



Allen Anderson, President & CEO

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SEP 30 2015

PUBLIC SERVICE  
COMMISSION

September 29, 2015

Mr. Jeff R. Derouen, Executive Director  
Public Service Commission  
PO Box 615  
211 Sower Boulevard  
Frankfort, KY 40602

Dear Mr. Derouen:

RE: PSC Case No. 2015-00281

Please find enclosed an original and seven copies of the response to the Public Service Commission Staff's First Data Request for Information in the above-referenced case dated August 31, 2015.

Please let me know if additional information is needed.

Respectfully,

A handwritten signature in black ink that reads 'Allen E. Anderson'.

Allen E. Anderson  
President & CEO

AEA:ak

Enclosures

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**IN THE MATTER OF:**

AN EXAMINATION BY THE PUBLIC SERVICE )  
COMMISSION OF THE ENVIROMENTAL )  
SURCHARGE MECHANISM OF EAST KENTUCKY )  
POWER COOPERATIVE, INC. FOR THE SIX )  
MONTH BILLING PERIODS ENDING )  
JUNE 30, 2014 AND DECEMBER 31, 2014, )  
TWO-YEAR BILLING PERIOD ENDING )  
JUNE 30, 2015, AND THE PASS THROUGH )  
MECHANISM FOR ITS SIXTEEN MEMBER )  
DISTRIBUTION COOPERATIVES )

**CASE NO.**  
**2015-00281**

**CERTIFICATE**

**STATE OF KENTUCKY**

**COUNTY OF PULASKI**

Michelle D. Herrman, being duly sworn, states that she has supervised the preparation of the Responses of South Kentucky RECC to the Public Service Commission Staff's First Data Request for Information contained in the above-referenced case dated August 31, 2015, and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.

Michelle D. Herrman

Subscribed and sworn before me on the 29<sup>th</sup> day of September, 2015.

Amory G. Aetian  
Notary Public

My commission expires July 16, 2018.

SOUTH KENTUCKY RURAL ELLECTRIC COOPERATIVE

PSC CASE NO. 2015-00281

ENVIRONMENTAL SURCHARGE MECHANISM

RESPONSE TO COMMISSION STAFF'S FIRST REQUEST

FOR INFORMATION DATED AUGUST 31, 2015

**Request 8**

This question is addressed to each of the 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**

The over- or 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. However, South Kentucky continues to believe that the methodology used to determine the over- or under-recovery needs to be revised and is working with the other EKPC Members to reach a consensus solution. We continue to support a methodology that will recognize a carryover balance as a beginning balance of the surcharge operation as well as remove the amortizations of the case ordered amounts from the subsequent case reviews when determining over- or under-recovery amounts.

South Kentucky supports the proposal that an informal conference with the Commission Staff be held to discuss this issue during this current review.

South Kentucky has used a six month amortization for the Under Recovery in this case. It also supports any cooperative request to utilize an alternate amortization period, such as 12 months.

Please see Item 8, pages 2-6 for the requested calculations.

Witness: Michelle Herrman

South Kentucky RECC  
Average Residential Consumer's Usage

		<u># Customers</u>	<u>kWh</u>
June	2014	60,834	52,719,654
July		60,803	60,013,507
Aug		61,178	58,009,430
Sept		60,856	58,964,293
Oct		61,162	43,633,810
Nov		60,597	61,278,626
Dec		60,528	80,907,042
Jan	2015	60,800	97,034,047
Feb		60,458	107,095,435
Mar		60,544	96,680,241
Apr		60,666	55,709,942
May		<u>60,832</u>	<u>45,144,015</u>
Totals		<u>729,258</u>	<u>817,190,042</u>
Average Residential Usage			<u>1,121</u>

Witness: Michelle Herman

# South Kentucky RECC Impact on Average Residential Consumer's Bill

Average Residential Account:		Actual
	Rate	Bill Amount
Consumer Charge	\$12.82	\$12.82
kWh Charge	\$0.08543	
kWh Average Monthly Usage	1,121	\$95.77
Fuel Adjustment	-\$0.00793	-\$8.89
		\$99.70
*Environmental Monthly Charge	12.84%	\$12.80
School Tax	3.00%	\$3.38
Total Monthly Bill		<b>\$115.88</b>

\*Based on Page 4 of 6 Rate.

Average Residential Account:		6 Month Recovery
	Rate	Bill Amount
Consumer Charge	\$12.82	\$12.82
kWh Charge	\$0.08543	
kWh Average Monthly Usage	1,121	\$95.77
Fuel Adjustment	-\$0.00793	-\$8.89
		\$99.70
*Environmental Monthly Charge	13.74%	\$13.70
School Tax	3.00%	\$3.40
Total Monthly Bill		<b>\$116.80</b>
<b>Impact</b>		<b>\$0.92</b>

\*Based on Page 5 of 6 Rate.

Additional Monthly Recovery of \$90,331 for six months

Under Recovery \$541,986/6

Witness: Michelle Herrman

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

For the Month Ending June 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 South Kentucky	On-peak Revenue Adjustment	EKPC Net Monthly Sales to South Kentucky	EKPC 12-months Ended Average Monthly Revenue from Sales to South Kentucky	South Kentucky Revenue Requirement	Amortization of (Over)/Under Recovery	South Kentucky Net Revenue Requirement	South Kentucky Total Monthly Retail Revenues	On-Peak Retail Revenue Adjustment	South Kentucky Net Monthly Retail Revenues	12-months ended Avg. Retail Revenues, Net	South Kentucky 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)
Jul-13	15.77%	0.00%	15.77%	\$ 6,564,126		\$ 6,564,126	\$ 6,889,304	\$ 1,086,443	\$ (288,417)	\$ 798,026	\$ 9,363,789		\$ 9,363,789	\$ 9,593,817	8.30%
Aug-13	15.49%	0.00%	15.49%	\$ 6,606,279		\$ 6,606,279	\$ 6,893,613	\$ 1,067,821	\$ (260,189)	\$ 807,632	\$ 9,466,625		\$ 9,466,625	\$ 9,555,214	8.42%
Sep-13	14.93%	0.00%	14.93%	\$ 5,751,961		\$ 5,751,961	\$ 6,899,471	\$ 1,030,091	\$ (260,189)	\$ 769,902	\$ 9,129,819		\$ 9,129,819	\$ 9,573,044	8.06%
Oct-13	16.69%	0.00%	16.69%	\$ 5,643,820		\$ 5,643,820	\$ 6,898,846	\$ 1,151,417	\$ (260,189)	\$ 891,228	\$ 7,646,594		\$ 7,646,594	\$ 9,593,921	9.31%
Nov-13	17.43%	0.00%	17.43%	\$ 7,187,844		\$ 7,187,844	\$ 6,894,429	\$ 1,201,699	\$ (260,189)	\$ 941,510	\$ 8,629,346		\$ 8,629,346	\$ 9,579,581	9.81%
Dec-13	14.54%	0.00%	14.54%	\$ 8,503,162		\$ 8,503,162	\$ 6,943,491	\$ 1,009,584	\$ (260,189)	\$ 749,395	\$ 10,585,938		\$ 10,585,938	\$ 9,661,316	7.82%
Jan-14	10.92%	0.00%	10.92%	\$ 11,366,310		\$ 11,366,310	\$ 7,166,716	\$ 782,605	\$ 28,228	\$ 810,833	\$ 12,851,992		\$ 12,851,992	\$ 9,739,227	8.39%
Feb-14	5.44%	0.00%	5.44%	\$ 8,979,796		\$ 8,979,796	\$ 7,248,947	\$ 394,343	\$ -	\$ 394,343	\$ 15,039,483		\$ 15,039,483	\$ 9,950,186	4.05%
Mar-14	11.62%	0.00%	11.62%	\$ 8,300,709		\$ 8,300,709	\$ 7,254,880	\$ 843,017	\$ (60,127)	\$ 782,890	\$ 11,091,124		\$ 11,091,124	\$ 9,986,831	7.87%
Apr-14	13.47%	0.00%	13.47%	\$ 5,911,467		\$ 5,911,467	\$ 7,259,486	\$ 977,853	\$ (60,127)	\$ 917,726	\$ 9,568,630		\$ 9,568,630	\$ 9,950,607	9.19%
May-14	15.84%	0.00%	15.84%	\$ 5,991,640		\$ 5,991,640	\$ 7,270,226	\$ 1,151,604	\$ (60,127)	\$ 1,091,477	\$ 7,788,981		\$ 7,788,981	\$ 9,962,977	10.97%
Jun-14	15.67%	0.00%	15.67%	\$ 6,800,613		\$ 6,800,613	\$ 7,300,644	\$ 1,144,011	\$ (60,127)	\$ 1,083,884	\$ 8,867,617		\$ 8,867,617	\$ 10,002,495	10.88%
Jul-14	14.38%	0.00%	14.38%	\$ 7,024,102		\$ 7,024,102	\$ 7,338,975	\$ 1,055,345	\$ (60,127)	\$ 995,218	\$ 9,678,462		\$ 9,678,462	\$ 10,028,718	9.95%
Aug-14	12.62%	0.00%	12.62%	\$ 7,115,619		\$ 7,115,619	\$ 7,381,420	\$ 931,535	\$ (60,127)	\$ 871,408	\$ 9,495,747		\$ 9,495,747	\$ 10,031,144	8.69%
Sep-14	13.53%	0.00%	13.53%	\$ 6,082,960		\$ 6,082,960	\$ 7,409,004	\$ 1,002,438	\$ -	\$ 1,002,438	\$ 9,691,541		\$ 9,691,541	\$ 10,077,955	9.99%
Oct-14	15.57%	0.00%	15.57%	\$ 5,397,739		\$ 5,397,739	\$ 7,388,497	\$ 1,150,389	\$ -	\$ 1,150,389	\$ 8,031,738		\$ 8,031,738	\$ 10,110,050	11.41%
Nov-14	16.95%	0.00%	16.95%	\$ 7,667,059		\$ 7,667,059	\$ 7,428,431	\$ 1,259,119	\$ -	\$ 1,259,119	\$ 9,537,438		\$ 9,537,438	\$ 10,185,724	12.45%
Dec-14	13.88%	0.00%	13.88%	\$ 7,966,235		\$ 7,966,235	\$ 7,383,687	\$ 1,024,856	\$ -	\$ 1,024,856	\$ 11,033,974		\$ 11,033,974	\$ 10,223,061	10.06%
Jan-15	13.67%	0.00%	13.67%	\$ 9,674,817		\$ 9,674,817	\$ 7,242,730	\$ 990,081	\$ -	\$ 990,081	\$ 12,067,988		\$ 12,067,988	\$ 10,157,727	9.68%
Feb-15	11.49%	0.00%	11.49%	\$ 10,192,879		\$ 10,192,879	\$ 7,343,820	\$ 843,805	\$ -	\$ 843,805	\$ 13,473,758		\$ 13,473,758	\$ 10,027,250	8.31%
Mar-15	10.90%	0.00%	10.90%	\$ 7,563,960		\$ 7,563,960	\$ 7,282,424	\$ 793,784	\$ -	\$ 793,784	\$ 12,100,415		\$ 12,100,415	\$ 10,111,357	7.92%
Apr-15	14.44%	0.00%	14.44%	\$ 4,848,805		\$ 4,848,805	\$ 7,193,869	\$ 1,038,795	\$ -	\$ 1,038,795	\$ 8,567,084		\$ 8,567,084	\$ 10,027,895	10.27%
May-15	18.09%	0.00%	18.09%	\$ 5,088,027		\$ 5,088,027	\$ 7,118,568	\$ 1,287,749	\$ -	\$ 1,287,749	\$ 7,416,764		\$ 7,416,764	\$ 9,996,877	12.84%
Jun-15	18.44%	0.00%	18.44%	\$ 6,383,050		\$ 6,383,050	\$ 7,083,771	\$ 1,306,247	\$ -	\$ 1,306,247					13.07%

Notes:  
South Kentucky Total Monthly Retail Revenues in Column (11) includes demand and energy charges, customer charges, and FAC revenues.  
Revenues reported in Columns (4), (6), (7), (11), (13), and (14) are net of Green Power Revenues.

Witness: Michelle Herman

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For the Month Ending June 2015

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
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May-15	18.09%	0.00%	18.09%	\$ 5,088,027		\$ 5,088,027	\$ 7,118,568	\$ 1,287,749	\$ 90,331	\$ 1,378,080	\$ 7,416,764		\$ 7,416,764	\$ 9,996,877	13.74%
Jun-15	18.44%	0.00%	18.44%	\$ 6,383,050		\$ 6,383,050	\$ 7,083,771	\$ 1,306,247	\$ -	\$ 1,306,247					13.07%

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Witness: Michelle Herman

**South Kentucky 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	\$ 1,121,811	\$ 1,216,380	\$ (94,569)	\$ (94,569)
Aug-13	\$ 1,041,807	\$ 1,170,195	\$ (128,388)	\$ (222,957)
Sep-13	\$ 890,975	\$ 757,959	\$ 133,016	\$ (89,941)
Oct-13	\$ 842,623	\$ 643,795	\$ 198,828	\$ 108,887
Nov-13	\$ 1,199,649	\$ 695,562	\$ 504,087	\$ 612,974
Dec-13	\$ 1,482,101	\$ 985,851	\$ 496,250	\$ 1,109,224
Jan-14	\$ 1,652,665	\$ 1,261,004	\$ 391,661	\$ 391,661
Feb-14	\$ 980,590	\$ 1,175,961	\$ (195,371)	\$ 196,290
Mar-14	\$ 451,562	\$ 930,632	\$ (479,070)	\$ (282,781)
Apr-14	\$ 686,917	\$ 386,603	\$ 300,314	\$ 17,533
May-14	\$ 807,073	\$ 613,201	\$ 193,872	\$ 211,405
Jun-14	\$ 1,076,973	\$ 816,687	\$ 260,286	\$ 471,691
Jul-14	\$ 1,100,931	\$ 1,062,407	\$ 38,524	\$ 510,215
Aug-14	\$ 1,023,226	\$ 1,033,078	\$ (9,852)	\$ 500,363
Sep-14	\$ 767,671	\$ 964,371	\$ (196,700)	\$ 303,663
Oct-14	\$ 730,311	\$ 697,831	\$ 32,480	\$ 336,143
Nov-14	\$ 1,193,764	\$ 952,969	\$ 240,795	\$ 576,937
Dec-14	\$ 1,350,275	\$ 1,257,960	\$ 92,315	\$ 669,252
Jan-15	\$ 1,342,866	\$ 1,502,677	\$ (159,811)	\$ 509,441
Feb-15	\$ 1,393,370	\$ 1,355,437	\$ 37,933	\$ 547,373
Mar-15	\$ 869,102	\$ 1,171,427	\$ (302,325)	\$ 245,048
Apr-15	\$ 528,519	\$ 711,967	\$ (183,448)	\$ 61,601
May-15	\$ 734,711	\$ 587,484	\$ 147,227	\$ 208,827
Jun-15	\$ 1,154,694	\$ 821,535	\$ 333,159	\$ 541,986
Jul-15	\$ 1,275,197	\$ 1,095,731	\$ 179,466	\$ 721,452
Aug-15	\$ 1,003,555	\$ -	\$ 1,003,555	\$ 1,725,007

Cumulative 18-months (Over)/Under Recovery	\$ 541,986
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Monthly Recovery (per month for six months)	\$ 90,331
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Total Net (Over)/Under Recovery for 2-Year Period	\$ 1,651,211
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Witness: Michelle Herrman