

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LICKING VALLEY RURAL)
ELECTRIC COOPERATIVE CORPORATION) CASE NO. 98-321
TO ADJUST ELECTRIC RATES)

O R D E R

IT IS ORDERED that the Attorney General shall file an original and 8 copies of the following information with the Commission, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information herein has been provided previously, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. The information requested herein shall be filed no later than November 30, 1998.

1. Refer to Exhibit DHBK-5. Why is an end of test year adjustment consisting of an average of 4 years preferable to using the last month of the test year customer population for this adjustment? Explain the response.

2. Assuming an end of test year adjustment using March 1998 numbers, what would be the adjustment to test year revenue and purchased power? Include all supporting calculations.

3. Mr. Brown Kinloch has proposed that the customer charge for Class A customers should be based on the average of the customer charges for the East Kentucky Power Cooperative, Inc. distribution cooperatives. Explain why this approach is a reasonable method to use in determining the customer charge for Licking Valley.

4. Mr. Brown Kinloch has calculated a customer charge for Class A customers of \$6.71, as shown on Exhibit DHBK-2. Provide a detailed explanation of how Mr. Brown Kinloch arrived at this amount. Include all calculations that support the final result.

5. Refer to Exhibit DBHK-2. For Class A customers, Mr. Brown Kinloch identifies \$1,130,386 of costs as consumer charge related. Provide the calculations used to determine this figure. Provide cross-references for each component used in the calculations.

6. Refer to page 9 of the Testimony of David H. Brown Kinloch. Mr. Brown Kinloch states that sales expenses and administrative and general expenses are inappropriate for inclusion in the customer charge.

a. Identify the characteristics of these types of costs that support their inclusion in the energy charge.

b. Is Mr. Brown Kinloch aware of any instances where this Commission has excluded the sales expenses and administrative and general expenses from the customer charge calculations? Explain the response.

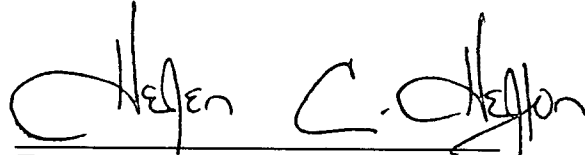
Done at Frankfort, Kentucky, this 13th day of November, 1998.

PUBLIC SERVICE COMMISSION



For the Commission

ATTEST:



Executive Director