

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF GRAYSON RURAL ELECTRIC)	
COOPERATIVE CORPORATION FOR A)	CASE NO.
DEVIATION FROM 807 KAR 5:041, SECTION)	2009-00103
15(3), SAMPLE MASTER METER TESTING)	
PROGRAM)	

INITIAL DATA REQUEST OF COMMISSION STAFF 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 five copies of the following information, with a copy to all parties of record. The information requested herein is due no later than ten 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, Grayson 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. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Refer to the Cost Savings/Conclusion heading of the revised application filed on July 16, 2009.

a. In the assumptions section, Grayson indicates that 5,000 meters are tested over a three-year period in the current meter testing cycle. Provide the basis for the three-year period in the assumptions to calculate the savings. What is the basis for the comparison between the three-year cycle of \$573,618.73 and the eight-year cycle of \$127,470.83?

b. Should the annual savings be the yearly cost of \$191,206.24 less the proposed cost of \$15,933.85, for an annual savings of \$175,272.39 per year?

c. Confirm that the column labeled "# of units" refers to the number of employees required to perform the task of meter testing. If so, provide the basis for the number of employees required to test the meters.

d. Provide the basis for the benefits expense of 77.11 percent of labor and explain how it was derived.

e. Other than having the opportunity for cost savings, provide any other operational benefits to Grayson by changing to the proposed sample testing program.

2. Refer to your filing of July 16, 2009. The table entitled "Meter Groups" reflects that Grayson has a total 15,263 meters. Periodic meter testing pursuant to 807 KAR 5:041, Section 15(3) requires a utility to test all meters every eight years. Accordingly, Grayson is required, on average, to test 1,908 meters each year ($15,263 \div 8$) in order to satisfy the periodic testing requirement of 807 KAR 5:041, Section 15(3).

a. What is the estimated annual cost to test 1,908 meters? Explain and provide all supporting calculations.

b. Under your proposed sample meter plan, how many meters will you be testing annually. Explain and provide all supporting calculations.

c. What is the estimated annual cost to test the number of meters in part b? Explain and provide all supporting calculations.



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DATED: AUG - 3 2009

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