

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

RATE ADJUSTMENT OF BIG)
SANDY RURAL ELECTRIC) CASE NO. 8993
COOPERATIVE CORPORATION)

O R D E R

IT IS ORDERED that Big Sandy Rural Electric Cooperative Corporation ("Big Sandy") shall file an original and eight copies of the following information with the Commission, with a copy to all parties of record by July 27, 1984. Each copy of the data requested should be placed in a bound volume with each item tabbed. Where a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Careful attention should be given to copied material to insure that it is legible. Big Sandy shall furnish with each response the name of the witness who will be available at the public hearing for responding to questions concerning each area of information requested. Where information requested herein has been provided along with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. If neither the requested information nor a motion for an extension of time is filed by the stated date, the case may be dismissed.

1. Provide complete details regarding the basis upon which a ratio of 2.25 was determined to be the appropriate Times Interest Earned Ratio ("TIER") for Big Sandy in this case.

2. Provide any comments that Big Sandy may wish to extend with regard to the factors that contributed to the decline in the TIER from a level of 2.33 in 1981 to a level of 1.35 during the test period as indicated per Exhibit No. 12 of the application.

3. Provide a copy of each monthly inventory sheet reflecting the work orders issued between December 1982 and December 1983, in association with the \$420,000 advance of CFC loan funds as referenced in the response to Item No. 1 of the Commission's information Order dated June 5, 1984.

4. According to Exhibit I, page 1 of 2, Distribution Expense--Operations and Distribution Expense--Maintenance were incurred in the respective amounts of \$233,282 and \$120,767. Reported per the annual report for the year ended December 31, 1983, were Distribution Expense--Operations of \$181,305 and Distribution Expense--Maintenance of \$172,743. Provide a reconciliation of the differences that exist in these amounts per the two statements.

5. According to the response to Item No. 5 of the Commission's informational Order dated June 5, 1984, the increase granted to Big Sandy's salaried employees were based upon the wage negotiations of the union contract. Provide complete details regarding the specific factors or provisions of the union contract that were considered in granting the salary increases.

6. The response to Item No. 4 of the Commission's informational Order dated June 5, 1984, indicates that the increases granted as of January 1, 1984, to Big Sandy's non-union hourly employees represent efforts to attain a compensation level that is comparable to industry norms. In determining these increases, were any studies conducted concerning the level of wages and salaries of similar positions with other electric cooperatives or industries in the area served by Big Sandy? Provide complete details regarding the results or conclusion of such studies.

7. The Commission's informational Order dated March 15, 1984, requested the names of the witnesses who would respond to questions concerning the various data request items. Big Sandy's response did not include this information; therefore, provide a list of the witnesses responsible for each item, numbers 1-22, of the March 15, 1984, Order.

8. Provide an indication whether testimony in this case will be filed by any other witness.

9. Provide a copy of Big Sandy's 1983 tax bills in support of the \$53,581 amount of property taxes paid during the test period.

10. With regard to the July 1, 1983, increase in insurance premiums for group coverage as indicated per Adjustment No. 7 of Exhibit J, provide the following information:

a. The amount of the monthly premiums per employee before and after July 1, 1983.

b. Complete details concerning any insurance premium quotations received from other insurance companies for this coverage.

c. The reason(s) that Nationwide Insurance was selected as the provider of this insurance coverage.

11. With regard to the health and life insurance coverage provided to Big Sandy's directors and attorneys, do these persons receive similar benefits from any group or individual insurance plan other than that provided by Big Sandy?

12. Provide complete details regarding the reason(s) that the balance of accumulated depreciation per Exhibit H was not adjusted to reflect the proposed \$13,423 increase in depreciation expense as calculated per Adjustment No. 3 of Exhibit J.

13. In response to Item No. 11 of the Commission's informational Order dated June 5, 1984, it was stated that the total revenue requirement was applied to each charge within each class. This is not correct in that the customer charge was not changed as the other charges within each class were. What was the reasoning for applying the increase in this manner?

14. Please provide the normalized and proposed amounts of the discounts applicable to Schedules LP and LPR along with detailed calculations supporting each.

Done at Frankfort, Kentucky, this 16th day of July, 1984.

PUBLIC SERVICE COMMISSION

ATTEST:

Richard D. Hemmer Jr.
For the Commission

Secretary