

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO LICKING VALLEY R.E.C.C.

Licking Valley Rural Electric Cooperative Corporation (Licking Valley RECC), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on September 18, 2024. The Commission directs Licking Valley RECC to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Licking Valley RECC shall make timely amendment to any prior response if Licking Valley RECC obtains information that indicates the response was incorrect or incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which Licking Valley RECC fails or refuses to furnish all or part of the requested information, Licking Valley RECC shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Licking Valley RECC shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the Application, Exhibit 1, provide an overview of the energy sales for Licking Valley RECC for the years 2019 to through July 2024 and forecasted through 2029. Include with this overview, provide an explanation as to whether the continued decline in energy sales cited in Exhibit 1 was considered when calculating the amount of the requested rate increase and how energy sales were incorporated into the calculation.

2. Refer to Licking Valley RECC's response to Commission Staff's First Request for Information (Staff's First Request), Item 1(b). Licking Valley RECC stated that it has undertaken activities and initiatives to reduce costs, and lists operating with a lean workforce as an example.

a. Provide a listing, with descriptions, of all activities, initiatives or programs undertaken by Licking Valley RECC since its last general rate case for the purpose of minimizing costs or improving the efficiency of its operations or maintenance activities. If unable to do so, state why not.

b. Licking Valley RECC stated that it cannot reasonably estimate the dollar impact of implementing such activities. Provide an explanation as to why an estimate cannot be provided.

3. Refer to Licking Valley RECC's response to Staff's First Request, Item 21. The response file attached included only the CEO salary and compensation. Provide a schedule reflecting the salaries and other compensation of each executive officer for the test year and three most recent calendar years. Include the percentage annual salary/compensation increase and the effective date of each increase, the job title, duty and responsibility of each officer, the number of employees who report to each officer, and to whom each officer reports. For employees elected to executive officer status since the test year in Licking Valley RECC's most recent rate case, provide the salaries for the persons they replaced.

4. Refer to Licking Valley RECC's response to Staff's First Request, Item 28(a)-(b). Licking Valley RECC stated that it does not have a written compensation policy. Provide the following information:

a. Explain how amendments to the compensation policy are tracked or monitored based on the response that no written policy exists. Include in the response how Licking Valley RECC proposes the amendments.

b. Confirm whether discussions between the CEO and the board regarding the compensation policy or any amendments to executive officer compensation are reflected in meeting minutes. If not, then explain why not.

5. Refer to the Direct Testimony of John Wolfram (Wolfram Direct Testimony), at 20. Provide the Return on Rate Base for each customer class after the proposed revenue allocation.

6. Refer to Wolfram Direct Testimony, at 22. With regard to Energy Efficiency (EE) Demand-Side Management (DSM) programs, provide the following:

a. A list of all EE DSM programs that Licking Valley RECC offers.

b. A participant count for each class under the DSM programs.

c. Provide the MW savings for each DSM program.

7. Refer to the Wolfram Direct Testimony, at 23.

a. Explain how increasing the customer charge from \$16.50 to \$30, or by approximately 82 percent, aligns with the principle of gradualism.

b. Explain why Licking Valley RECC charges a Prepay Service Fee of \$3 for the Residential and Small Commercial classes.

8. Refer to Wolfram Direct Testimony, Exhibit JW-8, page 2.

a. Explain how a customer-related classification percentage of 188.87 percent is reasonable and should be accepted by the Commission.

b. Explain how a demand-related classification percentage of -88.87 percent is reasonable and should be accepted by the Commission.

9. Refer to Wolfram Direct Testimony, page 14. Confirm that line 5 contains a typo and provide the corrected information.

10. Refer to Wolfram Direct Testimony, page 22. Explain why Licking Valley RECC did not request a customer charge to maximize mitigation of subsidization of the residential classes since the difference between the COSS supported residential customer charge and the proposed residential customer charge is \$1.62.

11. Refer to Wolfram Direct Testimony, page 24. Confirm that the sole basis for increasing the Small Industrial Customer charge was because Licking Valley RECC believes the Commission has shown a preference that the residential customer charge does not exceed a commercial customer charge. If not confirmed, explain why not.

12. Refer to Wolfram Direct Testimony, Exhibit JW-2, Schedule 1.08. Provide a breakdown of each of those expenses listed by category for the entirety of each amount.

13. Provide the number of union employees as well as the number of non-union employees for Licking Valley RECC.

14. Refer to the Direct Testimony of Kerry Howard (Howard Direct Testimony), page 4. Provide a comparison chart for Licking Valley RECC's proposed residential customer charge of \$30, as it relates to the current customer charge for all East Kentucky Power Cooperative, Inc. member cooperatives.

15. Refer to Howard Testimony, page 5. Describe how Licking Valley RECC's management evaluates any opportunities to gain efficiencies and reduce costs for staffing.

16. Refer to Howard Testimony, page 5. Describe the lean budget changes Licking Valley RECC has made to its right-of-way maintenance, labor, headcount, and interest.

17. Refer to Howard Testimony, page 6. Provide a list of the key financial metrics that are presented to the Licking Valley RECC Board of Directors monthly.

18. Refer to Sandra N. Bradley Direct Testimony, page 5. Provide a table showing the decrease in electrical sales and the decrease in residential, commercial, and industrial customers from 2020 to 2023.

19. Refer to Sandra N. Bradley Direct Testimony, page 8.

a. Provide the cost-of-living information the Licking Valley RECC Board of Directors uses to determine wage increases.

b. Provide the 2020 wage and salary review that is the basis for maintaining employees.



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DATED SEP 04 2024

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