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PUBLIC SERVICE
COMMISSION

RICHARDSON GARDNER & ALEXANDER

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September 28, 2015

Mr. Jeff Derouen
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

Re: Case No. 2015-00281

Dear Mr. Derouen:

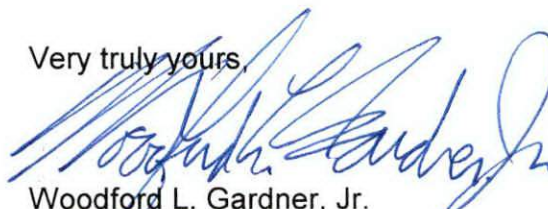
Enclosed for filing is the original and seven (7) copies of the Commission Staff's First Request for Information, dated August 31, 2015, regarding the Examination of the Environmental Surcharge Mechanism of East Kentucky Power Cooperative, Inc. and the Pass Through Mechanism for its Sixteen Member Distribution Cooperative.

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

1. The witness who is prepared to answer questions concerning the request is William T. Prather.
2. William T. Prather, President & CEO of Farmers RECC, is the person supervising the preparation of the responses on behalf of the applicant.
3. The response and exhibit are attached hereto and incorporated by referenced herein.

Thank you for your assistance.

Very truly yours,



Woodford L. Gardner, Jr.
Richardson Gardner & Alexander
Attorney for Farmers RECC
270-651-8884 • 270-651-3662 (fax)

Enclosures

cc: Isaac Scott @ East Kentucky Power Cooperative
Managers @ Member Distribution Cooperatives

F:\Clients\F\Farmers RECC\Derouen, Jeff ltr.09.28.15.wpd

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-MONTH BILLING PERIOD ENDING DECEMBER 31, 2014,	)	CASE NO.
TWO-YEAR BILLING PERIOD ENDING JUNE 30, 2015,	)	2015-00281
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 28th day of September, 2015.

Gina J. Reese
Notary Public
ID: 446566

My Commission Expires: 07-30-2019

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION
PSC CASE NO. 2015-00281
RESPONSE TO COMMISSION STAFF'S FIRST REQUEST

Request 8.

This question is addressed to EKPC and 16 Member Cooperatives. For your particular distribution cooperative, provide the actual average residential customer's monthly usage for the 12 months ended May 31, 2015. 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. Provide all supporting calculations.

Response 8.

The (over)/under-recovery used to determine the impact on the average residential customer's monthly bill has been determined using the traditional methodology used in previous surcharge reviews. Exhibit A shows this traditional approach. Farmers RECC respectfully requests that the Commission consider and approve a 12-month amortization for Farmers RECC to mitigate the fluctuations in our members' bills, avoid extremes from one review case to the next and limit margin fluctuations.

Farmers RECC continues to believe that the methodology used to determine the (over)/under-recovery needs revision and is working with the other EKPC members to reach a solution. Farmers RECC also supports the proposal that a future informal conference with the Commission Staff be held to discuss the issues.

Witness: William T. Prather

Farmers Rural Electric Cooperative Corporation
Case No. 2015-00281

****Traditional Approach****

Actual Average Bill	
---------------------	--

30 Day Monthly Usage	1,140 kwh	
Energy	\$	94.29
Customer Charge		9.35
Fuel @ (\$0.00158)		(1.80)
Environmental Surcharge		
@ 13.20%	13.44	*
Local School Tax @ 3.0%	3.46	
Total Bill Amount	\$	118.74

** See Exhibit A, Page 3 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.

Recovery Period of Twelve Months	
----------------------------------	--

30 Day Monthly Usage	1,140 kwh	
Energy	\$	94.29
Customer Charge		9.35
Fuel @ (\$0.00158)		(1.80)
Environmental Surcharge		
@ 12.06%	12.28	**
Local School Tax @ 3.0%	3.42	
Total Bill Amount	\$	117.54

*** See Exhibit A, Page 4 of 4*

Farmers RECC - Calculation of (Over)/Under				
	EKPC Invoice Month recorded Member's Books	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Jul-13	\$ 466,162	\$ 491,870	\$ (25,708)	\$ (25,708)
Aug-13	\$ 432,240	\$ 487,937	\$ (55,697)	\$ (81,405)
Sep-13	\$ 369,778	\$ 557,291	\$ (187,513)	\$ (268,918)
Oct-13	\$ 329,614	\$ 490,337	\$ (160,723)	\$ (429,640)
Nov-13	\$ 441,498	\$ 504,930	\$ (63,432)	\$ (493,072)
Dec-13	\$ 541,894	\$ 653,714	\$ (111,820)	\$ (604,892)
Jan-14	\$ 570,498	\$ 789,556	\$ (219,058)	\$ (219,058)
Feb-14	\$ 355,351	\$ 780,558	\$ (425,207)	\$ (644,265)
Mar-14	\$ 164,843	\$ 346,118	\$ (181,275)	\$ (825,540)
Apr-14	\$ 262,457	\$ 134,974	\$ 127,483	\$ (698,057)
May-14	\$ 327,603	\$ 250,190	\$ 77,413	\$ (620,645)
Jun-14	\$ 454,678	\$ 344,467	\$ 110,211	\$ (510,434)
Jul-14	\$ 464,810	\$ 451,799	\$ 13,011	\$ (497,423)
Aug-14	\$ 431,176	\$ 445,728	\$ (14,552)	\$ (511,975)
Sep-14	\$ 324,377	\$ 395,227	\$ (70,850)	\$ (582,825)
Oct-14	\$ 299,695	\$ 286,308	\$ 13,387	\$ (569,439)
Nov-14	\$ 441,558	\$ 371,620	\$ 69,938	\$ (499,501)
Dec-14	\$ 503,123	\$ 476,382	\$ 26,741	\$ (472,760)
Jan-15	\$ 474,286	\$ 573,772	\$ (99,486)	\$ (572,246)
Feb-15	\$ 472,496	\$ 473,270	\$ (774)	\$ (573,020)
Mar-15	\$ 314,166	\$ 427,115	\$ (112,949)	\$ (685,968)
Apr-15	\$ 207,107	\$ 266,047	\$ (58,940)	\$ (744,909)
May-15	\$ 297,712	\$ 238,725	\$ 58,987	\$ (685,922)
Jun-15	\$ 490,737	\$ 325,418	\$ 165,319	\$ (520,602)
Jul-15	\$ 550,195	\$ 482,078	\$ 68,117	\$ (452,485)
Aug-15	\$ 427,561	\$ 542,394	\$ (114,833)	\$ (567,318)
Cumulative 18-months (Over)/Under Recovery				(520,602)
Monthly Recovery (per month for twelve months)				(43,384)
Total Net (Over)/Under Recovery for 2-Year Period				(1,125,495)

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

For the Month Ending August 2015

	(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
			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)
Sep-13	14.93%	0.00%	14.93%	\$ 2,387,197		\$ 2,387,197	\$ 2,636,856	\$ 393,683	\$ 159,971	\$ 553,654	\$ 3,160,830		\$ 3,160,830	\$ 3,690,829	15.11%
Oct-13	16.69%	0.00%	16.69%	\$ 2,207,728		\$ 2,207,728	\$ 2,643,104	\$ 441,134	\$ 159,971	\$ 601,105	\$ 3,341,727		\$ 3,341,727	\$ 3,690,743	16.29%
Nov-13	17.43%	0.00%	17.43%	\$ 2,645,278		\$ 2,645,278	\$ 2,645,577	\$ 461,124	\$ 159,971	\$ 621,095	\$ 4,012,992		\$ 4,012,992	\$ 3,729,876	16.83%
Dec-13	14.54%	0.00%	14.54%	\$ 3,108,968		\$ 3,108,968	\$ 2,666,768	\$ 387,748	\$ 159,971	\$ 547,719	\$ 4,690,507		\$ 4,690,507	\$ 3,762,225	14.68%
Jan-14	10.92%	0.00%	10.92%	\$ 3,923,632		\$ 3,923,632	\$ 2,733,782	\$ 298,529	\$ 14,745	\$ 313,274	\$ 5,317,160		\$ 5,317,160	\$ 3,825,718	8.33%
Feb-14	5.44%	0.00%	5.44%	\$ 3,254,143		\$ 3,254,143	\$ 2,766,522	\$ 150,499	\$ -	\$ 150,499	\$ 4,154,488		\$ 4,154,488	\$ 3,836,421	3.93%
Mar-14	11.62%	0.00%	11.62%	\$ 3,030,176		\$ 3,030,176	\$ 2,777,879	\$ 322,790	\$ (10,054)	\$ 312,736	\$ 3,439,445		\$ 3,439,445	\$ 3,828,265	8.15%
Apr-14	13.47%	0.00%	13.47%	\$ 2,258,681		\$ 2,258,681	\$ 2,780,485	\$ 374,531	\$ (10,054)	\$ 364,477	\$ 3,069,624		\$ 3,069,624	\$ 3,831,317	9.52%
May-14	15.84%	0.00%	15.84%	\$ 2,432,083		\$ 2,432,083	\$ 2,792,716	\$ 442,366	\$ (10,054)	\$ 432,312	\$ 3,618,329		\$ 3,618,329	\$ 3,852,690	11.28%
Jun-14	15.67%	0.00%	15.67%	\$ 2,871,288		\$ 2,871,288	\$ 2,798,981	\$ 438,600	\$ (10,054)	\$ 428,546	\$ 4,005,345		\$ 4,005,345	\$ 3,868,759	11.12%
Jul-14	14.38%	0.00%	14.38%	\$ 2,965,406		\$ 2,965,406	\$ 2,818,790	\$ 405,342	\$ (10,054)	\$ 395,288	\$ 4,008,303		\$ 4,008,303	\$ 3,872,750	10.22%
Aug-14	12.62%	0.00%	12.62%	\$ 2,998,459		\$ 2,998,459	\$ 2,840,253	\$ 358,440	\$ (10,054)	\$ 348,386	\$ 3,867,156		\$ 3,867,156	\$ 3,890,492	9.00%
Sep-14	13.53%	0.00%	13.53%	\$ 2,570,326		\$ 2,570,326	\$ 2,855,514	\$ 386,351	\$ -	\$ 386,351	\$ 3,178,323		\$ 3,178,323	\$ 3,891,950	9.93%
Oct-14	15.57%	0.00%	15.57%	\$ 2,215,033		\$ 2,215,033	\$ 2,856,123	\$ 444,698	\$ -	\$ 444,698	\$ 3,740,732		\$ 3,740,732	\$ 3,925,200	11.43%
Nov-14	16.95%	0.00%	16.95%	\$ 2,835,945		\$ 2,835,945	\$ 2,872,012	\$ 486,806	\$ -	\$ 486,806	\$ 4,167,821		\$ 4,167,821	\$ 3,938,103	12.40%
Dec-14	13.88%	0.00%	13.88%	\$ 2,968,291		\$ 2,968,291	\$ 2,860,289	\$ 397,008	\$ -	\$ 397,008	\$ 4,826,045		\$ 4,826,045	\$ 3,932,731	10.08%
Jan-15	13.67%	0.00%	13.67%	\$ 3,417,046		\$ 3,417,046	\$ 2,818,073	\$ 385,231	\$ -	\$ 385,231	\$ 4,595,094		\$ 4,595,094	\$ 3,872,559	9.80%
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					10.25%

Note:
Farmers Total Monthly Retail Revenues in Column (11) includes demand and energy charges, customer charges, and FAC revenues.

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For the Month Ending August 2015

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Jun-15	18.44%	0.00%	18.44%	\$ 2,712,742		\$ 2,712,742	\$ 2,736,311	\$ 504,576	\$ (43,384)	\$ 461,192	\$ 3,742,771		\$ 3,742,771	\$ 3,801,037	12.06% **
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					10.25%

Note:

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