




Blue Grass Energy

A Touchstone Energy Cooperative 

P.O. Box 990 • 1201 Lexington Road • Nicholasville, Kentucky 40340-0990
Phone: 888-546-4243 • Fax: 859-885-2854 • www.bgenergy.com

March 27, 2014

Jeff Derouen, Executive Director
Kentucky Public Service Commission
P O Box 615
Frankfort Kentucky 40602

RECEIVED

MAR 27 2014

PUBLIC SERVICE
COMMISSION


Re: PSC Case No. 2014-00051

Dear Mr. Derouen,

Please find enclosed for filing with the Commission in the above-referenced case an original and seven copies of the responses to the Commission Staff's first request for information to East Kentucky Power Cooperative and each of its sixteen member cooperatives. Each response includes the name of the witness responsible for responding to the questions related to the information provided. A signed certification of the 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 and belief is included.

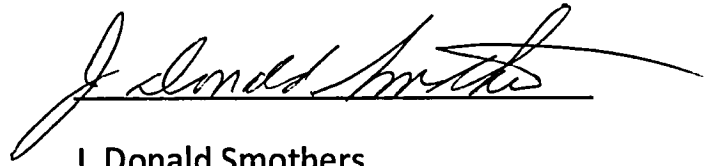
If you have any questions, please contact me at 859-885-2118.

Respectfully submitted,



J. Donald Smothers
Vice President, Financial Services & CFO

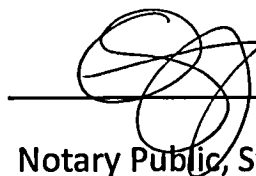
The affiant, J. Donald Smothers, Vice President, Financial Services & CFO for Blue Grass Energy, states that the answers given by him to the foregoing questions are true and correct to the best of his knowledge and belief.



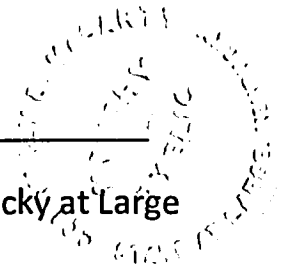
J. Donald Smothers

Subscribed and sworn to before me by the affiant, J. Donald Smothers, this 25 day of March 2014.

My Commission expires 9/18/2017 # 496794



Notary Public, State of Kentucky at Large



2b Request:

For each of the 16 member distribution cooperatives, provide an explanation of the Factors that contributed to each individual member distribution cooperative's over-or under-recovery amount.

Response

The basic operation of the surcharge pass-through mechanism will produce monthly over-and under- recoveries as a result of the fact the 12-month average retail revenues used to calculate the pass-through factor never match the retail revenues the pass-through factor is applied to. If the 12-month average retail revenues are below the retail revenues the pass-through factor is applied to, then there will be over-recoveries. If the 12-month average retail revenues are above the retail revenues the factor is applied to, under-recoveries will result. This is part of the natural operation of the mechanism.

Another factor contributing to the over-or under- recoveries calculated for this review period is the amortization of previous surcharge over-or under-recoveries as determined in the final orders in Case Nos. 2012-00486 and 2013-00140. Case No. 2012-00486 covered 18 months of surcharge operations and Case No. 2013-00140 covered 6 months of operations. While the over-or under-recoveries reflected 24 months of surcharge operations, in each case the amortization period was 6 months. Because of the timing of the final Orders in these cases, the amortization periods overlapped for 5 months.

The net amortization from two surcharge review proceedings resulted in a net over-recovery for Blue Grass, which resulted in the surcharge revenues to be collected from retail customers being lower than the amounts billed EKPC. Coupled with the natural operation of the surcharge pass-through mechanism, Blue Grass experienced an under-recovery for the current review period.

Witness: J. Donald Smothers

7 Request:

This question is addressed to each of the 16 member distribution cooperatives. For your particular distribution cooperative, provide the actual average residential customer's monthly usage for the 12 months ending November 30, 2013. Based on this usage amount, provide the dollar impact any over-or under-recovery will have on the average residential customer's monthly bill for the requested recovery period. Provide all supporting calculations.

Response:

12 months actual Average Residential Customer's Monthly Usage ending November 30,2013
1,235

November 2013 bill calculation with actual Environmental Surcharge using 12 months actual Average Residential Customer's Monthly Usage ending November 30,2013

Energy	\$110.54
Customer Charge	\$9.73
Fuel Adjustment @-\$0.00224	-\$2.77
Environmental Surcharge @ 11.30% (November 2013)*	\$13.28
Local School Tax @ 3.0%	<u>\$3.92</u>
Total Bill Amount	\$134.71

* See Item 7, Page 3 of 4

November 2013 bill calculation with Recovery Period Environmental Surcharge using 12 months actual Average Residential Customer's Monthly Usage ending November 30,2013

Energy	\$110.54
Customer Charge	\$9.73
Fuel Adjustment @-\$0.00224	-\$2.77
Environmental Surcharge @ 12.48% (November .2013)*	\$14.67
Local School Tax @ 3.0%	<u>\$3.97</u>
Total Bill Amount	\$136.14

* See Item 7, Page 4 of 4

The dollar impact	<u>\$1.43</u>
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Witness: J. Donald Smothers

Blue Grass Energy - Calculation of (Over)/Under

	EKPC Invoice Month recorded Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jul-13	\$ 1,174,321	\$ 1,260,553	\$ (86,232)	\$ (86,232)
Aug-13	\$ 1,078,891	\$ 1,206,446	\$ (127,555)	\$ (213,787)
Sep-13	\$ 930,331	\$ 857,634	\$ 72,697	\$ (141,090)
Oct-13	\$ 830,013	\$ 744,618	\$ 85,395	\$ (55,695)
Nov-13	\$ 1,155,358	\$ 778,842	\$ 376,516	\$ 320,821
Dec-13	\$ 1,436,079	\$ 1,098,832	\$ 337,247	\$ 658,068
Jan-14	\$ 1,521,555	\$ 1,361,922	\$ 159,633	\$ 817,701
Feb-14	\$ 972,154	\$ 1,312,461	\$ (340,307)	\$ 477,394

Cumulative 6-months (Over)/Under Recovery	\$ 658,068
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Monthly Recovery (per month for six months)	\$ 109,678
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Item 7
Page 384

East Kentucky Power Cooperative, Inc. - Distribution Cooperatives
Pass Through Mechanism Report for Blue Grass Energy

For the Month Ending February 2014

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)*	(10)	(11)	(12)	(13)	(14)	(15)
Surcharge Factor Expense Month	EKPC CESF %	EKPC BESF %	EKPC MESF %	EKPC Monthly Revenues from Sales to Blue Grass	On-peak Revenue Adjustment	EKPC Net Monthly Sales to Blue Grass	EKPC 12-months Ended Average Monthly Revenue from Sales to Blue Grass	Blue Grass Revenue Requirement	Amortization of (Over)/Under Recovery	Cooperative Net Revenue Requirement	Cooperative Total Monthly Retail Revenues	On-Peak Retail Revenue Adjustment	Blue Grass Net Monthly Revenues	12-months ended Avg. Retail Revenues, Net	Cooperative Pass Through Mechanism Factor
			Col. (1) - Col. (2)			Col. (4) - Col. (5)		Col (3) x Col (7)		Col (8) + Col (9)			Col. (11) - Col. (12)		Col (10) / Col (14)
Mar-12	12.92%	0.00%	12.92%	\$ 5,637,722		\$ 5,637,722	\$ 6,402,194	\$ 827,163	\$ -	\$ 827,163	\$ 8,990,879		\$ 8,990,879	\$ 8,734,409	9.44%
Apr-12	14.94%	0.00%	14.94%	\$ 4,721,276		\$ 4,721,276	\$ 6,372,701	\$ 952,082	\$ -	\$ 952,082	\$ 7,211,969		\$ 7,211,969	\$ 8,579,992	10.90%
May-12	16.90%	0.00%	16.90%	\$ 5,742,450		\$ 5,742,450	\$ 6,394,260	\$ 1,080,630	\$ -	\$ 1,080,630	\$ 6,998,562		\$ 6,998,562	\$ 8,593,518	12.59%
Jun-12	15.55%	0.00%	15.55%	\$ 6,351,337		\$ 6,351,337	\$ 6,379,637	\$ 992,033	\$ -	\$ 992,033	\$ 7,849,975		\$ 7,849,975	\$ 8,594,239	11.54%
Jul-12	14.51%	0.00%	14.51%	\$ 7,274,106		\$ 7,274,106	\$ 6,357,460	\$ 922,467	\$ -	\$ 922,467	\$ 9,239,765		\$ 9,239,765	\$ 8,717,072	10.73%
Aug-12	14.13%	0.00%	14.13%	\$ 6,578,523		\$ 6,578,523	\$ 6,303,803	\$ 890,727	\$ -	\$ 890,727	\$ 9,699,892		\$ 9,699,892	\$ 8,686,667	10.22%
Sep-12	16.23%	0.00%	16.23%	\$ 5,595,764		\$ 5,595,764	\$ 6,292,390	\$ 1,021,255	\$ -	\$ 1,021,255	\$ 8,607,615		\$ 8,607,615	\$ 8,644,019	11.76%
Oct-12	17.57%	0.00%	17.57%	\$ 5,386,462		\$ 5,386,462	\$ 6,294,510	\$ 1,105,945	\$ -	\$ 1,105,945	\$ 6,944,443		\$ 6,944,443	\$ 8,621,274	12.79%
Nov-12	18.23%	0.00%	18.23%	\$ 6,671,756		\$ 6,671,756	\$ 6,342,213	\$ 1,156,186	\$ -	\$ 1,156,186	\$ 8,045,873		\$ 8,045,873	\$ 8,644,495	13.41%
Dec-12	14.61%	0.00%	14.61%	\$ 7,655,389		\$ 7,655,389	\$ 6,379,484	\$ 932,043	\$ -	\$ 932,043	\$ 8,831,469		\$ 8,831,469	\$ 8,650,224	10.78%
Jan-13	13.49%	0.00%	13.49%	\$ 8,368,011		\$ 8,368,011	\$ 6,409,219	\$ 864,604	\$ -	\$ 864,604	\$ 11,063,252		\$ 11,063,252	\$ 8,687,592	10.00%
Feb-13	12.61%	0.00%	12.61%	\$ 7,697,908		\$ 7,697,908	\$ 6,473,392	\$ 816,295	\$ -	\$ 816,295	\$ 12,122,858		\$ 12,122,858	\$ 8,800,546	9.40%
Mar-13	14.37%	0.00%	14.37%	\$ 7,889,481		\$ 7,889,481	\$ 6,661,039	\$ 957,191	\$ -	\$ 957,191	\$ 10,266,295		\$ 10,266,295	\$ 8,906,831	10.88%
Apr-13	14.27%	0.00%	14.27%	\$ 5,946,116		\$ 5,946,116	\$ 6,763,109	\$ 965,096	\$ -	\$ 965,096	\$ 9,816,419		\$ 9,816,419	\$ 9,123,868	10.84%
May-13	17.97%	0.00%	17.97%	\$ 6,135,147		\$ 6,135,147	\$ 6,795,833	\$ 1,221,211	\$ -	\$ 1,221,211	\$ 7,490,320		\$ 7,490,320	\$ 9,164,848	13.38%
Jun-13	17.09%	0.00%	17.09%	\$ 6,778,528		\$ 6,778,528	\$ 6,831,433	\$ 1,167,492	\$ -	\$ 1,167,492	\$ 8,294,725		\$ 8,294,725	\$ 9,201,911	12.74%
Jul-13	15.77%	0.00%	15.77%	\$ 6,871,407		\$ 6,871,407	\$ 6,797,874	\$ 1,072,025	\$ (206,518)	\$ 865,507	\$ 9,420,694		\$ 9,420,694	\$ 9,216,988	9.41%
Aug-13	15.49%	0.00%	15.49%	\$ 6,841,413		\$ 6,841,413	\$ 6,819,782	\$ 1,056,384	\$ (151,006)	\$ 905,378	\$ 9,481,504		\$ 9,481,504	\$ 9,198,789	9.82%
Sep-13	14.93%	0.00%	14.93%	\$ 6,006,002		\$ 6,006,002	\$ 6,853,968	\$ 1,023,297	\$ (151,006)	\$ 872,291	\$ 9,113,907		\$ 9,113,907	\$ 9,240,980	9.48%
Oct-13	16.69%	0.00%	16.69%	\$ 5,559,349		\$ 5,559,349	\$ 6,868,376	\$ 1,146,332	\$ (151,006)	\$ 995,326	\$ 7,582,559		\$ 7,582,559	\$ 9,294,156	10.77%
Nov-13	17.43%	0.00%	17.43%	\$ 6,922,465		\$ 6,922,465	\$ 6,889,268	\$ 1,200,799	\$ (151,006)	\$ 1,049,793	\$ 8,215,783		\$ 8,215,783	\$ 9,308,315	11.30%
Dec-13	14.54%	0.00%	14.54%	\$ 8,239,120		\$ 8,239,120	\$ 6,937,912	\$ 1,008,772	\$ (151,006)	\$ 857,766	\$ 10,201,567		\$ 10,201,567	\$ 9,422,490	9.22%
Jan-14	10.92%	0.00%	10.92%	\$ 10,453,485		\$ 10,453,485	\$ 7,111,702	\$ 776,598	\$ 55,512	\$ 832,110	\$ 12,051,908		\$ 12,051,908	\$ 9,504,878	8.83%
Feb-14	5.44%	0.00%	5.44%	\$ 8,869,716		\$ 8,869,716	\$ 7,209,352	\$ 392,189	\$ -	\$ 392,189	\$ 14,235,141		\$ 14,235,141	\$ 9,680,902	4.13%

Notes:
Blue Grass 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.

Item 7
Page 4084

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