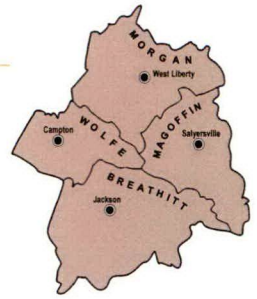




**LICKING VALLEY**  
RURAL ELECTRIC COOPERATIVE CORPORATION  
P. O. Box 605 • 271 Main Street  
West Liberty, KY 41472-0605  
(606) 743-3179



December 9, 2016

Executive Director  
Kentucky Public Service Commission  
PO Box 615  
Frankfort KY 40602-0615

RE: Case No. 2016-00335  
Environmental Surcharge

To Whom It May Concern:

Enclosed are the original and eight (8) copies of Licking Valley Rural Electric Cooperative Corporation's response to the above referenced case number in the Commission Staff's Second Request for Information dated November 30, 2016 in the above referenced case.

Kerry K. Howard is witness to all responses.

Sincerely

Kerry K. Howard  
General Manager/CEO  
[kkhoward@lvrecc.com](mailto:kkhoward@lvrecc.com)  
Fax-606-743-7775

RECEIVED

DEC 14 2016

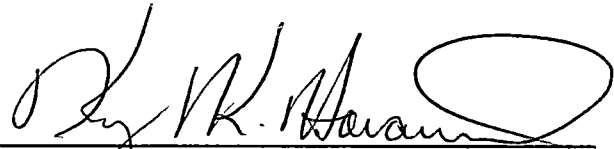
Public Service  
Commission

DEC 14 2016

Public Service  
Commission

**VERIFICATION**

The undersigned hereby verifies that the statements and information set forth in the foregoing application are true and correct to the best of my knowledge and belief.

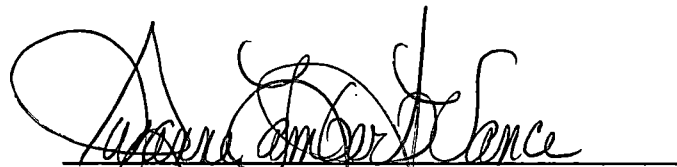


Kerry K. Howard, General Manager/CEO  
Licking Valley Rural Electric  
Cooperative Corporation

STATE OF KENTUCKY  
COUNTY OF Morgan

The foregoing was signed, acknowledged and sworn to before me by **KERRY K. HOWARD, General Manager and CEO of Licking Valley RECC**, this 9<sup>th</sup> day of December 2016.

My commission expires 05/29/2020

  
Notary Public, State of Kentucky at Large  
# 556518

(seal)

**Licking Valley Rural Electric Cooperative Corporation**  
**Response to:**

**Commission Staff's Second Request for Information  
to East Kentucky Power Cooperative, Inc. and  
Each of its 16 Member Cooperatives.**

**Case No. 2016-00335**

**Dated: November 30, 2016**

3. This item is addressed to each of the 16 Member Cooperatives.

a. Provide the accounting methodology (i.e., cash or accrual) utilized by your particular Member Cooperative,

**Response a:** Cash

b. Explain whether the accounting methodology utilized by your particular Member Cooperative could exacerbate the possible impact to cash flow and margins caused by volatility in the environmental surcharge.

**Response b:** The accounting methodology utilized by Licking Valley RECC does not exacerbate the possible impact to cash flow and margins caused by volatility of the environmental surcharge.

4. This item is addressed to each of the 16 Member Cooperatives. For your particular Member Cooperative, provide the following information as it relates to the environmental surcharge calculated for EKPC's December 2015 expense month, as billed to the Member Cooperatives in February 2016 for January 2016 usage:

a. The month in which the Member Cooperative records the amount billed in February 2016 as an expense.

**Response a:** February 2016

b. The month in which the retail customer's usage will be subject to the Member Cooperative's pass-through factor calculated from EKPC's December 2015 expense month;

**Response b:** January 2016

c. The month in which the Member Cooperative bills its retail customers the pass-through factor calculated from EKPC's December 2015 expense month;

**Response c:** January 2016

d. The month in which the Member Cooperative records as revenue the amounts billed in the month indicated in part c. above.

**Response d:** January 2016