




A Touchstone Energy Cooperative 

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PUBLIC SERVICE
COMMISSION

August 20, 2014

Jeff Derouen, Executive Director
Kentucky Public Service Commission
P O Box 615
Frankfort Kentucky 40602

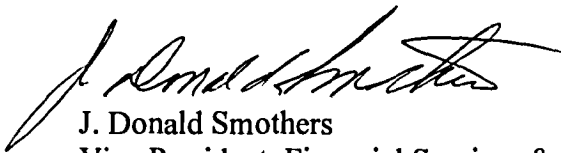
Re: PSC Case No. 2014-00051

Dear Mr. Derouen,

Please find enclosed for filing with the Commission in the above-referenced case an original and five copies of the responses to the Commission's third data request. Each response includes the name of the witness responsible for responding to the questions related to the information provided. A signed certification of the person supervising the preparation of the response on behalf of the entity, that the response is true and accurate to the best of that person's knowledge and belief is included.

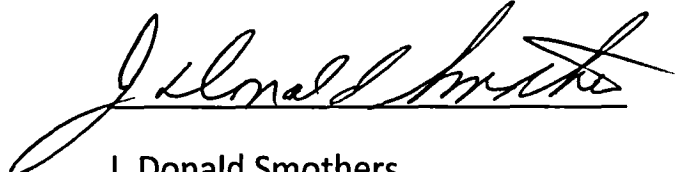
If you have any questions, please contact me at 859-885-2118.

Respectfully submitted,



J. Donald Smothers
Vice President, Financial Services & CFO

The affiant, J. Donald Smothers, Vice President, Financial Services & CFO for Blue Grass Energy, states that the answers given by him to the foregoing questions are true and correct to the best of his knowledge and belief.

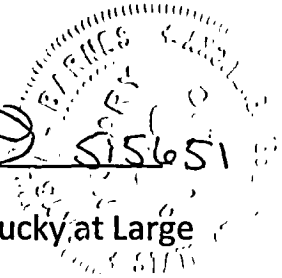

J. Donald Smothers

Subscribed and sworn to before me by the affiant, J. Donald Smothers, this 19 day of August 2014.

My Commission expires July 21 2018


515651

Notary Public, State of Kentucky at Large



Blue Grass Energy

Case No. 2014-00051

Third Data Request

6a. Request:

Refer to each member’s cooperative’s July 31, 2013 monthly pass-through filing. Provide the numerator used in the calculation of the respective member cooperative’s pass-through mechanism factor, along with the expense month with which the numerator is associated.

Response:

The numerator is \$865,507 (column 10). The expense month is July 2013.

b. Request:

Provide the denominator used in the calculation of the respective member cooperative’s pass-through mechanism factor, along with the calculations and the months supporting the calculations of the denominator.

Response:

The denominator is \$9,201,911 (column 14)

Months supporting the calculations:

July 2012	\$9,239,765	Jan. 2013	\$11,063,252	Total \$110,422,926 / 12
Aug. 2012	\$9,699,892	Feb. 2013	\$12,122,858	= \$9,201,911
Sep. 2012	\$8,607,615	Mar. 2013	\$10,266,295	
Oct. 2012	\$6,944,443	Apr. 2013	\$ 9,816,419	
Nov. 2012	\$8,045,873	May. 2013	\$ 7,490,320	
Dec. 2012	\$8,831,469	Jun. 2013	\$ 8,294,725	

Blue Grass Energy

Case No. 2014-00051

Third Data Request

c. Request:

Provide the month's revenue (amount and month of the year) each member cooperative's pass-through mechanism factor for July 2013 is applied to in arriving at the monthly environmental surcharge revenues recovered.

Response:

July 2013 pass-through mechanism factor is applied to September 2013 revenue \$9,113,907 (column 13).

Witness: J. Donald Smothers

Blue Grass Energy

Case No. 2014-00051

Third Data Request

7a. Request:

For the month of July 2005, provide the following: 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.

Response:

The member cooperative's revenue requirement used was July 2005

The member cooperative's 12 months-ending average retail revenue used in calculating the pass-through mechanism factor was June 05.

b. Request:

Identify the member cooperative's month revenues (amount and month of the year) the pass-through mechanism factor applied to arrive at the member cooperatives' monthly environmental surcharge revenues.

Response:

The July 2005 pass-through mechanism factor 4.32% was applied against the cooperative's September 2005 revenues of \$6,948,608 (column 13).

c. Request:

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.

Blue Grass Energy**Case No. 2014-00051****Third Data Request****Response:**

The July 2005 pass through factor mechanism is applied against the September 2005 Revenue Requirement.

The over and under recovery for July 2005 – December 2005 is reflected in the January 2007 – June 2007 Power bill expense but not recovered in BGE revenue until March 2007- August 2007 period.

	(EKPC)	(BGE Billing)			
	<u>ES Expense</u>	<u>ES Revenue</u>		<u>Recovery Month</u>	
July 2005	\$312,213	\$312,213		March 2007	\$114,043
Aug. 2005	\$314,593	\$303,503	\$ 11,090	April 2007	\$114,043
Sept. 2005	\$573,173	\$301,038	\$272,135	May 2007	\$114,043
Oct. 2005	\$446,834	\$491,164	(\$ 44,330)	June 2007	\$114,043
Nov. 2005	\$473,202	\$460,005	\$ 13,195	July 2007	\$114,043
Dec. 2005	\$696,759	\$576,806	<u>\$119,953</u>	August 2007	<u>\$114,043</u>
Total Over/under			\$684,258		\$684,258

Witness: J. Donald Smothers

Blue Grass Energy

Case No. 2014-00051

Third Data Request

8a. Request:

For the month of December 2013, provide the following: 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.

Response:

The revenue requirement month used was December 2013.

The 12 months-ended average retail revenue used was November 2013.

b. Request:

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.

Response:

The December 2013 pass through mechanism factor was applied to the February 2014 revenues of \$14,234,141.

Blue Grass Energy
Case No. 2014-00051
Third Data Request

c. Request:

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.

Response:

	EKPC Bill	BGE Billing	Over/Under
	<u>ES Expense</u>	<u>ES Revenue</u>	<u>Recovery</u>
December 2013	\$1,436,079	\$1,098,832	\$337,247

The July 2013 Through December 2013 over/under recovery is reflected in the current case no. 2014-00051 filing.

d. Request:

If there was a change in the calculations between item no. 7 and item no. 8 fully explain the reason for the change and provide any Commission supporting authorization for the change.

Response:

No change.

Witness: J. Donald Smothers

Blue Grass Energy

Case No. 2014-00051

Third Data Request

9. Request:

In a month when there is an amortization of an over- or under-recovery amount applied in the calculation of the pass-through mechanism factor, do the member cooperatives agree that the pass-through factor is a net factor, and the net factor is a combination of the pass through factor that is attributed to the member cooperative's revenue requirement divided by the 12 month-ended average retail revenues and the member cooperative's amortization of any over- or under- recovery amount divided by the 12-months-ended average retail revenues? If not explain.

Response:

Blue Grass Energy agrees that in a month when there is an amortization of an over- or under-recovery amount applied in the calculation of the pass-through mechanism factor that the pass-through factor is a net factor. However, Blue Grass Energy does not agree with the description of the calculation of the pass-through factor as stated in the request. As clearly shown on the monthly "Pass through Mechanism Report" filed for Blue Grass Energy, the monthly revenue requirement shown in column 8 is combined with the amortization of over- or under- recovery shown in column 9. The net amount is shown in column 10. The net amount in column 10 is divided by the 12-months ended average net retail revenues shown in column 14, producing the pass-through factor shown in column 15. While the approach described in the request essentially produces the same result mathematically, separate pass-through factor components are not calculated for the monthly revenue requirement and the amortization of the over-or under-recovery.

Witness: J. Donald Smothers

Blue Grass Energy

Case No. 2014-00051

Third Data Request

10a. Request:

Does each member cooperative have a monthly fuel adjustment clause ("FAC") that contains a prior month over- or under-recovery mechanism in the calculations?

Response:

Yes

b. Request:

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?

Response:

No.

c. Request:

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 FAC.

It should be noted that the environmental surcharge is established by KRS 278.183 while the FAC is established by 807 KAR 5:056 and neither explicitly address how over- and under-recoveries are to be handled.

Under the FAC for the member cooperatives, the over- or under-recovery from the second previous month is incorporated into the calculations of the current FAC. The current FAC is applied to retail customer bills rendered two months later. Thus, there is a four month lag from the inception of an over- or under- recovery until it is refunded or collected on the retail customers' bill. Each month the retail customers' bill will include

Blue Grass Energy

Case No. 2014-00051

Third Data Request

c. Continued

a single month's FAC over or under-recovery amount. There is no adjustment to remove any previous month's over- or under- recovery amount in calculating the current month's over- or under- recovery.

Under the environmental surcharge, the over- or under- recovery is determined during the periodic six-month and two-year surcharge review cases. Under normal circumstances, the over- or under- recovery determined during a surcharge review case will cover six months of surcharge operation and the amortization period of the over- or under-recovery has been six months. While the amortization results in an equal dollar amount being included in the retail customers' bills during the amortization period, rather than an amount that reflects month to month changes in sales volumes, it is essentially the same approach as the FAC. Each month during the amortization period will reflect a single month's surcharge over- or under-recovery amount. There has been no adjustments to remove any previous month's over- or under-recovery amount when calculation the current month's over- or under-recovery. However, the processing of Case No. 2012-00486 and 2013-00140 were not normal circumstances. Case No. 2012-00486 reviewed the last six months of a two-year review period and two subsequent six-month review periods, for a total of 18 months of surcharge operations. The case was opened on November 16,2012 and the Commission's final Order was dated August 2, 2013. Although the review period covered 18 months of surcharge operations, the over- and under-recoveries determined for the member cooperatives were amortized over six months. The first month of the amortization of the over- and under-recoveries was reflected in the member cooperatives' surcharge pass-through factors filed with the Commission on August 20, 2013. Case No. 2013-00140 covered a single six-month review period. This case was opened on May 14, 2013 and the Commission's final order was dated September 17, 2013. The over- and under-recoveries determined for the member cooperatives were amortized over six months. The first month of the amortization of the over- and under-recoveries was reflected in the member cooperative's surcharge pass-through factors filed with the Commission on September 20, 2013. Because of the number of review periods included in the two cases and the

Blue Grass Energy
Case No. 2014-00051
Third Data Request

c. Continued

overlapping of the amortization periods for these two cases, over-and under-recoveries resulting from 24 months of surcharge operations were amortized over a total of seven months. Thus, the normal situation where six months of surcharge operations are reflected in six months of over-or under-recovery amortization no longer was in force. Without some adjustment to remove the effects of amortizing over- or under-recoveries resulting from 24 months of surcharge operations over seven months, subsequent surcharge review over- and under-recovery calculations will be skewed.

Witness: J. Donald Smothers

Blue Grass Energy

Case No. 2014-00051

Third Data Request

11a. Request:

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.

Response:

Attached Case No. 2008-00011 Statement of Operations Exhibit S, Page 2 of 4, and page 3 of 4 using 2007 test year.

b. Request:

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 IC Information Request, item No. 2.

Response:

	<u>EKPC bill Expense</u>	<u>Staff IC req. #2</u>		<u>EKPC Bill Expense</u>	<u>Staff IC Reg. #2</u>
Jan. 2007	534,757	534,757	Jul. 2007	504,655	504,655
Feb. 2007	656,909	656,909	Aug. 2007	671,880	671,880
Mar. 2007	531,433	531,433	Sep. 2007	642,785	642,785
Apr. 2007	463,512	463,512	Oct. 2007	471,701	471,701
May 2007	405,726	405,726	Nov. 2007	450,489	450,489
Jun. 2007	452,467	452,467	Dec. 2007	<u>478,018</u>	<u>478,018</u>
			Total	\$6,264,332	\$6,264,332
			Fuel Adj.	<u>\$8,782,347</u>	
			Total on Exhibit S Cost of Service	\$15,046,679	

Blue Grass Energy
Case No. 2014-00051
Third Data Request

b. Continued

	<u>BGE Billing Revenue</u>	<u>Staff IC Req. #2</u>		<u>BGE Billing Revenue</u>	<u>Staff IC Req. #2</u>
Jan. 2007	490,544	490,544	Jul. 2007	744,545	744,545
Feb. 2007	558,766	558,766	Aug. 2007	739,199	739,199
Mar. 2007	684,148	684,148	Sep. 2007	708,981	708,981
Apr. 2007	576,206	576,206	Oct. 2007	504,482	504,482
May 2007	578,203	578,203	Nov. 2007	528,736	528,736
Jun. 2007	481,862	481,862	Dec. 2007	<u>503,776</u>	<u>503,776</u>
			Total	\$7,099,448	\$7,099,448
			Unbilled ES	(\$ 835,117)	
			Fuel Adj. & unbilled	<u>\$8,787,933</u>	
			Total on Exhibit S Cost of Service	\$15,052,264	

c. Request:

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.

Response:

No difference.

Witness: J. Donald Smothers

Blue Grass Energy
Case No. 2008-00011
Statement of Operations, Adjusted

Exhibit S
page 2 of 4
Witness: Jim Adkins

	<u>Actual Test Year</u>	<u>Normalized Adjustments</u>	<u>Normalized Test Year</u>	<u>Proposed Increase</u>	<u>Proposed Test Year</u>
Operating Revenues:					
Base rates	\$81,635,499	\$5,356,928	\$86,992,427	\$7,838,023	\$94,830,450
Fuel and surcharge	15,052,264	(15,052,264)	0		0
Other electric revenue	2,306,801	279,466	2,586,267		2,586,267
#####	<u>98,994,564</u>	<u>(9,415,870)</u>	<u>89,578,694</u>	<u>7,838,023</u>	<u>97,416,717</u>
Operating Expenses:					
Cost of power:					
Base rates	61,266,019	5,278,676	66,544,695		66,544,695
Fuel and surcharge	15,046,679	(15,046,679)	0		0
Distribution - operations	2,765,010	165,536	2,930,546		2,930,546
Distribution - maintenance	4,366,837	48,378	4,415,215		4,415,215
Consumer accounts	2,381,969	37,339	2,419,308		2,419,308
Customer service	1,041,225	22,256	1,063,481		1,063,481
Sales	0	0	0		0
Administrative and general	4,183,659	(266,259)	3,917,400		3,917,400
Total operating expenses	<u>91,051,398</u>	<u>(9,760,753)</u>	<u>81,290,645</u>	<u>0</u>	<u>81,290,645</u>
Depreciation	5,651,239	990,540	6,641,779		6,641,779
Taxes - other	3,386	0	3,386		3,386
Interest on long-term debt	4,793,634	(29,272)	4,764,362		4,764,362
Interest expense - other	559,841	(239,433)	320,408		320,408
Other deductions	316,537	(310,592)	5,945		5,945
Total cost of electric service	<u>102,376,035</u>	<u>(9,349,510)</u>	<u>93,026,525</u>	<u>0</u>	<u>93,026,525</u>
Utility operating margins	<u>(3,381,471)</u>	<u>(66,360)</u>	<u>(3,447,831)</u>	<u>7,838,023</u>	<u>4,390,192</u>
Nonoperating margins, interest	79,579	0	79,579		79,579
Nonoperating margins, other	(1,620,847)	1,620,847	0		0
Patronage capital credits	294,591	0	294,591		294,591
Net Margins	<u>(\$4,628,148)</u>	<u>\$1,554,487</u>	<u>(\$3,073,661)</u>	<u>\$7,838,023</u>	<u>\$4,764,362</u>
TIER	0.03		0.35		2.00
	2.00	7,838,023	9.01%		

Item 11
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Blue Grass Energy
Case No. 2008-00011
Summary of Adjustments to Test Year

Exhibit S
page 3 of 4
Witness: Jim Adkins

	Adj 1	Adj 2	Adj 3	Adj 4	Adj 5	Adj 6	Adj 7	Adj 8	Adj 9	Adj 10	Adj 11	Adj 12	Adj 13	Adj 14	Adj 15	Adj 16	
	Salaries	Payroll Taxes	Deprec	Property Tax	Interest	FAS 106 Cost	Retirement	Donations	Professional Fees	Directors	Misc Expenses	Non-Operating	Rate Case	Normalize Purchase Power	Revenue	Additional Revenue	Total
Operating Revenues:																	
Base rates															5,356,928		5,356,928
Fuel and surcharge															(15,052,264)		(15,052,264)
Other electric revenue																279,466	279,466
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(9,695,336)</u>	<u>279,466</u>	<u>(9,415,870)</u>
Operating Expenses:																	
Cost of power:																	
Base rates														5,278,676			5,278,676
Fuel and surcharge														(15,046,679)			(15,046,679)
Distribution - operation	9,923	1,987	(4,048)	142,693		4,030	10,951										165,536
Distribution - maintenance	20,577	4,102	(7,237)			8,323	22,613										48,378
Consumer accounts	14,518	2,890	(1,860)			5,863	15,928										37,339
Customer service	8,808	1,754	(1,536)			3,559	9,671										22,256
Sales																	0
Administrative and general	31,352	6,244	(2,639)	8,137		12,667	34,417		(32,539)	(147,316)	(200,582)		24,000				(266,259)
Total operating expenses	<u>85,178</u>	<u>16,977</u>	<u>(17,320)</u>	<u>150,830</u>	<u>0</u>	<u>34,442</u>	<u>93,580</u>	<u>0</u>	<u>(32,539)</u>	<u>(147,316)</u>	<u>(200,582)</u>	<u>0</u>	<u>24,000</u>	<u>(9,768,003)</u>	<u>0</u>	<u>0</u>	<u>(9,760,753)</u>
Depreciation			990,540														990,540
Taxes - other																	0
Interest on long-term debt					(29,272)												(29,272)
Interest expense - other					(239,433)												(239,433)
Other deductions								(310,592)									(310,592)
Total cost of electric service	<u>85,178</u>	<u>16,977</u>	<u>973,220</u>	<u>150,830</u>	<u>(268,705)</u>	<u>34,442</u>	<u>93,580</u>	<u>(310,592)</u>	<u>(32,539)</u>	<u>(147,316)</u>	<u>(200,582)</u>	<u>0</u>	<u>24,000</u>	<u>(9,768,003)</u>	<u>0</u>	<u>0</u>	<u>(9,349,510)</u>
Utility operating margin	<u>(85,178)</u>	<u>(16,977)</u>	<u>(973,220)</u>	<u>(150,830)</u>	<u>268,705</u>	<u>(34,442)</u>	<u>(93,580)</u>	<u>310,592</u>	<u>32,539</u>	<u>147,316</u>	<u>200,582</u>	<u>0</u>	<u>(24,000)</u>	<u>9,768,003</u>	<u>(9,695,336)</u>	<u>279,466</u>	<u>(66,360)</u>
Nonoperating margins, interest																	0
Nonoperating margins, other			1,598,339									22,508					1,620,847
Patronage capital credits																	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Margins	<u>(85,178)</u>	<u>(16,977)</u>	<u>625,119</u>	<u>(150,830)</u>	<u>268,705</u>	<u>(34,442)</u>	<u>(93,580)</u>	<u>310,592</u>	<u>32,539</u>	<u>147,316</u>	<u>200,582</u>	<u>22,508</u>	<u>(24,000)</u>	<u>9,768,003</u>	<u>(9,695,336)</u>	<u>279,466</u>	<u>1,554,487</u>

Blue Grass Energy

Case No. 2014-00051

Third Data Request

12a. Request:

For each of the member cooperatives, provide the following: The cumulative over/under recovery for the 24 month period ending December 31, 2013.

Response.

\$150,246.31

b. Request:

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

Response:

$\$150,246.31 / 6 = \$25,041$ over/under recovery over 6 month period

December 2013 bill calculation with actual environmental surcharge using 12 months actual average residential member's monthly usages ending December 31, 2013 of 1,256:

Energy	\$112.42
Customer Charge	\$ 9.73
Fuel Adjustment @ $-\$0.00353$	$-\$ 4.43$
Environmental Surcharge @ 9.22% (December 2013)*	\$ 10.85
Local School Tax @3.0%	<u>\$ 3.86</u>
Total Bill	\$132.43

*See item 12, Page 3 of 4

Blue Grass Energy
Case No. 2014-00051
Third Data Request

b. Continued

Energy	\$112.42
Customer Charge	\$ 9.73
Fuel Adjustment	-\$ 4.43
Environmental Surcharge @ 9.48% (December 2013)*	\$ 11.16
Local School Tax @ 3%	<u>\$ 3.87</u>
Total Bill Amount	\$132.75

*See item 12, Page 4 of 4

The dollar impact \$.32

Witness: J. Donald Smothers

12/21/12
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East Kentucky Power Cooperative, Inc. - Distribution Cooperatives
 Pass Through Mechanism Report for Blue Grass Energy

For the Month Ending June 2014

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)*	(10)	(11)	(12)	(13)	(14)	(15)
Surcharge Factor Expense Month	EKPC CESF %	EKPC BESF %	EKPC MESF %	EKPC Monthly Revenues from Sales to Blue Grass	On-peak Revenue Adjustment	EKPC Net Monthly Sales to Blue Grass	EKPC 12-months Ended Average Monthly Revenue from Sales to Blue Grass	Blue Grass Revenue Requirement	Amortization of (Over)/Under Recovery	Cooperative Net Revenue Requirement	Cooperative Total Monthly Retail Revenues	On-Peak Retail Revenue Adjustment	Blue Grass Net Monthly Retail Revenues	12-months ended Avg. Retail Revenues, Net	Cooperative Pass Through Mechanism Factor
			Col (1) - Col (2)			Col (4) - Col (5)		Col (3) x Col (7)		Col (8) + Col (9)			Col (11) - Col (12)		Col (10) / Col (14)
Jul-12	14.51%	0.00%	14.51%	\$ 7,274,106		\$ 7,274,106	\$ 6,357,460	\$ 922,467	\$ -	\$ 922,467	\$ 9,239,765		\$ 9,239,765	\$ 8,717,072	10.73%
Aug-12	14.13%	0.00%	14.13%	\$ 6,578,523		\$ 6,578,523	\$ 6,303,803	\$ 890,727	\$ -	\$ 890,727	\$ 9,699,892		\$ 9,699,892	\$ 8,686,667	10.22%
Sep-12	16.23%	0.00%	16.23%	\$ 5,595,764		\$ 5,595,764	\$ 6,292,390	\$ 1,021,255	\$ -	\$ 1,021,255	\$ 8,607,615		\$ 8,607,615	\$ 8,644,019	11.76%
Oct-12	17.57%	0.00%	17.57%	\$ 5,386,462		\$ 5,386,462	\$ 6,294,510	\$ 1,105,945	\$ -	\$ 1,105,945	\$ 6,944,443		\$ 6,944,443	\$ 8,621,274	12.79%
Nov-12	18.23%	0.00%	18.23%	\$ 6,671,756		\$ 6,671,756	\$ 6,342,213	\$ 1,156,186	\$ -	\$ 1,156,186	\$ 8,045,873		\$ 8,045,873	\$ 8,644,495	13.41%
Dec-12	14.61%	0.00%	14.61%	\$ 7,655,389		\$ 7,655,389	\$ 6,379,484	\$ 932,043	\$ -	\$ 932,043	\$ 8,831,469		\$ 8,831,469	\$ 8,650,224	10.78%
Jan-13	13.49%	0.00%	13.49%	\$ 8,368,011		\$ 8,368,011	\$ 6,409,219	\$ 864,604	\$ -	\$ 864,604	\$ 11,063,252		\$ 11,063,252	\$ 8,687,592	10.00%
Feb-13	12.61%	0.00%	12.61%	\$ 7,697,908		\$ 7,697,908	\$ 6,473,392	\$ 816,295	\$ -	\$ 816,295	\$ 12,122,858		\$ 12,122,858	\$ 8,800,546	9.40%
Mar-13	14.37%	0.00%	14.37%	\$ 7,889,481		\$ 7,889,481	\$ 6,661,039	\$ 957,191	\$ -	\$ 957,191	\$ 10,266,295		\$ 10,266,295	\$ 8,906,831	10.88%
Apr-13	14.27%	0.00%	14.27%	\$ 5,946,116		\$ 5,946,116	\$ 6,763,109	\$ 965,096	\$ -	\$ 965,096	\$ 9,816,419		\$ 9,816,419	\$ 9,123,868	10.84%
May-13	17.97%	0.00%	17.97%	\$ 6,135,147		\$ 6,135,147	\$ 6,795,833	\$ 1,221,211	\$ -	\$ 1,221,211	\$ 7,490,320		\$ 7,490,320	\$ 9,164,848	13.38%
Jun-13	17.09%	0.00%	17.09%	\$ 6,778,528		\$ 6,778,528	\$ 6,831,433	\$ 1,167,492	\$ -	\$ 1,167,492	\$ 8,294,725		\$ 8,294,725	\$ 9,201,911	12.74%
Jul-13	15.77%	0.00%	15.77%	\$ 6,871,407		\$ 6,871,407	\$ 6,797,874	\$ 1,072,025	\$ (206,518)	\$ 865,507	\$ 9,420,694		\$ 9,420,694	\$ 9,216,988	9.41%
Aug-13	15.49%	0.00%	15.49%	\$ 6,841,413		\$ 6,841,413	\$ 6,819,782	\$ 1,056,384	\$ (151,006)	\$ 905,378	\$ 9,481,504		\$ 9,481,504	\$ 9,198,789	9.82%
Sep-13	14.93%	0.00%	14.93%	\$ 6,006,002		\$ 6,006,002	\$ 6,853,968	\$ 1,023,297	\$ (151,006)	\$ 872,291	\$ 9,113,907		\$ 9,113,907	\$ 9,240,980	9.48%
Oct-13	16.69%	0.00%	16.69%	\$ 5,559,349		\$ 5,559,349	\$ 6,868,376	\$ 1,146,332	\$ (151,006)	\$ 995,326	\$ 7,582,559		\$ 7,582,559	\$ 9,294,156	10.77%
Nov-13	17.43%	0.00%	17.43%	\$ 6,922,465		\$ 6,922,465	\$ 6,889,268	\$ 1,200,799	\$ (151,006)	\$ 1,049,793	\$ 8,215,783		\$ 8,215,783	\$ 9,308,315	11.30%
Dec-13	14.54%	0.00%	14.54%	\$ 8,239,120		\$ 8,239,120	\$ 6,937,912	\$ 1,008,772	\$ (151,006)	\$ 857,766	\$ 10,201,567		\$ 10,201,567	\$ 9,422,490	9.22%
Jan-14	10.92%	0.00%	10.92%	\$ 10,453,485		\$ 10,453,485	\$ 7,111,702	\$ 776,598	\$ 55,512	\$ 832,110	\$ 12,051,908		\$ 12,051,908	\$ 9,504,878	8.83%
Feb-14	5.44%	0.00%	5.44%	\$ 8,869,716		\$ 8,869,716	\$ 7,209,352	\$ 392,189	\$ -	\$ 392,189	\$ 14,235,141		\$ 14,235,141	\$ 9,680,902	4.13%
Mar-14	11.62%	0.00%	11.62%	\$ 8,065,739		\$ 8,065,739	\$ 7,224,041	\$ 839,434	\$ (41,681)	\$ 797,753	\$ 10,918,286		\$ 10,918,286	\$ 9,735,234	8.24%
Apr-14	13.47%	0.00%	13.47%	\$ 5,920,462		\$ 5,920,462	\$ 7,221,903	\$ 972,790	\$ (41,681)	\$ 931,109	\$ 9,441,379		\$ 9,441,379	\$ 9,703,981	9.56%
May-14	15.84%	0.00%	15.84%	\$ 6,227,017		\$ 6,227,017	\$ 7,229,559	\$ 1,145,162	\$ (41,681)	\$ 1,103,481	\$ 7,523,213		\$ 7,523,213	\$ 9,706,722	11.37%
Jun-14	15.67%	0.00%	15.67%	\$ 7,076,703		\$ 7,076,703	\$ 7,254,407	\$ 1,136,765	\$ (41,681)	\$ 1,095,084	\$ 8,742,957		\$ 8,742,957	\$ 9,744,075	11.28%

Notes:
 Blue Grass Total Monthly Retail Revenues in Column (11) includes demand and energy charges, customer charges, and FAC revenues.
 Revenues reported in Columns (4), (6), (7), (11), (13), and (14) are net of Green Power Revenues.

Item 12
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East Kentucky Power Cooperative, Inc. - Distribution Cooperatives
Pass Through Mechanism Report for Blue Grass Energy

For the Month Ending June 2014

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)*	(10)	(11)	(12)	(13)	(14)	(15)
Surcharge Factor Expense Month	EKPC CESF %	EKPC BESF %	EKPC MESF %	EKPC Monthly Revenues from Sales to Blue Grass	On-peak Revenue Adjustment	EKPC Net Monthly Sales to Blue Grass	EKPC 12-months Ended Average Monthly Revenue from Sales to Blue Grass	Blue Grass Revenue Requirement	Amortization of (Over)/Under Recovery	Cooperative Net Revenue Requirement	Cooperative Total Monthly Retail Revenues	On-Peak Retail Revenue Adjustment	Blue Grass Net Monthly Retail Revenues	12-months ended Avg. Retail Revenues, Net	Cooperative Pass Through Mechanism Factor
			Col. (1) - Col. (2)			Col (4) - Col (5)		Col (3) x Col (7)		Col (8) + Col (9)			Col. (11) - Col (12)		Col (10) / Col (14)
Jul-12	14.51%	0.00%	14.51%	\$ 7,274,106		\$ 7,274,106	\$ 6,357,460	\$ 922,467	\$ -	\$ 922,467	\$ 9,239,765		\$ 9,239,765	\$ 8,717,072	10.73%
Aug-12	14.13%	0.00%	14.13%	\$ 6,578,523		\$ 6,578,523	\$ 6,303,803	\$ 890,727	\$ -	\$ 890,727	\$ 9,699,892		\$ 9,699,892	\$ 8,686,667	10.22%
Sep-12	16.23%	0.00%	16.23%	\$ 5,595,764		\$ 5,595,764	\$ 6,292,390	\$ 1,021,255	\$ -	\$ 1,021,255	\$ 8,607,615		\$ 8,607,615	\$ 8,644,019	11.76%
Oct-12	17.57%	0.00%	17.57%	\$ 5,386,462		\$ 5,386,462	\$ 6,294,510	\$ 1,105,945	\$ -	\$ 1,105,945	\$ 6,944,443		\$ 6,944,443	\$ 8,621,274	12.79%
Nov-12	18.23%	0.00%	18.23%	\$ 6,671,756		\$ 6,671,756	\$ 6,342,213	\$ 1,156,186	\$ -	\$ 1,156,186	\$ 8,045,873		\$ 8,045,873	\$ 8,644,495	13.41%
Dec-12	14.61%	0.00%	14.61%	\$ 7,655,389		\$ 7,655,389	\$ 6,379,484	\$ 932,043	\$ -	\$ 932,043	\$ 8,831,469		\$ 8,831,469	\$ 8,650,224	10.78%
Jan-13	13.49%	0.00%	13.49%	\$ 8,368,011		\$ 8,368,011	\$ 6,409,219	\$ 864,604	\$ -	\$ 864,604	\$ 11,063,252		\$ 11,063,252	\$ 8,687,592	10.00%
Feb-13	12.61%	0.00%	12.61%	\$ 7,697,908		\$ 7,697,908	\$ 6,473,392	\$ 816,295	\$ -	\$ 816,295	\$ 12,122,858		\$ 12,122,858	\$ 8,800,546	9.40%
Mar-13	14.37%	0.00%	14.37%	\$ 7,889,481		\$ 7,889,481	\$ 6,661,039	\$ 957,191	\$ -	\$ 957,191	\$ 10,266,295		\$ 10,266,295	\$ 8,906,831	10.88%
Apr-13	14.27%	0.00%	14.27%	\$ 5,946,116		\$ 5,946,116	\$ 6,763,109	\$ 965,096	\$ -	\$ 965,096	\$ 9,816,419		\$ 9,816,419	\$ 9,123,868	10.84%
May-13	17.97%	0.00%	17.97%	\$ 6,135,147		\$ 6,135,147	\$ 6,795,833	\$ 1,221,211	\$ -	\$ 1,221,211	\$ 7,490,320		\$ 7,490,320	\$ 9,164,848	13.38%
Jun-13	17.09%	0.00%	17.09%	\$ 6,778,528		\$ 6,778,528	\$ 6,831,433	\$ 1,167,492	\$ -	\$ 1,167,492	\$ 8,294,725		\$ 8,294,725	\$ 9,201,911	12.74%
Jul-13	15.77%	0.00%	15.77%	\$ 6,871,407		\$ 6,871,407	\$ 6,797,874	\$ 1,072,025	\$ (206,518)	\$ 865,507	\$ 9,420,694		\$ 9,420,694	\$ 9,216,988	9.41%
Aug-13	15.49%	0.00%	15.49%	\$ 6,841,413		\$ 6,841,413	\$ 6,819,782	\$ 1,056,384	\$ (151,006)	\$ 905,378	\$ 9,481,504		\$ 9,481,504	\$ 9,198,789	9.82%
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Dec-13	14.54%	0.00%	14.54%	\$ 8,239,120		\$ 8,239,120	\$ 6,937,912	\$ 1,008,772	\$ (125,965)	\$ 882,807	\$ 10,201,567		\$ 10,201,567	\$ 9,422,490	9.48%
Jan-14	10.92%	0.00%	10.92%	\$ 10,453,485		\$ 10,453,485	\$ 7,111,702	\$ 776,598	\$ 55,512	\$ 832,110	\$ 12,051,908		\$ 12,051,908	\$ 9,504,878	8.83%
Feb-14	5.44%	0.00%	5.44%	\$ 8,869,716		\$ 8,869,716	\$ 7,209,352	\$ 392,189	\$ -	\$ 392,189	\$ 14,235,141		\$ 14,235,141	\$ 9,680,902	4.13%
Mar-14	11.62%	0.00%	11.62%	\$ 8,065,739		\$ 8,065,739	\$ 7,224,041	\$ 839,434	\$ (41,681)	\$ 797,753	\$ 10,918,286		\$ 10,918,286	\$ 9,735,234	8.24%
Apr-14	13.47%	0.00%	13.47%	\$ 5,920,462		\$ 5,920,462	\$ 7,221,903	\$ 972,790	\$ (41,681)	\$ 931,109	\$ 9,441,379		\$ 9,441,379	\$ 9,703,981	9.56%
May-14	15.84%	0.00%	15.84%	\$ 6,227,017		\$ 6,227,017	\$ 7,229,559	\$ 1,145,162	\$ (41,681)	\$ 1,103,481	\$ 7,523,213		\$ 7,523,213	\$ 9,706,722	11.37%
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Notes:
Blue Grass Total Monthly Retail Revenues in Column (11) includes demand and energy charges, customer charges, and FAC revenues.
Revenues reported in Columns (4), (6), (7), (11), (13), and (14) are net of Green Power Revenues.

Blue Grass Energy
Case No. 2014-00051
Third Data Request

13a. Request:

Provide the billing cycles and billing dates for each cycle in the month of July 2013.

Response:

<u>Billing Cycles</u>	<u>Billing Dates</u>
Cycle 1	July 26 th
Cycle 2	July 5 th
Cycle 3	July 12 th
Cycle 4	July 19 th
Cycle 5	July 9 th
Cycle 6	July 16 th
Cycle 8	July 23 rd
Cycle 9	July 29 th
Cycle 96-99	July 8 th
Prepay	Daily

b. Request:

For each billing cycle in July 2013, provide the environmental surcharge factor that was billed to customers.

Response:

The environmental surcharge billed for all cycles in July 2013 was 13.38%

Witness: J. Donald Smothers

Blue Grass Energy
Case No. 2014-00051
Third Data Request

14a. Request:

Staff reviewed the member cooperatives' responses to Staff's IC information request, item 2. The responses were compared with the member cooperatives' responses to data requests that provided the calculations of the over/under recoveries for the six-month and two year environmental surcharge reviews for the period July 31, 2005 through December 31, 2013. Explain the discrepancies noted.

Blue Grass: reasons for the differences in the information provided for January 2006 through July 2006, June 2008 through July 2008, October 2011 and July 2013 through August 2013, a difference of \$8, 143.

Response:

January 2006 - The expense amount on the Staff's IC item 2 of \$348,334 is correct. This includes an after the fact billing error on the power bill at the Colemansville Substation.

February 2006 – The expense amount on the Staff's IC item 2 of \$456,038 is correct. This includes an after the fact billing error on the power bill at the Colemansville Substation.

March 2006 – The expense amount on the Staff's IC item 2 of \$458,495 is correct. This includes an after the fact billing error on the power bill at the Colemansville Substation.

April 2006 – The expense amount on the Staff's IC item 2 of \$352,281 is correct. This includes an after the fact billing error on the power bill at the Colemansville Substation.

May 2006 – The expense amount on the Staff's IC item 2 of \$399,541 is correct. This includes an after the fact billing error on the power bill at the Colemansville Substation.

June 2006 - The expense amount on the Staff's IC item 2 of \$478,251 is Correct. This includes an after the fact billing error on the power bill at the Colemansville Substation. The Revenue amount on the over/under review of \$390,838 is correct.

July 2006 – The expense amount on the Staff's IC item 2 of \$557,443 is correct. This includes an after the fact billing error on the power bill at the Colemansville Substation.

Blue Grass Energy

Case No. 2014-00051

Third Data Request

14a. Continued

June 2008 - The expense amount on the over/under review of \$361,487 is correct. The Staff's IC Item 2 amount is wrong due to a Typo.

July 2008 – The 443,323 is correct on both reports. no difference.

October 2011 – The expense amount on the over/under review of 643,859 is correct. The staff's IC item 2 is wrong due to a Typo.

July 2013 – The expense amount on the over/under review of 1,174,321 is overstated due to omitting a 16,389 ES credit relating to the billing of an interruptible credit. The Staff's IC item 2 amount is correct.

August 2013 – The expense amount on the over/under review of 1,078,891 is understated due to the July correction of the \$16,389. The Staff's IC item 2 amount is correct.

Witness: J. Donald Smothers