




Shelby Energy Cooperative

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April 1, 2014

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PUBLIC SERVICE
COMMISSION

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Blvd
P O Box 615
Frankfort, KY 40602-0615

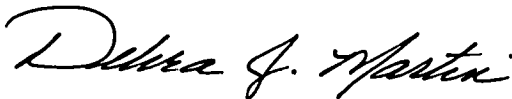
RE: Case No. 2014-00051

Dear Mr. Derouen:

Enclosed are an original and seven (7) copies of Shelby Energy Cooperative Inc.'s response to the commission staff's first request for information to East Kentucky Power Cooperative and each of its sixteen member cooperatives dated March 6, 2014. The information has been provided by e-mail to all parties of record.

Should you have any questions or need further information, please let me know.

Sincerely,



Debra J. Martin
President & CEO

Enclosures

VERIFICATION

The undersigned, Debra J. Martin, President and CEO of Shelby Energy Cooperative, Inc. certifies that the responses contained in this document are true and accurate to the best of her knowledge, information and belief after a reasonable inquiry.

Debra J. Martin
Debra J. Martin

COMMONWEALTH OF KENTUCKY

COUNTY OF SHELBY

Subscribed and sworn to before me by Debra J. Martin, President and CEO of Shelby Energy Cooperative, Inc., to be her free act and deed this 1st day of

April, 2014.

(SEAL)

Mary Federica
Notary Public

My Commission Expires:

10-6-14

ID: 428847

Case No. 2014-00051

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 SIX-)
MONTH BILLING PERIOD ENDING DECEMBER)
31, 2013 AND THE PASS THROUGH MECHANISM)
FOR ITS SIXTEEN MEMBER DISTRIBUTION)
COOPERATIVES)

CASE NO.
2014-00051

RESPONSE OF SHELBY ENERGY COOPERATIVE, INC. TO COMMISSION STAFF'S FIRST REQUEST
FOR INFORMATION TO EAST KENTUCKY POWER COOPERATIVE, INC. AND EACH
OF ITS SIXTEEN MEMBER COOPERATIVES

DATED: March 6, 2014

**Shelby Energy Cooperative's Response to the
Commission Staff's First Request for Information
Case No. 2014-00051**

Question:

2(a). This question is addressed to each of the 16 member distribution cooperatives. For each of the 16 member distribution cooperatives, prepare a summary schedule showing the Distribution cooperative's pass-through revenue requirement for the months corresponding with the six-month review. Include the two months subsequent to the billing period included in the applicable review period. Include a calculation of any additional over- or under-recovery amount the distribution cooperative believes needs to be recognized for the six-month review. Include all supporting calculations and documentation for the additional over- or under-recovery.

Response:

2(a). Refer to Exhibit A, Page 2 Of 4.

Witness: Mary E. Federle

**Shelby Energy Cooperative's Response to the
Commission Staff's First Request for Information
Case No. 2014-00051**

Question:

2(b). This question is addressed to each of the 16 member distribution cooperatives. 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:

2(b). 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 to which the pass-through is applied. If the 12-month average retail revenues are below the retail revenues to which pass-through factor is applied, then there will be over-recoveries. If the 12-month average retail revenues are above the retail revenues to which the factor is applied, 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

**Shelby Energy Cooperative's Response to the
Commission Staff's First Request for Information
Case No. 2014-00051**

cases, the amortization periods overlapped for 5 months.

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

Witness: Mary E. Federle

**Shelby Energy Cooperative's Response to the
Commission Staff's First Request for Information
Case No. 2014-00051**

Question:

7. 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:

7. Using billing data for November, 2013, \$136.82 is the average residential monthly bill when no over-or under-recovery amount is included. When the over- or under-recovery is included in the calculation for the same period of time, \$137.04 is the monthly bill. This results in a dollar impact of \$.22 to the customer.

Please refer to Exhibit A for supporting calculations and documentation.

Witness: Mary E. Federle

Actual Average Residential Monthly Bill

Average Monthly Residential kWh:		1,251
Residential Rate:		
Facility Charge	\$10.14	\$10.14
kWh Charge	\$0.08861	110.85
Fuel Adjustment Factor	(\$0.00245)	(3.06)
Surcharge (November, 2013)	12.64%	14.91
<i>** Refer to Exhibit A - Page 3 of 4</i>		
County Tax	3.00%	<u>\$3.98</u>
		\$136.82

Actual Average Residential Monthly Bill with Recovery

Average Monthly Residential kWh:		1,251
Residential Rate:		
Facility Charge	\$10.14	\$10.14
kWh Charge	\$0.08861	110.85
Fuel Adjustment Factor	(\$0.00245)	(3.06)
Surcharge (November - 2013)	12.82%	15.12
<i>** Refer to Exhibit A - Page 4 of 4</i>		
County Tax	3.00%	<u>\$3.99</u>
		\$137.04

Dollar Impact: \$0.22

Shelby Energy Coop - 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	\$407,660	\$ 450,714	\$ (43,054)	\$ (43,054)
Aug-13	\$387,875	\$ 384,038	\$ 3,837	\$ (39,218)
Sep-13	\$335,874	\$ 316,359	\$ 19,515	\$ (19,703)
Oct-13	\$302,599	\$ 300,133	\$ 2,466	\$ (17,237)
Nov-13	\$397,201	\$ 374,304	\$ 22,897	\$ 5,661
Dec-13	\$487,131	\$ 457,802	\$ 29,329	\$ 34,990
Jan-14	\$489,209	\$ 483,642	\$ 5,567	\$ 40,557
Feb-14	\$326,107	\$ -	\$326,107	\$ 366,664

Cumulative 6-months (Over)/Under Recovery | \$ 34,990

Monthly Recovery (per month for six months) | \$ 5,832

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

Exhibit A
 Page 3 of 4
 "Actual"

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 Shelby	On-peak Revenue Adjustment	EKPC Net Monthly Sales to Shelby	EKPC 12-months Ended Average Monthly Revenue from Sales to Shelby	Shelby Revenue Requirement	Amortization of (Over)/Under Recovery	Shelby Net Revenue Requirement	Shelby Total Monthly Retail Revenues	On-Peak Retail Revenue Adjustment	Shelby Net Monthly Retail Revenues	12-months ended Avg. Retail Revenues, Net	Shelby 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%	\$ 2,138,995		\$ 2,138,995	\$ 2,308,109	\$ 298,208	\$ -	\$ 298,208	\$ 3,442,496		\$ 3,442,496	\$ 3,062,098	9.67%
Apr-12	14.94%	0.00%	14.94%	\$ 1,804,363		\$ 1,804,363	\$ 2,301,307	\$ 343,815	\$ -	\$ 343,815	\$ 2,794,395		\$ 2,794,395	\$ 3,011,888	11.23%
May-12	16.90%	0.00%	16.90%	\$ 2,164,468		\$ 2,164,468	\$ 2,315,157	\$ 391,262	\$ -	\$ 391,262	\$ 2,595,891		\$ 2,595,891	\$ 3,005,311	12.99%
Jun-12	15.55%	0.00%	15.55%	\$ 2,324,480		\$ 2,324,480	\$ 2,310,439	\$ 359,273	\$ -	\$ 359,273	\$ 2,813,948		\$ 2,813,948	\$ 3,019,335	11.95%
Jul-12	14.51%	0.00%	14.51%	\$ 2,682,728		\$ 2,682,728	\$ 2,306,463	\$ 334,668	\$ -	\$ 334,668	\$ 3,057,650		\$ 3,057,650	\$ 3,044,777	11.08%
Aug-12	14.13%	0.00%	14.13%	\$ 2,490,773		\$ 2,490,773	\$ 2,295,843	\$ 324,403	\$ -	\$ 324,403	\$ 3,440,409		\$ 3,440,409	\$ 3,082,968	10.65%
Sep-12	16.23%	0.00%	16.23%	\$ 2,181,247		\$ 2,181,247	\$ 2,301,985	\$ 373,612	\$ -	\$ 373,612	\$ 3,312,891		\$ 3,312,891	\$ 3,067,819	12.12%
Oct-12	17.57%	0.00%	17.57%	\$ 2,096,007		\$ 2,096,007	\$ 2,311,863	\$ 406,194	\$ -	\$ 406,194	\$ 2,721,063		\$ 2,721,063	\$ 3,060,763	13.24%
Nov-12	18.23%	0.00%	18.23%	\$ 2,415,495		\$ 2,415,495	\$ 2,333,681	\$ 425,430	\$ -	\$ 425,430	\$ 2,691,569		\$ 2,691,569	\$ 3,064,900	13.90%
Dec-12	14.61%	0.00%	14.61%	\$ 2,639,906		\$ 2,639,906	\$ 2,344,239	\$ 342,493	\$ -	\$ 342,493	\$ 2,973,858		\$ 2,973,858	\$ 3,071,506	11.17%
Jan-13	13.49%	0.00%	13.49%	\$ 2,819,093		\$ 2,819,093	\$ 2,348,539	\$ 316,818	\$ -	\$ 316,818	\$ 3,386,926		\$ 3,386,926	\$ 3,077,236	10.31%
Feb-13	12.61%	0.00%	12.61%	\$ 2,617,830		\$ 2,617,830	\$ 2,364,615	\$ 298,178	\$ -	\$ 298,178	\$ 3,885,909		\$ 3,885,909	\$ 3,093,084	9.69%
Mar-13	14.37%	0.00%	14.37%	\$ 2,635,514		\$ 2,635,514	\$ 2,405,992	\$ 345,741	\$ -	\$ 345,741	\$ 3,756,665		\$ 3,756,665	\$ 3,119,264	11.18%
Apr-13	14.27%	0.00%	14.27%	\$ 2,144,617		\$ 2,144,617	\$ 2,434,347	\$ 347,381	\$ -	\$ 347,381	\$ 3,355,954		\$ 3,355,954	\$ 3,166,061	11.14%
May-13	17.97%	0.00%	17.97%	\$ 2,222,901		\$ 2,222,901	\$ 2,439,216	\$ 438,327	\$ -	\$ 438,327	\$ 2,802,057		\$ 2,802,057	\$ 3,183,242	13.84%
Jun-13	17.09%	0.00%	17.09%	\$ 2,405,087		\$ 2,405,087	\$ 2,445,933	\$ 418,010	\$ -	\$ 418,010	\$ 2,719,460		\$ 2,719,460	\$ 3,175,368	13.13%
Jul-13	15.77%	0.00%	15.77%	\$ 2,385,367		\$ 2,385,367	\$ 2,421,153	\$ 381,816	\$ (30,009)	\$ 351,807	\$ 3,082,318		\$ 3,082,318	\$ 3,177,423	11.08%
Aug-13	15.49%	0.00%	15.49%	\$ 2,459,555		\$ 2,459,555	\$ 2,418,552	\$ 374,634	\$ (18,324)	\$ 356,310	\$ 3,366,360		\$ 3,366,360	\$ 3,171,252	11.21%
Sep-13	14.93%	0.00%	14.93%	\$ 2,170,116		\$ 2,170,116	\$ 2,417,624	\$ 360,951	\$ (18,324)	\$ 342,627	\$ 3,263,531		\$ 3,263,531	\$ 3,167,139	10.80%
Oct-13	16.69%	0.00%	16.69%	\$ 2,026,771		\$ 2,026,771	\$ 2,411,854	\$ 402,538	\$ (18,324)	\$ 384,214	\$ 2,833,897		\$ 2,833,897	\$ 3,176,542	12.13%
Nov-13	17.43%	0.00%	17.43%	\$ 2,379,872		\$ 2,379,872	\$ 2,408,886	\$ 419,869	\$ (18,324)	\$ 401,545	\$ 2,747,463		\$ 2,747,463	\$ 3,181,200	12.64%
Dec-13	14.54%	0.00%	14.54%	\$ 2,794,783		\$ 2,794,783	\$ 2,421,792	\$ 352,129	\$ (18,324)	\$ 333,805	\$ 3,193,519		\$ 3,193,519	\$ 3,199,505	10.49%
Jan-14	10.92%	0.00%	10.92%	\$ 3,364,558		\$ 3,364,558	\$ 2,467,248	\$ 269,423	\$ 11,685	\$ 281,108	\$ 3,675,557		\$ 3,675,557	\$ 3,223,558	8.79%
Feb-14	5.44%	0.00%	5.44%	\$ 2,986,330		\$ 2,986,330	\$ 2,497,956	\$ 135,889	\$ -	\$ 135,889	\$ 4,282,470		\$ 4,282,470	\$ 3,256,604	4.22%

Notes:

Shelby 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.

Case No. 2014-00051

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

Exhibit A
 Page 4 of 4
 "6-Month Recovery"

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 Shelby	On-peak Revenue Adjustment	EKPC Net Monthly Sales to Shelby	EKPC 12-months Ended Average Monthly Revenue from Sales to Shelby	Shelby Revenue Requirement	Amortization of (Over)/Under Recovery	Shelby Net Revenue Requirement	Shelby Total Monthly Retail Revenues	On-Peak Retail Revenue Adjustment	Shelby Net Monthly Retail Revenues	12-months ended Avg. Retail Revenues, Net	Shelby 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%	\$ 2,138,995		\$ 2,138,995	\$ 2,308,109	\$ 298,208	\$ -	\$ 298,208	\$ 3,442,496		\$ 3,442,496	\$ 3,062,098	9.67%
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