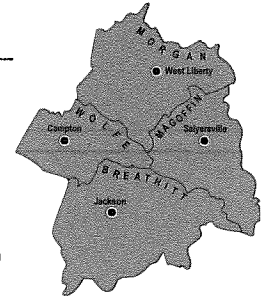


LICKING VALLEY
RURAL ELECTRIC COOPERATIVE CORPORATION
P. O. Box 605 • 271 Main Street
West Liberty, KY 41472-0605
(606) 743-3179



RECEIVED

JUL 11 2014

PUBLIC SERVICE
COMMISSION

July 10, 2014

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

RE: Case No. 2014-00051
Second Information Request

Dear Mr. Derouen:

Enclosed are an original and five (5) copies of Licking Valley Rural Electric Cooperative Corporation's response as requested in Case No. 2014-00051 (Informal Conference Information Request). 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.

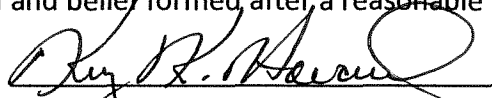
Sincerely,

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 10th day of July, 2014.

(SEAL)


Notary Public

My Commission Expires:

05/29/2016

ID: 446856

LICKING VALLEY RURAL ELECTRIC COOPERATIVE CORPORATION

PSC CASE NO. 2014-00051

RESPONSE TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Request 1.

This question is addressed to each of the member distribution cooperatives. To further Staff's understanding of how environmental surcharge expenses and revenues impact a cooperative's financial position, explain how the transactions are recorded on your books and provide representative journal entries showing account numbers and descriptions.

Response 1.

The EKPC power bill is recorded in the month in which the cost is incurred. For example, on the Licking Valley RECC books, the power bill for July 2013 was recorded in July 2013 with the following account numbers and descriptions:

		<u>Debit</u>	<u>Credit</u>
555.00	Purchased Power	\$xxx.xx	
232.30	Accounts Payable		\$xxx.xx

The environmental surcharge billed to members is recorded when the invoice is issued to the member. The revenue is classified by member classes, using the following account numbers and descriptions:

		<u>Debit</u>	<u>Credit</u>
142.10	Customer Accts Receivable	\$xxx.xx	
440.10	Residential Sales		\$xxx.xx
440.30	Small Commercial		\$xxx.xx
442.20	Large Commercial		\$xxx.xx
442.21	Large Commercial > 1000 KVA		\$xxx.xx
442.22	Large Commercial < 1000 KVA		\$xxx.xx
444.20	Security Light Devices		\$xxx.xx

Witness: Kerry K. Howard

LICKING VALLEY RURAL ELECTRIC COOPERATIVE CORPORATION

PSC CASE NO. 2014-00051

RESPONSE TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Request 2.

This question is addressed to each of the member distribution cooperatives. Refer to the responses to the Commission Staff's First Request for information, Item 2.a., for your cooperative.

Request 2a.

Using the month of July 2013 as an example, for the amount shown in the column titled "EKPC Invoice Month recorded on Member's Books," for your cooperative, provide the month in which the expenses are incurred by EKPC and when this amount was billed to the member cooperative.

Response 2a.

The amount shown for July 2013 reflected EKPC's expense incurred for June 2013. This amount was passed to distribution members for bills dated on or after August 01, 2013. Based on cycle billing, members could have usage in July, August, or both months.

Witness: Kerry K. Howard

LICKING VALLEY RURAL ELECTRIC COOPERATIVE CORPORATION

PSC CASE NO. 2014-00051

RESPONSE TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Request 2 b.

Using the month of July 2013 as an example, for the amount shown in the column titled "Billed to Retail Consumer & Recorded on Member's Books," for your cooperative, provide the pass-through factor and the revenue amount to which it was applied to arrive at the amount shown.

Response 2b.

For July 2013, the pass-through factor was 10.92%. Licking Valley RECC's net revenue requirements for the month totaled \$237,078.

See Exhibit A.

Witness: Kerry K. Howard

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

For the Month Ending July 2013

	(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)
Aug-11	11.28%	0.00%	11.28%	\$ 1,516,068		\$ 1,516,068	\$ 1,443,138	\$ 162,786	\$ (4,922)	\$ 157,864	\$ 2,096,879		\$ 2,096,879	\$ 2,146,530	7.32%
Sep-11	12.01%	0.00%	12.01%	\$ 1,229,591		\$ 1,229,591	\$ 1,449,087	\$ 174,035	\$ (4,922)	\$ 169,113	\$ 1,574,736		\$ 1,574,736	\$ 2,158,513	7.88%
Oct-11	14.85%	0.00%	14.85%	\$ 1,237,339		\$ 1,237,339	\$ 1,466,910	\$ 217,836	\$ (4,922)	\$ 212,914	\$ 2,127,047		\$ 2,127,047	\$ 2,179,331	9.86%
Nov-11	15.11%	0.00%	15.11%	\$ 1,442,609		\$ 1,442,609	\$ 1,482,052	\$ 223,938	\$ (4,922)	\$ 219,016	\$ 2,220,462		\$ 2,220,462	\$ 2,165,478	10.05%
Dec-11	14.21%	0.00%	14.21%	\$ 1,698,715		\$ 1,698,715	\$ 1,454,701	\$ 206,713	\$ (4,922)	\$ 201,791	\$ 2,765,628		\$ 2,765,628	\$ 2,159,008	9.32%
Jan-12	12.09%	0.00%	12.09%	\$ 1,760,108		\$ 1,760,108	\$ 1,428,676	\$ 172,727	\$ -	\$ 172,727	\$ 2,467,579		\$ 2,467,579	\$ 2,090,169	8.00%
Feb-12	10.78%	0.00%	10.78%	\$ 1,579,437		\$ 1,579,437	\$ 1,422,489	\$ 153,344	\$ -	\$ 153,344	\$ 2,187,722		\$ 2,187,722	\$ 2,095,467	7.34%
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	\$ 1,403,946	\$ 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	\$ 1,813,296		\$ 1,813,296	\$ 2,081,858	11.49%
Jun-12	15.55%	0.00%	15.55%	\$ 1,346,633		\$ 1,346,633	\$ 1,406,980	\$ 218,785	\$ -	\$ 218,785	\$ 2,110,180		\$ 2,110,180	\$ 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	\$ 2,085,816	9.68%
Aug-12	14.13%	0.00%	14.13%	\$ 1,386,845		\$ 1,386,845	\$ 1,392,917	\$ 196,819	\$ -	\$ 196,819	\$ 1,987,786		\$ 1,987,786	\$ 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	\$ 1,667,259		\$ 1,667,259	\$ 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	\$ 2,079,964	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	\$ 189,358	\$ -	\$ 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	\$ 2,388,468		\$ 2,388,468	\$ 2,124,690	8.42%
Mar-13	14.37%	0.00%	14.37%	\$ 1,675,598		\$ 1,675,598	\$ 1,448,701	\$ 208,178	\$ -	\$ 208,178	\$ 2,316,067		\$ 2,316,067	\$ 2,174,080	9.80%
Apr-13	14.27%	0.00%	14.27%	\$ 1,252,416		\$ 1,252,416	\$ 1,463,029	\$ 208,774	\$ -	\$ 208,774	\$ 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	\$ 1,464,564	\$ 263,182	\$ -	\$ 263,182	\$ 1,842,124		\$ 1,842,124	\$ 2,176,075	12.11%
Jun-13	17.09%	0.00%	17.09%	\$ 1,334,380		\$ 1,334,380	\$ 1,463,543	\$ 250,120	\$ -	\$ 250,120	\$ 2,058,044		\$ 2,058,044	\$ 2,171,730	11.49%
Jul-13	15.77%	0.00%	15.77%	\$ 1,415,429		\$ 1,415,429	\$ 1,452,328	\$ 229,032	\$ 8,046	\$ 237,078					10.92%

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), (6), (7), (11), (13), and (14) are net of Green Power Revenues.