

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF SOUTH KENTUCKY RURAL )  
ELECTRIC COOPERATIVE CORPORATION FOR ) **CASE NO.**  
APPROVAL OF MASTER POWER PURCHASE AND ) **2018-00050**  
SALE AGREEMENT AND TRANSACTIONS THEREUNDER )

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***GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION'S  
ANSWER TO SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE  
CORPORATION'S INFORMATION REQUEST TO DISTRIBUTION COOPERATIVES***  
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Comes now Grayson Rural Electric Cooperative Corporation ("Grayson"), by and through counsel, and herewith submits the following answers on behalf of Grayson to South Kentucky Rural Electric Cooperative Corporation's Information Request to Distribution Cooperatives.

RESPECTFULLY SUBMITTED,

W. JEFFREY SCOTT, P.S.C.

BY: 

W. JEFFREY SCOTT  
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CERTIFICATE OF SERVICE

Pursuant to 807 KAR 5:001 Section 6, the undersigned certified that consistent with 807 KAR 5:001 Section 4(8)(d)(3), a ~~copy~~ copy of this document has been electronically served upon the following on this the 27<sup>th</sup> day of April, 2018:

Ms. Gwen R. Pinson, Executive Director  
Kentucky Public Service Commission  
211 Sower Blvd, P.O. Box 615  
Frankfort, KY 40602-0615

Hon. Matthew R. Malone  
Hon. William H. May, III  
Hurt, Deckard & May PLLC  
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Hon. Scott B. Glover  
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Hon. Kent A. Chandler  
Hon. Rebecca W. Goodman  
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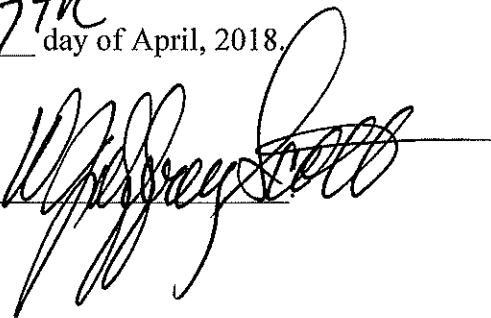
Hon. W. Patrick Hauser  
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Hon. Michael L. Kurtz  
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Hon. James M. Miller  
Hon. R. Michael Sullivan  
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Hon. John Doug Hubbard  
Hon. Jason P. Floyd  
Fulton, Hubbard, & Hubbard, PLLC  
[jd@bardstown.com](mailto:jd@bardstown.com)  
[jpf@bardstown.com](mailto:jpf@bardstown.com)

This the 27<sup>th</sup> day of April, 2018.



Hon. Clayton O. Oswald  
Taylor, Keller, & Oswald, PLLC  
[coswald@tkolegal.com](mailto:coswald@tkolegal.com)

Hon. Robert Spragens, Jr.  
Spragens & Hidgon, PSC  
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Hon. David T. Royse  
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Hon. David Smart  
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[Roger.cowden@ekpc.coop](mailto:Roger.cowden@ekpc.coop)

Witness: Carol Ann Fraley

**Grayson Rural Electric Cooperative Corporation**

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**South Kentucky Rural Electric Cooperative Corporation**

1. Reference is made to page 13, lines 11 through 17 of Mr. John Wolfram's testimony.

Please explain in detail your opinion or opinions as to how EKPC might "properly charge"

South Kentucky for its remaining load.

**Response:** See Response of Big Sandy Rural Electric Cooperative Corporation, Blue Grass Energy Cooperative Corporation, Clark Energy Cooperative, Inc., Farmers Rural Electric Cooperative Corporation, Fleming-Mason Energy Cooperative, Inc., Inter-County Energy Cooperative Corporation, Licking Valley Rural Electric Cooperative Corporation, and Nolin Rural Electric Cooperative Corporation, hereinafter collectively "Joint Intervenors".

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2. For each distribution cooperative with an Alternative Source of power under Amendment 3 and the MOU, indicate the EKPC rates under which the capacity and/or energy is used solely to reduce billings.

**Response:** Grayson does not have an Alternative Source of power under Amendment 3 and the MOU.

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3. For each instance in the response to Question 2 where it is stated that the Alternative Source is used to reduce billings under Rates B,C., or G, provide the following:
  - a. Billings from EKPC for each month during 2017 showing in detail how the power from the Alternative Source reduced billings under EKPC's Rates B, C, or G.
  - b. Calculations from the cooperative for each month during 2017 showing in detail how the power from the Alternative Source reduced billings under EKPC's Rates B, C, or G.

**Response:** See Response to Question 2.

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4. Please produce all email communications sent or received by and between any of the Distribution Cooperatives **during the period November 28, 2017 through February 23, 2018** that reference South Kentucky (as defined in the instructions) or that relate in any way to Amendment 3, the MOU or the potential or actual exercise of rights by South Kentucky under Amendment 3 and/or the MOU.

**Response:** The responding party objects to this request to the extent that it seeks production of emails concerning potential intervention in this matter, selection of counsel in this matter, or the sharing of costs related to this matter because those subjects are not relevant to the issues in the case and may be privileged; and the parties have not produced emails relevant to these subjects. Grayson also objects because the request is overly broad as many, if not all, of the emails relevant are not related to this proceeding and it is unduly burdensome to require Grayson to search for and produce these emails. With the exception of those things objected to hereinabove, Grayson does not have any emails that reference South Kentucky or that in any way relate to Amendment 3 and the MOU or the potential or actual exercise of rights by South Kentucky under Amendment 3 and/or the MOU during the period of November 28, 2017, through February 23, 2018.

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5. Identify and describe all meetings held or conversations occurring **during the period November 28, 2017 through February 23, 2018** at which any one of the following items was discussed – South Kentucky (as defined in the instructions), Amendment 3, the MOU or the potential or actual exercise of rights by South Kentucky under Amendment 3 and/or the MOU – and in which participated at least two or more members of management of any of the Distribution Cooperatives. For all such meetings or conversations, describe all statements made (regardless by whom) concerning South Kentucky (as defined in the instructions) or Amendment 3, the MOU or the potential or actual exercise of rights by South Kentucky under Amendment 3 and/or the MOU.

**Response:** Grayson objects to the request to the extent that it asks for information about meetings or conversations concerning potential intervention in this matter, selection of counsel in this matter, or the sharing of costs relating to this matter because those subjects are not relevant to the issues in this case, may be privileged, and Grayson has not provided information regarding meeting or conversations on those subjects. Grayson also objects because request is overly broad as many, if not all, of the meetings or conversations subject to this request are irrelevant to these proceedings and not reasonably calculated to lead to discovery of admissible information or are privileged. It is also unduly burdensome for Grayson to request or to report in detail all such meetings or conversations in this response. Moreover, it would be difficult,

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if not impossible for Grayson to have a specific recollection of all such meetings and conversations, and the substance therein, of who was involved and what was said. Without waiving any of those objections, Grayson would provide the following as an additional response:

Grayson Rural Electric's President and CEO has had numerous conversation with other managers and CEOs over time concerning South Kentucky and has made substantive responses to others on same. The President and CEO has discussed this meeting with the Board of Directors of Grayson Rural Electric Cooperative Corporation. Grayson would refer to the testimony filed of record previously of its President and CEO, Carol Ann Fraley. In addition Grayson would refer South Kentucky to Owen Electric and Shelby Energy as well.



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6. State whether a joint defense agreement or comparable arrangement has been agreed to by the Distribution Cooperatives for this proceeding. If one has been reached, please identify the date of its effectiveness and state whether EKPC is a party.

**Response:** There is no written joint defense agreement or comparable arrangement that has been agreed to by the Distribution Cooperatives as defined in this proceeding or all the owner-members of East Kentucky Power Cooperative. Grayson and the other Distribution Cooperatives have agreed to share in the cost of witness, John Wolfram, but there is no written agreement among them concerning same. This response should not be interpreted as waiving and does not waive the right of Grayson or any of the other Distribution Cooperatives to assert the common interest or joint defense privilege to the extent applicable and as referenced herein.

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7. Reference is made to pages 6-14 of Mr. Wolfram's testimony. Please provide all analysis in their native format and all associated forecasts, assumptions, inputs, escalations or any other workpapers associated with the analysis including their sources.

**Response:** See Response of Joint Intervenors.

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8. Reference is made to pages 7, lines 12-16, of Mr. Wolfram's testimony. Please provide all the appropriate PJM charge types and estimates of cost of each charge type South Kentucky did not demonstrate that it properly included in its NPV analysis.

**Response:** See Response of Joint Intervenors.

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9. Reference is made to pages 7, lines 17-18, of Mr. Wolfram's testimony. Please provide the PJM capacity price forecast for the period applicable to the transaction used to draw his conclusion. Insofar as this forecast is not a published PJM forecast, please state whether any such published forecasts are available and the source for such forecasts.

**Response:** See Response of Joint Intervenors.

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10. Reference is made to pages 8 and 9, lines 8-21 on page 9, of Mr. Wolfram's testimony.

Please provide a detailed explanation of why these costs would not impact EKPC rates to a similar degree.

**Response:** See Response of Joint Intervenors.

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11. Reference is made to page 10, line 14 through page 11, line 4 of Mr. Wolfram's testimony.

Please provide any analyses performed regarding the quantification of the risks (including the estimated cost associated with such risks) that Mr. Wolfram claims were not properly included in South Kentucky's analysis.

**Response:** See Response of Joint Intervenors.

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12. Reference is made to page 11, line 5 to page 12, line 2, of Mr. Wolfram's testimony. Please provide all sensitivity analyses around key variables (transmission rates, wholesale rate changes, environmental cost changes, escalation rates, gas prices, etc.).

**Response:** See Response of Joint Intervenors.

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13. Reference is made to pages 13, lines 4-6, of Mr. Wolfram's testimony. Provide East Kentucky's latest long range financial forecast, 10 years or longer, that has been approved by the Board of Directors and that was distributed to the owner-members of EKPC. If not evident from the forecast, please also indicate the date the forecast was distributed to the owner-members.

**Response:** See Response of Joint Intervenors.



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14. Reference is made to pages 13, lines 18-19 of Mr. Wolfram's testimony. Please provide any analysis conducted incorporating the FAC and ES and state its impact on the NPV calculation. If you were to use the FAC and the ES from the 2015 Long Range Financial Forecast, what would be the impact on NPV savings to South Kentucky?

**Response:** See Response of Joint Intervenors.

Witness: Carol Ann Fraley

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15. Reference is made to pages 18, lines 17-21 of Mr. Wolfram's testimony. Please provide all analyses performed by, on behalf of or at the direction of Mr. Wolfram, in their native format, with all associated forecasts, assumptions, inputs, escalations or any other workpapers associated with the analysis including their sources.

**Response:** See Response of Joint Intervenors.

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SALE AGREEMENT AND TRANSACTIONS THEREUNDER	)	

\*\*\*\*\*  
**VERIFICATION OF CAROL ANN FRALEY**  
 \*\*\*\*\*

The undersigned Carol Ann Fraley President and Chief Executive Officer of Grayson Rural Electric Cooperative Corporation after first being duly sworn deposes and states that the matters and things set forth herein are true and accurate to the best of her knowledge, information, and belief formed after reasonable inquiry into the facts.

*Carol Ann Fraley*  
 \_\_\_\_\_  
 CAROL ANN FRALEY



STATE OF KENTUCKY

COUNTY OF CARTER

The foregoing Verification was signed, acknowledged and sworn to before me this the \_\_\_ day of April, 2018 by Carol Ann Fraley as President and Chief Executive Officer of Grayson Rural Electric Cooperative Corporation and is the act of and position of Grayson Rural Electric Cooperative Corporation.

*Russiea Sparks*  
 \_\_\_\_\_  
 NOTARY PUBLIC, KENTUCKY STATE AT LARGE

My Commission Expires: March 22, 2021 Notary # 575772