

# Goss ■ Samford PLLC



January 28, 2016

**Hand Delivered**

Mr. Jeff Derouen  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602

RECEIVED

JAN 28 2016

Re: PSC Case No. 2015-00281

PUBLIC SERVICE  
COMMISSION

Dear Mr. Derouen:

Please find enclosed for filing with the Commission in the above-referenced case, an original and ten copies of a Motion Requesting Leave to File Supplemental Testimony, the Scheduling of an Informal Conference, and the Suspension of the Current Procedural Schedule. In addition, please find enclosed an original and ten copies of the Supplemental Testimony of Isaac S. Scott on behalf of East Kentucky Power Cooperative, Inc., ("EKPC") and on behalf of EKPC's member systems.

Very truly yours,

David S. Samford

Enclosures

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**RECEIVED**

JAN 28 2016

PUBLIC SERVICE  
COMMISSION

**In the Matter of:**

<b>AN EXAMINATION BY THE PUBLIC SERVICE</b>	)	
<b>COMMISSION OF THE ENVIRONMENTAL</b>	)	
<b>SURCHARGE MECHANISM OF EAST KENTUCKY</b>	)	
<b>POWER COOPERATIVE, INC. FOR THE SIX-</b>	)	
<b>MONTH BILLING PERIODS ENDING JUNE 30, 2014</b>	)	<b>CASE NO.</b>
<b>AND DECEMBER 31, 2014, TWO-YEAR BILLING</b>	)	<b>2015-00281</b>
<b>PERIOD ENDING JUNE 30, 2015, AND THE PASS</b>	)	
<b>THROUGH MECHANISM FOR ITS SIXTEEN</b>	)	
<b>MEMBER DISTRIBUTION COOPERATIVES</b>	)	

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**MOTION REQUESTING LEAVE TO FILE SUPPLEMENTAL TESTIMONY,  
THE SCHEDULING OF AN INFORMAL CONFERENCE, AND  
THE SUSPENSION OF THE CURRENT PROCEDURAL SCHEDULE**

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Comes now East Kentucky Power Cooperative, Inc. ("EKPC"), by counsel, and, on behalf of its sixteen Members, hereby moves the Kentucky Public Service Commission ("Commission") to: 1) grant leave to file supplemental testimony concerning an alternative methodology for the determination of the Members' over- or under-recoveries during future surcharge review periods; 2) schedule an informal conference to present and discuss the alternative methodology; and 3) suspend the procedural schedule amended on December 28, 2015 in order for the Commission Staff to examine the proposed alternative methodology and conduct the requested informal conference, respectfully stating as follows:

On August 31, 2015, the Commission issued an Order opening an investigation for the six-month and two-year review of EKPC's environmental surcharge and pass-through mechanisms. Attached as Appendix A to the August 31, 2015 Order is a procedural schedule

setting December 30, 2015 as the last day for EKPC and its sixteen Members to request a hearing or submit this case for decision based on the record.

The August 31, 2015 Order also stated that EKPC and its Members could include with the filing of prepared direct testimony and information responses a proposal for a revised methodology in accordance with the finding and decision in Case No. 2014-00051.<sup>1</sup> In the direct testimony filed in this proceeding, EKPC indicated that the Members still believed a modification to the methodology used to determine the over- or under-recoveries was needed. However, as of the date the direct testimony was filed, the Members had not yet reached a consensus on the appropriate alternative methodology. The direct testimony indicated that the Members would request an informal conference with the Commission Staff when a consensus approach had been reached.<sup>2</sup>

On December 22, 2015 EKPC and its Members filed a motion requesting an extension until January 29, 2016 in which to either request a hearing or submit the case on the record. In the motion, EKPC stated that the Members were considering alternative methodologies while this case has been proceeding, and EKPC has been supportive of those efforts. EKPC further stated that an alternative methodology had recently been suggested which could be acceptable to all the Members. However, additional time was needed for the Members to consider and evaluate this alternative methodology. EKPC and its Members believed it was reasonable to request that the December 30, 2015 deadline be briefly extended to allow for this evaluation. The Commission granted the requested thirty (30) day extension on December 28, 2015.

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<sup>1</sup> *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*, Order, Case No. 2014-00051, p. 9-10 (Ky. P.S.C., Aug. 25, 2015).

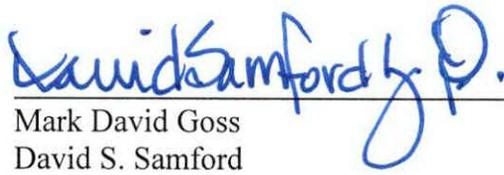
<sup>2</sup> See Direct Testimony of Isaac S. Scott, filed September 30, 2015, p. 11-12.

The Members have completed their review and evaluation of the alternative methodology and have concluded it is a reasonable solution to the over- and under-recovery determination issue in the surcharge review periods. The Members unanimously support the submission and adoption of the alternative methodology by the Commission. In support of this alternative methodology, each Member's chief executive officer has executed an affidavit in support of the alternative methodology. While not directly impacted, EKPC continues to support the Members in this matter and is tendering herewith supplemental testimony from Mr. Isaac Scott which explains the proposed alternative methodology and provides an example of how it would work in comparison to the traditional approach currently employed. EKPC respectfully requests the Commission to allow it to file the supplemental testimony. Moreover, as part of the Commission's consideration of the alternative methodology, EKPC and the Members suggest that an informal conference should be scheduled to further describe and discuss the alternative methodology. Lastly, EKPC and the Members believe the procedural schedule's requirement to either request a hearing or submit this case for decision based on the record on or before January 29, 2016 should be suspended until the Commission Staff has had time to consider and evaluate the proposed alternative methodology.

WHEREFORE, on the basis of the foregoing, EKPC and its Members request that the Commission permit the filing of supplemental testimony in support of an alternative methodology, schedule an informal conference to discuss the alternative methodology, and suspend the current procedural schedule.

This 28<sup>th</sup> day of January, 2016.

Respectfully submitted,



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*Counsel for East Kentucky Power Cooperative, Inc.*

### CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the foregoing was served by depositing same in the custody and care of the U.S. Mails, postage pre-paid, on this 28<sup>th</sup> day of January, 2016, addressed to the following:

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Counsel for East Kentucky Power Cooperative, Inc.

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In re the Matter of:**

<b>AN EXAMINATION BY THE PUBLIC SERVICE</b>	)	
<b>COMMISSION OF THE ENVIRONMENTAL</b>	)	
<b>SURCHARGE MECHANISM OF EAST KENTUCKY</b>	)	
<b>POWER COOPERATIVE, INC. FOR THE SIX-</b>	)	
<b>MONTH BILLING PERIODS ENDING</b>	)	
<b>JUNE 30, 2014 AND DECEMBER 31, 2014,</b>	)	<b>CASE NO.</b>
<b>TWO-YEAR BILLING PERIOD ENDING</b>	)	<b>2015-00281</b>
<b>JUNE 30, 2015, AND THE PASS THROUGH</b>	)	
<b>MECHANISM FOR ITS SIXTEEN MEMBER</b>	)	
<b>DISTRIBUTION COOPERATIVES</b>	)	

**SUPPLEMENTAL TESTIMONY OF ISAAC S. SCOTT**  
**ON BEHALF OF EAST KENTUCKY POWER COOPERATIVE, INC.**

**Filed: January 28, 2016**

1 **Q. Are you the same Isaac S. Scott who submitted direct testimony in this proceeding?**

2 A. Yes. I am the same Isaac S. Scott who submitted testimony dated September 30, 2015.

3 **Q. Have there been any changes in your background information or duties at EKPC?**

4 A. No. My background information and duties are still the same.

5 **Q. What is the purpose of your supplemental testimony in this proceeding?**

6 A. As was noted in EKPC's December 22, 2015 Motion<sup>1</sup> in this proceeding, my September  
7 30, 2015 direct testimony in this proceeding indicated that the Member Systems believed  
8 a modification to the methodology used to determine the over- or under-recoveries was  
9 needed and that the Member Systems were considering alternative methodologies. The  
10 purpose of my supplemental testimony is to present and describe an alternative  
11 methodology to determine the over- or under-recoveries that is supported by all of  
12 EKPC's Member Systems.

13 **Q. On whose behalf is EKPC preparing supplemental testimony?**

14 A. As has been noted in this proceeding and the previous six-month surcharge review case,  
15 Case No. 2014-00051,<sup>2</sup> EKPC is not directly affected by the Member Systems' over- or  
16 under-recovery calculation problem. However, EKPC supports the Member Systems on  
17 this issue and has facilitated the evaluations and discussions held concerning alternative  
18 methodologies. The Member Systems are: Big Sandy Rural Electric Cooperative  
19 Corporation ("RECC"), Blue Grass Energy Cooperative Corporation, Clark Energy  
20 Cooperative, Inc., Cumberland Valley Electric, Inc., Farmers RECC ("Farmers"),  
21 Fleming-Mason Energy Cooperative ("Fleming-Mason"), Grayson RECC, Inter-County

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<sup>1</sup> See Motion for an Extension of Time to File a Request for Hearing or Submit Case for Decision Based on the Record filed December 22, 2015.

<sup>2</sup> 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.

1 Energy Cooperative Corporation, Jackson Energy Cooperative, Licking Valley RECC,  
2 Nolin RECC, Owen Electric Cooperative, Inc. (“Owen”), Salt River Electric Cooperative  
3 Corporation, Shelby Energy Cooperative, Inc., South Kentucky RECC, and Taylor  
4 County RECC.

5 **Q. Would you describe how the over- or under-recoveries are determined for the**  
6 **Member Systems during a surcharge review period?**

7 A. Yes. Over- and under-recoveries are calculated for each Member System. For each  
8 month of the surcharge review period, the environmental surcharge billed to the Member  
9 System by EKPC is compared to the corresponding surcharge amount billed to the retail  
10 customers and recorded on the Member System’s books. The difference in the amounts  
11 constitutes the over- or under-recovery for the month. A cumulative net over- or under-  
12 recovery is determined for the entire review period and is proposed to be amortized over  
13 a 6-month period or 12-month period as appropriate. In the current review case, these  
14 calculations were provided in Response 2 to the Commission Staff’s First Request for  
15 Information.

16 **Q. Would you describe the problem the EKPC Member Systems believe exists in the**  
17 **over- and under-recoveries determined during the surcharge reviews?**

18 A. In addition to the monthly over- or under-recovery activity described above, the Member  
19 Systems are also amortizing Commission-authorized over- or under-recoveries  
20 determined in previous surcharge review cases. If the Member System is amortizing an  
21 over-recovery from a previous surcharge review case, then the surcharge amount billed to  
22 its retail customers and recorded on its books is reduced by an amount reflecting the  
23 monthly amortization. If the Member System is amortizing an under-recovery from a  
24 previous surcharge review case, then the surcharge amount billed to its retail customers

1 and recorded on its books is increased by an amount reflecting the monthly amortization.

2 In either situation, the inclusion of the monthly amortization impacts the determination of  
3 the monthly over- or under- recovery determination during the surcharge review case.

4 During the processing of Case No. 2014-00051, the impact of amortizing over- or under-  
5 recoveries from previous surcharge review cases on current surcharge review periods  
6 became more apparent. The billing months of July through December 2013 included the  
7 amortization of over- and under-recoveries authorized in Case Nos. 2012-00486<sup>3</sup> and  
8 2013-00140,<sup>4</sup> and the amortization periods actually over-lapped.<sup>5</sup> It became apparent that  
9 those Member Systems with an amortization of a net over-recovery from Case Nos.  
10 2012-00486 and 2013-00140 were showing an under-recovery for the months in the  
11 review period for Case No. 2014-00051. Conversely, those Member Systems with an  
12 amortization of a net under-recovery from those two previous review cases were now  
13 showing an over-recovery during the current review period. Looking at all the Member  
14 Systems, it was determined this pattern existed for 14 of the 16 Member Systems. The  
15 dollars involved vary with each Member System.

16 EKPC and the Member Systems believe this situation has always existed, but it gained  
17 attention when the impact of the amortization of the over- and under-recoveries resulting  
18 from Case Nos. 2012-00486 and 2013-00140 was more closely examined. While all of

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<sup>3</sup> *In the Matter of An Examination by the Public Service Commission of the Environmental Surcharge Mechanism of East Kentucky Power Cooperative, Inc. for the Two-Year Billing Period Ending June 30, 2011, for the Six-Month Billing Periods Ending December 31, 2011 and June 30, 2012, and the Pass Through Mechanism for its Sixteen Member Distribution Cooperatives, Case No. 2012-00486.*

<sup>4</sup> *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, 2012 and the Pass Through Mechanism for its Sixteen Member Distribution Cooperatives, Case No. 2013-00140.*

<sup>5</sup> Case No. 2012-00486 covered 18 months of surcharge operations and Case No. 2013-00140 covered 6 months of operations. Because of the timing of the issuance of the final Orders in these cases, the amortization periods overlapped and the net over- or under-recoveries from these cases were spread over a seven month billing period.

1 the Member Systems have not been impacted to the same extent, they are in agreement  
2 that the problem needs to be addressed and resolved.

3 This “back and forth” pattern leaves the Member Systems in the situation that the  
4 amortization of an over- or under-recovery is never completely finished. Over-recoveries  
5 in one review period lead to under-recoveries in the subsequent review period when the  
6 amortization occurs and vice versa. The Member Systems do not believe this “back and  
7 forth” pattern is reasonable. As noted by Farmers during Case No. 2014-00051, this  
8 pattern “creates great volatility in the billings to its members and margin instability. The  
9 impacts on margins can be significant enough to cause the Cooperative to greatly exceed  
10 or fail financial ratios and benchmarks required by its lenders, and significantly affect  
11 cash flow.”<sup>6</sup> The Member Systems do not object to the initial amortization of the  
12 determined over- or under-recoveries of the surcharge pass-through. However, once the  
13 amortization period has finished, the Member Systems believe the amortization for that  
14 particular review case should be completed.

15 **Q. Was this problem considered and addressed by the Commission in Case No. 2014-**  
16 **00051?**

17 **A.** Yes. In Case No. 2014-00051 the Member Systems proposed two steps to address the  
18 problem. One step involved the calculation of a historic over- or under-recovery total for  
19 each Member System. The second step involved a modification of the format utilized to  
20 determine over- or under-recoveries in subsequent surcharge review cases. These steps  
21 are summarized and discussed in the Commission’s August 25, 2015 Order in Case No.  
22 2014-00051. While EKPC was not directly affected by this problem, it fully supported  
23 the proposals.

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<sup>6</sup> See Farmers Response to the Commission Staff’s First Request for Information dated March 6, 2014, Request 2b.

1 In its August 25, 2015 Order the Commission found that the proposed historic over- or  
2 under-recovery total was in conflict with the provisions of the environmental surcharge  
3 statute and the prohibition against retroactively considering environmental surcharge  
4 operations that preceded the current two-year review period, and consequently denied  
5 that step.<sup>7</sup> As for the second step, the Commission noted that the format proposal did  
6 not include an explanation of what happened to the difference in the amounts determined  
7 under both methodologies, leaving the Commission concerned that the Member Systems'  
8 retail customers may not be properly billed for environmental costs. The Commission  
9 also noted that only three Member Systems clearly indicated their support for the new  
10 format. The Commission continued the use of the original format to determine over- or  
11 under-recoveries. However, the Commission did state that the Member Systems could  
12 propose a revised methodology in a future review proceeding, in accordance with the  
13 parameters discussed in that Order.<sup>8</sup> Further, in its August 31, 2015 Order opening this  
14 current review case, the Commission noted that EKPC and the Member Systems could  
15 also propose a revised methodology in accordance with the finding and decision in Case  
16 No. 2014-00051.

17 **Q. In your September 30, 2015 direct testimony and in EKPC's December 22, 2015**  
18 **Motion filed in this proceeding it was indicated that EKPC and the Member**  
19 **Systems have been considering revised methodologies for the over- and under-**  
20 **recovery calculation performed during the surcharge review cases. Have the**  
21 **Member Systems come to agreement on a proposal for consideration in this review**  
22 **case?**

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<sup>7</sup> See Case No. 2014-00051, August 25, 2015 Order at 7-8.

<sup>8</sup> See Case No. 2014-00051, August 25, 2015 Order, at 9-10.

1 A. Yes they have. While the current review case has been in process, the Member Systems  
2 have been considering different approaches to try and adequately address the problem  
3 caused by the amortization of previously determined over- or under-recoveries. In early  
4 December 2015, an approach was developed by one of the Member Systems and  
5 circulated for comments. After further modifications, the Member Systems unanimously  
6 agreed this approach should be proposed in this case as a revised methodology for the  
7 determination of over- or under-recoveries during the surcharge review cases.

8 **Q. Do the Member Systems recommend that this revised methodology should be**  
9 **applied to determine the over- or under-recoveries in Case No. 2015-00281?**

10 A. No. As they were considering alternatives the Member Systems believed it was  
11 necessary to try and develop an approach that they believed was consistent with the  
12 Commission's decision in Case No. 2014-00051 concerning the finality of the two-year  
13 environmental surcharge reviews. Case No. 2015-00281 completes a two-year review  
14 cycle for the environmental surcharge. The Member Systems concluded it would be  
15 more appropriate to begin applying the revised methodology with the start of a new two-  
16 year cycle. Consequently, the Member Systems are proposing that the revised  
17 methodology should be applied to all surcharge review cases subsequent to this current  
18 review case.

19 **Q. Could you describe the revised methodology the Member Systems are proposing to**  
20 **be used to determine the over- and under- recoveries during subsequent review**  
21 **periods?**

22 A. Yes. Exhibit ISS-1 has two pages which show the revised methodology being proposed.  
23 The first page is a blank format and the second page is an example with dollar amounts  
24 included to better show how the revised methodology works. The example reflects the

1 next six-month review period beginning with July 2015 and assumes that the current  
2 review case has been closed before the review beginning with July 2015 is opened. The  
3 format is essentially the same as used for the current methodology, which I will refer to  
4 as the “traditional approach”. Column numbers have been realigned, and line numbers  
5 have been added for reference purposes. The revised methodology adds in sections at  
6 Lines 1, 8, and 11 through 16.

7 The section at Line 1 lists any previous surcharge review case over- or under-recovery  
8 that would be pending at the beginning of the new review period. In the example in  
9 Exhibit ISS-1, two previous surcharge review cases have over- or under-recoveries to be  
10 amortized, those from Case Nos. 2014-00051 and 2015-00281. The net over- and under-  
11 recoveries from these cases are treated as a beginning balance in the cumulative over- or  
12 under-recovery column for the review period. The traditional approach in effect looked  
13 at a surcharge review period in a vacuum and did not recognize the fact that  
14 amortizations had been authorized and would be reflected in the surcharge billed to retail  
15 customers during the review period. The revised methodology recognizes the previous  
16 Commission-authorized surcharge review case over- or under-recoveries as outstanding  
17 beginning cumulative balances. This approach provides for a proper matching of the  
18 amount to be amortized with the amortization that takes place during the surcharge  
19 review period.

20 The section at Line 8 is used to determine the remaining unamortized balance of the  
21 previous surcharge review case over- or under-recoveries and determines an amount to be  
22 excluded from the end-of-period cumulative balance. While it is possible in a future  
23 review case that the authorized amortization of an over- or under-recovery could be  
24 begun and completed in the same six-month review period, it is more likely that the

1 amortization periods will span more than one six-month review period. Consequently,  
2 there will usually be an unamortized balance remaining in the cumulative total shown at  
3 Column 5, Line 7. The goal of the revised methodology is to remove the effects of  
4 previous surcharge review case over- or under-recovery amortizations from the  
5 determination of the current period's over- or under-recovery. In order to do so, it is  
6 necessary to exclude the unamortized balances from the cumulative total. The  
7 accounting signs for the amount to be amortized and the unamortized balances have been  
8 changed to make the determination of the unamortized balance and its exclusion from the  
9 cumulative total easier to perform.

10 The difference between the cumulative over- or under-recovery balance shown at  
11 Column 5, Line 7 and the total unamortized balance determined at Column 5, Line 8  
12 produces the over- or under- recovery for the current review period, as shown on Line 9.

13 The section at Lines 11 through 16 provides for the reconciliation of the traditional  
14 approach and the revised methodology and links the reconciliation amount with the  
15 amortization that took place during the review period. The total of the amortizations  
16 listed in Column 3, Line 8 should always match the totals shown on Lines 13 and 16.

17 **Q. In its August 25, 2015 Order, the Commission stated the Member Systems could**  
18 **propose a revised methodology in a future review proceeding in accordance with the**  
19 **parameters discussed in that Order. What are those parameters?**

20 **A.** EKPC and the Member Systems understand the parameters identified by the Commission  
21 to be the following items:

- 22 1) Provide an explanation of what happens to the difference in the amounts  
23 determined under the traditional approach and the revised methodology, so there

1 can be assurance that Member System retail customers are properly billed for  
2 environmental costs.

3 2) Provide an indication of the full support of the Member Systems for the change.

4 3) Provide an explanation of why the proposed change is reasonable.

5 **Q. Would you address each of these parameters?**

6 A. Yes. Concerning the first parameter, the difference between the over- or under-recovery  
7 determined under the traditional approach and the revised methodology is the  
8 amortization of previous surcharge review case over- or under-recoveries that took place  
9 during the current surcharge review period. The sum of the monthly over- or under-  
10 recoveries shown in Exhibit ISS-1 at Column 4, Lines 2 through 7 equals the net over- or  
11 under-recovery that would be determined under the traditional approach. The  
12 reconciliation section of the format, at Lines 14 through 16, documents that the difference  
13 in the approaches is the amortization that occurred during the review period. The  
14 amortization occurring during the review period is the total of the amounts shown in  
15 Column 3, Line 8.

16 EKPC and the Member Systems believe the revised methodology does ensure that  
17 Member System retail customers are properly billed for environmental costs. The  
18 recognition of the previous Commission-authorized surcharge review case over- or  
19 under-recoveries as the beginning cumulative balance for the current review period in  
20 effect treats these obligations as payables to or receivables from the retail customers.  
21 Through the monthly amortization, over-recoveries are returned to and under-recoveries  
22 are collected from retail customers. The amortization reduces the outstanding payable or  
23 receivable. Excluding the unamortized balances from the ending cumulative balance in  
24 effect allows for a determination of the over- or under-recovery activity during the

1 current review period as if there had been no amortization to perform. Over-recoveries  
2 are returned and under-recoveries are collected only once from retail customers under the  
3 revised methodology. The net over- or under-recovery determined for the current review  
4 period under the revised methodology reflects what is owed to or due to be collected  
5 from retail customers for that review period only.

6 Concerning the second parameter, attached as Exhibit ISS-2 are affidavits from the Chief  
7 Operating Officers, Presidents, or General Managers of the 16 Member Systems. Each  
8 affidavit states that the Member System was involved with the discussions and  
9 consideration of the revised methodology and that the Member System supports the  
10 change in the methodology.

11 For the third parameter, EKPC and the Member Systems believe the revised methodology  
12 is reasonable as it allows for the return of over-recoveries and collection of under-  
13 recoveries from surcharge review cases only once. Once the amortization is completed it  
14 no longer would impact the calculation of over- or under-recoveries in future surcharge  
15 review cases. EKPC and the Member Systems also believe by tracking the previously  
16 authorized surcharge review case over- and under-recoveries and corresponding  
17 amortizations by case number will allow for easier identification of the amortization  
18 activity during a review period.

19 **Q. Would all 16 Member Systems be using this revised methodology format?**

20 A. Yes. There would be a supplemental page included for Fleming-Mason and Owen. The  
21 surcharge amounts related to Fleming-Mason's Rate C and Special Contract customer  
22 and Owen's Rate B and Special Contract customer are direct pass-throughs of the  
23 amounts EKPC bills these Member Systems. The amortization of previous review cases  
24 does not impact the Member Systems' surcharge revenues from these customers, so the

1 adjustment to remove an amortization amount is not applicable. The supplemental page  
2 would simply document the surcharge amounts for these customers of Fleming-Mason  
3 and Owen and show there was no over- or under-recovery for these customers. The  
4 revised methodology format shown in Exhibit ISS-1 would apply to Fleming-Mason's  
5 and Owen's remaining customers.

6 **Q. Does EKPC or the Member Systems believe there would need to be revisions to the**  
7 **Member System Environmental Surcharge tariff sheets relating to this revised**  
8 **methodology?**

9 A. No, EKPC and the Member Systems do not believe tariff sheet revisions would be  
10 needed because the formats utilized in the surcharge review are not described or  
11 established in the tariff sheets.

12 **Q. Do you have a recommendation concerning the revised methodology?**

13 A. The Member Systems recommend that the Commission adopt the revised methodology  
14 for the determination of over- or under-recoveries during surcharge review cases. While  
15 EKPC is not directly affected by this recommendation, it fully supports the Member  
16 Systems in this matter.

17 **Q. Does the proposal of the revised methodology in determining the over- or under-**  
18 **recoveries during surcharge review cases address all the concerns that the Member**  
19 **Systems have related to the environmental surcharge and the accompanying pass-**  
20 **through mechanism?**

21 A. No, they do not. EKPC and the Member Systems continue to discuss concerns about the  
22 volatility of EKPC's surcharge factor and the resulting Member Systems' pass-through  
23 factors. The revised methodology only addresses a small part of the overall concerns the

1 Member Systems have with the surcharge mechanism. EKPC and the Member Systems  
2 are continuing to explore alternatives that will address these concerns.

3 **Q. Does this conclude your testimony?**

4 **A. Yes it does.**



Exhibit ISS-1

Revised Methodology

Format and Example

(Cooperative Name) - Calculation of (Over)/Under Recovery					
Line No.	Month & Year	EKPC Invoice Month recorded Member's Books (2)	Billed to Retail Consumer & recorded on Member's Books (3)	Monthly (Over) or Under (4)	Cumulative (Over) or Under (5)
1	Previous (Over)/Under-Recovery Remaining to be Amortized				
1a	From Case No. 20xx-00xxx (Over)/Under-Recovery				
1b	From Case No. 20xx-00xxx (Over)/Under-Recovery				
1c	Total Previous (Over)/Under-Recovery				
2	Month-Year				
3	Month-Year				
4	Month-Year				
5	Month-Year				
6	Month-Year				
7	Month-Year				
Less Adjustment for Order amounts remaining to be amortized at end of review period (ending month)					
8		Amount Per Case Order Remaining to be Amortized at beginning of Review Period	Amortization of Previous (Over)/Under Recoveries During Review Period		Amount Per Case Order Remaining to be Amortized at end of Review Period
8a	Case No. 20xx-00xxx Recovery				
8b	Case No. 20xx-00xxx Recovery				
8c	Total Order amounts remaining - Over/(Under):				
9	Cumulative six month (Over)/Under-Recovery (Cumulative net of remaining Case amortizations)				
10	Monthly recovery (per month for six months)				
Reconciliation:					
11	Previous (Over)/Under-Recovery Remaining to be Amortized, beginning of Review Period				
12	Previous (Over)/Under-Recovery Remaining to be Amortized, ending of Review Period				
13	Total Amortization during Review Period				
14	(Over)/Under-Recovery from Column 5, Line 9				
15	Less: Total Monthly (Over)/Under-Recovery for Review Period (Column 4, Lines 2 thru 7)				
16	Difference				

<b>(Cooperative Name) - Calculation of (Over)/Under Recovery</b>					
Line No.	Month & Year	EKPC Invoice Month recorded Member's Books (2)	Billed to Retail Consumer & recorded on Member's Books (3)	Monthly (Over) or Under (4)	Cumulative (Over) or Under (5)
1	Previous (Over)/Under-Recovery Remaining to be Amortized				
1a	From Case No. 2014-00051 (Over)/Under-Recovery				\$658,068
1b	From Case No. 2015x-00281 (Over)/Under-Recovery				\$91,062
1c	Total Previous (Over)/Under-Recovery				\$749,130
2	Jul-15	\$1,278,016	\$1,117,632	\$160,384	\$909,514
3	Aug-15	\$1,053,341	\$1,302,174	(\$248,833)	\$660,681
4	Sep-15	\$985,325	\$1,066,153	(\$79,828)	\$580,853
5	Oct-15	\$883,606	\$998,918	(\$115,312)	\$465,541
6	Nov-15	\$1,116,203	\$1,042,344	\$73,859	\$539,400
7	Dec-15	\$1,453,176	\$1,523,133	(\$69,957)	\$469,443
Less Adjustment for Order amounts remaining to be amortized at end of review period (ending month)					
8		Amount Per Case Order Remaining to be Amortized at beginning of Review Period	Amortization of Previous (Over)/Under Recoveries During Review Period		Amount Per Case Order Remaining to be Amortized at end of Review Period
8a	Case No. 2014-00051 Recovery	(\$658,068)	\$438,712		(\$219,356)
8b	Case No. 2015-00281 Recovery	(\$91,062)	\$0		(\$91,062)
8c	Total Order amounts remaining - Over/(Under):				(\$310,418)
9	Cumulative six month (Over)/Under-Recovery	[Cumulative net of remaining Case amortizations]			\$159,025
10	Monthly recovery (per month for six months)				\$26,504
<b>Reconciliation:</b>					
11	Previous (Over)/Under-Recovery Remaining to be Amortized, beginning of Review Period				\$749,130
12	Previous Over/(Under)-Recovery Remaining to be Amortized, ending of Review Period				(\$310,418)
13	Total Amortization during Review Period				\$438,712
14	(Over)/Under-Recovery from Column 5, Line 9				\$159,025
15	Less: Total Monthly (Over)/Under-Recovery for Review Period (Column 4, Lines 2 thru 7)				(\$279,687)
16	Difference				\$438,712

## Exhibit ISS-2

### Affidavits from Member Systems

### In Support of the Revised Methodology

**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 BILLING PERIODS ENDING )  
JUNE 30, 2014 AND DECEMBER 31, 2014, )  
TWO-YEAR BILLING PERIOD ENDING )  
JUNE 30, 2015, AND THE PASS THROUGH )  
MECHANISM FOR ITS SIXTEEN MEMBER )  
DISTRIBUTION COOPERATIVES )**

**CASE NO.  
2015-00281**

**AFFIDAVIT**

I, David Estepp, President and General Manager of Big Sandy Rural Electric Cooperative Corporation, after first being duly sworn, do hereby state that I have reviewed and considered the proposed change in the calculation format of the over/under recovery determined during the surcharge review cases. I have also participated, on behalf of the Cooperative, in the discussions with the other Member Distribution Cooperatives of East Kentucky Power Cooperative, Inc. concerning the proposed change in format. The Cooperative fully supports the proposed change in the calculation format for the over/under recovery of the environmental surcharge.

FURTHER, THE AFFIANT SAYETH NOT.

  
\_\_\_\_\_  
David Estepp,  
President and General Manager

COMMONWEALTH OF KENTUCKY

COUNTY OF Johnson

The foregoing affidavit was signed, sworn to and acknowledged before me, by David Estep on this the 20<sup>th</sup> day of January 2016.

Judy L. McClure  
Notary Public  
Commission #:

Commission Expiration: 6-19-2018

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

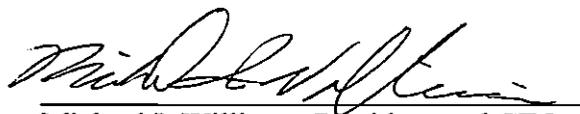
AN EXAMINATION BY THE PUBLIC SERVICE )  
COMMISSION OF THE ENVIRONMENTAL )  
SURCHARGE MECHANISM OF EAST KENTUCKY )  
POWER COOPERATIVE, INC. FOR THE )  
SIX-MONTH BILLING PERIODS ENDING )  
JUNE 30, 2014 AND DECEMBER 31, 2014, )  
TWO-YEAR BILLING PERIOD ENDING )  
JUNE 30, 2015, AND THE PASS THROUGH )  
MECHANISM FOR ITS SIXTEEN MEMBER )  
DISTRIBUTION COOPERATIVES )

CASE NO.  
2015-00281

AFFIDAVIT

I, Michael I. Williams, President and Chief Executive Officer of Blue Grass Energy, after first being duly sworn, do hereby state that I have reviewed and considered the proposed change in the calculation format of the over/under recovery determined during the surcharge review cases. I have also participated, on behalf of the Cooperative, in the discussions with the other Member Distribution Cooperatives of East Kentucky Power Cooperative, Inc. concerning the proposed change in format. The Cooperative fully supports the proposed change in the calculation format for the over/under recovery of the environmental surcharge.

FURTHER, THE AFFIANT SAYETH NOT.

  
Michael I. Williams, President and CEO

COMMONWEALTH OF KENTUCKY

COUNTY OF Jessamine

The foregoing affidavit was signed, sworn to and acknowledged before me, by Michael Williams  
\_\_\_\_\_ on this the 20<sup>th</sup> day of January 2016.

Allia R. Mott  
Notary Public  
Commission #: 527583

Commission Expiration: 2/5/2019



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 BILLING PERIODS ENDING	)	CASE NO.
JUNE 30, 2014 AND DECEMBER 31, 2014,	)	2015-00281
TWO-YEAR BILLING PERIOD ENDING	)	
JUNE 30, 2015, AND THE PASS THROUGH	)	
MECHANISM FOR ITS SIXTEEN MEMBER	)	
DISTRIBUTION COOPERATIVES	)	

AFFIDAVIT

I, Robert C. Brewer, President and Chief Executive Officer of Clark Energy Cooperative, Inc. after first being duly sworn, do hereby state that I have reviewed and considered the proposed change in the calculation format of the over/under recovery determined during the surcharge review cases. I have also participated, on behalf of the Cooperative, in the discussions with the other Member Distribution Cooperatives of East Kentucky Power Cooperative, Inc. concerning the proposed change in format. The Cooperative fully supports the proposed change in the calculation format for the over/under recovery of the environmental surcharge.

FURTHER, THE AFFIANT SAYETH NOT.

Robert C. Brewer  
{Name}, President and CEO

COMMONWEALTH OF KENTUCKY  
COUNTY OF Clark

The foregoing affidavit was signed, sworn to and acknowledged before me, by Robert C Brewer

on this the 20<sup>th</sup> day of January 2016.

Crystal C. Smith  
Notary Public  
Commission #:  
Commission Expiration:

My Commission Expires 6/18/2016



**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

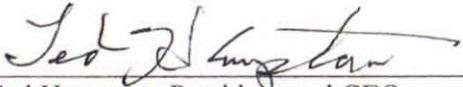
**In the Matter of:**

<b>AN EXAMINATION BY THE PUBLIC SERVICE</b>	)	
<b>COMMISSION OF THE ENVIRONMENTAL</b>	)	
<b>SURCHARGE MECHANISM OF EAST KENTUCKY</b>	)	
<b>POWER COOPERATIVE, INC. FOR THE</b>	)	
<b>SIX-MONTH BILLING PERIODS ENDING</b>	)	<b>CASE NO.</b>
<b>JUNE 30, 2014 AND DECEMBER 31, 2014,</b>	)	<b>2015-00281</b>
<b>TWO-YEAR BILLING PERIOD ENDING</b>	)	
<b>JUNE 30, 2015, AND THE PASS THROUGH</b>	)	
<b>MECHANISM FOR ITS SIXTEEN MEMBER</b>	)	
<b>DISTRIBUTION COOPERATIVES</b>	)	

**AFFIDAVIT**

I, Ted Hampton, President and Chief Executive Officer of Cumberland Valley Electric, after first being duly sworn, do hereby state that I have reviewed and considered the proposed change in the calculation format of the over/under recovery determined during the surcharge review cases. I have also participated, on behalf of the Cooperative, in the discussions with the other Member Distribution Cooperatives of East Kentucky Power Cooperative, Inc. concerning the proposed change in format. The Cooperative fully supports the proposed change in the calculation format for the over/under recovery of the environmental surcharge.

FURTHER, THE AFFIANT SAYETH NOT.

  
\_\_\_\_\_  
Ted Hampton, President and CEO

COMMONWEALTH OF KENTUCKY

COUNTY OF Knox

The foregoing affidavit was signed, sworn to and acknowledged before me, by Ted Hampton on this the 20<sup>th</sup> day of January 2016.

Barbara Elliott  
Notary Public  
Commission #: 528194

Commission Expiration: 2-13-19

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

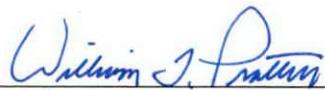
AN EXAMINATION BY THE PUBLIC SERVICE )  
COMMISSION OF THE ENVIRONMENTAL )  
SURCHARGE MECHANISM OF EAST KENTUCKY )  
POWER COOPERATIVE, INC. FOR THE )  
SIX-MONTH BILLING PERIODS ENDING )  
JUNE 30, 2014 AND DECEMBER 31, 2014, )  
TWO-YEAR BILLING PERIOD ENDING )  
JUNE 30, 2015, AND THE PASS THROUGH )  
MECHANISM FOR ITS SIXTEEN MEMBER )  
DISTRIBUTION COOPERATIVES )

CASE NO.  
2015-00281

AFFIDAVIT

I, William T. Prather, President and Chief Executive Officer of Farmers Rural Electric Cooperative Corporation, after first being duly sworn, do hereby state that I have reviewed and considered the proposed change in the calculation format of the over/under recovery determined during the surcharge review cases. I have also participated, on behalf of the Cooperative, in the discussions with the other Member Distribution Cooperatives of East Kentucky Power Cooperative, Inc. concerning the proposed change in format. The Cooperative fully supports the proposed change in the calculation format for the over/under recovery of the environmental surcharge.

FURTHER, THE AFFIANT SAYETH NOT.

  
\_\_\_\_\_  
William T. Prather, President and CEO

COMMONWEALTH OF KENTUCKY

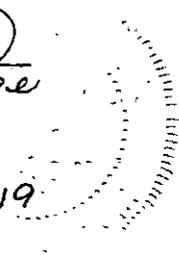
COUNTY OF BARREN

The foregoing affidavit was signed, sworn to and acknowledged before me, by William T. Prather on this the 19 day of January 2016.



Notary Public *Ky. State at Large*  
Commission #: *446566*

Commission Expiration: *07-30-2019*



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 BILLING PERIODS ENDING	)	CASE NO.
JUNE 30, 2014 AND DECEMBER 31, 2014,	)	2015-00281
TWO-YEAR BILLING PERIOD ENDING	)	
JUNE 30, 2015, AND THE PASS THROUGH	)	
MECHANISM FOR ITS SIXTEEN MEMBER	)	
DISTRIBUTION COOPERATIVES	)	

AFFIDAVIT

I, Joni K. Hazelrigg, President and CEO of Fleming-Mason Energy Cooperative, Inc., after first being duly sworn, do hereby state that I have reviewed and considered the proposed change in the calculation format of the over/under recovery determined during the surcharge review cases. I have also participated, on behalf of the Cooperative, in the discussions with the other Member Distribution Cooperatives of East Kentucky Power Cooperative, Inc. concerning the proposed change in format. The Cooperative fully supports the proposed change in the calculation format for the over/under recovery of the environmental surcharge.

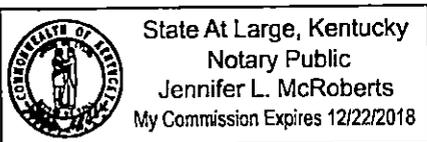
FURTHER, THE AFFIANT SAYETH NOT.

Joni K Hazelrigg  
Joni K. Hazelrigg, President & CEO

COMMONWEALTH OF KENTUCKY

COUNTY OF Fleming

The foregoing affidavit was signed, sworn to and acknowledged before me, by Joni K. Hazelrigg on this the 20th day of January 2016.



Notary Public: Jennifer L. McRoberts  
Commission Expiration: 12/22/18

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 BILLING PERIODS ENDING )  
JUNE 30, 2014 AND DECEMBER 31, 2014, )  
TWO-YEAR BILLING PERIOD ENDING )  
JUNE 30, 2015, AND THE PASS THROUGH )  
MECHANISM FOR ITS SIXTEEN MEMBER )  
DISTRIBUTION COOPERATIVES )

CASE NO.  
2015-00281

AFFIDAVIT

I, Carol Hall Fraley, President and Chief Executive Officer of Grayson Rural Electric Cooperative Corporation, after first being duly sworn, do hereby state that I have reviewed and considered the proposed change in the calculation format of the over/under recovery determined during the surcharge review cases. I have also participated, on behalf of the Cooperative, in the discussions with the other Member Distribution Cooperatives of East Kentucky Power Cooperative, Inc. concerning the proposed change in format. The Cooperative fully supports the proposed change in the calculation format for the over/under recovery of the environmental surcharge.

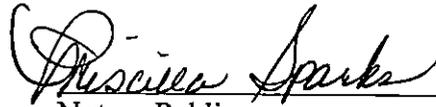
FURTHER, THE AFFIANT SAYETH NOT.

  
\_\_\_\_\_  
Carol Hall Fraley, President and CEO

COMMONWEALTH OF KENTUCKY

COUNTY OF CARTER

The foregoing affidavit was signed, sworn to and acknowledged before me, by Priscilla Sparks on this the 20<sup>th</sup> day of January 2016.



Notary Public

Commission #: 485234

Commission Expiration: March 22, 2017

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

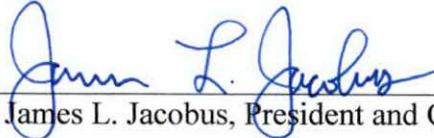
AN EXAMINATION BY THE PUBLIC SERVICE )  
COMMISSION OF THE ENVIRONMENTAL )  
SURCHARGE MECHANISM OF EAST KENTUCKY )  
POWER COOPERATIVE, INC. FOR THE )  
SIX-MONTH BILLING PERIODS ENDING )  
JUNE 30, 2014 AND DECEMBER 31, 2014, )  
TWO-YEAR BILLING PERIOD ENDING )  
JUNE 30, 2015, AND THE PASS THROUGH )  
MECHANISM FOR ITS SIXTEEN MEMBER )  
DISTRIBUTION COOPERATIVES )

CASE NO.  
2015-00281

AFFIDAVIT

I, James L. Jacobus, President and Chief Executive Officer of Inter-County Energy Cooperative Corporation, after first being duly sworn, do hereby state that I have reviewed and considered the proposed change in the calculation format of the over/under recovery determined during the surcharge review cases. I have also participated, on behalf of the Cooperative, in the discussions with the other Member Distribution Cooperatives of East Kentucky Power Cooperative, Inc. concerning the proposed change in format. The Cooperative fully supports the proposed change in the calculation format for the over/under recovery of the environmental surcharge.

FURTHER, THE AFFIANT SAYETH NOT.

  
James L. Jacobus, President and CEO

COMMONWEALTH OF KENTUCKY

COUNTY OF BOYLE

The foregoing affidavit was signed, sworn to and acknowledged before me, by James L. Jacobus, on this the 19<sup>th</sup> day of January, 2016.

  
Notary Public  
Commission #: 492615

Commission Expiration: July 15, 2017



**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

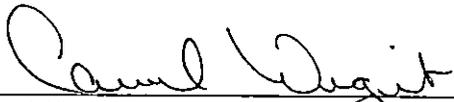
**In the Matter of:**

<b>AN EXAMINATION BY THE PUBLIC SERVICE</b>	)	
<b>COMMISSION OF THE ENVIRONMENTAL</b>	)	
<b>SURCHARGE MECHANISM OF EAST KENTUCKY</b>	)	
<b>POWER COOPERATIVE, INC. FOR THE</b>	)	
<b>SIX-MONTH BILLING PERIODS ENDING</b>	)	<b>CASE NO.</b>
<b>JUNE 30, 2014 AND DECEMBER 31, 2014,</b>	)	<b>2015-00281</b>
<b>TWO-YEAR BILLING PERIOD ENDING</b>	)	
<b>JUNE 30, 2015, AND THE PASS THROUGH</b>	)	
<b>MECHANISM FOR ITS SIXTEEN MEMBER</b>	)	
<b>DISTRIBUTION COOPERATIVES</b>	)	

**AFFIDAVIT**

I, Carol Wright, President and Chief Executive Officer of Jackson Energy Cooperative, after first being duly sworn, do hereby state that I have reviewed and considered the proposed change in the calculation format of the over/under recovery determined during the surcharge review cases. I have also participated, on behalf of the Cooperative, in the discussions with the other Member Distribution Cooperatives of East Kentucky Power Cooperative, Inc. concerning the proposed change in format. The Cooperative fully supports the proposed change in the calculation format for the over/under recovery of the environmental surcharge.

FURTHER, THE AFFIANT SAYETH NOT.

  
\_\_\_\_\_  
Carol Wright, President and CEO

COMMONWEALTH OF KENTUCKY

COUNTY OF JACKSON

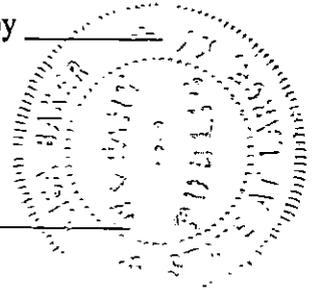
The foregoing affidavit was signed, sworn to and acknowledged before me, by Carol Wright on this the 19<sup>th</sup> day of January 2016.

Lisa Baker

Notary Public

Commission #: 503554

Commission Expiration: 1/19/18



**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 BILLING PERIODS ENDING )  
JUNE 30, 2014 AND DECEMBER 31, 2014, )  
TWO-YEAR BILLING PERIOD ENDING )  
JUNE 30, 2015, AND THE PASS THROUGH )  
MECHANISM FOR ITS SIXTEEN MEMBER )  
DISTRIBUTION COOPERATIVES )**

**CASE NO.  
2015-00281**

**AFFIDAVIT**

I, Kerry K. Howard General Manager/CEO of Licking Valley Rural Electric Cooperative Corporation, after first being duly sworn, do hereby state that I have reviewed and considered the proposed change in the calculation format of the over/under recovery determined during the surcharge review cases. I have also participated, on behalf of the Cooperative, in the discussions with the other Member Distribution Cooperatives of East Kentucky Power Cooperative, Inc. concerning the proposed change in format. The Cooperative fully supports the proposed change in the calculation format for the over/under recovery of the environmental surcharge.

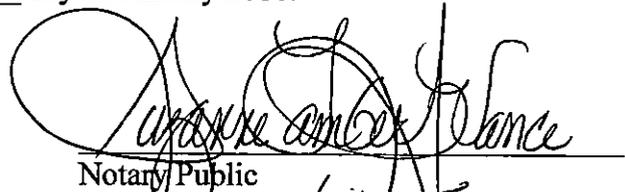
FURTHER, THE AFFIANT SAYETH NOT.

  
\_\_\_\_\_  
Kerry K. Howard, General Manager/CEO

COMMONWEALTH OF KENTUCKY

COUNTY OF Morgan

The foregoing affidavit was signed, sworn to and acknowledged before me, by Kerry R. Howard on this the 25<sup>th</sup> day of January 2016.



Notary Public  
Commission #: 466856

Commission Expiration: 05/29/2016

**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 BILLING PERIODS ENDING )  
JUNE 30, 2014 AND DECEMBER 31, 2014, )  
TWO-YEAR BILLING PERIOD ENDING )  
JUNE 30, 2015, AND THE PASS THROUGH )  
MECHANISM FOR ITS SIXTEEN MEMBER )  
DISTRIBUTION COOPERATIVES )**

**CASE NO.  
2015-00281**

**AFFIDAVIT**

I, Michael L. Miller, President and Chief Executive Officer of Nolin Rural Electric Cooperative Corporation, after first being duly sworn, do hereby state that I have reviewed and considered the proposed change in the calculation format of the over/under recovery determined during the surcharge review cases. I have also participated, on behalf of the Cooperative, in the discussions with the other Member Distribution Cooperatives of East Kentucky Power Cooperative, Inc. concerning the proposed change in format. The Cooperative fully supports the proposed change in the calculation format for the over/under recovery of the environmental surcharge.

FURTHER, THE AFFIANT SAYETH NOT.

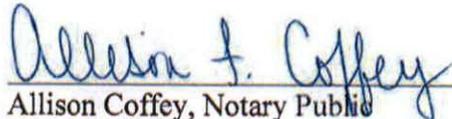


Michael L. Miller, President and CEO

COMMONWEALTH OF KENTUCKY

COUNTY OF HARDIN

The foregoing affidavit was signed, sworn to and acknowledged before me, by Michael L. Miller on this the 18<sup>th</sup> day of January 2016.

  
Allison Coffey, Notary Public  
Commission #: 472718

Commission Expiration: August 27, 2016

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

<b>AN EXAMINATION BY THE PUBLIC SERVICE</b>	)	
<b>COMMISSION OF THE ENVIRONMENTAL</b>	)	
<b>SURCHARGE MECHANISM OF EAST KENTUCKY</b>	)	
<b>POWER COOPERATIVE, INC. FOR THE</b>	)	
<b>SIX-MONTH BILLING PERIODS ENDING</b>	)	<b>CASE NO.</b>
<b>JUNE 30, 2014 AND DECEMBER 31, 2014,</b>	)	<b>2015-00281</b>
<b>TWO-YEAR BILLING PERIOD ENDING</b>	)	
<b>JUNE 30, 2015, AND THE PASS THROUGH</b>	)	
<b>MECHANISM FOR ITS SIXTEEN MEMBER</b>	)	
<b>DISTRIBUTION COOPERATIVES</b>	)	

**AFFIDAVIT**

I, Mark A. Stallons, President and Chief Executive Officer of Owen Electric Cooperative, Inc., after first being duly sworn, do hereby state that I have reviewed and considered the proposed change in the calculation format of the over/under recovery determined during the surcharge review cases. I have also participated, on behalf of the Cooperative, in the discussions with the other Member Distribution Cooperatives of East Kentucky Power Cooperative, Inc. concerning the proposed change in format. The Cooperative fully supports the proposed change in the calculation format for the over/under recovery of the environmental surcharge.

FURTHER, THE AFFIANT SAYETH NOT.

  
\_\_\_\_\_  
Mark A. Stallons, President and CEO

COMMONWEALTH OF KENTUCKY

COUNTY OF State At Large

The foregoing affidavit was signed, sworn to and acknowledged before me, by Mark A. Stallons on this the 20<sup>th</sup> day of January 2016.

Melissa K Moore

Notary Public

Commission #: 531307

Commission Expiration: April 14, 2019



COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

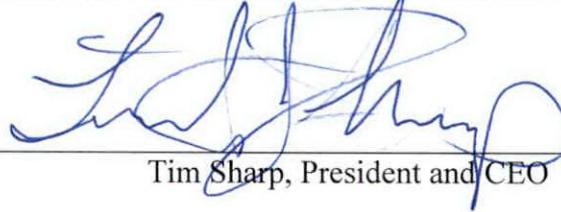
AN EXAMINATION BY THE PUBLIC SERVICE )  
COMMISSION OF THE ENVIRONMENTAL )  
SURCHARGE MECHANISM OF EAST KENTUCKY )  
POWER COOPERATIVE, INC., FOR THE )  
SIX-MONTH BILLING PERIODS ENDING ) CASE NO.  
JUNE 30, 2014, AND DECEMBER 31, 2014; FOR ) 2015-00281  
THE TWO-YEAR BILLING PERIOD ENDING )  
JUNE 30, 2015; AND THE PASS THROUGH )  
MECHANISM FOR ITS SIXTEEN MEMBER )  
DISTRIBUTION COOPERATIVES )

AFFIDAVIT

I, Tim Sharp, President and Chief Executive Officer of Salt River Electric Cooperative Corporation, after first being duly sworn, do hereby state that I have reviewed and considered the proposed change in the calculation format of the over/under recovery determined during the surcharge review cases. I have also participated, on behalf of the Cooperative, in the discussions with the other Member Distribution Cooperatives of East Kentucky Power Cooperative, Inc. concerning the proposed change in format. The Cooperative fully supports the proposed change in the calculation format for the over/under recovery of the environmental surcharge.

FURTHER, THE AFFIANT SAYETH NOT.

SALT RIVER ELECTRIC COOPERATIVE CORP.



Tim Sharp, President and CEO

STATE OF KENTUCKY  
COUNTY OF NELSON

The foregoing affidavit was signed, sworn to and acknowledged before me by Tim Sharp, President and CEO of Salt River Electric Cooperative Corporation, on this the 19<sup>th</sup> day of January, 2016.



Notary Public, Kentucky State at Large  
Commission No. 433406  
Commission Expiration: December 16, 2018



**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

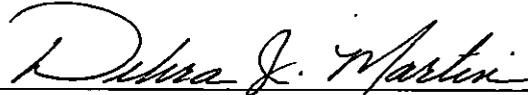
**AN EXAMINATION BY THE PUBLIC SERVICE )  
COMMISSION OF THE ENVIRONMENTAL )  
SURCHARGE MECHANISM OF EAST KENTUCKY )  
POWER COOPERATIVE, INC. FOR THE )  
SIX-MONTH BILLING PERIODS ENDING )  
JUNE 30, 2014 AND DECEMBER 31, 2014, )  
TWO-YEAR BILLING PERIOD ENDING )  
JUNE 30, 2015, AND THE PASS THROUGH )  
MECHANISM FOR ITS SIXTEEN MEMBER )  
DISTRIBUTION COOPERATIVES )**

**CASE NO.  
2015-00281**

**AFFIDAVIT**

I, Debra J. Martin, President and Chief Executive Officer of Shelby Energy Cooperative, Inc., after first being duly sworn, do hereby state that I have reviewed and considered the proposed change in the calculation format of the over/under recovery determined during the surcharge review cases. I have also participated, on behalf of the Cooperative, in the discussions with the other Member Distribution Cooperatives of East Kentucky Power Cooperative, Inc. concerning the proposed change in format. The Cooperative fully supports the proposed change in the calculation format for the over/under recovery of the environmental surcharge.

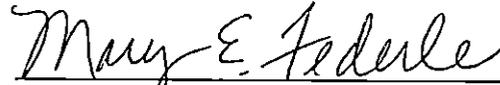
FURTHER, THE AFFIANT SAYETH NOT.

  
Debra J. Martin, President and CEO

COMMONWEALTH OF KENTUCKY

COUNTY OF SHELBY

The foregoing affidavit was signed, sworn to and acknowledged before me, by Debra J. Martin, on this the 20<sup>th</sup> day of January, 2016.



Notary Public

Commission #: 520745

Commission Expiration: 10-7-18

**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 BILLING PERIODS ENDING )  
JUNE 30, 2014 AND DECEMBER 31, 2014, )  
TWO-YEAR BILLING PERIOD ENDING )  
JUNE 30, 2015, AND THE PASS THROUGH )  
MECHANISM FOR ITS SIXTEEN MEMBER )  
DISTRIBUTION COOPERATIVES )**

**CASE NO.  
2015-00281**

**AFFIDAVIT**

I, Edward Allen Anderson, President and Chief Executive Officer of South Kentucky R.E.C.C., after first being duly sworn, do hereby state that I have reviewed and considered the proposed change in the calculation format of the over/under recovery determined during the surcharge review cases. I have also participated, on behalf of the Cooperative, in the discussions with the other Member Distribution Cooperatives of East Kentucky Power Cooperative, Inc. concerning the proposed change in format. The Cooperative fully supports the proposed change in the calculation format for the over/under recovery of the environmental surcharge.

FURTHER, THE AFFIANT SAYETH NOT.

  
{Name}, President and CEO

COMMONWEALTH OF KENTUCKY

COUNTY OF Pulaski

The foregoing affidavit was signed, sworn to and acknowledged before me, by Allen  
Anderson on this the 20<sup>th</sup> day of January 2016.

Cherry A. Bolton  
Notary Public  
Commission #:

Commission Expiration: July 16, 2018

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

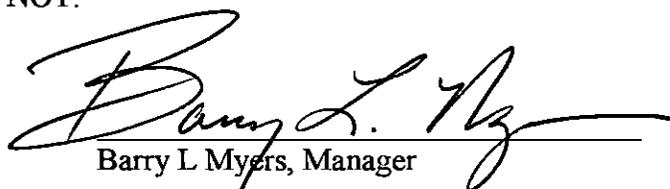
**AN EXAMINATION BY THE PUBLIC SERVICE )  
COMMISSION OF THE ENVIRONMENTAL )  
SURCHARGE MECHANISM OF EAST KENTUCKY )  
POWER COOPERATIVE, INC. FOR THE )  
SIX-MONTH BILLING PERIODS ENDING )  
JUNE 30, 2014 AND DECEMBER 31, 2014, )  
TWO-YEAR BILLING PERIOD ENDING )  
JUNE 30, 2015, AND THE PASS THROUGH )  
MECHANISM FOR ITS SIXTEEN MEMBER )  
DISTRIBUTION COOPERATIVES )**

**CASE NO.  
2015-00281**

**AFFIDAVIT**

I, Barry L. Myers, Manager of Taylor County Rural Electric Cooperative Corporation, after first being duly sworn, do hereby state that I have reviewed and considered the proposed change in the calculation format of the over/under recovery determined during the surcharge review cases. I have also participated, on behalf of the Cooperative, in the discussions with the other Member Distribution Cooperatives of East Kentucky Power Cooperative, Inc. concerning the proposed change in format. The Cooperative fully supports the proposed change in the calculation format for the over/under recovery of the environmental surcharge.

FURTHER, THE AFFIANT SAYETH NOT.

  
Barry L. Myers, Manager

COMMONWEALTH OF KENTUCKY

COUNTY OF TAYLOR

The foregoing affidavit was signed, sworn to and acknowledged before me, by  
Barry L. Myers on this the 20<sup>th</sup> day of January 2016.



Notary Public

Commission #: ID526377

Commission Expiration: 01/22/19