

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF GRAYSON RURAL)
ELECTRIC COOPERATIVE) CASE NO. 2011-00379
CORPORATION TO MAKE CHANGES IN)
ITS DIRECT LOAD CONTROL TARIFF)

COMMISSION STAFF'S INITIAL INFORMATION REQUEST TO
GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

Grayson Rural Electric Cooperative Corporation ("Grayson"), pursuant to 807 KAR 5:001, is to file with the Commission the original and 10 copies of the following information, with a copy to all parties of record. The information requested herein is due no later than 10 days from the date of this request. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response 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 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.

Grayson shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which

Grayson fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied 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.

1. Refer to the second page of Grayson's September 20, 2011 application.

a. Grayson requests authority to remove the digital thermostat switch incentive option because of the unavailability of the switches. Explain whether the unavailability is due to demand, or due to problems experienced with the thermostats. Include in the explanation whether there are thermostats available from other manufacturers and, if so, why those are not used by Grayson.

b. Provide separately the number of participants in Grayson's current air conditioner and water heater load control program. Include in the response a breakdown of the number of participants in the current air conditioner program by incentive, showing whether the incentive chosen was a digital thermostat or a bill credit.

c. Explain whether Grayson expects participation in the air conditioner load control program to be affected by the removal of the digital thermostat option.

d. Grayson states that East Kentucky Power Cooperative, Inc. ("East Kentucky"), Grayson's wholesale power provider, is making \$10,000 available to Grayson this year and next year to help promote the Direct Load Control Program.

(1) Is East Kentucky making the same offer to all of its 16 member systems? If known, include in the response the number of East Kentucky cooperatives that have a load control program similar to Grayson's.

(2) Does East Kentucky plan to recover in rates the total of the incentives offered?

e. Explain how the Direct Load Control Program special signing bonus will be promoted to customers.

f. Explain how applicants will be accepted for participation in the program and under what circumstances if any, other than a 40-gallon minimum size water heater, a member could be denied acceptance in the Direct Load Control Program.

g. Grayson states, "[b]y meeting either or both the air conditioner or water heater qualifications, the member will receive a \$25.00 credit on their next electric bill." Explain whether \$25.00 is the maximum credit amount available to a member, or if a member that has both the air conditioner and water heater qualifications can receive up to a \$50.00 credit.

h. If the answer to 1d is that \$25.00 is the maximum credit, explain how Grayson will know that a member is not eligible for a second \$25.00 credit if the member initially receives a bill credit for either the air conditioner or water heater program, but then applies at a later date for a second credit for the remaining program.

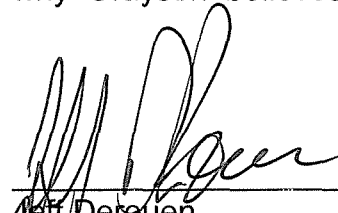
2. Refer to item 1 of the terms and conditions listed on page 3 of Tab 1.

a. Are there any consequences to participants that decide to withdraw from the program?

b. If a member wishes to withdraw from the program, Grayson states that it "will endeavor to implement the change as soon as possible." Explain Grayson's intent as to the length of time it believes necessary to implement the change under normal circumstances.

3. Explain whether Grayson or East Kentucky has performed any cost/benefit analysis of the load control programs. Provide all calculations and worksheets performed to complete the analysis. If no analysis has been performed, explain how Grayson knows the load control programs are in the best interest of its members.

4. Several other utilities in Kentucky have successful load control programs without providing a signing bonus. Explain why Grayson believes the incentive is needed to encourage its program.



Jeff Dereuen
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED OCT 24 2011

cc: Parties of Record

Don M Combs
Manager Finance & Administration
Grayson R.E.C.C.
109 Bagby Park
Grayson, KY 41143