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PUBLIC SERVICE  
COMMISSION

**OWEN** *Electric*

A Touchstone Energy Cooperative 

**Case No.**  
**2016-00335**

**SECOND INFORMATION REQUEST OF THE  
PUBLIC SERVICE COMMISSION**

**OWEN ELECTRIC COOPERATIVE, INC.**

**8205 Hwy 127 N**

**PO Box 400**

**Owenton, KY 40359**

**502-484-3471**

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December 14, 2016

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

RE: PSC Case No. 2016-00335

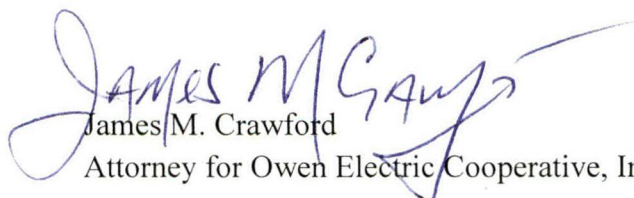
Dear Ms. Mathews:

Please find enclosed for filing with the Commission in the above-referenced case, an original and eight copies of the responses of Owen Electric Cooperative, Inc. to the Commission Staff's Second Request for Information to East Kentucky Power Cooperative, Inc. and Each of its Sixteen Member Cooperatives, dated November 30, 2016.

Please contact me with any questions.

Respectfully yours,

CRAWFORD & BAXTER, P.S.C.

  
James M. Crawford  
Attorney for Owen Electric Cooperative, Inc.

cc: Parties of Record



**OWEN ELECTRIC COOPERATIVE, INC.**

**PSC CASE NO. 2016-00335**

**ENVIRONMENTAL SURCHARGE MECHANISM**

**RESPONSE TO SECOND INFORMATION REQUEST**

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION TO EAST  
KENTUCKY POWER COOPERATIVE, INC. AND EACH OF ITS SIXTEEN MEMBER  
COOPERATIVES DATED 11/30/2016**

**REQUEST 3**

**RESPONSIBLE PARTY: Ann F. Wood**

**Request 3:** This question is addressed to each of the 16 Member Cooperatives.

**Request 3a:** Provide the accounting methodology (i.e., cash or accrual) utilized by your particular Member Cooperative,

**Response 3a:** Owen Electric utilizes accrual accounting.

**Request 3b.** 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 3b:** The use of accrual accounting does not exacerbate the impact to cash flow and margins caused by volatility in the environmental surcharge. Owen Electric notes that the revised methodology in determining over/under-recoveries, which was approved by the Commission in Case No. 2015-00281 for use in subsequent review cases, has improved margin volatility.

**OWEN ELECTRIC COOPERATIVE, INC.**

**PSC CASE NO. 2016-00335**

**ENVIRONMENTAL SURCHARGE MECHANISM**

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COOPERATIVES DATED 11/30/2016**

**REQUEST 4**

**RESPONSIBLE PARTY: Ann F. Wood**

**Request 4:** This question 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:

**Request 4a:** The month in which the Member Cooperative records the amount billed in February 2016 as an expense;

**Response 4a:** Owen Electric records the EKPC purchased power bill received in February 2016 for January 2016 usage as a January 2016 expense. The environmental surcharge portion of this power bill reflected EKPC's December expense month factor of 18.40%.

**Request 4b:** 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 4b:** Owen Electric's pass-through factor of 8.46%, as calculated in EKPC's December 2015 expense month filing, was applied to February 2016 retail bills.

**Request 4c:** The month in which the Member Cooperative bills its retail customers the pass-through factor calculated from EKPC's December 2015 expense month;

**Response 4c:** Owen Electric applied the pass-through factor of 8.46%, as calculated in EKPC's December 2015 expense month filing, to February 2016 retail bills.

**Request 4d:** The month in which the Member Cooperative records as revenue the amounts billed in the month indicated in part c. above.

**Response 4d:** Owen Electric recorded this revenue in February 2016.