

RICHARDSON GARDNER ALEXANDER

ATTORNEYS-AT-LAW
117 EAST WASHINGTON STREET
GLASGOW, KENTUCKY 42141-2696
writer's e-mail: wlg@rgba-law.com

RECEIVED

MAY 01 2018

PUBLIC SERVICE
COMMISSION

OFFICE PHONES
(270) 651-8884
FAX (270) 651-3662

BOBBY H. RICHARDSON
WOODFORD L. GARDNER, JR.
T. RICHARD ALEXANDER II

April 30, 2018

Ms. Gwen Pinson
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

Re: Case No. 2018-00075

Dear Ms. Pinson:

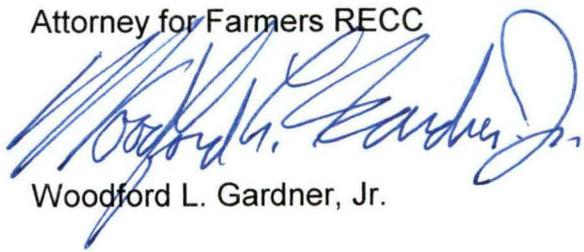
Enclosed for filing is the original and six (6) copies of the Commission Staff's First Request for Information, dated April 6, 2018, regarding the Examination of the Environmental Surcharge Mechanism of East Kentucky Power Cooperative, Inc. and the Pass Through Mechanism for its Sixteen Member Distribution 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 responses and exhibits are attached hereto and incorporated by referenced herein.

Thank you for your assistance.

Richardson, Gardner & Alexander
Attorney for Farmers RECC


Woodford L. Gardner, Jr.

WLG:aetc

**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION
PSC CASE NO. 2018-00075
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 refer to EKPC's responses to Request No. 2 of the Commission Staff's First Request for Information dated April 6, 2018.

**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION
PSC CASE NO. 2017-00075
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, 2017. 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. 2018-00075**

Actual Average Bill

30 Day Monthly Usage	1,037	kwh
Energy	\$	89.48
Customer Charge		14.00
Fuel @ \$0.005420		5.62
Environmental Surcharge		
@ 4.95%		5.40 *
Local School Tax @ 3.0%		3.44
Total Bill Amount		\$ 117.94

** See PSC Request 6, Page 4 of 5*

Recovery Period of Six Months

30 Day Monthly Usage	1,037	kwh
Energy	\$	89.48
Customer Charge		14.00
Fuel @ \$0.005420		5.62
Environmental Surcharge		
@ 4.53%		4.94 ***
Local School Tax @ 3.0%		3.42
Total Bill Amount		\$ 117.46

**** See PSC Request 6, Page 5 of 5*

Notes:

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

Farmers - Calculation of (Over)/Under Recovery

Line No.	Month & Year	EKPC Invoice Month recorded Member's Books (2)	Billed to Retail Consumer & recorded on Member's Books (3)	Monthly (Over) or Under (4)	Cumulative (Over) or Under (5)
1	Previous (Over)/Under-Recovery Remaining to be Amortized				
1a	From Case No. 2016-00335 (Over)/Under-Recovery				(\$44,586)
1b	From Case No. 2017-00071 (Over)/Under-Recovery				\$53,793
1c	From Case No. 2017-00326 (Over)/Under-Recovery				(\$18,185)
1d	Total Previous (Over)/Under-Recovery				(\$8,978)
2	Jul-17	\$501,289	\$527,378	(\$26,089)	(\$35,067)
3	Aug-17	\$462,408	\$503,351	(\$40,943)	(\$76,010)
4	Sep-17	\$325,522	\$452,200	(\$126,678)	(\$202,688)
5	Oct-17	\$376,222	\$338,911	\$37,311	(\$165,377)
6	Nov-17	\$479,358	\$382,653	\$96,705	(\$68,671)
7	Dec-17	\$540,864	\$574,325	(\$33,461)	(\$102,132)
Post Review	Jan-18	\$597,727	\$625,735	(\$28,008)	(\$130,140)
	Feb-18	\$306,201	\$498,299	(\$192,098)	(\$322,237)
Less Adjustment for Order amounts remaining to be amortized at end of review period December 2017					
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. 2016-00335 Recovery	\$44,586	(\$44,586)		\$0
8b	Case No. 2017-00071 Recovery	(\$53,793)	\$44,830		(\$8,963)
8c	Case No. 2017-00326 Recovery	\$18,185	\$0		\$18,185
8d	Total Order amounts remaining - Over/(Under):				\$9,222
9	Cumulative six month (Over)/Under-Recovery [Cumulative net of remaining Case amortizations (Ln 7&8d)]				(\$92,910)
10	Monthly recovery (per month for six months)				(\$15,485)
Reconciliation:					
11	Previous (Over)/Under-Recovery Remaining to be Amortized, beginning of Review Period				(\$8,978)
12	Previous (Over)/Under-Recovery Remaining to be Amortized, ending of Review Period				\$9,222
13	Total Amortization during Review Period				\$244
14	(Over)/Under-Recovery from Column 5, Line 9				(\$92,910)
15	Less: Total Monthly (Over)/Under-Recovery for Review Period (Column 4, Lines 2 thru 7)				(\$93,154)
16	Difference				\$244

Amortization Detail, Column 3, Line 8:

Month & Year	Case No. 2016-00335	Case No. 2017-00071	Case No. 2017-00326
Jul-17	(\$8,917)	\$0	\$0
Aug-17	(\$8,917)	\$8,966	\$0
Sep-17	(\$8,917)	\$8,966	\$0
Oct-17	(\$8,917)	\$8,966	\$0
Nov-17	(\$8,918)	\$8,966	\$0
Dec-17	\$0	\$8,966	\$0
Totals	(\$44,586)	\$44,830	\$0

For the Month Ending March 2018

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)		
Mar-16	14.30%	0.00%	14.30%	\$ 2,258,274		\$ 2,256,274	\$ 2,515,588	\$ 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	14.78%	0.00%	14.78%	\$ 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	\$3,640,483	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	\$ 3,756,287		\$ 3,756,287	\$3,572,353	7.74%
Feb-17	12.26%	0.00%	12.26%	\$ 2,334,855		\$ 2,334,855	\$ 2,476,561	\$ 303,626	\$ -	\$ 303,626	\$ 3,487,324		\$ 3,487,324	\$3,559,142	8.50%
Mar-17	15.73%	0.00%	15.73%	\$ 2,339,471		\$ 2,339,471	\$ 2,483,494	\$ 390,654	\$ -	\$ 390,654	\$ 3,125,474		\$ 3,125,474	\$3,541,296	10.98%
Apr-17	15.40%	0.00%	15.40%	\$ 1,926,740		\$ 1,926,740	\$ 2,482,595	\$ 382,320	\$ (8,917)	\$ 373,403	\$ 2,767,958		\$ 2,767,958	\$3,539,378	10.54%
May-17	19.86%	0.00%	19.86%	\$ 2,152,111		\$ 2,152,111	\$ 2,487,850	\$ 494,087	\$ (8,917)	\$ 485,170	\$ 3,226,743		\$ 3,226,743	\$3,541,896	13.71%
Jun-17	18.13%	0.00%	18.13%	\$ 2,448,718		\$ 2,448,718	\$ 2,472,729	\$ 448,306	\$ 49	\$ 448,355	\$ 3,846,683		\$ 3,846,683	\$3,533,481	12.66%
Jul-17	17.75%	0.00%	17.75%	\$ 2,755,333		\$ 2,755,333	\$ 2,461,066	\$ 436,839	\$ 49	\$ 436,888	\$ 3,975,434		\$ 3,975,434	\$3,527,356	12.36%
Aug-17	15.89%	0.00%	15.89%	\$ 2,595,472		\$ 2,595,472	\$ 2,431,422	\$ 386,353	\$ 49	\$ 386,402	\$ 3,658,561		\$ 3,658,561	\$3,491,957	10.95%
Sep-17	17.53%	0.00%	17.53%	\$ 2,039,274		\$ 2,039,274	\$ 2,392,643	\$ 419,430	\$ 48	\$ 419,478	\$ 3,095,043		\$ 3,095,043	\$3,476,230	12.01%
Oct-17	20.51%	0.00%	20.51%	\$ 2,136,511		\$ 2,136,511	\$ 2,401,522	\$ 492,552	\$ 8,966	\$ 501,518	\$ 3,186,111		\$ 3,186,111	\$3,489,258	14.43%
Nov-17	17.87%	0.00%	17.87%	\$ 2,327,859		\$ 2,327,859	\$ 2,413,341	\$ 431,264	\$ 8,963	\$ 440,227	\$ 3,980,052		\$ 3,980,052	\$3,505,494	12.62%
Dec-17	16.39%	0.00%	16.39%	\$ 3,017,029		\$ 3,017,029	\$ 2,418,103	\$ 396,327	\$ (3,031)	\$ 393,296	\$ 4,958,169		\$ 4,958,169	\$3,588,653	11.22%
Jan-18	10.79%	0.00%	10.79%	\$ 3,637,276		\$ 3,637,276	\$ 2,475,887	\$ 267,148	\$ (3,031)	\$ 264,117	\$ 4,440,584		\$ 4,440,584	\$3,645,678	7.36%
Feb-18	7.29%	0.00%	7.29%	\$ 2,829,135		\$ 2,829,135	\$ 2,517,077	\$ 183,495	\$ (3,031)	\$ 180,464	\$ 3,740,565		\$ 3,740,565	\$3,666,782	4.95%
Mar-18	13.52%	0.00%	13.52%	\$ 2,577,620		\$ 2,577,620	\$ 2,536,923	\$ 342,992	\$ (3,031)	\$ 339,961					9.27%

For the Month Ending March 2018

	(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)
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	\$ 3,756,287		\$ 3,756,287	\$3,572,353	7.74%
Feb-17	12.26%	0.00%	12.26%	\$ 2,334,855		\$ 2,334,855	\$ 2,476,561	\$ 303,626	\$ -	\$ 303,626	\$ 3,487,324		\$ 3,487,324	\$3,559,142	8.50%
Mar-17	15.73%	0.00%	15.73%	\$ 2,339,471		\$ 2,339,471	\$ 2,483,494	\$ 390,654	\$ -	\$ 390,654	\$ 3,125,474		\$ 3,125,474	\$3,541,296	10.98%
Apr-17	15.40%	0.00%	15.40%	\$ 1,926,740		\$ 1,926,740	\$ 2,482,595	\$ 382,320	\$ (8,917)	\$ 373,403	\$ 2,767,958		\$ 2,767,958	\$3,539,378	10.54%
May-17	19.86%	0.00%	19.86%	\$ 2,152,111		\$ 2,152,111	\$ 2,487,850	\$ 494,087	\$ (8,917)	\$ 485,170	\$ 3,226,743		\$ 3,226,743	\$3,541,896	13.71%
Jun-17	18.13%	0.00%	18.13%	\$ 2,448,718		\$ 2,448,718	\$ 2,472,729	\$ 448,306	\$ 49	\$ 448,355	\$ 3,846,683		\$ 3,846,683	\$3,533,481	12.66%
Jul-17	17.75%	0.00%	17.75%	\$ 2,755,333		\$ 2,755,333	\$ 2,461,066	\$ 436,839	\$ 49	\$ 436,888	\$ 3,975,434		\$ 3,975,434	\$3,527,356	12.36%
Aug-17	15.89%	0.00%	15.89%	\$ 2,595,472		\$ 2,595,472	\$ 2,431,422	\$ 386,353	\$ 49	\$ 386,402	\$ 3,658,561		\$ 3,658,561	\$3,491,957	10.95%
Sep-17	17.53%	0.00%	17.53%	\$ 2,039,274		\$ 2,039,274	\$ 2,392,643	\$ 419,430	\$ 48	\$ 419,478	\$ 3,095,043		\$ 3,095,043	\$3,476,230	12.01%
Oct-17	20.51%	0.00%	20.51%	\$ 2,136,511		\$ 2,136,511	\$ 2,401,522	\$ 492,552	\$ 8,966	\$ 501,518	\$ 3,186,111		\$ 3,186,111	\$3,489,258	14.43%
Nov-17	17.87%	0.00%	17.87%	\$ 2,327,859		\$ 2,327,859	\$ 2,413,341	\$ 431,264	\$ 8,963	\$ 440,227	\$ 3,980,052		\$ 3,980,052	\$3,505,494	12.62%
Dec-17	16.39%	0.00%	16.39%	\$ 3,017,029		\$ 3,017,029	\$ 2,418,103	\$ 396,327	\$ (3,031)	\$ 393,296	\$ 4,958,169		\$ 4,958,169	\$3,588,653	11.22%
Jan-18	10.79%	0.00%	10.79%	\$ 3,637,276		\$ 3,637,276	\$ 2,475,887	\$ 267,148	\$ (3,031)	\$ 264,117	\$ 4,440,584		\$ 4,440,584	\$3,645,678	7.36%
Feb-18	7.29%	0.00%	7.29%	\$ 2,829,135		\$ 2,829,135	\$ 2,517,077	\$ 183,495	\$ (18,516)	\$ 164,979	\$ 3,740,565		\$ 3,740,565	\$3,666,782	4.53% ***
Mar-18	13.52%	0.00%	13.52%	\$ 2,577,620		\$ 2,577,620	\$ 2,536,923	\$ 342,992	\$ (3,031)	\$ 339,961					9.27%

**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION
PSC CASE NO. 2017-00075
RESPONSE TO COMMISSION STAFF'S FIRST REQUEST**

Request 7.

This question is addressed to EKPC and the Member Cooperatives. State whether you would be amendable to the use of electronic filing procedures for environmental surcharge review cases.

Response 7.

It is Farmers' understanding that had this review case been processed using the Commission's electronic filing procedures, only one hard copy of the responses would have been required to be filed. If the electronic case only required one hard copy, Farmers would save on the cost and time of copying and binding responses. Based on this understanding, Farmers is amendable to the use of electronic filing procedures for environmental surcharge review cases.