

LICKING VALLEY RECC
CASE NO. 2016-00174
RESPONSE TO COMMISSIONS STAFF'S SECOND REQUEST FOR INFORMATION

Question:

1. Refer to the application, Exhibit H-2, the Direct Testimony of James R. Adkins ("Adkins Testimony").
 - a. Refer to page 2 of 15, A7. Mr. Adkins states that Licking Valley is asking for an increase in electric rate revenue of approximately \$1.565 million. However, Exhibit S, page 1 of 4, proposes an increase of about \$1.567 million. Confirm the correct amount proposed.

Response:

The amount listed in Exhibit S, page of 1 of 4 is the correct amount is \$1.563 million for electric rate revenue and the \$1.567 million includes other revenue for a proposed increase in the returned check charge.

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Question:

b. Refer to pages 3-4 of 15, A9.

(1) The Adkins Testimony proposes a normalization of revenue from base rates adjustment of (\$7,293). However, Exhibit S, page 1 of 4, proposes a normalization of revenue from base rates adjustment of (\$7,253). Identify the correct amount.

Response:

The amount listed of \$7,253 is the correct amount.

Question:

(2) The Adkins Testimony proposes a test-year adjustment for the normalization of wages and salaries of (\$72,487). However, Exhibit S, page 3 of 4, proposes a test-year adjustment in salaries of (\$73,487). Identify the correct amount.

Response:

The proper amount is (\$73,487).

Question:

c. Refer to page 5 of 15, A11. The Adkins Testimony states that Licking Valley is proposing a margin amount of \$536,518. However, Exhibit R, page 36 of 38, shows margins of \$532,485. Identify the correct amount.

Response:

Both amounts are correct. The \$532,518 represents the amount of margin from the proposed electric rates while the other amount includes the addition of the proposed increase in the returned check charge.

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Question:

d. Refer to page 6 of 15, A14, which states, "I would expect Licking Valley would not have the need to file another application for an increase in base rates **until sometime before 2020.**" (Emphasis added). State if the timeframe mentioned should be "after 2020."

Response:

The timeframe of "until sometime before 2020" is the correct statement.

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Question:

e. Refer to page 10 of 15,

A19, which states that three of Licking Valley's rates classes are "Schedule I – Residential, Schools & Churches (single phase), Schedule 1 -Marketing Rate and Schedule II– Small Commercial and Small Power (three phase) and Schedule VI– Outdoor Lighting."

(1) There are four rate classes listed, not three. Reconcile this difference.

(2) Licking Valley's Commission-approved tariff does not include any of these rate schedules. Confirm which of Licking Valley's rate schedules were intended to be referenced in this response.

Response:

The above information was provided in error. The rate classes that have been proposed for an increase in rates are listed below.

Rate Classes with Proposed Increase in Rates	
A - Residential, Farm, Small Com. Hall & Ch.	1,371,248
A - Prepay	784
B - Commercial and Small Power	88,193
LP, Large Power Service	53,112
LPR, Large Power Rate	527
SL - Security Lights	48,795

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Question:

f. Refer to the table on page 11 of 15. The revenue from Schedule A Residential and Prepay is \$19,587,514. However, the sum of the Residential and Prepay test-year revenue, as shown on Exhibit J, page 1 of 8, is \$19,595,423. Reconcile this difference and provide any necessary updates.

Response:

The proper amount is \$19,588,170 which represents the amount for the Normalized Revenue Amount for base rates from Schedule J. Normalized base rates revenue is plus the proposed increase in revenue become the basis for the proposed rates.

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Question:

g. Refer to the first table on page 12 of 15. This table does not contain any column headings. Provide an updated table with headings,

Response:

Please see the below table. Please accept apology for not including the complete table.

RATE CLASS	Increase	TIER		OTIER	
	Amount	Before	After	Before	After
Schedule A -Residential & Prepay	\$1,372,032	-1.41	2.29	(2.13)	1.11
Schedule B - Small Commercial	\$88,193	-2.35	1.35	-3.21	0.42
Schedule SL - Security Lights	\$48,795	-8.36	-8.53	-9.05	-7.32
Schedule LPS - Large Power Service	\$53,112	4.79	7.07	4.79	5.85
Schedule LPR - Large Power Rate	\$527	9.10	11.22	9.10	9.18

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Question:

h. Refer to the second table on page 12 of 15. Reconcile the consumer costs results from the Cost of Service Study ("COSS") with the consumer charges in line 55 of the StmtOper-Unbund tab of LVRECC COSS2016-wc.xls.

Response:

The data on line 55 of the StmtOper-Unbund is data was not used in the in the case. Provided below is a revised table for page 12 of 15 with the only change is on the consumer costs of \$27.76. In the original table, the billing units for the prepay customers were left out.

RATE CLASS	Customer Charge		Consumer
	Current	Proposed	Costs
Schedule A - Resid.& Prepay	\$ 9.32	\$ 15.00	\$ 27.76
Schedule B - Small Comm.	\$ 20.71	\$ 28.75	\$ 28.91
Schedule LPS -Lareg Power	\$ 50.94	\$ 71.55	\$ 97.92
Schedule LPR - Large Power	\$ 101.89	\$ 110.00	\$ 110.14

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Question:

i. Refer to page 13 of 15, A23. Confirm the reference to "CVE" should actually be "Licking Valley."

Response:

That is confirmed and should be "Licking Valley."

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Question:

j. Refer to page 13 of 15, Q24, which states "Licking Valley has filed with this for a Certificate of Public Convenience and Necessity ('CPCN') for new AMI metering." Confirm that Licking Valley did not include a request for a CPCN for AMI metering in this case, but rather applied for a CPCN in Case No. 2016-00077. ¹

Response:

Licking Valley did not include a request for a CPCN in this application.

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2. Refer to the application, Exhibit J, page 7 of 8.

a. This schedule lists the proposed charges for the three LED lights as \$0. State the correct proposed charges and provide an updated Exhibit J in Excel spreadsheet format.

b. Explain how Licking Valley informs its customers of the available LED lighting options.

c. State if Licking Valley knows why customers would not choose the 68 Watt LED light, given that it is cheaper than all alternative lights offered by Licking Valley.

d. State if Licking Valley has considered replacing older mercury vapor and metal halide lights upon failure with LED fixtures as a means of cost savings.

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Response: James Adkins, Kerry Howard

a. The proposed charges have been included.

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Billing Analysis
October 31, 2015

Schedule SL, Security Lights

Exhibit J
page 7 of 8
Witness: Jim
Adkins

Description	Billing Determinants	Test Year Revenues	Normalized Case No. 2010- 00505		Proposed	
			Rates	Revenues	Rates	Revenues
175 Watt MV	80,939	811,009	\$10.02	811,009	\$10.52	851,478
100 Watt Halide	14,865	148,947	\$10.02	148,947	\$10.52	156,380
250 Watt Halide	195	3,013	\$15.45	3,013	\$16.22	3,163
400 Watt Halide	275	5,860	\$21.31	5,860	\$22.38	6,155
25' Pole	2,195	6,387	\$2.91	6,387	\$3.06	6,717
30' Pole	700	2,359	\$3.37	2,359	\$3.54	2,478
68 Watt LED Light	0	0	\$8.95	0	\$9.40	0
108 Watt LED Light	0	0	\$10.74	0	\$11.28	0
202 Watt LED Light	0	0	\$16.96	0	\$17.81	0
kWh	<u>6,407,816</u>			<u>0</u>		<u>0</u>
Total from base rates		977,576		<u>\$977,576</u>		<u>\$1,026,370</u>
Fuel adjustment		(691)				
Environmental surcharge		<u>2,889</u>				
Total revenues		<u>\$979,773</u>				
Amount				\$0		\$48,795
Percent				0.00%		4.99%

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- b. All new and replacement lights installed are the LED lights.
- c. Licking Valley does not install either mercury vapor or metal halide lights on a going forward basis so this is not an option for customers.
- d. Any light that is replaced is with the LED light.

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3. Provide Exhibit K of the application in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns accessible.

Response: James Adkins

The excel spreadsheet is attached. (See Item 3)

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4. Refer to the application, Exhibit K, pages 1 and 5. On page 1, interest expense on long-term debt for the adjusted test year is listed as \$533,695. Also, net margins for the adjusted test year are listed as \$533,695. Provide a corrected Exhibit K based on the interest on long-term debt amount of \$426,956 and the net margins amount of \$536,518 as stated in Exhibit S, page 1 of 4.

Response: James Adkins

The excel spreadsheet is attached. (See Item 3)

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Question:

5. Refer to the application at the following: 1) Exhibit N, Statements of Revenue and Patronage Capital, page 4; 2) Exhibit R, COSS, page 4 of 38, Account 923 – Outside Services and page 5 of 38, Total Admin and General; 3) Exhibit S, Statements of Operations, Adjusted, page 1 of 4; 4) Exhibit V, Statement of Operations, page 1 of 3; and 5) Exhibit Y, Income Statement Trial Balance.

a. Regarding Exhibit Y, confirm that the total amount for Administrative & General expenses is \$1,553,618.96. If this cannot be confirmed, provide the correct total amount.

Response:

It is confirmed that the above amount is corrected in the referenced exhibits.

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Question:

b. If \$1,553,618.96 is not the correct amount, explain whether the Administrative & General ("A&G") amounts are correct as shown in Exhibits N, S, and V.

Response:

The amount is correct.

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Question:

c. If \$1,553,618.96 is the correct amount, explain why \$34,815 in Account 923 – Outside Services was included in the COSS, and whether the COSS should be revised.

Response:

Account 923 in the amount of \$34,815 was included in the COSS. It was included because it is a legitimate expense and is classified as an Administrative and General Expense for Accounting purposes. No revision in the COSS should be made based upon Account 923.

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Question:

d. Explain whether the Net Margins amount for the year ended

October 31, 2015, is correct as shown in Exhibits N, S, and Y.

Response:

The correct amount is listed in the listed exhibits.

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Question:

e. Explain whether any of the Exhibits referenced in Item 5 need to be revised, and if so, provide those revised exhibits.

Response:

None of these exhibits need to be revised.

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6. Refer to the application, Exhibit R, page 4 of 38. Provide an itemized list for the items included in the following expense categories.

a. Acct 913 –Advertising \$37,716

b. Acct 930.2- Dues \$63,897

Response: James Adkins

a. The listing is attached. (See Item 4)

b. The amounts are listed as follows:

Date	Check Number	Payee	Description	Amount
12/31/14	8120337	NRECA	Annual dues	20,051
1/28/15	8120282	KAEC	Annual dues	43,125
1/31/15	8120348	KAEC	Chamber dues	221
2/9/15	8120408	KAEC	Managers Assoc dues	300
3/9/15	8120641	Ky Council Coops	for Annual dues	200
				63,897

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Question:

7. Refer to the application, Exhibit R, and provide an updated COSSin Excel spreadsheet format, with formulas intact and unprotected and all rows and columns accessible, if any changes result based on the questions below.

a. Refer to page 3 of 38, Actual Test Year Adjusted Test Year.

(1) Confirm that the column summing Adjustments 1, 2, & 7 is actually Adjustments 1, 2, and 6 on page 3 of 4 of Exhibit S.

(2) Confirm that the column summing Adjustments 8, 10, & 12 is actually Adjustments 7, 8, 9, 10, and 11 on page 3 of 4 of Exhibit S.

(3) Confirm that Adjustment 15 is actually Adjustment 13 on page 3 of 4 of Exhibit S.

(4) The sum of Total Operations is \$1,828,567. In Exhibit Q, the sum of the October 2015 year to date, November 2014, and December 2014 Form 7, Line 6, Distribution Expense-Operation is \$1,828,159. Reconcile this \$408 difference.

Responses:

(1) It is confirmed that the proper listing is Adjustments 1, 2 & 6 from page 3 of 4 of Exhibit S

(2) It is confirmed that the proper listing is Adjustments 7, 8, 9, 10 & 11 of page 3 of 4 of Exhibit S.

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- (3) It is confirmed that proper Adjustment is 13.
- (4) These items cannot be reconciled. The amount of \$1,828,567 in the COSS is the same amount as listed in Exhibit S and Exhibit Y. The trial balance as contained in Exhibit Y is used in the development of the COSS. Individual monthly Form 7 information is not detailed enough for COSS purposes.

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Question:

b. Refer to page 4 of 38, Actual Test Year Adjusted Test Year.

(1) The sum of Total Customer Service is \$11,717. In Exhibit Q, the sum of the October 2015 year to date, November 2014, and December 2014 Form 7, Line 9, Customer Service and Informational Expense is (\$26,059). Reconcile this \$37,776 difference.

(2) Explain why Account 907 – Supervision, Customer service has no beginning balance but an adjustment of \$1,200.

Response:

(1) These items cannot be reconciled. The amount of \$11,717 in the COSS is the same amount as listed in Exhibit S and Exhibit Y. The trial balance as contained in Exhibit Y is used in the development of the COSS. Individual monthly Form 7 information is not detailed enough for COSS purposes.

(2) These items are incorrectly identified and identified as listed below. The \$1,200 amount should have been assigned to Account 907. No impact on the COSS results because the total amount did not change and it is the total amount that is assigned to the Consumer and Accounting function.

907	Supervision, Customer service	49,103.97
908	Customer Assist. Expense	(75,163.07)
913	Advertising	37,776.17
	Total Customer Service	11,717

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Question:

- c. Refer to page 5 of 38, Actual Test Year Adjusted Test Year.
- (1) The sum of Total Admin & General is \$1,553,619. In Exhibit Q, the sum of October 2015 year to date, November 2014, and December 2014 Form 7, Line 11 is \$1,554,027. Reconcile this difference.
- (2) The sum of Total Depreciation is \$2,189,646. Exhibit Q, the sum of the October 2015 year to date, November 2014, and the December 2014 Form 7, Line 13 is \$2,196,646. Reconcile this \$7,000 difference.

Response:

As stated previously, a reconciliation is not reasonable in this circumstance as the Form 7 is not used in the development of the COSS. As referenced before, Exhibits S and Y are the primary documents used in the completion of the COSS. Additionally in this situation, the amounts used in the COSS are consistent with the amounts in Exhibit N.

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Question:

d. Refer to pag16 of 38. Confirm the Uniform System of Accounts account number for the following:

- (1) UG Conductor
- (2) Transformers
- (3) Services
- (4) Meters
- (5) AMR Meters

Response:

Listed below is the account number for the above listed distribution plant:

- (1) UG Conductor – Account 367
- (2) Transformers – Account 368
- (3) Services – Account 369
- (4) Meters – Account 370
- (5) AMR Meters – Account 370.1

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Question:

e. Refer to page 17 of 39, Net Investment Rate Base.

(1) Cash Working Capital is \$903,343. Exhibit K, page 2 of 7, lists the actual test-year cash working capital as \$887,743. Provide the correct cash working capital.

(2) The total Net Investment Rate Base is calculated to be \$44,000,084. Exhibit K, page 2 of 7, the net rate base is \$44,790,484. Reconcile this \$18,600 difference.

Response:

(1) The correct amount is the \$44,790,484.

(2) The difference of \$18,600 is the amount of cash difference identified in Item (1) above.

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Question:

f. Refer to pages 18-19 of 38, Classification of Costs.

(1) For Account 584 – U/G Line, the allocation factor applied is the percentage allocation from Account 367 – Underground Conductor. Explain if the allocation for U/G Lines should be the Percentage allocations for Lines.

(2) For Account 590 – Supervision, explain why the allocation percentages pertain only to the O/H lines.

Response:

(1) The allocation factor for underground lines is best accomplished by allocating on the basis of the percentages developed on the basis of underground lines.

(2) Changes are made on the enclosed revised COSS to make this allocation on the basis for all lines.

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Question:

g. Refer to pages 20-21 of 38, Classification of Costs. Explain why the allocation factor applied to Lines is the percentage allocation for Account 367 – Underground Conductor for the following accounts:

- (1) Account 403 – Deprec. Distribution Plant
- (2) Account 403 Deprec. – General Plant
- (3) Account 408.1 -City Payroll Tax
- (4) Account 408.6 – PSG Assessment
- (5) Total Interest on LTD
- (6) Total Short Term Interest

Response:

Change has been made on the revised COSS to make this allocation on total lines.

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Question:

h. Refer to page 22 of 38, Determination of Plant Investments as Demand Related or Consumer Related.

(1) In calculating the X variable and the zero intercept, explain why the square root of the inputs to the least squares function is calculated.

(2) Explain why a 30-foot pole was used in calculation rather than 25-foot pole.

(3) In Case No. 2009-00016, for Account 364 – Poles the percent allocation between customer-related and demand-related costs was 41 percent and 59 percent respectively. In this instance case, the allocation between customer and demand costs is roughly 50/50 percent split. Explain the change in this allocation.

Response:

(1) The Electric Utility Cost Allocation Manual emphasizes that in using the minimum intercept method that the size and cost of the plant item are to be weighted by the number of poles in each height category. The use of the square roots of all inputs were utilized to accomplish this task.

(2) The primary reason as to why the 30-foot pole was chosen is because this size pole is now the minimum size that Licking Valley uses for distribution lines.

(3) The case referenced above occurred seven years ago and with the change in the minimum size pole, the allocation also changed.

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Question:

i. Refer to page 23 of 38, Determination of Plant Investments as Demand Related or Consumer Related. In Case No. 2009-00016, for Account 365-Overhead Conductor, the percent allocations between customer-related and demand-related costs were 17 percent and 83 percent, respectively. In the instant case, the allocations between customer and demand costs are 58 percent and 42 percent, respectively. Explain the change in this cost allocation.

Response:

The primary reason for this change is most likely the fact that seven years has passed since the previous rate case and Licking Valley has replaced many items of plant over this time frame. Each Application is developed on the basis of the current test year and the plant investment at the end test year.

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Question:

j. Refer to page 24 of 38, Determination of Plant Investments as Demand Related or Consumer Related.

(1) Explain why 2 URD SOL underground conductors were chosen as the minimum size for the analysis of Account 367-Underground Conductor.

(2) Explain why Overhead Conductor was not included in the calculation of the percentage allocations for lines.

Response:

(1) The 2 URD SOL underground conductors was chosen as this is the size conductor LVRECC would be installing at the present time.

(2) The revised COSS has updated the percentage calculation to include Overhead Conductor.

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Question:

k. Refer to page 25 of 38, Determination of Plant Investments as Demand Related or Consumer Related. Explain why the number of transformers consists of only the first 13 items shown in the list on this page.

Response:

The first 13 items include only those transformers up to 50 KVA. All transformers are to be excluded in the determination of the customer component of the transformer investment.

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Question:

I. Refer to page 32 of 38. Consumer Related Costs Allocators, Services.

(1) Explain why the minimum service cost to rate classes LPR Large Power and Lights is so small relative to the other rate classes.

(2) Explain why the relative cost for Large Power is 9.00.

Response:

(1) This minimum service cost for rate classes, LPR Large Power and Lights is very small relative to the other classes. Rate class, LPR Large Power, is small because it has very few customers in that class. Rate class, Lights, is small for two reasons. One the cost of the service conductor is small and the average size of the length of the service is small.

(2) This is an error and it has been changed on the revised COSS.

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Question:

m. Refer to page 33 of 38, Consumer Related Costs Allocators. For the LPR Large Power class, the Relative Weight Cons Reds is shown as 16.00 at the top of the page, and is shown as 20.00 at the bottom of the page. Identify which is the correct amount.

Response:

The proper amount is 20 and has been changed on the revised COSS.

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Question:

n. Refer to page 38 of 38. The rate of return on rate base for Security Lights is shown as -8.01%. Refer also to LVRECC COSS 2016-wc.xls, tab StmtOper- Unbund. The return on rate base at current rates for Security Lights is shown as 0.52%. Explain why rates for the lighting class were designed in a way that decreases that class's return on rate base.

Response:

The proposed increase in rates were held to five percent. This was strictly a judgment decision even though the COSS truly indicates a higher rate for this class.

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Question:

8. Refer to the application, Exhibit S, page 1 of 4.
 - a. On page 5 of the Adkins Testimony, Licking Valley is requesting a Times Interest Earned Ratio ("TIER") of 2.25X. However, the calculated TIER for the "Proposed Test Year" as shown in Exhibit S, page 1 of 4, is 2.26X. Provide an explanation for the apparent discrepancy and state which TIER is proposed.

Response:

The original objective was a TIER of 2.25X. However, the addition of the additional revenue from the proposed returned check charge (a late development after the rates had already been developed) has increased the TIER to 2.26X

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Question:

b. Using the correct pro forma long-term interest expense and the requested TIER, provide an itemized calculation of Licking Valley's requested revenue requirement and increase.

Response:

From Page 1 of 4, Exhibit S	
Proposed Test Year Margins	\$ 536,518
Proposed Test Year Interest Expense	\$ 426,956
Total	\$ 963,474
Divide by Proposed Interest Expense	\$ 426,956
TIER	2.257

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Question:

c. Provide an itemized calculation of the "Actual Test Year" Operating Times

Interest Earned Ratio of 5.78X.

Response:

Provided below is the calculation of Operating Times Interest Earned Ratio.

OPERATING TIMES INTEREST EARNED RATIO	
Operating Margins	(887,475)
Interest on Long Term Debt	430,628
Total	(456,847)
Divide by Interest Expense	430,628
OTIER	(1.06)

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9. Refer to the application, Exhibit S, page 3 of 4. Adjustment 11, Rate Case, is \$25,000. Exhibit 11, page 1 of 1, lists the rate-case adjustment as \$30,000. Reconcile this difference and provide any necessary updates to any exhibits.

Response: James Adkins

Attached is the revised rate case expense adjustment. The increase in advertising is due to cost in each county.

Estimated rate case costs:

Legal	\$5,000
Consulting	63,000
Advertising	20,000
Supplies and miscellaneous	<u>2,000</u>
Total	90,000
Number of years	<u>3</u>
Adjustment	<u><u>\$30,000</u></u>

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10. Refer to the application, Exhibit V.

a. Refer to page 1, line 11 , Cost of power. Explain the decrease in the cost of power from 2014 to 2015.

b. Refer to page 1, line 15, Consumer service. Explain why the amount is (\$26,059) and explain the change in the account balance from to 2014 to 2015.

c. Refer to page 2, line 18, Cash and temporary investments. Explain the change in the account balance from 2014 to 2015.

d. Refer to page 2, line 31, Other equities. Explain the 2015 account balance and the change in the account balance from to 2014 to 2015.

Response: James Adkins

a. Refer to response to Question 37 of this request for kwh sales for the 12 months ending October 2014 and 2015. The decrease in kWh purchases and sales are detailed as follows:

	<u>Purchases</u>	<u>Sales</u>
October 2014	278,883,851	260,882,879
October 2015	272,543,151	254,113,147
Change	(6,340,700)	(6,769,732)
Percent	-2.3%	-2.6%

b. East Kentucky Power Cooperative started a commercial and industrial lighting program whereby it reimbursed Licking Valley for the cost of the lighting and the potential lost revenues. Several industries and local schools participated in this program during the test year. Reimbursements for these and other programs to include DSM, direct load control, and heat pumps totaled \$127,792 for the test year and \$29,249 for the prior year.

c. Margins, excluding EKPC capital credits, decreased from (\$129K) in the prior year to (\$794K) for the test year. There is a need for margins to generate cash. The timing of advances of loan funds also goes into the cash balances.

d. The majority of the balance is accumulated comprehensive income, which relates to the adjustment to postretirement benefits, in the amount of (\$766,258). This amount is adjusted for each study, and the balance is amortized to future periods. The adjustment and amortization for the test year was \$131,400.

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11. Refer to the application, Exhibit V, page 3 of 3. Confirm that the Statement of Cash Flows provided is for the years 2015 and 2014, not 2013 and 2012.

Response: James Adkins

The years should be 2015 and 2014. Licking Valley apologizes for this oversight.

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12. Refer to the application, Exhibit X. Provide in Excel spreadsheet format, with formulas intact and unprotected, and all rows and columns accessible.

Response: James Adkins

The excel spreadsheet is attached.

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13. Refer to the application, Exhibit Y.

a. Refer to Account Receivables, Account 142 - Consumers. Explain whether the amount of \$4,125,968.55 is approximately two months of retail revenues, and provide Licking Valley's accounts receivables turnover rate.

b. Refer to Account Receivables, Account 143 - Employees and others, and explain why the account balance is negative.

c. Refer to Patronage Capital, Account 215.1 0 - Accum other comp income, and explain why the account balance is negative.

d. Refer to Long-Term Debt, Account 224.14 - RUS notes unadvanced, and explain the balance in the account.

e. Refer to Accounts Payable Account 232.1 - General. Explain if this account contains wages payable.

f. Refer to Accounts Payable, Account 232.4 - Emp Sav Plan, and explain why the balance in the account is negative.

g. Refer to Accruals, Account 236.2 - FUTA and explain why this account has a balance of \$4.89.

h. Refer to Accruals, Account 236.3- FICA and explain why there is no reported balance.

i. Refer to Accruals, Account 236.4 - SUTA and explain why the balance is negative.

j. Refer to Accruals, Account 237.1 - REA interest and explain why the balance is negative.

k. Refer to Taxes, Account 408.1 -Property and explain why there is no reported balance.

l. Refer to Distribution - Operation, Account 584 - U/G line, and explain why the account balance is negative.

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m. Refer to Administrative and general, Account 923 - Outside Services. Explain the types of charges that are included in the \$34,814.97 amount.

n. Refer to Administrative and general, Account 929 - Duplicate Charges. Explain the types of charges that are included in the (\$15,080.07) amount.

Response: James Adkins

a. The accounts receivable balance is approximately 2 months revenues. The turnover rate is as follows:

Total sales	27,807,981
Beginning	4,378,228
Ending	4,125,969
Average	4,252,098
Turnover rate	7

- b. The credit balance includes \$52,212 of funds collected from consumers and not applied to an individual work order.
- c. This amount represents accumulated comprehensive income, which relates to the adjustment to postretirement benefits, in the amount of (\$766,258). This amount is adjusted for each study, and the balance is amortized to future periods.
- d. This should be titled FFB notes unadvanced. This represents the amount approved by RUS for FFB loans, less amounts that have been advanced to date.
- e. No.
- f. The debit balance is a timing difference between the amounts withheld from employees and payments to the plan.
- g. Payments are made on a quarterly basis and accrued each month.
- h. Amounts are accrued and paid in the same month.
- i. Payments are made on a quarterly basis, accruals are on a monthly basis. This is a timing difference only.
- j. Payments are made on a quarterly and monthly basis, accrued on a monthly basis, and reconciled in the quarter in which the quarterly payment is made. The next quarter ends November.
- k. Accruals are allocated to expense accounts based on the functional plant accounts that relate to the property taxed.

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- l. This represents amounts paid by consumers for underground service.
- m. Refer to Exhibit 8 of the application. This account includes legal and professional fees.
- n. This is the cooperatives use of electricity.

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14. Refer to the application, Exhibit 1.

a. Refer to page 1 of 9. Explain the criteria used in determining the wage increases of 3 percent in 2011, 2012, and 2013, and 2 percent in 2014 and 2015. Provide copies of any work papers and data in support of these wage increases.

b. Refer to page 2 of 9. Explain why the labor distribution listed in the category Construction Work In Progress is reduced by \$9,191.

c. Refer to page 2 of 9. Provide a schedule showing the derivation of each amount included in the labor distribution column.

d. Refer to pages 3 and 4 of 9. For each employee listed in the table below, explain in detail why he or she worked less than 2080 hours in the test year.

Regular Hours Employee No. Worked

(1)	2246	1,933.0
(2)	2255	2,070.5
(3)	2259	1,920.0
(4)	2262	2,077.0
(5)	7723	2,038.0
(6)	7726	1,343.5
(7)	7742	2,004.0

e. Licking Valley includes a schedule that calculates the normalized wages based on the November 1, 2015 wages and the assumption that each employee worked 2,080 hours in the test year. Provide a revised schedule that calculates the "Projected Wages" using the actual regular hours worked by each employee in the test year. Provide this schedule in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns accessible

f. Identify any test-year employee positions that are currently vacant.

(1) For each vacant position, provide the detailed explanation for the vacancy.

(2) For any position that has been filled, identify the employee currently in the position, provide the date on which the employee was hired, the current hourly wage rate, and the actual benefit information. Identify the salary and employee benefit costs that are included in Licking Valley's pro forma operating expenses.

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(3) If any position is still vacant, state the reason(s) why the position is vacant and the projected date the position will be filled. Also, state the current status of Licking Valley's efforts to fill the position.

Response: James Adkins

- a. Licking Valley does not have a formal process for granting salary and wage increases. It looks at the cost of living index, KAEC's salary survey, discussions with other CEO's in Kentucky, and discussions with business people in the community.
- b. The \$9,191 is the difference between the labor distribution report and the actual test year wages paid. This should have been adjusted to Account 242.32 as it relates to amounts included on employees' W-2 wages but not paid to them. This changes the percent allocation to Construction Work in Progress and employee benefits, but not to any of the expense accounts.
- c. The Labor Distribution Report is attached. The total labor reported is \$2,745,191, which is \$9,191 more than the labor distribution as reported on Exhibit 1, page 2 of 9 as explained in b. above. (See Item 5 & Item 6)
- d. Explanations are as follows:

Employee No.	Regular Hours Worked	Explanation
2246	1,933.0	Accident, on workers compensation
2255	2,070.5	Out of paid time off (PTO)
2259	1,920.0	Accident, on workers compensation
2262	2,077.0	Out of paid time off (PTO)
7723	2,038.0	Out of paid time off (PTO)
7726	1,343.5	Hand injury, workers compensation
7742	2,004.0	Out of paid time off (PTO)

- e. The excel worksheet is attached.
- f. The positions are as follows:

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- 1) Two (2) laborers, that will be apprentice linemen. One was hired on May 9, 2016 and the other on October 3, 2016.
- 2) The 2 new employees did not replace any existing employee. All employees at the end of the test year are still employed.
- 3) The 2 employees hired, f.1) above, filled all remaining vacancies.

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15. Refer to the application, Exhibits 1 and 6. Licking Valley contributes 11 percent of each employee's base compensation to a 401 (k) defined contribution pension plan.

a. For each type of employee compensation listed below, explain why it would be considered a component of employee base compensation.

- (1) Overtime.
- (2) Unused Vacation.
- (3) On-Call Dispatching.

b. Using the "Actual Test Year Wages" reported on Exhibit 1, provide a schedule that calculates Licking Valley's total 401 (k) contributions for the test year.

c. Provide the schedule requested in Item 11 .d in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns accessible.

d. Provide a detailed explanation for any difference between the calculated test-year 401 (k) contribution and the claimed test-year contribution of \$261,945.

Response: James Adkins

a. Licking Valley apologizes for the schedule it submitted in the application. The total normalized wages were listed, the normalized base wages should have been listed. The adjustment was correctly calculated on the base wages, however, the exhibit did not reflect base wages.

The overtime, unused vacation, and on-call dispatching are not included in base wages, and are not included in the calculation to reflect the 401(k) adjustment.

b. The calculation of the 401(k) amount was correctly calculated in Exhibit 6 of the application.

c. The excel spreadsheet is attached. (SeeItem 7)

d. There is no difference between the two, both are calculated on base wages. (See Item 7)

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16. Provide Licking Valley's written compensation policy as approved by its Board of Directors.

a. Provide a narrative description of the compensation policy, including the reasons for establishing the policy and Licking Valley's objectives for the policy.

b. Explain in detail whether the compensation policy was developed with the assistance of an outside consultant. If Licking Valley's compensation policy was developed or reviewed by a consultant, provide any study or report provided by the consultant.

c. Explain when Licking Valley's compensation policy was last reviewed or given consideration by Licking Valley's Board of Directors.

Response: Kerry K. Howard

A copy of the Wage and Salary Program is attached. (See Item 8)

- a. The policy was designed to maintain a pay structure to attract competent personnel; provide adequate compensation; provide an incentive for seeking advancement in the organization; and provide for consistent compensation.
- b. The policy was not developed with the assistance of an outside consultant.
- c. The policy was last approved by our Board of Directors on March 20, 2014.

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17. Explain whether the expenses for wages, salaries, benefits, and other compensation during the test year, and any pro forma adjustments to the test-year expense amounts, are compliant with the Board of Director's compensation policy.

Response: Kerry K. Howard

The wages, salaries, benefits, and other compensation for the test year and the pro forma adjustments are all in compliance with the policy.

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18. a. Provide all studies and analysis that Licking Valley or EKPC ("East Kentucky Power Cooperative") conducted on prevailing wages in the Licking Valley service region or the state of Kentucky.

b. If no studies or analysis have been conducted or commissioned, explain why.

c. Explain why, in light of the present economic conditions, both locally and nationally, the 2 percent post-test-year wage increases are reasonable and appropriate.

Response: Kerry K. Howard

- a. We did not use EKPC in developing our wage and salary study. Licking Valley does not have a formal process for granting salary and wage increases. It looks at the cost of living index, KAEC's salary survey, discussions with other CEO's in Kentucky, and discussions with business people in the community.
- b. As we stated in a. above, a formal study was not performed. The annual increase is discussed thoroughly by the Board of Directors. Board members are active in the community and would not allow for unreasonable increases.
- c. To hire and maintain competent employees, we feel it is necessary for employee's moral that increases be granted. Licking Valley does not want to hire, train, and provide lineman experience just to have employees leave for wages that higher at another cooperative. We are aware that salary increases were granted during deteriorating financial times. As part of that discussion, it was determined that poor employee performance did not lead to the financial decline, therefore, employees should not be penalized by not receiving raises.

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19. Provide an analysis that compares the Licking Valley employee wage rates to the prevailing hourly wage rates in the West Liberty region and the Commonwealth of Kentucky.

Response: Kerry K. Howard

The prevailing hourly wage rate in the West Liberty region were taken from the Kentucky Labor Cabinet, Prevailing Wage Determination, Current Revision for linemen in the following counties:

Bell, Breathitt, Johnson, Leslie, Perry and Magoffin Counties	\$32.98
Clay, Knox, Lee, Owsley, Whitley & Wolf Counties	\$32.98
Elliott, Lawrence, Martin, Morgan and Pike Counties	\$31.86

Based on the prevailing hourly wage rate, we feel our hourly wage rates are very reasonable, and generally less than the prevailing hourly wage rate.

See Item 9

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20. The filed Exhibit 2 does not match the filed Exhibit 2 Payroll taxes.xlsx. Provide a corrected Exhibit 2, Exhibit S, and COSS based on the corrected Exhibit 2.

Response: James Adkins

See Question 21 of this response. The corrected Exhibit 2, Exhibit S, and COSS are attached. (See Item 10 & Item 11)

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21. a. Refer to the application, Exhibit 3. Provide a revised payroll tax calculation using the results of the "Projected Wages" Licking Valley calculated in its response to Item 12.e.

b. Provide the schedule requested in Item 16.a. in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns accessible.

Response: James Adkins

- a. The revised calculations are shown in the attached excel spreadsheet. (See Item 10)
- b. The excel spreadsheet is attached. (See Item 11)

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22. Refer to the application, Exhibit 3, page 1 of 6, lines 13-14, which states that Licking Valley had performed a depreciation study in late 2004 that was approved in Case No. 2005-00187 Case No. 2005-00187, however, involves Cumberland Valley Electric, Inc.

a. Confirm that Licking Valley performed a depreciation study in 2004.

b. Provide the accurate docket number and case style of the proceeding in which Licking Valley submitted its most recent depreciation study.

Response: James Adkins

a. That is not correct, Licking Valley's depreciation study was performed as of December 2007.

b. Licking Valley's depreciation study was filed and accepted in Case No. 2009-00016, Application of Licking Valley Rural Electric Cooperative for an Adjustment of Rates.

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23. Refer to the application, numbered paragraph 25. Licking Valley states that its last depreciation study "was as of December 31 , 2007 and approved by this Commission in Case No. 2009-00016" ("2007 Depreciation Study"). The last full paragraph on page 1 of the 2007 Depreciation Study suggests that a depreciation study should be made at least every five years to capture factors affecting estimates of depreciation rates which are constantly changing. What factors did Licking Valley rely upon in determining that a new depreciation study was not required for this case?

Response: James Adkins

Licking Valley recognizes that they need to update their depreciation study. It was Licking Valley's intention to wait until after the new meters were installed in conjunction with its CPCN on file with this commission to update the depreciation study.

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24. a. Confirm that the depreciation rates proposed in the instant case remain unchanged from those adopted and approved in the 2007 Depreciation Study.

b. If the rates in this instant case differ from those approved in the 2007 Depreciation Study, provide a schedule comparing the depreciation rates from the 2007 Depreciation Study to those used in this instant case. Provide a detailed explanation for any difference in the depreciation rates identified in the schedule.

Response: James Adkins

- a. Licking Valley confirms the rates are the same.
- b. No differences.

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25. Refer to Exhibit 5, page 1 of 3. The test-year interest expense is \$430,628, but on page 2 of 3, the test-year interest expense is \$430,636, Reconcile this difference.

Response: James Adkins

The interest on Exhibit 5, page 2 of 3 for RUS loan 1B266, line 19 should have been \$32,362. This would result in RUS interest being \$193,701 and the total Test Year Interest \$430,628.

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26. Refer to the application, Exhibit 8. This schedule shows that in the test year, Licking Valley paid \$25,896 to "KAEC" for "KY SALES TAX ISSUES."

- a. Identify the payee KAEC.
- b. Provide a detailed description of the services provided by KAEC to Licking Valley and copies of the supporting invoices.
- c. Provide justification for inclusion for ratemaking purposes.

Response: James Adkins

- a. KAEC is Kentucky Association of Electric Cooperatives.
- b. KAEC coordinated with each of the cooperatives in Kentucky to share the legal costs of a sales tax audit between Warren Rural Electric and the Kentucky Revenue Cabinet in regards to amounts subject to Kentucky sales tax on the software vendor invoice. A copy of the invoices is attached. (See Item 12)
- c. The Kentucky Revenue Cabinet has started performing sales tax audits on a more routine basis. It is expected that legal fees would continue.

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27. Refer to the application, Exhibit 9, pages 2-5 of 5. Confirm that the total of the lines items listed as "Christmas Gift" is \$1,176.96 and reconcile this amount with the amount of \$1,029.84 removed for ratemaking purposes.

Response: James Adkins

We confirm the Christmas gift total should be \$1,176.96. One of the gifts was inadvertently omitted. Refer to the updated Exhibit S in question 32 of this response.

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28. Refer to the application, Exhibit 10.

a. Refer to page 1 of 4. Explain why the \$2,365 from accounts 909.00, 930.11, and 930.40 are not included in Adjustment 10 Annual & Misc Expenses of Exhibit S, page 3 of 4.

b. Refer to pages 3-4 of 4. Provide a detailed description of each item listed in the table below and explain why the cost should be allowed for ratemaking purposes.

<u>Payee</u>	<u>Description</u>	<u>Amount</u>
a. Breathitt Advocate	Advertising	450.00
b. Breathitt Advocate	Advertising	360.00
c. Appalachian Troubadours	Entertainment	500.00
d. Lands' End Business Outfitters	Employee Shirts	2,416.00
e. Courier Publishing Company	Advertising	527.10
f. Salyersville Independent LLC	Advertising	793.00
g. June Holbrook	Meals	811.06
h. Tim Webb Photography	Photography	522.00
i. Arnold's Septic Service	Port-A-Pots	550.00
j. Morgan County Woman's Club	Meals	3,379.50
k. Cooperative Balloon Associates, Inc.	Entertainment	2,517.33
l. Rural Cooperative Credit Union	Rural Coop Credit Union	1,448.85
m. Courier Publishing Company	Advertising	954.48
n. Salyersville Independent LLC	Advertising	525.00
o. WRLV-FM	Advertising	200.00
p. Intermount Publishing Inc.	Advertising	567.00
q. WCBJ-FM	Advertising	120.00
r. WLKS-FM	Advertising	120.00
s. Birddogs Shirts-n-More	Giveaways	440.70
t. Breathitt Advocate	Advertising	350.00
u. Breathitt Advocate	Advertising	500.00
v. WMTC Radio Station	Advertising	216.00
w. KY Assoc of Electric Coop Inc.	Setups/Entertainment	27,749.00

Response: James Adkins

a. This was an oversight only. Refer to the updated Exhibit S in question 32 of this response.

b. Items a., b., e., f., m., n., o., p., q., r., t., u., and v. are advertising costs for the annual meeting. These are advertising costs to notify members of the annual meeting that are included for rate-making purposes.

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Items c., h., and k. are entertainment costs at the annual meeting. These are normal costs for conducting the annual meeting and are costs included for rate-making purposes.

Item d. is the cost for shirts to identify Licking Valley employees so members will know who the employees are. The shirts are all the same color and design.

Items g., j., and l. are meals provided to members at the annual meeting. These are normal costs for conducting the annual meeting and are costs included for rate-making purposes.

Item i. is necessary for the sanitary conditions at the annual meeting.

Item s. is for shirts to give to members who attend the annual meeting. These help ensure attendance at the annual meeting.

Item w. is for KAEC to set up the tent, stage, sound system, and LED bulbs to be given to member who attend the annual meeting. These are normal costs for conducting the annual meeting and are costs included for rate-making purposes.

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29. Refer to the application, Exhibit 15, page 1 of 1. a. The test-year base revenue for Sch A-1 Farm & Home is \$19,582,665. In Exhibit J, page 2 of 8, test-year revenues for A-Residential, Farm, Small Comm. Hall & Ch. is \$19,582,010. Reconcile this difference and provide any necessary updates to any exhibits.

b. The test-year base revenue for Sch A Prepay is \$12,758. In Exhibit J, page 3 of 8, test-year revenues for A- Prepay are \$13,413. Reconcile this difference and provide any necessary updates to any exhibits.

c. The total billings for LP Large Power are 2,517. In Exhibit J, page 5 of 8, the billing determinants are 2,577. Reconcile this difference and provide any necessary updates to any exhibits.

Response: James Adkins

(See Item 13)

- a. Licking Valley made the change and has updated the Exhibit 15, which is attached.
- b. Licking Valley made the change and has updated the Exhibit 15, which is attached.
- c. Licking Valley made the change and has updated the Exhibit 15, which is attached.

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30. Refer to the application, Exhibit 16, page 2 of 2. Explain the 40 minutes it takes a Customer Service Representative to process a returned check.

Response: James Adkins

The 40 minutes is not all time for the Customer Service Representative, but for the CSR, Field Service Representative (FSR) or Serviceman, and personnel in the accounting department. This is the total time for all employees involved in the return check processing.

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31. a. Identify any smart grid costs incurred by Licking Valley in the test year. Identify the account(s) were they are recorded and if the costs were expensed or capitalized.

b. Provide smart grid costs that Licking Valley has included in its 2016 calendar year budget.

Response: Kerry K. Howard

- a. Licking Valley did not have any smart grid costs during the test year.
- b. We have applied to the commission in Case No. 2016-00077 for a CPCN to install an automated meter infrastructure (AMI). Meters will be installed when we get commission approval.

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32. If it is necessary to update any exhibits in response to questions contained in this information request, provide the updated version in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns fully accessible.

Response: James Adkins

Several exhibits and schedules are included and are attached to various question in this response.

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33. Refer to Licking Valley's Response to Commission Staff's First Request for Information ("Staff's First Request"), Item 42.c., Exhibit 1, pages 2-3 of 7. Explain why the lines "Fair value of plan assets" and "Expected return on plan assets" and the section "Change in Fair Value of Plan Assets" all have a zero balances.

Response: James Adkins

This relates to accounting for postretirement benefits other than pensions. Licking Valley does not fund its postretirement benefits other than pensions, therefore, these would all be zero.

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Question 34:

Refer to Licking Valley's Response to Staff's First Request, Item 48.a.

a. Of the Demand Side Management ("DSM") programs offered by Licking Valley, identify those programs that were proposed by Licking Valley, and those that were proposed by East Kentucky Power Cooperative, Inc. ("EKPC").

Response 34a: All DSM programs were proposed by EKPC.

b. Explain whether Licking Valley plans to increase its DSM offerings in the future independent of EKPC's DSM programs.

Response 34b: At the current time Licking Valley does not plan to increase its DSM offerings in the future independent of EKPC's DSM programs.

Question 35: Refer to Licking Valley's Response to Staff's First Request, Item 48.b. Provide the total costs incurred for the DSM programs for the test year and the total cost budgeted for calendar year 2016.

Response 35:	2015	\$28,311
	2014	\$11,893
	2013	\$11,410
	2012	\$ 7,580

Licking Valley budgeted a 3% increase for DSM programs for the 2016 calendar year.

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36. Refer to Licking Valley's Response to Staff's First Request, Item 48.c. For each calendar year provided in the response, provide the lost revenues resulting from the kWh Savings. Include all calculations used to compute the revenue savings.

RESPONSE TO COMMISSION STAFF'S SECOND DATA REQUEST

Question: 36 Refer to Licking Valley's Response to Staff's First Request, Item 48.c. For each calendar year provided in the response, provide the lost revenues resulting from the kWh Savings. Include all calculations used to compute the revenue savings.

Response: Provided below is the lost revenue amounts for the test year and three previous years.

Retail Rates		
Retail Energy Residential		0.09355
Retail Energy Small Comm		0.08282
FAC & ESC for Test Year and		
Previous 3 Years		
Year	FAC	ESC
Test Year	-0.00419	10.72%
2014	-0.00089	9.42%
2013	-0.00074	11.03%
2012	-0.00145	10.53%

Purchased Power			
	\$	kWh	Avg. Cost
Test Year	\$ 19,248,716	272,540,151	0.0743443
2014	\$ 20,366,956	277,310,231	0.077310
2013	\$ 19,943,254	272,974,522	0.0769042
2012	\$ 19,332,787	265,501,677	0.0766485

RESPONSE TO COMMISSION STAFF'S SECOND DATA REQUEST

Witness: James Adkins

Test Year	Participants	kWh Savings	Base Rate	Lost Revenue					Purch. Power	Net Loss
				FAC Rev	Sub-Ttotal	ESC Rev	Total Rev			
	12	91,124	\$ 7,547	\$ (382)	\$ 7,165	\$ 768	\$ 7,933	\$ 6,775	\$ 1,158	
C&I Industrial	5	3,480	\$ 326	\$ (15)	\$ 311	\$ 33	\$ 344	\$ 259	\$ 86	
Appliance Recycling	3	4,638	\$ 434	\$ (19)	\$ 414	\$ 44	\$ 459	\$ 345	\$ 114	
Button Up Level 1	1000	63,000	\$ 5,894	\$ (264)	\$ 5,630	\$ 603	\$ 6,233	\$ 4,684	\$ 1,549	
CFL	23	12,079	\$ 1,130	\$ (51)	\$ 1,079	\$ 116	\$ 1,195	\$ 898	\$ 297	
Energy Audit	1	804	\$ 75	\$ (3)	\$ 72	\$ 8	\$ 80	\$ 60	\$ 20	
Energy Star Heat Pump	19	6,650	\$ 622	\$ (28)	\$ 594	\$ 64	\$ 658	\$ 494	\$ 164	
Energy Star Washer	9	711	\$ 67	\$ (3)	\$ 64	\$ 7	\$ 70	\$ 53	\$ 17	
Energy Star Dishwasher	8	536	\$ 50	\$ (2)	\$ 48	\$ 5	\$ 53	\$ 40	\$ 13	
Energy Star Freezer	8	536	\$ 50	\$ (2)	\$ 48	\$ 5	\$ 53	\$ 40	\$ 13	
Energy Star Refrigerator	26	196,101	\$ 18,345	\$ (822)	\$ 17,524	\$ 1,878	\$ 19,401	\$ 14,579	\$ 4,822	
Heat Pump Retrofit	22	528	\$ 49	\$ (2)	\$ 47	\$ 5	\$ 52	\$ 39	\$ 13	
LED Promotion	109	545	\$ 51	\$ (2)	\$ 49	\$ 5	\$ 54	\$ 41	\$ 13	
DLC AC	93	930	\$ 87	\$ (4)	\$ 83	\$ 9	\$ 92	\$ 69	\$ 23	
DLC WH	0	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Touchstone Energy Hom			\$ 34,727	\$ (1,599)	\$ 33,128	\$ 3,550	\$ 36,678	\$ 28,374	\$ 8,303	
		381,662	\$ 34,727	\$ (1,599)	\$ 33,128	\$ 3,550	\$ 36,678	\$ 28,374	\$ 8,303	

RESPONSE TO COMMISSION STAFF'S SECOND DATA REQUEST

2014	Participants	kWh Savings	Base Rate	FAC Rev	Sub-Ttotal	Lost Revenue				Net Loss
						ESC Rev	Total Rev	Purch. Power		
	11	501,900	\$ 41,567	\$ (449)	\$ 41,118	\$ 3,874	\$ 44,992	\$ 38,802	\$ 6,190	
C&I Industrial	0	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Appliance Recycling	4	5,818	\$ 544	\$ (5)	\$ 539	\$ 51	\$ 590	\$ 450	\$ 140	
Button Up Level 1	1000	63,000	\$ 5,894	\$ (56)	\$ 5,837	\$ 550	\$ 6,387	\$ 4,871	\$ 1,517	
CFL	0	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Energy Audit	5	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Energy Star Heat Pump	0	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Energy Star Washer	0	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Energy Star Dishwasher	0	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Energy Star Freezer	0	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Energy Star Refrigerator	0	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Heat Pump Retrofit	8	56,883	\$ 5,321	\$ (51)	\$ 5,271	\$ 497	\$ 5,767	\$ 4,398	\$ 1,369	
LED Promotion	0	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DLC AC	7	35	\$ 3	\$ (0)	\$ 3	\$ 0	\$ 4	\$ 3	\$ 1	
DLC WH	7	70	\$ 7	\$ (0)	\$ 6	\$ 1	\$ 7	\$ 5	\$ 2	
Touchstone Energy Hom	3	2,568	\$ 240	\$ (2)	\$ 238	\$ 22	\$ 260	\$ 199	\$ 62	
		630,274	\$ 53,577	\$ (564)	\$ 53,013	\$ 4,994	\$ 58,007	\$ 48,727	\$ 9,281	

RESPONSE TO COMMISSION STAFF'S SECOND DATA REQUEST

2013	Participants	kWh Savings	Base Rate	FAC Rev	Sub-Ttotal	Lost Revenue			Purch. Power	Net Loss
						ESC Rev	Total Rev	Net Loss		
	1	150,195	\$ 12,439	(111)	\$ 12,328	\$ 1,360	\$ 13,689	\$ 11,551	\$ 2,138	
C&I Industrial	0	-	\$ -	-	\$ -	-	\$ -	-	\$ -	
Appliance Recycling	0	-	\$ -	-	\$ -	-	\$ -	-	\$ -	
Button Up Level 1	0	-	\$ -	-	\$ -	-	\$ -	-	\$ -	
CFL	1000	63,000	\$ 5,894	(46)	\$ 5,847	\$ 645	\$ 6,492	\$ 4,845	\$ 1,647	
Energy Audit	0	-	\$ -	-	\$ -	-	\$ -	-	\$ -	
Energy Star Heat Pump	5	35,870	\$ 3,356	(26)	\$ 3,329	\$ 367	\$ 3,696	\$ 2,759	\$ 938	
Energy Star Washer	0	-	\$ -	-	\$ -	-	\$ -	-	\$ -	
Energy Star Dishwasher	0	-	\$ -	-	\$ -	-	\$ -	-	\$ -	
Energy Star Freezer	0	-	\$ -	-	\$ -	-	\$ -	-	\$ -	
Energy Star Refrigerator	0	-	\$ -	-	\$ -	-	\$ -	-	\$ -	
Heat Pump Retrofit	9	67,280	\$ 6,294	(50)	\$ 6,244	\$ 689	\$ 6,933	\$ 5,174	\$ 1,759	
LED Promotion	0	-	\$ -	-	\$ -	-	\$ -	-	\$ -	
DLC AC	173	615	\$ 58	(0)	\$ 57	\$ 6	\$ 63	\$ 47	\$ 16	
DLC WH	116	1,160	\$ 109	(1)	\$ 108	\$ 12	\$ 120	\$ 89	\$ 30	
Touchstone Energy Hom	3	7,704	\$ 721	(6)	\$ 715	\$ 79	\$ 794	\$ 592	\$ 201	
		325,824	\$ 28,869	(240)	\$ 28,629	\$ 3,158	\$ 31,787	\$ 25,057	\$ 6,730	

RESPONSE TO COMMISSION STAFF'S SECOND DATA REQUEST

2012	Participants	kWh Savings	Base Rate	FAC Rev	Lost Revenue			Purch. Power	Net Loss
					Sub-Ttotal	ESC Rev	Total Rev		
	0	-	\$ -	-	\$ -	-	\$ -	\$ -	-
C&I Industrial	0	-	\$ -	-	\$ -	-	\$ -	\$ -	-
Appliance Recycling	0	-	\$ -	-	\$ -	-	\$ -	\$ -	-
Button Up Level 1	1	2,404	225	(3)	\$ 221	23	\$ 245	\$ 184	\$ 60
CFL	1000	63,000	5,894	(92)	\$ 5,802	611	\$ 6,413	\$ 4,829	\$ 1,584
Energy Audit	0	-	\$ -	-	\$ -	-	\$ -	\$ -	-
Energy Star Heat Pump	0	-	\$ -	-	\$ -	-	\$ -	\$ -	-
Energy Star Washer	0	-	\$ -	-	\$ -	-	\$ -	\$ -	-
Energy Star Dishwasher	0	-	\$ -	-	\$ -	-	\$ -	\$ -	-
Energy Star Freezer	0	-	\$ -	-	\$ -	-	\$ -	\$ -	-
Energy Star Refrigerator	0	-	\$ -	-	\$ -	-	\$ -	\$ -	-
Heat Pump Retrofit	3	21,275	1,990	(31)	\$ 1,959	206	\$ 2,166	\$ 1,631	\$ 535
LED Promotion	0	-	\$ -	-	\$ -	-	\$ -	\$ -	-
DLC AC	38	190	18	(0)	\$ 17	2	\$ 19	\$ 15	\$ 5
DLC WH	40	400	37	(1)	\$ 37	4	\$ 41	\$ 31	\$ 10
Touchstone Energy Hom	1	2,568	240	(4)	\$ 237	25	\$ 261	\$ 197	\$ 65
		89,837	8,404	(131)	\$ 8,274	871	\$ 9,145	\$ 6,886	\$ 2,259

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

37. In Case No. 2009-00016, the Commission expressed its concern with Licking Valley's increase in line loss for the 2008 test year/calendar year over the previous calendar year, and that this contributed to the decline in gross margins from 2007 to 2008 of roughly \$900,000. Provide a monthly line-loss analysis for the period of January 1, 2010, through August 31, 2016, using the same format as used in the March 11, 2010 Report on Line Losses.

Response: James Adkins

Case No. 2016-00174
Monthly Line Loss Calculation

Month	Total Kwh		Company			Percent	Rolling 12 Month
	Purchases	Kwh Sales	Use	Line Loss	Line Loss		
January 2010	34,516,175	32,140,400	26,102	2,349,673	6.8%	6.2%	
February 2010	30,214,201	26,251,859	29,862	3,932,480	13.0%	5.4%	
March 2010	23,753,373	18,457,703	21,813	5,273,857	22.2%	4.7%	
April 2010	17,537,523	15,233,054	8,326	2,296,143	13.1%	6.0%	
May 2010	18,612,747	21,052,306	7,967	(2,447,526)	-13.1%	7.0%	
June 2010	22,819,986	21,131,863	9,403	1,678,720	7.4%	6.8%	
July 2010	25,164,930	27,022,473	9,266	(1,866,809)	-7.4%	5.8%	
August 2010	25,200,635	21,994,321	9,266	3,197,048	12.7%	6.0%	
September 2010	18,832,271	13,419,525	7,954	5,404,792	28.7%	5.6%	
October 2010	18,475,501	19,137,388	10,356	(672,243)	-3.6%	6.4%	
November 2010	23,011,037	27,230,027	27,218	(4,246,208)	-18.5%	6.6%	
December 2010	34,893,372	31,391,661	48,177	3,453,534	9.9%	5.9%	
January 2011	33,516,928	32,341,579	42,844	1,132,505	3.4%	5.6%	
February 2011	25,372,040	19,588,912	41,468	5,741,660	22.6%	6.4%	
March 2011	23,202,365	21,409,762	21,359	1,771,244	7.6%	5.2%	
April 2011	17,896,678	15,671,839	12,700	2,212,139	12.4%	5.2%	
May 2011	19,050,711	16,954,287	11,917	2,084,507	10.9%	7.2%	
June 2011	20,681,560	21,552,145	8,750	(879,335)	-4.3%	6.2%	
July 2011	25,261,200	24,372,499	9,853	878,848	3.5%	7.1%	
August 2011	23,240,472	20,335,245	12,541	2,892,686	12.4%	7.1%	
September 2011	17,854,346	14,592,875	8,838	3,252,633	18.2%	6.2%	
October 2011	19,418,132	20,805,418	9,937	(1,397,223)	-7.2%	5.9%	
November 2011	21,761,374	21,596,549	15,769	149,056	0.7%	7.5%	
December 2011	26,919,533	27,100,616	20,162	(201,245)	-0.7%	6.6%	
January 2012	28,578,577	24,198,012	25,677	4,354,888	15.2%	7.6%	
February 2012	24,854,402	21,204,044	19,007	3,631,351	14.6%	7.0%	
March 2012	18,714,904	16,454,022	15,406	2,245,476	12.0%	7.3%	
April 2012	17,924,078	16,747,653	10,459	1,165,966	6.5%	6.8%	

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May 2012	19,199,929	18,444,987	9,632	745,310	3.9%	6.2%
June 2012	20,632,183	21,527,524	10,680	(906,021)	-4.4%	6.2%
July 2012	25,075,833	22,473,224	12,247	2,590,362	10.3%	6.8%
August 2012	22,227,470	19,926,918	12,785	2,287,767	10.3%	6.6%
September 2012	18,208,396	16,233,962	8,407	1,966,027	10.8%	6.0%
October 2012	19,520,992	19,790,010	7,851	(276,869)	-1.4%	6.5%
November 2012	24,542,023	22,411,379	13,900	2,116,744	8.6%	7.1%
December 012	26,183,918	26,382,974	14,977	(214,033)	-0.8%	7.1%
January 2013	29,277,540	27,701,675	23,836	1,552,029	5.3%	6.3%
February 2013	26,021,092	23,782,530	20,609	2,217,953	8.5%	5.8%
March 2013	27,022,794	22,916,763	17,228	4,088,803	15.1%	6.1%
April 2013	18,560,814	16,463,704	14,112	2,082,998	11.2%	6.5%
May 2013	18,037,644	17,462,391	9,982	565,271	3.1%	6.4%
June 2013	19,923,600	19,482,284	9,055	432,261	2.2%	6.9%
July 2013	22,459,803	21,659,316	12,031	788,456	3.5%	6.4%
August 2013	21,251,835	19,270,345	11,713	1,969,777	9.3%	6.3%
September 2013	18,067,840	15,497,937	8,169	2,561,734	14.2%	6.6%
October 2013	19,163,264	19,402,749	8,298	(247,783)	-1.3%	6.6%
November 2013	24,740,050	24,875,046	16,073	(151,069)	-0.6%	5.8%
December 2013	28,656,339	29,396,058	18,587	(758,306)	-2.6%	5.7%
January 2014	36,303,760	33,337,702	26,180	2,939,878	8.1%	5.9%
February 2014	28,100,991	24,295,031	27,032	3,778,928	13.4%	6.3%
March 2014	25,938,768	21,259,809	18,935	4,660,024	18.0%	6.5%
April 2014	17,662,840	16,309,877	10,733	1,342,230	7.6%	6.2%
May 2014	18,437,717	18,654,253	8,914	(225,450)	-1.2%	5.9%
June 2014	20,709,839	19,559,046	10,341	1,140,452	5.5%	6.2%
July 2014	20,912,404	20,251,488	10,225	650,691	3.1%	6.1%
August 2014	21,380,507	19,167,616	9,985	2,202,906	10.3%	6.2%
September 2014	17,756,679	15,260,356	8,679	2,487,644	14.0%	6.2%
October 2014	18,283,957	18,516,597	8,319	(240,959)	-1.3%	6.2%
November 2014	25,377,092	25,042,560	14,749	319,783	1.3%	6.3%
December 2014	26,614,449	27,030,981	14,680	(431,212)	-1.6%	6.4%
January 2015	31,306,644	27,706,890	24,357	3,575,397	11.4%	6.7%
February 2015	31,466,688	29,569,063	26,125	1,871,500	5.9%	6.1%
March 2015	23,501,239	18,637,787	18,724	4,844,728	20.6%	6.3%
April 2015	16,964,471	16,044,965	9,052	910,454	5.4%	6.1%
May 2015	18,316,486	18,052,701	7,603	256,182	1.4%	6.3%
June 2015	20,250,817	18,838,458	7,388	1,404,971	6.9%	6.5%
July 2015	22,137,251	21,754,011	10,041	373,199	1.7%	6.3%
August 2015	20,983,824	19,447,544	9,266	1,527,014	7.3%	6.1%

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September 2015	18,097,334	15,042,275	7,046	3,048,013	16.8%	6.3%
October 2015	17,526,856	16,945,912	8,734	572,210	3.3%	6.7%
November 2015	19,998,636	20,411,081	12,017	(424,462)	-2.1%	6.4%
December 2015	22,019,433	22,412,128	11,102	(403,797)	-1.8%	6.4%
January 2016	31,467,875	29,333,142	24,242	2,110,491	6.7%	6.0%
February 2016	25,486,436	21,809,372	20,462	3,656,602	14.3%	6.7%
March 2016	20,023,098	18,079,215	13,765	1,930,118	9.6%	5.8%
April 2016	17,376,691	16,013,688	9,972	1,353,031	7.8%	6.0%
May 2016	17,293,764	16,260,768	7,218	1,025,778	5.9%	6.4%
June 2016	20,261,147	19,567,477	7,218	686,452	3.4%	6.1%
July 2016	23,289,111	23,271,389	9,640	8,082	0.0%	5.9%
August 2016	22,137,251	21,754,011	10,041	373,199	1.7%	5.5%