

Grayson Rural Electric Cooperative Corporation

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COMMISSION

December 12, 2016

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

Dear Ms. Mathews:

Re: PSC Case No. 2016-00335

In accordance with the Commission's Order in the above referenced case, dated November 30, 2016, please find enclosed for filing with the Commission the original plus 8 (eight) copies of the responses in the above referenced case.

If you have any questions about this filing, please feel free to contact me.

Very truly yours,



James Bradley Cherry
Manager of Finance & Accounting

Enclosures

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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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) 2016-00335
JUNE 30, 2016 AND THE PASS THROUGH)
MECHANISM FOR ITS SIXTEEN MEMBER)
DISTRBUTION COOPERATIVES)

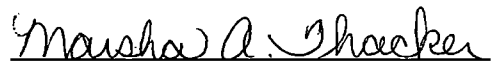
GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION'S RESPONSE TO:

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION TO
EAST KENTUCKY POWER COOPERATIVE, INC.
AND EACH OF ITS SIXTEEN MEMBER COOPERATIVES

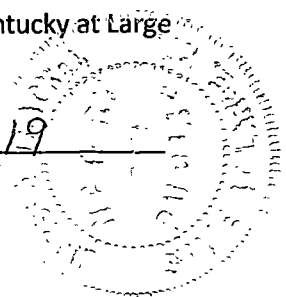
The affiant, James Bradley Cherry, Manager of Finance & Accounting for Grayson Rural Electric Cooperative Corporation, states that the testimony and the data presented in this filing are true and correct to the best of his knowledge and belief.


James Bradley Cherry

Subscribed and sworn to before me by the affiant, James Bradley Cherry, this 12th day of December, 2016.


Notary Public, State of Kentucky at Large

My Commission expires 1-9-2019



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Request: 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

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

Response: a. Grayson Rural Electric utilizes the accrual accounting methodology

b. Grayson Rural Electric does not feel that the accounting methodology utilized would exacerbate the cash flow and margins caused by the volatility in the environmental surcharge

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Request: 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.
- 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.
- c. The month in which the Member Cooperative bills its retail customers the pass-through factor calculated from EKPC'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:**
- a. January 2016
 - b. February 2016
 - c. February 2016
 - d. February 2016