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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

JUL 03 2012

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 SUPPLEMENTAL 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.

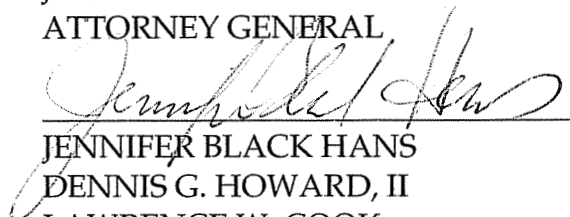
(12) In the event any document called for has been destroyed or transferred beyond the control of the company:

(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



JENNIFER BLACK HANS
DENNIS G. HOWARD, II
LAWRENCE W. COOK
ASSISTANT ATTORNEYS GENERAL
1024 CAPITAL CENTER DRIVE, STE. 200
FRANKFORT KY 40601-8204
(502) 696-5453
FAX: (502) 573-8315

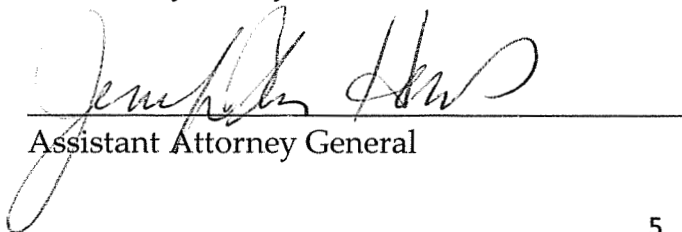
Certificate of Service and Filing

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 3rd day of July, 2012



Assistant Attorney General

Application of Big Sandy Rural Electric Cooperative Corporation for an Adjustment of Rates
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Attorney General's Supplemental Data Requests

1. Please acknowledge that Big Sandy carries the burden of proof in this matter, and that it is the sole party required to meet that burden.
2. Reference Exhibit 8 of the Application and Big Sandy's Response to Commission Staff's Second Request for Information, PSC 2-27. Please provide the approximate number of hours expended by legal counsel on a monthly basis to justify doubling of the attorney's monthly retainer fee from \$500 to \$1,000.
3. Reference Big Sandy's Responses to AG 1-15 and PSC 2-4(c). Please explain why Big Sandy made no communication to its members regarding its proposal to recover more of its costs through the customer charge at its last Annual Meeting of Membership held on May 17, 2012.
4. Reference Big Sandy's response to AG 1-2. The response indicates "Reference Exhibit J of the Application." The "Exhibit J" on file with the PSC purports to have at least 20 pages, but only 7 pages appear. See: Application¹.pdf at pp. 150-156. Please provide "Exhibit J" with all pages intact.
5. Reference Big Sandy's Response to Attorney General's Initial Data Requests, AG 1-2(b) and Big Sandy's Response and PSC 2-4 and exhibit attached thereto.
 - a. Please confirm that the average monthly usage identified for the most recent billing period is 1,260 kWh.
 - b. Please reconcile this average monthly usage estimate with Big Sandy's 2010 Annual Report, which stated that the average residential usage per month was 1,775.
 - (i) What accounts for the change?
 - (ii) Specify which figure is the correct one.
6. Based on the exhibit provided, please confirm that Big Sandy used an average of 1,260 kWh to estimate the amount and percent of increase provided in its Official Notice provided as Exhibit C to the Application.
 - a. In evaluating the proposal to decouple rates from energy usage, did Big Sandy consider alternatives that could mitigate the cost impact on the average residential customer, including but not limited to the following:
 - i. A limited fixed cost recovery mechanism that would permit the Kentucky Public Service Commission to confirm actual (not estimated) lost revenue resulting from demand-side management (DSM) and energy efficiency (EE) programs;
 - ii. An opt-out rate that would offer residential customers more choices concerning rates; and/or

¹ http://psc.ky.gov/PSCSCF/2012%20cases/2012-00030/20120419_Big%20Sandy%20RECC_Application.pdf

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- iii. A rate cap that would ensure that the gradual customer charge increase would not change the ultimate rates for residential customers by more than a designated percentage (i.e. 2%).
 - b. If the alternatives detailed above were not considered, would Big Sandy be willing to consider such alternatives? If not, why not? Explain in complete detail.
7. Reference Big Sandy's response to PSC 2-2. In the event Big Sandy could obtain an increase in revenues sufficient to meet its needs, would it be willing to consider alternatives to the methodology it requests in this application? If not, why not? Explain in complete detail.
8. Reference Big Sandy's response to PSC 2-4 (c), in which the company states it has received no complaints regarding the proposal to recover more of its fixed costs through the customer charge.
 - a. Identify precisely where in the company's notice to customers the company gives actual notice of the proposed 3-step increase in the customer charge.
 - b. Since the company has failed to give this notice, should the company not revise its response to PSC 2-2 (c) accordingly?
9. Reference Big Sandy's Response to PSC 2-4 subparagraph (5), in which it acknowledges that increasing the customer charge in relation to the energy charge will disproportionately affect lower usage customers. Does this not contradict Big Sandy's assertion (Estep testimony at p. 4) that its proposal will promote energy efficiency? Explain fully.
10. Reference Big Sandy's response to AG 1-8. The response indicated that the testimony of Mr. Adkins should not have contained any reference to an "Exhibit JA-1." However, the testimony states that "Exhibit JA-1" provided "... the detail on how Big Sandy is proposing to increase this customer charge." Identify any and all exhibits, and/or responses to data requests which provide these details. If no such details, state so, and explain:
 - a. How does Big Sandy justify any request for any such increase; and
 - b. Why should Big Sandy not withdraw this application for failure to meet its burden of proof?
11. Reference Big Sandy's response to AG 1-10. Has the company made any adjustments to account for the fact that it is no longer liable for the \$40,000? If the company believes no adjustments are necessary, please explain why.
12. Reference Big Sandy's Response to AG 1-3. Would Big Sandy be willing to withdraw its proposed purchased power adjustment rider if weather and other factors obviate the lag in its ability to make purchased power payments to EKPC?
 - a. Would Big Sandy agree to work with EKPC and other related cooperatives to seek a long-term solution to the recurring issue regarding the proposed purchased power adjustment rider?

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13. Reference Big Sandy's Response to AG 1-13. Does RUS have a requirement that an RECC use a capital structure that maintains a specific ratio of long-term to short-term debt?
14. Reference Big Sandy's Response to AG 1-15 and page 5 of the Exhibit provided. Does the financial report provided in the publication reflect that which the company now portrays in the application? If not, why not?