



Steven L. Beshear  
Governor

Leonard K. Peters  
Secretary  
Energy and Environment Cabinet

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

David L. Armstrong  
Chairman

James Gardner  
Vice-Chairman

John W. Clay  
Commissioner

December 16, 2008

Bobby D. Sexton  
President/General Manager  
Big Sandy RECC  
504 11<sup>th</sup> Street  
Paintsville, KY 41240-1422

RE: Case No. 2008-00401  
Big Sandy RECC -- General Rates

The Commission staff has reviewed Big Sandy RECC's application in the above case and finds that it meets the minimum filing requirements. Enclosed please find a stamped filed copy of the first page of your filing. This case has been docketed and will be processed as expeditiously as possible.

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

Sincerely,

A handwritten signature in cursive script that reads "Ryan Gatewood".

Ryan Gatewood  
Filings Division Director

RG/rs  
Enclosure

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

DEC 10 2008

PUBLIC SERVICE  
COMMISSION

CASE NO. 2008-00401

FILED

DEC 10 2008

IN THE MATTER OF ADJUSTMENT OF  
RATES OF BIG SANDY RURAL ELECTRIC  
COOPERATIVE CORPORATION

APPLICATION

Big Sandy Rural Electric Cooperative (herein designated as "Big Sandy Rural Electric") hereby makes application for an adjustment of rates, as follows:

1. Big Sandy Rural Electric informs the commission that it is engaged in the business of operation of a retail electric distributions system in eight (8) counties in southeastern Kentucky and does hereby propose to adjust rates, effective December 1, 2008, in conformity with the attached schedule.

2. The name and post office address of the applicant is Big Sandy Rural Electric Cooperative, 504 11<sup>th</sup> 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. The application is supported by a twelve month historical test period ending August 31, 2008 and includes adjustments for known and measurable changes [807 KAR 5:001, Section 10(1)(a)].

5. Big Sandy Rural Electric states that the reasons the rate adjustment are required pursuant to 807 KAR Section 10(1)(a)(1) are as follows:

a. Big Sandy Rural Electric has incurred increases in the cost of power, materials, equipments, labor, taxes, interest, debt service and other fixed and variable costs. Big Sandy Rural Electric has been required to borrow funds to finance its construction projects.

b. The financial condition of Big Sandy Rural Electric has deteriorated substantially over the past few years.

c. Big Sandy Rural Electric had a Times Interest Earned Ratio (TIER) of 1.06 for the test year ending August 31, 2008. The TIER was 1.27 for calendar year of 2007. Big Sandy Rural Electric is required under its mortgage agreement of maintain an operating TIER of 1.25, based on an average of two of the three most current years.