



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



May 4, 2016

Andy Beshear
Attorney General
1024 Capital Center Drive
Suite 200
Frankfort KY 40601-8204

RE: Case No. 2016-00077

To Whom It May Concern:

Licking Valley Rural Electric Cooperative Corporation's response requested in the Attorney General's Second Data Request for Information dated March 24, 2016 in the above referenced case. The response will be submitted to the following email address's Rebecca.Goodman@ky.gov & Larry.Cook@ky.gov.

Sincerely,

Kerry K. Howard
General Manager/CEO
kkhoward@lvrecc.com
Fax – 606-743-7775

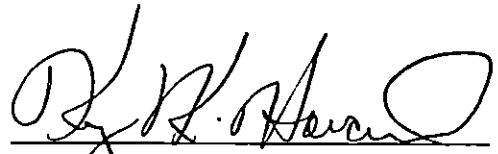
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MAY 05 2016

PUBLIC SERVICE
COMMISSION

AFFIDAVIT

The Affiant, Kerry K. Howard, General Manager/CEO for Licking Valley Rural Electric Cooperative Corporation, Post Office Box 605, West Liberty, Kentucky 41472-0605, states that the answers given by him to the foregoing questions are true and correct to the best of his knowledge and belief.



Kerry K. Howard
General Manager/CEO

Subscribed and sworn before me by the Affiant, Kerry K. Howard, this 04th day of May 03 2016.



Notary Public # 446856
State of Kentucky at Large

My Commission Expires: _____

05/29/2016

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION
FIRST REQUEST FOR INFORMATION
CASE NUMBER 2016-00077
MAY 04, 2016

INDEX

- Exhibit 1 Meter Information
- Exhibit 2 Confidentiality and Non-Disclosure Agreement with Apogee Interactive, Inc.
- Exhibit 3 Prepay Service Tariff

The Application of Licking Valley Rural Electric Cooperative
Corporation for an Order Issuing a Certificate of Public
Convenience and Necessity
Case No. 2016-00077
Responses to Attorney General's Second Data Requests

Witness: Kerry K. Howard

1. Reference the company's response to Attorney General ("AG") data request 1-1. Explain whether Licking Valley ("LVRECC") has considered converting its remaining substations to TS2 technology, and then deploying AMI/RF meters on a customer-by-customer basis whenever a given customer requests pre-paid metering service or a participation in a DSM program requiring AMI/RF technology. If not, why not?

Answer 1 – In 2014, LVRECC became concerned that Power Line carrier systems were becoming outdated and unsupported/obsolete. At that time, we felt investing in this technology would not be in the best interest of our members. With the RF metering system, it's not practical to do a "one by one" installation as you must first build out the internal infrastructure (collectors & routers). The RF meters can also communicate home by meter to meter. If any particular area is not built out sufficiently, the meters cannot communicate home via this method.

1a. Please explain what is meant by the phrase "The industry trend is moving away from power line carrier for metering data."

Answer 1a – Metering technology has changed so much since LVRECC made the decision to convert from the Electro-mechanical meters to AMR's in 1999. With the introduction of the AMI's LVRECC made the decision to convert to AMI's. When Landis + Gyr recommended RF metering, LV's staff began researching available options. Speakers at different training sessions were indicating that powerlines were never made to handle communications and with the noise and other equipment not performing 100%, readings were being estimated and other expected data was not always readily available. LVRECC decided to postpone additional conversions (the other 5 substations).

East Kentucky Power Cooperative (EKPC) is integrated into the PJM organization (which coordinates the movement of electricity across 13 states). A new requirement of PJM is for its G&T's to migrate to provide hourly data when a direct load control event is initiated. With the current metering system in place at LVRECC, our data is 27 hours delayed and we can only see daily usage, not hourly. Switching to the RF metering system, will enable LVRECC to assist EKPC in becoming compliant to the new PJM requirement.

1b. Does LVRECC believe that "industry trends" are enough to warrant the cost of this program?

Answer 1b – No - But..Landis +Gyr has informed LVRECC that they have not sold a power line carrier system in over 6 years. It would cost LVRECC over \$2.5 Million dollars to convert its remaining infrastructure and meters to TS2 and \$4.4 Million to upgrade it to the RF system.

1c. If the Commission should approve all or any portion of LVRECC's application, when does LVRECC believe that all or any component or portion of the to-be-deployed AMI/RF system will become outdated?

Answer 1c - Life expectancy of a meter is 15 years.

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1d. Would it be possible to extend the life spans of LVRECC's existing meters, and if so, would that option be more cost-effective than replacing all meters? Could this be done by means of equipping existing meters with an RF module?

Answer 1d – No. It's not currently possible to install an RF module in a TS2 or TS1 meters.

2. Reference LVRECC's responses to AG 1.5. Please confirm that the cost of converting the five remaining substations to TS2 technology is not included in the current application.

Answer 2 – It is not included.

2a. Of the five substations that have been converted to TS2 technology, does LVRECC know the costs incurred for the early retirement of infrastructure that was replaced with the TS2 technology? If not, will LVRECC have this information by the time it files its next base rate case?

Answer 2a – The TS1 infrastructure at the five substations would have been the collectors. These collectors are more than 15 years old and fully depreciated.

3. Reference LVRECC's response to AG 1-8, wherein the company acknowledged that its ratepayers will incur stranded costs for the early retirements of some existing meter infrastructure.

3a. Of the five substations that have been converted to TS2 technology, does LVRECC know the cost incurred for the early retirement of infrastructure that was replaced with the TS2 technology? If not, will LVRECC have this information by the time it files its next base rate case?

Answer 3a – All cost of service go into the base rate. The cost of the new RF system, would not be the sole reason for a base rate increase. LVRECC anticipates a base rate increase in 2016 unrelated to the requested CPCN.

4. Reference LVRECC'S response to AG 1-9, wherein the company stated that it is moving away from electro mechanical meters because that infrastructure is becoming obsolete. State what guarantees the company has that the AMI/RF technology (including software, hardware and firmware) will not become obsolete.

Answer 4 – There is no guarantee this technology does not go obsolete.

4a. Reconcile your response to LVRECC's response to PSC 1-10 wherein the company's Board of Directors has apparently been concerned about the "... need for metering technology to be as modern as possible."

Answer 4a – The board and management wishes to stay up to date with current technologies and for our membership to have the best possible technology.

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5. With regard to the company's response to AG 1-11, please confirm that the company is asking its ratepayers to pay 100% of the cost of the new meters, and that the company believes ratepayers will receive no benefits at all.

Answer 5 – LVRECC 's only revenue stream is the members/rate payers. LVRECC does believe there will be benefits to the ratepayers in the form of: reliability, DSM/DRP, outage management, better data to analyze high bill complaints, pre-paid metering system wide, faster re-connects

6. With regard to the company's responses to AG 1-20 and AG 1-15, would the company agree that its DSM program for air-conditioning load control devices would also be characterized as a demand response program? If not, why not?

Answer 6 – yes

7. Regarding the company's response to AG 1-22, would LVRECC commit to: (a) conducting a formal cost-benefit analysis designed to assess costs and benefits from its ratepayers' perspective; and (b) to safeguarding its ratepayer's interests prior to seeking approval to implement any such 'alternative rate structure'? If not, why not?

Answer 7 – Yes but this would be an extra expense to our members/rate payers to perform this analysis.

8. Regarding the company's response to AG 1-24, please clarify whether it is the company's intent under this current application to replace all existing meters, including the AMI/TS2s deployed to date.

Answer 8 – Yes

9. With regard to the company's response to AG 1-27:

9a. provide details regarding the usage of meter-supplied information in the "customer information system; and

Answer 9a – LVRECC uses NISC for our CIS. We collect KWh in 27 hour intervals along with demand readings. (See Exhibit 1 for an example of member meter data.). This information is currently used for billing purposes and to analyze member inquiries.

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9b. state whether the company will, or could sell data generated by the AMI/RF meters. If not, will the company give this data to any third parties?

Answer 9b – LVRECC will not sell data, but data may be provided to our G & T's vendors as needed for load forecasting studies or data analysis for member programs.

East Kentucky Power Cooperative (EKPC) is integrated into the PJM organization (which coordinates the movement of electricity across 13 states). A new requirement of PJM is for its G&T's to migrate to provide hourly data when a direct load control event is initiated. With the current metering system in place at LVRECC, our data is 27 hours delayed and we can only see daily usage, not hourly. Switching to the RF metering system, will enable LVRECC to assist EKPC in becoming compliant to the new PJM requirement.

9c. State whether EKPC and/or NRECA have any policies regarding the provision of data regarding customers' electricity consumption to third parties. If so, please provide copies of such policies.

Answer 9c – Members data is being provided to Apogee for the Billing Insights program which is used to help the members become more energy efficient and to see how they are using their energy. – See Exhibit 2

9d. Describe how the company intends to use data generated form AMI/RF meters to help customers lower their consumption.

Answer 9d –Currently we only see data in 27 hour reads. With the RF metering system, this would be reduced to 15 minute intervals. With usage in 15 minute intervals we could zero in on a members/customers' issue as we can see when the high usage is actually occurring.

10. Refer to LVRECC's response to PSC 1-8. Has LVRECC obtained Commission approval for a pre-pay system? If so, please provide the case number in which such permission was granted.

Answer 10 – see exhibit 3

11. Reference LVRECC's response to PSC 1-12(b), wherein the company stated that the reason for the 3% increase for the operation of the company's meter system is 'inflation.'

11a. Is LVRECC aware that most economists are not predicating an inflation rate anywhere near as great as 3%?

Answer 11a – No

11b. Will Licking Valley provide any annual true-up of its meter program O & M costs in order to reconcile actual inflation against the 3% estimate? If not, what does LVRECC intend to do with the excess funds it collects from its member-owners in the form of higher base rates to pay for "inflation" that is not actually incurred?

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Answer 11 b. LV estimates that its annual costs will increase at a rate of approximately 3% for property taxes, transportation costs, annual support and wages and benefits as a total. This is LV's estimated cost inflation, not necessarily what economists predict for the national rate of inflation.

LV predicts its costs will increase by approximately 3% on an annual basis, therefore, no true-up is proposed. In addition, if costs increase by an amount greater than 3%, LV does not propose to add a surcharge to customers

12. Given LVRECC's responses to PSC 1-12 (d)-(e), is it fair to conclude that LVRECC intends to pay for a meter system that will not supply any cost savings of any type or sort to either the company or its member-owners?

Answer 12. Yes, LVRECC is not making the change from TS1/TS2 for cost saving reasons but to prevent investing additional money in technology that is going obsolete. There is a potential for cost savings to the members by utilizing this system such as DSM programs, pre-paid metering and more detailed usage data.

12a. If your answer is "yes," please explain why the least-cost solution for LVRECC would be to convert its entire system to electro-mechanical meters.

Answer 12a – We are not converting to Electro-mechanical meters.

Interval Reading Date/ Time	...	Usage/Day	Reg Set	Reading	Demand Rdg	Demand Rdg Dt/Tm	KWH Usage/Day	KW Usage/Day	...	Usage/Day	Reg Set	Reading	Demand Rdg	Demand Rdg Dt/Tm	KWH Usage/Day	KW Usage/Day	...
04/24/2016 17:01:00		43	1	67814	7.000	04/24/2016 16:39:00	43	X 1.0000	...	7.000	1	67814	7.000	04/24/2016 16:39:00	43	X 1.0000	...
04/23/2016 13:47:00		24	1	67771	8.250	04/22/2016 05:57:00	24	X 1.0000	...	8.250	1	67771	8.250	04/22/2016 05:57:00	24	X 1.0000	...
04/22/2016 10:34:00		58	1	67747	8.250	04/22/2016 05:57:00	58	X 1.0000	...	8.250	1	67747	8.250	04/22/2016 05:57:00	58	X 1.0000	...
04/20/2016 04:09:00		29	1	67689	4.500	04/20/2016 04:02:00	29	X 1.0000	...	4.500	1	67689	4.500	04/20/2016 04:02:00	29	X 1.0000	...
04/19/2016 00:54:00		31	1	67660	6.750	04/18/2016 06:02:00	31	X 1.0000	...	6.750	1	67660	6.750	04/18/2016 06:02:00	31	X 1.0000	...
04/17/2016 21:41:00		42	1	67629	7.500	04/17/2016 07:34:00	42	X 1.0000	...	7.500	1	67629	7.500	04/17/2016 07:34:00	42	X 1.0000	...
04/16/2016 18:27:00		40	1	67587	9.750	04/16/2016 08:05:00	40	X 1.0000	...	9.750	1	67587	9.750	04/16/2016 08:05:00	40	X 1.0000	...
04/15/2016 15:14:00		26	1	67547	6.000	04/15/2016 06:22:00	26	X 1.0000	...	6.000	1	67547	6.000	04/15/2016 06:22:00	26	X 1.0000	...
04/14/2016 12:01:00		30	1	67521	4.500	04/13/2016 20:24:00	30	X 1.0000	...	4.500	1	67521	4.500	04/13/2016 20:24:00	30	X 1.0000	...
04/13/2016 08:47:00		29	1	67491	7.000	04/12/2016 05:40:00	29	X 1.0000	...	7.000	1	67491	7.000	04/12/2016 05:40:00	29	X 1.0000	...
04/12/2016 05:36:00		28	1	67462	7.250	04/11/2016 05:44:00	28	X 1.0000	...	7.250	1	67462	7.250	04/11/2016 05:44:00	28	X 1.0000	...
04/11/2016 02:22:00		49	1	67434	6.000	04/10/2016 18:15:00	49	X 1.0000	...	6.000	1	67434	6.000	04/10/2016 18:15:00	49	X 1.0000	...
04/09/2016 23:07:00		35	1	67385	5.750	04/09/2016 14:00:00	35	X 1.0000	...	5.750	1	67385	5.750	04/09/2016 14:00:00	35	X 1.0000	...
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04/02/2016 00:36:00		31	1	67161	6.750	04/01/2016 08:14:00	31	X 1.0000	...	6.750	1	67161	6.750	04/01/2016 08:14:00	31	X 1.0000	...
03/31/2016 21:22:00		22	1	67130	8.250	03/31/2016 06:30:00	22	X 1.0000	...	8.250	1	67130	8.250	03/31/2016 06:30:00	22	X 1.0000	...
03/30/2016 18:07:00		32	1	67108	7.000	03/30/2016 08:30:00	32	X 1.0000	...	7.000	1	67108	7.000	03/30/2016 08:30:00	32	X 1.0000	...
03/29/2016 14:56:00		83	1	67076	6.000	03/29/2016 14:49:00	83	X 1.0000	...	6.000	1	67076	6.000	03/29/2016 14:49:00	83	X 1.0000	...
03/27/2016 08:27:00		27	1	66993	4.250	03/26/2016 17:50:00	27	X 1.0000	...	4.250	1	66993	4.250	03/26/2016 17:50:00	27	X 1.0000	...
03/26/2016 05:16:00		29	1	66966	6.500	03/25/2016 12:39:00	29	X 1.0000	...	6.500	1	66966	6.500	03/25/2016 12:39:00	29	X 1.0000	...
03/25/2016 02:03:00		25	1	66937	7.500	03/24/2016 06:11:00	25	X 1.0000	...	7.500	1	66937	7.500	03/24/2016 06:11:00	25	X 1.0000	...
03/23/2016 22:48:00		24	1	66912	5.750	03/23/2016 04:56:00	24	X 1.0000	...	5.750	1	66912	5.750	03/23/2016 04:56:00	24	X 1.0000	...
03/22/2016 19:36:00		32	1	66888	4.750	03/22/2016 14:59:00	32	X 1.0000	...	4.750	1	66888	4.750	03/22/2016 14:59:00	32	X 1.0000	...
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03/19/2016 09:56:00		35	1	66761	5.000	03/18/2016 20:04:00	35	X 1.0000	...	5.000	1	66761	5.000	03/18/2016 20:04:00	35	X 1.0000	...
03/18/2016 06:41:00		27	1	66726	5.000	03/17/2016 13:19:00	27	X 1.0000	...	5.000	1	66726	5.000	03/17/2016 13:19:00	27	X 1.0000	...
03/17/2016 03:29:00		22	1	66699	9.250	03/16/2016 06:07:00	22	X 1.0000	...	9.250	1	66699	9.250	03/16/2016 06:07:00	22	X 1.0000	...
03/16/2016 00:16:00		20	1	66677	4.250	03/15/2016 06:24:00	20	X 1.0000	...	4.250	1	66677	4.250	03/15/2016 06:24:00	20	X 1.0000	...
03/14/2016 21:02:00		27	1	66657	11.750	03/14/2016 05:55:00	27	X 1.0000	...	11.750	1	66657	11.750	03/14/2016 05:55:00	27	X 1.0000	...
03/13/2016 17:47:00		35	1	66630	14.750	03/12/2016 07:44:00	35	X 1.0000	...	14.750	1	66630	14.750	03/12/2016 07:44:00	35	X 1.0000	...
03/12/2016 14:36:00		46	1	66595	14.750	03/12/2016 07:44:00	46	X 1.0000	...	14.750	1	66595	14.750	03/12/2016 07:44:00	46	X 1.0000	...
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CONFIDENTIALITY
AND NON-DISCLOSURE AGREEMENT

THIS AGREEMENT, made and entered into this 20th day of May, 2014,
by and between Licking Valley Rural Electric Cooperative Corporation (Licking Valley), 271
Main Street, West Liberty, Kentucky, 41472, and Apogee Interactive, Inc., and its
representatives collectively, "Contractor";

WITNESSETH:

WHEREAS, LICKING VALLEY has entered into an agreement with Contractor to
perform certain services on behalf of LICKING VALLEY and/or its contractors and wherein
Contractor will have access to confidential information, as defined herein, of LICKING
VALLEY, including confidential information of employees or members of LICKING VALLEY;
and

WHEREAS, Contractor agrees that all information it receives as a result of the services it
is performing on behalf of LICKING VALLEY and/or its contractors are confidential and agrees
to the terms and conditions set forth herein

NOW, THEREFORE, in consideration of the mutual promises and covenants contained
herein, Contractor and LICKING VALLEY agree as follows:

1. As partial consideration of the payments made by East Kentucky Power
Cooperative (EKPC) on behalf of LICKING VALLEY to Contractor herein, Contractor
understands that the confidential information, as defined herein, provided by LICKING
VALLEY and which Contractor shall have access to while performing services on behalf of

LICKING VALLEY are strictly confidential in nature and Contractor shall refrain from using this confidential information for its own, or any other person's or entity's use, advantage, or commercial purposes and from directly or indirectly disclosing or making available, any confidential information to any person, partnership, corporation or other entity, or any other party, for any use whatsoever with the exception that information may be provided to EKPC and Direct Technology, Inc.

2. Confidential Information. "Confidential Information" means all information (whether written, oral or in another form) that either (i) LICKING VALLEY or its representatives provides to Contractor concerning LICKING VALLEY, including its business, employees, or any other information Contractor has access to or has received from its examination of LICKING VALLEY's facilities, records and discussions with LICKING VALLEY's representatives, or (ii) includes work product, reports, analyses or other materials developed by Contractor from such information

3. Contractor agrees that it:

A) will not use the Confidential Information to the detriment of LICKING VALLEY or its representatives or its employees, and

B) will hold the Confidential Information in strict confidence, and without limiting the foregoing, will not disclose any of the Confidential Information to, or discuss the Confidential Information with, any other person or entity (including one that has the Confidential Information, however obtained).

4. Exceptions. The obligations in Sections 3(A) and 3(B) above will not apply to the extent that the Contractor demonstrates that the same Confidential Information:

i) Previously in Possession: was in its possession prior to disclosure to it and the Contractor provided LICKING VALLEY with written notice of such prior possession either (A) prior to the execution and delivery of this Agreement or (B) if the Contractor later becomes aware of (through disclosure by LICKING VALLEY or otherwise) some aspect of the Confidential Information as to which it had prior possession, promptly upon its becoming aware of such Confidential Information;

(ii) Becomes Public: is currently publicly available or has become publicly available and such public availability does not result from (A) the misappropriation or improper disclosure of such Confidential Information by the Contractor or (B) the obtaining of such Confidential Information either (1) by improper means of the Contractor or from acts or omissions of another person or entity that the Contractor knows, or should have reason to know, either misappropriated such information or utilized improper means to acquire it or acquired it under circumstances giving rise to a duty to maintain its secrecy or limit its use or (2) by accident or mistake;

(iii) Independently Developed: is developed independently by the Contractor without the use of the Confidential Information.

(iv) Approved Contractor: is provided to Direct Technology, Inc. LICKING VALLEY has executed a Confidentiality and Non-Disclosure Agreement with Direct Technology, Inc.

5. Any representative of Contractor who has access to Confidential Information shall first be given a copy of this Agreement, shall read it and shall consent in writing to be bound by the terms, conditions and limitations of this agreement by executing this Agreement.

6. Remedies. Contractor acknowledges that any breach of this Agreement by it or any of its representatives would cause LICKING VALLEY and its affiliates and employees irreparable harm and that an award of money damages alone would be inadequate. Accordingly, Contractor also agrees that in the event of any breach or threatened breach of this Agreement, LICKING VALLEY, and its employees and affiliates will be entitled to equitable relief, including injunctive relief and specific performance, in addition to all other remedies available at law or in equity to LICKING VALLEY, its employees, or any affiliate. If the Contractor is held by any court of competent jurisdiction to be in violation of this Agreement, then the Contractor will pay all costs of such action or suit, including reasonable attorneys' fees. The failure of LICKING VALLEY at any time or times to require the performance of any provisions of this Agreement will in no manner affect the right to enforce the same; and no waiver by LICKING VALLEY of any provision (or of a breach of any provision) of this Agreement, whether by conduct or otherwise, in any one or more instances, will be deemed or construed either as a further or continuing waiver of any such provision or breach or as a waiver of any other provision (or of a breach of any other provision) of this Agreement. Contractor hereby waives any requirement that LICKING VALLEY submit proof of the economic value of any trade secrets or post a bond or other security for protection of Confidential Information.

Notwithstanding anything herein to the contrary, LICKING VALLEY agrees that, in addition to the equitable relief identified above, such Party shall also be entitled to recover from Contractor, its contractors, officers and employees, any and all gains wrongfully acquired, directly or indirectly, by the Contractor as a result of unauthorized disclosure of LICKING VALLEY's Confidential Information.

7. Contractor's obligations under this Agreement shall survive the services performed by Contractor for LICKING VALLEY.

8. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their affiliates, their respective directors, officers, employees, agents and representatives, and their successors and assigns. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.

Acknowledged and agreed to this 28th day of May, 2014

Licking Valley Rural Electric Cooperative Corporation

Apogee Interactive, Inc.

BY: *J. R. Mg*

BY: *James E Malcom*

ITS: *Mgr. of Administrative Services*

ITS: *CFO*

CONTRACTOR'S REPRESENTATIVE

J. G. Malcom

FOR All Territory Served

PSC KY NO. 0034

ORIGINAL SHEET NO. 31

CANCELLING PSC KY NO. _____

SHEET NO. _____

Licking Valley Rural Electric
(NAME OF UTILITY)

PREPAY SERVICE

STANDARD RIDER:

Licking Valley Rural Electric's Prepay Service ("Prepay") is an optional rider to Rate Schedule A - Residential, Farm, Small Community Hall and Church Service as defined by the Cooperative.

AVAILABILITY:

All Rate Schedule A - Residential, Farm, Small Community Hall and Church Services, excluding accounts on Levelized/Fixed Budget, Automatic Bank Draft, Net Metering, and accounts greater than 200 Amp Service within the territory served by Licking Valley Electric.

All Rate Schedule B - Commercial and Small Power Service, excluding account on Levelized/Fixed Budget, Automatic Bank Draft, Net Metering, and accounts greater than 200 Amp Service.

MONTHLY RATE:

Rate Schedule A:

Consumer Facility Charge:	\$ 9.32
Energy Charge per kWh:	\$ 0.09355
Prepay Service Fee:	\$ 5.00

Rate Schedule B:

Consumer Facility Charge:	\$ 20.71
Energy Charge per kWh:	\$ 0.08282
Prepay Service Fee:	\$ 5.00

TERMS & CONDITIONS:

Members who qualify as defined above in "Availability" may choose to voluntarily enroll their electric account(s) in the Prepay service and are subject to the following:

1. Each member electing Prepay will be subject to all other applicable rules and regulations which apply to members using the residential tariff or Commercial and Small Power Service, without the Prepay rider.

DATE OF ISSUE Oct/01/2014
MONTH / DATE / YEAR

DATE EFFECTIVE Oct/01/2014
MONTH / DATE / YEAR

ISSUED BY *Ray R. Howard*
SIGNATURE OF OFFICER

TITLE General Manager/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 2014-00256 DATED Oct/01/2014

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Brent Kirtley</i>
EFFECTIVE 10/1/2014 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

FOR All Territory ServedPSC KY NO. 0034ORIGINAL SHEET NO. 31

CANCELLING PSC KY NO. _____


SHEET NO. _____

Licking Valley Rural Electric
(NAME OF UTILITY)**PREPAY SERVICE (CONTINUED)**

2. Members should have internet access or the ability to receive electronic communications, including texting services to participate in the voluntary Prepay service.
3. Any member choosing to enroll in Prepay shall sign a *Prepay Service Agreement* ("Agreement"). The Agreement shall remain in effect until the member notifies Licking Valley Electric, in writing, to cancel the Agreement.
4. Upon written cancellation of the Agreement, the member shall be subject to the conditions of the applicable tariff, without the Prepay rider. In accordance with Licking Valley Electric's current Rules and Regulations, this may require a security deposit to be paid by the member at the time of cancellation of the Prepay service.
5. Any special equipment issued to the member for participation in Prepay shall be returned in good working condition by the member. Refusal by the member to return the equipment shall result in replacement cost of the equipment being charged to the member.
6. The Consumer Facility Charge and Energy Charge will be the same as Licking Valley Electric's applicable residential tariff. The Energy Charge per kWh will be calculated and deducted from the member's account on a daily basis. The Consumer Facility Charge and Prepay Service Fee will be pro-rated and deducted from the member's account on a daily basis.
7. The Fuel Cost Adjustment and Environmental Surcharge will be charged or credited to the account daily. The Fuel Adjustment and Environmental Surcharge will be the rates in effect for the time of update.
8. The Prepay account will not be subject to deposits, late fees, disconnect fees, and reconnect fees.
9. At the time Prepay is activated for an account, the initial purchase is recommended to be a minimum of \$100.00. Purchases beyond the point of activation will be at an increment of the member's choosing, with a minimum purchase being \$20.00. Members may apply funds to their prepay account(s) by most methods as post pay and include the following: credit card, debit card, check and

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**KENTUCKY
PUBLIC SERVICE COMMISSION**

**JEFF R. DEROUEN
EXECUTIVE DIRECTOR**

TARIFF BRANCH

Bunt Kirtley

EFFECTIVE

10/1/2014

PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

FOR All Territory Served

PSC KY NO. 0034

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Licking Valley Rural Electric
(NAME OF UTILITY)

PREPAY SERVICE (CONTINUED)

cash. Payment can be made via the website, phone and in person at one of Licking Valley's offices. Payment methods are listed on Licking Valley Electric's website, www.lvrecc.com.

- 10. When an existing member selects to participate in Prepay and has a security deposit on file, the deposit and any accumulated interest will not be refunded. The deposit will be converted into a credit on the Prepay account going forward. No crediting of the deposit to the Prepay account shall occur if the deposit is needed to cover a pre-existing indebtedness by the member or the member has another account(s) which does not have a satisfactory credit history, the remaining credit will be transferred as a deposit to the unsecured account(s).
- 11. If a member who has not participated in Prepay is disconnected for non-payment, the member may request to be reconnected and enrolled in Prepay. If the member is unable to pay the account balance in full for the disconnected account, a payment plan whereby future purchases for Prepay will be split 70/30 until the old debt is retired will be established. Seventy percent (70%) of the payments will be applied to new purchases and thirty percent (30%) will be applied towards retirement of the previous balance minus any applicable deposit.
- 12. A prior member, who previously received service from Licking Valley Electric and discontinued service without paying his/her final bill, (i.e. an uncollectible account/bad debt) will be required to pay the past due amount prior to establishing prepay service. If the member is unable to pay the account balance in full, a payment plan whereby future purchases for Prepay will be split 70/30 until the old debt is retired will be established. Seventy percent (70%) of the payments will be applied to new purchases and thirty percent (30%) will be applied towards retirement of the previous balance.
- 13. Once an account is enrolled in Prepay, the account will no longer be eligible for additional payment arrangements.
- 14. Financial assistance from community action or other agencies received for a Prepay account will be credited to the balance of the Prepay account upon receipt of a voucher or other supporting official documents of commitment from the agency providing assistance.

DATE OF ISSUE Oct/01/2014
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ISSUED BY *Jeff R. Deroen*
SIGNATURE OF OFFICER

TITLE General Manager/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 2014-00256 DATED Oct/01/2014

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Brent Kirtley</i>
EFFECTIVE 10/1/2014 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

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PSC KY NO. 0034
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Licking Valley Rural Electric
(NAME OF UTILITY)

PREPAY SERVICE (CONTINUED)

- 15. When a Prepay account reaches a balance of \$25.00, an automated message(s) will be processed and sent to the member and no written notice will be sent by mail.
- 16. If a payment on a Prepay account is returned for any reason, the account is subject to the service fee as provided in Licking Valley Electric's Rules and Regulations.
- 17. Members presenting a Winder Hardship Reconnect, Certificate of Need or Medical Certificate as provided in 807 KAR 5:006, Sections 14, 15, and 16 will be removed from Prepay and the account will return to the status of a post-pay account.
- 18. A monthly paper bill will not be mailed to a member who elects to participate in Prepay. The member may view their Prepay account status on Licking Valley Electric's website. Based on the Prepay notification system, the account should not be eligible for past-due status, therefore; a delinquent notice will not be processed or mailed.
- 19. A Prepay account will be disconnected if the balance of the account becomes negative. The account will be disconnected regardless of weather/temperature as the member is responsible for ensuring that the Prepay account is adequately funded. Licking Valley Electric discourages participation in the Prepay program if the member cannot ensure proper funding.
- 20. If a Prepay account is disconnected due to lack of funds or any other reason, Licking Valley Electric shall be held harmless for any damages due to loss of energy service. Likewise, if the account is disconnected and the member applied funds to the Prepay account thus causing the account to be reconnected, the member accepts full responsibility for any damages to the location caused by the account being reconnected and holds the Cooperative harmless from any damages arising from such a reconnection.
- 21. Prepay accounts will be billed daily with a month-end billing being processed to finalize any applicable miscellaneous fees such as billing contracts, EnviroWatts, WinterCare, etc.
- 22. *Intentionally Left Blank*

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ISSUED BY *[Signature]*
SIGNATURE OF OFFICER

TITLE General Manager/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
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KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH
<i>[Signature]</i>
EFFECTIVE 10/1/2014
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FOR All Territory Served

PSC KY NO. 0034

ORIGINAL SHEET NO. 31

CANCELLING PSC KY NO. _____

SHEET NO. _____

Licking Valley Rural Electric
(NAME OF UTILITY)

PREPAY SERVICE (CONTINUED)

- 23. If a request is made to disconnect the service at a Prepay account, any remaining balance will be transferred to other active accounts, if applicable, or refunded in form of check.
- 24. Should damage occur to the equipment as a result of malice or neglect by the member, the member shall be billed for the replacement cost of the equipment.
- 25. Members may check the status of a Prepay account by utilizing Licking Valley Electric's website or by calling the office at any time.
- 26. The member shall pay any fees as applicable by the Cooperative bylaws and the Cooperative Rules and Regulations as approved by the Kentucky Public Service Commission and as may be required for the member to participate in the Prepay electric service program.
- 27. The Prepay agreement shall be in effect for (1) year. After one year, the member may elect to opt out of the Prepay program by submitting a request for cancelation to Licking Valley in writing. If Prepay service is ended, the member must meet the requirements of a post-pay account for continued service.

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ISSUED BY *Ray R. Houchens*
SIGNATURE OF OFFICER

TITLE General Manager/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION IN CASE NO. 2014-00256 DATED Oct/01/2014

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH
<u><i>Brent Kirtley</i></u>
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**LICKING VALLEY ELECTRIC, INC.
AGREEMENT FOR PREPAY SERVICE**

Member Name _____	Home Phone _____
Account No. _____	Cell Phone _____
Service Address _____	Cell Carrier _____
_____	E-mail _____

The undersigned (hereinafter called the "member") hereby applies for participation in the voluntary Prepay service offered to members of Licking Valley Electric, Inc. (hereinafter called the "Cooperative"), and agrees to the following terms and conditions:

1. The member shall purchase electric energy from the Cooperative in accordance with the present and any future rate schedule of the Cooperative on a Prepay basis for the above referenced account.
2. The member understands that the terms and conditions set forth in the member's Application for Membership continue to apply in addition to the terms and conditions of this Agreement for Prepay Service, subject, however, to any changes set forth in this agreement.
3. The member shall pay any fees as applicable by the Cooperative bylaws and the Cooperative Rules and Regulations as approved by the Kentucky Public Service Commission and as may be required for the member to participate in the Prepay electric service program.
4. Any deposit on the above referenced account will be applied to the final billing for the post-pay account before the account changes to Prepay service. Any credit remaining on the account will be applied to the Prepay account. However, if the member has another account(s) which does not have a satisfactory credit history, the remaining credit will be transferred as a deposit to the unsecured account(s). The deposit will only be refunded by applying it to the member's account(s) as described above.
5. Those members participating in Prepay service will not be mailed a monthly paper bill for electric usage or other applicable fees or charges. Account information may be obtained from the web portal or by contacting the office.
6. The member shall pay a daily program fee and a daily consumer customer charge. This amount will be in addition to the charges included for the fuel cost adjustment and environmental surcharge rates which will be charged or credited to the account based upon the effective rates. The effective rates of the fuel adjustment and environmental surcharge will be the rates in effect when kWh's are used.
7. During any interruption, outage and/or disconnections, the customer charge, Prepay fee and any security light charges will continue to accrue.
8. If a member changes any of the contact information (i.e. e-mail address, phone number, etc.) provided on this agreement, it is the responsibility of the member to notify the Cooperative of any such changes immediately. It is the member's responsibility to manage their own communication devices.
9. When the amount of funds remaining on a Prepay account reaches the established threshold of \$25.00, an automated message will be sent to the member rather than a traditional, written notice sent by U.S. Mail. The Cooperative shall not be responsible for any failure of the member to receive the automated message for any reason(s).
10. The member shall be responsible for regularly monitoring the balance on the Prepay account and understands that the electric service will be subject to disconnection without any written, verbal or other method of notification from the Cooperative to the member once the balance of the account reaches a negative balance. If the member cannot ensure proper funding, the Cooperative recommends the member not utilize the Prepay service.
11. Budget billing, automatic draft, net metering, and three-phase accounts are not eligible for Prepay service.
12. Should the member have a payment returned for any reason, the returned payment will be held on the Prepay account. The member's account shall also be charged a return payment fee as reflected in the Cooperative's PSC approved Rules and Regulations in addition to the returned payment amount. If there are not sufficient funds to cover the returned item and fee, the account will be disconnected immediately.
13. If a Prepay account is disconnected due to lack of funds or any other reason, the member applied funds to the Prepay account thus causing the account to be reconnected, the member accepts full responsibility for

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any damages to the location caused by the account being reconnected and holds the Cooperative harmless from any damages arising from such a reconnection.

14. By signing this agreement, the member affirms there are no residents in the home that currently have medical conditions that will be impacted by loss of service. Should this status change, the member shall contact the Cooperative in writing, at which time the account will be removed from Prepay service. It is the responsibility of the member to confirm the Cooperative is in receipt of the written request for removal from Prepay service.
15. A Prepay account will be disconnected if the balance of the account becomes negative. The account will be disconnected regardless of weather or temperature as the member is responsible for ensuring that the Prepay account is adequately funded.
16. Financial assistance from community action or other agencies received for a Prepay account will be credited to the balance of the Prepay account upon receipt of a voucher or other supporting official documents of commitment from the agency providing assistance.
17. If a member on a Prepay account presents a Certificate of Need, a Medical Certificate or qualifies for a Winter Hardship Reconnect, the member shall be required to transfer to a post-pay service account.
18. The member authorizes the Cooperative to transfer the unpaid balance of \$ _____ from the member's post-pay account to the Prepay service account. The member also authorizes the kWh used since the last bill date until the meter is changed to Prepay service to be calculated and transferred to the Prepay account. The member further agrees that thirty percent (30%) of any future purchases for funding the Prepay account shall be applied to the balance until said balance is paid in full. Any fees/penalties (returned payment, meter tampering, etc.) shall be paid before any purchases for funding is applied to the member's Prepay account.
19. For a prior member who previously received service from Licking Valley and discontinued service without paying his/her final bill, (i.e. an uncollectable account/bad debt), the member agrees that if the uncollectable account/bad debt is not paid in full upon enrolling in the Prepay Program, thirty (30%) of any payments made on this account in the future shall be applied to the balance until said uncollectable account/bad debt is paid in full. The member authorizes the Cooperative to transfer the uncollectable account/bad debt balance of \$ _____ to the Prepay Account.
20. A Prepay account shall not be eligible for future payment plan arrangements.
21. If a member wishes to disconnect service, the member shall be refunded any balance on the Prepay account. Any refund will be processed in the same manner as a post-pay account refund.
22. The member, by signing this agreement, confirms the ability to receive electronic communications which is required to be eligible for the Prepay service.
23. The Prepay agreement shall be in effect for (1) year. After one year, the member may elect to opt out of the Prepay program by submitting a request for cancelation to Licking Valley in writing. If Prepay service is ended, the member must meet the requirements of a post-pay account for continued service.
24. Members may apply funds to a Prepay account by most payment methods available for post-pay service and provided on Licking Valley's website at: www.lvrecc.com
25. The undersigned agrees that Cooperative personnel has comprehensively explained this Prepay program and have fully informed the member of all aspects of the program.

Member Signature: _____ SSN: _____ Date: _____

Member Signature: _____ SSN: _____ Date: _____

CSR Signature: _____ Date: _____

Preferred Method of notification is (please check one): E-Mail Text

OFFICE USE ONLY	
SO Number _____	Date Installed _____
Customer NO. _____	Initials _____
Comments _____	

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