



Shelby Energy Cooperative

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PUBLIC SERVICE
COMMISSION

September 29, 2014

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

RE: Case No. 2014-00051

Dear Mr. Derouen:

Enclosed are an original and five (5) copies of Shelby Energy Cooperative Inc.'s supplemental filing based on discussions from the September 4, 2014 informal conference. The information has been provided by e-mail to all parties of record.

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

Sincerely,

Debra J. Martin
President & CEO

Enclosures

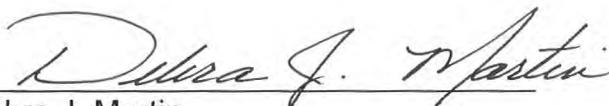
www.shelbyenergy.com

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VERIFICATION

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

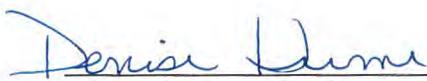

Debra J. Martin

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 29th day of September, 2014.

(SEAL)


Notary Public

My Commission Expires:

7/13/15

ID: 446577

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

SUPPLEMENTAL FILING BY SHELBY ENERGY COOPERATIVE, INC. BASED ON
DISCUSSIONS FROM THE SEPTEMBER 4, 2014 INFORMAL CONFERENCE.

DATED: SEPTEMBER 29, 2014

Shelby Energy Cooperative, Inc.
Supplemental Filing based on Discussions from the
September 4, 2014 Informal Conference

Request:

1. Provide a calculation of the over/under recovery for this review period with the exclusion of the amortization of any previous over/under recoveries that were in effect during the review period.

Response:

1. The following are the details for the calculation with the exclusion of the previous over/under recoveries that were in effect during the review period.

Shelby Energy Coop - Calculation of (Over)/Under							
Mo/Yr	EKPC Invoice Month recorded Member's Books (1)	Amortization of Previous (Over)/Under Recoveries		Net EKPC Invoice and Amortization of Previous (Over)/Under Recoveries (4)	Billed to Retail Consumer & recorded on Member's Books (5)	Monthly (Over) or Under (6)	Cumulative (Over) or Under (7)
		CN 2012-00486 (2)	CN 2013-00140 (3)				
Jul-13	\$ 407,660			\$ 407,660	\$ 450,714	\$ (43,054)	\$ (43,054)
Aug-13	\$ 387,875	\$ (30,009)		\$ 357,866	\$ 384,038	\$ (26,172)	\$ (69,227)
Sep-13	\$ 335,874	\$ (30,009)	\$ 11,685	\$ 317,550	\$ 316,359	\$ 1,191	\$ (68,036)
Oct-13	\$ 302,599	\$ (30,009)	\$ 11,685	\$ 284,275	\$ 300,133	\$ (15,858)	\$ (83,894)
Nov-13	\$ 397,201	\$ (30,009)	\$ 11,685	\$ 378,877	\$ 374,304	\$ 4,573	\$ (79,320)
Dec-13	\$ 487,131	\$ (30,009)	\$ 11,685	\$ 468,807	\$ 457,802	\$ 11,005	\$ (68,315)
Jan-14	\$ 489,209	\$ (30,009)	\$ 11,685	\$ 470,885	\$ 483,642	\$ (12,757)	\$ (81,072)
Feb-14	\$ 326,107		\$ 11,685	\$ 337,792	\$ 393,414	\$ (55,622)	\$ (136,694)
Cumulative 6-months (Over)/Under Recovery						\$	(68,315)
Monthly Recovery (per month for six months)						\$	(11,386)
Response to Staff's First Request, Request 2a:							
Cumulative 6-months (Over)/Under Recovery					\$34,990		
Monthly Recovery					\$5,832		

Witness: Debra J. Martin

Shelby Energy Cooperative, Inc.
Supplemental Filing based on Discussions from the
September 4, 2014 Informal Conference

Request:

2. For those cooperatives that apply two pass-through factors to a single revenue month, indicate if it would be possible to have only one pass-through factor reflected in a single revenue month.

Response:

2. It is possible for Shelby to have only one pass-through factor for a single revenue month. Shelby appreciates any direction that the Commission Staff wishes to provide on how to handle the transition. An explanation of the current process, application of the pass-through factor and possible suggestion on the transition follows.

The current process begins with East Kentucky Power Cooperative ("EKPC") requesting revenue data from the 16 member cooperatives approximately the first week of each month. The environmental surcharge factor is calculated by EKPC and submitted to each cooperative for review and approval a couple of days prior to EKPC filing the information with the Commission on approximately the 20th day of each month. Shelby currently applies this environmental surcharge factor to any billing cycles actually billed for the following calendar month. For example; the current environmental surcharge factor of 9.40% that will be filed with the Commission by EKPC on September 20, 2014 will be applied to Shelby's billing cycles for the calendar month of October, 2014 as listed below:

Shelby Energy Cooperative, Inc.
Supplemental Filing based on Discussions from the
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<u>Billing Cycle</u>	<u>Date Billed</u>	<u>Revenue Month</u>
Cycle 5	10/03/14	September
Cycle 1	10/10/14	September
Cycle 2	10/15/14	September
Cycle 3	10/24/14	October
Cycle 4	10/30/14	October

Using this example, Shelby believes applying the environmental surcharge factor filed on September 20, 2014, of 9.40%, to the first billing cycle which reflects the revenue month of October, 2014 would be an appropriate method of transition. In this case, it would be Cycle 3 which is scheduled for billing on October 24, 2014. This application of the pass-through factor would provide the ten (10) days needed between filing the factor with the Commission and placing the factor in effect on member bills as provided for in KRS 278.183(3).

This is Shelby's suggested method of transition in order to have the same pass-through factor apply to a single revenue month going forward. This method of transition would result in the environmental surcharge factor applying to billing Cycles 5, 1, and 2 when billed in October, 2014 being the same as the factor applied for those cycle billings in September, 2014 which was 10.73%. The difference in the factors would take place for one month for these particular billing cycles, and then the same pass-through factor would be applied to all billing cycles for the same revenue month going forward.

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Since the next revenue month would be October, 2014 and the first cycle for that revenue month is Cycle 3 which will be billed on October 24, 2014, it seemed reasonable to make the transition at that time. However; Shelby is open to direction, suggestions and/or recommendations from the Commission on how to handle the transition.

Witness: Debra J. Martin