

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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**PUBLIC SERVICE
COMMISSION**

In the Matter of:

OWEN ELECTRIC COOPERATIVE, INC.)
) CASE NO. 2011-00160
ALLEGED FAILURE TO COMPLY WITH)
KRS 278.020 AND COMMISSION ORDER)

**OWEN ELECTRIC COOPERATIVE, INC.'S
RESPONSE TO INTRA-AGENCY MEMORANDUM**

*** **

Comes now Owen Electric Cooperative, Inc. ("Owen"), by counsel, in response to the Commission's Intra-Agency Memorandum, dated August 5, 2011, relating to the Informal Conference held in Case No 2011-00160 on August 1, 2011.

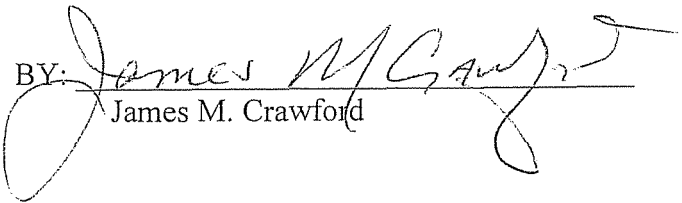
Owen hereby submits copies of its revised Construction Work Plan ("CWP") checklist and its new Regulatory Compliance Coordination Guideline. As noted in the Intra-Agency Memorandum, Owen agreed during the Informal Conference to provide these documents to Commission Staff.

The CWP checklist will be utilized beginning in August 2011 as Owen begins work on its 2012-2013 CWP. The Regulatory Compliance Coordination Guideline outlines responsibility for various regulatory filings and is being implemented immediately.

Owen would be willing to discuss further either of these documents with Commission Staff at Staff's request.

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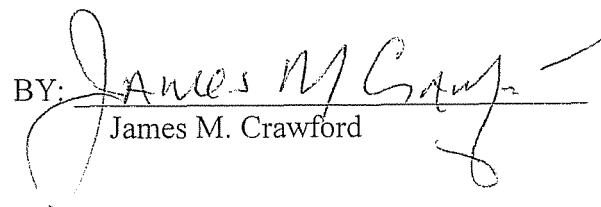
BY: 
James M. Crawford

CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the foregoing Response to Intra-Agency Memorandum was mailed postage pre-paid on this the 11th day of August, 2011, to:

Mr. Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602

Hon. Quang Nguyen
Hon. Richard Raff
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

BY: 
James M. Crawford

OWEN ELECTRIC COOPERATIVE

Owen Electric Cooperative - Construction Work Plan (PROCEDURAL CHECKLIST)

Step	Activity	Target Completion	Date Completed	Cert. Initials
1	Prepare Historical and Projected Cost Data	August		
2	Gather County and other agency Comp. Plans	August		
3	Meet with CEO and Staff to Discuss Plan Outline	August		
4	Meet with RUS GFR to Discuss Plan Details/Guidelines	August		
5	Submit Letter of Intent for CPCN to PSC	August		
6	Discuss specific system issues w/Operations	August		
7	Develop Engineering Models per Current Load Forecast	Late August		
8	Run Engineering Analysis Model	Early September		
9	Examine Engineering Analysis Results	Mid September		
10	Develop Plan Recommendations	Mid October		
11	Prepare CWP application for CPCN to the KY PSC	Mid October		
12	Review Final Plan with RUS GFR	Last of October		
13	CEO & ENG Final CWP Budget Consideration	Last of October		
14	Submit CWP and apply for CPCN with the KY PSC	Last of October		
15	Prepare Owen Board of Directors CWP Exec Summary	Mid November		
16	OEC Board - Budget Committee Review of CWP	Mid November		
17	Owen Electric Board Presentation/Approval Resolution	Mid November		
18	Submit Plan to RUS Washington, D.C.(Inc. BER)	Mid November		
18	Follow up with RUS Washington on BER et.al.	December		
20	Await Final RUS Washington Comments on BER et.al.	End January/Beginning Feb		
21	Submit Final RUS approval and any necessary amendments to PSC	End January/Beginning Feb		
22	Await Order on CPCN from PSC	End February		
Final	Begin Construction upon receipt of PSC Order	Beginning March		

RUS: Rural Utilities Service

GFR: General Field Representative for RUS (presently based in Lexington, Kentucky)

BER: RUS-Required "Borrowers Environmental Reports" that certifies CWP will have min. impact

CPCN: Certificate of Public Convenience and Necessity

PSC: Public Service Commission

REGULATORY COMPLIANCE COORDINATION

Guideline: MIS-20
Review Date: 08-11
Responsibility: Outlined Below

The purpose of this guideline is to assign responsibility for coordination of various regulatory filings to Owen Electric Cooperative senior management personnel as outlined below.

Pres./CEO Executive Secretary will route all mail or communications to appropriate departments. A copy of all Kentucky Public Service commission correspondence is routed to the Sr VP, Corporate Services. If an unusual situation arises, Sr. V.P. of Corporate Services will coordinate with necessary individual Dept. V.P.'s or others as needed.

Sr VP, Corporate Services Provides oversight of all regulatory filings in Coordination with other departments as outlined below:

Responsible for the preparation and submission to the KY PSC of:
All Rate & Financing Applications and associated filings
Fuel Adjustment Clause filings
Environmental Surcharge filings
Monthly financial reports
Annual PSC report
Reports relating to safety concerns or accidents

Responsible for the coordination of the following filings to the KY PSC:
Certificate of Public Convenience and Necessity (CPCN)
for the Construction Work Plan (CWP)
Other CPCNs, as needed
All Miscellaneous Orders and Administrative Case responses

Responsible for the preparation and submission to Rural Utility Service (RUS) of:
Annual Form 7
Form 219s (Inventory of Work Orders)
Special Equipment Purchases
Form 595, as needed
Annual Financial Statement audit

Responsible for the preparation and submission of the Form 990 to the Internal Revenue Service:

Responsible for the preparation and submission to the Kentucky Department of Revenue of:
All Sales and Use Tax Returns
Annual Property Tax Returns

Preparation and submission of all applicable payroll tax and employment related returns to various federal, state, and local regulatory agencies

Preparation and submission of Form 5500 to ERISA

Preparation of Form EIA-281 to the Department of Energy

Preparation and submission of all financial reports (monthly, quarterly, and annual) relating to ARA grants to KY DEDI and to CRN for reporting to the Department of Energy

Responsible for the preparation and submission of all reports to the KY Department of Transportation relating to the registration of company vehicle, road use, and excise taxes

Responsible for filing of annual report with KY Secretary of State

Sr VP Cust. Service and Marketing

Responsible for the preparation and submission of all tariff filings
Maintains report of termination for non-payment
Maintains consumer compliant file

VP Engineering

Prepares Construction Work Plan and files for CPCN with PSC in coordination with Sr VP, Corporate Service

VP of Operations

Preparation and filing of responses to customer complaints to KY PSC
Preparation and submission of meter related reports to the KY PSC:
Quarterly report
Voltage complaint reports
Line voltage surveys
Meter test reports
Standards tested
Meter testing equipment – monthly calibration report
Bi-annual testing of company owned Volt-Meters
Meter Vendor standard test records
Preparation and submission of Line Inspection reports
Preparation and submission of Reliability reports

VP of Technology

Preparation and submission of all programmatic reports (monthly, quarterly, and annual) relating to ARA grants to KY DEDI and to CRN for reporting to the Department of Energy