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Jacob M. Mills
Ashley P. Hoover

March 18, 2019

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

RECEIVED

MAR 18 2019

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 an original and ten (10) copies of Grayson's responses to the Commission's Order "Commission Staff's Supplemental Post-Hearing Request for Information to Grayson Rural Electric Cooperative Corporation" dated March 13, 2019.

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

Respectfully submitted,


**Clayton Oswald
Counsel for Grayson Rural Electric Cooperative Corporation**

Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

MAR 18 2019

PUBLIC SERVICE
COMMISSION

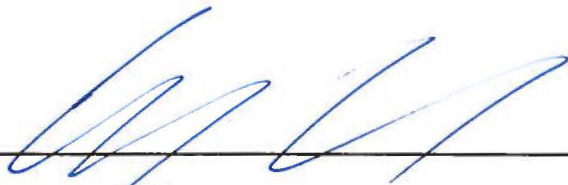
In the Matter of Adjustment of Rates
Of Grayson Rural Electric Cooperative
Corporation

Case No. 2018-00272

APPLICANT'S RESPONSES TO
COMMISSION STAFF'S SUPPLEMENTAL POST-HEARING REQUEST FOR INFORMATION

The applicant, Grayson Rural Electric Cooperative Corporation, makes the following responses to the "Commission Staff's Post-Hearing Request for Information", as follows:

1. The witness who is prepared to answer questions concerning each request is Carol Fraley.
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.



Attorney for Grayson Rural Electric Cooperative
Corporation

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: March 18, 2019

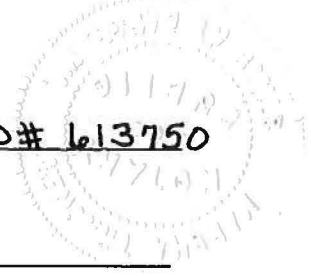
GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

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 18th day of March, 2019.

Marsha A. Shaker ID# 613750
Notary Public, Kentucky State At Large

My Commission Expires: 1-9-2023



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

1. Refer to Grayson RECC's response to Commission Staff's Post-Hearing Request for Information, Item 6.

a. In the response, Grayson RECC states that the health care cost per month for a single plan is \$623 (or \$7,476 on an annual basis). In response to Commission Staff's First Request for Information, Item 55, a single person Health Care cost paid by Grayson RECC is \$9,051 on an annual basis, a difference of \$1,575. Confirm that Grayson RECC contributes \$1,575 annually to an employee's HSA account. If not, provide the amount contributed to the HSA for Employees with Single Health Insurance.

RESPONSE: The stated health care cost per month of \$623 for a single plan was the premium cost in 2013 when the cost savings analysis that was provided was completed. The annual cost of \$9,051 submitted in Commission Staff's First Request for Information, Item 55, was the premium cost for single coverage during the 2017 test year. The amount contributed to the HSA for Employees with Single Health Insurance is \$3250.

b. In the response, Grayson RECC states that the health care cost per month for a family plan cost per month is \$1,212 (or \$14,544 on an annual basis). In response to Commission Staff's First Request for Information, Item 55, a Family Plan Health Care cost paid by Grayson RECC is \$17,403 on an annual basis, a difference of \$2,859. Confirm that Grayson RECC contributes \$2,859 annually to an employee's HAS account. If not, provide the amount contributed to the HSA for Employees with Family Health Insurance.

RESPONSE: The stated health care cost per month of \$1,212 for a family plan was the premium cost in 2013 when the cost savings analysis that was provided was completed. The annual cost of \$17,401 submitted in Commission Staff's First Request for Information, Item 55, was the premium cost for family coverage during the 2017 test year. The amount contributed to the HSA for Employees with Family Health Insurance is \$3250.

c. The response provides IRS Publication 969 as a justification for providing certain employees with a health insurance plan that does not include an HSA. It states in the publication that a person is eligible to contribute to or have an HSA if "you are not enrolled in Medicare." State whether all employees with health insurance that does not include an HSA are enrolled in Medicare. If not, confirm that they have family members enrolled in Medicare and explain why this prevents the employee from having a health plan with an HSA.

RESPONSE: It is confirmed that the employees covered with health insurance that does not include an HSA have family members enrolled in Medicare or have other health care coverage that disqualifies from contributing to a HSA. Grayson has been operating under the directive from its' health plan provider from 2013 that those individuals were ineligible to contribute to a HSA and therefore enrolled in the PPO plan.

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

2. Refer to Grayson RECC's response to Commission Staff's Post-Hearing Request for Information, Item 8. Provide the cost of health insurance provided to W. Jeffery Scott during the test year and confirm that it has been excluded from ratemaking in the test year.

RESPONSE: The cost of health insurance provided to W. Jeffery Scott during the test year was \$20,265. It is confirmed that the cost has been excluded from ratemaking in the test year.

Grayson Rural Electric Cooperative
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Commission Staff's Supplemental Post-Hearing Request for Information

3. Refer to Grayson RECC's response to Commission Staff's Post-Hearing Request for Information, Item 18. For each general plant item, provide a rational, study, analysis, or justification of the depreciation rate and why that rate should be used rather than the rates approved by the Commission in Case No. 2012-00426.

RESPONSE: Grayson uses the same depreciation rates for all general plant items as approved by the Commission in Case NO. 2012-00426, except for computer and technology equipment. Computer and technology equipment is recorded in Account 391.00. The useful life of these items was less than the approved depreciation rate and an accelerated rate was used to match the useful life of these items. Please see the attached correspondence justifying the accelerated depreciation to match the useful life of these items.

Andrea McCleese

From: Logan, Wayne [REDACTED]
Sent: Friday, March 15, 2019 11:29 AM
To: Andrea McCleese
Cc: Campbell, Danny
Subject: Re: [EXT] RE: Hardware - Expected Life

Hi Andrea

I'm traveling, sorry for delay. NetGain follows "Best Practice" regarding life cycle as well as personal experience. Best Practices state replace Server/storage and core data equipment in 5 years. NetGain is comfortable going 6 years providing we can get manufacturers support for part replacement. Our experience shows us, the risk of extended down time greatly increases after 5 years.

Sent from my iPhone