

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF GRAYSON RURAL ELECTRIC	)	
COOPERATIVE CORPORATION FOR A	)	
CERTIFICATE OF CONVENIENCE AND NECESSITY	)	
PURSUANT TO KRS 278.020 AND 807 KAR 5:001,	)	CASE NO.
SECTION 9, AND RELATED SECTIONS	)	2010-00441
AUTHORIZING CERTAIN PROPOSED	)	
CONSTRUCTION	)	

FOURTH INFORMATION REQUEST OF COMMISSION STAFF TO  
GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

Pursuant to 807 KAR 5:001, Grayson Rural Electric Cooperative Corporation (“Grayson”) is to file with the Commission the original and seven copies of the following information, with a copy to all parties of record. The information requested herein shall be received no later than seven days from the date of this Order. 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 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 should 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 Grayson's response to Item 3.h. of the Second Information Request of Commission Staff wherein Grayson listed the functions of the Turtle 2 system that cannot be provided by the Turtle 1 system.

a. Provide the estimated cost to upgrade Grayson's meters so that all of the benefits from the Turtle 2 system can be achieved. Include all supporting calculations.

b. Has Grayson completed the upgrade of the substation equipment to allow communication with both Turtle 1 and Turtle 2 modules? If so, when was the upgrade completed?

c. By upgrading the substations, but not installing the Turtle 2 modules onto the customer meters, will the existing Turtle 1 modules currently installed on the meters achieve any or all of the benefits listed for the Turtle 2 system? If no, list the benefits which will be achieved and those which will not be achieved.

d. One of the benefits indicated by Grayson of the Turtle 2 system is

to accommodate optional inclining block and off-peak rate structures.

(1) How many customers have signed up for the inclining block and time-of-day tariffs to date?

(2) In order to accommodate customers desiring these tariffs, will Grayson have to provide in-home displays?

(3) Does Grayson plan to provide in-home displays to all customers regardless of whether the customer is or is not on an inclining block or time-of-day tariff?

(4) Provide the estimated cost for each display.

e. Regarding the existing digital meters installed on Grayson's system, what upgrade is necessary to be able to achieve the benefits of the Turtle 2 system? Provide the estimated cost.

f. When does Grayson plan to upgrade all of the meters in its system to the Turtle 2 system? Provide a schedule for completion of the upgrade.

2. Provide a detailed breakdown of how much Grayson has spent on the Turtle 2 upgrade to date. Include all supporting calculations.

3. Refer to Grayson's response to Item 1 of the Second Information Request of Commission Staff. Grayson indicates that construction began on five projects between November 15, 2009 and September 19, 2010. On November 12, 2009, Grayson was sent a letter notifying Grayson of the requirement to file an application requesting a certification of public convenience and necessity regarding its construction work plan ("CWP") before any construction commenced on any projects

in the CWP. (For reference purposes, a copy of the letter is attached as an Appendix to this Data Request.) Explain why Grayson did not comply with this letter.

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

DATED AUG 15 2011

cc: Parties of Record

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2010-00441 DATED **AUG 15 2011**



Steven L. Beshear  
Governor

Leonard K. Peters  
Secretary  
Energy and Environment Cabinet

Commonwealth of Kentucky  
**Public Service Commission**  
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P.O. Box 615  
Frankfort, Kentucky 40602-0615  
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David L. Armstrong  
Chairman

James W. Gardner  
Vice Chairman

Charles R. Borders  
Commissioner

November 12, 2009

Ms. Carol Hall Fraley  
President and Chief Executive Officer  
Grayson Rural Electric Cooperative Corporation  
109 Bagby Park  
Grayson, Kentucky 41143

Dear Ms. Fraley:

The Commission recently found in Case No. 2009-00010<sup>1</sup> that Owen Electric Cooperative, Inc.'s periodic construction work plans involve significant capital expenditures for new facilities, cannot be deemed ordinary extensions in the usual course of business, and are not exempt from the requirements to obtain a certificate of convenience and necessity ("Certificate") pursuant to KRS 278.020(1). In that Order, the Commission further advised all of the electric cooperatives subject to its jurisdiction that they are required to obtain a Certificate for all work plans prior to beginning construction of the facilities contained in those plans.

Based on a review of Commission records, it appears that Grayson Rural Electric Cooperative Corporation ("Grayson RECC") last requested and was granted a Certificate for its 1995-1999 Construction Work Plan in April 1996.<sup>2</sup>

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<sup>1</sup> Case No. 2009-00010, Application of Owen Electric Cooperative, Inc. for an Order Pursuant to KRS278.300 and 807 KAR 5:001, Section 11 and Related Sections, Authorizing the Cooperative to Obtain a Loan Under the RUS/CoBank Co-Lending Program not to Exceed \$28,083,000 at any one Time from Rural Utilities Service and CoBank (Ky. PSC August 5, 2009).

<sup>2</sup> Case No. 95-559, The Application of Grayson Rural Electric Cooperative Corporation for a Certificate of Convenience of Necessity for the Construction of Distribution and Service Lines, Miscellaneous Construction Including Transformers, System Improvements, Labor, Member Service Material and Other Expenses and Contingencies (Ky. PSC April 16, 1996).


Letter to Grayson RECC  
November 12, 2009  
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Within 30 days from the date of this letter, Grayson RECC is requested to provide information to the Commission identifying the time period covered by its current work plan, when its next work plan will be proposed and what period of time it will cover.

This letter is to serve as a reminder that Grayson RECC is required to obtain a Certificate for all future work plans. An application requesting a Certificate should be filed after each plan has been approved by Grayson RECC's Board of Directors and before any construction is commenced on any projects in the work plan.

If you have any questions or concerns, please contact Aaron D. Greenwell or Jeff Shaw of my staff at 502-564-3940.

Sincerely,



Jeff Derouen,  
Executive Director

Carol Ann Fraley  
President & CEO  
Grayson R.E.C.C.  
109 Bagby Park  
Grayson, KY 41143