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April 2, 2014

RECEIVED

APR 3 2014

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

PUBLIC SERVICE  
COMMISSION

RE: PSC Case No. 2014-00051

Dear Mr. Derouen:

Please find an original and seven (7) copies of the responses of Taylor County RECC as requested in the above referenced case dated March 6, 2014.

If you have any questions, please let me know.

Sincerely,

TAYLOR COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION

A handwritten signature in black ink, appearing to read "John F. Patterson", with a long horizontal flourish extending to the right.


John F. Patterson, Office Manager

Enclosures

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION  
CASE NO. 2014-00051

VERIFICATION

I verify state and affirm that the testimony filed with this verification and for which I am listed as a witness is true and correct to the best of my knowledge, information and belief formed after a reasonable inquiry.

  
\_\_\_\_\_  
John F. Patterson, Office Manager

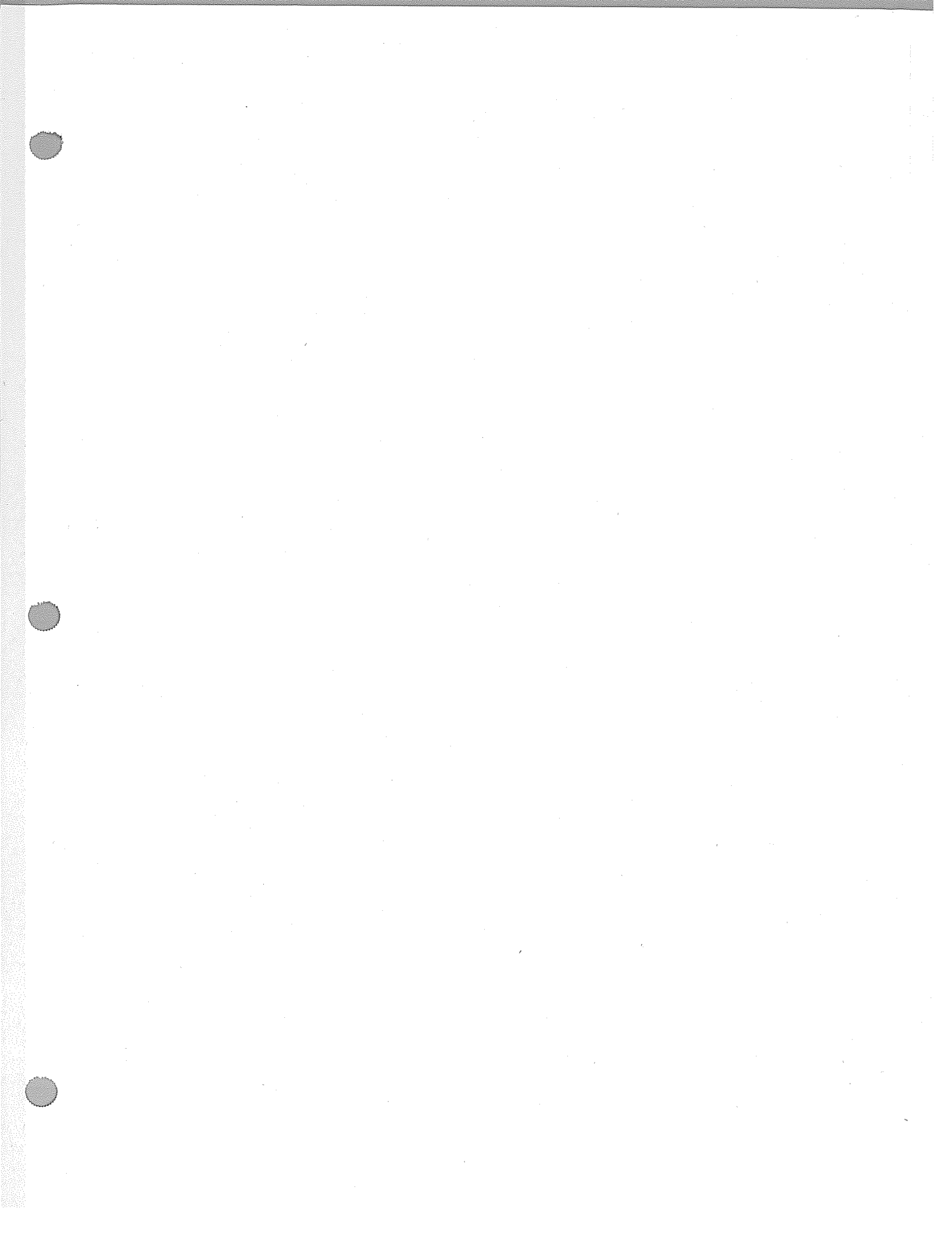
State of Kentucky

County of Taylor

The foregoing was signed, acknowledged and sworn to before me by John F. Patterson, this second day of April, 2014.

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

My Commission Expires: 1/22/15 ID# 435235



TAYLOR COUNTY RECC  
P O BOX 100  
CAMPBELLSVILLE, KY 42719

RESPONSE TO PSC CASE NO 2014-00051

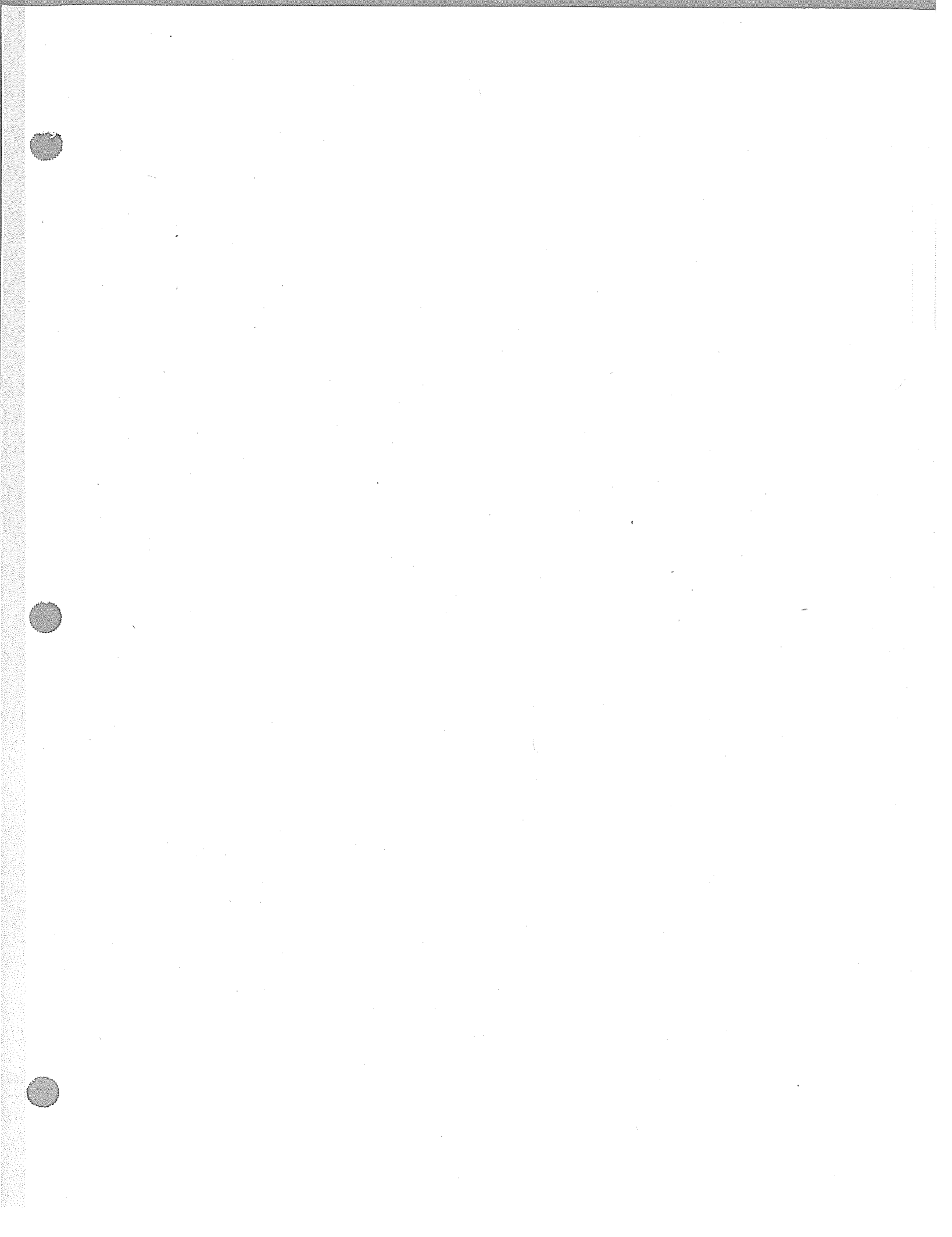
WITNESS: JOHN F. PATTERSON

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 Taylor 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, Taylor County experienced an over-recovery for the current review period.

Also the amount recorded on Item 7 Page 2 of 3 of this filing as EKPC Invoice is for the Surcharge billed by EKPC and does not include any over/under recovery of TCRECC, the column Billed to Retail Consumer includes the amount of the over/under Recovery, thus resulting in TCRECC collecting an under recovery for a six (6) month period and then refunding it as an over recovery the next six (6) month period.



TAYLOR COUNTY RECC  
P O BOX 100  
CAMPBELLSVILLE KY 42719  
PSC CASE NO. 2014-00051

Witness: John F. Patterson

Average Residential Usage 12 month ended 11/30/2013

1,284 kWh

Test Month November 2013

Taylor County Cumulative Over Recovery

247,307

6 month spread

41,218

|                   |           | ACTUAL          | 6 MONTH RECOVERY |
|-------------------|-----------|-----------------|------------------|
| Customer Charge   | 9.82      | \$9.82          | \$9.82           |
| kWh Charge        | 0.0822    | \$105.54        | \$105.54         |
| Fuel Adjustment @ | (0.00241) | (\$3.09)        | (\$3.09)         |
| Subtotal          |           | \$112.27        | \$112.27         |
| Env. Surcharge    | 13.34%    | \$14.98         | 12.11% \$13.60   |
| Total             |           | <u>\$127.25</u> | <u>\$125.87</u>  |
| Dollar Impact     |           |                 | (\$1.38)         |

TAYLOR COUNTY RECC  
P O BOX 100  
CAMPBELLSVILLE KY 42719  
PSC CASE NO 201400051  
WITNESS JOHN F PATTERSON

**Taylor County RECC - 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 | \$ 450,006                                 | \$ 463,697   | \$ (13,691)             | \$ (13,691)                |
| Aug-13 | \$ 432,343                                 | \$ 459,754   | \$ (27,411)             | \$ (41,102)                |
| Sep-13 | \$ 401,796                                 | \$ 448,013   | \$ (46,217)             | \$ (87,319)                |
| Oct-13 | \$ 344,067                                 | \$ 396,837   | \$ (52,770)             | \$ (140,089)               |
| Nov-13 | \$ 313,611                                 | \$ 368,888   | \$ (55,277)             | \$ (195,366)               |
| Dec-13 | \$ 436,113                                 | \$ 488,054   | \$ (51,941)             | \$ (247,307)               |
| Jan-14 | \$ 540,841                                 | \$ 598,989   | \$ (58,148)             | \$ (305,455)               |
| Feb-14 | \$ 580,313                                 | \$ 665,708   | \$ (85,395)             | \$ (390,850)               |

Cumulative 6-months (Over)/Under Recovery \$ (247,307)

Monthly Recovery (per month for six months) \$ (41,218)

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

ITEM 7  
Page 3 of 3

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 Taylor County | On-peak Revenues Adjustment | EKPC Net Monthly Sales to Taylor County | EKPC 12-months Ended Average Monthly Revenue from Sales to Taylor County | Taylor County Revenue Requirement | Amortization of (Over)/Under Recovery as Applicable | Taylor County Net Revenue Requirement | Taylor County Total Monthly Retail Revenues | On-Peak Retail Revenue Adjustment | Taylor County Net Monthly Retail Revenues | 12-months ended Average Retail Revenues, Net | Taylor 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%              | \$ 2,883,175                                      | \$ 3,450                    | \$ 2,879,725                            | \$ 2,582,960   | \$ 367,039                        | \$ (32,709)   | \$ 334,330                            | \$ 3,007,181                                | \$ 3,450                          | \$ 3,003,731                              | \$ 3,241,391                                 | 9.98%                                       |
| Jan-12                         | 12.09%      | 0.00%       | 12.09%              | \$ 3,054,209                                      | \$ 3,128                    | \$ 3,051,081                            | \$ 2,537,092   | \$ 306,734                        | \$ -  | \$ 306,734                            | \$ 3,901,788                                | \$ 3,128                          | \$ 3,898,660                              | \$ 3,181,178                                 | 9.46%                                       |
| Feb-12                         | 10.78%      | 0.00%       | 10.78%              | \$ 2,685,017                                      | \$ 3,193                    | \$ 2,681,824                            | \$ 2,516,739   | \$ 271,304                        | \$ -  | \$ 271,304                            | \$ 3,986,472                                | \$ 3,193                          | \$ 3,983,279                              | \$ 3,186,889                                 | 8.53%                                       |
| Mar-12                         | 12.92%      | 0.00%       | 12.92%              | \$ 2,144,281                                      | \$ 3,001                    | \$ 2,141,280                            | \$ 2,493,839   | \$ 322,204                        | \$ -  | \$ 322,204                            | \$ 3,441,759                                | \$ 3,001                          | \$ 3,438,758                              | \$ 3,200,251                                 | 10.11%                                      |
| Apr-12                         | 14.94%      | 0.00%       | 14.94%              | \$ 1,858,413                                      | \$ 2,789                    | \$ 1,855,624                            | \$ 2,480,926   | \$ 370,650                        | \$ -  | \$ 370,650                            | \$ 2,794,528                                | \$ 2,789                          | \$ 2,791,739                              | \$ 3,220,748                                 | 11.58%                                      |
| May-12                         | 16.90%      | 0.00%       | 16.90%              | \$ 2,204,704                                      | \$ 4,155                    | \$ 2,200,549                            | \$ 2,489,487   | \$ 420,723                        | \$ -  | \$ 420,723                            | \$ 2,544,169                                | \$ 4,155                          | \$ 2,540,014                              | \$ 3,205,127                                 | 13.06%                                      |
| Jun-12                         | 15.55%      | 0.00%       | 15.55%              | \$ 2,466,073                                      | \$ 4,304                    | \$ 2,461,769                            | \$ 2,481,491   | \$ 385,872                        | \$ -  | \$ 385,872                            | \$ 2,819,636                                | \$ 4,304                          | \$ 2,815,332                              | \$ 3,208,874                                 | 12.04%                                      |
| Jul-12                         | 14.51%      | 0.00%       | 14.51%              | \$ 2,882,309                                      | \$ 5,401                    | \$ 2,876,908                            | \$ 2,474,690   | \$ 359,077                        | \$ -  | \$ 359,077                            | \$ 3,052,470                                | \$ 5,401                          | \$ 3,047,069                              | \$ 3,119,484                                 | 11.19%                                      |
| Aug-12                         | 14.13%      | 0.00%       | 14.13%              | \$ 2,527,138                                      | \$ 4,072                    | \$ 2,523,066                            | \$ 2,450,268   | \$ 346,223                        | \$ -  | \$ 346,223                            | \$ 3,800,820                                | \$ 4,072                          | \$ 3,796,748                              | \$ 3,134,564                                 | 11.10%                                      |
| Sep-12                         | 16.23%      | 0.00%       | 16.23%              | \$ 2,158,092                                      | \$ 3,316                    | \$ 2,154,776                            | \$ 2,446,764   | \$ 397,110                        | \$ -  | \$ 397,110                            | \$ 3,292,124                                | \$ 3,316                          | \$ 3,288,808                              | \$ 3,177,129                                 | 12.67%                                      |
| Oct-12                         | 17.57%      | 0.00%       | 17.57%              | \$ 2,058,303                                      | \$ 3,560                    | \$ 2,054,743                            | \$ 2,443,715   | \$ 429,361                        | \$ -  | \$ 429,361                            | \$ 2,727,104                                | \$ 3,560                          | \$ 2,723,544                              | \$ 3,172,499                                 | 13.51%                                      |
| Nov-12                         | 18.23%      | 0.00%       | 18.23%              | \$ 2,630,335                                      | \$ 4,058                    | \$ 2,626,277                            | \$ 2,458,989   | \$ 448,270                        | \$ -  | \$ 448,270                            | \$ 2,671,875                                | \$ 4,058                          | \$ 2,667,817                              | \$ 3,166,292                                 | 14.13%                                      |
| Dec-12                         | 14.61%      | 0.00%       | 14.61%              | \$ 2,880,071                                      | \$ 3,427                    | \$ 2,876,644                            | \$ 2,458,712   | \$ 359,218                        | \$ -  | \$ 359,218                            | \$ 3,268,894                                | \$ 3,427                          | \$ 3,265,467                              | \$ 3,188,103                                 | 11.35%                                      |
| Jan-13                         | 13.49%      | 0.00%       | 13.49%              | \$ 3,098,302                                      | \$ 4,050                    | \$ 3,094,252                            | \$ 2,462,309   | \$ 332,166                        | \$ -  | \$ 332,166                            | \$ 3,697,058                                | \$ 4,050                          | \$ 3,693,008                              | \$ 3,170,965                                 | 10.42%                                      |
| Feb-13                         | 12.61%      | 0.00%       | 12.61%              | \$ 2,866,662                                      | \$ 3,422                    | \$ 2,863,240                            | \$ 2,477,427   | \$ 312,404                        | \$ -  | \$ 312,404                            | \$ 4,201,620                                | \$ 3,422                          | \$ 4,198,198                              | \$ 3,188,875                                 | 9.85%                                       |
| Mar-13                         | 14.37%      | 0.00%       | 14.37%              | \$ 2,937,527                                      | \$ 3,363                    | \$ 2,934,164                            | \$ 2,543,501   | \$ 365,501                        | \$ -  | \$ 365,501                            | \$ 3,611,862                                | \$ 3,363                          | \$ 3,608,499                              | \$ 3,203,020                                 | 11.46%                                      |
| Apr-13                         | 14.27%      | 0.00%       | 14.27%              | \$ 2,146,609                                      | \$ 4,305                    | \$ 2,142,304                            | \$ 2,567,391   | \$ 366,367                        | \$ -  | \$ 366,367                            | \$ 3,896,802                                | \$ 4,305                          | \$ 3,892,497                              | \$ 3,294,750                                 | 11.44%                                      |
| May-13                         | 17.97%      | 0.00%       | 17.97%              | \$ 2,207,736                                      | \$ 4,580                    | \$ 2,203,156                            | \$ 2,567,608   | \$ 461,399                        | \$ -  | \$ 461,399                            | \$ 2,789,027                                | \$ 4,580                          | \$ 2,784,447                              | \$ 3,315,120                                 | 14.00%                                      |
| Jun-13                         | 17.09%      | 0.00%       | 17.09%              | \$ 2,508,158                                      | \$ 3,954                    | \$ 2,504,204                            | \$ 2,571,145   | \$ 439,409                        | \$ -  | \$ 439,409                            | \$ 2,834,803                                | \$ 3,954                          | \$ 2,830,849                              | \$ 3,316,413                                 | 13.25%                                      |
| Jul-13                         | 15.77%      | 0.00%       | 15.77%              | \$ 2,535,517                                      | \$ 5,697                    | \$ 2,529,820                            | \$ 2,542,221   | \$ 400,908                        | \$ 48,684   | \$ 449,592                            | \$ 3,320,799                                | \$ 5,697                          | \$ 3,315,102                              | \$ 3,338,749                                 | 13.56%                                      |
| Aug-13                         | 15.49%      | 0.00%       | 15.49%              | \$ 2,551,914                                      | \$ 4,077                    | \$ 2,547,837                            | \$ 2,544,285   | \$ 394,110                        | \$ 53,661   | \$ 447,771                            | \$ 3,479,594                                | \$ 4,077                          | \$ 3,475,517                              | \$ 3,311,979                                 | 13.41%                                      |
| Sep-13                         | 14.93%      | 0.00%       | 14.93%              | \$ 2,224,927                                      | \$ 3,708                    | \$ 2,221,219                            | \$ 2,549,822   | \$ 380,688                        | \$ 53,661   | \$ 434,349                            | \$ 3,315,738                                | \$ 3,708                          | \$ 3,312,030                              | \$ 3,313,915                                 | 13.11%                                      |
| Oct-13                         | 16.69%      | 0.00%       | 16.69%              | \$ 2,104,260                                      | \$ 3,716                    | \$ 2,100,544                            | \$ 2,553,638   | \$ 426,202                        | \$ 53,661   | \$ 479,863                            | \$ 2,971,099                                | \$ 3,716                          | \$ 2,967,383                              | \$ 3,334,235                                 | 14.48%                                      |
| Nov-13                         | 17.43%      | 0.00%       | 17.43%              | \$ 2,616,505                                      | \$ 3,501                    | \$ 2,613,004                            | \$ 2,552,532   | \$ 444,906                        | \$ 53,661   | \$ 498,567                            | \$ 2,825,837                                | \$ 3,501                          | \$ 2,822,336                              | \$ 3,347,111                                 | 14.95%                                      |
|                                |             |             |                     |   |                             |   |  |                                   |   |                                       |   |                                   |   | L132/R131                                    | 13.34%                                      |

Note:

Taylor County Total Monthly Retail Revenues in Column (11) includes demand and energy charges, customer charges, and FAC revenues.

Revenues reported in Column 4 for September 2011 contained an error which has been corrected; the correction did not change the September Pass-through factor shown in Column 15.