

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|-----------------------------------|---|------------|
| ELECTRONIC APPLICATION OF LICKING |) | |
| VALLEY RURAL ELECTRIC COOPERATIVE |) | CASE NO. |
| CORPORATION FOR A GENERAL RATE |) | 2016-00174 |
| INCREASE |) | |

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION TO
LICKING VALLEY RURAL ELECTRIC COOPERATIVE CORPORATION

Licking Valley Rural Electric Cooperative Corporation ("Licking Valley"), pursuant to 807 KAR 5:001 is to file with the Commission the original and six copies in paper medium and an electronic version of the following information. The information requested herein is due on or before October 13, 2016. Responses to requests for information in paper medium shall be appropriately bound, tabbed, and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Licking Valley shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though

correct when made, is now incorrect in any material respect. For any request to which Licking Valley fails or refuses to furnish all or part of the requested information, Licking Valley shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Licking Valley shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the application, Exhibit H-2, the Direct Testimony of James R. Adkins (“Adkins Testimony”).

a. Refer to page 2 of 15, A7. Mr. Adkins states that Licking Valley is asking for an increase in electric rate revenue of approximately \$1.565 million. However, Exhibit S, page 1 of 4, proposes an increase of about \$1.567 million. Confirm the correct amount proposed.

b. Refer to pages 3–4 of 15, A9.

(1) The Adkins Testimony proposes a normalization of revenue from base rates adjustment of (\$7,293). However, Exhibit S, page 1 of 4, proposes a normalization of revenue from base rates adjustment of (\$7,253). Identify the correct amount.

(2) The Adkins Testimony proposes a test-year adjustment for the normalization of wages and salaries of (\$72,487). However, Exhibit S, page 3 of 4, proposes a test-year adjustment in salaries of (\$73,487). Identify the correct amount.

c. Refer to page 5 of 15, A11. The Adkins Testimony states that Licking Valley is proposing a margin amount of \$536,518. However, Exhibit R, page 36 of 38, shows margins of \$532,485. Identify the correct amount.

d. Refer to page 6 of 15, A14, which states, "I would expect Licking Valley would not have the need to file another application for an increase in base rates **until sometime before 2020.**" (Emphasis added). State if the timeframe mentioned should be "after 2020."

e. Refer to page 10 of 15, A19, which states that three of Licking Valley's rates classes are "Schedule I – Residential, Schools & Churches (single phase), Schedule 1 – Marketing Rate and Schedule II – Small Commercial and Small Power (three phase) and Schedule VI – Outdoor Lighting."

(1) There are four rate classes listed, not three. Reconcile this difference.

(2) Licking Valley's Commission-approved tariff does not include any of these rate schedules. Confirm which of Licking Valley's rate schedules were intended to be referenced in this response.

f. Refer to the table on page 11 of 15. The revenue from Schedule A Residential and Prepay is \$19,587,514. However, the sum of the Residential and Prepay test-year revenue, as shown on Exhibit J, page 1 of 8, is \$19,595,423. Reconcile this difference and provide any necessary updates.

g. Refer to the first table on page 12 of 15. This table does not contain any column headings. Provide an updated table with headings.

h. Refer to the second table on page 12 of 15. Reconcile the consumer costs results from the Cost of Service Study ("COSS") with the consumer charges in line 55 of the StmtOper-Unbund tab of LVRECC COSS2016-wc.xls.

i. Refer to page 13 of 15, A23. Confirm the reference to "CVE" should actually be "Licking Valley."

j. Refer to page 13 of 15, Q24, which states "Licking Valley has filed with this for a Certificate of Public Convenience and Necessity ('CPCN') for new AMI metering." Confirm that Licking Valley did not include a request for a CPCN for AMI metering in this case, but rather applied for a CPCN in Case No. 2016-00077.¹

2. Refer to the application, Exhibit J, page 7 of 8.

a. This schedule lists the proposed charges for the three LED lights as \$0. State the correct proposed charges and provide an updated Exhibit J in Excel spreadsheet format.

b. Explain how Licking Valley informs its customers of the available LED lighting options.

c. State if Licking Valley knows why customers would not choose the 68 Watt LED light, given that it is cheaper than all alternative lights offered by Licking Valley.

d. State if Licking Valley has considered replacing older mercury vapor and metal halide lights upon failure with LED fixtures as a means of cost savings.

¹ Case No. 2016-00077, *Application of Licking Valley Rural Electric Cooperative Corporation for an Order Issuing a Certificate of Public Convenience and Necessity* (Application filed Feb. 15, 2016).

3. Provide Exhibit K of the application in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns accessible.

4. Refer to the application, Exhibit K, pages 1 and 5. On page 1, interest expense on long-term debt for the adjusted test year is listed as \$533,695. Also, net margins for the adjusted test year are listed as \$533,695. Provide a corrected Exhibit K based on the interest on long-term debt amount of \$426,956 and the net margins amount of \$536,518 as stated in Exhibit S, page 1 of 4.

5. Refer to the application at the following: 1) Exhibit N, Statements of Revenue and Patronage Capital, page 4; 2) Exhibit R, COSS, page 4 of 38, Account 923 – Outside Services and page 5 of 38, Total Admin and General; 3) Exhibit S, Statements of Operations, Adjusted, page 1 of 4; 4) Exhibit V, Statement of Operations, page 1 of 3; and 5) Exhibit Y, Income Statement Trial Balance.

a. Regarding Exhibit Y, confirm that the total amount for Administrative & General expenses is \$1,553,618.96. If this cannot be confirmed, provide the correct total amount.

b. If \$1,553,618.96 is not the correct amount, explain whether the Administrative & General (“A&G”) amounts are correct as shown in Exhibits N, S, and V.

c. If \$1,553,618.96 is the correct amount, explain why \$34,815 in Account 923 – Outside Services was included in the COSS, and whether the COSS should be revised.

d. Explain whether the Net Margins amount for the year ended October 31, 2015, is correct as shown in Exhibits N, S, V and Y.

e. Explain whether any of the Exhibits referenced in Item 5 need to be revised, and if so, provide those revised exhibits.

6. Refer to the application, Exhibit R, page 4 of 38. Provide an itemized list for the items included in the following expense categories.

| | | | |
|----|------------------------|----|--------|
| a. | Acct 913 – Advertising | \$ | 37,716 |
| b. | Acct 930.2 – Dues | \$ | 63,897 |

7. Refer to the application, Exhibit R, and provide an updated COSS in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns accessible, if any changes result based on the questions below.

a. Refer to page 3 of 38, Actual Test Year Adjusted Test Year.

(1) Confirm that the column summing Adjustments 1, 2, & 7 is actually Adjustments 1, 2, and 6 on page 3 of 4 of Exhibit S.

(2) Confirm that the column summing Adjustments 8, 10, & 12 is actually Adjustments 7, 8, 9, 10, and 11 on page 3 of 4 of Exhibit S.

(3) Confirm that Adjustment 15 is actually Adjustment 13 on page 3 of 4 of Exhibit S.

(4) The sum of Total Operations is \$1,828,567. In Exhibit Q, the sum of the October 2015 year to date, November 2014, and December 2014 Form 7, Line 6, Distribution Expense – Operation is \$1,828,159. Reconcile this \$408 difference.

b. Refer to page 4 of 38, Actual Test Year Adjusted Test Year.

(1) The sum of Total Customer Service is \$11,717. In Exhibit Q, the sum of the October 2015 year to date, November 2014, and December 2014 Form

7, Line 9, Customer Service and Informational Expense is (\$26,059). Reconcile this \$37,776 difference.

(2) Explain why Account 907 – Supervision, Customer service has no beginning balance but an adjustment of \$1,200.

c. Refer to page 5 of 38, Actual Test Year Adjusted Test Year.

(1) The sum of Total Admin & General is \$1,553,619. In Exhibit Q, the sum of the October 2015 year to date, November 2014, and December 2014 Form 7, Line 11, is \$1,554,027. Reconcile this \$408 difference.

(2) The sum of Total Depreciation is \$2,189,646. In Exhibit Q, the sum of the October 2015 year to date, November 2014, and the December 2014 Form 7, Line 13 is \$2,196,646. Reconcile this \$7,000 difference.

d. Refer to page 16 of 38. Confirm the Uniform System of Accounts account number for the following:

(1) UG Conductor

(2) Transformers

(3) Services

(4) Meters

(5) AMR meters

e. Refer to page 17 of 38, Net Investment Rate Base.

(1) Cash Working Capital is \$903,343. Exhibit K, page 2 of 7, lists the actual test-year cash working capital as \$887,743. Provide the correct cash working capital.

(2) The total Net Investment Rate Base is calculated to be \$44,809,084. Exhibit K, page 2 of 7, the net rate base is \$44,790,484. Reconcile this \$18,600 difference.

f. Refer to pages 18–19 of 38, Classification of Costs.

(1) For Account 584 – U/G Line, the allocation factor applied is the percentage allocation from Account 367 – Underground Conductor. Explain if the allocation for U/G Lines should be the Percentage allocations for Lines.

(2) For Account 590 – Supervision, explain why the allocation percentages pertain only to the O/H lines.

g. Refer to pages 20–21 of 38, Classification of Costs. Explain why the allocation factor applied to Lines is the percentage allocation for Account 367 – Underground Conductor for the following accounts:

(1) Account 403 – Deprec. Distribution Plant

(2) Account 403 Deprec. – General Plant

(3) Account 408.1 – City Payroll Tax

(4) Account 408.6 – PSC Assessment

(5) Total Interest on LTD

(6) Total Short Term Interest

h. Refer to page 22 of 38, Determination of Plant Investments as Demand Related or Consumer Related.

(1) In calculating the X variable and the zero intercept, explain why the square root of the inputs to the least squares function is calculated.

(2) Explain why a 30-foot pole was used in the calculation rather than a 25-foot pole.

(3) In Case No. 2009-00016,² for Account 364 – Poles, the percent allocation between customer-related and demand-related costs was 41 percent and 59 percent, respectively. In the instant case, the allocation between customer and demand costs is roughly a 50/50 percent split. Explain the change in this cost allocation.

i. Refer to page 23 of 38, Determination of Plant Investments as Demand Related or Consumer Related. In Case No. 2009-00016, for Account 365 – Overhead Conductor, the percent allocations between customer-related and demand-related costs were 17 percent and 83 percent, respectively. In the instant case, the allocations between customer and demand costs are 58 percent and 42 percent, respectively. Explain the change in this cost allocation.

j. Refer to page 24 of 38, Determination of Plant Investments as Demand Related or Consumer Related.

(1) Explain why 2 URD SOL underground conductors were chosen as the minimum size for the analysis of Account 367 – Underground Conductor.

(2) Explain why Overhead Conductor was not included in the calculation of the percentage allocations for lines.

k. Refer to page 25 of 38, Determination of Plant Investments as Demand Related or Consumer Related. Explain why the number of transformers consists of only the first 13 items shown in the list on this page.

² Case No. 2009-00016, *Application of Licking Valley Rural Electric Cooperative Corporation for an Adjustment of Rates* (KY. PSC Dec 11, 2009).

l. Refer to page 32 of 38, Consumer Related Costs Allocators, Services.

(1) Explain why the minimum service cost to rate classes LPR Large Power and Lights is so small relative to the other rate classes.

(2) Explain why the relative cost for Large Power is 9.00.

m. Refer to page 33 of 38, Consumer Related Costs Allocators. For the LPR Large Power class, the Relative Weight Cons Rcds is shown as 16.00 at the top of the page, and is shown as 20.00 at the bottom of the page. Identify which is the correct amount.

n. Refer to page 38 of 38. The rate of return on rate base for Security Lights is shown as -8.01%. Refer also to LVRECC COSS 2016-wc.xls, tab StmtOper-Unbund. The return on rate base at current rates for Security Lights is shown as 0.52%. Explain why rates for the lighting class were designed in a way that decreases that class's return on rate base.

8. Refer to the application, Exhibit S, page 1 of 4.

a. On page 5 of the Adkins Testimony, Licking Valley is requesting a Times Interest Earned Ratio ("TIER") of 2.25X. However, the calculated TIER for the "Proposed Test Year" as shown in Exhibit S, page 1 of 4, is 2.26X. Provide an explanation for the apparent discrepancy and state which TIER is proposed.

b. Using the correct pro forma long-term interest expense and the requested TIER, provide an itemized calculation of Licking Valley's requested revenue requirement and increase.

c. Provide an itemized calculation of the "Actual Test Year" Operating Times Interest Earned Ratio of 5.78X.

9. Refer to the application, Exhibit S, page 3 of 4. Adjustment 11, Rate Case, is \$25,000. Exhibit 11, page 1 of 1, lists the rate-case adjustment as \$30,000. Reconcile this difference and provide any necessary updates to any exhibits.

10. Refer to the application, Exhibit V.

a. Refer to page 1, line 11, Cost of power. Explain the decrease in the cost of power from 2014 to 2015.

b. Refer to page 1, line 15, Consumer service. Explain why the amount is (\$26,059) and explain the change in the account balance from to 2014 to 2015.

c. Refer to page 2, line 18, Cash and temporary investments. Explain the change in the account balance from 2014 to 2015.

d. Refer to page 2, line 31, Other equities. Explain the 2015 account balance and the change in the account balance from to 2014 to 2015.

11. Refer to the application, Exhibit V, page 3 of 3. Confirm that the Statement of Cash Flows provided is for the years 2015 and 2014, not 2013 and 2012.

12. Refer to the application, Exhibit X. Provide in Excel spreadsheet format, with formulas intact and unprotected, and all rows and columns accessible.

13. Refer to the application, Exhibit Y.

a. Refer to Account Receivables, Account 142 – Consumers. Explain whether the amount of \$4,125,968.55 is approximately two months of retail revenues, and provide Licking Valley's accounts receivables turnover rate.

- b. Refer to Account Receivables, Account 143 – Employees and others, and explain why the account balance is negative.
- c. Refer to Patronage Capital, Account 215.10 – Accum other comp income, and explain why the account balance is negative.
- d. Refer to Long-Term Debt, Account 224.14 – RUS notes unadvanced, and explain the balance in the account.
- e. Refer to Accounts Payable Account 232.1 – General. Explain if this account contains wages payable.
- f. Refer to Accounts Payable, Account 232.4 – Emp Sav Plan, and explain why the balance in the account is negative.
- g. Refer to Accruals, Account 236.2 – FUTA and explain why this account has a balance of \$4.89.
- h. Refer to Accruals, Account 236.3 – FICA and explain why there is no reported balance.
- i. Refer to Accruals, Account 236.4 – SUTA and explain why the balance is negative.
- j. Refer to Accruals, Account 237.1 – REA interest and explain why the balance is negative.
- k. Refer to Taxes, Account 408.1 – Property and explain why there is no reported balance.
- l. Refer to Distribution – Operation, Account 584 – U/G line, and explain why the account balance is negative.

m. Refer to Administrative and general, Account 923 – Outside Services. Explain the types of charges that are included in the \$34,814.97 amount.

n. Refer to Administrative and general, Account 929 – Duplicate Charges. Explain the types of charges that are included in the (\$15,080.07) amount.

14. Refer to the application, Exhibit 1.

a. Refer to page 1 of 9. Explain the criteria used in determining the wage increases of 3 percent in 2011, 2012, and 2013, and 2 percent in 2014 and 2015. Provide copies of any work papers and data in support of these wage increases.

b. Refer to page 2 of 9. Explain why the labor distribution listed in the category Construction Work In Progress is reduced by \$9,191.

c. Refer to page 2 of 9. Provide a schedule showing the derivation of each amount included in the labor distribution column.

d. Refer to pages 3 and 4 of 9. For each employee listed in the table below, explain in detail why he or she worked less than 2080 hours in the test year.

| | <u>Employee No.</u> | <u>Regular Hours Worked</u> |
|-----|---------------------|---------------------------------|
| (1) | 2246 | 1,933.0 |
| (2) | 2255 | 2,070.5 |
| (3) | 2259 | 1,920.0 |
| (4) | 2262 | 2,077.0 |
| (5) | 7723 | 2,038.0 |
| (6) | 7726 | 1,343.5 |
| (7) | 7742 | 2,004.0 |

e. Licking Valley includes a schedule that calculates the normalized wages based on the November 1, 2015 wages and the assumption that each employee worked 2,080 hours in the test year. Provide a revised schedule that calculates the “Projected Wages” using the actual regular hours worked by each employee in the test

year. Provide this schedule in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns accessible

f. Identify any test-year employee positions that are currently vacant.

(1) For each vacant position, provide the detailed explanation for the vacancy.

(2) For any position that has been filled, identify the employee currently in the position, provide the date on which the employee was hired, the current hourly wage rate, and the actual benefit information. Identify the salary and employee benefit costs that are included in Licking Valley's pro forma operating expenses.

(3) If any position is still vacant, state the reason(s) why the position is vacant and the projected date the position will be filled. Also, state the current status of Licking Valley's efforts to fill the position.

15. Refer to the application, Exhibits 1 and 6. Licking Valley contributes 11 percent of each employee's base compensation to a 401(k) defined contribution pension plan.

a. For each type of employee compensation listed below, explain why it would be considered a component of employee base compensation.

(1) Overtime.

(2) Unused Vacation.

(3) On-Call Dispatching.

b. Using the "Actual Test Year Wages" reported on Exhibit 1, provide a schedule that calculates Licking Valley's total 401(k) contributions for the test year.

c. Provide the schedule requested in Item 11.d in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns accessible.

d. Provide a detailed explanation for any difference between the calculated test-year 401(k) contribution and the claimed test-year contribution of \$261,945.

16. Provide Licking Valley's written compensation policy as approved by its Board of Directors.

a. Provide a narrative description of the compensation policy, including the reasons for establishing the policy and Licking Valley's objectives for the policy.

b. Explain in detail whether the compensation policy was developed with the assistance of an outside consultant. If Licking Valley's compensation policy was developed or reviewed by a consultant, provide any study or report provided by the consultant.

c. Explain when Licking Valley's compensation policy was last reviewed or given consideration by Licking Valley's Board of Directors.

17. Explain whether the expenses for wages, salaries, benefits, and other compensation during the test year, and any pro forma adjustments to the test-year expense amounts, are compliant with the Board of Director's compensation policy.

18. a. Provide all studies and analysis that Licking Valley or EKPC ("East Kentucky Power Cooperative") conducted on prevailing wages in the Licking Valley service region or the state of Kentucky.

b. If no studies or analysis have been conducted or commissioned, explain why.

c. Explain why, in light of the present economic conditions, both locally and nationally, the 2 percent post-test-year wage increases are reasonable and appropriate.

19. Provide an analysis that compares the Licking Valley employee wage rates to the prevailing hourly wage rates in the West Liberty region and the Commonwealth of Kentucky.

20. The filed Exhibit 2 does not match the filed Exhibit 2 Payroll taxes.xlsx. Provide a corrected Exhibit 2, Exhibit S, and COSS based on the corrected Exhibit 2.

21. a. Refer to the application, Exhibit 3. Provide a revised payroll tax calculation using the results of the "Projected Wages" Licking Valley calculated in its response to Item 12.e.

b. Provide the schedule requested in Item 16.a. in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns accessible.

22. Refer to the application, Exhibit 3, page 1 of 6, lines 13–14, which states that Licking Valley had performed a depreciation study in late 2004 that was approved in Case No. 2005-00187.³ Case No. 2005-00187, however, involves Cumberland Valley Electric, Inc.

a. Confirm that Licking Valley performed a depreciation study in 2004.

b. Provide the accurate docket number and case style of the proceeding in which Licking Valley submitted its most recent depreciation study.

³ Case No. 2005-00187, *Application of Cumberland Valley Electric, Inc. for an Adjustment of Rates* (Ky. PSC June 2, 2006).

23. Refer to the application, numbered paragraph 25. Licking Valley states that its last depreciation study “was as of December 31, 2007 and approved by this Commission in Case No. 2009-00016” (“2007 Depreciation Study”). The last full paragraph on page 1 of the 2007 Depreciation Study⁴ suggests that a depreciation study should be made at least every five years to capture factors affecting estimates of depreciation rates which are constantly changing. What factors did Licking Valley rely upon in determining that a new depreciation study was not required for this case?

24. a. Confirm that the depreciation rates proposed in the instant case remain unchanged from those adopted and approved in the 2007 Depreciation Study.

b. If the rates in this instant case differ from those approved in the 2007 Depreciation Study, provide a schedule comparing the depreciation rates from the 2007 Depreciation Study to those used in this instant case. Provide a detailed explanation for any difference in the depreciation rates identified in the schedule.

25. Refer to Exhibit 5, page 1 of 3. The test-year interest expense is \$430,628, but on page 2 of 3, the test-year interest expense is \$430,636, Reconcile this difference.

26. Refer to the application, Exhibit 8. This schedule shows that in the test year, Licking Valley paid \$25,896 to “KAEC” for “KY SALES TAX ISSUES.”

a. Identify the payee KAEC.

b. Provide a detailed description of the services provided by KAEC to Licking Valley and copies of the supporting invoices.

c. Provide justification for inclusion for ratemaking purposes.

⁴ Case No. 2009-00016, *Licking Valley*, Application (filed July 13, 2009), Exhibit 3.

27. Refer to the application, Exhibit 9, pages 2–5 of 5. Confirm that the total of the lines items listed as “Christmas Gift” is \$1,176.96 and reconcile this amount with the amount of \$1,029.84 removed for ratemaking purposes.

28. Refer to the application, Exhibit 10.

a. Refer to page 1 of 4. Explain why the \$2,365 from accounts 909.00, 930.11, and 930.40 are not included in Adjustment 10 Annual & Misc Expenses of Exhibit S, page 3 of 4.

b. Refer to pages 3–4 of 4. Provide a detailed description of each item listed in the table below and explain why the cost should be allowed for ratemaking purposes.

| | <u>Payee</u> | <u>Description</u> | <u>Amount</u> |
|----|--------------------------------------|-------------------------|---------------|
| a. | Breathitt Advocate | Advertising | 450.00 |
| b. | Breathitt Advocate | Advertising | 360.00 |
| c. | Appalachian Troubadours | Entertainment | 500.00 |
| d. | Lands' End Business Outfitters | Employee Shirts | 2,416.00 |
| e. | Courier Publishing Company | Advertising | 527.10 |
| f. | Salyersville Independent LLC | Advertising | 793.00 |
| g. | June Holbrook | Meals | 811.06 |
| h. | Tim Webb Photography | Photography | 522.00 |
| i. | Arnold's Septic Service | Port-A-Pots | 550.00 |
| j. | Morgan County Woman's Club | Meals | 3,379.50 |
| k. | Cooperative Balloon Associates, Inc. | Entertainment | 2,517.33 |
| l. | Rural Cooperative Credit Union | Rural Coop Credit Union | 1,448.85 |
| m. | Courier Publishing Company | Advertising | 954.48 |
| n. | Salyersville Independent LLC | Advertising | 525.00 |
| o. | WRLV-FM | Advertising | 200.00 |
| p. | Inermount Publishing Inc. | Advertising | 567.00 |
| q. | WCBJ-FM | Advertising | 120.00 |
| r. | WLKS-FM | Advertising | 120.00 |
| s. | Birddogs Shirts-n-More | Giveaways | 440.70 |
| t. | Breathitt Advocate | Advertising | 350.00 |
| u. | Breathitt Advocate | Advertising | 500.00 |
| v. | WMTC Radio Station | Advertising | 216.00 |
| w. | KY Assoc of Electric Coop Inc. | Setups/Entertainment | 27,749.00 |

29. Refer to the application, Exhibit 15, page 1 of 1.

a. The test-year base revenue for Sch A-1 Farm & Home is \$19,582,665. In Exhibit J, page 2 of 8, test-year revenues for A-Residential, Farm, Small Comm. Hall & Ch. is \$19,582,010. Reconcile this difference and provide any necessary updates to any exhibits.

b. The test-year base revenue for Sch A Prepay is \$12,758. In Exhibit J, page 3 of 8, test-year revenues for A – Prepay are \$13,413. Reconcile this difference and provide any necessary updates to any exhibits.

c. The total billings for LP Large Power are 2,517. In Exhibit J, page 5 of 8, the billing determinants are 2,577. Reconcile this difference and provide any necessary updates to any exhibits.

30. Refer to the application, Exhibit 16, page 2 of 2. Explain the 40 minutes it takes a Customer Service Representative to process a returned check.

31. a. Identify any smart grid costs incurred by Licking Valley in the test year. Identify the account(s) where they are recorded and if the costs were expensed or capitalized.

b. Provide smart grid costs that Licking Valley has included in its 2016 calendar year budget.

32. If it is necessary to update any exhibits in response to questions contained in this information request, provide the updated version in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns fully accessible.

33. Refer to Licking Valley's Response to Commission Staff's First Request for Information ("Staff's First Request"), Item 42.c., Exhibit 1, pages 2-3 of 7. Explain

why the lines "Fair value of plan assets" and "Expected return on plan assets" and the section "Change in Fair Value of Plan Assets" all have a zero balances.

34. Refer to Licking Valley's Response to Staff's First Request, Item 48.a.

a. Of the Demand Side Management ("DSM") programs offered by Licking Valley, identify those programs that were proposed by Licking Valley, and those that were proposed by East Kentucky Power Cooperative, Inc. ("EKPC").

b. Explain whether Licking Valley plans to increase its DSM offerings in the future independent of EKPC's DSM programs.

35. Refer to Licking Valley's Response to Staff's First Request, Item 48.b. Provide the total costs incurred for the DSM programs for the test year and the total cost budgeted for calendar year 2016.

36. Refer to Licking Valley's Response to Staff's First Request, Item 48.c. For each calendar year provided in the response, provide the lost revenues resulting from the kWh Savings. Include all calculations used to compute the revenue savings.

37. In Case No. 2009-00016, the Commission expressed its concern with Licking Valley's increase in line loss for the 2008 test year/calendar year over the previous calendar year, and that this contributed to the decline in gross margins from 2007 to 2008 of roughly \$900,000. Provide a monthly line-loss analysis for the period of January 1, 2010, through August 31, 2016, using the same format as used in the March 11, 2010 Report on Line Losses.



Talina R. Mathews
Talina R. Mathews
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED SEP 29 2016

cc: Parties of Record

*Honorable Gregory D Allen
Collins & Allen Law Office
730 Old Burning Ford Road
P.O. Box 475
Salyersville, KENTUCKY 41465

*James R Adkins
Jim Adkins Consulting
1041 Chasewood Way
Lexington, KENTUCKY 40513-1731

*John R May
Manager of Admin. Services
Licking Valley R.E.C.C.
P. O. Box 605
271 Main Street
West Liberty, KY 41472

*Kerry K Howard
President & CEO
Licking Valley R.E.C.C.
P. O. Box 605
271 Main Street
West Liberty, KY 41472

*Licking Valley R.E.C.C.
P. O. Box 605
271 Main Street
West Liberty, KY 41472