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**TAYLOR, KELLER & OSWALD** PLLC  
ATTORNEYS AT LAW

Boyd F Taylor  
(1924-2012)

Jacob M. Mills  
Ashley P. Hoover

March 7, 2019

RECEIVED

MAR 08 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 Post-Hearing Data Request dated February 22, 2019.

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

Respectfully submitted,

A handwritten signature in blue ink, appearing to be 'G. M. Mills'.

Counsel for Grayson Rural Electric Cooperative Corporation

Enclosure

RECEIVED

MAR 08 2019

PUBLIC SERVICE  
COMMISSION

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

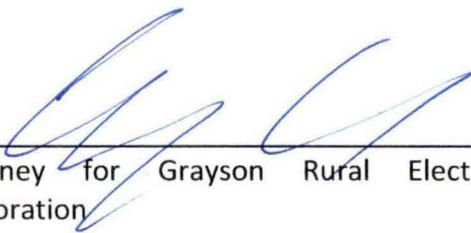
In the Matter of Adjustment of Rates  
Of Grayson Rural Electric Cooperative  
Corporation

Case No. 2018-00272

APPLICANT'S RESPONSES TO  
ATTORNEY GENERAL'S POST-HEARING DATA REQUEST

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

1. The witnesses who are prepared to answer questions concerning each request are Carol Fraley and Bradley Cherry.
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, 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: March 7, 2019

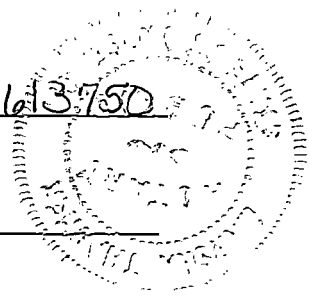
GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

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 7th day of March, 2019.

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

My Commission Expires: 1-9-2023



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 7, 2019

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

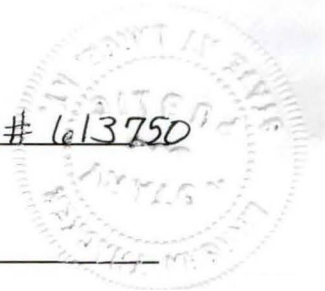


CAROL FRALEY, PRESIDENT & CEO

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 7th day of March, 2019.

Marsha A. Shaker ID# 1613750  
Notary Public, Kentucky State At Large

My Commission Expires: 1-9-2023



Grayson Rural Electric Cooperative  
Case No. 2018-00272  
Attorney General's Post-Hearing Data Requests

1. Provide full copies of the minutes of each meeting of Grayson's Board of Directors held since November 15, 2018 through the present date.

**Response 1:**

Please see attached.

Witness: Carol Fraley

On November 16, 2018 at 9:12 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Dupuy 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 and CEO; W. Jeffrey Scott, Legal Counsel; Bradley Cherry, Manager of Finance & Accounting; and Priscilla Sparks, Executive Assistant.

- INVOCATION** Chairman Dupuy gave the invocation.
- APPROVAL OF MINUTES** Motion was made by Director Trent, seconded by Director Bentley and unanimously agreed to approve the minutes from the October Board Meeting for informational purposes only.
- PRESIDENT'S REPORT** President Fraley reported on the following:
- LIHEAP** We have been busy with the LIHEAP participation. Kim Bush will be giving further details in her report.
- W A KENDALL CONTRACT** President Fraley, Kyle Clevenger and Mike Martin talked to Robert Williams with W. A. Kendall Company, who wanted a 5% across the board. It was agreed that the Cooperative would give a wage increase of 2.5% to go directly to the men. The 2.5% increase would cost approximately \$22,000.
- A motion was made to amend the current contract for 2.5% wage increase to go directly to the men by Director Martin, seconded by Director Trent and unanimously agreed upon.
- K-MART** K-Mart bankruptcy Petition was filed in the US Bankruptcy Court for the Southern District of New York and has been reviewed by Legal Counsel Scott.
- DEPOSITS** President Fraley has been looking at the large power and commercial accounts since K-Mart's bankruptcy. Some will need to be updated in January 2019.
- TAXES** Eastwood, Northwood, and Elliott Manor are privately owned and should pay tax on accounts in their names. When they are in a member's name, no tax is charged. We are checking one on Dry Creek. Members who live there are eligible for LIHEAP.
- WORKPLAN** We are currently working on completing the work in the current work plan. The new meters are beginning to come in. All the collectors and repeaters are here and they have been out this week analyzing and making sure they are going to work.
- CORRAL PARK** Jeff Metcalf and Jeff Wentz came in to talk to President Fraley about Corral Park. She reported she wrote to them a week ago and told them the lights would be changed out, as needed. The road cracks looked like normal wear and tear and not from damage by GRECC. She said Marsha sent a letter to the phone company with print for change outs.
- ELWOOD RUSSELL** Elwood Russell and John Russell on Montgomery had an outage due to a tree falling, pulling the service off his house. The tree was not on the Right of Way. He wanted Grayson to pay to have his service upgraded and the mast straightened. We told him we were not liable for this and he continues to

ELWOOD RUSSELL  
(CONTINUED)

complain. He has called the PSC, the Attorney General and the Better Business Bureau. He says the cost of the damage was \$950. She had Robert Brown to take the drone and take pictures. It is clearly off the right-of-way. He will receive a letter this week that we are not going to pay. The meter is built into the house.

Witness: Carol Fraley

PSC CASE NO. 2018-00272

In October the Attorney General's Motion to Intervene was granted by the Public Service Commission in Case No. 2018-00272, Application of Grayson Rural Electric Cooperative Corporation for an Adjustment of Rates.

Alan Zumstein and Jim Adkins were here yesterday and answered required questions. Jeffrey said we can redact certain things and black out certain things for confidently. Anything filed with them will appear on PSC website. Legal Counsel Scott explained the purpose of handling the procedure this way. Our T.I.E.R. had been good. They asked about the insurance benefits on employees and requested copies of all the board minutes for the last five years.

The Attorney General did not mail a copy to GRECC and Legal Counsel did not receive one, nor Bradley Cherry, but it is on the website. The Attorney General is doing the same with other co-ops. They said we ignored their directive and we did not.

East Kentucky is going to ask for \$39 million rate increase and give back capital credits. Equity for East Kentucky is headed toward 25% equity.

If we put on customer charge we will still have the revenue without depending on the weather. We are asking for an increase to our service charge of \$7.50 per month. The decision of the Commission will be before May 21, 2019.

COLLECTIONS

The girls are working on collections. In June we were at \$55,000 in write-offs. They have sent letters back to January and done very well. A second round of letters threatens legal action.

RIGHT-OF-WAY EASEMENTS

Right-of-way easements are being required. The Carter County Clerk's office asked why we sent them to Jeffrey and then to the Clerk's office. Legal Counsel Scott said it has to have a preparer's signature on it. When asked if we could do it, Legal Counsel said no. He said an employee of a corporation cannot prepare a document that was to be recorded in the county clerk's office. Any corporation that records a document has to have an attorney's signature on the document before it is a recordable document and explained in detail why. President Fraley checked with Pat Hieneman as well as Phyllis and both said Grayson could file their own. Legal Counsel suggested to call the clerk's office back.

KAEC DIRECTOR'S REPORT

Director Whitt reported the upcoming KAEC Annual Meeting is next week, November 19-20, 2018 in Louisville, Kentucky.

EKPC DIRECTOR

Director Arrington reported on the following from the East Kentucky Power Cooperative Board Meeting.

The Power Pulse Fall 2018 presentation was shown.

EKPC CHRISTMAS

EKPC invited everyone to their Christmas dinner on December 11<sup>th</sup>.

Witness: Carol Fraley

CFC TRAINING	CFC will offer training through KAEC on January 23 <sup>rd</sup> and 24 <sup>th</sup> at Marriott in Louisville.
FINANCIAL & STATISTIC REPORT FOR SEPTEMBER 2018	Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for September 2018:
SALES AND PURCHASES	Kilowatt hour sales for the month of September were 7.28% over budget. Purchases for the month of September were 8.11% over budget. Line loss for the last twelve months was 5.33%. Year-to-date margins were \$469,229 compared to the budgeted amount of (\$421,673). Compared to last September, they were not good, due to the bill system change last year.
FUEL ADJUSTMENT	The fuel adjustment for July was (0.007023).
ESC	The environmental surcharge was 7.81%. This is charged to our members.
DEGREE DAYS	There were 275 degree days; 264 cooling degree days and 11 heating degree days. Average temperatures were 6 degrees warmer this year.
T.I.E.R.	September 2018's monthly O.T.I.E.R. was (.00) with the rolling month O.T.I.E.R. at 1.47. The year-to-date is 1.55.
BILLS	We mailed bills in September. Count by county was: Carter 4,629 (30%), Elliott 3,660 (24%), Greenup 4,293 (28%), Lawrence 770 (5%), Lewis 323 (2%) and Rowan 1,771 (11%). We went up around 46 bills.
CAPITAL CREDITS	There no capital credits paid this month. Capital credits will be paid in December.
401K CONTRIBUTION / RESOLUTION	Our 401K contribution must be approved annually. Several years ago, employees started paying long term disability insurance so that it would not be taxable if the employee had to draw it. The Cooperative makes an equivalent deposit to each employee's 401K, in accordance with a union agreement. Motion to make the change and accept the Resolution was made by Director Trent, seconded by Director Bentley and unanimously.

GO TO PAGE 4



RESOLUTION (CONTINUED)

**RESOLUTION  
AUTHORIZING THE AMENDMENT OF THE  
NRECA 401(k) PENSION PLAN  
Adoption Agreement "A"  
RUS#: 18061-001; 18061-002**

**WHEREAS**, Grayson Rural Electric Cooperative Corporation ("Grayson RECC") is participating in the NRECA sponsored defined contribution plan, the 401(k) Pension Plan (the "401(k) Plan"), and;

**WHEREAS**, The Board of Directors of Grayson RECC ("the Board") now desires to amend this plan pursuant to Section 18.2 of the 401(k) Plan document and does hereby authorize the amendment effective January 1, 2019, by executing the appropriate Adoption Agreements;

**BE IT RESOLVED**, that the amendment to the 401(k) Plan is as follows:

The Employer Base Contribution shall be increased from .7740% of the Participant's Base Compensation to .8112% of the Participant's Base Compensation. All other Plan provisions shall remain unchanged.

**BE IT FURTHER RESOLVED**, that the Board does hereby authorize and direct Carol Hall-Fraley, the General Manager, to execute all necessary documents and to take any and all further actions necessary to carry out the intentions of the Board as indicated in this resolution.

**CERTIFICATE OF SECRETARY**

I, <sup>Martin</sup> ~~Billy E. "Eddie" A.~~ certify that I am Secretary of the Grayson RECC Board of Directors and that the above is a true excerpt from the minutes of a regular board meeting of the Board of Directors held on November 16, 2018, at which a quorum was present and that the above portion of the minutes has not been modified nor rescinded.

**IN WITNESS WHEREOF**, I have set my hand and affixed the seal of Grayson Rural Electric Cooperative Corporation this 19th day of November, 2018.

(Seal)

  
(Signature of Secretary)

EKPC / JACKSON ENERGY  
LETTER

President Fraley read sections of the East Kentucky Power letter to Jackson Energy for alternate power from last year, before the PSC's ruling. The Jackson Energy Board wrote a letter to EKP stating they were expecting them to honor their agreement. EKP said they would let the Commission decide, even though it was initially approved a year ago. EKP is required to submit the contract to staff for approval and in doing so EK will simply note Jackson's position. If they get turned down it will come from the Commission. Carol Wright stated it was approved by the Board and it should have been on there.

PLANNING & REVIEW  
COMMITTEE

The Planning & Review will meet December 10, 2018 to review the 2019 proposed budget.

APPROVAL OF FINANCIAL  
& STATISTICAL REPORT  
FOR SEPTEMBER 2018

Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve the Financial and Statistical report for September 2018 as presented, for informational purposes only.

LEGAL COUNSEL

Legal Counsel Scott reported on the following:

Most of his items had been discussed throughout the meeting.

MOU

He talked with RUS regarding the letter on whether or not the wholesale power contract extensions was effected by the PSC's recent ruling, eliminating Amendment 3 and the Memorandum of Understanding. He said they are still looking at it and asked for a copy of the MOU. A copy of the MOU was mailed.

MANAGER OF  
TECHNICAL SERVICES

Andrea McCleese, Assistant Manager of Technical Services reported on the following:

RF PROJECTS

We have received all of the networking equipment for the RF project. The equipment to install the network is still on order. One thousand meters is on order.

The site surveys are where (14) collectors will be set on poles we place. The 725 routers send signals to the collectors. It doesn't distinguished between pedestals and pole. There are some areas where there are noises.

LANDIS + GYR

A representative from Landis+Gyr has been here this week to perform site analysis of the proposed collector sites. Brian, Steve, and Scott McGuire will site surveys of the router sites. There is an issue at Elliottville today.

KICKOFF MEETING

We have not had a kickoff meeting with Landis+Gyr for the RF project. The site surveys should be completed before the actual kickoff. Brian, Steve, and Scott will be attending training on RF Deployment the last week of November. Peggy Skaggs and Andrea will be attending Command Center training the first week of December.

DRONE REPORT

Robert Brown was able to provide valuable information about an outage around Grayson Lake using the drone. Chairman Dupuy suggested you keep record of the drone savings.

AT&T

We have initiated a new contract with AT&T to double our internet speeds at the office at a 1/3 cost savings.

MANAGER OF MARKETING  
AND MEMBER SERVICES

Kim Bush, Manager of Marketing and Member Services reported on the following:

LIHEAP

LIHEAP started November 5, 2018. She will have totals next month for November.

RWE

Since November 2017 we have completed 967 right-of-way easements, recorded 786, sent Jeff Scott 18 in October and recorded 14 in October. Some are not recorded and held due to needed information.

WRITE-OFFS

2018 write-off January through October \$81,075.47  
October payments received was \$5,890.85  
Total payments for 2018 was \$12,354.41

Witness: Carol Fraley

WRITE-OFFS  
(CONTINUED)

Capital credits to be applied in 2019 is \$20,053.90  
Outstanding balance currently is \$48,667.16  
They are currently utilizing our People Search through Online Utility Exchange to try to find current addresses on any outstanding accounts.

PREPAY

PrePay's to date are:

Active PrePay Accounts	779	Inactive Accounts	13
Average Balance on accounts	- \$43.75 credit		
Average kwh Usage	- 37 a day	Total # of Payments in 30 days	- 3,588
Average Payment	- \$35.09	Total Payment Amount	- \$125,899.52

DEBT MANAGEMENT

We have 63 active accounts with Debt Management.

The total amount in Debt Management is \$ 14,750.09 and there are 4 over \$500.

ENERGY VISITS

Tina has made the following home visits:

Energy Audits= 4 TSE Home= 1 Heat Pump= 1 Billing Insights= 4

ENERGY STAR REBATES

The following Energy Star appliance rebates were filed:

Clothes Washer= 1 Dishwasher= 1 Refrigerator= 2 ES Heat Pump= 2

SOLAR

The solar update given was the same as last month:

Cooperative Solar inquires	=0	Cooperative Solar Sales	=0
Cooperative Solar Total	=97 panels	(no change)	
Total Net Metering Accounts	= 5	Net Metering Inquires	=0

PROGRAMS /  
ANNOUNCEMENTS

December 14 - Service Awards Dinner at the old Olive Hill High School

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations, gave the Operations Report and the Safety Report. He reported on the following:

EMPLOYEE/LOST TIME  
ACCIDENT

There were no lost time accidents to report this month.

JOBS BUILT

Construction built one hundred three (103) new workorders (including 23 services added and 5 services retired) for the month of August and worked zero (0) hours of overtime.

DELINQUENT NOTICES

There were 148 delinquents for November. Seventy-three (73) cards were issued to be disconnected and 4 accounts were disconnected by remote meter on November 7 for cycle 1. Seventy-five (75) cards were issued to be disconnected and 14 accounts were disconnected by remote meter on November 15 for cycle 2. Field personnel disconnected a total of 34 meters and a total of 14 meters were reconnected by field personnel and remote.

OVERTIME HOURS

The Maintenance Department worked six hundred seventy-nine (679) hours of overtime. The Engineering Department worked thirteen (13) hours of overtime.

Witness: Carol Fraley

CONTRACT CREWS

We have one (1) Pike crew working in the following areas:

Bob Marrow—Coordination's and Pole Changes various counties

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and workorders at this time. Crew's trimmed 698 trees, cut 600 trees, cut 17,635 feet of brush/line and sprayed 80 spans of line. The crews are working in the following areas:

- 1 cutting crew in Carter, Lewis and Greenup Counties
- 1 cutting crew in Rowan County
- 2 cutting crews in Lawrence and Elliott Counties
- 1 bucket truck crew in Carter, Lewis and Greenup Counties
- 1 bucket truck crew in Rowan County
- 1 bucket truck crew in Elliott County
- 1 tractor crew in Carter County
- 2 spray crews in Elliott County

Smith Tree Service, circuit crew on ST RT 486, Elliott County

ENGINEERING REPORT

The Engineering Department released one hundred twenty-nine (129) prints consisting of 2,414 feet of primary line and 1,379 feet of service wire.

They currently have two (2) new services to be staked and two (2) to be drawn. There are eight (8) miscellaneous jobs to be staked or drawn.

SAFETY REPORT

The following safety meetings were held during September:

October 1 – Andrea McCleese, Technical Service Supervisor, stressed the importance of cyber security and showed an example of incorrect web sites. She also reviewed the new outage updates and showed examples of assessments, generators, one shots and broken poles and how important communication is between lineman and dispatchers. Kyle Clevenger requested everyone to be careful, watch over each other and come back safely in the evenings.

October 9 – Brian Poling, Manager of Technical Services, turned the meeting over to Tony Dempsey with KAEC for the monthly safety meeting. Pole top rescue with the linemen was done. Kyle Clevenger requested everyone to be careful.

October 15 – Priscilla Sparks, Executive Assistant, read from the APPA Safety Manual, 503 Vehicle Operation, 503.1 General, 503.2 Inspection of Equipment, and 503.3 Exhaust Gas pages 130 and 131. Kyle Clevenger asked everyone to be careful as it was wet and nasty. Watch over each other and if you see something you do not like call for help.

October 22 – Robert Brown, Geographical Information System Technician, had the meeting. Gina Damron and Kenny Redmond were here to give flu shots to employees and the Hepatitis A booster. Carol Ann Fraley was presented a certificate from the Grayson Journal for The Best Place to Work by Priscilla Sparks and was given a gift from employees for Bosses Day. Kyle Clevenger requested everyone to be careful.

Witness: Carol Fraley

**SAFETY REPORT  
(CONTINUED)**

October 29, 2018, Sherry Buckler, Manager of Accounting and Human Resources, turned the meeting over to Andrea McCleese. She compared characteristics of safe and high quality organizations, reviewed near miss reporting and criteria for OSHA recordkeeping. She discussed the importance of being proactive versus reactive to safety situations. A handout was given to all employees, "Making It Personal by Adapting Preventions Activities from Work to Home". Kyle Clevenger went over the Safety Investigation regarding Ryan Rice and stated that the safety committee found no safety violations. Kyle requested the men to change out their gloves today.

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and the importance of using ground chains. A line is not dead until it is grounded.

Director Arrington expressed his concern on chemicals sprayed.

**ROBERT BROWN**

Robert Brown showed a video using the drone at Mr. John Russell's property, where the roof shows a minor fault in the mast that was pulled out when a tree fell on the electric line. His meter base is built into the house. He lives at the first residence on Tar Camp. When the pine tree fell it broke the phone cable and our line. It pulled on the A1 breaking the electric line. The tree was about 35 feet from the center line.

Inspection by Federated Insurance's Keith Twitty was good. He said it was the best report he had so far this year and he had been in Alabama, Georgia and Tennessee. We are committed to ZERO with Federated.

**APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS 2018.**

Motion was made by Director Trent, seconded by Director Whitt and unanimously agreed to approve ninety-three (93) new memberships and retirement of one hundred eighteen (118) existing memberships for October 2018.

**BAD DEBT WRITE-OFFS**

Motion was made by Director Whitt, seconded by Director Bentley, and unanimously agreed to charge off \$896.97, worth of bad debts and turn them over for collection.

**APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY'S BUSINESS EXPENSES**

Motion was made by Director Whitt, seconded by Director Martin and unanimously agreed to approve the President's business expense of \$162.65, Director's business expenses of \$6,727.70, and Attorney's business expense of \$11,496.71.  
A large portion of the \$11,496.71 is due to easements.

**DONATIONS**

We received thank you notes from the Rotary Club of Grayson for Funtoberfest and one from Ohio University Southern for the OUS Equestrian Team.

President Fraley presented to the Board for their consideration the following donation requests:

West Carter Boys Basketball – Jack Fultz Classic	\$100
Project Merry Christmas of Carter County	<u>\$200</u>
	\$300

Witness: Carol Fraley

DONATIONS (CONTINUED) Motion was made by Director Trent, seconded by Director Whitt and unanimously agreed to approve the donations as presented.

BOARD MEETING DATE The December Board Meeting will be held on Thursday, December 20, 2018 at 9:00 a.m.

ADDITIONAL BUSINESS Director Martin made a motion to go into Executive Session at 12:08 p.m.

EXECUTIVE SESSION Executive Session concluded at 1:20 p.m.

ADJOURN Chairman Dupuy adjourned the meeting at 1:20 p.m.

\_\_\_\_\_  
Harold Dupuy, Chairman

\_\_\_\_\_  
Billy E. (Eddie) Martin, Secretary/Treasurer

\_\_\_\_\_  
W. Jeffrey Scott, Legal Counsel

Witness: Carol Fraley

On December 20, 2018 at 9:12 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Dupuy 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 and CEO; W. Jeffrey Scott, Legal Counsel; Bradley Cherry, Manager of Finance & Accounting; and Priscilla Sparks, Executive Assistant.

- INVOCATION Chairman Dupuy gave the invocation.
- APPROVAL OF MINUTES Motion was made by Director Trent, seconded by Director Bentley and unanimously agreed to approve the minutes from the November Board Meeting for informational purposes only.
- PRESIDENT'S REPORT President Fraley reported on the following:
- SUGAR TREE BRANCH We have removed our last communications tower. It was located on Sugar Tree Branch in Lawrence County.
- ELWOOD RUSSELL Elwood Russell is still complaining because we did not pay him the \$900 it cost to have the mast straightened after a tree fell. The tree pulled the line tight causing his service mast to bend. The tree was off the right-of-way and the right-of-way was in good condition. He has contacted the PSC, AG and BBB.
- PIKE ELECTRIC Pike Electric has asked for an increase for the 2019 one year contract extension.
- KAEC DIRECTOR'S REPORT Director Whitt reported on the following:
- \*The Farm Bill and its effect on Electric Cooperatives was discussed. The Cushion of Credit can be rebuilt to \$581 million and EKP will not have to go in for a rate increase for 3 years. This will probably affect payment of capital credits. We became a member with EKPC in 1964 and were assigned Capital Credits.
  - \*Transformers will probably go up 25%-50% due to import tariffs on aluminum, reported Gary Burnett.
  - \*Charging stations for cars are very expensive. Private owners of charging stations cannot charge more than they use. Some coops are putting in charging stations.
  - \*President Perry talked about net metering and said it has bounced around for 2-3 years. There is not enough to be concern about the bill. On January 22, CEO Fraley will sit in on phone conference in regards to this.
  - \*The legislative breakfast will be held February 7, 2019.
  - \*Mickey Miller has retired. Their engineer, Greg Lee will succeed him.
  - \*Bruce Aaron Davis was seated as the new CEO at Big Sandy, upon Bobby Sexton's retirement.
  - \*Debbie Martin of Shelby Energy, last meeting was November.
  - \*WE OWN IT is a group of Cooperative members who are questioning a lot of cooperative activities. They are writing letters to legislators in all 50 states. They do not approve of health insurance or compensation nor educational classes.
- RATE CASE The Attorney General's office sent questions regarding the Test year 2017, but have even gone back to 2013 on such things as directors insurance and retirement.

Witness: Carol Fraley

RATE CASE (CONTINUED) Director Martin reported that the class he took had one item for discussion about the director's salaries published.

EKPC DIRECTOR Director Arrington reported on the October financial overview from the East Kentucky Power Cooperative Board Meeting.

- \*Margins \$5.1million (was this profit; they don't tell you that).
- \*Budgeted margins \$2.7million over budget.
- \*Revenue over budget \$5.2 million.
- \*Expenses were over budget \$2.5 million.
- \*Year-to-date margins over budget by \$12.6 million due to high revenue, weather and lower than expected o & m expenses off setting higher than expected purchases and fuel expense.
- \*Cost of member system was above budget for the month and year to date.
- \*Annual margins over budget by \$3.0 million.
- \*Director Arrington went over the budget and their expenses in detail.

FINANCIAL & STATISTIC REPORT FOR OCTOBER 2018 Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for October 2018:

SALES AND PURCHASES Kilowatt hour sales for the month of October were 1.78% over budget. Purchases for the month of October were 8.41% over budget. Line loss for the last twelve months was 5.33%. Year-to-date margins were \$256,713 compared to the budgeted amount (\$682,583). Sales were down 3% compared to last October. Line loss due to change in billing in September was 21%.

FUEL ADJUSTMENT The fuel adjustment for was (0.011874).

ESC The environmental surcharge was 7.68%.

DEGREE DAYS There were 392 degree days; 99 cooling degree days and 293 heating degree days.

T.I.E.R. October 2018's monthly O.T.I.E.R. was (1.16) with the rolling month O.T.I.E.R. at 1.54. Our T.I.E.R. is better in 2018 than the last 3 years.

BILLS We mailed 15,384 bills in October. Bills mailed were down 62 from last month and 29 from last October. County by county count was: Carter 4,578 (30%), Elliott 3,645 (24%), Greenup 4,296 (28%), Lawrence 761 (5%), Lewis 318 (2%) and Rowan 1,786 (11%). The new billing cycle should start to match up now.

CAPITAL CREDITS One hundred sixty three capital credit accounts have been paid in full at this point for 2018.

PSC CASE NO. 2018-00272 We received the third round of questions from the Attorney General on Grayson's rate case. Alan Zumstein and Jim Adkins were here Monday and Tuesday and worked with us on replies. They were taken to Legal Counsel Scott to review.

WORK PLAN The work plan has been extended for one year. After talking to Mike Norman, he said the Contractor can ask for more money. We still have \$11million in our work plan. Pike gave a proposal for an increase on men and trucks.



PLANNING & REVIEW  
COMMITTEE

The Planning & Review Committee met December 10, 2018 to review the 2019 Proposed budget.

PIKE ELECTRIC

We plan to take comparative bids on the Work Plan extension. The trackhoe with rubber tracks is a major issue. Pike wants to charge 40 hours a week.

We received two additional bids from New River and Davis Elliott that were significantly higher. Taking the trackhoe out of the equation for all three bidders, Pike's bid was 11.5 percent higher for a 40 hour week, without the trackhoe and this was the lowest bid. Kyle will make an effort to get as much work done with the trackhoe while the weather is bad and then send it back to Pike. We can always use a bulldozer or trackhoe on metal tracks that are available here locally. Our next Work Plan contract will most likely be 35-40% more. The demand for linemen is running the prices up.

Director Arrington asked if it was time to hire a hot line crew. We have already started working on this to see if it is feasible. In the future a hotline crew will be considered by GRECC. We are looking at Cooperatives who have hot crews and how they blend in with the work force.

Director Martin made a motion to accept the proposal as accepted with the stipulation that the track machine has to be out of here by April, seconded by Director Whitt and unanimously agreed upon.

APPROVAL OF FINANCIAL  
& STATISTICAL REPORT  
FOR OCTOBER 2018

Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve the Financial and Statistical report for October 2018 as presented, for informational purposes only.

2019 BUDGET

We probably will not have money on the rate case until July 2019. We cannot plan this budget as we normally would, as we will not have those funds until the middle of the year. Bradley went over the budget and gave examples of what could happen if we don't receive our increase until May or later. The Workplan increase will not affect the budget.

WORK PLAN MONEY

The RF meters that are being ordered from Landis + Gyr are being paid out of this Work Plan. Director Whitt asked how we determine how we pay back a loan. We pay in interest and principle. Right now, we are paying around \$33,000 per month. The total for CoBank, FFC and CFC is around \$91,000 in interest per month. This number affects our T.I.E.R.

BUDGET REQUEST ITEMS

Vehicle replacements totaled was at \$252,000. Upgraded licenses, phone conversion and voice mail to work are included in IT and are very expensive. Discussion was held on how we would operate during an emergency. We plan to purchase 2 drones for construction crews. We need a camera, Brian Poling a computer, 2 tablets for RF system. Metering needs a toolbox and cover. The Budget contains \$15,000 for pole testing, cost of a new roof for warehouse and automation of the gate at the garage, and redoing the parking lot over the hill. This will not be done until creek dredging is done by the City. The work plan study by Leidos will cost approximately \$38,000. Total of projects are \$344,385. If GDP grows we need to increase interest rates to meet our T.I.E.R. Insurance went up, along with interest and depreciation. CoBank and CFC expect interest rates to go up. President Fraley said we were conservative when working on the budget.

Witness: Carol Fraley

BUDGET REQUEST ITEMS (CONTINUED)	The Committee made a motion that the Board approve the Budget as presented, Director Martin seconded and unanimously agreed upon.
RATE CASE UPDATE	As mentioned throughout the meeting we are answering questions. February 19, 2019 is the hearing date.
LEGAL COUNSEL	Legal Counsel Scott reported on the following:
COLLECTION LETTERS	His office mailed out 4 collection letters.
RIGHT-OF-WAY EASEMENTS	Easements were completed and recorded in the following counties: Greenup (4), Carter (13), Rowan (16) and Elliott (9). They are waiting to get easements back from Greenup (4), Rowan (1) and Elliott (1).
RONNIE JAMES	He received a letter from Derrick Willis in regard to Mr. Ronnie James' request to have a line moved. President Fraley said the current property owner refused to allow us to start building a new line on his property. President Fraley will return Mr. James' check to Legal Counsel Scott and have him send it back to Mr. James with an explanation.
PSC RATE CASE	Motion was filed with the PSC on the Rate Case asking for confidential treatment on staff minutes.
RENEWAL CONTRACT	Legal Counsel asked about the extension of his contract. Chairman Dupuy excused Legal Counsel from the meeting. No action was taken.
LEGAL COUNSEL CONTRACT	Director Martin made a motion to table Legal Counsel's contract until next month, seconded by Director Bentley and unanimously agreed upon.
MANAGER OF TECHNICAL SERVICES	Andrea McCleese, Assistant Manager of Technical Services reported on the following:
RF METERING	Approximately 300 RF metering router location surveys have been completed. Seventy-five percent will need to be built before we can start meter changes.  Brian Poling, Steve Bush and Scott McGuire attended RF Network Deployment training in Lafayette, IN at the end of November.  Peggy Skaggs and Andrea attended Command Center software training in Pequot Lakes, MN at the beginning of December.  John Heine, our Landis+Gyr Project Manager, visited for the first time December 11 <sup>th</sup> .  Steve Bush and Brian went to training for staking, metering and CSP transformers.  Robert Brown and Scott Speaks have started drawing staking prints for the router installations. Each router and collector will have its own print and work order for RUS financing.
MANAGER OF MARKETING AND MEMBER SERVICES	Kim Bush, Manager of Marketing and Member Services reported on the following:

Witness: Carol Fraley

LIHEAP

The initial phase of LIHEAP is over and the crisis phase begins January 7<sup>th</sup>. We received \$64,917 in payments from NEKADC, Gateway and Licking Valley. They were:

Morehead \$58,725            Gateway \$4,974            Licking Valley \$1,218

PREPAY

PrePay's to date are:

Active PrePay Accounts - 787            Inactive Accounts - 13  
Average Payment - \$39.78            Total Payment Amount - \$154,753.97

DEBT MANAGEMENT

We have 52 active accounts with Debt Management totaling \$10,183.25

EKPC ENERGY PROGRAMS

We plan on keeping the programs EKP offers at no charge to us.

Direct Load Control - no new installations on water heaters, but will continue to pay on existing water heater switches, adding a bring you own thermostat option to the program for Smart Thermostat.

Energy Star Manufactured Home - lowering incentive to \$1,150 and rebate goes to member instead of manufacturer.

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations, gave the Operations Report and the Safety Report. He reported on the following:

EMPLOYEE/LOST TIME  
ACCIDENT

There were no lost time accidents to report this month.

JOBS BUILT

Construction built one hundred forty-four (144) new workorders (including 19 services added and 7 services retired) for the month of November and worked zero (0) hours of overtime.

DELINQUENT NOTICES

There were 147 delinquents for December. Thirty-six (36) cards were issued to be disconnected and 1 account was disconnected by remote meter on December 11 for cycle 1. One hundred eleven (111) cards were issued to be disconnected and 7 accounts were disconnected by remote meter on December 17 for cycle 2. Field personnel disconnected a total of 13 meters and a total of 2 meters were reconnected by field personnel and remote.

OVERTIME HOURS

The Maintenance Department worked four hundred sixteen (416) hours of overtime. The Engineering Department worked zero (0) hours of overtime.

CONTRACT CREWS

We have one (1) Pike crew working in the following areas:

Bob Marrow—Coordination's and Pole Changes various counties

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and workorders at this time. Crew's trimmed 596 trees, cut 929 trees, cut 29,315 feet of brush/line and sprayed 46 spans of line. The crews are working in the following areas:

1 cutting crew in Carter, Lewis and Greenup Counties  
1 cutting crew in Rowan County  
2 cutting crews in Lawrence and Elliott Counties  
1 bucket truck crew in Carter, Lewis and Greenup Counties

RIGHT-OF-WAY CREWS  
(CONTINUED)

1 bucket truck crew in Rowan County  
1 bucket truck crew in Elliott County  
1 tractor crew in Carter County  
2 spray crews in Elliott County

Smith Tree Service, circuit crew on ST RT 486, Elliott County

ENGINEERING REPORT

The Engineering Department released one hundred twenty (120) prints consisting of 3,197 feet of primary line and 2,180 feet of service wire.

They currently have three (3) new services to be staked and two (2) to be drawn. There are six (6) miscellaneous jobs to be staked or drawn.

SAFETY REPORT

The following safety meetings were held during September:

November 5, Kim Bush, Manager of Accounting and Human Resources, turned the meeting over to Tina Preece and Sherry Conley. They presented a power point on the Steps for Applying for Service, starting in member accounts, forward to engineering, warehouse, construction, accounting and back to member accounts. Kyle Clevenger went over the Safety Investigation regarding Steve Bush and stated that the safety committee found no safety violations. Kyle requested everyone to be careful and watch over each other.

November 12, Bradley Cherry, Manager of Finance and Accounting, reviewed Cooperative.Com web page and showed the information that is available to look at on our Retirement, My Benefits, Annual Enrollment and My Insurance. Kyle Clevenger requested to have a safe day and watch over each other.

November 21, Kyle Clevenger, Manager of Operations, turned the meeting over to Tony Dempsey, for KAEC's monthly safety meeting. He went over the examples of noise and the decibels of different types of noise and different types of hearing protection. Kyle Clevenger requested everyone to be careful.

November 26, Carol Ann Fraley, President and CEO, was in charge of meeting. Justin Staniford read from our safety manual on General Office Safety 501.1 pages 127 and 128. Mike Martin requested everyone to be careful.

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and the importance of using ground chains. A line is not dead until it is grounded.

APPROVAL OF NEW MEM-  
BERHIPS & RETIREMENT OF  
EXISTING MEMBERSHIPS

Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve seventy-eight (78) new memberships and retirement of one hundred five (105) existing memberships for November 2018.

BAD DEBT WRITE-OFFS

Motion was made by Director Bentley, seconded by Director Martin, and unanimously agreed to charge off \$3,645.51 worth of bad debts and turn them over for collection.

Witness: Carol Fraley

K-MART K-Mart paid one bill and we also applied their deposit. We are waiting to see what they will do this month. Legal Counsel said we could not take them. The first bankruptcy was approximately \$6,000 and we won't know on this one until after the 27<sup>th</sup>.

SANDY HOOK IGA The IGA bankruptcy in Elliott County. It was at least \$3,000.

APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY'S BUSINESS EXPENSES Motion was made by Director Martin, seconded by Director Trent and unanimously agreed to approve the President's business expense of \$42.00, Director's business expenses of \$12,628.90, and Attorney's business expense of \$11,088.22.

KEITH TWITTY, SAFETY We received a letter from Keith Twitty with Federated Rural Electric Insurance Exchange thanking us for the safety tour.

MARK STALLONS Mark Stallons has been elected to the Touchstone Energy Board.

KAEC DUES REFUND We received a check in the amount of \$6,287 from KAEC for dues refund based on the performance of KAEC in 2017.

DONATIONS President Fraley presented to the Board for their consideration the following donation requests:

First Baptist Church – meals for needy families for the holiday	\$125
Chapter 8, KSP Post 8 Morehead – Shop With a Cop	\$200
Rudy Fest – 2019 Bluegrass Festival donation	\$300
Grayson Memory Day - sponsor	<u>\$100</u>
	\$725

Employees paid \$263 to help a young man sick with cancer in Elliott County see his dying wish to see an eagle. Director Martin also donated \$50.

Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE Andrea McCleese will be attending unit B of 2018-2019 MIP Group III Enrollment January 21 – February 1, 2019.

ADDITIONAL BUSINESS There was no additional business.

BOARD MEETING DATE The next board meeting is Friday, January 25, 2019.

ADJOURN Chairman Dupuy adjourned the meeting at 11:47 a.m.

CATHY HINKLE Cathy Hinkle, State Representative for Carter and Lawrence Counties stopped by after the business meeting and was introduced by Director Kenneth Arrington.

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Harold Dupuy, Chairman

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Billy E. (Eddie) Martin, Secretary/Treasurer

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W. Jeffrey Scott, Legal Counsel

Witness: Carol Fraley

On January 25, 2019 at 9:15a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Dupuy 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 and CEO; Brandon Music for W. Jeffrey Scott Law Firm, Priscilla Sparks, Executive Assistant and Bradley Cherry, Chief Financial Officer.

At 9:16 a.m. an Executive Session was called by Chairman Dupuy. The Executive Session concluded at 9:45 a.m.

- |                        |  |
|------------------------|--|
| INVOCATION             | Director Dupuy gave the invocation.  |
| APPROVAL OF MINUTES    | Motion was made by Director Martin, seconded by Director Bentley and unanimously agreed to approve the minutes from the December 2018 Board Meeting for informational purposes only.   |
| PRESIDENT'S REPORT     | President Fraley reported on the following:  |
| PEGGY WELLS            | President Fraley reported that Peggy Wells has decided to retire March 1, 2019. We will have a retirement lunch on that day.   |
| AMBER WEDDINGTON       | Amber Weddington has been hired January 28, 2019 and will be training in the Member Services Department. She is working closely with Sherry Conley.  |
| METER THEFT            | <p>We have discovered three meter thefts this week. One was on a Rattlesnake Ridge pumping station on Four Mile and involved a cleaning crew for HUD, Purdy Enterprises. That meter was stolen.</p> <p>One was located on Blueberry Ridge that Chris Mosier discovered on a service call to the neighbor. The meter was by-passed and continued to report to the office.</p> <p>Richard Easton found a KU meter on our service, in his territory. The people living there "found" our meter in the closet. KU was able to tell us how many kilowatts were on their meter so that we could bill for them.</p> |
| TRIPLE J FARMS         | We had a bankruptcy filing on Triple J Farms, dba Gilliam's IGA. We do not have accounts in these names and will not recognize the bankruptcy. We will continue to try to collect the off-service bill.  |
| SCOTT MCGUIRE          | Scott McGuire has completed requirements for First Class Meterman and Justin Staniford will complete the apprenticeship program 4 <sup>th</sup> year at the end of February. Caitlin Hutchinson Sexton will be promoted in her purchasing position.  |
| LARGE POWER CONTRACT   | President Fraley is sending letters for additional deposits or letters of credit on Small Commercial accounts with bad credit and for all Large Power Accounts. Some are sizeable.   |
| RIGHT-OF-WAY EASEMENTS | Jonathan McCoy applied for service on property owned by him and his brother, Lonnie. An affidavit of descent was prepared by Legal Counsel Scott on this property and Lonnie still would not sign. We reminded both of   |

Witness: Carol Fraley

them of his parent's capital credits and Lonnie decided to sign the right-of-way easement.

- SAFETY DAY** Employees will receive a safety day pay in February for no lost time accidents in 2018.
- RONNIE JAMES** Ronnie James talked to Director Martin about an issue regarding relocating some poles on his farm. Ronnie James made this request some time ago and was told he would have to pay for the relocation, if we could get right of way permission from his neighbors. He wants them moved to neighbor or ditch line. The poles are sound and we have no reason to move them. He would have to pay \$26,000 up front as an Advance for Construction to have this done and get right of way easements. We have been unable to get them.
- Mr. James refuses to pay and also refuses to sign a right of way easement for his own property.
- K-MART** Director Bentley asked about K-Mart. President Fraley said they paid December 1, 2018.
- KAEC DIRECTOR'S REPORT** Director Whitt reported the following on the KAEC Board Meeting:
- Cyber security was discussed.  
There will be a workshop on February 26, to discuss stream lined rate cases.  
The Legislative Breakfast will be the 7<sup>th</sup> of February in Frankfort.  
Rocky Adkins spoke on his plans for the Commonwealth as he runs for Governor. He did an excellent job speaking to the group.  
KAEC is looking at reducing their meetings to six per year. They would like to use teleconferencing for committee meetings.  
President Fraley has invited Representative Adkins and his running mate to stop by the office to meet everyone whenever they can.
- EKPC DIRECTOR** Director Arrington reported he, Director Whitt and Director Dupuy attended the CFC Workshop at KAEC on January 23-24, 2019. Sheldon Peterson was recognized for assisting with the Cushion of Credit issue
- FINANCIAL & STATISTICAL REPORT FOR NOVEMBER 2018** Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for November 2018:
- SALES AND PURCHASES** Kilowatt hour sales for the month of November were 7.96% over budget. Purchases for the month of November were 9.30% over budget. Line loss for the last twelve months was 5.33%. Year-to-date margins were \$146,779 compared to the budgeted amount of (\$871,810).
- T.I.E.R.** November 2018's monthly T.I.E.R. was 0.01 with the rolling 12 month T.I.E.R. at 1.49.
- FUEL ADJUSTMENT** The fuel adjustment for November was (0.008320).
- ESC** The environmental surcharge was 7.93%.
- DEGREE DAYS** There were 669 degree days, 1 cooling degree day and 668 heating degree days.

Sales up 4.7% compared to 2017. Up 3% to 3 year average.

President Fraley asked if CFC and CoBank have a T.I.E.R. requirement. Bradley said CFC and CoBank have their own requirements, similar to RUS.

Purchases and sales are both up for 2018.  
Bradley went over the financial report in detail.

Our TIER should be sufficient if December has normal weather. We are under 6% on line loss and doing well. Weather data was a little colder than 2017.

**BILLS**

We mailed 15,297 bills for the month of January, a decrease of eighty-seven since October. Compared to 2017, we have 217 fewer bills. Carter County has dropped off quite a bit since 2018.

Bradley reviewed Form 219. We have purchased 960 Radio Frequency meters at \$188.44 per meter.

**CAPITAL CREDITS**

We paid 31 Deceased Estate Capital Credits totaling \$25,977.80. Year to date paid was 142 applicants totaling \$119,222.60. There are 22 outstanding applications (4 received recently and 18 incomplete), as of December 31, 2018.

Director Whitt asked if businesses were entitled to capital credits. Bradley explained that a corporation does not "die."

**FEDERATED INSURANCE**

Tony Hermesch visited with us recently. Federated presented a proposal to renew our insurance coverage. We will need to add drone liability. He suggested that we not fly the new drone until the drones were added to the policy. Cost per year for coverage was \$1,000.

Reduction in the number of directors covered by our insurance for business purposes resulted in a reduction of \$1,368. More information was requested on Capital credit insurance.

**APPROVAL OF FINANCIAL  
& STATISTICAL REPORT  
FOR NOVEMBER 2018**

Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve the Financial and Statistical report for November 2018 as presented, for informational purposes only.

**RATE CASE**

Last week we received a 4<sup>th</sup> request for information from the PSC regarding our rate case. Those questions were answered and the replies were delivered to the PSC and the Attorney General by President Fraley on January 22. We have a hearing set for February 19<sup>th</sup>.

**RUS WORK ORDERS**

Motion was made by Director Whitt, seconded by Director Trent and unanimously agreed to approve the following 219 RUS Work Orders for the months of July, August and September 2018 in the amount of \$1,299,741.75:

July 2018	Work Order No. 1296	\$843,114.12
	Work Order No. 1297	\$10,168.65
August 2018	Work Order No. 1298	\$257,653.76



Witness: Carol Fraley

	Work Order No. 1299	\$2,783.14
September 2018	Work Order No. 1300	\$185,151.90
	Work Order No. 1301	\$870.18
	Total	\$1,299,741.75

LEGAL COUNSEL

Legal Counsel Scott reported the following:

TRIPLE J FARMS

President Fraley informed Mr. Scott that the Cooperative does not have accounts in the names listed on the Triple J Farm bankruptcy. They filed as Triple J Farms, dba Gilliam IGA. If power was terminated before November 29, 2018 the trustee in bankruptcy would have to apply for membership. Special counsel to the Bankruptcy Court Steven Barnes, called about electric service for an inventory and auction. She will ask for \$1,000 deposit.

RIGHT-OF WAY EASEMENTS

Mr. Scott reported that he became aware that we were filing our own Right of Way Easements on January 11<sup>th</sup>. He told the Board that it was illegal and unauthorized practice of law for us to file our own easements. Mike Johnston, Carter County Clerk and Pat Heineman, Greenup County Clerk, said this is a normal practice. Mr. Scott came to President Fraley's office to confront her about the filing of Right-of-Way easements. He alleged that she told him the Board said not to tell him about the change in filing. President Fraley took issue with this statement and said that she did not tell that. He reminded the Board of a letter he sent regarding this matter in December, with a request to put it on the December agenda.

Legal Counsel asked what the Board was going to do about the easement. Chairman Dupuy stated they would research the issue further and continue as we have been. Legal Counsel Scott said to keep in mind that this issue is not a problem until you run into a problem.

Director Arrington asked if Mr. Scott would contest it and he replied that he would not. The discussion continued.

Bradley Cherry asked to clarify his billing statement. Director Martin asked Legal Counsel for the totals over \$2,000. Four months that went over in 2018 were: May, \$2400; July, \$2150; September, \$5600; and November, \$3400.

He disputed that he was under contract until January 31, 2019. President Fraley showed him a copy of his last contract which clearly showed January 31, 2019. Legal Scott asked whom to speak to about the medical insurance he believes he is entitled to until he dies. President Fraley told him that would be Bradley Cherry.

Chairman Dupuy informed him that his contract was ready to be signed for a one year extension. Mr. Scott refused and left the Board Room.

Director Martin made a motion to go into executive session 11:36 a.m.  
Director Martin made a motion to come out of executive session 11:54 a.m.

Witness: Carol Fraley

MANAGER OF  
TECHNICAL SERVICES

Brian Poling, Manager of Technical Services reported on the following:

We have been diligently working on RF Router site surveys. As of this week, we have been to every site. One hundred locations were sent back for a second analysis because we felt it was requiring too many transformers. The engineer that designed the system was out of the country and we asked to be assigned a new engineer. She is located in Atlanta and is working on the locations we sent back.

One of our Collector installations has been shipped so we hope to get started installing field equipment in the next few weeks.

Robert used the drone to assist in our repair of a line over a river. Linemen said it was a huge help and they weren't even sure how they would have gotten it in the air if the drone had not been used.

We are also working with AT&T to have a new fiber optic line run for our internet. Currently, the AT&T line that feeds our office is leased from Windstream and has many reliability issues. The new line will also reduce our monthly bill to AT&T.

Andrea had installed a new credit card reader at the front counter. The new reader allows chipped card to be read and brings us up to PCI compliance. The card information is transmitted directly to SEDC and entered on our network. This is the reason we can no longer take credit cards over the phone.

Andrea is at her second two weeks of training through the NRECA's Management Internship Program in Madison Wisconsin. She will have one more two week stay at the end of April.

MANAGER OF MARKETING  
AND MEMBER SERVICES

Kim Bush, Manager of Marketing and Member Services reported on the following.

PREPAY

786 Pre Pay active accounts and 15 inactive accounts. 4,000 payments were made in 30 days with an average of \$41.52 per payment.

Thirteen percent of the total amount charged off for collections has been recovered. That total will increase after capital credits are applied in March in the amount of \$20,714.

Tina is on an energy audit today. She has had requests for 4 energy audits this month and one Button-Up Project.

Scholarship applications must be in the office by February 7<sup>th</sup>.

EXECUTIVE SESSION

An Executive Session was called for by Director Whitt at 12:16 p.m. Session ended at 12:22 p.m.

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations, gave the Operations Report and the Safety Report. He reported on the following:

EMPLOYEE/LOST TIME

There were no lost time accidents to report this month.

ACCIDENT

SAFETY REPORT

The following safety meetings were held during December:

December 3, Nancy Madden showed a video on Blood Borne Pathogens and asked questions on our Blood Borne Pathogen Exposure Control Plan for Collateral Jobs. She passed out the 2019 On-Line safety courses to all employees. Mike Martin reminded everyone to be careful and watch out after each other.

December 12, Andrea McCleese, Technical Services Supervisor read from the Safety Manual on 507.21 Metering, pages 201-202. A power point was shown on Relentless Pursuit of Better explaining the Seven Cooperative Principles. Kyle Clevenger asked everyone to be careful pulling a meter base, because people are by-passing the meter. He reminded everyone to work safe and return home safely to their families.

December 19, Brian Poling, Manager of Technical Services, turned the meeting over to Tony Dempsey for the monthly KAEC safety meeting. Tony presented a power point on Spill Response Training and went over the Spill Prevention Control Countermeasures and the environmental regulations to prevent oil from spreading to different areas. Certificates of Completion were given to Brian Poling and Joe Sargent for EKPC/Member System Engineering, Operations, and Reliability training. Andrea McCleese and Peggy Skaggs completed an RF Command Center introduction course. Kyle Clevenger asked everyone to be careful.

December 26, Priscilla Sparks, Executive Assistant, read from GRECC's Emergency Response Plan, pages 2 thru 7. Kyle Clevenger read two safety investigations: 1) Mike Blevins hitting a deer and 2) Priscilla Sparks slipped and fell out of the shower/tub while attending a statewide safety meeting. The safety committee met and found no safety violations. Kyle Clevenger requested everyone to be careful.

December 31, Robert Brown, Geographical Information System Technician, went over the new Field Pro and showed different fields that can be used to assist the men with locations for our members. Kyle Clevenger requested everyone to change out gloves and have a safe day, week and New Year.

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and the importance of using ground chains. A line is not dead until it is grounded.

JOBS BUILT

Construction built one hundred six (106) new work orders (including 21 services added and 11 services retired) for the month of December and worked zero (0) hours of overtime.

DELINQUENT NOTICES

There were 146 delinquents for January. Seventy (70) cards were issued to be disconnected. Seven accounts were disconnected by remote meter on January 9, cycle 1. Sixty (60) cards were issued and 9 accounts were disconnected by remote meter on January 15 for cycle 2. Field personnel disconnected a total of 18 meters and a total of 11 meters were reconnected by field personnel and remote.

Witness: Carol Fraley

**OVERTIME HOURS** The Maintenance Department worked one hundred sixty-six (166) hours of overtime; Construction worked one hundred forty-nine (149) work order overtime hours. The Engineering Department worked seven (7) hours of overtime.

**CONTRACT CREWS** We have one (1) Pike crew working. Terry Gilbert is working coordination and pole changes in various counties.

**RIGHT-OF-WAY CREWS** We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 692 trees, cut 929 trees, cut 45,570 feet of brush/line and sprayed 12 spans of line. The crews are working in the following areas:

- 1 cutting crew in Carter, Lewis and Greenup Counties
- 1 cutting crew in Rowan County
- 2 cutting crews in Lawrence and Elliott County
- 1 bucket truck crew in Carter, Lewis and Greenup Counties
- 1 bucket truck crew in Rowan County
- 1 bucket truck crew in Elliott County
- 1 tractor crew in Carter County
- 2 spray crews in Elliott County

Smith Tree Service has a circuit crew on ST RT 486, Elliott County

**ENGINEERING REPORT** The Engineering Department released one hundred twenty-nine (129) prints consisting of 2,118 feet of primary line and 1,210 feet of service wire.

They currently have two (2) new services to be staked and two (2) to be drawn. There are eight (8) miscellaneous jobs to be staked or drawn, largely due to the substation readings.

Director Bentley and rest of the Board congratulated Kyle and Mike for no loss time award. Chairman Dupuy said the right of way looks good.

**APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS** Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve fifty-two (52) new memberships and retirement of sixty-eight (68) existing memberships for November 2018.

**BAD DEBT WRITE-OFFS** Motion was made by Director Bentley, seconded by Director Whitt and unanimously agreed to charge off \$2,717.77 worth of bad debts and turn them over for collection.

**APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY'S BUSINESS EXPENSES** Motion was made by Director Martin seconded by Director Whitt and unanimously agreed to approve the President's business expense of \$99.68, Director's business expenses of \$12,332.80, and Attorney's business expense of \$6,385.90.

**CFC** CFC sent a patronage refund check in the amount of \$5238.00.

**ENVISION** Envision sent a patronage refund check for \$236.

Witness: Carol Fraley

DONATIONS

We received a thank you from Rowan County Christmas; Rowan County High School Project Prom 2019; and Lewis County Educational Foundation.

President Fraley presented to the Board for their consideration the following donation requests:

Greenup County Varsity Cheerleader – sponsor	\$100
Rowan County Senior High School – senior prom donation	\$50
Stan Spence Little League- spring season donation	\$100
East Carter High School Archery Team – sponsorship	\$100
Rowan County Quilt Show – donation	\$150
Rowan County Middle School – 8 <sup>th</sup> grade Washington DC trip	\$200

President Fraley wrote a letter of support for the MCTC Lineman’s program.

Motion was made by Director Martin, seconded by Director Whitt and unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE

The following upcoming meetings were presented for attendance this month.

CFC – New York, July 3

BOARD MEETING DATE

The February Board Meeting will be held on Friday, February 22<sup>nd</sup> at 9:00 a.m.

ADDITIONAL BUSINESS

There was no additional business to bring before the Board of Directors.

ADJOURN

Chairman Dupuy adjourned the meeting at 12:41 p.m.

EXECUTIVE SESSION

Executive Session was called at 12:41 p.m. Executive session ended at 1:02 p.m.

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Harold Dupuy, Chairman

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Billy E. (Eddie) Martin, Secretary/Treasurer

Grayson Rural Electric Cooperative  
Case No. 2018-00272  
Attorney General's Post-Hearing Data Requests

2. Provide the actual, if known, or estimated amounts of the annual cash payments current Grayson directors are eligible to receive in lieu of taking healthcare insurance coverage.

Response 2:

Directors receive \$637.63 per month cash in lieu of taking healthcare insurance coverage.

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3. Clarify whether three non-active Grayson directors are still receiving healthcare benefits as a result of being grandfathered in prior to the change to the relevant board policy in 2001, as stated in response to AG Data Request 2-1, or whether no non-active directors are still receiving healthcare as stated in response to Staff questioning at the February 19, 2019 hearing.

Response 3:

There are non-active Grayson directors still receiving healthcare benefits as a result of being grandfathered in prior to the change in board policy.

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4. Refer to Exhibit 8, pg. 2, line 31 of the application. Provide a breakdown of the total \$34,161.63 listed as Health Insurance Premiums, including for whose benefit those premiums are being paid.

**Response 4:**

The following is a breakdown of the \$34,161.63 listed as Health Insurance Premiums in Exhibit 8.

Attorney Insurance:	\$24,165.63 (\$3,900 paid by attorney)
FASB 106 Accrual:	\$ 9,996.00