

INTER COUNTY
ENERGY COOPERATIVE

A Touchstone Energy Cooperative 

RECEIVED

APR 3 2014

PUBLIC SERVICE
COMMISSION

April 1, 2014

Mr. Jeff Derouen
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Re: Public Service Commission Case No. 2014-00051

Dear Mr. Derouen:

Please find enclosed the original and 7 copies of Inter-County Energy Cooperative Corporation's response as requested in Case No. 2014-00051, Appendix B. Sheree Gilliam, Sr. Vice-President of Finance and Administration, will be the witness responsible for responding to questions related to the information provided.

Please let me know if there are any questions or additional information is needed.

Very truly yours,



James L. Jacobus
President/CEO

Enclosures

Copy To: Case No. 2014-00051 Service List

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

APR 3 2014

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-) CASE NO.
 MONTH BILLING PERIOD ENDING DECEMBER) 2014-00051
 31, 2013 AND THE PASS THROUGH MECHANISM)
 FOR ITS SIXTEEN MEMBER DISTRIBUTION)
 COOPERATIVES)

INTER-COUNTY ENERGY COOPERATIVE RESPONSE

CERTIFICATE

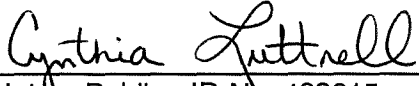
STATE OF KENTUCKY)
 COUNTY OF BOYLE)

Sheree Gilliam, Sr. Vice President-Finance and Administration, being duly sworn, states that she has supervised the preparation of the response of Inter-County Energy to the Public Service Commission Staff's First Request for Information in the abovementioned Case No. 2014-00051 dated March 6, 2014, and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.



 Sheree Gilliam
 Sr. Vice President – Finance and Administration

Subscribed and sworn before me on this 1st day of April, 2014.



 Notary Public - ID No. 492615
 My Commission Expires: July 15, 2017

2. This question is addressed to EKPC and each of the 16 member distribution cooperatives.

a. 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:

Inter-County ECC - 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	\$ 402,857	\$ 409,993	\$ (7,136)	\$ (7,136)
Aug-13	\$ 392,801	\$ 394,959	\$ (2,158)	\$ (9,294)
Sep-13	\$ 361,805	\$ 408,578	\$ (46,773)	\$ (56,067)
Oct-13	\$ 309,310	\$ 321,587	\$ (12,277)	\$ (68,344)
Nov-13	\$ 286,732	\$ 353,563	\$ (66,831)	\$ (135,175)
Dec-13	\$ 428,807	\$ 512,731	\$ (83,924)	\$ (219,099)
Jan-14	\$ 537,124	\$ 662,575	\$ (125,451)	\$ (344,550)
Feb-14	\$ 598,089	\$ -	\$ 598,089	\$ 253,539
Cumulative 6-Months (Over)/Under Recovery				\$ (219,099)
Monthly Recovery (per month for six months)				\$ (36,516)

b. 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 under-recovery for Inter-County, 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, Inter-County experienced an over-recovery for the current review period.

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:

Average residential usage is 1,180 kWh. Inter-County Energy's total over-recovery for the period is (\$219,099), resulting in a monthly spread of (\$36,516) over six months.

	Actual		6-Month Recovery	
12-Month Average Residential kWh	1,180		1,180	
kWh Charge	\$0.09421	\$111.17	\$111.17	
Customer Charge	\$8.97	\$8.97	\$8.97	
FAC Charge	(\$0.000260)	-0.31	-0.31	
Subtotal	\$119.83		\$119.83	
*ESC November 2013	13.25%	15.88	12.24%	14.67
Total	\$135.71		\$134.50	
Dollar Impact			(\$1.21)	

*See Attached

East Kentucky Power Cooperative, Inc. - Distribution Cooperatives
 Pass Through Mechanism Report for Inter County ECC

Request No. 7

ACTUAL

For the Month Ending November 2013

	(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 Inter County	On-peak Revenue Adjustment	EKPC Net Monthly Sales to Inter County	EKPC 12-months Ended Average Monthly Revenue from Sales to Inter County	Inter County Revenue Requirement	Amortization of (Over)/Under Recovery	Inter County Net Revenue Requirement	Inter County Total Monthly Retail Revenues	On-Peak Retail Revenue Adjustment	Inter County Net Monthly Retail Revenues	12-months ended Avg. Retail Revenues, Net	Inter County 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)
Dec-11	14.21%	0.00%	14.21%	\$ 2,806,649		\$ 2,806,649	\$ 2,451,338	\$ 348,335	\$ (19,910)	\$ 328,425	\$ 3,674,690		\$ 3,674,690	\$ 3,656,990	8.98%
Jan-12	12.09%	0.00%	12.09%	\$ 3,110,156		\$ 3,110,156	\$ 2,403,501	\$ 290,583	\$ -	\$ 290,583	\$ 4,242,269		\$ 4,242,269	\$ 3,569,310	7.95%
Feb-12	10.78%	0.00%	10.78%	\$ 2,689,207		\$ 2,689,207	\$ 2,384,671	\$ 257,068	\$ -	\$ 257,068	\$ 4,241,381		\$ 4,241,381	\$ 3,490,377	7.20%
Mar-12	12.92%	0.00%	12.92%	\$ 2,027,202		\$ 2,027,202	\$ 2,362,015	\$ 305,172	\$ -	\$ 305,172	\$ 3,893,067		\$ 3,893,067	\$ 3,476,795	8.74%
Apr-12	14.94%	0.00%	14.94%	\$ 1,700,464		\$ 1,700,464	\$ 2,350,739	\$ 351,200	\$ -	\$ 351,200	\$ 2,850,952		\$ 2,850,952	\$ 3,440,201	10.10%
May-12	16.90%	0.00%	16.90%	\$ 2,011,041		\$ 2,011,041	\$ 2,357,597	\$ 398,434	\$ -	\$ 398,434	\$ 2,653,803		\$ 2,653,803	\$ 3,437,664	11.58%
Jun-12	15.55%	0.00%	15.55%	\$ 2,253,785		\$ 2,253,785	\$ 2,350,035	\$ 365,430	\$ -	\$ 365,430	\$ 2,932,584		\$ 2,932,584	\$ 3,439,624	10.63%
Jul-12	14.51%	0.00%	14.51%	\$ 2,671,163		\$ 2,671,163	\$ 2,343,802	\$ 340,086	\$ -	\$ 340,086	\$ 3,654,009		\$ 3,654,009	\$ 3,448,020	9.89%
Aug-12	14.13%	0.00%	14.13%	\$ 2,330,543		\$ 2,330,543	\$ 2,323,307	\$ 328,283	\$ -	\$ 328,283	\$ 3,830,139		\$ 3,830,139	\$ 3,435,725	9.52%
Sep-12	16.23%	0.00%	16.23%	\$ 1,964,856		\$ 1,964,856	\$ 2,320,613	\$ 376,636	\$ -	\$ 376,636	\$ 3,307,253		\$ 3,307,253	\$ 3,411,855	10.96%
Oct-12	17.57%	0.00%	17.57%	\$ 1,984,554		\$ 1,984,554	\$ 2,321,308	\$ 407,854	\$ -	\$ 407,854	\$ 2,681,222		\$ 2,681,222	\$ 3,412,936	11.95%
Nov-12	18.23%	0.00%	18.23%	\$ 2,585,367		\$ 2,585,367	\$ 2,344,582	\$ 427,417	\$ -	\$ 427,417	\$ 3,159,904		\$ 3,159,904	\$ 3,426,773	12.52%
Dec-12	14.61%	0.00%	14.61%	\$ 2,877,884		\$ 2,877,884	\$ 2,350,519	\$ 343,411	\$ -	\$ 343,411	\$ 3,722,308		\$ 3,722,308	\$ 3,430,741	10.02%
Jan-13	13.49%	0.00%	13.49%	\$ 3,164,652		\$ 3,164,652	\$ 2,355,060	\$ 317,698	\$ -	\$ 317,698	\$ 4,554,990		\$ 4,554,990	\$ 3,456,801	9.26%
Feb-13	12.61%	0.00%	12.61%	\$ 2,923,571		\$ 2,923,571	\$ 2,374,590	\$ 299,436	\$ -	\$ 299,436	\$ 4,708,390		\$ 4,708,390	\$ 3,495,718	8.66%
Mar-13	14.37%	0.00%	14.37%	\$ 2,957,096		\$ 2,957,096	\$ 2,452,081	\$ 352,364	\$ -	\$ 352,364	\$ 4,180,632		\$ 4,180,632	\$ 3,519,682	10.08%
Apr-13	14.27%	0.00%	14.27%	\$ 2,030,267		\$ 2,030,267	\$ 2,479,565	\$ 353,834	\$ -	\$ 353,834	\$ 4,003,711		\$ 4,003,711	\$ 3,615,745	10.05%
May-13	17.97%	0.00%	17.97%	\$ 1,979,757		\$ 1,979,757	\$ 2,476,958	\$ 445,109	\$ -	\$ 445,109	\$ 2,809,616		\$ 2,809,616	\$ 3,628,730	12.31%
Jun-13	17.09%	0.00%	17.09%	\$ 2,241,811		\$ 2,241,811	\$ 2,475,960	\$ 423,142	\$ -	\$ 423,142	\$ 2,980,121		\$ 2,980,121	\$ 3,632,691	11.66%
Jul-13	15.77%	0.00%	15.77%	\$ 2,298,442		\$ 2,298,442	\$ 2,444,900	\$ 385,561	\$ 53,465	\$ 439,026	\$ 3,335,504		\$ 3,335,504	\$ 3,606,149	12.09%
Aug-13	15.49%	0.00%	15.49%	\$ 2,294,259		\$ 2,294,259	\$ 2,441,876	\$ 378,247	\$ 51,404	\$ 429,651	\$ 3,392,533		\$ 3,392,533	\$ 3,569,682	11.91%
Sep-13	14.93%	0.00%	14.93%	\$ 1,996,854		\$ 1,996,854	\$ 2,444,543	\$ 364,970	\$ 51,404	\$ 416,374	\$ 3,383,303		\$ 3,383,303	\$ 3,576,019	11.66%
Oct-13	16.69%	0.00%	16.69%	\$ 1,920,519		\$ 1,920,519	\$ 2,439,207	\$ 407,104	\$ 51,404	\$ 458,508	\$ 2,902,216		\$ 2,902,216	\$ 3,594,436	12.82%
Nov-13	17.43%	0.00%	17.43%	\$ 2,569,252		\$ 2,569,252	\$ 2,437,864	\$ 424,920	\$ 51,404	\$ 476,324					13.25%

Notes:

Inter County 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.

6-MONTH RECOVERY

East Kentucky Power Cooperative, Inc. - Distribution Cooperatives
Pass Through Mechanism Report for Inter County ECC

For the Month Ending November 2013

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
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Nov-13	17.43%	0.00%	17.43%	\$ 2,569,252		\$ 2,569,252	\$ 2,437,864	\$ 424,920	\$ 14,888	\$ 439,808					12.24%

Notes:

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