




A Touchstone Energy Cooperative 

P.O. Box 990 • 1201 Lexington Road • Nicholasville, Kentucky 40340-0990  
Phone: 888-546-4243 • Fax: 859-885-2854 • [www.bgenergy.com](http://www.bgenergy.com)

July 9, 2014

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

RECEIVED

JUL 09 2014

PUBLIC SERVICE  
COMMISSION

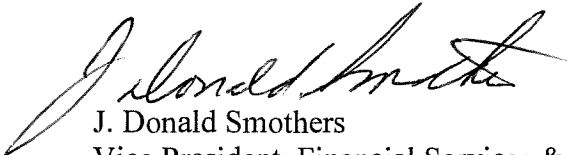
Re: PSC Case No. 2014-00051

Dear Mr. Derouen,

Please find enclosed for filing with the Commission in the above-referenced case an original and five copies of the responses to the Commission's second data request. Each response includes the name of the witness responsible for responding to the questions related to the information provided. A signed certification of the person supervising the preparation of the response on behalf of the entity, that the response is true and accurate to the best of that person's knowledge and belief is included.

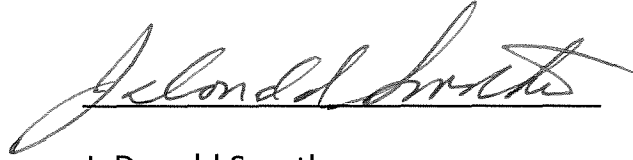
If you have any questions, please contact me at 859-885-2118.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "J. Donald Smothers".

J. Donald Smothers  
Vice President, Financial Services & CFO

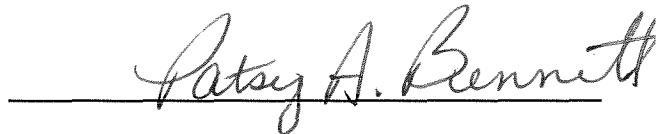
The affiant, J. Donald Smothers, Vice President, Financial Services & CFO for Blue Grass Energy, states that the answers given by him to the foregoing questions are true and correct to the best of his knowledge and belief.



J. Donald Smothers

Subscribed and sworn to before me by the affiant, J. Donald Smothers, this 7<sup>th</sup> day of July 2014.

My Commission expires 10/17/2016



Notary Public, State of Kentucky at Large

**Blue Grass Energy****Case No. 2014-00051****Second Data Request****1. Request:**

Explain how the transactions are recorded on your books and provide representative journal entries showing the account numbers and descriptions.

**Response:**

We recorded the environmental surcharge in three separate journal entries. In using July 2013 as an example:

1. To record the amount paid on the power bill as Purchased Power.

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
55500	Purchased Power	\$1,174,321	
23230	Accounts Payable – Other		\$1,174,321

2. To record the amount collected from members as Revenue.

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
14200	Accounts Receivable – Consumer	\$1,260,553.47	
44010	Residential Sales		\$847,141.62
44210	Commercial Sales < 1,000 KVA		\$174,472.03
44220	Commercial Sales > 1,000 KVA		\$235,065.50
44400	Public St. & Highway Lighting		\$ 3,874.32

3. To accrue the difference paid and collected to eliminate the effect on margins.

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
14202	AR - EKP environmental Surcharge		\$86,232.47
44010	Residential Sales	\$57,950.58	
44210	Commercial Sales < 1,000 KVA	\$11,935.93	
44220	Commercial Sales > 1,000 KVA	\$16,081.25	
44400	Public St. & Highway Lighting	\$ 264.71	

Witness: J. Donald Smothers

**Blue Grass Energy**

**Case No. 2014-00051**

**Second Data Request**

2a. Request :

Using the month of July 2013 as an example, for the amount shown in the column titled " EKPC Invoice Month recorded on Member's Books," for your cooperative, provide the month in which the expenses are incurred by EKPC and when this amount was billed to the member cooperative.

Response:

Expense incurred by EKPC	June 2013
Amount billed to the Member Cooperative	July 2013

2b. Request:

Using the month of July 2013 as an example, for the amount shown in the column titled " Billed to Retail Consumer & recorded on Member's Books," for your cooperative, provide the pass-through factor and the revenue amount to which it was applied to arrive at the amount shown

Response:

Pass-through factor	13.38%
Revenue Amount	\$9,420,693.90

Witness: J. Donald Smothers

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

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION  
TO EAST KENTUCKY POWER COOPERATIVE INC.'S  
SIXTEEN MEMBER DISTRIBUTION COOPERATIVES

East Kentucky Power Cooperative, Inc. ("EKPC"), pursuant to 807 KAR 5:001, and each of its 16 member cooperatives are to file with the Commission the original and five copies of the following information, with a copy to all parties of record. The information requested herein is due by July 11, 2013. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity, that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Any party shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which any party fails or refuses to furnish all or part of the requested information, a written explanation shall be provided of the specific grounds for the failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

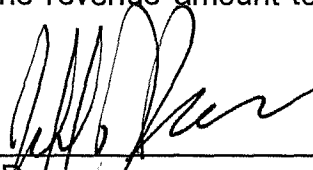
1. This question is addressed to each of the member distribution cooperatives. To further Staff's understanding of how environmental surcharge expenses and revenues impact a cooperative's financial position, explain how the transactions are recorded on your books and provide representative journal entries showing account numbers and descriptions.

2. This question is addressed to each of the member distribution cooperatives. Refer to the responses to the Commission Staff's First Request for information, Item 2.a., for your cooperative.

a. Using the month of July 2013 as an example, for the amount shown in the column titled "EKPC Invoice Month recorded on Member's Books," for your cooperative, provide the month in which the expenses are incurred by EKPC and when this amount was billed to the member cooperative.

b. Using the month of July 2013 as an example, for the amount shown

in the column titled "Billed to Retail Consumer & recorded on Member's Books," for your cooperative, provide the pass-through factor and the revenue amount to which it was applied to arrive at the amount shown.



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Jeff Dequay  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40602

DATED JUL 01 2014

cc: Parties of Record