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December 12, 2016

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Public Service
Commission

Ms. Talina R. Mathews
Executive Director
Kentucky Public Service Commission
211 Soward Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

RE: Case No. 2016-00335

Dear Ms. Mathews:

Enclosed are an original and eight (8) copies of the response of Fleming-Mason Energy Cooperative, Inc. for the Staff's Second Request for Information dated November 30, 2016 for the above referenced case.

Please contact the office if further information is required.

Sincerely,



Jennifer L. McRoberts
Office Manager

Enclosures

cc: Isaac Scott, East KY Power Cooperative
Managers, EKPC Distribution Cooperatives

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-MONTH BILLING PERIOD ENDING) CASE NO. 2016-00335
JUNE 30, 2016, AND THE PASS THROUGH)
MECHANISM FOR ITS SIXTEEN MEMBER)
DISTRIBUTION COOPERATIVES)

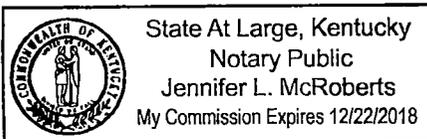
FLEMING-MASON ENERGY COOPERATIVE, INC.'S RESPONSE TO:
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION TO
EAST KENTUCKY POWER COOPERATIVE, INC.
AND EACH OF ITS SIXTEEN MEMBER COOPERATIVES

The affiant, Joni K. Hazelrigg, President & CEO for Fleming-Mason Energy Cooperative, Inc., states that the responses presented in this filing are true and correct to the best of her knowledge and belief.



Joni K. Hazelrigg

Subscribed and sworn to before me by the affiant, Joni K. Hazelrigg, this 12th day of December, 2016.





Notary Public, State of Kentucky at Large
My Commission expires 12/22/18

REQUEST 9:

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: Fleming-Mason Energy utilizes an accrual based accounting process.

- 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: Fleming-Mason does not think that a change in accounting methodology would impact the volatility. The volatility primarily stems from kWh usage fluctuations from month to month.

REQUEST 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: Fleming-Mason Energy records the entire power bill, including the environmental surcharge, received the first of February for the January usage as a January, 2016 expense.

- 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: February, 2016

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

RESPONSE: February, 2016

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

RESPONSE: February, 2016