



**Big Sandy Rural Electric  
Cooperative Corporation**

504 11th Street  
Paintsville, Kentucky 41240-1422  
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Toll Free (888) 789-RECC (7322)

**RECEIVED**

**MAR 31 2014  
PUBLIC SERVICE  
COMMISSION**

March 27, 2014

Mr. Jeff Derouen  
Executive Director  
Public Service Commission  
211 Sower Blvd.  
Frankfort, KY 40602

RE: Public Service Commission Case No. 2014-00051

Dear Mr. Derouen:

Please find enclosed the original and 7 copies of Big Sandy Rural Electric Cooperative Corporation's response as requested in Case No. 2014-00051, AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION OF THE ENVIRONMENTAL SURCHARGE MECHANISM OF EAST KENTUCKY POWER COOPERATIVE, INC. FOR THE SIX-MONTH BILLING PERIOD ENDING DECEMBER 31, 2013 AND THE PASS THROUGH MECHANISM FOR ITS SIXTEEN MEMBER DISTRIBUTION COOPERATIVES. Billy Frasure will be the witness responsible for responding to the questions related to the information provided.

If you should need any additional information, please do not hesitate to contact me.

Thank you,

A handwritten signature in black ink, appearing to read "David Estep", written over a horizontal line.

David Estep  
President & General Manager

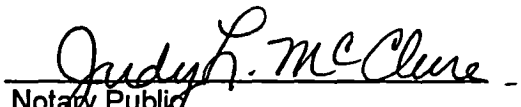
**CERTIFICATE**

**STATE OF KENTUCKY    )**  
**COUNTY OF JOHNSON   )**

Billy O. Frasure, CPA, being duly sworn, states that he has supervised the preparation of the response of Big Sandy RECC to the Public Service Commission Staff's Request for information in Case No. 2014-00051 dated March 06, 2014 and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

  
\_\_\_\_\_  
Billy O. Frasure, CPA

Subscribed and sworn before me on this 27<sup>th</sup> day of March, 2014

  
\_\_\_\_\_  
Notary Public

**BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION  
CASE NO. 2014-00051  
RESPONSE TO PSC REQUEST NO. 2a  
WITNESS: BILLY FRASURE**

	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	\$227,908	\$ 239,167	\$(11,259)	\$ (11,259)
Aug-13	\$198,761	\$ 215,797	\$(17,036)	\$ (28,295)
Sep-13	\$168,681	\$ 179,019	\$(10,338)	\$ (38,632)
Oct-13	\$158,523	\$ 176,417	\$(17,894)	\$ (56,526)
Nov-13	\$245,935	\$ 263,431	\$(17,496)	\$ (74,022)
Dec-13	\$293,062	\$ 309,444	\$(16,382)	\$ (90,404)
Jan-14	\$320,957	\$ 339,033	\$(18,076)	\$ (108,480)
Feb-14	\$192,109	\$ 181,624	\$ 10,485	\$ (97,995)
<b>Cumulative 6-months (Over)/Under Recovery</b>				<b>\$ (90,404)</b>
<b>Monthly Recovery (per month for six months)</b>				<b>\$ (15,067)</b>

**BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION**  
**CASE NO. 2014-00051**  
**RESPONSE TO PSC REQUEST NO. 2b**  
**WITNESS: BILLY FRASURE**

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 under-recovery for Big Sandy, which resulted in the surcharge revenues to be collected from retail customers being higher than the amounts billed by EKPC. Coupled with the natural operation of the surcharge pass-through mechanism, Big Sandy experienced an over-recovery for the current review period.

**BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION**  
**CASE NO. 2014-00051**  
**RESPONSE TO PSC REQUEST NO. 7**  
**WITNESS: BILLY FRASURE**

Big Sandy RECC total over recovery                     \$   90,404  
Six month recovery spread:                                 \$   15,067

	Actual	6 Month Spread
12 month Average Residential Usage	1,232	1,232
Customer Charge	\$   15.00	\$   15.00
KWH Charge	0.08900   109.65	109.65
FAC	-0.001298   (1.60)	(1.60)
Sub Total	<u>\$   123.05</u>	<u>\$   123.05</u>
* Surcharge February 2014	3.76%       4.63	3.03%       3.73
Total	<u>\$   127.68</u>	<u>\$   126.78</u>
	[A]	[B]

**Dollar Impact   \$            0.90 [A]-[B]**

\* Please see attached EKP Pass Through Mechanism Reports.  
Actual  
Spreading 15,067 (90,404/6)

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

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 Big Sandy	On-peak Revenue Adjustment	EKPC Net Monthly Sales to Big Sandy	EKPC 12-months Ended Average Monthly Revenue from Sales to Big Sandy	Big Sandy Revenue Requirement	Amortization of (Over)/Under Recovery	Big Sandy Net Revenue Requirement	Big Sandy Total Monthly Retail Revenues	On-Peak Retail Revenue Adjustment	Big Sandy Net Monthly Retail Revenues	12-months ended Avg. Retail Revenues, Net	Big Sandy Pass Through Mechanism Factor
			Col. (1) - Col. (2)			Col. (4) - Col. (5)		Col (5) x Col (7)		Col (6) + Col (9)			Col. (11) - Col. (12)		Col (10) / Col (14)
Mar-12	12.92%	0.00%	12.92%	\$ 1,182,701		\$ 1,182,701	\$ 1,356,391	\$ 175,246	\$ -	\$ 175,246	\$ 1,694,331		\$ 1,694,331	\$ 1,888,910	8.17%
Apr-12	14.94%	0.00%	14.94%	\$ 1,017,253		\$ 1,017,253	\$ 1,353,486	\$ 202,208	\$ -	\$ 202,208	\$ 1,492,563		\$ 1,492,563	\$ 1,890,180	10.71%
May-12	18.90%	0.00%	18.90%	\$ 1,139,333		\$ 1,139,333	\$ 1,356,753	\$ 229,281	\$ -	\$ 229,281	\$ 1,630,984		\$ 1,630,984	\$ 1,894,592	12.13%
Jun-12	15.55%	0.00%	15.55%	\$ 1,255,101		\$ 1,255,101	\$ 1,352,838	\$ 210,368	\$ -	\$ 210,368	\$ 1,595,991		\$ 1,595,991	\$ 1,895,955	11.10%
Jul-12	14.51%	0.00%	14.51%	\$ 1,419,528		\$ 1,419,528	\$ 1,347,019	\$ 195,452	\$ -	\$ 195,452	\$ 2,132,740		\$ 2,132,740	\$ 1,889,721	10.31%
Aug-12	14.13%	0.00%	14.13%	\$ 1,258,598		\$ 1,258,598	\$ 1,333,487	\$ 188,419	\$ -	\$ 188,419	\$ 1,801,645		\$ 1,801,645	\$ 1,880,433	9.97%
Sep-12	18.23%	0.00%	18.23%	\$ 1,092,731		\$ 1,092,731	\$ 1,328,571	\$ 215,827	\$ -	\$ 215,827	\$ 1,511,751		\$ 1,511,751	\$ 1,874,312	11.47%
Oct-12	17.57%	0.00%	17.57%	\$ 1,112,733		\$ 1,112,733	\$ 1,324,204	\$ 232,863	\$ -	\$ 232,863	\$ 1,588,508		\$ 1,588,508	\$ 1,868,058	12.41%
Nov-12	18.23%	0.00%	18.23%	\$ 1,541,080		\$ 1,541,080	\$ 1,333,712	\$ 243,138	\$ -	\$ 243,138	\$ 2,191,412		\$ 2,191,412	\$ 1,891,428	13.02%
Dec-12	14.81%	0.00%	14.81%	\$ 1,607,607		\$ 1,607,607	\$ 1,327,307	\$ 193,920	\$ -	\$ 193,920	\$ 2,324,278		\$ 2,324,278	\$ 1,885,088	10.25%
Jan-13	13.49%	0.00%	13.49%	\$ 1,728,944		\$ 1,728,944	\$ 1,327,492	\$ 179,079	\$ -	\$ 179,079	\$ 2,556,078		\$ 2,556,078	\$ 1,892,303	9.50%
Feb-13	12.61%	0.00%	12.61%	\$ 1,589,914		\$ 1,589,914	\$ 1,328,960	\$ 187,330	\$ -	\$ 187,330	\$ 2,383,353		\$ 2,383,353	\$ 1,905,303	8.84%
Mar-13	14.37%	0.00%	14.37%	\$ 1,805,923		\$ 1,805,923	\$ 1,362,229	\$ 195,752	\$ -	\$ 195,752	\$ 2,363,821		\$ 2,363,821	\$ 1,961,094	10.27%
Apr-13	14.27%	0.00%	14.27%	\$ 1,168,240		\$ 1,168,240	\$ 1,374,811	\$ 196,186	\$ -	\$ 196,186	\$ 1,633,770		\$ 1,633,770	\$ 1,872,881	10.00%
May-13	17.97%	0.00%	17.97%	\$ 1,153,740		\$ 1,153,740	\$ 1,378,011	\$ 247,289	\$ -	\$ 247,289	\$ 1,832,508		\$ 1,832,508	\$ 1,872,988	12.53%
Jun-13	17.09%	0.00%	17.09%	\$ 1,266,813		\$ 1,266,813	\$ 1,376,987	\$ 235,327	\$ -	\$ 235,327	\$ 1,854,262		\$ 1,854,262	\$ 1,994,510	11.93%
Jul-13	15.77%	0.00%	15.77%	\$ 1,333,577		\$ 1,333,577	\$ 1,369,825	\$ 218,021	\$ 18,477	\$ 234,498	\$ 2,004,828		\$ 2,004,828	\$ 1,983,834	11.76%
Aug-13	15.49%	0.00%	15.49%	\$ 1,260,375		\$ 1,260,375	\$ 1,370,140	\$ 212,235	\$ 14,199	\$ 226,434	\$ 1,834,880		\$ 1,834,880	\$ 1,986,811	11.41%
Sep-13	14.93%	0.00%	14.93%	\$ 1,088,977		\$ 1,088,977	\$ 1,369,827	\$ 204,515	\$ 14,199	\$ 218,714	\$ 1,568,895		\$ 1,568,895	\$ 1,991,373	11.01%
Oct-13	18.69%	0.00%	18.69%	\$ 1,061,773		\$ 1,061,773	\$ 1,365,580	\$ 227,915	\$ 14,199	\$ 242,114	\$ 1,602,099		\$ 1,602,099	\$ 1,994,172	12.18%
Nov-13	17.43%	0.00%	17.43%	\$ 1,473,559		\$ 1,473,559	\$ 1,359,954	\$ 237,040	\$ 14,199	\$ 251,239	\$ 2,167,107		\$ 2,167,107	\$ 1,992,147	12.60%
Dec-13	14.54%	0.00%	14.54%	\$ 1,881,368		\$ 1,881,368	\$ 1,386,100	\$ 188,631	\$ 14,199	\$ 212,830	\$ 2,455,793		\$ 2,455,793	\$ 2,003,106	10.68%
Jan-14	10.92%	0.00%	10.92%	\$ 2,207,418		\$ 2,207,418	\$ 1,405,973	\$ 153,532	\$ (4,278)	\$ 149,254	\$ 3,172,928		\$ 3,172,928	\$ 2,054,510	7.45%
Feb-14	5.44%	0.00%	5.44%	\$ 1,759,257		\$ 1,759,257	\$ 1,421,751	\$ 77,343	\$ -	\$ 77,343	\$ 2,432,240		\$ 2,432,240	\$ 2,060,251	3.78%

Notes:  
Big Sandy 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.

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

For the Month Ending February 2014

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
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			Col. (1) - Col. (2)			Col. (4) - Col. (5)		Col. (5) x Col. (7)		Col. (9) + Col. (8)			Col. (11) - Col. (12)		Col. (10) / Col. (14)
Mar-12	12.92%	0.00%	12.92%	\$ 1,182,701		\$ 1,182,701	\$ 1,356,391	\$ 175,248	\$ -	\$ 175,248	\$ 1,694,331		\$ 1,694,331	\$ 1,888,910	9.17%
Apr-12	14.94%	0.00%	14.94%	\$ 1,017,253		\$ 1,017,253	\$ 1,353,468	\$ 202,208	\$ -	\$ 202,208	\$ 1,492,563		\$ 1,492,563	\$ 1,890,160	10.71%
May-12	16.90%	0.00%	16.90%	\$ 1,139,333		\$ 1,139,333	\$ 1,358,753	\$ 229,291	\$ -	\$ 229,291	\$ 1,630,984		\$ 1,630,984	\$ 1,894,592	12.13%
Jun-12	15.55%	0.00%	15.55%	\$ 1,255,101		\$ 1,255,101	\$ 1,352,836	\$ 210,368	\$ -	\$ 210,368	\$ 1,595,991		\$ 1,595,991	\$ 1,895,955	11.10%
Jul-12	14.51%	0.00%	14.51%	\$ 1,419,528		\$ 1,419,528	\$ 1,347,019	\$ 195,452	\$ -	\$ 195,452	\$ 2,132,740		\$ 2,132,740	\$ 1,889,721	10.31%
Aug-12	14.13%	0.00%	14.13%	\$ 1,258,596		\$ 1,258,596	\$ 1,333,457	\$ 188,419	\$ -	\$ 188,419	\$ 1,801,845		\$ 1,801,845	\$ 1,880,433	9.97%
Sep-12	16.23%	0.00%	16.23%	\$ 1,092,731		\$ 1,092,731	\$ 1,328,571	\$ 215,627	\$ -	\$ 215,627	\$ 1,511,751		\$ 1,511,751	\$ 1,874,312	11.47%
Oct-12	17.57%	0.00%	17.57%	\$ 1,112,733		\$ 1,112,733	\$ 1,324,204	\$ 232,663	\$ -	\$ 232,663	\$ 1,568,508		\$ 1,568,508	\$ 1,868,058	12.41%
Nov-12	16.23%	0.00%	16.23%	\$ 1,541,080		\$ 1,541,080	\$ 1,333,712	\$ 243,136	\$ -	\$ 243,136	\$ 2,191,412		\$ 2,191,412	\$ 1,891,428	13.02%
Dec-12	14.81%	0.00%	14.81%	\$ 1,807,607		\$ 1,807,607	\$ 1,327,307	\$ 193,920	\$ -	\$ 193,920	\$ 2,324,278		\$ 2,324,278	\$ 1,885,088	10.25%
Jan-13	13.49%	0.00%	13.49%	\$ 1,728,944		\$ 1,728,944	\$ 1,327,492	\$ 179,079	\$ -	\$ 179,079	\$ 2,558,078		\$ 2,558,078	\$ 1,892,303	9.50%
Feb-13	12.61%	0.00%	12.61%	\$ 1,569,914		\$ 1,569,914	\$ 1,326,960	\$ 167,330	\$ -	\$ 167,330	\$ 2,363,353		\$ 2,363,353	\$ 1,905,303	8.84%
Mar-13	14.37%	0.00%	14.37%	\$ 1,605,923		\$ 1,605,923	\$ 1,362,229	\$ 195,752	\$ -	\$ 195,752	\$ 2,363,821		\$ 2,363,821	\$ 1,861,084	10.27%
Apr-13	14.27%	0.00%	14.27%	\$ 1,168,240		\$ 1,168,240	\$ 1,374,811	\$ 198,188	\$ -	\$ 198,188	\$ 1,633,770		\$ 1,633,770	\$ 1,872,861	10.00%
May-13	17.97%	0.00%	17.97%	\$ 1,153,740		\$ 1,153,740	\$ 1,376,011	\$ 247,289	\$ -	\$ 247,289	\$ 1,632,508		\$ 1,632,508	\$ 1,872,988	12.53%
Jun-13	17.08%	0.00%	17.08%	\$ 1,268,813		\$ 1,268,813	\$ 1,378,987	\$ 235,327	\$ -	\$ 235,327	\$ 1,854,262		\$ 1,854,262	\$ 1,994,510	11.83%
Jul-13	15.77%	0.00%	15.77%	\$ 1,333,577		\$ 1,333,577	\$ 1,369,825	\$ 218,021	\$ 18,477	\$ 234,498	\$ 2,004,628		\$ 2,004,628	\$ 1,983,834	11.76%
Aug-13	15.49%	0.00%	15.49%	\$ 1,260,375		\$ 1,260,375	\$ 1,370,140	\$ 212,235	\$ 14,199	\$ 226,434	\$ 1,834,960		\$ 1,834,960	\$ 1,986,811	11.41%
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Nov-13	17.43%	0.00%	17.43%	\$ 1,473,559		\$ 1,473,559	\$ 1,359,954	\$ 237,040	\$ 14,199	\$ 251,239	\$ 2,167,107		\$ 2,167,107	\$ 1,992,147	12.60%
Dec-13	14.54%	0.00%	14.54%	\$ 1,681,366		\$ 1,681,366	\$ 1,368,100	\$ 198,631	\$ 14,199	\$ 212,830	\$ 2,455,793		\$ 2,455,793	\$ 2,003,108	10.68%
Jan-14	10.92%	0.00%	10.92%	\$ 2,207,418		\$ 2,207,418	\$ 1,405,873	\$ 153,532	\$ (4,278)	\$ 149,254	\$ 3,172,928		\$ 3,172,928	\$ 2,054,510	7.45%
Feb-14	5.44%	0.00%	5.44%	\$ 1,759,257		\$ 1,759,257	\$ 1,421,751	\$ 77,343	\$ (15,067)	\$ 82,276	\$ 2,432,240		\$ 2,432,240	\$ 2,080,251	3.03%

Notes:  
 Big Sandy 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.