

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION TO  
GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

Grayson Rural Electric Cooperative Corporation (Grayson RECC), pursuant to 807 KAR 5:001, is to file with the Commission the original and ten copies in paper medium of the following information, with a copy to all parties of record. The information requested herein is due no later than January 4, 2018. Responses to requests for information in paper medium shall be appropriately bound, tabbed, and indexed.

Each response shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Grayson RECC shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Grayson

RECC fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Grayson RECC shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to Grayson RECC's response to Commission Staff's Second Request for Information (Staff's Second Request), Item 1.c. Provide Grayson's TIER and OTIER for October and November 2018 and year-to-date. Consider this an ongoing request to be updated as each month becomes available.

2. Refer to Grayson RECC's response to Staff's Second Request, Item 4.a. Explain what is meant by "option," as referenced in the response.

3. Refer to Grayson RECC's response to Staff's Second Request, Item 4.b, which states that "with one customer on the small commercial demand and energy rate, (Schedule 16) we felt that it was a good option for consolidation." Provide a side-by-side comparison of this one customer's bills for each month for calendar years 2016, 2017 and 2018 to-date. The comparison should show the usage and revenue for the Schedule 16

rates currently billed and the Schedule 2 rates that would be billed if Schedule 16 is eliminated.

4. Provide an electronic copy in Excel format for each of the schedules referenced in the exhibits to Grayson RECC's response to Staff's Second Request, Items 8, 22, 24, and 26.

5. Refer to Grayson RECC's response to Staff's Second Request, Item 10. Provide a revised Schedule K.

6. Refer to Grayson RECC's response to Staff's Second Request, Item 11, Exhibit L, page 1, line 12. Confirm that the amount of \$67,396,291 is the sum of Total margins & equities plus Long-term debt for test year 2017.

7. Refer to Grayson RECC's response to Staff's Second Request, Item 13.e, and the revised Cost of Service Study (COSS) filed with the response.

a. Refer to the Classification 2 Tab, line 82. Verify that the Percentage Allocation for Overhead Lines includes Underground Conductors.

b. Verify that if the Underground Conductors values (Line 78) were removed from line 82, Percentage Allocations for Overhead Lines would equal 44.8 percent for Consumer and 55.52 percent for Demand, instead of the percentages shown in the revised COSS on line 82.

c. Refer to Grayson RECC's response to Staff's Second Request, Item 13.h. Reconcile the response to what is stated in response to Item 13.e.

8. Refer to Grayson RECC's response to Staff's Second Request, Item 24.

a. Confirm that the payroll adjustment, based on an increase limited to 3 percent and exclusive of the step increases for employees 201 and 204, is \$50,064

(\$3,459,141-\$3,409,077). If not confirmed, provide the payroll adjustment based on a payroll increase limited to 3 percent.

b. Confirm that the payroll tax adjustment based on the payroll adjustment above is \$7,072. If not confirmed, provide the payroll tax adjustment based on a payroll increase of 3 percent as calculated in item a. above.

c. Refer to Grayson RECC's response to Staff's Second Request, Item 8, the revised Schedule S, page 3. Confirm the payroll and payroll tax adjustments are based upon Grayson RECC's original proposed adjustments in its application.

d. Provide a copy of the report that was completed by NRECA and relied upon by Grayson RECC to assist it in determining if the wages were fair and equitable for similar jobs in the surrounding area.

9. Refer to Grayson RECC's response to Staff's Second Request, Item 25. Provide the 2018 property tax for Elliott County and the City of Grayson as it becomes available.

10. Refer to Grayson RECC's responses to Staff's Second Request, Item 31, and Commission Staff's First Request for Information (Staff's First Request), Item 55. Also refer to Grayson RECC's response to the Attorney General's Initial Data Request, Item 9.

a. Confirm that Grayson RECC paid the full amount of the premium for its employee health insurance.

b. Confirm that if employees with single coverage paid 21 percent of the premium and all others paid 33 percent of the premium, Grayson RECC's revenue requirement would decrease by \$243,977.

c. Confirm that the amount Grayson RECC paid in 401(k) benefits on behalf of employees with a defined benefit plan was \$21,130.

d. Explain Grayson RECC's response to the Attorney General's Initial Data Request Item 9b, in which Grayson RECC states that the amount contributed to the employee 401(k) plan is equal to the amount of the long-term disability insurance, which is paid by the employee.

i. Provide, in Excel Spreadsheet format, the amounts contributed to the employee's 401(k) plan and beside that provide the portion of the contribution to the 401(k) plan that is for the long-term disability insurance.

ii. Explain why Grayson RECC would contribute to a 401(k) account for long-term disability insurance.

11. Refer to Grayson RECC's response to Staff's Second Request, Item 31 page 3 of 4. It states that the total company portion of premiums is \$762,365.16. Reconcile this amount with Grayson RECC's response to Staff's First Request, Item 55, which shows an amount of \$725,351 under Column J of the spreadsheet, tab 2017.

12. Refer to Grayson RECC's response to Staff's Second Request, Item 31. Provide the rationale for offering the PPO-Family plan, which is more expensive than the HDPPO-Family plan.

13. Refer to Grayson RECC's response to Staff's First Request, Item 55, under Column J of the spreadsheet, tab 2017, for employee 225. The health benefit is \$3,250. Explain why this amount far less than that of other employees.

14. Refer to Grayson RECC's response to Staff's First Request, Item 55, under Column X of the spreadsheet titled "Any Other." Explain what this amount represents.

15. Refer to the Application, Exhibit 21, which states that retirement and Social Security expense was \$672,811 for 2017. Refer also to Grayson RECC's response to Staff's First Request, Item 55, under Column V of the spreadsheet, which shows an amount of \$670,058 for Defined Benefit Retirement. Reconcile this discrepancy.

16. Refer to the Application, Exhibit 21, which states Health, Life, and Disability Insurance for 2017 was \$947,831. Refer also to Grayson RECC's response to Staff's First Request, Item 55, under Columns J and P of the spreadsheet, which reflects amounts of \$725,351 and \$13,845 for Health Benefit Cost and Life Insurance, respectively. Reconcile this discrepancy.

17. Refer to Grayson RECC's Response to Staff's First Request, Item 48. Explain if any of expenses listed in response to Item 48b are reimbursed to Grayson RECC by East Kentucky Power Cooperative, Inc. If yes, provide the amount of each years' expenses that are reimbursed.

18. Refer to Grayson RECC's response to Attorney General's Initial Data Request, Item 2.a.

a. Explain the differences between the Customer Related Revenue Requirements found on pages 2 and 3 of 4 and the Customer Related Revenue Requirements found on page 4 of 4.

b. Verify that the Customer Related Revenue Requirements for the 14(a) – Large Industrial Service (1) is referencing the incorrect value and that this is referencing the value of cell D31 of this table in Excel.

19. Provide all updates to any schedules in Excel spreadsheet format with all rows and columns accessible and formulas unprotected.



Gwen R. Pinson  
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DATED **DEC 14 2018**  
cc: Parties of Record

Case No. 2018-00272

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