

**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 PERIOD ENDING MAY 31, 2018, )  
AND THE PASS-THROUGH MECHANISM )  
OF ITS SIXTEEN MEMBER )  
DISTRIBUTION COOPERATIVES )**

**CASE NO.**  
**2018-00306**

**CERTIFICATE**

**STATE OF KENTUCKY**

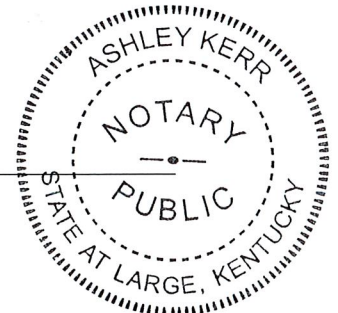
**COUNTY OF PULASKI**

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 September 20, 2018, 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 17th day of October, 2018.

Ashley Kerr  
Notary Public



My commission expires 8/31/19.

SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE  
PSC CASE NO. 2018-00306  
ENVIRONMENTAL SURCHARGE MECHANISM  
RESPONSE TO COMMISSION STAFF'S FIRST REQUEST  
FOR INFORMATION DATED SEPTEMBER 20, 2018

**Request 2**

This question is addressed to EKPC and the Member Cooperatives. For each of the 16-Member Cooperatives, 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 any 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**

Page 2 of 2 shows the calculation of the Over-Recovery in the amount of \$435,336.

Please see East Kentucky Power Cooperative's response to Request No. 2 of the Commission Staff's First Request for Information dated September 20, 2018 for the Excel spreadsheet supporting the calculations of the under-recovery.

**South Kentucky - 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. 2017-00071 (Over)/Under-Recovery				\$36,452
1b	From Case No. 2017-00326 (Over)/Under-Recovery				(\$205,728)
1c	From Case No. 2018-00075 (Over)/Under-Recovery				\$178,319
1d	Total Previous (Over)/Under-Recovery				\$9,043
2	Jan-18	\$1,717,064	\$1,795,516	(\$78,452)	(\$69,409)
3	Feb-18	\$808,773	\$1,377,894	(\$569,121)	(\$638,531)
4	Mar-18	\$510,970	\$681,712	(\$170,742)	(\$809,273)
5	Apr-18	\$792,095	\$498,351	\$293,744	(\$515,529)
6	May-18	\$837,370	\$744,468	\$92,902	(\$422,627)
7	Jun-18	\$1,030,723	\$899,401	\$131,322	(\$291,305)
Post Review	Jul-18	\$991,869	\$1,055,960	(\$64,091)	(\$355,396)
	Aug-18	\$863,356	\$1,077,896	(\$214,540)	(\$569,936)
Less Adjustment for Order amounts remaining to be amortized at end of review period June 2018					
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. 2017-00071 Recovery		(\$36,452)	\$36,452	\$0
8b	Case No. 2017-00326 Recovery		\$205,728	(\$171,440)	\$34,288
8c	Case No. 2018-00075 Recovery		(\$178,319)	\$0	(\$178,319)
8d	Total Order amounts remaining - Over/(Under):				(\$144,031)
9	Cumulative six month (Over)/Under-Recovery [Cumulative net of remaining Case amortizations (Ln 7&8d)]				(\$435,336)
10	Monthly recovery (per month for six months)				(\$72,556)
<b>Reconciliation:</b>					
11	Previous (Over)/Under-Recovery Remaining to be Amortized, beginning of Review Period				\$9,043
12	Previous (Over)/Under-Recovery Remaining to be Amortized, ending of Review Period				(\$144,031)
13	Total Amortization during Review Period				(134,988)
14	(Over)/Under-Recovery from Column 5, Line 9				(\$435,336)
15	Less: Total Monthly (Over)/Under-Recovery for Review Period (Column 4, Lines 2 thru 7)				(300,348)
16	Difference (reflects rounding differences)				(134,988)

Amortization Detail, Column 3, Line 8:

Month & Year	Case No. 2017-00071	Case No. 2017-00326	Case No. 2018-00075
Jan-18	\$36,452	\$0	\$0
Feb-18	\$0	(\$34,288)	\$0
Mar-18	\$0	(\$34,288)	\$0
Apr-18	\$0	(\$34,288)	\$0
May-18	\$0	(\$34,288)	\$0
Jun-18	\$0	(\$34,288)	\$0
Totals	\$36,452	(\$171,440)	\$0

SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE  
PSC CASE NO. 2018-00306  
ENVIRONMENTAL SURCHARGE MECHANISM  
RESPONSE TO COMMISSION STAFF'S FIRST REQUEST  
FOR INFORMATION DATED SEPTEMBER 20, 2018

**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 ending May 31, 2018. 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**

South Kentucky has used a six-month amortization for the Over Recovery in this case.

Please see Item 6, pages 2-5 for the requested calculations.

South Kentucky RECC  
Average Residential Consumer's Usage

	<u># Customers</u>	<u>kWh</u>
Jun 2017	61,513	51,437,637
Jul	61,319	60,011,009
Aug	61,450	64,968,372
Sep	61,777	52,312,798
Oct	61,495	46,282,883
Nov	61,530	54,678,990
Dec	61,761	75,959,191
Jan 2018	61,566	118,314,476
Feb	61,605	95,388,123
Mar	61,852	62,044,914
Apr	61,564	66,952,101
May	<u>61,683</u>	<u>50,417,942</u>
Totals	<u>739,115</u>	<u>798,768,436</u>
Average Residential Usage		<u>1,081</u>

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

Average Residential Account:	<b>Actual</b>	
	<u>Rate</u>	<u>Bill Amount</u>
Consumer Charge	\$12.82	\$12.82
kWh Charge	\$0.08294	
kWh Average Monthly Usage	1,081	\$89.66
Fuel Adjustment	-\$0.00169	-\$1.83
		\$100.65
*Environmental Monthly Charge	<b>10.98%</b>	\$11.05
School Tax	3.00%	\$3.35
<b>Total Monthly Bill</b>		<b>\$115.05</b>

\*Based on Page 4 of 5 Rate.

Average Residential Account:	<b>6 Month Recovery</b>	
	<u>Rate</u>	<u>Bill Amount</u>
Consumer Charge	\$12.82	\$12.82
kWh Charge	\$0.08294	
kWh Average Monthly Usage	1,081	\$89.66
Fuel Adjustment	-\$0.00169	-\$1.83
		\$100.65
*Environmental Monthly Charge	<b>10.20%</b>	\$10.27
School Tax	3.00%	\$3.33
<b>Total Monthly Bill</b>		<b>\$114.25</b>
	<b>Impact</b>	<b>-\$0.80</b>

\*Based on Page 5 of 5 Rate.

Monthly Recovery of \$72,556 for six months

Over Recovery \$435,336/6

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

For the Month Ending June 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 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-16	16.50%	0.00%	16.50%	\$ 6,902,797		\$ 6,902,797	\$ 6,331,708	\$ 1,044,732	\$ 90,331	\$ 1,135,063	\$ 9,052,839		\$ 9,052,839	\$ 9,051,823	12.60%
Aug-16	14.29%	0.00%	14.29%	\$ 7,095,903		\$ 7,095,903	\$ 6,397,393	\$ 914,187	\$ 116,574	\$ 1,030,761	\$ 9,953,786		\$ 9,953,786	\$ 9,059,050	11.39%
Sep-16	14.76%	0.00%	14.76%	\$ 6,110,789		\$ 6,110,789	\$ 6,424,336	\$ 948,232	\$ 26,243	\$ 974,475	\$ 9,885,522		\$ 9,885,522	\$ 9,129,353	10.76%
Oct-16	17.17%	0.00%	17.17%	\$ 4,915,487		\$ 4,915,487	\$ 6,403,531	\$ 1,099,486	\$ 26,243	\$ 1,125,729	\$ 8,023,414		\$ 8,023,414	\$ 9,159,181	12.33%
Nov-16	19.95%	0.00%	19.95%	\$ 5,824,546		\$ 5,824,546	\$ 6,379,663	\$ 1,272,743	\$ 26,243	\$ 1,298,986	\$ 7,784,475		\$ 7,784,475	\$ 9,151,299	14.18%
Dec-16	16.92%	0.00%	16.92%	\$ 8,080,062		\$ 8,080,062	\$ 6,512,121	\$ 1,101,851	\$ 26,243	\$ 1,128,094	\$ 9,638,849		\$ 9,638,849	\$ 9,230,664	12.33%
Jan-17	11.21%	0.00%	11.21%	\$ 8,116,799		\$ 8,116,799	\$ 6,427,759	\$ 720,552	\$ 26,243	\$ 746,795	\$ 10,886,127		\$ 10,886,127	\$ 9,268,695	8.09%
Feb-17	12.26%	0.00%	12.26%	\$ 6,422,306		\$ 6,422,306	\$ 6,297,594	\$ 772,085	\$ -	\$ 772,085	\$ 10,417,092		\$ 10,417,092	\$ 9,061,776	8.33%
Mar-17	15.73%	0.00%	15.73%	\$ 6,400,398		\$ 6,400,398	\$ 6,337,259	\$ 996,851	\$ -	\$ 996,851	\$ 8,919,381		\$ 8,919,381	\$ 8,996,378	11.00%
Apr-17	15.40%	0.00%	15.40%	\$ 4,919,040		\$ 4,919,040	\$ 6,334,332	\$ 975,487	\$ (18,274)	\$ 957,213	\$ 8,312,184		\$ 8,312,184	\$ 8,993,376	10.64%
May-17	19.86%	0.00%	19.86%	\$ 5,264,029		\$ 5,264,029	\$ 6,350,538	\$ 1,261,217	\$ (18,274)	\$ 1,242,943	\$ 7,170,662		\$ 7,170,662	\$ 9,000,848	13.82%
Jun-17	18.13%	0.00%	18.13%	\$ 5,874,501		\$ 5,874,501	\$ 6,327,221	\$ 1,147,125	\$ 18,181	\$ 1,165,306	\$ 8,113,770		\$ 8,113,770	\$ 9,013,175	12.95%
Jul-17	17.75%	0.00%	17.75%	\$ 6,664,414		\$ 6,664,414	\$ 6,307,356	\$ 1,119,556	\$ 18,181	\$ 1,137,737	\$ 8,747,877		\$ 8,747,877	\$ 8,987,762	12.62%
Aug-17	15.89%	0.00%	15.89%	\$ 6,270,808		\$ 6,270,808	\$ 6,238,598	\$ 991,313	\$ 18,181	\$ 1,009,494	\$ 9,581,425		\$ 9,581,425	\$ 8,956,731	11.23%
Sep-17	17.53%	0.00%	17.53%	\$ 4,883,248		\$ 4,883,248	\$ 6,136,303	\$ 1,075,694	\$ 18,184	\$ 1,093,878	\$ 8,439,119		\$ 8,439,119	\$ 8,836,198	12.21%
Oct-17	20.51%	0.00%	20.51%	\$ 5,566,440		\$ 5,566,440	\$ 6,190,549	\$ 1,269,682	\$ 36,455	\$ 1,306,137	\$ 7,542,849		\$ 7,542,849	\$ 8,796,151	14.78%
Nov-17	17.87%	0.00%	17.87%	\$ 6,233,186		\$ 6,233,186	\$ 6,224,603	\$ 1,112,336	\$ 36,452	\$ 1,148,788	\$ 7,835,584		\$ 7,835,584	\$ 8,800,410	13.06%
Dec-17	16.39%	0.00%	16.39%	\$ 8,474,684		\$ 8,474,684	\$ 6,257,488	\$ 1,025,602	\$ (34,288)	\$ 991,314	\$ 9,869,122		\$ 9,869,122	\$ 8,819,599	11.26%
Jan-18	10.79%	0.00%	10.79%	\$ 10,476,278		\$ 10,476,278	\$ 6,454,111	\$ 696,399	\$ (34,288)	\$ 662,111	\$ 13,746,901		\$ 13,746,901	\$ 9,057,997	7.51%
Feb-18	7.29%	0.00%	7.29%	\$ 7,495,592		\$ 7,495,592	\$ 6,543,552	\$ 477,025	\$ (34,288)	\$ 442,737	\$ 12,233,642		\$ 12,233,642	\$ 9,209,376	4.89%
Mar-18	13.52%	0.00%	13.52%	\$ 7,009,204		\$ 7,009,204	\$ 6,594,285	\$ 891,547	\$ (34,288)	\$ 857,259	\$ 9,077,326		\$ 9,077,326	\$ 9,222,538	9.31%
Apr-18	14.49%	0.00%	14.49%	\$ 5,858,677		\$ 5,858,677	\$ 6,672,588	\$ 966,858	\$ (34,288)	\$ 932,570	\$ 10,190,496		\$ 10,190,496	\$ 9,379,064	10.11%
May-18	15.84%	0.00%	15.84%	\$ 5,778,961		\$ 5,778,961	\$ 6,715,499	\$ 1,063,735	\$ (34,288)	\$ 1,029,447	\$ 7,995,121		\$ 7,995,121	\$ 9,447,769	10.98%
Jun-18	15.59%	0.00%	15.59%	\$ 6,507,073		\$ 6,507,073	\$ 6,768,214	\$ 1,055,165	\$ -	\$ 1,055,165					11.17%

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.

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

For the Month Ending June 2018

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Mar-17	15.73%	0.00%	15.73%	\$ 6,400,398		\$ 6,400,398	\$ 6,337,259	\$ 996,851	\$ -	\$ 996,851	\$ 8,919,381		\$ 8,919,381	\$ 8,996,378	11.00%
Apr-17	15.40%	0.00%	15.40%	\$ 4,919,040		\$ 4,919,040	\$ 6,334,332	\$ 975,487	\$ (18,274)	\$ 957,213	\$ 8,312,184		\$ 8,312,184	\$ 8,993,376	10.64%
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Jan-18	10.79%	0.00%	10.79%	\$ 10,476,278		\$ 10,476,278	\$ 6,454,111	\$ 696,399	\$ (34,288)	\$ 662,111	\$ 13,746,901		\$ 13,746,901	\$ 9,057,997	7.51%
Feb-18	7.29%	0.00%	7.29%	\$ 7,495,592		\$ 7,495,592	\$ 6,543,552	\$ 477,025	\$ (34,288)	\$ 442,737	\$ 12,233,642		\$ 12,233,642	\$ 9,209,376	4.89%
Mar-18	13.52%	0.00%	13.52%	\$ 7,009,204		\$ 7,009,204	\$ 6,594,285	\$ 891,547	\$ (34,288)	\$ 857,259	\$ 9,077,326		\$ 9,077,326	\$ 9,222,538	9.31%
Apr-18	14.49%	0.00%	14.49%	\$ 5,858,677		\$ 5,858,677	\$ 6,672,588	\$ 966,858	\$ (34,288)	\$ 932,570	\$ 10,190,496		\$ 10,190,496	\$ 9,379,064	10.11%
May-18	15.84%	0.00%	15.84%	\$ 5,778,961		\$ 5,778,961	\$ 6,715,499	\$ 1,063,735	\$ (106,844)	\$ 956,891	\$ 7,995,121		\$ 7,995,121	\$ 9,447,769	10.20%
Jun-18	15.59%	0.00%	15.59%	\$ 6,507,073		\$ 6,507,073	\$ 6,768,214	\$ 1,055,165	\$ -	\$ 1,055,165					11.17%

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.

Case No. 2017-00326 \$ (34,288)  
Case No. 2018-00306 \$ (72,556)  
\$ (106,844)

\* Note Case No. 2018-00075 Under Recovery Monthly amortization begins in July 2017 at \$29,719.