

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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JUL 11 2014

PUBLIC SERVICE  
COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE )  
COMMISSION OF THE ENVIRONMENTAL )  
SURCHARGE MECHANISM OF EAST KENTUCKY ) CASE NO.  
POWER COOPERATIVE, INC. FOR THE SIX-MONTH ) 2014-00051  
BILLING PERIOD ENDING DECEMBER 31, 2013 )  
AND THE PASS-THROUGH MECHANISM FOR ITS )  
SIXTEEN MEMBER DISTRIBUTION COOPERATIVES )

RESPONSE OF GRAYSON RURAL ELECTRIC COOPERATIVE  
CORPORATION (GRECC) TO THE SECOND REQUEST FOR  
INFORMATION SERVED BY COMMISSION STAFF

Comes now Grayson Rural Electric Cooperative Corporation (GRECC) and herewith  
submits its response to the Second Request for Information served by Commission Staff on July  
1, 2014.

RESPECTFULLY SUBMITTED,

W. JEFFREY SCOTT, P.S.C.

BY: 

W. JEFFREY SCOTT  
ATTORNEY FOR GRECC  
311 WEST MAIN STREET  
P.O. BOX 608  
GRAYSON, KY 41143  
(606) 474-5194

I hereby certify that the original, plus five (5) copies, of the Response of GRECC was filed with the Public Service Commission with a copy served upon all parties of record.

Kentucky Public Service Commission  
211 Sower Boulevard  
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Frankfort, KY 40602-0615

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Mr. Anthony S. Campbell  
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East Kentucky Power Cooperative, Inc.  
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Mr. Paul G. Embs  
President & CEO  
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Winchester, KY 40392-0748

Mr. David Estepp  
President & General Manager  
Big Sandy R.E.C.C.  
504 11<sup>th</sup> Street  
Paintsville, KY 41240-1422

Mr. Ted Hampton  
Manager  
Cumberland Valley Electric, Inc.  
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P.O. Box 440  
Gray, KY 40734

Mr. Larry Hicks  
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Salt River Electric Cooperative Corp.  
111 West Brashear Avenue  
P.O. Box 609  
Bardstown, KY 40004

Mr. Kerry K. Howard  
CEO  
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West Liberty, KY 41472

Mr. James L. Jacobus  
President & CEO  
Inter-County Energy Cooperative Corporation  
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Ms. Debbie J. Martin  
President & CEO  
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Mr. Michael L. Miller  
President & CEO  
Nolin R.E.C.C.  
411 Ring Road  
Elizabethtown, KY 42701-6767

Mr. Barry L. Myers  
Manager  
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Campbellsville, KY 42719

Mr. Christopher S. Perry  
President & CEO  
Fleming-Mason Energy Cooperative, Inc.  
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Flemingsburg, KY 41041

Mr. Bill T. Prather  
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504 South Broadway  
P.O. Box 1298  
Glasgow, KY 42141-1298

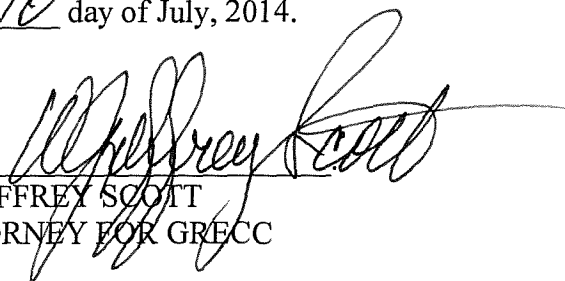
Mr. Donald Smothers  
Blue Grass Energy Cooperative Corp.  
1201 Lexington Road  
P.O. Box 990  
Nicholasville, KY 40340-0990

Mr. Mark Stallons  
President & CEO  
Owen Electric Cooperative, Inc.  
8205 Highway 127 North  
P.O. Box 400  
Owenton, KY 40359

Ms. Carol Wright  
President & CEO  
Jackson Energy Cooperative Corporation  
115 Jackson Energy Lane  
McKee, KY 40447

Hon. David Samford  
Goss-Samford, PLLC  
2365 Harrodsburg Road  
Suite B325  
Lexington, KY 40504


This 10<sup>th</sup> day of July, 2014.

  
\_\_\_\_\_  
W. JEFFREY SCOTT  
ATTORNEY FOR GRECC

The undersigned, Don M. Combs, as Manager of Finance and Accounting of Grayson Rural Electric, being first duly sworn, states that the responses herein supplied in Case No. 2014-00051, 2<sup>nd</sup> Request for Information requested by Commission Staff, dated July 1, 2014, are true to the best of my knowledge and belief formed after reasonable inquiry.

Dated: July 9, 2014

Grayson Rural Electric

By: \_\_\_\_\_ 

Don M. Combs  
Manager of Finance and Acct.

Subscribed, sworn to, and acknowledged before me by Don M. Combs, as Manager of Finance and Acct. for Grayson Rural Electric on behalf of said Corporation this 9th day of July, 2014.

My Commission expires 9th day of January, 2015.

Witness my hand and official seal this

9th day of July, 2014.

Marsha A. Shacker  
Notary Public in and for State-at-Large Co., KY.



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

1. This question is addressed to each of the member distribution cooperatives. To further Staff's understanding of how environmental surcharge expenses and revenues impact a cooperative's Financial position, explain how the transactions are recorded on your books and provide representative journal entries showing account numbers and descriptions.

**Response:**

Grayson's Purchased Power Bill is booked in the month in with the usage occurred (July). The Environment surcharge is included in this amount.

July bill is received around August 5 (booked in July).

DR	555.00	Purchased Power
	CR	232.01 Accounts Payable

Grayson makes payment by wire on August 20 (booked in July).

DR	232.01	Accounts Payable
	CR	131.10 Cash

Grayson Bills its customers, including Environmental Surcharge on August 25, received by customers on September 1, Collected by Grayson throughout September

DR	232.01	Accounts Payable
	CR	142.10 Customers Accounts Receivable





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

2. This question is addressed to each of the member distribution cooperatives. Refer to the responses to the Commission Staff's First Request for Information, Item 2.a., for your cooperative.
- a. Using the month of July 2013 as an example, for the amount shown in the column titled "EKPC Invoice Month recorded on Member's Books," for your cooperative, provide the month in which the expenses are incurred by EKPC and when this amount was billed to the member cooperative.

**Response:**

EKPC Invoice Month recorded on Member's Books

- |   |                            |
|---|----------------------------|
| - Month expenses are incurred by EKPC:                    | June 2013                  |
| - Month when amount was billed to the Member Cooperative: | July<br>Received<br>8/2/13 |

- b. Using the month of July 2013 as an example, for the amount shown in the column titled "Billed to Retail Consumer& recorded on Member's Books," for your cooperative, provide the pass-through factor and the revenue amount to which it was applied to arrive at the amount shown.

**Response:**

Pass Through Factor: 9.90%  
Revenue Amount: \$2,173,370