

# Grayson Rural Electric Cooperative Corporation

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November 9, 2011

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

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PUBLIC SERVICE  
COMMISSION

Re: Case No. 2011-00407

Dear Mr. Derouen:

Please find enclosed Grayson's response to the Commission's Order of October 21, 2011 in the above referenced case.

Respectfully submitted,



Don M. Combs  
Mgr.- Finance & Accounting

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

GRAYSON RURAL ELECTRIC )  
COOPERATIVE CORPORATION )  
----- )  
ALLEGED FAILURE TO COMPLY )  
WITH KRS 278.020 )

CASE NO. 2011-00407

**Response to the Commission's Order of October 21, 2011**

In response to the Commission's Order of October 21, 2011, Grayson states that it should not be subject to penalties, being that:

- It did not intend nor has it in the past acted to avoid scrutiny.
- It has attempted to comply with previous requests for information to the best of its ability within the requested timeframes.
- Genuinely felt that Grayson was exempted from the requirements of CPCN as it relates to our 4 Year Work Plan, in that the Work Plan contained ordinary extensions in the usual course of business and related financing was done through the Rural Utilities Service.
- The Commission letter of November 12, 2009 was received and would have been responded to on a timely basis had it not been for extenuating circumstances, referenced in Case No. 2010-00441, that allowed it to be neglected for a period of time.

Grayson feels that it better understands the Commission's definition of Work Plan and the need for CPCNs and the circumstances in which they are required. It is evident that as Grayson finds alternative ways of doing business that require investments in hardware and software, it will be required to see if it meets the threshold of the statute. The responsibility for this will then fall on the Departments involved to meet the requirements of the statute.

Respectfully submitted,



Don M. Combs  
Mgr – Finance & Accounting