

RECEIVED

MAR 15 2019

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

PUBLIC SERVICE  
COMMISSION

In the Matter of:

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

**ATTORNEY GENERAL’S POST-HEARING BRIEF**

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention (“Attorney General”), and pursuant to the Kentucky Public Service Commission (the “Commission”)’s February 19, 2019 Order, hereby tenders his Post-Hearing Brief in the above-styled matter.

**STATEMENT OF THE CASE**

Grayson Rural Electric Cooperative Corporation (hereinafter “Grayson” or “Grayson RECC”) is a member-owned rural electric cooperative corporation, organized under KRS Chapter 279, and which serves approximately 14,158 customers in Carter, Elliot, Greenup, Lawrence, Lewis, and Rowan counties.<sup>1</sup> On September 20, 2018, Grayson tendered an application with the Commission requesting a revenue increase totaling \$1,424,078, which would produce \$28,243,772 in total revenues, a total increase of 5.3%.<sup>2</sup> The requested increase would produce a times interest earned ratio (“TIER”) of 2.0x.<sup>3</sup> This additional revenue would increase the average residential bill, with assumed usage of 1,063 kWh per month, by \$7.35, or by 5.7%.<sup>4</sup> After the curing of deficiencies, Grayson’s application was deemed filed as of October 3, 2018.<sup>5</sup>

<sup>1</sup> Grayson 2017 Annual Report, at 33, 53.

<sup>2</sup> Application, Exhibit G, at 1 of 1 (September 20, 2018).

<sup>3</sup> Application, at 1.

<sup>4</sup> Application, Exhibit D, at 4 of 4.

<sup>5</sup> Commission Deficiency Cured Letter (October 5, 2018).

Grayson filed its application for rate adjustment utilizing a historical test year ending December 31, 2017.<sup>6</sup> The Attorney General was the sole intervenor, the Commission having granted his motion for intervention on November 5, 2018. On February 4, 2019, Grayson's attorney, W. Jeffrey Scott, filed a motion to relieve him as legal counsel for Grayson, which the Commission later granted.<sup>7</sup> On February 7, 2019, Clayton O. Oswald filed his notice of entry of appearance as legal counsel for Grayson in this proceeding. An evidentiary hearing was subsequently held on February 19, 2019.

## ARGUMENT

As a basis for the filing of its application for a rate increase, Grayson cited multiple reasons, chief among them "the increased costs in the cost of power, materials, equipment, labor and other fixed and variable costs."<sup>8</sup> Grayson also opined that decreases in kWh sales and member accounts led to diminished operating revenues, an increase in debt coverage, its inability to meet its TIER mortgage requirement in 2017, and budgeted projections that it would not meet the its TIER mortgage requirement in 2018 also prompted this rate case.<sup>9</sup>

### I. Grayson's Residential Customer Charge Should Be Set At A Rate That Incentivizes Customer Conservation of Electricity Usage

Grayson has proposed to increase its residential customer charge from \$15.00 to \$22.50, an increase of 50%.<sup>10</sup> Grayson stated in testimony that the increased customer charge was necessary to reflect the higher fixed costs of service, no load growth, and decreased sales of electricity.<sup>11</sup> As a general matter, increased customer charges have a disproportionate impact on

---

<sup>6</sup> Application, at 1.

<sup>7</sup> Commission Order (February 7, 2019).

<sup>8</sup> Application, at 1.

<sup>9</sup> Application, Exhibit F, 1 of 1.

<sup>10</sup> Application, Exhibit D, at 1 of 4 (reflecting the residential energy charge increase in Schedule 1, Domestic Farm & Home, of Grayson's Tariff).

<sup>11</sup> Application, Exhibit H-2, Direct Testimony of James Bradley Cherry, at 2 of 4.

those ratepayers who use less electricity than the system average. Under Grayson's proposed increase, it would have the highest customer charge out of all sixteen distribution cooperatives in the East Kentucky Power Cooperative, Inc. ("EKPC") system, and would be only the third utility of this group with a customer charge over twenty dollars.<sup>12</sup> This is in addition to Grayson already having the highest energy charge of the group before the concurrent increase it proposes here.<sup>13</sup>

The Attorney General recognizes that the Commission has distinguished the need for an electric cooperative to be able to use an increased customer charge as "a means to guard against the revenue erosion that often occurs due to the decrease in sales volumes that accompanies poor regional economics, changes and weather patterns in the implementation or expansion of demand-side management and energy-efficiency programs."<sup>14</sup> Testimony reiterated Grayson's efforts to implement a higher customer charge for these same reasons, which it notes still does not cover the fixed costs of service.<sup>15</sup> In Grayson's opinion, the increase will serve to better "level" the utilities' costs, especially for low-income customers who live in substandard housing, use a high number of kilowatt hours, and do not make any effort to conserve energy.<sup>16</sup> However, the Attorney General believes Grayson relies too much on the customer charge, to the detriment of its customers, and recommends that the Commission instead approve a lower fixed charge.

From an economic perspective, the notion that fixed costs must be recovered through fixed charges is misguided. Regulation should serve as a surrogate for competition to the furthest extent possible, and pricing policy for regulated public utilities should mirror those of competitive firms to the greatest extent practical. All costs are variable in the long run, not fixed. In competitive,

---

<sup>12</sup> Grayson Response to Commission Staff's Post-Hearing Request for Information, Item 21 (March 7, 2019).

<sup>13</sup> *Id.*

<sup>14</sup> Commission Order, *In Re Farmers Electric Cooperative*, Case No. 2016-00365, at 13 (May 12, 2017).

<sup>15</sup> VTE at 9:03:00–9:05:00.

<sup>16</sup> *Id.*

efficient pricing structures, high levels of upfront, or sunk, fixed costs are recovered volumetrically based on usage. Upfront expenses for customer-related distribution costs are most commonly associated with the creation of the distribution system, such as secondary transformers and poles. These costs are incurred regardless of the number of customers that join the system, and should not necessarily be reflected in the customer charge, especially under the incorrect argument that fixed costs must be collected through fixed charges.

In competitive markets, prices are equal to marginal costs, which capture cost variability. Although many utilities' short-run costs are fixed, the rates they charge should be based on long-run costs, which are variable. This pricing mechanism adheres to widely recognized and long-held economic principles, but also appropriately addresses fairness and equity. By recovering short-run fixed costs as long-run variable charges, those who use more electricity receive more benefits, thus paying more than those who receive less. For electricity, consumption—kWh usage—is the best and most direct indicator of benefits received.

The process of recovering largely fixed costs in the short-run with a pricing structure that recovers those costs on a volumetric basis is not unique, and is found in the agriculture, manufacturing, and transportation industries. When costs that vary in the long-term are reflected in volumetric charges, their recovery correlates more with conservation measures than if the costs had been recovered through a fixed charge. A pricing structure that is largely fixed, such that customers' effective prices do not properly vary with consumption, promotes the inefficient utilization of resources. Pricing structures weighted heavily on fixed charges are more inferior in regards to conservation and efficiency than those which require consumers to incur more cost with additional consumption.

For more than thirty years, this Commission has recognized that energy conservation as a ratemaking standard “is intended to minimize the ‘wasteful’ consumption of electricity and to prevent consumption of scarce resources.”<sup>17</sup> In Case No. 2012-00222,<sup>18</sup> LG&E requested an increase in the customer charge based solely on its cost of service.<sup>19</sup> In its final order, the Commission noted that in reviewing the increase, it received ratepayer complaints that a higher customer charge would disincentivize them from making energy efficiency investments, and that their bills would increase despite any reduction in energy usage.<sup>20</sup> The Commission opined:

Determining the proper balance between cost of service, energy efficiency incentives for the utility, and energy efficiency incentives for the customer is challenging and requires a close examination of the facts and circumstances of each case. . . . with the potential for huge increases in the costs of generation and transmission as a result of aging infrastructure, low natural gas prices and stricter environmental requirements, we will strive to avoid taking actions that might disincen energy efficiency.<sup>21</sup>

An excessively high fixed charge undermines future incentives for efficiency and is doubly unfair to customers who have already invested in those resources, who would now see a diminished return on their investment. Thus, a smaller increase in the customer charge than that proposed would be consistent with this Commission’s longstanding policy toward energy efficiency.

Additionally, a smaller increase in the customer charge will preserve a greater degree of customer control over their electric bills, in contrast to a bill composed of a higher fixed charge that is unavoidable despite investments or behavioral changes one may make to reduce usage. The

---

<sup>17</sup> Administrative Case 203, *The Determinations with Respect to the Ratemaking Standards Identified in Section III (d)(1)-(6) of the Public Utility Regulatory Policies Act of 1978*, p. 7 (Ky. Commission Feb. 28, 1982).

<sup>18</sup> *In Re Application of Louisville Gas and Electric Company for an Adjustment of Its Electric and Gas Rates, A Certificate of Public Convenience and Necessity, Approval of Ownership of Gas Service Lines and Risers, and a Gas Line Surcharge*.

<sup>19</sup> *Id.*, Final Order, at 12 (Dec. 20, 2012).

<sup>20</sup> *Id.*, at 13.

<sup>21</sup> *Id.*, at 14–15.

reduced ability to control and ultimately lower one's utility bill is particularly harmful to low-income customers who have limited financial resources to meet their basic needs.

Grayson owes a fiduciary duty to its member-owners. However, the proposed residential customer charge of \$22.50 a month is focused solely on reducing the cooperative's overall risk, does not take the needs of its member-owners into consideration, and thus fails to satisfy that duty. It would be more appropriate for Grayson to recover short-run fixed costs through the volumetric charge, which has the effect of sending proper pricing signals to customers to conserve and utilize resources efficiently. Grayson's proposal simply raises both the customer and energy charge.

During the course of the hearing, Grayson's expert witness volunteered that the cooperative would be willing to phase in the customer charge over a period of time.<sup>22</sup> He went on to say that a gradual phase in "would meet the gradualism of the Commission better than one giant leap."<sup>23</sup> The Attorney General is puzzled that this acknowledgement and offer was made at the hearing but was not contemplated in the application or throughout the record. Nevertheless, if the Commission were to approve the entire requested customer charge amount, the Attorney General agrees with the recommendation that it be phased in over time to better comport with gradualism, reduce the ultimate impact to ratepayers, and minimize rate shock.

II. Grayson Has Continued To Irresponsibly Grant Substantial Wage and Salary Increases Despite Its Financial Condition And The Commission's Prior Admonishment

As cited in the Attorney General's Initial Requests for Information, Item 8(e), in the final order from Grayson's previous rate case the Commission explicitly expressed concern that the cooperative had approved a total wage and salary expense increase of 18.8% from 2008 to 2012,

---

<sup>22</sup> VTE at 3:10:54—3:11:35.

<sup>23</sup> *Id.*

averaging out to a 3.76% increase per year.<sup>24</sup> The Commission went on to say that “Grayson has not been prudent in awarding wage and salary increases during a time of difficult financial circumstances. . . . During poor economic conditions, management and the Board of Directors must exercise sound judgment in making financial decisions to avoid the type of financial situation Grayson finds itself in.”<sup>25</sup> Following that order, from 2013 to 2017, Grayson proceeded to increase its wage and salary expense by a total of 18.85%, averaging 3.77% per year, just eclipsing the rates the Commission previously warned had been irresponsible considering the overall health of the utility.<sup>26</sup>

Ms. Fraley confirmed that Grayson does not lose employees due to concerns over compensation.<sup>27</sup> She also confirmed that Grayson would continue to use the policy of matching the wage increases of non-union workers to the increases in the current union contract.<sup>28</sup> Though strict adherence to this matching policy effectively constrains the cooperative from adjusting the increases it pays to all of its employees for the term of the current union contract, Ms. Fraley said that union contracts would still likely be negotiated on six year terms going forward.<sup>29</sup> Ms. Fraley could not recall the last time the board awarded non-union employees an increase that did not match the union contract.<sup>30</sup>

In the past, these annual wage increases seem to have had little correlation with the actual or perceived financial health of the utility. Instead, it seems that the wage increases for non-union employees have always matched the current negotiated rate in the union contract simply as a matter

---

<sup>24</sup> Commission Order, *Application of Grayson Rural Electric Cooperative Corporation For An Adjustment of Rates*, Case No. 2012-00426, at 14 (July 31, 2013).

<sup>25</sup> *Id.*

<sup>26</sup> Application, Exhibit 1, at 2.

<sup>27</sup> VTE at 9:27:10—9:28:00.

<sup>28</sup> VTE at 9:25:10—9:29:16.

<sup>29</sup> *Id.*

<sup>30</sup> VTE at 9:22:00—9:29:16.

of perceived fairness and administrative ease. Grayson could not fully articulate how the board made the decision to award non-union employees a 3.67% increase for 2017, despite the known financial condition of the utility and the impending filing of a rate case, except to claim that it was in line with the cost of living increase.<sup>31</sup> Furthermore, Ms. Fraley admitted that the benchmarking Grayson uses in its Wage and Salary Plan did not consider employee benefits.<sup>32</sup>

The Attorney General is concerned that Grayson has continued to award wage and salary increases over and above the cost of living, without a showing of true deliberation by the board and due consideration of objective criteria, especially considering the utility's current finances. These increases have persisted for at least ten years, without regard to the ratepayers who must bear the rate increases, and in spite of a direct warning from the Commission to remedy this issue.

### III. Grayson Has Neglected To Address The Magnitude Of Directors' Fees

The Commission similarly expressed concern at the overall amount of directors' fees, and the amount disallowed for ratemaking purposes in Grayson's last rate case.<sup>33</sup> Since then, directors have continued to incur, and the utility has sought reimbursement of fees, at the same level which was questioned by the Commission in 2013. The Commission opined then that "Grayson opted to reduce operating expenses rather than other costs, such as directors' fees and expenses, to address its deteriorating financial condition."<sup>34</sup> The resulting directive was clear—the cooperative must appropriately prioritize discretionary spending, including directors' fees, in order to avoid the type of dire financial situation it now, again, claims to be in.

During the hearing, it was suggested that Grayson may trim costs by permanently reducing

---

<sup>31</sup> VTE at 9:34:00—9:38:05; Grayson Response to Attorney General's Supplemental Data Request, Item 3b (January 4, 2019).

<sup>32</sup> VTE at 11:34:00—11:47:00.

<sup>33</sup> Commission Order, Case No. 2012-00426, at 14–15 (July 31, 2013).

<sup>34</sup> *Id.*



the number of its directors following the retirement of one, and by eliminating another through consolidation of an area of its territory currently served by two directors.<sup>35</sup> In 2018, the Grayson directors increased their per diem by \$50, so that it now totals \$300 per day.<sup>36</sup> When asked to provide all documentation, and specifically the board minutes, in which directors' fees and the cooperative's efforts to reduce them were discussed, Grayson only provided a comparative chart of the other East Kentucky Power Cooperative utilities' benefits offered to directors, and claimed that in relation to the benefits listed, its offerings are not excessive.<sup>37</sup> However, this simply serves to sow more confusion and demonstrates that Grayson cannot show the directors having ever taken steps or much less even discussed the prospect of reducing directors' fees or not seeking full reimbursement of them, in the manner recommended by the Commission in 2013.

Ms. Fraley testified that management does not have any substantial influence toward setting the per diems for directors.<sup>38</sup> Grayson management does receive a monthly report of director expenses, but may not be able to act on changing the reimbursement amounts or process.<sup>39</sup> Ultimately the reimbursement for those expenses and the per diems are set by the directors themselves, who are entitled to a certain degree of board discretion. Though management may not have direct control over director action, it must use any of its available ability and influence to communicate the Commission's expectations on these issues, especially when the utility has taken steps to reduce other discretionary spending, and it claims its financial health lies in the balance. Though the possible reduction of the number of directors is encouraging, though not yet certain, the Commission should still require that going forward Grayson make a good faith effort to

---

<sup>35</sup> VTE at 9:13:30—9:16:00.

<sup>36</sup> VTE at 10:25:00—10:30:00.

<sup>37</sup> Grayson Response to Commission Staff's Post-Hearing Request for Information, Item 7, at 2 of 2 (March 7, 2019).

<sup>38</sup> VTE at 10:26:00—10:32:00.

<sup>39</sup> VTE at 9:17:00—9:18:05.

appropriately address these concerns through board discussion, deliberation, and by maintaining the proper documentation of such.

IV. Grayson Has Not Required Its Employees To Make Health Insurance Premium Contributions Despite Notice Of Clear Commission Precedent

Testimony demonstrated that Grayson has neither made any attempt nor given serious consideration to requiring its employees to contribute any amount toward their own health insurance premiums.<sup>40</sup> Rather, Grayson maintains that the lack of required contributions from its employees represent a part of its total compensation package.<sup>41</sup> This is despite the Commission's clear position and precedent on this issue,<sup>42</sup> which Ms. Fraley acknowledged she is aware of.<sup>43</sup>

Ms. Fraley also acknowledged that Grayson had been paying the health insurance premiums for its former longtime legal counsel, Mr. Jeffrey Scott, since at least 1985.<sup>44</sup> Ms. Fraley further confirmed that Grayson is contractually obligated to continue paying these premiums for Mr. Scott and his dependents/family.<sup>45</sup> The amount of this ongoing obligation is listed as \$34,161.63 in the test year.<sup>46</sup> Though these costs were not claimed as recoverable in the instant rate application, Mr. Cherry acknowledged that expenses to the cooperative which are removed for ratemaking purposes, but which affect the bottom line are ultimately absorbed by the ratepayers.<sup>47</sup>

Ms. Fraley clarified that despite their eligibility none of the current active directors take

---

<sup>40</sup> VTE at 9:42:00—9:43:50.

<sup>41</sup> VTE at 9:42:00—9:43:50; Grayson Response to Attorney General's Initial Data Request, Item 10 (November 30, 2018).

<sup>42</sup> See Commission Order, *Application of Inter-County Energy Cooperative Corporation For A General Adjustment of Existing Rates*, Case No. 2018-00129, at 8–14 (Ky. Commission January 25, 2019).

<sup>43</sup> VTE at 9:42:00—9:43:50.

<sup>44</sup> VTE at 9:44:56—9:46:00; Grayson Response to Commission Staff's Post-Hearing Request for Information, Item 8 (March 7, 2019).

<sup>45</sup> VTE at 9:44:56—9:46:00.

<sup>46</sup> Application, Exhibit 8, at 2; Grayson Response to Attorney General's Post-Hearing Request for Information, Item 4 (March 7, 2019).

<sup>47</sup> VTE at 2:16:13—2:17:18.

health coverage from the cooperative.<sup>48</sup> However, directors who do not take advantage of this benefit do receive a cash payment in lieu of coverage.<sup>49</sup> The amount of this cash payment was confirmed as \$637.63 per month.<sup>50</sup> Despite some confusion, Grayson confirmed that three non-active directors do still receive healthcare coverage from the cooperative.<sup>51</sup> While these continuing benefits were correctly phased out many years ago, the length of the ongoing commitment to those participants grandfathered in only serves to reinforce the long-term effects of neglecting to make difficult, timely decisions to preserve the financial health of the cooperative.

The Attorney General agrees with the Commission's recent precedent of ordering utilities to require employee contributions to health insurance premiums in accordance with national market trends, and recommends that it follow the same course here.

V. Grayson Should Ensure That It Is Able To Meet Its Obligation To Pay Capital Credits To Deceased Estates

In its prior rate case, 2012-00426, Grayson had not been able to pay capital credits to deceased estates in a timely manner.<sup>52</sup> The Commission addressed this issue in the final order and noted its concern that the credits were not being timely paid.<sup>53</sup> In the current case, Ms. Fraley testified that capital credits are currently being paid timely to deceased estates which have been properly presented, and that Grayson does not expect to have any issue paying these credits in the near future.<sup>54</sup> Ms. Fraley further acknowledged that general capital credits have not been paid out since probably "the late seventies," but at least not since 1994.<sup>55</sup> She went on to explain that

---

<sup>48</sup> VTE at 1:34:25—1:35:45.

<sup>49</sup> VTE at 1:33:52—1:34:20.

<sup>50</sup> Grayson Response to Attorney General's Post-Hearing Data Request, Item 2 (March 7, 2019).

<sup>51</sup> VTE at 1:34:25—1:35:45 (Ms. Fraley testified that there were no non-active directors receiving health coverage, although in response to the Attorney General's data request 2-1, Grayson represented that three non-active directors were taking coverage as they were grandfathered in before this policy was changed in 2001).

<sup>52</sup> Commission Order, Case No. 2012-00426, at 13 (July 31, 2013).

<sup>53</sup> *Id.*

<sup>54</sup> VTE at 9:09:49—9:10:34.

<sup>55</sup> VTE at 9:10:35—9:11:11.

cooperatives distribute capital credits if enough funds have accrued due to sufficient margin.<sup>56</sup> The Attorney General agrees with the Commission's prior expression that any inability to pay capital credits to estates would be of concern, but notes that Grayson has apparently remedied this issue.

VI. Grayson Must Further Reduce Operations & Maintenance Spending And Increase Its Integration Of Efficiencies

When asked to describe its efforts at reducing expenses and integrating more efficiencies into its operations, Grayson responded that it had distributed iPads to field personnel to increase the efficiency of routing during service calls by reducing travel time across the service territory.<sup>57</sup> Grayson also described its investment in pole top attachments, which should reduce the wear and tear on wooden utility poles over time,<sup>58</sup> although it is not clear whether the decision was based on an actual projection of cost savings or the mere hope of such.<sup>59</sup> Grayson has also proposed that it will save on personnel costs through natural attrition, by not replacing a retiring employee.<sup>60</sup>

Grayson has not yet demonstrated that it has done enough to consistently reduce O&M spending or to incorporate meaningful, lasting efficiencies in its operational processes. The cooperative's turnover, as already established, is virtually zero, so relying on natural attrition of its workforce solely through retirement to achieve future savings on personnel costs is an abdication of the utility's responsibility to its customers, and spares it from having to make difficult choices. Similarly, the idea of installing pole top covers to increase the lifespan of wooden utility poles seems prudent, but the lack of a cost-benefit analysis to ground the decision in real numbers is problematic. The iPads for field workers may have provided some real savings, but the

---

<sup>56</sup> VTE at 9:11:11—9:11:19.

<sup>57</sup> Grayson Response to Commission Staff's Second Request for Information, Item 3a (November 30, 2018).

<sup>58</sup> Response to Commission Staff's First Request for Information, Item 8.c. (October 12, 2018).

<sup>59</sup> Grayson Response to Commission Staff's Post-Hearing Data Request, Item 5, at 2 of 5 (Indicating that the cooperative estimates 5 additional years of life, and estimates an annual savings from this assumption).

<sup>60</sup> VTE at 9:06:10—9:06:35; Grayson Response to Commission Staff's First Request for Information, Item 8.c. (October 12, 2018).

cooperative must be more proactive in identifying these potential cost savings and it must improve the process by which it implements and executes its plan to achieve those savings, which will certainly include making unpopular decisions.

## CONCLUSION

The Commission has often acknowledged its long history of reliance on the principle of gradualism in ratemaking in order to mitigate the financial impact of individual rate increases on customers and Kentucky families.<sup>61</sup> The Attorney General asks that the Commission continue to follow that precedent here, and to appropriately consider affordability in setting rates.<sup>62</sup>

**WHEREFORE**, the Attorney General requests that the Commission, based upon the evidentiary record, set a fair, just, and reasonable rate for the customers of Grayson RECC.

---

<sup>61</sup> Case No. 2014-00396, *In the Matter of Application of Kentucky Power Company for: (1) A General Adjustment of its Rates for Electric Service; (2) An Order Approving its 2014 Environmental Compliance Plan; (2) An Order Approving its Tariffs and Riders; and (4) An Order Granting All Other Required Approvals and Relief*, Order (Ky. PSC June 22, 2014) (“the Commission has long employed the principle of gradualism”); *See also*, Case No. 2000-080, *In the Matter of: The Application of Louisville Gas & Electric Company to Adjust its Gas Rates and to Increase its Charges for Disconnecting Service, Reconnecting Service and Returned Checks*, Order (Ky. PSC September 27, 2000) (“the Commission is adhering to the rate-making concepts of continuity and gradualism in order to lessen the impact of these increases on the customers that incur these charges.”).

<sup>62</sup> *Nat’l-Southwire Aluminum Co. v. Big Rivers Elec. Corp.*, 785 S.W.2d 503 (Ky. App. 1990).

Respectfully submitted,

ANDY BESHEAR  
ATTORNEY GENERAL



---

JUSTIN M. McNEIL  
KENT A. CHANDLER  
LAWRENCE W. COOK  
REBECCA W. GOODMAN  
ASSISTANT ATTORNEYS GENERAL  
700 CAPITOL AVE, SUITE 20  
FRANKFORT, KY 40601-8204  
PHONE: (502) 696-5453  
FAX: (502) 573-1005  
[Justin.McNeil@ky.gov](mailto:Justin.McNeil@ky.gov)  
[Kent.Chandler@ky.gov](mailto:Kent.Chandler@ky.gov)  
[Larry.Cook@ky.gov](mailto:Larry.Cook@ky.gov)  
[Rebecca.Goodman@ky.gov](mailto:Rebecca.Goodman@ky.gov)

*Certificate of Service and Filing*

Counsel certifies that an original and ten (10) photocopies of the foregoing were served and filed by hand delivery to Gwen R. Pinson, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, KY 40601; counsel further states that true and accurate copies of the foregoing were mailed via First Class U.S. Mail to:

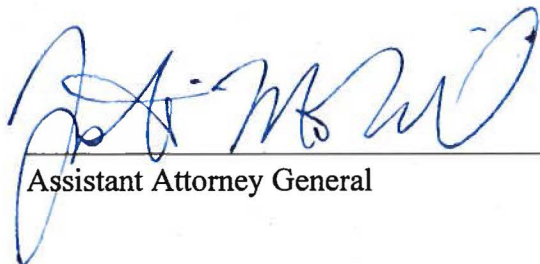
Carol Hall Fraley  
President & CEO  
Grayson R.E.C.C.  
109 Bagby Park  
Grayson, KY 41143

Grayson R.E.C.C.  
109 Bagby Park  
Grayson, KY 41143

Clayton O. Oswald  
Taylor, Keller & Oswald, PLLC  
1306 W. 5th St., Suite 100  
P.O. Box 3440  
London, KY 40743-3440

Bradley Cherry  
Manager of Finance & Accounting  
Grayson R.E.C.C.  
109 Bagby Park  
Grayson, KY 41143

This 15<sup>th</sup> day of March 2019.



---

Assistant Attorney General