

RICHARDSON GARDNER & ALEXANDER

ATTORNEYS-AT-LAW
117 EAST WASHINGTON STREET
GLASGOW, KENTUCKY 42141-2696
writer's e-mail: wlg@rgba-law.com

BOBBY H RICHARDSON
WOODFORD L. GARDNER, JR
T RICHARD ALEXANDER II

(270) 651-8884
(270) 651-2116
FAX (270) 651-3662

February 11, 2013

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

RECEIVED
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PUBLIC SERVICE
COMMISSION

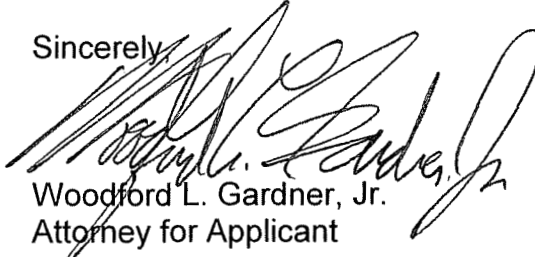
Re: Case No. 2012-00486

Dear Mr. Derouen:

Enclose for filing is the original and five (5) copies of the Commission Staff's Amended Second Request, dated January 24, 2013, regarding the Examination of the Environmental Surcharge Mechanism of East Kentucky Power Cooperative, Inc.

Thank you for your assistance.

Sincerely,



Woodford L. Gardner, Jr.
Attorney for Applicant

Enclosure
cc: William T. Prather

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In The Matter Of:

**AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION)
OF THE ENVIRONMENTAL SURCHARGE MECHANISM OF)
EAST KENTUCKY POWER COOPERATIVE, INC. FOR THE)
TWO-YEAR BILLING PERIOD ENDING JUNE 30, 2011,)
FOR THE SIX-MONTH BILLING PERIODS ENDING)
DECEMBER 31, 2011 AND JUNE 30, 2012, AND THE)
PASS THROUGH MECHANISM FOR ITS SIXTEEN)
MEMBER DISTRIBUTION COOPERATIVES)**

**CASE NO.
2012-00486**

**RESPONSE TO COMMISSION STAFF'S
AMENDED SECOND REQUEST FOR INFORMATION TO
EAST KENTUCKY POWER COOPERATIVE, INC.'S
SIXTEEN MEMBER DISTRIBUTION COOPERATIVES**

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

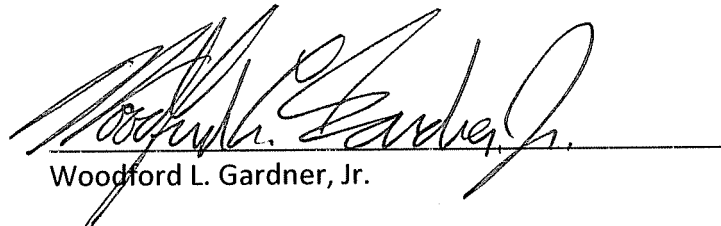
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DECEMBER 31, 2011 AND JUNE 30, 2012, AND THE)	
PASS THROUGH MECHANISM FOR ITS SIXTEEN)	
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APPLICANT'S RESPONSES TO
COMMISSION STAFF'S AMENDED SECOND REQUEST FOR INFORMATION
TO EAST KENTUCKY POWER COOPERATIVE, INC.'S
SIXTEEN MEMBER DISTRIBUTION COOPERATIVES

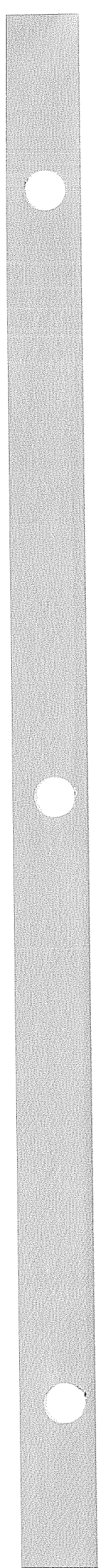
The applicant, Farmers Rural Electric Cooperative Corporation ("Farmers"), makes the following responses to the Commission Staff's Amended Second Request for Information to East Kentucky Power Cooperative, Inc's Six Member Distribution Cooperatives as follows:

1. The witness who is prepared to answer questions concerning each request is William T. Prather.
2. William T. Prather, President & CEO of Farmers, is the person supervising the preparation of the responses on behalf of the applicant.
3. The responses and exhibit are attached hereto and incorporated by reference herein.



Woodford L. Gardner, Jr.

Richardson, Gardner & Alexander
Attorney for Applicant
117 East Washington Street
Glasgow, Kentucky 42141
Phone: (270) 651-8884
Fax: (270) 651-3662
E-Mail: wlg@rgba-law.com



FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION
PSC CASE NO. 2012-00486
AMENDED SECOND REQUEST RESPONSE

Request 1. Each member cooperative should refer to EKPC's responses to Commission Staff's First Request for Information, Item 2, and respond to the following:

Request 1.a. Have you experienced any problems in administering the refund of any over-recovery or collection of any under-recovery of environmental surcharge costs?

Response 1.a. No, Farmers has not experienced any problems in administering the refund of any over recovery or collection of any under-recovery of environmental surcharge cost.

Request 1.b. Do you recommend any changes from the current method of refunding/collecting any over- or under-recovery of environmental surcharge costs over a six-month time period? If so, what is the time period you believe is appropriate?

Response 1.b. Due to the substantial amount of the under-recovery for this particular period of review, Farmers would suggest a twelve-month time period. For more normal reviews performed on a six month basis, we feel a subsequent six month refund/recovery period is appropriate.

Request 1.c. Describe the benefits, if any, of allowing the refund/collection of any over- or under-recovery of environmental surcharge costs to be spread over a time period different from the current six-month recovery period.

Response 1.c. In this case for Farmers, the benefit of allowing the collection of the under-recovery to be spread over a greater time period would be the impact to our members, each month, would not be as substantial as exemplified in Response 2.

The benefit of allowing the refund of any over-recovery to be spread over a greater time period would have a positive effect on the cash flow of a Cooperative, as the Cooperative could spread the payout to their members over an extended period of time.

Request 1.d. Describe the negative effects, if any, of allowing the refund/collection of over- or under-recovery of environmental surcharge costs to be spread over a time period different from the current six-month recovery period.

Response 1.d. In this case for Farmers, the negative effects of allowing the collection of the under-recovery to be spread over a greater time period would be that our Cooperative would not obtain its funds from its members as promptly, which would result in longer recovery period on the financial statements. Also, a longer period of time causes uncertainty as to whether the under-recovery, in this Case, could continue to be properly traced and recognized.

The negative effect of allowing the refund of any over-recovery to be spread over a greater time period would have a negative effect on the cash flow of a Cooperative, as the Cooperative would spread the payout to their members over a shorter period of time.

Witness: William T. Prather

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION
PSC CASE NO. 2012-00486
AMENDED SECOND REQUEST RESPONSE

Request 2. Provide the member cooperative's actual average residential customer's monthly kWh usage. Based on this usage amount, provide the dollar impact any over- or under-recovery will have on the average residential customer's bill for a recovery period of six months and a recovery period of 12 months.

Response 2. See attached Exhibit A.

Witness: William T. Prather

Farmers Rural Electric Cooperative Corporation

Response 2

Recovery Period of Six Months

31 Day Monthly Usage	1,000 kwh
Energy	\$ 88.95
Customer Charge	9.35
Fuel @ .002850	2.85
Environmental Surcharge @ 10.52%	10.64
Environmental Surcharge Case No. 2012-00486	5.88
Local School Tax @ 3.0%	3.53

Total Bill Amount \$ 121.20

Recovery Period of Twelve Months

31 Day Monthly Usage	1,000 kwh
Energy	\$ 88.95
Customer Charge	9.35
Fuel @ .002850	2.85
Environmental Surcharge @ 10.52%	10.64
Environmental Surcharge Case No. 2012-00486	2.94
Local School Tax @ 3.0%	3.44

Total Bill Amount \$ 118.17

Notes:

- Fuel is calculated on kwh amount.
- Environmental Surcharge, @ 10.52%, is calculated on energy, customer charge and fuel.
- Environmental Surcharge, Case No. 2012-00486, is calculated on the monthly under-recovery divided by the average number of members.
- School Tax is calculated on all charges.