

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC INVESTIGATION INTO THE)
OPERATIONAL CAPACITY AND) CASE NO. 2020-00018
INFRASTRUCTURE OF GRAYSON RURAL)
ELECTRIC COOPERATIVE CORPORATION)

MOTION FOR INFORMAL CONFERENCE

Grayson Rural Electric Cooperative Corporation (“Grayson”) by and through its legal counsel, hereby moves the Commission to schedule an informal conference in this matter. As grounds for this motion, Grayson states as follows:

In Case No. 2019-00101, on the heels of Grayson’s most recent rate case, the Commission entered an order for an independent firm to perform a “full and comprehensive audit of the management and operational efficiency of Grayson RECC.”¹ Thereafter, the Commission distributed a request for proposal (“RFP”) to qualified bidders. The RFP stated that the Commission sought proposals to perform a “focused management and operations audit” of Grayson.²

After selecting Vantage Consulting to perform the audit, work began in earnest. Representatives of Vantage met with Grayson’s directors, management and employees on several occasions. Numerous documents were requested, produced and filed in the record in this matter. Ultimately, after the production of a draft report and the submission of comments, a final report

¹ Order dated March 28, 2019 in Case No. 2019-00101, page 7.

² Request for Proposal, page 1.

was issued by Vantage. The final report included the following statement which was not included in the draft report:

A detailed review of Grayson's engineering, facilities planning, construction, and maintenance practices was beyond the scope of the management audit. In light of Grayson's recent history of management and financial issues, a further review of these areas **may** be warranted.³

The final audit report included an extensive discussion of Grayson's operations and recommendations for improvements including disaster recovery, procurement of materials, IT, operating costs within the line department (including crew size, overtime and use of contractors).

The Commission has now opened the present case stating that Vantage urged further investigation into Grayson's infrastructure and operations. The Commission has issued an order for its second audit into the "infrastructure engineering, facilities planning, construction, operation, and maintenance practices" of Grayson.⁴

Grayson requests an informal conference with the appropriate staff and Commissioners to attempt to obtain further understanding of the scope of this second audit, since it seems that many of the proposed topics were covered in the Vantage audit. Grayson would also respectfully note that the Vantage audit resulted in significant cost to the Cooperative and its members not only for payment directly to Vantage for its services, but also for payment to outside consultants as well as significant time spent researching and producing documents and participating in interviews and internal discussions. Naturally, undergoing this process a second time is a serious proposition.

Grayson would like to discuss with the Commission and staff the possibility of alternatives to a second full audit including whether additional information could be provided by Grayson or whether Vantage could simply delve further into any issues that may be concerning to the

³ See page 6 of Final Audit Report. Emphasis added.

⁴ See Order in Case No. 2020-00018, page 1.

Commission. Grayson believes it may be productive to have Vantage present, at least telephonically, at the conference. Grayson would also like the opportunity to update the Commission as to the steps it has taken and is taking in response to the Vantage audit.

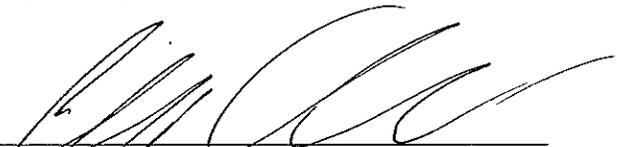
Grayson is committed to working in the best interests of its members. It is also committed to working with the Commission to find the best and most productive uses of its members' resources. Accordingly, Grayson would like the opportunity to discuss this matter with the Commission prior to the issuance of an RFP.

Grayson proposes the following dates for the conference: March 24, 26 or 31; April 1 or April 3. Other dates are available if those are not convenient for the Commission.

Wherefore, Grayson respectfully requests that the Commission schedule this matter for an informal conference.

DATED this 8 day of March 2020.

Respectfully submitted by,



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