


INTER COUNTY
ENERGY COOPERATIVE

A Touchstone Energy Cooperative 

August 21, 2014

RECEIVED

AUG 22 2014

PUBLIC SERVICE
COMMISSION

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

Re: Public Service Commission Case No. 2014-00051

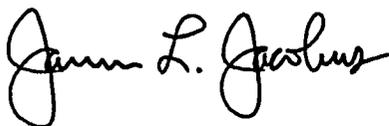
Dear Mr. Derouen:

Please find enclosed an original and 5 copies of Inter-County Energy Cooperative Corporation's responses to the Commission Staff's Third Request for Information to East Kentucky Power Cooperative Inc.'s Sixteen Member Distribution Cooperatives dated August 7, 2014.

Sheree Gilliam, Sr. Vice-President of Finance and Administration, will be the witness responsible for Inter-County Energy's responses.

Please let me know if there are any questions or additional information is needed.

Very truly yours,



James L. Jacobus
President/CEO

Enclosures

Copy to Case No. 2014-00051 Parties of Service List

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-MONTH) 2014-00051
BILLING PERIOD ENDING DECEMBER 31, 2013)
AND THE PASS THROUGH MECHANISM FOR ITS)
SIXTEEN MEMBER DISTRIBUTION COOPERATIVES)

**INTER-COUNTY ENERGY COOPERATIVE RESPONSES
TO COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION
TO EAST KENTUCKY POWER COOPERATIVE INC.'S
SIXTEEN MEMBER DISTRIBUTION COOPERATIVES**

CERTIFICATE

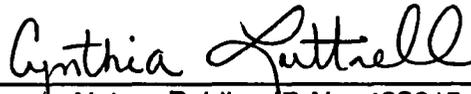
STATE OF KENTUCKY)
COUNTY OF BOYLE)

I, Sheree Gilliam, Sr. Vice President-Finance and Administration of Inter-County Energy Cooperative, hereby certifies that I have supervised and prepared the responses of Inter-County Energy to the Commission Staff's Third Request for Information in the abovementioned case dated August 7, 2014, and that the responses are true and accurate to the best of my knowledge, information and belief formed after reasonable inquiry.



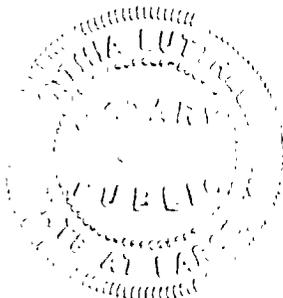
Sheree Gilliam
Sr. Vice President – Finance and Administration

Subscribed and sworn before me on this 21st day of August, 2014.



Notary Public - ID No. 492615

My Commission Expires: July 15, 2017



Question 6. This question is addressed to all member cooperatives. Refer to each member cooperative's July 31, 2013 month pass-through filing.

- a. 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 \$439,026. The expense month is July 2013.

- b. 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 \$3,632,691. Months supporting the calculation:

Jul 2012	\$ 3,654,009	Jan 2013	\$ 4,554,990
Aug 2012	\$ 3,830,139	Feb 2013	\$ 4,708,390
Sep 2012	\$ 3,307,253	Mar 2013	\$ 4,180,632
Oct 2012	\$ 2,681,222	Apr 2013	\$ 4,003,711
Nov 2012	\$ 3,159,904	May 2013	\$ 2,809,616
Dec 2012	\$ 3,722,308	Jun 2013	<u>\$ 2,980,121</u>
			\$43,592,295/12 = \$3,632,691

- c. 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, \$3,383,303.

Question 7. This question is addressed to all member cooperatives. For the month of July 2005, 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.

Response:

The member cooperative's revenue requirement used was July 2005; the cooperative's 12-months ended average retail revenue used was June 2005.

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

Response:

The pass-through mechanism, 3.92% was applied to August 2005 billings. The billing revenue was \$2,758,177. Because of a change in accounting methodology this number differs slightly from the actual surcharge recorded on members' books. Inter-County Energy made a change to accounting methodology in 2006 as referenced in Case No. 2006-00131 which was approved by the Commission.

- c. Identify the member cooperative's month revenues (amount and month of the year) and the member cooperative's month expense (amount and month of the year) used in calculating any over/under recovery, along with the month the over/under recovery is reflected, in the member cooperative's response to the Information Request of Commission Staff following the June 18, 2014 Informal Conference ("Staff's IC Information Request"), Item 2.

Response:

Inter-County Energy's August 2005 surcharge amount of \$109,507 and the surcharge from the August 2005 EKPC expense of \$115,580 resulted in an under recovery of \$6,073. No over/under recovery was amortized at this time due to a change in the Inter-County Energy's accounting methodology. Staff may reference Case No. 2006-00131.

Question 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.

Response:

The revenue requirement used was for December 2013. The 12-months ended-average retail revenues used in calculating the pass-through mechanism factor was November 2013. Reference page 5.

- 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.

Response:

In an effort to provide the Cooperative's revenue for December 2013, an error was found in the revenue reported for December 2013. The Cooperative experienced a major change in accounting staff at the end of December 2013 and some changes apparently were made between the time the revenue was originally pulled on February 12, 2014 for the pass-through filing and the date the revenue was finalized on February 21, 2014. Therefore, the revenue reported on the pass-through mechanism for December 2013 in the amount of \$3,219,350 was incorrect and should have been \$3,966,059. That error will be corrected.

- 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.

Response:

For the month of December 2013, Inter-County Energy had surcharge revenues in the amount of \$512,731; the surcharge billed by EKPC in the amount of \$428,807 for November surcharge expense resulted in an over-recovery of \$(83,924) for the period.

- 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.

Response:

Inter-County Energy made a change to accounting methodology in 2006 as referenced in Case No. 2006-00131 which was approved by the Commission.

East Kentucky Power Cooperative, Inc. - Distribution Cooperatives
 Pass Through Mechanism Report for Inter County ECC

For the Month Ending April 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 Inter County	On-peak Revenue Adjustment	EKPC Net Monthly Sales to Inter County	EKPC 12-months Ended Average Monthly Revenue from Sales to Inter County	Inter County Revenue Requirement	Amortization of (Over)/Under Recovery	Inter County Net Revenue Requirement	Inter County Total Monthly Retail Revenues	On-Peak Retail Revenue Adjustment	Inter County Net Monthly Retail Revenues	12-months ended Avg. Retail Revenues, Net	Inter County 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)
May-12	16.90%	0.00%	16.90%	\$ 2,011,041		\$ 2,011,041	\$ 2,357,597	\$ 398,434	\$ -	\$ 398,434	\$ 2,653,803		\$ 2,653,803	\$ 3,437,664	11.58%
Jun-12	15.55%	0.00%	15.55%	\$ 2,253,785		\$ 2,253,785	\$ 2,350,035	\$ 365,430	\$ -	\$ 365,430	\$ 2,932,584		\$ 2,932,584	\$ 3,439,624	10.63%
Jul-12	14.51%	0.00%	14.51%	\$ 2,671,163		\$ 2,671,163	\$ 2,343,802	\$ 340,086	\$ -	\$ 340,086	\$ 3,654,009		\$ 3,654,009	\$ 3,448,020	9.89%
Aug-12	14.13%	0.00%	14.13%	\$ 2,330,543		\$ 2,330,543	\$ 2,323,307	\$ 328,283	\$ -	\$ 328,283	\$ 3,830,139		\$ 3,830,139	\$ 3,435,725	9.52%
Sep-12	16.23%	0.00%	16.23%	\$ 1,964,856		\$ 1,964,856	\$ 2,320,613	\$ 376,636	\$ -	\$ 376,636	\$ 3,307,253		\$ 3,307,253	\$ 3,411,855	10.96%
Oct-12	17.57%	0.00%	17.57%	\$ 1,984,554		\$ 1,984,554	\$ 2,321,308	\$ 407,854	\$ -	\$ 407,854	\$ 2,681,222		\$ 2,681,222	\$ 3,412,936	11.95%
Nov-12	18.23%	0.00%	18.23%	\$ 2,585,367		\$ 2,585,367	\$ 2,344,582	\$ 427,417	\$ -	\$ 427,417	\$ 3,159,904		\$ 3,159,904	\$ 3,426,773	12.52%
Dec-12	14.61%	0.00%	14.61%	\$ 2,877,884		\$ 2,877,884	\$ 2,350,519	\$ 343,411	\$ -	\$ 343,411	\$ 3,722,308		\$ 3,722,308	\$ 3,430,741	10.02%
Jan-13	13.49%	0.00%	13.49%	\$ 3,164,652		\$ 3,164,652	\$ 2,355,060	\$ 317,698	\$ -	\$ 317,698	\$ 4,554,990		\$ 4,554,990	\$ 3,456,801	9.26%
Feb-13	12.61%	0.00%	12.61%	\$ 2,923,571		\$ 2,923,571	\$ 2,374,590	\$ 299,436	\$ -	\$ 299,436	\$ 4,708,390		\$ 4,708,390	\$ 3,495,718	8.66%
Mar-13	14.37%	0.00%	14.37%	\$ 2,957,096		\$ 2,957,096	\$ 2,452,081	\$ 352,364	\$ -	\$ 352,364	\$ 4,180,632		\$ 4,180,632	\$ 3,519,682	10.08%
Apr-13	14.27%	0.00%	14.27%	\$ 2,030,267		\$ 2,030,267	\$ 2,479,565	\$ 353,834	\$ -	\$ 353,834	\$ 4,003,711		\$ 4,003,711	\$ 3,615,745	10.05%
May-13	17.97%	0.00%	17.97%	\$ 1,979,757		\$ 1,979,757	\$ 2,476,958	\$ 445,109	\$ -	\$ 445,109	\$ 2,809,616		\$ 2,809,616	\$ 3,628,730	12.31%
Jun-13	17.09%	0.00%	17.09%	\$ 2,241,811		\$ 2,241,811	\$ 2,475,960	\$ 423,142	\$ -	\$ 423,142	\$ 2,980,121		\$ 2,980,121	\$ 3,632,691	11.66%
Jul-13	15.77%	0.00%	15.77%	\$ 2,298,442		\$ 2,298,442	\$ 2,444,900	\$ 385,561	\$ 53,465	\$ 439,026	\$ 3,335,504		\$ 3,335,504	\$ 3,606,149	12.09%
Aug-13	15.49%	0.00%	15.49%	\$ 2,294,259		\$ 2,294,259	\$ 2,441,876	\$ 378,247	\$ 51,404	\$ 429,651	\$ 3,392,533		\$ 3,392,533	\$ 3,569,682	11.91%
Sep-13	14.93%	0.00%	14.93%	\$ 1,996,854		\$ 1,996,854	\$ 2,444,543	\$ 364,970	\$ 51,404	\$ 416,374	\$ 3,383,303		\$ 3,383,303	\$ 3,576,019	11.66%
Oct-13	16.69%	0.00%	16.69%	\$ 1,920,519		\$ 1,920,519	\$ 2,439,207	\$ 407,104	\$ 51,404	\$ 458,508	\$ 2,902,216		\$ 2,902,216	\$ 3,594,436	12.82%
Nov-13	17.43%	0.00%	17.43%	\$ 2,569,252		\$ 2,569,252	\$ 2,437,864	\$ 424,920	\$ 51,404	\$ 476,324	\$ 3,036,946		\$ 3,036,946	\$ 3,584,189	13.25%
Dec-13	14.54%	0.00%	14.54%	\$ 3,081,609		\$ 3,081,609	\$ 2,454,841	\$ 356,934	\$ 51,404	\$ 408,338	\$ 3,219,350		\$ 3,219,350	\$ 3,542,276	11.39%

Response 8(a)

Notes:
 Inter County 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.

Question 9. This question is addressed to all member cooperatives. 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-months-ended average retail revenues and the member cooperative's amortization of any over- or under-recovery amount also divided by the 12-months-ended average retail revenues? If not, explain.

Response:

Inter-County 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, Inter-County 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 Inter-County 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.

Question 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?

Response: Yes.

- 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?

Response: No.

- 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 FAC.

Response:

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 addresses 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' bills. Each month the retail customers' bills will include 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-

Response 10(c): (continued)

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 have been no adjustments to remove any previous month's over- or under-recovery amount when calculating the current month's over- or under-recovery.

However, the processing of Case Nos. 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 Cooperatives' 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 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.

Question 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.

Response:

Inter-County Energy filed one rate case during the period stated, Case No. 2006-00415. See attached pages 10 and 11.

- 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.

Response:

See attached page 12.

- 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.

Response:

There is a slight difference totaling \$84.

As noted on the Second Data Request of Commission Staff, Case No. 2006-00415, there are always differences related to line loss and billing adjustments in both the fuel adjustment and the environmental surcharge. These are accounted for in the next month's calculations. The environmental surcharge through the 12-months-ended average retail revenues, net.

Response 11(a)

Inter County Energy
Case No. 2006-00415
Statement of Operations, Adjusted

Exhibit S
page 2 of 4
Witness: Alan Zumstein

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	Actual Test Year	Normalized Adjustments	Normalized Test Year	Proposed Increase	Proposed Test Year
Operating Revenues:					
Base rates	\$29,916,024	\$0	\$29,916,024	\$3,991,675	\$33,907,699
Fuel and surcharge	5,613,034	(5,613,034)	0		0
Other electric revenue	932,487	195,156	1,127,643		1,127,643
	<u>36,461,545</u>	<u>(5,417,878)</u>	<u>31,043,667</u>	<u>3,991,675</u>	<u>35,035,342</u>
Operating Expenses:					
Cost of power:					
Base rates	20,376,310	0	20,376,310		20,376,310
Fuel and surcharge	5,321,946	(5,321,946)	0		0
Distribution - operations	1,953,258	105,303	2,058,561		2,058,561
Distribution - maintenance	1,389,892	19,550	1,409,442		1,409,442
Consumer accounts	1,535,071	53,469	1,588,540		1,588,540
Customer service	476,804	16,358	493,162		493,162
Sales	0	0	0		0
Administrative and general	1,650,631	(149,316)	1,501,315		1,501,315
	<u>32,703,912</u>	<u>(5,276,582)</u>	<u>27,427,330</u>	<u>0</u>	<u>27,427,330</u>
Depreciation	2,540,379	103,064	2,643,443		2,643,443
Taxes - other	37,048	0	37,048		37,048
Interest on long-term debt	2,165,551	327,127	2,492,678		2,492,678
Interest expense - other	208,415	(180,415)	28,000		28,000
Other deductions	33,378	(11,659)	21,719		21,719
	<u>37,688,683</u>	<u>(5,038,465)</u>	<u>32,650,218</u>	<u>0</u>	<u>32,650,218</u>
Utility operating margins	<u>(1,227,138)</u>	<u>(379,413)</u>	<u>(1,606,551)</u>	<u>3,991,675</u>	<u>2,385,124</u>
Nonoperating margins, interest	72,921	0	72,921		72,921
Nonoperating margins, other	(289,026)	255,246	(33,780)		(33,780)
Patronage Capital Credits:					
G & T		0	0		0
Other	68,413	0	68,413		68,413
	<u>(\$1,374,830)</u>	<u>(\$124,167)</u>	<u>(\$1,498,997)</u>	<u>\$3,991,675</u>	<u>\$2,492,678</u>
Net Margins					
TIER	0.37		0.40		2.00
Modified TIER	0.37		0.40		2.00

Inter County Energy
Case No. 2006-00415
Second Data Request of Commission Staff

40. Refer to the Application, Exhibit 15, page 3.

a. Reconcile the monthly fuel adjustment totals shown in the exhibit to the fuel adjustment clause calculations and the environmental surcharge pass through filed each month with the Commission by Inter County.

	<u>Exhibit 15, page 3</u>		<u>Filed with Commission</u>	
	<u>Fuel Adjustment</u>	<u>Environmental Surcharge</u>	<u>Fuel Adjustment</u>	<u>Environmental Surcharge</u>
August, 2005	147,287	109,506	145,026	97,981
September	198,108	101,072	224,632	98,510
October	339,453	178,287	366,986	197,608
November	434,225	190,592	411,593	183,915
December	456,778	250,027	323,601	176,579
January, 2006	276,755	237,477	339,319	203,623
February	430,941	136,249	452,378	108,543
March	322,985	160,622	405,814	152,689
April	213,515	147,642	252,436	170,626
May	219,905	132,737	222,868	177,518
June	280,181	153,641	256,423	174,243
July	302,350	192,699	264,662	192,000
	<u>3,622,483</u>	<u>1,990,551</u>	<u>3,665,738</u>	<u>1,933,835</u>

The fuel adjustment and environmental surcharge rates are calculated based on kwh sales and line loss. There are always differences related to line loss and billing adjustments. These are accounted for in the next months calculations for each element. The fuel adjustment through the (over) under recovery and the environmental surcharge through the 12 months ended average retail revenues, net.

b. Inter County states that the fuel purchased and environmental surcharge from East Kentucky Power Cooperative is passed on to the consumers using the fuel adjustment procedures established by the Commission. Explain the relevance of the fuel adjustment procedures to the environmental surcharge.

There is no relevance. This was an oversight only.

The wording should have stated "... is passed on to the consumers using the fuel adjustment procedures and pass through mechanism for environmental surcharge as established by the Commission".

Response 11(b)

**Inter-County Energy
Environmental Surcharge Analysis**

Month	ESC Removed Case No. 2006-00415	IC Request Item No. 2
August 2005	109,506	109,507
September	101,072	101,071
October	178,287	178,216
November	190,592	190,592
December	250,027	250,028
January 2006	237,477	237,477
February	136,249	135,249
March	160,622	160,624
April	147,642	147,641
May	132,737	132,737
June	153,641	153,641
July	192,699	192,684
TOTAL	1,990,551	1,990,467

Question 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.

Response:

(\$130,761)

- 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 (see attached pages 14 and 15).

Average Residential Usage 1,180 kWh

Total Over Recovery \$ (130,761)

Monthly Recovery – 6 Months \$ (21,794)

	No Recovery		6-Month Recovery	
kWh Charge	\$0.09421	\$111.17		\$111.17
Customer Charge	\$8.97	\$8.97		\$8.97
FAC	(\$0.001250)	(\$1.48)		(\$1.48)
ESC	11.39%	\$13.86	10.78%	\$12.79
Total		\$132.52		\$131.45
Dollar Impact				(\$1.07)

East Kentucky Power Cooperative, Inc. - Distribution Cooperatives
 Pass Through Mechanism Report for Inter County ECC

For the Month Ending February 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 Inter County	On-peak Revenue Adjustment	EKPC Net Monthly Sales to Inter County	EKPC 12-months Ended Average Monthly Revenue from Sales to Inter County	Inter County Revenue Requirement	Amortzation of (Over)/Under Recovery	Inter County Net Revenue Requirement	Inter County Total Monthly Retail Revenues	On-Peak Retail Revenue Adjustment	Inter County Net Monthly Retail Revenues	12-months ended Avg Retail Revenues, Net	Inter County 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)
Mar-12	12.92%	0.00%	12.92%	\$ 2,027,202		\$ 2,027,202	\$ 2,362,015	\$ 305,172	\$ -	\$ 305,172	\$ 3,893,067		\$ 3,893,067	\$ 3,476,795	8.74%
Apr-12	14.94%	0.00%	14.94%	\$ 1,700,464		\$ 1,700,464	\$ 2,350,739	\$ 351,200	\$ -	\$ 351,200	\$ 2,850,952		\$ 2,850,952	\$ 3,440,201	10.10%
May-12	16.90%	0.00%	16.90%	\$ 2,011,041		\$ 2,011,041	\$ 2,357,597	\$ 398,434	\$ -	\$ 398,434	\$ 2,653,803		\$ 2,653,803	\$ 3,437,664	11.58%
Jun-12	15.55%	0.00%	15.55%	\$ 2,253,785		\$ 2,253,785	\$ 2,350,035	\$ 365,430	\$ -	\$ 365,430	\$ 2,932,584		\$ 2,932,584	\$ 3,439,624	10.63%
Jul-12	14.51%	0.00%	14.51%	\$ 2,671,163		\$ 2,671,163	\$ 2,343,802	\$ 340,086	\$ -	\$ 340,086	\$ 3,654,009		\$ 3,654,009	\$ 3,448,020	9.89%
Aug-12	14.13%	0.00%	14.13%	\$ 2,330,543		\$ 2,330,543	\$ 2,323,307	\$ 328,283	\$ -	\$ 328,283	\$ 3,830,139		\$ 3,830,139	\$ 3,435,725	9.52%
Sep-12	16.23%	0.00%	16.23%	\$ 1,964,856		\$ 1,964,856	\$ 2,320,613	\$ 376,636	\$ -	\$ 376,636	\$ 3,307,253		\$ 3,307,253	\$ 3,411,855	10.96%
Oct-12	17.57%	0.00%	17.57%	\$ 1,984,554		\$ 1,984,554	\$ 2,321,308	\$ 407,854	\$ -	\$ 407,854	\$ 2,681,222		\$ 2,681,222	\$ 3,412,936	11.95%
Nov-12	18.23%	0.00%	18.23%	\$ 2,585,367		\$ 2,585,367	\$ 2,344,582	\$ 427,417	\$ -	\$ 427,417	\$ 3,159,904		\$ 3,159,904	\$ 3,426,773	12.52%
Dec-12	14.61%	0.00%	14.61%	\$ 2,877,884		\$ 2,877,884	\$ 2,350,519	\$ 343,411	\$ -	\$ 343,411	\$ 3,722,308		\$ 3,722,308	\$ 3,430,741	10.02%
Jan-13	13.49%	0.00%	13.49%	\$ 3,164,652		\$ 3,164,652	\$ 2,355,060	\$ 317,698	\$ -	\$ 317,698	\$ 4,554,990		\$ 4,554,990	\$ 3,456,801	9.26%
Feb-13	12.61%	0.00%	12.61%	\$ 2,923,571		\$ 2,923,571	\$ 2,374,590	\$ 299,436	\$ -	\$ 299,436	\$ 4,708,390		\$ 4,708,390	\$ 3,495,718	8.66%
Mar-13	14.37%	0.00%	14.37%	\$ 2,957,096		\$ 2,957,096	\$ 2,452,081	\$ 352,364	\$ -	\$ 352,364	\$ 4,180,632		\$ 4,180,632	\$ 3,519,682	10.08%
Apr-13	14.27%	0.00%	14.27%	\$ 2,030,267		\$ 2,030,267	\$ 2,479,565	\$ 353,834	\$ -	\$ 353,834	\$ 4,003,711		\$ 4,003,711	\$ 3,615,745	10.05%
May-13	17.97%	0.00%	17.97%	\$ 1,979,757		\$ 1,979,757	\$ 2,476,958	\$ 445,109	\$ -	\$ 445,109	\$ 2,809,616		\$ 2,809,616	\$ 3,628,730	12.31%
Jun-13	17.09%	0.00%	17.09%	\$ 2,241,811		\$ 2,241,811	\$ 2,475,960	\$ 423,142	\$ -	\$ 423,142	\$ 2,980,121		\$ 2,980,121	\$ 3,632,691	11.66%
Jul-13	15.77%	0.00%	15.77%	\$ 2,298,442		\$ 2,298,442	\$ 2,444,900	\$ 385,561	\$ 53,465	\$ 439,026	\$ 3,335,504		\$ 3,335,504	\$ 3,606,149	12.09%
Aug-13	15.49%	0.00%	15.49%	\$ 2,294,259		\$ 2,294,259	\$ 2,441,876	\$ 378,247	\$ 51,404	\$ 429,651	\$ 3,392,533		\$ 3,392,533	\$ 3,569,682	11.91%
Sep-13	14.93%	0.00%	14.93%	\$ 1,996,854		\$ 1,996,854	\$ 2,444,543	\$ 364,970	\$ 51,404	\$ 416,374	\$ 3,383,303		\$ 3,383,303	\$ 3,576,019	11.66%
Oct-13	16.69%	0.00%	16.69%	\$ 1,920,519		\$ 1,920,519	\$ 2,439,207	\$ 407,104	\$ 51,404	\$ 458,508	\$ 2,902,216		\$ 2,902,216	\$ 3,594,436	12.82%
Nov-13	17.43%	0.00%	17.43%	\$ 2,569,252		\$ 2,569,252	\$ 2,437,864	\$ 424,920	\$ 51,404	\$ 476,324	\$ 3,036,946		\$ 3,036,946	\$ 3,584,189	13.25%
Dec-13	14.54%	0.00%	14.54%	\$ 3,081,609		\$ 3,081,609	\$ 2,454,841	\$ 356,934	\$ 51,404	\$ 408,338	\$ 3,219,350		\$ 3,219,350	\$ 3,542,276	11.39%
Jan-14	10.92%	0.00%	10.92%	\$ 4,113,387		\$ 4,113,387	\$ 2,533,902	\$ 276,702	\$ (2,061)	\$ 274,641	\$ 5,002,452		\$ 5,002,452	\$ 3,579,564	7.75%
Feb-14	5.44%	0.00%	5.44%	\$ 3,374,040		\$ 3,374,040	\$ 2,571,441	\$ 139,886	\$ -	\$ 139,886					3.91%

Notes:
 Inter County 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.

Response 12(b)

East Kentucky Power Cooperative, Inc. - Distribution Cooperatives
 Pass Through Mechanism Report for Inter County ECC

For the Month Ending February 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 Inter County	On-peak Revenue Adjustment	EKPC Net Monthly Sales to Inter County	EKPC 12-months Ended Average Monthly Revenue from Sales to Inter County	Inter County Revenue Requirement	Amortization of (Over)/Under Recovery	Inter County Net Revenue Requirement	Inter County Total Monthly Retail Revenues	On-Peak Retail Revenue Adjustment	Inter County Net Monthly Retail Revenues	12-months ended Avg. Retail Revenues, Net	Inter County 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)
Mar-12	12.92%	0.00%	12.92%	\$ 2,027,202		\$ 2,027,202	\$ 2,362,015	\$ 305,172	\$ -	\$ 305,172	\$ 3,893,067		\$ 3,893,067	\$ 3,476,795	8.74%
Apr-12	14.94%	0.00%	14.94%	\$ 1,700,464		\$ 1,700,464	\$ 2,350,739	\$ 351,200	\$ -	\$ 351,200	\$ 2,850,952		\$ 2,850,952	\$ 3,440,201	10.10%
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Jun-12	15.55%	0.00%	15.55%	\$ 2,253,785		\$ 2,253,785	\$ 2,350,035	\$ 365,430	\$ -	\$ 365,430	\$ 2,932,584		\$ 2,932,584	\$ 3,439,624	10.63%
Jul-12	14.51%	0.00%	14.51%	\$ 2,671,163		\$ 2,671,163	\$ 2,343,802	\$ 340,086	\$ -	\$ 340,086	\$ 3,654,009		\$ 3,654,009	\$ 3,448,020	9.89%
Aug-12	14.13%	0.00%	14.13%	\$ 2,330,543		\$ 2,330,543	\$ 2,323,307	\$ 328,283	\$ -	\$ 328,283	\$ 3,830,139		\$ 3,830,139	\$ 3,435,725	9.52%
Sep-12	16.23%	0.00%	16.23%	\$ 1,964,856		\$ 1,964,856	\$ 2,320,613	\$ 376,636	\$ -	\$ 376,636	\$ 3,307,253		\$ 3,307,253	\$ 3,411,855	10.96%
Oct-12	17.57%	0.00%	17.57%	\$ 1,984,554		\$ 1,984,554	\$ 2,321,308	\$ 407,854	\$ -	\$ 407,854	\$ 2,681,222		\$ 2,681,222	\$ 3,412,936	11.95%
Nov-12	18.23%	0.00%	18.23%	\$ 2,585,367		\$ 2,585,367	\$ 2,344,582	\$ 427,417	\$ -	\$ 427,417	\$ 3,159,904		\$ 3,159,904	\$ 3,426,773	12.52%
Dec-12	14.61%	0.00%	14.61%	\$ 2,877,884		\$ 2,877,884	\$ 2,350,519	\$ 343,411	\$ -	\$ 343,411	\$ 3,722,308		\$ 3,722,308	\$ 3,430,741	10.02%
Jan-13	13.49%	0.00%	13.49%	\$ 3,164,652		\$ 3,164,652	\$ 2,355,060	\$ 317,698	\$ -	\$ 317,698	\$ 4,554,990		\$ 4,554,990	\$ 3,456,801	9.26%
Feb-13	12.61%	0.00%	12.61%	\$ 2,923,571		\$ 2,923,571	\$ 2,374,590	\$ 299,436	\$ -	\$ 299,436	\$ 4,708,390		\$ 4,708,390	\$ 3,495,718	8.66%
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Aug-13	15.49%	0.00%	15.49%	\$ 2,294,259		\$ 2,294,259	\$ 2,441,876	\$ 378,247	\$ 51,404	\$ 429,651	\$ 3,392,533		\$ 3,392,533	\$ 3,569,682	11.91%
Sep-13	14.93%	0.00%	14.93%	\$ 1,996,854		\$ 1,996,854	\$ 2,444,543	\$ 364,970	\$ 51,404	\$ 416,374	\$ 3,383,303		\$ 3,383,303	\$ 3,576,019	11.66%
Oct-13	16.69%	0.00%	16.69%	\$ 1,920,519		\$ 1,920,519	\$ 2,439,207	\$ 407,104	\$ 51,404	\$ 458,508	\$ 2,902,216		\$ 2,902,216	\$ 3,594,438	12.82%
Nov-13	17.43%	0.00%	17.43%	\$ 2,569,252		\$ 2,569,252	\$ 2,437,864	\$ 424,920	\$ 51,404	\$ 476,324	\$ 3,036,946		\$ 3,036,946	\$ 3,584,189	13.25%
Dec-13	14.54%	0.00%	14.54%	\$ 3,081,609		\$ 3,081,609	\$ 2,454,841	\$ 356,934	\$ 29,610	\$ 386,544	\$ 3,219,350		\$ 3,219,350	\$ 3,542,276	10.78%
Jan-14	10.92%	0.00%	10.92%	\$ 4,113,387		\$ 4,113,387	\$ 2,533,902	\$ 276,702	\$ (2,061)	\$ 274,641	\$ 5,002,452		\$ 5,002,452	\$ 3,579,564	7.75%
Feb-14	5.44%	0.00%	5.44%	\$ 3,374,040		\$ 3,374,040	\$ 2,571,441	\$ 139,886	\$ -	\$ 139,886					3.91%

Notes:
 Inter County 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.

Response 12(b)

Question 13. This question is addressed to all member cooperatives.

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

Response:

Cycle 2 – Billed July 18, 2013

Cycle 3 – Billed July 25, 2013

Cycle 4 – Billed August 4, 2013

Cycle 1 – Billed August 12, 2013

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

Response:

The environmental surcharge factor applied to all billing cycles in revenue month July 2013 was 12.31%.

Question 19. This question is addressed to Inter-County Energy Corporation ("Inter-County").

- a. Refer to Inter-County's response to Staff's Second Request, Item 2.b., in which Inter-County states that its revenue for July 2013 was \$3,330,478. The Pass-Through Mechanism Report shows July 2013 Net Monthly Retail Revenues are \$3,335,504. Explain this discrepancy.

Response:

A revenue adjustment to July 2013 in the amount of \$5,050 was made resulting in the revised revenue entry for July of \$3,330,453. This adjustment was the result of an incorrect entry for Direct Load Control Credits to revenue.

- b. Refer to your response to Staff's IC Information Request, Item 2. Explain the omission in January 2006 of an amount for EKPC's power bill to Inter-County.

Response:

Due to a change in accounting methodology in January 2006, there was no entry for January 2006. *Attached is the note associated with that issue (see attached page18).

Inter-County ECC - Environmental Surcharge: Two-Year Review

Mo/Yr	EKPC Invoice Month recorded on Member's Books (1)	Billed to Retail Consumer & recorded on Member's Books (2)	Monthly (Over) or Under (3)	Cumulative (Over) or Under (4)
Jul-05	\$114,464	\$0	\$114,464	\$114,464
Aug-05	\$115,580	\$109,507	\$6,073	\$120,537
Sep-05	\$205,590	\$101,071	\$104,519	\$225,057
Oct-05	\$168,302	\$178,216	(\$9,914)	\$215,143
Nov-05	\$187,163	\$190,592	(\$3,429)	\$211,714
Dec-05	\$289,306	\$250,028	\$39,278	\$250,992
Jan-06	\$0	\$237,477	(\$237,477)	\$13,515
Feb-06	\$140,620	\$136,249	\$4,371	\$17,886
Mar-06	\$189,017	\$160,624	\$28,393	\$46,279
Apr-06	\$178,686	\$147,641	\$31,045	\$77,324
May-06	\$129,857	\$132,737	(\$2,880)	\$74,444
Jun-06	\$144,285	\$153,641	(\$9,356)	\$65,089
Jul-06	\$174,615	\$192,684	(\$18,069)	\$47,019
Aug-06	\$208,366	\$213,784	(\$5,418)	\$41,601
Sep-06	\$270,735	\$212,418	\$58,317	\$99,918
Oct-06	\$183,532	\$196,190	(\$12,658)	\$87,260
Nov-06	\$193,523	\$219,062	(\$25,539)	\$61,721
Dec-06	\$178,607	\$209,334	(\$30,727)	\$30,994
Jan-07	\$223,796	\$210,138	\$13,658	\$44,653
Feb-07	\$220,780	\$243,061	(\$22,281)	\$22,372
Mar-07	\$271,696	\$210,244	\$61,452	\$83,824
Apr-07	\$198,778	\$183,187	\$15,591	\$99,415
May-07	\$180,576	\$152,359	\$28,217	\$127,631
Jun-07	\$139,037	\$154,736	(\$15,699)	\$111,933
Jul-07	\$163,458	\$208,203	(\$44,745)	
Aug-07	\$182,300	\$242,413	(\$60,113)	
Cumulative 18-month (Over)/Under Recovery				\$111,933
Monthly Recovery (per month for six months)				\$18,655

*The \$250,992 cumulative under recovery was deferred due to a change in accounting methodology in January 2006 and subsequently approved by the Commission in Case No. 2006-00131. It is therefore included in this two-year review's (over)/under recovery.

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