

**Big Sandy Rural Electric
Cooperative Corporation**

504 11th Street
Paintsville, Kentucky 41240-1422
(606) 789-4095 • Fax (606) 789-5454
Toll Free (888) 789-RECC (7322)

Branch Office:

204 Glyn View Plaza
Prestonsburg, Kentucky 41653
(606) 886-2987

January 12, 2009

HAND DELIVERED

Mr. Jeff Derouen
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

RECEIVED

JAN 12 2009

PUBLIC SERVICE
COMMISSION

Re: PSC Case No. 2008-00410

Dear Mr. Derouen:

Please find enclosed for filing with the Commission in the above-referenced case an original and five copies of the responses of Big Sandy RECC to the Commission Staff's Initial Data Request, dated December 19, 2008.

Very truly yours,

A handwritten signature in black ink, appearing to read "Albert A. Burchett".

Albert A. Burchett
Attorney

Enclosures

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

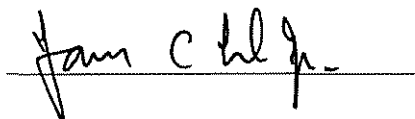
IN THE MATTER OF:

APPLICATION OF BIG SANDY RURAL ELECTRIC)	
COOPERATIVE CORPORATION TO)	CASE NO.
PASS-THROUGH AN INCREASE OF ITS)	2008-00410
WHOLESALE POWER SUPPLIER PURSUANT)	
TO KRS 278.455(2))	

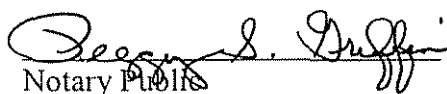
CERTIFICATE

STATE OF KENTUCKY)
)
 COUNTY OF CLARK)

James C. Lamb, Jr., being duly sworn, states that he has supervised the preparation of the responses of Big Sandy Rural Electric Cooperative Corporation to the Public Service Commission Staff Initial Data Request in the above-referenced case dated December 19, 2008, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



Subscribed and sworn before me on this 12th day of January, 2009.


 Notary Public

My Commission expires: December 8, 2009

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF BIG SANDY RURAL ELECTRIC)	
COOPERATIVE CORPORATION TO)	CASE NO.
PASS-THROUGH AN INCREASE OF ITS)	2008-00410
WHOLESALE POWER SUPPLIER PURSUANT)	
TO KRS 278.455(2))	

CERTIFICATE

STATE OF KENTUCKY)
)
 COUNTY OF CLARK)

Ann F. Wood, being duly sworn, states that she has supervised the preparation of the responses of Big Sandy Rural Electric Cooperative Corporation to the Public Service Commission Staff Initial Data Request in the above-referenced case dated December 19, 2008, and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.

Ann F. Wood

Subscribed and sworn before me on this 9th day of January, 2009.

Dorothy S. Duffin
 Notary Public

My Commission expires: December 8, 2009

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BIG SANDY RURAL ELECTRIC)	
COOPERATIVE CORPORATION TO)	CASE NO.
PASS-THROUGH AN INCREASE OF ITS)	2008-00410
WHOLESALE POWER SUPPLIER PURSUANT)	
TO KRS 278.455(2))	

**RESPONSES TO COMMISSION STAFF'S INITIAL DATA REQUEST
TO BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION
DATED DECEMBER 19, 2008**

—

BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION

PSC CASE NO. 2008-00410

INITIAL DATA REQUEST RESPONSE

COMMISSION STAFF'S INITIAL DATA REQUEST DATED 12/19/08

REQUEST 1

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: Big Sandy Rural Electric Cooperative Corporation

Request 1. Provide the workpapers, spreadsheets, etc. which show the calculation of the increase, by individual wholesale rate schedule, in Big Sandy's cost of power from East Kentucky Power Cooperative, Inc. that Big Sandy is proposing to flow through to its customers. Include a brief narrative description of the data being provided.

Response 1. Please see page 2 of this response. EKPC multiplied the projected wholesale billing units for all members for the test year by the EKPC existing rates to determine revenue before the rate increase. The revenue increase was then proportioned to EKPC rate classes in order to develop proposed rates. After the proposed wholesale rates were developed, the new rates were applied to the same projected billing units proportionally among all rate classes. These rates were then applied to the projected wholesale billing units of each member system, in order to determine their proportionate share of EKPC's revenue requirements.

Please note that the wholesale increase on page 2 totals \$1,592,612, and is higher than the retail increase of \$1,591,999 as filed in the pass-through application dated October 31, 2008 (Exhibit 3, Page 1 of 5). This slight under recovery is a result of rounding.

Effect of EKPC Rate Increase on Big Sandy - Pro Rata

EKPC
Big Sandy
Rate E
Option 2

Description	Current Rate		Billing Units	Rate	Calculated Billings	Pro Rata		Billing Units	Rate	Calculated Billings	
	Billing Units	Rate				Billing Units	Rate				
Metering Point Charge All Customers	96	\$ 125.00	\$	12,000		96	138	13,248			
Substation charges											
Substation 1,000 - 2,999 kVa	-	\$ 944.00		-		-	1,041	-		31,404	
Substation 3,000 - 7,499 kVa	12	\$ 2,373.00		28,476		12	2,617	31,404		264,516	
Substation 7,500 - 14,999 kVa	84	\$ 2,855.00		239,820		84	3,149	264,516		-	
Substation > 15,000 kVa	-	\$ 4,605.00		-		-	5,079	-		-	
	96			268,296		96		295,920			
Demand Charge All Kw	730,468	\$ 5.22		3,813,043		730,468	\$ 5.76	4,207,496			
Energy Charge											
On-Peak (April - July)	48,649,735	\$0.042470		2,066,154		150,248,805	\$0.046844	7,038,255			
Off-Peak (April - July)	35,957,399	\$0.034904		1,255,057		142,447,489	\$0.038499	5,484,086			
On-Peak (Aug - March)	101,599,070	\$0.042470		4,314,913		292,696,294		12,522,341			
Off-Peak (Aug - March)	106,490,090	\$0.034904		3,716,930							
	292,696,294			11,353,054							
	292,696,294										
Base Billings			\$	15,446,393				\$	17,039,005		
FAC		\$0.007604		2,225,663					2,225,663		
ES		13.62%		2,406,934					2,406,934		
Total Billings			\$	20,078,989				\$	21,671,601		
EKPC's proposed increase to Big Sandy in Case 2008-00409										\$	1,592,612
											7.93%

—

BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION

PSC CASE NO. 2008-00410

INITIAL DATA REQUEST RESPONSE

COMMISSION STAFF'S INITIAL DATA REQUEST DATED 12/19/08

REQUEST 2

RESPONSIBLE PERSON: James C. Lamb, Jr./Ann F. Wood

COMPANY: Big Sandy Rural Electric Cooperative Corporation

Request 2. Refer to Exhibit 3 of the application. The billing analysis shows various rate schedules with escalation percentages applied to the billing determinants. Explain the need for the escalation percentages and provide workpapers, spreadsheets, etc. for the calculation of the percentages, as well as a narrative explanation of how the percentages were determined.

Response 2. Since EKPC is using a forecasted test period, the increase is calculated based on projected billing determinants. In order to appropriately match retail rates to the forecasted test year used for wholesale rates, an escalation factor was used. The escalated data was applied to Residential and Small Commercial classes only due to the wide variance and unpredictable nature of the Large Commercial/Industrial class.

The Attachment shows the escalation percentages calculated by the Resource Planning Department of EKPC and the supporting calculations.

EKPC prepares a load forecast by working jointly with its member systems in preparing their individual load forecasts. Factors considered in preparing the forecasts include national, regional, and local economic performance, appliance saturations and

efficiencies, population and housing trends, service area industrial development, electric price, household income, and weather. Each member system reviews the preliminary forecast for reasonability.

The general steps followed by EKPC in developing its load forecast are summarized as follows:

EKPC subscribes to Global Insight, Inc., in order to analyze regional economic performance. Global Insight provides EKPC projections for population, employment, and income as well as other variables.

EKPC prepares a preliminary forecast for each of its member systems for each classification using monthly data as reported on the Rural Utilities Services (RUS) Form 7, which contains publicly available retail sales data for member systems. These include: residential, seasonal, small commercial, public buildings, large commercial, and other. EKPC's sales to member systems are then determined by adding distribution losses to total retail sales. Seasonal peak demands are determined by applying peak factors for heating, cooling, and water heating to energy.

The supplementary spreadsheets in the Attachment contain the data resulting from the above-described process. The growth rates for energy sales, winter peak demand, and customers are based upon the monthly forecasts for the test period.

Escalation - Big Sandy

Escalation - MWH - Energy	
Time Period	MWH Sales
May 2008 to April 2009	279,507
May 2009 to April 2010	284,343
Percent change	1.7%

Escalation - MW - Demand	
Time Period	
Winter 2009-2010	83.3
Winter 2010-2011	84.3
Percent change	1.2%

Escalation - Customers - Residential	
Time Period	Average Annual Customers
2009	12,265
2010	12,387
Percent change	1.0%

Escalation - Customers - Small Commercial	
Time Period	Average Annual Customers
2009	1,151
2010	1,169
Percent change	1.6%