

Licking Valley Rural Electric Cooperative
Case No. 2016-00174
October 31, 2015

Payroll Adjustment

To reflect the increase granted by the Board of Directors, the step increases and promotions during the year. To give recognition to employees terminated, retired, and employed during the test year. Increases are granted each November 1st to all employees. There are no union employees. Overtime pay is calculated at 1-½ times regular pay.

The Medical Leave policy allows for payment of hours in excess of 75 days for the accumulations of vacation and sick leave. If Licking Valley would not make payment for excess hours, employees would take the medical day and be absent from work instead of forfeiting the hours. This would cause a disruption in the work force and the timing of work crews, customer service representatives, and other departments. To ensure continuity of work, Licking Valley has elected to pay employees for the hours rather than allowing employees to take time off just to keep from forfeiting hours. The payment for excess hours during the test year will be representative of future years payments for excess medical leave hours.

Licking Valley has always hired summer and part-time employees, and anticipates this will continue into future years. These employees were normalized at the same rate and hours during the test year.

Wage and salary increases are as follows:

	<u>Increase</u>
2015	2.00%
2014	2.00%
2013	3.00%
2012	3.00%
2011	3.00%

The amount of increase was allocated based on the actual test year.

Projected wages	\$2,842,399
Actual wages for test year	<u>2,736,000</u>
Adjustment	<u>\$106,399</u>

There were no employees either hired or retired during the test year.

The allocation is on the following page.

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Allocation of increase in payroll:

		<u>Labor</u>		
		<u>Distribution</u>	<u>Percent</u>	<u>Allocation</u>
107.20	Construction work in progress	511,925	18.7%	19,908
108.80	Retirement work in progress	139,327	5.1%	5,418
163.00	Stores	67,001	2.4%	2,606
184.10	Transportation	46,309	1.7%	1,801
242.32	Employee sick leave/vacation	81,772	3.0%	3,180
417.00	Non operating accounts	-	0.0%	0
580.00	Supervision, operations	49,329		
583.00	Overhead line	209,506		
586.00	Meter	164,770		
587.00	Installations	33,407		
588.00	Miscellaneous distribution	41,442	18.2%	19,384
590.00	Supervision, maintenance	49,409		
593.00	Maintenance	348,100		
597.00	Meters	126,318		
598.00	Miscellaneous maintenance	-	19.1%	20,371
901.00	Supervision	15,141		
902.00	Meter reading	29,298		
903.00	Consumer records	202,143	9.0%	9,589
907.00	Supervision, Customer service	25,577		
908.00	Consumer accounting	-	0.9%	995
909.00	Consumer information	-		
910.00	Misc customer information	-	0.0%	0
920.00	Administrative	322,154		
926.00	Employee benefits	197,324		
930.00	Miscellaneous	19,126		
935.00	Maintenance general plant	<u>56,622</u>	<u>21.8%</u>	<u>23,148</u>
	Total	<u>2,736,000</u>	<u>100.0%</u>	<u>106,400</u>

Emp #	Hours Worked			Actual Test Year Wages					Wage Rate	Normalized Wages @ 2,080 Hours				
	Reg Hrs	OT Hrs	Unused Vacation	Regular	Overtime	Unused Vacation	On-Call Dispatching	Total		Regular	Overtime	Unused Vacation	On-Call Dispatching	Total
Salary Employees														
2224	2,080.0		104.0	90,812		4,465		95,277	44.67	92,909		4,645		97,554
7709	2,080.0	50.0		82,532	2,977			85,509	40.60	84,438	3,045			87,482
7711	2,080.0	243.0	368.0	82,657	14,447	14,359		111,463	40.60	84,438	14,797	14,939		114,174
7731	2,080.0		64.0	109,474		3,311		112,785	53.82	111,951		3,445		115,396
7744	2,080.0			65,331				65,331	32.51	67,626				67,626
Subtotal	10,400.0	293.0	536.0	430,806	17,424	22,135	0	470,365		441,362	17,842	23,029	0	482,232
Hourly Employees:														
2240	2,080.0	434.5	146.0	61,535	19,285	4,246		85,066	30.25	62,920	19,715	4,417		87,052
2241	2,080.0	359.5		64,834	16,771			81,605	31.78	66,102	17,137			83,240
2244	2,080.0	15.0		53,718	583			54,301	26.44	54,995	595			55,590
2245	2,080.0	274.5	40.0	64,541	12,708	1,222		78,471	30.25	62,920	12,455	1,210		76,585
2246	1,933.0	245.5		57,195	10,904			68,099	30.25	62,920	11,140			74,060
2247	2,080.0	69.0		61,472	3,069			64,541	30.25	62,920	3,131			66,051
2249	2,080.0	346.0		61,767	15,361			77,128	30.25	62,920	15,700			78,620
2250	2,080.0	173.0	20.5	53,058	6,631	515		60,204	26.11	54,309	6,776	535		61,620
2251	2,080.0	332.0		61,506	14,734			76,240	30.25	62,920	15,065			77,985
2255	2,070.5	117.0		50,131	4,240			54,371	24.78	51,542	4,349			55,891
2257	2,080.0	168.5		61,544	7,494			69,038	30.25	62,920	7,646			70,566
2258	2,080.0	286.5		61,928	12,748			74,676	31.78	66,102	13,657			79,760
2259	1,920.0	134.5		46,529	4,899			51,428	24.78	51,542	4,999			56,542
2261	2,080.0	331.5		61,715	14,735			76,450	30.25	62,920	15,042			77,962
2262	2,077.0	119.5		61,623	5,307			66,930	30.25	62,920	5,422			68,342
2263	2,080.0	235.5		50,664	8,555			59,219	30.25	62,920	10,686			73,606
2264	2,080.0	474.5	6.5	50,568	17,245	155		67,968	30.25	62,920	21,530	197		84,647
2265	2,080.0	27.0		38,900	760			39,660	19.15	39,832	776			40,608
2266	2,080.0	241.5		46,143	8,036			54,179	24.78	51,542	8,977			60,519
2267	2,080.0	297.5		46,631	10,003			56,634	22.95	47,736	10,241			57,977
4402	2,080.0	46.5	3.0	64,580	2,173	92	6,500	73,345	31.78	66,102	2,217	95	6,500	74,914
5507	2,080.0	257.0		61,487	11,411			72,898	30.25	62,920	11,661			74,581
5513	2,080.0	199.5		64,597	9,295			73,892	31.78	66,102	9,510			75,613
5514	2,080.0	87.5	240.0	35,010	2,204	3,972		41,186	17.22	35,818	2,260	4,133		42,211
5515	2,080.0	12.0		46,111	399			46,510	22.70	47,216	409			47,625
7703	2,080.0	9.0	80.0	64,579	421	2,444	6,500	73,944	31.78	66,102	429	2,542	6,500	75,574
7706	2,080.0	57.0	96.0	51,726	2,127	2,347		56,200	25.44	52,915	2,175	2,442		57,533

Emp #	Hours Worked			Actual Test Year Wages					Wage Rate	Normalized Wages @ 2,080 Hours				
	Reg Hrs	OT Hrs	Unused Vacation	Regular	Overtime	Unused Vacation	On-Call Dispatching	Total		Regular	Overtime	Unused Vacation	On-Call Dispatching	Total
7716	2,080.0	18.5	72.0	40,197	538	1,369		42,104	19.78	41,142	549	1,424		43,115
7720	2,080.0	17.0		41,242	507			41,749	20.30	42,224	518			42,742
7721	2,080.0	116.5	83.0	45,758	3,847	1,796		51,401	22.51	46,821	3,934	1,868		52,623
7723	2,038.0	35.0		38,035	983			39,018	19.10	39,728	1,003			40,731
7724	2,080.0	59.5	36.5	45,740	1,961	790	6,500	54,991	22.51	46,821	2,009	822	6,500	56,151
7725	2,080.0	180.0	231.5	45,775	5,940	5,010	6,500	63,225	22.51	46,821	6,078	5,211	6,500	64,610
7726	1,343.5	13.5		19,809	299			20,108	15.06	20,233	305			20,538
7727	2,080.0	29.5		36,061	770			36,831	17.75	36,920	785			37,705
7733	2,080.0	173.0	60.0	38,908	4,854	1,104		44,866	19.15	39,832	4,969	1,149		45,950
7736	2,080.0	26.5		33,992	651			34,643	16.73	34,798	665			35,463
7737	2,080.0	200.0		31,089	4,487			35,576	15.30	31,824	4,590			36,414
7742	2,004.0	2.0		30,869	46			30,915	15.76	32,781	47			32,828
Subtotal	79,946.0	6,222.0	1,115.0	1,951,569	246,981	25,060	26,000	2,249,610		2,032,945	259,152	26,045	26,000	2,344,142
Part Time & Summer Employees														
5519	1,601.0	1.0		16,010	15			16,025	10.00	16,010	15			16,025
Subtotal	1,601.0	1.0	0.0	16,010	15	0	0	16,025		16,010	15	0	0	16,025
Retired Employees														
				0	0			0		0	0			0
Subtotal	0.0	0.0	0.0	0	0	0	0	0		0	0	0	0	0
Total	91,947.0	6,516.0	1,651.0	2,398,385	264,420	47,195	26,000	2,736,000		2,490,317	277,008	49,074	26,000	2,842,399

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Exhibit 1
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Witness: Jim Adkins

Analysis of Salaries and Wages
For the calendar years 2012 through 2014
and the Test year

Line No	Item (a)	Twelve Months Ended						Test year 2015	
		2012		2013		2014		Amount (l)	% (m)
		Amount (f)	% (g)	Amount (h)	% (i)	Amount (j)	% (k)		
1	Wages charged to expense:								
2	Distribution expense	1,110	-13%	1,010	-9%	1,070	6%	1,021	-5%
3	Customer accounts expense	240	-55%	226	-6%	268	19%	247	-8%
4	Customer service and and inforr	0	-100%	11	0%	26	136%	26	0%
5	Sales expense								
6	Administrative and general expenses:								
	(a) Administrative and general	303	-28%	317	5%	326	3%	322	-1%
	(b) Office supplies and expense								
	(c) Outside services employed								
	(d) Property insurance								
	(e) Injuries and damages								
	(f) Employees hospitalization an	164	0%	171	4%	179	5%	197	10%
	(g) Retirement and security								
	(h) Miscellaneous general	14	-60%	22	57%	15	-32%	19	27%
	(i) Maintenance of general plant	47	161%	41	-13%	53	29%	57	8%
7	Total administrative and general expenses L6(a) to L6(i)	528	11%	551	-3%	573	4%	595	-3%
8	Charged to clearing and others	382	55%	199	-48%	256	29%	195	-24%
9	Total salaries and wages charged to expense and other L2 to L6 + L7 + L8	2,260	-15%	1,997	-12%	2,193	10%	2,084	-5%
10	Wages capitalized	613	-27%	593	-3%	618	4%	651	5%
11	Total salaries and wages	2,873	-18%	2,590	-10%	2,811	9%	2,735	-3%
12	Ratio of salaries and wages charged to expense to total wages L9 / L	79%		77%		78%		76%	
13	Ratio of salaries and wages capitalized to total wages L10 / L11	21%		23%		22%		24%	
14	Overtime wages	373	42%	276	-26%	331	20%	264	-20%
Info only	Overtime hours	10,070		7,162		8,293		6,516	

Emp #	Wage	Wage	Percent	Wage	Percent	Reason for increase
	Rate	Rate		Rate		
	11/1/13	11/1/14	change	11/1/15	change	
Salary Employees						
2224	42.93	43.79	2.0%	44.67	2.0%	
7709	39.02	39.80	2.0%	40.60	2.0%	
7711	39.02	39.80	2.0%	40.60	2.0%	
7731	51.73	52.77	2.0%	53.82	2.0%	
7744	28.85	31.88	10.5%	32.51	2.0%	
Subtotal						
Hourly Employees:						
2240	29.08	29.66	2.0%	30.25	2.0%	
2241	30.55	31.16	2.0%	31.78	2.0%	
2244	25.41	25.92	2.0%	26.44	2.0%	
2245	30.55	31.16	2.0%	30.25	-2.9%	Job change
2246	29.08	29.66	2.0%	30.25	2.0%	
2247	29.08	29.66	2.0%	30.25	2.0%	
2249	29.08	29.66	2.0%	30.25	2.0%	
2250	25.10	25.60	2.0%	26.11	2.0%	
2251	29.08	29.66	2.0%	30.25	2.0%	
2255	23.81	24.29	2.0%	24.78	2.0%	
2257	29.08	29.66	2.0%	30.25	2.0%	
2258	29.08	29.66	2.0%	31.78	7.1%	Step increase
2259	23.81	24.29	2.0%	24.78	2.0%	
2261	29.08	29.66	2.0%	30.25	2.0%	
2262	29.08	29.66	2.0%	30.25	2.0%	
2263	23.81	24.29	2.0%	30.25	24.5%	Step increase
2264	23.81	24.29	2.0%	30.25	24.5%	Step increase
2265	18.40	18.77	2.0%	19.15	2.0%	

Emp #	Wage	Wage	Percent	Wage	Percent	Reason for increase
	Rate	Rate		Rate		
	11/1/13	11/1/14	change	11/1/15	change	
2266	21.81	22.25	2.0%	24.78	11.4%	Step increase
2267	22.06	22.50	2.0%	22.95	2.0%	
4402	30.55	31.16	2.0%	31.78	2.0%	
5507	29.08	29.66	2.0%	30.25	2.0%	
5513	30.55	31.16	2.0%	31.78	2.0%	
5514	16.55	16.88	2.0%	17.22	2.0%	
5515	21.81	22.25	2.0%	22.70	2.0%	
7703	30.55	31.16	2.0%	31.78	2.0%	
7706	24.45	24.94	2.0%	25.44	2.0%	
7716	19.01	19.39	2.0%	19.78	2.0%	
7720	19.51	19.90	2.0%	20.30	2.0%	
7721	21.64	22.07	2.0%	22.51	2.0%	
7723	18.36	18.73	2.0%	19.10	2.0%	
7724	21.64	22.07	2.0%	22.51	2.0%	
7725	21.64	22.07	2.0%	22.51	2.0%	
7726	14.47	14.76	2.0%	15.06	2.0%	
7727	17.06	17.40	2.0%	17.75	2.0%	
7733	18.40	18.77	2.0%	19.15	2.0%	
7736	16.08	16.40	2.0%	16.73	2.0%	
7737	14.71	15.00	2.0%	15.30	2.0%	
7742	15.15	15.45	2.0%	15.76	2.0%	

Subtotal

Part Time & Summer Employees

5519	10.00	10.00	0.0%	10.00	0.0%	
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Licking Valley Rural Electric
Case No. 2016-00174
Compensation of Executive Officers
October 31, 2015

	<u>Test Year</u>	<u>2014</u>	<u>2013</u>
General Manager/CEO	109,756	107,604	105,494
Percent Increase	2.0%	2.0%	3.0%
General Superintendent	91,087	89,301	87,550
Percent Increase	2.0%	2.0%	3.0%
Accounting Supervisor	82,782	81,159	79,568
Percent Increase	2.0%	2.0%	3.0%
Member Service Advisor	66,300	60,000	0
Percent Increase	10.5%	n/a	n/a

Licking Valley Rural Electric Cooperative
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Duties and Responsibilities of Officers

General Manager & CEO It is the responsibility of the General Manager & CEO to report directly to the Board of Directors in implementing the Board policies and directives.

Manager of Operations Collaborates with Construction and Maintenance Supervisors, and contractors, on a daily basis for operational needs. Prepares and presents the General Manager & CEO an annual capital budget. Plans and organizes to serve members with efficient work. Promotes fast, dependable electric service to the members and maintain power quality. Maintains a knowledge of local and national laws and regulations governing the operations of Licking Valley. Reports directly to the General Manager & CEO.

Manager, Finance and Accounting Coordinates all audit efforts by various agencies. Maintains the financial status of Licking Valley by developing budgets and financial statements. Collaborates with supervisors to fill any vacant positions. Assists and advises other departments as requested in the preparation of departmental budgets. Maintains all information related to accounting, as needed. Develops short term cash investments and long term cash requirements. Assists in the development of information necessary for filing loan applications. Reviews the financial information to ensure compliance with regulatory agencies. Ensures that taxes are properly prepared and filed on a timely basis. Analyzes electric sales revenues, collections, delinquents, write-offs, and penalty charges for efficiencies. Maintains knowledge of laws and regulations governing the administration of Licking Valley. Directs in the preparation of daily cash transactions. Reports directly to the General Manager & CEO.

Manager, Member Services Plans and organizes to serve member/owners with efficient work. Works with demand-side management, conservation and energy efficiency programs for consumers. Investigates member concerns that have not been satisfied by other employees. Encourages in economic development in the region. Maintains knowledge of laws and regulations governing the operations of Licking Valley. Participates in community events and programs. Reports directly to the General Manager & CEO.