

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) CASE NO.
POWER COOPERATIVE, INC. FOR THE SIX-) 2014-00051
MONTH BILLING PERIOD ENDING DECEMBER)
31, 2013 AND THE PASS THROUGH MECHANISM)
FOR ITS SIXTEEN MEMBER DISTRIBUTION)
COOPERATIVES)

ORDER

The Commission opened this action for the purpose of examining the past operations of the environmental surcharge of East Kentucky Power Cooperative, Inc. ("EKPC") and its 16 member cooperatives. On June 30, 2014, EKPC submitted a motion to schedule an informal conference and a formal hearing. In support, EKPC stated that an informal conference would aid in answering any questions Commission Staff may have in regard to recently filed supplemental direct testimony and in regard to certain calculations, and that it would narrow the issues for the requested formal hearing. Similarly, EKPC stated that a hearing would aid in the Commission's understanding of the current impact of the environmental surcharge mechanism upon the member cooperatives, particularly in regard to the volatility of over- and under-recoveries

On August 7, 2014, Commission Staff issued its Third Request for Information ("Staff's Third Request") to EKPC and its member cooperatives. The request required responses by August 18, 2014. On August 13, 2014, EKPC submitted a motion for an extension of time within which EKPC and its members may respond to Staff's Third

Request. EKPC also requested an extension up to and including August 22, 2014. In its motion, EKPC noted the voluminous nature of Staff's Third Request as cause for the extension. EKPC further asked that the previously requested informal conference be scheduled for September 4, 2014, at 1:30 p.m.

Being otherwise duly advised, and on its own motion, the Commission finds that certain typographical errors appear in item numbers 8(d), 10(b), 10(c), 11(b), 11(c), and 12(b) to Staff's Third Request. Accordingly, the Commission finds that the aforesaid questions should be amended as indicated in Appendix A to this Order.

The Commission further finds that an informal conference and a formal hearing would aid in the resolution of this matter and that EKPC's motions should be granted. Additionally, EKPC has demonstrated good cause for a four-day extension of time within which to respond to Staff's Third Request.

IT IS THEREFORE ORDERED as follows:

1. EKPC's motion for an informal conference and a formal hearing is granted.
2. EKPC's motion for an extension of time to respond to Commission Staff's Third Request for Information is granted.
3. Item numbers 8, 10, 11, and 12 to Staff's Third Request shall be amended as set forth in Appendix A to this Order.
4. The procedural schedule set forth in Appendix B to this Order, attached hereto and incorporated herein, shall be followed.
5. EKPC and its member cooperatives shall give notice of the hearing in accordance with the provisions set out in 807 KAR 5:001 Section 9. At the time

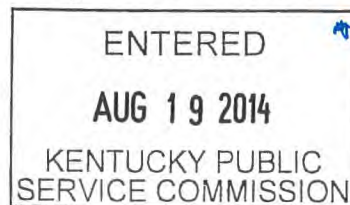
publication is requested, a duplicate of the notice and shall be provided to the Commission.

6. At the public hearing in this matter, neither opening statements nor summarization of direct testimonies shall be permitted.

7. Pursuant to KRS 278.360, the record of the formal hearing in this matter shall be by videotape.

8. Nothing contained herein shall prevent the Commission from entering further Orders in this matter.

By the Commission



ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2014-00051 DATED **AUG 19 2014**

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

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

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

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

d. If there was a change in the calculations between Item No. 8(c) and Item No. 7(c), fully explain the reason for the change and provide any Commission Order supporting authorization for the change.

10. This question is addressed to all member cooperatives.

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

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

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

11. This question is addressed to all member cooperatives.

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

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

c. If there is a difference in the monthly revenue and/or expense amounts in the response to 11(b) above, provide a complete explanation of the reason(s) for the difference.

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

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

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

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2014-00051 DATED **AUG 19 2014**

EKPC and its member cooperatives shall file responses
to Commission Staff's Third Request for Information no later than 08/22/2014

Informal conference to be held
at 1:30 p.m. Eastern Daylight Time, at the
Commission's offices at 211 Sower Boulevard,
Frankfort, Kentucky 09/04/2014

Public Hearing to be held in Hearing Room 1
of the Commission's offices at 211 Sower Boulevard,
Frankfort, Kentucky, at 10:00 a.m. for the purpose
of cross-examination of witnesses of EKPC
and its member cooperatives .. 12/16/2014

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