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RECEIVED

January 18, 2019

JAN 22 2019

PUBLIC SERVICE
COMMISSION

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

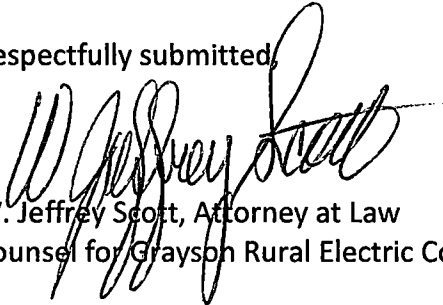
Re: In the Matter of Adjustment of Rates
of Grayson Rural Electric Cooperative Corporation
Case No. 2018-00272

Dear Ms. Pinson:

Please find enclosed an original and ten (10) copies of Grayson's responses to the Commission's Order "Commission Staff's Fourth Request for Information to Grayson Rural Electric Cooperative Corporation" dated January 15, 2019.

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

RECEIVED

JAN 22 2019

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

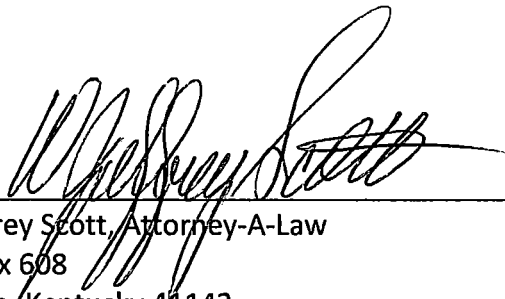
In the Matter of Adjustment of Rates
Of Grayson Rural Electric Cooperative
Corporation

Case No. 2018-00272

APPLICANT'S RESPONSES TO
COMMISSION STAFF'S FOURTH REQUEST FOR INFORMATION

The applicant, Grayson Rural Electric Cooperative Corporation, makes the following responses to the "Commission Staff's Fourth Request for Information", 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-A-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 she has supervised the preparation of the responses and that the matters and things set forth herein are true and accurate to the best of my knowledge, information and belief, formed after reasonable inquiry.

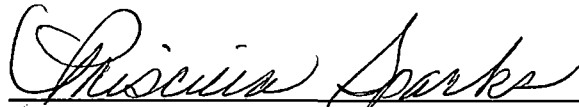
Dated: January 18, 2019

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION



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 18th day of January, 2019.



Notary Public, Kentucky State At Large # 575772

My Commission Expires: March 22, 2021

The undersigned, James R. Adkins, as Consultant 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: January 18, 2019

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

James R. Adkins
JAMES R. ADKINS, CONSULTANT

Subscribed, sworn to, and acknowledged before me by James R. Adkins, as Consultant for Grayson Rural Electric Cooperative Corporation on behalf of said Corporation this 18th day of January, 2019.

Priscilla Sparks
Notary Public, Kentucky State At Large #575772

My Commission Expires: March 22, 2021

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: January 18, 2019

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

James 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 18th day of January, 2019.

Russell Sparks
Notary Public, Kentucky State At Large #575772

My Commission Expires: March 22, 2021

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Fourth Request for Information

1. Refer to Grayson RECC's response to Commission Staff's Third Request for Information (Staff's Third Request), Item 8, the revised Schedule S, page 3. Confirm the payroll, payroll tax, and medical insurance adjustments are Grayson RECC's proposed adjustments to the test year and, therefore, restating its application.

Response 1:

Grayson confirms these proposed adjustments to the test year, and restates the adjustments accordingly.

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Fourth Request for Information

2. Refer to Grayson RECC's response to Commission Staff's Second Request for Information (Staff's Second Request), Item 20, and the revised Schedule S, page 3 filed in response to Commission Staff's Third Request, Item 4, regarding the amount of additional revenue. Confirm the additional revenue is \$(20,308) as stated in the response to Staff's Second Request, Item 20. If confirmed, provide an updated Schedule S.

Response 2:

Grayson confirms the adjustment for additional revenue of \$(20,308) as stated in the response to Staff's Second Request, Question 20. Grayson is providing an updated Exhibit S with this response that reflects the adjustment of \$(20,308).

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Fourth Request for Information

3. Refer to Grayson RECC's response to Commission Staff's Second Request for Information (Staff's Second Request), Item 17, and the revised Schedule S, page 3 filed in response to Commission Staff's Third Request, Item 4, regarding the amount of directors' fees. Confirm the directors' fees are \$(58,999) as stated in the response to Staff's Second Request, Item 17 or \$(54,415) as stated on Exhibit 9. Provide an updated Schedule S if necessary.

Response 3:

Upon further review, the proposed adjustment for director fees and expenses to remove for rate making purposes in the Application was correct in the amount of \$82,126. The adjustment is detailed as follows:

Per diems, all directors	24,900.00
Disallowed expenses	54,415.18
Items marked with (x)	2,810.46
Total	<u>82,125.64</u>

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Fourth Request for Information

4. Refer to the Application, Exhibit 3. Some of the depreciation rates contained in the exhibit are not those approved in Case No. 2008-00254. Provide a revised Exhibit 3 utilizing the depreciation rates that were approved by the Commission in Case No. 2008-00254.

Response 4:

Grayson follows RUS Bulletin 183-1 for its depreciation policies and procedures. RUS requires a depreciation study to change rates outside of the minimum and maximum rates for distribution plant accounts. RUS does not include general plant items in depreciation studies. With the detail available in computer systems for general plant items, RUS allows that each individual general plant item be given a life that matches the useful life. Therefore, in each general plant account, there are assets that have different lives assigned for their estimated useful life. The updated Exhibit 3 reflects that actual depreciation accrual for the 12 months ended November 2018.

Grayson Rural Electric Cooperative
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5. Refer to Grayson RECC's response to Staff's Second Request, Item 26. State whether the interest rate on any of the variable interest rate loans has changed since the filing of this response. If so, provide an update to the application, Exhibit 5. Consider this an on-going request throughout this proceeding.

Response 5:

The current variable interest rate on the FFB notes is 2.524%. All other loans are fixed. The updated Exhibit 5 for the new rates is attached.

Grayson Rural Electric Cooperative
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Commission Staff's Fourth Request for Information

6. Refer to Commission Staff's First Request for Information, Item 34.c., which requires Grayson RECC to submit monthly updates during the course of this proceeding of the actual rate case expense incurred by Grayson RECC. To date, Grayson RECC has not provided any monthly updates of its rate case expense. Provide an update to the rate case expense incurred to date in this proceeding.

Response 6:

As of 12/31/2018, Grayson RECC's total actual rate case expense was \$64,523.93

Question 7
Page 1 of 1
Witness: Carol Hall Fraley

Grayson Rural Electric Cooperative
Case No. 2018-00272
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7. Provide all updates to any schedules in Excel spreadsheet format with all rows and columns accessible and formulas unprotected.

Response 7:

Updated schedules in Excel spreadsheet format can be found on included Flash Drive:

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Fourth Request for Information

Information Update:

Per request in previous data requests, Grayson RECC would like to provide the following updates to information provided:

1. Grayson has yet to receive their property tax bill from Elliott Co.
2. November TIER and OTIER for Grayson, along with YTD TIER and OTIER:

November TIER:	0.014	November OTIER:	-0.07
YTD TIER:	1.262	YTD OTIER:	1.07