

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

In the Matter of:

APPLICATION OF BIG SANDY RURAL)
ELECTRIC COOPERATIVE CORPORATION)
FOR AN ADJUSTMENT OF RATES)

Case No. 2012-00030

ATTORNEY GENERAL'S INITIAL DATA REQUESTS

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits these Initial Requests for Information to Big Sandy Rural Electric Cooperative Corporation ["Big Sandy"] to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following instructions:

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.

(2) Please identify the witness(es) who will be prepared to answer questions concerning each request.

(3) Please repeat the question to which each response is intended to refer. The Office of the Attorney General can provide counsel for Big Sandy with an electronic version of these data requests, upon request.

(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 any request appears confusing, please request clarification directly from 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, please notify the Office of the Attorney General as soon as possible.

(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 include all information regardless of the medium or media in which they are recorded

(including electronic media and e-mail), in any written, graphic or other tangible form including, but not necessarily limited to: 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 / records, 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, 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:

(a) please identify: (i) the person by whom it was destroyed and/or transferred; (ii) the transferee; and (iii) the person authorizing the destruction or transfer; and

(b) state: (i) the time, place, and method of destruction or transfer; and, (ii) the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Please 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.

Respectfully submitted,
JACK CONWAY
ATTORNEY GENERAL



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Certificate of Service and Filing

Counsel certifies that an original and ten photocopies of the foregoing were served and filed by hand delivery to Jeff Derouen, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; counsel further states that true and accurate copies of the foregoing were mailed via First Class U.S. Mail, postage pre-paid, to:

Hon. Albert A Burchett
Attorney at Law
P. O. Box 0346
Prestonsburg, KY 41653

Mr. David Estepp
President & General Manager
Big Sandy R.E.C.C.
504 11th St.
Paintsville, KY 41240-1422

this 7th day of June, 2012



Assistant Attorney General

Application of Big Sandy Rural Electric Cooperative Corporation for an Adjustment of Rates
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1. Please reference the Adkins testimony, p. 10, wherein the witness states that at the end of the proposed three (3) year scale-up for the residential customer charge, the customer charge will total \$17.50. Please reconcile this with the tariff sheets and Exhibit 21, which indicate the final customer charge will total \$18.00.
2. Please reference the notice of proposed increase to Big Sandy's customers. Please identify where the notice (Exhibit D) states that the residential customer charge will increase three (3) times over a three (3) year period, together with the amounts of each such increase.
 - a. Please identify and produce the source of data as to the anticipated percentage and dollar increases for each Rate Class.
 - b. Please identify the kWh used per month to determine the "average monthly bill" for each Rate Class and provide the source of the data if available.
3. In the event the Commission approves the proposed purchased power adjustment rider, and in the further event that the economy improves to the extent that the lag in the ability to make purchased power payments to EKPC is no longer a recurring issue, would Big Sandy be willing to file a tariff change in which the proposed rider is withdrawn? If not, why not? Please explain in detail.
4. Please state, to the extent known, whether other EKPC member coops are experiencing similar problems on their own systems.
 - a. If so, is EKPC developing a system-wide solution? If so, will any such system-wide solution mitigate or reduce the need for the instant filing? If not, why not? Explain in detail.
5. Provide a discussion of the extent to which the apparent deterioration of Big Sandy's financial condition is due to the fuel adjustment lag, a decline in revenue, or both. Please include in your response a discussion of the nature of the fuel adjustment lag, and any and all possible remedies which Big Sandy may have explored prior to the filing of this case.

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- a. If the problem is predominantly one of declining revenue, would it not be more effective to request an increase in rates?
 - b. If the problem is predominantly one caused by the fuel adjustment lag, will the proposed purchased power adjustment clause rider alone not be adequate to address the issue?
 - c. Why is it necessary to increase the customer charge in order to address the lag in the fuel adjustment charge?
 - d. Why was no testimony provided regarding the proposed purchased power adjustment clause rider?
6. Refer to the Adkins testimony, p. 7, response to question 12. Did the witness intend to refer to Big Sandy's electric rate classes rather than South Kentucky's?
 7. Refer to the Adkins testimony, pp. 10-11, question 16 and response to question 17. Did counsel and the witness intend to refer to Big Sandy's application in this case and Big Sandy rather than South Kentucky?
 8. Reference the Adkins testimony, p. 10, response to question 15, wherein he references "Exhibit JA-1." It appears this exhibit is missing from the application. Please provide a copy.
 9. Reference the "Notes to Financial Statements," note 9, "Related Party Transactions." Please identify the Big Sandy director who is an employee of a local bank where Big Sandy conducts some of its banking functions.
 - a. Please identify what measures this director takes to remove himself from any actual or potential conflicts of interest at both Big Sandy and at the bank where he is employed.
 10. Please reference the "Notes to Financial Statements," note 10, "Commitments," wherein it is stated that Big Sandy is guarantor to \$40,000 of long-term EKPC commitments to RUS and CFC. Identify the interest rate EKPC is paying on this obligation. Has EKPC re-financed this obligation at anytime in the last four (4) years?

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11. Reference account 427.10, "RUS Interest," which indicates an increase of \$73,014 over the prior year's sum. Please provide an explanation for this increase.
12. Provide the latest line loss figures for Big Sandy's system.
13. Reference the exhibit entitled "Comparative Capital Structure" for the years 2001 – 2011, marked as Exhibit Z, p. 1 of 2. Does Big Sandy agree that this exhibit indicates that its long-term debt of 58% for August, 2011 greatly exceeds that of its short term debt for the same period, of only 1%?
 - a. Does the RUS have any requirement for RECCs' capital structures which require them to maintain any sort of structure regarding the ratio of long-term to short-term debt? Does EKPC or does the Commission have any similar requirements? Please explain.
14. Reference Estep testimony, at p. 4, response to question 16. Please provide any case studies or references to specific cases in Kentucky or in other states where the decoupling of rates, as proposed by Big Sandy in its application, demonstrated a clear correlation to increased energy efficiency by residential customers.
15. Please provide a copy of the 2011 Annual Report and copies of the Notice and Minutes for the 2011 Annual Meeting of the members of Big Sandy RECC. If not currently available, please consider this an ongoing request for information.
16. Reference Big Sandy's Response to Commission Staff's First Request for Information, item 45. Please provide the information requested if known at this time. Please consider this an ongoing request for information.