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August 19, 2014

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AUG 21 2014

PUBLIC SERVICE  
COMMISSION

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

RE: PSC Case No. 2014-00051

Dear Mr. Derouen:

Please find an original and five (5) copies of the responses of Taylor County RECC as requested in the above referenced case dated August 7, 2014.

If you have any questions, please let me know.

Sincerely,

TAYLOR COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION

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 fifteenth day of August, 2014.

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

My Commission Expires: 01/22/15 ID# 435235

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION  
P O BOX 100  
CAMPBELLSVILLE, KY 42719

PSC CASE NO. 2014-00051  
RESPONSE TO DATA REQUEST DATED AUGUST 7, 2014

WITNESS; John F. Patterson

6. This question is addressed to all member cooperatives. Refer to each member cooperative's July 31, 2013 monthly pass-through filing.

Question 6(a)

a. Provide the numerator used in the calculation of the respective member cooperative's pass-through mechanism factor, along with the expense month with which the numerator is associated.

Response 6(a)

The numerator was \$461,399.00 for the EKPC June 2013 power bill which TCRECC expensed in July 2013.

Question 6(b)

b. Provide the denominator used in the calculation of the respective member cooperative's pass-through mechanism factor, along with the calculations and the months supporting the calculations of the denominator.

Response 6(b)

The denominator was \$3,315,120.00 The Calculation is shown on page 3 of 3 of this Item number.

Question 6(c)

c. Provide the month's revenue (amount and month of the year) each member cooperative's pass-through mechanism factor for July 2013 is applied to in arriving at the monthly environmental surcharge revenues recovered.

Response 6(c)

The 14.00% was applied to bills with a read date of June 30, 2013 which were booked as Revenue for the months ended July 31, 2013. The revenue amount the 14.00% was applied to were \$3,320,799.33.

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

Item 6  
 Page 2 of 3

For the Month Ending May 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) ÷ Col. (7)		Col. (8) ÷ Col. (9)			Col. (11) - Col. (12)		Col. (10) / Col. (14)
May-12	16.90%	0.00%	16.90%	\$ 2,204,704	\$ 4,155	\$ 2,200,549	\$ 183,379	\$ 30,991	\$ -	\$ 30,991	\$ 2,544,169	\$ 4,155	\$ 2,540,014	\$ 211,668	#DIV/0!
Jun-12	15.55%	0.00%	15.55%	\$ 2,466,073	\$ 4,304	\$ 2,461,769	\$ 388,527	\$ 60,416	\$ -	\$ 60,416	\$ 2,819,636	\$ 4,304	\$ 2,815,332	\$ 446,279	28.54%
Jul-12	14.51%	0.00%	14.51%	\$ 2,882,309	\$ 5,401	\$ 2,876,908	\$ 628,269	\$ 91,162	\$ -	\$ 91,162	\$ 3,052,470	\$ 5,401	\$ 3,047,069	\$ 700,201	20.43%
Aug-12	14.13%	0.00%	14.13%	\$ 2,527,138	\$ 4,072	\$ 2,523,066	\$ 838,524	\$ 118,483	\$ -	\$ 118,483	\$ 3,800,820	\$ 4,072	\$ 3,796,748	\$ 1,016,597	16.92%
Sep-12	16.23%	0.00%	16.23%	\$ 2,158,092	\$ 3,318	\$ 2,154,776	\$ 1,018,089	\$ 165,236	\$ -	\$ 165,236	\$ 3,292,124	\$ 3,318	\$ 3,288,808	\$ 1,290,664	16.25%
Oct-12	17.57%	0.00%	17.57%	\$ 2,058,303	\$ 3,560	\$ 2,054,743	\$ 1,189,318	\$ 208,963	\$ -	\$ 208,963	\$ 2,727,104	\$ 3,560	\$ 2,723,544	\$ 1,517,626	16.19%
Nov-12	18.23%	0.00%	18.23%	\$ 2,630,335	\$ 4,058	\$ 2,626,277	\$ 1,408,174	\$ 256,710	\$ -	\$ 256,710	\$ 2,871,875	\$ 4,058	\$ 2,667,817	\$ 1,739,944	16.92%
Dec-12	14.61%	0.00%	14.61%	\$ 2,880,071	\$ 3,427	\$ 2,876,644	\$ 1,647,894	\$ 240,757	\$ -	\$ 240,757	\$ 3,268,894	\$ 3,427	\$ 3,265,467	\$ 2,012,067	13.84%
Jan-13	13.49%	0.00%	13.49%	\$ 3,098,302	\$ 4,050	\$ 3,094,252	\$ 1,905,749	\$ 257,085	\$ -	\$ 257,085	\$ 3,697,058	\$ 4,050	\$ 3,693,008	\$ 2,319,817	12.78%
Feb-13	12.61%	0.00%	12.61%	\$ 2,866,662	\$ 3,422	\$ 2,863,240	\$ 2,144,352	\$ 270,403	\$ -	\$ 270,403	\$ 4,201,820	\$ 3,422	\$ 4,198,198	\$ 2,669,667	11.66%
Mar-13	14.37%	0.00%	14.37%	\$ 2,937,527	\$ 3,363	\$ 2,934,164	\$ 2,388,866	\$ 343,280	\$ -	\$ 343,280	\$ 3,611,862	\$ 3,363	\$ 3,608,499	\$ 2,970,375	12.86%
Apr-13	14.27%	0.00%	14.27%	\$ 2,148,809	\$ 4,305	\$ 2,142,304	\$ 2,567,391	\$ 366,367	\$ -	\$ 366,367	\$ 3,898,802	\$ 4,305	\$ 3,892,497	\$ 3,294,750	12.33%
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%
													May 2012 - Apr 13	\$ 39,537,001	
													Twelve Month Average	\$3,294,750	

TAYLOR COUNTY R5ECC  
PSC CASE NO 2014-00051  
RESPONSE TO DATA REQUEST DATED AUGUST 7, 2014

ITEM 6  
Page 3 of 3

DATE	TCRECC MONTHLY REVENUE	TCRECC AVERAGE REVENUE
Jun-12	2,815,332	
Jul-12	3,047,069	
Aug-12	3,796,748	
Sep-12	3,288,808	
Oct-12	2,723,544	
Nov-12	2,667,817	
Dec-12	3,265,467	
Jan-13	3,693,008	
Feb-13	4,198,198	
Mar-13	3,608,499	
Apr-13	3,892,497	
May-13	2,784,447	
	39,781,434	3,315,120

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION  
P O BOX 100  
CAMPBELLSVILLE, KY 42719

PSC CASE NO. 2014-00051  
RESPONSE TO DATA REQUEST DATED AUGUST 7, 2014

WITNESS; John F. Patterson

7. This question is addressed to all member cooperatives. For the month of July 2005, provide the following:

Question 7(a)

a. Identify the month in which the member cooperative's revenue requirement was used, along with the months in which the member cooperative's 12-months-ended average retail revenue was used in calculating the pass-through mechanism factor.

Response 7(a)

Revenue booked in July 2005 was applied to the July 2005 Surcharge factor. The 12 month Average revenue was for the period June 2004 – May 2005.

Question 7(b)

b. Identify the member cooperative's month revenues (amount and month of the year) the pass-through mechanism factor was applied to arrive at the member cooperative's monthly environmental surcharge revenues.

Response 7(b)

Revenue booked in July 2005 in the amount of \$3,065,409.06.

Question 7(c)

c. Identify the member cooperative's month revenues (amount and month of the year) and the member cooperative's month expense (amount and month of the year) used in calculating any over/under recovery, along with the month the over/under recovery is reflected, in the member cooperative's response to the Information Request of Commission Staff following the June 18, 2014 Informal Conference ("Staff's IC Information Request"), item 2.

Response 7(c)

Revenue \$463,697 June 2013 usage Recorded on books July 2013.  
Expense EKPC power bill for June 2013 \$450,006 expensed by TCRECC July 2013.

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION  
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PSC CASE NO. 2014-00051  
RESPONSE TO DATA REQUEST DATED AUGUST 7, 2014

WITNESS; John F. Patterson

8. This question is addressed to all member cooperatives. For the month of December 2013, provide the following:

Question 8(a)

a. Identify the month in which the member cooperative's revenue requirement was used, along with the months in which the member cooperative's 12-months-ended average retail revenue was used, in calculating the pass-through mechanism factor.

Response 8(a)

November usage Revenue recorded in December 2013. Average retail Revenue for 12 months ended November 2013.

Question 8(b)

b. Provide the member cooperative's month revenues the passthrough mechanism factor was applied to arrive at the member cooperative's monthly environmental surcharge revenues.

Response 8(b)

Month of December 2013 \$3,381,794.

Question 8(c)

c. Provide the member cooperative's month revenue and the member cooperative's month expense used in calculating any over/under recovery, along with the month the over/under recovery is reflected in the member cooperative's response to Staff's IC Information Request, item 2.

Response 8(c)

December 2013 Surcharge Revenue \$488,054.  
November Power Bill December 2013 Expense month \$436,113.

Question 8(d)

8(c)

7(c)

d. If there was a change in the calculations between Item No. ~~8~~ and Item No. ~~9~~, fully explain the reason for the change and provide any Commission supporting authorization for the change.

Response 8(d)

There is no change.



TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION  
P O BOX 100  
CAMPBELLSVILLE, KY 42719

PSC CASE NO. 2014-00051  
RESPONSE TO DATA REQUEST DATED AUGUST 7, 2014

WITNESS; John F. Patterson

**Question 9**

This question is addressed to all member cooperatives. In a month when there is an amortization of an over- or under-recovery amount applied in the calculation of the pass-through mechanism factor, do the member cooperatives agree that the pass-through factor is a net factor, and the net factor is a combination of the passthrough factor that is attributed to the member cooperative's revenue requirement divided by the 12-months-ended average retail revenues and the member cooperative's amortization of any over- or under-recovery amount also divided by the 12-months ended average retail revenues? If not, explain.

**Response 9**

TCREC

TCRECC agrees that in a month when there is an amortization of an over- or under-recovery amount applied in the calculation of the pass-through mechanism factor that the pass-through factor is a net factor. However, TCRECC does not agree with the description of the calculation of the pass-through factor as stated in the request. As clearly shown on the monthly "Pass Through Mechanism Report" filed for TCRECC, the monthly revenue requirement shown in column 8 is combined with the amortization of over- or under-recovery shown in column 9. The net amount is shown in column 10. The net amount in column 10 is divided by the 12-months ended average net retail revenues shown in column 14, producing the pass-through factor shown in column 15. While the approach described in the request essentially produces the same result mathematically, separate pass-through factor components are not calculated for the monthly revenue requirement and the amortization of the over- or under-recovery.

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION  
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PSC CASE NO. 2014-00051  
RESPONSE TO DATA REQUEST DATED AUGUST 7, 2014

WITNESS; John F. Patterson

Question 10

This question is addressed to all member cooperatives.

Question 10(a)

- a. Does each member cooperative have a monthly Fuel Adjustment Clause ("FAC") that contains a prior month over- or under-recovery mechanism in the calculations?

Response 10(a)

TCRECC has a monthly FAC that contains a prior month over-or under-recovery.

Question 10(b) *10(a)*

- ~~11.a.~~ b. If the answer to ~~11.a.~~ *10(a)* above is yes, does each member cooperative remove the prior month over- or under-recovery amount in calculating the current month's over- or under-recovery amount?

Response 10(b)

No

Question 10(c) *10(b)*

- ~~11.b.~~ c. If the answer to ~~11.b.~~ *10(b)* above is no, explain why it is appropriate to remove any over- or under-recovery amount in the environmental surcharge, but it is not required to remove any over/under recovery in the FAC.

Response 10(c)

It should be noted that the environmental surcharge is established by KRS 278.183 while the FAC is established by 807 KAR 5:056 and neither explicitly address how over- and under-recoveries are to be handled.

Under the FAC for the Member Cooperatives, the over- or under-recovery from the second previous month is incorporated into the calculations of the current FAC. The current FAC is applied to retail customer bills rendered two months later. Thus, there is a four month lag from the inception of an over- or under- recovery until it is refunded or collected on the retail customers' bill. Each month the retail customers' bill will include a single month's FAC over- or under-recovery amount. There is no adjustment to remove any previous month's over- or under-recovery amount in calculating the current month's over- or under-recovery.

Under the environmental surcharge, the over- or under-recovery is determined during the periodic six-month and two-year surcharge review cases. Under normal circumstances, the over- or under-recovery determined during a surcharge review case will cover six months of surcharge operation and the amortization period of the over- or under-recovery has been six months. While the amortization results in an equal dollar amount being included in the retail customers' bills during the amortization period, rather than an amount that reflects month to month changes in sales volumes, it is essentially the same approach as the FAC. Each month during the amortization period will reflect a single month's surcharge over- or under-recovery amount. There have been no adjustments to remove any previous month's over- or under-recovery amount when calculating the current month's over- or under-recovery.

However, the processing of Case Nos. 2012-00486 and 2013-00140 were not normal circumstances. Case No. 2012-00486 reviewed the last six months of a two-year review period and two subsequent six-month review periods, for a total of 18 months of surcharge operations. The case was opened on November 16, 2012 and the Commission's final Order was dated August 2, 2013. Although the review period covered 18 months of surcharge operations, the over- and under-recoveries determined for the Member Cooperatives were amortized over six months. The first month of the amortization of the over- and under-recoveries was reflected in the Member Cooperatives' surcharge pass-through factors filed with the Commission on August 20, 2013. Case No. 2013-00140 covered a single six-month review period. This case was opened on May 14, 2013 and the Commission's final Order was dated September 17, 2013. The over- and under-recoveries determined for the Member Cooperatives were amortized over six months. The first month of the amortization of the over- and under-recoveries was reflected in the Member Cooperatives' surcharge pass-through factors filed with the Commission on September 20, 2013. Because of the number of review periods included in the two cases and the overlapping of the amortization periods for these two cases, over- and under-recoveries resulting from 24 months of

surcharge operations were amortized over a total of seven months. Thus, the normal situation where six months of surcharge operations are reflected in six months of over- or under- recovery amortization no longer was in force. Without some adjustment to remove the effects of amortizing over- or under-recoveries resulting from 24 months of surcharge operations over seven months, subsequent surcharge review over- and under-recovery calculations will be skewed.

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION  
P O BOX 100  
CAMPBELLSVILLE, KY 42719

PSC CASE NO. 2014-00051  
RESPONSE TO DATA REQUEST DATED AUGUST 7, 2014

WITNESS; John F. Patterson

This question is addressed to all member cooperatives.

Question 11(a)

a. Provide the schedules which support the amount of both the environmental surcharge revenues and the environmental surcharge expenses removed from their cost-of-service on Schedule S for each of their rate filings which cover the period July 2005 through December 2013.

Response 11(a)

See Page 2, 3, 4 of 5 this Item.

Question 11(b)

b. Provide an analysis comparing the monthly amounts in ~~12-a:~~ <sup>11(a)</sup> above with the same monthly amounts the member cooperatives provided in their response to Staff's IC Information Request, Item No. 2.

Response 11(B)

See Page 3 of 3 of this Item.

Question 11 (c)

c. If there is a difference in the monthly revenue and/or expense amounts in the response to ~~12-b:~~ <sup>11(a)</sup> above, provide a complete explanation of the reason(s) for the difference. <sup>11(d)</sup>

Response 11 (c)

There is no difference.

Taylor County Rural Electric Cooperative  
Case No. 2012-0023  
Statement of Operations, Adjusted

Exhibit S  
page 2 of 4  
Witness: Jim Adkins

	Actual Test Year	Normalized Adjustments	Normalized Test Year	Proposed Increase	Proposed Test Year
<b>Operating Revenues:</b>					
Base rates	43,084,221	(1,416,683)	41,667,538	1,065,777	42,733,315
Fuel adjustment	(3,042,560)	2,588,045	(454,515)		(454,515)
Environmental surcharge	3,592,332	(3,592,332)	-		-
Other electric revenue	789,543	36,204	825,747		825,747
	<u>44,423,536</u>	<u>(2,384,766)</u>	<u>42,038,770</u>	<u>1,065,777</u>	<u>43,104,547</u>
<b>Operating Expenses:</b>					
<b>Cost of power:</b>					
Base rates	33,911,045	(1,562,807)	32,348,238		32,348,238
Fuel adjustment	(2,588,045)	2,588,045	-		-
Environmental surcharge	3,823,771	(3,823,771)	-		-
Distribution - operations	1,762,546	117,660	1,880,206		1,880,206
Distribution - maintenance	1,789,805	96,073	1,885,878		1,885,878
Consumer accounts	1,135,635	81,557	1,217,192		1,217,192
Customer service	113,578	-	113,578		113,578
Sales	-	-	-		-
Administrative and general	1,406,674	(35,323)	1,371,351		1,371,351
	<u>41,355,009</u>	<u>(2,538,566)</u>	<u>38,816,443</u>	<u>-</u>	<u>38,816,443</u>
Total operating expenses					
Depreciation	2,075,360	458,113	2,533,473		2,533,473
Taxes - other	42,849	-	42,849		42,849
Interest on long-term debt	981,289	(28,714)	952,575		952,575
Interest expense - other	71,220	-	71,220		71,220
Other deductions	-	-	-		-
	<u>44,525,727</u>	<u>(2,109,167)</u>	<u>42,416,560</u>	<u>-</u>	<u>42,416,560</u>
Total cost of electric service					
Utility operating margins	<u>(102,191)</u>	<u>(275,599)</u>	<u>(377,790)</u>	<u>1,065,777</u>	<u>687,987</u>
Nonoperating margins, interest	142,641	-	142,641		142,641
Nonoperating margins, other	(3,672)	-	(3,672)		(3,672)
G & T capital credits	1,383,363	(1,383,363)	-		-
Patronage capital credits	125,619	-	125,619		125,619
	<u>1,545,760</u>	<u>(1,658,962)</u>	<u>(113,202)</u>	<u>1,065,777</u>	<u>952,575</u>
Net Margins					
TIER	2.58		0.88		2.00

Taylor County Rural Electric Cooperative  
Case No. 2012-0023  
Summary of Adjustments to Test Year

Exhibit S  
page 3 of 4  
Witness: Jim Adkins

	Adj 1	Adj 2	Adj 3	Adj 4	Adj 5	Adj 6	Adj 7	Adj 8	Adj 9	Adj 10	Adj 11	Adj 12	Adj 13	Adj 14	Adj 15	Adj 16	Adj 17	Adj 18	Total	
	Salaries	Payroll Taxes	Deprec	Property Tax	Interest	FAS 106	Retirement	Health Insurance	Directors	Professional Fees	Misc Expenses	Rate Case	Depreciation Study	G & T Capital Cr	Nonrecurring Charges	Purchase Power	Revenue	Additional Revenue	Total	
Operating Revenues:																				
Base rates																	(1,416,683)			(1,416,683)
Fuel adjustment																	2,588,045			2,588,045
Environmental surcharge																	(3,592,332)			(3,592,332)
Other electric revenue															14,100			22,104		36,204
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	14,100	0	(2,420,970)	22,104		(2,384,766)
Operating Expenses:																				
Cost of power:																				
Base rates																(1,562,807)				(1,562,807)
Fuel adjustment																2,588,045				2,588,045
Environmental surcharge																(3,823,771)				(3,823,771)
Distribution - operations	16,557	1,333	(351)	11,870		73,770	1,533	12,948												117,660
Distribution - maintenanc	15,066	1,213	(513)			67,129	1,395	11,783												96,073
Consumer accounts	12,722	1,024				56,684	1,178	9,949												81,557
Customer service																				0
Sales																				0
Administrative and gener:	9,079	731	(40)	363		40,452	841	7,100	(106,101)	(2,754)	(19,994)	30,000	5,000							(35,323)
Total operating expense:	53,424	4,301	(904)	12,233	0	238,035	4,947	41,780	(106,101)	(2,754)	(19,994)	30,000	5,000	0	0	(2,798,533)	0	0		(2,538,566)
Depreciation			458,113																	458,113
Taxes - other																				0
Interest on long-term debt					(28,714)															(28,714)
Interest expense - other																				0
Other deductions																				0
Total cost of electric ser	53,424	4,301	457,209	12,233	(28,714)	238,035	4,947	41,780	(106,101)	(2,754)	(19,994)	30,000	5,000	0	0	(2,798,533)	0	0		(2,109,167)
Utility operating margin	(53,424)	(4,301)	(457,209)	(12,233)	28,714	(238,035)	(4,947)	(41,780)	106,101	2,754	19,994	(30,000)	(5,000)	0	14,100	2,798,533	(2,420,970)	22,104		(275,599)
Nonoperating margins, interest																				0
Nonoperating margins, other																				0
G & T capital credits														(1,383,363)						(1,383,363)
Patronage capital credits																				0
	0	0	0	0	0	0	0	0	0	0	0	0	0	(1,383,363)	0	0	0	0		(1,383,363)
Net Margins	(53,424)	(4,301)	(457,209)	(12,233)	28,714	(238,035)	(4,947)	(41,780)	106,101	2,754	19,994	(30,000)	(5,000)	(1,383,363)	14,100	2,798,533	(2,420,970)	22,104		(1,658,962)

Item 11  
Page 3 of 5

Item 11  
page 4 of 5

Witness: Jim Adkins

Taylor County Rural Electric Cooperative  
Case No. 2012-00023  
Summary of Fuel Adjustment and Environmental Surcharge  
November 30, 2011

An analysis of fuel adjustment and environmental surcharge follows:

Month	Sales to Consumers		Purchase from EKPC	
	Fuel	Environmental Surcharge	Fuel	Environmental Surcharge
December	(493,884)	243,262	(426,049)	250,775
January	(729,982)	501,323	(414,253)	551,327
February	(328,162)	517,576	(306,357)	529,782
March	(25,727)	190,135	(312,617)	189,316
April	(291,659)	158,415	(378,528)	155,836
May	(309,574)	221,496	(275,391)	233,026
June	(335,222)	261,657	(400,365)	263,488
July	(557,018)	305,447	(12,316)	367,034
August	15,278	419,470	(64,833)	413,898
September	13,636	333,311	16,189	370,319
October	10,103	213,026	(11,554)	247,800
November	(10,348)	227,215	(1,971)	251,170
<b>Total</b>	<b>(3,042,560)</b>	<b>3,592,332</b>	<b>(2,588,045)</b>	<b>3,823,771</b>
<b>Difference</b>	<b>(454,515)</b>	<b>(231,439)</b>		

The fuel purchased and environmental surcharge from East Kentucky Power Cooperative are passed on to the consumers using the Fuel Adjustment and Environmental Procedures established by this Commission.

The Environmental Surcharge has a built in over/under recovery mechanism. However, the Fuel Adjustment rate from East Kentucky is rolled into Taylor County's base rates using the line loss percentage. There are over/under recoveries each month based on kwh sales. The month that East Kentucky rolled the fuel into the base rates during June 2011, which Taylor County recognized in July, 2011, resulted a large credit to customers. Taylor County did not recognize this credit from East Kentucky, which resulted in a deficit for Taylor County. The over/under recovery mechanism for fuel adjustment will not recognize this deficit, therefore Taylor County is proposing to include this in its revenue requirement adjustments.

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Taylor County RECC - Environmental Surcharge: Six-Month Review

TCRECC BOOKS	EKPC Invoice Month recorded on EKPC's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under	Amount of (Over) Under Adjustments
Mo/Yr	(1)	(2)	(3)	(4)	
Dec-10	250,775	243,262	\$7,513	\$7,513	
Jan-11	\$ 551,327	\$ 501,323	\$ 50,004	\$57,517	
Feb-11	\$ 529,782	\$ 517,576	\$ 12,206	\$69,723	
Mar-11	\$ 189,316	\$ 190,135	\$ (819)	\$68,904	
Apr-11	\$ 155,836	\$ 158,415	\$ (2,579)	\$66,325	
May-11	\$ 233,026	\$ 221,496	\$ 11,530	\$77,855	
Jun-11	\$ 263,488	\$ 261,657	\$ 1,831	\$79,686	
Jul-11	\$ 367,034	\$ 305,447	\$ 61,587	\$141,273	
Aug-11	\$ 413,898	\$ 419,470	\$ (5,572)	\$135,701	
Sep-11	\$ 370,319	\$ 333,311	\$ 37,008	\$172,709	
Oct-11	\$ 247,800	\$ 213,026	\$ 34,774	\$207,483	
Nov-11	\$ 251,170	\$ 227,215	\$ 23,955	\$231,438	
	3,823,771	3,592,333	231,438		

Page 4 of 5 rate case 2012-00023

this Item number      \$3,823,771      \$3,592,332 | \$ 231,439 |

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION  
P O BOX 100  
CAMPBELLSVILLE, KY 42719

PSC CASE NO. 2014-00051  
RESPONSE TO DATA REQUEST DATED AUGUST 7, 2014

WITNESS; John F. Patterson

Question 12 (a)

This question is addressed to all member cooperatives. For each of the member cooperatives, provide the following:

a. The cumulative over/under recovery for the 24-month period ending December 31, 2013.

Response 12 (a)

See Page 2 of 4 of this Item.

Question 12 (b)

*12(a)*  
If the amount provided in ~~13.a.~~ above is amortized over a six-month period, provide the bill impact on the average residential customer.

Response 12 (b)

See Page 4 of 4 of this Item.

Taylor County RECC - Environmental Surcharge: Six-Month Review

TCRECC BOOKS	EKPC Invoice Month recorded on EKPC's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under	Amount of (Over) Under Adjustments
Mo/Yr	(1)	(2)	(3)	(4)	
Jan-12	\$ 435,128	\$ 425,163	\$ 9,965	\$ 9,965	
Feb-12	\$ 433,558	\$ 397,445	\$ 36,113	\$ 46,078	
Mar-12	\$ 324,233	\$ 325,133	\$ (900)	\$45,178	
Apr-12	\$ 230,829	\$ 237,783	\$ (6,954)	\$38,224	
May-12	\$ 239,746	\$ 256,568	\$ (16,822)	\$21,402	
Jun-12	\$ 328,759	\$ 325,665	\$ 3,094	\$24,496	
Jul-12	\$ 416,039	\$ 397,590	\$ 18,449	\$42,945	
Aug-12	\$ 447,357	\$ 455,035	\$ (7,678)	\$35,267	
Sep-12	\$ 366,096	\$ 366,152	\$ (56)	\$35,211	
Oct-12	\$ 304,470	\$ 302,152	\$ 2,318	\$37,529	
Nov-12	\$ 333,484	\$ 337,467	\$ (3,983)	\$33,546	
Dec-12	\$ 461,437	\$ 440,623	\$ 20,814	\$54,360	
Jan-13	\$ 524,411	\$ 521,366	\$ 3,045	\$57,405	
Feb-13	\$ 452,069	\$ 475,905	\$ (23,836)	\$33,569	
Mar-13	\$ 386,253	\$ 375,561	\$ 10,692	\$44,261	
Apr-13	\$ 369,997	\$ 383,250	\$ (13,253)	\$31,008	
May-13	\$ 307,848	\$ 318,559	\$ (10,711)	\$20,297	
Jun-13	\$ 314,390	\$ 323,333	\$ (8,943)	\$11,354	
Jul-13	\$ 450,006	\$ 463,697	\$ (13,691)	(\$2,337)	\$48,684
Aug-13	\$ 432,343	\$ 459,754	\$ (27,411)	(\$29,748)	\$53,661
Sep-13	\$ 401,796	\$ 448,013	\$ (46,217)	(\$75,965)	\$53,661
Oct-13	\$ 344,067	\$ 396,837	\$ (52,770)	(\$128,735)	\$53,661
Nov-13	\$ 313,611	\$ 368,888	\$ (55,277)	(\$184,012)	\$53,661
Dec-13	\$ 436,113	\$ 488,054	\$ (51,941)	(\$235,953)	\$53,661

TOTAL \$ 9,054,040 \$ 9,289,993 \$ (235,953)

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

For the Month Ending December 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 (6) + Col (9)			Col (11) - Col (12)		Col (10) / Col (14)
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	\$ 3,698,660	\$ 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	\$ 2,480,928	\$ 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	\$ 2,878,908	\$ 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	\$ 348,223	\$ -	\$ 348,223	\$ 3,800,820	\$ 4,072	\$ 3,798,748	\$ 3,134,584	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	\$ 2,628,277	\$ 2,458,969	\$ 448,270	\$ -	\$ 448,270	\$ 2,671,875	\$ 4,058	\$ 2,667,817	\$ 3,168,292	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	12.81%	0.00%	12.81%	\$ 2,866,662	\$ 3,422	\$ 2,863,240	\$ 2,477,427	\$ 312,404	\$ -	\$ 312,404	\$ 4,201,620	\$ 3,422	\$ 4,198,198	\$ 3,168,875	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	\$ 3,811,882	\$ 3,363	\$ 3,808,499	\$ 3,203,020	11.46%
Apr-13	14.27%	0.00%	14.27%	\$ 2,148,609	\$ 4,305	\$ 2,142,304	\$ 2,567,391	\$ 386,387	\$ -	\$ 386,387	\$ 3,898,802	\$ 4,305	\$ 3,892,497	\$ 3,294,750	11.44%
May-13	17.97%	0.00%	17.97%	\$ 2,207,736	\$ 4,560	\$ 2,203,158	\$ 2,567,608	\$ 461,399	\$ -	\$ 461,399	\$ 2,789,027	\$ 4,560	\$ 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	\$ 2,634,803	\$ 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	\$ 53,681	\$ 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	\$ 360,686	\$ 53,681	\$ 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	\$ 2,553,836	\$ 428,202	\$ 53,661	\$ 479,863	\$ 2,971,098	\$ 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	\$ 444,908	\$ 53,681	\$ 498,567	\$ 2,825,837	\$ 3,501	\$ 2,822,338	\$ 3,347,111	14.95%
Dec-13	14.54%	0.00%	14.54%	\$ 3,108,942	\$ 4,006	\$ 3,102,936	\$ 2,571,390	\$ 373,880	\$ 53,661	\$ 427,541	\$ 3,381,794	\$ 4,006	\$ 3,377,788	\$ 3,358,471	12.77%

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.

Revenue Requirement 373,880  
Average Revenue 3,347,111 equals 11.17%

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 12/30/2013

1,086 kWh

Test Month November 2013

Taylor County Cumulative Over Recovery  
6 month spread

235,953  
39,325

		ACTUAL		6 MONTH RECOVERY
Customer Charge	9.82	\$9.82		\$9.82
kWh Charge	0.0822	\$89.27		\$89.27
Fuel Adjustment @	(0.00029)	(\$0.31)		(\$0.31)
Subtotal		\$98.78		\$98.78
Env. Surcharge	11.17%	\$11.03	10.00%	\$9.88
Total		<u>\$109.81</u>		<u>\$108.66</u>
Dollar Impact				(\$1.16)

**TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION  
P O BOX 100  
CAMPBELLSVILLE, KY 42719**

**PSC CASE NO. 2014-00051  
RESPONSE TO DATA REQUEST DATED AUGUST 7, 2014**

**WITNESS; John F. Patterson**

**Question 13 (a)**

**This question is addressed to all member cooperatives.**

**a. Provide the billing cycles and billing dates for each cycle in the month of July 2013.**

**Response 13 (a)**

**Taylor County RECC only bills 1 cycle per month, The cycle for July 2013 was run July 3, 2013.**

**Question 13 (b)**

**b. For each billing cycle in July 2013, provide the environmental surcharge factor that was billed to customers.**

**Response 13(b)**

**The surcharge factor was 14.00%.**

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION  
P O BOX 100  
CAMPBELLSVILLE, KY 42719

PSC CASE NO. 2014-00051  
RESPONSE TO DATA REQUEST DATED AUGUST 7, 2014

WITNESS; John F. Patterson

Question 26

This question is addressed to Taylor County. Refer to the response to Staff's IC Request, item 7, page 1 of 2. Provide the calculations and supporting documentation for the environmental surcharge factors of 13.34 percent and 12.39 percent.

Response 26

Refer to the TCRECC response to Staff's IC Request item 7 page 2 of 2. The 13.34 percent factor was calculated:

Calculation A

Taylor County Revenue Requirement (Column 8) Nov-13	\$444,906	
<hr/>	<hr/>	= 13.34
12 month ended Average Retail Revenue Net (Column 14)	\$3,334,235	

The 12.39 percent factor was calculated:

Calculation B

Six (6) month spread	(\$31,917)	
<hr/>	<hr/>	= (.0095)
12 month ended Average Retail Revenue Net (Column 14)	\$3,334,235	

Calculation A less Calculation B = 13.34% - .95% = 12.39%