

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

**Request 1:** Provide a copy of any and all correspondence between Licking Valley and the Rural Utilities Service ("RUS") regarding Licking Valley's failure to achieve a 1.10 Operating Times Interest Earned Ratio ("OTIER") for calendar year 2015.

**Response:** See attached Exhibit 1

**Request 2:** Provide a copy of any and all minutes of Licking Valley's Board of Directors meetings during 2016 discussing Licking Valley's failure to achieve a 1.10 OTIER for 2015 and the need for a rate increase.

**Response:** See attached Exhibit 2

**Request 3:** Identify the cost-saving measures implemented by Licking Valley for the last five years, beginning in 2011, and a quantification of the associated savings.

**Response:**

- In 2013, the Licking Valley RECC Board of Directors approved a new process to help reduce the amount of uncollectible accounts (UA). The process would be a three tier approach, which would incorporate a credit check via On Line Utility Exchange, a deposit based on the member's credit score and average usage at the residence and finally a collection process for any UA balance not recovered from the deposit. As can be seen by the attached chart, this process has helped reduce the UA balances over the past three years in excess of \$165,000. In addition to the UA balances being reduce, On Line Utility Exchange has also recovered \$53,613.00 and an additional \$16,083.00 in Trust Remittances. In total, this new process has saved Licking Valley members \$234,000.00 over the past three years. (See Exhibit 3 page 2 of 2.)
- Licking Valley implemented a work schedule that allowed employees to work four ten hour work days instead of five eights. As the attached graph shows (see Exhibit 3, page 1 of 2) employees worked and average of 8,680 overtime hours in the years between 2000-2007. The average for overtime hours worked 2008-2016 is 7,098. 2009 was removed because of the overtime worked during the 2009 ice storm and 2012 was removed because of the 2012 tornado that hit in our system. The average reduction of overtime hours worked was 1,580 hours per year.
- Licking Valley hopes to see savings with the full implementation of RF metering. Fewer service personnel having to visit the member's location for disconnection and reconnection of services. Licking Valley anticipates that members will participate in offered DSM programs creating Kwh savings for the member and reduction in Licking Valley charge for peak demand usage. (No cost saving quantification.)
- Licking Valley is currently implementing a new mapping and process management system. This implementation should help Licking Valley to become paperless and should reduce time lapse between work orders being placed in the office and the field staff being notified of the job. With the placement of laptops in the trucks directions would be accessible to find service locations of our members, thus reducing drive time. (No cost saving qualification.)

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- Members can now place request for disconnects and connects on line via Licking Valley's website. This is a savings for the member and increases CSR's efficiency in processing the orders.
- Members can now pay their bill on line via Licking Valley's website or using a mobile app using the Smarthub portal. This is a savings for the member and as more members engage in this service Licking Valley's office staff would spend less time processing payments.
- Licking Valley is now offering paperless billing to its members. Licking Valley RECC spends approximately \$8,000 monthly for billing postage. We anticipate this amount to be reduced over time as more members sign up for paperless billing.

**Request 4:** Provide the current number of participants in Licking Valley's Prepay Program.

**Response:** 111 as of 02-01-2017

**Request 5:** Provide a copy of the contract with G&S and describe the relevant terms of that contract.

**Response:** See Exhibit 4

**Request 6:** Provide the dollar value of goods and services that Licking Valley received from the Kentucky Association of Electric Cooperative's Supply Company for 2016.

**Response:** \$163,948.13

**Request 7:** Provide Licking Valley's OTIER for the time period 2011-2016 and Licking Valley's Times Interest Earned Ratio ("TIER") for the year 2016. Include all calculations in support of the determination of the OTIER and TIER for the respective years, and if the actual data for 2016 is not yet known, provide the most recent information for 2016.

**Response:** See Exhibit 5

**Request 8:** Refer to Exhibit Y of the Application, unnumbered page 2. Provide a detailed description of Account 224.14 RUS notes unadvanced and the 2015 and 2016 year-end balances for this account.

**Response:** Account 224.14 is Federal Financing Bank (FFB) unadvanced funds. The loan amount has been approved by RUS, but needs Work Order Expenses or Special Equipment expenses to be advanced to Licking Valley.

Year end balances for 224.14 account -- 2015 -- 11,237,000.; 2016 -- 8,159,000.

**Request 9:** Refer to Exhibit Y of the Application, unnumbered page 6. Provide the 2015 and 2016 year-end balances for Account 419 Interest Income.

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Response: Year end balances for 419.00 account -- 2015 -- 29,879.37; 2016 -- 29,883.40

**Request 10:** Provide Licking Valley's Equity-to-Asset ratio for calendar year 2016 and include all supporting calculations.

**Response:** See Exhibit 6

**Request 11:** In its response to Item 34 of the Commission Staff's First Request for Information, Licking Valley stated that it would submit monthly updates of the cost incurred to prepare and process this case. Provide the following information as originally requested:

A detailed schedule of costs incurred to date. Include the date of the transaction, check number or other document reference, the vendor, amount, a description of the services performed, and the account number in which the expenditure was recorded. Indicate any costs incurred for this case during the test year. Include copies of invoices received from the vendors.

**Response:** See Exhibit 7