



# SALT RIVER ELECTRIC

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July 7, 2014

Mr. Jeff Derouen  
Executive Director  
KY Public Service Commission  
PO Box 615  
Frankfort KY 40602-0615

RECEIVED

JUL 10 2014

PUBLIC SERVICE  
COMMISSION

Re: Case No. 2014-00051  
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 the Sixteen  
Member Distribution Cooperatives

Dear Mr. Derouen:

Enclosed are the original and six copies of Salt River Electric Cooperative Corporation's Responses to Commission Staff's Second Request for Information dated July 1, 2014, in the above-named case.

If you have any questions about these responses, please contact this office.

Sincerely,

Larry Hicks  
President and CEO

Enclosures

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

JUL 10 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-MONTH BILLING PERIOD ENDING )  
DECEMBER 31, 2013, AND THE PASS- )  
THROUGH MECHANISM FOR ITS SIXTEEN )  
MEMBER DISTRIBUTION COOPERATIVES )

CASE NO.  
2014-00051

SALT RIVER ELECTRIC COOPERATIVE CORPORATION  
RESPONSES TO **SECOND** DATA REQUEST OF COMMISSION STAFF  
BY ORDER DATED JULY 1, 2014



Salt River Electric

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

SALT RIVER ELECTRIC COOPERATIVE CORPORATION  
RESPONSES TO **SECOND** DATA REQUEST OF COMMISSION STAFF  
BY ORDER DATED JULY 1, 2014

The undersigned, Larry Hicks, President and CEO of Salt River Electric Cooperative Corporation, being duly sworn, responds to requests for information herein as follows:

Question 1: 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.

Response: Salt River Electric does not record the environmental surcharge under a separate general ledger account number. It is included in the total power bill amount that is recorded monthly under account 555-Purchased Power. The monthly revenues for the environmental surcharge are recorded to the billed revenue class for the month (Accounts 440.1 through 444). Salt River tracks the environmental surcharge expensed and billed each month in a spread sheet in order to calculate the monthly over/under recoveries. The monthly over/under is then added or subtracted from the monthly recorded billed revenues to more truly reflect Salt River's financial position.

Entries: July 2013

Record Power Bill

<u>Account</u>	<u>Debit</u>	<u>Credit</u>
555- Purchased Power	\$7,353,040.00	
232.1-Accounts Payable		\$7,353,040.00

Record Billed Revenues

<u>Account</u>	<u>Debit</u>	<u>Credit</u>
142- Accounts Receivable	\$9,650,101.76	
440.1-Residential Sales		\$6,529,052.62
442.1-Commercial Sales-Small Power		\$720,853.58
442.2-Commercial Sales-Large Power		\$2,357,557.18
444- Public Street/ Highway Lighting		\$42,638.38

Record ESC Monthly Over Recovery

<u>Account</u>	<u>Debit</u>	<u>Credit</u>
182.31-Unbilled ESC		\$134,025.13
440.1- Residential Sales	\$91,780.41	
442.1- Commercial Sales-Small Power	\$9,904.46	
442.2- Commercial Sales-Large Power	\$31,696.94	
444- Public Street/ Highway Lighting	\$643.32	

(The journal entry for the monthly under recovery of the ESC would be the reverse of the over recovery entry shown.)

Question 2(a): Refer to the responses to the Commission Staff's First Request for Information Item 2(a) for your cooperative. Using the month of July 2013 as an example, for the amount shown in the column titled "EKPS 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: The amount of \$1,073,045 for "EKPC Invoice Month recorded on Member's Books" was for June 2013 EKPC expenses applied to Salt River's July 2013 power bill. This was billed on Salt River's August 2013 consumer bills.

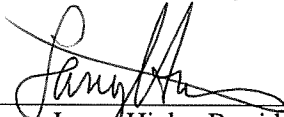
Question 2(b): Refer to the responses to the Commission Staff's First Request for Information Item 2(a) for your cooperative. Using the month of July 2013 as an example, for the amount shown in the column titled "Billed to Retail Consumer & recorded on Member's Books" for your cooperative, provide the pass-through factor and the revenue amount to which it was applied to arrive at the amount shown.

Response: For the "Billed to Retail Consumer & recorded on Member's Books" the pass-through factor that was used for Salt River's July 2013 billing was 14.30%. The billing revenues used to calculate that amount to obtain the \$1,207,070 was \$8,441,036 for July 2013.

**Responsible Witness for All Responses: J. Edward Boone, Vice-President of Finance**


I, Larry Hicks, President and CEO of Salt River Electric Cooperative Corporation, hereby certify that the above responses to the request for information are true and accurate to the best of my knowledge and belief formed after a reasonable inquiry.

SALT RIVER ELECTRIC COOPERATIVE CORP.

  
Larry Hicks, President and CEO

STATE OF KENTUCKY  
COUNTY OF NELSON

Subscribed and sworn to before me this 7<sup>th</sup> day of July, 2014, by Larry Hicks, President and CEO of Salt River Electric Cooperative Corporation, to be his voluntary act and deed.

  
Kathy Brown

Notary Public KY State at Large  
My Commission Expires: December 16, 2014

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