




# Shelby Energy Cooperative

® A Touchstone Energy Cooperative 

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PUBLIC SERVICE  
COMMISSION

December 13th ,2016

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

RE: Case No. 2016-00335

Dear Ms. Matthews:

Enclosed are an original and eight (8) copies of Shelby Energy Cooperative Inc.'s response to the commission staff's second request for information to East Kentucky Power Cooperative and each of its sixteen member cooperatives dated November 30, 2016. The information has been provided by email to all parties of record.

Should you have any questions or need further information, please let me know.

Sincerely,



Mary Federle  
Billing Manager

Enclosures

[www.shelbyenergy.com](http://www.shelbyenergy.com)

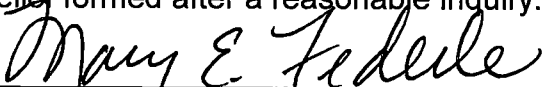
620 Old Finchville Road • Shelbyville, Kentucky 40065-1714  
1-800-292-6585 • Shelby Co. (502) 633-4420 • Trimble Co. (502) 255-3001 • Fax: (502) 633-2387

*This institution is an equal opportunity provider and employer.*

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION  
CASE NO. 2016-00335

VERIFICATION

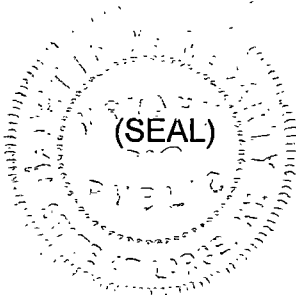
The undersigned, Mary E. Federle, Billing Manager of Shelby Energy Cooperative, Inc. certifies that the responses contained in this document are true and accurate to the best of her knowledge, information and belief formed after a reasonable inquiry.

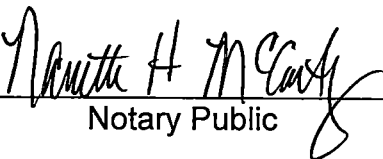
  
\_\_\_\_\_  
Mary E. Federle

COMMONWEALTH OF KENTUCKY

COUNTY OF SHELBY

Subscribed and sworn to before me by Mary E. Federle, Billing Manager of Shelby Energy Cooperative, Inc., to be her free act and deed this 13th day of December, 2016.



  
\_\_\_\_\_  
Notary Public

My Commission Expires:

4/25/20

ID: 555618

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

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

DATED: November 30, 2016

**Shelby Energy Cooperative's Response to the  
Commission Staff's Second Request for Information  
Case No. 2016-00335**

**Question:**

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,
  - 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**

3.
  - a. Shelby Energy Cooperative uses accrual accounting.
  - b. Shelby Energy Cooperative 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. The timing of cash paid by Shelby Energy Cooperative to EKPC and the cash paid to Shelby Energy Cooperative from its Members remain the same.

Witness: Mary E. Federle

**Shelby Energy Cooperative's Response to the  
Commission Staff's Second Request for Information  
Case No. 2016-00335**

**Question:**

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;
- 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**

- 4 a. Shelby Energy records the amount billed in February 2016 as an expense for February 2016.

**Shelby Energy Cooperative's Response to the  
Commission Staff's Second Request for Information  
Case No. 2016-00335**

b. The Member Cooperative's pass-through factor calculated from the EKPC's December 2015 expense month is applied to usage billed for February, 2016 that occur from February 16, 2016 through March 15, 2016. Generally, the usage period is approximately 30 days and includes usage up to a few days before the accounts are billed.

c. The Member Cooperative's pass-through factor calculated from EKPC's December 2015 expense is billed to the retail customer accounts billed February, 2016 beginning February 16, 2016 through March 15, 2016.

d. The month in which the Member Cooperative records the revenue for the amounts billed from February 16, 2016 through March 15, 2016 is the February, 2016 revenue month.

Witness: Mary E. Federle