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David L. Armstrong
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James W. Gardner
Vice Chairman

February 17, 2012

PARTIES OF RECORD

Re: Case No. 2012-00034

Attached is a copy of a memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the informal conference memorandum, please do so within five days of receipt of this letter. If you have any questions, please contact John Shupp of the Commission staff at 502/564-3940, Extension 421.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen
Executive Director

Attachments

cc: Parties of record

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: File: Case No. 2012-00034

FROM: John Shupp, Team Leader

DATE: February 17, 2012

RE: Grayson RECC – Application for a Certificate of Public Convenience and Necessity to Add Two Projects to Its Four Year Construction Work Plan (2009-2012)

Pursuant to a Staff Notice, a telephonic informal conference ("IC") was held in the above referenced case on February 16, 2012. A copy of the attendance list is attached to this memorandum. The purpose of the IC was to discuss issues related to the Grayson RECC application for a Certificate of Public Convenience and Necessity to amend and add two proposed projects to its currently approved 2009-2012 Construction Work Plan ("CWP").

The proposed amendments to Grayson RECC's 2009-2012 CWP are as follows:

1. Amendment # 2012-1 involves multi-phasing a 3.75 mile section of a currently single-phase line using 1/0 ACSR conductor, the same as currently being used for the single-phase. The current draw is measured at 57 amps at a temperature of 27⁰ F, and modeling indicates 73.49 amp load, and the number of meters served by the line is 77.
2. Amendment # 2012-2 involves the replacement of 5.4 miles of 60-plus year old H-configured support structures that have reached their end-of-life.

Commission Staff inquiries and Grayson RECC's comments during the telephonic IC centered on the topics, concerns and discussions listed below:

Project # 2012-1:

1. The temperature at which the modeling program was run was -2⁰ F.
2. When the load current level reaches 50 amps, multi-phasing the line is considered.
3. Only the load current, not the quantity of meters being served by a line starts the consideration for multi-phasing that line.

4. Although the project was not included in Grayson RECC's 2009-2012 CWP, the project had been evaluated in 2008. Since that time, however, the subject line has deteriorated to such an extent that the proposed upgrade is needed at this time rather than putting it off until the next construction work plan..
5. It is estimated that the service life of this line will be 35 years after the upgrade.
6. There are no known governing regulations or restrictions on this construction.
7. The existing structures will be used for the upgrade, with only cross arms being added as needed.
8. Pactolus circuit # 1 is the substation and circuit number upstream of this line.
9. Grayson already has the necessary Right-of Way to construct this line.
10. The path shown on the map is the route for the line.

Project # 2012-2:

11. Grayson has a pole inspection program, but their familiarity was limited with H-pattern construction used for these deteriorated poles which were built as transmission structures originally. Grayson was concerned about the structure replacement cost and didn't identify them for imminent replacement until problems required a more detailed inspection and design focus prompting this request.
12. The total length of the line is just under 13 miles, of which, all but this 5.4 miles have been upgraded.
13. The conductor is 3/0 ACSR and is not being replaced; it should have a typical and reasonable service life.
14. A single pole with a cross arm is Grayson's standard three phase distribution construction.
15. Carter City is the substation and 1 is the circuit number for this line.
16. Grayson has the necessary Right-of Way to construct this line.

17. The path shown on the map is the established route for the line.

18. Both of these projects will displace other projects in the 2009-2012 CWP, so there is no increase in borrowed funds.

19. The future operations and maintenance costs for the upgraded lines will decrease from prior construction O & M costs.

After the above topics were addressed, there being no additional questions or need for further discussion, the IC was adjourned.

Attachment: Sign-In Sheet

cc: Parties of record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF GRAYSON RURAL)
ELECTRIC COOPERATIVE CORPORATION)
FOR A CERTIFICATE OF CONVENIENCE AND) CASE NO.
NECESSITY FOR AN ADDITIONAL TWO) 2012-00034
PROJECTS TO BE ADDED TO ITS FOUR-)
YEAR CONSTRUCTION WORK PLAN (2009-)
2012))

February 16, 2012

Please sign in:

NAME	REPRESENTING
<u>Quang D. Nguyen</u>	<u>PSC</u>
<u>Tim Livers</u>	<u>"</u>
<u>Bob Russell</u>	<u>"</u>
<u>JOHN SHUPP</u>	<u>PSC</u>
<u>Carol Friley</u>	<u>Grayson - via phone</u>
<u>Brian Poling</u>	<u>Grayson - via phone</u>
<u>Don Combs</u>	<u>Grayson - via phone</u>
<u>Bradley Cherry</u>	<u>Grayson - via phone</u>
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