

Question:

Refer to page 1 of the Executive Summary in the CWP where the RUS Operations and Maintenance Survey (Form 300) is referenced. Provide a copy of the completed Form 300.

Response:

The current RUS Form 300 is shown on the next pages 3a & 3b. The following actions are being taken for each of the findings:

- Item 3b. CATV/abandoned telephone poles: LVRECC is in contact with CATV and phone companies to address abandoned poles and old poles where CATV and telephone companies need to move their lines to new poles.
- Item 3c. Trees: LVRECC is aggressively pursuing ROW trimming on-going, and are working with home owners to handle problem trees in residential areas on a case-by-case basis.
- Item 6b. Idle services: LVRECC has been reconciling the accounting system records of idle services with actual idle services in the field. Idle services are being removed from the system on a continual basis.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0025. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>REVIEW RATING SUMMARY</b>	BORROWER DESIGNATION KY 56  DATE PREPARED February 2, 2011																																										
Ratings on form are:      0: Unsatisfactory -- No Records      2: Acceptable, but Should be Improved -- See Attached Recommendations NA: Not Applicable      1: Corrective Action Needed      3: Satisfactory -- No Additional Action Required at this Time																																											
<b>PART I. TRANSMISSION and DISTRIBUTION FACILITIES</b>																																											
<b>1. Substations (Transmission and Distribution)</b> a. Safety, Clearance, Code Compliance b. Physical Conditions: Structure, Major Equipment, Appearance c. Inspection Records - Each Substation d. Oil Spill Prevention  <b>2. Transmission Lines</b> a. Right-of-Way: Clearing, Erosion, Appearance, Intrusions b. Physical Condition: Structure, Conductor, Guying c. Inspection Program and Records  <b>3. Distribution Lines - Overhead</b> a. Inspection Program and Records b. Compliance with Safety Codes: Clearances Foreign Structures Attachments c. Observed Physical Condition from Field Checking: Right-of-Way Other	<b>4. Distribution - Underground Cable</b> a. Grounding and Corrosion Control b. Surface Grading, Appearance c. Riser Pole: Hazards, Guying, Condition  <b>5. Distribution Line Equipment: Conditions and Records</b> a. Voltage Regulators b. Sectionalizing Equipment c. Distribution Transformers d. Pad Mounted Equipment Safety: Locking, Dead Front, Barriers Appearance: Settlement, Condition Other e. Kilowatt-hour and Demand Meter Reading and Testing																																										
<b>PART II. OPERATIONS and MAINTENANCE</b>																																											
<b>6. Line Maintenance and Work Order Procedures</b> a. Work Planning & Scheduling b. Work Backlogs: Right-of-Way Maintenance Poles Retirement of Idle Services Other  <b>7. Service Interruptions</b> a. Average Annual Hours/Consumer by Cause (Complete for each of the previous 5 years) <table border="1" style="width:100%; border-collapse: collapse; margin-top: 5px;"> <thead> <tr> <th>PREVIOUS 5 YEARS (Year)</th> <th>POWER SUPPLIER a.</th> <th>MAJOR STORM b.</th> <th>SCHEDULED c.</th> <th>ALL OTHER d.</th> <th>TOTAL e.</th> <th>(Rating)</th> </tr> </thead> <tbody> <tr> <td>2005</td> <td>0.48</td> <td>0.17</td> <td>0.37</td> <td>2.26</td> <td>3.28</td> <td>3</td> </tr> <tr> <td>2006</td> <td>0.04</td> <td>0.10</td> <td>1.15</td> <td>2.29</td> <td>3.58</td> <td>3</td> </tr> <tr> <td>2007</td> <td>0.56</td> <td>0.18</td> <td>0.64</td> <td>2.83</td> <td>4.21</td> <td>3</td> </tr> <tr> <td>2008</td> <td>56.32</td> <td>228.01</td> <td>29.49</td> <td>97.91</td> <td>411.73</td> <td>3</td> </tr> <tr> <td>2009</td> <td>582.40</td> <td>3,649.50</td> <td>43.25</td> <td>173.80</td> <td>4,449.00</td> <td>3</td> </tr> </tbody> </table> b. Emergency Restoration Plan	PREVIOUS 5 YEARS (Year)	POWER SUPPLIER a.	MAJOR STORM b.	SCHEDULED c.	ALL OTHER d.	TOTAL e.	(Rating)	2005	0.48	0.17	0.37	2.26	3.28	3	2006	0.04	0.10	1.15	2.29	3.58	3	2007	0.56	0.18	0.64	2.83	4.21	3	2008	56.32	228.01	29.49	97.91	411.73	3	2009	582.40	3,649.50	43.25	173.80	4,449.00	3	<b>8. Power Quality</b> a. General Freedom from Complaints  <b>9. Loading and Load Balance</b> a. Distribution Transformer Loading b. Load Control Apparatus c. Substation and Feeder Loading  <b>10. Maps and Plant Records</b> a. Operating Maps: Accurate and Up-to-Date b. Circuit Diagrams c. Staking Sheets
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<b>PART III. ENGINEERING</b>																																											
<b>11. System Load Conditions and Losses</b> a. Annual System Losses      5.4% b. Annual Load Factor      38.9% c. Power Factor at Monthly Peak      95+% d. Ratios of Individual Substation Annual Peak kW to kVA  <b>12. Voltage Conditions</b> a. Voltage Surveys b. Substation Transformer Output Voltage Spread	<b>13. Load Studies and Planning</b> a. Long Range Engineering Plan b. Construction Work Plan c. Sectionalizing Study d. Load Data for Engineering Studies e. Load Forecasting Data																																										

Witness: James Bridges

PART IV. OPERATION AND MAINTENANCE BUDGETS						
YEAR	For Previous 2 Years		For Present Year	For Future 3 Years		
	2009	2010	2011	2012	2013	2014
	Actual \$ Thousands	Actual \$ Thousands	Budget \$ Thousands	Budget \$ Thousands	Budget \$ Thousands	Budget \$ Thousands
Normal Operation	1,311	1,601	1,513	1,558	1,605	1,653
Normal Maintenance	1,961	2,599	2,025	2,086	2,148	2,213
Additional (Deferred) Maintenance						
Total	3,272	4,200	3,538	3,644	3,753	3,866

14. Budgeting: Adequacy of Budgets for Needed Work 3 (Rating)

15. Date Discussed with Board of Directors 2/17/2011 (Date)

EXPLANATORY NOTES

ITEM NO.	COMMENTS
3b.	There are still some telephone poles left standing next to electric poles which need to be removed. Cable TV attachments require constant monitoring and follow-up to ensure code requirements are met.
3c.	Several problem trees were observed in residential areas.
6b.	The report of idle services should be reconciled with billing records and adjusted.
7a.	There was a devastating ice storm in 2009.

	TITLE	DATE
RATED BY: <i>Jerry R. Ernstling</i>	GENERAL SUPERINTENDENT	02/02/11
REVIEWED BY: <i>Ray R. Hanson</i>	GENERAL MANAGER/CEO	02/02/11
REVIEWED BY: <i>Mike R...</i>	RUS GFR	02/02/11

Witness: James Bridges

Question:

Refer to Section II-D of the Application, page 1, Analysis of 1998 Long Range Plan ("LRP"). Explain in detail what is meant by B block and C block load, how each load block has been determined, and the reason for the selection of each block load and its application to the 2012-2015 CWP. Provide a table showing the B block and C block load.

Response:

In a Long Range Planning study there are usually three or four load levels (blocks) established with a relative timeline for expanding load of the system. The projections are based on environmental and economic outlooks at the time of the study. The current Long Range Plan still in use for Licking Valley RECC was completed in 1998. The study was done with a 20 year projection. The load levels established were based on the 1996 Power Requirements Study which was the load forecast in effect at the time of the study. The time frame in which the load was projected to develop is listed below. However these time frames are only "best guess" year projections. The implementation of the projects defined in the LRP should be based on when the projected load levels occur and not on the projected year. The LVRECC system has not grown at the rate projected in the LRP due to the economic downturn.

Load Block	Projected year	Projected System Peak	Actual Year Peak occurred	Current Projection based on 2010 Load Forecast
A	2001	68.9MW	2006	N/A
B	2006	79.2MW	N/A	2013
C	2016	107.5MW	N/A	2030+