


# Shelby Energy Cooperative

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PUBLIC SERVICE  
COMMISSION

February 6, 2013

Mr. Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Blvd  
P O Box 615  
Frankfort, KY 40602-0615


RE: Case No. 2012-00486

Dear Mr. Derouen:

Enclosed are an original and five (5) copies of Shelby Energy Cooperative Inc.'s responses to the commission staff's amended second request for information to East Kentucky Power Cooperative, Inc.'s sixteen member distribution cooperatives dated January 24, 2013.

Should you have any questions or need further information, please let me know.

Sincerely,



Debra J. Martin  
President & CEO

Enclosures

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PUBLIC SERVICE  
COMMISSION

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 )  
 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  
2012-0486

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

DATED: JANUARY 24, 2013



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FOR INFORMATION TO EAST KENTUCKY POWER COOPERATIVE, INC.'S  
SIXTEEN MEMBER DISTRIBUTION COOPERATIVES  
DATED: JANUARY 24, 2013

Certification .....	Tab 1
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**VERIFICATION**

The undersigned, Debra J. Martin, President and CEO of Shelby Energy Cooperative, Inc. certifies that the responses contained in this document are true and accurate to the best of her knowledge, information and belief formed after a reasonable inquiry.

Debra J. Martin  
Debra J. Martin

COMMONWEALTH OF KENTUCKY

COUNTY OF SHELBY

Subscribed and sworn to before me by Debra J. Martin, President and CEO of Shelby Energy Cooperative, Inc., to be her free act and deed this 6<sup>th</sup> day of February, 2013.

(SEAL)

Mary Gay Jennill  
Notary Public

My Commission Expires:

March 28, 2014

ID: 415621



SHELBY ENERGY COOPERATIVE, INC.

CASE NO. 2012-00486

Response to Commission Staff's Amended Second Request

Dated: January 24, 2013

Q1. Each member cooperative should refer to EKPC's responses to Commission Staff's First Request for Information, Item 2, and respond to the following:

- a. Have you experienced any problems in administering the refund of any over-recovery or collection of any under-recovery of environmental surcharge costs?
- b. Do you recommend any changes from the current method of refunding/collecting any over- or under-recovery of environmental surcharge costs over a six-month time period? If so, what is the time period you believe is appropriate?
- c. Describe the benefits, if any, of allowing the refund/collection of any over- or under-recover of environmental surcharge costs to be spread over a time period different from the current six-month recovery period.
- d. Describe the negative effects, if any, of allowing the refund/collection of over- or under-recover of environmental surcharge costs to be spread over a time period different from the current six-month period.



A 1.(a.) Shelby Energy Cooperative (“Shelby Energy”) has had no problems administering the refund of any over-recovery or collection of any under-recovery of environmental surcharge costs.

A 1.(b.) Shelby Energy has no recommended changes to the current method of a six-month time period. The current six-month method provides an expedient manner in which to make refunds or collections for over-or under-recovery of environmental surcharge costs.

A 1.(c.) One benefit may be extending the time for refunding any over-recovery or collection of any under-recovery of environmental surcharge costs which may lessen the impact to the end consumer for some cooperatives.

A1.(d.) Although extending the time may be a possible benefit for some organizations, it may also result in a negative impact by expanding the time in which the refund or collection of over-recovery or under-recovery of environmental surcharge costs occur with little or no benefit to the end consumer as was determined by Shelby Energy’s review and provided in the answer to Question 2.

Witness: Debra J. Martin



SHELBY ENERGY COOPERATIVE, INC.

CASE NO. 2012-00486

Response to Commission Staff's Amended Second Request

Dated: January 24, 2013

Q2. Provide the member cooperative's actual average residential customer's monthly kWh usage. Based on this usage amount, provide the dollar impact any over- or under-recover will have on the average residential customer's bill for a recovery period of six months and a recovery period of 12 months.

A2. Shelby Energy's average residential monthly kWh usage amount is 1,235 kWh. The difference between the recovery period of six months and a recovery of 12 months would be approximately \$.60 each month for an average residential bill of \$135. Refer to **Exhibit 1** included as part of the response.

Witness: Debra J. Martin

SHELBY ENERGY COOPERATIVE, INC.

Dollar Impact to Average Residential Bill  
for Over/Under Recovery of Environmental Surcharge ("ES")

	Average Monthly kWh: 1,235	Rate per kWh: \$0.08861	Facility Chg: \$10.14	County Tax: 3.00%														
	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12						
<b>6 - MONTH RECOVERY</b>																		
Energy Cost	\$109.43	\$109.43	\$109.43	\$109.43	\$109.43	\$109.43	\$109.43	\$109.43	\$109.43	\$109.43	\$109.43	\$109.43	\$109.43	\$109.43	\$109.43	\$109.43	\$109.43	\$109.43
Facility Charge	\$10.14	\$10.14	\$10.14	\$10.14	\$10.14	\$10.14	\$10.14	\$10.14	\$10.14	\$10.14	\$10.14	\$10.14	\$10.14	\$10.14	\$10.14	\$10.14	\$10.14	\$10.14
Fuel Cost	<u>2.51</u>	<u>0.94</u>	<u>0.35</u>	<u>(0.72)</u>	<u>(1.96)</u>	<u>(5.38)</u>	<u>(4.26)</u>	<u>(2.89)</u>	<u>(3.14)</u>	<u>(3.48)</u>	<u>(1.67)</u>	<u>(1.28)</u>						
Subtotal	\$122.08	\$120.51	\$119.92	\$118.86	\$117.61	\$114.19	\$115.31	\$116.68	\$116.44	\$116.09	\$117.91	\$118.29						
ES	<u>\$10.94</u>	<u>\$9.73</u>	<u>\$11.60</u>	<u>\$13.35</u>	<u>\$15.28</u>	<u>\$13.65</u>	<u>\$11.64</u>	<u>\$11.28</u>	<u>\$12.98</u>	<u>\$14.23</u>	<u>\$15.23</u>	<u>\$12.07</u>						
Subtotal	\$133.02	\$130.24	\$131.52	\$132.20	\$132.89	\$127.84	\$126.95	\$127.97	\$129.42	\$130.32	\$133.14	\$130.35						
County Tax	<u>\$3.99</u>	<u>\$3.91</u>	<u>\$3.95</u>	<u>\$3.97</u>	<u>\$3.99</u>	<u>\$3.84</u>	<u>\$3.81</u>	<u>\$3.84</u>	<u>\$3.88</u>	<u>\$3.91</u>	<u>\$3.99</u>	<u>\$3.91</u>						
TOTAL	\$137.01	\$134.15	\$135.47	\$136.17	\$136.87	\$131.67	\$130.76	\$131.81	\$133.30	\$134.23	\$137.13	\$134.27						
<b>12 - MONTH RECOVERY</b>																		
Energy Cost	\$109.43	\$109.43	\$109.43	\$109.43	\$109.43	\$109.43	\$109.43	\$109.43	\$109.43	\$109.43	\$109.43	\$109.43	\$109.43	\$109.43	\$109.43	\$109.43	\$109.43	\$109.43
Facility Charge	\$10.14	\$10.14	\$10.14	\$10.14	\$10.14	\$10.14	\$10.14	\$10.14	\$10.14	\$10.14	\$10.14	\$10.14	\$10.14	\$10.14	\$10.14	\$10.14	\$10.14	\$10.14
Fuel Cost	<u>2.51</u>	<u>0.94</u>	<u>0.35</u>	<u>(0.72)</u>	<u>(1.96)</u>	<u>(5.38)</u>	<u>(4.26)</u>	<u>(2.89)</u>	<u>(3.14)</u>	<u>(3.48)</u>	<u>(1.67)</u>	<u>(1.28)</u>						
Subtotal	\$122.08	\$120.51	\$119.92	\$118.86	\$117.61	\$114.19	\$115.31	\$116.68	\$116.44	\$116.09	\$117.91	\$118.29						
ES	<u>\$10.35</u>	<u>\$9.15</u>	<u>\$11.02</u>	<u>\$12.77</u>	<u>\$14.69</u>	<u>\$13.09</u>	<u>\$12.21</u>	<u>\$11.86</u>	<u>\$13.54</u>	<u>\$14.80</u>	<u>\$15.81</u>	<u>\$12.65</u>						
Subtotal	\$132.43	\$129.66	\$130.94	\$131.62	\$132.30	\$127.27	\$127.52	\$128.54	\$129.98	\$130.89	\$133.72	\$130.93						
County Tax	<u>\$3.97</u>	<u>\$3.89</u>	<u>\$3.93</u>	<u>\$3.95</u>	<u>\$3.97</u>	<u>\$3.82</u>	<u>\$3.83</u>	<u>\$3.86</u>	<u>\$3.90</u>	<u>\$3.93</u>	<u>\$4.01</u>	<u>\$3.93</u>						
TOTAL	\$136.41	\$133.55	\$134.87	\$135.57	\$136.27	\$131.09	\$131.35	\$132.39	\$133.88	\$134.82	\$137.73	\$134.86						

6-Mth versus 12-Mth Recovery	\$0.60	\$0.60	\$0.60	\$0.60	\$0.61	\$0.58	\$0.59	\$0.59	\$0.58	\$0.59	\$0.60	\$0.60						
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Fuel Cost Factor	0.00203	0.00076	0.00028	(0.00058)	(0.00159)	(0.00436)	(0.00345)	(0.00234)	(0.00254)	(0.00282)	(0.00135)	(0.00104)						
ES Percent - 6 mth	8.96%	8.07%	9.67%	11.23%	12.99%	11.95%	10.09%	9.67%	11.15%	12.26%	12.92%	10.20%						
ES Percent - 12 mth	8.48%	7.59%	9.19%	10.74%	12.49%	11.46%	10.59%	10.16%	11.63%	12.75%	13.41%	10.69%						