

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF GRAYSON RURAL)	
ELECTRIC COOPERATIVE CORPORATION)	CASE NO.
ADJUSTMENT OF EXISTING RATES)	2018-00272

COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION
TO GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

Grayson Rural Electric Cooperative Corporation (Grayson RECC), pursuant to 807 KAR 5:001, is to file with the Commission the original and ten copies in paper medium of the following information, with a copy to all parties of record. The information requested herein is due on March 8, 2019. Responses to requests for information in paper medium shall be appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format (PDF), shall be searchable and shall be appropriately bookmarked.

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 RECC shall make timely amendment to any prior response if Grayson RECC 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 RECC fails or refuses to furnish all or part of the requested information, Grayson RECC 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. When filing a paper containing personal information, Grayson RECC shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Provide Grayson RECC's OTIER for the calendar years 2012–2017.
2. Provide a comparison of Grayson RECC's December 2017 and December 2018 income statements by account and show the percentage change in each account. Provide a copy of these income statements in an Excel spreadsheet format with all formulas intact and unlocked.
3. Refer to Grayson's response to Commission Staff's First Request for Information, Item 53, page 11 of 11, the schedule labeled as "Grayson Rural Electric Proposed Safety Plan." Provide a copy of this schedule in an Excel spreadsheet format with all formulas intact and unlocked.
4. Provide all documentation, including but not limited to Grayson RECC's Board meeting minutes, related to or referencing Grayson RECC's consideration,

evaluation, and conclusions of a possible merger or consolidation with another electric cooperative or another energy provider.

5. Refer to the hearing testimony of Carol Hall Fraley (Fraley Hearing Testimony) regarding the cost savings measures implemented by Grayson RECC since its last rate case in 2012.

a. Provide in detail the specific cost-saving measures by project and the associated annualized dollar value of each of those measures.

b. Provide the analytical calculations used to develop the cost-saving estimates relied upon to implement each of the projects.

c. Provide all documentation and the data collected that was used to quantify the impact of these cost-saving measures, including but not limited to, the dates the projects were considered and implemented, the costs associated with each measure, any changes in operating costs or other operating expenses, and any changes to revenue since the effective date of each identified cost-saving measure.

6. Refer to the Fraley Hearing Testimony regarding the health insurance provider's requirement that Grayson RECC offers a Preferred Provider Organization (PPO) health insurance plan if an employee has a dependent on Medicaid.

a. Explain in detail if this is Grayson RECC's policy or if it is a directive from the insurance provider based on government regulation.

b. If this is an insurance provider requirement that is based on government regulation, provide their documentation substantiating the requirement for this type of PPO policy and the government regulations or statutes relied upon in determining this requirement.

c. Provide the date of Grayson RECC's change in its health care plan and the cost savings resulting from the change in plans.

7. Provide all documentation, specifically Grayson RECC's Board minutes that address the excessive Directors' Fees and actions taken by Grayson RECC's Board to reduce those expenses.

8. Provide the document or contract, including referenced documents in the Fraley Hearing Testimony that provides for Grayson RECC's previous attorney, W. Jeffrey Scott, and his spouse to have lifetime health insurance benefits.

9. Provide a listing of any variable rate loans that Grayson RECC refinanced to a fixed rate within the last five years and the valuation of each of those refinanced loans.

10. Regarding Grayson RECC's decision at the hearing to withdraw its proposal to eliminate Schedule 16 – Small Commercial Demand and Energy Rate.

a. Provide the amount of the corresponding change to the revenue requirement for other rate classes.

b. Provide an updated Exhibit J to the application, reflecting the revised revenue requirement and revised rate schedules as well as the inclusion of Schedule 16. Also, separately provide a companion Exhibit J, which reflects the elimination of Schedule 16, the revised revenue requirement, and revised rate schedules.

11. Provide the number of customers that are served under Schedule 20 – Residential Inclining Block Rate.

12. Provide a copy of the contract for Grayson RECC's current attorney, and provide any additional change to the rate case expense incurred due to the hiring of new counsel during the pendency of the rate case.

13. Refer to the Fraley Hearing Testimony. Provide a listing of any variable rate loans that Grayson RECC refinanced to a fixed rate within the last five years and the valuation of each of those refinanced loans.

14. Provide a copy of the analysis that supports Bradley Cherry's hearing testimony (Cherry Hearing Testimony), regarding management oversight of Grayson RECC's long-term debt.

a. Provide a detailed analysis comparing interest rate options and loan refinancing that supports the Cherry Hearing Testimony that Grayson RECC's long-term debt portfolio is in the best financial position with regard to its long-term debt interest expense.

b. Confirm the frequency of Grayson RECC's management meetings between President/CEO, Carol Hall Fraley, and Manager of Accounting, Bradley Cherry, that were conducted for the specific purpose of evaluating Grayson RECC's long-term debt portfolio.

c. Provide any documentation, emails or other correspondence that was created as a direct result of the above-referenced meetings.

d. Provide all correspondence and any related documentation for the years 2017 and 2018 between Grayson RECC's management and all lenders that were used by Grayson RECC's management to evaluate potential long-term debt conversions or refinancing.

15. Refer to the Cherry Hearing Testimony. Provide the analysis relied upon by Grayson RECC concerning the Long Term Disability Insurance and the amounts included in the 401(k) account for the years 2013 through 2018.

16. Refer to the Cherry Hearing Testimony. Provide a detailed breakdown with supporting invoices for the \$69,730 rate case expense to date.

17. Refer to Grayson RECC's hearing testimony of James Adkins (Adkins Hearing Testimony) and the Fraley Hearing Testimony that low-income residential customers consume more energy than the average residential customer does and that decreasing the residential customer charge would result in low-income customers paying more. Provide any documentation and analysis supporting these statements.

18. Refer to the Adkins Hearing Testimony regarding depreciation. Provide a detailed fixed asset ledger that identifies all general plant items along with the depreciation rates and when those rates were implemented.

19. Refer to the Direct Testimony of James Adkins, response to Question 8, page 3. Provide the table indicating the percentage of the total increase proposed for each rate class referenced in the response.

20. Refer to the Adkins Hearing Testimony regarding the TIER & Return Tab of the COSS in the application. Provide a proposed revenue allocation and rate design so that Schedule 20-Inclining Block Rate and Schedule 22 – General Services Prepay, rate classes, are no longer contributing negatively. Provide this with and without the proposed elimination of Schedule 16 as answered in Item 10 above.

21. Refer to Grayson RECC's Fraley, Cherry, and Adkins Testimonies. Provide a listing of the residential customer charges and energy charges for each of the 16

distribution cooperatives in the East Kentucky Power Cooperative, Inc., system (including Grayson RECC's current and proposed customer charge and energy charge) and a statement from Grayson RECC regarding its above-average position on this list.

22. Refer to Exhibit 18 of the application. Provide a statement from Grayson RECC regarding its above average position in each of the categories on this exhibit for the cooperatives in the East Kentucky Power Cooperative, Inc., system.



Gwen R. Pinson
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Public Service Commission
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DATED **FEB 21 2019**

cc: Parties of Record

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