



A Touchstone Energy Cooperative 

P.O. Box 990 • 1201 Lexington Road • Nicholasville, Kentucky 40340-0990
Phone: 888-546-4243 • Fax: 859-885-2854 • www.bgenergy.com

November 4, 2016

Talina R. Mathews, Executive Director
Kentucky Public Service Commission
PO Box 615
Frankfort, KY 40602

RECEIVED

NOV 07 2016

PUBLIC SERVICE
COMMISSION

RE: Case 2016-00335

Dear Ms. Mathews:

Please find enclosed for filing with the Commission in the above references case, an original and seven copies of the responses in that 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 and that the response is true and accurate to the best of that person's knowledge, information and belief, is included.

If you have any questions, please contact me at chuckw@bgenergy.com or 859.885.2138.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles G. Williamson III".

Charles G. Williamson III
Vice President, Finance & CFO
Blue Grass Energy Cooperative Corporation

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

IN THE MATTER OF:

NOV 07 2016

AN EXAMINATION BY THE PUBLIC SERVICE }
COMMISSION OF THE ENVIRONMENTAL }
SURCHARGE MECHANISM OF EAST KENTUCKY }
POWER COOPERATIVE, INC. FOR THE SIX }
MONTH BILLING PERIODS ENDING }
JUNE 30, 2016 AND THE PASS THROUGH }
MECHANISM FOR ITS SIXTEEN MEMBER }
DISTRIBUTION COOPERATIVES }

PUBLIC SERVICE
COMMISSION

CASE NO.
2016-00335

CERTIFICATE

STATE OF KENTUCKY

COUNTY OF JESSAMINE

Charles G. Williamson III, being duly sworn, states that he has supervised the preparation of the Responses of Blue Grass Energy Cooperative Corporation to the Public Service Commission Staff's First Data Request for Information contained in the above-referenced case dated October 12, 2016, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



Subscribed and sworn before me on the 4th day of November, 2016.


Notary Public

My commission expires 2/5/2019

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 PERIODS ENDING	}	2016-00335
JUNE 30, 2016 AND THE PASS THROUGH	}	
MECHANISM FOR ITS SIXTEEN MEMBER	}	
DISTRIBUTION COOPERATIVES	}	

DIRECT TESTIMONY OF CHARLES G. WILLIAMSON III
ON BEHALF OF BLUE GRASS ENERGY COOPERATIVE CORPORATION

Filed: November 3, 2016

1 Before the Kentucky Public Service Commission
2 Case No. 2016-00335
3 Blue Grass Energy Cooperative Corporation

4 **Direct Testimony of Charles G. Williamson, III**

5 Q. State your name and business address.

6 A. Charles "Chuck" G. Williamson, III, P.O. Box 990, 1201 Lexington Road,
Nicholasville, KY 40340

7 Q. Where are you employed?

8 A. Blue Grass Energy Cooperative Corporation ("Blue Grass Energy")

9 Q. In what capacity are you employed by Blue Grass Energy?

10 A. I am employed in the capacity of Vice President, Finance and CFO. I
11 have served in that capacity since my employment with the Corporation in July
12 2016. Prior to joining Blue Grass Energy I was VP-Finance and Accounting at
13 Jackson Purchase Energy Corporation from October 1999 to July 2016.

14 Q. What are your responsibilities and duties?

15 A. I oversee the accounting and billing departments at Blue Grass Energy.

16 Q. Briefly describe your educational background.

17 A. I graduated from the University of Kentucky in December of 1981 with a
18 Bachelor of Science degree in Accounting. I am a CPA licensed in Kentucky
19 continuously since March 1984. As a qualification of holding a CPA license, I
20 complete in excess of sixty (60) hours of continuing professional education
21 during each two year license period. I am also a graduate of the NRECA Robert I.
22 Kabot Management Internship Program.

23 Q. Have you testified before the Kentucky Public Service Commission before?

24 A. Yes

1 **Q. In its October 12, 2016 Order of the Commission directed that each Member**
2 **Cooperative file prepared testimony explaining: a) whether it has considered**
3 **being billed a direct amount for environmental costs based on its monthly**
4 **purchased power costs or, otherwise, why it has not been considered; b)**
5 **whether a direct charge for environmental costs would lessen or eliminate the**
6 **over-/under-recovery amounts that occur from being billed amounts calculated**
7 **from an environmental surcharge factor; and c) whether being billed a direct**
8 **amount for environmental costs would cause the environmental surcharge billings**
9 **to its member customers to be less volatile and result in more timely recovery of**
10 **environmental costs. Would you address the first question concerning billing the**
11 **environmental costs as a direct amount?**

12 **A.** Blue Grass Energy has never considered being billed its environmental costs as a
13 direct amount based on its monthly purchased power costs. In response to why it
14 has not been considered, we rely on the direct testimony of Isaac S. Scott on
15 behalf of EKPC, that the environmental surcharge statute specifically mentions
16 the approval of a “rate surcharge”. Blue Grass Energy also notes that the
17 environmental surcharge statute was modeled after the Commission’s fuel
18 adjustment clause (“FAC”) regulation.¹ The FAC utilizes a rate mechanism rather
19 rather than the direct billing of any differences between the actual fuel costs
20 incurred for a period and the level of fuel costs incorporated into base rates.
21 Finally, Blue Grass Energy was aware that all of the environmental surcharges

¹ See 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-Month Period Ending December 31, 2013 and the Pass-Through Mechanism for Its Sixteen Member Distribution Cooperatives, Order at 8, footnote 16, Case no. 2014-00051, (Ky. P.S.C., Aug. 25, 2015).

1 proposed and approved by the Commission utilized rate mechanisms rather than a
2 direct billing approach.

3 **Q. Would you address the second question concerning whether a direct charge for**
4 **environmental costs would lessen or eliminate the over-/under-recovery amounts**
5 **that occur from being billed amounts calculated from an environmental surcharge**
6 **factor?**

7 A. Yes. We do not believe a direct charge for environmental costs would lessen or
8 eliminate the over-/under-recovery amounts that occur.

9 EKPC's surcharge factor is calculated by dividing the monthly environmental costs
10 incurred by EKPC by the 12-month average Member Cooperatives' revenues.

11 Because the 12-month average Member Cooperatives' revenues used to calculate the
12 surcharge factor will not match the Member Cooperatives' revenues for the specific
13 invoice billing period the surcharge factor is applied to, an over- or under-recovery
14 will exist. Once a percentage factor from EKPC is billed to the Cooperative we
15 then apply that amount to the members' bill on the billing two months following
16 the calculation. (December 2015 calculated factor is billed to the member in
17 February 2016). Because kWh sales fluctuate from month to month, the percentage
18 factor calculated by EKPC for December 2015 may not be applied to the same kWh
19 sales experienced when we bill our members. Therefore, an over-/under-recovery
20 will occur. Similarly, our billing to our members is not based on the same monthly
21 cycle as we are billed by EKPC. EKPC bills Blue Grass Energy based on a calendar
22 month, in the month following. Blue Grass Energy bills our members based upon
23 10 billing cycles which may be composed of varying numbers of days from the

1 Calendar month preceding EKPC's billing month. For example, we may bill a
2 member from November 15 to December 14 as their monthly billing cycle. Due to
3 the volume of accounts and cash flow needs, it is not feasible to bill all of our
4 member accounts on the same day of the month; therefore, we use cycle billing.
5 Thus the nature of cycle billing and the crossing of calendar months, would not
6 allow a direct billing feature to be utilized by Blue Grass Energy because the kWh
7 billed to our members does not necessarily match Blue Grass Energy purchases from
8 EKPC for a given month.

9 Additionally, the monthly power bills from EKPC fluctuate month to month, often
10 significantly, due to load characteristics and customer mix. Assigning environmental
11 costs to the Member Cooperatives based on monthly power bills which fluctuate
12 significantly, would result in bill volatility, Blue Grass Energy along with the other
13 Member Cooperatives have had and continue to have serious concerns about bill
14 volatility. Bill volatility can have significant impacts on the Member Cooperatives'
15 cash flow as well as the Cooperative members' cash flow.

16 While over time Blue Grass Energy would recover the EKPC-billed environmental
17 costs from its members, timing lags impact cash flow and ultimately may affect the
18 Cooperative's borrowing needs.

18 **Q. Would you address the third question concerning whether being billed a direct**
20 **amount for environmental costs would cause the environmental surcharge billings to**
21 **the Member Cooperatives' member customer to be less volatile and result in more**
22 **timely recovery of environmental costs?**

23 **A.** Yes. As noted previously, Blue Grass Energy's monthly power bills from EKPC

1 fluctuate, sometimes by significant amounts. Each of the Member Cooperatives
2 experience this fluctuation. Assigning EKPC's environmental costs based on the
3 Member Cooperatives' monthly power bills would likely result in fluctuations in
4 the amount of environmental costs assigned to any one Member Cooperative, which
5 would then have to be recovered from the member customers. Thus, Blue Grass Energy
6 believes that rather than lessen volatility, this approach would simply replace the volatility
7 that comes with the surcharge factor approach with volatility resulting from assigning
8 environmental costs recovery on fluctuating monthly power bills.

9 The utilization of a direct billing approach would not result in more timely recovery of
10 environmental costs from Blue Grass Energy's member customers. Once Blue Grass
11 Energy was billed a particular month's environmental costs, it would turn in bill its
12 member customers the appropriate share of those costs in conjunction with the
13 appropriate billing cycle. This process would be no different than the current arrangement.

Request No. 2:

This question is addressed to EKPC and the Member Cooperatives. For each of the 16 Member Cooperatives, prepare a summary schedule showing the Member Cooperative's pass-through revenue requirement for the months corresponding with the six-month review. Include a calculation of any additional over- or under-recovery amount the distribution cooperative believes needs to be recognized for the six-month review. Provide the schedule and all supporting calculations and documentation in Excel spreadsheet format with all cells and formulas intact and unprotected.

Response:

Please see EKPC's response to Request No. 2 of the Commission Staff's First Request for Information dated October 12, 2016.

Witness: Charles G. Williamson III

Blue Grass Energy Cooperative Corporation

Case No. 2016-00335

Response to Commission's Request No. 7

Appendix B

Item 7

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Request No. 7:

This question is addressed to each of the 16 member Cooperatives. For your particular Member Cooperative, provide the actual average residential customer's monthly usage for the 12 months ending May 31, 2016. Based on this usage amount, provide the dollar impact of any over or under recovery will have on the average residential customer's monthly bill for the requested recovery period.

Response:

Please see EKPC's response to Request No. 2 of the Commission Staff's First Request for information dated October 12, 2016 for the calculation of the review period's over or under recovery.

	<u>Residential KWH</u>	<u>Residential No. of Consumers</u>	<u>Average KWH</u>
Jun-15	60,919,328	53,789	1,133
Jul-15	67,361,689	53,785	1,252
Aug-15	62,294,563	54,113	1,151
Sep-15	53,068,459	53,876	985
Oct-15	45,084,997	54,109	833
Nov-15	55,599,107	53,955	1,030
Dec-15	64,790,592	54,068	1,198
Jan-16	102,563,977	54,346	1,887
Feb-16	81,039,863	54,252	1,494
Mar-16	56,874,244	54,269	1,048
Apr-16	49,052,967	54,484	900
May-16	48,558,151	54,303	894
	<u>747,207,937</u>	<u>649,349</u>	<u>1,151</u>

WITNESS: Charles G. Williamson III

Blue Grass Energy Cooperative Corporation

Case No. 2016-00335

Response to Commission's Request No. 7

Appendix B

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Actual Average Bill

Average KWH usage 1,151 KWH

Energy	\$	100.49
Customer Charge	\$	14.00
Fuel Adj @ (.00239)	\$	(3.05)
Environmental Surcharge @ 7.75%	\$	8.64
School Tax @ 3.0%	\$	<u>3.60</u>

TOTAL BILL AMOUNT \$ 123.69

**Test Month-February 2016
Monthly over recovery of \$14,223
Recovery Period of Six Months**

Average KWH usage 1,151 KWH

Energy	\$	100.49
Customer Charge	\$	14.00
Fuel Adj @ (.00239)	\$	(3.05)
Environmental Surcharge @ 7.60%	\$	8.47
School Tax @ 3.0%	\$	<u>3.60</u>

TOTAL BILL AMOUNT \$ 123.51

A difference of \$0.18 decrease per month would result in average residential monthly bill.

WITNESS: Charles G. Williamson III

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

For the Month Ending February 2016

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

	(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 (13)
Jan-15	13.67%	0.00%	13.67%	\$ 9,012,752		\$ 9,012,752	\$ 2,999,852	\$ 410,080	\$ -	\$ 410,080	\$ 11,759,612		\$ 11,759,612	\$ 4,057,478	13.33%
Feb-15	11.49%	0.00%	11.49%	\$ 9,493,046		\$ 9,493,046	\$ 3,790,939	\$ 435,579	\$ -	\$ 435,579	\$ 12,501,580		\$ 12,501,580	\$ 5,099,276	10.74%
Mar-15	10.90%	0.00%	10.90%	\$ 7,311,935		\$ 7,311,935	\$ 4,400,267	\$ 479,629	\$ -	\$ 479,629	\$ 11,662,490		\$ 11,662,490	\$ 6,071,150	9.41%
Apr-15	14.44%	0.00%	14.44%	\$ 4,956,047		\$ 4,956,047	\$ 4,813,271	\$ 695,036	\$ -	\$ 695,036	\$ 8,430,923		\$ 8,430,923	\$ 6,773,727	11.45%
May-15	18.09%	0.00%	18.09%	\$ 5,361,423		\$ 5,361,423	\$ 5,260,056	\$ 951,544	\$ -	\$ 951,544	\$ 7,262,195		\$ 7,262,195	\$ 7,378,910	14.05%
Jun-15	18.44%	0.00%	18.44%	\$ 6,561,793		\$ 6,561,793	\$ 5,806,872	\$ 1,070,787	\$ -	\$ 1,070,787	\$ 8,024,182		\$ 8,024,182	\$ 8,047,592	14.51%
Jul-15	15.91%	0.00%	15.91%	\$ 6,923,442		\$ 6,923,442	\$ 6,383,825	\$ 1,015,667	\$ -	\$ 1,015,667	\$ 8,498,807		\$ 8,498,807	\$ 8,755,826	12.62%
Aug-15	16.25%	0.00%	16.25%	\$ 6,620,607		\$ 6,620,607	\$ 6,935,543	\$ 1,127,026	\$ 109,678	\$ 1,236,704	\$ 9,746,949		\$ 9,746,949	\$ 9,568,072	14.12%
Sep-15	17.07%	0.00%	17.07%	\$ 6,066,390		\$ 6,066,390	\$ 6,909,726	\$ 1,179,490	\$ 109,678	\$ 1,289,168	\$ 9,222,702		\$ 9,222,702	\$ 9,523,907	13.47%
Oct-15	18.51%	0.00%	18.51%	\$ 5,176,374		\$ 5,176,374	\$ 6,884,880	\$ 1,274,391	\$ 109,678	\$ 1,384,069	\$ 7,706,432		\$ 7,706,432	\$ 9,514,810	14.53%
Nov-15	18.81%	0.00%	18.81%	\$ 6,030,265		\$ 6,030,265	\$ 6,769,969	\$ 1,273,431	\$ 109,678	\$ 1,383,109	\$ 7,737,939		\$ 7,737,939	\$ 9,419,512	14.54%
Dec-15	18.40%	0.00%	18.40%	\$ 6,478,576		\$ 6,478,576	\$ 6,666,054	\$ 1,226,554	\$ 109,678	\$ 1,336,232	\$ 8,614,782		\$ 8,614,782	\$ 9,264,050	14.19%
Jan-16	16.00%	0.00%	16.00%	\$ 8,666,495		\$ 8,666,495	\$ 6,637,199	\$ 1,061,952	\$ 109,678	\$ 1,171,630	\$ 10,100,375		\$ 10,100,375	\$ 9,125,780	12.65%
Feb-16	10.92%	0.00%	10.92%	\$ 7,594,980		\$ 7,594,980	\$ 6,479,027	\$ 707,510	\$ -	\$ 707,510	\$ 12,123,791		\$ 12,123,791	\$ 9,094,297	7.75%
Mar-16	14.30%	0.00%	14.30%	\$ 5,880,050		\$ 5,880,050	\$ 6,359,704	\$ 909,438	\$ 15,177	\$ 924,615	\$ 9,462,792		\$ 9,462,792	\$ 8,910,989	10.17%
Apr-16	17.59%	0.00%	17.59%	\$ 5,179,644		\$ 5,179,644	\$ 6,378,337	\$ 1,121,949	\$ 15,177	\$ 1,137,126	\$ 8,326,776		\$ 8,326,776	\$ 8,902,310	12.76%
May-16	18.99%	0.00%	18.99%	\$ 5,302,066		\$ 5,302,066	\$ 6,373,390	\$ 1,210,307	\$ 15,177	\$ 1,225,484	\$ 7,384,242		\$ 7,384,242	\$ 8,912,481	13.77%
Jun-16	19.60%	0.00%	19.60%	\$ 6,353,890		\$ 6,353,890	\$ 6,356,065	\$ 1,245,789	\$ 15,177	\$ 1,260,966	\$ 7,886,860		\$ 7,886,860	\$ 8,901,037	14.15%
Jul-16	16.50%	0.00%	16.50%	\$ 7,189,319		\$ 7,189,319	\$ 6,378,221	\$ 1,052,407	\$ 15,177	\$ 1,067,584	\$ 9,050,572		\$ 9,050,572	\$ 8,947,018	11.99%
Aug-16	14.29%	0.00%	14.29%	\$ 7,456,629		\$ 7,456,629	\$ 6,447,890	\$ 921,403	\$ 29,513	\$ 950,916	\$ 9,922,182		\$ 9,922,182	\$ 8,961,620	10.63%

Witness: Charles G. Williamson III

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

Appendix B
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For the Month Ending February 2016

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

	(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)	
Jan-15	13.67%	0.00%	13.67%	\$ 9,012,752		\$ 9,012,752	\$ 2,999,852	\$ 410,080	\$ -	\$ 410,080	\$ 11,759,612		\$ 11,759,612	\$ 4,057,478	13.33%
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Feb-16	10.92%	0.00%	10.92%	\$ 7,594,980		\$ 7,594,980	\$ 6,479,027	\$ 707,510	\$ (14,223)	\$ 693,287	\$ 12,123,791		\$ 12,123,791	\$ 9,094,297	7.60% Refund of \$14,223
Mar-16	14.30%	0.00%	14.30%	\$ 5,880,050		\$ 5,880,050	\$ 6,359,704	\$ 909,438	\$ 15,177	\$ 924,615	\$ 9,462,792		\$ 9,462,792	\$ 8,910,989	10.17%
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Aug-16	14.29%	0.00%	14.29%	\$ 7,456,629		\$ 7,456,629	\$ 6,447,890	\$ 921,403	\$ 29,513	\$ 950,916	\$ 9,922,182		\$ 9,922,182	\$ 8,961,620	10.63%

Witness: Charles G. Williamson III

Request No. 9:

This question is addressed to the Member Cooperatives. Explain in detail the process by which the environmental surcharge amounts billed EKPC are recorded and billed to the member customers. Include in the response a discussion of timing and accounting methodology.

Response:

Blue Grass Energy records the environmental surcharge billed by EKPC on its books as a component of purchased power costs.

Blue Grass Energy passes this charge through to its member-owners based on a calculation provided by EKPC which utilizes revenue information collected from Blue Grass Energy and supplied to EKPC. Blue Grass Energy typically receives the spreadsheet from EKPC around the 19th of the month. The spreadsheet applies a percentage calculated to supply EKPC with its ES revenue requirements applied to the 12 month average adjusted revenue billing from EKPC to BGE. The resulting revenue requirement that BGE requires from its member-owners is divided by the 12 month average billing of total adjusted revenue from BGE to its members. That calculation becomes a percentage that is applied to all bills rendered in the following month. Therefore, the revenue billed by EKPC to BGE for any given month are not collected from BGE's member-owners until the second following month. As an example, ES revenues billed by EKPC to BGE on the September bill (rendered and paid in October) are not recovered until BGE bills its member-owners in November.

Witness: Charles G. Williamson III

Request No. 12:

This question is addressed to the Member Cooperatives. Refer to your response to Staff's First Request, Item 2.

a. Explain how the amounts recorded in the column labelled "EKPC Invoice Month Recorded Member's Books" correspond with EKPC's expense month. For example, EKPC's monthly report for December 2015 indicates that the December 2015 expense month would be billed beginning February 2016 for service rendered in January 2016. Explain in which month the Member Cooperative would reflect its portion of the December 2015 expense billed by EKPC.

Response:

In the example provided above, the ES expenses billed by EKPC to BGE for service rendered in January 2016 (billed by EKPC in February 2016) would be recovered by BGE from its member-owners in March 2016.

b. Explain whether the amounts recorded in this column reflect only the actual amount billed by EKPC, or if the amount does and can include adjustments to the billed amount. Explain the adjustment that may be included, if any.

Response:

EKPC prepares the response to Request 2 and the Members provide the surcharge revenues show in Column 3. The surcharge amount in Column 2 reflects the total gross surcharge shown on EKPC's invoice minus the Direct Load Control program surcharge credit. The Direct Load Control program provides demand credits to Members based on the involvement of the Members' customers in the Direct Load Control program. The demand credit impacts the revenues included to determine the surcharge and a separate surcharge credit is calculated. However, this adjustment is reflected on the invoice EKPC send to the Member.

c. Refer to the column labelled "Billed to Retail Consumer & Recorded on Member's Books." Confirm that these amount are the actual environmental surcharge amounts billed and not environmental surcharge amounts actually collected from retail customers.

Response:

The amounts listed under the column "Billed to Retail Consumer & Recorded on Member's Books" are the actual surcharge accounts billed to the member-owners for that billing month.

Witness: Charles G. Williamson III

Request No. 13:

This question is addressed to the Member Cooperatives. Refer to the Member Cooperative Pass Through Mechanism Report in EKPC's monthly environmental surcharge report. Provide the revenue month to which the pass through factor (Column 15) calculated for the expense month will be applied.

Response:

Attached is a copy of the latest spreadsheet with the month BGE bills the member-owner as an additional column.

Witness: Charles G. Williamson III

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

For the Month Ending September 2016

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
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	Billing Month BGE Bill Member/Owner
			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)	
Oct-14	15.57%	0.00%	15.57%	\$ 5,474,526		\$ 5,474,526	\$ 7,352,547	\$ 1,144,792	\$ 112,830	\$ 1,257,622	\$ 7,815,603		\$ 7,815,603	\$ 9,830,735	12.82%	Dec-14
Nov-14	16.95%	0.00%	16.95%	\$ 7,409,201		\$ 7,409,201	\$ 7,393,109	\$ 1,253,132	\$ -	\$ 1,253,132	\$ 8,881,517		\$ 8,881,517	\$ 9,886,213	12.75%	Jan-15
Dec-14	13.88%	0.00%	13.88%	\$ 7,725,550		\$ 7,725,550	\$ 7,350,311	\$ 1,020,223	\$ -	\$ 1,020,223	\$ 10,480,326		\$ 10,480,326	\$ 9,909,443	10.32%	Feb-15
Jan-15	13.67%	0.00%	13.67%	\$ 9,012,752		\$ 9,012,752	\$ 7,230,250	\$ 988,375	\$ -	\$ 988,375	\$ 11,759,612		\$ 11,759,612	\$ 9,885,085	9.97%	Mar-15
Feb-15	11.49%	0.00%	11.49%	\$ 9,493,046		\$ 9,493,046	\$ 7,282,194	\$ 836,724	\$ -	\$ 836,724	\$ 12,501,580		\$ 12,501,580	\$ 9,740,622	8.46%	Apr-15
Mar-15	10.90%	0.00%	10.90%	\$ 7,311,935		\$ 7,311,935	\$ 7,219,377	\$ 786,912	\$ -	\$ 786,912	\$ 11,662,490		\$ 11,662,490	\$ 9,802,638	8.08%	May-15
Apr-15	14.44%	0.00%	14.44%	\$ 4,956,047		\$ 4,956,047	\$ 7,139,009	\$ 1,030,873	\$ -	\$ 1,030,873	\$ 8,430,923		\$ 8,430,923	\$ 9,718,434	10.52%	Jun-15
May-15	18.09%	0.00%	18.09%	\$ 5,361,423		\$ 5,361,423	\$ 7,066,877	\$ 1,278,398	\$ -	\$ 1,278,398	\$ 7,262,195		\$ 7,262,195	\$ 9,696,682	13.15%	Jul-15
Jun-15	18.44%	0.00%	18.44%	\$ 6,561,793		\$ 6,561,793	\$ 7,023,967	\$ 1,295,220	\$ -	\$ 1,295,220	\$ 8,024,182		\$ 8,024,182	\$ 9,636,784	13.36%	Aug-15
Jul-15	15.91%	0.00%	15.91%	\$ 6,923,442		\$ 6,923,442	\$ 7,002,195	\$ 1,114,049	\$ -	\$ 1,114,049	\$ 8,498,807		\$ 8,498,807	\$ 9,539,711	11.56%	Sep-15
Aug-15	16.25%	0.00%	16.25%	\$ 6,620,607		\$ 6,620,607	\$ 6,935,543	\$ 1,127,026	\$ 109,678	\$ 1,236,704	\$ 9,746,949		\$ 9,746,949	\$ 9,568,072	12.96%	Oct-15
Sep-15	17.07%	0.00%	17.07%	\$ 6,066,390		\$ 6,066,390	\$ 6,909,726	\$ 1,179,490	\$ 109,678	\$ 1,289,168	\$ 9,222,702		\$ 9,222,702	\$ 9,523,907	13.47%	Nov-15
Oct-15	18.51%	0.00%	18.51%	\$ 5,176,374		\$ 5,176,374	\$ 6,884,880	\$ 1,274,391	\$ 109,678	\$ 1,384,069	\$ 7,706,432		\$ 7,706,432	\$ 9,514,810	14.53%	Dec-15
Nov-15	18.81%	0.00%	18.81%	\$ 6,030,265		\$ 6,030,265	\$ 6,769,969	\$ 1,273,431	\$ 109,678	\$ 1,383,109	\$ 7,737,939		\$ 7,737,939	\$ 9,419,512	14.54%	Jan-16
Dec-15	18.40%	0.00%	18.40%	\$ 6,478,576		\$ 6,478,576	\$ 6,666,054	\$ 1,226,554	\$ 109,678	\$ 1,336,232	\$ 8,614,782		\$ 8,614,782	\$ 9,264,050	14.19%	Feb-16
Jan-16	16.00%	0.00%	16.00%	\$ 8,666,495		\$ 8,666,495	\$ 6,637,199	\$ 1,061,952	\$ 109,678	\$ 1,171,630	\$ 10,100,375		\$ 10,100,375	\$ 9,125,780	12.65%	Mar-16
Feb-16	10.92%	0.00%	10.92%	\$ 7,594,980		\$ 7,594,980	\$ 6,479,027	\$ 707,510	\$ -	\$ 707,510	\$ 12,123,791		\$ 12,123,791	\$ 9,094,297	7.75%	Apr-16
Mar-16	14.30%	0.00%	14.30%	\$ 5,880,050		\$ 5,880,050	\$ 6,359,704	\$ 909,438	\$ 15,177	\$ 924,615	\$ 9,462,792		\$ 9,462,792	\$ 8,910,989	10.17%	May-16
Apr-16	17.59%	0.00%	17.59%	\$ 5,179,644		\$ 5,179,644	\$ 6,378,337	\$ 1,121,949	\$ 15,177	\$ 1,137,126	\$ 8,326,776		\$ 8,326,776	\$ 8,902,310	12.76%	Jun-16
May-16	18.99%	0.00%	18.99%	\$ 5,302,066		\$ 5,302,066	\$ 6,373,390	\$ 1,210,307	\$ 15,177	\$ 1,225,484	\$ 7,384,242		\$ 7,384,242	\$ 8,912,481	13.77%	Jul-16
Jun-16	19.60%	0.00%	19.60%	\$ 6,353,890		\$ 6,353,890	\$ 6,356,065	\$ 1,245,789	\$ 15,177	\$ 1,260,966	\$ 7,886,860		\$ 7,886,860	\$ 8,901,037	14.15%	Aug-16
Jul-16	16.50%	0.00%	16.50%	\$ 7,189,319		\$ 7,189,319	\$ 6,378,221	\$ 1,052,407	\$ 15,177	\$ 1,067,584	\$ 9,050,572		\$ 9,050,572	\$ 8,947,018	11.99%	Sep-16
Aug-16	14.29%	0.00%	14.29%	\$ 7,456,629		\$ 7,456,629	\$ 6,447,890	\$ 921,403	\$ 29,513	\$ 950,916	\$ 9,922,182		\$ 9,922,182	\$ 8,961,620	10.63%	Oct-16
Sep-16	14.76%	0.00%	14.76%	\$ 6,400,099		\$ 6,400,099	\$ 6,475,699	\$ 955,813	\$ 14,336	\$ 970,149	\$ 10,010,083		\$ 10,010,083	\$ 9,027,235	10.83%	Nov-16

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.

(*) Due to billing error, Blue Grass undercollected Oct-14 surcharge revenues. An adjustment of \$112,830 is included to correct this error in the corresponding period's pass-through factor.

Column 4 - EKPC Revenues	DLC Rev	Subtot Rev	Buy Thru Charge (*)	Net Revenue
Total Revenue	7,338,893	(24,219)	7,314,674	7,314,674
Surcharge	(917,603)	3,028	(914,575)	(914,575)
Net Revenue	6,421,290	(21,191)	6,400,099	6,400,099

Note (*):
For PGW - Exclude Buy-thru charge, per BGEC/PGW contract dated 7/1/2013

Witness: Charles G. Williamson III