

December 30, 2013

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

Re: Application of Meade County Rural Electric Cooperative  
Corporation for Pass-Through of Big Rivers Electric Corporation  
Wholesale Rate Adjustment  
Case No. 2013-00231

Dear Mr. Derouen:

In accordance with 807 KAR section 8 (3) [Electronic Filing Procedure] we are filing one (1) original copy of Meade County's response to Commission Staff's Second Information Request and supporting documentation for Case No 2013-00231.

I certify that the electronically filed document is a true and complete representation of the original document to be filed with the Commission.

Please contact me at (270) 422-2162 with any questions regarding this filing.

Respectfully submitted,



Burns Mercer  
President / CEO

Enclosure

Meade County Rural Electric  
Case No. 2013-00231  
Commission Staff's Second Request for Information

1. Refer to Meade's response to Item 2.a. of Commission Staff's Initial Request for Information ("Staff's First Request"), page 2 of 2. Provide an example of the type of customer that would be a zero use customer.

Response

A zero use customer was used as an example just to illustrate the point. The attached Exhibit 1, page 2 of 2, shows a comparison at different usage levels without the proposed changes in Schedules MRSM and RER.

Meade County RECC  
Retail Rate Comparison  
Residential Rate

Usage Level	Present		Proposed Illustration		Difference	
	Amount	Per kWh	Amount	Per kWh	Amount	Percent
(a)	(b)	(c)	(d)	(e)	(f)	(g)
0	\$ 15.48	\$ -	\$ 19.71	\$ -	\$ 4.23	27.31%
100	\$ 23.79	\$ 0.2379	\$ 27.60	\$ 0.2760	\$ 3.81	16.03%
500	\$ 57.00	\$ 0.1140	\$ 59.15	\$ 0.1183	\$ 2.15	3.78%
1,000	\$ 98.52	\$ 0.0985	\$ 98.60	\$ 0.0986	\$ 0.08	0.08%
2,000	\$ 181.55	\$ 0.0908	\$ 177.49	\$ 0.0887	\$ (4.07)	-2.24%
3,000	\$ 264.59	\$ 0.0882	\$ 256.37	\$ 0.0855	\$ (8.22)	-3.11%

Present and proposed rate includes \$(0.003822) per kWh for, FAC, ES, MRSM, and non-FAC PPA.

Proposed rate illustration also includes \$(0.027886) per kWh for base rate credit flowing through the MRSM.

Meade County Rural Electric  
Case No. 2013-00231  
Commission Staff's Second Request for Information

2. Refer to Meade's response to Item 4 of Staff's First Request. The response states that "[t]he Meade test year billing load factor was 62.56% and the loss factor, after adjusting for unbilled sales was 5.61%. It should be noted that the 62.56% test year billing load factor was within 3/10ths of a percent of the three year average at the time...."

- a. Identify the years referred to in "the three year average."
- b. Provide the purchased kWh and the monthly wholesale billing demands used to calculate the 62.56 percent and 60.19 percent referenced in this response.
- c. Provide Meade's projected load forecast for 2014.
- d. The response states that Meade experienced a decline in billing load factor for the 12 months ended November 2013, and that if that trend continues, Meade will under-recover wholesale demand costs going forward. Given that response, state whether Meade still believes that using a test year ending November 2012 is reasonable.

Response

- a. Three years reflects actual monthly data from November 2009 – November 2012.
- b. See the Schedule "Staff 2<sup>nd</sup>, Item 4 - Historical Wholesale Billing Units" Exhibit 2 page 3 of 3
- c. See "2013 Load Forecast\_MCRECC\_7-26-13"
- d. As shown by the data provided in the response to 2-2b, Meade's billing load factor fluctuates. The high during the period examined was 62.74% and the low was 59.1%. The 61.56% test year level is not the highest shown but is at the higher end of the scale. It should be noted that a June 2013 test year cutoff would have been likely had Meade updated the test year. The billing load factor for that year was 60.96% and it turns out that 60.96% is the weighted average of the November 2009 – November 2013 period. Normalizing the test year wholesale

billing demand for a 60.96% billing load factor would increase billing demand by 10,311 kW and the flow through amount by \$121,959.

$$.6096 \times 730 \text{ hrs./mo.} = 445.01 \text{ kWh/kW}$$

Test Year kWh Purchased	470,554,346
kWh/kW	<u>÷ 445.01</u>
Normalized Billing Demand	1,057,402
Less: Test Year Billing Dem.	<u>-1,047,091</u>
Increase	10,311
Proposed Dem. Rate Inc.	<u>x \$11.828</u>
Additional Increase Amt.	\$121,959

Since billing load factor fluctuates it is unclear precisely how reasonable the proposed test year will prove to be. Moreover, the test year billing load factor is relatively close to the four year system average and, at historical rate levels, it would have been more readily viewed as reasonable. However, at the wholesale demand rate levels being proposed by Big Rivers, the effect of even small load factor fluctuations on costs is far more pronounced placing Meade at increasing risks of cost recovery.

Based on the data, and to avoid the costs associated with a full test year update, Meade believes that a simple adjustment to billing as shown above could be made to the extent the added costs is offset by a reduction in the Big Rivers rate request.

Meade County RECC  
Historical Billing Units

Exhibit 2  
page 3 of 3

	Month	kWh	BREC System CP (i.e. Billing demand under current rate)	Annual kWh	Annual kW	Annual LF
1	Nov-09	34,444,920	75,064			
2	Dec-09	51,694,410	104,050			
3	Jan-10	59,035,140	118,998			
4	Feb-10	51,393,370	112,343			
5	Mar-10	38,028,116	92,041			
6	Apr-10	28,079,875	57,202			
7	May-10	32,805,170	79,109			
8	Jun-10	43,966,515	96,075			
9	Jul-10	47,969,570	99,015			
10	Aug-10	47,509,670	104,658			
11	Sep-10	35,325,370	87,062			
12	Oct-10	29,374,880	66,189	499,627,006	1,091,806	62.69%
13	Nov-10	36,499,620	78,556	501,681,706	1,095,298	62.74%
14	Dec-10	59,298,830	128,063	509,286,126	1,119,311	62.33%
15	Jan-11	58,481,680	116,477	508,732,666	1,116,790	62.40%
16	Feb-11	44,127,880	120,033	501,467,176	1,124,480	61.09%
17	Mar-11	39,176,190	82,493	502,615,250	1,114,932	61.75%
18	Apr-11	29,392,570	75,569	503,927,945	1,133,299	60.91%
19	May-11	33,030,110	88,063	504,152,885	1,142,253	60.46%
20	Jun-11	38,926,350	90,907	499,112,720	1,137,085	60.13%
21	Jul-11	49,774,070	100,853	500,917,220	1,138,923	60.25%
22	Aug-11	43,831,450	97,812	497,239,000	1,132,077	60.17%
23	Sep-11	31,249,180	98,163	493,162,810	1,143,178	59.10%
24	Oct-11	31,661,500	65,431	495,449,430	1,142,420	59.41%
25	Nov-11	35,100,140	77,119	494,049,950	1,140,983	59.32%
26	Dec-11	45,500,230	88,200	480,251,350	1,101,120	59.75%
27	Jan-12	49,731,850	100,316	471,501,520	1,084,959	59.53%
28	Feb-12	42,332,140	98,894	469,705,780	1,063,820	60.48%
29	Mar-12	32,145,840	82,187	462,675,430	1,063,514	59.60%
30	Apr-12	29,297,740	52,347	462,580,600	1,040,292	60.91%
31	May-12	35,013,590	79,686	464,564,080	1,031,915	61.67%
32	Jun-12	38,409,450	101,424	464,047,180	1,042,432	60.98%
33	Jul-12	49,246,040	101,281	463,519,150	1,042,860	60.89%
34	Aug-12	41,416,420	93,777	461,104,120	1,038,825	60.80%
35	Sep-12	32,110,460	81,960	461,965,400	1,022,622	61.88%
36	Oct-12	31,807,930	69,934	462,111,830	1,027,125	61.63%
37	Nov-12	39,652,230	88,428	466,663,920	1,038,434	61.56%
38	Dec-12	44,498,240	90,157	465,661,930	1,040,391	61.31%
39	Jan-13	51,773,650	110,695	467,703,730	1,050,770	60.97%
40	Feb-13	45,287,324	115,053	470,658,914	1,066,929	60.43%
41	Mar-13	46,894,260	96,436	485,407,334	1,081,178	61.50%
42	Apr-13	31,360,329	78,927	487,469,923	1,107,758	60.28%
43	May-13	31,432,200	71,411	483,888,533	1,099,483	60.29%
44	Jun-13	36,447,540	84,914	481,926,623	1,082,973	60.96%
45	Jul-13	40,251,790	87,107	472,932,373	1,068,799	60.62%
46	Aug-13	40,747,240	88,394	472,263,193	1,063,416	60.84%
47	Sep-13	33,755,720	88,230	473,908,453	1,069,686	60.69%
48	Oct-13	32,669,810	80,905	474,770,333	1,080,657	60.18%
49	Nov-13	41,142,230	91,674	476,260,333	1,083,903	60.19%
50						
51	Nov. 09 - Nov. 13	1,973,100,829	4,433,682			60.96%
52						
53						
54						
55	Nov. 09 - Nov. 12	1,496,840,496	3,349,779			0.6121

Meade County Rural Electric  
Case No. 2013-00231  
Commission Staff's Second Request for Information

3. Refer to Meade's response to Item 7 of Staff's First Request, the proposed changes to its tariff shown on Exhibit 7, pages 7 and 8 of 8.
  - a. Confirm that Meade intended to refer to Big Rivers Electric Corporation's ("Big Rivers") Schedule Standard Rate QFS instead of OFS.
  - b. Explain why it would not be more appropriate to refer instead to Big Rivers' Standard Rate Schedule RDS as is referred to by Big Rivers in the same section of Big Rivers' Standard Rate QFS – Cogeneration/Small Power Production Sales Tariff – Over 100 kW.
  - c. Confirm that Meade intended to leave the phrase "the greater of" in its tariff. If this cannot be confirmed, explain why the phrase should be deleted.

Response

- a. See response 3.b.
- b. Meade should have referred to Big Rivers' Standard Rate Schedule RDS. See Exhibit 3 page 2 of 2.
- c. Meade intended to leave in the phrase "the greater of" in the tariff. Please see Exhibit 3 page 2 of 2.

For Entire Territory Served

Community, Town or City

P.S.C. No. 44

(Original) Sheet No. 51

(Revised)

Cancelling P.S.C. No. 43

(Original) Sheet No. 51

(Revised)

**MEADE COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION**

Schedule 10 –continued	CLASSIFICATION OF SERVICE	RATE PER UNIT
<b>Small Power and Cogeneration (Over 100 KW)</b> <b>(Customer Buys Power from Meade County RECC)</b>		
	<p>charges for Excess Demand shall be based on the greater of: a) the applicable demand charge in Big Rivers' Standard Rate Schedule RDS times the highest Excess Demand recorded during the month; or b) 110% of the highest price received by Big Rivers during an Off-System Sales Transactions during the month times the sum of the Excess Demands measured during the month.</p> <p>Big Rivers shall be the sole determinant of when and under what circumstances it is required to import energy from a Third Party Supplier to provide Excess Demand.</p> <p>(5) <b>Additional Charges:</b></p> <p>Any and all costs incurred by Big Rivers as a result of the QF's failure to generate, including, without limitation, ancillary services necessary to maintain reliability on the Big Rivers' system, shall be charged to the Member Cooperative in addition to all other charges.</p> <p>(6) <b>Interruptible Service:</b></p> <p>Interruptible Supplementary Service or Interruptible Back-up Service will be made available, upon request. Terms and conditions of interruptible service will be as negotiated under special contract according to the terms of 807 KAR 5:054.</p> <p>g. <b>Interconnections:</b></p> <p>Big Rivers requires a three party interconnection agreement between the QF Member, Big Rivers, and the Member Cooperative</p>	(T)

DATE OF ISSUE December 30, 2013

Month/Date/Year

DATE EFFECTIVE January 31, 2014

Month/Date/Year

ISSUED BY *Ben E. ...*  
(Signature of Officer)

TITLE President / CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE

Meade County Rural Electric  
Case No. 2013-00231  
Commission Staff's Second Request for Information

4. Provide a copy of an actual bill with customer information redacted.

Response

See Exhibit 4 page 2 of 2

Failure to receive bill does not void penalties for late payment and service disconnection.

Exhibit 4  
Page 2 of 2

ACCOUNT NUMBER:	3 04 109 003 02 2
CUSTOMER NAME:	[REDACTED]
SERVICE ADDRESS:	[REDACTED]
CLASS:	Residential, Farm and Non-Farm



SERVICE	READINGS	METER NUMBER	MUET	KWH USED	AMOUNT
From TO	Present Previous				
10/03 - 11/03	94865 93819	37351	1	1,046	
Previous month's balance Payment - Thank you PREVIOUS BALANCE Base Charge .488 per day x 31 days = 15.78 KWH charge .509 1,046 x .005040 = 90.85 Fuel Adjustment Clause (.003224200) = 86.858 Environmental Surcharge (.004313100) Unwind Surcredit (-.003966900) Member Rate Stability Mechanism (-.007426500) Non FAC PPA (-.000606400)					100.89 100.89 CR 15.78 90.85 94.67
Subtotal					4.67 CR
3% School tax					3.06 214

Bank draft payment 11/28/13  
Total Current Charges 105.02  
407.65

DUE DATE	11/28/13
AMOUNT DUE AFTER DUE DATE	115.52418.10

This bill reflects rates charged by our power supplier, Big Rivers, before the Kentucky Public Service Commission's recent reduction. That reduction will be fully refunded on next month's bill.

Thanks for your patience during this transition.

"LIKE our page at [www.facebook.com/mcrecc](http://www.facebook.com/mcrecc) or FOLLOW US at [www.twitter.com/meadecountyrecc](http://www.twitter.com/meadecountyrecc)"

COMPARE YOUR USAGE

PERIOD	DAYS	ELECT KWH USED	DAILY AVG KWH	AVG \$ USAGE/DAILY
CURRENT	31	1,046	34	3.47
LAST MONTH	30	981	33	3.36
YEAR AGO	31	896	29	2.41

PLEASE BRING ENTIRE BILL IF PAYING IN PERSON. PLEASE DETACH AND RETURN BOTTOM PORTION IF PAYING BY MAIL.

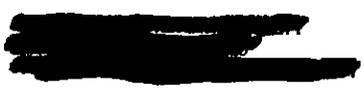


B/D

ACCOUNT NO.	3 04 109 003 02 2
PRIOR BALANCE	0.00
NET AMOUNT DUE:	105.02 407.65
BILL DUE DATE	November 28 2013
PENALTY IF PAID LATE	10.45
TOTAL DUE IF PAID LATE	115.52418.10

I am voluntarily adding \$ \_\_\_\_\_ to my payment for the WinterCare Energy Fund.

000000019



Amount Paid \$ \_\_\_\_\_ 2  
(Please fill in payment amount)

To pay by Credit Card, please see reverse side.  
Please enter any address or phone corrections in the space provided below:

Do Not Write Below This Line

3041090030220000107650

Meade County Rural Electric  
Case No. 2013-00231  
Commission Staff's Second Request for Information

5. Provide a copy of the same bill as it would be assuming Big Rivers is granted its full requested increase in Case No. 2013-00199 and receives approval of its proposal to mitigate the increase using the Economic and Rural Economic Reserve funds. The proposed sample bill should reflect the tariff changes proposed by Meade in this case.

Response

See Exhibit 5 page 2 of 2

Failure to receive bill does not void penalties for late payment and service disconnection.

Exhibit 5  
page 2 of 2

ACCOUNT NUMBER:	3 04 109 003 02 2
CUSTOMER NAME:	[REDACTED]
SERVICE ADDRESS:	[REDACTED]
CLASS:	Residential, Farm and Non-Farm



**Meade County RECC**

P.O. Box 489 A Touchstone Energy Cooperative  
Brandenburg, KY 40108



From	To	Present	Previous	METER NUMBER	MULT	KWH USED	AMOUNT
10/03	- 11/03	94865	93819	37351	1	1,046	
Previous month's balance Payment - Thank you PREVIOUS BALANCE Base Charge $10.468 \text{ per day} \times 31 \text{ days} = 14.542009$ KWH charge $1,046 \times 0.005040 = 94.6711569$ Fuel Adjustment Clause (.003224200) .110596 Environmental Surcharge (.004313100) Unwind Surcredit (-.003966900) Member Rate Stability Mechanism (-.007426500) Non FAC PPA (-.000606400)							100.89 100.89 CR <del>20.09 14.54</del> <del>115.68 94.67</del>
MRSM <sub>2</sub> (.648*-.2146336*31)=-4.31 + (.110596*-.2146336*1046) = -24.83 = -29.14 3% School tax							33.81 4.67 CR 3.06 3.14
<b>SUBTOTAL</b>							<b>33.81 CR</b>

Bank draft payment 11/28/13

Total Current Charges

DUE DATE	11/28/13
AMOUNT DUE AFTER DUE DATE	115.52 110.10

This bill reflects rates charged by our power supplier, Big Rivers, before the Kentucky Public Service Commission's recent reduction. That reduction will be fully refunded on next month's bill.

Thanks for your patience during this transition.

"LIKE our page at [www.facebook.com/mcrecc](http://www.facebook.com/mcrecc) or FOLLOW US at [www.twitter.com/meadecountyrecc](http://www.twitter.com/meadecountyrecc)"

**COMPARE YOUR USAGE**

PERIOD	DAYS	ELECT KWH USED	DAILY AVG KWH	AVG \$ USAGE/DAILY
CURRENT	31	1,046	34	3.47
LAST MONTH	30	981	33	3.36
YEAR AGO	31	896	29	2.41

PLEASE BRING ENTIRE BILL IF PAYING IN PERSON. PLEASE DETACH AND RETURN BOTTOM PORTION IF PAYING BY MAIL.



**Meade County RECC**

P.O. Box 489 A Touchstone Energy Cooperative  
Brandenburg, KY 40108

B/D

ACCOUNT NO.	3 04 109 003 02 2
PRIOR BALANCE	0.00
<b>NET AMOUNT DUE:</b>	<b>105.02 107.65</b>
BILL DUE DATE	November 28 2013
PENALTY IF PAID LATE	10.50 10.45
TOTAL DUE IF PAID LATE	115.52 118.10

Amount Paid \$ \_\_\_\_\_ 2

(Please fill in payment amount)

To pay by Credit Card, please see reverse side.

Please enter any address or phone corrections in the space provided below:

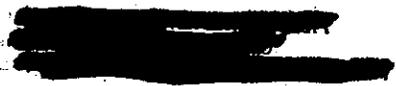
\_\_\_\_\_  
\_\_\_\_\_

Do Not Write  
Below This Line

3041090030220000107650

I am voluntarily adding \$ \_\_\_\_\_ to my payment for the WinterCare Energy Fund.

000000019



Meade County Rural Electric  
Case No. 2013-00231  
Commission Staff's Second Request for Information

6. Refer to Exhibit 1 of the application, pages 17-20 of 25, Meade's proposed Member Rate Stability Mechanism ("MRSM") tariff.

a. Provide a sample calculation of the W\_MRSM component of the MRSM formula assuming Meade's proposed changes to its tariff are approved.

b. Using the W\_MRSM calculated in a. above, provide a sample calculation of the MRSM calculation assuming Meade's proposed changes to its tariff are approved.

Response

- a. rate x (.2146336) x # of days = base rate credit offset  
kWh rate x (.2146336) x kWh usage = kWh credit offset  
demand charge x (.2146336) x kW usage = demand credit offset  
light charge x (.2146336) = light credit offset

See calculation on Exhibit 5

- b. See response in 6.a.