PREPARED TESTIMONY OF DAVID ESTEPP

- Q1. Would you please state your name and business address?**
- A1. David Estep, 504 11th Street, Paintsville KY 41240 and Manager of Finance and Administration.**
- Q2. How long have you been employed by Big Sandy Rural Electric Cooperative Corporation (Big Sandy)?**
- A2. I have been employed by Big Sandy approximately 11 years.**
- Q3. What is your educational background?**
- A3. B.A. from Eastern Kentucky University with a major in Accounting.**
- Q4. Did you prepare or assist in the preparation of the financial exhibits for Big Sandy in this Notice Application?**
- A4. Yes.**
- Q5. What consideration was given to increase the rates and charges of Big Sandy?**
- A5. The mortgage agreements require that Big Sandy maintain a TIER of above 1.25 based on an average of two of the three most current years. The TIER for the Test Year, excluding extraordinary items, was .34. TIER has decreased consistently from a TIER of 2.46 in 2001. The TIER giving effect to adjustments without an increase in revenues would result in a TIER of only .57 for the Test Year.**
- Q6. Would you briefly describe the procedures used to arrive at the proposed Increase in rates and charges?**

- A6. Based on a review of Big Sandy's trend toward declining margins and the Need for continued investment growth, it was determined that Big Sandy should seek a rate increase. The twelve months ended December 31, 2004, was selected as the test year. Revenues and expense were normalized for know and measurable events. Big Sandy determines that it would need a revenue increase of \$831,079 or approximately 5.6% to provide a 2.0 TIER.
- Q7. How was the proposed increase in revenues of \$831,079 allocated to rates?
- A7. Big Sandy and James Adkins prepared a cost of service study and based its rate design on this study.
- Q8. Why was a TIER of 2.0 requested?
- A8. The financial condition of Big Sandy has deteriorated substantially since 2001. In order to continue to meet debt service obligations, operating costs and maintain the minimum joint mortgage agreement requirements, it is necessary to request a TIER of 2.0 in this Application.
- Q9. In your opinion, are the adjusted rates requested in this Case by Big Sandy necessary to maintain the financial integrity of the Cooperative?
- A9. The financial exhibits as shown in the application conclusively indicate the adjusted rates arising out of the Application for Rate Adjustment are necessary to prevent problems of a deteriorating financial position.
- Q10. Does this conclude your testimony in this Case?
- A10. Yes, it does.

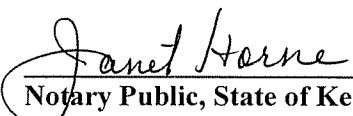
Affiant, DAVID ESTEPP, states that the answers given by him to the foregoing questions are true and correct to the best of his knowledge and belief.



DAVID ESTEPP

Subscribed and sworn to before me by the affiant, DAVID ESTEPP, this 21st day of April, 2005.

My Commission expires 8-26-06.



Notary Public, State of Kentucky at Large

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**ADJUSTMENT OF RATES OF
BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION**

CASE NO. 2005-00125

PREPARED TESTIMONY OF BOBBY D. SEXTON

- Q1. Would you please state your name and business address?**
- A1. Bobby D. Sexton with a business address of 504 11th Street,
Paintsville KY 41240**
- Q2. What is your occupation?**
- A2. President and General Manager of Big Sandy Rural Electric
Cooperative Corporation (Big Sandy).**
- Q3. How long have you been at your present position?**
- A3. Approximately 18 months.**
- Q4. What is your professional background?**
- A4. 26 years as State Mine Inspector, 6 Years on Big Sandy Board,
and 18 months as President and General Manager of Big Sandy.**
- Q5. Mr. Sexton, are you familiar with the contents of the Notice Application of
Big Sandy which has been filed with this Commission to Commence this
Case?**
- A5. Yes.**
- Q6. Please state whether the statements of facts contained in this Notice are true.**
- A6. Yes. To the best of my knowledge and belief the statements of facts
contained in this application are true.**
- Q7. Mr. Sexton, are you familiar with the exhibits which are filed with and form
a part of the Notice Application of this Case?**

- A7. Yes. I worked with Alan Zumstein, Certified Public Accountant and with Big Sandy's Manager of Finance in the preparation of these exhibits, and I am familiar with them. And in my opinion, the factual material contained in these is correct.**
- Q8. When was the last General Rate Application filed by Big Sandy?**
- A8. Big Sandy Rural Electric's last general rate increase was a Settlement Agreement with this Commission on April 17, 1996, in Case No. 95-383.**
- Q9. What is the purpose of this Notice Application of Big Sandy to this Commission?**
- A9. To seek an increase in its rates in an amount necessary to obtain a TIER of 2.0.**
- Q10. What considerations were given to increase the rates and charges of Big Sandy?**
- A10. The joint mortgage agreements require that Big Sandy attain a TIER ratio of 1.25, based on an average of two of the three most current years. The TIER for the Test Year, excluding extraordinary items, was .34. TIER has decreased consistently from 2.46 in 1992 to .34 in 2004. The TIER giving effect to Test year adjustments without an increase in revenues would result in a TIER of only .57.**
- Q11. What is the Test Year used by Big Sandy for its financial data compiled to the Commission in this Case?**
- A11. The twelve months ended December 31, 2004, was selected as the Test Year. The management and Board of Directors of Big Sandy review the operations and TIER on a monthly basis. Noting the steady decline in margins and TIER, the Board of Directors authorized an Application be prepared to increase rates and charges sufficient to obtain a TIER of 2.0.**
- Q12. Do the proposed increase in rates for Big Sandy in this Application provide for a fair and equitable allocation for the increase?**
- A12. Total revenue was increased by 5.6 percent, based on normalized revenues. Big Sandy performed a Cost of Service Study, and designed the rate increase based on those results.**

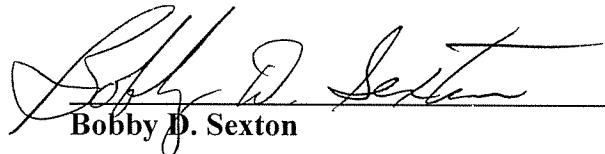
Q13. In your opinion, are the proposed rates requested in this Application by Big Sandy necessary to maintain the financial integrity of the Cooperative.

A13. Yes. To enable Big Sandy to maintain its financial integrity, it is necessary that it be permitted to increase its rates as proposed in this Application.

Q14. Does this conclude your testimony in this Case?


A14. Yes, it does.

Affiant, Bobby D. Sexton, states that the answers given by him to the foregoing questions are true and correct to the best of his knowledge and belief.


Bobby D. Sexton

Subscribed and sworn to before me by the affiant, Bobby D. Sexton, this 21st day of April, 2005.

My Commission expires 8-28-06.


Notary Public, State of Kentucky at Large

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BIG SANDY RURAL)	CASE NO.
ELECTRIC COOPERATIVE CORPORATION)	2005-00125
TO ADJUST ELECTRIC RATES)	

PREPARED TESTIMONY OF ALAN M. ZUMSTEIN

Q1. Would you please state your name, residence and occupation.

A1. Alan M. Zumstein, Lexington, Kentucky. I am a self-employed Certified Public Accountant. My address is 1032 Chetford Drive, Lexington, Kentucky 40509.

Q2. How long have you been practicing your profession?

A2. I have been self-employed for approximately twenty-one years. Prior to that, I was employed by a local CPA firm for approximately six years.

Q3. Are you familiar with accounting work and accounting procedures for rural electric cooperatives.

A3. Yes. I have had much prior experience in electric cooperative accounting and have done accounting work in the preparation of rate cases for electric cooperatives for presentation to the Public Service Commission.

Q4. Have you appeared before the Kentucky Public Service Commission and given testimony in electric cooperative cases?

A4. Yes, I have.

Q5. Did you prepare or assist in the preparation of the financial exhibits for Big Sandy Rural Electric filed with its Notice Application in this case?

A5. Yes.

Q6. What considerations were given to increase the rates and charges of Big Sandy Rural Electric.

1 A6. The mortgage agreements require that Big Sandy Rural Electric maintain a
2 TIER of above 1.25 based on an average of two of the three most current
3 years. The TIER for the Test Year of December 31, 2004, was 0.34. TIER
4 has decreased consistently from a TIER of 2.46 in 2001. The TIER giving
5 effect to adjustments without an increase in revenues, as reflected in Exhibit S,
6 page 2 of 4, would result in a TIER of only 0.57 for the Test Year.

7
8 Q7. Would you briefly describe the procedures used to arrive at the proposed
9 increase in rates and charges.

10
11 A7. A twelve months rolling TIER was reviewed by Big Sandy Rural Electric, and
12 giving effect to the steady decline in the TIER, it was determined that an
13 application for increase in rates should be filed with the Public Service
14 Commission. The twelve months ended December 31, 2004 was selected as
15 as Test Year.

16
17 All revenues were normalized using rates that went into effect in connection
18 with a flow through of East Kentucky Power Cooperative's decrease in rates
19 effective May 1, 1999.

20
21 Other expenses were normalized using rates and known changes, and adjusted
22 as if they were in effect for the entire Test Year.

23
24 The revenue proposed of \$831,079, or 5.6% increase, would provide for a
25 TIER of 2.0.

26
27 Q8. How was the proposed increase in revenues of \$831,079 allocated to rates?

28
29 A8. Big Sandy Rural Electric and James Adkins have prepared a Cost of Service
30 Study and based its rate design on this study.

31
32 Q9. Why was a TIER of 2.0 requested?

33
34 A9. The financial condition of Big Sandy Rural Electric has deteriorated substantially
35 since 2001. In order to continue to meet debt service obligations, operating
36 costs and maintain the minimum joint mortgage agreement requirements, it is
37 necessary to request a TIER of 2.0 in this Application.

38
39 Q10. In your opinion, are the adjusted rates requested in this Case by Big Sandy
40 Rural Electric necessary to maintain the financial integrity of the Cooperative?

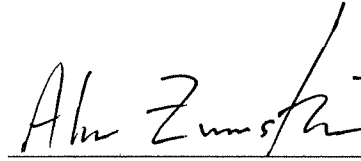
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A10. The financial exhibits as shown in the application conclusively indicate the adjusted rates arising out of the Application for Rate Adjustment are necessary to prevent problems of a deteriorating financial position.

Q11. Does this conclude your testimony in this case?

A11. Yes, it does.

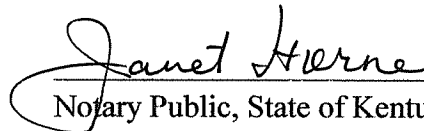
Affiant, ALAN M. ZUMSTEIN, states that the answers given by him to the foregoing questions are true and correct to the best of his knowledge and belief.



Alan M. Zumstein

Subscribed and sworn to before me by the affiant, ALAN M. ZUMSTEIN, this 29 day of April, 2005.

My Commission expires 8-26-06.



Notary Public, State of Kentucky at Large



1 Big Sandy Rural Electric
 2 **Retail Rate Comparison**
 3 December 31, 2004

Exhibit
 page
 of

Exhibit 1
 Page 1 of 2

4
 5 Witness: Alan Zumstein

6
 7 **A-1, Farm and Home**

	<u>Present</u>	<u>Proposed</u>
8 Customer charge	\$7.00	\$7.00
9 Energy charge	\$0.05253	\$0.05666

<u>kwh Useage</u>	<u>Existing Rate</u>	<u>Proposed Rate</u>	<u>Increase Amount</u>	<u>Percent</u>	
14					
15	0	\$7.00	\$7.00	\$0.00	0.0%
16	25	8.31	8.42	0.10	1.2%
17	50	9.63	9.83	0.21	2.1%
18	100	12.25	12.67	0.41	3.4%
19	150	14.88	15.50	0.62	4.2%
20	200	17.51	18.33	0.83	4.7%
21	250	20.13	21.17	1.03	5.1%
22	300	22.76	24.00	1.24	5.4%
23	350	25.39	26.83	1.45	5.7%
24	400	28.01	29.66	1.65	5.9%
25	450	30.64	32.50	1.86	6.1%
26	500	33.27	35.33	2.07	6.2%
27	550	35.89	38.16	2.27	6.3%
28	600	38.52	41.00	2.48	6.4%
29	650	41.14	43.83	2.68	6.5%
30	700	43.77	46.66	2.89	6.6%
31	750	46.40	49.50	3.10	6.7%
32	800	49.02	52.33	3.30	6.7%
33	850	51.65	55.16	3.51	6.8%
34	900	54.28	57.99	3.72	6.8%
35	950	56.90	60.83	3.92	6.9%
36	1,000	59.53	63.66	4.13	6.9%
37	1,050	62.16	66.49	4.34	7.0%
38	1,100	64.78	69.33	4.54	7.0%
39	1,150	67.41	72.16	4.75	7.0%
40	1,200	70.04	74.99	4.96	7.1%
41	1,250	72.66	77.83	5.16	7.1%
42	1,300	75.29	80.66	5.37	7.1%
43	1,350	77.92	83.49	5.58	7.2%
44	1,400	80.54	86.32	5.78	7.2%
45	1,450	83.17	89.16	5.99	7.2%
46					
47	1,230	71.62	76.70	5.08	7.1%

48
 49 The average monthly kwh useage is 1,230

1 Big Sandy Rural Electric
 2 **Retail Rate Comparison**
 3 December 31, 2004

Exhibit
 page
 of

Exhibit I
 Page 2 of 2

4
 5 Witness: Alan Zumstein
 6

7
 8 **A-2, Commercial and Small Power**

	<u>Present</u>	<u>Proposed</u>		
10 Customer charge	\$10.00	\$15.00		
11 Demand charge	\$4.00	\$4.00		
12 Energy charge	\$0.04694	\$0.04800		
13				
14 Average demand useage			<u>6</u>	
15 Average kwh useage			<u>1,280</u>	

	<u>Existing Rate</u>	<u>Proposed Rate</u>	<u>Increase Amount</u>	<u>Percent</u>
19 Average useage	\$92.27	\$98.62	\$6.36	6.9%

21
 22 **LP, Large Power Service**

	<u>Present</u>	<u>Proposed</u>		
24 Customer charge	\$75.00	\$75.00		
25 Demand charge	\$5.10	\$5.10		
26 Energy charge	\$0.03756	\$0.03756		
27				
28 Average demand useage			<u>65</u>	
29 Average kwh useage			<u>20,325</u>	

	<u>Existing Rate</u>	<u>Proposed Rate</u>	<u>Increase Amount</u>	<u>Percent</u>
34 Average useage	\$5,746.30	\$5,746.30	\$0.00	0.0%

36
 37 **LPR, Large Power Rate**

	<u>Present</u>	<u>Proposed</u>		
38 Customer charge	\$75.00	\$75.00		
39 Demand charge	\$5.10	\$5.10		
40 Energy charge	\$0.03462	\$0.03462		
41				
42 Average demand useage			<u>560</u>	
43 Average secondary kwh useage			<u>176,815</u>	

	<u>Existing Rate</u>	<u>Proposed Rate</u>	<u>Increase Amount</u>	<u>Percent</u>
47 Average useage	\$9,051.15	\$9,051.15	\$0.00	0.0%



Big Sandy Rural Electric
Revenue Analysis
 December 31, 2004

Exhibit
 Page
 of

Witness: Alan Zumstein

Rate Schedule	Kwh Usage	Test Year Revenue	Percent of Total	Effective May 1, 1999 Normalized Revenue	Percent of Total	Proposed Revenue	Percent of Total	Increase Amount	Percent
A-1, Farm and Home	171,619,388	\$9,992,287	67%	\$9,992,287	67%	\$10,701,076	68%	\$708,788	7.1%
A-2, Commercial and Small Power	13,679,658	985,438	7%	985,438	7%	1,053,384	7%	67,945	6.9%
LP, Large Power Service	33,190,922	1,871,729	13%	1,871,729	13%	1,871,729	12%	0	0.0%
LPR, Large Power Rate	28,467,140	1,459,978	10%	1,459,978	10%	1,459,978	9%	0	0.0%
YL-1, Yard/Security Light	7,569,083	539,233	4%	539,233	4%	593,681	4%	54,449	10.1%
Rounding differences		1		1		(102)			
Total from base rates	254,526,191	14,848,666	100%	\$14,848,666	100%	\$15,679,745	100%	\$831,182	5.6%
Fuel		<u>1,351,529</u>							
Total revenue from books		<u>\$16,200,195</u>							
Increase				<u>\$0</u>		<u>\$831,079</u>			

Schedule A-1
 Farm and Home

Billing Determinants	Actual		Normalized Effective May 1, 1999		Proposed		
	Rate	Revenues	Rate	Revenues	Rate	Revenues	
Customer Charge	139,511	\$7.00	\$976,577	\$7.00	\$976,577	\$7.00	\$976,577
January - December 2004 Energy charge per kWh	171,619,388	\$0.05253	9,015,166	0.05253	9,015,166	\$0.05666	9,723,955
Billing adjustments		544		544			544
Total from base rates		9,992,287		9,992,287			10,701,076
Fuel adjustment		946,416					
Total revenues		10,938,703					
Amount				\$0			\$708,788
Percent				0.0%			7.1%

Schedule A-2
Commercial and Small Power

Billing Determinants	Actual		Normalized Effective May 1, 1999		Proposed		
	Rate	Revenues	Rates	Revenues	Rates	Revenues	
Customer Charge	10,689	\$10.00	106,890	\$10.00	\$106,890	\$15.00	\$160,335
Demand Charge	59,309	\$4.00	237,236	\$4.00	237,236	\$4.00	237,236
January - December 2004 Energy charge per kWh	13,679,658	\$0.04694	642,123	\$0.04694	642,123	\$0.04808	657,718
Billing adjustments		(811)		(811)		(811)	
Total from base rates		985,438		985,438		1,054,478	
Fuel adjustment		75,809					
Total revenues		<u>\$1,061,247</u>					
Amount				\$0			\$69,040
Percent				0.0%			7.0%

Schedule LP
 Large Power Service

Billing Determinants	Actual		Normalized Effective May 1, 1999		Proposed		
	Rate	Revenues	Rates	Revenues	Rates	Revenues	
Customer Charge	1,633	\$50.00	81,650	\$50.00	\$81,650	\$50.00	\$81,650
Demand Charge	106,861	\$5.10	544,991	\$5.10	544,991	\$5.10	544,991
January - December 2004 kwh Energy charge per kWh	33,190,922	\$0.03756	1,246,651	\$0.03756	1,246,651	\$0.03756	1,246,651
Primary Metering Discount 5% Difference to minimum bill			5,705 (7,268)		5,705 (7,268)		5,705 (7,268)
Total from base rates			<u>1,871,729</u>		<u>\$1,871,729</u>		<u>\$1,871,729</u>
Fuel adjustment			<u>179,098</u>				
Total revenues			<u>\$2,050,827</u>				
Amount					\$0		\$0
Percent					0.0%		0.0%

Schedule LPR
Large Power Rate

Billing Determinants	Actual		Normalized Effective May 1, 1999		Proposed		
	Rate	Revenues	Rate	Revenues	Rate	Revenues	
Customer Charge	161	\$75.00	12,075	\$75.00	\$12,075	\$75.00	\$12,075
Demand Charge	90,123	\$5.10	459,627	\$5.10	459,627	\$5.10	459,627
January - December 2004 kwh Energy charge per kWh	28,467,140	\$0.03462	985,532	\$0.03462	985,532	\$0.03462	985,532
Primary Metering Discount 5% Difference to minimum bill		2,769	(26)	2,769	(26)	2,769	(26)
Total from base rates		1,459,978		1,459,978		1,459,978	
Fuel adjustment		149,933					
Total revenues		<u>\$1,609,911</u>					
Amount				\$0		\$0	
Percent				0.0%		0.0%	

Big Sandy Rural Electric
 Billing Analysis
 December 31, 2004
 Schedule OLS
 Outdoor Lighting Service

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Billing Determinants	Actual		Normalized Effective May 1, 1999		Proposed	
	Rate	Revenues	Rates	Revenues	Rates	Revenues
January - December 2004						
175 Watt	\$5.66	\$418,580	\$5.66	\$418,580	\$6.23	\$460,733
400 Watt	\$7.85	120,450	\$7.85	120,450	\$8.64	132,572
500 Watt	\$8.86	1,276	\$8.86	1,276	\$9.75	1,404
1,500 Watt	\$18.70	449	\$18.70	449	\$20.57	494
kWh						
Billing adjustments		(1,522)		(1,522)		(1,522)
Total from base rates		539,233		539,233		593,681
Fuel adjustment		275				
Total revenues		<u>\$539,508</u>				
Amount				\$0		\$54,449
Percent				0.0%		10.1%



1 Big Sandy Rural Electric Cooperative
2 **Computation of Rate of Return**
3 December 31, 2004
4 Witness: Alan Zumstein

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	<u>Actual Test Year</u>	<u>Adjusted Test Year</u>
Net margins	(\$347,303)	\$579,464
Non-cash patronage dividends	0	0
Interest on long-term debt	<u>528,275</u>	<u>579,464</u>
Total	<u>180,972</u>	<u>1,158,928</u>
Net rate base	<u>24,484,666</u>	<u>24,436,617</u>
Rate of return	<u>0.74%</u>	<u>4.74%</u>
Equity Capitalization	<u>25,945,272</u>	<u>29,284,353</u>
Rate of return	<u>0.70%</u>	<u>3.96%</u>

Test Year	Calendar Year			
	1st	2nd	3rd	4th
2004	2003	2002	2001	2000
1999	1998	1997	1996	1995

Net margins	(\$347,303)	\$1,239,983	\$1,351,036	\$1,115,475	\$407,335	\$376,743
Interest on long-term debt	528,275	544,637	600,948	762,097	741,382	661,574
Total	180,972	1,784,620	1,951,984	1,877,572	1,148,717	1,038,317
Net rate base	24,484,666	23,560,169	22,798,698	22,360,817	21,645,301	20,488,422

Rate of return 0.74% 7.57% 8.56% 8.40% 5.31% 5.07%

Test Year	Calendar Year			
	1st	2nd	3rd	4th
2004	2003	2002	2001	2000
1999	1998	1997	1996	1995

Return excluding G & T patronage dividends:	(\$347,303)	\$1,239,983	\$1,351,036	\$1,115,475	\$407,335	\$376,743
Net margins	0	(785,219)	(1,006,439)	0	0	0
G & T patronage dividends	528,275	544,637	600,948	762,097	741,382	661,574
Interest on long-term debt	180,972	999,401	945,545	1,877,572	1,148,717	1,038,317
Total	24,484,666	23,560,169	22,798,698	22,360,817	21,645,301	20,488,422

Rate of return, excluding G & T 0.74% 4.24% 4.15% 8.40% 5.31% 5.07%

1 Big Sandy Rural Electric Cooperative
2 **TIER and DSC**
3 December 31, 2004
4 Witness: Alan Zumstein

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5
6 Actual Adjusted
7 Test Year Test Year
8

9 **TIER:**

10
11 Margins, excluding G&T
12 capital credits and extraordinary items: (\$347,303) \$579,464
13 Interest on long term debt 528,275 579,464
14
15 TIER 0.34 2.00
16

17
18 **DSC:**

19
20 Margins, excluding G&T
21 capital credits (\$347,303) \$579,464
22 Depreciation expense 1,037,868 2,002,299
23 Interest on long term debt 528,275 579,464
24 Principal payment on
25 long term debt 749,603 749,603
26
27 DSC 0.95 2.38
28

29 DSC = (Margins + depreciation + interest
30 / interest + principal payments)
31
32
33
34

1 Big Sandy Rural Electric Cooperative
 2 **TIER and DSC**
 3 December 31, 2004
 4 Witness: Alan Zumstein

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5
 6
 7 **TIER calculations:**

Test Year	Calendar Year				
	1st 2003	2nd 2002	3rd 2001	4th 2000	5th 1999

8
 9 Margins, excluding G&T
 10 capital credits
 11 Interest on long term debt

(\$347,303) \$454,764 \$344,597 \$1,115,475 \$407,335 \$376,743
 528,275 544,637 600,948 762,097 741,382 661,574

12
 13 **Modified TIER**

0.34 1.83 1.57 2.46 1.55 1.57

14
 15 Margins, including G&T
 16 capital credits
 17 Interest on long term debt

(\$347,303) \$1,239,983 \$1,351,036 \$1,115,475 \$407,335 \$376,743
 528,275 544,637 600,948 762,097 741,382 661,574

18
 19 **TIER**

0.34 3.28 3.25 2.46 1.55 1.57

20
 21 **DSC calculations:**

22
 23
$$\text{DSC} = \frac{((\text{Margins} + \text{depreciation} + \text{interest}))}{(\text{interest} + \text{principal payments})}$$

24
 25
 26
 27 Margins, excluding G&T
 28 capital credits
 29 Depreciation expense
 30 Interest on long term debt
 31 Principal payment on
 32 long term debt

(\$347,303) \$454,764 \$344,597 \$1,115,475 \$407,335 \$376,743
 1,037,868 999,399 966,208 927,606 884,249 839,039
 528,275 544,637 600,948 762,097 741,382 661,574
 749,603 423,131 502,139 399,182 378,725 384,108

33
 34 **Modified DSC**

0.95 2.07 1.73 2.42 1.81 1.80

35
 36 Margins, including G&T
 37 capital credits
 38 Depreciation expense
 39 Interest on long term debt
 40 Principal payment on
 41 long term debt

(\$347,303) \$1,239,983 \$1,351,036 \$1,115,475 \$407,335 \$376,743
 1,037,868 999,399 966,208 927,606 884,249 839,039
 528,275 544,637 600,948 762,097 741,382 661,574
 749,603 423,131 502,139 399,182 378,725 384,108

42
 43 **DSC**

0.95 2.88 2.65 2.42 1.81 1.80

44
 45



1 Big Sandy Rural Electric Cooperative
 2 **Determination of Rate Base**
 3 December 31, 2004
 4 Witness: Alan Zumstein

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	<u>Actual</u> <u>Test Year</u>	<u>Adjusted</u> <u>Test Year</u>
8 Gross rate base:		
9		
10 Total electric plant	\$32,452,833	\$32,446,609
11 Material and supplies	207,429	207,429
12 (13 months average for test year)		
13 Prepayments	50,617	50,617
14 (13 months average for test year)		
15 Working capital:		
16 12.5% of operating expense		
17 less cost of power	<u>449,118</u>	<u>439,478</u>
18		
19	33,159,997	33,144,133
20 Deductions from rate base:		
21 Accumulated depreciation	8,656,553	8,688,738
22 Consumer advances	<u>18,778</u>	<u>18,778</u>
23		
24 Net rate base	<u>\$24,484,666</u>	<u>\$24,436,617</u>

		<u>Material</u>	<u>Prepayments</u>
28			
29 December	2003	212,567	10,061
30 January	2004	213,551	97,924
31 February		199,031	82,661
32 March		221,826	67,398
33 April		209,648	73,075
34 May		227,554	57,895
35 June		222,032	52,332
36 July		207,515	56,596
37 August		190,593	39,255
38 September		202,906	36,653
39 October		202,854	42,345
40 November		185,908	28,857
41 December		200,593	12,967
42			
43 Average		207,429	50,617

Test Year	Calendar Year				
	1st 2003	2nd 2002	3rd 2001	4th 2000	5th 1999

Gross rate base:						
Total electric plant	\$32,452,833	\$31,047,889	\$30,000,943	\$28,939,258	\$27,697,104	\$26,213,831
Material and supplies (13 months average for test year)	207,429	212,567	200,215	131,825	169,482	210,615
Prepayments (13 months average for test year)	50,617	13,836	13,780	38,303	10,427	8,733
Working capital: 12.5% of operating expense less cost of power	449,118	403,582	363,357	546,542	509,752	484,170
	33,159,997	31,677,874	30,578,295	29,655,928	28,386,765	26,917,349
Deductions from rate base:						
Accumulated depreciation	8,656,553	8,108,278	7,769,428	7,281,199	6,737,220	6,428,927
Consumer advances	18,778	9,427	10,169	13,912	4,244	0
Net rate base	\$24,484,666	\$23,560,169	\$22,798,698	\$22,360,817	\$21,645,301	\$20,488,422

Proposed	Calendar Year				
	Test Year 2004	2003	2002	2001	2000

Equity Capitalization:
without G&T patronage capital

Total margins and equities	\$14,811,372	\$13,901,777	\$10,665,384	\$15,651,447	\$15,279,233	\$14,618,326	\$14,529,954
Less G&T Patronage capital	4,961,362	4,961,362	4,176,143	3,169,704	3,169,704	3,169,704	3,169,704
Long-term debt	9,850,010	8,940,415	6,489,241	12,481,743	12,109,529	11,448,622	11,360,250
Total	\$26,854,867	\$25,945,272	\$24,740,101	\$28,643,754	\$28,859,802	\$26,946,983	\$26,687,307

Equity capitalization ratio 37% 34% 26% 44% 42% 42% 43%

Equity Capitalization:
with G&T patronage capital

Total margins and equities	\$14,811,372	\$13,901,777	\$10,665,384	\$15,651,447	\$15,279,233	\$14,618,326	\$14,529,954
Long-term debt	17,004,857	17,004,857	18,250,860	16,162,011	16,750,273	15,498,361	15,327,057
Total	\$31,816,229	\$30,906,634	\$28,916,244	\$31,813,458	\$32,029,506	\$30,116,687	\$29,857,011

Equity capitalization ratio 47% 45% 37% 49% 48% 49% 49%

Equity to Total Assets:
with G&T patronage capital

Total margins and debt	\$31,816,229	\$30,906,634	\$28,916,244	\$31,813,458	\$32,029,506	\$30,116,687	\$29,857,011
Total assets	35,051,885	34,066,290	34,606,031	32,179,601	31,199,421	27,534,244	26,500,544
Total	\$66,868,114	\$64,972,924	\$63,522,275	\$63,993,059	\$63,228,927	\$57,650,931	\$56,357,555

Equity to total asset ratio 48% 48% 46% 50% 51% 52% 53%

1 Big Sandy Rural Electric Cooperative
2 **Reconciliation of Rate Base and Capital**
3 December 31, 2004
4 Witness: Alan Zumstein
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7 Reconciliation of Rate Base and Capital used to determine revenue requirements
8 are as follows:
9

10
11 **Equity Capitalization, with**
12 **G&T capital credits**

30,906,634

13
14 G&T capital credits

(4,961,362)

15
16 25,945,272

17 Reconciling items:

18 Capital credits from associated organizations

19 (Allocated but unpaid)

(266,122)

20 Working capital requirements

449,118

21 Material and supplies

207,429

22 Prepayments

50,617

23 Consumer advances for construction

(18,778)

24 Construction projects not financed
25 with long-term debt

(1,882,870)

26
27
28 **Net Rate Base**

24,484,666

29
30 24,484,666
31
32
33
34
35
36



A.	I	DESCRIPTION	----RUS----	----TVA----	MARGIN	INACTIVE	BANK TRANSIT	BANK NAME
			B/S	INC	B/S	INC	ACCOUNT	BANK ACCOUNT
			LINE	LINE	LINE	LINE		
107.10		CWIP CONTRACTOR	2.00		2.00		107.10	
107.20		CWIP FORCE ACCOUNT	2.00		2.00		107.20	
107.21		CWIP - INDIRECT	2.00		2.00		107.21	
107.30		CWIP SPECIAL EQUIPMENT	2.00		2.00		107.30	
108.60		ACCUM PROV DEPR DIST PLANT	4.00		4.00		108.60	
108.61		ACCUM.DEPR.DIST.PLANT A/C 364	4.00		4.00		108.61	
108.62		ACCUM DEPR.DIST.PLANT A/C 365	4.00		4.00		108.62	
108.63		ACCUM.DEPR.DIST.PLANT A/C 366	4.00		4.00		108.63	
108.64		ACCUM DEPR.DIST.PLANT. A/C 367	4.00		4.00		108.64	
108.65		ACCUM.DEPR.DIST.PLANT A/C 368	4.00		4.00		108.65	
108.66		ACCUM.DEPR.DIST.PLANT. A/C 369	4.00		4.00		108.66	
108.67		ACCUM.DEPR.DIST.PLANT.A/C 370	4.00		4.00		108.67	
108.68		ACCUM PERP.DIST.PLANT A/C 371	4.00		4.00		108.68	
108.69		ACCUM DEPR.DIST.PLANT A/C 362	4.00		4.00		108.69	
108.70		ACCUM PROV DEPR GENERAL PLANT	4.00		4.00		108.70	
108.71		ACCUM.DEPR.GEN.PLANT A/C 390.10	4.00		4.00		108.71	
108.72		ACCUM.DEPR.GEN.PLANT A/C 391	4.00		4.00		108.72	
108.73		ACCUM.DEPR.GEN.PLANT A/C 394	4.00		4.00		108.73	
108.74		ACCUM.DEPR.GEN.PLANT.A/C 395	4.00		4.00		108.74	
108.75		ACCUM.DEPR.GEN.PLANT A/C 396	4.00		4.00		108.75	
108.76		ACCUM.DEPR.GEN.PLANT A/C 397	4.00		4.00		108.76	
108.77		ACCUM.DEPR.GEN.PLANT A/C 398	4.00		4.00		108.77	
108.80		RETIREMENT WIP	4.00		4.00		108.80	
108.81		RETIREMENT WIP - INDIRECT	4.00		4.00		108.81	
108.90		RETIREMENT WIP CONTRACTOR	4.00		4.00		108.90	
123.10		PATR CAP ASSOC CO OPS	8.00		8.00		123.10	

A.	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCOUNT	INACTIVE	BANK TRANSIT BANK ACCOUNT	BANK NAME
		B/S LINE	INC LINE	B/S LINE	INC LINE				
123.21	SUBSC.CAP.TERM CERT.CFC	40.00		40.00		123.21			
123.22	INVEST.CAP.TERM CERT. CFC	10.00		10.00		123.22			
123.23	OTHER INVEST.ASSOC.ORGIZ.	9.00		9.00		123.23			
124.00	OTHER INVESTMENTS	12.00		12.00		124.00			
131.10	CASH GENERAL PAYROLL CHECKS	15.00		15.00		131.10	0	00014125	CITIZENS NATIONAL BANK
131.11	CASH GENERAL 1ST NATIONAL BANK	15.00		15.00		131.11	0	2000105	FIRST NATIONAL BANK
131.12	CASH GENERAL CITIZENS GEN CHECK	15.00		15.00		131.12	0	00014125	CITIZENS NATIONAL BANK
131.13	CASH GENERAL-1ST COMMONWEALTH	15.00		15.00		131.13	0	60975408	1ST COMMONWEALTH BANK
131.14	CASH GENERAL BB&T BANKING	15.00		15.00		131.14	0	5180074726	BB&T BANKING
131.20	CASH CONST.FUND TRUSTEE	16.00		16.00		131.20	0	2029871	FIRST NATIONAL BANK
131.40	TRANSFER OF CASH	15.00		15.00		131.40	0	2029871	FIRST NATIONAL BANK
134.00	OTHER SPECIAL DEPOSITS	17.00		17.00		134.00			
135.00	WORKING FUND PETTY CASH/SANDRA	15.00		15.00		135.00			
135.10	CHANGE FUND P-BURG /ROBIN	15.00		15.00		135.10			
135.11	WORKING FUND-CHANGE/BETTY	15.00		15.00		135.11			
135.12	WORKING FUND-CHANGE/	15.00		15.00		135.12			
135.13	WORKING FUND-CHANGE/HEATHER	15.00		15.00		135.13			
135.20	WORKING FUND-CHANGE/CHASITY	15.00		15.00		135.20			
135.30	WORKING FUND-CHANGE/MARKQUITA	15.00		15.00		135.30			
135.40	WORKING FUND-CHANGE/MARKQUITA	15.00		15.00		135.40			
135.50	WORKING FUND-CHANGE/PATTY	15.00		15.00		135.50			
135.60	WORKING FUND-CHANGE/ROBIN	15.00		15.00		135.60			
135.70	WORKING FUND-CHANGE/TRISH	15.00		15.00		135.70			
135.90	WORKING FUND-CHANGE/TERRIE	15.00		15.00		135.90			
135.90	WORKING FUND-CHANGE/ROBIN	15.00		15.00		135.90			
136.00	TEMPORARY CASH INVESTMENTS	18.00		18.00		136.00			

A	DESCRIPTION	---RUS---		---TVA---		MARGIN ACCOUNT	INACTIVE	BANK TRANSIT BANK ACCOUNT	BANK NAME
		B/S LINE	INC LINE	B/S LINE	INC LINE				
136.10	TEMP.CASH INVST.6 MO CD'S	18.00		18.00		136.10			
136.20	TEMP.CASH INVST.MONEY MARKET	18.00		18.00		136.20			
136.30	TEMP CASH INVST CR UNION B.DAVIS	18.00		18.00		136.30			
136.40	TEMP CASH INVS HOMESTEAD/B.DAVIS	18.00		18.00		136.40			
142.10	CONS.ACCTS.RECEIVABLE ELECTRIC	20.00		20.00		142.10			
143.00	OTHER ACCOUNTS RECEIVABLE	21.00		21.00		143.00			
143.10	OTHER ACCTS RECIV-EXPENSE ADVANC	21.00		21.00		143.10			
143.20	OTHER ACCTS.REC.#WINTER CARE	21.00		21.00		143.20			
143.30	ACCTS.REC.NRECA PERSONAL LOAN	21.00		21.00		143.30			
143.40	ACCTS.REC.OHIO NAT'L EMP.LOANS	21.00		21.00		143.40			
143.50	RELAY FOR LIFE DONATION	21.00		21.00		143.50			
143.90	CLEARING ACCT.VOID CHECKS	21.00		21.00		143.90			
144.10	ACCUM PROV UNCOLLECT ACCTS CR	20.00		20.00		144.10			
144.40	ACCUM PROV OTHER UNCOLLECT CR	21.00		21.00		144.40			
154.00	PLANT MATERIAL & OPERATING SUPPLY	22.00		22.00		154.00			
155.00	MERCHANDISE	22.00		22.00		155.00			
155.10	OTHR.MERCHANDISE GAS/AUTO PARTS	22.00		22.00		155.10			
163.00	STORES EXPENSE UNDISTRIBUTED	22.00		22.00		163.00			
163.10	MINDR MATERIAL/ STORES EXPENSE	22.00		22.00		163.10			
165.10	PREPAYMENTS-INSURANCE	23.00		23.00		165.10			
165.20	OTHER PREPAY-RETIREMENT INS	23.00		23.00		165.20			
165.30	OTHER PREPAY-REGISTRATIONS	23.00		23.00		165.30			
165.40	OTHR PREPAY/MRG,OFFC,DIRC,INS	23.00		23.00		165.40			
165.50	OTHER PREPAY-DUES	23.00		23.00		165.50			
171.00	INTEREST & DIVIDENDS RECEIVABLE	24.00		24.00		171.00			
171.10	INTEREST & DIVIDENDS REC/OTHER	24.00		24.00		171.10			

A	DESCRIPTION	---RUS---		---TVA---		MARGIN ACCOUNT	INACTIVE	BANK TRANSIT BANK ACCOUNT	BANK NAME
		B/S LINE	INC LINE	B/S LINE	INC LINE				
183.00	PRELIM SERVAYS & INVESTGAT. CHGE	27.00		27.00		183.00			
184.00	TRANSPOTATION EXP. - INDIRECT	27.00		27.00		184.00			
184.10	TRANSPORTATION EXP CLEARING	27.00		27.00		184.10			
186.00	MISC. DEFERRED DEBITS	27.00		27.00		186.00			
186.10	MISC DEFERRED DEBITS-RATE CASE	27.00		27.00		186.10			
186.60	DEFERRED PAST SERVICE PENSION	27.00		27.00		186.60			
200.10	MEMBERSHIPS	29.00		29.00		200.10			
201.10	PATRONS CAPITAL CREDITS	30.00		30.00		201.10			
201.20	PATRONAGE CAPITAL CR.ASSIGNABLE	30.00		30.00		201.20			
208.00	DONATED CAPITAL	34.00		34.00		208.00			
208.10	DONATED CAPITAL/CAPITAL CREDITS	34.00		34.00		208.10			
217.00	RETIRED CAPITAL CREDIT-GAIN	34.00		34.00		217.00			
217.10	RETIRED CAP.CR. GAIN-DISCOUNT \$	34.00		34.00		217.10			
219.10	OPERATING MARGINS	32.00		32.00		219.10			
219.20	NON OPERATING MARGINS	33.00		33.00		219.20			
219.30	OTHER MARGINS	34.00		34.00		219.30			
224.11	OTHER LONG TERM DEBT-SUBSC.	40.00		40.00		224.11			
224.12	OTHER LONG TERM DEBT-CFC	40.00		40.00		224.12			
224.13	CFC NOTES EXUC.-DEBIT/REFINANCED	40.00		40.00		224.13			
224.14	OTH LONG TERM DEBT-PAST SVC COST	40.00		40.00		224.14			
224.15	NOTES EXECUTED-OTHER DEBIT	40.00		40.00		224.15			
224.20	FFB NOTES EXUC.	40.00		40.00		224.20			
224.21	FFB NOTES EXUC CONST DEBT	40.00		40.00		224.21			
224.30	LONG TERM DEBT-RUS NOTES EXUC	36.00		36.00		224.30			
224.40	RUS NOTES EXUC CONST DEBT	36.00		36.00		224.40			
224.50	INT ACCR DEFERRED RUS CONST	36.00		36.00		224.50			

AL	DESCRIPTION	---RUS---		---TVA---		MARGIN ACCOUNT	INACTIVE	BANK TRANSIT BANK ACCOUNT	BANK NAME
		B/S LINE	INC LINE	B/S LINE	INC LINE				
224.60	ADV PAY UNAPPLYD LONG TERM DEBT	36.00		36.00		224.60			
228.30	ACCUM PROV PENSIONS/BENEFITS	43.00		43.00		228.30			
231.00	NOTES PAYABLE	45.00		45.00		231.00			
232.10	ACCOUNTS PAYABLE GENERAL	46.00		46.00		232.10			
232.30	ACCTS PAYABLE INSPECT/SPRAYING	46.00		46.00		232.30			
232.40	ACCTS PAYABLE-WHOLESALE POWER	46.00		46.00		232.40			
232.50	ACCTS PAYABLE/PSC ASSHT	46.00		46.00		232.50			
232.60	ACCTS PAY/CFC/ZTC 11/03 TO 06/04	46.00		46.00		232.60			
232.70	ACCTS PAYABLE/AUTO PAYMENTS	46.00		46.00		232.70			
232.80	ACCTS PAYABLE CHILD SUPPORT	46.00		46.00		232.80			
234.00	ACCTS PAYABLE ASSOC COMPANIES	46.00		46.00		234.00			
235.00	CONSUMER DEPOSITS	47.00		47.00		235.00			
235.10	CONSUMER DEPOSITS-COMMERCIAL	47.00		47.00		235.10			
236.10	ACCURED PROPERTY TAX	51.00		51.00		236.10			
236.20	ACCRD US SOC SECURITY UNEMPLYMEN	51.00		51.00		236.20			
236.30	ACCRD US SOC SECURITY TAX FICA	51.00		51.00		236.30			
236.40	ACCRD STATE SOC SECURITY UNEMP	51.00		51.00		236.40			
236.50	ACCRUED STATE SALES TAX	51.00		51.00		236.50			
237.10	ACCRUED RUS INT CONST OBLIG	51.00		51.00		237.10			
237.20	FFB INTEREST ACCRUED	51.00		51.00		237.20			
237.30	OTHER INTEREST ACCRUED	51.00		51.00		237.30			
237.40	ACCRUED INT.-SHORT TERM LOAN	51.00		51.00		237.40			
237.50	OTHER INT ACCRUED CONSUMER DEP	51.00		51.00		237.50			
238.10	PATRONAGE CAPITAL PAYABLE	51.00		51.00		238.10			
241.00	TAX COLLECTION PAYBLE FEDERAL	51.00		51.00		241.00			
241.10	SCHOOL TAX -MARTIN COUNTY	51.00		51.00		241.10			

A	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCOUNT	INACTIVE	BANK TRANSIT BANK ACCOUNT	BANK NAME
		B/S	INC	B/S	INC				
		LINE	LINE	LINE	LINE				
241.11	MARTIN COUNTY OCCUPATIONAL TAX	51.00		51.00		242.11			
241.20	TAX COLLECTION PAY-CITY TAX	51.00		51.00		241.20			
241.30	TAX COLLECT PAYBLE ST INCOME TAX	51.00		51.00		241.30			
241.40	SCHOOL TAX-BREATHITT COUNTY	51.00		51.00		241.40			
241.50	SCHOOL TAX-JOHNSON COUNTY	51.00		51.00		241.50			
241.60	SCHOOL TAX LAWRENCE COUNTY	51.00		51.00		241.60			
241.70	SCHOOL TAX-MAGOFFIN COUNTY	51.00		51.00		241.70			
241.80	SCHOOL TAX-KNOTT COUNTY	51.00		51.00		241.80			
241.90	JOHNSON COUNTY OCCUPATIONAL TAX	51.00		51.00		241.90			
242.11	CUR/ACCRUED LIAB-CANCER INS	51.00		51.00		242.11			
242.12	CURR.ACCRD.LIAB-COLONIAL INS	51.00		51.00		242.12			
242.13	CUR.ACCRD.LIAB/COMMONWEALTH INS	51.00		51.00		242.13			
242.14	CURR.ACCRD.LIAB/DENTAL INS	51.00		51.00		242.14			
242.15	CURR.ACCRD.LIAB/SAVINGS	51.00		51.00		242.15			
242.16	CURR.ACCRD.LIAB/AUTO USE	51.00		51.00		242.16			
242.17	CURR ACCRD LIAB 401K ALL EMP	51.00		51.00		242.17			
242.18	CURR.ACCR.LIB.401K OTSD/PAY DED.	51.00		51.00		242.18			
242.20	ACCRUED PAYROLL	51.00		51.00		242.20			
242.30	ACCRUED EMPLOYEE VACATION	51.00		51.00		242.30			
242.31	ACCRUED EMPLOYEE SICK LEAVE	51.00		51.00		242.31			
242.40	ACCRUED INS W.C.	51.00		51.00		242.40			
242.50	CURR.ACCRD.LIAB.MEETNG/AUDIT	51.00		51.00		242.50			
242.60	CURR.ACCRD.LIAB/DEPENDENT LIFE	51.00		51.00		242.60			
242.80	CURR.ACCRD.LIAB/CREDIT UNION	51.00		51.00		242.80			
242.90	CURR.ACCRD.LIAB/UNION DUES	51.00		51.00		242.90			
252.00	CONSUMER ADVANCE CONSTRUCTION	54.00		54.00		252.00			

A.	DESCRIPTION	---RUS---		---TVA---		MARGIN ACCOUNT	INACTIVE	BANK TRANSIT BANK ACCOUNT	BANK NAME
		B/S LINE	INC LINE	B/S LINE	INC LINE				
253.00	OTHER DEFERRED CREDITS	54.00	54.00			253.00			
360.00	LAND & LAND RIGHTS	1.00	1.00			360.00			
362.00	STATION EQUIPMENT	1.00	1.00			362.00			
364.00	POLES, TOWERS & FIXTURES	1.00	1.00			364.00			
365.00	OVERHEAD CONDUCTORS & DEVICES	1.00	1.00			365.00			
366.00	UNDERGROUND CONDUIT	1.00	1.00			366.00			
367.00	UNDERGROUND COND. & DEVICES	1.00	1.00			367.00			
368.00	LINE TRANSFORMERS	1.00	1.00			368.00			
369.00	SERVICES	1.00	1.00			369.00			
370.00	METERS	1.00	1.00			370.00			
371.00	INST. ON CONSUMER PREMISES	1.00	1.00			371.00			
389.00	LAND & LAND RIGHTS	1.00	1.00			389.00			
390.10	STRUCTURES & IMPROVEMENTS	1.00	1.00			390.10			
391.00	OFFICE FURNITURE & EQUIPMENT	1.00	1.00			391.00			
392.00	TRANSPORTATION EQUIPMENT	1.00	1.00			392.00			
394.00	TOOLS, SHOP, GARAGE EQUIPMENT	1.00	1.00			394.00			
395.00	LABORATORY EQUIPMENT	1.00	1.00			395.00			
396.00	POWER OPERATED EQUIPMENT	1.00	1.00			396.00			
397.00	COMMUNICATIONS EQUIPMENT	1.00	1.00			397.00			
398.00	MISCELLANEOUS EQUIPMENT	1.00	1.00			398.00			



AL	DESCRIPTION	---RUS---		---TVA---		MARGIN ACCOUNT	INACTIVE	BANK TRANSIT BANK ACCOUNT	BANK NAME
		B/S	INC	B/S	INC				
		LINE	LINE	LINE	LINE				
403.60	DEPR EXPENSE DISTRIBUTION PLANT	32.00	12.00	32.00	12.00	219.10			
403.70	DEPR EXPENSE GENERAL PLANT	32.00	12.00	32.00	12.00	219.10			
408.10	TAXES-PROPERTY	32.00	13.00	32.00	13.00	219.10			
408.20	TAXES US SOCIAL SECURITY UNEMP	32.00	14.00	32.00	14.00	219.10			
408.30	TAXES US SOCIAL SECURITY FICA	32.00	14.00	32.00	14.00	219.10			
408.40	TAXES STATE SOCIAL SEC.UNEMP	32.00	14.00	32.00	14.00	219.10			
408.70	TAXES OTHER REGULATORY COMMSION.	32.00	14.00	32.00	14.00	219.10			
415.00	REVENUE FROM MERCHANDISING	33.00	24.00	33.00	24.00	219.10			
419.00	INTEREST & DIVIDEND INCOME	33.00	21.00	33.00	21.00	219.20			
421.10	GAIN ON DISPOSITION OF PROPERTY	33.00	24.00	33.00	24.00	219.20			
421.20	LOSS ON DISPOSITION OF PROPERTY	33.00	24.00	33.00	24.00	219.20			
422.00	GENERATION & TRANSM.CAPITAL CR.	32.00	25.00	32.00	25.00	219.10			
424.00	OTHR CAP.CR.& PATR.CAP.ALLOC	32.00	26.00	32.00	26.00	219.10			
426.10	DONATIONS	32.00	18.00	32.00	18.00	219.10			
426.30	PENALTIES	32.00	18.00	32.00	18.00	219.10			
426.40	EXPENDITURE CIVIC & POLITICAL	32.00	18.00	32.00	18.00	219.10			
426.50	OTHER DEDUCTIONS	32.00	18.00	32.00	18.00	219.10			
427.10	INT.ON RUS CONSTRUCTION LOAN	32.00	15.00	32.00	15.00	219.10			
427.20	INT.ON OTHER LONG TERM DEBT	32.00	15.00	32.00	15.00	219.10			
427.30	INTEREST ON FFB NOTES	32.00	15.00	32.00	15.00	219.10			
428.00	AMORT.OF DEBT DISCOUNT	32.00	18.00	32.00	18.00	219.10			
431.00	OTHER INTEREST EXPENSE	32.00	17.00	32.00	17.00	219.10			
431.10	OTHER INT EXP.SHORT TERM LOAN	32.00	17.00	32.00	17.00	219.10			
431.20	OTHER INTEREST EXPENSE.MISC.	32.00	17.00	32.00	17.00	219.10			
435.10	CUMULATIVE EFFECTS PRIOR YEARS	32.00	27.00	32.00	27.00	219.20			
440.10	RESIDENTIAL SALES-RURAL	32.00	1.00	32.00	1.00	219.10			

A.	I	DESCRIPTION	---RUS---		---TVA---		MARGIN	INACTIVE	BANK TRANSIT	BANK NAME
			B/S	INC	B/S	INC				
			LINE	LINE	LINE	LINE				
442.10		COMM.& INDUST.SALES-SMALL	32.00	1.00	32.00	1.00	219.10			
442.20		COMM. & INDUST.SALES-LARGE	32.00	1.00	32.00	1.00	219.10			
450.00		FORFEITED DISCOUNTS	32.00	1.00	32.00	1.00	219.10			
451.00		MISC.SERVICE REVENUES	32.00	1.00	32.00	1.00	219.10			
454.00		RENT FROM ELECTRIC PROPERTY	32.00	1.00	32.00	1.00	219.10			
456.00		OTHER ELECTRIC REVENUE	32.00	1.00	32.00	1.00	219.10			
555.00		PURCHASED POWER	32.00	3.00	32.00	3.00	219.10			
580.00		OPERATIONS & SUPERVSON ENGR.	32.00	5.00	32.00	5.00	219.10			
582.00		STATION EXPENSE	32.00	5.00	32.00	5.00	219.10			
583.00		OVERHEAD LINE EXPENSE	32.00	5.00	32.00	5.00	219.10			
586.00		METER EXPENSE	32.00	5.00	32.00	5.00	219.10			
587.00		METER EXPENSE TWACS SYSTEM	32.00	5.00	32.00	5.00	219.10			
587.00		CONSUMER INSTALLATION EXPENSE	32.00	5.00	32.00	5.00	219.10			
588.00		MIS.DISTRIBUTION EXPENSE	32.00	5.00	32.00	5.00	219.10			
589.00		RENTS	32.00	5.00	32.00	5.00	219.10			
590.00		MAINT.SUPERVSN.ENGR.	32.00	6.00	32.00	6.00	219.10			
592.00		MAINTENANCE STATION EQUIPMENT	32.00	6.00	32.00	6.00	219.10			
593.00		MAINT.OVERHEAD LINES	32.00	6.00	32.00	6.00	219.10			
593.10		MAINT.OVERHEAD LINES R/W	32.00	6.00	32.00	6.00	219.10			
593.20		OVERHEAD LINES R/W-CONTRACTOR	32.00	6.00	32.00	6.00	219.10			
595.00		MAINT.LINE TRANSFORMERS	32.00	6.00	32.00	6.00	219.10			
597.00		MAINT. OF METERS	32.00	6.00	32.00	6.00	219.10			
598.00		MAINT.MISC.DISTRIBUTION PLANT	32.00	6.00	32.00	6.00	219.10			
901.00		SUPERVISION	32.00	7.00	32.00	7.00	219.10			
902.00		METER READING EXPENSE	32.00	7.00	32.00	7.00	219.10			
903.00		CONSUMER RECD'S COLLECTION EXP	32.00	7.00	32.00	7.00	219.10			

A.	/	DESCRIPTION	---RUS---		---TVA---		MARGIN	INACTIVE	BANK TRANSIT	BANK NAME
			B/S	INC	B/S	INC				
			LINE	LINE	LINE	LINE				
903.10		CONS.RECD'S EXP.OVER/SHORT	32.00	7.00	32.00	7.00	219.10			
904.00		UNCOLLECTIBLE ACCOUNTS	32.00	7.00	32.00	7.00	219.10			
908.00		CONSUMER ASSISTANCE EXPENSE	32.00	8.00	32.00	8.00	219.10			
909.00		INFORMATION & INSTRUCTION EXP	32.00	8.00	32.00	8.00	219.10			
912.00		DEMONSTRATING & SELLING EXP	32.00	9.00	32.00	9.00	219.10			
913.00		ADVERTISING EXPENSE	32.00	9.00	32.00	9.00	219.10			
920.00		ADMINISTRATIVE SALARIES	32.00	10.00	32.00	10.00	219.10			
921.00		OFFICE SUPPLIES & EXPENSE	32.00	10.00	32.00	10.00	219.10			
923.00		OUTSIDE SERVICE EMPLOYED	32.00	10.00	32.00	10.00	219.10			
924.00		PROPERTY INSURANCE	32.00	10.00	32.00	10.00	219.10			
925.00		INJURIES & DAMAGES	32.00	10.00	32.00	10.00	219.10			
926.00		EMPLOYEE PENSIONS & BENEFITS	32.00	10.00	32.00	10.00	219.10			
926.10		EMP.PENSIONS & BENEFITS RETIR IN	32.00	10.00	32.00	10.00	219.10			
926.20		EMP.PENSIONS/BENEFITS PAST SVC	32.00	10.00	32.00	10.00	219.10			
926.30		EMPLOYEE BENEFITS/SAVINGS	32.00	10.00	32.00	10.00	219.10			
928.00		REGULATORY COMMISSION EXP	32.00	10.00	32.00	10.00	219.10			
929.00		DUP.CHGES.CR.(CD-OP USED KWH)	32.00	10.00	32.00	10.00	219.10			
930.10		GENERAL ADVERTISING EXPENSE	32.00	10.00	32.00	10.00	219.10			
930.11		DIRECTORS PER DIEM	32.00	10.00	32.00	10.00	219.10			
930.12		DIRECTORS MILEAGE	32.00	10.00	32.00	10.00	219.10			
930.13		DIRECTORS EXPENSES	32.00	10.00	32.00	10.00	219.10			
930.20		MISC. GENERAL EXPENSE	32.00	10.00	32.00	10.00	219.10			
931.00		RENTS	32.00	10.00	32.00	10.00	219.10			
935.00		MAINT.GENERAL PLANT	32.00	10.00	32.00	10.00	219.10			
999.99		ACCOUNT FOR FIXED JOURNAL ENTRIE	.01	.01	.01	.01	999.99			

A.	7	DESCRIPTION	----RUS----	----TVA----	MARGIN	INACTIVE	BANK TRANSIT	BANK NAME
			B/S	INC	B/S	INC	ACCOUNT	BANK ACCOUNT
			LINE	LINE	LINE	LINE		

TOTAL ACCOUNTS 253

INCOME 77
BAL/SHEET 176



Kentucky 58
Big Sandy Rural Electric
Cooperative Corporation
Paintsville, Kentucky
Report on Audit of Financial Statements
for the year ended December 31, 2004

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Independent Auditor's Report	1
Report on Compliance and Internal Control Over Financial Reporting	2
Financial Statements:	
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W. DUDLEY SHRYOCK, CPA, PSC
CERTIFIED PUBLIC ACCOUNTANTS

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P.O. BOX 542
145 COLLEGE STREET
LAWRENCEBURG, KY 40342
(502) 839-8112

MEMBER AICPA

MEMBER KY SOCIETY
OF CPA'S

Board of Directors
Big Sandy Rural Electric
Cooperative Corporation
Paintsville, Kentucky 41240

Independent Auditor's Report

I have audited the balance sheet of Big Sandy Rural Electric Cooperative Corporation, as of December 31, 2004, and the related statements income and patronage capital and cash flows for the year then ended. These financial statements are the responsibility of Big Sandy Rural Electric Cooperative Corporation's management. My responsibility is to express an opinion on these financial statements based on my audits. The financial statements of Big Sandy Rural Electric Cooperative as of December 31, 2003, were audited by other auditors whose report dated March 22, 2004, expressed an unqualified opinion on those statements.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and 7 CFR Part 1773, Policy on Audits of Rural Utilities Service (RUS) Borrowers. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Sandy Rural Electric Cooperative Corporation as of December 31, 2004, and the results of operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated March 22, 2005, on my consideration of Big Sandy Rural Electric Cooperative Corporation's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

W. Dudley Shryock, CPA, PSC

W. Dudley Shryock
March 22, 2005

W. DUDLEY SHRYOCK, CPA, PSC
CERTIFIED PUBLIC ACCOUNTANTS

Exhibit N
Page 4 of 14

P.O. BOX 542
145 COLLEGE STREET
LAWRENCEBURG, KY 40342
(502) 839-8112

MEMBER AICPA

MEMBER KY SOCIETY
OF CPA'S

Board of Directors
Big Sandy Rural Electric
Cooperative Corporation
Paintsville, Kentucky 41240

I have audited the financial statements of Big Sandy Rural Electric Cooperative Corporation as of and for the year ended December 31, 2004, and have issued my report thereon dated March 22, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Big Sandy Rural Electric Cooperative Corporation's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Big Sandy Rural Electric Cooperative Corporation's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the audit committee, management, the Rural Utilities Service and supplemental lenders. However, this report is a matter of public record and its distribution is not limited.

W. Dudley Shryock, CPA, PSC

W. Dudley Shryock
March 22, 2005

Big Sandy Rural Electric Cooperative Corporation

Balance Sheets, December 31, 2004 and 2003

Exhibit N

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<u>Assets</u>	<u>2004</u>	<u>2003</u>
Electric Plant, at original cost:		
In service	\$32,435,506	\$31,026,576
Under construction	17,327	21,313
	<u>32,452,833</u>	<u>31,047,889</u>
Less accumulated depreciation	8,656,553	8,108,278
	<u>23,796,280</u>	<u>22,939,611</u>
Investments, at cost	<u>5,798,583</u>	<u>5,710,557</u>
Current Assets:		
Cash and cash equivalents	983,881	2,560,427
Accounts receivable, less allowance for 2004 of \$33,455 and 2003 of \$34,759	3,218,744	3,162,313
Material and supplies, at average cost	200,594	212,567
Prepayments and others	68,208	20,556
	<u>4,471,427</u>	<u>5,955,863</u>
Total	<u>\$34,066,290</u>	<u>\$34,606,031</u>
<u>Members Equities and Liabilities</u>		
Members' Equities:		
Memberships	\$219,050	\$217,835
Patronage capital	13,577,101	14,204,863
Other equities	105,626	(140,788)
	<u>13,901,777</u>	<u>14,281,910</u>
Long Term Debt	<u>16,254,857</u>	<u>16,641,598</u>
Accumulated Postretirement Benefits	<u>659,020</u>	<u>732,075</u>
Current Liabilities:		
Accounts payable	1,774,748	1,461,868
Current portion of long term debt	750,000	700,000
Consumer deposits	484,190	479,605
Accrued expenses	241,698	308,975
	<u>3,250,636</u>	<u>2,950,448</u>
Total	<u>\$34,066,290</u>	<u>\$34,606,031</u>

The accompanying notes are an integral part of the financial statements.

Statements of Revenue and Patronage Capital
for the years ended December 31, 2004 and 2003

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	<u>2004</u>	<u>2003</u>
Operating Revenues	<u>\$16,671,407</u>	<u>\$15,813,125</u>
Operating Expenses:		
Cost of power	11,947,454	10,801,534
Distribution - operations	565,608	530,069
Distribution - maintenance	1,070,737	913,871
Consumer accounts	691,036	574,662
Customer service and information	94,880	142,255
Sales	638	937
Administrative and general	1,175,403	1,091,248
Depreciation, excluding \$89,475 in 2004 and \$85,953 in 2003 charged to clearing accounts	1,037,868	999,399
Taxes, other than income	<u>17,172</u>	<u>18,317</u>
	<u>16,600,796</u>	<u>15,072,292</u>
Operating Margins before Interest Charges	<u>70,611</u>	<u>740,833</u>
Interest Charges:		
Interest on long-term debt	528,275	544,637
Other interest charges	<u>29,615</u>	<u>34,525</u>
	<u>557,890</u>	<u>579,162</u>
Operating Margins after Interest Charges	<u>(487,279)</u>	<u>161,671</u>
Patronage Capital assigned from:		
East Kentucky Power Cooperative, Inc.	-	785,219
Other organizations	<u>46,189</u>	<u>21,900</u>
	<u>46,189</u>	<u>807,119</u>
Net Operating Margins	<u>(441,090)</u>	<u>968,790</u>
Nonoperating Margins		
Principally interest income	100,134	71,837
Others	<u>(6,347)</u>	<u>199,356</u>
	<u>93,787</u>	<u>271,193</u>
Net Margins	(347,303)	1,239,983
Patronage Capital - beginning of year	14,204,863	13,093,958
Retirements to estates of deceased members	(52,143)	(58,345)
Non operating margins applied to prior deficits	<u>(228,316)</u>	<u>(70,733)</u>
Patronage Capital - end of year	<u>\$13,577,101</u>	<u>\$14,204,863</u>

The accompanying notes are an integral part of the financial statements.

Statements of Cash Flows
for the years ended December 31, 2004 and 2003

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	<u>2004</u>	<u>2003</u>
Cash Flows from Operating Activities:		
Net margins	(\$347,303)	\$1,239,983
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation		
Charged to expense	1,037,868	999,399
Charged to clearing accounts	89,475	85,953
Accumulated postretirement benefits	(73,055)	(79,450)
Patronage capital credits	(46,189)	(807,119)
Change in assets and liabilities:		
Receivables	(56,431)	(145,295)
Material and supplies	11,973	(12,352)
Prepayments	(47,652)	3,928
Payables	312,880	143,978
Consumer deposits	4,585	(6,281)
Accrued expenses	<u>(67,277)</u>	<u>28,699</u>
	<u>818,874</u>	<u>1,451,443</u>
Cash Flows from Investing Activities:		
Construction of plant	(2,064,347)	(1,914,284)
Salvage recovered from plant retired	80,335	120,836
Receipts of other investments, net	<u>(41,837)</u>	<u>8,165</u>
	<u>(2,025,849)</u>	<u>(1,785,283)</u>
Cash Flows from Financing Activities:		
Net increase in memberships	1,215	2,700
Other equities	18,098	22,407
Payments to estates of deceased members	(52,143)	(58,345)
Additional borrowings	-	2,764,000
Additional short term borrowings	-	(200,000)
Payments on long-term debt	(749,603)	(423,131)
Payments for cushion of credit	412,862	(942,553)
Payments on past service pension costs	<u>-</u>	<u>(65,577)</u>
	<u>(369,571)</u>	<u>1,099,501</u>
Net increase in cash	(1,576,546)	765,661
Cash balances - beginning of period	<u>2,560,427</u>	<u>1,794,766</u>
Cash balances - end of period	<u>\$983,881</u>	<u>\$2,560,427</u>
Supplemental cash flows information:		
Interest paid on long-term debt	\$528,805	\$497,308

The accompanying notes are an integral part of the financial statements.

1. Summary of Significant Accounting Policies

Big Sandy maintains its records in accordance with policies prescribed or permitted by the Kentucky Public Service Commission (PSC) and the United States Department of Agriculture, Rural Utilities Service (RUS), which conform in all material respects with generally accepted accounting principles. The more significant of these policies are as follows:

Electric Plant

Electric plant is stated at original cost, less contributions, which is the cost when first dedicated to public service. Such cost includes applicable supervisory and overhead costs. There was no interest required to be capitalized on construction for the year.

The cost of maintenance and repairs, including renewals of minor items of property, is charged to operating expense. The cost of replacement of depreciable property units, as distinguished from minor items, is charged to electric plant. The cost of units of property replaced or retired, including cost of removal net of any salvage value, is charged to accumulated depreciation.

The major classifications of electric plant in service consisted of:

	<u>2004</u>	<u>2003</u>
Distribution plant	\$30,123,866	\$28,915,792
General plant	<u>2,311,640</u>	<u>2,110,784</u>
Total	<u>\$32,435,506</u>	<u>\$31,026,576</u>

Depreciation

Provision has been made for depreciation on the basis of the estimated lives of assets, using the straight-line method. Distribution plant depreciation is based on a composite rate of 3.35% per annum. Depreciation rates for general plant items are as follows:

Structures and improvements	2.5%
Office furniture and other general plant	6 - 8%
Transportation equipment	17%

Statement of Cash Flows

For purposes of the statement of cash flows, Big Sandy considers temporary investments having a maturity of three months or less to be cash equivalents.

Continued

1. Summary of Significant Accounting Policies, continued**Revenue**

Big Sandy records revenue as billed to its members based on monthly meter readings. Big Sandy's sales are concentrated in portions of eight eastern Kentucky counties. The allowance for uncollectible accounts is based on aging of receivables. Accounts are written-off when they are deemed to be uncollectible. Certain consumers are required to pay a refundable deposit. There were no consumers whose individual account balance exceeded 10% of outstanding accounts receivable at December 31, 2004 or 2003.

Cost of Power

Big Sandy is one of sixteen members of East Kentucky Power Cooperative, Inc. (East Kentucky). Under a wholesale power agreement, Big Sandy is committed to purchase its electric power and energy requirements from East Kentucky until 2041. The rates charged by East Kentucky are subject to approval of the PSC. The cost of power is recorded monthly during the period in which the energy is consumed, based upon billings from East Kentucky.

Fair Value of Financial Instruments

Financial instruments include cash, temporary investments and long-term debt. Investments in associated organization are not considered a financial instrument because they represent non-transferable interests in associated organizations.

The carrying value of cash and temporary investments approximates fair value because of the short maturity of those instruments.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates used in the preparation of the financial statements.

Off Balance Sheet Risk

Big Sandy has off-balance sheet risk in that they maintain cash deposits in financial institutions in excess of the amounts insured by the Federal Deposit Insurance Corporation (FDIC).

Continued

2. Investments in Associated Organizations

Investments in associated organizations and other consisted of:

	<u>2004</u>	<u>2003</u>
Associated organizations:		
East Kentucky Power Cooperative, Inc.	\$4,961,362	\$4,961,362
National Rural Utilities Cooperative Finance Corporation:		
Patronage capital assigned	100,243	98,897
Capital Term Certificates, at cost	562,394	493,265
Other associated organizations	<u>174,584</u>	<u>157,033</u>
Total	<u>\$5,798,583</u>	<u>\$5,710,557</u>

Big Sandy records patronage capital assigned by associated organizations in the year in which such assignments are received.

The Capital Term Certificates (CTCs) of National Rural Utilities Cooperative Finance Corporation (NRUCFC) are recorded at cost. The CTCs were purchased from NRUCFC as a condition of obtaining long-term financing. The CTCs bear interest at 0%, 3% and 5% and are scheduled to mature at varying times from 2020 to 2080.

3. Patronage Capital

Patronage capital consisted of:

	<u>2004</u>	<u>2003</u>
Assigned to date	\$15,999,859	\$14,988,192
Assignable margins	(347,303)	1,239,983
Retirements to date	<u>(2,075,455)</u>	<u>(2,023,312)</u>
Total	<u>\$13,577,101</u>	<u>\$14,204,863</u>

Under provisions of the long-term debt agreement, return to patrons of capital contributed by them is limited to amounts which would not allow the total equities and margins to be less than 30% of total assets, except that distributions may be made to estates of deceased patrons. The debt agreement provides, however, that should such distributions to estates not exceed 25% of net margins for the next preceding year, Big Sandy may distribute the difference between 25% and the payments made to such estates. At December 31, 2004, the equities and margins were 41% of total assets. Prior year's deficits are recorded as other equity and are offset by future year's non operating margins.

Continued

1. Long Term Debt

All assets, except motor vehicles, are pledged as collateral on the long term debt to RUS Federal Financing Bank (FFB) and NRUCFC under a joint mortgage agreement. Long term debt consisted of:

	<u>2004</u>	<u>2003</u>
First mortgage notes due RUS:		
2%	\$44,711	\$69,204
3.375% to 5.0%	2,345,898	2,396,752
Cushion of credit	<u>(529,690)</u>	<u>(942,553)</u>
	<u>1,860,919</u>	<u>1,523,403</u>
 First mortgage notes due FFB:		
2.222% (1.22% in 2003)	<u>7,006,003</u>	<u>7,204,205</u>
 First mortgage notes due NRUCFC:		
7.00%	40,814	50,933
4.10% (4.10% to 6.95% in 2003)	458,969	799,963
Variable rate 4.20% (2.55% in 2003)	2,811,575	2,591,762
Refinance RUS loans 2.8% - 5.7%	<u>4,826,577</u>	<u>5,171,332</u>
	<u>8,137,935</u>	<u>8,613,990</u>
	17,004,857	17,341,598
Less current portion	<u>750,000</u>	<u>700,000</u>
 Total long term portion	<u>\$16,254,857</u>	<u>\$16,641,598</u>

The variable rate notes payable to NRUCFC adjusts monthly and may be converted to fixed at any time upon Board approval by Big Sandy.

The long-term debt payable to REA, FFB and NRUCFC is due in quarterly and monthly installments of varying amounts through 2028. Big Sandy had unadvanced loan funds available from FFB in the amount of \$7,464,000 at December 31, 2004. These funds will be used for future plant additions.

During 2003, Big Sandy refinanced \$5,171,332 of RUS loans at 5% interest with funds advanced from NRUCFC. The long term debt to pay RUS loans is due in 15 annual installments of \$344,756.

As of December 31, 2004, the annual current portion of long term debt outstanding for the next five years are as follows: 2005 - \$750,000; 2006 - \$770,000; 2007 - \$770,000; 2008 - \$780,000; 2009 - \$800,000.

Continued

5. Short Term Borrowings

At December 31, 2004, Big Sandy had a short-term line of credit of \$2,500,000 available from NRUCFC and \$1,000,000 from National Bank for Cooperatives (CoBank). Big Sandy had repaid all advances from short term borrowings during the audit period.

6. Income Tax Status

Big Sandy is exempt from the payment of federal and state income taxes under provisions of Section 501(c)(12). Accordingly, the financial statements include no provisions for income tax

7. Retirement Plans

Retirement benefits for substantially all employees are provided by Big Sandy. Big Sandy has two pension plans, which have been qualified as tax exempt by the Internal Revenue Service. Retirement cost for union employees was \$53,907 for 2004 and \$41,415 for 2003 and for non-union employees was \$96,555 for 2004 and \$87,307 for 2003. It is the policy of Big Sandy to fund pension costs accrued. A portion of pension cost is allocated to construction overheads.

All eligible non-union employees of Big Sandy participate in the NRECA Retirement and Security Program, a defined benefit pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the Internal Revenue Code. Big Sandy makes annual contributions to the Program equal to the amounts accrued for pension expense. In this multiple employer plan, which is available to all member cooperatives of NRECA, the accumulated benefits and plan assets are not determined or allocated separately by individual employer.

Union employees are covered by the Big Sandy RECC Pension Plan and Trust #2 pursuant to Section 401(k) of the Internal Revenue Code. Big Sandy contributes 5% of annual wages and employees may contribute up to 10% of annual wages. Contributions by Big Sandy vest based on years of service. Employee contributions vest immediately.

8. Accumulated Postretirement Benefits

Big Sandy sponsors a defined benefit plan that provides medical and life insurance for retirees and their dependents. Participating retirees and dependents do not contribute to the projected cost of coverage. For purposes of the liability estimates, the substantive plan is assumed to be the same as the extant written plan. Postretirement benefits are not funded.

Continued

8. Accumulated Postretirement Benefits, continued

The following is a reconciliation of the postretirement benefit obligation for 2004 and 2003:

	<u>2004</u>	<u>2003</u>
Postretirement benefit (prepayment) obligation:		
Balance, beginning of period	<u>\$732,075</u>	<u>\$811,525</u>
Recognition of components of net periodic postretirement benefit cost:		
Service cost	22,000	26,000
Interest cost	64,000	60,000
Amortization of gains or losses	<u>12,000</u>	<u>12,000</u>
	98,000	98,000
Benefits paid to participants	<u>(171,055)</u>	<u>(177,450)</u>
Net periodic benefit cost	<u><u>\$659,020</u></u>	<u><u>\$732,075</u></u>

The accrued postretirement benefit obligation is calculated as follows:

	<u>2004</u>	<u>2003</u>
Accumulated postretirement benefit obligation	\$1,630,000	\$877,550
Plan assets at fair value	<u>-</u>	<u>-</u>
Funded status	1,630,000	877,550
Unrecognized net gain from changes in assumptions	<u>(970,980)</u>	<u>(145,475)</u>
Accrued postretirement benefit cost	<u><u>\$659,020</u></u>	<u><u>\$732,075</u></u>

For measurement purposes, a 8% annual rate of increase, decreasing by 0.5% until level at 5.5%, in the per capita cost of covered health care benefits was assumed. The discount rate used in determining the accumulated postretirement benefit obligation was 6.50% for 2004 and 7% for 2003. A portion of the benefit cost is recorded as overhead costs applicable to construction of electric plant.

9. Lease

Big Sandy leases space for its branch office from an unrelated party. The lease, dated July 1, 1987, is for a period of 3 years, with a renewal for an additional 3 years. The lease is an operating lease with monthly payments of \$625 per month.

Continued

10. Advertising

Advertising costs are expensed as incurred. Advertising expenses were \$1,464 for 2004 and \$1,917 for 2003.

11. Related Party Transactions

Several of the Directors of Big Sandy, the President and General Manager and another employee are on the Board of Directors of various associated organizations.

One of the owners of the construction contractor for Big Sandy is the brother of the President and General Manager of Big Sandy. The amount paid to the construction contractor was \$299,586 for 2003 and \$245,863 for 2002.

12. Commitments and Contingencies

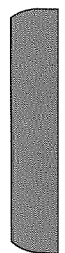
Big Sandy is contingently liable as guarantor for approximately \$296,000 of long-term obligation of East Kentucky to RUS, NRUCFC and institutional investors. Substantially all assets of Big Sandy are pledged as collateral for this guarantee, in addition to the pledge in the mortgage agreement referred to in Note 4. This contingent liability was part of an overall financing plan for the construction of generating facility near Maysville, Kentucky.

Big Sandy also has various other agreements outstanding with local contractors. Under these agreements, the contractors will perform certain construction and maintenance work at specified hourly rates or unit cost, or on an as needed basis. The duration of these contracts are one to three years.

13. Risk Management

Big Sandy is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Big Sandy carries commercial insurance for all risks of loss, including workers' compensation, general liability and property loss insurance. As is customary in the utility industry, Electric Plant is not insured. Settled claims resulting from these risks have not exceeded commercial insurance coverage in 2004 or 2003.



1 Big Sandy Rural Electric Cooperative
2 **Computer Software Programs**
3 December 31, 2004
+ Witness: Alan Zumstein
5
6
7

Exhibit
page
of

O
1
1

Exhibit O
Page 1 of 1

8 Big Sandy Rural Electric has used Lotus 1-2-3 Release 5 in the preparation of this
9 Application along with Microsoft Excel for some schedules.
10
11



1 Big Sandy Rural Electric Cooperative
2 **Annual Meeting Information**
3 December 31, 2004
4 Witness: Bobby Sexton
5
6

Exhibit
page
of

7 The most recent Big Sandy Rural Electric annual meeting was held May 27,
8 2004. The minutes of that annual meeting are attached, along with the insert in
9 the Kentucky Living Magazine, describing the annual meeting.
10

11 Data for the last five (5) annual meetings are as follows:
12

	<u>Year</u>	<u>Members</u> <u>Attending</u>	<u>Members</u> <u>Voting</u>	<u>Cost</u>
13				
14				
15				
16	2004	568	--	\$19,878
17	2003	665	3162	\$43,017
18	2002	475	--	\$20,963
19	2001	530	--	\$23,122
20	2000	632	2,381	\$33,990
21				
22				
23				
24				
25				
26				

BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION
ANNUAL MEETING OF MEMBERSHIP
MAY 27, 2004
MOUNTAIN ARTS CENTER, PRESTONSBURG KY

Exhibit P
Page 2 of 10

CALL TO ORDER: The meeting was called to order by Chairman Wade May at 7:00 PM.

Chairman May turned the meeting over to Ron Sheets to act as Chairman.

INVOCATION: Bill Maxey gave the invocation.

QUORUM: Mr Sheets declared that a quorum was present.

FIOB: Resolution -

Mr Sheets read the resolution setting the date and location of the 2004 Annual Meeting.

NIOB: Minutes -

The reading of the minutes of the 2003 Annual Meeting was waived by a motion, second and vote from the floor and approved without reading.

NIOB: Notice of Meeting -

Mr Sheets read the Notice of Meeting published in the Kentucky Living magazine.

NIOB: Introduction of Board, Attorneys & President/General Manager -

Mr Sheets introduced Chairman Wade May, Vice Chairman Danny Wallen, Secretary-Treasurer Joe Harris, Director Ervin Stapleton, Director Bill Maxey, Director Greg Davis and Director Robert Moore, Attorney Albert Burchett, Attorney Scott Preston and President/General Manager Bobby Sexton.

NIOB: Election of Directors -

Danny Wallen, District 1 and Ervin Stapleton, District 2 were elected to four year terms without opposition. A motion and second was made from the floor to approve and enter into the minutes. A favorable vote was received from the floor.

NIOB: Introduction of Guests -

Mr Sheets recongnized Representative Hubert Collins and expressed his appreciation for everything Mr Collins has done for the electric industry.

He also recognized Mrs Neva Green Rowland for her 56th year attending Big Sandy's Annual Meeting.

NIOB: Unfinished Business -

Mr Sheets called for any unfinished business, with no response.

NIOB: New Business -

Mr Sheets called for any new business, with no response.

NIOB: Other Business -

Mr Sheets called for any other business, with no response.

NIOB: Adjourn -

A motion was made and second from the floor to adjourn. All votes were in favor of adjourning. The meeting adjourned promptly at 7:17 PM.

ADDRESS: Roy Palk, CEO of East Kentucky Power addressed the membership regarding the Co-op program.

Wade May, Chariman

Joe W Harris, Jr., Secretary

BIG SANDY RURAL ELECTRIC Exhibit P Page 3 of 10 *Cooperative Corporation*

www.bigsandyrecc.com

504 Eleventh Street
Paintsville, KY 41240
(606) 789-4095
7:30 a.m. to 4:00 p.m.

Box 204, Glyn View Plaza
Prestonsburg, KY 41653
(606) 886-2987
8:00 a.m. to 4:30 p.m.



Manager's Comments
By BOBBY SEXTON

Big Sandy RECC announces 2004 Annual Meeting

Dear Member,

It's annual meeting time again and you're invited! This is a special invitation to attend our 64th annual membership meeting. So mark your calendars for Thursday, May 27, and make plans to join us. This year's meeting will once again be held at the Mountain Arts Center in Prestonsburg.

As always, registration will begin at 6:00 p.m. Our business meeting will be the first item on the agenda and will start at 7:00 p.m. We will present reports of current activities and conditions of Big Sandy RECC and the ever-changing electric utility industry.

Our featured entertainment will be Ernie Thacker and Route 23. Back by popular demand is Don Noble. Don will be doing caricatures throughout the evening. The Paintsville Fire Department will have Sparky the Safety Dog there and Pudgy the Patrol Car from the

Kentucky State Police will also be making his rounds. There will also be some pre-meeting entertainment in the auditorium beginning around 6:00 p.m.

So bring your family on Thursday, May 27 for fun and entertainment. See you there!

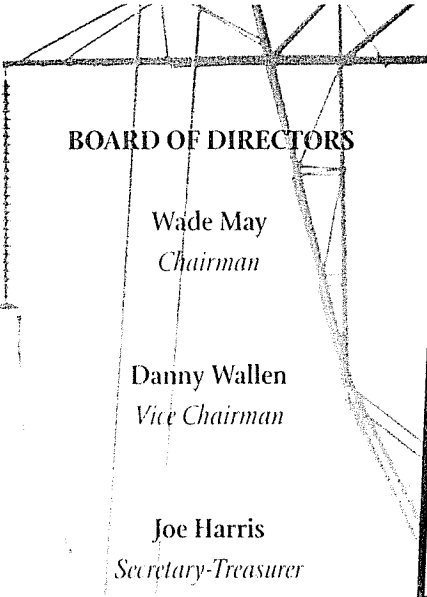
Big Sandy RECC 64th Annual Meeting

When: May 27

Where: Mountain Arts Center

Registration: 6 p.m.

Business Mtg.: 7 p.m.



BOARD OF DIRECTORS

Wade May
Chairman

Danny Wallen
Vice Chairman

Joe Harris
Secretary-Treasurer

Ervin Stapleton
Bill Maxey
Greg Davis
Robert Moore

Attorneys

A.A. Burchett Scott Preston

EMERGENCIES/OUTAGES

(Nights, Weekends & Holidays)

Johnson, Martin & Lawrence Counties

Arlie Daniel 265-4240
Kirby Castle 265-3106
Chester Pennington 265-3346

Floyd & Knott Counties

Bobby Sexton 358-4345
Ralph Leslie 874-9816
John Harrison 886-9129
Dave Robinson 886-2917
Jeff Prater 358-4448

www.ekpc.com

www.kaec.org

www.touchstoneenergy.com

FOOD CITY AND WMDJ RADIO PRESENT Page 1 of 1

THE 11TH ANNUAL

KIDS DAY

IN THE PARK

SATURDAY, APRIL 24 11 A.M. - 2 P.M.

ARCHER PARK, PRESTONSBURG

FREE MAYFIELD ICE CREAM

FOOD CITY HOT AIR BALLOON

KERN'S FRIED PIES FOR ALL!

"FANTASY FIELD" PRESENTED BY OUR LADY OF THE WAY HOSPITAL

EXPLORATION STATION AND PEPSI'S PETTING ZOO

THANKS TO RESPOND AMBULANCE FOR THE FIRST AID STATION AND TO THE ALLEN CENTRAL HIGH SCHOOL JUNIOR ROTC PROGRAM.

Accountability

It's one of Big Sandy RECC's core values

Last year's wave of accounting scandals by some of Wall Street's most powerful companies shook the confidence of U.S. investors to the core. As the scandals hit the front pages, giant firms such as Enron crumbled, wiping out the life savings of thousands of average Americans. Tough penalties and tighter regulations have been put in place to restore investor faith and increase corporate America's accountability.

While Wall Street's high rollers may not be comfortable being under a microscope, accountability and disclosure have worked for decades for Big Sandy RECC. Accountability is one of our core values, and we don't just give it lip service.

The fact that Big Sandy RECC is locally owned and committed to providing quality service continues to keep us accountable. Our employees—including all of our top managers—live in the area and can quickly be reached to handle your questions and address problems.

The Kentucky Public Service Commission (PSC) and the federal Rural Utilities Service (RUS) both closely monitor the activities of Big Sandy RECC. They provide information to the public about your co-op—everything from consumer complaints to the results of an extensive annual audit.

In addition to the PSC's annual audit,

RUS does an audit when we apply for a loan. We have to provide documents attesting to our credit-worthiness. We also report to the federal Energy Information Administration (EIA), part of the U.S. Department of Energy.

Because our members are owners and sit on our board, you also help keep us accountable. We are a not-for-profit organization, which means that unlike an investor-owned company, our motivation is not to make money. We exist for people, not for profit. We don't need to meet target earning requirements. There's no temptation to inflate the bottom line to make shareholders happy.

Big Sandy RECC wants to keep you happy, but in a different way—by delivering superior service and doing what we say we will do on a daily basis.

Reminder: Exhibit P
Page 7 of 10

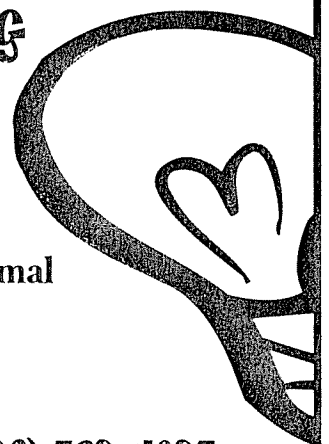
Daylight-saving time begins April 4. Be sure to set your clocks forward an hour, change the batteries in your smoke alarm, and take full advantage of that extra hour of daylight!

OUR NEW AND ENHANCED ENERGY MARKETING PROGRAM

Ask us about our...

air-to-air heat pump program
water heater program • geothermal program • button-up program
energy audit program

CALL BRUCE AARON DAVIS (606) 789-4095



Nature Notes

by Chris Carpenter

That's right—it's big, it's brown, and it's a bat. Well, you don't have to hang around biologists too long to see that many times an animal's name is simply very descriptive. Actually the Big Brown Bat has another name, *Eptesicus fuscus*. This Latin name refers to the animal's habits and color: *Eptesicus* means "house flyer" and *fuscus* means "dusky."

The Big Brown Bat is Kentucky's second largest bat with a wingspan of 12-15 inches. Their body length is 3-5 inches and they weigh 0.5-0.7 ounces, or about the same as your car key. Big Browns have silky, long, golden-brown fur on their backs with lighter undersides. They have black wings and ears and a dark muzzle.

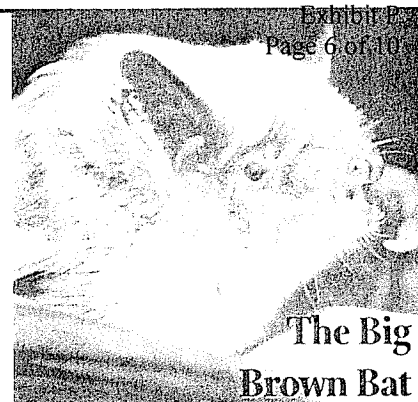
Big Brown Bats have been known to live as long as 19 years, and unfortunately their biggest threat is humans. Natural

predators include American kestrels, owls, weasels, rat snakes, and bullfrogs.

In Kentucky it is found nearly statewide, and it is very closely associated with humans and their buildings—often roosting in barns, attics, and churches. Have no fear if these bats inhabit a building on your property: they are only looking for a place to spend the day.

The Big Brown Bat is one of the first species to emerge from hibernation and also one of the first bats to leave its roost and begin foraging for insects each night. They can be recognized by their large size and relatively slow wing beats.

When these bats emerge at dusk, they will promptly begin the insect extermination that makes these animals so beneficial to humans. They eat beetles, mosquitoes, flies, and ants in large quantities. Big Browns can consume their own body weight in insects in just one night. In the



The Big Brown Bat

winter, Big Brown Bats will move into mines and caves to hibernate.

Mating occurs in autumn, and they usually have twins born in May and June that are hairless and helpless with their eyes closed. The pups nurse for three to four weeks and can fly one month after birth!

Check them out this spring and summer, and be glad if you have your own insect-eating colony of Big Brown Bats.

Chris Carpenter is a biologist with Kentucky's Touchstone Energy Cooperatives.

Big Sandy Quilt, Art, and Antique Show

It will soon be time to bring out the quilts, antiques, and art to showcase at this year's Big Sandy Quilt, Art, and Antique Show, according to Brenda Cockerham of the University of Kentucky Cooperative Extension Service. The event will be held April 31-May 1.

"The event is 18 years old," Cockerham said. "Each year it has evolved a little more. Art and antiques (and antique appraisals) were added, the event was moved to the Ramada, and this year we plan on working on a special art auction. Last year we had a record attendance of 900 at the event. This year we hope to add ribbons and judging to artist portion of the show."

The Johnson County Piecemakers will be managing this year's event. Chairperson Tammy Penix will field all phone calls and



Quilts from Johnson, Magoffin, Floyd, and Lawrence counties include, seated, from left, Jo Ann Hatfield and Susie Huseman; back row, from left, Tammy Penix, Jean Watson, Gypsy Jones, Sheila Amburgy, Alice Conley, and Tina Penix.

answer questions as they relate to the event. She can be reached at (606) 297-1298.

"Coordinating the event is a bit challenging," said Cockerham, who has coordinated the event for the past few years. "It takes teamwork and commitment to pull it off,"

she said. Tammy Penix and the Piecemakers can use any and all help offered. If you would enjoy helping out in some way, please contact Tammy at 297-1298, Alice Conley at 297-3298, or call the Johnson County Extension office at 789-8108.

BIG SANDY RURAL ELECTRIC

Exhibit P
Page 7 of 10

Cooperative Corporation

www.bigsandyrecc.com

504 Eleventh Street

Paintsville, KY 41240

(606) 789-4095

7:30 a.m. to 4:00 p.m.

Box 8, Glyn View Plaza

Prestonsburg, KY 41653

(606) 886-2987

8:00 a.m. to 4:00 p.m.



Manager's Comments

BY BRUCE DAVIS JR.

Big Sandy RECC announces its 2003 Annual Meeting

Dear Member:

It's annual meeting time again and you're invited! This is a special invitation to attend our 63rd annual membership meeting. So mark your calendars for Thursday, May 22nd, and make plans to join us. This year's meeting will once again be held at the Mountain Arts Center in Prestonsburg.

As always, registration will begin at 6:00 p.m. Our business meeting will be the first item on the agenda and will start at 7:00 p.m. We will present reports of current activities and conditions of Big Sandy RECC and the ever-changing electric utility industry.

Our featured entertainment will be the Kentucky Opry Junior Pros. Back by popular demand is Don Noble: Don will be doing caricatures throughout the evening. The Paintsville Fire Department will have "Sparky" the Safety Dog there and "Pudgy" the Patrol Car from the Kentucky State Police will be making his rounds. There will also be some pre-meeting entertainment in the auditorium beginning around 6:00 pm.

When: May 22

Where: Mountain Arts Center

Registration time: 6 p.m.

Business Meeting: 7 p.m.

So bring your family on Thursday, May 22nd, for fun and entertainment. See you there!

BOARD OF DIRECTORS

John Ed Shepherd
Chairman

Danny Wallen
Vice Chairman

Joe Harris
Secretary-Treasurer

Ervin Stapleton
Bill Maxey
Bobby Sexton
Wade May

Attorneys

A.A. Burchett Scott Preston

EMERGENCIES/OUTAGES
(Nights, Weekends & Holidays)

Johnson, Martin & Lawrence Counties

Bruce Davis 789-6642
Arlie Daniel 265-4240
Ben Caudill 265-4539
Chester Pennington 265-3346

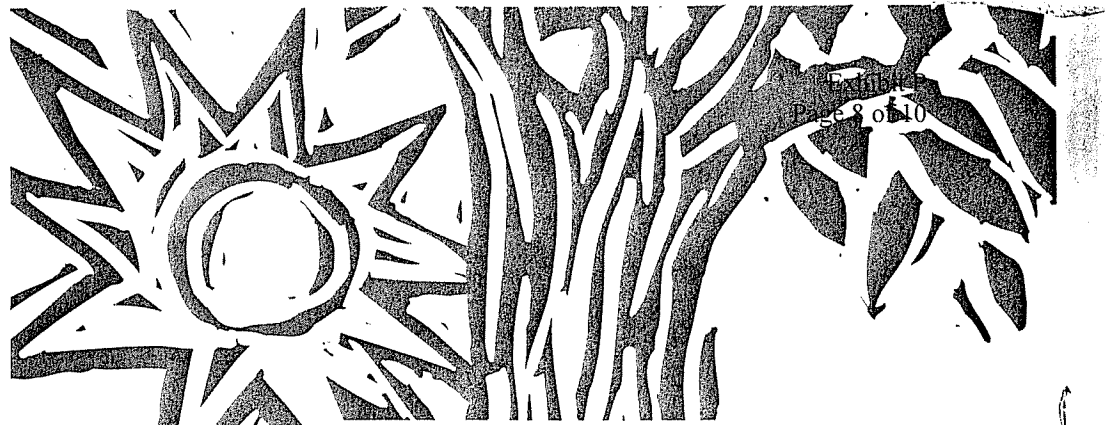
Floyd & Knott Counties

Ralph Leslie 874-9816
John Harrison 886-9129
Dave Robinson 886-2917
Jeff Prater 358-4448

www.ekpc.com

www.kaec.org

www.touchstoneenergy.com



Food City and WMDJ
present the 10th annual

KIDS' DAY
IN THE PARK

SATURDAY, APRIL 26

Big Sandy RECC
Big Wheel Race

FREE Mayfield Ice
Cream

"The Food City Hot
Air Balloon"

Kern's Fried Pies for
everyone

Our Lady of the Way
Hospital proudly presents
"Fantasy Field" and more!!

Exploration Station
and Pepsi's
Petting Zoo

Thanks to Respond Ambulance for the first aid station and
to the Allen Central High School Junior ROTC program.



Kentucky Opry Junior Pros

Exhibit B
Page 9 of 10

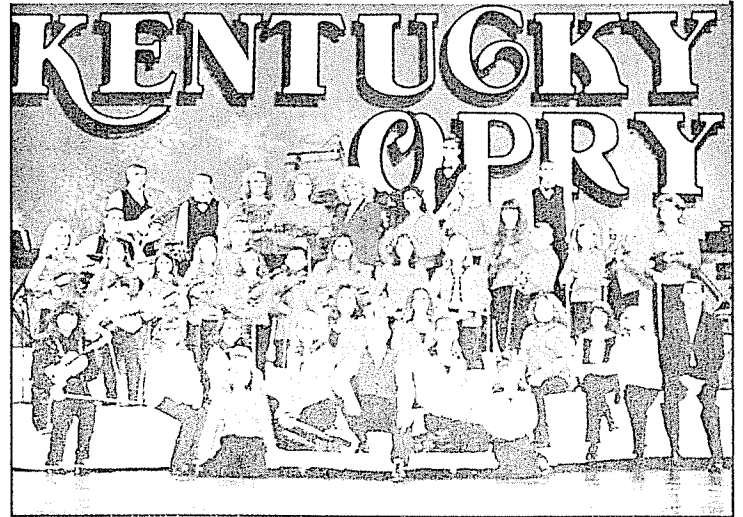
Talented youngsters entertain region and nation with music native to eastern Kentucky

The Kentucky Opry Junior Pros are hard to describe. These talented musicians range in age from 5 years old to juniors in college and come from seven different eastern Kentucky counties. The young group excels in playing bluegrass while the older members love performing hits from today's top country music lists. They have performed all over the state as well as in Washington, D.C.,

at the Kennedy Arts Center.

Kentucky Opry was founded by lifetime educator Billie Jean Osborne. After retiring from 30

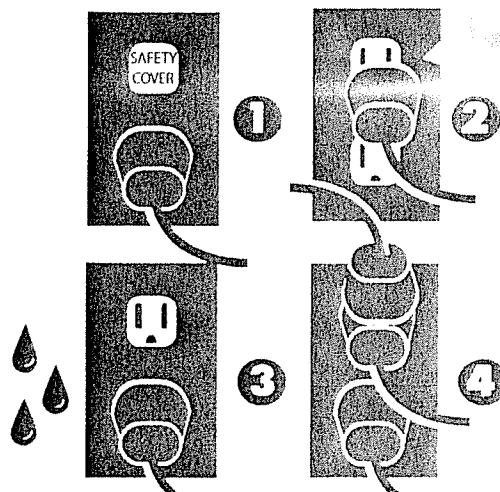
years of teaching in her hometown of Betsy Layne, Billie Jean knew there was something more she wanted to do. She dreamed of having a performing arts center where these tal-



ented young people of eastern Kentucky could be showcased. That dream came true with the opening of the Mountain Arts Center in October 1996.

Safety By the Numbers

1. Use safety covers on open plugs.
2. Check for loose plugs. They can cause appliances to overheat and catch fire.
3. Use GFCI plugs in kitchens and bathrooms.
4. Don't overload plugs.



REMINDER:

Daylight-saving time begins **APRIL 6**. Be sure to set your **CLOCKS** forward an hour, change the batteries in your smoke alarm, and **TAKE FULL ADVANTAGE** of that extra hour of **DAYLIGHT!**

THE 2ND ANNUAL BLUEGRASS

BASH

SPONSORED BY
BIG SANDY RECC

FEATURING
LONESOME MOUNTAIN BOYS

SALVATION RAIN

RONNIE SPRIGGS

5 MILES FROM NOWHERE

BIG SANDY RECC
EMPLOYEE TRIO

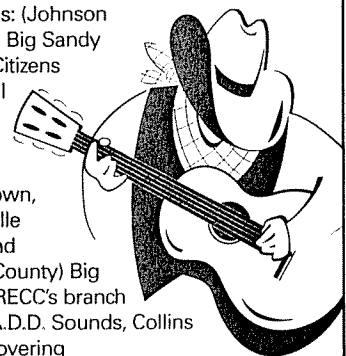
WHEN: FRIDAY, APRIL 11, 7 P.M.

WHERE: JOHNSON COUNTY MIDDLE SCHOOL

TICKETS: \$6 IN ADVANCE; \$8 AT THE DOOR

FOR MORE INFORMATION, CALL
(606) 789-4095

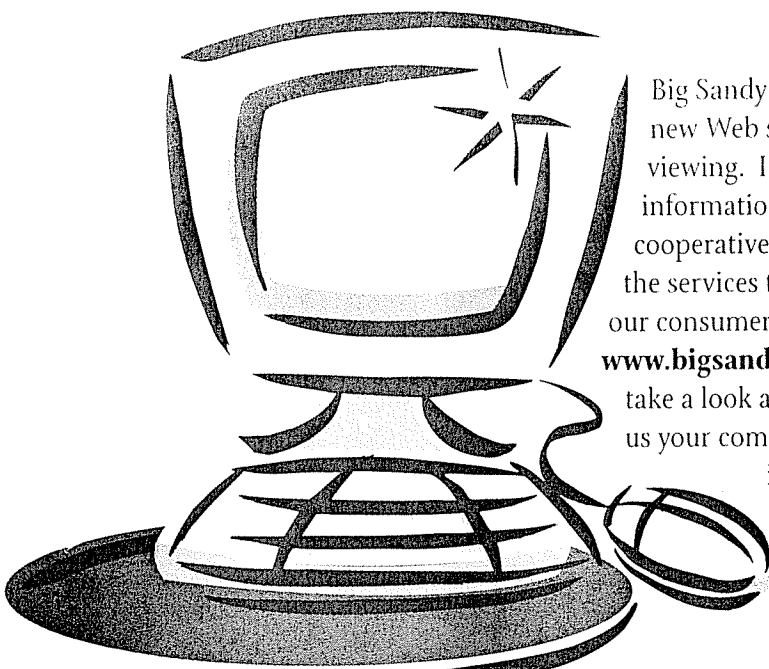
Tickets are available at these locations: (Johnson County) Big Sandy RECC, Citizens National Bank, Main Street Downtown, Paintsville Foodland (Floyd County) Big Sandy RECC's branch office, A.D.D. Sounds, Collins Floor Covering



Big Sandy
Quilt, Art
& Antique
Show

at the Ramada
Inn in Paintsville
May 2 & 3, 2003
For more
information call
(606) 789-8108

Big Sandy RECC is online Check us out!



Big Sandy RECC has a new Web site for your viewing. It provides information about the cooperative and some of the services that we offer to our consumers. Go to www.bigsandyrecc.com and take a look at it. Please give us your comments by replying to the provided e-mail address on the Web site.



PART A. STATEMENT OF OPERATIONS

LINE NO	DESCRIPTION	YEAR TO DATE		BUDGET	THIS MONTH	% FROM		% CHANGE FROM LAST YEAR
		LAST YEAR	THIS YEAR			BUDGET	LAST YEAR	
1.0	OPERATING REVENUE & PATRONAGE CAPITAL	15,813,124.81	16,671,406.55	16,113,452.00	1,770,442.83	3.5	5.4	
2.0	POWER PRODUCTION EXPENSE	00	00	00	00	0	0	
3.0	COST OF PURCHASED POWER	10,801,534.00	11,947,454.00	11,157,302.00	1,421,512.00	7.1	10.6	
4.0	TRANSMISSION EXPENSE	00	00	00	00	0	0	
5.0	DISTRIBUTION EXPENSE-OPERATION	530,068.91	565,607.64	498,743.00	67,666.01	13.4	6.7	
6.0	DISTRIBUTION EXPENSE-MAINTENANCE	913,871.36	1,070,736.75	980,676.00	87,255.41	9.2	17.2	
7.0	CONSUMER ACCOUNTS EXPENSE	574,661.93	691,035.65	540,098.00	66,198.92	27.9	20.3	
8.0	CUSTOMER SERVICE & INFORMATIONAL EXPENSE	142,254.27	94,879.58	93,239.00	10,506.90	1.8	33.3	
9.0	SALES EXPENSE	937.06	637.50	00	50.00	100.0	32.0	
10.0	ADMINISTRATIVE & GENERAL EXPENSE	1,091,248.20	1,170,048.48	1,119,616.00	73,578.74	4.5	7.2	
11.0	TOTAL OPERATIONS & MAINTENANCE EXPENSE	14,054,575.73	15,540,399.60	14,389,674.00	1,726,767.98	8.0	10.6	
12.0	DEPRECIATION & AMORTIZATION EXPENSE	999,399.23	1,037,867.85	1,079,452.00	88,516.75	3.9	3.8	
13.0	TAX EXPENSE - PROPERTY & GROSS RECEIPTS	00	00	00	00	0	0	
14.0	TAX EXPENSE - OTHER	18,317.47	17,172.48	18,500.00	1,320.41	7.2	6.3	
15.0	INTEREST ON LONG TERM DEBT	516,902.74	547,045.76	570,000.00	43,068.81	4.0	5.8	
16.0	INTEREST CHARGED TO CONSTRUCTION - CREDIT	00	00	00	00	0	0	
17.0	INTEREST EXPENSE - OTHER	34,524.85	29,614.55	30,700.00	2,463.86	3.5	14.2	
18.0	OTHER DEDUCTIONS	9,239.68	5,355.50	10,000.00	205.00	46.4	42.0	
19.0	TOTAL COST OF ELECTRIC SERVICE	15,632,959.70	17,177,455.74	16,098,326.00	1,862,342.81	6.7	9.9	
20.0	PATRONAGE CAPITAL & OPERATING MARGINS	180,165.11	506,049.19	15,126.00	91,899.98	445.6	380.9	
21.0	NON-OPERATING MARGINS - INTEREST	71,837.54	84,513.09	50,000.00	3,976.11	69.0	17.6	
22.0	ALLOW. FOR FUNDS USED DURING CONSTRUCTION	00	00	00	00	0	0	
23.0	INCOME (LOSS) FROM EQUITY INVESTMENTS	00	00	00	00	0	0	
24.0	NON-OPERATING MARGINS - OTHER	00	6,346.56	00	00	0	0	
25.0	GENERATION & TRANSMISSION CAPITAL CREDITS	00	00	00	00	0	0	
26.0	OTHER CAPITAL CREDITS & PATRONAGE DIVID.	807,118.83	46,188.74	00	1,212.94	100.0	94.3	
27.0	EXTRAORDINARY ITEMS	00	00	00	00	0	0	
28.0	PATRONAGE CAPITAL OR MARGINS	1,059,121.48	381,673.92	65,126.00	86,710.93	686.1	136.0	

RATIOS

TIER	3.049	302	1.114	1.013
MARGINS TO REVENUE	067	023	004	049
POWER COST TO REVENUE	683	717	692	803
INTEREST EXPENSE TO REVENUE	033	033	035	024

CURRENT ASSETS	1.7590
MARGINS & EQUITIES AS % OF ASSETS	4072
LONG TERM DEBT AS % OF PLANT	5240
GENERAL FUNDS TO TOTAL PLANT	3.0570
QUICK ASSET RATIO	1.6791

DATA ON TRANSMISSION AND DISTRIBUTION PLANT

ITEM	YEAR TO DATE		LAST YEAR	THIS YEAR
	LAST YEAR	THIS YEAR		
1. New Services Connected	446	428	5. Miles Transmission	1,000.66
2. Services Retired	125	141	6. Miles Distribution	1,002.93
3. Total Services in Place	15,586	15,873	7. Miles Distribution	
4. Idle Services	2,202	2,347	8. Total Miles Energized	1,000.66
				1,002.93
				(5+6+7)

PART B

December 2004

BIG SANDY RECC
 PRG OPERBSHT
 PART C. BALANCE SHEET

LINE NO	ASSETS AND OTHER DEBITS	LIABILITIES AND OTHER CREDITS
1.0	TOTAL UTILITY PLANT IN SERVICE	29.0 MEMBERSHIPS
2.0	CONSTRUCTION WORK IN PROGRESS	30.0 PATRONAGE CAPITAL
3.0	TOTAL UTILITY PLANT	31.0 OPERATING MARGINS - PRIOR YEAR
4.0	ACCUM PROV FOR DEP & AMORT	32.0 OPERATING MARGINS - CURRENT YEAR
5.0	NET UTILITY PLANT	33.0 NON-OPERATING MARGINS
6.0	NON-UTILITY PROPERTY (NET)	34.0 OTHER MARGINS & EQUITIES
7.0	INVEST IN SUBSIDIARY COMPANIES	35.0 TOTAL MARGINS & EQUITIES
8.0	INV IN ASSOC ORG - PAT CAPITAL	36.0 LONG TERM DEBT - RUS (NET)
9.0	INV IN ASSOC ORG OTHER GEN FND	(PAYMENTS-UNAPPLIED)
10.0	INV IN ASSOC ORG - NON GEN FND	37.0 LONG TERM DEBT - RUS-ECON-DEV NET
11.0	INV IN ECON DEVEL PROJECTS	38.0 LONG TERM DEBT - FFB-RUS GUAR
12.0	OTHER INVESTMENTS	39.0 LONG TERM DEBT OTHER-RUS GUAR
13.0	SPECIAL FUNDS	40.0 LONG TERM DEBT - OTHER (NET)
14.0	TOT OTHER PROP & INVESTMENTS	41.0 TOTAL LONG TERM DEBT
15.0	CASH - GENERAL FUNDS	42.0 OBLIGATION UNDER CAPITAL LEASE
16.0	CASH - CONSTRUCTION FUND TRUST	43.0 ACCUM OPERATING PROVISIONS
17.0	SPECIAL DEPOSITS	44.0 TOTAL OTHER NONCURR LIABILITY
18.0	TEMPORARY INVESTMENTS	45.0 NOTES PAYABLE
19.0	NOTES RECEIVABLE (NET)	46.0 ACCOUNTS PAYABLE
20.0	ACCTS RECV - SALES ENERGY (NET)	47.0 CONSUMER DEPOSITS
21.0	ACCTS RECV - OTHER (NET)	48.0 CURR MATURITIES LONG-TERM DEBT
22.0	MATERIAL & SUPPLIES-ELEC & OTH	49.0 CURR NATURIT LT DEBT ECON DEV
23.0	PREPAYMENTS	50.0 CURR MATURITIES-CAPITAL LEASES
24.0	OTHER CURRENT & ACCR ASSETS	51.0 OTHER CURRENT & ACCRUED LIAB
25.0	TOTAL CURRENT & ACCR ASSETS	52.0 TOTAL CURRENT & ACCRUED LIAB
26.0	REGULATORY ASSETS	53.0 REGULATORY LIABILITIES
27.0	OTHER DEFERRED DEBITS	54.0 OTHER DEFERRED CREDITS
28.0	TOTAL ASSETS & OTHER DEBITS	55.0 TOTAL LIABILITIES & OTH CREDIT

C E R T I F I C A T I O N

WE HEREBY CERTIFY THAT THE ENTRIES IN THIS REPORT ARE IN ACCORDANCE WITH THE ACCOUNTS AND OTHER RECORDS OF THE SYSTEM AND REFLECT THE STATUS OF THE SYSTEM TO THE BEST OF OUR KNOWLEDGE AND BELIEF.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, REA, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

SIGNATURE OF MANAGER OR ACCOUNTANT: *Robert D. [Signature]* DATE: 12-31-04
 SIGNATURE OF OFFICE MANAGER: *[Signature]* DATE: 12-31-04

PART A. STATEMENT OF OPERATIONS

LINE NO	DESCRIPTION	YEAR TO DATE		BUDGET	THIS MONTH	% FROM BUDGET	% CHANGE FROM LAST YEAR
		LAST YEAR	THIS YEAR				
1.0	OPERATING REVENUE & PATRONAGE CAPITAL	14,048,032.82	14,900,963.72	14,468,992.00	1,343,132.80	3.0	6.1
2.0	POWER-PRODUCTION-EXPENSE	00	00	00	00	0	0
3.0	COST OF PURCHASED POWER	9,588,534.00	10,525,942.00	10,005,463.00	922,885.00	5.2	9.8
4.0	TRANSMISSION EXPENSE	00	00	00	00	0	0
5.0	DISTRIBUTION EXPENSE-OPERATION	480,151.73	497,941.63	457,105.00	68,640.17	8.9	3.7
6.0	DISTRIBUTION EXPENSE-MAINTENANCE	822,799.27	983,481.34	898,832.00	59,666.20	9.4	19.5
7.0	CONSUMER ACCOUNTS EXPENSE	519,869.30	624,836.73	493,044.00	64,693.62	26.2	20.2
8.0	CUSTOMER SERVICE & INFORMATIONAL EXPENSE	134,041.25	84,372.68	85,448.00	9,089.65	1.3	37.1
9.0	SALES EXPENSE	882.06	587.50	00	20.00	100.0	33.4
10.0	ADMINISTRATIVE & GENERAL EXPENSE	935,282.27	1,076,469.74	1,026,234.00	96,627.45	6.8	17.2
11.0	TOTAL OPERATIONS & MAINTENANCE EXPENSE	12,481,559.80	13,813,631.62	12,968,126.00	1,221,622.09	6.5	10.7
12.0	DEPRECIATION & AMORTIZATION EXPENSE	914,665.53	949,351.10	989,494.00	87,919.15	4.1	3.8
13.0	TAX EXPENSE - PROPERTY & GROSS RECEIPTS	00	00	00	00	0	0
14.0	TAX EXPENSE - OTHER	18,317.50	15,852.07	16,962.00	1,320.41	6.5	13.5
15.0	INTEREST-ON-LONG-TERM-DEBT	451,960.67	503,976.95	522,489.00	42,957.49	3.5	11.5
16.0	INTEREST CHARGED TO CONSTRUCTION - CREDIT	00	00	00	00	0	0
17.0	INTEREST EXPENSE - OTHER	32,059.96	27,150.69	28,138.00	2,450.22	3.5	15.3
18.0	OTHER DEDUCTIONS	6,916.39	5,150.50	9,163.00	50.00	43.8	25.5
19.0	TOTAL COST OF ELECTRIC SERVICE	13,905,479.93	15,315,112.93	14,534,372.00	1,356,319.36	5.4	10.1
20.0	PATRONAGE CAPITAL & OPERATING MARGINS	142,552.89	414,149.21	65,380.00	13,186.56	533.4	390.5
21.0	ALLOW. FOR FUNDS USED DURING CONSTRUCTION	51,128.34	80,536.98	45,826.00	12,336.58	75.7	57.5
22.0	INCOME (LOSS) FROM EQUITY INVESTMENTS	00	00	00	00	0	0
23.0	NON-OPERATING MARGINS - OTHER	00	6,346.56	00	00	0	0
24.0	GENERATION & TRANSMISSION CAPITAL CREDITS	00	00	00	00	0	0
25.0	OTHER CAPITAL CREDITS & PATRONAGE DIVID.	21,899.88	44,975.80	00	1,721.00	100.0	105.4
26.0	EXTRAORDINARY ITEMS	00	00	00	00	0	0
27.0	PATRONAGE CAPITAL OR MARGINS	215,581.11	294,982.99	19,554.00	871.02	408.6	236.8

RATIOS	YEAR TO DATE		ITEM	YEAR TO DATE	
	LAST YEAR	THIS YEAR		LAST YEAR	THIS YEAR
TIER	1.477	415		1.020	
MARGINS TO REVENUE	015	020		001	
POWER COST-TO-REVENUE	683	706		687	
INTEREST EXPENSE TO REVENUE	032	034		032	
CURRENT ASSETS - CURRENT-LIABILITIES	2.1064				
MARGINS & EQUITIES AS % OF ASSETS	4169				
LONG TERM DEBT AS % OF PLANT	5254				
GENERAL FUNDS TO TOTAL PLANT	3.4387				
QUICK ASSET RATIO	2.0062				

PART B
 November 2004
 DATA ON TRANSMISSION AND DISTRIBUTION PLANT

ITEM	YEAR TO DATE		ITEM	YEAR TO DATE	
	LAST YEAR	THIS YEAR		LAST YEAR	THIS YEAR
1. New Services Connected	414	382	5. Miles Transmission	1000.61	1,002.89
2. Services Retired	121	131	6. Miles Distribution Overhead		
3. Total Services in Place	15,558	15,837	7. Miles Distribution Underground		
4. Idle Services	2,211	2,342	8. Total Miles Energized (5+6+7)	1000.61	1,002.89

PART C. BALANCE SHEET

LINE NO	ASSETS AND OTHER DEBITS	LIABILITIES AND OTHER CREDITS	
1	0 TOTAL UTILITY PLANT IN SERVICE 32,298,493.12	29	0 MEMBERSHIPS 219,250.00
2	0 CONSTRUCTION WORK-IN-PROGRESS 18,423.23	30	0 PATRONAGE CAPITAL 10,629,206.91
3	0 TOTAL UTILITY PLANT 32,316,916.35	31	0 OPERATING MARGINS - PRIOR YEAR 2,947,367.44
4	0 ACCUM PROV FOR DEP & AMORT 8,600,300.56	32	0 NON-OPERATING MARGINS 282,786.25
5	0 NET-UTILITY-PLANT 23,716,615.79	33	0 OTHER MARGINS & EQUITIES 123,348.16
6	0 NON-UTILITY PROPERTY (NET) 00	34	0 TOTAL MARGINS & EQUITIES 13,953,262.44
7	0 INVEST IN-SUBSIDIARY-COMPANIES 00	36	0 LONG TERM DEBT - RUS (NET) 1,789,472.99
8	0 INV IN ASSOC ORG - PAT CAPITAL 5,226,271.38		(PAYMENTS-UNAPPLIED) 00
9	0 INV IN ASSOC ORG OTHR GEN FND 3,205.00	37	0 LNG-TERM DEBT-RUS-ECON DEV NET 00
10	0 INV IN ASSOC ORG - NON GEN FND 562,394.12	38	0 LNG-TERM DEBT-PFB-RUS GUAR 00
11	0 INV IN ECON DEVEL PROJECTS 5,500.00	39	0 LONG-TERM DEBT OTHER-RUS GUAR 00
12	0 OTHER INVESTMENTS 5,500.00	40	0 LONG TERM DEBT - OTHER (NET) 15,189,167.21
13	0 SPECIAL FUNDS 00	41	0 TOTAL LONG TERM DEBT 16,978,640.20
14	0 TOT OTHER PROP & INVESTMENTS 67,053.33	42	0 OBLIGATION UNDER CAPITAL LEASE 00
15	0 CASH - GENERAL-FUNDS 477.50	43	0 ACCUM OPERATING PROVISIONS 663,643.45
16	0 SPECIAL DEPOSITS 20.00	44	0 TOTAL OTHER NONCURR LIABILITY 663,643.45
17	0 TEMPORARY INVESTMENTS 1,035,517.16	45	0 NOTES PAYABLE 00
18	0 NOTES RECEIVABLE (NET) 2,467,474.55	46	0 ACCOUNTS PAYABLE 1,147,343.77
19	0 ACCTS REC - SALES ENERGY (NET) 122,385.85	47	0 CONSUMER DEPOSITS 483,755.00
20	0 ACCTS REC - OTHER (NET) 185,908.38	48	0 CURR MATURITIES LONG-TERM DEBT 64,050.00
21	0 MATERIAL & SUPPLIES-ELEC & OTH 28,858.39	49	0 CURR MATURIT LT DEBT ECON DEV 00
22	0 PREPAYMENTS 2,101.87	50	0 CURR MATURITIES-CAPITAL LEASES 224,983.89
23	0 OTHER-CURRENT-&-ACCR-ASSETS 2,101.87	51	0 OTHER CURRENT & ACCRUED LIAB 1,856,146.71
24	0 TOTAL CURRENT & ACCR ASSETS 3,909,797.03	52	0 TOTAL CURRENT & ACCRUED LIAB 1,856,146.71
25	0 REGULATORY-ASSETS 00	53	0 REGULATORY LIABILITIES 00
26	0 OTHER DEFERRED DEBITS 48,687.47	54	0 OTHER DEFERRED CREDITS 18,777.99
27	0 TOTAL ASSETS & OTHER DEBITS 33,472,470.79	55	0 TOTAL LIABILITIES & OTH CREDIT 33,472,470.79
28			=====

ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION
56.0 BALANCE BEGINNING OF YEAR 234,992.53
57.0 AMOUNT RECEIVED THIS YEAR (NET) 234,992.53
58.0 TOTAL CONTRIBUTIONS IN AID OF CONST

C E R T I F I C A T I O N

WE HEREBY CERTIFY THAT THE ENTRIES IN THIS REPORT ARE IN ACCORDANCE WITH THE ACCOUNTS AND OTHER RECORDS OF THE SYSTEM AND REFLECT THE STATUS OF THE SYSTEM TO THE BEST OF OUR KNOWLEDGE AND BELIEF
ALL INSURANCE-REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, REA, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

Sandy D. Seitz
SIGNATURE OF MANAGER OR ACCOUNTANT
DATE 11-30-04

Sandra Shiplett
SIGNATURE OF OFFICE MANAGER
DATE 11-30-04

PART A. STATEMENT OF OPERATIONS

LINE NO	DESCRIPTION	LAST YEAR	THIS YEAR	BUDGET	THIS MONTH	% FROM BUDGET	% CHANGE FROM LAST YEAR
1.0	OPERATING REVENUE & PATRONAGE CAPITAL	12,753,572.76	13,557,830.92	13,004,244.00	1,124,089.82	4.3	6.3
2.0	POWER-PRODUCTION EXPENSE	00	00	00	00	0	0
3.0	COST OF PURCHASED POWER	8,706,027.00	9,603,057.00	9,072,092.00	766,856.00	5.9	10.3
4.0	TRANSMISSION EXPENSE	00	00	00	00	0	0
5.0	DISTRIBUTION EXPENSE-OPERATION	435,138.31	429,301.46	415,550.00	54,733.76	3.3	1.3
6.0	DISTRIBUTION EXPENSE-MAINTENANCE	749,027.11	923,815.14	817,120.00	105,311.92	13.1	23.3
7.0	CONSUMER ACCOUNTS EXPENSE	475,357.76	560,143.11	450,040.00	58,199.09	24.5	17.8
8.0	CUSTOMER SERVICE & INFORMATIONAL EXPENSE	126,808.64	75,283.03	77,680.00	7,996.44	3.1	40.6
9.0	SALES EXPENSE	827.06	587.50	00	100.00	100.0	31.4
10.0	ADMINISTRATIVE & GENERAL EXPENSE	824,730.48	999,842.29	932,940.00	82,640.10	7.2	21.2
11.0	TOTAL OPERATIONS & MAINTENANCE EXPENSE	11,317,926.36	12,592,009.53	11,755,422.00	1,073,837.31	7.0	11.3
12.0	DEPRECIATION & AMORTIZATION EXPENSE	830,106.61	861,431.95	899,540.00	87,542.88	4.2	3.8
13.0	TAX EXPENSE - PROPERTY & GROSS RECEIPTS	00	00	00	00	0	0
14.0	TAX EXPENSE - OTHER	16,528.75	14,531.66	15,420.00	1,320.41	5.8	12.1
15.0	INTEREST ON LONG TERM DEBT	434,406.79	461,019.45	474,990.00	43,107.10	2.9	6.1
16.0	INTEREST CHARGED TO CONSTRUCTION - CREDIT	00	00	00	00	0	0
17.0	INTEREST EXPENSE - OTHER	29,621.28	24,700.47	25,580.00	2,472.73	3.4	16.6
18.0	OTHER DEDUCTIONS	6,579.42	5,100.50	8,330.00	850.00	38.8	22.5
19.0	TOTAL COST OF ELECTRIC SERVICE	12,635,169.21	13,958,793.57	13,189,282.00	1,209,130.43	5.8	10.5
20.0	PATRONAGE CAPITAL & OPERATING MARGINS	118,403.55	400,962.65	185,038.00	85,040.61	116.7	438.6
21.0	NON-OPERATING MARGINS - INTEREST	46,643.56	68,200.40	41,660.00	6,572.02	63.7	46.2
22.0	ALLOW. FOR FUNDS USED DURING CONSTRUCTION	00	00	00	00	0	0
23.0	INCOME (LOSS) FROM EQUITY INVESTMENTS	00	00	00	00	0	0
24.0	NON-OPERATING MARGINS - OTHER	00	6,346.55	00	27	100.0	100.0
25.0	GENERATION & TRANSMISSION CAPITAL CREDITS	00	00	00	00	0	0
26.0	OTHER CAPITAL CREDITS & PATRONAGE DIVID.	21,899.88	43,254.80	00	00	100.0	97.5
27.0	EXTRAORDINARY ITEMS	00	00	00	00	0	0
28.0	PATRONAGE CAPITAL OR MARGINS	185,946.99	295,854.01	143,378.00	78,468.32	106.3	258.3

RATIOS

TIER	LAST YEAR	THIS YEAR	ITEM	LAST YEAR	THIS YEAR
MARGINS TO REVENUE	1.430	358		698	820
POWER-COST-TO-REVENUE	015	022		011	070
INTEREST EXPENSE TO REVENUE	683	708		678	682
	034	034		037	038
CURRENT-ASSETS--CURRENT-LIABILITIES	2.1315				
MARGINS & EQUITIES AS % OF ASSETS	4160				
LONG TERM DEBT AS % OF PLANT	5280				
GENERAL FUNDS TO TOTAL PLANT	4.1679				
QUICK ASSET RATIO	2.0243				

PART B
 October 2004
 DATA ON TRANSMISSION AND DISTRIBUTION PLANT

	LAST YEAR	THIS YEAR	ITEM	LAST YEAR	THIS YEAR
1. New Services Connected	356	334	5. Miles Transmission	1000.52	1,001.09
2. Services Retired	108	116	6. Miles Distribution		
3. Total Services in Place	15,513	15,804	7. Miles Distribution Underground		
4. Idle Services	2,207	2,331	8. Total Miles Energized	1000.52	1,001.09
					(5+6+7)

LINE NO	ASSETS AND OTHER DEBITS	LIABILITIES AND OTHER CREDITS
1.0	TOTAL UTILITY PLANT IN SERVICE 32,171,562.88	29.0 MEMBERSHIPS 219,105.00
2.0	CONSTRUCTION WORK IN PROGRESS 52,742.77	30.0 PATRONAGE CAPITAL 10,633,320.69
3.0	TOTAL UTILITY PLANT 32,224,305.65	31.0 OPERATING MARGINS - PRIOR YEAR 00
4.0	ACCUM PROV FOR DEP & AMORT 8,553,121.80	32.0 OPERATING MARGINS-CURRENT YEAR 2,958,833.00
5.0	NET UTILITY PLANT 23,671,183.85	33.0 NON-OPERATING MARGINS 270,449.67
		34.0 OTHER MARGINS & EQUITIES 124,867.22
		35.0 TOTAL MARGINS & EQUITIES 13,956,841.14
6.0	NON-UTILITY PROPERTY (NET) 00	36.0 LONG TERM DEBT - RUS (NET) 1,789,762.11
7.0	INVEST IN SUBSIDIARY COMPANIES 00	(PAYMENTS-UNAPPLIED) 00
8.0	INV IN ASSOC ORG - PAT CAPITAL 5,224,550.38	37.0 LONG-TERM DEBT-RUS-ECON DEV-NET 00
9.0	INV IN ASSOC ORG OTHER GEN FND 3,205.00	38.0 LONG-TERM DEBT-FFB-RUS GUAR 00
10.0	INV IN ASSOC ORG - NON-GEN FND 562,394.12	39.0 LONG-TERM DEBT OTHER-RUS GUAR 00
11.0	INV IN ECON DEVEL PROJECTS 00	40.0 LONG-TERM DEBT - OTHER (NET) 15,223,367.57
12.0	OTHER INVESTMENTS 5,500.00	41.0 TOTAL LONG TERM DEBT 17,013,129.68
13.0	SPECIAL FUNDS 00	
14.0	TOT OTHER PROP & INVESTMENTS 5,795,649.50	
15.0	CASH - GENERAL FUNDS 103,222.44	42.0 OBLIGATION UNDER CAPITAL LEASE 00
16.0	CASH - CONSTRUCTION FUND TRUST 477.50	43.0 ACCUM OPERATING PROVISIONS 668,928.63
17.0	SPECIAL DEPOSITS 20.00	44.0 TOTAL OTHER NONCURR LIABILITY 668,928.63
18.0	TEMPORARY INVESTMENTS 1,231,795.46	45.0 NOTES PAYABLE 00
19.0	NOTES RECEIVABLE (NET) 00	46.0 ACCOUNTS PAYABLE 1,085,690.47
20.0	ACCTS RECV - SALES ENERGY(NET) 2,362,477.38	47.0 CONSUMER DEPOSITS 484,830.00
21.0	ACCTS RECV - OTHER (NET) 91,633.52	48.0 CURR MATURITIES LONG-TERM DEBT 00
22.0	MATERIAL & SUPPLIES-ELEC & OTH 202,854.09	49.0 CURR MATURIT LT DEBT ECON DEV 00
23.0	PREPAYMENTS 42,345.35	50.0 CURR MATURITIES CAPITAL LEASES 00
24.0	OTHER CURRENT & ACCR ASSETS 00	51.0 OTHER CURRENT & ACCRUED LIAB 321,435.89
25.0	TOTAL CURRENT & ACCR ASSETS 4,034,825.74	52.0 TOTAL CURRENT & ACCRUED LIAB 1,892,956.36
26.0	REGULATORY ASSETS 00	53.0 REGULATORY LIABILITIES 00
27.0	OTHER DEFERRED DEBITS 48,974.71	54.0 OTHER DEFERRED CREDITS 18,777.99
28.0	TOTAL ASSETS & OTHER DEBITS 33,550,633.80	55.0 TOTAL LIABILITIES & OTH CREDIT 33,550,633.80

ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION
 56.0 BALANCE BEGINNING OF YEAR 00
 57.0 AMOUNT RECEIVED THIS YEAR (NET) 210,668.65
 58.0 TOTAL CONTRIBUTIONS IN AID OF CONST 210,668.65

C E R T I F I C A T I O N

WE HEREBY CERTIFY THAT THE ENTRIES IN THIS REPORT ARE IN ACCORDANCE WITH THE ACCOUNTS AND OTHER RECORDS OF THE SYSTEM AND REFLECT THE STATUS OF THE SYSTEM TO THE BEST OF OUR KNOWLEDGE AND BELIEF.
 ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, REA, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

Signature of Sandya Shrivastava
 Signature of Office Manager or Accountant
 DATE 12/18/04
 DATE 12-13-04

FINANCIAL AND STATISTICAL REPORT
 FROM 01/01 THRU 09/30

PART A STATEMENT OF OPERATIONS

LINE NO	DESCRIPTION	LAST YEAR	THIS YEAR	BUDGET	THIS MONTH	% FROM BUDGET	% CHANGE FROM LAST YEAR
10	OPERATING REVENUE & PATRONAGE CAPITAL	11,625,111.34	12,433,741.10	11,845,835.00	1,179,861.36	5.0	7.0
20	POWER PRODUCTION EXPENSE	00	00	00	00	0	0
30	COST OF PURCHASED POWER	7,952,201.00	8,836,201.00	8,298,425.00	849,829.00	6.5	11.1
40	TRANSMISSION EXPENSE	00	00	00	00	0	0
50	DISTRIBUTION EXPENSE-OPERATION	394,505.82	374,567.70	373,995.00	25,944.75	2	5.1
60	DISTRIBUTION EXPENSE-MAINTENANCE	703,868.87	818,503.22	735,408.00	73,278.32	11.3	16.3
70	CONSUMER ACCOUNTS EXPENSE	425,435.50	503,944.02	405,036.00	53,376.04	24.4	18.5
80	CUSTOMER SERVICE & INEQUATIONAL EXPENSE	120,185.76	67,286.59	69,912.00	6,337.71	3.8	44.0
90	SALES EXPENSE	764.56	457.50	00	95.00	100.0	38.9
100	ADMINISTRATIVE & GENERAL EXPENSE	731,754.57	917,202.19	839,646.00	99,152.74	9.2	25.3
110	TOTAL OPERATIONS & MAINTENANCE EXPENSE	10,328,716.08	11,518,172.22	10,722,422.00	1,109,613.56	7.4	11.5
120	DEPRECIATION & AMORTIZATION EXPENSE	745,838.65	773,889.07	809,586.00	87,361.43	4.4	3.8
130	TAX EXPENSE - PROPERTY & GROSS RECEIPTS	00	00	00	00	0	0
140	TAX EXPENSE - OTHER	14,740.00	13,211.29	13,878.00	1,320.41	4.8	10.4
150	INTEREST ON LONG TERM DEBT	413,193.63	417,212.35	427,491.00	47,419.41	2.2	1.1
160	INTEREST CHARGED TO CONSTRUCTION - CREDIT	00	00	00	00	0	0
170	INTEREST EXPENSE - OTHER	27,200.38	22,227.74	23,022.00	2,469.10	3.5	18.3
180	OTHER DEDUCTIONS	6,579.42	4,250.50	7,497.00	00	43.3	35.4
190	TOTAL COST OF ELECTRIC SERVICE	11,535,255.17	12,749,663.14	12,003,876.00	1,248,183.91	6.2	10.5
200	PATRONAGE CAPITAL & OPERATING MARGINS	88,846.17	315,922.04	158,060.00	68,322.55	99.9	455.6
210	NON-OPERATING MARGINS - INTEREST	41,337.66	61,628.38	37,494.00	3,127.30	64.4	42.1
220	ALLOW FOR FUNDS USED DURING CONSTRUCTION	00	00	00	00	0	0
230	INCOME (LOSS) FROM EQUITY INVESTMENTS	00	00	00	00	0	0
240	NON-OPERATING MARGINS - OTHER	00	6,346.83	00	00	100.0	100.0
250	GENERATION & TRANSMISSION CAPITAL CREDITS	00	00	00	00	0	0
260	OTHER CAPITAL CREDITS & PATRONAGE DIVID	21,999.88	43,254.80	00	33,919.11	100.0	97.5
270	EXTRAORDINARY ITEMS	00	00	00	00	0	0
280	PATRONAGE CAPITAL OR MARGINS	152,083.71	217,385.69	120,566.00	31,276.14	80.3	242.9

RATIOS

TIER	LAST YEAR	THIS YEAR	ITEM	LAST YEAR	THIS YEAR
MARGINS TO REVENUE	1.368	4.80	718	340	
POWER COST TO REVENUE	013	017	010	027	
INTEREST EXPENSE TO REVENUE	036	034	701	720	
CURRENT ASSETS	2.1173		036	040	
MARGINS & EQUITIES AS % OF ASSETS	4159				
LONG TERM DEBT AS % OF PLANT	5296				
GENERAL FUNDS TO TOTAL PLANT	4.3509				
QUICK ASSET RATIO	2.0158				

PART B DATA ON TRANSMISSION AND DISTRIBUTION PLANT

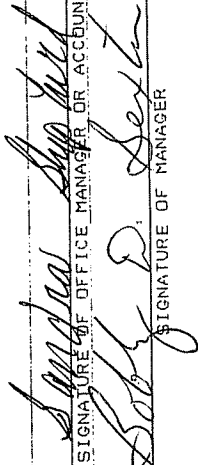
September 2004

YEAR TO DATE	YEAR TO DATE	YEAR TO DATE
LAST YEAR	THIS YEAR	LAST YEAR THIS YEAR
1. New Services Connected	309	1000.47 1,000.99
2. Services Retired	108	
3. Total Services in Place	15,787	
4. Idle Services	2,325	1000.47 1,000.99
5. Total Miles Energized (5+6+7)		

LINE	ASSETS AND OTHER DEBITS	LIABILITIES AND OTHER CREDITS
1.0	TOTAL UTILITY PLANT IN SERVICE	29.0 MEMBERSHIPS
2.0	CONSTRUCTION WORK IN PROGRESS	30.0 PATRONAGE CAPITAL
3.0	TOTAL UTILITY PLANT	31.0 OPERATING MARGINS - PRIOR YEAR
4.0	ACCUM PROV FOR DEP & AMORT	32.0 OPERATING MARGINS - CURRENT YEAR
5.0	NET UTILITY PLANT	33.0 NON-OPERATING MARGINS
6.0	NON-UTILITY PROPERTY (NET)	34.0 OTHER MARGINS & EQUITIES
7.0	INVEST IN SUBSIDIARY COMPANIES	35.0 TOTAL MARGINS & EQUITIES
8.0	INV IN ASSOC ORG - PAT CAPITAL	36.0 LONG TERM DEBT - RUS (NET)
9.0	INV IN ASSOC ORG OTHER GEN FND	(PAYMENTS-UNAPPLIED
10.0	INV IN ASSOC ORG - NON GEN FND	37.0 LNG-TERM DEBT-RUS-ECON DEV NET
11.0	INV IN ECON DEVEL PROJECTS	38.0 LNG-TERM DEBT-FEB-RUS GUAR
12.0	OTHER INVESTMENTS	39.0 LONG TERM DEBT OTHER-RUS GUAR
13.0	SPECIAL FUNDS	40.0 LONG TERM DEBT - OTHER (NET)
14.0	TOT OTHER PROP & INVESTMENTS	41.0 TOTAL LONG TERM DEBT
15.0	CASH - GENERAL FUNDS	42.0 OBLIGATION UNDER CAPITAL LEASE
16.0	CASH - CONSTRUCTION FUND TRUST	43.0 ACCUM OPERATING PROVISIONS
17.0	SPECIAL DEPOSITS	44.0 TOTAL OTHER NONCURR LIABILITY
18.0	TEMPORARY INVESTMENTS	45.0 NOTES PAYABLE
19.0	NOTES RECEIVABLE (NET)	46.0 ACCOUNTS PAYABLE
20.0	ACCTS REC - SALES ENERGY (NET)	47.0 CONSUMER DEPOSITS
21.0	ACCTS REC - OTHER (NET)	48.0 CURR MATURITIES LONG-TERM DEBT
22.0	MATERIAL & SUPPLIES-ELEC & OTH	49.0 CURR MATURIT LT DEBT ECON DEV
23.0	PREPAYMENTS	50.0 CURR MATURITIES CAPITAL LEASES
24.0	OTHER CURRENT & ACCR ASSETS	51.0 OTHER CURRENT & ACCRUED LIAB
25.0	TOTAL CURRENT & ACCR ASSETS	52.0 TOTAL CURRENT & ACCRUED LIAB
26.0	REGULATORY ASSETS	53.0 REGULATORY LIABILITIES
27.0	OTHER DEFERRED DEBITS	54.0 OTHER DEFERRED CREDITS
28.0	TOTAL ASSETS & OTHER DEBITS	55.0 TOTAL LIABILITIES & OTH CREDIT

C E R T I F I C A T I O N

WE HEREBY CERTIFY THAT THE ENTRIES IN THIS REPORT ARE IN ACCORDANCE WITH THE ACCOUNTS AND OTHER RECORDS OF THE SYSTEM AND REFLECT THE STATUS OF THE SYSTEM TO THE BEST OF OUR KNOWLEDGE AND BELIEF. ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, REAL WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.


 SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT
 DATE 11/19/04
 12-13-04
 DATE
 SIGNATURE OF MANAGER

PART A. STATEMENT OF OPERATIONS

LINE NO	YEAR TO DATE		BUDGET	THIS MONTH	% FROM BUDGET	% CHANGE FROM LAST YEAR
	LAST YEAR	THIS YEAR				
1.0	10,482,095.71	11,253,879.74	10,645,517.00	1,259,954.83	5.7	7.4
2.0	7,167,289.00	7,986,372.00	7,517,039.00	917,832.00	6.2	11.4
3.0	356,988.56	347,622.95	332,440.00	24,435.69	4.6	2.6
4.0	642,677.45	745,224.90	653,696.00	114,850.99	14.0	16.0
5.0	381,131.97	450,567.98	360,032.00	74,585.97	25.1	18.2
6.0	113,778.85	60,348.88	62,144.00	9,476.39	2.9	47.0
7.0	709.56	372.50	746,352.00	84,997.09	9.6	26.4
8.0	647,222.78	818,049.45	746,352.00	84,997.09	9.6	26.4
9.0	9,309,778.17	10,408,558.66	9,671,703.00	1,226,223.13	7.6	11.8
10.0	661,748.63	686,527.64	719,632.00	86,835.37	4.6	3.7
11.0	12,951.25	11,890.84	12,336.00	1,320.41	3.6	8.2
12.0	364,556.86	370,492.95	379,992.00	42,400.00	2.5	1.6
13.0	24,783.65	19,758.64	20,464.00	2,453.20	3.4	20.3
14.0	6,829.42	4,250.50	6,664.00	700.00	36.2	34.9
15.0	10,380,347.98	11,501,479.23	10,810,791.00	1,359,932.11	6.4	10.8
16.0	101,737.73	247,599.49	165,274.00	99,977.28	49.8	343.4
17.0	37,409.82	58,501.08	33,328.00	12,817.75	75.5	56.4
18.0	0.00	0.00	0.00	0.00	0.0	0.0
19.0	0.00	6,346.83	0.00	0.00	100.0	100.0
20.0	17,488.88	9,335.69	0.00	0.00	100.0	46.6
21.0	156,636.43	186,109.55	131,946.00	87,159.53	41.0	218.8
22.0	1,430	498	653	1,056		
23.0	015	017	012	069		
24.0	684	710	706	728		
25.0	035	033	036	034		
26.0	2,0888	2,0888				
27.0	4148	4148				
28.0	5314	5314				
29.0	4,6450	4,6450				
30.0	2,0017	2,0017				

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT

ITEM	YEAR TO DATE		YEAR TO DATE
	LAST YEAR	THIS YEAR	
1. New Services Connected	272	101	998.97
2. Services Retired	15,757	15,757	1,000.90
3. Total Services in Place	2,340	2,340	998.97
4. Idle Services	2,185	2,185	1,000.90
5. Miles Transmission			
6. Miles Distribution Overhead			
7. Miles Distribution Underground			
8. Total Miles Energized (5+6+7)			

2

PART C. BALANCE SHEET

LINE NO	ASSETS AND OTHER DEBITS	LIABILITIES AND OTHER CREDITS
1	1.0 TOTAL UTILITY PLANT IN SERVICE 31,927,685.96	29.0 MEMBERSHIPS 217,890.00-
2	2.0 CONSTRUCTION WORK IN PROGRESS 4,499.06	30.0 PATRONAGE CAPITAL 10,640,255.38-
3	3.0 TOTAL UTILITY PLANT 31,932,185.02	31.0 OPERATING MARGINS - PRIOR YEAR .00
4	4.0 ACCUM PROV FOR DEP & AMORT 8,420,756.39-	32.0 OPERATING MARGINS - CURRENT YEAR 3,078,277.05-
5	5.0 NET UTILITY PLANT 23,511,428.63	33.0 NON-OPERATING MARGINS 260,750.08-
6	6.0 NON-UTILITY PROPERTY (NET) .00	34.0 OTHER MARGINS & EQUITIES 127,210.09
7	7.0 INV IN SUBSIDIARY COMPANIES .00	35.0 TOTAL MARGINS & EQUITIES 14,069,962.42-
8	8.0 INV IN ASSOC ORG - PAT CAPITAL 5,217,157.55	36.0 LONG TERM DEBT - RUS (NET) 1,698,519.57-
9	9.0 INV IN ASSOC ORG OTHER GEN FND 3,205.00	(PAYMENTS-UNAPPLIED .00)
10	10.0 INV IN ASSOC ORG NON-GEN FND 562,394.12	37.0 LONG TERM DEBT-RUS-ECON-DEV-NET .00
11	11.0 INV IN ECON DEVEL PROJECTS .00	38.0 LONG TERM DEBT-FFB-RUS GUAR .00
12	12.0 OTHER INVESTMENTS 5,500.00	39.0 LONG TERM DEBT OTHER-RUS GUAR .00
13	13.0 SPECIAL FUNDS .00	40.0 LONG TERM DEBT - OTHER (NET) 15,270,785.32-
14	14.0 TOT OTHER PROP & INVESTMENTS 5,788,256.67	41.0 TOTAL LONG TERM DEBT 16,969,304.89-
15	15.0 CASH - GENERAL FUNDS 150,433.65	42.0 OBLIGATION UNDER CAPITAL LEASE .00
16	16.0 CASH - CONSTRUCTION FUND TRUST 477.50	43.0 ACCUM OPERATING PROVISIONS 679,867.86-
17	17.0 SPECIAL DEPOSITS 20.00	44.0 TOTAL OTHER NONCURR LIABILITY 679,867.86-
18	18.0 TEMPORARY INVESTMENTS 1,324,115.70	45.0 NOTES PAYABLE .00
19	19.0 NOTES RECEIVABLE (NET) 2,646,300.42	46.0 ACCOUNTS PAYABLE 1,255,232.73-
20	20.0 ACCTS RECV - SALES ENERGY (NET) 215,937.12	47.0 CONSUMER DEPOSITS 480,700.00-
21	21.0 ACCTS RECV - OTHER (NET) 190,593.36	48.0 CURR MATURITIES LONG TERM DEBT .00
22	22.0 MATERIAL & SUPPLIES-ELEC & OTH 39,255.35	49.0 CURR MATURIT LT DEBT ECON DEV .00
23	23.0 PREPAYMENTS 4,921.48	50.0 CURR MATURITIES CAPITAL LEASES .00
24	24.0 OTHER CURRENT & ACCR ASSETS 4,921.48	51.0 OTHER CURRENT & ACCRUED LIAB 452,893.50-
25	25.0 TOTAL CURRENT & ACCR ASSETS 4,921.48	52.0 TOTAL CURRENT & ACCRUED LIAB 2,188,826.23-
26	26.0 REGULATORY ASSETS 49,518.52	53.0 REGULATORY LIABILITIES .00
27	27.0 OTHER DEFERRED DEBITS 49,518.52	54.0 OTHER DEFERRED CREDITS 13,297.00-
28	28.0 TOTAL ASSETS & OTHER DEBITS 33,921,258.40	55.0 TOTAL LIABILITIES & OTH CREDIT 33,921,258.40-

C E R T I F I C A T I O N

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 ALL INSURANCE REQUIRED BY PART 1788 OF 7-CFR-CHAPTER XVII, REA, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

Sandra Shepherd
 SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT
 DATE 10/9/04

Bob D. Shepherd
 SIGNATURE OF MANAGER
 DATE 12-13-04



PART A. STATEMENT OF OPERATIONS

LINE NO	DESCRIPTION	LAST YEAR	THIS YEAR	BUDGET	THIS MONTH	% FROM BUDGET	% FROM LAST YEAR
1.0	OPERATING REVENUE & PATRONAGE CAPITAL	9,174,991.13	9,993,924.91	9,327,336.00	1,344,128.53	7.1	8.9
2.0	COST OF PURCHASED POWER	6,243,372.00	7,068,540.00	6,569,705.00	978,197.00	7.6	13.2
3.0	POWER-PRODUCTION-EXPENSE	315,954.58	323,187.26	290,885.00	52,527.00	11.1	2.3
4.0	TRANSMISSION EXPENSE	573,472.19	630,373.91	571,984.00	62,007.29	10.2	9.9
5.0	DISTRIBUTION-EXPENSE-OPERATION	334,541.97	375,982.01	315,028.00	55,335.12	19.3	12.4
6.0	DISTRIBUTION EXPENSE-MAINTENANCE	100,408.04	50,872.49	54,376.00	8,147.30	6.4	49.3
7.0	CONSUMER ACCOUNTS EXPENSE	647.06	327.50	653,058.00	25.00	100.0	49.4
8.0	CUSTOMER-SERVICE & INFORMATIONAL-EXPENSE	571,982.61	733,052.36	84,813.23	94,813.23	12.2	28.2
9.0	SALES EXPENSE	8,140,378.45	9,182,335.53	8,455,036.00	1,251,053.94	8.6	12.8
10.0	ADMINISTRATIVE & GENERAL EXPENSE	578,068.24	599,692.27	629,678.00	86,355.33	4.8	3.7
11.0	TOTAL OPERATIONS & MAINTENANCE EXPENSE	11,162.50	10,570.43	10,794.00	1,320.41	2.1	5.3
12.0	DEPRECIATION & AMORTIZATION EXPENSE	331,058.92	328,092.95	332,493.00	41,901.67	1.3	9.0
13.0	TAX EXPENSE - PROPERTY & GROSS RECEIPTS	22,355.95	17,305.44	17,906.00	2,466.68	3.4	22.6
14.0	TAX EXPENSE - OTHER	5,579.42	3,550.50	5,831.00	950.00	39.1	36.4
15.0	INTEREST-ON-LONG-TERM-DEBT	9,088,603.48	10,141,547.12	9,451,738.00	1,384,048.03	7.3	11.6
16.0	INTEREST CHARGED TO CONSTRUCTION - CREDIT	86,387.65	147,622.21	124,402.00	39,919.50	18.7	270.9
17.0	INTEREST EXPENSE - OTHER	33,277.55	45,683.33	29,162.00	3,287.79	56.7	37.3
18.0	OTHER-DEDUCTIONS	0.00	0.00	0.00	0.00	0.0	0.0
19.0	TOTAL COST OF ELECTRIC SERVICE	123,709.79	98,950.02	95,240.00	44,504.43	3.9	180.0
20.0	PATRONAGE CAPITAL & OPERATING MARGINS	1,374	698	714	062		
21.0	NON-OPERATING MARGINS-INTEREST	013	010	010	033		
22.0	ALLOW. FOR FUNDS USED DURING CONSTRUCTION	680	707	704	728		
23.0	INCOME (LOSS) FROM EQUITY INVESTMENTS	036	033	036	031		
24.0	NON-OPERATING MARGINS-OTHER	2,2180	4149				
25.0	NON-OPERATING MARGINS-CURRENT-LIABILITIES	5377					
26.0	OTHER CAPITAL CREDITS & PATRONAGE DIVID.	6,1667					
27.0	EXTRAORDINARY-ITEMS	2,1264					
28.0	PATRONAGE CAPITAL OR MARGINS	1,374	698	714	062		
29.0	MARGINS TO REVENUE	013	010	010	033		
30.0	POWER-COST TO REVENUE	680	707	704	728		
31.0	INTEREST EXPENSE TO REVENUE	036	033	036	031		
32.0	CURRENT-ASSETS	2,2180					
33.0	MARGINS & EQUITIES AS % OF ASSETS	4149					
34.0	LONG TERM DEBT AS % OF PLANT	5377					
35.0	GENERAL FUNDS TO TOTAL-PLANT	6,1667					
36.0	QUICK ASSET RATIO	2,1264					

DATA ON TRANSMISSION AND DISTRIBUTION PLANT

ITEM	YEAR TO DATE	
	LAST YEAR	THIS YEAR
1. New Services Connected	242	242
2. Services Retired	84	91
3. Total Services in Place	15,423	15,737
4. Idle Services	2,194	2,312
5. Miles Transmission	998.93	1,000.86
6. Miles Distribution Overhead		
7. Miles Distribution Underground	998.93	1,000.86
8. Total Miles Energized (5+6+7)		

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PART C. BALANCE SHEET

LINE NO	ASSETS AND OTHER DEBITS	LIABILITIES AND OTHER CREDITS
1.0	TOTAL UTILITY PLANT IN SERVICE	218,889.00
2.0	CONSTRUCTION WDRK IN-PROGRESS	10,643,351.59
3.0	TOTAL UTILITY PLANT	3,178,254.33
4.0	ACCUM PROV FOR DEP & AMORT	247,932.33
5.0	NET UTILITY PLANT	128,295.05
6.0	NON-UTILITY PROPERTY (NET)	14,160,128.20
7.0	INVEST-IN SUBSIDIARY-COMPANIES	1,699,727.52
8.0	INV IN ASSOC ORG - PAT CAPITAL	(PAYMENTS-UNAPPLIED) 00
9.0	INV IN ASSOC ORG OTHR GEN FND	37.0 LNG-TERM-DEBT-RUS-ECON-DEV-NET 00
10.0	INV-IN-ASSOC-ORG--NON GEN-FND	38.0 LNG-TERM DEBT-FFB-RUS GUAR 00
11.0	INV IN ECON DEVEL PROJECTS	39.0 LONG-TERM DEBT OTHER-RUS GUAR 00
12.0	OTHER INVESTMENTS	40.0 LONG-TERM-DEBT--OTHER (NET) 15,304,568.65
13.0	SPECIAL-FUNDS	41.0 TOTAL LONG TERM DEBT 17,004,296.17
14.0	TOT OTHER PROP & INVESTMENTS	5,788,256.67
15.0	CASH - GENERAL FUNDS	42.0 OBLIGATION-UNDER CAPITAL-LEASE 00
16.0	CASH - CONSTRUCTION FUND TRUST	43.0 ACCUM OPERATING PROVISIONS 685,275.16
17.0	SPECIAL DEPOSITS	44.0 TOTAL OTHER NONCURR LIABILITY 685,275.16
18.0	TEMPORARY-INVESTMENTS	45.0 NOTES PAYABLE 00
19.0	NOTES RECEIVABLE (NET)	46.0 ACCOUNTS PAYABLE 1,312,423.00
20.0	ACCTS RECV - SALES ENERGY (NET)	47.0 CONSUMER-DEPOSITS 478,735.00
21.0	ACCTS RECV - OTHER-(NET)	48.0 CURR MATURITIES LONG-TERM DEBT 00
22.0	MATERIAL & SUPPLIES-ELEC & OTH	49.0 CURR MATURE LT DEBT ECON DEV 00
23.0	PREPAYMENTS	50.0 CURR MATURITIES-CAPITAL-LEASES 00
24.0	OTHER-CURRENT & ACCR-ASSETS	51.0 OTHER CURRENT & ACCRUED LIAB 475,713.50
25.0	TOTAL CURRENT & ACCR ASSETS	52.0 TOTAL CURRENT & ACCRUED LIAB 2,266,871.50
26.0	REGULATORY ASSETS	53.0 REGULATORY LIABILITIES 00
27.0	OTHER DEFERRED DEBITS	54.0 OTHER DEFERRED CREDITS 13,297.00
28.0	TOTAL ASSETS & OTHER-DEBITS	55.0 TOTAL-LIABILITIES & OTH-CREDIT 34,129,868.03

ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION
 56.0 BALANCE BEGINNING OF YEAR
 57.0 AMOUNT RECEIVED THIS YEAR (NET)
 58.0 TOTAL CONTRIBUTIONS IN AID OF CONST

C E R T I F I C A T I O N

WE HEREBY CERTIFY THAT THE ENTRIES IN THIS REPORT ARE IN ACCORDANCE WITH THE ACCOUNTS AND OTHER RECORDS OF THE SYSTEM AND REFLECT THE STATUS OF THE SYSTEM TO THE BEST OF OUR KNOWLEDGE AND BELIEF
 ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, REA, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

Signature of Office Manager or Accountant: *[Signature]* DATE: 9/2/04
 Signature of Manager: *[Signature]* DATE: 12-13-04

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PART A. STATEMENT OF OPERATIONS

LINE NO.	YEAR TO DATE THIS YEAR		BUDGET	THIS MONTH		% FROM BUDGET	% CHANGE FROM LAST YEAR
	LAST YEAR	THIS YEAR		D	D		
1.0	7,960,833.52	8,649,796.38	8,031,116.00	1,219,172.58	7.7	8.7	
2.0	5,405,293.00	6,090,343.00	5,651,260.00	840,325.00	7.8	12.7	
3.0	273,878.90	270,660.26	249,330.00	27,572.46	8.6	1.2	
4.0	466,165.31	568,164.62	490,272.00	132,922.49	15.9	21.9	
5.0	286,634.19	320,646.89	270,024.00	54,939.65	18.7	11.9	
6.0	87,836.60	42,725.12	46,608.00	7,112.50	8.3	51.4	
7.0	350.00	302.50	00	20.00	100.0	13.6	
8.0	496,814.12	638,239.13	559,764.00	91,750.53	14.0	28.5	
9.0	7,016,972.12	7,931,281.59	7,267,258.00	1,154,642.63	9.1	13.0	
10.0	494,653.87	513,336.94	539,224.00	86,129.63	4.9	1.8	
11.0	9,373.75	9,250.02	9,252.00	1,541.67	0.0	0.0	
12.0	282,795.74	286,191.28	284,924.00	47,443.72	4.4	1.2	
13.0	19,913.92	14,838.76	15,348.00	2,460.28	3.3	25.5	
14.0	4,829.42	2,600.50	4,998.00	1,986.50	48.0	44.2	
15.0	7,828,538.82	8,757,499.09	8,121,574.00	1,294,204.43	7.8	11.9	
16.0	132,294.70	107,702.71	90,458.00	75,031.85	19.1	181.4	
17.0	28,922.57	42,395.54	24,996.00	3,082.96	69.6	46.6	
18.0	00	00	00	00	0.0	0.0	
19.0	00	00	00	00	0.0	0.0	
20.0	00	1,525.89	00	00	100.0	100.0	
21.0	4,044.59	9,335.69	00	00	100.0	130.8	
22.0	00	00	00	00	0.0	0.0	
23.0	165,261.86	54,445.59	65,462.00	71,948.89	16.8	132.9	
24.0	1,584	.810	.770	.517			
25.0	.021	.006	.008	.059			
26.0	.679	.704	.704	.689			
27.0	.036	.033	.035	.039			
28.0	2,3465						
29.0	4,182						
30.0	.5364						
31.0	6,1367						
32.0	2,2390						

PART B DATA ON TRANSMISSION AND DISTRIBUTION PLANT

ITEM	YEAR TO DATE		YEAR TO DATE	
	LAST YEAR	THIS YEAR	LAST YEAR	THIS YEAR
1. New Services Connected	189	202	998.85	1,000.82
2. Services Retired	68	77		
3. Total Services in Place	15,386	15,711		
4. Idle Services	2,200	2,282	998.85	1,000.82
5. Miles Transmission				
6. Miles Distribution Overhead				
7. Miles Distribution Underground				
8. Total Miles Energized (5+6+7)			998.85	1,000.82

PART C. BALANCE SHEET

LINE	ASSETS AND OTHER DEBITS	LIABILITIES AND OTHER CREDITS
1	NO	29 0 MEMBERSHIPS
2	1 0 TOTAL UTILITY PLANT IN SERVICE	30 0 PATRIMONY CAPITAL
3	2 0 CONSTRUCTION WORK IN PROGRESS	31 0 OPERATING MARGINS - PRIOR YEAR
4	3 0 TOTAL UTILITY PLANT	32 0 OPERATING MARGINS - CURRENT YEAR
5	4 0 ACCUM PROV FOR DEP & AMORT	33 0 NON-OPERATING MARGINS
6	5 0 NET UTILITY PLANT	34 0 OTHER MARGINS & EQUITIES
7	6 0 NON-UTILITY PROPERTY (NET)	35 0 TOTAL MARGINS & EQUITIES
8	7 0 INVEST IN SUBSIDIARY COMPANIES	36 0 LONG TERM DEBT - RUS (NET)
9	8 0 INV IN ASSOC ORG - PAT CAPITAL	(PAYMENTS-UNAPPLIED
10	9 0 INV IN ASSOC ORG OTHER GEN FND	37 0 LONG TERM DEBT-RUS-ECON DEV NET
11	10 0 INV IN ASSOC ORG - NON GEN FND	38 0 LONG TERM DEBT-FFB-RUS GUAR
12	11 0 INV IN ECON DEVEL PROJECTS	39 0 LONG TERM DEBT OTHER-RUS GUAR
13	12 0 OTHER INVESTMENTS	40 0 LONG TERM DEBT - OTHER (NET)
14	13 0 SPECIAL FUNDS	41 0 TOTAL LONG TERM DEBT
15	14 0 TOT OTHER PROP & INVESTMENTS	42 0 OBLIGATION UNDER CAPITAL LEASE
16	15 0 CASH - GENERAL FUNDS	43 0 ACCUM OPERATING PROVISIONS
17	16 0 CASH - CONSTRUCTION FUND TRUST	44 0 TOTAL OTHER NONCURR LIABILITY
18	17 0 SPECIAL DEPOSITS	45 0 NOTES PAYABLE
19	18 0 TEMPORARY INVESTMENTS	46 0 ACCOUNTS PAYABLE
20	19 0 NOTES RECEIVABLE (NET)	47 0 CONSUMER DEPOSITS
21	20 0 ACCIS REC - SALES ENERGY (NET)	48 0 CURR MATURITIES LONG-TERM DEBT
22	21 0 ACCIS REC - OTHER (NET)	49 0 CURR MATURIT LT DEBT ECON DEV
23	22 0 MATERIAL & SUPPLIES-ELEC & OTH	50 0 CURR MATURITIES CAPITAL LEASES
24	23 0 PREPAYMENTS	51 0 OTHER CURRENT & ACCRUED LIAB
25	24 0 OTHER CURRENT & ACCR ASSETS	52 0 TOTAL CURRENT & ACCRUED LIAB
26	25 0 TOTAL CURRENT & ACCR ASSETS	53 0 REGULATORY LIABILITIES
27	26 0 REGULATORY ASSETS	54 0 OTHER DEFERRED CREDITS
28	27 0 OTHER DEFERRED DEBITS	55 0 BALANCE BEGINNING OF YEAR
29	28 0 TOTAL ASSETS & OTHER DEBITS	56 0 AMOUNT RECEIVED THIS YEAR (NET)
30		57 0 TOTAL CONTRIBUTIONS IN AID OF CONST
31		58 0 TOTAL CONTRIBUTIONS IN AID OF CONST

ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION
 56.0 BALANCE BEGINNING OF YEAR
 57.0 AMOUNT RECEIVED THIS YEAR (NET)
 58.0 TOTAL CONTRIBUTIONS IN AID OF CONST

CERTIFICATION

WE HEREBY CERTIFY THAT THE ENTRIES IN THIS REPORT ARE IN ACCORDANCE WITH THE ACCOUNTS AND OTHER RECORDS OF THE SYSTEM AND REFLECT THE STATUS OF THE SYSTEM TO THE BEST OF OUR KNOWLEDGE AND BELIEF.
 ALL INSURANCE REQUIRED BY PART 1788 OF 7 CER CHAPTER XVII.L REAL WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

Sandra Shepherd
 SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT
 DATE 8/4/09

Scott D. Seitz
 SIGNATURE OF MANAGER
 DATE 12-13-09

PART A. STATEMENT OF OPERATIONS

LINE NO.	LAST YEAR		YEAR TO DATE THIS YEAR		BUDGET	THIS MONTH	% FROM BUDGET	% CHANGE FROM LAST YEAR
	A	B	C	D				
1.0	6,862,724.99	7,430,623.80	6,897,823.00	1,198,899.47	7.7	8.3		
2.0	0.00	0.00	0.00	0.00	0.0	0.0		
3.0	4,649,130.00	5,250,018.00	4,870,452.00	849,719.00	7.8	12.9		
4.0	0.00	0.00	0.00	0.00	0.0	0.0		
5.0	230,755.13	243,087.80	207,775.00	37,186.58	17.0	5.3		
6.0	393,230.16	435,442.13	408,560.00	95,386.60	6.6	10.7		
7.0	241,359.64	265,707.24	225,020.00	52,927.88	18.1	10.1		
8.0	75,562.65	39,612.69	38,840.00	7,514.06	8.3	52.9		
9.0	320.00	282.50	0.00	45.00	100.0	11.7		
10.0	411,130.31	546,488.60	466,470.00	95,057.82	17.2	32.9		
11.0	6,001,487.89	6,776,638.96	6,217,117.00	1,137,836.94	9.0	12.9		
12.0	411,666.79	427,207.31	449,770.00	85,857.72	5.0	7.8		
13.0	0.00	0.00	0.00	0.00	0.0	0.0		
14.0	7,985.00	7,708.35	7,710.00	1,541.67	0.0	1.6		
15.0	236,801.10	238,747.56	237,495.00	42,446.00	5.0	0.0		
16.0	0.00	0.00	0.00	0.00	0.0	0.0		
17.0	17,482.42	12,378.48	12,790.00	2,483.90	3.2	29.2		
18.0	1,709.66	614.00	4,165.00	350.00	85.3	64.1		
19.0	6,676,732.86	7,463,294.66	6,929,047.00	1,270,516.23	7.7	11.8		
20.0	185,992.13	32,670.86	29,224.00	71,656.76	11.8	117.6		
21.0	26,649.50	39,312.58	20,830.00	14,058.82	88.7	47.5		
22.0	0.00	0.00	0.00	0.00	0.0	0.0		
23.0	0.00	0.00	0.00	0.00	0.0	0.0		
24.0	0.00	1,525.89	0.00	1,340.00	100.0	100.0		
25.0	0.00	0.00	0.00	0.00	0.0	0.0		
26.0	4,044.59	9,335.69	0.00	0.00	100.0	130.0		
27.0	0.00	0.00	0.00	0.00	0.0	0.0		
28.0	216,686.22	17,503.30	8,394.00	57,594.60	308.5	91.9		

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT
 May 2004

RATIOS	YEAR TO DATE THIS YEAR		ITEM	YEAR TO DATE THIS YEAR	
	LAST YEAR	THIS YEAR		LAST YEAR	THIS YEAR
TIER	1.915	1.073		.965	.357
MARGINS TO REVENUE	.032	.002		.001	.048
POWER COST TO REVENUE	.677	.707		.706	.709
INTEREST EXPENSE TO REVENUE	.035	.032		.034	.035
CURRENT ASSETS - CURRENT LIABILITIES	2,3859				
MARGINS & EQUITIES AS % OF ASSETS	.4194				
LONG TERM DEBT AS % OF PLANT	.5374				
GENERAL FUNDS TO TOTAL PLANT	6,4004				
QUICK ASSET RATIO	2,2769				

	LAST YEAR	THIS YEAR	ITEM	LAST YEAR	THIS YEAR
1. New Services Connected	148	179	5. Miles Transmission	998.80	1,000.79
2. Services Retired	55	62	6. Miles Distribution Overhead		
3. Total Services in Place	15,358	15,703	7. Miles Distribution Underground		
4. Idle Services	2,205	2,301	8. Total Miles Energized (5+6+7)	998.80	1,000.79

RUS Form 7

PART C BALANCE SHEET

LINE	ASSETS AND OTHER DEBITS	LIABILITIES AND OTHER CREDITS
1	0 TOTAL UTILITY PLANT IN SERVICE	218,355.00
2	0 CONSTRUCTION WORK IN PROGRESS	10,648,673.50
3	0 TOTAL UTILITY PLANT	3,293,205.68
4	0 ACCUM PROV FOR DEP & AMORT	249,434.30
5	0 NET UTILITY PLANT	130,004.90
6	0 NON-UTILITY PROPERTY (NET)	
7	0 INVEST IN SUBSIDIARY COMPANIES	
8	0 INV IN ASSOC ORG - PAT CAPITAL	1,612,496.36
9	0 INV IN ASSOC ORG OTHR GEN FND	
10	0 INV IN ASSOC ORG - NON-GEN FND	
11	0 INV IN ECON DEVEL PROJECTS	
12	0 OTHER INVESTMENTS	
13	0 SPECIAL FUNDS	
14	0 TOT OTHER PROP & INVESTMENTS	16,969,621.57
15	0 CASH - GENERAL FUNDS	
16	0 CASH - CONSTRUCTION FUND TRUST	
17	0 SPECIAL DEPOSITS	
18	0 TEMPORARY INVESTMENTS	
19	0 NOTES RECEIVABLE (NET)	
20	0 ACCTS RECV - SALES ENERGY (NET)	
21	0 ACCTS RECV - OTHER (NET)	
22	0 MATERIAL & SUPPLIES-ELEC & OTH	
23	0 PREPAYMENTS	
24	0 OTHER CURRENT & ACCR ASSETS	
25	0 TOTAL CURRENT & ACCR ASSETS	2,087,745.88
26	0 REGULATORY ASSETS	
27	0 OTHER DEFERRED DEBITS	
28	0 TOTAL ASSETS & OTHER DEBITS	34,046,178.65

LINE	ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION
56	0 BALANCE BEGINNING OF YEAR
57	0 AMOUNT RECEIVED THIS YEAR (NET)
58	0 TOTAL CONTRIBUTIONS IN AID OF CONST

C E R T I F I C A T I O N

WE HEREBY CERTIFY THAT THE ENTRIES IN THIS REPORT ARE IN ACCORDANCE WITH THE ACCOUNTS AND OTHER RECORDS OF THE SYSTEM AND REFLECT THE STATUS OF THE SYSTEM TO THE BEST OF OUR KNOWLEDGE AND BELIEF. ALL INSURANCE REQUIRED BY PART 178B OF 7 CER CHAPTER XVII, REAL WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

 SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT

7/6/04
 DATE

 SIGNATURE OF MANAGER

DATE

PART A. STATEMENT OF OPERATIONS

LINE	DESCRIPTION	YEAR TO DATE		BUDGET	THIS MONTH	Z BUDGET	Z CHANGE FROM LAST YEAR
		LAST YEAR	THIS YEAR				
11.0	OPERATING REVENUE & PATRONAGE CAPITAL	5,828,717.62	6,231,764.53	5,861,344.00	1,192,855.53	6.3	6.9
12.0	POWER PRODUCTION EXPENSE	.00	.00	.00	.00	.0	.0
13.0	COST OF PURCHASED POWER	3,969,366.00	4,400,299.00	4,150,860.00	783,104.00	6.0	10.9
14.0	TRANSMISSION EXPENSE	.00	.00	.00	.00	.0	.0
15.0	DISTRIBUTION EXPENSE-OPERATION	184,354.97	205,901.22	166,220.00	43,789.39	23.9	11.7
16.0	DISTRIBUTION EXPENSE-MAINTENANCE	276,970.65	340,055.53	326,848.00	71,469.10	4.0	23.8
17.0	CONSUMER ACCOUNTS EXPENSE	196,749.87	212,779.36	180,016.00	58,123.57	187.2	8.1
18.0	CUSTOMER SERVICE & INFORMATIONAL EXPENSE	58,196.94	28,098.63	31,072.00	6,210.64	9.5	51.7
19.0	SALES EXPENSE	257.50	237.50	.00	25.00	100.0	7.8
20.0	ADMINISTRATIVE & GENERAL EXPENSE	333,210.75	451,430.78	373,176.00	118,187.65	21.0	35.5
21.0	TOTAL OPERATIONS & MAINTENANCE EXPENSE	5,019,106.68	5,639,802.02	5,228,192.00	1,080,908.33	7.9	12.3
22.0	DEPRECIATION & AMORTIZATION EXPENSE	326,885.28	341,349.59	359,816.00	85,677.61	5.1	3.8
23.0	TAX EXPENSE - PROPERTY & GROSS RECEIPTS	.00	.00	.00	.00	.0	.0
24.0	TAX EXPENSE - OTHER	6,068.68	6,166.68	6,168.00	1,541.67	.0	1.6
25.0	INTEREST ON LONG TERM DEBT	197,689.44	196,301.56	189,998.00	31,640.88	3.3	7.0
26.0	INTEREST CHARGED TO CONSTRUCTION - CREDIT	13,647.09	9,894.58	10,232.00	2,483.43	.0	27.5
27.0	INTEREST EXPENSE - OTHER	1,709.66	264.00	3,332.00	25.00	92.1	84.6
28.0	OTHER DEDUCTIONS	5,567,106.15	6,192,778.43	5,797,736.00	1,202,276.94	8.8	11.2
29.0	TOTAL COST OF ELECTRIC SERVICE	261,611.47	38,985.90	63,608.00	9,441.41	38.7	85.1
30.0	PATRONAGE CAPITAL & OPERATING MARGINS	24,598.22	25,253.76	16,664.00	2,743.04	51.5	3.5
31.0	NON OPERATING MARGINS - INTEREST	.00	.00	.00	.00	.0	.0
32.0	ALLOW. FOR FUNDS USED DURING CONSTRUCTION	.00	.00	.00	.00	.0	.0
33.0	INCOME (LOSS) FROM EQUITY INVESTMENTS	.00	.00	.00	.00	.0	.0
34.0	NON OPERATING MARGINS - OTHER	.00	1,522.55	.00	.00	100.0	100.0
35.0	GENERATION & TRANSMISSION CAPITAL CREDITS	4,044.59	9,335.69	.00	7,480.75	100.0	130.8
36.0	OTHER CAPITAL CREDITS & PATRONAGE DIVID.	.00	.00	.00	.00	.0	.0
37.0	EXTRAORDINARY ITEMS	290,054.28	75,097.90	80,272.00	782.38	6.4	74.1
38.0	PATRONAGE CAPITAL OR MARGINS	2,467	1,383	1,432	1,025	.001	.001
39.0	TIER	.050	.012	.014	.657	.027	.027
40.0	MARGINS TO REVENUE	.034	.032	.032	.027		
41.0	POWER COST TO REVENUE	2,6290	4161				
42.0	INTEREST EXPENSE TO REVENUE	5506	7,1550				
43.0	CURRENT ASSETS : CURRENT LIABILITIES	2,5274					
44.0	MARGINS & EQUITIES AS % OF ASSETS						
45.0	LONG TERM DEBT AS % OF PLANT						
46.0	GENERAL FUNDS TO TOTAL PLANT						
47.0	QUICK ASSET RATIO						

PART B DATA ON TRANSMISSION AND DISTRIBUTION PLANT

LAST YEAR	THIS YEAR	ITEM	YEAR TO DATE	
			LAST YEAR	THIS YEAR
109	138	5. Miles Transmission	998.77	1,000.78
48	54	6. Miles Distribution Overhead		
15,326	15,670	7. Miles Distribution Underground		
2,182	2,259	8. Total Miles Energized (5+6+7)	998.77	1,000.78

PART B

April 2004

RUS Form 7

FA BALANCE SHEET

LINE	ASSETS AND OTHER DEBITS	LIABILITIES AND OTHER CREDITS
1.0	TOTAL UTILITY PLANT IN SERVICE	218,800.00
2.0	CONSTRUCTION WORK IN PROGRESS	10,656,991.48
3.0	TOTAL UTILITY PLANT	3,364,862.44
4.0	ACCUMULATED DEPR & AMORT	235,372.14
5.0	NET UTILITY PLANT	132,764.76
6.0	NON-UTILITY PROPERTY (NET)	14,343,261.30
7.0	INVEST IN SUBSIDIARY COMPANIES	1,614,941.72
8.0	INV IN ASSOC ORG - PAT CAPITAL	(PAYMENTS)-UNAPPLIED .00
9.0	INV IN ASSOC ORG - OTHER GEN FND	3,205.00
10.0	INV IN ASSOC ORG - NON GEN FND	562,394.12
11.0	INV IN ECON DEVEL PROJECTS	5,500.00
12.0	OTHER INVESTMENTS	15,734,828.42
13.0	SPECIAL FUNDS	17,349,770.14
14.0	TOT OTHER PROP & INVESTMENTS	5,788,256.67
15.0	CASH - GENERAL FUNDS	784,303.51
16.0	CASH - CONSTRUCTION FUND TRUST	477.50
17.0	SPECIAL DEPOSITS	20.00
18.0	TEMPORARY INVESTMENTS	1,461,713.07
19.0	NOTES RECEIVABLE (NET)	.00
20.0	ACCTS REC - SALES ENERGY(NET)	2,807,807.79
21.0	ACCTS REC - OTHER (NET)	84,696.61
22.0	MATERIAL & SUPPLIES-ELEC & OTH	209,648.16
23.0	PREPAYMENTS	73,075.31
24.0	OTHER CURRENT & ACCR ASSETS	.00
25.0	TOTAL CURRENT & ACCR ASSETS	5,421,741.95
26.0	REGULATORY ASSETS	.00
27.0	OTHER DEFERRED DEBITS	3,867.48
28.0	TOTAL ASSETS & OTHER DEBITS	34,470,700.04
29.0	MEMBERSHIPS	1,116,709.23
30.0	PATRONAGE CAPITAL	486,405.00
31.0	OPERATING MARGINS - PRIOR YEAR	.00
32.0	OPERATING MARGINS-CURRENT YEAR	.00
33.0	NON-OPERATING MARGINS	459,138.50
34.0	OTHER MARGINS & EQUITIES	2,063,252.75
35.0	TOTAL MARGINS & EQUITIES	2,063,252.75
36.0	LONG TERM DEBT - RUS (NET)	.00
37.0	LONG TERM DEBT-RUS-ECON DEV NET	705,988.86
38.0	LONG TERM DEBT-FFB-RUS GUAR	705,988.86
39.0	LONG TERM DEBT-OTHER-RUS GUAR	.00
40.0	LONG TERM DEBT - OTHER (NET)	.00
41.0	TOTAL LONG TERM DEBT	1,116,709.23
42.0	OBLIGATION UNDER CAPITAL LEASE	486,405.00
43.0	ACCUM OPERATING PROVISIONS	.00
44.0	TOTAL OTHER NONCURR LIABILITY	486,405.00
45.0	NOTES PAYABLE	.00
46.0	ACCOUNTS PAYABLE	1,116,709.23
47.0	CONSUMER DEPOSITS	486,405.00
48.0	CURR MATURITIES LONG-TERM DEBT	.00
49.0	CURR MATURITIES LT DEBT ECON DEV	.00
50.0	CURR MATURITIES CAPITAL LEASES	.00
51.0	OTHER CURRENT & ACCRUED LIAB	459,138.50
52.0	TOTAL CURRENT & ACCRUED LIAB	2,063,252.75
53.0	REGULATORY LIABILITIES	.00
54.0	OTHER DEFERRED CREDITS	9,427.01
55.0	TOTAL LIABILITIES & OTH CREDIT	34,470,700.04

ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION

56.0 BALANCE BEGINNING OF YEAR .00

57.0 AMOUNT RECEIVED THIS YEAR (NET) 55,613.46

58.0 TOTAL CONTRIBUTIONS IN AID OF CONST 55,613.46

C E R T I F I C A T I O N

WE HEREBY CERTIFY THAT THE ENTRIES IN THIS REPORT ARE IN ACCORDANCE WITH THE ACCOUNTS AND OTHER RECORDS OF THE SYSTEM AND REFLECT THE STATUS OF THE SYSTEM TO THE BEST OF OUR KNOWLEDGE AND BELIEF.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, REA, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

[Signature]
SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT

[Signature]
SIGNATURE OF MANAGER

6/14/04
DATE

12-13-04
DATE

FINANCIAL AND STATISTICAL REPORT
FROM-01/04 THRU-03/04

PART A. STATEMENT OF OPERATIONS

LINE NO	DESCRIPTION	YEAR TO DATE		BUDGET	THIS MONTH		% CHANGE FROM LAST YEAR
		LAST YEAR	THIS YEAR		2004	2004	
1.0	OPERATING REVENUE & PATRONAGE CAPITAL	4,732,419.70	5,038,928.80	4,733,651.00	1,458,117.31	6.4	6.5
2.0	POWER PRODUCTION EXPENSE	0.00	0.00	0.00	0.00	0.0	0.0
3.0	COST OF PURCHASED POWER	3,288,435.00	3,617,195.00	3,387,315.00	1,017,043.00	6.8	10.0
4.0	TRANSMISSION EXPENSE	0.00	0.00	0.00	0.00	0.0	0.0
5.0	DISTRIBUTION EXPENSE-OPERATION	139,632.52	162,112.83	124,665.00	54,261.04	30.0	16.9
6.0	DISTRIBUTION EXPENSE-MAINTENANCE	201,584.17	268,586.43	245,136.00	70,715.82	9.6	33.2
7.0	CUSTOMER ACCOUNTS EXPENSE	147,779.91	154,655.79	135,012.00	53,865.96	14.5	4.7
8.0	CUSTOMER SERVICE & INFORMATIONAL EXPENSE	46,031.39	21,887.99	23,304.00	8,212.52	6.1	52.4
9.0	SALES EXPENSE	227.50	212.50	0.00	45.00	100.0	6.6
10.0	ADMINISTRATIVE & GENERAL EXPENSE	256,244.26	333,243.13	279,882.00	110,587.19	19.1	30.0
11.0	TOTAL OPERATIONS & MAINTENANCE EXPENSE	4,078,934.75	4,557,893.67	4,195,314.00	1,314,730.53	8.6	11.7
12.0	DEPRECIATION & AMORTIZATION EXPENSE	246,309.88	255,671.98	269,862.00	85,480.78	5.3	3.8
13.0	TAX EXPENSE - PROPERTY & GROSS RECEIPTS	0.00	0.00	0.00	0.00	0.0	0.0
14.0	TAX EXPENSE - OTHER	4,551.00	4,625.01	4,626.00	1,541.67	0.0	1.6
15.0	INTEREST ON LONG TERM DEBT	148,780.60	164,660.68	142,497.00	39,000.00	15.6	10.7
16.0	INTEREST CHARGED TO CONSTRUCTION - CREDIT	0.00	0.00	0.00	0.00	0.0	0.0
17.0	INTEREST EXPENSE - OTHER	9,388.96	7,411.15	7,674.00	2,479.60	3.4	21.1
18.0	OTHER DEDUCTIONS	1,109.90	239.00	2,499.00	104.00	90.4	78.5
19.0	TOTAL COST OF ELECTRIC SERVICE	4,489,075.09	4,990,501.49	4,622,472.00	1,443,336.58	8.0	11.2
20.0	PATRONAGE CAPITAL & OPERATING MARGINS	243,343.61	48,427.31	111,179.00	14,780.73	56.4	80.1
21.0	NON-OPERATING MARGINS - INTEREST	16,039.35	22,510.72	12,498.00	3,361.13	80.1	40.3
22.0	ALLOW. FOR FUNDS USED DURING CONSTRUCTION	0.00	0.00	0.00	0.00	0.0	0.0
23.0	INCOME (LOSS) FROM EQUITY INVESTMENTS	0.00	0.00	0.00	0.00	0.0	0.0
24.0	NON-OPERATING MARGINS - OTHER	0.00	1,522.55	0.00	1,522.55	100.0	100.0
25.0	GENERATION & TRANSMISSION CAPITAL CREDITS	0.00	0.00	0.00	0.00	0.0	0.0
26.0	OTHER CAPITAL CREDITS & PATRONAGE DIVID.	4,044.59	1,854.94	0.00	1,212.94	100.0	54.1
27.0	EXTRAORDINARY ITEMS	0.00	0.00	0.00	0.00	0.0	0.0
28.0	PATRONAGE CAPITAL OR MARGINS	263,427.55	74,315.52	123,677.00	20,877.35	39.9	71.8

RATIOS	TIER	POWER COST TO REVENUE	INTEREST EXPENSE TO REVENUE	CURRENT ASSETS - CURRENT LIABILITIES	MARGINS & EQUITIES AS % OF ASSETS	LONG TERM DEBT AS % OF PLANT	GENERAL FUNDS TO TOTAL PLANT	QUICK ASSET RATIO
	2.771	0.56	0.31	2,4660	4.128	6.6153	2.3710	
	1.451	0.015	0.033	0.4128	0.5521	0.030		
	1.868	0.026	0.030	1.868	0.698	0.027		

PART B
March 2004

DATA ON TRANSMISSION AND DISTRIBUTION PLANT.

ITEM	YEAR TO DATE		YEAR TO DATE	
	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR
1. New Services Connected	77	96	998.76	1,000.75
2. Services Retired	42	38		
3. Total Services in Place	15,300	15,644		
4. Idle Services	2,163	2,256	998.76	1,000.75
5. Miles Transmission				
6. Miles Distribution Overhead				
7. Miles Distribution Underground				
8. Total Miles Energized				

2

P.A. C. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1.0 TOTAL UTILITY PLANT IN SERVICE	31,370,161.81	29.0 MEMBERSHIPS	218,435.00
2.0 CONSTRUCTION WORK IN PROGRESS	40,010.89	30.0 PAID IN ADVANCE - CAPITAL	10,661,684.57
3.0 TOTAL UTILITY PLANT	31,410,172.70	31.0 OPERATING MARGINS - PRIOR YEAR	3,366,823.10
4.0 ACCUM PROV FOR DEP & AMORT	8,209,558.79	32.0 OPERATING MARGINS - CURRENT YEAR	232,629.10
5.0 NET UTILITY PLANT	23,200,613.91	33.0 NON-OPERATING MARGINS	134,488.92
6.0 NON-UTILITY PROPERTY (NET)	0.00	34.0 OTHER MARGINS & EQUITIES	14,345,082.85
7.0 INVEST IN SUBSIDIARY COMPANIES	0.00	35.0 TOTAL MARGINS & EQUITIES	1,607,090.53
8.0 INV IN ASSOC ORG - PAT CAPITAL	5,209,764.80	36.0 LONG TERM DEBT - RUS (NET)	1,607,090.53
9.0 INV IN ASSOC ORG OTHR GEN FND	3,205.00	(PAYMENTS)-UNAPPLIED	.00
10.0 INV IN ASSOC ORG - NON-GEN-EN	562,394.12	37.0 LNG-TERM DEBT-RUS-ECON DEV NET	.00
11.0 INV IN ECON DEVEL PROJECTS	0.00	38.0 LNG-TERM DEBT-FFB-RUS GUAR	.00
12.0 OTHER INVESTMENTS	5,500.00	39.0 LONG-TERM DEBT-OTHER-RUS GUAR	.00
13.0 SPECIAL FUNDS	0.00	40.0 LONG TERM DEBT - OTHER (NET)	15,734,828.42
14.0 TOT OTHER PROP & INVESTMENTS	5,780,863.92	41.0 TOTAL LONG TERM DEBT	17,341,918.95
15.0 CASH - GENERAL FUNDS	611,110.77	42.0 OBLIGATION UNDER CAPITAL LEASE	.00
16.0 CASH - CONSTRUCTION FUND TRUST	477.50	43.0 ACCUM OPERATING PROVISIONS	714,144.51
17.0 SPECIAL DEPOSITS	20.00	44.0 TOTAL OTHER NONCURR LIABILITY	714,144.51
18.0 TEMPORARY INVESTMENTS	1,458,060.78	45.0 NOTES PAYABLE	.00
19.0 NOTES RECEIVABLE (NET)	0.00	46.0 ACCOUNTS PAYABLE	1,391,327.19
20.0 ACCTS RECV - SALES ENERGY (NET)	3,323,533.44	47.0 CONSUMER DEPOSITS	486,660.00
21.0 ACCTS RECV - OTHER (NET)	68,572.80	48.0 CURR MATURITIES LONG-TERM DEBT	.00
22.0 MATERIAL & SUPPLIES-ELEC & OTH	221,825.80	49.0 CURR MATURITI LT DEBT ECON DEV	.00
23.0 PREPAYMENTS	67,398.15	50.0 CURR MATURITIES CAPITAL LEASES	.00
24.0 OTHER CURRENT & ACCR ASSETS	9,437.10	51.0 OTHER CURRENT & ACCRUED LIAB	457,970.42
25.0 TOTAL CURRENT & ACCR ASSETS	5,760,436.45	52.0 TOTAL CURRENT & ACCRUED LIAB	2,333,937.64
26.0 REGULATORY ASSETS	0.00	53.0 REGULATORY LIABILITIES	.00
27.0 OTHER DEFERRED DEBITS	4,616.65	54.0 OTHER DEFERRED CREDITS	9,427.01
28.0 TOTAL ASSETS & OTHER DEBITS	34,746,530.93	55.0 TOTAL LIABILITIES & OTH CREDIT	34,746,530.93

CERTIFICATION

WE HEREBY CERTIFY THAT THE ENTRIES IN THIS REPORT ARE IN ACCORDANCE WITH THE ACCOUNTS AND OTHER RECORDS OF THE SYSTEM AND REFLECT THE STATUS OF THE SYSTEM TO THE BEST OF OUR KNOWLEDGE AND BELIEF. ALL INSURANCE REQUIRED BY PART 1788 OF Z-CFR CHAPTER XVII, REAL WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

_____ DATE 5/16/04
 SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT
 _____ DATE 12-13-04
 SIGNATURE OF MANAGER

PART A. STATEMENT OF OPERATIONS

LINE NO.	DESCRIPTION	LAST YEAR	YEAR TO DATE THIS YEAR	BUDGET	THIS MONTH	% FROM BUDGET	% FROM LAST YEAR	% CHANGE FROM YEAR
		A	B	C	D			
1.0	OPERATING REVENUE & PATRONAGE CAPITAL	3,410,841.84	3,580,811.49	3,428,402.00	1,703,288.11	4.4		5.0
2.0	POWER PRODUCTION EXPENSE	00	00	00	00			0
3.0	COST OF PURCHASED POWER	2,368,937.00	2,600,152.00	2,429,134.00	1,235,451.00	7.0		9.8
4.0	TRANSMISSION EXPENSE	00	00	00	00			0
5.0	DISTRIBUTION EXPENSE-OPERATION	102,823.50	107,851.79	83,110.00	55,131.24	29.8		4.9
6.0	DISTRIBUTION EXPENSE-MAINTENANCE	137,442.05	197,870.61	163,424.00	74,417.53	21.1		44.0
7.0	CONSUMER ACCOUNTS EXPENSE	99,645.23	100,789.83	90,008.00	46,098.87	12.0		1.1
8.0	CUSTOMER SERVICE & INFORMATIONAL EXPENSE	27,003.69	13,675.47	15,536.00	7,847.04	12.0		49.4
9.0	SALES EXPENSE	172.50	167.50	00	45.00	100.0		2.9
10.0	ADMINISTRATIVE & GENERAL EXPENSE	171,941.94	222,655.94	186,588.00	108,817.33	19.3		29.5
11.0	TOTAL OPERATIONS & MAINTENANCE EXPENSE	2,907,866.91	3,243,163.14	2,967,800.00	1,527,808.01	9.3		11.5
12.0	DEPRECIATION & AMORTIZATION EXPENSE	163,960.16	170,191.20	179,508.00	85,262.12	5.4		3.8
13.0	TAX EXPENSE - PROPERTY & GROSS RECEIPTS	00	00	00	00			0
14.0	TAX EXPENSE - OTHER	3,034.00	3,083.34	3,084.00	1,541.67	32.3		1.6
15.0	INTEREST ON LONG TERM DEBT	101,150.01	125,660.68	94,998.00	75,072.84	32.3		24.2
16.0	INTEREST CHARGED TO CONSTRUCTION - CREDIT	00	00	00	00			0
17.0	INTEREST EXPENSE - OTHER	5,793.07	4,793.55	5,116.00	2,488.05	3.6		14.9
18.0	OTHER DEDUCTIONS	509.90	135.00	1,666.00	135.00	91.9		73.5
19.0	TOTAL COST OF ELECTRIC SERVICE	3,182,424.05	3,547,164.91	3,252,572.00	1,692,314.69	9.1		11.5
20.0	PATRONAGE CAPITAL & OPERATING MARGINS	228,417.79	33,646.58	175,830.00	10,893.42	80.9		85.3
21.0	NON-OPERATING MARGINS - INTEREST	14,081.14	12,149.59	8,332.00	12,142.69	129.8		36.0
22.0	ALLOW FOR FUNDS USED DURING CONSTRUCTION	00	00	00	00			0
23.0	INCOME (LOSS) FROM EQUITY INVESTMENTS	00	00	00	00			0
24.0	NON-OPERATING MARGINS - OTHER	00	00	00	00			0
25.0	OPERATION & TRANSMISSION CAPITAL CREDITS	00	00	00	00			0
26.0	OTHER CAPITAL CREDITS & PATRONAGE DIVID	00	642.00	00	00	100.0		100.0
27.0	EXTRAORDINARY ITEMS	00	00	00	00			0
28.0	PATRONAGE CAPITAL OR MARGINS	242,498.93	53,438.17	184,162.00	26,036.11	71.0		78.0

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PART B DATA ON TRANSMISSION AND DISTRIBUTION PLANT

February 2004

	LAST YEAR	THIS YEAR	ITEM	LAST YEAR	THIS YEAR
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1. New Services Connected	47	52	5. Miles Transmission	998.79	1,000.73
2. Services Retired	26	20	6. Miles Distribution Overhead		
3. Total Services in Place	15,286	15,618	7. Miles Distribution Underground		
4. Idle Services	2,152	2,223	8. Total Miles Energized (5+6+7)	998.79	1,000.73

PART C. BALANCE SHEET

LINE	ASSETS AND OTHER DEBITS	LIABILITIES AND OTHER CREDITS
1.0	TOTAL UTILITY PLANT IN SERVICE 31,279,004.64	29.0 MEMBERSHIPS 218,350.00
2.0	CONSTRUCTION WORK IN PROGRESS 39,580.43	30.0 PATRONAGE CAPITAL 10,654,397.34
3.0	TOTAL UTILITY PLANT 31,318,585.07	31.0 OPERATING MARGINS - PRIOR YEAR .00
4.0	ACCUM PROV FOR DEP & AMORT 8,215,597.04	32.0 OPERATING MARGINS-CURRENT YEAR 3,350,829.43
5.0	NET-UTILITY PLANT 23,102,988.03	33.0 NON-OPERATING MARGINS 227,745.42
6.0	NON-UTILITY PROPERTY (NET) .00	34.0 OTHER MARGINS & EQUITIES 135,509.49
7.0	INVEST IN SUBSIDIARY COMPANIES .00	35.0 TOTAL MARGINS & EQUITIES 14,355,812.70
8.0	INV IN ASSOC ORG - PAT CAPITAL 5,208,915.74	36.0 LONG TERM DEBT - RUS (NET) 1,527,787.68
9.0	INV IN ASSOC ORG OTHER GEN FND 3,205.00	(PAYMENTS)-UNAPPLIED .00
10.0	INV IN ASSOC ORG - NON-GEN FND 563,028.63	37.0 LONG-TERM DEBT-RUS-ECON DEV NET .00
11.0	INV IN ECON DEVEL PROJECTS .00	38.0 LONG-TERM DEBT-FFD-RUS GUAR .00
12.0	OTHER INVESTMENTS 5,500.00	39.0 LONG-TERM DEBT OTHER-RUS GUAR .00
13.0	SPECIAL FUNDS .00	40.0 LONG TERM DEBT - OTHER (NET) 15,786,982.09
14.0	TOT OTHER PROP & INVESTMENTS 5,780,699.37	41.0 TOTAL LONG TERM DEBT 17,314,769.77
15.0	CASH - GENERAL FUNDS 434,035.21	42.0 OBLIGATION-UNDER-CAPITAL-LEASE .00
16.0	CASH - CONSTRUCTION FUND TRUST 477.50	43.0 ACCUM OPERATING PROVISIONS 719,004.68
17.0	SPECIAL DEPOSITS 20.00	44.0 TOTAL OTHER NONCURR LIABILITY 719,004.68
18.0	TEMPORARY INVESTMENTS 1,453,870.72	45.0 NOTES PAYABLE .00
19.0	NOTES RECEIVABLE (NET) .00	46.0 ACCOUNTS PAYABLE 1,611,773.63
20.0	ACCTS REC - SALES ENERGY (NET) 3,722,325.52	47.0 CONSUMER DEPOSITS 480,340.00
21.0	ACCTS-REC - OTHER (NET) 67,137.39	48.0 CURR MATURITIES LONG-TERM DEBT .00
22.0	MATERIAL & SUPPLIES-ELEC & OTH 199,030.74	49.0 CURR MATURIT LT DEBT ECON DEV .00
23.0	PREPAYMENTS 82,660.88	50.0 CURR MATURITIES-CAPITAL-LEASES .00
24.0	OTHER-CURRENT & ACCR-ASSETS 7,549.68	51.0 OTHER CURRENT & ACCRUED LIAB 394,122.19
25.0	TOTAL CURRENT & ACCR ASSETS 5,967,107.64	52.0 TOTAL CURRENT & ACCRUED LIAB 2,486,235.82
26.0	REGULATORY-ASSETS .00	53.0 REGULATORY LIABILITIES .00
27.0	OTHER DEFERRED DEBITS 4,454.94	54.0 OTHER DEFERRED CREDITS 9,427.01
28.0	TOTAL ASSETS & OTHER DEBITS 34,855,249.98	55.0 TOTAL LIABILITIES & OTH CREDIT 14,855,249.98

C E R T I F I C A T I O N

WE HEREBY CERTIFY THAT THE ENTRIES IN THIS REPORT ARE IN ACCORDANCE WITH THE ACCOUNTS AND OTHER RECORDS OF THE SYSTEM AND REFLECT THE STATUS OF THE SYSTEM TO THE BEST OF OUR KNOWLEDGE AND BELIEF. ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, REA, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION .00
 56.0 BALANCE BEGINNING OF YEAR 34,927.07
 57.0 AMOUNT RECEIVED THIS YEAR (NET) 34,927.07
 58.0 TOTAL CONTRIBUTIONS IN AID OF CONST .00

SIGNATURE OF OFFICE MANAGER OF ACCOUNTANT: *Sandra Shepherd* DATE: 3/4/04
 SIGNATURE OF MANAGER: *Robert D. Senter* DATE: 12-13-04

PART A. STATEMENT OF OPERATIONS

LINE NO	LAST YEAR	THIS YEAR	YEAR TO DATE THIS YEAR	BUDGET	THIS MONTH	% FROM BUDGET	% CHANGE FROM LAST YEAR
1.0	1,745,400.74	1,877,603.38	1,877,603.38	1,829,498.00	1,877,603.38	2.5	7.6
2.0	0.00	0.00	0.00	0.00	0.00	0	0
3.0	1,212,844.00	1,354,701.00	1,354,701.00	1,324,411.00	1,364,701.00	3.0	12.5
4.0	0.00	0.00	0.00	0.00	0.00	0	0
5.0	51,998.75	52,720.55	52,720.55	41,555.00	52,720.55	26.9	1.4
6.0	67,302.55	147,835.63	147,835.63	81,712.00	147,835.63	80.9	119.7
7.0	51,759.99	54,590.95	54,590.95	45,004.00	54,690.95	21.5	5.7
8.0	14,211.53	5,528.43	5,528.43	7,758.00	5,828.43	25.0	59.0
9.0	0.00	105.00	105.00	0.00	105.00	100.0	16.7
10.0	89,335.92	113,838.61	113,838.61	93,294.00	113,838.61	22.0	27.4
11.0	1,487,555.74	1,739,738.68	1,739,738.68	1,593,744.00	1,739,738.68	9.2	17.0
12.0	81,927.08	84,929.08	84,929.08	89,954.00	84,929.08	5.6	3.7
13.0	0.00	0.00	0.00	0.00	0.00	0	0
14.0	1,517.00	1,541.67	1,541.67	1,542.00	1,541.67	0	1.6
15.0	61,604.45	50,580.84	50,580.84	47,499.00	50,580.84	6.5	17.1
16.0	2,719.96	2,443.50	2,443.50	2,538.00	2,443.50	4.5	10.2
17.0	159.90	833.00	833.00	0.00	833.00	100.0	100.0
19.0	1,634,884.13	1,879,233.77	1,879,233.77	1,736,130.00	1,879,233.77	8.2	14.9
20.0	110,516.61	1,630.39	1,630.39	93,388.00	1,630.39	101.7	101.5
21.0	12,078.22	4,005.90	4,005.90	4,166.00	4,005.90	3.8	66.8
22.0	0.00	0.00	0.00	0.00	0.00	0	0
23.0	0.00	0.00	0.00	0.00	0.00	0	0
24.0	0.00	0.00	0.00	0.00	0.00	0	0
25.0	0.00	0.00	0.00	0.00	0.00	0	0
26.0	0.00	642.00	642.00	0.00	642.00	100.0	100.0
27.0	0.00	0.00	0.00	0.00	0.00	0	0
29.0	122,594.83	3,018.51	3,018.51	97,494.00	3,018.51	96.9	97.5

RATIOS

TIER	3.010	1.050	1.050	3.053	1.050
MARGINS TO REVENUE	0.070	1.002	1.002	0.053	0.022
POWER-COST-TO-REVENUE	6.595	7.27	7.27	7.27	0.027
INTEREST EXPENSE TO REVENUE	0.035	0.027	0.027	0.025	0.027
CURRENT-ASSETS-CURRENT-LIABILITIES	2.3790				
MARGINS & EQUITIES AS % OF ASSETS	4056				
LONG TERM DEBT AS % OF PLANT	5561				
GENERAL-FUNDS-TO-TOTAL PLANT	6.6184				
QUICK ASSET RATIO	2.2973				

PART B
 DATA ON TRANSMISSION AND DISTRIBUTION PLANT
 January 2004

ITEM	LAST YEAR	THIS YEAR	LAST YEAR	THIS YEAR
1. New Services Connected	27	29	998.76	1,000.68
2. Services Retired	13	8		
3. Total Services in Place	15,279	15,607		
4. Idle Services	2,108	2,185	998.76	1,000.68
5. Miles Transmission				
6. Miles Distribution				
7. Miles Distribution Underground				
8. Total Miles Energized (5+6+7)			998.76	1,000.68

LINE	ASSETS AND OTHER DEBITS	LIABILITIES AND OTHER CREDITS
1.0	TOTAL UTILITY PLANT IN SERVICE 31,160,754.36	29.0 MEMBERSHIPS 218,565.00
2.0	CONSTRUCTION WORK IN PROGRESS 57,768.14	30.0 PATRONAGE CAPITAL 10,492,728.96
3.0	TOTAL UTILITY PLANT 31,200,462.50	31.0 OPERATING MARGINS - PRIOR YEAR .00
4.0	ACCUM PROV FOR DEP & AMORT 8,379,657.12	32.0 OPERATING MARGINS-CURRENT YEAR 3,367,670.34
5.0	NET UTILITY PLANT 22,820,795.38	33.0 NON-OPERATING MARGINS 189,364.82
		34.0 OTHER MARGINS & EQUITIES 139,129.42
		35.0 TOTAL MARGINS & EQUITIES 14,125,199.70
6.0	NON-UTILITY PROPERTY (NET) .00	
7.0	INVEST IN SUBSIDIARY COMPANIES .00	
8.0	INV IN ASSOC ORG - PAT CAPITAL 5,209,229.12	36.0 LONG TERM DEBT - RUS (NET) 1,531,558.51
9.0	INV IN ASSOC ORG OTHER FND 3,205.00	(PAYMENTS-UNAPPLIED .00)
10.0	INV IN ASSOC ORG NON-GEN FND 563,078.63	37.0 LONG TERM DEBT-RUS-ECON-DEV-NET .00
11.0	INV IN ECON DEVEL PROJECTS .00	38.0 LONG TERM DEBT-FFB-RUS GUAR .00
12.0	OTHER INVESTMENTS 5,500.00	39.0 LONG TERM DEBT OTHER-RUS GUAR .00
13.0	SPECIAL FUNDS .00	40.0 LONG TERM DEBT OTHER (NET) 15,818,194.96
14.0	TOT OTHER PROP & INVESTMENTS 5,781,012.75	41.0 TOTAL LONG TERM DEBT 17,349,753.47
15.0	CASH - GENERAL FUNDS 369,172.72	42.0 OBLIGATION UNDER CAPITAL LEASE .00
16.0	CASH - CONSTRUCTION FUND TRUST 477.50	43.0 ACCUM OPERATING PROVISIONS 724,207.26
17.0	SPECIAL DEPOSITS 20.00	44.0 TOTAL OTHER NONCURR LIABILITY 724,207.26
18.0	TEMPORARY INVESTMENTS 1,749,502.76	
19.0	NOTES RECEIVABLE (NET) .00	45.0 NOTES PAYABLE .00
20.0	ACCTS RECV - SALES ENERGY (NET) 3,713,570.68	46.0 ACCOUNTS PAYABLE 1,791,998.98
21.0	ACCTS RECV OTHER (NET) 65,514.18	47.0 CONSUMER DEPOSITS 481,605.00
22.0	MATERIAL & SUPPLIES-ELEC & OTH 213,550.61	48.0 CURR MATURITIES LONG-TERM DEBT .00
23.0	PREPAYMENTS 97,923.61	49.0 CURR MATURIT LT DEBT ECON DEV .00
24.0	OTHER CURRENT & ACCR ASSETS 3,662.26	50.0 CURR MATURITIES CAPITAL LEASES .00
25.0	TOTAL CURRENT & ACCR ASSETS 6,215,394.32	51.0 OTHER CURRENT & ACCRUED LIAB 338,976.32
		52.0 TOTAL CURRENT & ACCRUED LIAB 2,612,580.30
26.0	REGULATORY ASSETS .00	
27.0	OTHER DEFERRED DEBITS 3,965.29	53.0 REGULATORY LIABILITIES .00
		54.0 OTHER DEFERRED CREDITS 9,427.01
28.0	TOTAL ASSETS & OTHER DEBITS 34,821,167.74	55.0 TOTAL LIABILITIES & OTH CREDIT 34,821,167.74

CERTIFICATION

WE HEREBY CERTIFY THAT THE ENTRIES IN THIS REPORT ARE IN ACCORDANCE WITH THE ACCOUNTS AND OTHER RECORDS OF THE SYSTEM AND REFLECT THE STATUS OF THE SYSTEM TO THE BEST OF OUR KNOWLEDGE AND BELIEF.

ALL INSURANCE REQUIRED BY PART 1768 OF 7 CFR CHAPTER XVII, REA, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION .00

BALANCE BEGINNING OF YEAR 4,097.32

AMOUNT RECEIVED THIS YEAR (NET) 4,097.32

TOTAL CONTRIBUTIONS IN AID OF CONSTRUCTION 4,097.32

SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT: *[Signature]* DATE: 3/4/04

SIGNATURE OF MANAGER: *[Signature]* DATE: 12-13-04

**Big Sandy RECC
Paintsville, KY**

Case No. 2005-00125

**UNBUNDLED COST OF SERVICE STUDY
Test Year 2004**

Prepared by: J. Adkins - April 2005

Case No. 2005-00125

Statement of Operations
Based on Expenses Category for each Rate Class

	Schedule A-1 Residential	Schedule A-2 Com& SmlPow	Schedule LP Large Power	Schedule LPR Large Pow Serv	Schedule YL-1 Security Lights	Total
Revenue	9,992,287	985,438	1,871,729	1,459,978	539,163	14,848,595
Purchased Power Costs	7,287,526	650,248	1,325,806	1,073,821	247,840	10,585,241
O&M	1,845,054	226,870	128,618	83,828	144,700	2,429,070
Admin & General	803,113	89,369	61,677	44,634	87,955	1,086,748
Depreciation & Misc.	739,928	85,389	86,704	67,681	85,426	1,065,129
Interest	423,118	48,829	49,581	38,703	48,849	609,079
Total Costs	11,098,739	1,100,705	1,652,386	1,308,667	614,770	15,775,267
Operating Margin	(1,106,452)	(115,267)	219,343	151,311	(75,607)	(926,672)
Other Income	442,580	51,075	51,861	40,483	51,096	637,095
Net Margins	(663,872)	(64,193)	271,204	191,794	(24,510)	(289,577)
TIER	(0.65)	(0.38)	6.75	6.21	0.47	0.50

b

Big Sandy RECC

Exhibit I
Schedule B
1 of 2

Case No. 2005-00125

Statement of Operations by Functional Classification

	Schedule A-1 Residential	Schedule A-2	Schedule LP	Schedule LPR	Schedule YL-1	Total
Revenue	9,992,287	985,438	1,871,729	1,459,978	539,163	14,848,595
Wholesale Demand Costs						
Generation	1,568,454	168,970	250,373	174,637	22,615	2,185,049
Transmission	705,804	76,036	112,668	78,586	10,177	983,272
Distribution Substation	201,200	21,675	32,118	22,402	2,901	280,296
Total Wholesale Demand	2,475,458	266,681	395,159	275,625	35,694	3,448,617
Wholesale Energy Costs	4,812,069	383,567	930,647	798,196	212,147	7,136,624
Total Wholesale Costs	7,287,526	650,248	1,325,806	1,073,821	247,840	10,585,241
Gross Margin	2,704,761	335,190	545,923	386,157	291,323	4,263,354
Distribution Demand Costs						
Lines	887,614	121,085	218,167	183,994	39,182	1,450,043
Transformers	214,588	29,273	52,744	44,482	9,473	350,560
Total Distribution Demand	1,102,202	150,359	270,911	228,476	48,655	1,800,602
Distribution Consumer						
Lines	937,988	71,866	10,979	1,082	10,731	1,032,647
Transformers	41,770	5,641	1,369	1,820	248	50,848
Services	370,672	37,088	8,147	-	25,745	441,652
Meters	341,995	78,685	18,855	1,859	-	441,393
Consumer Services	1,016,585	106,818	16,319	1,609	102,259	1,243,591
Lighting					179,293	179,293
Total Distribution Consumer	2,709,011	300,099	55,669	6,371	318,274	3,389,424
Total Distribution Costs	3,811,213	450,457	326,580	234,846	366,929	5,190,026
Operating Margin	(1,106,452)	(115,267)	219,343	151,311	(75,607)	(926,672)
Other Revenue	442,580	51,075	51,861	40,483	51,096	637,095
Net Margin	(663,872)	(64,193)	271,204	191,794	(24,510)	(289,577)

Allocation of Revenue Requirements to Rate Classes

Basis	Total \$\$\$	Schedule A-1 Residential		Schedule A-2 Commercial & Small Power		Schedule LP Large Power Service		Schedule LPR Large Power Rate		Schedule YL-1 Security Lights		
		Demand	Energy	Demand	Energy	Demand	Energy	Demand	Energy	Demand	Energy	Consumer
1 Purchased Power												
2 Generation Demand	2,185,049	1,568,454		168,970	383,567	250,373	930,647	174,637	798,196	22,615	212,147	
3 Generation Energy	7,136,624	4,812,069		76,036		112,668		78,586		10,177		
4 Transmission Demand	983,272	705,804		21,675		32,118						
5 Substation Demand	280,296	201,200										
6												
7 Total Purchased Power	10,585,241	2,475,458	4,812,069	266,681	383,567	395,159	930,647	275,625	798,196	35,694	212,147	
8												
9 Lines												
10 Distribution O&M Demand Related	606,224	371,087		50,622		91,210		76,923		16,381		4,486
11 Distribution O&M Consumer Related	431,722			392,148		30,045		4,590		453		
12 Admin & Gen Demand Related	247,390	151,435		20,558		37,221		31,391		6,685		1,831
13 Admin & Gen Consumer Related	176,179			160,029		12,261		1,873		185		
14 Deprec. Taxes & Misc Demand Related	379,447	232,271		31,686		57,090		48,148		10,253		2,808
15 Deprec. Taxes & Misc Consumer Related	270,223			245,453		18,806		2,873		283		
16 Interest Demand Related	216,981	132,821		18,119				27,532		5,863		1,606
17 Interest Consumer Related	154,523			140,359		10,754		1,643		162		
18												
19 Total Costs for Lines	2,482,690	887,614		937,988	121,085	71,866		183,994		1,082		10,731
20												
21 Margins Demand Related	206,431	126,363		17,238		31,059		26,194		5,578		1,528
22 Margins Consumer Related	147,010			133,534		10,231		1,563		154		
23												
24 Credits Demand Related	226,962	136,930		18,952		34,148		28,799		6,133		1,680
25 Credits Consumer Related	161,631			146,815		11,249		1,718		169		
26												
27 Revenue Requirements-Lines	2,447,538	875,047		924,708	119,371	70,849		181,389		1,067		10,579
28												
29 Transformers												
30 Distribution O&M Demand Related	30,406	18,612		2,539		4,575		3,858,18		822		21
31 Distribution O&M Consumer Related	4,410			3,623		489		119		158		
32 Admin & Gen Demand Related	93,862	57,456		7,838		14,122		11,910		2,536		66
33 Admin & Gen Consumer Related	13,615			11,184		1,510		367		487		
34 Deprec. Taxes & Misc Demand Related	143,966	88,126		12,022		21,661		18,268		3,890		102
35 Deprec. Taxes & Misc Consumer Related	20,882			17,154		2,317		562		748		
36 Interest Demand Related	82,325	50,394		6,875		12,386		10,446		2,225		58
37 Interest Consumer Related	11,941			9,809		1,325		321		427		
38												
39 Total Costs for Transformers	401,408	214,588		41,770	29,273	5,641		44,482		9,473		248
40												
41 Margins Demand Related	78,322	47,943		6,540		11,784		9,938		2,116		55
42 Margins Consumer Related	11,361			9,332		1,260		306		407		
43												
44 Credits Demand Related	86,112	52,711		7,191		12,956		10,927		2,327		61
45 Credits Consumer Related	12,490			10,261		1,386		336		447		
46												
47 Revenue Requirements-Transform.	392,489	209,820		40,842	28,623	5,516		43,494		9,262		242
48												
49 Services												
50 Distribution O&M Consumer Related	184,643			154,968		15,506		3,406		-		10,763
51 Admin & Gen Consumer Related	75,350			63,240		6,328		1,390		-		4,392
52 Deprec. Taxes & Misc Consumer Related	116,972			96,998		9,705		2,132		-		6,737
53 Interest Consumer Related	66,088			55,467		5,550		1,219		-		3,852
54												
55 Total Costs for Services	441,652			370,672		37,088		8,147		-		25,745
56												
57 Margins Consumer Related	62,875			52,770		5,280		1,160		-		3,665
58												
59 Credits Consumer Related	69,128	0		58,018		5,805		1,275		-		4,030
60												
61 Revenue Requirements-Services	435,399			365,424		36,563		8,032		-		25,980

**Big Sanay RECC
Case No. 2005-00125**

Exhibit II
Schedule A-1
1 of 3

Demand Related Costs and Energy Related Costs Allocators

A. Energy Sales Month	Allocation is proportional on actual sales to end use customers						Total
	Schedule A-1 <u>Residential</u>	Schedule A-2 Commercial & <u>Small Power</u>	Schedule LP Large Power <u>Service</u>	Schedule LPR Large Power <u>Rate</u>	Schedule YL <u>Security Lights</u>		
January	22,665,138	1,299,076	2,901,360	2,807,760	623,998	30,297,332	
February	18,296,603	1,270,640	2,975,256	2,667,320	623,241	25,833,060	
March	15,466,895	1,133,448	2,624,592	2,619,340	626,449	22,470,724	
April	11,229,249	979,059	2,484,923	2,456,800	627,289	17,777,320	
May	11,124,389	1,164,586	2,883,292	2,577,480	626,786	18,376,533	
June	12,136,235	1,181,843	2,747,820	2,220,940	627,886	18,914,724	
July	13,868,159	1,163,083	2,824,540	1,984,800	631,449	20,472,031	
August	12,322,886	1,151,104	2,924,073	2,222,600	633,499	19,254,162	
September	10,438,974	1,093,048	2,775,421	2,165,940	631,684	17,105,067	
October	10,261,701	951,434	2,489,651	2,203,460	638,496	16,544,742	
November	13,712,272	1,159,992	2,965,789	2,328,680	636,906	20,803,639	
December	20,096,887	1,132,345	2,594,205	2,212,020	638,400	26,673,857	
Total	171,619,388	13,679,658	33,190,922	28,467,140	7,566,083	254,523,191	
Percent	67.43%	5.37%	13.04%	11.18%	2.97%	100.00%	

Used to allocate purchased power energy costs to retail rate classes. Wholesale energy costs for rate classes LP1 And LP2 are directly assigned.

**Big Sandy RECC
Case No. 2005-00125**

Exhibit II
Schedule A-1
2 of 3

Demand Related Costs and Energy Related Costs Allocators

Month	Schedule A-1		Schedule A-2		Schedule LP		Schedule LPR		Schedule YL		Total
	Residential	-	Commercial & Small Power	Large Power Service	Large Power Rate	Security Lights	Large Power Rate	Security Lights			
January	56,309	-	4,006	6,235	5,048	-	5,048	-	71,597		
February	45,375	-	4,427	6,567	3,816	1,585	3,816	1,585	61,770		
March	40,940	-	3,562	6,655	5,280	-	5,280	-	56,437		
April	33,798	-	3,176	5,257	4,361	1,588	4,361	1,588	48,180		
May	28,598	-	4,201	5,666	4,394	-	4,394	-	42,859		
June	30,231	-	4,429	5,841	4,657	-	4,657	-	45,159		
July	33,197	-	4,179	5,638	4,330	-	4,330	-	47,344		
August	31,182	-	4,649	6,114	4,321	-	4,321	-	46,265		
September	31,155	-	3,993	4,742	2,277	-	2,277	-	42,168		
October	27,227	-	3,562	5,253	2,090	-	2,090	-	38,131		
November	32,714	-	3,329	6,945	4,483	1,627	4,483	1,627	49,097		
December	54,104	-	4,410	6,096	4,471	1,614	4,471	1,614	70,695		
Total	444,831	-	47,922	71,009	49,529	6,414	49,529	6,414	619,704		
Percent	71.78%	-	7.73%	11.46%	7.99%	1.04%	7.99%	1.04%	100.00%		

Used to allocate wholesale power demand costs to rate classes. Wholesale power demand is billed on basis of CP demand.

**Big Sandy RECC
Case No. 2005-00125**

Exhibit II
Schedule A-1
3 of 3

Exhibit R
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Demand Related Costs and Energy Related Costs Allocators

C. Monthly Peak Demands for Each Rate Class	Schedule A-1		Schedule A-2		Schedule LP		Schedule LPR		Schedule YL		Total
	Residential	Commercial & Small Power	Commercial & Small Power	Large Power Service	Large Power	Rate	Large Power	Rate	Security	Lights	
January	53,646	5,108	5,108	9,970	7,881	1,584	7,881	1,584	78,188		
February	45,170	5,109	5,109	8,776	9,429	1,585	9,429	1,585	70,068		
March	35,738	5,174	5,174	9,234	8,899	1,584	8,899	1,584	60,629		
April	27,890	5,039	5,039	9,123	7,473	1,588	7,473	1,588	51,113		
May	29,266	5,030	5,030	9,125	7,604	1,601	7,604	1,601	52,627		
June	33,313	4,677	4,677	9,051	7,311	1,595	7,311	1,595	55,947		
July	33,903	4,614	4,614	8,396	6,041	1,598	6,041	1,598	54,553		
August	34,016	4,646	4,646	8,257	6,546	1,600	6,546	1,600	55,065		
September	33,840	4,593	4,593	8,574	6,631	1,603	6,631	1,603	55,241		
October	23,724	4,863	4,863	8,762	6,671	1,613	6,671	1,613	45,633		
November	34,732	5,210	5,210	8,477	7,584	1,627	7,584	1,627	57,629		
December	49,528	5,247	5,247	9,116	8,055	1,614	8,055	1,614	73,561		
Total	434,766	59,309	59,309	106,861	90,123	19,192	90,123	19,192	710,252		
Percent	61.21%	8.35%	8.35%	15.05%	12.69%	2.70%	12.69%	2.70%	100.00%		

Used to allocate distribution demand related costs to appropriate rate classes

Consumer Related Costs Allocators

A. Lines (poles and conduit)

	<u>Number of Consumers</u>	<u>Allocation Percent</u>
Schedule A-1 - Residential	11,626	90.83%
Schedule A-2 - Commercial & Small Power	891	6.96%
Schedule LP - Large Power Service	136	1.06%
Schedule LPR - Large Power Rate	13	0.10%
Schedule YL - Security Lights	133	1.04%
	12,799	100.00%

B. Transformers

Rate Class	<u>Number of Consumers</u>	<u>Minimum Transformer Cost</u>	<u>Relative Cost</u>	<u>Weight</u>	<u>Allocation Percent</u>
Schedule A-1 - Residential	11,626	297.31	1.93	22,418.61	82.147%
Schedule A-2 - Commercial & Small Power	891	524.04	3.40	3,027.56	11.094%
Schedule LP - Large Power Service	136	832.42	5.40	734.72	2.692%
Schedule LPR - Large Power Rate	13	11,226.33	72.81	976.91	3.580%
Schedule YL - Security Lights	133	154.18	1.00	133.00	0.487%
	12,799			27,291	100%

C. Services

Rate Class	<u># of Consumers</u>	<u>Minim Service Cost</u>	<u>Relative Cost</u>	<u>Weight</u>	<u>Allocation Percent</u>
Schedule A-1 - Residential	11,626	171.70	9.22	107,150.37	83.93%
Schedule A-2 - Commercial & Small Power	891	224.23	12.04	10,721.07	8.40%
Schedule LP - Large Power Service	136	322.42	17.31	2,355.11	1.84%
Schedule LPR - Large Power Rate	13	-	-	-	0.00%
Schedule YL - Security Lights	7,442	18.63	1.00	7,442.00	5.83%
	20,108	736.98	39.56	127,668.55	100%

D. Meters

Rate Class	<u># of Consumers</u>	<u>Minimum Meter Cost</u>	<u>Relative Cost</u>	<u>Weight</u>	<u>Allocation Percent</u>
Schedule A-1 - Residential	11,626	51.50	1.00	11,625.92	77.48%
Schedule A-2 - Commercial & Small Power	891	154.65	3.00	2,674.84	17.83%
Schedule LP - Large Power Service	136	242.57	4.71	640.97	4.27%
Schedule LPR - Large Power Rate	13	242.57	4.71	63.19	0.42%
Schedule YL - Security Lights					
				15,004.92	1.00

Consumer Related Costs Allocators

E. Consumer & Accounting Services

Rate Class	# of Consumers	Relative Weight Meter Read	Relative Weight Cons Rcds	Relative Weight Cust Asst	Combined Relative Weights	Weight	Allocation Percent
Schedule A-1 - Residential	11,626	1.50	15.00	1.00	17.50	203,454	81.746%
Schedule A-2 - Commercial & Small Power	891	3.00	20.00	1.00	24.00	21,378	8.590%
Schedule LP - Large Power Service	136	3.00	20.00	1.00	24.00	3,266	1.312%
Schedule LPR - Large Power Rate	13	3.00	20.00	1.00	24.00	322	0.129%
Schedule YL - Security Lights	7,442	-	2.50	0.25	2.75	20,466	8.223%
						248,885	100%

	Meter Reading			Consumer Records		
	Factor	\$\$\$ Weight	Relative Weight	Factor	\$\$\$ Weight	Relative Weight
Schedule 1 - Resid. Schools & Churches	1.00	1.50	1.50	3.00	5.00	15.00
Schedule 2 - Commercial Rate	2.00	1.50	3.00	4.00	5.00	20.00
Schedule 3 - General Service (0-49 KVA)	2.00	1.50	3.00	4.00	5.00	20.00
Schedule 4 - Large Power Service	2.00	1.50	3.00	4.00	5.00	20.00
Schedule 5 - Outdoor & Street Lighting	-	1.50	-	0.50	5.00	2.50

	Consumer Assistance			15.50
	Factor	\$\$\$ 136,302	Relative Weight	
Schedule 1 - Resid. Schools & Churches	1.00	1.00	1.00	
Schedule 2 - Commercial Rate	1.00	1.00	1.00	
Schedule 3 - General Service (0-49 KVA)	1.00	1.00	1.00	
Schedule 4 - Large Power Service	1.00	1.00	1.00	
Schedule 5 - Outdoor & Street Lighting	0.25	1.00	0.25	

Big Sandy RECC

Case No. 2005-00125

Exhibit II
Schedule B
2 of 2

Functionalization and Classification of Revenue Requirements

Acct	Description	Allocation Basis	Actual \$\$\$\$	Adjusted \$\$\$\$	Pro Forma \$\$\$\$	Power Supply				Distribution				Consumer & Accounting Services	SCHEDULE G Lighting 2 of 8	
						Generation Demand	Trans-mission Demand	Subst-ation Demand	Lines Demand	Customer	Line Transformers Demand	Services Consumer	Meters Consumer			
926	Employ Pensions & Benef		5,498	(391)	5,106											
928	Regulatory Exp		5,966	(425)	5,541											
929	Duplicate Charges		(841)	60	(781)											
930	Misc General Exp		270,781	(19,278)	251,503											
931	Rents		13,673	(973)	12,699											
935	Misc. General Plant		94,222	(6,708)	87,514											
	Total Admin & General	Dist Plant	1,170,048	(83,300)	1,086,748				247,390	176,179	93,862	13,615	75,350	30,677	411,029	38,646
403	Deprec. Distribution Plant	Net Plant	983,988	27,261	1,011,249				360,253	256,554	136,684	19,826	109,725	44,673	27,258	56,276
403	Deprec. General Plant	Net Plant	53,880	53,880					19,195	13,669	7,283	1,056	5,846	2,380	1,452	2,998
	Total Depreciation		1,037,868	27,261	1,065,129				379,447	270,223	143,966	20,882	115,572	47,053	28,711	59,275
408.5	PSC Assessment	Rate Base	-	-	-											
426	Miscell. Income Deductions	Rate Base	5,355.5	(5,356)	-											
	Total Miscellaneous		5,356	(5,356)	-											
427.1	Interest - RUS Constuc	Rate Base	96,004	9,303	105,307				37,515	26,716	14,234	2,065	11,426	4,652	2,839	5,860
427.2	Interest - Other LTD	Rate Base	333,086	32,275	365,361				130,168	92,692	49,383	7,163	39,643	16,140	9,849	20,332
427.3	Interest - FFB Notes	Rate Base	99,186	9,611	108,796				38,798	27,602	14,705	2,133	11,805	4,806	2,933	6,055
	Total Interest on LTD		528,275	51,189	579,464				208,431	147,010	78,322	11,361	62,875	25,598	15,621	32,247
431	Other Interest Expense	Rate Base	29,615	29,615					10,550	7,513	4,003	561	3,213	1,308	798	1,648
431.1	Other Interest - STL	Rate Base	-	-	-											
	Total Short Term Interest		29,615	-	29,615				10,550	7,513	4,003	561	3,213	1,308	798	1,648
	Total Costs		17,141,515	(1,366,248)	15,775,267				1,450,043	1,032,647	350,560	50,848	441,652	441,393	1,243,591	179,293
	Margin Requirements		528,275	51,189	579,464				208,431	147,010	78,322	11,361	62,875	25,598	15,621	32,247
	Total Revenue Requirements		17,669,790	(1,315,059)	16,354,731				1,658,474	1,179,657	428,882	62,209	504,526	466,992	1,259,211	211,540
	Less: Misc Income															
450	CATV & Non-Recurring Chrgs	Rate Base	278,718	25,908	25,908				9,230	6,573	3,502	508	2,811	1,145	698	1,442
451	Forfeited Discounts	Rate Base	103,023	100,134					99,292	70,711	37,672	5,464	30,242	12,313	7,513	15,511
454	Misc Service Revenue	Rate Base	89,415	89,415					36,701	26,137	13,925	2,020	11,178	4,551	2,777	5,733
456.1	Rent from Electric Prop.	Rate Base	55	55					31,854	22,684	12,086	1,753	9,702	3,950	2,410	4,976
	Total Misc Income		471,211	25,908	497,119				177,096	126,119	67,192	9,746	53,940	21,961	13,401	27,665
	Less: Other Income															
419	Interest Income	Rate Base	100,134	100,134					35,672	25,404	13,534	1,963	10,865	4,423	2,699	5,572
421	Gain on Disposition	Rate Base	(6,347)	(6,347)					(2,261)	(1,610)	(858)	(124)	(689)	(280)	(171)	(353)
424	Other Capital Credits	Rate Base	46,189	46,189					16,455	11,718	6,243	906	5,912	2,040	1,245	2,570
	Total Other Income		139,976	139,976					49,866	35,512	18,920	2,744	15,188	6,184	3,773	7,790
	Revenue Requirements from Rates		17,058,603	(1,340,967)	15,717,637				1,429,512	1,018,026	342,770	49,718	435,399	438,848	1,242,037	176,086

Case No. 2005-00125

Determination of Certain Plant Investments as Demand Related or Consumer Related

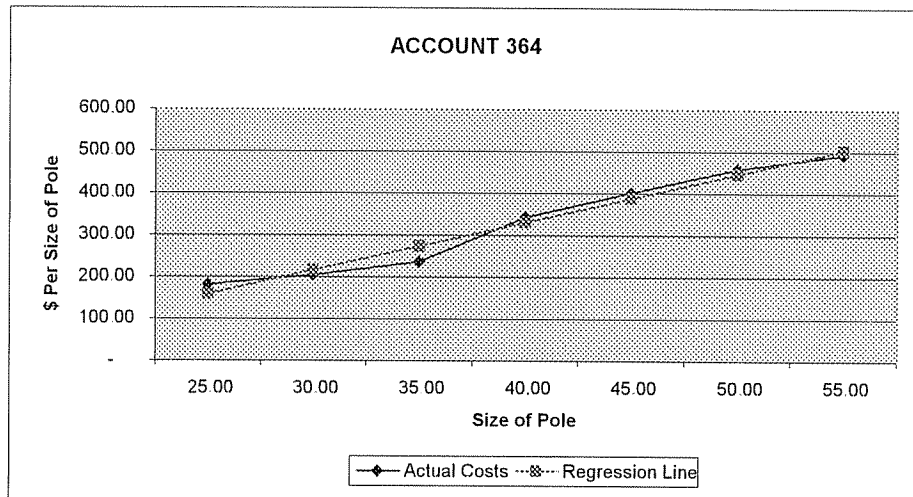
Account 364 - Poles

Pole	Size	Investment	Number of Units	Unit Cost	Predicted Value
25.00	25.00	1,571,983	8,644.00	181.86	159.11
30.00	30.00	621,281	3,047.00	203.90	216.38
35.00	35.00	1,335,868	5,649.00	236.48	273.66
40.00	40.00	1,854,163	5,414.00	342.48	330.93
45.00	45.00	1,231,400	3,065.00	401.76	388.21
50.00	50.00	462,532	1,009.00	458.41	445.48
55.00	55.00	218,789	445.00	491.66	502.76
Subtotal		7,296,016	27,273.00		
Cross arms		562,786			
Anchors & Guys		1,909,098			
Other		67,767			
Total Investment		9,835,667	27,273.00		
X Variable - (Size)			11.46		
Zero Intercept			(127.27)		
R Square			0.97		

Minimum Intercept 25 ft pole	Use Predicted Value	159.11
Number of poles		27,273.00
Consumer Related Investment		4,339,376.89
Total Investment		9,835,667.00
Percent Customer Related		44.12%
Percent Demand Related		55.88%

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.985813
R Square	0.971827
Adjusted R Sc	0.966192
Standard Error	23.07737
Observations	7
Coefficients	
Intercept	-127.2669
X Variable 1	11.45503



Case No. 2005-00125

Determination of Certain Plant Investments as Demand Related or Consumer Related

Account 365 - Overhead Conductor

Conductor	Investment	Number of Units	Unit Cost
4ACWC	2,975	27,738	\$ 0.1073
6ACWC	305,475	2,732,160	\$ 0.1118
8ACWC	158,638	1,042,223	\$ 0.1522
1/0 ACSR	1,329,706	2,441,503	\$ 0.5446
3/0 ACSR	773,037	1,934,046	\$ 0.3997
4/0 ACSR	68,079	294,113	\$ 0.2315
2 ACSR	1,737,206	2,827,797	\$ 0.6143
4 ACSR	699,349	2,302,236	\$ 0.3038
#336.4 ACSR	1,475,467	757,471	\$ 1.9479
#2-3 strand c	20,762	19,507	\$ 1.0643
#6 HD coppe	473	9,737	\$ 0.0485
#6 Steel	188	6,100	\$ 0.0308
#3/0 Spacer t	229	174	\$ 1.3158
250MCM	35,721	73,864	\$ 0.4836
#397 ACSR	8,504	31,857	\$ 0.2670
SUBTOTAL	6,615,807	14,500,526	
Arrestors	167,110		
Sect Bare & Inst COS	10,899		
OCRs	207,338		
Cutouts	253,079		
Insulator String	866,126		
Grounds	546,277		
TOTAL	8,666,635		

Minimum Size Conductor - 4/0 ACSR 0.23147 Actual Price
 Total Amount of Conductor in Feet 14,500,526

	\$\$\$	
Minimum Size Investment -Consumer Related	3,356,449.76	38.73%
Demand Related	5,310,186	61.27%
Investment in Conduit	8,666,635.33	100.00%

23

Breakdown of Lines into Demand Related and Consumer Related Components

	Total Investment	Percent Consumer	Amount Consumer	Percent Demand	Amount Demand
Conductor	8,666,635	38.73%	3,356,449.76	61.27%	5,310,186
Poles	9,835,667	44.12%	4,339,376.89	55.88%	5,496,290
	18,502,302		7,695,826.66		10,806,476
Percent			41.59%		58.41%

Case No. 2005-00125

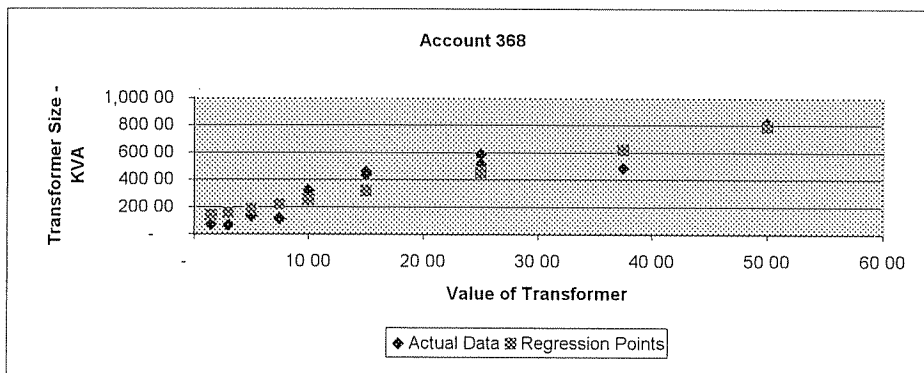
Determination of Certain Plant Investments as Demand Related or Consumer Related
Account 368-Transformers

Pole	Size	Investment	Number of Units	Unit Cost	Predicted Value
1.5KVA CSP	1.50	9,490	132.00	71.89	135.07
3.5KVA CSP	3.00	12,470	185.00	67.41	155.20
5KVA CSP	5.00	46,993	359.00	130.90	182.05
7.5KVA CSP	7.50	910	8.00	113.75	215.60
10KVA CSP	10.00	916,459	3,238.00	283.03	249.15
15KVA CSP	15.00	1,179,543	2,587.00	455.95	316.26
25KVA CSP	25.00	990,472	1,694.00	584.69	450.47
37.5KVA CSI	37.50	5,336	11.00	485.09	618.24
Subtotal		3,161,673	8,214.00		
5 KVA	5.00	25,439	165.00	154.18	182.05
10 KVA	10.00	43,640	136.00	320.88	249.15
15 KVA	15.00	67,438	154.00	437.91	316.26
25 KVA	25.00	95,991	186.00	516.08	450.47
37.5 KVA	37.50	55,153	113.00	488.08	618.24
50 KVA	50.00	406,386	499.00	814.40	786.01
75KVA		47,659	46.00	1,036.07	
100KVA		75,781	57.00	1,329.49	
167 KVA		125,248	65.00	1,926.89	
225 KVA		3,572	1.00	3,572.00	
225, 300, & 333 KVA		66,906	23.00	2,908.96	
500 KVA		73,270	17.00	4,310.00	
833 - 1500 KVA		57,095	3.00	19,031.67	
Voltage Regulators		22,761			
Capacitors		26,266			
All Other Equipment		437,100	117.00		
Total Investment		4,791,378	9,679.00		
x Coefficient		13.4214			
Zero Intercept		114.9407			
R Square		0.8121			

Number of Transformers	9,679.00
Zero Intercept	114.94
Consumer Related Investment	1,112,510.96
Demand Related Investment	8,782,412.00
Percentage of Investment Consumer Related	12.67%
Percentage of Investment Demand Related	87.33%

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.901173
R Square	0.812112
Adjusted R Square	0.796455
Standard Error	101.5985
Observations	14
Coefficients	
Intercept	114.9407
X Variable 1	13.42136



Case No. 2005-00125

Allocation of Increase in Revenue Requirements

A. Determination of Increase Amount for Specified Rate Classes

Revenue Requirements		<u>Schedule A-1</u>	<u>Schedule A-2</u>	<u>Schedule YL-1</u>		
Normalized Revenue		\$ 9,992,287	\$ 985,438	\$ 539,163	10,977,725	
Increase Amount	\$ 831,701				831,701	-
Increase Schedule YL-1 by 10%				53,916		
Increase Amount for Schedules A-1 & A-2	\$ 777,785					831,701
Increase Amounts for Schedules A-1 & A-2		\$ 707,965	\$ 69,819			
Revenue Requirements		\$ 10,700,252	\$ 1,055,257	\$ 593,079		

B. Rate Design - Schedules A-1 & A-2

	<u>Schedule A-1</u>	<u>Schedule A-2</u>	<u>Schedule YL-1</u>
New Customer Charge		15.00	
Billing Units		10,689	
Customer Charge Revenue	976,577	160,335	
Plus Demand Charge Revenue		237,236	
Revenue Required - Energy Rate	9,723,675	657,686	
Energy KWh	171,619,388	13,679,658	
Proposed Energy Rate	0.05666	0.04808	

C. Rate Design for Schedule YL-1

1.1

	Rates	
	<u>Current</u>	<u>Proposed</u>
175 Watt Lamp	\$ 5.66	\$ 6.23
400 Watt	\$ 7.85	\$ 8.64
500 Watt	\$ 8.86	\$ 9.75
1500 Watt	\$ 18.70	\$ 20.57

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION
BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION
CASE NO. 2005-00125
DIRECT TESTIMONY OF
JAMES R. ADKINS

- 1 Q. State your name, business address and employment?
A. My name is James R. Adkins and I my address is 1041 Chasewood Way, Lexington, KY 40513-1731. I am self-employed providing consulting services to utilities.

- 2 Q. What has been your role in the preparation of this rate application?
A. My role has been to provide assistance in the preparation of the Cost of Service ("COSS"), in the development of the revenue requirements for each rate class and the determination of the proposed rate design.

- 3 Q. What is your experience in the areas of rates, revenue requirements, COSS and rate design?
A. I have provided testimony before the Kentucky Public Service Commission ("Commission") beginning in the late 1970s. I have provided testimony in generation and transmission ("G&T") and distribution cooperatives on revenue requirements, COSS, rate design, adjustment clauses, and other matters. I was employed by East Kentucky Power Cooperative ("EKPC") from 1977 until 2002

as Pricing Manager and my responsibilities included the areas discussed above. I took early retirement from EKPC due to health reasons. These health problems was a direct result of my military service in Vietnam. I am a disabled American war veteran of the Vietnam War.

I was a Senior Consultant for the Prime Group from early 2002 until March 2003 and I provided consulting services to utilities throughout the country on matters similar to this testimony. For the last two years, I have been self-employed providing consulting services.

4 Q. What is your educational background?

A. I received a Bachelor of Science Degree in Commerce with a major in finance in 1971 and a Masters of Science in Accounting in 1976. Both of my degrees are from the University of Kentucky.

5 Q. Explain the process used to determine the revenue requirements for each rate class?

A. The process used to develop the revenue requirements for each rate and then the proposed rate design is based on the following process. First, a COSS has been completed which determines the revenue requirements for each rate class. This COSS is provided in Exhibit II attached to this testimony. The results of this study upon Big Sandy RECC ("Big Sandy") are provided in statement of operations format in Exhibit I of my testimony. The second step is then to match the revenues provided from the current rates with the revenue requirements

from the COSS. This step will result in the determination of the amount of increase in revenue that will be sought for each rate class. The final step is then the determination of the rates appropriate for each rate class. The COSS provides cost information useful in the proposed rate design.

6 Q. Explain this COSS in more detail.

A. This COSS is comprised of two primary schedules listed as Schedules A and B with supporting schedules provided. This COSS is a functionally unbundled COSS because it provides the revenue requirement by function for each classification within all rate classes. By this I mean that Schedule A-1, Residential, contains a breakdown of the demand related, the energy related and the consumer related costs for each function including lines, transformers, services, meters, consumer services and wholesale power. Costs are broken down into these categories: distribution O&M, administrative and general, depreciation, interest, margins and revenue credits. One can readily see how specific costs may impact each segment of each rate class. This COSS does follow the standard three step process of functionalization, classification and allocation. Schedule B provides the functionalization and classification steps. Schedule A provides the allocation of costs to the rate classes.

7 Q. Explain the functionalization and classification some more.

A. In the functionalization and classification process, all expenses are assigned to a function. These functions include purchased power, lines, transformers, services, meters and accounting and consumer services. Additionally these

expenses will be classified as either demand related, energy related or consumer related. A breakdown on the functions and classifications is provided below:

	Demand <u>Related</u>	Energy <u>Related</u>	Consumer <u>Related</u>
Purchased Power	x	x	
Lines	x		x
Transformers	x		x
Services			x
Meters			x
Accounting & Consumer Services			x

Purchased power demand costs and substation costs are demand related while purchased power energy costs are energy related costs. Most distribution costs are considered to be consumer related with the exceptions being lines and transformers. Lines and transformers are considered to have demand and consumer components and these expenses are proportional on demand related investment and consumer related investment. The investment split between demand and consumer is based on the minimum system concept.

- 8 Q. Continue the explanation of Schedule B.
- A. The two supporting schedules identified as Schedule B-1 and B-2 provide the basis for much of the functionalization and classification process. Many expenses are directly assigned to a function or allocated on the basis of distribution O&M.

Other expenses such as depreciation, interest, margins, revenue credits and similar ones are allocated on the basis of information from Schedule B-2 which is a schedule on the development of the Net Investment Rate Base ("rate base"). The end result of schedule B is a revenue requirement for each functional classification which includes costs, margin requirements and revenue credits.

9 Q. What is the next step in this process?

A. The next step is the allocation of the revenue requirements to each rate class. Purchased power demand related costs are allocated on the basis of each rate class's contribution to EKPC's coincident peak or the basis that Big Sandy is assessed these charges from EKPC. Purchased power energy charges are allocated to each rate class on the basis of a rate class's proportional share of energy sales. Distribution demand related costs are allocated to rate class based on each rate class's peak demand to the sum of the peak demand of all rate classes. This rate class peak demands and the EKPC coincident peak demands and the sum of the monthly demands for each of the twelve months of the test year. The basis for the demand related cost allocation and the energy related allocation is contained in Schedule A-1. Schedule A-2 contains the data that has been utilized to allocate the consumer related costs to the various rate classes. These allocations are based on number of consumers and weights based on the minimum size plant investments for each rate class.

10 Q. What is the end result of this COSS?

A. The end result of this COSS is the determination of the revenue requirement for each rate class of Big Sandy. When these revenue requirements are matched against the revenue from current rates, it is readily seen that two rate classes are providing revenue in excess of their revenue requirements while three rate classes are not providing revenue sufficient to meet their revenue requirements. It is these three rate classes where an increase in revenue is being sought. These three rate classes are Schedule A-1 (Residential), Schedule A-2 (Commercial & Small Power), and Schedule YL-s (Security Lights. Exhibit I including Schedule A and Schedule B provide a comparison of revenue from current rates to the revenue requirements for each rate class.

11 Q. What is the amount of increase sought for the rate classes identified above?

A. Exhibit III to this testimony provides the amount of increase sought for each class. An increase of ten percent or \$53,916 is being sought for Schedule YL-1. The amount of increase for Schedules A-1 and A-2 is a percentage increase of 7.1% for each rate class or an increase of \$707,965 and \$69,819 respectively. Schedule YL-1 was increased at a larger percentage because a management decision to minimize the amount of increases for the other two rate classes. Schedule YL-1 is believed to be more price inelastic than Schedules A-1 and A-2.

12 Q. What is the proposed rate design for these rate classes?

A. For Schedule YL-1, each security light lamp is have its current rate increased by 10%. For Schedule A-1, all of it is applied to the energy rate. Full recognition is given to the fact that the current consumer charge of \$7.00 per month is significantly less than full cost and Big Sandy does not propose to change this rate so as to minimize the impact on low usage consumers in this class. For Schedule A-2, the consumer charge is proposed to increase from \$10.00 per month to \$15.00. Big Sandy feels that this rate class can better support an increase in the customer charge since this class contains businesses that can more easily absorb and deal with this change. The increase in the consumer charge does not include all the increase required for this rate class. The remaining amount is being placed on the energy rate. Big Sandy's management has decided that this is the best way to handle the increase in its revenue requirements.

13 Q. Does this conclude your testimony?

A. This does conclude my testimony.



1 Big Sandy Rural Electric
2 Balance Sheet, Adjusted
3 December 31, 2004
4 Witness: Alan Zumstein

Exhibit S
Page 1
of 4

Exhibit S
Page 1 of 4

	<u>Actual Test Year</u>	<u>Adjustments to Test Year</u>	<u>Adjusted Test Year</u>
<u>ASSETS</u>			
Electric Plant:			
In service	32,435,506		32,435,506
Under construction	17,327	(6,224)	11,103
	<u>32,452,833</u>	<u>(6,224)</u>	<u>32,446,609</u>
Less accumulated depreciation	8,656,553	32,185	8,688,738
	<u>23,796,280</u>	<u>(38,409)</u>	<u>23,757,871</u>
Investments	<u>5,798,583</u>		<u>5,798,583</u>
Current Assets:			
Cash and temporary investments	983,881		983,881
Accounts receivable, net	3,218,744		3,218,744
Material and supplies	200,594		200,594
Prepayments and current assets	17,171		17,171
	<u>4,420,390</u>		<u>4,420,390</u>
Other deferred debits	<u>51,037</u>		<u>51,037</u>
Net Change in Assets		<u>1,024,004</u>	<u>1,024,004</u>
Total	<u>34,066,290</u>	<u>985,595</u>	<u>35,051,885</u>

MEMBERS' EQUITIES AND LIABILITIES

Margins:			
Memberships	219,050		219,050
Patronage capital	13,577,101	909,595	14,486,696
Other equities	105,626		105,626
	<u>13,901,777</u>	<u>909,595</u>	<u>14,811,372</u>
Long Term Debt	<u>17,004,857</u>		<u>17,004,857</u>
Accumulated Operating Provisions	<u>659,020</u>	<u>76,000</u>	<u>735,020</u>
Current Liabilities:			
Accounts payable	1,774,748		1,774,748
Consumer deposits	484,190		484,190
Accrued expenses	222,920		222,920
	<u>2,481,858</u>		<u>2,481,858</u>
Consumer Advances for Construction	<u>18,778</u>		<u>18,778</u>
Total	<u>34,066,290</u>	<u>985,595</u>	<u>35,051,885</u>

1 Big Sandy Rural Electric
 2 Statement of Operations, Adjusted
 3 December 31, 2004

Exhibit
 page
 of

S
 2
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Exhibit S
 Page 2 of 4

4 Witness: Alan Zumstein

	Actual Test Year	Normalized Adjustments	Normalized Test Year	Proposed Increase	Proposed Test Year
Operating Revenues:					
Base rates	\$14,848,666	\$0	\$14,848,666	\$831,079	\$15,679,745
Fuel	1,351,530	(1,351,530)	0		0
Other electric revenue	471,211	63,798	535,009		535,009
	<u>16,671,407</u>	<u>(1,287,732)</u>	<u>15,383,675</u>	<u>831,079</u>	<u>16,214,754</u>
Operating Expenses:					
Cost of power:					
Base rates	10,585,239	0	10,585,239		10,585,239
Fuel	1,362,215	(1,362,215)	0		0
Distribution - operations	565,608	3,908	569,516		569,516
Distribution - maintenance	1,070,737	1,386	1,072,123		1,072,123
Consumer accounts	691,036	567	691,603		691,603
Customer service	94,880	312	95,192		95,192
Sales	638	0	638		638
Administrative and general	1,170,048	(83,300)	1,086,748		1,086,748
	<u>15,540,401</u>	<u>(1,439,342)</u>	<u>14,101,059</u>	<u>0</u>	<u>14,101,059</u>
Total operating expenses					
Depreciation	1,037,868	27,261	1,065,129		1,065,129
Taxes - other	0	0	0		0
Interest on long-term debt	528,275	51,189	579,464		579,464
Interest expense - other	29,615	0	29,615		29,615
Other deductions	5,355	(5,356)	(1)		(1)
	<u>17,141,514</u>	<u>(1,366,248)</u>	<u>15,775,266</u>	<u>0</u>	<u>15,775,266</u>
Total cost of electric service					
Utility operating margins	<u>(470,107)</u>	<u>78,516</u>	<u>(391,591)</u>	<u>831,079</u>	<u>439,488</u>
Nonoperating margins, interest	100,134	0	100,134		100,134
Nonoperating margins, other	(6,347)	0	(6,347)		(6,347)
Patronage Capital Credits:					
G & T		0	0		0
Other	46,189	0	46,189		46,189
	<u>(\$330,131)</u>	<u>\$78,516</u>	<u>(\$251,615)</u>	<u>\$831,079</u>	<u>\$579,464</u>
Net Margins					
TIER	0.38		0.57		2.00
Modified TIER	0.38		0.57		2.00

	Adj 1	Adj 2	Adj 3	Adj 4	Adj 5	Adj 6	Adj 7	Adj 8	Adj 9	Adj 10	Adj 11	Adj 12	Adj 13	Adj 14	Adj 15	Adj 16	Total
	Salaries	Payroll Taxes	Deprce	Property Tax	Long Term Interest	FAS 106 Cost	Donations	Professional Fees	Directors	Misc Expenses	Rate Case	CATV	Non Recurring Charge	Purchase Power	Normalize Revenue	Additional Revenue	Total
1 Big Sandy Rural Electric																	
2 Summary of Adjustments to Test Year																	
3 December 31, 2004																	
4 Witness: Alan Zumstein																	
5																	
6																	
7																	
8																	
9 Operating Revenues:																	0
10 Base rates												4,735	21,300	(1,362,215)	(1,351,530)	37,763	(1,351,530)
11 Fuel																	63,798
12 Other electric revenue												4,735	21,300			37,763	(1,287,732)
13																	
14																	
15																	
16 Operating Expenses:																	
17 Cost of power:																	
18 Base rates																	0
19 Fuel																	(1,362,215)
20 Distribution - operations	(10,151)	(577)	1,104	2,945		10,587		(35,577)	(46,246)	(2,763)	11,000						3,908
21 Distribution - maintenan:	(12,076)	(693)	1,858			12,297				(2,763)							1,386
22 Consumer accounts	(12,237)	(693)	759			12,738											567
23 Customer service	(1,331)	(75)	327			1,391											312
24 Sales																	0
25 Administrative and gene	(25,296)	(814)	876	480		15,040		(35,577)	(46,246)	(2,763)	11,000						(83,300)
26																	
27 Total operating expens	(61,091)	(2,852)	4,924	3,425	0	52,053	0	(35,577)	(46,246)	(2,763)	11,000	0	0	(1,362,215)	0	0	(1,439,342)
28																	
29																	
30 Depreciation			27,261														27,261
31 Taxes - other																	0
32 Interest on long-term debt					51,189												51,189
33 Interest expense - other																	0
34 Other deductions							(5,356)										(5,356)
35																	
36 Total cost of electric se	(61,091)	(2,852)	32,185	3,425	51,189	52,053	(5,356)	(35,577)	(46,246)	(2,763)	11,000	0	0	(1,362,215)	0	0	(1,366,248)
37																	
38 Utility operating margi	61,091	2,852	(32,185)	(3,425)	(51,189)	(52,053)	5,356	35,577	46,246	2,763	(11,000)	4,735	21,300	1,362,215	(1,351,530)	37,763	78,516
39																	
40 Nonoperating margins, interest																	0
41 Nonoperating margins, other																	0
42 Patronage Capital Credits:																	
43 G & T																	0
44 Other																	0
45																	
46																	
47																	
48																	
49 Net Margins	61,091	2,852	(32,185)	(3,425)	(51,189)	(52,053)	5,356	35,577	46,246	2,763	(11,000)	4,735	21,300	1,362,215	(1,351,530)	37,763	78,516
50																	
51 Amount capitalized	(32,682)	(1,299)	3,763	47	0	23,947											(6,224)
52																	

1 Big Sandy Rural Electric
2 **Proposed Revenues**
3 December 31, 2004
4 Witness: Alan Zumstein

Exhibit S
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of 4

Exhibit S
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Proposed increase in revenues over normalized revenues

\$831,079



Big Sandy Rural Electric Cooperative
Monthly Operating Budget
December 31, 2004
Witness: David Estepp

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Operating revenue	1,829,458	1,598,944	1,305,249	1,127,693	1,038,479	1,131,293	1,296,220	1,318,181	1,200,319	1,158,408	1,464,748	1,644,460	16,113,452
Operating expenses:													
Cost of power	1,324,411	1,104,723	958,181	763,545	719,592	780,808	918,445	947,334	781,386	773,667	933,371	1,151,839	11,157,302
Distribution-operations	41,555	41,555	41,555	41,555	41,555	41,555	41,555	41,555	41,555	41,555	41,555	41,638	498,743
Distribution-maintenance	81,712	81,712	81,712	81,712	81,712	81,712	81,712	81,712	81,712	81,712	81,712	81,844	980,676
Consumer accounts	45,004	45,004	45,004	45,004	45,004	45,004	45,004	45,004	45,004	45,004	45,004	45,054	540,098
Customer services	7,768	7,768	7,768	7,768	7,768	7,768	7,768	7,768	7,768	7,768	7,768	7,791	93,239
Sales	0	0	0	0	0	0	0	0	0	0	0	0	0
Administrative and gener	93,294	93,294	93,294	93,294	93,294	93,294	93,294	93,294	93,294	93,294	93,294	93,382	1,119,616
Total operation and mair	1,593,744	1,374,056	1,227,514	1,032,878	988,925	1,050,141	1,187,778	1,216,667	1,050,719	1,043,000	1,202,704	1,421,548	14,389,674
Depreciation	89,954	89,954	89,954	89,954	89,954	89,954	89,954	89,954	89,954	89,954	89,954	89,958	1,079,452
Taxes-other	1,542	1,542	1,542	1,542	1,542	1,542	1,542	1,542	1,542	1,542	1,542	1,538	18,500
Interest on long term debt	47,499	47,499	47,499	47,499	47,499	47,499	47,499	47,499	47,499	47,499	47,499	47,511	570,000
Interest expense - other	2,558	2,558	2,558	2,558	2,558	2,558	2,558	2,558	2,558	2,558	2,558	2,562	30,700
Other deductions	8,333	(6,667)	833	833	833	833	833	833	833	833	833	837	10,000
Total cost of electric ser	1,743,630	1,508,942	1,369,900	1,175,264	1,131,311	1,192,527	1,330,164	1,359,053	1,193,105	1,185,386	1,345,090	1,563,954	16,098,326
Utility operating margins:	85,828	90,002	(64,651)	(47,571)	(92,832)	(61,234)	(33,944)	(40,872)	7,214	(26,978)	119,658	80,506	15,126
Nonoperating margins, inte	4,166	4,166	4,166	4,166	4,166	4,166	4,166	4,166	4,166	4,166	4,166	4,174	50,000
Nonoperating margins, othr	0	0	0	0	0	0	0	0	0	0	0	0	0
Patronage capital:													
G & T	0	0	0	0	0	0	0	0	0	0	0	0	0
Others	0	0	0	0	0	0	0	0	0	0	0	0	0
Extraordinary items													
Net margins	89,994	94,168	(60,485)	(43,405)	(88,666)	(57,068)	(29,778)	(36,706)	11,380	(22,812)	123,824	84,680	65,267



BIG SANDY RECC BYLAW CHANGES AND REVISIONS

MARCH 15, 1996

ARTICLE IV, Section 5 b & c

- b. Voting – Clarifies the mailing of the ballot and envelope to members and returning the Ballot to the cooperative.
- c. Conduct of Election – Specifies dates when a nominating committee is selected and when it meets. Counting the votes and recount of votes if required.

APRIL 18, 1997

ARTICLE IV, Sections 3 & 4

ARTICLE VII, Section added: 1, 2, 3, 4 & 5

Article IV – Board Members

Section 3 – Selection and Tenure – “or appointed by the Board” “or failure to have candidates for the office of director.”

Section 4d – Added “d” - “is an employee of the Cooperative or who was employed by the Cooperative within the last 5 years.

Article VIII – Disposition of Property

Section 1 – Disposition or Encumbering of Property

Section 2 – Merger or Consolidation

Section 3 – Dissolution

Section 4 – Evaluative Considerations

Section 5 – Alternation and Amendment of Bylaws

JULY 29, 2003

ARTICLE IV, SECTION 3, 4a & 5 b & c

Article IV – Board Members

Section 3 – Selection and Tenure – “Tenure changed from 3 years to 4 years”

Section 4 b – Qualifications – resident living in district “for at least one year”.

Section 5 b & c – Nominations and Election

b. Voting – “with the envelope the secretary shall include a return envelope
.....”

d. Conduct of Election – “shall determine if the return address envelope is
proper Examine return address envelope to determine if it has a
member name and membership Number label”

JUNE 18, 2004

ARTICLE IV, Section 5 a

Article IV – Board Members

Section 5 – Nominations & Election

a. Nominating Committee – “for the office of Director of the Cooperative”
“no person shall be nominated as a candidate.....”

Paragraph 3, 4, 5, 6 & 7 added. Defines being nominated.

Big Sandy Rural Electric Cooperative Corporation

Bylaws

This edition of Bylaws supersedes all previous issues.

ARTICLE I MEMBERSHIP

SECTION 1. Requirements for Membership. Any person, firm, association, corporation, or body politic or subdivision thereof will become a member of Big Sandy Rural Electric Cooperative Corporation hereinafter called the "Cooperative" upon receipt of electric service from the Cooperative, provided that he or it has first:

- (a) Made a written application for membership therein;
- (b) Agreed to purchase from the Cooperative electric energy as hereinafter specified;
- (c) Agreed to comply with and be bound by the articles of incorporation and bylaws of the Cooperative and any rules and regulations adopted by the Board of Directors; and
- (d) Paid the membership fee hereinafter specified.

No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in these bylaws.

SECTION 2. Membership Certificates. Membership in the Cooperative shall be evidenced by a membership certificate which shall be in such form and shall contain such provisions as shall be determined by the Board. Such certificates shall be signed by the Chairman and by the Secretary of the Cooperative and the corporate seal shall be affixed thereto. No membership certificate shall be issued for less than the membership fee fixed in these bylaws, nor until such membership fee has been fully paid for. In case a certificate is lost, destroyed or mutilated a new certificate may be issued therefor upon such uniform terms and indemnity to the Cooperative as the Board may prescribe.

SECTION 3. Joint Membership. A husband and wife may apply for a joint membership and, subject to their compliance with the requirements set forth in Section 1 of this article, may be accepted for such membership. The term "member" as used in these bylaws shall be deemed to include a husband and wife holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

- (a) The presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
- (b) The vote of either separately or both jointly shall constitute one joint voter;
- (c) A waiver of notice signed by either or both shall constitute a joint waiver;
- (d) Notice to either shall constitute notice to both;
- (e) Expulsion of either shall terminate the joint membership;
- (f) Withdrawal of either shall terminate the joint membership;
- (g) Either but not both may be elected or appointed as an officer or Board member, provided that both meet the qualifications for such office

SECTION 4. Conversion of Membership

- (a) A membership may be converted to a joint membership upon the written request of the holder, thereof and the agreement by such holder and his or her spouse to comply with the articles of incorporation, bylaws and rules and regulations adopted by the Board. The outstanding membership certificate shall be surrendered, and shall be reissued by the Cooperative in such manner as shall indicate the changed membership status.
- (b) Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor. The outstanding membership certificate shall be surrendered, and shall be reissued in such manner as shall indicate the changed membership status, provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

SECTION 5. Membership Fees. The membership fee shall be twenty-five dollars (\$25.00) upon the payment of which a member shall be eligible for one service connection.

SECTION 6. Purchase of Electric Energy. Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy used on the premises specified in his application for membership, and shall pay therefor at rates which shall from time to time be fixed by the Board. It is expressly understood that amounts paid for electric energy in excess of cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these bylaws. Each member shall pay to the Cooperative such minimum amount regardless of the amount of electric energy consumed, as shall be fixed by the Board from time to time. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable.

SECTION 7. Termination of Membership.

- (a) Any member may withdraw from the membership upon compliance with such uniform term and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two-thirds of the members of the Board, expel any member who fails to comply with any of the provision of the articles of incorporation, bylaws or rules or regulations adopted by the Board, but only if such member shall have been given written notice by the Cooperative that such failure makes him liable to expulsion and such failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the Board or by vote of the members at any annual or special meeting. The membership of a member who for a period of six (6) months after service is available to him, has not purchased electric energy from the Cooperative, or of a member who has ceased to purchase energy from the Cooperative, may be cancelled by resolution of the Board.
- (b) Upon the withdrawal, death, cessation of existence or expulsion of a member the membership of such members shall thereupon terminate, and the membership certificate of such member shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative.
- (c) In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount of the membership fee paid by him, provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owed by the member to the Cooperative.

SECTION 8. Member to Grant Easements to Cooperative. Each member shall, upon being requested to do so by the Cooperative, execute and deliver to the Cooperative grants of easement or right-of-way over, on and under such lands owned or leased by or mortgaged to the member, and in accordance with such reasonable terms and conditions, as the Cooperative shall require for the furnishing of electric service to him or other members or for the construction, operation, maintenance or relocation of the Cooperative's electric facilities.

ARTICLE II RIGHTS AND LIABILITIES OF MEMBERS

SECTION 1. Property Interest of Members. Upon dissolution after (a) all debts and liabilities of the Cooperative shall have been paid, and (b) all capital furnished through patronage shall have been retired as provided in these bylaws, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members during the ten years next preceding the date of the filing of the certificate of dissolution, or if the Cooperative shall not have been in existence for such period, during the period of its existence.

SECTION 2. Non-Liability for debts of the Cooperative. The private property of the members shall be exempt from execution or other liability for the debts of the Cooperative and no member shall be liable or responsible for any debts or liabilities of the Cooperative.

ARTICLE III MEETING OF MEMBERS

SECTION 1. Annual Meeting. The annual meeting of the members shall be held between May 1 and October 1 of each year, beginning with the

year 1968, at such place or places in the counties served by the Cooperative as may be designated by a resolution of the Board of Directors, fixing the time and place of the annual meeting, which resolution shall be duly adopted by the Board of Directors to make adequate plans and preparations for the annual meeting. If the day fixed for the annual meeting shall fall on a Sunday or a legal holiday, such meeting shall be held on the next succeeding business day. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

SECTION 2. Special Meeting. Special Meetings of the members may be called by resolution of the Board, or upon a written request signed by any five Board members, by the Chairman, or by thirty per centum or more of all the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within one of the counties served by the Cooperative as designated by the Board and shall be specified in the notice of the special meeting.

SECTION 3. Notice of Members Meetings. Notice of all regular and special meetings of the members shall be given by advertising same in two issues of the weekly newspapers having the largest circulation in the counties which the Cooperative has members for the two next preceding the date of said meeting by announcing same over any radio stations located within the area served by the Cooperative. Such advertising shall be deemed proper notice of all regular and special meeting of the members. The failure of any member to receive notice of any annual or special meeting of the members shall not invalidate any action taken by the membership at any such meeting.

SECTION 4. Quorum. Not less than one hundred (100) members present in person or represented by proxy shall constitute a quorum for the transaction of business at all meeting of the members.

SECTION 5. Voting. Each member shall be entitled to only one vote upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a vote of the majority of the members voting thereon in person or by proxy except as otherwise provided by law, the articles of incorporation or these bylaws.

At all meetings of members a member may vote by proxy executed in writing wherein the notice of the meeting there is included:

- (a) Proposed resolution to authorize borrowing of funds from the United States of America or from National Rural Utilities Cooperative Finance Corporation or other lending agencies or lending corporations, and to incur indebtedness from time to time by the assumption of the indebtedness of third parties to the United States of America or other or sale, mortgage, lease or other disposition or encumbrance of property to United States of America or any agent or instrumentality thereof or others:
- (b) In connection with a proposed amendment to the articles of incorporation of the Cooperative.
To be valid a proxy must be executed by the member within sixty (60) days next before the date of the meeting.

SECTION 6. Order of business. The order of business at the annual meeting of the members and, so far as possible at all other meetings of the members, shall be essentially as follows, except as otherwise determined by the members at such meeting.

- 1 Report on the number of members present in person in order to determine the existence of a quorum
- 2 Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be
- 3 Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
- 4 Presentation and consideration of reports of officers, trustees, and committees.
- 5 Reading of report of the election commissioners on the election of Board members
- 6 Unfinished business.
- 7 New business.
- 8 Adjournment

SECTION 7. Agenda. The agenda for the meeting of the members shall be with full disclosure to the membership, so as to inform the membership in the Notice of the Meeting, of the nature of all business to be considered. To achieve the same, no proposal shall be voted upon at the Annual Meeting unless it has been placed on the agenda at least ninety (90) days prior to such meeting. Any legitimate proposal may be submitted for inclusion on the agenda by the members. Said proposal(s) must be in writing and signed by at least one hundred (100) members in good standing, and a copy of the proposal must be filed with the Secretary within the time allowed, with a request that it be submitted to the Annual Meeting for consideration. Any item submitted by a member or members, to be placed on the Agenda of the Annual Meeting, must be clearly stated and easily understood. Nothing in this section, or any other section of the Bylaws shall be construed as diminishing the authority or duty of the Board of Directors to determine items to be submitted to vote of the members at any meeting of the members and/or the arrangement and content of the agenda.

ARTICLE IV BOARD MEMBERS

SECTION 1. General Powers. The business and affairs of the Cooperative shall be managed by a Board of seven members which shall exercise all of the powers of the Cooperative except such as are by law, the articles of incorporation or these bylaws conferred upon or reserved to the members.

SECTION 2. Voting Districts. The territory served by the Cooperative shall be divided into seven districts. Each district shall be represented by one Director. District boundaries shall be as follows:

District No. 1 - Johnson County:

Beginning at the Lawrence County line on the east side of the Levisa Fork of Big Sandy River; thence with Levisa Fork of Big Sandy River to the Floyd County line; thence east with Floyd County line to the Martin County line; thence with Martin County line to Lawrence County line; thence with Lawrence County line to Levisa Fork point of beginning.

District No. 2 - Johnson County:

Beginning at the Lawrence County line of the west bank of Levisa Fork of Big Sandy River; thence with river to Paintsville; thence west with U.S. Highway 23 and 460 to the mouth of Mudlick; thence following ridge between Toms Creek and Mudlick and Hoods Creek to the Lawrence County line; thence with the Lawrence County line to Levisa Fork to Big Sandy River, the point of beginning.

District No. 3 - Johnson County:

Beginning at the bridge across Levisa Fork of Big Sandy River at Paintsville, Kentucky; thence following U.S. 23 and 460 to the mouth of Mudlick Creek; thence with ridge between Mudlick Creek and Toms Creek and Hoods Creek to the Lawrence County line; thence west with Lawrence County line to the Morgan County line; thence continuing to the Magoffin County line; thence to the Floyd County line; thence with the Floyd County line to Levisa Fork of Big Sandy River; thence down same to point of beginning.

District No. 4 - Martin County and Lawrence County:

District No. 4 shall include all members living in Martin and Lawrence Counties.

District No. 5 - Floyd County and Pike County:

Beginning at the Johnson County line at East Point and on the east side of Big Sandy River; thence following the river to Prestonsburg, Kentucky; thence leaving the river to include both forks of Bull Creek and thence eastward to Martin, Kentucky; thence on up Left Beaver to the Pike County line; thence with the Pike County line to the Martin County line; thence with the Martin County line to Johnson County line; thence with Johnson County line to Big Sandy River at East Point, the point of beginning. All members living in Pike County are also to be included in this district.

District No. 6 - Floyd County:

Beginning at the Johnson County line at East Point on the west side of Big Sandy River; thence following the river to Prestonsburg, Kentucky; thence up Middle Creek to David Road, including both sides of Middle Creek, Spurlock and Conley Forks, thence up David Road to Magoffin County line; thence to Johnson County line to the point of beginning at East Point.

District No. 7 - Floyd County and Knott County:

Beginning at Magoffin County line above David Mines, running with road to Middle Creek to top of ridge; following same to Martin on Beaver Creek to join district no. 6; thence with said line to the Knott County line; thence to Breathitt County; thence to Magoffin County; thence with Magoffin County line to the point of beginning. All members living in Knott County are also to be included in this district.

SECTION 3. Selection and Tenure. Directors shall serve for terms of four (4) years or until their successors shall have been elected or appointed by the Board and shall have been qualified. Any vacancy on the Board caused by death or resignation or failure to have candidates for the office of director shall be filled by Board of Directors for unexpired portion of the term.

SECTION 4. Qualifications. No person shall be eligible to become or remain a Board member of the Cooperative who:

- (a) is not a member and bona fide resident living in the district served by the Cooperative for at least one year.
- (b) is in any way employed by or financially interested in a competing enterprise or a business selling electric energy, or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the members of the Cooperative, or

- (c) who does not live in the district to be represented by the member
- (d) is an employee of the Cooperative or who was employed by the Cooperative within the last five years

Upon establishment of the fact that a Board member is holding the office in violation of any of the foregoing provisions, the Board shall remove such Board member from office. Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board.

Section 5. Nomination and Election Members of Board of Directors shall be elected in the following manner:

- (a) **Nomination Committee.** Not less than ninety (90) days before the date of annual meeting at which Directors are to be elected, the Board of Directors shall appoint a Nomination Committee consisting of seven members, one from each seven districts. No existing Cooperative employees, agents, officers, Directors, or known candidates for Director, or persons who are close relatives of members of the same household thereof are eligible to serve on the committee.

The Nomination Committee shall meet at the next regular meeting of the Board of Directors, which meeting shall not be less than sixty (60) days before the annual meeting of the members, at the principal office of the Cooperative at Paintsville, Kentucky, at the same time as the meeting of the Board of Directors to nominate candidates for the office of Director of the cooperative.

No person shall be nominated as a candidate for the Board of Directors unless that person is duly qualified and has requested to be nominated as a candidate by presenting a written request, on an official form provided by the cooperative, to the nomination committee. An incumbent director may be nominated as a director so long as the incumbent is duly qualified and has made written request to the Nomination Committee.

All other members, who are properly qualified, may be nominated by filing an official Nomination Request/Petition form with the secretary of the cooperative at least 14 days prior to the meeting of the Nomination Committee. The cooperative attorney shall examine the Nomination Request/Petition for accuracy and legality. If it complies the attorney shall file the Nomination Request/Petition with the Nomination Committee for its consideration.

Members shall apply to the cooperative for a Nomination Request/Petition form at least thirty (30) days prior to the meeting of the Nomination Committee.

The application must set forth the members name, birth date, actual place of residence, membership number, length of time living at last residence, occupation, be signed by the member and notarized.

The Nomination Request/petition form shall request the Nomination Committee to nominate the member for the office of Director of the cooperative and shall state the district which the candidate will represent. This petition shall set forth the members name, place of residence, length of time living at last residence, occupation, all business financial interest, all employment by the cooperative, date last worked for the cooperative if applicable, and be signed by the member. The petition shall be signed and dated by at least one hundred (100) bona fide current members of the cooperative actually living in the district to be represented by the member requesting nomination. Only one person shall be nominated per petition.

The Nomination Committee shall nominate as a candidate in all districts where there is an election any person who is duly qualified and duly requests to be nominated as a candidate, as set forth above. The decision of the Nomination Committee shall final in respect to the qualifications of a member to serve on the Board of Directors and whether or not a proper request to be nominated has been made.

The list of nominations as a candidate shall be posted immediately at the principal office of the Cooperative. No write in votes shall be permitted in the election of the members of the Board of Directors. No nominations for the office of Director from the floor of the annual meeting of the members shall be permitted. Should the Nomination Committee select only one candidate from each district to run for the office of Director to fill the vacancy caused by the expiration of the Directors terms in accordance with Article IV, Section 3 of these Bylaws and should no candidate be nominated from the membership by written or printed petition as set forth in Article IV, section 5A of these Bylaws, then the Chairman of the Nomination Committee appointed by the Board of Directors pursuant to Article IV, Section 5 of these Bylaws, shall certify to the secretary of the Board that no petition has been filed pursuant to the Bylaws on nominations and the candidates selected by the Nomination Committee are therefore officially without opposition and the secretary of the Board will so announce at the annual membership meeting and the nominees shall be deemed elected

to the Board without the necessity of mailing official ballots through the United States mail and following the election procedures set forth in these Bylaws. All of the remaining provisions of Article IV, Section 5 of these Bylaws not in conflict herein shall remain in full force and effect

- (b) **Voting.** Not less than thirty (30) days before the annual meeting it shall be the responsibility of the Secretary to have printed and to mail to each of the members a ballot which shall list by district the names of the candidates nominated by the committee, or by petition. With the ballot, the secretary shall include a return envelope: the return address envelope shall have the member's name and membership number printed on a (piggy-back) label. The return address envelope shall be pre-addressed to the Cooperative with postage prepaid. The secretary shall also mail, with the ballot, instructions for voting and returning the ballot to the Cooperative. The member shall vote the ballot by marking the box beside the candidate of choice; the member shall then place the ballot in the return address envelope and seal the return address envelope place it in the United States mail, or deliver the outer envelope to the Cooperative in person so that the ballot shall be received not less than ten days prior to the date of the annual meeting of members.
- (c) **Conduct of Election** At the regular meeting of the Board of Directors, which shall not be less than fifteen (15) days before the annual meeting, the Board of Directors shall appoint three election commissioners to supervise, conduct and canvass the election. They shall be bona fide residents of the area served by the Cooperative and shall not be active in any campaign for any candidate seeking election.

On the next regularly scheduled working day after the close of the ballot box or voting, the election commissioners shall meet at the principal office of the Cooperative for determining and counting all legal ballots, as follows: the election commissioners shall determine if the return address envelope is proper. Next, they shall examine the return address envelope to determine if it has a member name and membership number label. If the return address envelope is proper, the "piggy-back" label shall be removed from the return address envelope, counted and preserved. Then they shall open the return address envelope and separate the return address envelope from the ballot. All noncomplying return address envelopes shall be set aside and preserved, but shall not be opened or counted. The ballots shall then be examined to determine if they are properly voted. All ballots not properly voted shall be not counted, but preserved. Next, all properly voted ballots shall be counted, tabulated and preserved for a period of five days. After the votes are canvassed and tabulated the election commissioners shall issue a report of the election, certifying all action taken by the commissioners and the number of legal votes received by each of the candidates. The candidate receiving the highest number of legal votes shall be certified as the winner of each district. The original of the report of the election commissioners shall be submitted to the Board of Directors, and a copy shall be given to each of the candidates.

At the election count each candidate or his duly appointed representative shall be entitled to observe the count of the ballots and the action taken by the election commissioners

Within three days after the completion of the count by the election commissioners, any candidate who is dissatisfied with the report may request in writing that the Board of Directors recanvass the ballots. Upon such a request being made the Board of Directors shall conduct a proper recount of the ballots and thereafter adopt or reject the report of election commissioners

SECTION 6. Removal of Board Member by Members. Any member may bring sworn charges against a Board member and, by filing with the Secretary such sworn charges in writing together with a notarized petition signed by at least ten per centum of the members, or 300, whichever is greater, may request the removal of such Board member by reason thereof. Such Board member shall be informed in writing of the charges at least ten days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such Board member shall be considered and voted upon at the meeting of the members, and any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations.

SECTION 7. Vacancies. Subject to the provisions of these bylaws with respect to the filling of vacancies caused by the removal of Board members, a vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining Board members for the unexpired portion of the term.

SECTION 8. Compensation. Board members shall not receive any salary for their services as such, except that the Board of Directors by resolution

may authorize a fixed sum for each day or part thereof spent on Cooperative business such as attendance at meetings, conferences and training programs or performing committee assignments when authorized by the Board. A member may also be reimbursed for actual expenses necessarily incurred in carrying out such Cooperative business or granted a reasonable allowance in lieu of detailed accounting for some of these expenses

No Board member shall be compensated for serving the Cooperative in any other capacity nor shall any member of the immediate family of a Board member be allowed to be a full-time employee of the Cooperative. A member of the immediate family of a Board member shall be construed to include husband and wife and children of either the husband and wife

Compensation may be paid to a Board member or a member of their immediate family if such services were rendered on emergency basis

ARTICLE V MEETING OF BOARD

SECTION 1. Regular Meetings. A regular meeting of the Board shall be held without notice, immediately after, and at the same place as, the annual meeting of the members. Newly elected Board members shall be installed at this Board meeting. A regular meeting of the Board shall also be held monthly at such time and place within one of the counties served by the Cooperative as designated by the Board. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

SECTION 2. Special Meeting. Special meetings of the Board may be called by the Chairman or by two-thirds (2/3) of a majority of the Board members and it shall thereupon be the duty of the secretary to cause notice of such meeting to be given as hereinafter provided. The Chairman or Board members calling the meeting shall fix the time and place for the holding of the meeting.

SECTION 3. Notice of Board Meeting. Written notice of the time, place and purpose of any special meeting of the Board shall be delivered to each Board member either personally or by mail, by or at the direction of the secretary, or upon a default in duty by the secretary, by the Chairman or the Board member calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Board member at his address as it appears on the records of the Cooperative with postage, thereon prepaid, at least five days before the date set for the meeting.

SECTION 4. Quorum. A majority of the Board shall constitute a quorum, provided, that if less than such majority of the Board present may adjourn the meeting from time to time; and provide further, that the secretary shall notify any absent Board members of the time and place of such adjourned meeting. The act of a majority of the Board members present at a meeting at which a quorum is present shall be the act of the Board, except as otherwise provided in these bylaws.

Should a majority of the Board be unable to serve because of a catastrophe or other crisis the remaining members of the Board of Directors may meet and carry on the regular business of the Cooperative until new Board members are appointed. In case of the death of a majority of the Board members the remaining members may appoint Board members to fill vacancies to serve until next annual election.

ARTICLE VI OFFICERS

SECTION 1. Number. The officers of the Cooperative shall be a Chairman, Vice Chairman, President/General Manager, Secretary, Treasurer, and such other officers as may be determined by the Board from time to time. The offices of Secretary and Treasurer may be held by the same person

SECTION 2. Election and Term of Office. The officers shall be elected by ballot, annually by the Board at the meeting of the Board held immediately after the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of the members or until his successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board for the unexpired portion of the term.

SECTION 3. Removal of Officers and Agents by the Board. Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgement the best interest of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring sworn charges against an officer, and by filing with the secretary such sworn charges in writing together with a notarized petition signed by ten per centum of the member or 300, whichever is greater, may request the removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten days prior to the Board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons

bringing the charges against him shall have the same opportunity. In the event the Board does not remove such officer, the question of his removal shall be considered and voted upon at the next meeting of the members.

SECTION 4. Chairman. The Chairman shall:

- (a) be the principal executive officer of the Cooperative and unless otherwise determined by the members on the Board, shall preside at all meetings of the members and the Board;
- (b) sign, with the secretary, certificates of membership, the issue of which shall have been authorized by the Board or the members, and may sign any deed, mortgages, deeds of trust, notices, bonds, contracts, or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these bylaws to some other officer or agent of the Cooperative; or shall be required by law to be otherwise signed or executed; and
- (c) in general perform all duties incident to the office of chairman and such other duties as may be prescribed by the Board from time to time.

SECTION 5. Vice Chairman. In the absence of the chairman or in the event of his inability or refusal to act, the Vice Chairman shall perform the duties of the Chairman and when so acting shall have all the powers of and be subject to all the restrictions upon the Chairman. The Vice Chairman shall also perform such other duties as from time to time may be assigned to him by the Board.

SECTION 6. President/General Manager. The President/General Manager shall:

- (a) in the absence of the Chairman and Vice Chairman or in the event of their inability or refusal to act, the President/General Manager shall perform the duties of the Chairman and when so acting shall have all the powers of and be subject to all the restrictions upon the Chairman. The President/General Manager shall also perform such other duties and shall exercise such authority as the Board may from time to time vest in him.

SECTION 7. Secretary. The secretary shall be responsible for:

- (a) keeping the minutes of the meetings of the members and of the Board in books provided for that purpose;
- (b) seeing that all notices are duly give in accordance with these bylaws or as required by law;
- (c) the safekeeping of the Corporate books and records and the seal of the Cooperative and affixing the seal of the Cooperative to all certificates of membership prior to the issuance thereof and to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these bylaws;
- (d) keeping a register of the names and post office addresses of all members;
- (e) signing, with the Chairman, certificates of membership, the issue of which shall have been authorized by the Board or the members;
- (f) keeping on file at all times a complete copy of the articles of incorporation and bylaws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Cooperative, furnishing a copy of the bylaws and of all amendments there to any member upon request; and
- (g) in general performing all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the Board.

SECTION 8. Treasurer. The Treasurer shall be responsible for:

- (a) custody of all funds and securities of the Cooperative;
- (b) the receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these bylaws; and
- (c) the general performance of all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board.

SECTION 9. Bond of Officers. The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall be bonded in such sum and with such surety as the Board shall determine. The Board in its discretion may also require any other officer, agent, or employee of the Cooperative to be bonded in such amount and with such surety as it shall determine.

SECTION 10. Compensation. The powers, duties and compensation of officers, agents and employees shall be fixed by the Board subject to the provisions of these bylaws with respect to compensation for a Board mem-

ber or member of their immediate family.

SECTION 11. Reports. The officers of the Cooperative shall submit at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

ARTICLE VII NONPROFIT OPERATION

SECTION 1. Interest or Dividends on Capital Prohibited. The Cooperative shall at all times be operated on a cooperative nonprofit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

SECTION 2. Patronage Capital in Connection with Furnishing Electric Energy. In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a nonprofit basis the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and the expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron. All such amounts credited to the capital account or any patron shall have the same status as though they have been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative from its operation in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to patrons' accounts may be retired in full or in part. Any such retirements of capital shall be paid according to the Board's discretion, fairly and equitable, as directed by established Board policy.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Cooperative unless the Board, acting under policies of general application shall determine otherwise.

Notwithstanding any other provision of these bylaws, the Board at its discretion, shall have the power at any time upon the death of any patron, if the legal representatives of his estate or surviving spouse shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board, acting under policies of general application, and the legal representatives of such patron's estate or surviving spouse shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby. And, further provided that no payment of capital credits shall be made except to the extent said credits represent receipts in cash to the Cooperative.

The patrons of the Cooperative by dealing with Cooperative, acknowledge that the terms and provisions of the articles of incorporation and bylaws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative office.

ARTICLE VIII DISPOSITION OF PROPERTY

Section 1 Disposition or Encumbering of Property. The Board of Directors may not sell, lease, lease-sale, exchange, transfer or otherwise dispose of any of the Cooperative's property except:

- (a) property that is not necessary in operating and maintaining the Cooperative's system, but sales of such property shall not, in any

- one year exceed ten per centum (10%) in value of all the property of the Cooperative other than merchandise and property acquired for resale;
- (b) services and electric energy;
- (c) property acquired for resale; and
- (d) merchandise;

unless the Board shall first adopt by the affirmative vote of three-fourths of all directors a resolution recommending the transaction and directing the submission of the proposal to a vote of not less than the majority of the total members and shall call a special meeting of the members for consideration thereof and action thereon, which meeting shall be held not sooner than ninety days after the giving of such notice to the members, provided, that consideration and action by the members may be given at the next annual member meeting if the Board so determines and if such annual meeting is held not sooner than ninety days after the giving of such notice.

If the Board of Directors looks with favor upon any proposal for sale, lease, lease-sale, exchange or transfer or other disposal of any of the Cooperative's properties and assets, it shall first cause three independent, non-affiliated appraisers, expert in such matters to render their individual opinions as to the value of the Cooperative with respect to sale, lease, lease-sale, exchange, transfer, or other disposition of all or substantially all of the Cooperative's properties and assets, and as to any other terms and conditions which should be considered. The three such appraisers shall be designated by the Johnson Circuit Court Judge. If such judge refuses to make such designations, they shall be made by the Board of Directors.

If the Board of Directors, after receiving such appraisals (and other terms and conditions which are submitted, if any), determines that the proposal shall be submitted for consideration by the members, it shall first give every other electric cooperative situated and operating in Kentucky (which has not made such an offer) an opportunity to submit competing proposals. Such opportunity shall be in the form of a written notice to such electric cooperative, which notice shall be attached to a copy of the proposal which the Cooperative has already received and copies of the respective reports of the three appraisers. Such electric cooperative shall be given not less than ninety days during which to submit competing proposals, and the actual minimum period within which proposals, are to be submitted shall be stated in the written notice given to them.

Any (3) or more members, by so petitioning the Board not less than thirty days prior to date of such special or annual meeting, may cause the Cooperative, with the cost to be borne by the Cooperative, to mail to all members any opposing or alternate positions which they may have to the proposals that have been submitted or any recommendations that the Board has made.

The Board of Directors of the Cooperative, without authorization by the members, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust and a security interest or interests upon, or the pledging and encumbering of any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, and of a note or notes or other instrument evidencing the indebtedness secured thereby, all upon such terms and conditions as the Board of Directors of the Cooperative shall determine, to secure any obligation of the Cooperative, any provision of the Articles of Incorporation or bylaws of the Cooperative to the contrary notwithstanding.

Section 2 Merger or Consolidation. The Board of Directors may not merge or consolidate the Cooperative's property and assets with any other corporation except as otherwise provided by law unless the Board shall first adopt by the affirmative vote of three-fourths of all directors a resolution recommending the transaction and directing the submission of the proposal to a vote of not less than a majority of the total members and shall call a special meeting of the members of consideration thereof and action thereon, which meeting shall be held not sooner than ninety days after the giving of such notice to the members; provided, that consideration and action by the members may be given at the next annual member meeting if the Board so determines and if such annual meeting is held not sooner than ninety days after the giving of such notice.

If the Board of Directors looks in favor upon any proposal for merger or consolidation of the Cooperative's properties and assets, it shall first cause three independent, non-affiliated appraisers, expert in such matters to render their individual opinions as to the value of the Cooperative with respect to merger or consolidation of all or substantially all of the Cooperative's properties and assets, and as to any other terms and conditions which should be considered. The three such appraisers shall be designated by the Johnson Circuit Court Judge. If such judge refuses to make such designations, they shall be made by the Board of Directors.

If the Board of Directors, after receiving such appraisals (and other terms and conditions which are submitted, if any), determines that the proposal shall be submitted for consideration by the members, it shall first give every other electric cooperative situated and operating in Kentucky (which has not made such an offer) an opportunity to submit competing proposals. Such opportunity shall be in the form of a written notice to such electric cooperative, which notice shall be attached to a copy of the proposal which the Cooperative has already received and copies of the respective

reports of the three appraisers. Such electric cooperatives shall be given not less than ninety days during which to submit competing proposals, and the actual minimum period within which proposals are to be submitted shall be stated in the written notice given to them.

Any (3) or more members, by so petitioning the board not less than thirty days prior to date of such special or annual meeting, may cause the Cooperative, with the cost to be borne by the Cooperative, to mail to all members any opposing or alternate positions which they may have to the proposals that have been submitted or any recommendations that the Board has made.

Section 3. Dissolution. The Board of Directors may not dissolve the Cooperative unless the Board shall first adopt by the affirmative vote of three-fourths of all directors a resolution recommending the transaction and directing the submission of the proposal to a vote of not less than the majority of the total members and shall call a special meeting of the members for consideration thereof and action thereon, which meeting shall be held not sooner than ninety days after the giving of such notice to the members; provided, that the consideration and action by the members may be given at the next annual member meeting if the Board so determines and if such annual meeting is held not sooner than ninety days after the giving of such notice.

Section 4. Evaluative Considerations. In connection with the exercise of its judgment in determining what is in the best interest of Big Sandy RECC and its members when evaluating any proposal for dissolution, merger, consolidation, sale of assets, lease, transfer, of other disposition of all or substantially all of the Cooperative's assets, the Board of Directors shall consider all of the following factors and other factors which it deems relevant:

1. The societal and economic effects of the transaction upon the Cooperative's employees;
2. The societal and economic impact of the transaction upon the community and service territories, and
3. The long-term as well as short-term interest of the Cooperative and its members, including the possibility that these interests may be best served by the continued existence of the Cooperative.

Section 5. Alteration and Amendment to Bylaws. Article VIII of the bylaws as amended and adopted shall take effect upon the affirmative vote of not less than three-fourths of all directors; and shall remain in effect until altered, amended or repealed by a similar vote of all directors and not less than a majority of the total members.

ARTICLE IX SEAL

The corporate seal of the Cooperative shall have inscribed thereon the name of the cooperative and the words "Corporate Seal Kentucky."

ARTICLE X FINANCIAL TRANSACTION

SECTION 1. Contracts. Except as otherwise provided in these bylaws, the Board may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative and such authority may be general or confined to specific instances.

SECTION 2. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, and all notes, bonds, or other evidences of indebtedness issued in the name of the Cooperative shall be signed and/or countersigned by such officer or officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board.

SECTION 3. Deposits. All funds except petty cash of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board may select.

SECTION 4. Change in Rates. Written notice shall be given to the Administrator of the Rural Utilities Service of the United States of America not less than ninety (90) days prior to the date upon which any proposed change in the rates charged by the Cooperative for electric energy becomes effective.

SECTION 5. Fiscal Year. The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first day of December of the same year.

ARTICLE XI MISCELLANEOUS

SECTION 1. Membership in Other Organizations. The Cooperative shall not become a member of or purchase stock in any other organization without an affirmative vote of the members at a duly held meeting. The notice of which shall specify that action to be taken upon such proposed member-

ship or stock purchase; provided however, that the Cooperative may upon the authorization of the Board, purchase stock in or become a member of any corporation or organization organized on a nonprofit basis for the purpose of engaging in or furthering the cause of rural electrification, or with approval of the Administrator of RUS, of any other corporation for the purpose of acquiring electric facilities.

SECTION 2. Waiver of Notice. Any member or Board member may waive in writing any notice of a meeting required to be given by these bylaws. The attendance of a member or Board member at any meeting shall constitute a waiver of notice of such meeting by such member or Board member except in case a member or Board member shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

SECTION 3. Policies, Rules and Regulations. The Board shall have power to make and adopt such policies, rules and regulations, not in consistent with law, the articles of incorporation of these bylaws, as it may deem advisable for the management of the business and affairs of the Cooperative.

SECTION 4. Accounting System and Reports. The Board shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as from time to time be designated by the administrator of the Rural Utilities Service of the United States of America. The Board shall also after the close of each fiscal year cause to be made by a certified public accountant a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. A report such audit shall be submitted to the members at the next following annual meeting.

SECTION 5. Area Coverage. The Board shall make diligent effort to see that electric service is extended to all unserved persons within the Cooperative service area who (a) desire such services and (b) meet all reasonable requirements established by the Cooperative as a condition of such service.

SECTION 6. Rules of Order. Parliamentary procedure at all meetings of the members, of the Board of Directors, of any committee provided for in these Bylaws and of any other committee of the members or Board of Directors which may from time to time be duly established shall be governed by the most recent edition of Robert's Rules of Order except to the extent such procedure is otherwise determined by law or by the Cooperative's Articles of Incorporation or Bylaws.

ARTICLE XII AMENDMENTS

These Bylaws may be altered, amended or repealed by the affirmative vote of not less than two-thirds of all the Directors at any regular or special meeting provided the notice of such meetings shall have contained a copy of proposed alterations, amendments, or repeal. A copy of such alterations, amendments, or repeal shall be sent to each member of the Cooperative within a reasonable time after such action has been taken.

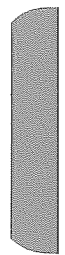
CERTIFICATION OF ADOPTIONS

The undersigned, being the Chairman and Secretary of Big Sandy Rural Electric Cooperative Corporation, does hereby certify that the foregoing Bylaws were duly adopted by the Board of Directors at a special meeting of the Board of Directors duly called and held on September 16, 1967, except that Article IV, Section 5 was duly adopted by the Board of Directors at a regular meeting duly called and held on April 3, 1970; the Article IV, Section 6 and Article VI, Section 3, were duly adopted by the Board of Directors at a regular meeting duly called and held on May 4, 1971; that Article VIII was duly adopted by the Board of Directors at a special meeting duly call and held on January 14, 1972; Revised Article VII, Section 2, April 5, 1974. Membership changed from \$10.00 to \$20.00 12/5/75. That amendment to Article IV, Section 5(a) was duly adopted by the Board of Directors at a regular meeting duly called and held on June 3, 1977. Revised Article VII, Section 2, 9/2/77. Revised Article I, Section 5, 11/13/81. Revised Article III, Section 6, 2/5/82. Revised Article IV, Section 5a, 5b, 5c, 2/5/82. Revised article V, Section 1, 2/5/82. Revised Article IV, Section 5b, 1/7/83. Article III, Section 4, Revised Oct. 7, 1983. Revised Article IV, Section 5, Aug. 16, 1985. Revised Article IV, Section 2, Section 4a, Section 5b, July 15, 1988. Revised Article VII, Section 2, paragraph 3, Sept. 16, 1988. Revised Article IV, Section 5b, January 1, 1990. Revised Article VI, July 20, 1990. Revised Article IV, Section 5 b & c, March 15, 1996. Revised Article IV, Sections 3 & 4 (d), revised Article VIII added Sections 1, 2, 3, 4 & 5, April 18, 1997. Revised Article IV Sections 3, 4 (a) & 5 (b & c) July 29, 2003. Revised Article IV Section 5a June 18, 2004.

Attest:

Joe Harris, Secretary

Wade May, Chairman



1 Big Sandy Rural Electric Cooperative
2 **Statement of Operations**
3 December 31, 2004
Witness: Alan Zumstein

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	<u>2004</u>	<u>2003</u>
	.	
Operating revenue:		
Sale of electric Rural Electric	\$16,200,196	\$15,350,061
Other electric revenue	<u>471,211</u>	<u>463,064</u>
	<u>16,671,407</u>	<u>15,813,125</u>
Operating expenses:		
Cost of power	11,947,454	10,801,534
Distribution-operations	565,608	530,069
Distribution-maintenance	1,070,737	913,871
Consumer accounts	691,036	574,662
Consumer service	94,879	142,255
Sales	638	937
Administrative and general	<u>1,170,048</u>	<u>1,091,248</u>
Total operation and maintenance	15,540,400	14,054,576
Depreciation	1,037,868	999,399
Taxes-other	17,172	18,317
Interest on long term debt	528,275	544,637
Other interest expense	29,615	34,525
Other deductions	<u>5,356</u>	<u>9,241</u>
Total cost of electric service	<u>17,158,686</u>	<u>15,660,695</u>
Utility operating margins	<u>(487,279)</u>	<u>152,430</u>
Nonoperating margins, interest	100,134	71,838
Income (loss) in equity investments	0	-
Nonoperating margins, other	<u>(6,347)</u>	<u>208,596</u>
	<u>93,787</u>	<u>280,434</u>
Patronage capital:		
G & T	-	785,219
Others	<u>46,189</u>	<u>21,900</u>
	<u>46,189</u>	<u>807,119</u>
Net margins	<u><u>(\$347,303)</u></u>	<u><u>\$1,239,983</u></u>

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1 Big Sandy Rural Electric Cooperative
 2 **Balance Sheet**
 3 December 31, 2004
 Witness: Alan Zumstein

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2004 2003

ASSETS

Electric Plant:		
In service	\$32,435,506	\$31,026,576
Under construction	17,327	21,313
	<u>32,452,833</u>	<u>31,047,889</u>
Less accumulated depreciation	8,656,553	8,108,278
	<u>23,796,280</u>	<u>22,939,611</u>
Investments	5,798,583	5,710,557
Current Assets:		
Cash and temporary investments	983,881	2,560,427
Accounts receivable, net	3,117,919	3,077,518
Other receivables	100,825	84,795
Material and supplies	200,594	212,567
Prepayments	12,967	10,061
Other current assets	4,204	3,775
	<u>4,420,390</u>	<u>5,949,143</u>
Other deferred debits	51,037	6,720
Total Assets	<u>\$34,066,290</u>	<u>\$34,606,031</u>

MEMBERS' EQUITIES AND LIABILITIES

Margins and Equities:		
Memberships	\$219,050	\$217,835
Patronage capital	13,577,101	14,204,863
Other equities	105,626	(140,788)
	<u>13,901,777</u>	<u>14,281,910</u>
Long Term Debt	17,004,857	17,341,598
Accumulated Operating Provisions	659,020	732,075
Current Liabilities:		
Accounts payable	1,774,748	1,461,868
Consumer deposits	484,190	479,605
Accrued expenses	222,920	299,548
	<u>2,481,858</u>	<u>2,241,021</u>
Consumer advances for construction	18,778	9,427
Total Members' Equities and Liabilities	<u>\$34,066,290</u>	<u>\$34,606,031</u>

1 Big Sandy Rural Electric Cooperative
 2 **Statement of Cash Flows**
 3 December 31, 2004
 Witness: Alan Zumstein

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	<u>2004</u>	<u>2003</u>
Cash Flows from Operating Activities:		
Net margins	(\$347,303)	\$1,239,983
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation		
Charged to expense	1,037,868	999,399
Charged to clearing accounts	89,475	85,953
Patronage capital credits	(73,055)	(807,119)
Accumulated postretirement benefits	(46,189)	(79,450)
Net change in current assets and liabilities:		
Receivables	(56,431)	(145,295)
Material and supplies	11,973	(12,352)
Prepayments	(47,652)	3,928
Accounts payables	312,880	143,978
Consumer deposits and advances	4,585	(6,281)
Accrued expenses	(67,277)	28,699
Net cash provided by operating activities	<u>818,874</u>	<u>1,451,443</u>
Cash Flows from Investing Activities:		
Plant additions	(2,064,347)	(1,914,284)
Salvage recovered from plant retired	80,335	120,836
Additional investments, net of receipts	(41,837)	8,165
Net cash used for investing activities	<u>(2,025,849)</u>	<u>(1,785,283)</u>
Cash Flows from Financing Activities:		
Net increase in memberships	1,215	2,700
Other equities	18,098	22,407
Repayment of note payable	-	(200,000)
Additional long-term borrowings	-	2,764,000
Payments on long-term debt	(749,603)	(423,131)
Use of cushion of credit	412,862	(942,553)
Retirement of patronage capital	(52,143)	(58,345)
Payments on past service costs	-	(65,577)
Net cash provided by financing activities	<u>(369,571)</u>	<u>1,099,501</u>
Net increase in cash	(1,576,546)	765,661
Cash balances - beginning	<u>2,560,427</u>	<u>1,794,766</u>
Cash balances - ending	<u>\$983,881</u>	<u>\$2,560,427</u>



Big Sandy Rural, Inc Cooperative
 Comparison of Test Year Account Balances with
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Acct.#	Description	January Month_1	February Month_2	March Month_3	April Month_4	May Month_5	June Month_6	July Month_7	August Month_8	September Month_9	October Month_10	November Month_11	December Month_12	
362	Station equipment Prior year Change	0	0	0	0	0	0	0	35,552	36,096	39,812	36,096	46,335	
364	Poles, towers & fixtures Prior year Change	9,565,245 9,292,679 272,566	9,609,044 9,299,482 309,562	9,631,134 9,317,364 313,770	9,649,488 9,334,297 315,191	9,660,651 9,360,346 300,305	9,687,041 9,377,332 309,709	9,707,294 9,415,584 291,710	9,729,149 9,435,371 293,778	9,753,985 9,473,451 280,534	9,772,472 9,487,238 285,234	9,807,698 9,524,385 283,313	9,835,666 9,548,526 287,140	
365	Overhead conduct & device Prior year Change	8,400,269 8,123,550 276,719	8,447,021 8,129,639 317,382	8,477,799 8,171,019 306,780	8,486,789 8,183,483 303,306	8,492,141 8,203,178 288,963	8,513,315 8,215,028 298,287	8,543,448 8,285,564 257,884	8,563,710 8,298,868 264,842	8,580,917 8,341,199 239,718	8,594,630 8,357,234 237,396	8,640,875 8,380,609 260,266	8,666,635 8,388,426 278,209	
366	Underground conduit Prior year Change	136,034 103,102 32,932	137,694 105,222 32,472	138,986 106,726 32,260	141,887 107,853 34,034	142,828 109,114 33,714	145,666 112,227 33,439	148,982 115,974 33,008	152,327 120,126 32,201	156,931 122,948 33,983	157,372 124,242 33,130	159,683 127,433 32,250	164,879 131,751 33,128	
367	Underground cond & devic Prior year Change	154,690 152,256 2,434	154,690 152,256 2,434	154,690 152,256 2,434	154,690 152,256 2,434	154,690 152,256 2,434	154,690 152,256 2,434	154,690 152,256 2,434	164,340 154,690 9,650	169,397 154,690 14,707	169,397 154,690 14,707	169,397 154,690 14,707	169,397 154,690 14,707	
368	Transformers Prior year Change	4,669,915 4,530,182 139,733	4,680,596 4,534,404 146,192	4,694,428 4,542,957 151,471	4,713,033 4,553,435 159,598	4,722,842 4,554,115 168,727	4,742,578 4,574,711 167,867	4,736,801 4,579,816 156,985	4,747,133 4,609,020 138,113	4,761,072 4,618,584 142,488	4,780,949 4,641,007 139,942	4,780,949 4,641,007 139,942	4,790,311 4,651,540 138,771	4,791,379 4,658,858 132,521
369	Services Prior year Change	3,182,164 3,001,279 180,885	3,191,231 3,010,127 181,104	3,209,797 3,021,171 188,626	3,229,630 3,036,334 193,296	3,240,730 3,050,437 190,293	3,248,892 3,065,211 183,681	3,266,468 3,085,823 180,645	3,279,463 3,100,214 179,249	3,298,200 3,113,719 184,481	3,308,408 3,121,122 187,286	3,334,709 3,146,106 188,603	3,359,128 3,165,330 193,798	
370	Meters Prior year Change	1,181,911 1,125,579 56,332	1,181,825 1,123,077 58,748	1,179,971 1,150,956 29,015	1,178,539 1,149,999 28,540	1,202,240 1,152,456 49,804	1,223,133 1,152,097 71,036	1,221,170 1,161,948 59,222	1,254,445 1,167,273 87,172	1,319,440 1,183,322 136,118	1,323,939 1,180,773 137,999	1,327,856 1,180,773 147,083	1,367,606 1,180,353 187,253	
371	Security lights Prior year Change	1,693,539 1,612,024 81,515	1,698,211 1,615,040 83,171	1,699,210 1,620,699 78,511	1,703,640 1,631,981 71,659	1,706,920 1,640,822 66,098	1,705,537 1,647,785 57,752	1,703,115 1,653,346 49,769	1,710,394 1,660,436 49,958	1,711,240 1,668,616 42,624	1,714,408 1,669,679 44,729	1,722,019 1,676,255 45,764	1,722,841 1,687,858 34,983	
389	Land Prior year Change	50,000 50,000 0	50,000 50,000 0	50,000 50,000 0	50,000 50,000 0	50,000 50,000 0	50,000 50,000 0	50,000 50,000 0	50,000 50,000 0	50,000 50,000 0	50,000 50,000 0	50,000 50,000 0	50,000 50,000 0	
390	Structures & improve Prior year Change	676,187 676,187 0	676,187 676,187 0	676,187 676,187 0	676,187 676,187 0	676,187 676,187 0	676,187 676,187 0	676,187 676,187 0	676,187 676,187 0	676,187 676,187 0	676,187 676,187 0	676,187 676,187 0	676,187 676,187 0	
391	Office furniture Prior year Change	267,099 249,246 17,853	267,099 253,791 13,308	264,209 253,791 10,418	263,789 260,793 2,996	263,789 260,793 2,996	263,789 260,793 2,996	272,087 260,793 11,294	276,332 260,793 15,539	292,206 268,815 23,391	292,156 268,815 23,341	292,156 265,998 26,158	292,156 265,998 26,158	
392	Transportation Prior year Change	899,527 847,643 51,884	899,527 847,643 51,884	908,553 847,643 60,910	911,682 847,643 64,039	915,946 883,147 32,799	920,949 856,282 64,667	840,326 856,282 (15,956)	977,382 856,282 121,100	977,382 856,282 121,100	977,382 856,282 121,100	977,382 856,282 121,100	977,382 834,527 142,855	
394	Tools, shop & garage Prior year Change	75,772 73,379 2,393	75,772 73,379 2,393	75,772 73,379 2,393	75,772 73,379 2,393	75,772 73,379 2,393	75,772 73,379 2,393	75,772 72,699 3,073	75,772 72,699 3,073	75,772 72,353 3,419	75,772 72,353 3,419	75,447 72,353 3,094	76,051 75,772 279	
395	Laboratory Prior year Change	98,687 98,585 102	100,394 98,585 1,809	100,394 98,585 1,809	100,394 98,585 1,809	100,394 98,585 1,809	100,394 98,585 1,809	101,876 98,585 3,291	126,777 98,585 28,192	129,957 98,585 31,372	129,957 98,585 31,372	129,957 98,585 31,372	130,380 98,585 31,795	

Big Sandy Rural Electric Cooperative
 Comparison of Test Year Account Balances with
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Acct.#	Description	January Month_1	February Month_2	March Month_3	April Month_4	May Month_5	June Month_6	July Month_7	August Month_8	September Month_9	October Month_10	November Month_11	December Month_12
396	Power operated	23,966	23,966	23,966	23,966	23,966	23,966	23,966	23,966	23,966	23,966	23,966	23,966
	Prior year	23,966	23,966	23,966	23,966	23,966	23,966	23,966	23,966	23,966	23,966	23,966	23,966
	Change	0	0	0	(3)	0	0	0	0	0	0	0	0
397	Communication	54,222	54,222	54,633	54,633	54,633	54,633	54,633	54,633	54,633	54,633	54,633	55,395
	Prior year	60,987	60,987	60,987	60,987	61,438	61,438	61,438	61,438	61,438	61,438	61,438	61,438
	Change	(6,765)	(6,765)	(6,354)	(6,354)	(6,805)	(6,805)	(6,805)	(6,805)	(6,805)	(6,805)	(6,805)	1,173
398	Miscellaneous	31,527	31,527	30,434	30,434	30,123	30,123	30,123	30,123	30,123	30,123	30,123	30,123
	Prior year	25,302	25,302	25,302	25,302	25,341	26,004	26,004	26,004	26,004	26,294	31,527	31,527
	Change	6,225	6,225	5,132	5,132	4,821	4,782	4,119	4,119	4,119	3,829	(1,404)	(1,404)
****	Total Electric Plant in Serv.	31,160,754	31,279,006	31,370,163	31,444,553	31,513,852	31,616,665	31,606,938	31,927,685	32,097,504	32,171,563	32,298,495	32,435,506
	Prior year	30,045,946	30,079,087	30,192,988	30,266,483	30,375,501	30,422,618	30,576,265	30,671,952	30,810,159	30,875,072	30,978,127	31,026,576
	Change	1,114,808	1,199,919	1,177,175	1,178,070	1,138,351	1,194,047	1,030,673	1,255,733	1,287,345	1,296,491	1,320,368	1,408,930
107.10	CWIP - contractor	0	0	0	0	0	0	0	0	0	0	0	0
	Prior year	0	0	0	0	0	0	0	0	0	0	0	0
	Change	0	0	0	0	0	0	0	0	0	0	0	0
107.20	Construction work in progr	39,708	39,580	40,011	67,832	65,246	70,319	18,370	4,499	7,747	52,743	18,423	17,327
	Prior year	15,937	30,545	20,663	30,597	12,828	34,649	5,056	5,733	6,493	46,985	22,931	21,313
	Change	23,771	9,035	19,348	37,235	52,418	35,670	13,314	(1,234)	1,254	5,758	(4,508)	(3,986)
****	Total CWIP	39,708	39,580	40,011	67,832	65,246	70,319	18,370	4,499	7,747	52,743	18,423	17,327
	Prior year	15,937	30,545	20,663	30,597	12,828	34,649	5,056	5,733	6,493	46,985	22,931	21,313
	Change	23,771	9,035	19,348	37,235	52,418	35,670	13,314	(1,234)	1,254	5,758	(4,508)	(3,986)
108.6	Res - distribution plant	6,629,761	6,660,556	6,690,473	6,732,110	6,772,637	6,808,795	6,799,209	6,843,090	6,888,851	6,952,576	6,983,647	7,026,718
	Prior year	6,141,973	6,192,843	6,204,212	6,250,160	6,272,267	6,319,705	6,341,684	6,373,780	6,419,455	6,478,412	6,510,812	6,576,124
	Change	487,788	467,713	486,261	481,950	500,370	489,090	457,525	469,310	469,396	474,164	472,835	450,594
108.70	Res - general plant	1,287,804	1,295,262	1,257,406	1,264,543	1,270,401	1,276,641	1,282,881	1,291,063	1,299,245	1,307,427	1,315,284	1,323,466
	Prior year	1,480,997	1,488,065	1,495,134	1,502,203	1,509,271	1,480,652	1,487,721	1,495,228	1,502,065	1,509,104	1,513,358	1,280,345
	Change	(193,193)	(192,803)	(237,728)	(237,660)	(238,870)	(204,011)	(204,840)	(204,165)	(202,820)	(201,677)	(198,074)	43,121
108.71	Res - structures and improv	84,423	85,830	87,236	88,643	90,049	91,456	92,862	94,269	95,675	97,082	98,488	99,895
	Prior year	67,546	68,952	70,359	71,765	73,172	74,578	75,985	77,391	78,798	80,204	81,611	83,017
	Change	16,877	16,878	16,877	16,878	16,877	16,878	16,877	16,878	16,877	16,878	16,877	16,878
108.72	Res - office equipment	84,699	86,256	87,797	89,335	90,872	92,410	93,997	95,608	97,311	99,014	100,718	102,661
	Prior year	66,345	67,824	69,304	70,824	72,345	73,865	75,386	76,906	78,473	80,040	81,591	83,142
	Change	18,354	18,432	18,493	18,511	18,527	18,545	18,611	18,702	18,838	18,974	19,127	19,519
108.73	Res - tools	20,761	21,139	21,518	21,897	22,276	22,655	23,034	23,413	23,791	24,170	24,547	24,928
	Prior year	16,354	16,721	17,088	17,455	17,822	18,189	18,552	18,916	19,279	19,641	20,003	20,382
	Change	4,407	4,418	4,430	4,442	4,454	4,466	4,482	4,497	4,512	4,529	4,544	4,546
108.74	Res - laboratory	31,693	32,195	32,697	33,199	33,701	34,203	34,713	35,346	35,996	36,646	37,296	37,947
	Prior year	25,778	26,271	26,764	27,257	27,750	28,243	28,736	29,229	29,722	30,215	30,707	31,200
	Change	5,915	5,924	5,933	5,942	5,951	5,960	5,977	6,117	6,274	6,431	6,589	6,747
108.75	Res - power operated	0	0	0	0	0	0	0	0	0	0	0	0
	Prior year	0	0	0	0	0	0	0	0	0	0	0	0
	Change	0	0	0	0	0	0	0	0	0	0	0	0
108.76	Res - communication	28,011	28,373	28,736	29,100	29,464	29,828	30,192	30,556	30,919	31,283	31,647	32,016
	Prior year	23,206	23,613	24,019	24,425	24,834	25,243	25,652	26,062	26,471	26,880	27,289	27,650
	Change	4,805	4,760	4,717	4,675	4,630	4,585	4,540	4,494	4,448	4,403	4,358	4,366

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Acct.#	Description	January Month_1	February Month_2	March Month_3	April Month_4	May Month_5	June Month_6	July Month_7	August Month_8	September Month_9	October Month_10	November Month_11	December Month_12
108.77	Res - miscellaneous Prior year Change	7,852 6,226 1,626	8,010 6,353 1,657	8,162 6,479 1,683	8,314 6,606 1,708	8,465 6,732 1,733	8,615 6,859 1,756	8,766 6,989 1,777	8,916 7,119 1,797	9,067 7,249 1,818	9,218 7,379 1,839	9,368 7,537 1,831	9,519 7,694 1,825
108.80	RWIP - force account Prior year Change	3,933 1,430 2,503	2,025 1,560 465	4,467 2,463 2,004	11,591 2,781 8,810	12,156 1,467 10,689	11,383 3,011 8,372	725 1,315 (590)	1,504 904 600	1,158 780 378	4,294 5,585 (1,291)	695 399 296	596 1,277 (681)
****	Total Reserve for Deprecia Prior year Change	8,171,071 7,826,995 344,076	8,215,596 7,889,082 326,514	8,209,558 7,910,896 298,662	8,255,550 7,967,914 287,636	8,305,709 8,002,726 302,983	8,353,220 8,024,323 328,897	8,364,929 8,059,390 305,539	8,420,757 8,103,727 317,030	8,479,697 8,160,732 318,965	8,553,122 8,226,290 326,832	8,600,300 8,272,509 327,791	8,656,554 8,108,277 548,277
123.1	Invest in assoc organs Prior year Change	5,209,229 4,418,960 790,269	5,208,916 4,418,657 790,259	5,209,765 4,422,368 787,397	5,217,158 4,422,368 794,790	5,217,158 4,422,368 794,790	5,217,158 4,422,368 794,790	5,217,158 4,422,368 794,790	5,217,158 4,419,839 797,319	5,224,550 4,423,368 801,182	5,224,550 4,423,368 801,182	5,226,271 4,423,368 802,903	5,227,484 5,208,587 18,897
123.22	Invest in CTC's Prior year Change	563,079 483,938 79,141	563,079 483,938 79,141	562,394 483,292 79,102	562,394 483,292 79,102	562,394 483,292 79,102	562,394 483,292 79,102	562,394 483,292 79,102	562,394 483,292 79,102	562,394 483,292 79,102	562,394 483,292 79,102	562,394 483,292 79,102	562,394 563,079 (685)
123.23	Other invest in assoc Prior year Change	3,205 3,205 0	3,205 3,205 0	3,205 3,205 0	3,205 3,205 0	3,205 3,205 0	3,205 3,205 0	3,205 3,205 0	3,205 3,205 0	3,205 3,205 0	3,205 3,205 0	3,205 3,205 0	3,205 3,205 0
124.00	Other investments Prior year Change	5,500 5,500 0	5,500 5,500 0	5,500 5,500 0	5,500 5,500 0	5,500 5,500 0	5,500 5,500 0	5,500 5,500 0	5,500 5,500 0	5,500 5,500 0	5,500 5,500 0	5,500 5,500 0	5,500 5,500 0
****	Total Investments Prior year Change	5,781,013 4,911,603 869,410	5,780,700 4,911,300 869,400	5,780,864 4,914,365 866,499	5,788,257 4,914,365 873,892	5,788,257 4,914,365 873,892	5,788,257 4,914,365 873,892	5,788,257 4,914,365 873,892	5,788,257 4,911,836 876,421	5,795,649 4,915,365 880,284	5,795,649 4,915,365 880,284	5,797,370 4,995,152 802,218	5,798,583 5,780,371 18,212
131.10	Cash - payroll account Prior year Change	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0
131.11	1st National Prior year Change	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0
131.12	Citizens National Prior year Change	368,473 242,769 125,704	433,335 157,163 276,172	610,411 293,681 316,730	783,604 259,481 524,123	446,128 398,850 47,278	366,744 355,862 10,882	369,869 1,185,279 (815,410)	149,734 239,921 (90,187)	159,054 195,424 (36,370)	102,522 340,988 (238,466)	66,353 199,669 (133,316)	143,633 336,085 (192,452)
'131.14	BB&T Banking Prior year Change	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0
131.20	Cash - trustee Prior year Change	478 478 0	477 478 (1)	478 478 0	478 478 0	477 478 (1)	477 477 0	478 478 0	477 477 0	478 478 0	477 478 (1)	478 477 1	477 478 (1)
134.00	Special deposits Prior year Change	20 20 0	20 20 0	20 20 0	20 20 0	20 20 0	20 20 0	20 20 0	20 20 0	20 20 0	20 20 0	20 20 0	20 20 0
135.00	Working funds Prior year Change	700 700 0	700 700 0	700 700 0	700 700 0	700 700 0	700 700 0	700 700 0	700 700 0	700 700 0	700 700 0	700 700 0	700 700 0

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Acct.#	Description	January Month 1	February Month 2	March Month 3	April Month 4	May Month 5	June Month 6	July Month 7	August Month 8	September Month 9	October Month 10	November Month 11	December Month 12
****	Total Cash	369,671	434,532	611,609	784,802	447,325	367,941	371,067	150,931	160,252	103,719	67,551	144,830
	Prior year	243,967	158,361	294,879	260,679	400,048	357,059	1,186,477	241,118	196,622	342,186	200,866	337,283
	Change	125,704	276,171	316,730	524,123	47,277	10,882	(815,410)	(90,187)	(36,370)	(238,467)	(133,315)	(192,453)
****	136.1 Temporary investments	1,749,503	1,453,870	1,458,061	1,461,713	1,565,640	1,568,393	1,570,966	1,324,115	1,228,394	1,231,795	1,035,516	839,050
	Prior year	1,496,960	1,495,934	1,495,215	1,194,875	1,193,739	1,193,739	2,959,450	2,761,190	2,563,237	2,567,554	2,570,243	2,223,144
	Change	252,543	(42,064)	(37,154)	266,838	371,329	374,654	(1,388,484)	(1,437,075)	(1,334,843)	(1,335,759)	(1,534,727)	(1,384,094)
142.1	Accounts receivable	3,752,662	3,768,628	3,373,629	2,855,432	2,603,775	2,557,120	2,661,224	2,681,379	2,553,145	2,398,198	2,504,857	3,151,374
	Prior year	3,392,296	3,562,702	3,197,250	2,661,588	2,313,699	2,268,088	2,427,465	2,618,900	2,553,244	2,358,861	2,498,694	3,112,277
	Change	360,366	205,926	176,379	193,844	290,076	289,032	233,759	62,479	(99)	39,337	6,163	39,097
143.00	Other receivables	66,558	68,279	69,812	86,034	119,826	126,867	193,673	214,802	122,374	90,272	121,609	100,706
	Prior year	24,041	47,983	53,297	57,054	90,494	95,016	58,634	82,599	88,639	91,310	100,281	85,740
	Change	42,517	20,296	16,515	28,980	29,332	31,851	135,039	132,203	33,735	(1,038)	21,328	14,966
143.30	Employee loans	(298)	(298)	(298)	(298)	(298)	(298)	(298)	(298)	(479)	48	(479)	(479)
	Prior year	(297)	(297)	(297)	(297)	(297)	(297)	(298)	(298)	(298)	(298)	(298)	(298)
	Change	(1)	(1)	(1)	(1)	(1)	(1)	0	0	(81)	48	(81)	(81)
143.40	Employee loans	(745)	(843)	(941)	(1,039)	(27)	1,562	1,498	1,434	1,374	1,314	1,256	598
	Prior year	(978)	(1,120)	(13,967)	(1,450)	(50)	(50)	(167)	(265)	(358)	(451)	(549)	(647)
	Change	233	277	13,026	411	1,557	1,612	1,665	1,699	1,732	1,765	1,805	1,245
144.10	Allow for uncollectibles	(39,092)	(46,302)	(50,095)	(47,624)	(41,721)	(50,597)	(38,062)	(35,079)	(35,203)	(35,721)	(37,383)	(33,455)
	Prior year	(32,424)	(36,925)	(37,654)	(36,584)	(25,500)	(16,094)	(18,307)	(16,720)	(20,058)	(25,183)	(28,721)	(34,759)
	Change	(6,668)	(9,377)	(12,441)	(11,040)	(16,221)	(34,503)	(19,755)	(18,359)	(15,145)	(10,538)	(8,662)	1,304
****	Total Receivables	3,779,085	3,789,464	3,392,107	2,892,505	2,681,555	2,634,654	2,818,035	2,862,238	2,641,211	2,454,111	2,589,860	3,218,744
	Prior year	3,382,638	3,572,343	3,198,629	2,680,311	2,376,812	2,346,663	2,467,327	2,684,216	2,621,169	2,424,239	2,569,407	3,162,313
	Change	396,447	217,121	193,478	212,194	304,743	287,991	350,708	178,022	20,042	29,872	20,453	56,431
154	Material & supplies	211,737	197,118	219,866	207,662	224,907	219,840	205,279	188,372	200,705	200,653	183,707	200,530
	Prior year	202,139	209,489	206,415	207,564	201,659	221,324	196,250	208,859	200,284	200,506	207,519	210,590
	Change	9,598	(12,371)	13,451	98	23,248	(1,484)	9,029	(20,487)	421	147	(23,812)	(10,060)
155.1	Merchandise	1,814	1,913	1,960	1,987	2,647	2,192	2,236	2,221	2,201	2,201	2,201	63
	Prior year	4,737	3,085	3,653	4,198	3,989	4,411	3,894	3,592	4,143	3,956	4,864	1,977
	Change	(2,923)	(1,172)	(1,693)	(2,211)	(1,342)	(2,219)	(1,658)	(1,371)	(1,942)	(1,755)	(2,663)	(1,914)
****	Total Material & Supplies	213,551	199,031	221,826	209,649	227,554	222,032	207,515	190,593	202,906	202,854	185,908	200,593
	Prior year	206,876	212,574	210,068	211,762	205,648	225,735	200,144	212,451	204,427	204,462	212,383	212,567
	Change	6,675	(13,543)	11,758	(2,113)	21,906	(3,703)	7,371	(21,858)	(1,521)	(1,608)	(26,475)	(11,974)
165.1	Prepaid insurance	64,557	53,275	41,993	49,754	38,555	36,972	43,320	29,960	16,600	24,476	12,617	757
	Prior year	82,023	71,063	60,104	68,111	57,151	46,147	50,681	34,364	18,779	30,793	22,408	597
	Change	(17,466)	(17,788)	(18,111)	(18,357)	(18,596)	(9,175)	(7,361)	(4,404)	(2,179)	(6,317)	(9,791)	160
165.40	DOM insurance	1,264	632	1,264	1,264	632	1,265	1,265	633	472	1,264	3,034	2,402
	Prior year	1,415	943	1,886	1,886	943	2,043	2,043	1,257	472	1,572	786	2,402
	Change	(151)	(311)	(622)	(622)	(783)	(778)	(778)	(624)	(472)	(308)	2,248	2,402
165.50	Prepaid dues	32,102	28,754	25,405	22,057	18,708	15,360	12,011	8,662	20,053	16,605	13,206	9,808
	Prior year	31,697	28,389	25,080	21,771	18,462	15,153	11,844	8,535	19,413	16,097	12,780	9,463
	Change	405	365	325	286	246	207	167	127	640	508	426	345
****	Total Prepayments	97,923	82,661	67,398	73,075	57,895	52,332	56,596	39,255	36,653	42,345	28,857	12,967
	Prior year	115,135	100,395	85,656	91,768	77,028	62,243	64,568	44,156	38,664	48,462	35,974	10,060
	Change	(17,212)	(17,734)	(18,258)	(18,693)	(19,133)	(9,911)	(7,972)	(4,901)	(2,011)	(6,117)	(7,117)	2,907

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Acct.#	Description	January Month 1	February Month 2	March Month 3	April Month 4	May Month 5	June Month 6	July Month 7	August Month 8	September Month 9	October Month 10	November Month 11	December Month 12
171.00	Interest receivable Prior year Change	5,662 5,670 (8)	7,550 7,560 (10)	9,437 9,451 (14)	0	1,230 1,887 (657)	2,461 3,775 (1,314)	3,691 5,662 (1,971)	4,921 7,550 (2,629)	6,152 9,437 (3,285)	0	2,102 1,887 215	4,204 3,775 429
183.00	Preliminary survey and inv Prior year Change	3,896 8,146 (4,250)	3,542 7,792 (4,250)	3,187 7,437 (4,250)	2,833 7,083 (4,250)	2,479 6,729 (4,250)	2,125 6,375 (4,250)	1,771 6,021 (4,250)	1,417 5,667 (4,250)	1,062 5,312 (4,250)	708 4,958 (4,250)	354 4,604 (4,250)	4,250 (4,250)
184.00	Transportation Prior year Change	69 1,457 (1,388)	910 966 (56)	1,426 873 553	1,031 1,002 29	854 1,003 (149)	896 900 (4)	711 999 (288)	824 1,077 (253)	1,102 1,223 (121)	989 802 187	1,055 1,162 (107)	3,757 2,470 1,287
186.10	Miscellaneous Prior year Change	0	0	0	0	0	0	50,880	47,280	47,280	47,280	47,280	47,280
186.60	Past service pension Prior year Change	0	0	0	0	0	0	0	0	0	0	0	0
****	Total Deferred Debits Prior year Change	9,627 15,273 (5,646)	12,002 16,318 (4,316)	14,050 17,761 (3,711)	3,864 8,085 (4,221)	4,563 9,619 (5,056)	5,482 11,050 (5,568)	57,053 12,682 44,371	54,442 14,294 40,148	55,596 15,972 39,624	48,977 5,760 43,217	50,791 7,653 43,138	55,241 10,495 44,746
*****	Total Assets and Debits Prior year Change	35,029,764 32,607,340 2,422,424	34,855,250 32,687,775 2,167,475	34,746,531 32,519,328 2,227,203	34,470,700 31,691,011 2,779,689	34,046,178 31,563,434 2,482,744	33,972,855 31,543,798 2,429,057	34,129,868 34,326,944 (197,076)	33,921,258 33,443,219 478,039	33,746,215 33,211,376 534,839	33,550,634 33,203,795 346,839	33,472,471 33,320,227 152,244	34,066,287 34,675,845 (609,558)
****	Memberships issued Prior year Change	218,565 215,150 3,415	218,350 214,480 3,870	218,435 214,570 3,865	218,800 214,620 4,180	218,355 214,800 3,555	218,020 215,370 2,650	218,885 216,230 2,655	217,890 216,500 1,390	218,295 216,770 1,525	219,105 217,890 1,215	219,250 217,960 1,290	219,050 217,835 1,215
201.10	Patrons capital credits Prior year Change	12,959,241 13,091,164 (131,923)	13,961,219 13,013,677 947,542	13,958,506 13,008,647 949,859	13,953,813 13,002,526 951,287	13,945,495 12,995,975 949,520	13,943,236 12,992,753 950,483	13,940,173 12,988,305 951,868	13,937,077 12,982,693 954,384	13,932,803 12,980,315 952,488	13,930,142 12,970,156 959,986	13,926,028 12,968,762 957,266	13,924,404 12,964,880 959,524
201.20	Pat cap-assignable Prior year Change	1,239,983	1,239,983	0	0	0	0	0	0	0	0	0	0
219.10	Current year margins Prior year Change	27,402 122,595 (95,193)	53,438 242,499 (189,061)	74,316 263,428 (189,112)	75,098 290,054 (214,956)	17,503 216,686 (199,183)	(54,446) 165,262 (219,708)	(98,950) 123,710 (222,660)	(186,110) 156,636 (342,746)	(217,386) 152,084 (369,470)	(295,854) 186,947 (482,801)	(294,983) 215,581 (510,564)	(347,303) 1,239,983 (1,587,286)
****	Total Capital Credits Prior year Change	14,226,626 13,213,759 1,012,867	14,014,657 13,256,176 758,481	14,032,822 13,272,075 760,747	14,028,911 13,292,580 736,331	13,962,998 13,212,661 750,337	13,888,790 13,158,015 730,775	13,841,223 13,112,015 729,208	13,750,967 13,139,329 611,638	13,715,417 13,132,399 583,018	13,634,288 13,157,103 477,185	13,631,045 13,184,343 446,702	13,577,101 14,204,863 (627,762)
208.00	Donated capital Prior year Change	49,055 49,075 (20)	49,055 49,075 (20)	49,055 49,075 (20)	49,055 49,075 (20)	49,055 49,075 (20)	49,055 49,075 (20)	49,055 49,075 (20)	49,055 49,075 (20)	49,055 49,075 (20)	49,055 49,055 0	49,055 49,055 0	49,055 49,055 0
208.10	Donated capital - capital cr Prior year Change	14,686 14,686 0	14,686 14,686 0	14,686 14,686 0	14,686 14,686 0	14,686 14,686 0	14,686 14,686 0	14,686 14,686 0	14,686 14,686 0	14,686 14,686 0	14,686 14,686 0	14,686 14,686 0	14,686 14,686 0
217.00	Retired gains Prior year Change	105,697 105,761 (64)	105,697 104,193 1,504	105,697 105,761 (64)	105,697 105,751 (54)	105,696 105,751 (55)	105,696 105,751 (55)	105,696 105,741 (45)	105,696 105,741 (45)	105,696 105,741 (45)	105,696 105,701 (5)	105,691 105,701 (10)	105,691 105,698 (7)

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Acct.#	Description	January Month_1	February Month_2	March Month_3	April Month_4	May Month_5	June Month_6	July Month_7	August Month_8	September Month_9	October Month_10	November Month_11	December Month_12
217.10	Retired gains - discounts Prior year Change	149,183 126,209 22,974	152,803 129,175 23,628	153,824 131,103 22,721	155,548 133,564 21,984	158,309 136,032 22,277	159,080 137,451 21,629	160,019 139,191 20,828	161,104 141,121 19,983	162,434 142,085 20,349	163,447 145,685 17,762	164,971 146,204 18,767	165,630 147,524 18,106
219.30	Prior year deficits Prior year Change	(457,751) (528,484) 70,733	(229,436) (457,751) 228,315	(229,436) (457,751) 228,315	(229,436) (457,751) 228,315	(229,436) (457,751) 228,315	(229,436) (457,751) 228,315	(229,436) (457,751) 228,315	(229,436) (457,751) 228,315	(229,436) (457,751) 228,315	(229,436) (457,751) 228,315	(229,436) (457,751) 228,315	(229,436) (457,751) 228,315
****	Total Other Equities Prior year Change	(139,130) (232,753) 93,623	92,805 (160,622) 253,427	93,826 (157,126) 250,952	95,550 (154,675) 250,225	98,310 (152,207) 250,517	99,081 (150,788) 249,869	100,020 (149,058) 249,078	101,105 (147,128) 248,233	102,435 (146,164) 248,599	103,448 (142,624) 246,072	104,967 (142,105) 247,072	105,626 (140,788) 246,414
*****	Total Margins & Equities Prior year Change	14,306,061 13,196,156 1,109,905	14,325,812 13,310,034 1,015,778	14,345,083 13,329,519 1,015,564	14,343,261 13,352,525 990,736	14,279,663 13,275,254 1,004,409	14,205,891 13,222,597 983,294	14,160,128 13,179,187 980,941	14,069,962 13,208,701 861,261	14,036,147 13,203,005 833,142	13,956,841 13,232,369 724,472	13,955,262 13,260,198 695,064	13,901,777 14,281,910 (380,133)
224.12	CFC notes Prior year Change	3,442,657 3,562,520 (119,863)	3,411,444 3,533,919 (122,475)	3,411,444 3,533,659 (122,215)	3,411,444 3,533,659 (122,215)	3,033,741 3,503,758 (470,017)	3,033,741 3,503,758 (470,017)	3,033,741 3,503,758 (470,017)	2,999,534 3,473,426 (473,892)	2,999,110 3,473,426 (474,316)	3,345,138 3,473,426 (128,288)	3,311,361 3,442,657 (131,296)	3,311,361 3,477,505 (166,144)
224.14	RUS notes refinanced Prior year Change	5,206,180 5,206,180	5,171,332 5,171,332	5,171,332 5,171,332	5,171,332 5,171,332	5,171,332 5,171,332	5,171,332 5,171,332	5,171,332 5,171,332	5,171,332 5,171,332	5,171,332 5,171,332	4,826,577 5,136,485 (309,908)	4,826,577 5,136,485 (309,908)	4,826,577 5,136,485 (309,908)
224.20	FFB notes Prior year Change	7,204,205 7,349,745 (145,540)	7,204,205 7,349,745 (145,540)	7,152,052 7,319,070 (167,018)	7,152,052 7,319,070 (167,018)	7,152,052 7,319,070 (167,018)	7,099,919 7,288,070 (188,151)	7,099,919 7,288,070 (188,151)	7,099,919 7,288,070 (188,151)	7,051,229 7,255,735 (204,506)	7,051,229 7,255,735 (204,506)	7,051,229 7,255,735 (204,506)	7,006,002 7,204,205 (198,203)
224.21	FFB notes unadvanced Prior year Change	(2,764,000) 2,764,000	(2,764,000) 2,764,000	(2,764,000) 2,764,000	(2,764,000) 2,764,000	(2,764,000) 2,764,000	(2,764,000) 2,764,000	0 0	0 0	0 0	0 0	0 0	0 0
224.30	RUS notes Prior year Change	2,461,943 7,784,609 (5,322,666)	2,451,312 7,732,768 (5,281,456)	2,447,270 7,718,605 (5,271,335)	2,442,952 7,707,059 (5,264,107)	2,432,776 7,657,351 (5,224,575)	2,428,431 7,645,722 (5,217,291)	2,424,333 7,634,780 (5,210,447)	2,414,083 7,580,397 (5,166,314)	2,409,697 7,439,711 (30,014)	2,405,913 7,435,761 (29,848)	2,394,844 7,479,869 (85,025)	2,390,607 7,465,956 (75,349)
224.60	Advance payment Prior year Change	930,384 930,384	923,524 923,524	840,179 840,179	828,011 828,011	820,280 820,280	736,774 736,774	724,605 724,605	715,564 904,814 (189,250)	627,774 892,646 (264,872)	615,727 880,477 (264,750)	605,371 957,071 (351,700)	529,691 942,553 (412,862)
****	Total long term debt Prior year Change	17,384,601 15,932,874 1,451,727	17,314,769 15,852,432 1,462,337	17,341,919 15,807,334 1,534,585	17,349,769 15,795,788 1,553,981	16,969,621 15,716,179 1,253,442	16,996,649 15,673,550 1,323,099	17,004,296 18,426,608 (1,422,312)	16,969,304 17,437,079 (467,775)	17,003,594 17,412,711 (409,117)	17,013,130 17,420,930 (407,800)	16,978,640 17,357,675 (379,035)	17,004,856 17,341,598 (336,742)
**** 228.3	Postretirement benefits Prior year Change	724,207 802,234 (78,027)	719,005 796,891 (77,886)	714,145 790,997 (76,852)	705,989 782,438 (76,449)	699,721 776,475 (76,754)	693,740 770,425 (76,685)	685,275 761,500 (76,225)	679,868 755,591 (75,723)	674,461 749,683 (75,222)	668,929 743,437 (74,508)	663,643 737,985 (74,342)	659,020 732,075 (73,055)
**** 231.0C	Notes payable - short term Prior year Change	400,000 (400,000)	600,000 (600,000)	600,000 (600,000)	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
232.1	Accounts payable - general Prior year Change	348,443 247,119 101,324	298,399 206,783 91,616	287,319 270,573 16,746	237,599 224,218 13,381	212,222 271,472 (59,250)	251,177 253,657 (2,480)	239,343 224,281 15,062	304,263 325,287 (21,024)	254,896 201,849 53,047	279,152 178,534 100,618	194,144 201,027 (6,883)	323,316 248,869 74,447
232.30	Spraying Prior year Change	7,500 4,542 2,958	15,000 9,084 5,916	22,500 13,626 8,874	30,000 18,168 11,832	37,500 22,710 14,790	45,000 27,252 17,748	51,619 31,794 19,825	(1,475) 36,336 (37,811)	5,144 40,878 (35,734)	3,429 45,420 (41,991)	1,715 20,212 (18,497)	3,429 45,420 (41,991)

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Acct #	Description	January Month_1	February Month_2	March Month_3	April Month_4	May Month_5	June Month_6	July Month_7	August Month_8	September Month_9	October Month_10	November Month_11	December Month_12
241.10	Martin school Prior year Change	0	0	0	0	0	0	0	0	0	0	64	0
241.20	City tax withholding Prior year Change	804 934 (130)	1,499 1,611 (112)	0	744 655 89	1,533 1,286 247	0	792 961 (169)	1,616 1,590 26	0	901 627 274	2,176 1,293 883	0
241.30	State tax withholding Prior year Change	0	0	0	0	0	3,771	0	0	0	0	3,948	0
241.40	Breathitt school Prior year Change	0	0	0	0	0	0	0	0	0	0	0	0
241.50	Johnson school Prior year Change	0	0	0	0	0	0	0	0	0	0	0	0
241.60	Lawrence school Prior year Change	0	0	0	0	0	0	0	0	0	0	0	0
241.70	Magoffin school Prior year Change	0	0	0	0	0	0	0	0	0	0	0	0
241.80	Knott school Prior year Change	0	0	0	0	0	0	0	0	0	0	0	0
241.90	Johnson occupational Prior year Change	574 599 (25)	1,081 1,071 10	0	495 445 50	1,001 899 102	0	525 660 (135)	1,070 1,091 (21)	0	592 448 144	1,489 979 510	0
242.11	Cancer insurance Prior year Change	0	0	0	(24) 24	37 (24) 61	99 (24) 123	99 (24) 123	99 (24) 123	99	99	99	99
242.12	Colonial insurance Prior year Change	57 (24) 81	57 57 0	57 57 0	57 57 0	57 57 0	78 57 21	78 57 21	78 57 21	(10,384) 57 (10,441)	(12,995) 57 (13,052)	(12,599) 57 (12,656)	(12,628) 57 (12,685)
242.20	Accrued payroll Prior year Change	20,876 18,297 2,579	20,943 19,021 1,922	39,879 28,542 11,337	53,803 36,370 17,433	76,002 51,838 24,164	7,049 55,388 (48,339)	23,131 15,842 7,289	39,633 20,523 19,110	54,178 31,301 22,877	58,872 49,113 9,759	0 52,423 (52,423)	22,622 6,423 16,199
242.30	Vacation Prior year Change	98,152 76,893 21,259	106,856 83,424 23,432	116,677 87,057 29,620	123,459 92,747 30,712	120,238 96,773 23,465	112,192 101,730 10,462	105,974 103,360 2,614	92,144 107,647 (15,503)	81,070 111,000 (29,930)	76,534 112,412 (35,878)	77,751 112,430 (34,679)	76,020 107,041 (31,021)
242.31	Sick leave Prior year Change	99,698 97,810 1,888	99,698 97,810 1,888	99,698 97,810 1,888	99,698 97,810 1,888	99,698 97,810 1,888	99,698 97,810 1,888	99,698 97,810 1,888	99,698 97,810 1,888	99,698 97,810 1,888	99,698 97,810 1,888	99,698 97,810 1,888	101,624 99,698 1,926
242.50	Acc annual mtg & audit Prior year Change	6,592 5,501 1,091	10,784 8,803 1,981	10,797 8,429 2,368	14,990 (4,915) 19,905	7,418 (18,372) 25,790	9,606 (16,406) 26,012	13,798 (13,105) 26,903	17,990 (14,700) 32,690	17,851 (9,475) 27,326	22,734 (4,250) 26,984	27,618 654 26,964	6,400 3,400 3,000

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of

Acct.#	Description	January Month 1	February Month 2	March Month 3	April Month 4	May Month 5	June Month 6	July Month 7	August Month 8	September Month 9	October Month 10	November Month 11	December Month 12
242.60	Dependent life Prior year Change	(3) (18) 15	(3) 4 (7)	5 (5)	1 5 (4)	(1) 5 (6)	(2) 9 (11)	10 (10)	12 (12)	12 (12)	(6) 14 (20)	6 18 (12)	0
242.80	Credit union Prior year Change	(7,463)	(32)	(6,812) 6,813	(7,435) (6,709) (726)	(7,475) (6,560) (915)	(6,876) 6,876	0	(7,210) 7,210	0	(7,217) (7,217)	(7,391) 7,391	0
242.90	Union dues Prior year Change	(14)	3	0	0	24	27	25	28	20	26	9	0
****	Total Current & Accrued L Prior year Change	331,864 313,869 17,995	394,124 262,309 131,815	457,970 291,875 166,095	459,140 338,990 120,150	443,842 326,371 117,471	410,141 363,069 47,072	475,713 382,192 93,521	452,896 278,072 174,824	391,251 338,750 52,501	321,436 345,386 (23,950)	225,049 303,617 (78,568)	222,920 299,547 (76,627)
****	252.00 Consumer advances for cot Prior year Change	9,427 10,169 (742)	9,427 10,169 (742)	9,427 10,169 (742)	9,427 10,169 (742)	9,427 10,169 (742)	10,607 10,169 438	13,297 11,593 1,704	13,297 10,922 2,375	12,671 10,295 2,376	18,778 9,427 9,351	18,778 9,427 9,351	18,776 9,427 9,349
*****	Total Equities & Liabilities Prior year Change	35,029,764 32,607,340 2,422,424	34,855,250 32,687,775 2,167,475	34,746,531 32,519,328 2,227,203	34,470,700 31,691,011 2,779,689	34,046,175 31,563,434 2,482,741	33,972,855 31,543,798 2,429,057	34,129,868 34,326,944 (197,076)	33,921,258 33,443,219 478,039	33,746,215 33,211,376 534,839	33,550,634 33,203,795 346,839	33,472,471 33,320,227 152,244	34,066,287 34,467,248 (400,961)



427.30	FFB interest	6,672	6,672	6,000	6,341	6,500	12,444	6,402	6,500	11,519	10,045	6,697	13,393	99,185
	Prior year	6788	9000	3,000	5,069	3,000	1,971	4,796	4,796	7,580	5,724	7,146	7,146	66,016
	Change	(116)	(2,328)	3,000	1,272	3,500	10,473	1,606	1,704	3,939	4,321	(449)	6,247	33,169
***	Total Interest on L	50,580	75,079	39,000	31,641	42,446	47,444	41,902	42,400	47,419	43,107	42,958	24,298	528,274
	Prior year	61,005	40,156	47,621	48,909	39,111	45,995	48,263	33,497	48,634	21,216	17,553	92,677	544,637
	Change	(10,309)	37,251	(11,621)	(18,540)	(165)	(9,024)	(7,967)	7,199	(5,154)	17,570	25,854	(74,626)	(49,532)
431.00	Interest - customer	2,444	2,488	2,480	2,483	2,484	2,460	2,467	2,453	2,469	2,473	2,450	2,464	29,615
	Prior year	2,465	2,451	2,455	2,460	2,443	2,432	2,442	2,428	2,417	2,421	2,439	2,464	29,317
	Change	(21)	37	25	23	41	28	25	25	52	52	11	0	298
431.10	Short-term loans	255	622	1,141	1,798	1,392	0	0	0	0	0	0	0	0
	Prior year	(255)	(622)	(1,141)	(1,798)	(1,392)	0	0	0	0	0	0	0	5,208
	Change													(5,208)
***	Total Interest - Oth	2,444	2,488	2,480	2,483	2,484	2,460	2,467	2,453	2,469	2,473	2,450	2,464	29,615
	Prior year	2,720	3,073	3,596	4,258	3,835	2,432	2,442	2,428	2,417	2,421	2,439	2,464	34,525
	Change	(276)	(585)	(1,116)	(1,775)	(1,351)	28	25	25	52	52	11	0	(4,910)
421.10	Gain on disposition	0	0	(1,523)	7,873	(3)	0	7,873	0	0	0	0	(208,596)	6,347
	Prior year	0	0	(1,523)	0	(3)	0	0	0	0	0	0	208,596	(208,596)
	Change													214,943
426.00	Donations	160	135	104	25	350	1,987	950	700	50	850	50	205	5,356
	Prior year	(160)	(215)	(496)	(575)	350	(1,133)	200	(250)	(50)	850	(287)	(262)	7,384
	Change													(2,028)
426.5	Other deductions	0	0	0	0	0	0	0	0	0	0	0	1,856	0
	Prior year	0	0	0	0	0	0	0	0	0	0	0	(1,856)	1,856
	Change													(1,856)
***	Total Other Deduci	0	135	(1,419)	25	347	1,987	8,823	700	0	850	50	205	11,703
	Prior year	160	350	600	600	0	3,120	750	950	50	0	337	(206,273)	(199,356)
	Change	(160)	(215)	(2,019)	(575)	347	(1,133)	8,073	(250)	(50)	850	(287)	206,478	211,059
****	Total Cost of Elect	1,854,849	1,692,317	1,441,813	1,202,276	1,270,515	1,294,206	1,391,922	1,359,934	1,248,185	1,209,130	1,356,320	1,843,572	17,165,039
	Prior year	1,634,888	1,547,541	1,306,653	1,078,031	1,109,628	1,151,809	1,260,063	1,291,746	1,155,916	1,098,906	1,270,299	1,546,618	15,452,098
	Change	219,961	144,776	135,160	124,245	160,887	142,397	131,859	68,188	92,269	110,224	86,021	296,954	1,712,941
****	Operating Margins	22,753	10,890	16,304	(9,442)	(71,656)	(75,033)	(47,794)	(99,979)	(68,325)	(85,040)	(13,187)	(73,130)	(493,639)
	Prior year	110,512	117,900	14,924	18,268	(75,621)	(53,700)	(45,906)	15,350	(12,891)	29,556	24,161	218,474	361,027
	Change	(87,759)	(107,010)	1,380	(27,710)	3,965	(21,333)	(1,888)	(115,329)	(55,434)	(114,596)	(37,348)	(291,604)	(854,666)
419.00	Interest income	4,007	15,146	3,360	2,743	14,061	3,084	3,290	12,819	3,130	6,572	12,337	19,598	100,147
	Prior year	12,078	2,003	1,938	8,359	2,251	2,273	4,355	4,132	3,928	5,306	4,485	20,709	71,837
	Change	(8,071)	13,143	1,402	(5,616)	11,810	811	(1,065)	8,687	(798)	1,266	7,852	(1,111)	28,310

930.14	Directors expenses	6,397	5,611	4,566	8,106	3,787	2,101	8,916	2,233	2,540	3,074	3,670	3,602	54,603
	Prior year	6,107	2,925	6,858	2,322	3,361	2,469	2,847	2,833	4,299	3,017	4,217	11,418	52,673
	Change	290	2,686	(2,292)	5,784	426	(368)	6,069	(600)	(1,759)	57	(547)	(7,816)	1,930
930.20	Miscellaneous gen-	15,590	15,596	15,623	15,633	15,585	15,576	15,658	15,578	16,834	16,378	16,310	(9,661)	164,700
	Prior year	11,797	11,788	11,808	11,816	11,783	11,781	11,775	12,578	13,715	13,730	13,730	20,604	156,905
	Change	3,793	3,808	3,815	3,817	3,802	3,795	3,883	3,000	3,119	2,648	2,580	(30,265)	7,795
931.00	Rents	775	1,073	860	750	3,300	750	750	950	750	750	850	2,115	13,673
	Prior year	775	775	711	1,975	1,975	775	775	975	775	775	875	2,140	13,301
	Change	0	298	149	(1,225)	1,325	(25)	(25)	(25)	(25)	(25)	(25)	(25)	372
935.00	Maintenance of ge	11,118	4,237	4,222	16,402	7,244	11,537	10,023	5,103	13,853	3,507	5,136	1,842	94,224
	Prior year	2,455	3,718	2,937	1,894	813	1,987	1,654	1,354	3,455	5,089	11,591	23,492	60,439
	Change	8,663	519	1,285	14,508	6,431	9,550	8,369	3,749	10,398	(1,582)	(6,455)	(21,650)	33,785
***	Total Administrat	113,839	108,819	110,587	118,187	95,059	91,750	94,814	84,997	99,153	82,640	96,629	73,578	1,170,052
	Prior year	89,337	82,605	84,303	76,967	77,919	85,684	75,168	75,241	84,531	92,976	110,552	155,965	1,091,248
	Change	24,502	26,214	26,284	41,220	17,140	6,066	19,646	9,756	14,622	(10,336)	(13,923)	(82,387)	78,804
403.60	Distribution deprec	80,575	80,899	81,137	81,336	81,518	81,790	81,960	82,291	82,708	82,890	83,268	83,616	983,988
	Prior year	77,675	77,755	78,071	78,256	78,459	78,665	79,092	79,358	79,721	79,900	80,180	80,386	947,518
	Change	2,900	3,144	3,066	3,080	3,059	3,125	2,868	2,933	2,987	2,990	3,088	3,230	36,470
403.70	General depreciat	4,354	4,363	4,344	4,341	4,340	4,340	4,395	4,545	4,653	4,653	4,651	4,901	53,880
	Prior year	4,252	4,279	4,279	4,319	4,322	4,322	4,323	4,323	4,369	4,368	4,377	4,348	51,881
	Change	102	84	65	22	18	18	72	222	284	285	274	553	1,999
***	Total Depreciation	84,929	85,262	85,481	85,677	85,858	86,130	86,355	86,836	87,361	87,543	87,919	88,517	1,037,868
	Prior year	81,927	82,034	82,350	82,575	82,781	82,987	83,415	83,681	84,090	84,268	84,557	84,734	999,399
	Change	3,002	3,228	3,131	3,102	3,077	3,143	2,940	3,155	3,271	3,275	3,362	3,783	38,469
408.70	Regulatory	1,541	1,542	1,542	1,542	1,541	1,542	1,320	1,320	1,320	1,320	1,320	1,320	17,170
	Prior year	1,517	1,517	1,517	1,517	1,517	1,789	1,789	1,789	1,789	1,789	1,787	1,787	18,317
	Change	24	25	25	25	24	(247)	(469)	(469)	(469)	(469)	(467)	1,320	(1,147)
***	Total Tax Expense	1,541	1,542	1,542	1,542	1,541	1,542	1,320	1,320	1,320	1,320	1,320	1,320	17,170
	Prior year	1,517	1,517	1,517	1,517	1,517	1,789	1,789	1,789	1,789	1,789	1,787	1,787	18,317
	Change	24	25	25	25	24	(247)	(469)	(469)	(469)	(469)	(467)	1,320	(1,147)
427.10	RUS interest	1	24,500	8,000	300	8,415	8,000	8,500	8,500	8,500	5,662	8,450	7,176	96,004
	Prior year	40,614	23,349	32,950	32,169	25,481	32,700	32,143	20,805	19,257	16,927	1	27,736	304,132
	Change	(40,613)	1,151	(24,950)	(31,869)	(17,066)	(24,700)	(23,643)	(12,305)	(10,757)	(11,265)	8,449	(20,560)	(208,128)
427.20	CFC interest	43,907	43,907	25,000	25,000	27,531	27,000	27,000	27,400	27,400	27,400	27,811	3,729	333,085
	Prior year	13,603	7,807	11,671	11,671	10,630	11,324	11,324	7,896	21,797	(1,435)	10,406	57,795	174,489
	Change	30,304	36,100	13,329	13,329	16,901	15,676	15,676	19,504	5,603	28,835	17,405	(54,066)	158,596

913.00	Advertising	123	45	25	45	20	25	45	95	100	20	20	50	638
	Prior year	105	67	30	62	30	297	63	55	63	55	55	55	937
	Change	18	(22)	(5)	(17)	(10)	(272)	(18)	40	37	(35)	(35)	(5)	(299)
***	Total Sales	123	45	25	45	20	25	45	95	100	20	20	50	638
	Prior year	105	67	30	62	30	297	63	55	63	55	55	55	937
	Change	18	(22)	(5)	(17)	(10)	(272)	(18)	40	37	(35)	(35)	(5)	(299)
920.00	Administrative sal:	58,206	55,282	60,037	58,786	36,721	40,450	43,424	45,538	40,538	55,575	49,337	49,337	582,723
	Prior year	47,676	42,460	41,773	41,353	42,727	43,558	41,545	43,656	50,004	54,966	61,441	61,441	551,897
	Change	10,530	12,822	18,264	17,433	(6,006)	(3,108)	1,879	1,882	(9,466)	609	(12,104)	(12,104)	30,826
921.00	Office supplies & c	10,073	10,869	9,910	9,542	12,029	9,811	9,384	8,837	10,396	6,754	8,992	8,992	118,161
	Prior year	9,264	9,829	8,446	8,627	9,558	3,979	7,988	8,389	8,362	14,907	10,849	10,849	109,582
	Change	809	1,040	1,464	158	2,471	5,832	1,396	448	2,034	(8,153)	(1,857)	(1,857)	8,579
923.00	Outside services	4,353	6,132	5,924	4,909	3,740	4,255	3,340	4,426	3,385	3,215	2,322	2,322	51,170
	Prior year	5,261	3,173	5,154	4,112	10,142	4,181	3,952	3,289	5,186	4,719	4,338	4,338	57,671
	Change	(908)	2,959	770	797	(6,402)	74	(612)	1,137	(1,801)	(1,504)	(2,016)	(2,016)	(6,501)
925.00	Injuries & damang:	4,741	2,178	2,178	2,178	2,178	2,178	2,178	2,178	2,174	2,174	2,182	2,182	28,695
	Prior year	2,112	2,111	2,112	2,111	2,111	2,112	2,068	2,068	2,068	2,068	10,729	10,729	33,782
	Change	2,629	67	66	67	67	66	110	110	106	106	(8,547)	(8,547)	(5,087)
926.00	Employee benefits	520	(227)	26	(153)	128	(70)	58	676	(503)	(359)	5,498	5,498	5,498
	Prior year	26	338	(123)	(123)	75	22	(142)	124	69	(162)	6,035	6,035	6,087
	Change	494	(565)	149	(30)	(44)	(92)	200	552	(572)	(197)	(537)	(537)	(589)
928.00	Regulatory commission			675								5291	5291	5,966
	Prior year													0
	Change	0	0	675	0	0	0	0	0	0	0	0	0	5,966
929.00	Duplicate charge	(96)	(103)	(66)	(47)	(59)	(62)	(59)	(57)	(38)	(75)	(121)	(121)	(842)
	Prior year	(99)	(89)	(56)	(40)	(57)	(81)	(73)	(68)	(35)	(42)	(93)	(93)	(780)
	Change	3	(14)	(10)	(7)	(2)	19	14	11	(3)	(33)	(28)	(28)	(62)
930.10	General advertising													826
	Prior year						776		50					980
	Change	0	0	0	0	(753)	755	0	(144)	(12)	0	0	0	(154)
930.11	Directors per diem	2,100	8,100	6,420	2,030	6,500	2,050	2,700	3,300	2,900	3,300	2,100	2,100	48,900
	Prior year	3,900	5,400	4,500	2,100	3,300	4,200	2,100	4,500	4,500	3,500	4,700	4,700	46,900
	Change	(1,800)	2,700	1,920	(70)	3,200	(2,150)	600	(1,200)	(1,600)	(200)	(2,600)	(2,600)	2,000
930.12	Directors mileage	62	71	212	51	158	79	108	228	79	79	79	79	1,755
	Prior year	63	177	183	63	245	125	63	135	199	183	312	312	1,811
	Change	(1)	(106)	29	(12)	(87)	(46)	45	93	(120)	(104)	(233)	(233)	(56)

597.00	Maintenance	329							91	668	1,750	2,795	57	5,690
	Prior year	95						135			22		211	463
	Change	234	0	0	0	0	0	(44)	668	668	1,728	2,795	(154)	5,227
598.00	Miscellaneous dist	5,604	4,244	6,687	3,126	2,565	4,321	6,798	3,720	4,963	5,065	4,962	7,917	59,972
	Prior year	17,959	12,759	7,415	13,167	5,367	6,332	6,858	7,985	12,779	7,903	7,191	5,596	111,311
	Change	(12,355)	(8,515)	(728)	(10,041)	(2,802)	(2,011)	(60)	(4,265)	(7,816)	(2,838)	(2,229)	2,321	(51,339)
***	Total Maintenance	123,452	74,417	70,715	71,469	95,387	132,923	62,009	114,852	73,278	105,312	59,666	87,256	1,070,736
	Prior year	67,303	70,140	64,142	75,386	116,260	72,935	107,306	69,205	61,191	45,159	73,771	91,073	913,871
	Change	56,149	4,277	6,573	(3,917)	(20,873)	59,988	(45,297)	45,647	12,087	60,153	(14,105)	(3,817)	156,865
901.00	Supervision													
	Prior year	0	0	0	0	0	0	0	0	0	0	0	0	0
	Change													
902.00	Meter reading	12,293	5,571	9,494	9,010	7,711	8,280	10,692	28,146	9,490	12,551	13,723	15,553	142,514
	Prior year	11,236	9,932	9,120	7,029	7,347	8,477	8,582	9,422	6,381	11,819	4,704	14,198	108,247
	Change	1,057	(4,361)	374	1,981	364	(197)	2,110	18,724	3,109	732	9,019	1,355	34,267
903.00	Consumer records	36,301	34,524	38,147	43,016	39,139	40,668	38,584	40,440	37,852	37,562	44,962	44,720	475,915
	Prior year	35,237	32,926	33,738	36,684	32,133	31,755	34,360	32,165	33,021	33,038	34,771	35,603	405,431
	Change	1,064	1,598	4,409	6,332	7,006	8,913	4,224	8,275	4,831	4,524	10,191	9,117	70,484
903.10	Cash short/over	97	5	225	97	78	(9)	59		35	85	8	(74)	606
	Prior year	288	29	276	257	133	44	(34)	3	(98)	75	19	(8)	984
	Change	(191)	(24)	(51)	(160)	(55)	(53)	93	(3)	133	10	(11)	(66)	(378)
904.00	Uncollectibles	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	72,000
	Prior year	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
	Change	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
***	Total Consumer Ac	54,691	46,100	53,866	58,123	52,928	54,939	55,335	74,586	53,377	56,198	64,693	66,199	691,035
	Prior year	51,761	47,887	48,134	48,970	44,613	45,276	47,908	46,590	44,304	49,932	44,494	54,793	574,662
	Change	2,930	(1,787)	5,732	9,153	8,315	9,663	7,427	27,996	9,073	6,266	20,199	11,406	116,373
908.00	Consumer Assistar	5,840	7,417	7,748	5,858	7,173	6,565	7,645	8,974	6,435	6,978	8,562	9,961	89,156
	Prior year	13,483	12,132	18,345	11,460	16,660	11,391	11,642	12,488	5,501	5,694	6,373	7,284	132,453
	Change	(7,643)	(4,715)	(10,597)	(5,602)	(9,487)	(4,826)	(3,997)	(3,514)	934	1,284	2,189	2,677	(43,297)
909.00	Information and in	(12)	430	465	353	341	548	503	503	503	1,019	528	546	5,727
	Prior year	729	660	683	706	706	883	929	883	906	929	859	929	9,802
	Change	(741)	(230)	(218)	(353)	(365)	(335)	(426)	(380)	(403)	90	(331)	(383)	(4,075)
***	Total Customer Sei	5,828	7,847	8,213	6,211	7,514	7,113	8,148	9,477	6,938	7,997	9,090	10,507	94,883
	Prior year	14,212	12,792	19,028	12,166	17,366	12,274	12,571	13,371	6,407	6,623	7,232	8,213	142,255
	Change	(8,384)	(4,945)	(10,815)	(5,955)	(9,852)	(5,161)	(4,423)	(3,894)	531	1,374	1,858	2,294	(47,372)

583.00	Overhead Line Exp	10,568	11,235	10,843	9,851	14,153	9,405	13,313	11,989	11,272	11,621	13,067	16,956	144,273
	Prior year	8,553	13,540	15,865	11,946	14,868	9,074	14,698	11,367	13,888	8,823	13,254	16,855	152,731
	Change	2,015	(2,305)	(5,022)	(2,095)	(715)	331	(1,385)	622	(2,616)	2,798	(187)	101	(8,458)
586.00	Meter	28,722	32,319	29,855	20,391	10,230	4,895	22,851	(4,750)	6,588	28,585	37,606	33,304	250,596
	Prior year	31,081	26,942	9,654	22,825	19,505	22,606	15,433	19,442	11,378	19,366	20,657	20,955	239,844
	Change	(2,359)	5,377	20,201	(2,434)	(9,275)	(17,711)	7,418	(24,192)	(4,790)	9,219	16,949	12,349	10,752
587.00	Consumer Installat	2,975	3,430	3,448	3,207	3,596	3,257	2,661	2,815	2,715	2,602	2,577	2,796	36,079
	Prior year	3,009	2,826	2,956	3,278	3,115	3,294	2,922	3,535	4,010	3,568	3,694	2,785	38,992
	Change	(34)	604	492	(71)	481	(37)	(261)	(720)	(1,295)	(966)	(1,117)	11	(2,913)
588.00	Miscellaneous Dist	3,079	1,565	2,156	3,070	2,348	3,090	6,185	11,673	6,318	4,906	5,853	7,316	57,559
	Prior year	2,255	1,440	1,529	2,098	1,744	2,094	1,941	1,859	2,221	1,992	2,188	2,305	23,666
	Change	824	125	627	972	604	996	4,244	9,814	4,097	2,914	3,665	5,011	33,893
589.00	Rents	0	0	0	0	0	0	0	0	0	0	0	0	0
	Prior year	0	0	0	0	0	0	0	0	0	0	0	0	0
	Change	0	0	0	0	0	0	0	0	0	0	0	0	0
***	Total Operations	52,721	55,132	54,260	43,789	37,187	27,573	52,527	24,436	26,946	54,734	68,640	67,666	565,611
	Prior year	51,997	50,827	35,809	45,722	46,400	43,124	42,075	41,014	37,536	40,633	45,015	49,917	530,069
	Change	724	4,305	18,451	(1,933)	(9,213)	(15,551)	10,452	(16,578)	(10,590)	14,101	23,625	17,749	35,542
590.00	Engineering & sup	7,352	5,059	6,313	5,077	5,059	5,917	5,811	6,074	8,703	4,144	2,249	7,474	69,232
	Prior year	94	35	64	4,634	4,997	5,339	4,447	5,389	5,944	4,872	4,891	6,761	47,467
	Change	7,258	5,024	6,249	443	62	578	1,364	685	2,759	(728)	(2,642)	713	21,765
582.00	Station expense	0	0	0	0	0	0	0	0	0	0	3,740	942	4,682
	Prior year	0	0	0	0	0	0	0	0	0	0	3,740	942	4,682
	Change	0	0	0	0	0	0	0	0	0	0	0	0	0
593.00	Maintenance of ov	21,111	10,127	17,923	14,418	33,712	76,044	29,587	26,297	35,764	22,916	18,973	26,785	333,657
	Prior year	14,741	30,924	13,887	21,326	30,235	23,894	30,367	15,431	19,828	13,228	32,155	26,326	272,342
	Change	6,370	(20,797)	4,036	(6,908)	3,477	52,150	(780)	10,866	15,936	9,688	(13,182)	459	61,315
593.10	Right-of-way main	15,854	12,416	9,337	9,702	21,922	17,183	16,242	20,710	16,631	14,635	13,160	12,992	180,784
	Prior year	21,565	21,573	27,079	18,827	21,746	14,477	26,636	25,968	21,698	12,743	21,842	16,389	250,543
	Change	(5,711)	(9,157)	(17,742)	(9,125)	176	2,706	(10,394)	(5,258)	(5,067)	1,892	(8,682)	(3,397)	(69,759)
593.20	Contract right-of-w	69,151	41,747	27,742	38,053	31,282	27,290	490	56,433	3,609	52,751	9,057	28,539	386,144
	Prior year	10,699	13,778	13,778	15,963	52,269	18,642	37,636	11,739	4,923	4,923	6,501	33,705	205,855
	Change	58,452	41,747	13,964	22,090	(20,987)	8,648	(37,146)	44,694	3,609	47,828	2,556	(5,166)	180,289
595.00	Transformer maint	4,051	824	2,713	1,093	847	2,168	3,081	1,527	2,940	4,051	4,730	2,550	30,575
	Prior year	2,150	4,849	1,919	1,469	1,646	4,251	1,362	2,558	942	1,468	1,191	2,085	25,890
	Change	1,901	(4,025)	794	(376)	(799)	(2,083)	1,719	(1,031)	1,998	2,583	3,539	465	4,685

Big Sandy Rural Electric Cooperative
Comparison of Test Year Income Statement Account
Balances with those of the Preceding Year
December 31, 2004

Acct #	Description	Exhibit page of												Total
		January Month 1	February Month 2	March Month 3	April Month 4	May Month 5	June Month 6	July Month 7	August Month 8	September Month 9	October Month 10	November Month 11	December Month 12	
440.10	Residential Prior year Change	1,394,869 1,274,596 120,273	1,213,170 1,197,401 15,769	1,001,365 878,068 123,297	769,103 674,581 94,522	753,484 634,243 119,241	799,893 693,256 106,637	929,817 801,505 128,312	832,955 856,707 (23,752)	747,682 703,493 44,189	719,973 722,784 (2,811)	908,395 866,823 41,572	1,328,103 1,302,104 25,999	11,398,809 10,605,561 793,248
442.10	Small commercial Prior year Change	98,309 94,338 3,971	101,235 92,074 9,161	91,042 82,225 8,817	83,431 77,564 5,867	92,448 77,674 14,774	90,575 80,007 10,568	92,112 86,717 5,395	90,741 85,288 5,453	90,036 89,619 417	82,144 77,236 4,908	93,154 82,539 10,615	95,201 96,481 (1,280)	1,100,428 1,021,762 78,666
442.20	Large commercial Prior year Change	329,930 326,320 3,610	341,987 332,013 9,974	314,601 315,715 (1,114)	300,760 306,666 (5,906)	317,964 287,977 29,987	292,583 287,455 5,128	287,537 294,381 (6,844)	301,066 328,655 (27,589)	306,091 314,844 (8,753)	288,037 296,457 (8,420)	309,856 309,762 94	310,546 322,494 (11,948)	3,700,958 3,722,739 (21,781)
450.00	Forfeit Discounts Prior year Change	38,095 34,535 3,560	31,701 27,232 4,469	34,042 29,204 4,838	23,050 20,884 2,166	19,908 17,948 1,960	18,790 21,480 (2,690)	18,345 17,083 1,262	20,516 21,851 (1,335)	18,849 21,206 (2,357)	17,941 17,490 451	17,519 20,039 (2,520)	19,961 28,955 (8,994)	278,717 277,907 810
451.00	Miscellaneous Serv Prior year Change	8,970 7,950 1,020	7,700 9,060 (1,360)	9,653 8,705 948	9,076 8,908 168	7,641 8,520 (879)	9,892 8,265 1,627	8,903 6,826 2,077	7,262 6,934 328	9,773 6,203 3,570	8,581 6,849 1,732	6,795 9,244 (2,449)	8,775 8,780 (5)	103,021 96,244 6,777
454.00	Rent form electric Prior year Change	7,414 7,646 (232)	7,414 7,646 (232)	7,414 7,645 (231)	7,414 7,646 (232)	7,414 7,645 (231)	7,415 7,646 (231)	7,414 7,645 (231)	7,415 7,646 (231)	7,414 7,645 (231)	7,414 7,646 (232)	7,414 6,053 1,361	7,856 6,278 1,578	89,412 88,787 625
456.00	Other electric revei Prior year Change	15 15 0	15 (15) (15)	15 (15) (15)	50 (50) (50)	0 0 0	25 25 0	0 (15) 0	15 (15) 0	15 0 0	0 0 0	0 0 0	0 0 0	55 125 (70)
***	Total Revenues Prior year Change	1,877,602 1,745,400 132,202	1,703,207 1,665,441 37,766	1,458,117 1,321,577 136,540	1,192,834 1,096,299 96,535	1,198,859 1,034,007 164,852	1,219,173 1,098,109 121,064	1,344,128 1,214,157 129,971	1,259,955 1,307,096 (47,141)	1,179,860 1,143,025 36,835	1,124,090 1,128,462 (4,372)	1,343,133 1,294,460 48,673	1,770,442 1,765,092 5,350	16,671,400 15,813,125 858,275
555.00	Purchase power Prior year Change	1,364,701 1,212,844 151,857	1,235,451 1,156,093 79,358	1,017,043 919,498 97,545	783,104 680,931 102,173	849,719 679,764 169,955	840,325 756,163 84,162	978,197 838,079 140,118	917,832 923,917 (6,085)	849,829 784,912 64,917	766,856 753,826 13,030	922,885 882,507 40,378	1,421,512 1,213,000 208,512	11,947,454 10,801,534 1,145,920
***	Total Purchase Pow Prior year Change	1,364,701 1,212,844 151,857	1,235,451 1,156,093 79,358	1,017,043 919,498 97,545	783,104 680,931 102,173	849,719 679,764 169,955	840,325 756,163 84,162	978,197 838,079 140,118	917,832 923,917 (6,085)	849,829 784,912 64,917	766,856 753,826 13,030	922,885 882,507 40,378	1,421,512 1,213,000 208,512	11,947,454 10,801,534 1,145,920
580.00	Operations - Super Prior year Change	7,377 7,099 278	6,583 6,079 504	7,958 5,805 2,153	7,270 5,375 1,695	6,860 7,168 (308)	6,926 6,056 870	7,517 7,081 436	2,709 4,811 (2,102)	53 6,039 (5,986)	7,020 6,884 136	7,701 5,222 2,479	7,294 7,017 277	75,268 74,836 432
582.00	Station expense Prior year Change	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	1,836 1,836 0	0 0 0	1,836 1,836 0

***	Total Non Operatir	4,007	15,146	3,360	2,743	14,061	3,084	3,290	12,819	3,130	6,572	12,337	19,598	100,147
	Prior year	12,078	2,003	1,958	8,359	2,251	2,273	4,355	4,132	3,928	5,306	4,485	20,709	71,837
	Change	(8,071)	13,143	1,402	(5,616)	11,810	811	(1,065)	8,687	(798)	1,266	7,852	(1,111)	28,310
424.40	Patonage capital - East KY													0
	Prior year													785,219
	Change	0	0	0	0	0	0	0	0	0	0	0	(785,219)	(785,219)
***	Total G & T Capit:	0	0	0	0	0	0	0	0	0	0	0	0	0
	Prior year	0	0	0	0	0	0	0	0	0	0	0	785,219	785,219
	Change	0	0	0	0	0	0	0	0	0	0	0	(785,219)	(785,219)
424.10	Patronage capital -	642		1,213	7,481					33,919		1,721	1,213	46,189
	Prior year			4,045					13,444	4,411				21,900
	Change	642	0	(2,832)	7,481	0	0	0	(13,444)	29,508	0	1,721	1,213	24,289
***	Total Other Patron.	642	0	1,213	7,481	0	0	0	0	33,919	0	1,721	1,213	46,189
	Prior year	0	0	4,045	0	0	0	0	13,444	4,411	0	0	0	21,900
	Change	642	0	(2,832)	7,481	0	0	0	(13,444)	29,508	0	1,721	1,213	24,289
*****	Net Margins	27,402	26,036	20,877	782	(57,595)	(71,949)	(44,504)	(87,160)	(31,276)	(78,468)	871	(52,319)	(347,303)
	Prior year	122,590	119,903	20,927	26,627	(73,370)	(51,427)	(41,551)	32,926	(4,552)	34,862	28,646	1,024,402	1,239,983
	Change	(95,188)	(93,867)	(50)	(25,845)	15,775	(20,522)	(2,953)	(120,086)	(26,724)	(113,330)	(27,775)	(1,076,721)	(1,587,286)



Big Sandy Rural Electric Cooperative
 Trial Balance
 December 31, 2004

<u>Account</u>	<u>Description</u>	12/31-2004 Balances	
		<u>Debit</u>	<u>Credit</u>
Distribution Plant			
362	Station eqt	46335.25	
364	Poles, towers	9,835,665.73	
365	O\H consuctor	8,666,635.33	
366	Underground conduit	164,878.58	
367	UG conductor	169,397.07	
368	Transformers	4,791,378.67	
369	Services	3,359,128.30	
370	Meters	1,367,606.25	
371	Security Lights	1,722,840.55	
108.6	Res Depr-Distr Plant		7,026,717.91
		30,123,865.73	7,026,717.91
General Plant			
389	Land	50,000.00	
390	Struct & Improve	676,186.62	99,894.64
391	Office Furn	292,155.56	102,660.76
392	Transoprtation	977,382.29	
393	Stores		
394	Tools, Work Eqt	76,050.66	24,927.75
395	Laboratory	130,380.71	37,947.69
396.1	Power Operated	23,965.97	
397	Communication	55,395.58	32,016.11
398	Miscellaneous	30,123.10	9,518.89
108.7	Res Dep-Genrl Plnt		1,323,465.57
		2,311,640.49	1,630,431.41
		32,435,506.22	8,657,149.32
CWIP			
107.1	Contractor		
107.2	Work Orders	17,326.93	
		17,326.93	
Retirement Work in Progress			
108.8	Work orders	596.29	
		596.29	
Investments			
123.10	Pat cap	5,227,484.32	
123.23	Assoc organizations	3,205.00	
123.22	CFC CTC's	562,394.12	
124.11	Other investments	5500	
		5,798,583.44	

Big Sandy Rural Electric Cooperative
 Trial Balance
 December 31, 2004

<u>Account</u>	<u>Description</u>	<u>12/31-2004</u>	<u>Balances</u>
		<u>Debit</u>	<u>Credit</u>
Cash Accounts			
131.10	Capital credits		
131.11	1st National		
131.12	Citizens	143,633.43	
131.14	BB&T Banking		
131.40	Transfer of funds		
131.20	RUS construction	477.50	
134.00	Special funds	20.00	
135	Working Funds	700.00	
			<u>144,830.93</u>
Temporary Investments			
136	Temporary Investments	839,049.92	
			<u>839,049.92</u>
Accounts Receivables			
142	Consumers	3,151,373.54	
144.10	Return Checks		
143.00	Other	100,706.14	
143.10	Employee loans	119.03	
144.10	Allow for uncollectibles	(41,115.02)	
			<u>3,211,083.69</u>
Material & Supplies			
154	M & S	200,530.35	
155.10	Mdse - gasoline		
155.20	Vehicle parts		
163.10	Stores	63.44	
			<u>200,593.79</u>
Prepayments			
165.1	Insurance	756.58	
165.20	Registrations	2402.4	
165.40	DOM ins		
165.50	Dues	9,808.00	
171.00	Interest receivable	4,203.74	
			<u>17,170.72</u>
Defer Charges			
183.	Preliminary survey		
184.00	Transportation	3,756.62	
186.10	Misc	47,280.00	
			<u>51,036.62</u>

Big Sandy Rural Electric Cooperative
 Trial Balance
 December 31, 2004

<u>Account</u>	<u>Description</u>	<u>12/31-2004</u>	<u>Balances</u>
		<u>Debit</u>	<u>Credit</u>
Memberships			
200.1			<u>219,050.00</u>
Patronage Capital			
201.1	Credits		13,924,403.88
201.2	Credits assignable		
219.10	Operating margins		
219.20	Non operating margins		
208.00	Donated capital		49,055.02
217.00	Retired gains		14,686.04
218.00	Capital gains and losses		105,690.96
217.10	Retired gain discounts		165,629.75
219.20	Non operating margins		<u>(229,435.50)</u>
			<u>14,030,030.15</u>
Long-Term Debt			
224.10	REA		2,390,607.39
176.10	Unadvanced		
224.60	Cushion of credit		(529,690.79)
224.20	FFB loans		7,006,002.05
224.21	Unadvanced		
224.30	CFC		3,311,361.29
224.13	CFC - RU"S refinanced		4,826,576.94
224.40	Past service		
			<u>17,004,856.88</u>
Accumulated Operating Provisions			
228.30	Postretirement Benefits other than Pensions		<u>659,019.73</u>
Short Term Note Payable			
231.00	CFC Notes Executed		<u>-</u>
Accounts Payable			
232.10	General		323,315.50
232.40	Purchase power		1,421,512.00
232.60	CFC DTC		29,920.02
232.7	Vehicle purchase		<u>0.00</u>
			<u>1,774,747.52</u>
Consumer Deposits			
235	Consumer Deposits		<u>484,190.00</u>

Big Sandy Rural Electric Cooperative
 Trial Balance
 December 31, 2004

<u>Account</u>	<u>Description</u>	12/31-2004 Balances	
		<u>Debit</u>	<u>Credit</u>
Accruals			
236.1	Prop Tax		40.00
236.2	FUTA		
236.3	FICA		
236.4	SUTA		
236.5	Sales Tax		
237.10	RUS interest		0.00
237.20	FFB interest		
237.30	CFC interest		28,743.00
237.30	Other		
237.50	Customer deposits		(7,660.32)
238.10	Capital credits		
241.00	Fed withholdings		
242.11	Cancer ins withheld		99.40
242.12	Collonial ins		
242.13	Commnwealth life		
242.14	Dental ins		
242.15	Savings plan		
242.16	Auto use		
242.17	401(k) inside		(12,627.84)
242.18	401(k) outside		
242.20	Accrued payroll		22,621.62
242.30	Acc vacations		76,020.40
242.31	Accrued sick leave		101,623.54
242.40	Accrued insurance		
242.50	Acc audit		6,400.00
242.60	Dependen life		
242.80	Credit union		
242.90	Union dues		
			215,259.80
Consumer Advances for Construction			
252.00	Consumer advances for construction		18,777.99
		42,715,778.55	43,063,081.39
Net Margins		(347,302.84)	

Big Sandy Rural Electric Cooperative
 Trial Balance
 December 31, 2004

<u>Account</u>	<u>Description</u>	<u>12 Mos</u> <u>12-31-04</u>
Consumer Accounts		
901	Supervision	0.00
902	Meter Read Exp	142,512.46
903	Consumer Collection	475,915.99
903.10	Cash short/over	607.20
904	Uncollectible A/c	<u>72,000.00</u>
		<u>691,035.65</u>
Sales		
907	Supervision Consumer Records	
908	Consumer Assistance	89,154.58
909	Informational	5,725.00
910	Miscellaneous Consumer Svc	
911	Supervision demonstration	
912	Demonstration and selling	
913	Advertising	<u>637.50</u>
		<u>95,517.08</u>
Administrative & General		
920	Office Salaries	582,723.33
921	Office Supplies	118,160.20
923	Outside Services	51,170.86
924	Insurance	
925	Injuries & Damages	28,695.49
926	Emp benefits	5,497.54
928	Regulatory Commission	5,965.85
929	Duplicate Charges	(840.83)
930.1	Advertising	826.40
930.11	Directors	105,253.97
930.20	Miscellaneous	164,700.67
931	Rents	13,672.84
935	Misc General Plant	<u>94,222.16</u>
		<u>1,170,048.48</u>
Depreciation		
403.6	Distribution Plant	983,987.63
403.7	General Plant	<u>53,880.22</u>
		<u>1,037,867.85</u>
Taxes		
408.1	Property	
408.2	Payroll	
408.50	PSC Assessment	<u>17,172.48</u>
		<u>17,172.48</u>

Big Sandy Rural Electric Cooperative
 Trial Balance
 December 31, 2004

<u>Account</u>	<u>Description</u>	<u>12 Mos 12-31-04</u>
Interest on long-term debt		
427.1	REA	96,003.92
427.20	CFC	333,085.88
427.30	FFB	<u>99,185.50</u>
		<u>528,275.30</u>
Other interest		
431	Other Interest Exp	<u>29,614.55</u>
Non Operating Income		
415.00	Temp rentals	
421.10	Gain on disposition	6,346.56
428	Debt Discount Exp	
		<u>6,346.56</u>
Other Deductions		
426.1	Donations	5,355.50
426.7	Penalties	
		<u>5,355.50</u>
Interest Income		
419	Interest Income	<u>(100,133.71)</u>
Patronage Capital		
423.00	EKP	
424.00	Assoc organs	46,188.74
424.0	Others	
		<u>46,188.74</u>
Extraordinary Items		
Net Margins		<u><u>(347,302.84)</u></u>
TIER		0.34
TIER, excluding EKPC		0.34



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Big Sandy Rural Electric
Name of Board Members
December 31, 2004
Witness: Bobby Sexton

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Wade May
5650 Middle Fork
Leander, KY 41228

Chairman East Kentucky Power Coop
Board Member

Danny Wallen
2964 KY Rt 2040
Offutt, KY 41237

Vice Chairman

Joe W. Harris, Jr.
PO box 183
Allen, KY 41601

Secretary/
Treasurer

William Maxey
Box 103
Lowmansville, KY 41232

KAEC
Board Member

Ervin Stapleton
7880 KY Rt 581
River, KY 41254

Greg Davis
2032 St Rd 850
David, KY 41616

Robert Moore
1532 Stephens Branch Rd
Prestonsburg, KY 41653

**BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION
POLICY STATEMENT NO. 400-010
SECTION D**

SUBJECT: BOARD OF DIRECTORS - COMPENSATION

OBJECTIVE: To provide fair and equitable compensation for members of the Board of Directors.

- POLICY:**
- A. Per Diem of \$300.00 plus mileage from the Director's home shall be paid to each Director for attending a regular or special Board Meeting.
 - B. Directors authorized to attend any meeting, workshop, seminars, etc. shall be paid \$200.00 per day and shall be reimbursed for all legitimate expenses for attendance at such meetings. A detailed expense account, with receipts attached as appropriate shall be submitted to the Board for approval. No expenses will be paid for spouses of Directors accompanying them to meetings. Travel shall be reimbursed on the following basis.
 - 1. If commercial air travel is available, then without regard to the mode actually used, reimbursement shall be for the expenses actually incurred in an amount not to exceed round trip air coach fare, if the same is available; otherwise, first class fare, plus cost of transportation to and from airport and other expenses attendant to air travel.
 - 2. Mileage reimbursement, plus toll costs, for use of personal automobile shall be at the rate set forth in Policy No. 100-015, Section A.
 - 3. Expenses incurred for travel earlier than sufficient time to attend a meeting shall not be reimbursed.
 - C. The following benefits will be paid 100% of the premium cost:
 - 1. Group medical and hospitalization insurance.
 - 2. Business travel accident insurance.
 - 3. 24-Hour accident insurance.

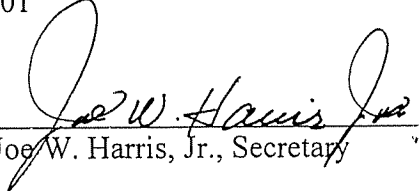
*37 PER MILE
1/14/04
ATTACHED*

4. Effective January 19, 2001, group medical and hospitalization insurance will be paid on Directors elected or appointed before 2001. All Directors elected or appointed to the Board for the first time after 1/19/01 are excluded.

RESPONSIBILITY: It shall be the responsibility of the Chairman of the Board to see that the provisions of the policy are carried out.

SOURCE:

ADOPTED: January 18, 1991
AMENDED: December 16, 1993
June 17, 1994
April 19, 1996
February 18, 2000
January 19, 2001
REVISED: February 16, 2001



Joe W. Harris, Jr., Secretary

**BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION
POLICY STATEMENT NO. 100-015
SECTION A**

SUBJECT: Employee travel and out-of-pocket expenses.

POLICY: The Manager may authorize Cooperative employees to attend meetings, workshops, schools, etc.

PROCEDURE: Employees who use personal cars for official business and attend meeting, schools and workshops, shall be reimbursed for mileage at the rate of thirty-seven cents (.37) per mile.

Employees in the performance of official duties, attending meetings, schools and workshops shall be reimbursed for all legitimate expenses incurred by submitting a detailed expense account, including receipts, to the Manager for approval.

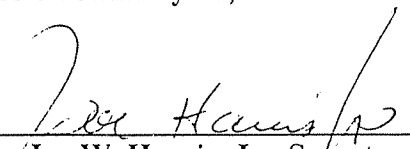
The Cooperative will pay for the first phone call to home or family, not to exceed five minutes, per trip. All other calls will be made at the employee's expense.

The cooperative will not reimburse the expenses of the employee's spouse when accompanying the employee.

Employees may request cash advances to cover expenses incurred while performing official duties or attending meetings. Expenses exceeding the temporary advance will be reimbursed upon approval of the employee's expense account. If the advance exceeds actual expenses, the employee will reimburse the Cooperative the difference upon submission of the expense account.

RESPONSIBILITY: PRESIDENT/GENERAL MANAGER

SOURCE: Adopted by the Board of Directors on May 6, 1983
Amended by the Board of Directors on May 18, 1990
Amended by the Board of Directors on January 18, 1991
Amended by the Board of Directors on July 19, 1996
Amended by the Board of Directors on January 16, 2004



Joe W. Harris, Jr., Secretary



1 Big Sandy Rural Electric Cooperative
2 **Salaries and Wages**
3 December 31, 2004

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of

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4
5
6 Witness: Alan Zumstein

7
8
9 To reflect the increase granted by the Board of Directors, the step increases granted and
10 promotions during the year. To give recognition to employees terminated and employees
11 hired during the test year.

12
13 Big Sandy has both union and non-union employees. A copy of the union contract is
14 attached. Non union employees are given the same salary increases as the union.

15
16
17 Wage and salary increases are as follows:

18

	<u>Union</u>	<u>Non Union</u>	
19			
20			
21	2004	3.0%	3.0%
22	2003	3.0%	3.0%
23	2002	4.0%	4.0%
24	2001	4.0%	4.0%
25	2000	3.0%	3.0%

26

27 The amount of increase was allocated based on the actual test year.

28

29 Projected wages	\$1,865,079
30	
31 Actual wages for test year	<u>1,958,853</u>
32	
33 Adjustment	<u><u>(\$93,774)</u></u>

34
35

36 The allocation is on the following page:
37

1 Big Sandy Rural Electric Cooperative
2 **Salaries and Wages**
3 December 31, 2004
4
5

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6 Witness: Alan Zumstein

		<u>Labor</u> <u>Distribution</u>	<u>Percent</u>	<u>Allocation</u>	
10	107.20	Construction work in progress	318,133	16.2%	(15,230)
11	108.80	Retirement work in progress	87,000	4.4%	(4,165)
12	163.00	Stores	34,512	1.8%	(1,652)
13	184.00	Transportation	38,989	2.0%	(1,866)
14	242.16	Employee use of vehicles	13,106	0.7%	(627)
15	242.30	Employee vacation	187,410	9.6%	(8,972)
16	242.50	Annual meeting	3,556	0.2%	(170)
17	580.00	Operations	32,787		
18	582.00	Station	264		
19	583.00	Overhead line	5,498		
20	586.00	Meter	147,108		
21	587.00	Consumer installation	2,690		
22	588.00	Miscellaneous distribution	23,695	10.8%	(10,151)
23	590.00	Maintenance	31,076		
24	592.00	Station	413		
25	593.00	Overhead line	134,570		
26	593.10	Right of way	52,542		
27	593.20	Contract ROW	0		
28	595.00	Transformers	11,286		
29	597.00	Meters	2,116		
30	598.00	Miscellaneous maintenance	20,260	12.9%	(12,076)
31	902.00	Meter reading	63,060		
32	903.00	Consumer records	192,565	13.0%	(12,237)
33	908.00	Consumer assistance	27,803	1.4%	(1,331)
34	920.00	Administrative	273,611		
35	926.00	Employee benefits	226,311		
36	928.00	Regulatory	0		
37	930.20	Annual meeting	0		
38	935.00	Maintenance general plant	<u>28,490</u>	<u>27.0%</u>	<u>(25,296)</u>
39					
40		Total	<u>1,958,852</u>	<u>100.0%</u>	<u>(93,774)</u>
41					
42					

Employee Number	Hours Worked Test Year		Actual Test Year Wages				Wage Rate Jan 1, 2005	Normalized Wages @ 2,080 Hours		Dispatch	Vehicle Allowance	Adjusted Total
	Regular	Overtime	Excess Vacat	Excess 120 hrs	Vacation	Bonus		Regular	Overtime			
142	2,056	15	2,071	21,135	231	400	11.50	23,644	250	23,894		23,894
144	2,096	10	2,106	22,017	161	400	11.50	23,920	173	24,093		24,093
149	2,096		2,096	32,664		400	16.50	34,320	0	34,320		34,320
155	2,096	7	2,103	18,859	85	400	16.50	34,320	161	34,481		34,481
156	1,634	7	1,641	13,367	84	400	17.00	35,360	179	35,539		35,539
159	848	10	858	14,040	248	400	17.00	35,360	255	35,615		35,615
Subtotal	73,015	3,157	76,657	1,323,765	100,743	14,800		1,455,304	104,196	1,559,499	1,850	1,570,544
Summer and Part Time Employees:												
145	1,630	9	1,639	13,582	112	400	9.25	15,078	125	15,202		15,202
158	1,387	3	1,390	10,817	36	400	8.50	11,790	38	11,828		11,828
Subtotal	3,017	12	3,029	24,399	148	800		26,867	163	27,030	0	27,030
Retirees:												
7	1,359	1	1,377	28,706	16			0	0	0		0
36	152		152	1,210				0	0	0		0
39	8		8	64				0	0	0		0
126	2,096	116	2,212	70,400	636	400		0	0	0		0
128	2,096		2,096	124,209				0	0	0		0
Subtotal	5,711	1	5,845	224,589	16	400		0	0	0	0	0
Total	90,127	3,170	94,147	1,806,674	100,907	17,200		1,747,204	104,359	1,851,563	1,850	1,865,079

Witness: Alan Zumstein

Big Sandy Rural Electric Cooperative
Employee Earnings and Hours
December 31, 2004

Employee Number	Employment Date	January 2004		Feb 2004		March 2004		April 2004		May 2004		June 2004		July 2004		Aug 2004		Sept 2004		Oct 2004		Nov 2004		Dec 2004		
		Rate	As Of	Rate	As Of	Rate	As Of	Rate	As Of	Rate	As Of	Rate	As Of	Rate	As Of	Rate	As Of	Rate	As Of	Rate	As Of	Rate	As Of	Rate	As Of	
142	19-May-2002	8.16	01/01-2004					11.00	04/07	(2)																
144	17-May-99	9.01	01/01-2004					11.00	04/07	(2)																
149	09-Apr-2001	13.53	01/01-2004	14.53	01/14			16.00	04/07	(2)																
155	14-Jan-2003	7.57	01/01-2004					9.50	04/07	(2)																
156	09-Jun-2003	7.21	01/01-2004					8.00	04/07	(2)																
159	28-Jul-2004	16.50	01/01-2004																							

Subtotal hourly employees

Summer and Part Time Employees:

145	14-Feb-2000	7.04	01/01-2004					8.78	04/07																	
158	15-Dec-2003	8.00	01/01-2004																							

Subtotal summer

Retirees:

7																										
36																										
39																										
126																										
128																										

Subtotal retirees

Total

- (1) Job promotion or title change.
- (2) General Manager increase salary to pay standard of other cooperatives.

Witness: Bobby Sexton

--g Sandy Rural Electric Cooperative
 Analysis of Salaries and Wages
 December 31, 2004

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For the calendar years 2001 through 2003
 and the 12 month period ending May 31, 2004

Line No	Item (a)	Twelve Months Ended						Test year 2004	
		2001		2002		2003		Amount (l)	% (m)
		Amount (f)	% (g)	Amount (h)	% (i)	Amount (j)	% (k)		
1	Wages charged to expense:								
2	Distribution expense	388,355	-8%	440,519	13%	439,162	-0%	464,306	6%
3	Customer accounts expense	192,514	-18%	201,868	5%	208,005	3%	255,625	23%
4	Customer service and information	35,995	41%	51,847	44%	43,488	-16%	27,803	-36%
5	Sales expense								
6	Administrative and general expenses:								
	(a) Administrative and general	215,039	-15%	213,770	-1%	257,593	21%	273,611	6%
	(b) Office supplies and expense								
	(c) Outside services employed								
	(d) Property insurance								
	(e) Injuries and damages								
	(f) Employees hospitalization and bene.	164,028	-12%	157,292		168,022		226,311	
	(g) Retirement and security								
	(h) Miscellaneous general	6,106	-79%	3,248	-47%	13,317	310%	28,490	114%
	(i) Maintenance of general plant								
7	Total administrative and general expenses L6(a) to L6(i)	385,173	-18%	374,310	-3%	438,932	-3%	528,412	-3%
8	Charged to clearing and others	227,094	-5%	218,321	-4%	236,759	8%	277,573	17%
9	Total salaries and wages charged to expense and other L2 to L6 + L7 + L8	1,229,131	-12%	1,286,865	5%	1,366,346	6%	1,553,719	14%
10	Wages capitalized	392,048	4%	391,732	-0%	362,407	-7%	405,133	12%
11	Total salaries and wages	1,621,179	-9%	1,678,597	4%	1,728,753	3%	1,958,852	13%
12	Ratio of salaries and wages charged to expense to total wages L9 / L11	76%		77%		79%		79%	
13	Ratio of salaries and wages capitalized to total wages L10 / L11	24%		23%		21%		21%	
14	Overtime wages	60,360	-56%	85,087	41%	78,718	-7%	100,904	28%
15	Overtime hours	2,086		2,818		2,520		3,169	



4
5 Witness: Alan Zumstein

6
7 The employer's portion of FICA and medicare rates remain the same for 2005 as they were
8 for 2004. The FICA rate is 6.2% and medicare is 1.45%. The wage limit increases from
9 \$87,900 in 2004 to \$90,000 in 2005 for FICA; all wages are subject to medicare.

10
11 FICA and medicare wages include employee use of cooperative vehicles and life insurance
12 premiums over \$50,000. Big Sandy did not have life insurance premiums over \$50,000.

13
14 Proposed FICA amounts

15 FICA	115,277	
16 Medicare	27,044	
	<u>142,321</u>	
18 Proposed FUTA	2,408	
19 Proposed SUTA	2,408	147,137

20
21 Test year amount

22 FICA	118,255	
23 Medicare	28,218	
	<u>146,473</u>	
25 Test year FUTA	2,587	
26 Test year SUTA	2,216	151,276

27
28 Increase (4,152)

29
30 **Adjustment:**

	<u>Percent</u>	<u>Amount</u>
31		
32 107 Capitalized	26.4%	(1,096)
33 163 Clearing	4.9%	(203)
34 580 Operations	13.9%	(577)
35 590 Maintenance	16.7%	(693)
36 901 Consumer accounts	16.7%	(693)
37 908 Customer service	1.8%	(75)
38 920 Administrative and general	19.6%	(814)
	<u>100.0%</u>	<u>(\$4,152)</u>

39
40
41
42 State unemployment (SUTA) wage rates are as follows:

43		
44	2005	0.700%
45	2004	0.600%
46	2003	0.500%
47	2002	0.080%
48	2001	0.080%
49	2000	0.357%
50		

Big Sandy Rural Electric Cooperative Exhibit
Employee Earnings and Hours page
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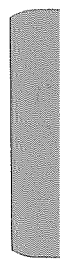
Employee Number	Adjusted Total	Social Security Wages		Medicare Wages		Federal Unemployment		State Unemployment	
		Up To \$90,000	@ 6.20%	All Wages	1.45%	Up to \$7,000	0.80%	Up to \$8,000	0.700%
Salaried Employees:									
16	60,252	60,252	3,736	60,252	874	7,000	56	8,000	56
130	54,281	54,281	3,365	54,281	787	7,000	56	8,000	56
136	57,200	57,200	3,546	57,200	829	7,000	56	8,000	56
157	95,772	90,000	5,580	95,772	1,389	7,000	56	8,000	56
Subtotal Salaried	267,505	261,733	16,227	267,505	3,879	28,000	224	32,000	224
Hourly Employees:									
1	52,835	52,835	3,276	52,835	766	7,000	56	8,000	56
3	49,465	49,465	3,067	49,465	717	7,000	56	8,000	56
5	53,776	53,776	3,334	53,776	780	7,000	56	8,000	56
8	49,232	49,232	3,052	49,232	714	7,000	56	8,000	56
10	77,736	77,736	4,820	77,736	1,127	7,000	56	8,000	56
11	55,730	55,730	3,455	55,730	808	7,000	56	8,000	56
13	46,611	46,611	2,890	46,611	676	7,000	56	8,000	56
14	57,398	57,398	3,559	57,398	832	7,000	56	8,000	56
15	56,815	56,815	3,523	56,815	824	7,000	56	8,000	56
17	55,068	55,068	3,414	55,068	798	7,000	56	8,000	56
18	49,225	49,225	3,052	49,225	714	7,000	56	8,000	56
20	36,138	36,138	2,241	36,138	524	7,000	56	8,000	56
21	40,845	40,845	2,532	40,845	592	7,000	56	8,000	56
22	41,576	41,576	2,578	41,576	603	7,000	56	8,000	56
23	40,315	40,315	2,500	40,315	585	7,000	56	8,000	56
24	61,833	61,833	3,834	61,833	897	7,000	56	8,000	56
25	49,694	49,694	3,081	49,694	721	7,000	56	8,000	56
27	24,024	24,024	1,489	24,024	348	7,000	56	8,000	56
31	48,341	48,341	2,997	48,341	701	7,000	56	8,000	56
33	39,240	39,240	2,433	39,240	569	7,000	56	8,000	56
38	48,979	48,979	3,037	48,979	710	7,000	56	8,000	56
40	48,729	48,729	3,021	48,729	707	7,000	56	8,000	56
41	47,331	47,331	2,934	47,331	686	7,000	56	8,000	56
42	21,682	21,682	1,344	21,682	314	7,000	56	8,000	56
43	20,429	20,429	1,267	20,429	296	7,000	56	8,000	56
124	39,021	39,021	2,419	39,021	566	7,000	56	8,000	56
131	31,583	31,583	1,958	31,583	458	7,000	56	8,000	56
133	35,360	35,360	2,192	35,360	513	7,000	56	8,000	56
134	37,877	37,877	2,348	37,877	549	7,000	56	8,000	56
138	35,437	35,437	2,197	35,437	514	7,000	56	8,000	56
139	30,280	30,280	1,877	30,280	439	7,000	56	8,000	56

Big Sandy Rural Electric Cooperative
 Employee Earnings and Hours
 December 31, 2004

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Employee Number	Adjusted Total	Social Security Wages		Medicare Wages		Federal Unemployment		State Unemployment		
		Up To \$90,000	@ 6.20%	All Wages	1.45%	Up to \$7,000	0.80%	Up to \$8,000	0.700%	
142	23,894	23,894	1,481	23,894	346	7,000	56	8,000	56	
144	24,093	24,093	1,494	24,093	349	7,000	56	8,000	56	
149	34,320	34,320	2,128	34,320	498	7,000	56	8,000	56	
155	34,481	34,481	2,138	34,481	500	7,000	56	8,000	56	
156	35,539	35,539	2,203	35,539	515	7,000	56	8,000	56	
159	35,615	35,615	2,208	35,615	516	7,000	56	8,000	56	
Subtotal hour	1,570,544	1,570,544	97,374	1,570,544	22,773	259,000	2,072	296,000	2,072	
Summer and Part Time Employees:										
145	15,202	15,202	943	15,202	220	7,000	56	8,000	56	
158	11,828	11,828	733	11,828	172	7,000	56	8,000	56	
Subtotal sum	27,030	27,030	1,676	27,030	392	14,000	112	16,000	112	
Retirees:										
7	0	0	0	0	0	0	0	0	0	
36	0	0	0	0	0	0	0	0	0	
39	0	0	0	0	0	0	0	0	0	
126	0	0	0	0	0	0	0	0	0	
128	0	0	0	0	0	0	0	0	0	
Subtotal retir	0	0	0	0	0	0	0	0	0	
Total	1,865,079	1,859,307	115,277	1,865,079	27,044	301,000	2,408	344,000	2,408	

Witness: Alan Zumstein



1 Big Sandy Rural Electric Exhibit
2 **Depreciation** Page
3 December 31, 2004 of
4

5 Witness: Alan Zumstein

	<u>Charged to Expense</u>	<u>Charged to Clearing</u>	<u>Total</u>
9 Normalized	\$1,065,130	\$98,161	\$1,163,291
10 Test year	1,037,869	89,475	1,127,344
12 Increase	<u>\$27,261</u>	<u>\$8,686</u>	<u>\$35,947</u>

13
14
15 Depreciation is computed on a composite basis. The ending plant balance is
16 multiplied by rates that are within RUS approved guidelines. Depreciation rates
17 and procedures follow RUS Bulletin 183-1.

18
19 Big Sandy Rural Electric has never had a depreciation study performed until this
20 Application and does not propose to have a study performed.

21
22 Depreciation on transportation equipment is charged to clearing accounts.
23 Transportation costs are then cleared to various accounts based on hours used for
24 the month. The amount listed as fully-depreciated represents transportation
25 equipment that is fully-depreciated and is not included in the monthly calculations.

26
27 The allocation of the increase in depreciation on transportation equipment is based
28 on actual test year transportation clearing.

<u>Account</u>	<u>%</u>	<u>Amount</u>
32 Construction and retirement WIP	43.3%	\$3,763
33 Distribution - operations	12.7%	1,104
34 Distribution - maintenance	21.4%	1,858
35 Consumer accounts	8.7%	759
36 Consumer service and information	3.8%	327
37 Administrative and general	10.1%	876
39 Total	<u>100.0%</u>	<u>\$8,687</u>

40
41

1 Big Sandy Rural Electric
 2 **Depreciation**
 3 December 31, 2004

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Exhibit 3
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4
 5 Witness: Alan Zumstein

	Dec 31, 2004	Proposed	Normalized	Test Year	Fully-
	<u>Balance</u>	<u>Rate</u>	<u>Expense</u>	<u>Expense</u>	<u>Depreciated</u>
9 Distribution plant:					
11 Station equipment	\$46,335	3.35%	1,552		
12 Poles, towers & fixtures	9,835,666	3.35%	329,495		
13 Overhead conductors & devices	8,666,635	3.35%	290,332		
14 Underground conduit	164,879	3.35%	5,523		
15 Underground conductor & devices	169,397	3.35%	5,675		
16 Line transformers	4,791,379	3.35%	160,511		
17 Services	3,359,128	3.35%	112,531		
18 Meters	1,367,606	3.35%	45,815		
19 Security lights	<u>1,722,841</u>	3.35%	<u>57,715</u>		
	<u>30,123,866</u>		<u>1,009,150</u>	<u>983,988</u>	
23 General plant:					
24 Land	50,000				
25 Structures and improvements	676,187	2.50%	16,905	16,878	
26 Office furn and eqt	292,156	7.00%	20,451	19,519	
27 Transportation	977,382	17.00%	98,161	89,475	399,967
28 Tools, shop and garage	76,051	6.00%	4,563	4,546	
29 Laboratory	130,381	6.00%	7,823	6,747	
30 Power operated	23,966	16.00%	0	0	23,966
31 Communications	55,395	8.00%	4,432	4,366	
32 Miscellaneous	<u>30,123</u>	6.00%	<u>1,807</u>	<u>1,825</u>	
	<u>2,311,641</u>		<u>154,141</u>	<u>143,356</u>	
37 Total electric plant	<u>\$32,435,507</u>		<u>\$1,163,291</u>	<u>\$1,127,344</u>	

38
 39

1 Big Sandy Rural Electric
 2 **Changes in electric plant**
 3 December 31, 2004

		31-Dec-2003		31-Dec-2004	
		<u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u>
8	362 Station equipment	-	46,335		46,335
9	364 Poles, towers and fixtures	9,548,526	430,699	143,559	9,835,666
10	365 Overhead conductor and devices	8,388,426	358,012	79,803	8,666,635
11	366 Underground conduit	131,751	33,515	387	164,879
12	367 Underground conductor and devices	154,690	14,707		169,397
13	368 Line transformers	4,568,858	238,643	16,122	4,791,379
14	369 Services	3,165,330	259,696	65,898	3,359,128
15	370 Meters	1,180,353	199,662	12,409	1,367,606
16	371 Security lights	1,687,858	87,240	52,257	1,722,841
17					
18	Subtotal distribution plant	<u>28,825,792</u>	<u>1,668,509</u>	<u>370,435</u>	<u>30,123,866</u>
19					
20	389 Land	50,000			50,000
21	390 Structures and improvements	676,187	0		676,187
22	391 Office furniture and equipment	265,998	29,310	3,152	292,156
23	392 Transportation equipment	834,527	265,279	122,424	977,382
24	394 Tools, shop and garage	75,772	604	325	76,051
25	395 Laboratory	98,585	31,796		130,381
26	396 Power operated	23,966	0		23,966
27	397 Communication	54,222	1,173		55,395
28	398 Miscellaneous	31,527	0	1,404	30,123
29					
30	Subtotal general plant	<u>2,110,784</u>	<u>328,162</u>	<u>127,305</u>	<u>2,311,641</u>
31					
32	Total electric plant in service	<u>\$30,936,576</u>	<u>\$1,996,671</u>	<u>\$497,740</u>	<u>\$32,435,507</u>
33					

Big Sandy Rural Electric
Changes in reserve for depreciation
 December 31, 2004

	31-Dec-2003	Accrual	Original Cost	Removal Cost	Prior Depreciation Gain/Loss Salvage	Net Charge	31-Dec-2004 Balance
Distribution plant	6,576,124	983,988	370,435	243,294	80,335	533,394	7,026,718
Land							
Structures and improvements	533,156	16,878				0	550,034
Office furniture and equipment	171,111	19,519			3,152	3,152	187,478
Transportation equipment	686,908	89,475			41,474	41,474	734,909
Tools, shop and garage	42,905	4,546			325	325	47,126
Laboratory	42,241	6,747				0	48,988
Power operated	25,589	0				0	25,589
Communication	9,771	4,366				0	14,137
Miscellaneous - Fieldhouse	21,749	1,825			1,404	1,404	22,170
Subtotal general plant	1,533,430	143,356	0	0	46,355	46,355	1,630,431
Retirement WIP	1,277			681		681	596
Total accumulated depreciation	\$8,108,277	\$1,127,344	\$370,435	\$242,613	\$126,690	\$579,068	\$8,656,553

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DEPRECIATION GUIDELINE CURVES

Average Annual Compounded Rate Of Growth Of Distribution Plant In Service (Percent) For At Least The Last 10 Years



Applicable To Distribution Borrowers With An Elapsed Age Since Energization Of At Least 20 Years

Reserve Ratio = Accumulated Provision For Depreciation On Distribution Plant Divided By Distribution Plant In Service.

Maximum Curve

Minimum Curve

Optimum Curve

25 R3 - 10% Salvage

30 R1 - 10% Salvage

35 R1 - 10% Salvage

Reserve Ratio - Percent

23.3%

Ratio Of Current Distribution Plant In Service To Distribution Plant In Service 10 Years Ago



1.6 B

1 Big Sandy Rural Electric
2 **Depreciation Guideline Curve**
3 December 31, 2004

Exhibit
Page
of

4
5 Witness: Alan Zumstein
6

7		Accumulated			Ratio of Current
8		Distribution	Deprec	Reserve	Distribution Plant
9	Year	Plant in	for	Ratio	to Distribution
10	<u>Ended</u>	<u>Service</u>	<u>Distribution</u>	<u>Ratio</u>	<u>Plant 10 Years Prior</u>
11					
12	2004	30,123,866	7,026,718	23.33%	1.68
13	2003	28,915,792	6,576,124	22.74%	1.71
14	2002	27,879,333	6,095,301	21.86%	1.75
15	2001	26,851,194	5,689,071	21.19%	1.75
16	2000	25,649,435	5,244,865	20.45%	1.76
17					
18	1994	17,918,130	4,104,907	22.91%	
19	1993	16,944,351	3,883,042	22.92%	
20	1992	15,926,680	3,679,649	23.10%	
21	1991	15,322,240	3,632,292	23.71%	
22	1990	14,584,191	3,390,338	23.25%	
23					
24					
25					
26					



Big Sandy Rural Electric Cooperative
 Analysis of Other Operating Taxes
 12 Months Ended

Exhibit 4
 Page 1 of 25
December 31, 2004

Exhibit
 page
 of

Line No.	Item (a)	Charged Expense (b)	Charged to Construction (c)	Charged to Other Accounts (d)	Amounts Accrued (e)	Amount Paid (f)
1.	Kentucky Retail:					
	(a) State Income					
	(b) Franchise Fees					
	(c) Ad Valorem	211,046	2,889		213,935	276,583
	(d) Payroll (Employer's Portion)	111,356	39,921		151,277	151,277
	(e) Other Taxes	17,172			17,172	17,299
2.	Total Retail (L1(a) through L1(e))	339,574	42,810	0	382,384	445,159
3.	Other Jurisdictions					
	Total Per Books (L2 and L3)	339,574	42,810	0	382,384	445,159

Allocation of property taxes for the test year:

Account No.	Description	Test Year	Percent	Adjustment
107.20	Construction work in progress	2,055	1%	33
163.00	Stores	834	0%	14
580.00	Overhead line	143,636	67%	2,331
586.00	Meter	7,625	4%	124
587.00	Consumer installation	30,190	14%	490
930.2	Miscellaneous general	29,595	14%	480
		213,935	100%	3,472

Accrued Property Taxes:

Balance December 31, 2003	62,688
Accrual	213,935
Payments	276,583
Balance December 31, 2004	40

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Page
of

Big Sandy Rural Electric Cooperative
Property Taxes
December 31, 2004

TAXING DISTRICT	<----- TAX YEAR 2003, YEAR ENDING 12/31/02 ----->				<----- TAX YEAR 2004, YEAR ENDING 12/31/03 ----->				INCREASE/ (DECREASE) IN TAXES
	REPORTED VALUE	CERTIFIED ASSESSMENT	TAX RATE	TAXES PAID	REPORTED VALUE	CERTIFIED ASSESSMENT	TAX RATE	TAXES PAID	
Breathitt County									
Tangible - County	16,254	16,254	0.1120	18.20	16,187	16,187	0.1120	18.13	(0)
Tangible - School	16,254	16,254	0.4070	66.15	16,187	16,187	0.4070	65.88	(0)
Tangible - Health	16,254	16,254	0.0400	6.50	16,187	16,187	0.0400	6.47	(0)
Tangible - Extension	16,254	16,254	0.0673	10.94	16,187	16,187	0.0673	10.89	(0)
Tangible - Library	16,254	16,254	0.0776	12.61	16,187	16,187	0.0776	12.56	(0)
Floyd County									
Tangible - County	5,351,787	5,351,787	0.1525	8,161.48	5,358,340	5,358,340	0.1500	8,037.51	(124)
Tangible - School	5,351,787	5,351,787	0.6070	32,485.35	5,358,340	5,358,340	0.5900	31,614.21	(871)
Tangible - Health	5,351,787	5,351,787	0.0400	2,140.71	5,358,340	5,358,340	0.0400	2,143.34	3
Tangible - Extension	5,351,787	5,351,787	0.0158	845.58	5,358,340	5,358,340	0.0530	2,839.92	1,994
Tangible - Library	5,351,787	5,351,787	0.0516	2,761.52	5,358,340	5,358,340	0.0171	916.28	(1,845)
Allen Fire District	106,279	106,279	0.1000	106.28	105,840	105,840	0.1000	105.84	(0)
Cow Creek Fire Distr	231,314	231,314	0.1000	231.31	230,357	230,357	0.1000	230.36	(1)
David Fire District	473,568	473,568	0.1000	473.57	471,609	471,609	0.1000	471.61	(2)
Garrett Fire District	378,229	378,229	0.1000	378.23	376,664	376,664	0.1000	376.66	(2)
Maytown Fire District	59,391	59,391	0.1000	59.39	59,146	59,146	0.1000	59.15	(0)
Middle Creek Fire District	378,229	378,229	0.1000	378.23	376,664	376,664	0.1000	376.66	(2)
Knott County									
Tangible - County	661,535	661,535	0.1340	886.46	656,808	656,808	0.1340	880.12	(6)
Tangible - School	661,535	661,535	0.3970	2,626.29	656,808	656,808	0.4310	2,830.84	204
Tangible - Library	661,535	661,535	0.0000	0.00	656,808	656,808	0.0000	0.00	0
Tangible - Health	661,535	661,535	0.0310	205.08	656,808	656,808	0.0310	203.61	(1)
Tangible - Extension	661,535	661,535	0.0258	170.68	656,808	656,808	0.0403	264.69	94
Tangible - Ambulance	661,535	661,535	0.0000	0.00	656,808	656,808	0.0000	0.00	0

page totals

52,024.57

51,464.74

(559.83)

Big Sandy Rural Electric Cooperative
 Property Taxes
 December 31, 2004

Exhibit
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 of

TAXING DISTRICT	<----- TAX YEAR 2003, YEAR ENDING 12/31/02 ----->				<----- TAX YEAR 2004, YEAR ENDING 12/31/03 ----->				INCREASE/ (DECREASE) IN TAXES
	REPORTED VALUE	CERTIFIED ASSESSMENT	TAX RATE	TAXES PAID	REPORTED VALUE	CERTIFIED ASSESSMENT	TAX RATE	TAXES PAID	
Johnson County									
Real estate - County	209,908	209,908	0.1050	220.40	193,031	193,031	0.1050	202.68	(18)
Real estate - School	209,908	209,908	0.1060	222.50	193,031	193,031	0.1254	242.06	20
Real estate - Conservation	209,908	209,908	0.0070	14.69	193,031	193,031	0.0070	13.51	(1)
Real estate - Extension	209,908	209,908	0.0218	45.76	193,031	193,031	0.0218	42.08	(4)
Real estate - Health	209,908	209,908	0.0400	83.96	193,031	193,031	0.0400	77.21	(7)
Real estate - Library	209,908	209,908	0.0540	113.35	193,031	193,031	0.0560	108.10	(5)
Tangible - Independent	244,713	244,713	0.7500	1,835.35	230,816	230,816	0.8160	1,883.46	48
Tangible - County	8,269,793	8,269,793	0.1290	10,668.03	8,293,879	8,293,879	0.1050	8,708.57	(1,959)
Tangible - School	8,184,988	8,184,988	0.4450	36,423.20	8,206,094	8,206,094	0.4950	40,620.17	4,197
Tangible - Health	8,269,793	8,269,793	0.0400	3,307.92	8,293,879	8,293,879	0.0400	3,317.55	10
Tangible - Extension	8,269,793	8,269,793	0.0218	1,802.81	8,293,879	8,293,879	0.0224	1,857.83	55
Tangible - Library	8,269,793	8,269,793	0.0805	6,657.18	8,293,879	8,293,879	0.0856	7,099.56	442
Lawrence County									
Tangible - County	736,784	736,784	0.2400	1,768.28	738,542	738,542	0.2674	1,974.86	207
Tangible - School	736,784	736,784	0.4230	3,116.60	738,542	738,542	0.4200	3,101.88	(15)
Tangible - Library	736,784	736,784	0.0931	685.95	738,542	738,542	0.1079	796.89	111
Tangible - Health	736,784	736,784	0.0300	221.04	738,542	738,542	0.0300	221.56	1
Tangible - Extension	736,784	736,784	0.0392	288.82	738,542	738,542	0.0433	319.79	31
Magoffin County									
Tangible - County	2,970	2,970	0.3700	10.99	2,957	2,957	0.5563	16.45	5
Tangible - School	2,970	2,970	0.4550	13.51	2,957	2,957	0.4570	13.51	(0)
Tangible - Library	2,970	2,970	0.0610	1.81	2,957	2,957	0.0727	2.15	0
Tangible - Health	2,970	2,970	0.0400	1.19	2,957	2,957	0.0500	1.48	0
Tangible - Extension	2,970	2,970	0.0955	2.84	2,957	2,957	0.0990	2.93	0
page totals				67,506.18				70,624.28	3,118.10

PROPERTY TAX STATEMENT PUBLIC SERVICE COMPANY

Exhibit 4 Page 6 of 25

Turn Payment To:

Bill No.

24.00

Sheriff John L. Turner
County Breathitt
Address 1137 Main Street
Jackson, Kentucky 41339

Assessment for 2003 Taxes

Date: 01/22/04

Address:

PAYMENT INSTRUCTIONS

Name: Big Sandy RECC

Street: 504 11th Street

City: Paintsville

State: Ky

Zip: 41240-1422

Attn: Sandra Shepherd

This statement for public service company property taxes is due and payable 30 days after notice. (KRS 136.050 (2)). No discount is allowable for early payment. If not paid within 30 days, a 10 percent penalty of plus a 10 percent sheriff add on fee (KRS 134.430(3)) of total tax and interest at the tax interest rate per KRS 131.183 per annum applies. Make payment to sheriff of county named on statement.

Table with 8 columns: Property Class-Rate Per \$ 100, Value, County, School, Special. Rows include County-Real Estate, Library-Real Estate, Health-Real Estate, Extension Service, School-Real Estate, and Totals By Taxing District.

Tony G. Watts
County Clerk

Total Tax 114.41

Payment Received By:

Penalty

(10 percent of total tax if not paid within 30 days 10 percent sheriffs add-on)

Sheriff/Deputy

Interest

(10 percent per annum

Date

if not paid within 30 days)

Any questions call 606-666-3805.

Total Tax, Penalty, and Interest

Handwritten notes: 10008, 01/22/04 - 021 104

Commonwealth of Kentucky
PROPERTY TAX STATEMENT

Rec'd & Mailed
 Exhibit 4
 Page 7 of 25
 10-7-04

PUBLIC SERVICE COMPANY

Payment to:

Sheriff JOHN K BLACKBURN
 County FLOYD
 Address PO BOX 152
PRESTONSBURG, KY 41653

BILL NUMBER 07

Assessment for 2004 Taxes

Date 10-07-2004

Name Big Sandy RECC
 Address Sandra Shepherd
504 11th St
Paintsville, Ky 41240

Payment Instructions

This statement for public service company property taxes is due and payable 30 days after notice (KRS 136.050(2)). No discount is allowable for early payment. If not paid within 30 days, a 10 percent penalty of total tax plus interest at 10 percent per annum applies. Make payment to sheriff of county named on statement.

Property Class - Rate Per \$100 Value

District	Real Estate Rate / Tang. Prop. Rat	Real Estate Value / Tang. Prop. Value	Real Estate Total	Tang. Prop. Tot
COUNTY	0.14000/ 0.15000	0.00/ 5358340.00	0.00	8,037.51
SCHOOL	0.59000/ 0.59000	0.00/ 5358340.00	0.00	31,614.21
HEALTH	0.04000/ 0.04000	0.00/ 5358340.00	0.00	2,143.34
LIBRARY	0.03600/ 0.05300	0.00/ 5358340.00	0.00	2,839.92
EXTENSION	0.01350/ 0.01710	0.00/ 5358340.00	0.00	916.28
SERVATION	0.01000/ 0.0000	0.00/ 5358340.00	0.00	0.00
ALLEN FIRE DISTRICT	0.10000/ 0.10000	0.00/ 105840.00	0.00	105.84
COW CREEK FIRE DISTRICT	0.10000/ 0.10000	0.00/ 230357.00	0.00	230.36
DAVID FIRE DISTRICT	0.10000/ 0.10000	0.00/ 471609.00	0.00	471.61
GARRETT FIRE DISTRICT	0.10000/ 0.10000	0.00/ 376664.00	0.00	376.66
MAYTOWN FIRE DISTRICT	0.10000/ 0.10000	0.00/ 59146.00	0.00	59.15
MIDDLE CREEK FIRE DISTRI	0.10000/ 0.10000	0.00/ 376664.00	0.00	376.66
TOTALS BY TAXING DISTRICT			0.00	47,171.54

Purchase Order _____

Rec'd by _____

Price & Extension _____

Payment Enclosed AS

G/P Check No. 30009

19.05
 posted to a/c 236.1 - 49,171.54 (FLOYD Co. 2004 Prop. Tax)

Signed 10012 10/07/04 - 10/12/04

County Clerk

Payment Received By _____

Sheriff

e _____ By _____

Deputy

TOTAL TAX 47,171.54
PENALTY (10% of total past 30 days) _____
INTEREST (10% per annum past 30 days) _____
TOTAL TAX, PENALTY AND INTEREST _____

COMMONWEALTH OF KENTUCKY
REVENUE CABINET
DEPARTMENT OF PROPERTY VALUATION
Public Service Branch
200 Fair Oaks Ln, 4th Fl, Station 32
Frankfort, Kentucky 40620
(502) 564-8175

Public Service Company Assessment
Certification
County Clerk.
The Revenue Cabinet certifies this
final assessment according to KRS
136.180. This assessment is
subject to all tax levies as
explained below.

Brenda Major, Director
Division of State Valuation
Department of Property Valuation

CERTIFICATION OF PUBLIC SERVICE COMPANY PROPERTY ASSESSMENT
FOR TAX YEAR 2003

COUNTY: FLOYD
TAXPAYER: BIG SANDY RECC
ADDRESS: SANDRA SHEPHERD
504 11TH ST
PAINTSVILLE, KY 41240-1422

CERTIFICATION DATE: 08/15/2003
GNC: 005710
TYPE CO: RECC

NAME OF TAX DISTRICT	REAL ESTATE	TANGIBLE PROPERTY	TOTAL ASSESSMENT FOR LOCAL TAX
COUNTY GENERAL	0.00	5,351,787.00	5,351,787.00
SCHOOL FLOYD COUNTY GENERAL	0.00	5,351,787.00	5,351,787.00
SPECIAL ALLEN FIRE DISTRICT	0.00	106,279.00	106,279.00
Commonwealth of Kentucky			231,314.00
PROPERTY TAX STATEMENT			473,568.00
PUBLIC SERVICE COMPANY			378,229.00
			59,391.00
			378,229.00

Return Payment to:
Sheriff JOHN K BLACKBURN
County FLOYD
Address PO BOX 152
PRESTONSBURG, KY 41653

BILL NUMBER 02

Assessment for 2003 Taxes Date 10-7-2003

Name Big Sandy RECC
Address Sandra Shepherd
504 11th St
Paintsville Ky 41240

Payment Instructions
This statement for public service company property taxes is due and payable 30 days after notice (KRS 136.050(2)). No discount is allowable for early payment. If not paid within 30 days, a 10 percent penalty of total tax plus interest at 10 percent per annum applies. Make payment to sheriff of county named on statement.

Property Class - Rate Per \$100 Value

District	Real Estate Rate / Tang. Prop. Rat	Real Estate Value / Tang. Prop. Value	Real Estate Total	Tang. Prop. Tot
COUNTY	0.145000 / 0.152500	0.00 / 5351787.00	0.00	8,161.48
SCHOOL	0.607000 / 0.607000	0.00 / 5351787.00	0.00	32,485.35
HEALTH	0.040000 / 0.040000	0.00 / 5351787.00	0.00	2,140.71
LIBRARY	0.034000 / 0.051600	0.00 / 5351787.00	0.00	2,761.52
EXTENSION	0.013500 / 0.015800	0.00 / 5351787.00	0.00	845.58
SERVATION	0.010000 / 0.000000	0.00 / 5351787.00	0.00	0.00
EN FIRE DISTRICT	0.100000 / 0.100000	0.00 / 106279.00	0.00	106.28
COW CREEK FIRE DISTRICT	0.100000 / 0.100000	0.00 / 231314.00	0.00	231.31
DAVID FIRE DISTRICT	0.100000 / 0.100000	0.00 / 473568.00	0.00	473.57
GARRETT FIRE DISTRICT	0.100000 / 0.100000	0.00 / 378229.00	0.00	378.23
MAYTOWN FIRE DISTRICT	0.100000 / 0.100000	0.00 / 59391.00	0.00	59.39
MIDDLE CREEK FIRE DISTRICT	0.100000 / 0.100000	0.00 / 378229.00	0.00	378.23

TOTALS BY TAXING DISTRICT 0.00 48,021.65

236.10

PUBLIC SERVICE COMPANY Exhibit 4
PROPERTY TAX STATEMENT Page 9 of 25
For County, School or Special Taxes

Return Payment to:
WILLIAM D WITTEN

City/County JOHNSON

Address SECOND ST.

PAINTSVILLE, KY 41240

Assessment for 2004 Taxes

Bill No. _____

Date 10 / 15 / 04

Address:
Name BIG SANDY RECC
SANDRA SHEPHERD
Street 504 11TH ST
PAINTSVILLE, KY 41240
City, State, ZIP Code _____

PAYMENT INSTRUCTIONS

This statement for public service company property taxes is due and payable 30 days after notice (KRS 136.050(2)). No discount is allowable for early payment. If not paid within 30 days, a 10 percent penalty plus a 10 percent sheriff's add-on fee (KRS 134.430(3)) of total tax and interest at the tax interest rate per KRS 131.183 per annum applies. Make payment to sheriff of county named on statement.

PROPERTY CLASS—Rate Per \$100 Value	Assessed Value	County Tax	School Tax	Special Tax
REAL ESTATE RATE <small>County .500 School .484</small> $400 \times .50 = 200$	193031	202.68 ✓	242.00 / 5	0000
TANGIBLE RATE <small>County .500 School .495</small>	8293879	8708.57 ✓	40620.17 ✓ / 8	206094
HEALTH REAL/TANG .04000 / .04000	193031 / + 8293879	-84,849 10		3394.76 ✓
EXTENSION .02180 / .02240	-193031 / + 8293879	$\times .02240$		1899.91 ✓
LIBRARY .05600 / .08560	193031 / 8293879			7207.66 ✓
CONSERVATION .00700 /	193031 /			13.51 ✓
INDEP SCHOOL .81600 / .81600	143031 /	87785	1883.46 /	
TOTALS BY TAXING DISTRICT		8911.25	42745.63	12515.84

Signed SALLEE HOLBROOK County Clerk
 Payment Received By _____ Sheriff
 Date _____ Deputy

TOTAL TAX	\$64172.72 ✓
PENALTY { 10 percent of total tax if not paid within 30 days	
FEE { 10 percent sheriff's add-on	
INTEREST { the tax interest rate per KRS 131.183 per annum if not paid within 30 days	
TOTAL TAX, PENALTY AND INTEREST	\$

If there is a question regarding this bill, please contact 30145 at ()

Commonwealth of Kentucky
61A255 (10-02)

**PUBLIC SERVICE COMPANY
PROPERTY TAX STATEMENT**
For County, School or Special Taxes

Return Payment to:

WILLIAM D WITTEN
City/County JOHNSON
Address SECOND ST.
PAINTSVILLE, KY 41240

Bill No. _____

Assessment for 2003 Taxes

Date 04/03/04

Address:

Name BIG SANDY RECC
SANDRA SHEPHERD
Street 504 11TH ST
City, State, ZIP Code PAINTSVILLE, KY 41240-1422

PAYMENT INSTRUCTIONS

This statement for public service company property taxes is due and payable 30 days after notice (KRS 136.050(2)). No discount is allowable for early payment. If not paid within 30 days, a 10 percent penalty plus a 10 percent sheriff's add-on fee (KRS 134.430(3)) of total tax and interest at the tax interest rate per KRS 131.183 per annum applies. Make payment to sheriff of county named on statement.

PROPERTY CLASS—Rate Per \$100 Value	Assessed Value	County Tax	School Tax	Special Tax
REAL ESTATE RATE County 10.50 School .44500	209908	✓ 220.40	✓ 222.50	✓ 50000
TANGIBLE RATE County 12.90 School .44500	8269793	✓ 10668.03	✓ 36423.20	✓ 8184988
HEALTH REAL/TANG .04000/.04000	209908/	8269793		✓ 3391.88
EXTENSION .02180/.02180	209908/	8269793		✓ 1848.57
LIBRARY .05400/.08050	209908/	8269793		✓ 6770.53
CONSERVATION .00700/	209908/			✓ 14.69
INDEF SCHOOL .75000/.75000	159908/	84805	✓ 1835.35	
TOTALS BY TAXING DISTRICT		10888.43	38481.05	12025.67

Signed Sallee Holbrook County Clerk
Payment Received By _____ Sheriff
Date _____ By _____ Deputy

TOTAL TAX	\$ 61395.15
PENALTY { 10 percent of total tax if not paid within 30 days	
FEE { 10 percent sheriff's add-on	
INTEREST { the tax interest rate per KRS 131.183 per annum if not paid within 30 days	
TOTAL TAX, PENALTY AND INTEREST	\$

If there is a question regarding this bill, please contact _____ at () _____

28822
TAXES 236.1-61,395.15 (2003 JANUARY)
10014 04/03/04 - 04/13/04

**PUBLIC SERVICE COMPANY
PROPERTY TAX STATEMENT**
For County, School or Special Taxes

Return Payment to: Ray E. Bolen
City/County: Knott
Address: P.O. Box 1170
Paintsville, Ky 41822

Bill No. _____
Date 08 OCT., 04

Address: BIG SANDY RECC
Name: SANDRA SHEPHERD
Street: 504 11TH ST
City, State, ZIP Code: PAINTSVILLE, KY 41240-1422

PAYMENT INSTRUCTIONS
This statement for public service company property taxes is due and payable 30 days after notice (KRS 136.050(2)). No discount is allowable for early payment. If not paid within 30 days, a 10 percent penalty of total tax plus interest at the tax interest rate per KRS 131.183 per annum applies. Make payment to sheriff of county named on statement.

PROPERTY CLASS—Rate Per \$100 Value	Assessed Value	County Tax	School Tax	Special Tax
REAL ESTATE RATE County School				
TANGIBLE RATE County 13.40 School 43.10	656,808.00	880.12	2,830.84	
TANGIBLE RATE - EXTENSION 4.03	656,808.00			264.69
HEALTH 3.10	656,808.00			203.61
TOTALS BY TAXING DISTRICT	656,808.00	880.12	2,830.85	468.30

Signed: Ken Gayhart County Clerk
Payment Received By _____ Sheriff
Date: 10/08/04 By 30030 Deputy

TOTAL TAX	\$4,179.26
PENALTY { 10 percent of total tax if not paid within 30 days	
INTEREST { the tax interest rate per KRS 131.183 per annum if not paid within 30 days	
TOTAL TAX, PENALTY AND INTEREST	\$

If there is a question regarding this bill, please contact _____ at () _____
3009 10/08/04 - 11/14/04

COMMONWEALTH OF KENTUCKY
REVENUE CABINET
DEPARTMENT OF PROPERTY VALUATION
Public Service Branch
200 Fair Oaks Ln, 4th Fl, Station 32
Frankfort, Kentucky 40620
(502) 564-8175

Public Service Company Assessment
Certification To County Clerk.
The Revenue Cabinet certifies this
final assessment according to KRS
136.180. This assessment is
subject to all tax levies as
explained below.

Brenda Major, Director
Division of State Valuation
Department of Property Valuation

CERTIFICATION OF PUBLIC SERVICE COMPANY PROPERTY ASSESSMENT
FOR TAX YEAR 2003

COUNTY: KNOTT

CERTIFICATION DATE: 08/15/2003

TAXPAYER: BIG SANDY RECC
ADDRESS: SANDRA SHEPHERD
504 11TH ST
PAINTSVILLE, KY 41240-1422

GNC: 005710
TYPE CO: RECC

NAME OF TAX DISTRICT	REAL ESTATE	TANGIBLE PROPERTY	TOTAL ASSESSMENT FOR LOCAL TAX
COUNTY GENERAL	0.00	661,535.00	661,535.00
SCHOOL KNOTT COUNTY GENERAL	0.00	661,535.00	661,535.00

Commonwealth of Kentucky
61A255 (12-99)

**PUBLIC SERVICE COMPANY
PROPERTY TAX STATEMENT**
For County, School or Special Taxes

Return Payment to

City/County

Address

Ray E. Below
P.O. Box 1170
Frankfort, KY 40622

Bill No. _____

Assessment for 20 03 Taxes

Date OCTOBER 10, 2003

Address: BIG SANDY RECC

Name SANDRA SHEPHERD

Street 504 11TH ST

City, State, ZIP Code PAINTSVILLE, KY 41240-1422

PAYMENT INSTRUCTIONS

This statement for public service company property taxes is due and payable 30 days after notice (KRS 136.050(2)). No discount is allowable for early payment. If not paid within 30 days, a 10 percent penalty of total tax plus interest at the tax interest rate per KRS 131.183 per annum applies. Make payment to sheriff of county named on statement.

PROPERTY CLASS—Rate Per \$100 Value	Assessed Value	County Tax	School Tax	Special Tax
REAL ESTATE RATE County School				
TANGIBLE RATE County 13.4 School 39.7	661,535.00	886.46	2,626.30	
TANGIBLE - EXTENSION 2.58	661,535.00			170.68
HEALTH 3.1	661,535.00			205.08
TOTALS BY TAXING DISTRICT	661,535.00	886.46	2,626.30	375.76

Signed *Ken Gayheart* County Clerk

Payment Received By _____ Sheriff

Date _____ By _____ Deputy

TOTAL TAX	\$ 3,888.52
PENALTY { 10 percent of total tax if not paid within 30 days	
INTEREST { the tax interest rate per KRS 131.183 per annum if not paid within 30 days	
TOTAL TAX, PENALTY AND INTEREST	\$

If there is a question regarding this bill, please contact _____ at () _____

PUBLIC SERVICE COMPANY Exhibit 4
PROPERTY TAX STATEMENT Page 13 of 25
For County, School or Special Taxes

Return Payment to:
GARRETT ROBERTS SHERIFF
//County LAWRENCE COUNTY
Address 122 SOUTH MAIN CROSS ST
LOUISA, KY 41230

Bill No. GNC 005710

Assessment for 20 04 Taxes

Date OCTOBER 11, 2004

Address:

Name BIG SANDY RECC
ATTN: SANDRA SHEPHERD
Street 504 11TH ST

City, State, ZIP Code PAINTSVILLE, KY 41240

PAYMENT INSTRUCTIONS

This statement for public service company property taxes is due and payable 30 days after notice (KRS 136.050(2)). No discount is allowable for early payment. If not paid within 30 days, a 10 percent penalty plus a 10 percent sheriff's add-on fee (KRS 134.430(3)) of total tax and interest at the tax interest rate per KRS 131.183 per annum applies. Make payment to sheriff of county named on statement.

PROPERTY CLASS--Rate Per \$100 Value	Assessed Value	County Tax	School Tax	Special Tax
REAL ESTATE RATE County School				
TANGIBLE RATE County 26.74 School 42.00	738,542.00	1974.86	3101.88	
EXTENSION R/E 3.00				
EXTENSION TANG 4.33	738,542.00			319.79
SOIL CONSERVATION R/E 1.20				
LIBRARY R/E 6.30				
LIBRARY TANG 10.79	738,542.00			796.89
HEALTH R/E & TANG 3.00	738,542.00			221.56
TOTALS BY TAXING DISTRICT		1974.86	3101.88	1338.24

Signed Chris Cole County Clerk
Payment Received By _____ Sheriff
Date _____ By _____ Deputy

TOTAL TAX	\$ 6414.98
PENALTY { 10 percent of total tax if not paid within 30 days	
FEE { 10 percent sheriff's add-on	
INTEREST { the tax interest rate per KRS 131.183 per annum if not paid within 30 days	
TOTAL TAX, PENALTY AND INTEREST	\$

If there is a question regarding this bill, please contact LAWRENCE COUNTY SHERIFF'S OFFICE at (606) 638-9873

30142
TAXES 65 256.10 - 6,414.98 (2004 amount)
C.C. [unclear]

COMMONWEALTH OF KENTUCKY
REVENUE CABINET
DEPARTMENT OF PROPERTY VALUATION
Public Service Branch
200 Fair Oaks Ln, 4th Fl, Station 32
Frankfort, Kentucky 40620
(502) 564-8175

Public Service Company Assessment
Certification To County Clerk.
The Revenue Cabinet certifies this
final assessment according to KRS
136.180. This assessment is
subject to all tax levies as
explained below.

Brenda Major, Director
Division of State Valuation
Department of Property Valuation

CERTIFICATION OF PUBLIC SERVICE COMPANY PROPERTY ASSESSMENT
FOR TAX YEAR 2003

COUNTY: LAWRENCE

CERTIFICATION DATE: 08/15/2003

TAXPAYER: BIG SANDY RECC
ADDRESS: SANDRA SHEPHERD
504 11TH ST
PAINTSVILLE, KY 41240-1422

GNC: 005710
TYPE CO: RECC

NAME OF TAX DISTRICT	REAL ESTATE	TANGIBLE PROPERTY	TOTAL ASSESSMENT FOR LOCAL TAX
COUNTY GENERAL	0.00	736,784.00	736,784.00
SCHOOL LAWRENCE COUNTY GENERAL	0.00	736,784.00	736,784.00

Commonwealth of Kentucky
61A255 (10-02)

PUBLIC SERVICE COMPANY
PROPERTY TAX STATEMENT
For County, School or Special Taxes

Return Payment to:
GARRETT ROBERTS
City/County LAWRENCE COUNTY SHERIFF
Address 122 S MAIN CROSS STREET
LOUISA, KY 41230

Bill No. _____
Date SEPT 22ND, 2003

Assessment for 2003 Taxes

Address: BIG SANDY RECC
SANDRA SHEPHERD
Name _____
Street 504 11TH ST
City, State, ZIP Code PAINTSVILLE, KY 41240-1422

PAYMENT INSTRUCTIONS

This statement for public service company property taxes is due and payable 30 days after notice (KRS 136.050(2)). No discount is allowable for early payment. If not paid within 30 days, a 10 percent penalty plus a 10 percent sheriff's add-on fee (KRS 134.430(3)) of total tax and interest at the tax interest rate per KRS 131.183 per annum applies. Make payment to sheriff of county named on statement.

PROPERTY CLASS—Rate Per \$100 Value	Assessed Value	County Tax	School Tax	Special Tax
REAL ESTATE RATE County 14.80 School 42.30				
TANGIBLE RATE County 24.00 School 42.30	736,784	1,768.28	3,116.60	
COUNTY EXTENSION SERVICE R/E 2.80				
COUNTY EXTENSION SERVICE TANG. 3.92	736,784			288.82
SOIL CONSERVATION DIST R/E 1.20				
PUBLIC LIBRARY DIST. R/E 5.60				
PUBLIC LIBRARY DIST. TANG. 9.31	736,784			685.95
PUBLIC HEALTH DIST. R/E & TANG. 3.00	736,784			221.03
LOUISA AREA FIRE & RESCUE DIST. 3.00				
TOTALS BY TAXING DISTRICT		1,768.28	3,116.60	1,195.80

Signed Chris Adair County Clerk
Payment Received By TAKSON Sheriff
Date 10/10/03 By 236.10 Deputy

TOTAL TAX	\$6080.68
PENALTY { 10 percent of total tax if not paid within 30 days	
FEE { 10 percent sheriff's add-on	
INTEREST { the tax interest rate per KRS 131.183 per annum if not paid within 30 days	
TOTAL TAX, PENALTY AND INTEREST	\$

If there is a question regarding this bill, please contact LAWRENCE CO SHERIFF'S OFFICE at (606) 638-9873

**PUBLIC SERVICE COMPANY
PROPERTY TAX STATEMENT**
FOR COUNTY, SCHOOL OR SPECIAL TAXES

MAGOFFIN COUNTY

Return Payment to:
Randall Jordan, Sheriff
P O Box 589
Salyersville Ky 41465

Assessment for 2004 Taxes Date 10-7 2004

Address. <u>BIG SANDY RECC</u>	PAYMENT INSTRUCTIONS This statement for public service company property taxes is due and payable 30 days after notice (KRS 136 050(2)) No discount is allowable for early payment. If not paid within 30 days, a 10 percent penalty of total tax plus interest at the tax interest rate per KRS 131 183 per annum applies. Make payment to sheriff of county named on statement.
Name <u>SANDRA SHEPHERD</u>	
Street <u>504 11TH ST</u>	
City, State, ZIP code <u>PAINTSVILLE, KY 41241-1422</u>	

PROPERTY CLASS-Rate Per \$100 Value	Assessed value	County Tax	School Tax	Special Tax
REAL ESTATE RATE County 29.9 School 45.5	-	-	-	-
TANGIBLE RATE County 55.63 School 45.7	2,957	16.45	13.51	
REAL ESTATE EXTENSION 7.6	-			-
TANGIBLE EXTENSION 9.9	2,957			2.93
REAL ESTATE & TANGIBLE HEALTH 5.0	2,957			1.48
REAL ESTATE LIBRARY 5.2	-			-
TANGIBLE LIBRARY 7.27	2,957			2.15
REAL ESTATE SOIL CONSV. 15	-			-
TOTALS BY TAXING DISTRICT		16.45	13.51	6.56

County Clerk Harden B. Arnett
 Sheriff _____
 Deputy _____

TOTAL TAX \$ 36.52
 10 percent of total tax if
PENALTY not paid with 30 days
 the tax interest rate per KRS131 183
 10 percent sheriff's add-on
INTEREST per annum if not paid within 30 days
TOTAL, TAX, PENALTY AND INTEREST.....

If there is a question regarding this bill, please contact Phoebe Arnett at (606) 349-2216

Purchase Order _____
 Rec'd by _____
 Price & Extension _____
 Payment Authorized _____
 G/F Check No. 30143
 TH K505 - 236.10 - 36.52 (2)
 10013 10/7/04 - 11/4/04 Mt. Vernon Co. TN

COMMONWEALTH OF KENTUCKY
REVENUE CABINET
DEPARTMENT OF PROPERTY VALUATION
Public Service Branch
200 Fair Oaks Ln, 4th Fl, Station 32
Frankfort, Kentucky 40620
(502) 564-3175

Public Service Company Assessment
Certification To County Clerk.
The Revenue Cabinet certifies this
final assessment according to KRS
136.180. This assessment is
subject to all tax levies as
explained below.

Brenda Major, Director
Division of State Valuation
Department of Property Valuation

CERTIFICATION OF PUBLIC SERVICE COMPANY PROPERTY ASSESSMENT
FOR TAX YEAR 2003

COUNTY: MAGOFFIN

CERTIFICATION DATE: 08/15/2003

TAXPAYER: BIG SANDY RECC

GNC: 005710

ADDRESS: SANDRA SHEPHERD

TYPE CO: RECC

504 11TH ST

PAINTSVILLE, KY 41240-1422

NAME OF TAX DISTRICT	REAL ESTATE	TANGIBLE PROPERTY	TOTAL ASSESSMENT FOR LOCAL TAX
COUNTY GENERAL	0.00	2,970.00	2,970.00
SCHOOL MAGOFFIN COUNTY GENERAL	0.00	2,970.00	2,970.00

COMMONWEALTH OF KENTUCKY
REVENUE CABINET
DEPARTMENT OF PROPERTY VALUATION
Public Service Branch
200 Fair Oaks Ln, 4th Fl, Station 32
Frankfort, Kentucky 40620
(502) 564-8175

Public Service Company Assessment Certification To County Clerk. The Revenue Cabinet certifies this final assessment according to KRS 136.180. This assessment is subject to all tax levies as explained below.

Brenda Major, Director
Division of State Valuation
Department of Property Valuation

CERTIFICATION OF PUBLIC SERVICE COMPANY PROPERTY ASSESSMENT
FOR TAX YEAR 2004

COUNTY: MARTIN CERTIFICATION DATE: 09/03/2004
TAXPAYER: BIG SANDY RECC GNC: 005710
ADDRESS: SANDRA SHEPHERD TYPE CO: RECC
504 11TH ST
PAINTSVILLE, KY 41240-1422

NAME OF TAX DISTRICT	REAL ESTATE	TANGIBLE PROPERTY	TOTAL ASSESSMENT FOR LOCAL TAX
COUNTY GENERAL	0.00	934,971.00	934,971.00
SCHOOL MARTIN COUNTY GENERAL	0.00	934,971.00	934,971.00

Commonwealth of Kentucky
61A255 (10-02)

PUBLIC SERVICE COMPANY
PROPERTY TAX STATEMENT
For County, School or Special Taxes

Return Payment to:
Sheriff Garmon D. Preece
City/County Martin
Address PO Box 407
Inez, KY 41224

Bill No. _____
Date January 7, 05

Address: Big Sandy RECC
Sandra Shepherd
Name _____
Street 504 11th Street
City, State, ZIP Code Paintsville, KY 41240-1422

PAYMENT INSTRUCTIONS
This statement for public service company property taxes is due and payable 30 days after notice (KRS 136.050(2)). No discount is allowable for early payment. If not paid within 30 days, a 10 percent penalty plus a 10 percent sheriff's add-on fee (KRS 134.430(3)) of total tax and interest at the tax interest rate per KRS 131.183 per annum applies. Make payment to sheriff of county named on statement.

PROPERTY CLASS—Rate Per \$100 Value	Assessed Value	County Tax	School Tax	Special Tax
REAL ESTATE RATE County School				
TANGIBLE RATE County .128 School .504	934,971.00	1196.77	4712.26	
Health Tang .035				327.24
Library Tang .0888				830.26
Ext Service Tang .0495				462.81
TOTALS BY TAXING DISTRICT		1196.77	4712.26	1620.31

Signed Carol Sue Mills County Clerk
Payment Received By _____ Sheriff
Date _____ By _____ Deputy

TOTAL TAX \$ 7529.34
PENALTY { 10 percent of total tax if not paid within 30 days }
FEE { 10 percent sheriff's add-on }
INTEREST { the tax interest rate per KRS 131.183 per annum if not paid within 30 days }
TOTAL TAX, PENALTY AND INTEREST \$

If there is a question regarding this bill, please contact Sheriff's Office at (606) 298-2828

COMMONWEALTH OF KENTUCKY
REVENUE CABINET
DEPARTMENT OF PROPERTY VALUATION
Public Service Branch
200 Fair Oaks Ln, 4th Fl, Station 32
Frankfort, Kentucky 40620
(502) 564-8175

Public Service Company Assessment
Certification to County Clerk.
The Revenue Cabinet certifies this
final assessment according to KRS
136.180. This assessment is
subject to all tax levies as
explained below.

Brenda Major, Director
Division of State Valuation
Department of Property Valuation

CERTIFICATION OF PUBLIC SERVICE COMPANY PROPERTY ASSESSMENT
FOR TAX YEAR 2003

COUNTY: MARTIN

CERTIFICATION DATE: 08/15/2003

TAXPAYER: BIG SANDY RECC
ADDRESS: SANDRA SHEPHERD
504 11TH ST
PAINTSVILLE, KY 41240-1422

GNC: 005710
TYPE CO: RECC

NAME OF TAX DISTRICT	REAL ESTATE	TANGIBLE PROPERTY	TOTAL ASSESSMENT FOR LOCAL TAX
COUNTY GENERAL	0.00	922,286.00	922,286.00
SCHOOL MARTIN COUNTY GENERAL	0.00	922,286.00	922,286.00

Commonwealth of Kentucky
61A255 (10-02)

PUBLIC SERVICE COMPANY
PROPERTY TAX STATEMENT
For County, School or Special Taxes

Return Payment to:
Garmon D. Preece
City/County Martin
Address PO Box 407
Inez, KY 41224

Bill No. _____
Date 12-03 .03

Address: Big Sandy RECC
Sandra Shepherd
Name _____
Street 504 11th Street
City, State, ZIP Code Paintsville, KY 41240-1422

Assessment for 2003 Taxes

PAYMENT INSTRUCTIONS

This statement for public service company property taxes is due and payable 30 days after notice (KRS 136.050(2)). No discount is allowable for early payment. If not paid within 30 days, a 10 percent penalty plus a 10 percent sheriff's add-on fee (KRS 134.430(3)) of total tax and interest at the tax interest rate per KRS 131.183 per annum applies. Make payment to sheriff of county named on statement.

PROPERTY CLASS—Rate Per \$100 Value	Assessed Value	County Tax	School Tax	Special Tax
REAL ESTATE RATE County School				
TANGIBLE RATE County .128 School .486	922,286.00	1,180.53	4,482.31	
Health Tang .035				322.80
Library Tang .0888				818.99
Ext Service Tang .045				415.03
TOTALS BY TAXING DISTRICT		1,180.53	4,482.31	1,556.82

Signed Carol Sue Mills County Clerk
Payment Received By _____ Sheriff
Date _____ By _____ Deputy

TOTAL TAX \$ 7,219.66
PENALTY { 10 percent of total tax if not paid within 30 days }
FEE { 10 percent sheriff's add-on }
INTEREST { the tax interest rate per KRS 131.183 per annum if not paid within 30 days }
TOTAL TAX, PENALTY AND INTEREST \$

If there is a question regarding this bill, please contact Sheriff's Office at (606) 298-2828

TAXES 05-236.10 - 7,219.66
10014 12/03/03 - 12/103

30395

TAXES 05 - 236.1 - 427.75 (2004 MORGAN Co. TAX)

VEN.# 10011 11/30/04 - 12/14/04

Commonwealth of Kentucky 61A255 (10-02)		PUBLIC SERVICE COMPANY PROPERTY TAX STATEMENT	
Return Payment to: Morgan Co. Sheriff PO Box 305 West Liberty, KY 41472		For County, School or Special Taxes	
Assessment for 2004 Taxes		Bill No. <u>2</u>	Date <u>11-30-04</u>
<p>PAYMENT INSTRUCTIONS</p> <p>This statement for public service company property taxes is due and payable 30 days after notice (KRS 136.050(2)). No discount is allowable for early payment. If not paid within 30 days, a 10 percent penalty plus a 10 percent sheriff's add-on fee (KRS 134.430(3)) of total tax and interest at the tax interest rate per KRS 131.183 per annum applies. Make payment to sheriff of county named on statement.</p>			
City, State, ZIP Code	PAINTSVILLE, KY 41240-1422	County Tax	School Tax
PROPERTY CLASS--Rate Per \$100 Value		Assessed Value	Special Tax
REAL ESTATE RATE	County 5.5 School 42.3	\$0.00	\$0.00
TANGIBLE RATE	County 5.5 School 42.6	\$28.85	\$227.12
LIBRARY REAL ESTATE	4.5 TANGIBLE -5-16-15-21	/	\$30.53
HEALTH REAL ESTATE	5.0 TANGIBLE 5.0		\$26.23
EXTENSION REAL ESTATE	7.27 TANGIBLE 12.07		\$80.93
AMBULANCE REAL ESTATE	6.5 TANGIBLE 6.5		\$34.09
SOIL CONSERVATION REAL ESTATE	1.7		\$0.00
TOTALS BY TAXING DISTRICT		\$28.85	\$227.12
Signed <u>Sandy Walker</u>	County Clerk	TOTAL TAX	\$427.75
Payment Received By	Sheriff	*PENALTY FEE	
By	Deputy	**INTEREST	
		TOTAL	
If there is a question regarding this bill, please contact <u>Mike Vey</u> at <u>(606) 743-3113</u>			
*10 Percent total tax if not paid within 30 days--10 percent sheriff's add-on			
**The tax interest rate per KRS 131.183 per annum if not paid within 30 days			

at (606) 743-3113
743-3349 AWA
743-3949 CLEARK

COMMONWEALTH OF KENTUCKY
REVENUE CABINET
DEPARTMENT OF PROPERTY VALUATION
Public Service Branch
200 Fair Oaks Ln, 4th Fl, Station 32
Frankfort, Kentucky 40620
(502) 564-8175

Public Service Company Assessment
Certification to County Clerk.
The Revenue Cabinet certifies this
final assessment according to KRS
136.180. This assessment is
subject to all tax levies as
explained below.

Brenda Major, Director
Division of State Valuation
Department of Property Valuation

CERTIFICATION OF PUBLIC SERVICE COMPANY PROPERTY ASSESSMENT
FOR TAX YEAR 2003

COUNTY: MORGAN

CERTIFICATION DATE: 08/15/2003

TAXPAYER: BIG SANDY RECC
ADDRESS: SANDRA SHEPHERD
504 11TH ST
PAINTSVILLE, KY 41240-1422

GNC: 005710
TYPE CO: RECC

NAME OF TAX DISTRICT	REAL ESTATE	TANGIBLE PROPERTY	TOTAL ASSESSMENT FOR LOCAL TAX
COUNTY GENERAL	0.00	52,671.00	52,671.00
SCHOOL MORGAN COUNTY GENERAL	0.00	52,671.00	52,671.00

Commonwealth of Kentucky 61A255 (10-02)		PUBLIC SERVICE COMPANY PROPERTY TAX STATEMENT For County, School or Special Taxes		
Return Payment to:		Bill No.	13	
Morgan Co. Sheriff		Date		
PO Box 305	Assesment for 20_03 Taxes			
West Liberty, KY 41472				
Address:	PAYMENT INSTRUCTIONS			
Name BIG SANDY RECC	This statement for public service company property taxes is due and payable			
SANDRA SHEPHERD	30 days after notice (KRS 136.050(2)). No discount is allowable for early			
Street 504 11TH ST	payment. If not paid within 30 days, a 10 percent penalty plus a 10 percent			
City, State, ZIP Code PAINTSVILLE, KY 41240-1422	sheriff's add-on fee (KRS 134.430(3)) of total tax and interest at the tax			
	interest rate per KRS 131.183 per annum applies. Make payment to sheriff of			
	county named on statement.			
PROPERTY CLASS--Rate Per \$100 Value	Assessed Value	County Tax	School Tax	Specials Tax
REAL ESTATE RATE County 5.5 School 42.3		\$0.00	\$0.00	
TANGIBLE RATE County 5.5 School 42.6	\$52,671.00	\$28.97	\$224.38	
LIBRARY REAL ESTATE 4.5 TANGIBLE 5.16				\$27.18
HEALTH REAL ESTATE 5.0 TANGIBLE 5.0				\$26.34
EXTENSION REAL ESTATE 7.27 TANGIBLE 12.07				\$63.57
AMBULANCE REAL ESTATE 6.5 TANGIBLE 6.5				\$34.24
SOIL CONSERVATION REAL ESTATE 1.7				\$0.00
TOTALS BY TAXING DISTRICT		\$28.97	\$224.38	\$151.33
Signed <i>Judy Wilkin</i> County Clerk		TOTAL TAX	\$404.68	
Payment Received By _____ Sheriff		*PENALTY FEE		
By _____ Deputy		**INTEREST		
		TOTAL		
If there is a question regarding this bill, please contact _____ at ()				
*10 Percent total tax if not paid within 30 days--10 percent sheriff's add-on				
**The tax interest rate per KRS 131.183 per annum if not paid within 30 days				

RD 12/1/03

2004 PROPERTY TAX BILL PO BOX 1588, PAINTSVILLE, KY 41240

CITY OF PAINTSVILLE	2004	PROPERTY TAX BILL	PO BOX 1588, PAINTSVILLE, KY 41240
PROPERTY CLASS	ASS. MENT	GENERAL FUND	SCHOOL FUND
Real Property	1578 143,031	225.70	
Tangible	1578 87,785	130.52	
TOTALS	230,016	364.22	

PROPERTY DESCRIPTION	BILL NUMBER
FRANCHISE TAX	1827
	ACCOUNT NO.

AMOUNT DUE IF	DATE PAID
TOTAL TAX	364.22
Paid by	12/15/04
Paid by	12/31/04
Paid by	12/31/04
Paid after	400.64
TOTAL AMOUNT PAID	→

2% DISCOUNT
 10% PENALTY

Purchase Order _____
 Paid by _____
 BIG SANDY RECC
 SANDRA SHEPHERD
 504 11th Street & Extension
 PAINTSVILLE, KY 41240-1422
 Payment Authorized _____

3/1/04 Check No. 30228
 Tax 05
 101027 11/16/04 - 11/16/04
 136.1 - 356.94 (2004 PAINTSVILLE TAX)

EXPLANATION OF NOTICE

NOTICE DATE 01/15/2004	PERIOD 01/01/2004-12/31/2004	CASE 000001000027	TAX RURAL COOPERATIVE TAX
NOTICE # 102911551	RETURN DUE 01/31/2004	TAXPAYER-ID 000001000	TAXPAYER NAME BIG SANDY RECC

ANNUAL RECC/RTCC ASSESSMENT FOR THE ABOVE PERIOD.

MESSAGES: KRS 279.200 PROVIDES FOR THE ANNUAL ASSESSMENT OF RURAL COOPERATIVE COMPANIES.

NOTICE REQUIREMENT FOR INTERNET POSTING

IF YOUR TAX LIABILITY REMAINS UNPAID FOR MORE THAN 90 DAYS AFTER THE DATE OF THIS ORIGINAL NOTICE, THE REVENUE CABINET MAY POST YOUR NAME AND THIS LIABILITY FOR PUBLIC INSPECTION, INCLUDING POSTINGS IN YOUR LOCAL NEWSPAPER AND/OR ON THE INTERNET. HOWEVER, IF YOU NOTIFY THE CABINET IN WRITING DURING THIS PERIOD OF ANY OF THE FOLLOWING, THE CABINET MUST EXCLUDE YOUR NAME FROM ANY PUBLIC POSTING:

1. YOU HAVE AN APPEAL PENDING OR INTEND TO FILE AN APPEAL PURSUANT TO 131.110 ET SEQ. WITH RESPECT TO THIS LIABILITY;
2. YOU ARE CURRENTLY PAYING THIS TAX LIABILITY THROUGH A VALID PAY AGREEMENT;
3. THE CABINET IS REVIEWING OR ADJUSTING THIS TAX LIABILITY;
4. YOU ARE IN BANKRUPTCY AND THE AUTOMATIC STAY IS STILL IN EFFECT.

ADDITIONALLY, YOUR NAME WILL BE EXCLUDED OR REMOVED FROM ANY PUBLIC POSTING IN THE EVENT THAT THE CABINET IS NOTIFIED OF YOUR DEATH.

28323

<<<< EXPLANATION OF NOTICE CONTINUED ON NEXT PAGE >>>>

2020

TAXS 06 236.1 - 10.00
1/15/04 - 1/20/04

DETACH VOUCHER AND RETURN WITH PAYMENT. MAKE CHECK PAYABLE TO KENTUCKY STATE TREASURER.

=====
=====

EXPLANATION OF NOTICE, CONTINUED
TAXPAYER ID: 000001000
NOTICE NUMBER: 102911551

Exhibit 4
Page 23 of 25

PAGE 2

YOU MAY MAIL YOUR NOTICE TO DIVISION OF COLLECTIONS,
P.O. BOX 491, FRANKFORT, KY 40602, OR E-MAIL IT TO
KRCINTERNETPOST@MAIL.STATE.KY.US.

TAX LIABILITY		TAX LIABILITY
		10.00
TOTAL LIABILITY		TOTAL LIABILITY
		10.00
TOTAL DUE AS OF: 01/29/2004	TOTAL AMOUNT OF TAX 10.00 TOT	BALANCE DUE
		10.00

ANY PROTEST MUST BE IN WRITING, STATING REASONS, AND BE FILED WITH THE REVENUE CABINET AT THE ADDRESS BELOW, BY 02/29/2004 OR YOU WILL LOSE ALL APPEAL RIGHTS.

IN ADDITION, A 25% COST OF COLLECTION FEE OF \$2.50 WILL BE ADDED TO TOTAL DUE IF NOT PAID OR PROTESTED BY 02/29/2004. (KRS 131.440)

IMPORTANT REMINDER: INCLUDE YOUR TAXPAYER IDENTIFICATION NUMBER, TYPE OF TAX, AND TAX PERIOD ON ANY PAYMENT OR LETTER SENT TO THE REVENUE CABINET. THIS ENABLES THE REVENUE CABINET TO CORRECTLY CREDIT YOUR ACCOUNT FOR THE TAX PERIOD AND TYPE TAX FOR WHICH YOU INTENDED.

REPLY TO: JUDY STEPHENSON
REVENUE CABINET
STATION NUMBER 62
200 FAIR OAKS 2ND FLOOR
FRANKFORT KY 40620

TEL: (502) 564-6823 EXTENSION 4760
FAX: (502) 564-2906
OFFICE HOURS: 8 A.M. TO 4:30 P.M. EASTERN TIME

NOTICE OF ASSESSMENT FOR PUBLIC SERVICE COMPANY

BIG SANDY RECC
SANDRA SHEPHERD
504 11TH ST
PAINTSVILLE, KY 41240-1422

GNC: 005710
TYPE CO: RECC
TAX ID: 610133681

This assessment is tentative. It will become final on 07/04/2003, 45 days from the notice date, unless protested. If written protest is not made within the 45 day period, a Notice of Tax Due for state taxes will be issued; no further remedies will be available regarding this assessment per KRS 134.590. DO NOT SEND PAYMENT UNTIL YOU HAVE RECEIVED A NOTICE OF TAX DUE. Local taxes will be billed directly by the local jurisdictions.

Date: 05/20/2003

Tax Year: 2003 TENTATIVE

PROPERTY CLASS	ASSESSMENT
STATE AND LOCAL	
Real Estate @ N/A <i>A/c 390.10</i> <i>A/c 389</i> <i>HEADQUARTERS / WAREHOUSE / PROPERTY</i>	209,908.00 ✓
*Tangible Property @ .45 <i>WERE 391-398, 154, 143</i>	16,014,080.00 ✓
Business Inventory @ .05	0.00
STATE TAX ONLY	
Foreign Trade Zone Tangible @ .001	0.00
Recycling Equipment @ .45	0.00
Manufacturing Machinery @ .15 <i>368</i>	3,066,850.00 ✓
Pollution Control Equipment @ .15	0.00
Telephonic Equipment @ .15	0.00
Business Inventory (MM) @ .05	0.00
Intangibles @ .25 <i>142.10, 171, 143, 143.3, 123.12</i>	2,737,057.00 ✓
Intangibles @ .015	0.00
TOTAL ASSESSMENT	\$ 22,027,895.00

*Excludes Motor Vehicles \$277,226.00

A PENALTY OF 0 % WILL BE ASSESSED ON TAXES DUE WHEN FINAL. A 10% penalty is for late filed returns per KRS 132.290(3). A 20% penalty is for omitted property per KRS 132.290(4).

NOTICE OF ASSESSMENT FOR PUBLIC SERVICE COMPANY

BIG SANDY RECC
SANDRA SHEPHERD
504 11TH ST
PAINTSVILLE, KY 41240-1422

GNC: 005710
TYPE CO: RECC
TAX ID: 610133681

This assessment is tentative. It will become final on 08/06/2004, 45 days from the notice date, unless protested. If written protest is not made within the 45 day period, a Notice of Tax Due for state taxes will be issued; no further remedies will be available regarding this assessment per KRS 134.590. DO NOT SEND PAYMENT UNTIL YOU HAVE RECEIVED A NOTICE OF TAX DUE. Local taxes will be billed directly by the local jurisdictions.

Date: 06/22/2004

Tax Year: 2004 TENTATIVE

PROPERTY CLASS	ASSESSMENT
STATE AND LOCAL	
Real Estate @ <i>N/A</i> <i>9/0 390.10</i> <i>9.0389</i>	193,031.00 ✓
*Tangible Property @ <i>.45</i> <i>WIRE 391-398, 154, 163</i>	16,054,137.00
Business Inventory @ .05	0.00
<hr/>	
STATE TAX ONLY	
Foreign Trade Zone Tangible @ .001	0.00
Recycling Equipment @ .45	0.00
Manufacturing Machinery @ .15 <i>368</i>	3,064,773.00 ✓
Pollution Control Equipment @ .15	0.00
Telephonic Equipment @ .15	0.00
Business Inventory (MM) @ .05	0.00
Intangibles @ .25 <i>142.10, 171, 173, 143.3, 123.22</i>	2,917,798.00 ✓
Intangibles @ .015	0.00
<hr/>	
TOTAL ASSESSMENT	<u>\$ 22,229,739.00</u> ✓

*Excludes Motor Vehicles @ \$274,751.00

A PENALTY OF 0 % WILL BE ASSESSED ON TAXES DUE WHEN FINAL. A 10% penalty is for late filed returns per KRS 132.290(3). A 20% penalty is for omitted property per KRS 132.290(4).

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Big Sandy Rural Electric
Interest on long term debt
December 31, 2004

Witness: Alan Zumstein

	Annualized Cost
RUS	92,921
FFB	121,484
CFC	<u>365,059</u>
	579,464
Test year interest expense	<u>528,275</u>
Adjustment	<u><u>51,189</u></u>

Witness: Alan Zumstein

Schedule of Outstanding Short-Term Debt
For the Test Year Ended **December 31, 2004**

Line No.	Type of Debt Instrument (a)	Date of Issue (b)	Date of Maturity (c)	Amount Outstanding (d)	Nominal Interest Rate (e)	Effective Interest Rate (f)	Annualized Cost Col (d)xCol (f) (g)
1							
2							0
3							
4							
5							
6							
7							
8	Total Short Term Debt			<u>0</u>			<u>0</u>
9							
10	Annualized cost Rate [Total Col. (g) + Total col. (d)]						<u>0.00%</u>
11							
12	Actual Interest Paid or Accrued on Short Term						
13	Debt during the Test Year [Report in col. (g) of this schedule]						<u>0</u>
14							
15	Average Short Term Debt - Format 1, Schedule 2						
16	Line 15 Col. (d) [Report in Col. (g) of this schedule]						<u>0</u>
17							
18	Test Year Interest Cost Rate [Actual Interest +						
19	Average Short Term Debt][Report in Col (f) of this schedule]						<u>0</u>
20							
21							

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Big Sandy Rural Electric Cooperative
Financial Accounting Standard No. 106
December 31, 2004
Witness: David Estepp

Exhibit
page
of

Big Sandy Rural Electric implemented Statement of Financial Accounting
Standard No. 106 (SFAS 106) as of January 1, 1994.

The journal entry to record the expense for the initial year of 1994 is as
follows:

	<u>Account</u>	<u>Debit</u>	<u>Credit</u>
Cumulative effect of change in			
accounting principle	435.10	\$600,331	
Accumulated provision for pensions			
and benefits	228.30		\$600,331

The updated study has been included with this response.

1 Big Sandy Rural Electric Cooperative
2 **Financial Accounting Standard No. 106**
3 December 31, 2004

5 Witness: Alan Zumstein

6

7				
8	Annual accrual per study			174,000
9				
10	Test year accrual			<u>98,000</u>
11				
12	Increase in accrual			<u><u>76,000</u></u>

13

14 Allocation of increase:

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17	107	Capitalization	26.47%	20,117
18	163	Clearing	5.04%	3,830
19	580	Operations	13.93%	10,587
20	590	Maintenance	16.18%	12,297
21	901	Consuemr accounts	16.76%	12,738
22	908	Customer service	1.83%	1,391
23	920	Administrative and genera	19.79%	<u>15,040</u>
24				
25			100.00%	<u><u>76,000</u></u>

26

27 The increase is based on actual test year accruals.

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ALAN M. ZUMSTEIN
CERTIFIED PUBLIC ACCOUNTANT

Exhibit 6
Page 3 of 11

1032 CHETFORD DRIVE
LEXINGTON, KENTUCKY 40509
(859) 264-7147

MEMBER:
AMERICAN INSTITUTE OF CPA'S
INDIANA SOCIETY OF CPA'S
KENTUCKY SOCIETY OF CPA'S
AICPA DIVISION FOR FIRMS

March 12, 2005

David Estep, Mgr of Finance & Administration
Big Sandy Rural Electric Cooperative
504 Eleventh Street
Paintsville, Kentucky 41240

Dear David:

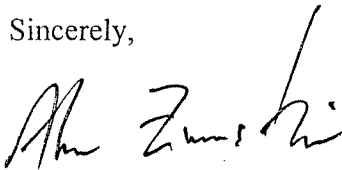
Please find enclosed the actuarial valuation results as of January 1, 2004 for Financial Accounting Standard No. 106 - Employers' Accounting for Postretirement Benefits Other than Pensions.

The annual accrual for 2005 should be \$174,000 starting when you receive this report.

The accrual for 2005 includes current service and interest costs and amortization of the actuarial gains and losses. The increase in accrual is due to several reasons, the first of which is health insurance premiums have increased at a higher rate, there are more retirees opting for dependent care coverage and people are living longer.

If you have any questions or would like to discuss these results, please give me a call.

Sincerely,



Alan M. Zumstein

**Big Sandy Rural Electric Cooperative
Medical Insurance Premiums**

FAS 106 Obligation as of January 1, 2004

A.	Accumulated Postretirement Benefit Obligations (APBO) as of January 1, 2004:	
	1. Actives not yet eligible	\$769,000
	2. Actives fully eligible	198,000
	3. Retirees and dependents	<u>663,000</u>
	4. Total APBO	1,630,000
B.	Future accruals	<u>1,256,000</u>
C.	Total Expected Postretirement Benefit Obligations (EPBO) (A4 + B)	<u>\$2,886,000</u>
D.	Reconciliation of Funded Status	
	1. Accrued Postretirement Benefit Cost	\$732,000
	2. Assets	<u>0</u>
	3. Funded Status = (D1 + D2)	732,000
	4. Unrecognized Transition Obligation	-
	5. Unrecognized (Gain) / Loss	898,000
	6. Unrecognized Prior Service Cost	-
	7. APBO	<u>1,630,000</u>
	(D3 + D4 + D5 + D6)	<u>\$1,630,000</u>

**Big Sandy Rural Electric Cooperative
Medical Insurance Premiums**

FAS 106 Obligation as of January 1, 2005

A.	Accumulated Postretirement Benefit Obligations (APBO) as of January 1, 2005:	
	1. Actives not yet eligible	\$848,000
	2. Actives fully eligible	202,000
	3. Retirees and dependents	<u>630,000</u>
	4. Total APBO	1,680,000
B.	Future accruals	<u>1,333,000</u>
C.	Total Expected Postretirement Benefit Obligations (EPBO) (A4 + B)	<u><u>\$3,013,000</u></u>
D.	Reconciliation of Funded Status	January 1, <u>2005</u>
	1. Accrued Postretirement Benefit Cost	\$659,000
	2. Assets	<u>0</u>
	3. Funded Status = (D1 + D2)	659,000
	4. Unrecognized Transition Obligation	-
	5. Unrecognized (Gain) / Loss	1,021,000
	6. Unrecognized Prior Service Cost	-
	7. APBO	<u>1,680,000</u>
	(D3 + D4 + D5 + D6)	<u><u>\$1,680,000</u></u>

**Big Sandy Rural Electric Cooperative
Medical Insurance Premiums**

FAS 106 Expense as of January 1, 2004

A. Accrued Postretirement Benefit Cost

1. Balance January 1, 2004	732,075
2. Accrual for 2004	98,000
3. Payout for 2004	<u>(171,055)</u>
4. Balance December 31, 2004	659,020
5. Accrual for 2005	174,000
6. Estimated payout for 2005	<u>(185,000)</u>
7. Estimated balance December 31, 2005	<u><u>648,020</u></u>

**Big Sandy Rural Electric Cooperative
Medical Insurance Premiums**

FAS 106 Expense as of January 1, 2004

A. Development of Actuarial (Gain)/Loss during 2001

1. Expected APBO as of December 31, 2003	\$732,000
2. Actual APBO as of January 1, 2004	<u>1,630,000</u>
3. Actuarial (gain)/loss as of January 1, 2004 = (2) - (1)	898,000
4. Unrecognized (gain)/loss as of December 31, 2004	<u>171,000</u>
5. Cumulative (gain)/loss = (3) + (4)	1,069,000
6. 10% corridor	<u>106,900</u>
7. (Gain)/Loss subject to amortization = (5) - (6)	962,100
8. Future working lifetime to expected retirement	<u>20</u>
9. Amortization of (gain)/loss = (7) / (8)	<u><u>\$48,105</u></u>

B. Amortization of Transition Obligation

1. Transition Obligation as of January 1, 1995	-
2. Number of years in amortization	<u>-</u>
3. Annual amortization	<u><u>-</u></u>

**Big Sandy Rural Electric Cooperative
Medical Insurance Premiums**

FAS 106 Expense as of January 1, 2004

FAS 106 Expense Components

1. Service cost	\$58,000
2. Interest cost	68,000
3. Expected return on assets	-
4. Amortization of transition obligation	-
5. Amortization of actuarial (gain) / loss	<u>48,000</u>
6. Total FAS 106 expense	<u><u>\$174,000</u></u>
7. Expected pay-as-you-go expense	<u><u>\$171,055</u></u>

**Big Sandy Rural Electric Cooperative
Medical Insurance Premiums**

FAS 106 Expense as of January 1, 2004

Alternate assumptions:

Impact on obligations and expense of a
health care cost trend increase of 1%

	Current Plan	Alternate Assumptions	% Change
APBO	1,630,000	1,860,000	14.1%
EPBO	2,886,000	3,250,000	12.6%
FAS 106 Expense	174,000	197,000	13.2%

FAS 106 Assumptions

Covered Groups

All eligible employees.

Eligibility

Employees who retire at age 62 and/or have 30 years of service.

Spouse

Big Sandy Rural Electric pays family medical coverage for retirees and their dependents.

Medicare

At age 65 retirees will commence with Medicare coverage.

Contributions

Big Sandy Rural Electric pays all of the medical premiums for employees and his/her surviving spouse or dependents.

Life Expectancies

Per annuity tables female employees can expect to live until age 78.2 and male employees can expect to live until age 73.8.

Retirement, withdrawals and mortality

Estimate that employees will retire at age 62 and will be replaced in the normal course of business.

Terminations

Rates vary by attained age for employees. Sample rates are as follows:

<u>Age</u>	<u>Rate</u>
20	15%
30	7%
40	3%
50	1%
60	0%

Dependents and future retirees

Presently 45% of retirees have dependent coverage.

Discount rate

6.5% per year.

Big Sandy Rural Electric Cooperative

FAS 106 Assumptions

Medical inflation rate 8% per year decreasing by 0.5% per year until 5.5% per year.

Computations of policy premiums Policyholders

Family	\$654.93
Single	\$304.14
Retiree	\$256.37

There are presently 41 full-time employees, of which 36 have dependent coverage and 5 have single coverage. There are 30 male employees and 11 female employees.

Eligibility classes Based on the employees, retirees and those on disability as of January 1, 2004 are as follows:

Actives not fully eligible	38
Actives fully eligible	3
Retirees and dependents	<u>13</u>
Total	<u><u>54</u></u>



1 Big Sandy Rural Electric
2 **Donations Account 426.00**
3 December 31, 2004
4 Witness: Alan Zumstein

Exhibit 7
Page 1 of 1

<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>
06/30-04	29080	KY Council of Coops	200.00	x Membership dues
02/02-04	28453	WMDJ Radio Station	175.00	x Kids Day at the Park
06/01-04	29056	American Cancer Society	1,674.00	x Relay for Life
07/20-04	29464	Floyd Co Emergency Rescu	100.00	x Donation
07/20-04	29465	Johnson Co Rescue	100.00	x Donation
02/17-04	28482	Stone Crest Golf Course	250.00	x Hole sponsor
04/05-04	28786	Flat Gap Elementary	25.00	x Year Book
05/11-04	28977	Flat Gap Elementary	25.00	x Accelerated Reader Store
07/02-04	29300	Stone Crest Golf Course	100.00	x Invitational
03/09-04	28611	Ramada Inn	79.00	x World Great Baby Shower
05/06-04	28960	Johnson Central HS	25.00	x FFA Banquet
02/17-04	28484	Bluegrass State Games	60.00	x Donation
04/20-04	28851	Gordan of Hope Baptist Ch	25.00	x Donation
05/01-04	28889	Duff Family Resource Ctr	100.00	x Be your Best
06/15-04	29169	East KY BOTW	12.50	x T-shirt
06/15-04	29172	Brittany Bailey	300.00	x Scholarship
07/20-04	29468	Tiffany Spurlock	300.00	x Scholarship
08/03-04	29574	Alena Nichols	300.00	x Scholarship
08/17-04	29637	Laura Cox	300.00	x Scholarship
08/17-04	29638	Immanuel Baptist Church	100.00	x Infant Resource Ctr in honor
10/14-04	30035	Calvary Baptist Church	100.00	x In memory Edna Browing
10/14-04	30036	Hardinsburg United Metodi	100.00	x In memory Burns Mercer mother
11/01-04	30098	Courtney Bertling	600.00	x Scholarship
11/01-04	30099	Brothers of the Wheel	50.00	x Unerprivileged Children
11/16-04	30230	Rice Masonic Lodge	50.00	x Donation
12/06-04	30351	DAR	80.00	x Donation
12/14-04	30406	Paintsville House of Prayer	25.00	x Kids Drive donation
12/16-04	30418	Peoples Bank of Fleming C	100.00	x Donation in memeoery of

5,355.50 x

Remove for rate making



1 Big Sandy Rural Electric
2 Professional Services
3 December 31, 2004
4

Exhibit
page
of

5 Witness: Alan Zumstein
6

7	Line	Rate	Annual			
8	<u>Number</u>	<u>Item</u>	<u>Case</u>	<u>Audit</u>	<u>Other</u>	<u>Total</u>
9						
10	1	Legal			44,420	44,420
11	2	Engineering				0
12	3	Accounting		6,751		6,751
13	4	Other				0
14						
15	5	Total	0	6,751	44,420	51,171
16						
17						
18						
19						

4
5 Witness: Alan Zumstein

6
7 Legal

8	<u>Date</u>	<u>Check</u>	<u>Payee</u>	<u>Amount</u>	<u>Hours &</u>	<u>Description</u>
9		<u>Number</u>			<u>Bill Rate</u>	
10						
11						
12	04/01-04	28689	East KY Power Coop	2,093.48		x Health insurance premium
13	08/01-04	29492	East KY Power Coop	2,093.48		x Health insurance premium
14	02/01-04	28356	East KY Power Coop	2,093.48		x Health insurance premium
15	01/01-04	28182	East KY Power Coop	2,093.48		x Health insurance premium
16	07/01-04	29212	East KY Power Coop	2,093.48		x Health insurance premium
17	06/01-04	29047	East KY Power Coop	2,093.48		x Health insurance premium
18	03/01-04	28515	East KY Power Coop	2,093.48		x Health insurance premium
19	05/01-04	28886	East KY Power Coop	2,093.48		x Health insurance premium
20	11/01-04	30082	East KY Power Coop	1,697.88		x Health insurance premium
21	10/01-04	29894	East KY Power Coop	2,093.48		x Health insurance premium
22	09/01-04	29681	East KY Power Coop	2,093.48		x Health insurance premium
23	12/01-04	30257	East KY Power Coop	1,046.74		x Health insurance premium
24						
25	04-01-04	28725	NRECA	51.66		x Life insurance premiums
26	08/01-04	29496	NRECA	51.66		x Life insurance premiums
27	02/01-04	28358	NRECA	51.66		x Life insurance premiums
28	01/01-04	28185	NRECA	51.66		x Life insurance premiums
29	07/02-04	29271	NRECA	51.66		x Life insurance premiums
30	06/01-04	29049	NRECA	51.66		x Life insurance premiums
31	03/01-04	28517	NRECA	51.66		x Life insurance premiums
32	05/01-04	28878	NRECA	51.66		x Life insurance premiums
33	11/01-04	30086	NRECA	25.83		x Life insurance premiums
34	10/01-04	29906	NRECA	51.66		x Life insurance premiums
35	09/03-04	29735	NRECA	51.66		x Life insurance premiums
36	12/01-04	30259	NRECA	25.83		x Life insurance premiums
37						
38						
39	04/01-04	28692	Ohio Nat'l Life Ins Co	334.82		x Life insurance premiums
40	01/05-04	28243	Ohio Nat'l Life Ins Co	334.82		x Life insurance premiums
41	07/01-04	29215	Ohio Nat'l Life Ins Co	334.82		x Life insurance premiums
42	10/01-04	29900	Ohio Nat'l Life Ins Co	44.97		x Life insurance premiums
43						
44	04/01-04	28697	Willis of Tennessee, Inc.	97.06		x Specific Stop Loss insurance
45	02/01-04	28363	Willis of Tennessee, Inc.	97.06		x Specific Stop Loss insurance
46	01/01-04	28191	Willis of Tennessee, Inc.	97.06		x Specific Stop Loss insurance
47	07/01-04	29220	Willis of Tennessee, Inc.	97.06		x Specific Stop Loss insurance
48	06/01-04	29055	Willis of Tennessee, Inc.	97.06		x Specific Stop Loss insurance
49	03/01-04	28524	Willis of Tennessee, Inc.	97.06		x Specific Stop Loss insurance
50	05/01-04	28887	Willis of Tennessee, Inc.	97.06		x Specific Stop Loss insurance
51	08/01-04	29494	Independent Agents, Inc	97.06		x Specific Stop Loss insurance
52	11/01-04	30084	Independent Agents, Inc	48.53		x Specific Stop Loss insurance
53	10/01-04	29897	Independent Agents, Inc	97.06		x Specific Stop Loss insurance
54	09/01-04	29683	Independent Agents, Inc	97.06		x Specific Stop Loss insurance
55	12/01-04	30272	Independent Agents, Inc	48.53		x Specific Stop Loss insurance

4
5 Witness: Alan Zumstein

6
7 **Legal**

8	9	10	11	12	13	14
	<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Hours & Bill Rate</u>	<u>Description</u>
56	01/16-04	28313	Enchanted World Travel	323.20		NRECA Annual mtg airfare
57	08/03-04	29529	KY Assoc of Electric Coc	30.00	x	Preston Congressional Breakfast fee
58	10/05-04	29947	NRECA	86.00		Subscription to RE magazine
59	05/04-04	28910	East KY Power Coop	188.44	x	Preston Energy Management conference
60	06/03-04	29105	RCCU Visa	41.25	x	Preston meal Congressional Breakfast
61	03/04-04	28590	RCCU Visa	475.00	x	Preston NRECA registration Annual Mtg
62	03/04-04	28590	RCCU Visa	475.00		Burchett NRECA registration Annual Mtg
63	04/05-04	28772	RCCU Visa	720.19		Burchett motel NRECA Annual mtg
64	04/05-04	28772	RCCU Visa	783.56	x	Preston motel NRECA Annual mtg
65	05/11-04	28973	RCCU Visa	510.67	x	Preston motel Congressional Breakfast
66	06/03-04	29105	RCCU Visa	133.37	x	Preston meal Congressional Breakfast
67	06/03-04	29105	RCCU Visa	283.96	x	Preston motel Congressional Breakfast
68	07/13-04	29433	Fleming Mason Energy	50.00	x	Benefit Golf Tournament
69	12/06-04	30340	RCCU Visa	100.00	x	Christmas gift
70	01/05-05	30521	RCCU Visa	89.25		KAEC annual meeting registration
71	01/05-05	30521	RCCU Visa	142.94		KAEC annual meeting hotel

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73
74 **Scott Preston**

75	05/01-04	28882		500.00	x	Retainer
76	02/18-04	28491		400.00	x	NRECA Annual meeting
77	03/01-04	28522		500.00	x	Retainer
78	02/03-04	28410		300.00	x	Energy Management Conference
79	02/01-04	28362		500.00	x	Retainer
80	08/01-04	29500		500.00	x	Retainer
81	07/01-04	29219		500.00	x	Retainer
82	03/04-04	28577		421.79	x	Expenses NRECA Annual meeting
83	04/01-04	28695		500.00	x	Retainer
84	03/08-04	28610		223.40	x	Airfare, NRECA Annual meeting
85	06/01-04	29054		500.00	x	Retainer
86	05/04-04	28932		400.00	x	Congressional Breakfast
87	05/06-04	28955		370.82	x	Expenses, Congressional Breakfast
88	10/01-04	29903		500.00	x	Retainer
89	09/01-04	29687		500.00	x	Retainer

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1 Big Sandy Rural Electric
2 **Compensation of Professional Services**
3 December 31, 2004
4

Exhibit 8
Page 5 of 11
Exhibit
page
of

5 Witness: Bobby Sexton
6

7 **Legal**
8

9 Attorneys are paid a monthly retainer for work performed during the month, as
10 well as, attending the monthly Board of Directors meetings. Expenses are also
11 paid for attending legal seminars for Cooperative business.
12

13 Other legal services are provided as needed.
14

15 Attached is the Board policy on Attorney compensation.
16

17 During 2004, there were two (2) Cooperative attorneys who both attended
18 monthly Board of Director meetings. Attorney Preston passed away during
19 2004. There are no plans to replace Mr. Preston.
20

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24 **Accounting and Auditing**
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26 Attached is a copy of the audit agreement for the latest audit as of December 31,
27 2004, which was performed by W. Dudley Schryock, CPA.
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29 Alan Zumstein, CPA, also performs miscellaneous accounting and rate work as
30 needed on an hourly basis.
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**BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION
POLICY STATEMENT NO. 400-005
SECTION D**

SUBJECT: **FUNCTIONS AND COMPENSATION OF
COOPERATIVE ATTORNEYS**

- PURPOSE:**
- A. To recognize the need for continuing legal guidance and counsel in the regular and special activities of the Cooperative, to insure maximum protection of the legal rights of the Cooperative, and to maintain operational conformity to the limitations prescribed by law.
 - B. To provide for the functions of the legal consultant employed as the regular Cooperative Attorney(s) or a monthly retainer fee basis and for additional counsel as required from time to time.

POLICY: It shall be the policy of Big Sandy RECC to maintain a continuing relationship with the Attorney or firm of attorneys for the purpose of procuring the necessary legal assistance and advice to protect the corporate interests of the Cooperative.

The Board of Directors shall designate the Cooperative Attorney(s) upon the recommendation of the President/General Manager.

FUNCTIONS: The services required of the Attorney(s) will vary in nature and extent according to the conditions and problems that arise. These services can be divided into routine and special services.

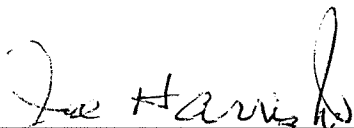
- A. Routine services shall be rendered on an annual retainer fee basis and shall include the following:
 - 1. Attendance at regular and special Board Meetings, or meetings of committees of the Board, when requested by the Board or President/General Manager.
 - 2. Review of minutes of all Board Meetings, regular or special, to check conformity with the bylaws and applicable state and federal law and regulations.

3. Review of minutes, resolutions, bylaw amendments, notice of meetings, and review of the proceedings of the Annual Meeting of Members, or of Special Meeting of Members, and attending such meetings to be available for consultation and participation if events warrant.
 4. Normal assistance and advice on tax matters, including reports and claims for exemption.
 5. Review and legal approval of contracts and other documents as to form, substance and execution.
 6. Miscellaneous letters and legal matters of a Minor nature not requiring an unusual amount of time, study and attention.
 7. Advice and consultation concerning Miscellaneous matters of cooperative business, including policy and personnel actions, as requested by the Board or President/General Manager.
 8. Attendance at association meetings pertaining to The activities of the Cooperative where special services are not required, and the choice of attending is left to the discretion of the attorney(s).
 9. Handling of loan documents and mortgages.
- B.
1. Attorney(s) may be requested by the Board of Directors to attend legal seminars, NRECA Annual Meetings and Regional Meetings. Such Meetings shall be compensated for at the rate of \$200.00 per day plus expenses. Expenses shall be reimbursed as described in Policy No. 400-010.
 2. Routine services shall be compensated for and Included in the retainer fee of \$500.00 per month. This amount shall become effective January 1, 1997.

3. The following benefits will be paid 100% of the Premium cost.
 - (1) Group medical and hospitalization Insurance.
 - (2) Business travel accident insurance.
 - (3) Life insurance.
 - (4) Effective January 19, 2001 life insurance and group medical/hospital insurance will be paid at 100% only for Cooperative Attorneys retained before 2001. All Attorneys retained for the first time subsequent to 1/19/01 are not entitled to these insurance benefits.

RESPONSIBILITY: The Board of Directors.

SOURCE: REVISED January 15, 1988
 REVISED June 17, 1994
 REVISED October 16, 1996
 REVISED January 19, 2001
 REVISED February 16, 2001
 REVISED November 16, 2004



Joe W. Harris, Jr., Secretary

W. DUDLEY SHRYOCK, CPA, PSC
CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 542
145 COLLEGE STREET
LAWRENCEBURG, KY 40342
(502) 839-8112

MEMBER AICPA

MEMBER KY SOCIETY
OF CPA'S

November 22, 2004

Bobby Sexton, President and General Manager
Big Sandy Rural Electric Cooperative
504 Eleventh Street
Paintsville, Kentucky 41240

Dear Mr. ^{Sexton}~~Davis~~:

This will confirm our understanding of the arrangements for my audit of the financial statements for the year ended December 31, 2004.

I will audit the Corporation's balance sheet as of December 31, 2004, and the related statements of revenue and patronage capital and cash flows for the year then ended, for the purpose of expressing an opinion on them. The financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on the financial statements based on my audit.

I will conduct my audit in accordance with generally accepted auditing standards. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit will provide a reasonable basis for my opinion.

My procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected customers, creditors, legal counsel and banks. At the conclusion of my audit, I will request certain written representations from you about the financial statements and matters related thereto.

In accordance with the requirements of the Rural Utilities Service (RUS), I assure you of the following:

- The audit is being performed as a requirement of RUS security instrument and any violation of RUS audit requirements shall place the RUS borrower in technical default of the RUS security instrument.

Bobby Sexton, President and General Manager
Big Sandy Rural Electric Cooperative
Page two

- The Auditor's Report will be signed by me, a certified public accountant in good professional standing with the state licensing board.
- I will comply with generally accepted government auditing standards, the rules and regulations of professional conduct promulgated by the accountancy board of the state of Kentucky and the Code of Professional Ethics of the American Institute of CPAs.
- I am independent as defined and interpreted by the Professional Ethics Division of the AICPA and as defined by 7 CFR 1773.4 (b).
- I belong to an approved peer review program (Private Companies Practice Section) and have received an unqualified opinion within three years of the "as of" date of the audit.
- The audit will be performed and the Auditor's Report, report on compliance, report on internal controls and management letter will be performed in accordance with requirements of RUS, will comply with generally accepted auditing standards and will be submitted to the Board of Directors within three months of the "as of" audit date.
- Audit work papers will be made available to RUS, Office of Inspector General (OIG) and the General Accounting Office (GAO). RUS, OIG or GAO may photocopy all audit and compliance workpapers as requested.
- I will disclose all disallowance's resulting from testing performed as set forth in 7 CFR 1773.40 and will follow the requirements of reporting irregularities and illegal acts outlined in 7 CFR 1773.7.
- I will report audit findings to the Board of Directors as required by 7 CFR 1773.25.

My audit is subject to the inherent risk that material errors and irregularities, including fraud or defalcations, if they exist, will not be detected. However, I will inform you of irregularities that come to my attention.

Bobby Sexton, President and General Manager
Big Sandy Rural Electric Cooperative
Page three

Fees for these services will be \$6,500. Invoices will be submitted as work progresses, and are payable on presentation. Should any situation arise that would materially increase this fee, I will, of course, notify you.

I am pleased to have this opportunity to serve you.

If this letter correctly expresses your understanding of these arrangements, please indicate your approval by signing the enclosed copy and returning to me. I have also included a Certification of Debarment and Suspension as required for audits of RUS borrowers.

Sincerely,



W. Dudley Shryock, CPA

Approved:

By:  _____

Date: 12-22-04



Big Sandy Rural Electric
 Director Fees and Expenses
 December 31, 2004
 Witness: Bobby Sexton
 Witness: Alan Zumstein

Exhibit
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	Regular Board Mtg	Other Board Mtg	Per Diem	Mileage	Air Fare	Meeting Fees	Hotel	Meals	Health Insurance	Misc Expenses Include	Misc Expenses Exclude	Total
May, Wade	3,600	500	2,200	627	656	1,635	1,370	555	0	25	0	11,168
Wallen, Danny	3,600	500	800	123	323	475	333	123	0	0	0	6,277
Harris, Joe	3,600	500	5,800	184	653	1,844	1,681	456	9,429	25	0	24,172
Maxey, William	3,600	300	4,600	215	656	2,539	3,658	980	9,429	0	0	25,977
Stapleton, Ervin	3,600	300	0	75	0	0	0	0	0	0	0	3,975
Davis, Greg	3,600	300	3,400	299	323	1,835	2,305	602	0	0	0	12,664
Moore, Robert	3,600	300	4,200	142	333	2,064	1,415	559	0	0	0	12,613
General expenses	0	0	0	0	0	0	0	1,518	0	6,889	0	8,407
Total	25,200	2,700	21,000	1,665	2,945	10,393	10,763	4,792	18,858	6,939	0	105,254
Adjustment to remove:												
Per diems			21,000									21,000
Health insurance premiums									18,858			18,858
Congressional breakfast												
Harris, Joe											1,311	1,311
Maxey, William											1,906	1,906
Davis, Greg											1,791	1,791
Moore, Robert											1,352	1,352
Total to remove												46,218

Big Sa... Rural Electric
Danny Wallen
 December 31, 2004
 Witness: Bobby Sexton

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Date	Check Number	Payee	Explanation	Regular Bd.Mtg	Other Bd.Mtg	Per Diem	Mileage	Air Fare	Meeting Fees	Hotel	Meals	Total
01/13-04	28306			300.00			7.20					307.20
01/16-04	28313	Enchanted Travl	NRECA Annual mtg	300.00			8.88	323.20				323.20
02/18-04	28478					800.00						308.88
02/18-04	28494	Visa	NRECA Annual mtg						475.00		31.73	800.00
03/04-04	28590			300.00			8.88					506.73
03/16-04	28641											308.88
04/05-04	28772	Visa	NRECA Annual mtg							333.08	91.06	424.14
04/13-04	28827			300.00			8.88					308.88
05/18-04	28997			300.00			8.88					308.88
05/24-04	29025				300.00		8.88					308.88
06/15-04	29165		Annual meeting	300.00			8.88					308.88
07/13-04	29428			300.00			8.88					308.88
08/17-04	29628			300.00			8.88					308.88
08/24-04	29670				200.00		8.88					208.88
09/14-04	29829		Negotiating committee mtg	300.00			8.88					308.88
10/12-04	30013			300.00			8.88					308.88
11/09-04	30188			300.00			8.88					308.88
12/14-04	30401			300.00			8.88					308.88
				3,600.00	500.00	800.00	122.64	323.20	475.00	333.08	122.79	6,276.71

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Big Sand, ...ral Electric
 Joe W. Harris, Jr.
 December 31, 2004
 Witness: Bobby Sexton

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Check Number	Date	Payee	Explanation	Regular Bd.Mtg	Other Bd.Mtg	Per Diem	Mileage	Air Fare	Meeting Fees	Hotel	Meals	Health Ins	Misc Expense Include	Exclude	Total
28182	01/01-04	EKPC	Health ins premiums									721.17			721.17
28185	01/01-04	NRECA	Medical admin fee									24.75			24.75
28291	01/13-04			300.00			10.80								310.80
28313	01/16-04	Enchanted Tra	NRECA annual meeting					320.20							320.20
28343	01/21-04	Enchanted Tra	NRECA Directors Conf					332.90							332.90
28356	02/01-04	EKPC	Health ins premiums									721.17			721.17
28358	02/01-04	NRECA	Medical admin fee									24.75			24.75
28389	02/03-04	NRECA	Energy Management conference			600.00									600.00
28406	02/03-04	NRECA	NRECA director training						100.00						100.00
28446	02/10-04	NRECA	Mgt Quarterly subscription				13.32						25.00		25.00
28469	02/17-04			300.00											300.00
28489	02/11-04		NRECA annual meeting			800.00									800.00
28515	03/01-04	EKPC	Health ins premiums									721.17			721.17
28517	03/01-04	NRECA	Medical admin fee									24.75			24.75
28533	03/01-04		Chamber Day dinner			200.00									200.00
28590	03/04-04	Visa	KAEC board meeting								51.46				51.46
28590	03/04-04	Visa	NRECA Directors Conf						475.00	154.99	40.64				670.63
28632	03/16-04						13.32								13.32
28670	03/24-04		NRECA Directors Conf	300.00		1,000.00									1,000.00
28689	04/01-04	EKPC	Health ins premiums									721.17			721.17
28725	04/01-04	NRECA	Medical admin fee									24.75			24.75
28772	04/05-04	Visa	NRECA annual meeting							221.35	91.06				312.41
28809	04/13-04			300.00			13.32								313.32
28878	05/01-04	NRECA	Medical admin fee												24.75
28886	05/01-04	EKPC	Health ins premiums									24.75			24.75
28910	05/04-04	EKPC	Energy Management Conference						90.00			721.17			721.17
28910	05/04-04	EKPC	Health ins premiums												90.00
28912	05/04-04		Congressional Breakfast												235.13
28922	05/04-04		NRECA Directors Conf			800.00									800.00
28929	05/04-04	NRECA	NRECA Directors Conf			600.00									600.00
28973	05/11-04	Visa	Congressional breakfast												725.00
28973	05/11-04	Visa	NRECA Directors Conf							283.96	131.79				283.96
28989	05/18-04			300.00			13.32			464.97					596.76
29019	05/24-04		Annual meeting		300.00										313.32
29047	06/01-04	EKPC	Health ins premiums									721.17			721.17
29049	06/01-04	NRECA	Medical admin fee									24.75			24.75
29105	06/03-04	Visa	Congressional breakfast							141.98	54.97				196.95
29150	06/14-04		EKPC annual meeting			400.00									400.00

Big San...rual Electric
 Joe W. Harris, Jr.
 December 31, 2004
 Witness: Bobby Sexton

Exhibit
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	Date	Check Number	Payee	Explanation	Regular Bd.Mtg	Other Bd.Mtg	Per Diem	Mileage	Air Fare	Meeting Fees	Hotel	Meals	Health Ins	Misc Expense Include	Misc Expense Exclude	Total
48	06/15-04	29158			300.00			13.32					721.17			313.32
49	07/01-04	29212	EKPC	Health ins premiums									24.75			721.17
50	07/02-04	29271	NRECA	Medical admin fee	300.00			13.32					24.75			24.75
51	07/13-04	29419														313.32
52	08/01-04	29492	EKPC	Health ins premiums									721.17			721.17
53	08/01-04	29494	Independent A	Stop loss									48.53			48.53
54	08/01-04	29496	NRECA	Medical admin fee									24.75			24.75
55	08/03-04	29529	KAEC	Congressional breakfast	300.00			13.32				30.00				30.00
56	08/17-04	29620														313.32
57	08/24-04	29666		Nominating committee		200.00		13.32								213.32
58	09/01-04	29681	EKPC	Health ins premiums									721.17			721.17
59	09/01-04	29683	Independent A	Stop loss									48.53			48.53
60	09/01-04	29735	NRECA	Medical admin fee	300.00			13.32					24.75			24.75
61	09/14-04	29821														313.32
62	10/01-04	29894	EKPC	Health ins premiums									721.17			721.17
63	10/01-04	29897	Independent A	Stop loss									48.53			48.53
64	10/01-04	29906	NRECA	Medical admin fee	300.00			13.32					24.75			24.75
65	10/12-04	30000														313.32
66	10/13-04	30024		NRECA Summer School East			800.00									800.00
67	11/01-04	30082	EKPC	Health ins premiums									721.17			721.17
68	11/01-04	30084	Independent A	Stop loss									48.53			48.53
69	11/01-04	30086	NRECA	Medical admin fee						365.00			24.75			24.75
70	11/04-04	30149	Visa	NRECA Summer School East								11.79				11.79
71	11/09-04	30180			300.00			13.32								313.32
72	12/01-04	30267		KAEC annual meeting			600.00									600.00
73	12/14-04	30387			300.00			13.32								313.32
74	12/01-04	30257	EKPC	Health ins premiums									721.17			721.17
75	12/01-04	30259	NRECA	Medical admin fee									24.75			24.75
76	12/01-04	30272	Independent A	Stop loss									48.53			48.53
77	12/06-04	30340	Visa	NRECA Summer School East							296.37					296.37
78	01/05-05	30493	KAEC	Annual meeting					89.25							89.25
79	01/05-05	30521	Visa								117.66					117.66
80					3,600.00	500.00	5,800.00	183.96	653.10	1,844.25	1,681.28	456.00	9,428.82	25.00	0.00	24,172.41
81																
82																

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Big Sky Rural Electric
William Maxey
December 31, 2004
Witness: Bobby Sexton

Date	Check Number	Payee	Explanation	Regular Bd Mtg	Other Bd Mtg	Per Diem	Mileage	Air Fare	Meeting Fees	Hotel	Meals	Health Ins	Total
01/01-04	28182	EKPC	Health ins premiums									721.17	721.17
01/01-04	28185	NRECA	Medical admin fee									24.75	24.75
01/13-04	28297		300.00				7.20						307.20
01/16-04	28313	Enchanted	NRECA annual meeting					323.20					323.20
01/21-04	28343	Enchanted	NRECA annual meeting					332.90					332.90
02/01-04	28356	EKPC	Health ins premiums									721.17	721.17
02/01-04	28358	NRECA	Medical admin fee									24.75	24.75
02/03-04	28403		Energy Management conference			600.00							600.00
02/04-04	28424	Visa	KAEC board meeting				8.88			190.52	7.30		197.82
02/17-04	28472		300.00										308.88
02/18-04	28490		NRECA annual meeting			800.00							800.00
03/01-04	28515	EKPC	Health ins premiums									721.17	721.17
03/01-04	28517	NRECA	Medical admin fee									24.75	24.75
03/04-04	28590	Visa	KAEC board meeting						475.00	113.29	85.63		198.92
03/04-04	28590	Visa	NRECA Director Conference							154.99	40.64		629.99
03/04-04	28590	Visa	KAEC board meeting				8.88						40.64
03/16-04	28635		300.00										308.88
03/23-04	28671		NRECA Director Conference			1,000.00							1,000.00
04/01-04	28689	EKPC	Health ins premiums									721.17	721.17
04/01-04	28708		Coordinated training program			400.00							400.00
04/01-04	28725	NRECA	Medical admin fee									24.75	24.75
04/05-04	28772	Visa	NRECA annual meeting							345.86	100.70		446.56
04/13-04	28814		300.00				8.88						308.88
04/26-04	28866		KAEC Board meeting										105.00
05/01-04	28878	NRECA	Medical admin fee									24.75	24.75
05/01-04	28886	EKPC	Health ins premiums									721.17	721.17
05/04-04	28910	EKPC	Energy Mgt conference						90.00	106.82			196.82
05/04-04	28910	EKPC	Health ins premiums									235.13	235.13
05/04-04	28924		Congressional Breakfast			800.00							800.00
05/04-04	28929	NRECA	Director training Florida										725.00
05/11-04	28973	Visa	NRECA Director Conference							257.61	168.53		426.14
05/11-04	28973	Visa	Congressional breakfast							567.92			567.92
05/11-04	28973	Visa	KAEC board meeting							113.92	7.41		121.33
05/18-04	28992		300.00				8.88						308.88
05/24-04	29020		Annual meeting				8.88						308.88
06/01-04	29047	EKPC	Health ins premiums									721.17	721.17
06/01-04	29049	NRECA	Medical admin fee									24.75	24.75
06/03-04	29105	Visa	KAEC board meeting							112.51	36.78		149.29
06/03-04	29105	Visa	Congressional breakfast							370.16	137.47		507.63
06/15-04	29160		300.00				8.88						308.88
07/01-04	29212	EKPC	Health ins premiums									721.17	721.17
07/01-04	29237		NRECA Coordinated Training			1,000.00							1,000.00
07/02-04	29271	NRECA	Medical admin fee									24.75	24.75
07/13-04	29421		300.00				8.88						308.88

Big Sandy Rural Electric
Ervin Stapleton
 December 31, 2004
 Witness: Bobby Sexton

Exhibit
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Date	Check Number	Explanation	Regular Bd Mfg	Other Bd Mfg	Per Diem	Mileage	Meeting Fees	Hotel	Meals	Misc Expense Include	Misc Expense Exclude	Total
01/13-04	28303		300.00			4.20						304.20
02/17-04	28475		300.00			5.92						305.92
03/16-04	28637		300.00			5.92						305.92
04/13-04	28823		300.00			5.88						305.88
05/18-04	28994		300.00			5.92						305.92
05/24-04	29022	Annual meeting		300.00		5.92						305.92
06/15-04	29162		300.00			5.92						305.92
07/13-04	29424		300.00			5.92						305.92
08/17-04	29625		300.00			5.92						305.92
09/14-04	29826		300.00			5.92						305.92
10/12-04	30010		300.00			5.92						305.92
11/09-04	30185		300.00			5.92						305.92
12/14-04	30396		300.00			5.92						305.92
			3,600.00	300.00	0.00	75.20	0.00	0.00	0.00	0.00	0.00	3,975.20
												0.00

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Big Sandy Rural Electric
Greg Davis
 December 31, 2004
 Witness: Bobby Sexton

Exhibit
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Date	Check Number	Payee	Explanation	Regular Bd Mtg	Other Bd Mtg	Per Diem	Mileage	Air Fare	Meeting Fees	Hotel	Meals	Total
01/13-04	28304			300.00			19.20					319.20
01/16-04	28313	Enchanted NRECA	NRECA Annual meeting					323.20				323.20
02/03-04	28406	Visa	Director training - Nashville						675.00			675.00
02/04-04	28424	Visa	KAEC annual meeting							293.32	34.04	327.36
02/17-04	28476			300.00			19.20					319.20
02/18-04	28493					800.00						800.00
03/04-04	28590	Visa	NRECA Annual meeting				23.68			475.00	31.73	506.73
03/16-04	28638			300.00								323.68
04/01-04	28710		Coordinated training program			400.00						400.00
04/05-04	28772	Visa	NRECA Annual meeting							345.86	91.06	436.92
04/13-04	28824			300.00			23.68					323.68
05/04-04	28938		Congressional Breakfast			800.00						800.00
05/11-04	28973	Visa	NRECA Director Conference							52.42	36.76	89.18
05/11-04	28973	Visa	Congressional Breakfast							567.92		567.92
05/18-04	28995			300.00			23.68					323.68
05/24-04	29023		Annual meeting		300.00							323.68
06/03-04	29105	Visa	Congressional Breakfast				23.68			255.85	137.47	393.32
06/15-04	29163			300.00		1,000.00						1,000.00
07/01-04	29238		NRECA Summer School East				23.68					323.68
07/13-04	29425			300.00								323.68
08/03-04	29529	KAEC	Coordinated training program						210.00			210.00
08/03-04	29529	KAEC	Congressional Breakfast								30.00	30.00
08/03-04	29539	NRECA	NRECA Summer School East						950.00			950.00
08/03-04	29557	Visa	NRECA Summer School East							246.40	200.18	446.58
08/17-04	29626			300.00			23.68					323.68
09/14-04	29827			300.00			23.68					323.68
09/21-04	29853		NRECA Director orientation			400.00						400.00
10/12-04	30011			300.00			23.68					323.68
11/04-04	30149	Visa	NRECA Director orientation							68.29	40.76	109.05
11/09-04	30186			300.00			23.68					323.68
12/14-04	30397			300.00			23.68					323.68
				3,600.00	300.00	3,400.00	298.88	323.20	1,835.00	2,305.06	602.00	12,664.14

Big Sandy Rural Electric
Robert Moore
 December 31, 2004
 Witness: Bobby Sexton

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Date	Check Number	Payee	Explanation	Regular Bd Mtg	Other Bd Mtg	Per Diem	Mileage	Air Fare	Meeting Fees	Hotel	Meals	Total
01/13-04	28305			300.00			8.10					308.10
01/21-04	28343	Enchanted Tra	NRECA Directors conference			600.00		332.90				332.90
02/03-04	28420		Energy Management conference	300.00			8.10					600.00
02/17-04	28477			300.00			11.47					308.10
03/16-04	28639		NRECA Directors conference			1,000.00						311.47
03/24-04	28673		KAEC Coordinated training			400.00						1,000.00
04/01-04	28711			300.00			11.47					400.00
04/13-04	28825	EKPC	Energy Management conference						90.00	93.44		311.47
05/04-04	28910	NRECA	NRECA Directors conference			800.00			725.00			183.44
05/04-04	28929		Congressional breakfast									725.00
05/04-04	28939		Congressional breakfast									800.00
05/11-04	28973	Visa	NRECA Directors conference							283.96		283.96
05/11-04	28973	Visa	NRECA Directors conference							310.03	168.55	478.58
05/18-04	28996		Annual meeting	300.00			11.47					311.47
05/24-04	29024	Visa	Congressional breakfast		300.00		11.47			141.98		311.47
06/03-04	29105	Visa	NRECA Summer School East			1,000.00						238.20
06/15-04	29164			300.00			11.47					311.47
07/01-04	29239											1,000.00
07/13-04	29426			300.00			11.47					311.47
08/03-04	29529	KAEC	KAEC Coordinated training						210.00			210.00
08/03-04	29529	KAEC	Congressional breakfast								30.00	30.00
08/03-04	29539	NRECA	NRECA Summer School East						950.00			950.00
08/03-04	29557	Visa	NRECA Summer School East							246.40	200.18	446.58
08/17-04	29627			300.00			11.47					311.47
09/14-04	29828			300.00			11.47					311.47
09/21-04	29854		NRECA Director Orientation			400.00						400.00
10/12-04	30012			300.00			11.47					311.47
11/04-04	30149	Visa	KAEC annual meeting							68.29	40.76	109.05
11/09-04	30187			300.00			11.47					311.47
12/14-04	30398			300.00			11.47					311.47
01/05-05	30493	KAEC	KAEC annual meeting						89.25			89.25
01/05-05	30521	Visa	KAEC annual meeting							271.23	22.89	294.12
				3,600.00	300.00	4,200.00	142.37	332.90	2,064.25	1,415.33	558.60	12,613.45

Big Sandy Rural Electric
General Expenses
 December 31, 2004
 Witness: Bobby Sexton

<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Explanation</u>	<u>Regular Bd Mtg</u>	<u>Other Bd Mtg</u>	<u>Per Diem</u>	<u>Hotel</u>	<u>Meals</u>	<u>Misc Expens Include</u>	<u>Misc Expens Exclude</u>	<u>Total</u>
01/01-04	28185	NRECA	Business accident insurance						6.04		6.04
01/02-04	28185	NRECA	Business accident insurance						6.80		6.80
01/01-04	28185	NRECA	Business travel insurance						44.31		44.31
01/13-04	28296	Lowmansville WCG	Board meal					200.00			200.00
02/01-04	28358	NRECA	Business accident insurance						8.20		8.20
02/03-04	28424	Visa	Food City board meal					93.93			93.93
02/17-04	28471	Lowmansville WCG	Board meal					200.00			200.00
03/01-04	28517	NRECA	Business accident insurance						6.16		6.16
03/16-07	28634	Lowmansville WCG	Board meal					200.00			200.00
04/01-04	28725	NRECA	Business accident insurance						6.80		6.80
04/13-04	28813	Lowmansville WCG	Board meal					200.00			200.00
05/01-04	28878	NRECA	Business accident insurance						6.80		6.80
05/18-04	28991	Lowmansville WCG	Board meal					200.00			200.00
06/01-04	29049	NRECA	Business accident insurance						6.80		6.80
07/02-04	29271	NRECA	Business accident insurance						6.80		6.80
08/01-04	29496	NRECA	Business accident insurance						6.80		6.80
08/03-04	29557	Visa	Food City board meal					74.06			74.06
09/01-04	29735	NRECA	Business accident insurance						6.80		6.80
10/01-04	29906	NRECA	Business accident insurance						6.80		6.80
10/05-04	29947	NRECA	Subscription to Rural Electric magazine						301.00		301.00
11/01-04	30086	NRECA	Business accident insurance						6.80		6.80
11/04-04	30149	Visa	Food City board meal					79.84			79.84
12/14-04	30405	County Deli Catering	Board meal					270.00			270.00
12/31-04		Consumer adjustments									0.00
		Federated Ins	Director liability policy						6,462.39		6,462.39
				0.00	0.00	0.00	0.00	1,517.83	6,889.30	0.00	8,407.13



Big Sandy Rural Electric
Analysis of Advertising
 December 31, 2004
 Witness: Alan Zumstein

Exhibit
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 of

Line Number	Item (a)	Sales or					Total (g)
		Promotional Advertising (b)	Institutional Advertising (c)	Conservation Advertising (d)	Rate Case (e)	Safety Other (f)	
1	Newspaper		562				562
2	Magazines and other						0
3	Television						0
4	Radio		45	3,299		3,299	6,643
5	Direct mail						0
6	Internet						0
7	Logo shirts						0
8	Labor and transportation						0
9	Other		75				75
10	Total	0	682	3,299	0	3,299	7,280
11	Amount to KY retail						

1 Big Sandy Rural Electric
2 **Information & Instruction Account 909.00**
3 December 31, 2004
4 Witness: Alan Zumstein

	<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>
9	02/03-04	28416	SIP Broadcasting Co	506.00	Safety and conservation advertising
10	02/03-04	28426	WKLW Radio	200.00	Safety and conservation advertising
11	02/03-04	28427	WMDJ Radion Station	200.00	Safety and conservation advertising
12	03/04-04	28583	SIP Broadcasting Co	230.00	Safety and conservation advertising
13	03/04-04	28592	WKLW Radio	100.00	Safety and conservation advertising
14	03/05-04	28604	WMDJ Radion Station	100.00	Safety and conservation advertising
15	04/05-04	28768	SIP Broadcasting Co	264.50	Safety and conservation advertising
16	04/05-04	28775	WKLW Radio	100.00	Safety and conservation advertising
17	04/05-04	28776	WMDJ Radion Station	100.00	Safety and conservation advertising
18	05/04-04	28936	SIP Broadcasting Co	253.00	Safety and conservation advertising
19	05/04-04	28945	WMDJ Radion Station	100.00	Safety and conservation advertising
20	06/03-04	29099	SIP Broadcasting Co	241.50	Safety and conservation advertising
21	06/03-04	29109	WMDJ Radion Station	100.00	Safety and conservation advertising
22	06/22-04	29194	SIP Broadcasting Co	45.00	x Support Johnson Central baseball
23	07/02-04	29288	WMDJ Radion Station	100.00	Safety and conservation advertising
24	07/02-04	29289	WQHY Radio	149.60	Safety and conservation advertising
25	07/06-04	29391	SIP Broadcasting Co	253.00	Safety and conservation advertising
26	08/03-04	29550	SIP Broadcasting Co	253.00	Safety and conservation advertising
27	08/03-04	29560	WMDJ Radion Station	100.00	Safety and conservation advertising
28	08/03-04	29561	WQHY Radio	149.60	Safety and conservation advertising
29	09/03-04	29745	SIP Broadcasting Co	253.00	Safety and conservation advertising
30	09/03-04	29753	WMDJ Radion Station	100.00	Safety and conservation advertising
31	09/03-04	29754	WQHY Radio	149.60	Safety and conservation advertising
32	10/05-04	29954	SIP Broadcasting Co	253.00	Safety and conservation advertising
33	10/05-04	29965	WMDJ Radion Station	100.00	Safety and conservation advertising
34	10/05-04	29966	WQHY Radio	149.60	Safety and conservation advertising
35	11/04-04	30144	SIP Broadcasting Co	483.00	Safety and conservation advertising
36	11/04-04	30152	WMDJ Radion Station	250.00	Safety and conservation advertising
37	11/04-04	30153	WQHY Radio	285.60	Safety and conservation advertising
38	12/06-04	30333	SIP Broadcasting	253.00	Safety and conservation advertising
39	12/06-04	30344	WMDJ Radio Station	125.00	Safety and conservation advertising
40	12/06-04	30345	WQHY Radio	149.60	Safety and conservation advertising
41	01/05-05	30512	SIP Broadcasting	264.50	Safety and conservation advertising
42	01/05-05	30525	WMDJ Radio Station	125.00	Safety and conservation advertising
43	01/05-05	30526	WQHY Radio	156.40	Safety and conservation advertising
44					
45					
46				<u>6,642.50</u>	
47					
48			Remove for rate making	<u>45.00</u>	x
49					

1 Big Sandy Rural Electric
2 **Advertising Expense Account 913.00**
3 December 31, 2004
4 Witness: Alan Zumstein

	<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>
5					
6					
7					
8					
9	01/05-04	28259	Jenny Wiley Theater	75.00	x Ad in Playbill
10	02/03-04	28407	Paintsville Herald	47.50	x Church page
11	03/04-04	28559	Johnson Co Schools	25.00	x Eagle Express ad
12	03/04-04	28574	Paintsville Herald	20.00	x Church page
13	04/05-04	28747	Johnson Co Schools	25.00	x Eagle Express ad
14	04/05-04	28763	Paintsville Herald	20.00	x Church page
15	05/04-04	28930	Paintsville Herald	25.00	x Church page
16	06/03-04	29076	Johnson Co Schools	25.00	x Eagle Express ad
17	06/03-04	29091	Paintsville Herald	20.00	x Church page
18	07/06-04	29387	Paintsville Herald	20.00	x Church page
19	08/03-04	29541	Paintsville Herald	25.00	x Church page
20	09/03-04	29739	Paintsville Herald	20.00	x Church page
21	09/07-04	29810	Porter Elementary	50.00	x Pee Wee Basketball program
22	09/14-04	29822	Johnson Co Schools	25.00	x Eagle Express ad
23	10/05-04	29948	Paintsville Herald	20.00	x Church page
24	10/14-04	30029	Johnson Co Schools	25.00	x Eagle Express ad
25	11/04-04	30138	Paintsville Herald	50.00	x Church page
	11/10-04	30204	Johnson Co Schools	50.00	x Eagle Express ad
26	12/06-04	30329	Paintsville Herald	20.00	x Church page
27	01/05-05	30490	Johnson Co Schools	25.00	x Eagle Express ad
28	01/05-05	30506	Paintsville Herald	25.00	x Church page
29					
30					
31				<u>637.50</u>	x
32					
			Disallow for rate making purposes		x

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1 Big Sandy Rural Electric
2 **Miscellaneous General Expenses**
3 December 31, 2004
4 Witness: Alan Zumstein

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6 Format 22

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9	<u>Line</u>	<u>Item</u>	<u>Amount</u>
10			
11	1	Industry association dues	31,546
12	2	Institutional advertising	50
13	3	Conservation advertising	
14	4	Rate department load studies	
15	5	Director fees and expenses	105,254
16	6	Dues and subscriptions (KY Living)	57,170
17	7	Annual meeting	19,878
18	8	Miscellaneous	<u>56,883</u>
19	9	Total	<u><u>270,781</u></u>
20	10	Amount to KY retail	

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Big Sandy Rural Electric
General Advertising Expenses Account 930.10
December 31, 2004
Witness: Alan Zumstein

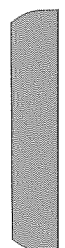
<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>
07/04-04	29246	Alltel Publishing	776.40	Yellow page directory
09/14-04	29830	Our Lady of Mtns School	50.00	x Turtle Trots
			<u>826.40</u>	
		Disallow for rate making purposes	<u>50.00</u>	x

1 Big Sandy Rural Electric
 2 **Miscellaneous General Expenses Account 930.20**
 3 December 31, 2004
 4 Witness: Alan Zumstein

	<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>
9	01/08-04	28274	Mountain Arts Center	500.00	Annual meeting facility rent
10	02/01-04	28366	Ernie Thacker & Rt 23	500.00	Annual meeting entertainment
11	02/03-04	28396	KY Assoc of Electric Coops	4,399.38	KY Living insert
12	03/04-04	28562	KY Assoc of Electric Coops	4,405.43	KY Living insert
13	03/16-04	28630	Bruce Howard	105.92	x Nominating Committee
14	03/16-04	28633	Joe Skaggs	108.88	x Nominating Committee
15	03/16-04	28642	Danny Walters	108.88	x Nominating Committee
16	03/16-04	28643	Orville Ousley	111.47	x Nominating Committee
17	03/16-04	28647	Joe Colvin	106.66	x Nominating Committee
18	03/16-04	28648	Herb Wright	113.32	x Nominating Committee
19	03/16-04	28649	Lloyd Allen	123.68	x Nominating Committee
20	04/05-04	28750	KY Assoc of Electric Coops	4,406.72	KY Living insert
21	04/05-04	28780	Mountain Citizens	25.00	Annual newspaper subscription
22	05/04-04	28917	KY Assoc of Electric Coops	4,403.26	KY Living insert
23	05/04-04	28917	KY Assoc of Electric Coops	39.23	Directory of KY cooperatives
24	05/18-04	28998	Mountain Arts Center	1,500.00	Annual meeting facility rent
25	05/18-04	29000	Ernie Thacker & Rt 23	500.00	Annual meeting entertainment
26	05/24-04	29027	Initially Yours	467.46	Shirts for annual meeting
27	05/24-04	29032	Aaron Davis	100.00	Annual meeting door prize
28	06/03-04	29072	East KY Graphics	577.75	Annual meeting registration cards
29	06/03-04	29079	KY Assoc of Electric Coops	4,394.21	KY Living insert
30	06/03-04	29091	Paintsville Herald	693.00	Annual meeting notification
31	06/03-04	29112	Initially Yours	13.78	Shirt for annual meeting
32	06/15-04	29156	Floyd Co Times	756.00	Annual meeting notification
33	06/22-04	29196	Mountain Citizens	743.34	Annual meeting notification
34	07/02-04	29263	KY Assoc of Electric Coops	4,385.16	KY Living insert
35	07/02-04	29284	RCCU Visa	923.53	Annual meeting
36	07/02-04	29284	RCCU Visa	480.66	Annual meeting
37	07/02-04	29286	Wal-Mart	28.29	Annual meeting
38	08/03-04	29529	KY Assoc of Electric Coops	4,385.16	KY Living insert
39	08/03-04	29557	RCCU Visa	81.89	Annual meeting Board meal
40	09/03-04	29726	KY Assoc of Electric Coops	4,387.73	KY Living insert
41	10/05-04	29937	KY Assoc of Electric Coops	4,392.48	KY Living insert
42	10/05-04	29937	KY Assoc of Electric Coops	4,331.39	Annual meeting setup
43	11/04-04	30128	KY Assoc of Electric Coops	4,392.48	KY Living insert
44	12/06-04	30319	KAEC	4,375.24	KY Living insert
45	01/05-05	30493	KAEC	4,511.72	KY Living insert
46			Employee labor and benefits	6,984.02	
47			CFC	1,250.71	x Integrity Fund contribution
48			NRECA	14,394.36	Association dues
49			KAEC	17,151.72	Association dues
50			Property tax on general plant	29,594.76	
51			Liability insurance	28,252.00	
52			Crime/dishonesty insurance	1,194.00	

54
55 164,700.67

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57 Items disallowed for rate making purposes 2,029.52 x



1 Big Sandy Rural Electric Cooperative Exhibit 11
2 **Rate Case Expenses** page 1
3 December 31, 2004 of 1

4
5 Witness: Alan Zumstein

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7
8 Estimated rate case costs:

9	Attorney	\$2,000
10	Consulting	28,000
11	Supplies	1,000
12	Advertising	1,000
13	Miscellaneous	<u>1,000</u>
14		
15	Total	33,000
16	Number of years	<u>3</u>
17		
18	Adjustment	<u><u>\$11,000</u></u>

19

20
21 In-house labor was not included in the above adjustment as the labor would
22 be incurred in other accounts.

23
24 This amount is approximately the same as other rate requests filed before this
25 Commission.

26
27 The monthly amounts filed for rate case expenses will include the labor,
28 however, this amount is not included in the above adjustment.

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1 Big Sandy Rural Electric
 2 **CATV Pole Attachments**
 3 December 31, 2004
 4 Witness: Alan Zumstein
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Exhibit
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10 Exhibit 12
 3 Page 1 of 5
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Description	Number of Attachments	Rates		Revenue	
		Existing	Proposed	Existing	Proposed

10	2 party Pole Attachments	1,228	\$4.66	\$5.41	5,722	6,639
11	3 party Pole Attachments	7,344	\$3.84	\$4.40	28,201	32,336
12	2 party Anchor Attachments	0	\$2.65	\$2.34	0	0
13	3 party Anchor Attachments	466	\$2.65	\$1.55	1,235	720
14	2 party Ground Attachments	209	\$0.34	\$0.30	71	62
15	3 party Ground Attachments	282	\$0.21	\$0.19	59	52
16					<hr/>	
17						
18	Total				<u>35,289</u>	<u>39,810</u>
19						
20						
21	Increase					<u>4,521</u>
22						
23						
24						

1 Big Sandy Rural Electric
2 **CATV Pole Attachments**
3 December 31, 2004
4 Witness: Alan Zumstein

Exhibit 10
Page 1
of 3

5
6 A. 1. Two-Party Pole Cost:

	<u>Size</u>	<u>Quantity</u>	<u>Amount</u>	<u>Weighted Average Cost</u>
	35' poles	5,652	\$1,204,179	
	40' poles	5,124	\$1,664,399	
		<u>10,776</u>	<u>\$2,868,578</u>	<u>\$266.20</u>

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14
15 2. Three-Party Pole Cost:

	<u>Size</u>	<u>Quantity</u>	<u>Amount</u>	<u>Weighted Average Cost</u>
	40' poles	5,124	\$1,664,399	
	45' poles	2,880	\$1,133,955	
		<u>8,004</u>	<u>\$2,798,354</u>	<u>\$349.62</u>

16
17
18
19
20
21
22
23
24 3. Average cost of anchors

\$23.99

25
26 B. 1. Pole Charge:

27	a. Two party =	\$266.20	85%	19.52%	0.1224	\$5.41
28	b. Three party =	\$349.62	85%	19.52%	0.0759	\$4.40

29
30
31 2. Pole Charge, with ground attachments:

32	a. Two party =	\$266.20	85%	\$12.50	19.52%	0.1224	\$0.30
33	b. Three party =	\$349.62	85%	\$12.50	19.52%	0.0759	\$0.19

34
35
36 3. Anchor Charge:

37	a. Two party =	\$23.99		19.52%	0.50	\$2.34
38	b. Three party =	\$23.99		19.52%	0.33	\$1.55

39
40
41 No adjustments have been made to any of the quantities or amounts in the CPRs.
42 The values were taken from the CPRs as of December 31, 2004.

5
6 Fixed charges on investment from PSC Annual Report at December 31, 2004.

9	Operation and Maintenance Expense		\$1,636,345	
10	Page 14, line 53			
11	Customer Accounts Expense		691,036	
12	Page 15, line 8			
13	Customer Service and Informational Expense		95,517	
14	Page 15, line 14			
15	Administrative and General		1,170,048	
16	Page 15, line 34			
17	Depreciation Expense		1,037,868	
18	Page 13, line 28			
19	Taxes Other than Income Taxes		<u>17,172</u>	
20	Page 13, line 30			
21	Sub total		4,647,986	
22				
23	Divided by Utility Plant		\$32,435,506	14.33%
24	Page 1, line 2			
25	Cost of Money			
26	Rate of Return on Investment			
27	allowed in the last General			
28	Rate Request, Case No 95-383			
29	effective 04/17-96.		6.77%	
30				
31	Distribution plant, page 4	<u>30,123,865</u>		
32	Accumulated depreciation, page 5	<u>7,026,718</u>		
33	Reserve ratio	=	23%	
34				
35	Rate of return times 1 minus reserve ratio		<u>5.19%</u>	
36				
37	Annual carrying charges		<u><u>19.52%</u></u>	
38				

DESCRIPTION			MONTH	YTD	LIFE
99002100	20 & 25' POLES		BUILT 21 8591.89	307 89322.12	10262 1845346.56
			RETIRE 9- 1631.70-	213- 38137.69-	1618- 273363.92-
INSTALL	100.23	RETIRE 182.33	TOTAL 12 6960.19	94 51184.43	8644 1571982.64
			AVG BUILT COST 409.14	290.95	179.82
99002101	30 FT POLES		BUILT 5 2391.72	62 25256.18	3470 700923.32
			RETIRE 3- 610.35-	59- 11887.90-	423- 79642.45-
INSTALL	171.49	RETIRE 204.95	TOTAL 2 1781.37	3 13368.28	3047 621280.87
			AVG BUILT COST 478.34	407.36	202.00
99002102	35 FT POLES		BUILT 2 1583.29	122 80168.15	6691 1553572.60
			RETIRE 8- 1890.24-	127- 29339.66-	1042- 217704.73-
INSTALL	247.69	RETIRE 236.48	TOTAL 6- 306.95-	5- 50828.49	5649 1335867.87
			AVG BUILT COST 791.65	657.12	232.19
99002103	40 FT. POLES		BUILT 14 7743.21	171 90245.36	5308 2010475.26
			RETIRE 2- 683.86-	69- 23390.86-	494- 156312.27-
INSTALL	286.34	RETIRE 344.80	TOTAL 12 7059.35	102 66854.50	5414 1854162.99
			AVG BUILT COST 553.09	527.75	340.30
99002104	45 FT. POLES		BUILT 8 6001.47	102 51455.94	3292 1319427.61
			RETIRE 2- 801.70-	29- 11599.64-	227- 88027.49-
INSTALL	337.27	RETIRE 401.70	TOTAL 6 5199.77	73 39856.30	3065 1231400.12
			AVG BUILT COST 750.18	504.47	400.80
99002105	50 FT. POLES		BUILT 4 3552.06	26 11852.13	1064 487497.69
			RETIRE 1- 456.70-	11- 5035.15-	55- 24965.48-
INSTALL	449.90	RETIRE 458.41	TOTAL 3 3095.36	15 6816.98	1009 462532.21
			AVG BUILT COST 888.02	455.85	458.17
99002106	55 FT. POLES		BUILT 1 801.48	18 3736.23	472 232388.46
			RETIRE 0 .00	3- 1491.77-	27- 13599.28-
INSTALL	476.30	RETIRE 489.49	TOTAL 1 801.48	15 2244.46	445 218789.18
			AVG BUILT COST 801.48	207.57	492.35
99002200	CROSSARMS		BUILT 8 559.25	196 14252.52	11670 610668.02
			RETIRE 7- 366.59-	111- 5790.53-	927- 47882.52-
INSTALL	44.08	RETIRE 52.40	TOTAL 1 192.66	85 8461.99	10743 562785.50
			AVG BUILT COST 69.91	72.72	52.33
99002300	ANCHOR-GUYS		BUILT 49 4098.71	687 58584.98	48886 2027110.32
			RETIRE 28- 1163.12-	368- 15159.41-	2974- 118012.77-
INSTALL	32.58	RETIRE 41.71	TOTAL 21 2935.59	319 43425.57	45912 1909097.55
			AVG BUILT COST 83.65	85.28	41.47
99002500	HANGER CLUSTER TRANSFORMER MOUNT		BUILT 1 684.38	7 5824.51	172 74775.74
			RETIRE 1- 435.60-	4- 1726.25-	17- 7008.94-
INSTALL	406.71	RETIRE 437.21	TOTAL 0 248.78	3 4098.26	155 67766.80
			AVG BUILT COST 684.38	832.07	434.74

ACCOUNT TOTALS

-----MONTH----- -----YTD----- -----LIFE-----

BUILT	113	36007.46	1698	430698.12	91887	10862185.58
RETIRE	61-	8039.86-	994-	143558.86-	7804-	1026519.85-
TOTAL	52	27967.60	704	287139.26	84083	9835665.73

TAX INFORMATION	-----STATE-----			-----COUNTY-----			-----CITY-----			-----MISC-----		
	CD	QTY	AMOUNT	CD	QTY	AMOUNT	CD	QTY	AMOUNT	CD	QTY	AMOUNT
MONTH	1	52	27967.60	1	17	10794.79	0	52	27967.60	0	52	27967.60
				2	33	13871.52						
				3	5	3848.58						
				4	3-	32.99						
				7	0	580.28-						

TAX INFORMATION	-----STATE-----			-----COUNTY-----			-----CITY-----			-----MISC-----		
	CD	QTY	AMOUNT	CD	QTY	AMOUNT	CD	QTY	AMOUNT	CD	QTY	AMOUNT
YTD	1	704	287139.26	1	318	145651.07	0	704	287139.26	0	669	274393.89
				2	230	91396.32				1	33	13149.96
				3	84	23132.76				2	2	404.59-
				4	38	12420.96						
				7	34	14538.15						

TAX INFORMATION	-----STATE-----			-----COUNTY-----			-----CITY-----			-----MISC-----		
	CD	QTY	AMOUNT	CD	QTY	AMOUNT	CD	QTY	AMOUNT	CD	QTY	AMOUNT
LIFE	0	77729	7792210.46	0	77729	7792210.46	0	84083	9835665.73	0	83917	9775410.73
	1	6354	2043455.27	1	2687	1025724.71				1	133	47348.95
				2	2296	703054.97				2	28	11617.07
				3	905	178637.01				3	3	862.41
				4	251	76370.77				4	2	426.57
				5	16	2762.06						
				7	196	55194.90						
				8	3	1710.85						



1 Big Sandy Rural Electric
 2 **Non Recurring Charges**
 3 December 31, 2004
 4 Witness: Alan Zumstein

Exhibit 13
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 of

Exhibit 13
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5
 6 **Return check charge:**

8 Labor costs:			
9 Number of minutes	40	\$18.50	12.33
10 Direct wage expense per hr @		\$2.42	1.61
11 Other cost based on labor @		22.63%	2.79
12 Other direct cost per hr @		\$9.04	6.03
13 Bank charge per return			
14			
15 Total			<u>22.76</u>
16			
17 Proposed charge			<u><u>20.00</u></u>

18
 19 **Meter Reading, Collection, Disconnect-Reconnect charge:**

		Meter Reading	Meter Tests	Field Collection	Connect	Reconnect	Overtime
23	24 Number of minutes	30	30	30	30	45	90
25	25 Serviceman:						
26	26 Regular time	\$24.51	12.26	12.26	12.26	18.38	
27	27 Over time	\$24.51					36.77
28	28 Direct wage per hr.	\$3.21	1.60	1.60	1.60	2.40	
29	29 Other cost based on labor	22.63%	2.77	2.77	2.77	4.16	4.16
30	30 Other direct cost per hr	\$9.04	4.52	4.52	4.52	6.78	
31	31 Mileage 10 mi	\$0.365	3.65	3.65	3.65	3.65	
32	32 Mileage 20 mi	\$0.365					7.30
33	33 Office clerical:						
34	34 Hours @ 1/4	\$17.00	4.25	4.25	4.25	4.25	4.25
35	35 Direct wage per hr.	\$2.22	0.56	0.56	0.56	0.56	0.56
36	36 Other cost based on labor	22.63%	0.96	0.96	0.96	0.96	0.96
37	37 Other direct cost per hr	\$9.04	2.26	2.26	2.26	2.26	2.26
38	38						
39	39 Total		<u>32.83</u>	<u>32.83</u>	<u>32.83</u>	<u>43.40</u>	<u>56.25</u>
40	40						
41	41 Proposed charge		<u><u>30.00</u></u>	<u><u>30.00</u></u>	<u><u>30.00</u></u>	<u><u>40.00</u></u>	<u><u>55.00</u></u>

	Number	Charges Existing	Proposed	Revenue Existing	Proposed	
46	46 Return check	632	15.00	20.00	9,480	12,640
47	47 Meter reading	868	25.00	30.00	21,700	26,040
48	48 Meter tests	3	15.00	30.00	45	90
49	49 Field collection	2,075	25.00	30.00	51,875	62,250
50	50 Connect	640	25.00	30.00	16,000	19,200
51	51 Reconnect	30	37.50	40.00	1,125	1,200
52	52 Overtime	14	47.50	55.00	665	770
53	53					
54	54					
55	55 Total				<u>100,890</u>	<u>122,190</u>
56	56					
57	57 Proposed increase					<u><u>21,300</u></u>
58	58					

1 Big Sandy Rural Electric
 2 **Non Recurring Charges**
 3 December 31, 2004
 4 Witness: Alan Zumstein

Exhibit
 Page
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13 Exhibit 13
 2 Page 2 of 6

5
 6 **Direct wage expense:**

	<u>Hours</u>	<u>Percent</u>
7		
8 Total hours	2,080	100%
9 Average vacation	120	5.77%
10 Holidays	56	2.69%
11 Sick leave	96	4.62%
	<hr/>	
12		
13 Hours worked	<u>1,808</u>	<u>86.92%</u>

14
 15 For every \$100.00 of labor paid, \$86.92 is paid for work and \$13.08 is paid for
 16 non-working hours. The allocation for Office and Service employees is as
 17 follows:

		<u>Amount</u>	<u>Non-Working</u>
		<u>Paid</u>	<u>Hours</u>
18			
19			
20			
21 Office	Emp 124	\$18.50	\$2.42
22 Service	Emp 14	\$24.51	\$3.21
23 Office clerical	Emp 20	\$17.00	\$2.22

24
 25 **Other costs based on test year labor:** \$1,621,179

	<u>Test Year</u>	
	<u>Amount</u>	<u>Percent</u>
26		
27		
28		
29 Retirement plan, 401(k)	150,461	9.28%
30 Payroll taxes	151,017	9.32%
31 Workmens' compensation	65,379	4.03%
		<hr/>
32		
33 Total		<u>22.63%</u>

34
 35 **Other direct costs:** No. of employees: 41

	<u>Test Year</u>	
	<u>Amount</u>	
36		
37		
38		
39 Group insurances	572,054	\$13,953
40 Postretirement benefits	98,000	2,390
		<hr/>
41		16,343
42		
43 Hours worked		<hr/>
44		1,808
45		
46 Per hour		<u>\$9.04</u>

Witness: Alan Zumstein

Return Check

When a check is not honored by the bank and is returned, the check is stamped "VOID". The name and account number are verified and the account number is written on the return check listing sheet from the bank. A copy of the return check listing sheet from the bank is made for Service Representatives or the branch office Cashiers, and the original is given to Accounting Department. The copy is placed in a return check envelope by the Service Representative. The return check envelope has all required information concerning the account.

If the phone number is listed on either the check or computer, the consumer is called and advised of the return check. If no number is available, then the check is mailed to the consumer with a letter of notification.

The Service Representatives then enter the return check to the consumers' account and the service charge is generated for that account. At the end of the month, the return checks are summarized and used to reconcile the subsidiary accounts receivable records with the controlling general ledger account.

The Accounting Department maintains a list of return checks, and matches each with the listing on the monthly bank statement. If the check has been subsequently paid by another check, these are marked off the list. If the return check has not been paid, then the total return checks are recorded as an adjusting entry.

When the consumer makes good on the returned check, the check is purged from the pending file and given to the consumer. The copy of the letter and a copy of the returned check are filed in the consumer's permanent file.

Per discussions with all parties involved, 40 minutes is the minimum time it takes to process and account for returned checks.

Witness: Alan Zumstein

Office Clerical labor for all miscellaneous charges

Customer Service Representative prepares job order with all information into the computer system for each service and gives to the Operations Superintendent to route to the Service Men. A copy of the job order is filed in a pending folder until the job is completed. The completed job ticket is returned to the Customer Service Representative to match with the pending job order and file in the consumers' folder.

The Service Representatives then enter the completed information to the consumers' account and the service charge is generated for that account. At the end of the month, the service charges are summarized and used to reconcile the subsidiary accounts receivable records with the controlling general ledger account.

This takes approximately 15 minutes per each job order.

The time required is based on conversations with the parties involved in each process.

Labor for Serviceman to read meter, collect and connect account

The Operations Superintendent receives all the job tickets and sorts by route or service location. The sorted job tickets are given to the Service Men to perform the work.

The service men goes to the consumer's premises to perform the service as indicated on the job ticket. When the service is completed, the work performed is entered on the job ticket for actual information for any changes or notations encountered at the premises. While at the consumer's premises, the meter is always read.

Per discussions with the parties involved, it takes the service men approximately 30 minutes for each trip, including the time to prepare the completed paper work, plus several minutes for the Operations Superintendent for each of the job tickets.

Witness: Alan Zumstein

Labor for overtime charges

The Serviceman is called from home after hours and make a service call to one (1) individual consumer's premises to read the meter, collect and account or reconnect an account. For the test year, the only charge after hours was to reconnect accounts.

Estimated time from the Serviceman's home to consumer's premises and back to the Serviceman's home again is one and one-half (1-1/2) hour.

During working hours, the Operations Superintendent usually gives the Serviceman more than one account to read, collect or reconnect in the same general area as opposed to making one (1) trip for one (1) consumer after working hours.

Since after hour trips are isolated, that is the reason for the mileage to be doubled from regular hours.

The various employees responsible for the above steps assisted in detailing the steps used and an estimate of the time involved.

Witness: Alan Zumstein

Labor for meter tests

Requires a regular trip charge for the service men.

The meter is pulled by the service men, brought to the meter department where the meter technician tests the meter. The results of the tests are mailed to the consumer. Meter person then records the information to be filed in the consumers file and records on the meter records maintained in the meter shop for future references.

Per discussions with the meter department, it requires approximately twenty (20) additional minutes to test the meter and record the results for mailing to the consumer.

Miles driven for each service

Per discussions with the Operations Superintendent and service men, it is estimated that each trip is approximately 10 miles.

Big Sandy's transportation system is designed to accumulate and allocate costs per vehicle based on the estimated cost per hour, using actual hours used during the month. Since costs are not accounted for on a per mile basis, the IRS mileage rate was used.



Big Sandy Rural Electric
Purchase Power
December 31, 2004
Witness: David Estepp

Billing Rates:

KW-Sch E2 5.22
KWH-Sch E2 On-Peak 0.030034
KWH-Sch E2 Off-Peak 0.022468
KVA 3000 - 7499 2,373.00
KVA 7500 - 14999 2,855.00
Metering Point 125.00

	Billing Demand	On-Peak	Off-Peak	Energy Charge	Metering Point	Wheeling Charge 3,000	Wheeling Charge 7,500	Wheeling Charge	Fuel Adjustment	Total
January	375,177	441,256	410,242	851,498	1,000	2,373	19,985	22,358	114,668	1,364,701
February	311,389	369,908	348,522	718,430	1,000	2,373	19,985	22,358	182,274	1,235,450
March	305,939	308,241	287,107	595,348	1,000	2,373	19,985	22,358	92,396	1,017,041
April	184,266	252,782	234,938	487,721	1,000	2,373	19,985	22,358	87,759	783,104
May	218,264	349,163	177,015	526,178	1,000	2,373	19,985	22,358	81,918	849,718
June	221,140	359,181	173,819	533,000	1,000	2,373	19,985	22,358	62,828	840,326
July	247,136	402,838	188,629	591,467	1,000	2,373	19,985	22,358	116,238	978,198
August	240,329	375,774	178,875	554,650	1,000	2,373	19,985	22,358	99,497	917,833
September	223,223	317,666	164,159	481,825	1,000	2,373	19,985	22,358	121,426	849,832
October	197,170	240,848	213,210	454,057	1,000	2,373	19,985	22,358	92,270	766,855
November	254,219	288,200	260,133	548,333	1,000	2,373	19,985	22,358	96,976	922,886
December	390,070	410,476	383,642	794,118	1,000	2,373	19,985	22,358	213,965	1,421,511
Total	3,168,321	4,116,333	3,020,291	7,136,624	12,000	28,476	239,820	268,296	1,362,215	11,947,456

Big Sandy Rural Electric
Purchase Power
December 31, 2004
Witness: David Estepp

	Billing Demand	On-Peak	Off-Peak	Total	Metering Point	Wheeling Charge
		kwh	kwh	kwh		
January	71,873	14,691,882	18,258,934	32,950,816	8	1
February	59,653	12,316,296	15,511,936	27,828,232	8	1
March	58,609	10,263,079	12,778,475	23,041,554	8	1
April	35,300	8,416,535	10,456,575	18,873,110	8	1
May	41,813	11,625,596	7,878,549	19,504,145	8	1
June	42,364	11,959,145	7,736,275	19,695,420	8	1
July	47,344	13,412,731	8,395,441	21,808,172	8	1
August	46,040	12,511,636	7,961,327	20,472,963	8	1
September	42,763	10,576,876	7,306,349	17,883,225	8	1
October	37,772	8,019,166	9,489,484	17,508,650	8	1
November	48,701	9,595,792	11,577,922	21,173,714	8	1
December	74,726	13,667,046	17,075,057	30,742,103	8	1
Total	606,958	137,055,780	134,426,324	271,482,104	96	12
						2,373
						2,855

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Big Sandy Rural Electric
Normalized Revenues
December 31, 2004

Witness: Alan Zumstein

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Base rates for the test year	14,848,666
Normalized revenues using rates effective May 1, 1999	<u>14,848,666</u>
Normalized revenue adjustment	<u><u>0</u></u>

1 Big Sandy Rural Electric
 2 **End of Test Year Customer Adjustment**
 3 December 31, 2004
 4 Witness: Alan Zumstein

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	A-1	A-2	LP	LPR	
	Residential	Small Commercial	Large Power	Large Power	
9 January	11,594	884	135	13	
10 February	11,613	881	135	13	
11 March	11,597	880	136	13	
12 April	11,586	878	139	13	
13 May	11,613	887	136	13	
14 June	11,609	885	136	13	
15 July	11,637	885	135	13	
16 August	11,635	886	134	14	
17 September	11,617	895	136	14	
18 October	11,659	904	136	14	
19 November	11,672	914	138	14	
20 December	<u>11,679</u>	<u>910</u>	<u>137</u>	<u>14</u>	
21					
22 Average	<u>11,626</u>	<u>891</u>	<u>136</u>	<u>13</u>	
23					
24 Increase	<u>53</u>	<u>19</u>	<u>1</u>	<u>1</u>	
25					
26 Total revenue	9,992,287	985,438	1,871,729	1,459,978	
27 kwh useage	<u>171,619,388</u>	<u>13,679,658</u>	<u>33,190,922</u>	<u>28,467,140</u>	
28					
29 Average per kwh	<u>0.05822</u>	<u>0.07204</u>	<u>0.05639</u>	<u>0.05129</u>	
30					
31 Total billings	139,511	10,689	1,633	161	
32					
33 Average monthly kwh use	1,230	1,280	20,325	176,815	
34					
35 Increase in consumers, times average use, 36 times average rate, times 12 months, 37 equals additional revenues	45,553	21,020	13,754	108,818	189,145
38					
39 Increase in consumers, times average use, 40 times average cost per kwh purchased, 41 times 12 months, 42 equals additional power cost	34,431	12,841	10,734	93,376	151,381
43					
44 Net increase					<u><u>37,763</u></u>
45					
46 Total cost of power for test year		11,947,454			
47 Kwh purchased		271,482,104			
48					
49 Cost per kwh purchased		<u>\$0.04401</u>			
50					
51					



10/27/04

BORROWER STATISTICAL PROFILE

REPORT NO. 168.1
KY 58 BIG SANDY RURAL E C CORP
SUPPLIED BY: East Kentucky Power Coop, Inc (KY0059)

ITEM	BORROWER DATA		U.S.	MEDIAN VALUES		STATE	MAX	STATE VALUES		Q1	MIN	FLAG
	2001	2002		2003	PEER GROUP			Q3	Q1			
FINANCIAL RATIOS												
1. TIER (ONE YEAR)	2.46	3.25	3.05	2.22	2.76	2.57	17.60	3.05	2.08	1.60		
2. AVERAGE TIER (ONE YEAR)	2.02	2.86	3.15	2.43	3.06	2.91	10.22	3.89	1.38	1.48		
3. OTIER (ONE YEAR)	1.29	1.46	1.38	1.90	1.48	1.61	16.61	1.84	1.50	1.23	LO	
4. AVERAGE OTIER (ONE YEAR)	1.44	1.45	1.42	2.07	1.72	1.76	8.85	2.09	1.47	0.67		
5. MTIER (ONE YEAR)	1.34	1.54	1.49	1.91	1.51	1.68	17.37	2.04				
6. DSC (ONE YEAR)	2.39	2.51	2.30	2.02	2.33	2.23	4.16	2.49	1.91	0.28		
7. AVERAGE DSC (ONE YEAR)	2.09	2.45	2.45	2.20	2.61	2.45	4.43	2.80	2.13	1.88		
8. ODSC (ONE YEAR)	1.63	1.58	1.53	1.83	1.63	1.64	3.18	1.97	1.53	0.27		
9. AVERAGE ODSC (ONE YEAR)	1.69	1.68	1.61	1.97	1.90	1.91	3.28	2.03	1.72	1.61	LO	
10. MDSC (ONE YEAR)	1.66	1.63	1.58	1.86	1.66	1.69	3.18	2.00	1.58	0.28		
11. PRR (ONE YEAR)	6.31	6.26	6.20	6.36	6.26	6.19	7.46	6.81	5.61	4.78		
12. EQUITY RATIO %	37.68	40.63	40.91	43.36	38.37	39.01	87.40	43.66	33.07	28.74		
13. MODIFIED EQUITY %	26.74	26.90	25.80	34.96	24.80	26.26	87.40	36.51	23.70	17.57	HI	
14. OPERATING REVENUE / MILE \$	14765.31	15326.23	15802.70	7425.43	10955.03	11125.31	41122.60	14683.88	9558.06	7549.75	HI	
15. GENERAL FUNDS/TOTAL PLANT %	9.45	6.01	8.27	4.09	2.01	3.74	17.64	7.33	0.95	0.18	HI	
16. CURRENT RATIO	2.28	1.79	2.13	1.26	1.10	1.11	4.41	1.91	0.91	0.52	HI	
17. OPERATING MARGINS/RATE BASE%	0.97	1.11	0.76	2.02	1.04	1.42	5.88	2.23	0.91	-1.67	LO	
18. RATE OF RETURN ON RATE BASE%	4.72	3.90	3.12	4.78	3.82	4.05	8.36	5.12	3.06	1.49		
19. PAT.CAP.RETIRED/ TOT P.CAP.%	13.96	13.06	12.56	22.19	12.74	12.56	49.76	22.88	0.00	0.00		
20. PAT.CAP.RETIRED/NET MARGINS%	11.98	5.22	4.43	25.34	4.56	4.39	68.80	23.55	0.00	-2122.35		
CONSUMER RATIOS												
21. AVG. TOTAL CONSUMERS SERVED	12193.00	12375.00	12509.00	11602.50	24024.00	25553.00	59081.00	49336.00	22122.00	3765.00		
22. CONSUMERS / MILE (DENSITY)	12.36	12.48	12.62	5.75	8.58	8.76	12.62	10.03	7.21	5.46	HI	
23. CONSUMERS / EMPLOYEE	307.50	276.91	287.00	269.21	427.84	399.15	578.14	439.46	356.83	267.14	LO	
24. LONG TERM DEBT / CONSUMER \$	1310.47	1242.41	1332.43	1512.48	1346.26	1275.05	2033.86	1720.22	1122.92	14.06		
25. DIST+GENERAL PLT/ CONSUMER \$	2349.70	2348.00	2399.46	3212.33	2517.15	2544.84	3501.24	2831.55	2312.90	1944.54		
26. NET MARGINS / AVG.CONSUMER \$	91.48	109.17	84.67	83.57	91.71	81.29	158.05	113.38	65.79	32.17		
27. AVG.MO.KWH/RESID CONS EX SEAS	1239.83	1293.60	1277.40	1131.81	1186.75	1215.29	1339.40	1275.54	1081.93	1019.92	HI	
28. AVG.MO.KWH/RESID CONS	1239.83	1293.60	1277.40	1086.23	1151.58	1212.17	1339.40	1275.54	1080.82	1019.92	HI	
29. CUST. ACCT. EXP. / AVG.CONS \$	39.34	42.18	45.94	48.80	46.04	46.15	68.18	52.35	39.92	31.59		
30. ADM. & GEN. EXP. / AVG.CONS \$	70.88	75.01	87.24	93.64	59.28	55.40	91.93	68.30	47.29	40.70	HI	
31. CUST SERV &INFO / AVG.CONS \$	8.89	11.83	11.37	9.80	9.48	7.31	24.91	11.03	3.63	-0.10	HI	
32. O+M+A&G+CUST ACCT/AVG.CONS \$	202.72	222.73	248.61	308.13	237.44	238.23	366.63	267.40	225.56	186.31		
33. PWR COST+TAX+DEP+INT/AVGCONS \$	968.94	977.24	986.18	1036.16	973.71	992.63	5064.25	1403.43	865.95	711.79		

10/27/04

BORROWER STATISTICAL PROFILE
SUPPLIED BY: East Kentucky Power Coop, Inc (KY0059)

REPORT NO. 168.1
KY 58 BIG SANDY RURAL E C CORP

ITEM	BORROWER DATA			U.S.	PEER GROUP	STATE VALUES	STATE	MAX	STATE VALUES			MIN	FLAG
	2001	2002	2003						Q3	Q1			
EMPLOYEE COSTS													
34. NUMBER OF EMPLOYEES	40.00	45.00	44.00	43.00	57.50	73.00	164.00	114.00	44.00	14.00	18.11	LO	
35. AVERAGE RATE PER HOUR \$	17.45	18.20	18.92	21.81	21.23	22.43	25.98	24.34	20.03	18.11	2.76	LO	
36. OVERTIME HOURS/TOTAL HOURS %	2.24	3.06	2.76	4.71	7.54	6.86	12.11	9.08	5.64	2.76	17.72	LO	
37. CAPITLZD PAYROLL/TOTAL PAY %	24.18	23.34	20.96	22.23	25.62	25.94	34.44	31.19	21.23	17.72	17.72	LO	
MWH SOLD													
38. MWH SOLD / 1000	246.28	259.68	256.96	211.99	481.01	594.99	9335.17	1037.80	392.46	100.99	100.99	LO	
39. ANNUAL % CHANGE IN KWH SOLD%	1.57	5.44	-1.05	1.05	1.16	0.38	4.08	1.37	-0.84	-5.53	101.77	HI	
40. MWH / MILE OF LINE	247.42	260.09	256.79	94.18	173.63	185.52	1372.62	247.46	140.70	101.77	59.28	LO	
41. REVENUE / MWH(RESID EX SEAS)\$	58.90	57.93	60.23	80.98	63.94	64.07	82.01	70.89	62.36	59.28	29.96	LO	
42. OP.REV / MWH(TOTAL SALES) \$	59.68	58.93	61.54	76.03	60.17	61.54	74.18	70.59	58.73	29.96	2.78	LO	
43. OP.REV LESS COST POWER/MWH \$	18.64	18.46	19.50	32.36	18.67	19.16	32.24	24.13	18.18	2.78	2.78	LO	
44. COST OF POWER / MWH SOLD \$	41.04	40.47	42.04	45.37	41.89	41.94	50.00	42.70	39.39	27.18	15.15	LO	
45. COMM+IND+IRR MWH/TOTAL MWH %	32.10	31.99	31.47	32.60	32.22	38.55	92.61	50.62	27.75	15.15	1.49	LO	
46. O+A+AG+CUST ACCT EXP /MWH \$	10.04	10.61	12.10	16.95	11.47	10.85	18.09	13.72	9.06	1.49	1.49	LO	
PLANT INVESTMENT													
47. TOTAL PLANT / 1000	28939.26	30000.94	31047.89	43238.53	62840.94	68572.44	193429.56	129197.44	48600.37	10912.99	20.72	LO	
48. TOTAL PLANT / MWH SOLD	117.51	115.53	120.83	203.76	122.65	120.05	193.47	165.00	105.34	20.72	20.72	LO	
49. TOTAL PLANT / MILE OF LINE	29073.58	30048.42	31027.41	19456.36	23442.80	24041.83	31441.21	27329.36	20073.18	14821.63	40.43	LO	
50. O+M EXP / \$1000 TOTAL PLANT \$	38.97	43.54	46.51	44.81	47.82	47.66	79.63	59.85	43.40	40.43	-0.13	LO	
51. TAXES / \$1000 TOTAL PLANT \$	0.60	0.61	0.59	0.87	0.58	0.58	18.73	2.59	0.51	-0.13	12.66	LO	
52. ACCUM. DEPREC/PLANT IN SVC %	25.19	25.91	26.81	30.87	24.63	25.93	46.20	28.93	20.20	12.66	2.94	LO	
53. NET NEW PLANT/TOTAL PLANT %	4.48	3.67	3.49	4.71	5.60	5.10	11.90	6.26	4.10	2.94	96.88	LO	
54. GENERAL PLANT / CONSUMER \$	166.67	110.67	109.65	244.90	134.65	137.15	241.69	174.89	112.62	96.88	16.58	LO	
55. HEADQTR PLANT / CONSUMER \$	0.00	58.28	57.51	119.18	72.85	74.40	245.20	110.67	57.32	16.58	16.58	LO	
LONG TERM DEBT													
56. LONG TERM DEBT/TOTAL ASSETS%	51.66	48.11	48.82	45.21	49.38	48.71	58.83	53.81	45.00	0.60	0.60	LO	
57. INTEREST L.T. /AVG L.T.DEBT%	5.19	3.80	3.20	4.81	3.80	4.07	5.35	4.72	3.40	2.77	40.61	LO	
58. RUS DEBT / TOTAL L.T. DEBT %	100.00	100.00	49.76	74.54	78.06	77.52	100.00	81.04	55.68	40.61	40.61	LO	
REVENUE													
59. INTEREST EXP. / OP.REVENUE %	5.19	3.93	3.27	4.85	3.91	3.53	6.15	5.35	2.83	0.28	0.28	LO	
60. INT. EXP./OP.REV-POWER COST%	16.60	12.54	10.31	11.96	11.72	11.94	17.44	14.01	10.06	0.90	0.90	LO	
61. COST OF POWER / OP.REVENUE %	68.77	68.67	68.31	58.68	69.00	68.95	90.73	70.47	62.79	56.54	56.54	LO	
OPERATING RATIOS													
62. ELEC.INV. TURNOVER RATIO	3.21	2.02	1.74	1.53	2.31	2.17	4.97	3.05	1.68	1.02	1.02	LO	
63. ELEC.INV. EOY /TOTAL PLANT %	0.65	0.65	0.68	1.01	0.58	0.61	1.40	0.80	0.45	0.30	0.30	LO	
64. CONSTR W.I.P./PLT ADDITIONS%	2.33	1.05	1.46	23.91	13.37	15.54	41.32	25.02	9.15	-0.89	-0.89	LO	
65. NET NEW SERVICE/TOTAL SERV %	2.28	2.15	2.06	1.61	2.20	2.01	3.68	2.37	1.60	-0.89	-0.89	LO	
66. IDLE SERVICE/TOTAL SERVICE %	13.15	13.68	14.13	8.15	9.40	9.33	17.65	14.13	6.33	1.42	1.42	LO	
67. ANNUAL LOAD FACTOR	44.20	47.31	44.99	50.80	46.20	48.98	87.12	53.05	44.99	39.66	39.66	LO	
SYSTEM LOSS													
68. TOT.HRS. OUTAGE PER CONS(1YR) %	5.09	5.74	5.39	6.63	4.85	5.13	6.98	6.14	4.06	0.45	0.45	LO	
69. AMT. OVER 60 DAYS/OPER.REV %	1.57	14.10	0.01	2.97	3.33	3.56	84.72	5.64	1.83	0.01	0.01	LO	
70. AMT. WRITTEN OFF /OPER.REV %	0.73	0.12	0.08	0.23	0.13	0.13	0.77	0.27	0.07	0.03	0.03	LO	
71. AMT. INTR INC-EXP/\$1000 PLT	0.65	0.48	0.56	0.20	0.42	0.34	0.66	0.52	0.20	0.08	0.08	LO	
72. OTHER INTR INC-EXP/\$1000 PLT	-0.37	0.91	1.20	1.37	0.21	0.69	5.69	1.71	-0.09	-1.32	-1.32	LO	

07/28/03

BORROWER STATISTICAL PROFILE

REPORT NO. 168.1
KY 58 BIG SANDY RURAL E C CORP
SUPPLIED BY: East Kentucky Power Coop, Inc (KY0059)

ITEM	BORROWER DATA			U.S.	MEDIAN VALUES PEER GROUP	STATE	MAX	STATE VALUES			MIN	FLAG
	2000	2001	2002					Q1	Q3	Q1		
FINANCIAL RATIOS												
1. TIER (ONE YEAR)	1.55	2.46	3.25	2.30	3.24	2.80	5.32	3.44	1.83	0.77		
2. AVERAGE TIER (ONE YEAR)	1.56	2.02	2.86	2.38	2.88	2.75	5.18	3.52	1.96	1.45		
3. OTIER (ONE YEAR)	1.44	1.29	1.46	1.95	1.86	1.70	3.17	2.11	1.40	-1.31		
4. AVERAGE OTIER (ONE YEAR)	1.44	1.44	1.45	1.95	1.69	1.71	3.40	1.81	1.45	1.24		
5. MTIER (ONE YEAR)	1.50	1.34	1.54	1.95	1.84	1.79	3.28	2.17	1.31	0.77		
6. DSC (ONE YEAR)	1.79	2.39	2.51	2.10	2.74	2.49	4.42	2.95	2.02	1.50		
7. AVERAGE DSC (ONE YEAR)	1.76	2.09	2.45	2.22	2.54	2.45	4.43	2.86	2.21	1.84		
8. ODSC (ONE YEAR)	1.72	1.63	1.58	1.91	1.84	1.87	3.07	2.08	1.75	0.93	LO	
9. AVERAGE ODSC (ONE YEAR)	1.69	1.69	1.68	1.95	1.81	1.85	3.23	2.12	1.68	1.63		
10. MDSC (ONE YEAR)	1.75	1.66	1.63	1.92	1.87	1.91	3.07	2.11	1.79	1.45	LO	
11. PRR (ONE YEAR)	6.29	6.31	6.26	6.23	6.02	6.06	7.17	6.30	5.57	4.86		
12. EQUITY RATIO	38.73	37.68	40.63	43.36	38.28	39.28	74.68	44.13	34.11	29.42		
13. MODIFIED EQUITY	29.34	26.74	26.90	35.14	26.00	28.26	71.75	35.32	25.27	19.38		
14. OPERATING REVENUE / MILE	\$ 14017.74	\$ 14765.31	\$ 15326.23	\$ 7023.75	\$ 10659.17	\$ 11226.23	\$ 42558.34	\$ 14544.33	\$ 8893.64	\$ 7427.86	HI	
15. GENERAL FUNDS/TOTAL PLANT	% 1.03	% 9.45	% 6.01	% 4.37	% 1.95	% 2.71	% 26.56	% 6.01	% 0.80	% 0.24		
16. CURRENT RATIO	1.26	2.28	1.79	1.33	0.99	1.04	2.88	1.79	0.74	0.61		
17. OPERATING MARGINS/RATE BASE%	1.51	0.97	1.11	2.27	2.18	1.98	4.94	2.78	1.10	-2.71		
18. RATE OF RETURN ON RATE BASE%	5.13	4.72	3.90	5.22	5.09	4.84	7.38	5.94	3.55	-1.45		
19. PAT.CAP.RETIRED/ TOT P.CAP.%	14.84	13.96	13.06	21.53	13.38	13.06	49.75	23.34	0.00	0.00		
20. PAT.CAP.RETIRED/NET MARGINS%	12.13	11.98	5.22	25.35	7.32	5.26	207.97	25.86	0.00	0.00		
CONSUMER RATIOS												
21. AVG. TOTAL CONSUMERS SERVED	12053.00	12193.00	12375.00	11174.00	23498.00	25084.00	58058.00	47741.00	21762.00	3770.00	HI	
22. CONSUMERS / MILE (DENSITY)	12.30	12.36	12.48	5.68	8.48	8.76	12.48	9.86	7.15	5.50	LO	
23. CONSUMERS / EMPLOYEE	275.59	307.50	276.91	265.90	424.76	377.97	548.57	436.62	336.16	252.27		
24. LONG TERM DEBT / CONSUMER \$	1093.15	1310.47	1242.41	1442.20	1166.04	1157.49	1912.07	1539.46	1062.57	307.69		
25. DIST+GENERAL PLT/ CONSUMER \$	2221.27	2349.70	2348.00	3102.99	2425.26	2487.16	3356.21	2729.16	2264.72	1895.05		
26. NET MARGINS / AVG. CONSUMER \$	33.80	91.48	109.17	98.17	136.08	106.10	204.60	156.28	51.89	-4.29		
27. AVG.MO.KWH/RESID CONS EX SEAS	1254.95	1239.83	1293.60	1151.47	1201.91	1246.43	1346.98	1299.15	1111.33	1036.84		
28. AVG.MO.KWH/RESID CONS	1254.95	1239.83	1293.60	1102.51	1157.97	1236.37	1346.34	1299.15	1098.34	1036.84		
29. CUST. ACCT. EXP. / AVG. CONS \$	38.44	39.34	42.18	47.66	43.41	44.52	60.03	51.03	39.57	31.52		
30. ADM. & GEN. EXP. / AVG. CONS \$	67.16	70.88	75.01	89.87	54.04	52.23	82.80	63.16	47.55	33.59	HI	
31. CUST SERV & INFO / AVG. CONS \$	7.23	8.89	11.83	9.77	8.48	7.34	22.74	10.92	3.40	0.38	HI	
32. O+M+A&G+CUST ACCT/AVG. CONS \$	190.86	202.72	222.73	295.15	223.04	224.44	379.26	250.52	217.53	168.46		
33. PWR COST+TAX+DEP+INT/AVGCONS\$	917.59	968.94	977.24	1009.83	951.00	977.24	5262.66	1397.66	838.80	726.63		

07/28/03

BORROWER STATISTICAL PROFILE
SUPPLIED BY: East Kentucky Power Coop, Inc (KY0059)

REPORT NO. 168.1
KY 58 BIG SANDY RURAL E C CORP

ITEM	BORROWER DATA			MEDIAN VALUES		STATE	STATE VALUES			MIN	FLAG
	2000	2001	2002	U. S.	PEER GROUP		MAX	Q3	Q1		
EMPLOYEE COSTS											
34. NUMBER OF EMPLOYEES	44.00	40.00	45.00	43.00	58.00	72.00	166.00	115.00	45.00	15.00	LO
35. AVERAGE RATE PER HOUR \$	17.09	17.45	18.20	21.14	20.19	21.04	24.64	23.26	19.09	17.75	LO
36. OVERTIME HOURS/TOTAL HOURS %	2.40	2.24	3.06	4.82	5.88	5.91	11.40	7.60	4.67	2.87	LO
37. CAPITLZD PAYROLL/TOTAL PAY %	27.48	24.18	23.34	22.63	25.97	26.48	35.70	30.82	22.73	18.94	
MWH SOLD											
38. MWH SOLD / 1000	242.47	246.28	259.68	211.15	468.53	607.78	9299.46	1024.68	391.17	106.90	
39. ANNUAL % CHANGE IN KWH SOLD%	4.17	1.57	5.44	4.94	4.99	4.52	35.46	7.03	3.04	-9.49	
40. MWH / MILE OF LINE	245.88	247.42	260.09	92.34	174.61	189.85	1379.95	247.41	140.39	103.23	HI
41. REVENUE / MWH(RESD EX SEAS)\$	56.23	58.90	57.93	78.68	62.18	62.19	73.83	69.58	59.75	57.46	LO
42. OP.REV / MWH(TOTAL SALES)\$	57.01	59.68	58.93	74.22	57.97	58.93	71.95	68.68	57.23	30.84	
43. OP.REV LESS COST POWER/MWH \$	18.17	18.64	18.46	32.20	18.42	18.46	31.97	24.71	17.58	2.77	
44. COST OF POWER / MWH SOLD \$	38.84	41.04	40.47	42.72	39.83	39.98	51.38	40.85	37.53	28.07	
45. COMM+IND+IRR MWH/TOTAL MWH %	30.86	32.10	31.99	32.88	33.14	38.47	92.40	50.44	26.57	14.41	
46. O+M+A&G+CUST ACCT EXP /MWH \$	9.49	10.04	10.61	16.37	10.42	10.24	15.63	12.90	8.68	1.34	
PLANT INVESTMENT											
47. TOTAL PLANT / 1000	27697.10	28939.26	30000.94	40722.84	59480.53	65441.95	184043.94	119553.19	45660.71	10530.81	
48. TOTAL PLANT / MWH SOLD	114.23	117.51	115.53	197.57	116.10	112.03	181.33	156.94	98.51	19.79	
49. TOTAL PLANT / MILE OF LINE	28086.95	29073.58	30048.42	18458.51	22540.37	23096.82	30702.88	26491.91	19160.85	14339.32	HI
50. O+M EXP / \$1000 TOTAL PLANT \$	37.10	38.97	43.54	43.88	47.69	48.43	87.86	56.68	43.23	36.99	
51. TAXES / \$1000 TOTAL PLANT \$	0.60	0.60	0.61	4.72	0.60	0.62	19.48	3.03	0.51	-0.05	
52. ACCUM. DEPREC/PLANT IN SVC %	24.36	25.19	25.91	30.34	23.70	24.74	45.81	28.12	19.47	12.41	LO
53. NET NEW PLANT/TOTAL PLANT %	5.66	4.48	3.67	4.79	5.48	5.30	8.55	5.95	4.03	3.08	
54. GENERAL PLANT / CONSUMER \$	165.87	166.67	110.67	239.91	126.10	133.95	239.87	169.00	110.67	98.16	
55. HEADQTR PLANT / CONSUMER \$	59.84	0.00	58.28	113.64	58.84	66.41	251.01	105.01	54.52	16.80	
LONG TERM DEBT											
56. LONG TERM DEBT/TOTAL ASSETS%	48.14	51.66	48.11	45.41	47.10	48.64	62.05	52.78	44.66	11.96	LO
57. INTEREST L.T. /AVG L.T.DEBT%	5.64	5.19	3.80	4.99	4.50	4.65	5.74	5.03	4.26	3.65	
58. RUS DEBT / TOTAL L.T. DEBT %	60.95	100.00	100.00	77.22	79.80	80.63	100.00	86.47	75.05	63.51	HI
REVENUE											
59. INTEREST EXP. / OP.REVENUE %	5.36	5.19	3.93	5.19	4.42	3.93	6.51	5.49	2.97	0.99	
60. INT. EXP./OP.REV-POWER COST%	16.83	16.60	12.54	12.46	12.92	13.13	15.97	15.50	10.60	3.77	
61. COST OF POWER / OP.REVENUE %	68.13	68.77	68.67	57.52	68.22	68.59	91.00	73.46	62.12	55.57	
OPERATING RATIOS											
62. ELEC.INV. TURNOVER RATIO	8.32	3.21	2.02	1.58	2.53	2.10	4.66	2.97	1.49	1.08	
63. ELEC.INV. EOY /TOTAL PLANT %	0.59	0.65	0.65	1.05	0.59	0.63	1.28	0.85	0.40	0.40	
64. CONSTR W.I.P./PLT ADDITIONS%	1.72	2.33	1.05	23.57	11.48	10.62	101.82	17.98	5.51	1.05	LO
65. NET NEW SERVICE/TOTAL SERV %	1.81	2.28	2.15	1.66	2.44	2.31	4.12	2.70	1.61	-0.64	
66. IDLE SERVICE/TOTAL SERVICE %	12.65	13.18	13.68	8.02	8.83	8.52	16.74	13.69	6.96	2.13	LO
67. ANNUAL LOAD FACTOR	43.82	44.20	47.31	52.33	52.20	52.69	86.46	55.90	49.97	46.64	
SYSTEM LOSS											
68. SYSTEM LOSS	5.58	5.09	5.74	6.68	4.86	5.32	6.83	6.17	3.84	0.50	HI
69. TOT.HRS.OUTAGE PER CONS(1YR) %	1.75	1.57	14.10	3.25	2.28	2.77	16.43	4.19	2.09	0.95	
70. AMT. OVER 60 DAYS/OPER.REV %	0.06	0.73	0.12	0.24	0.10	0.13	0.81	0.25	0.06	0.03	
71. AMT. WRITTEN OFF /OPER.REV %	0.52	0.65	0.48	0.19	0.33	0.33	0.85	0.47	0.19	0.07	HI
72. OTHER INTR INC-EXP/\$1000 PLT	-0.03	-0.37	0.91	1.39	-0.02	0.19	13.90	1.05	-0.45	-2.69	



United States Department of Agriculture
Rural Development

Exhibit 17
Page 5 of 9

Rural Business—Cooperative Service • Rural Housing Service • Rural Utilities Service
Washington, DC 20250

SUBJECT: RUS Form 7, Financial and Statistical Report

TO: Electric Distribution Borrowers

FROM: BLAINE D. STOCKTON
Assistant Administrator
Electric Program

Attached is a copy of the current Borrower Statistical Profile (BSP) along with a description of how the ratios were calculated. If you have any questions concerning BSP information you can contact your local General Field Representative or the applicable area director.

Attachment

###

BSP Ratio Explanation

New BSP Number	Ratio Title	Item Derivation <u>All from RUS Form 7 unless otherwise noted</u>
1	TIER	$(A28b+A15b^*)/A15b^*$
2	Average TIER	Average of the 2 highest TIER values over the last 3 years.
3	OTIER	$(A20b+A15b^*+I2c(a))/A15b^*$
4	Average OTIER	Average of the 2 highest OTIER values over the last 3 years.
5	MTIER	$(A28b+A15b^*-A25b-A26b)/A15b^*$
6	DSC	$(A12b+A15b^*+A28b)/(N12d-N1d+RUS\ Debt\ Billed^{**}\ from\ RUS\ Debt\ Billed\ Files)$
7	Average DSC	Average of the 2 highest DSC values over the last 3 years.
8	ODSC	$(A12b+A15b^*+A20b+I2c(a))/N12d-N1d+RUS\ Debt\ Billed^{**}\ from\ RUS\ Debt\ Billed\ Files)$
9	Average DSC	Average of the 2 highest ODSC values over the last 3 years.
10	MDSC	$(A12b+A15b^*+A28b-A25b-A26b)/(N12d-N1d+RUS\ Debt\ Billed\ from\ RUS\ Debt\ Billed\ Files)$
11	PRR	$C3/[A1b-(A2b+A3b+A4b)]$
12	Equity Ratio %	$(C35/C28) \times 100$
13	Modified Equity Ratio %	$[(C35-C8)/C28] \times 100$
14	Operating Revenue Per Mile \$	$A1b/B8b$
15	General Funds/Total Plant %	$[(C6+C9+C12+C13+C15+C18)/C3] \times 100$
16	Current Ratio	$C25/C52$
17	Operating Margins/Rate Base %	$A20b \times 100/[C5+F1g+C23+(12/365 \times A3b)+(45/365 \times (A2b+A4b\ thru\ A10b))]$ Note: In leap years, the "365" figure in the above ratio changes to 366.
18	Rate of Return on rate base %	$(A20b+A15b+A16b+A17b+A18b) \times 100/[C5+F1g+C23+(12/365 \times A3b)+(45/365 \times (A2b+A4b\ thru\ A10b))]$ Note: In leap years, the "365" figure in above ratio changes to 366.
19	Pat Cap Retired/Total Pat Cap %	$I1cb \times 100/(I1cb+C35)$
20	Pat Cap Retired/Net Margins %	$I1ca \times 100/A28a$

21	Avg. Total Consumers Served	O10(b)
22	Consumers/Mile (Density)	O10(a)/B8b
23	Consumers/ Employee	O10(a)/H1
24	Long Term Debt Consumer \$	C41/O10(a)
25	Dist + General Plant/ Consumer \$	(E1e+E2e)/O10(a)
26	Net Margins/ Avg. Consumer \$	A28b/O10(b)
27	Avg. MO. KWH/ Residential Cons Ex Seasonal	(O1b(c)/O1a(b))/12
28	Avg. MO. KWH/ Residential Cons	(O1b(c)+O2b(c))/(O1a(b)+O2a(b))
29	Cust. Acct. Expense/ Avg. Consumer \$	A7b/O10(b)
30	Adm & Gen Expense/ Avg. Consumer \$	A10b/O10(b)
31	Cust Serv & Info/ Avg. Consumer \$	A8b/O10(b)
32	O&M+A&G+ Customer Acct/ Avg Consumer \$	(A5b+A6b+A7b+A10b)/O10(b)
33	PWR Cost+Tax+ Dep+Int/Avg Consumers \$	(A2b+A3b+A4b+A12b+A13b+A14b+A15b)/O10(b)
34	No. of Employees	H1
35	Avg. Rate Per Hour \$	(H4+H5+H6)/(H2+H3)
36	Overtime Hours/ Total Hours %	[H3/(H2+H3)] x 100
37	Capitalized Payroll/ Total Payroll %	[H5/(H4+H5+H6)] x 100
38	MWH Sold/1000	O11(c)/1,000,000
39	Annual % Change in MWH sold	[(O11(c)-O11(c) prior year)/O11(c) prior year] x 100
40	MWH/Mile of Line	(O11(c)/B8b)/1,000
41	Revenue/MWH Residential EX Seasonal	(O11(c) x 1,000)/O1b(c)

42	Op Revenue/MWH (Total Sales) \$	$A1b/(O11(c)/1,000)$
43	Op Revenue Less Cost Power/MWH \$	$[A1b-(A2b+A3b+A4b)]/(O11(c)/1,000)$
44	Cost of Power/ MWH Sold \$	$(A2b+A3b+A4b)/(O11(c)/1,000)$
45	Comm+Ind+IRR MWH/Total MWH %	$[(O3b(c)+O4b(c)+O5b(c))/O11(c)] \times 100$
46	O&M+A&G+ Cust Acct Exp/ MWH \$	$(A5b+A6b+A7b+A10b)/O11(c)/1,000)$
47	Total Plant/1000 \$	$C3/1,000$
48	Total Plant/ MWH Sold \$	$C3/(O11(c)/1,000)$
49	Total Plant/ Mile of Line \$	$C3/B8b$
50	O&M Expense/ \$1,000 Total Plant \$	$(A5b+A6b)/(C3/1,000)$
51	Taxes/\$1,000 Total Plant	$(A13b+A14b)/(C3/1,000)$
52	Accum. Depreciation/ Plant in Service %	$(C4/C1) \times 100$
53	Net New Plant/ Total Plant %	$[(E9b-E9c+E9d)/E9a] \times 100$
54	Gen Plant/Cons \$	$E2e/O10(a)$
55	Hdqtr Plant/Cons \$	$E3e/O10(a)$
56	Long Term Debt/ Total Assets %	$(C41/C28) \times 100$
57	Int. L/T Debt/ Avg. L/T Debt	$[(A15b)/(C41+C41 \text{ prior year}/2)] \times 100$
58	RUS Debt/ Total L/T Debt %	$[(C36+C37+C38+C39)/C41] \times 100$
59	Interest Expense/ Oper. Revenue %	$[(A15b+A16b)/A1b] \times 100$
60	Interest Expense/ Oper. Revenue less Power Cost %	$[(A15b+A16b)/(A1b-(A2b+A3b+A4b))] \times 100$
61	Cost of Power/ Oper. Revenue %	$[(A2b+A3b+A4b)/A1b] \times 100$
62	Electric Inventory Turnover Ratio	$F1d/[F1a+F1g]/2]$
63	Electric Inventory End of Year/ Total Plan %	$(F1g/C3) \times 100$

64	Construction WIP/ Plant Additions %	$(E8e/E7b) \times 100$
65	Net New Service/ Total Service %	$[(B1b-B2b)/B3b] \times 100$
66	Idle Service/ Total Service %	$(B4b/B3b) \times 100$
67	Annual Load Factor %	$[O15(c)+O16(c)+O18(c)]/(O19(c) \times 8760)] \times 100$ Note: In leap years the figure "8760" in this ratio becomes "8784" (this is the number of hours in the year)
68	System Loss %	$[1-((O11(c)+O14(c))/(O15(c)+O16(c)+O18(c)))] \times 100$
69	Total Hours Outage Per Consumer	G1e
70	Amt over 60 Days/ Oper Revenue %	$(J1/A1b) \times 100$
71	Amount Written Off/ Oper. Revenue %	$(J2/A1b) \times 100$
72	Other Int. Income Less Expenses/ \$1,000 Plant	$(A21b-A17b)/(C3/1,000)$

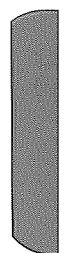
NOTE: All fields have a numeric format and are displayed to 2 decimal places.

*Interest on Long-Term Debt shall be increased by 1/3 of the amount, if any, by which the rentals of Restricted Property (Line L3 of Form 7) exceed 2% of Margins and Equities (line C35 of Form 7).

**Debt Service Billed shall be increased by 1/3 of the amount, if any, by which the rentals of Restricted Property (line L3 of Form 7) exceed 2% of Margins and Equities (line C35 of Form 7).

DSC, MDSC & ODSC – Interest on long term debt and debt service are increased by allowance for excess rentals of restricted property as provided in the mortgage. This affects very few borrowers' calculations of TIER and DSC (ratios 1 through 10).

Note: The adjustments mentioned in * and ** above are the same and can be calculated as:
 $(L3-(.02 \times C35))/3$ but not less than zero; therefore, if the adjustment value is negative, then the adjustment is zero.





Key Ratio Trend Analysis

Big Sandy Rural Electric Cooperative Corporation
KY058

PRODUCED BY: CFC
Woodland Park
2201 Cooperative Way
Herndon, Virginia 20171
1-800-424-2954

Year	Syst. Valu.	US Total			State Grouping			C			Customer Size			Major Current Power Supplier			Plant Growth (1998-2003)		
		Median	NBR	Rank	Median	NBR	Rank	Med.	NBR	Rank	NBR	Rank	Rank	Median	NBR	Rank	Median	NBR	Rank
COMPOSITE																			
RATIO 1 --- TIER																			
1999	1.57	2.07	825	652	1.83	23	17	1.93	99	75	1.83	16	12	1.97	155	120	1.97	155	120
2000	1.55	2.03	821	627	1.60	23	14	1.97	63	46	1.64	16	9	2.03	160	122	2.03	160	122
2001	2.46	2.11	831	303	2.49	24	13	2.06	58	20	2.67	17	12	2.22	171	68	2.22	171	68
2002	3.25	2.30	823	205	2.80	23	7	2.71	59	20	3.24	16	7	2.25	137	27	2.25	137	27
2003	3.05	2.28	820	203	2.57	23	6	2.33	62	13	2.82	16	5	2.16	165	31	2.16	165	31
RATIO 2 --- MODIFIED DSC																			
1999	1.72	2.02	825	587	2.04	23	19	2.04	99	66	2.04	16	13	1.97	155	114	1.97	155	114
2000	1.78	2.00	821	534	1.91	23	15	2.05	63	41	1.78	16	9	2.00	160	105	2.00	160	105
2001	1.69	1.98	831	578	1.87	24	17	1.88	58	40	1.82	17	11	2.01	171	130	2.01	171	130
2002	1.64	2.02	823	654	1.97	23	21	2.04	59	52	1.95	16	14	1.90	137	98	1.90	137	98
2003	1.63	2.01	820	648	1.87	23	20	2.02	62	47	1.68	16	13	1.94	165	132	1.94	165	132
RATIO 3 --- DSC																			
1999	1.73	2.11	825	623	2.06	23	20	2.05	99	67	2.06	16	14	2.07	155	117	2.07	155	117
2000	1.79	2.08	821	594	1.83	23	16	2.08	63	45	1.81	16	10	2.09	160	122	2.09	160	122
2001	2.39	2.08	831	279	2.39	24	12	2.01	58	19	2.52	17	11	2.16	171	68	2.16	171	68
2002	2.51	2.15	823	286	2.49	23	11	2.45	59	27	2.83	16	11	2.01	137	34	2.01	137	34
2003	2.35	2.13	820	311	2.25	23	11	2.20	62	26	2.36	16	9	2.04	165	49	2.04	165	49
RATIO 4 --- RATE OF RETURN ON TOTAL CAPITALIZATION (%)																			
1999	4.45	5.32	825	607	4.99	23	20	5.34	99	78	4.99	16	14	5.41	155	111	5.41	155	111
2000	4.80	5.51	821	540	4.79	23	11	5.61	63	44	4.80	16	8	5.60	160	108	5.60	160	108
2001	6.74	5.69	831	209	7.35	24	16	5.64	58	13	7.75	17	16	5.81	171	42	5.81	171	42
2002	6.84	5.69	823	207	6.89	23	14	6.04	59	20	8.32	16	14	5.72	137	24	5.72	137	24
2003	5.10	5.27	820	448	5.52	23	16	5.24	62	37	6.15	16	13	5.08	165	80	5.08	165	80
RATIO 5 --- RATE OF RETURN ON EQUITY (%)																			
1999	3.66	5.71	824	642	4.70	23	19	5.61	99	76	5.59	16	14	5.82	155	117	5.82	155	117
2000	3.82	5.74	821	591	3.91	23	13	5.73	63	47	3.91	16	9	5.65	160	116	5.65	160	116
2001	9.49	6.01	831	148	10.51	24	14	5.86	58	11	11.65	17	14	6.14	171	26	6.14	171	26
2002	10.33	6.56	823	135	10.97	23	13	6.98	59	11	12.64	16	13	6.37	137	9	6.37	137	9
2003	7.51	5.85	820	250	7.55	23	13	6.11	62	17	8.79	16	12	5.60	165	40	5.60	165	40
RATIO 6 --- CAPITAL CREDITS RETIRED PER TOTAL EQUITY (%)																			
1999	0.46	2.46	643	582	0.98	15	14	2.25	85	75	0.98	13	13	2.45	124	112	2.45	124	112
2000	0.43	2.31	628	559	0.93	15	14	2.59	48	44	0.90	13	12	2.27	129	117	2.27	129	117
2001	0.42	2.32	626	555	0.91	18	14	2.37	44	39	0.81	15	11	2.08	123	112	2.08	123	112
2002	0.45	2.34	622	547	0.85	15	13	2.67	43	41	0.82	13	11	2.44	113	98	2.44	113	98
2003	0.42	2.45	630	570	0.71	17	14	2.51	49	40	0.64	14	11	2.55	135	125	2.55	135	125
RATIO 7 --- EQUITY LEVEL AS A % OF ASSETS																			
1999	38.80	43.33	825	543	37.82	23	9	44.61	99	67	37.82	16	6	44.12	155	99	44.12	155	99
2000	38.74	42.88	821	524	37.93	23	10	46.41	63	45	37.93	16	7	43.59	160	109	43.59	160	109
2001	37.68	43.55	831	561	37.68	24	12	45.28	58	41	36.41	17	8	45.10	171	125	45.10	171	125
2002	40.63	43.34	823	485	39.28	23	10	45.44	59	41	39.28	16	6	43.83	137	88	43.83	137	88
2003	40.91	43.29	820	479	39.01	23	11	44.10	62	39	39.01	16	7	43.42	165	105	43.42	165	105

7/04 CFC's Key Ratio Trend Analysis for Big Sandy Rural Electric Cooperative Corporation (KY058)

Year	Syst. Value			US Total			State Grouping			C			Timer Size			Major Current Power Supplier			Plant Growth (1998-2000)			
	Valu	Median	NBR	Rank	Medi	NBR	Rank	Medi	NBR	Rank	Medi	NBR	Rank	Medi	NBR	Rank	Medi	NBR	Rank	Medi	NBR	F
RATIO 8 --- EQUITY LEVEL AS A % OF TOTAL CAPITALIZATION																						
1999	44.07	48.32	825	525	43.79	23	11	48.97	99	64	43.10	16	6	48.38	155	97						
2000	44.59	47.77	821	497	44.59	23	12	52.15	63	42	44.59	16	8	48.09	160	101						
2001	42.17	48.20	831	559	42.42	24	13	49.20	58	39	42.17	17	9	50.05	171	120						
2002	45.79	48.73	823	481	45.79	23	12	50.59	59	39	46.46	16	9	49.08	137	82						
2003	45.59	48.60	820	487	44.41	23	11	49.74	62	39	44.41	16	7	49.44	165	105						
RATIO 9 --- BLENDED INTEREST RATE																						
1999	5.14	5.28	817	489	5.30	23	19	5.30	98	63	5.32	16	13	5.29	155	96						
2000	5.64	5.55	812	363	5.54	23	8	5.70	62	32	5.59	16	7	5.58	158	72						
2001	5.19	5.47	824	564	5.31	24	17	5.59	57	47	5.31	17	12	5.52	171	129						
2002	3.80	5.01	814	751	4.62	23	20	5.13	58	57	4.52	16	13	4.99	137	126						
2003	3.20	4.80	812	778	4.07	23	20	4.93	61	60	3.87	16	13	4.84	165	160						
RATIO 10 --- NON-RUS DEBT (AS A % OF TOTAL DEBT)																						
1999	29.91	32.02	807	504	30.57	23	13	33.25	98	66	30.57	16	9	33.25	153	107						
2000	39.05	36.22	808	376	30.97	23	4	37.94	62	30	30.97	16	3	37.33	158	75						
2001	51.66	40.59	815	298	41.54	24	3	44.09	57	24	44.71	17	3	43.66	170	67						
2002	51.64	46.65	806	343	47.01	23	7	51.64	58	29	49.13	16	6	40.23	132	53						
2003	92.15	55.18	802	226	59.39	22	1	56.00	61	16	61.56	16	1	52.08	162	41						
RATIO 11 --- INTEREST AS A % OF REVENUE																						
1999	5.11	5.58	817	476	4.80	23	9	5.90	98	70	5.11	16	8	5.71	155	92						
2000	5.36	5.80	813	470	5.19	23	9	5.89	62	35	5.36	16	8	6.15	158	93						
2001	5.19	5.72	824	470	4.77	24	9	6.12	57	39	4.87	17	7	5.29	171	91						
2002	3.93	5.15	814	569	3.93	23	12	5.05	58	45	4.72	16	10	5.26	137	97						
2003	3.27	4.83	812	631	3.53	23	14	5.15	61	53	4.15	16	11	4.95	165	127						
RATIO 12 --- WRITE-OFFS AS A % OF REVENUE																						
1999	0.38	0.19	772	136	0.23	23	4	0.22	93	12	0.25	16	3	0.18	145	19						
2000	0.52	0.18	783	51	0.22	23	2	0.18	63	7	0.26	16	2	0.18	153	8						
2001	0.65	0.21	795	47	0.35	24	1	0.24	56	7	0.36	17	1	0.21	166	7						
2002	0.48	0.21	792	95	0.33	23	4	0.23	57	8	0.34	16	4	0.19	132	11						
2003	0.56	0.21	791	51	0.34	23	3	0.26	60	7	0.44	16	3	0.19	160	11						

Year	System Value	US Total			State Grouping			Consumer Size			Major Current Power Supplier			Plant Growth (1998-2003)		
		Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank
RATIO 13 --- TOTAL REVENUE PER KWH SOLD (MILLS)																
ELECTRIC																
1999	55.57	71.91	823	737	57.97	23	14	72.21	99	90	16	8	8	155	142	
2000	57.01	72.68	816	730	58.24	23	14	70.46	63	56	16	8	159	149		
2001	59.68	74.29	827	728	61.22	24	14	74.66	58	51	17	9	170	151		
2002	58.93	74.19	821	737	58.93	23	12	73.91	59	55	16	7	137	122		
2003	61.54	76.78	817	722	61.54	23	12	76.15	62	57	16	7	165	146		
RATIO 14 --- ELECTRIC REVENUE PER KWH SOLD (MILLS)																
1999	53.97	70.67	822	748	57.16	23	15	71.37	99	92	16	9	155	144		
2000	55.36	71.69	816	734	57.40	23	15	68.88	63	56	16	9	159	151		
2001	57.87	73.15	827	735	59.67	24	15	72.97	58	52	17	10	170	154		
2002	57.08	72.95	821	752	57.42	23	14	72.43	59	56	16	8	137	129		
2003	59.74	75.30	817	725	59.74	23	12	74.87	62	57	16	7	165	148		
RATIO 15 --- REVENUE PER RESIDENTIAL KWH SOLD (MILLS)																
1999	54.96	75.19	821	797	62.52	23	23	75.78	99	98	16	16	155	154		
2000	56.23	76.15	815	785	62.89	23	22	73.69	63	62	16	15	159	158		
2001	58.90	78.08	826	795	64.73	24	23	76.63	58	56	17	16	170	164		
2002	57.93	78.62	821	802	62.19	23	22	79.22	59	59	16	15	137	136		
2003	60.23	81.22	817	791	64.07	23	21	81.30	62	62	16	15	165	162		
RATIO 16 --- REVENUE PER NON-RESIDENTIAL KWH SOLD (MILLS)																
1999	51.87	64.37	822	664	50.10	23	10	63.16	99	82	16	5	155	129		
2000	53.40	64.72	815	646	51.28	23	9	62.62	63	46	16	4	159	134		
2001	55.68	66.59	826	641	54.24	24	9	67.87	58	44	17	5	170	134		
2002	55.27	66.66	820	658	54.00	23	10	67.20	59	47	16	5	137	106		
2003	58.67	68.38	816	603	54.45	23	10	69.05	62	45	16	5	165	114		
RATIO 17 --- AVERAGE RESIDENTIAL KWH USAGE PER MONTH																
1999	1,192.86	1,080.54	821	256	1,136.84	23	10	1,016.56	99	21	16	5	155	46		
2000	1,251.33	1,111.44	815	225	1,193.15	23	5	1,110.19	63	16	16	3	159	40		
2001	1,239.83	1,113.13	826	244	1,182.55	24	8	1,104.98	58	18	17	4	170	51		
2002	1,293.60	1,154.80	821	223	1,246.43	23	7	1,138.11	59	14	16	4	137	33		
2003	1,277.40	1,136.65	817	219	1,215.29	23	4	1,082.72	62	20	16	3	165	49		
RATIO 18 --- AVERAGE NON-RESIDENTIAL KWH USAGE PER MONTH																
1999	6,995.50	3,939.79	822	208	8,367.79	23	14	3,913.60	99	23	16	10	155	37		
2000	6,826.49	4,038.62	814	215	8,607.32	23	15	4,299.20	63	20	16	11	159	36		
2001	6,906.18	3,995.42	826	207	8,351.06	24	14	3,725.28	58	13	17	10	170	44		
2002	6,936.46	4,107.78	820	204	7,191.41	23	13	3,769.83	59	12	16	10	137	41		
2003	6,599.90	4,161.31	816	221	7,719.81	23	14	3,717.22	62	13	16	11	165	49		
RATIO 19 --- POWER COST PER KWH PURCHASED (MILLS)																
ELECTRIC																
1999	35.38	38.35	824	554	35.23	23	10	38.02	99	69	16	4	155	104		
2000	36.67	38.61	813	506	36.36	23	7	39.72	63	42	16	3	159	105		
2001	38.95	39.91	823	446	38.79	24	10	40.68	58	35	17	6	169	91		
2002	38.14	40.25	821	482	38.03	23	10	42.05	59	41	16	6	137	85		
2003	39.77	42.83	817	492	39.80	23	13	43.44	62	40	16	9	165	97		

7/04 CFC's Key Ratio Trend Analysis for Big Sandy Rural Electric Cooperative Corporation (KY058)

Year	Syst. Val.	US Total		State Grouping		C Med.	Timer Size		Major Current Power Supplier		Plant Growth (1988-2003)					
		NBR	Rank	Median	Rank		NBR	Rank	Median	Rank	NBR	Rank	Median	Rank		
RATIO 20 --- POWER COST PER KWH SOLD (MILLS)																
1999	37.68	41.22	823	562	37.58	23	10	40.63	99	69	37.27	16	4	40.77	155	107
2000	38.84	41.61	816	542	38.67	23	10	42.41	63	42	38.53	16	5	41.92	159	108
2001	41.04	42.54	826	462	40.52	24	9	42.99	58	33	40.50	17	5	41.88	170	94
2002	40.47	43.28	821	492	39.98	23	10	44.77	59	42	39.98	16	6	43.74	137	84
2003	42.04	45.73	817	497	41.94	23	10	45.37	62	37	41.94	16	6	44.61	165	96
RATIO 21 --- POWER COST AS A % OF REVENUE																
1999	67.80	57.94	825	122	66.57	23	10	56.28	99	11	66.26	16	5	57.90	155	24
2000	68.13	58.90	821	129	68.13	23	12	60.25	63	12	67.83	16	7	58.30	160	22
2001	68.77	58.29	830	113	67.80	24	10	59.45	58	5	67.54	17	5	59.73	171	24
2002	68.67	57.96	823	109	68.59	23	11	58.35	59	9	68.25	16	6	56.95	137	13
2003	68.31	58.89	820	126	68.95	23	15	58.53	62	9	69.05	16	10	57.77	165	22
RATIO 22 --- O & M EXPENSES (MILLS/KWH SOLD)																
ELECTRIC																
1999	4.44	7.98	823	734	5.54	23	18	8.68	99	92	5.54	16	12	7.99	155	141
2000	4.24	7.99	816	744	5.46	23	19	8.33	63	55	5.65	16	13	8.57	159	150
2001	4.58	8.40	827	741	5.73	24	18	9.73	58	53	5.73	17	13	8.83	170	152
2002	5.03	8.52	821	710	5.87	23	16	9.17	59	51	5.87	16	11	8.85	137	127
2003	5.62	8.79	817	691	6.26	23	16	9.98	62	55	6.40	16	12	9.12	165	147
RATIO 23 --- O & M EXPENSES PER DOLLARS OF TUP (MILLS)																
1999	39.44	42.27	825	478	46.35	23	20	44.38	99	65	44.86	16	13	41.28	155	91
2000	37.10	42.37	821	534	46.12	23	23	46.13	63	45	45.43	16	16	43.34	160	118
2001	38.97	42.48	831	522	48.23	24	22	48.28	58	46	45.61	17	16	43.42	171	119
2002	43.54	42.85	823	398	48.43	23	17	47.93	59	40	48.58	16	12	42.58	137	66
2003	46.51	44.05	820	330	47.66	23	14	49.61	62	41	48.69	16	10	44.39	165	62
RATIO 24 --- ACCOUNTING EXPENSES (MILLS/KWH SOLD)																
1999	2.04	2.40	823	527	1.97	23	11	2.49	99	68	2.06	16	9	2.32	155	96
2000	1.91	2.44	816	571	1.91	23	12	2.30	63	40	2.16	16	9	2.44	159	113
2001	1.95	2.55	827	604	2.08	24	13	2.61	58	45	2.24	17	10	2.41	170	119
2002	2.01	2.52	821	564	1.93	23	11	2.38	59	42	2.01	16	8	2.43	137	87
2003	2.24	2.63	817	522	1.95	23	10	2.58	62	42	2.24	16	8	2.57	165	101
RATIO 25 --- ACCOUNTING EXPENSES PER CONSUMER																
1999	39.73	42.74	823	502	39.73	23	12	41.85	99	62	40.32	16	9	39.97	155	80
2000	38.36	43.90	816	576	41.87	23	16	41.87	63	41	41.87	16	11	42.33	159	101
2001	39.34	46.66	827	593	44.11	24	17	45.20	58	40	42.19	17	12	42.66	170	101
2002	42.18	48.17	821	546	44.52	23	16	44.08	59	33	44.08	16	11	47.85	137	92
2003	45.94	49.41	817	500	46.15	23	13	47.31	62	34	46.15	16	9	49.34	165	101
RATIO 26 --- SALES EXPENSES (MILLS/KWH SOLD)																
1999	0.33	0.83	813	677	0.46	23	16	0.86	99	79	0.54	16	12	0.84	155	128
2000	0.37	0.81	801	646	0.41	23	15	0.97	61	46	0.56	16	12	0.86	157	127
2001	0.45	0.83	812	620	0.49	24	14	0.99	56	39	0.54	17	11	0.83	169	122
2002	0.58	0.80	807	506	0.42	23	6	0.70	59	34	0.52	16	6	0.90	136	91
2003	0.56	0.85	804	535	0.45	23	7	0.89	61	36	0.54	16	7	0.86	163	109

7/04 CFC's Key Ratio Trend Analysis for Big Sandy Rural Electric Cooperative Corporation (KY058)

Year	Syst Val	US Total			State Grouping			Firm Size			Major Current Power Supplier			Plant Growth (1998-2003)		
		Median	NBR	Rank	Median	NBR	Rank	Med	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank
RATIO 34 --- TOTAL TAX EXPENSE PER \$ OF TUP (%)																
1999	0.05	0.49	602	470	0.05	22	13	0.57	73	59	0.05	15	9	0.53	110	87
2000	0.06	0.49	600	457	0.06	22	12	0.27	49	38	0.06	15	7	0.50	121	88
2001	0.06	0.47	607	460	0.06	23	13	0.13	47	29	0.06	16	8	0.47	130	98
2002	0.06	0.47	596	444	0.06	22	12	0.13	45	31	0.06	15	7	0.33	97	66
2003	0.06	0.47	594	444	0.06	22	11	0.20	48	33	0.06	15	6	0.39	112	76
RATIO 35 --- LTD INTEREST EXPENSE (MILLS/KWH SOLD)																
1999	2.84	4.14	815	580	2.57	23	9	4.53	98	76	2.84	16	8	4.16	155	110
2000	3.06	4.36	808	568	2.68	23	9	4.09	62	42	3.03	16	7	4.49	157	112
2001	3.09	4.40	820	575	2.73	24	9	4.35	57	46	2.84	17	7	4.09	170	111
2002	2.31	4.01	813	629	2.41	23	13	3.95	58	47	2.67	16	10	3.97	137	111
2003	2.01	3.85	810	655	2.22	23	13	3.88	61	53	2.67	16	10	4.04	165	135
RATIO 36 --- LTD INTEREST EXPENSE PER \$ OF TUP																
1999	2.52	2.13	817	219	2.44	23	9	2.28	98	31	2.52	16	8	2.17	155	40
2000	2.68	2.27	813	216	2.58	23	11	2.42	62	22	2.83	16	10	2.33	158	37
2001	2.63	2.22	824	218	2.51	24	10	2.53	57	24	2.63	17	9	2.20	171	38
2002	2.00	2.00	814	407	2.15	23	15	2.22	58	32	2.29	16	11	1.95	137	65
2003	1.66	1.90	812	511	1.95	23	18	2.08	61	47	2.03	16	13	1.86	165	106
RATIO 37 --- TOTAL COST OF ELECTRIC SERVICE (MILLS/KWH SOLD)																
1999	54.32	68.99	823	730	56.10	23	14	68.82	99	89	54.32	16	8	68.82	155	140
2000	55.66	69.94	816	712	57.22	23	14	68.14	63	53	55.66	16	8	70.67	159	146
2001	58.79	70.89	827	694	59.57	24	13	71.40	58	50	57.37	17	8	69.51	170	145
2002	57.94	70.65	821	715	57.94	23	12	69.93	59	52	56.94	16	7	70.75	137	121
2003	60.84	73.38	817	689	60.84	23	12	74.48	62	53	59.53	16	7	73.19	165	140
RATIO 38 --- OPERATING MARGINS (MILLS/KWH SOLD)																
1999	1.46	3.36	823	658	1.93	23	16	3.51	99	75	2.07	16	12	3.33	155	124
2000	1.52	3.24	816	609	1.52	23	12	2.90	63	44	1.54	16	9	3.49	159	129
2001	1.04	3.38	827	689	1.77	24	17	3.32	58	48	1.77	17	13	3.66	170	142
2002	1.26	3.85	821	680	1.74	23	14	4.13	59	47	2.67	16	11	3.85	137	117
2003	0.98	3.46	817	708	1.62	23	16	3.59	62	54	1.61	16	10	3.46	165	148
RATIO 39 --- NON-OPERATING MARGINS (MILLS/KWH SOLD)																
1999	0.21	0.67	822	687	0.24	23	13	0.59	99	81	0.21	16	8	0.56	155	121
2000	0.17	0.66	816	676	0.21	23	14	0.61	63	53	0.18	16	9	0.69	159	140
2001	0.16	0.53	827	659	0.23	24	13	0.45	58	47	0.16	17	9	0.47	170	134
2002	0.27	0.42	819	512	0.14	23	8	0.44	59	36	0.14	16	5	0.54	136	94
2003	0.28	0.39	817	513	0.25	23	9	0.39	62	39	0.25	16	7	0.40	165	107
RATIO 40 --- ASSOC. ORG.'S CAPITAL CREDITS (MILLS/KWH SOLD)																
1999	0.15	0.69	763	648	0.19	19	13	0.84	94	85	0.19	16	11	0.55	151	131
2000	0.16	0.72	758	648	0.19	19	15	1.18	58	51	0.19	16	13	0.67	155	136
2001	3.49	0.99	765	109	3.35	21	6	1.25	55	7	3.42	17	6	1.08	158	22
2002	3.94	0.92	761	57	3.70	21	8	0.99	56	5	3.94	16	8	0.73	131	8
2003	3.14	0.92	764	65	2.98	22	8	1.05	58	3	3.14	16	8	0.89	158	8

***** MARGIN RATIOS ***** ELECTRIC *****

Year	System Value			US Total			State Grouping			Consumer Size			Major Current Power Supplier			Plant Growth (1998-2003)		
	Value	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR
RATIO 41 --- TOTAL MARGINS (MILLS/KWH SOLD)																		
1999	1.62	4.41	822	722	2.12	23	16	4.60	99	88	2.31	16	12	4.40	155	135		
2000	1.68	4.28	816	695	1.68	23	12	3.83	63	52	1.70	16	9	4.77	159	142		
2001	4.53	4.84	827	449	4.51	24	11	4.89	58	33	5.43	17	11	5.14	170	97		
2002	5.20	5.08	821	400	4.60	23	10	5.58	59	31	6.60	16	10	4.90	137	62		
2003	4.12	4.58	817	459	3.50	23	9	4.96	62	39	4.39	16	9	4.38	165	87		
ELECTRIC ***** GROWTH RATIOS ***** ELECTRIC																		
RATIO 42 --- GROWTH IN NUMBER OF CONSUMERS (%)																		
1999	1.60	2.09	809	522	2.78	22	20	1.91	98	61	3.24	16	16	1.96	154	105		
2000	1.16	2.00	808	602	2.47	23	21	2.13	62	51	2.89	16	16	1.85	160	124		
2001	0.95	1.69	809	623	1.90	23	20	1.76	57	46	2.02	16	16	1.59	167	133		
2002	1.49	1.54	820	430	2.20	23	19	1.51	58	31	2.33	16	15	1.22	137	56		
2003	1.08	1.47	811	525	1.66	23	16	1.70	62	41	1.77	16	14	1.33	164	103		
RATIO 43 --- GROWTH IN KWH SALES (%)																		
1999	4.33	2.17	809	207	4.44	22	12	2.10	98	25	4.78	16	10	2.29	154	36		
2000	4.17	5.58	809	516	5.05	23	16	5.05	62	38	5.62	16	13	4.71	160	90		
2001	1.57	2.10	811	455	3.33	23	15	2.22	57	33	3.37	16	12	2.16	168	91		
2002	5.44	4.78	816	351	4.52	23	7	3.92	58	12	5.09	16	7	4.38	137	52		
2003	-1.05	1.05	810	615	0.38	23	19	2.00	62	48	1.25	16	15	0.70	164	120		
RATIO 44 --- GROWTH IN TUP DOLLARS (%)																		
1999	4.63	5.49	807	514	6.56	22	20	5.49	98	67	6.67	16	15	5.13	153	111		
2000	5.66	5.36	810	361	6.65	23	17	5.43	62	27	6.87	16	11	5.17	160	57		
2001	4.48	5.09	816	505	5.98	23	19	4.97	57	41	6.96	16	15	5.22	169	118		
2002	3.67	4.83	819	604	5.30	23	19	4.57	59	48	5.50	16	16	4.30	137	98		
2003	3.49	4.64	812	592	5.10	23	21	5.29	62	52	5.71	16	16	4.17	164	112		
RATIO 45 --- ANNUAL GROWTH OF TOTAL CAPITALIZATION (%)																		
1999	3.16	4.38	807	479	6.39	22	18	4.31	98	61	6.94	16	14	4.53	153	93		
2000	2.51	4.32	810	542	4.44	23	17	5.18	62	44	4.44	16	11	4.43	160	104		
2001	16.53	4.08	816	35	10.12	23	4	4.79	57	4	12.54	16	3	4.18	169	2		
2002	2.45	3.43	819	486	6.01	23	18	3.61	59	38	9.67	16	14	2.73	137	74		
2003	8.30	3.22	812	147	7.43	23	9	3.34	62	13	8.93	16	9	2.16	164	23		
RATIO 46 --- 2 YR. COMPOUND GROWTH IN TOTAL CAPITALIZATION (%)																		
1999	4.85	4.79	804	399	6.15	21	16	4.91	96	50	7.74	15	13	4.59	154	70		
2000	2.83	4.80	802	575	5.84	22	19	5.41	61	47	5.61	16	13	4.70	159	121		
2001	9.29	4.67	809	115	8.38	23	6	5.18	58	7	9.04	16	4	4.54	169	13		
2002	9.26	4.23	806	95	9.03	22	10	5.22	58	6	9.26	15	8	2.79	136	3		
2003	5.33	3.85	814	280	7.85	23	16	4.58	62	23	8.85	16	14	3.22	165	32		
RATIO 47 --- 5 YR. COMPOUND GROWTH IN TOTAL CAPITALIZATION (%)																		
1999	4.44	4.99	797	454	6.83	21	18	4.93	92	54	6.83	15	13	4.59	155	82		
2000	4.60	5.00	781	429	6.13	21	15	4.99	61	33	6.08	15	11	4.57	160	78		
2001	6.74	5.09	790	213	7.33	22	13	5.60	57	20	7.40	16	11	4.84	171	23		
2002	6.11	4.81	785	258	7.18	21	14	5.31	57	20	7.84	15	12	3.52	137	17		
2003	6.45	4.55	793	199	7.18	21	14	4.96	60	17	8.03	15	13	3.55	165	13		

CFC's Key Ratio Trend Analysis for Big Sandy Rural Electric Cooperative Corporation (KY058)

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Year	Sys't Valuc.	US Total			State Grouping			Upper Size			Major Current Power Supplier			Plant Growth (1998-2003)		
		Median	NBR	Rank	Median	NBR	Rank	Med.	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank
RATIO 48 --- REVENUE PER TUP INVESTMENT (CENTS)																
ELECTRIC																
1999	49.34	38.14	825	169	49.94	23	14	37.63	99	18	49.37	16	9	38.75	155	31
2000	49.91	38.53	821	161	50.55	23	13	41.85	63	13	49.91	16	8	38.14	160	30
2001	50.79	39.03	831	145	53.14	24	15	42.04	58	7	51.83	17	10	40.25	171	30
2002	51.01	39.01	823	148	51.59	23	13	42.33	59	11	51.01	16	8	37.12	137	17
2003	50.93	38.66	820	142	50.93	23	12	40.99	62	9	49.56	16	7	37.83	165	23
RATIO 49 --- TUP INVESTMENT PER CONSUMER (\$)																
1999	2,195.65	3,252.24	823	764	2,360.32	23	18	3,222.15	99	93	2,345.07	16	12	3,197.31	155	148
2000	2,293.28	3,368.35	816	758	2,478.11	23	18	2,956.71	63	60	2,417.87	16	12	3,334.34	159	151
2001	2,373.43	3,462.94	827	767	2,602.28	24	17	3,215.34	58	56	2,457.70	17	11	3,258.83	170	153
2002	2,424.32	3,573.43	821	763	2,607.94	23	16	3,194.57	59	56	2,525.26	16	10	3,882.34	137	130
2003	2,482.04	3,711.19	817	761	2,717.53	23	17	3,320.58	62	60	2,634.27	16	10	3,927.60	165	154
RATIO 50 --- TUP INVESTMENT PER MILE OF LINE (\$)																
1999	26,913.58	16,618.66	819	123	20,553.12	23	1	15,755.23	99	10	20,553.12	16	1	15,932.74	155	13
2000	28,090.37	17,402.64	817	124	21,599.55	23	2	17,694.84	63	9	21,599.55	16	1	16,715.88	160	17
2001	29,073.58	18,356.53	829	136	22,598.61	24	2	18,376.18	58	9	22,083.35	17	1	17,611.58	170	19
2002	30,048.42	19,086.04	821	137	23,096.82	23	2	17,544.11	59	6	22,957.39	16	1	16,152.19	137	17
2003	31,027.41	19,910.36	817	138	24,041.83	23	2	19,687.35	62	7	23,791.14	16	1	17,673.25	165	22
RATIO 51 --- TUP INVESTMENT PER KWH SOLD (CENTS)																
1999	11.26	18.85	823	737	10.73	23	9	19.86	99	90	11.05	16	7	19.21	155	141
2000	11.42	18.97	816	722	11.06	23	9	17.09	63	50	11.10	16	7	20.13	159	149
2001	11.75	19.44	827	731	11.03	24	9	19.19	58	50	11.52	17	7	18.77	170	152
2002	11.55	19.44	821	737	11.20	23	11	18.80	59	50	11.67	16	9	20.15	137	130
2003	12.08	20.09	817	733	12.01	23	11	19.71	62	54	12.45	16	9	20.62	165	151
RATIO 52 --- AVERAGE CONSUMERS PER MILE																
1999	12.26	5.47	818	55	8.58	23	1	5.37	99	2	8.74	16	1	5.24	155	7
2000	12.25	5.52	815	54	8.78	23	1	5.78	63	3	8.84	16	1	5.52	159	7
2001	12.25	5.64	827	58	8.65	24	1	5.64	58	2	8.35	17	1	5.89	170	7
2002	12.39	5.66	821	56	8.72	23	1	5.14	59	2	8.43	16	1	4.14	137	9
2003	12.50	5.70	817	56	8.70	23	1	5.70	62	2	8.51	16	1	4.63	165	8
RATIO 53 --- LINE LOSS (%)																
1999	6.08	6.80	824	535	5.37	23	8	6.89	99	70	5.54	16	5	6.87	155	96
2000	5.58	7.07	813	610	5.52	23	10	6.67	63	44	5.53	16	7	6.93	159	118
2001	5.09	6.11	823	556	4.81	24	9	5.91	58	36	3.95	17	5	5.69	169	108
2002	5.74	6.60	821	547	5.32	23	8	6.43	59	40	4.97	16	4	6.62	137	90
2003	5.39	6.56	817	593	5.13	23	8	6.16	62	42	4.93	16	5	6.63	165	116



2003
KENTUCKY ELECTRIC COOPERATIVES'
OPERATING EXPENSE STATISTICAL COMPARISONS
AVERAGE ANNUAL BASIS

COOPERATIVE NAME	DISTRIBUTION OPERATION PER MILE	DISTRIBUTION MAINTENANCE PER MILE	TOTAL OP. & MAINT. PER MILE	CONSUMER ACCOUNTING PER MILE	CONSUMER INFORMATION PER MILE	ADM. & GEN. EXPENSE PER MILE	TOTAL EXPENSE PER MILE	NUMBER OF EMPLOYEES	MILES OF LINE	RESIDENTIAL CONSUMERS BILLED	TOTAL RESIDENTIAL REVENUES	AVERAGE MONTHLY RESL. REV
BIG SANDY RECC	525	887	1,412	575	137	1087	3,211	42	1,001	11,488	10,605,561	76.9
BLUE GRASS ENERGY COOP	321	727	1,048	355	135	609	2,147	114	5,847	47,406	45,288,666	79.6
CLARK ENERGY COOP	434	681	1,115	363	77	715	2,290	52	2,865	22,939	20,514,937	74.5
CUMBERLAND VALLEY ELECTRIC	445	721	1,166	346	59	415	1,986	43	2,479	23,018	18,027,748	65.3
FARMERS RECC	302	519	821	263	72	441	1,597	73	3,382	20,774	17,815,396	71.5
FLEMING-MASON ENERGY	271	787	1,038	344	33	304	1,719	51	3,346	16,692	15,570,174	77.7
GRAYSON RECC	231	692	1,123	293	56	424	1,896	42	2,377	13,632	13,068,736	79.9
INTER-COUNTY ENERGY	484	356	840	370	135	456	1,801	60	3,324	23,525	22,880,567	81.1
JACKSON ENERGY COOP	522	665	1,187	495	81	522	2,285	125	5,486	46,199	48,569,903	89.6
LICKING VALLEY RECC	467	508	975	308	75	500	1,858	39	1,991	15,513	13,170,886	70.8
NOLIN RECC	912	809	1,721	687	256	778	3,452	90	2,763	26,622	25,415,952	79.6
LOWEN EC	722	659	1,381	597	105	492	2,575	113	4,771	47,906	42,680,928	74.2
SALT RIVER ELECTRIC	547	559	1,105	447	100	592	2,244	81	3,572	37,446	36,031,040	80.2
SHELBY ENERGY COOP	563	654	1,217	338	77	338	1,970	32	1,952	13,185	13,127,239	83.0
SOUTH KENTUCKY RECC	421	804	1,225	430	103	505	2,263	157	6,321	54,518	44,138,209	67.5
TAYLOR COUNTY RECC	436	375	811	245	31	375	1,462	55	3,038	20,774	18,004,463	72.2
EXPC GROUP AVERAGE	475	661	1,136	405	96	535	2,172	73	3,407	27,602	25,306,894	76.4
JACKSON PURCHASE ENERGY	348	835	1,183	339	70	479	2,071	73	3,142	24,817	22,574,605	75.8
KENERGY CORP	473	847	1,320	386	46	358	2,090	164	6,801	44,967	41,020,077	76.0
MEADE COUNTY RECC	489	688	1,177	408	72	371	2,028	59	2,821	23,621	18,213,337	64.3
BIG RIVERS GROUP AVERAGE	437	790	1,227	371	63	403	2,064	99	4,255	31,135	27,269,407	73.0
HICKMAN-FULTON COUNTIES RECC	346	924	1,270	242	11	506	2,029	14	685	3,053	3,605,948	103.9
PENNYRILE RECC	628	513	1,141	433	80	416	2,070	123	4,977	34,877	38,718,311	92.5
TRI-COUNTY EMC	546	473	1,119	473	100	318	2,010	141	5,331	39,488	42,833,960	90.4
WARREN RECC	659	689	1,348	479	120	679	2,636	153	5,418	45,952	52,358,666	95.0
WEST KENTUCKY RECC	652	945	1,597	633	57	397	2,684	86	3,878	30,747	34,117,597	92.5
TVA GROUP AVERAGE	586	709	1,295	462	74	463	2,284	103	4,058	30,823	34,366,940	92.9
OVERALL AVERAGE	494	687	1,181	411	87	503	2,182	83	3,649	28,715	27,439,718	79.6

2003
KENTUCKY ELECTRIC COOPERATIVES'
OPERATING EXPENSE STATISTICAL COMPARISONS
AVERAGE ANNUAL BASIS

COOPERATIVE NAME	DISTRIBUTION OPERATION PER CONSUMER	DISTRIBUTION MAINTENANCE PER CONSUMER	TOTAL OP. & MAINT. PER CONSUMER	CONSUMER ACCOUNTING PER CONSUMER	CONSUMER INFORMATION PER CONSUMER	ADM. & GEN. EXPENSE PER CONSUMER	TOTAL EXPENSE PER CONSUMER	NUMBER OF EMPLOYEES	MILES OF LINE	NUMBER OF CONSUMERS BILLED	MILES OF LINE PER EMPLOYEE	CONSUMERS PER EMPLOYEE	DENSITY CONSUMERS PER MILE
BIG SANDY RECC	42	71	113	46	11	87	257	42	1,001	12,509	23.8	298	12.5
BLUE GRASS ENERGY COOP	38	85	124	42	16	72	254	114	5,847	48,421	51.3	434	8.5
CLARK ENERGY COOP	51	80	131	45	9	84	269	52	2,865	24,376	55.0	469	8.5
CUMBERLAND VALLEY ELECTRIC	45	73	118	35	6	42	201	43	2,479	24,499	57.6	570	9.9
FARMERS RECC	46	79	125	40	11	67	243	73	3,382	22,238	46.3	305	6.6
FLEMING-MASON ENERGY	41	116	157	52	5	46	260	51	3,346	22,122	65.6	434	6.6
GRAYSON RECC	37	143	180	47	9	68	304	42	2,377	14,827	56.6	353	6.2
INTER-COUNTY ENERGY	68	50	118	52	19	64	253	60	3,324	23,672	55.4	395	7.1
JACKSON ENERGY COOP	58	74	132	55	9	58	254	125	5,486	49,336	43.9	395	9.0
LICKING VALLEY RECC	56	61	117	37	9	60	223	39	1,991	16,597	51.1	426	8.3
NOLIN RECC	69	79	168	68	25	76	337	90	2,763	28,301	30.7	314	10.2
OWEN EC	69	63	132	57	10	47	246	113	4,771	49,940	42.4	444	10.5
SALT RIVER ELECTRIC	49	50	99	40	9	53	201	81	3,572	39,876	44.1	492	11.2
SHELBY ENERGY COOP	80	93	173	48	11	48	280	32	1,952	13,728	61.0	429	7.0
SOUTH KENTUCKY RECC	45	56	131	46	11	54	242	157	6,321	59,081	40.3	376	9.4
TAYLOR COUNTY RECC	57	49	105	32	4	49	191	55	3,038	23,231	55.2	422	7.7
EKPC GROUP AVERAGE	54	78	132	46	11	61	250	73	3,407	29,610	46.7	406	8.7
KENERGY CORP	52	111	173	48	6	47	274	164	6,801	51,659	41.5	316	7.6
JACKSON PURCHASE ENERGY	40	95	136	39	8	55	238	73	3,142	27,343	43.0	375	8.7
MEADE COUNTY RECC	54	76	130	45	8	41	224	59	2,821	25,553	47.8	433	9.1
BIG RIVERS GROUP AVERAGE	52	94	146	44	7	48	245	99	4,255	34,922	43.0	353	8.2
HICKMAN-FULTON COUNTIES RECC	63	168	231	44	2	92	369	14	685	3,766	48.9	269	5.5
PENNYRILE RECC	71	58	129	49	9	47	234	123	4,977	44,028	40.5	358	8.9
TRI-COUNTY EMC	71	52	123	52	11	35	221	141	5,331	48,483	37.8	344	9.1
WARREN RECC	65	69	135	48	12	68	263	153	5,418	54,073	35.4	353	10.0
WEST KENTUCKY RECC	69	100	169	67	6	42	284	66	3,878	36,655	45.1	426	9.5
TVA GROUP AVERAGE	68	89	157	52	8	57	274	103	4,058	37,401	39.4	363	9.2
OVERALL AVERAGE	57	83	140	47	10	58	255	83	3,649	31,897	44.0	384	8.7

KENTUCKY'S ELECTRIC COOPERATIVES
OPERATING EXPENSE & STATISTICAL COMPARISONS
AVERAGE ANNUAL BASIS - 2002

COOPERATIVE NAME	DISTRIBUTION OPERATION PER MILE	DISTRIBUTION MAINTENANCE PER MILE	TOTAL OP. & MAINT. PER MILE	CONSUMER ACCOUNTING PER MILE	CONSUMER INFORMATION PER MILE	ADM. & GEN. EXPENSE PER MILE	TOTAL EXPENSE PER MILE	NUMBER OF EMPLOYEES	MILES OF LINE	RESIDENTIAL CONSUMERS BILLED	TOTAL RESIDENTIAL REVENUES	AVERAGE MONTHLY RES'L REV
BIG SANDY RECC	533	768	1,302	521	149	930	2,902	44	998	11,377	10,231,337	74.9
BLUE GRASS ENERGY COOP	300	592	892	359	125	628	2,002	119	5,784	48,857	43,124,078	76.7
CLARK ENERGY COOP	430	683	1,113	329	118	438	1,988	52	2,845	23,555	10,072,264	73.8
CUMBERLAND VALLEY ELECTRIC	428	680	1,108	380	58	398	1,924	44	2,447	22,340	17,538,916	65.4
FARMERS RECC	274	542	816	222	72	405	1,515	71	3,348	20,438	17,159,247	70.0
FLEMING-MASON ENERGY	315	651	966	368	39	322	1,695	51	3,311	20,081	16,016,228	66.4
GRAYSON RECC	249	672	921	274	62	417	1,674	44	2,358	13,470	12,165,519	79.0
INTER-COUNTY ENERGY	432	397	829	354	86	397	1,679	60	3,276	23,078	26,098,342	94.2
JACKSON ENERGY COOP	442	694	1,136	451	63	469	2,119	129	5,437	45,843	47,136,342	85.7
LICKING VALLEY RECC	372	604	976	347	66	471	1,860	37	1,976	15,302	12,863,499	70.1
NOLIN RECC	731	782	1,513	568	233	639	2,953	96	2,722	26,019	24,659,471	79.6
OWEN EC	692	631	1,323	550	81	489	2,443	111	4,680	45,778	40,989,542	74.6
SALT RIVER ELECTRIC	463	452	915	397	88	574	1,974	75	3,497	38,082	34,608,956	79.9
SHELBY ENERGY COOP	458	604	1,062	319	83	354	1,818	33	1,829	12,820	12,741,343	87.8
SOUTH KENTUCKY RECC	447	652	1,099	419	93	548	2,160	158	6,234	53,555	42,397,806	66.0
TAYLOR COUNTY RECC	402	378	781	243	23	379	1,426	54	3,006	20,429	16,954,626	69.2
EKPC GROUP AVERAGE	436	612	1,048	380	91	491	2,010	74	3,367	27,253	24,716,026	75.6
KENERGY CORP	434	777	1,211	381	53	259	1,904	174	6,739	44,534	41,918,818	76.4
JACKSON PURCHASE ENERGY	410	662	1,072	349	61	436	1,918	74	3,108	24,027	23,112,041	76.2
MEADE COUNTY RECC	476	584	1,060	377	72	306	1,895	58	2,792	23,195	18,038,885	64.8
BIG RIVERS GROUP AVERAGE	440	674	1,114	369	62	360	1,905	102	4,213	30,785	27,685,248	75.0
HICKMAN-FULTON COUNTIES RECC	345	987	1,342	279	16	455	2,092	15	688	3,070	3,604,578	97.8
PENNYRILE RECC	646	602	1,248	443	89	416	2,196	127	4,971	35,016	37,873,562	90.1
TRI-COUNTY EMC	656	474	1,130	456	82	292	1,960	130	5,299	39,248	41,365,737	87.8
WARREN RECC	594	683	1,257	525	119	643	2,544	151	5,378	46,033	51,327,632	92.9
WEST KENTUCKY RECC	669	961	1,630	565	47	358	2,600	85	3,855	30,580	34,460,472	93.9
TVA GROUP AVERAGE	582	739	1,321	454	71	433	2,279	102	4,038	30,789	33,726,396	91.3
OVERALL AVERAGE	467	646	1,113	394	83	463	2,053	83	3,612	28,431	26,964,839	79.0

KENTUCKY'S ELECTRIC COOPERATIVES
OPERATING EXPENSE & STATISTICAL COMPARISONS
AVERAGE ANNUAL BASIS - 2002

COOPERATIVE NAME	DISTRIBUTION OPERATION PER CONSUMER	DISTRIBUTION MAINTENANCE PER CONSUMER	TOTAL OP. & MAINT. PER CONSUMER	CONSUMER ACCOUNTING PER CONSUMER	CONSUMER INFORMATION PER CONSUMER	ADM. & GEN. EXPENSE PER CONSUMER	TOTAL EXPENSE PER CONSUMER	NUMBER OF EMPLOYEES	MILES OF LINE	NUMBER OF CONSUMERS BILLED	MILES OF LINE PER EMPLOYEE	CONSUMERS PER EMPLOYEE	DENSITY CONSUMERS PER MILE
BIG SANDY RECC	43	62	105	42	12	75	234	44	998	12,375	22.7	281	12.4
BLUE GRASS ENERGY COOP	38	71	107	43	15	75	240	119	5,794	48,347	48.8	407	8.3
CLARK ENERGY COOP	51	81	132	39	14	52	237	52	2,845	23,977	54.7	461	8.4
CUMBERLAND VALLEY ELECTRIC	44	70	114	37	6	41	188	44	2,447	23,776	55.6	540	9.7
FARMERS RECC	42	83	125	34	11	62	232	71	3,348	21,861	47.2	308	6.5
FLEMING-MASON ENERGY	48	89	147	56	6	49	258	51	3,311	21,762	65.0	427	6.6
GRAYSON RECC	40	108	148	44	10	67	269	44	2,350	14,673	54.6	333	6.2
INTER-COUNTY ENERGY	61	56	117	50	14	56	237	60	3,270	23,220	51.6	387	7.1
JACKSON ENERGY COOP	49	77	126	50	7	52	235	129	5,437	48,089	42.2	380	9.0
LICKING VALLEY RECC	45	73	116	42	8	57	225	37	1,976	16,345	53.0	442	8.0
NOLIN RECC	72	77	149	56	23	63	291	96	2,722	27,628	28.4	288	10.2
OWEN EC	68	62	130	54	8	48	240	111	4,690	47,741	42.3	431	10.2
SALT RIVER ELECTRIC	42	41	83	36	8	52	179	75	3,497	38,574	46.6	514	11.0
SHELBY ENERGY COOP	66	87	153	46	12	51	262	33	1,929	13,395	58.0	406	7.0
SOUTH KENTUCKY RECC	48	70	118	45	10	59	232	158	6,234	58,058	38.5	367	9.3
TAYLOR COUNTY RECC	53	50	103	32	3	50	188	54	3,006	22,802	55.7	422	7.6
EKPC GROUP AVERAGE	51	73	124	44	10	57	235	74	3,367	28,970	45.5	391	8.6
KENERGY CORP	57	102	159	50	7	34	250	174	6,739	51,314	38.7	295	7.6
JACKSON PURCHASE ENERGY	47	76	123	40	7	50	220	74	3,109	27,086	42.1	367	8.7
MEADE COUNTY RECC	53	65	118	42	8	43	211	58	2,792	25,084	48.0	432	9.0
BIG RIVERS GROUP AVERAGE	52	81	133	44	7	42	226	102	4,213	34,495	41.3	338	8.2
HICKMAN-FULTON COUNTIES RECC	63	182	245	51	3	83	382	15	688	3,770	45.9	251	5.5
PENNYRILE RECC	73	68	141	50	10	47	248	127	4,971	44,021	39.1	347	8.9
TRI-COUNTY EMC	72	52	124	52	9	32	215	130	5,299	48,299	40.8	371	9.1
WARREN RECC	60	67	127	53	12	65	257	151	5,378	53,239	35.6	353	9.9
WEST KENTUCKY RECC	71	102	173	60	5	38	276	85	3,855	36,313	45.1	425	9.4
TVA GROUP AVERAGE	68	94	162	53	8	53	276	102	4,038	37,127	39.6	364	9.2
OVERALL AVERAGE	54	78	132	46	10	54	242	83	3,612	31,360	43.5	378	8.7



1 Big Sandy Rural Electric Cooperative
2 Retired Capital Credits
3 December 31, 2004
4 Witness: David Estepp
5
6

Exhibit
Page
of

20 Exhibit 21
1 Page 1 of 11
4

7 **Capital credits were paid as follows:**
8

	<u>General</u>	<u>Estates</u>	<u>Total</u>
11 2004	\$0	\$52,143	\$52,143
12 2003	0	58,345	58,345
13 2002	0	58,219	58,219
14 2001	0	48,802	48,802
15 2000	0	45,709	45,709
16 1999	0	47,733	47,733
17 Prior years	<u>868,760</u>	<u>747,323</u>	<u>1,616,083</u>
18			
19 Total	<u>\$868,760</u>	<u>\$1,058,274</u>	<u>\$1,927,034</u>
20			
21			

BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION

PAINTSVILLE, KENTUCKY

SUBJECT: Financial Management Plan
Policy No. 300-100

I. OBJECTIVE

To establish sound principles and practices concerning the financial management of the Cooperative, to assure adequate levels of working capital and reserve funds, and to establish a policy for the investment and use of these funds. To provide appropriate financial management of the Cooperative, and assure security of the loans from RUS and CFC, including the retiring of such loans on schedule. To provide that service shall be rendered on a non-profit basis to the members at the lowest possible cost, consistent with an economically strong and well managed system.

II. SCOPE

This plan is based upon the assumption that RUS loans and CFC loans will continue to be available at reasonable interest rates and to be repaid within thirty-five (35) years.

A. ADDITIONS TO PLANT

1. Distribution Plant

All additions to distribution plant, including extensions, increases in capacity and replacement for which RUS and CFC loan funds are available shall be financed with loan funds. Upon completion and inspection of work orders, the accounting department will prepare the necessary documentation to be sent to RUS or the supplemental lender for reimbursement approval of work orders on the current work plan. General funds will be used for all construction and the accounting department will draw loan funds as needed to maintain adequate working capital.

2. General Plant

Additions to general plant will be financed from general funds.

B. RETIREMENT LOANS

Loans from RUS and CFC shall be retired according to the repayment schedule contained in the notes accompanying each loan, unless earlier retirement of any debt is economically beneficial and approved by the Board of Directors.

C. MAINTENANCE OF PLANT

The physical facilities of the Cooperative shall be maintained at their highest operational level consistent with sound economic practices. Funds shall be provided from general revenues for the renewal and replacement of plant due to ordinary wear and tear and obsolescence.

D. RATES

Rates shall be maintained at the lowest possible level that will provide adequate revenue to meet the financial needs of the Cooperative each year and on a continuing basis, shall be fair and equitable to all classifications of service and also provide incentive to the members to make the maximum beneficial use of the Cooperative's service.

E. WORKING CAPITAL AND RESERVES

The funds necessary for working capital, debt retirement, special funds, and other general funds used, shall be provided from general revenues. All other funds available from general revenues shall be used for plant additions and to retire patronage capital.

F. LINE OF CREDIT

The Cooperative will maintain a line of credit with CFC in sufficient amounts to insure adequate working capital.

G. EQUITY MANAGEMENT

Equity management shall be based upon the interactions of past, present and projected future conditions, including but not limited to:

1. Actual equity levels, expressed as a percent of total assets and/or as a percent of total capital.
2. The rate of growth in rate base (new plant plus working capital) which is representative of anticipated future conditions is 4%.
3. The blended cost of interest on the various outstanding long term loans.
4. TIER objective that provides financial stability and minimizes both rate requirements and the cost of long term debt will be between 1.75 & 2.25.
5. Equity capital will be retired in such a manner so as not to jeopardize the financial stability of the Cooperative. Retirements will occur only when certain financial criteria have been met. For each year, the TIER must be at least 1.80, equity level must be at least 33%, and cash flow must be sufficient, meaning the cooperative will not have to borrow funds to pay Capital Credits. Then, the Cooperative will refund 30% of the previous year's margins in general retirement based on a 25 year cycle. All Patronage Capital retirements shall be consistent with bylaw provisions and other regulatory requirements and agreements.
6. To achieve an equitable basis, the present value of the capital credits allocated to the decedent's estate shall be computed on the basis of a Twenty-five (25) year cycle, with the allocation amount for the first year of the cycle having a discounted value of one and each succeeding year discounted at a rate equal to the "Time Value of Money Table", using a rate of 6%. An example of the discount table is attached hereto as Exhibit "A". The residual portion of the

estate's capital credits that is not retired as a result of discounting shall be accounted for as donated capital. The capital credits of any corporation or partnership member/consumer which has dissolved will be retired under the provisions of the bylaws of the Cooperative and will not be retired under the above plan for the retirement of capital credits for a Decedent's estate.

7. The optimum equity level projected for 1 through 6 above is 35%, excluding EKPC's Capital credits.

H. INVESTMENT OF AVAILABLE FUNDS

Securities in which funds are invested will, for safekeeping purposes, be kept in the custody of institutions designated for that purpose by the Board of Directors.

All available funds will be interest bearing except those funds in demand accounts required to offset banking fees. Those used for working capital, funds being temporarily retained for future retirement of patronage capital, and reserve funds shall be invested in securities issued, guaranteed or insured by the United States Government and/or NRUCFC Commercial Paper, or Certificate of Deposits, whichever provides the highest rate of return. These investments must be of the type that can be converted to cash as the funds are needed.

III. PROCEDURE

The following practices shall be followed to implement the above policies. These practices must also remain within the guidelines of Big Sandy RECC's existing policy no. 300-095 "Financial Practices".

A. PLANNING

Long and short range plans shall be developed, reviewed with the Board of Directors and shall be analyzed periodically to determine if revisions are necessary to reflect changing circumstances and conditions.

1. Long Range Engineering Planning

Long range engineering plans shall be prepared and maintained to reflect the anticipated system improvements and new construction necessary to adequately serve the

needs of the members. These plans shall provide a basis for scheduling loan applications, for minimizing obsolescence and provide a basis for financial, as well as, organizational planning. Specific requirements and procedures for the Long Range Engineering Plan are prescribed in policy no. 300-075.

2. Long Range Financial Planning

Long range financial plans, including capital operating and cash, projected at least ten years into the future, with more detailed financial plans for the first five years, shall be prepared, in accordance with RUS recommendations, which reflect anticipated additions to plant and the associated financing required. These long range financial plans shall also contain estimates of revenue and expenses to determine if the Cooperative's rates are appropriate. All Long Range Financial Plans will be submitted to the Board for its review and approval.

3. Annual Budget

An annual budget shall be prepared, prior to December 31 each year, which contains a detailed estimate of revenue and expenses for the coming year and an itemization of each capital project and commensurate cost, as well as an analysis of cash availability to meet capital projects. Variance reports will be available to the Board of Directors as requested.

4. Equity Management Planning

The equity management objectives of the Cooperative will be reviewed and considered in conjunction with long range forecasts, annual work plan, budget and retail rate development.

5. Billing and Collection

Consumer billing and collection policies will be developed and maintained in order to allow for levelized cash flow to assist in the elimination of short term borrowing of funds for general working capital.

B. GENERAL FUNDS ADMINISTRATION

1. General Funds Level

The working capital and reserve funds required by the Cooperative are based on its experience and needs.

The Cooperative will maintain sufficient working capital and reserve funds to meet promptly its operating costs, taxes, quarterly debt service payments, routine construction and replacement costs, and for contingencies.

2. Deposits and Investments

Working capital and reserve funds shall be invested with primary considerations given to safety and liquidity. Cash funds shall be kept in banks whose deposits are insured by the FDIC or invested in securities of the United States Government, NRUCFC Commercial Paper, or Certificates of Deposit. Such approved financial institutions are listed in Policy No. 300-060. Investments shall be planned to mature or be converted into cash without loss to meet anticipated needs for funds.

3. Investment Activities Report

Investment activities and reports listing all investment purchases, sales and maturities will be available to each Director as requested.

4. Statement of Cash Flow

A statement of cash flow will be prepared and will be available for the Board of Directors as requested.

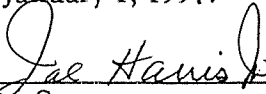
IV. RESPONSIBILITY

The Board of Directors shall be responsible for final approval and the use of investments having maturities in excess of six (6) months.

The Manager of Finances shall (1) see that the status of investment institutions used continually meet the policy criteria (2) audit the institutions' annual reports (3) request to add or delete institutions, and (4) that adherence of this policy is reported to the Board of Directors as requested.

This policy supersedes any existing policy which may be in conflict with the provisions of this policy.

SOURCE: Adopted November 15, 1996.
 Effective January 1, 1997.



Joe Harris, Secretary

***ELECTION FOR PAYMENT OF CAPITAL CREDITS OF DECEASED
PATRON AND IRREVOCABLE DONATION OF CERTAIN
CAPITAL CREDITS***

1. I/we are the personal representative(s)/lawful heir(s) , (hereinafter "Estate Representative") of _____ ("Decedent")

Who passed away on _____
(Date of Death)

2. Having reviewed the provisions of Policy No. _____ of the Board of Directors of Big Sandy RECC, ("The Cooperative") on payments of Capital Credits to the estates of deceased members, the Estate Representative hereby elects:

_____ a. To receive, at the address given below, the capital credit payments due the Decedent's Estate at the time such payments are made under provisions of the Cooperative's Bylaws and promptly notify the Cooperative of any change in the address to which capital credit payments are to be mailed.

Name and address to which capital credit payments are to be mailed:

_____ b. To receive the capital credit payments due the Decedent's Estate as a lump sum payment of \$ _____, pursuant to Exhibit "A", attached hereto.

The Estate Representative understands and agrees that the Cooperative is under no legal obligation to pay any Capital Credits to the Estate of the Decedent at this time, and further agrees to accept the lump sum payment as full and final settlement of decedents Capital Credit entitlement from any source.

EXHIBIT "A"
DICSOUNT RATE

FOR PERIOD OF: 01/01/97 THROUGH 12/31/97
RATE USED: 6.00%

YEAR	DISCOUNTED VALUE
1996	24.70%
1995	26.18%
1994	27.75%
1993	29.42%
1992	31.18%
1991	33.05%
1990	35.03%
1989	37.14%
1988	39.36%
1987	41.73%
1986	44.23%
1985	46.88%
1984	49.70%
1983	52.68%
1982	55.84%
1981	59.19%
1980	62.74%
1979	66.51%
1978	70.50%
1977	74.73%
1976	79.21%
1975	83.96%
1974	89.00%
1973	94.34%
1972	100.00%

Big Sandy Rural Electric Cooperative
Case No. 2005 -
Comparative Capital Structure (Excluding JDIC)
For the Periods as Shown
"000" Omitted

Line No.	Type of Capital	1994		1995		1996		1997		1998		1999	
		10th Year		9th Year		8th Year		7th Year		6th Year		5th Year	
		Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
1	Long Term Debt	9,601	53%	10,252	54%	10,759	53%	11,439	53%	12,692	55%	13,053	55%
2	Short Term Debt		0%		0%		0%	314	1%	371	2%	403	2%
3	Memberships	184	1%	189	1%	193	1%	198	1%	203	1%	207	1%
4	Patronage Capital	8,402	46%	8,662	45%	9,169	46%	9,590	45%	9,726	42%	10,076	42%
5	Other (Itemize by type)		0%		0%		0%		0%		0%		0%
6	Total Capitalization	18,187	100%	19,103	100%	20,121	100%	21,541	100%	22,992	100%	23,739	100%

Line No.	Type of Capital	2000		2001		2002		2003		2004		Latest Quarter		Average	
		4th Year		3rd Year		2nd Year		1st Year		Test year		December 31 2004		Test Year	
		Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
1	Long Term Debt	13,256	54%	16,119	57%	16,009	11%	17,342	55%	17,005	55%	16,999	55%	17,173	55%
2	Short Term Debt	598	2%	419	1%	200	0%	0	0%	0	0%	0	0%	0	0%
3	Memberships	208	1%	212	1%	215	0%	218	1%	219	1%	219	1%	218	1%
4	Patronage Capital	10,457	43%	11,543	41%	130,530	89%	14,064	44%	13,577	44%	13,614	44%	13,891	44%
5	Other (Itemize by type)		0%		0%		0%		0%	0	0%		0%	0	0%
6	Total Capitalization	24,519	100%	28,293	100%	146,954	100%	31,624	100%	30,801	100%	30,832	100%	31,282	100%

Witness: Alan Zumstein

Exhibit
page of

Big Sandy Rural Electric Cooperative
Case No. 2005-00125
Calculation of Average Test Period Capital Structure
12 months ended December 31 2004

Line No.	Item (a)	Total Capital (b)	Long-Term Debt (c)	Short-Term Debt (d)	Memberships (e)	Common Stock (f)	Patronage Capital (g)	Total Common Equity (h)
1	Balance Beginning of Test year	31,624	17,342		218		14,064	0
2	1st month	31,475	17,350		219		13,906	0
3	2nd month	31,641	17,315		218		14,108	0
4	3 rd month	31,687	17,342		218		14,127	0
5	4th month	31,693	17,350		219		14,124	0
6	5th month	31,250	16,970		218		14,062	0
7	6st month	31,203	16,997		218		13,988	0
8	7th month	31,164	17,004		219		13,941	0
9	8th month	31,039	16,969		218		13,852	0
10	9th month	31,039	17,003		218		13,818	0
11	10th month	30,970	17,013		219		13,738	0
12	11th month	30,933	16,978		219		13,736	0
13	12th month	30,872	17,005		219		13,648	0
14	Total (Line 1 through Line 13)	406,590	222,638	0	2,840	0	181,112	0
15	Average balance (Line 14/13)	31,276	17,126	0	218	0	13,932	0
16	Average capitalization ratios	100%	55%	0%	1%	0%	45%	0%
17	End of period capitalization ratios	100%	55%	0%	1%	0%	44%	0%

Big Sa.
 Capitalization Policies
 December 31, 2004
 Witness: Alan Zumstein

Exhibit
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	Transportation		Stores		Vacation Accrual		Health Insurance		Retirement		Payroll Taxes		FAS 106		Workers' Comp	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
107.20	98,516	31.0%	132,967	95.5%	32,457	20.8%	118,999	20.8%	31,221	20.7%	31,346	20.7%	20,381	20.8%	13,536	20.7%
108.80	27,786	8.8%			8,850	5.7%	32,410	5.7%	8,528	5.7%	8,575	5.7%	5,561	5.7%	3,684	5.6%
163.00	10,636	3.4%			3,534	3.4%	13,052		3,392		3,390		2,226		1,461	
184.00		0.0%			4,025	0.0%	13,929		3,674		4,081		2,394		1,595	
242.16		0.0%				0.0%				0	0					
242.30		0.0%				0.0%				0	0					
242.50	533	0.2%			341	5.1%	2,127	5.1%	476	5.0%	0	4.9%	329	5.1%	191	5.0%
580.00	6,809	2.1%			3,345		12,281		3,242		3,277		2,106		1,342	
582.00	1	0.0%			31		109		34		40		19		12	
583.00	1,572	0.5%			568		2,079		564		584		356		228	
586.00	30,175	9.5%			15,079		55,320		14,527		14,586		9,459		6,247	
587.00	662	0.2%			264		979		254		254		169		105	
588.00	1,075	0.3%			2,521	13.9%	9,022	13.9%	2,362	13.9%	2,325	13.9%	1,541	13.9%	1,093	13.8%
590.00	7,452	2.3%			3,163		11,561		3,014		3,003		1,979		1,340	
592.00		0.0%			57		172		48		43		29		19	
593.00	34,000	10.7%	6,208	4.5%	13,286		48,310		13,191		13,678		8,330		5,852	
593.10	16,531	5.2%			5,310		19,566		5,130		5,160		3,353		2,305	
593.20		0.0%			0						0					
595.00	2,747	0.9%			1,150		4,224		1,115		1,128		721		494	
597.00	719	0.2%			233		840		237		251		143		94	
598.00	6,384	2.0%			2,100	16.2%	7,616	16.1%	2,009	16.4%	2,010	16.7%	1,304	16.2%	871	16.8%
902.00	18,740	5.9%			6,558		23,771		6,204		6,185		4,060		2,800	
903.00	8,995	2.8%			19,805	16.9%	72,140	16.8%	18,977	16.7%	19,039	16.7%	12,361	16.8%	8,236	16.9%
908.00	11,942	3.8%			2,862	1.8%	10,443	1.8%	2,740	1.8%	2,741	1.8%	1,789	1.8%	1,196	1.8%
920.00	25,551	8.1%			27,999		102,678		26,786		26,833		17,569		11,475	
926.00	(256)	-0.1%									0					
928.00		0.0%			0						0					
930.20		0.0%			0						0					
935.00	6,718	2.1%			2,868	19.7%	10,713	19.8%	2,754	19.6%	2,746	19.6%	1,821	19.8%	1,197	19.4%
Total	317,287	100.0%	139,175	100.0%	156,407	100.0%	572,341	100.0%	150,478	100.0%	151,277	100.0%	98,000	100.0%	65,372	100.0%

Transportation costs are allocated based on hours used for each vehicle, using standard hourly rates.
 Stores is allocated to accounts based on material issued.
 All other overheads are allocated to accounts based on the labor distribution for regular and overtime wages.

1 Big Sandy Rural Electric Cooperative
2 **Schedule of Employee Benefits**
3 December 31, 2004
4 Witness: Alan Zumstein

Exhibit Exhibit 22
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Benefits for the test year:	<u>Total</u>
Vacation earned	156,407
Group insurance	572,341
Retirement	150,478
Employee sick leave	66,502
Paid holidays 11	57,123
Postretirement benefits	<u>98,000</u>
Total	<u>\$1,100,851</u>
Number of employees	42
Average annual cost per employee	\$26,211

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**IBEW
LOCAL NO. 317
January 1, 2002 through December 31, 2007**

AGREEMENT

Effective January 1, 2002

THIS AGREEMENT, made and entered into this 1st day of January, 2002, by and between the BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION of Paintsville, Kentucky, hereinafter referred to as the COOPERATIVE and LOCAL UNION NO. 317 of the INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, hereinafter referred to as the UNION, as the collective bargaining representatives for the employees of the COOPERATIVE in the classifications listed in Article V, Section 1, of this Agreement.

WITNESSETH:

WHEREAS, the COOPERATIVE and the UNION have a common and sympathetic interest in the electrical industry, and together with the Public, will benefit from harmonious working arrangements for the adjustments of differences by rational and common sense methods, and therefore, for the purpose of facilitating the peaceful adjustments of differences that may arise from time to time, and to promote harmony and efficiency to the end that the COOPERATIVE, the UNION and the GENERAL PUBLIC may be benefitted the parties hereto contract and agree with each other as follows:

TO WIT; ARTICLE I. Recognition

Section 1. The UNION is hereby recognized as the sole exclusive bargaining agent for the collective bargaining

purposes covering wages, hours and conditions of employment for all employees within the bargaining unit in view of the UNION'S certification by the N.L.R.B on the second day of June, 1950, in Case No. 9-RC-822.

Section 2. The UNION shall have the right to refer to the grievance procedure therein any complaint that the hiring policies of the EMPLOYER are discriminatory or unfair.

Section 3. The direction of the working force and the right to hire is lodged exclusively in the EMPLOYER, provided there is no discrimination and nothing is done in violation of this Agreement. All new employees shall be hired on a temporary basis, not to exceed 90 working days.

Section 3. (a) All employees who are members of the Union on the effective date of this Agreement shall be required to remain members of the Union in good standing as a condition of employment within ninety (90) working days following dates of their employment or effective date of the Agreement, whichever is later. Any such workmen shall receive at least the minimum wages and work under the terms and conditions of this Agreement, with the exception of being covered under the fringe benefits of the Agreement. A new employee shall be employed for a period of six months from the date of hiring before becoming covered under the fringe benefit package. Fringe benefits shall mean, sick leave, vacation, holidays, insurance, hospitalization, retirement

benefits, and funeral leave. Seniority shall begin or commence at the date of hiring. The Cooperative shall be required to make all payments required by law.

ARTICLE II. Grievance Procedure

Section 1. Any complaint, grievance or dispute that may arise with respect to the application or performance of this Agreement between the COOPERATIVE and the UNION or its members shall be taken up for settlement in the simplest and most direct manner. Except whereby mutual consent another procedure is agreed upon, such matters shall be handled in accordance with the following:

1. Between the employee or employees concerned, together with the UNION'S steward if so desired, and the foreman or immediate supervisor of the aggrieved employee.

2. Should any matter not be adjusted in the 1st step above within forty-eight (48) hours, exclusive of Sundays and holidays, it shall be reduced to writing and referred to the Manager of the EMPLOYER and the Business Manager of the UNION.

3. All questions or disputes which are not adjusted as a result of the above procedure shall then be referred to a Joint Conference Committee of three (3) representatives of the UNION and three (3) representatives of the EMPLOYER. Each party shall have the privilege of changing representatives upon the proper notice to the other party.

The Joint Conference Committee shall meet within forty-eight (48) hours after such notice is given either party. It shall select its own secretary and chairman.

4. If not satisfactorily adjusted after exhausting all of the above steps, the grievance or complaint shall be referred to arbitration provided such grievance involves an interpretation of the meaning or application of the terms of the Agreement, according to the following procedures; within five (5) days, the parties shall jointly request the Federal Mediation and Conciliation Service to appoint a third member, both parties to be bound by such appointment. Each party shall defray the expenses of its own member of the Board of Arbitration and the fee and expenses of the third member shall be born equally by the parties, together with any incidental or general expenses in connection with the arbitration mutually agreed upon in advance. The majority decision of the Board shall be final and binding on both parties.

Section 2. If, after investigation, the employee or employees are found to have been unjustly terminated or suspended such employee shall be reinstated without loss of seniority or pay from all time lost.

Section 3. The UNION agrees that it will not authorize a strike or work stoppage and the EMPLOYER agrees that he will not engage in a lockout because of any proposed changes

in this Agreement. The UNION further agrees that it will take every reasonable means which are within its power to induce employees who are members of the UNION, and subject to its discipline, engage in a strike or work stoppage in violation of this Agreement to return to work. There shall be no responsibility for the part of the UNION, its officers, representatives or affiliates for any strike or other interruptions of work unless specifically provided in this paragraph. In the event of any unauthorized strike which is defined as a strike not authorized by the UNION, the UNION agrees that the EMPLOYER shall have the right to suspend, discipline or discharge the employee or employees responsible for or participating in the strike, notwithstanding any other provisions of this contract to the contrary. All questions, disputes or controversies under this Agreement shall be settled and determined solely and exclusively by the conciliation and arbitration procedures provided in this Agreement.

ARTICLE III. Vacation

Section 1. All employees within the bargaining unit shall be entitled to and shall receive vacations each year. The vacation for all those employees who have been regularly employed by the BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION for one year shall receive one (1) week or forty (40) hours vacation with pay and for those employees employed

two (2) years to ten (10) years, three (3) weeks or one hundred twenty (120) hours. After ten (10) years employees shall receive an additional day of vacation for each year of employment with the COOPERATIVE.

Section 2. The vacation period of each employee shall be set by the EMPLOYER with due respect to the desire, seniority and preference of the employee consistent with the efficient operation of the BIG SANDY RURAL ELECTRIC COOPERATIVE. Employee will enter request to Management for vacation thirty (30) days prior to the date vacation is to start.

Section 3. If a vacation day falls on a holiday, another day shall be granted in lieu thereof.

Employees who leave the service of the COOPERATIVE and have a vacation due them, shall be compensated in pay the amount that has accrued up to the date of severance.

Section 4. Crew leaders, with eighteen (18) months seniority, as crew leaders, shall be paid his appropriate rate while on vacation or sick leave.

ARTICLE IV. Hours and Overtime

Section 1. Eight (8) hours work, between the hours of 7:30 a.m. and 4:00 p.m. with not more than thirty (30) minutes for a lunch period. When men are called out before or after the regularly scheduled working hours, or a troubleman after his regular quitting time, they shall

receive not less than two (2) hours time at the rate of time and one-half, except that if they worked longer than two (2) hours they shall receive time and one-half for the entire time worked until the regular scheduled work day begins, after which time the regular rate of pay will become effective. Overtime to begin at the time the employee is called out and ends when he reports back. When called out on Sunday and legal holidays, they shall receive not less than two (2) hours time at the rate of time and one-half except that if they work longer than two (2) hours, they shall receive time and one-half for the entire time worked. Overtime to begin at the time of calling the employees out and ends when he reports back. All employees used shall be reimbursed for room and board occurring on all emergency work. It shall be the responsibility of the Manager of the COOPERATIVE to keep an accurate overtime list, and to distribute the overtime among the qualified employees in their classification as equal as possible, and to post said overtime list on the bulletin board before the tenth of each month, for the previous month.

Section 2. For all employees covered by this Agreement, except as later provided, the regular work week shall be Monday through Friday. The regular work week shall not exceed forty (40) hours, and the regular work day shall not exceed eight (8) hours. All work in the excess of regularly

scheduled hours in any one day or in any one week shall be paid at the rate of time and one-half (1 1/2). The COOPERATIVE shall give the employee three days prior notice for Saturday work except for breakdowns.

Section 3. The following days shall be recognized as paid holidays at the employee's straight time rate of pay, provided the holiday falls on a regular work day, or the holiday is recognized to fall on a regularly scheduled work day: New Years Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Day after Thanksgiving, Christmas Eve and Christmas Day. Holidays falling on Saturday or Sunday will be observed as the Nation observes them. Time and one-half to be paid in addition for all work performed on such holidays.

Section 4. Employees shall not be required to work outside during inclement weather except to restore service because of emergency conditions. Employees shall be assigned to work inside or under shelter during such weather. Such assignments shall not be for more than the regular work day or work week. Thus the employee is assured of a full week's pay.

ARTICLE V. Wages

Section 1. Effective January 1, 2002, the following schedule shall apply to employees according to individual and appropriate occupational classifications. This means

payments in accordance with the following schedule:

Employees will be paid biweekly, which is every two weeks (i.e. every other Friday). If the payday falls on a holiday, the employee will be paid on the day before the holiday.

CLASSIFICATION

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	EFFECTIVE 1/1/02 thru 12/31/07					
	<u>2002</u> 1 st year 4%	<u>2003</u> 2 nd year 3%	<u>2004</u> 3 rd year 3%	<u>2005</u> 4 th year 3%	<u>2006</u> 5 th year 3%	<u>2007</u> 6 th year 4%
Lineman, 1 st class (with less than 1 year experience with the company)	\$19.64	\$20.23	\$20.84	\$21.47	\$22.11	\$22.99
Serviceman, Journeman/Lineman	\$20.54	\$21.16	\$21.79	\$22.44	\$23.11	\$24.03
Lineman, 1 st class (with 1 year or longer experience with the company)	\$20.31	\$20.92	\$21.55	\$22.20	\$22.87	\$23.78
Transformer, Meterman Srviceman Journeyman w/license	\$21.48	\$22.12	\$22.78	\$23.46	\$24.16	\$25.13
Assistant Transformer Meterman Serviceman	\$20.66	\$21.28	\$21.92	\$22.58	\$23.26	\$24.19
Assistant Staking Engineer	\$20.54	\$21.16	\$21.79	\$22.44	\$23.11	\$24.03
Assistant Staking Engineer Helper	\$20.31	\$20.92	\$21.55	\$22.20	\$22.87	\$23.78
Warehouseman	\$20.27	\$20.88	\$21.51	\$22.16	\$22.82	\$23.73
Crew Leader	\$22.44	\$23.11	\$23.80	\$24.51	\$25.25	\$26.20
Right of Way	\$ 7.50	\$ 7.73	\$ 7.96	\$ 8.20	\$ 8.45	\$ 8.79

CLASSIFICATION

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EFFECTIVE 1/1/02 thru 12/31/07

	<u>1st year</u> ⁰² 4%	<u>2nd year</u> ⁰³ 3%	<u>3rd year</u> ⁰⁴ 3%	<u>4th year</u> ⁰⁵ 3%	<u>5th year</u> ⁰⁶ 3%	<u>6th year</u> ⁰⁷ 3%
<u>APPRENTICES</u> (Lineman, Serviceman and Meterman)						
1 st 6 months	\$15.74	\$16.21	\$16.70	\$17.20	\$17.72	\$18.43
2 nd 6 months	\$16.48	\$16.97	\$17.48	\$18.00	\$18.54	\$19.28
2 nd year	\$17.33	\$17.85	\$18.39	\$18.94	\$19.51	\$20.29
3 rd year	\$17.90	\$18.44	\$18.99	\$19.56	\$20.15	\$20.96
4 th year	\$18.97	\$19.54	\$20.13	\$20.73	\$21.35	\$22.20
Thereafter	\$20.31	\$20.92	\$21.55	\$22.20	\$22.87	\$23.78
<u>GROUNDMAN</u>						
1 st 6 months	\$13.98	\$14.40	\$14.83	\$15.27	\$15.73	\$16.36
2 nd 3 months	\$14.45	\$14.88	\$15.33	\$15.79	\$16.26	\$16.91
2 nd 6 months	\$15.24	\$15.70	\$16.17	\$16.66	\$17.16	\$17.85
2 nd year	\$16.10	\$16.58	\$17.08	\$17.59	\$18.12	\$18.84
3 rd year	\$16.48	\$16.97	\$17.48	\$18.00	\$18.54	\$19.28
4 th year	\$17.15	\$17.66	\$18.19	\$18.74	\$19.30	\$20.07
Thereafter	\$17.48	\$18.00	\$18.54	\$19.10	\$19.67	\$20.46

Right-of-Way (Crew Leader 25 cents above employees present rate of pay.)

Either party may reopen this Agreement for negotiations by giving written notice of its intent to negotiate at least sixty (60) days prior to December 31, 2007.

A mechanic may be hired at the following rate of \$10.00 per hour, and under the following conditions: The employer may set the starting and quitting time, the first eight (8) hours worked will be the straight time rate of pay, any time worked past eight (8) hours will be at the time and one-half rate of pay. All other overtime and fringe benefit payments afforded other employees under the terms of this Agreement will apply to the mechanic. It is the understanding between both parties Local 317 and BIG SANDY RECC, that a mechanic is not to infringe on any other classifications work. Effective January 1, 2002, existing mechanic will be paid at a scale of Lineman 1st Class with less than 1 year experience with the company. Any new mechanic hired after January 1, 2002 will be paid at \$10.00 per hour.

Right of way crew may become IBEW members, and receive equal benefits.

A right of way employee may be hired at the following rate of \$4.25 per hour and under the following conditions:

The first eight (8) hours worked will be the straight time rate of pay, and time worked past eight (8) hours will be the time and one half rate of pay. All other overtime and

fringe benefit payments afforded other employees under the terms of this agreement will apply to the right of way employees. It is the understanding between both parties Local 317 and BIG SANDY RECC, that the right of way employees are not to infringe on any other classifications work.

It is understood by Local 317 that BIG SANDY RECC will retain the right to employ temporary right of way employees.

Apprentices shall mean either apprentice lineman or apprentice meterman. Apprentice lineman shall be advanced only on a basis of the time served and ability. Recommendations for advancement shall be initialed by the Union Labor Committee and submitted to Committee representing the EMPLOYER for approval. It is understood that if a groundman is advanced to an apprentice, that the time served as groundman up to and including two (2) years shall apply to his apprenticeship rating.

It is mutually understood between both parties that the EMPLOYER will contribute an amount equal to five percent (5%) of the employees monthly salary, toward purchasing a retirement plan for the employee with a reputable insurance company.

Section 2. Christmas Bonus. The union employees shall receive a Christmas Bonus equal to office employees.

Section 3. Right-Of-Way. COOPERATIVE may use consumers to cut right-of-way, with I.B.E.W. supervision, if no

I.B.E.W. employees are laid off or if consumer does not replace I.B.E.W. member.

If I.B.E.W. members (COOPERATIVE employees) cut right of way, employees will be paid at employees classification rate.

ARTICLE VI. Apprentices

Section 1. (a) An apprentice lineman is one who is learning line work and must serve as such for four (4) years before becoming a journeyman lineman. An apprentice working voltage in excess of 440 volts must be under the direct supervision of a journeyman.

Section 1. (b) An apprentice promoted from a lower rating to a higher rating, prior to promotion shall be required to take the I.B.E.W. test before promotion is put in effect and the COOPERATIVE Manager shall be advised by the Union of such test.

Section 2. The ratio of apprentices to journeyman shall not be more than two (2) apprentices to one (1) journeyman or fraction thereof. Foreman to be counted as journeyman. No journeyman shall be displaced by an apprentice.

ARTICLE VII. Seniority

Section 1. Seniority of any employee coming within this Agreement shall accumulate from the first day of employment with the COOPERATIVE. Illness, injury or military service in time of national emergency shall not be considered as a break

in seniority.

Section 2. Promotions to positions in the bargaining unit, demotion, lay-offs, however, that employees have sufficient ability and qualifications to perform the work required. Employees who have been laid off shall be called back to work and placed on jobs which they can perform in accordance with their previous seniority. Employees so recalled must report to work within five (5) working days after being notified of such recall and advise the COOPERATIVE immediately of their intentions to report. In case of lay-offs, seniority need not be carried over twelve (12) months. This paragraph shall cover employees working with the COOPERATIVE at the time this Agreement goes into effect and all employees that become regular employees.

Section 3. In the event it becomes necessary to lay off one (1) employee and there are two (2) employees having relatively equal ability and seniority, one of whom must be laid off, the decision as to which of the two (2) employees shall be affected, the lay-off shall be made by the Job Steward and the Manager. COOPERATIVE shall give employee to be laid off a minimum of one week notification prior to lay off.

A seniority list shall be made up by the COOPERATIVE within sixty (60) days after the date of this Agreement. A copy shall be furnished to the Secretary of the UNION and a

copy posted on the bulletin board. This list shall be open for correction for a period of thirty (30) days thereafter, and if any employee does not make a protest in writing to the COOPERATIVE, with a copy to the UNION, within such thirty (30) day period after posting of such list, his seniority shall be as shown on list. The seniority list shall be brought up to date once each six (6) months thereafter.

Section 4. Through the representation of the UNION, employees shall have the right to hearing on any differences of opinion as to the competency of any employee to fill a new position of vacancy, or promotion or demotion, of discipline administered or lay-offs, or discharge or of discrimination. Such hearing shall follow the established grievance procedure. This paragraph is not to be interpreted as meaning the Local Union has the right to a hearing on the competency of new employees hired by the COOPERATIVE. New employees shall mean those employees who have worked for less than ninety (90) days.

ARTICLE VIII. Sick Leave

Section 1. Employees compelled to be absent from regular duties because of illness or accident shall be compensated at the regular straight time rate of pay as follows:

On January 1st of each year, each employee then having completed one (1) years prior service, with the COOPERATIVE,

shall be compensated for the first twenty (20) days of such illness occurring during the prospective year.

On January 1st of each year, each employee then having completed one (1) years prior service with the COOPERATIVE, shall be compensated for the first twenty (20) days of such illness and can accumulate up to sixty (60) days sick leave with applicable rate of pay.

Should the employee become ill in the first months after this agreement is executed, the employee shall receive the maximum credit of twenty (20) days - should he have been employed for at least one year. During the prospective year, employees with less than one (1) years service on January 1st of each year shall be compensated based on the number of months prior service with the COOPERATIVE at the rate of one and two-thirds days each months prior service. If an employee is off work due to illness, he shall contact the COOPERATIVE, if possible, and if the Board of Directors required a doctors certificate, it shall be at the expense of the COOPERATIVE.

Any I.B.E.W. employee, employed by BIG SANDY RECC for 10 years or longer is to be paid at his regular hourly rate of pay for all sick leave due him up to thirty (30) days if he is laid off because of lack of work; or, under the same conditions, will be paid at his regular hourly rate of pay for sick leave due him, up to a maximum of forty-five (45)

days, only if he retires at age 62 or above.

Personal Days - Full days only, for personal use. Must be approved in advance by Superintendent. Time will be charged to employee's accumulated sick leave account:

<u>Year</u>	<u># of Personal Days</u>
2002	3 days
2003	3 days
2004	3 days
2005	3 days
2006	3 days
2007	3 days

Unused days may be carried over to the following year.

Section 2. The COOPERATIVE agrees to pay the entire cost of hospitalization insurance now in existence for its employees and family. Effective November 1, 1972, the COOPERATIVE agrees to pay the entire cost of the retirement insurance now in effect for the employees.

Section 3. Any employee will be granted a leave of absence with pay at his base hourly rate for any three (3) consecutive scheduled workdays upon presentation of evidence satisfactory to the COOPERATIVE for attending the funeral of a member of his immediate family. Immediate family shall mean wife, children, mother, father, sister, brother, mother-in-law or father-in-law.

An employee will be granted a leave of absence with pay at his base hourly rate for any three (3) consecutive scheduled workdays upon presentation of evidence satisfactory to the COOPERATIVE for admittance of a member of his

immediate household to the hospital, or one day leave of absence for emergency room treatment or outpatient surgery at the hospital. Household shall mean wife and children.

ARTICLE IX. General Provisions

Section 1. All existing practices of the COOPERATIVE for the benefit and welfare of the employees, as of September 29, 1957, not specifically covered by the terms of this Agreement shall be continued until such time as, for just and lawful cause, the COOPERATIVE finds it necessary to change them. Should such change become necessary, the COOPERATIVE shall notify the UNION in advance and if the UNION so desires, it may negotiate concerning such matters.

Section 2. The EMPLOYER shall furnish adequate safety appliances, excepting safety belts, climbers, hot shoes and body tools, which shall be supplied by all new employees. The EMPLOYER will pay 100% cost on the second tool belt, safety, climbers and hot shoes purchased. Members of the UNION shall cooperate in every way to minimize accidents and shall at all times use every effort for the preservation of the safety appliances and tools and shall use them when needed.

Section 3. No less than five (5) men will be used when erecting poles of greater length than twenty-five (25) feet by hand. This does not include poles erected by mechanized equipment.

Section 4. When higher than 220 volts are to be worked

the journeyman assigned to the job shall exercise his judgement in determining the need of journeyman helpers. When an employee is assigned to a service truck and is called out after 4.00 P.M. on call out work, the employee assigned to the service truck and the employer, shall exercise their judgement in determining assistance the employee might need.

Section 5. It is agreed that should any job classification be omitted from Article V, Section i, or created after the signing of this Agreement the parties hereto shall meet and amend this Agreement to include such classifications.

Section 6. The COOPERATIVE acknowledges receipt of a copy of the Constitution of the International Brotherhood of Electrical Workers.

Section 7. Promotions to positions within the bargaining unit, demotions, lay-offs, or transfers shall be based on seniority and classification provided, however, that employees must have sufficient ability to perform the work required within the classifications.

Section 8. No employee within the bargaining unit will be requested to take time off in lieu of overtime pay. The COOPERATIVE shall be the sole judge as to the necessity of overtime work, and the employee shall be obligated to work overtime when requested to do so. When possible, this request shall be made two (2) days prior to scheduled

overtime. Overtime shall be divided equally among the employees in the district who perform the classification of the work required to be done on overtime.

Section 9. The COOPERATIVE shall provide exclusive bulletin space for the UNION and shall be located in the storeroom where employees will see same when entering or leaving storeroom.

Section 10. When an employee (journeyman) is designated by the COOPERATIVE Superintendent, Manager or General Foreman to fill the vacancy of foreman and/or crew leader for eight (8) consecutive hours (full day) such acting foreman and/or crew leader shall be paid at the higher rate of the one whose place he fills.

Section 11. The COOPERATIVE agrees that if and when it contracts with private contractors to do any of its work, that said private contractor will be informed that there is an existing contract between the COOPERATIVE and the INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS (Local Union No. 317) and it is the understanding that no contracts will be let to private contractors while Local 317 employees are laid off, if so, the employees laid off will be re-called and placed to work in the classification they were last employed. This contract applies to maintenance employees. Any new construction of ten (10) miles or more shall be called construction and a new contract shall be agreed to for these

construction workers.

Section 12. The COOPERATIVE agrees to purchase five (5) work uniforms, and one work jacket, or seven (7) pants and seven (7) shirts, no jacket, per year for its employees.

Section 13. Negotiations shall be held during the regular working day between the hours of 7:30 A.M. and 4:00 P.M. at no lost time to the Local Union's negotiating committee. The COOPERATIVE and the UNION will alternate paying for such lost time by the local UNION negotiating committee, with the COOPERATIVE paying for such lost time in the first negotiating session, the UNION paying for such lost time in the second negotiating session, and alternatively the COOPERATIVE and the UNION thereafter.

Section 14. The Employer agrees that it will make deductions from the pay of each member within the bargaining unit on the basis of individually signed payroll deduction authorization forms and will pay over the aggregate of such deductions to the Financial Secretary of the Local Union designated against his receipt therefore in the name of the Local Union. The Employer agrees to make this deduction monthly, as designated in the individually signed payroll deduction authorization, and to send a check for the total amount, together with a list of the individuals names from whom the deductions were made designating the amount deducted

on each form, plus a list of names of the employees removed from or added to the payroll during the current month to the Financial Secretary designated by the UNION on or before the last day of each month in which deductions are made.

The UNION agrees to save the EMPLOYER harmless from any action growing out of these deductions and commenced by any employee against the EMPLOYER and assumes full responsibility for the disposition of the funds so deducted once they have been turned over to the Financial Secretary of the UNION.

ARTICLE X. Termination

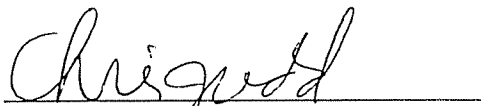
Section 1. This Agreement when signed by the COOPERATIVE and the UNION of their authorized representatives, and approved by the International Office of the Union, takes effect from January 1, 2002, and remains in effect until December 31, 2007. It shall continue for six (6) years as set out in the schedule of CLASSIFICATIONS unless changed in the way later provided.

Section 2. Either party desiring changes must notify the other party in writing at least sixty (60) days prior to December 31, of any year. Such notice shall indicate what changes are desired. However, changes can be made at any time by mutual consent.

IN WITNESS WHEREOF, the parties have hereunto set their hands on quintuplicate copies this 18th day of May, 2001.

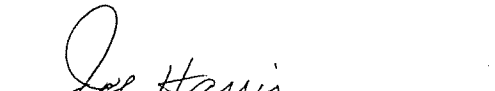

KIRBY W CASTLE


WITNESSED BY: BRUCE DAVIS
MANAGER


CHRIS JUDE


JOHN ED SHEPHERD, CHAIRMAN


ROGER AKERS


JOE HARRIS, SECRETARY

BRENT GRAY
BUSINESS MANAGER