

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF LICKING)	
VALLEY RURAL ELECTRIC COOPERATIVE)	
CORPORATION FOR A GENERAL)	CASE NO.
ADJUSTMENT OF RATES PURSUANT TO)	2020-00338
STREAMLINED PROCEDURE PILOT)	
PROGRAM ESTABLISHED IN)	
CASE NO. 2018-00407)	

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

Licking Valley Rural Electric Cooperative Corporation (Licking Valley RECC), pursuant to 807 KAR 5:001, is to file with the Commission an electronic version of the following information. The information requested herein is due on February 11, 2021. The Commission directs Licking Valley RECC to the Commission's March 16, 2020 and March 24, 2020 Orders in Case No. 2020-00085¹ regarding filings with the Commission. The Commission expects the original documents to be filed with the Commission within 30 days of the lifting of the current state of emergency. All responses in paper medium shall be appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 16, 2020), Order at 5–6. Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 24, 2020), Order at 1–3.

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 the 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 RECC shall make timely amendment to any prior response if Licking Valley RECC obtains information that indicates 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 RECC fails or refuses to furnish all or part of the requested information, Licking Valley RECC shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall 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 RECC 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 Direct Testimony of Kerry Howard, page 5, lines 1–21. Mr. Howard discusses measures Licking Valley RECC has taken to decrease expenses.

- a. Quantify each management-driven cost reduction.
 - b. Provide a quantification of the increases of expenses since 2016, specifically labor, depreciation, and materials.
2. Refer to the Direct Testimony of Sandra H. Bradley (Bradley Testimony), page 6, line 12.
 - a. Provide Licking Valley RECC's loan covenants.
 - b. State whether Licking Valley RECC has been in default of the mortgage requirements in the last six years.
3. Refer to the Bradley Testimony, page 7, line 1. Provide a detailed break out of the increased expenses related to the construction work plan and other needs.
4. Refer to the Bradley Testimony, page 7, line 9. Provide a schedule of plant additions since the last rate case supporting the 15 percent increase in depreciation since the 2016 rate case.
5. Refer to the Bradley Testimony, page 7, lines 12–15. Provide the number employees in 2016 and, if different than the test year, explain why the total number of employees differ.
6. Refer to the Bradley Testimony, pages 7, lines 18–22, and page 8, lines 1–8. Ms. Bradley states that all of Licking Valley RECC employees began paying 10.37 percent of the Heath Insurance premiums effective September 1, 2020. Provide the board of director minutes or resolutions that made this change.
7. Refer to the Bradley Testimony, page 8, lines 14–15. Provide the wage and salary survey.

8. Refer to the Bradley Testimony, page 9, line 23, and page 10, line 1. Provide support of Licking Valley RECC's statement that low-income customers are the Cooperative's highest energy users.

9. Refer to the Bradley Testimony, Exhibit SNB-1.

a. Provide an updated exhibit listing by month for 2020.

b. Explain whether Licking Valley RECC is currently in default with its loan covenants.

10. Refer to the Direct Testimony of John Wolfram, page 8, lines 2–3. Licking Valley notes that based upon a 1.86 OTIER, the revenue deficiency is \$1,095,880 but pursuant to the annual streamline rate increase cap, requests \$595,560. Given the over 50 percent difference, provide an explanation as to why Licking Valley RECC did not apply for a full rate case.

11. Refer to the Application, LVRECC_COS_2019_FILED.xlsx, Tab ZeroInt. If the accounts where the minimum system was applied, specifically Accounts 363, 365, and 367, was changed so that the percentage is classified as 100 percent demand-related so to be consistent with prior Commission orders,² provide the residential customer cost per month, as seen on the Summary of Rates tab.

12. In Case No. 2016-00174³ the long-term interest expense in the test year was \$430,628 compared to the 2019 test year of \$912,037, likewise the long-term debt

² See, Case No. 2020-000131, *Electronic Application of Meade County Rural Electric Cooperative Corporation for an Adjustment in Rates* (Ky. PSC Sept. 16, 2020) and Case No. 2020-00264 *Electric Application of Cumberland Valley Electric, Inc. for a General Adjustment of Rates Pursuant to Streamlined Procedure Pilot Program Established in Case No. 2018-00407* (Ky. PSC Dec. 30, 2020).

³ Case No. 2016-00174, *Electronic Application of Licking Valley Rural Electric Cooperative Corporation for a General Rate Increase*, (Ky. PSC Mar. 1, 2017).

increased from \$25,867,095 to \$30,350,482. Provide a schedule of all Long-Term Debt with dates issued, interest rate, with whom held, and interest paid.

13. Explain why no adjustment is necessary for interest expense in the test year.

14. Provide a schedule of salaries and wages for the test year.

15. Explain why no adjustment is necessary for salaries and wages in the test year.

16. Provide a schedule of payroll taxes for the test year.

17. Explain why no adjustment is necessary for payroll taxes in the test year.

18. Provide a schedule of Professional Fees for the test year.

19. Explain why no adjustment is necessary for Professional Fees in the test year.

20. Provide a schedule of retirement expense for the test year.

21. Explain why no adjustment is necessary for retirement expense in the test year.

22. Provide the amount of late fees assessed during the test period.

23. Provide cost support for each of the following nonrecurring charges:

- a. Reconnection Fee of \$24.00.
- b. After Hours Reconnection Fee of \$38.00.
- c. Returned Checks of \$30.00.
- d. Field Collection Charge of \$24.00.
- e. Meter Reading Charge of \$24.00.

24. Provide the number of times and the total amount in the test period for the following nonrecurring charges:

- a. Reconnection Fee.
- b. After Hours Reconnection Fee.
- c. Returned Checks.
- d. Filed Collection Charge.
- e. Meter Reading Charge.

25. Provide the number of disconnections and reconnections for the 2018, 2019, and monthly for 2020.

26. Refer to Licking Valley RECC's prepay service tariff in general.

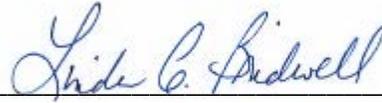
a. Provide the amount of revenue received in the test year for the prepay service fee.

- b. Provide the number of prepay customers in the test year.
- c. Provide the monthly number of prepay customers for 2020.

d. Provide the percentage of Licking Valley RECC's members that are currently enrolled in the prepay program.

e. Provide continued support for the \$3.60 monthly Prepay Service Fee.

27. Provide an update to all rate case expenses with invoices.



Linda C. Bridwell, PE
Executive Director
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DATED JAN 27 2021

cc: Parties of Record

Case No. 2020-00338

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