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PUBLIC SERVICE  
COMMISSION

December 12, 2016

Talina R. Mathews  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, KY 40602

RE: PSC Case No. 2016-00335

Dear Ms. Mathews:

Please find enclosed for filing with the Commission in the above-referenced case an original and eight (8) copies of the responses of Taylor County Rural Electric Cooperative, Corporation to the Commission's Second Information Requests, contained in the Commission's Order dated November 30, 2016.

Please let me know if additional information is needed.

Sincerely,

TAYLOR COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION

Patsy Walters  
Accounting Supervisor

Enclosures

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**  
**CASE NO. 2016-00335**  
**RESPONSE TO COMMISSION STAFF'S SECOND REQUEST**

**VERIFICATION**

I verify state and affirm that the testimony filed with this verification and for which I am listed as a witness is true and correct to the best of my knowledge, information and belief formed after a reasonable inquiry.

Patsy R. Walters  
Patsy R. Walters, Accounting Supervisor

State of Kentucky

County of Taylor

The foregoing was signed, acknowledged and sworn to before me by Patsy R. Walters, the first day of December 12, 2016.

Shyllis Rhodes  
Notary Public

My Commission Expires: 01/22/19 ID# 524377

**TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION  
P O BOX 100  
CAMPBELLSVILLE, KY 42719-0100  
PSC CASE. 2016-00335  
RESPONSE TO COMMISSION STAFF'S SECOND REQUEST**

**WITNESS: Patsy R. Walters**

**Request 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 3(a).**

Taylor County RECC uses the accrual method of accounting however the environmental surcharge is expensed in the month it is billed. The environment surcharge revenue is recorded in the month billed to retail customers.

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 environment surcharge.

**Response 3(b).**

Taylor County RECC doesn't feel the accounting methodology utilized would significantly impact the cash flow and margins caused by the volatility in the environment surcharge.

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**WITNESS: Patsy R. Walters**

**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 Cooperative 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 4(a).**

Taylor County RECC recorded the amount billed in February 2016 as an expense in February 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 4(b).**

January 2016 was the month the retail customer's usage was subject to Taylor County RECC's pass-through factor of 12.25% from EKPC's December 2015 expense month.

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

**Response 4(c).**

February 2016 is the month Taylor County RECC billed its retail customers the pass-through factor of 12.25% calculated from EKCP's December 2015 expense month.

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

**Response 4(d).**

February 2016 is the month Taylor County RECC recorded as revenue the amounts billed in the month indicated in part c. above.