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RECEIVED

January 3, 2019

JAN 04 2019

PUBLIC SERVICE
COMMISSION

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

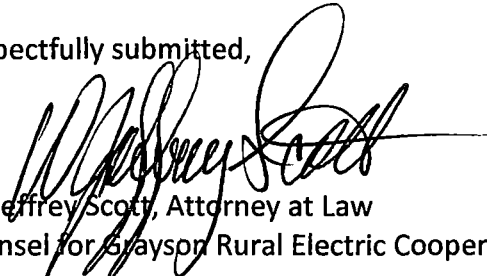
Re: In the Matter of Adjustment of Rates
of Grayson Rural Electric Cooperative Corporation
Case No. 2018-00272

Dear Ms. Pinson:

Please find enclosed an original and ten (10) copies of Grayson's responses to the Attorney General's supplemental data request dated December 14, 2018.

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

Respectfully submitted,



W. Jeffrey Scott, Attorney at Law
Counsel for Grayson Rural Electric Cooperative Corporation

Enclosure

RECEIVED

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

JAN 04 2019

PUBLIC SERVICE
COMMISSION

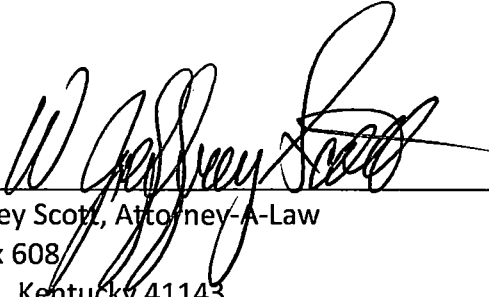
In the Matter of Adjustment of Rates
Of Grayson Rural Electric Cooperative
Corporation

Case No. 2018-00272

APPLICANT'S RESPONSES TO
ATTORNEY GENERAL'S SUPPLEMENTAL DATA REQUEST

The applicant, Grayson Rural Electric Cooperative Corporation, makes the following responses to the "Attorney General's Supplemental Data Request", as follows:

1. The witnesses who are prepared to answer questions concerning each request are Carol Fraley, Bradley Cherry, and James R. Adkins.
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.



W. Jeffrey Scott, Attorney-A-Law
P.O. Box 608
Grayson, Kentucky 41143
Attorney for Grayson Rural Electric Cooperative
Corporation
wjscott@windstream.net

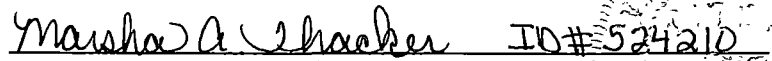
The undersigned, Carol Fraley as President & CEO of Grayson Rural Electric Cooperative Corporation, being duly sworn, states that she has supervised the preparation of the responses and that the matters and things set forth herein are true and accurate to the best of my knowledge, information and belief, formed after reasonable inquiry.

Dated: January 3, 2019

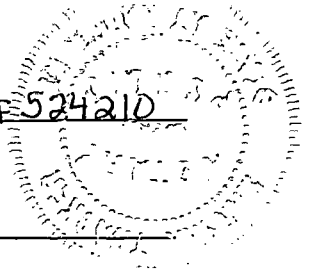
GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION


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 3rd day of January, 2019.


Notary Public, Kentucky State At Large

My Commission Expires: 1-9-2019



The undersigned, Bradley Cherry, as Manager of Finance & Accounting of Grayson Rural Electric Cooperative Corporation, being duly sworn, states that the responses herein are true and accurate to the best of my knowledge and belief formed after reasonable inquiry.

Dated: January 3, 2019

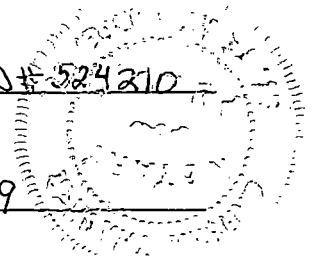
GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

Bradley Cherry
BRADLEY CHERRY, MANAGER OF FINANCE & ACCOUNTING

Subscribed, sworn to, and acknowledged before me by Bradley Cherry, as Manager of Finance & Accounting for Grayson Rural Electric Cooperative Corporation on behalf of said Corporation this 3rd day of January, 2019.

Maisha A. Thacker ID# 524210
Notary Public, Kentucky State At Large

My Commission Expires: 1-9-2019



The undersigned, James Adkins as an Electric Cooperative Consultant, being duly sworn, states that the responses herein are true and accurate to the best of my knowledge and belief formed after reasonable inquiry.

Dated: January 3, 2019

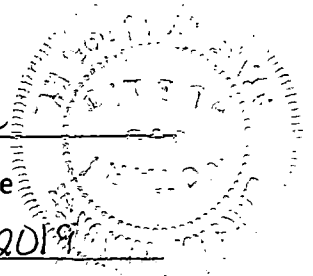
James R. Adkins
James Adkins

Subscribed, sworn to, and acknowledged before me by James Adkins for Grayson Rural Electric Cooperative Corporation on behalf of said Cooperative this 3rd day of January, 2019.

Maisha A. Shaker

Notary Public, Kentucky State At Large

My Commission Expires: 1-9-2019



Grayson Rural Electric Cooperative
Case No. 2018-00272
Attorney General's Supplemental Data Request

1. Refer to Grayson's Application, Exhibit 9, page 9 of 11. The policy explains that only Active Directors are normally entitled to paid medical insurance coverage from Grayson RECC. Confirm that a director who leaves for any reason, and their dependents, still forfeit paid medical insurance coverage.

a. Explain why certain Directors are exempt from this policy due to Board action taken in January of 2000.

b. Provide the minutes of the referenced November 2001 board meeting, which should include a list of those exempted.

c. Confirm whether any non-active directors or their dependents are still receiving paid medical insurance coverage.

Response 1:

Confirmed.

Response 1a:

Three Directors were grandfathered in.

Response 1b:

Please see attached Board Minutes dated 11/28/2001.

Grayson Rural Electric Cooperative
Case No. 2018-00272
Attorney General's Supplemental Data Request

Response 1c:

Confirmed.

On November 28, 2001 at 9:00 a.m. (e.s.t.) Directors of Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, Roger Trent for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President & CEO; W. Jeffrey Scott, Legal Counsel; and Bonita Gearhart, Executive Secretary.

INVOCATION	Director Dupuy gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Rice, seconded by Director Dupuy and unanimously agreed to approve the minutes as mailed.
OFFICE & MEMBER SERVICES REPORT	Mr. Combs, Manager of Finance & Administration gave the Office and Member Services report. Mr. Combs reported on the following:
FINANCIAL & STATISTICAL REPORT FOR SEPTEMBER 2001	<p>Kilowatt-hour sales for the month of September were 3.52% over budget. Year-to-date they are 7.28% over budget. Purchases for the month were 1.67% under budget and year-to-date they are 1.69% over budget. Line loss for the last twelve months is 5.59%. Form 7 reflects a year-to-date T.I.E.R. of 1.757. Year-to-date margins for September were \$645,630 compared to the budgeted amount of \$834,775.</p> <p>Mr. Combs advised the Board that the Cooperative was pretty close to the 3 Year Budget Plan the Board set a few years ago. Mr. Combs is projecting a year-end T.I.E.R. of 1.94.</p>
219 WORK ORDER REVIEW	The total of the 219-work orders closed for September was \$195,012.58. Mr. Combs reviewed the report with the Board.
DEPOSIT POLICY	Mr. Combs told the Board that he was in the process of reviewing the Cooperative's Board Policy on deposits and he would have some recommendations to make.
APPROVAL OF FINANCIAL & STATISTICAL REPORTS FOR SEPTEMBER 2001	Motion was made by Director Rice, seconded by Director Dupuy and unanimously agreed to approve the Financial & Statistical Report for September 2001, as presented for information purposes only.
BAD DEBT WRITE-OFFS	Motion was made by Director Dupuy, seconded by Director Crum and unanimously agreed to charge off \$5,152.89 worth of bad debts and turn them over for collection.
SMALL CLAIMS COURT	The Board discussed the possibility of pursuing some of the larger written off accounts in Small Claims Court.
RIGHT-OF-WAY BIDS	<p>President Fraley reported the Cooperative solicited bids from six right-of-way contractors. Three bids were received with a fourth bid received too late to be considered this year.</p> <p>The bid from W. A. Kendall was based on 100% of the work and was about \$61,000 under Asplundh's bid. Following discussing, motion was made by Director Rice and seconded by Director Dupuy to award the contract to the W. A. Kendall Company. Motion carried.</p>

**PLANNING & REVIEW
COMMITTEE-2002 BUDGET**

Following discussion, the Board decided that the Planning & Review Committee did not need to meet to review the 2002 Budget before it was presented to the full Board.

**NEW MEMBERSHIPS &
RETIREMENT OF EXISTING
MEMBERSHIPS**

Motion was made by Director Simmons, seconded by Director Rice, and unanimously agreed to approve one hundred twenty (120) new memberships and retirement of one hundred (100) existing memberships.

**APPROVAL OF PRESIDENT'S
DIRECTOR'S & ATTORNEY
BUSINESS EXPENSES**

Motion was made by Director Simmons, seconded by Director Crum and unanimously agreed to approve the President's business expense of \$36.13, Director's business expense of \$3,412.57 and Attorney's business expense of \$500.00.

SAFETY REPORT

President Fraley reported the Cooperative filed insurance claims for the following members:

Wayne Gillispie, - Line down, burnt up his fence charger
Patricia Thomas - Power surge, damaged her kitchen stove

PRESIDENT'S REPORT

President Fraley reported on the following:

LOST TIME ACCIDENTS

There were no lost time accidents during the month of November.

LINE TRUCK

President Fraley reported that a new line truck would need to be put in the 2002 Budget.

WORKERS COMP BOARD

President Fraley said she serves on the Self-Insured Workers Compensation Board. She said some of the Cooperatives do not have a very good safety record and the Board might have to start charging these Cooperatives more premiums based on experience.

She plans to have Legal Counsel Scott speak to our workers at one of the Weekly safety meetings to discuss safety issues and supervisor's liability. He will also discuss loss of compensation if an employee is injured and is not wearing/using his/her safety equipment.

RIGHT-OF-WAY EASEMENTS

President Fraley said the Cooperative processes about thirty (30) right-of-way easements each month. Following discussing, motion was made by Director Dupuy, seconded by Director Rice and unanimously agreed to record all right-of-way easements.

CAPITAL CREDITS

President Fraley reported the Cooperative had the following Capital Credits that have been properly applied for:

1997 \$19,000
1998 \$24,000
1999 \$10,000
2000 \$35,000
2001 \$75,000

These totals have not been discounted.

PER DIEM WAIVER

Upon advise of Legal Counsel Scott, Director Crum signed the following waiver:

WAIVER

I, Donnie Crum acknowledge that Board Policy # 110, Compensation of Directors provides for \$150.00 to be paid for travel to the monthly KAEC board meeting. I, hereby waive payment of the \$150.00 for the travel day to the monthly KAEC board meeting for the duration of my tenure as the Grayson RECC representative to the KAEC Board.

Donnie Crum

Effective 8/01/01

TECHNICAL SERVICES

President Fraley said the Cooperative had 4,212 Turtle meters reporting to the office. The state highway department says the Route 7 road relocation from Route 504 to Route 32 is scheduled to be released for bids in March 2002. Ground breaking for the new Elliott County prison will be held this Sunday, December 2nd. EKPC has completed modifications to their radio system that will allow them to talk to all five of our tower sites. They had previously been unable to communicate with the Warnock site.

ENGINEERING REPORT

The Engineering Department released one hundred sixty-nine (169) prints consisting of 20,381' of primary line and 7,211' of service wire. Currently they have thirty-nine (39) new jobs to be staked, nine (9) to draw and eleven (11) miscellaneous jobs.

OPERATIONS REPORT

The Construction crews built ninety-seven (97) work orders during the month of October and worked forty-three (43) hours of overtime on new work orders. Due to outages during the month of October, the Maintenance Department worked three hundred sixty-seven (367) hours of overtime. The Billing Department issued three hundred forty-eight (348) delinquents for collection.

We have right-of-way crews working in the following areas:

- 1-bucket truck crew in Elliott County
- 1-bucket truck crew in Greenup County on Shultz
- 1 cutting crew in Greenup County on Three Prong
- 1 cutting crew in Rowan County on Route 519
- 1 cutting crew in Lewis County on Montgomery
- 1-bucket truck crew in Carter County on Town Branch-upgrading
Single-phase to three-phase

The Smith Company is cutting yard trees and hot spots.

VEHICLE FOR SALE

President Fraley said Joan Litteral submitted the highest bid for the 1992 White Explorer. She submitted a bid of \$2,670.00.

EKP VIDEO CONFERENCING

She attended a meeting on video conferencing at EKPC this month. There is a lot of potential for the Cooperative to cost-share a venture like this with some of our local businesses.

CHRISTMAS PARTY	The Cooperative's Annual Christmas party will be held this Saturday at the Grayson Conference Center. Pictures will be taken at 6:00 pm and the dinner will be at 7:00 pm.
ROGER BARKER	President Fraley said Mr. Barker requested the names and addresses of the Board of Directors from Marsha Thacker, Member Services Representative. She had Marsha e-mail Mr. Barker to tell him that we do not give those out, but for him to send a letter addressed to the Board of Directors to the Cooperative and she would see that the letter was given to Chairman Trent. He applied some time ago to have a line run to a cabin in Rowan County that had no water or septic system at a cost of \$14,000. He did not want to pay for this.
VACATION PAY	The Board said it would be okay for President Fraley to sell back another week of vacation to the Cooperative since she would not be able to use it.
KAEC DIRECTOR'S REPORT	Director Crum reported KAEC's Annual Meeting was held this week and he had nothing new to report. President Fraley reported she received a notice from KAEC that they had ratified their Union Contract for a three (3) year term.
EKPC DIRECTOR'S REPORT	Director Hall reported he and President Fraley attended EKPC's Board Meeting this month. He said the Board approved the Laurel Ridge Landfill project that would produce electricity for .03 cents per kilowatt. The cost to produce from the coal-fired Gilbert Unit will be about 3.4 cents per kilowatt. He said sixteen million had been cut from EKPC's budget for 2002. Director Hall said there were two to three major contracts to be let in January.
LEGAL COUNSEL'S REPORT	Legal Counsel Scott reported on the following:
HARRY HOSSACK	The Cooperative reached an agreement with the Kentucky Public Service on a penalty the Cooperative was assessed for a safety violation by an employee of EZ Electric Company. The violation occurred in 1998. The original assessment was \$10,000 and the agreement is for \$1,750.00. Due to our Hold Harmless Agreement, EZ Electric Company will reimburse the Cooperative the full amount.
DEAN THURMAN	Legal Counsel has filed suit against Mr. Thurman. Mr. Thurman cut some trees and broke some poles on our lines.
VANCEBURG UPDATE	The Cooperative has received a letter from the Electric Plant Board of the City of Vanceburg stating that they have agreed to proceed with discussions that would outline a course of action to provide service to our members in that area. They will prepare drafts of the distribution service agreement and a settlement agreement to present to the Cooperative in the near future.
KAEC ANNUAL MEETING	Legal Counsel said he attended KAEC's Annual Meeting and attended the Attorney Meetings on Sunday and Monday.

DONATIONS

President Fraley presented the following donation requests to the board:

Project Merry Christmas Carter County	\$100.00
Blaine Elementary Carnival	\$50.00

Motion was made by Director Simmons, seconded by Director Dupuy and unanimously agreed to approve the donations as presented

MEETING ATTENDANCE

There were no meetings to be approved this month.

BOARD MEETING DATE

Chairman Trent announced the December Board Meeting would be held on Thursday, December 20, 2001.

ADDITIONAL BUSINESS

Director Dupuy, Chairman of the Planning & Review Committee reported the committee met on November 8th to try and resolve some issues involving Board Policy # 110, Compensation of Directors. They met again on November 15th and reaffirmed the proposal to be presented today. Director Dupuy presented the minutes from both minutes to the Board. Said minutes as follows:

**Planning & Review Committee Meeting
November 8, 2001**

Chairman Trent called the meeting to order and asked Director Dupuy to give the invocation. Others in attendance included Director Crum, Director Arrington, Legal Counsel Scott, President & CEO Fraley and Executive Secretary Bonita Gearhart.

Chairman Trent turned the meeting over to Harold Dupuy, Chairman of the Planning & Review Committee. Director Dupuy said the committee was meeting to discuss Board Policy # 110, Compensation of Directors, specifically the section on insurance compensation. He said there were three ways to resolve the problem in his opinion. They are as follows:

1. Do away with all insurance for past directors
2. Leave policy as is
3. Ask each past director to pay some contribution for their insurance

Chairman Dupuy then opened the floor for discussion. The committee agreed to refer to anyone who has formerly served on the Board of Directors as a past Director because there is no provision in our board policies for Retired Director status. Following discussion, motion was made by Director Arrington to leave the insurance compensation as it is now. Motion died for lack of a second. Motion was made by Director Crum to put a cap on past directors' medical insurance premiums as of 12/31/01; anything over the current premiums would have to be paid by the past director; payment of the cash in lieu of would be discontinued for spouses/dependents. Motion died for lack of a second.

The Planning & Review Committee told Legal Counsel Scott to correct the language in Board Policy # 110 concerning his medical insurance coverage and to define the blended cost for past directors. Three proposals were considered by this committee and they are:

1. Leave the policy as it is now and make no changes.
2. To put a cap on past director's medical insurance premiums as of 12/31/01 and to pay cash in lieu of to past directors only, not their spouses/dependents.

3. To put a cap on past directors medical insurance premiums as of 12/31/01 and allow past directors to purchase coverage for their spouses/dependents. Cash-in-lieu payments will be for the director only and in the appropriate blended amount.

Following discussion, motion was made by Director Crum to put a cap on past directors' medical insurance as of 12/31/01; allow past directors to purchase medical insurance coverage for spouses/dependents; and pay cash in lieu of to past directors only and discontinue payment for their spouses/dependents. Director Arrington seconded motion. Motion carried. This proposal will be presented by the Planning & Review Committee to the full board for consideration.

Motion was made by Director Crum to adjourn the meeting at 9:20 pm.

Harold Dupuy, Chairman

Planning & Review Committee Meeting
November 15, 2001

Chairman Trent called the meeting to order and turned it over to Director Dupuy, Chairman of the Planning & Review Committee. Others in attendance included Director Crum, Director Arrington, President & CEO Fraley and Executive Secretary Bonita Gearhart.

Director Dupuy asked Director Crum to give the invocation. Director Dupuy said that Director Crum had called him and requested that the committee meet again to revisit the proposal that the committee was going to recommend to the full Board. Director Dupuy read the minutes of the November 8th meeting. Motion was made by Director Crum and seconded by Director Arrington to approve the minutes as presented. Motion carried.

Director Crum said that in light of Legal Counsel Scott's view concerning medical insurance for past Directors, he would like to reconsider the proposal to be presented to the Board on November 28th. Following discussion, motion was made by Director Arrington and seconded by Director Crum to present the proposal voted on at the November 8th meeting to the full Board on November 28th. Said motion as follows:

"To put a cap on past directors' medical insurance as of 12/31/01; allow past directors to purchase medical insurance coverage for spouses/dependents; and pay cash in lieu of to past directors only and discontinue payment for their spouses/dependents."

Motion carried. Motion was made by Director Arrington to adjourn the meeting at 7:10 pm.

Harold Dupuy, Chairman

These minutes were accepted for informational purposes. No action was taken. After discussion, Director Arrington read the following:

Active Directors, Attorney and Dependents

Active Directors, Attorney and their Dependents are entitled to medical insurance coverage under the current plan carried by the Cooperative, in the capped amount of \$814.80 per month for a family plan or \$ 327.24 for a single participant. If a Director, Attorney or their Dependents participate in the medical insurance program, any increase in premiums as of January 1, 2002 will be paid by the participant.

Active Directors may elect to receive cash in lieu of insurance at the rate of \$637.63 per month until they become Medicare eligible. When an active Director who is receiving cash in lieu of insurance becomes eligible for Medicare, he/she will receive \$228.11 per month or \$456.22 per month if they have a living spouse.

If a Director leaves the board for any reason he/she can voluntarily purchase medical insurance coverage at the rate charged by the insurance carrier. This shall also apply to spouses and dependents. In the event of the death of a Director, spouses and dependents will still be eligible to purchase medical insurance, at the rate being charged by the insurance carrier.

Directors Trent, Dupuy, Hall and their spouses are exempt from this policy and will be eligible for cash in lieu of or medical insurance coverage after they leave the Board.

Past Directors, Attorney and Dependents

If a Director leaves the Board for any reason, he/she can voluntarily purchase medical insurance coverage at the rate charged by the insurance carrier. Spouses and dependents are also eligible to purchase medical insurance coverage. No cash in lieu of insurance will be paid for any reason with the following exceptions:

Past Directors Bryson and Easterling and their spouses will continue to receive medical insurance coverage at the rate of \$228.11 per month. Past Director Marcum and his spouse will continue to receive the medical insurance coverage at the rate of \$814.80 until he becomes Medicare eligible. At the time Mr. Marcum becomes Medicare eligible, the Cooperative will pay \$228.11 toward his insurance premium and \$327.24 toward the medical insurance premium for Mrs. Marcum. When she becomes Medicare eligible, the Cooperative will pay \$228.11 toward her medical insurance premium. As of January 1, 2002, the Brysons, Easterlings, Marcums and Mynea Lewis will pay any additional premiums.

No cash in lieu of insurance will be paid for any reason after a Director leaves the Board.

Past Directors Burton, Jones, Clevenger, Mobley and their spouses and Past Director Plummer will be paid \$228.11 per month cash in lieu of insurance and Past Director Sturgill and his spouse will be paid \$637.63 cash in lieu of insurance until he becomes Medicare eligible at which time he will receive \$228.11 per month. When his spouse becomes Medicare Eligible, she will receive \$228.11 per month. As of January 1, 2002, the Burtons, Jones, Clevengers, Mobleys and Sturgills and Mr. Plummer will pay any additional premiums

If a Past Director, Past Attorney or their spouse dies, premiums or cash in lieu of insurance will be reduced by half to \$228.11 or \$327.24 (the current single rate for a non-Medicare eligible participant).

Director Arrington made a motion to adopt this proposal as read. Director Dupuy seconded the motion. Director Simmons wanted to know if Mynea Lewis was covered by this and President Fraley told him that she was under the Past Director section. Chairman Trent said this was just putting a cap on all of our insurance for Directors and Past Directors effective January 1, 2002. This is for those who receive insurance and those who receive cash in lieu of medical insurance. Director Hall wanted to know if there was any savings with this proposal and Director Dupuy said there was a savings of approximately

\$20,000 for 2002. Director Hall also questioned the practice of paying/insuring spouses.

Legal Counsel pointed out that this would also affect his compensation and the board acknowledged that this issue should be addressed. They directed Attorney Scott to bring a proposal for a new contract to the December Board meeting.

President Fraley said she heard three issues from the previous discussion:

1. Amend to remove the Attorney and add his coverage to his contract
2. Amend to pay Director Arrington cash in lieu of insurance while he serves on the board
3. Amend two places to add Trent, Hall and Dupuy exempt per board action 1/2000

Director Crum said this would still put us way over the state average paying \$100,000 for Directors expenses and asked if the Board would reconsider and use medical reimbursement out of pocket.

Director Hall moved to table this motion until a later date. Director Crum seconded the motion. Motion failed.

Director Hall said potential candidates for the Board of Directors should be told that the only thing they will receive from the Board is insurance and that no cash in lieu of insurance will be paid. Chairman Trent said he did not think it was fair for someone to sit on the Board and not receive either the medical insurance or the cash in lieu of.

Chairman Trent recessed the meeting for lunch.

Chairman Trent reconvened the meeting at 12:55 pm and asked if there was any more discussion on Director Arrington's motion. Director Hall said he still had a problem with spouses receiving cash in lieu of.

Director Hall moved to amend Director Arrington's motion to stop paying past director's spouse's cash in lieu of medical insurance, but if they were taking the insurance they could continue to do so. Director Crum seconded the motion. Chairman Trent called for the vote. There were three yes votes and three no votes. Chairman Trent broke the tie by voting no. Motion failed.

Director Arrington made a motion to vote on the original motion amended as follows:

Strike the attorney off board policy # 110 and include his medical coverage in his contract.

Directors Hall, Dupuy, Trent and their spouses would be exempt from this policy in accordance with board action January 2000.

Retroactively pay Director Arrington cash in lieu of medical insurance for the months that he has not been covered by the medical insurance plan.

Add Mynea Lewis' name to past Directors section

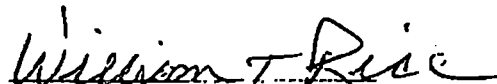
Director Dupuy seconded the motion. Directors Arrington, Dupuy, Rice and Simmons voted yes and Directors Crum and Hall voted no. Motion carried. Directors Crum and Hall wanted the minutes to reflect they voted no because they feel this action does not address current directors overall costs.

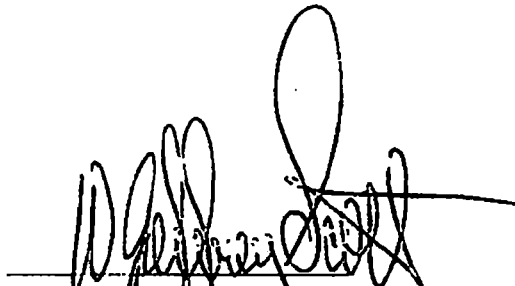
Following discussion, motion was made by Director Crum, seconded by Director Hall and unanimously agreed to amend the proposal to allow Director Crum and Don Combs to investigate opportunities for a Medical Reimbursement plan.

ADJOURN

Chairman Trent adjourned the meeting at 1:35 p.m.


Roger L. Trent, Chairman


William T. Rice, Secretary


W. Jeffrey Scott, Legal Counsel

Grayson Rural Electric Cooperative
Case No. 2018-00272
Attorney General's Supplemental Data Request

2. Refer to Grayson's Response to AG 1-6(d) and (e), to Grayson's Response to PSC Staff 1-8(c).

a. Confirm that this listing is the full measure of Grayson's efforts since its last rate case to increase efficiency or reduce costs for operation and maintenance.

b. Explain whether Grayson plans any additional cost saving measures and how much it expects to save from any such plans.

Response 2a:

All decisions made at Grayson R.E.C.C. are made with cost and efficiencies in mind.

Response 2b:

All future decisions will be made with cost and efficiencies in mind.

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3. Refer to Grayson's Response to AG 1-8. In light of the Commission's Final Order in Case No. 2012-00426, fully explain whether Grayson RECC considered reducing its wage and salary increases.

a. Refer to Grayson's Response to AG 1-8(d). Explain fully how the current Union Contract is based on the notion that Grayson does not award hourly and salaried increases it cannot afford to pay.

b. Refer to Grayson's Response to AG 1-16, Board Minutes of August 28, 2015, page 5, Board Minutes of August 26, 2016, page 5, Board Minutes of November 29, 2017, page 3, and Grayson's Response to AG 1-8(a). Explain whether the Wage & Salary Plan referred to includes only non-bargaining employees and fully explain the rationale of the Board's adoption of a 3.96%, 3.81 %, and 3.67% increase, noted as the equivalent of each year's union raise, instead of 1, 2, or 3% increases which are sometimes listed as alternatives. Does the Board normally always adopt an increase that is equivalent to the union increase?

c. Explain the "\$5,000 merit in reserve" increases which were also approved as part of the total increases, how those funds are distributed, and the criteria for same.

d. State where in the record the "2015-2021 Wage & Salary Adjustment for Non-Union Employees" is provided. If it is not in the record, provide it in full.

e. Explain the process for developing the Wage & Salary Plan.

f. Explain the length of time the Wage & Salary Plan usually covers and whether it is ever intended to coincide with the timing of the Union Contract term.

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g. For non-bargaining employees, explain how the Board arrives at its recommended percentage or hourly rate.

h. Refer to Grayson's Response to AG 1-8(e). Fully explain whether the Commission's recommendation was a factor in the negotiation of the current Union Contract, and explain whether it will be a factor in the negotiation of the next contract before the expiration of the current one on January 1, 2024.

i. Explain whether any provision of the current Union Contract allows Grayson to temporarily reduce or eliminate wage increases based on the overall financial health of the cooperative.

j. State whether Grayson ever awards bargaining employees increases above those specified in the Union Contract, explain why or why not, and the reasoning behind any Board recommendation of a higher rate or percentage.

k. Refer to Grayson's Response to AG J -16, Board Minutes of June 23, 2017, page 2. Regarding a possible upcoming wage and salary review; it states that the "last survey was done by June Lane about twenty years ago." Explain whether this was the last wage and salary study performed by Grayson.

l. Refer to Grayson's Response to AG 1-16, Board Minutes of October 30, 2017, page 8. Provide the proxy group of local cooperatives used by Mr. Bruning in the wage comparison and explain the methodology he used when comparing Grayson's wages to "the job market in Ohio, Kentucky and West Virginia."

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Response 3:

The Board of Directors carefully considered the current financial condition of the Cooperative and the union increase. Staff provided incremental percentage increases. Staff and hourly employees received an increase commensurate with the Union Contract.

Response 3a:

The rate of increase for the Union Contract was significantly reduced for the amount of increase in the previous contract, due to expected financial deterioration.

Response 3b:

The Wage and Salary Plan included all employees. The increases were in line with the cost of living index for those years and those costs were the same for all employees.

Response 3c:

The \$5,000 reserve is simply that. It is reserved for employees who have completed an educational degree, have taken on a significant increase in responsibilities, or have been promoted to a new classification. The reserve is not used every year and sometimes only partially.

Response 3d:

This is a mistake in the August 2015 Board Minutes. Hourly and Salaried Employee Wage increases are determined on a yearly basis. This should have referred to consideration of the Wage and Salary Plan for Non-Union Employees for 2015-2016. This is provided in the August 2015 Board Minutes.

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Response 3e:

The Wage and Salary Plan is based on the Cost of Living Index, the financial condition of the Cooperative and the current Wage and Salary Plan.

Response 3f:

The Non-Union Wage and Salary Plan occurs each year in August. The Union Contract is negotiated every six years in November and December and finalized in December of that year. Increases become automatically effective at midnight on December 31st each year.

Response 3g:

See answer to question 3e.

Response 3h:

Yes, the Commission's recommendations are always considered by Grayson. The 2018-2023 Union Contract fully considered the recommendations of the Commission and those comments will be considered in future negotiations.

Response 3i:

No.

Response 3j:

No. These rates are negotiated by class and contract. Any change would be a violation of the Union Contract.

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Response 3k:

The previous formal Wage and Salary Plan was completed and adopted approximately 20 years ago. It was upgraded in-house about every five years, as the Cooperative deemed necessary. However, with additions and changes to work positions, such as Information Technology, Mapping, and Automated Meter Infrastructure, a new Wage and Salary Plan became necessary and was implemented in 2017.

Response 3l:

Please refer to Grayson's responses to PSC-1-53 and PSC-3-8d.

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4. Refer to Grayson's Response to AG 1-12(b) and PSC 1-8(c). Fully explain whether Grayson considers elimination of positions through natural attrition of its workforce an efficient and consistent way to reduce expenses.

Response 4:

Elimination of positions through attrition often provide opportunity for a natural progression of change and efficiencies.

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5. Refer to Grayson's Response to AG 1-13. Identify any singular, discrete economic development projects that Grayson has participated in over the past twelve months.

a. Identify any economic development projects in which Grayson RECC will participate in the near future.

Response 5:

Installation of new Trans Canada pumping station, expansion of Smithfield Packaged Meats, a new rock quarry, new Dollar General and Save a Lot stores in Sandy Hook, and Clark's Pump and Shop in Olive Hill.

Response 5a:

Grayson will continue to work closely with the Economic Development Department at East Kentucky Power, The FIVCO Development District, the local Chambers of Commerce, and county and city governments.