

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ELECTRONIC APPLICATION OF BIG	)	
SANDY RURAL ELECTRIC COOPERATIVE	)	
CORPORATION FOR A GENERAL	)	CASE NO.
ADJUSTMENT OF RATES	)	2024-00287

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BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION'S  
VERIFIED RESPONSE TO  
ATTORNEY GENERAL'S SECOND REQUEST FOR INFORMATION  
ENTERED DECEMBER 6, 2024

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Comes now Big Sandy Rural Electric Cooperative Corporation (Big Sandy), by counsel, and does hereby tender its Verified Response to Attorney General's First Request for Information entered December 6, 2024.

Filed December 20, 2024

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

Electronic Application of Big Sandy Rural )  
Electric Cooperative Corporation for a )                      Case No. 2024-00287  
General Adjustment of Rates and Other )  
General Relief

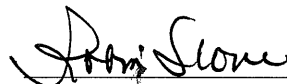
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**VERIFICATION OF ROBIN SLONE**

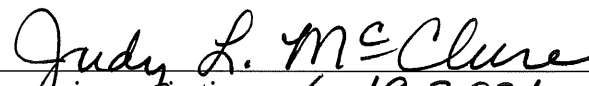
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COMMONWEALTH OF KENTUCKY    )  
  )  
COUNTY OF JOHNSON                    )

Robin Slone, Accounting Manager for Big Sandy Rural Electric Cooperative Corporation, being duly sworn, states that she has supervised the preparation of certain responses to the Attorney General's Second Request for Information in the above-referenced case 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.

  
\_\_\_\_\_  
Robin Slone

The foregoing Verification was signed, acknowledged and sworn to before me this 16<sup>th</sup> day of December, 2024, by Robin Slone.

  
\_\_\_\_\_  
Commission expiration: 6-19-2026





**Big Sandy Rural Electric Cooperative Corporation**  
**Case No. 2024-00287**  
**Attorney General's Second Request for Information**

**Request 1:** Refer to Big Sandy RECC's response to the Attorney General's First Request for Information ("Attorney General's First Request"), Item 2(h). The Attorney General asked whether Big Sandy RECC had ever worked, or plans on working, with any other rural electric cooperative or investor-owned electric utility on any joint ventures to provide electricity to Breathitt, Floyd, Johnson, Knott, Lawrence, Magoffin, Martin, and Morgan counties. Big Sandy RECC responded by stating, "[w]e have discussed the possibility with Licking Valley RECC, we plan to meet and evaluate the complexity, challenges and potential savings."

- a. Explain in detail what exactly Big Sandy RECC plans to discuss with Licking Valley RECC. For example is Big Sandy RECC planning to discuss merger with Licking Valley RECC, a joint venture for right-of-way ("ROW") maintenance, etc.?
- b. Provide the date that Big Sandy RECC plans to meet with Licking Valley RECC.
- c. Provide summary updates from the meeting(s) after it occurs. Consider this an ongoing request during the pendency of this case.

**Response 1(a)-(c):** On November 19, 2024, the Big Sandy, Licking Valley Rural Electric Cooperative Corporation ("Licking Valley"), Grayson Rural Electric Cooperative Corporation ("Grayson RECC") and Clark Energy Cooperative, Inc. ("Clark Energy") meet for an informal

discussion of mergers. Joint right of way (“ROW”) contracts were discussed but because of the different needs of each cooperative it would not be feasible without certain cooperatives subsidizing others. Additionally, merger was discussed but because of the high upfront costs and differences in systems it was determined mergers were not feasible. No other meetings are planned.

**Big Sandy Rural Electric Cooperative Corporation**  
**Case No. 2024-00287**  
**Attorney General's First Request for Information**

**Request 2:** Refer to Big Sandy RECC's response to the Attorney General's First Request, Item 2(j).

- a. Provide a detailed explanation of the type of payment arrangements/extensions that Big Sandy RECC offers to its customers.
- b. Provide a detailed explanation of Big Sandy RECC's pre-pay offering to its customers.
- c. Provide a detailed explanation of Big Sandy RECC's levelized/budget billing offering to its customers.
- d. Provide a detailed explanation of the assistance that Big Sandy Community Action (LiHeap) provides to Big Sandy RECC's customers.

**Response 2(a):** No formal policy exists. The member must contact Big Sandy to discuss payment options.

**Response 2(b):** Please see Big Sandy's Tariff Sheet No. 1, which is on file at the Commission.

**Response 2(c):** Please see Big Sandy's Tariff Second Revised Sheet No. 11, which is on file at the Commission.

**Response 2(d):** Big Sandy accepts LiHeap vouchers for its end use members from October 1 – March 31 each year.

**Big Sandy Rural Electric Cooperative Corporation**  
**Case No. 2024-00287**  
**Attorney General's First Request for Information**

1. **Request 3:** Refer to Big Sandy RECC's response to the Attorney General's First Request, Items 3, 4, and 5.
  - a. Explain in detail the criteria for awarding bonuses to Big Sandy RECC employees, as well as which employee positions are eligible for bonuses.
  - b. Provide a copy of Big Sandy RECC's policy regarding awarding employee bonuses.
  - c. Explain in detail why Big Sandy RECC has given \$1,200 bonuses to employees each year since 2020.
  - d. Identify all employee positions at Big Sandy RECC that qualify for vehicle compensation.
  - e. Provide a copy of Big Sandy RECC's vehicle compensation policy, including which employee positions qualify for the vehicle compensation, how the vehicle compensation allowance is calculated, whether Big Sandy RECC buys the vehicle and pays the payment or if Big Sandy RECC provides vehicle compensation to the employee for using their own vehicle, etc.
  - f. Explain in detail why Big Sandy provided an average raise of 5% in 2020, 6% in 2021, 4% in 2022, 8% in 2023 and 4% in 2024.
  - g. Provide a copy of Big Sandy RECC's policy as to granting raises.



- h. Explain in detail how the yearly average raise is determined, and whether raises are directly connected to written performance reviews.
- i. Provide a copy of Big Sandy RECC's policy as to service awards.
- j. Explain in detail what a service award represents at Big Sandy RECC, which employee positions are eligible for service awards, how service award amounts are determined, etc.
- k. Provide a copy of Big Sandy RECC's policy as to the "no-sick award."
- l. Explain in detail what a "no-sick award" represents at Big Sandy RECC, which employee positions are eligible for the "no-sick award," how the no-sick award amount is determined, etc.
- m. As previously requested, provide the average raise, if any, which will be given to Big Sandy RECC employees for 2025. Consider this an ongoing request throughout the pendency of this case.
- n. Confirm that Big Sandy RECC pays for 100% of the costs associated with employee offered Basic Life & Accidental AD&D, dental insurance, long-term disability insurance, and short-term disability insurance. If not confirmed, explain in detail why not.

**Response 3(a):** Bonuses are determined at the end of the year by the President/General Manager.

**Response 3(b):** Big Sandy has no official policy on employee bonuses.

**Response 3(c):** The current Manager has only been in the position since June 1, 2024. No current employee of the cooperative has any information on the decisions regarding the bonuses awarded by previous managers.

**Response 3(d):** President/General Manager, Vice-President of Operations, Line Superintendent,

and the Information Technology Manager.

**Response 3(e):** There is no official policy.

**Response 3(f):** The current Manager has only been in the position since June 1, 2024. No current employee of the cooperative has any information on the decisions regarding the bonuses awarded by previous managers.

**Response 3(g):** There is no official policy.

**Response 3(h):** Please see the Response to Commission Staff's Second Request for Information, Item 2(a).

**Response 3(i):** There is no official policy.

**Response 3(j):** Service awards are awarded to employees that have completed a five (5) year block of employment. The award is \$50 per each 5 year block of service. These awards are long-standing and encourage retention.

**Response 3(k):** There is no official policy.

**Response 3(l):** The "no-sick" award is given to an employee that has not used a sick benefit for the previous year. The amount is determined by the total number of continuous years an employee has not used a sick benefit and the maximum amount is \$500.

**Response 3(m):** The President/General Manager is prepared to propose a 3% cost of living raise for non-union employees effective January 1, 2025 to the Board for consideration.

**Response 3(n):** Big Sandy pays 100% of premiums for Basic Life & Accidental AD&D, long-term disability, and short-term disability.

**Big Sandy Rural Electric Cooperative Corporation**  
**Case No. 2024-00287**  
**Attorney General's Second Request for Information**

**Request 4:** Refer to Big Sandy RECC's response to the Attorney General's First Request, Item 6(a). Explain in detail why the Board of Director's total costs have increased by 77.08% between 2017 and 2023, \$71,801 and \$127,144, respectively.

**Response 4:** Big Sandy added one Board member in July 2020. This additional Board member has increased costs. Additionally, the Board increased the per diem in December 2022.

**Big Sandy Rural Electric Cooperative Corporation**  
**Case No. 2024-00287**  
**Attorney General's Second Request for Information**

**Request 5:** Refer to Big Sandy RECC's response to the Attorney General's First Request, Item 6(b). Explain whether Big Sandy RECC removed any of the Board of Director's 2023 test year costs of \$127,143.77 for ratemaking purposes. If so, identify all removed costs. If not, explain why not.

**Response 5:** Yes, in its original filing dated October 1, 2024, Big Sandy removed Director Expenses in the amount of \$12,309. See the Application, Exhibit 10, Direct Testimony of John Wolfram Direct, Exhibit JW-2, Reference Schedule 1.09. That amount was revised from \$12,309 to \$22,703 in the response to the Commission Staff's Second Request for Information, Item 7. The removed costs pertain to certain director participation in NRECA and KEC meetings, plus gifts and jackets.

**Big Sandy Rural Electric Cooperative Corporation**  
**Case No. 2024-00287**  
**Attorney General's Second Request for Information**

**Request 6:** Refer to Big Sandy RECC's response to the Attorney General's First Request, Item 6(c).

- a. Provide a breakdown of the Board of Director's 2023 test year costs of \$127,143.77.
- b. Provide a copy of the policy regarding the per diem awards, mileage, hotel rooms/meals, board meals, accidental insurance, and liability insurance. If no policy exists explain why not, and provide a detailed explanation of each of the aforementioned Board of Director's costs.

**Request 6a:** There was a prior miscalculation that was identified, and the correct Board of Director's 2023 cost was \$137,600.04. Please see the Excel spreadsheet provided separately.

**Request 6b:** Please see Board Policy 400-010, which is attached to this response.

**ATTACHMENTS  
ARE EXCEL  
SPREADSHEETS  
AND UPLOADED  
SEPARATELY**

**ATTACHMENT AG 2-6(b)**

**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 **\$900.00** 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 \$300.00 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. Business travel accident insurance.
    - 2. 24-Hour accident insurance.

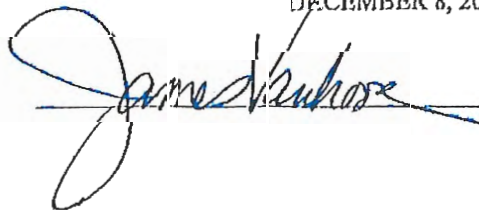


D. Travel and Per Diem

1. \$300 Per Diem will be paid for one (1) day before meeting; if overnight stay is required.
2. If meeting ends late and overnight stay is required, \$300 Per Diem would be paid for the following day.
3. Directors are allowed to attend, if so desired, two (2) of the following meetings yearly:  
  
NRECA Director's Conference  
NRECA Annual Meeting (\*Allowed every other year.)  
Legislative Conference (\*Every other year)  
  
a. \* It is encouraged to split up attendance of above meetings so that a representative is in attendance at all three meetings every year.
4. KAEC & EKPC Annual Meetings – Available to all every year.
5. Any other meeting desiring to attend, must be presented prior to the board for approval.
6. Director must be willing and able to travel alone – if necessary. (No Staff or CEO)

**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  
February 16, 2001  
November 24, 2010  
January 24, 2013  
February 28, 2013  
**REVISED:** JUNE 23, 2016  
DECEMBER 8, 2022



Secretary James Vanhoose

Policy #400-010

**Big Sandy Rural Electric Cooperative Corporation**  
**Case No. 2024-00287**  
**Attorney General's Second Request for Information**

**Request 7:** Refer to Big Sandy RECC's response to the Attorney General's First Request, Item 6(e).

- a. Big Sandy RECC asserts that it does not compare its Board of Director fees/costs to other local rural electric cooperatives. Explain why not.
- b. Explain how Big Sandy RECC determines that the Board of Director fees/costs are reasonable if not comparing to other similarly situated rural electric cooperatives.

**Response 7(a)-(b):** After further discussions within the cooperative, it was determined that the Director fees were discussed with other cooperatives. From information gathered, upon further investigation into this request, it appears prior management provided information to the board regarding these fees from surveys/studies.

**Big Sandy Rural Electric Cooperative Corporation**  
**Case No. 2024-00287**  
**Attorney General's Second Request for Information**

**Request 8:** Refer to Big Sandy RECC's response to the Attorney General's First Request, Item 6(f).

- a. Explain in detail why Big Sandy RECC's Board Attorney's rate has increased from \$900 plus standard IRS mileage rate from their home to the cooperative in 2023 to \$1300 plus standard IRS mileage rate from their home to the cooperative in 2024.
- b. Explain whether Big Sandy RECC has always fully paid for the Board Attorney to receive a Basic Life and Accidental Death and AD&D insurance plan in the amount of \$50,000, or if this is a new benefit.

**Response 8(a):** Based upon the duties of the Board Attorney and the time spent on the duties, the Board felt it was appropriate to increase the fee for the Board Attorney. The Board determined this amount and believed this to be a fair rate.

**Response 8(b):** The Board has always provided this insurance policy for the Board Attorney.

**Big Sandy Rural Electric Cooperative Corporation**  
**Case No. 2024-00287**  
**Attorney General's Second Request for Information**

**Request 9:** Refer to Big Sandy RECC's response to the Attorney General's First Request, Item 7. As originally requested, explain in detail why Big Sandy RECC has not conducted formal studies comparing Big Sandy RECC's wage and benefit information to the local wage and benefit information for the geographic area in which Big Sandy RECC operates.

**Response 9:** See the response to Commission Staff's First Request, Item 18 and the response to Commission Staff's Second Request, Item 1.

**Big Sandy Rural Electric Cooperative Corporation**  
**Case No. 2024-00287**  
**Attorney General's Second Request for Information**

**Request 10:** Refer to Big Sandy RECC's response to the Attorney General's First Request, Item

8.

- a. Provide the negotiated increase for the union employees for 2025.
- b. Provide the "modest cost of living raise" that the CEO plans to request the Board to provide to non-union employees for 2025.

**Response 10a:** \$1.00/hour.

**Response 10b:** There will be a request for a 3% cost of living increase.

**Big Sandy Rural Electric Cooperative Corporation**  
**Case No. 2024-00287**  
**Attorney General's Second Request for Information**

**Request 11:** Refer to Big Sandy RECC's response to the Attorney General's First Request, Items 13(a) and (b). It does not appear that Big Sandy RECC fully responded to these questions, and/or part of the responses/attachments are missing. As originally requested, provide responses to the below questions.

- a. Provide a detailed explanation of how Big Sandy RECC operates its capital credit program, and ensure to discuss how the Company accounts for capital credits that cannot be provided back to the member due to the member passing away, moving, etc.
- b. Provide the monetary amount of capital credits that Big Sandy RECC currently has on the books, separated by year.

**Response 11(a):** Please see the response to the Attorney General's First Request, Item 13 for a copy of Big Sandy's capital credit Policy No. 300-010. Due to Big Sandy's financial position, there has not been a general retirement of capital credits in many years. Estate retirements are still refunded.

**Response 11(b):**

YEAR	CAPITAL CREDITS	YEAR	CAPITAL CREDITS
1955	\$0	1995	\$216,683
1956	\$1	1996	\$456,668
1957	\$3	1997	\$359,658
1958	\$33	1998	\$108,104
1959	\$10	1999	\$289,127
1960	\$3	2000	\$323,670
1961	\$9	2001	\$1,042,465
1962	\$31,841	2002	\$1,257,195
1963	\$46,075	2003	\$990,443
1964	\$49,212	2004	
1965	\$43,167	2005	
1966	\$21,498	2006	\$198,401
1967		2007	\$170,808
1968	\$23,480	2008	
1969	\$14,858	2009	\$1,169,623
1970	\$29,427	2010	\$958,700
1971	\$111,312	2011	\$1,711,033
1972	\$127,894	2012	\$1,509,493
1973	\$146,386	2013	\$2,175,935
1974	\$54,671	2014	\$1,912,971
1975	\$158,805	2015	\$1,399,339
1976	\$123,745	2016	\$1,001,860
1977	\$46,150	2017	\$587,991
1978	\$84,153	2018	\$1,161,493
1979	\$101,521	2019	\$914,534
1980	\$79,102	2020	\$1,172,825
1981	\$283,795	2021	\$605,853
1982	\$380,580	2022	\$323,860
1983	\$572,213	2023	\$412,311
1984	\$417,373		
1985	\$467,932		\$30,400,425
1986	\$571,718		
1987	\$603,730		
1988	\$695,324		
1989	\$613,596		
1990	\$482,636		
1991	\$443,603		
1992	\$775,272		
1993	\$368,256		
1994			

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**Big Sandy Rural Electric Cooperative Corporation**  
**Case No. 2024-00287**  
**Attorney General's Second Request for Information**

**Request 12:** Refer to Big Sandy RECC's response to the Attorney General's First Request, Item 14(d). Explain in detail whether Big Sandy RECC received interest income from the RUS Cushion of Credit program for each year since 2020. If so, provide the interest income amounts by year.

**Response 12:** RUS Cushion of Credit ended in 2020. The only interest that has been received was in October 2020 in the amount of \$7,463.89.

**Big Sandy Rural Electric Cooperative Corporation**  
**Case No. 2024-00287**  
**Attorney General's Second Request for Information**

**Request 13:** Refer to Big Sandy RECC's response to the Attorney General's First Request, Item 15(a). Explain whether the Times Interest Earned Ratio ("TIER") for 2023 and September 2024 includes pro forma adjustments proposed in this case or is unadjusted.

**Response 13:** The historical TIER values listed in the response are unadjusted actuals.

**Big Sandy Rural Electric Cooperative Corporation**  
**Case No. 2024-00287**  
**Attorney General's Second Request for Information**

**Request 14:** Refer to Big Sandy RECC's response to the Attorney General's First Request, Item 15(b). Explain whether the Operating Times Interest Earned Ratio ("OTIER") for 2023 and September 2024 includes pro forma adjustments proposed in this case or is unadjusted.

**Response 14:** The historical OTIER values listed in the response are unadjusted actuals.

**Big Sandy Rural Electric Cooperative Corporation**  
**Case No. 2024-00287**  
**Attorney General's Second Request for Information**

**Request 15:** Refer to Big Sandy RECC's response to the Attorney General's First Request, Item 16(d). Confirm that if the Commission grants Big Sandy RECC's request to increase the monthly residential customer charge from \$21.95 to \$29.00 then Big Sandy RECC will have the highest approved monthly residential customer charge in Kentucky. If not confirmed, explain in detail why not.

**Response 15:** Confirmed, all else being equal and based on rates currently in effect Big Sandy would have the highest monthly residential customer charge. Note – this response does not take into consideration any proposed rates currently pending before the Commission.

**Big Sandy Rural Electric Cooperative Corporation**  
**Case No. 2024-00287**  
**Attorney General's Second Request for Information**

**Request 16:** Refer to Big Sandy RECC's response to the Attorney General's First Request, Item 17(a).

- a. Explain how upgrading Big Sandy RECC's automated meter reading ("AMR") infrastructure has reduced operations expenses.
- b. Provide specific examples and the corresponding monetary amount of reduced operations expenses for each year from 2019 - 2024.

**Response 16(a):** Big Sandy was experiencing higher than expected failed meter reads, leading each fail read being re-read manually. Additionally, the AMR meters allow remote disconnect which eliminates a field disconnect. Finally, members that utilize the pre-pay service do not require a manual install.

**Response 16(b):** Please see Attachment AG 2-16(b).

**ATTACHMENT AG 2-16(b)**

Date	Meter Replacements	Estimated Labor Cost		Labor savings per month/each
		for non pay disconnection (1/2Hour each)	to replace meter with Remote/Enabled unit (1/2 Hour each)	
24-Nov	7	\$ 66.88	\$ 37.44	\$ 29.44
24-Oct	0	\$ 66.88	\$ 37.44	\$ 29.44
24-Sep	17	\$ 66.88	\$ 37.44	\$ 29.44
24-Aug	9	\$ 66.88	\$ 37.44	\$ 29.44
24-Jul	10	\$ 66.88	\$ 37.44	\$ 29.44
24-Jun	15	\$ 66.88	\$ 37.44	\$ 29.44
24-May	9	\$ 66.88	\$ 37.44	\$ 29.44
24-Apr	12	\$ 66.88	\$ 37.44	\$ 29.44
24-Mar	5	\$ 66.88	\$ 37.44	\$ 29.44
24-Feb	8	\$ 66.88	\$ 37.44	\$ 29.44
24-Jan	19	\$ 66.88	\$ 37.44	\$ 29.44
23-Dec	0	\$ 66.88	\$ 37.44	\$ 29.44
23-Nov	19	\$ 66.88	\$ 37.44	\$ 29.44
23-Oct	11	\$ 66.88	\$ 37.44	\$ 29.44
23-Sep	25	\$ 66.88	\$ 37.44	\$ 29.44
23-Aug	29	\$ 66.88	\$ 37.44	\$ 29.44
23-Jul	17	\$ 66.88	\$ 37.44	\$ 29.44
23-Jun	21	\$ 66.88	\$ 37.44	\$ 29.44
23-May	0	\$ 66.88	\$ 37.44	\$ 29.44
23-Apr	26	\$ 66.88	\$ 37.44	\$ 29.44
23-Mar	17	\$ 66.88	\$ 37.44	\$ 29.44
23-Feb	33	\$ 66.88	\$ 37.44	\$ 29.44
23-Jan	34	\$ 66.88	\$ 37.44	\$ 29.44

Total 10 year savings for disconnection of habitual non pay members

Estimated number of meters that failed ot read before change out program 14 per/month

Estimated number of meters currently that fail to read 7 per/month

Total Estimated Savings

Total savings per month	4 Disconnects per year	10 year period
\$ 206.08	\$ 267.52	\$ 2,675.20
\$ -	\$ 267.52	\$ 2,675.20
\$ 500.48	\$ 267.52	\$ 2,675.20
\$ 264.96	\$ 267.52	\$ 2,675.20
\$ 294.40	\$ 267.52	\$ 2,675.20
\$ 441.60	\$ 267.52	\$ 2,675.20
\$ 264.96	\$ 267.52	\$ 2,675.20
\$ 353.28	\$ 267.52	\$ 2,675.20
\$ 147.20	\$ 267.52	\$ 2,675.20
\$ 235.52	\$ 267.52	\$ 2,675.20
\$ 559.36	\$ 267.52	\$ 2,675.20
\$ -	\$ 267.52	\$ 2,675.20
\$ 559.36	\$ 267.52	\$ 2,675.20
\$ 323.84	\$ 267.52	\$ 2,675.20
\$ 736.00	\$ 267.52	\$ 2,675.20
\$ 853.76	\$ 267.52	\$ 2,675.20
\$ 500.48	\$ 267.52	\$ 2,675.20
\$ 618.24	\$ 267.52	\$ 2,675.20
\$ -	\$ 267.52	\$ 2,675.20
\$ 765.44	\$ 267.52	\$ 2,675.20
\$ 500.48	\$ 267.52	\$ 2,675.20
\$ 971.52	\$ 267.52	\$ 2,675.20
\$ 1,000.96	\$ 267.52	\$ 2,675.20
\$ 10,097.92	\$ 6,152.96	\$ 61,529.60

**\$ 71,627.52**

168 annually  
cost each 37.44      annual cost      10 year savings  
\$ 6,289.92

84 annually @ 37.44  
each      \$ 3,144.96

Annual Savings      \$ 3,144.96      **\$ 31,449.60**

**\$ 103,077.12**



**Big Sandy Rural Electric Cooperative Corporation**  
**Case No. 2024-00287**  
**Attorney General's Second Request for Information**

**Request 17:** Refer to Big Sandy RECC's response to the Attorney General's First Request, Item 17(b). The Attorney General originally requested for Big Sandy RECC to explain in detail whether the Company decreased the number of employees in an effort to rightsize the utility due to both energy sales and the number of customers decreasing. The Company responded by stating that in general the cost of operating the distribution system and the labor force did not measurably decline with the loss of meters. Explain in detail whether Big Sandy RECC has conducted any studies as to whether it has the appropriate number of employees based upon the reduced energy sales and reduced number of customers. If not, explain why not.

**Response 17:** According to the 2022 Key Ratio Trend Analysis ("KRTA"), provided by the Cooperative Finance Corporation ("CFC") Big Sandy has 304 customer/members per mile and the US median is 309 customers per mile. Big Sandy ranks 415 out of 811 distribution systems and is within the industry norm. Big Sandy will monitor this key metric and evaluate possible future reductions without sacrificing safety and reliability.

**Big Sandy Rural Electric Cooperative Corporation**  
**Case No. 2024-00287**  
**Attorney General's Second Request for Information**

**Request 18:** Refer to Big Sandy RECC's response to the Attorney General's First Request, Item 17(c). Based upon the reduced energy sales and reduced number of customers, the Attorney General originally asked for Big Sandy RECC to explain in detail whether the Company has ever discussed merger with any other similarly situated rural cooperative in order to streamline operations and obtain economies of scale. Big Sandy RECC's answer is nonresponsive. As originally requested, provide a detailed answer as to whether merger has ever been discussed with a similarly situated rural cooperative, and if not explain in detail why not.

**Response 18:** Please see the response to Item 1.

**Big Sandy Rural Electric Cooperative Corporation**  
**Case No. 2024-00287**  
**Attorney General's Second Request for Information**

**Request 19:** Refer to Big Sandy RECC's response to the Attorney General's First Request, Item 21(b). Confirm that if the Commission grants Big Sandy RECC's pending rate request, the average residential customer's monthly electric bill will increase from \$139.78 to \$161.33, for an increase of \$21.55, or 15.4%. If not confirmed, provide the average residential customer's current monthly bill as well as the proposed average residential customer's monthly bill.

**Response 19:** Confirmed – all else being equal.

**Big Sandy Rural Electric Cooperative Corporation**  
**Case No. 2024-00287**  
**Attorney General's Second Request for Information**

**Request 20:** Refer to Big Sandy RECC's response to the Attorney General's First Request, Item 22.

- a. Explain in detail why Big Sandy RECC created Big Sandy Forestry, LLC, instead of having a vegetation management crew within the Big Sandy RECC company.
- b. Explain in detail the process of how Big Sandy RECC awards vegetation management/ROW contracts. Ensure to include whether Big Sandy RECC request bids from Big Sandy Forestry, LLC, as well as other vegetation management companies, and whether the lowest bid wins the contract.
- c. Explain in detail if Big Sandy Forestry, LLC has profits, and if so, are they retained by Big Sandy Forestry, LLC or returned to Big Sandy RECC.
- d. If profits are made by Big Sandy Forestry, LLC then provide the monetary amount of profits made for each of the years 2020 – 2024.
- e. If profits are made by Big Sandy Forestry, LLC then provide the monetary amount of profits that were retained versus the amount provided back to Big Sandy RECC for each of the years 2020 – 2024.
- f. If Big Sandy Forestry, LLC does make a profit from Big Sandy RECC, explain why Big Sandy Forestry, LLC is not providing the services to Big Sandy RECC at cost.

- g. Explain whether Big Sandy Forestry, LLC handles all of the vegetation management for Big Sandy RECC, or if Big Sandy RECC contracts with other vegetation management companies as well.
- h. Explain whether Big Sandy RECC still issues requests for proposals to determine which vegetation management company can provide the services at the least cost. If not, explain in detail why not.

**Response 20(a):** The purpose of the vegetation management/ROW subsidiary was evaluation of vegetation management costs. A subsidiary crew is the best way to isolate and evaluate the cost of our subsidiary as opposed to the cost of contractor crews.

**Response 20(b):** Big Sandy requests pricing from vegetation contractors for firm circuit work and crews. Big Sandy then sets the Big Sandy Forestry contract price at a rate near the lowest bidder from external contractors.

**Response 20(c):** Big Sandy Forestry made a small profit in 2023. The profits were retained by the subsidiary for operating expenses and a reserve for unexpected needs in 2024.

**Response 20(d)-(e):** Big Sandy Forestry began operations in mid-2023 and ended the year with a net margin of \$2,928. There are not numbers for 2024 at this time.

**Response 20(f):** Big Sandy Forestry is wholly owned by Big Sandy. Any profits not retained by Big Sandy Forestry will be provided back to Big Sandy. This will result in vegetation management being performed for the cooperative at cost.

**Response 20(g):** Big Sandy Forestry only does a portion of the vegetative management for the cooperative.

**Response 20(h):** Big Sandy will continue to issue RFPs.

**Big Sandy Rural Electric Cooperative Corporation**  
**Case No. 2024-00287**  
**Attorney General's Second Request for Information**

**Request 21:** Refer to Big Sandy RECC's response to the Attorney General's First Request, Item 24(g).

- a. Explain in detail how Big Sandy RECC determines that Big Sandy Forestry, LLC is providing the least cost vegetation management/ROW work.
- b. Explain whether there is any overlap as to management/employees/Board of Directors between Big Sandy RECC and Big Sandy Forestry, LLC. If so, explain whether this creates conflict of interest issues, especially since Big Sandy Forestry, LLC appears to be providing bids for work with Big Sandy RECC.

**Response 21(a):** The purpose of Big Sandy Forestry is to evaluate the cost of vegetation management/ROW work. Big Sandy Forestry is an attempt to see if the cost of vegetation management performed by competitive bidding contractors could be reduced utilizing subsidiary crews.

**Response 21(b):** The Board of Big Sandy and Big Sandy Forestry are the same individuals. Big Sandy Forestry's contract is a price set by using the hourly rates received from contract bidders.

**Big Sandy Rural Electric Cooperative Corporation**  
**Case No. 2024-00287**  
**Attorney General's Second Request for Information**

**Request 22:** Refer to Big Sandy RECC's response to the Attorney General's First Request, Items 26(d) and (e).

- a. Explain in detail why a member-owned, not-for-profit, rural electric cooperative needs to earn a rate of return on its investment from the member-owners.
- b. Confirm that by basing rates on a 2.0 TIER, instead of a lower TIER of 1.25, as required by the Company's loan covenants, the electric rates that are charged to the member-owners increases. If not confirmed, explain in detail why not.

**Response 22a:** An electric utility is a capital-intensive enterprise, and to invest in such an enterprise, lenders require a fair degree of certainty that the utility will be able to pay down debt. This is true whether the utility is investor-owned, municipal, or member-owned. Providing the utility with a fair and reasonable rate of return on its capital investment allows the utility to attract capital. In the United States, regulated utilities are entitled to earn a fair and reasonable rate of return on their capital investments. This principle was established in a landmark case, *Bluefield Water Works and Improvement Co. v. Public Service Commission of West Virginia*, 262 U.S. 679 (1923).

**Response 22b:** Confirmed – all else being equal.

**Big Sandy Rural Electric Cooperative Corporation**  
**Case No. 2024-00287**  
**Attorney General's Second Request for Information**

**Request 23:** Refer to Big Sandy RECC's response to the Attorney General's First Request, Item 27. In the response, Big Sandy RECC admits that according to the Bureau of Labor Statistics the average share of premiums paid by the employer for single healthcare insurance coverage in private industry is 80%, and 68% for family coverage. Big Sandy RECC also admits that the Company pays for 89.88% of its employees' single and family healthcare insurance coverage. As originally requested, refer to the Commission's final Order in Case No. 2021-00407, page 9.<sup>1</sup> Did Big Sandy RECC make any adjustments to Health Benefits Expense based on health insurance benefit contributions in excess of the Bureau of Labor Statistics' average for single and family coverage? If not, explain why not and update the adjusted test year expense based on the most recent Bureau of Labor Statistics report available. Provide all supporting calculations and documents.

**Response 23:** No. Big Sandy is not aware of a requirement to adjust health benefits expense to the levels specified in the US Bureau of Labor and Statistics reports.

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<sup>1</sup> Case No. 2021-00407, *Electronic Application of South Kentucky Rural Electric Cooperative Corporation for a General Adjustment of Rates, Approval of Depreciation Study, and Other General Relief* (Ky. PSC Jun. 30, 2022), Order at 9.



**Big Sandy Rural Electric Cooperative Corporation**  
**Case No. 2024-00287**  
**Attorney General's Second Request for Information**

**Request 24:** Refer to Big Sandy RECC's response to the Attorney General's First Request, Item 28.

- a. Explain in detail why Big Sandy RECC's contributions rates to employee pension plans have increased from 34.10% in 2017 to 39.35% in 2024.
- b. Big Sandy RECC asserts that it does not require employees to contribute to their retirement plans. Explain in detail if Big Sandy RECC is aware of any other type of employer outside of utilities that do not require employees to contribute to their defined benefit retirement or 401(k) retirement plans. If Big Sandy RECC is aware of such an employer, provide specific examples of the same.

**Response 24(a):** The increase are the amounts set by the National Rural Electric Cooperative Association ("NRECA").

**Response 24b:** Big Sandy does not have any information responsive to this question.

**Big Sandy Rural Electric Cooperative Corporation**  
**Case No. 2024-00287**  
**Attorney General's Second Request for Information**

**Request 25:** Refer to Big Sandy RECC's response to the Attorney General's First Request, Item 44.

- a. Provide the most updated actual ROW maintenance expense for 2024.
- b. Provide the most updated actual ROW miles trimmed for 2024.

**Response 25a:** Totals by category as of November 30, 2024.

593.20 Dept	Contractor cutting	\$999,282.30
593.21 Dept	Herbicide Spraying	\$118,026.00
593.22 Dept	Ticket Work	0
593.23 Dept	Hot spots/mid cycle	\$214,769.99
593.25 Dept	Tree Growth Regulators	0
593.26 Dept	Helicopter side trim	\$90,245.00
593.27 Dept	Storm restoration	
Total		\$1,422,323.29

**Response 25b:** As of November 30, 2024, 96.3 circuit miles have been trimmed at a cost of \$999,282.

**Big Sandy Rural Electric Cooperative Corporation**  
**Case No. 2024-00287**  
**Attorney General's Second Request for Information**

**Request 26:** Provide an updated revenue requirement model that incorporates all corrections and changes referenced in Big Sandy RECC's responses to Commission Staff's Second Request for Information ("Commission Staff's Second Request"), Items 7 and 8, as well as any other corrections and changes based upon any other response to discovery in the pending case.

**Response 26:** Please see the files uploaded electronically to the Commission's website with this response. The revisions include the following: Big Sandy response to Staff 2-7: revisions to amounts removed in Exhibit JW-2, Reference Schedule 1.09, Director Expenses; and, Big Sandy response to Staff 2-8: revisions to amounts adjusted in Exhibit JW-2, Reference Schedule 1.10, Wages and Salaries.

The revised inputs are highlighted in the colored cells in the attached files; the tabs that include those revisions are similarly highlighted. The revisions reduce the revenue deficiency by \$65,776, from \$3,458,483 to \$3,392,707. The proposed residential energy charge is correspondingly reduced by a very small amount to account for this reduction (with rounding). This reflects all of the items of which Big Sandy is aware at this time.

**ATTACHMENTS  
ARE EXCEL  
SPREADSHEETS  
AND UPLOADED  
SEPARATELY**

**Big Sandy Rural Electric Cooperative Corporation**  
**Case No. 2024-00287**  
**Attorney General's Second Request for Information**

**Request 27:** Refer to Big Sandy RECC's response to the Commission Staff's Second Request, Item 8(a), Excel Attachment. Explain in detail why part-time employee P05 has an actual test year hourly wage of \$99.23 (column 7 / column 4), but an overtime hourly wage of \$27 (column 8 / column 5).

- a. If these were not in fact the hourly wages, explain why there was \$30,216 in regular time wages, but only 304.5 hours of regular time worked for part-time employee P05.
- b. Provide a detailed description of all work performed by part-time employee P05.

**Response 27(a):** Please see the Response to Commission Staff's Third Request for Information, Item 3.

**Response 27(b):** Part-time employee P05 is a part time janitor and part time member service representative. The employee cleans the main office, operations center, and branch office. The employee also fills in at the branch location to assist in bill payments, service orders, and calls.

**ATTACHMENTS  
ARE EXCEL  
SPREADSHEETS  
AND UPLOADED  
SEPARATELY**

**Big Sandy Rural Electric Cooperative Corporation**  
**Case No. 2024-00287**  
**Attorney General's Second Request for Information**

**Request 28:** Refer to Big Sandy RECC's response to the Commission Staff's Second Request, Item 8(a), Excel Attachment, and Item 8(i). Explain why the part-time and summer employee wages remain annualized using 2080 hours in the attachment (see the formulas in cells T67 through T72).

**Response 28:** Please see the Response to Commission Staff's Third Request for Information, Item 3.

**Big Sandy Rural Electric Cooperative Corporation**  
**Case No. 2024-00287**  
**Attorney General's Second Request for Information**

**Request 29:** Refer to Big Sandy RECC's response to the Commission Staff's Second Request, Item 10. Provide a detailed description of all corrections or changes including citing to all cell references to the workpapers where these changes occurred. Additionally, describe all necessary changes made to the Company's revenue requirement model as a result of these corrections or changes.

**Response 29:** Please see the response to Item 26.



**Big Sandy Rural Electric Cooperative Corporation**  
**Case No. 2024-00287**  
**Attorney General's Second Request for Information**

**Request 30:** Refer to Big Sandy RECC's response to the Commission Staff's Second Request, Item 11. Provide a breakdown by vegetation management component of the 2024 budgeted ROW expenses of \$1.6 million.

**Response 30:** Note: \$1.6 million budgeted for contract work.

593.1 Dept 1	Supervision wages	\$85,337
593.1 Dept 10	Supplies	\$1000
593.1 Dept 20	Transportation	\$16,000
593.11 Dept 0	Overhead Spread	\$53,181
Internal Supervision cost		<b>\$155,518</b>
Contract Work		
593.20 Dept 0	Contractor cutting	\$1,046,760
593.21 Dept 0	Herbicide Spraying	\$125,000
593.22 Dept 0		0
593.23 Dept 0	Hot spots/mid cycle	\$334,800
593.26 Dept 0	Helicopter side trim	\$100,000
593.27	Storm restoration	0
Total Contract Work		<b>\$1,606,560</b>
Total		<b>\$1,762,078</b>

**Big Sandy Rural Electric Cooperative Corporation**  
**Case No. 2024-00287**  
**Attorney General's Second Request for Information**

**Request 31:** Refer to Big Sandy RECC's response to the Attorney General's First Request, Item 6. Explain why Board per diems were increased from \$51,200 in 2022, to \$96,000 in 2023. Provide all Board of Director minutes that discussed or approved of this change. If the pertinent Board of Director minutes are already in the case record then provide a citation to the same. If the change is due to a difference in activity level, explain what additional activities are now required of Board of Director members that were not previously required.

**Response 31:** Please see Attachment AG 2-31.

**ATTACHMENT AG 2-31**

**BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION**

**REGULAR BOARD MEETING**

**DECEMBER 8, 2022**

**Call to order:** Chairman Danny Wallen called the meeting to order at 10:00 a.m.

**Invocation:** Chairman Danny Wallen asked Jim McKenzie to give the invocation. Special prayer request was given for our Sandra Shepherd. Sandra fell and broke her hip and ribs. Spoken prayer requests were given and Jim gave the invocation.

**Quorum:** Those present today were the following: Chairman Danny Wallen, Jim McKenzie, Velma May, James Vanhose, (virtually), Gary Francis, Greg Davis, Jason Holbrook, Attorney Tyler Green, Michael Schmitt, President & General Manager Bruce Aaron Davis, Jeff Prater, Kirby Castle, Adam Ferguson, Robin Slone and Judy McClure.

**Safety Moment:** GM Davis addressed the board with some thoughts for our Safety Moment. During this holiday season it is always important to travel safely. So many things draw our attention away, it becomes easy to become distracted while driving. Also, the flu epidemic is rampant at this time. Take precautions to try and not spread sickness to others. Chairman Danny Wallen then spoke about fire prevention. Don't leave candles burning and be careful if you have a fireplace to not leave it burning while you are not around.

**Employee Recognition Award:** GM Davis then addressed the board for our award to the Employee of the Month. This month's award goes to employee **Kirby Castle!** Kirby will be with Big Sandy 25 years come February 2023. GM Davis spoke highly of Kirby and the many times that Kirby was put to the test with severe weather events for our coop. Operations are run well and are a success because of the direction of Kirby. During major weather events, GM Davis has watched Kirby and he is awesome at his job! We appreciate Kirby very much. Kirby was given a certificate and a gift card.

**FIOB: Approval of Minutes**

Chairman Danny Wallen addressed the board for the approval of the November 17, 2022 board meeting minutes. All were given a copy to review and hearing no objections, deletions, additions; Chairman Danny Wallen stated the minutes would stand approved as prepared.

**NIOB: EKPC Report**

Chairman Danny Wallen stated that the December board meeting at EKPC is not until next week on December 13<sup>th</sup>, therefore, he doesn't have a report to give as of today. He did however mention the date of yesterday: December 7<sup>th</sup> in the year 1941, that we all should remember Pearl Harbor.

## **NIOB: KEC Report**

Director Greg Davis addressed the board and stated the same for the KEC board meeting. That meeting will not be until December 20<sup>th</sup>. Greg stated he is not sure he can actually go to Louisville for the meeting, he plans to attend virtually. GM Davis and Jeff Prater will attend in person.

## **NIOB: Attorney Report**

Attorney Tyler Green addressed the board and said this is a bittersweet day. Tyler said he appreciated everyone so much for everything done for him and he enjoyed working with everyone. Tyler said that he feels he is leaving Big Sandy with a wonderfully intelligent counsel with **Mike Schmitt**. Tyler spoke of always hearing outstanding remarks of Mr. Schmitt. Tyler stated he will always be here for Big Sandy.

## **NIOB: Manager's Report**

President & General Manager Bruce Aaron Davis addressed the board with his report.

**Financials** cannot be given at this time due to the early date of our meeting but January 2023's report will reflect both months, GM Davis said.

**Safety.** GM Davis reported that Big Sandy RECC employees had worked 134,255 hours since the last Lost Time Accident on 8/30/2021. Operations have dealt with 178, 811 Locates, which is more time consuming than you would imagine.

## **Finance Report**

GM Davis wanted to inform the board that he and Robin Slone had been working with the Alliant Group concerning an **Employee Retention Credit in 2023**. We received knowledge of this credit that Big Sandy is qualified and eligible for. This credit/money is for the years of 2020 and 2021 during COVID. GM Davis said during Covid we kept our employees working; if not at work on staggered shifts, they worked at home. We did the right thing by keeping our employees working which kept our workforce in place after Covid let up.

For 2020, we could receive \$5000 per employee per all 4 quarters; making it possible to receive \$200k potentially. For 2021, we could receive \$7000 per employee per the first 3 quarters; making it possible to receive a potential \$840k. That's a total of \$1,040,000, potentially.

We received \$538,970 in PPP money (that we applied for during Covid) which would be deducted from the Employee Retention Credit money. The Alliant Group will work with us to help us receive the Employee Retention Credit at a cost of 20% commission. We don't have to pay them anything until we receive our money. All documentation that they requested has been submitted for review. But overall, Big Sandy has the possibility of receiving \$400k - \$500k. It should be about an 8- or 9-month turnaround.

## **Load Growth**

GM Davis then updated the board with some of our recent activities for Load Growth. Greg Davis, GM Davis and some of the staff visited Randal Fleming at the **Tereco Mine**. With the opening of Tereco, Big Sandy could possibly see \$20k-\$40k per month in revenue.

GM Davis also mentioned that **Beech Fork Processing** has a strong possibility of opening also. Beech Fork could produce \$20k-\$30k per month in revenue. GM Davis said if they both do, that would generate Big Sandy between \$480k-\$840k annually. Then if the fuel adjustment continues to go down and they keep operating, that'd be great!

**Operations**/nothing to report at this time.

### **Reliability**

Kirby Castle then reported on the areas of work being done with reliability in mind. Those areas are: Stone Coal, Volga; Kizer Rd., Route 80; Conley Creek, Flat Gap. Reconducting is the major form of work being done.

### **Outage Reports**

Jeff Prater went over the Outage reports giving outage totals by minutes, by cause and by substation. Jeff stated that the Volga substation had the most outages, but that's because it serves a lot of members and includes a lot of miles of line.

**Right-of-Way Report**/ nothing given at this time.

### **IT Report**

Adam Ferguson gave the IT report for the month. He stated the SmartHub is up and running. Our PCI Compliance for NISC has passed.

**Billing** / nothing to report at this time.

### **Member Services Report**

GM Davis went over the activities for the month in the Member Services Department. GM Davis stated that they delivered fruit baskets to the key accounts and he presented \$1400 each to the backpack program at Gary Francis's lodge and also the Johnson County Resource Center.

### **Member Satisfaction Surveys**

GM Davis said that the Member Service reps have done 1566 surveys thru todays date. We have received all 10s in favor of what Big Sandy does for its members. Part of these positive results are from having an office in Prestonsburg. We are thrilled with the results of these surveys. GM Davis then spoke about the current talk of a 6% Sales Tax on utilities. Tomorrow there will be another meeting from KEC and then again on Monday. We need a lot of questions answered to be able to answer our member's questions about the Sales Tax the government has placed on utilities. We will do what is mandated and right but, GM Davis said he doesn't want to burden our employees with a lot more work. We've had a lot of extra expenses on our members this year; fuel adjustment increase, inflation and now the sales tax.

### **Governance & Strategic Issues**

GM Davis mentioned to the board a Wage Compensation Plan that he is working with Jeff about. It was discussed when he had a meeting with PSC Chairman Kent Chandler. GM Davis said he would give the board more information on this plan as it is developed.

ROW Subsidiary – GM Davis told the board that a committee was developed to organize the plan for our ROW Subsidiary. The first meeting will be Tuesday, January 3, 2023 at 9:00 a.m.

Full Time Prestonsburg Office - GM Davis informed the board that we are going to have the Prestonsburg office open full time beginning Tuesday, January 3, 2023. The hours of operation will be 7:00 a.m. – 4:30 P.M. Our newest employee Kelly Jude is doing an excellent job and will be working the Prestonsburg office. She lives in Floyd County and will be a familiar face to our members. GM Davis also mentioned that he would like to renegotiate the contract of our Prestonsburg office from a three-year to a five-year contract, or even a ten-year contract. All of the security cameras are installed for the safety of our employee who will be working alone at this time. We feel this is a very positive decision for our members.

Fleet Update – Jeff Prater addressed the board in regards to our selling of three trucks. We used an online auction thru JJ Kane. We received \$71k by selling these three trucks, and only had to pay JJ Kane \$2k, so we cleared \$69k.

Workforce Update – GM Davis reported to the board that we have 43 employees; 40 full time and 3 part time. We have 19 union employees and 24 non-union employees. We have 25 retirees. We have not had any union grievances filed year-to-date and the morale is high.

Meetings and Relationship Building – GM Davis then reported on the meetings and relationship building he had been involved in this month. During the KEC meeting with PSC Chairman Kent Chandler, GM Davis said it was an informative meeting. They discussed several important and meaningful topics; Mr. Chandler told them he would like to help us with the PSC process and the importance of a Compensation Policy. Mr. Chandler wants to meet more often and actually they are having another meeting on Friday, December 16<sup>th</sup> and GM Davis will attend.

GM Davis told the board of the activities for Christmas with the Kids Matter donations, fruit baskets to key accounts, and said that we sent out close to 200 Christmas cards. He reported to the board about the conversation with the staff at BSCTC regarding the Lineman Program. He asked them to put together a survey to show the impact to our community that the Lineman Program has had. He wants to reveal that information at our next Legislative Meeting to show them what an impact the program has had on our community. He stated that maybe in the near future we will be hiring another apprentice lineman and that group gives Big Sandy a pool to choose from. GM Davis also presented a slide to show the survey BSCTC gave him. This survey showed the number of lineman graduates, number of them who responded to the survey, total salary amount in Kentucky, the average salary of each and where they reside. It also showed the current employers for these linemen.

## **NIOB: Informational Items**

### **2023 NRECA Tech/Annual Meeting**

GM Davis addressed the board to see who is planning to attend the NRECA Tech/Annual Meeting in Nashville, Tennessee in March. Those board members planning to attend are: Danny Wallen, Gary Francis, Greg Davis and possibly Jason Holbrook.

### **Pole Inspections**

Jeff Prater addressed the board about our doing the Pole Inspections in-house and that we wanted to do that but, it would make us too short handed with our workforce, at this time. Jeff explained the traditional way of doing the pole inspections and the normal cost. We will allow Osmose to do our pole inspections

for 2023, as they submitted a price and they do the inspections the traditional way. Also note, this money to pay Osmose, is already figured in the budget.

### **Presentation of Honorarium to Attorney Tyler Green**

GM Davis addressed the board regarding Attorney Tyler Green and his service to our coop. GM Davis read the Honorarium to the board and then gave Tyler his honorarium check, according to our policy. GM Davis stated that it was an honor to have Tyler as our Attorney and wishes him the very best in his new position as a District Judge.

### **NIOB: New Business**

#### **Approve 2023 Spray Bid**

VP of Operations Jeff Prater reported to the board that we sent out three bid packets, bidding out 249 miles to spray. Those present for the opening of the bids were Jeff Prater, GM Davis and Director Jim McKenzie. We received two bids back; one from Protec Terra and one from Progressive. Both are excellent workers and they employ migrant workers. Protec Terra bid was \$118,026; Progressive's bid was \$140,225. So, Jeff said with both being excellent workers, it was decided to award the bid to ProtecTerra with the lowest bid. Chairman Danny Wallen looked for a motion to approve. Greg Davis made a motion and Jason Holbrook seconded. All votes were unanimous.

#### **Approve 2023 Federated Proposal**

GM Davis addressed the board with the Federated proposal Sandra Shepherd had given him. GM Davis said the 2023 rates were a shock as we expected at least a 10% increase in cost. The proposal is a 3% overall increase from the 2022 rates. The 2022 premium was \$160,013 and this proposal for 2023 was \$164,795. GM Davis told the board that we get patronage capital from Federated too. Chairman Danny Wallen asked for a motion to accept the 2023 Federated proposal and Velma May made a motion. Jim McKenzie seconded and all votes were unanimous.

#### **Approve Amendment to Policy #400-010; Board of Directors Compensation**

GM Davis addressed the board in regards to their previous discussion of Board Per Diem. A lengthy discussion was had about the increase of the Board's per diem and whether the coop could afford this increase. GM Davis stated that the coop can afford this amount. Also, it doesn't affect the metrics with a rate increase. He stated it would be on the Form 990, which is public information, so the board may have to answer any public questions. GM Davis and legal stated that it is very crucial to show the hours that you work for that per diem and that you deserve this per diem. Legal stated that you are perfectly in your rights to approve this and that it is not unreasonable at all. Chairman Danny Wallen asked for a motion to approve to amend Policy #400-010 Board of Director Compensation to be increased from \$500 per month to \$900 per month, effective January 1, 2023. Jason Holbrook made a motion and Gary Francis seconded. All votes were favorable.



## **NIOB: Approve 2023 Final Budget**

Accounting Manager Robin Slone addressed the board to discuss the 2023 Budget as prepared and stated that it was previously sent out to all the board members so they could be reviewing all the information. Robin explained to the board that the budget consists of three major categories: Capital, Operations and Cash. Robin stated this is a very conservative budget. The budget was discussed thoroughly and Robin and GM Davis answered all the board's questions. GM Davis said that the numbers for this budget came from projected figures from last year. This year we will have actual figures to base the next budget on. He stated, as always, we need a good first quarter with cold temperatures and no major weather events.

Chairman Danny Wallen addressed the board for any more discussion and hearing none, he asked for a motion to approve the 2023 Budget. Greg Davis made a motion and Jason Holbrook seconded the motion. All votes were favorable.

## **NIOB: Other Business**

### **Capital Credits**

Attorney Tyler Green approved all applications for Capital Credits. Jim McKenzie made a motion to approve and Gary Francis seconded. All votes were unanimous.

### **New Membership Report**

Gary Francis made a motion to approve the New Membership report. Velma May seconded and all votes were favorable.

### **Written off Report**

Chairman Danny Wallen asked for a motion to approve the Written Off Accounts. James Vanhose made a motion and Greg Davis seconded. All votes were unanimous.

### **Per Diem and Mileage**

Greg Davis made a motion to approve Per Diem and Mileage. Velma May seconded and all votes were unanimous.

## **NIOB: Executive Session**

Chairman Danny Wallen asked for a motion to move into Executive Session at 11:44 a.m. Greg Davis made a motion and Gary Francis seconded. All votes were favorable.

Chairman Danny Wallen looked for a motion to approve adjourning from Executive Session to regular session at 11:51 a.m. Jason Holbrook made a motion and Velma May seconded. All votes were favorable.

Now in regular session, Chairman Danny Wallen addressed the board for a motion to approve the five-year contract effective January 1, 2023 for General Manager Bruce Aaron Davis. Greg Davis made a motion and Gary Francis seconded. All votes were unanimous to approve the five-year contract for President & General Manager Bruce Aaron Davis.

**NIOB: Adjourn**

With all items addressed, Chairman Danny Wallen looked for a motion to adjourn from the regular board meeting. Velma May made a motion and Jason Holbrook seconded. All votes were favorable and the meeting adjourned at 11:54 a.m.

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*Chairman Danny Wallen*

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*Secretary James Vanhooose*



**Big Sandy Rural Electric Cooperative Corporation**  
**Case No. 2024-00287**  
**Attorney General's Second Request for Information**

**Request 32:** Refer to Big Sandy RECC's response to the Attorney General's First Request, Item 22.

- a. Has Big Sandy Forestry bid for any projects not related to Big Sandy RECC? If not, explain why it is necessary to operate Big Sandy Forestry as a separate company?
- b. In the test year, how much was charged to Big Sandy RECC by Big Sandy Forestry?
- c. Explain in detail whether the charges from Big Sandy Forestry to Big Sandy RECC were made at cost or whether there is an adder to cost that would reflect a rate of return.
- d. If a rate of return is included, specify what rate of return is applied.

**Response 32(a):** No. Cost savings are more easily measured with a subsidiary.

**Response 32(b):** \$185,568.

**Response 32(c)-(d):** All charges are billed at cost.

**Big Sandy Rural Electric Cooperative Corporation**  
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**Request 33:** Refer to Big Sandy RECC's response to the Attorney General's First Request, Item 30(h). Provide the per transaction charge that Big Sandy RECC is assessed by Visa, Mastercard, and Discover.

**Response 33:** Please see the Excel spreadsheet provided separately.

**ATTACHMENTS  
ARE EXCEL  
SPREADSHEETS  
AND UPLOADED  
SEPARATELY**

**Big Sandy Rural Electric Cooperative Corporation**  
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**Request 34:** Refer to Big Sandy RECC's responses to the Commission Staff's Second Request, Item 11, and the Attorney General's First Request, Item 44. Provide a reconciliation between the 2024 ROW budgeted cost of \$1,600,000 as shown in the response to the Commission Staff's Second Request, Item 11, and the 2024 ROW budgeted cost of \$1,506,560 as shown in the response to the Attorney General's First Request, Item 44.

**Response 34:** The response to Commission Staff's First Request, Item 11 and the response to the Attorney General's First Request, Item 44, did not include \$100,000 for helicopter side trim work. The total should have been \$1,606,560.  
  
Please also see the response to Item 30.

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**Request 35:** Refer to Big Sandy RECC’s responses to the Attorney General’s First Request, Items 44(a) and 44(c).

- a. Explain in detail how many miles each year’s budget was intended to cover.
- b. Describe how the budgeted dollar amounts listed in response to Item 44(a) were derived or calculated.

**Response 35a:** Each year the budget contains amounts for herbicide spraying and cutting. The goal is to spray 242 circuit miles per year for a four (4) year herbicide cycle. The goal is to trim 138 circuit miles per year. Each year money was budgeted for herbicide spray and contractor cutting. There is also money budgeted each year for “hot spot” trimming, or areas that cannot wait until the next cycle. The goal was to trim circuits on a 7-year cycle (138 miles per year) however budgeting did not provide enough funding to obtain a 7-year cycle, therefore Big Sandy cut as much as possible with available funding.

**Response 35b:**

2017 Contractor ROW Budget

593.20 Dept	Contractor cutting	\$634,499
593.21 Dept	Herbicide Spraying	\$140,000
593.22 Dept	Ticket Work	0
593.23 Dept	Hot spots/mid cycle	0
593.25 Dept	Tree Growth Regulators	\$10,000
593.26 Dept	Helicopter side trim	0
593.27 Dept	Storm restoration	0
		\$784,499



2018 Contractor ROW Budget

593.20 Dept	Contractor cutting	\$610,000
593.21 Dept	Herbicide Spraying	\$130,000
593.22 Dept	Ticket Work	0
593.23 Dept	Hot spots/mid cycle	0
593.25 Dept	Tree Growth Regulators	\$1,000
593.26 Dept	Helicopter side trim	0
593.27 Dept	Storm restoration	0
		\$741,000

2019 Contractor ROW Budget

593.20 Dept	Contractor cutting	\$610,000
593.21 Dept	Herbicide Spraying	\$130,000
593.22 Dept	Ticket Work	0
593.23 Dept	Hot spots/mid cycle	0
593.25 Dept	Tree Growth Regulators	\$1,000
593.26 Dept	Helicopter side trim	0
593.27 Dept	Storm restoration	0
		\$741,000

2020 Contractor ROW Budget

593.20 Dept	Contractor cutting	\$705,000
593.21 Dept	Herbicide Spraying	\$135,000
593.22 Dept	Ticket Work	0
593.23 Dept	Hot spots/mid cycle	0
593.25 Dept	Tree Growth Regulators	\$10,000
593.26 Dept	Helicopter side trim	0
593.27 Dept	Storm restoration	0
		\$850,000

2021 Contractor ROW Budget

593.20 Dept	Contractor cutting	\$705,000
593.21 Dept	Herbicide Spraying	\$135,000
593.22 Dept	Ticket Work	0
593.23 Dept	Hot spots/mid cycle	0
593.25 Dept	Tree Growth Regulators	\$10,000
593.26 Dept	Helicopter side trim	0
593.27 Dept	Storm restoration	0
		\$850,000

2022 Contractor ROW Budget

593.20 Dept	Contractor cutting	\$905,000
593.21 Dept	Herbicide Spraying	\$144,960
593.22 Dept	Ticket Work	0
593.23 Dept	Hot spots/mid cycle	0
593.25 Dept	Tree Growth Regulators	\$10,000
593.26 Dept	Helicopter side trim	0
593.27 Dept	Storm restoration	0
		\$1,059,960

2023 Contractor ROW Budget

593.20 Dept	Contractor cutting	\$905,000
593.21 Dept	Herbicide Spraying	\$144,960
593.22 Dept	Ticket Work	0
593.23 Dept	Hot spots/mid cycle	0
593.25 Dept	Tree Growth Regulators	0
593.26 Dept	Helicopter side trim	0
593.27 Dept	Storm restoration	0
		\$1,049,960

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**Request 36:** Refer to Big Sandy RECC's response to the Attorney General's First Request, Item 58, Excel Attachment. Regarding the 401(k) cost shown in the spreadsheet, confirm that this represents the contributions made by Big Sandy RECC, and not contributions by the employees. If not confirmed, indicate the cost paid by Big Sandy RECC for the employees' 401(k) accounts.

**Response 36:** The response to the Attorney General's First Request, Item 58 contains contributions by employees. These employees also participate in the RS pension plan, the 401(k) contributions are additional. Refer to the response to the Attorney General's First Request, Item 58, Excel Attachment, Tab 2023 401(k) Employee for the amounts paid by the employee.

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**Request 37:** Refer to the John Wolfram Testimony, Reference Schedule 1.10, and Big Sandy RECC's response to the Attorney General's First Request, Item 65. Why did Big Sandy RECC provide the same cost of living increase awarded to full-time employees to part-time and summer employees? Explain the answer in detail.

**Response 37:** The Board of Directors voted to include full and part-time in the cost-of-living increase because the increasing costs affect all employees. Summer employees were not awarded a cost of living increase.