

LICKING VALLEY
RURAL ELECTRIC COOPERATIVE CORPORATION
P. O. Box 605 • 271 Main Street
West Liberty, KY 41472-0605
(606) 743-3179



KERRY K. HOWARD
General Manager/CEO

September 21, 2009

RECEIVED
SEP 21 2009
PUBLIC SERVICE
COMMISSION

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

RE: Case No. 2009-00016 – Application of Licking Valley Rural Electric Cooperative Corporation for an Adjustment in Retail Electric Rates

Dear Mr. Derouen:

Attached you will find a copy of the original and seven (7) copies of Licking Valley RECC's Responses to the Commission Staff's Third Data Request plus an original and seven (7) copies of the Responses to the Office of the Attorney General's Supplemental Data Request. Copies are also being given to the Rate Intervention Group of the Office of the Attorney General.

If you have any questions, please contact me at your convenience.

Sincerely,

Kerry K. Howard
Manager/CEO

c: Office of Rate Intervention
Office of the Attorney General
1024 Capital Center Drive
Suite 200
Frankfort, KY 40601

Law Offices of
COLLINS & ALLEN
Post Office Box 475
Salyersville, Kentucky 41465-0475

John C. Collins
Gregory D. Allen

Phone (606) 349-1382
Fax (606) 349-1322

September 18, 2009

Mr. Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, Kentucky 40602

RE: Application of Licking Valley Rural Electric for an Adjustment of Rates
Case No. 2009-00016

Dear Mr. Derouen:

Please find enclosed the original and seven (7) copies of the responses to the Commission's Order "Third Data Request of the Commission Staff to Licking Valley Rural Electric Cooperative Corporation" dated September 08, 2009.

Please contact me at (606) 349-1382 or Kerry K. Howard at (606) 743-3179 with any questions regarding this filing.

Respectfully submitted,
COLLINS & ALLEN LAW OFFICE


Gregory D. Allen
Counsel for Licking Valley Rural Electric Cooperative

Enclosure

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

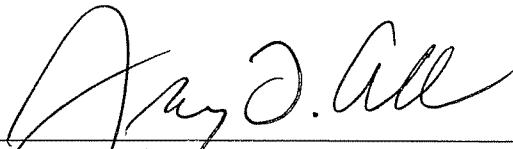
**In the Matter of Adjustment of Rates Of
Licking Valley Rural Electric Cooperative
Corporation**

Case No. 2009-00016

**APPLICANT'S RESPONSES TO
THIRD DATA REQUEST OF COMMISSION STAFF**

The applicant, Licking Valley Rural Electric Cooperative Corporation, makes the following responses to the "Third Data Request of Commission Staff", as follows:

1. The witnesses who are prepared to answer questions concerning each request are Kerry K. Howard and Jim Adkins.
2. Kerry K. Howard, General Manager and CEO of Licking Valley Rural Electric Cooperative Corporation is the person supervising the preparation of the responses on behalf of the applicant.
3. The responses and Exhibits are attached hereto and incorporated by reference herein.



Gregory D. Allen
Collins & Allen Law Office
P.O. Box 475
Salyersville, Kentucky 41465
Attorney for Licking Valley Rural Electric Cooperative
Telephone: 606-349-1382


The undersigned, Kerry K. Howard, as General Manager & CEO of Licking Valley Rural Electric Cooperative Corporation, being duly sworn, states that the responses herein are true and accurate to the best of my knowledge and belief formed after reasonable inquiry.

Dated: September 18, 2009

LICKING VALLEY RURAL ELECTRIC COOPERATIVE

By: 
KERRY K. HOWARD, GENERAL MANAGER & CEO

Subscribed, sworn to, and acknowledged before me by Kerry K. Howard, as General Manager & CEO for Licking Valley Rural Electric Cooperative Corporation on behalf of said Corporation the 18th day of September, 2009.


Notary Public, Kentucky State At Large
My Commission Expires: 05/29/2012

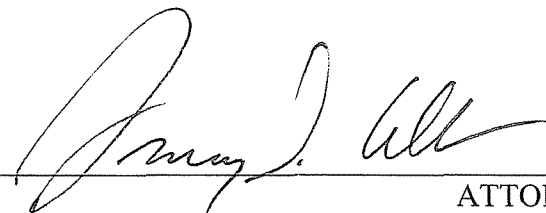
CERTIFICATE OF SERVICE

The undersigned counsel certifies that the foregoing responses have been served upon the following:

Original and Seven Copies
Mr. Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

Copy
Hon. Lawrence W. Cook
Assistant Attorney General
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601

This 18th day of September, 2009


ATTORNEY FOR
LICKING VALLEY RURAL ELECTRIC COOPERATIVE

LICKING VALLEY RECC
CASE NO. 2009-00016

RESPONSE TO THE THIRD DATA REQUEST OF COMMISSION STAFF

Questions:

Refer to Licking Valley's response to Item 3 of Commission Staff's Second Data Request ("Staff's Second Request"). This response states that "it is believed that the 175W MV lights replaced the previous 100 W incandescent lights and have been charged the same rate". The revenue analysis provided by Licking Valley in Exhibit J of the application, and subsequently revised in response to Item 4 of Staff's Second Request, shows billing determinants for both 175W MV and the 100 watt halide. Given this, does Licking Valley agree that the most appropriate action to take would be to add the 175W MV as a fourth lighting charge to the tariff rather than replace the 100 watt halide? If no, explain.

Response:

Licking Valley agrees that it would be appropriate to add the 175W MV as a fourth lighting charge.

Licking Valley Rural Electric Cooperative

Case No. 2009-00016

Third Request of Commission Staff

2. Refer to Licking Valley's response to item 4 of Staff's Second Request.
 - a. Licking Valley provided revised Exhibits J and S and stated that no other exhibits should have changed. Provide a revised Exhibit 14 or explain why this exhibit would not change.
 - b. Refer to page 2 of 7 of the revised Exhibit J and Exhibit D of the application. State whether Licking Valley has any customers on the Farm and Home ETS rate. If so, explain why it is not included in either the revenue analysis or the tariff.
 - c. Refer to page 3 of 7 of the revised Exhibit J. Explain why the last column does not include minimum kVa capacity revenues of \$7,869.

Responses:

- 2.a. The revised Exhibit J and S does not change the net margins, interest on long term debt, net rate base, or equity of Licking Valley. No amounts on Exhibit K would change.
- 2.b. There are no customers on the Farm and Home ETS rate.
- 2.c. As a result of the increase it is estimated that customers will be more efficient and not incur minimum kva charges.

LICKING VALLEY RECC
CASE NO. 2009-00016

RESPONSE TO THE THIRD DATA REQUEST OF COMMISSION STAFF

Question:

Refer to Licking Valley's response to Item 9 of Staff's Second Request. The response states that Other Deductions was excluded from Exhibit R in error. Describe the impact that this exclusion on the cost-of-service study and explain whether the inclusion would change Licking Valley's proposal regarding rate design in this case.

Response:

This error will have no impact upon the cost of service study since it was not carried forward to the "Adjusted Test Year column". The Adjusted Test Year column is correct and has been the basis for revenue requirements used out the remainder of the Cost of Service Study.

LICKING VALLEY RECC
CASE NO. 2009-00016

RESPONSE TO THE THIRD DATA REQUEST OF COMMISSION STAFF

Question:

Refer to the response to Item 11.a of Staff's Second Request. Explain how the listed payroll, material, transportation and property tax expenses are related to the lighting class.

Response:

The payroll, material, and transportation are related to the fact that these expenses are incurred in servicing the security lights. Payroll deals with the wages and benefits for the employees who service these lights. Material such as new bulbs is expenses that are incurred with security lights. Transportation costs are incurred by transporting employees and material to those security lights that need service. And finally, property taxes, which represent over fifty percent this account, are the security lights prorate share of the property taxes paid by Licking Valley and is based on the investments made in consumer installations.

LICKING VALLEY RECC
CASE NO. 2009-00016

RESPONSE TO THE THIRD DATA REQUEST OF COMMISSION STAFF

Question:

Refer to the response to Item 11.b of Staff's Second Request and Exhibit R of the application. . In Exhibit R, page 5 of 28. Account 590 was functionalized as follows:

Lines	83.73%
Transformers	4.83%
Services	2.09%
Meters	9.35%

Explain how these percentages were calculated.

Response:

The percentages to be utilized for Account 590 on Page 5 of 28 in Exhibit R are contained on page 7 of 28 in Exhibit R in Item 3 labeled as "Allocation of Dist. Maint. Supervision and Miscellaneous Expenses". An error was made in the allocation page 5 of 28 in Exhibit R of the Application.

The proper expense allocation for Account 590 should have been as follows:

LICKING VALLEY RECC
CASE NO. 2009-00016

RESPONSE TO THE THIRD DATA REQUEST OF COMMISSION STAFF

Lines	\$65,150
Transformers	4,315
Services	9,595
Meters	8,350
Lighting	1,861

The Cost of Service Study has been revised to correct his error and the errors identified in the responses to Items 6, 7 and 8. Pages 3 through 5 of this response are the corrected pages for pages 17, and 25 through 28 in Exhibit R of the application. A copy of the revised Cost of Service Study is provided in electronic form as a part of the response to this item.

**LICKING VALLEY RECC
CASE NO. 2009-00016
ALLOCATION OF EXPENSES TO RATE CLASSES**

Exhibit R
Schedule 4
Page 17 of 28
Witness: Jim Adkins

RESULTS OF THE COST OF SERVICE STUDY

REVENUE REQUIREMENTS BY FUNCTION									
Function	Classifi- cation	Amount	A	B	LP	LPR	SL	Enviro watts	Total
			Residential Farm & Home	Small Commercial	Large Power Service	Large Power Rate	Security Lights		
Purchased Power	Demand	4,122,625	3,272,704	119,640	462,969	222,820	44,491	-	4,122,625
Purchased Power	Energy	12,111,269	9,156,871	487,140	1,239,211	900,373	326,683	990	12,111,269
Lines	Consumer	1,550,535	1,429,468	86,540	17,397	1,065	16,065	-	1,550,535
Lines	Demand	3,581,383	2,692,291	169,838	414,144	224,523	80,587	-	3,581,383
Transformers	Consumer	138,550	124,921	9,952	3,068	412	197	-	138,550
Transformers	Demand	682,916	513,379	32,385	78,971	42,813	15,367	-	682,916
Services	Consumer	748,692	665,154	43,770	20,099	635	19,034	-	748,692
Meters	Consumer	806,552	738,397	44,703	19,743	3,710	-	-	806,552
Consumer Services & Accounting	Consumer	1,021,940	869,778	52,657	21,171	1,296	77,039	-	1,021,940
Lighting	Lighting	400,526					400,526		400,526
Revenue Requirements		25,164,989	19,462,964	1,046,626	2,276,772	1,397,648	979,989	990	25,164,989
SUMMARY OF REVENUE REQUIREMENTS BY FUNCTION									
	Amount	A	B	LP	LPR	SL	Enviro watts	Total	
		Residential Farm & Home	Small Commercial	Large Power Service	Large Power Rate	Security Lights			
Consumer Related	4,266,270	3,827,718	237,622	81,477	7,118	112,336	-	4,266,270	
Demand Related	8,386,924	6,478,375	321,864	956,084	490,157	140,444	-	8,386,924	
Energy Related	12,111,269	9,156,871	487,140	1,239,211	900,373	326,683	990	12,111,269	
Lighting	400,526					400,526		400,526	
Revenue Requirements		25,164,989	19,462,964	1,046,626	2,276,772	1,397,648	979,989	990	25,164,989

LICKING VALLEY RECC
CASE NO. 2009-00016

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Exhibit R
Schedule 5
Page 25 of 28
Witness: Jim Adkins

DETERMINATION OF INCREASE BY RATE CLASS

	A	B	LP	LPR	SL		
	Residential	Small	Large Power	Large Power	Security	Enviro	-
	Farm & Home	Commercial	Service	Rate	Lights	watts	Total
Total Revenue							
Requirements	19,462,964	1,046,626	2,276,772	1,397,648	979,989	990	25,164,989
Revenue from Rates	16,754,974	1,004,712	2,477,980	1,387,629	803,838	1,226	22,430,359
Under (Over)	2,707,990	41,914	(201,209)	10,019	176,151	(236)	2,734,630
Less Other Revenue	494,253	29,638	73,098	40,933	23,712	36	661,670
COSS Based							
Revenue Increase							
(Decrease)	2,213,737	12,277	(274,306)	(30,915)	152,439	(272)	2,072,960
Revenue Increase							
(Decrease)	1,908,244	12,277	-	-	152,439	-	2,072,960
Percent Increase							
(Decrease)	11.39%	1.22%	0.00%	0.00%	18.96%	0.00%	9.24%
Revenue Requirements from Rates	18,663,219	1,016,988	2,477,980	1,387,629	956,277	1,226	24,503,319

LICKING VALLEY RECC
CASE NO. 2009-00016

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e 5 of 7

Exhibit R
Schedule 6
Page 26 of 28
Witness: Jim Adkins

PROPOSED RATE DESIGN

ALLOCATION OF REVENUE REQUIREMENTS								
		A	B	LP	LPR	SL		
Function	Classifi- cation	Residential Farm & Home	Small Commercial	Large Power Service	Large Power Rate	Security Lights	Enviro watts	Total
Purchased Power	Demand	3,272,704	119,640	462,969	222,820	44,491	-	4,122,625
Purchased Power	Energy	9,156,871	487,140	1,239,211	900,373	326,683	990	12,111,269
Lines	Consumer	1,429,468	86,540	17,397	1,065	16,065	-	1,550,535
Lines	Demand	2,692,291	169,838	414,144	224,523	80,587	-	3,581,383
Transformers	Consumer	124,921	9,952	3,068	412	197	-	138,550
Transformers	Demand	513,379	32,385	78,971	42,813	15,367	-	682,916
Services	Consumer	665,154	43,770	20,099	635	19,034	-	748,692
Meters	Consumer	738,397	44,703	19,743	3,710	-	-	806,552
Consumer Services & Accounting	Consumer	-	-	-	-	-	-	-
Lighting	Lighting	869,778	52,657	21,171	1,296	77,039	-	1,021,940
		-	-	-	-	400,526	-	400,526
		19,462,964	1,046,626	2,276,772	1,397,648	979,989	990	25,164,989
BILLING DETERMINANTS								
		A	B	LP	LPR	SL		
		Residential Farm & Home	Small Commercial	Large Power Service	Large Power Rate	Security Lights	Enviro watts	
Customer Charges		193,099	11,660	2,337	144		175 Watt MV	99,273
Demand KW				101,400	54,391		100 Watt Ha	535
Energy kWh		195,180,670	10,383,500	26,414,039	19,191,648		250 Watt Ha	0
Primary Metered					0		400 Watt Ha	2
Total					31,079,924		25' Pole	108
							30' Pole	30

LICKING VALLEY RECC
CASE NO. 2009-00016

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Exhibit R

Schedule 6

Page 27 of 28

Witness: Jim Adkins

PROPOSED RATE DESIGN

COST TO SERVE							
		A	B	LP	LPR		Security
		Residential	Small	Large Power	Large Power		Lights
		Farm & Home	Commercial	Service	Rate		
Customer Charge							
Customer Costs							
	Lines	1,429,468	86,540	17,397	1,065	Increase	152,439
	Transformers	124,921	9,952	3,068	412	Rate Revenue	803,838
	Services	665,154	43,770	20,099	635	% Increase	19.0%
	Meters	738,397	44,703	19,743	3,710		
	Cons&Acctg	869,778	52,657	21,171	1,296		
Total		3,827,718	237,622	60,306	5,822		
							Current Rates
Customer Charge Billing Units		193,099	11,660	2,337	144	175 Watt MV	\$8.05
Customer Charge		19.82	20.38	25.80	40.43	100 Watt Ha	\$8.05
Revenue from Customer Charge		1,930,990	233,200	114,957	14,168	250 Watt Ha	\$12.30
						400 Watt Ha	\$16.91
						25' Pole	\$2.45
Demand Charge	Purch. Pow			462,969	222,820	30' Pole	\$2.84
	Lines			17,397	1,065		
	Transformers			414,144	224,523		
				894,510	448,409		Proposed Rates
	Billing Units			101,400	54,391	175 Watt MV	9.58
	Rate			\$ 8.82	\$ 8.24	100 Watt Ha	9.58
Energy Rate						250 Watt Ha	14.63
	Revenue from Rates	18,663,219	1,016,988	2,477,980	1,387,629	400 Watt Ha	20.12
	Less Customer Charge	1,930,990	233,200	114,957	14,168	25' Pole	2.91
	Less Demand Charge	-		894,510	448,409	30' Pole	3.38
	Revenue from Energy	16,732,229	783,788	1,468,513	925,052		
	Energy kWh	195,180,670	10,383,500	26,414,039	19,191,648		
	Primary Metered				0		
	Energy Rate	0.08573	0.07548	0.05560	0.04820		

LICKING VALLEY RECC
CASE NO. 2009-00016

Item 3 of 7
Exhibit R

Schedule 6

Page 28 of 28

Witness: Jim Adkins

PROPOSED RATE DESIGN

PROPOSED RATES							
	A	B	LP	LPR	Security Lights		
	Residential	Small	Large Power	Large Power			
	Farm & Home	Commercial	Service	Rate			
Customer Charge					Proposed Rates		
Rate	\$ 10.00	\$ 20.00			175 Watt M	\$	9.58
Revenue	\$ 1,930,990	\$ 233,200			100 Watt H	\$	9.58
Energy Chage					250 Watt H	\$	14.63
Revenue	16,732,229	783,788			400 Watt H	\$	20.12
Rate	0.08574	0.07548			25' Pole	\$	2.91
					30' Pole	\$	3.38

LICKING VALLEY RECC
CASE NO. 2009-00016

RESPONSE TO THE THIRD DATA REQUEST OF COMMISSION STAFF

Question:

Refer to the response to Item 12 of Staff's Second Request. If Construction Work in Progress had been directly assigned, provide the amounts that would have been allocated into the six categories listed on Exhibit R, page 8 of 28.

Response:

Licking Valley does not maintain its books in manner that allows for the identification of Construction Work in Progress ("CWIP") based on the functional categories utilized In the Net Investment Rate Base in Exhibit R of the original filing. However, the allocation of the Construction Work in Progress should be made to three functional categories instead of five. These categories would be lines, services, and security lighting and these are categories on which work orders are maintained. No allocation should be made to the functional categories of transformers and meters. See the response to Item 5 for further information.

LICKING VALLEY RECC
CASE NO. 2009-00016

RESPONSE TO THE THIRD DATA REQUEST OF COMMISSION STAFF

Question:

Refer to the response to Item 13 of Staff's Second Request which discusses how the weighted cost in column 3 was calculated in Exhibit R, page 18 of 28. This response states that "the minimum transformers for all other rate classes have a factor that is proportional to the cost of the transformer for that rate class". Provide the calculation for each of the weighted costs in column 5 except for the residential class.

Response:

An error has been made in this calculation and the proper weighted cost would be as follows:

Residential – Farm and Home	1.00
Commercial and Small Power	1.32
Large Power Service	2.08
Large Power Rate	8.86
Security Lights	0.14

See the response to Item 5 for further information.

LICKING VALLEY RECC
CASE NO. 2009-00016

RESPONSE TO THE THIRD DATA REQUEST OF COMMISSION STAFF

Question:

Refer to the response to Item 16 of Staff's Second Request and Exhibit R, page 27 of 28. Provide the calculation for the Revenue from Customer Charge of \$2,205,191 in the Residential Farm & Home column.

Response:

The correct amount for the Revenue from the Customer Charge for the Residential Farm & Home column is \$1,930,990. See the response to Item 5 for further information.

Licking Valley Rural Electric Cooperative

Case No. 2009-00016

Third Request of Commission Staff

9. Refer to the response to item 23 of Staff's Second Request. This response explains that fuel cost recovery is not the cause of the increase in revenues from 2007 to 2008 being substantially less than the increase in purchased power costs. However, the response does not explain why the increase in purchased power costs is not matched by a comparable increase in revenues. Explain in detail why a \$1.4 million increase in purchased power costs did not translate into a similar increase in revenues from 2007 to 2008. Include in your response whether or not the lag in the recognition of revenue was a contributing factor.

Licking Valley Rural Electric Cooperative

Case No. 2009-00016

Third Request of Commission Staff

10. Refer to Exhibit 1 of the application and Licking Valley's response to item 24 of Staff's Second Request.

a. Fully describe Licking Valley's policy regarding the administration of medical leave which was in effect immediately prior to implementing the current policy in March of 2008. Provide supporting documentation, if any, concerning Licking Valley's previous medical leave policy.

b. Explain whether the current policy was patterned after similar policies in effect at other East Kentucky Power Cooperative, Inc. ("EKPC") member cooperatives. If so, identify the other cooperatives.

c. Fully describe Licking Valley's policy for payment of unused vacation days. Provide supporting documentation, if any, concerning Licking Valley's policy for payment of unused vacation days.

d. Refer to pages 3 and 4 of Exhibit 1 of the application, specifically, the column labeled "Vac/Sick" for the test year hours worked and wages. Provide a detailed schedule of the vacation and sick hours and corresponding wages paid to each employee listed as receiving such payments.

e. In the same format as item 10.d above, provide a schedule of vacation and sick payments, by employee, for normalized wages.

f. Given that this policy was implemented in March 2008 and could potentially result in an inflated payment of unused medical days in excess of 75, explain why this would be representative of the annual expense going forward.

g. In the same format as pages 3 and 4 of Exhibit 1 of the application, provide a schedule for the year ending December 31, 2007.

Responses:

10.a. Hours in excess of 75 days accumulated were forfeited if not taken. The policy was changed effective 12/20/2007, and later amended 03/20/2008.

10.b. Discussions were held with other cooperatives to determine their policy regarding vacation and sick pay. Clark Energy Cooperative, Grayson Rural Electric Cooperative, Owen Electric Cooperative, and Blue Grass Energy Cooperative have similar policies. There may be others, but Licking Valley is not aware of them.

10.c. Licking Valley does not allow for accumulation of vacation days. The board allows for the payment of vacation days earned, but not taken, in the current period.

10.d. The hours by employee, test year wages, and normalized wages are shown on Exhibit 1, pages 3 and 4. These are listed in the "Vac/Sick" columns.

10.e. The normalized wages for vacation and sick payments, by employee, are listed on Exhibit 1, pages 3 and 4 of the application.

10.f. The Medical Leave policy to allow for payment of hours in excess of 75 days was initially effective December 20, 2007. The policy was updated for other items in March 2008. Licking Valley apologizes for this oversight in its initial response. Prior to payment for excess hours, employees would take the medical day and be absent from work instead of forfeiting the hours. This caused a disruption in the work force and the timing of work crews, customer service representatives, and other departments. To ensure continuity of work, it was decided to pay employees for the hours rather than take time off just to keep from forfeiting hours. There was not a one-time catch up for accumulated medical leave days. The payment for excess hours during the test year will be representative of future years payments for excess medical leave hours.

10.f. The response is attached.

LICKING VALLEY RURAL ELECTRIC COOPERATIVE CORPORATION

KENTUCKY 56 MORGAN

BOARD OF DIRECTORS POLICIES AND PROCEDURES MANUAL

Policy Number 207

Effective Date: 12/20/2007

SUBJECT: MEDICAL AND BEREAVEMENT LEAVE

Page 01 of 05

PURPOSE:

To provide employees with an opportunity to be paid for time not worked when such time falls on the employee's regularly scheduled workday and the absence is due to:

1. Off-the-job personal illness (including pregnancy) or injury.
2. Personal services being required when a member of the immediate family is ill.
3. Bereavement Leave.

POLICY:

Participation in this Program is limited to those employees who have attained full-time employment status.

RESPONSIBILITIES:

The General Manager/CEO shall be responsible for, or cause to have performed, the execution of the provisions and functions as set forth in this policy and assuring effective compliance thereof.

PRACTICES:

1. The Earning, Awarding, and Accumulation of Medical Leave Credits
 - A. Medical Leave credits are earned on the basis of one (1) credit for each full calendar month of employment, excluding any period of separation, (i.e., layoff, leave of absence, extended military duty, etc.). One (1) credit is the equivalent of eight (8) hours pay for a five (5) day workweek.
 - B. Individuals having prior employment with an organization in the Rural Electric System will be awarded credits for such service according to available records, but not to exceed a maximum total grant of twelve (12) credits.
 - C. Accrual. Each employee shall be entitled to receive one (1) day, or eight (8) hours, of medical leave for each full month worked. Maximum number of days credited to this account can not accumulate beyond seventy-five (75) days effective January 01, 1998. Only medical leave actually earned prior to the date utilized may be compensable.

LICKING VALLEY RURAL ELECTRIC COOPERATIVE CORPORATION

KENTUCKY 56 MORGAN

BOARD OF DIRECTORS POLICIES AND PROCEDURES MANUAL

Policy Number 207

Effective Date: 12/20/2007

SUBJECT: MEDICAL AND BEREAVEMENT LEAVE

Page 02 of 05

After an employee has accumulated seventy-five (75) days, the following day, or eight hours, of medical leave earned, if not taken, will be paid in the following pay period at the normal rate of pay.

Medical leave will not be earned and no entitlement shall be granted for medical leave and absence caused by a compensable Worker's Compensation injury.

- D. Necessary Position Changes. An employee who has been absent from work for fifteen (15) days because of medical disability may work such a hardship upon the Cooperative that it becomes necessary to fill the position.
- E. Employees leaving the employment of Licking Valley Rural Electric Cooperative Corporation (LVRECC): when an employee leaves or is discharged from employment, he or she must be paid all wages or salary earned by him or her not later than the next normal pay period following the date of dismissal or voluntary leaving or fourteen (14) days following such date, whichever occurs later.
- F. Sick leave days earned and accumulated on or before December 31, 1997 will be "grand fathered" and administered as follows:

Active employees who have earned and accumulated sick leave days prior to December 31, 1997 may, at their request, be granted permission to withdraw balance.

2. A. The Using of Credits

Credits may be used upon the written request of the employee and under the following circumstances and limitations:

- 1. Personal illness, off-the-job injury and/or surgery. Personal illness means that the employee is disabled from working for any medical reason, including pregnancy, child birth, related medical conditions or verified exposure to communicable disease.

LICKING VALLEY RURAL ELECTRIC COOPERATIVE CORPORATION

KENTUCKY 56 MORGAN

BOARD OF DIRECTORS POLICIES AND PROCEDURES MANUAL

Policy Number 207

Effective Date: 08/15/2002

SUBJECT: MEDICAL AND BEREAVEMENT LEAVE

Page 01 of 05

PURPOSE: To provide employees with an opportunity to be paid for time not worked when such time falls on the employee's regularly scheduled workday and the absence is due to:

- 1. Off-the-job personal illness (including pregnancy) or injury.
- 2. Personal services being required when a member of the immediate family is ill.
- 3. Bereavement Leave.

POLICY: Participation in this Program is limited to those employees who have attained full-time employment status.

RESPONSIBILITIES: The General Manager shall be responsible for, or cause to have performed, the execution of the provisions and functions as set forth in this policy and assuring effective compliance thereof.

- PRACTICES:**
- 1. The Earning, Awarding, and Accumulation of Medical Leave Credits
 - A. Medical Leave credits are earned on the basis of one (1) credit for each full calendar month of employment, excluding any period of separation, (i.e., layoff, leave of absence, extended military duty, etc.). One (1) credit is the equivalent of eight (8) hours pay for a five (5) day workweek.
 - B. Individuals having prior employment with an organization in the Rural Electric System will be awarded credits for such service according to available records, but not to exceed a maximum total grant of twelve (12) credits.
 - C. Accrual. Each employee shall be entitled to receive one (1) day, or eight (8) hours, of medical leave for each full month worked. Maximum number of days credited to this account can not accumulate beyond seventy-five (75) days effective January 01, 1998. Only medical leave actually earned prior to the date utilized may be compensable.

LICKING VALLEY RURAL ELECTRIC COOPERATIVE CORPORATION

KENTUCKY 56 MORGAN

BOARD OF DIRECTORS POLICIES AND PROCEDURES MANUAL

Policy Number 207

Effective Date: 08/15/2002

SUBJECT: MEDICAL AND BEREAVEMENT LEAVE

Page 02 of 05

Medical leave will not be earned and no entitlement shall be granted for medical leave and absence caused by a compensable Worker's Compensation injury.

D. Necessary Position Changes. An employee who has been absent from work for fifteen (15) days because of medical disability may work such a hardship upon the Cooperative that it becomes necessary to fill the position.

E. Employees leaving the employment of Licking Valley Rural Electric Cooperative Corporation (LVRECC): when an employee leaves or is discharged from employment, he or she must be paid all wages or salary earned by him or her not later than the next normal pay period following the date of dismissal or voluntary leaving or fourteen (14) days following such date, whichever occurs later.

F. Sick leave days earned and accumulated on or before December 31, 1997 will be "grand fathered" and administered as follows:

Active employees who have earned and accumulated sick leave days prior to December 31, 1997 may, at their request, be granted permission to withdraw balance.

2. A. The Using of Credits

Credits may be used upon the written request of the employee and under the following circumstances and limitations:

1. Personal illness, off-the-job injury and/or surgery. Personal illness means that the employee is disabled from working for any medical reason, including pregnancy, child birth, related medical conditions or verified exposure to communicable disease.

2. Personal services required to attend a member of the immediate family (i.e., wife, husband, child, parents, or parents-in-law) involving illness, injury, or surgery.

Licking Valley Rural Electric
 Case No. 2009-00016
 Employee Earnings and Hours
 December 31, 2008

PSC 5-10-8

Employee Number	2007 Payout	
	<u>Hours</u>	<u>Vac/Sick</u> <u>Amount</u>

Salaried Employees:

2210		
7731	56.0	2,450
7711	240.0	6,929
7709	176.0	5,086
Subtotal Sala	472.0	14465.2

Hourly Employees:

2203		
2249	34.0	836
5506	104.0	2,686
2255		
2224		
5514	40.0	560
2251		
2250		
2264		
5507	8.0	197
2257		
5515	16.0	208
2245		
2261		
2259		
2247		
2240	72.0	1,860
2262		
5513	80.0	2,066
2241		
5502	120.0	2,951
1108	50.0	1,230
2246	40.0	984
2258		
2244		
7724	62.0	867

3-10-g

Licking Valley Rural Electric
Case No. 2009-00016
Employee Earnings and Hours
December 31, 2008

Employee Number	2007 Payout	
	<u>Vac/Sick</u> Hours	Amount
6603	40.0	729
4402	121.0	2,975
7716		
7723		
7703	83.0	1,825
7733		
7721	53.5	811
7706	116.5	2,408
7736		
7720		
7725	96.0	1,292
2263		
7727	8.0	108
7726		
Subtotal hour	1,144.0	24,593
Summer and Part Time Employees:		
5516		
5517		
7735		
7734		
Subtotal sum	0.0	0
Retirees:		
5501		
6602		
2260		
7730		
Subtotal retir	0.0	0
Total	1,616.0	39,058

Licking Valley Rural Electric Cooperative

Case No. 2009-00016

Third Request of Commission Staff

11. Refer to Licking Valley's response to item 26.a of Staff's Second Request. Explain the significance of the month of December in accounting for the increase in this account as opposed to any other month throughout the year.

Response:

Historically, employees take vacation in the month of December. This causes a reduction in the construction projects that are undertaken. As a result, more labor is recorded in operations and maintenance during December. This is recorded in accounts 583 and 593. Licking Valley expects this trend to continue in future years.

Witness: Jim Adkins

Licking Valley Rural Electric Cooperative

Case No. 2009-00016

Third Request of Commission Staff

12. Refer to Licking Valley's response to item 26.b of Staff's Second Request.

a. Provide a breakdown of costs attributable to the establishment of the right-of-way crew and the purchasing of right-of-way chemicals charged to Account 593.10 during the 2008 test period and provide the date when the cooperative right-of-way crew was established.

b. In the response to item 26.b, Licking Valley stated that the right-of-way crew was established "to perform smaller projects that would be more economical than using the contractor." Fully describe the type of projects that Licking Valley has determined to be "smaller projects".

c. Combined right-of-way maintenance charged to Accounts 593.10 and 593.20 increased \$105,893, or approximately 20 percent, from 2007 to 2008. In light of this increase, explain how the establishment of a cooperative right-of-way crew was determined to be more economical than not having an in-house right-of-way crew.

Responses:

12.a.	Chemicals	\$61,490
	Right of way crew	\$110,215

12.b. There are many instances where there is a need to trim only one tree. The right of way supervisor would have to either pull the right of way contractor off a job, or try to get a crew to perform this work. It was determined that a cooperative crew could be established and equipped with lighter equipment to perform these small project tasks at a more economical cost. In addition, the Licking Valley crews perform some of the right of way spraying work.

12.c. The increase was also due, in part, to PSC Case No. 2007-00494, An Investigation of the Reliability Measures of Kentucky's Jurisdictional Electric Distribution Utilities and Certain reliability Maintenance Practices. To achieve Licking Valley's goals, an additional crew was established, with more emphasis on the right-of-way spraying.

Licking Valley Rural Electric Cooperative

Case No. 2009-00016

Third Request of Commission Staff

13. In its response to item 26.g of Staff's Second Request, Licking Valley identified \$6,300 of the \$16,692 increase in annual meeting expense. Explain what gave rise to the remaining balance of \$10,392.

Response:

There was \$6,000 for scholarships for 2008, and none for 2007. The remaining increase was in food and supplies for the annual meeting.

Licking Valley Rural Electric Cooperative

Case No. 2009-00016

Third Request of Commission Staff

14. In its response to item 26.i of Staff's Second Request, Licking Valley identified \$23,200 of the \$38,548 decrease in Maintenance of Generators expense. Explain what gave rise to the remaining balance of \$15,348.

Response

This account is titled as Account No. 935, Maintenance of General Property.

The original response included estimates for the warehouse remodel and garage door installation. After adding all costs for both projects, the explanation for the changes from 2007 to 2008 are more accurately reflected as follows:

Account 935, Maintenance of general property	<u>2008</u>	<u>2007</u>
Labor and benefits	81,804	84,654
Taxes and insurance	45,221	41,178
Warehouse remodel		32,177
Garage door		15,614
Cleaning and supplies	31,266	23,216
	158,291	196,839

Licking Valley Rural Electric Cooperative

Case No. 2009-00016

Third Request of Commission Staff

15. Refer to Licking Valley's response to item 28 of Staff's Second Request. The updated Exhibit 5 indicates an increase in the test-year interest for RUS loan 1B250 of \$7,544 more than the amount included in the same schedule in the application. If this is correct, explain the reason for the increase.

Response:

The interest rate should be 5%, not 6% as reported for loan 1B250 in the response to Item 28 of Staff's Second Request. That is the reason for the difference. Excel automatically adds 1 when a cell is dragged down. Licking Valley should have copied the formula instead of dragging the cell. The interest of 5% in the application is correct.

Licking Valley Rural Electric Cooperative

Case No. 2009-00016

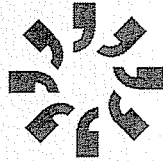
Third Request of Commission Staff

16. Licking Valley's response to item 30 of Staff's Second Request did not fully describe the nature of the NRECA seminars attended by Tommy Hill and John May during the test year. Provide a detailed narrative or documentation describing fully the agenda of the seminars and the nature of the topics covered at each NRECA seminar.

Response

Licking Valley apologizes for not responding fully. A copy of the agenda for each meeting is attached.

2008 Regional Meetings



Our Energy, Our Future A Dialogue With America



Regions 2 & 3 | September 22-24, 2008 | Tampa, Florida



General Information

REGISTRATION DESK

Grand Ballroom Foyer | Tampa Marriott Waterside | Tampa, Florida

Monday, September 22 8:00 am – 4:30 pm

Tuesday, September 23 8:00 am – 4:00 pm

ADMISSION FEES

Admission to sessions is by registration badge only.

Registration Fee: \$395*

Delegates attending for one day: \$195

Spouse/Guest Fee: \$25

Retired managers, directors or employees of member systems shall be admitted *without charge*.

* INCLUDES ASSOCIATE MEMBERS AND VENDORS

MESSAGES AND ANNOUNCEMENTS

Messages and announcements should be given to Sergeants-at-Arms. Announcements will be made at the end of the sessions.

For lists of Sergeants-at-Arms, Resolutions and Nominating Committees, and others serving this meeting, see pages 8–11.

VOTING DELEGATES

A Voting Delegate Desk will be located in the meeting registration area. All Delegates must register and receive Regional Meeting badges before they can be issued special ribbons and Voting Credential cards that they will be required to bring and present at the Business Session. Alternates will be furnished voting delegate credentials and ribbons only if the voting delegate has not registered and will not be present at the Business Session.

REFUND POLICY

The NRECA Board of Directors established a No Refund Policy for Annual and Regional Meeting registration fees. However, a member may substitute another employee or director for the fee or request that the fee be applied as a credit to the system for NRECA Regional and Annual Meetings, conferences and training programs that will be held within 365 days. The request must be in writing and may be sent to membership@nreca.coop or NRECA, Attn: Membership Support Services, MEM8-160, 4301 Wilson Blvd., Arlington, VA 22203.

Schedule

Monday, September 22

8:00 am

NEW DIRECTOR ORIENTATION

*(Half-day program – Co-sponsored by
NRECA, CFC, NRIC)*

Meeting Room 6

REGISTRATION OPENS (UNTIL 4:30 PM)

Grand Ballroom Foyer

8:30 am

REGION 2 RESOLUTIONS COMMITTEE MEETING

Meeting Room 8, 3rd Floor

REGION 3 RESOLUTIONS COMMITTEE MEETING

Meeting Room 9, 3rd Floor

Noon

NRECA PROGRAMS AND SERVICES CENTER

Meeting Room 5

- Executive Search
- Insurance and Financial Services
Field Representatives
- National Consulting Group

12:45 pm

SERGEANTS-AT-ARMS BRIEFING

1:30 pm

FIRST GENERAL SESSION

Grand Ballroom

ANGUS S. HASTINGS, NRECA Florida Director,
presiding

Welcome

REV. DR. THOMAS SCOTT, Chairman,
Tampa City Council, FL

Pledge of Allegiance

Invocation

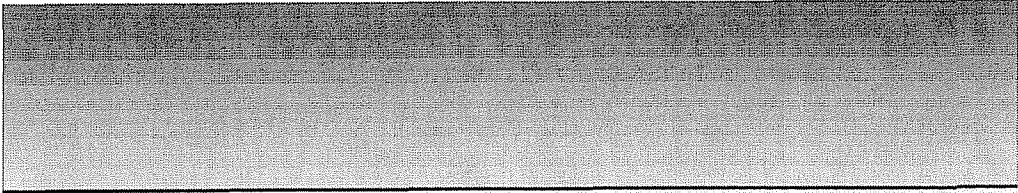
WILLIAM R. MULCAY, Jr., Peace River
Electric Cooperative, FL

Introduction of Directors and Officers

Our Energy, Our Future: The Time is Now

Report of the Chief Executive Officer

GLENN ENGLISH, NRECA CEO



Our Energy, Our Future: The Focus on Affordability

MARY MCLAURY, NRECA, Vice President,
Education and Training

DAVID LAMBERT, Manager of Member Relations,
Withlacoochee River Electric Cooperative, FL

MIKE COUICK, President/CEO, Electric
Cooperatives of South Carolina, SC

Refreshment Break

(Sponsored by Federated Rural Electric Insurance Exchange)
Grand Ballroom Foyer

The Focus on Accountability and Affordability

BOB PATTON, NRECA, Senior Principal,
Education Programs

MONICA SCHMIDT, NRECA, Vice President,
National Consulting Group

Resolutions Overview & Briefing

International Programs Presentation

INGRID HUNSICKER, Manager,
NRECA International Foundation
U.S. Volunteers – Giving the Gift of Light

Announcements

Adjourn

4:30 pm

INTERNATIONAL PROGRAMS WORKSHOP

“Gift of Light – Award Ceremony”

Florida Salon IV

NISC DISTRICTS 2 & 3 MEMBERSHIP MEETING

Florida Salon I & II

Schedule

Tuesday, September 23

7:00 am

ACTION COMMITTEE FOR RURAL ELECTRIFICATION (ACRE®) BREAKFAST

(Tickets, \$20, are available at the NRECA Registration Desk)

Florida Ballroom

ANGUS HASTINGS, NRECA Florida Director,
Clay Electric Co-op

8:00 am

REGISTRATION RE-OPENS (UNTIL 4:00 PM)

Grand Ballroom Foyer

8:30 am

REGION 2 NOMINATING COMMITTEE MEETING

Greco Boardroom

REGION 3 NOMINATING COMMITTEE MEETING

Bayshore Boardroom

NRECA PROGRAMS AND SERVICES CENTER

Meeting Room 5

- Executive Search
- Insurance and Financial Services Field Representatives
- National Consulting Group

9:00 am

SECOND GENERAL SESSION

Grand Ballroom

LARRY E. ELKINS, NRECA Tennessee Director,
presiding

Report of USDA Rural Development

JAMES M. ANDREW, Administrator,
Rural Utilities Service

NRECA Financial Report

MICHAEL J. GUIDRY, NRECA Secretary-Treasurer
and Louisiana Director

NRECA President's Report

JACK F. WOLFE, JR., NRECA President
and South Carolina Director

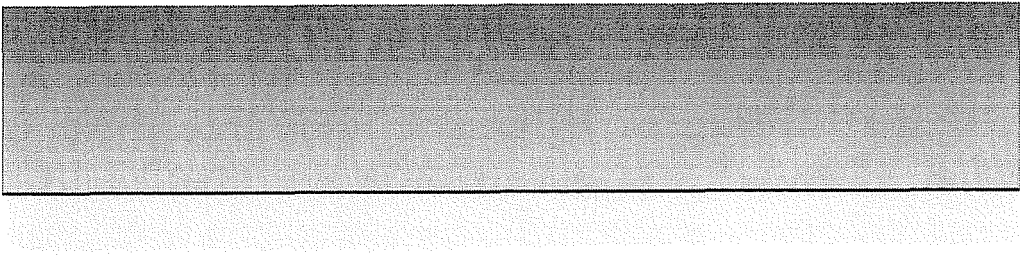
Presentation of Educational Certificates

JACK F. WOLFE, Jr., NRECA President

Refreshment Break

*(Sponsored by Federated Rural Electric Insurance Exchange
and SEDC)*

Grand Ballroom Foyer



**Keeping Lights on Affordably—
The Growing Role for Efficiency**

MARTIN LOWERY, NRECA, Executive
Vice President, External Affairs

JAY MORRISON, NRECA, Associate Director,
Regulatory Counsel

Announcements

Adjourn

Noon

GENERAL MEMBERSHIP LUNCHEON

(Tickets, \$35, available at the NRECA Registration Desk)
Florida Ballroom

RICHARD GONZMART, President,
Columbia Restaurant

1:30 pm

THIRD GENERAL SESSION

Grand Ballroom

GALEN MILLS, NRECA Georgia Director, *presiding*

Our Youth, Our Future: Voices from Youth Tour

The Focus on Technology

ED TORRERO, NRECA, Executive Director,
Cooperative Research Network

**Report from NRTC: Meeting Challenges
Through Technology**

BOB PHILLIPS, NRTC, President and CEO

**Penny Wise but Pound Foolish: Not All Cost Cutting
Measures are Effective**

JIM BAUSELL, NRECA, Vice President,
Business Development

Announcements

Adjourn

Schedule

TUESDAY, CONTINUED

3:30 pm

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION (CFC) DISTRICTS 2 & 3 MEETING

Grand Ballroom

SHELDON C. PETERSEN, Governor/CEO

RAPHAEL BRUMBELOE (Georgia), Overall Chairman

BURNS MERCER (Kentucky), Overall Secretary-Treasurer

Join Sheldon and the Districts 2 & 3 Board Members for a review of CFC's operations and an industry update.

Elections will be held for the District 2 Manager-Director and District 3 Director-Director positions on the CFC Board of Directors.

5:30 pm

REGIONAL RECEPTION

(Hosted by NRIC and the Florida Electric Cooperative Association)

Lobby Patio & Riverwalk

Back-up location: Florida Ballroom

SAVE THE DATE!

September 29 – October 1, 2009

Regions 2 & 3 Meeting

Chattanooga, Tennessee

Schedule

Wednesday, September 24

7:00 am

CEO BREAKFAST

(Co-sponsored by CFC; By Invitation Only)
Meeting Rooms 8–10, 3rd Floor

9:00 am

FOURTH GENERAL SESSION

Grand Ballroom

MARTIN ANDERSON, NRECA Alabama Director,
presiding

Introduction of the Sergeants-at-Arms

Coffee with the Leadership

(Refreshments sponsored by the Cooperative Response Center)

JACK F. WOLFE, Jr., NRECA President

GLENN ENGLISH, NRECA CEO

Our Energy, Our Future—The Person is You

Business Meeting (Region 2)

Grand Ballroom

ANGUS S. HASTINGS, Region 2 Executive
Committeeperson, *presiding*

Business Meeting (Region 3)

Florida Salon I–IV

LARRY E. ELKINS, Region 3 Executive
Committeeperson, *presiding*

Call to Order

Adoption of Agenda

Adoption of Standing Rules

Approval of Minutes of 2007 Region Meeting

Introduction and Report of Nominating Committee

Election of Region Members to 2009 NRECA Standing Committees

Consideration of Proposed Resolutions

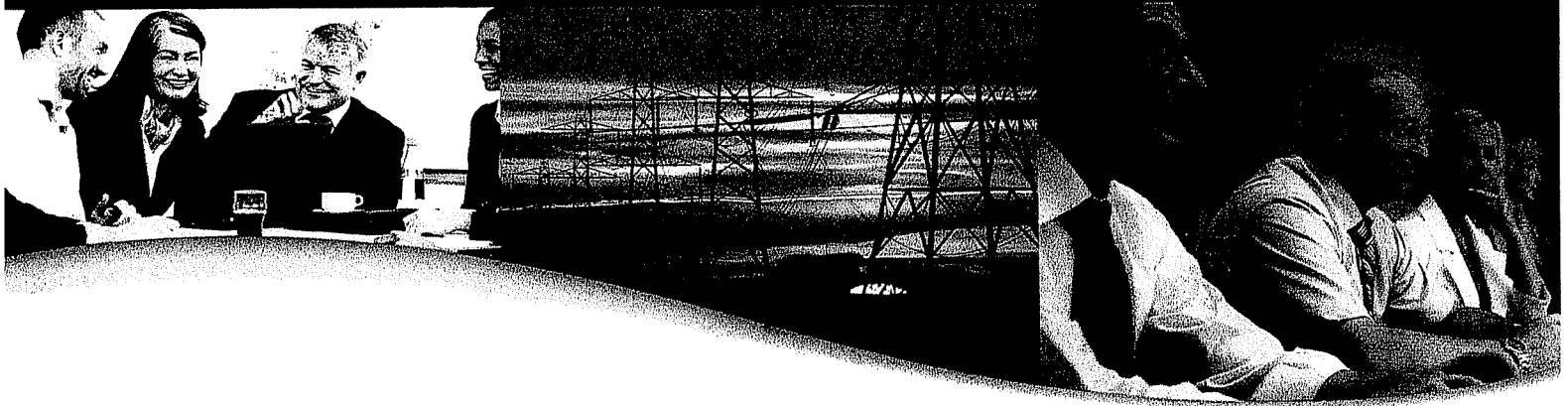
New Business

Adjourn

PSC - 3-16

2008

Summer School for Directors



Summer School East
June 6-11,
Savannah, GA

Summer School West
July 11-16
Colorado Springs, CO



Classes are forming right now. Register today!

Summer School East June 6-11, Savannah, GA	Summer School West July 11-16 Colorado Springs, CO
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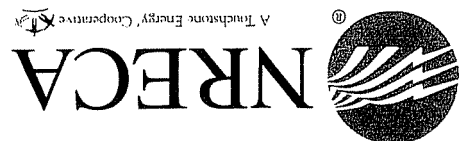
NRECA Summer School for Directors 2008

Kerry K. Howard
General Manager
Licking Valley RECC
PO Box 605
West Liberty, KY 41472-0605

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'08 Summer School for Directors

Today's electric utility industry changes fast and often. To keep up, co-op directors need to keep learning. To help you succeed, NRECA offers you Summer School for Directors. This six-day program enables you to:

- Gain the essential knowledge and skills you need to succeed on the board
- Complete all required courses to earn the Credentialed Cooperative Director (CCD) certificate
- Advance beyond the CCD level toward the Board Leadership Certificate (BLC)

Classes are forming right now. Register today!

2008 Summer Schools (East & West) Schedule of Courses

Registration: 7:00-8:00 a.m.
Class Hours: 8:00 a.m.-4:00 p.m.

Friday SS East, June 6 SS West, July 11	Saturday SS East, June 7 SS West, July 12	Sunday SS East, June 8 SS West, July 13	Monday SS East, June 9 SS West, July 14	Tuesday SS East, June 10 SS West, July 15	Wednesday SS East, June 11 SS West, July 16
901.1 Rules and Procedures for Effective Board Meetings	903.1 The Role of the Board Chair in Conducting Effective Meetings	902.1 Understanding the Role of the Board Chair NEW!	925.1 Co-op Bylaws: Guiding Principles & Current Issues	930.1 Ethics & Governance: Implementing the New Accountability	967.1 Fundamentals of Energy Risk Management for Directors
923.1 New & Emerging Technologies: What Every Director Needs to Know	914.1 Cooperative Communications & Public Opinion—the Director's Perspective	929.1 Current Issues in Policy Development	938.1 Effective Boards—Why Some Succeed and Some Fail NEW!	935.1 Appraising and Compensating the CEO	975.1 Capital Credits: Legal and Financial Issues
	924.1 When Disaster Strikes—Continuity Management & Emergency Response Planning for Directors	968.1 Advanced Rate Decisions: For Experienced Directors	951.2 Developing Effective Boardroom Decision Making (Concludes at Noon on 2nd day)		
				966.1 Understanding the New World of Power Supply NEW!	
2600.1 Director Duties and Liabilities	2620.1 Board Roles and Relationships	2610.1 Understanding the Electric Business	2630.1 Strategic Planning	2640.1 Financial Decision Making	

951.2

Developing Effective Boardroom Decision Making

BLC Effective decision making is a must for today's co-op boards. Directors need the tools to assess today's challenges, identify options and to determine the best choice for all involved. This course shows directors the techniques and skills needed to identify issues, hold constructive discussions, and resolve conflict effectively.

966.1

Understanding the New World of Power Supply

BLC Directors face a new world in which power supply decisions are more complex, involve greater risks and have greater cost consequences for consumers. This course will help directors understand

- What brought about today's business environment
- Why decision making has become more complex
- Risk-assessment tools utilities can use to limit their exposure to today's volatile power supply



967.1

Fundamentals of Energy Risk Management for Directors

BLC This course introduces directors to the complexities and risks—operational, credit and regulatory—of the new wholesale energy environment. Participants will learn about the rules of power supply, including risk management, energy trading and the reliability of power supply contracts.

968.1

Advanced Rate Decisions: For Experienced Directors

BLC This course explains the complex issues that must be balanced when the board considers equity management and alternative rate philosophies and strategies. Case studies and problem-solving situations help attendees analyze and discuss such issues as equity goals, long-range revenue requirements, achieving fairness for multiple rate classes, and dealing with proposed rate increases.

Directors are strongly encouraged to take Course 2640.1 (Financial Decision Making) before taking this course.

975.1

Capital Credits: Legal and Financial Issues

BLC According to the Capital Credits Task Force Report of 2005, adopting and implementing a capital credits policy are key responsibilities of a co-op's board and management. As the elected representatives of the members, directors must understand the co-op's capital credits policy. Directors must be able to explain to members why the policy was adopted and how it works. Management and staff are responsible for executing the board's policy.

NRECA recommends that directors complete Course 2640.1 (Financial Decision Making) before they take this course.



COOPERATIVE.COM

The Directors Community

Cooperative.com hosts an online community for co-op directors that you need to be a part of. Your online benefits will include:

- News on critical board-CEO issues
- Updates on leadership, ethics and governance issues
- Access to board best practices and learning opportunities
- Quick online access to co-op directors across the country

Visit Cooperative.com to register today!

Travel and Accommodations

Summer School East

Hyatt Regency Savannah Hotel

2 W. Bay Street
Savannah, GA 31401
Reservations: 912.238.1234
Room rate: \$177 single/double
Room Block Cutoff Date: May 5, 2008
Check-in: 3:00 p.m. Check-out: Noon

Summer School West

Antlers Hilton Colorado Springs

4 S. Cascade Avenue
Colorado Springs, CO 80903
Reservations: 719.955.5600
Room rate: \$164 single/double
Room Block Cutoff Date: June 10, 2008
Check-in: 3:00 p.m. Check-out: Noon

Airline Discount

United Airlines

800.521.4041
Meeting ID Code: 507UA
Discounts on area pricing based on geographic location: 7% discount on tickets purchased 30 days prior; 2% discount on tickets purchased within 29 days before arrival.

Rental Car Discounts

Avis

800.331.1600
Avis offers NRECA Summer School attendees rental discounts with Avis Worldwide Discount number AWD #A403898 and the rate code M7-M9.



**Mark Your Calendar for NRECA's
2008 Winter School for Directors December 12-17, 2008**

Gaylord Opryland Resort & Convention Center • Nashville, TN

More information will be available on **Cooperative.com**

2008 Summer School for Directors

REGISTRATION FORM (Use one form for each registrant)

Yes! Register me for Summer School.

Please indicate which Summer School program you plan to attend. If you are attending more than one Summer School, please submit a registration form for each location. Check the Appropriate box below.

- Summer School East
June 6-11
Savannah, GA
- Summer School West
July 11-16
Colorado Springs, CO



NRECA

A Touchstone Energy Cooperative

1. Contact Information

Please print.

NAME		TITLE	
COMPANY			
ADDRESS			
CITY		STATE	ZIP
TELEPHONE	EXT	FAX	EMAIL

2. Enrollment Fees

All session fees are \$525 unless noted. All sessions begin at 8:00 AM and end at 4:00 PM unless noted. Please select one session per day.

Fri.	<input type="checkbox"/>	2600.1	Director Duties and Liabilities
	<input type="checkbox"/>	901.1	Rules and Procedures for Effective Board Meetings
	<input type="checkbox"/>	923.1	New & Emerging Technologies—What Every Director Needs to Know
Sat.	<input type="checkbox"/>	2620.1	Board Roles and Relationships
	<input type="checkbox"/>	903.1	The Role of the Board Chair in Conducting Effective Meetings
	<input type="checkbox"/>	914.1	Cooperative Communications and Public Opinion — The Director's Perspective
	<input type="checkbox"/>	924.1	When Disaster Strikes — Continuity Management and Emergency Response Planning for Directors
Sun.	<input type="checkbox"/>	2610.1	Understanding the Electric Business
	<input type="checkbox"/>	902.1	Understanding the Role of the Board Chair NEW!
	<input type="checkbox"/>	929.1	Current Issues in Policy Development
	<input type="checkbox"/>	968.1	Advanced Rate Decisions: For Experienced Directors
Mon.	<input type="checkbox"/>	2630.1	Strategic Planning
	<input type="checkbox"/>	925.1	Co-op Bylaws: Guiding Principles and Current Issues
	<input type="checkbox"/>	938.1	Effective Boards—Why Some Succeed and Some Fail NEW!
	<input type="checkbox"/>	951.2	Developing Effective Boardroom Decision Making - \$750 (Session begins Monday and ends Tuesday at Noon)
Tues.	<input type="checkbox"/>	2640.1	Financial Decision Making
	<input type="checkbox"/>	930.1	Ethics and Governance: Implementing the New Accountability
	<input type="checkbox"/>	935.1	Appraising and Compensating the CEO
	<input type="checkbox"/>	966.1	Understanding the New World of Power Supply NEW!
Wed.	<input type="checkbox"/>	967.1	Fundamentals of Energy Risk Management for Directors - \$625
	<input type="checkbox"/>	975.1	Capital Credits: Legal and Financial Issues

3. Method of Payment

- Check Payable to NRECA enclosed Invoice Me
Charge my: AMEX Discover MC Visa

Name on Card _____
Card Number _____ Exp Date _____
Signature _____

4. Three Ways to Register

- > Online: www.cooperative.com
- > Fax: 703.907.5951
- > Mail: NRECA
P.O. Box 758777
Baltimore, MD 21275-8777

Cancellation, Substitution and Refund Policy:

All changes must be made in writing. Cancellations received at least 10 business days before each Summer School are fully refundable. Registrants that cancel with less than 10 business days' notice will be issued a refund minus a \$150 materials fee. Substitutions are always welcome. Registrants failing to cancel prior to the start of the event and no-shows are responsible for paying the full registration fee. For more information on cancellations or refunds, please call Membership and Association Support Services at 703 907 5868, or e-mail membership@nreca.coop, or send fax to 703 907 5951.

2008

Winter School for Directors

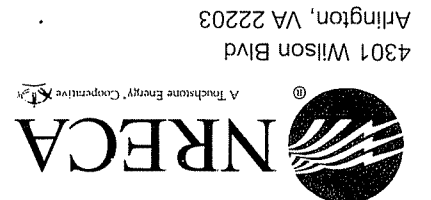


December 12-17
 Gaylord Opryland Resort & Convention Center
 Nashville, TN



NRECA's Winter School
 for Directors
 — Lifelong Learning for Success

Dec. 12-17, 2008
 Gaylord Opryland Resort
 & Convention Center
 Nashville, TN



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2008 Winter School for Directors

Today's electric utility industry changes fast and often. To keep up, co-op directors need to keep learning. To help you succeed, NRECA offers you Winter School for Directors. This six-day program enables you to:

- Gain the essential knowledge and skills you need to succeed on the board
- Complete all required courses to earn the Credentialed Cooperative Director (CCD) certificate
- Advance beyond the CCD level toward the Board Leadership Certificate (BLC)

Classes are forming right now. Register today!

2008 Winter School for Directors Schedule of Courses

Registration: 7:00-8:00 a.m.
Class Hours: 8:00 a.m.-4:00 p.m.

Fri, Dec. 12	Sat, Dec. 13	Sun, Dec. 14	Mon, Dec. 15	Tues, Dec. 16	Wed, Dec. 17
901.1 Rules and Procedures for Effective Board Meetings	902.1 Understanding the Role of the Board Chair NEW!	929.1 Current Issues in Policy Development	914.1 Cooperative Communications & Public Opinion—the Director's Perspective		923.1 New & Emerging Technologies: What Every Director Needs to Know
925.1 Co-op Bylaws: Guiding Principles & Current Issues	903.1 The Role of the Board Chair in Conducting Effective Meetings	938.1 Effective Boards—Why Some Succeed and Some Fail! NEW!	968.1 Advanced Rate Decisions: For Experienced Directors	951.2 Developing Effective Boardroom Decision Making (Concludes at Noon, Dec. 17)	
	930.1 Ethics & Governance: Implementing the New Accountability	966.1 Understanding the New World of Power Supply	972.1 Energy Efficiency & Today's Electric Cooperative NEW!	970.1 The Role of Renewables in Power Supply	935.1 Appraising and Compensating the CEO
2600.1 Director Duties and Liabilities	2620.1 Board Roles and Relationships	2640.1 Financial Decision Making	2610.1 Understanding the Electric Business	975.1 Capital Credits: Legal and Financial Issues	2630.1 Strategic Planning <i>Tommy needs</i>

2008 Winter School Courses

Credentialed Cooperative Director (CCD) and Board Leadership Certificates (BLC) *What's the Difference?*

The **Credentialed Cooperative Director (CCD)** certificate gives you the knowledge and skills you need to meet the typical challenges you'll face on today's board.

The **Board Leadership Certificate (BLC) Program** offers more advanced courses for directors. Directors may attend BLC courses at any time, but the BLC will not be awarded until the CCD program requirements are completed.

CCD Look for the CCD symbol that indicates which courses count toward this certificate.

BLC Look for the BLC symbol that indicates which courses count toward this more advanced certificate.

CCD 2600.1 Director Duties and Liabilities

Co-op boards are responsible for directing the affairs of the corporation. This course, the first of the required CCD courses, explains the board's duties of loyalty, obedience and due care, and the need for directors to acquire the knowledge and skills necessary to fulfill their responsibilities. Topics covered will include the co-op business model, an overview of today's electric utility business, legal and regulatory concepts, and the importance of maintaining an effective CEO-board relationship.

CCD 2610.1 Understanding the Electric Business

This course helps directors understand why the electric utility industry is an evolving high-tech system. Such a system must be designed and engineered to meet regulatory and consumer standards for reliability, quality and safety. These goals require an appropriate investment on a planned and ongoing basis. Participants will gain an understanding of the key components of the electric utility industry.

CCD 2620.1 Board Roles and Relationships

The success of your co-op depends on its ability to nurture and maintain effective relationships with consumers, community leaders, media, public officials and others. This course explains how the director and the board each play a key role in developing plans and implementing them to maintain and manage these relationships.

CCD 2630.1 Strategic Planning

Boards have ultimate responsibility for ensuring and evaluating the long-term health of the organization. To achieve this goal, directors use strategic planning. They also authorize the appropriate allocation of resources through the adoption of financial policies and by budget review and approval. This course teaches directors how to conduct an effective strategic planning process.

CCD 2640.1 Financial Decision Making

This course helps directors understand the role of the board in financial planning, including identifying the basic documents used in *financial planning and reporting*, assessing the issues that drive financial decisions, balancing competing goals, and taking responsibility to monitor and evaluate results.

BLC 901.1 Rules and Procedures for Effective Board Meetings

To equip directors to participate more effectively in board meetings, this course introduces them to the rules of parliamentary procedure as contained in Robert's Rules of Order. Topics covered include the essential rules of debate, the key elements of agendas and minutes, and procedures for voting, elections, and secret ballots.

BLC 902.1 NEW! (as of June '08) Understanding the Role of the Board Chair

Board chairs have a critical role in leading the board. They must work closely with the CEO to ensure that meetings are well organized and focused on strategic issues. They must maintain order, while encouraging group participation. They must help the board make good decisions at a time of increasing industry complexity. They must also ensure that the board remains unified even when directors have differing opinions.

This course helps participants to understand and practice essential board leadership skills, including:

- Understanding how basic human differences affect boardroom dynamics
- Ensuring that strategic priorities are identified and reflected in meeting agendas
- Ensuring that board decisions are clearly documented
- Enforcing the rules of debate and decorum to ensure that issues are addressed fairly and all directors are treated with respect
- Helping the board reach closure

BLC 903.1 The Role of the Board Chair in Conducting Effective Meetings

Course participants will learn the skills that board chairs need to run successful meetings, including how to organize the meeting, present the issues, encourage the free exchange of opinion among board members, and lead the decision-making process to a successful resolution. The material presented complies with Robert's Rules of Order Newly Revised, the parliamentary authority used by more than 95 percent of the groups in the United States.

BLC 914.1 Cooperative Communications and Public Opinion—The Director's Perspective

Electric co-ops need to communicate effectively today to maintain member loyalty. Whether it's communicating future rate increases or advertising your co-op's participation in renewables, strong communication programs strengthen your identity with your consumers

and build customer loyalty. This course explains the roles and responsibilities of directors for communications during a crisis or controversy. It also covers how to manage public opinion.

BLC 923.1 New and Emerging Technologies—What Every Director Needs to Know

The business of providing safe, reliable, and cost-effective electrical service has never been more dependent upon technology. This course explores recent advances in distribution system automation and information technology (IT) tools. It explains how these technologies help rural electric co-ops deliver superior service to their member owners. Through case study and interactive discussion, this course covers advances in automated meter reading, Supervisory Control and Data Acquisition (SCADA) technologies, broadband over power lines (BPL) and more.

BLC 925.1 Co-op Bylaws: Guiding Principles and Current Issues

This course addresses the rights and expectations of co-op members and the powers bestowed upon the board to govern a member-owned business. Participants will learn to address these rights and expectations within the context of the co-op's Articles of Incorporation and applicable state laws and federal regulations.

BLC 929.1 Current Issues in Policy Development

This course encourages attendees to view policies as proactive tools to establish a standard of board behavior needed for governance in today's electric co-op. Participants will discuss current issues facing rural electric co-ops and how the governance function contributes to the co-op and adds value. Attendees will review examples of policies relevant to addressing today's governance issues. Key topics include a suggested standardized policy structure and format, and a successful approach for reviewing and updating your co-op's governing policies.

BLC 930.1 Ethics and Governance: Implementing the New Accountability

In the new era of co-op accountability, boards and management are expected—and in some cases required—to implement standards, programs, and procedures involving such issues as codes of conduct, document retention, whistle-blower protection, fraud risk assessment and financial transparency. Participants will learn practical strategies to help co-ops design and develop plans and programs that address these new expectations.

BLC 935.1 Appraising and Compensating the CEO

The board is responsible for appraising and compensating the chief executive. Appraisal is the process of using agreed-upon measures to evaluate the CEO's performance. Compensation is the process of developing a salary range and approving a salary based on the appraisal. This course helps directors fulfill their responsibilities to ensure a sound board-CEO relationship.

BLC 938.1 NEW! (as of June '08) Effective Boards: Why Some Succeed and Some Fail

Experienced co-op directors, working in small groups, will learn practical governance techniques to ensure the success of their board.

Participants will analyze actual case studies of corporate board failures that resulted in public scrutiny, lawsuits and investigations by committees of Congress. Questions addressed during the course include:

- What are the key facts in the case from a board perspective?
- What did the board do that got it into trouble?
- What *should* the board have done to decrease the risk of failure?

BLC 951.2 Developing Effective Boardroom Decision Making

Effective decision making is a must for today's co-op boards. Directors need the tools to assess today's challenges, identify options and to determine the best choice for all involved. This course shows directors the techniques and skills needed to identify issues, hold constructive discussions, and resolve conflict effectively.

BLC 966.1 Understanding the New World of Power Supply

Directors face a new world in which power supply decisions are more complex, involve greater risks and have greater cost consequences for consumers. This course will help all directors understand

- What brought about today's business environment
- Why decision making has become more complex
- Risk assessment tools utilities can use to limit their exposure to today's volatile power supply

BLC 968.1 Advanced Rate Decisions: For Experienced Directors*

This course explains the complex issues that must be balanced when the board considers equity management and alternative rate philosophies and strategies. Case studies and problem solving situations help attendees analyze and discuss such issues as equity goals, long-range revenue requirements, achieving fairness for multiple rate classes, and dealing with proposed rate increases.

**Directors are encouraged to complete Course 2640.1 (Financial Decision Making) before taking this course.*

BLC 970.1 The Role of Renewables in Power Supply*

Electric co-op boards face many important questions about renewables: What role should renewable energy play in our power supply portfolio? How should our co-op respond to member requests for green power? What factors should be considered when purchasing power from members with renewable generation capacity? What are the key regulations and laws pertaining to renewable energy and how do they affect our co-op? This course informs directors on the issues related to establishing policy that will guide their co-ops in addressing renewables.

**Directors are encouraged to complete course 966.1 (Understanding the New World of Power Supply) before taking this course.*

BLC 972.1 NEW! (as of Dec. '08)
Energy Efficiency at Today's Electric Cooperative

The world's energy economy is changing fast, driven by unprecedented growth and demand for energy and other resources. This growing demand will have significant impact on consumers and utilities everywhere. Prudence and due diligence force us to assume that resources will become scarcer, prices will move higher, and decisions about electricity infrastructure will be more politically charged. This course helps directors understand the basics of energy efficiency technologies, including how they must be integrated into the utility's strategic plan and coordinated with the power supplier. The course will be down-to-earth and pragmatic, discussing all sides of the issues with an emphasis on understanding potential impacts on utility revenues and expenses.

Upon completion of this course, directors will be able to:

- Recognize that the electric utility industry is being fundamentally transformed because of worldwide economic forces
- Identify how electric co-ops will be directly affected by these forces, including at the distribution and end-use consumer levels
- Discuss technology and rate-based strategies that can help co-ops address some of these challenges

The Directors Community

Save time, save money, with a convenient, private and easy-to-use Internet-based resource.



COOPERATIVE.COM

You can easily find ...

- News on critical board/CEO issues
- Current leadership ethics and governance issues
- Access to best practices and training
- A connection to other co-op directors
- Lists of courses required for CCD certificate and BLC
- And much more

All available on the Directors Community on *Cooperative.com*

How to Register

If you don't have your *Cooperative.com* username and password:

- Go to *Cooperative.com*
- Click "Register" and follow the easy instructions. *Cooperative.com* will verify your eligibility—usually within seconds

If you've registered but have forgotten your password, no problem. Simply click on "Reset" in the log-on box at *Cooperative.com*.

BLC 975.1
Capital Credits: Legal and Financial Issues*

According to the Capital Credits Task Force Report of 2005, adopting and implementing a capital credits policy are key responsibilities of a co-op's board and management. As the elected representatives of the members, directors must understand the co-op's capital credits policy. Directors must be able to explain to members why the policy was adopted and how it works. Management and staff are responsible for executing the board's policy.

**Directors are encouraged to complete Course 2640.1 (Financial Decision Making) before taking this course.*

Travel and Accommodations

Winter School for Directors

Gaylord Opryland Resort & Convention Center

2800 Opryland Drive
 Nashville, TN 37214

Room Rate: \$159 Single/Double

Reservations: 866.972.6779

Room Block Cutoff Date: November 10, 2008

Check-in/out: 3:00 p.m./11:00 a.m.

Airline Discounts

United Airlines

800.521.4041

Meeting ID Code: 507UA

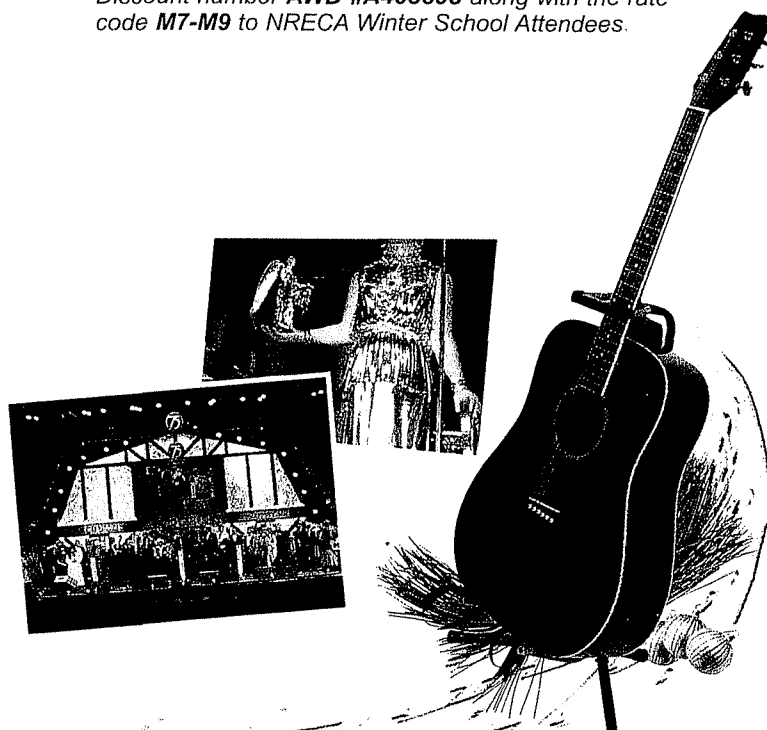
Discounts on area pricing based on geographic location. 7% discount on tickets purchased 30 days prior; 2% discount on tickets purchased within 29 days before arrival.

Rental Car Discounts

Avis

800.331.1600

*Avis offers rental discounts with Avis Worldwide Discount number **AWD #A403898** along with the rate code **M7-M9** to NRECA Winter School Attendees.*



2008 Winter School for Directors

Registration Form (Use one form for each registrant)

Yes! Register me for Winter School

1. Contact Information

Name		Title
Company		
Address		
City	State	ZIP
Telephone	Fax	E-mail

2. Enrollment Fees

All session fees are \$525 unless otherwise noted. All sessions begin at 8:00 a.m. and end at 4:00 p.m. unless otherwise noted. Please select one session per day.

Fri., Dec. 12

- 2600.1 Director Duties and Liabilities
- 901.1 Rules and Procedures for Effective Board Meetings
- 925.1 Co-op Bylaws: Guiding Principles and Current Issues

Sat., Dec. 13

- 2620.1 Board Roles and Relationships
- 902.1 Understanding the Role of the Board Chair
NEW! (June '08)
- 903.1 The Role of the Board Chair in Conducting Effective Meetings
- 930.1 Ethics and Governance: Implementing the New Accountability

Sun., Dec. 14

- 2640.1 Financial Decision Making
- 929.1 Current Issues in Policy Development
- 938.1 Effective Boards: Why Some Succeed and Some Fail
NEW! (June '08)
- 966.1 Understanding the New World of Power Supply

Mon., Dec. 15

- 2610.1 Understanding the Electric Business
- 914.1 Cooperative Communications and Public Opinion—The Director's Perspective
- 968.1 Advanced Rate Decisions: For Experienced Directors
- 972.1 Energy Efficiency at Today's Electric Cooperative
NEW! (Dec. '08)

Tues., Dec. 16

- 2630.1 Strategic Planning
- 951.2 Developing Effective Boardroom Decision Making* - \$750
- 970.1 The Role of Renewables in Power Supply
- 975.1 Capital Credits: Legal and Financial Issues

Wed., Dec. 17

- 923.1 New & Emerging Technologies – What Every Director Needs to Know
- 935.1 Appraising and Compensating the CEO

*Course 951.2 is a two-day course offered Tues.-Wed.

3. Method of Payment

- Check Payable to **NRECA** enclosed Invoice Me
- Charge my: AMEX Discover MC Visa

Name on Card

Card Number

Exp. Date

Signature

4. Three Ways to Register

Online: www.cooperative.com

Fax: 703.907.5951

Mail: NRECA

P.O. Box 758777

Baltimore, MD 21275-8777

Cancellation, Substitution and Refund Policy:

All changes must be made in writing. Cancellations received by **November 28, 2008** are fully refundable. Registrants who cancel after this date will be issued a refund minus a \$150 materials fee. Substitutions are always welcome. Registrants failing to cancel prior to the start of the event and no-shows are responsible for paying the full registration fee. For more information regarding cancellations or refunds, please call Membership and Association Support Services at 703.907.5868, or e-mail membership@nreca.coop, or send fax to 703.907.5951



NRECA

A Touchstone Energy Cooperative

Licking Valley Rural Electric Cooperative

Case No. 2009-00016

Third Request of Commission Staff

17. Refer to Licking Valley's response to item 32.a of Staff's Second Request.
- a. Provide written documentation of Licking Valley's policy regarding reimbursement for exercise equipment.
 - b. How long has such a policy been in place and on how many occasions has Licking Valley reimbursed employees for exercise equipment?
 - c. Explain whether the exercise equipment for which Licking Valley reimbursed Larry Easterling is located on Licking Valley's premises and therefore available to other employees.

Responses:

17.a. Licking Valley does not have a written policy to reimburse for exercise equipment. Larry Easterling is the General Superintendent, and all purchases at the Malone office must be authorized by him. There was a piece of exercise equipment that needed to be replaced. This equipment is located on Licking Valley's property and is used exclusively by Licking Valley employees. Exercise and exercise equipment are part of the wellness and fitness program that Licking Valley encourages its employees to participate in. This helps keep employees healthy, and, in the long run, reduces health insurance premiums for Licking Valley.

17.b. As a general rule, exercise equipment is purchased directly from a vendor, however, in the event equipment wears out, or breaks, it must be purchased on short notice. West Liberty does not have any place to purchase this type of equipment, so it must be purchased when an employee travels to another location for business, or on weekends.

17.c. This equipment is on Licking Valley's premises and is available for all employees to use.

Licking Valley Rural Electric Cooperative

Case No. 2009-00016

Third Request of Commission Staff

18. Refer to Licking Valley's response to item 32.b of Staff's Second Request. Explain how often Licking Valley replaces flags and whether both of the American flags purchased are currently being displayed.

Response

Flags are replaced about every 2 to 3 years. Wind, rain, sun, and weather deteriorates them on a periodic basis. Licking Valley has 2 locations; its headquarters and its district office/warehouse. Flags are flown at both locations.

Licking Valley Rural Electric Cooperative

Case No. 2009-00016

Third Request of Commission Staff

19. Refer to Licking Valley's response to item 33 of Staff's Second Request.
 - a. Explain if all employees of Licking Valley receive a shirt whether or not they attend the annual meeting.
 - b. Explain whether employees are allowed to keep the shirts.
 - c. Explain whether any restrictions are placed on when and where the shirts can be worn.
 - d. Explain whether new shirts are purchased each year for the employees in preparation for the annual meeting.

Responses

- 19.a. All employees are required to attend the annual meeting.
- 19.b. Yes. Shirts are ordered to fit individual employees.
- 19.c. None. Employees generally wear the shirts to work, meetings attended on behalf of Licking Valley, and other cooperative related functions.
- 19.d. Yes.

Licking Valley Rural Electric Cooperative

Case No. 2009-00016

Third Request of Commission Staff

20. Refer to Licking Valley's response to item 18.b of the Attorney General's ("AG's") Initial Request. Provide a summary comparative analysis of the annual meeting expenses incurred in 2006, 2007 and 2008. Expenses should be summarized by the major categories of expense incurred in each year.

Account 930.3, Annual meeting expenses

	<u>2008</u>	<u>2007</u>	<u>2006</u>
KAEC setup	19,978	16,444	16,578
Labor and benefits	8,405	10,922	16,557
Advertising	2,859	3,048	0
Scholarship	6,000	0	1,250
EKPC reimbursement	0	(3,319)	(9,385)
Food, supplies, and entertainment	20,688	14,142	12,241
	57,930	41,237	37,241

Licking Valley Rural Electric Cooperative

Case No. 2009-00016

Third Request of Commission Staff

21. Refer to Licking Valley's response to item 13 of the AG's Initial Request regarding directors' compensation for attending regular board meetings. Explain whether Licking Valley is aware that the Commission has previously not allowed this type of additional compensation to be recovered by electric cooperative through rates.

Response

Licking Valley should have removed this addition director compensation.