

Grayson Rural Electric Cooperative Corporation

109 Bagby Park • Grayson, KY 41143-1292
Telephone 606-474-5136 • 1-800-562-3532 • Fax 606-474-5862

April 3, 2014

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

RECEIVED

APR - 4 2014

PUBLIC SERVICE
COMMISSION

Dear Mr. Derouen:

Re: PSC Case No. 2014-00051

In accordance with the Commission's Order in the above referenced case, dated March 6, 2014, please find attached the original plus 7 (seven) copies of the responses to Appendix B, items 2a, 2b, and 7.

If you have any questions about this filing, please feel free to contact me.

Very truly yours,




Don M. Combs
Mgr. - Finance & Accounting

Enclosures

The undersigned, Don M. Combs, as Manager of Finance and Accounting of Grayson Rural Electric, being first duly sworn, states that the responses herein supplied in Case No. 2014 – 00051, Appendix B, dated March 6, 2014, are true to the best of my knowledge and belief formed after reasonable inquiry.

Dated: April 3, 2014

Grayson Rural Electric

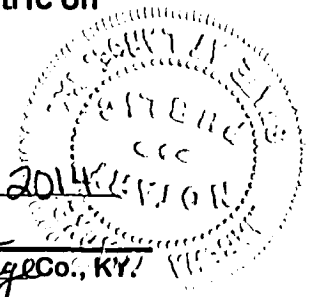
By: 

Don M. Combs
Manager of Finance and Acct.

Subscribed, sworn to, and acknowledged before me by Don M. Combs, as Manager of Finance and Acct. for Grayson Rural Electric on behalf of said Corporation this 3rd day of April, 2014.

My Commission expires 9th day of January, 2015.
Witness my hand and official seal this

3rd day of April, 2014
Marshall A. Shuckler
Notary Public in and for State-at-Large Co., KY.



2 (a) Request:

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-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: On Pages 2- 4 of this item

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Response On Pages 2- 4 of this item

Additional Over - Under Recovery

Grayson 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	\$ 241,843	\$ 234,962	\$ 6,881	\$ 6,877
Aug-13	\$ 211,525	\$ 218,956	\$ (7,431)	\$ (554)
Sep-13	\$ 182,445	\$ 172,401	\$ 10,044	\$ 9,490
Oct-13	\$ 166,161	\$ 203,924	\$ (37,763)	\$ (28,273)
Nov-13	\$ 244,702	\$ 295,344	\$ (50,642)	\$ (78,915)
Dec-13	\$ 297,351	\$ 337,194	\$ (39,843)	\$ (118,758)
Jan-14	\$ 314,173	\$ 297,536	\$ 16,637	\$ (102,121)
Feb-14	\$ 193,626	\$ -	\$ 193,626	\$ 91,505

Retail Rev Net of Environ. Surcharge & Green Pwr Revenues (5)

Cumulative 6-months (Over)/Under Recovery \$ (118,758)

Monthly Recovery (per month for six months) \$ (19,793)

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

Grayson RECC
 2014-00051
 Item 2 (a)
 Page 3 of 4

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 Grayson	On-peak Revenue Adjustment	EKPC Net Monthly Sales to Grayson	EKPC 12-months Ended Average Monthly Revenue from Sales to Grayson	Grayson Revenue Requirement	Amortization of (Over)/Under Recovery	Grayson Net Revenue Requirement	Grayson Total Monthly Retail Revenues	On-Peak Retail Revenue Adjustment	Grayson Net Monthly Retail Revenues	12-months ended Avg. Retail Revenues, Net	Grayson 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%	\$ 1,221,280		\$ 1,221,280	\$ 1,385,926	\$ 179,062	\$ -	\$ 179,062	\$ 1,787,650		\$ 1,787,650	\$ 2,175,314	8.18%
Apr-12	14.94%	0.00%	14.94%	\$ 1,040,576		\$ 1,040,576	\$ 1,381,197	\$ 206,351	\$ -	\$ 206,351	\$ 1,702,854		\$ 1,702,854	\$ 2,173,210	9.49%
May-12	16.90%	0.00%	16.90%	\$ 1,190,268		\$ 1,190,268	\$ 1,384,500	\$ 233,981	\$ -	\$ 233,981	\$ 1,920,190		\$ 1,920,190	\$ 2,167,291	10.77%
Jun-12	15.55%	0.00%	15.55%	\$ 1,323,562		\$ 1,323,562	\$ 1,382,858	\$ 215,034	\$ -	\$ 215,034	\$ 2,322,310		\$ 2,322,310	\$ 2,171,985	9.92%
Jul-12	14.51%	0.00%	14.51%	\$ 1,532,349		\$ 1,532,349	\$ 1,377,759	\$ 199,913	\$ -	\$ 199,913	\$ 2,240,582		\$ 2,240,582	\$ 2,150,401	9.20%
Aug-12	14.13%	0.00%	14.13%	\$ 1,364,054		\$ 1,364,054	\$ 1,366,485	\$ 193,084	\$ -	\$ 193,084	\$ 2,003,047		\$ 2,003,047	\$ 2,149,380	8.98%
Sep-12	16.23%	0.00%	16.23%	\$ 1,186,878		\$ 1,186,878	\$ 1,363,159	\$ 221,241	\$ -	\$ 221,241	\$ 1,736,739		\$ 1,736,739	\$ 2,144,748	10.29%
Oct-12	17.57%	0.00%	17.57%	\$ 1,192,170		\$ 1,192,170	\$ 1,360,825	\$ 239,097	\$ -	\$ 239,097	\$ 2,229,863		\$ 2,229,863	\$ 2,151,228	11.15%
Nov-12	18.23%	0.00%	18.23%	\$ 1,531,266		\$ 1,531,266	\$ 1,371,481	\$ 250,021	\$ -	\$ 250,021	\$ 2,380,961		\$ 2,380,961	\$ 2,151,532	11.62%
Dec-12	14.61%	0.00%	14.61%	\$ 1,653,104		\$ 1,653,104	\$ 1,372,770	\$ 200,562	\$ -	\$ 200,562	\$ 2,985,010		\$ 2,985,010	\$ 2,168,086	9.32%
Jan-13	13.49%	0.00%	13.49%	\$ 1,749,768		\$ 1,749,768	\$ 1,375,719	\$ 185,584	\$ -	\$ 185,584	\$ 2,870,638		\$ 2,870,638	\$ 2,192,194	8.56%
Feb-13	12.61%	0.00%	12.61%	\$ 1,621,938		\$ 1,621,938	\$ 1,383,934	\$ 174,514	\$ -	\$ 174,514	\$ 2,486,872		\$ 2,486,872	\$ 2,222,226	7.96%
Mar-13	14.37%	0.00%	14.37%	\$ 1,638,898		\$ 1,638,898	\$ 1,418,736	\$ 203,872	\$ -	\$ 203,872	\$ 2,230,078		\$ 2,230,078	\$ 2,259,095	9.17%
Apr-13	14.27%	0.00%	14.27%	\$ 1,217,124		\$ 1,217,124	\$ 1,433,448	\$ 204,553	\$ -	\$ 204,553	\$ 1,731,363		\$ 1,731,363	\$ 2,261,471	9.05%
May-13	17.97%	0.00%	17.97%	\$ 1,231,787		\$ 1,231,787	\$ 1,436,908	\$ 258,212	\$ -	\$ 258,212	\$ 2,078,566		\$ 2,078,566	\$ 2,274,669	11.42%
Jun-13	17.09%	0.00%	17.09%	\$ 1,341,939		\$ 1,341,939	\$ 1,438,440	\$ 245,829	\$ -	\$ 245,829	\$ 2,277,124		\$ 2,277,124	\$ 2,270,904	10.81%
Jul-13	15.77%	0.00%	15.77%	\$ 1,415,122		\$ 1,415,122	\$ 1,428,671	\$ 225,301	\$ (488)	\$ 224,813	\$ 2,173,370		\$ 2,173,370	\$ 2,265,303	9.90%
Aug-13	15.49%	0.00%	15.49%	\$ 1,341,311		\$ 1,341,311	\$ 1,426,775	\$ 221,008	\$ (6,503)	\$ 214,505	\$ 2,211,397		\$ 2,211,397	\$ 2,282,665	9.47%
Sep-13	14.93%	0.00%	14.93%	\$ 1,177,821		\$ 1,177,821	\$ 1,426,021	\$ 212,905	\$ (6,503)	\$ 206,402	\$ 1,820,885		\$ 1,820,885	\$ 2,289,677	9.04%
Oct-13	16.69%	0.00%	16.69%	\$ 1,112,940		\$ 1,112,940	\$ 1,419,418	\$ 236,901	\$ (6,503)	\$ 230,398	\$ 2,256,316		\$ 2,256,316	\$ 2,291,882	10.06%
Nov-13	17.43%	0.00%	17.43%	\$ 1,466,165		\$ 1,466,165	\$ 1,413,993	\$ 246,459	\$ (6,503)	\$ 239,956	\$ 2,938,645		\$ 2,938,645	\$ 2,338,355	10.47%
Dec-13	14.54%	0.00%	14.54%	\$ 1,705,975		\$ 1,705,975	\$ 1,418,399	\$ 206,235	\$ (6,503)	\$ 199,732	\$ 3,222,913		\$ 3,222,913	\$ 2,358,181	8.54%
Jan-14	10.92%	0.00%	10.92%	\$ 2,160,746		\$ 2,160,746	\$ 1,452,647	\$ 158,629	\$ (6,015)	\$ 152,614	\$ 3,479,636		\$ 3,479,636	\$ 2,408,930	6.47%
Feb-14	5.44%	0.00%	5.44%	\$ 1,773,121		\$ 1,773,121	\$ 1,465,246	\$ 79,709	\$ -	\$ 79,709					3.31%

Notes:

Grayson 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.

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 Pass Through Mechanism Report for Grayson RECC

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Sep-13	14.93%	0.00%	14.93%	\$ 1,177,821		\$ 1,177,821	\$ 1,426,021	\$ 212,905	\$ (26,295)	\$ 186,610	\$ 1,820,885		\$ 1,820,885	\$ 2,289,677	8.18%
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2 (b) 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 Grayson, which resulted in the surcharge revenues to be collected from retail customers being lower than the amounts billed by EKPC. Normally, this over-recovery coupled with the natural operation of the surcharge pass-through mechanism would have resulted in Grayson experiencing an under-recovery for the current review period. However, Grayson was granted a base rate increase that became effective for service rendered on and after July 31, 2013. Thus, the increase in retail revenues has not been fully recognized in the 12-month average retail revenues utilized to determine the pass-through factors. We believe this additional factor has resulted in Grayson experiencing an over-recovery for the current review period.

7

Request: 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: **Impact of Additional Over Recovery**

Actual Over Recovery

Additional Recovery

Average Residential Usage per Month **1,162 kwh**

Average Monthly Bill

Customer Charge		\$ 15.00		\$ 15.00
Kwh Charge @	0.10910	\$ 126.77	0.10910	\$ 126.77
Fuel Adjustment (January 2014) @	0.001326	\$ 1.54	0.001326	\$ 1.54
ESC (January 2014)	6.47%	\$ 9.27	5.63%	\$ 8.07
Total Bill Amount		<u>\$ 152.59</u>		<u>\$ 151.38</u>

Dollar Impact **\$ (1.20)**