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March 31, 2011

TO: DIVISION OF FILINGS

RE: Case No. 2010-00518
Application of Nolin RECC for a Certificate of Convenience and Necessity to
Construct Facilities According to the Applicant's 12/01/10 ~ 11/30/13
Construction Work Plan

Attached is a copy of a memorandum which is being filed in the record of the above referenced case. If you have any comments you would like to make regarding the contents of this memorandum, please do so within five days of receipt of this letter, If you have any questions, please contact Rick Bertelson, Staff Attorney, at 502/564-3940, Extension 260.

Sincerely,

Stephanie Beal for Jeff Derouen
Jeff Derouen
Executive Director

Enclosure

cc: Parties of Record

INTRA-AGENCY MEMORANDUM
KENTUCKY PUBLIC SERVICE COMMISSION

TO: File: Case No. 2010-00518

FROM: Rick Bertelson, Staff Attorney

DATE: March 31, 2011

RE: Application of Nolin RECC for a Certificate of Convenience and Necessity to Construct Facilities According to the Applicant's 12/01/10 ~ 11/30/13 Construction Work Plan

On March 29, 2011, I called John Scott, counsel for Nolin RECC, and obtained permission to talk directly with Nolin's Engineering Superintendent, Greg Harrington, regarding the application filed in the above-styled matter, in order to clarify which version of the application and Construction Work Plan (CWP) is the full and correct version. On March 30, 2011, I spoke with Mr. Harrington by phone.

Mr. Harrington clarified that both the version of the application which Nolin filed on December 22, 2010, and the additional copies of the application, which were later filed in response to a request by Commission Staff, were not complete and accurate versions of the application and CWP. He stated that he made some minor edits to the CWP document before sending in the additional copies, and in doing so, the pagination of the document was changed, resulting in many of the differences between the two versions of the CWP. I stated that, in order to clarify which version of the CWP the Commission should be examining in this matter, in its next data request Commission Staff would ask Nolin to submit a complete, clean copy of the full application and all attachments. He agreed that would be an appropriate remedy to the problem.

I also asked Mr. Harrington to clarify whether the cell of the spreadsheet on page 7 of the December 22, 2010 version of the CWP which refers to the number of "Meters-AMR" to be installed in accordance with the CWP should read "2,250" or "2,106," as it appears in the later-filed copies. He stated that the correct number is 2,250.

Finally, I asked Mr. Harrington why the project listed on page 8 of the December 22, 2010 version of the CWP, under "Code 704" entitled "Load Management/SCADA-Self Healing Project" ("SCADA project") is included in the CWP if, as Nolin stated in response to Commission Staff's First Data Request, Item 2a, it does not intend for the SCADA project to be included in the CWP. Mr. Harrington clarified that, although the SCADA project is included in the CWP, and on page 39 of the December 22, 2010 version CWP it is shown to have a total cost of \$2,999,998, it is given a \$0 value in the table on page 8.

He explained that Nolin had originally planned to do the work on the SCADA project under a \$3 million grant from the Kentucky Department of Energy Development and Independence ("DEDI"). However, Nolin later determined that the monitoring and reporting costs associated with administering the loan would have outweighed the value of the grant. So, Nolin rejected the DEDI grant but wanted to retain the language about the SCADA project in their CWP document in case Nolin decides to go forward with that project at a later date. He said that Nolin had intended to remove that part of the CWP from the document that they were filing with the Commission in this matter but, due to editing problems, they did not.

I thanked Mr. Harrington for his time in answering my questions. I also stated that, in addition to its request for a complete, clean copy of the full application, Commission Staff would also ask the same questions I had asked of him regarding the SCADA project and the correct number of AMI meters in its next data request in order to properly document Nolin's responses to those questions.

There being no other questions from any party, the telephone conference ended.

cc: Parties of Record