

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE APPLICATION OF )  
THE FUEL ADJUSTMENT CLAUSE OF )  
GRAYSON RURAL ELECTRIC COOPERATIVE ) CASE NO. 2011-00257  
CORPORATION FROM NOVEMBER 1, 2010 )  
THROUGH APRIL 30, 2011 )

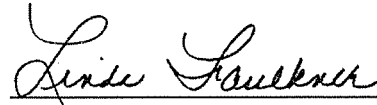
NOTICE OF FILING

Notice is given to all parties that the following materials have been filed into the record of this proceeding:

- The digital video recording of the evidentiary hearing conducted on October 18, 2011 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- A written log listing, *inter alia*, the date and time of where each witness' testimony begins and ends on the digital video recording of the evidentiary hearing conducted on October 18, 2011.

A copy of this Notice, the certification of the digital video record, and hearing log have been served by first class mail upon all persons listed at the end of this Notice. Parties desiring an electronic copy of the digital video recording of the hearing in Windows Media format may download a copy at [http://psc.ky.gov/av\\_broadcast/2011-00245-thru-00269/2011-00245-thru-00269\\_18Oct11\\_Inter.aspx](http://psc.ky.gov/av_broadcast/2011-00245-thru-00269/2011-00245-thru-00269_18Oct11_Inter.aspx). Parties wishing an annotated digital video recording may submit a written request by electronic mail to [pscfilings@ky.gov](mailto:pscfilings@ky.gov). A minimal fee will be assessed for a copy of this recording.

Done at Frankfort, Kentucky, this 9<sup>th</sup> day of December 2011.

A handwritten signature in cursive script, reading "Linda Faulkner". The signature is written in black ink and is positioned above a horizontal line.

Linda Faulkner  
Director, Filings Division  
Public Service Commission of Kentucky

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

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

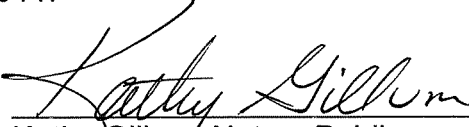
AN EXAMINATION OF THE APPLICATION OF )  
THE FUEL ADJUSTMENT CLAUSE OF )  
GRAYSON RURAL ELECTRIC COOPERATIVE ) CASE NO. 2011-00257  
CORPORATION FROM NOVEMBER 1, 2010 )  
THROUGH APRIL 30, 2011 )

CERTIFICATE

I, Kathy Gillum, hereby certify that:

1. The attached DVD contains a digital recording of the hearing conducted in the above-styled proceeding on October 18, 2011;
2. I am responsible for the preparation of the digital recording;
3. The digital recording accurately and correctly depicts the hearing;
4. The "Hearing Log" attached to this Certificate accurately and correctly states the events that occurred at the hearing of October 18, 2011 and the time at which each occurred.

Given this 7<sup>th</sup> day of December, 2011.

  
\_\_\_\_\_  
Kathy Gillum, Notary Public  
State at Large

My commission expires: Sept 3, 2013.



## Case History Log Report

Case Number: 2011-00245\_thru\_2011-00269\_18Oct11

Case Title: Fuel Adjustment Clause (Multi Cases)

Case Type: Fuel Adjustment Clause

Department:

Plaintiff:

Prosecution:

Defendant:

Defense:

**Date: 10/18/2011**

Location: Default Location

Judge: David Armstrong, Jim Gardner, Charles Borders

Clerk: Kathy Gillum

Bailiff:

Event Time	Log Event	
10:02:31 AM	Case Started	
10:02:35 AM	Preliminary Remarks	
10:02:54 AM	Introductions	
	Note: Kathy Gillum	Faith Burns counsel for PSC.
10:03:35 AM	Background of cases	
10:04:39 AM	CASE NO. 2011-00245 (Ky Power)	
	Note: Kathy Gillum	Witnesses for Ky Power :Kimberly Chilcote, Lila Munsey and Aaron Sink
10:06:34 AM	Qualification of witnesses by Mark Overstreet	
	Note: Kathy Gillum	Kimberly Chilcote, Aaron Sink and Lila Munsey. Witnesses adopt pre-filed testimony and data request responses.
10:08:07 AM	Examination by Faith Burns (PSC)	
	Note: Kathy Gillum	Questions regarding quality of coal. Questions regarding outages.
10:08:23 AM	Kimberly Chilcote (Ky Power)	
10:10:17 AM	Lila Munsey (KY Power)	
10:10:28 AM	Hearing Data Request	
10:10:42 AM	Faith Burns (PSC)	
	Note: Kathy Gillum	Questions regarding economy purchases of power. Questions regarding D.R. Item 8 regarding Energy Contract.
10:11:47 AM	Kimberly Chilcote (Ky Power)	
	Note: Kathy Gillum	Witness stated that they were on track to deliver obligation for the year
10:12:15 AM	Faith Burns (PSC)	
	Note: Kathy Gillum	Questions regarding short fall tons. Questions regarding contracts .
10:13:49 AM	Kimberly Chilcote (Ky Power)	
10:13:58 AM	Faith Burns (PSC)	
	Note: Kathy Gillum	Questions regarding Item 15, page 19.
10:14:34 AM	Data Request (PSC)	
	Note: Kathy Gillum	Names of employees and positions.
10:14:50 AM	Faith Burns (PSC)	
	Note: Kathy Gillum	Questions regarding vendor delivery of coal.

10:15:26 AM	Kimberly Chilcote (Ky Power)	
10:15:40 AM	Data Request (PSC) Note: Kathy Gillum	Regarding Item 7. Expand on answer.
10:16:43 AM	Commissioner Gardner Note: Kathy Gillum	Questions regarding sales of Ky Power's power and PJM market.
10:17:19 AM	Mark Overstreet (Ky Power) Note: Kathy Gillum	Stated that he would get the info to the Commission
10:17:25 AM	Commissioner Gardner Note: Kathy Gillum	Questions regarding D.R. 3
10:17:56 AM	Lila Munsey (Ky Power)	
10:18:27 AM	Commissioner Gardner Note: Kathy Gillum	Questions regarding Item 4
10:18:33 AM	Aaron Sink (Ky Power)	
10:19:09 AM	Commissioner Gardner Note: Kathy Gillum	Questions regarding Item 9. Questions regarding methodology
10:19:47 AM	Kimberly Chilcote (Ky Power)	
10:19:59 AM	Commissioner Gardner Note: Kathy Gillum	
10:20:23 AM	Kimberly Chilcote (Ky Power)	
10:20:34 AM	Commissioner Gardner Note: Kathy Gillum	Mr. Gardner asked if Cap coal is low sulfur. Questions regarding sister companies.
10:21:14 AM	Kimberly Chilcote (Ky Power)	
10:21:32 AM	Commissioner Gardner Note: Kathy Gillum	Questions regarding low mercury coal.
10:21:55 AM	Kimberly Chilcote (Ky Power)	
10:22:14 AM	Commissioner Gardner Note: Kathy Gillum	Questions regarding D.R. No. 19 pertaining to Ash. Questions regarding purchasing lower ash coal.
10:24:31 AM	Lila Munsey (Ky Power)	
10:24:45 AM	Faith Burns (PSC) Note: Kathy Gillum	Ms. Burns stated 10 business days for data responses.
10:25:09 AM	Case completed	
10:25:31 AM	Call for Public Comments Note: Kathy Gillum	No public comments.
10:26:08 AM	CASE NO. 2011-00246 (EKPC) Note: Kathy Gillum	Counsel: Mark David Goss. witnesses sworn
10:26:56 AM	Mark David Goss (EKPC) Note: Kathy Gillum	Mr. Goss stated that Notice of hearing has been tendered.
10:27:14 AM	Qualification of witnesses by Mark D. Goss (EKPC) Note: Kathy Gillum	Witness Ernest Huff adopts responses to data requests. Witness Ann F. Wood adopts pre-filed and data responses. Witness Craig Johnson adopts responses to data requests.
10:29:31 AM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding coal mining, mine permitting.
10:30:00 AM	Ernest Huff (EKPC)	
10:30:12 AM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding EPA regulations
10:30:36 AM	Ernest Huff (EKPC)	
10:30:47 AM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding D.R. Item 3 regarding hedging activities.

10:46:13 AM	Chairman Call for Public Comment Note: Kathy Gillum	No Public Comments.
10:46:27 AM	Faith Burns (PSC) Note: Kathy Gillum	Ms. Burns states 10 business days for responses to data requests.
10:46:40 AM	CASE NOS. 2011-00247 and 2011-00248 (KU - LG&E) Note: Kathy Gillum	Proof of publication filed on Friday. Witnesses sworn.
10:47:44 AM	Qualifications of witnesses by Allyson Sturgeon (KU-LG&E) Note: Kathy Gillum	Witnesses, Robert Conroy Mike Dotson, Charles Schram, David Tummonds. All witnesses adopt responses to data requests.
10:49:47 AM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding coal mining pertaining to delay in mine permitting.
10:50:27 AM	Mike Dotson (KU-LG&E)	
10:50:35 AM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding EPA regulations
10:50:58 AM	Mike Dotson (KU-LG&E)	
10:51:11 AM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding Item 2 pertaining to natural gas purchases.
10:51:54 AM	Robert Conroy (KU-LG&E)	
10:52:25 AM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding Item 3 pertaining to hedging activities
10:52:49 AM	Mike Dotson (KU-LG&E)	
10:53:20 AM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding Item 9, page 2
10:53:54 AM	Mike Dotson (KU-LG&E)	
10:54:11 AM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding Item 15(b)(1)
10:54:53 AM	Mike Dotson (KU-LG&E)	
10:55:31 AM	Faith Burns (PSC)	
10:56:12 AM	Robert Conroy (KU-LG&E)	
10:56:29 AM	Faith Burns (PSC) Note: Kathy Gillum	Questions to KU regarding Item 6 regarding monthly billing
10:57:10 AM	Robert Conroy (KU-LG&E) Note: Kathy Gillum	Both companies use the After the Fact billing system
10:59:00 AM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding Item 7 and pipeline maintenance.
10:59:29 AM	David Tummonds (KU-LG&E)	
11:00:15 AM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding Item 8, page 23 pertaining to Perry County Coal Contract.
11:00:57 AM	Mike Dotson (KU-LG&E)	
11:02:09 AM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding Item 9, page 3.
11:02:34 AM	Mike Dotson (KU-LG&E)	
11:03:32 AM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding Item 11, page 1
11:03:53 AM	Mike Dotson (KU-LG&E)	
11:04:31 AM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding Item 12, page 2.
11:05:09 AM	Mike Dotson (KU-LG&E)	

10:31:28 AM	Ernest Huff (EKPC)	
10:32:06 AM	Faith Burns (PSC)	
	Note: Kathy Gillum	Questions regarding Item 4 regarding generating units.
10:32:48 AM	Ernest Huff (EKPC)	
10:32:55 AM	Faith Burns (PSC)	
	Note: Kathy Gillum	Questions regarding Item 5
10:33:19 AM	Ann Wood (EKPC)	
10:33:32 AM	Faith Burns (PSC)	
	Note: Kathy Gillum	Questions regarding Item 7 regarding outages.
10:33:56 AM	Craig Johnson (EKPC)	
10:34:03 AM	Faith Burns (PSC)	
	Note: Kathy Gillum	Questions regarding Item 7, page 17 and 18 regarding outages.
10:34:47 AM	Craig Johnson (EKPC)	
10:35:11 AM	Faith Burns (PSC)	
	Note: Kathy Gillum	Questions regarding Item 7, pages 19-23
10:35:34 AM	Craig Johnson (EKPC)	
10:35:55 AM	Data Request (PSC)	
10:36:04 AM	Faith Burns (PSC)	
	Note: Kathy Gillum	Questions regarding Item 7, page 27
10:36:30 AM	Craig Johnson (EKPC)	
10:36:47 AM	Faith Burns (PSC)	
	Note: Kathy Gillum	Questions regarding Item 8, long term fuel prices
10:37:20 AM	Ernest Huff (EKPC)	
10:37:51 AM	Faith Burns (PSC)	
	Note: Kathy Gillum	
10:38:11 AM	Craig Johnson (EKPC)	
10:38:23 AM	Faith Burns (PSC)	
10:38:32 AM	Craig Johnson (EKPC)	
10:38:43 AM	Faith Burns (PSC)	
	Note: Kathy Gillum	Questions regarding Item 9
10:39:16 AM	Ernest Huff (EKPC)	
10:39:43 AM	Data Request	
10:39:56 AM	Faith Burns (PSC)	
	Note: Kathy Gillum	Questions regarding coal inventory at Spurlock.
10:40:31 AM	Ernest Huff (EKPC)	
10:40:45 AM	Faith Burns (PSC)	
	Note: Kathy Gillum	Questions regarding Item 15 pertaining to fuel procurement.
10:41:41 AM	Ernest Huff (EKPC)	
10:42:07 AM	Commissioner Gardner	
	Note: Kathy Gillum	Questions regarding Data Request Item 4.
10:42:47 AM	Craig Johnson (EKPC)	
10:43:04 AM	Commissioner Gardner	
	Note: Kathy Gillum	Questions regarding sulfur content and compliance with EPA regulations.
10:44:29 AM	Ernest Huff (EKPC)	
10:45:14 AM	Re-direct by Mark D. Goss (EKPC)	
	Note: Kathy Gillum	Mr. Goss asks questions regarding PSC Request 11, stockpile at Spurlock. Maximum burn and average burn differences.



11:05:31 AM	Robert Conroy (KU-LG&E)	
11:05:41 AM	Faith Burns (PSC) Note: Kathy Gillum	Questions to LG&E: Item 1 regarding cap for contract coal from any one vendor.
11:06:44 AM	Mike Dotson (KU-LG&E)	
11:08:04 AM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding Item 7, page 9 pertaining to outages.
11:08:43 AM	David Tummonds (KU-LG&E)	
11:09:14 AM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding Items 7, page 13 and 14
11:09:51 AM	David Tummonds (KU-LG&E)	
11:10:12 AM	Data Request (PSC) Note: Kathy Gillum	Patty's 13 date
11:10:35 AM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding Item 11
11:11:01 AM	Mike Dotson (KU-LG&E)	
11:11:18 AM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding Mill Creek 3
11:11:33 AM	David Tummonds (KU-LG&E)	
11:11:44 AM	Faith Burns (PSC)	
11:11:50 AM	Mike Dotson (KU-LG&E)	
11:12:11 AM	Commissioner Gardner Note: Kathy Gillum	Questions regarding Item 1 and Item 3. Questions regarding the length of the term of the contracts.
11:12:56 AM	Mike Dotson (KU-LG&E)	
11:18:09 AM	Robert Conroy (KU-LG&E) Note: Kathy Gillum	Answers regarding long term gas contracts.
11:18:53 AM	Commissioner Gardner	
11:19:12 AM	Robert Conroy (KU-LG&E)	
11:19:40 AM	Commissioner Gardner	
11:19:57 AM	Robert Conroy (KU-LG&E)	
11:20:12 AM	Commissioner Gardner Note: Kathy Gillum	Questions regarding Item 4
11:20:46 AM	Charles Schram (KU-LG&E)	
11:21:06 AM	Commissioner Gardner Note: Kathy Gillum	Questions regarding Trimble County
11:21:34 AM	Charles Shram (KU-LG&E)	
11:22:28 AM	Commissioner Gardner	
11:22:36 AM	Robert Conroy (KU-LG&E)	
11:22:56 AM	Commissioner Gardner Note: Kathy Gillum	Questions regarding EPA regulations. Questions regarding mercury and ash
11:24:35 AM	Robert Conroy (KU-LG&E)	
11:25:19 AM	Commissioner Gardner Note: Kathy Gillum	Questions regarding KU Item 8.
11:25:58 AM	Mike Dotson (KU-LG&E)	
11:26:45 AM	Faith Burns (PSC) Note: Kathy Gillum	Ms. Burns stated 10 business days for data responses.

11:27:22 AM	CASE NO. 2011-00249 (Duke)	
11:27:53 AM	Qualifications of witnesses by Mark D. Goss (Duke) Note: Kathy Gillum	Witnesses Lisa Steinkuhl, John Swez and Elliott Batson adopt responses to Data Requests and Revised Data Requests .
11:32:27 AM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding coal mining generally.
11:32:59 AM	Elliott Batson (Duke)	
11:33:16 AM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding EPA regulations
11:33:42 AM	Elliott Batson (Duke)	
11:34:24 AM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding Item 7 pertaining to outages
11:35:02 AM	John Swez (Duke)	
11:35:24 AM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding Item 8, page 1 and 2
11:35:51 AM	Elliott Batson (Duke)	
11:36:03 AM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding Item 11.
11:36:30 AM	Elliott Batson (Duke)	
11:36:40 AM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding Item 11c
11:37:23 AM	Elliott Batson (Duke)	
11:37:37 AM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding Item 11E
11:38:02 AM	Elliott Batson (Duke)	
11:38:34 AM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding Item 19
11:40:11 AM	Elliott Batson (Duke)	
11:40:42 AM	Faith Burns (PSC)	
11:40:56 AM	Elliott Batson (Duke)	
11:41:13 AM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding Item 19, second revised response pertaining to purchased coal.
11:42:38 AM	Elliott Batson (Duke)	
11:44:00 AM	Faith Burns (PSC) Note: Kathy Gillum	Requests bigger print
11:44:26 AM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding RFP
11:45:01 AM	Elliott Batson (Duke)	
11:45:29 AM	Commissioner Gardner Note: Kathy Gillum	Questions regarding Item 2.
11:45:49 AM	John Swez (Duke)	
11:46:42 AM	Commissioner Gardner	
11:46:49 AM	Elliott Batson (Duke)	
11:47:09 AM	Chairman - Case Completed	
11:48:27 AM	CASE NO. 2011-00250 (Big Rivers)	

11:49:09 AM	Qualifications of witnesses by Tyson Kamuf (Big Rivers) Note: Kathy Gillum	Witnesses : Mark McAdams, correction to days inventory, Item 11 (c): target inventory supply, station 2 should be 60 to 80 days of inventory. Witness adopts corrected responses to D.R. Witness: Mark Davis adopts responses to DR Michael Mattox adopts DR responses. Lawrence Baronowsky adopts responses to D.R.
11:52:25 AM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding coal mining generally, delays in mine permitting.
11:52:53 AM	Mark McAdams (Big Rivers)	
11:53:50 AM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding EPA regulations and the quality of coal to be purchased.
11:54:32 AM	Mark McAdams (Big Rivers)	
11:55:12 AM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding Item 3 pertaining to hedging activities.
11:55:40 AM	Mark McAdams (Big Rivers)	
11:57:19 AM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding Item 4
11:57:51 AM	Michael Mottox (Big Rivers)	
11:58:06 AM	Faith Burns (PSC) Note: Kathy Gillum	Questions to Item 8, long term mining contracts.
11:58:27 AM	Mark McAdams (Big Rivers)	
12:00:29 PM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding Item 8, page 12
12:00:51 PM	Mark McAdams (Big Rivers)	
12:02:19 PM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding Item 9.
12:02:40 PM	Mark McAdams (Big Rivers)	
12:03:53 PM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding Item 11 pertaining to inventory.
12:04:18 PM	Mark McAdams (Big Rivers)	
12:06:39 PM	Faith Burns (PSC)	
12:06:52 PM	Mark McAdams (Big Rivers)	
12:07:04 PM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding Item 18.
12:07:38 PM	Lawrence Baronowsky (Big Rivers)	
12:08:46 PM	Data Request (PSC) Note: Kathy Gillum	Questions regarding delayed maintenance.
12:09:18 PM	Faith Burns (PSC) Note: Kathy Gillum	Questons regarding confidential response page 11, column AB regarding existing contracts and bid responses.
12:10:24 PM	Mark McAdams (Big Rivers)	
12:10:34 PM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding Page 11
12:10:58 PM	Mark McAdams (Big Rivers)	
12:11:11 PM	Faith Burns (PSC) Note: Kathy Gillum	Page 1, lines 11 and 12, column G.
12:11:37 PM	Mark McAdams (Big Rivers)	

12:11:54 PM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding if there Is a min or max amount of coal for a test
12:12:15 PM	Mark McAdams (Big Rivers)	
12:12:59 PM	Faith Burns (PSC) Note: Kathy Gillum	Questions regarding MISO membership
12:13:20 PM	Michael Mottox (Big Rivers)	
12:14:49 PM	Faith Burns (PSC)	
12:15:04 PM	Camera Lock Activated (Camera: 8)	
12:15:07 PM	Camera Lock Mode Deactivated	
12:15:07 PM	Normal Mode Activated	
12:15:07 PM	Camera Lock Deactivated	
12:15:01 PM	Michael Mottox (Big Rivers)	
12:16:19 PM	Camera Lock Activated (Camera: 8)	
12:15:58 PM	Commissioner Gardner Note: Kathy Gillum	Questions regarding membership in MISO
12:17:34 PM	Camera Lock Mode Deactivated	
12:17:34 PM	Normal Mode Activated	
12:17:34 PM	Camera Lock Deactivated	
12:16:22 PM	Michael Mottox (Big Rivers)	
12:17:43 PM	Commissioner Gardner Note: Kathy Gillum	Questions regarding Item 4,
12:18:24 PM	Michael Mottox (Big Rivers)	
12:19:15 PM	Commissioner Gardner Note: Kathy Gillum	Questions regarding Item 9. Questions regarding mercury and ash content.
12:19:32 PM	Mark McAdams (Big Rivers)	
12:22:37 PM	Faith Burns (PSC) Note: Kathy Gillum	Ms. Burns states 10 days for data responses.
12:22:54 PM	Case completed - Hearing Adjourned Note: Kathy Gillum	All of today's hearings for Case Nos. 2011-00245; 2011-00246; 2011-00247; 2011-00248; 2011-00249; 2011-00250; 2011-00251 thru 2011-00266; 2011-00267 thru 2011-00269 are adjourned.
12:23:16 PM	Case Recessed	