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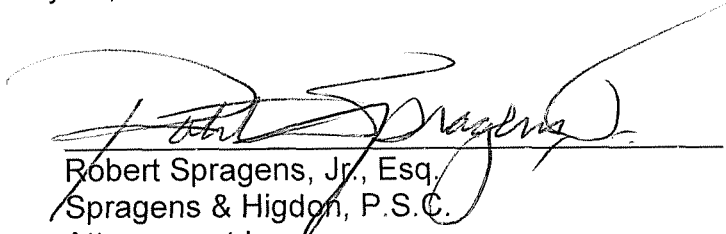
COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

CONSIDERATION OF THE IMPLEMENTATION)	CASE NO.
OF SMART GRID AND SMART METER)	2012-00428
TECHNOLOGIES)	

**NOTICE OF FILING BY TAYLOR COUNTY RURAL ELECTRIC
COOPERATIVE CORPORATION OF RESPONSES TO
ATTORNEY GENERAL'S INITIAL REQUESTS FOR INFORMATION**

Taylor County Rural Electric Cooperative Corporation, acting by counsel, hereby gives notice that it files herewith its Responses to the Attorney General's Initial Requests for Information dated February 27, 2013.

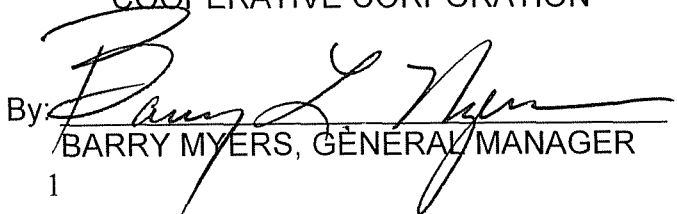


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**Attorney for Taylor County Rural
Electric Cooperative Corporation**

The undersigned, Barry Myers, as General Manager of Taylor County Rural Electric Cooperative Corporation, being duly sworn, states that the responses herein are true and accurate to the best of my knowledge and belief formed after reasonable inquiry.

Dated: March 19, 2013

TAYLOR COUNTY RURAL ELECTRIC
COOPERATIVE CORPORATION

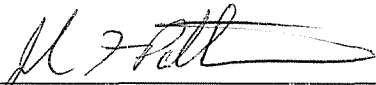
By: 
BARRY MYERS, GENERAL MANAGER

COMMONWEALTH OF KENTUCKY

COUNTY OF TAYLOR

Subscribed, sworn to, and acknowledged before me by Barry Myers, as General Manager for Taylor County Rural Electric Cooperative Corporation on behalf of said Corporation this 19th day of March, 2013.

My Commission Expires: 5/6/2013



Notary Public, Kentucky State At Large
Notary I.D. 395 951

CERTIFICATE OF SERVICE

The undersigned counsel certifies that the foregoing responses have been served upon the following, this 19th day of March, 2013:

Original and 14 Copies via Personal Delivery

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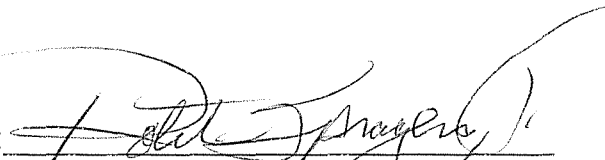
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By: 
Robert Spragens, Jr., Attorney for
Taylor County Rural Electric
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TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In re the Matter of:

CONSIDERATION OF THE IMPLEMENTATION)	
OF SMART GRID AND SMART METER)	CASE NO.
TECHNOLOGIES)	2012-00428

**RESPONSES TO ATTORNEY GENERAL'S
INITIAL DATA REQUESTS TO THE COMPANIES
DATED FEBRUARY 27, 2013**

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 1. Since the Commission initiated Consideration of *the New Federal Standards of the Energy Independence and Security Act of 2007*, Administrative Case No. 2008-00408, has the company changed its position regarding Smart Grid? If so, how?

RESPONSE Taylor County RECC references the response to AG Request 1 as submitted by EKPC and adopts that response as its own.

Witness Mike Skaggs

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 2. Are the technologies pertaining to the implementation of Smart Grid definitely known and proven?

a. If yes, explain in detail every aspect from the use of each technology from the company to the end-user.

b. If not, explain in detail what technologies are already advancing/improving as well as those that are envisioned on the immediate time horizon.

RESPONSE No. All software based electronic technologies are in a state of constant development/flux. As TCRECC has not thoroughly investigated specific technologies pertinent info cannot be discussed.

Witness Mike Skaggs

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 3. In light of recent catastrophic storms over the past ten years (for example, the various ice storms, tornadoes, and strong winds), which electric companies have experienced, and for which the company may ultimately have sought regulatory assets, can the company affirmatively state that its basic infrastructure, including all of its generation, transmission and distribution facilities, have proven to be reliable 24 hours a day, seven days a week, 365 days a week? If not, for each and every storm that it affected the utility in excess of two days, please provide the following:

- a. The number of days before the company's last ratepayer's electricity was restored for each storm.
- b. The average number of days, or hours if applicable, that the average ratepayer's outage lasted for each storm.
- c. The average financial loss for the average ratepayer for each storm, if known.

RESPONSE a. 4; b. unable to calculate; c. unknown

Witness Mike Skaggs

TAYLOR COUNTY RECC
RESPOSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 4. Does the company agree with the Attorney General that electricity is not considered a luxury service but a necessary commodity of modern life? If not, why not?

RESPONSE Taylor County RECC references the response to AG Request 4 as submitted by EKPC and adopts that response as its own.

Witness Mike Skaggs

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 5. Does the company agree that the fundamental reliability of its electric grid- i.e., the delivery of electricity to the end-user 24/7/365- is paramount to the end-user's ability to monitor and/or conserve his/her demand or electricity consumption? If not, why not?

RESPONSE Taylor County RECC references the response to AG Request 5 as submitted by EKPC and adopts that response as its own.

Witness Mike Skaggs

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 6. Please state whether the company is aware of any cybersecurity breaches effecting the electric and gas industries that have either occurred in the United States or internationally. If the answer is in the affirmative, please explain the details of the breaches without exposing information that is not already in the public domain.

RESPONSE Taylor County is not aware of any cybersecurity breaches.

Witness John Patterson

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 7. Please confirm that the company is aware that the prior United States Secretary of Defense Leon Panetta, in speaking on the vulnerability of the nation's electric grid with the consequential safety and security concerns that ensue, warned the Senate Appropriations Committee on Defense that the risk to the United States could even be considered the equivalent of a "digital Pearl Harbor".

a. Is this concern of the vulnerability of the nation's electric grid shared by the company? If not, why not?

RESPONSE Taylor County was not aware of this.

Witness John Patterson

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 8. With regard to cybersecurity in general, can the company unequivocally confirm that its system reliability is not vulnerable to a cybersecurity attack? If not, what could be the consequences? Please explain in detail as much as possible for the following:

- a. the company, and
- b. the company's ratepayers.

RESPONSE Taylor County cannot unequivocally confirm that its system reliability is not vulnerable to a cybersecurity attack.

Witness John Patterson

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 9. Please provide the names of the standards, protocols or policies which the company observes and/or implements in its maintaining its system reliability from cybersecurity threats.

RESPONSE Taylor County has a firewall on its computer systems and maintains anti virus software.

Witness John Patterson

TAYLOR COUNTY RECC
RESPOSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 10. Please provide copies of the standards, protocols or policies which the company observes and/or implements in its maintaining its system reliability from cybersecurity threats.

RESPONSE Taylor County maintains a firewall and anti virus software on its computers that communicate with its distribution system.

Witness John Patterson

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 11. With regard to cybersecurity in general, can the company unequivocally confirm that its ratepayers' privacy of data cannot be compromised or otherwise divulged to any individual or entity not associated with the company, or a qualified third-party which has issues a non-disclosure statement or the ratepayers? If not, what could be the consequences? Please explain in detail as much as possible for the following:

- a. the company, and
- b. the company's ratepayers.

RESPONSE Taylor County cannot unequivocally confirm that its ratepayers' privacy of data cannot be compromised or otherwise divulged to any individual or entity not associated with the company, or a qualified third-party which has issues a non-disclosure statement or the ratepayers.

Witness John Patterson

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 12. If a qualified third-party that has agreed to a non-disclosure statement and obtains ratepayers' private information, what guarantees exist that the information will not be disclosed, whether intentionally or unintentionally?

RESPONSE The only guarantee is the third-party is qualified and signed a non-disclosure.

Witness John Patterson

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 13. Please provide the names of the standards, protocols or policies which the company observes and/or implements in its maintaining its ratepayers' privacy data from cybersecurity threats.

RESPONSE Taylor County maintains a firewall and anti virus software on systems with ratepayer information.

Witness John Patterson

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 14. Please provide copies of the standards, protocols or policies which the company observes and/or implements in its maintaining its ratepayers' privacy data from cybersecurity threats.

RESPONSE Policy is attached.

TAYLOR COUNTY RURAL ELECTRIC
COOPERATIVE CORPORATION

Identity Theft Prevention Policy

I. POLICY SUMMARY

It shall be the policy of Taylor County Rural Electric Cooperative Corporation (TCRECC) to take all reasonable steps to identify, detect, and prevent the theft of its members' personal information. TCRECC hereby adopts the following policy for (1) identifying and detecting Red Flags; (2) responding to Red Flags; and (3) preventing and mitigating Identity Theft.

II. POLICY RATIONALE

Under federal law and regulations, TCRECC is required to adopt an Identity Theft Prevention Red Flag policy. The policy must be implemented no later than the compliance deadline of November 1, 2008. This is required under the federal regulations at 16 C.F.R. § 681.2 *et seq.*

III. DEFINITIONS

The term "identifying information" means any name or number that may be used, alone or in conjunction with any other information, to identify a specific person, including name, Social Security Number, date of birth, official State or government issued driver's license or identification number, alien registration number, government passport number, employer or taxpayer identification number, or address.

The term "Identity Theft" means a fraud committed or attempted using the identifying information of another person without authority.

The term "Red Flag" means a pattern, practice or specific activity that indicates the possible existence of Identity Theft.

The terms "member" or "members" for purposes of this policy include both members of the cooperative and to the extent the cooperative has non-member patrons, the non-member patrons of the cooperative.

IV. IDENTIFICATION OF ACCOUNTS SUBJECT TO RED FLAG POLICY

TCRECC maintains accounts for its members that allows the members to pay for service after it has been rendered. Bills are sent and payments are due on a monthly basis. TCRECC does not offer banking or financial services. TCRECC also maintains as a part of its member accounts (1) utility deposits, when required for new service under its tariff; and (2) a capital credit account. These accounts are all covered by this Red Flag policy.

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

V. IDENTIFICATION OF POTENTIAL RED FLAGS

A. Risk Factors. In identifying potential Red Flags associated with the accounts that TCRECC maintains, TCRECC's Board of Directors and management have considered the following Identity Theft risk factors:

1. Types of Covered Accounts. TCRECC is an electric cooperative serving rural Kentucky providing its members with electric utility service. TCRECC serves approximately 25,000 members. Member accounts can consist of three different components:

(a) Payments for Utility Services Rendered. Payments from members for services rendered are due by the last working day of the month in which they are billed. TCRECC does not regularly provide credit to its members beyond this revolving, monthly account for utility service. Such service is rendered at a fixed physical location known to TCRECC. As a result, there is a low risk of misuse of identifying information to perpetrate fraud on the cooperative for utility services rendered. However, identifying information maintained by TCRECC could be used to perpetrate Identity Theft and defraud other businesses if the information was wrongfully altered or disclosed.

(b) Utility Deposits. For some new members, utility deposits are required prior to the initiation of service. These amounts are held under the terms and conditions of utility's tariff, and may eventually be refunded to the member. There is some risk that a member who is a victim of Identity Theft could have the member's utility deposit refunded to an identity thief. Additionally, identifying information maintained by TCRECC could be used to perpetrate Identity Theft and defraud other businesses if the information was wrongfully altered or disclosed.

(c) Capital Credits Accounts. All members are eligible for allocation of capital credits in accordance with TCRECC's Bylaws and Board policies. Capital credits are retired in accordance with the Bylaws and Board policies. At the current time, TCRECC is only refunding capital credits to the estate of deceased member in the form of a check to the deceased member's estate. There is some risk that a member who is a victim of Identity Theft could have the member's capital credit retirement check sent to an identity thief. Additionally, identifying information maintained by TCRECC could be used to perpetrate Identity Theft and defraud other businesses if the information was wrongfully altered or disclosed.

2. Methods for Opening Accounts. TCRECC requires that prospective members who wish to receive utility service submit a membership application with the following information: (1) name and date of birth of adult household members on the account; (2) address location where service shall be provided; (3) contact and billing information; and (4) Social Security Number or Tax Identification Number. The applicant must also present to the Member Service Representative valid Government-issued photo identification as proof of identity.

3. Methods for Accessing Accounts. TCRECC allows members to access information related to their accounts using the following methods:

(a) in person at TCRECC's offices with a picture identification;

(b) over the telephone after providing TCRECC's Member Service Representative with certain identifying information, such as the caller's date of birth and/or the address and telephone number of the service location and/or the last four digits of the member's Social Security Number or Tax Identification Number, a password, or by answering a predetermined challenge question.

4. Previous Experience with Identity Theft. TCRECC is not aware of any security breach of, or unauthorized access to, its systems that are used to store members' identifying information. TCRECC believes that part of the reason for this historical absence of Identity Theft of its members' information is due to (1) the limited services and credit provided to its members, both of which are tied to an immovable physical location; (2) the small size of most member utility deposits and capital credit retirement checks; (3) the small size of the population it serves; (4) the relatively low rate of change in membership; and (5) the utility's policies for securing members' personal information.

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

B. Sources of Red Flags. In identifying potential Red Flags associated with the accounts that TCRECC maintains, TCRECC's Board of Directors and management have considered the following sources of Red Flags for Identity Theft:

1. Past Incidents of Identity Theft. As described in Section V.A.4 above, TCRECC is not aware of any security breach of, or unauthorized access to, its systems that are used to store members' personal identifying information collected by the cooperative. In the event of incidents of Identity Theft in the future, such incidents shall be used to identify additional Red Flags and this policy will be amended accordingly.

2. Identified Changes in Identity Theft Risk. As provided in Section VIII below, TCRECC will at least annually review this policy, the utility's operations and the utility's experience with Identity Theft for changes in Identity Theft Risk.

3. Applicable Supervisory Guidance. In addition to considering the guidelines initially published with the FTC's Red Flag regulations, as a part of its annual review, TCRECC will review additional regulatory guidance from the FTC and other consumer protection authorities. This review shall focus on new Identity Theft risks and recommended practices for identifying, detecting, and preventing Identity Theft.

C. Categories of Red Flags. In identifying potential Red Flags associated with the accounts that TCRECC maintains, TCRECC's Board of Directors and management have considered the following categories of Red Flags for Identity Theft, and will take the following actions upon discovering such Red Flags:

1. Alerts, Notifications, and Warnings. Alerts, notifications, or other warnings received from consumer reporting agencies or service providers, such as fraud detection services can be Red Flags for Identity Theft. Such alerts, notifications and warnings include:

- (a) A fraud or active duty alert is included in a consumer report.
- (b) A consumer reporting agency provides a notice of credit freeze in response to a request for a consumer report.
- (c) A consumer reporting agency provides a notice of address discrepancy.
- (d) A consumer report indicates a pattern of activity that is inconsistent with the history and usual pattern of activity of an applicant or member, such as:
 - (1) A recent and significant increase in the volume of inquiries;
 - (2) An unusual number of recently established credit relationships;
 - (3) A material change in the use of credit, especially with respect to recently established credit relationships; or
 - (4) An account that was closed for cause or identified for abuse of account privileges.

For utilities that regularly run credit checks: In the event a consumer report indicates an information discrepancy, it shall be the policy of TCRECC to report any such information to management for further review and verification of the potential member's information, including verifying identification in person at the utility's offices. It shall further be the policy of TCRECC to train its Member Service Representatives to look for unusual activity when reviewing member accounts for service. Should there be unusually high inquiries on a particular account, Member Service Representatives shall report such activity to supervisors for further review and inquiry.

2. Suspicious Documents. The presentation of suspicious documents can be a Red Flag for Identity Theft. Presentation of suspicious documents includes:

- (a) Documents provided for identification that appear to have been altered or forged.

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

(b) The photograph or physical description on the identification is not consistent with the appearance of the applicant or member presenting the identification.

(c) Other information on the identification is not consistent with information provided by the person opening a new account or member presenting the identification.

(d) Other information on the identification is not consistent with readily accessible information that is on file with TCRECC, such as a membership application card.

(e) An application appears to have been altered or forged, or gives the appearance of having been destroyed and reassembled.

Member Service Representatives and other personnel of TCRECC shall report to management when it appears that account documents have been altered or forged when compared to other documents in a member's file. It shall also be brought to a supervisor's attention immediately if any member presents an invalid identification, or identification that appears forged for the purpose of obtaining access to account information.

3. Suspicious Personal Identifying Information. The presentation of suspicious personal identifying information, such as a suspicious address change, can be a Red Flag for Identity Theft. Presentation of suspicious personal identifying information occurs when:

(a) Personal identifying information provided is inconsistent when compared against external information sources used by TCRECC. For example:

(1) The address does not match any address in the consumer report; or

(2) The Social Security Number has not been issued, or is listed on the Social Security Administration's Death Master File.

(b) Personal identifying information provided by the member is not consistent with other personal identifying information provided by the member. For example, there is a lack of correlation between the Social Security Number range and date of birth.

(c) Personal identifying information provided is associated with known fraudulent activity as indicated by internal or third-party sources used by TCRECC. For example:

(1) The address on an application is the same as the address provided on a fraudulent application;
or

(2) the phone number on an application is the same as the number provided on a fraudulent application.

(d) Personal identifying information provided is of a type commonly associated with fraudulent activity as indicated by internal or third-party sources used by TCRECC. For example:

(1) the address on an application is fictitious, a mail drop, or a prison; or

(2) The phone number is invalid, or is associated with a pager or answering service.

(e) The Social Security Number provided is the same as that submitted by other persons opening an account or other members.

(f) The address or telephone number provided is the same as or similar to the account number or telephone number submitted by an unusually large number of other persons opening accounts or other members.

TAYLOR COUNTY RECC
RESPOSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

(g) The person opening the covered account or the member fails to provide all required personal identifying information on an application or in response to notification that the application is incomplete.

(h) Personal identifying information provided is not consistent with personal identifying information that is on file with TCRECC.

TCRECC shall provide members access to their account information in person at the utility's offices only after verifying the member's identity through photo identification. Access to member account information via telephone or internet shall require the member to verify his or her identity using information that would only be known to the member as reflected in the member's account. Member Service Representatives shall be trained to make note in a member's file when there is a lack of correlation between information provided by a member and information contained in a file for the purposes of gaining access to account information. TCRECC is not to provide account information without first clearing any discrepancies in the information provided.

4. Suspicious Activity. The unusual use of, or other suspicious activity related to, a member account is also a Red Flag for potential Identity Theft. Suspicious activities include:

(a) Shortly following the notice of a change of address for a member account, TCRECC receives a request for the addition of authorized users on the account.

(b) Mail sent to the member is returned repeatedly as undeliverable although transactions continue to be conducted in connection with the member's covered account.

(c) TCRECC is notified that the member is not receiving paper account statements.

(d) TCRECC is notified of unauthorized charges or transactions in connection with the member's account.

(e) A member requests a capital credit check or utility deposit refund check be sent to a new address without requesting a service disconnection or change in service location.

(f) A member requests that a capital credit check or utility deposit refund check be made payable to a person other than the member.

(g) A member requests that TCRECC provide the member with personal identifying information from the cooperative's records.

Member Service Representatives shall be trained to note unusual use of accounts, or suspicious activities related to accounts and verify the identity of members in such circumstances. It shall further be the policy of TCRECC to not provide identifying information to members, either verbally or in writing, even when members are asking for their own information. Member Service Representatives shall immediately notify management, who will conduct further reasonable inquiry, when a member requests such information. It shall be the policy of TCRECC to train its Member Service Representatives to look for unusual activity when reviewing member accounts for service. Member Service Representatives shall also notify a supervisor when there are an unusually high number of inquiries on an account, coupled with a lack of correlation in the information provided by the member.

5. Notices. Notices of potential identity theft are also serious Red Flags, including:

(a) Notice from members, law enforcement authorities, or other persons indicating that a member has been a victim of Identity Theft;

(b) Notice to the cooperative that a member has provided information to someone fraudulently claiming to represent the cooperative;

(c) Notice to the cooperative that a fraudulent website that appears similar to the cooperative's website is being used to solicit member personal identifying information;

TAYLOR COUNTY RECC
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PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

(d) The cooperative's mail servers are receiving returned e-mails that the cooperative did not send, indicating that a member may have received a fraudulent e-mail soliciting member personal identifying information.

Upon notice from a member, law enforcement authority, or other persons that one of its members may be a victim of Identity Theft, TCRECC shall contact the member directly in order to determine what steps may be necessary to protect any member information in the possession of TCRECC. Such steps may include, but not be limited to, setting up a new account for the member with additional identifying information that may be identified only by the member in order to protect the integrity of the member's account, or notifying members and the media of an on-going attempt to perpetrate a fraud on the membership.

VI. DETECTING RED FLAGS

A. It shall be the policy of TCRECC to obtain identifying information about, and verify the identity of, a person opening an account. TCRECC will obtain the member's name, date of birth, address for service location, and Social Security Number or Tax Identification Number to open a new account. TCRECC shall require presentation of valid government-issued identification to open a new account. It shall be the policy of TCRECC to not provide identifying information to members, either verbally or in writing, even when a member is asking for their own information.

B. It shall be the policy of TCRECC to authenticate members and customers, monitor transactions and verify the validity of change of address requests, in the case of existing accounts.

VII. PREVENTING AND MITIGATING IDENTITY THEFT

A. If TCRECC discovers that any of its members have become victims of Identity Theft, the cooperative shall take appropriate steps to mitigate the impacts of such Identity Theft. These steps may include, but are not limited to:

1. Monitoring an account for evidence of Identity Theft;
2. Contacting the member;
3. Changing any passwords, security codes, or other security devices that permit access to an account;
4. Reopening an account with a new account number;
5. Closing an existing account;
6. Not attempting to collect on an account;
7. Notifying the member;
8. Notifying law enforcement; or
9. Putting a stop payment on any outstanding capital credit refund or utility deposit refund checks;
10. Putting a hold on any new capital credit refund or utility deposit refund checks;
11. Determining that no response is warranted under the particular circumstances.

For utility with third-party contracts for data management, customer service, etc.:

TCRECC has a business relationship with a third-party contractor for maintaining a secure website, data storage, and credit reporting. Under this business relationship, the third-party contractor has access to member identifying information covered under this Policy. The General Manager shall ensure that the third-party

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

contractor's work for the utility is consistent with this policy by (a) amending the contract to incorporate these requirements; or (b) by determining that the third-party contractor has reasonable alternative safeguards that provide the same or a greater level of protection for member information as provided by the cooperative.

VIII. POLICY UPDATES AND ADMINISTRATION

A. TCRECC shall consider updates at least annually to determine whether it has experienced any Identity Theft of its members' accounts, whether changes in the methods of Identity Theft require updates to this policy, and whether changes are necessary to detect, prevent, and mitigate Identity Theft. TCRECC's management will continue to monitor changes in methods of Identity Theft, and re-evaluate this policy in light of those changes. Management believes that review of such changes on no more than an annual basis is necessary.

B. Administration of this Policy shall be as follows:

1. The Board of Directors has adopted this policy and will have ultimate authority over this policy, but the policy shall be managed by the General Manager of TCRECC. The General Manager shall have authority to delegate oversight and compliance to other individuals at the senior level management level. The General Manager shall be responsible for reviewing staff and management reports regarding compliance with the utility's policy.

2. Potential changes to the policy shall be reviewed at least annually by TCRECC management. Material changes to the policy that may be needed prior to the meeting described herein shall be brought to the General Manager's attention, and reviewed by management and the Board of Directors if deemed necessary by the General Manager.

3. Reports.

(a) Management personnel assigned responsibility under this policy or by delegation from the General Manager shall prepare a report, at least annually, regarding the implementation and progress of the utility's policy for review by the General Manager. The General Manager may, at his or her discretion, bring any issues related to the policy to the attention of the Board of Directors for review.

(b) The above-described report prepared by management personnel designated with supervising the policy shall include a discussion of: the progress of implementing and the effectiveness of the policy; ongoing risk level of Identity Theft of member information; potential changes to the policy and other operation practices of the utility to further the goal of protecting member's personal information; and, identification and discussion of instances of Identity Theft of the utility's members.

(c) The General Manager shall keep records of meetings regarding this policy showing the dates and topics discussed. The General Manager shall also cause to be maintained a file with copies of the five (5) most recent annual reports prepared under the policy.

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 15. Given the vulnerability of the electric grid to cyberattacks, describe what analog (non-digital) means the company will have in place to insure reliability, including but not limited to the maintenance of legacy systems.

RESPONSE Sectionalizing equipment on TCRECC's distribution grid are not 'connected' to the computing system and thereby can continue to be operated as normal should a cyberattack take place.

Witness Mike Skaggs

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 16. What are the company's estimated costs to invest in order to fully implement Smart Grid?

a. Do any cost estimates include results of any modeling that may show the degree of exposure to the following risks: (a) hacking; (b) electronic magnetic pulses (EMPs, whether related to solar flares or otherwise); and/or (c) weather events? If so, provide a list of the modeling software used to produce any estimates, the scenarios and sensitivities examined, and any and all such results.

RESPONSE Taylor County RECC references the response to AG Request 16 as submitted by EKPC and adopts that response as its own.

Witness Mike Skaggs

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 17. Please explain in detail what benefits, if any, the company expects its ratepayers to realize because of Smart Grid?

a. Does the company believe that societal benefits are to be considered in evaluating benefits? If so, detail those societal benefits and how they may be used in evaluations? If not, why not?

RESPONSE Taylor County RECC references the response to AG Request 17 as submitted by EKPC and adopts that response as its own.

Witness Mike Skaggs

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 18 Would the company agree to strict limits and/or caps on ratepayer costs? If not, why not?

RESPONSE Taylor County RECC references the response to AG Request 18 as submitted by EKPC and adopts that response as its own.

Witness Mike Skaggs

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 19. Would the company agree to allow ratepayers to opt-out of smart meter deployment? If not, why not?

RESPONSE Taylor County RECC references the response to AG Request 19 as submitted by EKPC and adopts that response as its own.

Witness Mike Skaggs

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 20. Can the company quantify measureable and significant benefits that the ratepayers will realize, including a monetary quantification of net savings (if any) to ratepayers?

RESPONSE Taylor County RECC references the response to AG Request 20 as submitted by EKPC and adopts that response as its own.

Witness Mike Skaggs

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 21. Please explain in detail what detriments, if any, the company expects its ratepayers to realize because of Smart Grid? Include in the explanation both new costs as well as stranded costs.

RESPONSE Taylor County RECC references the response to AG Request 21 as submitted by EKPC and adopts that response as its own.

Witness Mike Skaggs

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 22. What are the company's estimated costs which the company expects the ratepayers to realize?

RESPONSE Taylor County RECC references the response to AG Request 22 as submitted by EKPC and adopts that response as its own.

Witness Mike Skaggs

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 23. What are the company's estimated costs which the company expects its shareholders, if any, to realize? Include in the explanation both new costs as well as stranded costs.

RESPONSE Taylor County RECC references the response to AG Request 23 as submitted by EKPC and adopts that response as its own.

Witness Mike Skaggs

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 24. Does the company agree that its costs to invest and implement Smart Grid will be different than other utility companies? If not, why not?

RESPONSE Taylor County RECC references the response to AG Request 24 as submitted by EKPC and adopts that response as its own.

Witness Mike Skaggs

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 25. Does the company agree that its ratepayers' benefits, whether financial or otherwise, may differ from one utility to another upon implementation of any Smart Grid technology? If not, why not?

RESPONSE Taylor County RECC references the response to AG Request 25 as submitted by EKPC and adopts that response as its own.

Witness Mike Skaggs

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 26. Can the company guarantee that the deployment of Smart Grid will not interfere with the regulatory compact whereby the ratepayers will receive safe, adequate and reliable service at fair, just and reasonable costs? If not, why not? Explain in detail.

RESPONSE Taylor County RECC references the response to AG Request 26 as submitted by EKPC and adopts that response as its own.

Witness Mike Skaggs

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 27. Answer the above question with the definition of "fair, just and reasonable costs" as being economically feasible for the end-user.

a. Provide any cost-benefit analysis that the company has run or will run to make the determination of economically feasible to the end-user.

RESPONSE Taylor County RECC references the response to AG Request 27 as submitted by EKPC and adopts that response as its own.

Witness Mike Skaggs

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 28. Regarding time of use (TOU) rates, can the company confirm that low-income ratepayers will not be disproportionately affected more than non-low-income customers? If not, why not? (Provide in the answers in any studies, reports, analyses and relevant data.)

RESPONSE Taylor County does not have TOU rates at this time.

Witness John Patterson

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 29. With regard to TOU rates, does the company have any history with any such programs? If so, explain in detail with particular facts as to:

- a. the number of customers who participated;
- b. whether they remained on the program;
- c. whether they saved money on their bills; and
- d. whether the customers ultimately reduced their usage.

RESPONSE Taylor County does not have TOU rates.

Witness John Patterson

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 30. What proposals will the company present to deal with technological impediments to the broad use of Smart Grid, including but not limited to the following:

- a. low and fixed-income individuals who do not have Internet resources at their home;
- b. multiple forms of telecommunications technology used to access information (i.e., analog, cellular, VOIP); and
- c. multiple and proprietary technology and software options in the market that may lead to issues of compatibility?

RESPONSE a, b, and c – All unknown at this time.

Witness Mike Skaggs

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 31. Assume: Full deployment of Smart Grid at the residential ratepayer level consisting of a household with only Energy Star appliances, an HVAC system with at least a 15 SEERS rating, etc. and any smart grid apparatuses/equipment for interconnectivity with the electricity provider (including generation, transmission and distribution).

- a. Does the company agree that if full deployment of the magnitude described in the above question occurs, the average residential ratepayer could experience a significant capital outlay?
- b. If so, what are the projected costs?
- c. If no costs are anticipated by the electric provider, why not?

RESPONSE Taylor County RECC references the response to AG Request 31 as submitted by EKPC and adopts that response as its own.

Witness Mike Skaggs

TAYLOR COUNTY RECC
RESPOSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 32. In regard to appliances, such as refrigerators or lighting, does the company agree that in the long run, it is cheaper for the end-user himself/herself to make that capital outlay for the purchase of the appliance or lighting than have the company provide the appliance(s) and build the costs into the company's ratebase which would then include a profit component for the company on an on-going basis?

RESPONSE Taylor County RECC references the response to AG Request 32 as submitted by EKPC and adopts that response as its own.

Witness Mike Skaggs

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 33. Confirm that the Smart Grid depends, at least in part, if not exclusively, on telephony (whether landline, fiber optic, wireless or VOIP) at the end-user level for the end-user to participate in his/her altering his/her electricity usage patterns or behavior.

RESPONSE Yes

Witness Mike Skaggs

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 34. If the answer to the above question is in the affirmative, confirm that limited access or even complete absence of access to telephony will interfere with, if not prevent, the deployment of the Smart Grid at the end-user level.

RESPONSE Yes

Witness Mike Skaggs

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 35. If the company intends to install infrastructure/software allowing for the transmission of Smart Grid/Smart Meter data over its distribution/transmission conductors and networks, provide estimates, or actual numbers, for the costs of doing so.

RESPONSE No imminent plans therefore no cost data.

Witness Mike Skaggs

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 36. Is there a standard communications' protocol that the company will deploy in its Smart Grid that will be interoperable regardless of the communications provider?

- a. If not, explain how the company plans on addressing any problems that might arise.

RESPONSE Unknown

Witness Mike Skaggs

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 37. If improved reliability is the goal of Smart Grid/Smart Meter, would it not be more cost-effective to invest in infrastructure hardening (for example, utilizing protocols and standards developed and implemented by many utilities in hurricane-prone regions)?

RESPONSE Taylor County RECC references the response to AG Request 37 as submitted by EKPC and adopts that response as its own.

Witness Mike Skaggs

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 38. Describe the company's plans to avoid obsolescence of Smart Grid/Smart Meter infrastructure (both hardware and software) and any resulting stranded costs. (This question and the subparts should be construed to relate to both the Smart Grid Investment Standard as well as the Smart Grid Information Standard.)

a. Describe who would pay for stranded costs resulting from obsolescence.

b. With regard to the recovery of any obsolete investment, explain the financial accounting that should be used (as in account entry, consideration of depreciation, time period involved, etc.).

RESPONSE Taylor County RECC references the response to AG Request 38 as submitted by EKPC and adopts that response as its own.

Witness Mike Skaggs

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 39. With regard to interoperability standards, does the company agree that Smart Grid equipment and technologies as they currently exist, and are certain to evolve in the future, are not a one size fits all approach to the Commonwealth?

RESPONSE Taylor County RECC references the response to AG Request 39 as submitted by EKPC and adopts that response as its own.

Witness Mike Skaggs

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 40.

Is dynamic pricing strictly defined as TOU?

a. If not, explain why not.

b. Is the company requesting that dynamic pricing be voluntary or involuntary, if at all?

RESPONSE Taylor County RECC references the response to AG Request 40 as submitted by EKPC and adopts that response as its own.

Witness Mike Skaggs

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 41. Please explain in detail whether the company has any dynamic programs in place in Kentucky.

- a. For each program, provide the number of participants.
- b. For each program, state whether those participants on aggregate have saved costs on their bills.
- c. For each program, state whether those participants on aggregate have saved costs on their bills.
- d. For each program, state whether each participant has saved costs on his/her/its bills. (The question is not intended to request any private identifier information.)

RESPONSE Taylor County does not have dynamic pricing programs in place.

Witness John Patterson

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 42. Does the company recommend the Commission to formally adopt the EISA 2007 Smart Grid Investment Standard? If not, why not?

RESPONSE Taylor County RECC references the response to AG Request 42 as submitted by EKPC and adopts that response as its own.

Witness Mike Skaggs

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 43. Does the company recommend the Commission to formally adopt the EISA 2007 Smart Grid Information Standard? If not, why not?

RESPONSE Taylor County RECC references the response to AG Request 43 as submitted by EKPC and adopts that response as its own.

Witness Mike Skaggs

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

- Request 44.** Does the company recommend issuing an IRP Standard?
- a. If so, what concerns does the company have with a standard, including "priority resource," especially as it relates to cost-effectiveness?
 - b. What concerns would the company have with a standard as it affects CPCN and rate applications?

RESPONSE Taylor County RECC references the response to AG Request 44 as submitted by EKPC and adopts that response as its own.

Witness Mike Skaggs

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 45. Does the company agree that any investment in grid modernization infrastructure should be done before deploying TOU rates or dynamic pricing? If not, why not?

RESPONSE Taylor County RECC references the response to AG Request 45 as submitted by EKPC and adopts that response as its own.

Witness Mike Skaggs

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 46. Regarding the Kentucky Smart Grid Roadmap Initiative (KSGRI), does the company believe that it provides the fundamental basis for the Commonwealth as a whole to proceed with Smart Grid given its lack of incorporating all electric utilities such as municipalities and the TVA, along with its distribution companies? If yes, please explain why. If not, please explain why not.

RESPONSE Taylor County RECC references the response to AG Request 46 as submitted by EKPC and adopts that response as its own.

Witness Mike Skaggs

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 47. Does the company believe that the Commonwealth's electric industry is, or will become, so interconnected that all electric entities in any way involved or associated with the generation, transmission and/or distribution of electricity should be included and participate to some degree with Smart Grid if it is to come to fruition? If yes, please explain why. If not, please explain why not.

RESPONSE Taylor County RECC references the response to AG Request 47 as submitted by EKPC and adopts that response as its own.

Witness Mike Skaggs

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 48. Does the company believe that any Smart Grid Investment will trigger a CPCN case? If not, why not?

RESPONSE Taylor County RECC references the response to AG Request 48 as submitted by EKPC and adopts that response as its own.

Witness Mike Skaggs

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 49. Does the company believe that Dynamic Pricing should be economically feasible for the end-user and be supported by a cost- benefit analysis?

RESPONSE Taylor County RECC references the response to AG Request 49 as submitted by EKPC and adopts that response as its own.

Witness Mike Skaggs

TAYLOR COUNTY RECC
RESPONSE TO ATTORNEY GENERAL DATA REQUEST DATED FEBRUARY 27, 2013
PUBLIC SERVICE COMMISSION CASE NO 2012- 00428

Request 50. If additional education is contemplated with the deployment of the Smart Grid, please explain in detail if known or contemplated.

RESPONSE Taylor County RECC references the response to AG Request 50 as submitted by EKPC and adopts that response as its own.

Witness Mike Skaggs