

W. JEFFREY SCOTT, PSC

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November 30, 2018

Gwen R. Pinson, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602

RECEIVED

NOV 30 2018

PUBLIC SERVICE
COMMISSION

Re: In the Matter of Adjustment of Rates
of Grayson Rural Electric Cooperative Corporation
Case No. 2018-00272

Dear Ms. Pinson:

Please find enclosed a redacted original and (ten) redacted copies of Grayson's responses to the Attorney General's initial data request. An original and ten (10) copies of Grayson's Motion for Confidential Treatment concerning certain responses of the aforementioned responses to the Attorney general is included along with a sealed envelope containing a copy of the confidential information noted in Grayson's responses to the Attorney General's initial data request.

Should you have any questions, or need additional information, please let me know.

Respectfully submitted,



W. Jeffrey Scott, Attorney at Law
Counsel for Grayson Rural Electric Cooperative Corporation

Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

NOV 30 2018

PUBLIC SERVICE
COMMISSION

In the Matter of:

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

MOTION TO SEEK CONFIDENTIAL TREATMENT

Comes now Grayson Rural Electric Cooperative Corporation (“Grayson”), by and through counsel, pursuant to KRS 61.878, 807 KAR 5:001 Section 13, and other applicable law and respectfully moves the Commission to afford confidential treatment to Response No. 16 of Grayson to the Attorney General’s Initial Data Request. In support of this request, Grayson states as follows:

1. On or about the 14th of November, 2018, the Attorney General, by and through its Office of Rate Intervention, served an Initial Set of Data Requests upon Grayson.
2. Grayson is filing its Response to the Initial Data Request for information contemporaneously herewith.
3. Pursuant to regulation and in accordance with particular provisions of KRS 61.878(n)(2), 61.878(i), 61.878(k), 61.878(1)(a), Grayson requests that the Commission afford confidential treatment to certain personal identifier information that will be referenced from time to time in the minutes of the Board of Directors meetings of Grayson that are responsive to the Attorney General’s Request for Data No. 16. These provisions are such that they contain information of a personal nature wherein the public disclosure thereof would constitute a clearly unwarranted invasion of privacy and reflect correspondence with

private individuals, referenced the financial situation of members of Grayson who are not employees and who are not in any way associated with the management or direction of the cooperative other than at annual members meetings, and may otherwise be prohibited from disclosure under certain rules.

4. The confidential information is merely the personal identifier such as names of the individuals involved. The specific instances of information include personal debts of the named individuals such as charge-offs, notice of bankruptcy, the names of persons who have interacted with the Grayson whether requesting lines be installed or removed or interacted with the Grayson in such a way that they would not think that their names would be revealed in a public document.
5. The confidential information is retained by Grayson as part of the normal course of business in recording of the minutes of its Board of Directors meeting. Grayson's President and CEO and other employees will inform the Board of Directors of situations involving members such as charge-offs, notice of bankruptcies, complaints to the co-op and the like though same would ultimately be thought to be confidential on the part of the persons named.
6. This confidential information only strikes out the names of the persons, and still reveals the substance of any complaint, amount of charge-off, or the like. Grayson submits that no party will gain any value by knowing the particular name of someone who has a charge-off or has filed a notice of bankruptcy or the other redacted names. All redacted names are not persons who work for the co-op, receive compensation by the co-op, or are in any way affiliated with the Board of Directors of the co-op.

7. Grayson would not object to limited disclosure of the information pursuant to an acceptable confidentiality non-disclosure agreement to parties and intervenors with genuine interest in reviewing same if the Commission would deem same needed.
8. Grayson requests that merely the names be afforded confidential treatment. Grayson is tendering herewith the entire Response to Data Requests of the Attorney General and notes that only portions responsive to Initial Data Request 16 are being redacted in any way and, as such, this is minimal redaction of one request out of 17 filed.

RESPECTFULLY SUBMITTED,

W. JEFFREY SCOTT, PS.C.

BY: 

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of Adjustment of Rates
Of Grayson Rural Electric Cooperative
Corporation

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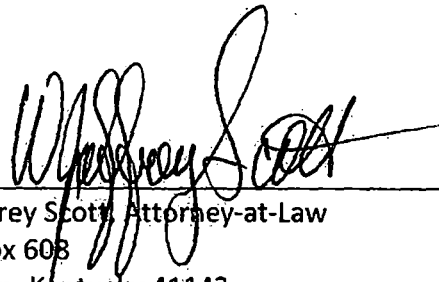
Case No. 2018-00272

PUBLIC SERVICE
COMMISSION

APPLICANT'S RESPONSES TO
ATTORNEY GENERAL'S INITIAL DATA REQUEST

The applicant, Grayson Rural Electric Cooperative Corporation, makes the following responses to the "Attorney General's Initial Data Request", as follows:

1. The witnesses who are prepared to answer questions concerning each request are Carol Fraley, Bradley Cherry, and James R. Adkins.
2. Carol Fraley, President & CEO of Grayson Rural Electric Cooperative Corporation is the person supervising the preparation of the responses on behalf of the applicant.
3. The responses and Exhibits are attached hereto and incorporated by reference herein.



W. Jeffrey Scott, Attorney-at-Law
P.O. Box 608
Grayson, Kentucky 41143
Attorney for Grayson Rural Electric Cooperative
Corporation
wjscott@windstream.net

The undersigned, Carol Fraley as President & CEO of Grayson 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: November 27, 2018

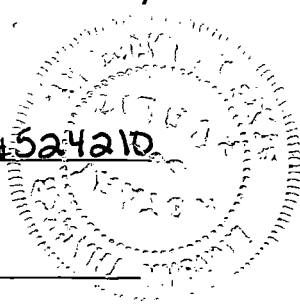
GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

Carol Hall Fraley
CAROL FRALEY, PRESIDENT & CEO

Subscribed, sworn to, and acknowledged before me by Carol Fraley, as President & CEO for Grayson Rural Electric Cooperative Corporation on behalf of said Corporation this 27th day of November, 2018.

Marshall A. Shacker ID# 524210
Notary Public, Kentucky State At Large

My Commission Expires: 1-9-2019



The undersigned, Bradley Cherry, as Manager of Finance & Accounting of Grayson 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: November 27, 2018

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

Bradley Cherry
BRADLEY CHERRY, MANAGER OF FINANCE & ACCOUNTING

Subscribed, sworn to, and acknowledged before me by Bradley Cherry, as Manager of Finance & Accounting for Grayson Rural Electric Cooperative Corporation on behalf of said Corporation this 27th day of November, 2018.

Marsha A. Shacker ID# 524210
Notary Public, Kentucky State At Large

My Commission Expires: 1-9-2019

The undersigned, James Adkins as an Electric Cooperative Consultant, 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: November 28, 2018

James R. Adkins
James Adkins

Subscribed, sworn to, and acknowledged before me by James Adkins for Grayson Rural Electric Cooperative Corporation on behalf of said Cooperative this 28th day of November, 2018.

Marsha A. Chacker ID# 524210

Notary Public, Kentucky State At Large

My Commission Expires: 1-9-2019

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1. Refer to the Application, Direct Testimony of James Adkins ("Adkins Testimony"), pages 4-5. When asked if the proposed rates and increase meet the needs of Grayson, Mr. Adkins responds that "[i]t meets the immediate needs of Grayson." Explain whether this implies that the proposed increase may not meet the needs of the utility in the near future and it may soon seek an additional rate increase.

Response 1:

This means that Grayson believes that based on normal conditions, the rate increase will satisfy its requirements for a period of years, mainly due to lowering dependency on weather volatility.

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2. Explain whether the proposed customer charge covers the entire customer-related fixed costs Grayson RECC incurs to serve each of its classes.

a. Explain how the customer-related fixed costs were calculated for each customer class.

b. Provide the workpapers used to calculate the customer-related fixed costs in Excel format, with formulas intact and all cells unprotected.

Response 2:

Please see attached documents.

Response 2a:

Attached on page two through four of this response is a comparison of the current and the proposed customer charges for each rate class. Also attached is the customer related revenue requirements for each rate class.

Response 2b:

Please see the response to part a above and this information is contained on the flash drive that is included as a part of this filing.

Grayson Rural Electric Cooperative Corporation
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Response to Attorney General's Initial Data Request

Page 1 of 27 m No. 2
 Witness: James Adkins

	<u>Total Amount</u>	<u>Sched 1 Domestic Farm & Home Service</u>	<u>Sched 2 Commercial & Small Power</u>	<u>Sched 3 Off-Peak Marketing Rate</u>	<u>Sched 4 Large Power Service 1 & 3 PH</u>	<u>Sched 5 Street Lighting Service</u>
Customer Related Costs (1)	7,949,477	5,608,773	535,249	-	42,272	-
Margins = Interest Expense(2)	<u>601,366</u>	<u>428,459</u>	<u>44,276</u>	<u>-</u>	<u>3,443</u>	<u>-</u>
	8,550,842	6,037,231	579,525	-	45,715	-
Billing Units		<u>133,664</u>	<u>13,257</u>	<u>0</u>	<u>788</u>	
Customer Related Revenue Requirements (3)	-	\$ <u>45.17</u>	\$ <u>43.71</u>		\$ <u>58.01</u>	

	<u>Sched 6 Outdoor Lighting Serv</u>	<u>Sched 7 All Electric Schools</u>	<u>Sched 10 Residential Time of Day</u>	<u>Sched 16 Sml Com kW & kWh</u>	<u>Sched 17 Water Pumping Service</u>	<u>Sched 18 General Service Rate</u>
Customer Related Costs (1)	225,078	6,100	1,094	-	492	1,060,971
Margins = Interest Expense(2)	<u>5,495</u>	<u>505</u>	<u>83</u>	<u>-</u>	<u>39</u>	<u>83,089</u>
	230,573	6,605	1,177	-	531	1,144,060
Billing Units		<u>108</u>	<u>24</u>		<u>12</u>	<u>25,959</u>
Customer Related Revenue Requirements (3)		\$ <u>61.15</u>	\$ <u>49.05</u>		\$ <u>44.24</u>	\$ <u>44.07</u>

Grayson Rural Electric Cooperative Corporation
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Page 2 of 4
 Witness: James Adkins

	<u>Sched 19 Temporary Service Rate</u>	<u>Sched 20 Inclining Block Rate</u>	<u>Sched 21 Prepay Residential</u>	<u>Sched 22 Prepay General Serv</u>	<u>Net Metering Residential</u>	<u>Net Metering General Service Rate</u>
Customer Related Costs	33,500	21,278	404,056	6,561	2,187	547
Margins = Interest Expense(2)	<u>2,702</u>	<u>1,625</u>	<u>30,780</u>	<u>500</u>	<u>167</u>	<u>42</u>
	36,201	22,903	434,836	7,061	2,354	588
Billing Units	783	472	8573	133	50	5
Customer Related Revenue Requirements (3)	<u>\$ 46.23</u>	<u>\$ 48.52</u>	<u>\$ 50.72</u>	<u>\$ 53.09</u>	<u>\$ 47.07</u>	<u>\$ 118</u>

	<u>Total for EKPC Schedule E=2</u>	<u>Envirowatts</u>	<u>Sched 14a Large Indust EKPC Sched B</u>	<u>Total for All Rate Classes</u>
Customer Related Costs	7,948,158	-	1,319	7,949,477
Margins = Interest Expense(2)	<u>601,205</u>	<u>-</u>	<u>161</u>	<u>601,366</u>
	8,549,362	-	1,480	8,550,842
Billing Units			24	
Revenue Requirements (3)				
Revenue Requirements			<u>\$ 61.66</u>	

Response to Attorney Generas;'s Initial Data Request

	Current Rate	Proposed Rate	Consumer Related Revenue Requirements
1 - Domestic - Farm & Home Service	\$ 15.00	\$ 22.50	\$ 45.13
2 - Commercial and Small Power	\$ 27.50	\$ 30.00	\$ 43.67
3 - Off-Peak Marketing Rate			
4 - Large Power Service-Single and Three-Phase	\$ 63.02	\$ 67.50	\$ 57.91
5 - Street Lighting Service			
6 - Outdoor Lighting Service			
7 - All Electric Schools	\$ 31.04	\$ 35.00	\$ 61.62
10 - Residential Time of Day	\$ 19.00	\$ 22.50	\$ 49.00
14(a) - Large Industrial Service (1)	\$ 566.12	\$ 566.12	\$ 1,573.94
16 - Small Commercial Demand & Energy Rate	\$ 27.50	\$ -	
17 - Water Pumping Service	\$ 41.39	\$ 45.00	\$ 44.21
18 - General Service Rate	\$ 22.50	\$ 27.50	\$ 44.04
19 - Temporary Service Rate	\$ 51.73	\$ 55.00	\$ 46.19
20 - Inclining Block Rate	\$ 15.00	\$ 22.50	\$ 48.49
21 - Prepay Metering Program (Residential)	\$ 15.00	\$ 22.50	\$ 50.67
21 - Prepay Metering Program (General Service)	\$ 22.50	\$ 27.50	\$ 53.03
NM - Residential	\$ 15.00	\$ 22.50	\$ 47.02
NM - General Service Rate	\$ 22.50	\$ 27.50	\$ 117.56
Envirowatts			

1. EKPC Meter Reading Charge	\$ 144.00
One half of 5 MVA Substation Charge	1368.5
Grayson's Distribution Costs	61.44
	<u>\$ 1,573.94</u>

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3. Refer to the Adkins Testimony, Exhibit I, page 1. Confirm that the proposed rate design constitutes a much higher increase on the residential Grayson ratepayers who use less kWh than the stated monthly average of 1,063 than those who use more than the average.

a. Reconcile this proposal with the current state of Grayson's DSM and energy efficiency program.

b. Confirm that those consumers who may have significantly reduced their volumetric usage of electricity through DSM and energy efficiency would bear a proportionally larger increase due to the higher customer charge.

c. Explain how this disconnect has affected the projected growth and overall efficacy of Grayson's DSM programs moving forward.

Response 3:

The proposed rate design constitutes a higher percentage increase for residential ratepayers who use less than the stated monthly average. However, the proposed rate design increases the customer charge equally for all residential ratepayers, regardless of kWh usage. Fixed costs to serve members remain the same regardless of kWh usage.

Response 3a:

Grayson currently supports and promotes DSM and energy efficiency programs in conjunction with East Kentucky Power Cooperative.

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Response 3b:

Grayson disagrees as residential ratepayers still have the opportunity to reduce the amount of their bills through DSM and energy efficiency programs.

Response 3c:

Grayson does not believe that a disconnect exists and does not see any evidence that participation in DSM and energy efficiency programs have been affected.

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4. Refer to Grayson's 2017 Annual Report, page 43 and Grayson's 2016 Annual Report, page 44. The year-over-year energy purchase amount went down from 261,944,284 kilowatt hours in 2016 to 250,857,783 in 2017, but line losses and unaccounted for electricity went up from 16,867,772 kilowatt-hours to 27,494,990, or from accounting for about 6% of the total purchased power to about 11%.

a. Fully explain this variance and the factors which contribute to such an increase in line losses and other unaccounted for electricity.

b. Identify and explain any and all steps Grayson has taken to mitigate line loss and unaccounted for electricity.

c. Provide the annual monetary cost attributable to this line loss and unaccounted for electricity for calendar years 2016 and 2017.

d. Has Grayson, or any independent entity on Grayson's behalf, ever conducted any review, audit, study, or analysis -of Grayson's line loss or vegetation management practices and procedures? If so, provide copies of any such documents.

Response 4a:

Refer to Exhibit 14 of the application and the response to Question 18 of the PSC Staff's Second Request.

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Response 4b:

As reflected in Exhibit 14 of the Application, the average line loss for the past 3 years was 5.96%. If not for the change in the metering and billing cycle dates that occurred during September 2017, it is estimated that line loss would be similar to the prior 3 years.

Response 4c:

The estimated cost for line loss for 2017 after giving effect to the change in meter reading date.

2016 - \$1,069,310
2017 - \$947,457

Response 4d:

Grayson reviews its line loss on a monthly basis, year-to-date, and 12 month rolling average. Other than the change in metering and billing cycle dates that occurred during September 2017, the line loss has been fairly consistent, therefore, there has not been a reason to conduct a study or additional analysis.

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5. Refer to the Adkins Testimony, Exhibit R, pages 2-7. Miscellaneous Distribution Expenses for 2017 total \$227,073, and are adjusted upward by \$13,476 for a total of \$240,549 for the test year.

- a. Explain these expenses beyond the mere designations of "Lines . . . Services ... Meters."
- b. In regards to the "Meters" portion of this expense, explain how this portion relates to the other meter related expenses on page 7.
- c. Explain the test year adjustment amount.

Response 5a:

Miscellaneous Distribution Expenses represents Account No. 588 of the Uniform Systems of Accounts – Electric as established by the Rural Utilities Service. This account will include all distribution operations expenses that cannot be accounted for in Accounts No. 580 through 587. This account includes these types of expense:

- Labor expenses for distribution records for maps and prints, service interruptions and general clerical expenses,
- Taxes including for federal and state unemployment. and F.I.C.A.,
- Employee pensions and benefits, and
- Insurance expenses.

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Response 5b:

The "Meters account includes all expenses associated with meter operations and is represented by Account No. 586. These expenses include these:

- supervision, clerical work for record keeping,
- disconnecting, reconnecting, installing and removal of meters,
- inspecting and adjusting meters, and
- meter testing.

Response 5c:

The test year adjustment amount of \$10,061 for Meters is for increases in wages and salaries, payroll taxes, and the retirement.

Witness: James Bradley Cherry

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6. Refer to the Application, Exhibit 18. Page 1 lists the 2016 operating expense statistical comparisons among the Kentucky electric cooperatives on an average annual basis, while page 2 shows the same information for 2017.

a. Confirm that in the column titled "Total Expense Per Consumer" for both 2016 and 2017, Grayson RECC is the highest of the 24 electric cooperatives listed.

b. Confirm that in the column titled "Administration & General Expense Per Consumer," Grayson ranked second highest in 2016 and ranked the highest in 2017.

c. Did these expense levels increase on an absolute basis between 2016 and 2017? If so, provide the amount of the increase.

d. Fully explain any and all steps Grayson has taken to lower overall O&M costs and to increase efficiency.

e. Fully explain any and all steps Grayson has taken to lower Administration and General Expenses in particular.

Response 6a:

That is confirmed.

Witness: James Bradley Cherry

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Response 6b:

That is confirmed.

Response 6c:

Expense levels did not increase on an absolute basis. The reason for the increase was due to the average number of customers used to calculate these amounts. This was caused due to the billing cycle changes that occurred in September of 2017.

The actual Operations and Maintenance Expense in 2017 decreased by \$867,683.
\$765,775 attributed to Purchased Power expense.

Response 6d:

Please see Commission Staffs 1st Data Request, Response 8(c).

Response 6e:

Please see Commission Staffs 1st Data Request, Response 8(c).

Witness: James Bradley Cherry

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7. Refer to the Final Order in Grayson RECC's most recent prior rate case, Case No. 2012-00426, page 13, and to the Fraley Testimony, Exhibit H-1, page 2. Explain the current status of Grayson's payments of capital credits and state whether there is still any issue in making timely payments of capital credits to estates.

Response 7:

Grayson is currently paid up to date on all deceased estates that have made proper application. Grayson currently has no issues in the payments of capital credits to estates; all completed applications are processed and paid within a 30-60 day period.

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8. Refer to the Application, Exhibit 1, page 6 and Grayson's Response to Commission 1-55. Confirm that Grayson awarded pay increases to each employee for the years provided, 2013-2017.

a. Explain the criteria for granting a regular pay increase and provide a copy of any and all relevant policies which evidence same.

b. Explain whether the bonus identified is paid every year, explain the criteria for granting it, and provide a copy of any and all relevant policies which evidence same.

c. Explain the "Other" column, which shows additional compensation, explain whether such compensation is paid every year, explain the criteria for granting it, and provide a copy of any and all relevant policies which evidence same.

d. Refer to the Application, Exhibit 1, page 2. Explain why the 2018 increase to pay for both Bargaining and Non-Bargaining employees is much lower than the previous five years.

e. Refer to the Final Order in Case No. 2012-00426, page 14. The Commission stated:

Since 2008, Grayson's wage and salary expense has increased approximately 18.8 percent, an average 3.76 percent per year. This increase has occurred even as Grayson's financial condition has deteriorated and while Grayson has failed to meet the required TIER

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in its RUS mortgage covenant for 2011 and 2012. Some of the other cooperatives who have experienced financial difficulty since 2008 have opted either to reduce or eliminate wage and salary increases until such time as the financial condition of the cooperative improves. The Commission is of the opinion that Grayson has not been prudent in awarding wage and salary increases during a time of difficult financial circumstances . . . The Commission strongly recommends that Grayson improve its financial condition before consideration of further wage and salary increases for its employees.

Refer to the Application, Exhibit 1, page 2. Confirm that from 2013-2017 the average annual stated wage and salary increase was 3.77%, and that the total of those increases is 18.85%. Fully explain why Grayson ignored the Commission and has continued to award the exact same level of wage increases despite the cited order's clear directive.

f. Identify any other employers in Grayson's service territory with 20 employees or more who award wage and salary increases every year.

Response 8a:

The Union Contract was settled for 6 years, until 2023. The Salaried and Hourly Employees are evaluated individually each year and, based on the current Wage and Salary Plan, the Board recommends a set percentage or rate per hour.

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Response 8b:

The bonus is paid each year as a Christmas bonus to employees and staff. Employees receive \$50 and staff receives \$100.

Response 8c:

The compensation in the "Other" column is a safety incentive, paid each year. The criteria for granting the compensation is an employee having no loss-time accidents during the year. A copy of the relevant policy is attached.

Response 8d:

Grayson R.E.C.C. did not make T.I.E.R. this year and is facing a deteriorating financial position. We do not award hourly and salaried increases we cannot afford to pay. The Union Contract increase was also based on this fact.

Response 8e:

Grayson repudiates the insinuation that we "ignored" the Commission in the matter of awarding wage and salary increases from 2013 to 2017. The obligations of the Union Contract demanded that we honor those terms and we feel that the Salaried and Hourly Employees deserved the same consideration.

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Response 8f:

Grayson R.E.C.C. does not have access to this confidential information.

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

BOARD POLICY NO. 509

SUBJECT: SAFETY INCENTIVE

I. To establish a policy for the employees of GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION whereby they may earn a paid Safety Incentive on the condition that they, individually do not suffer a from or contribute to or cause a Lost-Time Accident or Disabling Injury during the time period of January 1st through December 31st of each calendar year.

II. POLICY

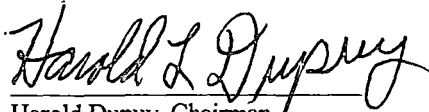
- A. All employees shall participate in the Safety Incentive Program.
- B. The period of participation shall be from January 1st through December 31st of the calendar year.
- C. In order to earn the Safety Incentive, employees must not:
 - 1. Experience a lost-time accident or disabling injury during the designated time period.
 - 2. Cause or contribute to an accident or disabling accident or injury as a result of violation of a Company rule or policy.
- D. Accidents or injuries suffered by employees on personal time shall not cause the loss of the Safety Incentive.
- E. When a Safety Incentive is earned, it shall be awarded by March 1st of the following year.
- F. The Safety Incentive shall be equivalent to no less than eight (8) hours of pay per employee at their current rate. (This is in keeping with the current policy and does not violate the Union Contract.)
- G. Any employee who violates this policy will not be eligible for any other safety incentive for the remainder of the year.

The Board may determine an additional incentive based on accident experience for the preceding year and savings to the Cooperative. Staff will present information on any additional incentive to the Board each year at the January Board Meeting and make a recommendation for their consideration.

III. RESPONSIBILITY

It shall be the responsibility of the President and CEO, Manager of Finance and Accounting and the Safety Supervisor to see that this policy is adhered to.

It shall be the responsibility of each and every employee to strive for an accident free year.


Harold Dupuy, Chairman
Billy E. (Eddie) Martin, Secretary/Treasurer

Date Adopted: 2/21/86
Minute Book Page: 1554-1555
Date Revised: 1/26/90
Minute Book Page: 1910-1911
Date Revised: 01/24/97
Minute Book Page: 2856
Date Reviewed: 02/26/04
Minute Book Page: 3584-3585
Date Revised: 12/21/09
Minute Book Page: 4267-4268
Date Reaffirmed: 07/22/11
Minute Book Page: 4445-4446
Date Revised: 07/22/16
Minute Book Page: 5152-5153

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9. Refer to the Application, Exhibit 21, page 1, and Exhibit 19, pages 21-22, and Grayson's Response to Commission 1-55. Confirm that Grayson contributes to both a defined benefit retirement plan and a 401(k) for each employee.

a. If confirmed, explain whether Grayson has taken any steps to reduce or phase out its contribution to one of these retirement plans given recent precedent on this subject.

b. If no steps have been taken to reduce or phase out Grayson's contribution to both plans, fully explain why such benefits are justified.

Response 9:

Grayson does contribute to both a defined benefit and 401(k) plan for each employee.

Response 9a:

Grayson has not taken any steps to alter its current plans.

Response 9b:

The amount contributed to each employee's 401(k) plan is a minimal contribution that is equal to cost of long term disability insurance premiums, which are paid by the employee.

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10. Refer to Grayson's Response to Commission 1-56. Explain why Grayson does not require employees to make any contribution toward the cost of their health insurance premium.

Response 10:

Grayson R.E.C.C. considers these costs a part of the compensation package.

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11. Refer to Grayson's Responses to Commission 1-55. Explain Grayson's policy on hiring Summer/part-time interns, the job scope of the interns, and the typical hours expected.

a. Explain why it was necessary to pay interns overtime.

Response 11:

Summer employees average working 40 hours per week. They are assigned projects that are not routinely part of our day to day tasks, such as special data entry, cleaning and reorganizing member records, shredding of out of date documents, and assisting with the Annual Membership Meetings. These college students are capable of filling in certain jobs while employees are on vacation. They are adept at any number of tasks, including practically any type of computer assignments and often bring new techniques and ideas to the Cooperative.

Response 11a:

Our summer employees assist with annual meetings and other Cooperative activities. It is certainly more efficient to use them for routine work than higher paid employees. It should be noted there was a total of nine ("9") hours of overtime worked for 3 of these employees. The overtime was a unique circumstance.

Witness: James Adkins & Carol Fraley

Grayson Rural Electric Cooperative
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12. Refer to the Final Order in Case No. 2012-00426, pages 14-15. The Commission noted the amount of directors' fees and expenses and expressed concern at the magnitude and disallowable portion of the total \$153,535 of recorded expenses.

a. Reference the Adkins Direct Testimony, Exhibit R, page 3 of 51. Confirm that Account 930.6 shows actual 2017 Directors Fees totaling \$158,827, with an adjustment of (\$82,125).

b. Explain why in the intervening six years Grayson has not addressed the concern of the Commission in reducing the total amount of incurred discretionary expenses, including directors' fees and expenses.

c. Explain why Grayson has not disallowed more of the directors' fees and expenses for ratemaking purposes.

Response 12a: Witness: James Adkins

That fact is confirmed.

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Response 12b: Witness: Carol Fraley

The increase in Directors' expenses from 2012 to 2018 have mainly been due to increases in current prices. However, one Director has retired and the Board is currently considering if that position should be filled. If not, they will consider eliminating, through attrition, one director from another county that has two directors. These decisions could reduce Board expenses by over \$40,000.

Response 12c: Witness: James Adkins

All other director fees and expenses are considered reasonable, appropriate, and legitimate for rate-making purposes.

Grayson Rural Electric Cooperative
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13. Provide a narrative explanation of the economic development activities Grayson has pursued over the past twelve (12) months.

Response 13:

Grayson R.E.C.C. works closely with the Economic Development Department at East Kentucky Power, The FIVCO Development District, the local Chambers of Commerce, county and city governments. We also welcome any economic development project that we might attract and we are a big supporter of small and individual business concerns.

Witness: James Bradley Cherry

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14. Provide Grayson's uncollectible expenses for 2018 to date.

Response 14:

Grayson's current uncollectible write-offs for 2018 are \$79,752.60. Grayson has booked an accrual of \$56,250 to date. (Thru September)

Grayson Rural Electric Cooperative
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15. Refer to the Application, Exhibit N, page 11 of 19. Under Note 2, provide a break out, by name, of the "Other" associated organizations in which Grayson maintains investments.

Response 15:

KAEC	68,086
UUS	167,808
NRTC	5,629
Cooperative Response Center,	7,238
SEDC	136,502
Federated Rural Insurance Cooperative	182,978
CoBank	197,867
CFC membshp	1,000
Coop Response Center, investment	12,500
Southern States	99
	779,707

Grayson Rural Electric Cooperative
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16. Reference the Grayson Application generally. Provide full copies of the minutes of each meeting of Grayson's Board of Directors January 2015 through the present date.

Response 16:

Please see attached documents.

On January 23, 2015 at 9:05 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors present. William T. Rice was absent. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Dupuy gave the invocation.						
APPROVAL OF MINUTES	Motion was made by Director Martin, seconded by Director Bentley and unanimously agreed to approve the minutes from the December Board Meeting for informational purposes only.						
MANAGER OF TECHINICAL SERVICES	Brian Poling, Manger of Technical Services reported on the following:						
NETWORK UPGRADES	The networking upgrade is about completed. Eleven of the thirteen switches are installed and programmed and all the computers/servers/printers have been reprogrammed in preparation of the new telephone system.						
UNIFIED TECHNOLOGIES	<p>Three bids on the new telephone system were received. Windstream, Cisco, and Unified Technologies submitted bids.</p> <p>A 5 year analysis was run and the bid was awarded to Unified Technologies. Several co-ops and EKPC have switched to Shoretel. They fit our work environment better than other brands and they are compatible with MilSoft.</p> <p>Unified Technologies has been working with us for a couple of weeks configuring data. Windsteam and Milsoft conference calls have been held for interface questions with plans to have equipment onsite in a couple of weeks.</p> <p>The new IP based system requires new wiring anywhere there isn't a network connection.</p> <p>Unified Technologies will do a complete installation of their system and run it in parallel with our existing system to ensure everything is working properly before we make the final change-over. All employees will be trained on the new system.</p>						
MANAGER OF FINANCE & ACCOUNTING REPORT	Bradley Cherry, Purchasing / Accounting, presented the Financial and Statistical Report for November 2014. He reported on the following:						
FINANCIAL & STATISTICAL REPORT FOR NOVEMBER	Kilowatt hour sales for the month of November (11/21-12/20) were 6.61% under budget. Purchases for the time period of 11/1-11/30 were 5.95% over budget. Line loss for the last twelve months was 6.01%. Year to date margins were (\$5,136) compared to the projected budgeted amount of \$1,125,643.						
FORM 7	<p>November 2014 For 7 showed:</p> <table border="0"><tr><td>Electric Revenue LESS Purchased Power</td><td>\$422,618 less</td></tr><tr><td>Operations Expense</td><td>\$ 34,661 less</td></tr><tr><td>Maintenance Expense</td><td>\$ 80,541 more</td></tr></table> <p>(due to Airport Road and Pactolus, but still under budget)</p>	Electric Revenue LESS Purchased Power	\$422,618 less	Operations Expense	\$ 34,661 less	Maintenance Expense	\$ 80,541 more
Electric Revenue LESS Purchased Power	\$422,618 less						
Operations Expense	\$ 34,661 less						
Maintenance Expense	\$ 80,541 more						

CABLE ATTACHMENTS	Approximately 3,000 cable attachments belonging to Mt. Rural Telephone have been removed, so we will lose a little revenue from those. They are just about done with their project.
EAST KENTUCKY POWER	President Fraley reported that East Kentucky Power's margins are higher than predicted. The re-opening of Dale is for PJM, not for native load. Legal Counsel Scott commented they cannot sell us the power produced by Dale. The contract with PJM supersedes that. EKP produces cheaper than other providers for PJM.
ETS TARIFF	The PSC ruled that modification to ETS Tariffs be made for 4 consumers. We must notify them of the change and then certify the notification to the Commission. President Fraley sent letters to Gary Atkins garage; Frank Morgan quilting shop; John Dean storage; and Johnny Ray Holbrook. They will still receive their forty (40%) discount.
APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR NOVEMBER 2014	Motion was made by Director Whitt, seconded by Director Dupuy and unanimously agreed to approve the Financial and Statistical report for November 2014 as presented for informational purposes only.
MANAGER OF MARKETING AND MEMBER SERVICES	Kim Bush, Manager of Marketing and Member Services, gave her report:
LIHEAP /WINTER HARDSHIP	<p>LIHEAP – From November 1 to December 31 we have received approximately \$95,000 from Northeast (Carter, Lawrence, Elliott and Greenup Counties); Gateway – \$10,000; and Licking Valley approximately \$2,500. They still have money in this crisis phase. They are paying very well on pre-pay and if they are within 10 days of running out they will pay \$200.</p> <p>Winter hardship reconnects were down to 17. They can get a 30 day extension thru LIHEAP.</p> <p>Prepay accounts have an average balance of \$52 credit, and daily average usage of 56 kWh. \$65,000 was paid over the last 30 days. Debt management totaled 40 accounts.</p>
AIRPORT ROAD SUBSTATION METER READING	<p>The meter reading on the Airport Road Substation was finished yesterday. President Fraley stated all consumers with satellites, birdhouses, antennas, etc. are receiving a door hanger with a message about their particular violation. Meters in side and safety violations will receive a letter from her. The guidelines for a meter pole are 25' in the ground, 5' in concrete, weatherhead within 18" of the top of the pole. They cannot put anything on that pole.</p> <p>Elliott County boy's basketball won the Touchstone Energy Classic.</p>
BANK PAYMENTS	President Fraley said that the last payment date at local banks would be March 16. We have been analyzing this situation since July and we have several very good alternative options for payments. Our main concern is the confidentiality of account information. An occasional late payment has caused a member to be disconnected. In addition, we make trips to the bank to pick up the payments cards

**BANK PAYMENTS
(CONTINUED)**

President Fraley reported that in 2011 we received \$22,000 in e-checks and credit cards. In 2011 we took \$28,000 in e-checks and now it has increased to \$747,000. In July 2014 the following banks collected:

Peoples Security	\$ 14,000
Citizens Bank	\$ 9,700
KY Bank Sandy Hook	\$ 105,000
1 st National Bank	\$ 42,000
City National Bank	\$ 4,300
Pinnacle Bank – Lewis County	\$ 66,000
Commercial Bank	\$ 12,000
Lockbox on post out front	\$ 45,000
Mail and Cash Register	\$1,370,623

This month we have an article in our magazine and we are giving \$5 gift cards for members who sign up for automatic draft. We will have hand-outs at the banks listing the alternatives. We are also using direct mailings.

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations gave the Operations Report. He reported on the following:

**EMPLOYEE/LOST TIME
ACCIDENT**

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during December 2014:

December 01—Andrea McCleese, Technical Services Supervisor, turned the meeting over to Ann Altieri with Aflac Insurance. Ann went over changes in policies and talked individually with employees following the meeting.

December 08—Brian Poling, Mgr. of Technical Services, topic was Winter Slip and Fall Safety tips, and general Fall Prevention. The annual United Way breakfast meeting was held, as was the monthly safety give-a-way. Carol Fraley reminded everyone to be careful.

December 16—Priscilla Sparks, Executive Assistant, meeting was KAEC's monthly meeting. David White, KAEC Safety, showed the video "Storm Soldiers" and did a crew visit/ride along with Mark Hutchinson. Kippy reminded everyone to change out their gloves. Kyle told everyone to be careful.

December 22—Sherry Buckler, General Accounting Supervisor, was in charge of the meeting. Andrea read a piece written by Gary Coleman, Emergency Action Plans for Remote Locations. Mike followed with a discussion session.

December 29—Kim Bush, Mgr. of Marketing & Member Services, read pages 95-100 from the safety Manual, 407- Use and Care of Rubber Gloves.

CONSTRUCTION

Construction built ninety-one (91) new work orders for the month of December and worked eight (8) hour of overtime.

OVERTIME HOURS

The Maintenance Department worked fifty (50) hours of overtime during the month of December.

DELINQUENT NOTICES	The Maintenance & Construction Departments collected on thirty-six (36) delinquent accounts and disconnected twenty (20) accounts in January.
CONTRACT CREWS	<p>There is one (1) Pike crew working in the following areas:</p> <p style="padding-left: 40px;">Tony Seagraves – Airport Road to Corey Ridge, Carter County and New Construction</p>
RIGHT-OF-WAY CREWS	<p>We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 941 trees, cut 1,635 trees, cut 36,305 feet of brush/line and sprayed 63 spans of line. The crews are working in the following areas:</p> <p style="padding-left: 40px;"> 2 cutting crews in Carter, Lewis and Greenup Counties 2 cutting crews in Elliott and Lawrence Counties 1 bucket truck crew in Lawrence and Elliott Counties 1 bucket truck crew in Carter County 1 tractor crew in Carter County 1 bucket crew in Lewis and Greenup Counties 1 spray crew in Carter County 1 circuit crew in Carter County </p> <p style="padding-left: 40px;">1 Smith Tree Service, circuit crew in Carter County and are now are Frazier in Greenup County</p>
ENGINEERING REPORT	The Engineering Department released one hundred eighteen (118) prints consisting of 5,635 feet of primary line and 2,455 feet of service wire. They currently have three (3) new services to be staked, three (3) to be drawn and twelve (12) miscellaneous jobs to be staked or drawn.
STARK AND MALONETON JOBS	<p>We have two large construction jobs to start:</p> <p>Maloneton below Schultz on the sawmill job and subdivision area.</p> <p>Once the Grahn - Dudley job is finished, Pike will be moving to Stark.</p> <p>The road job on ST RT 519 will have 24 poles with 21 on private property, so we may have to pay for 3 poles. President Fraley said the state has to pay for moving poles on private property. Larry Carrington is helping us with the surveying of this. He is working on his third set of prints from the state. The state will be paying for the engineering work.</p>
APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS	Motion was made by Director Martin, seconded by Director Bentley and unanimously agreed to approve sixty-three (63) new memberships and retirement of ninety-one (91) existing memberships for December 2014.
BAD DEBT WRITE-OFFS	Motion was made by Director Dupuy, seconded by Director Whitt and unanimously agreed to charge off \$5,170.37 worth of bad debts and turn them over for collection.
APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY BUSINESS EXPENSES	Motion was made by Director Dupuy, seconded by Director Bentley and unanimously agreed to approve the President's business expense of \$333.59, Director's business expenses of \$15,597.89 and Attorney's business expense of \$2,180.97.

PRESIDENT'S REPORT	President Fraley reported on the following:
INSPECTION CHECK LIST	<p>Mike Martin and Kyle Clevenger met with Legal Counsel Scott in regards to non-outage call issues from members like ½ power, low voltage, blinks and power in only part of the house.</p> <p>A check list has been prepared and will be signed and attached to the service order or written directly on the work order. This required checklist will become part of the Administrative Guidelines. Legal Counsel Scott suggested that a statement be signed by all employees involved in this work.</p>
ELECTRICAL INSPECTIONS	<p>We are having issues with inspectors having different interpretations of state and local laws and ordinances. The state does not recognize a modular home. We were told that it is either a doublewide or a stick built house. The Cabinet said we cannot set a meter on the side of a doublewide home unless the member presents HUD specifications that allow it. All services for doublewides and mobile homes must be on a pole.</p> <p>We are changing our diagrams to only what pertains to GRECC. The diagram will also state that the state does not recognize a modular home. A letter regarding this matter will be mailed to the list of inspectors we have.</p>
MILEAGE RATE	Retroactive January 1, 2015, mileage rate increased from .56 cents per mile to .575 cents per mile, per John Dean's office.
DON COMBS RETIREMENT	Don Combs will be retiring Friday, March 6, 2015. His retirement will be open to the public from 2-4 p.m. with punch and cake served. A Retirement lunch will be held for Cooperative personnel and Don's family at 11:30 a.m.
SAFETY IMPROVEMENT PLAN	<p>President Fraley went over the Safety Improvement Plan which is required by RESAP. The issues to be addressed this year are:</p> <ol style="list-style-type: none"> 1. Employee involvement and participation 2. Expectations and accountability on safety 3. Incident investigation
LEGISLATIVE BREAKFAST	The Legislative Breakfast will be held in Frankfort on February 19 th .
AIRPORT ROAD SUB-STATION METER READINGS	We have read 900 plus meters in two days on the Airport Road Substation. Several retirement have been found.
DIRECTORS UPDATE CONFERENCE	The Directors Update Conference will be held in Reno, Nevada. No one will be attending.
SPRING MANAGER MEETING	The Spring Managers Meeting is April 21-22, 2015 in Bowling Green, KY.
GRECC APRIL BOARD MEETING	The GRECC April Board Meeting will be rescheduled from the 24 th to Monday the 27 th .
CFC'S VOTING DELEGATES FOR 2015 ANNUAL MEETING	Director Whitt will serve as the voting delegate to CFC's National Meeting in February and Director Dupuy will serve as the alternate delegate.

ACRE

Grayson RECC received an award for 100% Management in the ACRE program.

LEGAL COUNSEL'S
REPORT

Legal Counsel Scott reported on the following:

He mailed to the Commission a proposal deal with Morgan Stanley on the Amendment 3 matter. The actual rate is less than what it was before, therefore the savings would be greater. He sent a motion to Commission to have that contract treated as confidential until such time as everything is approved.

Mr. Scott mailed a number of collections letters.

He also met with Kim Bush, Kyle Clevenger, Bradley Cherry and Mike Martin on procedures for electrical inspections and a checkout list was to be created from this meeting. When an employee is sent on a non-outage service call like half- power, blinking power, or power in only part of the house or structure, the employee shall use the check list to document action taken and what he observed. The check list shall be attached to or made part of the Service Order.

President Fraley texted him to say that David Crews called and said our 15% was actually 9.8 megawatts based on the last three years, rather than the original 9.3 megawatts. He asked for the specific load to be served whether the substation was 9.8 megawatts or larger and when and what date would we want to start. Mr. Scott advised her at the Board Meeting that it would be fine to answer him that we do not have a specific load, the 9.8 MGW would be spread over current load and that we could be ready to start at any time.

Director Arrington and President Fraley were at the January 6 EKPC Board Meeting and EKP decide to take up a discussion of our proposal on the October Meeting we had with them and formally looked at it. They did not handle the discussion very well and President Fraley took the opportunity to explain the situation from our point of view to the entire Board.

President Fraley and Director Arrington made it clear that we did not think the Board was getting both sides of the story and made it a point to emphasize to the Board that our Members are our main concern and our actions were taken on their behalf.

President Fraley said that a counter proposal was sent to Chairman Trent, from Paul Hawkins, Chairman of the Board for EKC dated January 15, 2015. Our other Directors received their copy on Saturday, January 17, 2015. Legal Counsel explained this proposal violated ethical standards. The letter was signed sincerely Paul Hawkins, but apparently was not prepared by him. Legal Counsel Scott telephoned David Samford to express his displeasure and what he thought was wrong.

Legal Counsel Scott asked for Executive Session. Motion was made to go into Executive Session at 11:10 a.m. The Chairman recessed the Executive Session at 11:52 a.m.

Chairman Trent recessed the meeting for lunch at 11:55 a.m.

Chairman Trent called the Meeting to order following lunch at 12:39 p.m.

**KAEC DIRECTOR'S
REPORT**

Director reported he attended the KAEC Board Meeting this month.

Three new board members were seated as director representatives from their respective cooperatives. They are:

- a. Rebecca Goad, Warren RECC
- b. Ronnie Smith, Farmers RECC
- c. Troy English, West Kentucky RECC.

Jennifer Smart of Stoll, Keenon and Ogden, spoke to the board about the current situation between the Department of Revenue and Warren RECC regarding sales tax on software purchases. The Department of Revenue first ruled that the software was not taxable, and then reversed its ruling to state that it is taxable because it is not "customized" software. Ms. Smart outlined steps to be taken to argue the matter, and appeal the decision.

Nominating Committee Chairman, Greg Grissom, requested that individuals interested in running for the board of NRECA notify him of their interest, and include a resume of their qualifications. The candidates will be considered and the election will be held during the July board meeting.

Greg Grissom reported on a meeting of the KAEC Board Nominating Committee held earlier that morning wherein the committee reviewed needed assignments to KAEC Board Committee.

The February Board Meeting will be held at the Holiday Inn Capital Plaza (Caucus Room) in Frankfort on the 19th at 10:15 a.m. Prior to the Board Meeting KAEC will host a breakfast from 7:30 a.m. to 9:30 a.m. at the Capitol Annex cafeteria for our legislators.

EKPC DIRECTOR'S REPORT

Director Arrington said his report had been covered in Executive Session.

THANK YOU NOTES

GRECC received thank you notes from Girl Scout Troop 7409, Rowan County Christmas, Grahm School Community Center, Elliott County Christian Community Center, Lewis County Educational Foundation, Shop with a Cop and Paul Embs.

DONATIONS

President Fraley presented to the Board for their consideration the following donation requests:

Blaine Elementary School -8 th grade field trip –Smokey Mts., TN	\$250
Paramount Arts Center – ad	\$80
Sarah's Place Women's Resource Center, Securing the Future	\$100

Motion was made by Director Dupuy, seconded by Director Whitt and unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE

Kyle Clevenger and Jamey Withrow will be attending a Superintendent & Foreman Conference in Bowling Green January 28-30th.

Kyle Clevenger and Mike Martin will be attending a Storm Coordination Workshop February 6th.

Directors Trent, Whitt, Bentley, and Dupuy will be attending the NRECA Annual Meeting in Orlando, FL from February 22-25, 2015.

**NO CONFLICT OF
INTEREST STATEMENT**

The No Conflict of Interest Statement will be handed out to each Director at the February 2014 Board Meeting.

BOARD MEETING DATE

The next board meeting will be held on Friday, February 27, 2015.

ADDITIONAL BUSINESS

President Fraley's appraisal is due. Evaluations and her year-end report and goals will be mailed to Directors this month and should be returned to Jeff Scott before the February Board Meeting.

ADJOURN

Chairman Trent adjourned the meeting at 12:53 p.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

Minutes of the Executive Session of the January 23, 2015 GRECC Board Meeting

On January 23, 2015 Grayson Rural Electric Cooperative Corporation held an executive session during its regular board meeting.

EXECUTIVE SESSION

Director Martin made a motion, seconded by Director Whitt, to go into Executive Session at 11:09 a.m. and unanimously agreed upon.

Matters concerning East Kentucky Power Cooperative were thoroughly discussed.

Motion was made by Director Martin, seconded by Director Arrington and unanimously voted to come out of Executive Session at 11:52 a.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On February 16, 2015 at 9:00 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Whitt gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Martin, seconded by Director Bentley and unanimously agreed to approve the minutes from the January 2015 Board Meeting.
APPROVAL OF MINUTES OF SPECIAL BOARD MEETING	Motion was made by Director Rice, seconded by Director Dupuy and unanimously agreed to approve the minutes from the January 12, 2015 Special Board Meeting.
MANAGER OF FINANCE AND ACCOUNTING REPORT	Don Combs, Manager of Finance and Accounting presented the Financial and Statistical Report for December 2014. Mr. Combs reported on the following:
FINANCIAL & STATISTICAL REPORT FOR DECEMBER	Kilowatt hour sales for the month of December (12/21-1/20) were 1.47% under budget. Purchases for the time period of (12/1-12/31) were 8.57% over budget. Line loss for the last twelve months was -7.31%. Year to date margins were \$1,831,281 compared to the budgeted amount of \$422,076.
FORM 7	<p>Form 7 showed maintenance expenses \$65,950 more for the month due to right-of-way clearing. Margins were less \$255,875 for the month. It has been a typical year for rolling kWh, with a steady decline from January thru December. Gross margins were \$700,000 less than anticipated due to line loss.</p> <p>December 2014 showed customers by rate and class had changed with a loss of 400 residential customers, but an increase of 300 on camps and barns. The other classes remained the same. This is due to reclassifications from the five substations we have read. The average load factor for 2014 was 61%, which means we are paying more for our power under EKPC's rate structure. T.I.E.R (operating) was 1.44 and 1.25 is required to be met. The storms in 2014 were the major reason for a lower T.I.E.R.</p>
EKPC / PJM / PSC	<p>East Kentucky Power Cooperative, PJM and Public Service Commission topics were addressed in great detail by President Fraley, Mr. Combs, Legal Counsel Scott and the Board. President Fraley said Dale Station is up and running. The Wholesale Power Contract says that EKPC is required to provide us with power, and native load must be served first. At what cost, is questionable.</p> <p>The Public Service Commission said PJM's demand did not match up to the Cooperatives' demand.</p> <p>President Fraley understood that everything EKPC produces is sold to PJM and EKPC buys back what they need.</p>

SMART GRID

Legal Counsel Scott asked Mr. Combs if he received the email from Isaac Scott in regards to Smart Grid's Joint Utility Implementation of Smart Grids and Smart Metering. The paperwork has to be signed by Counsel and received by PSC this Friday.

COOPERATIVES RETIREES

President Fraley reported Wade May is resigning from the EKPC and Big Sandy's Boards due to illness. Kelly Shepherd will replace Mr. May.

Mr. Combs reported the 2014 major projects finished were Three Prong, Middle Fork (Right Fork), and Jordan Fork. The third party projects that paid were Highway 7 for the State Highway and Mountain Rural Telephone.

APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR DECEMBER 2014

Motion was made by Director Dupuy, seconded by Director Rice and unanimously agreed to approve the Financial and Statistical report for December 2014 as presented for informational purposes only.

It was recognized that this is Mr. Combs last Board Meeting and report and the Board thanked him for his service to the Cooperative.

EMPLOYEE CHANGES

President Fraley announced the following promotions and changes due to the retirement of Mr. Combs:

Bradley Cherry will move to the Director of Finance, replacing Don Combs. Sherry Buckler will be promoted to Assistant Manager of Finance and Accounting.

Robert Brown will be replacing Bradley Cherry as Purchasing Agent, and will be working with Brian toward the new mapping project.

Caitlin Hutchinson will become Accounting & Financing Division Secretary. She had already taken on other duties and will be reporting to Sherry Buckler. Caitlin will be working on finishing her bachelor's degree.

Kim Bush will be working with Bradley on any Public Service Commission issue dealing with members and rates.

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations, gave the Operations Report. He reported on the following:

EMPLOYEE/LOST TIME ACCIDENT

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during February 2014:

January 5 – Bradley Cherry, Purchasing Agent, showed a video entitled "Storm Soldiers". Carol Fraley, President and C.E.O., reported 2014 had been a good safety year and the goal was to have a safe year in 2015.

January 14 – Kyle Clevenger, Mgr. of Operations, turned the meeting over to David White with KAEC. David reviewed the 2014 KY Safety Survey with Safety Manual References, and tested grounds after the meeting. Carol Fraley awarded certificates to Nancy Madden and Priscilla Sparks for the completion of Safety Coordinators' Workshop. She also went over the Safety Improvement Plan, focusing on Employee Involvement and Participation, Expectations and Accountability for Safety, and Incident Investigation for 2015.

**SAFETY REPORT
(CONTINUED)**

January 9 – Don Combs, Manager of Finance & Accounting, turned the meeting over to Carol Fraley who talked about electrical inspections, when it needs to be inspected before connecting or re-connecting, the importance of ledger books, substation readings and leaving door hangers when finding minor violations. All other violations may require letters. Meters with zero usage were also discussed.

January 26 – Carol Fraley, President and CEO, talked about fuel charges on electric bills and the Airport Road substation meter readings. A check list was handed out and discussed for non-outage calls. Kyle reminded everyone of wet weather conditions and to watch for slips, trips, and falls.

CONSTRUCTION

Construction built one hundred seventeen (117) new work orders for the month of January and worked zero (0) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked one hundred sixty-six (166) hours of overtime during the month of January 2015.

DELINQUENT NOTICES

The Maintenance & Construction Departments collected on one hundred fifteen (115) delinquent accounts and disconnected thirty-one (31) accounts in February 2015.

CONTRACT CREWS

We have one (1) Pike crew have working in the following areas:

Tony Seagraves – Airport Road to Corey Ridge, Carter County and New Construction

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 870 trees, cut 1,621 trees, and cut 36,175 feet of brush/line. The crews are working in the following areas:

3 cutting crews in Carter, Lewis, and Greenup Counties
2 cutting crews in Elliott and Lawrence Counties
1 bucket truck crew in Lawrence and Elliott Counties
1 bucket truck crew in Carter County
1 tractor crew in Carter County
1 bucket crew in Lewis and Greenup County
1 circuit crew in Carter County

1 Smith Tree Service doing circuit crew work in Carter County - finished and now working in Greenup County.

ENGINEERING REPORT

The Engineering Department released one hundred forty (140) prints consisting of 25,845 feet of primary line and 925 feet of service wire. They currently have two (2) new services to be staked and two (2) to be drawn. They have approximately twenty-one (21) miscellaneous jobs to be staked or drawn.

JUSTIN STANIFORD

President Fraley introduced our newest employee to the Board, Justin Staniford. He is 26 years old and he and his wife Lisa have two children, Jensen and Jemma Kate.

The [REDACTED] in Lawrence County was disconnected due to having two residences on one meter, after repeatedly being warned that

[REDACTED]
(CONTINUED)

this was a violation of the Cooperative's bylaws and the National Electric Code. He now owes approximately \$3,000 for electricity used and for deposits and he wants back on. President Fraley talked to the health department and he doesn't have a sewer permit.

Based on Board Policy 509, Safety Incentive, President Fraley, Kyle Clevenger and Don Combs recommended we give the employees each \$50 due to the savings of \$11,000 for workers comp coverage for the coming year.

Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to approve to pay the Workers Comp incentive of fifty dollar each employees.

President Fraley reminded the Board that according to Board Policy 509, we give each employee one day's pay for a no-lost time accident year. That will be done this month.

[REDACTED]
The business formerly known as Cat Daddy is considered being reopened by [REDACTED], leasing from [REDACTED]. President Fraley asked [REDACTED] for a letter of credit and advised him of other charges. She asked him to come in and apply for service as soon as possible. The transformer is 1,500 KVA and will have to be hauled to the site on a trailer. [REDACTED] must have everything in place before we will install the transformers. [REDACTED] partner has passed away and we will need a new right of way easement from his heirs and [REDACTED]. [REDACTED] said that would be done.

[REDACTED]
Former Director [REDACTED] is in Kings Brook.

**APPROVAL OF NEW
MEMBERSHIPS &
RETIREMENT OF
EXISTING MEMBERSHIPS**

Motion was made by Director Rice, seconded by Director Dupuy and unanimously agreed to approve fifty-seven (57) new memberships and retirement of seventy-four (74) existing memberships for January 2015.

BAD DEBT WRITE-OFFS

Motion was made by Director Martin, seconded by Director Dupuy and unanimously agreed to charge off \$2,115.59 worth of bad debts and turn them over for collection.

**APPROVAL OF CEO'S,
DIRECTOR'S & ATTORNEY
BUSINESS EXPENSES**

Motion was made by Director Rice, seconded by Director Bentley and unanimously agreed to approve the President's business expense of \$555.81, Director's business expenses of \$21,358.00 and Attorney's business expense of \$2,000.14.

PRESIDENT'S REPORT

President Fraley reported on the following:

ANNUAL MEETING

May 14, 2015, Thursday, has been set for our Annual Meeting.

POST OFFICE

We had a problem with the mailing of our bills. Kim Bush is working with SEDC and Arista to correct this problem.

LARRY HICKS

Larry Hicks, CEO at Salt River will be stepping aside. The Board is searching for a replacement.

CFC

Director Whitt will be the official delegate to vote at the CFC 2014 Annual Meeting and Director Dupuy will be the alternate delegate.

LEGAL COUNSEL'S REPORT

Legal Counsel Scott reported on the following:

He has prepared a joint utility brief that has to be signed.
A brief must be filed on the PSC hearing on fly ash.
He will prepare a letter for President Fraley to send to other EKPC Managers regarding our counter proposal.
He has only received 3 evaluations back for President Fraley and reminded other directors to send them in.
He has contacted the judge to set a date for a hearing.
He said that he had been advised that the W A Kendall and [REDACTED] case has been settled.
The [REDACTED] case is still pending.

KAEC DIRECTOR'S REPORT

Director Whitt reported that the KAEC meeting would be held next Thursday at Frankfort after the Legislative Breakfast.

EKPC DIRECTOR'S REPORT

Director Arrington reported that he and President Fraley had attended the EKPC Board of Directors Meeting and that most items had already been covered during other segments of this meeting.

Their margins are \$8.3 million dollars lower than 2013 margins. The margins include fuel adjustment.

THANK YOU

GRECC received thank you notes from Youth Leadership Conference, Sarah's Place and Build a Bed at Morehead State University.

DONATIONS

President Fraley presented to the Board for their consideration the following donation requests:

Carter Elementary – host Governor's Cup – donation	\$400
Miss Grayson Pageant – donation	\$50
Sandy Hook Chamber of Commerce- aid to replace county road signs	\$400
Carter County Thunder	(EKPC will Co-sponsor)

Motion was made by Director Martin, seconded by Director Bentley and unanimously agreed to approve the donations as presented.

[REDACTED]
We received a check for \$19,000 from [REDACTED]

MEETING ATTENDANCE

The following upcoming meetings were presented:

MicroSoft Excel –Priscilla Sparks, Robert Brown and Caitlin Hutchinson
Basic Skills Workshop – Tony Brewer and Justin Staniford
NRECA Legal Seminar 55 – Asheville, NC – Legal Counsel Scott

DIRECTORS CONFLICT OF INTEREST DISCLOSURES

Conflict of Interest Disclosures were handed out and signed by all Directors.

BOARD MEETING DATE

The next board meeting will be held on Friday, March 27, 2015 at 9:00 a.m.

ADDITIONAL BUSINESS

There was no additional business brought before the board.

ADJOURN

Chairman Trent adjourned the meeting at 11:43 a.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On March 27, 2015 at 9:00 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: W. Jeffrey Scott, Legal Counsel; Carol Hall Fraley, President and CEO; and Priscilla Sparks, Executive Assistant.

INVOCATION

Director Rice gave the invocation.

APPROVAL OF MINUTES

Motion was made by Director Rice, seconded by Director Bentley and unanimously agreed to approve the minutes from the February 2015 Board Meeting.

MANAGER OF TECHNICAL SERVICES

Brian Poling reported on the following:

I T has completed network changes. Equipment has been divided for more security. Hardware has been changed on the servers and desktops adding more storage.

They have upgraded 17 desktops software/firmware only. Two servers were converted that control who can connect to our network. New storage was added for the new SEDC database upgrade. Disaster recovery server software for desktops & servers has been upgraded. A new phone system has been installed, giving us and the consumer more options. Calls for cutoffs or planned outages can be utilized on 20 lines out instead of 4. We can make web and conference calls. This will greatly shorten the notification time.

Kentucky contracted Black & Veatch to build fiber optic backbone that will connect all schools in areas short on bandwidth options. Completion of fiber installation will be in 18 months with Kentucky attaching to approximately 1,000 poles. The planned location is along US 60, across an upper portion of Greenup County, with a branch into Elliott County coming from Morehead along Route 32. This will be a good economic boost for the state, attracting more business to Kentucky. Legal Counsel Scott is looking over the attachment contract with Carol Ann and Brian.

Director Dupuy asked about our Work Plan mapping project. It is scheduled for the last two years of our CWP. We are currently doing as much preparatory work on a day to day basis as we can, such as fuses, etc. The PSC seems to think all Coops already have this. We expect to be finished with mapping sometime in 2017-2018.

OFFICE FINANCIAL REPORT

Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for January 2015 by teleconference. Mr. Cherry reported on the following:

FINANCIAL & STATISTICAL REPORT FOR JANUARY

Kilowatt hour sales for the month of January (01/21-02/20) were 2.44% over budget. Purchases for the month of January (1/1-1/31) were 3.263% under budget. Line loss for the last twelve months was 4.62%. Year to date margins were \$681,642 compared to the budgeted amount of \$381,444.

T.I.E.R.

January's operating T.I.E.R. for the month was 9.74 due to higher margins than anticipated. The average rolling twelve month T.I.E.R. was 1.71.

ICE STORM (PRELIMINARY)
MARCH 5, 2015

The ice storm of March 5, 2015 cost to date is:

GRECC Labor	\$ 63,287
Contractor Labor (Pike and r/w):	\$ 86,899
Meals:	\$ 1,970
Work Orders:	<u>\$ 10,608</u>
Total:	\$162,764

There are remaining invoices for meals, work orders, Licking Valley RECC and Big Sandy RECC.

HEALTH INSURANCE
HANDOUT

Bradley told the Board the health insurance handout did not apply to Kentucky, but was required to be handed out.

WORKERS COMPENSATION

The premium for 2014 is \$54,812 compared to \$66,704; an 18% decrease. We have about the lowest worker's compensation premium in the state.

BUSINESS INSURANCE

Federated Insurance premiums were discussed in great detail. Mr. Cherry stated the proposed premium for 2015 is \$99,071, compared to the 2014 rate of \$99,134. This covers property damage, general liability, directors insurance and earthquakes. We received a capital credit check from Federated in the amount \$6,317.

Umbrella coverage is \$5 million, Directors coverage is \$7 million; and General Liability is \$2 million. The blanket deductible is \$1,000 and no deductible on property damage.

Director Martin suggested getting a quote on Umbrella coverage in the amount of \$10 million, General Liability at \$2-\$5 million and Directors at \$7 million and deductible. President Fraley and Bradley will check on this and call all directors. A voice vote at the April Board Meeting can be made retroactive April 1, 2015.

APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR JANUARY 2015

Motion was made by Director Dupuy, seconded by Director Rice and unanimously agreed to approve the Financial and Statistical report for January 2015, as presented, for informational purposes only.

MANAGER OF MARKETING
AND MEMBER SERVICES

Kim Bush, Manager of Marketing and Member Services, reported:

LIHEAP – finishes next week and a final update will be given at the April Board Meeting.

DEPOSITS RECALCULATED

During the month of April, deposits will be recalculated for those members with bad credit and insufficient deposits. Members can make payment arrangements to pay their new required deposits.

PRE-PAY ACCOUNTS

We have 285 Active Pre-pay accounts and 4 inactive. The average balance is \$49.03 credit. In the last 30 days, we have received \$52,671.72 from a total of 1,142 payments.

Only about 30% of the 285 Pre-Pay customers have debt management accounts. Director Arrington asked about a food bank (non-profit) that wanted debt management. If the non-profit was put in an individual name it would be okay. Director Dupuy stated you may not want to get into debt management with larger powers.

ENERGY AUDITS

Energy Efficiency – Tina Preece did audits on: How\$mart KY Audit – 1; Energy Audits – 6; Heat Pump Audits – 1; Button Up Audits – 2.

President Fraley announced a new program where discarded appliances can be picked up and members are paid \$50. The recycling center is located in Louisville.

WSAZ interviewed Tina Preece for SimpleSaver, paid by EKPC.

Frankfort Youth Tour was Thursday, April 26th.

GRECC ANNUAL MEETING

The GRECC Annual Meeting is Thursday, May 14, 2015 at the GRECC Headquarters for the 4th year with business meeting starting at 6:00 p.m.

There will be no director elections. We do have to pay an annual \$900 permit and accounting fees at the post office annually to keep our postal permits.

The Annual Meeting Budget is the same as 2014 except money budgeted on the election will be used for ordering more buckets. A few buckets will have a certificate for an additional door prize. Members can contact us if they find a winning certificate.

Buckets will have to be purchased this year. We plan to give away \$9 smoke detectors in the bucket this year.

Director Dupuy mentioned the flat light bulb he saw at the NRECA Annual Meeting. Kim said members can go on line to the GRECC website and complete an energy audit online to receive one.

The 2015 scholarship winners and their parents have been invited to have lunch with the Board today.

Motion was made to accept the 2015 Annual Meeting Budget as presented by Director Rice, seconded by Director Dupuy and unanimously agreed upon.

DEPOSITS

Six substations have been read and accounts reclassified. President Fraley passed out a handout with proposed security deposit changes:

WITH GOOD CREDIT HISTORY & WITHOUT DEPOSIT HISTORY

ALL ELECTRIC MOBILE HOMES	\$330
NON ELECTRIC HOMES	\$260
NON ELECTRIC MOBILE HOMES	\$260
200 AMP ALL ELECTRIC HOMES	\$360
400 AMP ALL ELECTRIC HOMES	\$720
GENERAL SERVICES	\$100
BARNs, WATER PUMPS	\$100
CAMPS	\$130
SMALL COMMERCIAL	\$370
CHURCHES	\$280

IF WE HAVE ONE YEAR'S DEPOSIT HISTORY, WE WILL USE IT.

If members have good credit, they do not pay a deposit. If they do not, they may utilize the Pre Pay program instead of paying a big deposit. Additional deposit may be based on current usage.

On the Airport Road Substation 859 meters were read, 88 service orders were created, 64 retirements found and 24 reclassifications.

We read 5,192 meters in the five substations, opened 497 service orders, retired 209 and reclassified 181 accounts. Reading these substations has resulted in an increase in revenue, a decrease in property tax and liability and better system reliability.

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations gave the Operations Report with Mike Martin, Assistant Manager of Operations. Mr. Clevenger reported on the following:

EMPLOYEE/LOST TIME
ACCIDENT

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during February 2014:

February 05—Mike Martin, Asst. Manager of Operations, turned the meeting over to Kyle Clevenger. Safety investigation on Mike Reynolds was read and reminded everyone to watch for slips, trips, and falls. He also talked about the 2 year line inspection. Don Combs had "The Final" 401K sales pitch. Carol Fraley announced job changes due to Don retiring.

February 11—Andrea McCleese, Technical Services Supervisor, turned the meeting over to David White for KAEC's monthly safety meeting. He reviewed the Federated Strategy Lab and an incident involving a fatality in Lawrence County. An Arkansas Statewide DVD, "Empowering Guatemala", was watched. David did a crew visit/ride-along with Herbie Steagall. Carol Fraley reminded everyone to stay diligent about safety.

February 23—Priscilla Sparks, Executive Assistant, turned the meeting over to Carol Fraley, President and CEO, who talked about our safety incentive program. Safety incentive checks were given to employees for working a year with no lost time accidents. Kyle reminded everyone to train new employees to be safe also.

CONSTRUCTION

The Construction Department built one hundred twenty (120) new work orders for the month of February and worked zero (0) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked fifty-five (55) hours of overtime during the month of February 2015.

DELINQUENT NOTICES

The Maintenance and Construction Departments collected on seventy-nine (79) delinquent accounts and disconnected forty-one (41) accounts in March.

CONTRACT CREWS

Two Pike Electric crews have been working in the following areas:

Tony Seagraves – Airport Road to Corey Ridge, Carter County and New Construction

Doug Rogers – Route 7 Greenup County, Unit Job

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 558 trees, cut 1,173 trees, and cut 21,880 feet of brush/line. The crews are working in the following areas:

3 cutting crews in Carter, Lewis and Greenup Counties

2 cutting crews in Elliott and Lawrence Counties

1 bucket truck crew in Lawrence and Elliott Counties

1 bucket truck crew in Carter County

1 tractor crew in Carter County

1 bucket crew in Lewis and Greenup Counties

1 circuit crew in Carter County

RIGHT-OF-WAY CREWS
(CONTINUED)

1 Smith Tree Service – circuit crew in Greenup County

ENGINEERING REPORT

The Engineering Department released one hundred eleven (111) prints consisting of 2,235 feet of primary line and 1,305 feet of service wire. They currently have two (2) new services to be staked and two (2) to be drawn. They have approximately twelve (12) miscellaneous jobs to be staked or drawn.

WORKORDER INSPECTIONS

President Fraley reported that in 2014, we built 896 work orders and inspected 10%. Mike Norman, RUS Field Representative, said that this was more than we were required to do, according to RUS. There is no certain number, only a good representation of the system. We are not required to inspect any retirements.

After examination of the past three years, we have determined that 5% of the day to day work orders to be built would be a fair representation. We plan to include all work orders in Rowan, Lewis and Lawrence Counties, because we often do not have one each month.

This will save us a significant amount of money. In 2012 we spent \$9,200; in 2013 we spent \$10,440.77 and \$10,611.23 in 2014. We expect to see a significant drop in our costs for 2015.

President Fraley thanked Scott Speaks for following through on this project and coordinating with her, Jim Bridges, P.E., and Mike Norman.

SECURITY DEPOSIT

We recommend that the \$95 new work order fee (deposit) be eliminated. There is \$143,000 on our books for members with good credit history and who are entitled to deposit refund. All other surrounding Cooperatives have rolled the Work Order Fee into their security deposits. She would like to take those \$95 work order fee/deposits and either return them to members who qualify in a scheduled manner, or transfer them to members who needs an additional security deposit. She proposed to pay \$25,000 per year over five years commencing in June 2015. \$10,000 would be refunded, in addition to any member requests. In December, we would refund the balance of \$25,000. This will not affect our T.I.E.R. The refunds will commence with the oldest accounts first. This should take us from 1985 through 1991. We have \$18,000 in accounts with bad credit that will not be refunded.

Director Martin made a motion to accept President Fraley's request to refund Work Order Fees/Deposits on accounts with good credit and transfer deposits to accounts requiring additional deposits, seconded by Director Rice and unanimously agreed upon.

President Fraley reported to the Board that [REDACTED] has two buildings that require a size 75 transformer. Dan Playforth from EKPC has worked with them and recommended programmable thermostats. We offered to buy the thermostats if the Church would put them in. They have refused. The tariffs state that if a consumer requires a size 75 transformer, they may be billed under a commercial rate. We will buy the thermostats and give them to the Church to install. If they do not, we will be forced to change their rate.

**LINEMAN APPRECIATION
DAY**

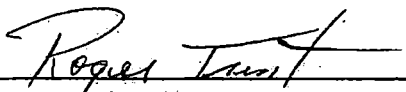
April 13, 2015 has been designated the first National Lineman's Appreciation Day. She presented to the Board a Resolution in honor of the day for them to sign and a copy will be presented to each lineman on April 13, 2015. We will have a breakfast in honor of the Linemen and the Board is invited to attend.

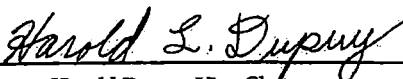
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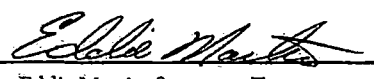
1st National Lineman Appreciation Day

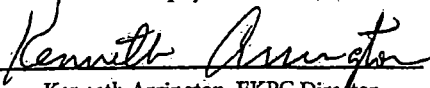
- "Whereas linemen leave their families and put their lives on the line every day to keep the power on;
- "Whereas linemen work 365 days a year under dangerous conditions to build, maintain and repair the electric infrastructure;
- "Whereas linemen are the first responders of the electric cooperative family, getting power back on and making things safe for all after storms and accidents; and
- "Whereas there would be no electric cooperatives without the brave men and women who comprise our corps of linemen;
- "Therefore be it resolved that NRECA and Grayson Rural Electric Cooperative Corporation recognize the Second Monday of April of each year as National Lineman Appreciation Day. We support and recognize the contributions of these valuable men to our members, our community and our Country.

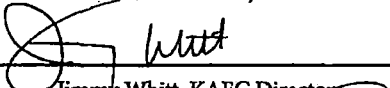

Carol Hall Fraley, President & CEO

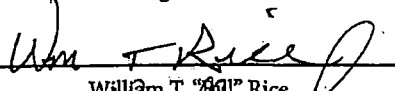

Roger Trent, Chairman



Harold Dupuy, Vice Chairman

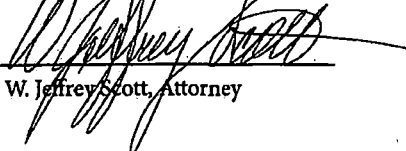

Eddie Martin, Secretary-Treasurer


Kenneth Arrington, EKPC Director


Jimmy Whitt, KAEC Director


William T. "Gull" Rice


Jim Bentley


W. Jeffrey Scott, Attorney

Resolution of Respect Commencing on April 13, 2015

**LINEMAN APPRECIATION
DAY (CONTINUED)**

Motion was made by Director Rice, seconded by Director Bentley agreeing to honor our linemen on April 13, 2015 and adopt this resolution. Motion carried unanimously.

SMITHFIELD

President Fraley, Brian Poling, Kyle Clevenger, Mike Martin and Bradley Cherry met with Smithfield on Tuesday in regards to primary metering and an unpaid \$7,853.37 invoice. They explained the concept of primary metering and that anything on Smithfield's side of the meter was at their expense. They offered them various programs and reminded them of the work done for them by Tina Preece and other people from EKPC. They were informed that a new contract needed to be negotiated due to new ownership. Transformers required for load will be paid for by Smithfield. The first transformers just for service were provided by Grayson RECC. Kyle made them aware of a fuse holder and switch replacement that needed to be installed. This work will be scheduled and paid for by Smithfield, along with the outstanding invoice.

PSC

A letter of notice regarding the recent snow storm was written to the PSC. A letter with the final costs will be mailed as soon as all invoices are received.

SAND GAP CASE

President Fraley asked Legal Counsel Scott about the Sand Gap case and he stated that has been submitted to Circuit Judge in Frankfort and a reply has to be done now.

**APPROVAL OF NEW
MEMBERSHIPS &
RETIREMENT OF
EXISTING MEMBERSHIPS**

Motion was made by Director Martin, seconded by Director Dupuy and unanimously agreed to approve seventy-eight (78) new memberships and retirement of seventy-two (72) existing memberships for February 2014.

BAD DEBT WRITE-OFFS

Motion was made by Director Martin, seconded by Director Dupuy and unanimously agreed to charge off \$ 2,621.87 worth of bad debts and turn them over for collection.

**APPROVAL OF CEO'S,
DIRECTOR'S & ATTORNEY
BUSINESS EXPENSES**

Motion was made by Director Whitt, seconded by Director Rice and unanimously agreed to approve the President's business expense of \$8.39, Director's business expenses of \$9,544.29 and Attorney's business expense of \$188.89.

PRESIDENT'S REPORT

President Fraley reported on the following:

TELEPHONE CONTRACTS

AT&T and Windstream pole attachment contract charges will be based on the CPI (index). We will propose the same charges for the proposed broadband attachments by the state.

**EAST KENTUCKY
POWER COOPERATIVE**

President Fraley discussed an EKPC handout regarding Costs to Member System Report from EKPC. EKPC exceeded the budgeted amount every month in 2014. Although other costs are closely monitored, the Cost to Member System Report is disregarded. She also handed out a report detailing EKPC's accomplishments for 2014. Cost to Member Systems was not part of that report.

Legal Counsel Scott read a portion of the Wholesale Power Contract and how it has changed from 1964 to now, questioning how East Kentucky Power can make such changes.

EAST KENTUCKY
POWER COOPERATIVE
(CONTINUED)

Director Arrington announced that East Kentucky Power Cooperative expects to purchase a merchant plan with a 400 megawatt gas peaker, used now by L G & E. East Kentucky Power had already sent out an RFP for 300 MG and said they need additional power for cold weather.

Under our current arrangements, they will sell all power to PJM and then buy back what we need. The EKPC Board will vote in May. The cost is \$142 million. It is located off I-71, between Louisville and Cincinnati.

LEGAL COUNSEL'S REPORT

Legal Counsel Scott reported on the following:

The PSC will issue an order on the Fuel Adjustment Clause. They granted a request for fly ash removal.

Legal Counsel Scott reminded Director Arrington that he only has to be excused from Executive Session for Charleston Bottoms. He has the right to ask about the fly ash matter.

We will pursue our complaint concerning the Valley View Subdivision. Director Martin and Director Dupuy requested Legal Counsel to look at the Wholesale Power Contract last month. They would like to request a judge to make decision on whether the Wholesale Power Contract is valid now or not.

PRESIDENT AND CEO

President Fraley and Executive Assistant, Priscilla Sparks, were asked to leave the board meeting during discussion of President Fraley's annual evaluation.

Motion was made to give President Carol Fraley a \$4,000 raise for 2015, retroactive January 1, 2015 by Director Arrington, seconded by Director Rice and unanimously agreed upon.

KAEC DIRECTOR'S REPORT

Director Whitt reported the following on the KAEC Board Meeting this month:

Strategic Planning – Chris Perry did the meeting. He is going to committee type meetings.

Tim Hargrove thinks there is nothing wrong except projections.

UUS is reducing the amount of transformers manufactured.

An Executive Committee was established. They are: Chris Perry, Tommy Hill, Bill Prather, Ted Hampton, Carol Wright, and Debbie Martin

EKPC DIRECTOR'S REPORT

Director Arrington said that most of his report had been covered under related Board issues.

Big Sandy RECC sent Kelly Shepherd to replace Wade May on EKPC Board. The EKPC Vice Chairman will not be replaced before the Annual Meeting in June. Mr. Campbell will represent EKPC at the KAEC meetings.

Mr. Arrington said David Estep, Big Sandy CEO, had asked for a meeting after the last EKPC Board meeting. He wanted to know what our bottom line was in settling our law suit. Mr. Estep stated Wade May was EKPC's key man who set the agenda. Mr. Estep told Mr. Arrington that Ms. Fraley was unable to do her job and that she had a lot of baggage with family issues. He also called her incompetent. Mr. Estep said their Legal Counsel doesn't come in to their meeting unless asked or to make a report.

**EKPC DIRECTOR'S REPORT
(CONTINUED)**

A motion was made to seat Director Arrington on the East Kentucky Power Cooperative's Board by Director Martin, seconded by Director Rice and unanimously agreed upon.

President Fraley said she would check and see when Mr. Arrington's credentials need to be presented to EKPC.

THANK YOU'S

We received thank you notes from the following Elliott County Chamber of Commerce for road signs and Isonville 5th and 6th Graders – science project.

DONATIONS

President Fraley presented to the Board for their consideration the following donation requests:

WCHS Baseball Boosters – sign sponsorship	\$100
Project Merry Christmas of Carter County	\$100
Greenup County Firefighters – fire school	\$100
Elliott Co. 4-H Camping Program – registration & transportation fees	\$190
Olive Hill Little League – sign renewal	\$150
Grayson Meals on Wheels – 2015 donation	\$100
Greenup County Genealogical & Historical Society	\$50
Elliott County Little League – sign for fence – sponsorship	\$175
Elliott County High School – state tournament sponsor	\$500
Rudy Fest – sponsorship	\$250
Build-a-Bed – sponsorship	\$150

Motion was made by Director Rice, seconded by Director Martin and unanimously agreed to approve the donations as presented.

Director Dupuy asked if we are getting revenue from the explosive plant in the Vanceburg Territory and President Fraley said we are.

MEETING ATTENDANCE

Upcoming employee meeting attendance requests were for:

SEDC Conference, Amelia Island, FL – few employees
Lineman School – Tony Brewer and Justin Staniford

BOARD MEETING DATE

The following board meeting dates have been assigned:

Monday, April 27, 2015 at 9:00 a.m.
Friday, May 22, 2015 at 9:00 a.m.
Friday, June 26, 2015 at 9:00 a.m.
Friday, July 24, 2015 at 9:00 a.m.
Friday, August 28, 2015 at 9:00 a.m.
Friday, September 25, 2015 at 9:00 a.m.
Friday, October 23, 2015 at 9:00 a.m.
Monday, November 30, 2015 at 9:00 a.m.
Friday, December 18, 2015 at 9:00 a.m.

ADDITIONAL BUSINESS

There was no additional business.

ADJOURN

Chairman Trent adjourned the meeting at 12:38 p.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott

On April 27, 2015 at 9:06 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Dupuy gave the invocation.		
EXECUTIVE SESSION	Director Dupuy called for Executive Session, seconded by Director Martin at 9:06 a.m., excusing Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant, from the board meeting. The Board adjourned from Executive Session at 9:27 a.m.		
APPROVAL OF MINUTES	Motion was made by Director Rice, seconded by Director Dupuy and unanimously agreed to approve the minutes from the March 2015 Board Meeting.		
MANAGER OF TECHINICAL SERVICES	<p>Brian Poling, Manager of Technical Services reported on the following:</p> <p>The Outage Management System has been upgraded and moved to the new server. The newest software for our outage maps automatically updates the maps each time a work order is entered, instead of having to manually update the maps every month or two. The staking software will be moved soon.</p> <p>The new outbound campaign for disconnects last month showed we made 1,300 calls in 55 minutes, compared to the old system – a day to a day and a half. The system was utilized several times this month for planned outages. Director Arrington suggested adding all Directors to the call list for their area. Mr. Poling said he was working on that.</p>		
OFFICE & MEMBER SERVICES REPORT	Bradley Cherry, Manager of Finance and Accounting gave the Financial & Statistical Report for February 2015. The following was reported:		
FINANCIAL & STATISTICAL REPORT FOR FEBRUARY 2015	Kilowatt hour sales for the month of February (02/21-03/20) were 3.48% over budget. Purchases for the time period of (2/1-28) were 17.18% over budget. Line loss for the last twelve months was 5.90%. Year to date margins were \$506,275 compared to budgeted \$375,123. The highest demand we have ever had was set in February at 85,194 kW's.		
MARCH 2015 ICE STORM	The ice storm of March 2015 cost was \$200,984. President Fraley has submitted the final report to the Public Service Commission. We have not had a declaration from FEMA yet.		
TARIFFS	We filed Schedules 3 and 13B and C Tariffs with the Public Service Commission and they have been approved.		
RUS WORK ORDERS	RUS work orders for the months of October, November and December 2014 were presented to the board of directors for approval:		
	October 2014	Work Order No. 1206 Work Order No. 1207	\$201,702.42 \$9,045.25
	November 2014	Work Order No. 1208 Work Order No. 1209	\$167,364.18 \$10,475.05

RUS WORK ORDERS
(CONTINUED)

December 2014	Work Order No. 1210	\$152,823.69
	Work Order No. 1211	\$10,193.98
	Total	\$ 551,604.56

Motion was made by Director Rice seconded by Director Martin and unanimously agreed to approve said work orders as presented and submit them to RUS.

APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR FEBRUARY 2015

Motion was made by Director Martin, seconded by Director Dupuy and unanimously agreed to approve the Financial and Statistical report for February 2015 as presented for informational purposes only.

MANAGER OF MARKETING
AND MEMBER SERVICES

Kim Bush, Manager of Marketing and Member Services, reported on the following:

LIHEAP

We received \$226,622.99 from LIHEAP. This amount was lower than last year.

WINTERSHIP HARDSHIP

There were 25 winter hardship reconnects and 28 thirty day extensions.

PREPAY ACCOUNTS

We have 306 active Pre-Pay accounts with an average balance of \$48.44. Average daily useage for these accounts is 28 kWh; 957 payments were received in 30 days totaling \$36,204.58. Director Dupuy said it would be interesting to see a regular bill in a given month, before and after Pre Pay usage. Debt Management is a significant part of Pre Pay and we can put up to \$500 on contract. We have 38 Pre-Pay accounts that utilize Debt Management. Total amount in Debt Management is \$10,815.72 with 3 under \$100; 11 \$100-\$199 range; 9 \$200-\$299 range; 5 \$300-\$399 range; 8 \$400-\$499 range; and 2 over \$500 (exceptions).

ENERGY AUDITS

Tina Preece completed the following audits: 8 Energy audits; 1 Button-Up; 1 Commercial audit; 1 How\$mart Audit; and 1 ETS service call.

SCHOOL PROGRAMS

Career Day was held at Elliott County High School with Robert Brown discussing Operation Preparation.

FRANKFORT YOUTH TOUR

Five high school juniors attended the Frankfort Youth Tour on March 26th, with Tina Preece and Julie Lewis. Collin Howell and Shelby Adkins from Elliott County will attend the Washington Youth Tour in June.

SIMPLE\$AVERS

Next week Kim Bush will be interview by WSAZ, prior to our annual meeting.

ANNUAL MEETING

Mrs. Bush reported the following plans for the Annual Meeting on May 14th:

Registration begins at 7:30 a.m. and concludes at 6:00 p.m.
Business Meeting commences at 6:00 p.m.
The same format as the last three years will be used.
Drive thru registration is a big hit and the consumers love it.

Several nice door prizes will be given away after the buiness meeting. Two of them are a small refrigerator and a high efficiency clothes washer. Members do not have to be present to win the door prizes.

ENERGY EFFICIENCY FLYERS	Flyers promoting high energy efficiency appliances and rebates have been left at Lowe's in Ashland and Morehead, and Dyer's in Grayson to give to our consumers.
OPERATIONS REPORT	Kyle Clevenger, Manager of Operations, gave the Operations Report. He reported on the following:
EMPLOYEE/LOST TIME ACCIDENT	There were no lost time accidents to report this month.
SAFETY REPORT	The following safety meetings were held during March 2015:
SAFETY MEETING	<p>March 03—Robert Brown, Director of Purchasing and Stores, turned the meeting over to Clarence Greene for the KAEC monthly safety meeting. His topic was 3-phase banking and trouble shooting.</p> <p>March 12—Sherry Buckler, Manager of Accounting & Human Resources, read from the Safety Manual, Work Zone Safety, Section 505.1 – 505.3. We had the monthly safety give-a-way.</p> <p>March 16—Kim Bush, Manager of Marketing & Member Services, read from the safety manual, Tools and Equipment, Section 506.1 – 506.2. Carol Fraley presented certificates to Kyle Clevenger and Jamey Withrow for the completion of the Superintendent & Foremen's Conference.</p> <p>March 23—Bradley Cherry, Manager of Finance & Accounting discussed benefits, insurance, retirement security plans and showed how to look at this information on Cooperative.Com. Kyle Clevenger read safety investigations on accidents involving Shane McDavid and Mark Hutchinson and reminded everyone to work safe. Carol Fraley, President and CEO, asked everyone to watch for swimming pools being installed under power lines.</p> <p>Kyle continues to mention the necessity and importance of hard hats, rubber gloves and the importance of using ground chains. A line is not dead until it is grounded.</p>
CONSTRUCTION	The Construction Department built one hundred eighteen (118) work orders. Eight (8) services were added and seventy (70) services retired, for the month of March. Most of these retirements were a result of our meter reading programs and were not active accounts. Construction did not work any overtime this month.
OVERTIME HOURS	The Maintenance Department worked one thousand two hundred eighty-two (1,282) hours of overtime and the Engineering Department worked twelve (12) hour overtime during the month of March 2015.
DELINQUENT NOTICES	The Maintenance & Construction Departments collected on one hundred eighty-three (183) delinquent accounts and disconnected fifty-four (54) accounts in April.
ENGINEERING REPORT	The Engineering Department released sixty-five (65) prints consisting of 3,635 feet primary line, 1,815 feet of service wire and 0 feet of underground service. They currently have two (2) new services to be staked and two (2) to be drawn. They have approximately twelve (12) miscellaneous jobs to be staked or drawn.

CONTRACT CREWS

We have two (2) Pike crews working:

Tony Seagraves – Airport Road to Corey Ridge in Carter County and New Construction. He is now on Stark Ridge.

Doug Rogers – State Route 7, Greenup County, Schultz to Allen Chapel Church; to be completed in two weeks and then this crew will move to Montgomery.

Another Pike crew will be added this week working on poles washed out and start on RT 51 for the State Highway following those work orders.

Poles in Elliott County along new State Route 7 have started to slip where they were set. The State Highway will have to pay for the cost of relocating the poles and related expenses.

RIGHT-OF-WAY CREWS

We have nine (9) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 592 trees, cut 957 trees, cut 17,495 feet of brush/line and sprayed 18 spans of line. The crews are working in the following areas:

1 cutting crew in Carter, Lewis and Greenup Counties

1 cutting crew in Elliott and Lawrence Counties

2 cutting crews in Rowan County

1 bucket truck crew in Carter, Lewis and Greenup Counties

1 bucket truck crew in Elliott and Lawrence Counties

1 bucket truck crew in Rowan County

1 tractor crew in Carter County

1 dormant spray crew in Carter County

Smith Tree Service has finished a circuit in Greenup County and now working at Carter City.

UNIT COST AND COST PLUS

President Fraley reminded the Board that Work Plan projects are billed on Cost Plus or Units. The Operations Manager and Assistant Operations Manager look at every job with the contractor to determine how each individual job in the work plan should be billed. For example, Stark is eight miles long and over 50% of the poles will need to be changed out, so it will be billed as a unit job. Montgomery is a shorter job consisting mostly of wire changes and will be billed as cost plus. When Contractors bid the Work Plan, the individual jobs are unseen. It is reasonable and customary in order to be fair to the contractor and keep our costs down, to evaluate each job and determine how it will be billed before work commences.

When contractors bid our work plan, the rates they have bid are applied to three work plan jobs, chosen by the Cooperative. Each contractor's rates are applied to the same three jobs. One job will be a small work plan project; one will be a large work plan project and one will be something from day to day work like a pole change out, worked hot. Not every job we do is done the same way and costs are not the only criteria. We also evaluate safety, availability of equipment and manpower, and overtime rates among other things. The cost of the four year work plan is \$20,000,000. We look at each job to try to make sure we stay within our projected cost per job.

President Fraley wanted to remind all Directors that this is normal Work Plan procedure and this method is used by all Cooperatives and approved by RUS.

KAEC LINEMAN'S RODEO	The 2015 KAEC Lineman's Rodeo will be hosted by Pennyrile Electric and will be held on the Western Kentucky State Fairgrounds on July 30-31 in Hopkinsville, KY.
APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS	Motion was made by Director Dupuy, seconded by Director Rice and unanimously agreed to approve sixty-eight (68) new memberships and retire ninety-five (95) existing memberships for March 2015.
BAD DEBT WRITE-OFFS	Motion was made by Director Rice, seconded by Director Martin and unanimously agreed to charge off \$6,146.68 worth of bad debts and turn them over for collection.
APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY BUSINESS EXPENSES	Motion was made by Director Martin, seconded by Director Dupuy and unanimously agreed to approve the President's business expense of \$186.83, Director's business expenses of \$8,497.08 and Attorney's business expense of \$182.17.
PRESIDENT'S REPORT	President Fraley reported on the following:
CAPITAL CREDITS	<p>Capital credits belonging to deceased estates are paid current. President Fraley reminded the Board that Capital Credits for members who pass away in 2015 cannot be paid until March of 2016, at which time we will know the margins, if any, for 2015.</p> <p>Director Arrington asked if we could pay 2015 Capital Credits as they are properly presented. President Fraley said that method would have to be researched and would possibly require a Bylaws change. President Fraley said that she, Bradley and Legal Counsel Scott would research this matter and report back to the Board.</p> <p>Director Whitt made a motion to do so, and the motion was seconded by Director Martin. The vote was unanimous.</p>
KY BROADBAND CONTRACT	We are working on the wording of the Kentucky Broadband Contract.
KAEC UPDATES	<p>Dennis Cannon is the new CEO for Jackson Purchase Energy.</p> <p>Kelly Nuckol's retirement reception is May 7th from 5:00 p.m. – 7:00 p.m. at 229 Madison Street, Paducah KY.</p> <p>There is a conference call this Thursday, April 30, 2015 in regards to sales tax on computer software.</p> <p>Tim Sharp is the new CEO at Salt River.</p> <p>David White, KAEC Safety Program, announced at our safety meeting last week that GRECC received the 2015 No Lost Time Award for 442,132 hours for the years 12/20/2009 through 12/31/2014. GRECC is right below the transmission cooperatives in safety achievement.</p>
VALLEY VIEW	A response was received on Valley View and Legal Counsel Scott will discuss that.
CFC FORUM	Bradley Cherry will be attending the CFC Forum on June 7-10, 2015 in Chicago, Illinois

INSURANCE

Last month the Board requested we research the insurance rates with Federated. The conclusion was there is no reason to change the amount. President Fraley took a voice vote over the phone with the Board of Directors and the decision to keep the levels the same was unanimous.

IRATE CONSUMERS

We have been working with [REDACTED]. GRECC has been there several times. He may be contacting some of you directors.

[REDACTED] of Trent Ridge, Morehead, KY, are new to our area and have issues. President Fraley has contacted them with offers of several solutions. They have an electric furnace.

[REDACTED], in Director Arrington's area has issues with a guy wire on his property. We are trying to reach an agreement with him. A certified engineer was sent to take a look at the issue and he said that at least one guy wire from us and one from the telephone company was needed.

MARATHON

President Fraley said that we have been approached by Marathon about a Pumping / booster station in Elliott County. This would be a 5 to 7 MW load and would be fed from the Elliottville Substation. Their timetable is within 2 years.

EKPC ANNUAL MEETING VOTING DELEGATES

The upcoming EKPC Annual Meeting is scheduled for Tuesday, June 2, 2015 at EKPC Headquarters, in Winchester, Kentucky. Director Dupuy will serve as the Representative and Director Trent will serve as the Alternative Representative for GRECC.

LEGAL COUNSEL REPORT

Legal Counsel Scott reported on the following:

Collection letters will go out today.

EKPC CASES UPDATES

He has received a response from EKP on Amendment 3.

He filed a response to the motion he had filed on a rate case.

On April 7, our fuel adjustment clause case was set by Commission.

The PSC inquired about certain aspects of the PJM agreement and practices.

He received a call from a lady trying to find a judge to listen to the Charleston Bottoms case, and one hasn't been found to his knowledge, at this time. Director Arrington said he was told by someone that a judge had been assigned.

Mr. Scott talked to President Fraley after the March 27th Board Meeting and prepared a letter in regards to statements made by David Estepp, Big Sandy RECC CEO, about her to Director Arrington, in the CEO office at Big Sandy. He mailed copies to all Directors, but was told to hold up on mailing.

OFF SITE SPECIAL GRECC BOARD MEETINGS

Director Martin stated that on April 14th an off-site special board meeting was held at the Super 8 Motel, Grayson, KY. The Charleston Bottoms lawsuit was discussed. The consensus was that GRECC would not win the case and felt EKPC would negotiate the lawsuit with the Board. President and CEO, Tony Campbell was contacted and a meeting was set up to meet at the MSU ADUC, Morehead KY on April 23, 2015. Those attending the meeting from East Kentucky Power Cooperative were Tony Campbell, Paul Hawkins, Mike Adams, Joe Spalding and Don Mosier. Director Martin asked for \$175,000 cash to walk away. EKPC is not willing to pay cash but did agree to give us \$125,000 of services over the next ten year.

EKPC PROPOSAL TO GRECC

Director Martin gave Mr. Scott a Memorandum of Understanding Between East Kentucky Power and Grayson Rural Electric Cooperative Corporation, Inc. for Legal Counsel to read aloud. The Memorandum reads as follows:

GO TO PAGE 8

MEMORANDUM OF UNDERSTANDING
BETWEEN
GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION and
EAST KENTUCKY POWER COOPERATIVE INC.

This Memorandum of Understanding serves to document the understanding reached during the meeting between EKPC's Executive Committee Board Members and Grayson Board Members held on the 23rd day of April 2015. The following summarizes the key terms agreed upon between Grayson Rural Electric Cooperative Corporation ("Grayson") and East Kentucky Power Cooperative, Inc. ("EKPC"):

1. Grayson and EKPC will file appropriate motions to dismiss any and all litigation, PSC cases, pending claims and actions against one another within ten days of Grayson's and EKPC's acceptance of this offer, including: the Mason Circuit Court litigation; the Public Service Commission ("PSC") Amendment 3 Investigation; Grayson's Motion to Reopen the last EKPC rate case before the PSC; and EKPC's PSC Fuel Adjustment Clause Case. Both Grayson and EKPC will be responsible for paying its own respective costs, expenses and professional fees.
2. Upon receipt of the last Order dismissing the final pending claim against either party, EKPC will agree to provide up to 100 hours of professional services annually to each of the 16 member systems, for a total of 1,600 hours for a period not to exceed 10 years upon acceptance of this agreement. The types of services to be provided will be at the discretion of the members, provided the services are customary and reasonable. On no less than a semi-annual basis, EKPC will provide a summary of any services provided to the Owner-Member's respective Boards.
3. EKPC will use good faith efforts to re-secure adoption of the Amendment 3 Memorandum of Understanding (MOU) that was previously approved by virtually all of EKPC's Members in 2013. Grayson will approve, adopt and execute the MOU – as written at the time of adoption by other Members, and without further amendment – within thirty days of acceptance of this offer.
4. EKPC will host annual meetings for the Chief Financial Officers of its sixteen Owner-Members so that any Owner-Member might seek additional information or clarification regarding EKPC's long-term financial strategy and plans. In addition, EKPC will follow through on Mr. Anthony Campbell's offer to have annual meetings with the leadership of each Owner-Member of EKPC to discuss the company's plans and to answer any questions.
5. Grayson and EKPC agree that: a) none of the terms of this agreement may be deemed an admission, actually or implicitly, of any wrongdoing or error on the part of either party;

EKPC PROPOSAL TO GRECC
(CONTINUED)

and b) any and all claims that either company may have against each other as of the date of Grayson's acceptance, would be forever waived and released.

Grayson and EKPC further agree as follows:

First, the focus of Grayson's Mason Circuit Court case is upon the ownership and dissolution of Charleston Bottoms RECC (Charleston Bottoms). The only significant asset of Charleston Bottoms was the Spurlock No. 1 electric generating unit. Upon Charleston Bottoms' dissolution, Spurlock No. 1 continues to be owned directly by EKPC. While EKPC's Board sincerely regrets that Grayson feels it did not have adequate time to understand the reasons for, and the timing of, the dissolution of Charleston Bottoms, there should be no disagreement that Spurlock No. 1 has continued to provide a very affordable source of power to Grayson and EKPC's other 15 Members since the dissolution of Charleston Bottoms. Moreover, the associated creation of the Trust Indenture has been recognized by the PSC as a positive sign that EKPC has, and will continue to, overcome its previous financial challenges.

Second, Grayson's perspective that EKPC's current equity target is too high is welcomed as part of the ongoing discussion of EKPC's long-term financial direction. EKPC accepted the recommendations of the PSC's management audit, by improving its financial strength and EKPC is on pace to reach the Board approved Strategic Plan's target of a 15% equity ratio this year. As Mr. Kenneth Arrington will attest, no decision has been made by EKPC's Board regarding what additional equity ratio EKPC should seek to achieve. At the 2014 Strategic Retreat, EKPC's Board adopted a more flexible approach towards future equity goals and decided to lower the minimum equity ratio in its Bylaws at which point it would be able to pay capital credits to Members to be consistent with the terms and conditions in its RUS loans. That percentage has now moved from 40% equity to 20% equity. EKPC's Board will continue to discuss and, ultimately, to decide the next steps for the company's equity plan at its 2015 Strategic Retreat for any movement above 15%. Mr. Arrington will have the opportunity to present Grayson's position as part of this discussion and EKPC will look for opportunities to have all of its Members provide input prior to the next Strategic Retreat.

Third, EKPC is continuing to seek the best path forward for mitigating the cost of the abandoned Smith No. 1 assets. To date, EKPC has not made any decision regarding the disposition of those assets, nor has it sought to recover the principal costs of the assets. EKPC

EKPC PROPOSAL TO GRECC
(CONTINUED)

understands that it is Grayson's position, in hindsight, that the Smith No. 1 assets should not have been procured in the first place. However, taking that position requires a person to ignore the information that was available to EKPC's Board at the time and forgets that Grayson, via its Director, was supportive of the assets' acquisition at the time. Regardless, any proposal for the final disposition of the Smith No. 1 assets must be approved by EKPC's Board and, ultimately, the PSC.

Fourth, EKPC assisted its Members in 2012 and 2013 in the negotiation of a MOU that would successfully resolve lingering uncertainties regarding the operation of Amendment 3 to EKPC's Wholesale Power Agreement. EKPC believes that the MOU would have greatly aided Grayson's efforts to acquire power from a non-EKPC source. As stated above, EKPC is willing, as part of this settlement, to seek new approvals of the MOU. However, no changes to the previously agreed upon draft will be permitted.

EKPC and Grayson share a common responsibility to act in the best interests of the customers at the end of the line, our Members. To do what is best for them, we need to end this litigation, bring unity and harmony back to the entire EKPC system and begin the process of restoring relationships that have been tested and broken by needless litigation.

Grayson and EKPC agree that litigation and negative PSC filings are not good for our end use members. Consequently, both parties agree to make good faith efforts in solving future issues/challenges outside of litigation and PSC filings.

On behalf of Grayson Rural Electric Cooperative Corporation and East Kentucky Power Cooperative Incorporated and after having been duly authorized, the foregoing Memorandum of Understanding is accepted.

DATE

Roger Trent, Chairman
Grayson Rural Electric Cooperative Corp.

DATE

Paul Hawkins, Chairman
East Kentucky Power Cooperative Inc.

EKPC PROPOSAL TO GRECC
(CONTINUED)

Legal Counsel read the Memorandum aloud and told the Board if that was what they wanted to do, all that was needed was for them to file an Order dismissing the case, and that further meetings with East Kentucky Power were not necessary.

GRECC and EKPC have tentatively agreed to these terms; the dissolution of the Charleston Bottoms case in the Mason Circuit Court; and there is no disagreement concerning Spurlock.

EKPC will discuss their equity target with the Board at Strategic Planning and if the Board agrees it is too high, it can be lowered to pay credits. Director Arrington will be provided information for discussion.

EKP understands Grayson has concerns about the Smith #1 assets, etc.

EKP says that the MOU / Amendment 3 would have greatly benefited GRECC.

Both EKPC and GRECC agreed the suits are not good for Grayson members.

This memorandum is to be presented at the EKPC May Board Meeting.

They agreed upon independent attorneys to meet with GRECC and EKPC at another meeting. Director Martin asked Legal Counsel Scott if Legal Counsel Brandon Music, from his office, could attend with our Board.

Legal Counsel Scott stated all they had to do is to file an Order with the court and no attorney would be needed, nor another meeting, if this Memorandum states what they want.

Director Dupuy stated that he and as far as he knew, all 7 directors felt this Charleston Bottom case should be dismissed and cannot see GRECC winning.

Motion was made to table this proposal until the May Board Meeting by Director Arrington, seconded by Director Martin and unanimously agreed upon.

It was stated that Grayson would still be entitled to their off system purchase in the amount of 9.3 MW and President Fraley told the Directors they should get that in writing.

KAEC DIRECTOR'S REPORT

Director Whitt reported there was no meeting this month due to the Manager's Spring Meeting.

EKPC DIRECTOR'S REPORT

Director Arrington said that most of his report had been covered under related Board issues.

THANK YOU NOTES

We received a thank you note from the Sarah's Place for donating a piece of art work for their fundraising event.

DONATIONS

President Fraley presented to the Board for their consideration the following donation requests:

Sarah's Place - donated artwork for silent auction – valued

\$150

DONATIONS
(CONTINUED)

King's Daughters Health Foundation – 2014 Rocky Adkins Golf tournament – one hole sponsor	\$250
Grayson Area Chamber of Commerce – Golf Scramble	\$200
Elliott County Conservation District – 4 th Grade Field Day	\$50
Elliott County Little League – Field Sponsorship	\$175
Lewis County Football Team – sponsor 2 players	\$100
Elliott County Christian Community Center – office relocation	\$100
Olive Hill Historical Society – golf scramble – donation	\$100
Carter County Blue Grass Festival – donation	\$250
Rogers Scholar –JESSE STUART PROJECT- purchase books for Carter County Library	\$100
Lawrence County Historical Society – (Blaine Bank building donated to LCHS) – replacing furniture	\$100
Carter County Homemaker's – donation for 3 prizes	\$150
American Cancer Society – Elliott Co. Relay for Life – donation in memory of Juanita Rice	\$250

Motion was made by Director Rice, seconded by Director Whitt and unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE

The SEDC Meeting will be held at Amelia Island, Florida. Brain Poling, Kim Bush, Anita Bellew, Peggy Skaggs, Robert Brown, Andrea McCleese and Sherry Buckler will attend.

A MilSoft Meeting will be held in Arlington, Texas. Brian Poling, Andrea McCleese and Nancy Madden will attend.

GRECC ORGANIZATIONAL MEETING

The Organizational Meeting of the Board of Directors will be held on Thursday, May 14th following the business meeting at the GRECC Annual Meeting. The regular monthly May Board Meeting will be held May 22nd.

ADDITIONAL BUSINESS

There was no additional business.

ADJOURN

There being no additional business to come before the Board, Chairman Trent adjourned the meeting at 2:09 p.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

Minutes of the Executive Session of the April 27, 2014 GRECC Board Meeting

On April 27, 2014 Grayson Rural Electric Cooperative Corporation held an executive session during its regular board meeting.

EXECUTIVE SESSION

Director Dupuy made a motion, seconded by Director Martin, to go into Executive Session at 9:06 a.m. and unanimously agreed upon, excusing Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant, from the board meeting.

Matters concerning Grayson Rural Electric Cooperative Corporation's lawsuit against the East Kentucky Power Cooperative / Charleston Bottoms case were thoroughly discussed.

Motion was made by Director Martin, seconded by Director Dupuy and unanimously voted to come out of Executive Session at 9:27a.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On May 22, 2015 at 9:04 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION

Director Whitt gave the invocation.

APPROVAL OF MINUTES

Motion was made by Director Bentley, seconded by Director Dupuy and unanimously agreed to approve the minutes from the April 2015 Board Meeting for informational purposes only.

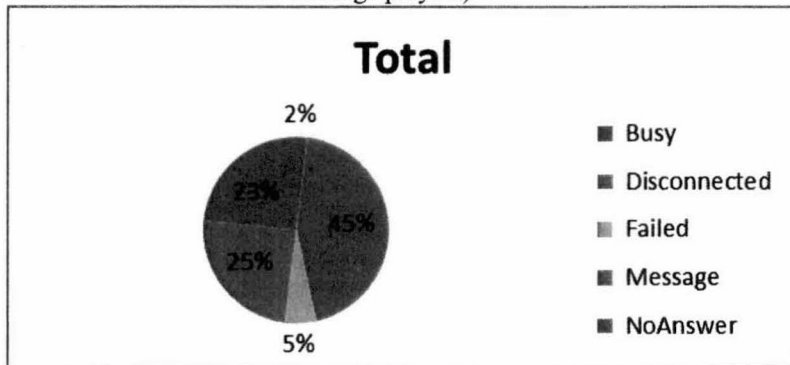
APPROVAL OF ORGANIZATIONAL MINUTES

Motion was made by Director Whitt, seconded by Director Rice, and unanimously agreed to approve the minutes from the May 14, 2015 Organizational Board Meeting for informational purposes only.

MANAGER OF TECHNICAL SERVICES

Andrea McCleese, Assistant Manager of Technical Services reported on the following:

Our new telephone system was utilized to send out informational calls about Annual Meeting. The calls were made over the course of 3 days for 4 hours each evening. The results were as follows: (Disconnected indicates that the call was answered and the message played.)



The 2003 to 2012 Windows Server migration project has been completed. During this process, it became necessary to upgrade our outage management and engineering analysis software (at no cost). The completion of this project completes our IT project list outlined in this year's budget.

SEDC has announced that they have changed from the status of a Merchant to a Credit Card Service Provider in response to the more stringent PCI Compliance rules going into effect this year. We will have to submit proof of our compliance to SEDC in the form of results of network scans and penetration testing.

Coop IT program was developed at the request of PSC and they are pleased with IT's response with how they are handling cyber security at this time. PSC will take the recommendations of the IT Association instead of making their own.

President Fraley stated that GRECC will have security on site at Annual Meeting in the future. Staff recommends this, after an evaluation of the annual meeting on Friday morning.

MANAGER OF TECHNICAL SERVICES (CONTINUED)	Brian Poling, Andrea McCleese and Nancy Madden will be attending the MilSoft Users' Conference in Dallas, Texas on June 9-11. We utilize MilSoft's IVR, Dispatch (outage management), and WindMil (engineering analysis) systems.						
MANAGER OF FINANCE & ACCOUNTING REPORT	Bradley Cherry, Manager of Finance & Accounting, presented the Financial and Statistical Report for March 2015. He reported on the following:						
FINANCIAL & STATISTICAL REPORT FOR MARCH	Kilowatt hour sales for the month of March (03/21-04/20) were 8.22% under budget. Purchases for the time period of (3/1-31) were 6.81% under budget. Line loss for the last twelve months was 5.73%. Year to date margins were \$154,785 compared to the budgeted negative \$208,503.						
1ST QUARTER FINANCIALS	Mr. Cherry reviewed the first quarter financial reports with the board. The first 3 months show the actual year to date margins were \$1,342,701 compared to budgeted \$965,071 margins, a difference of \$377,632. The first quarter sales and purchases were reviewed.						
FEMA	We received news that we can apply for help from FEMA and will be going to Frankfort next week to meet with their representatives. Bradley will keep everyone informed on the outcome.						
AUDITOR	A letter was received from Alan Zumstein, CPA, asking the Board to consider his services for the annual audit. After thorough discussion, Director Martin made a motion to use Alan Zumstein, CPA, for the annual audit, seconded by Director Dupuy and unanimously agreed upon.						
APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR MARCH 2015	Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to approve the Financial and Statistical report for March 2015 as presented for informational purposes only.						
CAPITAL CREDITS	President Fraley addressed capital credits, explaining the language in GRECC's Bylaws and Board Policy will need to be revised if we change the way we pay deceased estates. She plans to have these ready for the June Board Meeting. We will get with SEDC and see how they are calculating their refunds and discounts for other Cooperatives. Legal Counsel Scott will work with President Fraley and her staff on this matter.						
MANAGER OF MARKETNG & MEMBER SERVICES	Kim Bush, Manager of Marketing & Member Services presented the following report:						
ANNUAL MEETING	Annual meeting was a success, registering 1,310 members. We credit part of the increase to reminder phone calls made 2-3 days prior to the meeting. Kim asked the Board for any suggestions to be made for the next annual meeting. More hotdogs and sauce was needed. We are thinking about using a box trailer up front to give out buckets.						
PREPAY AND DEBT MANAGEMENT	<p>PrePay Summary – 338 Active PrePay Accounts and 7 Inactive Accounts. Average balance on accounts--\$50.48 credit; Average kwh Usage—27 a day Total Number of Payments in 30 days—1,013 Average Payment--\$38.61 Total Payment Amount--\$39,113.34</p> <p>Debt Management – 47 active accounts totaling \$13,961.54 22% of active accounts have Debt Management that are on prepay.</p> <table border="0"> <tr> <td>Under \$100=5</td> <td>\$100-\$199=9</td> <td>\$200-\$299=11</td> </tr> <tr> <td>\$300-\$399=6</td> <td>\$400-\$499=10</td> <td>over \$500=6</td> </tr> </table>	Under \$100=5	\$100-\$199=9	\$200-\$299=11	\$300-\$399=6	\$400-\$499=10	over \$500=6
Under \$100=5	\$100-\$199=9	\$200-\$299=11					
\$300-\$399=6	\$400-\$499=10	over \$500=6					

MEMBER SERVICES

Tina Preece has been attending meetings at EKPC and Northeast Community Action concerning new rebate programs for Grayson Rural Electric and a meeting concerning Smithfield transformers, infrared scanning and oil check. Tina did 3 Energy audits, 3 How\$martKY audits, 2 Button-up audits and 1 heat pump audit.

Julie and Kim judged scholarship applications at Fleming-Mason and Clark Energy Coops.

Career Day was at Star Elementary on April 23.

Julie and Peggy Wells judged at Carter County 4-H Communication.

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations gave the Operations Report. He reported on the following:

EMPLOYEE/LOST TIME ACCIDENT

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during April 2015:

April 07 —Carol Fraley, President and CEO, was in charge of the meeting. Mike Martin read from the safety manual pages 130 –132, 506.3 Pneumatic Tools, and 506.4 Hydraulic Tools. Kyle Clevenger announced that Steven Burton had completed his 4th year of the apprenticeship program and is now a 1st class lineman as of April 2nd. Kyle also reminded everyone it was collections and to be careful. Kippy ask everyone to change their rubber gloves. The monthly safety give-a-way was handed out.

April 13 —Mike Martin, Assistant Mgr. of Operations, was in charge of the meeting. Carol Ann announced it was the 1st National Lineman Appreciation Day and the annual event will be on the 2nd Monday in April. A video was shown. Her topic was about the care of feet and hands and how important it is to linemen. She showed a video about Happy Hands & Feet. Kyle reminded everyone to be careful.

April 21 —Andrea McCleese, Technical Services Supervisor, turned the meeting over to David White for the KAEC monthly safety meeting. He announced that Grayson RECC would be a 2015 no-lost time award recipient. David reviewed two accidents, one was a D.H. Elliott ground man fatality and the other was a Kenergy Apprentice Lineman contact.

April 27 —Brian Poling, Mgr. of Technical Services, topic was on Power Factor (the simplified version). Carol Fraley reported the new Pike construction crew starts today. Kyle reminded everyone to be safe.

Kyle Clevenger, Manager of Operations, continues to mention the necessity and importance of hard hats and rubber gloves. He reminded everyone of the importance of using ground chains. A line is not dead until it is grounded.

CONSTRUCTION

The Construction Department built one hundred (100) new work orders for the month of April and worked zero (0) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked three hundred one (301) hours of overtime during the month of April 2015.

DELINQUENT NOTICES

The Maintenance & Construction Departments collected on two hundred thirty (230) delinquent accounts and disconnected forty-two (42) accounts in May.

CONTRACT CREWS

We have two (2) Pike crew working on:

Tony Seagraves – Stark Conversion – Elliott County and New Construction
Doug Rogers – State Route 7, Greenup County – Units Job

RIGHT-OF-WAY CREWS

We have nine (9) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crews trimmed 484 trees, cut 1,685 trees, cut 31,095 feet of brush/line, and sprayed 38 spans of line. The crews are working in the following areas:

- 1 cutting crew in Carter, Lewis and Greenup Counties
- 1 cutting crew in Elliott and Lawrence Counties
- 2 cutting crews in Rowan County
- 1 bucket truck crew in Carter, Lewis and Greenup Counties
- 1 bucket truck crew in Elliott and Lawrence Counties
- 1 bucket truck crew in Rowan County
- 1 tractor crew in Rowan County
- 1 dormant spray crew in Carter and Rowan Counties

1 Smith Tree Service - circuit crew in Carter City, Carter County

ENGINEERING REPORT

The Engineering Department released one hundred (100) prints consisting of 19,475 feet of primary line and 2,385 feet of service wire. They currently have eight (8) new services to be staked and three (3) to be drawn. They have approximately sixteen (16) miscellaneous jobs to be staked or drawn.

Director Arrington asked if Morehead has started a lineman school. The first class will be this summer. There are twenty signed up for it.

Director Bentley asked how often we spray after the first initial spray. Mike Martin stated we try to do it every four years.

F150 FOR SALE

The F150 2005 4-wheel drive truck, 230,080 miles, will be sold to the highest bidder. Bids will be taken from Tuesday thru the following Tuesday and will be opened up to employees.

A hazardous situation was found on one of [REDACTED] accounts in Elliott County and disconnected immediately. [REDACTED] was notified by phone. We believe he removed the meter from Cheyenne Holbrook's home in retaliation. This was all captured on security cameras and the state police were called. President Fraley will send a letter today directing [REDACTED] to get a state certified electrician and a state licensed inspector to correct his service.

SECURITY LIGHTS

A tariff on LED security lights has been filed with the Public Service Commission.

[REDACTED] of Rowan County purchased property and planned on living in a barn with an apartment while he built his house. He was told to go to the Health Department and see if they would issue two stickers for one septic system. Since then, he has pulled in a camper and wants to build a semi -

(CONTINUED)

permanent resident for his mother. He was under the impression he didn't have to pay construction cost. President Fraley offered to let him put up \$10,000 until his house is under construction and meets Cooperative Guidelines. If he starts his house this year, the \$10,000 will be refunded. The length of the line was just over 1,300 feet and his credit history is excellent. If he starts his house next year, he will get back one tenth of his advance for construction each year for ten years.

**APPROVAL OF NEW
MEMBERSHIPS &
RETIREMENT OF
EXISTING MEMBERSHIPS**

Motion was made by Director Dupuy, seconded by Director Martin and unanimously agreed to approve one hundred five (105) new memberships and the retirement of eighty-nine (89) existing memberships for April 2015.

BAD DEBT WRITE-OFFS

Motion was made by Director Whitt, seconded by Director Rice and unanimously agreed to charge off \$7,439.32 worth of bad debts and turn them over for collection.

**APPROVAL OF CEO'S,
DIRECTOR'S & ATTORNEY
BUSINESS EXPENSES**

Motion was made by Director Bentley, seconded by Director Martin and unanimously agreed to approve the President's business expense of \$116.88, Director's business expenses of \$12,724.04 and Attorney's business expense of \$25.80.

PRESIDENT'S REPORT

President Fraley reported on the following:

2016 BOARD ELECTION

Directors Jimmy Whitt and Kenneth Arrington will be up for election next year, 2016.

KENERGY CORP

Kenergy's manager, Gregory Starheim has left.

WORK ORDER FEES

We will start paying back \$95 work order fees in June on services with good credit history. We will start with \$10,000 and make another payment of up to \$15,000 in December.

Director Arrington has received final notice from EKPC that his background check was finished successfully.

DON COMBS RECEPTION

Don Combs' retirement reception will be this afternoon.

OUTAGES

Our outages were up this month due to the weather.

EKPC ANNUAL MEETING

The East Kentucky Power Cooperative's Annual meeting will be held Tuesday, June 2, 2015, 10:00 a.m. at their headquarters in Winchester, Kentucky.

Directors Dupuy and Trent are voting and alternate voting delegates and Director Arrington is EKPC's Board Member. Spouses of Directors are invited to attend.

LEGAL COUNSEL'S REPORT

Legal Counsel Scott reported on the following:

VALLEY VIEW SUBDIVISION

GRECC has to file with PSC an original territorial map of the Valley View Subdivision. This has to be at PSC by Thursday. Seventeen structures (meters) are located there. The PSC requires ten copies of this filing.

MOU

Last Friday Director Trent signed a MOU with EKP. Legal Counsel's office received a call from Counsel David Smart this week.

Director Martin made a motion to accept the May 15, 2015 Memorandum of Understanding to be effective immediately, seconded by Director Dupuy, and unanimously agreed upon.

Legal Counsel asked if it makes any difference that the EKPC has not signed off. Director Martin stated that East Kentucky Power and the other Coops agreed.

KAEC DIRECTOR'S REPORT

Director Whitt and President Fraley attended KAEC's Board Meeting this week in Louisville, KY. Director Whitt reported on the following:

Two new board members – Dennis Cannon, new Manager of Jackson Purchase Energy Coop and Tim Sharp, new Manager of Salt River Electric Coop.

Carol Wright, chair of the Safety Subcommittee highlighted the safety workshops and activities. Questionnaires on safety will be submitted to all Coops.

The Board accepted the Distinguished Rural Kentuckian Committee's recommendation and motion to honor Dave Shuffett from Nicholasville this year.

The Financial Report showed favorable year to date margins.

UUS's transformer count has increased. Currently the plant is on a one week shutdown.

Paul Wesslund is retiring as editor of Kentucky Living in July and will be doing freelance with the NRECA and others.

The NRECA legislative rally will be held before the Derby in 2016 and in 2017 the rally will move to April.

The Board recognized the retirement of Larry Hicks, former CEO of Salt River Electric.

EKPC DIRECTOR'S REPORT

Director Arrington reported on the following:

Susan Brooks, controller and investment, is leaving EKPC.

Permits to move the fly ash in August from Dale to Smith Substations has been secured and ready. Stringent safety requirements are in place for drivers and employees, as there are carcinogens in fly ash.

March net margins were \$4.5 million; \$3.4 million more than budget due to cold weather.

The year-to-date margins were \$38.7 million; \$18.9 million more than budget.

**EKPC DIRECTOR'S REPORT
(CONTINUED)**

March cost to member systems of \$67.35 was below the annual budgeted cost of \$68.83.

They are predicting lower interest rates therefore, EKPC should see a saving.

Board books have been eliminated and replaced with iPads.

Rodney Hitch has an assistant now, Brad Thomas.

THANK YOU NOTES

President Fraley mentioned GRECC had received thank you cards from the Jesse Stuart Foundation and from Meals on Wheel.

DONATIONS

President Fraley presented to the Board for their consideration the following donation requests:

Lewis County Extension Office – KY Youth Seminar	\$125
Greenup County High School Football – sponsorship	\$50
East Carter Tennis Team – sponsorship	\$50
For Jesus Christ (4-J-C) - fireworks	\$100
Carter County Thunder 2014 fireworks donation (co-sponsor w/EKPC)	\$250
Carter Christian Academy – golf scramble	\$100
Rocky Adkins Library – reading program	\$100

Motion was made by Director Dupuy, seconded by Director Rice and unanimously agreed to approve the donations as presented.

ADDITIONAL BUSINESS

Additional business brought before the Board was:

USDA-RUS LOAN BUDGET

Chairman Trent acknowledged and accepted the RUS Form 740c – AD-3031 USDA-RUS Cost Estimates and Loan Budget by signing and dating May 7, 2015.

LAWSUIT DISMISSALS

Legal Counsel Scott stated the following motions were prepared to be submitted to the Public Service Commission and the Mason Circuit Court in regards to cases on Amendment 3, Charleston Bottoms, and electric rates:

CASE NO. 2014-00226

Joint Motion to Permit the Withdrawal of Grayson Rural Electric Cooperative Corporation as Intervenor – Case No. 2014-00226 An Examination of the Application of the Fuel Adjustment Clause of East Kentucky Per Cooperative, Inc. From November 1, 2013 Through April 30, 2014;

CASE NO. 2014-00167

Joint Motion to Permit Withdrawal of Motion to Reopen – Case No. 2010-00167 (CLOSED) - Application of East Kentucky Power Cooperative, Inc. for a General Adjustment of Electric Rates;

CASE NO. 2012-00503

Joint Motion to Dismiss Petition and Complaint – Case No. 2012-00503 Petition and Complaint of Grayson Rural Electric Cooperative Corporation for an Order Authorizing Purchase of Electric Power at the Rate of Six Cents Per Kilowatts of Power vs a Rate in Excess of Seven Cents Per Kilowatt Hour Purchased From East Kentucky Power Cooperative Under a Wholesale Power Contract as Amended Between Grayson Rural Electric Cooperative Corporation and East Kentucky Power Cooperative Inc.; and

LAWSUIT DISMISSALS
(CONTINUED)
CIVIL ACTION NO.
12-CI-00270

Agreed Order of Dismissal With Prejudice – Civil Action No. 12-CI-00270
in the Mason Circuit Court – Grayson Rural Electric Cooperative
Corporation v East Kentucky Power Cooperative, Inc., Charleston Bottoms
Rural Electric Cooperative Corporation, etc.

Legal Counsel Scott requested a copy of where the other Coops signed off
on.

MEETING ATTENDANCE

President Fraley and some of the staff will be attending EKPC's Annual
Meeting on June 2, 2015.

Director Whitt will be attending the June Summer School at Hilton Head, SC.

BOARD MEETING DATE

The Regular Board Meeting in June will be held Friday, June 26, 2015.

EXECUTIVE SESSION

President Fraley, Legal Counsel Scott and Executive Assistant Sparks were
asked to leave the room for an Executive Session with the Board.

Director Arrington made a motion to go into Executive Session, seconded by
Director Martin at 12:18 p.m.

Director Arrington made a motion to come out of Executive Session at 12:25
p.m.

ADJOURN

Chairman Trent adjourned the meeting at 12:25 p.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

Minutes of the Executive Session of the May 22, 2015 GRECC Board Meeting

On May 22, 2015 Grayson Rural Electric Cooperative Corporation held an executive session during its regular board meeting.

EXECUTIVE SESSION

Director Arrington made a motion, seconded by Director Martin, to go into Executive Session at 12:18 p.m. and unanimously agreed upon, excusing Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant, from the board meeting.

Matters concerning Grayson Rural Electric Cooperative Corporation's lawsuits against East Kentucky Power Cooperative were thoroughly discussed.

Motion was made by Director Arrington, seconded by Director Martin and unanimously voted to come out of Executive Session at 12:25 p.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On June 26, 2015, at 9:00 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Rice gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Bentley, seconded by Director Rice and unanimously agreed to approve the minutes from the May Board Meeting.
MANAGER OF TECHINCAL SERVICES	Brian Poling, Manager of Technical Services reported on the following:
SEDC CONVERSION	A major update version 36 was installed to the SEDC software this week, allowing prepaid customers the ability to make automatic payments based on a preset balance; make a one-time automatic payment; or schedule a payment for a specific date such as the due date. Consumers marked "No Checks" won't be allowed to make check payments. Plus many other functionality changes for us as users.
NET METERING	<p>Net metering is where a member generates more power than they consume and sells the excess back to us. Three consumers have solar panels and one generated more power than they consumed. [REDACTED] of Carter City generated more power than he consumed. The PSC tariff says a customer can carry over kWh only. If the customer generates more than used, the kWh will be credited or banked. If the customer terminates his service with a credit of kWh, they will NOT be compensated in any manner. The account kWh balance cannot be carried to the new property owner. The account kWh balance cannot be carried to the customer's new location, NOR can the balance be given in equivalent dollars.</p> <p>GRECC's solar panel is generational, and Mr. Poling will report on it at the July Board Meeting.</p>
MILSOFT USAGE GROUP CONFERENCE	Andrea McCleese, Nancy Madden and Brian Poling attended the MilSoft Users group conference this month in Texas. Nancy attended outage management classes; Andrea focused on IVR and outage management courses; and Brian attended engineering analysis and GIS classes.
SEDC USERS'S CONFERENCE	Several employees attended the SEDC's User's Conference in Amelia Island, Florida. Both classes and general sessions were attended. Software installation was one of the classes attended.
FIBER-OPTIC MEETNG	Brian met with Tim Langley, Ledcor Technical Services Company, this week concerning the Commonwealth's fiber-optic backbone project. Ledcor has partnered with Black and Veatch to design, build and maintain the project. Ledcor will be responsible for the operation and maintenance of the project for the next 30 years.
IDLE DISCONNECTS	We removed 190 idle meters in the field. This is done every six months, allowing less opportunity for meters to be stolen. One meter was stolen and found on an Olive Hill Utilities account recently.

**MANAGER OF FINANCE
AND ACCOUNTING**

Bradley Cherry, Manager of Finance and Accounting, presented the Financial & Statistical Report for April 2015.

**FINANCIAL & STATISTICAL
REPORT FOR APRIL 2015**

Kilowatt hour sales for the month of April (4/21-5/20) were 8.55% over budget. Purchases for the time period of (4/01-4/30) were .11% under budget. Line loss for the last twelve months was 5.29%. Year to date margins were \$24,018 compared to the budgeted amount of (\$83,265).

FORM 7

Electric revenue less purchased power was \$181,330 more than expected. Sales were \$72,461 less and purchased power was \$253,800 less contributing to our higher than normal purchase power revenue. A G&T capital credit adjustment of \$97,032 was allocated from East Kentucky Power based on their audited margins of approximately \$65,000,000.

APRIL T.I.E.R.

The monthly operating T.I.E.R. for April was (.71) with the rolling 12 month O.T.I.E.R. at 1.76.

PHYSICAL INVENTORY

For the period May 1, 2014 to April 30, 2015, the average material and supplies for the physical inventory year was \$289,731.59. The adjustment amount was 0.46%. Kippy James has done another good job this year.

President Fraley is redesigning the current material sheet used for accounts payable or donations.

CFC CONFERENCE

Bradley attended the CFC Conference in Chicago, Illinois and stated it was an excellent conference. He recommended it highly to the Board.

CAPITAL CREDITS

Capital credits are paid once a month. The June list of capital credits was discussed. There are outstanding applications waiting for additional information.

President Fraley pointed out that we will retain capital credits toward the payment of off service accounts. Off service accounts must be satisfied before any remaining balance can be paid.

President Fraley suggested that accounts for members who die in the current year be paid whatever amount is on the records of the Cooperative, less any indebtedness. When margins for the current year are assigned the following year, any additional capital credits due the estate would be paid.

At the end of every year we apply capital credits to the off service bills.

Director Whitt made a motion pay to capital credits up to the amount credited to the account at that time and finalize the payment the following April. Motion was seconded by Director Martin and unanimously agreed upon.

**APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR APRIL 2015**

Motion was made by Director Rice, seconded by Director Dupuy and unanimously agreed to approve the Financial and Statistical report for April 2015, as presented, for informational purposes only.

**MANAGER OF MARKETING
AND MEMBER SERVICES**

Kim Bush, Manager of Marketing and Member Services, gave her report:

PREPAY ACCOUNTS

PrePay Summary: 376 active PrePay accounts; 6 inactive accounts; average balance on accounts - \$51.14 credit; average kwh usage—30 a day; total number of payments in 30 days—1,264; average payment - \$35.08; and total payment amount - \$44,335.14

DEBT MANAGEMENT

Debt Management: We have 60 active accounts with Debt Management, a total amount \$14,500.22 or 16% of those accounts.

Under \$100=14
\$300-\$399=11

\$100-\$199=14
\$400-\$499=11

\$200-\$299=9

Our charge offs are down \$18,000 and we feel it is due to Debt Management.

The water district in Elliott County called this week and reported stealing of water and thought the same may be happening with electric. When we checked, the consumer was living in the residence but electric was in her cousin's name. She did have a \$1,900 off-service electric bill.

ENERGY AUDITS

Energy Efficiency Audits: How\$mart KY-4; Energy Star Manufactured Home-1; Energy Audits-4; Heat Pump Retrofit-1; Heat Pump Audit—1; and Touchstone Energy Audit—2

ADVERTISING

We will be doing a billboard located on the AA for energy Star Applinace rebates. EKP will pay half for 6 months at \$200 per month.

COMMUNITY SERVICES

School and community programs: May 26th—East Carter Senior Awards
May 28th—Greenup Field Days-200 students; June 23rd – KAEC Safety Program at the Elliott County Fire Department; and June 24th – KAEC Safety Program at Carter Caves State Park.

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations, gave the Operations Report, along with Mike Martin, Assistant Manager of Operations. Mr. Clevenger reported on the following:

EMPLOYEE/LOST TIME ACCIDENT

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during May:

May 06 —Priscilla Sparks, Executive Assistant, asked Richard Easton to talk about ways to improvise during emergency outage situations to restore power temporarily. We had the monthly safety give-a-way. Kyle talked about a 10 second breaker delay when working at some of the substations.

May 11—Robert Brown, Director of Purchasing & Stores, presented a power point on primary grounding. Carol Fraley presented certificates to Tony Brewer and Justin Staniford for the completion of Basic Skills Workshop. Carol Ann discussed the upcoming Annual Meeting, also.

May 18—Sherry Buckler, Mgr. of Accounting & Human Resources, turned the meeting over to EKPC's Sha Collier who gave a presentation on Demand Side Management Programs and Energy Efficiency. Carol Ann had a clip on the meaning of Memorial Day. Peggy Wells led the pledge of allegiance to the American Flag.

**SAFETY REPORT
(CONTINUED)**

May 26—Kim Bush, Mgr. of Marketing & Member Services turned the meeting over to Robert Brown who had a program on Ladder Safety. Carol Ann congratulated Steven Burton on earning his Lineman Certificate. She also discussed the Safety Record and encouraged everyone to remain safe.

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and the importance of using ground chains. A line is not dead until it is grounded.

CONSTRUCTION

Construction built ninety (90) new work orders for the month of May and worked zero (0) hours of overtime.

OVERTIME HOURS

Maintenance Department worked two hundred fifty-four (254) hours of overtime during the month of May.

DELINQUENT NOTICES

The Maintenance & Construction Departments collected on three hundred nine (309) delinquent accounts and disconnected twenty-two (22) accounts in June.

CONTRACT CREWS

We have three (3) Pike crews working in the following areas:

Tony Seagraves – Stark Conversion, Elliott County and New Construction
Adam Rice – Montgomery, Greenup County
Ryan Rice – Miscellaneous Pole Changes and will be starting on RT 519-State Job

RIGHT-OF-WAY CREWS

We have nine (9) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crews trimmed 688 trees, cut 1,270 trees, cut 39,115 feet of brush/line and sprayed 65 spans of line. The crews are working in the following areas:

- 1 cutting crew in Carter, Lewis and Greenup Counties
- 1 cutting crew in Elliott and Lawrence Counties
- 2 cutting crews in Rowan County
- 1 bucket truck crew in Carter, Lewis and Greenup Counties
- 1 bucket truck crew in Elliott and Lawrence Counties
- 1 bucket truck crew in Rowan County
- 1 tractor crew in Rowan County
- 1 dormant spray crew in Carter and Rowan County

- 1 Smith Tree Service circuit crew in Carter County

ENGINEERING REPORT

The Engineering Department released one hundred one (101) prints consisting of 5,435 feet of primary line and 2,965 feet of service wire. We currently have two (2) new services to be staked and one (1) to be drawn. We have approximately eight (8) miscellaneous jobs to be staked or drawn.

2014 WORK PLAN

The 4-6 years \$16 million work plan was finished in 2014 producing the following finished projects: Bens Run, Big White Oak, Elliottville Circuit 4, 3 Prong, Lower Grassy, Porter Creek, State Route 519, Culp Creek, Jordan Fork, right fork of Middle Fork, Brushy in Greenup County, H-structure, Crane Creek 600 level job, and 1600 level addendum on Middle Fork. Seven out of thirteen came in at or below budget and a few jobs were over

2014 WORK PLAN
(CONTINUED)

budget due to terrain, rock or additional work. The remainder of money was for meters, equipment, sectionalizers, etc.

2015 WORK PLAN

January 2015 was the start of the \$20 million work plan for 4-6 years. We have finished Dudley and RT 7 Maloneton jobs and now working on Stark. We hope to be finished in December. One crew is working on Montgomery. Joe Sargent will be having knee surgery and will be off for a few weeks, so he will be prioritizing jobs next week in order needed. The work plan will be spread out over 6 years after adding approved RUS addendums.

METERS ON MANUFACTURED HOMES

President Fraley reported that we are having problems with members who want to mount their electric service on the sides of doublewides and modular homes. The Kentucky Department of Housing, Building and Construction says we must require the proper paperwork in order to do so. If the member does not have the proper paperwork to allow for installations on the side of the home, the meter base must be mounted on a pole, to the specifications of the National Electric Safety Code. After talking to the KY Department of Housing, Buildings and Construction twice, they said absolutely not to hook them up without proper documentation. There is a HUD plate under the kitchen sink if the consumer needs to contact the manufacturer to request a manual. A letter will be sent out to all inspectors stating that this information will have to be provided.

PROOF OF PERMANENT RESIDENCY

Currently Administrative Guideline states you have to have 2 of the 3 requirements to qualify for service to be built:

Drilled well, cistern, or city-water district,
Permanent foundation, or
An "in-ground" septic system approved by the Health Department.

We currently require two of the three above, but plan to require evidence that a dwelling will be built at that point.

PSC INSPECTION

Steve Kingsolver, PSC did an inspection on the system for three days on right-of-way, retirement, hazards and found no issues to report.

FEDERATED INSPECTION

Federated Insurance spent a day with us last week and was satisfied with everything. He inspected buildings, went out to one of the crews and went over the past year's records. Workers compensation was down to .8 percent.

We will be re- paying \$10,000 in work order deposits at the end of June.

[REDACTED]

[REDACTED] brought the meter back that he illegally removed from Cheyenne Holbrook's residence. The meter was tested and he was given credit for it, but he was charged overtime.

RIGHT-OF-WAY

Mike Martin is working with President Fraley on a new right-of-way plan to submit to the KY Public Service Commission. The winter spray needs to be added and the rotation changed. This is done about every five to six years.

NEW BUCKET TRUCK

The new bucket truck will be back from Whitehouse, Tennessee next week. The truck was sent to Terex to install needed attachments. The truck was manufactured in South Dakota.

FALL OUTTING

We are considering a fall outing for employees, directors and families.

**APPROVAL OF NEW
MEMBERSHIPS &
RETIREMENT OF
EXISTING MEMBERSHIPS**

Motion was made by Director Dupuy, seconded by Director Martin and unanimously agreed to approve one hundred thirty-one (131) new memberships and retirement of ninety-two (92) existing memberships for May 2015.

BAD DEBT WRITE-OFFS

Motion was made by Director Martin, seconded by Director Dupuy and unanimously agreed to charge off \$12,802.35, worth of bad debts and turn them over for collection.

**APPROVAL OF CEO'S,
DIRECTOR'S & ATTORNEY
BUSINESS EXPENSES**

Motion was made by Director Rice, seconded by Director Martin and unanimously agreed to approve the President's business expense of \$67.17, Director's business expenses of \$6,122.28 and Attorney's business expense of \$12.25.

PRESIDENT'S REPORT

President Fraley reported that most of her report had been covered under other portions of the meeting. In addition she reported on the following:

CYBER SECURITY

Cyber security is getting stricter. Andrea is working on how to keep up with the changes.

CLEANING DAY

The GRECC office would like to request permission to be closed October 12, 2015 for the annual cleaning day. The Board agreed to the closure.

[REDACTED]

Sherry Conley aided [REDACTED], who received a phone call on June 16, 2015 to be at Grayson RECC at 9:00 a.m. on June 17, 2015. He is an AEP/KY Power customer and had no reason to be at GRECC nor was he called by GRECC. Mrs. Conley telephone the KY State Police Post in Ashland to make them aware of this and possibly the safety of this elderly man. The KSP said they would send someone to his residence to meet him and check it out. His daughter, [REDACTED] was notified of this, also. Sherry followed up with a call to his daughter on June 18, 2015 to check on [REDACTED]. There are scams going around.

**NRECA 2015 REGIONAL
VOTING DELEGATES**

The NRECA Voting Delegate for the 2015 Regional Meeting is Harold Dupuy and the Alternate Delegate is Roger Trent. The Regions 2 & 3 Meeting will be held in Biloxi, MS, October 27-29, 2015.

**CFC COOPERATIVE
SYSTEM INTEGRITY FUND**

Grayson Rural Electric agreed to deduct 5% from out system's CFC patronage capital refund this year and for all future years until notified otherwise, for our contribution to the Cooperative System Integrity Fund to be used for all purposes, territorial integrity issues, as well as other challenges that threatens cooperative's ability to exist under the coop business model.

NRTC

We received two checks in the amounts of \$211.52 and \$163.56 for partial payment of capital credits. Our current patronage capital balance is \$9,957.01.

LEGAL COUNSEL'S REPORT

Legal Counsel Scott reported on the following:

COLLECTION LETTERS

He mailed thirty-nine (39) collection letters.

**[REDACTED] CIVIL
ACTION SUIT 14-CI-00284**

Federated settled with property owner [REDACTED] in the amount of \$6,694.24. The consumer's name is [REDACTED] (deceased), Federated claim # 16GC106137.

██████████ CIVIL ACTION
SUIT 14-CI-00292

Federated notified GRECC of Agreed Order of Dismissal of ██████████.
W. A. Kendall settled outside of court with ██████████.

██████████
██████████
A letter was mailed to ██████████ for theft of a GRECC meter.

██████████
We received notice of bankruptcy in Greenup County on ██████████
and wife, ██████████.

SETTLEMENT AGREEMENT
DISCUSSION

Legal Counsel Scott asked the Board if they received a letter from him on the order from the PSC in Case 2012-0503. He asked for direction on how to respond. The Board did receive the letter. Mr. Scott said he must include a copy of the settlement agreement. He was unsure of what to say about the rest of the order and asked for advice from the Board. Director Arrington asked what the options were on it. Legal Counsel stated they definitely want a copy of the settlement agreement. They referenced the July 2013 order. He stated that if the MOU was done, that would take care of it. The Board agreed to sign the MOU in the settlement agreement, but Taylor County and Salt River Boards have never agreed to the MOU. The MOU has never been signed by anybody, but everybody agreed to do it. MOU was agreed upon by GRECC Board but rescinded in August 2013 after the admission of July 17, 2013 order. Taylor County and Salt River Boards had never done anything on the MOU.

Director Arrington asked if the board received anything stating that EKP was not out of it with the PSC about the filing the 16 coops made and Legal Counsel said that was the order he was asking the board about. He asked if the full EKP board approved it. He wanted to know if we ever received anything back showing all the 16 coops signed and we have not. Director Arrington said we had asked for it. Director Arrington stated the full EKP Board approved the settlement agreement on May 12, 2015 at their monthly board meeting and it was signed May 15, 2015. Legal Counsel read the order stating that both EKP and GRECC have to file a response by June 29. He suggested mailing a copy of the settlement agreement and to tell them, in that settlement agreement, that we agreed to sign the MOU on Amendment 3. As of now, it is not signed; nobody signed it and there are two boards that never even approved it. Once it gets done and back to Grayson, fine, but until then, the Commission can do whatever they want to do.

Legal Counsel read the Order he received from PSC. Director Dupuy said they agreed to the MOU. Salt River is suppose to sign now. The settlement agreement done in April and signed May 15, 2015 with EKP states EKP will use good faith effort to re-secure the adoption of Amendment 3.

Legal Counsel Scott said they agreed to agree. We don't know what GRECC agrees to. Legal Counsel reads that both EKP and GRECC are to file. Director Martin suggested a copy of the last MOU version be mailed. Director Whitt pointed out that it was going from a compliant to an investigation. The PSC will decide if they will investigate Amendment 3 and the Magnum deal.

Legal Counsel Scott asked what EKP has said about getting settled. EKP said they would hand carry a copy of the MOU and get it signed. The settlement agreement was signed by all Coops. Tim Sharp is to see that the Salt River Board signs.

GRECC/AEP MAPPING FOR
PSC

President Fraley hasn't heard anything from the PSC on the AEP mapping information requested.

██████████ CASE -
GRAYSON RECC ADV
CARTER CAVES STATE PARK
INCIDENT

On May 23, 2015 ██████████ was playing close to a guy wire at Carter Caves State Park camping area. Grayson RECC had installed the pole and guy wire for Carter Caves a few weeks before. The ██████████ family contacted Legal Counsel Will Wilhoit to file suit. President Fraley has alerted Federated to this issue.

EXECUTIVE SESSION

Chairman Trent requested to go into Executive Session at 11:45 a.m. and requested to come out of Executive Session at 11:54 a.m.

KAEC DIRECTOR'S REPORT

Director Whitt reported the KAEC Board of Directors did not meet in June.

EKPC DIRECTOR'S REPORT

Director Arrington gave the EKPC Board Report:
Spring outage is complete.

A major overhaul was done on Spurlock's Gilbert Unit #3.

Craig Johnson was pleased the \$12.6 million Gilbert project was completed on schedule and without a single OSHA recordable incident.

Denver York said EKP invested \$22.9 million in new, upgraded or rebuilt lines and substations last year – a 64 percent increase over 2013.

The business unit is planning to budget \$32 million in infrastructure investment for each of the next several years. The Mazie Substation and purchasing right-of-way for it was mentioned.

Mike McNally said the year-to-date net margin through April of \$32.4 million was still \$23.7 million more than budgeted.

The 2015 cost to member systems through April was well below the annual budget of \$68.83 at \$66.15 per MWh.

EKPC Equity at the end of April was 15.1 percent.

Conference call on Wednesday requested approval agreement of asset for the Bluegrass Plant at Louisville, and everyone agreed to the fine print and how they pay for it. It has to be completed today.

Once they have an iron clad contract by December they could get loan funds from RUS. All recommended and it is similar to the PJM project. The price dropped to \$127 million and he told why there was a \$13 million difference. A unanimous vote was received.

Director Arrington said there are a lot of advantages to us to have the extra peaking power.

There were tax issues and the corporation agreed to pay the sales tax, as explained by Mr. Mosier. The fuel use of that plant is natural gas (Bluegrass Station). It wasn't explained who would provide gas.

THANK YOU LETTERS

GRECC received a thank you note from Build-A-Bed, Grayson Area Chamber of Commerce Golf Scramble and the Lawrence County Historical Society.

DONATION REQUEST

President Fraley presented to the board for their consideration the following donation requests:

Friends of the Carter County Public Library	\$100
Greenup Old Fashion Days	\$100
Lewis Co. Educational Foundation – Back to School Fair	\$100
Sandy Hook 1 st Baptist Church - Appalachian Regional Relief (backpacks) –	\$100

DONATION REQUEST
(CONTINUED)

Motion was made by Director Dupuy, seconded by Director Bentley and unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE

NRECA Regions 2 & 3 Meeting, Biloxi, MS – Directors Trent, Dupuy, Martin, Rice, Whitt and Bentley, October 27-29, 2015
Power- Up Meeting, Denver, CO– Priscilla Sparks, September 2015
Interact Conference, Denver, CO - Bradley Cherry and Caitlin Hutchinson, August 23-26, 2015
KAEC Underground Skills Workshop, London, KY – Jamey Withrow and Steven Burton, August 19-21, 2015

ADDITIONAL BUSINESS

There was no additional business.

BOARD MEETING DATE

The next board meeting will be held on Friday, July 24, 2015.

ADJOURN

Chairman Trent adjourned the meeting at 12:00 p.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

Minutes of the Executive Session of the June 26, 2015 GRECC Board Meeting

On June 26, 2015 Grayson Rural Electric Cooperative Corporation held an executive session during its regular board meeting.

EXECUTIVE SESSION

The Chair called to go into Executive Session at 11:45 a.m.

Matters concerning Grayson Rural Electric Cooperative Corporation were discussed.

The Chair called to come out of Executive Session at 11:54 a.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On July 24, 2015 at 9:05 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION

Director Rice gave the invocation.

APPROVAL OF MINUTES

Motion was made by Director Martin, seconded by Director Bentley and unanimously agreed to approve the minutes from the June Board Meeting for informational purposes only.

APPROVAL OF SPECIAL BOARD MEETING MINUTES

Motion was made by Director Martin, seconded by Director Dupuy and unanimously agreed to approve the minutes from the Special Board Meeting, July 7, 2015 for informational purposes only.

DON MOISER, EKPC

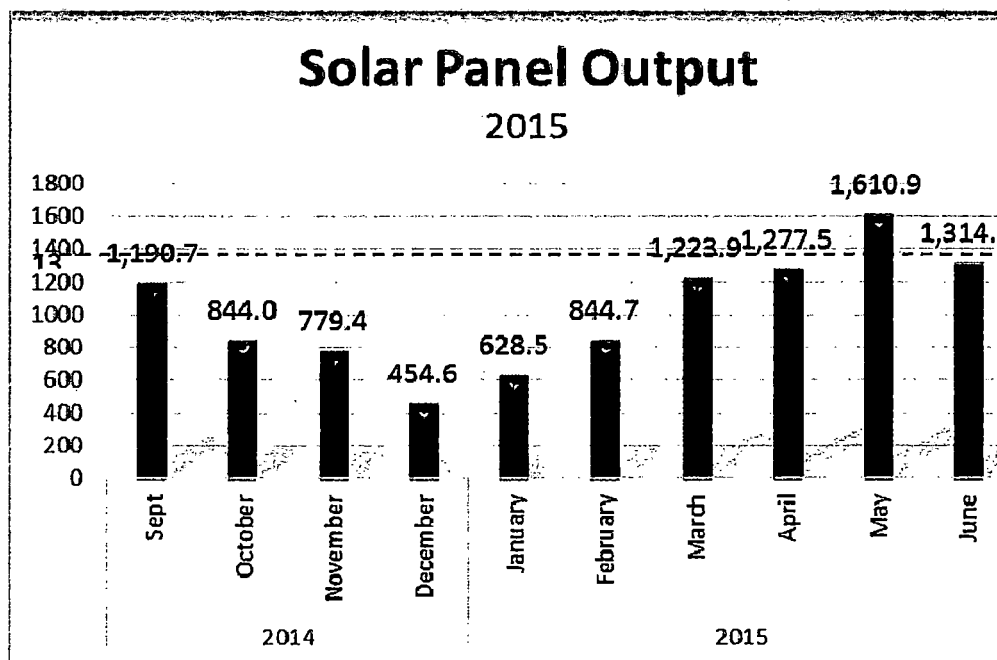
Director Martin received an email from Don Mosier, EKPC, who will be here Friday, August 14, 2015 at 10:00 a.m. to tour the areas that are poverty stricken.

MANAGER OF TECHNICAL SERVICES

Brian Poling, Manger of Technical Services reported on the following:

GRECC SOLAR PANEL

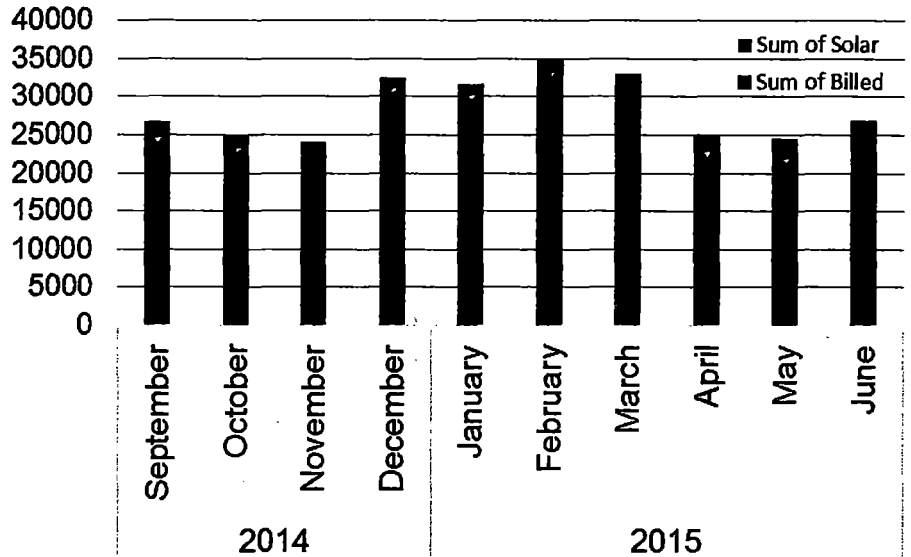
The following chart tracks the output since the unit was started.



The panels have generated anywhere from 454 kWh to 1610 kWh in a month since they have been in production. The average has been 1016.8 kWh per month. June typically would have been a higher production month than May if not for the cloudiness caused by all the rain.

Average monthly usage for an All-Electric home is 1,357 kWh. The dashed line compares the average monthly usage of an all-electric home to the output of the solar panels.

Slide 2:



The red portion of the bars represents the number of kWh we use at the office complex each month, compared to the light blue portion of each bar, which is the amount the solar panels contributed.

Data on the solar panel is accessible on our website under the Environment tab.

KY FIBER NETWORK

The "Next Generation, Kentucky Internet Project" is asking for lower attachment prices than the rate we charge the telephone companies. The governor has enlisted help from Hal Rogers. We do not feel that we can charge them a lower attachment fee because our fees are cost based. We believe other members should not have to pay the difference.

Our average span length is 350 feet. We have access to other sources for fiber, and our average investment per pole is \$1,800. This is an average of every pole ever set on our system, from the 1950's to date. Our new work plans calls for an investment of over \$3,000 for every new pole we set over the life of the plan.

MANAGER OF FINANCE AND ACCOUNTING REPORT

Bradley Cherry, Manager of Finance and Accounting, presented the Financial & Statistical Report for May 2015. Mr. Cherry reported on the following:

FINANCIAL & STATISTICAL REPORT FOR MAY 2015

Kilowatt hour sales for the month of May (5/20-6/20) were 3.52 % over budget. Purchases for the time period of 5/1-31/15 were 3.68 % over budget. Line loss for the last twelve months was 5.32 %. Year to date margins are \$135,407 compared to the budgeted amount of \$29,119.

Sales were \$161,000 less. Purchased power was \$137,302 less. Right-of-way expense was over budget by \$14,421. Annual Meeting expense to date is \$26,820.

Bradley said he reported to FEMA a cost of approximately \$400,000 plus for the June storm. We had included \$400,000 in this year's budget to help

cover storm expense. If we can recover part of our losses from FEMA, it will be a big help to us.

We submitted the last paper work to FEMA today for the March storm and could be reimbursed up to \$300,000. We are responsible for 15% and we could recover 85%.

Carter County most likely will receive aid for the July storm. The governor will forward a request to the President. Bradley, Sherry, Mike Martin and Kyle are working with FEMA and will be reimbursed for working with them based on their combined average wages. FEMA has been really good to work with.

Capital credits weren't paid this month due to storm, but will be caught up next month.

President Fraley stated copies of the proposed changes to (see below): Board Policy 204, Equity Management/Capital Credits, and Grayson Rural Electric Cooperative Corporation Bylaws, Article VII, Non-Profit Corporation, Section 2. Patronage Capital in Connection with Furnishing Electric Energy was mailed with the Board Packet. Proposed changes to Board Policy 204 and Section 2 of the Bylaws would allow the Cooperative to pay capital credits for deceased estates immediately, based on what was assigned to an account at that time. Any additional capital credited to the account would be paid when margins are assigned the following year.

BOARD POLICY 204

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

BOARD POLICY NO. 204

SUBJECT: EQUITY MANAGEMENT/CAPITAL CREDITS POLICY

I. OBJECTIVE

- A. Assure the financial integrity of Grayson Rural Electric Cooperative Corporation at all times so that it can be certain of providing high quality electric service on a continuing basis to its members.
- B. Establish means whereby Grayson Rural Electric Cooperative Corporation's members will, in fact, receive electric service at cost taking into account reasonable reserves for proper operations and maintenance of the system, and as a result, enable them to clearly see the benefits of receiving service from their Cooperative as compared to an investor-owned utility or municipality.
- C. To establish the standards, rules, methodologies and procedures governing the Cooperative's retirement of capital credits.

II. POLICY

- A. Capital credit retirements will be made only upon authorization by the Board of Directors based upon its determination that such is in the best interest of the Cooperative and will not impair the Cooperative's financial condition. Such retirements shall also be subject to any applicable restrictions contained in the Cooperative's mortgages or loan contracts with the United States Rural Utilities Service (RUS), National Rural Utilities Cooperative Finance Corporation (CFC) or any other lender of funds to the Cooperative and shall also be subject to any orders or regulations of the Public Service Commission of Kentucky (PSC) as are applicable to the Cooperative.

BOARD POLICY 204 (CONTINUED)

- B. Capital credits ~~May will~~ be paid on a discounted basis, at the discretion of the Board of Directors, including deceased estates which shall be paid up to the date of death of the deceased member.
- C. No retirement of capital that has been separately accounted for and credited to a patron in relation to capital credits issued to the Cooperative by an affiliated organization (such as G & T) shall be authorized or made until and unless the Cooperative shall have received its own retirement of such credits in cash or by way of billing credits.
1. Estates of deceased members will be paid first should Any capital credit refunds be appropriated under the guidelines of (A) above, should be first applied against the settlement of estates of deceased members.
 2. Capital credits will first be applied to any indebtedness owed to the Cooperative and then may be retired to Cooperative patrons paid by check or by way of billing credits, -whichever is decided to be -whichever is decided to be most effective and in the Cooperative's best interest.
 3. In accordance with the Bylaws of the Cooperative, Article I., Section 1, "Upon the death of a member the membership may be transferred to the surviving spouse provided the surviving spouse requests such transfer and the transfer is not a violation of the deceased's Will." At that time the surviving spouse may apply for the capital credits accrued to the estate of the deceased member.
- D. Capital credits will be accrued to the date of death of the member. If there is no surviving spouse, application for payment of capital credits can be made by the legal representative of the estate or its' heirs. All capital credits accrued after the death of a member shall be forfeited unless the account is transferred in accordance with Cooperative policies within six months of the death of said member to the surviving spouse. If the legal representative(s) of a deceased member's estate shall request in writing that the capital credited to the account of the deceased member be paid, the Board of Directors, acting under such terms and conditions of the Cooperative's Bylaws, shall approve the payment of capital credits assigned at the time of application, to the estate of the deceased member. However, the financial condition of the Cooperative must not be impaired thereby. No account can be left in the name of the deceased member. Any additional capital credits assigned to a deceased member's account shall be paid at the next general rotation of capital credits, at the discretion of the Board.

GRECC BOARD POLICY NO. 204

PAGE 2

- ~~If application for capital credits for a deceased member is properly made in the same year of the death of the member, payment of capital credits for his/her accounts will be made in March of the following year. At that time, the amount of patronage will have been established for the previous year.~~
- ~~If application for capital credits for a deceased member who has passed away any time prior to the current year, patronage capital shall be paid, up until the date of death of the member. Payment shall be made as soon as possible after the application is processed.~~
- E. Except for the priority of settlement of estates of deceased members ~~mentioned in~~ above, any ~~other~~ other general rotations/retirements in any given year shall be made in such aggregate amounts and for all or a portion of such one or more years as the Board of Directors, in its discretion, shall determine.

BOARD POLICY 204 (CONTINUED)

- F. The discretionary powers of such capital credits repayment shall remain with the Board of Directors of Grayson Rural Electric Cooperative Corporation as stated in the Cooperative's Bylaws, Article VII, Section 2, and nothing stated in this policy will diminish that right.

III. RESPONSIBILITY

It shall be the responsibility of the Board of Directors and the President and CEO to see that this policy is adhered to. This revised policy is a combination of former policies 204, 205, and 206, thus updating Policy 204 and rescinding 205 and 206.

Roger L. Trent, Chairman

Bill E. (Eddie) Martin, Secretary/Treasurer

Date Adopted: 06/21/85
Date Revised: 07/23/93
Minute Book Page: 2287 - 2288
Date Revised: 01/24/97
Minute Book Page: 2839 - 2840
Date Revised: 04/24/03
Minute Book Page: 3502 - 3504
Date Reaffirmed: 04/19/10
Minute Book Page: 4313
Revised: 10/24/13
Minute Book Page: 4755-4757
Revised: 07/24/15
Minute Book Page:

Bylaws of Grayson Rural Electric Cooperative Corporation
ARTICLE VII

NON-PROFIT CORPORATION

SECTION 2. PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING ELECTRIC ENERGY. In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishings of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall upon request make available for inspection to any patron their ledger sheet showing the amount of capital credited to the account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital. (Amended 9/16/77) Capital credits shall first be applied against any outstanding indebtedness owed by the member to the Cooperative. (Amended 7/24/15)

All other amounts received by the Cooperative from its operation in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year, and (b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided.

GRAYSON RURAL ELECTRIC COOPERATIVE
CORPORATION BYLAWS (CONTINUED)

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on pro-rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to patrons' accounts may be retired in full, or in part. Any such retirements of capital shall be at the discretion and direction of the Board as to timing, method and type of retirement. (Amended 3/23/90)

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instructions from the assignor and only to successors in interest or successors in occupancy in all or a part of such patrons' premises served by the Cooperative unless the Board of Directors, acting under policies of general application, shall determine otherwise.

Any capital credit refunds appropriated under these bylaws shall first be applied against the settlement of estates of deceased members. (Amended 7/24/15)

~~Notwithstanding any other provisions of these bylaws, the Board of Directors at its discretion, shall have the power at any time upon the death of any patron, if the legal representatives of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board of Directors acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.~~

If the legal representative(s) of a deceased member's estate shall request in writing that the capital credited to the account of the deceased patron be paid, the Board of Directors, acting under such terms and conditions of these Bylaws and the policies of general application, shall approve the payment of capital credits assigned at the time of the application, to the estate of the deceased member. However, the financial condition of the Cooperative must not be impaired thereby. Capital credits shall first be applied to any indebtedness of the Member. No account can be left in the name of the deceased member. Any additional capital credits assigned to a deceased member's account shall be paid at the next general rotation of capital credits, at the discretion of the Board. (Amended 7/24/15)

President and CEO Fraley asked Legal Counsel if he had any comment regarding the proposed new policy. Legal Counsel stated he had no further comment beyond those that he had previously given which expressed reservation about legality of same.

A motion was made to accept Board Policy 204 Equity Management/Capital Credits and the Bylaw's Section 2. Patronage Capital in Connection with Furnishing Electric Energy by Director Martin, seconded by Director Rice and unanimously agreed upon.

Mr. Cherry received from RUS Contract for the 2015-2018 Work Plan. We are required to read and adopt this month and sign at the August 28, 2015 Board Meeting. Bradley Cherry read the Resolutions between Grayson Rural Electric Cooperative Corporation and Federal Financing Bank (FFB).

SECRETARY'S CERTIFICATE

I, Billy E. "Eddie" Martin, do hereby certify that: I am the secretary of Grayson Rural Electric Cooperative Corporation (hereinafter called the "Corporation"), the following are true and correct copies of resolutions duly adopted by the Board of Directors' of the Corporation at the ~~special~~ ^{regular} meeting held July 24, 2015, and entered in the minute book of the Corporation and none of the following resolutions has been rescinded or modified:

RESOLUTIONS

1. RESOLVED that the Corporation borrow from the Federal Financing Bank ("FFB") an amount not to exceed \$20,000,000.00, to be guaranteed by the United States of America (the "Government"), acting through the Administrator of the Rural Utilities Service ("RUS"); and

2. RESOLVED that the corporation accept the terms and conditions which the Administrator of RUS has established for obtaining its guarantee of the FFB loan, as such terms and conditions are set forth; and

3. RESOLVED that the Chairman is authorized on behalf of the Corporation to execute and deliver under its corporate seal, which the secretary is directed to affix and attest:

- (a) as many counterparts respectively as shall be deemed advisable of an agreement with the Government, in the form of the RUS Loan Contract submitted to this meeting; and
- (b) a note payable to FFB and guaranteed by RUS in the principal amount of \$20,000,000.00, substantially in the form of the FFB note submitted to this meeting; and
- (c) the note payable to the Government, acting through the Administrator of RUS, substantially in the form of the Reimbursement Note submitted to this meeting; and

4. RESOLVED that the officers of the Corporation be, and each of them is authorized in the name and on behalf of the Corporation, to execute all such instruments, make all such payments and do all such other acts as in the opinion of the officer or officers acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions; and

5. RESOLVED that [(title(s) of corporate official(s) authorized)], and any official(s) authorized to act in such corporate position(s) and to perform the functions of such position(s) [is]/[are] authorized on behalf of the Borrower (a) to execute and deliver from time to time advance requests, maturity extension election notices, prepayment election notices and refinancing election notices, in the form of such instruments attached to the note payable to FFB, and (b) to specify information and select options as provided in such instruments.

I FURTHER CERTIFY THAT each member of the Board of Directors of the Corporation was furnished with notice of said meeting in compliance with the bylaws of the Corporation.

I FURTHER CERTIFY THAT the date of actual execution of the documents referred to above is
July 24, 2015.

Secretary of the Board

If the Borrower has trustees instead of directors, substitute "trustees" for "directors" throughout.

SECRETARY'S CERTIFICATE
(CONTINUED)

I FURTHER CERTIFY THAT the following are the names and signatures, respectively, of the officers of the Corporation identified below who validly held and occupied their respective positions on said date of actual execution of the documents.

<u>Office</u>	<u>Name</u>	<u>Signature</u>
Chairman	<u>Roger L. Trent</u>	<u></u>
Vice Chairman	<u>Harold L. Dupuy</u>	<u></u>
Secretary	<u>Billy E. "Eddie" Martin</u>	<u></u>
Treasurer	<u>N/A</u>	<u></u>

IN WITNESS WHEREOF I have hereunto set my hand and affixed the seal of the Corporation this 24th
day of July, 20 15.

Secretary

(Corporate Seal)

NOTE: See closing instructions for details on using this form.

A motion was made to accept the Resolution as read, by Director Whitt,
seconded by Director Dupuy and unanimously agreed upon.

DRIVE THRU

Diebold, who installed the drive thru, said the water problem is an act of God and President Fraley thinks it was improper installation.

SALES TAX

KAEC is heading up a sales tax issue with the Commonwealth. The Commonwealth wants to tax us on all things computer related and we have not had to pay tax like that before. To date, there is no defined method of paying or collecting the tax. We are waiting on the results of a hearing. This could be relatively expensive.

WAGE AND SALARY COMMITTEE

President Fraley stated a Wage and Salary Committee Meeting will need to meet in August, before the 28th Board Meeting. Directors Martin, Dupuy and Rice are on the Committee with Chairman Trent, ex-officio. We will project costs of an increase based on the amount of the Union contract percentage. We will call and schedule a date with the Committee.

Legal Counsel Scott asked Bradley if he could tell the Board how much our members had saved on their power bills due to the rebate EKPC was ordered to return to the members. The total of the order was \$8.3 million. He asked if it was broken down by cooperative per month or how we knew how much our members were saving. The power bill comes in the first or second week of the next month. Bradley will check on this.

APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR MAY 2015

Motion was made by Director Bentley, seconded by Director Rice and unanimously agreed to approve the Financial and Statistical report for May 2015 as presented, for informational purposes only.

MANAGER OF MARKETING & MEMBER SERVICES

Kim Bush, Manager of Marketing and Member Services, gave her report.

PREPAY SUMMARY

390 Active PrePay Accounts	8 Inactive Accounts (run out of money)
Average Balance on accounts	\$45.86 credit
Average kwh Usage-32 a day	Total Number of Payments in 30 days-1415
Average Payment-\$34.83	Total Payment Amount-\$49,283.43

Accounts are added about everyday. We get messages about every night from CRC.

DEBT MANAGEMENT

There are 60 active accounts with debt management out of 390 accounts. Total amount in Debt Management is \$14,837.21
15% of active accounts have Debt Management
Under \$100=12 \$100-\$199=18 \$200-\$299=9
\$300-\$399=9 \$400-\$499=10 over \$500=2

PHONE REPORT

The Member Service Representatives answered 3,388 calls in June. Our new phone system, allows a report that tells what most of these calls were concerning. Some are the calls were in regards to:

Payments: 857	Bill Inquiry: 362
PrePay Inquiry: 70	Service Man: 1

The Member Representatives are still learning to close out their calls by reporting a 'wrap' for each call. You have a 10 second window to enter a code.

SCHOOL/COMMUNITY PROGRAMS

GRECC sponsored 2 students on the Washington Youth Tour and received thank you cards from them.

A safety demonstration was provided for 50 kids at the Carter Caves Target Camp.

ANNOUNCEMENTS

Soon, we will no longer be able to take a credit card payment over the phone or by mail. Our bill printer company will use what bill stock that we currently have with the place on the back side for credit/debit card information. Once this is used, the new stock will not have that option. This is due to new credit card laws and procedures that are meant to protect the consumer's credit card information. We will be able to accept phone payments made with checking/savings account information but not credit/debit cards. Our members will be able to use the IVR to enter their credit/debit card information or they can pay them online.

Anything that we have with credit card and debit card information has to be shredded.

President Fraley asked if credit cards and debit cards that are on draft every month can still be used. They will not be allowed and Peggy and Andrea are working on the customers that are on draft. President Fraley will ask Andrea to make a report at the August Board Meeting.

We are planning our Service Awards Dinner to be at the old Olive Hill School for Friday, December 11, 2015. Texas Road House will cater. Appetizers will be served at 6:00 p.m., followed by dinner at 7:00 p.m.

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations gave the Operations Report. He reported on the following:

EMPLOYEE/LOST TIME ACCIDENT

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during June:

June 01 —Bradley Cherry, Mgr. of Finance & Accounting, turned the meeting over to Kippy James. Two representatives from Equipment Resources attend the meeting and went over the procedure of Rubber Glove Testing. Carol Ann addressed issues on primary metering.

June 10 —Kyle Clevenger, Mgr. of Operations, turned the meeting over to David White from KAEC. The monthly safety meeting was held at the Fleming-Mason Co-op and was on Chain Saw Safety/Tree Felling Training. The trainers were Matt Irvin, W A Kendall Co. and David White, KAEC.

June 15 —Carol Fraley, President and CEO, discussed what "Smart Grid" meant, different types of meters we have and appliance rebates. Kyle reminded everyone to work safe, hot weather temperatures and insect problems.

June 22 —Mike Martin, Asst. Mgr. of Operations, discussed heat exhaustion - the symptoms, treatment and risk factors, and safety tips during power outages was discussed. Kyle Clevenger discussed a safety investigation involving Bill Delong. Bob Layman checked all fire extinguishers.

**SAFETY REPORT
(CONTINUED)**

June 29—Andrea McCleese, Technical Services Supervisor, did a power point from the Safety Manual, pages 105 & 106: Office Safety.

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and using ground chains. A line is not dead until it is grounded.

METERS ON DOUBLEWIDES

President Fraley said we are working to make our members informed about what can and cannot be mounted on the doublewides. In order to mount the service on the side of the home, we must have information provided from the manufacturer. We keep a copy of this information, along with their state certified electrical inspections. This information goes in their file.

Mike Martin said Bobby Smith will be cutting the three trees that fell behind the office during the recent storms. One fell on carport of a house behind Farm Bureau.

BUILDING PERMITS

Kyle said a building permit has to be purchased before your home can be set up or built in Greenup County. Gary Boyd's daughter collects the fees for these permits. The county gets nothing. The cost is approximately \$400. They are supposed to check egress, sewer and plumbing sticker permit, and electrical inspections. They charge \$.14 square foot.

Director Dupuy asked Mike Martin to look at three-phase right-of-way out of Argentum. It looks like trees are leaning.

CONSTRUCTION

Construction built ninety (90) new work orders for the month of June and worked ten (10) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked four hundred thirteen (413) hours of overtime in June. The Engineering Department worked nine (9) overtime hours in June.

DELINQUENT NOTICES

The Maintenance & Construction Departments collected on two hundred twelve (212) delinquent accounts and disconnected twenty-seven (27) accounts in July.

CONTRACT CREWS

The three (3) Pike crews have been working in the following areas:
Tony Seagraves – Stark, Elliott County and New Construction
Adam Rice – Montgomery, Lewis County
Ryan Rice – Miscellaneous Pole Changes

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 784 trees, cut 980 trees, cut 30,425 feet of brush/line and sprayed 342 spans of line. The crews are working in the following areas:

- 1 cutting crew in Carter, Lewis and Greenup Counties
- 1 cutting crew in Elliott and Lawrence Counties
- 1 cutting crews in Rowan County
- 1 bucket truck crew in Carter, Lewis and Greenup Counties
- 1 bucket truck crew in Elliott and Lawrence Counties
- 1 bucket truck crew in Rowan County
- 1 tractor crew in Rowan County
- 2 spray crews in Carter County
- 1 spray crew in Lawrence County

One Smith Tree Service circuit crew on Smith Creek above Carter City

ENGINEERING REPORT

The Engineering Department released seventy-one (71) prints consisting of 2,105 feet of primary line and 825 feet of service wire. We currently have two (2) new services to be staked and one (1) to be drawn. There are twenty-two (22) miscellaneous jobs to be staked or drawn.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS

Motion was made by Director Dupuy, seconded by Director Rice and unanimously agreed to approve one hundred (100) new memberships and retirement of one hundred thirty-five (135) existing memberships for June 2015. The number of retirements is higher because we had a six months check on meters that had been booted and not reconnected. Several of the meters were brought in to be reused.

BAD DEBT WRITE-OFFS

Motion was made by Director Rice, seconded by Director Whitt and unanimously agreed to charge off \$11,647.92 worth of bad debts and turn them over for collection.

APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY'S BUSINESS EXPENSES

Motion was made by Director Bentley, seconded by Director Rice and unanimously agreed to approve the President's business expense of \$46.99, Director's business expenses of \$13,707.83 and Attorney's business expense of \$335.77.

RUS WORKORDERS

Motion was made by Director Rice, seconded by Director Martin and unanimously agreed to approve the following 219 RUS Work Orders for the months of January, February and March 2015 in the amount of \$426,274.87:

January 2015	Work Order No. 1212	\$145,617.19
	Work Order No. 1213	\$ 6,954.78
February 2015	Work Order No. 1214	\$94,405.12
	Work Order No. 1215	\$ 7,953.10
March 2015	Work Order No. 1216	\$161,115.14
	Work Order No. 1217	<u>\$ 10,229.54</u>
	Total	\$426,274.87

PRESIDENT'S REPORT

President Fraley reported on the following:

MOU

The last version of the MOU was received from Don Mosier and mailed in the board packet for Directors to review.

Legal Counsel pointed out that the proposed document contained no signature line for an East Kentucky Power representative to sign.

Motion was made to accept the East Kentucky Power Cooperative's Memorandum of Understanding and Agreement Regarding Alternate Power Sources (MOU) by Director Rice, seconded by Director Martin and unanimously agreed upon.

A sample board packet to run for a board seat will be mailed to Terry Osborne.

DIRECTORS / EMPLOYEES METERS READ

Meters of all Directors, Attorney and Employees were read this week.

STRATEGIC RETREAT
ELLIOTTVILLE SUB-
STATION METER READING

Director Arrington will be attending the Strategic Retreat next week. Plans were made to read the Elliottville Substation, but will be postponed due to storm damage.

LEGAL COUNSEL'S REPORT

Legal Counsel Scott reported on the following:

His office mailed several collection letters.

He hasn't heard from the PSC on the Valley View Subdivision case.

EKP fuel clause adjustment was entered. The PSC ordered EKP to pay back the \$8.3 million to all Cooperatives. EKP may appeal the July 10 order.

Director Arrington asked about the [REDACTED] case. Legal Counsel stated nothing has been filed. There was a question brought up during the storm if we need to change out the anchor and Federated advised not to change anything related to accident. GRECC did not have to make changes.

KAEC DIRECTOR'S REPORT

Director Whitt reported:

Greg Starheim left Kenergy and went to CFC. Sandy Novick, is Kenergy Corp. Interim CEO.

Wade May, Big Sandy Cooperative Corporation passed away.

Mike Adams took his place as secretary on the EKPC Board. Kelly Shepherd is the new representative from Big Sandy to the EKPC Board.

Mike McGuirk was seated from Warren RECC.

Joseph Spalding was elected Vice Chairman and Mike Adams is the Secretary-Treasurer.

KAEC plans to sell the parking lot at the warehouse for \$300,000 to Bellarmine University.

UUS is making fewer and fewer transformers

There was no report on KY Living magazine. Anita Travis is acting editor.

Mark Stallons will finish Greg Starheim's term as secretary on the KAEC Board.

In September candidates for governor will be present at the Board Meeting.

Regions 2 & 3 will be October 28-30 in Biloxi, Mississippi

EKPC DIRECTOR'S REPORT

Director Arrington reported there was no Board Meeting in July, but a two day tour was taken to Spurlock, Dale and Smith Substations. They saw them move saturated ash out of Dale, with 40 trucks a day pumping 4 or 5 different pits. Dale is not running. They saw the Gilbert unit upgrade and where they spent several million dollars on Spurlock. He will be attending the Strategic Meeting next week.

THANK YOU LETTER

GRECC received thank you letters from:

Lewis County Educational Foundation

Kentucky Youth Tour Students

Carter Christian Academy

Teresa Arnett at Barrett's Creek Condos - r/w crews quick response

Jimmy Paul for right-of-way work

DONATIONS

President Fraley presented to the board for their consideration the following donation requests:

Camp kids (Carter County)	\$100
Lawrence County Food Bank	\$250
Grayson Little League – golf scramble	\$100
Trooper Island Golf Tournament – sponsor boys and girls camp	\$150
Funtober Fest – Grayson Chamber of Commerce	\$100
Readi-Fest – donated school supplies	

Motion was made by Director Dupuy, seconded by Director Bentley unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE

President Fraley told the Board that KAEC planned to offer the Management Certificate and Supervisory Certificates. She plans to send Bradley Cherry, Robert Brown and Andrea McCleese.

BOARD MEETING DATE

The August Board Meeting will be held on Friday the 28th.

ADDITIONAL BUSINESS

There was no additional business to bring before the board of directors.

ADJOURN

Chairman Trent adjourned the meeting at 11:40 a.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On August 28, 2015 at 9:05 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION

Director Whitt gave the invocation.

APPROVAL OF MINUTES

Motion was made by Director Bentley, seconded by Director Dupuy and unanimously agreed to approve the minutes from the July Board Meeting for informational purposes only.

LEGAL COUNSEL SCOTT /
BYLAWS / CAPITAL CREDITS

Legal Counsel Scott asked to speak before approval of the minutes. He referred to Bylaws changes on Capital Credits discussed last month. He called NRECA Legal Counsel Tyrus Thompson and then sent him copies of the new and old Bylaws. Mr. Thompson said that he has seen coops either estimate the amount of margins for the current year, or pay the amount of capital credits assigned to that account(s) and sign a certificate of forfeiture for additional capital credits.

President Fraley reread the suggested Bylaw change and said she had inadvertently used the term general rotation instead of next assignment of margins. With the Boards permission she will correct this language and have it ready for consideration at the September Board Meeting. That change will allow the Cooperative to pay whatever capital credits are assigned to that account(s) at that time and then issue a final check in the following year when margins are assigned.

Upon general agreement Director Bentley withdrew his motion to approve the minutes from the July Board Meeting.

A motion was then made by Director Bentley and seconded by Director Rice to approve the minutes with the exception of the action on the Bylaws relating to Capital Credits. Motion carried unanimously.

MANAGER OF
TECHNICAL SERVICES

Andrea McCleese, Assistant Manager of Technical Services reported on the following, as requested by President Fraley in July.

August 17, 2015 was the last day that we accepted credit card payments by phone. This change was made in response to SEDC's new role as a credit card service provider. Our automated IVR system is compliant with no credit card numbers being stored, expiration dates or zip codes stored in the IVR server. We have changed the telephone script of the IVR to be very straight-forward and clear and have stated in the up-front telephone greetings that payments by credit card must be made using the automated system.

PCI Compliance is the Payment Card Industry Data Security Standard. It is the security standard by which any entity that accepts credit cards that are branded with Visa, MasterCard, Discover or American Express is held. Due to SEDC becoming a service provider, we will have to begin submitting self-assessments and results from network scans and penetration testing to SEDC. The updated PCI standard states that we will implement strong access control measures. This is the reason for no longer taking credit card payments by phone, as well as not keeping a credit card number written or stored.

MANAGER OF
TECHNICAL SERVICES
(CONTINUED)

In July, we processed approximately \$662,000 in credit card payments.

President Fraley was very please to report to the Board that the Dark Fiber contract with the Commonwealth has been signed and received. We have informed KAEC and we are the first Coop to receive a signed contract.

President Fraley told the Board it has become necessary to budget for a new radio system. She plans to utilize the money and service that were pledged to Grayson as part of the May 15, 2015 Memorandum of Understanding.

ALAN ZUMSTEIN

Alan Zumstein, CPA, presented the Management Letter concerning the Fiscal Year for June 1, 2014 through May 31, 2015. He stated the following:

There was no audit adjustments made, reflecting good work on the part of the staff. He encountered no difficulties and all information requested was provided.

Equity is 32% of our assets.

T.I.E.R. was good at 1.8%

Income statement is normal, and decreasing like many other cooperatives. Mr. Zumstein went over the audit in detail and offered answers to all questions asked.

Motion was made by Director Arrington to accept the 2014-2015 Financial Audit as presented, seconded by Director Rice and unanimously agreed upon.

MAY 2015 FORM 7

Bradley Cherry asked Alan to discuss the May 2015 Form 7 and necessary change made to it. As of May we incurred storm damage in the amount of approximately \$290,000 and we should receive approximately \$200,000 from FEMA. This is reflected on page 3 of audit. Those expenses were incurred in March.

FINANCIAL AND
STATISTICAL
REPORT FOR JUNE 2015

Bradley Cherry, Manager of Finance and Accounting, presented the Financial and Statistical Report for June 2015 as:

Kilowatt hour sales for the month were 5.3 % under budget.

Purchases for the time period of (6/1-30) were 1.73 % over budget.

Line loss for the last twelve months was 5.67 %.

Year to date margins are \$141,151 compared to the budgeted amount of \$158,827.

JUNE FORM 7

Sales were \$207,000 less than anticipated and purchase power was \$95,000 less.

QUARTERLY FINANCIALS

Mr. Cherry reviewed the second quarter financial report in detail. T.I.E.R. showing 1.96% on actual annual amount compared to the budgeted T.I.E.R of 1.332%.

CAPITAL CREDITS

A July and August summary of capital credits payments was given:

43 accounts were paid in July and August.

To date this year we have paid 133 and paid \$132,719.99.

APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR JUNE 2015

Motion was made by Director Dupuy, seconded by Director Rice and unanimously agreed to approve the Financial and Statistical report for June 2015 as presented, for informational purposes only.

INSURANCE (RETIRED)

Mr. Cherry reported that last year we changed to Humana for health care coverage for our retired employees. We have received a renewal proposal in the amount of 2.7 % increase. No one else has been able to provide coverage in one package as Humana can.

Motion was made to accept the health care coverage insurance proposal for retired employees by Director Rice, seconded by Director Dupuy and unanimously agreed upon.

RS RETIREMENT PLAN

Based on the average age of both inside and outside employees, NRECA is projecting a group increase in what we contribute each month. Based on the average age of our inside group, the increase is .7 percent for 2016 and the increase for the outside group is .26 percent.

FEMA

We met with FEMA last week. We will be copying receipts and in July should be reimbursed at 85 percent. We have a copy of the resolution from FEMA.

Mr. Cherry read the following FEMA TAB V-3-2 Designation of Applicant's Agent Resolution to the Board allowing him to be the representative for GRECC to handle all financial paperwork

TAB V-3-2
DESIGNATION OF APPLICANT'S AGENT
RESOLUTION

BE IT RESOLVED BY Grayson Rural Electric Coop of 109 Bagby Park, Grayson, KY 41143
(Governing Body) Corp. (Public Entity)

THAT Bradley Cherry, Manager of Finance and Accounting
(Name of Incumbent) (Official Position)

is hereby authorized to execute for and in behalf of Grayson Rural Electric Coop. Corp., 109 Bagby Park, Grayson, KY 41143, a public entity established under the laws of the Commonwealth of

Kentucky, this application and to file it in the appropriate State office for the purpose of obtaining certain Federal financial assistance under the Disaster Relief Act (Public Law 288, 93rd Congress) or otherwise available from the President's Disaster Relief Fund.

THAT Grayson Rural Electric Coop., a public entity established under the laws of the
Corp.

Commonwealth of Kentucky, hereby authorizes its agent to provide to the State and to the Federal Emergency Management Agency (FEMA) for all matters pertaining to such Federal disaster assistance the assurances and agreements printed on the reverse side hereof.

Passed and approved this 28th day of August, 2015.

Roger Trent, Chairman of the Board
(Name and Title)

Harold Dupuy, Vice-Chairman of the Board
(Name and Title)

Billy E. "Eddie" Martin, Secretary-Treasurer of the Board
(Name and Title)

Carol Hall Fraley, President and CEO of Grayson Rural Electric Coop.

CERTIFICATION

I, Carol Hall Fraley, duly appointed and President and CEO of
(Title)

Grayson Rural Electric Coop. do hereby certify that the above is a true and correct copy of a
Corp.

resolution passed and approved by the Grayson Rural Elec of Grayson, KY
Coop (Governing Body) Corp. (Public Entity)

on the 28th day of August, 2015.

Date: August 28, 2015

President and CEO
(Official Position)

Carol Hall Fraley
(Signature)

KyEM Form 600
Rev. 03/00

V-3-2-1

KyEOP-00-02

Motion was made to accept the FEMA TAB V-3-2 Designation of Applicant's Agent Resolution as read, by Director Whitt, seconded by Director Dupuy and unanimously agreed upon.

FEMA (CONTINUED)

Following the reading of the resolution, Legal Counsel suggested that all necessary documents on both the FEMA papers and resolution and the long term Work Plan loan be signed. The Work Plan Loan was approved last month and signed by Director Martin.

Legal Counsel Scott stated he did a title search and that Grayson Rural Electric is borrowing \$20 million and these signed documents must be mailed today. His title opinion will not be mailed until after these papers are signed.

WAGE & SALARY PLAN

Consideration of the 2015-2021 Wage & Salary Adjustment for Non-Union Employees was presented.

Director Martin discussed the Planning & Review Committee Meeting held August 17, 2015 and turned it over to President Fraley to make the proposal to the Board.

President Fraley discussed storm expenses and how they have affected our finances. The first storm cost us \$290,000 and the second storm cost \$500,000. We have a reserve of \$400,000 for storm work. The county and state were declared a disaster by the President. We should receive about 85% from FEMA on each storm, leaving us with out-of-pocket expenses of approximately \$118,000, which is well within our reserve. Alan Zumstein, Auditor, made an adjustment on May 2015 Form 7 allowing for FEMA storm reimbursement.

Wage and Salary - President Fraley presented the wage and salary proposal. The calculations are based on 1%, 2% and 3% increases. Benefits are an additional 40%. The percentages with benefits are:

1%	\$17,000
2%	\$35,000
3%	\$52,000
3.96%	\$69,432 (The equivalent of the union raise for this year.)

By comparison, last year's increase was \$69,000 and this year's would be \$69,432, an increase of \$432.

President Fraley asked for \$5,000 merit to be included.

A motion to accept the Wage and Salary Plan for 2015-2016 with a 3.96% increase and a \$5,000 merit in reserve was made by Director Arrington, seconded by Director Whitt and unanimously agreed.

CHARGE-OFF ACCOUNTS

President Fraley presented to the Board the following two invoices totaling \$2,158.06 to be considered for charge off:

██████████	- car accident - \$1,080.39
██████████	- car accident - \$1,077.67

This will be held until next month.

MANAGER OF MARKETING
& MEMBER SERVICES

President Fraley gave the Manager of Marketing and Member Services report.

PREPAY SUMMARY

We have 431 active PrePay Accounts with 5 inactive accounts. The average balance is (\$44.06), 1,780 payments received in 30 days averaging \$34.92 per payment with total payments received \$62,150.09.

DEBT MANAGAEMENT

We have 69 active accounts with Debt Management totaling \$17,340.79. Sixteen percent of active accounts have Debt Management. We have:

Under \$100 – 12	\$100-\$199 – 15	\$200-\$299 – 14
\$300-\$399 – 19	\$400-\$499 – 7	over \$500 – 2

ENERGY EFFICIENCY

Tina's audits included 1 How\$martKY Audit, 1 Touchstone Energy Audit and 3 Commercial Audits.

SCHOOL PROGRAMS

We did the Blaine Readifest with about 150 kids.

ANNOUNCEMENTS

Mobile Mammography to be at GRECC on September 25th.
Honor Flight is September 26th with Sue Roberts as guardian for the trip.
Monday, October 12th closed for Columbus Day; employees clean up day.
October 13th hosting the First Responders training session with KAEC.
December 11, 6pm, Service Awards Dinner at old Olive Hill High School.
October 13 GRECC hosting Grayson Chamber - GRECC's 65th anniversary,

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations, gave the Operations Report and the Safety Report. He reported on the following:

EMPLOYEE/LOST TIME ACCIDENT

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during July:

July 08—Brian Poling, Mgr. of Technical Services, turned the meeting over to David White, KAEC, who did a security check. He addressed workplace violence and workplace injuries. A handout of the top ten injuries in a workplace was given to everyone. Near misses were reviewed. Carol Ann read letters from two consumers recognizing the good work done by the right-of-way crews. Kyle asked everyone to be careful and to watch out for each other as well as themselves.

July 13—Priscilla Sparks, Executive Assistant, read from the Safety Manual, pages 132 – 136, Power – Actuated Tools, Safe Supports and Scaffolds and Ladders. Steve Bush asked everyone to test their volt meters. We had the monthly safety give-a-way. Kyle reminded everyone it was wet and to be careful.

July 20—Robert Brown, Director of Purchasing & Stores, topic was "What you didn't know about Rubber Gloves" - proper fitting, visual inspection, glove storage, cleaning, protection from perspiration and air testing. Carol Ann and Kyle talked about all the good work during recent storm outages.

July 27—Sherry Buckler, Mgr. of Accounting & Human Resources, showed a power point on Social Networking Safety. Carol Ann talked about board changes in the Capital Credit Policy. Kyle reminded everyone to be careful.

**SAFETY REPORT
(CONTINUED)**

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and use of ground chains. A line is not dead until it is grounded.

CONSTRUCTION

Construction built one hundred two (102) new work orders for the month of July and worked twenty (20) hours of overtime.

DELINQUENT NOTICES

The Maintenance & Construction Departments collected one hundred seventy-two (172) delinquent accounts and disconnected thirty-eight (38) accounts in August.

OVERTIME HOURS

The Maintenance Department worked one thousand, four hundred seven (1,407) hours of overtime. The Engineering Department worked twenty-nine (29) hours of overtime. The increase in overtime hours was due to storm outages.

CONTRACT CREWS

We have three (3) Pike crews working in the following areas:

Tony Seagraves – Stark Conversion in Elliott County and New Construction
Adam Rice - Kevin Hamm from 7/20/15– Montgomery, Lewis County
Ryan Rice – Miscellaneous Pole Changes

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 461 trees, cut 616 trees, cut 23,000 feet of brush/line and sprayed 246 spans of line. The crews are working in the following areas:

1 cutting crew in Carter, Lewis and Greenup Counties
1 cutting crew in Elliott and Lawrence Counties
1 cutting crew in Rowan County
1 bucket truck crew in Carter, Lewis and Greenup Counties
1 bucket truck crew in Elliott and Lawrence Counties
1 bucket truck crew in Rowan County
1 tractor crew in Rowan County
2 spray crews in Carter County
1 spray crew in Elliott County and
1 Smith Tree Service, circuit crew at Carter City in Carter County

ENGINEERING REPORT

The Engineering Department released one hundred fifty-four (154) prints consisting of 22,270 feet of primary line and 3,735 feet of service wire.

They currently have three (3) new services to be staked and two (2) to be drawn. There are nineteen (19) miscellaneous jobs to be staked or drawn.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS

Motion was made by Director Dupuy, seconded by Director Martin and unanimously agreed to approve one hundred four (104) new memberships and retirement of ninety-six (96) existing memberships for July 2015.

BAD DEBT WRITE-OFFS

Motion was made by Director Rice, seconded by Director Martin and unanimously agreed to charge off \$5,710.91 worth of bad debts and turn them over for collection.

APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY'S BUSINESS EXPENSES

Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to approve the President's business expense of \$403.12, Director's business expenses of \$9,822.83 and Attorney's business expense of \$39.16.

PRESIDENT'S REPORT

President Fraley reported on the following:

BURNS MERCER

Burns Mercer, CEO at Meade County RECC will be retiring and Martin Littrel of Henderson has been hired to replace Mr. Mercer.

██████████

██████████ has medical issues with his neck and may be facing surgery with short and long term disability. Robert, Willis and Caitlin are covering his duties and doing a good job. Willis is checking and receiving, Caitlin entering data and Robert ordering material.

65TH ANNIVERSARY

October 13, 2015 is the 65th anniversary of Grayson Rural Electric and calendars will be handed out. Julie will be designing and ordering calendars.

ANNUAL CLEAN UP

Monday, October 12th will be the Coops annual clean-up day. The office will be closed, but all employees will be working.

CDL'S

CDL's were given on Wednesday, August 26th and everyone passed.

VANCEBURG UTILITIES

We received a check from Electric Plant Board of the City of Vanceburg in the amount of \$2,500.39. In 2014 we received \$1,359.58. The increase is due to the new plant that went in our service territory.

GREGORY CAUDILL, CPA

We received a letter from Gregory Caudill, CPA in South Shore who is interested in doing audits for GRECC. He has done audits for Adams RECC, Madena Coop and Northwest Coop, so he is familiar with audit procedures. She will reply to his letter of interest.

PROMISSORY NOTE

We have received a paid Promissory note signed 1980 in the amount of \$238,100.

COBANK DIRECTORS

We received notice from Richard "Dickie" Sitman, Rick Wood and Wallace L. Darneille who are running for a seat on the CoBank Board.

PRESIDENT FRALEY

President Fraley will be off work next week due to her husband having knee replacement surgery.

LEGAL COUNSEL'S REPORT

Legal Counsel Scott reported on the following:

We received an order from the Commission saying we did not establish to their satisfaction the Valley View Subdivision residence that we said was on KY Power and should be GRECC. We were asked to get a better map and addresses of those who live there. We will refile.

President Fraley said Brian Poling is going to the PSC next week to compare their maps with ours and Scott Speaks has all the addresses.

KAEC DIRECTOR'S REPORT

Director Whitt reported KAEC did not meet during the month of August due to the Fall Manager's Meeting.

EKPC DIRECTOR'S REPORT

Director Arrington gave a report on EKPC's August Board Meeting.

June margins were 5.5, budget was .3 over and revenue expenses were under budget 1.7.

**EKPC DIRECTOR'S REPORT
(CONTINUED)**

The clean air act went from 18.million parts to 32.million parts. There will be 46,000 megawatts of US coal plants that will be closed between 2012 and 2022 due to EPA regulations.

EKPC's balance sheet remains healthy with equity at 15.4. If equity goes over 15 they will vote to go to 20. RUS asks for equity between 20 and 40. Cash flows are always good.

Michelle Carpenter gave the financial report. She is over governance.

They voted to buy the Bluegrass Station at Louisville, a 400 megawatt gas peaker, and have applied with RUS to get rest of the loan and get in place by December. It is \$131 million and there were some mechanical problems. It was \$137 million and they negotiated it down and the retrofit of is about \$6 million.

All G&Ts are to have a reserve until the solar and wind systems up and going or more of them goes on the grid. PJM is one of the larger ones with solar.

DONATIONS

We received thank you notes from Carter County 4-H Council for the Forest Leadership Scholarship, Office of the First Lady for the Governor's Mansion Centennial Endowment Fund 2014 for chairs, Grayson Area Chamber of Commerce & KY Christian University for goodie bag donations, Carter County Shrine Club for sponsorship and Tyler Bush for scholarship money

President Fraley presented to the Board for their consideration the following donation requests:

Greenup County 4H Livestock Committee showmanship – sponsor	\$500
Carter County 4H Youth Livestock Show - lamb	\$500
Elliott County 4H Livestock Show – 2 lambs	\$500
Carter County Crush Volleyball – tournament	\$50
Carter City Elementary School – fall festival	\$50
Carl McCoy -201 st Engineer Veterans Reunion –Nat'l Guards	\$150
Carter County Special Olympics – sponsorship	\$100
Tygart Creek Elementary – sponsorship 5K run	\$50
Community Hospice – fundraiser	\$125
Blaine Elementary School – fall festival	\$50
Blaine High School Reunion – alumni scholarship	\$125

Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE

The following upcoming meetings were presented for attendance this month:

Bradley Cherry and Caitlin Hutchinson attended a Human Resources conference.

Priscilla Sparks attended a Federated Insurance meeting.

Priscilla Sparks will be attending the Executive Assistant meeting next week.

Joe Sargent will be attending a HAZ MAT Meeting.

Steven Brown and Jamey Withrow attended underground school.

Some Member Representatives will be attending Winter Hardship meeting in October in Louisville.

Regions 2 & 3 will be attended by Directors Trent, Dupuy, Whitt, Bentley, Martin and Rice.

The KAEC Annual Meeting is November 16-17 in Louisville.

BOARD MEETING DATE

The September Board Meeting will be held on Monday, September 21 at 9:00 a.m.

The October Board Meeting will be held on Thursday, October 22 at 9:00 a.m.

ADDITIONAL BUSINESS

There was no additional business to bring before the Board of Directors.

ADJOURN

Chairman Trent adjourned the meeting at 12:37 p.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On September 21, 2015 at 9:10 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Rice gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Bentley, seconded by Director Martin and unanimously agreed to approve the minutes from the August Board Meeting for informational purposes only.
TECHNICAL SERVICES SUPERVISOR	Brian Poling, Technical Services Supervisor, reported on the following:
COLUMBIA GAS	Mr. Poling will be meeting with Columbia Gas to discuss installing a 1.5 megawatt pumping station in our service territory behind the I-64 East bound rest area, scheduled to go online in 2017. This will require an Engineering study and we will be using Jim Bridges who does our system inspections and signs our work orders for RUS.
GENESIS	Genesis is building a 105 bed drug rehab facility near K-mart. This is a 500 KVA load. Several jobs will be created at this facility.
JOHN CLARK OIL	Mr. Poling reported that John Clark Oil has notified the City of Olive Hill they are building a truck stop at Pleasant Valley and would be attaching to the city sewer, at a cost of approximately \$680,000. They are possibly planning for a hotel in the future.
PUBLIC SERVICE COMMISSION MAPS	Brian made a trip to the Public Service Commission to discuss 'official boundary maps'. He found that the maps we have always used are not the official boundary maps. The Commission furnished him with a set of approved maps that can be copied electronically. This will help us with cases we have pending or plan to submit to the Commission.
WIRELESS NETWORK SECURITY	<p>We have finished up our wireless network security. We now offer employees and guests (auditors, safety personnel, etc.) access to the internet that is completely isolated from our network.</p> <p>As part of our PCI and credit card reader security, we have installed credit card readers at the front counter for our consumer use.</p>
CARLY FIORINA	Brian showed a Carly Fiorina interview with Katie Couric on environmental regulations and clean coal and innovation.
FINANCIAL REPORT	Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for July 2015. Mr. Cherry reported on the following:
FINANCIAL & STATISTICAL REPORT FOR JULY 2015	Kilowatt hour sales for the month of July (7/21-8/20) were 10.88% over budget. Purchases for the time period of 7/1-31 were 1.30% over budget. Line loss for the last twelve months was 5.07 %. Year to date margins were \$61,951 even with the storm expense of \$414,400 compared to the budgeted amount of (\$11,581). We are \$655,000 to the positive, excluding FEMA money we may receive.

FORM 7

Sales for July 2015 were \$147,673 more, purchased power was \$141,961 less and storm expense was \$414,400. Even with storm expenses we are still \$52,000 to the positive.

T.I.E.R

The monthly Operating T.I.E.R was (0.05) and the rolling 12 month O.T.I.E.R is 1.77.

SECURITY LIGHT TARIFF

All new security lights will be changed to LED and a new tariff will be created. Bradley has been working with Jim Adkins and finalizing the new security light tariff. The new lights will have a different rate and this will save on trips and repairs.

CAPITAL CREDITS

In September we paid out ten accounts totaling \$13,542.66 and we have 17 outstanding capital credit applications. This year we have paid 143 capital credit accounts totaling \$146,262.65.

FEMA

We are almost finished with the July applications for FEMA. Greenup County was not declared a disaster in July. We are waiting on the March application filed with FEMA. They are paying in 6-8 months.

MONTHLY CHARGE-OFF'S

[REDACTED] and [REDACTED] were on the charge-off list and Director Martin said that [REDACTED] was possibly living at another location. Director Whitt said that [REDACTED] passed away and maybe her capital credits could be applied to her charge off the next final cycle.

CFC

We received from CFC a promissory note, Revolving Line of Credit Agreement, dated July 20, 2012 paid in full.

STATEWIDE PATRONAGE

We received a check for 20% of the 2014 patronage dividend allocation of \$209.18 in the amount of \$41.84.

STAFF MEETING

President Fraley held a staff meeting last week to begin our budgeting process and initiate some dates. We had originally planned to start the electronic mapping portion and outage reporting during the last two years of the work plan. However, we have decided this is something we can be using and refining, and we plan to have everything ready to start toward the second half of 2016. We will contact Dave Herron of LEIDOS, the firm who helped us calculate and plan our work plan. They will help us set up a timeline and guide us through this process.

A lot of work will precede selection of a contractor to map the system. President Fraley says that she plans to utilize Robert Brown to coordinate the mapping plan with the contractors and our employees. Mapping of the system must be accomplished within 18 months or sooner. There are certain aspects of the mapping program he will have to learn and we will begin to train him soon, in accordance with our needs and time line.

Willis Barker, Robert Brown and Caitlin Hutchinson are dividing Kippy's work and keeping up with checking out material, data entry and ordering material. They are doing a good job. Kippy has not been released to return to work. We will train several people in the use of the Outage Management System.

STAFF MEETING
(CONTINUED)

The new Outage Management System and Mapping will eventually lead to I-pads or other devices in all trucks, and employees will update information so that our Construction and Maintenance crews can have "real time" access to meter sets, removes, delinquents, right of way reports, directions and a host of other functions. President Fraley wanted to make the Board aware of this change in the work plan time line.

APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR JULY 2015

Motion was made by Director Dupuy, seconded by Director Martin and unanimously agreed to approve the Financial and Statistical Report for July 2015, as presented for informational purposes only.

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations gave the Operations Report. He reported on the following:

EMPLOYEE/LOST TIME
ACCIDENT

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during August:

August 06—Kim Bush, Mgr. of Marketing & Member Services, turned the meeting over to Carol Ann who talked about credit card payments, Board Policies: 501 – Work Rules and Policy 517 Confidentiality of Personnel Files and Employee Privacy Rights. Kyle and Kippy reminded everyone to check and change out their rubber gloves and sleeves.

August 10—Bradley Cherry, Mgr. of Finance & Accounting, showed a video on Back to School Bus Safety and a power point on Bus Safety Statistics and Safety Tips for Drivers. Kyle reviewed four accidents involving Chris Mosier, Shane McDavid, Bryan Rogers and Mark Hutchinson. Carol Ann discussed turning in notes to her on service issues and having services re-inspected when needed

August 17—Kyle Clevenger, Manager of Operations, turned the meeting over to Linville Spangler from EKPC. He discussed Lock Out/Tag Out and the ten steps of switching and held a session on System Restoration Training. Kyle discussed CDL physicals due next week and di-electric truck testing. Everything passed inspection.

August 25—Carol Fraley, President and CEO, turned the meeting over to David White from KAEC, who reviewed storm work, neutral conductors/repairs and a UUS driver injury. A coop lineman accident was reviewed and made reference to Safety Manual APP: 407 – E 15, 12. He will make crew visits following the meeting. Carol Fraley reminded everyone not to be complacent and keep safety in mind.

August 31—Mike Martin, Assistant Manager of Operations, read an article written by Kelly Sparrow who previously worked as a utility safety engineer. The name of the article was "Safe by a Nose".

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and using ground chains. A line is not dead until it is grounded.

CONSTRUCTION

Construction built eighty (80) new work orders for the month of August and worked zero (0) hours of overtime.

OVERTIME HOURS	The Maintenance Department worked four hundred sixty-nine (469) hours of overtime during the month of August. Engineering worked ten (10) hours of overtime during the month of August.
DELINQUENT NOTICES	The Maintenance & Construction Departments collected on one hundred sixty-seven (167) delinquent accounts and disconnected twenty-five (25) accounts in September.
CONTRACT CREWS	<p>Three (3) Pike crews have been working in the following areas:</p> <p>Tony Seagraves – Stark Conv. – Elliott County and new construction Kevin Hamm – Montgomery in Lewis County Ryan Rice – State Project on Jordan Fork and miscellaneous pole changes</p>
RIGHT-OF-WAY CREWS	<p>We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crews trimmed 447 trees, cut 851 trees, cut 38,740 feet of brush/line and sprayed 340 spans of line. The crews are working in the following areas:</p> <p>1 cutting crew in Carter, Lewis and Greenup Counties 1 cutting crew in Elliott and Lawrence Counties 1 cutting crew in Rowan County 1 bucket truck crew in Carter, Lewis and Greenup Counties 1 bucket truck crew in Elliott and Lawrence Counties 1 bucket truck crew in Rowan County 1 tractor crew in Rowan County 2 spray crews in Carter County 1 spray crew in Elliott County Smith Tree Service-working circuit work on Airport Road</p> <p>We will be doing winter spraying through December. January is a dormant month and we don't spray in February.</p>
ENGINEERING REPORT	The Engineering Department released sixty-six (66) prints consisting of 3,280 feet of primary line and 2,890 feet of service wire. We currently have two (2) new services to be staked, two (2) to be drawn and sixteen (16) miscellaneous jobs to be staked or drawn.
MANAGER OF MARKETING & MEMBERS SERVICES	Kim Bush, Manager of Marketing and Member Services reported:
WRITE-OFFS	Write-offs for the period of January – September 2014 compared to the period of January – September 2015 were down \$71,214.40. In July 2015 we were down over \$18,000 as compared to the same period as 2014. We think this is due to PrePay and Debt Management.
PREPAY SUMMARY	We have 450 active PrePay Accounts with 10 inactive accounts. The average balance is (\$44.72) using about 31 kwh a day. In the past 30 days we have received 1,744 payments totaling \$61, 847.25, averaging \$34.86 per payment.

DEBT MANAGAEMENT

We have 77 active accounts with Debt Management and we have collected \$21,647.55. Debt Management has an outstaning balance of \$18,400.50. Seventeen percent of active accounts have Debt Management. We have:

Under \$100 – 19	\$100-\$199 – 16	\$200-\$299 – 13
\$300-\$399 – 17	\$400-\$499 – 5	over \$500 – 7

ENERGY EFFICIENCY

Tina Preece has audited 3 Heat Pump Retrofits, performed 4 How\$martKY Audits, 7 Energy Audits and 2 Touchstone Energy Audits. She is meeting with EKPC to discuss concerns with their rebate program process. Every week consumers call or come in about the Energy Star appliances rebates.

SCHOOL PROGRAMS

We hosted “Kids in the Races” at the Greenup County Fair.

ANNOUNCEMENTS

Honor Flight is scheduled September 26th and we are sponsoring Jane Waites from Lexington. Sue Roberts will serve as guardian on the trip. The office will be closed for cleaning on Monday, October 12th.

We will be hosting the Chamber of Commerce Meeting at GRECC with KAEC’s David White. There will be demonstrations of the safety trailer and pole top rescue. We will also be celebrating our 65th year as a Cooperative. First Responders’s Meeting/Training with David White of KAEC will be held at 6pm October 13th in GRECC’s garage.

WSAZ will be interviewing Sha Collier from EKPC and Kim Bush on SimpleSavers on October 16th.

The Service Awards Dinner is December 11th at 6pm at the old Olive Hill High School. Texas Roadhouse will be catering.

CHRISTMAS BUDGET

The Christmas budget is basically the same as 2014 at a cost of \$18,625. Our service awards will be less this year. We will use the same budget this year.

ANNUAL MEETING BUDGET

President Fraley said we will have to increase the annual meeting budget due to the number of members who registered last year and because we gave away all the leftover items we had. We will include the Annual Meeting Budget in the 2016 overall budget. We did not buy extra bulbs and buckets for the 2015 annual meeting and literally gave away everything we had. EKP does pay half on the bulbs. We will budget for a possible election, also.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS

Motion was made by Director Rice, seconded by Director Whitt and unanimously agreed to approve one hundred one (101) new memberships and retirement of ninety-four (94) existing memberships for August 2015.

BAD DEBT WRITE-OFFS

Motion was made by Director Dupuy, seconded by Director Whitt and unanimously agreed to charge off \$3,380.84 worth of bad debts and turn them over for collection.

APPROVAL OF CEO’S, DIRECTORS & ATTORNEY’S BUSINESS EXPENSES

Motion was made by Director Whitt, seconded by Director Rice and unanimously agreed to approve the President’s business expense of \$23.07, Directors business expenses of \$10,427.58 and Attorney’s business expense of \$18.13.

RUS WORK ORDERS

Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to approve the following 219 RUS Work Orders for the months of April, May, and June 2015 in the amount of \$655,864.88:

April 2015	Work Order No. 1218	\$282,725.54
	Work Order No. 1219	\$6,335.52
May 2015	Work Order No. 1220	\$155,005.37
	Work Order No. 1221	\$16,113.08
June 2015	Work Order No. 1222	\$186,921.33
	Work Order No. 1223	\$8,764.04
Total		\$655,864.88

JIM BRIDGES, PE

Jim Bridges, PE, of Distribution Systems Solutions, is increasing his rates to \$125 per hour. The monthly 219 signatures will increase from \$200 per month to \$250 per month. The daily inspection rate will increase from \$650 to \$800. The increase would be about \$300 a quarter. It has been several years since Mr. Bridges has increased his service fees and he does an excellent job.

PRESIDENT'S REPORT

President Fraley reported on the following:

ANNOUNCEMENTS

The drive-thru was repaired and is working.
B-Dry has fixed the water problem in the basement.
The office will be closed October 12, 2015 for annual clean up.
October 13th at 11:30 a.m. the Chamber of Commerce will be at GRECC for Coop month. KAEC's David White is doing a program on Safety and Pole Top Rescue.
The First Responder Meeting will be at October 13th 6:00 p.m. at GRECC.
We had three consumers who wanted to apply for service that requires aid to construction fees due to the length and type of service. These line extensions will require sizable aid to construction payments.
George Easterling broke his femur and will have surgery Tuesday at OLBH.
The Coop has been very busy with day to day operations.
She plans to mail the final letter to Steve Kingsolver at PSC for the last storm as soon as all invoices are in and paid.

LEGAL COUNSEL'S REPORT

Legal Counsel Scott reported on the following:

KY POWER / SAND GAP PSC CASE

We had a court of appeals pre-hearing conference on KY Power / Sand Gap and nothing was resolved.
President Fraley told Legal Counsel Scott that Brian Poling has taken our maps to the PSC. Evidently, our maps were not copies of the official maps. The PSC provided us with electronic copies of the correct map of our system.

MOU

He checked with PSC and there are 2 or 3 orders regarding East Kentucky Power's environmental surcharge and fuel charge. As of Saturday, no other Coops have signed the Memorandum of Understanding (MOU) between GRECC and EKPC.
Director Arrington said at Tuesday's meeting the EKPC legal report stated all Coops has signed the MOU.

GRECC BYLAWS

President Fraley presented corrected language for Article VII, Section 2. Patronage Capital in Connection with Furnishing Electric Energy. Legal Counsel Scott directed that the corrected Article should be mailed with the September Board Minutes, to be placed on the agenda, considered and voted on at the October Board Meeting.

KAEC DIRECTOR'S REPORT

Director Whitt reported no meeting.

EKPC DIRECTOR'S REPORT

Director Arrington reported the following to the Board:

Current budget was over \$4.3 million at \$12.1 million.
Revenue was under at \$6.6 million and \$10.9 respectively.
Lower production in July than anticipated due to milder weather.
Equity is at 15-15.7.
Cyber security uses a multi-layer security system.
The United Nations secretary general says to move to renewable energy.
The Sierra Club will be meeting with EKPC.
The lack of concern on the political scene in regards to the coal.
The 3 governor candidates will be at KAEC tomorrow 8:30 a.m.

THANK YOU LETTERS

We received thank you notes from Ray Hall's family, Lawrence County Food Bank and Grayson Area Chamber of Commerce for KCU Goodie Bags.

DONATIONS

President Fraley presented to the Board for their consideration the following donation requests:

Greenup County Schools – First Book Account	\$250
Vanceburg Lions Club – 5 th Annual Heritage Fest	\$100
East Carter Raider – scramble golf – softball team	\$50
Ashland Alliance Foundation -Youth Leadership –tuition	\$80
Blaine Fall Festival – donated bulbs, candy, etc.	\$1,700

Motion was made by Director Rice, seconded by Director Martin and unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE

Meetings presented for attendance this month:

KAEC Annual Meeting, Louisville, KY, November 16-17, 2015: Roger Trent, William Rice, Harold Dupuy, Jimmy Whitt, Eddie Martin, Kenneth Arrington, Jim Bentley, Carol Hall Fraley and some staff members.
NRECA Director's Winter School, December 11-16, 2015, Nashville, TN, Directors Trent, Dupuy, Whitt and Bentley plan on attending.

BOARD MEETING DATES

The October Board Meeting will be Thursday, October 22, 2015.

ADDITIONAL BUSINESS

Director Arrington suggested that consideration of the current Board Per Diem be placed on the Board Agenda for October.

ADJOURN

Chairman Trent adjourned the meeting at 11:56 a.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On October 22, 2015 at 9:00 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Dupuy gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Bentley, seconded by Director Martin and unanimously agreed to approve the minutes from the September Board Meeting for informational purposes only.
MANAGER OF TECHNICAL SERVICES	Andrea McCleese, Assistant Manager of Technical Services gave the department report. President Fraley report on proposed loads coming onto our lines:
PROPOSED FUTURE LOADS	Columbia Gas has made application for service to 1500kw load. John Clark Oil will build a truck stop and possibly a hotel at Pleasant Valley. Mt. Enterprise will triple the size of the asphalt plant to 1500 KVA at Pleasant Valley. Sawmill rebuilt line on St. Rt. 7 in Greenup County, a 501kw load. Genesis Halfway House (100 bed facility) by Kmart will be a 500kw load.
MAPPING PROJECT	Andrea stated Dave Herron of Leidos (formerly R.W. Beck) has been here this week for an organizational meeting with Brian Poling and Robert Brown about the mapping project and time line.
METERS	The Metering Department has received one shipment of TS2 meters. One shipment of Service Disconnect (PrePay) meters has been shipped. We are still expecting another shipment of TS2 meters. We are working on the motorization of the gates, allowing key swipe entry. Silent Guard will be here Wednesday to install I.D. card readers.
NETGAIN CONTRACT	We have signed a contract with NetGain for intrusion and network monitoring services to replace DELL Secure Works. We also have a quote for risk assessment and penetration testing, in order to comply with the new PCI DSS standards. The implementation of credit card payments by telephone being processed by the IVR has been successfully completed. We now have a full month of data for comparison. Results are a comparison between July & September 2015. 54% increase in payments processed by the IVR 1% decrease in total credit card payments 25% decrease in total calls handled by the Member Services Department
IT MEETING	Brian and Andrea attended the Bowling Green IT meeting. The PSC inquired about policing these projects and seeing that IT personnel are going to these meetings and taking programs back to the Coops to be implemented. The PSC may look at these programs in future rate cases.

FINANCIAL REPORT	Bradley Cherry, Manager of Finance and Accounting, presented the Financial & Statistical Report for August 2015, as follows:
FINANCIAL & STATISTICAL REPORT FOR AUGUST	Kilowatt hour sales for the month of August (8/21-9/20) were 2.5 % under budget. Purchases for the time period of 8/1-31 were .47 % under budget. Line loss for the last twelve months was 5.20%. Year to date margins were (\$109,336) compared to the budgeted amount of (\$157,269).
Form 7	Form 7 showed our sales were \$175,688 less, purchased power \$210,821 less, maintenance expense \$125,515 (31.4% MTB) and right of way expense \$179,100 (36.5% MTB). Right-of-way and maintenance was more than budgeted due to July weather.
T.I.E.R	The monthly O.T.I.E.R is (1.26) and the rolling 12 months average has a 1.69 O.T.I.E.R.
REVENUE SUMMARY	<p>President Fraley discussed a report that she, Bradley and the Accounting Department use called the Revenue Summary. This report is prepared each month and lists totals for different fees, penalties, sales tax, school tax, number of bills mailed, kWh hours purchased and sold, and a breakdown of residential, general sales, small commercial, large power, and street lights. She pointed out that environmental surcharge fees are collected and paid directly to EKP and the school taxes are collected and mailed to the respective counties. When the fuel charge is collected, it is also collected and mailed directly to EKP. The fuel charge was a credit this month and the environmental surcharge was 9.28%.</p> <p>President Fraley and Mr. Cherry plan to make the Revenue report a part of Mr. Cherry's monthly report.</p>
FEMA	We should hear from FEMA in the next couple of weeks. The February storm will be heard from soon.
401K	A delay in mailing the paperwork of the 401(k) resolution resulted in an overpayment. After an audit last year showing overpayment of what was stated, a resolution is required that matches our LTD percentage. The issue was tabled until the November meeting and a 401(k) resolution that matches LTD percentage will be considered for approval at that meeting.
PLANNING REVIEW COMMITTEE MEETING	The Planning and Review Committee will meet November 19 at 9:00 a.m. for the 2016 Budget.
APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR AUGUST 2015	Motion was made by Director Dupuy, seconded by Director Martin and unanimously agreed to approve the Financial and Statistical report for August 2015 as presented, for informational purposes only.
OPERATIONS REPORT	Kyle Clevenger, Manager of Operations, gave the Operations Report & Safety Report. Mr. Clevenger reported on the following:
LOST TIME ACCIDENT	There were no lost time accidents to report this month.
SAFETY REPORT	<p>The following safety meetings were held during September:</p> <p>September 09—Andrea McCleese, Technical Services Supervisor, read from the Safety Manual, pages 39 – 41, 115 Training and discussed what to do in</p>

**SAFETY MEETING
(CONTINUED)**

an emergency situation. Nancy Madden talked about CDL paper work. Carol Fraley handed out certificates to Steven Burton and Jamey Withrow for completion of Underground Workshop. We had the monthly safety giveaway.

September 14—Brian Poling, Mgr. of Technical Services turned the meeting over to Robert Brown who talked about and had a video on flame retardant clothing, how to wash it and when it needs to be replaced. Carol Fraley presented Joe Sargent a certificate for completion of Haz-Mat Refresher course. Kyle reminded everyone to be careful and work safe.

September 21—Priscilla Sparks, Executive Assistant, was in charge of the meeting. A nurse from Dr. Gupta's office attended to give flu shots to all active and retired employees and their families that wanted to have the shot.

September 30—Robert Brown, Director of Purchasing and Stores, turned the meeting over to Clarence Greene for the monthly KAEC safety meeting. His topic was Open Neutrals, overhead and underground systems. He also reviewed a list of accidents that had occurred this year. Robert, Nancy and Julie did a demonstration of a safety presentation they had given to school children at Camp Webb.

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and the use of ground chains. A line is not dead until it is grounded.

CONSTRUCTION

Construction built one hundred seventeen (117) new work orders for the month of September and worked zero (0) hour of overtime.

OVERTIME HOURS

The Maintenance Department worked two hundred nineteen (219) hours of overtime during the month of September. The Engineering Department worked zero (0) hours of overtime.

DELINQUENT NOTICES

The Maintenance & Construction Departments collected on two hundred thirty-four (234) delinquent accounts and disconnected thirty-seven (37) accounts in October.

CONTRACT CREWS

We have three (3) Pike crews working in the following areas:

Tony Seagraves – Stark Conversion, Elliott Co. and new construction
Kevin Ham – Lewis Co. on Montgomery
Ryan Rice – Miscellaneous pole changes

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 517 trees, cut 779 trees, and cut 24,925 feet of brush/line and sprayed 264 spans of line. The crews are working in the following areas:

1 cutting crew in Carter, Lewis and Greenup Counties
1 cutting crew in Elliott and Lawrence Counties
1 cutting crews in Rowan County
1 bucket truck crew in Carter, Lewis and Greenup Counties
1 bucket truck crew in Elliott and Lawrence Counties
1 bucket truck crew in Rowan County
1 tractor crew in Rowan County

**RIGHT-OF-WAY CREWS
(CONTINUED)**

2 spray crews in Carter County
1 spray crew in Elliott County
Bobby Smith's crew is cutting in Carter County.

ENGINEERING REPORT

The Engineering Department released ninety-two (92) prints consisting of 36,115 feet of primary line and 3,400 feet of service wire. We currently have two (2) new services to be staked and two (2) to be drawn. There are approximately twelve (12) miscellaneous jobs to be staked or drawn.

[REDACTED]

[REDACTED] will be off work after October 23, 2015 thru January 12, 2015 due to a knee replacement.

[REDACTED]

[REDACTED] is seeing a doctor in Columbus, Ohio today with his back injury.

EAST KY POWER

East Kentucky has a new program to pay half of the costs of any LED security lights we install. The LED lights have a 25 year warranty, saving us money in maintenance trips, repairs and energy usage. We will not hang any more of the lights we use now.

SMITHFIELD

We received a letter from Norman Cox regarding the transformers at Smithfield. The original transformers were paid for by the Cooperative as part of an economic development incentive to attract the plant. The first transformer was to provide power for the plant and the second transformer was a spare, if the first one was disabled. At some point, Smithfield started using both transformers. We paid to replace one transformer, because they were unaware of the primary metering point and the tariff that governs primary metering.

Our records show that they have exceeded their 25kva limit, and are switching between transformers to meet their demand. They have also added a smoking unit onto the plant. Our primary metering tariff says that they are responsible for any equipment and operations beyond the primary metering point.

We met in March and explained once again the definition of primary metering and that we had made every effort to fulfill our obligations to them, including semi-annual testing of their connections by Envision. We also explained again that we would not pay for any equipment beyond the primary metering point. We explained that we belong to an organization that will send us transformers for them within a 24 hour period. Everyone seemed in agreement when we left the meeting. Mr. Cox attended by phone.

We are responding to Mr. Cox's letter, once again explaining primary meter and referencing our tariffs on file with the Kentucky Public Service Commission. Smithfield has changed ownership and they have asked for a new Industrial Power Contract, which we plan to complete and have ready for them before the end of the year. We are currently on our second industrial power contract.

**WINTER HARDSHIP
PROGRAM**

President Fraley gave the Member Services Report. Peggy Skaggs, Peggy Wells and Sherry Conley attended the Winter Hardship program. They have a pre-winter program that starts November 11 and members do not have to be delinquent. In January we hope crisis money will be available to members who are delinquent.

ELLIOTTVILLE SUBSTATION	We will start reading the Elliottville Substation on Monday, October 26th.
APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS	Motion was made by Director Rice, seconded by Director Dupuy and unanimously agreed to approve one hundred three (103) new memberships and retirement of one hundred two (102) existing memberships for September 2015.
BAD DEBT WRITE-OFFS	Motion was made by Director Bentley, seconded by Director Martin and unanimously agreed to charge off \$3,311.10 worth of bad debts and turn them over for collection.
APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY BUSINESS EXPENSES	Motion was made by Director Rice, seconded by Director Whitt and unanimously agreed to approve the President's business expense of \$397.18, Director's business expenses of \$7,147.95 and Attorney's business expense of \$159.22.
PRESIDENT'S REPORT	President Fraley reported on the following:
COMPANY EMPLOYEES CLOTHING ALLOWANCE	<p>President Fraley proposed to the board a clothing allowance of \$150 for each inside employee of the company.</p> <p>A motion was made for \$150 clothing allowance for each inside company employee by Director Martin, seconded by Director Rice and unanimously agreed upon.</p>
CLEAN-UP DATE	The designated cleanup day, October 12, 2015 was very successful.
FIRST RESPONDER	The First Responder Meeting was a success with a big attendance. President Fraley sent a note to Chris Perry commending David White on a job well done.
BROWNSTOWN LUNCH	Brownstown will be having lunch for the Cooperative today.
LEGAL COUNSEL'S REPORT	Legal Counsel Scott reported on the following:
MOU	East Kentucky sent a copy of the MOU signed by all the Cooperatives.
SAND GAP	Sand Gap appellate brief of ours has to be filed in the middle of the month.
KAEC DIRECTOR'S REPORT	<p>Director Whitt reported following on the KAEC Board Meeting held Tuesday:</p> <p>There have been two meetings since October, including the debate between Jack Conway and Matt Bevins.</p> <p>Joe Arnold has been hired to work with Kentucky Living, Member Services, and with the magazine. The magazine may soon provide a digital format.</p> <p>The KAEC Board will be meeting six times per year and will rely on committees.</p> <p>They settled the sales tax issue.</p> <p>A meeting of the Member & External Relations committee meeting was held following the monthly meeting. Chairman Carol Wright asked what the committee thought of selling liquor and guns. They are looking at seeing how much money they can make from firearms, tobacco and liquor. Magazine sales are less.</p>

VOTING DELEGATES

Our KAEC voting delegates are Harold Dupuy and Roger Trent. They will stay the same for the 2015 Annual Meeting.

EKPC DIRECTOR'S REPORT

Director Arrington gave the EKPC report as follows:

EKPC is selling excess property close to some substations. LG&E is trying to block the transmission of power out of our recently purchased Bluegrass station. A meeting will be held at the Kentucky PSC on November 4th to discuss this issue.

EKPC is conducting research on a solar farm.

In the budget meeting, EKPC talked about keeping everything the same and building a gas unit at Smith.

We have been using Wall Street financing, and now EKPC is looking to RUS financing at 3%. They would like for all the EKPC Cooperatives that would, to change all their financing to RUS at the same rate.

Interest rates are CFC 6%; 4.62% down to .50%.

EKPC wants all the Cooperatives to send them a list of their outstanding loans, who they are with and how much is the payoff and when it is due. Nolin bought out of RUS.

Board Policy 305 will be rescinded when the MOU is signed.

Fred Callihan resigned from the Jackson Energy Board.

Fred Brown, former Jackson Energy Board Director died.

William Nelson Curry, former Clark Energy Board Director died.

THANK YOU

We received thank you letters from Blaine Autumn Fest, Blaine High School, Vanceburg Lions Club's 5th Annual Heritage Fest donation, Lady Raiders Softball Teams for the golf scramble, Grayson Area Chamber for Funtober Fest, Cooperative System Integrity Fund, Somerset Community College and Tygart Creek Elementary for \$100 sponsorship.

DONATIONS

President Fraley presented to the Board for their consideration the following donation requests:

East Carter Boys Basketball –

Heart of the Park Tipoff Classic	\$250
Senior Grad/College Night ECHS and WCHS	Texas Roadhouse Gift Certificate
Isonville Elementary School PTO – fall festival	\$ 50
Greenup County Cheerleaders – annual golf scramble	\$100
East Carter Boys & Girls Golf Team – hole sponsor	\$50
Rowan County Christmas	\$100

Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to approve the donations as presented.

GRECC BYLAWS

Motion made by Director Whitt, seconded by Director Bentley to change the Grayson RECC Bylaws concerning payment of capital credits on deceased estates.

ADDITIONAL BUSINESS

There was no additional business.

HEALTH FAIR

Our Health Fair will be held October 29 and 30.

BOARD MEETING DATES

The November Board Meeting will be on Monday, November 30th.

PER DIEM

This issue was tabled until the next meeting.

ADJOURN

Chairman Trent adjourned the meeting at 11:12 a.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On November 30, 2015 at 9:00 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Whitt gave the invocation.
APPROVAL OF MINUTES - REGULAR BOARD MEETING	Motion was made by Director Rice, seconded by Director Bentley and unanimously agreed to approve the minutes from the October Board Meeting, for informational purposes only.
FINANCIAL REPORT	Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for August 2015. Mr. Cherry reported on the following:
FINANCIAL & STATISTICAL REPORT FOR SEPTEMBER	Sales for the month of September (9/21-10/20) were .17 % under budget. Purchases for the month of September (9/1-9/30) were 2.77 % over budget. Line loss for the last 12 months was 5.42%. Year to date margins were a deficit of (\$420,049) compared to the budgeted amount of (\$463,742).
FORM 7	Sales were \$105,374 less, purchased power was \$88,609 less and customer records and collections was \$9,315 more, very similar to last year.
CAPITAL CREDITS	Capital Credits – 21 accounts have been refunded, and year to date, we have paid out \$166,272.57. Twenty-two (220 accounts are outstanding, 8 are ready to be paid and we are waiting on the paper work on 13. We budgeted \$120,000-\$125,000 for 2015. However, with the policy change in July, and we are over budget.
T.I.E.R	The monthly T.I.E.R was a negative 3.144%.
FEMA STORM MONEY	We received a letter from the state and we were awarded \$290,000 on the March storm. We get 87% and 13% is considered our contribution. Therefore, we will receive approximately \$250,000. We have some paper work to complete on the second storm. When it is completed and submitted, we should receive money for the second storm after the first of the year.
RUS/WORK PLAN	We received a letter from RUS stating we were approved for the twenty million dollar work plan and we will be making the first draw down on it soon.
EKPC LOAN REQUEST	Director Arrington asked if we submitted to EKP the figures of our outstanding loans, balance, who they are with and due date. President Fraley said she was not comfortable with giving out that information. EKPC had indicated last year that they would be moving away from RUS financing. We do banking with other lenders and investors, and have been able to pick and choose to our advantage. Bradley gave a handout showing all the loans. Director Martin asked for someone from EKP to come up and talk to the Board. Carol said it has never been the way of Cooperatives to let EK borrow for us. Legal Counsel Scott made a suggestion to have a list of questions prepared for whoever comes up from EKP to talk to us. President Fraley said we have a good relationship with RUS.

**EKPC LOAN REQUEST
(CONTINUED)**

The Board suggested that Mike McNalley be invited to a Board Meeting to explain and discuss this matter. President Fraley will take care of this.

**APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR SEPTEMBER 2015**

Motion was made by Director Martin, seconded by Director Whitt and unanimously agreed to approve the Financial and Statistical report for September 2015 as presented, for informational purposes only.

401K RESOLUTION

Bradley Cherry presented the 401K Plan Resolution Authorizing the Amendment of the NRECA 401(k) Pension Plan Adoption Agreement 'A' 18061-001 and 18061-002 to the Board for their approval, a carryover from last month.

401K PLAN RESOLUTION
(CONTINUED)

**RESOLUTION
AUTHORIZING THE AMENDMENT OF THE
NRECA 401(k) PENSION PLAN
Adoption Agreement "A"
18061-001 and 18061-002**

WHEREAS, Grayson Rural Electric Cooperative Corporation is participating in the NRECA sponsored defined contribution plan, the 401(k) Pension Plan (the "401(k) Plan"), and;

WHEREAS, The Board of Directors of Grayson Rural Electric Cooperative Corporation ("the Board") now desires to amend the 401(k) Plan pursuant to Section 18.2 of the pension plan document, and does hereby authorize the amendment effective January 1, 2016, by executing the appropriate Adoption Agreement;

BE IT RESOLVED, that the amendment to the 401(k) Plan is as follows:

Effective January 1, 2016, the Employer Base Contribution not condition on Employee Contributions shall increase from 0.4115% to 0.7800% of the Participant's Base Compensation.

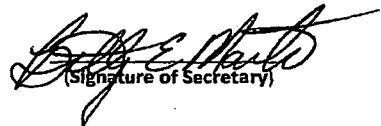
BE IT FURTHER RESOLVED, that the Board does hereby authorize and direct Carol Hall Fraley, President and CEO, to execute all necessary documents and to take any and all further actions necessary to carry out the intentions of the Board as indicated in this resolution.

CERTIFICATE OF SECRETARY

I, Billy E. Martin, certify that I am Secretary of the Grayson Rural Electric Cooperative Corporation Board of Directors and that the above is a true excerpt from the minutes of a regular board meeting of the Board of Directors of Grayson Rural Electric Cooperative Corporation, held on the 30th day of November, 2015 at which a quorum was present and that the above portion of the minutes has not been modified nor rescinded.

IN WITNESS WHEREOF, I have set my hand and affixed the seal of Grayson Rural Electric Cooperative Corporation, this 30th day of November, 2015.

(Seal)


(Signature of Secretary)

Motion was made by Director Rice to adopt the Resolution Authorizing The Amendment of the NRECA 401K Pension Plan Adoption Agreement "A" 18061-001 and 18061-002 as read, seconded by Director Whitt and unanimously agreed upon.

PSC – LIGHT TARIFF

President Fraley said the PSC had challenged our tariff we filed on LED security lights. Bradley worked with them Tuesday and Wednesday on the calculation of numbers. The new rate is \$10.41 and we requested \$10.47. The flood lights are \$23.19.

2016 BUDGET

Director Martin stated the Planning and Review Committee met on November 19th for the proposed 2016 budget. He turned over the presentation over to President Fraley.

President Fraley told the Board that, as usual, the 2016 budget was based on zero growth. We have some good projects in the works, but we are still struggling to maintain our residential numbers. EKP has indicated projections for another year with positive margins and hopefully will not have a rate increase. One variable we must watch is the resolution of the cost of the cancelled Smith project. Fuel and environmental charges continue to be volatile. Environmental has been high and fuel has been a credit. PJM continues to serve us well and the Bluegrass Generating Station will provide additional generation.

President Fraley and Staff sat down with last year's budget and a list of needs for the coming year. Bradley applies consideration of sales and purchases. He handed out highlights of the 2016 budget. Our Operating Revenue projections were based on a 3 year weighted average and the 2016 budget was based on actual costs from October 2014 to September 2015. Revenue of \$32.2 million was up slightly. Purchased Power cost showed a slight decrease of \$10,000, giving us gross margins of \$13.2 million.

Director Martin made a motion to recommend the budget as presented, seconded by Director Dupuy and unanimously agreed upon.

MANAGER OF MARKETING
AND MEMBER SERVICES

President Fraley gave the Manager of Marketing and Member Services report as follows:

LIHEAP

LIHEAP has paid \$63,212 as of Friday.

ANNUAL MEETING

Kim included the Annual Meeting expenses in Bradley's budget.

ANNUAL AWARDS DINNER

The annual Service Awards / Christmas company dinner will be Friday, December 11th at the old Olive Hill High School.

ENERGY AUDITS

Tina Preece is doing several energy audits and request for winterization. MACED and Tina are working together.

OPERATIONS REPORT

Mike Martin, Assistant Manager of Operations gave the Operations Report. He reported on the following:

LOST TIME ACCIDENTS

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during October:

September 09—Andrea McCleese, Technical Services Supervisor, read from the Safety Manual about "Training" and talked about what to do in an emergency situation. Nancy talked about CDL paper work. Carol Fraley

**SAFETY REPORT
(CONTINUED)**

handed out certificates to Steven Burton and Jamey Withrow for completion of Underground Workshop. We had the monthly safety give-a-way.

September 14—Brian Poling, Mgr. of Technical Services, turned the meeting over to Robert Brown who talked about and had a video on FR clothing, care and replacement. Carol Fraley presented Joe Sargent a certificate for completion of Haz-Mat Refresher course. Kyle reminded everyone to be careful and work safe.

September 21 —Priscilla Sparks, Executive Assistant, turned the meeting over to a nurse from Dr. Gupta's office who attended to give flu shots to all active and retired employees and their families that wanted to have the shot.

September 30—Robert Brown, Director of Purchasing and Stores, turned the meeting over to Clarence Greene from KAEC for the monthly safety meeting. His topic was open neutrals, overhead and underground systems and he reviewed a list of 2016 accidents. Robert, Nancy and Julie did a safety presentation of what they give at Camp Webb.

Mr. Clevenger continues to mention the necessity of ground chains and that a line is not dead until it is grounded.

CONSTRUCTION

Construction built one hundred two (102) new work orders for the month of October and worked zero (0) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked three hundred thirty-seven (337) hours of overtime during the month of October. The Engineering Department worked zero (0) hours of overtime during the month of October.

DELINQUENT NOTICES

The Maintenance & Construction Departments collected on two hundred one (201) delinquent accounts and disconnected twenty-eight (28) accounts in November.

CONTRACT CREWS

Our three (3) Pike crews; 2 crews after October 15, 2015; have been working in the following areas:

Tony Seagraves – Stark Conversion, Elliott County and New Construction
Chris Tackett – Lewis County, Montgomery –last day was 10-15-15
Ryan Rice – Miscellaneous pole changes and Montgomery, Lewis County

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 670 trees, cut 1,104 trees, cut 39,330 feet of brush/line and sprayed 257 spans of line. The crews are working in the following areas:

1 cutting crew in Carter, Lewis and Greenup Counties
1 cutting crew in Elliott and Lawrence Counties
1 cutting crews in Rowan County
1 bucket truck crew in Carter, Lewis and Greenup Counties
1 bucket truck crew in Elliott and Lawrence Counties
1 bucket truck crew in Rowan County
1 tractor crew in Rowan County
3 spray crews in Greenup County

Smith Tree Service has one circuit crew in Carter County

ENGINEERING REPORT

The Engineering Department released one hundred thirteen (113) prints consisting of 3,360 primary line and 2,190 feet of service wire. They currently have ten (10) new services to be staked, six (6) to be drawn and twenty (20) miscellaneous jobs to be staked or drawn.

TECHNICAL SERVICES SUPERVISOR

Brian Poling, Technical Services Supervisor, reported on the following:

We hired Leidos (formerly RW Beck) to guide us in the GPS'ing project and they estimated it will take from now until around April of 2018 to complete.

As part of our new mapping, we will change our staking software to Futura which is owned by SEDC. This will allow integration with SEDC's UPN system to streamline some current processes and to help control our warehouse inventory. It allows newly staked jobs to be imported to the mapping system, making the outage management system more accurate.

We are working on the next phase of physical security by adding gate openers to the upper gates using our ID cards. The gates will close after entry. The gates will automatically open when exiting.

We are changing our intrusion service to BAE Systems, a multinational defense, security and aerospace company and the world's largest defense contractor. Netgain Technologies is one of their partners and they know our network. Netgain is here today changing equipment for security.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS

Motion was made by Director Rice, seconded by Director Martin and unanimously agreed to approve one hundred (100) new memberships and retirement of one hundred three (103) existing memberships for October 2015.

BAD DEBT WRITE-OFFS

Motion was made by Director Whitt, seconded by Director Bentley and unanimously agreed to charge off \$3,026.12 worth of bad debts and turn them over for collection.

APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY BUSINESS EXPENSES

Motion was made by Director Rice, seconded by Director Dupuy and unanimously agreed to approve the President's business expense of \$37.85, Director's business expenses of \$6,510.18 and Attorney's business expense of \$9.80. Motion carried.

PRESIDENT'S REPORT

President Fraley reported on the following:

ELLIOTTVILLE SUB- SUBSTATION READINGS

We finished reading 2,200 meters on the Elliottville Substation.

A & C WOOD PRODUCTS

A & C Wood Products will be signing a 5 year contract @ \$250 month plus a \$100 on deposit each month. The deposit will be recalculated in December 2016.

RECLAMATIONS

There are three reclamation services coming in to perform work on various streams. Two are in Elliott County and one in Greenup.

CHAD FRALEY

President Fraley reported that she was off last week while Chad had his vagal nerve stimulator replaced.

LIHEAP

LIHEAP has helped to cut down on collections.

LEGAL COUNSEL'S REPORT

Legal Counsel Scott reported on the following:

A brief was filed on Sand Gap appeal.
He talked to Carol Ann about easement recordings on the Womack property.
Kentucky Power will have 60 days to file briefs.

KAEC DIRECTOR'S REPORT

Director Whitt reported KAEC's Annual Meeting was good and he was glad to see most of our board in attendance.

The morning meeting Tony Campbell, Big Rivers and TVA discussed today issues.

Cumberland Valley Electric went in for a rate increase. They have suffered loss of a lot of load. Jackson has also had issues.

EKPC DIRECTOR'S REPORT

Director Arrington gave the EKPC report as follows:

The Board continues to review the clean power plan.

CEO Campbell says we have to make choices before it is implemented.

Mr. Campbell wants to see the state file plan first.

Don Mosier said the Cooper retrofit project went well at \$15m.

The purchase of the Bluegrass is complete and approval is hoped for by the end of the year.

Mike McNalley reported that the year to date September net margins at EK was \$60.8 million which is \$23.6 million over budget. The average year to date is \$66.60 per megawatt hour with the year's final average to come in below \$66.

David Crews said building a 10 megawatt solar project on Coop property or Smith Station would be one way to meet the Clean Power Plan Rule requirements and receive a 30% federal tax incentive if completed by the end of 2016.

The CFC meeting is January 15th at the Louisville Marriott East.

THANK YOU LETTERS

GRECC received thank you notes or cards from the Greenup County First Book program and the East Carter Golf Tournament.

DONATIONS

President Fraley presented to the Board for their consideration the following donation requests:

West Carter Boys Basketball – Jack Fultz Classic	\$100
First Baptist Church c/o Women's Circle-meals for needy	\$125
Elliott County High School Volleyball team –MSU Satellite Corp	\$100
East Carter Baseball Field – dugout (in memory of Johnny Fankell)	\$500
Project Merry Christmas of Carter Co.	\$100
KSPPA Chapter 8 – Shop with a Cop (Elliott & Rowan Counties)	\$200

Motion was made by Director Martin, seconded by Director Whitt and unanimously agreed to approve the donations as presented.

NRECA ANNUAL MEETING

The NRECA Annual Meeting will be in New Orleans, Louisiana. Director Trent said he would be attending.

BOARD MEETING DATES

The December Board Meeting will be on Friday, December 18, 2015 and we will have our annual Christmas dinner following the adjournment of the board meeting.

ADDITIONAL BUSINESS

Director Martin stated he drove Don Mosier with EKP, and showed him some of the GRECC line system.

ADJOURN

Chairman Trent adjourned the meeting at 11:43 a.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On December 17, 2015 at 9:08 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Rice gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Bentley, seconded by Director Rice and unanimously agreed to approve the minutes from the November Board Meeting for informational purposes only.
MANAGER OF FINANCE AND ACCOUNTING	Bradley Cherry, Manager of Finance and Accounting presented the Financial Statistical Report for October 2015. Mr. Cherry reported on the following:
FINANCIAL & STATISTICAL REPORT FOR OCTOBER	<p>Kilowatt hour sales for the month of October (10/21-11/20) were 12.72 % under budget. Purchases for the time period of 10/1-31 were 2.38% under budget. Line loss for the last twelve months was 6.42%. Year to date margins were (\$416,171) compared to the budgeted amount of (\$128,635).</p> <p>Maintenance costs were up due to our cleaning day in October and operations costs was down.</p>
T.I.E.R.	Monthly O.T.I.E.R. was 1.05 and the rolling twelve months O.T.I.E.R was 1.28.
EKPC - PJM	A discussion was held concerning the method of billing by EKPC. This included a thorough discussion of substation demand charges and its effect on cooperative wholesale power cost.
SECURITY LIGHTS	President Fraley informed the Board that we are using all new security lights. We have some spare parts for repairs of current lights, but lights will be replaced or set using the new lights. East Kentucky will pay part of the cost of the new lights.
CAPITAL CREDITS	<p>In December, we paid \$23,746.06 in deceased estate capital credits. To date, we have paid \$190,018.63 this year. We currently have 14 applications on file and incomplete.</p> <p>Director Bentley said we are advanced compared to other cooperatives, as he learned at a class he attended. The instructor touched on capital credits. He said some are negotiating on capital credits. We pay capital credits on a discounted basis. After one year, capital credits are lost if left in a deceased member's name.</p>
CREDIT UNION MEETING	At a credit union meeting, Bradley reported Credit Union is doing well. Interest on some investments and loans may be increased, in accordance with the financial markets.
RECLASSIFICATION	Mr. Cherry said the reclassification of accounts found through substation readings are approximately \$150 per re-class, creating a positive gain.

**FEDERATED WORKERS
COMPENSATION**

Federated has sent us our workers comp billing of \$53,768, based on the experience of .77. This is \$4,426 less than what we paid last year. We will be getting a quote on directors, IT, business coverage and a quote on Cyber insurance. We can get up to \$500,000 in cyber insurance, without additional information required. Over \$500,000 will require in depth additional information. Most smaller Cooperatives are electing the \$500,000 coverage limit.

Motion was made by Director Martin, seconded by Director Dupuy, and unanimously agreed upon to accept the Federated Workers Compensation bid, as presented.

The other coverages will be discussed at the February Board Meeting.

MIKE MCNALLEY

Mike McNalley, Vice President for Finance at East KY Power, was invited to talk to the Board about the plan for EKPC to change all their financing to RUS, and what it will do for EKPC and the Member Systems. Until now, this was not feasible for EKPC because RUS would not finance coal fired plants or repairs. EKPC went to the open market for financing and used RUS for approved projects. Last year RUS mentioned to Mr. McNalley the possibility of a low rate financing package, since it would not include any coal fired generation. They mentioned a low rate, 30 year fixed mortgage. Mr. McNalley decided to pursue this offer, to see how serious RUS really was. RUS also mentioned the possibility of including the Member Systems who have outstanding loans, in the package. However, after reviewing Grayson's outstanding debt, he does not think Grayson would benefit because most of our loans are already low.

**APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR OCTOBER 2015**

Motion was made by Director Rice, seconded by Director Martin and unanimously agreed to approve the Financial and Statistical report for October 2015 as presented, for informational purposes only.

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations gave the Operations Report. He reported on the following:

**EMPLOYEE/LOST TIME
ACCIDENT**

There were no lost time accidents to report this month.

SAFETY REPORTS

The following safety meetings were held during November:

November 05 – Carol Fraley, President and CEO, commenced the meeting with a breakfast in honor of Veterans. Sue gave a report about the Honor Flight trip and Julie went over the procedures for the flight. We had the monthly safety give-a-way. Carol Ann reminded everyone to be careful while working on collections.

November 11 – Mike Martin, Assistant Mgr. of Operations, turned the meeting over to David White for the KAEC monthly safety meeting. His topic was on new OSHA rules, overview, and update. Bradley handed out a Benefits Profile to everyone for an update. Kyle reminded everyone it was foggy and to be careful.

November 16 – Andrea McCleese, Technical Services Supervisor, turned the meeting over to Kyle Clevenger, Mgr. of Operations, who reviewed two accidents; one involving Roger Kitchen and Scott Speaks, and the other

**SAFETY REPORTS
(CONTINUED)**

Chris Mosier. Nancy Madden read the Bloodborne Pathogens Exposure Control Plan and had everyone sign a form that they were aware of this exposure control plan. Kyle reminded everyone to be careful

November 23 – Brian Poling, Mgr. of Technical Services, was in charge of the meeting. His topic was on Credit Card Security.

November 30 – Priscilla Sparks, Executive Assistant, turned the meeting over to Ann Altieri, Aflac Insurance Representative. She discussed new contact numbers, new policies available, and changes made in old policies and stayed after the meeting to meet with individuals. Mike Martin reminded everyone to be careful.

Kyle continues to mention the necessity of ground chains and that a line is not dead until it is grounded.

CONSTRUCTION

Construction built was ninety-two (92) new work orders for the month of November and worked zero (0) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked one hundred twenty-nine (129) hours of overtime during the month of November. Engineering did not work overtime hours during the month of November.

Bryan Rice is finishing up on Bruin. The Stark line is progressing and the State Route 519 highway job is getting ready to start.

DELINQUENT NOTICES

The Maintenance and Construction Departments collected on two hundred forty-four (244) delinquent accounts and disconnected fourteen (14) accounts in December.

CONTRACT CREWS

Our two (2 crews after October 15th) Pike crews have been working in the following areas:

Tony Seagraves – Stark Conversion, Elliott County and new construction
Ryan Rice – Miscellaneous pole changes, Montgomery, Lewis County and Sheep Hollow, Greenup County

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 606 trees, cut 641 trees, and cut 19,820 feet of brush/line and sprayed 192 spans of line. The crews are working in the following areas:

1 cutting crew in Carter, Lewis and Greenup Counties
1 cutting crew in Elliott and Lawrence Counties
1 cutting crews in Rowan County
1 bucket truck crew in Carter, Lewis and Greenup Counties
1 bucket truck crew in Elliott and Lawrence Counties
1 bucket truck crew in Rowan County
1 tractor crew in Rowan County
3 spray crews in Greenup County

Smith Tree Service circuit crew has been working in Carter County and now on Little Fork.

ENGINEERING REPORT

The Engineering Department released thirty-four (34) prints consisting of 3,435 feet of primary line and 1,085 feet of service wire. They currently have four (4) new services to be staked, (4) to be drawn and twenty (20) miscellaneous jobs to be staked or drawn.

LICKING VALLEY EMPLOYEE

Licking Valley lost a young employee, Wes Penix, who is from Elliott County.

JOE SARGENT

Joe Sargent expects to be able to return to work in mid-January.

[REDACTED]

[REDACTED] has qualified for long term disability November 6th, 2015. A diagnosis has never been submitted. He will see a pain management specialist to try to deaden one nerve in his back. He is working closely with the Health Coaches with N.R.E.C.A. He had been off 13 weeks on short term disability, prior to the long term status.

CONTRACTORS BREAKFAST

We held a breakfast for our right of way contractors and Pike contractors on December 16, 2015.

PIKE ELECTRIC

We have been informed of Pike making changes and Ed Rice is leaving them after 38 years to take a job with New River Electric. His son is going with him. President Fraley will be contacting Ronnie Gilbert to express our concerns. Mr. Rice made sure we had help during storms and the men on his crews are from this area and know our methods and territory. A lot of them are unhappy and we are afraid they may leave also. She wants Pike to know that we do not expect any decrease in service and response.

JUSTIN STANIFORD

Justin Staniford has a new baby boy, Judson Staniford.

[REDACTED]

[REDACTED] wants to put a doublewide over by the mushroom mines at a distance of approximately 1,900 feet. We have contacted Farmers Home Administration for them to see if there is money available to install telephone water and electric lines. Their case worker is named Ruby.

MANAGER OF MARKETING & MEMBER SERVICES

Kim Bush, Manager of Marketing and Member Services reported on the following:

PREPAY ACCOUNTS

Prepay accounts continue to increase and charge offs are down.

ANNUAL MEETING

Kim Bush presented to the Board the buckets to consider for annual meeting. We are planning for attendance of 2,500, based on last year. Annual Meeting has been budgeted in the 2016 budget and also a possible Director's election. The annual meeting budget is \$72,500, plus election costs of \$10,000 for a total of \$82,500.

Motion was made by Director Whitt, seconded by Director Bentley to have metal buckets and approve Annual Meeting expenses. Motion carried.

TIMELINE

Kim will work with Jeffrey on the Annual Meeting time line. Annual Meeting has been set for Thursday, May 12, 2016 at Cooperative Headquarters.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF

Motion was made by Director Dupuy, seconded by Director Whitt and unanimously agreed to approve seventy-eight (78) new memberships and retirement of eighty-four (84) existing

BAD DEBT WRITE-OFFS

Motion was made by Director Martin, seconded by Director Whitt and unanimously agreed to charge off \$3,911.73 worth of bad debts and turn them over for collection.

**APPROVAL OF CEO'S,
DIRECTOR'S & ATTORNEY
BUSINESS EXPENSES**

Motion was made by Director Whitt, seconded by Director Arrington and unanimously agreed to approve the President's business expense of \$115.54, Director's business expenses of \$14,986.71 and Attorney's business expense of \$-0-.

PRESIDENT'S REPORT

President Fraley reported on the following:

**BOARD POLICIES 504 and
530**

Changes to Board Policy 504 and Board Policy 530 were introduced. Changes to both policies were for definition and will be on the January Agenda for consideration.

**SICK LEAVE DONATION -
[REDACTED]**

Employees donated sick leave and vacation to [REDACTED] in the amount of \$8,800.

LEGAL COUNSEL'S REPORT

Legal Counsel Scott had no report.

KAEC DIRECTOR'S REPORT

Director Whitt reported he attended KAEC's Board Meeting this past Tuesday. He asked for confidentiality on the following information: KAEC's transformer production unit will be closing and we are negotiating purchase of transformer stock from another company. UUS sales staff will remain and will sell product for the new company. Transformers will have our logo on them. UUS will be a broker. Eighty-six union employees will be laid off Friday. KAEC feels that all employees who need jobs can be placed and they will help them write resumes and prepare for job interviews.

EKPC DIRECTOR'S REPORT

Director Arrington said that his report had been covered in other areas.

THANK YOU NOTES

Thank you notes for donations were received from Kentucky State Police Chapter 8 of Morehead for Elliott and Rowan Counties Shop With a Cop; Rowan County High School after prom activities; and Grayson Tourism and Area Chamber of Commerce Scavenger Hunt.

DONATIONS

President Fraley presented to the Board for their consideration the following donation request:

**EKPC MONEY
DONATION**

Rowan County Prom - \$50
Carter County - Tri County Relief - \$100
Carter County Community Funds - \$100
The EKP Board voted to donate \$500 to Grayson and 4 other Cooperatives because of their economic conditions. President Fraley went over what we recommended we use this money for:

Bethany House - \$100
Oldtown Food Pantry - \$100
Blaine Foodbank prepay - \$100
First Baptist Church of Sandy Hook - \$200

Motion was made by Director Whitt, seconded by Director Bentley and unanimously agreed to approve the donations as presented.

EKPC EDUCATIONAL
DONATIONS

Thirty thousand dollars (\$30,000) each has been given to Grayson, Licking Valley, Big Sandy, Jackson and Cumberland Valley in conjunction with local KCTC schools, to be used for scholarships or re-training for members who have been laid off and do not expect to return to their former jobs. We would keep the scholarships in the area of linemen's training or line technicians. President Fraley will check on getting this established to make the best use of the money.

EMPLOYEE DONATIONS

The Grayson R.E.C.C. employees donated to [REDACTED] family for Christmas and to [REDACTED], a Fleming Mason employee who has cancer for the second time and a child with Down Syndrome.

MEETING ATTENDANCE

Chairman Trent will be attending the NRECA Annual Meeting in New Orleans February 14-17, 2016.

NRTC VOTING DELEGATE

Chairman Trent will serve as the voting delegate to NRTC at the National Meeting.

VOTING DELEGATES
NRECA NATIONAL MEETING

Chairman Trent will serve as the Voting Delegate to NRECA's Annual Meeting.

BOARD MEETING DATE

The next board meeting will be held on Friday, January 22, 2016.

ADDITIONAL BUSINESS

Directors Kenneth Arrington and Jimmy Whitt declared and submitted their intention of running for re-election to the Board of Directors.

ADJOURN

Chairman Trent adjourned the meeting at 12:58 p.m.

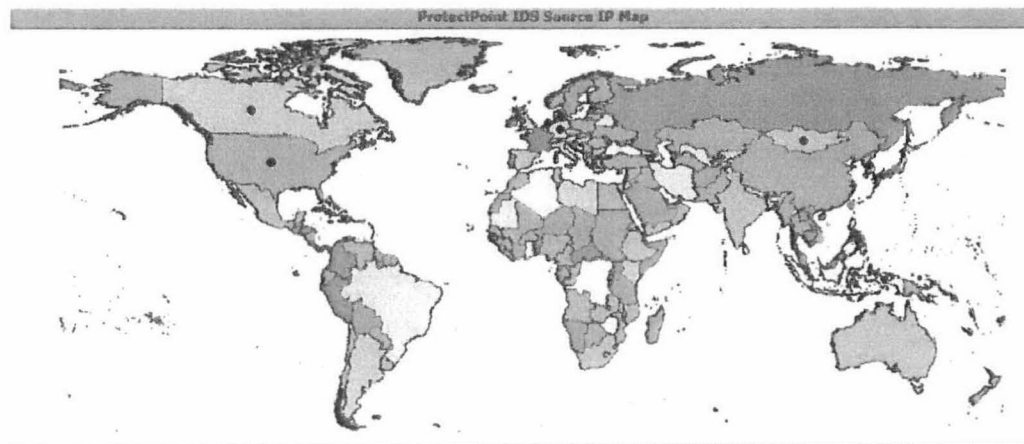
Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On January 22, 2016 at 9:05 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office and by conference call, in Grayson, Kentucky, called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent, Directors Arrington and Dupuy attended via telephone. The Waiver of Notice was signed by those Directors present, Eddie Martin, Jimmy Whitt and Jim Bentley. Director William T. Rice was absent. Others present included: Carol Hall Fraley, President and CEO; Legal Counsel Brandon Music and Whitley Hill, guest; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Dupuy gave the invocation.
WAVIER	Motion was made by Director Dupuy to approve participation in the January Board Meeting by phone conference and have the Waiver signed at the February Board Meeting. Motion was seconded by Director Bentley and unanimously agreed upon.
APPROVAL OF MINUTES	Motion was made by Director Whitt, seconded by Director Martin and unanimously agreed to approve the minutes from the December Board Meeting for informational purposes only.
ASSISTANT MANAGER OF TECHINCAL SERVICES	Andrea McCleese, Assistant Manager of Technical Services reported on the following:
LEIDOS ENGINEER	Dave Herron, Leidos Engineer, reviewed the mapping timeline with Brian Poling, Robert Brown and Andrea by conference call and is scheduled for a more in-depth discussion about the process on February 4th. He recommends beginning the project very soon.
CYBER THREATS	Many notifications of potential international threats to our network have been received by the new monitoring system. These attempts have been blocked.



IT DEPARTMENT	Additional cyber storage space is being created by the IT Department which will allow for additional servers and for the new mapping program. This will also allow for Ipads or Tablets to be utilized by the Maintenance men for a number of projects, including collections.
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CREDIT CARDS

Becoming PCI Compliant with the credit card transaction changes resulted in decreased calls to Member Service Department, and an increase in credit card payments. The member service calls between July and December 2015 have decreased by 34%. The credit card payments for the same time period increased by 10%.

MANAGER OF FINANCE
& ACCOUNTING REPORT

Bradley Cherry, Manager of Finance & Accounting, presented the Financial and Statistical Report for November 2015. He reported on the following:

FINANCIAL &
STATISTICAL REPORT
FOR NOVEMBER

Kilowatt hour sales for the month of November (11/01-12/30) were 17.47% under budget. Purchases for the time period of 11/1-11/30 were 16.89% under budget. Line loss for the last twelve months was 6.35%. Year to date margins were (\$279,407) compared to the projected budgeted amount of \$280,620.

Overall, November was not a good month with sales two percent under budget, purchases one-half percent under budget and compared to last year our sales were 2.15 percent less than what they were. Hopefully, with the current cold weather, we can make up some of that up and get back on the positive side of the margins.

O.T.I.E.R.

The monthly O.T.I.E.R. for this month was 2.85 with the rolling O.T.I.E.R. at 1.16.

FEMA MONEY

Bradley talked to FEMA and a check was requisitioned December 10, 2015 for \$227,738 and it usually takes eight to ten weeks. This money will be a 2015 receivable, as Alan Zumstein booked it as a receivable in the May 2014 audit, which will help our T.I.E.R. and margins for 2015. It would bring up our December budget to around \$360,000 as far as margins go for the year.

Bradley reported we still have \$300,000 coming from FEMA for the July storm.

We increased the 2016 budget from \$400,000 to \$500,000 for a storm cushion.

FORM 7

November 2015 Form 7 showed electric revenue was \$525,270 less and purchased power as \$200,260 less.

APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR NOVEMBER 2015

Motion was made by Director Martin, seconded by Director Whitt and unanimously agreed to approve the Financial and Statistical report for November 2015 as presented for informational purposes only.

MANAGER OF MARKETING
AND MEMBER SERVICES

Kim Bush, Manager of Marketing and Member Services, gave her report:

ELLIOTTVILLE METER
READING SURVEY

Results from the Elliottville Meter Reading Survey were as follows:

rate/class changes 13, retirements 169, night lights 476, letters/ door hangers 225, engineering service orders 20, miscellaneous service orders 87, metering service orders 16 and right of way service orders 4.

LIHEAP

The 2014/2015 LIHEAP payments were \$77,027 compared to this years payments of \$133,025.65. We receive seven (7) Winter Harship Reconnects and nine (9) 30-day extensions through LIHEAP.

PREPAY

We have 478 active prepay accounts with 6 inactive accounts. The average balance on accounts is \$47.33 credit. The average kWh usage is 49 a day and the average payment is \$43.14. Total number of payments in 30 days is 2,343 and total payments \$101,086.61

DEBT MANAGEMENT

We have 48 active accounts with debt management with arrearage.
Total amount in Debt Management=\$8,697.49
10% of active PrePay accounts have Debt Management
Under \$100=14 \$100-\$199=15 \$200-\$299=13
\$300-\$399=3 \$400-\$499=2 over \$500=1

ENERGY EFFICIENCY

Tina Preece did eleven audits for the month:
HowSmart KY—2; Duct Seal—2; Heat Pump—5; and Button Up—2.

ANNOUNCEMENTS

Annual Meeting is scheduled for Thursday, May 12th at GRECC office.
Legal Counsel Scott and Kim are working on the annual meeting time line.
The buckets for annual meeting will cost \$6 as opposed to \$12.

Director Bentley asked if rebates are still on and they are.

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations gave the Operations Report. He reported on the following:

EMPLOYEE/LOST TIME ACCIDENT

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during December 2015:

December 11—Robert Brown, Director of Purchasing and Stores, turned the meeting over to David White, KAEC Safety, for the monthly safety meeting. He discussed a Federated incident review from C. Parr and a KAEC safety survey review. He had an incident review involving an Inter County line contact. He also had a Safety Manual reference 507.1 C & D (1 man vs 2 men situations) and had a year – end tribute called “Highline Cowboy”. Carol Fraley talked about workers comp insurance being lower this year.

December 14—Sherry Buckler, Mgr. of Accounting & Human Resources, turned the meeting over to Carol Fraley, President and CEO, addressing consumers bringing guns and weapons in the office. She also discussed the Christmas party. Chris Mosier suggested changing the V watches battery every 6 months.

December 21—Kim Bush, Mgr. of Marketing & Member Services, turned the meeting over to Carol Fraley, President and CEO, who discussed distractions and priorities. She reminded everyone to take care of themselves and to take care of each other.

December 28—Bradley Cherry, Mgr. of Finance & Accounting, talked about insurance, when to pay bills, and how the deductible works. Kyle reminded everyone how wet it is and to be careful.

CONSTRUCTION

Construction built eighty-two (82) new work orders for the month of December and worked zero (0) hour of overtime.

OVERTIME HOURS	The Maintenance Department worked two hundred twenty-six (226) hours of overtime during the month of December.
DELINQUENT NOTICES	The Maintenance & Construction Departments collected on forty-seven (47) delinquent accounts and disconnected sixteen (16) accounts in January.
CONTRACT CREWS	<p>There are two (2) Pike crews working in the following areas:</p> <p>Tony Seagraves – Stark Conversion, Elliott County and New Construction Ryan Rice – Bruin, Elliott County</p>
RIGHT-OF-WAY CREWS	<p>We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 382 trees, cut 759 trees, cut 18,677 feet of brush/line and sprayed 110 spans of line. The crews are working in the following areas:</p> <p>1 cutting crew in Carter, Lewis and Greenup Counties 1 cutting crew in Elliott and Lawrence Counties 1 cutting crew in Rowan County 1 bucket truck crew in Carter, Lewis and Greenup Counties 1 bucket truck crew in Elliott and Lawrence Counties 1 bucket truck crew in Rowan County 1 tractor crew in Rowan County 3 spray crews in Greenup County</p> <p>Smith Tree Service has been doing circuit crew work in Carter County and are currently working on State Route 486 and Wallow Hole</p>
ENGINEERING REPORT	The Engineering Department released ninety-nine (99) prints consisting of 2,330 feet of primary line and 2,655 feet of service wire. They currently have three (3) new services to be staked, two (2) to be drawn and some miscellaneous jobs to be staked or drawn.
APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS	Motion was made by Director Martin, seconded by Director Whitt and unanimously agreed to approve eighty-one (81) new memberships and retirement of seventy-five (75) existing memberships for December 2015.
BAD DEBT WRITE-OFFS	Motion was made by Director Martin, seconded by Director Bentley and unanimously agreed to charge off \$3,567.56 worth of bad debts and turned over for collection.
APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY BUSINESS EXPENSES	Motion was made by Director Dupuy, seconded by Director Martin and unanimously agreed to approve the President's business expense of \$333.59, Director's business expenses of \$21,122.22 and Attorney's business expense of \$836.58.
PRESIDENT'S REPORT	President Fraley reported on the following:
LICENSE PLATES	License plates sales were \$8,024.89. Three schools will receive \$2,674.67.
KCTC	President Fraley has been working with KCTC on the \$30,000 scholarship money. A proposal was sent and each director will receive a copy before the February Board Meeting.

LARRY CARRINGTON

Larry Carrington has bought out Electric Services, LTD from John McKinney. The company will now be known as Electric Services of Kentucky, LTD. He sent an engagement letter and plans are to sign and mail in a couple of days.

COLUMBIA GAS

Columbia Gas was scheduled to come in yesterday to sign up for electric, but they didn't. We asked for a \$100,000 deposit. This was based on the closest load we had of that size, which was Tennessee Gas, at 750 KVA. When we receive a correct loading sheet from Columbia, we can re-calculate their load. After one year of actual history, we can recalculate their deposit.

We have asked for \$50,000 in Aid to Construction, due to a lot of upfront work, including an interstate crossing survey and outside engineering,

They will have a pumping station and an office staffing five employees at all times. They want to place poles and guywires outside their fence. She suggested that they move their fence back twenty to twenty-five feet so poles and wire would be on their property. It was also suggested that they go underground with this project. She has held off signing an engagement letter with Jim Bridges on this project until Columbia Gas applies for service and pays a deposit.

Director Dupuy questioned why they want the poles outside their fence. President Fraley said it was because they don't want anyone inside, so we can set poles outside and there is not a problem with that.

SMART METER NEWSPAPER

Director Martin emailed President Fraley a copy of a clipping out of the Fleming Shopper in regards to AMR type meters. Fleming Mason has two consumers who tried to refuse the AMI metering. Fleming County Gazette interviewed Fleming Mason in regard to this.

Whitley Hill reported on two statues referenced in the Fleming Shopper ad, one regarding hazardous waste and the other concerning collection of private information through smart meters. Neither of the referenced statutes have anything to do with the AMR meters.

Brian Poling said if we changed a consumer back to the old type meter, we would have to read the meter every month. We can't see the PSC allowing this.

MOUNTAIN MATERIAL

We are having an issue with Mountain Material on getting their loading sheet. President Fraley asked for a \$36,000 security deposit, based on credit history, in cash or by letter of credit.

██████████ /
SECURITY ISSUES

We had issues with ██████████ in Rowan County. Legal Counsel Scott mailed a letter to him, and a warrant has been issued on him for terroristic threatening. He sent Jeffrey an email this morning stating our billing people has the personality of a 'wounded tiger'. We have photos of him. A retired state trooper came in and looked at everything and did some safety demonstrations for us. We are going to put cameras on the front door so the Billing Representatives can see who is coming in. There will be no more than one consumer per station at any one time and we are putting up audio and video signs stating "this area under surveillance". If anyone comes to their desk and threatens them, they have been directed to use the silent alarm buttons and call the law. We are working with Silent Gard on more security.

██████████ /
SECURITY ISSUES
(CONTINUED)

There are locks on the gates and you cannot enter unless you have key swipe to get in. There are more security cameras in the front area of the building. President Fraley has talked to the Ashland and Morehead State Police and Carter County Sheriff. She has plans to talk to the Grayson Chief of Police.

WORKERS COMPENSATION

Last year when we got our worker's compensation bill, it was a lot less than it was in 2014 and the Board voted on February 16, 2015 to give a fifty dollar incentive to each employees. Due to Don Combs leaving, storm, and family sickness, this did not get paid, so we owe the employees \$50 from last year. This year the Workers Comp premium went down again. However the difference would have been so low she recommended no incentive payment.

LOSS TIME ACCIDENT

We had no lost time accidents in 2015, so employees are entitled to a day's pay, per board policy. President Fraley suggested paying for the safety day along with the \$50 from last year around the first of March.

W A KENDALL /
SMITH TREE COMPANY

President Fraley stated that W A Kendall proposed to her and Mike Martin a two (2%) increase on 'labor only' to go directly to their employees. This would amount to approximately \$343 a week and \$17,000 annually. This would also go to the Smith Tree Service employees, effective February 1, 2016.

A motion to give the right of way crews a 2% increase for 'labor only' for both W. A .Kendall and Smith Tree Service crews, effective February 1, 2016 was made by Director Martin, seconded by Director Dupuy and unanimously agreed upon.

SCHOLARSHIP MONEY

We are working on the scholarship money provided by EKPC for KCTCS. The money made from the sale of lineman's license plates is \$8,024.89 this year. Somerset, Florence and Ashland KCTCS schools will receive \$2,674.96.

██████████

President Fraley reported that ██████████ applied for electric to residence, about 2,900 feet, near the mushroom mine on the West end of the county. He has not been able to get the money to have the lines built. He was referred to the Farmers Home Administration at Morehead, but they do not have any more money for this type of assistance. President Fraley will notify him with a letter telling him there is no money available and if he would like to pay it we would build it. Legal Counsel Scott did advise at the December Board Meeting of ██████████ reputation / temperament.

CFC'S VOTING DELEGATES
FOR 2016 ANNUAL MEETING

Director Trent will serve as the voting delegate to CFC's National Meeting in February.

SAFETY IMPROVEMNET
PLAN

The Safety Improvement Plan was tabled until the February Board Meeting.

ACRE CERTIFICATE

GRECC received a Certificate from ACRE for 100% Management enrollment.

NRECA DIRECTOR GOLD

Jimmy Whitt was awarded a NRECA Director Certificate of Gold Credential.

LEGAL COUNSEL'S REPORT

Legal Counsel Brandon Music stood in for Legal Counsel Scott and reported on the following handout:

LEGAL COUNSEL'S REPORT
(CONTINUED)

- Bylaw and time line of annual meeting.
- Letter from Ina Fletcher, daughter of deceased co-op member, Ramey Fletcher.
- Reviewed emails from Park Priest in regards to Carter Caves State Park request for electric.
- Reviewed December minutes and phone conference with Carol Ann and Priscilla.
- Reviewed email regarding Julie Lewis and voice message from [REDACTED]. Legal Counsel Scott advised them to go to the County Attorney to get a criminal complaint filed and he understands that has been issued.
- Reviewed Blake Gilley letter regarding Mountain Enterprises' Asphalt Plant. A request was made for a \$27,000 deposit from Mt. Enterprise Asphalt.
- Reviewed consumer violation letters from President Fraley.
- Mailed letter to [REDACTED] advising of possible membership termination.
- Received KY Power's Brief on the Sand Gap Estates issue that was filed. After we get their brief and now stands to move to the Court of Appeals. He thinks it is doubtful that the court would overturn Franklin Circuit Court decision.

KAEC DIRECTOR'S
REPORT

Director reported there was no KAEC Board Meeting this month.

He reminded the Board of the Legislative Reception on February 2, 2016 at the Holiday Inn Capital Plaza (Caucus Room) in Frankfort.

EKPC DIRECTOR'S REPORT

Director Arrington reported there was not a meeting this month and that he attended a mandatory CFC workshop. He had the CFC Form 7 and the Asset and Liability Report if anyone would like to see it.

HERALD LEADER ARTICLE

The Herald Leader ran a letter to the editor from Larry Shelt of Morehead who wrote an article about rates. The letter was about using Kentucky mined coal.

President Fraley just received an update from Licking Valley, Fleming Mason, Jackson and Big Sandy. There are no outages, all expect a foot of snow and Big Sandy has some ice.

THANK YOU NOTES

GRECC received thank you notes from S.U.R.E, Lewis County Educational Foundation, Foundation for the Tri-State's Carter County Community Fund, and the Lawrence County, Kentucky, Genealogical and Historical Society.

DONATIONS

President Fraley presented to the Board for their consideration the following donation requests:

Greenup Cheerleaders – Nationals Competition	\$100
Rudy Fest – sponsorship and ad	\$275
East Carter High School Archery – sponsorship	\$100

Motion was made by Director Bentley, seconded by Director Whitt and unanimously agreed to approve the donations as presented.

BOARD POLICIES
504 AND 530

Consideration or approval of Board Policies 504 and 530 are tabled until the February Board Meeting.

MEETING ATTENDANCE

Robert Brown and Scott Speaks attended an engineering training in Illinois this week.

NO CONFLICT OF
INTEREST STATEMENT

The No Conflict of Interest Statement was tabled and will be handed out to each Director at the February 2016 Board Meeting.

BOARD MEETING DATE

The next board meeting will be held on Friday, February 26, 2016.

ADDITIONAL BUSINESS

Other business discussed was:

PRESIDENT AND CEO
APPRAISAL

Chairman Trent said he talked to Legal Counsel Scott in regards to President Fraley's appraisal, which is due. An evaluation on the President and CEO will be mailed to each Director prior to the next board meeting. These appraisals are to be returned to Legal Counsel Scott before the February Board Meeting.

President Fraley will mail her year-end report and goals to the Directors prior to the February Board Meeting.

DIRECTORS CONFERENCE

There will be a Directors Conference held in Austin TX on April 2 and 3rd.

KY LIVING

The Kentucky Living magazine had a Best in Kentucky contest and a GRECC member's daughter won the contest. Whitney Pennington won an iPad and will be presented with the iPad at a GRECC Board Meeting.

CLIFFORD 'KIPPY' JAMES

Clifford 'Kippy' James went on short term disability August 2015 and long term in November 2015. Board policy states he can be replaced in ninety (90) days. The union has replaced his officer position and understands his position will most likely be posted. When and if he is able to come back to work and capable of doing the job available at that time he would be able to fill such position. Kippy's position will be posted.

ROBERT BROWN /
CAITLIN HUTCHINSON

Robert Brown will be moving into the mapping position soon. Caitlin Hutchinson will be assisting with purchasing and paying bills in addition to posting cash.

PEGGY SKAGGS

Peggy Skaggs will go to IT, as a lot of her billing work ties in with IT now.

NANCY MADDEN

Nancy Madden will absorb Jeanie Virgin's work when Jeanie retires and Jeanie's position will be eliminated.

ADJOURN

Chairman Trent adjourned the meeting at 10:38 a.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On February 26, 2016 at 9:05 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Whitt gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Dupuy, seconded by Director Rice and unanimously agreed to approve the minutes from the January 2016 Board Meeting.
MANAGER OF TECHNICAL SERVICES	<p>Brian Poling, Manager of Technical Services gave his report as follows:</p> <p>Robert Brown has officially moved into the Geographical Information Systems (GIS) Technician's position. They visited with Bluegrass Energy to review their GIS program for ideas and tips as well as a free map app, which Robert has been training with. They also attended a GIS oriented training. Robert and Scott Speaks attended 2 one week staking schools in Illinois for line design and staking. The staking aspect would help Robert understand how to apply the engineers work to the maps.</p>
FUTURA CONTRACT	A contract was signed with Futura for our GIS and staking products. Robert and Brian are working on the request for a proposal document. The timeline to get it mailed is the first of April.
SCOTT MCGUIRE	Scott McGuire was introduced to the Board. He was hired for metering. He lives in Grayson and was laid off from Armco. He has a bachelor's degree from the University of Kentucky and worked 10 years at Armco after working for QX.net (an internet provider in the Lexington area).
GIS AND IPADS	<p>We are installing hardware that will allow service orders to be distributed to the maintenance personnel via iPads. The process will be more timely and accurate and will change the way we deal with delinquent accounts. Plans are to have it up and running in April. The use of iPads is a future benefit of the GIS project. Our objective is to provide an up-to-date copy of the maps to the field personnel.</p> <p>Brian showed a sample of Bluegrass's mapping. Director Whitt asked what the life of a transformer was. President Fraley said 30 years is average, but some transformers are functional for up to 50 years. Director Whitt asked if transformers are ever changed out based on load. Often a transformer will be changed out when a service is up rated or a trailer or another home goes in at that location. We rarely have an overload. Watson Church wanted bigger transformers so that they could turn everything on at the same time. President Fraley said they have 3 transformers and could be classified as small commercial, because of their demand. Commercial is 50 kVA or more and the rates are higher due to demand charge. Watson Church has been warned of this.</p>
MANAGER OF FINANCE AND ACCOUNTING REPORT	Bradley Cherry, Manager of Finance and Accounting presented the Financial and Statistical Report for December 2015. Mr. Cherry reported on the following:

FINANCIAL & STATISTICAL
REPORT FOR DECEMBER

Kilowatt hour sales for the month of December (12/01-12/31) were 8.20% under budget. Purchases for the time period of (12/1-12/31) were 16.63% under budget. Line loss for the last twelve months was 5.76%. Year to date margins were \$1,013,267 compared to the budgeted amount of \$591,443.

FORM 7

Form 7 shows sales were \$119,603 less and purchased power \$427,715 less. Maintenance expenses were \$380,639 less due to money allocated from FEMA.

FEMA

FEMA monies of \$336,000 were allocated for the storms and \$53,000 was extra for the March storm, which was booked into 2015. \$281,000 for the July storm was booked in December, as Alan Zumstein recommended. With the reimbursements, our margins were over one million dollars.

CHARGE OFFS -
MEMBER SERVICES

The charge off total for the year 2015 was \$105,000 plus compared to \$179,000 for the year ending 2014. The difference of \$74,765 was based on accrual write-offs.

T.I.E.R

The monthly O.T.I.E.R is 15.85 and the rolling twelve month O.T.I.E.R was 2.12. The FEMA reimbursement increased our margins. T.I.E.R would have been 1.52 if we had not received the FEMA reimbursement.

EKPC DONATIONS

President Fraley said EKPC gave Grayson, Jackson, Big Sandy, Cumberland and Licking Valley \$150,000 for scholarships to KCTCS in their area. These Cooperatives also received \$5,000 to be distributed to Christmas charities in their service territories.

CAPITAL CREDITS

We issued fourteen capital credits checks totaling \$12,792.32. We have seventeen outstanding capital credit applications, three received and fourteen incomplete.

2016 FINANCIAL BUDGET

Bradley handed out the 2016 Financial Budget showing updates to match what we did this year, including the \$500,000 storm budget. We made T.I.E.R. of 1.90, with 2.31 budgeted for 2015. If there was not a storm T.I.E.R. would have been 1.70. President Fraley pointed out hardly anyone in the state would be meeting T.I.E.R.

CUMBERLAND VALLEY

President Fraley reviewed with the Board some of the details of the Cumberland Valley Rate Case. Cumberland Valley asked for \$15 in service charges and the PSC only allowed them \$8.50. The Commission was not happy with wage increases, which included a retired employee's wages. They believe it is an inherent problem for the CEO to negotiate pay raises with the union, and then along with the board of directors direct the same increase for employees and the President and CEO. Cumberland Valley compared wages statewide and the PSC complained because the wages were not compared to area wages.

Before September President Fraley will have someone to give us similar wage projections on business, construction, clerical and staff comparisons. That will be on file and the board could take that into consideration.

**FEDERATED BUSINESS
INSURANCE**

We received a premium back from Federated Insurance for next year which will start in April. Our premium will decrease \$540, our all-risk blanket went down \$600, our umbrella is up \$6, and the directors and other stayed the same. Last year it was \$99,071 and the cost this year is \$98,531, as proposed.

Motion was made to accept the Federated Insurance for business in the amount of \$98,531 by Director Dupuy, seconded by Director Whitt and unanimously agreed upon.

CYBER INSURANCE

The cyber insurance policy with Federated Insurance will give us \$500,000 coverage and is the most that we can do without Federated coming in and doing additional testing. The premium is \$3,060.

A motion was made to accept the cyber insurance policy as presented in the amount of \$3,060 by Director Rice, second Director Dupuy and unanimously agreed upon.

CFC MEETING

The 2016 CFC Forum is June 5-8 in Seattle, Washington.

INTERSHIP CLASSES

Bradley will be attending the first internship class in September or October.

RUS WORK ORDERS

RUS work orders for the months July, August and September 2015 were presented to the board of directors for approval:

July 2015	Work Order No. 1224	\$141,121.57
	Work Order No. 1225	\$ 4,438.66
August 2015	Work Order No. 1226	\$270,532.60
	Work Order No. 1227	\$ 8,838.32
September 2015	Work Order No. 1228	\$224,978.50
	Work Order No. 1229	\$ 8,191.06
Total		\$657,920.71

Motion was made by Director Rice, seconded by Director Whitt and unanimously agreed to approve said work orders as presented and submit them to RUS.

**APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR DECEMBER 2015**

Motion was made by Director Rice, seconded by Director Bentley and unanimously agreed to approve the Financial and Statistical report for December 2015 as presented for informational purposes only.

**MANAGER OF MARKETING
& MEMBER SERVICES**

Manager of Marketing & Member Services Report – Kim Bush presented her report as follows:

LIHEAP

Total LIHEAP received for 2015-2016 was \$208,747.20 compared to the total of \$226,370.99 in 2014-2015. Only Crisis money is available. If on Prepay, members receive \$200 and Debt Management can be taken out of it.

PRE-PAY

Pre-Pay currently has 486 active accounts and 5 inactive accounts. The average balance on Pre-Pay accounts is \$58.74 credit and average kWh usage is 49 daily. The total number of payments in 30 days is 2,031.

DEBT MANAGEMENT

Debt Management has 30 active accounts totaling \$5,551.14 with 8% of active PrePay having Debt Management.

WRITE-OFF'S

Write-off for February 2016 was \$2,843.04 compared to \$3,238.23 in February 2015.

ENERGY EFFICIENCY

Tina Preece stays busy with energy audits and high bill complaints. She had 3 energy audits; 6 heat pumps; 4 button up; 3 HVAC duct seal; 2 button up's. Energy Star rebates total since May 2015 is \$13,850. The Energy Star appliances were: 23 energy star heat pumps, 3 air conditioners; 38 washers; 34 dishwashers; 8 freezers; 1 water heater; 1 manufactured home and 1 refrigerator. Consumers can file their own rebates online. There were 22 refrigerators recycled.

HOUSE\$MART

The House\$mart program is currently suspended. Grant funding money covering part of the out-of-pocket costs was depleted last year. MACED and EKPC are still working on how to cover cost without passing on to the members in need of this program.

CARES

A new tariff, CARES, was filed through EKPC. This program will help to offer funding to Low Income Homes that utilize the weatherization program through Northeast, Gateway and Licking Valley CAPs. Most homes would qualify for money toward a new high efficiency heat pump.

ANNOUNCEMENTS

The Frankfort Youth Tours for high school juniors is in April. They will be eligible for Washington Youth Tour. Anyone who knows a junior that would like to attend should contact Julie Lewis.

The Board will have lunch with our Scholarship winners in March.

Constant Contact is an email service we use to advertise and communicate with our members via email. Currently we have over 2,500 members emailing EKPC to Julie. The cost is \$35 a month and EKPC cost shares with us.

The Annual Meeting is Thursday, May 12th. The buckets have been ordered.

WHITNEY PENNINGTON

Whitney Pennington, Sandy Hook resident and MSU Freshman, completed an online survey about places she likes in Kentucky for Kentucky Living Magazine. Her name was drawn and she won an iPad for the contest. Chairman Trent and President Fraley presented her with the iPad. She is the daughter of Charles Ray and Angie Pennington.

SCHOLARSHIPS

We had 41 scholarship applications and 4 not completed. Most scholarships were from Rowan County this year. Surrounding areas of Paintsville, Russell, Boyd County, home school and non-traditional applied for a scholarship. There was 330 points possible. The top ten scored 300 and above and the top one scored 310 with the lowest score being in the upper 200s. Smart applicants.

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations, gave the Operations Report. He reported on the following:

EMPLOYEE/LOST TIME
ACCIDENT

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during January 2016:

January 04 —Kyle Clevenger, Manager of Operations, reviewed a safety investigation on Chris Mosier and read from the Safety Manual, General Rules...108 Warnings, 109 Intoxicating Beverages and Drugs, and 110 Housekeeping. He reminded everyone to change out their rubber gloves. Everyone was also reminded to change out the batteries in their volt meters and watches next week at safety meeting.

January 07 —Carol Fraley, President and CEO, turned the meeting over to Clarence Greene for the KAEK monthly safety meeting. His topic was Speak Up/Listen Up. He showed videos and discussed how important it is to speak up when you see a possible safety threat and also important to listen when someone does speak up.

January 19 —Mike Martin, Assistant Mgr. of Operations, turned the meeting over to Jeff Stevens, a retired State Policeman. His topic was on pop up shooters and went over examples and tips on what to do when confronted with dangerous situations. The first was to get somewhere safe and then call 911. Nancy handed out information on the online safety courses required for 2016. The monthly safety give-a-way was handed out. Kyle reminded everyone to change out their sleeves and batteries.

January 25 —Andrea McCleese, Technical Services Supervisor, read from the Safety Manual, 113-Wireless Electronic Devices, 115-Training, 115.1 – 115.4. Carol Fraley went over notes from a meter reading survey and also talked about a new mapping system that will begin soon. Robert had handouts of a revised version of the NESC Table. Kyle and Carol Ann explained situations where a member would need to be inspected again.

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and the importance of using ground chains. A line is not dead until it is grounded.

CONSTRUCTION

Construction built one hundred fourteen (114) new work orders for the month of January and worked zero (0) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked two hundred seventeen (217) hours of overtime during the month of January 2016. Engineering worked seven (7) hours of overtime.

DELINQUENT NOTICES

The Maintenance & Construction Departments collected on fifty-five (55) delinquent accounts and disconnected eight (8) accounts in February 2016.

CONTRACT CREWS

We have three (3) Pike crews that have been working in the following areas:

Tony Seagraves – Stark Conversion, Elliott County and New Construction
Chris Tackett – Bruin, Elliott County
Kevin Hamm – State Route 519 (State Job), Rowan County

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 670 trees, cut 1,407 trees, and cut 45,690 feet of brush/line. The crews are working in the following areas:

RIGHT-OF-WAY CREWS
(CONTINUED)

2 cutting crew in Carter, Lewis and Greenup Counties
1 cutting crew in Elliott and Lawrence Counties
3 cutting crews in Rowan County
1 bucket truck crew in Carter, Lewis and Greenup Counties
1 bucket truck crew in Elliott and Lawrence Counties
1 bucket truck crew in Rowan County
1 tractor crew in Rowan County

Smith Tree Service has one circuit crew in Carter County and is working on State Route 504 now.

ENGINEERING REPORT

The Engineering Department released one hundred sixty-eight (168) prints consisting of 1,125 feet of primary line and 2,080 feet of service wire. They currently have one (1) new service to be staked and one (1) to be drawn. They have approximately twelve (12) miscellaneous jobs to be staked or drawn.

SAFETY IMPROVEMENT

President Fraley read her 2016 Safety Improvement goals, as listed below:

SAFETY IMPROVEMENT PLAN 2016

1. FRONT LINE SUPERVISOR ENGAGEMENT

We consider employees who initially meet our members to be our "front line." This includes our Customer Service Representatives, Cashier/CSR, Crew Foremen, and Engineers.

- A. We want to make sure that all Cooperative employees have a good working knowledge of policies and procedures and can explain them to our members when necessary. If an employee does not have the answer, he/or she should be prepared to direct the member to the correct employee for additional information.
- B. Update the current Administrative Guidelines to reflect and explain the methods/protocol that we use in different situations such as line extensions, required inspections, and line retirements and make sure they are fair and consistent.
- C. Involve the Board of Directors and make sure they understand that the participation of the Board and all employees is essential to the success of our safety program.

2. CREW VISITS

- A. We want to involve all Staff in unannounced crew visits and we want to document those visits and what was found.
- B. We want to make sure that all employees know that unannounced crew visits are constructive in nature and not to "catch" employees doing anything wrong. All Staff should be trained to conduct a crew visit and to be able to make it a learning experience, even if corrective action was necessary.
- C. The Secretary to the Operations Supervisor will keep a record of all crew visits.

3. JOB BRIEFINGS

- A. Job briefings are necessary to the success of the job. Tailgate conferences shall be held before the commencement of any job and shall be documented on any job order.

**SAFETY IMPROVEMENT
(CONTINUED)**

- B. Any individual working alone shall take time before starting a job, to consider the safety issues and difficulties that could occur. The individual shall also consider whether additional help is needed before he starts the job. If an individual employee has any doubt about his or her ability to handle a job by himself, he shall immediately call a supervisor to discuss the situation and additional help shall be sent as needed.

These will be presented to all employees

BUCKET TRUCK

We received the new bucket truck and have it in service this week.

JUSTIN STANIFORD

Justin Staniford has been promoted to 2nd year apprentice lineman.

COLUMBIA GAS

We had a meeting with Mike Spencer of Columbia Gas and Steven Burgess on Monday, February 29th along with President Fraley, Jim Bridges, Brian Poling, Kyle Clevenger, Mike Martin, Scott Speaks and Joe Sargent.

Columbia Gas mailed a \$50,000 aid to construction check, so we will be charging time.

**APPROVAL OF NEW
MEMBERSHIPS &
RETIREMENT OF
EXISTING MEMBERSHIPS**

Motion was made by Director Dupuy, seconded by Director Martin and unanimously agreed to approve fifty-eight (58) new memberships and retirement of ninety-five (95) existing memberships for January 2016.

BAD DEBT WRITE-OFFS

Motion was made by Director Martin, seconded by Director Bentley and unanimously agreed to charge off \$ 1,752.56 worth of bad debts and turn them over for collection.

**APPROVAL OF CEO'S,
DIRECTOR'S & ATTORNEY
BUSINESS EXPENSES**

Motion was made by Director Rice, seconded by Director Martin and unanimously agreed to approve the President's business expense of \$255.01, Director's business expenses of \$15,479.88 and Attorney's business expense of \$528.93.

PRESIDENT'S REPORT

President Fraley reported on the following:

ELLIOTTVILLE SUBSTATION

We read 2,200 meters on the Elliottville Substation and had 169 retirements. Thirteen accounts have been reclassified and several bird houses, night lights and satellites removed. We have read 7,414 meters total.

MAZIE SUBSTATION

We plan on reading the Mazie Substation next and the Sandy Hook Prison.

JIM JACOBUS

Jim Jacobus has asked to come up and observe the annual meeting. They think is one of the expenses the Commission is targeting, so they want to look at our model. A date will be set up with them on Monday.

SECURITY

We have taken an in depth look at improving our security. People who come into the building can be seen at the screening points in billing, engineering and at the front counter. All gates are kept locked. We have had a retired police officer to come in and talk about safety; instructed the Customer Service Representatives to use the button under their desk for any threats; talked to the police and sheriff who are driving by more often; and placed signs at all desks stating video in use.

██████████ We have not heard of a court date on ██████████. He has been charged \$400 for overtime to his home.

GENESIS

Genesis Rehabilitation Center is being built beside Kmart.

EKPC SCHOLARSHIP

President Fraley talked to ACTC, as requested by the Board last month. She read the proposed form. It would be used for students attending ACTC and would be selected by the scholarship committee. The scholarship would be given to students living on GRECC lines in Carter, Elliott, Lawrence, Lewis, Greenup and Rowan Counties and the student must have a 2.5 grade point average. The student must pay part of the tuition necessary for the student to attend, and must abide by all rules necessary to go to college. This is for the lineman program.

Motion was made to table the ACTC scholarship proposal until the March Board Meeting by Director Dupuy, seconded by Director Rice and unanimously agreed upon.

YEAR END - REPORT

President Fraley read her 2015 Year - End Report to the Board as follows:

2015 Year – End Report

1. COMPLETED A 10 YEAR FINANCIAL FORECAST 2014-2023
2. COMPLETED A BUDGET FOR 2015
3. COMPLETED A NEW FEBRUARY LOAN APPLICATION IN THE AMOUNT OF \$20,000,000 (\$1,325,000 WORK PLAN AND \$675,000 MAPPING)
4. STOPPED TAKING PAYMENTS AT LOCAL BANKS
5. COMPLETED ROUTE 7, MALONETON AND PICKED UP SAWMILL
6. COMPLETED MONTGOMERY
7. THREE PHASED BRUIN AND RT 409
8. HIRED JUSTIN STANIFORD
9. IT UPGRADES, NEW STORAGE, WEB AND CONFERENCE CALL CAPABILITIES
10. KY FIBER OPTIC PROJECT, COMPLETED CONTRACT AND PRELIMINARY ATTACHMENT WORK
11. SETTLED EKPC LAWSUIT
12. STOPPED TAKING CREDIT CARD PAYMENTS IN HOUSE
13. HELD THE FIRST LINEMAN'S APPRECIATION DAY IN APRIL 2015
14. CHANGED TO HUMANA HEALTH CARE COVERAGE FOR RETIRED EMPLOYEES
15. HELD A VERY SUCCESSFUL ANNUAL MEETING WITH OVER 1,300 REGISTERED MEMBERS
16. SUCCESSFULLY NEGOTIATED WITH FEMA FOR STORM DAMAGE REIMBURSEMENT
17. STAYED CURRENT WITH DECEASED ESTATES CAPITAL CREDITS
18. AMENDED THE 401K PENSION PLAN
19. NO RATE INCREASE
20. MADE T.I.E.R.
21. CHANGED TO LED SECURITY LIGHTS
22. IMPLEMENTED A PROGRAM TO RECONCILE METERS READING ZERO
23. IMPLEMENTED A PROGRAM TO SYSTEMATICALLY REMOVE IDLE METERS AND REINTRODUCE TO INVENTORY OR SCRAP
24. NO LOST TIME ACCIDENTS, LOWEST WORKERS COMP PREMIUM AMONG THE COOPS IN THE STATE
25. IMPLEMENTED A PROGRAM TO SYSTEMATICALLY REMOVE PRE-PAY METERS AND REINTRODUCE TO INVENTORY
26. READ ELLIOTTVILLE (2200 METERS) AND AIRPORT ROAD (859 METERS) SUBSTATIONS

YEAR-END REPORT
(CONTINUED)

27. PROMOTED BRADLEY CHERRY TO MANAGER OF FINANCE AND ACCOUNTING
28. PROMOTED ROBERT BROWN TO DIRECTOR OF PURCHASING AND STORES
29. PROMOTED CATIE HUTCHINSON TO DIVISION SECRETARY, FINANCE AND ACCOUNTING
30. PROMOTED SHERRY BUCKLER TO MANAGER OF ACCOUNTING AND HUMAN RESOURCES
31. STARTED THE 65TH GRECC CELEBRATION

PEGGY SKAGGS

Peggy Skaggs was promoted to Division Assistant Technical Services.

RODNEY HITCH

Rodney Hitch was here last week. He was shown Mountain Enterprise Asphalt Plant, Columbia Gas, Genesis Rehabilitation and the site for the new John Clark truck plaza.

VALLEY VIEW
SUBDIVISION

EKPC has mapped our territory on the official PSC maps. There are 17 consumers on these maps clearly in our territory in the Valley View Subdivision.

CRC

We received a \$500 check from CRC for 2015 fiscal year dividends.

CFC

We received the official voting delegate form.

BILL DELONG

Bill DeLong is off work due to shoulder surgery.

LEGAL COUNSEL'S REPORT

Legal Counsel Scott reported on the following:

CARTER CAVES STATE PARK

A letter was received from Park Priest. He has talked to the attorney for the [REDACTED] family and he didn't think they would pursue this action. He said we should proceed with hooking up the bath house at the camp ground.

CUMBERLAND VALLEY

Legal Counsel suggested that our minutes should reflect the names of voting delegates and state in the minutes the general session they will attend along with the meeting. President Fraley said we will continue to do so, being even more specific.

EXECUTIVE SESSION

President Fraley and Priscilla Sparks, Executive Assistant, were excused from the board room at 12:00 p.m. for the Board to go into Executive Session for the consideration of President and CEO's contract renewal and compensation, as well as her job evaluation.

The Board came out of executive session 12:08 p.m. with Legal Counsel Scott noting that the Board agreed unanimously to giving President Fraley a three year contract with an annual percentage raise the same as the GRECC employees.

KAEC DIRECTOR'S REPORT

Director Whitt reported that the KAEC meeting was held in Frankfort on February 2nd with the Legislative Reception in the evening. Items discussed were:

Manufacturing transition update and the sale of the UUS warehouse.
All employees will receive a severance package.

Legislative Committee report and Legislative update was given with talking points for the reception discussed as: Net Metering (no bill yet), Municipal Joint Action (SB79) opposed as is, Big Rivers co-ops are neutral on the

KAEC DIRECTOR'S REPORT
(CONTINUED)

issue; Eminent Domain Legislation (HB 168) opposed as is; Senate Bill 291 in regards to 911 fees was opposed (Clark County government voted to cause Clark RECC to pick up the 911 fee); and the HB 295 strengthens the penalty on assault of utility workers.

The President reported on the NRECA Annual Meeting in New Orleans in February and the UUS Reception held. The KAEC Annual Meeting location for 2018-2019 will be held at the Louisville Marriott Downtown.

In the new business report, it was agreed to retire the \$286,000 in CD accounts; Julie Mayton, discussed the 2015 wage surveys which are due March 14th; and Jim Jacobus of Inter County Energy discussed the 911 Service Fee being proposed.

EKPC DIRECTOR'S REPORT

Director Arrington reported the following:

Don Mosier was voted on and designated as Tony Campbell's alternate director to ACES Power Market Meeting Board Manager.

Paul Hawkins is retiring as EKPC Chairman, but he will still be on ACES board.

Financial Report – cost to member systems \$66.79/mWh; better than budget, saving member system \$25.4 million in 2015.

Margins are \$36.7 million and on budget for the year; total assets increased by \$59 million; \$3,305 million in 2015, included acquiring the Bluegrass Generating assets;

Liquidity – maintained high level;

Equity ratio is 15.9;

The employee opinion survey was reviewed;

Don Mosier gave an update on Cooper 1 and 2; the Cooper tie-in shows it is on budget and on schedule;

Mike McNalley discussed the capacity benefit of power plant clean air and reported the supreme court struck down the CPP; a final rule for CO2 emissions from new, modified and reconstructed electric utility generating units (EGUs) (the Section 111 (b) rule).

Director Arrington serves on the Strategic Issues Committee and President Fraley serves on the Audit Committee at EKPC.

THANK YOU

GRECC received thank you notes from Rowan County Christmas, Youth Leadership and Project Merry Christmas. We received a letter from Alice Book recognizing Tina Preece for her assistance and recommendation on type of heat and an energy audit on her home.

DONATIONS

President Fraley presented to the Board for their consideration the following donation requests:

East Carter Lady Raider Softball – field sign renewed – sponsorship	\$100
Carter County Shrine Club – bluegrass show sponsorship	\$250
Greenup County Fire Fighters Assoc. – annual fire school	\$100
Blaine Elementary – 8 th grade field trip	\$250
Magic 12u Travel Ball – Greenup softball team	\$100

Motion was made by Director Whitt, seconded by Director Dupuy and unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE

There were no upcoming meetings presented.

BOARD POLICIES 504 and 530

President Fraley presented to the Board for approval changes to the following Board Policies:

Board Policy 504 – Sick Leave, Disability and Workers' Compensation and Board Policy 530 – Cell Phone Policy

A motion was made to accept the changes to Board Policies 504 and 530 as presented by Director Whitt, seconded by Director Bentley and unanimously agreed upon.

DIRECTORS CONFLICT OF INTEREST DISCLOSURES

The Conflict of Interest Disclosures were tabled until the March Board Meeting.

BOARD MEETING DATE

The next board meeting will be scheduled later once a date is agreed upon, due to the office being closed on Good Friday.

ADDITIONAL BUSINESS

There was no additional business brought before the board.

ADJOURN

Chairman Trent adjourned the meeting at 12:38 a.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On March 28, 2016 at 9:11 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: W. Jeffrey Scott, Legal Counsel; Carol Hall Fraley, President and CEO; and Priscilla Sparks, Executive Assistant.

INVOCATION

Director Rice gave the invocation.

APPROVAL OF MINUTES

Motion was made by Director Bentley, seconded by Director Martin and unanimously agreed to approve the minutes from the February 2016 Board Meeting.

MANAGER OF TECHNICAL SERVICES

Brian Poling reported on the following:

Another meeting is scheduled with Leidos on the GIS project to finalize date. A pre-bid meeting will be held for those interested in an RFP. Recommendations will be brought to the June Board Meeting. The selected contractor will inventory in our test area, to be completed in four months. Data will be analyzed and if acceptable, the remainder of the system will be inventoried.

Futura will install our software and convert the database, along with training on the GIS and staking software training.

Andrea is training the maintenance men on the use of their new iPads today. They will have a couple of weeks to learn how to use them before SEDC comes to train them on the new mobile software.

We currently have 6 iPads for the Maintenance Men and 2 backups. Everything will be on line. Robert is working on the mapping.

OFFICE FINANCIAL REPORT

Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for January 2016. Mr. Cherry reported on the following:

FINANCIAL & STATISTICAL REPORT FOR JANUARY

Kilowatt hour sales for the month of January (01/21-02/20) were 7.79 % under budget. Purchases for the month of January (1/1-1/31) were 3.53% under budget. Line loss for the last twelve months was 6.50 %. Year to date margins were \$234,785 compared to the budgeted amount of \$639,433.

T.I.E.R.

January's operating T.I.E.R. for the month was 4.02. The average rolling twelve month T.I.E.R. was 1.62.

FORM 7

Revenue for January 2016 was \$458,078 less. Purchased power for January 2016 was \$84,738 less and right-of-way was \$44,147 more.

DEGREE DAYS

Bradley went over the Financial Report in detail and explained how the degree days affect our billing. The degree days analysis shows in 2016 the average temperature was 34.4 compared to last year's temperature of 27.8. January's Heating Degree Days were 949 compared to last year's 1,153. This is a good explanation of our profit margins and drop in revenue for the month.

Line loss for the month was 4.82% when matched up to EKP day to day compared to the booked 8.35%. These figures are about normal.

**GENERAL REVENUE
SUMMARY**

The general revenue summary report was:

15,291 billed and 12,017 of those are residential;
\$3,454 million dollars in revenue for the month;
\$293,500 dollars for environmental surcharge and;
\$118,832 dollars credit back for fuel charges.

2015 BUDGET HIGHLIGHTS

Bradley discussed the 2015 budget highlights.

CAPITAL CREDITS

Twelve capital credits applications will be paid this week and that will have us caught up through March.

STORM UPDATE

We have received most of the expenses from the February storm. We estimate the total cost of the February storm will be between \$110,000 and \$125,000.

A report of the February storm has been submitted to the Commission by President Fraley and when an actual total cost has been received she will report to the Board and send a final report to the Commission.

**APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR JANUARY 2016**

Motion was made by Director Rice, seconded by Director Dupuy and unanimously agreed to approve the Financial and Statistical report for January 2016, as presented, for informational purposes only.

BRADLEY CHERRY

President Fraley reported to the Board that Bradley Cherry has been accepted in the 2016-2017 MIP Group III Enrollment and confirmation has been received for November 2016, January 2017 and March 2017.

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations gave the Operations Report with Mike Martin, Assistant Manager of Operations. Mr. Clevenger reported on the following:

**EMPLOYEE/LOST TIME
ACCIDENT**

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during February 2016:

February 10—Priscilla Sparks, Executive Assistant, turned the meeting over to David White for the KAEC monthly safety meeting. Copies of the Federated Insurance's near miss-reports were passed around for review and he finished the meeting with outside grounds testing. Certificates of Completion for the Safety Coordinators Conference were presented to Priscilla Sparks and Nancy Madden by President and CEO Fraley. We had the monthly safety give-away

February 15—Robert Brown, Director of Purchasing and Stores, talked about the GIS (geographic information system) Mapping and how the information would show up on the maps.

February 23—Bradley Cherry, Mgr. of Finance and Accounting, turned the meeting over to Mike Haire from NRECA for a Retirement Planning Seminar. Our new employee, Scott McGuire, was introduced. Carol Fraley read a thank you letter from a consumer and then reminded everyone to be careful and to stay alert.

**SAFETY REPORT
(CONTINUED)**

February 29—Kim Bush, Mgr. of Marketing and Member Services, read from the Safety Manual pages 105-108 General Office Safety, Video Display Terminals, Warehouse Operations, and Shipping and Receiving.

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and the importance of using ground chains. A line is not dead until it is grounded.

CONSTRUCTION

The Construction Department built one hundred nine (109) new work orders for the month of February and worked zero (0) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked three hundred six (306) hours of overtime during the month of February 2016.

DELINQUENT NOTICES

The Maintenance and Construction Departments collected on one hundred four (104) delinquent accounts and disconnected twenty-four (24) accounts in March.

CONTRACT CREWS

Three Pike Electric crews have been working in the following areas:

Tony Seagraves – Stark Conversion, Elliott County and New Construction (currently on the last part of the conversion, followed by retirement)

Chris Tackett – Bruin, Elliott County

Kevin Hamm – State Route 519 State Job, Rowan County

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crews trimmed 608 trees, cut 666 trees, and cut 25,495 feet of brush/line. The crews are working in the following areas:

2 cutting crew in Carter, Lewis and Greenup Counties

1 cutting crew in Elliott and Lawrence Counties

3 cutting crews in Rowan County

1 bucket truck crew in Carter, Lewis and Greenup Counties

1 bucket truck crew in Elliott and Lawrence Counties

1 bucket truck crew in Rowan County

1 tractor crew in Rowan County

Smith Tree Service has a circuit crew in Carter County and a cutting crew in in Elliott County on the Elliottville Feeder.

ENGINEERING REPORT

The Engineering Department released one hundred twenty-four (124) prints consisting of 25,090 feet of primary line and 1,755 feet of service wire. They currently have two (2) new services to be staked and two (2) to be drawn. They have sixteen (16) miscellaneous jobs to be staked or drawn.

LARGE JOBS

President Fraley asked Scott Speaks, Engineer, to attend the meeting with Mike Martin and Kyle to give an update on the large jobs in process.

COLUMBIA GAS

Columbia Gas's representative, Mike Spencer met with us in regards to the property behind the east bound rest area. An engagement letter has been signed with Jim Bridges of Distribution Service Solutions to help supervise every aspect of this project, including highway crossings, interstate surveys and primary metering on the outside of their fence. Legal Counsel Scott has looked at Columbia Gas's deeds and an easement that was signed which ended on their property. Scott handed out a map showing the site and where

COLUMBIA GAS
(CONTINUED)

the office building would be. It will be served from EKPC's Green Valley line. Kyle stated we have an existing single-phase across the interstate, which will be upgraded to a three-phase line. There are two residences in this area. The work involves purchasing and installing a 1000 kva transformer owned by Columbia, primary metering, right-of-way, and 5-6 spans of wire from EKP's Green Valley line. The state has a new supervisor in Department of Transportation with a utility background. Jim Bridges will be here tomorrow working with us on road crossings, aid to construction cost, supervise the study on the road crossings along with Scott, Kyle and Mike, and work with EKP. Jim will also be signing off on the project as Professional Engineer. Columbia wants to test everything at the end of 2016 and it is a very detailed drawn out process.

Columbia Gas has paid \$50,000 in aid to construction which will cover any pre-construction costs. Columbia sent a proposal for a surety bond last week and President Fraley sent it to Legal Counsel Scott who made some changes. The Columbia Gas right-of-way easements have been recorded at the courthouse.

MOUNTAIN ENTERPRISE

We are tripling Mountain Enterprise's load. Kyle said we have energized one line. Scott said there would be two motors to test, a 200 and 300 hp motors. We plan to have them running within 3 weeks. They have paid a \$36,000 deposit.

GENESIS

The Genesis Recovery Center will be going out of the contractor's name into the business name around August 1st and will be paying about a \$5,000 deposit. It is a 100 bed facility with each room having a private kitchenette.

JOHN W CLARK OIL

There has not been any updates on the John W. Clark Oil Truck Stop at Pleasant Valley.

JERRY & DEBBIE GROCERY

Jerry & Debbie's Grocery is under new management. President Fraley asked them for a \$2,600 deposit. They paid \$1,300 deposit for one account and \$500 deposit on the other. They will pay the remainder plus their first bill next month.

SAVE-A-LOT

We have a request for electric service from Save-A-Lot in Elliott County. It will be located near the Laurel Gorge Inn in Elliott County. Their load is a three-phase, but will be heating with propane.

DOLLAR GENERAL STORE

The Dollar General Store in Sandy Hook is relocating due to hill slip. The new locations will be next to David Brickey's business. This load will be all electric.

BLACK & VEACH

Kyle reported Black & Veach had a section staked for the dark fiber project, but they have 32 issues they need to correct. Black & Veach are currently staking a section from Morehead to Sandy Hook. President Fraley said we will ask for a deposit to aid to construction before work commences.

MANAGER OF MARKETING
AND MEMBER SERVICES

Kim Bush, Manager of Marketing and Member Services, reported:

LIHEAP

LIHEAP payments were down this year. We received \$219,590.87 this year from November 2015 to today, compared to \$226,370.99 last year. The state has extended the deadline through April 29th. NEKADC is out of money, but

LIHEAP (CONTINUED)

Licking Valley and Gateway still have money. She doesn't know if they will do 30 day extensions, but plans on calling Northeast to find out.

PRE-PAY ACCOUNTS

As of Tuesday we have 494 Active Pre-Pay accounts and 3 inactive. The average balance is a \$60 credit. In the last 30 days, we have received 1,683 payments totaling \$ 71,556.35. The average payment is \$42.52. Director Trent asked how they were notified when they are about to run out of money. Kim explained they are notified every morning about 9:00 a.m. by email, text message or telephone. We must have a working telephone number in order to contact them. We don't disconnect on Fridays or holidays.

ENERGY AUDITS

Tina did 15 energy audits this month. There were ten Energy audits, four Button-Up audits and one Touchstone Energy Home audit. She also did an energy audit on a sick elderly couple (Palmer's), who were having trouble paying their bill and didn't qualify for any type of heating assistance. We were not able to help them. The Greenup County Sheriff Department was notified to see if they or someone could help the couple.

DEBT MANAGEMENT

We have 30 active accounts with Debt Management. The total amount is \$4,796.63. Six percent of active accounts have Debt Management. Next month Kim will be reporting on what she mailed to the PSC this month.

GRECC ANNUAL MEEETING

May 12th is our Annual Meeting. Kim showed the bucket that will be used at the annual meeting this year. Every 65th member will receive a candy jar in commemoration of our 65th anniversary. GRECC aprons will be in the buckets, along with light bulbs and other gifts.

HONOR FLIGHT

The Honor Flight is scheduled for August 27th. Scott Speaks and Billy Ray Wilson will act as guardians. We are sponsoring two WWII Veterans from the Lexington area. Our County Judge Executive will get us an updated list of WWII veterans in the area. Rocky Adkins and Heather French both have signed up to be guardian.

Motion was made to accept the 2016 Annual Meeting Budget as presented by Director Rice, seconded by Director Dupuy and unanimously agreed upon.

APPROVAL OF NEW
MEMBERSHIPS &
RETIREMENT OF
EXISTING MEMBERSHIPS

Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to approve sixty-eight (68) new memberships and retirement of eighty-eight (88) existing memberships for February 2016.

BAD DEBT WRITE-OFFS

Motion was made by Director Martin, seconded by Director Whitt and unanimously agreed to charge off \$2,134.53 worth of bad debts and turn them over for collection.

APPROVAL OF CEO'S,
DIRECTOR'S & ATTORNEY
BUSINESS EXPENSES

Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to approve the President's business expense of \$12.73, Director's business expenses of \$6,721.84 and Attorney's business expense of \$.00.

PRESIDENT'S REPORT

President Fraley reported on the following:

LINEMAN APPREICIATION

The National Lineman's Appreciation Day will be observed Monday, April 11th.

**LINEMAN PROGRAM /
EKPC SCHOLARSHIP MONEY**

President Fraley presented to the Board the Scholarship Agreement from KCTCS for thirty thousand dollars donated by EKPC to GRECC. To be eligible, students must enroll in the lineman's program, the student or his parents must have a primary residence on our lines, must have a 2.5 GPA and demonstrated potential for academic success and require financial assistance.

Director Arrington made a motion to accept the Scholarship Agreement from KCTCS as presented to the Board, seconded by Director Martin and unanimously agreed upon.

A thank you note will be mailed to East Kentucky Power for their donation to this worthy cause.

CARTER CAVES STATE PARK

Chris Perry, Manager at Carter Caves State Park is requesting wire retirement from the old bath house (area where there is potential for a lawsuit). Federated Attorney, Park Priest, has talked to the [REDACTED] Family's attorney, Will Wilhoit in regards to this matter.

SCHOLARSHIP WINNERS

President Fraley read the list of scholarship winners, who were:

Joseph Blevins – Carter County	Thaddeus Clay – Carter County
Darren Gifford – Carter County	Samantha Carter – Elliott County
Makayla Rose – Elliott County	Emma Ison – Greenup County
William Martin – Greenup County	Brooke Griffith – Lawrence County
Adam Duff – Rowan County	Clarissa Gearner – Rowan County

SEDC PATRONAGE REFUND

We received an SEDC patronage refund check in the amount of \$2,316.50.

KAEC REFUND

We received from KAEC \$5,005.76 from old debenture they had retired.

FEDERATED INSURANCE

We received from Federated Insurance a check in the amount of \$4,246 for equity distribution's year 2008 at 25%.

OFFICE CHANGES

President Fraley reported changes she has made in the office with the employees. The changes are:

Peggy Skaggs moved out of Billing Department to the IT Department; Nancy Madden is training to do Jeanie Virgin's job, as Jeanie will be retiring in January. President Fraley has no plans to replace anyone in Billing; Julie has moved downstairs and she and Tina will be helping with Billing; Robert Brown is in Mapping; and new employee, Scott McGuire, is doing very well.

LEGAL COUNSEL'S REPORT

Legal Counsel Scott reported on the following:

PRESIDENT AND CEO

The President and CEO contract is ready to sign, retroactive. Chairman Trent and Director Martin both need to sign, as well as President Fraley.

SMITHFIELD

A letter was mailed to Smithfield after meeting with President Fraley and her staff. President Fraley said Jeff Salyer wants to talk one on one and the only thing she knows to tell them is they are responsible for the cost of replacing the transformers, which cost around \$26,000. We recommend that they need to have a spare on site in case a transformer goes bad.

DELINQUENCIES

He reviewed delinquencies received from GRECC.

██████████	President Fraley asked if Mr. Scott had seen the court date on ██████████ and he hasn't. GRECC will have to be there when a court date is assigned.
KAEC DIRECTOR'S REPORT	Director Whitt reported the following on the KAEC Board Meeting this month:
HOUSE BILL 186	<p>We oppose Bill 186:</p> <p>Fundamental goal is school energy cost reduction Accomplished by eliminating demand charges for all schools Encourage Board to express concerns, educate representatives, and educate senators</p>
OPERATIONS COMMITTEE	The Operations Committee elected Mark Stallons to replace Ted. When the Operations Committee meets, the decisions are already made by the committee before the Board meets.
KENTUCKY LIVING	The Kentucky Living Magazine has been there longer than 65 years and will be selling tasteful ads for alcohol.
EKPC DIRECTOR'S REPORT	Director Arrington reported the following on the EKPC Board Meeting this month:
SAFETY UPDATE	EKPC had its safest year ever in 2015.
PLANT BUSINESS	EKPC's 1.27 rate was less than half of the industries 2015 rate of 2.63.
SPURLOCK	The Board amended the 2016-2018 Three-Year Construction Work Plan to include additional capital projects important to the maintenance and performance of Spurlock.
SMITH UNIT 1	The Board heard a report about the continuing efforts to market the assets of previously canceled on Smith Unit 1.
FINANCIAL REPORT	<p>In the monthly financial report, Mike McNalley, CFO reported that January's net margin was \$17.4 million - \$3.9 more than budgeted.</p> <p>McNalley said the average cost to member system was \$65.65 per megawatt hour was slightly over budget, but still low.</p> <p>All key financial metrics are sound.</p>
CLEAN POWER PLAN	The Board received update on the Clean Power Plan's court challenge. The Supreme Court decision to stay the EPA's Clean Power Plan (CPP), General Counsel David Smart explained that the CPP is being legally challenged on multiple grounds. CPP failed to consider harms unique to certain states, including the negative impact on rural electric cooperatives and their low-income members. Smart said oral arguments in the CPP case was rescheduled for June 2 in the 9 th US Circuit Court of Appeals, in Washington, DC.
OTHER BUSINESS	The EKPC Board approved updates to the policies covering fraud risk assessment, conflict of interest and benefits.

OTHER BUSINESS
(CONTINUED)

The EKPC Board approved an update to revolving credit facility, increasing the amount from \$500 million to \$600 million and extending the term by 5 years, with an option for two more years.

BLUEGRASS STATION

President Fraley said they had some difficulty getting power out of the Bluegrass Station recently purchased by EKPC.

PAUL HAWKINS

Farmers RECC rotates their representative to EKPC every 3 years. However, Paul Hawkins is going to stay on the Board of EKP as the Representative to the ACRE Board.

EKPC'S DIRECTOR SEAT

President Fraley said it was time to fill our EKPC Board seat, due to the background check and the requirements of the Bylaws of EKPC. A motion was made by Director Martin, seconded by Director Bentley, to have Director Arrington continue to represent Grayson RECC on the East Kentucky Power Cooperative's Board. Motion carried unanimously.

THANK YOU'S

We received a thank you note from Read Across America Day.

DONATIONS

President Fraley presented to the Board for their consideration the following donation requests:

Lewis County Football – donation	\$100
Grayson Little League – sponsorship for golf scramble	\$100
4-J-C – 4 th of July fireworks donation	\$100
Elliott County 4-H Council – sponsor child to 4-H Camp	\$185
Grayson Area Chamber of Commerce – Art in the Park donation	\$150
Greenup County Genealogy – donation for genealogy conference	\$50
Miss America Pageant – Grayson scholarship pageant	\$50
Lewis County High School – sponsorship – annual golf scramble	\$100
Grayson Meals on Wheels – 2016 donation	\$100

Motion was made by Director Rice, seconded by Director Dupuy and unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE

Upcoming meeting attendance requests were for:

Director Dupuy – 2016 NRECA Summer School for Directors, Myrtle Beach, SC, July 15-20, 2016; Courses 963.1 and 964.1.
Legal Counsel Scott – Legal Seminar / Conference – will get information

CONFLICT OF INTEREST

Conflict of Interest statements were handed out, signed by all Directors and witnessed.

BOARD MEETING DATES

The April Board Meeting will be held Friday, April 29th
The May Board Meeting will be held Friday, May 27th.
The September Board Meeting will be scheduled for Monday, September 26th.

ADDITIONAL BUSINESS

There was no additional business.

ADJOURN

Chairman Trent adjourned the meeting at 11:45 a.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott

On April 29, 2016 at 8:11 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Dupuy gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Bentley, seconded by Director Martin and unanimously agreed to approve the minutes from the March 2016 Board Meeting.
OFFICE & FINANCIAL REPORT	Bradley Cherry, Manager of Finance and Accounting gave the Financial & Statistical Report for February 2016. The following was reported:
FINANCIAL & STATISTICAL REPORT FOR FEBRUARY	Kilowatt hour sales for the month of February (02/21-03/20) were 20.09% under budget. Purchases for the time period of 02/21-03/30 were 8.50% under 2016 budget. Line loss for the last twelve months was 15.43%. Year to date margins were (\$86,708) compared to the budgeted amount of \$445,844.
FUEL ADJUSTMENT	Fuel adjustment was (0.003494) for February 2016.
ENERGY SURCHARGE	The Energy Surcharge was 8.31%.
DEGREE DAYS	There was 445 degree days; 440 heating degree days and 5 cooling degree days.
T.I.E.R.	<p>February Operating T.I.E.R was (3.26) and the rolling twelve month OTIER was 1.46. At a glance, the year to date OTIER is 0.44. Bradley stated that although it was still early in the year, if margins went according to budget, OTIER requirements for the year would not be met. However, they would still be in compliance with loan agreements as the average of 2 of the previous 3 years would meet all requirements.</p> <p>Degree days for the month were 445. Compared to last years' total number of degree days of 747, this was a decrease of over 300 degree days. Much of this was credited to warmer weather, where the average temperature was 11.7 degrees higher in 2016 compared to 2015 (50.0 compared to 38.3 degrees). This difference heavily influences the decrease in kWh sales and revenue for the month.</p> <p>The environmental surcharge for the month was 8.31% and the fuel adjustment was a credit of .003494 per kWh.</p>
CONSUMER BILLS BY COUNTY/PERCENTAGE	Bradley reported bills mailed in February by county as: Carter 4,538 (30%), Elliott 3,661 (24%), Greenup 4,300 (28%), Lawrence 790 (5%), Lewis 309 (2%), and Rowan 1,748 (11%). He went back to 2015.
FEMA UPDATE	GRECC received a check from FEMA in the amount of \$273,579.14 for reimbursement of expenditures associated with disaster CFDA 97.036 Public Assistance Program FEMA-DR-4239-KY
CAPITAL CREDITS	Capital credits paid this month was \$17,740.38

**APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR FEBRUARY 2016**

Motion was made by Director Martin, seconded by Director Dupuy and unanimously agreed to approve the Financial and Statistical report for February 2016 as presented for informational purposes only.

President Fraley gave a rate increase history report. The last cost of service study that preceded our rate adjustment filing cost \$80,000. We received our last rate increase in 2009. East Kentucky Power filed a rate increase shortly after that and was subsequently approved for \$49.3 million dollars. Grayson's rates raised 5.27 percent and 4 percent of that went directly to our members.

Since our O.T.I.E.R. is so low, so early in the year, she and Bradley recommended that we keep a careful eye on our financials and see if we might need to notify the PSC of our intention to file for a rate increase in the near future. We hope this would not be necessary before 2017 and would require another cost of service study. The Board will take this into consideration.

EKPC DIRECTOR

Director Arrington read EKP financial report for last month. Equity and margins are EKP's focus.

RUS WORK ORDERS

Motion was made by Director Dupuy, seconded by Director Rice and unanimously agreed to approve the following 219 RUS Work Orders for the months of October, November and December 2015 in the amount of \$960,399.21:

October 2015	Work Order No. 1230	\$453,265.42
	Work Order No. 1231	\$5,710.75
November 2015	Work Order No. 1232	\$167,741.08
	Work Order No. 1233	\$5,977.52
December 2015	Work Order No. 1234	\$296,974.35
	Work Order No. 1235	\$30,730.09
Total		\$960,399.21

**MANAGER OF MARKETING
AND MEMBER SERVICES**

Kim Bush, Manager of Marketing and Member Services, reported on the following:

LIHEAP

We received \$223,272.21 from LIHEAP. This amount was lower than last year.

PREPAY ACCOUNTS

We have 509 active Pre-Pay accounts with an average balance of (\$48.38).
Total Payment Amount - \$64,585.96 Total Payments in 30 Days - 1,784
Average Payment Amount - \$36.20

DEBT MANAGEMENT

We have 40 active Debt Management accounts with a total amount of \$8,198.86. Eight percent of active accounts have Debt Management.

ENERGY AUDITS

Tina Preece completed the following audits: 11 Energy audits, 2 Touchstone Energy audits and 2 Energy Star Appliance - Heat Pump audits.

SCHOOL PROGRAMS

Career Day was held at Greenup County High School on March 15th.

FRANKFORT YOUTH TOUR	High school juniors attended the Frankfort Youth Tour on April 27 th . Two will be representing Grayson RECC on the Washington Youth Tour in June.
ANNUAL MEETING	The Annual Meeting is Thursday, May 12 th . Some booths set will be Kentucky Living, Honor Flight and Simple Savers.
PEGGY WELLS	Peggy Wells is back to work after a medical leave and is doing well.
WSAZ TV	Kim will be on WSAZ on May 4 th to talk about the Simple Savers Program and the Annual Meeting.
OPERATIONS REPORT	Kyle Clevenger, Manager of Operations, gave the Operations Report. He reported on the following:
EMPLOYEE/LOST TIME ACCIDENT	There were no lost time accidents to report this month.
SAFETY REPORT	The following safety meetings were held during March 2016:
SAFETY MEETING	<p>March 08—Sherry Buckler, Mgr. of Accounting & Human Resources, turned the meeting over to Carol Fraley who discussed “You are responsible for your safety and the safety around you”. She congratulated all employees for the seven year clear safety record and passed out the safety checks with the work comp included for 2015. We had the monthly safety give-a-way. Carol Ann reminded everyone to be safe during collections and Kyle Clevenger thanked everyone for the good job during the recent storm last week.</p> <p>March 14—Kyle Clevenger, Manager of Operations, read from the Safety Manual pages 122 – 124, Vehicle Maintenance 504.1 to 504.7. He reviewed a vehicle accident involving Bryan Rogers. Carol Ann requested names of recipients that she needs to send thank you cards to for the recent storm and mentioned our consumer that appreciated the sticker on the maintenance truck that states “In God We Trust.</p> <p>March 23—Carol Fraley, President and CEO, turned the meeting over to David White for KAEC’s monthly safety meeting. He reviewed the Federated near miss report and showed video’s on truck chocks, parking and the circle of safety with Safety Manual references 503.5 & 503.6. After the meeting he did a crew visit/ride along with Mike Blevins. Carol Ann presented Robert Brown with a certificate for ArcGIS 1:, 16 hours training completed. Kyle Clevenger reminded everyone to be careful.</p> <p>March 28—Mike Martin, Assistant Manager of Operations, read from the Safety Manual 507.2 Flexible Protective Equipment pages 147 & 148. Roger Kitchen asked everyone to change out their gloves and check their sleeves.</p> <p>Kyle continues to mention the necessity and importance of hard hats, rubber gloves and the importance of using ground chains. A line is not dead until it is grounded.</p>
CONSTRUCTION	The Construction Department built one hundred thirty-nine (139) work orders. Fourteen (14) services were added and seventy-two (72) services

**CONSTRUCTION
(CONTINUED)**

retired, for the month of March. Construction did not work any overtime this month.

OVERTIME HOURS

The Maintenance Department worked eight hundred twenty-four (824) hours of overtime and the Engineering Department worked zero (0) hour overtime during the month of March 2016.

DELINQUENT NOTICES

The Maintenance & Construction Departments collected on two hundred forty-one (241) delinquent accounts and disconnected thirty-nine (39) accounts in April.

ENGINEERING REPORT

The Engineering Department released sixty-six (66) prints consisting of 2,430 feet primary line, 1,275 feet of service wire and 0 feet of underground service. They currently have two (2) new services to be staked and two (2) to be drawn. They have approximately eleven (11) miscellaneous jobs to be staked or drawn.

CONTRACT CREWS

We have three (3) Pike crews working:

Tony Seagraves – Stark Conversion, Elliott County and New Construction
Chris Tackett – Bruin, Elliott County
Kevin Hamm – RT 519 State Job and almost complete in Rowan County
Hamm's crew will begin changing out poles and then may be released.

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 639 trees, cut 636 trees, cut 41,170 feet of brush/line and sprayed 30 spans of line. The crews are working in the following areas:

2 cutting crew in Carter, Lewis and Greenup Counties
1 cutting crew in Elliott and Lawrence Counties
2 cutting crews in Rowan County
1 bucket truck crew in Carter, Lewis and Greenup Counties
2 bucket truck crew in Rowan County
1 tractor crew in Rowan County
1 Spray crew in Carter County

1 Smith Tree Service, circuit crew in Carter County

**NO LOST TIME ACCIDENT
AWARD – FEDERATED
INSURANCE**

Federated Rural Electric Insurance Exchange recognized Grayson Rural Electric Cooperative for their outstanding achievement of an accident-free record of 442,132 employee-hours since December 20, 2009. This was the only one in Kentucky.

Federated Insurance's only noted recommendation was in the area of OCR Maintenance, which we are working on.

**APPROVAL OF NEW
MEMBERSHIPS &
RETIREMENT OF
EXISTING MEMBERSHIPS**

Motion was made by Director Martin, seconded by Director Bentley and unanimously agreed to approve ninety-seven (97) new memberships and retire eighty-seven (87) existing memberships for March 2016.

BAD DEBT WRITE-OFFS	Motion was made by Director Dupuy, seconded by Director Rice and unanimously agreed to charge off \$3,509.66 worth of bad debts and turn them over for collection.
APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY BUSINESS EXPENSES	Motion was made by Director Rice, seconded by Director Martin and unanimously agreed to approve the President's business expense of \$347.68, Director's business expenses of \$6,197.18 and Attorney's business expense of \$7.84.
PRESIDENT'S REPORT	President Fraley reported on the following:
SCHOLARSHIP MONEY	Everything is ready for the vocational school for scholarships.
IPADS	The paperless system with the iPads is going good. We plan to read our next substation using the tablets.
HAROLD DUPUY	A Certificate of Gold for completion of courses and a lapel pin was presented to Harold Dupuy.
PSC STORM REPORT	President Fraley notified Steve Kingsolver with PSC of a summary of the storm on Saturday, April 2, 2016. Another letter will be submitted with the final cost.
FEMA REIMBURSEMENT	GRECC received a check from FEMA in the amount of \$273,579.14 for reimbursement of expenditures associated with disaster CFDA 97.036 Public Assistance Program FEMA-DR-4239-KY .
CFC	GRECC received from CFC the Annual Benefits of Ownership Statement. \$486,926 in patronage capital has been retired to GRECC to date.
EKPC ANNUAL MEETING VOTING DELEGATES	The upcoming EKPC Annual Meeting is scheduled for Tuesday, June 14, 2016 at EKPC Headquarters, in Winchester, Kentucky. Director Dupuy will serve as the Representative and Chairman Trent will serve as the Alternative Representative for GRECC.
LEGAL COUNSEL REPORT	Legal Counsel Scott reported on the following:
TIME WARNER CABLE	We received a check from Time Warner Cable.
KAEC DIRECTOR'S REPORT	Director Whitt reported there was no meeting this month due to the Manager's Spring Meeting.
EKPC DIRECTOR'S REPORT	Director Arrington gave the East Kentucky Power Cooperative report. Recommendations were made for the retirement of the Dale Station. It may become indefinite storage. Michelle Carpenter reported that Ernest & Young finished 2015 audit and it was accepted. The average cost to member systems was \$66.50 last month. GRECC employees sent \$300 to Dustin 'Cody' Kidd who was injured. David Smart explained the potential outcomes and options which could result from legal challenges to the EPA's Clean Power Plan.

DONATIONS

President Fraley presented to the Board for their consideration the following donation requests:

King's Daughters Health Foundation – 2016 Rocky Adkins	
Golf tournament – one hole sponsor	\$250
Elliott County Conservation District – 4 th Grade Field Day	\$50
East Carter FFA – 4-H Camp – sponsorship	\$175
Christmas in July 5k Run – sponsorship	\$100
Greenup County 4-H Counsel – KY Youth Service – sponsorship	\$175
AAU Basketball – traveling basketball team	\$125
American Cancer Society – Elliott Co. Relay for Life – donation (in memory of Juanita Rice)	\$250

Motion was made by Director Whitt, seconded by Director Dupuy and unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE

A MilSoft Meeting will be held in Arlington, Texas. Brian Poling, Andrea McCleese and Steve Bush will attend.

Director Martin made a motion to approve the MilSoft Meeting and attendees, seconded by Director Bentley and unanimously agreed upon.

GRECC ORGANIZATIONAL MEETING

The Organizational Meeting of the Board of Directors will be held on Thursday, May 12th following the business meeting at the GRECC Annual Meeting. The regular monthly May Board Meeting will be held May 27th.

ADDITIONAL BUSINESS

There was no additional business.

ADJOURN

There being no additional business to come before the Board, Chairman Trent adjourned the meeting at 9:51 a.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

Minutes of the Executive Session of the April 29, 2016 GRECC Board Meeting

On April 29, 2016 Grayson Rural Electric Cooperative Corporation held an executive session following the regular board meeting.

EXECUTIVE SESSION

Chairman Trent made a motion to go into Executive Session at 9:52 a.m.

Chairman Trent addressed his desire to resign as Chairman of the Board.

Motion was made by Director Trent to come out of Executive Session at 9:55 a.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On May 26, 2016 at 8:02 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Dupuy called the meeting to order pursuant to the Waiver of Notice signed by the Directors, and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Whitt gave the invocation.
HAROLD DUPUY	Mr. Dupuy thanked everyone for the opportunity to serve as Board Chairman and encouraged us to work together as a Board for the betterment of Grayson Rural Electric's members. The board meetings will continue with minimum changes.
APPROVAL OF MINUTES	Motion was made by Director Whitt, seconded by Director Trent and unanimously agreed to approve the minutes from the April 2016 Board Meeting, for informational purposes only.
APPROVAL OF ORGANIZATIONAL MINUTES	Motion was made by Director Martin, seconded by Director Whitt, and unanimously agreed to approve the minutes from the May 12, 2016 Organizational Meeting, for informational purposes only.
MANAGER OF TECHNICAL SERVICES	Brian Poling, Manager of Technical Services; Andrea McCleese, Assistant Manager of Technical Services; and Robert Brown, GIS Technician, reported on the following:
ANDREA MCCLEESE	Andrea reported that iPads were distributed last month to the maintenance men in the field. During collections, the men received 85 collection orders. The iPads seemed to work well and the cost for collections increased significantly.
IPADS	<p>The iPads were also introduced to the Metering Department two weeks ago. Andrea gave a demonstration on how the work orders are processed with them. She went over in detail the name, address, and information on what work needed to be done. The iPad offered meter information and indicated a yard light was located there. The Billing Department can look at the service order and see that the Maintenance man is en route to the residence. The Maintenance man has to fill out the service status.</p> <p>President Fraley mentioned that all directors and employees meters are read twice each year. She and the meter reader sign off on the readings each time and they are kept on file. Anytime an employee is on a member's property, he or she must read and record the meter reading for comparison. When a Maintenance man sends in a completed service order, the Billing Department will close the Service Order.</p>
MAPPING PROGRAM	<p>Robert Brown gave a slide presentation on the mapping program. Requests For Proposals were sent out last month. Contractors were asked to submit bids that include the following processes:</p> <p>GPS points of GRECC's entire distribution plant; poles, meters and underground along with pictures of each point.</p> <p>Proof of concept will be Pactolus Substation's four primary feeders and their attributes.</p> <p>Delivery of data to GRECC in a format specific to Futura GIS in small periodic deliveries of data to facilitate quality control.</p>

MAPPING PROGRAM
(CONTINUED)

GRECC will check the quality of the contractor's work on a circuit by circuit basis.

Project requires the contractor to be technically capable of collecting and assimilating the collected data by substation into GRECC's Geodatabase Schema.

All work will begin at GRECC's substations with the start point being the substation breaker and will continue till the end of the line.

All poles must be tagged labeled and underground facilities will have stickers.

Ninety-eight percent accuracy in the delivered GIS feature attribute data with verifications of quality checks during the field work supervision and data post processing.

Once selected, adherence to time line and inventory of remaining distribution line.

Ten percentage retainage on each invoice until approved by the Mapping Coordinator.

DAVEY, INC

Davey, Inc. is a division of Davey Tree Expert Company. Their office is in Alpharetta, Georgia, close to Atlanta, with a field office in Kent, Ohio. They have completed projects from the inspection of 10,000 poles to joint use inventory project of 1.5 million poles over three years, and a total of 150 successfully completed field inventory projects over the last 30 years.

The financial portion of their bid is as follows:

<u>GPS Point</u>	<u>Unit Price</u>	<u>Est. Total Units</u>	<u>Price</u>
Poles with Tags	\$8.09	40,000	\$323,600
Underground Facilities	\$8.09	1,000	\$8,090
Active/inactive meters	\$6.98	18,000	\$125,640
Meter Photographs	\$0.48	15,500	\$7,440
Photos of Structures			
		Total	\$464,770

The photographs are an optional charge.

Grayson R.E.C.C. employees solicited RFP's from: Osmose Utility Service, Davey Resource Group, Global Mapping Solution, and GIS Landmark. We received one proposal from Davey, Inc. Several other companies were interested, but were committed to other Cooperatives until the end of 2017.

President Fraley, Brian Poling and Robert Brown recommended Davey, based on the following:

Their bid was well below the amount set budgeted in our work plan.

They have an excellent reputation and come highly recommended.

Their work force is readily available and they are somewhat familiar with our territory.

They have sufficient experience in this type of work.

The Committee recommends that the Board approve the bid of \$464,770 from Davey, Inc., allowing the committee the right to negotiate an additional price for photographs of all pole structures. Additional photos of all pole structures could increase the bid somewhat.

DAVEY'S
(CONTINUED)

Motion was made by Director Martin, seconded by Director Bentley, and unanimously agreed to accept the proposal from Davey, Inc., including the negotiation by the Committee for an additional price for photos of each pole.

MANAGER OF FINANCE AND
ACCOUNTING REPORT

Bradley Cherry, Manager of Finance and Accounting, presented the Financial & Statistical Report for March 2016. Mr. Cherry reported on the following:

FINANCIAL & STATISTICAL
REPORT FOR MARCH 2016

Kilowatt hour sales for the month of March (03/21-04/20) were 2.74% under budget. Purchases for the time period of (3/1-29) were 17.01% under budget. Line loss for the last twelve months was 9.58 %. The actual monthly margins were a negative \$91,495 and the actual years to date margins were a negative \$178,203.

T.I.E.R.

The operating tier (O.T.I.E.R) for the month was a negative. Year to date is a positive .22.

BILLING INFORMATION

Billing information for the month was:

Fuel adjustment was a 0.006631 credit
Environmental surcharge was 6.17%
355 Degree days – heating degree days – 337 and cooling degree days – 18

1ST QUARTER FINANCIALS

Mr. Cherry reviewed the first quarter financial reports with the board. The first 3 months show the actual year to date gross margins were \$2,695,154 compared to budgeted \$2,991,940 margins, a difference of (\$296,786).

The first quarter sales and purchases were reviewed. As our service territory is largely residential and with milder weather our sales were down affecting our margins.

FINANCIAL & STATISTICAL
REPORT

Motion was made by Director Martin, and seconded by Director Whitt, to approve the financial report for March 2016, for informational purposes only.

CFC LINE OF CREDIT -
CERTIFICATE OF
RESOLUTIONS AND
INCUMBENCY

Bradley reported to the Board our Line of Credit with CFC expires in June. Our renewal would be for a 4.2 million dollar line agreement. The Certificate of Resolutions and Incumbency was presented as:

GO TO PAGE 4

CFC LINE OF CREDIT – CERTIFICATE OF
RESOLUTIONS AND INCUMBENCY (CONTINUED)

CERTIFICATE OF RESOLUTIONS AND INCUMBENCY

I, Billy E. "Eddie" Martin, do hereby certify that (i) I am the Secretary of GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION (hereinafter called the "Cooperative"); (ii) the following are true and correct copies of resolutions duly adopted by the board of directors of the Cooperative at a meeting held on May 26, 2016; (iii) the meeting was duly and regularly called and held in accordance with the articles and bylaws of the Cooperative; (iv) the Cooperative is duly incorporated, validly existing and in good standing under the laws of the state of its incorporation and there is no pending or contemplated proceeding for the merger, consolidation, sale of assets or business or dissolution of the Cooperative; (v) none of the following resolutions has been rescinded or modified as of this date; and (vi) the persons authorized below have been duly elected or appointed to their respective positions:

RESOLVED, that the Cooperative apply to establish a line of credit and authorize borrowing from National Rural Utilities Cooperative Finance Corporation ("CFC") in an amount which shall not at any one time exceed \$4,200,000.00 (the "Line of Credit Amount"), subject to the provisions of a Line of Credit Agreement, in such form as the persons authorized herein may negotiate with CFC (the "Line of Credit Agreement"); and,

RESOLVED, that if such application is approved by CFC the individuals listed below are hereby authorized to negotiate, to execute and to deliver to CFC the following documents:

- a) the Line of Credit Agreement with CFC; and
- b) as many counterparts as may be required of a security agreement with CFC as secured party, in such form as may be negotiated with CFC.

RESOLVED, that each of the following individuals is hereby authorized in the name and on behalf of the Cooperative to negotiate, to execute and to deliver all such other documents and instruments as may be necessary or appropriate, to make all payments, to execute any future amendments to said Line of Credit Agreement as such individual may deem appropriate within the Line of Credit Amount so authorized, and to do all such other acts as in the opinion of such authorized individual acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions:

CFC INCUMB
KY061-R-5110(BURDICM)
207464-1

GO TO PAGE 5

Name (typed or printed)

Harold Dupuy

Carol Hall Fraley

26th day of May, 2016


Secretary

(SEAL)

CFC INCUMB
KY061-R-5110(BURDICK)
207464-1

Motion was made to adopt the Certificate of Resolutions and Incumbency to extend our line of credit with CFC by Director Trent and seconded by Director Whitt. Motion carried unanimously.



ALAN ZUMESTEIN, CPA

Mr. Cherry presented to the Board the bids an Auditor for year-end May 31 2016. Alan Zumstein gave us a proposal of \$9,750 and Greg Caudill sent a proposal for \$13,000.

A motion was made to engage Mr. Zumstein to perform the audit for \$9,750 by Director Bentley, seconded by Director Martin and unanimously agreed upon.

BOARD POLICIES

President Fraley stated two Board Policies need to be adopted and one Board Policy amended due to language required by the Kentucky Public Service Commission and recommended by the KAEC Information Technology Committee. Copies were sent to the Directors prior to the Board Meeting of:

Board Policy 117 Information and Cyber Security Policy/Identity Theft Protection (Employee Policy 528) – adopted;
Board Policy 531 Appropriate Use of Email and Internet System – adopted;
Board Policy 528 Information and Cyber Security/Identity Theft Prevention Policy – revised.

BOARD POLICY 117

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION BOARD POLICY 117

INFORMATION AND CYBER SECURITY POLICY/IDENTITY THEFT PROTECTION (Employee Policy 528)

OBJECTIVE: The goal of this policy is to recognize the need to protect our Cooperative members and employees and both the Cooperative member and data systems from growing information and cyber security threats.

SCOPE: The Cooperative will make every effort to safeguard Cooperative records and personal information to insure compliance with the Information and Cyber Security/Identity Theft Prevention Policy, all directors, employees, contractors, consultants, temporary and other workers at the Cooperative must become familiar with and comply with this policy.

1. Directors must be familiar with Board Policy 117 and consider this policy part of the Cooperative's work rules.
2. This policy applies to Cooperative data sets and technology equipment that is owned, operated or leased by Grayson R.E.C.C. The Information and Cyber Security Policy applies to all technology and information assets that must be protected and identified. All equipment, software, and storage medium used to process, store, and transmit information will be protected by appropriate controls, as identified by the Information and Cyber Security Committee.
3. Sensitive, protected, and/or privileged information and technology systems will be safeguarded against any unauthorized access;
4. Confidentiality of sensitive, protected and/or privileged information will be assured;
5. Integrity of information will be maintained;
6. Availability of information for business purposes will be maintained;
7. Legislative and regulatory requirements will be met;
8. Business continuity and disaster recovery plans will be developed, maintained and tested, as needed.
9. Any actual or suspected information security breaches will be reported to the Manager of Technical Services for thorough investigation and shall be logged.

RESPONSIBILITY: The Board Planning and Review Committee will be responsible for making sure the Board establishes and continues oversight for the Information and Cyber Security/Identity Theft Committee. The committee shall consist of one Director, The Manager of Technical Services, The Technical Services Supervisor, the Manager of Marketing Member Services and one employee. Cooperative Legal Counsel shall serve as advisor to this committee.

Any exceptions to this policy must be approved by the Information Cyber Security/Identity Theft Committee. The Manager of Technical Services shall serve as the Privacy Officer for the Cooperative. The President and CEO will be responsible for daily response to the Committee, as necessary.

Harold Dupuy, Chairman

Billy E. "Eddie" Martin, Secretary

Adopted: _____
Minute Book Page: _____

A motion was made to accept Board Policy 117 Information and Cyber Security Policy/Identity Theft Protection (Employee Policy 528) by Director Martin, seconded by Director Bentley and unanimously agreed upon.

BOARD POLICY 531

**GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION
BOARD POLICY NO. 531**

APPROPRIATE USE OF EMAIL AND INTERNET SYSTEM

OBJECTIVE: To establish the proper guidelines for appropriate use of email and the Internet by Grayson R.E.C.C. Employees to prevent the Company and/or its employees from illegal or damaging actions by individuals, either knowingly or unknowingly.

POLICY: This policy will detail the rules of conduct for email sent from a Grayson R.E.C.C. Email address or for Internet activity through the Cooperative's servers, and applies to all employees, contractors, consultants, temporary and other workers, including all personnel affiliated with third parties. For Internal Procedures, refer to Administrative Guidelines. This policy is made part of the Cooperative's work rules and violation is subject to disciplinary action.

SCOPE: Grayson R.E.C.C. provides internet and email access to facilitate the conduct of company business. Occasional and incidental personal internet or email use is permitted if it does not interfere with the work of personnel, the Company's ability to perform its mission, does not directly interfere with Grayson R.E.C.C.'s business operations, IT facilities or electronic mail services, and meets the conditions outline in official company directives. For internal procedures, all employees should reference Administrative Guidelines, Appropriate Use of Email and Internet systems.

Responsibility: It shall be the responsibility of the Manager of Technical Services to assure compliance with this policy. All contractors, consultants, temporary and other workers at Grayson R.E.C.C. shall be given a copy of pertinent information from this policy, reviewed with them by the Manager of Technical Services or his designee. It shall be the responsibility of the President and CEO to see that the Information and Cyber Security/Identity Theft Protection Committee adheres to the responsibilities of this policy and the Administrative Guidelines.

Harold Dupuy, Chairman

Billy E. "Eddie" Martin, Secretary

Adopted: _____
Minute Book Page: _____

A motion was made to adopt Board Policy 531 Appropriate Use of Email and Internet System by Director Whitt, seconded by Director Martin and unanimously agreed upon.

BOARD POLICY 528

**GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION
BOARD POLICY NO. 528**

SUBJECT: INFORMATION AND CYBER SECURITY/ IDENTITY THEFT PREVENTION POLICY

I. OBJECTIVE

The goal of this policy is to recognize the need to protect our Cooperative, our members and employees and both Cooperative member and data systems from growing information and cyber security threats. The Cooperative will make every effort to safeguard cooperative records and personal information. Grayson RECC recognizes its responsibility to protect personal information within the workplace.

This policy will help ensure that Grayson R.E.C.C.'s technology is and will be protected against all internal, external, deliberate and accidental threats. Grayson R.E.C.C. will make every effort to protect this information, in all its forms, written, spoken, recorded electronically or printed, and protect it from accidental or intentional unauthorized modification or destruction throughout its life cycle. This policy is established

and shall be administered to protect Cooperative technology systems and data, member financial and protected information, and Cooperative data acquisition and control systems across our scope of work.

II. POLICY

A. An Information and Cyber Security/ Identity Theft Prevention Committee (ITC) will be established to provide constant scrutiny and over site. The committee will include one Director, appointed by the Board Chairman, the Manager of Technical Services, the Technical Services Supervisor, the Manager of Marketing & Member Services and one employee. The committee shall keep vigilant watch on current practices and procedures, and shall assess the Company's need for new and updated policies and procedures. Cooperative Legal Counsel shall serve as advisor to this Committee.

The Manager of Technical Services shall serve as the Privacy Officer and shall report to the President and CEO and the Board of Directors regarding the needs and outcomes of the identity theft prevention program.

III. SCOPE

All employees, contractors, consultants, temporary and other workers at Grayson R.E.C.C. must adhere to this policy and all procedures authorized and approved under this policy. This applies to Cooperative data sets and technology equipment that is owned, operated, or leased by the Cooperative and the equipment, software, and storage mediums used to process, store, and transmit information. For internal procedures, all employees should reference Administrative Guidelines, Information and Cyber Security/Identity Theft Prevention. Contractors, consultants, temporary and other workers at Grayson R.E.C.C. shall be given a copy of pertinent information from this policy, reviewed with them by the Manager of Technical Services or his designee.

i. RESPONSIBILITY

It shall be the responsibility of the President and CEO to see that the Information and Cyber Security/Identity Theft Protection committee adheres to the responsibilities of this policy and the Administrative Guidelines. The ITC shall report to the Board of Directors annually or when any change is necessary. , and shall be represented by the Director appointed to that committee and the Manager of Technical Services.

GRECC BOARD POLICY 528
PAGE 2

Harold Dupuy, Chairman

Billy E. (Eddie Martin), Secretary/Treasurer

Date Adopted: 10/23/08
Minute Book Page: 4142-4154
Date Revised: 08/26/11
Minute Book Page: 4472-4473
Date Revised:
Minute Book Page:

A motion was made to accept Board Policy 528 Information and Cyber Security/Identity Theft Prevention Policy by Director Martin, seconded by Director Bentley and unanimously agreed upon.

OPERATIONS REPORT AND SAFETY REPORT

Kyle Clevenger, Manager of Operations gave the Operations Report and the Safety Report. He reported on the following:

EMPLOYEE/LOST TIME ACCIDENT

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during April:

April 06—Andrea McCleese, Technical Services Supervisor, discussed a near miss from a Federated report involving a situation where a tailgate

**SAFETY REPORT
(CONTINUED)**

session had not been done. She talked about collection fees and showed a video where a drone was used to take lines across a river. We had the monthly safety give-a-way. Kyle reminded everyone to test and ground. Nancy had everyone to replace their hard hats.

April 13—Brian Poling, Mgr. of Operations, turned the meeting over to David White for KAEC's monthly safety meeting. His topic was Transformers 101 with Safety Manual references 507.8, hand-outs and a quiz. He mentioned an injury involving a lineman from EKPC. A tool/truck inspection followed at the warehouse and a crew safety inspection at job site.

April 20—Priscilla Sparks, Executive Assistant, turned the meeting over to Henry Sturgill from the Little Sandy Health Department to talk about ticks and mosquitos, types of clothes to wear in wooded areas, how to remove ticks, symptoms of lime disease.

April 25—Robert Brown, Geographical Information System Technician, presented a power point from the Safety Manual, section 503.4 Vehicle Operations and section 113 Wireless Electronic Devices. Carol Ann presented Kyle Clevenger and Mike Reynolds certificates of completion of Tri-State Superintendents & Foremen's Conference.

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and using ground chains. A line is not dead until it is grounded.

CONSTRUCTION

Construction built one hundred fourteen (114) new work orders for the month of June and worked zero (0) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked six hundred twenty-two (622) hours of overtime in April. The Engineering Department worked zero (0) overtime hours in April.

DELINQUENT NOTICES

The Maintenance & Construction Departments collected on eighty-four (84) delinquent accounts and disconnected twenty-seven (27) accounts in May.

CONTRACT CREWS

The three (3) Pike crews have been working in the following areas:

Tony Seagraves – Stark Conversion, Elliott County and new construction
Chris Tackett – Bruin, Elliott County
Kevin Hamm – State Route 519, Rowan County

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 745 trees, cut 666 trees, cut 26,015 feet of brush/line and sprayed 67 spans of line. The crews are working in the following areas:

- 2 cutting crews in Carter, Lewis and Greenup Counties
- 1 cutting crew in Elliott and Lawrence Counties
- 2 cutting crews in Rowan County
- 1 bucket truck crew in Carter, Lewis and Greenup Counties
- 2 bucket truck crews in Rowan County
- 1 tractor crew in Rowan County
- 1 spray crew in Carter County

Smith Tree Service - circuit crew on Elliott County on Skaggs Flat

ENGINEERING REPORT

The Engineering Department released one hundred five (105) prints consisting of 2,340 feet of primary line and 1,745 feet of service wire. We currently have four (4) new services to be staked and four (4) to be drawn. There are ten (10) miscellaneous jobs to be staked or drawn.

AIR COMPRESSOR

Our new air compressor came in three weeks ago. We will be putting up the old compressor up for sale. When the ditch witch trailer comes in the old trailer will be up for sale. If anyone is interested, they should contact President Fraley within the next week.

WILLIAM 'BILL' DELONG

Bill DeLong will be retiring on disability due to a shoulder problem.

RYAN RICE

We have hired Ryan Rice in Construction. Mr. Rice is a first class lineman from the Iron Hill area.

MIKE REYNOLDS

Mike Reynolds will be replacing Bill DeLong as Elliott County Maintenance Leadman.

CONSTRUCTION LEADMAN

The Construction Leadman's position will be posted on Tuesday.

Motion was made by Director Rice, seconded by Director Martin to accept the operations and safety report. Motion carried unanimously.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS

Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve ninety-seven (97) new memberships and retirement of ninety-three (93) existing memberships for the month of April.

BAD DEBT WRITE-OFFS

Motion was made by Director Martin, seconded by Director Trent and unanimously agreed to charge off \$6,822.88 worth of bad debts and turn them over for collection.

APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY'S BUSINESS EXPENSES

Motion was made by Director Trent, seconded by Director Rice and unanimously agreed to approve the President's business expense of \$68.48, Director's business expenses of \$6,361.03 and Attorney's business expense of \$19.17.

RUS WORKORDERS

Motion was made by Director Whitt, seconded by Director Trent and unanimously agreed to approve the following 219 RUS Work Orders for the months of January, February and March 2016 in the amount of \$595,474.29:

January 2016	Work Order No. 1236	\$121,672.62
	Work Order No. 1237	\$ 3,137.63
February 2016	Work Order No. 1238	\$209,456.21
	Work Order No. 1239	\$ 10,880.37
March 2016	Work Order No. 1240	\$236,630.33
	Work Order No. 1241	<u>\$ 13,697.13</u>
	Total	\$595,474.29

PRESIDENT'S REPORT

President Fraley reported on the following:

COMPARISON OF READINGS

Andrea McCleese prepared a comparison of member classifications for 2007 and 2014. At the end of 2014, Leon, Carter City, Pelfrey and Pactolus were

COMPARISON OF READINGS
(CONTINUED)

read and reclassified. Since that time, 3 more stations have been read, but not rolled in to the statistics at this time. A significant change in our system structure was noted.

PSC

President Fraley will be at EKPC on Monday for a Manager's Meeting. EK plans to construct a solar plant with 32,400 panels, behind the Headquarters Building, adjacent to I-64. A Certificate of Necessity has been filed with the PSC. The design reflects heat. This project will be financed with renewable energy bonds and government financing. Members, companies, and individuals can buy blocks of solar power. You don't get the power, but you can say you own green energy.

Licking Valley has come up against opposition for their new metering program in their proposed rate increase. The PSC wants every Cooperative to file a CPCN and this is not practical or cost effective. Also, Cooperatives cannot participate in EKPC Demand Side Management Programs without the new Metering technology.

The Cooperatives plan to attend the hearing for Licking Valley concerning this matter. East Kentucky will send a letter and support the Cooperatives in this matter. The Managers salaries and Directors expenses are being scrutinized by the PSC.

President Fraley said in view of our financial situation, we are looking for savings in non-traditional areas. We are carefully checking all demand charges on big loads. We are charging for trips we make for collections and trying to be very aware of every trip we make. We are also looking at tariffs for upgrades and revenue.

President Fraley plans to start a review of all Board Policies this summer.

Bradley is doing a comparison with GRECC and AEP. GRECC was cheaper than AEP on 750 kWh or less.

██████████ was in and insisted his big metal building, ██████████, was a barn. President Fraley compromised and called his service Commercial Agriculture.

LEGAL COUNSEL'S REPORT

Legal Counsel Scott reported on the following:

SAND GAP

Mr. Scott reported no oral arguments on Sand Gap. Three judges will be reviewing this case.

A Member was in and signed up for electric near the mushroom mines in Carter County. It is our territory, but about 4,000 feet from the nearest line. They are directly across the road from AEP territory, about 400 feet. President Fraley called AEP to offer an exchange deal and we have not heard from them. There are several homes on Beckwith Branch that are in our territory and served by AEP. We would consider trading those homes and the one at the mushroom mines for the seven at Sand Gap. We would insist the maps be approved and changed at the PSC. A line to the home at the mushroom mines would cost several thousand dollars. The house is already under roof.

CCSP – [REDACTED]

We received a letter from a new law firm representing the [REDACTED] in the case at Carter Caves State Park when a child was supposedly hurt. We sent the letter to Park Priest, Federated Insurance. The [REDACTED] are no longer represented by Will Wilhoit.

KAEC DIRECTOR'S REPORT

Director Whitt reported the following on the KAEC May Board Meeting:

The May Board Meeting was held to discuss selling of KAEC's buildings. The Board may choose to lease a building. They have to pay real estate taxes and insurance. Someone made a 3.2 million dollar offer.

For the first time in several years a profit of \$87,000 was reported.

Compensation will have to be paid to some of the contract employees who worked in the manufacturing plant.

EKPC DIRECTOR'S REPORT

Director Arrington reported

Tony Campbell's appraisal is scheduled for tomorrow.

Dale Station is being retired and the equipment is for sale.

Mike McNalley reported on the year to date average cost to member system was \$64.63 per megawatts -\$1.01 less than budget.

Denver York, NERC Senior Compliance Manager, updated the Board on Reliability Standards Compliance Program, performance and current issues.

n(CREBS) New Clean Renewable Energy Bonds

THANK YOU LETTER

GRECC received thank you letters from Greenup County 4H Agent Youth Seminar, Grayson Meals on Wheel and the Honor Flight for inviting them to attend the GRECC Annual Meeting.

DONATIONS

President Fraley presented to the board for their consideration the following donation requests:

Elliott County 4-H – trap shot	\$150
Gwenda Adkins – BRW memory sign	\$200
Raceland – Worthington Touchdown Club- renewal sign	\$150
Lewis Co. Extension –KY Youth Seminar	\$175
East Carter Tennis Team	\$50
Lewis County High School Golf	\$100
AAU – Director Whitt to check on	

Motion was made by Director Trent, seconded by Director Martin unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE

No attendance plans were reported.

BOARD MEETING DATE

The June Board Meeting will be held on Friday the 24th.

ADDITIONAL BUSINESS

The commission made a ruling that we have a cyber policy in place to protect our members' information.

2016-2017 COMMITTEES

Chairman designated the Directors to the following committees:

2016-2017 Planning and Review Committee:

Director Martin, Chair

Director Trent

2016-2017 COMMITTEES
(CONTINUED)

Director Rice
Chairman Dupuy, ex-officio

2016-2017 Negotiating Committee
Director Whitt, Chair
Director Arrington
Director Bentley
Chairman Dupuy, ex-officio

ADJOURN

Chairman Dupuy adjourned the meeting at 11:32 a.m.

Harold L. Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On June 24, 2016, at 9:00 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Dupuy called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Rice gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Martin, seconded by Director Bentley and unanimously agreed to approve the minutes from the May Board Meeting.
MANAGER OF TECHINCAL SERVICES	Brian Poling, Manager of Technical Services reported on the following:
GIS / FUTURA TRAINING	<p>Brian and Robert Brown have finished training with Futura for the Graphical Information Systems. Futura has also created a direct link to SEDC, so the customer's location can be viewed straight from our billing system.</p> <p>Andrea McCleese and Brian are working on the staking hardware. Scott Speaks and Joe Sargent will be training with Futura's staking software. They will begin using Windows tablets in the field for staking. They will also have a Bluetooth antenna that gives them a location within 1 meter.</p>
DAVEY'S INC	GRECC has completed all contracts with Davey's Inc. and will be setting a kick-off date up in three weeks.
LICKING VALLEY RECC	<p>President Fraley informed the Board that Licking Valley had received a letter from the Attorney General opposing their inclusion of future electronic metering costs in their rate case. The Attorney General notes there is no return on the investment in future electronic metering. It was noted that Landis + Gyr will not be supporting the current meters in the future and no repair parts are available from them. Licking Valley would also not be able to participate in DSM and Energy Savings Programs through EKPC unless they have the proper metering equipment. The Attorney General wants Licking Valley to find someone that will maintain and repair the existing meters.</p> <p>Chris Perry, President of KAEC, plans to visit with the Attorney General as a neutral party concerning this issue. EKPC also plans to write a letter in support of Licking Valley and any other Cooperative that faces this issue.</p>
MANAGER OF FINANCE AND ACCOUNTING	Bradley Cherry, Manager of Finance and Accounting, presented the Financial and Statistical Report for April 2016.
FINANCIAL & STATISTICAL REPORT FOR APRIL 2016	<p>Kilowatt hour sales for the month of April (4/21-5/20) were (5.36%) under budget. Purchases for the time period of (4/01-4/30) were 1.96% over budget. Line loss for the last twelve months was 13.73%. The April margins were (\$292,438) compared to the year to date margins are (\$470,641).</p> <p>Sales were approximately 3.5% less. The fuel adjustment was (0.007619). The environmental surcharge (ESC) was 7.87%. There were 191 degree days – 141 heating degree days and 59 cooling degree days.</p>

APRIL T.I.E.R.

The monthly operating T.I.E.R. for April was (2.856) with the rolling 12 month O.T.I.E.R. at (1.06).

PHYSICAL INVENTORY

For the period May 1, 2015 to April 30, 2016, the average material and supplies physical inventory was \$424,672.38. The adjustment amount was 1.46%. President Fraley was very pleased with the inventory. Roger Kitchen, Willis Barker, and Caitlin Hutchinson filled in for Kippy James for several months before he retired, in addition to their other job duties. Robert Brown served as advisor. We also have had several small storms since the beginning of the year, and two work plan jobs have utilized a job trailer.

Since Roger Kitchen was selected to serve as the new Warehouseman, several measures to continue to improve our supply plan and turnover, as well as our inventory. A new bar coding system is one of those improvements.

Physical Count

Amount over	\$ 18,717.66
Amount under	<u>\$(24,935.27)</u>
Difference	\$ (6,217.61)

Inventory Totals

Beginning balance	\$ 197,270.71
Purchases	\$ 829,882.11
Sales	\$ (6,715.18)
Adjustments	\$ 2,510.45
Physical count adj's	\$ (6,217.61)
Construction	<u>\$(774,274.56)</u>
Ending balance	\$ 242,455.92

Bradley and Sherry Buckler have worked with Roger and Caitlin on our procedures to pay fiscal year inventory and invoices. Roger, Caitlin, Robert and Willis are to be commended for taking on additional duties and the successful inventory is a result of their hard work.

CFC CONFERENCE

Bradley attended the CFC Conference in Seattle, Washington and stated it was an excellent conference. He recommended it highly to the Board.

CAPITAL CREDITS

In June we paid out 17 capital credits in the amount of \$20,550.88. There are 22 outstanding applications and 13 incomplete. Year to date totals paid are 60 capital credits totaling \$59,774.10.

APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR APRIL 2016

Motion was made by Director Whitt, seconded by Director Martin and unanimously agreed to approve the Financial and Statistical report for April 2016, as presented, for informational purposes only.

SMART GROUP CASE

All Smart Group information has been filed with the PSC. Every two years we do a cyber security presentation to make sure we are protected.

FEMA

We received a packet from FEMA. When FEMA comes in and does the final inspection we will receive 10% of each FEMA job. The packet also included a change of agent request which is required to be completed. Bradley Cherry is willing to stay on as the assigned agent to do FEMA paperwork.

FEMA (CONTINUED)

A motion was made to keep Bradley Cherry as the assigned agent for FEMA by Director Martin, seconded by Director Rice and unanimously agreed upon.

NRTC

We received a patronage check from NRTC in the amount of \$93.62 for partial payment of capital credits. Our current patronage capital balance is \$10,175.47.

CHARTER COMMUNICATIONS
DIVIDEND CHECK

GRECC received a dividend payment in the amount of \$1,380.53 from Charter Communications.

Field representative, Brian Stavish with CFC came and talked to President Fraley and Bradley and offered Grayson RECC an opportunity to refinance our RUS loans at a substantial savings. We plan to investigate this offer and bring it back to the Board for their review.

MANAGER OF MARKETING
AND MEMBER SERVICES

Kim Bush, Manager of Marketing and Member Services, gave her report:

ADDITIONAL DEPOSITS
LETTERS

She mailed 26 additional deposit letters in June. It was delayed this year because LIHEAP was extended to April 29th instead of March 31st.

ANNUAL MEETING
SUMMARY

The Annual Meeting summary should be ready by the July or August board meeting. There are still outstanding invoices for some of the expenses.

PREPAY ACCOUNTS

PrePay Summary: 520 active PrePay accounts; 4 inactive accounts; average balance on accounts - \$45.96 credit; average kwh usage—31 a day; total number of payments in 30 days—1,965; average payment - \$33.40; and total payment amount - \$65,635.75.

DEBT MANAGEMENT

Debt Management Summary: 112 active accounts totaling \$12,362.04. In the past 30 days total payments collected ws \$1,376.51. 22% of active accounts have Debt Management.

Under \$100=6	\$100-\$199=10	\$200-\$299=9
\$300-\$399=8	\$400-\$499=5	over \$500=4

ENERGY EFFICIENCY

Energy Efficiency and Audits: Energy Audit – 2; Heat Pump Audit – 2; Touchstone Energy Home Audit – 2; Commercial Lighting Complete – 3; Commercial Lighting In Progress – 2; HVAC Duct Seal – 2; Button-Up – 3. Appliance Recycling: Freezer – 1; 2 Refrigerators – 2. Energy Star Appliance Rebates: Clothes Washer – 2; Dishwasher – 1; Refrigerator – 4.

COMMUNITY/SCHOOL
PROGRAMS

School and community programs:
Lewis County Elementary Safety – 180 students
Washington Youth Tour – 2 students, Morgan Kitchen from West Carter High School and Hayley Boyd from Rowan County

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations, gave the Operations Report, along with Mike Martin, Assistant Manager of Operations. Mr. Clevenger reported on the following:

EMPLOYEE/LOST TIME
ACCIDENT

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during May:

May 09—Kim Bush, Mgr. of Marketing & Member Services, gave out job schedules for annual meeting and discussed the activities that would be set up for the meeting. Kyle Clevenger reviewed a safety investigation involving Mike Blevins. We had the monthly safety give-a-way.

May 16—Bradley Cherry, Mgr. of Finance & Accounting, informed every one of the problem with the Credit Union debit card fraud. Carol Fraley talked about how good everything went at Annual Meeting. Andrea discussed online collections.

May 27—Kyle Clevenger, Manager of Operations, was in charge of the meeting. King's Daughters attended for the Health Fair. They checked blood pressure, cholesterol, blood sugar & oxygen and also did EKG's.

May 31—Carol Fraley, President and CEO, talked about substation meter readings and when more substations may be read. She also discussed the last board meeting and said that Harold Dupuy is the new Chairman. She talked about updating Board Policies and appropriate use of e-mail/internet and cyber security. Mr. Dupuy talked to everyone about his responsibility as a director and his experiences with safety as supervisor on a job.

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and the importance of using ground chains. A line is not dead until it is grounded.

CONSTRUCTION

Construction built ninety-six (96) new work orders for the month of May and worked fourteen (14) hours of overtime.

OVERTIME HOURS

Maintenance Department worked four hundred ninety-four (494) hours of overtime during the month of May.

DELINQUENT NOTICES

The Maintenance & Construction Departments collected on two hundred four (204) delinquent accounts and disconnected twenty-seven (27) accounts in June.

CONTRACT CREWS

We have three (3) Pike crews working in the following areas:

Tony Seagraves – Stark Conversion, Elliott County and New Construction
Chris Tackett – Bruin, Elliott County
Kevin Hamm – Route 519 State Job, Rowan County

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crews trimmed 667 trees, cut 364 trees, cut 28,320 feet of brush/line and sprayed 208 spans of line. The crews are working in the following areas:

1 cutting crew in Carter, Lewis and Greenup Counties
2 cutting crews in Rowan County
1 bucket truck crew in Carter, Lewis and Greenup Counties
1 bucket truck crew in Rowan County

**RIGHT-OF-WAY CREWS
(CONTINUED)**

1 bucket truck crew in Elliott County
1 tractor crew in Rowan County
3 spray crews in Elliott County

1 Smith Tree Service circuit crew in Elliott County on RT 504

ENGINEERING REPORT

The Engineering Department released ninety (90) prints consisting of 6,620 feet of primary line and 2,490 feet of service wire. We currently have three (3) new services to be staked and two (2) to be drawn. We have approximately nine (9) miscellaneous jobs to be staked or drawn.

ACCIDENT

Bryan Rogers and Tony Brewer were involved in a reportable accident. Bryan injured his hand by holding on to the boom cradle and accidentally setting the boom down on his hand. They were reinstalling neutrals that had been cut down and stolen. It was about 2:30 pm on a Friday afternoon on Ison Creek in Lawrence County and it was extremely hot. Fortunately, Mr. Rogers hand was only bruised and he was able to return to work with a doctor's release. We called Federated and they said this was not considered a loss time accident.

EQUIPMENT SALES

Kyle reported that we will be selling an old air compressor and ditch witch trailer. No board member was interested in it.

**APPROVAL OF NEW
MEMBERSHIPS &
RETIREMENT OF
EXISTING MEMBERSHIPS**

Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve one hundred one (101) new memberships and retirement of eighty-four (84) existing memberships for May 2016.

BAD DEBT WRITE-OFFS

Motion was made by Director Martin, seconded by Director Trent and unanimously agreed to charge off \$5,549.30, worth of bad debts and turn them over for collection.

**APPROVAL OF CEO'S,
DIRECTOR'S & ATTORNEY
BUSINESS EXPENSES**

Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to approve the President's business expense of \$46.53, Director's business expenses of \$6,036.43 and Attorney's business expense of \$0.00.

PRESIDENT'S REPORT

President Fraley reported that Michael Schmitt of Paintsville was appointed Director of the PSC by Governor Bevin.

BOARD MEETING DATES

Due to several conflicts, our board meeting dates have been changed as follows, for the remainder of the year:

July 22, Friday
August 26, Friday
September 26, Monday and Brownstown would like to do a fish fry, also.
October 21, Friday
November 21, Monday
December 21, Wednesday

CLEANING DAY

President Fraley proposed an office cleaning day on Monday, October 10. The Board agreed to the closure of the office.

RODNEY HITCH

Rodney Hitch, EKPC Economic Development Director, would like to come up and talk about economic development. He also has new map and

RODNEY HITCH
(CONTINUED)

industrial apps he would like to make everyone aware of. We are looking at the October Board Meeting.

MIKE MCNALLY

Mike McNalley, EKPC, will be asked to come to a board meeting and talk about PJM.

[REDACTED]

[REDACTED] wants to build a house in our territory near the mushroom mine at Lawton. A proposal was made to AEP to trade the location of her house for the house in Sand Gap and they refused. [REDACTED] would have to pay for over 4,000 feet of line if we serve her. AEP is directly across the road and about 150 feet away.

CONSTRUCTION DEPARTMENT JOB CHANGES

Due to Bill DeLong's retirement the following changes has been made in the Construction Department:

Mike Reynolds, replaced Bill DeLong as Maintenance Man in Elliott County
Herbie Steagall replaced Mike Reynolds as a Construction Crew Leader
Chris Mosier replaced Herbie Steagall as Maintenance Man in southern Carter County
Jamey Withrow replaced Chris Mosier as a Construction Crew Leader
Ryan Rice was hired as a first class lineman.

NRECA 2016 REGIONAL VOTING DELEGATES

The NRECA Voting Delegate for the 2016 Regional Meeting is Harold Dupuy and the Alternate Delegate is Roger Trent. The Regions 2 & 3 Meeting will be held in Myrtle Beach, South Carolina, October, 2016.

COBANK

Grayson RECC received a notification for anyone wishing to run for the CoBank board. There was no response.

LEGAL COUNSEL'S REPORT

Legal Counsel Scott reported on the following:

SAND GAP CASE

Waiting for court of appeals to make a decision on the Sand Gap case.

INDEPENDENT CONTRACTORS

Wrote contracts for Pam Kitchen, who cleans our building and Will Harris who cares for our lawn and grounds.

KAEC DIRECTOR'S REPORT

Director Whitt asked President Fraley to give the KAEC Board of Directors report, as he did not attend the June meeting. President Fraley reported:

Allen Armand was seated as an EKPC representative.

There will be a CFC training in Louisville in January. Some of our board should attend.

ACORN – an organization started in Mississippi, is looking into the lack of board diversity and the makeup of local cooperative boards of directors, including nepotism.

Mike Williams, NRECA representative, said annual meetings are changing to meet members' needs. He reported no dues increase in 2017. There can be up to a 3% increase in the medical this year.

Chris Perry discussed options available to the KAEC Board regarding current offices and warehouse space. There are several options. This will

KAEC DIRECTOR'S REPORT
(CONTINUED)

continue to be studied by KAEC personnel and more information presented at the September Board Meeting.

Revenue from the sale of manufacturing equipment is being applied to long term debt.

EKPC DIRECTOR'S REPORT

Director Arrington gave the EKPC Board Report:

Joe Spalding from Inter County is the new Chairman.

Alan Armand was elected Vice-Chairman and Mike Adams was re-elected as Secretary/Treasurer.

Rodney Hitch, Economic Development Director, updated EKPC on the new app called Power Map. The Power Map provides location and economic data.

Mike McNalley said the average cost to member systems year to date was approximately \$63.67.

Boris Haynes was seated as the new director from South Kentucky RECC.

EKPC is building a 30 MW Solar project behind headquarters. Panels will be owned by members and will cost \$420 each. They cannot be resold.

The member-owner will get credit for the energy produced for 25 years and get a tax credit.

THANK YOU LETTERS

GRECC received a thank you note from Clarissa Gearner for the scholarship she received.

DONATION REQUEST

President Fraley presented to the board for their consideration the following donation requests:

Grayson Area Chamber of Commerce – Chamber Cup Golf Scramble	\$200
Lewis County Educational Foundation – sponsor Back to School Fair	\$100
WCHS Football – renew fence sign ad	\$100
Lewis County Football – field advertising sign –sponsor	\$150
Elliott Co. Family Resource/Youth Serv. Cntr. –Back to School Redi-Fest	\$100
Rocky Adkins Library – summer reading program sponsor	\$100
Greenup Old Fashion Days - festival	\$100

Motion was made by Director Martin, seconded by Director Whitt and unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE

The NRECA Regions 2 & 3 Meeting is in Myrtle Beach, South Carolina. Directors Trent, Dupuy, Martin, Rice, Whitt, Arrington and Bentley, will attend. The date is October 26-27, 2016 with the pre-regional director's education on the 25th.

KAEC LINEMAN RODEO

The KAEC Lineman Rodeo will be held September 29th and 30th at Shelbyville. All Directors plan to attend.

ADDITIONAL BUSINESS

There was no additional business.

BOARD MEETING DATE

The next board meeting will be held on Friday, July 22, 2016.

ADJOURN

Chairman Dupuy adjourned the meeting at 11:55 a.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On July 22, 2016 at 8:56 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Dupuy gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Whitt, seconded by Director Trent and unanimously agreed to approve the minutes from the June Board Meeting for informational purposes only.
MANAGER OF TECHNICAL SERVICES	Brian Poling, Manger of Technical Services and Robert Brown, GIS Technician reported on the following:
MAPPING	The past month has been all about mapping. Joe, Scott, Robert, Andrea and Brian spent last week in training on the new Futura Staking software. We successfully switched to Futura Monday. Joe and Scott are learning how to use the staking software.
DAVEY'S RESOURCE GROUP	We have been working closely with Davey Resource Group. They will arrive on the 2 nd of August. Carol Ann mailed letters to the county Judge Executives, the Sheriff's departments and the 911 centers in Carter, Greenup and Lewis Counties, so they are aware of Davey's presence. We will be sending out phone calls in the areas Davey will be working on a weekly basis so land owners are aware.
	Data is entered in the field. The information is "dumped" into our system and Robert Brown filters and checks it for accuracy. Mapping will be updated overnight so everyone can access it. Mike Martin gets instant notification on right-of-way problems. Poles will be numbered as they go. President Fraley has written a letter of identification that Davey's employees will carry with them, and their vehicles will all have magnetic signs on their trucks and ATVs.
	President Fraley said her September magazine article will be about the mapping program, explaining the advantages to our members. The new mapping project will give us an accurate description of the equipment located on each pole, the number of poles, the GPS coordinates, size and model of the transformers, fuses and regulators and which meters are fed from that particular transformer. We will begin at Pactolus, move north through Warnock, Low Gap, and Argentum. We will then pick up the Carter City substation and will move to Rowan County in the colder months. The second phase will start south at Leon and finish the system. This could take around two years to complete.
MANAGER OF FINANCE AND ACCOUNTING REPORT	Bradley Cherry, Manager of Finance and Accounting, presented the Financial & Statistical Report for May 2016. Mr. Cherry reported on the following:
FINANCIAL & STATISTICAL REPORT FOR MAY 2016	Kilowatt hour sales for the month of May (5/21-6/20) were (.61%) under budget. Purchases for the time period of 5/1-30/16 were (4.31%) under budget. Line loss for the last twelve months was 10.36%. Year to date margins are (\$461,053) compared to the budgeted amount of (\$144,737).

FINANCIAL & STATISTICAL
REPORT FOR MAY 2016
(CONTINUED)

Mr. Cherry went over the May financial report thoroughly, reporting the following:

The fuel adjustment for July was (0.007341).

The environmental surcharge was 9.73%

There were 245 degree days with 6 heating degree days and 239 cooling degree days.

T.I.E.R.

May's T.I.E.R. was 1.13 and the rolling monthly O.T.I.E.R was 1.24.

The monthly O.T.I.E.R. decrease was due to May 2015's O.T.I.E.R being .05 due to FEMA money.

Director Whitt asked how long that would put us off for a rate increase and President Fraley said we are watching on a month to month basis. Our year end reports next March will show the final results.

BILLS BY COUNTY

The bills by county are: Carter 4,522 (30%), Greenup 4,310 (28%), Elliott 3,675 (24%) Rowan 1,784 (11%), Lawrence 804 (5%) and Lewis 304 (2%).

President Fraley said that EKP was not approved by the Commission to pay a \$70 incentive on each LED security light we install. She expects EKPC to refile.

LINE LOSS

Bradley showed a comparison of line loss, normalized to EKPC's billing cycle. This answered several questions the Board had regarding how line loss was calculated.

CAPITAL CREDITS

Fourteen capital credit applications were paid in July in the amount of \$16,445.96. The number paid in 2016 is 74 to date, totaling \$76,220.06. We have fifteen outstanding incomplete capital credit applications.

HUMANA INSURANCE –
POST 65

Mr. Cherry presented the Humana Insurance plan for our 35 post retirement employees/spouses (over 65). Last year the cost was \$316.85 and increased to \$318.24 or an increase of \$1.39 per person on prescription drug coverage renewal. This covers the part Medicare doesn't cover, Part D.

Motion was made to approve the renewal of the Humana Insurance plan for retired employees on Part D by Director Martin, second by Director Whitt and unanimously agreed upon.

Other insurance rates will be considered in August, with action to be taken in September.

FEDERATED INSURANCE

Tony Hermesch, Federated Insurance, reported that over the past eight years our modifier has went from a max of 1.66 to a low of .76 for the year 2016. The decrease in the experience mod from 2015 to 2016 results in a \$16,640 decrease in premiums from the previous year. Mr. Hermesch looked at our umbrella policy and suggested we may want to consider changes to the umbrella policy of \$4 million to a state average limit of \$9-\$10 million. Our Directors and CEO umbrella is currently \$7 million and the average is \$4 million - \$5 million.

President Fraley explained we adopted the director umbrella coverage last year upon advice from KAEC and Federated. The majority of Kentucky Cooperatives evidently went with a higher premium policy than was first recommended.

CFC	Mr. Cherry asked that the consideration of CFC refinancing presentation to be tabled until August until he gets more feedback and talks to Mr. Alan Zumstein.
WAGE AND SALARY COMMITTEE	President Fraley asked that a Wage and Salary Committee Meeting be scheduled for August 19 th at 9:00 a.m. before the 26 th Board Meeting. Director Martin is Chairman, and Directors Trent and Rice are on the Committee with Chairman Dupuy as the ex-officio member.
APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR MAY 2016	Motion was made by Director Bentley, seconded by Director Trent and unanimously agreed to approve the Financial and Statistical report for May 2016 as presented, for informational purposes only.
MANAGER OF MARKETING & MEMBER SERVICES	Kim Bush, Manager of Marketing and Member Services, gave her report.
CONNECTION CARD	She passed out new Coop Connection cards and a list where the cards can be used.
PSC REPORT	The yearly PSC Disconnection and Reconnection Report for July 2015 – June 30, 2016 was filed. She reported 362 members were disconnected and 169 members were reconnected. The highest off service bill collected was \$1,988.64 and the lowest was \$70.57. PrePay continues to make a big difference in these amounts.
PREPAY SUMMARY	526 Active PrePay Accounts 14 Inactive Accounts Average Balance on accounts \$43.81 credit Average kwh Usage -35 a day Total Number of Payments in 30 days - 2,257 Average Payment - \$32.30 Total Payment Amount - \$72,903.30
DEBT MANAGEMENT	There are 44 active Pre Pay accounts with Debt Management. Total amount in Debt Management is \$12,491.41 8% of active accounts have Debt Management Under \$100=6 \$100-\$199=13 \$200-\$299=11 \$300-\$399=6 \$400-\$499=4 over \$500=4
ENERGY AUDITS	Tina did nine energy audits, three heat pump audits, two commercial lighting retrofits are in progress, two HVAC duct seal audits and two refrigeraton appliance rebates have been filed. West Carter and East Carter Middle Schools had approximately 150 students for the safety presentation at Carter Caves State Park.
ANNOUNCEMENTS	EKPC filed their wholesale tariff for their 30 megawatt Cooperative Solar project. The cost to participants will be \$460 per panel. It should be completed in mid 2017.
SCHOOL/COMMUNITY PROGRAMS	Julie Lewis and Peggy Wells will attend the Blaine Redi-Fest. Donated school supplies for 200 students in Greenup County. Carter County Fair, Kids in the Races, is Tuesday, August 9 th at 6 p.m. Greenup County Fair, Kids in the Races, is Friday, September 2 nd at 6 p.m. The Lineman Rodeo is September 29-30.

SCHOOL/COMMUNITY
PROGRAMS (CONTINUED)

The Planning and Energy Efficiency Preparedness event is October 13th.
The Service Awards Dinner is Friday, December 9th at 6:00 p.m. at Olive Hill Historical Society.
Kim and Andrea worked on a radio announcement informing of Pactolus Substation Mapping program.

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations, gave the Operations Report. He reported on the following:

EMPLOYEE/LOST TIME
ACCIDENT

There was one lost time accidents to report this month.

JUSTIN STANIFORD

President Fraley described the accident and said that a Safety Stand Down was held July 1. On July 5th she, Kyle Clevenger, Mike Martin and Roger Kitchen, Union Representative, met with each member of Jamie Withrow's crew individually. After making each one aware of their negligence regarding this accident, she told them that a copy of the accident report and her notes will be placed in each of their files. They would also be penalized for their part in causing the accident with the loss of their Safety Incentive Pay for 2016. President Fraley gave them a stern warning that this lack of responsibility for themselves and others would not be tolerated.

As of this week we have 400 plus safety hours without a lost time accident.

PIKE ELECTRIC

Mr. Clevenger said he let one crew go to Arkansas to help with storm work.

SAFETY REPORT

The following safety meetings were held during June:

June 7 – Mike Martin, Asst. Mgr. of Operations, turned the meeting over to Carol Fraley, President and CEO, who talked about Administrative Guidelines. She went over line extension requirements, deposits, large power contracts and school and sales taxes. Scott Speaks reminded everyone to watch for swimming pools being installed under electric lines. Bob Layman was on premises to check fire extinguishers.

June 15 – Andrea McCleese, Technical Services Supervisor, turned the meeting over to Kendall Bush for the KAEC monthly safety meeting. His topic was Back Safety and Ergonomics; What is Ergonomics; and Ways to Prevent Injuries. We had the monthly safety give-a-way.

June 20 – Brian Poling, Mgr. of Technical Services, turned the meeting over to Steve Bush, First Class Meterman. His topic was the new disconnect meters, the differences in the new and old meters, three-phase meters and turtle meters. Carol Fraley talked about additional deposits and asked everyone to watch for swimming pools being installed under power lines.

June 27 – Priscilla Sparks, Executive Assistant, turned the meeting over to Carol Fraley, President and CEO who went over some of the Administrative Guidelines, pages 9-19. The topics were: hiring procedure, appropriate office attire, personal leave days, scholarships, appropriate use of email and internet, password policy, identity theft prevention, donations of sick leave and vacation, safety incentive drawing, use of ATV's, line extension policy, underground services & underground policy for padmount transformers, aid to construction cost and relocation for convenience of member.

**SAFETY REPORT
(CONTINUED)**

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and using ground chains. A line is not dead until it is grounded.

CONSTRUCTION

Construction built eighty-seven (87) new work orders for the month of June and worked zero (0) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked five hundred ninety-four (594) hours of overtime in June. The Engineering Department worked four (4) overtime hours in June.

DELINQUENT NOTICES

The Maintenance and Construction Departments collected on two hundred forty-seven (247) delinquent accounts and disconnected twenty-nine (29) accounts in July.

CONTRACT CREWS

The three (3) Pike crews have been working in the following areas:

Tony Seagraves— Stark Conversion, Elliott County and new construction
Chris Tackett— Shultz, Greenup County
Bobby Watson—pole replacements, various counties

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 647 trees, cut 361 trees, cut 26,685 feet of brush/line and sprayed 321 spans of line. The crews are working in the following areas:

1 cutting crew in Carter, Lewis and Greenup Counties
2 cutting crews in Rowan County
1 bucket truck crew in Carter, Lewis and Greenup Counties
1 bucket truck crew in Rowan County
1 bucket truck crew in Elliott County
1 tractor crew in Carter County
3 spray crews in Elliott County

1 Smith Tree Service – circuit crew in Elliott County

ENGINEERING REPORT

The Engineering Department released eighty-eight (88) prints consisting of 17,765 feet of primary line and 1,745 feet of service wire. We currently have six (6) new services to be staked and six (6) to be drawn. There are twenty-one (21) miscellaneous jobs to be staked or drawn.

**APPROVAL OF NEW
MEMBERSHIPS &
RETIREMENT OF
EXISTING MEMBERSHIPS**

Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve one hundred eight (108) new memberships and retirement of ninety-one (91) existing memberships for June 2016.

BAD DEBT WRITE-OFFS

Motion was made by Director Whitt, seconded by Director Trent and unanimously agreed to charge off \$6,615.99 worth of bad debts and turn them over for collection.

**APPROVAL OF CEO'S,
DIRECTOR'S & ATTORNEY'S
BUSINESS EXPENSES**

Motion was made by Director Whitt, seconded by Director Trent and unanimously agreed to approve the President's business expense of \$.00, Director's business expenses of \$6,609.31 and Attorney's business expense of \$16.45.

PRESIDENT'S REPORT

President Fraley reported on the following:

EKPC REPRESENTATIVES	<p>Mike McNalley and Tony Campbell will be here for the September Board Meeting. Mike will be talking about PJM and answering any questions.</p> <p>Rodney Hitch will be attending the October Board Meeting and would like to show an economic development video and a drone presentation of the Industrial Park. He will be also be speaking at the October 11, Grayson Area Chamber of Commerce Meeting for coop month.</p>
KAEC REPRESENTATIVES	<p>KAEC will be here in October 13th for volunteer fire department training. The safety program training will be over the hill and we will provide a dinner with it. We will be opening it up EMTs and emergency management center in Sandy Hook. A letter will be mailed to the surrounding agencies.</p>
EAST KENTUCKY POWER	<p>East Kentucky Power filed a Notice of Application Seeking Issuance of a Certificate of Public Convenience and Necessity, Approval of Certain Assumption of Evidence of Indebtedness and Establishment of a Community Solar Tariff on July 21, 2016.</p>
CITY OF VANCEBURG	<p>The Electric Plant Board of the City of Vanceburg mailed a check for their residual of \$3,226.88. They have 16 new members and lost 2 members out of it for the period of July 1, 2015 – June 30, 2016. The Nelson plant portion of the check was for \$452.07. Last year the Nelson portion of the check was \$1,600+ and this year it was over \$2,000. The check they sent last year was for \$2,500.39. It was increased by \$726.49. A list of the members is mailed with the check.</p>
PSC CASE NO. 2016-00056	<p>The Tariff Filing of East KY Power Coop to Implement a New Demand-Side Management Program, Order dated December 30, 2015 was denied by the Public Service Commission on June 30, 2016. The order asked for DSM-11 to offer incentives to EKPC's 16 member-owner coops to install LED outdoor lights for end-use coop members.</p>
NRECA 2016 REGIONAL MEETING VOTING DELEGATE	<p>The NRECA 2016 Regional Meeting Voting Delegate is currently and will be Director Trent with Director Bentley as Alternate Voting Delegate. This is October 25-27 in Myrtle Beach, South Carolina.</p>
KENNETH ARRINGTON	<p>Director Arrington received from NRECA a Director Gold Certificate and a lapel pin for completing this course of study.</p>
LEGAL COUNSEL'S REPORT	<p>Legal Counsel Scott reported on the following:</p>
COLLECTION LETTER	<p>Twenty one collection letters were mailed.</p>
ALAN ZUMSTEIN	<p>A letter was mailed to Alan Zumstein, CPA, in regards to GRECC's audit.</p>
[REDACTED]	<p>[REDACTED] applied for electric service to a house on Lawton Road by the old mushroom mines. The distance to run an electric line was 5,000'. We agreed for KY Power – AEP to pick up service to this residence. Legal Counsel Scott said the terms of the agreement need to be in writing. President Fraley said she received an email from AEP-KP.</p>
PSC / VALLEY VIEW / AEP-KP	<p>Legal Counsel Scott felt the Public Service Commission is wrong in regards to the territory boundaries for Valley View. We will pursue this issue. Chairman Dupuy asked if we have received anything in writing on Sand Gap. Legal Counsel Scott said their map has a 100' buffer on the Sand Gap.</p>

KAEC DIRECTOR'S REPORT Director Whitt reported there was not meeting at KAEC this month.

EKPC DIRECTOR'S REPORT Director Arrington showed a video on drones and a video on EKPC's 75 years of service.

THANK YOU LETTER GRECC received thank you letters from:
Thaddeus Clay – scholarship winner.
Community Hospice – donation in memory of Deborah Combs.
Elliott County Cooperative Extension Agent, Gwenda – 4-H camp donation.

DONATIONS President Fraley presented to the board for their consideration the following donation requests:

Eastern KY Striders – USA Track & Field competition	\$50
East Carter High School Volleyball Boosters – golf scramble	\$50
GCHS Touchdown Club – sponsorship – field sign	\$45
Elliott County Youth Livestock – 4-H – KC will attend	\$500
Trooper Island Golf Tournament – sponsor camp	\$100
Carter County Youth Livestock – CF attends	\$500
Greenup County Youth Livestock – sponsorship	\$500
Carter County Special Olympics – sponsorship	\$250
Lewis County Band Boosters – sponsorship	\$100

Motion was made by Director Trent, seconded by Director Rice unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE President Fraley told the Board that KAEC is offering Management Certificates and Supervisory Certificates. She plans to send James 'Jamey' Withrow.

BOARD POLICIES TO BE REVIEWED President Fraley presented Board Policy 509, Safety Incentive, for consideration:

BOARD POLICY 509 GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION
BOARD POLICY NO. 509

SUBJECT: SAFETY INCENTIVE

I. To establish a policy for the employees of GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION whereby they may earn a paid Safety Incentive on the condition that they, individually do not suffer from or contribute to or cause a Lost-Time Accident or Disabling Injury during the time period of January 1st through December 31st of each calendar year.

II. **POLICY**

- A. All employees shall participate in the Safety Incentive Program.
- B. The period of participation shall be from January 1st through December 31st of the calendar year.
- C. In order to earn the Safety Incentive, employees must not:
 1. Experience a lost-time accident or disabling injury during the designated time period.
 2. Cause or contribute to an accident or disabling accident or injury as a result of violation of a Company rule or policy.
- D. Accidents or injuries suffered by employees on personal time shall not cause the loss of the Safety Incentive.
- E. When a Safety Incentive is earned, it shall be awarded by March 1st of the following year.

BOARD POLICY 509
(CONTINUED)

- F. The Safety Incentive shall be equivalent to no less than eight (8) hours of pay per employee at their current rate. (This is in keeping with the current policy and does not violate the Union Contract.)
- G. Any employee who violates this policy will not be eligible for any other safety incentive for the remainder of the year.

The Board may determine an additional incentive based on accident experience for the preceding year and savings to the Cooperative. Staff will present information on any additional incentive to the Board each year at the January Board Meeting, and make a recommendation for their consideration.

III. RESPONSIBILITY

It shall be the responsibility of the President and CEO, Manager of Finance and Accounting and the Safety Supervisor to see that this policy is adhered to.

It shall be the responsibility of each and every employee to strive for an accident free year.

GRECC BOARD POLICY 509
PAGE 2

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

Date Adopted: 02/21/86
Minute Book Page: 1554-1555
Date Revised: 01/26/90
Minute Book Page: 1910-1911
Date Revised: 01/24/97
Minute Book Page: 2856
Date Reviewed: 02/26/04
Minute Book Page: 3584-3585
Date Revised: 12/21/09
Minute Book Page: 4267-4268
Date Reaffirmed: 07/22/11
Minute Book Page: 4445-4446
Date Revised: 07/22/16
Minute Book Page:

Following discussion, motion was made by Director Martin seconded by Director Whitt and unanimously agreed to amend Board Policy 509 as presented.

BOARD MEETING DATE

The August Board Meeting will be held on Friday, August 26th.

ADDITIONAL BUSINESS

There was no additional business to bring before the board of directors.

ADJOURN

Chairman Trent adjourned the meeting at 12:02 p.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On August 26, 2016 at 9:00 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION

Director Whitt gave the invocation.

APPROVAL OF MINUTES

Motion was made by Director Martin, seconded by Director Trent and unanimously agreed to approve the minutes from the July Board Meeting for informational purposes only.

MANAGER OF
TECHNICAL SERVICES

Brian Poling, Manager of Technical Services and Andrea McCleese reported on the new mapping.

DAVEY RESOURCE GROUP

Brian is receiving the Davey Resource Group report on safety, field staff working and their contact information, items for discussion, delivery schedule for the week, circuit status reporting where they are and going. This week 762 were mapped and in the week and half into the project 1,731 has been mapped. Pactolus circuits 3 and 4 are finished and they are working on circuit 2.

Daily the DRG syncs with GRECC and reports a live update of the mapping. This gives the phasing and Brian can tag on any pole, structure or meter. Their data base will match up to the consumer's meter number and account number.

ALAN ZUMSTEIN

Alan Zumstein, CPA, presented the Management Letter and the results of the Audit for the Fiscal Year for June 1, 2015 through May 31, 2016. He stated the following:

The Financial Statement was found to be in good order.

Equity is 33% of our assets, but if you take East Kentucky Power's capital credits out it would be 20%. East Kentucky contributes to approximately 13-14% of our equity.

Income statement shows energy (kWh) sales has decreased, like other Kentucky coops. Residential sales decreased 9% resulting in revenue loss of \$2.3 million. The effect of that is losing money.

The operation expense is about the same as last year, but we generated less revenue to pay for those operating expenses.

The Times Interest Earned Ratio (T.I.E.R.) is 1.1% this year compared to 1.8% last year.

Material and inventory came out very well, with our warehouseman off.

Overall the audit went well. Mr. Zumstein's detailed report was followed by offering to answers any questions the Board may have.

Motion was made by Director Martin to accept the 2015-2016 Financial Audit as presented, seconded by Director Trent and unanimously agreed upon.

FINANCIAL AND
STATISTICAL
REPORT FOR JUNE 2016

Bradley Cherry, Manager of Finance and Accounting, presented the Financial and Statistical Report for June 2016 as:

Kilowatt hour sales for the month (6/21-7/20) were 3.77% above budget. Purchases for the time period of (6/1-30) were .59% and on budget. Line loss for the last twelve months was 8.78%. Year to date margins were (\$466,551). Sales and purchases were less than anticipated.

T.I.E.R.

T.I.E.R. was .93 for the month and the year to date T.I.E.R. was (1.04).

FUEL ADJUSTMENT

The Fuel Adjustment for the month was a credit of .005851.

ESC

The Environmental Surcharge was 10.56%.

DEGREE DAYS

There was 337 cooling degree days and 0 heating degree days. Compared to June 2015 we sold about 5.5% more than the last 3 years of 2.5%. Year to date sales are 6.18% under budget compared to 2015. Purchases were at .6% for the month. There was only one (1) kWh difference between last year and this year.

REVENUE SUMMARY

We had 76.2 degrees this year compared to 73.8 in 2015. Margins/T.I.E.R. for June was 5,498/.93 and year to date O.T.I.E.R. (1.04) and .15 less than 2015. The average T.I.E.R. over the last 3 years was 1.31. The rolling 12 month O.T.I.E.R. was 1.23 and will be adjusted in July. Year to date margins are about \$330,000 less than anticipated.

MAPPING EXPENSE

Mapping expenses are currently \$181,240 and we budgeted \$26,487 for this period. This amount includes all set up charges instead of having charges spread across the project. Next month, mapping expenses will go into a separate holding account and we plan to use work order dollars and draw down on the RUS loan fund spreading over five years. Robert's labor and benefits will be excluded. An adjustment in the amount of \$103,000 will be reported next month causing our margins to increase. Davey's Group expenses will also go into this holding account. By doing this O.T.I.E.R. raises to 1.34% and margins to (\$363,617).

RIGHT-OF-WAY EXPENSE

Director Dupuy noted the right-of-way expenses were higher than budgeted. Bradley said this was due to two months with a fifth week in them and early warm weather.

Line loss was matched to EKP's at 4.67% and year to date booked 8.78%.

CUSTOMERS BILLED

We billed 15,398 consumers, 15,358 last month and 15,379 last year.

QUARTERLY FINANCIALS

Mr. Cherry reviewed the second quarter financial report in detail. Residential sales were 8.58% under budget, general sales were 3.37% under budget, small commercial down 6.5%, large commercial down 4.5% and large industrial was up 6.19%. Total purchases were (6.80%). Line loss was .34%. Overtime hours for the year were 3,197 and a littler under budget. Degree days year to date were 1,873 and up about 5.5%. The load factor is good compared to the past 3 years.

**QUARTERLY FINANCIALS
(CONTINUED)**

Sales were \$1.2 million under budget. Purchase power was \$849,000 making a difference \$400,000 down. Expenses stayed where we want them.

CAPITAL CREDITS

We have 37 outstanding applications that will be paid next month totaling about \$37,000 to \$48,000. We did not pay any in August, due to Mr. Cherry attending a benefit conference.

HEALTH BENEFITS

At the benefits conference we received good news on our medical and prescription plans. The high deductible plan will increase 1%. The PPO plan will decrease 4%. Our long term disability decreased 5% and life insurance decreased 1%, so we stayed relatively flat.

**APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR JUNE 2016**

Motion was made by Director Trent, seconded by Director Rice and unanimously agreed to approve the Financial and Statistical report for June 2016 as presented, for informational purposes only.

RUS DEBT REFINANCING

We tabled last month's CFC debt refinancing opportunity until Bradley and President Fraley could study it further. Interest rates are low and CFC is willing to take all of our RUS debt at a fixed rate of 3.35%. Over the course of 23 years, we would save interest of \$1.014 million by refinancing with CFC. All loans would be paid off in 2039. Any money for our next Work Plan would come from FFB. This process could take around 9 months. RUS is not lending money at this time.

**BOARD RESOLUTION RE-
REQUESTING RUS DISCOUNTED
PREPAYMENT**

Mr. Cherry presented the following Board Resolution Requesting RUS Discounted Prepayment to the Board for their approval.

GO TO PAGE 4

BOARD RESOLUTION REQUESTING
RUS DISCOUNTED PREPAYMENT (CONTINUED)

Board Resolution Requesting RUS Discounted Prepayment

I, Billy E. "Eddie" Martin, do hereby certify that: I am the Secretary of Grayson Rural Electric Cooperative Corporation ("Applicant") and the following is a true and correct copy of excerpts from the minutes of a meeting of Applicant's Board of Directors held on August 26, 2016, as they appear in the Minutes Book of Applicant, including the resolution duly adopted thereat; the meeting was duly and regularly held in accordance with the bylaws of Applicant; and said resolution has not been rescinded or modified:

WHEREAS, the Board of Directors of Applicant has caused to be conducted a thorough review of the feasibility of prepayment of all of its Qualified Notes currently outstanding with the Rural Utilities Service (RUS), and

WHEREAS, the Board of Directors has, after full study and consideration, determined that it is in the best interest of Applicant and its membership, that it prepay all of its RUS notes, as set forth on the Schedule attached to this resolution, at a discounted present value at the earliest practicable date, as authorized in 7 CFR Part 1786, now, therefore, be it

RESOLVED, that the Board of Directors hereby requests that RUS enter into a prepayment agreement with the Applicant providing for the prepayment of all of its Qualified Notes and that it be communicated to the appropriate RUS Regional Director by the President of the Board of Directors, and

WHEREAS, the Board of Directors of Applicant, has determined that it will seek to prepay, at a discount, its existing RUS debt, and CFC financing is needed for the prepayment in the approximate amount of \$9,800,000.

NOW THEREFORE BE IT RESOLVED, that the Applicant make application to CFC for a commitment in the approximate amount of \$9,800,000 to be used to prepay RUS debt.

BE IT FURTHER RESOLVED, that the CFC financing requested herein include several different loan amounts, each loan having a maturity no longer than 30 years, as determined by the *General Manager* and provided to CFC in writing prior to the preparation of CFC loan and security documentation. The loans, which in the aggregate total the financing commitment request of \$9,800,000, will have separate CFC interest rate options which will be selected at the time of the advance by the *General Manager*.

BE IT ALSO RESOLVED, that Applicant hereby authorizes the release of information from RUS to CFC in connection with the system as it relates to this application.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of Applicant, this 26th day of August, 2016.


Secretary

(Corporate Seal)

A motion to consolidate the loans with CFC and adopt the CFC Resolution (Board Resolution Requesting RUS Discounted Prepayment) presented by Mr. Cherry was made by Director Whitt, seconded by Director Bentley and unanimously agreed upon.

**SALES TAX AND
SCHOOL TAX**

Bradley reported that sales tax on night lights and school tax have become an issue. After checking with other Cooperatives, it seems that no two Cooperatives treat Sales Tax and School Tax alike. We have consulted with Alan Zumstein to make sure we are in compliance. Our last sales tax audit in 2012 did not identify any problems with these two issues.

WAGE & SALARY PLAN

Chairman Dupuy called upon Eddie Martin, Chairman of the Wage and Salary Committee, for a report on the Consideration of the 2015-2021 Wage & Salary Adjustment for Non-Union Employees.

Director Martin discussed the Planning & Review Committee Meeting held August 19, 2016 and asked President Fraley and Bradley Cherry to explain the details.

President Fraley shared with the Board the current Organizational Chart and reporting responsibilities of each title. She also shared a copy of the current Wage and Salary Plan and where each employee stands within the plan with respect to their classification and current salary.

President Fraley said that the Wage and Salary Plan was compared to similar jobs listed on the KAEC Wage and Salary Plan. She and Mr. Cherry also look at wages for similar jobs in the area. Each grade is based on its level of responsibility. Our current cost of wages for inside employees is 1.30 million dollars. Jeannie Virgin plans to retire in January and Nancy Madden will take her position. Peggy Skaggs will assume Nancy Madden's duties and one position will be eliminated.

President Fraley and Mr. Cherry presented to the Board for their consideration, 1%, 2%, 3%, and 3.81% (union equivalent) increases including benefits. Each one percent of the current wage and salary plan costs \$17,557, including cost of additional benefits. The equivalent amount of the Union's 3.81% would cost \$66,892 (including benefits). Since one position would be eliminated, the actual cost of would be \$2,540 less than last year's increase. The proposed percentages are:

1%	\$17,557
2%	\$35,114
3%	\$52,671
3.81%	\$66,892 (The equivalent of the union raise for this year.)

President Fraley asked for \$5,000 for merits to be included.

Following thorough discussion, a motion to accept the Wage and Salary Plan for 2016-2017 with a 3.81% increase and a \$5,000 merit in reserve was made by Director Martin, seconded by Director Rice and unanimously agreed.

The wage and salary is administered over the course of September 1, 2016 to August 31, 2017. Increases approved by the Board are given on the last position anniversary date.

**MANAGER OF MARKETING
& MEMBER SERVICES**

Kim Bush, Manager of Marketing and Member Services gave her report.

ANNUAL MEETING BUDGET The Annual Meeting cost was \$22,000 and under budget this year. There were 1,312 registered.

CHRISTMAS BUDGET Mrs. Bush said she budgeted \$6,000 for the Service Award Dinner with the total overall budget for all Christmas expenses \$18,375. This would cover all expenses.

PREPAY SUMMARY We have 532 active PrePay Accounts with 4 inactive accounts. The average balance is (\$41.55), 2,633 payments received in 30 days averaging \$32.12 per payment with total payments received \$84,568.27 .

DEBT MANAGAEMENT We have 45 active accounts with Debt Management totaling \$10,723.23. Sixteen percent of active accounts have Debt Management. We have:

Under \$100 – 13	\$100-\$199 – 10	\$200-\$299 – 10
\$300-\$399 – 6	\$400-\$499 – 3	over \$500 – 3

ENERGY EFFICIENCY Tina's audits included 10 Energy Audits, 2 Heat Pumps, 1 Touchstone Energy Home Audit, 2 Commercial Lighting Audits, 1 HVAC Duct Seal and 1 Button Up.

SCHOOL PROGRAMS Blaine Elementary School Readifest – 200 students; Peggy Wells and Julie. Carter County Fair Kid in the Race – 8 kids
Economic Development Meeting with Brad Thomas and representative from State Economic Development – 15 signed up

ANNOUNCEMENTS August 27th, Chris Mosier and Scott Speaks, guardians for the Honors Flight.
September 2nd, Greenup County Fair – Kids in the Fair
September 15th, Carter County Farm Field Day at McGlone farm in Grayson.
September 26th, fish fry with the Board.
September 29-30, Lineman's Rodeo, Shelby Energy.
October 4th and 5th handouts on the front porch for October Coop Month.
Monday, October 10, Columbus Day, the office will be closed for our annual cleaning day. We will also have Touchstone Energy Training.
October 11th, GRECC hosting Grayson Chamber – GRECC's 65th anniversary and cooperative month.
October 13th, hosting the First Responders Training session with KAEC.
December 9th, 6 p.m., Service Awards Dinner, old Olive Hill High School.
Flu shots have not been scheduled.

OPERATIONS REPORT Kyle Clevenger, Manager of Operations, gave the Operations Report and the Safety Report. He reported on the following:

EMPLOYEE/LOST TIME ACCIDENT There were no lost time accidents to report this month.

SAFETY REPORT The following safety meetings were held during July:

July 05 – Robert Brown, Geographical Information System Technician, discussed Personal Protective Equipment and showed a power point regarding most equipment used. He also went over the new mapping and some new changes that will be coming in the near future.

**SAFETY REPORT
(CONTINUED)**

July 11 – Sherry Buckler, Mgr. of Accounting & Human Resources, turned the meeting over to President Fraley who handed out medical forms for employees to fill out that could help out in a medical emergency. She and Kyle Clevenger talked about line feeds that had been shifted. Robert Brown talked about mapping.

July 18 – Kim Bush, Mgr. of Marketing & Member Services, turned the meeting over to Brian Poling, Robert Brown and Andrea McCleese who talked about the new staking system, how the new staking sheet would look, pole tags, red line changes, and the work order flow. Kyle went over the Safety Investigation involving Justin Staniford. President Fraley awarded Bradley Cherry with certificates for completion of KRTA training, Programs 1 and 2. We had the monthly safety give-a-way.

July 26 – Bradley Cherry, Mgr. of Finance & Accounting, turned meeting over to Scott Speaks who talked about the new work order prints. David White conducted the monthly KAEC safety meeting. His topics were: Federated Summer Safety Newsletter, Rigging, EKPC accident review, and seat belt usage. He reviewed a fatality incident involving a right of way worker. His safety manual references were 503.11Rigging and 503.1-F General/Seat Belts.

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and use of ground chains. A line is not dead until it is grounded.

CONSTRUCTION

Construction built ninety-eight (98) new work orders for the month of July and worked zero (0) hours of overtime.

DELINQUENT NOTICES

The Maintenance and Construction Departments collected sixty-six (66) delinquent accounts and disconnected twenty (20) accounts in August.

OVERTIME HOURS

The Maintenance Department worked six hundred thirty-six (636) hours of overtime. The Engineering Department worked ten (10) hours of overtime.

CONTRACT CREWS

We have three (3) Pike crews working in the following areas:

Tony Seagraves – Stark Conversion, Elliott County and New Construction
Chris Tackett— Shultz, Greenup County
Bobby Watson—Pole replacements in various counties

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 798 trees, cut 544 trees, cut 38,735 feet of brush/line and sprayed 329 spans of line. The crews are working in the following areas:

1 cutting crew in Carter, Lewis and Greenup Counties
2 cutting crews in Rowan County
1 bucket truck crew in Carter, Lewis and Greenup Counties
1 bucket truck crew in Rowan County
1 bucket truck crew in Elliott County
1 tractor crew in Carter County
3 spray crews in Elliott County

1 Smith Tree Service, circuit crew in Elliott County

ENGINEERING REPORT

The Engineering Department released one hundred thirty-seven (137) prints consisting of 4,198 feet of primary line and 2,574 feet of service wire.

They currently have four (4) new services to be staked and three (3) to be drawn. There are fifteen (15) miscellaneous jobs to be staked or drawn.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS

Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve eighty-eight (88) new memberships and retirement of ninety (90) existing memberships for July 2016.

BAD DEBT WRITE-OFFS

Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to charge off \$2,879.55 worth of bad debts and turn them over for collection.

APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY'S BUSINESS EXPENSES

Motion was made by Director Martin, seconded by Director Whitt and unanimously agreed to approve the President's business expense of \$204.78, Director's business expenses of \$7,194.79 and Attorney's business expense of \$9.87.

PRESIDENT'S REPORT

President Fraley reported on the following:

FEDERATED INSURANCE

We received a check from Federated Insurance in the amount of \$2, 473.00 for 2013-2015 overages on retention policy.

LUNCH

Today we will be having lunch for Bill DeLong. He went on long term disability.

CLEANING DAY

We will have cleaning day on October 10th. We have a leak on the back side of the office building roof.

65TH ANNIVERSARY

We will observe the 65th anniversary of Grayson Rural Electric on October 13. Calendars will be handed out for Coop month.

LINE EXTENSIONS:

We have two issues on line extension. One is [REDACTED] who is building a house near the Mushroom Mines, 6,299 feet from our closest line. She is 300' from AEP. This would cost approximately \$84,000 (low cost) over and above cost.

The 2nd one is on Mocabee Creek. The site was originally served by AEP. The old house was torn down and a new house was built. When AEP was approached by the telephone company about clearance, they realized this was in GRECC territory. The job to [REDACTED] is approximately 3,000 feet and would cost approximately \$20,000-\$30,000.

These amounts would have to be paid by them, in advance. We have met with AEP Engineers to discuss these jobs.

Director Bentley asked how many meters were disputed in Sand Gap lawsuit and President Fraley told him we have one or two residences.

Director Martin asked if we could make a specific agreement with AEP and Director Trent asked if we could give only a one time permission to AEP.

LINE EXTENSIONS
(CONTINUED)

Motion was made to have President Fraley work out an agreement in writing with AEP by Director Martin, seconded by Director Trent and unanimously agreed upon.

Each exception would have to be determined individually

LEGAL COUNSEL'S REPORT

Legal Counsel Scott reported on the following:

ALL 4 HIM (HUDDLE HOUSE)

Reviewed Surety bond on the Huddle House account in the name of All 4 Him.

KAEC DIRECTOR'S REPORT

Director Whitt reported KAEC did not meet during the month of August due to the Fall Manager's Meeting.

EKPC DIRECTOR'S REPORT

Director Arrington gave a report on EKPC's August Board Meeting. President Fraley attended a Manager's meeting by phone. It was proposed by the Managers that EKPC should reach 20% equity and then determine how much might be returned to the Cooperatives. It would be up to each Cooperative as to how to pay back capital credits to their own members. This does not come under the jurisdiction of the Public Service Commission. The Managers would also like to see the Smith debt resolved.

THANK YOU NOTES

We received a thank you note from the Lewis County Educational Foundation.

DONATIONS

President Fraley presented to the Board for their consideration the following donation requests:

Grayson Area Chamber of Commerce – Funtober Fest sponsor	\$150
Friends of the Carter County Public Library - membership	\$100
Carter City Elementary School – fall festival	\$50
Raceland Cross Country – 5K Run – sponsor	\$50
Blaine Elementary School – autumn festival	\$100
Blaine High School Reunion – alumni scholarship	\$125
Greenup County Cheerleader – golf scramble	\$100
Isonville Elementary School – educational realm	\$100
Hurricane Relief Fund-for LA Elec Coop employees-Baton Rouge, LA	\$250
(along with the employees donation of \$250)	
Tygart Creek Elementary – sponsorship 5K run	\$50

Motion was made by Director Whitt, seconded by Director Martin and unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE

The following upcoming meetings were presented for attendance this month:

Priscilla Sparks will be attending the Executive Assistant meeting next week. Joe Sargent and Roger Kitchen will be attending a HAZ MAT Meeting. Robert Brown, Anita Bellew and Andrea McCleese will be attending the second part of the Management Essential Certification. Three Member Representatives will be attending Winter Hardship meeting in October in Louisville. All Directors will be attending the Regions 2 & 3 Directors School and/or Meeting in Myrtle Beach, SC, October 25-27. The KAEC Annual Meeting is November 14-15 in Louisville.

BOARD MEETING DATE

The September Board Meeting will be held on Monday, September 26 at 9:00 a.m.

ADDITIONAL BUSINESS

There was no additional business to bring before the Board of Directors.

ADJOURN

Chairman Dupuy adjourned the meeting at 12:20 p.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On September 26, 2016 at 9:00 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Kim Bush, Manager of Marketing & Member Services.

INVOCATION	Director Rice gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Bentley, seconded by Director Martin and unanimously agreed to approve the minutes from the August Board Meeting for informational purposes only.
TECHNICAL SERVICES SUPERVISOR	Brian Poling, Technical Services Supervisor, reported on the following:
DAVEY RESOURCE GROUP	<p>The Davey Resource Group has completed 4,528 GPS points as of September 17th. All GPS points on Pactolus have been completed and they have moved to the Low Gap Substation. Low Gap feeder 1 is completed and they are working on feeders 2 and 3.</p> <p>Davey had three employees working, but James Jordan was involved in an auto accident when his 4 wheeler was rear-ended by Angie Harlow of Iron Hill. Mr. Jordan was taken to St. Mary's Hospital with head injuries, receiving eight staples in the back of his head. A witness stated the accident was not Mr. Jordan's fault.</p>
EAST KY POWER COOP LOAD FORECAST	We met with EKPC personnel and collaborated on the Load Forecast. For the first time in a few years, we were able to forecast some growth in our area by adding Columbia Gas, Pleasant Valley asphalt plant, Genesis Recovery Center, Dollar Store and future Save a Lot at Sandy Hook, and a planned Truck Plaza at Pleasant Valley.
GENESIS DRUG REHAB CENTER	Brian also reported on the new Genesis Drug Rehabilitation facility that will open this week.
SCHOOL TAXES	<p>Andrea reported on whether school tax should be charged on security lights. It was recommended from the legal firm that represents KAEC that we should collect school tax on security lights. The amounts per county would range from \$30 to \$350. This question was raised during our yearly financial audit. Our last tax audit in 2012 did not question our method of paying school tax. We checked with several Cooperatives and there did not seem to be any consistency as to how school taxes were handled on security lights.</p> <p>The general consensus of the Board was to correct this matter immediately, upon recommendation of our Legal Counsel and KAEC's Legal Counsel. Andrea will work with SEDC to include school tax on security lights as soon as possible in the applicable counties. The increase will be added in the line item "School Tax."</p>
FINANCIAL REPORT	Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for July 2016. Mr. Cherry reported on the following:

FINANCIAL & STATISTICAL
REPORT FOR JULY 2016

Kilowatt hour sales for the month of July (7/21-8/20) were 11.87% over budget. Purchases for the time period of 7/1-31 were 6.2930% over budget. Line loss for the last twelve months was 7.40%. Margins for the month were \$217,283.75 and the year to date (\$249,267.19).

T.I.E.R

The monthly Operating T.I.E.R was 3.843 with the rolling 12 month O.T.I.E.R 1.56.

FUEL ADJUSTMENT

The fuel adjustment for the month was (0.004066).

ESC

The environmental surcharge was 10.86% for the month.

DEGREE DAYS

We had 459 cooling degree days and 0 heating degree days.

CAPITAL CREDITS

In September we paid 40 accounts totaling \$32,622.59 and we have 18 outstanding capital credit applications. This year we have paid 114 capital credit accounts totaling 108,842.65.

CFC REFINANCING

Bradley has been working with CFC and RUS on our refinancing and has notified the PSC.

Mr. Cherry presented two certifications to the Board to be signed. The resolutions were signed at last month's board meeting. These certificates state we are certified and eligible to pay our loans.

The following Certification of Eligibility affirms the necessary criteria in accordance with the regulation outlined in 7 CFR 1786.155 and must be signed by Chairman Harold L. Dupuy.

CERTIFICATION OF
ELIGIBILITY

Grayson Rural Electric Cooperative Corporation

109 Bagby Park • Grayson, KY 41143-1292
Telephone 606-474-5136 • 1-800-562-3532 • Fax 606-474-5862

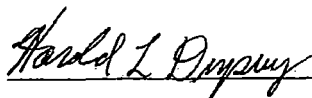
Certification of Eligibility

Grayson Rural Electric Cooperative Corporation (hereinafter called the "Cooperative") hereby affirms the following eligibility criteria in accordance with the regulations outlined in 7 CFR 1786.155:


1. The Cooperative is current on all payment obligations on outstanding loans made or guaranteed by RUS;
2. No material defaults exist under the Cooperative's RUS Loan Contract and Mortgage;
3. The Cooperative has expended all funds advanced pursuant to the RUS Loan Contract for the purposes for which such funds were advanced;
4. The Cooperative is current on all obligations under any wholesale power contract with

East Kentucky Power Cooperative, an RUS (or non RUS) financed power supply borrower.

Signature:



Harold Dupuy, Chairman

A Touchstone Energy Cooperative 

**CERTIFICATION OF NO TAX
EXEMPT FINANCING**

The following Certification of No Tax Exempt Financing affirms the prepayment of the RUS Qualified Notes that will be financed with loans from NRUCFC (CFC). Chairman Harold L. Dupuy and Secretary-Treasurer Billy E. "Eddie" Martin must sign this certificate.

Grayson Rural Electric Cooperative Corporation

109 Bagby Park • Grayson, KY 41143-1292
Telephone 606-474-5136 • 1-800-562-3532 • Fax 606-474-5862

CERTIFICATION OF NO TAX EXEMPT FINANCING

The prepayment of the RUS Qualified Notes will be financed with loans from National Rural Utilities Cooperative Finance Corporation (CFC). No tax exempt financing will be used in funding this prepayment.


Signature: Harold L. Dupuy
Harold Dupuy, Chairman

CERTIFICATION OF SECRETARY

I, Billy E. "Eddie" Martin, Secretary-Treasurer of Grayson Rural Electric Cooperative Corporation, do hereby certify that the above is a true and correct copy of a resolution adopted at the meeting of the Board of Directors of The Electric Cooperative, Inc. on August 26, 2016, at which a quorum was present and voted.

SEAL

Billy E. Martin
Billy E. "Eddie" Martin, Secretary-Treasurer

A Touchstone Energy Cooperative 

LONG TERM DISABILITY

Next month a resolution to NRECA will be needed on our long term disability and what we contribute to our 401K. The Coop contributes a matching percentage on our long term disability. Open enrollment will be in November for everyone.

UUS PATRONAGE

We received from UUS the 2015 patronage dividend allocation of 20%. The allocation was \$2,444.45 and the 20% was a check in the amount of \$488.89.

CRC

We received from CRC a patronage allocation for fiscal year 2015 in the amount of \$1,615 with a check for the pro-rata portion of \$323.00. The current balance is \$5,213.80.

STATEWIDE PATRONAGE

We received a check for 20% of the 2015 patronage dividend allocation of \$209.18 from KAEC in the amount of \$41.84.

APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR JULY 2016

Motion was made by Director Trent, seconded by Director Rice and unanimously agreed to approve the Financial and Statistical Report for July 2016, as presented for informational purposes only.

MANAGER OF MARKETING & MEMBERS SERVICES

Kim Bush, Manager of Marketing and Member Services reported:

PREPAY SUMMARY

We have 537 active PrePay Accounts with 7 inactive accounts. The average balance is (\$44.25) using about 34 kwh a day. In the past 30 days we have received 2,476 payments totaling \$85,062.95, averaging \$34.35 per payment.

DEBT MANAGEMENT

We have 52 active accounts with Debt Management and we have collected \$2,701.24. Debt Management has an outstanding balance of \$17,010.80. 9.6 percent of active accounts have Debt Management. We have:

Under \$100 – 16	\$100-\$199 – 9	\$200-\$299 – 12
\$300-\$399 – 5	\$400-\$499 – 6	over \$500 – 5

ENERGY EFFICIENCY

Tina Preece has completed 2 Heat Pump Retrofits, 1 How\$martKY Audit, 5 Energy Audits, 4 CARES heat pump upgrades, 2 Commercial Lighting upgrades, 1 HVAC Duct Seal, 1 Button-Up and 1 Touchstone Energy Audit.

Also, 3 appliances were recycled. Two (2) clothes washers, 3 dishwashers, 3 refrigerators, 2 Energy Star heat pumps and 1 water heater rebates have been processed online.

SCHOOL PROGRAMS

September 2—Greenup County Fair, Kids in the Races, 30 participants, approximately 100 spectators
September 14—Carter County Farm Field Day at the McGlone Farm—300 people, safety demonstrations, door prize donation and energy efficiency information available.

ANNOUNCEMENTS

Lineman's Rodeo is September 29th & 30th at Shelby Energy
Energy Efficiency Preparedness Event will be held October 4th & 5th on the front porch. We will be giving out energy efficiency products and information on how to button up their homes this winter.
The office will be closed for cleaning on Monday, October 10th.

ANNOUNCEMENTS
(CONTINUED)

We will be hosting the Chamber of Commerce Meeting at GRECC and EKPC's Rodney Hitch will be speaking. He is the Economic Development Manager at EKPC.

First Responders Safety Training is Thursday, October 13th at 6 p.m. There will be demonstrations of the safety trailer and pole top rescue.

Our family event will be held on October 22, 2016 at Morehead State University's Star Theater.

The Service Awards Dinner is December 9th at 6pm at the old Olive Hill High School. Texas Roadhouse will be catering.

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations gave the Operations Report. He reported on the following:

EMPLOYEE/LOST TIME
ACCIDENT

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during August:

August 01—Kyle Clevenger, Mgr. of Operations, reminded everyone the new mapping program would be starting this week. He discussed several incidences reported by Federated, what caused them and how they may have been prevented. He reminded everyone it was hot and muggy, to take their time and be careful.

August 08—Carol Fraley, President and CEO, read from the Administrative Guidelines and discussed standard deposits, what is considered good credit, deposit refunds, line extensions and other topics. She also read two thank you notes from consumers. We had the monthly safety give-a-way.

August 15—Mike Martin, Asst. Mgr. of Operations, turned the meeting over to Linville Spangler from EKPC. He went over the 3 top causes of vehicle accidents; distracted driving, speeding and drunk driving. His topic was Lockout/Tagout and System Restoration, the ten steps of switching.

August 22—Andrea McCleese, Technical Services Supervisor, showed slides on 3 types of distractions which were visual, manual, and cognitive. She also read articles on 5 distractive work place hazards and workplace wireless electronic devices. Carol Ann handed out certificates of completion for Intermediate Skills Workshop to Justin Staniford and Tony Brewer.

August 30—Brian Poling, Mgr. of Technical Services, turned the meeting over to David White, KAEC Safety Instructor. His topic was "Ignaz Semmelweis vs "The Way We've Always Done It" and had multiple PPE references. He mentioned a lineman contact at South Kentucky, talked about complacency and used a crash review of flight 5191 as an example. Following the meeting he did a crew visit. Carol Fraley read letters from consumers expressing their appreciation of the Co-op and she reviewed last week's board meeting.

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and using ground chains. A line is not dead until it is grounded.

KAEC CREW INSPECTION

David White emailed President Fraley in regards to his latest crew visit with Jamey Withrow and crew. The email read: 'Kyle, I am attaching my crew visit report for your records from Tuesday's check on Jamey's crew. I rarely

KAEC CREW INSPECTION
(CONTINUED)

check the "excellent" box on my report form, but I did with this one. The guys were working very well together and, most importantly, working safely during my visit. Good job! David G. White'

CONSTRUCTION

Construction built ninety-two (92) new work orders, including 21 services added and 5 services retired, for the month of August and worked zero (0) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked two hundred sixty-nine (269) hours of overtime during the month of August. They worked two hundred seventeen (217) hours overtime on work orders. Construction and Engineering worked zero (0) hours of overtime during the month of August.

DELINQUENT NOTICES

The Maintenance and Construction Departments collected on two hundred fifty-two (252) delinquent accounts, 214 cards was issued to be disconnected and thirty-eight (38) accounts were disconnected by remote meter in September. Field personnel disconnected an additional ten (10) meters for a total of 48 disconnects and twenty (20) accounts were reconnected on September 7th. September 8th eight (8) meters were disconnected. A total of four (4) meters were reconnected.

CONTRACT CREWS

Two (2) Pike crews have been working in the following areas:

Tony Seagraves – Stark Conversion, Elliott County and new construction
Chris Tackett – Campbell Estates, Carter County

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crews trimmed 807 trees, cut 463 trees, cut 28,675 feet of brush/line and sprayed 188.50 spans of line. The crews are working in the following areas:

- 1 cutting crew in Carter, Lewis and Greenup Counties
- 2 cutting crews in Rowan County
- 1 bucket truck crew in Carter, Lewis and Greenup Counties
- 1 bucket truck crew in Rowan County
- 1 bucket truck crew in Elliott County
- 1 tractor crew in Carter County
- 3 spray crews in Elliott County

The Smith Tree Service has a circuit crew working in Elliott County

ENGINEERING REPORT

The Engineering Department released one hundred ten (110) prints consisting of 1,572 feet of primary line and 2,980 feet of service wire. We currently have two (2) new services to be staked, two (2) to be drawn and eleven (11) miscellaneous jobs to be staked or drawn.

NOTES FROM MEMBERS

President Fraley shared a letter from Jim Webb, Olive Hill, recognizing a crew and how well they worked together and most importantly, said prayer before commencing work.

She also said Peggy Wells had received a thank you from consumers for making a special effort in getting their electric connected.

MAZIE SUBSTATION

We will be reading the Mazie Substation October 18-19 with our new iPads.

**APPROVAL OF NEW
MEMBERSHIPS &
RETIREMENT OF
EXISTING MEMBERSHIPS**

Motion was made by Director Martin, seconded by Director Bentley and unanimously agreed to approve one hundred eighteen (118) new memberships and retirement of one hundred sixteen (116) existing memberships for August 2016.

BAD DEBT WRITE-OFFS

Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to charge off \$704.73 worth of bad debts and turn them over for collection.

**APPROVAL OF CEO'S,
DIRECTOR'S & ATTORNEY'S
BUSINESS EXPENSE**

Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve the President's business expense of \$232.07, Directors business expenses of \$12,556.87 and Attorney's business expense of \$6.58.

RUS WORK ORDERS

Motion was made by Director Rice, seconded by Director Trent and unanimously agreed to approve the following 219 RUS Work Orders for the months of April, May, and June 2016 in the amount of \$1,312,695.75:

April 2016	Work Order No. 1242	\$825,646.77
	Work Order No. 1243	\$3,112.07
May 2016	Work Order No. 1244	\$194,606.80
	Work Order No. 1245	\$2,714.43
June 2016	Work Order No. 1246	\$277,827.82
	Work Order No. 1247	\$8,787.86
Total		\$1,312,695.75

PRESIDENT'S REPORT

President Fraley reported on the following:

She will be out of the office, the week of November 14th recovering from knee replacement surgery.

KAEC LINEMAN'S RODEO

We will leave Wednesday afternoon for KAEC Lineman's Rodeo.

COLUMBIA GAS

Columbia Gas is under pressure from a group of homeowners in the Valley View Subdivision area who fear the plant will be too loud. President Fraley will be attending a public meeting on October 4, 2016 where Columbia Gas can answer questions and visit with these homeowners.

BUDGET MEETING

The staff will be having a 2017 budget meeting in October prior to the October Board Meeting.

EKPC RADIO SYSTEM

Brian Poling signed an agreement with East Kentucky Power to integrate the new radio system. He is also working on the whole building generator.

ANNOUNCEMENTS

The Christmas party is December 9th.

Licking Valley thought they were past the Attorney General on their rate increase case. However, the Attorney General has decided to try to intervene again.

LEGAL COUNSEL'S REPORT

Legal Counsel Scott reported on the following:

He has prepared two agreements for [REDACTED] and [REDACTED] to allow them to receive service from AEP, due to the location of their homes. The agreement states that Kentucky Power will continue to serve [REDACTED] and will serve [REDACTED], but will not give Kentucky Power authority to serve any other customers in the area. Director Arrington made a motion, Director Whitt seconded and motion was carried to accept the two agreements, as presented by Legal Counsel Scott.

KAEC DIRECTOR'S REPORT

Director Whitt presented the following to the Board:

Jackson Energy seated a new board member.
SURE money was distributed to candidates.
Most of the meeting was concerning selling the property on Bishop Lane.
They also talked about selling the property and possibly renting office space.

EKPC DIRECTOR'S REPORT

Director Arrington reported the following to the Board:

Strategic Issues Committee.
Board policies and procedures.
Major projects.
Financial report.
Hedge and fuel strategy.
Spurlock reopened executed.
Purchased 250,000 ton of coal in Southeastern Ohio.
Blacktop at Spurlock.

THANK YOU LETTERS

We received thank you notes from Special Olympics Kentucky and from the Community and Technical College Foundation of Ashland.

DONATIONS

President Fraley presented to the Board for their consideration the following donation requests:

Family Resource Center – 25 th Anniversary	\$100
Vanceburg Lions Club – 5 th Annual Heritage Fest	\$100
Carl W. McCoy – Olive Hill Nat'l Guard Armory	\$150
Carter Christian Academy – renovation of grounds	\$100

Motion was made by Director Whitt, seconded by Director Martin and unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE

Meetings presented for attendance this month:

The PSC Winter Cut-Off Training is October 12, 2016 at KAEC in Louisville. The employees attending are Kim Bush, Anita Bellew, Becca Bender and Janet Whitt.

Regions 2 and 3 Meeting, Myrtle Beach, South Carolina, October 25-27, 2016, all Directors will be attending.

KAEC Annual Meeting, Louisville, KY, November 13-15, 2016, Directors Trent, Rice, Dupuy, Whitt, Arrington, Bentley and staff Kim Bush and Priscilla Sparks.

MEETING ATTENDANCE
(CONTINUED)

NRECA Director's Winter School, Nashville, TN, December 2-7, 2016, Directors Martin, Trent, Dupuy, Whitt and Bentley plan on attending.

VOTING DELEGATES TO
CFC DISTRICT 3 MEETING

Director Whitt will serve as the Voting Delegate to CFC District 3 Meeting on October 26, 2016 in Myrtle Beach, South Carolina. There was no alternate delegate assigned.

VOTING DELEGATES TO
FEDERATED RURAL ELECTRIC
INSURANCE EXCHANGE

Director Bentley will serve as the Voting Delegate to Federated Rural Electric Insurance Exchange to be held October 26, 2016 in Myrtle Beach, South Carolina.

2016 KAEC ANNUAL
MEETING VOTING
DELEGATES AND
2017 BOARD MEMBERS

Chairman Dupuy will serve as the voting delegate to the 2016 KAEC Annual Meeting and Director Trent will serve as the alternate voting delegate. President Fraley and Director Whitt will serve as the 2017 KAEC Board Members.

NO LOST TIME ACCIDENT
AWARD 2015

GRECC received from Federated Rural Electric Insurance Exchange a No Lost Time Accident Award certificate for 534,392 employee-hours since December 20, 2009 through December 31, 2015.

BOARD MEETING DATES

The October Board Meeting will be Friday, October 21, 2016.

ADDITIONAL BUSINESS

Tony Campbell, President and CEO and Mike McNalley, Executive Vice President and COO of EKPC came to visit with the Board and answer any questions they might have.

EKP purchased Bluegrass Power Plant in Oldham County. Its total capacity is approximately 594 megawatts (500 in the summer and 600 in the winter). And they will be part of the PJM portfolio this year.

EKP challenges are environmental issues; they have closed the Dale plant and are moving the ash off the river to the Smith site.

Carbon Combustion Residual (CCR) will affect Spurlock I and II and Cooper. It will cost approximately \$350 million to come up to the new regulations. Clean Power Plan (C02) is delayed, but will come possibly next year.

In 2024-2026 EK may possibly build a new power plant.

The solar farm the CEOs voted for is 8.5 megawatts, 30,000 panels, on 60 acres and will cost about \$18 million. Financing is with CFC's clean renewable energy bonds. The tariff is at the PSC awaiting approval. It is a higher cost kWh.

PJM update – when energy market is low, we buy from PJM, if high we run our own units and sell into PJM. Capacity market will pay for Smith 1 and the remainder will be used to alleviate high environmental charges. We want to keep off the base rate increase as long as they can.

The Smith Plant outstanding debt was explained in salvage value. Right now it is contained in rates.

Capital Credits – EKP has two guiding factors on how to pay capital credits. One is the Bylaws – 20% equity and the second is RUS loan agreements – equity ratio above 20%. Currently EKP's equity ratio is at 15% and should go up. The Board is looking at paying around 18% but would need approval from RUS. This would be cash for capital credit that are retiring. Up to this point they have been assigned, but EKP is now looking at paying.

ADJOURN

Chairman Dupuy adjourned the meeting at 12:22 p.m.

Harold L. Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On October 21, 2016 at 9:00 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Dupuy called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION

Director Dupuy gave the invocation.

APPROVAL OF MINUTES

Motion was made by Director Trent, seconded by Director Whitt and unanimously agreed to approve the minutes from the September Board Meeting for informational purposes only.

MANAGER OF TECHNICAL SERVICES

Andrea McCleese, Technical Services Supervisor gave the department report.

The transfer switch for the new office generator has been received and the generator will be in the end of October. The existing generator will be installed in the construction office / warehouse building. The gas line has to be upgraded by the city prior to installation.

Mapping Project - Davey Resource Group has 3 GIS collectors in the field. The Low Gap Substation is to be completed within the next 2 weeks. One of the workers has started on the Warnock Substation.

The Mazie Substation meters were read this week for a Meter Reading Survey. At end of Thursday evening, 935 meters have been read. IPads have been used to gather information and submit to the office to analyze. There are approximately 1,000 to 1,100 meters, excluding the oil wells. They are not finding a lot of safety issues, but there are a lot of retirements.

Scott Drake, EKPC, spoke at the KY SEDC Users' Group meeting about the Cooperative Solar project that East Kentucky is proposing to the PSC. EKPC is soliciting program changes to the coops' CIS vendor software to accommodate the solar credits on the bills of members who purchase panels. They expect PSC approval next month. The panels will cost approximately \$480 and a line item credit will be on your bill.

The collector at Argentum Substation failed and was changed out yesterday. Andrea talked to Peggy and there is a potential to estimate bills on those meters this month. The collector accumulates the readings and transmits them to the office.

FINANCIAL REPORT

Bradley Cherry, Manager of Finance and Accounting, presented the Financial & Statistical Report for August 2016, as follows:

FINANCIAL & STATISTICAL REPORT FOR AUGUST 2016

Kilowatt hour sales for the month of August (8/21-9/20) were 9.07 % over budget. Purchases for the time period of 8/1-31 were 14.58 % over budget. 14.5% more than in the past. Line loss for the last twelve months was 8.34%. We have a positive margin of over \$50,000. Year to date margins were (\$198,253.61) with the budgeted amount of (\$303,014.28),

T.I.E.R

The monthly O.T.I.E.R is 1.67 and the rolling 12 months average is 1.80 O.T.I.E.R.

ESC

The environmental surcharge was 9.11%.

DEGREE DAYS

There were 354 cooling degree days and 0 heating degree days for this period.

CAPITAL CREDITS

We paid seventeen (17) capital credits application this month in the amount of \$21,585.18. The total number of deceased estates paid to date is one hundred thirty-one (131) for a total of \$130,427.83. We have seventeen (17) incomplete applications at this time.

MIP

Bradley Cherry will be leaving November 6, 2016 to attend the Management Internship Program in Wisconsin for two weeks. Due to his absence, the Financial report will be condensed and no capital credits will be paid.

RIGHT-OF-WAY

President Fraley said the current Right- of-Way contracts are one year old and will be extended unless the Board would like to see new bids. We did budget for up to 1.5 % increase in labor and a slight increase for circuit cutting is planned for the 2017 budget.

PLANNING REVIEW
COMMITTEE MEETING

The Planning and Review Committee will meet on December 8, 2016 at 8:00 a.m. for the 2017 Budget.

APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR AUGUST 2016

Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to approve the Financial and Statistical report for August 2016 as presented, for informational purposes only.

401K RESOLUTION

Bradley Cherry presented the RESOLUTION AUTHORIZING THE AMENDMENT OF THE NRECA (the 401(k) Plan") ADOPTION AGREEMENT "A" RUS# 18061-001; 18061-002.

The contribution is based on our retirement rate. The employee pays a rate and the coop pays on that based on the rate.78 per \$100 down to .7416 This resolution allows Carol Ann to sign resolution documentation.

GO TO PAGE 3

401K RESOLUTION (CONTINUED)

**RESOLUTION
AUTHORIZING THE AMENDMENT OF THE
NRECA 401(k) PENSION PLAN
Adoption Agreement "A"
RUS#: 18061-001; 18061-002**

WHEREAS, Grayson Rural Electric Cooperative Corporation ("Grayson RECC") is participating in the NRECA sponsored defined contribution plan, the 401(k) Pension Plan (the "401(k) Plan"), and;

WHEREAS, The Board of Directors of Grayson RECC ("the Board") now desires to amend this plan pursuant to Section 18.2 of the 401(k) Plan document and does hereby authorize the amendment effective January 1, 2017, by executing the appropriate Adoption Agreements;

BE IT RESOLVED, that the amendment to the 401(k) Plan is as follows:

The Employer Base Contribution shall be changed from .7800% of the Participant's Base Compensation to .7416% of the Participant's Base Compensation. All other Plan provisions shall remain unchanged.

BE IT FURTHER RESOLVED, that the Board is aware that the amendment may cause certain employees to experience a reduction in benefits and accepts the responsibility for taking such action.

BE IT FURTHER RESOLVED, that the Board does hereby authorize and direct Carol Hall-Fraley, President & CEO, to execute all necessary documents and to take any and all further actions necessary to carry out the intentions of the Board as indicated in this resolution.

CERTIFICATE OF SECRETARY

I, Billy E. ("Eddie") Martin, certify that I am Secretary of the Grayson RECC Board of Directors and that the above is a true excerpt from the minutes of a regular board meeting of the Board of Directors held on the 21st day of October, 2016, at which a quorum was present and that the above portion of the minutes has not been modified nor rescinded.

IN WITNESS WHEREOF, I have set my hand and affixed the seal of Grayson Rural Electric Cooperative Corporation this 21 day of October, 2016.

(Seal)


(Signature of Secretary)

Motion was made to accept the Resolution Authorizing the Amendment of the NRECA (the 401(k) Plan) Adoption Agreement "A" RUS# 18061-001; 18061-002 by Director Whitt, seconded by Director Trent and unanimously agreed upon.

CFC LOANS

Mr. Cherry reported we have filed and are waiting on the Commission to sign off on our efforts to decrease our interest rates by refinancing with CFC.

2017 NRECA BENEFIT
AUDIT

We will be undergoing a required NRECA benefit audit in 2017. NRECA suggested we use Alan Zumstein as our auditor. Bradley and Sherry Buckler sat in on a phone conference in regards to this matter. The audit will cost \$1,800.

Chairman Dupuy accepted a motion from Director Trent, seconded by Director Rice to fulfill NRECA's audit requirements as presented. Motion was unanimously agreed upon.

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations, gave the Operations Report & Safety Report. Mr. Clevenger reported on the following:

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during September:

September 6 – Priscilla Sparks, Executive Assistant, turned the meeting over to President and CEO, Carol Fraley. She announced that David White from KAEC had marked “excellent” for overall safety rating on his last crew visit. She also went over Administrative Guidelines including reporting of an accident, use of company vehicles, access cards, monthly inspections, tool maintenance, cyber security, etc. It was first of the month safety give-a-way.

September 17 – Robert Brown, Geographical Information System (GIS) Technician, turned the meeting over to David White, KAEC safety program. The employees participated in an exercise with groups by drawing out an incident and worked together to solve the problem and find the safety rule in the safety manual. Hurt man rescue was performed in our training field after the meeting for group one. Kyle Clevenger reminded everyone to work safe and explained that East Kentucky's radio system will be down for repairs until further notice.

September 19 - Sherry Buckler, Mgr. of Accounting & Human Resources, turned the meeting over to Sheri Charles from the Credit Union. Ms. Charles discussed the Credit Union benefits available and stayed after the meeting to answer questions. Carol Ann talked about flu shots and reminded everyone to be careful. Nancy asked everyone to be sure to turn in their CDL letters.

September 27 – Kim Bush, Mgr. of Marketing and Member Services, was in charge of the meeting. Nurses from Dr. Gupta's office attended for annual influenza injections.

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and the use of ground chains. A line is not dead until it is grounded.

CONSTRUCTION

Construction built one hundred thirty-seven (137) new work orders for the month of September and worked zero (0) hour of overtime.

OVERTIME HOURS

The Maintenance Department worked two hundred thirty-seven (237) hours of overtime during the month of September. The Engineering Department worked three (3) hours of overtime.

DELINQUENT NOTICES

The Maintenance and Construction Departments had two hundred seven (207) delinquent accounts and disconnected thirty-eight (38) accounts in October.

CONTRACT CREWS

We have two (2) Pike crews working in the following areas:

Tony Seagraves – Stark Conversion, Elliott Co. and new construction
Chris Tackett – Campbell Estates, Carter County

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 741 trees, cut 503 trees, cut 28,143 feet of brush/line and sprayed 178 spans of line. The crews are working in the following areas:

1 cutting crew in Carter, Lewis and Greenup Counties
3 cutting crews in Rowan and Elliott County
1 bucket truck crew in Carter, Lewis and Greenup Counties
1 bucket truck crew in Rowan County
1 bucket truck crew in Elliott County
1 tractor crew in Carter County
2 spray crews in Elliott County

Bobby Smith's crew is circuit cutting in Elliott County.

ENGINEERING REPORT

The Engineering Department released ninety-four (94) prints consisting of 1,499 feet of primary line and 2,871 feet of service wire. We currently have two (2) new services to be staked and two (2) to be drawn. There are approximately nine (9) miscellaneous jobs to be staked or drawn.

THANK YOU LETTER -LOUISIANA STATEWIDE

Last month the Board voted to make a donation to Louisiana Statewide to help Cooperative employees who suffered flood damage. Grayson R.E.C.C. employees added an additional \$250. We received a thank you letter from them.

KAEC 2016 LINEMAN'S RODEO

The Lineman's Rodeo was at the Shelbyville Fair Grounds this year and was hosted by Shelby R.E.C.C. Our team did very well and place 7th overall out of 23 teams. The team consisted of Bryan Rogers, Shane McDavid and Steven Burton and they placed 1st in the most difficult completion, the mystery event. They also placed 5th in hurt man rescue; 11th in pole swap; and 12th in mystery 1. In the individual journeymen, Bryan Rogers placed 8th in skill climb; 13th in cut out and feed change; 25th in de-energizing a line; 27th in hurt man; and 23rd overall.

In the apprentice, Justin Staniford placed 6th in hurt man; 6th in skills climb; 7th in cut out and feed change; 21st in de-energizing a line; and 8th in overall. Tony Brewer also completed as an apprentice and placed 4th in de-energizing line; 13th in hurt man; 20th in cut out and feed change; 23rd in skills climb; and 16th overall.

Clark Energy won overall. The next event will be at Jackson Energy.

MANAGER OF MARKETING AND MEMBER SERVICES

Kim Bush, Manager of Marketing and Member Services, gave her report:

LIHEAP

Kim and four Member Representatives went to the KAEC annual LIHEAP training in Louisville. November 1, 2016 will commence the LIHEAP program and it will last through March 31, 2017. Some of our consumers have pre-registered and we have their paperwork.

PrePays are allowed to received funds from LIHEAP, but if they get a winter hardship, they cannot not go back on prepaid. The amounts are \$126 and \$182 these agencies are working with this year. Northeast will pay up to \$400 on a delinquent bill in January.

PREPAY ACCOUNTS

PrePay Summary: 599 active accounts; 6 inactive accounts; average balance on accounts (\$49.67); average kwh usage—26 a day; total number of payments 30 days—2,161; average payment - \$32.62; and total payment amount - \$70,502.05.

DEBT MANAGEMENT

Debt Management Summary: 61 active accounts totaling \$19,889.02. In the past 30 days total payments collected ws \$2,175.84. 10% of active accounts have Debt Management.

Under \$100=18	\$100-\$199=10	\$200-\$299=12
\$300-\$399=8	\$400-\$499=3	over \$500=10

ENERGY EFFICIENCY

Energy Efficiency and Audits performed: Energy Audit – 4; Heat Pump Audit – 1; How\$mart Audits – 1; CARES – 1; Button-Up – 2; Billing Insights Audit - 2.

Appliance Recycling: Freezer – 1; 2 Refrigerators – 2

Energy Star Appliance Rebates: Clothes Washer – 1; Dishwasher – 1; Refrigerator – 2; Freezer – 3; Energy Star Heat Pump – 1.

COMMUNITY/SCHOOL PROGRAMS

School and community programs held were:

Energy Efficiency Preparedness event – October 4 & 5

Hosted the Grayson Chamber of Commerce meeting for October. Rodney Hitch spoke to the group and also showed our Economic Development video. Rodney is the Economic Development Manager at EKPC.

Isonville Celebration – October 12

First Responders Safety Training—Thursday, October 13th at 6 p.m.

4-H Lamps at Isonville – October 14

Camp Webb- 500 kids – October 17 & 18

Career Day at McKell Elementary – October 21

ANNOUNCEMENTS

Star Theater at MSU—Family Event—2:30 p.m. and dinner from 4:00 p.m. – 5:30 p.m.

Service Awards Dinner—Friday, December 9th at 6 p.m. at Olive Hill Historical Society

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS

Motion was made by Director Martin, seconded by Director Trent and unanimously agreed to approve one hundred one (101) new memberships and retirement of one hundred seventeen (117) existing memberships for September 2016.

BAD DEBT WRITE-OFFS

Motion was made by Director Rice, seconded by Director Bentley and unanimously agreed to charge off \$2,923.87 worth of bad debts and turn them over for collection.

**APPROVAL OF CEO'S,
DIRECTOR'S & ATTORNEY
BUSINESS EXPENSES**

Motion was made by Director Trent, seconded by Director Bentley and unanimously agreed to approve the President's business expense of \$120.32, Director's business expenses of \$6,999.57 and Attorney's business expense of \$.00.

PRESIDENT'S REPORT

President Fraley reported on the following:

EKPC BUDGET MEETING

President Fraley learned at the EKPC Budget Meeting that they are not going to reapply to the PSC to help the Cooperatives pay for LED security lighting.

MOUNTAIN MEETING

The Mountain Meeting met at Grayson RECC on Wednesday, October 12, 2016. They looked at opportunities for shared services. They may be able to have Winston Tan to do a wage and salary plan study for all of us at the same time.

Licking Valley thought they had reached an understanding with the PSC regarding their metering issues, but the Attorney General has intervened again. Licking Valley is trying to get written clarification from Landis+Gyr to help explain their situation. All Landis+Gyr customers may have to help Licking Valley in this matter.

RCCU/VISA CARDS

Rural Cooperative Credit Union has requested all individuals with Visa cards to notified them when traveling, so a note can be placed on the cardholders account. A cell phone number is requested to be on record with each card account to make it easy for fraud monitoring service calls. A 'helpful hint' sheet was given to all present.

TONY BREWER

Tony Brewer has finished his third year lineman apprentice program and is going into the final year of the apprentice program.

**HUDDLE HOUSE (FORMERLY
B.E.R. ENTERPRISES)**

The Huddle House in Grayson has paid up the account to date and put the business in the new owner's name, All 4 Him dba Huddle House LLC.

SHONEY'S

Shoney's delayed opening appears to be due to getting their liquor license.

DOLLAR GENERAL STORE

The Dollar General Store in Sandy Hook plans on opening in November.

COLUMBIA GAS

President Fraley said she attended the Columbia Gas meeting at the Art Gallery in Grayson on October 4th. The meeting was in regards to complaints of citizens that did not want a gas line in their community. Grayson Rural Electric is working with Columbia Gas and we are still waiting on the approval to build a three phase line over Interstate 64. We already have a single phase line over the interstate.

**COMPANY EMPLOYEES
CLOTHING ALLOWANCE**

President Fraley proposed to the Board a clothing allowance of \$250 for the non-union employees. After discussion, a motion was made by Director Whitt, and seconded by Director Martin, to give each non-union employee a \$250 clothing allowance. Motion carried unanimously.

**PRESIDENT FRALEY
SURGERY**

President Fraley said she is scheduled for a knee replacement surgery on Friday, November 11, 2016. She plans on returning to work before the November Board meeting.

LEGAL COUNSEL'S REPORT	<p>Legal Counsel Scott reported on the following:</p> <p>Twenty-one (21) collection letters were mailed this month. He filed an application for refinancing through CFC. He filed two separate applications with PSC for approval. They were for [REDACTED] on Hanshaw Road and [REDACTED] on Mocabee Creek. President Fraley said Sherry McDavid of FIVCO has requested we participate in a conference call with some people who want to build some sort of attraction at the old mushroom mine at Lawton. He has reviewed the Board Resolution on the 401k rate change.</p>
KAEC DIRECTOR'S REPORT	Director Whitt reported there was no KAEC Board Meeting this month.
EKPC DIRECTOR'S REPORT	Director Arrington gave the EKPC report as follows:
MONTHLY FINANCIAL	<p>Mike McNalley, CFO, reported that August margins were slightly over budget, primarily because of O&M expenses performing better than planned. August Year-To-Date margin surpassed budget largely due to the decline in expected O&M expenses exceeding the decline in net sales due to less favorable weather. They are \$13.7 million ahead of margins.</p>
EKPC LEGAL UPDATE	<p>EKPC Legal Counsel David Smart reported that oral arguments on the Clean Power Plan (CPP) were 6.5 hours on Sept 27th before 10 judges of the D. C. Circuit and 16 advocates representing EPA, petitioners and intervenors.</p> <p>The board discussed returning capital credits to members.</p>
ENVIRONMENTAL REGULATIONS	<p>Don Mosier discussed environmental regulations and capital decisions regarding Spurlock Station Units 1 and 2. For the Board to make an informed decision, all reasonable alternatives require a review. One scenario is for EKP to 'clean-close' the ash pond. Steps are being made to present to the Strategic Issues Committee in February 2017; to the Board in March 2017 and back to the Board in April 2017 to be voted on.</p>
POWER PRODUCTION	Brad Young discussed EKPC Power Production Capital and Construction project management process, a well-designed project lifecycle, with sub-processes and tolls that support the project teams.
POWER SUPPLY MARKET UPDATE	David Crews updated the Board on the Power Supply Markets of natural gas, coal, oil and electric power.
ACES ANALYSIS OF LGE/KU JOINING PJM	<p>Tony Campbell discussed ACES' analysis of the potential impact should LGE/KU join in PJM. EK will need to develop a defensive strategy on transmission expansion cost in the western region of PJM to mitigate some of the risk of transmission cost allocation that might occur.</p> <p>Mr. McNalley reported that EKPC engaged Customized Energy Solutions to review the settlements process. In EKPC's annual audit that includes accounting for PJM activities; no issues were identified by Ernst & Young.</p> <p>President Fraley said Fitch had upgraded EKP to AAA- from B starting from junk status 7 years ago. Standard and Poor's Rating Services also noted them.</p>

MISCELLANEOUS

Mr. Arrington went on the new Bluegrass Station tour Monday. LG&E has their own substation. East Kentucky has a substation that comes with it in Oldham County with 60 acres.

THANK YOU

We received thank you letters from Tygart Creek Elementary, King's Daughters Health Foundation for the Rocky Adkins Cure for Cancer Golf outing, Kentucky Community and Technical College System (KCTCS) for the Lineman's Scholarship Fund, Vanceburg Lions Club, and the Grayson Chamber of Commerce for Funtober Fest.

DONATIONS

President Fraley presented to the Board for their consideration the following donation requests:

Lakeside Elementary School – playground equipment	\$200
Rowan County Regional Quilt Show – donation	\$100
Rowan County Christmas – donation	\$100
Greenup County Schools – sponsorship of books for classrooms	\$50
Olive Hill Meals on Wheel – donation	\$100
Watson Enterprise Baptist Church – sponsor 3K walk/5K run	\$50
Grayson Area Chamber of Commerce – sponsor 5K run/walk	\$50

Motion was made by Director Trent, seconded by Director Rice and unanimously agreed to approve the donations as presented.

CFC

CFC sent a check in the amount of \$2,319.76. Our system's fiscal year 2016 patronage capital allocation was \$4,883.70 and retirement \$2,441.85.

COBANK DIRECTOR

Robert Behr was elected to represent the South Region and will be placed on the CoBank Board of Directors for a four-year term commencing on January 1, 2017

KAEC / WIRE MEETINGS

Directors that will be attending the KAEC Annual Meeting on November 14-15, 2016 in Louisville, KY are Harold Dupuy, Roger Trent, Jimmy Whitt, Kenneth Arrington and William 'Billy' T. Rice. Legal Counsel Scott will be attending the KAEC Attorney's Meeting on Sunday, November 13th and Monday, November 14th. Kimberly Bush and Priscilla Sparks are the employees that will be attending the KAEC Annual Meeting and W.I.R.E. Meeting.

ADDITIONAL BUSINESS

There was no additional business.

BOARD MEETING DATES

The November Board Meeting will be on Monday, November 21st.

ADJOURN

Chairman Dupuy adjourned the meeting at 11:57 a.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On November 21, 2016 at 9:05 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Dupuy called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Whitt gave the invocation.
APPROVAL OF MINUTES - REGULAR BOARD MEETING	Motion was made by Director Bentley, seconded by Director Martin and unanimously agreed to approve the minutes from the October Board Meeting, for informational purposes only.
TECHNICAL SERVICES SUPERVISOR	Brian Poling, Technical Services Supervisor, reported on the following:
DAVEY'S RESOURCE GROUP	As of November 12 th , Davey's Resource Group has collected 10,008 GPS points has been collected. Pactolus and Low Gap Substations are completed and they are working on Warnock Substation.
PACTOLUS / LOW GAP	Robert had completed the quality control checks on Pactolus and Low Gap's data and sent the modifications to be made back to DRG. After corrections are made, data will be submitted to Futura who will upgrade our system with the new data.
AT&T CONTRACT	We signed a contract with AT&T to run a new fiber optic line to the office. This will allow increased internet speeds giving us unlimited capability and an increase of 5 times our current speeds.
OFF-SITE DATA STORAGE	The AT&T upgrade allows bandwidth for off-site storage. A Data Domain server was implemented creating a backup of all our servers. This backup is stored on a server in the Warehouse, and each night that server data is compressed and moved to Lexington. NetGain Technologies will be housing the backup.
NEW RADIO SYSTEM	ERSOCI, a Motorola company, is installing the new radio system through EKPC in our trucks and office. They will also train Cooperative personnel. Twelve to fourteen trucks have been converted. Towers are at Alt (off RT 504) and Zion Ridge. EKP maintains the towers and GRECC maintains the radio system. This was in the 2016 budget for \$60,000; actual cost was \$58,995.53. The building generator is scheduled for delivery in December. The switch gear came in the first of November. JMK will begin on the pad and we can follow with the gas line. The old generator will be installed over the hill.
2016 EKPC LOAD FORECAST RESOLUTION	Mr. Poling asked Priscilla Sparks to read the 2016 Load Forecast Study Resolution prepared by EKPC. The load forecast was discussed at the September Board Meeting, but failed to get the Resolution approved and signed by the Board. This will be mailed to Sally Witt with EKPC.

2016 EKPC LOAD FORECAST RESOLUTION
(CONTINUED)

Grayson Rural Electric Cooperative Corporation

109 Bagby Park • Grayson, KY 41143-1292
Telephone 606-474-5136 • 1-800-562-3532 • Fax 606-474-5862

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION


RESOLUTION

WHEREAS, the 2016 Load Forecast Study has been prepared by East Kentucky Power Cooperative (EKPC) using an end-use model, with full participation of Grayson Rural Electric Cooperative's President and Staff;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors approves the 2016 Load Forecast Study for use in the Four Year Work Plan, Financial Forecast and other studies, and as part of the EKPC Load Forecast Study.


Harold L. Dupuy, Board Chairman

November 21, 2016
Date

A Touchstone Energy Cooperative 

Motion was made by Director Whitt to accept the Resolution for the 2016 Load Forecast Study, as presented, seconded by Director Trent and unanimously agreed upon

FINANCIAL REPORT

Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for August 2016. Mr. Cherry reported on the following:

FINANCIAL & STATISTICAL REPORT FOR SEPTEMBER

Sales for the month of September (9/21-10/20) were 2.38% over budget. Purchases for the month of September (9/1-9/30) were 2.33% over budget. Line loss for the last 12 months was 9.20% Year to date margins were a deficit of (\$506,153) compared to the budgeted amount of (\$655,532).

FUEL ADJUSTMENT

The fuel adjustment factor for the month was (0.004478).

ESC

The energy surcharge cost was 7.50%.

DEGREE DAYS

There was 175 degree days; 58 heating degree days and 117 cooling degree days.

T.I.E.R.

T.I.E.R. for the month was a (3.064).

Chairman Dupuy pointed out there was very little difference to the previous year. Mr. Cherry stated we project no growth without any major changes. In November, December and January a lot of growth margins will hit our books.

219 ANALYSIS

The 219 analysis page was discussed in detail.

We are operating at no change in growth the past 2 years or so.

Director Whitt asked what it was costing us to operate, as in operating cost compared to revenue cost. Mr. Cherry said our operating expenses were around one million dollars and our revenue was around two and one-half million dollars.

Director Dupuy asked how substation construction was factor into our charges. President Fraley said EKPC plans and budgets substations in their work plan, the same way we budget for line construction. Cost for us to utilize the substation itself is rolled into use and billable demand. Some Cooperatives have idle substations, due to reductions in the coal and railway industries.

WORKPLAN JOBS

President Fraley reported on how our current Workplan stands at this time. Jobs completed are Argentum / ST RT 7, Timberlake Meadows, Airport Road / Dudley, another Airport Road job and Montgomery. Stark is just finishing up. We are ready to start the ST RT 173 job. A crew is finishing up on the Pactolus / Campbell Lane job and will be starting on the Iron Hill job. From there we will move to Alcorn in Greenup County.

In 2017 the far end of Kee Hole in Greenup County (Lost Creek); Low Gap Circuit 2 / Alcorn; RT 201 S of Blaine and Cains Creek the following year. In 2018 work will include a new circuit on Prater Road, Pelfrey and Bailey Hollow.

2016 BUDGET MEETING

The Planning and Review Committee, Directors Trent, Martin, Rice and Chairman Dupuy will meet at GRECC on Wednesday, December 7, 2016 8:00 a.m.

APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR SEPTEMBER 2016

RUS DEBT REFINANCING

Motion was made by Director Rice, seconded by Director Trent and unanimously agreed to approve the Financial and Statistical report for September 2016 as presented, for informational purposes only.

Bradley brought the Board up to date on the RUS Debt refinancing issue by saying that we had received a letter from the Kentucky Public Service Commission, approving our refinancing and a commendation from the Commission for our efforts to save Members money.

Closing for the refinancing is scheduled for December 19, 2016. Legal Counsel said that some signature requirements were incorrect and would need to change. The Resolution would authorize Carol Hall Fraley to sign as President and Billy E. "Eddie" Martin to sign as Board Secretary.

Mr. Scott also made some suggestions for wording changes. Following those changes, a Waiver of Notice would need to be approved by the Board. Legal Counsel pointed out that this refinancing opportunity would not allow Grayson R.E.C.C. to borrow from RUS for 120 months. However, under conditions of the mortgage, we could borrow from CFC, CoBank or FFB.

Motion was made to accept the Waiver of Notice on the Loan as presented to the Board by Director Trent, seconded by Director Martin and unanimously agreed upon.

Legal Counsel wanted to make clear that the Board would be restricted from RUS financing for 120 months, after any discounted prepayments are made. Chairman Dupuy asked the Board if everyone understood this part of the refinancing and asked for an aye vote. All Directors were in agreement except Director Martin.

President Fraley explained that our work plan funds come from FFB and it had been some time since we accessed RUS funds. Mr. Scott asked when it became the trend to move away from RUS funding to other sources and if there were any policies that reflected that trend. President Fraley is not aware of any policies, but the trend has occurred as other financing opportunities became available, at better terms and interest rates.

At that point, the Board decided to revisit the entire option of re-financing all RUS financing with CFC funds. Director Martin said he was not comfortable with the loan agreement.

Director Arrington asked for a comparison of the loans. The RUS interest rates we are refinancing range from .26 to 4.95%. The CFC rate would be 3.57%, a savings of \$1 million dollars over the life of the loan. However, the agreement would include restrictions from RUS financing for 120 months. Several Kentucky Cooperatives either have refinanced or are in the process of refinancing. At this point, Director Martin made a motion to table the Resolution of Adoption of the Loan Agreement, seconded by Director Bentley.

In the interest of clarifying questions the Board might have, and at the suggestion of Mr. Scott, Mr. Cherry called Elaine MacDonald of CFC on the phone. She explained that RUS funding comes through SFB and we were already their customer. Page 16 of the loan agreement shows a notice

RUS DEBT REFINANCING
(CONTINUED)

requirement and not a consent agreement.

It was suggested that we call a Cooperative who has utilized the refinancing. Mr. Cherry called Joni Hazelrigg, CEO of Fleming Mason Energy. Mrs. Hazelrigg stated that Fleming Mason has refinanced two times, without any repercussions and their Board was pleased with the process.

After thorough discussion, Legal Counsel suggested that, at the direction of the Board, a motion and a second would be in order to adopt the entire process and issue all documents. The motion should contain the information we heard from Ms. MacDonald and Mrs. Hazelrigg concerning the benefits and disadvantages of entering into this transaction, weighing all the possibilities. Chairman Dupuy called for a vote on the motion to table the Resolution of Adoption of the Loan Agreement. Motion carried.

Further discussion ensued. Following that, a motion was made by Director Whitt to adopt the Resolution for Adoption of the Loan Agreement, upon thorough discussion and examination, and after discussion with Ms. MacDonald of CFC and Mrs. Hazelrigg of Fleming Mason Energy, and weighing all possibilities of the benefits and disadvantages of entering into said transaction. The motion was seconded by Director Trent. The vote was 6 to 1, with Director Martin voting No due to the RUS borrowing restrictions.

GO TO PAGE 6

WAIVER OF NOTICE - RUS

Prepayment
Supporting Docs
PRPYNS.RES

WAIVER OF NOTICE*

We, the directors of (hereinafter called the "Corporation") waive all notice of the time, place and purpose of a regular meeting of the board of directors and fix 109 Bagby Park Street, in Grayson, State of Kentucky, as the place, and the 21st day of November, 2016, at 9 o'clock, A.M., as the time for the holding of such a meeting for the purpose of acting upon:

- (1) The authorization of the prepayment by the Corporation to the Rural Utilities Service (hereinafter called "RUS") the discounted present value pursuant to 7 CFR Part 1786 of any Outstanding Note eligible for prepayment pursuant to the terms of Public Law No. 102-428 (hereinafter called "Notes");
 - (2) The acknowledgement by the Corporation that the Corporation, and its successors or assigns may not receive direct or insured loans from the Government pursuant to Titles I or III of the Rural Electrification Act (7 U.S.C. 904, 935) for 120 months after any discounted prepayments are made on the Corporation's Notes pursuant to the terms of Public Law No. 102-428.
 - (3) The authorization of the execution and delivery by Corporation of an agreement with RUS setting forth the terms and conditions for the Corporation's discounted prepayment of its outstanding Notes.
-

GO TO PAGE 7

WAIVER OF NOTICE - RUS
(CONTINUED)

Prepayment
Supporting Docs
PRPYN5.RES

IN WITNESS WHEREOF we have hereunto set our hands the

21st day of November, 2016.

Harold L. Dimpney

Kenneth Baington

Jimmy White

Beir Rice

Roger Trust

Billy E. Martin

Jim Berry

being all of the directors of
Grayson Rural Electric Cooperative Corporation
without exception

- 3 -

CFC 2 LOAN EXTENSIONS -
2 YEARS

Bradley Cherry presented two extensions of 3% locked in for two years on two loans. This is a two year extension on what we borrowed from CFC for our prepayment as we did in 2012 at the same interest rate.

CFC TWO 2-YEAR LOANS	<p>Motion to accept the two two-year loans with CFC at the same interest rate of 3% was made by Director Trent, seconded by Director Rice and unanimously agreed upon.</p> <p>Next Bradley Cherry presented three loan extensions for three years with CFC.</p>
CFC THREE LOANS – 3 YEARS	<p>Motion was made to accept the three three-year loans with CFC by Director Martin, seconded by Director Bentley and unanimously agreed upon.</p> <p>Bradley thanked the Board for allowing him to attend the schooling in Missouri.</p>
MANAGER OF MARKETING AND MEMBER SERVICES	<p>Kim Bush gave the Manager of Marketing and Member Services report as follows:</p>
MEMBER SERVICES	<p>Three Member Service Representatives and Kim completed the Customer Service Excellence Training this past week at EKPC with Touchstone Energy.</p>
PREPAY SUMMARY	<p>We have 626 Active PrePay Accounts. We have taken in \$86,594.76 in the last 30 days. Consumers on prepay accounts cannot get a winter hardship.</p>
DEBT MANAGEMENT	<p>Debt Management is up 11%. We have 68 active debt management accounts. The total amount in Debt Management is \$20,292.67. Total payments collected for Debt Management in past 30 days was \$3,353.54.</p>
LIHEAP	<p>LIHEAP consumers can get winter hardship. We get a voucher from the organization paying and we put the dollar amount on that consumer's account. The organization will mail us a check when they get their money.</p>
ENERGY EFFICIENCY	<p>Tina has reported the following energy efficiency information: Energy Audits – 7 Heat Pump Audits – 2 CARES – 1 Commercial Lighting In Progress – 1 HVAC Duct Seal – 1 and Billing Insights – 1 Appliance Recycling – 2 Energy Star Appliance Rebates: Clothes Washer – 5 Dishwasher – 6 Refrigerator – 4</p>
SCHOOL / COMMUNITY	<p>Greenup County APES Program —75 students Greenup Reality Store —2 days —750 students Career Day — Carter County —2 days —400 students</p>
ANNOUNCEMENTS	<p>Service Awards Dinner — Friday, December 9th, 6 p.m. at Olive Hill Historical Society</p>
PROVOST	<p>President Fraley asked Kim to put John Dean on alert for Provost.</p>
ANNUAL MEETING	<p>At the December Board Meeting we will discuss if it is okay to have our own annual meeting instead of going through Statewide. GRECC can order buckets.</p>

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations gave the Operations Report. He reported on the following:

LOST TIME ACCIDENTS

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during October:

October 3 – Bradley Cherry, Manager of Finance and Accounting, gave a power point with Cindy Irving: PIRC Investment & Retirement Planner, Certified Financial Planner. Carol Ann presented Roger Kitchen a Certificate of Completion of Haz-Mat Refresher. She gave updates on the Lineman Rodeo.

October 13 – Kyle Clevenger, Manager of Operations, turned the meeting over to Clarence Greene for the KAEC monthly safety meeting. The meeting was in the evening with area 1st Responders, which included a pole top rescue and a demonstration with the hot trailer.

October 17 – Carol Fraley, President and CEO, talked about getting ready to read the Mazie Substation. She also presented Joe Sargent with a Certificate of Completion for Haz-Mat Refresher course.

October 24 – Mike Martin, Assistant Manager of Operations, read from the Safety Manual pages 176-177; 508 – Tree Trimming. Kyle reminded everyone to keep their mind on their job. Andrea gave an update on the meter reading program.

October 31 – Andrea McCleese, Technical Services Supervisor, presented a power point on Bloodborne Pathogens. She had videos on Social Engineering, E-mail & Messaging, Physical Security, and explained a ransomware attack that occurred recently at another Kentucky Coop. Bradley Cherry went over employee benefits.

Mr. Clevenger continues to mention the necessity of ground chains and that a line is not dead until it is grounded.

CONSTRUCTION

Construction built one hundred one (101) new work orders for the month of October and worked zero (0) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked two hundred seven (207) hours of overtime during the month of October. The Engineering Department worked two (2) hours of overtime during the month of October.

DELINQUENT NOTICES

The Maintenance & Construction Departments collected on ninety-nine (99) delinquent accounts and disconnected nineteen (19) accounts in November.

CONTRACT CREWS

Our two (2) Pike crews have been working in the following areas:

Tony Seagraves – Stark Conversion, Elliott County and new construction
Chris Tackett – Campbell Estates, Carter County

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 1,100 trees, cut 971 trees, cut

**RIGHT-OF-WAY CREWS
(CONTINUED)**

36,436 feet of brush/line and sprayed 160 spans of line. The crews are working in the following areas:

- 1 cutting crew in Carter, Lewis and Greenup Counties
- 3 cutting crews in Rowan and Elliott Counties
- 1 bucket truck crew in Carter, Lewis and Greenup Counties
- 1 bucket truck crew in Rowan County
- 1 bucket truck crew in Elliott County
- 1 tractor crew in Carter County
- 2 spray crews in Greenup County

Smith Tree Service has one circuit crew in Elliott County on RT 504

ENGINEERING REPORT

The Engineering Department released ninety-one (91) prints consisting of 22,448 feet of primary line and 2,210 feet of service wire. They currently have two (2) new services to be staked, two (2) to be drawn and eight (8) miscellaneous jobs to be staked or drawn.

**APPROVAL OF NEW
MEMBERSHIPS &
RETIREMENT OF
EXISTING MEMBERSHIPS**

Motion was made by Director Bentley, seconded by Director Trent and unanimously agreed to approve ninety-one (91) new memberships and retirement of ninety (90) existing memberships for October 2016.

BAD DEBT WRITE-OFFS

Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to charge off \$2,463.11 worth of bad debts and turn them over for collection.

**APPROVAL OF CEO'S,
DIRECTOR'S & ATTORNEY
BUSINESS EXPENSES**

Motion was made by Director Martin, seconded by Director Trent and unanimously agreed to approve the President's business expense of \$33.10, Director's business expenses of \$6,441.65 and Attorney's business expense of \$4.70.

PRESIDENT'S REPORT

President Fraley reported on the following:

**BOARD ELECTION
INQUIRES**

Darrell Sammons and William 'Bill' Bentley inquired about running for the Board. A packet was mailed to Mr. Simmons on November 16th and a packet will be mailed to Mr. Bentley. Terry Osborne asked an employee, but we haven't heard from him. Kim is working on an Annual Meeting timeline.

WAREHOUSE ROOF BIDS

We are taking bids on the warehouse roof and extensive grading.

2017 BUDGET MEETING

The 2017 Budget Meeting with the Planning and Review Committee is scheduled for 8:00 a.m. on December 8. Directors Martin, Rice, Trent and Dupuy are on the committee.

DIRECTOR BENTLEY – CCD

President Fraley presented Director Jim Bentley with a Credentialed Cooperative Director Program CCD certificate and lapel pin.

ATTACHMENT CONTRACTS

President Fraley is working on new telephone contracts. She is looking at renegotiating the attachment definition and rate per attachment on the rural telephone companies. She would like to have a more standardized contract will all the companies, based on the contract we have in place with the state for KIH.

SUBSTATION READINGS	We would like to read another substation in December, possibly Newfoundland and/or Sandy Hook.						
SURGERY	President Fraley said she is scheduled for a knee replacement surgery on Friday, December 2, 2016.						
LEGAL COUNSEL'S REPORT	<p>Legal Counsel Scott reported on the following:</p> <p>He has finished GRECC's application on the loan and answered follow-up questions for PSC. He is waiting on answer from PSC on KY Power for the two consumers from Olive Hill.</p> <p>Twenty-one (21) collection letters were mailed.</p> <p>Mr. Scott attended the KAEC Attorney's meeting and said it was the worst meeting for attorneys at the KAEC Annual Meeting he had ever attended.</p>						
INTENT TO RUN FOR THE GREENUP COUNTY BOARD SEATS	Both Directors, Harold Dupuy and Eddie Martin submitted written notice of their intention to stand for re-election to the Board of Directors in 2017.						
KAEC DIRECTOR'S REPORT	<p>Director Whitt reported the November KAEC Meeting was its Annual Meeting and reported on the following:</p> <p>KAEC has sold their building and property for \$3.9 million. They have not decided on where to move at this point. KAEC will be signing off on the oil deposits on site. An asphalt plant purchased the property.</p> <p>Ed Whitfield was awarded the Distinguished Rural Kentuckian for the Annual Meeting.</p>						
EKPC DIRECTOR'S REPORT	<p>Director Arrington gave the EKPC report as follows:</p> <p>Mike McNalley, Executive Vice President and CFO, reported low fuel and market energy costs, along with margin from off-system sales, have generated savings that flow through the fuel adjustment charge directly to members. September margins were \$2.2 million better than budgeted. EKPC is \$15.8 million ahead of budget for the year, largely due to lower than expected operations and maintenance expenses, despite net sales decline. The cost to member systems continues to be under budget.</p> <p>Fitch has upgraded EKPC's rate from BBB+ to A- .</p> <p>The solar power plant has been approved.</p>						
COBANK VOTING	The voting delegate for CoBank's proxy will be President Fraley.						
THANK YOU LETTERS	GRECC received thank you notes from Isonville Elementary, and Olive Hill Meals on Wheels.						
DONATIONS	<p>President Fraley presented to the Board for their consideration the following donation requests:</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">Lawrence County Food Bank</td> <td style="text-align: right;">\$250</td> </tr> <tr> <td>Oldtown Food Bank</td> <td style="text-align: right;">\$250</td> </tr> <tr> <td>Argillite UMC Food Pantry</td> <td style="text-align: right;">\$250</td> </tr> </table>	Lawrence County Food Bank	\$250	Oldtown Food Bank	\$250	Argillite UMC Food Pantry	\$250
Lawrence County Food Bank	\$250						
Oldtown Food Bank	\$250						
Argillite UMC Food Pantry	\$250						

DONATIONS (CONTINUED)

Sandy Hook 1 st Baptist Church – Christmas Pack Back Program – Isonville and Sandy Hook Schools	\$100
East Carter Girls / Boys Basketball - Heart of the Park Tipoff	\$250
West Carter Boys Basketball – Jack Fultz Classic	\$100
Project Merry Christmas of Carter County	\$200
KSPPA Chapter 8 – Shop with a Cop (Elliott & Rowan Counties)	\$200
First Baptist Church – Women Circle – WMU of SH Baptist Church -Christmas Dinners	\$100
Oldtown Volunteer Fire Department – donation	\$100

Motion was made by Director Trent, seconded by Director Bentley and unanimously agreed to approve the donations totaling \$1,800.

NRECA ANNUAL MEETING

The NRECA Annual Meeting will be in San Diego, California. Director Trent said he would be attending.

BOARD MEETING DATES

The December Board Meeting will be on Wednesday, December 21, 2016 and we will have our annual Christmas dinner following the adjournment of the board meeting.

ADDITIONAL BUSINESS

Kyle Clevenger and Priscilla Sparks will be attending the Safety Coordinators Conference in Lexington on December 8-9, 2016.

ADJOURN

Chairman Dupuy adjourned the meeting at 1:08 p.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On December 20, 2016 at 9:06 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Dupuy called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Rice gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Jim Bentley, seconded by Director Eddie Martin, and unanimously agreed to approve the minutes from the November Board Meeting for informational purposes only.
TECHNICAL SERVICES	Andrea McCleese, Technical Services Supervisor, reported on the following:
DAVEY RESOURCE GROUP	We have loaded the first substation update on the GIS mapping from Davey Resource Group for the Pactolus substation. We should see the map updated with Low Gap data after the first of the year. Davey is expected to have circuits 1 and 4 of the Warnock substation completed by the end of the year. Data collection on the Argentum substation will begin near Plum Fork and Rakes Mill Road. There are 3 Davey employees in the field collecting data and another employee will be added in January.
METERING DEPARTMENT	The Metering Department has received a field test device from EKPC that will allow them to test meters in the field, instead of replacing a meter in the field and bringing the meter to the office to test. Metering will be using the device to test EKPC load research meters, as well three phase meters that we would normally have to bring in to test and then put back into replacement stock. This will allow us to decrease the number of three phase meters that we will have to keep in inventory to satisfy the testing requirements. They have to be tested every 4-6 years).
NETGAIN	<p>NetGain has completed a project to install a backup data domain that has been placed in the meter shop (to move the backups to another building). Our data is backed up each night to this device. NetGain is working to set up a secure VPN tunnel to send the recorded data to a facility in Lexington each night for disaster recovery purposes.</p> <p>The Davey contract was for 18 months and we feel they will be finished before then. After Robert reviews the data, it will go to Futura. We have good Pactolus data. The men will be able to see this on their iPads sometime in 2017.</p> <p>President Fraley will contact Foothills and Mt. Telephone to discuss how telephone attachments are defined. Our mapping program will provide us with the number of times a telephone or cable wire touches our poles. Industry standards have changed and we plan to negotiate for the actual number of attachments. We also plan to ask for an increase in the attachment amounts that will bring the telephone Cooperatives closer to what we charge all other companies.</p>
OFFICE & FINANCIAL STATISTICAL REPORT	Bradley Cherry, Manager of Finance and Accounting presented the Financial Statistical Report for October 2016. Mr. Bradley reported on the following:

**FINANCIAL & STATISTICAL
REPORT FOR OCTOBER**

Kilowatt hour sales for the month of October (10/21-11/20) were 10.54% under budget. Purchases for the time period of 10/1-31 were 6.75% under budget. Line loss for the last twelve months was less than 8.37%. Year to date margins were (\$496,427) compared to the budgeted amount of (\$571,408).

FUEL ADJUSTMENT

The fuel adjustment factor was (0.005493).

ESC

The Environmental Surcharge was 7.97%.

DEGREE DAYS

There were 355 degree days (344 heating degree days and 11 cooling degree days).

OTIER

The rolling O.T.I.E.R is 1.81.

CAPITAL CREDITS

We paid 25 capital credits totaling \$24,110.13. Year to date we have paid 156 capital credits totaling \$154,537.96. There are sixteen applications outstanding for various reasons.

RUS/CFC REFINANCING

GRECC received notice Monday that RUS has been paid in full. We received the necessary paperwork from RUS on Tuesday, December 20, 2016. A letter was mailed from President Fraley, acknowledging receipt thereof.

CFC

Brian Stavish, CFC, congratulated us on refinancing. Interest rates now would have been a percent higher

**CFC CERTIFICATE OF
RESOLUTION AND
INCUMBENCY**

Board Secretary Martin signed the CFC Certificate of Resolutions and Incumbency that was approved in November. The Certificate is hereby included below.



GO TO PAGE 3

CERTIFICATE OF RESOLUTIONS AND INCUMBENCY
(CONTINUED)

CERTIFICATE OF RESOLUTIONS AND INCUMBENCY
(update)

The undersigned, on behalf of GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION (the "Company"), hereby certifies that as of the date hereof:

(a) the attached resolutions are true, complete and correct copies of the resolutions of the Board of Directors of the Company duly adopted on the date specified therein;

(b) said resolutions have not been modified, altered or rescinded, and the same are in full force and effect; and

(c) the individual who executed the amendment referred to in the attached resolutions held the position as stated therein on the actual date of execution of said amendment.

IN WITNESS WHEREOF, I have executed this Certificate on behalf of the Company, this 21 day of December, 2016.

(SEAL)

Name: [Signature]

Title: Secretary

CFC INCUMB
KY061-A-9019(BURDICM)
211360-1

APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR OCTOBER 2016

Motion was made by Director Trent , seconded by Director Rice and
unanimously agreed to approve the Financial and Statistical report for
October 2016 as presented, for informational purposes only.

GO TO PAGE 4

RUS 3-YEAR AUDIT

The RUS 3-year audit went very well. The period audited was May 2014 to September 2016. Mark Elam from Ohio was the lead auditor, and he was training a new representative for Kentucky, Donald Nolte. Mr. Nolte will replace Gary Foreman who has retired.

The audit produced two minor items findings and recommendations:

- 1) wrong ID code for a piece of material was used on one of the work orders
- 2) special equipment cost had not been updated.

These both have been corrected.

Mark Elam discussed our work order procedures with President Fraley. He asked for a copy of our contract and said it was good and unique.

2017 PROPOSED BUDGET

Chairman Dupuy turned the meeting over to Director Martin, Chairman of the Planning and Review Committee, for the proposed 2017 budget. Director Martin asked President Fraley to give a summary of the proposed 2017 budget, as presented on December 7th to the Committee.

She noted the budget was based on zero growth, as we normally do. The only projects included were those necessary to the business at hand for this year. Notable items were: a new roof for the Warehouse, a new box trailer, squeeze on tools for the crews, vehicle rotation and AED's for each crew and the office. Other expenses such as deceased estate capital credits, wages, computer equipment and expenses were all based on historical costs or planned purchases throughout the year. She called upon Bradley Cherry to give the details of the proposed budget.

Mr. Cherry and Andrea McCleese reviewed the proposed 2017 Budget Highlights with the Board of Directors.

The proposed 2017 budget should give us a T.I.E.R. of 1.33 without any unforeseen expenses. We have retained our storm emergency fund of \$500,000. Our goal is to stay within the same dollar range every year, as anticipated for 2017.

President Fraley read the following Planning and Review Committee minutes for Director Martin, as requested:



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PLANNING AND REVIEW COMMITTEE MINUTES
(CONTINUED)

The Grayson R.E.C.C. Planning and Review Committee met Wednesday, December 7, 2016 at 8:08 a.m. Those present were: Director Billy E. "Eddie" Martin, Chairman of the Planning and Review Committee; Director William Rice; Director Roger Trent; ex-officio Harold Dupuy, Chairman; Carol Hall Fraley, President and CEO; Bradley Cherry, Manager of Finance and Accounting; and Priscilla Sparks, Executive Assistant.

Chairman Dupuy called the meeting to order and gave the invocation. He then turned the meeting over to Director Martin. Director Martin asked President Fraley and Bradley Cherry to present the proposed budget.

President Fraley told the committee that, as usual, the 2017 budget was based on zero growth. Revenue was based on an average of the past three years. The workplan investment of \$4.5 million is based on the work we have planned for that year. On the average, a workplan takes five to six years, but this workplan will actually be done in four years. In 2018 we will decide whether an addendum or extension will be needed. There may be an opportunity to include metering in the next work plan, but the PSC has not been favorable with other Cooperatives that have included it in their rate cases. Our new mapping program is in the current work plan.

President Fraley turned the presentation over to Mr. Cherry. He handed out a list of specific projects included in the 2017 budget (see attached).

We have a contingency in our budget for \$500,000 storm relief money. The projected T.I.E.R. without having to use our storm contingency would be 1.33. If we experience storms up to \$500,000 or beyond, T.I.E.R. could drop to .80 depending upon any FEMA reimbursement. Any paper or cash capital credits from EKPC are not included.

Director Dupuy asked what this would do to GRECC. Bradley said we would be okay this year and next year. If 2017 is a really bad year, it could be used as a test year for a rate increase. With a decent weather year, our current budget projections, based on no growth, would most likely allow us to meet T.I.E.R. requirements. Our T.I.E.R. is never based on what we receive from EKPC. }

We do have some prospects coming on line, including Columbia Gas, Family Dollar, Truck Stop in Olive Hill, and a rock crusher. EKP has indicated projections for another year with positive margins and hopefully will not have a rate increase. One variable we must watch is the resolution of the cost of the cancelled Smith Project. Fuel and environmental charges continue to be volatile. Environmental has been high and fuel has been a credit. PJM continues to serve us well and the Bluegrass Generating Station will provide additional generation.

President Fraley and Staff sat down with last year's budget and made a list of needs for the coming year. Bradley also includes consideration of sales and purchases. Our Operating Revenue projections were based on a 3 year weighted average and the 2017 budget was based on actual costs from October 2014 to September 2016. Revenue of \$31,209,074 was up slightly. Purchased Power was a slight increase of \$18,331,259, giving us gross margins of \$12,877,815.



GO TO PAGE 6

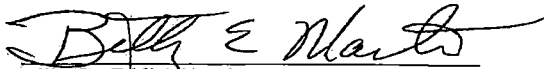
PLANNING AND REVIEW COMMITTEE MINUTES
(CONTINUED)

PLANNING AND REVIEW COMMITTEE
DECEMBER 7, 2016
PAGE 2

Chairman Martin asked that an overview of the proposed 2017 budget be presented to the Board of Directors at the December 21st Board Meeting.

Following thorough discussion, motion was made by Director Trent, seconded by Director Rice to recommend approval of the 2017 Budget to the full Board at the December Board Meeting. Motion was approved unanimously by those present.

Director Martin adjourned at 9:30 a.m.



Billy E. "Eddie" Martin
Planning and Review Committee Chairman



Motion was made by Director Martin, seconded by Director Bentley to accept the 2017 Budget as presented, and unanimously agreed upon.

EKPC SOLAR PROJECT

East Kentucky Power Cooperative has been approved by the Ky. PSC for their Community Solar Farm Project and has asked each Member System to file supporting documents to allow us to participate in sales of the solar panels. Bradley presented the following resolution for participation:

BOARD RESOLUTION

WHEREAS, Grayson Rural Electric Cooperative Corporation ("Grayson") is owned by its Members and endeavors to provide its Members with options to voluntarily utilize renewable energy resources; and

WHEREAS, East Kentucky Power Cooperative, Inc., ("EKPC") was granted approval in Case No. 2016-00269 from the Kentucky Public Service Commission ("PSC") to construct a community solar facility for the benefit of its Member Cooperatives including Grayson; and

WHEREAS, EKPC's wholesale community solar tariff was approved in Case No. 2016-00269; and

WHEREAS, The PSC also approved in Case No. 2016-00269, a retail community solar tariff template and Community Solar Farm Solar Panel License Agreement for use by EKPC's Member Cooperatives who choose to participate in the wholesale community solar tariff; and,

WHEREAS, Grayson chooses to participate in EKPC's wholesale community solar tariff to offer community solar renewable energy to Grayson Members; and

WHEREAS, the Board has received and considered the recommendations of management to participate in EKPC's wholesale community solar tariff and adopt the retail community solar tariff and Community Solar Farm Solar Panel License Agreement that was approved by the PSC;

NOW THEREFORE BE IT RESOLVED BY THE BOARD AS FOLLOWS:

- 1) Grayson management is authorized to prepare and file the retail community solar tariff and Community Solar Farm Solar Panel License Agreement that was approved as a template by the PSC in Case No. 2016-00269; and
- 2) Grayson management is further authorized to take any and all actions necessary or advisable to seek approval of the retail community solar tariff and Community Solar Farm Solar Panel License Agreement with the PSC.

Done this 21st day of December 2016.

I Carol Hall Fraley, President and CEO, certify that the above Resolution to be true and hereby confirmed.

ATTEST: Carol Hall Fraley
Carol Hall Fraley, President and CEO

December 21, 2016
Date



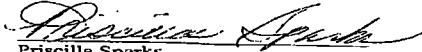
GO TO PAGE 8

EKPC SOLAR PROJECT
(CONTINUED)

STATE OF KENTUCKY)
COUNTY OF CARTER) SS:

The foregoing resolution was subscribed and sworn to before me, a Notary Public, in and for the State and County aforesaid, by Carol Hall Fraley this 21st day of December 21, 2016.

My commission expires March 22, 2017.


Priscilla Sparks
Notary Public, State at Large

↓

Director Martin made a motion, seconded by Director Whitt, contingent upon review of Legal Counsel, to adopt the resolution and participate in the program. Motion carried unanimously.

RUS WORK ORDERS

Consider Approval of the Following RUS Work Orders and submit them to RUS:

July 2016	Work Order No. 1248	\$244,026.59
	Work Order No. 1249	\$2,329.27
August 2016	Work Order No. 1250	\$351,220.33
	Work Order No. 1251	\$1,799.52
September 2016	Work Order No. 1252	\$119,911.30
	Work Order No. 1253	\$5,114.73
	Total	\$724,401.74

Motion was made by Director Martin, seconded by Director Trent and unanimously agreed to approve the following 219 RUS Work Orders for the months of July, August and September 2016 in the amount of 724,401.74.

**MANAGER OF MARKETING
& MEMBER SERVICES
REPORT**

The Manager of Marketing & Member Services Report was given by President Fraley on the following items:

The Mazie Substation Service Orders are almost finished.

We received two LIHEAP checks in the amounts of \$87,027 and \$94,935; three 30-day extensions; and nine winter hardship reconnects.

PREPAY: We have 617 prepay accounts totaling \$118,527.39.

Tina Preece did 6 energy audits, 1 heat pump audit, 2 CARES, 1 commercial lighting in progress and 20 billing insights.

We assisted Carter Caves State Park with their annual Christmas decorations. 250 families benefited from bag items for Project Merry Christmas. The Board gave to all the Projects Merry Christmas in the counties, as in the past. January 4, 2017 will be Jeanie's retirement luncheon.

Family of 8 (7 children) lost their home to fire in Greenup County and the GRECC employees donated \$1,000. They lived on our lines. We shopped for the kids and bought all 8 family members tennis shoes and Christmas toys. Lowe's donated the household goods.

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations gave the Operations Report. He reported on the following:

**EMPLOYEE/LOST TIME
ACCIDENT**

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during November:

November 8 – Brian Poling, Manager of Technical Services', meeting was in honor of all Veterans. Kyle reminded everyone to be extra careful on the road today due to election traffic. Cheyenne lead the Pledge to the American Flag and was followed with a breakfast and program to honor veterans. Kim talked about the Honor Flight. Chris Mosier and Scott Speaks gave highlights of their experience with the Veterans they chaperoned on the Honor Flight. Carol Ann asked everyone to be careful during collections.

November 22 – Robert Brown, Geographical Information System Technician, turned the meeting over to KAEC's David White for their monthly safety meeting. He reminded everyone to watch out for burnt poles due to fires. His topic was "Safely Extracting Stuck Vehicles" with Safety Manual References 503.10 Cranes, Derricks, Hoisting Equipment & 503.11 Rigging Equipment. Following the meeting he completed the hurt man exercises.

November 29 – Sherry Buckler, Manager of Accounting & Human Resources, played a DVD on Kentucky Honor Flight. Brian discussed the new radio system. Priscilla had a representative from Washington National Insurance to update and/or sign up for new policies.

CONSTRUCTION

Construction built was one hundred four (104) new work orders for the month of November and worked zero (0) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked two hundred forty-five (245) hours of overtime during the month of November. Engineering worked zero (0) hour overtime during the month of November.

DELINQUENT ACCOUNTS

There were 130 delinquents for December. 82 cards were issued to be disconnected and 10 accounts were disconnected by remote meter. Field personal disconnected an additional 4 meters for a total of 14 disconnects and 5 accounts were reconnected on December 7th. 8 additional meters were disconnected on December 8th.

CONTRACT CREWS

The two Pike crews have been working in the following areas:

Tony Seagraves – has completed the Stark Conversion. His crew is completing a small state highway job and moved on to the RT 173 job.
Chris Tackett – completed the Campbell Estate job and moved to Iron Hill, Carter City.

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 575 trees, cut 928 trees, and cut 32,905 feet of brush/line and sprayed 75 spans of line. The crews are working in the following areas:

- 1 cutting crew in Carter, Lewis and Greenup Counties
- 3 cutting crews in Rowan and Elliott Counties
- 1 bucket truck crew in Carter, Lewis and Greenup Counties
- 1 bucket truck crew in Rowan County
- 1 bucket truck crew in Elliott County
- 1 tractor crew in Carter County
- 2 spray crews in Greenup County

Smith Tree Service has a circuit crew working in Elliott County.

ENGINEERING REPORT

The Engineering Department released one hundred forty (140) prints consisting of 2,364 feet of primary line and 3,386 feet of service wire. They currently have two (2) new services to be staked, two (2) to be drawn and twelve (12) miscellaneous jobs to be staked or drawn.

RADIO TOWERS RETIRED

President Fraley asked about the radio towers that were retired and Legal Counsel wasn't sure on what to tell her.

The annual breakfast for the right-of-way and construction crews was held at ZZ's. The Right of Way Crews and the Pike Crews were invited for breakfast.

MAZIE SUBSTATION

We read 1,162 meters on the Mazie Substation. There was 87 retirements, 17 rate/class changes, 33 night light violations, 12 satellite violations and 25 miscellaneous violations.

Director Bentley asked about the progress of the pipeline/gas company. We are still waiting on highway permits which should be here in January. We plan to commence construction on some preliminary lines in the near future.

AUTOCLAVE

Some consumers are concerned about the safety of the autoclave going in on AA. It is a sterilization practice for hazardous medical waste and will be a three-phase load, located on the AA Highway. They have not applied for service at this time.

**GREENUP COUNTY SHERIFF
DEPARTMENT**

The Greenup County Sheriff's Department telephoned about a disconnect involving seventy plus endangered exotic animals. The consumer had called to request his service be disconnected because he was moving. It was a remote disconnect he said we could disconnect any time. We disconnected the account at that time. At the request of the Sheriff's Department, we turned the service back on. The property owner came in the next day and put the service in his name.

**ANNUAL MEETING
TIMELINE**

The annual meeting time line has been prepared by Kim Bush and Legal Counsel Scott proofed and made changes. The time line was given to everyone.

**APPROVAL OF NEW
MEMBERSHIPS &
RETIREMENT OF
EXISTING MEMBERSHIPS**

Motion was made by Director Trent, seconded by Director Whitt and unanimously agreed to approve one hundred two (102) new memberships and retirement of ninety-seven (97) existing memberships for November memberships for November 2016.

BAD DEBT WRITE-OFFS

Motion was made by Director Whitt, seconded by Director Martin and unanimously agreed to charge off \$3,671.50 in bad debts and turn them over for collection.

**APPROVAL OF CEO'S,
DIRECTOR'S & ATTORNEY
BUSINESS EXPENSES**

Motion was made by Director Martin, seconded by Director Trent and unanimously agreed to approve the President's business expense of \$320.79, Director's business expenses of \$11,066.75 and Attorney's business expense of \$23.53.

PRESIDENT'S REPORT

President Fraley reported on the following:

FEDERATED

We received a check from Federated Rural Electric Insurance Exchange in the amount of \$4,749 for equity distribution – 100% 2008 balance.

LEGAL COUNSEL'S REPORT

Legal Counsel Scott reported on the following:

Timeline - he looked over for Kim Bush and made necessary changes. Bob Miller notified him about [REDACTED] off service account and capital credits for the deceased estate. Twenty-six (26) collections letters will be mailed today. His office checked the title in every county for RUS loan. The opinion letter said he did that and no new liens have been filed against us.

KAEC DIRECTOR'S REPORT

Director Whitt reported he attended KAEC's Board Meeting yesterday.

KAEC received only 60% of the CEO performance appraisals. Bishop Lane Property is under contract to sell for \$3.75 million with a construction and infrastructure company. Property was purchased for \$2.82 million for the proposed new headquarters. \$400,000 in renovations will need to be done before moving in. The Board questioned Mr. Perry's authority to purchase the new property. The Board approved placing a contract on the new proposed headquarters, and approved the sale of the Bishop Lane property, as proposed. The sale has a window of six months.

EKPC DIRECTOR

Director Arrington's reported on the following:

♦Pending litigation against EKP vs Appalachian Fuels bankruptcy.

EKPC DIRECTOR
(CONTINUED)

- ♦EKPC vs Power Chemical – Clark County \$27,000 debt.
- ♦PSC Case No. 2013-00281 AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION OF THE ENVIRONMENTAL SURCHARGE MECHANISM OF EAST KENTUCKY POWER COOPERATIVE, INC. FOR THE SIXMONTH BILLING PERIODS ENDING JUNE 30, 2014 AND DECEMBER 31, 2014, TWO-YEAR BILLING PERIOD ENDING JUNE 30, 2015, AND THE PASS THROUGH MECHANISM FOR ITS SIXTEEN MEMBER DISTRIBUTION COOPERATIVES.
- ♦Barker case.
- ♦PSC Case No. 2015-00358 (THE APPLICATION OF EAST KENTUCKY POWER COOPERATIVE, INC. FOR DEVIATION FROM) Case No. 2015-00358 OBLIGATION RESULTING FROM CASE NO. 2012-00169.

THANK YOU NOTES

Thank you notes were received from the Oldtown Food Pantry, the NYN Foundation 5K Committee, and the Greenup County Schools for the First Book program.

DONATIONS

President Fraley presented to the Board for their consideration the following donation request:

Foundation for the Tri-State.	\$100
Old Path Baptist Church – Christmas for Kids	\$25
East Carter High School Archery Team – sponsorship	\$100
McDonald House	\$100

Motion was made by Director Martin, seconded by Director Whitt and unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE

Directors Trent will be attending the NRECA Annual Meeting in San Diego California, February 26 – March 1, 2017. No other attendees.

January 22, 2017 Bradley Cherry will leaves for the MIP.

Director Bill Rice will be calling in for the January 2017 Board Meeting, as he may be in Florida. His board packet will be mailed to Florida if he goes.

VOTING DELEGATES
NRECA NATIONAL MEETING

Director Trent would serve as the Voting Delegate to NRECA's National Meeting and there will not be an Alternate Delegate.

VOTING DELEGATE
NRTC ANNUAL MEETING

The 2017 Annual Meeting Voting Delegate will be Director Jimmy Whitt and Alternate Voting Delegate, Chairman, Roger Trent.

BOARD MEETING DATE

The next board meeting will be held on Friday, January 27, 2017.

ADDITIONAL BUSINESS

There was no additional business.

ADJOURN

Chairman Dupuy adjourned the meeting at 12:17 p.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On January 27, 2017 at 9:05 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Dupuy called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Dupuy gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Bentley, seconded by Director Rice and unanimously agreed to approve the minutes from the December Board Meeting for informational purposes only.
MANAGER OF TECHINICAL SERVICES	Brian Poling, Manager of Technical Services reported on the following:
DAVEY RESOURCE GROUP	As of the week ending January 21 st , Davey Resource Group (DRG) has completed 17,296 GPS points. That same week they tagged 1,126 features. They have now completed Pactolus, Low Gap and Warnock. They are currently finishing Argentum and working on Elliottville. Today is the last day for Joe Burris, the field Supervisor on our project and he will be replaced by Aaron Kline who has been here from the beginning. Robert said they have reported several hazardous conditions and pole attachments.
DATA BACKUP	The reporting of last data month's backup was sent to NetGain in Lexington. It took a couple of weeks to transmit everything. The backup is now completed and future data will be sent incrementally on a daily basis.
OFFICE INTERNET	We are still waiting on AT&T to install our fiber connection, AT&T is waiting on Windstream to run the line and make the connection in their central office for our internet service.
NEWER TECHNOLOGY	We are considering a newer technology to present to the Board for inclusion in the next work plan. Steve, Scott and Brian visited Licking Valley last week to see the radio frequency system at work. They get a reading every 15 minutes and we get 1 a day. Outages are received in 2 minutes due to infrastructure. The system is many times faster, gives more information quicker, and can choose alternating reporting paths. This system can see if a meter has power, if voltage is correct, current meter readings and some health information on the meter, all within about 1-2 minutes. They are going to Clark next week and plan to attend a Landis+Gyr Users Conference in April.
OFFICE GENERATOR	The installation of the office generator has begun. We have applied for a new gas tap with the City of Grayson Utilities. JMK has installed the transfer switch and poured a pad over the hill where the old unit will be located. Our generator has been delivered to Wayne Supply docks. Steve Brown will do the horizontal boring at \$5 per foot.
IPADS	Sixty eight grounds were stolen and had to be replaced on the Pactolus substation. These were reported as part of the data from Davey. This could be a danger to the public. The reclosers use the grounds to determine faults that might be too fast or too slow before they trip out. These grounds are expensive and time consuming to replace. Chris Mosier and Mark Hutchinson have most of them completed.

MANAGER OF FINANCE
AND ACCOUNTING

Bradley Cherry, Manager of Finance & Accounting, presented the Financial and Statistical Report for November 2016. He reported on the following:

FINANCIAL &
STATISTICAL REPORT
FOR NOVEMBER 2016

Kilowatt hour sales for the month of November (11/21-12/20) were 5.90% over budget. Purchases for the time period of (11/1-11/30) were (6.06%) under budget. Line loss for the last twelve months was 6.41%. Year to date margins were (\$8,114) compared to the projected budgeted amount of (\$415,094).

O.T.I.E.R.

The monthly O.T.I.E.R. for this month was 7.68 with the rolling O.T.I.E.R. at 1.02 and we still have December to go. The Environmental Surcharge was 10.82%. It has been a little higher the past couple of months.

DEGREE DAYS

There was 765 heating degree days and 0 cooling degree days.

APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR NOVEMBER 2016

Motion was made by Director Trent, seconded by Director Bentley and unanimously agreed to approve the Financial and Statistical report for November 2016 as presented, for informational purposes only.

OPERATIONS REPORT

President Fraley gave the Operations Report for Kyle Clevenger who was attending a Storm Coordination Workshop in Winchester, KY. She reported on the following:

EMPLOYEE/LOST TIME
ACCIDENT

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during December 2016:

December 7 – Kim Bush, Manager of Marketing & Member Services, turned the meeting over to David White for the KAEC monthly safety meeting. Mr. White showed a video of the 2016 Lineman Rodeo, reviewed the Federated Contact List, reviewed the Hurt Man Rescue Exercises and showed the top five Coops with the best average of time. Grayson placed first and their time was better than the combined Coops total average. He went over the new APPA safety manual changes, reviewed recent tree cutting issues and referenced Safety Manual 508.1 Tree Trimming page 176.

December 12 – Bradley Cherry, Manager of Finance & Accounting, showed a power point on Holiday Statistics regarding injuries, fires, travel, food preparation, and stress management. Kyle Clevenger went over changes on NESC handout and the importance of the use of rubber gloves, reminding everyone that it was time to replace gloves and sleeves.

December 19 – Kyle Clevenger, Manager of Operations, read out of the safety manual 503 Vehicle Operation, 503.1 General, 503.2 Inspection of Equipment, 503.3 Exhaust Gas, 503.4 Operation, 503.5 Parking, and 503.6 Backing, pages 108-111. President Fraley gave the employees an update on the family that was chosen for Christmas and asked if there were any more needs that we needed to be aware of at this time.

December 27 – Carol Fraley, President and CEO, discussed Board Policies and talked about qualifications of a director. Kyle reviewed an accident involving Bryan Rogers.

**SAFETY REPORT
(CONTINUED)**

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and the importance of using ground chains. A line is not dead until it is grounded.

CONSTRUCTION

Construction built one hundred thirty-two (132) new work orders for the month of December and worked zero (0) hour of overtime. There was 31 added and 17 retired. We almost have the Mazie Substation finished.

OVERTIME HOURS

The Maintenance Department worked three hundred seventeen (317) hours of overtime during the month of December and Engineering worked zero (0) overtime hours.

DELINQUENT NOTICES

There were fifty (50) delinquents for January. Thirty-eight (38) cards were issued to be disconnected and twelve (12) accounts were disconnected by remote meter. Field personal disconnected an additional six (6) meters for a total of seventeen (17) disconnects. Four (4) accounts were reconnected on January 12.

CONTRACT CREWS

There are two (2) Pike crews working in the following areas:

Tony Seagraves – RT 7 State Job, Line Relocate, Elliott County. They are working on RT 173.

Chris Tackett – Iron Hill, Carter County

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 960 trees, cut 1,305 trees, cut 49,455 feet of brush/line and sprayed 16 spans of line. The crews are working in the following areas:

3 cutting crews in Carter, Lewis and Greenup Counties

3 cutting crews in Rowan and Elliott Counties

1 bucket truck crew in Carter, Lewis and Greenup Counties

1 bucket truck crew in Rowan County

1 bucket truck crew in Elliott County

1 tractor crew in Carter County

1 Smith Tree Service in Circuit Crew in Elliott County

ENGINEERING REPORT

The Engineering Department released sixty-five (65) prints consisting of 1,885 feet of primary line and 713 feet of service wire. They currently have one (1) new service to be staked, one (1) to be drawn and fourteen (14) miscellaneous jobs to be staked or drawn. This is for the period of December 18, 2016 – January 18, 2017.

JACKSON PURCHASE

Josh Franklin, Lineman at Jackson Purchase passed away last Monday due to electric line contact. GRECC employees mailed \$750 to a fund set up for his family.

WAREHOUSE ROOF BIDS

We have two bids on the warehouse roof and they were within \$1,000 of each. One had power vents on both ends of the roof and the other bid had one center vent. We accepted the bid with two vents, bidding in at \$17,000.

WAREHOUSE/GARAGE PARKING LOT BIDS

Standar Paving of West Liberty, KY submitted an \$110,000 bid on the warehouse/garage parking lot for re-paving and concrete. We are waiting on Mt. Material's bid. The Directors suggested getting bids from Rick Brown with AA Paving, Greenup, KY; Akins Paving, RT 23, Catlettsburg, KY; and Crouch Paving, Salt Lick, KY.

MANAGER OF MARKETING AND MEMBER SERVICES

Kim Bush, Manager of Marketing and Member Services, asked Tina Preece to give the report this month.

Tina gave a 2016 review on our energy programs in conjunction with EKPC. We surpassed the goal set by EKPC by reaching 119% combined with residential, commercial and industrial. The residential program that provided the most savings to us was the Heat Pump Retrofit 14 SEER or greater. The Commercial and Industrial Programs that provided the most savings was the lighting retrofit, upgrading to LEDs. The Energy Star Appliance program totaled 159 members receiving a total savings of \$14,339.

ENERGY PROGRAMS

CARES – works with the community action agencies Northeast, Gateway and Licking Valley assisting with electric bill payments.

Billing Insights – guides the member online for their home audits and gives the member a print out of recommended changes and approximate savings. Industrial loads do not get rebates.

Heat Pump Retrofit – replaces a resistance type of heat such as base board, electric furnace, ceiling cable.

HVAC Duct Seal – the consumer seals existing duct work; an audit is completed before and after the work is done. A contractor or the homeowner can do the work.

Button-up – for electric heated homes that are at least 2 years old, and can be used to upgrade windows and doors, and add insulation in floors, walls or attic. Rebates are based on savings.

Manufactured home – the newest program and for homes that are Energy Star rated from the manufacturer. The rebate is paid to the manufacturer. The customer does not pay any extra cost to upgrade.

Commercial (small or large) and Industrial Lighting – upgrades and change old CLF lights to new energy efficient lights and are based on kWh shed.

Appliance Recycling Program – will have your refrigerator or freezer picked up and hauled away and pay the member \$50. The appliance must be in working order, plugged in with the compressor running and there must be a clear path to the appliance.

Director Arrington asked how we advertise. Most advertising is through KY Living Magazine, billboard, WSAZ-TV Midday, WSAZ Weather, Online, Facebook, GRECC link, radio or by word of mouth from our consumers.

Tina works with EKP on all programs, cost share and rebates.

LIHEAP

The 2016/2017 LIHEAP payments were:

\$167,215.36 November 2016 – January 25, 2017 compared to \$142,025.29 the previous year, and \$73,187.48 for January 1-25, 2017 compared to \$55,757.06 in January 2016.

We received five (5) Winter Harship Reconnects and four (4) 30-day extensions through LIHEAP.

PREPAY

We have 614 active prepay accounts with 7 inactive accounts. The average balance on accounts is \$49.93 credit. The average kWh usage is 27 a day and the average payment is \$42.35. Total number of payments in 30 days is 3,093 and total payments \$130,974.71.

DEBT MANAGEMENT

We have 50 active accounts with debt management.

Total amount in Debt Management - \$13,419.88

8% of active PrePay accounts have Debt Management

Under \$100 – 14	\$100-\$199 – 14	\$200-\$299 – 15
\$300-\$399 – 2	\$400-\$499 – 2	over \$500 – 3

ENERGY EFFICIENCY

There were thirteen audits for the month:

Energy Audits – 1 Heap Pump – 1 CARES – 1 Button-Up – 1

Billing Insights – 8 Commercial Lighting in Progress – 1

and 2 appliance recycling.

APPLIANCE REBATES

Sixteen consumers received Energy Star Appliance Rebates:

clothes washer – 5 dishwasher – 3 refrigerator – 6 freezer – 1 and heat pump – 1.

ANNOUNCEMENTS

Annual Meeting is scheduled for Thursday, May 11th at the GRECC office.

Scholarships are due February 10th and will be judged February 15th.

Frankfort Youth Tour – eligible to any high school junior that lives on our lines. They are asked to write and submit a paragraph.

Our Facebook page continues to grow. Posting Sandy Hook's major outage over the weekend showed the number of people 'liking' our page soared, reaching 1.5 thousand people through sharing. A safety message concerning signs, balloons and other materials on utility poles has been posted and has reached 3.2 thousand people, again through sharing. A smaller outage Thursday on Sunset Hill was shared with 207 people in a short time.

President Fraley suggested having a post on drones and swimming pools.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS

Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve seventy-two (72) new memberships and retirement of ninety-eight (98) existing memberships for January 2017.

BAD DEBT WRITE-OFFS

Motion was made by Director Martin, seconded by Director Trent and unanimously agreed to charge off \$2,443.18 worth of bad debts and turned over for collection.

APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY BUSINESS EXPENSES

Motion was made by Director Martin, seconded by Director Bentley and unanimously agreed to approve the President's business expense of \$36.74, Director's business expenses of \$31,156.85 and Attorney's business expense of \$459.87.

PRESIDENT'S REPORT

President Fraley reported on the following:

CFC CHECK

We received a check from CFC in the amount of \$1,622.65 for our system's amortization earnings from our subordinated certificates in CFC.

PSC – STEVE KINGSOLVER	A letter was mailed to PSC’s Steve Kingsolver January 15, 2017 in regards to the January 14, 2017 outage on Circuit One of the Argentum Substation. The areas affected were Schultz, Sheep Hollow, John Will Hollow, Wingo Creek and surrounding areas. Approximately 550 members were out of electric during the approximate 6 hour outage. Over the last two weeks, we had 7 broken poles and 2 substations out. The Sandy Hook Substation had an EKPC transformer that went bad, creating an outage. Warnock Substation had an outage due to a tree falling on the line just outside the substation and breaking two poles.
IRS MILEAGE RATE CHANGE	On December 13, 2016 the IRS issued the new standard mileage rates for the use of a car, van, pickup or panel truck effective January 1, 2017. The rate will go down from 54 cents to 53.5 cents per mile.
BOARD SEAT ELECTION	<p>Kim Bush and Jeffrey prepared the annual meeting time line and a correction was made since the last board meeting. There was a misprint in the Bylaws published in the Kentucky Living magazine, caused by their proof reader. All four candidates for the Board of Directors were made aware of it.</p> <p>Four members of Greenup County have signed the Declaration of Intention to Run for Election to the Board of Directors of Grayson Rural Electric Cooperative Corporation for Greenup County. They are: Darrell Sammons, William J. ‘Bill’ Bentley, Mary Kay McGinnis Ruark and Betty Neace Riffe. Directors Dupuy and Martin will be running as incumbents.</p>
GRECC BYLAWS	President Fraley is currently working on the Bylaws. After the 2017 board election corrections or additions will need to be considered by the full Board.
JEANIE VIRGIN	We had a retirement lunch for Jeanie Virgin January 4 th . Nancy Madden has moved into Jeanie’s position. Nancy and Peggy Skaggs are sharing Jeanie’s work.
SUBSTATIONS	<p>We have finished reading the Sandy Hook Substation. The Newfoundland Substation will be read next. Upon finishing Newfoundland, we will like Warnock, Low Gap and Argentum in the north end of the system.</p> <p>We have two residences that have meters inside, and a couple of situations with the roof. Twelve violation letters were wrote yesterday and today.</p>
MAGAZINE REPORT	The magazine this month told of our accomplishments and the year-end report for 2016.
LEGAL COUNSEL’S REPORT	<p>Legal Counsel Scott reported on the following:</p> <p>Checked several issues in the bylaws regarding director’s eligibility. Sent Carol Ann a letter on a bankruptcy filing she received recently. Contacted a woman on a deceased account and capital credits. She was told any capital credit balance after the final bill payment would be mailed to her.</p>
COLUMBIA GAS	Columbia Gas requested service to their work trailers close to the Goble Memorial Methodist Church. President Fraley told Legal Counsel Scott we are going have to come up with a resolution or solution on where the AEP and GRECC boundaries are, and make them acknowledge them. Legal Counsel said they have a 100 foot buffer.

**LEGAL COUNSEL'S REPORT
(CONTINUED)**

Legal Counsel stated the Commission approved property near mushroom mines for consumer to build her house on AEP and one on Mocabee Creek.

President Fraley said she had not heard a word from AEP on the Sand Gap property, other than what Legal Counsel had sent her.

**KAEC DIRECTOR'S
REPORT**

Director reported there was no KAEC Board Meeting this month.

EKPC DIRECTOR'S REPORT

Director Arrington reported there was not a meeting this month. Instead they were told it was mandatory to attend the CFC workshop at KAEC in Louisville.

THANK YOU NOTES

GRECC received thank you notes from Argillite United Methodist Church Food Pantry, Ronald McDonald House Charities of the Tri-State, Lewis County Educational Foundation, Carter County Community Fund, Rowan County Christmas and Elliott County High School for their shirts.

DONATIONS

President Fraley presented to the Board for their consideration the following donation requests:

Carter Christian Academy - gym floor renovation	\$100
Greenup County High – prom night	\$50
Rowan County High – prom night	\$50
West Carter Comet Girls – recognized for winning tournament – purchase t-shirts	

Motion was made by Director Trent, seconded by Director Rice and unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE

Scott Speaks will be attending the KAEC – NESC Update in Louisville, KY March 8-9, 2017.

Mike Martin is attending the VMAK Conference in Lexington, KY March 14-16, 2017.

Brian Poling and Steve Bush will be attending a Landis+Gyr conference in Austin, Texas April 10-13, 2017.

**NO CONFLICT OF
INTEREST STATEMENT**

The No Conflict of Interest Statement were passed out to all Directors to be signed and witnessed.

BOARD MEETING DATE

The next board meeting will be held on Friday, February 24, 2017.

ADDITIONAL BUSINESS

Other business discussed was:

COUNTING SIGNATURES

Petitions are to be filed with the Secretary or President and CEO by 4:30 p.m. on February 27th, 2017.

Thursday, March 2, 2017, at 10:00 a.m. is the scheduled date to verify the signatures on petitions with Legal Counsel Scott, John Dean, President Fraley and Priscilla Sparks or Bradley Cherry at GRECC's office.

**PRESIDENT AND CEO
APPRAISAL**

Appraisal of the President and CEO was presented to the Board. Legal Counsel Scott suggested mailing an evaluation to the Directors prior to the February Board Meeting.

Motion was made by Director Martin to table the President and CEO appraisal until the next Board Meeting, seconded by Director Whitt and unanimously agreed upon.

Chairman Dupuy asked Legal Counsel Scott to mail the performance evaluations prior to the February Board Meeting.

President Fraley will mail her year-end report and goals to the Directors prior to the February Board Meeting.

ADJOURN

Chairman Dupuy adjourned the meeting at 11:39 a.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On February 22, 2017 at 1:00 p.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Dupuy called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION

Director Whitt gave the invocation.

Chairman Dupuy said President Fraley's evaluation will be done at the March Board Meeting.

President Fraley reported Mike Martin is recovering from shoulder surgery and doing well.

APPROVAL OF MINUTES

Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve the minutes from the January 2017 Board Meeting.

RADIO FREQUENCY (RF) METERING

President Fraley introduced the Radio Frequency Metering proposed project. The study will be done by Brian Poling, Andrea McCleese, Steve Bush and Bradley Cherry.

MANAGER OF TECHNICAL SERVICES

Brian Poling, Manager of Technical Services, gave the pros and cons of the Radio Frequency Metering.

The benefits of RF Metering include (based on our knowledge of Landis + Gyr's RF system): quicker response time; more metering information; unaffected by power line issues; outage reporting; distribution line automation; and potential for additional revenue. All meters are pre-programmed from the factory specifically for Grayson and are self-healing, which means that if one avenue of reporting is blocked, it will seek another route. Another option would allow us to offer metering opportunities to other utilities through the use of our RF Network.

There are some drawbacks with the RF Metering Program. The initial installation is a little more expensive and there is always the perception from some members that the device emits harmful rays or that we are "spying" on them.

Right now, the goal is to finish the GPS Mapping program to be available when the RF Metering Program begins. We will have a meeting with Mike Norman to discuss the inclusion of expenses in the Work Plan; seek PSC approval; meet with RF vendors to determine which vendor best meets our needs and to get estimates on project costs. Once a vendor is chosen, we plan on a pilot program leading to the goal of full installation and training.

It will take an aggressive timeline starting in March 2017 to include the RF Metering Program in the 2019 Construction Work Plan. Our mapping program has to be completed in the current work plan. President Fraley requests from the Board a motion to engage in this Study and establish a timeline for the Kentucky Public Service Commission. Motion was made by Director Martin and seconded by Director Rice and approved unanimously.

MANAGER OF TECHNICAL
SERVICES (CONTINUED)

Steve and Scott will attend metering school in May and will check around to see if anyone is interested in our existing metering equipment. It has been 17 years since we started the TS1s.

OFFICE GENERATOR

Brian also reported the new gas line for the office generator is in and the generator will be set this morning. The office building's electric will be turned off and wires transferred on Saturday, March 4th.

GPS

We will finish up the GPS in Elliottville, Routes 173 and 504 next week. The Bangor area was finished this week.

MANAGER OF FINANCE
AND ACCOUNTING REPORT

Bradley Cherry, Manager of Finance & Accounting, presented the Financial and Statistical Report for December 2016. Mr. Cherry reported on the following:

FINANCIAL & STATISTICAL
REPORT FOR DECEMBER

Kilowatt hour sales for the month of December (12/21-1/20) were (7.09%) under budget. Purchases for the time period of (12/1-12/31) were 11.45% over budget. Line loss for the last twelve months was 6.44%. Year to date margins were \$380,376 compared to the budgeted amount of \$156,021.

T.I.E.R

The monthly O.T.I.E.R is 7.17 and the rolling twelve month O.T.I.E.R was 1.42.

FUEL ADJUSTMENT

The fuel adjustment for the month was (0.003197).

ENVIROMENTAL
SURCHARGE

The ESC was 10.82%.

DEGREE DAYS

There were 715 heating degree days and zero cooling degree days.

CAPITAL CREDITS

For the month of January and February combined, we issued nineteen (19) capital credit checks totaling \$15,429.54. We have nineteen (19) outstanding capital credit applications that need more information.

SPP/SMM

The Board received their AD&D Insurance plans, as required by law.

APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR DECEMBER 2016

Motion was made by Director Whitt, seconded by Director Martin and unanimously agreed to approve the Financial and Statistical report for December 2016 as presented for informational purposes only.

FEDERATED INSURANCE

Mr. Cherry received a quote from Federated Insurance regarding the all-risk blanket, umbrella policy and director policy which went up less than 3%. The worker compensation premium quote was down this year approximately \$200 at \$48,954.

Motion was made to accept the Federated Insurance quote as presented by Director Martin, seconded by Director Trent and unanimously agreed upon.

MANAGER OF MARKETING
& MEMBER SERVICES

Kim Bush, Manager of Marketing & Member Services presented her report as follows:

LIHEAP

We are about \$22,000 ahead compared to last year at this time with LIHEAP. We have had 22 winter hardship reconnects and nine 30-day extensions. The total amount received through February 6th was \$208,271.

PRE-PAY	Pre-Pay currently has 610 active accounts and 42 of those have debt management.
ENERGY EFFICIENCY	Tina has performed 8 energy audits; 2 CARES through Northeast and Gateway; 4 completed commercial lighting (which helps us meet our energy efficiency goal with EKP); and 7 refrigerator energy star appliance rebates.
SCHOOL/COMMUNITY PROGRAMS	We received 50 scholarship applications with at least one from each of the 6 counties.
ANNOUNCEMENTS	<p>The Board will have lunch with our Scholarship winners in March.</p> <p>The Frankfort Youth Tours for high school juniors is Thursday, April 13 and information will need to be submitted by March 3rd.</p> <p>The National Lineman Day is Tuesday, April 18th.</p> <p>The Annual Meeting is Thursday, May 11th. Fleming Mason, Clark and Inter-County are using our format this year.</p> <p>The Washington Youth Tour is June 9-16.</p>
ANNUAL MEETING	The annual meeting budget for 2017 is \$56,500 and includes the Director's election, annual meeting activities, shirts, foods, door prizes, and buckets and light bulbs. LED bulbs and buckets have been ordered for 1,500 registered members.
ELECTION PETITIONS	<p>President Fraley is having knee replacement surgery and has asked Priscilla, Bradley and Andrea to receive petitions from candidates for Board seats. She has reviewed that procedure with them.</p> <p>Signatures will be verified by the Provost and his appointees and Legal Counsel on March 2nd. John Dean has been hired by the Board as Provost for the election.</p>
OPERATIONS REPORT	Kyle Clevenger, Manager of Operations, gave the Operations Report. He reported on the following:
EMPLOYEE/LOST TIME ACCIDENT	There were no lost time accidents to report this month.
SAFETY REPORT	<p>The following safety meetings were held during January 2017:</p> <p>January 3 – Mike Martin, Assistant Manager of Operations, read a Q & A article from the Incident Prevention magazine. Employees discussed situations that would involve our Coop. Kyle Clevenger asked for a test of all volt meters and V-watches after the safety meeting next week. He also reminded everyone about slips, trips and falls.</p> <p>January 9 – Andrea McCleese, Technical Services Supervisor, showed a power point on the rules covered in our safety manual, section 507.21 - Metering and Emergency Response Plan, Communications Failure, Fire Alarm, Bomb Threat, Face to Face Violence Confrontation, Tornado, and Earthquake. Kyle Clevenger requested that everyone be careful and use extra caution and make sure that V-watches and volt meters are tested today.</p>

**SAFETY REPORT
(CONTINUED)**

January 16 – Brian Poling, Manager of Technical Services, explained the process of our mapping system and Robert Brown showed examples of data collected in the field and how it can be viewed on our system. Kyle Clevenger requested that everyone be careful and take no short cuts.

January 27 – Priscilla Sparks, Executive Assistant, turned the meeting over to Clarence Greene for the monthly KAEC safety meeting. A tribute to Josh Franklin from Jackson Purchase, who was electrocuted, was shown. A power point on Death by Rules, which included deaths since December 2016; Safe Rule Knowledge, Equipment Available to Work Safe, Enforce Rules, Investigations, and Grounding was shown. Kyle Clevenger requested that everyone be careful and take no short cuts.

January 30 – Robert Brown, Geographical Information System Technician, introduced the employees to the new website for the 2017 On-Line Safety courses and went thru each of the tabs to show the new information. Kyle Clevenger requested that everyone be careful especially in the icy conditions that we have today.

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and the importance of using ground chains. A line is not dead until it is grounded.

CONSTRUCTION

Construction built one hundred five (105) new work orders for the month of January. There were zero (0) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked four hundred two (402) hours of overtime during the month of January 2017. Engineering worked zero (0) hours of overtime.

DELINQUENT NOTICES

The Maintenance & Construction Departments collected on the following in February 2017:

There were 97 delinquents; 76 cards were issued to be disconnected and 21 accounts were disconnected by remote disconnect. Field personnel disconnected an additional 7 meters for a total of 28 disconnects. Six were reconnected on February 7. On February 8, there were 3 meters disconnected. A total of 5 meters were reconnected.

CONTRACT CREWS

We have two (2) Pike crews that have been working in the following areas:

Tony Seagraves – ST RT 173 Upgrade, Elliott County. He was pulled off yesterday to build temporary single phase to Columbia Gulf.

Travis Grizzell – Iron Hill, Carter County and this will be finished tomorrow. Plans are to start on Alcorn next week. Material will be delivered tomorrow.

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 616 trees, cut 1,168 trees, and cut 50,385 feet of brush/line. The crews are working in the following areas:

3 cutting crews in Carter, Lewis and Greenup Counties

3 cutting crews in Rowan and Elliott Counties

1 bucket truck crew in Carter, Lewis and Greenup Counties

1 bucket truck crew in Rowan County

1 bucket truck crew in Elliott County

1 tractor crew in Greenup County

**RIGHT-OF-WAY CREWS
(CONTINUED)**

Smith Tree Service has one circuit crew in Elliott County on a feeder out of the Newfoundland Substation.

ENGINEERING REPORT

The Engineering Department released ninety-four (94) prints consisting of 15,466 feet of primary line and 1,215 feet of service wire. They currently have four (4) new service to be staked and four (4) to be drawn. They have approximately twelve (12) miscellaneous jobs to be staked or drawn.

SAFETY INCENTIVE DAY

President Fraley reported that every March we pay a safety incentive in accordance with Board Policy 509. President Fraley, Kyle Clevenger, and Mike Martin report that all employees will receive the safety incentive this year.

ARC FLASH RATING

Some of the state parks and other agencies are asking about arc flash ratings for their panels. Effective immediately, the Cooperative will charge \$500 per each inspection.

JUSTIN STANIFORD

Justin Staniford has finished his second year apprentice and is commencing the 3rd year apprentice lineman program.

**APPROVAL OF NEW
MEMBERSHIPS &
RETIREMENT OF
EXISTING MEMBERSHIPS**

Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to approve sixty-one (61) new memberships and retirement of seventy-six (76) existing memberships for January 2017.

BAD DEBT WRITE-OFFS

Motion was made by Director Trent, seconded by Director Bentley and unanimously agreed to charge off \$548.72 worth of bad debts and turn them over for collection.

**APPROVAL OF CEO'S,
DIRECTORS & ATTORNEY
BUSINESS EXPENSES**

Motion was made by Director Trent, seconded by Director Rice and unanimously agreed to approve the President's business expense of \$334.82, Director's business expenses of \$17,347.66 and Attorney's business expense of \$364.04.

PRESIDENT'S REPORT

President Fraley reported on the following:

COLUMBIA GULF

We have received highway permits from Washington for Columbia Gulf. We will not be interconnecting with EKPC and the Green Valley Landfill line. Service will be from the Pactolus Substation.

**SUBSTATION METER
READING PROGRAM**

The Elliottville Substation meter reading went well. We plan to read Newfoundland Substation before summer and finish up with Argentum, Low Gap and Warnock Substations in the fall.

MEDICAL WASTE PLANT

The medical waste plant that was to be built on our lines off the AA has been dropped and will be located on the Industrial Parkway.

EKPC CAPITAL CREDITS

The 2016 assignment of capital credit allocations from East Kentucky Power, based on unaudited results, were \$1,223,639.89 for Grayson Rural Electric and the Patronage Capital (cumulative) was \$14,342,698.50

DAYS INN

The Days Inn Hotel has closed.

SHONEY'S

The Shoney restaurant has reopened.

LEGAL COUNSEL'S REPORT Legal Counsel Scott had nothing new to report.

KAEC DIRECTOR'S REPORT Director Whitt reported that the KAEC meeting was held in Frankfort on February 21st with the Legislative Reception in the evening. Items discussed were:

KAEC's building did not sell.
Chris Perry received a raise.
KY Living Magazine has been threatened with a lawsuit for an article regarding Kwanzaa.

President Fraley passed her GRECC's April magazine article for 2017, "Where Does the Money Go?" explaining fees and taxes.

EKPC DIRECTOR'S REPORT Director Arrington presented the financial report of East Kentucky Power's various budgets, margins, revenues, and expenses.

The December margins were \$1.8mm. \$8.7mm was under budget margins; revenue was under budget \$3.6mm; and expenses over budget \$5.1mm. The primary driver of December's performance was O&M expenses and fixed cost exceeded plan. Year to date margins surpassed budget by \$10.5mm due largely to lower than expected O&M expenses outweighed the decline in net sales. The cost of the member system was under budget for the year.

The "Equity to Total Assets Ratio would be 17.3% without cushion of credit balance." was discussed.

THANK YOU GRECC received thank you notes from Rowan County Quilters and the Carter Christian Academy.

DONATIONS President Fraley presented to the Board for their consideration the following donation requests:

Blaine Elementary – 8 th grade field trip to Pigeon Forget, TN	\$250
Grayson Area Little League – sponsorship	\$300
Magic Travel Ball Team (Greenup Co. School) – sponsorship	\$100
Greenup County High School Homerun Club – sign renewal	\$200
Rudy Fest - sponsorship	\$275
Little Sandy Raceway – sponsorship	\$100

Motion was made by Director Whitt, seconded by Director Bentley and unanimously agreed to approve the donations as presented.

COBANK CoBank will have a meeting in Colorado Springs, CO, June 27-29. No one will be attending.

MEETING ATTENDANCE Mike Martin will be attending the VMAK Meeting in Lexington March 15-17. Brian Poling and Steve Bush will attend the Landis+Gyr Meeting in Austin, TX on April 10-13. Steve Bush and Scott McGuire will be attending Electric Meter School in Gatlinburg, TN on May 1-5.

BOARD MEETING DATE The next board meeting will be at Thursday, March 24th, 10:00 a.m.

ADDITIONAL BUSINESS

There was no additional business brought before the board.

ADJOURN

Chairman Dupuy adjourned the meeting at 3:44 p.m.

Harold L. Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On March 24, 2017 at 10:00 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Dupuy called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: W. Jeffrey Scott, Legal Counsel, Carol Hall Fraley, President and CEO and Priscilla Sparks, Executive Assistant.

EMPLOYEES	Janet Whitt's husband, Billy Richard has been in the hospital. Andrea McCleese had surgery and is doing well.
INVOCATION	Director Whitt gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Trent, seconded by Director Rice and unanimously agreed to approve the minutes from the February 2017 Board Meeting. Chairman Dupuy said the March 24, 2017 agenda was amended to include RUS work orders inspected by Jim Bridges for the months October, November and December 2016.
MANAGER OF TECHNICAL SERVICES	Brian Poling reported on the following:
DAVEY RESOURCE	The Davey Resource group has completed 27,832 GPS points as of March 18 th . This completes Elliottville substation meters and two Carter City circuits. They are down to one employee after this week. We have completed data for Pactolus and Low Gap so far.
OFFICE GENERATOR	The new office generator is installed. Caterpillar has to perform a final inspection and will be here on the 28 th for that and load testing. The old unit has been installed over the hill and is functional.
MAPPING	Our new AT&T internet line and all of the associated components have been installed. AT&T has to test before we can start contacting all our vendors that have interfaces with us to make the change over. We met with three different RF AMI vendors: Sensus (through NRTC), Eaton (which was Cooper Power) and Landis+Gyr (through IRBY). GE has been contacted (through Brownstown). We will be sending out the necessary information in the next few weeks, to each of the vendors so they can develop a propagation study. That study allows them to design a system based on signal strengths across the system. Once that study is completed, we will talk to them about their design. Steve and Brian will be going to Landis+Gyr's User's Conference to learn more about their RF system and get some questions answered. Mr. Poling explained how net metering works and that it would still be compatible with our proposed new metering.
FINANCIAL & STATISTICAL REPORT FOR JANUARY 2017	Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for January 2017:

SALES AND PURCHASES

Kilowatt hour sales for the month of January (01/21-02/20) were (24.65%) under budget. Purchases for the month of January (1/1-1/31) were (21.73%) under budget. Line loss for the last twelve months was 11.76%. Year to date margins were (\$93,390) compared to the budgeted amount of \$298,239.

FUEL ADJUSTMENT

The fuel adjustment for January was (0.003431).

ESC

The environmental surcharge was 9.16%.

DEGREE DAYS

There were 666 heating degree days and 0 cooling degree days.

T.I.E.R

January 2017's monthly T.I.E.R. was (.066) with the rolling 12 month O.T.I.E.R. of 1.06.

EKPC BILLING

President Fraley explained the way EKPC bills GRECC. The lag time to our consumers was changed several years ago due to the way our members received their social security checks at that time. We can change back, but it could cause hardship for our members during the time span of the billing change.

Legal Counsel suggested at the next audit the auditor do an analysis on how a change would impact the balance sheet and how it would impact our members.

President Fraley said it would create a financial hardship on the Cooperative as well as the members during the time frame of the change. She agrees with having an auditor take a look at the impact of having the billing changed back to a calendar month like East Kentucky Power.

**APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR JANUARY 2017**

Motion was made by Director Bentley, seconded by Director Trent and unanimously agreed to approve the Financial and Statistical Report for January 2017, as presented for informational purposes only.

MAJOR PROJECTS

President Fraley presented the cost of major projects completed. They are:

Major Projects		Budget	Actual	Status		Budget Variance
301 Airport Road - Rattlesnake Rdg.	2015	\$29,730				
371 Airport Road - Dudley	2015	\$238,770	\$266,424.66	Plant	10/31/2015	(\$27,654.66)
316 Airport - Bruin	2015	\$123,420	\$109,333.26	Plant	9/30/2016	\$14,086.74
305 Argentum - RT 7	2015	\$107,580	\$105,371.65	Plant	6/30/2015	\$2,208.35
306 Argentum - Timberlake Meadows	2015	\$18,990				
310 Newfoundland - Stark	2015	\$606,270	\$1,076,853.50	In Progress		(\$470,583.50)
315 Warnock - Montgomery Rd	2015	\$357,000	\$283,729.65	Plant	4/30/2016	\$73,270.35
302 Argentum - Shultz	2016	\$145,860	\$126,716.08	Completed		\$19,143.92
378 Elliottville - 173	2016	\$255,780	\$163,630.11	In Progress		\$92,149.89
307 Low Gap - Alcorn	2016	\$174,970	\$74,063.44	In Progress		\$100,906.56

311 Pactolus - Iron Hill	2016	\$80,490	\$46,086.87	In Progress		\$34,403.13
312 Pactolus - Campbell Lane	2016	\$107,060	\$94,418.61	Completed		\$12,641.39
303 Argentum - Shultz to Sheep Hlw.	2017	\$11,920	\$36,649.06	Plant	12/31/2015	(\$24,729.06)
375 Carter City - Lost Creek	2017	\$166,700				
385 Mazie - Blaine	2017	\$120,980				
309 Mazie - Cains Creek	2018	\$232,790				
313 Pelfrey - Prater Road	2018	\$6,760				
314 Pelfrey - Bailey Hollow	2018	\$68,310				
		\$2,853,380	\$2,383,277			(\$174,157)
						\$68,967.03

Overall we are \$2 million under budget.

COLUMBIA GULF

Columbia Gulf paid us an initial aid to construction deposit of \$50,000. They have recently used all of the first deposit, and still need \$20,000 for an OCR, and we project another \$116,000 in labor, trucks and small materials. We plan to ask them for another cash advance to cover projected costs. They want the project up and running by June. Columbia has been excellent to work with. It takes two months to get the overhead expenses on these jobs included in the final tally, and we don't want to bill them such a large amount two months after the project has been completed. We plan to send them an itemized statement for the first \$50,000 installment.

LOST CREEK

Director Martin asked when Lost Creek was scheduled to be started. The Lost Creek job is on the Kehoe Side and should start this fall or early spring.

BRADLEY CHERRY

Bradley Cherry and Stacy Brown will be getting married April 22 and everyone is invited to the reception located at the Boyd County Community Center at 5:30 p.m.

MIP

Bradley will be leaving Sunday for two weeks to attend the MIP in Madison, Wisconsin.

RUS WORK ORDERS

RUS work orders for the months of October, November and December 2016 were presented to the board of directors for approval:

October 2016	Work Order No. 1254	\$170,199.29
	Work Order No. 1255	\$ 5,627.45
November 2016	Work Order No. 1256	\$230,716.33
	Work Order No. 1257	\$4,007.50
December 2016	Work Order No. 1258	\$168,461.69
	Work Order No. 1259	\$6,514.28
	Total	\$585,526.54

RUS WORK ORDERS
(CONTINUED)

Motion was made by Director Rice, seconded by Director Martin and unanimously agreed to approve said work orders as presented and submit them to RUS.

MANAGER OF MARKETING
AND MEMBER SERVICES

President Fraley gave the Manager of Marketing and Member Services Report:

LIHEAP

LIHEAP continues to grow. To date (11/2016-3/2017) we have received \$244,976 compared to \$219,251 in 11/2015-3/2016. We have 25 winter hardship reconnects and 9 30-day extensions through LIHEAP.

PREPAY

There are currently 631 active prepay accounts with an average credit balance of \$50.88. We have received 2,533 payments in 30 days totaling \$103,825.93.

ANNUAL MEETING

Kim continues to work on plans for our Annual Membership Meeting scheduled for May 11th. She is also working with Provost John Dean on the preparation and mailing of ballots.

DEBT MANAGEMENT

There are 37 active accounts on debt management totaling \$2,353.78 with 6% of active accounts on debt management.

We had one consumer stealing by using an unauthorized consumer's bank routing number. He had the following charges placed back on his account: \$420 in checks plus \$25 check fee per check totaling \$745. There will be more charges.

Another consumer was caught stealing electric by using a beer can in his meter base for a jumper.

ENERGY AUDITS

Tina performed 10 energy audits, 2 CARES, 1 commercial lighting in progress, 1 button-up and 6 billing insights.

There were 16 energy star rebates (5 clothes washers, 2 dishwashers, 2 refrigerators and 7 energy star heat pumps).

ANNOUNCEMENTS

The following announcements were read:

Frankfort Youth Tour, April 13

National Lineman Day, April 10

Annual Meeting, May 11

Washington Youth Tour June 9-16

Camp Co-op June 13, 14 and 15 (day camp for students 3rd - 5th grades)

Annual Meeting – 1,500 buckets, hotdogs and ice cream sandwiches. We will not be using Statewide, as we can handle the meeting ourselves.

OPERATIONS & SAFETY
REPORTS

Kyle Clevenger, Manager of Operations gave the Operations and Safety Reports. Mr. Clevenger reported on the following:

EMPLOYEE/LOST TIME
ACCIDENT

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during February 2017:

February 9 - Sherry Buckler, Manager of Accounting & Human Resources, turned the meeting over to David White, KAEC Safety Instructor, who talked

**SAFETY REPORT
(CONTINUED)**

about "Three Things that Influence What We Do", 1. Fear, 2. Obligations, and 3. Love. He referenced safety manual's General Rules and PPE 407 Use and Care of Rubber Gloves items c,d,and e, and he showed how simple and quick you can put on your gloves. Carol Ann reminded everyone to be careful.

February 17 - Kim Bush, Manager of Marketing and Member Accounts, turned the meeting over to EKPC's Joe Suttles who gave a presentation on Cooperative Solar. He discussed the construction, cost of panels, how to sign up, overall goals and Benefits of the Cooperative Solar. Kyle Clevenger reminded everyone to work safe and have a safe weekend.

February 20 - Bradley Cherry, Manager of Finance and Accounting, had a Presidential trivia in honor of President's Day; said we would be receiving the Summary of Benefits Covered and the Summary Plan Description sometime this week; and explained what forms would be needed for taxes. Carol Ann Fraley discussed the upcoming board election and the timeline of dates. Kyle Clevenger asked everyone to watch for slips, trips and falls.

February 27 - Kyle Clevenger, Manager of Operations, read from the Safety Manual 503.8 Hauling Poles or Ladders, 503.9 Industrial Trucks—Fork Lifts, and 503.10 Cranes, Derricks, Hoisting Equipment. He discussed our RESAP program and asked for everyone to continue to keep the trucks and work space clean and up-to-date. Kyle reminded everyone to watch for slips, trips and falls.

CONSTRUCTION

The Construction Department built one hundred nine (109) new work orders for the month of February and worked zero (0) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked two hundred seven (207) hours of overtime during the month of February 2017 and the Engineering Department worked zero (0) hours of overtime.

DELINQUENT NOTICES

The Maintenance Departments collected on the following in March.

There were ninety-six (96) delinquents for March. Seventy-nine (79) cards were issued and seventeen (17) accounts were disconnected by remote meter. Field personal disconnected an additional ten (10) meters for a total of twenty-seven (27) disconnects and thirteen (13) accounts were reconnected on March 7, 2017. On March 8, 2017 there were zero (0) meters disconnected. A total of one (1) meter was reconnected.

CONTRACT CREWS

We have two (2) Pike crews that have been working in the following areas:

Tony Seagraves – ST RT 173 Upgrade, Elliott County, and Columbia Gulf.
Travis Grizzell – Campbell Lane and Iron Hill in Carter County are finished.
Travis started on Alcorn in Greenup County.

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 790 trees, cut 1,278 trees, and cut 34,441 feet of brush/line. The crews are working in the following areas:

3 cutting crews in Carter, Lewis and Greenup Counties
3 cutting crews in Rowan and Elliott Counties
1 bucket truck crew in Carter, Lewis and Greenup Counties

**RIGHT-OF-WAY CREWS
(CONTINUED)**

1 bucket truck crew in Rowan County
1 bucket truck crew in Elliott County
1 tractor crew in Greenup County
The Smith Tree Service have a circuit crew in Elliott County.

ENGINEERING REPORT

The Engineering Department released one hundred nine (109) prints consisting of 8,632 feet of primary line and 1,973 feet of service wire. They currently have two (2) new services to be staked and one (1) to be drawn. They have approximately ten (10) miscellaneous jobs to be staked or drawn.

**SANDY HOOK SUBSTATION
METER READING**

President Fraley reported the Sandy Hook substation reading results. There were 1,096 meters read, 19 reclassifications, 64 service orders opened, 55 retirements and 88 personal items found on our poles (36 satellite dishes, 8 night lights and 44 miscellaneous).

To date we have read 8 substations. The statistics on these are 9,672 meters read, 755 service orders opened, 520 retirements and 230 reclassifications.

We plan on reading the Newfoundland Substation in April and may be able to read the Warnock Substation in May. This would leave Low Gap and Argentum to be read in the fall. Reading with iPads was a great improvement over hand written reports.

2017 VOTING BALLOT

President Fraley passed out to the Board a copy of the official ballot with proposed changes. Legal Counsel explained he reworded the voting ballot to make it clearer to the member.

**APPROVAL OF NEW
MEMBERSHIPS &
RETIREMENT OF
EXISTING MEMBERSHIPS**

Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve seventy-five (75) new memberships and retirement of seventy (70) existing memberships for February 2017.

BAD DEBT WRITE-OFFS

Motion was made by Director Bentley, seconded by Director Martin and unanimously agreed to charge off \$2,763.07 worth of bad debts and turn them over for collection.

**APPROVAL OF CEO'S,
DIRECTOR'S & ATTORNEY'S
BUSINESS EXPENSES**

Motion was made by Director Marin, seconded by Director Whitt and unanimously agreed to approve the President's business expense of \$105.56, Director's business expenses of \$6,727.05 and Attorney's business expense of \$ 82.65.

PRESIDENT'S REPORT

President Fraley reported on the following:

COBANK

Two CoBank representatives visited with us this week.

MIKE NORMAN

We will be meeting with Mike Norman on April 20, 2017.

WAGE & SALARY

Plans are to have a wage and salary survey in the near future.

FEDERATED REIE

Federated Rural Electric Insurance Exchange issued a check in the amount of \$11,380 for our 2016 margin distribution.

COBANK PATRONAGE

GRECC received from CoBank a Statement of Qualified Patronage Distribution for 2016. The total qualified patronage distribution was

COBANK PATRONAGE
(CONTINUED)

\$89,339.47. The 3/15/17 equity balance was \$176,399.93 and the cash payment summary was \$67,004.60, which was directly deposited.

SEDC

We received a check from SEDC in the amount of \$2,014.70 for patronage allocation based on 22% of tax basis margins for fiscal year ending June 30, 2016.

CFC

We received several interest rates from CFC in the form of commercial paper confirmation receipts. Sherry Buckler and Bradley Cherry keep these.

KAEC PHONE
CONFERENCE

A meeting for Coop Managers was held via telephone asking coops to help them work with the Public Service Commission.

COOP CAMP

We will be having a coop camp for kids in 3rd, 4th and 5th grades June 19-23 and/or June 26-30. There will be a maximum of 25 kids each session. Activities include art, solar and safety demo. Kim, Tina, and Julie will be working on it.

LEGAL COUNSEL'S REPORT

Legal Counsel Scott reported on the following:

Signatures were counted since the last board meeting.

KAEC DIRECTOR'S REPORT

Director Whitt reported the following on the KAEC Board Meeting this month:

Motion made to form a governance committee.

Chris Perry commented on the smart meter bill.

Discussed recent media regarding AMI meters.

Financial personnel said there was reporting of too many accounts grouped together.

There are less employees and paying more in salaries.

Motion passed to sign the document to finalize the sale of the Bishop Lane property. (Meeting before last wasn't confirmed sold, but it is sold.)

SCHOLARSHIPS

Chairman Dupuy and President Fraley presented ten scholarships to the following recipients:

Elliott County High School – Emma Dickerson

Elliott County High School – Kayleana Simmons

Elliott County High School – Destiny Tussey

Greenup County High School – Jana Elkins

Greenup County High School – Heather May

Greenup County High School – Sarah Meadows

Greenup County High School – Austin Spradlin

Rowan County High School – Hayley Boyd

West Carter High School – Dalton Brown

West Carter High School – Dillon Dean

EKPC DIRECTOR'S REPORT

Director Arrington reported the following on the EKPC Board Meeting this month:

EKPC responded quickly to the March 1 storm damage.

The storm affected 13 substations, 46,000 members and 7 coops.

Largest day outage since 2009 ice storm.

**EKPC DIRECTOR'S REPORT
(CONTINUED)**

Brad Thomas, Associate Manager of Economic Development reported that EKPC's PowerVision and PowerMap is drawing attention outside of the US. New US facility had a Japan company requested to visit 10 sites on PowerVision video. It has helped create 5,500 job in coops.

EKP is having trouble retaining employees and have lost 6 engineers in the last 6 months. They are putting together an incentive package of 2.35% increase and a merit raise to keep employees. With the 401 retirement accounts you can change jobs and take it with you making it easier to leave a company. The old type pension employees have retired.

EKPC DIRECTOR

The EKPC designated employees are to file the paperwork for background check on all of their directors. Kenneth Arrington is the current director representing GRECC.

Motion was made for Director Kenneth Arrington to keep the EKPC director seat and unanimously agreed upon.

DONATIONS

President Fraley presented to the Board for their consideration the following donation requests:

CoBank sponsors No Barriers Camp – sponsors up to 50 disabled veterans.

CoBank – sponsors a program for food bank – Blaine Food Pantry

Director Arrington said the pantry is in need of a new cooler and have applied for grant money to get one. A letter of support is needed.

Morehead Quilt Show	\$100
Elliott Co. 4-H Camping Program – registration & transportation fees	\$185
Greenup County Genealogy & Historical Society	\$50
Grayson Meals on Wheels	\$100
Raccoon Baptist Church – clothing pantry	\$100
ECHS JROTC – expenses	\$100
Elliott County Lady Lions Softball – softball equipment	\$50
Penny Mart – sponsorship 16 th regional boys basketball tournament	\$200
Carter County Homemakers Quilt Show	\$100

Motion was made by Director Trent, seconded by Director Whitt and unanimously agreed to approve the donations as presented.

BOARD MEETING DATE

The April Board Meeting is scheduled for Monday April 24, 2017.

PRESIDENT AND CEO

President Fraley's appraisal will be postponed until the April Meeting.

ADDITIONAL BUSINESS

There was no additional business.

ADJOURN

Chairman Dupuy adjourned the meeting at 12:26 p.m. A luncheon followed with our Scholarship Winners and their parents.

Harold L. Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On April 27, 2017 at 9:05 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION

Director Dupuy gave the invocation.

APPROVAL OF MINUTES

Motion was made by Director Trent, seconded by Director Bentley and unanimously agreed to approve the minutes from the March 2017 Board Meeting.

Chairman Dupuy reported briefly on the upcoming GRECC Greenup and Lewis counties board election.

MANAGER OF
TECHNICAL SERVICES

Brian Poling, Manager of Technical Services reported on the following:

The Davey Resource Group (DRG) has completed 30,030 GPS points as of April 15th. They have finished the GPS in Carter City and are currently working on Pelfrey. Davey currently has 2 men working in the field.

The new generator is operational and working well. A recent test showed no interruption of service.

We are currently scheduled to change over our internet to AT&T fiber on May 22nd. That was the first date that everyone involved could dedicate time to the project. There will be some short outages during the changeover that will affect consumers making payments and accessing their accounts.

RF METERING

Radio Frequency Metering update: NRTC notified us last Wednesday that they no longer were associated with Sensus. NRTC is now partnering with Silver Spring Networks, which is geared more toward large utilities and IOU's. They hope to work out pricing for utilities under 20,000 meters. The current issue is the price of Oracle licensing. NRTC is currently working with Cumberland Valley to acquire pricing on Silver Spring Networks for their system.

LANDIS & GYR'S MEETING

Steve Bush and Brian Poling attended the Landis & Gyr's Users Conference last week in Austin, TX and got some good information on the RF Network, as well as gas and water equipment. We found that Landis & Gyr wants to contract the total number of meters we might service, including any gas and water in our area. We are contacting water and gas companies to see if there is any interest. Propagation study data would be based on the total number of meters for each utility we might partner with.

Brian asked if there was an opportunity for remote disconnect water meters. Apparently water and gas are more proprietary than electric.

Adams Rural Electric, in Ohio, is converting to an Eaton's Radio Frequency system. Brian, Steve and Andrea will be meeting with Eaton's next Tuesday.

MIKE NORMAN, RUS REP

Mike Norman from RUS met with us last week and we discussed adding the RF meter upgrade to our current work plan, the timing and financing. He said with the money we have in the current work plan for meter replacements we

MIKE NORMAN, RUS REP
(CONTINUED)

did not need to wait on a new work plan to get started. He said we have the money in the budget now and could include any additional expenses to the next work plan. Brian said more details will have to be looked at to see if it will work, such as PSC timeline, approval, etc.

Mr. Norman said our current loan looked good and would like to meet later this year to determine when a new Construction Work Plan would need to be completed. Apparently, the loan applications are currently taking a full 12 months to be processed through RUS.

President Fraley was concerned about the work plan's low construction project, and the use of planning and purchased equipment would be more than the construction work, but with day to day it would be ok. The last time we only had two construction bids.

Chairman Dupuy asked how the utilities agreeing to participate would be transmitting their data. Mr. Poling explained the software for water / gas utilities would be separate and does allow us to save some money through the transmitting. Their bill would be separate, as the water and gas companies would still do their own billing and we would only bill the utility companies for their use.

MAPPING PROGRAM

The mapping program is ahead of schedule and will have other capabilities when finished and ready for the new work plan. The new work plan will include a lot of mapping and coordination. Some preliminary work will need to be done within the next year to get ready for the new work plan. The current union contract ends midnight December 31, 2017. Negotiations will commence in September or October.

As metering progresses, we will have a timeline followed by wrapping up mapping. Mapping will provide several opportunities we have not been able to do before. The Wage and Salary Plan will be done soon.

BILLING CHANGE TO MONTHLY

President Fraley, Sherry Buckler and Andrea McCleese explained how we might want to reconcile our billing period with East Kentucky Power's billing cycle. We changed our billing cycle in the past to match delivery of social security checks arriving on the third of each month. Now social security checks come all month. Bills were mailed on the 1st, due 15th, overdue on the 25th and eligible for disconnection after 27 day. This caused bills to have 60 to 90 days usage before we disconnected. Bradley, Andrea and Sherry Buckler checked and changing from 1st to 5th could be accomplished. Changing would take place in October and would have less effect on our members because it is a low usage month. Social security checks are on a cycle now.

If we change back to a calendar month, we could go to two cycle building and spread out our work. This could help us not have to hire some new people. The months would not change in the accounting department.

Andrea McCleese explained 2 cycles of billing. One cycle could be on the 5th and about one week later another cycle would go out. Cycle billing would be on location, for example north and south. This would cause two billings, collections and due dates. Service men would be collecting by their service locations daily and spread them out instead of having 20 or more at a time.

**BILLING CHANGE TO
MONTHLY (CONTINUED)**

Director Whitt said Elliott County gets SSI checks the first of each month. President Fraley said she would ask if they could keep those members on SSI on first of the month.

Legal Counsel Scott asked how it would affect EKPC. Sherry Buckler said the one month would be rough, but after that it would be back to normal. If the Board is interested we could have it ready to be effective in September and October. It would help the co-op with numbers, degree days, forecasting, and more actual instead of prorated data.

Director Martin made a motion to change the billing cycle to coincide with East Kentucky Power Electric's billing, seconded by Director Rice and unanimously agreed upon.

Andrea said the best time to make the change would be the billing from August 20th to September 20th, and change from September 20th to October 1st, as they are the lowest time period.

President Fraley said we would start advertising in the magazine in June. The November billing would be for October 1-30 usage. The November bill would go out on the 5th. We can't disconnect after 20 days.

**MANAGER OF FINANCE
& ACCOUNTING REPORT**

Sherry Buckler, Manager of Accounting gave the Financial & Statistical Report for February 2017. The following was reported:

**FINANCIAL & STATISTICAL
REPORT FOR FEBRUARY
2017**

Kilowatt hour sales for the month of February (02/21-03/20) were (5.19 %) over budget. Purchases for the time period of (2/1-28) were (30.80%) over budget. Line loss for the last twelve months was 6.95%. Year to date margins were (\$20,494) compared to budgeted (\$105,714).

FUEL ADJUSTMENT

The fuel adjustment factor was (0.004516).

ESC

The environmental surcharge was 5.86%.

DEGREE DAYS

There were 579 heating degree days and 1 cooling degree days.

O.T.I.E.R

The monthly O.T.I.E.R. was 1.99 and the rolling 12 month O.T.I.E.R. was 1.49 with the year to date 0.87.

**APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR FEBRUARY 2017**

Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve the Financial and Statistical report for February 2017 as presented for informational purposes only.

**MANAGER OF MARKETING
AND MEMBER SERVICES**

Julie Lewis gave Kim Bush's report. She reported on the following:

LIHEAP

We received \$245,731 from LIHEAP which was \$25,606 more than the previous year.

WINTERSHIP HARDSHIP

There was 25 winter hardship reconnects.

PREPAY ACCOUNTS

We have 627 active Pre-Pay accounts with an average balance of (\$44.27). The total payment amount is \$78,599.01.

DEBT MANAGEMENT	We have 38 active accounts with debt management. The total amount in debt management is \$10,861.36.
ADDITIONAL DEPOSIT	We mailed 100 additional deposit letters this month.
ENERGY AUDITS	We had 35 rebates for the month. Twelve of those were billing insights.
SCHOOL PROGRAMS	<p>We had three students for the Frankfort Youth Tour. The three students were Seth Kiser – East Carter High School, Morgan Waggoner – Rowan County High School and Heather Smith – Elliott County High School. We always send two on the Washington Youth Tour, but we would like to ask to send the third student as they were all excellent students. The cost is about \$1,500.</p> <p>Director Bentley made a motion to allow the three high school juniors to attend the Washington Youth Tour this year, seconded by Director Trent and unanimously agreed upon.</p>
4-H NIGHT	We had 4-H communication night with 250 kids.
GRECC ANNUAL MEETING	The GRECC Annual Meeting is Thursday, May 11, 2017.
CAMP CO-OP	Camp Co-op is a 3 day camp planned for students who have completed 3 rd – 5 th grades. More details to come.
BALLOTS	<p>President Fraley said the Greenup/Lewis counties ballots will be mailed tomorrow and they will have until May 8th to get them in. Provost John Dean will pickup up the ballots at 9:00 a.m. on May 8th and they will be counted at 10:00 a.m. in the meeting room. There will be 21 differencnt combinations of voting with six people counting at separate tables. John Dean and Legal Counsel Scott will oversee the election and will explain the process to the candidates or their representatives. The signed envelopes will be removed and then the unsigned inner envelope. Votes will be bundled into groups of 25 and verified by the Provost and Legal Counsel.</p> <p>The directors, representative or candidate can be in the room.</p>
ANNUAL MEETING	<p>Kim Bush and Sha Thomas from EKPC will be going to WSAZ the day before annual meeting to discuss the honors flight and annual meeting.</p> <p>Several nice door prizes will be given away after the buiness meeting. Two of them are a small refrigerator and a high effiency clothes washer. Members do not have to be present to win the door prizes.</p>
OPERATIONS REPORT	Kyle Clevenger, Manager of Operations, gave the Operations Report. He reported on the following:
EMPLOYEE/LOST TIME ACCIDENT	There were no lost time accidents to report this month.
SAFETY REPORT	The following safety meetings were held during March 2017:
SAFETY MEETING	March 6 – President Fraley’s meeting was given by Robert Brown, who presented a power point on Distracted Driving and Defensive Driving. A discussion with co-workers followed. Kyle Clevenger said a consumer on

**SAFETY MEETING
(CONTINUED)**

Bethel Hill praised the crew for doing a great job in the area last week. Kyle also wanted to thank everyone for a job well done on the previous storm and requested that everyone work safe.

March 13 – Mike Martin, Assistant Manager of Operations, turned the meeting over to President Fraley who read Board Policies 508 – Safety Practices and 509 – Safety Incentive and had a discussion with employees. She also presented employees with a Safety incentive check for 2016 and the monthly safety money was given out. Kyle Clevenger requested everyone to use common sense today and work safe.

March 23 – Andrea McCleese, Technical Services Supervisor, turned the meeting over to Kendall Bush, KAEC Safety Instructor. He went over a current contact and discussed correct ways to work a line, stressed how important it was to always wear your gloves and sleeves, and suggested a few mottos to go by: “Don’t Enter Zone Without Gloves On”, “Don’t Get Out of Safety Training and Get Good at Hurt Man Rescue”. Kyle Clevenger requested everyone to be careful and No Short Cuts.

March 27 – Brian Poling, Manager of Technical Services, discussed feeders with the most outages, minutes per feeder, number of outages per month, consumer minutes by cause and the correct codes to use when restoring outages. President Fraley asked everyone to be careful and remind everyone that it will be wet and slippery and to have a good week.

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and the importance of using ground chains. A line is not dead until it is grounded.

Director Whitt thanked President Fraley, Kyle Clevenger, Mike Martin and the crew putting up the names at the gymnasiums. Last week we changed out lights for them.

Pike Electric is working on the 3-phase on RT 173 and on Trans Canada at Pactolus. The majority of the poles have been set. We have coordinated the line work with the Department of Transportation to pull the electric line across I-64 on May 21st at 7:00 a.m. The state will run ads on the radio and newspaper making people aware of the temporary road closing on the Trans Canada job. We did not have to interconnect with the Green Valley line with East Kentucky Power.

President Fraley has asked Trans Canada for another contribution to Aid to Construction. The problem with our jobs is it takes two months before the job is closed.

**NEWFOUNDLAND
SUBSTATION**

We are reading the Newfoundland Substation. If possible, President Fraley would like to read the Warnock Substation next, leaving two more substations in the fall. Her next project is to refine service orders, giving us more control over idle services. She would also like to develop a better method of handling right-of-way notes on yard trees, trees over service wires and trees leaning over houses.

Chairman Dupuy said the right-of-way clearing has worked and the Lewis County consumers made mention of that while he was campaigning.

CONSTRUCTION

The Construction Department built one twenty-five (125) work orders. Fourteen (14) services were added and forty-nine (49) services retired, for the month of March. Construction did not work any overtime this month.

OVERTIME HOURS

The Maintenance Department worked three hundred sixty-nine (369) overtime hours and the Engineering Department worked zero (0) hours overtime during the month of March 2017.

DELINQUENT NOTICES

There were 140 delinquents for April with 121 cards issued to be disconnected and 19 accounts disconnected by remote meter. Field personal disconnected an additional 12 meters for a total of 31 disconnects. Nine accounts were reconnected on April 5.

ENGINEERING REPORT

The Engineering Department released one hundred ten (110) prints consisting of 2,669 feet primary line, 1,798 feet of service wire and 0 feet of underground service. They currently have one (1) new service to be staked and one (1) to be drawn. They have approximately nine (9) miscellaneous jobs to be staked or drawn.

CONTRACT CREWS

We have two (2) Pike crews working:

Tony Seagraves – Trans Canada, Carter County
Travis Grizzell – Alcorn, Greenup County

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 796 trees, cut 1,080 trees, cut 37,275 feet of brush/line and sprayed 19 spans of line. The crews are working in the following areas:

1 cutting crew in Carter, Lewis and Greenup Counties
3 cutting crews in Rowan and Elliott Counties
1 bucket truck crew in Carter, Lewis and Greenup Counties
1 bucket truck crew in Rowan County
1 bucket truck crew in Elliott County
1 tractor crew in Greenup County
2 spray crews in Greenup County

Smith Tree Service is working a circuit crew in Elliott County – Rowe Flats and into North Ruin.

APPROVAL OF NEW
MEMBERSHIPS &
RETIREMENT OF
EXISTING MEMBERSHIPS

Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to approve ninety-seven (97) new memberships and retire seventy-seven (77) existing memberships for March 2017.

BAD DEBT WRITE-OFFS

Motion was made by Director Trent, seconded by Director Rice and unanimously agreed to charge off \$3,164.49 worth of bad debts and turn them over for collection.

APPROVAL OF CEO'S,
DIRECTOR'S & ATTORNEY
BUSINESS EXPENSES

Motion was made by Director Trent, seconded by Director Bentley and unanimously agreed to approve the President's business expense of \$44.83, Director's business expenses of \$6,859.32 and Attorney's business expense of \$64.64.

PRESIDENT'S REPORT

President Fraley reported on the following:

STAFF MEETING

The staff met and discussed the budget and keeping costs down. The blacktop over the hill will cost over \$100,000, so we will hold this job until next year. President Fraley has asked everyone to watch their budget due to possible rate increase. We may have to do a test year if a rate increase becomes necessary.

Greenbo Lake State Park will be opening this summer.

President Fraley has been working on changes that need to be made to the Bylaws.

Under our Administrative Guidelines, a water pump, electric fence, camper, anything small like that are only entitled to a 150' service drop. Extension cords cannot be used to extend the length. Barns qualify for 300 feet and commercial agriculture will get 1,000 feet.

LEGAL COUNSEL REPORT

Legal Counsel Scott said he had no report.

KAEC DIRECTOR'S REPORT

Director Whitt reported there was no meeting this month due to the Manager's Spring Meeting.

EKPC DIRECTOR'S REPORT

Director Arrington reported on the following:

Spurlock outages have been traced to the effects of high-sulfur coal and are blamed for tube leaks in Spurlock Station's unit #2. Scrubbers have been installed on the older substation in the past decade to reduce sulfur emissions, allowing units to be compliant. EKPC plans to replace much of the tubing that has been affected. The forced outages have cost the co-op in penalties and the purchase of replacement power.

Robin Hayes, Director of Financial Planning and Analysis, reported on the quarterly KPI and noted the forced plant outages so far in 2017 have had a significant effect on generation measures.

Mike McNalley, Chief Financial Officer and Executive Vice President, said unseasonably warm weather has led to much lower revenue than projected in 2017. Revenue and other income are under budget \$30m and sales are \$11m under budget in February. Year-to-date margins are under budget by \$6.8m.

EK approved awarding a contract for an engineering service and submitted an application to KPSC for approval of modifications at Spurlock Station to ensure compliance at the power plant

THANK YOU NOTES

We received a thank you note from the Greenup County High School Senior scholarship recipients.

DONATIONS

President Fraley presented to the Board for their consideration the following donation requests:

King Daughters Health Foundation – 2017 Rocky Adkins golf tournament sponsor	\$250
Grayson Area Chamber of Commerce – Art in the Park	\$200
Commercial Bank – Christmas in July 5K Run	\$100
Rocky J Adkins Elliott County Public Library – read program	\$100

DONATIONS (CONTINUED)

Elliott County Conservation District – 4 th Grade Field Day	\$50
Elliott County Little League – Field Sponsorship	\$175
Lewis County Football Team – sponsor 4 holes annual golf scramble	\$100
Lewis County High School – boys & girls golf team sponsorship	<u>\$100</u>
	\$1,075

Motion was made by Director Trent, seconded by Director Whitt and unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE

Employees have been asked to submit a list of any sessions they attend and any breakout sessions when they attend a meeting. Directors were asked to do the same. This will help us with the KPSC when we have a rate increase application.

GRECC ORGANIZATIONAL MEETING

The Organizational Meeting of the Board of Directors will be held on Thursday May 11th following the business meeting at the GRECC Annual Meeting.

BOARD MEETING DATE

The regular monthly May Board Meeting will be held Friday, May 26th.

ADDITIONAL BUSINESS

There was no additional business.

PRESIDENT / CEO APPRASIAL

Chairman Dupuy called for Executive Session for the Board to discuss appraisal of the President and CEO

ADJOURN

There being no additional business to come before the Board, Chairman Trent adjourned the meeting at 11:45 a.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

Minutes of the Executive Session of the April 24, 2017 GRECC Board Meeting

On April 24, 2017 Grayson Rural Electric Cooperative Corporation held an executive session during its regular board meeting.

EXECUTIVE SESSION

Chairman Dupuy called for an Executive Session at 11:30 a.m. and unanimously agreed upon, excusing Carol Hall Fraley, President and CEO; and Priscilla Sparks, Executive Assistant, from the board meeting.

President Fraley's evaluation was presented by Legal Counsel Scott. Everything was good.

Motion was made to give President Fraley a one-time \$1,500 bonus for the year by Director Martin, seconded by Director Bentley and unanimously agree upon.

Motion was made by Director Trent, seconded by Director Rice and unanimously voted to come out of Executive Session at 11:42 a.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On May 26, 2017 at 9:08 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Dupuy called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Whitt gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Trent, seconded by Director Rice and unanimously agreed to approve the minutes from the April 2017 Board Meeting for informational purposes only.
APPROVAL OF ORGANIZATIONAL BOARD MEETING	Motion was made by Director Martin, seconded by Director Bentley and unanimously agreed to approve the organizational minutes from May 11, 2017 for informational purposes only.
MANAGER OF TECHNICAL SERVICES	Brian Poling, Manager of Technical Services reported on the following:
AIR CONDITIONER UNIT	We are replacing the header system on our geo-thermal, therefore no air conditioning today. The system was installed in 1992 and the metal had eroded to the point water was seeping out of the walls of the pipes. We are replacing the galvanized pipe and black metal with a heavy-duty plastic.
DAVEY RESOURCE GROUP	Davey Resource Group (DRG) has completed 31,994 GPS points as of May 20 th , and will be finished with Pelfrey Substation soon. Crews will be moving to Leon next. Davey currently has 3 men in the field and two more will arrive in the next couple of weeks.
AT&T INTERNET	Our internet conversion to AT&T fiber is completed and working well. Things went well from our side, but some of the other parties had not prepared, as we had asked, so the conversion was longer than planned.
RANSOMWARE ATTACK	Many of you may have heard of the ransomware attack that affected many businesses and hospitals around the world on May 12-13. We were not affected by the Malware because of our combination of intrusion prevention by Silversky and our Virus protection with Sophos. We purchase both of these through NetGain Technologies and they reported that NONE of their users were affected.
RF INVESTIGATION	Concerning our Radio Frequency selection process, we talked with Grayson Utilities and Rattlesnake Ridge Water District about the possibility of utilizing a network that we would install for meter readings. Both companies took it to their Boards and wanted to be included in the studies. Our information was sent to 3 of the 4 vendors on Wednesday, so they can begin propagation studies which would then allow quotes to be generated. We did not include Sensus, because they were a tower based system that we did not believe would be of benefit to us and they charged for the study. We sent information for quotes to Eaton, Landis+Gyr and ACLARA. ACLARA also has a power line carrier option called TWACS that 7 or 8 of the Kentucky Co-ops are already using. We spoke with Buckeye Rural Electric this week and they are installing the TWACS system now and have invited us to see the product in action. We plan to visit with Buckeye Rural Electric next week.

RADIO TOWERS

President Fraley told the Board we have two radio towers that need to be removed. The land owners don't want them. They are 96 feet tall towers, self-supporting, 6 feet wide at the bottom. The cost of removal will vary. One is on Friends Branch in Lawrence County and the other is in Greenup County at Oldtown. The 8x8 block buildings will need to be removed also. Director Martin said Landon Daniels Towers in Ashland may take down.

OFFICE & FINANCIAL
REPORT

Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for March 2017. Mr. Bradley reported on the following:

FINANCIAL & STATISTICAL
REPORT FOR MARCH

Kilowatt hour sales for the month of March (03/21-04/20) were (8.19%) under budget. Purchases for the time period of (3/1-31) were (8.38%) under budget. Line loss for the last twelve months was 12.77%. Year to date margins were a (\$402,230) compared to the budgeted negative amount of (\$424,877).

Revenues and sales are slipping due to weather, conservation and degree days.

FUEL ADJUSTMENT

The fuel adjustment for the month was (0.007547).

ESC

The environmental surcharge for the month was 6.89%.

DEGREE DAYS

We had 218 degree days. The heating degree days was 178 and the cooling degree days were 40.

O.T.I.E.R.

O.T.I.E.R. for this month is (4.53) with the rolling 12 month O.T.I.E.R. 1.15.

SALES/REVENUE GRAPH

A sales revenue graph for 5 years was shown. We show 25 million in kWh sales January 2012 and it dropped in 2014-2017. We are down about 7.5 million in kWh sales. Revenues and sales are both slipping. Degree days play a factor. The graph showed kWh sales compared to degree days in 2014 and 2015 at 1,100 KWh compared to this year's max of 765 KWh. Our degree days have been warmer in the winter and cooler in the summer.

EK has to be able to produce, buy or import power to meet peak. Otherwise, we must utilize load shedding. Director Arrington and President Fraley explained how our savings would show up in our margins if we get anything back through the environmental surcharge and energy surcharge. If they make money we get a better surcharge. President Fraley said PJM has saved us several times, keep our cost down, and she was very pleased with them.

Chairman Dupuy feels the Board doesn't understand how the commercial power market works and asked President Fraley to have someone come from East KY Power to talk to the Board.

Conservation benefits the G & T instead of us. The Prepay program is also a conservation program.

AEP/KY POWER

It was in the newspaper last week that AEP/KY Power applied for a rate increase.

RATE INCREASE

President Fraley said she has seen a difference since 1994 and it's disturbing. She again stated we will eventually have to go in for a rate increase. Our last rate increase was expected to last for 3 years, but it has been 5 years. We were fortunate to have loads from the rock crusher, Genesis Recovery Center and Columbia Gulf.

CAPITAL CREDITS

In March/April 2017 we paid 20 capital credit applications totaling \$18,675.36. To date we have paid 39 capital credits totaling \$34,104.90 and have received 18 applications and have 18 incomplete applications.

**RESOLUTION OF THE
BOARD FOR THE NRECA
401 (K) PENSION PLAN
ADOPTION AGREEMENT**

Last week Mr. Cherry received an amendment for the retirement plans effective July 1, 2017. IRS requires reinstatement every 5 years. He recommended that the following resolution be adopted to allow President Fraley to execute the necessary documents and to restate our participation.

GO TO PAGE 4

AUDITOR LETTER
(CONTINUED)

President Fraley said there is a firm in South Shore we may use in the future. They have done work for some co-ops in Ohio.

Motion was made to accept the audit quote submitted by Mr. Alan Zumstein, by Director Trent, seconded by Director Rice and unanimously agreed upon.

FEDERATED INSURANCE
UMBRELLA COVERAGE

Bradley Cherry met with Tony Hermes of Federated Insurance. GRECC's worker compensation EMOD was .76, the best in the state. We received rebates for \$89,454 based on our experience. Umbrella coverage for the Board is currently 4 million dollars. The average in the state is now 9-10 million dollars. The months November – January are the months to make changes, so the Board will need to think about if they would want to make any changes to the umbrella policy.

AEP/KY POWER

AEP/KY Power went in for a rate increase of 12%. Their customer charge is \$11 and they want it increased to \$17.50; they would like to increase their kWh charge from 9 cents to 10.9 cents.

Bill comparison between AEP and GRECC:

<u>AEP</u>	<u>GRECC</u>	
799 kWh \$110.39	\$105.85	4.11% comparison
1,250 kWh \$165.34	\$156.27	12.48% comparison
w/increase \$137.82	\$105.85	23.20% pending AEP rate increase

BILLING CYCLE

Last month we discussed changing the billing cycle to match EKPC. Andrea McCleese explained we anticipate the bill change to our consumers on the November bill (usage of September 20 through end of October). This would change our billing time for when members receive their bill and the due date. We anticipate one billing cycle in the north of the system and one in the south. Comparing the south and north substations there are only 100 member's difference. Smithfield and Elliott County Prison will keep the same billing cycle, a full month. We can advertise in the July KY Living about the change.

We believe there will be an increase in the prepaid program and more interest in electronic billing. Cycle billing would work with the due date staying static no matter what date they fall on. Coordination is the key to success to this between the members and the Cooperative. We can send out calls alerting / reminding members of the billing change. This will levelize the work flow, instead of everything coming due at once. Once the first month goes through we will be back on our regular flow with EKPC. Bradley would have to work with PSC, Alan Zumstein and EKPC on how to calculate the environmental surcharge and fuel adjustment

This will cut down on trip charges, enhance prepay programs and increase automatic draft. Our objective is to smooth out cash flow and help us keep from hiring more employees.

SKY GLOBAL PARTNERS

[REDACTED], EKPC retirees, came for a visit concerning SKY Global Partners and a proposal on gas fired generation. We have checked with Fleming Mason and a couple of other Cooperatives and we plan to hear their proposal. This has been successful in Texas. Two sites have been proposed to build 750 megawatt generators.

SKY GLOBAL PARTNERS
(CONTINUED)

The Coops that have been talking to Sky Global are Cumberland Valley, Fleming Mason, Licking Valley, Clark, Bluegrass and GRECC. SKP plan to join PJM. They are looking at selling to each coop. Environmental fees would have to be paid by the producers and we would buy at a set price. Information will be brought to the Board for future consideration.

APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR MARCH 2017

Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve the Financial and Statistical report for March 2017 as presented, for informational purposes only.

MANAGER OF MARKETNG
& MEMBER SERVICES

Kim Bush, Manager of Marketing & Member Services presented the member services and marketing report.

PREPAY

We have 633 active prepay accounts with 7 inactive. The average balance is (\$46.73). Total number of payments in 30 days is 2,303, with an average payment of \$31.65. Total payment amount received was \$72,886.87.

DEBT MANAGEMENT

Six percent of active accounts haven debt management. We have 40 active accounts totaling \$11,285.65.

ENERGY EFFICIENCY

Tina perfomed the following audits:
5 energy audits and 1 Touchstone Energy Home audit.
Energy Star appliance rebates were:
3 clothes washers; 2 dishwashers; 3 refrigerators; 1 commercial audit

ANNUAL MEETING

We registered 1,239 members for the GRECC Annual Meeting on May 11, 2017. The cost of the annual meeting will be presented at the June Board Meeting. Everyone appreciated the use of golf carts at the annual meeting.

SCHOOL/COMMUNITY

Lewis Central Elementary – 200 kids for the health and safety awareness on May 15.

WASHINGTON YOUTH TOUR

We are sending 3 high school juniors on the Washington Youth Tour June 9-16.

CAMP CO-OP

The first Camp Co-op will be held at GRECC June 13-15 from 8:30 a.m. – 3:30 p.m. The cost is \$10 and open to members' children/grandchildren that have completed grades 3rd, 4th and 5th. The camp topics are solar, conservation and safety. Crafts will be made. We do have a medical release form that has to be signed.

BOARD ELECTION

President Fraley read the election letter from John B. Dean, CPA in regards to suggested changes to future board elections and the procedures. President Fraley stated she is working on the Bylaws. The Bylaws changes could be presented at next board meeting for the Board to study. A cost of the election will be presented next month.

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations gave the Operations Report. He reported on the following:

EMPLOYEE/LOST TIME
ACCIDENT

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during April 2017:

April 6 – Priscilla Sparks, Executive Assistant, turned the meeting over to Robert Thornton, KAEC safety, who talked about a vehicle fatality at Owen Electric. He discussed near misses due to distractions using phones, iPads, and other devices that make us lose our focus. He explained that it was important to keep our contact list and beneficiaries up-to-date, know your job

**SAFETY REPORT
(CONTINUED)**

location and if you are working in an area off of the road set a cone to show your location in case of an emergency. Personal grounds were tested. Kyle Clevenger asked everyone to work safe and remember Slips, Trips, and Falls.

April 10 – Robert Brown, Geographical Information System Technician, showed a video on the history of Kiss Of Life photo that was taken in 1967 of a utility worker giving mouth-to-mouth to co-worker after he contacted a low voltage wire. Photo was taken by Rocco Morabito who worked for the Jacksonville Journal and the photo won the 1968 Pulitzer Prize for Spot News Photography. The linemen were recognized and presented gifts for Lineman's Day. Kyle Clevenger reminded everyone to work safe.

April 17 – Sherry Buckler, Manager of Accounting and Human Resources, turned the meeting over to Robert Brown. He showed a power point on ATV/UTV safety. President Fraley requested everyone to be careful in the wet conditions while reading the Newfoundland Substation.

April 24 – Kim Bush, Manager of Marketing and Member Services, turned the meeting over to Robert Brown. He showed a power point on the care of FR rated clothing. President Fraley let everyone know that the ballots for Greenup and Lewis Counties would be mailed on Tuesday, April 25, 2017.

CONSTRUCTION

The Construction Department built one hundred thirteen (113) new work orders for the month of April and worked zero (0) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked two hundred fifteen (215) hours of overtime during the month of April 2017. Number of work order overtime hours was ninety-five (95). Engineering worked zero (0) overtime hours.

DELINQUENT NOTICES

There were 121 delinquents for May; 107 cards were issued to be disconnected and 14 accounts were disconnected by remote. Field personnel disconnected an additional 7 meters for a total of 21 disconnects and 7 accounts were reconnected on May 8. On May 9 there was 1 meter disconnected. A total of 3 meters were reconnected.

CONTRACT CREWS

Two Pike crews have been working in the following areas:

Tony Seagraves – Columbia Gulf, Carter County
Travis Grizzell – Alcorn, Greenup County

RIGHT-OF-WAY CREWS

We have ten (10) W. A. Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 1,047 trees, cut 748 trees, cut 51,500 feet of brush/line and sprayed 138 spans of line. The crews are working in the following areas:

1 cutting crew in Carter, Lewis and Greenup Counties
3 cutting crews in Rowan and Elliott Counties
1 bucket truck crew in Carter, Lewis and Greenup Counties
1 bucket truck crew in Rowan County
1 bucket truck crew in Elliott County
1 tractor crew in Greenup County
2 spray crews in Greenup County

Smith Tree Service circuit crew is in Elliott County on RT 32/ Brown Ridge.

ENGINEERING REPORT

The Engineering Department released one hundred three (103) prints consisting of 11,044 feet of primary line and 3,150 feet of service wire. They currently have three (3) new services to be staked and two (2) to be drawn. They have approximately fourteen (14) miscellaneous jobs to be staked or drawn.

PIKE ELECTRIC

Ronnie Gilbert with Pike Electric visited yesterday in regards to their wages. Pike is asking for a wage increase. President Fraley said she is not inclined to suggest the Board open the contract. Pike is going to send a proposed rate sheet.

A motion was made to keep the contract as is by Director Martin, seconded by Director Trent and unanimously agreed upon.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS

Motion was made by Director Bentley, seconded by Director Martin and unanimously agreed to approve one hundred one (101) new memberships and retirement of eighty-eight (88) existing memberships for April 2017.

BAD DEBT WRITE-OFFS

Motion was made by Director Martin, seconded by Director Trent and unanimously agreed to charge off \$ \$3,398.62 worth of bad debts and turn them over for collection.

APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY BUSINESS EXPENSES

Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve the President's business expense of \$9.73, Director's business expenses of \$6,472.75 and Attorney's business expense of \$9.10.

PRESIDENT'S REPORT

President Fraley reported on the following:

SAND GAP

Kyle Clevenger, Scott Speaks, Mike Martin and President Fraley met with a Kentucky Power engineer this week in regards to the service at Sand Gap.

INTER-COUNTY COOP

Jim Jacobus, President and CEO at Inter-County Coop, is retiring the first of the year and the Inter County Board is looking for a new candidate for President and CEO.

COLUMBIA GULF

Jim Bridges has helped us prepared a new contract for Columbia Gulf. She will share it with Legal Counsel Scott for his review.

SAV-A-LOT

She is working on a new contract for Save-a-Lot in Elliott County. The loading information was sent to Scott Speaks today.

NEWFOUNDLAND SUBSTATION

Newfoundland Substation readings are finished. A report will be given next month.

GRECC BYLAWS

She has been spending majority of her time on GRECC's Bylaws. This is critical. She hopes to have a copy to you next month.

BIG SANDY RECC

David Estep at Big Sandy RECC has been replaced by former Manager Bobby Sexton as an interim manager.

Director Arrington said Velma May was defeated by Guy Spriggs during the board election this year.

LEGAL COUNSEL'S REPORT

Legal Counsel Scott reported on the following:

reviewed resolution;
assisted in counting of votes;
reviewed letters on codes and company policies and;
read the notice at the annual meeting.

KAEC DIRECTOR'S REPORT

Director Whitt attended KAEC's Board Meeting this week in Louisville, KY and reported on the following:

KAEC OFFICE BUILDINGS

Targeting a closing date of early June. Purchase price is \$2,810,000.00. There is a first-floor tenant (EnovaPremier) leasing for \$193,277.00 annually. They have the right to terminate after August 1, 2020 with notice by May 1, 2020 and payment of \$33,000.00. Motion was made and passed to pursue the purchase of the Lyndon Farm Court Building as discussed. It will cost approximately \$400,000 to remodel the building. It doesn't have a board room, so meetings will be at the hotel.

There is also a company leasing the basement space that designs wheels and pays \$200,000-\$400,000 annually.

Closing on the Bishop Lane Property is scheduled for of May 23, 2017. The sale price is \$3,750,000.00, which includes the real estate, furniture and equipment remaining on the premises (concession to rental rate). The leaseback to KAEC is a base rent of \$13,333 per month with the security deposit waived.

KENTUCKY LIVING

The Kentucky Living magazine is breaking even.

EKPC DIRECTOR'S REPORT

Director Arrington reported on the following:

Ground breaking for the solar project.
EKPC Annual Meeting is June 6, 2017.
Michael Adams, Secretary/Treasurer died and seat will not be filled until June.
GRECC has sold 3 panels to two members. The cost is \$460 per panel. They will get credit on their power bill.

MIV PROGRAM

Bradley Cherry completed the Robert I. Kabat Management Internship Program (MIP) earlier this year. A letter was read by President Fraley, complimenting Mr. Cherry on his hard work and participation.

THANK YOU NOTES

President Fraley said GRECC had received thank you cards from Raccoon Freewill Baptist Church, Heather Smith and Heritage Elementary School.

DONATIONS

President Fraley presented to the Board for their consideration the following donation requests:

DONATIONS
(CONTINUED)

East Carter Youth Service Center – Camp KIDS @ CCSP	\$100
East Carter Lady Raiders Softball – East All Star Team of KY	\$100
(Montana Fouts \$50 and Eden Mayo \$50) 6/16-18/17	
Carter Christian Academy – golf scramble sponsor 7-15-17	\$50
American Cancer Society - Relay for Life for Elliott County	\$250
(in memory of Juanita Rice)	
Lewis County Extension Office – KY Youth Seminar sponsor	\$175
East Carter Tennis Team – sponsor – Appalachian Tennis Series	\$50
SHE Academic Team – sponsor – Sandy Hook Elem. field trip	<u>\$100</u>
	\$825

Motion was made by Director Rice, seconded by Director Bentley and unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE

President Fraley and some of the staff will be attending EKPC's Annual Meeting on June 6, 2017.

VOTING DELEGATES
EKPC BOARD MEETING

Chairman Dupuy appointed Director Trent to serve as the Voting Delegate to EKPC's Board of Directors and Chairman Dupuy to serve as the Alternate Delegate.

VOTING DELEGATES TO
NCSC'S ANNUAL MEETING

Bradley Cherry will serve as the Voting Delegate to NCSC's 2017 Annual Meeting. There will be no Alternate Voting Delegate.

NRECA VOTING DELEGATE
TO DIRECTOR ELECTION

Chairman Dupuy appointed Director Whitt to serve as Voting Delegate to NRECA Director's election and Director Martin as Alternate Voting Delegate.

EKPC ANNUAL MEETING

The East Kentucky Power Cooperative's Annual meeting will be held June 6, 2017 at their headquarters in Winchester, Kentucky.

COMMITTEE MEETINGS

The Planning and Review Committee and the Negotiating Committee will be the same as 2016.

BOARD MEETING DATE

The Regular Board Meeting in June will be held June 23, 2017.

ADDITIONAL BUSINESS

There was no additional business.

EXECUTIVE SESSION

Motion was made to go into Executive Session by Director Arrington.

ADJOURN

Chairman Trent adjourned the meeting at 12:09 p.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

Minutes of the Executive Session of the May 26, 2017 GRECC Board Meeting

On May 26, 2017 Grayson Rural Electric Cooperative Corporation held an executive session during its regular board meeting.

EXECUTIVE SESSION

Director Arrington called for an Executive Session at 12:02 p.m. and unanimously agreed upon.

Per diem was discussed at a previous Board Meeting, but no action was taken. Mr. Arrington made a motion to increase the per diem rate by one hundred dollars (\$100) beginning this year. Motion was seconded by Director Whitt. The vote was unanimous to increase the per diem by one hundred dollars (\$100) for a total of \$300 per month.

Motion was made by Director Arrington, seconded by Director Bentley and unanimously voted to come out of Executive Session at 12:07 p.m.

Chairman Dupuy adjourned the meeting.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On June 23, 2017, at 9:00 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at Greenbo Lake State Park, Greenup, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Dupuy called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Rice gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Trent, seconded by Director Bentley and unanimously agreed to approve the minutes from the May Board Meeting.
EKPC DIRECTOR'S REPORT	<p>Director Arrington gave the EKPC Board Report:</p> <p>EKPC Annual Meeting was held June 6, 2017. Margins and equity are running about the same for the month. There will be a mining tour at Illinois Basin Coal. Spurlock's coal comes from Illinois Basin Coal. GRECC Board appointed Director Arrington to EKPC's Board for a year. EKPC elected Board Joe Spaulding, Chairman; Alan Ahrman, Vice Chairman; and the Secretary-Treasurer position has been divided. Landis Cornett will serve as Secretary and Jody Hughes as Treasurer. The Executive Committee will now consist of five people. Director Arrington was appointed to oversee openings of Contracts (gas, coal, etc). Licking Valley RECC appointed Ted Holbrook to the Board after Mike Adam's death. Allen Anderson is no longer President and CEO at South Kentucky R.E.C.C. Bobby Sexton will serve as CEO at Big Sandy R.E.C.C.</p>
KAEC DIRECTOR'S REPORT	Director Whitt stated there was no KAEC Board Meeting this month.
PRESIDENT'S REPORT	<p>President Fraley reported the following:</p> <p>KAEC has hired some new safety directors. KAEC safety director for GRECC is Robert Thornton. David White, KAEC Safety Director, went to work for Owen Electric. RESAP program inspection will be any day, unannounced. This is our safety accreditation program. We have our new defibrillators in the building and in the construction trucks.</p>
RADIO TOWERS	President Fraley said she has received two bids on removing the two radio towers. One was from Landen Daniels, Ashland, KY, for \$2,500. This includes removing fencing, block building and tower. The concrete pad will be left. She received a second quote from Herb Rice with Lab-Tronics, Catlettsburg, KY, for \$2,500. He would remove everything for resale. Lanham Scrap Iron and Metal, Paint Lick, KY has not submitted a bid yet. Bidders must provide us with certificates of insurance. A dozer has to be used to build a road to the tower in Lawrence County. Director Martin suggested to have Adam Wells look at it, as he has a large excavator.
PIKE ELECTRIC	Pike requested an amendment to their contract. President Fraley sent an email to decline and thanked them for their continued business association.

PHYSICAL INVENTORY

GRECC's annual inventory has been completed. President Fraley reported a remarkable difference in over and under of \$82. Roger and Marsha did a good job.

For the period May 1, 2016 to April 30, 2017, the average material and supplies physical inventory was \$284,684.34. The adjustment amount was .03%. President Fraley was very pleased with the inventory.

Physical Count

Amount over	\$ 14,542.10
Amount under	<u>\$(14,460.01)</u>
Difference	\$ 82.09

Inventory Totals

Beginning balance	\$242,455.92
Purchases	\$672,841.13
Sales	\$ (4,231.27)
Adjustments	\$ 2,432.81
Physical count adj's	\$ 82.09
Construction	<u>\$(456,191.65)</u>
Ending balance	\$ 457,389.03

CO-OP CAMP

We had 15 kids to attend Co-op Camp. They participated in several activities about energy. KY Living magazine has interviewed us and this will most likely will go on to NRECA.

COLUMBIA GULF

Columbia Gulf paid additional construction of \$190,000 this week.

RONALD MCDONALD HOUSE

We will participate in The Ronald McDonald house of Lexington and Louisville Touchstone challenge for supplies.

BILLING CYCLE

President Fraley wrote the first billing change article for the Kentucky Living Magazine to come out in August.

WAGE & SALARY

Bradley has set up a wage and salary review with Daniel Bruning, Sr. of NRECA's National Consulting Group the last week in October. The last survey was done by June Lane about twenty years ago.

SEPTEMBER BOARD MEETING

September 22nd is our board meeting and fish fry hosted by Brownstown.

GRECC BYLAWS

President Fraley has been spending a lot of time on the GRECC Bylaws and proposes to meet at 8:30 a.m. at the July 28, 2017 Board Meeting to discuss the GRECC Bylaws changes.

2017 BOARD MEETINGS CALENDAR EVENTS

President Fraley went over the Proposed Board Meetings and Events 2017 calendar.

PROPOSED BOARD MEETINGS AND EVENTS 2017

JULY 28	8:30 A.M. – 10:30 A.M. BYLAWS STUDY 10:30 A.M. – 12:00 P.M. BOARD MEETING
AUGUST 25	9:00 A.M. BOARD MEETING
SEPTEMBER 22	9:00 A.M. BOARD MEETING AND FISH FRY

2017 BOARD MEETINGS
CALENDAR EVENTS
(CONTINUED)

SEPTEMBER 28-29	KAEC LINEMAN RODEO, Jackson Energy, London KY
OCTOBER 12-13	NRECA REGIONS 2 & 3 MEETING, Chattanooga, TN (pre-regional director's education is October 11th)
OCTOBER 25-27	WAGE AND SALARY STUDY, DAN BRUNING
OCTOBER 30, Monday	9:00 A.M. BOARD MEETING
NOVEMBER 1-3	PRELIMINARY UNION MEETING (CF, BC, AND KC)
NOVEMBER 15-17	1) UNION NEGOTIATING COMMITTEE 2) WAGE AND SALARY/PLANNING & REVIEW COMMITTEE
NOVEMBER 20-21	KAEC ANNUAL MEETING, Louisville, KY
NOVEMBER 23-24	THANKSGIVING BREAK
NOVEMBER 29, Wednesday	9:00 A.M. BOARD MEETING
DECEMBER 1-6	NRECA DIRECTOR'S WINTER SCHOOL, Nashville, TN
DECEMBER 8	CHRISTMAS AWARDS DINNER/PARTY
DECEMBER 14-15	BUDGET MEETING/PLANNING & REVIEW COMMITTEE
DECEMBER 21, Thursday	BOARD MEETING AND CHRISTMAS LUNCH
DECEMBER 25-26	CHRISTMAS BREAK (Monday and Tuesday)

PLANNING AND REVIEW COMMITTEE:
EDDIE - CHAIR, BILLY T AND ROGER

NEGOTIATING COMMITTEE:
JIMMY - CHAIR, KEN AND JIM

HAROLD, EX OFFICIO TO BOTH COMMITTEES

CFC DISTRICT 3 MANAGERS Chris Perry, President & CEO of KAEC, is on the District 3 2017 Nominating Committee and they are developing a slate of candidates for the director seat (Position D) on the CFC Board of Directors.

BIG SANDY RECC We receive an email from Kelli Gibson, KAEC Assistant to the CEO/ Board Liaison, stating Bobby Sexton has been named the Interim General Manager of Big Sandy RECC and Bruce Aaron Davis has been appointed as Assistant General Manager.

MANAGER OF FINANCE AND ACCOUNTING Bradley Cherry, Manager of Finance and Accounting, presented the Financial and Statistical Report for April 2017.

FINANCIAL & STATISTICAL REPORT FOR APRIL 2017 Kilowatt hour sales for the month of April (4/21-5/20) were 1.46% under budget. Purchases for the time period of (4/01-4/30) were (2.51%) over budget. Line loss for the last twelve months was 11.25%. The April margins were (\$173,610) compared to the year to date margins (\$596,336).

FUEL ADJUSTMENT The fuel adjustment was (0.007371) for April.

ESC The environmental surcharge (ESC) was 8.88%.

DEGREE DAYS There were 220 degree days – 129 heating degree days and 91 cooling degree days.

APRIL O.T.I.E.R. The monthly O.T.I.E.R. for April was (1.17) with the year-to-date (.90). The 2016 monthly O.T.I.E.R. was (2.86) and rolling 12 month O.T.I.E.R. 1.57 compared to April 2017's 1.28.

CFC CONFERENCE Bradley attended the CFC Conference in San Antonio, Texas and stated it was an excellent conference.

CAPITAL CREDITS

In June we paid out 28 capital credits in the amount of \$31,205.63. There are 25 outstanding applications; 22 incomplete and 3 new applications received. Year to date totals paid are 39 capital credits totaling \$65,310.53.

Letter of credits are still in effect even in case of bankruptcy.

Automatic stay is invoked in a bankruptcy.

President Fraley said Kmart did not pay their bill for a couple of months, so we recovered payment from their capital credits, at the recommendation of legal counsel.

KY Power's proposed rate increase will make them 1.5% higher than GRECC. They will file on the 26th or 28th.

APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR APRIL 2017

Motion was made by Director Trent, seconded by Director Bentley and unanimously agreed to approve the Financial and Statistical report for April 2017, as presented, for informational purposes only.

LEGAL COUNSEL'S REPORT

Legal Counsel Brendon Music reported on the following:

Introduced Legal Counsel Whitley Hill Bailey who earlier addressed questions on letters of credits.

Legal Counsel Scott reviewed the minutes.

Legal Counsel Scott reviewed Columbia contract and the Smithfield contract.

Legal Counsel Scott, Bradley Cherry and the Bylaw committee have been working on changes in the bylaws.

Sky Global contract was sent in and will be presented at the July Board Meeting.

EXECUTIVE SESSION

Director Arrington called for an Executive Session.

AARON THOMPSON

Chairman Dupuy introduced Aaron Thompson, field representative for Governor Bevin's office. He is a graduate of Greenup County High School and majored in political science. He works from home and is responsible for twenty counties, from along the Ohio River in Carroll County to Pike County to Mt. Sterling. Every day is a different work load for him.

LEGISLATIVE

He reported two legislative sessions thus far. The first session was working on the budget and tremendous pension problem in Kentucky. A special session is to be called after August 15th. The Governor is currently soliciting feedback from the area and is working hand in hand on a tax cut. He asked us to communicate with our representatives and senators.

All the representatives and senators in the area are engaged in this process.

JOBS/WORK FORCE

Mr. Thompson reported the Governor is working on making KENTUCKY the manufacturing hub of North America. The biggest obstacle is training for jobs we can do in our area. The work ready programs will provide 32 credit hours of free tuition. Four major investments that have been made are: Amazon will be bringing 2,000 jobs located near the KY Cincinnati Airport; \$1.3 billion invested in the Toyota plant; \$900 million will be invested in the Ford plant in Louisville; and Braden Industry at South Shore will produce a lightweight aluminum steel and that will be used in auto and airplane manufacturing. One out of eleven cars in the US is produced in Kentucky and Kentucky is the 2nd largest in the aerospace industry behind Washington (airplane breaks are manufactured in northern Kentucky). This should allow

**JOBS/WORK FORCE
(CONTINUED)**

more to locate to KY. He has worked with EKPC and Rodney Hitch on electricity rates.

President Fraley asked how the new plant in South Shore was going to be successful when other aluminum factories like the ones at Big Rivers were not. He replied, "It is a specialty product and only 3 companies make it."

President Fraley suggested that when Commissioners are appointed by the governor's office that they use people that are qualified and with a utility background. The Commission's role is to protect the consumer.

**APPROVAL OF NEW
MEMBERSHIPS &
RETIREMENT OF
EXISTING MEMBERSHIPS**

Motion was made by Director Rice, seconded by Director Trent and unanimously agreed to approve one hundred (100) new memberships and retirement of seventy-one (71) existing memberships for May 2017.

**APPROVAL OF CEO'S,
DIRECTOR'S & ATTORNEY
BUSINESS EXPENSES**

Motion was made by Director Martin, seconded by Director Bentley and unanimously agreed to approve the President's business expense of \$21.19, Director's business expenses of \$7,439.16 and Attorney's business expense of \$0.00.

THANK YOU LETTERS

GRECC received a thank you note from Mindy and Dan Click for the \$150 donation to the Grayson Gallery & Art Center for the "Heart of the Parks" art show. Thank you letters were received from Grayson Meals on Wheels, King's Daughters Health Foundation and Rocky Adkins golf outing. The three Washington Youth Tour representatives, Seth Kiser – East Carter High School, Morgan Waggoner – Rowan County High School and Heather Smith – Elliott County High School mailed thank you cards.

DONATION REQUEST

President Fraley presented to the board for their consideration the following donation requests:

Grayson Sluggers – sponsor	\$150
Funtober Fest – gold sponsorship	\$150
Lewis County Educational Foundation – sponsor Back to School Fair	\$100
Elliott Co. Family Resource/Youth Serv. Cntr. – Back to School Redi-Fest	\$100
52 nd Annual Greenup Old Fashion Days – festival	\$100
Softball Parents Club – sponsor EC Lady Raider Softball	\$200
4-J-C Committee – July 4 th fireworks	<u>\$100</u>
	\$900

Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to approve the donations as presented.

**MANAGER OF
TECHNICAL SERVICES**

Andrea McCleese, Technical Services reported on the following:

DAVEY RESOURCE GROUP

GIS: Davey Resource Group is currently doing our mapping project field inventory on the Airport Road substation with an estimated completion date of July 7. Once Airport Road is complete, they will be moving to Newfoundland, Sandy Hook, and then Mazie. Currently, Davey has four contractors working on Airport Road with a fifth possibly being added in mid-July. Data for 4 substations are on our maps, with Elliottville, Carter City and Pelfrey being reviewed by the Davey office. The field inventory

DAVEY RESOURCE GROUP
(CONTINUED)

began July 25, 2016, and Robert anticipates the field work will be complete by December 2017.

Metering Project: Requests for quotes have been sent to Landis + Gyr, Aclara and Eaton. Aclara will return next month to give a more in-depth presentation on their power line carrier product, TWACS.

AT&T fiber internet connection project has been completed. Bandwidth was increased from 3.5 Mbps to 50 Mbps. Firewall devices were configured for true redundancy; if one falls the other device will take over. Also, if the AT&T internet is down, the Windstream connection will take over.

Andrea, Brian, and Kim attended the SEDC Users' Conference this week. Cybersecurity and PCI Compliance remains a top priority in the information systems environment. Credit card devices that will encrypt the card number can be ordered after the installation of the next software version, which should occur sometime next month.

BAD DEBT WRITE-OFFS

Motion was made by Director Trent seconded by Director Bentley and unanimously agreed to charge off \$4,827.80, worth of bad debts and turn them over for collection. President Fraley reported [REDACTED] paid his bad debt of \$1,669.46 leaving a charge off total of \$3,158.34 for March.

Director Whitt pointed out to Mr. Thompson the impact of LIHEAP. If this is cut out, our members will really be affected. Mr. Thompson thought it was all federal funded. President Fraley says she believes the state provides a percentage of matching funds. He will work with the community action agency program and see what is happening and get back with us. Director Whitt stated we received \$245,000 in LIHEAP this past winter and asked for continued assistance with LIHEAP.

MANAGER OF MARKETING
AND MEMBER SERVICES

Kim Bush, Manager of Marketing and Member Services, was not present to give her report.

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations, gave the Operations Report, along with Mike Martin, Assistant Manager of Operations. Mr. Clevenger reported on the following:

EMPLOYEE/LOST TIME
ACCIDENT

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during May:

May 1 – Bradley Cherry, Manager of Finance and Accounting, discussed Capital Credits and explained allocations, retirement and application of Capital Credits. Kyle Clevenger reminded everyone to work safe.

May 9 – Kyle Clevenger, Manager of Operations, turned the meeting over to Kim Bush, who went over new procedures and the positions that everyone would be working during Annual Meeting on Thursday, May 11, 2017. Kyle Clevenger reminded everyone that it was going to be wet, to be careful and watch out for each other.

**SAFETY REPORT
(CONTINUED)**

May 15 – Carol Ann Fraley, President and CEO, discussed the annual meeting and the road crossing that is scheduled for Columbia Gulf Transmission. Bradley Cherry to discuss our new AEDs. Kyle Clevenger reminded everyone to be careful.

May 22 – Mike Martin, Assistant Manager of Operations, read an article from The Incident Prevention magazine about Stepping up to Safety. He discussed Hazard Recognition, Three Way Communication/Peer Check and Effective Three-Way Communication. Kyle Clevenger reminded everyone to have a good day and safe day.

May 30 – Andrea McCleese, Technical Services Supervisor, discussed the new billing cycle changes and how they would be broken down by the North and South territories. This will be scheduled for November billings. Carol Ann Fraley presented Ryan Rice a Certificate for Advanced Hot Line Skills Workshop. Kyle Clevenger asked everyone to check their first aid kits and to keep spraying and checking for ticks. Kyle Clevenger reminded everyone to be safe and watch over each other.

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and the importance of using ground chains. A line is not dead until it is grounded.

Copper thefts are increasing. 65 pole grounds were stolen off poles in the Pactolus substation area.

CONSTRUCTION

Construction built eighty (80) new work orders (includes 15 new services added and 7 services retired) for the month of May and worked twenty-five (25) hours of overtime. Engineering department worked three (3) hours overtime.

OVERTIME HOURS

Maintenance Department worked five hundred seventeen (517) hours of overtime during the month of May and worked one hundred forty-one (141) hours work order overtime hours.

DELINQUENT NOTICES

There were 96 delinquents for June with 66 cards issued to be disconnected. 25 accounts were disconnected by remote meter. Field personal disconnected an additional 4 meters for a total of 29 disconnects and 9 accounts were reconnected on June 7. On June 8 there were 2 meters disconnected. A total of 4 meters was reconnected.

CONTRACT CREWS

We have two (2) Pike crews working in the following areas:

Tony Seagraves – Columbia Gulf, Carter County
Travis Grizzell – Alcorn, Greenup County

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crews trimmed 868 trees, cut 668 trees, cut 39,110 feet of brush/line and sprayed 152 spans of line. The crews are working in the following areas:

1 cutting crew in Carter, Lewis and Greenup Counties
2 cutting crews in Rowan and Elliott Counties
1 bucket truck crew in Carter, Lewis and Greenup Counties

**RIGHT-OF-WAY CREWS
(CONTINUED)**

1 bucket truck crew in Rowan County
1 bucket truck crew in Elliott County
1 tractor crew in Greenup County
3 spray crews in Greenup County

Smith Tree Service circuit crew in Elliott County on Fannin Road, North Ruin.

ENGINEERING REPORT

The Engineering Department released one hundred eight (108) prints consisting of 3,163 feet of primary line and 1,381 feet of service wire. We currently have two (2) new services to be staked and one (1) to be drawn. We have approximately six (6) miscellaneous jobs to be staked or drawn.

MEETING ATTENDANCE

The NRECA Regions 2 & 3 Meeting is in Chattanooga, Tennessee. Directors Dupuy and Trent will attend. The date is October 12-13, 2017 with the pre-regional director's education on October 11, 2017.

KAEC LINEMAN RODEO

The KAEC Lineman Rodeo will be held September 28th and 29th at Jackson Energy, London, KY. Directors Dupuy and Trent plan to attend.

ADDITIONAL BUSINESS

President Fraley will be having her second heart oblation on Thursday, June 29th at King's Daughter Medical Center at 6:30 a.m. and will stay overnight.

BOARD MEETING DATE

The next board meeting will be held on Friday, July 28, 2017 AT 8:30 a.m.

ADJOURN

Chairman Dupuy adjourned the meeting at 11:05 a.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

Minutes of the Executive Session of the June 23, 2017 GRECC Board Meeting

On June 23, 2017 Grayson Rural Electric Cooperative Corporation held an executive session during its regular board meeting.

EXECUTIVE SESSION

Director Arrington called for an Executive Session at 10:01 a.m., seconded by Director Rice and unanimously agreed upon.

JUNE 2017 PER DIEM

A question in regards to June 2017's per diem was presented, answered and unanimously agreed upon.

Motion was made by Director Bentley, seconded by Director Trent and unanimously voted to come out of Executive Session at 10:07 a.m.

Chairman Dupuy adjourned the meeting.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On July 28, 2017 at 8:37 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Dupuy called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Whitt gave the invocation.
GRECC BYLAWS	President Fraley presented the proposed GRECC Bylaws for the Board to review. Discussion lasted for one hour and fifteen minutes. A clean copy of the GRECC Bylaws will be mailed to each Board Member and Legal Counsel with the suggested changes.
APPROVAL OF MINUTES	Motion was made by Director Bentley, seconded by Director Martin and unanimously agreed to approve the minutes from the June Board Meeting for informational purposes only.
MANAGER OF TECHNICAL SERVICES	Andrea McCleese, Technical Services Supervisor reported on the following:
DAVEY RESOURCE GROUP	Davey Resource Group is currently doing field inventory on the Newfoundland substation, having completed two circuits and are working on the State Route 7 circuit toward Bruin and the State Route 32 circuit toward Elliottville. Robert Brown anticipates Newfoundland Substation meters will be completed by mid-August and then the Sandy Hook substation. We currently have 3 contractors in the field collecting data, and data from four substations have been put on the map.
METERING PROJECT	We are still awaiting responses to the requests for quotes that were sent to Landis+Gyr, Aclara, and Eaton. An Aclara representative returned to give a presentation concentrated on their TWACS PLC product. We are scheduled to visit South Kentucky RECC on August 15 to view their utilization of TWACS. Brian and Andrea went to Buckeye couple months ago and they had just started with TWACS.
SCOTT MCGUIRE	Scott McGuire has passed his PSC certification to become a meter tester and has been promoted to Second Class Meterman.
BILLING CYCLE CHANGES	<p>Notice to the members concerning Billing cycle changes will be in the August Kentucky Living magazine. November will be the first month with two cycle billing.</p> <p>Andrea read under the heading BILLING in our Rules and Regulations on file with the Kentucky Public Service Commission. Proposed changes would allow for multiple payment due dates and electronic mailing of bills. Members may request only email bills; all bills may be paid at the office of the Cooperative, by mail, telephone, online, automatic draft from a member's bank account or credit card or any other available means.</p> <p>Members on the Leon Substation and south will pay their bills on the 20th of each month and bills for members north of the Leon substation will be due on the 27th of each month.</p>

**MANAGER OF FINANCE AND
ACCOUNTING REPORT**

Bradley Cherry, Manager of Finance and Accounting, presented the Financial & Statistical Report for May 2017. Mr. Cherry reported on the following:

**FINANCIAL & STATISTICAL
REPORT FOR MAY 2017**

Kilowatt hour sales for the month of May (5/21-6/20/17) were four 4.10% under budget. Purchases for the time period of 5/1-30/17 were 4.52% under budget. Line loss for the last twelve months was 8.66%. Margins for the month were a positive \$21,689.

T.I.E.R.

May's O.T.I.E.R. was 1.27 and the rolling twelve months O.T.I.E.R. 1.29.

FUEL ADJUSTMENT

The fuel adjustment for the month of May was (0.005565).

ESC

The environmental surcharge for the month of May was 8.77%.

DEGREE DAYS

There were 15 heating degree days in May and 191 cooling degree days for a total of 206 degree day. The average temperature rose about 5° and about 10° for next month.

LINE LOSS

Line loss booked was (3.72%), matched to East Kentucky's booked 5.01%. The matched total year-to-date was 5.6% and EKPC's booked year-to-date was 8.66%.

BILLS BY COUNTY

The percentage of bills by county are: Carter (30%), Greenup (28%), Elliott (24%), Rowan (11%), Lawrence (5%) and Lewis (2%). The number of bills mailed was 15,405 compared to 15,358 in May 2016, an increase of 49.

219 ANALYSIS

At the August Board Meeting, Bradley will present where we are on our work plan projects and where we stand with all of our numbers on the 219 analysis.

CAPITAL CREDITS

Twelve (12) capital credit applications were paid in July in the amount of \$11,440.86. Year-to-date paid for 2017 we have paid seventy-nine (79) Capital Credit Accounts totaling \$76,751.39. We have twenty-one (21) outstanding incomplete capital credit applications.

RETIREMENT PLAN

We received the signed retirement plan reinstatement from NRECA. A Resolution was signed in April or May allowing President Fraley to sign the retirement plan reinstatement.

KRTA

The Key Ratio Trend Analysis (KRTA) will be held over until the August Board Meeting.

**HUMANA INSURANCE-
POST 65**

Mr. Cherry presented the Humana Insurance plan for our post retirement employees/spouses over 65 for Part D, which Medicare doesn't cover. The proposed quote for 2018 is \$325.61 per retiree and we currently are paying \$318.24, an increase of \$7 (2.7% premium increase) including any premium adjustments for Obama Care. If the proposed medical act passes there are some ACA fees they don't have to charge, which would decrease the premiums. If it stays the same, the ACA health insurer fee of \$40 per member has to be paid.

Motion was made to approve the renewal of the Humana Insurance plan for retired employees on Part D by Director Whitt, second by Director Martin and unanimously agreed upon.

**APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR MAY 2017**

Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve the Financial and Statistical Report for May 2017 as presented, for informational purposes only.

**MANAGER OF MARKETING
& MEMBER SERVICES**

Kim Bush, Manager of Marketing and Member Services, gave her report for May and June.

PSC ANNUAL REPORT

The yearly PSC Disconnection and Reconnection Report for July 1, 2016 – June 30, 2017 was filed. She reported 447 members were disconnected and 207 members were reconnected. The highest off service bill disconnected was \$3,537.19 and the lowest was \$69.05.

PREPAY SUMMARY

644 Active PrePay Accounts
17 Inactive Accounts
Average Balance on accounts (\$42.24)
Average kWh Usage – 37 a day
Total Number of Payments in 30 days – 3,009
Average Payment - \$33.15
Total Payment Amount - \$99,742.95

DEBT MANAGEMENT

There are 48 active PrePay accounts with Debt Management.
Total amount in Debt Management is \$14,327.25
Total payments called for DM in past 30 days - \$2,544.60
7% of active accounts have Debt Management. They are:
Under \$100=13 \$100-\$199=11 \$200-\$299=7
\$300-\$399=9 \$400-\$499=6 over \$500=2

ENERGY AUDITS

For the months of May and June, Tina did twelve energy audits, four heat pump audits, two Touchstone Energy home audits, two HVAC duct seal audits, three CARES (for low income homes) and three billing insights. There were 13 recycling appliances requested for pick up. Energy Star appliance rebates filed: 6 clothes washers, 7 dishwashers, 7 refrigerators and 8 heat pumps. An email was received today regarding an Energy Star manufactured home purchased. Tina will be checking to see if it will be on our lines.

**SCHOOL/COMMUNITY
PROGRAMS**

We sent three kids on the Washington Youth Tour and they thoroughly enjoyed it.

This was the first year for Camp Co-op with 15 kids for 3 days and it was a huge success generating several articles, some publicity and phone calls. Safety program was presented at Grahm Community Center in July.

ANNOUNCEMENTS

The following announcements were made:
July 24 – Readifest in Greenup County
July 27 – Carter City Elementary Camp
July 31 – Blaine Readifest
August 4 & 5 – Shrine Club Horse Show, Olive Hill
September 1 – Kids in the Races at Greenup County Fair
September 16 – Honor Flight – 2 veterans from Greenup County and Roger Kitchen will be a guardian for one veteran
September 28 & 29 – Lineman's Rodeo at Jackson Energy

Kim will give the Annual Meeting budget and expense report and the Christmas budget at the August Board Meeting.

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations, gave the Operations Report. He reported on the following:

EMPLOYEE/LOST TIME ACCIDENT

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during June:

June 5 – Brian Poling, Manager of Technical Services, turned the meeting over to Nancy Madden, Division Assistant of Operations, who went over the Emergency response plan on fire alarms, bomb threat, face to face/violent confrontations, tornado and earthquake. She told everyone where all fire extinguishers and exit routes were located and explained how to use a fire extinguisher. All first aid kits are to be up to date. Kyle Clevenger reminded everyone to work safe and have a good day

June 12 – Priscilla Sparks, Executive Assistant, read the 2-page Foreword of the new Safety Manuals and distributed the new manual to all employees. She asked everyone to read their manuals and stay safe. Kyle Clevenger reminded everyone to be careful and have a safe day.

June 19 – Robert Brown, Geographical Information System Technician, let Julie Lewis show video of the workers and participants of Camp Co-op that was held last week at our office. Carol Ann Fraley presented Steve Bush and Scott McGuire Certificates of Training for Electric Metering School. Kyle Clevenger asked everyone to keep clutter off of the dash of vehicles, place tools in proper places in the trucks and to be careful.

June 28 – Sherry Buckler, Manager of Accounting and Human Resources, turned the meeting over to Charlie Lewis, KAEC safety instructor for June. He discussed the New APPA Safety Manual changes that have went into effect and showed slides of accidents that involved injuries to other co-ops. Kyle Clevenger requested everyone to check their gloves and to be careful and watch over each other.

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and using ground chains. A line is not dead until it is grounded.

CONSTRUCTION

Construction built one hundred two (102) new work orders, which included twenty-two (22) services added and three (3) services retired, for the month of June. They worked zero (0) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked five hundred fourteen (514) hours of overtime in June. Number of work order overtime hours worked by maintenance was sixty-six (66) hours. The Engineering Department worked zero (0) hours in June.

DELINQUENT NOTICES

The Maintenance and Construction Departments had 114 delinquents for July. Ninety-five (95) cards were issued to be disconnected and 17 accounts were disconnected by remote meter. Field personnel disconnected an additional 2 meters for a total of 19 disconnects. Seven (7) accounts were reconnected on July 10th. On July 11th there were 2 meters disconnected. A total of 3 meters was reconnected.

CONTRACT CREWS

The two (2) Pike crews have been working in the following areas:

Tony Seagraves – ST RT 173, Rowan County
Bruce Wynn – Alcorn, Greenup County

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 786 trees, cut 907 trees, cut 30,957 feet of brush/line and sprayed 213 spans of line. The crews are working in the following areas:

- 1 cutting crew in Carter, Lewis and Greenup Counties
- 2 cutting crews in Rowan and Elliott Counties
- 1 bucket truck crew in Carter, Lewis and Greenup Counties
- 1 bucket truck crew in Rowan County
- 1 bucket truck crew in Elliott County
- 1 tractor crew in Greenup County
- 3 spray crews in Carter County

1 Smith Tree Service – circuit crew in Elliott County on Ruin

ENGINEERING REPORT

The Engineering Department released ninety-five (95) prints consisting of 1,838 feet of primary line and 2,254 feet of service wire. We currently have ten (10) new services to be staked and two (2) to be drawn. There are twenty-six (26) miscellaneous jobs to be staked or drawn.

RUS WORKORDERS

Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to approve the following 219 RUS Work Orders for the months of January, February and March 2017 in the amount of \$570,945.53:

January 20167	Work Order No. 1260	\$182,949.61
	Work Order No. 1261	\$ 11,753.53
February 2017	Work Order No. 1262	\$130,517.96
	Work Order No. 1263	\$ 13,884.67
March 2017	Work Order No. 1264	\$214,199.46
	Work Order No. 1265	<u>\$ 17,640.30</u>
	Total	\$570,945.53

PIKE ELECTRIC

Kyle reported we have two Pike crews working. Tony's crew is doing a good job and no problem. The second crew was having difficulty keeping men and are doing a lot better. The third crew is not working satisfactorily. Kyle told Pike in early spring that he needed a crew by the first of June and we didn't get the third crew until July 5th, which consisted of foreman, apprentice and truck driver. This created a problem due to lack of production and lack of experience. The third crew has been dismissed. We may have to go outside of Pike to get the work finish. Pike Electric's contract is through December 2018.

President Fraley pointed out our work plan has projects that need to be done at a certain times, due to weather, farming issues, our meter reading programs and other factors. Pike is causing problems with our timeline by not providing a qualified productive crew. She has been working with Legal Counsel Scott and Mike Norman, RUS field rep, on what our remedies are under the current contract. Mr. Norman said we could have more than one

PIKE ELECTRIC (CONTINUED) company working with us. Legal Counsel suggested a letter to Pike Electric as to why the third crew was dismissed, due to lack of experience and lack of production. Legal Counsel said we can do this under page 11 of the contract, which would give Pike Electric twenty (20) days to remedy the problem and they can't do it. They have said so. Mike Norman says we can go to other contractors, but they have to sign a contract like Pike did. Bradley mentioned that we have to invite three contractors to meet FEMA requirements.

Her proposal to the Board, was to contact other contractors to see if they were interested in bidding on pole changes, transformer banks and miscellaneous work that needs to be done hot. The new contract will be on a specific job(s), and will not alter Pike's contract.

We have talked to Prichard and they are not able to bid. New River is interested. We will also check with Davis Elliott, B & B and Prichard. We think the sheer production will make up for a lot of the extra expense, therefore breaking pretty even. In the meantime we may read another substation, producing more work. If Pike cannot produce the manpower to do the work that is required in the work plan, there is no choice but to bid out individual work.

President asked if she needs a letter from Pike stating they cannot fulfill the balance of the contract in order to eliminate the twenty days in the contract.

Legal Counsel Scott says, under the contract, we must give them written notice of their deficiencies and give them 20 days to correct them. Ronnie Gilbert has been here with us two or three times in regards to this. Legal Counsel Scott states that Pike is liable if we have to pay more to a new contractor.

Director Dupuy asked President Fraley and Kyle Clevenger to get the dates and write a letter. Legal Counsel stated to email telling them what to do and documentation back and forth. President Fraley said she is especially concerned about contractor's employees that are unqualified. We are responsible for their safety and she has seen cases go to PSC and the Coops are getting fined.

RADIO TOWERS

The radio tower in Greenup County has been torn down and removed by Adam Wells. Herb Rice, Lab-Tronics, thinks he may have a buyer for the Lawrence County radio tower.

COLUMBIA GULF

Columbia Gulf has been energized. They have 90 days to perform all inspections. We have had a good working relationship with Columbia. We may invite them to a board meeting, as it may be hard to get clearance to go on their site.

JOHN CLARK OIL

John Clark Oil has applied for service at Pleasant Valley for three meters.

GRAVEL QUARRY

A gravel quarry will be going in at the end of State Route 801.

CORRAL PARK

We have an ongoing issue with Corral Park with their right-of-way. Their right-of-way is very overgrown. Eight animal outages were reported in July and one equipment related outage due to an animal was reported. President Fraley is thinking of taking all tree wire down. We have engaged an engineer to look at this situation.

CITY OF VANCEBURG

The Electric Plant Board of the City of Vanceburg mailed a check for their residual of \$3,611 which is \$400 more than last year. They have 12 new members and lost 2 members for the period of July 1, 2016 – June 30, 2017. The check they sent in 2015 was for \$2,500.39 and in 2016 it was \$3,226.88. A list of the members is mailed with the check.

**APPROVAL OF NEW
MEMBERSHIPS &
RETIREMENT OF
EXISTING MEMBERSHIPS
BAD DEBT WRITE-OFFS**

Motion was made by Director Trent, seconded by Director Whitt and unanimously agreed to approve one hundred nineteen (119) new memberships and retirement of ninety-four (94) existing memberships for June 2017.

Motion was made by Director Bentley, seconded by Director Trent and unanimously agreed to charge off \$3,170.19 worth of bad debts and turn them over for collection.

**APPROVAL OF CEO'S,
DIRECTOR'S & ATTORNEY'S
BUSINESS EXPENSES**

Motion was made by Director Trent, seconded by Director Bentley and unanimously agreed to approve the President's business expense of \$87.24, Director's business expenses of \$6,621.64 and Attorney's business expense of \$7.00.

PRESIDENT'S REPORT

President Fraley reported on the following:

ALAN ZUMSTEIN

The May 26, 2017 board minutes reflected that Alan Zumstein would be receiving a \$2,500 increase for his audit fees. The actual fee is \$250.

A motion was made to reflect in the minutes the correct dollar amount of \$250 as the standard increase for Alan Zumstein's audit fees by Director Bentley, seconded by Director Arrington and unanimously agreed upon.

MOUNTAIN MEETING

President Fraley went to Licking Valley yesterday for the Mountain Meeting. The topic of health care came up and is a big issue with rate increases. The PSC is saying coops should pay for their employee's health care and employees should pay for a percentage of the family.

The Mountain Meeting participants were really interested in our annual meeting and most likely more will be going to the day long meetings. A lot of them asked about Camp Co-op and seem to be interested in doing that.

MAPPING

The mapping will finish up this summer and we will start on a metering project.

RIGHT-TO-WORK

There are some right-to-work issues that could affect our union contract.

WAGE & SALARY

Dan Bruning will be here in October to do a wage and salary plan.

NRTC

GRECC received a check from NRTC in the amount of \$157.19 for patronage capital.

LEGAL COUNSEL'S REPORT

Legal Counsel Scott reported on the following:

Sat in with President Fraley, Bradley Cherry, Kim Bush and Andrea McCleese and reviewed the Bylaws.

Reviewed the Columbia Gulf contract and made some suggestions. This contract has been signed.

Reviewed the Smithfield contract and made some suggestions.

LEGAL COUNSEL'S REPORT
(CONTINUED)

Reviewed Pike Electric contract and make some suggestions, which was discussed earlier in the meeting.
Other routine things with President Fraley and phone calls.

KAEC DIRECTOR'S REPORT

Director Whitt reported the following on attending KAEC's July Board Meeting:

The meeting was held at the Marriott East.

Financial Report: The YTD Consolidated Margins of \$2.2M (\$33K excluding gain on sale of Bishop Lane property). The gain was on selling the property and paying off the employees that left. The professional fees were \$140,000.

New Board Members: Two new board members were seated, Dennis Holt, South Kentucky RECC and Linda Grimes, Nolin RECC.

DRK Committee Update: Bryron Crawford was chosen for this year's award of Distinguished Rural Kentuckian.

NRECA Director Election: Mike Williams was reelected as the Kentucky representative to the NRECA board of directors.

President's Report: ERMCO had assigned \$3.2 million in capital credits to KAEC and had retired approximately \$1 million to be given to KAEC by September 15, 2017.

EKPC DIRECTOR'S REPORT

Director Arrington reported:

Residential power is more competitive in recent years with our 16 member systems.

KY power requested 15% rate increase making coops lower in rates.

Mark Horn reported the impact of using coal from the Illinois Basin region at Spurlock Station.

Probably 20-25 bidding on Illinois Basin and range from \$25 - \$50. Shows mercury, ash, arsenic, by burning low coal eating up parts in plant.

Tony Campbell is in DC with Scott Pruitt.

Governor Bevin appreciates EKPC and the work they have done.

THANK YOU LETTER

GRECC received thank you letters from Carter Christian Academy and the Carter County Fair Livestock for 2016 and an invitation to the auction on August 7, 2017.

DONATIONS

President Fraley presented to the board for their consideration the following donation requests:

Special Olympics – 3 LED light bulbs - will follow up on

Greenup County Livestock Committee \$ 500

Elliott County Cross Country/Track Field \$ 100

Elliott County Tobacco Festival \$ 150

Pathway – 11th Golf Scramble –hole sponsorship \$ 100

Quilt of Valor for Veterans \$ 100

Carter Co. Fair Youth Livestock Auction – CF attends

Special Olympics – will follow up on

KY ST Police – Trooper Island Golf Tournament \$ 100

\$1,050

Motion was made by Director Martin, seconded by Director Whitt and unanimously agreed upon to approve the donations as presented.

NRECA 2017 REGIONAL
MEETING VOTING DELEGATE

The NRECA 2017 Regional Meeting Voting Delegate is currently and will be Director Trent with Director Bentley as Alternate Voting Delegate. The Regional meeting is October 12-13 in Chattanooga, Tennessee.

KAEC VOTING DELEGATES
AND DIRECTORS - 2017

The Voting Delegates to the 2017 KAEC Annual Meeting and Board of Directors for 2018 will remain unchanged. Chairman Dupuy will be the Voting Delegate and Director Trent will be the Alternate Voting Delegate. The 2017 KAEC Board Members are President Fraley and Director Whitt.

MEETING ATTENDANCE

There was no new upcoming meeting to report.

BOARD MEETING DATE

The August Board Meeting will be held on Friday, August 25th.

ADDITIONAL BUSINESS

Director Martin stated [REDACTED] received a letter and thinks he needs his deposit back. This line has been retired.

ADJOURN

Chairman Dupuy adjourned the meeting at 12:07 p.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On August 25, 2017 at 9:03 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Dupuy called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Dupuy gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve the minutes from the July Board Meeting for informational purposes only.
MANAGER OF TECHNICAL SERVICES	Brian Poling, Manager of Technical Services reported on the following:
DAVEY RESOURCE GROUP	Davey Resource Group has completed 45,262 GPS points as of August 19th. There are currently three men working on the Sandy Hook Substation. They are expected to finish next week and will move to Mazie.
FUTURA	<p>Futura has mapped five of thirteen of the substations with Elliottville entered last. Robert is checking on three of the four Carter City Substation circuits and plans on having it delivered to us in 2-3 weeks. As we receive data it automatically updates the maps on the men's laptops.</p> <p>Brian and Robert Brown went to Futura's Users Conference last month. Next year plans are to take Scott Speaks so he can get more training on staking and newer features.</p>
MOBILE SERVICELINK	A Mobile ServiceLink is used by men to get updates for more accurate locations for their service order as we receive more mapping data. This is making their truck travel more efficient by planning their daily routes using the maps.
CARRYMAP	The service men are able to search anything about a customer and their location, even without cellular coverage by using "CarryMap". This aids in locating trouble calls more quickly, as well as measuring line footage for right-of-way estimates.
SOUTH KENTUCKY RECC	<p>Brian Poling, Steve Bush and Andrea McCleese visited South Kentucky to see their AMI (Advanced Metering Infrastructure) equipment. They have been using TWACS Power Line Carrier, since 2010. Plans are to visit Clark Energy, who currently use the Landis+Gyr RF system.</p> <p>We are still awaiting estimates from vendors. Easton has asked for meeting to present their quotes. Plans are to present quotes to the Board in September.</p>
ALAN ZUMSTEIN – AUDIT	<p>Alan Zumstein, CPA, presented the Management Letter and the results of the Audit for the Fiscal Year for June 1, 2016 through May 31, 2017. He stated the following:</p> <p>The Financial Statement was found to be in good order and reflected a good clean opinion.</p> <p>Equity is 34% of our assets. East Kentucky contributes to approximately 15% of our equity.</p>

ALAN ZUMSTEIN - AUDIT
(CONTINUED)

Income statement shows energy (kWh) sales has decreased, like other Kentucky coops. Revenue decreased about \$180,000 and operating cost of power decreased about \$220,000. Looking at the operating expenses, less the power bill, basically there were no percentage changes from last year to this year. He said the Cooperative has done a good job controlling our operating expenses in light of no growth in sales.

Residential sales decreased 9% resulting in revenue loss of \$2.3 million. Times Interest Earned Ratio (T.I.E.R.) is 1.2% this year compared to .51% last year. Patronage capital refunded was approximately \$190,000. The money flow shows the majority spent on plant additions.

We advanced more from FFB on our long term debt. The composite interest rate is 2% and should stay low.

We paid an advance on our NRECA pension plan a few years ago, which keeps the contribution steady. We are fortunate not to record the liability on our books. Director Arrington questioned the 20% we are liable for and its equivalency, which is one five hundredth out of 600 co-ops.

Mr. Zumstein was very pleased with the results of our inventory. There were no audit adjustments made. Overall the audit went well. Mr. Zumstein's detailed report was followed by offering to answer any questions the Board might have. No questions were asked.

Motion was made by Director Rice to accept the 2016-2017 Financial Audit as presented, seconded by Director Martin and unanimously agreed upon.

NRECA has selected us to participate in a field audit. Mr. Zumstein will perform the audit while he is here.

FINANCIAL AND
STATISTICAL
REPORT FOR JUNE 2017

Bradley Cherry, Manager of Finance and Accounting, presented the Financial and Statistical Report for June 2017 as:

Kilowatt hour sales for the month (6/21-7/20) were 1.19% above budget. Purchases for the time period of (6/1-30) were 4.7 % under budget. There was only one (1) kWh difference between last year and this year. Line loss for the last twelve months was 6.51%. Year to date margins were (\$472,793) compared to budgeted (\$787,813).

T.I.E.R

T.I.E.R. was 2.28 for the month and the year-to-date O.T.I.E.R. was zero (0).

FUEL ADJUSTMENT

The Fuel Adjustment for the month was a credit of (0.004803).

ESC

The Environmental Surcharge was 11.27%.

DEGREE DAYS

There were 318 cooling degree days and 0 heating degree days.

REVENUE SUMMARY

Our two large powers, Smithfield and the Elliott County Prison, are over 1,000 kVA each. Together they contribute to 2,723,047 kWh's of the total 20,538,661 kWh we sold. Columbia Gulf will help with revenue, but our largest revenue sales comes from residential.

AE8 LOAN

Bradley presented a summary of the below AE8 Loan sheet, showing where we are in our work plan. See top of page 3.

AE8 LOAN (CONTINUED)

Work plan to Date - Thru 6/12/17							
							Budgeted
	Number	Budget	Cost	Budget	Unit Cost	Unit Cost	
Retirements	678	0	\$ 8,731.62	-			
New Line Extensions	612	888	\$ 1,684,827.96	\$ 3,261,906.00	\$ 2,752.99	\$ 3,673.32	
Tie Lines	0	0	-	-			
Major Projects	0	0	\$ 2,491,534.43	\$ 2,853,380.00			
Meters	3772	13296	\$ 858,121.38	\$ 2,130,684.00	\$ 227.50	\$ 160.25	
Transformers	685	1188	\$ 672,632.79	\$ 2,294,076.00	\$ 981.95	\$ 1,931.04	
Other Special Equipment	0	0	-	-			
(padmount)	98	0	\$ 195,745.96	-			
Service Upgrades	68	220	\$ 149,913.02	\$ 444,272.00	\$ 2,204.60	\$ 2,019.42	
Sectionalizers	124	0	\$ 182,296.09	\$ 1,691,463.00			
Regulators	0	0	-	\$ 593,920.00			
Pole Replacements	874	1688	\$ 3,080,557.63	\$ 6,074,690.00	\$ 3,524.67	\$ 2,410.75	
New Security Lights	756	888	\$ 534,466.83	\$ 563,880.00	\$ 706.97	\$ 635.00	
Minor Items		0	\$ 240,990.13	-			
Total Routine			\$ 7,608,283	\$ 17,054,891			
Major Projects			\$ 2,491,534	\$ 2,853,380			
Total Work plan			\$ 10,099,818	\$ 19,908,271			
as of :							
Total Advanced to Date			\$ 4,000,000	\$ 7,688,920			
Amount Encumbered - not advanced			\$ 3,688,920				
Yet to be Encumbered			\$ 11,636,080				
Total Loan			\$ 19,325,000				
Unadvanced Loan Funds			\$ 15,325,000				

We have spent approximately \$10 million and still have \$8.2 million in our work plan, as far as work goes, and \$15 million to draw down on.

No change as of April on our work projects. We have spent approximately \$5 million dollars on our regular projects and compared to what we had budgeted for, we were over budget \$282,000 due to the Newfoundland and Stark line costing more due to a problem that was run into. The work plan is good. The total loan amount of \$19,325,000 for the work plan does include \$675,000 for

AE8 LOAN (CONTINUED)	mapping, which they consider a separate loan. We have only drawn down \$4 million dollars and will probably draw more down toward the end of the year.
CUSTOMERS BILLED	We billed 15,452 consumers in June compared to 15,398 last year. By county, bills mailed were: Carter 4,588 (30%), Greenup 4,352 (28%), Elliott 3,665 (24%), Rowan 1,755 (11%), Lawrence 781 (5%) and Lewis 311 (2%).
CAPITAL CREDITS	Capital credits paid were 20 applications totaling \$19,700.46. Year to date we have processed 99 applications year to date paid totaling \$96,451.85. We have 16 outstanding applications that are incomplete.
BUDGET	<p>Budget midpoint for this year is coming in well under budget. We will need to purchase a remit processor for mail, three in green for 2018 – MDM2. Futura light integration and FieldPro will be moved to the 2018, along with blacktop over the hill</p> <p>January – June operating: a lot of FFB interest is low variable rate; treasury has went up causing our interest to go up.</p> <p>We need to pay \$2.25 million off a year on our debt. If we spend \$19 million we will be about equal to what we spend on our work plans. If interest starts going up we can refinance, fixed term to variable terms and scale back on our work plan. If our \$1.5 million with CFC, doesn't maintain T.I.E.R. of 1.5, we have to borrow all money from CFC, which is concern to Director Martin. There is no indication at this time of interest rates changing to where it would affect us.</p>
HEALTH BENEFITS	<p>Rates on retirement health insurance increased 2.5%. There will be a 3% increase for retirement, medical insurance rate and it will be going up 2.95%, a \$26,000 increase for the year. With two employees retired and one retiree dependent removal, there was a decrease of around \$2,500, so there will not be a medical increase. NRECA has the best plan with the premium and coverage that suits our employees and retirees needs.</p> <p>Motion was made by Director Martin to accept the insurance rate proposal as presented, seconded by Director Whitt and unanimously agreed upon.</p>
APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR JUNE 2017	Motion was made by Director Bentley, seconded by Director Whitt and unanimously agreed to approve the Financial and Statistical report for June 2017 as presented, for informational purposes only.
MANAGER OF MARKETING & MEMBER SERVICES	Kim Bush, Manager of Marketing and Member Services gave her report.
ANNUAL MEETING BUDGET	<p>The budget for the Director's election was \$10,500 and final cost was \$6,000. The projected budget for annual meeting was \$46,000 and we spent around \$36,252. We had 2 more members register than last year.</p> <p>The percentage per county attending was 51% from Carter; 29% Elliott; 16% Greenup; 2% Lawrence; 2% Rowan and less than 1% from Lewis. Kim will immediately start planning on the 2018 annual meeting. Next year, three counties could have elections, and postage will be going up, so the cost will be more.</p>
CAMP CO-OP	Camp Co-op with fifteen kids involved was a success. We talked to them about safety, conservation, solar energy and other Coop related issues. Camp

CAMP CO-OP (CONTINUED) Co-op was featured in an article in the Kentucky Living magazine, NRECA picked up the story, as well as Touchstone Energy.

CHRISTMAS BUDGET Mrs. Bush reviewed the Christmas Activities and Service Awards Budget in the amount of \$18,200. Motion was made by Director Martin and seconded by Director Rice to approve the Christmas budget. The vote was unanimous.

PREPAY SUMMARY We have 654 active PrePay accounts with 15 inactive accounts. The average balance is (\$40.83). We received 3,164 payments in 30 days averaging \$32.03 per payment. Total payments received totaled \$101,346.68. PrePay continues to grow each month.

DEBT MANAGAEMENT We have 49 active accounts with Debt Management totaling \$15,863.03. Seven percent of active accounts have Debt Management. We have:

Under \$100 – 8	\$100-\$199 – 14	\$200-\$299 – 9
\$300-\$399 – 5	\$400-\$499 – 9	over \$500 – 4

ENERGY EFFICIENCY Tina's audits included 12 Energy Audits, 2 CARES, 1 Commercial Lighting Audits, and 1 Billing Insight. There was 4 appliances recycled. There were Energy Star rebates on 5 clothes washers and 1 on Energy Star heat pump.

SCHOOL PROGRAMS Blaine Elementary School Readifest – 300 students; Peggy Wells and Julie (donated school supplies)
Carter City Elementary Camp – 25 kids
Shrine Club Horse Show – awarded 5 medals/trophies
KCU – welcome back 200 students

ANNOUNCEMENTS September 1 , Greenup County Fair – Kids in the Fair
September 15, company picnic at Co-op
September 16, Honor Flight – Veterans, Harlen Scaggs and Benjamin Carter, Roger Kithchen, guardian
September 16, Welcome Home for Honor Flight at Lexington Airport
September 22nd, fish fry with the Board
September 28-29, Lineman's Rodeo, Shelby Energy
October 9, Columbus Day, office will be closed for our annual cleaning day
October 10th, GRECC hosting Grayson Chamber – GRECC's cooperative month.
October 10th, hosting the First Responders Training session with KAEC.
December 8th, 6 p.m., Service Awards Dinner

Flu shots have not been scheduled.

Director Arrington said tours would be available at the EKPC solar farm. Some sections have been completed in case the directors or staff would like to go.

OPERATIONS REPORT Kyle Clevenger, Manager of Operations, gave the Operations Report and the Safety Report. He reported on the following:

EMPLOYEE/LOST TIME ACCIDENT There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during July:

July 3 – Kim Bush, Manager of Marketing & Member Services, turned the meeting over to Bradley Cherry, who went over the Warehouse Project Improvement Plan concerning the total adjustments and contributing factors. Kyle Clevenger went over safety suggestions from our recent RESAP evaluation. He also said we were short-handed and with the hot weather everyone needed to watch out and take care of each other.

July 12 – Bradley Cherry, Manager of Finance and Accounting, turned the meeting over to Robert Thornton from KAEC. He discussed safety questions and went over policies regarding the questions. Kyle Clevenger asked about decibel testing on chain saws and other small equipment. Kyle asked everyone to work safe and have a good week.

July 17 – Kyle Clevenger, Manager of Operations, started the meeting with a fire drill and everything went very well. The 2017 Lineman's rodeo team was selected, Bryan Rogers, Shane McDavid, Steven Burton, Tony Brewer and Justin Staniford. Kyle notified everyone that on July 24th East KY Power will have transmission lines between Newfoundland and Mazie out of service and Newfoundland will feed out of Sandy Hook and Leon and Mazie will feed out of Skaggs Switching Station at Terryville. This will take approximately 180 days. Kyle reminded everyone to work safe.

July 31 – Mike Martin, Assistant Manager of Operations, read an article on Don't Blame People for Human Error from Incident-Prevention. Four human errors were Mistakes, Mismatches, Non-Compliance or Violations, and Slips and Lapses. Kyle Clevenger reminded everyone to get all inspections in for the first of the month and to be careful and watch over each other.

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and use of ground chains. A line is not dead until it is grounded.

CONSTRUCTION

Construction built one hundred twelve (112) new work orders, which included twenty-one (21) services added and fourteen (14) services retired for the month of July and worked zero (0) hours of overtime.

DELINQUENT NOTICES

There were one hundred three (103) delinquents for August. Eighty-four (84) cards were issued to be disconnected and nineteen (19) accounts were disconnected by remote meter. Field personnel disconnected an additional three (3) meters for a total of twenty-two (22) disconnects. Eight (8) accounts were reconnected on August 8th, one (1) meter was disconnected on August 9th making a total of two (2) meters reconnected.

OVERTIME HOURS

The Maintenance Department worked six hundred thirty-nine (639) hours of overtime. The Engineering Department worked zero (0) hours of overtime.

CONTRACT CREWS

We have three (3) Pike crews working in the following areas:

Tony Seagraves – State Route 173, Rowan County
Bruce Wynn – Alcorn, Greenup County
Kenny Anderson – July 5-27, Pole Changes, Rowan County

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 1,253 trees, cut 816 trees, cut 57,460 feet of brush/line and sprayed 225 spans of line. The crews are working in the following areas:

- 1 cutting crew in Carter, Lewis and Greenup Counties
- 2 cutting crews in Rowan and Elliott Counties
- 1 bucket truck crew in Carter, Lewis and Greenup Counties
- 1 bucket truck crew in Rowan County
- 1 bucket truck crew in Elliott County
- 1 tractor crew in Greenup County
- 3 spray crews in Carter County

1 Smith Tree Service, circuit crew in Elliott County on RT 556, Ruin

ENGINEERING REPORT

The Engineering Department released one hundred twenty-six (126) prints consisting of 14,907 feet of primary line and 2,505 feet of service wire.

They currently have four (4) new services to be staked and four (4) to be drawn. There are twelve (12) miscellaneous jobs to be staked or drawn.

PIKE ELECTRIC

The Board inquired about how Pike Electric were working out. President Fraley and Mr. Clevenger replied that they were satisfied for the time being.

MAPPING

We plan on preliminary work on metering. We need a CPCN, approved by the Public Service Commission and that should take about six months.

Money is budgeted in the work plan for metering to buy meters ahead. We need 3rd generation and will have to get permission from PSC to do this. We hope to start buying meters following the 6 months process with PSC. This has to be staged to not violate any PSC rules. If we have money left over we want to see if we can amend the work plan on this.

CORRAL PARK

President Fraley gave an update on Corral Park. In July we had 8-9 outages due to animals in Corral Park. It is time to place it in the right of way rotation. Jim Bridges evaluated the proposed project and strongly suggested it to be fixed now. The cost would be approximately \$450,000. We will start the right-of-way the second week in September on the left side of the subdivision and will be ground to sky, 40 feet wide. Next phase will include pole replacements. We will see what we can cost share with the telephone and cable companies due to their attachments and the disrepair of their lines. In the spring we will do the right side of the subdivision. A letter will be mailed to residences on the left side notifying them of the plan. Mike Norman, NRECA Field Rep, said the plan allows us to do this.

WAGE & SALARY EVALUATIONS

Evaluations for wage and salary is always September 1. Dan Bruning will be here in October. The Planning and Review Committee will meet in November. Any increases will be retroactive.

BAYSO BAR

The Bayso Bar next door has loud music and Pat McGuire called complaining. We are considering having it surveyed and have a fence put up. Their patrons drive across the grassy area beside the office and often drop bottles, needles and other trash. They also annoy our renter with loud music.

BILLING CYCLE CHANGE	Our billing change begins in November. There will be some effect with fuel charge. The Public Service Commission ordered East Kentucky Power to change the way they billed for the Fuel Charge and it will make a difference in our own bills.
BLACK TOP	The black top on top of the hill will be resealed at a cost of \$6,000.
[REDACTED]	A letter was mailed to [REDACTED]. A note will be put on the account stating [REDACTED] was unaware of the line removal and when he does build a house he would be considered for one thousand feet of wire put back without cost.
APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS	Motion was made by Director Martin, seconded by Director Trent and unanimously agreed to approve ninety (90) new memberships and retirement of ninety-three (93) existing memberships for July 2017.
BAD DEBT WRITE-OFFS	Motion was made by Director Bentley seconded by Director Trent and unanimously agreed to charge off \$1,997.66 worth of bad debts and turn them over for collection.
APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY'S BUSINESS EXPENSES	Motion was made by Director Martin, seconded by Director Whitt and unanimously agreed to approve the President's business expense of \$213.77, Director's business expenses of \$15,085.42 and Attorney's business expense of \$20.65.
PRESIDENT'S REPORT	President Fraley reported she covered her items throughout the meeting in each department.
LEGAL COUNSEL'S REPORT	Legal Counsel Scott reported that all of his items was discussed earlier.
KAEC DIRECTOR'S REPORT	Director Whitt reported KAEC did not meet during the month of August due to the Fall Manager's Meeting.
EKPC DIRECTOR'S REPORT	Director Arrington gave a report on EKPC's August Board Meeting.
SOLAR FARM	EKPC's Solar Farm construction is on track and getting attention. When completed, Coop Solar Farm One will feature 32,300 solar panels capable of producing up to 8.5 megawatts. As of August 1, almost 10,000 solar panels had been installed. For a one-time payment of \$460 per panel, members of EKPC's 16 Coops can purchase power produced by these units.
SOLAR ENERGY	Mike Steffes, President & CEO ACES Power Marketing, discussed solar energy's growing share of the US power generation market which is driven by falling prices, improving technology and government incentives, and mandates.
KY COAL ASSOCIATION	Presentation was made from KY Coal Association's Tyler White. The coal industry has lost nearly 12,000 jobs in the past decade.
EKPC MARGINS	The margins are running about the same.
EKPC CAPITAL CREDITS	Mr. Campbell thought EKPC would pay some capital credits next year.
THANK YOU NOTES	We received a thank you note from the Ronald McDonald House in Winchester and Lexington.

DONATIONS

President Fraley presented to the Board for their consideration the following donation requests:

The Galaxy Project – 1 st annual monster dash 5K run/walk	\$50
Kentucky Christian University – men/women golf tournament	\$50
Hope's Place – golf scramble – hole sponsorship	\$100
Carter City Elementary School – fall festival	\$50
Unity Baptist Church – Blaine Autumn Festival	\$100
Blaine High School Reunion – alumni scholarship	\$125
Lawrence County Food Bank – donation	\$250
Greenup County Cheerleader – golf scramble	\$100

Motion was made by Director Martin, seconded by Director Bentley and unanimously agreed to approve the donations as presented.

CFC MEETING

Director Whitt will serve as the voting delegate and Roger Trent as the alternate at the CFC Meeting.

MEETING ATTENDANCE

The following upcoming meetings were presented for attendance this month:

Joe Sargent and Roger Kitchen will be attending a HAZ-MAT Meeting.

Directors will be attending the Regions 2 & 3 Directors School and/or Meeting in Chattanooga, Tennessee on October 11-13, 2017.

The KAEC Annual Meeting is November 14-15 in Louisville.

GRECC BYLAWS

Director Martin made a motion to table the Bylaws until next month, seconded by Director Whitt and unanimously agreed upon.

BOARD MEETING DATE

The September Board Meeting will be confirmed at a later date.

ADDITIONAL BUSINESS

There was no additional business to bring before the Board of Directors.

ADJOURN

Chairman Dupuy adjourned the meeting at 12:08 p.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On September 25, 2017 at 10:00 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Dupuy called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION

Director Whitt gave the invocation.

APPROVAL OF MINUTES

Motion was made by Director Martin, seconded by Director Whitt and unanimously agreed to approve the minutes from the August Board Meeting for informational purposes only.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS

Motion was made by Director Trent, seconded by Director Whitt and unanimously agreed to approve one hundred fifteen (115) new memberships and retirement of ninety-six (96) existing memberships for August.

BAD DEBT WRITE-OFFS

Motion was made by Director Bentley, seconded by Director Rice and unanimously agreed to charge off \$1,158.93 worth of bad debts and turn them over for collection.

APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY'S BUSINESS EXPENSE

Motion was made by Director Martin, seconded by Director Whitt and unanimously agreed to approve the President's business expense of \$891.43, Directors business expenses of \$7,434.37 and Attorney's business expense of \$26.86.

RUS WORK ORDERS

Motion was made by Director Rice, seconded by Director Trent and unanimously agreed to approve the following 219 RUS Work Orders for the months of April, May, and June 2017 in the amount of \$873,781.13:

April 2017	Work Order No. 1266	\$480,118.11
	Work Order No. 1267	\$961.87
May 2017	Work Order No. 1268	\$224,553.46
	Work Order No. 1269	\$1,580.33
June 2017	Work Order No. 1270	\$160,681.04
	Work Order No. 1271	\$5,886.32
Total		\$873,781.13

MANAGER OF MARKETING & MEMBERS SERVICES

Kim Bush, Manager of Marketing and Member Services reported:

NEW BILLING CYCLE

We have started preparing our members for the upcoming changes in the dates their bills are due in the KY Living Magazine. Billing inserts will be in their October bills. Letters have been mailed to Auto-Pay and Draft accounts and information will be posted on our website and facebook. All billing cycle 1 accounts will receive their bills around the 6th of each month and will be due on the 20th of each month. Cycle 2 accounts will receive their bills around the 13th of each month and will be due on the 27th of each month. The due dates will not change due to holidays or weekends. We will be very 'forgiving' in the first couple of months on penalties for those that are not usually late. The November bill will be for forty days.

EKPC RATE DECREASE	A rate decrease from EKPC started last week, as approved by the PSC.
PREPAY AND DEBT MANAGEMENT	PrePay and Debt Management continues to grow and more people may go on PrePay.
HONOR FLIGHT	Roger Kitchen and two Korean War Veterans from Greenup County flew to Washington D.C. September 16 th on the Honor Flight. They saw the memorials and monuments honoring veterans. Roger was guardian for Veteran Harlan Skaggs.
ENERGY EFFICIENCY	<p>Tina Preece has been busy with energy audits. She completed one Touchstone Energy Home.</p> <p>Consumers have filed twenty-two appliance rebates filed online.</p> <p>We sold thirty EKPC solar panels at a cost of \$13,000 to Matt McGinnis in Greenup County. Director Trent asked how the mowing under the panels will be maintained. We do not have that information.</p>
COMMUNITY PROGRAMS	Carter County Field Day was last week with Tony Brewer and Julie Lewis attending.
ANNOUNCEMENTS	<p>The following announcements were made by Mrs. Bush:</p> <p>Carter County 4th grade conservation at Camp Webb – October 2 and 3</p> <p>Hosting the Grayson Area Chamber of Commerce at GRECC – October 10</p> <p>First Responder Training at GRECC – October 10th at 6:00 p.m.</p> <p>Service Awards Dinner at Olive Hill Historical Society – December 8th</p>
TECHNICAL SERVICES	President Fraley reminded the Board that we have been preparing for the discussion of vendor selection for the new metering program. Our proposed timeline would have presented quotes to the Board at the October 2017 Board Meeting. However, the Employee Committee is prepared to make a recommendation today. Once the vendor has been selected by the Board and we have permission from the Public Service Commission, we can start on the metering program upgrade.
METER PROGRAM	<p>Brian Poling reported a committee of four employees worked on this program since the Board approved a study in January 2017. The Committee heard presentations from four vendors. Those vendors were Aclara, Eaton, Sensus (in partnership with NRTC), and Landis+Gyr. Two weeks after the presentation by Sensus, NRTC informed us that their partnership had ended. The Committee chose not to solicit a propagation study from Sensus. The Committee asked for propagation studies from the other three vendors.</p> <p>After visiting other utilities that utilize these vendors' technologies and evaluating the quotes, the Committee narrowed the choices to Aclara's TWACS (a power line carrier technology) and Landis+Gyr's Gridstream RF (a radio frequency technology). Aclara's Synergize (a radio frequency technology) required access to approximately thirty-five (35) 150' towers, which was not a viable option. Eaton's RF mesh network required 986 collectors, each requiring access to cellular data. This system was not a viable option for our territory due to lack of cellular coverage. It also would be an expensive monthly cost for 986 cellular data plans.</p> <p>The Committee also asked the staff to rank features of AMI by importance. The top ten items were: longevity, security, remote disconnect/prepaid,</p>

**METER PROGRAM
(CONTINUED)**

reliability and maintenance, future capabilities, server environment, GIS and software integration, pinging of meters and Demand/time of use reporting.

From the beginning, the Committee's approach has been to remain neutral in its selection. Based on the fact that this upgrade is necessary due to Landis+Gyr's discontinuance of products and the perception that they would be most expensive, the Committee believed that we would be changing vendors.

After receiving the vendor budgetary quotes, we decided there were advantages to having remote disconnect switches on all single phase meters. The vendor quotes were recalculated to include remote disconnect switches on all single phase installations. Additionally, an estimate for materials and labor were included in an attempt to make the quotes comparable. The calculated bids are as follows:

Landis+Gyr Gridstream RF	\$3,380,410.80
Aclara TWACS	\$4,284,980.68
Eaton	\$4,743,124.40
Aclara Synergize RF	\$7,162,453.24

The RF technology allows for growth and flexibility in the future with potential distribution automation. It also allows the potential for gas and water utilities to read their meters across the RF network providing additional revenue to the Cooperative.

We have spoken with Mike Norman, RUS Field Representative, who said we would be able to finance 100% of the project through RUS. Currently, we have \$1.2 million remaining in the current work plan for meter upgrades. The remaining balance would be financed in the next Construction Work Plan.

Based on staff input, evaluated costs, and viability, it is the Committee's recommendation to contract with Landis+Gyr for their Gridstream RF solution.

LANDIS & GYR QUOTE

Director Martin made a motion to accept the Landis+Gyr quote, seconded by Director Bentley and unanimously agreed upon.

DAVEY RESOURCES

We are currently focusing on GPSing Mazie and the oil well. They are at Terryville. Bill DeLong will be with Davey next week to help locate oil wells.

CAPITAL CREDITS

In September we paid 8 accounts totaling \$9,675.72 and we have 15 outstanding capital credit applications. This year we have paid capital credit account totaling \$106,127.57.

FINANCIAL REPORT

Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for July 2017. Mr. Cherry reported on the following:

**FINANCIAL & STATISTICAL
REPORT FOR JULY 2017**

Kilowatt hour sales for the month of July (7/21-8/20) were 8.27% over budget. Purchases for the time period of 7/1-30 were 6.60% under budget. Line loss for the last twelve months was 7.33%. Margins for the month were (\$123,799) and the budgeted year to date (\$644,378).

T.I.E.R

The monthly Operating T.I.E.R was .45 with the rolling 12 month O.T.I.E.R 1.04.

FUEL ADJUSTMENT	The fuel adjustment for the month was (0.006429).
ESC	The environmental surcharge was 10.13% for the month.
DEGREE DAYS	We had 286 cooling degree days and 0 heating degree days.
KWH PURCHASES	Director Whitt questioned why we purchased three million more KWH's than sold. Mr. Cherry explained it is due to the billing cycle and the temperature also plays a factor. The average temperature of daily activity was explained. When you purchase more than you use that is our line loss. The billing cycle change will help with more accurate temperature and sales.
APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR JULY 2017	Motion was made by Director Tent, seconded by Director Martin and unanimously agreed to approve the Financial and Statistical Report for July 2017, as presented for informational purposes only.
CRC	We received from CRC a patronage allocation for fiscal year 2016 in the amount of \$833,712 with a check for the pro-rata portion of \$506. The current balance is \$7,238.80.
UUS PATRONAGE	We received from UUS the 2016 patronage dividend allocation of 20%. The allocation was \$1,351 and the 20% was a check in the amount of \$270.
KAEC PATRONAGE	We received a check for 20% of the 2016 patronage dividend allocation of \$10,937 from KAEC in the amount of \$2,187.
CFC	We received a certificate from CFC's fiscal year 2017 for patronage capital in the amount \$18,982.01 and retirement of \$9,491.01
EKPC	Bradley reported that EKPC has decreased the cost of each KWH sold by \$.00252 by EKPC.
OPERATIONS REPORT	Kyle Clevenger, Manager of Operations gave the Operations Report. He reported on the following:
EMPLOYEE/LOST TIME ACCIDENT	There were no lost time accidents to report this month.
CONSTRUCTION	Construction built one hundred thirteen (113) new work orders, including thirty (30) services added and nine (9) services retired for the month of August and worked zero (0) hours of overtime.
OVERTIME HOURS	The Maintenance Department worked two hundred seventy-one (271) hours of overtime during the month of August. They worked two hundred seventeen (217) hours overtime on work orders. Construction and Engineering worked zero (0) hours of overtime during the month of August.
DELINQUENT NOTICES	There were 123 delinquents for September. Ninety-five (95) cards were issued to be disconnected and 28 accounts were disconnected by remote meter. Field personnel disconnected an additional 5 meters for a total of 33 disconnects and 12 accounts were reconnected on September 7 th . September 8 th there were 5 meters disconnected. A total of 3 meters was reconnected.

CONTRACT CREWS

Three (3) Pike crews have been working in the following areas:

Tony Seagraves – State Route 173, Rowan County

Bruce Wynn – Alcorn, Greenup County

Clyde Russell Thompson – miscellaneous pole changes

One crew went to Texas for two weeks.

One crew went to Florida for one week.

Our crew went to Georgia for one week.

Alcorn will be finished this week and will be starting on Lost Creek this week.

Tony is almost finished and would have been finished if he had not been sent to Texas by Pike.

We will be ordering material for 201 South this week.

RIGHT-OF-WAY CREWS

We have ten (10) W a Kendall right-of-way crews working on random jobs and work orders at this time. Crews trimmed 980 trees, cut 627 trees, cut 33,650 feet of brush/line and sprayed 216 spans of line. The crews are working in the following areas:

1 cutting crew in Carter, Lewis and Greenup Counties

2 cutting crews in Rowan and Elliott Counties

1 bucket truck crew in Carter, Lewis and Greenup Counties

1 bucket truck crew in Rowan County

1 bucket truck crew in Elliott County

1 tractor crew in Greenup County

3 spray crews in Greenup County

The Smith Tree Service has a circuit crew working in Elliott County

ENGINEERING REPORT

The Engineering Department released one hundred six (106) prints consisting of 22,098 feet of primary line and 1,975 feet of service wire. We currently have two (2) new services to be staked, two (2) to be drawn and twelve (12) miscellaneous jobs to be staked or drawn.

SAFETY REPORT

The following safety meetings were held during August:

August 7, Brian Poling, Manager of Technical Services, showed helpful tools to search consumers and different structures in UPN by using the Futura Catalyst map. Carol Ann Fraley read our Safety Improvement Plan for 2017 and gave us an update on Pike Construction. Kyle Clevenger went over two accidents that involved Priscilla Sparks and Mark Hutchinson. He requested everyone to watch over and take care of each other.

August 15, Andrea McCleese, Technical Services Supervisor, turned the meeting over to Robert Thornton with KAEC. He showed a power point on Distractive Driving, Do Not Talk, Text, or Look off While Driving. He also went over changes made by the Department of Transportation regarding the CDL drivers. Kyle Clevenger requested everyone to be careful and watch over each other.

August 21, Priscilla Sparks, Executive Assistant, turned the meeting over to Carol Ann Fraley, President and CEO. She went over our primary metering accounts and billings for Greenbo and Carter Caves State Parks. She stated

**SAFETY REPORT
(CONTINUED)**

that we will soon be working on the new work plan contract and union contract. Kyle Clevenger requested everyone to be careful and have a safe week and watch out for other people during the eclipse.

August 28, Robert Brown, Geographical Information System Technician, presented a power point on Working with Stress and How to Manage Stress and Reducing Job Stress by Taking Care of Yourself, Prioritizing and Organizing and Improving Emotional Intelligence. Kyle Clevenger requested everyone to be careful and have a safe week and watch out for each other.

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and using ground chains. A line is not dead until it is grounded.

RESAP CERTIFICATE

We received our certificate of safety achievement for RESAP.

CORRAL PARK

██████████ came to see President Fraley. She keeps Legal Counsel Scott up to date on everything. ██████████ wants us to cut his trees to his specs and wants GRECC to come back when asked at no cost to him. He was told he would have to pay for any additional work and that we have our own specs and rules that is commonly used, approved by the Commission, the KY Vegetation Management and that we would not be doing anything different for him than anybody else. Legal Counsel read from a case that referred to the National Electric Code, SECTION 218 in regards to vegetation and maintaining the growth of vegetation. President Fraley said she talked to the Public Service Commission about our policy on forty feet right-of-way and she was told that whatever the company's common practice is to do what she would do for anybody else in regards to cutting right-of-way.

SAFETY PROGRAM

Our safety program has good attendance and attention, and we try to involve a lot of people in our programs. Some will volunteer for the program.

BREAK FOR LUNCH

The Board broke for lunch at 12:25 p.m. and reconvened at 1:30 p.m.

PRESIDENT'S REPORT

President Fraley reported on the following:

KAEC LINEMAN'S RODEO

we will leave Wednesday afternoon, September 27, 2017, for the KAEC 2017 KY Lineman's Rodeo. Priscilla has all the information for those attending.

Herbie Steagall will be judging this year and the men volunteering for the competitions are Bryan Rogers, Steven Burton, Shane McDavid, Tony Brewer and Justin Staniford. The men have had little time to practice due to going to Georgia to assist in storm work.

**2017 BOARD MEETINGS AND
EVENTS CALENDAR**

President Fraley went over the updated 2017 Proposed Board Meetings and Events Calendar. The updated calendars were handed out to everyone.

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PROPOSED BOARD MEETINGS AND EVENTS 2017

Staff Meeting to discuss AMI selection	Friday, September 22	8:30 a.m.
Planning and Review Committee to discuss AMI Selection	Thursday, October 19	
CANCEL – This Was Board Approved Today, September 25, 2017.		9:30 a.m.
Dan Bruning to conduct Wage and Salary Study	October 25, 26, 27	
Board Meeting - vote on Metering Plan	Wednesday, Thursday, Friday	all day
Staff Meeting to discuss Wage and Salary Plan	Monday, October 30	9:00 a.m.
Union Negotiation Session	Friday, November 3	8:30 a.m.
	Tuesday, November 7	8:30 a.m.
Planning and Review Committee to discuss Wage and Salary Plan	Wednesday, November 15	9:00 a.m.
Negotiating Committee to discuss Union Contract	Thursday, November 16	9:00 a.m.
Board Meeting /vote on Union Contract and Wage and Salary	Wednesday, November 29	9:00 a.m.
Staff Meeting to discuss Budgets	Tuesday, December 5	8:30 a.m.
Planning and Review Committee to discuss Budget	Thursday, December 14	9:00 a.m.
Board Meeting /Vote on Budget Approval	Thursday, December 21	9:00 a.m.

CLEANING DAY

President Fraley asked the office to be closed for Columbus Day, October 9, 2017 for the annual fall cleaning of offices, outside cleaning and cleaning of files.

Director Trent made a motion to allow the office to be closed on October 9, 2017 for cleaning, seconded by Director Martin and unanimously agreed upon.

HEALTH INSURANCE

Director Arrington asked if we would be interested in EKPC insurance. President Fraley didn't think so, but would ask for a copy of their policy to read.

COMMITTEES

The Planning and Review Committee is Eddie Martin, Chair; William 'Billy' T. Rice, Roger Trent and Harold Dupuy, ex-officio.
The Negotiating Committee is Jimmy Whitt, Chair; Kenneth Arrington; Jim Bentley; and Harold Dupuy, ex-officio.

GREENBO LAKE STATE

A couple of years ago President Fraley had a billing issue with an employee on Greenbo Lake State Park and it happened again. There are expenses with GLSP that were not invoiced.

BUDGET MEETING

The staff will be having a 2018 budget meeting in October prior to the October Board Meeting. We are trying to keep everything at a minimum and hoping to hold off a rate increase. There are some things we don't need in this budget and will be winterizing the maintenance office. The blacktop was sealed in front and back of the office. We purchased a truck from McFarland Murray.
Director Trent suggested the front porch entrance be replaced.

MAZIE TOWER

We are having trouble locating the owners of the Mazie tower. Former Lab-Tronic owner would like to purchase it. President Fraley will ask Legal Counsel Scott and his office to attempt to locate the Ison's.

KAEC DIRECTOR'S
REPORT

Director Whitt presented the following to the Board:

Income to date for the business is \$31,000.

Co-Bank, Luke Gaines presented a check in the amount of \$15,000 for the 2017 Statewide Contribution.

Legislative visits are in January at Buffalo Trace.

The new office building has no place to have a board meeting.

A suggestion was made to lay off three employees at Kentucky Living; Tammy Simmons, Paula Sparrow and an 75 year old employee. They will receive 8 weeks severance, plus sick leave and vacation built up.

EKPC DIRECTOR'S REPORT

Director Arrington reported the following to the Board:

Experts on federal and environmental regulations stated while the current administration steps slowed, calls for roll back on environmental regulations related to coal fire power plant are still preceding toward compliance, which could pertain to the Spurlock 2 plant. It's on the table at EK and they don't know hardly what to do, as they have to retrofit the Spurlock 2 to gas, or take a chance and wait on the next president. The good thing is the depreciation is good until 2030.

They are trying to change wet ash to dry ash. They are trying to store it and bring it over to Spurlock, if they should close Cooper.

Rest of the meeting went toward a couple of hours of insurance.

Margins and equity running the same as usual.

Cleaned out some old policies:

Board Policy 205 Investments – Cruise handles and he hedges a lot.

DONATIONS

President Fraley presented to the Board for their consideration the following donation requests:

Vanceburg Lions Club – 5 th Annual Heritage Fest	\$100
Carl W. McCoy – Olive Hill Nat'l Guard Armory Reunion	\$150
Nicholas Yancy Nischan Foundation – sponsorship Funtober Fest	\$125
East Carter FFA – Farm Safety kickoff sponsor for ECHS & WCHS	\$250
Elliott County 4-H Livestock – purchased goat	\$400
Big Sandy RECC – Wade May Memorial Scholarship Golf Scramble	\$50
Lewis Co Softball – Lewis Co. High School – golf scramble	\$50
Grayson Fire Department – sponsor Rescue & Recovery Dive Team	\$50
Rowan County Christmas	\$100
Lewis County Public Library	\$100
Vanceburg Lions Club – veterans	\$100
Ell. Co. Bd. of Ed. - Lakeside School– scoreboard sponsorship	\$200
Gerald Maggard Holy Roller - donation	\$50

Motion was made by Director Whitt, seconded by Director Bentley and unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE

Meetings presented for attendance this month:

The Regions 2 and 3 Meeting is October 12-13, 2017, in Chattanooga, TN.

President Fraley will be attending the Mountain Meeting October 23, 2017 at Fleming Mason Energy.

MEETING ATTENDANCE
(CONTINUED)

We may host a meeting for the Public Service Commission on LIHEAP Training, as they are not holding a Statewide meeting this year.

KAEC Annual Meeting, Louisville, KY, November 20-21, 2017, Directors Trent, Rice, Dupuy, Whitt, Arrington, Bentley and staff Bradley Cherry, Kim Bush, Priscilla Sparks and President Fraley. Directors Martin and Arrington may be taking education classes.

NRECA Director's Winter School is in Nashville, TN, December 1-6, 2017. Directors Martin, Trent, Dupuy, Whitt and Bentley plan on attending.

VOTING DELEGATES TO
CFC DISTRICT 3 MEETING

Director Whitt will serve as the Voting Delegate to CFC District 3 Meeting on October 12-13, 2017 in Chattanooga, TN, and Director Trent will serve as the Alternate Voting Delegate.

2017 KAEC ANNUAL
MEETING VOTING

Chairman Dupuy will serve as the voting delegate to the 2017 KAEC Annual Meeting and Director Trent will serve as the alternate voting delegate.

DELEGATES AND
2017 BOARD MEMBERS

President Fraley and Director Whitt will serve as the 2017 KAEC Board Members.

BOARD MEETING DATES

The October Board Meeting will be Monday, October 30, 2017.

ADDITIONAL BUSINESS

Director Martin asked to table the Bylaws until the October Board Meeting. Chairman Dupuy said there was a consensus of a change or two.

ADJOURN

Chairman Dupuy adjourned the meeting at 2:27 p.m.

Harold L. Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On October 30, 2017 at 9:00 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Dupuy called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Rice gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve the minutes from the September Board Meeting for informational purposes only.
MANAGER OF TECHNICAL SERVICES	Brian Poling, Technical Services Supervisor, gave the IT Department report.
DAVEY RESOURCE GROUP	Davey Resource Group has almost completed the field inventory on our system. There will still be someone in the field checking the data for a while. We also will have two people in the Pactolus, Warnock and Low Gap area collecting additional pole attachment data. We changed the way we wanted the attachments counted before they started Argentum, therefore the data on the first three substations will be changed. State Route 201 and couple of oil wells remain to be completed. To date we have spent \$532,952.22 on the project. Our budget was \$800,930.
PSC-CPCN-AMI PSC CASE # 201-00419	<p>We have submitted an application to the Public Service Commission for our proposed AMI upgrade. The PSC has given us a case number of 2017-00419. We also received the 'Acknowledgement Letter' and the 'No Deficiency Letter' meaning the application was properly filed. We expect to answer additional questions on a conference call.</p> <p>Someone with the Attorney General's office called Legal Counsel Scott and he was unavailable. He will return their call and set up a date and time for the conference call.</p>
CYBER SECURITY RISK ASSESSMENT	We have contracted NetGain Technologies to conduct a Cyber Security Risk Assessment. They will be onsite Wednesday and Thursday of this week then evaluate us by remote for the next few weeks. Chairman Dupuy said at the Regions 2 & 3 Meeting the speaker's topic, IT3 Cyber Security Program, had an app that could pick up your cell number/info.
MICROSOFT AUDIT	<p>Microsoft informed us last week that we have been chosen for an audit of all our Microsoft Products and Licenses. They ask for certain information to be returned by the 8th of November. Due to the large amount of time required to gather the information, we have asked for an extension.</p> <p>Other cooperatives who have been asked in the past to do the same. Those who ignored the request received a visit from Microsoft's investigation team and ultimately paid fines to Microsoft for violations.</p>
ANITA BELLEW / PEGGY SKAGGS	Brian said that Anita Bellew has moved from the billing department and will serve as Billing Administrator. Peggy Skaggs has become the AMI Administrator, a new position that is needed with the mapping program.

ANITA BELLEW/
PEGGY SKAGGS
(CONTINUED)

President Fraley said that leaves four employees in the Member Service Service Department. Our two new billing cycles should spread the work load for those four to handle the work. Half of the work will be done the first two weeks. Then the second cycle will be due and finish the last of the month.

It looks as though EKPC will stop sponsoring Demand Side Management programs and Tina Preece will handle high bill complaints, assist in the Member Services Department and home energy audits. Her job description will need to be redone. We have four additional people answering the phones: Nancy Madden, Caitlin Hutchinson, Sue Roberts and Julie Lewis.

RIGHT-OF-WAY EASEMENTS

President Fraley asked Legal Counsel Scott for his advice on handling GRECC's right-of-way easements. Many easements cannot be identified with current property descriptions. We have many out of state property owners and also a lot of property owned by more than one family member or partner. We are asking all new property owners to provide us with a new Right-of-Way Easement.

Legal Counsel Scott felt we should get an easement on all property owners, and record then along with other easements we have that are not already recorded. The recording fee is \$13 per easement. This establishes a contractual relationship between member and GRECC.

We received a call from [REDACTED] regarding work we had done on his property. He would like to be reimbursed for any damages. Upon advice from Legal Counsel Scott, President Fraley notified Federated Insurance.

FINANCIAL REPORT

Bradley Cherry, Manager of Finance and Accounting, presented the Financial & Statistical Report for August 2017, as follows:

FINANCIAL & STATISTICAL REPORT FOR AUGUST 2017

Kilowatt hour sales for the month of August (8/21-9/20) were -11.19% over budget. Purchases for the time period of 8/1-30 were -1.62% over budget. Line loss for the last twelve months was 8.23%. Year to date margins were (\$803,167) with the budgeted amount of (\$686,207).

SALES AND PURCHASES

Sales were down (11.19%) and purchases were down (1.62%). This has to do with line loss and temperature data. Next month he will present the last two years of sales and purchases. November thru January and June and July are our kWh sales months. The 2017 projected margins are (\$546,886). Chairman Dupuy pointed out we lost \$400,000 since last year and thinks it would be interesting to see the difference over a 5 year period. Mr. Cherry stated we are \$600,000 off of what our average usually is.

MOUNTAIN GROUP

When the Mountain Group met last week everyone discussed the impact of low usage and kWh sales. Licking Valley, may have to go in for another rate increase after the one they were awarded a few months ago. Big Sandy went in for an increase of \$21.25 on customer charge and hardly anything on kWh. The customer charges for Ohio, Indiana and Tennessee are between \$40 and \$60.

T.I.E.R

The monthly O.T.I.E.R is (1.41%) and the rolling 12 months average is 0.76 O.T.I.E.R.

FUEL ADJUSTMENT

The fuel adjustment factor for the period was (0.006213).

ESC

The environmental surcharge was 9.86%.

DEGREE DAYS

There were 159 degree days; 133 cooling degree days and 26 heating degree days for this period. There was a 6.1 degree difference from last year to this year.

CONSUMERS BY COUNTY

For the month of August the number of bills by county was: Carter 4,607 (30%), Elliott 3,686 (24%), Greenup 4,368 (28%), Lawrence 782 (5%), Lewis 313 (2%) and Rowan 1,771 (11%), an increase of 69 bills.

CAPITAL CREDITS

We paid fifteen (15) capital credits applications in October in the amount of \$16,067.97. The total number of deceased estates paid to date is one hundred twenty-two (122) for a total of \$122,195.54. We have fourteen (14) incomplete applications at this time.

RATE INCREASE

Due to a (\$600,000) deficit, we are possibly going to look at a rate increase, using 2017 as a test year. We will need a Cost of Service Study. Once this is done, the PSC will allow us to structure our rate case.

**PLANNING REVIEW
COMMITTEE MEETING**

The Planning and Review Committee will meet on November 15, 2017 at 9:00 a.m. to review our Wage and Salary Study.

**APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR AUGUST 2017**

Motion was made by Director Bentley, seconded by Director Whitt and unanimously agreed to approve the Financial and Statistical report for August 2017 as presented, for informational purposes only.

**RESOLUTION AUTHORIZING
THE AMENDMENT OF THE
NRECA 401(K) PENSION PLAN
ADOPTION AGREEMENT "A"
RUS#: 18061-001; 18061-002**

As part of our 401(k) plan the Co-op each year contributes an amount that coincides with the long term disability plan. Next year our long term disability rate goes from \$.0618 per \$100 to \$.0645. We have to change our Employer Based Contribution percentage and that requires a Board Resolution. The Resolution will state the increase shall be from .7416% of the Participant's Base Compensation to .7740% from this year to next year.

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RESOLUTION AUTHORIZING THE AMENDMENT
OF THE NRECA 401(K) PENSION PLAN ADOPTION
AGREEMENT 'A' RUS#: 18061-001 18061-002 (CONTINUED)

RESOLUTION
AUTHORIZING THE AMENDMENT OF THE
NRECA 401(k) PENSION PLAN
Adoption Agreement "A"
RUS#: 18061-001; 18061-002

WHEREAS, Grayson Rural Electric Cooperative Corporation ("Grayson RECC") is participating in the NRECA sponsored defined contribution plan, the 401(k) Pension Plan (the "401(k) Plan"), and;

WHEREAS, The Board of Directors of Grayson RECC ("the Board") now desires to amend this plan pursuant to Section 18.2 of the 401(k) Plan document and does hereby authorize the amendment effective January 1, 2018, by executing the appropriate Adoption Agreements;

BE IT RESOLVED, that the amendment to the 401(k) Plan is as follows:

The Employer Base Contribution shall be increased from .7416% of the Participant's Base Compensation to .7740% of the Participant's Base Compensation. All other Plan provisions shall remain unchanged.

BE IT FURTHER RESOLVED, that the Board does hereby authorize and direct Carol Hall-Fraley, the President & CEO or her designee, to execute all necessary documents and to take any and all further actions necessary to carry out the intentions of the Board as indicated in this resolution.

CERTIFICATE OF SECRETARY

I, Billy E. "Eddie" Martin, certify that I am Secretary of the Grayson RECC Board of Directors and that the above is a true excerpt from the minutes of a regular board meeting of the Board of Directors held on the 30th day of October, 2017, at which a quorum was present and that the above portion of the minutes has not been modified nor rescinded.

IN WITNESS WHEREOF, I have set my hand and affixed the seal of Grayson Rural Electric Cooperative Corporation this 30 day of October, 2017.

(Seal)


(Signature of Secretary)

Motion was made by Director Trent to approve the proposed Resolution Authorizing the Amendment of the NRECA 401(k) Pension Plan Adoption Agreement "A" RUS#: 18061-001; 18061-002 as presented, seconded by Director Martin and unanimously agreed upon.

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations, gave the Operations Report & Safety Report. Mr. Clevenger reported on the following:

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during September:

September 5 – Sherry Buckler, Manager of Accounting & Human Resources, turned the meeting over to Robert Brown who presented a power point on Fire Extinguisher Safety and explained where all the extinguishers were at the Co-op. Kyle Clevenger reminded everyone that it is wet outside and to be careful with slips, trips, and falls.

September 12 – Kim Bush, Manager of Marketing and Member Services, turned the meeting over to Robert Thornton with KAEC. He presented a power point on Basic Work Zone Traffic Control and Flagger Refresher Training. He also encouraged Material Handling, check all materials used, “Inspect, Inspect, Inspect”. Chris Mosier had prayer for Jamey Withrow, Justin Stainford, Ryan Rice, and Bryan Rogers that will be going to help our sister Co-op in Georgia with storm work. Kyle Clevenger reminded everyone to be careful this week.

September 18 – Bradley Cherry, Manager of Finance and Accounting, turned the meeting over to Tina Preece who presented a power point on Net Metering, Member’s Responsibility, Grayson’s Responsibility, and the Cooperative Solar Project. Certificates were given to Justin Staniford for Basic Skills Workshop and Roger Kitchen and Joe Sargent for Haz-Mat Refresher. Kyle Clevenger reminded everyone to be careful this week.

September 25 – Kyle Clevenger, Manager of Operations, was in charge of meeting. Gina Damron and Kenny Redmond with Dr. Gupta’s office was here to administer flu shots to the Board members and employees.

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and the use of ground chains. A line is not dead until it is grounded.

CONSTRUCTION

Construction built one hundred forty-two (142) new work orders for the month of September and worked zero (0) hour of overtime.

OVERTIME HOURS

The Maintenance Department worked five hundred ninety-eight (598) hours of overtime during the month of September. The Engineering Department worked zero (0) hours of overtime.

DELINQUENT NOTICES

There were 186 delinquents for October. One hundred fifty-two (152) cards were issued to be disconnected and 34 accounts were disconnected by remote meter. Field personnel disconnected an additional 6 meters for a total of 40 disconnects and 14 accounts were reconnected on October 5th. On October 10th there were 10 meters disconnected. A total of 0 meters was reconnected.

CONTRACT CREWS

We have three (3) Pike crews working in the following areas:

Tony Seagraves – ST RT 173, Rowan County. He will be moving to Blaine on ST RT 201.

Bruce Wynn – Alcorn, Greenup County. He moved to Lost Creek, Greenup County the last half of September.

Clyde Russell Thompson – Miscellaneous pole changes. This crew has been let go.

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 593 trees, cut 1,085 trees, cut 42,440 feet of brush/line and sprayed 250 spans of line. The crews are working in the following areas:

1 cutting crew in Carter, Lewis and Greenup Counties

2 cutting crews in Rowan and Elliott Counties

1 bucket truck crew in Carter, Lewis and Greenup Counties

1 bucket truck crew in Rowan County

1 bucket truck crew in Elliott County

1 tractor crew in Greenup County

3 spray crews in Greenup County

Bobby Smith Tree Service – circuit crew is working at Corral Park. We will have the left side finished this week.

ENGINEERING REPORT

The Engineering Department released one hundred eighteen (118) prints consisting of 20,247 feet of primary line and 2,486 feet of service wire. We currently have two (2) new services to be staked and two (2) to be drawn. There are approximately seventeen (17) miscellaneous jobs to be staked or drawn.

STATE ROUTE 201 JOB

Director Arrington discussed the ST RT 201 job with Kyle. It stopped at Harris Branch. The next span covers about one tenth to two tenths of a mile to a new house at Raccoon. He thinks there is a creek crossing at the mouth of Raccoon that could be tied together to avoid crossing the creek. Another option might be to bring it along the road, if the state would allow it. Kyle said he would look at the print and check with Joe Sargent.

SCHULTZ – BRIARY R/W

Chairman Dupuy asked Mike Martin if he would look at the Schultz to Briary right-of-way. Mike said there is a tractor working the area now.

Director Trent asked Kyle if [REDACTED] was checked and taken care of and Kyle said he was.

MANAGER OF MARKETING AND MEMBER SERVICES

Kim Bush, Manager of Marketing and Member Services, gave her report:

NEW BILL CHANGE DATES

The Member Services Department is getting ready for the cycle change coming in November. Over 1,500 letters were mailed to members that utilize our Auto-Pay service as well as Draft on their accounts. We have advertised the changes on our website, facebook page, twitter and with an email blast to all members that have give us an email address.

LIHEAP

We are also getting ready for the 2017/2018 LIHEAP season. All employees have been updated on the PSC Rules and Regulations and their requirements have been met. Pre-applications are being taking for the elderly and the sick.

PREPAYS

Prepays continue to grow with 688 active prepay accounts.

PrePay Summary:

15 Inactive Accounts
Average Balance on accounts – (\$45.15)
Avg kWh Usage – 28 daily
Total Number of Payments in 30 days – 2,597
Average Payment – \$32.39
Total Payment Amount – \$84,118.32

DEBT MANAGEMENT

Debt Management Summary:

64 active accounts with debt management
Total amount in Debt Management=\$18,035.37
9% of active accounts have Debt Management
Under \$100=18 \$100-\$199=13 \$200-\$299=11
\$300-\$399=10 \$400-\$499=7 over \$500=5

ENERGY EFFICIENCY

Tina is busy with energy audits. Audits performed were:
12 Energy Audits; 1 Commercial Lighting (in progress); 1 Billing Insights
Rebates for our members: 3 Clothes Washer; 1 Dishwasher; 1 Refrigerator;
and Freezers
We sold 33 Coperative Solar One panels (3 members).

SCHOOL/COMMUNITY PROGRAMS

October 2-3 Robert and Julie worked the Carter County Conservation District – 4th graders– 500 kids
October 10 – Carter, Greenup, Elliott and Rowan First Responders – 87
October 26 - Lawrence County – Blaine Elementary Safe Trick or Treating - 300 worked by Peggy Wells
October 7 – Bblaine Autumn Fest – worked by Kenneth and Edna Arrington

ANOUNCEMENTS

Dec. 8 – Service Award Dinner 6:00 – 9:00 p.m. Olive Hill Historical Soc.
Dec. 21 – 12:00 p.m. – Board lunch with the employees

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBRIPS

Motion was made by Director Trent, seconded by Director Bentley and unanimously agreed to approve ninety-four (94) new memberships and retirement of one hundred four (104) existing memberships for September 2017.

BAD DEBT WRITE-OFFS

Motion was made by Director Bentley, seconded by Director Whitt and unanimously agreed to charge off \$2,354.50 worth of bad debts and turn them over for collection.

APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY BUSINESS EXPENSES

Motion was made by Director Trent, seconded by Director Rice and unanimously agreed to approve the President's business expense of \$59.51, Director's business expenses of \$6,945.81 and Attorney's business expense of \$.00.

PRESIDENT'S REPORT

President Fraley reported on the following:

PROPOSED WRITE-OFF'S

The accounting department gave President Fraley four names to submit to the Board for approval of write-offs on account numbers 142.20 and 142.21. They are:

██████████	- car accident - broken pole at River Park 2014	\$1,080.39
██████████	- car accident - broken pole at Christy Creek 2012	\$1,077.67
██████████	- accident on State Route 2 (7/20/2016) -	\$ 98.20
██████████	- stolen meter (June 2015) - Olive Hill customer using our meter -	
		<u>\$ 134.33</u>
	Total amount asked to be charged off:	\$2,390.59

Motion was made to write off the four accounts totaling \$2,390.59 by Director Martin, seconded by Director Arrington and unanimously agreed upon.

CALENDAR UPDATES

President Fraley went over the upcoming meeting dates for November and December 2017. The scheduled meeting dates are:

*Wednesday, November 1, 10:00 a.m. - EKPC Solar Panel dedication - EKPC - Director Arrington, President Fraley, Tina Preece and Kim Bush will be attending.

*Wednesday, November 15, 9:00 a.m. - Planning and Review Committee (Directors Martin, Rice, Trent and Dupuy) to discuss Wage and Salary Study.

*Thursday, November 16, 9:00 a.m. - Negotiating Committee (Directors Whitt, Arrington, Bentley and Dupuy) to discuss union contract. President Fraley is having a meeting with the union on Tuesday, November 7, 8:30 a.m. She hopes to have something for the committee to adopt.

*Wednesday, November 29, 9:00 a.m. - November Board Meeting. There will also be a vote on the union contract and a vote on the wage and salary plan.

*Thursday, December 14, 9:00 a.m. - Planning and Review Committee (Directors Martin, Rice, Trent and Dupuy) to discuss the 2018 budget.

*Thursday, December 21, 9:00 a.m. - December Board Meeting and Christmas lunch with the employees.

The Wage and Salary Plan was conducted last Wednesday and Thursday with Dan Bruning from NRECA. He compared our wages to the local co-ops and the job market in Ohio, Kentucky and West Virginia. All staff was involved and worked on job description. We will be presenting the study to the Planning and Review Committee on Wednesday, November 15, 2017.

GREENBO LAKE STATE PARK

President Fraley is working with Greenbo Lake State Park to reconcile some invoices.

RATE CASE

We are going to continue to work on the possibility of a rate case and will keep the Board informed each month.

KAEC VOTING DELEGATES

Chairman Dupuy appointed Director Roger Trent, 2017 KAEC Voting Delegate, Chairman Dupuy, Alternate Voting Delegate, President Carol Hall Fraley and Director Jimmy Whitt as 2018 KAEC Board Members.

OCONEE EMC

Terry Howard, COO at Oconee EMC, Dudley, Georgia, praised Jamey Withrow and his crew for assistance with storm work Hurricane Erma caused in Georgia.

RESAP

GRECC received from KAEC a Certificate of Safety Achievement (RESAP) for 2017.

Director Martin mentioned Carl Wright from MACED would pay energy advisors wages for nine months. President Fraley said she would check with Tina.

LEGAL COUNSEL'S REPORT

Legal Counsel Scott stated he discussed his report during the meeting.

Legal Counsel asked for permission to attend the legal counsel session at the KAEC Annual Meeting on November 18-20 in Louisville, KY. The Board agreed to him attending the meeting.

KAEC DIRECTOR'S REPORT

Director Whitt reported the following:

Handed out KAEC September minutes showing year to date revenue in the amount of \$31,000.

Chris Perry, President, was evaluated by the Board and given a raise.

Handed out KAEC's October's Board Meeting minutes.

EKPC DIRECTOR'S REPORT

Director Arrington gave the EKPC report as follows:

3 year project to remove ash from Dale Station.

In 2015, 36,000 truckloads of ash was excavated and transported to Dale Station to the landfill at Smith Station. State officials certified that the ash has been removed from several areas of the plant where it had been stored over the years. Last week, over a four day period, crews worked around the clock to remove ash from the sensitive area near the Kentucky River and stack it in former pole yard.

EKPC's solar panels has been completed with 320,000 solar panels installed. More than 400 panels have been licensed. Crews are completing the wiring of feeding the energy to the grid.

Mosier reviewed the option of insuring Spurlock Station to bring into compliance that the regulators was able to meet the governmental impact of coal and ash from the plant.

Rodney Hitch received a Reward of Excellence in Economic Development at the International Economic Development Conference in Toronto, Canada.

Margins and equity running the same.

THANK YOU

We received a thank you letter from the Lions Club, Lewis County.

DONATIONS

President Fraley presented to the Board for their consideration the following donation requests:

Elliott County Archery Team – sponsorship	\$100
First Baptist Church – meals for the holidays	\$125
Friends of the Program – Raider Turkey Trot 5k run	\$100
Project Merry Christmas	\$200

Motion was made by Director Whitt, seconded by Director Martin and unanimously agreed to approve the donations as presented.

KAEC / WIRE MEETINGS

Directors that will be attending the KAEC Annual Meeting on November 20-21, 2017 in Louisville, KY are Directors Dupuy, Trent, Whitt and Arrington. Director Arrington will also be attending a class on November 19, 2017. Legal

KAEC / WIRE MEETINGS
(CONTINUED)

Counsel Scott will be attending the KAEC Attorney's Meeting on Sunday, November 19th and Monday, November 20th. President Fraley, Kimberly Bush, Priscilla Sparks and Bradley Cherry will be attending the KAEC Annual Meeting and W.I.R.E. Meeting.

BYLAWS

The Bylaws were tabled until the November Board Meeting.

ADDITIONAL BUSINESS

There was no additional business.

BOARD MEETING DATE

The November Board Meeting will be on Wednesday, November 29th.

EXECUTIVE SESSION

President Fraley asked to go into Executive Session at 12:09 p.m.

ADJOURN

Chairman Dupuy adjourned the meeting at 1:04 p.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

Minutes of the Executive Session of the October 30, 2017 GRECC Board Meeting

On October 30, 2017 Grayson Rural Electric Cooperative Corporation held an executive session during its regular board meeting.

EXECUTIVE SESSION

President Fraley asked to go into Executive Session at 12:09 p.m.

The meeting was in regards to the upcoming union contract.

The meeting was called to come out of Executive Session at 1:04 p.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On November 29, 2017 at 9:09 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Dupuy called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Dupuy gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Trent, seconded by Director Bentley and unanimously agreed to approve the minutes from the October Board Meeting for informational purposes only.
MANAGER OF TECHNICAL SERVICES	Brian Poling, Manager of Technical Services, reported on the following:
DAVEY RESOURCE	Davey Resource Group have three men in the field finishing cleanup of the inventory. Plans are to have the project completed by the end of December.
PSC / AMI / CPCN	<p>Mr. Poling reported on our application to the PSC for the AMI CPCN, since last board meeting.</p> <p>The Commission issued an order outlining the procedures and timeframe for anyone to intervene. November 17th was the deadline and no one made application.</p>
ATTORNEY GENERAL	The Attorney General contacted Legal Counsel concerning our redaction in the application, asking for full disclosure to the AG only. It was agreed upon verbally and we are currently awaiting the contractual agreement. Legal Counsel Scott said it was okay to proceed, as they did not intervene.
PSC	The PSC issued their data request concerning this project yesterday. It consists of only four (4) questions with multiple parts to each question. Answers are to be back at the commission on December 14 th .
NETGAIN	<p>Mr. Poling turned the meeting over to Andrea McCleese, who talked about NetGain's Vulnerability Risk Assessment Audit and Microsoft Audit.</p> <p>Andrea reported she met with NetGain last month who gathered data for our Risk Assessment, in accordance with NIST standards. There were two parts to the Risk Assessment. The first one was Risk Analysis:</p> <p>1) Risk Analysis had three parts: Administrative Safe Guards, Physical Safe Guards and Technical Safe Guards.</p> <p>A. Administrative Safe Guard – which needs improvement in security awareness and training;</p> <p>a.) BYOD (bring your own devices) and the need for a better board policy;</p> <p>b.) business continuity as related to technology and where we would go in the event our headquarters building was destroyed; and</p> <p>c.) the non-requirement of signing non-closure agreements on personal information we handle.</p> <p>Good marks were given on:</p> <p>a.) complex passwords.</p>

NETGAIN (CONTINUED)

B) Physical Safe Guards – overall was good.

a.) we got good reviews on surveillance; limited access to visitors; power management (with backup generation;

b.) limiting personal use of internet and computer, as well as work areas with documents exposed.

C. Technical Safe Guards – we are not blocking websites from employees that have limited access; encryption of email and data in general and email on personal phones; remote access on personal devices and concern about antivirus protection. We received good reviews on our computer locking after a certain time of inactivity, our firewall, and our antivirus.

2) Risk Assessment was second in the Vulnerability Assessment and we received a very good review with very low risk on external network. SilverSky monitors us all the time and blocks anything that try to attack us. We had a couple of vulnerability issues with our hostess domain through our website which will be addressed. One was Touchstone Energy which is a software update. Our internal network in social engineering (emailing) was more at high risk.

MICROSOFT AUDIT

The Microsoft audit is due at the end of this week. They are making sure we are appropriately licensed paying all required fees. We have had an open volume licenses in the past few years on servers and computers for MilSoft, SEDC, Virtualization, etc.

OFFICE & MEMBER

Bradley Cherry, Manager of Finance and Accounting presented the Financial &

SERVICES REPORT

Statistical Report for September 2017. Mr. Cherry reported on the following:

FINANCIAL & STATISTICAL

Kilowatt hour sales for the month of September (9/21-10/20) were 11.19% under

REPORT FOR SEPTEMBER

budget. Purchases for the time period of 9/1-30 were 1.62% under budget. Line loss for the last twelve months was 12.95%. Year-to-date margins were (\$2,095,514) and we budgeted for (\$1,028,842).

Mr. Cherry noted September is smaller due to the change in the billing cycle. Only Smithfield and the prison were billed on the regular cycle. They reported 10.2% under budget for those ten days. Our purchases for the month of September were down 1.6% with year to date down 10%+. The negative year-to-date two million dollars in margins is due to the change in our billing cycle and lack of sales.

FUEL ADJUSTMENT FACTOR

The fuel adjustment factor for the month was (0.008140).

ESC

The environmental surcharge for the month was 8.80%.

T.I.E.R.

The rolling twelve month O.T.I.E.R. was (0.29) at the end of September.

ELECTRIC CARS

East Kentucky and Grayson Rural Electric are looking at the impact of electric vehicles and their effect on electric rates and usage. They could affect the transformer size due to charging the vehicles, and how will we recoup the investment. One third of vehicle manufacturing is electric. President Fraley said the impact on the member would be a consideration of when we would do this.

CAPTIAL CREDITS

Twenty four (24) capital credits were issued in the month of November 2017, totaling \$30,312.41. Year to date we have paid \$152,507.95. We have 18 outstanding capital credit applications.

APPROVAL OF FINANCIAL

Motion was made by Director Trent, seconded by Director Whitt and unanimously

**& STATISTICAL REPORT
FOR SEPTEMBER 2017**

agreed to approve the Financial and Statistical report for September 2017 as presented for informational purposes only.

WAGE AND SALARY PLAN /

The Planning & Review Committee met on November 15, 2017 at 9:00 a.m. to

PLANNING & REVIEW

review the proposed 2017-2018 Wage and Salary Plan. President Fraley read the minutes for Director Martin. Directors Rice and Trent served on this committee with Chairman Dupuy as ex-officio.

Bradley showed a comparison of the COMPensate program (entry, midpoint and end of career). The 3.67% would bring them closer to the minimum in 2018. Nine employees were below the entry level. Adjustments toward the mid-point will start in 2018. If the Board chooses to give 3.67% this year, the cost would be \$48,000 in wages and \$21,723.20 in benefits.

MIN	Market Range			MAX	GRADE
	LWR THD	MP	UPR THD		
\$19,474	\$22,082	\$23,386	\$24,690	\$27,299	1
\$23,307	\$26,481	\$28,068	\$29,654	\$32,828	2
\$27,129	\$30,883	\$32,760	\$34,637	\$38,391	3
\$30,984	\$35,341	\$37,520	\$39,698	\$44,055	4
\$34,872	\$39,855	\$42,346	\$44,837	\$49,820	5
\$38,793	\$44,424	\$47,240	\$50,055	\$55,686	6
\$42,747	\$49,049	\$52,200	\$55,351	\$61,654	7
\$46,732	\$53,729	\$57,228	\$60,726	\$67,723	8
\$50,749	\$58,465	\$62,322	\$66,180	\$73,896	9
\$54,797	\$63,255	\$67,484	\$71,713	\$80,171	10
\$58,876	\$68,100	\$72,713	\$77,325	\$86,550	11
\$62,984	\$73,000	\$78,009	\$83,017	\$93,033	12
\$67,122	\$77,955	\$83,371	\$88,788	\$99,621	13
\$71,290	\$82,964	\$88,801	\$94,639	\$106,313	14
\$75,486	\$88,027	\$94,298	\$100,569	\$113,111	15
\$79,710	\$93,145	\$99,862	\$106,580	\$120,014	16
\$83,962	\$98,316	\$105,493	\$112,670	\$127,024	17
\$88,241	\$103,541	\$111,191	\$118,841	\$134,141	18
\$92,547	\$108,820	\$116,956	\$125,092	\$141,365	19

Director Martin made a motion to adopt the 2017-2018 Wage and Salary Plan retroactive September 1, 2017, seconded by Director Trent and unanimously agreed upon.

Director Martin made a motion to modify the language in the previous motion:

To adopt the Wage and Salary Plan effective September 1, 2017 and, to approve a 3.67% raise to employees for 2017-18 retroactive September 1, 2017, and to give President Fraley a reserve of \$5,000 to be used for merits. She did not spend any of the merit reserve in 2016-17). Motion was seconded by Director Trent, and unanimously agreed upon.

2018 IBEW UNION CONTRACT President Fraley read changes in the proposed union contract effective January 1, 2018.

NEGOTIATING COMMITTEE The Negotiating Committee met on November 16, 2017 at 9:17 a.m. President Fraley read the minutes from the meeting for Chairman Whitt. Mr. Cherry showed a chart reflecting an increase of 50 cents per hour for the first four years, and seventy five cents per hour for the last two years of the contract. Medical insurance would be paid at \$100% by the Cooperative for the life of the contract, in addition to basic life, retirement, 401k, nine holidays, vacation, sick leave, safety incentive, union allowance for FR clothing, an increase of \$1.00 per hour for the Mechanic. Three grades for the Mechanic's position will be established starting at \$25.82 entry level (or 75% of grade one, \$30.98 or 90% of grade one for second level, and top level at 100% which is \$34.43. Entry level is for the 90 days probationary period. Second and first level will be based on competencies and determined by the Manager of Operations and the Union Steward.

1. The Cooperative will help search for Dental and Optical Insurance Coverage, to be paid for by the employee. The Cooperative withholds coverage costs, as a courtesy for those members who participate.
2. Cell Phone coverage will be \$50, straight for all eligible employees.
3. The Cooperative and the Union agree to work together to keep overtime hours equitably distributed. Language shall be included as follows: Article II, Section 17.

It is the intention of the Cooperative to offer overtime to all qualified employees. Certain classifications such as Metering, Engineering, Mechanic, Warehouseman, Groundmen and Apprentices should be considered for all overtime work for which they are qualified. When calling CRC, Maintenance Leadman and Crew Foremen should be specific when asking for additional help. The 40 hour differential shall be considered at all times. However, restoration of power and service to our members shall remain our top priority.

4. The contract shall commence January 1, 2018 and continue through December 31, 2023.
5. Grayson Rural Electric Cooperative Corporation and Local Union 317 of the International Brotherhood of Electrical Workers, AFL-CIO, agree to abide by the Kentucky Right to Work Law, legislated in 2016.
6. Wages will increase 50 cents per hour in 2018, 50 cents per hour in 2019, 50 cents per hour in 2020, 50 cents per hour in 2021, 75 cents per hour in 2022, and 75 cents per hour in 2023.

Director Whitt, Negotiating Committee Chairman, made a motion to accept the proposed union contract as presented by President Fraley, seconded by Director Rice and unanimously agreed upon.

MANAGER OF MARKETING
AND MEMBER SERVICES

Kim Bush's report was read by Julie Lewis, Member Service Secretary, who reported on the Marketing and Member Services:

LIHEAP

2017/2018 LIHEAP payments received from:

Northeast	\$61,994
Gateway	\$ 3,724
Licking Valley	<u>\$ 1,246</u>
TOTAL	\$66,964

LIHEAP (CONTINUED)	# of Winter Hardship Reconnects – 1 # of 30-day extentions through LIHEAP – 1
PREPAID	Summary of PrePay's: 690 Active PrePay Accounts Total Payment Amount=\$121,874.72
DEBT MANAGEMENT	Debt Management summary: 60 active accounts with Debt Management Total amount in Debt Management=\$15,556.43 9% of active accounts have Debt Management
SOLAR	Cooperative Solar Farm One Inquiries=2 Total Panel Sales to Date=33
SCHOOL/COMMUNITY PROGRAMS	11/22 – Reality Store—Carter County—500 students 11/15 & 16 – Reality Store—Greenup County—700 students 11/27 – Carter Caves Display Windows for Christmas
ANNOUNCEMENTS	12/8 – Service Awards Dinner at 6 p.m., Olive Hill Historical Building
LICENSE PLATE SALES	Lineman license plate sales totaled approximately \$9,172, an increase of \$500 since 2016.
OPERATIONS REPORT	Mike Martin, Assistant Manager of Operations gave the Operations Report. He reported on the following:
EMPLOYEE/LOST TIME ACCIDENT	There were no lost time accidents to report this month. The following safety meetings were held during October:
SAFETY MEETING REPORTS	<p>October 5 – Carol Fraley, President and CEO, discussed the rodeo and our cleaning day scheduled for Monday, October 9th. Linville Spangler with EKPC was present and was scheduled to perform Substation Restoration.</p> <p>October 11 – Mike Martin, Assistant Manager of Operations, turned the meeting over to Robert Thornton with KAEC who discussed Hurt Man Rescue, Mayday Calls, Rigging, Tools, and Bucket Truck Rescue and the lower controls on the truck. The men were dismissed to perform Pole Top Rescue. Kyle Clevenger reminded everyone to work safe.</p> <p>October 16 – Andrea McCleese, Technical Services Supervisor, turned the meeting over to Chase Krigler with KAEC spoke on the Action Committee for Rural Electrification (ACRE) and Political Action Committee (PAC). Breakfast and a gift was given in honor of Boss's Day for Carol Ann Fraley. Kyle Clevenger reminded everyone to work safe and asked for maintenance men to mark the map of their areas where the radio service is not working for East Kentucky.</p> <p>October 23 – Brian Poling, Manager of Technical Services, turned the meeting over to Cindy Poling, Respiratory Therapist at St. Mary's Medical Center. She discussed the use of Cigarettes and Smokeless Tobacco and had employees to fill out a survey for the evidence of nicotine dependence. She also explained how smokeless tobacco equals up to smoking cigarettes and</p>

**SAFETY MEETING REPORTS
(CONTINUED)**

remedies to use to try to stop this addiction. Kyle Clevenger stated that it would be slick and wet outside today and to be careful.

October 30 – Priscilla Sparks, Executive Assistant, asked Nancy Madden to read the Bloodborn Pathogens exposure control plan and asked employees questions. Kyle Clevenger requested everyone to be careful and watch for slips, trips and falls.

CONSTRUCTION

Construction built one hundred one (101) new work orders for the month of October which included 22 services added and 2 services retired and no overtime hours.

OVERTIME HOURS

The Maintenance Department worked three hundred seventy (370) hours of overtime during the month of October. Engineering Department worked zero (0) overtime hours.

DELINQUENT NOTICES

There were zero (0) delinquents for November. Zero (0) cards were issued to be disconnected and zero (0) accounts were disconnected by remote meter. Field personal disconnected an additional zero (0) meters for a total of zero (0) disconnects and zero (0) accounts were reconnected in November.

CONTRACT CREWS

We have three (3) Pike crew working:

Tony Seagraves – State Route 173, Rowan County (finished); State Route 201 Blaine

Bruce Wynn – Lost Creek Road, Greenup County

Clyde Russell Thompson – Miscellaneous pole changes

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 716 trees, cut 819 trees, cut 26,620 feet of brush/line and sprayed 111 spans of line. The crews are working in the following areas:

2 cutting crews in Carter, Lewis and Greenup Counties

2 cutting crews in Rowan and Elliott Counties

1 bucket truck crew in Carter, Lewis and Greenup Counties

1 bucket truck crew in Rowan County

1 bucket truck crew in Elliott County

1 tractor crew in Greenup County

2 spray crews in Carter County

The Bobby Smith Tree Company has a circuit crew at Corral Park, Carter County. They are almost finished.

ENGINEERING REPORT

The Engineering Department released one hundred ninety-one (191) prints consisting of 8,128 feet of primary line and 4,372 feet of service wire. They currently have fifteen (15) new services to be staked, two (2) to be drawn and eight (8) miscellaneous jobs to be staked or drawn.

RIGHT-OF-WAY

President Fraley asked the Board how they wanted to handle the recording of right-of-way easements commencing with today and into the future. Director Martin made a motion to start filing the recording of all right-of-way easements and pick up those in the past that have not been recorded, seconded by Director Rice and unanimously agreed upon.

APPROVAL OF NEW
MEMBERSHIP &
RETIREMENT OF
EXISTING MEMBERSHIPS

Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve one hundred fourteen (114) new memberships and retirement of one hundred twenty (120) existing memberships for October 2017.

BAD DEBT WRITE-OFFS

Motion was made by Director Bentley, seconded by Director Martin and unanimously agreed to charge off \$1,421.16 worth of bad debts and turn them over for collection.

APPROVAL OF CEO'S,
DIRECTOR'S & ATTORNEY
DIRECTOR'S & ATTORNEY
BUSINESS EXPENSES

Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to approve the President's business expense of \$40.88, Director's business expense of \$10,674.99 and Attorney's business expense of \$.00.

PRESIDENT'S REPORT

President Fraley reported on the following:

WAGE & SALARY

Most of her work time has been spent working on the Wage & Salary Plan and the Union Negotiating Contract.

METERING

A lot of time has been spent with Brian Poling on the metering program proposal. We have three (3) filed with the PSC and the additional information needed by the Commission.

BUDGET MEETING

The budget meeting is scheduled for the 18th December 2017.

██████████

We have been working with Park Priest on the ██████████ lawsuit. Mr. Whitt has retained a lawyer in Lexington, McBrayer McGinnis law firm.

KAEC 2016

We received a check in the amount of \$8,968 for November 2017 dues rebate from KAEC based on the performance of KAEC in 2016.

LEGAL COUNSEL'S REPORT

Legal Counsel Scott reported on the following:

KAEC LEGAL SEMINAR

He attended the KAEC Legal Seminar. There are some new lawyers in the program; Earl Rogers at Fleming Mason, Marvin Suit retiring. Capital credits were also discussed.

KAEC DIRECTOR'S REPORT

Director Whitt had no report, as the KAEC Annual Meeting was held last week instead of a November monthly meeting.

EKPC DIRECTOR'S REPORT

Director Arrington reported updates given at the EKPC monthly board meeting:

Maintenance is top priority on Spurlock Unit 1.

Crews will be working on a major planned outage on Spurlock Unit 2 in September and another one on Unit 1.

Largest scheduled outage EKPC has ever seen in manpower (120,000 man hours) and outage. The cost would be \$28.9 million.

Crews will shorten planned outage on Spurlock Unit 1. Forced outages caused interruption to the International Paper Plant adjacent to the Spurlock Station. Don Mosier said EKP was working closing with International Paper to assure ongoing communication.

CFO Mike McNally, reported on complying with coal combustion residuals (CCR).

**EKPC DIRECTOR'S REPORT
(CONTINUED)**

President Fraley said she phone conferenced the Manager's Quarterly Meeting yesterday with EKPC and they discussed capital credits. A lot of Cooperatives oppose this, because they would have to return them to members immediately. They would not improve our T.I.E.R. or O.T.I.E.R. Many suggested pre-paying Smith Plant expenses.

THANK YOU

GRECC received a thank you note from Wade May Memorial Golf Scramble and from Hope's Place Child Advocacy Center Golf Scramble.

DONATIONS

President Fraley presented to the Board for their consideration the following donation requests:

Elliott County Pride Cheer Team	\$100
Sandy Hook First Baptist Church – backpack ministry	\$150
Carter County Community Chorus – Christmas chorus	\$50
KCU – basketball challenge	\$100
Shop With a Trooper – Elliott & Rowan Counties kids	\$200
Grahn School Community Center – family Christmas give away	\$100
East Carter Boys Basketball – tournament	\$250
West Carter Boys Basketball – Jack Fultz Classic	<u>\$100</u>
	\$1,050

Motion was made by Director Trent, seconded by Director Bentley and unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE

The following request to attend upcoming meetings were presented to the Board:

Kyle Clevenger, Priscilla Sparks and Nancy Madden are scheduled to attend the 2017 Safety Coordinators' Conference in Lexington, KY on December 7-8, 2017.

Robert Brown leaves for the Management Internship Program in Madison, Wisconsin on December 3, 2017 for two weeks.

The Planning and Review Committee will meet at the Cooperative on Monday, December 18, 2017 at 9:00 a.m.

Directors attending the Winter School in Nashville, TN in December are Jimmy Whitt, Roger Trent, Jim Bentley and Harold Dupuy.

BYLAWS

President Fraley said Board Policy 530, Cell Phone Policy, will show a \$50 cell phone allowance in the policy.

BOARD MEETING DATES

The December Board Meeting is scheduled for Thursday, December 21, 2017 at 9:00 a.m. and we will have our annual Christmas lunch with the employees following the adjournment of the board meeting.

ADDITIONAL BUSINESS

There was no additional business reported.

ADJOURN

Chairman Dupuy adjourned the meeting at 12:52 p.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On December 21, 2017 at 9:09 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Dupuy called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Rice gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Trent, seconded by Director Martin, and unanimously agreed to approve the minutes from the November Board Meeting for informational purposes only.
TECHNICAL SERVICES	Andrea McCleese, reported on the following:
DAVEY RESOURCE GROUP	Davey Resource Group has completed the GIS field inventory. One employee remains in the field checking on questions from the office. They will have all the field inventory data from all substations except Mazie sent to Futura by the end of December. Futura added Leon to the map this week. Airport Road, Newfoundland and Sandy Hook are expected to be added to the map at the first of the year.
AMI PROJECT	The blanket order of all meters has been canceled in preparation of the AMI Project.
PSC / AMI / CPCN	The initial AMI CPCN data request from the Attorney General only had four questions. There was subparts to the four questions. We submitted eight pages back to them and are awaiting their response. President Fraley had some concern on the inventory and Bradley has talked to Alan Zumstein about it.
MANAGER OF FINANCE & ACCOUNTING REPORT	Bradley Cherry, Manager of Finance and Accounting presented the Financial Statistical Report for October 2017. Mr. Cherry reported on the following:
FINANCIAL & STATISTICAL REPORT FOR OCTOBER	Kilowatt hour sales for the month of October (10/01-10/31) were 26.44% over budget. Purchases for the time period of 10/1-31 were 2.53% over budget. Line loss for the last twelve months was 9.85%. Year to date margins were a deficit of (\$306,528.97) compared to the budgeted deficit amount of (\$2,402,043.18). When we switched billing cycles we are 20 days revenue difference (little over 1.4 million dollars) and will be through the end of the year. In January it will be actual month to month.
FUEL ADJUSTMENT	The fuel adjustment for October was (0.010194).
ESC	The environmental surcharge for October was 9.70%.
OCTOBER T.I.E.R.	The T.I.E.R for October was (2.65). November and December could get us back closer to the breaking even point and hopefully closer to our budget numbers, depending on the weather. Our equity is running at 32%.
BILLS BY COUNTIES	Bills by counties have picked up except for Lawrence County. The month of October was: Carter 4,572, Elliott 3,662, Greenup 4,319, Lawrence 774, Lewis 316 and Rowan 1,770.

CAPITAL CREDITS

We paid seventeen (17) Capital Credits accounts in the amount of \$13,084.32 totaling 163 accounts paid to date in the amount of \$165,592.27. We have seventeen (17) outstanding applications.

KWH SALES

Bradley gave a presentation on kWh sales on President Fraley's account from 2010-2017 with a month by month breakdown. In 2010 usage was 46,315 – a month ago year-to-date usage was 21,564, a 55% decrease. Part of the decrease was due to 2012 MACED program and part of it due to weather. Chairman Dupuy's usage for the same period was presented. His usage went from 27,018 to 16,947, a 27% decrease. Part of the decrease was due to changing out all light bulbs, but most of it was weather related.

APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR OCTOBER 2017

Motion was made by Director Bentley, seconded by Director Trent and unanimously agreed to approve the Financial and Statistical report for October 2017 as presented for informational purposes only.

2018 PROPOSED BUDGET

Chairman Dupuy turned the meeting over to Director Martin, Chairman of the Planning and Review Committee, who presented the 2018 Budget. He reported that Bradley Cherry presented the proposed budget December 18th to the Planning and Review Committee. Chairman Martin, turned the meeting over to President Fraley to read the minutes of the December 18th Planning and Review Meeting, as follows:

MINUTES OF THE PLANNING AND REVIEW COMMITTEE December 18, 2017

The Grayson R.E.C.C. Planning and Review Committee met Monday, December 18, 2017 at 9:20 a.m. Those present were: Director Billy E. "Eddie" Martin, Chairman of the Planning and Review Committee; Director William Rice; Director Roger Trent; ex-officio Harold Dupuy, Chairman; Carol Hall Fraley, President and CEO; Bradley Cherry, Manager of Finance and Accounting; and Priscilla Sparks, Executive Assistant.

Chairman Dupuy called the meeting to order and gave the invocation. He then turned the meeting over to Director Martin. Director Martin asked President Fraley and Bradley Cherry to present the proposed budget.

President Fraley reported on plans recommended by the Staff for the 2018 budget. President Fraley explained, that in light of our current financial condition, every recommendation made about the budget was made with that in mind. There were more IT purchases than normal, based on the required Risk Assessment Audit that was done late this fall. The point of the assessment was to help us identify our vulnerabilities, and recommendations were made concerning access by staff, passwords to be changed regularly, cyber security and other methods and programs critical to the integrity of our system. IT requirements and processes change rapidly.

President Fraley called on Bradley Cherry to assist with two budget scenarios. He and President Fraley met with the Staff to determine the needs of their departments for the coming year. All Staff members were cautioned to plan for only what was necessary this year. Once those needs were identified, he prepared two different versions of the budget. One budget contained a \$500,000 reserve for storm trouble and \$100,000 for a cost of service study that would be necessary if we file for a rate increase. Preparation of a new four year work plan was also included. However, the current work plan may be extended for another year. If so, the \$38,000 would be transferred to next year's budget. It is not unusual to extend the work plan, based on the amount of work remaining in the current work plan and how the balance of the loan funds. This plan did not meet our T.I.E.R. requirements.

The second scenario did not include \$500,000 for storms. It was noted that, if we don't have any storms, we still would be at less than 1.1 for our T.I.E.R. requirements.

President Fraley said that, as usual, the 2018 budget was based on zero growth. Revenue was based on an average of the past three years. The work plan investment of \$4.175 million is based on the work we have planned for that year. In 2018, the Board will need to be ready to decide whether an addendum or extension will be needed. Permission from the Public Service Commission for our new metering program will play a big part in Board's decision to finish or extend the current work plan.

CFO Cherry handed out a list of specific projects included in the 2018 budget. The budget highlights are:

Work Plan Investment	\$4,175,481
Vehicles	\$ 122,295
Projects/Items for 2018	\$ 146,350

PLANNING AND REVIEW COMMITTEE
DECEMBER 18, 2017
PAGE 2

Chairman Martin asked that an overview of the proposed 2018 budget be presented to the Board of Directors at the December 21st Board Meeting.

Following thorough discussion, motion was made by Director Trent, seconded by Director Rice to recommend approval of the 2018 Budget to the full Board at the December Board Meeting. Motion was approved unanimously by those present.

Director Martin adjourned at 10:24 a.m.

Billy E. "Eddie" Martin
Planning and Review Committee Chairman

2018 PROPOSED BUDGET	The meeting was turned back over to Director Martin, who made a motion on behalf of the Planning and Review Committee to accept the budget as presented. Motion was seconded by Director Trent and unanimously agreed to approve the proposed 2018 budget as presented.
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OPERATIONS REPORT	Kyle Clevenger, Manager of Operations gave the Operations Report. He reported on the following:
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EMPLOYEE/LOST TIME ACCIDENT	There were no lost time accidents to report this month.
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SAFETY REPORT	The following safety meetings were held during November:
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November 9 – Robert Brown, Geographical Information System Technician, turned the meeting over to Cheyenne Holbrook who led the employees in the Pledge of Allegiance. Julie Lewis presented a video of the Honor Flight and a breakfast was served to honor our Veterans. Kendall Bush, KAEC safety personnel, discussed "Being Your Brother's Keeper, Safety is Not About You It's About Everybody" and "Reach, Extend Reach, and Add Two Feet". Kendall will be retiring January 2018. Bradley Cherry went over our insurance and the annual enrollment. Certificates were presented to Brian Poling and Scott Speaks for attendance at the EKPC/Member System Engineering, Operations & Reliability Conference. Becca Bender and Sherry

**SAFETY REPORT
(CONTINUED)**

Conley has successfully completed the Service Excellence Part 4 Courses. President Fraley requested everyone to wear their safety gear and to be careful.

November 13 – Sherry Buckler, Manager of Accounting and Human Resources, read an article on Protecting Workers from Cold Stress. Common types of cold stress, hypothermia, frostbite, trench food, risk factors and how to protect yourself and others and what to do when a worker suffers from cold stress. Kyle Clevenger stated it was damp and cold and to watch out for each other, most of all slips, trips, and falls.

November 20 – Kim Bush, Manager of Marketing & Member Services, turned over meeting to Julie Lewis who showed a video on Thanksgiving Safety. Kyle Clevenger went over Safety Investigations on Carol Ann Fraley and Peggy Wells. The safety committee met and found no safety violations. Kyle asked everyone to watch out for slips, trips and falls.

November 27 – Bradley Cherry, Manager of Finance & Accounting, turned the meeting over to Ann Altieri with Energy Insurance agency. She went over changes to the accident plan and lump sums for critical illness and met with employees to go over any changes that they needed to make. Carol Ann Fraley requested to meet with Union members and staff after the meeting

Mr. Clevenger continues to mention the necessity of ground chains and that a line is not dead until it is grounded.

KAEC SAFETY MEETING

Kyle Clevenger and Nancy Madden attended KAEC's safety meeting in Lexington the first week in December. The PSC has requested that we report if a house fire was caused by electric. If someone hits a pole and goes to the hospital, this also is to be reported.

Federated reported that not wearing gloves and sleeves was the number one cause of accidents.

President Fraley also attended KAEC's safety meeting and they are going to start sharing accident reports statewide. Chris Perry will give a report to the Board every month. Kentucky's incident rate is 50% compared to Federated Insurance's national average of 11% on slips, trips and falls.

FEDERATED INSPECTION

Dave Erwin from Federated was here last week and spent the day in the field checking on crews. He reported to President Fraley that crews and their procedures looked very good.

JAMEY WITHROW

The doctor has taken Jamey Withrow off duty, due to his shoulder which continues to give him problems when he is working.

JURY DUTY

President Fraley wrote a letter to Greenup and Carter County Court Clerks, due to excessive jury duty among the Cooperative's employees. Over 24 employees have been called in Carter County over the past three years. This indicates the lack of random selection. The cost is \$141 in wages for a first class lineman to attend jury duty for ½ day.

CONSTRUCTION

Construction built one hundred thirty-seven (137) new work orders for the month of November and worked zero (0) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked three hundred eight (308) hours of overtime during the month of November; work order overtime hours was one hundred twenty-eight (128). Engineers worked zero (0) overtime hours.

DELINQUENT NOTICES

There were 147 delinquents for December. Sixty-three (63) cards were issued to be disconnected and ten (10) accounts were disconnected by remote meter on December 7th for cycle 1. Fifty-three (53) cards were issued to be disconnected and twenty-one (21) accounts were disconnected by remote meter on December 18th for cycle 2. Field personnel disconnected a total of 20 meters and a total of 7 meters were reconnected by field personnel and remote.

CONTRACT CREWS

We have two (2) Pike crews working.

Tony Seagraves – ST RT 173, Rowan County and moved to ST RT 201 in Lawrence County

Bob Marrow – Lost Creek Road in Greenup County

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 714 trees, cut 802 trees, and cut 23,410 feet of brush/line and sprayed 76 spans of line The crews are working in the following areas:

2 cutting crews in Carter, Lewis and Greenup Counties

2 cutting crews in Rowan and Elliott Counties

1 bucket truck crew in Carter, Lewis and Greenup Counties

1 bucket truck crew in Rowan County

1 bucket truck crew in Elliott County

1 tractor crew in Greenup County

2 spray crews in Carter County

The Smith Tree Service has a circuit crew at Corral Park in Carter County.

ENGINEERING REPORT

The Engineering Department released seventy-five (75) prints consisting of 1,272 feet of primary line and 1,482 feet of service wire. They currently have two (2) new services to be staked, two (2) to be drawn and eight (8) miscellaneous jobs to be staked or drawn.

**MANAGER OF MARKETING
& MEMBER SERVICES**

Kim Bush, Manager of Marketing and Member Services, gave her report on:

LIHEAP

In November and December we received \$94,082 from LIHEAP, compared to last year's \$94,935.

PREPAY

In January delinquents that are within ten days of disconnections, including PrePay's, can file for assistance with their utility bill. They could receive from \$200 (at a time) up to \$400. Consumers only get the disconnect amount.

PrePay continues to grow and we currently have 698. The average payment is \$38.86 and the average credit was \$46 in the last 30 days. In the last 30 days we have taken 3,291 payments.

DEBT MANAGEMENT

Out of 749 accounts we have 49 in debt management. Fifteen are under \$100.

PROMOTIONS

We currently do not have any promotions on energy efficiency at this time. East Kentucky Power wants us to advertise solar.

AUDITS

Energy audits reported by Tina Preece were:

14 Energy Audits, 1 Heat Pump, 1 Button-Up, 1 Billing Insight, 1 Touchstone Energy Home, 1 CARES, 1 Commercial Lighting Complete and 1 Energy Star Heat Pump.

SOLAR

One person inquired about solar this month, but no new sales on the solar farm panels.

NET METERING

We have 5 Net Metering Accounts and one inquiry this month.

BOOK SPONSORSHIP

We have been asked to help sponsor the book, "The Little People's Guide to the Big World". The book is about bullying, drugs, exercise, guns, being different and many other issues facing children today. The books would be given to first graders in 3 Carter County schools (Carter City, Olive Hill and Tygart Creek; 160 books), all 3 of Elliott County elementary schools; 150 books, 1 Greenup County school (Argillite; 57 books), 1 Lawrence County school (Blaine; 30 books), and Carter Christian Academy. The contract is for two years (2018-2019) and the cost is \$800 a year. We can cost share (25%-50%) with East Kentucky Power.

Motion was made to sponsor the book program by Director Trent, seconded by Director Bentley and unanimously agreed upon.

APPROVAL OF NEW
MEMBERSHIPS &
RETIREMENT OF
EXISTING MEMBERSHIPS

Motion was made by Director Rice, seconded by Director Bentley and unanimously agreed to approve eighty-five (85) new memberships and retirement of eighty-three (83) existing memberships for November 2017.

BAD DEBT WRITE-OFFS

Motion was made by Director Trent, seconded by Director Whitt and unanimously agreed to charge off \$3,514 worth of bad debts and turn them over for collection.

APPROVAL OF CEO'S,
DIRECTOR'S & ATTORNEY
BUSINESS EXPENSES

Motion was made by Director Bentley, seconded by Director Trent and unanimously agreed to approve the President's business expense of \$523.21, Director's business expenses of \$23,191.31 and Attorney's business expense of \$.00.

PRESIDENT'S REPORT

President Fraley reported on the following:

This fall she has:

Completed wage and salary review.

Finalized union contract.

Finalized 2018 budget.

Filed for our metering contract.

She expects to:

File for a possible rate increase in 2018, if necessary.

Start planning for a new four year work plan.

Bid a construction work plan based on the next work plan.

Make a decision if a new Right-of-Way bid if necessary.

PRESIDENT'S REPORT
(CONTINUED)

Motion was made by Director Martin, seconded by Director Whitt to give 1.5% increase directly to the right-of-way men. No raise was asked for by the company. Motion carried unanimously.

Motion was made to table the discussion on bidding a new Right of Way Contract until more information was available by Director Martin and seconded by Director Trent. Motion carried.

If no one files for a director seats in Carter, Elliott or Rowan Counties by January 15, 2018, there will not be an election for these seats in 2018.

NRECA GOLD DIRECTOR
CERTIFICATION

Roger Trent received his Director Gold Certificate and lapel pin from NRECA.

TOUCHSTONE ENERGY

We received a request from Doug Miller who wants to be on the Touchstone Energy Board.

LEGAL COUNSEL'S REPORT

Legal Counsel Scott reported on the following:

[REDACTED]

[REDACTED], a consumer who owns property on Carter Caves Road, his lawyer, Federated Attorney Park Priest and Smith Management Group are meeting tomorrow, December 22, 2017 at Carter Caves State Park Lodge with Kyle Clevenger and Chris Mosier at 9:00 a.m. Park and Smith Management will go on out to the site. Discussion is ongoing about whether a permit is required. It is 1,200' from the road back to the site.

RIGHT-OF-WAY EASEMENTS

Last month the Board voted to record Right of Way Easements. We plan to start as soon as possible.

Chairman Dupuy asked for quarterly reports on right-of-way easements recordings.

KAEC DIRECTOR'S REPORT

Director Whitt reported he attended KAEC's Board Meeting this past Tuesday. He reported the following:

Revenue compared to last year was a million dollars less.

KY Living Magazine Advertising Revenue was slightly up, \$28,000.

KAEC has to be out of the building by January 8, 2018. Future monthly board meetings will be held at the hotel.

Mr. Whitt reported on Wage and Salary changes.

The Legislative Meeting will be held at Buffalo Trace on January 31 from 6:30 p.m. – 8:30 p.m.

EKPC DIRECTOR'S REPORT

Director Arrington attended the December EKPC Board Meeting and reported the following:

EKPC is considering consolidating with Old Dominican (ODEC) in Marilyn, VA.

**EKPC DIRECTOR'S REPORT
(CONTINUED)**

Scott Madden provided a comparison for EKPC's Board. EKP and ODEC are similar in many areas. Execution-wise, the companies are very different. Some of the comparisons are:

	EAST KY POWER	ODEC
Member System	16	11
Number of Employees	696	104
Customer Population	1.1 million	1.4 million
Electric Transmission Miles	2,847	110
Total Megawatts	2,429	2,074
Electric Sales	12.9 mgw	12.7 mgw
Total Assets	\$3.7 billion	\$2.1 billion
Total Reserve	\$8.87 million	\$8.79 million
Equity Ratio	15.5	19.2
State of Operations	KY and PJM	VA, MD, DE and PJM

THANK YOU NOTES

We received a thank you note from the Raceland Rams for GRECC's sponsorship.

DONATIONS

President Fraley presented to the Board for their consideration the following donation request:

Raccoon Baptist Church – clothing pantry	\$100
Rowan Co. Quilters – honor Nat'l Quilters Day Out	\$100
Pathways to Bright Futures Foundation – substance abuse prevention	\$100
The Elliott County Christian Community Center – Christmas food asst.	\$100

Motion was made by Director Whitt, seconded by Director Trent and unanimously agreed to approve the donation as presented.

PATTY PORTER

We received a call from Patty Porter, a single mother who's daughter Bethany will graduate this year from the RN program. She expressed her thanks and how much our scholarship meant to her daughter.

MEETING ATTENDANCE

Directors Trent, Dupuy, Whitt and Bentley along with President Fraley and some of her staff will be attending the NRECA National Meeting and Tech Advantage Expo in Nashville, TN on February 25-28, 2018.

2018 UNION CONTRACT

The signing of a new Union Contract dated January 1, 2018 thru December 31, 2023 was signed by President and CEO Carol Hall Fraley, Chairman Harold Dupuy, Vice Chairman Jim Bentley, Secretary – Treasurer Eddie Martin, Local Union Agent, James 'Jimmy' Gillette, and GRECC Union Officers, President Roger Kitchen, Vice President Herbie Steagall, Secretary Willis Barker.

BOARD MEETING DATE

The next board meeting is schedule on Friday, January 26, 2018.

ADDITIONAL BUSINESS

Directors Bentley, Rice and Trent informed the Board they would seek the Board seats in 2018 and filed necessary paper work stating so.

ADJOURN

Chairman Dupuy adjourned the meeting at 12:04 p.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On January 26, 2018 at 9:09 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Dupuy called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION

Director Whitt gave the invocation.

Chairman Dupuy stated we came through the cold weather good with a minimum of outages. President Fraley said we had one outage on Bays Ridge when a dead tree fell. One three phase pole and a single phase pole were broken a few days before board meeting due to off right of way trees falling.

APPROVAL OF MINUTES

Motion was made by Director Martin, seconded by Director Trent and unanimously agreed to approve the minutes from the December Board Meeting for informational purposes only.

MANAGER OF
TECHNICAL SERVICES

Brian Poling, Manager of Technical Services reported on the following:

AMI/PSC

GRECC could have made a request for a hearing or a decision on our AMI project to the PSC on January 3rd. Legal Counsel Scott sent a letter in regard to the project around January 10, 2018.

DAVEY'S INC

Davey Inc. personnel have finished all work in the field for the mapping project. We continue to get the data ready to go on line by substation. Newfoundland is in the process of being finalized and Airport Road Substation will be next. Brian Poling and Robert Brown showed a power point presentation utilizing data already entered and verified.

GIS / SUBSTATIONS

GIS findings were (does not include Sandy Hook or Mazie Substations):

- 11,209 active consumers
- 25,926 poles with 9 poles from the 1940's, 251 poles from the 1950's and 299 poles from the 1960's
- Poles by County:
 - Carter 3,202
 - Elliott 1,813
 - Greenup 2,476
 - Lawrence 3
 - Lewis 157
 - Rowan 828
- 1,366.51 miles primary lines
 - 99.7% overhead lines
 - 3% underground lines
- 255.28 miles secondary lines
 - 87.6% overhead lines
 - 12.4% underground lines
- 3,629 security lights
 - 11.2% LED
- Graph of miles of primary line (Newfoundland, Sandy Hook or Mazie Substations)
- Graph of consumers per substation (Newfoundland, Sandy Hook or Mazie Substations)

GIS / SUBSTATIONS
(CONTINUED)

- Example of unknown birth year was shown. We have several poles like that.
- Poles by decade 1940's – 2010's and unknown

METER READING PROGRAM

Data on the pole includes everything from the ground up. Once the information is analyzed, we will be coming to the Board to determine the next step. At this point, President Fraley announced that the meter reading program will be suspended following the completion of the Argentum Substation in February.

POLE TESTING

Due to the high number of poles without birthdates on them, staff will begin to look at several pole testing options. We are meeting with Mike Norman in February to ask for his recommendations. Osmose came to discuss their pole testing program and there are several other vendors available. We want to see how this will fit into the next work plan and what can be paid for out of work plan money. We have decided to start using pole top covers that cost \$15 each and extends the life of the pole by several years.

CARRY MAP

"Carry Map" has been installed on all linemen's phones and servicemen's iPads. Search can be made using this technology by map number, name, address, meter number, structure number or member's telephone number.

The first year of a pole testing program would be spent spot checking poles in clusters of 50 to 100 poles, up to a total of 1,000. Areas will be randomly selected. We hope to start the spot checking process this year

SUBSTATIONS / METER
READING

President Fraley reported that, after reading Argentum next week we will have read over 15,368 meters. We have reclassified over 289 accounts, created and corrected 823 service orders, and construction has completed 668 retirements.

We discovered safety issues such as low clearances, lines on the ground or not in conduit, not properly buried, member issues such as satellites dishes, bird houses, dog lines, flag poles, night lights, clothes lines, to name a few, and hazardous conditions. Idle services were removed, 686 retirements were completed, oil wells were identified and services belonging to oil companies were required to be corrected, and we mapped and tagged transformers.

MANAGER OF FINANCE
AND ACCOUNTING

Bradley Cherry, Manager of Finance & Accounting, presented the Financial and Statistical Report for November 2017. He reported on the following:

FINANCIAL & STATISTICAL
REPORT FOR NOVEMBER
2017

Kilowatt hour sales for the month of November (11/1-30) were 6.91% less than budgeted. Purchases for the time period of (11/1-30) were .28% over budget. Line loss for the last twelve months was 9.26% and the month line loss of 3.8 was very, very good for this year. Year to date margins were (\$2,470,884) compared to the projected budgeted amount of (\$869,202).

Purchases and sales are down.

FUEL ADJUSTMENT

The fuel adjustment for the month was (0.002959).

T.I.E.R

The monthly T.I.E.R. was .179 and the rolling twelve month O.T.I.E.R was (1.19). The actual T.I.E.R. is .764 on a normal billing cycle.

ESC

The Environmental Surcharge was 11.94%.

DEGREE DAYS

There were 527 heating degree days and 3 cooling degree days. We had 71 more degree days this year than last year.

The projected margins of two million dollars was less than expected due to 1.8 million dollars loss of revenue in the billing change and how we recorded it.

COST OF SERVICE STUDY

In changing the billing cycle, we lost 20 days, approximately 1.8 million dollars. If we normalized data and added back in the 20 days lost our actual T.I.E.R. would have been .764. We will look at it again with November data. We will need to consider a cost of service study next month. Bradley will talk to Alan Zumstein on how the billing changeover will affect us.

The cost of service study will tell us exactly what each classification is paying and how much margin they generate.

OFF SYSTEM SALES AT EKPC

South Kentucky has requested approval for 50 megawatts of off system power purchases. This will, in effect, take the balance of the off system purchases allowed by EKPC. Salt River has also filed for off system purchases. These would probably exceed the allowable amount available from EKPC. Other Coops would have to wait for EKPC to grow and increase the allowance or wait until a contract for off system power purchases was up. Most contracts have been for at least 20 years. A lengthy discussion regarding this issue was held.

**APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR NOVEMBER 2017**

Motion was made by Director Whitt, seconded by Director Rice and unanimously agreed to approve the Financial and Statistical report for November 2017 as presented, for informational purposes only.

FEDERATED INSURANCE

Tony Hermesch with Federated Insurance talked to President Fraley about insurance premiums. There is a \$48 reduction for the year on our liability insurance. Coverage remains the same for directors, umbrella, all risk, and other coverage. Insured amounts are: all risk coverage under \$6 million; general liability under \$2 million; directors \$7 million; and umbrella \$4 million.

**LEGAL COUNSELS JEFFREY
SCOTT AND PARK PRIEST**

Legal Counsel Scott has been talking to Park Priest, Federated Insurance's Legal Counsel regarding the [REDACTED] claim. He believes he should bill for the time he spends on this case, because he does not represent Federated. The Board left that decision up to him.

Motion was made to accept Federated Insurance's proposal as submitted by Director Bentley, seconded by Director Rice and unanimously agreed upon.

COBANK

CoBank ask for re-statement of our loan and revolving credit and approval to keep rates as they are and keep the \$2 million credit limit the same.

Following thorough discussion, motion was made by Director Whitt to adopt the CoBank re-statement and loan as presented, seconded by Director Trent and unanimously agreed upon.

DIRECTOR'S ELECTIONS

We will not have GRECC director's elections for 2018 or 2019.

MANAGER OF MARKETING

Kim Bush, Manager of Marketing and Member Services, reported on the

AND MEMBER SERVICES

following:

DIRECTORS ELECTION

Approximately \$1,000 to be paid for business reply mail. We keep this so we can use the same one from year to year.

ANNUAL MEETING

The 2017 annual meeting budget was \$56,000. This year the budget is \$48,000. A breakdown of the 2018 annual meeting budget is:

Director Election Expense	2018 Budget
Permit & A/C fees	\$1,000.00
Subtotal	\$1,000.00
Annual Meeting Expense	2018 Budget
Shirts	\$1,000.00
Rentals	\$275.00
Food	\$4,000.00
Door Prizes	\$2,500.00*
Bucket/Bulbs	\$26,000.00
Scholarship Awards/Gifts	\$12,000.00
Children's Activities	\$100.00
Miscellaneous	\$1,100.00
Subtotal	\$46,975.00
2018 BUDGET TOTAL	\$47,975.00

*Billing provider, SEDC, donated \$250.

Tentative date for the GRECC Annual Meeting is Thursday, May 10, 2018.

LIHEAP

The 2017/2018 LIHEAP payments were:

\$178,492.26 November 2017 – January 2018 compared to \$192,136.92 the previous year. We received eight (8) Winter Harship Reconnects and four (4) 30-day extensions through LIHEAP.

PREPAY

We have 679 active prepay accounts with 11 inactive accounts. The average balance on accounts is \$44.69 credit. The average kWh usage is 70 a day and the average payment is \$46.80. Total number of payments in 30 days is 4,298 for a total of \$201,150.90.

Prepay has to be within four days of disconnection to get help from NEKADC in the amount of \$400 (two \$200's) and Gateway in the amounts of \$205 or \$105. You cannot get a winterhardship reconnect on prepay.

DEBT MANAGEMENT

We have 41 active accounts with debt management.

Total amount in Debt Management - \$9,961.68

6% of active PrePay accounts have Debt Management

Under \$100 – 15	\$100-\$199 – 9	\$200-\$299 – 8
\$300-\$399 – 6	\$400-\$499 – 1	over \$500 – 2

We may come up with an email payment. We may push for eBills.

ENERGY EFFICIENCY

The energy efficiency for the month consisted of:

Energy Audits – 12 Heap Pump – 1 HVAC Duct Seal – 1 Button-Up – 1
Billing Insights – 1

SOLAR

Cooperataive Solar inquires – 1 Coopeative Solar sales – 33
Net Metering Account – 5

██████████ in Greenup County purchased 50 solar panels.

APPLIANCE REBATES

Consumers received the following Energy Star Appliace Rebates:

clothes washer – 2 dishwasher – 2 refrigerator – 4 heat pump – 1

ANNOUNCEMENTS

Scholarship applications are due February 9, 2018
Frankfort Youth Tour applications are due February 21, 2018
Frankfort Youth Tour is scheduled for March 27, 2018

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations gave the Operations Report. He reported on the following:

EMPLOYEE/LOST TIME ACCIDENT

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during December 2017:

December 6 – Kyle Clevenger, Manager of Operations, turned the meeting over to Robert Thornton for the monthly KAEC safety meeting. The topic was “Working in the Winter”; driving, keeping essential supplies for the vehicle and passenger and how to prepare for white ice and black ice. Steve Calvert with Colonial was also present to discuss insurance policies with employees. Kyle said gloves were to be tested.

December 13 – Carol Ann Fraley, President and CEO, was in charge of the meeting, honoring the Right of Way and Contractor crews with a hot breakfast.

December 18 – Mike Martin, Assistant Manager of Operations, read two articles from Incident Prevention, “A Can of Soup”, detailing how employees approach and perform every task with the safest attitude during their workday knowing their company leadership supports them in using safe work practices; and “Defensive Driving”, employees focusing and reducing distractions, so to keep ourselves and others safe. Kyle requested that everyone watch over each other and most of all watch for slips, trips, and falls.

December 27 – Andrea McCleese, Technical Service Supervisor, read from the Safety Manual, Section 506.1 and 506.2, Hand Tools. Kyle Clevenger went over Jamey Withrow’s safety investigation. The safety committee found no safety violations. He advised him to use battery operated tools to relieve stress on his shoulders to aid in wear and tear prevention. Kyle reminded everyone to watch out for slips, trips and falls.

SAFETY REPORT

Kyle continues to mention the necessity and importance of hard hats, rubber

(CONTINUED)

gloves and the importance of using ground chains. A line is not dead until it is grounded.

CONSTRUCTION

Construction built one hundred ten (110) new work orders for the month of December 2017 and worked zero (0) hour of overtime. There was 23 services added and 17 retired.

OVERTIME HOURS

The Maintenance Department worked three hundred eighteen (318) hours of overtime during the month of December and Engineering worked zero (0) overtime hours. Maintenance worked thirty-two (32) work order overtime hours.

DELINQUENT NOTICES

There were one hundred twenty-six (126) delinquents for January. Sixty-four (64) cards were issued to be disconnected and twelve (12) accounts were disconnected by remote meter on January 10th for cycle 1. Forty-two (42) cards were issued to be disconnected and eight (8) accounts were disconnected by remote meter on January 18th for cycle 2. Field personnel disconnected a total of twenty-three (23) meters and a total of nine (9) meters were reconnected by field personnel and remote.

CONTRACT CREWS

There are two (2) Pike crews working in the following areas:

Tony Seagraves – ST RT 173, Rowan County (completed and inspected);
moved to ST RT 201, Lawrence County

Bob Marrow – Lost Creek Road, Greenup County (completed and inspected)

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 948 trees, cut 995 trees, cut 51,490 feet of brush/line and sprayed 32 spans of line. The crews are working in the following areas:

- 2 cutting crews in Carter, Lewis and Greenup Counties
- 2 cutting crews in Rowan and Elliott Counties
- 1 bucket truck crew in Carter, Lewis and Greenup Counties
- 1 bucket truck crew in Rowan County
- 1 bucket truck crew in Elliott County
- 1 tractor crew in Greenup County
- 2 spray crews in Carter County

1 Smith Tree Service circuit crew on ST RT 755, Elliott County

ENGINEERING REPORT

The Engineering Department released one hundred thirty-one (131) prints consisting of 105,486 feet of primary line and 1,774 feet of service wire. They currently have two (2) new service to be staked, one (1) to be drawn and nine (9) miscellaneous jobs to be staked or drawn.

Director Bentley said [REDACTED] talked to him about moving a line(s) for [REDACTED] without charge. [REDACTED] said he has a document stating when he pulls clay out that there would be no charge and he will be needing a line or lines moved. President Fraley said he has talked to Scott Speaks about a flood light, but did not mention a service. He can bring in his document and she will look at it.

BLUEGRASS ENERGY	Bluegrass Energy cannot get any contractors to work. Not enough people wanting to work.
FEDERATED INSURANCE	David Ervin, Safety and Loss Prevention Consultant for Federated Insurance visited Kyle Clevenger in December and did a safety and loss prevention assessment of our operations. The review states that Grayson has established programs for safety and loss prevention and these programs address issues that are of concern to Federated Rural Electric Insurance Exchange.
NO LOSS TIME ACCIDENTS	The year 2017 brought no loss time accidents, so the board policy states that employees will be paid for one day's pay.
APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS	Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve sixty-eight (68) new memberships and retirement of one hundred four (104) existing memberships for January 2018.
BAD DEBT WRITE-OFFS	Motion was made by Director Martin, seconded by Director Trent and unanimously agreed to charge off \$3,338.65 worth of bad debts and turned over for collection.
APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY BUSINESS EXPENSES	Motion was made by Director Martin, seconded by Director Trent and unanimously agreed to approve the President's business expense of \$150.04, Director's business expenses of \$20,279.09 and Attorney's business expense of \$1,112.23.
PRESIDENT'S REPORT	President Fraley reported on the following:
TONY BREWER	Anthony 'Tony' Brewer has achieved first class lineman status.
MAPPING PROGRAM	Mapping is finished on the Newfoundland Substations and they expect to be finished soon with Sandy Hook and Mazie Substations data entry.
WINDSTREAM	Windstream had not been returning calls on their invoice due GRECC. President Fraley told Mr. Lovell she expected the Board to ask our attorney to help plan a systematic removal of their attachments from our poles. Mr. Lovell promised a reply before 4 p.m. that evening. He called at 4:05 p.m. to say the check was in the process of being sent to us.
GRECC FRONT PORCH	The GRECC front porch is becoming a hazardous situation and has to be fixed. Mike Kitchen and others have been contacted for bids.
IRS MILEAGE RATE CHANGE	On December 14, 2017 the IRS issued the new standard mileage rates for the use of a car, van, pickup or panel truck effective January 1, 2018. The rate will go up from 53 cents to 54.5 cents per mile. Motion was made to accept the IRS new standard mileage rate increase for travel from 53 cents to 54.5 cents per mile by Director Bentley, seconded by Director Trent and unanimously agreed upon.
[REDACTED]	President Fraley told the Board she has an address for [REDACTED], should they want to pursue that matter.

W A KENDALL

The W. A. Kendall men thanked the Board for the one percent wage increase they received.

SOUTH KY CEO

Dennis Holt was named the new South Kentucky RECC's CEO.

ANN WOOD

Ann Wood Bridges has returned to work at EKPC. EKP hired Ann to work with Barry Mayfield who will be mentoring her for his position when he retires.

LEGAL COUNSEL'S REPORT

Legal Counsel Scott reported on the following:

Looked over documents with CoBank. An opinion of counsel was mentioned, but was not needed per Bradley Cherry.

Talked to Legal Counsel Park Priest about the potential [REDACTED] law suit.

Legal Counsel's three year contract for employment expired December 31, 2016. He emailed Directors Martin and Dupuy and President and CEO Carol Ann Fraley a copy of the existing contract and the new proposed contract.

KAEC DIRECTOR'S
REPORT

There wasn't a KAEC Board Meeting this month.

Director Arrington reported a lot of directors from several different coops attended the KAEC – CFC Financial Workshop held at East Marriott in Louisville. There was a lot of discussion concerning strategic issues.

EKPC DIRECTOR'S REPORT

Director Arrington reported there was no meeting this month, but EKPC Directors attended the CFC Financial Workshop.

THANK YOU NOTES

GRECC received thank you notes from Rowan County Christmas, Lewis County Educational Foundation, Elliott County Christian Community Center, Elliott County Relay for Life, Kentucky Christian University, Grahn School Community Center and Pathways.

DONATIONS

President Fraley presented to the Board for their consideration the following donation requests:

Rowan County High School – prom night	\$50
and other future high school prom night request	
Greenup Fire Fighters Association	\$100
Greenup County High School Varsity Cheerleaders	\$100
Friends of the Carter County Public Library	\$100
Carter County Wolfpack Baseball 2018	\$150
East Carter High School Archery Team	\$100
Carter City Elementary School –hosting District Governor's Cup	\$200
Elliott County Baseball	\$250
	\$1,050

Motion was made by Director Martin, seconded by Director Bentley and unanimously agreed to approve the donations as presented.

CFC'S DELEGATES FOR
2018 ANNUAL MEETING

Director Whitt will serve as the voting delegate to CFC's National Meeting in February and Director Bentley will serve as the alternate delegate.

HOUSE BILL 227

President Fraley reported KAEC and all the Co-ops are backing House Bill 227.

MEETING ATTENDANCE

Those attending upcoming meetings are:

Director Whitt, Legislative Reception & KAEC Open House, January 31, 2018, Frankfort, KY

GRECC BYLAWS

Revisions pertaining to the GRECC Bylaws on Director's elections has been tabled indefinitely.

NO CONFLICT OF
INTEREST STATEMENT

The No Conflict of Interest Statements were passed out to all Directors to be signed and witnessed.

BOARD MEETING DATE

The next board meeting will be held on Friday, February 23, 2018.

ADDITIONAL BUSINESS

Other business discussed was:

PRESIDENT AND CEO
APPRAISAL

Appraisal of the President and CEO was presented to the Board. Legal Counsel Scott suggested mailing an evaluation to the Directors prior to the February Board Meeting

EXECUTIVE SESSION

Motion was made by Director Rice to go into executive session at 12:25 p.m. and motion was made by Director Martin to come out of executive session 12:45 p.m.

W JEFFREY SCOTT,
LEGAL COUNSEL

Motion was made to table Legal Counsel Scott's contract until February 26, 2018's Board Meeting.

ADJOURN

Director Bentley made a motion to adjourn the meeting at 12:46 p.m. Motion carried.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

Minutes of the Executive Session of the January 26, 2018 GRECC Board Meeting

On January 26, 2018 Grayson Rural Electric Cooperative Corporation held an executive session during its regular board meeting.

EXECUTIVE SESSION

Director Rice asked to go into Executive Session at 12:25 p.m.

The meeting was in regards to Legal Counsel Scott's three year contract that was presented at today's board meeting.

Director Martin called to come out of Executive Session at 12:45 p.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On February 23, 2018 at 9:06 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Dupuy called the meeting to order pursuant to the Waiver of Notice signed by the Directors present. William T. Rice was absent. Others present included: Carol Hall Fraley, President and CEO; Brandon Music, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Whitt gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve the minutes from the January 2018 Board Meeting.
MANAGER OF TECHNICAL SERVICES	Brian Poling, Manager of Technical Services gave his report as follows:
AMI / PSC	AMI Application to PSC update: nothing new. Still waiting on the PSC.
METER TESTING FACILITY	Brian and Steve Bush will be touring Luthan Electric Meter Testing in Owensboro the first week of March to review their disposal process. GRECC will be doing a system-wide meter upgrade. They hold them of six months and the cost is approximate \$35,000.
GPS MAP DATA	<p>All GPS map data has been entered for all substations. Now the workload shifts to Robert to ensure they are accurately kept up-to-date and all system changes are documented. Currently accounting has expenses through December 2017 that total just over \$600,000 and our Work Plan budget is \$800,930, so we are currently \$200,000 under budget getting it finished.</p> <p>Original estimation was 38,000 poles and the total was 35,461 poles. We estimated over 2,400 miles of line and we show 1,836.51 primary miles.</p>
ROBERT BROWN – MIP	Robert Brown has been at MIP training in Madison, Wisconsin. He has one more two-week trip beginning April 29 th .
MIKE NORMAN – RUS FIELD REPRESENTATIVE	Mike Norman, RUS Field Representative was here on February 7 th and answered questions concerning our proposed upcoming meter technology change as well as our next work plan. His review of the status of the current work plan indicated we have enough money to last an additional year as well as to pay for the meter upgrade. He said, as of now, we should have a new Construction Work Plan ready to submit to RUS in January of 2020.
RUS FORM 300	A new Form 300, survey of our system, done every four years was completed by Mr. Norman. It is a review of our system facilities, operating and maintenance procedures, engineering procedures and O&M Budgets. All the ratings remained the same as the previous survey with one exception. Our “Maps and Plant Records” reached a Satisfactory rating or “3” which is the highest available, due to our new mapping program. He suggested a 4-year cutting cycle of the right-of-way; keeping current on telephone pole transfers/retiring old pole; and reconciliation of idle services with billing system.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0025. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE REVIEW RATING SUMMARY		BORROWER DESIGNATION KY 61 DATE PREPARED February 7, 2018																																											
Ratings on form are: 0: Unsatisfactory – No Records 2: Acceptable, but Should be Improved – See Attached Recommendations NA: Not Applicable 1: Corrective Action Needed 3: Satisfactory – No Additional Action Required at this Time																																													
PART I. TRANSMISSION and DISTRIBUTION FACILITIES																																													
1. Substations (Transmission and Distribution) a. Safety, Clearance, Code Compliance b. Physical Conditions: Structure, Major Equipment, Appearance c. Inspection Records - Each Substation d. Oil Spill Prevention 2. Transmission Lines a. Right-of-Way: Clearing, Erosion, Appearance, Intrusions b. Physical Condition: Structure, Conductor, Guying c. Inspection Program and Records 3. Distribution Lines - Overhead a. Inspection Program and Records b. Compliance with Safety Codes: Clearances Foreign Structures Attachments c. Observed Physical Condition from Field Checking: Right-of-Way Other		4. Distribution - Underground Cable a. Grounding and Corrosion Control b. Surface Grading, Appearance c. Riser Pole: Hazards, Guying, Condition 5. Distribution Line Equipment: Conditions and Records a. Voltage Regulators b. Sectionalizing Equipment c. Distribution Transformers d. Pad Mounted Equipment Safety: Locking, Dead Front, Barriers Appearance: Settlement, Condition Other e. Kilowatt-hour and Demand Meter Reading and Testing																																											
PART II. OPERATIONS and MAINTENANCE																																													
6. Line Maintenance and Work Order Procedures a. Work Planning & Scheduling b. Work Backlogs: Right-of-Way Maintenance Poles Retirement of Idle Services Other 7. Service Interruptions a. Average Annual Minutes/Consumer by Cause (Complete for each of the previous 5 years)		8. Power Quality a. General Freedom from Complaints 9. Loading and Load Balance a. Distribution Transformer Loading b. Load Control Apparatus c. Substation and Feeder Loading																																											
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>PREVIOUS 5 YEARS (Year)</th> <th>POWER SUPPLIER a.</th> <th>MAJOR STORM b.</th> <th>SCHEDULED c.</th> <th>ALL OTHER d.</th> <th>TOTAL e.</th> <th>(Rating)</th> </tr> </thead> <tbody> <tr> <td>2012</td> <td></td> <td>914.5</td> <td>27.7</td> <td>323.9</td> <td>1,266.1</td> <td>2</td> </tr> <tr> <td>2013</td> <td>1.2</td> <td>56.0</td> <td>35.0</td> <td>232.6</td> <td>324.8</td> <td>2</td> </tr> <tr> <td>2014</td> <td>0.3</td> <td>2,166.6</td> <td>27.9</td> <td>315.5</td> <td>2,510.3</td> <td>2</td> </tr> <tr> <td>2015</td> <td></td> <td>1,218.3</td> <td>49.4</td> <td>374.3</td> <td>1,642.0</td> <td>2</td> </tr> <tr> <td>2016</td> <td>3.7</td> <td>234.1</td> <td>40.7</td> <td>395.8</td> <td>674.3</td> <td>2</td> </tr> </tbody> </table>		PREVIOUS 5 YEARS (Year)	POWER SUPPLIER a.	MAJOR STORM b.	SCHEDULED c.	ALL OTHER d.	TOTAL e.	(Rating)	2012		914.5	27.7	323.9	1,266.1	2	2013	1.2	56.0	35.0	232.6	324.8	2	2014	0.3	2,166.6	27.9	315.5	2,510.3	2	2015		1,218.3	49.4	374.3	1,642.0	2	2016	3.7	234.1	40.7	395.8	674.3	2	10. Maps and Plant Records a. Operating Maps: Accurate and Up-to-Date b. Circuit Diagrams c. Staking Sheets	
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b. Emergency Restoration Plan																																													
PART III. ENGINEERING																																													
11. System Load Conditions and Losses a. Annual System Losses 6.4% b. Annual Load Factor 54.3% c. Power Factor at Monthly Peak 95.4% d. Ratios of Individual Substation Annual Peak kW to kVA 12. Voltage Conditions a. Voltage Surveys b. Substation Transformer Output Voltage Spread		13. Load Studies and Planning a. Long Range Engineering Plan b. Construction Work Plan c. Sectionalizing Study d. Load Data for Engineering Studies e. Load Forecasting Data																																											

RUS FORM 300
(CONTINUED)

PART IV. OPERATION AND MAINTENANCE BUDGETS						
YEAR	For Previous 2 Years		For Present Year	For Future 3 Years		
	2015 Actual \$ Thousands	2016 Actual \$ Thousands	2017 Budget \$ Thousands	2018 Budget \$ Thousands	2019 Budget \$ Thousands	2020 Budget \$ Thousands
Normal Operation	1,103	1,263	1,148	1,182	1,218	1,254
Normal Maintenance	3,191	3,500	3,768	3,881	3,997	4,117
Additional (Deferred) Maintenance						
Total	4,294	4,763	4,916	5,063	5,215	5,372
14. Budgeting: Adequacy of Budgets for Needed Work <u>3</u> (Rating)						
15. Date Discussed with Board of Directors <u>2/23/2018</u> (Date)						
EXPLANATORY NOTES						
ITEM NO.	COMMENTS					
3b.	Telephone poles left standing next to electric poles need to be removed. Cable TV attachments require constant monitoring and follow-up to ensure code requirements are met.					
3c.	A more aggressive tree trimming policy is recommended.					
6b.	The report of idle services should be reconciled with billing records.					
				TITLE	DATE	
RATED BY: <i>Brian Blag</i>				MANAGER OF TECHNICAL SERVICES	02/07/18	
REVIEWED BY: <i>Paul Hill</i>				PRESIDENT & CEO	02/07/18	
REVIEWED BY: <i>Mike</i>				RUS GFR	02/07/18	

OFFICE SPACE

President Fraley reported the refurbishing of the small office at the end of the second floor was completed. Scott and Joe will share this office, allowing Anita to have full desk space in the Outage Response Center.

PORCH BIDS

Due to eminent safety issues, the front porch must be replaced. The columns are rotting, the floor is slick when wet and there are low spaces just beyond the edges of the porch. Two bids were within \$500 of each other and the third bid was \$20,000 lower than the other two. One of the remaining bids was withdrawn.

The bid includes replacing down spouts and gutters, drainage in the front and the west end, removing and installing new columns, painting, removing the existing floor and replacing with fill and pouring a new 12 inch floor, filling open spaces around porch, and removing the front flower bed. The cost is \$72,500. Mike Kitchen, Chris Bond and Ralph Jordan submitted bids. This project is to be finished before May 1, 2018.

Motion was made by Director Trent to accept the bid of \$72,500 on the front porch bid, seconded by Director Bentley and unanimously agreed upon.

HALL FLOORING

President Fraley reported the floor covering in the two halls upstairs and the downstairs hall needs to be replaced. A proposal was made to use the same water proof flooring in the hallways as we used in the small office. The cost would be approximately \$3,500.

Motion was made to replace the two hall floor covering upstairs and downstairs hallways by Director Bentley, seconded by Director Trent and unanimously agreed upon.

Chairman Dupuy asked about the balance of money left in the work plan. Mr. Poling said we are trying to amend the current work plan to include new equipment for our metering program if it is approved by the PSC.

PIKE ELECTRIC

Our contractor, Pike Electric, is obligated by contract to complete all work in the current work plan. The metering program would not affect Pike Electric.

MANAGER OF FINANCE AND ACCOUNTING REPORT

Bradley Cherry, Manager of Finance and Accounting presented the Financial and Statistical Report for December 2017. Mr. Cherry reported on the following:

FINANCIAL & STATISTICAL REPORT FOR DECEMBER

Kilowatt hour sales for the month of December (12/01-12/31) were 2.84% over budget. Purchases for the time period of (12/1-12/31) were 18.49% over budget. Line loss for the last twelve months was 9.07%. Year to date margins were (\$2,048,484) compared to the budgeted amount of (\$429,926).

T.I.E.R

The monthly O.T.I.E.R is 6.06 and the rolling twelve month O.T.I.E.R was (1.09). The year to date was (1.28). If we factored back in our adjustments our O.T.I.E.R. would have been .76 for the year.

Margins were higher, T.I.E.R. was lower due to borrowing money and interest rates going up.

FUEL ADJUSTMENT

The fuel adjustment factor for the month was .003476.

LINE LOSS The line loss for the year was 7.53%, just under 3% which is really good.

DEGREE DAYS There was 910 heating degree days. December's average temperature was 35.6 degrees.

BILLS BY COUNTY We produced 15,390 bills. Bills by counties were: Carter 4,585, Elliott 3,646, Greenup 4,286, Lawrence 780, Lewis 316 and Rowan 1,777. We had fewer bills this month due to LIHEAP assistance.

RANDY MARTIN Randy Martin contacted Director Arrington about some transformers he would like to give the Cooperative. Unfortunately, we were unable to use any of them, due to size and configuration. President Fraley thanked him, sent him a card and gave him the name and phone number of a contact who might be interested in them.

CAPITAL CREDITS We issued eighteen capital credits checks totaling \$12,402.71. We have seventeen outstanding capital credit applications.

YEAR-END SUMMARY A summary of the year-end revenue was presented. Total revenue from sales for the year was \$27,461,000, \$3.3 million below our budget of \$30,760,000.

\$1.3 million of this difference occurred when we changed our billing cycle. Our purchased power was down approximately \$1.2 million dollars. Purchased power and sales were off between \$700,000-\$850,000. After talking to Alan Zumstein, we found that if we had not changed the billing cycle and, if we added the \$1.3 million loss back in for the change in the billing cycle, we would have been \$600,000-\$750,000 in the negative with an O.T.I.E.R. of .764. We still would not have made T.I.E.R.

APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR DECEMBER 2017 Motion was made by Director Martin, seconded by Director Whitt and unanimously agreed to approve the Financial and Statistical report for December 2017 as presented for informational purposes only.

RUS WORK ORDERS RUS work orders for the months July, August and September 2017 were presented to the board of directors for approval:

July 2017	Work Order No. 1272	\$193,148.17
	Work Order No. 1273	\$ 5,554.18
August 2017	Work Order No. 1274	\$236,594.45
	Work Order No. 1275	\$ 8,763.56
September 2017	Work Order No. 1276	\$242,464.53
	Work Order No. 1277	\$ 8,939.93
	Total	\$695,464.82

Motion was made by Director Martin, seconded by Director Whitt and unanimously agreed to approve said work orders as presented and submit them to RUS.

MANAGER OF MARKETING & MEMBER SERVICES Kim Bush, Manager of Marketing & Member Services presented her report as follows:

LIHEAP	Total LIHEAP received for 2017-2018 was \$223,415 compared to the total of \$236,642 in 2016-2017. Winter hardship reconnects have doubled. We had sixteen winter hardship reconnects and eight (8) 30 day extensions.
PRE-PAY	Pre-Pay currently has 690 active accounts and 4 inactive accounts. The average balance on Pre-Pay accounts is \$47.58 credit and average kWh usage is 48 daily. The total number of payments in 30 days is 3,266. Total payments received \$132,934.63.
DEBT MANAGEMENT	Debt Management has 41 active accounts totaling \$10,088.50 with 6% of active Pre-Pay having Debt Management.
ENERGY EFFICIENCY	<p>Tina Preece handled energy audits and high bill complaints on the following:</p> <p>15 energy audits; 1 heat pump; 1 button up; and 1 billing insight.</p> <p>Energy Star appliance rebates: 3 heat pumps; 3 washers; 4 dishwashers; 1 freezer; 1 water heater; and 4 refrigerators. Consumers can file their own rebates online.</p> <p>Fifty solar panels sold in January. To date we have sold 83 panels. We have five consumers with solar panels on their home. Those consumers would receive a credit on their account for anything we buy back in the form of kWh for kWh and not what we pay East Kentucky Power.</p>
HOUSE BILL 227	President Fraley reported on House Bill 227 (solar). KAEC supports this bill. She did contact local officials, as requested by Chris Perry, KAEC President & CEO. PSC is working at half of their staff.
ANNOUNCEMENTS	<p>The Frankfort Youth Tours for high school juniors is March 27th. We have received three applications. One of them is an employee's child.</p> <p>The Board will have lunch with our Scholarship winners on March 23rd.</p>
ANNUAL MEETING	<p>The Annual Meeting is Thursday, May 10th. Extension cords stamped with GRECC on them will be given out with the buckets. The cost of the cords are \$13.89 for a 25 foot 14 gauge UL approved extension cord and \$12.44 for a 15 foot cord. The Board encouraged Kim to buy the 25 foot cord at the best price she can.</p> <p>President Fraley stated she would be requesting two armed police officers for the Annual Meeting this year.</p>
BOOKS	Schools that have received The Little People's Guide to the Big World books are Isonville, Lakeside, Argillite, Blaine and Sandy Hook.
SCHOLARSHIPS	We have 41 scholarship applications that will be judged next Wednesday. The top ten will be notified and will be at the March Board Meeting.
OPERATIONS REPORT	Kyle Clevenger, Manager of Operations, gave the Operations Report. He reported on the following:
EMPLOYEE/LOST TIME ACCIDENT	There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during January 2018:

January 2 – Brian Poling, Manager of Technical Services, went over the System Coordination and the Optional Recloser/Recloser Combination. Carol Ann discussed that there were no accidents in 2017 and how we needed to work each day to keep 2018 accident free. Kyle requested that everyone need to change out their sleeves, stay warm and watch over each other.

January 15 – Robert Brown, Geographical Information System Technician, went over the new GIS updates, Catalyst Map, Carry Maps, and Pole Numbers. Kyle Clevenger ask everyone to be careful due to ice and snow.

January 24 – Sherry Buckler, Manager of Accounting & Human Resources, turned the meeting over to Tony Dempsey with KAEC. He discussed Near Miss Reports and went over examples of Task Performed, Incident Summary, Job Briefing, Safety Equipment in Use, and Corrective Action Taken. He showed several pictures of family, friends, and co-workers to touch base on making safety personal. Kyle Clevenger reminded everyone that it was soft, slick, and wet outside and to watch out for each other.

January 29 – Kim Bush, Manager of Marketing and Member Services, went over several safety issues by playing a game of BINGO and giving out prizes. Kyle Clevenger requested everyone to be safe and watch over each other. Be cautious for slips, trips and falls.

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and the importance of using ground chains. A line is not dead until it is grounded.

President Fraley told the Board everyone was appreciative of their safety day check for 2017 they received. KAEC went over a new safety program Wednesday starting with no electrical contacts, reduce slips, trips and falls. The Statewide will suggest and introduce new safety prevention to employees and improve KY Co-ops safety programs. Tony Dempsey was reminded that GRECC has the lowest workers compensation rates in Kentucky.

JUSTIN STANIFORD

Justin Staniford has been promoted to second class lineman.

LOCKDOWN

After the shooting at Taco Bell this week, we was on lockdown along with other businesses in town. Three of our men came up and stood by the door as consumers came in.

CONSTRUCTION

Construction built one hundred seven (107) new work orders (sixteen added and eleven retired) for the month of January and worked no overtime.

OVERTIME HOURS

The Maintenance Department worked two hundred ninety-six (296) hours of overtime during the month of January 2018. Engineering worked four (4) hours of overtime.

DELINQUENT NOTICES

There were 145 delinquents for February. Forty-five cards were issued to be disconnected and two accounts were disconnected by remote meter on February 8th, cycle 1. Eighty-three cards were issued to be disconnected and fifteen accounts were disconnected by remote meter on February 14th for

**DELINQUENT NOTICES
(CONTINUED)**

cycle 2. Field personnel disconnected a total of 26 meters and a total of 15 meters were reconnected by field personnel and remote.

CONTRACT CREWS

We have two (2) Pike crews that have been working in the following areas:

Tony Seagraves – State Route 201, Lawrence County, now completed; and currently working on Cains Creek

Bob Marrow – random pole changes in all counties

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 562 trees, cut 836 trees, and cut 45,415 feet of brush/line. The crews are working in the following areas:

4 cutting crew in Carter, Lewis and Greenup Counties

2 cutting crews in Rowan and Elliott Counties

1 bucket truck crew in Carter, Lewis and Greenup Counties

1 bucket truck crew in Elliott County

1 bucket truck crew in Rowan County

1 tractor crew in Lawrence County

Smith Tree Service has one circuit crew on State Route 755 in Elliott County

ENGINEERING REPORT

The Engineering Department released one hundred fifty (150) prints consisting of 5,850 feet of primary line and 837 feet of service wire. They currently have four (4) new services to be staked and two (2) to be drawn. They have approximately six (6) miscellaneous jobs to be staked or drawn.

RYAN RICE

Ryan Rice, Construction Lineman, is engaged to marry Sherry Buckler's, daughter, Mikaela Buckler. Chairman Dupuy read Board Policy 109, Nepotism. The Board agreed this would cause no conflict for the Cooperative.

RIGHT-OF-WAY

President Fraley reported the following on year-to-date right-of-way: 10,107 trees trimmed, 10,993 trees cut, 478,738 feet of brush, 1,005 spans sprayed (227,600 feet in length, 8,860 feet in width) and bush hogged 275,495.

Kyle reported that all the men have adjusted well and like their laptops in their vehicles. The accuracy is good.

**APPROVAL OF NEW
MEMBERSHIPS &
RETIREMENT OF
EXISTING MEMBERSHIPS**

Motion was made by Director Martin, seconded by Director Whitt and unanimously agreed to approve eighty-five (85) new memberships and retirement of eighty-three (83) existing memberships for January 2018.

BAD DEBT WRITE-OFFS

Motion was made by Director Bentley, seconded by Director Whitt and unanimously agreed to charge off \$1,537.88 worth of bad debts and turn them over for collection.

**APPROVAL OF CEO'S,
DIRECTOR'S & ATTORNEY
BUSINESS EXPENSES**

Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve the President's business expense of \$593.86, Director's business expenses of \$21,657.56 and Attorney's business expense of \$517.25.

PRESIDENT'S REPORT

President Fraley reported on the following:

RATE INCREASE / E-BILLS

We are constantly seeking ways of keeping our costs down. In light of facing a rate increase, we would like to target e-billing. It costs us fifty-five cents to produce a bill (paper and mail). There are 700 pre-pays and 300 has signed up for e-billing. We have a tariff in place with the Commission stating we can do this. We are going to start a campaign for paperless e-bills, and our target is approximately 2,000 members. After establishing e-bills we hope to offer an e-mail magazine, saving the Co-op \$2.50-\$3.00 per magazine. We could save a significant amount of money. There was no objection from the Board.

Currently, when you go on pre-pay we charge \$10 per month for a processing fee. We are looking at a policy or tariff for those with good credit who want to go on pre-pay to waive this fee.

YEAR - END - REPORT

President Fraley read her 2017 Year – End – Report to the Board as follows:

- Anita Bellew was promoted to Billing Administrator.
- Peggy Skaggs assumed the duties of AMI Administrator.
- Four Member Service Representatives are left in Billing. We are still working on this arrangement to see if it serves our needs.
- The Staff asked the Board for permission to investigate the installation of a new radio frequency metering system and selection of a metering company.
- All employees were issued new Safety Manuals. We continue to hold tail-gate sessions, Monday Morning Safety Meetings and monthly meetings conducted by a KAEC safety instructor.
- A new roof was installed on the Warehouse and the existing office generator was moved to the Warehouse and installed. A new whole-office generator was installed at Headquarters that will power the building and computer system in case of an outage.
- In January 2017, we had 614 participants in the Pre-Pay Program. In December 2017, we had 698. This program continues to work very well for members who can't afford a deposit and it helps keep our charge-off amounts low.
- Directors Harold Dupuy and Billy E. "Eddie" Martin were re-elected.
- Received an application from Columbia Gas (Trans Canada) for a Large Power Account. This was completed in September. We entered into a Large Power Contract, assisted by Jim Bridges.
- Justin Staniford completed his second year apprenticeship.
- We read 4 substations in 2017: Warnock, Low Gap, Sandy Hook and Newfoundland, for a total of 5,359 meters.
- Shoney's and Days Inn reopened.
- Participated in the Frankfort Youth Tour and sent 3 students to Washington D.C.
- Awarded 10 scholarships to area students and had a luncheon for them and their parents.
- Held the first annual Camp Co-op, with 15 children participating. It was an excellent program.
- Hosted a very successful Annual Meeting with over 1,300 members in attendance.
- Elected Officers of the Board: Harold Dupuy, Chairman, Jim Bentley, Vice Chairman, Billy E. "Eddie" Martin, Secretary /

YEAR - END - REPORT
(CONTINUED)

- Treasurer, Jimmy Whitt, KAEC Board and Ken Arrington, EKPC Board.
- Participated in the Statewide Linemen's Rodeo at Jackson RECC. Tony Brewer won second in an Apprenticeship competition.
 - Considered with the Board and adopted a 2 cycle billing program. This makes our billing on the same calendar as East Kentucky and helps to normalize our degree days, power purchases and line loss.
 - Replaced the header system on our geothermal unit.
 - Remodeled the small office at the end of the hall upstairs to repair water damage, increase security and give us more office space.
 - Paid deceased estates capital credits in the amount of \$165,592.27.
 - Removed one radio tower in Oldtown, Kentucky.
 - Began discussion on a future rate increase.
 - Bradley Cherry completed the Management Internship Program.
 - Completed a new Wage and Salary program that included all positions. This was adopted by the Board and was very helpful in Union Negotiations.
 - Successfully negotiated a 6 year Union Contract that was signed December 21, 2017. It will run from midnight on December 31, 2017 to midnight on December 31, 2023.
 - Reinstated our Retirement Plan with NRECA.
 - Received a check from Vanceburg Municipal as revenue for our territory there in the amount of \$3,226.88, an increase from last year of \$726.49.
 - Alan Zumstein completed our year-end audit and presented a management letter that showed no deficits and 34% equity.
 - Continued to have the lowest worker's compensation rate among Co-ops in the state.
 - Residential sales decreased 9%.
 - Retiree's Health Insurance increased 2.5%.
 - Completed our Mapping Program and concluded our contract for a GIS Field Inventory with Davey, Inc. We now have all substations reporting.
 - Continued to refine our outage reporting system and link it to our mapping program.
 - No Lost Time Accidents.
 - Successfully completed the RESAP Program.
 - Participated in the Cyber Security Vulnerability Risk Assessment and Microsoft Audit for licensing.
 - Started to evaluate how electric cars may impact our system.
 - Extended the Kendall contract with a 1% labor increase for their employees.
 - Maintained our rotation on Right-of-Way work. Cut or trimmed 10,107 trees, cut 10,993 trees, sprayed 1,005 spans of line, cleared 478,738 feet of brush and cut 275,495 feet of brush with a bush hog.
 - Started having the Maintenance Men and Construction Foremen use their iPads to receive and complete their daily work, send remarks, plan their routes, indicate retirements or safety issues, and take pictures of problem situations. This also outlines and maps the system, giving directions by pole number. It will save time, trips and mileage.
 - Mike Norman came to work with us on an amendment to add Corral Park to the work plan. He was very pleased with the progress on work plan jobs. The right-of-way was completed this fall and the job will be completed in the spring of 2018.

Major Projects		Budget	Actual	Status		Budget Variance
301 Airport Road - Rattlesnake R	2015	\$ 29,730				
371 Airport Road - Dudley	2015	\$ 238,770	\$ 266,424.66	Plant	10/31/2015	\$ (27,654.66)
316 Airport - Bruin	2015	\$ 123,420	\$ 109,333.26	Plant	9/30/2016	\$ 14,086.74
305 Argentum - Rt 7	2015	\$ 107,580	\$ 105,371.65	Plant	6/30/2015	\$ 2,208.35
306 Argentum - Timberlake Mead	2015	\$ 18,990				
310 Newfoundland - Stark	2015	\$ 606,270	\$ 1,076,389.99	Completed		\$ (470,119.99)
315 Warnock - Montgomery Rd	2015	\$ 357,000	\$ 283,729.65	Plant	4/30/2016	\$ 73,270.35
302 Argentum - Shultz	2016	\$ 145,860	\$ 124,100.67	Plant	4/30/2017	\$ 21,759.33
378 Elliottville - 173	2016	\$ 255,780	\$ 167,580.59	Completed		\$ 88,199.41
307 Low Gap - Alcorn	2016	\$ 174,970	\$ 125,682.00	Completed		\$ 49,288.00
311 Pactolus - Iron Hill	2016	\$ 80,490	\$ 99,537.95	Plant	4/30/2017	\$ (19,047.95)
312 Pactolus Campbell Lane	2016	\$ 107,060	\$ 98,045.97	Plant	4/30/2017	\$ 9,014.03
303 Argentum - Shultz to Sheep	2017	\$ 11,920	\$ 36,649.06	Plant	12/31/2015	\$ (24,729.06)
375 Carter City - Lost Crk	2017	\$ 166,700	\$ 63,767.66	In Progress		\$ 102,932.34
385 Mazie - Blaine	2017	\$ 120,980	\$ 46,004.02	In Progress		\$ 74,975.98
309 Mazie - Cains Crk	2018	\$ 232,790	\$ 11,447.15	In Progress		\$ 221,342.85
313 Pelphrey - Prater Rd	2018	\$ 6,760				
314 Pelphrey - Bailey Hlw	2018	\$ 68,310				
		\$ 2,853,380	\$ 2,614,064			\$ 115,526

**DIRECTOR GOLD
PROGRAM**

Directors Harold Dupuy and Jimmy Whitt received their Director Gold Renewal Certificates earned from NRECA. To maintain their Director Gold Certificate they must have earned three credits from the Approved List of Continuing Education Programs within a two year period.

CRC DIVIDEND CHECK

We received a \$400 check from CRC for 2017 Class A dividends.

CRC VOTING DELEGATE

Director Bentley will serve as the Voting Delegate to CRC 2018 Meetings. No alternate voting delegate was named.

LEGAL COUNSEL'S REPORT

Legal Counsel Music reported on the following:

South KY RECC filed an application with the PSC for approval of 58 megawatts of off-system purchased power. A motion to intervene has been filed on our behalf.

SOUTH KY RECC

South Kentucky RECC notified EKPC of its intention to purchase 58 megawatts of off system power. The source is Morgan Stanley. This would, in effect, use all of South Kentucky's portion under the Memorandum of Understanding. Unfortunately, this would also come close to depleting East Kentucky Power's remaining allotment. None of the other Cooperatives would be able to purchase power under the MOU until another Coop's contract was up or until EKPC grows enough to allow other member Coops to participate. Immediately, several other Cooperatives filed to preserve their allotment.

Director Arrington read from his iPad about South KY RECC's request. A thorough discussion was made in regards to SKRECC intervention and Director Arrington said if they give South Kentucky RECC 15% Grayson may be left out. Director Arrington also said this was negotiable from 15% to 5%. Mark David Goss said that SKRECC is not going to negotiate against themselves.

President Fraley questioned how Goss Samford can represent EKPC and 9 cooperatives who have two different opinions on this situation. EKPC asked South KY if they would consider dropping their request to 5 or 10%. South Kentucky may be legally obligated to Morgan Stanley.

EKPC is considering buying 5 percent on the open market, below cost, for each Coop who doesn't have a part now. This begs the question of why they can't have a rate decrease.

Legal Counsel Brandon elaborated on the interventions and said our hope is to try to work it out and getting 5% along with everyone else would be the fairest. This has to be approved by PSC.

Legal Counsel Music said there was no other changes since the January Board Meeting.

KAEC DIRECTOR'S REPORT

Director Whitt reported that the KAEC meeting was held in Frankfort on January 31st with the Legislative Reception in the evening.

EKPC DIRECTOR'S REPORT

Director Arrington reported he had already discussed his topic with Legal Counsel Music's report.

DONATIONS

President Fraley presented to the Board for their consideration the following donation requests:

Elizabeth Baptist Church – sponsor car show for youth group fundraiser	\$25
Blaine Elementary – 8 th grade field trip	\$250
Charlie Marshall – medical benefit fundraiser (Kim Bush's uncle)	\$100
	\$375

Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE

Employees attending upcoming meetings are:

Bradley Cherry, Andrea McCleese and Caitlin Hutchinson along with Directors Trent, Whitt, Bentley and Dupuy to the NRECA Annual Meeting in Nashville, TN on February 25-28, 2018.

Mike Martin will be attending Vegetation Management Association of KY in Lexington, KY on March 13-15, 2018.

BOARD MEETING DATES

The next two board meetings are scheduled for March 23, 2018 and April 27, 2018.

ADDITIONAL BUSINESS

There was no additional business brought before the board.

EXECUTIVE SESSION

Director Martin made a motion for the Board to go into Executive Session. President Fraley, Priscilla Sparks, Executive Assistant, Bradley Cherry, Chief Financial Officer, were excused from the board room at 12:09 p.m.

RECONVENE

Director Martin made a motion to return to the regular board meeting. Chairman Dupuy reconvened the meeting at 12:30 p.m.

ADJOURN

Chairman Dupuy adjourned the meeting at 12:31 p.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

Minutes of the Executive Session of the February 23, 2018 GRECC Board Meeting

On February 23, 2018 Grayson Rural Electric Cooperative Corporation held an executive session during its regular board meeting.

EXECUTIVE SESSION

Director Martin asked to go into Executive Session at 12:09 p.m.

Matters concerning Legal Counsel Scott's contract and President Fraley's wage increase was thoroughly discussed.

LEGAL COUNSEL SCOTT

Director Martin made a motion to sign an one year contract with Legal Counsel Scott, seconded by Director Bentley. Evaluations to be in by March 9, 2018 and meet with Legal Counsel Scott the week of March 12, 2018.

PRESIDENT & CEO FRALEY

Director Martin made a motion to give President Fraley a one (1%) percent wage increase retroactive January 1, 2018, seconded by Director Arrington.

Director Martin called to come out of Executive Session at 12:30 p.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On March 23, 2018 at 9:10 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Dupuy called the meeting to order pursuant to the Waiver of Notice signed by the Directors present. Director Rice was absent due to surgery. Others present included: W. Jeffrey Scott, Legal Counsel, Carol Hall Fraley, President and CEO and Priscilla Sparks, Executive Assistant, and Bradley Cherry, Manager of Finance & Accounting.

Director Rice is in ICU this morning, but doing well. Chairman Dupuy has been in the hospital. Director Martin lost a sister. President Fraley's husband and son are not doing well.

INVOCATION

Director Whitt gave the invocation.

PER DIEM

Chairman Dupuy said one per diem for a special meeting in February (16th) would be paid at the April Board Meeting.

APPROVAL OF MINUTES

Motion was made by Director Trent, seconded by Director Bentley and unanimously agreed to approve the minutes from the February 2018 Board Meeting.

PRESIDENT'S REPORT

President Fraley reported on the following:

FRONT PORCH

Mike Kitchen will have the front porch repaired before annual meeting.

TONY BREWER

Tony Brewer has finished the apprentice program and is now a first class lineman. He will still work on Construction and will act as backup to Richard Easton.

NATIONAL LINEMAN DAY

April 9th is National Lineman Day and we will honor them with a breakfast.

811 CALL BEFORE YOU DIG

We have joined 811's Call Before You Dig, after we finished our mapping and had a correct pole count. Chris Perry with KAEC called regarding legislation concerning 811 and we told him we were joining as soon as the mapping was finished.

AGENDA CHANGE

A motion by Director Martin, seconded by Director Trent, was made to change the order of the Agenda to move Bradley's report up on the agenda. Motion carried unanimously.

FINANCIAL & STATISTICAL
REPORT FOR JANUARY 2018

Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for January 2018:

SALES AND PURCHASES

Kilowatt hour sales for the month of January (1/1-1/31) were 18.77% over budget. Purchases for the month of January (1/1-1/31) were 18.56% over budget. Line loss for the last twelve months was 6.52%. Year to date margins were \$573,165 compared to the budgeted amount of \$162,513.

FUEL ADJUSTMENT

The fuel adjustment for January was 0.004874.

ESC

The environmental surcharge was 9.81%.

DEGREE DAYS

There were 1,017 degree days; 1,014 heating degree days and 3 cooling degree days.

T.I.E.R

January 2018's monthly O.T.I.E.R. was 7.37 with the rolling 12 month O.T.I.E.R. of (0.41).

BILLS BY COUNTY

There were 15,389 bills for January 2018. Bills per county were Carter 4,590, Elliott 3,666, Greenup 4,281, Lawrence 774, Lewis 313 and Rowan 1,765.

APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR JANUARY 2018

Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve the Financial and Statistical Report for January 2018, as presented for informational purposes only.

RATE INCREASE

President Fraley addressed a rate increase for GRECC. Bradley gave a presentation of the past 3-4 years financial reports. She explained that we could expect a letter from RUS concerning T.I.E.R. and that a rate increase would be a recommended part of the reply to that answer.

The chart on page 3 explains data from 2014-2017. Degree days have decreased by 1,400 days, dropping our revenue by almost \$5.4 million. Even though our expenses have decreased by \$3.5 million, we are at the point where our revenue is insufficient. A good portion of the increase appears to be due to weather. We have to make T.I.E.R. of 2.25 and O.T.I.E.R of 1.1, for two out of three years.

Our rate case will be based on the following reasons:

- A decrease in kWh sales, resulting in diminished operating revenue.
- A decrease in member accounts.
- An increase in debt coverage.
- Inability to meet T.I.E.R. in 2017.
- Budgeted financials that indicate Grayson R.E.C.C. will be unable to meet T.I.E.R. in 2018.



RATE INCREASE
(CONTINUED)

	2017	Adj 2017	2016	2015	2014
Operating Revenue	\$ 27,461,142	\$ 28,777,284	\$ 30,511,143	\$ 31,182,099	\$ 32,828,910
Purchase Power	\$ 17,151,603	\$ 17,151,603	\$ 17,917,378	\$ 18,455,285	\$ 19,923,071
Operating Expense	\$ 25,184,733	\$ 25,184,733	\$ 26,052,417	\$ 26,165,024	\$ 28,483,318
Depreciation	\$ 3,477,092	\$ 3,477,092	\$ 3,341,888	\$ 3,221,794	\$ 3,088,646
Interest on LTD	\$ 980,167	\$ 980,167	\$ 895,352	\$ 904,235	\$ 950,337
Margins	\$ (2,048,485)	\$ (732,343)	\$ 368,368	\$ 1,013,267	\$ 449,400
OTIER	-1.09	0.25	1.19	2.04	1.34
Degree Days	4440	4524	5344	5524	5926
Heating	3249	3275	3754	4387	4955
Cooling	1191	1249	1590	1137	971
Total					
kWh	223,362,793	239,862,793	245,076,512	247,930,543	
Consumers	14,158	15190	15,366	15,344	
Revenue	\$ 26,471,472	\$ 27,787,614	\$ 29,536,811	\$ 30,176,842	
Residential					
kWh	150,816,986	165,505,327	169,779,049	171,910,692	
Consumers	13,061	14194	14,166	14,117	
Revenue	\$ 19,932,584	\$ 19,173,454	\$ 22,545,309	\$ 23,009,195	
Commercial					
kWh	41,448,656	43,175,303	44,032,345	44,956,666	
Consumers	1,094	1193	1,197	1,224	
Revenue	\$ 4,635,609	\$ 5,001,771	\$ 5,015,628	\$ 5,175,936	
Industrial					
kWh	3,105,291	31,182,163	31,214,964	31,012,164	
Consumers	2	2	2	2	
Revenue	\$ 1,896,723	\$ 3,612,390	\$ 1,968,298	\$ 1,984,197	
Street Lights					
kWh	44,187	-	50,154	51,021	
Consumers	1	1	1	1	
Revenue	\$ 7,006		\$ 7,576	\$ 7,514	

President Fraley said we should not file for a rate increase until after our application for the metering program is approved.

We can proceed with a Cost of Service Study that will help us evaluate how a rate increase should be implemented. We need to plan to meet T.I.E.R. requirements for five years or more, with the least impact on our members. There is concern that EKP may go in for a rate increase in March 2019, which will pass through to our consumers.

RATE INCREASE
(CONTINUED)

After careful study, a motion was made by Director Arrington, seconded by Director Whitt and unanimously voted to begin preparation for a rate case and to file a Letter of Intent to do so with the Kentucky Public Service Commission, at the appropriate time.

Motion was made to use Alan Zumstein and Jim Adkins to work on the rate study case by Director Martin, seconded by Director Whitt and unanimously agreed upon.

EKPC DIRECTOR

Cooperative Directors designated to serve on the EKPC Board are to file the paperwork for background checks. Kenneth Arrington is the current director representing GRECC.

Motion was made by Director Bentley, seconded by Director Martin to keep Director Kenneth Arrington as the EKPC's director and unanimously agreed upon.

FEDERATED REIE

Federated Rural Electric Insurance Exchange issued a check in the amount of \$6,030 for our 2017 margin distribution.

RUS WORK ORDERS

RUS work orders for the months of October, November and December 2017 were presented to the board of directors for approval:

October 2017	Work Order No. 1278	\$208,383.86
	Work Order No. 1279	\$1,348.59
November 2017	Work Order No. 1280	\$192,276.68
	Work Order No. 1281	\$2,090.19
December 2017	Work Order No. 1282	\$860,804.86
	Work Order No. 1283	\$5,183.29
	Total	\$1,270,087.47

Motion was made by Director Trent, seconded by Director Bentley and unanimously agreed to approve said work orders as presented and submit them to RUS.

SCHOLARSHIP WINNERS

President Fraley read the list of the scholarship winners. There were:

Aisha Al-Sawafi – West Carter High School
Parker Ball – Raceland-Worthington High School
Conner Barker – Rowan County High School
Shannon Mabry – West Carter High School
Haley Nydereck – Greenup County High School
Erin Rice – Greenup County High School
Baylor Ruark – Greenup County High School
Heather Smith – Elliott County High School
Sydney Sturgill – Elliott County High School
Abigail Yates – Elliott County High School

KAEC DIRECTOR'S REPORT

Director Whitt reported the following on the KAEC Board Meeting this month:

*The first KAEC Board Meeting was held in the new building this month.

*Mike Williams reported that the NRECA Annual Meeting held in Nashville, Tennessee had an attendance of over 9,000 and the largest one held to date.

*Financial report given by Richard Lacy reported on the consolidated margins, revenue, product sales, sales by state, transformer units, expenses, debt and line of credit, and the Discontinued Operations Pension Liability. Three options was discussed and option 3 was agreed upon allowing KAEC to use the existing line of credit to finance the \$1.3M liability to be paid back to NRECA for the pension. The key points are that this gives flexibility, minimizes interest expense and has no early penalties for prepayments.

*There was no margins. Capital credits

*Easement filing was discussed and a lot of coops are having trouble.

*House Bill 227 – solar net metering. Some are holding out maintaining we should pay more for clean green power and we maintain to only pay what we are paying now, purchased power.

*The KAEC Annual Meetings will be held at the Louisville Marriott Downtown through 2020. The Louisville Marriott East was considered but after investigation, would not accommodate our group.

*Discussions regarding logo change and a brand name for KAEC making it more recognizable. No sign is up at the new location yet.

*The upcoming NRECA Legislative Conference in Washington D. C. was discussed. It is the week of April 8, 2018.

EKPC DIRECTOR'S REPORT

Director Arrington reported the following on the EKPC Board Meeting this month:

Board okay's Spurlock project to ensure CCR/ELG compliance. EKPC's Board of Directors on Tuesday approved full implementation of a project at Spurlock Station to ensure the power plant's continued compliance with tightening federal regulations.

EKPC has begun initial steps in the project to ensure Spurlock Station remains in compliance with federal regulations related to potential environmental impacts of wastewater and coal ash from the plant. The Board has received frequent updates on the regulations, including options for compliance and the costs and risks involved.

The project is subject to the approval of the Kentucky Public Service Commission (PSC). In November, EKPC sought PSC approval and the agency's decision is expected in May.

The project includes new handling systems for bottom ash and fly ash from Spurlock Units #1 and #2; a wastewater treatment system to process scrubber wastewater and blowdown from the units; closure of the plant's ash pond; and establishment of a smaller impoundment to receive effluent from various plant processes. The total cost is estimated at \$262 million.

EKPC DIRECTOR'S REPORT
(CONTINUED)

The Board also approved replacement of absorber spray headers to control sulfur dioxide emissions on Spurlock Units #1 and #2 at a cost of \$21 million. The headers have shown evidence of significant corrosion. The replacement headers will have features to resist future corrosion.

Also Tuesday, the Board approved adding a backup fuel oil system at Bluegrass Station to ensure the plant can continue operating in the event the primary fuel, natural gas, is not available. Under the capacity performance rules of PJM Interconnection, the plant could incur significant penalties, totaling as much as \$75 million, if it is unable to operate during some high-demand situations.

The fuel oil backup system is estimated to cost \$62 million and is subject to approval of the PSC. Various alternatives were considered for mitigating the risk, including purchasing firm delivery of natural gas, purchasing insurance and using liquid natural gas as a backup fuel.

Mike McNalley, Chief Financial Officer and Executive Vice President, reported that January's cold weather drove sales higher. But the cost of additional fuel and purchased power offset the added revenue. O&M expenses were below budget, resulting in margin of \$18.2 million, \$2.2 million better than budget. Cost to member systems was higher than budget because of high fuel prices and a large carry-over of the environmental surcharge from December.

The Board authorized EKPC to seek up to \$300 million in private placement issuance or tax exempt financing. This will allow EKPC to affordably finance capital expenditures and manage interest rate risk.

SOUTH KENTUCKY

Director Arrington reported President Campbell sent a letter to the EKPC directors excluding Boris Haynes of South Ky. R.E.C.C. The letter summarized Dennis Holt's request for South Kentucky to utilize 58 megawatts of off system purchased power. This could be problematic because of the impact EKPC says it will have on other member owners.

President Fraley pointed out she felt that South KY was within their right to request the full amount of their allotment. Keep in mind Dennis Holt or Boris Haynes were not on the Board when the Amendment 3 explanation or definition which is the MOU was adopted. President Fraley said the numbers did not add up when each Cooperative used their full 15%.

Mark David Goss is the attorney for South Ky. R.E.C.C. At some point, SKY began to look for off system power sources. They signed a contract with Morgan Stanley for 58 megawatts of purchased power, as they believed was allowed under Amendment 3 and the MOU. South KY talked to Tony Campbell last August (2017) and Mr. Campbell told them EKPC could absorb any financial impact on the other cooperatives.

Director Arrington said a special committee was formed of managers and directors to review this issue for EKPC, specifically to see if they could get the amount South KY asked for lowered to 5% or 10% instead of the full 15%. South KY's manager and Board allege they are in the right to ask for 58 megawatts. President Fraley said she thought Mark David Goss would have cautioned South KY's Board about checking to make sure of the procedure.

SOUTH KENTUCKY
(CONTINUED)

South KY signed a contract with Morgan Stanley and gave EKPC proper notice about their plans to purchase 58 megawatts of power off system.

Tony asked the entire Board if they went out and purchased 5% of low cost power for every Coop that had not utilized Amendment 3 or the MOU, would that satisfy everyone? President Fraley told him she would accept the 5%, as we would never receive anything from the MOU or Amendment 3 any other way. East Kentucky does not seem to acknowledge Grayson RECC's attempt to purchase 9-10 megawatts of off system power a few years ago.

We received a memo from Brandon Music that Goss Sanford has filed on behalf of South KY an application for PSC approval of their intent to purchase power from an off system source under Amendment 3 and the MOU. They cited the Grayson case in their application. EKPC and South KY are now both going to use our case. Right after the South KY application was announced, several coops filed for their allotment of power under the MOU and Amendment 3.

The other 15 EKPC Cooperatives intervened in South KY's application to the PSC in order to preserve our opportunity to purchase off-system produced power. EKPC intervened, as well as Gallatin Steel and several others.

Legal Counsel Scott says the Commission has responded to the South KY's application. If South KY does not receive approval from the PSC by May 31, 2018, they would have to give East Kentucky notice that they want to get back in and purchase the 58 megawatts from East Kentucky." But under the MOU there is likely an 18 month period that must pass before this can happen.

Legal Counsel said the committee wanted our response by today and he did not feel that he or President Fraley had the authority to make that decision. Jeffrey said he would let them know our decision after the board meeting.

Director Arrington suggested to stay neutral unless it impacts Grayson and our 5%. Jim Miller is representing a lot of the Coops. There will likely be a hearing the first week in May. Legal Counsel thinks we should stay with the group. The question is the application of the MOU on this request and Amendment 3. Mark David Goss has filed to withdraw from this case due to conflict of interest.

Following thorough discussion, a motion to protect Grayson Rural Electric's financial interest, with respect to South Kentucky's application and do what is necessary to foster that financial interest, concern and impact was made by Director Arrington, seconded by Director Trent and unanimously agreed upon.

Director Martin asked to amend the previous motion to include it is okay for South Kentucky to come back into East Kentucky without having to wait 18 months, seconded by Director Trent and unanimously agreed upon.

EXECUTIVE SESSION

Director Martin made a motion to go into Executive Session to discuss legal matters at 11:12 a.m., seconded by Director Bentley.

The following Motion was agreed upon by all Directors present:

LEGAL COUNSEL SCOTT

The Board agreed to a contract with Legal Counsel Scott that commences on January 1 of each year and expires on January 31 of the following year. The Board agreed to an annual contract with Legal Counsel Scott. The Board agreed to put Legal Counsel's contract on the Agenda as an item every year.

Motion was made to come out of Executive Session and reconvene at 11:23 a.m.

LEGAL COUNSEL'S REPORT

Legal Counsel Scott reported on the following:

RIGHT-OF-WAY EASEMENTS

Reviewed 79 easements and signed off on those. A few of the easements had problems and the office was contacted. Those will be corrected before recording. An invoice was received for the recording fees and a check was mailed yesterday.

SOUTH KENTUCKY RECC

We have been involved in South Kentucky Rural Electric's case.

██████████

There are no updates on ██████████ property above the Carter Caves entrance.

AGENDA ITEM

Director Trent stated he felt the Manager of Finance and Accounting Report should be listed on the Agenda prior to the Legal Counsel's Report.

CAMP CO-OP

Grayson Rural Electric's Camp Co-op won a silver medal at NRECA. Dates for this year's camp will be announced next month.

OPERATIONS & SAFETY

Kyle Clevenger, Manager of Operations gave the Operations and Safety Reports. Mr. Clevenger reported on the following:

EMPLOYEE/LOST TIME
ACCIDENT

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during February 2018:

February 5 – Bradley Cherry, Manager of Finance and Accounting, discussed the new Teladoc benefits and the procedures to get in touch with a Board Certified doctor to discuss and treat your illness. Robert Brown and Scott Speaks were presented a Certificate of Completion for attendance to the Pipeline Emergency Response and Damage Preventions. Kyle Clevenger went over three accidents that involved Ryan Rice, Caitlin Hutchinson and Tony Brewer. He also asked everyone to be careful, because it was going to be slick outside and watch for slips, trips, and falls.

February 12 – Kyle Clevenger, Manager of Operations, updated everyone on the meter readings and went over some of the items that were discussed in the recent Storm Coordinators meeting. He explained that this meeting will now be conducted during one of our safety meetings during the year commencing in 2019. Kyle requested that everyone be careful, as it is dangerous doing meter readings and to have a safe day.

**SAFETY REPORT
(CONTINUED)**

February 21 – Carol Ann Fraley, President and CEO, turned the meeting over to Tony Dempsey for KAEC's monthly safety meeting. He discussed an accident that Owen Coop had on January 20, 2017 regarding a large tree that fell on the line and while trying to get it off it came back and hit the lineman in the shoulder. Carol Ann and Tony went over new goals that the Federated has suggested to help reduce our TCIR, DART, and LTR by 2020 and eliminate employee contacts. Randolph Brewer was presented a Certificate of Completion of Apprenticeship and Justin Staniford was moved to 4th Class Lineman. Carol Ann issued all employees their incentive check for No Loss Time Accidents for 2017.

February 26 – Mike Martin, Assistant Manager of Operations, turned the meeting over to Carol Hall Fraley, President and CEO, who discussed electrical inspections: rough-in's, not for occupancy, and final inspections. She also went over meters in residences, bad meter poles, right-of-way easements and sewer stickers. Kyle Clevenger explained to everyone that it will still be wet this week and remember to watch for slips, trips and falls, along with high water and broken roads.

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and the importance of using ground chains. A line is not dead until it is grounded.

CONSTRUCTION

The Construction Department built one hundred twelve (112) new work orders for the month of February and worked zero (0) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked two hundred eighty-three (283) hours of overtime during the month of February 2018 and the Engineering Department worked zero (0) hours of overtime. Work order overtime hours worked by maintenance was eighty-seven (87).

DELINQUENT NOTICES

There were 194 delinquents for March. Eighty-five (85) cards were issued to be disconnected and 7 accounts were disconnected by remote meter on March 7 for cycle 1. Eighty-two (82) cards were issued to be disconnected and 20 accounts were disconnected by remote meter on March 14 for cycle 2. Field personnel disconnected a total of 19 meters and a total of 15 meters were reconnected by field personnel and remote.

CONTRACT CREWS

We have two (2) Pike crews that have been working in the following areas:

Tony Seagraves – Cains Creek in Lawrence County

Bob Marrow – random pole changes in all counties; small job on Bauer Road off US 60 West

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 590 trees, cut 1,077 trees and cut 38,550 feet of brush/line. The crews are working in the following areas:

2 cutting crews in Carter, Lewis and Greenup Counties

2 cutting crews in Lawrence County

2 cutting crews in Rowan and Elliott Counties

1 bucket truck crew in Carter, Lewis and Greenup Counties

1 bucket truck crew in Rowan County

1 bucket truck crew in Elliott County

1 tractor crew in Lawrence County

**RIGHT-OF-WAY CREWS
(CONTINUED)**

Smith Tree Service – circuit crew finished up on Ruin on ST RT 755 in Elliott County and now going forward to Isonville

ENGINEERING REPORT

The Engineering Department released seventy-one (71) prints consisting of 555 feet of primary line and 1,020 feet of service wire. They currently have three (3) new services to be staked and three (3) to be drawn. They have approximately eleven (11) miscellaneous jobs to be staked or drawn.

**APPROVAL OF NEW
MEMBERSHIPS &
RETIREMENT OF
EXISTING MEMBERSHIPS**

Motion was made by Director Trent, seconded by Director Bentley and unanimously agreed to approve ninety-one (91) new memberships and retirement of ninety (90) existing memberships for February 2018.

BAD DEBT WRITE-OFFS

Motion was made by Director Bentley, seconded by Director Trent and unanimously agreed to charge off \$4,106.67 worth of bad debts and turn them over for collection.

**APPROVAL OF CEO'S,
DIRECTOR'S & ATTORNEY'S
BUSINESS EXPENSES**

Motion was made by Director Martin, seconded by Director Whitt and unanimously agreed to approve the President's business expense of \$696.60, Director's business expenses of \$10,596.03 and Attorney's business expense of \$254.78.

SCHOLARSHIPS

Chairman Dupuy and President Fraley presented ten scholarships to the following recipients:

Aisha Al-Sawafi from West Carter High School
Parker Ball from Raceland-Worthington High School
Conner Barker from Rowan County High School
Shannon Mabry from West Carter High School
Haley Nyderek from Greenup County High School
Erin Rice from Greenup County High School
Baylor Ruark from Greenup County High School
Heather Smith from Elliott County High School
Sydney Sturgill from Elliott County High School
Abigail Yates from Elliott County High School

The Board and employees had lunch with the scholarship winners and their parents.

THANK YOU

We received a thank you letter from Rowan County High School for Project Prom.

DONATIONS

President Fraley presented to the Board for their consideration the following donation requests:

Elliott County Conservation – 4 th grade annual field trip	\$ 50
28 th Annual Shriners Bluegrass Festival – sponsorship	\$250
Rudy Fest – sponsorship	\$275
Halderman Community Center	\$200
Grayson Area Little League – co-sponsorship with EKPC	<u>\$400</u>
	\$1,175

Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve the donations as presented.

MEETING REPORTS

Director Trent reported there was a good crowd at the NRECA Annual Meeting this year in Nashville, Tennessee.

BOARD MEETING DATE

The April Board Meeting is scheduled for Monday, April 27, 2018.

ADDITIONAL BUSINESS

Director Arrington thanked Director Martin and Chairman Dupuy for doing a good job.

Jeromy Poling has been in hospital with pancreatitis.

Peggy Skaggs is having issues with her right side of her body.

ADJOURN

Chairman Dupuy adjourned the meeting at 11:45 a.m. A luncheon followed with our Scholarship Winners and their parents.

Harold L. Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On April 27, 2018 at 9:06 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Dupuy called the meeting to order pursuant to the Waiver of Notice signed by the Directors present. Others present included: W. Jeffrey Scott, Legal Counsel; Carol Hall Fraley, President and CEO; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Whitt gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Bentley, seconded by Director Trent and unanimously agreed to approve the minutes from the March 2018 Board Meeting.
PRESIDENT'S REPORT	President Fraley reported on the following:
FRONT PORCH	The front porch is just about finished and looks good. The weather has held up work. The blacktop may not be finished by annual meeting due to rain.
MANAGER'S MEETING	President Fraley attended the KAEC Managers Meeting in Lexington, KY April 25 th . They discussed the impact of the latest legislative session, heard a report on NRECA Programs and heard from a representative of Kentucky Farm Bureau regarding international crop sales and how our trade with foreign countries could be affected.
METERS UNDER WATER	Letters were emailed to Legal Counsel Scott regarding meters that are under water. Several have complied with our request to put their meters at the top of a twenty five foot pole. They have been given until May for corrections to be made.
EKPC REBATES	<p>EKP has curtailed their incentives on high efficiency air to air heat pumps, the Button-up program, and other programs. If we need someone from EKP to trouble shot a problem for us, the cost is \$400 a day. This changes the nature of Tina's job. She will be assisting in the Member Services Department three days a week and will go out in the field two days a week for energy audits and high bill complaints, as necessary.</p> <p>Kim is teaching Julie how to balance at the end of the day and assist her with other duties, as she will be having knee surgery in May.</p>
EKPC ANNUAL MEETING	June 5 th , 2018 is EKPC'S Annual Meeting. Roger Trent will be voting Representative and Harold Dupuy will be the Alternative Representative.
CLARK ENERGY	We received a letter from Clark Energy expressing appreciation for Richard Easton, Tony Brewer, Shane McDavid and Bryan Rogers for helping with storm work last month.
CFC INTEGRITY FUND	A letter was received from CFC thanking GRECC for donating 5% of our CFC patronage capital retirement to the Integrity Fund for 2018.
KAEC DIRECTOR'S REPORT	Director Whitt reported there was no KAEC monthly board meeting this month.
EKPC DIRECTOR'S REPORT	Director Arrington reported the following on the EKPC Board Meeting this month:
EKPC DIRECTOR'S REPORT	• EKPC is going back to basics to keep the program fresh. To do that EKP

(CONTINUED)

will again survey employees to see what the organization is doing right and identify opportunities for improvement. Thirty-eight percent of current employees were not working at EKPC when the first survey was conducted.

- One million ton of gravel was purchased for Cooper and Spurlock plants.

- 2017 was the worst safety year of the previous three with an OSHA Recordable Rate of 2.80 and 20 injury accidents. Currently through the end of March, there have been zero injuries incidents this year.

- The Board authorized a wastewater treatment system contract for the CCR/ELG compliance project. The project is subject to approval of the KY PSC, and it includes a new handling system for bottom ash and fly ash from Spurlock Units #1 and #2, a wastewater treatment system, closure of the plant's ash pond and establishment of a smaller pond.

- The Board also authorized an engineering services contract for a backup fuel oil system at Bluegrass Station to ensure the plant can continue operating if natural gas is not available. The project is subject to approval from the PSC and will cost several million dollars.

- Denver York updated the Board on NERC compliances.

- Barry Mayfield said there is a chance that House Bill 227, Net Metering Bill, could be passed by the Senate in Frankfort.

- Mike McNalley reported that February's \$11.3 million margin was slightly less than budget due to mild weather reducing sales. But that was primarily offset by lower fixed cost and O&M expenses. Cost to Member Systems was over budget for the month at \$71.73 per megawatt-hour because of high fuel prices and power purchases from early in the year, but EKPC expects these costs to even out as the year progresses. Other financial metrics are sound. The year-to-date margin through February was \$29.4 million.

- EKP's cost of service presentation reviewed strategies used to realize significant savings including joining PJM, refinancing debt, purchasing higher sulfur coal and holding head count steady. One result is that EKPC has become cost competitive with investor-owned utilities.

- Board accepted 2017 Independent Audit Report.

FINANCIAL & STATISTICAL REPORT FOR JANUARY 2018

Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for February 2018:

SALES AND PURCHASES

Kilowatt hour sales for the month of February (2/1-2/28) were 5.49% under budget. Purchases for the month of February (2/1-2/28) were 5.69% under budget. Line loss for the last twelve months was 5.87%. Year to date margins were \$750,375 compared to the budgeted amount of \$129,311.

FUEL ADJUSTMENT

The fuel adjustment for January was 0.007926.

ESC

The environmental surcharge was 6.36%.

DEGREE DAYS

There were 561 degree days; 554 heating degree days and 7 cooling degree days.

T.I.E.R

February 2018's monthly O.T.I.E.R. was 3.03 with the rolling 12 month O.T.I.E.R. of 5.23.

BILLS BY COUNTY

There were 15,385 bills produced for January 2018. Bills per county were Carter 4,591, Elliott 3,668, Greenup 4,280, Lawrence 768, Lewis 317 and Rowan 1,761. Counties are about the same.

RATE CASE

Jim Adkins and Allen Zumstein met with President Fraley and Bradley last week and gave a preliminary report on what is needed for the rate case and what we may be looking at in the rate case. President Fraley asked them to clearly define:

- what each class was using and the costs associated with each class
- look at churches with high demand
- look at 400 amp residential services compared to 200 amp services
- look at the customer charge and keep as much as we can off of our residential
- look at camps, barns, leisure type situations such as recreational
- holding power in reserve; example – consumers that have other heat options
- do not burden small commercials and large powers, but put costs where they incur
- make a decision on the amount of revenue we actually need and the length of solvency without going in for another increase
- President Fraley explained the classifications and said we need to add new and different categories.
- The study will take two months to do; another month for the Board to analyze the study; number of miles of lines, terrain, number of employees, etc. The amount of consumers per mile is now 8 instead of 5; according to our meter reading program.

Expenses were down \$3 million since 2015, but our revenue was down \$4 million.

APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR FEBRUARY 2018

Motion was made by Director Whitt, seconded by Director Bentley and unanimously agreed to approve the Financial and Statistical Report for February 2018, as presented for informational purposes only.

CFC LINE OF CREDIT

Mr. Cherry presented to the Board a renewal of the Revolving Line of Credit with CFC for one million dollars revolving credit. Legal Counsel Scott reviewed the agreement and paper work and did a Letter of Opinion of Counsel.

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CFC LINE OF CREDIT
(CONTINUED)

CERTIFICATE OF RESOLUTIONS AND INCUMBENCY

I, Billy E. "Eddie" Martin do hereby certify that (i) I am the Secretary of Grayson Rural Electric Cooperative Corporation (hereinafter called the "Cooperative"); (ii) the following are true and correct copies of resolutions duly adopted by the board of directors of the Cooperative at a meeting held on 04/27/2018; (iii) the meeting was duly and regularly called and held in accordance with the bylaws of the Cooperative; (iv) the Cooperative is duly incorporated, validly existing and in good standing under the laws of the state of its incorporation and there is no pending or contemplated proceeding for the merger, consolidation, sale of assets or business or dissolution of the Cooperative; (v) forms of the loan documents were submitted to the meeting and were authorized by the board of directors to be executed; (vi) none of the following resolutions has been rescinded or modified as of this date; and (vii) the persons authorized below have been duly elected or appointed to their respective positions and occupied such positions on the date of actual execution of the loan documents:

RESOLVED, that the Cooperative establish a line of credit and authorize borrowing from National Rural Utilities Cooperative Finance Corporation ("CFC") in an amount which shall not at any one time exceed \$4,200,000.00 (the "Line of Credit Amount"), subject to the provisions of the Line of Credit Agreement substantially in the form submitted to this meeting (the "Line of Credit Agreement"); and,

RESOLVED, that the individuals listed below are hereby authorized to execute and to deliver to CFC the Line of Credit Agreement.

RESOLVED, that each of the following individuals is hereby authorized in the name and on behalf of the Cooperative to execute and to deliver all such other documents and instruments as may be necessary or appropriate, to make all payments, to execute any future amendments to said Line of Credit Agreement as such individual may deem appropriate within the Line of Credit Amount so authorized and to do all such other acts as in the opinion of such authorized individual acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions:

Office or Title

Name (typed or printed)

President + CEO

Billy E. Martin

IN WITNESS WHEREOF I have hereunto set my hand and affixed the seal of the Cooperative this 27th day of April, 2018

(SEAL)

Billy E. Martin
Secretary

CFC INCUMB
KY061-R-5111(BURDICM)
223785-1

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CFC LINE OF CREDIT
(CONTINUED)

shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained therein.

Section 8.15 Binding Effect. This Agreement shall become effective when it shall have been executed by both the Borrower and CFC and thereafter shall be binding upon and inure to the benefit of the Borrower and CFC and their respective successors and assigns.

Section 8.16 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original and all of which together will constitute one and the same document. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to physically form one document.

Section 8.17 Schedule 1. Schedule 1 attached hereto is an integral part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

GRAYSON RURAL ELECTRIC COOPERATIVE
CORPORATION

(SEAL)

By: *Paul H. Kelly*
Title: President + CEO

Attest: *[Signature]*
Secretary

NATIONAL RURAL UTILITIES COOPERATIVE
FINANCE CORPORATION

(SEAL)

By: _____
Assistant Secretary-Treasurer

Attest: _____
Assistant Secretary-Treasurer

Effective Date: _____ (to be filled in by CFC)

Loan Number: KY061-R-5111

CFC LOCAGMT
KY061-R-5111(BURDICM)
223782-1

CFC LINE OF CREDIT

Motion was made to renew the Revolving Line of Credit with CFC for one

(CONTINUED)

million dollars revolving credit by Director Trent, seconded by Director Whitt and unanimously agreed upon.

LEGAL COUNSEL'S REPORT Legal Counsel Scott reported on the following:

LEGAL COUNSEL CONTRACT Chairman Dupuy asked Legal Counsel Scott to read his contract to the Board, as was agreed upon at the March 27, 2018 Board meeting. The agreement is made and entered into the 27th day of April 2018 to commence February 1, 2018 and expire January 31, 2019.

Motion was made to accept Legal Counsel, W. Jeffrey Scott's contract by Director Martin, seconded by Director Trent and unanimously agreed upon.

ATTORNEY'S REPORT Legal Counsel Scott read the Attorney Report for April 2018, covering several discussions, document preparation, review of documents and filing of documents with the KY PSC in connection with the South Kentucky RECC application. President Fraley's testimony was prepared and filed with the PSC.

SOUTH KENTUCKY RECC The South Kentucky RECC hearing will be at the PSC on May 15th and 16th, 2018. Grayson's position is to point out that we have a right to the use of an alternate source the same as any other distribution cooperative. The Attorney General's office has intervened as have nearly all of the distribution cooperatives and East Kentucky Power.

Director Arrington asked about Mark Stallons' filing. He has pre-filed testimonies for Owen Electric and Shelby Energy. Owen Electric possibly found out about SKRECC filing in November. Owen reported to their Board in December that South Kentucky was going to be asking for the 58 megawatts. Owen noticed their request for 60 megawatts. Several others will file by the February Board Meeting. Most likely Owen did this for a defensive measure. A question to Stallons testimony was, "did any other coop request megawatts previously" and he did not named Grayson. This was one reason Carol Ann's testimony was filed. In 2012 GRECC asked for the same thing with Morgan Stanley.

Director Arrington questioned how South Kentucky made a contract with Morgan Stanley. South Kentucky said they could under Amendment 3, the Wholesale Power Contract, we can get 15% of power, as long as it does not exceed 5% of EKP production. Tony Campbell said he always implicated that no one buys off system power. Their formal testimony to SK is no by EKP.

Legal Counsels Brandon Music and Jeffrey Scott, President Carol Fraley and Bradley Cherry will be at the May 15, 2018 hearing. The SK contract has to be approved by May 31.

██████████ Talked to Park Priest regarding the ██████████ case, which is ongoing although no suit has actually been filed. Federated Rural Electric Insurance is providing the defense of this case and has expended much time, effort and money in trying to litigate it.

RIGHT-OF-WAY EASEMENTS Met with Kim Bush, Sherry Conley and Bradley Cherry regarding easements. Several easements have been reviewed, executed and recorded in the various County Clerk's offices during April. The recording fee is \$17 per easement and has resulted in over \$1,000 in recording fees.

██████████, CONSUMER Had a long telephone conference with ██████████ concerning an easement. He is a landlord who doesn't want to grant an easement for his tenant. Rosemary Tuttle with the Public Service Commission told ██████████ he had to sign the right-of-way easement.

ADVANCED METERING
INFRASTRUCTURE SYSTEM Review an Order from the Commission on our advanced metering infrastructure system and prepared a Notice of Filing Amended Petition to refile the Petition without any redacted material. The Commission had denied our request for confidential treatment of some of the material so we refiled without the confidentiality request last Friday.

The past 2 months, costs to member systems has been \$68 or more instead of the target of \$65. They have had margins over what they projected of \$16m and \$11m the past two months. We suggested EKPC should true up the amount charged to member systems out of the excess margins.

MANAGER OF
TECHNICAL SERVICES Brian Poling, Manager of Technical Services reported on the following:

AMI APPLICATION UPDATE The PSC notified Grayson on the 17th of April, denying our request for confidentiality on the AMI application. This information was redacted at the request of Landis and Gyr. However, it was supplied when the Attorney General's office said they would not intervene if we supplied that information, which we did. We provided the information requested by the PSC the next day and it was received by the Commission on the 23rd. We are still awaiting their decision.

We are also awaiting the final propagation study from Landis+Gyr that will give us the final pricing on the equipment. All the quotes we used for comparison were 'budgetary' and were not contractual figures.

FUTURA An agreement with Futura was signed to add another piece of software to our mapping system called Field Pro, allowing corrections found the field to be sent directly to Robert Brown. It will also allow "forms" for gathering information in the field.

First, we will create forms for Padmount Transformer Inspections, Right-of-Way Inspections and our upcoming AMI Equipment. Once we get a good feel for how this all works, we have several other forms we would like to convert to Field Pro.

CORP OF ENGINEERS The Corp of Engineers want to install 70 kW of solar. The Net Metering Contract and Tariff say 30 is the maximum allowed by our contracts and approved by the PSC. East Kentucky is to meet with the Corp of Engineers at Grayson RECC's office next Monday.

OPERATIONS & SAFETY Kyle Clevenger, Manager of Operations gave the Operations and Safety Reports. Mr. Clevenger reported on the following:

EMPLOYEE/LOST TIME
ACCIDENT

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during March 2018:

March 7 -- Andrea McCleese, Technical Services Supervisor, went over Cyber Security and showed videos on different scenarios that can cause major complications in our organization. The most critical vulnerability that was discovered during our recent vulnerability assessment was people and the need to properly train employees on cybersecurity. Phishing emails were discussed and employees were told to never send their user credentials in an email. Also, sender names on emails cannot always be trusted and links or attachments in emails should not be opened if they are not expected or if any employee is not certain of what they are. Employees were shown how to hover over links in emails to see where the link would actually take them. Ransomware was also discussed. Ransomware can render our files and data useless and can be costly to recover. Ransomware can occur by an employee clicking on infected email attachments, link in emails, or browsing on the Internet. Securing the Human videos were shown on the following topics: You Are the Target, Social Engineering, Browsing, and Email & Messaging. Kyle Clevenger went over the safety investigation report for Scott Speaks and requested that everyone change out their gloves and get new gas cards from Caitlin Hutchinson.

March 12 -- Brian Poling, Manager of Technical Services, turned the meeting over to Robert Brown who showed a power point on the "Call Before You Dig KY 811". He went over the procedures and process that will be taken place when a member calls to check on underground services. Kyle Clevenger requested everyone to stay safe and we would be on standby for outages.

March 19 -- Priscilla Sparks, Executive Assistant, showed a video about Hepatitis A that had been reported in our area and read an article on the symptoms, diagnose, and treatment for Hepatitis A. Kyle Clevenger asked everyone to work safe.

March 27 -- Robert Brown, Information System Technician, turned the meeting over to Tony Dempsey with KAEC for our monthly safety meeting. He showed a power point on Protective Grounding, Why You Ground, Tools and Devices Used to Ground, Steps for De-energizing, Test for Voltage, Single Point Grounding, Bracket Grounding and Underground Grounding. He had a few sayings to remember: "short cuts breed more short cuts", "ground lines to save lives" and "clear it, test it, ground it; go home safe". Kyle Clevenger requested the men to have all the grounds tested today after the meeting.

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and the importance of using ground chains. A line is not dead until it is grounded.

CONSTRUCTION

The Construction Department built one hundred twenty-one (121) new work orders for the month of February and worked zero (0) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked six hundred seventy-eight (678) hours of overtime during the month of March 2018 and the Engineering Department worked two (2) hours of overtime.

DELINQUENT NOTICES

There were 122 delinquents for April. Sixty (60) cards were issued to be disconnected and 3 accounts were disconnected by remote meter on April 9 for cycle 1. Sixty-two (62) cards were issued to be disconnected and 14 accounts were disconnected by remote meter on April 16 for cycle 2. Field personnel disconnected a total of 16 meters and a total of 10 meters were reconnected by field personnel and remote.

CONTRACT CREWS

We have two (2) Pike crews that have been working in the following areas:

Tony Seagraves – Cains Creek in Lawrence County
Bob Marrow – Bailey Hollow, Carter County

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 866 trees, cut 1,081 trees and cut 49,695 feet of brush/line. The crews are working in the following areas:

2 cutting crews in Carter, Lewis and Greenup Counties
2 cutting crews in Lawrence County
2 cutting crews in Rowan and Elliott Counties
1 bucket truck crew in Carter, Lewis and Greenup Counties
1 bucket truck crew in Rowan County
1 bucket truck crew in Elliott County
1 tractor crew in Lawrence County

Smith Tree Service circuit crew is working on State Route 32 between Sandy Hook and Isonville, Elliott County.

ENGINEERING REPORT

The Engineering Department released one hundred one (101) prints consisting of 2,089 feet of primary line and 747 feet of service wire. They currently have three (3) new services to be staked and two (2) to be drawn. They have approximately eight (8) miscellaneous jobs to be staked or drawn.

MANAGER OF MARKETING
AND MEMBER SERVICES

Kim Bush, Manager of Marketing and Member Services, reported on the following:

LIHEAP

LIHEAP is finished and was approximately \$10,000 less than last year. The money mainly comes from Northeast.

WINTER HARDSHIP

We had 20 winter hardship reconnects and 10 30-day extensions through LIHEAP, and that number is way down.

PREPAY ACCOUNTS

We have 698 active prepay accounts and 11 inactive accounts.

DEBT MANAGEMENT

We have 50 active accounts with debt management.

ENERGY

There was 25 energy audits; 4 heat pumps; 3 button-ups; 4 billing insights; and 1 commercial lighting in progress.

Energy Star appliance rebates: 8 washers; 3 dishwashers; 3 refrigerators; 2 freezers; 4 energy star heat pumps; and 1 water heater.

SOLAR We had 2 coop solar inquires. To date the coop solar panel sales is 83. The panels earned \$88 this month and is over 4 accounts.

ANNUAL MEETING Annual Meeting is Thursday, May 10, 2018 with the same format. We will have EKPC's electric car on display at the meeting.

CAMP COOP June 13-14, 2018 is Kid Coop Camp. Students must have completed 4th, 5th and 6th grades. It will start at 8:30 a.m.
NRECA and Touchstone Energy Spotlight on Excellence recognized Grayson for its Kid Coop Camp program and won a 2nd place silver award for its excellence.

BOOK SPONSORSHIP Books sponsored by GRECC will be given to Heritage Elementary.

E-BILLING Members may sign up for E-billing at the annual meeting. We will have a drawing for a prize for anyone that is already signed up or who signs up for E-billing at the Annual Meeting.

MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS Motion was made by Director Trent, seconded by Director Bentley and unanimously agreed to approve sixty-two (62) new memberships and retirement of one hundred (100) existing memberships for March 2018.

BAD DEBT WRITE-OFFS Motion was made by Director Trent, seconded by Director Rice and unanimously agreed to charge off \$5,708.14 worth of bad debts and turn them over for collection.

APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY'S BUSINESS EXPENSES Motion was made by Director Trent, seconded by Director Rice and unanimously agreed to approve the President's business expense of \$326.53 Director's business expenses of \$7,333.91 and Attorney's business expense of \$2,174.70.

EXPENSES President Fraley reported are some additional expenses we are incurring.
 [REDACTED] - \$200
 PSC Case – South KY \$5,850
 Recording fees of easements - \$816
 Totaling \$6,866

LOAD FORECAST Our Load Forecast with East Kentucky is still zero. Ours may need adjusted sometime.

THANK YOU We received a thank you letter from: Kenneth and Edna Arrington for remembering his sister's passing; Heather Smith for her scholarship; and Barbara Adkins on behalf of the Haldeman Community Center after School Program.

DONATIONS President Fraley presented to the Board for their consideration the following donation requests:

Lewis Co. Extension Office – KY Youth Seminar	\$ 125
Commercial Bank of Grayson – Christmas in July 5K	\$ 100
Grayson Fire Department – Cruise In – Car Show	\$ 100
Rough Terrain Rescue – fundraiser	\$ 200
Carter County Thunder (check for \$500; EKPC donates \$250)	\$ 250

DONATIONS (CONTINUED)

East Carter High School Soccer – scoreboard donation	\$ 250
Lewis County High School - golf scramble	\$ 100
Grayson Meals on Wheels – March for Meals 2018	\$ 100
Lewis County High School – golf scramble sponsor	\$ 100
King’s Daughters Health Foundation – Rocky Adkins Cure for Cancer Golf Tournament – hole sponsor	<u>\$ 250</u>
	\$1,575

Motion was made by Director Trent seconded by Director Bentley and unanimously agreed to approve the donations as presented.

MEETING REPORTS

There was no meetings to report.

BOARD MEETING DATE

The May Board Meeting is scheduled for Friday May 25, 2018.

ADDITIONAL BUSINESS

There was no additional business.

ADJOURN

Chairman Dupuy adjourned the meeting at 11:43 a.m.

Harold L. Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On May 25, 2018 at 9:08 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Dupuy called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION

Director Dupuy gave the invocation.

APPROVAL OF MINUTES

Chairman Dupuy asked for approval of the minutes of the April Board Meeting. President Fraley said that a correction of the January 2018 memberships should have been 62 new members and retirement of 100, and March 2018 should have been 77 new members and retirement of 94 memberships. Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve the corrected minutes from the February 2018 Board meeting and the April 2018 Board Meeting for informational purposes only.

APPROVAL OF ORGANIZATIONAL BOARD MEETING

Chairman Dupuy asked for a motion to approve the minutes of the Organizational Meeting, held directly after the Annual Meeting. Director Martin pointed out that the motion he made regarding election of officers should have read "Motion was made by Director Martin, seconded by Director Bentley and unanimously approved that all officers and representatives be re-elected to their current positions.

PRESIDENT'S REPORT

President Fraley reported on the following:

BRAIDY INDUSTRIES

There will be a ground breaking dedication for Braidy Industries at the Industrial Park on June 1, 2018 at 1:00 p.m. We have been invited to lunch at the FIVCO Building at 11:00 a.m. We can park at the FIVCO Building and transportation will be provided to the ground breaking site.

E-BILLS

At the Annual Meeting, we signed up 192 members for e-bills, a savings of \$1,152 per year by eliminating mailed paper bills.

NRECA-MANAGEMENT INTERN PROGRAM

Robert Brown has finished the six weeks NRECA'S Manager's Internship Program.

SUMMER WORKERS

We are starting on vacation schedules and have four summer workers to help fill in and for special projects. They are working on right-of-way easements for existing property and new residences. They will be helping with Co-op Camp next month.

Director Arrington asked what we do about right-of-way easements when someone already has an account. President Fraley said if someone applies for service and there is not a valid easement we try to get a new one. If they are already on we would not disconnect. New services require a right-of-way easement along with their membership.

██████████ still has not presented a signed right-of-way easement, as agreed upon when his renter's electric was turned on. The Public Service Commission said we are well within our rights not to connect a service if a member did not sign an easement.

[REDACTED]	[REDACTED] has never signed a right-of-way easement for his renter, so the electric has not been connected.
KAEC DIRECTOR	The KAEC Board Meeting is scheduled for May 30 th next week.
EKPC DIRECTOR	Director Arrington attended the East Kentucky Power Cooperative Board Meeting. Their regular Board Meeting is June 4, 2018 and their Annual Meeting is June 5, 2018 at Headquarters.
MANAGER OF FINANCE & ACCOUNTING REPORT	Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for March 2018. Mr. Bradley reported on the following:
FINANCIAL & STATISTICAL REPORT FOR MARCH	Kilowatt hour sales for the month of March (03/01-03/31) were 10.75% over budget. Purchases for the time period of (3/1-31) were 10.40% over budget. Line loss for the last twelve months was 5.61%. Year to date margins were a \$1,214,347 compared to the budgeted amount of \$163,940.
O.T.I.E.R.	The O.T.I.E.R. for the month was 6.36 and the year to date was 5.60. Rolling O.T.I.E.R. is .60 for 12 months and close to 1.03 at this point.
FUEL ADJUSTMENT	The fuel adjustment for the month was 0.000850.
ESC	The environmental surcharge for the month was 4.19%.
DEGREE DAYS	We had 698 degree days. They were all heating degree days and no cooling degree days were recorded.
CAPITAL CREDITS	In May 2018 we paid 48 capital credit applications totaling \$43,617.02. We received 0 applications and have 19 incomplete applications.
APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR MARCH 2018	Motion was made by Director Bentley, seconded by Director Rice and unanimously agreed to approve the Financial and Statistical report for March 2018 as presented, for informational purposes only.
RATE CASE	<p>President Fraley gave a handout on GRECC rate increase history stating:</p> <p>1999 GRECC was granted 6.71%</p> <p>2009 GRECC was granted 13% (by PSC) along with EKP 5% pass through.</p> <p>2010 EKPC pass through 5% (by PSC)</p> <p>2012 GRECC granted 8% (by PSC)</p> <p>2019 proposed increase is equivalent to \$1.3 million (reach 2.0 T.I.E.R.).</p> <p>T.I.E.R. can be achieved in a number of ways. The GRECC Staff has studied this issue and determined the fairest and most equitable way to reach the \$1.3 level we need is by raising the Customer Service Charge, as needed, and by adjusting certain tariffs, as needed.</p> <p>Kilowatt hour charges cause greater hardship on those members who have high usage and less income. Actual costs for each tariff will be examined as the Cost of Service Study is completed.</p> <p>We expect a presentation to the full Board this July 2018 by Alan Zumstein and Jim Adkins. The Board should anticipate action on this issue at that time in order for Jeffrey, Bradley, Andrea and myself to prepare notice to the PSC.</p>

GREENUP TAX

President Fraley talked to Mary Kay McGinnis Ruark about the Greenup County tax that would be collected on the GRECC bills. Chairman Dupuy stated this would not happen until January. President Fraley said she wrote an article on Facebook and received no replies.

LEGAL COUNSEL'S REPORT

Legal Counsel Scott reported on the following:

SOUTH KENTUCKY CASE

Brendan Music, Carol Ann and Jeffrey attended the three day hearing on South Kentucky RECC at the Public Service Commission last week. It started Tuesday and ended on Friday.

The Commission directed that there be post hearing data request to be done by Monday. Those got done and the response has to be done by this coming Tuesday. Grayson's brief is due July 2. Jeffrey has already done a draft of this brief.

South Kentucky, under Amendment 3, wants to buy 58 megawatts of power through a contract with Morgan Stanley, the same as Grayson Rural Electric in 2012, Case 2012-503ESPK.

This would leave EKPC with an extra 58 megawatts of power to sell. EKPC says that would shift stranded costs to the other 15 cooperatives and cause EKPC to have to make up that revenue.

Expert testimony was offered by EnerVision for South Kentucky. Greg Shepler prepared their contract, as he did for Grayson. Greg is no longer with EnerVision. Carter Babbitt, who replaced Mr. Shepler, testified for South KY along with Mr. Sealy. The distribution coops hired John Wolfram from Louisville to testify. Don Mosier, Mike McNalley, David Crews and Tony Campbell all testified for EKPC. Ted Hampton (Cumberland Valley), Bobby Sexton (Big Sandy) and Kerry Howard (Licking Valley) all took the stand and said they didn't want to buy alternate power and would never exercise their right to do so.

Mike Schmitt is Chairman of the PSC. Robert Cicero is vice chairman and Talina Mathews who has a PHD in economics is a Commissioner. They all heard testimony.

Mr. Campbell revealed that EKP has a cushion of credit in the amount of \$513 million dollars. That is not their retained earnings they have in some account. That is not their accumulated margins. It is in excess of their accumulated margins

We believe that if South Kentucky can do this and save their members money without affecting our members, they should be allowed to do so.

Legal Counsel felt EKP did not put a strong enough argument on why they cannot assimilate this difference, especially when they have half a billion dollars in some account so their credit rating can look good. Mr. Scott thinks the Commission will wipe out the MOU. Brandon and Jeff found some cases yesterday.

He is going to file a brief that 5% of East KY load is 148.5 MW. If they take 148 megawatts and divide by 16, Grayson gets the same as 15%. We would get what we requested in 2012.

SOUTH KENTUCKY CASE
(CONTINUED)

East Kentucky is willing to go to 148 megawatts. Jackson Energy believes they have never withdrawn their original filing. Licking Valley, Big Sandy and Cumberland Valley don't want any. South Kentucky asked East Kentucky to make a proposal and they ignored them. Director Arrington said 10% was discussed in the Negotiating Committee.

GRECC agreed to sign the MOU before filing with PSC, but we had not signed. Tony testified that we signed the MOU before the case was concluded.

Legal Counsel said if divided equally we would get about 10%. Five (5%) percent gives us 3.6 megawatts.

President Fraley said Don Mosier testified that "EKPC agrees to provide up to 1,600 hours of professional assistance to the member systems over a 10 year period. He testified that we had been getting our hours. They asked him who authorized it or asked for them and Mr. Mosier said Carol Ann Fraley did. Following Mr. Mosier's testimony, President Fraley asked Mr. Mosier for a complete list of services provided, dates and costs of services. She requested the same of Mr. McNalley. When she did not receive the requested information that next week, she called Mr. Mosier and he was out. She then called Mr. McNalley and left a message. He said he thought they did some things for Bradley too. She asked him to make a list, telling what date they were incurred, how many hours and how much they were worth, and who authorized them. She asked for them before Friday for The Grayson Board Meeting. The morning of the Board Meeting, she received an email reading, "Carol Ann, Although many people are on vacation today, I was able to get some records. The two-way radio work Denver's team performed amounted to about 2 hours. I think all other unbilled work which would qualify probably amounts to less than 2 more hours, for a total under 4 hours. As you know, we agreed to make 100 hours available to each owner-member, at their request. Regardless of how the hours are added up, we always strive to be responsive and helpful to each owner-member. I hope this answers your question - feel free to call me prior to your board meeting today if you want. Best Regards, Mike McNalley, EVP & CFO, East Kentucky Power Cooperative, Inc., 859-745-9209 O, 859-595-3897 C, Michael.mcnalley@ekpc.coop."

Legal Counsel read the following paragraph 2 from the MOU:

"Upon receipt of the last Order dismissing the final pending claim against either party, EKPC will agree to provide up to 100 hours of professional services annually to each of the 16 members systems, for a total of 1,600 hours for a period not to exceed 10 years upon acceptance of this agreement. The types of services to be provided will be at the discretion of the members, provided the services are customary and reasonable. On no less than a semi-annual basis, EKPC will provide a summary of any services provided to the Owner-Member's respective Boards."

It is three years later and they have not provided 100 hours annually, the email read said all they have only provided was two (2) hours service in 36 months.

SOUTH KENTUCKY CASE
(CONTINUED)

At this point, Director Martin said the gist of the agreement was that we would ask, but we didn't have legal counsel at the final settlement. He said our attorney was "missing in action".

Legal Counsel disagreed. Conversation ensued regarding what had taken place at the settlement in 2015. Chairman Dupuy moved on to the next order of business.

President Fraley said the agreement with East Kentucky was supposed to have an annual meeting to review the terms and conditions of the agreement on an annual basis

Director Martin said anytime we do anything with them, do it in writing.

Discussion followed regarding the signing of the agreement with EKPC in 2015. Priscilla Sparks was asked to read the minutes from the May 14, 2015 Organizational Meeting, GRECC VS EKPC – CB CASE "Directors were reminded of the meeting with EKPC tomorrow, May 15, 2015, to review the Charleston Bottoms issue. The Board had requested that Mr. Music attend on their behalf. Mr. Music was not aware of the date of the meeting and may have a conflict with depositions that he is involved in. Some discussion was held regarding the Board's approach and remedy that would be satisfactory to conclude this matter." Several Directors made comments regarding the situation.

Chairman Dupuy said the discussion was over.

LEGAL REPORT

Mr. Scott reported on the following:

EASEMENTS

He did a lot of work on easements, reviewing them, and taking them to different county clerk offices to get them recorded, and answering questions for the Member Representatives.

President Fraley stated we are making a lot of progress on easements and checking files for those that may have already been recorded.

We have more trouble getting easements on existing property than on new accounts.

On the [REDACTED] claim, Federated agreed to pay money to reseed. Kyle met with Park Priest last week and was asked to make sure the pole we changed out was on [REDACTED] property. We went back to a 1927 deed. He read a deed that allowed for a road in it. Mediation is in Lexington on May 31 on the case. He thought it would be good for President Fraley to be there for a while, but she doesn't have to be there the duration of the mediation. Federated Insurance will be there.

MANAGER OF TECHNICAL
SERVICES

Brian Poling, Manager of Technical Services reported on the following:

AMI UPDATE

No updates have been received from the PSC on the AMI application. President Fraley, after talking to Jim Adkins and Alan Zumstein, thinks the Board should have Legal Counsel call the PSC every Monday morning. Brian said it would take 20 weeks to get the order in.

SCOTT MCGUIRE	Scott McGuire completed another week of meter training in Murfreesboro, TN.
DRONE PILOT'S LICENSE	<p>Robert Brown and Tony Brewer will be attending a Drone Pilot's Training for Lineman program in Morehead. The program is offered to only five (5) linemen and will consist of 8 online courses, 40 hours of classroom and hands-on training and 24 hours of drone safety training. Once completed, they will be FAA Remote Pilot Certificate ("Part 107" Commercial Drone Operators License), Visual Sight Operator Certificate and Professional Remote Operators Certificate.</p> <p>In addition, Robert plans to obtain a SUAS (Small Unmanned Aircraft Systems) Safety Certificate that required an additional 140 hours of training.</p> <p>The program is being offered through a grant. Ritchie Katko of the Maysville Community & Technical College will teach the course.</p>
REMODELING PROJECT	Our construction/remodeling project continues...we still have to get the drain pipe across the parking lot out front, check the leak in the porch ceiling, finish the treads on the stairs outside the kitchen, touch-up paint on baseboards, restripe the parking out front and add handicap signs.
BRIAN POLING	President Fraley said Brian has been an excellent resource and has done a great job in handling these projects.
MANAGER OF MARKETING & MEMBER SERVICES	Kim Bush, Manager of Marketing & Member Services presented the member services and marketing report.
ANNUAL MEETING	<p>Kim reported she didn't have all the information for a full annual meeting report.</p> <p>We registered 1,236 members and had 2,300 people on the grounds.</p> <p>The EKPC electric car was enjoyed by the members.</p> <p>The e-bill promotion went well. We had 192 members sign up and signed up 184 members prior to the annual meeting. We will draw in August and December for another Amazon Echo (Alexa)</p>
PREPAY	We have 710 active prepay accounts with 9 inactive. The average balance is (\$43.87). Total number of payments in 30 days is 2,884, with an average payment of \$32.96.
DEBT MANAGEMENT	Eight (8) percent of active accounts have debt management. We have 55 active accounts. Total amount in debt management is \$14,044.60.
ENERGY EFFICIENCY	<p>Tina is working inside 3 days a week and work two days in the field. She performed the following audits:</p> <p>12 Energy Audits, 1 Touchstone Energy Home Audit, 1 Button-Up; 1 CARES and 1 Commercial Lighting in Progress.</p> <p>Ten Energy Star appliance rebates were done online by our consumers.</p>
SOLAR	We are still at 83 solar panels sold.
SCHOOL/COMMUNITY	Lewis Central Elementary -kids for the health and safety awareness in May program.
WASHINGTON YOUTH TOUR	We are sending 3 high school juniors on the Washington Youth Tour June 8-15.

CAMP CO-OP

The Camp Co-op will be held at GRECC June 13-14.

KIDS IN THE RACE

The Greenup County Fair in August will have the Kids in the Races on August 31.

ELECTRIC VEHICLES

Kim attended a meeting last month and there is a lot of information on electric vehicles (EVs). Brian Poling said in staff meeting that there are electric line trucks on the market.

G & T COMMUNICATOR'S MEETING

Kim has been invited to the G & T Communicator's Conference in Indiana next month.

2018 SEDC USER'S CONFERENCE

Kim will be attending the 2018 SEDC User's Conference in Atlanta in June.

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations, gave the Operations Report. He reported on the following:

EMPLOYEE/LOST TIME ACCIDENT

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during April 2018:

April 2 – Sherry Buckler, Manager of Accounting and Human Resources, read from the safety manual on Personal Protective Equipment, Section 401 PPE, 402 Eye and Face Protection, 403 Head Protection, 404 Hearing Conservation, 405 Wearing Apparel and 406 Clothing pages 97-100. Kyle Clevenger explained that it was still wet weather and to slow down, be cautious, and watch driving the big trucks too close to the side of the road due to the road breaking off. All hard hats were replaced.

April 9 – Kim Bush, Manager of Marketing and Member Services, asked Julie Lewis to read the article that Carol Ann Fraley wrote for the Kentucky Living magazine regarding our Lineman. Carol Ann gave each lineman a gift for Lineman's Appreciation Day and they were treated to breakfast. Kyle Clevenger spoke about a Lineman that had passed away due to not using safety equipment. He asked everyone to be careful due to wet and nasty conditions and he reminded everyone that it was prime conditions for slips, trips and falls.

April 16 – Bradley Cherry, Manager of Finance and Accounting, was in charge of meeting. Gina Damron and Kenny Redmond with Dr. Gupta's office was here to administer the Hepatitis A shots. Mike Martin went over safety investigation for Richard Easton's accident with the boom on his vehicle. Mike Martin requested everyone to be careful and work safe today.

April 24 – Kyle Clevenger, Manager of Operations, turned the meeting over to Tony Dempsey for the monthly KAEC safety meeting. The topic was avoiding Slips, Trips and Falls. He also went over a fatality in Mississippi. Kyle Clevenger asked that everyone be careful during the week.

April 30 – Carol Ann Fraley, President and CEO, discussed the functions of a Coop, how and why it is formed for the members. She informed every one of the Fallen Lineman checks that can be ordered and a \$5.00 donation will be made to the organization thru the Credit Union. Kyle Clevenger requested everyone to change out their gloves today after safety meeting.

**SAFETY REPORT
(CONTINUED)**

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and the importance of using ground chains. A line is not dead until it is grounded.

CONSTRUCTION

The Construction Department built one hundred twenty-two (122) new work orders (12 services added and 47 services retired) for the month of April and worked zero (0) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked two hundred sixty-four (264) hours of overtime during the month of April 2018. Number of work order overtime hours was one hundred forty-four (144). Engineering worked zero (0) overtime hours.

DELINQUENT NOTICES

There were 161 delinquents for May. Fifty-three (53) cards were issued to be disconnected and 6 accounts were disconnected by remote meter on May 8 for cycle 1. Eighty (80) cards were issued to be disconnected and 22 accounts were disconnected by remote meter on May 15 for cycle 2. Field personnel disconnected a total of 10 meters and a total of 16 meters were reconnected by field personnel and remote.

CONTRACT CREWS

Two Pike crews have been working in the following areas:

Tony Seagraves—Cains Creek, Lawrence County
Bob Marrow—Bailey Hollow, Carter County

RIGHT-OF-WAY CREWS

We have ten (10) W. A. Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 662 trees, cut 1,184 trees, cut 33,980 feet of brush/line and sprayed 0 spans of line. The crews are working in the following areas:

2 cutting crews in Carter, Lewis and Greenup Counties
2 cutting crews in Lawrence County
2 cutting crews in Rowan and Elliott Counties
1 bucket truck crew in Carter, Lewis and Greenup Counties
1 bucket truck crew in Rowan County
1 bucket truck crew in Elliott County
1 tractor crew in Lawrence County
Smith Tree Service has a circuit crew on State Route 32 between Sandy Hook and Isonville in Elliott County.

ENGINEERING REPORT

The Engineering Department released one hundred fifteen (115) prints consisting of 1,635 feet of primary line and 2,732 feet of service wire. They currently have four (4) new services to be staked and four (4) to be drawn. They have approximately eight (8) miscellaneous jobs to be staked or drawn.

PIKE ELECTRIC

Pike Electric has changed their field representative. Terry Gilbert replaced Ronnie Gilbert.

CORRAL PARK

Mike Martin reported there are few issues in Corral Park and are handled as they come up.

**APPROVAL OF NEW
MEMBERSHIPS &
RETIREMENT OF
EXISTING MEMBERSHIPS**

Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve seventy-seven (77) new memberships and retirement of eighty-three (83) existing memberships for April 2018.

BAD DEBT WRITE-OFFS

Motion was made by Director Rice, seconded by Director Martin and unanimously agreed to charge off \$7,777.79 worth of bad debts and turn them over for collection.

**APPROVAL OF CEO'S,
DIRECTOR'S & ATTORNEY
BUSINESS EXPENSES**

Motion was made by Director Martin, seconded by Director Bentley and unanimously agreed to approve the President's business expense of \$31.00, Director's business expenses of \$17,138.58 and Attorney's business expense of \$6,269.00.

PRESIDENT'S REPORT

President Fraley reported on the following:

THANK YOU NOTES

President Fraley said GRECC had receive a thank you a card from Rowan County Senior High School Prom 2018.

DONATIONS

President Fraley presented to the Board for their consideration the following donation requests:

Old Fashion Days - 53 rd annual celebration	\$100
Rocky Adkins Public Library – reading program	\$200
Grayson He“Art” of the Parks	\$150
Elliott County 4H Council – one camper for 4H camp	\$205
4 J-C Committee – 4 th of July fireworks	\$100
504 Fire Department – fish fry fundraiser	<u>\$100</u>
	\$855

Motion was made by Director Bentley, seconded by Director Martin and unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE

President Fraley and some of the staff will be attending EKPC's Annual Meeting on June 5, 2018 along with Directors Dupuy, Arrington, Trent, Whitt and Bentley.

BOARD MEETING DATE

The Regular Board Meeting in June will be held Friday, June 22, 2018.

ADDITIONAL BUSINESS

Amish Oven, a new business, opened at mouth of Little White Oak.

ADJOURN

Chairman Dupuy adjourned the meeting at 11:50 a.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On June 22, 2018 at 8:00 a.m. Grayson Rural Electric held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Dupuy called the meeting to order pursuant to the Waiver of Notice signed by the Directors present.

Chairman Dupuy immediately called for an executive session at 8:00 a.m.

EXECUTIVE SESSION	Following discussion, Chairman Dupuy closed the Executive Session and commenced the regular Board Meeting Agenda at 9:00 a.m. At that time, the meeting was joined by President and CEO, Carol Hall Fraley, Priscilla Sparks, Executive Assistant, and Bradley Cherry, Manager of Finance & Accounting.
INVOCATION	Director Whitt gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Trent, seconded by Director Bentley and unanimously agreed to approve the minutes from the May 2018 Board Meeting.
PRESIDENT'S REPORT	President Fraley reported on the following:
GREAT HORN OWL	A Great Horned Owl was electrocuted on one of our transformers in South Shore yesterday. We received a call from the Department of Fish and Wildlife representative, Kate Flankard. A member of the Cooperative, Danny Murray, had sent a report to Fish and Wildlife. President Fraley spoke with Ms. Flankard to see what our responsibilities might be. President Fraley asked maintenance man, Mike Blevins, to investigate this incident and measure and take pictures.
JEFF MOORE/PSC	Jeff Moore with the Public Service Commission was here Monday, Tuesday and Wednesday this week to do our system inspection. He will return in three weeks with a report.
RIGHT-OF-EASEMENTS	The right-of-way easements are continuing to be recorded. Director Trent said several have been recorded in Rowan County.
	President Fraley has been advised by Rosemary Tutt at the KPSC to send a certified letter to the renter and inform them that property owner, [REDACTED] has refused to sign a right-of-way easement, so service will be disconnected on a certain day. This should give them time to make other arrangements.
PUBLIC SERVICE COMMISSION	We are waiting on the Public Service Commission to rule on our metering request. This issue is holding up our work plan, coordination plans and a number of other things.
RATE INCREASE	The Board continues to study plans and options for our rate case. We don't want to file a rate increase until we get a ruling on the metering from the PSC. Alan and Jim will report on the cost of service study at the July meeting.
KAEC DIRECTOR'S REPORT	Director Whitt reported the following on the KAEC Board Meeting this month:

**KAEC DIRECTOR'S REPORT
(CONTINUED)**

There have been two meetings since the last board meeting, May 30th and June 19th.

The financial report included two months and indicated a profit for the first time in five or six years. They used the sale of the building to show a profit of \$80,000 this year to date.

KENTUCKY SALES TAX

The state is considering sales tax on right-of-way. This would be very costly for the Cooperatives. We are working against this and hope to make our lawmakers understand that our right of way programs are not landscaping.

CUSHION OF CREDIT

When RUS interest rates started to raise, EKP decided to check other sources of financing. They were able to find sources of financing on the stock exchange at good interest rates. When RUS was finally able to offer competitive interest rates, EKPC began to move financing back to RUS. However, they also decided to establish a separate "cushion of credit" on the market. At this point, they have \$513 million dollars or more invested in a cushion of credit.

Tony Campbell presented information on the Impact of Changes to Cushion of Credit and options for relief. The "Cushion of Credit" is a special deposit account at USDA-RUS. Deposits made into this account by RUS borrowers, including East Kentucky Power Cooperative ("EKPC"), can only be used to make scheduled principal and interest payments to RUS for RUS/FFB debt. Funds in the cushion cannot be withdrawn nor used for any other purpose. Funds in the cushion earn interest at an annual, statutory rate of 5%. Senate Provision in the Farm Bill: reduces the interest rate on balances in the cushion to the 5-year treasury rate (about 2.8% today), and prohibits any new deposits, both effective October 1, 2018. Mr. Campbell encouraged all cooperative managers to call and email house and senate representatives regarding this issue.

STATE PARKS

Several state parks served by Cooperatives want all work inside the state parks done for free. President Fraley said they send us a description of the work and we respond with an estimated price. Once this is approved, they send us a work order. We complete the work and bill the park.

EKPC DIRECTOR'S REPORT

Director Arrington reported the following on the EKP Board Meeting this month:

Everyone enjoyed the good food at the Annual Meeting. Everything seems to be going well.

He talked to Mike McNeely and Don Mosier Thursday about the South Kentucky case and they both said the Public Service Commission has not made any decision.

A brief was filed to see if we can ask what the PSC is going to rule on. It appears the PSC would like to change Amendment 3 to Amendment 5, so EKP would have 100% control over these small projects.

**FINANCIAL & STATISTICAL
REPORT FOR APRIL 2018**

Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for April 2018:

SALES AND PURCHASES	Kilowatt hour sales for the month of April (4/1-4/30) were 11.12% over budget. Purchases for the month of April (4/1-4/30) were 11.46% over budget. Line loss for the last twelve months was 5.49%. Year-to-date margins were (\$128,463) compared to the budgeted amount of (\$203,633).
FUEL ADJUSTMENT	The fuel adjustment for January was (0.011216).
ESC	The environmental surcharge was 7.74%.
DEGREE DAYS	There were 439 degree days; 418 heating degree days and 21 cooling degree days.
T.I.E.R.	April 2018's monthly O.T.I.E.R. was (0.15) with the rolling 12 month O.T.I.E.R. of .65. The year to date is 3.89.
BILLS BY COUNTY	There were 15,366 bills for April 2018. Bills per county were Carter 4,585, Elliott 3,660, Greenup 4,274, Lawrence 766, Lewis 316 and Rowan 1,765. Two more bills compared to the month of March.
CAPITAL CREDITS	We paid 17 capital credits totaling \$14,454.29. We have 9 outstanding applications, received 2 applications and have 17 incomplete applications. The checks will be mailed Monday.
APPROVAL OF FINANCIAL & STATISTICAL REPORT	Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to approve the Financial and Statistical Report for April 18, 2018, as presented for informational purposes only.
LEGAL COUNSEL'S REPORT	Legal Counsel Scott reported on the following:
RIGHT-OF-WAY EASEMENTS	Since May 25 th through June 19, 2018, he has reviewed 168 easements and signed off on those. There was 141 recorded and returned back to the Coop, and we are waiting for a few more to be returned. There have been 37 recorded in Elliott County, 23 in Rowan County, 1 in Lewis County, 18 in Lawrence County, 60 in Carter County, 2 in Greenup County and several other easement sent to Greenup. The cost was \$2,023 for recording; \$17 fee for recording each easement.
SOUTH KENTUCKY RECC	Mr. Scott continues to work on the South Kentucky case. South KY has filed their brief and Nucor (formerly Gallatin Steel), an intervenor, has filed their brief. They are opposed to South Kentucky's right to buy off system power. He is working on our brief and it will be filed by next Friday.
MANAGER OF TECHNICAL SERVICES	Brian Poling, Manager of Technical Services, reported on the following:
AMI CASE	We haven't heard from the PSC concerning our AMI Case Number. We have asked Jeffrey to write a letter to expedite the request.
PSC INSPECTION	Mr. Moore with the PSC, spent a lot of time with metering last week. He went through a check list. As far as we know, we were in compliance.
CORP OF ENGINEERS SOLAR PROJECT	We will meet with the Corp of Engineers on Monday regarding their solar project. They plan to install 30 kW of solar at the spillway instead of the originally proposed 70kW, to comply with our net metering tariffs.

LOAD FORECAST

Carol Ann and part of the staff met with Sally Witt and the Load Forecast team from East Kentucky and developed our next Load Forecast. This data is used with our long term work plan. A power point summary was shown for 2022 and 2027.

2018 Load Forecast Resolution – We expect our residential consumers to increase in the next 10 years, from 14,222 to 14,484 and their kW consumption to increase from 972 to 1,033. We project based on history and economic indicators. Our Commercial loads may have a small increase, with no increase on the commercial/industrial load, Elliott County Prison and Smithfield. Our load factor shows a tendency to decrease. This does not include any load increase from electric cars, although we are studying and planning for that situation. Our current projects will use 77.9 megawatts as our peak. We are reducing our analysis by .10 megawatts.

Priscilla Sparks was asked to read the Resolution regarding the Load Forecast.

SEE ATTACHED RESOLUTION ON NEXT PAGE

Grayson Rural Electric Cooperative Corporation

109 Bagby Park • Grayson, KY 41143-1292
Telephone 606-474-5136 • 1-800-562-3532 • Fax 606-474-5862

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION


RESOLUTION

WHEREAS, the 2018 Load Forecast Study has been prepared by East Kentucky Power Cooperative (EKPC) using an end-use model, with full participation of Grayson Rural Electric Cooperative's President and Staff;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors approves the 2018 Load Forecast Study for use in the Four Year Work Plan, Financial Forecast and other studies, and as part of the EKPC Load Forecast Study.


Harold L. Dupuy, Board/Chairman

June 22, 2018
Date

A Touchstone Energy Cooperative 

Motion was made by Director Martin, seconded by Director Bentley to adopt the Load Forecast Resolution. Motion carried unanimously.

MANAGER OF MARKETNG & MEMBER SERVICES	Kim Bush, Manager of Marketing & Member Services presented the member services and marketing report.
ANNUAL MEETING	Kim reported she didn't have all the information for a full annual meeting report.
NATIONAL COMMUNICATOR CONFERENCE	She was in Bloomington, Indiana this week presenting Camp Co-op. She shared a picture of Director Martin's son at the National Communicator Conference. Several Co-ops were interested in starting their own camps.
CAMP CO-OP	The Camp Co-op was a success again this year with 16 kids. They were with us for two days. Fleming Mason brought up their safety trailer and Alan and Nancy Kuehner gave a great presentation on electricity. Our summer employees were a great help with the campers.
PREPAY	We have 753 active prepay accounts with 8 inactive accounts. The average balance is (\$45.36). Total number of payments in 30 days was 3,033, with an average payment of \$33.73.
DEBT MANAGEMENT	We have 69 active accounts with debt management, totaling \$16,974.71.
ENERGY EFFICIENCY	Tina performed the following audits: 4 Energy Audits and 1 Touchstone Energy Home Audit, and 1 Commercial Lighting in Progress.
SOLAR	We are still at 83 solar panels sold.
KIDS IN THE RACE	The Greenup County Fair in August will have the Kids in the Races on August 31.
ANNOUNCEMENTS	December 14th is service awards dinner at the Olive Hill Historical Society.
2018 SEDC USER'S CONFERENCE	Kim, Caitlin Hutchinson, Anita Bellew and Andrea McCleese will be attending the 2018 SEDC User's Conference in Atlanta, June 24-28, 2018.
OPERATIONS & SAFETY	Kyle Clevenger, Manager of Operations, gave the Operations and Safety Reports. Mr. Clevenger reported on the following:
EMPLOYEE/LOST TIME ACCIDENT	There were no lost time accidents to report this month.
SAFETY REPORT	The following safety meetings were held during May 2018: May 7 – Mike Martin, Assistant Manager of Operations, turned the meeting over to Kim Bush, who handed out job duties for the Annual Meeting, Thursday, May 10 th . May 14 – Andrea McCleese, Technical Services Supervisor, read from the safety manual, Metering. She also went over how to handle tick bites and the signs of Lyme Disease. Carol Fraley stated how pleased she was with the Annual Meeting. Kyle Clevenger asked everyone to have a safe day and due to the hot weather make sure you keep plenty of Gator Aid and water to stay hydrated.

**SAFETY REPORT
(CONTINUED)**

May 21 – Brian Poling, Manager of Technical Service, turned the meeting over to Robert Brown, who did a power point on Electric Vehicles, explaining the different models, charging stations, fast charge, kWh to gasoline, growth of electric vehicles in Kentucky, cooperative impacts and strategies, and suggestion for GRECC Tariff. Kyle Clevenger went over Sherry Buckler's accident. He asked everyone to be careful over the weekend.

May 29 – Priscilla Sparks, Executive Assistant, was in charge. Shane McDavid and Justin Staniford discussed water safety. A video of Bobber the Water Safety Dog and a power point on Water Safety was shown. The main topics were drowning, boating/swimming, flooding, working with water, slips, trips, falls, low visibility, and slick roads. Kyle Clevenger explained that it is hot and muggy and we need to slow down and drink plenty of liquids and watch out for each other.

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and the importance of using ground chains. A line is not dead until it is grounded.

CONSTRUCTION

The Construction Department built one hundred sixteen (116) new work orders for the month of February and worked zero (0) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked four hundred forty-seven (447) hours of overtime during the month of May 2018 and the number of work order overtime hours worked by maintenance was one hundred thirty-six (136). The Engineering Department worked eleven (11) hours of overtime.

DELINQUENT NOTICES

There were 144 delinquents for June. Eighty-two (82) cards were issued to be disconnected and 17 accounts were disconnected by remote meter June 7th for cycle 1. Sixty-two (62) cards were issued to be disconnected and 22 accounts were disconnected by remote meter on June 14th for cycle 2. Field personnel disconnected a total of 5 meters and a total of 31 meters were reconnected by field personnel and remote.

CONTRACT CREWS

We have two (2) Pike crews that have been working in the following areas:

Tony Seagraves – Cains Creek, Lawrence County and Corral Park, Carter County

Bob Marrow – Bailey Hollow, Carter County and Coordination and Pole Changes, Greenup and Carter Counties

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 545 trees, cut 1,019 trees and cut 20,000 feet of brush/line. The crews are working in the following areas:

2 cutting crews in Carter, Lewis and Greenup Counties

2 cutting crews in Lawrence County

2 cutting crews in Rowan and Elliott Counties

1 bucket truck crew in Carter, Lewis and Greenup Counties

1 bucket truck crew in Rowan County

1 bucket truck crew in Elliott County

1 tractor crew in Elliott County

Smith Tree Service – circuit crew at State Route 32 between Sandy Hook and Isonville, Elliott County

ENGINEERING REPORT

The Engineering Department released one hundred twenty-one (121) prints consisting of 3,367 feet of primary line and 1,803 feet of overhead secondary service wire. They currently have four (4) new services to be staked and four (4) to be drawn. They have approximately eight (8) miscellaneous jobs to be staked or drawn.

President Fraley said KAEC would be hosting a NUTSEA meeting the week after the rodeo. We would like to have some people attend because it is usually too far away to go.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF MEMBERSHIPS

Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve one hundred twenty-one (121) new memberships and retirement of ninety-five (95) existing memberships for February 2018.

BAD DEBT WRITE-OFFS

Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to charge off \$13,816.35 worth of bad debts and turn them over for collection.

APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY'S BUSINESS EXPENSES

Motion was made by Director Trent, seconded by Director Whitt and unanimously agreed to approve the President's business expense of \$23.34, Director's business expenses of \$10,416.63 and Attorney's business expense of \$8,171.40.

THANK YOU

We received a thank you letter from "HeArt of the Parks" sponsored by the Grayson Gallery & Art Center and a thank you note from the Greenup County Cheerleaders.

DONATIONS

President Fraley presented to the Board for their consideration the following donation requests:

Ohio University Southern Campus – Equestrian Team sponsor	\$50
Carter Christian Academy – golf scramble 6/9/18 - 2 holes sponsored	\$100
Elliott Co. Family Resource & Youth Service Center – Redi-Fest	\$100
Lewis Co. Educational Foundation – Back to School event	<u>\$100</u>
	\$350

Motion was made by Director Trent, seconded by Director Bentley and unanimously agreed to approve the donations as presented.

MEETING REPORTS

Upcoming meetings will be attended by the following directors and employees:

Robert Brown and Tony Brewer – drone school in Maysville, KY
Kim Bush, Anita Bellew, Andrea McCleese and Caitlin Hutchinson – SEDC User's Conference in Atlanta, GA, June 23 – 28, 2018
Jimmy Whitt – NRECA Directors Summer School, Savannah, GA, July 26 – 30, 2018
Priscilla Sparks, Kyle Clevenger and Nancy Madden – KAEC 2018 Accident Investigation and Record Keeping Training, McKee, KY, July 30-31, 2018

BOARD MEETING DATE

The July Board Meeting is scheduled for Friday, July 20, 2018.

ADDITIONAL BUSINESS

Director Rice announced his decision to retire, effective immediately, due to family responsibilities and health reasons. A retirement dinner will be held for him at the July Board Meeting. The Board will consider action on this issue.

EXECUTIVE SESSION

Director Martin made a motion to go to executive session at 11:30 a.m. including President Fraley. Following thorough discussion, Director Bentley made a motion to conclude the Executive Session at 11:45 a.m.

ADJOURN

Chairman Dupuy adjourned the meeting at 11:50 a.m.

Harold L. Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On July 20, 2018 at 9:07 a.m. Grayson Rural Electric held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. The Waiver of Notice was signed by those Directors present, Eddie Martin, Jimmy Whitt, Roger Trent, Kenneth Arrington and Harold Dupuy. Director Jim Bentley was absent. Others present included: W. Jeffrey Scott, Legal Counsel; Carol Hall Fraley, President and CEO; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Whitt gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve the minutes from the June 2018 Board Meeting.
PRESIDENT'S REPORT	President Fraley reported on the following:
WILLIAM 'BILLY' T. RICE	President Fraley read a Resolution of Respect for William 'Billy' T. Rice. Motion was made by Director Martin to adopt that Resolution of Respect for William T. Rice, in honor of his retirement, seconded by Director Whitt and unanimously agreed upon.
PSC INSPECTION	We had an excellent system inspection report and score by the Public Service Commission. Jeff Moore was here three weeks ago. There were no deficiencies or no recommendations. President Fraley gave a brief update on the previous work week:
NEWFOUNDLAND SUBSTATION	Monday, lightning hit the Newfoundland Substation. We had a non-reportable long outage. East Kentucky came and repaired it with our help.
AMISH FAMILY	Wednesday morning, an Amish family in Greenup County in Mike Blevins's territory, installed a pulley for a clothes line on our 3-phase pole. Steven Burton talked to them and helped them take the pulley down.
DRONE	Thursday, another consumer in Mike's territory called in and said her neighbor has a drone and was turning her electric on and off. Steven Burton checked the call out and assured the consumer that they could not use a drone to disconnect her power. Two weeks ago on Thursday, a three-phase pole was broken by wind on the Don Gullet Farm. Another pole was broken on Plum Fork, causing a major outage. All of our men and the two Pike crews were called out. The three-phase pole was snapped below the crossarm. The other pole was down on the ground.
ROBERT BROWN	Robert Brown has completed his master degree in Business Administration.
██████████	██████████ has again requested that we remove three-phase poles from his property. President Fraley responded again, outlining the same reasons why the poles could not and did not need to be moved or replaced.
CITY OF VANCEBURG	The Electric Plant Board of the City of Vanceburg Utilities has paid Grayson \$159.36 more than last year. The total amount of the check was \$3,770.36 for the period July 1, 2017 thru June 30, 2018.

INVENTORY	Inventory was excellent again this year. The physical count of inventory for the period May 1, 2017 thru April 30, 2018 was a difference of \$2,734.58. The adjustment amount is 1.05% of the average material.
EPA	The EPA stopped in at our warehouse recently and checked our oil tanks and the disposal of our old transformers. There was no violations found.
KAEC 2018 RODEO	The KAEC 2018 Rodeo is in Mayfield, KY on September 13-14, 2018.
RETIREMENT LUNCH	We will have a retirement lunch for Director William 'Billy' T. Rice today.
VACATION	President Fraley will be on vacation the week of August 6 th .
GREENUP COUNTY TAXES	Director Martin said there was 2,500 plus signatures turned in on a petition against the additional Greenup County School Board tax; 2,127 signatures were verified. The school board plans to put the issue on the ballot in November. Kentucky is second in the nation for collecting the most pennies on the dollar on taxes for school.
KAEC DIRECTOR'S REPORT	Director Whitt reported there was no KAEC Board Meeting this month.
EKPC DIRECTOR'S REPORT	<p>Director Arrington show a presentation on the Summer Edition of Power Pulse. The video discussed the following topics:</p> <p>Bluegrass Generating Station to add alternative fuel source. Kentucky co-op students win at VEX Robotics World Championship. Employees showcase EKPC life to keep workers engaged, productive and satisfied with their jobs. Co-ops plug into electric vehicles. EKPC to switch ash systems at Spurlock. Special Olympics 2018 highlights completed the presentation.</p>
EKPC RATE INCREASE	<p>East Kentucky has based part of their impending rate increase to the Senate version of the Farm Bill. They have a \$580 million cushion credit in New York. The House Bill will allow us to keep the cushion. The Senate bill would rescind the cushion of credit. According to EKPC, the interest earned on the cushion of credit is a large portion of their margins each year. Loss of that interest will contribute to their need for a rate increase.</p> <p>President Fraley is on Governance Committee Meeting and they met yesterday. They want to train CEO's, board of directors, etc. and to eliminate their fiduciary responsibilities to the Coops. They do not want our representative board members to consider the effects of their decisions on the Member Owner systems and to concentrate on East Kentucky.</p> <p>Legal Counsel Scott said Tony Campbell stated at the hearing that they earned \$16 million in 2017 on their cushion of credit of \$516,000 million (mentioned in their brief). Now it is \$580,000 million; how did it increase from May to June? He stated Senate and House have each passed a Farm Bill version.</p>
SOUTH KENTUCKY RECC	Legal Counsel said the Commission brief has to be submitted next week. Any reply briefs have to be submitted by Monday. The Commission's order said it will stand as submitted at midnight Monday, as we can file everything electronically.

**FINANCIAL & STATISTICAL
REPORT FOR MAY 2018**

Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for May 2018:

SALES AND PURCHASES

Kilowatt hour sales for the month of May (5/1-5/31) were 11.12% over budget. Purchases for the month of May (5/1-5/31) were 11.46% over budget. Line loss for the last twelve months was 5.34%. Year-to-date margins were \$691,574 compared to the budgeted amount of (\$215,877).

FUEL ADJUSTMENT

The fuel adjustment for May was (0.014245).

ESC

The environmental surcharge was 8.11%.

DEGREE DAYS

There were 238 degree days; 6 heating degree days and 232 cooling degree days.

T.I.E.R.

May 2018's monthly O.T.I.E.R. was (3.18) with the rolling 12 month O.T.I.E.R. of 0.26. The year to date is 2.47.

BILLS

We had 15,432 bills for the month of May, so we are up 25 bills compared to 2017.

MAY REVENUE

The total revenue of May is a little over \$2 million.

INSURANCE

██████████ asked Director Trent to discuss health care coverage for his spouse if he gets married. Bradley Cherry explained that a retired employee is entitled to the coverage he has when he retires. In ██████████ case, that was single coverage. He also pointed out that Humana Insurance will not add anyone under the age 65. There is no option for the situation ██████████ inquired about.

HUMANA INSURANCE

We received a quote from Humana Insurance for Grayson RECC employees. They dropped the premium \$27 from \$325.61, making it \$298.61 per person per month. Board consensus was for Mr. Cherry to renew with Humana for retiree coverage.

**APPROVAL OF FINANCIAL
& STATISTICAL REPORT**

Motion was made by Director Trent, seconded by Director Jimmy and unanimously agreed to approve the Financial and Statistical Report for May 2018 as presented for informational purposes only.

RATE INCREASE

President Fraley reported to the Board Chairman that we will need to ask for a rate increase of \$1.42 million, based on the Cost of Service Study that was completed by Alan Zumtsein and Jim Adkins on our rate case.

President Fraley asked for the staff to attend during the rate case discussion and permission was granted. Those present were Robert Brown, Brian Poling, Andrea McCleese, Kim Bush, Kyle Clevenger and Mike Martin.

When the Board authorized a Cost of Service Study by Alan Zumstein and Jim Adkins, we asked them to determine which classes were paying for themselves and if any were being subsidized. They presented their conclusions and recommendation to the staff. Staff has made every effort to evaluate the study and reach a conclusions that fulfill the needs of the Coop, with the least impact and most fair distribution of costs upon our members.

ALAN ZUMSTEIN

Alan Zumstein presented the determination of revenue requirements, and Jim Adkins gave the results of the Cost of Service Study. PSC requires normalization entries (payroll, payroll taxes, property taxes, interest expenses, depreciation, etc.) for the test year. With all those normalizations, the test year showed a deficit of \$275,000. The Commission generally allows a T.I.E.R. of 2. In order to meet that level, we would need a rate increase of \$1.42 million.

JIM ADKINS

To meet that requirement, Jim Adkins explained the results from the Cost of Service Study and how that money is allocated into schedules and classes. Some proposed classes eliminated or combined are:

1. Eliminate Off-Peak Marketing Rate (ETS unit contracts). Members will have the option of going to regular rate or time-of-day rate.
2. Street Lighting Service and Outdoor Lighting Service (eliminating two schedules) will be combined into one rate class.

Each rate class was presented with a normalized price and percentage, proposed revenue and percentage increase amount, and dollar increase amount and percentage. Minimizing the increase to the residential classes was also looked at. The largest increase was General Service Rate (barns, camps, garages, (non-necessity or luxury items) at 15.3% and Outdoor Lighting at 22.3%. Mr. Adkins said based on the Cost of Service Study, we could raise rates for these classes substantially higher.

RATE DESIGN

President Fraley said we looked at different scenarios for the best way to raise the \$1.4 million with the least impact for our members. We looked at several different factors, the profile of our members, our needs, the weather, fairness, terrain, aiding low income members with the highest bills, etc. and the impact it can have on us. We can do it two different ways: put it on kWh charge and change classification or we increase the customer service charge.

After thorough discussion and calculations, Staff believes an increase in the customer service charge would best serve our members. The increase is warranted due to terrain, ratio of members to employees, high percentage of residential accounts, and the fact that members who have the lowest income often have the highest usage. This would not assign any increase to the kWh, but would simply increase each residential member's customer charge by \$7.50 per month.

The increase of \$7.50 per account per month, with no kWh increase, and based on 67% residential service would generate \$973,000 of the needed \$1.42 million. Additional revenue would come from minimal increases in other classifications.

We plan to mail a Letter of Intention to file for a rate increase in late August or early September.

Mr. Zumstein suggested the following timeline for filing, once the initial Letter of Intent to file has been mailed: 2) another 2 to 3 weeks to advertise; so we are looking at the first of September, and 3) up to 6 months at PSC to make a decision and issue an order.

RATE DESIGN
(CONTINUED)

Motion was made to file for a rate increase of \$1.42 million, as recommended by the staff by Director Martin, seconded by Director Trent and unanimously agreed upon. Motion passed.

President Fraley said we would send the notification at the end of August and file the application in September.

LEGAL COUNSEL'S REPORT

Legal Counsel Scott reported on the following:

██████████ SUIT

Grayson Rural Electric was sued on the ██████████ suit in Elliott County. He did an answer and cross-claim.

BOARD RECESS

The Board went into recess at 11:54 a.m. for Director Rice's retirement lunch.

The Board reconvened at 1:00 p.m.

MANAGER OF TECHNICAL
SERVICES

Brian Poling, Manager of Technical Services, reported on the following:

AMI

The Public Service Commission approved our AMI application as of July 23, 2018.

Our salesman with Landis + Gyr has been working on a propagation study and a firm contract price. Our meter vendor will be Stuart Irby. It could be five months before material is delivered. A lot of paperwork and training remain to be done. The plan is ready, pending testing and analysis. Rattlesnake Ridge is interested in joining with us. Grayson Utilities may be interested.

Brian went over the Work Plan and Metering schedule for the next two years:

2015-2018 Construction Work Plan Status, approximately \$8 Million unencumbered.

Of the \$8 million, \$1.988 Million is designated for meter changes and an additional 2 Million has been re-allocated for AMI Upgrade.

WORK PLAN

CWP has been currently extended through 2019.

New 2020-2023 Construction Work Plan:

March 2010 – Begin study for new CWP
September 2019 – Present proposal to Mike Norman
October 2019 – Present to Board of Directors
November 2019 – Present Contractor Bids to Board of Directors
November – December 2019 – Submit to PSC for approval
December 2019 – Submit to RUS for approval
(Estimated approval time is 6-12 months)

Begin new Work Plan in January 2020.

AMI

Advanced Meter Infrastructure (AMI) – Radio Frequency

October 2017 - Submitted CPCN Application
December 2017 - Submitted responses to PSC Inquiry
June 2018 - Originally Anticipated PSC Approval
July 16, 2018 - PSC Approved AMI Upgrade
December 2019 - Estimated AMI Completion date

Advanced Meter Infrastructure (AMI) – existing

Stopped purchase of TS2 meters in December 2017
Current Lead time for RF equipment orders is 20 weeks
Training estimated to take 4-5 months (based on availability)
Begin building RF network January 2019
Begin setting RF meters in February 2019

OPERATIONS & SAFETY

Kyle Clevenger, Manager of Operations, gave the Operations and Safety Reports. Mr. Clevenger reported on the following:

EMPLOYEE/LOST TIME ACCIDENT

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during June 2018:

June 6 – Robert Brown, GIS Technician, turned the meeting over to KAEC Safety personnel, Tony Dempsey for the monthly safety meeting. He showed a Power Point on Spring/Summer Hazard, went over several items; storms, wind, snakes, hornets, wasp, yellow jackets, spiders, ticks and several kind of skin cancers and their preventive measures. Kyle encourage safety and watch over each other.

June 11 – Sherry Buckler, Mgr. of Acctg. & Human Resources, read Office Safety, pages 127-128 in our Safety Manual. Dewey Smith with Cintas was here to do the semi-annual check on the first-aid kits. Kyle requested to watch out for the heat and wetness, and to keep an eye out for ticks.

June 18 – Kim Bush, Mgr. of Mktg. and Member Services, turned the meeting over to Rita Sexton, Carter County Health Department, to speak on Overdose Recognitions and How to Give NARCAN. Kyle asked everyone to be safe.

June 25 – Bradley Cherry, Mgr. of Finance and Acctg., read an article about Fireworks and the statistics of injuries and death that are caused each year with fireworks. Kyle asked everyone to change out their gloves and sleeves.

CONSTRUCTION

The Construction Department built one hundred twenty (120) new work orders for the month of February and worked zero (0) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked four hundred thirty-five (435) hours of overtime during the month of June 2018 and the number of work order overtime hours worked by maintenance was one hundred twenty-eight (128). The Engineering Department worked two (2) hours of overtime.

DELINQUENT NOTICES

There were 131 delinquents for July. Seven (7) cards were issued to be disconnected and 4 accounts were disconnected by remote meter on July 9 for cycle 1. One (1) card was issued to be disconnected and 14 accounts were disconnected by remote meter on July 16 for cycle 2. Field personnel disconnected a total of 8 meters and a total of 10 meters were reconnected by field personnel and remote.

CONTRACT CREWS

We have two (2) Pike crews that have been working in the following areas:

Tony Seagraves – Corral Park, Carter County

Bob Marrow – poles changes and coordination's in Greenup and Carter Counties

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 728 trees, cut 942 trees, cut 53,500 feet of brush/line and sprayed 251 feet of line. The crews are working in the following areas:

1 cutting crews in Carter, Lewis and Greenup Counties

1 cutting crews in Lawrence County

1 cutting crews in Rowan and Elliott Counties

1 bucket truck crew in Carter, Lewis and Greenup Counties

1 bucket truck crew in Rowan County

1 bucket truck crew in Elliott County

1 tractor crew in Elliott County

3 spray crews in Greenup County

Smith Tree Service – circuit crew at RT 32 between Isonville and Sandy Hook

ENGINEERING REPORT

The Engineering Department released eighty-seven (87) prints consisting of feet of 1,506 primary line and 1,408 feet of overhead secondary service wire. They currently have four (4) new services to be staked and four (4) to be drawn. They have approximately eight (8) miscellaneous jobs to be staked or drawn.

Jim Bridges is doing regular inspections and inspected US 60 and Cains Creek.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF MEMBERSHIPS

Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve one hundred eight (108) new memberships and retirement of one hundred three (103) existing memberships for May 2018.

BAD DEBT WRITE-OFFS

Motion was made by Director Martin, seconded by Director Trent and unanimously agreed to charge off \$7,670.87 worth of bad debts and turn them over for collection.

APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY'S BUSINESS EXPENSES

Motion was made by Director Martin, seconded by Director Trent and unanimously agreed to approve the President's business expense of \$102.73, Director's business expenses of \$ 6,816.21 and Attorney's business expense of \$25,876.24.

[REDACTED] of Lambert Hollow inquired about the Director's seat in Rowan County and the procedure for election. President Fraley talked to him on the telephone.

THANK YOU

We received thank you cards from Ohio University Southern Equestrian Team, Lewis County Educational Foundation, Carter County Shrine Club and Grayson Meals on Wheels.

DONATIONS

President Fraley presented to the Board for their consideration the following donation requests:

Elliott County Tobacco Festival	\$150
Plum Grove Baptist Church – Greenup Co. Back to School Readifest	\$250
Grayson Rotary Club – Funtober Fest 2018	\$150
Carter County Fair – patron sponsor	\$150
Pathways – 12 th annual golf scramble	<u>\$100</u>
	\$800

Motion was made by Director Whitt, seconded by Director Trent and unanimously agreed to approve the donations as presented.

MEETING REPORTS

Upcoming meetings will be attended by the following directors and employees:

Director Whitt will be attending the NRECA 2018 Directors Summer School in Savannah, GA July 27-30, 2018.

BOARD MEETING DATE

The August Board Meeting is scheduled for Friday, August 24, 2018.

ADJOURN

Chairman Dupuy adjourned the meeting at 1:28 p.m.

Harold L. Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On August 24, 2018 at 9:10 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Dupuy called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; Priscilla Sparks, Executive Assistant and Bradley Cherry, Chief Financial Officer.

INVOCATION

Director Whitt gave the invocation.

APPROVAL OF MINUTES

Motion was made by Director Trent, seconded by Director Bentley and unanimously agreed to approve the minutes from the July Board Meeting for informational purposes only.

ALAN ZUMSTEIN – AUDIT

Alan Zumstein, CPA, presented the Management Letter of the Independent Auditor's Report and the results of the Audit for the Fiscal Year for June 1, 2017 through May 31, 2018. He stated the following:

*No real significant changes in assets. Accounts Receivable decreased significantly since last year due to change in billing cycle. Equity is 35% of our assets. Excluding East Kentucky Power's capital credit allocations, our true equity is approximately 19%.

*The Financial Statement was reduced by a little less than \$.7 million due to the change in our billing cycle. Operating expense, without purchase power, increased little less than 5%.

*We are filing a rate application with the PSC. Non-rate making expenses such as donations for charitable organizations, scholarships, health insurance premiums for directors and attorney, and non-recurring items cannot be included in the rate case.

*Patronage Capital has not changed. We refunded over \$3 million dollars to our members. Cash flows from Operating should be higher than cash flows from Investing, instead of borrowing (Cash Flows from Financing), which affects T.I.E.R. and equity. There were no changes in depreciation and there were no changes in the Notes to the Financial Statement.

The FFB (Long Term Debt) increased this year from .203% to 1.738%. The Pension Plan with NRECA has kept the contribution rate level. Internal Controls (work orders, material, payroll, invoices, and reimbursement of directors and employees trips, etc.) showed no deficiencies. We have complied with Aspects of Contractual Agreements and Regulatory Requirements for electric borrowers.

Chairman Dupuy asked if it was okay to use the same firm year after year for audits and asked if there was any authority that would frown on Grayson using the same auditor year to year. Mr. Zumstein said no.

Motion was made by Director Trent to accept the 2017-2018 Financial Audit as presented, seconded by Director Whitt and unanimously agreed upon.

PRESIDENT'S REPORT	President Fraley reported on the following:
PSC INSPECTION	Jeff Moore with the PSC visited Grayson's territory for a Periodic Vegetation and Maintenance Inspection July 16-19, 2018, reviewing utility operations and management practices. No deficiencies were identified.
ACRE	We receive a certificate from Action Committee for Rural Electrification (ACRE) for 100% Management enrollment.
KAEC VOTING DELEGATES AND BOARD MEMBERS	Voting Delegates to the 2018 KAEC Annual Meeting remain the same. Roger Trent will serve as Voting Delegate and Harold Dupuy will serve as Alternate Voting Delegate. The 2019 Board Members are Director Jimmy Whitt and President and CEO, Carol Hall Fraley, alternate.
CFC VOTING DELEGATES	The 2018 CFC Voting Delegate is Director Jimmy Whitt and Harold Dupuy, Alternate.
NRUCFC BOARD SEAT	Mike McNalley is running for NRUCFC At-Large Board of Directors – Financial Expert position.
VACATION	President Fraley took one week off for vacation in August.
AUDIT AND RATE CASE	We have been working with Jim Adkins and Alan Zumstein on the audit as well as the rate case.
JULIE LEWIS	Julie Lewis has submitted her resignation, so she can help her husband with the family business. She will be leaving the first of November. We do not plan to fill this position at this time.
WAGE & SALARY	September is wage and salary month for our non-union employees. The union workers received \$.50 on the hour. Following thorough discussion, Director Martin made a motion, seconded by Director Trent to give each employee an increase of 50 cents per hour with some smaller increases for those who assumed additional duties.
PSC MEETING	<p>The Cooperatives were called to a PSC meeting Tuesday in regards to dues we pay the Commission annually. Bradley Cherry attended for Grayson. We pay \$180,000 in dues to the Commission each year. The PSC says the state takes 50% of that and puts it in their general funds. They are requesting the Coops to go to their legislators and ask them to leave the money at the Commission. They are going to propose a couple of changes to the legislature in January. They want to streamline rate cases, to make filing easier and less expensive. Our assessment is based on our property tax, listed on our annual report.</p> <p>PSC at one point had 110-120 employees and are now down to 65. They are working on efficient ways of filing rate cases and may eliminate formal hearings, changes in protocol and expensive cost of service studies for upwards of \$100,000.</p>
KAEC DIRECTOR'S REPORT	Director Whitt reported there was not a KAEC Board Meeting this month.
EKPC DIRECTOR	Director Arrington reported on the following on the East Kentucky Power Cooperative Board Meeting.

**EKPC DIRECTOR
(CONTINUED)**

Rates was discussed most of the day. They are assuming that early 2019 they will have a rate increase. They had a consultant to come and discuss different revenues, margins and recovery of cost to provide service. Utilities margins, TIER, OTIER, MDSC, FAC were defined and addressed. Wages, rate case expense, \$80,000, cost of service study, snap shot of 12 month test period and allocate utility cost to customers was explained. Industry standard approach was discussed.

Director Whitt asked what the usual length was on rate increases. Our last rate increase lasted six years.

Director Whitt asked about East Kentucky's predicted rate increase. East Kentucky is asking for a 3%-5% operating increase, 10-12% based on the PSC's decision still pending on East Kentucky Power and another 10% depending on Farm Bill.

**FINANCIAL & STATISTICAL
REPORT FOR JUNE 2018**

Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for June 2018:

SALES AND PURCHASES

Kilowatt hour sales for the month of June were 3.91% over budget. Purchases for the month of June were 4.88% over budget. Line loss for the last twelve months was 5.50%. Year-to-date margins were \$267,142 compared to the budgeted amount of (\$371,214). Kilowatt sales were down 4% compared to 2017. When we get through the billing cycle it should start evening out. Purchasing was up 7% compared to last year.

FUEL ADJUSTMENT

The fuel adjustment for June was (0.003894).

ESC

The environmental surcharge was 8.84%.

DEGREE DAYS

There were 298 cooling degree days and 0 heating degree days.

T.I.E.R.

June 2018's monthly O.T.I.E.R. was 3.49 with the rolling 12 month O.T.I.E.R. at (0.22).

BILLS

We mailed 15,373 bills for the month of June

**APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR JUNE 2018**

Motion was made by Director Bentley, seconded by Director Whitt and unanimously agreed to approve the Financial and Statistical report for June 2018 as presented, for informational purposes only.

RATE CASE

Alan and Jim are working on our rate case application and the newspaper notices will be in the papers next week. Wages and benefits are what the Commissions scrutinized the most. We think the wage and salary study done last year for our region and compared with other Coops will helps us with that.

INSURANCE

We received our proposed renewal insurance rates for 2018-2019's retirement and health plan. They are billing insurance increase at .6% outside workers and .2% on inside workers based on average age on both groups. Business travel stayed the same. An increase of 6.5% on medical with high deductible; this increase was due to the age of inside workers, having less than seventy five employees, along with low percentage rates the past three years.

INSURANCE
(CONTINUED)

Motion was made for accepting the insurance rate as presented by Director Martin, seconded by Director Trent and unanimously agreed upon.

CAPITAL CREDITS

Deceased capital credits will be mailed out next week.

We will set down with SEDC and looked at what services they can provide for us at no cost and some things that will cost.

President Fraley is currently working on metering, the next work plan and construction bidding.

RUS WORK ORDERS

Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve the following 219 RUS Work Orders for the months of January, February and March 2018 in the amount of \$698,934.42:

January 2018	Work Order No. 1284	\$234,077.34
	Work Order No. 1285	\$12,811.03
February 2018	Work Order No. 1286	\$210,983.05
	Work Order No. 1287	\$3,687.15
March 2018	Work Order No. 1288	\$226,836.87
	Work Order No. 1289	\$10,538.98
Total		\$698,934.42

LEGAL COUNSEL

Legal Counsel Scott finished up all remaining filing on the South KY case. All were submitted by August 7, 2018. No decision has been made. Bradley said it will be another month before any resolution, as they are just starting to formulate an order.

RIGHT-OF WAY EASEMENTS

Dozens of right-of-way easement have been reviewed and recorded. He hand delivered a bunch to Greenup this week.

Legal Counsel received from Carol Ann yesterday membership applications used by Fleming Mason, Clark and Shelby Electric showing the membership wording. The three membership applications were thoroughly discussed. The current right of way requirements take at least an hour to process and may cause the membership applicants more than one trip to the office. If it meets legal requirement it would make it easier, but Legal Counsel said they were not acceptable. He said if a renter comes in and the poles and lines are already there, we could ask them to get an easement from the property owner and go ahead with energizing their meters.

People who have an account with us would be exempt. All new accounts would require the complete right of way process.

Director Arrington made a motion to do away with right-of-way easements. Director Arrington made a motion to withdraw his motion to do away with right-of-way easements.

Director Martin made a motion to table the right-of-way easements until the September Board Meeting, seconded by Director Bentley. Everyone agreed.

**RIGHT-OF WAY EASEMENTS
(CONTINUED)**

Chairman Dupuy asked Legal Counsel Scott to research on what to do if the electric lines are existing. Constructive easement was discussed briefly.

**MANAGER OF
TECHNICAL SERVICES**

Brian Poling, Manager of Technical Services reported on the following:

LANDIS + GYR CONTRACT

We have been working on the Landis+Gyr contract since the last Board meeting and waiting to hear back from them. He inquired this morning and possibly could have a tentative contract this afternoon. Legal Counsel will review the contract.

MAPPING

We have been working on meter designs, creating electronic forms to track installation of the routers and collectors and mapping the 735 GPS locations to the nearest pole included in Landis+Gyr's propagation study.

**DRONE PILOTS –
ROBERT BROWN AND
TONY BREWER**

Robert Brown and Tony Brewer have completed their training to become commercial drone pilots. They will take a test in the next couple of weeks once they schedule with an airport at Mt. Sterling. The test covers many things outside what they will use on a day-to-day basis but need to pass the FAA's test.

Once they acquire their pilot's licenses, they will be making application for the cooperative to have waivers for certain types of flights, nighttime flight waivers as well as registering with FAA our service territory for other pilots to know we may be flying any were on our system.

COMPUTER NETWORK

We have now installed a redundant layer 3 switch on our computer network. That is a switch that directs all our internal and external network traffic. It was the one weak point that had the potential to shut us down.

We have also increased our data storage to allow an upgrade to our meter data management system (MDM) as well as encryption of our data. The MDM is the repository for the meter readings that allows prepay meters to get a daily update on usage and money remaining. We had SEDC encrypted all our UPN data (consumer information, payroll, accounting, capital credits...everything) last night as another layer of protection. That included all the consumer information, payment records, payroll, accounting, capital credits...all our information that SEDC covers. Now, should a hacker get to our data, they would not be able to read the information.

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations, gave the Operations Report and the Safety Report. He reported on the following:

**EMPLOYEE/LOST TIME
ACCIDENT**

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during July:

July 2 – Kyle Clevenger, Manager of Operations, was in charge of meeting. Due to the storm that went thru on July 1st the meeting was cancelled. All Lineman had been working all night and was still out restoring power.

July 12 – Carol Ann Fraley, President and CEO, turned the meeting over to Tony Dempsey, KAEC Safety Instructor, who went over four accidents that

**SAFETY REPORT
(CONTINUED)**

involved lineman in the first week in July. He also showed videos and a power point on distractive driving, staying focused and do not use cell phone while driving. Kyle Clevenger stated that it was going to be hot to watch over each other.

July 16 – Mike Martin, Assistant Manager of Operations, read from the safety manual on Material Handling and Storage and Explosives, pages 301 and 302. Kyle Clevenger and Priscilla Sparks presented Justin Staniford a Certificate of Completion for Basic Skills Workshop.

July 23 – Andrea McCleese, Technical Services Supervisor, showed a video on Cyber Security and went over what the members can use on the mobile apps such as payments, outages, arrangements and history of usage. Kyle Clevenger requested everyone to work safe, watch over each other, use safety equipment, and watch for slips, trips and falls.

July 31 – August 1 – Jamie Hull with East Kentucky Power was here to do First Aid and CPR certifications for all co-op employees.

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and the importance of using ground chains. A line is not dead until it is grounded.

JOBS BUILT

Construction built one hundred five (105) new work orders (including 16 services added and 12 services retired) for the month of July and worked zero (0) hours of overtime.

DELINQUENT NOTICES

There were 170 delinquents for August. Seventy-one (71) cards were issued to be disconnected and 6 accounts were disconnected by remote on August 7 for cycle 1. Seventy-seven (77) cards were issued to be disconnected and 16 accounts were disconnected by remote on August 14 for cycle 2. Field personnel disconnected a total of 9 meters and a total of 20 meters were reconnected by field personnel and remote.

OVERTIME HOURS

The Maintenance Department worked nine hundred ten (910) hours of overtime. The Engineering Department worked twenty-eight (28) hours of overtime.

CONTRACT CREWS

We have two (2) Pike crews working in the following areas:

Tony Seagraves—Corral Park in Carter County
Bob Marrow—Coordination and Pole Changes in Greenup and Carter Counties

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and workorders at this time. Crew's trimmed 612 trees, cut 628 trees, cut 33,765 feet of brush/line and sprayed 273 spans of line. The crews are working in the following areas:

1 cutting crews in Carter, Lewis and Greenup Counties
1 cutting crew in Lawrence County
1 cutting crew in Rowan and Elliott Counties
1 bucket truck crew in Carter, Lewis and Greenup Counties
1 bucket truck crew in Rowan County
1 bucket truck crew in Elliott County

**RIGHT-OF-WAY CREWS
(CONTINUED)**

1 tractor crew in Carter County
3 spray crews in Greenup County

Smith Tree Service circuit crew have been on ST RT 32 between Sandy Hook and Isonville, Elliott County.

Mike Martin said they just finished up the Isonville circuit and are now hand spraying it and Howards Creek.

ENGINEERING REPORT

The Engineering Department released one hundred seventy-eight (178) prints consisting of 6,676 feet of primary line and 2,091 feet of service wire.

They currently have four (4) new services to be staked and four (4) to be drawn. There are sixteen (16) miscellaneous jobs to be staked or drawn, largely due to the substation readings.

**AIRPORT ROAD
SUBSTATION**

East Kentucky found vandalism in the Airport Road Substation. The fence was cut on the backside. They were very close to getting electrocuted. The grounding system we have now is not all copper. They only got \$15 worth of copper. They cut all the regulators, but one.

MIKE REYNOLDS

Mike Reynolds received his new bucket truck this week.

**MANAGER OF MARKETING
AND MEMBER SERVICES**

Kim Bush, Manager of Marketing and Member Services reported on the following.

ANNUAL MEETING

The cost of the Annual Meeting was over budget \$3,300 due to the purchase of extension cords. We had a good meeting registering 1,236 members.

PSC DISCONNECT MEMBERS

Kim finished the PSC Disconnection / Reconnection Report PSC for July 2017 – June 30, 2018. She reported 357 disconnections and 247 reconnections.

PREPAY

Compared to this time last year we are up 121 prepays for a total of 765 active accounts and 9 inactive accounts.

ENERGY

Tina is still receiving energy calls and has been out on three energy audits, 2 heat pumps, 1 Touchstone Energy Home, 1 CARES and 1 Button-Up. People are still using energy rebates. East KY is still paying for these programs, but we don't know for how much long.

**KUEHNER ALAN V/NANCY
SOLAR PANELS**

Alan and Nancy Kuehner purchased some solar panels making us a total of 97 solar panels sold.

BLAINE REDIFEST

Kenneth and Edna Arrington and Peggy Wells worked the Blaine RediFest on August 3 handing out school supplies.

GREENUP COUNTY FAIR

The Greenup County Fair is Friday night and we will participate with Kids In The Races.

HONOR FLIGHT

Delmaine Skaggs of Sandy Hook and Billy Messer of Greenup will be the Veterans on the Honors Flight to Washington D. C. September 22nd. Robert Brown and Justin Staniford and will serve as Guardians.

CLEANING The office will be closed Monday, October 8, for our annual fall cleaning. All employees will be working.

GRAYSON CHAMBER We will be hosting Grayson Area Chamber on October 9th at noon and will have the First Responders Training that evening at 6:00 p.m.

CO-OP PICNIC We do not know if there will be a company picnic this year. We are waiting to hear back from the employees.

SAFETY DEMONSTRATION October 1st and 2nd will be the Carter County Conservation Field Days at Camp Webb for all 4th grade students in Carter County. We will be doing the safety demonstration for them.

CHRISTMAS The scheduled date for our annual Christmas dinner/years of service awards is December 14th.

CHRISTMAS BUDGET The proposed Christmas budget for 2018 is \$23,400. This includes the dinner, Santa gifts, staff and board gifts, years of service awards, and Christmas bonus for everyone.

Motion was made by Director Trent to approve the 2018 Christmas budget, seconded by Director Whitt and unanimously agreed upon.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS Motion was made by Director Trent, seconded by Director Bentley and unanimously agreed to approve eighty-seven (87) new memberships and retirement of ninety-one (91) existing memberships for July 2018.

BAD DEBT WRITE-OFFS Motion was made by Director Martin, seconded by Director Bentley and unanimously agreed to charge off \$5,313.97 worth of bad debts and turn them over for collection.

APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY'S BUSINESS EXPENSES Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve the President's business expense of \$233.22, Director's business expenses of \$9,501.87, and Attorney's business expense of \$9,491.00.

DONATIONS We received a thank you from the Elliott County Public Library and one from Billy T. and Fern Rice.

President Fraley presented to the Board for their consideration the following donation requests:

Carter County Relay for Life	\$250
Greenup County Varsity Cheer – golf tournament	\$100
Trooper Island – Hidden Cove Tournament – for boys/girls camp	\$100
Elliott County Softball – Lady Lions Softball- Bruin Open Golf Scramble	\$100
Lawrence County Food Bank – food pantry	\$250
Elliott County Chamber Dues – renewal for 2018	\$300
Greenup County Livestock Committee – sponsor 4H youth (fair)	\$500
	\$1,600

Motion was made by Director Martin, seconded by Director Whitt and unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE

The following upcoming meetings were presented for attendance this month.

Director Martin met with Don Mosier of East Kentucky Power to discuss what they are allowing Grayson to use the \$10,000 for. He feels East Kentucky should come up two times a year and give us an update on what is going on.

President Fraley noted that it is highly unusual for an officer of the G&T to meet one-on-one with a director of a member owner system and she has concerns about this.

Director Arrington said President and CEO Campbell needs to come up and thinks it is in his contract to visit the Cooperatives annually. President Fraley said she will invite him up whenever they would like for her to do so.

BOARD MEETING DATE

The September Board Meeting will be held on Friday, September 28 at 9:00 a.m.

ADDITIONAL BUSINESS

There was no additional business to bring before the Board of Directors.

EXECUTIVE SESSION

Director Martin called for an Executive Session at 12:37 p.m. and came out of Executive Session at 12:55 p.m.

ADJOURN

Chairman Dupuy adjourned the meeting at 12:56 p.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel



The Employee Kitty Fund shall support employee activities such as picnics, outings, flowers, Christmas or any other appropriate group employee function.

RESPONSIBILITY: The President and CEO and Executive Assistant shall be responsible for flowers and cards. The employee committee shall be involved in all group activities.

PROCEDURE: As Outlined Above

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

Date Adopted: 05/26/89
Minute Book Page: 1844
Date Revised: 11/20/92
Minute Book Page: 2207-2208
Date Reviewed: 01/24/97
Minute Book Page: 2867
Date Revised: 02/26/04
Minute Book Page: 3588
Date Amended: 06/26/09
Minute Book Page: 4224
Date Reaffirmed: 04/19/10
Minute Book Page: 4313
Date Revised: 09/28/18
Minute Book Page: _____

PRESIDENT'S REPORT

President Fraley reported on the following:

██████████

President Fraley presented a check from ██████████ to Legal Counsel Scott, as Legal Counsel had not heard from Attorney Derick Willis who represented ██████████. The check will be returned to Mr. Willis.

RICHARD EASTON

Richard Easton was featured in an article in the October issue of the Kentucky Living magazine.

PROPOSED RATES

President Fraley's Manager's column for October was in the mail today. It is also running as a legal ad in all area papers, as required by the Kentucky PSC. No comments have been received.

CFC

We received a certificate from CFC's fiscal year 2018 for patronage capital in the amount \$35,086.82 and retirement of \$17,543.41. No check was received.

Director Whitt said last month CFC said they would give a check to each Coop for community programs and inquired whether we received one. We did not.

UUS PATRONAGE

We received patronage dividend allocations of 20% in the amount of \$210.00.

CRC

We received a patronage allocation from CRC for fiscal year 2017 in the amount of \$1,226 with a check for the pro-rata portion of \$245.00. The current balance is \$8,219.80

SAFETY IMPROVEMENT

President Fraley read the Coop's goals for safety improvement:

**SAFETY IMPROVEMENT
(CONTINUED)**

**SAFETY IMPROVEMENT PLAN
FOR 2018**

Expectations and Accountability for Safety

Our goal is to make our standards for safety even higher than they are. We start with our new employees and apprentice linemen to make sure that safety is ingrained in their personal and work cultures. Safety starts with our Board and includes our employees, members and the general public.

1. Organization of Safety Culture

One of our most difficult tasks is to keep safety fresh and up front with our employees. We try to include a safety lesson or message in everything we do.

2. Employee Involvement Participation

It must be understood that all employees, management and Directors are responsible for safety. They are also responsible for bringing issues to Management's attention, to carry the safety initiative through all aspects of their work and personal life, and to abide by the decisions and rules of the Cooperative and other organizations recognized by them.

Chairman Dupuy stated he would present the first safety meeting in January to address safety.

CORRAL PARK

President Fraley met with [REDACTED] and [REDACTED] recently in regard to issues at Corral Park. Those issues included what they considered damage to blacktop, a request for all security lights to be changed to LED immediately, and some tracks in [REDACTED] yard. They also asked for help in encouraging the telephone and cable companies to move their lines to our new poles. We explained that process and said that we would notify both companies, although they are already aware of it.

INSURANCE CLAIM

[REDACTED] alleges that Steve Bush hit her pit bull in her driveway. She had been disconnected for nonpayment. After she paid, her remote meter did not respond to the reconnect command. Mr. Bush went to see what was wrong and said the dogs came running toward his truck from the house. She is requesting Grayson to pay the veterinary bill. Legal Counsel Scott said to file it with the insurance.

RATE CASE UPDATE

Andrea and Bradley have spent a lot of time of the rate case. The PSC sent us 59 questions to answer as soon as we sent a letter of our intention to file. Alan Zumstein and Jim Adkins will assist in answering these questions.

SUCCESSION PLANNING

President Fraley told the Board it was time to begin succession planning, due to the high number of our work force that is either eligible or will be eligible for retirement. We will need to hire people in time to learn certain jobs. Some will take longer than others. Tina and Kim are doing a good job sharing Julie's work and Sherry Conley is working hard to help strengthen the path between Member Services and Billing.

KAEC DIRECTOR'S REPORT

Director Whitt reported the following on the KAEC Board Meeting this month.

COBANK	Cobank's Luke Gaines presented KAEC with a \$5,000.00 check. He also said that Co Bank is offering a program called "Sharing Success Program" that Cooperatives can apply to for matched funds for charitable projects.
KAEC FINANCIAL	The year to date consolidated margins were reviewed, and there has been an improvement versus the prior year of \$534K. Product Sales have increased by \$3.4M versus the prior year resulting in \$364K of product gross margin. Capital credits were discussed, KAEC had taxable net income in 2017 of \$2.8M including the gain on the sale of the building and ERMCO Capital Credits. However, over the years, KAEC had accumulated \$3.8M of net operating loss carried forward and used \$2.8M to reduce taxable Income to \$0.
TRANSFORMERS	There are currently 305 KAEC transformers and 217 ERMCO transformers that cannot be sold. The goal is to move obsolete and slow-moving material out of inventory.
PSC MEETING	Chris Perry gave an update on recent meetings with the PSC regarding streamlining rate cases. Future meetings will be held on September 28 th and October 5 th . He also discussed the PSC meeting that was held on August 21st to discuss the Commission plans mitigate staffing shortages. The PSC would like the Cooperatives to assist them in their efforts to lobby the 2019 Legislature to stop taking money from the dues we pay to the PSC. The state adds those funds to the general fund. In return, the PSC would look at ways to streamline ratemaking processes.
EKPC DIRECTOR	Director Arrington reported on the following at the East Kentucky Power Cooperative Board Meeting.
NUCOR STEELE	NUCOR plans to double their plant size and number of employees next year. They are members of Owen Electric Cooperative.
MENTORING	East Kentucky is doing a mentoring program in January for new directors coming into the program. Their philosophy is that Directors are only responsible for decisions affecting East Kentucky Power and owe no fiduciary responsibility to their local cooperatives. President Fraley stated that at the Governance Meeting, Roger Cowden compared coops to a condominium Home Owners board, and she told him that decisions made at East Kentucky Power affected over 500,000 members of local Cooperatives, and that this was no comparison. Legal Counsel Scott, President Fraley and the Board discussed this issue at length.
FINANCIAL & STATISTIC REPORT FOR JULY 2018	Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for July 2018:
SALES AND PURCHASES	Kilowatt hour sales for the month of July were 3.66% over budget. Purchases for the month of June were .24 % over budget. Line loss for the last twelve months was 5.4%. Year-to-date margins were \$339,892 compared to the budgeted amount of (\$381,112).
FUEL ADJUSTMENT	The fuel adjustment for July was 0.002181.
ESC	The environmental surcharge was 8.78%.
DEGREE DAYS	There were 353 cooling degree days and 0 heating degree days.

T.I.E.R. July 2018's monthly O.T.I.E.R. was 1.76 with the rolling 12 month O.T.I.E.R. at (.03).

BILLS We mailed 15,405 bills for the month of July. Carter County makes up 30% of our bills, Greenup County 28%, Elliott County 24%, Rowan County 11%, Lawrence County 5% and Lewis County 2%.

RATE CASE UPDATE Bradley said we would send answers to our first set of questions next week on Rate Case 2018-00272.

APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR JULY 2018 Motion was made by Director Whitt, seconded by Director Bentley and unanimously agreed to approve the Financial and Statistical report for July 2018 as presented, for informational purposes only.

RUS WORK ORDERS Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve the following 219 RUS Work Orders for the months of April, May and June 2018 in the amount of \$605,048.52:

April 2018	Work Order No. 1290	\$164,403.75
	Work Order No. 1291	\$ 3,189.39
May 2018	Work Order No. 1292	\$195,265.65
	Work Order No. 1293	\$ 12,678.04
June 2018	Work Order No. 1294	\$215,147.59
	Work Order No. 1295	<u>\$ 14,364.10</u>
	Total	\$605,048.52

LEGAL COUNSEL Legal Counsel Scott reported on the following:

RIGHT-OF WAY EASEMENTS One hundred ninety-three right-of-way easements were recorded in the following counties:

93 Elliott; 3 Lawrence; 40 Greenup; 31 Rowan; 17 Carter; and 9 in Lewis.

He has been working on right-of-way easement memos.

MOU AND AMENDMENT 3 Due to the ruling of the Public Service Commission in the South Kentucky RECC Case, MOU and Amendment 3 have been cancelled.

Any appeal to this ruling would have to be filed in Franklin Circuit Court.

MANAGER OF TECHNICAL SERVICES Andrea McCleese, Assistant Manager of Technical Services reported on the following:

AMI RF Our AMI RF conversion project is underway. Stuart Irby, Steve Bush and Brian have created a complete catalog list of all the meters needed and all of them will be programed. The first order was placed this week for meters and networking equipment.

LANDIS+GYR Landis+Gyr has also assigned us a project manager. We will have a kick-off meeting in 4-6 weeks. The Project Manager will assist us in the analysis of communication paths for each of the collector sites.

IPADS – FIELDPRO

The men in the field like the FieldPro application that gives them regular updates of the maps. Robert has training sessions after safety meeting on alternating weeks.

MILSOFT

A Milsoft trainer has been with us the past three days teaching us how to better use the outage software upgrades. There have been several software updates that added to the functionality

DRONE

We have purchased our first drone this week. Robert Brown and Tony Brewer gave a good demonstration on the use of drones at our Safety Meeting on Monday. We think there are going to be many opportunities to use the drones.

MANAGER OF MARKETING AND MEMBER SERVICES

Kim Bush, Manager of Marketing and Member Services reported on the following.

PREPAY

780 Active PrePay Accounts	10 Inactive Accounts
Average Balance on accounts--\$38.66 credit	
Average kwh Usage - 36 a day	Total # of Payments in 30 days - 3,723
Average Payment - \$32.49	Total Payment Amount - \$120,960.91

DEBT MANAGEMENT

We have 67 active accounts with debt management.
The total amount in Debt Management is \$17,351.15

ENERGY VISITS

Tina has made the following home visits:

Energy Audits=5	TSE Home=1	CARES=2
Button-Up=1	Billing Insights=2	

ENERGY STAR REBATES

The following Energy Star appliance rebates were filed:

Clothes Washer=5	Dishwasher=3	Refrigerator=2
Freezer=11	Freezer= 1	ES Heat Pump=1
ES Central Air Conditioner=1		

SOLAR

The solar update given was:

Cooperative Solar inquires=2	Cooperative Solar Sales=0
Cooperative Solar Total=97 panels	Total Net Metering Accounts=5
Net Metering Inquires=3	

We received a credit of \$183 from solar.

PROGRAMS

We sponsored Kids in the Races at the Greenup County Fair.

ANNOUNCEMENTS

October 1 & 2 – Electrical Safety Demonstrations at the Carter County Conservation Field Days at Camp Webb for all 4th grade students in Carter County – Robert & Tina and Chris & Nancy
October 8 – Cleaning Day, Office Closed and Brownstown will be frying fish
October 9 – Grayson Chamber of Commerce meets at GRECC at noon. Kevin Osborn will be bringing the hybrid car and will be talking about electric cars.
6:00 p.m. – First Responders Safety Training – all counties are invited. Dinner provided by GRECC.
December 14 - Service Awards Dinner

HONOR FLIGHT

Delmaine Skaggs of Sandy Hook and Billy Messer of Greenup were the Veterans on the Honors Flight to Washington D. C. September 22nd. Robert Brown and Justin Staniford served as Guardians.

FLU SHOTS

Flu shots will be given on October 22nd and the HEP A booster.

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations, gave the Operations Report and the Safety Report. He reported on the following:

EMPLOYEE/LOST TIME
ACCIDENT

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during July:

August 7 – Priscilla Sparks, Executive Assistant, turned the meeting over to Shannon Johnson, Barry Warner and Eddie Fletcher from East Kentucky Power. The Lock Out Tag Out procedures was discussed following by going out for a substation training.

August 13 – Robert Brown, Geographical Information System Technician, turned the meeting over to John Janis with PMA/Washington National Insurance. John discussed the policies available to our employees. Certificates of Completion for Accident Investigation and Record Keeping Training were presented to Kyle Clevenger, Priscilla Sparks and Nancy Madden.

August 20 – Sherry Buckler, Manager of Accounting & Human Resources, turned the meeting over to Kyle Clevenger who reported to Federated Near Misses incident and discussed what could have been done to prevent each.

August 27 – Kim Bush, Manager of Marketing & Member Services, read out of the safety manual on 501 Office Safety, 501.1 General Office Safety and 501.2 Video Display Terminals pages 127 – 128. Kyle Clevenger requested everyone to change out rubber gloves.

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and the importance of using ground chains. A line is not dead until it is grounded.

JOBS BUILT

Construction built one hundred twenty-eight (128) new workorders (including 23 services added and 9 services retired) for the month of July and worked zero (0) hours of overtime.

DELINQUENT NOTICES

There were 203 delinquents for September. Sixty-three (63) cards were issued to be disconnected and 7 accounts were disconnected by remote meter on September 10 for Cycle 1. One hundred fifteen (115) cards were issued to be disconnected and 18 accounts were disconnected by remote meter on September 17 for Cycle 2. Field personnel disconnected a total of 18 meters and a total of 12 meters were reconnected by field personnel and remote.

OVERTIME HOURS

The Maintenance Department worked 496 hours of overtime. The Engineering Department worked 0 hours of overtime.

CONTRACT CREWS

We have two (2) Pike crews working in the following areas:

Tony Seagraves – Corral Park, Carter County. Corral Park is finished
Bob Marrow – Coordination's and Pole Changes in Greenup and Carter Counties

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and workorders at this time. Crew's trimmed 731 trees, cut 1,038 trees, cut 41,820 feet of brush/line and sprayed 182 spans of line. The crews are working in the following areas:

1 cutting crew in Carter, Lewis and Greenup Counties
1 cutting crew in Lawrence County
1 cutting crew in Rowan and Elliott Counties
1 bucket truck crew in Carter, Lewis and Greenup Counties
1 bucket truck crew in Rowan County
1 bucket truck crew in Elliott County
1 tractor crew in Carter County
3 spray crews in Greenup County

Smith Tree Service, circuit crew between Isonville and Mazie, Elliott County

ENGINEERING REPORT

The Engineering Department released one hundred sixteen (116) prints consisting of 1,068 feet of primary line and 1,637 feet of service wire.

They currently have four (4) new services to be staked and four (4) to be drawn. There are twelve (12) miscellaneous jobs to be staked or drawn, largely due to the substation readings.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS

Motion was made by Director Martin, seconded by Director Trent and unanimously agreed to approve ninety-nine (99) new memberships and retirement of seventy-six (76) existing memberships for August 2018.

BAD DEBT WRITE-OFFS

Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to charge off \$3,835.48 worth of bad debts and turn them over for collection.

APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY'S BUSINESS EXPENSES

Motion was made by Director Trent, seconded by Director Bentley and unanimously agreed to approve the President's business expense of \$223.80, Director's business expenses of \$8,214.53, and Attorney's business expense of \$8,692.24.

DONATIONS

We received a thank you from Carter Christian Academy for golf scramble donation; Grayson Area Chamber of Commerce for handmade appreciation cards for our Veterans; and Trinity Christian Fellowship and the Bryce Combs family for first responders and volunteers meals.

President Fraley presented to the Board for their consideration the following donation requests:

Grayson Funtoberfest 5K Walk/Run	\$50
Haldeman Community Center	\$100
NEED Workshop – 2 teachers sponsored (Lola Mollett, Blaine Elementary and Julie Reynolds, Ell.Co.HS)	\$500
Lewis County Band Boosters – Lewis Co. Marching Band	\$100

**DONATIONS
(CONTINUED)**

Blaine High School Reunion – alumni scholarship fund	\$125
Unity Baptist Church – Blaine Autumn Festival	\$100
Carter City Elementary School – Fall Festival	\$50
Galaxy Project – Monster Dash 5K Kid & Adult Run/Walk	\$50
Vanceburg Lions Club – 8 th Annual Heritage Fest	\$100
Greenup County High School After Prom	\$50
Carl McCoy – 201 st Engineer Battalion Reunion Fund	\$150
Elliott County Baseball Lockers and Bathrooms	\$500

Motion was made by Director Bentley, seconded by Director Whitt and unanimously agreed to approve the donations as presented.

KAEC 2018 RODEO

Kyle reported on our Lineman's Rodeo Participation:

Mark Hutchinson won second place in the Hurtman Rescue, 1st place in the De-Energizing Competition, 2nd Place Armor Rod and Tie, and 3rd Place Overall, in the Senior Division. Justin Staniford won second place in the Apprentice division.

The final first place winners presented by KAEC were:

1st place overall senior: Michael Nethery, Shelby Energy
1st place overall individual journeyman: Tim Hembree, Bluegrass Energy
1st place overall apprentice: Tommy Parks, Fleming Mason
1st place overall team: Bluegrass Energy

Next year the Rodeo will be at Nolin RECC.

MEETING ATTENDANCE

The following upcoming meetings were presented for attendance this month.

KAEC Annual Meeting, Louisville, KY, November 19-20, 2018 and Director's courses will be on November 17th and 18th with Legal counsel meeting on November 18th and 19th. Directors attending the meeting are Chairman Dupuy, Directors Whitt, Arrington and Trent. Directors Bentley and Martin may attend. President Fraley and some staff members will attend.

NRECA Directors Winter School in Nashville, TN November 30, 2018 – December 5, 2018. Chairman Dupuy, Directors Whitt and Trent will be attending, and Directors Bentley and Martin will possibly be attending.

BOARD MEETING DATE

The October Board Meeting will be held on Friday, October 26 at 9:00 a.m.

ADDITIONAL BUSINESS

The following future dates were assigned:

October 8, 2018 – Cleaning Day, office is closed and fish fry at lunch time
October 9, 2018 noon – Grayson Chamber of Commerce meeting at GRECC
October 9, 2018 6:00 p.m. – KAEC First Responder meeting at GRECC
October 22, 2018 7:30 a.m. – flu shots and Hepatitis A
November 18-20, 2018 – KAEC Annual Meeting
November 22-23, 2018 – Thanksgiving Holiday, office is closed
November 26, 2018 9:00 a.m. – Grayson RECC Board Meeting
December 5, 2018 7:30 a.m. – ROW Breakfast at Grayson Bowling Alley
December 10, 2018 9:00 a.m. – Planning and Review Committee
December 14, 2018 6:00 p.m. – Christmas social hour followed by dinner
December 20, 2018 9:00 a.m. – Grayson RECC Board Meeting

ADDITIONAL BUSINESS
(CONTINUED)

December 21, 2018 Office closes at 10 for Employee Gift Exchange
December 24 & 25, 2018 – Christmas Holiday – Office closed

ADJOURN

Chairman Dupuy adjourned the meeting at 12:55 p.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On October 26, 2018 at 9:06 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Dupuy called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; Bradley Cherry, Manager of Finance & Accounting; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Whitt gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Bentley, seconded by Director Trent and unanimously agreed to approve the minutes from the September Board Meeting for informational purposes only.
PRESIDENT'S REPORT	President Fraley reported on the following:
FLU SHOT / HEPATITIS A	Flu shots and Hepatitis A boosters were given Monday. Carter County is the leading county for Hepatitis A followed by Montgomery, Boyd, Elliott, etc.
SURE / ACRE	SURE and ACRE sent checks to Rocky Adkins, Jill York, Danny Bentley and Robin Webb.
ELECTRIC OUTAGE	We had a lot of wind on Saturday night. Elwood Russell from Montgomery said a tree fell on the line pulling his service off the house. We have pictures of his service. Mike Blevins said it was 39' from our right-of-way and Mr. Russell said it was 25' from right-of-way. He wants us to pay for it and she told him we wouldn't, but did tell him she would come and look at it.
LIHEAP	LIHEAP starts on November 4 th . Sherry Conley and Tina Preece attended the winter hardship training and then trained our Member Representatives. A letter was mailed to the Commission and one posted in the lobby confirming their training.
RODNEY HITCH	Bradley Cherry reported that Rodney Hitch stopped by Wednesday. Mr. Hitch said Braidy Industries was moving forward. They have started getting a lot of their funding, and they hired an executive team. It shouldn't be too long before they get started on construction.
GOVERNANCE MEETING	President Fraley phone conferenced the Governance Meeting and KAEC Board Meeting this month. She was disconnected on one call due to the Windstream phone line issues, most likely due to a fire at the old David Reeves law office burning Saturday night.
W A KENDALL	W A Kendall called and asked for an increase. This will be discussed under Kyle Clevenger's report.
██████████	The ██████████ bankruptcy package received in the mail this week was given to Legal Counsel Scott to read. He also has a copy of the large power contract that shows we can cut them off on delinquent. Currently, ██████████ bill is \$10,039.69 due today for service thru October 1, 2018. She asked Andrea to calculate their bill through today and it is approximately \$16,946.50.
██████████	██████████ requested the electric poles be moved out of his field. He also has a barn there and wants electric to it and a camper. In the past, ██████████ would not let Grayson build the line to ██████████ the way it was engineered, so ██████████ has refused to give ██████████ a right-of-way,

(CONTINUED)

which would include a pole and guy wires on his property. Joe Sargent, Engineer, said we could not place it in the ditch beside the road. Joe surveyed the line the way [REDACTED] would like to have it and the cost is approximately \$26,000. Joe said he would have to re-survey, so the price will have to be recalculated. President Fraley said [REDACTED] will have to sign a right-of-way easement to have those poles removed off his property and a specific easement will not be accepted. He submitted a \$500 check to his lawyer who forward the check to Legal Counsel Scott and it was forward to President Fraley. The construction cost will have to be paid in full up front. Some of [REDACTED] adjoining property owners are [REDACTED]

CARTER CAVES STATE PARK The Friends of Carter Caves State Park called and asked if we would help them with a project at Carter Caves to restore the old playground. President Fraley said the governor has a Beautify KY Program. CoBank has given Statewide a check for funding a beautification project, but we have to apply to CoBank for the grant. She ask the Board if they care to apply for this aid through CoBank to rebuild/replace the playground equipment. President Fraley has the application and will be filling it out, as it would not cost the Coop anything. She thinks we will have a good chance on getting the grant for Carter Caves. The Board approved.

MEMBER SERVICES The arrangement in Member Services is working well. Sherry Conley has made a real contribution in collections and adjustments. She and Peggy Wells are working on the off service bills. Peggy went back a year and wrote letters to everyone about their off service bill. The first week they received \$2,500 to \$3,000. In March when the capital credit are applied for 2018, we will take any of their available capital credits. The second letter mailed out will say that we will pursue our legal options.

Filing is now kept up on a daily basis. Sherry is checking on every adjustment as it comes through. Julie's last day is November 2, 2018. Sue is doing an excellent job on the right-of-way easements before they go to Jeffrey.

WINTER HARDSHIP The winter hardship reconnects that come along with LIHEAP require a good faith payment. After talking to Rosemary at the PSC she said they should pay at least one half, one fourth or one third of the bill.

CEO MEETING UPDATES President Fraley said she was attending a lot of her meetings via conference calls due to family health reasons.

LEGISLATIVE BREAKFAST The Legislative Breakfast in Frankfort is scheduled for February 7, 2019. No details of the breakfast has not been received.

KAEC DIRECTOR'S REPORT Director Whitt reported the following on the KAEC Board Meeting this month.

SEATED 3 CEO'S Three new CEO's were seated. Those seated were:

Greg Grissom who replaced Dennis Cannon at **Jackson Purchase Energy**.
Alan Gates replacing Greg Grissom at **Pennyrile Electric**.
Greg Lee will be replacing Mickey Miller as CEO at **Nolin RECC**.
Jack Bragg, Jr., is training under Debbie Martin at **Shelby Energy**, as she will be retiring in January 2019.

SEATED 3 CEO'S
(CONTINUED)

Bobby Sexton is no longer interim manager for **Big Sandy RECC**. **Bruce Aaron Davis** is the new President and CEO. Robert Moore, who serves as the delegate to the KAEC Board from Big Sandy, is in declining health and retired from the Statewide Board.

STREAMLINED ALTERNATIVE An update on the recent meetings with the Public Service Commission regarding a streamlined alternative rate case process was given.

RATE CASE UPDATE Bradley gave an update on Rate Case 2018-00272. We answered our first round of questions. There was 59 questions, but only 7 had to be answered, as the others were already answered in our application. They came back with an order in October and the last date to intervene in our case is November 2, 2018. After that date we will probably see another request for information. Filing for a rebuttal testimony, if there is an intervener, will be up until February 6, 2019. If not, they will set a public hearing date. We have not had an intervener yet. We have been suspended until March or April.

KAEC LEGISLATIVE OFFICE KAEC plans to purchase space in Frankfort to be used by KAEC and EKPC lobbyists.

KAEC ANNUAL MEETING The KAEC Annual Meeting is November 19th and 20th in Louisville.

EKPC DIRECTOR Director Arrington reported on the following from the East Kentucky Power Cooperative Board Meeting.

The August overview or margins, revenue, budgets and expenses was discussed in great detail. Some items mentioned were:

Margins were \$7.2 Million
\$1.3 Million over budgeted margin
Revenue under budget \$2.2
Expenses were under budget at \$3.5
Year to date margins were over budget by \$7.9 due largely to weather
O&M expenses were \$3.3
Purchased power \$2.9
Fuel expenses \$2.7
Revenue & other income \$2.2
August budget margins \$5.9
August year to date margins over budget \$7.9
August margins surpassed 2017 margins by \$16.9
Revenue and other income was \$43.1 higher than 2017
Interest income increased \$4.3
PJM capacity sales decreased \$14.5
Fuel purchased power was \$32.9 higher than 2017
All other expenses were \$6.7 lower than 2017
Capital expenditure below budget
August 2018 expenditure of \$14.5 were \$.6 over budget.

Barry Mayfield retired, but EK is going to hire him back on contract.

A detailed report can be found in the October Board Folder.

**FINANCIAL & STATISTIC
REPORT FOR AUGUST 2018**

Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for August 2018:

SALES AND PURCHASES

Kilowatt hour sales for the month of August were 1.17% over budget. Purchases for the month of August were 2.17% over budget. Line loss for the last twelve months was 5.39%. Year-to-date margins were \$567,467 compared to the budgeted amount of (\$360,986). Sales were up 14%.

FUEL ADJUSTMENT

The fuel adjustment for July was 0.000458.

ESC

The environmental surcharge was 7.27%.

DEGREE DAYS

There were 338 cooling degree days and 0 heating degree days.

T.I.E.R.

August 2018's monthly O.T.I.E.R. was 3.30 with the rolling 12 month O.T.I.E.R. at 0.38. Year to date 1.75. This year has really helped us with our T.I.E.R.

BILLS

We mailed 15,400 bills in August. Count by county was: Carter 4,595 (30%), Elliott 3,657 (24%), Greenup 4,302 (28%), Lawrence 761 (5%), Lewis 321 (2%) and Rowan 1,764 (11%). We had 5 less members than last month and 105 less than last August.

CAPITAL CREDITS

Capital Credits were mailed this month. We mailed 19 checks totaling \$12,157.18. Year to date total is \$93,244.80. There are 21 outstanding applications, 19 incomplete and 2 came in late.

President Fraley reported Rosemary at PSC said if a member dies, we legally can disconnect that account after 30 days.

BUDGET MEETING

Staff is working on our preliminary budget. We will have four trucks to purchase this year. We may budget for the lower parking lot, but would not have the work done until the creek has been dredged. The Grayson City Council is working on this project.

Planning & Review will meet in December and bring the proposed budget to the Board at the December Board Meeting.

We applied to draw down \$5-million on our workplan.

**APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR AUGUST 2018**

Motion was made by Director Whitt, seconded by Director Martin and unanimously agreed to approve the Financial and Statistical report for August 2018 as presented, for informational purposes only.

LEGAL COUNSEL

Legal Counsel Scott reported on the following:

SOUTH KY CASE

The time to file appeal in the South Kentucky case is Monday. South KY lawyers sent email saying they aren't going to appeal. The Order of the Commission says Amendment 3 is rescinded. However, Amendment 3 allowed the Cooperatives to buy off system power and, as a compromise, extended the Wholesale Power Contract until 2041. Since the Amendment has been rescinded, we believe the Wholesale Power Contract should return to the original date. He has written to the RUS Administrator to ask his opinion.

AMENDMENT 3

President Fraley explained that Amendment 3 was signed in 2003, extending it from 2025 to 2041, allowing the coops to go out and buy so much percent of power. EKPC wanted to finance the Smith Plant through RUS and they wanted an extension of the Wholesale Power Contract to 2051 as a surety. We believe that since the Smith Plant was canceled, the Wholesale Power Contract date should also be changed.

RIGHT-OF-WAY EASEMENTS

Legal Counsel Scott replied to Chairman Dupuy's request on right-of-way easements and what it means if we had lines already there. He did some research with the aid of his office, contacted NRECA, put together a handout and emailed a copy to everyone last night. We do need the easement and we need to record them. In August, he had said that we could set a meter if there had already been service there and the meter base was in good condition. However, his research indicated otherwise.

The right-of-way easement that allows GRECC to go on a member's property has to be current and recorded or recorded from the previous property owner. Recorded easements are perpetual. Therefore, an easement, would cover a danger tree that could fall into a line that is outside of the 40' easement.

Eminent domain case was used in Vanceburg and we won. To declare would be no other way to get electric to the property. President Fraley stated there was no way to take out danger trees, due to cost. President Fraley suggested we continue doing as we are doing because we cannot afford it. She said if a tree was certainly a hazard, we would try to get permission to cut it from the property owner. However, healthy trees beyond the right of way would not be cut.

Legal Counsel suggested that we make a note on the right-of-way ticket and have the property owner sign it if a consumer doesn't want a danger tree cut.

If a member purchases property, knowing electric facilities are located there, they will have to sign a right-of-way easement, unless we have a recorded easement on file from a previous property owner that matches that property description. When signing up a renter it is up to Coop to get an easement from the landlord/property owner. Legal Counsel says that we should not energize the service and will not be connected until we have received the signed and notarized easement.

Legal Counsel stated we need a signed right-of-way easement from the land owner before the renter gets the electric turned on. This easement must be recorded for protection.

Chairman Dupuy said on the advice of our attorney and under the direction of the Public Service Commission we have to have the easement. He suggested putting in the magazine if you own property and are a landlord you must sign an easement or you will not be able to rent. He also suggested a letter to landlords.

WHOLESALE AGREEMENT

He wrote a letter to RUS concerning the wholesale agreement and waiting on an answer.

CORRAL PARK

██████████ and ██████████, would like Grayson RECC to pay \$7,000 for what they believe is damage to their blacktop, change out all the night lights

CORRAL PARK (CONTINUED) in the park to LED so they will be the same color, and contact the telephone company and make them transfer their lines to our new poles. Marsha Thacker mails letters and prints to the telephone notifying them when a job is completed. Kyle and Mike said they examined the road and did not see any damage that we caused. We will change out the lights as needed and declined to make a contribution to the blacktop project.

RECORDED EASEMENTS Mr. Scott said that easements coming to his office have improved. From September 28 – October 26 he has reviewed 158 including the ones sent back to the Co-op for correction. Eleven (11) easements were recorded in Lewis County and 33 in Greenup County. Easements sent to be recorded and not received at this time are: Elliott County 26, Carter County 38 and Greenup County 10. These easements have yet to be sent and recorded: Greenup County 7, Rowan County 15, Lawrence County 7 and Elliott County 2.

Legal Counsel Scott made a recommendation that suggested the word 'width' be inserted in the easement.

MANAGER OF TECHNICAL SERVICES

Brian Poling, Manager of Technical Services reported on the following:

AMI

AMI is making progress. They are shipping equipment today. Steve Bush, Scott McGuire, and Brian are attending a training meeting in Indianapolis next week. Andrea and Peggy Skaggs will be attending RF Command Center Training at Landis + Gyr in Pequot Lakes, MN.

HALBERT POLE INSPECTION The Halbert Pole Inspection provided the following information:

1,029 poles were inspected in 6 weeks by one man.
6 poles or 3.1% were marked Priority to be changed out and 1 needs to be changed immediately.
26 or 10.1% were marked Priority 2 and need to be replaced soon.
104 poles have other issues and will be checked by Maintenance.
Total cost of the pole inspection was \$11,193; an average cost of \$11.58 per pole.
\$3,700 is the average pole cost to replace this year.
\$3,866 is the average cost per pole replacement next year.
\$123,700 is the estimated cost of P1 & P2 pole replacements.
P1 & P2 poles were close to 50 – 52 years in age.
\$402,064 is the potential pole replacement cost.

DJI PHANTOM 4 PRO DRONE Robert Brown gave a presentation on the Phantom 4 Pro Drone we recently purchased. It will be useful in line inspections, trouble shooting and storm work. We tried the drone on a tie between Little Quisenberry and Lower Oak Grove. It took Robert 15 minutes to find the pole and in 10 minutes to tell what is needed.

The drone weighs three pounds and licensed for up to fifty pounds. It flies 45mph and the average flight time is 30 minutes before recharging. A windy day takes more battery time, but does not affect the pictures taken.

Robert's license is size 8 x 3 and for use 24 hours a day. He took a 60 question timed test to get the licensed. Tony Brewer and 2 from Clark also took the test. Tony's license should be here today. The cost to purchase this drone is about \$2,000 with accessories (extra battery).

You are to notify FFA when ready to fly or 1800wxbrief.

DJI PHANTOM 4 PRO DRONE
(CONTINUED)

He has applied for a NOTM to stay there 2 years. This covers us and allows us to be there. Most cases will be flying at below tree level.

MANAGER OF MARKETING
AND MEMBER SERVICES

Kim Bush had surgery today, so Julie Lewis, Secretary for Member Services, gave her report. She reported on the following:

LIHEAP

LIHEAP will officially begin on November 5th, but agencies are already taking applications for people who meet certain criteria. Sherry Conley and Tina Preece attended the training held at KAEC and met with Rosemary Tutt with the Kentucky PSC.

WRITE-OFFS

The Member Service Representatives, as well as Sue Roberts, have been working on write-offs from January 2018. To date, we have collected \$2,884.08 since the first week of October. The payments we have received thus far are from write-offs since January 2018. In total, we have collected almost \$8,000 since January 1st. We also have some former members that have come in and signed a contract to make payments, either weekly or monthly. We began by sending a reminder letter from Peggy Wells along with a copy of their final bill and will be sending out a second, more forceful letter from Sherry Conley this week. This second letter will remind them that if payment is not made, we will be required to seek legal action, including Small Claims Court, if necessary. We will also utilize every tool we currently have to find new addresses and phone numbers to send out letters and/or calls to others who owe us outstanding bills.

PREPAY

PrePay's to date are:

Active PrePay Accounts	782	Inactive Accounts	13
Average Balance on accounts	- \$41.19 credit		
Average kwh Usage	- 30 a day	Total # of Payments in 30 days	- 3,439
Average Payment	- \$32.09	Total Payment Amount	- \$110,368.63

DEBT MANAGEMENT

We have 66 active accounts with debt management.
The total amount in Debt Management is \$16,700.94.

ENERGY VISITS

Tina has made the following home visits:

Energy Audits=4	TSE Home=1	CARES=1	Button-Up=1
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ENERGY STAR REBATES

The following Energy Star appliance rebates were filed:

Clothes Washer=2	Dishwasher=3	Refrigerator=3
Freezer=1	ES Heat Pump=2	

SOLAR

The solar update given was:

Cooperative Solar inquires=1	Cooperative Solar Sales=0
Cooperative Solar Total=97 panels (no change)	
Total Net Metering Accounts=5	Net Metering Inquires=0

LINEMAN LICENSE PLATE
FUNDS

We received a check for \$10,555 for the Kentucky Lineman license plant sales plates sales for the period of July 1, 2017 through June 30, 2018. This was an increase of \$1,381 from last year. We distributed checks to 4 schools in the amount of \$2,638.75 each. Those schools were: Gateway Community and Technical College, Somerset Community College, Ashland Community and Technical College and Maysville Community & Technical College.

PROGRAMS /
ANNOUNCEMENTS

October 1 & 2 – Conservation Field Day at Camp Webb for all 4th grade students in Carter County – Safety Demonstrations (500 kids)

October 8 – Hosted the Grayson Chamber of Commerce for their monthly meeting at noon. All counties were invited to the First Responders Safety Training that evening after work. KAEC presented the safety training. Fifty-three were registered with about 100 in attendance.

December 14 - Service Awards Dinner at the old Olive Hill High School

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations, gave the Operations Report and the Safety Report. He reported on the following:

EMPLOYEE/LOST TIME
ACCIDENT

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during September:

September 7 – Bradley Cherry, Manager of Finance & Accounting, turned the meeting over to Tony Dempsey for the KAEC monthly safety meeting. A power point on the proper PPE that needs to be worn during the work day was shown. Examples of eye, face, head, foot, safety vest, voltage testing equipment, personal voltage detector, grounding equipment, hand leg, fall protections, body belts and clothing. Certificate of completion for Haz-Mat Refresher was presented to Roger Kitchen and Joe Sargent.

September 10 – Kyle Clevenger, Manager of Operations, turned the meeting over to Brian Poling who gave a presentation on the Landis/Gyr Gridstream RF Solution that will be moving to radio frequency metering and more reliable outage notifications. Kyle went over a safety investigation that involved Chris Mosier which found no safety violations. Kyle requested everyone to be careful.

September 17 – Carol Hall Fraley, President and CEO, turned the meeting over to Robert Brown and Tony Brewer. They gave a presentation on Utility Drones, drone safety training, drone registration, operation limitations and several rules and regulations in operating a drone. Kyle stated that it was wet and slick for everyone to be careful.

September 24 – Mike Martin, Assistant Manager of Operations, read an article on Four Things We Shouldn't Say when it involves an accident. 1. Why don't they just follow the rules? 2. Safety is just common sense. 3. They must be disciplined. 4. What were they thinking? He went over the explanations for each and how these statements damage our safety culture and we need to work and change our approach. Kyle requested everyone to be careful.

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and the importance of using ground chains. A line is not dead until it is grounded.

JOBS BUILT

Construction built one hundred twenty-three (123) new workorders (including 21 services added and 16 services retired) for the month of July and worked zero (0) hours of overtime.

DELINQUENT NOTICES	There were 196 delinquents for October. Ninety-two (92) cards were issued to be disconnected and 7 accounts were disconnected by remote meter on October 9 for cycle 1. Eighty-three (83) cards were issued to be disconnected and 14 accounts were disconnected by remote meter on October 15 for cycle 2. Field personnel disconnected a total of 23 meters and a total of 14 meters were reconnected by field personnel and remote.
OVERTIME HOURS	The Maintenance Department worked 466 hours of overtime. The Engineering Department worked 0 hours of overtime.
CONTRACT CREWS	<p>We have two (2) Pike crews working in the following areas:</p> <p>Tony Seagraves—Pole changes in Carter County Bob Marrow—Coordination's and pole changes in various counties</p>
RIGHT-OF-WAY CREWS	<p>We have ten (10) W A Kendall right-of-way crews working on random jobs and workorders at this time. Crew's trimmed 695 trees, cut 1,403 trees, cut 40,530 feet of brush/line and sprayed 180 spans of line. The crews are working in the following areas:</p> <p>1 cutting crew in Carter, Lewis and Greenup Counties 1 cutting crew in Rowan County 2 cutting crews in Lawrence and Elliott Counties 1 bucket truck crew in Carter, Lewis and Greenup Counties 1 bucket truck crew in Rowan County 1 bucket truck crew in Elliott County 1 tractor crew in Carter County 2 spray crews in Elliott County</p> <p>Smith Tree Service, circuit crew at Lower Newcomb, Elliott County</p>
ENGINEERING REPORT	<p>The Engineering Department released one hundred twenty-four (124) prints consisting of 946 feet of primary line and 2,146 feet of service wire.</p> <p>They currently have three (3) new services to be staked and three (3) to be drawn. There are nine (9) miscellaneous jobs to be staked or drawn.</p>
ROBERT WILLIAMS	Robert Williams and his wife stopped by the office last Thursday. He called earlier this week and asked for 5% raise across the board. He called back yesterday and dropped the rate to 3% for the men and 5% for the equipment. President Fraley and Mr. Clevenger suggested we decline the across the board request. Following Board discussion, no action was taken.
APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS	Motion was made by Director Martin, seconded by Director Bentley and unanimously agreed to approve eighty-eight (88) new memberships and retirement of ninety-two (92) existing memberships for September 2018.
BAD DEBT WRITE-OFFS	Motion was made by Director Trent, seconded by Director Bentley and unanimously agreed to charge off \$2,245.96 worth of bad debts and turn them over for collection.
APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY'S BUSINESS EXPENSES	Motion was made by Director Trent, seconded by Director Whitt and unanimously agreed to approve the President's business expense of \$40.00, Director's business expenses of \$9,239.33, and Attorney's business expense of \$.00.

DONATIONS

We received thank you notes from the Vanceburg Lions Club and Relay for Life of Carter County.

President Fraley presented to the Board for their consideration the following donation requests:

Rowan County Christmas – seniors and children gifts and food	\$100
Unity Baptist Church – Blaine Autumn Festival (LED bulbs, tumblers, stickers, trick or treat bags, coloring books and box of 1,000 suckers)– donation value	<u>\$1,210</u>
	\$1,310

Motion was made by Director Martin, seconded by Director Bentley and unanimously agreed to approve the donations as presented.

MEETINGS HELD

Chairman Dupuy reported on the attendance at the Regions 2 & 3 Meeting in Atlanta, Georgia.

BOARD MEETING DATE

The November Board Meeting will be held on Friday, November 16, 2018 at 9:00 a.m.

ADDITIONAL BUSINESS

Director Martin made a motion to go into Executive Session at 12:51 p.m.

EXECUTIVE SESSION

Executive session concluded at 1:25 p.m.

ADJOURN

Chairman Dupuy adjourned the meeting at 1:25 p.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

Grayson Rural Electric Cooperative
Case No. 2018-00272
Attorney General's Initial Data Request

17. Refer to the Application, Exhibit N, page 15, Note 10, where it says "Several of the Directors of Grayson, its President & CEO, and another employee, are on the Boards of Directors of various associated organizations." Identify the other associated organizations, and cross-reference them by the name of the applicable Grayson official.

Response 17:

Kenneth Arrington, East Kentucky Power
Jimmy Whitt, KAEC
Carol Fraley, East Kentucky Power (non-voting member), KAEC, SURE, ACRE, WIRE
Bradley Cherry – Rural Cooperatives Credit Union