

**COMMONWEALTH OF KENTUCKY
BEFORE THE
KENTUCKY PUBLIC SERVICE COMMISSION**

In the Matter of:

Electronic Application of Licking Valley)
Rural Electric Cooperative Corporation for)
a General Adjustment of Rates and Other) Case No. 2024-00211
General Relief)

LICKING VALLEY RURAL ELECTRIC COOPERATIVE CORPORATION'S
VERIFIED RESPONSE TO
COMMISSION STAFF'S POST-HEARING REQUESTS FOR INFORMATION
ENTERED OCTOBER 2, 2024

Comes now Licking Valley Rural Electric Cooperative Corporation (Licking Valley), by counsel, and does hereby tender its Verified Response to Commission Staff's Post-Hearing Request for Information entered February 7, 2025.

Entered: February 24, 2025

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

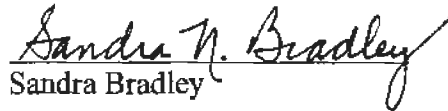
Electronic Application of Licking Valley)
Rural Electric Cooperative Corporation for)
a General Adjustment of Rates and Other)
General Relief

Case No. 2024-00211

VERIFICATION OF SANDRA BRADLEY

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF MORGAN)

Sandra Bradley, Accountant for Licking Valley Energy Corporation, being duly sworn, states that she has supervised the preparation of certain responses to Commission Staff's Post-Hearing Request for Information in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.


Sandra Bradley

The foregoing Verification was signed, acknowledged and sworn to before me this 19th day of February, 2024, by Sandra Bradley.



Commission expiration:

JONATHAN TRAVIS STACY NOTARY PUBLIC STATE AT LARGE KENTUCKY COMMISSION # KYNP86494 MY COMMISSION EXPIRES 3-11-2028
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**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

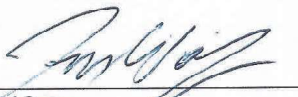
In the Matter of:

THE ELECTRONIC APPLICATION OF LICKING)	
VALLEY RURAL ELECTRIC COOPERATIVE)	CASE NO.
CORPORATION FOR A GENERAL ADJUSTMENT)	2024-00211
OF RATES)	

VERIFICATION OF JOHN WOLFRAM

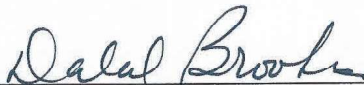
COMMONWEALTH OF KENTUCKY)
)
 COUNTY OF JEFFERSON)

John Wolfram, being duly sworn, states that he has supervised the preparation of responses to certain post-hearing data requests in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



 John Wolfram

The foregoing Verification was signed, acknowledged and sworn to before me this 21st day of February 2025, by John Wolfram.



 Commission expiration: 10-23-2027

<p align="center"> DALAL BROOKS Notary Public - State at Large Kentucky Commission Expires Oct. 23, 2027 Notary ID KYNP81483 </p>
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Witness: Sandy Bradley and John Wolfram

Licking Valley Rural Electric Cooperative Corporation
Case No. 2024-00211
Commission Staff's Post-Hearing Request for Information

Request 1: Refer to Licking Valley RECC's response to Commission Staff's Third Request for Information (Staff's Third Request), Item 4.

- a. Explain why Licking Valley RECC allocates the general liability insurance to different accounts.
- b. Calculate the revenue requirement and proposed rates with the general liability insurance allocated as a general operating expense.

Response 1(a): All departments are covered by the general liability insurance, so Licking Valley believed it was appropriate to allocate the amounts to the various accounts.

Response 1(b): In the test year, the total general liability policy premiums were \$108,447. Of this, \$71,353 was allocated to expense accounts and \$37,094 was allocated to the balance sheet (\$6,392 to Account 163.0 for Warehouse and \$30,702 to Account 184.10 for Transportation – Clearing). If the insurance premiums were all allocated as a general operating expense, the revenue deficiency would increase by \$30,702. This would be an incremental increase over the as-filed amount by about 0.1%. It would be inappropriate to allocate the capitalized portions of the general liability insurance premiums as a general operating expense. Alternatively, if the expensed portion of the premiums were not allocated to different accounts, and instead were all allocated to a single expense account, then this would have no impact on the revenue deficiency or the proposed rates, as the amounts included in total would not change.

Licking Valley Rural Electric Cooperative Corporation
Case No. 2024-00211
Commission Staff's Post-Hearing Request for Information

Request 2: Provide the Board meeting minutes reflecting discussions and approval of the 2020 Paycheck Protection Program (PPP) loan from the United States Small Business Administration through Bank of the Mountains.

Response 2: Please see Attachment PSC PH-2

ATTACHMENT PSC PH-2

LICKING VALLEY RURAL ELECTRIC COOPERATIVE CORPORATION

BOARD OF DIRECTORS MEETING

September 17, 2020

**BOARD
MEMBERS \
ATTENDING**

The September Board Meeting of the Licking Valley Rural Electric Cooperative Corporation was called to order by President Darrell Cundiff on Thursday, September 17, 2020, at 5:00 p.m., in the Licking Valley Rural Electric Cooperative Corporation Board Room. Those attending the Board Meeting via the Licking Valley RECC Board Room or by way of ZOOM Video Communication included Darrell Cundiff, Ted A. Holbrook, Tommy Hill, Kevin Howard, Andrew W. Jones, J. Frank Porter, Travis Stacy, Philip R. Williams, General Manager/CEO Kerry K. Howard, Manager of Administrative Services John R. May, General Superintendent Chris Murphy, and Attorney Gregory D. Allen.

INVOCATION

General Manager/CEO Kerry K. Howard asked for prayer requests and concerns and subsequently gave the invocation.

**PREVIOUS
MINUTES &
REPORTS**

UPON MOTION BY PHILIP R. WILLIAMS, SECONDED BY TOMMY HILL, THERE BEING NO ADDITIONS OR DELETIONS TO THE MINUTES OF THE LAST OFFICIAL BOARD MEETING HELD AUGUST 20, 2020, AND FOLLOWING REVIEW OF THE GENERAL MANAGER/CEO'S REPORT AND LIST OF NEW AND DISCONNECTED MEMBERS FOR JULY 2020 AS SUBMITTED, THE LVRECC BOARD OF DIRECTORS APPROVED THE SAME. MOTION CARRIED.

EKPC REPORT

LVRECC Director Ted A. Holbrook representing LVRECC on the East Kentucky Power Cooperative Board, gave a report on recent EKPC video conference.

LVRECC BOARD MEETING

September 17, 2020

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EKPC commended the Co-ops for their efforts and trying during the Coronavirus Pandemic noting everyone is going through some trying times.

Kentucky will potentially see a number of solar farms being constructed by independent solar developers. Kentucky has eight solar farms in operation at this time, one MW to 10 MW. The EKPC solar farm is 8.5 MW and is the state's second largest solar facility. Electric utilities in Kentucky have announced plans to purchase the output from eight more projects, all of them 50 MW or larger. The independent solar developers have filed requests with PGM seeking cost estimates for connecting dozens of solar farms that would total thousands of additional MW. Several of these have filed for over a dozen applications with the Kentucky Electric Generation and Transmission Siting Board for approval for their projects.

Some companies are seeking renewable energy to power their facilities. Developers see Kentucky as offering plenty of land with minimal transmission congestion and lower interconnection cost. Don Mosier and David Crews reported a decline in nuclear power and natural gas compacity with increased dependence of renewables such as solar.

Mike McNalley reported July margins \$2.6 million over budget. Mainly driven by lower-than-expected operating and maintenance expenses. Year-to-date margins through July was \$6.1 million over budget, due to lower operating and maintenance expenses offsetting the decline in net sales from the weather and COVID-19.

The EKPC Board welcomed Rick Thomas, new director representing Nolin RECC, and Bradley Cherry, interim President and CEO at Grayson RECC.

LVRECC BOARD MEETING

September 17, 2020

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Board approved all board and committee meetings to be held virtually. Also approved delegating some of the responsibilities of the secretary to be handled by the staff.

ATTNY RPT

Attorney Gregory D. Allen gave his legal report to the LVRECC Board of Directors noting no new legal matters to be discussed during the September 17, 2020 Board Meeting. As reported during the August meeting, the Bobby Dale Howard Case in Magoffin County continues to be in discovery at this time.

WORK ORDER APPROVAL

UPON MOTION BY PHILIP R. WILLIAMS, SECONDED BY TOMMY HILL, THE LVRECC BOARD OF DIRECTORS APPROVED THE FOLLOWING
RUS FORM 219 INVENTORIES OF WORK ORDERS:

JANUARY 2020	\$274,824.53
FEBRUARY 2020	\$127,462.25
MARCH 2020	\$159,128.00

MOTION CARRIED.

CFC VOTING DELEGATE & ALTERNATE

UPON MOTION BY TED A. HOLBROOK, SECONDED BY TOMMY HILL, THE LVRECC BOARD OF DIRECTORS APPROVED THE FOLLOWING
RESOLUTION FOR CFC CERTIFICATION OF VOTING DELEGATE AND ALTERNATE VOTING DELEGATE TO THE 2020 CFC DISTRICT 3 VIRTUAL MEETING:

RESOLUTION

WHEREAS, the Licking Valley Rural Electric Cooperative Corporation (LVRECC) Board of Directors (Board) hereby authorizes Kevin Howard, Board Member of LVRECC to serve as National Rural Utilities Cooperative Finance Corporation (CFC) Representative and further appoints as its' Alternate Representative, Philip Williams. The Board hereby empowers the above Representative and Alternate Representative to vote as they deem necessary on all business which may be submitted for a vote of the Members of CFC during the District 3 Meeting scheduled to be held October 14 & 15, 2020; and

LVRECC BOARD MEETING

September 17, 2020

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WHEREAS, the Board of LVRECC further stipulates, this resolution is in effect only for the time period specified in the above paragraph; and

BE IT, THEREFORE RESOLVED that this resolution was properly authorized and adopted on behalf of LVRECC by the Board during the duly regular monthly Board Meeting held September 17, 2020.

MOTION CARRIED.

FINANCIAL REPORT

General Manager / CEO Kerry K. Howard presented the Financial Report to the Board of Directors.

For July 2020, we had positive margins of approximately seventy thousand, fifty-three dollars, which brings us to positive year-to-date margins of approximately one million, sixty-five thousand, one hundred twenty dollars compared to July 2019 positive margins of approximately one hundred seven thousand, forty dollars for the year.

TIER for the month of July was 3.71, year-to-date 4.56, budget 1.44. Total bank draft accounts in September 2020 was 1,798, totaling \$241,159.90. Recurring credit card accounts for the same period was 371, totaling \$59,502.48, with 8 accounts rejected in the total amount of \$1,010.76.

ENVIRONMENTAL SURCHARGE

The Environmental Surcharge from East Kentucky Power Cooperative for the month of July was 13.57%. August fuel adjustment charge was (0.00557).

August 24, 2020, we received a dues refund check in the amount of \$2,660.00 from the Kentucky Electric Cooperatives. Which is based on performance of the KEC during 2019. We also received 2019 patronage dividends from KEC in the amount of \$2,021.00 representing a twenty percent cash payment of total 2019 patronage dividend allocations of ten thousand, one hundred seven dollars.

LVRECC BOARD MEETING

September 17, 2020

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August 24, 2020, we received a check for 2019 patronage dividends from United Utility Supply in the amount of \$152.00 which represents a twenty percent cash payment of total allocations. Licking Valley RECC's 2019 patronage dividend allocation was seven hundred fifty-eight dollars.

**REPORT FROM
THE GENERAL
MANAGER/CEO**

General Manager / CEO Kerry K. Howard gave his report to the LVRECC Board of Directors.

March 16, 2020, all Kentucky utilities were barred from disconnecting electric service for non-payment and charging late payment fees as well as collecting past-due balances until further Order from the Kentucky Public Service Commission. We have been keeping up with this moratorium on disconnects. Working with Senator Stivers, PSC, and the Governor's office trying to get some of this lifted. We are calling our consumers urging them to make payments and that making any payment toward the balance will help avoid large balances when the COVID-19 restrictions have eased and collections for non-payment and late payment fees have resumed.

As of Monday, September 14, 2020, we were \$824,487 in arrears with ninety days at \$249,000, and penalties approximately \$145,000. Prepaid accounts were \$71,015 as of last week in arrears. LIHEAP and some of these other agencies have money to help with this.

The Kentucky Electric Cooperatives is working with the PSC on pole attachment regulations throughout Kentucky. We will continue to keep informed on this issue.

LVRECC BOARD MEETING

September 17, 2020

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RUS has directed how the Payroll Protection Program loan accounting should be recorded and how the cooperatives need to show it as revenue.

President Trump issued a message providing deferral of payroll taxes from September 01st through December 31, 2020. General Manager/CEO Howard advised Licking Valley RECC does not participate as this is only a deferral and not an exemption. Any payroll tax funds not paid will have to be repaid during 2021.

Spoke with Ian Teal regarding prepayment for the installation of underground electric service for the Shawnee Run Resort on Glencarin Road in Wolfe County. Mr. Teal paid one-half of the prepayment amounting to \$52,631.14 on September 15th, with the balance remaining due in 60-days.

We had a telephone conversation with Wolfe County native, Gary Booth, CEO, of his company named ZeoVation. Cleaner process to make paint, etc. we will meet Wednesday at 11:30 to look about servicing electric service to it.

We have been working with Morgan County Judge Executive John Will Stacy and will possibly get a training facility next to the Eastern Kentucky Correctional Complex or Licking Valley RECC's Index Substation.

SAFETY AND LOSS CONTROL

General Manager / CEO Kerry K. Howard presented the directors a copy of of the September 01, 2020 Safety and Loss Control Memorandum from LVRECC General Superintendent Chris Murphy as copied, mailed and emailed, with the board meeting materials on September 11, 2020 stating there had been zero new incidents reported by employees which resulted in loss time from work since our previous update on August 05, 2020.

LVRECC BOARD MEETING

September 17, 2020

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**RATE
ADJUSTMENT**

General Manager/CEO Howard reported plans to talk with Winston L. Tan of Intandem, LLC, on the results of the Wage and Benefit Survey in relation to our rate adjustment before the Public Service Commission. This information will be discussed with the Board once the Survey is completed.

**CYBER
SECURITY**

Cyber Security continues to be closely monitored at our Licking Valley RECC Offices.

**POWER
PULSE VIDEO**

The Licking Valley RECC Board watched an EKPC Power Pulse Fall 2020 Video narrated by Sha Phillips.

**ADJOURN-
MENT**

There being no further business to come before the Board of Directors of Licking Valley Rural Electric Cooperative Corporation, the September 2020 Board Meeting adjourned at approximately 6:30 p.m.

DARRELL CUNDIFF
President

TOMMY HILL
Secretary/Treasurer

Licking Valley Rural Electric Cooperative Corporation
Case No. 2024-00211
Commission Staff's Post-Hearing Request for Information

Request 3: Provide usage comparisons, by month, for the years 2020 through 2024 between the average kWh used by customers enrolled in the Low-Income Home Energy Assistance Program (LIHEAP) and the average kWh used by a residential customer in Licking Valley RECC's service area.

Response 3: Please see the Excel file provided separately. Please note, there is no data available for 2020.

Licking Valley Rural Electric Cooperative Corporation
Case No. 2024-00211
Commission Staff's Post-Hearing Request for Information

Request 4: Refer to Licking Valley RECC's response to Staff's Third Request, Item 13, Attachment 3-13.

- a. Explain the methodology behind increasing the uncollectable accounts by \$1,000 or \$5,000 per entry in the general ledger.
- b. Explain why actuals for uncollectable accounts were not used. Refer to Civil Case No. 23-CI-00249 in Magoffin Circuit Court.

Response 4(a): This was done based upon the advice of Licking Valley's auditor.

Response 4(b): Please see the response to 4(a).

Licking Valley Rural Electric Cooperative Corporation
Case No. 2024-00211
Commission Staff's Post-Hearing Request for Information

Request 5: Refer to Civil Case No. 23-CI-00249 in Magoffin Circuit Court.

- a. Given that the customer is now deceased, state whether Licking Valley RECC has initiated the process for filing a creditor claim against the estate.
- b. If not, state whether Licking Valley RECC intends to pursue a claim against the estate.
- c. If not, explain why.
- d. Provide the total current amount owed to the utility broken down in the following amounts associated with this lawsuit: late fees, outstanding usage charge amount, and attorneys' fees associated with the suit.

Response 5(a)-(c): Licking Valley has started this process.

Response 5(d): The family has been paying the current monthly bill plus \$200/month on the outstanding bill. The current amount owed is \$24,542.06 which includes \$1,420.32 in late fees. As of February 19, 2025, there have been \$3,608.36 in attorney's fees.

Licking Valley Rural Electric Cooperative Corporation
Case No. 2024-00211
Commission Staff's Post-Hearing Request for Information

Request 6: Explain whether the customer was being billed monthly during the time of non-payment. If not, explain the attempts to collect the money due and owing on this account. If yes, explain how the utility complied with Licking Valley RECC Second Revised Tariff Sheet 7, Second Revised Tariff Sheet 8, and Second Revised Tariff Sheets 12–16.

Request 6: Yes. Customer service was working with the account and had placed the account on the do not disconnect list. There were periodic payments being made during that time. The customer service representative that was working with this member resigned. At that time, the account should have been placed on the disconnect list, however due to an oversight it was not. When staff was reviewing accounts that had outstanding balances, the account was found. Licking Valley believes this arrangement was appropriate based upon Second Revised Tariff Sheet 15, B – Payment Agreement In Effect.

Licking Valley Rural Electric Cooperative Corporation
Case No. 2024-00211
Commission Staff's Post-Hearing Request for Information

Request 7: . Provide the monthly balance for Licking Valley RECC's revolving line of credit, by month, for the time period beginning July 2021 through January 2025.

Response 7: No balance. Licking Valley did not draw down this line of credit in the given timeframe.