

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

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

DIRECT TESTIMONY

AND EXHIBITS

OF

RANDY A. FUTRAL

ON BEHALF OF THE

KENTUCKY OFFICE OF THE ATTORNEY GENERAL

J. KENNEDY AND ASSOCIATES, INC.

ROSWELL, GEORGIA

OCTOBER 2024

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DIRECT TESTIMONY OF RANDY A. FUTRAL

I. QUALIFICATIONS AND SUMMARY

1 **Q. Please state your name and business address.**

2 A. My name is Randy A. Futral. My business address is J. Kennedy and Associates,
3 Inc. (“Kennedy and Associates”), 570 Colonial Park Drive, Suite 305, Roswell,
4 Georgia 30075.

6 **Q. What is your occupation and by whom are you employed?**

7 A. I am a utility rate and planning consultant holding the position of Director of
8 Consulting with the firm of Kennedy and Associates.

10 **Q. Please describe your education and professional experience.**

11 A. I earned a Bachelor of Business and Science degree in Business Administration with
12 an emphasis in Accounting from Mississippi State University. I have held various
13 positions in the field of accounting for a period of approximately 40 years, both as an

1 employee and more recently as a consultant. My experience has been focused in the
2 areas of accounting, auditing, tax, budgeting, forecasting, financial reporting, and
3 management.

4 Since 2003, I have been a consultant with Kennedy and Associates, providing
5 services to state government agencies and large consumers of utility services in the
6 ratemaking, financial, tax, accounting, and management areas.

7 From 1997 to 2003, I served both as the Corporate Controller and Assistant
8 Controller of Telscape International, Inc., an international public company providing
9 telecommunication and high-end internet access services. My tenure with Telscape
10 included responsibilities in the areas of accounting, financial reporting, budgeting,
11 forecasting, banking, and management.

12 From 1988 to 1997, I was employed by Comcast Communications, Inc., then
13 the world's third largest cable television provider, in a series of positions including
14 Regional Controller for their South Central regional office. My duties with Comcast
15 encompassed various accounting, tax, budgeting, forecasting, and managerial
16 functions.

17 From 1984 to 1988, I held various staff and senior level accounting positions
18 for both public accounting and private concerns focusing in the areas of accounting,
19 budgeting, tax and financial reporting.

20 I have testified as an expert on ratemaking, accounting, finance, tax, and
21 other issues in proceedings before regulatory commissions at the federal and state
22 levels on numerous occasions. I have testified in numerous proceedings regarding
23 distribution cooperatives and participated in the drafting and finalization of

1 numerous formula rate plans involving such. I have also acted as the lead expert in
2 numerous proceedings involving audits of Louisiana fuel adjustment clauses,
3 environmental adjustment clauses, purchase gas adjustment clauses, energy
4 efficiency rider filings, and formula rate plan filings resulting in written reports that
5 were ultimately approved by the Louisiana Public Service Commission.

6 I previously appeared as a witness before the Kentucky Public Service
7 Commission (“Commission”) in a Water Service Corporation of Kentucky base rate
8 proceeding in Case No. 2022-00147, in a Duke Energy Kentucky, Inc. base rate
9 proceeding in Case No. 2022-00372, and in a Kentucky Power Company (“Kentucky
10 Power”) consolidated fuel adjustment two-year review proceeding in Case No. 2023-
11 00008 . I also filed Direct Testimony in a Kenergy Corporation base rate proceeding
12 in Case No. 2023-00276 and in a Kentucky Power purchased power adjustment tariff
13 update proceeding in Case No. 2023-00318, both of which were decided by the
14 Commission in lieu of formal hearings. Although I had not previously appeared
15 before the Commission as a witness, I have assisted counsel for the Office of the
16 Attorney General of the Commonwealth of Kentucky and Kentucky Industrial
17 Utilities Customers, as well as other Kennedy and Associates’ experts, in numerous
18 proceedings before the Commission, including base rate, fuel adjustment clause, and
19 acquisition proceedings involving Kentucky Power, Atmos Energy Corporation,
20 Duke Energy Kentucky, Inc., Columbia Gas of Kentucky, Inc., Kentucky Utilities
21 Company, Louisville Gas and Electric Company, Big Rivers Electric Corporation,
22 Jackson Purchase Energy Corporation, East Kentucky Power Cooperative, and

1 Kentucky-American Water Company.¹

2
3 **Q. On whose behalf are you testifying?**

4 A. I am providing testimony on behalf of the Office of the Attorney General of the
5 Commonwealth of Kentucky (“AG”).
6

7 **Q. What is the purpose of your testimony?**

8 A. The purpose of my testimony is to address and make recommendations on specific
9 issues that affect Licking Valley Rural Electric Cooperative Corporation’s (“Licking
10 Valley” or “Company”) requested base revenue increase and to quantify and
11 summarize the effects of those recommendations.
12

13 **Q. Please summarize your testimony.**

14 A. I recommend that the Commission authorize an increase in Licking Valley’s base
15 revenues of no more than \$2,603,530, a reduction of \$233,415 from the Company’s
16 requested increase of \$2,836,945. On Table 1 below, I list each adjustment that I
17 recommend and the effect of each adjustment on the Company’s requested increase.²
18 These adjustments were developed in consultation with the AG, but I understand that
19 the AG’s final adjustments may differ based upon discovery, testimony, and further
20 evidence presented throughout the course of this proceeding.
21

¹ My qualifications are further detailed in Exhibit RAF-1.

² The quantifications shown on the table are detailed in my electronic workpapers, which have been filed along with my testimony.

Table 1
Licking Valley Rural Electric Cooperative Corporation
Case Number 2024-00211
AG Revenue Requirement Recommendations
For the Twelve Months Ended December 31, 2023
(\$)

	Change in Rates
Amount of Base Rate Increase Requested by Licking Valley	2,836,945
AG Adjustments to Licking Valley's Calculated Revenue Requirement:	
Reduce Excessive Payroll Tax Expenses	(26,238)
Reduce Depreciation Expense Associated With General Plant	(62,058)
Reduce Depreciation Expense Associated With Transportation Equipment	(145,118)
Total AG Adjustments to Licking Valley's Requested Increase	(233,415)
AG Recommended Maximum Base Rate Increase for Licking Valley	2,603,530

II. OPERATING EXPENSES

A. Reduce Excessive Payroll Tax Expenses

Q. Describe the amount of payroll tax expenses included in the revenue requirement.

A. The Company originally reported that it had incurred actual payroll taxes of \$205,863 during the test year.³ Licking Valley also originally reported that it allocated and recorded 61.91% of its payroll taxes in the test year, \$127,452, to payroll tax expenses and the remaining 38.09%, \$78,411, to capital and other accounts.⁴ The Company also originally calculated a proforma annualized amount of overall payroll taxes of \$252,685, based on the sum of the various components of

³ Licking Valley's application at Reference Schedule 1.13, line 46.

⁴ *Id.* at lines 56 and 59.

1 payroll taxes applicable to each employee.⁵ The Company compared the originally
2 reported test year payroll taxes amount of \$205,863 to the originally calculated
3 proforma payroll taxes amount of \$252,685 to determine that overall payroll taxes
4 would be \$46,822 higher on an annualized basis than the amount actually incurred
5 during the test year.⁶ Utilizing the same 61.91% ratio of payroll tax expenses to total
6 payroll taxes, Licking Valley calculated the proforma increase to payroll tax
7 expenses to be \$28,988. Since the Times Interest Earnings Ratio (“TIER”) is based
8 on the levels of the Company’s long term debt interest expense and net margins,
9 which incorporates applicable expenses but not capital amounts, the \$28,988 was
10 used to increase payroll tax expenses as part of the Company’s 2.0 TIER
11 determination.

12
13 **Q. Did the originally reported proforma payroll taxes amount represent a large**
14 **increase over the originally reported test year actual payroll taxes amount?**

15 A. Yes. The increase in the originally reported proforma payroll taxes amount was
16 22.7% (\$46,822/\$205,863) higher than the originally reported actual payroll taxes
17 amount, representing an unusually large increase. In contrast, Licking Valley
18 separately calculated a proforma increase in total expensed and capitalized wages
19 and salaries for the test year amounting to only 2.5% (\$80,390/\$3,192,657).⁷

20
21 **Q. Did the Company admit that a reporting error had occurred as part of its**

⁵ *Id.* at lines 44 and 48.

⁶ *Id.* at line 50.

⁷ Licking Valley’s application at Reference Schedule 1.12, lines 44 and 46.

1 **application?**

2 A. Licking Valley responded to discovery on the matter by stating that the
3 originally reported actual test year payroll tax amounts were not correct, providing a
4 corrected Reference Schedule 1.13.⁸ The corrected schedule also incorporated other
5 small changes in the calculation of the proforma payroll tax amounts for each
6 employee. The corrected schedule indicates that the overall proforma payroll taxes
7 increase should have been only \$4,442, representing a proforma payroll tax expenses
8 increase of only \$2,750 ($\$4,442 \times 61.91\%$). This expense amount is \$26,238 lower
9 than the expense amount included in Licking Valley's application (\$28,988 -
10 \$2,750).

11
12 **Q. What is your recommendation?**

13 A. I recommend that the Commission correct the proforma increase amount of payroll
14 tax expenses that was confirmed and recalculated by the Company.

15
16 **Q. What is the effect of your recommendation?**

17 A. The effect is a reduction of \$26,238 in payroll tax expenses and in the base revenue
18 requirement and requested base rate increase.

19
20 **B. Reduce Depreciation Expense Associated With Fully Depreciated General Plant**
21 **Items**

22 **Q. Describe the Company's proforma increase to depreciation expense associated**

⁸ Licking Valley's response to AG 1-58, a copy of which is attached as Exhibit RAF-2.

1 **with its general plant accounts?**

2 A. Licking Valley computed proforma normalization depreciation expense calculations
3 for each type of plant to add \$239,443 to test year depreciation expense.⁹ The
4 calculations multiplied the test year ending gross plant balances on the books as of
5 December 31, 2023 for each plant account by the authorized depreciation rates for
6 each plant account. Even though the Company's calculation model appropriately
7 included a column to remove fully depreciated items from the gross plant balances
8 used to compute the depreciation expense, Licking Valley reflected zero amounts for
9 every plant account suggesting there were no fully depreciated items to be
10 considered.¹⁰ While the distribution plant accounts 362.00 through 371.00 rarely
11 have fully depreciated items due to the group nature of such plant, it is quite normal
12 for cooperatives such as Licking Valley to track general plant and transportation
13 equipment by item in order to determine and record the appropriate monthly
14 depreciation expense. This is certainly the case for the gross plant included in the
15 Company's general plant accounts 390.00 through 398.00. If a general plant item is
16 determined to be fully depreciated, Licking Valley will record no depreciation
17 expense for that month for that item. The Company's proforma calculation indicates
18 that normalized depreciation expenses for the general plant accounts 390.00 through
19 398.00 should be \$176,697, while the actual test year depreciation expense recorded
20 for the same accounts was much lower at only \$111,588.¹¹ This represents an
21 extraordinary 58.3% increase of \$65,109.

⁹ Licking Valley's application at Reference Schedule 1.07, line 30.

¹⁰ *Id.* at column (4).

¹¹ *Id.* at line 23.

1
2 **Q. Were you able to confirm that Licking Valley had fully depreciated general**
3 **plant items as of December 31, 2023?**

4 A. Yes. Several general plant depreciation expense amounts included on the
5 Company's Reference Schedule 1.07 stood out, making it quite evident that actual
6 depreciation expense computed during the test year was lower due to fully
7 depreciated items. For instance, the normalized depreciation expense computed for
8 the Stores account, 393.00, was \$4,804, based on a depreciation rate of 6% applied to
9 a gross plant balance of \$80,060.¹² However, only \$68 was recorded as depreciation
10 expense for the test year applicable to that account.¹³ Another example of the lower
11 actual depreciation expense compared to the normalized depreciation expense rests
12 in the calculations for Communications account, 397.00. The normalized
13 depreciation expense computed for account 397.00 was \$18,032, based on a
14 depreciation rate of 8% applied to a gross plant balance of \$225,399.¹⁴ However, \$0
15 was recorded as depreciation expense for the test year applicable to that account.¹⁵
16 Specific to account 397.00, the Company was asked in discovery to explain why the
17 actual depreciation expense recorded in the test year for that account amount was \$0.
18 Licking Valley responded to that discovery by stating that, "All of the
19 communication equipment in plant account 397.00 has been fully depreciated
20 therefore there was no depreciation expense in the test year to record for this

¹² *Id.* at line 16.

¹³ *Id.*

¹⁴ *Id.* at line 21.

¹⁵ *Id.*

communication equipment.”¹⁶

Table 2 compares the proforma general plant balances used to calculate the proforma normalized depreciation expense for these accounts in the Company’s application to the balances used to record actual depreciation expense for both December 2023 and January 2024.¹⁷ This data demonstrates that the actual depreciation expense calculations at the time of the test year end were based on substantially lower general plant balances than those utilized in the Company’s depreciation expense normalization adjustment, presumably due to fully depreciated items being removed in the actual depreciation expenses being recorded.

Table 2 Licking Valley Rural Electric Cooperative Corporation Comparison of Plant Balances for General Plant Accounts \$			
<u>Acct No.</u>	<u>Acct Description</u>	Plant Balance as of December 31, 2023 Used in Proforma Depreciation Calculation	Plant Balance Used in December 2023 and January 2024 Actual Depreciation Calculations
390.00	Structures and Improvements	1,725,568	1,549,239
391.00	Office Furn and Equipment	840,553	726,130
393.00	Stores	80,060	4,591
394.00	Tools, Shop and Garage	123,267	27,593
395.00	Laboratory Equipment	176,127	143,464
396.10	Power Operated Equipment	155,189	18,013
396.20	Tools & Work Equipment - Small	44,518	33,942
397.00	Communications	225,399	-
398.00	Miscellaneous	112,807	111,666
	Total	<u>3,483,488</u>	<u>2,614,638</u>

¹⁶ Licking Valley’s response to AG 1-37, a copy of which is attached as Exhibit RAF-3.

¹⁷ Licking Valley’s application at Reference Schedule 1.07 and the response to AG 1-40, a copy of which is attached as Exhibit RAF-4.

1 **Q. Can you provide a recent history of the actual monthly depreciation expense**
2 **amounts recorded by Licking Valley associated with its general plant accounts?**

3 A. Yes. Table 3 below, generated from data in the same discovery response, depicts the
4 monthly general plant depreciation amounts recorded on the books of Licking Valley
5 during the test year and through July 2024.¹⁸

Table 3		
Licking Valley Rural Electric Cooperative Corporation		
Monthly General Plant Depreciation Recorded		
\$		
Jan-23	9,105.25	
Feb-23	9,105.25	
Mar-23	9,105.25	
Apr-23	9,105.25	
May-23	9,127.13	
Jun-23	9,390.17	
Jul-23	9,412.86	
Aug-23	9,412.86	
Sep-23	9,439.01	
Oct-23	9,461.51	
Nov-23	9,461.51	
Dec-23	9,461.51	
Sub Total	111,587.56	Matches Reference Schedule 1.07
		Test Year Depreciation
Jan-24	9,461.51	
Feb-24	9,461.51	
Mar-24	9,474.69	
Apr-24	9,487.98	
May-24	9,487.98	
Jun-24	9,487.98	
Jul-24	9,487.98	
July 24 Annualized	9,487.98 x 12 = 113,855.76	

6
7
8 The actual general plant depreciation expenses recorded summed to \$111,588 during

¹⁸ Licking Valley's response to AG 1-40. See Exhibit RAF-4

1 the test year ended December 31, 2023, and the recorded amounts have only
2 increased very slightly during the first seven months of 2024. In fact, if the July
3 expense amount of \$9,488 is annualized, the annual expense increases to only
4 \$113,856, which is far less than the so-called normalized amount of \$176,697
5 computed on Licking Valley's Reference Schedule 1.07.

6
7 **Q. Was the Company asked in discovery to provide a corrected depreciation**
8 **expense normalization proforma calculation with the fully depreciated items in**
9 **each plant account identified and removed from consideration?**

10 A. Yes. The Company was asked to confirm that there were fully depreciated plant
11 items included in the depreciation proforma calculations on Reference Schedule 1.07
12 and to provide an updated proforma calculation. However, the Company answered
13 that request with the following response:¹⁹

14 Not confirmed. The column for fully depreciated items in Schedule 1.07 is
15 meant to indicate any assets that became fully depreciated during the test
16 year. The plant balances do not include any plant that was fully depreciated
17 before the test year.
18

19 It matters not what plant items became fully depreciated before or during the test
20 year. It only matters that there are fully depreciated plant items as of the end of the
21 test year that need to be removed from the depreciation calculation in order to
22 compute the proforma normalization adjustment to mirror the actual depreciation
23 expense that is being and/or will be recorded. The last sentence in the response is
24 also false based on the response regarding the plant in account 397.00 noted above

¹⁹ Licking Valley's response to AG 2-6, a copy of which is attached as Exhibit RAF-5.

and as evident from the fully depreciated vehicle balances discussed below.

Q. Did the Company properly remove fully depreciated plant items to compute normalized depreciation in its last rate filing before the Commission?

A. Yes. Licking Valley's previous base rate filing before the Commission was filed on December 18, 2020 in streamlined Case No. 2020-00338. The Company filed a similar depreciation proforma adjustment schedule in that case with the same Reference Schedule 1.07 designation.²⁰ That proforma adjustment schedule reflected the following plant balances and fully depreciated plant items for general plant and transportation equipment for the test year ended December 31, 2019:

	Test Year Ending <u>Gross Plant</u>	Fully Depreciated <u>Items</u>
General Plant	\$3,264,624	\$1,089,576
Transportation	\$2,654,991	\$1,116,246

The effect of reflecting the fully depreciated items in that case was a reduction in the calculated amount of depreciation expense compared to an expense calculated just upon the level of gross plant, as was calculated in Licking Valley's application in the instant case. Licking Valley also removed the full \$270,253 in account 397.00 from the depreciation expense calculation in that case as a fully depreciated item. It is astonishing for the Company to claim in the instant case that Reference Schedule 1.07 should not reflect the impact of fully depreciated items when it clearly reflected

²⁰Licking Valley's Reference Schedule 1.07 filed in Case No. 2020-00338 on December 18, 2020. I have attached a copy of this schedule as Exhibit RAF-6.

1 them as such in the previous base rate case.

2
3 **Q. What is your recommendation?**

4 A. I recommend that the Commission remove the amount of depreciation expense
5 calculated upon the fully depreciated general plant items in plant accounts 390.00
6 through 398.00. I recommend that the Commission utilize the plant balances for
7 each general plant account noted above that were used for the actual December 2023
8 and January 2024 depreciation expense calculations for this purpose.

9
10 **Q. What is the effect of your recommendation?**

11 A. I compute a new proforma depreciation expense of \$114,639. The effect is a
12 \$62,058 reduction in depreciation expense and a \$62,058 reduction in the base
13 revenue requirement and requested base rate increase.

14
15 **C. Reduce Depreciation Expense Associated With Fully Depreciated Transportation**
16 **Equipment Items**

17 **Q. Did the Company's proforma increase to depreciation expense also improperly**
18 **include expense calculated upon fully depreciated transportation equipment**
19 **items?**

20 A. Yes. As noted above, Licking Valley computed proforma normalization
21 depreciation expense calculations for its transportation equipment, including all
22 vehicles, to add \$103,061 to test year depreciation expense.²¹ The calculations

²¹ Licking Valley's application at Reference Schedule 1.07, lines 28 and 41.

1 multiplied the test year ending gross plant balance for transportation equipment in
2 account 392.00 on the books as of December 31, 2023 of \$3,076,267 by the
3 authorized depreciation rate of 16%. The proforma result of this calculation
4 amounted to \$492,203, which was compared to the test year actual depreciation
5 amount of \$324,865 to yield a substantial 51.5% increase of \$167,338.²² This
6 increase amount was then multiplied by the operations and maintenance (“O&M”)
7 allocation factor of 61.9% to yield an the additional \$103,601 in transportation
8 equipment depreciation expense to be allocated to O&M clearing accounts each
9 month.²³ While the transportation equipment depreciation expense is allocated to
10 both O&M and capital clearing accounts each month, it is only the O&M clearing
11 account portion of the expense that is included as part of the TIER determination.

12 As noted above, even though the Company’s calculation model appropriately
13 included a column to remove fully depreciated items from the gross plant balances
14 used to compute the depreciation expense, Licking Valley reflected a zero amount in
15 this column for the transportation equipment suggesting there were no fully
16 depreciated items to be considered.²⁴ If a vehicle is determined to be fully
17 depreciated, Licking Valley will record no depreciation expense for that month for
18 that item.

19
20 **Q. Were you able to confirm that Licking Valley had fully depreciated vehicles and**
21 **other transportation equipment as of December 31, 2023?**

²² *Id.* at line 27.

²³ *Id.* at lines 28 and 41.

²⁴ *Id.* at column (4).

1 A. Yes. The very large increase in the level of transportation equipment depreciation
2 expense included on the Company's Reference Schedule 1.07 stood out
3 considerably, making it quite evident that actual depreciation expense computed and
4 taken during the test year was lower due to fully depreciated items.

5 In response to discovery, Licking Valley provided a listing of vehicles and
6 other transportation equipment recorded in transportation account 392.00 as of
7 December 31, 2023 and as of August 31, 2024.²⁵ Table 4 summarizes a portion of
8 that information including the gross plant value of each item that sums to \$3,076,267
9 as well as the remaining depreciable balance for each item as of both dates. There
10 have been no vehicle additions since the end of the test year. An item is deemed to
11 be fully depreciated when the depreciable balance equals \$0 for that item. Of the 33
12 separate items listed, 15 were fully depreciated as of December 31, 2023 and 18
13 were fully depreciated as of August 31, 2024. There were three 2018 vehicles that
14 became fully depreciated after the start of 2024 but were fully depreciated as of
15 August 31, 2024.

²⁵ Licking Valley's response to AG 2-7, a copy of which is attached as Exhibit RAF-7.

Table 4 Licking Valley Rural Electric Cooperative Corporation Listing of Vehicles and Other Transportation Equipment \$			
Item Description	Plant Balance as of December 31, 2023	Undepreciated Plant Balance as of December 31, 2023	Undepreciated Plant Balance as of August 31, 2024
2023 Chevrolet Sierra	100,049.17	80,039.77	69,368.09
2009 Chevrolet Suburban	56,461.50	0.00	0.00
2023 Chevrolet Suburban	79,051.87	76,943.87	68,511.87
1997 Ford F700 Pickup	100.00	0.00	0.00
2021 Chevrolet Silverado	55,250.49	30,946.32	25,054.40
2018 Chevrolet Silverado	45,503.58	4,996.03	0.00
2019 Dodge Ram 5500	133,247.56	51,766.63	37,577.11
2022 Ram 5500	162,524.47	148,009.08	130,673.56
2016 Dodge Ram 5500	113,463.68	0.00	0.00
2016 Chevrolet Silverado	34,356.94	0.00	0.00
2018 Chevrolet Silverado	45,850.49	5,036.02	146.50
2010 Chevrolet Silverado	30,763.88	0.00	0.00
2023 Ram 5500	101,669.40	90,824.92	79,980.44
2005 Chevrolet CC4500	50,746.26	0.00	0.00
2012 Chevrolet Silverado	44,466.18	0.00	0.00
2019 Chevrolet Silverado	44,941.47	8,743.66	3,951.10
2020 International Bucket	215,976.73	66,270.29	43,238.53
2012 International Bucket	235,030.00	0.00	0.00
2017 Chevrolet Silverado	48,715.69	0.00	0.00
2017 Chevrolet Silverado	47,396.04	0.00	0.00
2018 Chevrolet Silverado	31,841.14	22,410.01	19,013.69
2023 International HV607	302,884.95	242,309.40	210,002.44
2020 Chevrolet Silverado	43,775.49	12,810.47	8,142.23
2020 Dodge Ram	132,333.53	68,822.17	54,710.09
2013 Dodge Ram	103,556.69	0.00	0.00
2018 Dodge Ram	123,721.01	31,365.25	18,171.57
2005 International 7400 Digger	152,619.85	0.00	0.00
2018 International 7400 Digger	283,414.14	3,163.30	0.00
2021 Toyota Tacoma	38,167.87	24,939.59	20,869.35
2018 International 7300 Bucket	208,747.05	14,589.22	0.00
Winch	1,162.97	0.00	0.00
Pole Trailer	702.90	0.00	0.00
Trailer	7,774.03	0.00	0.00
Total	3,076,267.02	983,986.00	789,410.97

1

2

3 Q. Do the amounts of transportation equipment depreciation expense being

1 **allocated to clearing accounts confirm that Licking Valley has been removing its**
2 **fully depreciated vehicles and other transportation equipment items from its**
3 **monthly depreciation journal entries each month?**

4 A. Yes. The Company provided in response to discovery the monthly transportation
5 depreciation being recorded in O&M and capital clearing accounts during 2023 and
6 thus far in 2024 as depicted in Table 5.²⁶

Table 5		
Licking Valley Rural Electric Cooperative Corporation		
Monthly Transportation Depreciation Recorded in Clearing Accounts		
\$		
Jan-23	26,124.03	
Feb-23	26,124.03	
Mar-23	26,124.03	
Apr-23	25,352.56	
May-23	26,378.62	
Jun-23	27,419.06	
Jul-23	27,419.06	
Aug-23	27,542.98	
Sep-23	27,542.98	
Oct-23	27,542.98	
Nov-23	27,592.89	
Dec-23	29,701.89	
Sub Total	324,865.11	Matches Reference Schedule 1.07 Test Year Depreciation
Jan-24	28,033.28	
Feb-24	24,869.98	
Mar-24	24,869.98	
Apr-24	24,869.98	
May-24	24,869.98	
Jun-24	22,763.60	
Jul-24	22,087.38	
July 24 Annualized	22,087.38	x 12 = 265,048.56

²⁶Licking Valley's response to AG 1-41, a copy of which is attached as Exhibit RAF-8.

1
2 The Table 5 data demonstrates that the actual depreciation expense calculations
3 performed each month have been based on substantially lower transportation plant
4 balances than those utilized in the Company's depreciation expense normalization
5 adjustment, presumably due to fully depreciated items being removed in the actual
6 depreciation amounts being recorded. In fact, instead of the monthly recorded
7 amounts increasing significantly during 2024 as compared to the test year, they have
8 been decreasing due to more and more items becoming fully depreciated. The
9 annualized amount of transportation depreciation based on July 2024 actual recorded
10 amounts is only \$265,049 compared to the \$492,203 reflected on Reference
11 Schedule 1.07.

12
13 **Q. What is your recommendation?**

14 A. I recommend that the Commission remove the amount of depreciation expense
15 calculated upon fully depreciated transportation equipment plant items. I further
16 recommend that the Commission remove all plant items that were fully depreciated
17 as of August 31, 2024, since three vehicles became fully depreciated after the end of
18 the test year and no longer receive depreciation.

19
20 **Q. What is the effect of your recommendation?**

21 A. The resulting transportation equipment depreciation is \$257,806, of which \$159,611
22 would be allocated to O&M expense clearing accounts. The effect is a \$145,118

1 reduction in depreciation expense and a \$145,118 reduction in the base revenue
2 requirement and requested base rate increase.

3

4 **Q. Does this complete your testimony?**

5 A. Yes.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

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

EXHIBITS

OF

RANDY A. FUTRAL

ON BEHALF OF THE

KENTUCKY OFFICE OF THE ATTORNEY GENERAL

**J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA**

OCTOBER 2024

EXHIBIT RAF-1

RESUME OF RANDY A. FUTRAL – DIRECTOR OF CONSULTING

EDUCATION

Mississippi State University, BBS in Business Administration
Accounting

EXPERIENCE

J. Kennedy and Associates, Inc.
Director of Consulting

2003 - Present

Responsible for utility revenue requirements analysis, affiliate transaction auditing and analysis, fuel adjustment clause auditing and research involving tax and public reporting matters. Clients served include the Georgia Public Service Commission (“GPSC”) Staff, the Louisiana Public Service Commission (“LPSC”) and its Staff, the Florida Office of Public Counsel (“OPC”), the Office of the Attorney General of the Commonwealth of Kentucky (“KY AG”), the South Carolina Office of Regulatory Staff (“ORS”), the Houston Council for Health and Education, the Gulf Coast Coalition of Cities, Cities Served by Texas Gas Service Company, the Alliance for Valley Healthcare, the Ohio Energy Group, Inc. (“OEG”), the Kentucky Industrial Utility Customers (“KIUC”), the Municipalities of Alda, Grand Island, Kearney and North Platte, Nebraska, the City of Clinton, and the Wisconsin Industrial Energy Group, Inc.

Direct and Responsive Testimonies filed on behalf of Louisiana Public Service Commission or its Staff:

LPSC Docket No. U-23327 Southwestern Electric Power Company, Revenue Requirement Review, October 2004.

LPSC Docket No. U-21453, U-20925, U-22092 Entergy Gulf States, Inc., Jurisdictional Separation Plan, March 2006.

LPSC Docket No. U-25116 Entergy Louisiana, Inc., 2002-2004 Audit of Fuel Adjustment Clause, April 2006.

LPSC Docket No. U-23327 Southwestern Electric Power Company, Revenue Requirement Review, July 2006.

LPSC Docket No. U-21453, U-20925, U-22092 Entergy Gulf States, Inc., Jurisdictional Separation Plan, August 2006.

FERC Docket No. ER07-682 Entergy Services, Inc., Company’s Section 205 Changes to Rough Production Cost Equalization Computation, November 2007.

J. KENNEDY AND ASSOCIATES, INC.

FERC Docket No. ER07-956 Entergy Services, Inc., Company's 2007 Filing to be in Compliance with FERC Opinions' 480 and 480-A, March 2008.

FERC Docket No. ER08-51 Entergy Services, Inc., LPSC Section 206 Filing Related to Spindletop Regulatory Asset in Rough Production Cost Equalization Computation, November 2008.

FERC Docket No. ER08-1056 Entergy Services, Inc., Company's 2008 Filing to be in Compliance with FERC Opinions' 480 and 480-A, January 2009.

LPSC Docket No. U-31066 Dixie Electric Membership Corporation, Company's Application to Implement a Storm Recovery Rate Rider, September 2009.

LPSC Docket No. U-30893 Dixie Electric Membership Corporation, Company's Application to Implement a Formula Rate Plan, September 2009.

FERC Docket No. EL09-61 (Phase I) Entergy Services, Inc., LPSC Complaint Regarding Single Operating Company Opportunity Sales, April 2010.

LPSC Docket No. U-31066 Dixie Electric Membership Corporation, Company's Application to Implement a Storm Recovery Rate Rider, May 2010.

FERC Docket No. EL10-55 Entergy Services, Inc.

LPSC Complaint Regarding Depreciation Rates, September 2010.

LPSC Docket No. U-23327, Subdocket E Southwestern Electric Power Company, 2003-2004 Fuel Audit, September 2010.

LPSC Docket No. U-23327, Subdocket F Southwestern Electric Power Company, 2009 Test Year Formula Rate Plan Filing, October 2010.

LPSC Docket No. U-23327, Subdocket C Southwestern Electric Power Company, 2007 Test Year Formula Rate Plan Filing, February 2011.

LPSC Docket No. U-23327, Subdocket D Southwestern Electric Power Company, 2008 Test Year Formula Rate Plan Filing, February 2011.

FERC Docket No. ER10-2001 Entergy Arkansas, Inc., Company's 2010 Filing to Request Approval of Changed Depreciation Rates, March 2011.

FERC Docket No. ER11-2161 Entergy Texas, Inc., Company's 2010 Filing to Request Approval of Changed Depreciation Rates, July 2011.

LPSC Docket No. U-31835 South Louisiana Electric Cooperative Association, Company's Application to Implement a Formula Rate Plan and Initial Revenue Adjustment, August 2011.

FERC Docket No. ER12-1384 Entergy Services, Inc., Company's Section 205 Filing Related to Little Gypsy 3 Cancellation Costs, September 2012.

LPSC Docket No. U-32315 Claiborne Electric Cooperative, Inc.'s Application to Implement a Formula Rate Plan and Initial Revenue Adjustment, September 2012.

FERC Docket No. ER10-1350 Entergy Services, Inc., Company's 2010 Filing to be in Compliance with FERC Opinions' 480 and 480-A, January 2014.

FERC Docket No. EL-01-88-015 Entergy Services, Inc., Company's 2005 Remand Filing to be in Compliance with FERC Opinions' 480 and 480-A, March 2016.

LPSC Docket No. U-33984 Claiborne Electric Cooperative, Inc., Formula Rate Plan Extension, October 2016.

FERC Docket No. EL09-61(Phase III) Entergy Services, Inc., LPSC Complaint Regarding Single Operating Company Opportunity Sales, November 2016.

LPSC Docket No. U-33323 Entergy Louisiana LLC, 2010-2013 Fuel Audit, July 2019.
LPSC Docket No. U-33324 Entergy Gulf States Louisiana LLC, 2010-2013 Fuel Audit, July 2019.
LPSC Docket No. U-35441 Southwestern Electric Power Company, Rate Case, July 2021 Direct, October 2021 Surrebuttal.

Direct Testimony filed on behalf of the Florida OPC:
FPSC Docket Nos. 20200241-EI, 202100178-EI, and 202100179-EI Florida Power and Light Company and Gulf Power Company, Storm Cost Audit, May 2022.

Direct Testimony filed on behalf of the KY AG:
KPSC Case No. 2022-00372 Duke Energy Kentucky, Inc. (Electric Division), Rate Case, March 2023.
KPSC Case No. 2023-00276 Kenergy Corp., Rate Case, January 2024.

Direct Testimony filed on behalf of the KY AG and the City of Clinton:
KPSC Case No. 2022-00147 Water Service Corporation of Kentucky, Rate Case, October 2022.

Direct Testimony filed on behalf of the KY AG and KIUC:
KPSC Case No. 2022-00263 Kentucky Power Company, Fuel Adjustment Clause – Six-Month Review, December 2022.
KPSC Case No. 2023-00318 Kentucky Power Company, Tariff PPA Modification, November 2023.
KPSC Case No. 2023-00008 Kentucky Power Company, Fuel Adjustment Clause – Two-Year Review, December 2023.

Direct Testimony filed on behalf of the South Carolina ORS:
SCPSC Docket No. 2022-256-E Duke Energy Progress, LLC, Cost Recovery for 8 Named Storms Since 2014, January 2023.

Direct Testimony filed on behalf of the OEG in Ohio:
PUCO Case No. 23-301-EL-SSO FirstEnergy Utilities, Standard Service Offer in the Form of an Electric Security Plan, October 2023.

Direct Testimony filed on behalf of Georgia Public Service Commission Staff:
GPSC Docket No. U-43830 Atlanta Gas Light Company, Affiliate Audit, May 2024.

Direct Testimony filed on behalf of Cities Served by Texas Gas Service Company:
Texas Railroad Commission Case No. OS-24-00017471 Texas Gas Service Company, Rate Case, August 2024.

Telscape International, Inc.
Corporate Controller
Assistant Controller

1997 - 2003
1999 - 2003
1997 - 1999

Complete responsibility and accountability for the accounting and financial functions of a \$160 million newly public company providing telecommunication and high-end internet access services. Telscape served as a telephony carrier of services domestically and to Latin and Central America targeting other service carriers as well as individuals. Reported directly to CFO and managed a staff of eleven.

- Managed the day to day processes required to produce timely and accurate financial statements, including general ledger, account reconciliations, AP, AR, fixed assets, payroll, treasury, tax, internal and external reporting.
- Worked with attorneys and auditors on mergers and acquisitions including due diligence, audits, tax and integrating the accounting functions of eleven acquisitions.
- Grew the accounting department from four to eleven employees while developing and implementing company policies and procedures.
- Instituted capital investment policy and accounts payable management for twenty-one separate entities and twenty-four bank accounts to facilitate effective use of cash flow.
- Created capital and operating budgeting and variance analysis package for five separate business lines.
- Developed the consolidations and inter-company billings process across all entities including six in Latin and Central America.
- Worked with CFO to develop financial models and business plans in raising over \$240 million over a three-year period through private preferred placements, debenture offerings and asset based credit facilities.
- Responsible for relationship management with external auditors, attorneys, and the banking community while reviewing and approving all SEC filings, including quarterly and annual reports, proxies and informational filings.
- Developed line cost accounting for revenues and carrier invoices saving thousands monthly and providing the justification for invoice reductions.

Comcast Communications, Inc.	1988 - 1997
Regional Controller	1993 - 1997
Regional Assistant Controller	1991 - 1992
Regional Senior Financial Analyst	1988 - 1991

Complete responsibility and accountability for the accounting functions of a \$2.1 billion regional division of the world's third largest cable television provider serving approximately 490,000 subscribers. Reported to the Regional VP of Finance and managed a staff of twelve.

- Managed the day to day processes required to produce timely and accurate financial statements, including general ledger, account reconciliations, AP, AR, fixed assets and internal reporting.
- Controlled extensive budgeting, forecasting, and variance reporting for eighteen separate entities covering eight states, training employees and management throughout the region.
- Performed due diligence related to the acquisition of seven cable system entities and coordinated the integration of all accounting functions with the corporate office.
- Instituted all FCC informational and rate increase filings throughout the region based on the Cable Act of 1992.
- Responsible for the coordination of all subscriber reporting, sales and property tax filings, franchise fee and copyright filings.
- Grew the accounting department from seven to thirteen before its move to Atlanta, restaffing ninety percent of the department after the move.
- Directed all efforts throughout the region to implement Oracle as the new financial package and a new Access database for the budgeting and forecasting processes.

Storer Cable Communications, Inc	1987 - 1988
Senior Accountant for Operations	

Responsibility for the accounting, budgeting, and forecasting activities of this 82,000 subscriber area for this cable television concern that was acquired by Comcast listed above. Reported to the Area VP and General Manager and managed three employees.

- Implemented new Lotus based model for budgeting and forecasting, training all management on its use.
- Transitioned financial statement preparation from the regional office level to this area office.
- Managed the day to day processes required to produce timely and accurate financial statements for six separate entities including general ledger, AP, AR, fixed assets, subscriber reporting and other internal reporting.
- Developed and maintained tracking mechanism to track progress of cable plant rebuild and the associated competitor overbuild in the area's largest cable system.

Tracey-Luckey Pecan & Storage, Inc.
Senior Accountant

1986 - 1987

Responsibility for the accounting, budgeting, and office management for a divisional office of this pecan production, processing, and storage entity annually grossing approximately \$22 million. Financial statements were produced for three entities. Reported directly to the president of the division and managed three employees.

Tarpley & Underwood, CPA's
Staff Accountant

1984 - 1986

Responsibility for the completion of monthly and quarterly client write-up for twenty-three small businesses for this regional CPA firm that is now one of the top twenty-five firms in Atlanta. Performed all payroll tax, sales tax, property tax, and income tax filings for these and other clients as well as approximately eighty individual returns per year. Reported directly to both partners with dotted line responsibility to all managers.

EXHIBIT RAF-2

Licking Valley Rural Electric Cooperative Corporation

Case No. 2024-00211

Attorney General's First Request for Information

Request 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%.

Response 58(a): Please see Attachment AG 1-58(a).

Response 58(b)-(c): The test year amounts on line 46 of Reference Schedule 1.13 are not correct. See attached revised schedule. The corrected amounts will reduce the payroll tax escalation from 22.7% to 1.9%, which is much more consistent with the wages and salaries escalation of 2.5%.

ATTACHMENT AG 1-58(a)

LICKING VALLEY RECC
For the 12 Months Ended December 31, 2023

Payroll Taxes

Line #	Employee				Social Security		Medicare		Federal Unemployment		State Unemployment		Total (6)+(8)+ (10)+(12) (13)
	Count	ID	Note	Normalized Wages	Up To \$132,900	At 6.20%	All Wages	At 1.45%	Up To \$7,000	At 0.60%	Up To \$10,500	At 0.40%	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
1	1	1001		119,112	119,112	7,385	119,112	1,727	7,000	42	10,500	42	9,196
2	2	1002		93,698	93,698	5,809	93,698	1,359	7,000	42	10,500	42	7,252
3	3	1003		90,872	90,872	5,634	90,872	1,318	7,000	42	10,500	42	7,036
4	4	1004		99,174	99,174	6,149	99,174	1,438	7,000	42	10,500	42	7,671
5	5	1005		74,909	74,909	4,644	74,909	1,086	7,000	42	10,500	42	5,815
6	6	1006		74,906	74,906	4,644	74,906	1,086	7,000	42	10,500	42	5,814
7	7	1007		99,752	99,752	6,185	99,752	1,446	7,000	42	10,500	42	7,715
8	8	1008		62,361	62,361	3,866	62,361	904	7,000	42	10,500	42	4,855
9	9	1009		89,863	89,863	5,571	89,863	1,303	7,000	42	10,500	42	6,958
10	10	1010		86,918	86,918	5,389	86,918	1,260	7,000	42	10,500	42	6,733
11	11	1011		74,484	74,484	4,618	74,484	1,080	7,000	42	10,500	42	5,782
12	12	1012		94,169	94,169	5,838	94,169	1,365	7,000	42	10,500	42	7,288
13	13	1013		94,042	94,042	5,831	94,042	1,364	7,000	42	10,500	42	7,278
14	14	1014		78,002	78,002	4,836	78,002	1,131	7,000	42	10,500	42	6,051
15	15	1015		106,587	106,587	6,608	106,587	1,546	7,000	42	10,500	42	8,238
16	16	1016		86,846	86,846	5,384	86,846	1,259	7,000	42	10,500	42	6,728
17	17	1017		58,884	58,884	3,651	58,884	854	7,000	42	10,500	42	4,589
18	18	1018		76,155	76,155	4,722	76,155	1,104	7,000	42	10,500	42	5,910
19	19	1019		40,167	40,167	2,490	40,167	582	7,000	42	10,500	42	3,157
20	20	1020		9,744	9,744	604	9,744	141	7,000	42	9,744	39	826
21	21	1021		105,683	105,683	6,552	105,683	1,532	7,000	42	10,500	42	8,169
22	22	1022		92,826	92,826	5,755	92,826	1,346	7,000	42	10,500	42	7,185
23	23	1023		66,468	66,468	4,121	66,468	964	7,000	42	10,500	42	5,169
24	24	1024		40,980	40,980	2,541	40,980	594	7,000	42	10,500	42	3,219
25	25	1025		62,295	62,295	3,862	62,295	903	7,000	42	10,500	42	4,850
26	26	1026		68,701	68,701	4,259	68,701	996	7,000	42	10,500	42	5,340
27	27	1027	A	17,899	17,899	1,110	17,899	260	7,000	42	10,500	42	1,453
28	28	1028		86,428	86,428	5,359	86,428	1,253	7,000	42	10,500	42	6,896
29	29	1029		58,976	58,976	3,657	58,976	855	7,000	42	10,500	42	4,596
30	30	1030		56,834	56,834	3,524	56,834	824	7,000	42	10,500	42	4,432
31	31	1031		118,145	118,145	7,325	118,145	1,713	7,000	42	10,500	42	9,122
32	32	1032		65,934	65,934	4,088	65,934	956	7,000	42	10,500	42	5,128
33	33	1033	A	35,620	35,620	2,208	35,620	516	7,000	42	10,500	42	2,809
34	34	1034		81,958	81,958	5,081	81,958	1,188	7,000	42	10,500	42	6,354
35	35	1035		213,307	132,900	8,240	213,307	3,093	7,000	42	10,500	42	11,417
36	36	1036		59,153	59,153	3,667	59,153	858	7,000	42	10,500	42	4,609
37	37	1037		87,196	87,196	5,406	87,196	1,264	7,000	42	10,500	42	6,754
38	38	1038		37,768	37,768	2,342	37,768	548	7,000	42	10,500	42	2,973
39	39	1039		42,651	42,651	2,644	42,651	618	7,000	42	10,500	42	3,347
40	40	1040		83,385	83,385	5,170	83,385	1,209	7,000	42	10,500	42	6,463
41	41	1041		36,725	36,725	2,277	36,725	533	7,000	42	10,500	42	2,893
42	42	1042		39,500	39,500	2,449	39,500	573	7,000	42	10,500	42	3,106
43	43	1043		23,580	23,580	1,462	23,580	342	7,000	42	10,500	42	1,888
44	44	TOTAL		3,192,657	3,112,250	192,959	3,192,657	46,294	301,000	1,806	450,744	1,803	242,862
45													
46		Test Year Amount				189,964		45,221		1,806		1,428	238,420
47													
48		Pro Forma Amount				192,959		46,294		1,806		1,803	242,862
49													
50		Total Difference				2,995		1,072		-		375	4,442

NOTES:

A - No longer employed

B - Hired after 2019

This adjustment normalizes test year payroll taxes for FICA, Medicare, FUTA and SUTA based on most recent effective rates.

Allocation to Accounts			Alloc	Adjustment
51	580-589	Operations	20.75%	922
52	590-598	Maintenance	19.01%	844
53	901-905	Consumer Accounts	5.14%	228
54	907-910	Customer Service	0.59%	26
55	920-935	Administrative & General	16.43%	730
56	Expense Adjustment >		61.91%	2,750
57				
58	BS	Balance Sheet Accounts	38.09%	1,692
59		Subtotal	38.09%	1,692
60				
61		Total	100.00%	4,442

EXHIBIT RAF-3

Licking Valley Rural Electric Cooperative Corporation
Case No. 2024-00211
Attorney General's First Request for Information

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

Response 37: All of the communication equipment in plant account 397.00 has been fully depreciated therefore there was no depreciation expense in the test year to record for this communication equipment. The communication equipment included in this account has been included for many years. The last addition to this account occurred in 2019 and it was for radio frequency, field tool and radio kit.

EXHIBIT RAF-4

Licking Valley Rural Electric Cooperative Corporation
Case No. 2024-00211
Attorney General's First Request for Information

Request 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.

Response 40: Please see Attachment AG 1-40.

ATTACHMENT AG 1-40

		1	2	3	4	5	6	7	8	9	10
Journal No. 01		January 2022		February 2022		March 2022		April 2022		May 2022	
Depreciation-General	403.70	9076 04		9076 04		9066 37		9105 25		9105 25	
Reserve-Depreciation	108.70		9076 04		9076 04		9066 37		9105 25		9105 25
.0025 or 3%	390.00	1444026 58	3610 06	1444026 58	3610 06	1444026 58	3610 06	1444026 58	3610 06	1444026 58	3610 06
.0049 or 6%	391.00	726129 59	3558 04	726129 59	3558 04	726129 59	3558 04	726129 59	3558 04	726129 59	3558 04
.0049 or 6%	395.00	138677 09	679 52	138677 09	679 52	138677 09	679 52	139001 45	681 11	139001 45	681 11
.00916 or 11%	396.10	18013 06	165 00	18013 06	165 00	18013 06	165 00	18013 06	165 00	18013 06	165 00
.0049 or 6%	396.20	33941 78	166 33	33941 78	166 33	33941 78	166 33	33941 78	166 33	33941 78	166 33
.00666 or 8%	398.00	107519 75	716 08	107519 75	716 08	106067 33	705 41	111666 48	743 70	111666 48	743 70
.00833 or 10%	394.00	21730 00	181 01	21730 00	181 01	21730 00	181 01	21730 00	181 01	21730 00	181 01
Construction Work in Progress	107.20	320 53		320 53		320 53		320 53		320 53	
Stores	163.00	1599 95		1599 95		1599 95		1599 95		1599 95	
Operation of Line	583.00	33752 43		33752 43		33752 43		33752 43		33752 43	
Maint. of Underground Line	584.00	199 05		199 05		199 05		199 05		199 05	
Meter Expense	586.00	1501 93		1501 93		1501 93		1501 93		1501 93	
Security Lights	587.00	5168 58		5168 58		5168 58		5168 58		5168 58	
Misc Distribution Expense	588.00	69 97		69 97		69 97		69 97		69 97	
Office Supplies & Expense	921.00	984 65		984 65		984 65		984 65		984 65	
Maint. of General Property	935.00	402 91		402 91		402 91		402 91		402 91	
Accrued Taxes	236.10		44000 00		44000 00		44000 00		44000 00		44000 00

		1	2	3	4	5	6	7	8	9	10
Journal No. 01		January 2023		February 2023		March 2023		April 2023		May 2023	
Depreciation-General	403.70	9105 23		9105 25		9105 25		9105 25		9127 13	
Reserve-Depreciation	108.70		9105 25		9105 25		9105 25		9105 25		9127 13
.0025 or 3%	390.00	1444026 58	3610 06	1444026 58	3610 06	1444026 58	3610 06	1444026 58	3610 06	1444026 58	3610 06
.0049 or 6%	391.00	726129 59	3558 04	726129 59	3558 04	726129 59	3558 04	726129 59	3558 04	726129 59	3558 04
.0049 or 6%	395.00	139001 45	681 11	139001 45	681 11	139001 45	681 11	139001 45	681 11	143454 05	702 99
.00916 or 11%	396.10	18013 06	165 00	18013 06	165 00	18013 06	165 00	18013 06	165 00	18013 06	165 00
.0049 or 6%	396.20	33941 78	166 33	33941 78	166 33	33941 78	166 33	33941 78	166 33	33941 78	166 33
.00636 or 8%	398.00	111666 48	743 70	111666 48	743 70	111666 48	743 70	111666 48	743 70	111666 48	743 70
.00833 or 10%	394.00	21730 00	181 01	21730 00	181 01	21730 00	181 01	21730 00	181 01	21730 00	181 01
Construction Work in Progress	107.20	320 53		320 53		320 53		320 53		320 53	
Stores	163.00	1599 95		1599 95		1599 95		1599 95		1599 95	
Operation of Line	583.00	33752 43		33752 43		33752 43		33752 43		33752 43	
Maint of Underground Line	584.00	199 05		199 05		199 05		199 05		199 05	
Meter Expense	586.00	1501 93		1501 93		1501 93		1501 93		1501 93	
Security Lights	587.00	5168 58		5168 58		5168 58		5168 58		5168 58	
Misc Distribution Expense	588.00	69 97		69 97		69 97		69 97		69 97	
Office Supplies & Expense	921.00	984 65		984 65		984 65		984 65		984 65	
Maint of General Property	935.00	402 91		402 91		402 91		402 91		402 91	
Accrued Taxes	236.10		44000 00		44000 00		44000 00		44000 00		44000 00

[illegible]

[illegible]

	June 2022	July 2022	August 2022	September 2022	October 2022	November 2022	December 2022	
1	221161 09	221754 17	222102 31	224057 86	224531 22	225326 91	225989 13	1
2	221161 09	221754 17	222102 31	224057 86	224531 22	225326 91	225989 13	2
3								3
4								4
5								5
6								6
7	174 77	174 77	174 77	174 77	174 77	174 77	174 77	7
8	88942 90	89106 27	89304 30	90114 04	90350 64	90690 52	91002 88	8
9	47533 93	47880 37	47926 81	48559 23	48678 10	48928 15	49031 87	9
10	1737 71	1744 99	1754 16	1697 46	1695 22	1695 22	1700 93	10
11	19744 47	19766 67	19791 29	19886 06	19939 15	19997 86	20088 82	11
12	20893 20	20940 08	20956 49	21062 96	21104 41	21221 99	21340 50	12
13	3285 05	3285 05	3285 05	3285 05	3285 05	3285 05	3285 05	13
14	8278 73	8278 73	8278 73	8278 73	8278 73	8278 73	8278 73	14
15	20415 42	20415 42	20415 42	20786 14	20786 14	20786 14	20786 14	15
16	10154 91	10161 82	10205 29	10213 42	10239 01	10268 48	10299 44	16
17								17
18								18
19	3000 00	3000 00	3000 00	3000 00	3000 00	3000 00	3000 00	19
20	3000 00	3000 00	3000 00	3000 00	3000 00	3000 00	3000 00	20
21								21
22								22
23								23
24								24
25								25
26								26
27								27
28								28
29								29
30								30

[illegible]

	June 2023	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023	
1	230490 78	231210 25	231660 78	233028 09	234077 18	234703 34	235902 45	1
2		230490 78	231210 25	231660 78	233028 09	234077 18	234703 34	2
3								3
4								4
5								5
6								6
7	174 77	174 77	174 77	174 77	174 77	174 77	174 77	7
8	93110 95	93467 77	93754 20	94120 03	94564 05	94867 76	95141 15	8
9	49993 40	50125 85	50177 22	50242 60	50589 21	50656 43	50709 61	9
10	1809 27	1833 40	1836 19	1840 70	1854 45	1852 66	1844 87	10
11	20800 66	20880 86	20880 86	21155 78	21204 93	21276 65	21304 61	11
12	21790 11	21855 89	21947 81	22031 52	22110 11	22223 77	22315 82	12
13	3292 25	3297 81	3292 25	3225 39	3286 16	3286 16	3286 16	13
14	8278 73	8278 73	8278 73	8278 73	8278 73	8278 73	8278 73	14
15	20786 14	20786 14	20789 20	20799 99	20799 99	20809 21	21305 89	15
16	10454 50	10495 03	10529 55	10558 58	10614 78	10677 20	10740 84	16
17								17
18								18
19	3000 00	3000 00	3000 00	3000 00	3000 00	3000 00	3000 00	19
20		3000 00	3000 00	3000 00	3000 00	3000 00	3000 00	20
21								21
22								22
23								23
24								24
25								25
26								26
27								27
28								28
29								29
30								30

[illegible]

	June 2024	July 2024	August 2024	September 2024	October 2024	November 2024	December 2024	
1	240025 04	240598 15						1
2		240025 04	240598 15					2
3								3
4								4
5								5
6		174 77	174 77					6
7		97280 27	97536 31					7
8		51312 81	51377 60					8
9		1877 77	1888 70					9
10		21688 73	21774 79					10
11		22785 87	22871 65					11
12		4382 29	4399 27					12
13		8198 79	8198 78					13
14		21324 62	21324 61					14
15		10999 12	11031 67					15
16								16
17								17
18	3000 00	3000 00						18
19		3000 00	3000 00					19
20								20
21								21
22								22
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25								25
26								26
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30								30

EXHIBIT RAF-5

Licking Valley Rural Electric Cooperative Corporation
Case No. 2024-00211
Attorney General's Second Request for Information

Request 6: Refer to the responses to AG 1-37 and AG 1-38. Refer also to Mr. Wolfram's Exhibit JW-2 at Reference Schedule 1.07 and column 4, related to the proforma calculations of depreciation expense. Reference Schedule 1.07 at column 4 depicts that the Company has no fully depreciated items as part of its plant balances. Confirm that there are fully depreciated plant items included in the plant balances depicted on Reference Schedule 1.07. If confirmed, provide the amount of fully depreciated plant items by plant account number as of December 31, 2023 and provide a corrected Reference Schedule 1.07. If not confirmed, explain why not based on the response to AG 1-37 that confirms that all of the communication equipment in plant account 397.00 is fully depreciated.

Request 6: Not confirmed. The column for fully depreciated items in Schedule 1.07 is meant to indicate any assets that became fully depreciated during the test year. The plant balances do not include any plant that was fully depreciated before the test year.

EXHIBIT RAF-6

LICKING VALLEY R.E.C.C.
For the 12 Months Ended December 31, 2019

Depreciation

Line #	Acct #	Description	Test Yr Ending Bal	Fully Depr Items	Rate	Normalized Expense	Test Year Expense	Pro Forma Adj
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1		<u>Distribution Plant</u>						
2	362.00	Station equipment	31,442	-	6.67%	2,097	2,097	0
3	364.00	Poles, towers & fixtures	25,252,522	-	3.93%	992,424	978,740	13,684
4	365.00	Overhead conductors & devices	21,563,395	-	2.50%	539,085	531,855	7,230
5	367.00	Underground conductor & devices	698,523	-	2.50%	17,463	17,003	460
6	368.00	Line transformers	8,975,622	-	2.50%	224,391	223,712	679
7	369.00	Services	6,684,791	-	3.43%	229,288	225,383	3,905
8	370.00	Meters	5,654,148	-	6.67%	377,132	382,998	(5,866)
9	371.00	Installations on customer premises	2,777,013	-	3.91%	108,581	106,013	2,568
10		Subtotal	71,637,456	-		2,490,461	2,467,801	22,660
11								
12		<u>General Plant</u>						
13	389.00	Land	-					
14	390.00	Structures and improvements	1,537,689	136,062	3.00%	42,049	42,049	(0)
15	391.00	Office furn and eqt	828,588	95,555	6.00%	43,982	43,102	880
16	393.00	Stores	70,566	70,566	6.00%	-	3,458	(3,458)
17	394.00	Tools, shop and garage	102,776	102,776	10.00%	-	8,211	(8,211)
18	395.00	Laboratory Equipment	165,786	135,974	6.00%	1,789	7,995	(6,206)
19	396.10	Power Operated Equipment	137,177	137,177	11.00%	-	10,969	(10,969)
20	396.20	Tools & Work Equipment - small	44,518	33,942	6.00%	635	1,922	(1,287)
21	397.00	Communications	270,253	270,253	8.00%	-	3,168	(3,168)
22	398.00	Miscellaneous	107,271	107,271	8.00%	-	8,508	(8,508)
23		Subtotal	3,264,624	1,089,576		88,454	129,382	(40,928)
24	A	Distribution & General Subtotal	74,902,080	1,089,576		2,578,915	2,597,183	(18,268)
25								
26		<u>Transportation Charged to Clearing</u>						
27	392.00	Transportation	2,654,991	1,116,246	16.00%	246,199	209,703	\$ 36,496
28	B	Allocation of Clearing to O&M						\$ 24,141
29								
30	A+B	TOTAL	77,557,071	2,205,822		2,825,114	2,806,886	5,873
31								

This adjustment normalizes depreciation expenses by replacing test year actual expenses with test year end balances, less any fully depreciated items, at approved depreciation rates.

		Labor \$	Alloc	Depr \$
34	<u>Allocation of Clearing to O&M</u>			
35				
36	580-589 Operations	\$ 897,329	19.3%	\$ 7,048
37	590-598 Maintenance	\$ 999,702	21.5%	\$ 7,852
38	901-905 Consumer Accounts	\$ 427,664	9.2%	\$ 3,359
39	907-912 Customer Service	\$ 53,396	1.1%	\$ 419
40	920-935 Administrative & General	\$ 695,318	15.0%	\$ 5,462
41	Subtotal	\$ 3,073,409	66.1%	\$ 24,141
42				
43	Capital Balance Sheet Accounts	\$ 1,572,941	33.9%	\$ 12,355
44	Subtotal		33.9%	\$ 12,355
45				
46	Total	\$ 4,646,350	100.0%	\$ 36,496

EXHIBIT RAF-7

Licking Valley Rural Electric Cooperative Corporation
Case No. 2024-00211
Attorney General's Second Request for Information

Request 7: Refer to the electronic attachment provided in response to AG 1-34(b) and further to the column depicted as the “Balance” for each vehicle listed.

- a. Define the amount that is included in the “Balance” column for each vehicle.
- b. For those vehicles that reflect a \$0 amount in the “Balance” column, does that mean the listed vehicle is fully depreciated?
- c. Provide the effective date for the amounts included in the “Balance” column.
- d. Provide the undepreciated balance for each vehicle listed as of December 31, 2023.
- e. Provide the undepreciated balance for each vehicle listed as of August 31, 2024.

Response 7(a): “Balance” refers to the undepreciated balance as of August 31, 2024.

Response 7(b): Yes.

Response 7(c)-(e): Please see the Excel spreadsheet provided separately.

Licking Valley Rural Electric Cooperative Corporation

2023 Vehicle Listing

Vehicle #	Effective Date	Make/Model	Cost	Depr 2023	Undepr Bal 12/31/2023	Undepr Bal 08/31/2024	In Service
1	9/16/2022	2023 Chevrolet Sierra	100,049.17	16,007.52	80,039.77	69,368.09	yes
1A	7/5/2009	2009 Chevrolet Suburban	56,461.50	0.00	0.00	0.00	yes
1B	10/6/2023	2023 Chevrolet Suburban	79,051.87	2,108.00	76,943.87	68,511.87	yes
2	3/28/2012	1997 Ford F700 Pickup	100.00	0.00	0.00	0.00	yes
3	11/25/2020	2021 Chevrolet Silverado	55,250.49	8,837.88	30,946.32	25,054.40	yes
4	5/21/2018	2018 Chevrolet Silverado	45,503.58	7,278.84	4,996.03	0.00	yes
5	2/5/2020	2019 Dodge Ram 5500	133,247.56	1,776.19	51,766.63	37,577.11	yes
6	6/22/2023	2022 Ram 5500	162,524.47	14,717.10	148,009.08	130,673.56	yes
6B	7/31/2016	2016 Dodge Ram 5500	113,463.68	771.47	0.00	0.00	yes
7	6/15/2016	2016 Chevrolet Silverado	34,356.94	0.00	0.00	0.00	yes
8	5/21/2018	2018 Chevrolet Silverado	45,850.49	7,334.28	5,036.02	146.50	yes
9	8/17/2010	2010 Chevrolet Silverado	30,763.88	0.00	0.00	0.00	yes
10	3/8/2023	2023 Ram 5500	101,669.40	10,844.48	90,824.92	79,980.44	yes
10A	06/03/2005	2005 Chevrolet CC4500	50,746.26	0.00	0.00	0.00	yes
11	11/21/2011	2012 Chevrolet Silverado	44,466.18	0.00	0.00	0.00	yes
12	5/29/2019	2019 Chevrolet Silverado	44,941.47	7,188.84	8,743.66	3,951.10	yes
13	8/30/2019	2020 International Bucket	215,976.73	34,547.64	66,270.29	43,238.53	yes
14	3/1/2012	2012 International Bucket	235,030.00	0.00	0.00	0.00	yes
16	3/23/2017	2017 Chevrolet Silverado	48,715.69	3,089.25	0.00	0.00	yes
17	3/23/2017	2017 Chevrolet Silverado	47,396.04	2,987.10	0.00	0.00	yes
19	4/6/2022	2018 Chevrolet Silverado	31,841.14	5,094.48	22,410.01	19,013.69	yes
20	10/6/2022	2023 International HV607	302,884.95	48,460.44	242,309.40	210,002.44	yes
21	10/30/2019	2020 Chevrolet Silverado	43,775.49	7,002.36	12,810.47	8,142.23	yes
22	12/28/2020	2020 Dodge Ram	132,333.53	21,168.12	68,822.17	54,710.09	yes
22B	4/29/2014	2013 Dodge Ram	103,556.69	0.00	0.00	0.00	yes
23	4/16/2019	2018 Dodge Ram	123,721.01	19,790.52	31,365.25	18,171.57	yes
24	5/11/2005	2005 International 7400 Digger	152,619.85	0.00	0.00	0.00	yes
25	2/22/2017	2018 International 7400 Digger	283,414.14	45,334.92	3,163.30	0.00	yes
27	10/20/2021	2021 Toyota Tacoma	38,167.87	6,105.36	24,939.59	20,869.35	yes
28	3/6/2018	2018 International 7300 Bucket	208,747.05	33,391.20	14,589.22	0.00	yes
	12/27/1990	Winch	1,162.97	0.00	0.00	0.00	no
		Pole Trailer	702.90	0.00		0.00	yes
	8/27/2021	Trailer	7,774.03	0.00	0.00	0.00	yes
			3,076,267.02	303,835.99	983,986.00	789,410.97	

EXHIBIT RAF-8

Licking Valley Rural Electric Cooperative Corporation
Case No. 2024-00211
Attorney General's First Request for Information

Request 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.

Response 41: Please see the Excel file provided separately.

Monthly Transportation Depreciation

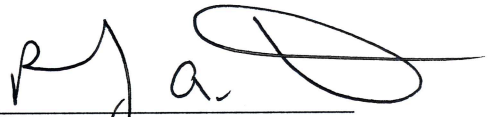
Jan-23	\$26,124.03
Feb-23	\$26,124.03
Mar-23	\$26,124.03
Apr-23	\$25,352.56
May-23	\$26,378.62
Jun-23	\$27,419.06
Jul-23	\$27,419.06
Aug-23	\$27,542.98
Sep-23	\$27,542.98
Oct-23	\$27,542.98
Nov-23	\$27,592.89
Dec-23	\$29,701.89
Jan-24	\$28,033.28
Feb-24	\$24,869.98
Mar-24	\$24,869.98
Apr-24	\$24,869.98
May-24	\$24,869.98
Jun-24	\$22,763.60
Jul-24	\$22,087.38

AFFIDAVIT

STATE OF GEORGIA)

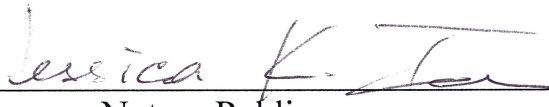
COUNTY OF FULTON)

RANDY A. FUTRAL, being duly sworn, deposes and states: that the attached is his sworn testimony and that the statements contained are true and correct to the best of his knowledge, information and belief.



Randy A. Futral

Sworn to and subscribed before me on this
30th day of October 2024.



Notary Public

Jessica K Inman
NOTARY PUBLIC
Cherokee County, GEORGIA
My Commission Expires 07/31/2027