

LICKING VALLEY
RURAL ELECTRIC COOPERATIVE CORPORATION
P. O. Box 605 • 271 Main Street
West Liberty, KY 41472-0605
(606) 743-3179



April 02, 2014

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Blvd
PO Box 615
Frankfort, KY 40602-0615

RECEIVED

APR - 3 2014

PUBLIC SERVICE
COMMISSION

RE: Case No. 2014-00051

Dear Mr. Derouen:

Enclosed are an original and seven (7) copies of Licking Valley Rural Electric Cooperative Corporation's response as requested in Case No. 2014-00051. The information has been provided by e-mail to all parties of record.

Please be advised that Mr. Kerry K. Howard, General Manager/CEO for Licking Valley RECC, is the witness responsible for Licking Valley's response.

Should you have any questions or need further information, please let me know.


Sincerely,

Kerry K. Howard
General Manager/CEO

Enclosures

VERIFICATION

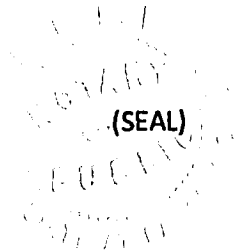
The undersigned, Kerry K. Howard, General Manager/CEO of Licking Valley Rural Electric Cooperative Corporation certifies that the response contained in this document are true and accurate to the best of his knowledge, information and belief formed after a reasonable inquiry.



Kerry K Howard

COMMONWEALTH OF KENTUCKY

COUNTY OF MORGAN

Subscribed and sworn to before me by Kerry K. Howard, General Manager/CEO of Licking Valley Rural Electric Cooperative Corporation to be his free act and deed this 2nd day of April, 2014.




Notary Public

My Commission Expires:

05/29/2016

ID: 466856

Licking Valley RECC

PSC Case No. 2014-00051

Response to Commission's Request 2A

Request 2 A

For each of the 16 member distribution cooperatives, prepare a summary schedule showing the distribution cooperative's pass-through revenue requirement for the months corresponding with the six-month review. Include the two months subsequent to the billing period included in the applicable review period. Include a calculation of any additional over- or under-recovery amount the distribution cooperatives believes needs to be recognized for the six-month review. Include all supporting calculations and documentation for the additional over-or under-recovery.

Response:

See Exhibit A Page 1 of 3

Licking Valley RECC

PSC Case No. 2014-00051

Response to Commission's Request 2B

Request 2 B

For each of the 16 member distribution cooperatives, provide an explanation of the factors that contributed to each individual member distribution cooperative's over- or under-recovery amount.

Response:

The basic operation of the surcharge pass-through mechanism will produce monthly over- and under-recoveries as a result of the fact the 12-month average retail revenues used to calculate the pass-through factor never match the retail revenues the pass-through factor is applied to. If the 12-month average retail revenues are below the retail revenues the pass-through factor is applied to, then there will be over-recoveries. If the 12-month average retail revenues are above the retail revenues the factor is applied to, under-recoveries will result. This is part of the natural operation of the mechanism.

Another factor contributing to the over- or under-recoveries calculated for this review period is the amortization of previous surcharge over- or under-recoveries as determined in the final Orders in Case Nos. 2012-00486 and 2013-00140. Case No. 2012-00486 covered 18 months of surcharge operations and Case No. 2013-00140 covered 6 months of operations. While the over- or under-recoveries reflected 24 months of surcharge operations, in each case the amortization period was 6 months. Because of the timing of the final Orders in these cases, the amortization periods overlapped for 5 months.

The net amortization from two surcharge review proceedings resulted in a net under-recovery for Licking Valley, which resulted in the surcharge revenues to be collected from retail customers being higher than the amounts billed by EKPC. Coupled with the natural operation of the surcharge pass-through mechanism, Licking Valley RECC experienced an over-recovery for the current review period.

Request 7.

This question is addressed to each of the 16 member distribution cooperatives. For your particular distribution cooperative provide the actual average residential customer's monthly usage for the 12 months ending November 30, 2013. Based on this usage amount, provide the dollar impact of 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:

	Enviromental Surcharge No Recovery	972	Enviromental Surcharge 6 Months Recovery	
12 Month Average Residential kWh Ending November 2013		972		
Customer Charge	9.32	9.32	9.32	9.32
kWh Charge	0.09355	90.93	90.93	90.93
Nov 2013 FAC	-0.00402	-3.91	-3.91	-3.91
Sub Total		96.34	96.34	96.34
Surcharge Nov 2013	11.93%	11.49	11.21%	10.80
Total		107.84		107.14
Impact				-0.69

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

For the Month Ending February 2014

	(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 Licking Valley	On-peak Revenue Adjustment	EKPC Net Monthly Sales to Licking Valley	EKPC 12-months Ended Average Monthly Revenue from Sales to Licking Valley	Licking Valley Revenue Requirement	Amortization of (Over)/Under Recovery	Licking Valley Net Revenue Requirement	Licking Valley Total Monthly Retail Revenues	On-Peak Retail Revenue Adjustment	Licking Valley Net Monthly Retail Revenues	12-months ended Avg. Retail Revenues, Net	Licking Valley 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-12	12.92%	0.00%	12.92%	\$ 1,190,390		\$ 1,190,390	\$ 1,407,230	\$ 161,814	\$ -	\$ 161,814	\$ 1,723,390		\$ 1,723,390	\$ 2,059,095	6.66%
Apr-12	14.94%	0.00%	14.94%	\$ 1,060,462		\$ 1,060,462	\$ 1,403,948	\$ 209,750	\$ -	\$ 209,750	\$ 1,730,601		\$ 1,730,601	\$ 2,070,506	10.19%
May-12	16.90%	0.00%	16.90%	\$ 1,212,841		\$ 1,212,841	\$ 1,407,435	\$ 237,657	\$ -	\$ 237,657	\$ 1,813,298		\$ 1,813,298	\$ 2,061,858	11.49%
Jun-12	15.55%	0.00%	15.55%	\$ 1,346,633		\$ 1,346,633	\$ 1,408,980	\$ 218,765	\$ -	\$ 218,765	\$ 2,110,160		\$ 2,110,160	\$ 2,104,791	10.51%
Jul-12	14.51%	0.00%	14.51%	\$ 1,550,009		\$ 1,550,009	\$ 1,403,685	\$ 203,675	\$ -	\$ 203,675	\$ 2,212,278		\$ 2,212,278	\$ 2,065,816	9.66%
Aug-12	14.13%	0.00%	14.13%	\$ 1,386,845		\$ 1,386,845	\$ 1,392,917	\$ 198,819	\$ -	\$ 198,819	\$ 1,987,766		\$ 1,987,766	\$ 2,076,725	9.44%
Sep-12	16.23%	0.00%	16.23%	\$ 1,197,094		\$ 1,197,094	\$ 1,390,209	\$ 225,631	\$ -	\$ 225,631	\$ 1,687,259		\$ 1,687,259	\$ 2,084,436	10.86%
Oct-12	17.57%	0.00%	17.57%	\$ 1,227,424		\$ 1,227,424	\$ 1,389,382	\$ 244,114	\$ -	\$ 244,114	\$ 2,022,836		\$ 2,022,836	\$ 2,075,751	11.71%
Nov-12	18.23%	0.00%	18.23%	\$ 1,590,599		\$ 1,590,599	\$ 1,401,715	\$ 255,533	\$ -	\$ 255,533	\$ 2,271,015		\$ 2,271,015	\$ 2,079,984	12.31%
Dec-12	14.61%	0.00%	14.61%	\$ 1,693,400		\$ 1,693,400	\$ 1,401,272	\$ 204,726	\$ -	\$ 204,726	\$ 2,712,774		\$ 2,712,774	\$ 2,075,560	9.84%
Jan-13	13.49%	0.00%	13.49%	\$ 1,789,127		\$ 1,789,127	\$ 1,403,690	\$ 189,356	\$ -	\$ 189,356	\$ 2,658,397		\$ 2,658,397	\$ 2,107,981	9.12%
Feb-13	12.61%	0.00%	12.61%	\$ 1,634,362		\$ 1,634,362	\$ 1,408,267	\$ 177,582	\$ -	\$ 177,582	\$ 2,388,466		\$ 2,388,466	\$ 2,124,690	8.42%
Mar-13	14.37%	0.00%	14.37%	\$ 1,675,598		\$ 1,675,598	\$ 1,446,701	\$ 208,178	\$ -	\$ 208,178	\$ 2,316,067		\$ 2,316,067	\$ 2,174,080	9.60%
Apr-13	14.27%	0.00%	14.27%	\$ 1,252,416		\$ 1,252,416	\$ 1,463,029	\$ 206,774	\$ -	\$ 206,774	\$ 1,725,716		\$ 1,725,716	\$ 2,173,673	9.60%
May-13	17.97%	0.00%	17.97%	\$ 1,231,265		\$ 1,231,265	\$ 1,484,584	\$ 283,162	\$ -	\$ 283,162	\$ 1,842,124		\$ 1,842,124	\$ 2,176,075	12.11%
Jun-13	17.09%	0.00%	17.09%	\$ 1,334,360		\$ 1,334,360	\$ 1,463,543	\$ 250,120	\$ -	\$ 250,120	\$ 2,056,044		\$ 2,056,044	\$ 2,171,730	11.49%
Jul-13	15.77%	0.00%	15.77%	\$ 1,415,429		\$ 1,415,429	\$ 1,452,326	\$ 229,032	\$ 6,046	\$ 237,078	\$ 2,230,547		\$ 2,230,547	\$ 2,173,253	10.92%
Aug-13	15.49%	0.00%	15.49%	\$ 1,346,400		\$ 1,346,400	\$ 1,448,958	\$ 224,444	\$ 7,528	\$ 231,972	\$ 1,938,345		\$ 1,938,345	\$ 2,169,133	10.67%
Sep-13	14.93%	0.00%	14.93%	\$ 1,175,383		\$ 1,175,383	\$ 1,447,149	\$ 216,059	\$ 7,528	\$ 223,587	\$ 1,617,259		\$ 1,617,259	\$ 2,184,968	10.31%
Oct-13	16.89%	0.00%	16.89%	\$ 1,146,033		\$ 1,146,033	\$ 1,440,533	\$ 240,425	\$ 7,526	\$ 247,953	\$ 1,956,227		\$ 1,956,227	\$ 2,159,415	11.45%
Nov-13	17.43%	0.00%	17.43%	\$ 1,524,376		\$ 1,524,376	\$ 1,435,014	\$ 250,123	\$ 7,526	\$ 257,651	\$ 2,421,009		\$ 2,421,009	\$ 2,171,915	11.93%
Dec-13	14.54%	0.00%	14.54%	\$ 1,758,368		\$ 1,758,368	\$ 1,440,426	\$ 209,436	\$ 7,526	\$ 216,966	\$ 2,671,954		\$ 2,671,954	\$ 2,165,180	9.99%
Jan-14	10.92%	0.00%	10.92%	\$ 2,231,163		\$ 2,231,163	\$ 1,477,284	\$ 181,317	\$ (518)	\$ 180,799	\$ 3,308,644		\$ 3,308,644	\$ 2,222,887	7.38%
Feb-14	5.44%	0.00%	5.44%	\$ 1,613,621		\$ 1,613,621	\$ 1,492,203	\$ 81,176	\$ -	\$ 81,178					3.65%

Notes:

Licking Valley Total Monthly Retail Revenues in Column (11) includes demand and energy charges, customer charges, and FAC revenues. Revenues reported in Columns (4), (8), (7), (11), (13), and (14) are net of Green Power Revenues.

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

For the Month Ending February 2014

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Mar-12	12.92%	0.00%	12.92%	\$ 1,190,390		\$ 1,190,390	\$ 1,407,230	\$ 181,814	\$ -	\$ 181,814	\$ 1,723,390		\$ 1,723,390	\$ 2,059,095	8.68%
Apr-12	14.94%	0.00%	14.94%	\$ 1,080,482		\$ 1,080,482	\$ 1,403,948	\$ 209,750	\$ -	\$ 209,750	\$ 1,730,601		\$ 1,730,601	\$ 2,070,506	10.19%
May-12	16.90%	0.00%	16.90%	\$ 1,212,841		\$ 1,212,841	\$ 1,407,435	\$ 237,857	\$ -	\$ 237,857	\$ 1,813,298		\$ 1,813,298	\$ 2,081,858	11.49%
Jun-12	15.55%	0.00%	15.55%	\$ 1,346,633		\$ 1,346,633	\$ 1,406,980	\$ 216,785	\$ -	\$ 216,785	\$ 2,110,160		\$ 2,110,160	\$ 2,104,791	10.51%
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Dec-12	14.81%	0.00%	14.81%	\$ 1,693,400		\$ 1,693,400	\$ 1,401,272	\$ 204,726	\$ -	\$ 204,726	\$ 2,712,774		\$ 2,712,774	\$ 2,075,560	9.84%
Jan-13	13.49%	0.00%	13.49%	\$ 1,789,127		\$ 1,789,127	\$ 1,403,690	\$ 189,358	\$ -	\$ 189,358	\$ 2,856,397		\$ 2,856,397	\$ 2,107,961	9.12%
Feb-13	12.61%	0.00%	12.61%	\$ 1,634,362		\$ 1,634,362	\$ 1,408,267	\$ 177,582	\$ -	\$ 177,582	\$ 2,386,468		\$ 2,386,468	\$ 2,124,690	8.42%
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Aug-13	15.49%	0.00%	15.49%	\$ 1,346,400		\$ 1,346,400	\$ 1,446,956	\$ 224,444	\$ 7,526	\$ 231,972	\$ 1,936,345		\$ 1,936,345	\$ 2,169,133	10.67%
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Oct-13	16.69%	0.00%	16.69%	\$ 1,146,033		\$ 1,146,033	\$ 1,440,533	\$ 240,425	\$ 7,526	\$ 247,953	\$ 1,956,227		\$ 1,956,227	\$ 2,159,415	11.45%
Nov-13	17.43%	0.00%	17.43%	\$ 1,524,376		\$ 1,524,376	\$ 1,435,014	\$ 250,123	\$ (8,036)	\$ 242,087	\$ 2,421,009		\$ 2,421,009	\$ 2,171,915	11.21%
Dec-13	14.54%	0.00%	14.54%	\$ 1,756,368		\$ 1,756,368	\$ 1,440,428	\$ 209,436	\$ 7,526	\$ 216,966	\$ 2,871,954		\$ 2,871,954	\$ 2,165,180	9.99%
Jan-14	10.92%	0.00%	10.92%	\$ 2,231,163		\$ 2,231,163	\$ 1,477,284	\$ 161,317	\$ (518)	\$ 160,799	\$ 3,308,644		\$ 3,308,644	\$ 2,222,667	7.36%
Feb-14	5.44%	0.00%	5.44%	\$ 1,613,621		\$ 1,613,621	\$ 1,492,203	\$ 81,176	\$ -	\$ 81,176					3.65%

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