

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

**ATTORNEY GENERAL’S FIRST REQUEST FOR INFORMATION TO
BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION**

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, through his Office of Rate Intervention (“Attorney General”), and submits the First Request for Information to Big Sandy Rural Electric Cooperative Corporation (hereinafter “Big Sandy RECC” or the “Company”) to be answered by November 15, 2024, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate requested item will be deemed a satisfactory response.
- (2) Identify the witness who will be prepared to answer questions concerning each request.
- (3) Repeat the question to which each response is intended to refer.
- (4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.
- (5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that

the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

(6) If you believe any request appears confusing, please request clarification directly from undersigned Counsel for the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout, which would not be self-evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, notify the Office of the Attorney General as soon as possible, and in accordance with Commission direction.

(10) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda

of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information regardless of the media or format in which they are stored, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

(14) “And” and “or” should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.

(15) “Each” and “any” should be considered to be both singular and plural, unless specifically stated otherwise.

Respectfully submitted,

RUSSELL COLEMAN
ATTORNEY GENERAL



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Certificate of Service and Filing

Pursuant to the Commission's Orders and in accord with all other applicable law, Counsel certifies that the foregoing electronic filing was transmitted to the Commission on November 1, 2024, and there are currently no parties that the Commission has excused from participation by electronic means in this proceeding.

This 1st day of November, 2024,



Assistant Attorney General

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1. Refer to the Application generally. Provide an organizational chart of Big Sandy RECC, including all positions. If a position is vacant designate as such.
2. Refer to the Application, paragraph 1, in which Big Sandy RECC states that it provides electric power to approximately 12,733 members in the Kentucky counties of Breathitt, Floyd, Johnson, Knott, Lawrence, Magoffin, Martin, and Morgan.
 - a. Provide a detailed account of all economic issues that the Company's customers in the above-referenced counties are combating at the present time.
 - b. Provide Big Sandy RECC's actual number of customers for the years 2017 – 2024.
 - c. Explain in detail whether Big Sandy RECC projects a future gain or loss of electric customers, and provide copies of all projections concerning the same.
 - d. Provide Big Sandy RECC's total annual energy sales for the years 2017 – 2024.
 - e. Explain whether Big Sandy RECC expects annual energy sales to increase or decrease, and provide copies of all projections concerning the same.
 - f. Provide a map of Big Sandy RECC's electric service area.
 - g. Provide a list of all rural electric cooperatives and investor-owned electric utilities whose service territory is contiguous with Big Sandy RECC's service territory.
 - h. Explain whether Big Sandy RECC has 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.
 - i. Based upon the most recent United States Census information, the poverty rates for Big Sandy RECC's electric service area are as follows:

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Breathitt County – 30.1%,

Floyd County – 34.8%,

Johnson County – 26.0%,

Knott County – 29.2%,

Lawrence County – 25.9%,

Magoffin County – 29.8%,

Martin County – 36.2%, and

Morgan County – 25.2%.¹

Confirm that Big Sandy RECC is aware of the above percentages of its electric customers who live at or below the poverty line.

- j. Based upon the high poverty rates that exist in the Big Sandy RECC electric service area, explain in detail all low-income assistance programs and payment plan options that Big Sandy RECC provides to its customers experiencing difficulty paying their electric bills.

¹<https://www.census.gov/quickfacts/fact/table/magoffincountykentucky,lawrencecountykentucky,knottcountykentucky,johnsoncountykentucky,floydcountykentucky,breathittcountykentucky/PST045223>;
<https://www.census.gov/quickfacts/fact/table/morgancountykentucky,martincountykentucky/PST045223>.

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3. Refer to the Application generally. Provide the following information for Big Sandy RECC executive staff employees.
- a. Provide the position title and salary for each executive staff employee for the years 2017 – 2024.
 - b. Provide the average raise that the executive staff employees received for the years 2017 – 2024. Ensure to explain whether the annual raise is directly connected to a performance review.
 - c. Provide the average bonus that each executive staff employee received for the years 2017 - 2024.
 - d. Provide all awards given to the executive staff employees for the years 2017 – 2024.
 - e. Provide all vehicle allowances given to the executive staff employees for the years 2017 – 2024.
 - f. Provide all incentive compensation given to the executive staff employees for the years 2017 – 2024.
 - g. Provide the average raise, if any, which will be given to executive staff employees for 2025.
 - h. Provide a detailed explanation of the insurance benefits provided to the Company's executive staff employees, including but not limited to health, dental, vision, life insurance, etc. Ensure to include all premiums paid by the Company's executive staff employees, premiums paid by the Company or parent company on the executive staff employees' behalf, as well as all copays, deductibles, and maximum out of pocket amounts.

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- i. Provide a detailed explanation of the retirement benefits provided to the Company's executive staff employees, including but not limited to, whether there is a defined benefit plan, 401(k) matching, etc.
 - j. Explain whether any of the executive staff employees are members of a union.
4. Refer to the Application generally. Provide the following information for Big Sandy RECC salaried employees.
 - a. Provide the position title and salary for each salaried employee for the years 2017 – 2024.
 - b. Provide the average raise that the salaried employees received for the years 2017 – 2024. Ensure to explain whether the annual raise is directly connected to a performance review.
 - c. Provide the average bonus that each salaried employee received for the years 2017 - 2024.
 - d. Provide all awards given to the salaried employees for the years 2017 – 2024.
 - e. Provide all vehicle allowances given to the salaried employees for the years 2017 – 2024.
 - f. Provide all incentive compensation given to the salaried employees for the years 2017 – 2024.
 - g. Provide the average raise, if any, which will be given to salaried employees for 2025.
 - h. Provide a detailed explanation of the insurance benefits provided to the Company's salaried employees, including but not limited to health, dental, vision, life

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insurance, etc. Ensure to include all premiums paid by the Company's salaried employees, premiums paid by the Company or parent company on the salaried employees' behalf, as well as all copays, deductibles, and maximum out of pocket amounts.

- i. Provide a detailed explanation of the retirement benefits provided to the Company's salaried employees, including but not limited to, whether there is a defined benefit plan, 401(k) matching, etc.
 - j. Explain whether any of the salaried employees are members of a union.
5. Refer to the Application generally. Provide the following information for Big Sandy RECC non-salaried employees.
- a. Provide the position title and wages for each non-salaried employee for the years 2017 – 2024.
 - b. Provide the average raise provided to the non-salaried employees for the years 2017 – 2024. Ensure to explain whether the annual raise is directly connected to a performance review.
 - c. Provide the average bonus provided to the non-salaried employees for the years 2017 – 2024.
 - d. Provide all awards given to the non-salaried employees for the years 2017 – 2024.
 - e. Provide all vehicle allowances given to the non-salaried employees for the years 2017 – 2024.
 - f. Provide all incentive compensation given to the non-salaried employees for the years 2017 – 2024.

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- g. Provide the average raise, if any, which will be given to non-salaried employees for 2025.
 - h. Provide a detailed explanation of the insurance benefits provided to the Company's non-salaried employees, including but not limited to health, dental, vision, life insurance, etc. Ensure to include all premiums paid by the Company's non-salaried employees, premiums paid by the Company or parent company on the non-salaried employees' behalf, as well as all copays, deductibles, and maximum out of pocket amounts.
 - i. Provide a detailed explanation of the retirement benefits provided to the Company's non-salaried employees, including but not limited to, whether there is a defined benefit plan, 401(k) matching, etc.
 - j. Explain whether any of the non-salaried employees are members of a union.
6. Refer to the Application generally.
- a. Provide a detailed explanation of all salary and benefits provided to the members of the Board of Directors during the years 2017 – 2024. Ensure to provide the salary amounts, and specific details regarding all benefit packages, including but not limited to health, dental, vision, accidental death and disability, life insurance, bonuses, awards, vehicle allowances, and the like.
 - b. Provide the total amount of the Board of Directors' fees for the test year.
 - c. Provide a breakdown of the total amount of the Board of Directors' fees for the test year.

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- d. Discuss if there will be any changes to the Board of Directors' salaries and/or benefit packages in 2024 or 2025.
 - e. When setting the Board of Directors' fees and benefits did Big Sandy RECC review other Kentucky rural electric cooperative Board of Directors' fees and benefits? If so, explain in detail the findings. If not, explain in detail why not.
 - f. Provide a detailed explanation of all salary and benefits provided to the Company's attorney during the years 2017 – 2024. Ensure to provide the salary amounts, and specific details regarding all benefit packages, including but not limited to health, dental, vision, accidental death and disability, life insurance, bonuses, awards, vehicle allowances, and the like.
7. Refer to the Application generally. Provide a copy of all formal studies conducted that compare 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. If no such study exists, explain why not.
8. Refer to the Application generally. Explain the current process of awarding wage/salary increases to salaried versus non-salaried and union versus non-union employees.
9. Refer to the Application generally. Explain in detail whether Big Sandy RECC has obtained and/or whether the Company is seeking any funds/grants from federal, state, or local sources which have been or will be made available. If so, identify the source and amount of those funds/grants. If not, and funds/grants are available for which the Company is eligible, explain why the Company is foregoing those opportunities.

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10. Refer to the Application generally. Provide a succinct list that identifies all proposed pro forma adjustments, the amount of each pro forma adjustment, along with a brief description of each adjustment.
11. Refer to the Application generally. Provide a list that identifies all miscellaneous costs for the test year, including but not limited to dinners (including all holiday dinners), gifts, donations, membership dues, annual meeting costs, etc. For each cost indicate whether it was removed from or included in the requested revenue requirement.
12. Refer to the Application generally. Explain in detail whether there are any direct charges, allocated costs, surcharges, pass-through charges, etc., from East Kentucky Power Cooperative ("EKPC"), or any other entity, to Big Sandy RECC. If so, provide a detailed list of the same with explanations for each allocated charge.
13. Refer to the Application generally.
 - 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.
14. Refer to the Application generally.
 - a. Explain in detail whether Big Sandy RECC has participated in, or continues to participate in, the Rural Utilities Service's ("RUS") Cushion of Credit program.

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- b. Confirm that the RUS Cushion of Credit program allowed cooperatives utilities to deposit cash with RUS from funds available in excess of its debt service requirements and earn interest on those deposits at 5.0%. However, when changes were made to the RUS Cushion of Credit Program through the enactment of the 2018 Farm Bill, it modified the interest rate on those deposits from 5% to the 1-year variable treasury rate on October 1st of each year. The 2018 Farm Bill also allowed for cooperatives to apply the Cushion of Credit funds to outstanding RUS and Federal Financing Bank (“FFB”) loans by September 30, 2020, without prepayment penalties.² If not confirmed, explain why not.
- c. Explain whether Big Sandy RECC is aware of any further updates to the RUS Cushion of Credit program since the 2018 Farm Bill was enacted.
- d. If Big Sandy RECC received interest income from the RUS Cushion of Credit program for the test year, explain whether this amount was included in the revenue requirement. If not, explain why not.
- e. When changes were made to the Federal Farm Bill in 2018, explain whether Big Sandy RECC used its Cushion of Credit deposit amounts to prepay its RUS/FFB loans without penalty from the period of December 20, 2018 – September 30, 2020. If not, explain in detail why not.
- f. Provide a detailed account of Big Sandy RECC's Cushion of Credit deposit amounts for the years 2017 – 2024.

²<https://www.federalregister.gov/documents/2019/06/07/2019-11924/announcement-of-new-cushion-of-credit-program-provisions>; <https://www.usda.gov/farmbill>; <https://www.electric.coop/farm-bill-advances-electric-co-op-interests-in-rural-development-broadband>.

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- g. Provide a detailed account of Big Sandy RECC’s RUS/FFB loans, with the corresponding principal and interest amounts, for the years 2017 – 2024.
- 15. Refer to the Application, paragraph 4. Big Sandy RECC asserts that it is requesting a \$3,457,517 rate increase, or 13.34% increase, to achieve a Times Interest Earned Ratio (“TIER”) of 2.0.
 - a. Provide Big Sandy RECC’s TIER for the years 2017 – 2024.
 - b. Provide Big Sandy RECC’s Operating Times Interest Earned Ratio (“OTIER”) for the years 2017 – 2024.
- 16. Refer to the Application, paragraph 5. Big Sandy RECC states that it is requesting an increase in the monthly residential customer charge from \$21.95 to \$29.00.
 - a. Explain how seeking to increase the monthly residential customer charge from \$21.95 to \$29.00, which is an increase of approximately 32.12%, is in line with the principle of gradualism.
 - b. Explain whether Big Sandy RECC contemplated proposing a lower increase to the monthly residential customer charge so as not to create rate shock for the customers.
 - c. Explain whether Big Sandy RECC contemplated implementing the proposed higher customer charge in two phases instead of a 32.12% increase at one time.
 - d. Provide a list of all electric utilities in Kentucky, with the corresponding monthly residential customer charge, residential volumetric charge, average bill, and rank the utilities from lowest to highest average bill. Ensure to include Big Sandy RECC’s current and proposed residential customer charge, residential volumetric charge, average bill, and rank based upon its proposed revenue requirement.

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17. Refer to the Application, paragraph 3. Big Sandy RECC asserts that it must seek an increase in rates because its energy sales have decreased due to a reduced number of customers and a loss of the coal mining industry, while the cost of conducting business has increased.

- a. Explain in detail and provide all examples of cost control measures and efficiencies that have been implemented since the last general rate case, if any.
- b. Big Sandy RECC asserts that both its energy sales and customers have decreased. Explain in detail whether Big Sandy RECC has decreased the number of employees in an effort to rightsize the utility. If not, explain in detail why not.
- c. Due to these issues, explain in detail whether Big Sandy RECC has ever discussed merger with any other similarly situated rural cooperative in order to streamline operations and obtain economies of scale. If not, explain in detail why not.

18. Refer to the Application, paragraph 29.

- a. Big Sandy RECC asserts that it is requesting the rate case expense to be allowed recovery in the rates, and amortized over a three-year period.
 - a. Provide the total rate case expense that has been accrued thus far. Consider this a continuing request.
 - b. Provide a breakdown of the total rate case expense that has been accrued thus far by category. Consider this a continuing request.
 - c. Provide copies of invoices supporting the level of incurred rate case costs to date and supply such new invoices as they become available.
 - d. Provide the estimated total rate case expense.
 - e. Provide a breakdown of the estimated total rate case expense.

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- f. Does Big Sandy RECC commit to exclude charges associated with its own employees work on the rate case during regular business hours from the rate case expense? If not, explain in detail why not.
19. Refer to the Application, Exhibit 1. Big Sandy RECC states that without a rate increase, “Big Sandy’s contractual relationships with its lenders are at risk.”
 - a. Explain in detail the various lender requirements.
 - b. Provide Big Sandy RECC’s rate structure in comparison to its lender requirements for the years 2017 – 2024.
20. Refer to the Application, Exhibit 4.
 - a. Explain why Big Sandy RECC is proposing for the residential customers to pay a monthly customer charge that is only \$1.98 less than the commercial and small power customers - \$29.00 and \$30.98, respectively.
 - b. Explain why Big Sandy RECC is proposing for the residential customers to pay a higher energy charge than the commercial and small power customers - \$0.11476 per kWh versus \$0.08160 per kWh, respectively.
21. Refer to the Application, Exhibit 5.
 - a. Confirm that the average residential customer using 1,027 kWh of electricity will have a \$21.55 increase, or 15.42%, to the monthly electric bill if the Commission grants Big Sandy RECC’s rate increase request.
 - b. Provide what the average residential customer’s total monthly electric bill is currently, and what it will be if the Commission grants Big Sandy RECC’s rate increase request.

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- c. Confirm that the commercial and small power rate class will experience a 0% increase if the Commission grants Big Sandy RECC's rate increase request.
 - d. Explain in detail why Big Sandy RECC did not propose to increase the rates for the commercial and small power rate class in the pending rate case.
22. Refer to Exhibit 17, Auditor's Report.
- a. Explain in detail whether Big Sandy RECC owns Big Sandy Forestry, LLC.
 - b. Explain in detail what function Big Sandy Forestry, LLC performs for Big Sandy RECC.
 - c. Explain in detail whether Big Sandy Forestry, LLC has any other customers and/or revenue sources other than Big Sandy RECC.
 - d. Explain whether customers of Big Sandy RECC subsidize costs for Big Sandy Forestry, LLC.
 - e. Explain whether any profits made by Big Sandy Forestry, LLC are provided to Big Sandy RECC. If not, explain in full what Big Sandy Forestry, LLC does with its profits.
 - f. It is noted in the Auditor's Report under Note 12, Related Party Transactions, that several of the Directors of Big Sandy RECC and its President and General Manager are on the Board of Directors of various associated organizations. Provide a detailed list with the name of each associated organization in which a Director or the President/General Manager of Big Sandy RECC sits on the Board of Directors. For each organization explain in detail how it is associated with Big Sandy RECC.

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- g. Provide a copy of Big Sandy RECC's code of ethics. If the Company does not have such policy, explain in detail why not.
 - h. Provide a copy of Big Sandy RECC's anti-nepotism policy. If the Company does not have such policy, explain in detail why not.
 - i. It is also noted in the Auditor's Report that Big Sandy RECC is subject to litigation arising from lawsuits filed by certain employees. Generally explain the pending litigation by Big Sandy RECC employees, and provide a status update regarding the same.
23. Refer to the Direct Testimony of Jeff Prater ("Prater Testimony"), page 3, line 1. Explain in detail whether Mr. Prater still serves as the Chairman of Southern Water and Sewer District.
24. Refer to the Prater Testimony, page 3, lines 11-13. Mr. Prater states that, "[f]or instance, Big Sandy has seen increases in costs for right-of-way maintenance, interest expense, labor costs and virtually all other operations and maintenance expenses."
- a. Explain whether Big Sandy RECC handles ROW internally or if it uses contractors.
 - b. Provide Big Sandy RECC's ROW maintenance plan, including the trimming cycle.
 - c. Explain whether Big Sandy RECC issues requests for proposal in order to secure the most economically favorable ROW contracts.
 - d. Provide copies of all responses to the ROW requests for proposal for the last five years.
 - e. Explain in detail whether Big Sandy RECC coordinates its ROW program with the Kentucky Transportation Cabinet/Kentucky Department of Highways ROW

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program, in order to mitigate expense for the Company’s customers. If not, explain why not. Provide all related documentation regarding the same.

- f. Explain in detail whether Big Sandy RECC works with other regional electric utilities to develop regional bids for ROW management, which could create significant cost savings.³ If not, explain in detail why not.
- g. Explain in detail whether Big Sandy RECC has taken any significant steps to address ROW management expenses since its last rate case.

25. Refer to the Prater Testimony, page 8, lines 17 – 20.

- a. Provide the Commission case number(s) that approved Big Sandy RECC’s purchase and deployment of the AMR meters in 2004 and 2009. If Big Sandy did not obtain permission from the Commission to purchase and deploy the AMR meters explain in detail why not.
- b. Provide the Commission case number that approved Big Sandy RECC’s purchase of 8,700 new AMR meters from Aclara for the years 2019-2023. If Big Sandy RECC did not obtain permission from the Commission to purchase and deploy the AMR meters explain in detail why not.

26. Refer to the Direct Testimony of Robin Slone (“Slone Testimony”) at page 6. Ms. Slone states that Big Sandy RECC is required in its mortgage agreements to maintain at least a minimum OTIER of 1.10, based on an average of two best out of three most current years.

³ See Case No. 2023-00147, *Electronic Application of Taylor County Rural Electric Cooperative Corporation for a General Adjustment of Rates* (Ky. PSC April 5, 2024), Order at 12; See 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 June 30, 2022), Order at 30.

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- a. Provide the TIER and OTIER that are required by all of Big Sandy RECC's loan contracts.
 - b. Confirm or deny that normally loans that a rural electric cooperative enters into only require a TIER of 1.25X. If denied, explain in full detail what TIER is generally required.
 - c. If (c) is confirmed, other than Commission precedent, provide the justification and reason a higher TIER than what is required by the loan contract terms is necessary.
 - d. Explain how Big Sandy RECC utilizes the additional funds that the Commission awards that are above and beyond the required TIER and OTIER amounts per the loan contract terms, and how the company accounts for these funds.
 - e. If Big Sandy RECC were to ask for a 1.25X TIER, provide the rate increase that the Company would be seeking in the pending case, all else equal.
27. Refer to the Application generally.
- a. Explain whether Big Sandy RECC provides health savings account contributions to its employees, and if so, provide the monetary amount regarding the same.
 - b. Provide a copy of all formal studies conducted that compare Big Sandy RECC's health insurance premium and health savings account contributions to those of local employers for the geographic area in which the Company operates. If no formal study exists explain why not.
 - c. Discuss any informal studies that compare Big Sandy RECC's health insurance premium and health savings account contributions to those of local employers for

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the geographic area in which the Company operates. If no informal study exists explain why not.

- d. Confirm that according to the most recent data from the Bureau of Labor Statistics, the average share of premiums paid by the employer for single coverage in private industry is 80%.⁴
- e. Provide the average percentage share of premiums paid by Big Sandy RECC for single coverage employee health insurance.
- f. Confirm that according to the most recent data from the Bureau of Labor Statistics, the average share of premiums paid by the employer for family coverage in private industry is 68%.⁵
- g. Provide the average percentage share of premiums paid by Big Sandy RECC for family coverage employee health insurance.
- h. Refer to the Commission's final Order in Case No. 2021-00407, page 9.⁶ 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 report available. Provide all supporting calculations and documents.

⁴ <https://www.bls.gov/news.release/ebs2.t03.htm>, Table 3.

⁵ <https://www.bls.gov/news.release/ebs2.t04.htm>, Table 4.

⁶ 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.

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- i. Provide the contribution amounts to insurance costs that are paid by Big Sandy RECC and the retirees.
 - j. Provide the contribution amounts to dental insurance costs that are paid by Big Sandy RECC and the employees.
 - k. Provide the contribution amounts to vision insurance costs that are paid by Big Sandy RECC and the employees.
 - l. Provide the contribution amounts to short-term disability insurance that are paid by Big Sandy RECC and the employees.
 - m. Provide the contribution amounts to long-term disability insurance that are paid by Big Sandy RECC and the employees.
28. Refer to the Application generally.
- a. Explain in detail whether the employees who participate in a pension plan are required to contribute any funds to the plan.
 - b. Provide Big Sandy RECC's percentage contribution amount to employee pension plans.
 - c. Explain in detail whether the employees who participate in the 401(k) program are required to contribute any funds to that program.
 - d. Provide Big Sandy RECC's percentage contribution amount to employee 401(k) plans.
 - e. Provide a copy of all formal studies that Big Sandy RECC conducted and/or relied upon concerning its retirement plan contribution rates, including the pension plans and 401(k) program. If no study exists, explain why not.

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- f. Provide a copy of all formal studies conducted that compare Big Sandy RECC's pension plan and 401(k) contribution rates to that of local employers for the geographic area in which the Company operates. If no formal study exists, explain why not.
 - g. Discuss any informal studies that compare Big Sandy RECC's pension plan and 401(k) contribution rates to that of local employers for the geographic area in which the Company operates. If no informal study exists, explain why not.
29. Refer to the Application generally.
- a. Provide a copy of the current union contract, including all amendments.
 - b. Identify when the Company plans to begin negotiations for the new union contract.
 - c. Provide updates as to negotiations with the new union contract during the pendency of the case, if any. Consider this an ongoing request.
30. Refer to the Application generally.
- a. Explain whether payment processing fees have risen in the past seven years.
 - b. Provide the monetary amount that Big Sandy RECC has included in the revenue requirement for payment processing fees, with a breakdown between each payment type.
 - c. If Big Sandy RECC includes credit card fees in the revenue requirement then provide the Commission case number and Order that approved these specific fees to be included in rates.
 - d. Provide all payment processing fees that Big Sandy RECC has paid for in the years 2017 – 2024, and provide a breakdown for each type of payment processing fee.

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- e. Identify the type of payments Big Sandy RECC accepts from a customer without assessing a fee.
 - f. Identify the type of payments Big Sandy RECC accepts only with a fee assessment.
 - g. Explain in full detail whether Big Sandy RECC requires a convenience fee to be added to all credit card transactions in order for other member customers to not subsidize the credit card payments. If not, explain in full detail why not.
 - h. Provide the type of credit cards that Big Sandy RECC accepts as payment (e.g. Visa, MasterCard, American Express, etc.), the fee that the Company pays to process each type of credit card, and the associated fee to the member customer.
 - i. Provide all other forms of payment that Big Sandy RECC accepts from member customers to pay the utility bill, the corresponding fees that the Company pays for each payment type, as well as all fees assessed to the member customers for each payment type.
31. Refer to the Direct Testimony of John Wolfram (“Wolfram Testimony”) at 12 – 20. Explain whether the class cost of service study was performed in line with recent Commission precedent.⁷ If not, explain in detail why not.

⁷ See Case No. 2021-00066, *Electronic Application of Kenergy Corp. for a General Adjustment of Rates Pursuant to Streamlined Procedure Pilot Program Established in Case No. 2018-00407* (Ky. PSC June 24, 2021), Order at 11 – 12; See Case No. 2020-00131, *Electronic Application of Meade County Rural Electric Cooperative Corporation for an Adjustment in Rates* (Ky. PSC Sept. 16, 2020), Order at 12 – 13; See Case No. 2020-00264, *Electronic Application of Cumberland Valley Electric, Inc. for a General Adjustment of Rates Pursuant to Streamlined Procedure Pilot Program Established in Case No. 2018-00407* (Ky. PSC Dec. 30, 2020), Order at 10 – 11; See Case No. 2020-00338, *Electronic Application of Licking Valley Rural Electric Cooperative Corporation for a General Adjustment of Rates Pursuant to Streamlined Procedure Pilot Program Established in Case No. 2018-00407* (Ky. PSC Apr. 8, 2021), Order at 10 – 12.

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32. Refer to the Application generally. Provide copies of the Board of Director Meeting Minutes for 2023 and 2024 year-to-date. Consider this an ongoing request during the pendency of this case.
33. Refer to the Application generally. Provide the total amount of contributions and donations included for recovery in the test year and the adjusted test year by separate payee, along with a description of and the purpose for each payee. Also identify the customer benefit associated with each cost.
34. Refer to the Wolfram Testimony, Exhibit JW-2, Reference Schedule 1.07.
- a. Provide a detailed breakdown of the donations, promotional advertising, and dues.
 - b. Confirm that even if some of the aforementioned expenses in (a) are being excluded for ratemaking purposes, it does not change the fact that the expenses are still being paid with ratepayer funds.⁸
35. Refer to the Application generally. Identify fully any and all organizations to which Big Sandy RECC pays dues and/or membership fees of any type or sort (hereinafter referred to as “Dues Requiring Organizations”), which engage in any one or more of the following activities (hereinafter “covered activities”):
- a. legislative advocacy, regulatory advocacy, and/or public relations;
 - b. advertising;
 - c. marketing;
 - d. legislative policy research; and/or,

⁸See Case No. 2016-00077, Licking Valley RECC’s response to the Attorney General’s Second Request for Information, Item 5.

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- e. regulatory policy research.
 - a. If so confirmed with regard to any one or more of these organizations, identify that organization and provide the amount of Big Sandy RECC dues which that organization applies to covered activities, both in dollar terms and percentages of total dues.
 - b. Explain whether all or any portion of said dues are excluded from the pending rate case.
36. Refer to the Application generally. Explain whether Big Sandy RECC pays any dues or membership fees to law firms or trade groups which maintain an affiliate engaged in any of the covered activities identified in the preceding question.
- a. If so, identify fully the law firm or trade group by name, the name of the affiliate engaged in any such activities, and the amounts Big Sandy RECC paid to the law firm, trade group, or affiliate thereof for those activities.
 - b. Explain whether Big Sandy RECC is seeking recovery from ratepayers for any such sums identified in subpart (a) of this question.
37. Refer to the Application generally. If any affiliate of Big Sandy RECC pays dues to one or more Dues Requiring Organizations, and a jurisdictional portion of those dues are charged back to Big Sandy RECC, explain whether the dues are being recovered in rates, the amounts thereof, and precisely where they can be found in the Application.
38. Refer to the Application generally. For all expenses associated in any manner with any Dues Requiring Organization and for which the Company seeks reimbursement from ratepayers:

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- a. Provide a complete copy of all invoices received from each such Dues Requiring Organization since the conclusion of the Company's last rate case;
 - b. Provide any and all documents in the Company's possession that depict how each such Dues Requiring Organization spends the dues it collects from the Company, including the percentage that applies to all covered activities.
 - c. Provide a detailed description of the services and benefits each Dues Requiring Organization provided to the Company since the conclusion of its most recent rate case. Of these services and benefits, identify which ones accrue directly to ratepayers, and explain fully how.
 - d. Explain whether any Company personnel actively participate on committees and/or perform any other work for any Dues Requiring Organizations or any other industry organization to which the Company belongs. If so:
 - i. State specifically which employees participate, how they are compensated for their time (amount and source of compensation), and the purpose and accomplishments of any such association related work; and,
 - ii. List any and all reimbursements received from industry associations, for work performed for such organizations by the Company's employees.
39. Refer to the Application generally. Provide a list of all open/vacant positions in the test year and adjusted test year including:
- a. Job title,
 - b. Date the job was created,
 - c. Length of time that the position has been open,

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- d. Explanation as to why the position is still vacant,
 - e. Planned hiring dates for each position,
 - f. Hiring dates for any of these positions that have been filled, and
 - g. Fully loaded annual salary for unfilled positions.
40. Refer to the Application generally. Provide a list of all new positions in the test year and adjusted test year including:
- a. Job title,
 - b. Date the job was created,
 - c. Length of time that the position has been open,
 - d. Planned hiring dates for each position,
 - e. Hiring dates for any of these positions that have been filled, and,
 - f. Fully loaded annual salary for unfilled positions.
41. Refer to the Application generally. Explain whether any expenses associated with vacant positions being filled after the end of the test year have been included in the pending rate increase/requested revenue requirement.
42. Refer to the Application generally. Provide a copy of and a description of the Company's merit and cost of living wage rate increase policies.
43. Refer to the Application generally. Explain whether all non-operating margins income from all sources is included in Big Sandy RECC's requested revenue requirement in the pending case.
44. Refer to the Application generally.
- a. Provide the budgeted ROW maintenance expense for each of the years 2017 – 2024.

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- b. Provide the actual ROW maintenance expense for each of the years 2017 – 2024.
 - c. Provide the budgeted ROW miles trimmed for each of the years 2017 – 2024.
 - d. Provide the actual ROW miles trimmed for each of the years 2017 – 2024.
45. Refer to the Application generally. Provide the amount of Supplemental Executive Retirement Plan (“SERP”) that the Company has provided to employees for each of the years 2017 – 2024.
46. Provide copies of all loan agreements Big Sandy RECC currently has in effect. These should include all loans made from the RUS, CoBank, and CFC.
47. Refer to the Prater Testimony, page 7, lines 6-10, and indicate the amount and where the amounts can be found included in Big Sandy RECC’s revenue requirement associated with:
- a. The 1.118% FFB loan interest.
 - b. CFC Certificate Revenue with an annual return of 5%.
48. Refer to the Prater Testimony, page 7, lines 6-10. If there is no 1.118% FFB loan interest included in Big Sandy RECC’s revenue requirement, provide the date the funds were drawn down, the terms of the loan repayment, and the amount outstanding as of the filing date of this rate case.
49. Refer to the Prater Testimony, page 7, lines 6-10. If there is no 1.118% FFB loan interest included in Big Sandy RECC’s revenue requirement, explain why it has not been included.
50. Refer to the Prater Testimony, page 7, lines 6-10.
- a. If no CFC Certificate Revenue with an annual return of 5% is included in the revenue requirement, provide the dates the certificates were issued, the terms of the certificates, and the amount outstanding as of the filing date of this rate case.

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- b. Does Big Sandy have any other CFC Certificates than those purchased with the proceeds of the 1.118% FFB loans? If so, how were these certificates purchased, and is the Certificate Revenue included in Big Sandy RECC's revenue requirement?
51. Refer to the Prater Testimony, page 7, lines 19-21, and provide a copy of the four issues of Kentucky Living Magazine sent out to Big Sandy RECC members during the test year.
52. Refer to the Prater Testimony, page 7, lines 19-21.
 - a. Provide the total amount of expense incurred in the test year related to the publication and distribution of Kentucky Living Magazine to Big Sandy RECC members.
 - b. Explain in detail whether there have been any surveys sent to members asking about the continued need for Kentucky Living Magazine as a physical publication. If so, provide a summary of the results of the survey(s).
53. Refer to the Prater Testimony, page 8, lines 3-7. Explain whether the costs associated with the Pulse Broadband Feasibility Study are included in Big Sandy RECC's revenue requirement.
54. Refer to the Prater Testimony, page 8, lines 3-7. Explain how much was spent on the Pulse Broadband Feasibility Study and when the expense was incurred.
55. Refer to the Prater Testimony, page 8, lines 17-20. Were any of the AMR system investments that were put into service between 2004 and 2009 retired early (prior to the end of their useful life) as a result of the Aclara Purchase Agreement?

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56. Refer to the Slone Testimony at page 6. Ms. Slone states that “Big Sandy is required in its mortgage agreements to maintain at least a minimum OTIER of 1.10, based on an average of two best out of the three most current years.” Provide the lender, interest rate, test year interest expense, and the TIER and OTIER requirements for each loan outstanding.
57. Refer to the Slone Testimony, page 7.
- a. Explain in detail why Big Sandy RECC has not completed a depreciation study since 2007.
 - b. Has Big Sandy RECC ensured that the accumulated depreciation reserves for each plant account do not exceed the historical cost of the plant in service? If not, why not?
58. Are there Big Sandy RECC employees who participate in both a 401(k) plan and a Retirement Security (defined benefit) pension plan? If so, indicate how much 401(k) cost and how much defined benefit pension cost was included in the test year for these individuals.
59. Refer to the Application generally. Is the Fuel Adjustment Clause designed to recover 100% of Big Sandy RECC's fuel and purchase power costs?
60. Refer to the Application generally. Describe the Environmental Surcharge (“ES”) and what expenses are allowed to be captured. Further describe how expenses are passed on to members.
61. Refer to the Application generally. Provide a breakdown of Big Sandy RECC's wage expenses for the last five calendar years breaking out regular time, overtime, and other/vacation payout time. Also, include the average number of employees for those years.

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62. Refer to the Application generally.

- a. Does Big Sandy RECC pay for the travel and meal expenses for Directors' spouses when the spouse accompanies the Director? If so, indicate by year, from 2022, 2023, and 2024 how much spousal travel expenses have been incurred by the Company.
- b. Indicate how much spousal travel has been included in the adjusted test year revenue requirement.

63. Refer to the Application generally. If the TIER required by Big Sandy RECC's debt covenants is lower than the 2.0 TIER requested in the Cooperative's rate relief request, explain why it is necessary to have rates that provide TIER higher than required by debt covenants.

64. Refer to the Application generally. Indicate the annual cost and expense associated with the employer portion of health care premiums in each of the last five calendar years.

65. Refer to the Wolfram Testimony, Reference Schedule 1.10.

- a. Explain what the Other Wages included in columns (10) and (16) represent.
- b. Are these bonuses or incentive compensation? If so, explain the criteria used for the same.
- c. If not, indicate what qualifies an employee to receive this pay.

66. Refer to the Application generally. Does Big Sandy RECC offer its management employees incentive compensation? If so, provide the following:

- a. How much incentive compensation was awarded in each of the last five calendar years?

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- b. How much incentive compensation is included in the test year revenue requirement?
 - c. Provide all documentation related to the criteria used for awarding incentive compensation.
 - d. Who is responsible for authorizing or granting incentive compensation?
 - e. What positions are eligible to be awarded incentive compensation?
67. Refer to the Wolfram Testimony, Reference Schedule 1.10. In each of the past five calendar years, indicate the number of regular hours worked by the following employees:
- a. S05
 - b. H01
 - c. H05
 - d. H09
 - e. H10
 - f. H11
 - g. H12
 - h. H13
 - i. H14
 - j. H18
 - k. H19
 - l. H20
 - m. H27
 - n. H38
 - o. H39
68. Refer to the Wolfram Testimony, Reference Schedule 1.04. Provide a breakdown of when the capital credits removed were generated. Also, indicate the amount of G&T capital credits generated in each year for the past ten years.
69. Refer to the Wolfram Testimony, Reference Schedule 1.04. Has Big Sandy RECC's Board of Directors approved the return of capital credits over the next five years?

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70. Refer to the Wolfram Testimony, Reference Schedule 1.04. Were the \$412,311 test year G&T Capital Credits returned to customers? If not, explain when those capital credits will be returned.
71. Refer to the Wolfram Testimony, Reference Schedule 1.04. Is Big Sandy RECC required to return G&T capital credits to its members? If so, cite the authoritative source (i.e., membership agreement, charter, Cooperative Operations Manual, etc.).
72. Refer to the Application generally. Provide copies of all approved capital plans covering the next five years.
73. Refer to the Application generally. Provide all workpapers relied upon by the witnesses to the extent they have not been previously provided.
74. Refer to the Application generally. Provide the FAC and ES rates used in determining member bills in the test year. Confirm that these charges are based on an energy (kWh) rate. If not, explain how these charges are billed.
75. Refer to the Application generally. Provide the budgeted versus actual employees by month for the last five years.
76. Refer to the Wolfram Testimony, Reference Schedule 1.10, Wages and Salaries Adjustment. Explain why employee S01 on Line 1 of the Salary Employees has 2,080 regular hours, but no actual test year regular wages.
77. Refer to the Wolfram Testimony, Reference Schedule 1.10, Wages and Salaries Adjustment. Explain why each of the part time and summer employees that are still employed are listed to work 2,080 hours for the regular Pro Forma wages.