




Blue Grass Energy

A Touchstone Energy Cooperative 

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PUBLIC SERVICE
COMMISSION

December 9, 2016

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

RE: Case 2016-00335 Response to Commission Staff's Second Request for Information

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 information 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

The affiant, Charles G. Williamson III, Vice President, Finance & CFO for Blue Grass Energy Cooperative Corporation, states that the answers given by him to the foregoing questions are true and correct to the best of his knowledge, information, and belief formed after a reasonable inquiry.



Charles G. Williamson III

Subscribed and sworn to before me the affiant, Charles G. Williamson III, this 6th day of Dec 2016.

My commission expires 2/5/2019

Allison R. Muth #527583

Notary Public, State of Kentucky at Large



Request No. 3:

This item is addressed to each of the 16 Member Cooperatives.

a. Provide the accounting methodology (i.e., cash or accrual) utilized by your particular Member Cooperative.

Response:

Blue Grass Energy uses accrual accounting.

b. Explain whether the accounting methodology utilized by your particular Member Cooperative could exacerbate the possible impact to cash flow and margins caused by volatility in the environmental surcharge.

Response:

BGE does not believe that the use of accrual accounting could cause an impact to cash flow and margins caused by volatility in the environmental surcharge. Regardless of the accounting methodology employed, the timing of the cash paid by BGE to EKPC and the cash paid to BGE by its Members remains the same.

Witness: Charles G. Williamson III

Request No. 4:

This item is addressed to each of the 16 Member Cooperatives. For your particular Member Cooperative, provide the following information as it relates to the environmental surcharge calculated for EKPC's December 2015 expense month, as billed to the Member Cooperatives in February 2016 for January 2016 usage:

a. The month in which the Member Cooperative records the amount billed in February 2016 as an expense;

Response:

BGE accrues the power bill, including environmental surcharge amount, in the month in which it is incurred. The Environmental Surcharge connected to the January usage was recorded on the company's books in January 2016.

b. The month in which the retail customer's usage will be subject to the Member Cooperative's pass-through factor calculated from EKPC's December 2015 expense month;

Response:

BGE applied the Environmental Surcharge for EKPC's December 2015 expense month to bills rendered to its Members in February 2016. Those billings occur based on cycles throughout the month and reflect usage from January 2016 to February 2016. Generally, the billing period is approximately 30 days long and includes usage up to a few days before the account is billed.

c. The month in which the Member Cooperative bills its retail customers the pass-through factor calculated from EKPC's December 2015 expense month;

Response:

BGE applied the EKPC's December 2015 expense month to bills rendered to its retail customers in February 2016.

d. The month in which the Member Cooperative records as revenue the amount billed as revenue the amount billing in the month indicated in part c. above.

Response:

BGE accrues the environmental surcharge related to EKPC's December 2015 expense month due from members in its January 2016 books. That is the same month BGE accrues the expense related to EKPC's December 2015 expense month.

Witness: Charles G. Williamson III