



SALT RIVER ELECTRIC

111 West Brashear Avenue • Bardstown, Kentucky 40004
(502) 348-3931 • (502) 955-9732 • Fax (502) 348-1993

February 11, 2013

Mr. Jeff Derouen
Executive Director
KY Public Service Commission
PO Box 615
Frankfort KY 40602-0615

RECEIVED

FEB 13 2013

PUBLIC SERVICE
COMMISSION

Re: Case No. 2012-00486
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 the Sixteen Member Distribution Cooperatives

Dear Mr. Derouen:

Attached are the original and five copies of Salt River Electric Cooperative Corporation's Responses to Commission Staff's Amended Second Request for Information to the Sixteen Member Distribution Cooperatives of East Kentucky Power Cooperative, Inc., in the above-named case.

If you have any questions about these responses, please contact this office.

Sincerely,

Larry Hicks
President and CEO

Enclosures

RECEIVED

FEB 13 2013

PUBLIC SERVICE
COMMISSION

**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) CASE NO.
BILLING PERIOD ENDING JUNE 30, 2011; FOR THE SIX-) 2012-00486
MONTH BILLING PERIODS ENDING DECEMBER 31, 2011,)
AND JUNE 30, 2012; AND THE PASS-THROUGH MECHANISM)
FOR ITS SIXTEEN MEMBER DISTRIBUTION COOPERATIVES)
)

**SALT RIVER ELECTRIC COOPERATIVE CORPORATION'S
RESPONSES 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

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE)	
COMMISSION OF THE ENVIRONMENTAL SURCHARGE)	
MECHANISM OF EAST KENTUCKY POWER)	CASE NO.
COOPERATIVE INC FOR THE TWO-YEAR BILLING)	2012-00486
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)	

SALT RIVER ELECTRIC RESPONSES
TO COMMISSION STAFF'S
AMENDED SECOND REQUEST FOR INFORMATION
TO EAST KENTUCKY POWER COOPERATIVE INC.'S
SIXTEEN MEMBER DISTRIBUTION COOPERATIVES

The undersigned, Larry Hicks, President and CEO of Salt River Electric Cooperative Corporation, being duly sworn, responds to requests for information herein as follows:

Request No. 1: Refer to EKPC'S responses to Commission Staff's First Request for Information, Item 2, and respond to the following:

- 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: Salt River Electric has had no problems administering any over-recovery or collection of environmental surcharge costs.

- 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: Salt River Electric recommends no change from the current six-month time period of refunding/collecting any over- or under-recovery of environmental surcharge costs.

- 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: If the amount of the recovery of environmental surcharge costs is an under-recovery, it could reduce the amount the consumer would pay per month in addition to the normal surcharge that would be billed.

- d. Describe the negative effect, 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 period.


Response: If the amount of the recovery of environmental surcharge cost is an over-recovery, it would take six months longer for the consumer to get back the recovery amount.

Request No. 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: Salt River Electric's average residential customer's average monthly kWh usage for 2012 is 1,273. Using this average kWh, a customer's monthly bill would be \$110.07 based on our current tariffs. Using the calculated environmental surcharge from Exhibit 1 (attached), the yearly billed environmental surcharge would be \$156.65 for 2012. Using the calculated environmental surcharge from Exhibit 2 (attached), and doing a six-month recovery from June to December for a \$698,660 over-recovery, the yearly billed environmental surcharge would be \$145.87 for 2012. Using the calculated environmental surcharge from Exhibit 3 (attached), and doing a 12-month recovery from January to December for the same \$698,660 over-recovery, the yearly billed environmental surcharge would be \$145.92 for 2012. This comparison can be found in Schedule A (attached). Based on the information in Schedule A, the difference between a six-month recovery and a 12-month recovery results in the customer paying \$.05 more using a 12-month recovery than a six-month recovery period.

Responsible Witness for all responses: J. Edward Boone, Vice-President of Finance

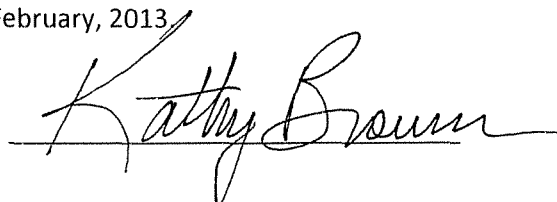
I hereby certify that the above responses to the request for information are true and accurate to the best of my knowledge and belief formed after a reasonable inquiry.



Larry Hicks, President and CEO
Salt River Electric Cooperative Corporation

Subscribed and sworn to before me by Larry Hicks, President and CEO of Salt River Electric Cooperative Corporation, this 8th day of February, 2013

Notary Public,
KY State at Large



Kathy Brown

My Commission Expires:
December 16, 2014

Exhibit I

East Kentucky Power Cooperative, Inc. - Distribution Cooperatives
Pass Through Mechanism Report for Salt River RECC

For the Month Ending December 2012

Surcharge Factor Expense Month	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)*	(10)	(11)	(12)	(13)	(14)	(15)
	EKPC CESF %	EKPC BESF %	EKPC MESF %	EKPC Monthly Revenues from Sales to Salt River	On-peak Revenue Adjustment	EKPC Net Monthly Sales to Salt River	EKPC 12-months Ended Average Monthly Revenue from Sales to Salt River	Salt River Revenue Requirement	Amortization of (Over)/Under Recovery	Salt River Net Revenue Requirement	Salt River Total Monthly Retail Revenues	On-Peak Retail Revenue Adjustment	Salt River Net Monthly Retail Revenues	12-months ended Avg. Retail Revenues, Net	Salt River Pass Through Mechanism Factor
			Col. (1) - Col. (2)			Col. (4) - Col. (5)		Col. (3) x Col. (7)		Col. (6) + Col. (9)			Col. (11) - Col. (12)		Col. (10) / Col. (15)
Jan-11	6.47%	0.00%	6.47%	\$ 7,355,278		\$ 7,355,278	\$ 5,522,243	\$ 357,321	\$ 30,681	\$ 388,002	\$ 9,446,000	\$ 9,446,000	\$ 9,446,000	\$ 7,212,452	5.38%
Feb-11	6.45%	0.00%	6.45%	\$ 6,022,430		\$ 6,022,430	\$ 5,474,057	\$ 553,267	\$ -	\$ 353,267	\$ 7,102,805	\$ 7,102,805	\$ 7,102,805	\$ 7,089,715	4.90%
Mar-11	11.59%	0.00%	11.59%	\$ 5,106,340		\$ 5,106,340	\$ 5,487,383	\$ 635,988	\$ -	\$ 635,988	\$ 6,539,896	\$ 6,539,896	\$ 6,539,896	\$ 7,101,189	8.97%
Apr-11	12.56%	0.00%	12.56%	\$ 4,377,322		\$ 4,377,322	\$ 5,568,212	\$ 699,367	\$ -	\$ 699,367	\$ 6,212,196	\$ 6,212,196	\$ 6,212,196	\$ 7,204,580	9.85%
May-11	14.35%	0.00%	14.35%	\$ 5,055,517		\$ 5,055,517	\$ 5,627,842	\$ 807,595	\$ -	\$ 807,595	\$ 6,325,502	\$ 6,325,502	\$ 6,325,502	\$ 7,294,933	11.21%
Jun-11	13.99%	0.00%	13.99%	\$ 6,243,926		\$ 6,243,926	\$ 5,647,345	\$ 790,063	\$ -	\$ 790,063	\$ 8,138,036	\$ 8,138,036	\$ 8,138,036	\$ 7,265,925	10.83%
Jul-11	13.15%	0.00%	13.15%	\$ 7,351,113		\$ 7,351,113	\$ 5,708,890	\$ 750,719	\$ 156,448	\$ 907,167	\$ 8,776,608	\$ 8,776,608	\$ 8,776,608	\$ 7,356,069	12.49%
Aug-11	11.28%	0.00%	11.28%	\$ 6,895,872		\$ 6,895,872	\$ 5,734,130	\$ 646,810	\$ 156,448	\$ 803,258	\$ 8,624,296	\$ 8,624,296	\$ 8,624,296	\$ 7,380,423	10.92%
Sep-11	12.01%	0.00%	12.01%	\$ 5,340,813		\$ 5,340,813	\$ 5,744,822	\$ 689,953	\$ 156,448	\$ 846,401	\$ 6,435,573	\$ 6,435,573	\$ 6,435,573	\$ 7,350,871	11.47%
Oct-11	14.85%	0.00%	14.85%	\$ 4,628,814		\$ 4,628,814	\$ 5,818,622	\$ 864,065	\$ 156,448	\$ 1,020,513	\$ 5,721,061	\$ 5,721,061	\$ 5,721,061	\$ 7,408,861	13.88%
Nov-11	15.11%	0.00%	15.11%	\$ 5,233,064		\$ 5,233,064	\$ 5,896,327	\$ 890,935	\$ 156,448	\$ 1,047,383	\$ 6,882,109	\$ 6,882,109	\$ 6,882,109	\$ 7,455,222	14.14%
Dec-11	14.21%	0.00%	14.21%	\$ 6,208,031		\$ 6,208,031	\$ 5,760,475	\$ 696,441	\$ -	\$ 696,441	\$ 7,627,812	\$ 7,627,812	\$ 7,627,812	\$ 7,319,324	13.19%
Jan-12	10.78%	0.00%	10.78%	\$ 6,662,452		\$ 6,662,452	\$ 5,812,780	\$ 826,768	\$ 156,448	\$ 983,216	\$ 8,123,903	\$ 8,123,903	\$ 8,123,903	\$ 7,209,150	9.52%
Feb-12	12.09%	0.00%	12.09%	\$ 4,897,611		\$ 4,897,611	\$ 5,743,004	\$ 619,096	\$ -	\$ 619,096	\$ 7,338,504	\$ 7,338,504	\$ 7,338,504	\$ 7,191,237	8.59%
Mar-12	12.92%	0.00%	12.92%	\$ 4,897,611		\$ 4,897,611	\$ 5,725,610	\$ 739,749	\$ -	\$ 739,749	\$ 6,089,243	\$ 6,089,243	\$ 6,089,243	\$ 7,147,722	10.23%
Apr-12	14.94%	0.00%	14.94%	\$ 4,122,934		\$ 4,122,934	\$ 5,704,411	\$ 852,239	\$ -	\$ 852,239	\$ 5,690,014	\$ 5,690,014	\$ 5,690,014	\$ 7,173,673	11.85%
May-12	16.90%	0.00%	16.90%	\$ 5,513,452		\$ 5,513,452	\$ 5,742,572	\$ 970,495	\$ -	\$ 970,495	\$ 6,636,921	\$ 6,636,921	\$ 6,636,921	\$ 7,145,105	13.58%
Jun-12	15.55%	0.00%	15.55%	\$ 6,043,338		\$ 6,043,338	\$ 5,725,856	\$ 890,371	\$ -	\$ 890,371	\$ 7,795,215	\$ 7,795,215	\$ 7,795,215	\$ 7,144,239	12.41%
Jul-12	14.51%	0.00%	14.51%	\$ 7,177,531		\$ 7,177,531	\$ 5,711,391	\$ 828,723	\$ -	\$ 828,723	\$ 8,766,217	\$ 8,766,217	\$ 8,766,217	\$ 7,087,371	11.21%
Aug-12	14.13%	0.00%	14.13%	\$ 6,390,370		\$ 6,390,370	\$ 5,669,266	\$ 801,067	\$ -	\$ 801,067	\$ 7,941,875	\$ 7,941,875	\$ 7,941,875	\$ 7,116,780	12.99%
Sep-12	16.23%	0.00%	16.23%	\$ 5,401,591		\$ 5,401,591	\$ 5,674,331	\$ 920,944	\$ -	\$ 920,944	\$ 6,788,493	\$ 6,788,493	\$ 6,788,493	\$ 7,153,361	14.04%
Oct-12	17.57%	0.00%	17.57%	\$ 4,765,334		\$ 4,765,334	\$ 5,685,707	\$ 998,979	\$ -	\$ 998,979	\$ 6,160,026	\$ 6,160,026	\$ 6,160,026	\$ 7,153,361	14.61%
Nov-12	18.23%	0.00%	18.23%	\$ 5,790,654		\$ 5,790,654	\$ 5,732,173	\$ 1,044,975	\$ -	\$ 1,044,975	\$ 7,284,644	\$ 7,284,644	\$ 7,284,644	\$ 7,186,905	11.69%
Dec-12	14.61%	0.00%	14.61%	\$ 6,425,783		\$ 6,425,783	\$ 5,750,319	\$ 840,122	\$ -	\$ 840,122	\$ 9,446,000	\$ 9,446,000	\$ 9,446,000	\$ 7,186,905	11.69%

Notes:
Salt River Total Monthly Retail Revenues in Column (11) includes demand and energy charges, customer charges, and FAC revenues.
Revenues reported in Columns (4), (6), (7), (11), (13), and (14) are net of Green Power Revenues.

Exhibit 2

East Kentucky Power Cooperative, Inc. - Distribution Cooperatives
Pass Through Mechanism Report for Salt River RECC

For the Month Ending December 2012

Surcharge Factor Expense Month	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)*	(10)	(11)	(12)	(13)	(14)	(15)
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Feb-12	10.78%	0.00%	10.78%	\$ 5,812,780		\$ 5,812,780	\$ 5,743,004	\$ 619,096	\$ -	\$ 619,096	\$ 7,338,504		\$ 7,338,504	\$ 7,228,791	8.59%
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Exhibit 3

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Pass Through Mechanism Report for Salt River RECC

For the Month Ending December 2012

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Oct-11	14.85%	0.00%	14.85%	\$ 5,340,813	\$ 689,953	\$ 5,340,813	\$ 5,744,822	\$ 689,953	\$ 156,448	\$ 846,401	\$ 6,435,573	\$ 6,435,573	\$ 6,435,573	\$ 7,350,871	11.47%
Nov-11	15.11%	0.00%	15.11%	\$ 4,628,814	\$ 864,065	\$ 4,628,814	\$ 5,818,622	\$ 864,065	\$ 156,448	\$ 1,020,513	\$ 5,721,061	\$ 5,721,061	\$ 5,721,061	\$ 7,408,861	13.88%
Dec-11	14.21%	0.00%	14.21%	\$ 6,208,031	\$ 826,768	\$ 6,208,031	\$ 5,896,327	\$ 826,768	\$ 156,448	\$ 983,216	\$ 7,627,812	\$ 7,627,812	\$ 7,627,812	\$ 7,319,324	13.19%
Jan-12	12.09%	0.00%	12.09%	\$ 6,662,452	\$ 696,441	\$ 6,662,452	\$ 5,760,475	\$ 696,441	\$ (58,222)	\$ 638,219	\$ 8,123,903	\$ 8,123,903	\$ 8,123,903	\$ 7,209,150	8.72%
Feb-12	10.78%	0.00%	10.78%	\$ 5,812,780	\$ 619,096	\$ 5,812,780	\$ 5,743,004	\$ 619,096	\$ (58,222)	\$ 560,874	\$ 7,338,504	\$ 7,338,504	\$ 7,338,504	\$ 7,228,791	7.78%
Mar-12	12.92%	0.00%	12.92%	\$ 4,897,611	\$ 739,749	\$ 4,897,611	\$ 5,725,610	\$ 739,749	\$ (58,222)	\$ 681,527	\$ 6,089,243	\$ 6,089,243	\$ 6,089,243	\$ 7,191,237	9.43%
Apr-12	14.94%	0.00%	14.94%	\$ 4,122,934	\$ 852,239	\$ 4,122,934	\$ 5,704,411	\$ 852,239	\$ (58,222)	\$ 794,017	\$ 5,690,014	\$ 5,690,014	\$ 5,690,014	\$ 7,147,722	11.04%
May-12	16.90%	0.00%	16.90%	\$ 5,513,452	\$ 970,495	\$ 5,513,452	\$ 5,742,572	\$ 970,495	\$ (58,222)	\$ 912,273	\$ 6,636,921	\$ 6,636,921	\$ 6,636,921	\$ 7,173,673	12.76%
Jun-12	15.55%	0.00%	15.55%	\$ 6,043,338	\$ 890,371	\$ 6,043,338	\$ 5,725,856	\$ 890,371	\$ (58,222)	\$ 832,149	\$ 7,795,215	\$ 7,795,215	\$ 7,795,215	\$ 7,145,105	11.60%
Jul-12	14.51%	0.00%	14.51%	\$ 7,177,531	\$ 801,067	\$ 7,177,531	\$ 5,711,391	\$ 801,067	\$ (58,222)	\$ 770,501	\$ 8,766,217	\$ 8,766,217	\$ 8,766,217	\$ 7,144,239	10.78%
Aug-12	14.13%	0.00%	14.13%	\$ 6,390,370	\$ 920,944	\$ 6,390,370	\$ 5,669,266	\$ 920,944	\$ (58,222)	\$ 742,845	\$ 7,941,875	\$ 7,941,875	\$ 7,941,875	\$ 7,087,371	10.40%
Sep-12	16.23%	0.00%	16.23%	\$ 5,401,591	\$ 998,979	\$ 5,401,591	\$ 5,685,707	\$ 998,979	\$ (58,222)	\$ 862,722	\$ 6,788,493	\$ 6,788,493	\$ 6,788,493	\$ 7,116,780	12.17%
Oct-12	17.57%	0.00%	17.57%	\$ 4,765,334	\$ 1,044,975	\$ 4,765,334	\$ 5,732,173	\$ 1,044,975	\$ (58,222)	\$ 940,757	\$ 6,160,026	\$ 6,160,026	\$ 6,160,026	\$ 7,153,361	13.22%
Nov-12	18.23%	0.00%	18.23%	\$ 5,790,654	\$ 840,122	\$ 5,790,654	\$ 5,750,319	\$ 840,122	\$ (58,222)	\$ 986,753	\$ 7,284,644	\$ 7,284,644	\$ 7,284,644	\$ 7,186,905	13.79%
Dec-12	14.61%	0.00%	14.61%	\$ 6,425,783	\$ 840,122	\$ 6,425,783	\$ 5,750,319	\$ 840,122	\$ (58,222)	\$ 781,900	\$ 7,186,905	\$ 7,186,905	\$ 7,186,905	\$ 7,186,905	10.88%

Notes:
Salt River Total Monthly Retail Revenues in Column (11) includes demand and energy charges, customer charges, and FAC revenues.
Revenues reported in Columns (4), (6), (7), (11), (13), and (14) are net of Green Power Revenues.

Schedule A

Salt River Electric Cooperative Corporation
 Response to Question 2

Average residential kWh usage for 2012-1,273 per month.

Month	Avg Bill	ESC w/o recovery (1)	Calculated ESC	ESC w/6mo recovery (2)	Calculated ESC	ESC w/12mo recovery (3)	Calculated ESC
Jan	\$110.07	9.52%	\$10.48	9.52%	\$10.48	8.72%	\$9.60
Feb	\$110.07	8.59%	\$9.45	8.59%	\$9.45	7.78%	\$8.56
Mar	\$110.07	10.23%	\$11.26	10.23%	\$11.26	9.43%	\$10.38
Apr	\$110.07	11.85%	\$13.04	11.85%	\$13.04	11.04%	\$12.15
May	\$110.07	13.58%	\$14.95	13.58%	\$14.95	12.76%	\$14.04
Jun	\$110.07	12.41%	\$13.66	12.41%	\$13.66	11.60%	\$12.77
Jul	\$110.07	11.60%	\$12.77	9.97%	\$10.97	10.78%	\$11.87
Aug	\$110.07	11.21%	\$12.34	9.58%	\$10.54	10.40%	\$11.45
Sep	\$110.07	12.99%	\$14.30	11.35%	\$12.49	12.17%	\$13.40
Oct	\$110.07	14.04%	\$15.45	12.40%	\$13.65	13.22%	\$14.55
Nov	\$110.07	14.61%	\$16.08	12.98%	\$14.29	13.79%	\$15.18
Dec	\$110.07	11.69%	\$12.87	10.07%	\$11.08	10.88%	\$11.98
Total			\$156.65		\$145.87		\$145.92

- (1) Exhibit 1
- (2) Exhibit 2
- (3) Exhibit 3

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Service List for 2012-00486

INDEX

exhibits

- ex. 1, pass-thru mechanism report, Jan 2011 - Dec 2012, calculated environmental surcharge, **4**
- ex. 2, pass-thru mechanism report, Jan 2011 - Dec 2012, environmental surcharge, with 6-month recovery, **5**
- ex. 3, pass-through mechanism report, Jan 2011 - Dec 2012, environmental surcharge, with 12-month recovery, **6**
- schedule A, average residential kWh usage for 2012, **7**

responses, **2 – 3**

service list, **8**