

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

**ELECTRONIC APPLICATION OF )  
LICKING VALLEY RURAL ELECTRIC )  
COOPERATIVE CORPORATION ) Case No. 2024-00211  
FOR A GENERAL ADJUSTMENT )  
OF RATES AND OTHER GENERAL RELIEF )**

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**INITIAL DATA REQUESTS OF THE ATTORNEY GENERAL**

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Comes now the Attorney General of the Commonwealth of Kentucky, by his Office of Rate Intervention (“Attorney General”), and submits these Data Requests to Licking Valley Rural Electric Cooperative Corporation (hereinafter “Licking Valley,” or “company”) to be answered by September 18, 2024, in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate requested item will be deemed a satisfactory response.
- (2) Identify the witness who will be prepared to answer questions concerning each request.
- (3) Repeat the question to which each response is intended to refer.
- (4) These requests shall be deemed continuing so as to require further and supplemental responses if the companies receive or generate additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.
- (5) Each response shall be answered under oath or, for representatives of a public

or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

(6) If you believe any request appears confusing, please request clarification directly from undersigned Counsel.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self-evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, notify undersigned Counsel as soon as possible, and in accordance with Commission direction.

(10) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams,

cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information regardless of the media or

format in which they are stored, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

(14) "And" and "or" should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.

(15) "Each" and "any" should be considered to be both singular and plural, unless specifically stated otherwise.

Respectfully submitted,

RUSSELL COLEMAN  
ATTORNEY GENERAL



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*Certificate of Service and Filing*

Pursuant to the Commission's Orders and in accord with all other applicable law, Counsel certifies that, on September 4, 2024, an electronic copy of the foregoing was served via the Commission's electronic filing system.

this 4th day of September, 2024

A handwritten signature in blue ink, appearing to read "J. Michael New". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

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Assistant Attorney General

**In Re: ELECTRONIC APPLICATION OF LICKING VALLEY RURAL ELECTRIC COOPERATIVE CORPORATION FOR A GENERAL ADJUSTMENT OF RATES AND OTHER GENERAL RELIEF, Case No. 2024-00211**

**Data Requests**

1. Refer to the Application generally. Provide an organizational chart of Licking Valley, including all positions. If a position is vacant, please designate as such.
2. Refer to the Application, page 1, in which Licking Valley states that it provides electric power to approximately 12,193 members in the Kentucky counties of Breathitt, Elliott, Lee, Magoffin, Menifee, Morgan, Rowan and Wolfe.
  - a. Provide a detailed account of all economic issues that the Company's customers in the above-referenced counties are combating at the present time.
  - b. Provide Licking Valley's actual number of customers for the years 2014 - 2024.
  - c. Explain in detail whether Licking Valley projects a future gain or loss of electric customers, and provide copies of all projections concerning the same.
  - d. Provide Licking Valley's total annual energy sales for the years 2014 - 2024.
  - e. Explain whether Licking Valley expects annual energy sales to increase or decrease, and provide copies of all projections concerning the same.
  - f. Provide a map of Licking Valley's electric service area.
  - g. Provide a list of all rural electric cooperatives and investor-owned electric utilities whose service territory is contiguous with Licking Valley's service territory.
  - h. Explain whether Licking Valley has ever worked, or plans on working, with any other rural electric cooperative or investor-owned electric utility on any joint ventures to provide electricity to Breathitt, Elliott, Lee, Magoffin, Menifee, Morgan, Rowan and Wolfe Counties.
  - i. Based upon the most recent United States Census information, the poverty rates for Licking Valley's electric service area are as follows:
    - Breathitt County - 30.1%
    - Elliott County - 27.2%
    - Lee County - 36.4%
    - Magoffin County - 29.8%
    - Menifee County - 23.1%
    - Morgan County - 25.2%
    - Rowan County - 21.4%

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Wolfe County - 32%.<sup>1</sup>

Confirm that Licking Valley is aware of the above percentages of its electric customers who live at or below the poverty line.

3. Refer to the Application generally. Provide the following information for Licking Valley executive staff employees.
  - a. Provide the position title and salary for each executive staff employee for the years 2014 - 2024.
  - b. Provide the average raise that the executive staff employees received for the years 2014 - 2024. Ensure to explain whether the annual raise is directly connected to a performance review.
  - c. Provide the average bonus that each executive staff employee received for the years 2014 - 2024.
  - d. Provide all awards given to the executive staff employees for the years 2014 - 2024.
  - e. Provide all vehicle allowances given to the executive staff employees for the years 2014 - 2024.
  - f. Provide all incentive compensation given to the executive staff employees for the years 2014 - 2024.
  - g. Provide the average raise, if any, which will be given to executive staff employees for 2024.
  - h. Provide the average raise, if any, which will be given to executive staff employees for 2025.
  - i. Provide a detailed explanation of the insurance benefits provided to the Company's executive staff employees, including but not limited to health, dental, vision, life insurance, etc. Ensure to include all premiums paid by the Company's executive staff employees, premiums paid by the Company or parent company on the executive staff employees' behalf, as well as all copays, deductibles, and maximum out of pocket amounts.
  - j. Provide a detailed explanation of the retirement benefits provided to the Company's executive staff employees, including but not limited to, whether there is a defined benefit plan, 401(k) matching, etc.
  - k. Explain whether any of the executive staff employees are members of a union.
  
4. Refer to the Application generally. Provide the following information for Licking Valley employees.

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<sup>1</sup><https://www.census.gov/quickfacts/fact/table/wolfecountykentucky,rowancountykentucky,morgancountykentucky,menifeecountykentucky,magoffincountykentucky,leecountykentucky/PST045223>



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- a. Provide the position title and salary for each salaried employee for the years 2014 - 2024.
  - b. Provide the average raise that the salaried employees received for the years 2014 - 2024. Ensure to explain whether the annual raise is directly connected to a performance review.
  - c. Provide the average bonus that each salaried employee received for the years 2014 - 2024.
  - d. Provide all awards given to the salaried employees for the years 2014 - 2024.
  - e. Provide all vehicle allowances given to the salaried employees for the years 2014 - 2024.
  - f. Provide all incentive compensation given to the salaried employees for the years 2014 - 2024.
  - g. Provide the average raise, if any, which will be given to salaried employees for 2024.
  - h. Provide the average raise, if any, which will be given to salaried employees for 2025.
  - i. Provide a detailed explanation of the insurance benefits provided to the Company's salaried employees, including but not limited to health, dental, vision, life insurance, etc. Ensure to include all premiums paid by the Company's salaried employees, premiums paid by the Company or parent company on the salaried employees' behalf, as well as all copays, deductibles, and maximum out of pocket amounts.
  - j. Provide a detailed explanation of the retirement benefits provided to the Company's salaried employees, including but not limited to, whether there is a defined benefit plan, 401(k) matching, etc.
  - k. Explain whether any of the salaried employees are members of a union.
5. Refer to the Application generally. Provide the following information for Licking Valley employees.
- a. Provide the position title and wages for each non-salaried employee for the years 2014 - 2024.
  - b. Provide the average raise provided to the non-salaried employees for the years 2014 - 2024. Ensure to explain whether the annual raise is directly connected to a performance review.
  - c. Provide the average bonus provided to the non-salaried employees for the years 2014 - 2024.
  - d. Provide all awards given to the non-salaried employees for the years 2014 - 2024.
  - e. Provide all vehicle allowances given to the non-salaried employees for the years 2014 - 2024.

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- f. Provide all incentive compensation given to the non-salaried employees for the years 2014 – 2024.
  - g. Provide the average raise, if any, which will be given to non-salaried employees for 2024.
  - h. Provide the average raise, if any, which will be given to non-salaried employees for 2025.
  - i. Provide a detailed explanation of the insurance benefits provided to the Company’s non-salaried employees, including but not limited to health, dental, vision, life insurance, etc. Ensure to include all premiums paid by the Company’s non-salaried employees, premiums paid by the Company or parent company on the non-salaried employees’ behalf, as well as all copays, deductibles, and maximum out of pocket amounts.
  - j. Provide a detailed explanation of the retirement benefits provided to the Company’s non-salaried employees, including but not limited to, whether there is a defined benefit plan, 401(k) matching, etc.
  - k. Explain whether any of the non-salaried employees are members of a union.
6. Refer to the Application generally.
- a. Provide a detailed explanation of all salary and benefits provided to the members of the Board of Directors during the years 2014 – 2024. Ensure to provide the salary amounts, and specific details regarding all benefit packages, including but not limited to health, dental, vision, accidental death and disability, life insurance, bonuses, awards, vehicle allowances, and the like.
  - b. Provide the total amount of the Board of Directors’ fees for the test year.
  - c. Provide a breakdown of the total amount of the Board of Directors’ fees for the test year.
  - d. Discuss if there will be any changes to the Board of Directors’ salaries and/or benefit packages in 2024 or 2025.
  - e. When setting the Board of Directors’ fees and benefits did Licking Valley review other Kentucky rural electric cooperative Board of Directors’ fees and benefits? If so, explain in detail the findings. If not, explain in detail why not.
7. Refer to the Application generally. Provide a copy of all formal studies conducted that compare Licking Valley’s wage and benefit information to the local wage and benefit information for the geographic area in which Jackson Purchase Energy operates. If no such studies exists, explain why not.

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8. Refer to the Application generally. Explain the current process of awarding wage/salary increases to salaried versus non-salaried and union versus non-union employees.
9. Refer to the Application generally. Explain in detail whether Licking Valley has obtained and/or whether the Company is seeking any funds/grants from federal, state, or local sources which have been or will be made available. If so, identify the source and amount of those funds/grants. If not, and funds/grants are available for which the Company is eligible, explain why the Company is foregoing those opportunities.
10. Refer to the Application generally. Provide a list that identifies all miscellaneous costs for the test year, including but not limited to dinners (including all holiday dinners), gifts, donations, membership dues, annual meeting costs, etc. For each cost indicate whether it was removed from or included in the requested revenue requirement.
11. Refer to the Application generally. Explain in detail whether there are any direct charges, allocated costs, surcharges, pass-through charges, etc., from East Kentucky Power Cooperative ("EKPC"), or any other entity, to Licking Valley. If so, provide a detailed list of the same with explanations for each allocated charge.
12. Refer to the Application generally. Explain in detail whether Licking Valley provides any assistance program(s) for customers experiencing difficulty paying their electric bills.
13. Refer to the Application generally.
  - a. Provide a detailed explanation of how Licking Valley operates its capital credit program, and ensure to discuss how the Company accounts for capital credits that cannot be provided back to the member due to the member passing away, moving, etc.
  - b. Provide the monetary amount of capital credits that Licking Valley currently has on the books, separated by year.
14. Refer to the Application generally and Direct Testimony of Bradley at 6.
  - a. Explain in detail whether Licking Valley has participated in, or continues to participate in, the Rural Utilities Service's ("RUS") Cushion of Credit program.
  - b. Confirm that the RUS Cushion of Credit program allowed cooperatives utilities to deposit cash with RUS from funds available in excess of its debt

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service requirements and earn interest on those deposits at 5.0%. However, when changes were made to the RUS Cushion of Credit Program through the enactment of the 2018 Farm Bill, it modified the interest rate on those deposits from 5% to the 1-year variable treasury rate on October 1<sup>st</sup> of each year. The 2018 Farm Bill also allowed for cooperatives to apply the Cushion of Credit funds to outstanding RUS and Federal Financing Bank (“FFB”) loans by September 30, 2020, without prepayment penalties.<sup>2</sup> If not confirmed, explain why not.

- c. Explain whether Licking Valley is aware of any further updates to the RUS Cushion of Credit program since the 2018 Farm Bill was enacted.
- d. If Licking Valley received interest income from the RUS Cushion of Credit program for the test year, explain whether this amount was included in the revenue requirement. If not, explain why not.
- e. When changes were made to the Federal Farm Bill in 2018, explain whether Licking Valley used its Cushion of Credit deposit amounts to prepay its RUS/FFB loans without penalty from the period of December 20, 2018 – September 30, 2020. If not, explain in detail why not.
- f. Provide a detailed account of Licking Valley’s Cushion of Credit deposit amounts for the years 2014 – 2024.
- g. Provide a detailed account of Licking Valley’s RUS/FFB loans, with the corresponding principal and interest amounts, for the years 2014 – 2024.

15. See application generally.

- a. Provide Licking Valley’s TIER for the years 2014 – 2024.
- b. Provide Licking Valley’s Operating Times Interest Earned Ratio (“OTIER”) for the years 2014 – 2024.

16. Refer to the Application, paragraph 4. Licking Valley states that it is requesting an increase in the monthly residential customer charge from \$16.50 to \$30.00.

- a. Explain how seeking to increase the monthly residential customer charge from \$16.50 to \$30.00, which is an increase of approximately 81.81%, is in line with the principle of gradualism.
- b. Explain whether Licking Valley contemplated proposing a lower increase to the monthly residential customer charge so as not to create rate shock for the customers.

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<sup>2</sup><https://www.federalregister.gov/documents/2019/06/07/2019-11924/announcement-of-new-cushion-of-credit-program-provisions>;<https://www.usda.gov/farmbill>;<https://www.electric.coop/farm-bill-advances-electric-co-op-interests-in-rural-development-broadband>.

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- c. Explain whether Licking Valley contemplated implementing the proposed higher customer charge in two phases instead of an 81.81% increase at one time.
  - d. Provide a list of all electric utilities in Kentucky, with the corresponding monthly residential customer charge, residential volumetric charge, average bill, and rank the utilities from lowest to highest average bill. Include Licking Valley's proposed residential customer charge, residential volumetric charge, average bill, and rank based upon its proposed revenue requirement.
17. See Direct Testimony of Bradley at 6. Explain why Licking Valley has not completed a depreciation study since 2007.
18. See Direct Testimony of Bradley at 10. Please provide the depreciation rates for the AMI/RF technologies for which implementation was completed in 2017. Further, please cite the order authorizing implementation of those devices and provide an analysis of the degree to which costs associated with that implementation have been depreciated over the intervening years.
19. Provide a trial balance with all balance sheet and income statement accounts and subaccounts for each month from January 2022 through December 2023 and each month thereafter for which actual information is available and as actual information for each subsequent month is available throughout the pendency of this proceeding.
20. Refer to the Construction Work Plan provided by the Company in response to Staff 1-5, which appears to be a 4-year plan for the years 2019-2022.
  - a. Explain why this older Construction Work Plan was provided by the Company and why a more current one was not provided.
  - b. If a more current Construction Work Plan exists, provide a copy.
21. Refer to Mr. Wolfram's Exhibit JW-2 at Reference Schedule: 1.11, which lists the outstanding long-term debt issues and the computation of annualized interest costs for both 2023 and 2024. Provide separately in the same format with all formulas intact calculations of the actual debt outstanding and annualized interest calculations by issuance at December 31, 2022, June 30, 2024 and August 31, 2024.
22. Refer to Mr. Wolfram's Exhibit JW-2 at Reference Schedule: 1.11, which lists the outstanding long-term debt issues and the computation of annualized interest costs for both 2023 and 2024.

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- a. Indicate the date for the data used to reflect the 2023 balances and interest rates for each issuance. If not all the same for each issuance listed, distinguish as part of the response.
  - b. Indicate the date for the data used to reflect the 2024 balances and interest rates for each issuance. If not all the same for each issuance listed, distinguish as part of the response.
  - c. Provide copies of the source invoices utilized to reflect the 2023 and 2024 balances and interest rates for each issuance.
  - d. For each of the issuances that are based on variable interest rates, define the variable interest rate used and identify the source of the variable interest rate used to invoice Licking Valley.
23. Refer to Mr. Wolfram's Exhibit JW-2 at Reference Schedule: 1.11, which lists the outstanding long-term debt issues and the computation of annualized interest costs for both 2023 and 2024.
- a. Provide copies of the most recently received invoices for each of the outstanding long-term debt issuances.
  - b. For each outstanding loan issuance reflected or not reflected, provide copies of each invoice received applicable to the expense recorded in the test year.
24. Provide a schedule of principal payments on long-term debt made during 2023 and separately to date in 2024 by debt issuance by month.
25. Refer to Mr. Wolfram's Exhibit JW-2 at Reference Schedule: 1.11, which lists the outstanding long-term debt issues and the computation of annualized interest costs for both 2023 and 2024. Refer further to the following: (i) the interest rate depicted of 1.660% for CFC issuances 2, 3, and 4 for 2023; and (ii) the interest rate of 5.950% listed for the same three CFC issuances for 2024.
- a. Explain all reasons why the interest rate increased from 1.660% for these three issuances in 2023 to 5.950% in 2024.
  - b. Provide copies of all invoices or notices that reflected the timing of rate changes and the rate percentages that changed in 2024.
  - c. Provide a copy of the loan document(s) for CFC issuances 2, 3, and 4 that depicts the applicable terms, including the appropriate rate of interest, for this issuance.
26. Indicate the balance of funds available to draw in the future from all current loans.

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27. Indicate the date and amount of the next anticipated loan draw or debt issuance to be received from any of the Company’s loan providers and provide copies of all correspondence between Licking Valley and the loan providers in regards to such.
28. Refer to the attachment response to Staff 1-1 that shows the operating expense amounts by general ledger account for each operating expense account for each of the years ended 2020 through 2023. Refer further to the individual and summed expense amounts for all of the long-term debt interest accounts in accounts 427.1, 427.2, and 427.3 as follows:

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Acct 427.1	\$146,214.39	\$92,188.43	\$90,109.55	\$88,792.60
Acct 427.2	\$69,969.22	\$24,190.90	\$21,642.04	\$19,061.89
Acct 427.3	<u>\$225,255.43</u>	<u>\$111,919.21</u>	<u>\$474,394.81</u>	<u>\$1,466,946.82</u>
 Total	 \$441,439.04	 \$228,298.54	 \$586,146.40	 \$1,574,801.31

- a. Besides an increase in variable interest rates and changes to the level of outstanding balances, explain all known reasons why the long term debt interest expense amounts were so much less in years 2020 through 2022 compared to 2023.
  - b. Provide the amount of outstanding long term debt balances at the end of each year 2020 through 2023.
  - c. Provide the variable interest rates applicable to the FFB and CFC loans as of the end of each year 2020 through 2023.
29. Describe the level of Licking Valley’s RUS Cushion of Credit prior to its ability to prepay higher interest long-term debt. In addition, describe what the Company did regarding its RUS Cushion of Credit and whether any balances still remain and earn interest income. If the Company did not participate in the RUS Cushion of Credit program, so state.
30. Provide copies of the 2023 and 2024 Operating and Capital Budgets. In addition, provide copies of the 2025 Operating and Capital Budgets if available.
31. Provide a copy of each monthly actual-to-budget variance analysis performed for each month in 2023 and 2024 to date that includes explanations for significant variances.

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32. Please indicate whether any depreciation rates were changed or added for any plant accounts during the test year or subsequent to the test year. If they did, please describe and explain why they changed.
33. Please provide the Company's CWIP by month and by major project, the Company's plant in service by month showing transfers from CWIP to plant in service upon completion of each major project, retirements of plant in service and any other increases or reductions in plant in service during the test year.
34. Refer to Mr. Wolfram's Exhibit JW-2 at Reference Schedule 1.07 and line 27 related to the depreciation expense computations for the transportation equipment.
  - a. Provide a detailed listing of the vehicles by make, model, and historic cost included in the plant balance of \$3,076,267.
  - b. Provide the test year ending plant balance and accumulated depreciation balance for each vehicle, including the amounts for each of the fully depreciated plant items. In addition, indicate for each vehicle listed whether or not it is still in service.
  - c. Explain why there is no adjustment to remove fully depreciated items in column (4).
35. Refer to Mr. Wolfram's Exhibit JW-2 at Reference Schedule 1.07 and line 27 related to the depreciation expense computations for the transportation equipment.
  - a. Provide the depreciation rate used to record expense during the test year for the transportation plant account 392.00.
  - b. Explain all known reasons why the proforma depreciation expense related to transportation equipment increased by \$167,338 (before allocation to O&M and capital), or 51.5% ( $\$167,338/\$324,865$ ) compared to the unallocated test year expense.
  - c. Provide a listing of all vehicles purchased and retired/written off the books by make, model, and cost during the test year.
36. Provide a listing of each vehicle sold since the end of the test year and those that are currently for sale. Provide the vehicle make and model, sales amount, and the amount of the vehicle that was included in plant account 392.000 as of the end of the test year for each vehicle.
37. Refer to Mr. Wolfram's Exhibit JW-2 at Reference Schedule 1.07 and line 21 related to the depreciation expense computations for the communications equipment in plant account 397.00. Provide a detailed description of the equipment in this



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account and explain why there was no depreciation expense recorded for this equipment in the test year.

38. Refer to Mr. Wolfram’s Exhibit JW-2 at Reference Schedule 1.07 related to the proforma calculations of depreciation expense. Refer further to column 4, which reflects that the Company has no fully depreciated items as part of its plant balances. Confirm that there are no fully depreciated plant balances. If not confirmed, provide the fully depreciated plant items by plant account number.
39. Provide a copy of the determination of the depreciation and amortization expense for the month of December 2023 that includes, at a minimum, the amount of plant by plant account available to be depreciated/amortized and the depreciation/amortization rates utilized.
40. Provide a copy of the Company’s plant asset schedules used to review gross plant and accumulated depreciation amounts associated with each plant account in order to record monthly depreciation expense as of December 31, 2022, December 31, 2023, and August 31, 2024.
41. Provide the amount of depreciation expense associated with plant account 392 (Transportation) and charged to clearing for each O&M and capital account for each month during 2023 and for 2024 to date.
42. Did Licking Valley experience any storms that required O&M expenditures of more than \$100,000 during the test year? If so, describe them in detail and provide the amounts that were recorded to O&M accounts by account. If not, so state.
43. Refer to the comparative listing of expense accounts provided in the response to Staff 1-1 and further to the amount listed for the following years applicable to account 593, Maintenance of Overhead Lines.

2020	\$2,024,252.30
2021	\$2,687,107.38
2022	\$3,248,756.19
Test Year 2023	\$3,491,552.80

- a. Provide the right-of-way (“ROW”) expenses recorded in account 593 for each of the years listed above, for the years 2017 through 2019, and for 2024 to date.
- b. Provide copies of the general ledger activity for ROW expenses in account 593 for each month during the test year.

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- c. Provide a breakdown of each of the annual amounts above by subaccount of account 593.
  - d. Identify the sub account number(s) used to record ROW expenses in account 593.
  - e. Describe the Company’s circuit trimming plan in effect for each year 2017 through 2023. If those goals were modified during that timeframe, explain all reasons why.
  - f. Provide a copy of Licking Valley’s Vegetation Management Plan.
  - g. Provide the actual circuit miles trimmed for each year 2017 through 2023 and for each month in 2024 with available information.
  - h. Provide the average cost per mile for ROW trimming for each year 2017 through 2023 and for each month in 2024 with available information.
  - i. Provide the projected circuit miles trimmed budgeted for 2024.
  - j. If the average circuit miles being trimmed in 2022 and in the test year are more than in prior years 2017 through 2021, explain in detail all reasons for the increase.
  - k. Provide the bid pricing received for all circuit miles to be trimmed in both 2022 and 2023 for each one of the Company’s potential ROW contractors.
  - l. Identify the Company’s ROW contractors utilized in 2022, 2023, and 2024 to date.
  - m. Provide a copy of the current contract in place for each ROW contractor currently being utilized by the Company.
  - n. Provide a copy of each ROW contractor invoice for expenses recorded to account 593 during the test year.
44. Refer to the comparative listing of expense accounts provided in the response to Staff 1-1 and further to the amount listed for the following years applicable to account 431, Other Interest Expense.

2020	\$39,900.07
2021	\$8,451.93
2022	\$12,340.60
Test Year 2023	\$81,680.99

- a. Explain all reasons why the expense for this account increased by approximately 661.9% from 2022 to 2023.
- b. Describe in detail the purpose of each of the amounts recorded in this account and how each of the expense amounts are determined.
- c. Describe all reasons why the higher level of expense beginning in 2023 should be considered recurring in nature.
- d. Provide the amount of expense recorded in this account thus far in 2024.

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45. Refer to the comparative listing of expense accounts provided in the response to Staff 1-1 and further to the amount listed for the following years applicable to account 583, Overhead Line Expense.

2020	\$917,333.65
2021	\$960,376.61
2022	\$1,122,602.66
Test Year 2023	\$1,230,780.88

- a. Explain all reasons why the expense for this account increased by approximately 16.9% from 2021 to 2022 and another 9.6% from 2022 to 2023.
- b. Describe all reasons why the higher level of expense beginning in 2023 should be considered recurring in nature.
- c. Provide the amount of expense recorded in this account thus far in 2024.

46. Refer to the comparative listing of expense accounts provided in the response to Staff 1-1 and further to the amount listed for the following years applicable to account 586, Meter Expense.

2020	\$243,279.18
2021	\$284,940.55
2022	\$322,507.99
Test Year 2023	\$367,664.85

- a. Explain all reasons why the expense for this account increased by approximately 14.0% from 2022 to 2023.
- b. Describe all reasons why the higher level of expense beginning in 2023 should be considered recurring in nature.
- c. Provide the amount of expense recorded in this account thus far in 2024.

47. Refer to the comparative listing of expense accounts provided in the response to Staff 1-1 and further to the amount listed for the following years applicable to account 595, Maintenance of Line Transformers.

2020	\$61,718.41
2021	\$34,675.52
2022	\$110,887.84
Test Year 2023	\$145,565.18

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- a. Explain all reasons why the expense for this account increased by approximately 31.3% from 2022 to 2023.
- b. Describe all reasons why the higher level of expense beginning in 2023 should be considered recurring in nature.
- c. Provide the amount of expense recorded in this account thus far in 2024.

48. Refer to the comparative listing of expense accounts provided in the response to Staff 1-1 and further to the amount listed for the following years applicable to account 904, Uncollectible Accounts.

2020	\$60,000.00
2021	\$20,000.00
2022	\$12,000.00
Test Year 2023	\$60,000.00

- a. Explain all reasons why the expense for this account increased by approximately 500.0% from 2022 to 2023, to the same level as Covid-19 plagued 2020.
- b. Describe all reasons why the higher level of expense beginning in 2023 should be considered recurring in nature.
- c. Describe when the amounts are determined and recorded to account 904 each year and whether any amounts for 2024 have been determined and recorded.
- d. Provide the amount of expense recorded in this account thus far in 2024.

49. Refer to the comparative listing of expense accounts provided in the response to Staff 1-1 and further to the amount listed for the following years applicable to account 920, Administrative and General Salaries.

2020	\$494,781.27
2021	\$462,886.06
2022	\$562,203.74
Test Year 2023	\$651,365.68

- a. Explain all reasons why the expense for this account increased by approximately 21.5% from 2021 to 2022 and another 15.9% from 2022 to 2023.
- b. Describe all reasons why the higher level of expense beginning in 2023 should be considered recurring in nature.
- c. Describe any portion(s) of the increased costs that were proformed out by the Company in the determination of the revenue requirement.

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d. Provide the amount of expense recorded in this account thus far in 2024.

50. Refer to the comparative listing of expense accounts provided in the response to Staff 1-1 and further to the amount listed for the following years applicable to account 930.3, Miscellaneous-Annual Meeting.

2020	\$16,992.67
2021	\$22,435.19
2022	\$16,448.33
Test Year 2023	\$28,102.67

- a. Explain all reasons why the expense for this account increased by approximately 70.9% from 2022 to 2023.
- b. Describe all reasons why the higher level of expense beginning in 2023 should be considered recurring in nature.
- c. Provide the amount of expense recorded in this account thus far in 2024.

51. In its Application in this proceeding and in the Direct Testimony of Mr. Howard at pages 4-5, the Company asserts that there has been stagnant growth in energy sales and related revenues since its streamlined case in 2020.

- a. Provide a copy of all source data relied on for the statements made in Mr. Howard's Direct Testimony.
- b. Provide a schedule showing revenues, kWh sales, and kWh purchases by month and annually since the beginning of 2020 and continuing through August 2024 by base, FAC, PPA, and each other form of recovery and by account/subaccount in an Excel workbook in live format and with all formulas intact.

52. Refer to Mr. Wolfram's Direct Testimony at page 6 and to his Exhibit JW-2 at Reference Schedule: 1.04 in regards to the new Large Commercial LPG customer added for the last four months of 2023.

- a. Identify the new LPG customer and provide a copy of the applicable service contract for 2023 and 2024.
- b. Provide a copy of the most recent invoice billed to the new Large Commercial LPG customer.
- c. Provide the kWh sales and revenues in each month related to the new LPG customer from September 2023 to August 2024 or the most recent month

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- with available information. Provide the revenues broken down between base, FAC, PPA, and each other form of recovery revenues.
- d. Provide the kWh purchases and purchased power expense in each month related to the new LPG customer from September 2023 to August 2024 or the most recent month with available information.
  - e. Indicate whether there was some type of ramp-up of kWh sales to the new LPG customer starting in September 2023. If so, describe in detail.
  - f. The average revenue per kWh for this customer listed in Reference Schedule: 1.04 at line 23 is \$0.05220 per kWh and the average purchased power expense on the same schedule at line 27 is \$0.04862. Describe why the margin for this customer is so low, especially in comparison to the other customer revenue margins portrayed for the other rate classes on the same lines on Reference Schedule: 1.04.
  - g. Identify any one-time expenses incurred during the test year related to adding this customer.
53. Refer to the Application at Exhibit 23. Provide a copy of page one of the RUS financial reports (RUS Form 7) for December for each of the years 2017 through 2022.
54. Refer to the monthly RUS financial reports (RUS Form 7) attached to the Application as Exhibit 23 for the months in the test year. Provide copies of the RUS financial report monthly filings for all months subsequent to the test year with available information.
55. Refer to the payroll data supplied in response to Staff 1-17 for each of the months in years 2020 through the test year. Provide a further breakdown by month in a similar format that separates the costs into expense, capital, and other. In the alternative, provide the percentages for each year that were expensed, capitalized, or recorded as other.
56. Refer to the payroll data supplied in response to Staff 1-17 for each of the months in years 2018 through the test year. Provide the same data including headcount and costs for each month subsequent to the test year with available information. Further separate the costs into expense, capital, and other.
57. Refer to the response to Staff 1-20 in regards to the “up to” percentage increases available to employees. The 7.50% increase effective 1/1/2022 and the 5.00% increase effective 1/1/2023 are higher than the 3.00% increase effective 1/1/2021.

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- a. Explain all reasons why the increase percentages for years 2022 and 2023 were so high. In other words, was there some type of planned catch up, and if so, why?
  - b. Provide copies of the board minutes that reflect the board's authorization of the 7.50% and 5.00% percentage increases.
  
58. Refer to Mr. Wolfram's Exhibit JW-2 at Reference Schedule: 1.12 and Reference Schedule 1.13. The proforma increase in total expensed and capitalized wages and salaries on Reference Schedule: 1.12 at line 46 is \$80,390, an increase over the test year amount of 2.5% ( $\$80,390 / \$3,192,657$  from column 11 line 44). The proforma increase in total expensed and capitalized payroll taxes on Reference Schedule: 1.13 at line 50 is \$46,822, an increase over the test year amount of 22.7% ( $\$46,822 / \$205,863$  from column 11 line 46).
  - a. Provide copies of the source(s) of the test year total expensed and capitalized payroll taxes summing to \$205,863 reflected on Reference Schedule: 1.13 at line 46.
  - b. Indicate whether the test year total expensed and capitalized payroll taxes summing to \$205,863 reflected on Reference Schedule: 1.13 at line 46 is correct or not.
  - c. Explain in detail how the proforma increase percentage for total expensed and capitalized wages and salaries is only 2.5%, while the proforma increase percentage for total expensed and capitalized payroll taxes is much higher at 22.7%.
  
59. Refer to Mr. Wolfram's Exhibit JW-2 at Reference Schedule: 1.12 and the current wage rates for each employee listed in column 12. Indicate the effective date of the wage rates that are listed.
  
60. Refer to Reference Schedule: 1.01, which depicts the removal of FAC revenues and expenses from the test period.
  - a. Confirm that 100% of the FAC related revenues and expenses for each month during the test year are being removed. If not confirmed, explain why not.
  - b. Provide copies and descriptions of the sources of the amounts reflected as FAC revenues and FAC expenses each month as being removed. If the

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information is available from general ledger detail, provide copies of the applicable detail.

61. Refer to Reference Schedule: 1.02, which depicts the removal of ES revenues and expenses from the test period.
  - a. Confirm that 100% of the ES related revenues and expenses for each month during the test year are being removed. If not confirmed, explain why not.
  - b. Provide copies and descriptions of the sources of the amounts reflected as ES revenues and ES expenses depicted each month as being removed.
  
62. Refer to the Form 7 pages for the period ended December 2023 attached to the Application as Exhibit 23 (pages 24-25). Refer further to the year-to-date amount of \$51,360 on line 22 for Non-Operating Margins - Interest.
  - a. Provide a listing of all accounts, account descriptions, and amounts by month for which their balances rolled up into this line on the Form 7 for each month in 2023 and for each month in 2024 for which information is available. Provide the data in electronic format with all formulas intact.
  - b. Explain all reasons why the year-to-date amount for line 22 of \$51,360 was nearly double the amount budgeted through December 2023 of \$30,000. In addition, describe whether or not the higher than budget amount recorded through February 2023 should or should not be considered recurring.
  
63. List any regulatory assets or regulatory liabilities by month during the test year or currently subject to pending Commission approval. If there were any, please include in the list citations to the authorities relied upon to create the regulatory asset or liability, the remaining balances for each, the monthly amortization expense for each and the expected date that each regulatory asset or liability will be fully amortized.
  
64. Please state whether any relative, by blood or marriage, of Licking Valley's board of directors or executive management team holds, or will hold any type or sort of position, whether as employee, officer, board member, contractor or consultant, with Licking Valley. If so, please provide the name of the position(s) involved.
  
65. Does Licking Valley maintain any contracts with vendors whose principals are in any manner related, by blood or marriage, to Licking Valley's officers, members of its Board, its employees, its independent contractors or consultants? If yes:



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- a. Please provide copies of any such contract, and a breakdown of how much money was spent per contract per year for the last ten (10) calendar years; and
  - b. Please state whether the contracts were awarded pursuant to a bid process, and if so, provide specifics of that bid process.
  
66. Does Licking Valley have any anti-nepotism policies in place? If so, provide copies of any and all such policies, and/or memoranda referring to such policies.
  
67. Does Licking Valley employ the relatives of:
  - a. any Licking Valley board member;
  - b. any Licking Valley officer;
  - c. any Licking Valley consultant; and/or
  - d. any other Licking Valley employee?
  - e. If the answer to any of a-d was yes, provide details.
  
68. Explain whether any members of Licking Valley's Board of Directors, or the Company's chief executives serve on the boards of directors of any other organizations. If so, identify all such organizations, including their name and address, the nature of each such organization, and the length of time they served as a member of that board.
  
69. Explain whether Licking Valley is seeking any funds/grants from federal, state, or local sources which have been or will be made available? If so, identify the source and amount of those funds/grants. If the Company has foregone any relevant opportunities for funds/grants for which it is eligible, explain why.
  
70. Explain in detail whether Licking Valley in any manner coordinates its right of way program with the Kentucky Transportation Cabinet/Kentucky Department of Highways' right of way program, in order to mitigate expense for the Company's customers. Provide all related documentation regarding the same.
  
71. Explain how Licking Valley accounts for payment processing fees when customers pay their bills via credit card, including the monetary figure the Company has included in the revenue requirement for payment processing fees.
  
72. Identify the types of payment Licking Valley accepts from customers without assessing a fee, and those it accepts only with a fee assessment.

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73. Explain whether Licking Valley requires a convenience fee to be added to all credit card transactions.
74. For all payments Licking Valley makes with its own credit cards, provide the total amount of credits the Company has accrued from the credit card issuer for each of the past three years, and provide the accounting and journal entries for these credits.
75. Does the utility serve any data centers or data-mining operations? If so, identify the entity, describe its operation in general terms, state under which tariff the ratepayers is served, and identify the amount of MW that operation demands on average?