

Licking Valley Rural Electric Cooperative
Case No. 2016-00174
Commission Staff's Third Request for Data

11 . Refer to Licking Valley's response to Staff's Second Request, Item 26.

a. Provide the total cost incurred for the Warren County Rural Electric Cooperative Corporation ("Warren County") sales tax audit and the amounts that were allocated to each Kentucky Rural Electric Cooperative.

b. Has the Kentucky Revenue Cabinet conducted a sales tax audit on a Kentucky Rural Electric Cooperative in 2015? If so, identify the cooperative, the cost incurred for the sales tax audit, and the amounts that were allocated to each Kentucky Rural Electric Cooperative.

c. Explain the direct benefit to Licking Valley of the "sales tax audit between Warren County and the Kentucky Revenue Cabinet."

d. Explain whether Licking Valley will be allocated costs for every sales tax audit of the Kentucky Rural Electric Cooperatives conducted by the Kentucky Revenue Cabinet, and if so, explain why.

e. Provide documentary evidence to support Licking Valley's statement that "[t]he Kentucky Revenue Cabinet has started performing sales tax audits on a more routine basis. It is expected that legal fees would continue."

Response: James Adkins

- a. Licking Valley's cost for the Warren RECC sales tax audit was \$15,896.39. Each Kentucky cooperative participated equally in the cost.
- b. Upon further review, the Kentucky Revenue Cabinet has conducted sales tax audits, however, there are no legal fees to be allocated to each Kentucky cooperative, therefore, the cost for the sales tax audit should have been removed.
- c. Licking Valley's direct benefit is that the amount of sales tax assessed on all Kentucky cooperatives computer software support monthly invoice has been reduced.
- d. No
- e. There is no documentation, just conversations with other electric cooperatives.