



Farmers Rural Electric Cooperative Corporation

504 S. Broadway, Glasgow, KY 42141 • P.O. Box 1298, Glasgow, KY 42142 • (270) 651-2191 • Fax (270) 651-7332

October 16, 2018

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

**VIA ELECTRONIC FILING**

**Re: Case No. 2018-00306**

Dear Ms. Pinson:

Attached for filing is the original of the Commission Staff's First Request for Information, dated September 20, 2018, regarding the Electronic Examination of the Environmental Surcharge Mechanism of East Kentucky Power Cooperative, Inc. and the Pass Through Mechanism of 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.

Very Truly Yours,

A handwritten signature in black ink that reads 'Jennie G. Phelps'.

Jennie G. Phelps  
Farmers RECC  
Vice President, Finance & Accounting

*Farmers RECC is an equal opportunity employer.*

[www.farmersrecc.com](http://www.farmersrecc.com)

A Touchstone Energy™ Cooperative The logo for Touchstone Energy, featuring a stylized sun and a person holding a torch.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In The Matter Of:

AN ELECTRONIC EXAMINATION BY THE PUBLIC SERVICE	)	
COMMISSION OF THE ENVIRONMENTAL SURCHARGE	)	
MECHANISM OF EAST KENTUCKY POWER COOPERATIVE,	)	CASE NO.
INC. FOR THE SIX-MONTH EXPENSE PERIOD ENDING	)	2018-00306
MAY 31, 2018 AND THE PASS-THROUGH MECHANISM OF	)	
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. 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 16 day of October, 2018.

Linda Sue Foushee

Notary Public  
ID: 446566

My Commission Expires: 07-30-2019

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION  
PSC CASE NO. 2018-00306  
RESPONSE TO COMMISSION STAFF'S FIRST REQUEST

**Request 2.**

This question is addressed to EKPC and 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 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 September 20, 2018.

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION  
PSC CASE NO. 2017-00306  
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 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 6.**

Please see the schedules attached to this response.

**Farmers Rural Electric Cooperative Corporation**  
**Case No. 2018-00306**

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

30 Day Monthly Usage	1,118 kwh
Energy	\$ 89.48
Customer Charge	14.00
Fuel @ \$0.006810	7.61
Environmental Surcharge @ 9.15%	10.17 *
Local School Tax @ 3.0%	3.64
<b>Total Bill Amount</b>	<b>\$ 124.90</b>

\* See PSC Request 6, Page 4 of 5

Recovery Period of Six Months	
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30 Day Monthly Usage	1,118 kwh
Energy	\$ 89.48
Customer Charge	14.00
Fuel @ \$0.006810	7.61
Environmental Surcharge @ 8.70%	9.67 ***
Local School Tax @ 3.0%	3.62
<b>Total Bill Amount</b>	<b>\$ 124.38</b>

\*\*\* 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. 2017-00071 (Over)/Under-Recovery				\$8,963
1b	From Case No. 2017-00326 (Over)/Under-Recovery				(\$18,185)
1c	From Case No. 2018-00075 (Over)/Under-Recovery				(\$92,910)
1d	Total Previous (Over)/Under-Recovery				(\$102,132)
2	Jan-18	\$597,727	625,735	(\$28,008)	(\$130,140)
3	Feb-18	\$306,201	498,299	(\$192,098)	(\$322,237)
4	Mar-18	\$188,611	275,316	(\$86,705)	(\$408,943)
5	Apr-18	\$302,269	195,609	\$106,660	(\$302,282)
6	May-18	\$355,228	304,466	\$50,762	(\$251,520)
7	Jun-18	\$440,290	390,278	\$50,012	(\$201,508)
Post Review	Jul-18	\$412,720	\$440,299	(\$27,579)	(\$229,087)
	Aug-18	\$366,094	\$438,463	(\$72,369)	(\$301,455)
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	(\$8,963)	\$8,963		\$0
8b	Case No. 2017-00326 Recovery	\$18,185	(\$15,155)		\$3,030
8c	Case No. 2018-00075 Recovery	\$92,910	\$0		\$92,910
8d	Total Order amounts remaining - Over/(Under):				\$95,940
9	Cumulative six month (Over)/Under-Recovery [Cumulative net of remaining Case amortizations (Ln 7&8d)]				(\$105,568)
10	Monthly recovery (per month for six months)				(\$17,595)
Reconciliation:					
11	Previous (Over)/Under-Recovery Remaining to be Amortized, beginning of Review Period				(\$102,132)
12	Previous (Over)/Under-Recovery Remaining to be Amortized, ending of Review Period				\$95,940
13	Total Amortization during Review Period				(\$6,192)
14	(Over)/Under-Recovery from Column 5, Line 9				(\$105,568)
15	Less: Total Monthly (Over)/Under-Recovery for Review Period (Column 4, Lines 2 thru 7)				(\$99,376)
16	Difference				(\$6,192)

Amortization Detail, Column 3, Line 8:

Month & Year	Case No. 2017-00071	Case No. 2017-00326	Case No. 2018-00075
Jan-18	\$8,963	\$0	\$0
Feb-18	\$0	(\$3,031)	\$0
Mar-18	\$0	(\$3,031)	\$0
Apr-18	\$0	(\$3,031)	\$0
May-18	\$0	(\$3,031)	\$0
Jun-18	\$0	(\$3,031)	\$0
Totals	\$8,963	(\$15,155)	\$0

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

For the Month Ending August 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)
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	\$ -	\$ 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	\$ 3,951,808		\$ 3,951,808	\$ 3,735,643	9.27%
Apr-18	14.49%	0.00%	14.49%	\$ 2,226,377		\$ 2,226,377	\$ 2,561,893	\$ 371,218	\$ (3,031)	\$ 368,187	\$ 3,284,376		\$ 3,284,376	\$ 3,778,677	9.86%
May-18	15.84%	0.00%	15.84%	\$ 2,441,908		\$ 2,441,908	\$ 2,586,043	\$ 409,629	\$ (3,030)	\$ 406,599	\$ 3,958,077		\$ 3,958,077	\$ 3,839,622	10.76%
Jun-18	15.59%	0.00%	15.59%	\$ 2,767,253		\$ 2,767,253	\$ 2,612,587	\$ 407,302	\$ -	\$ 407,302	\$ 4,091,946		\$ 4,091,946	\$ 3,860,061	10.61%
Jul-18	14.17%	0.00%	14.17%	\$ 2,634,565		\$ 2,634,565	\$ 2,602,523	\$ 368,778	\$ (15,485)	\$ 353,293	\$ 4,132,508		\$ 4,132,508	\$ 3,873,150	9.15%
Aug-18	15.19%	0.00%	15.19%	\$ 2,570,814		\$ 2,570,814	\$ 2,600,468	\$ 395,011	\$ (15,485)	\$ 379,526					9.80%

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 Pass Through Mechanism Report for Farmers RECC

For the Month Ending August 2018

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May-18	15.84%	0.00%	15.84%	\$ 2,441,908		\$ 2,441,908	\$ 2,586,043	\$ 409,629	\$ (3,030)	\$ 406,599	\$ 3,958,077		\$ 3,958,077	\$ 3,839,622	10.76%
Jun-18	15.59%	0.00%	15.59%	\$ 2,767,253		\$ 2,767,253	\$ 2,612,587	\$ 407,302	\$ -	\$ 407,302	\$ 4,091,946		\$ 4,091,946	\$ 3,860,061	10.61%
Jul-18	14.17%	0.00%	14.17%	\$ 2,634,565		\$ 2,634,565	\$ 2,602,523	\$ 368,778	\$ (33,080)	\$ 335,698	\$ 4,132,508		\$ 4,132,508	\$ 3,873,150	8.70% ***
Aug-18	15.19%	0.00%	15.19%	\$ 2,570,814		\$ 2,570,814	\$ 2,600,468	\$ 395,011	\$ (15,485)	\$ 379,526					9.80%