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March 23, 2017

Talina R. Mathews, Ph.D.
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

RECEIVED

MAR 27 2017

PUBLIC SERVICE
COMMISSION

Re: Case No. 2017-00071

Dear Dr. Mathews:

Enclosed for filing is the original and eight (8) copies of the Commission Staff's First Request for Information, dated February 21, 2017, regarding the Examination of the Environmental Surcharge Mechanism of East Kentucky Power Cooperative, Inc. and the Pass Through Mechanism for its Sixteen Member Distribution Cooperative.

The applicant, Farmers Rural Electric Cooperative Corporation, makes the following response as follows:

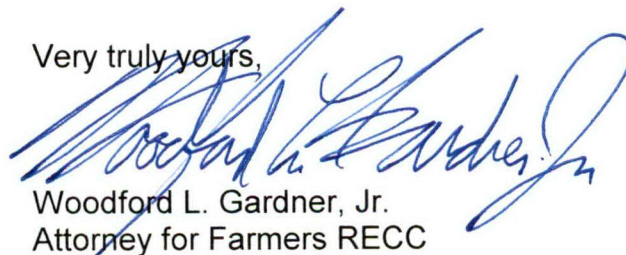
The witness who is prepared to answer questions concerning the request is William T. Prather.

William T. Prather, President & CEO of Farmers RECC, is the person supervising the preparation of the responses on behalf of the applicant.

The responses and exhibits are attached hereto and incorporated by referenced herein.

Thank you for your assistance.

Very truly yours,



Woodford L. Gardner, Jr.
Attorney for Farmers RECC

Enclosure

cc: Isaac Scott @ East Kentucky Power Cooperative
Managers @ Member 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)	CASE NO.
SIX-MONTH BILLING PERIOD ENDING DECEMBER 31, 2016)	2017-00071
AND THE PASS THROUGH MECHANISM FOR ITS)	
SIXTEEN MEMBER DISTRIBUTION COOPERATIVES)	

CERTIFICATE

William T. Prather, being duly sworn, states that he has supervised the preparation of the response of Farmers Rural Electric Cooperative Corporation to the Public Service Commission Staff's First Request for Information to East Kentucky Power Cooperative, Inc.'s Sixteen Member Distribution Cooperatives in the above-referenced case, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

William T. Prather

COMMONWEALTH OF KENTUCKY)
)
 COUNTY OF BARREN)

Subscribed and sworn to before me by William T. Prather, President & CEO of Farmers Rural Electric Cooperative Corporation this 23 day of March, 2017.

Anna Lee Foushee

 Notary Public
 ID: 446566

My Commission Expires: 07-30-2019

**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION
PSC CASE NO. 2017-00071
RESPONSE TO COMMISSION STAFF'S FIRST REQUEST**

Request 2.

This question is addressed to EKPC and Member Cooperatives. For each of the 16 Member Cooperative, prepare a summary schedule showing the Member Cooperative's pass-through revenue requirement for the months corresponding with the six-month review. Include a calculation of an additional over- or under-recovery amount the distribution cooperative believes needs to be recognized for the six-month review. Provide the schedule and all supporting calculations and documentation in Excel spreadsheet format with all cells and formulas intact and unprotected.

Response 2.

Please see the enclosed CD for each Member Cooperatives' schedule and calculation of over-or-under recovery for the current review period, provided by EKPC. *A copy is also attached to this response.*

Farmers - Calculation of (Over)/Under Recovery

Line No.	Month & Year	EKPC Invoice Month recorded Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
		(2)	(3)	(4)	(5)
1	Previous (Over)/Under-Recovery Remaining to be Amortized				
1a	From Case No. 2014-00051 (Over)/Under-Recovery				(\$151,220)
1b	From Case No. 2015-00281 (Over)/Under-Recovery				(\$347,068)
1c	From Case No. 2016-00144 (Over)/Under-Recovery				(\$13,549)
1d	From Case No. 2016-00335 (Over)/Under-Recovery				\$0
1e	Total Previous (Over)/Under-Recovery				(\$511,837)
2	Jul-16	\$567,479	\$380,171	\$187,308	(\$324,529)
3	Aug-16	\$486,948	\$405,303	\$81,645	(\$242,885)
4	Sep-16	\$357,910	\$316,460	\$41,451	(\$201,434)
5	Oct-16	\$299,623	\$250,883	\$48,740	(\$152,694)
6	Nov-16	\$375,338	\$312,986	\$62,352	(\$90,341)
7	Dec-16	\$590,500	\$453,136	\$137,364	\$47,022
Post Review	Jan-17	\$498,104	\$548,535	(\$50,431)	(\$3,409)
	Feb-17	\$261,735	\$443,617	(\$181,882)	(\$185,290)
Less Adjustment for Order amounts remaining to be amortized at end of review period December 2016					
8		Amount Per Case Order Remaining to be Amortized at beginning of Review Period	Amortization of Previous (Over)/Under Recoveries During Review Period		Amount Per Case Order Remaining to be Amortized at end of Review Period
8a	Case No. 2014-00051 Recovery		\$151,220	(\$151,224)	(\$4)
8b	Case No. 2015-00281 Recovery		\$347,068	(\$347,068)	\$0
8c	Case No. 2016-00144 Recovery		\$13,549	(\$6,774)	\$6,775
8d	Case No. 2016-00335 Recovery		\$0	\$0	\$0
8e	Total Order amounts remaining - Over/(Under):				\$6,771
9	Cumulative six month (Over)/Under-Recovery [Cumulative net of remaining Case amortizations (Ln 7&8)]				\$53,793
10	Monthly recovery (per month for six months)				\$8,966
Reconciliation:					
11	Previous (Over)/Under-Recovery Remaining to be Amortized, beginning of Review Period				(\$511,837)
12	Previous (Over)/Under-Recovery Remaining to be Amortized, ending of Review Period				\$6,771
13	Total Amortization during Review Period				(\$505,066)
14	(Over)/Under-Recovery from Column 5, Line 9				\$53,793
15	Less: Total Monthly (Over)/Under-Recovery for Review Period (Column 4, Lines 2 thru 7)				\$558,859
16	Difference				(\$505,066)

Amortization Detail, Column 3, Line 8:

Month & Year	Case No. 2014-00051	Case No. 2015-00281	Case No. 2016-00144	Case No. 2016-00335
Jul-16	(\$50,408)	(\$86,767)	\$0	\$0
Aug-16	(\$50,408)	(\$86,767)	\$0	\$0
Sep-16	(\$50,408)	(\$86,767)	\$0	\$0
Oct-16	\$0	(\$86,767)	(\$2,258)	\$0
Nov-16	\$0	\$0	(\$2,258)	\$0
Dec-16	\$0	\$0	(\$2,258)	\$0
Totals	(\$151,224)	(\$347,068)	(\$6,774)	\$0

**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION
PSC CASE NO. 2017-00071
RESPONSE TO COMMISSION STAFF'S FIRST REQUEST**

Request 6.

This question is addressed to each of the 16 Member Cooperatives. For your particular Member Cooperative, provide the actual average residential customer's monthly usage for the 12 months ended November 30, 2016. Based on this usage amount, provide the dollar impact any over- or under-recovery will have on the average residential customer's monthly bill for the requested recovery period.

Response 6.

Please see the schedules attached to this response.

Farmers Rural Electric Cooperative Corporation
Case No. 2017-00071

Actual Average Bill

30 Day Monthly Usage	1,081	kwh
Energy	\$	96.15
Customer Charge		9.35
Fuel @ (\$0.00657)		(7.10)
Environmental Surcharge		
@ 13.85%		13.63 *
Local School Tax @ 3.0%		3.36
Total Bill Amount		\$ 115.39

** See PSC Request 6, Page 3 of 4*

Recovery Period of Six Months

30 Day Monthly Usage	1,081	kwh
Energy	\$	96.15
Customer Charge		9.35
Fuel @ (\$0.00657)		(7.10)
Environmental Surcharge		
@ 14.10%		13.87 ***
Local School Tax @ 3.0%		3.37
Total Bill Amount		\$ 115.64

**** See PSC Request 6, Page 4 of 4*

Notes:

- Fuel is calculated on kwh amount.
- Environmental Surcharge is calculated on energy, customer charge and fuel.
- School Tax is calculated on all charges.

East Kentucky Power Cooperative, Inc. - Distribution Cooperatives
 Pass Through Mechanism Report for Farmers RECC

For the Month Ending January 2017

Surcharge Factor Expense Month	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	EKPC CESF %	EKPC BESF %	EKPC MESF %	EKPC Monthly Revenues from Sales to Farmers	On-peak Revenue Adjustment	EKPC Net Monthly Sales to Farmers	EKPC 12-months Ended Average Monthly Revenue from Sales to Farmers	Farmers Revenue Requirement	Amortization of (Over)/Under Recovery	Farmers Net Revenue Requirement	Farmers Total Monthly Retail Revenues	On-Peak Retail Revenue Adjustment	Farmers Net Monthly Retail Revenues	12-months ended Avg. Retail Revenues, Net	Farmers Pass- Through Mechanism Factor
			Col. (1) - Col. (2)			Col. (4) - Col. (5)		Col (3) x Col (7)		Col (8) + Col (9)			Col. (11) - Col. (12)		Col (10) / Col (14)
Feb-15	11.49%	0.00%	11.49%	\$ 3,456,440		\$ 3,456,440	\$ 2,834,931	\$ 325,734	\$ -	\$ 325,734	\$ 4,358,231		\$ 4,358,231	\$ 3,889,537	8.41%
Mar-15	10.90%	0.00%	10.90%	\$ 2,734,256		\$ 2,734,256	\$ 2,810,271	\$ 306,320	\$ -	\$ 306,320	\$ 3,163,438		\$ 3,163,438	\$ 3,866,537	7.88%
Apr-15	14.44%	0.00%	14.44%	\$ 1,900,065		\$ 1,900,065	\$ 2,780,387	\$ 401,488	\$ -	\$ 401,488	\$ 3,029,485		\$ 3,029,485	\$ 3,863,192	10.38%
May-15	18.09%	0.00%	18.09%	\$ 2,061,720		\$ 2,061,720	\$ 2,749,523	\$ 497,389	\$ -	\$ 497,389	\$ 3,135,042		\$ 3,135,042	\$ 3,822,918	12.88%
Jun-15	18.44%	0.00%	18.44%	\$ 2,712,742		\$ 2,712,742	\$ 2,736,311	\$ 504,576	\$ -	\$ 504,576	\$ 3,742,771		\$ 3,742,771	\$ 3,801,037	13.20%
Jul-15	15.91%	0.00%	15.91%	\$ 2,983,706		\$ 2,983,706	\$ 2,737,836	\$ 435,590	\$ -	\$ 435,590	\$ 4,109,024		\$ 4,109,024	\$ 3,809,430	11.46%
Aug-15	16.25%	0.00%	16.25%	\$ 2,687,371		\$ 2,687,371	\$ 2,711,912	\$ 440,686	\$ (50,408)	\$ 390,278	\$ 3,676,737		\$ 3,676,737	\$ 3,793,562	10.25%
Sep-15	17.07%	0.00%	17.07%	\$ 2,448,619		\$ 2,448,619	\$ 2,701,770	\$ 461,192	\$ (50,408)	\$ 410,784	\$ 3,161,992		\$ 3,161,992	\$ 3,792,201	10.83%
Oct-15	18.51%	0.00%	18.51%	\$ 2,094,476		\$ 2,094,476	\$ 2,691,723	\$ 498,238	\$ (50,408)	\$ 447,830	\$ 3,044,291		\$ 3,044,291	\$ 3,734,164	11.81%
Nov-15	18.81%	0.00%	18.81%	\$ 2,346,259		\$ 2,346,259	\$ 2,650,916	\$ 498,637	\$ (50,408)	\$ 448,229	\$ 3,374,226		\$ 3,374,226	\$ 3,668,031	12.00%
Dec-15	18.40%	0.00%	18.40%	\$ 2,487,616		\$ 2,487,616	\$ 2,610,860	\$ 480,398	\$ (50,408)	\$ 429,990	\$ 4,126,474		\$ 4,126,474	\$ 3,626,400	11.72%
Jan-16	16.00%	0.00%	16.00%	\$ 3,299,417		\$ 3,299,417	\$ 2,601,057	\$ 416,169	\$ (50,408)	\$ 365,761	\$ 4,407,396		\$ 4,407,396	\$ 3,610,759	10.09%
Feb-16	10.92%	0.00%	10.92%	\$ 2,908,554		\$ 2,908,554	\$ 2,555,400	\$ 279,050	\$ (50,408)	\$ 228,642	\$ 3,645,850		\$ 3,645,850	\$ 3,551,394	6.33%
Mar-16	14.30%	0.00%	14.30%	\$ 2,256,274		\$ 2,256,274	\$ 2,515,568	\$ 359,726	\$ (137,175)	\$ 222,551	\$ 3,339,627		\$ 3,339,627	\$ 3,566,076	6.27%
Apr-16	17.59%	0.00%	17.59%	\$ 1,937,528		\$ 1,937,528	\$ 2,518,690	\$ 443,038	\$ (137,175)	\$ 305,863	\$ 2,790,973		\$ 2,790,973	\$ 3,546,200	8.58%
May-16	18.99%	0.00%	18.99%	\$ 2,089,047		\$ 2,089,047	\$ 2,520,967	\$ 478,732	\$ (137,175)	\$ 341,557	\$ 3,196,530		\$ 3,196,530	\$ 3,551,324	9.63%
Jun-16	19.60%	0.00%	19.60%	\$ 2,630,171		\$ 2,630,171	\$ 2,514,087	\$ 492,761	\$ (137,175)	\$ 355,586	\$ 3,947,670		\$ 3,947,670	\$ 3,568,399	10.01%
Jul-16	16.50%	0.00%	16.50%	\$ 2,895,294		\$ 2,895,294	\$ 2,506,719	\$ 413,609	\$ (137,175)	\$ 276,434	\$ 4,048,924		\$ 4,048,924	\$ 3,563,391	7.75%
Aug-16	14.29%	0.00%	14.29%	\$ 2,951,197		\$ 2,951,197	\$ 2,528,704	\$ 361,352	\$ (89,025)	\$ 272,327	\$ 4,083,349		\$ 4,083,349	\$ 3,597,275	7.64%
Sep-16	14.76%	0.00%	14.76%	\$ 2,504,620		\$ 2,504,620	\$ 2,533,371	\$ 373,926	\$ (2,258)	\$ 371,668	\$ 3,283,774		\$ 3,283,774	\$ 3,607,424	10.33%
Oct-16	17.17%	0.00%	17.17%	\$ 2,029,968		\$ 2,029,968	\$ 2,527,995	\$ 434,057	\$ (2,258)	\$ 431,799	\$ 3,029,773		\$ 3,029,773	\$ 3,606,214	11.97%
Nov-16	19.95%	0.00%	19.95%	\$ 2,186,021		\$ 2,186,021	\$ 2,514,642	\$ 501,671	\$ (2,258)	\$ 499,413	\$ 3,785,221		\$ 3,785,221	\$ 3,640,463	13.85%
Dec-16	16.92%	0.00%	16.92%	\$ 2,959,885		\$ 2,959,885	\$ 2,553,998	\$ 432,136	\$ (2,258)	\$ 429,878	\$ 3,960,257		\$ 3,960,257	\$ 3,626,612	11.81%
Jan-17	11.21%	0.00%	11.21%	\$ 2,943,867		\$ 2,943,867	\$ 2,524,369	\$ 282,982	\$ (2,259)	\$ 280,723					7.74%

East Kentucky Power Cooperative, Inc. - Distribution Cooperatives
 Pass Through Mechanism Report for Farmers RECC

For the Month Ending January 2017

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Surcharge Factor Expense Month	EKPC CESF %	EKPC BESF %	EKPC MESF %	EKPC Monthly Revenues from Sales to Farmers	On-peak Revenue Adjustment	EKPC Net Monthly Sales to Farmers	EKPC 12-months Ended Average Monthly Revenue from Sales to Farmers	Farmers Revenue Requirement	Amortization of (Over)/Under Recovery	Farmers Net Revenue Requirement	Farmers Total Monthly Retail Revenues	On-Peak Retail Revenue Adjustment	Farmers Net Monthly Retail Revenues	12-months ended Avg. Retail Revenues, Net	Farmers Pass Through Mechanism Factor
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Jun-16	19.60%	0.00%	19.60%	\$ 2,630,171		\$ 2,630,171	\$ 2,514,087	\$ 492,761	\$ (137,175)	\$ 355,586	\$ 3,947,670		\$ 3,947,670	\$ 3,568,399	10.01%
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Aug-16	14.29%	0.00%	14.29%	\$ 2,951,197		\$ 2,951,197	\$ 2,528,704	\$ 361,352	\$ (89,025)	\$ 272,327	\$ 4,083,349		\$ 4,083,349	\$ 3,597,275	7.64%
Sep-16	14.76%	0.00%	14.76%	\$ 2,504,620		\$ 2,504,620	\$ 2,533,371	\$ 373,926	\$ (2,258)	\$ 371,668	\$ 3,283,774		\$ 3,283,774	\$ 3,607,424	10.33%
Oct-16	17.17%	0.00%	17.17%	\$ 2,029,968		\$ 2,029,968	\$ 2,527,995	\$ 434,057	\$ (2,258)	\$ 431,799	\$ 3,029,773		\$ 3,029,773	\$ 3,606,214	11.97%
Nov-16	19.95%	0.00%	19.95%	\$ 2,186,021		\$ 2,186,021	\$ 2,514,642	\$ 501,671	\$ 6,708	\$ 508,379	\$ 3,785,221		\$ 3,785,221	\$ 3,640,463	14.10%***
Dec-16	16.92%	0.00%	16.92%	\$ 2,959,885		\$ 2,959,885	\$ 2,553,998	\$ 432,136	\$ (2,258)	\$ 429,878	\$ 3,960,257		\$ 3,960,257	\$ 3,626,612	11.81%
Jan-17	11.21%	0.00%	11.21%	\$ 2,943,867		\$ 2,943,867	\$ 2,524,369	\$ 282,982	\$ (2,259)	\$ 280,723					7.74%