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JAN 2 2013

December 27, 2012

PUBLIC SERVICE
COMMISSION

Mr. Jeff Derouen, Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602

Re: Case No. 2012-00224

Dear Mr. Derouen:

Enclosed is one (1) original and ten (10) copies of Grayson's response to the Commission's request for information in the above referenced case.

Respectfully submitted,

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

BY: 
Carol Hall Fraley
President & CEO

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

In the Matter of:

PETITION AND COMPLAINT OF KENTUCKY)	
POWER COMPANY FOR A DECLARATION OF)	
ITS EXCLUSIVE RIGHT PURSUANT TO KRS)	
278.018(1) TO SERVE THOSE PORTIONS OF)	CASE NO.
THE SAND GAP ESTATES IN GREENUP)	2012-00224
COUNTY, KENTUCKY LYING WITHIN ITS)	
CERTIFIED TERRITORY IN LIEU OF)	
GRAYSON RURAL ELECTRIC COOPERATIVE)	
CORPORATION)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

Grayson Rural Electric Cooperative Corporation ("Grayson RECC"), pursuant to 807 KAR 5:001, is to file with the Commission the original and ten copies of the following information, with a copy to all parties of record. The information requested herein is due by December 5, 2012. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Grayson RECC shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Grayson RECC fails or refuses to furnish all or part of the requested information, Grayson RECC shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

ITEM 1

PAGE 1 OF 1

WITNESS: CAROL HALL FRALEY

1. In its Complain at Item No. 6, Kentucky Power Company ("Kentucky Power") alleges that four residences have been constructed in or near the disputed area since 2006.
 - a. Is Grayson RECC currently serving all four of these residences?

ANSWER: YES

- b. How did Grayson RECC determine that it was appropriate to provide service to the residence located at 14 Sandy Gap Road, Argillite, Kentucky?

ANSWER: We do not have a residence with the address of 14 Sand Gap Road. We assume that AEP is inquiring about 414 Sand Gap Road. The original resident, Mark Terry applied to us. We sent him to Kentucky Power. They sent him back to us. Our engineer (now retired) conferred with an AEP field engineer (name unknown) and they suggested we serve on the west side of the Industrial Parkway and south of Sand Gap road, coming from Turkey Lick.

- c. How did Grayson RECC determine that it was appropriate to provide service to the residence located at 397 Olivia Boulevard, Argillite, Kentucky?

ANSWER: SEE b ABOVE

ITEM 2

PAGE 1 OF 1

WITNESS: CAROL HALL FRALEY

2. Refer to Kentucky Power's Complaint, page 1, wherein it alleges the following:
 - (a.) declaring that Grayson Electric Cooperative Corporation ("Grayson") is providing electric service in violation of KRS 278.018(1) to two residences located at 14 Sand Gap Road and 397 Olivia Boulevard in Sand Gap Estates in Greenup County, Kentucky lying west of ICY 67 (Industrial Parkway) and off of the old mining road.....

In item No. 9 of Kentucky Power's Complaint, it alleges that the residence within Kentucky Power's certified territory is "414 Sand Gap road, Argillite, Kentucky."

- a. What is the correct address of the Sand Gap Road property where Kentucky Power alleges Grayson RECC is currently providing electric service?

ANSWER: 414 SAND GAP ROAD, ARGILLITE, KY. 41121

- b. Is the residence located at Sand Gap Road, Argillite, Kentucky in Kentucky Power's certified territory?

ANSWER: NO

- c. Is the residence located at 397 Olivia Boulevard, Argillite, Kentucky located in Kentucky Power's certified territory?

ANSWER: NOT ACCORDING TO THE EXISTING AGREEMENT WITH KENTUCKY POWER.

- d. Are the only service disputes concerning the two residences identified and alleged in Item No. 12 of Kentucky Power's Complaint 414 Sandy Gap Road and 397 Olivia Boulevard, Argillite, Kentucky?

ANSWER: KENTUCKY POWER WOULD HAVE TO ANSWER THAT.

ITEM 3

PAGE 1 OF 1

WITNESS: CAROL HALL FRALEY

3. Refer to Kentucky Power's Complaint, page 5, Item No. 15. It alleges, "Grayson's distribution facilities in the area interfere with Kentucky Power's ability to provide retail electric distribution service to the residences in its service territory. Kentucky Power has offered to purchase the distribution facilities being used by Grayson to provide service to the two residences but Grayson declined the offer."

- a. Did Kentucky Power offer to purchase the distribution facilities as alleged?

ANSWER: THEY ASKED WHAT THE FACILITIES WERE WORTH. THEY DID NOT MAKE AN OFFER TO PURCHASE THE FACILITIES AND NO DOLLAR AMOUNT WAS MENTIONED.

- b. If the response to the above is yes, was the offer to purchase declined? If an offer was declined by Grayson RECC, explain why.

ANSWER: NO OFFER WAS EVER MADE.

- c. If Kentucky Power offered to purchase the distribution facilities, was the consideration offered by Kentucky Power equivalent to Grayson RECC's investment in the facilities?

ANSWER: NO OFFER WAS MADE.

- d. What was the original construction cost for the distribution facilities used to provide service to the 414 Sand Gap Road and 397 Olivia Boulevard, Argillite, Kentucky addresses?

ANSWER: \$14,624.50

ITEM 4

PAGE 1 OF 1

WITNESS: CAROL HALL FRALEY

4. Kentucky Power alleges, in item No. 17 of its Complaint, that Grayson RECC should not be permitted to benefit from its knowing and willful violation of the law and that KRS 278.990(1) makes such violation a penal offense. Kentucky Power further alleges that it is entitled to recover the amounts charged by Grayson RECC in willful violation of the law.
- a. What is the amount charged by Grayson RECC for service to the 414 Sand Gap Road, Argillite, Kentucky address since it began providing service to that address?

ANSWER: FROM AUGUST 30, 2005 THROUGH NOVEMBER 20TH, 2012, THE SAND GAP RESIDENCE HAS BEEN BILLED \$15,031.29.

- b. What is the amount charged by Grayson RECC for service to the 397 Olivia Boulevard, Argillite, Kentucky address since it began providing service to that address?

ANSWER: FROM OCTOBER 28, 2010 TO NOVEMBER 20, 2012, THE OLIVIA BOULEVARD ADDRESS HAS BEEN BILLED \$6,913.06.

ITEM 5

PAGE 1 OF 1

WITNESS: CAROL HALL FRALEY

5. Refer to Grayson RECC's Answer, filed July 2, 2012. At Item No. 2, the Answer states:
“(T)he CO-OP states that the Complaint of Kentucky Power should be denied upon an accord reached between Kentucky Power and Grayson several years ago allowing CO-OP to supply retail electric service to the two entities complained of in the Complaint.
 - a. Explain the “accord reached” between Kentucky Power and Grayson RECC.

ANSWER: MARK TERRY, FIRST OWNER OF THE HOUSE AT 414 SAND GAP ROAD, APPLIED FOR SERVICE AT GRAYSON RECC. IN ORDER TO KEEP FROM POSSIBLY VIOLATING TERRITORIAL ISSUES, HE WAS DIRECTED TO APPLY AT KENTUCKY POWER. THEY SENT HIM BACK TO GRAYSON RECC SO THEY WOULD NOT HAVE TO CROSS THE INDUSTRIAL PARKWAY ON THE EAST SIDE AND SAND GAP ROAD ON THE NORTH SIDE. GRAYSON ENGINEERING PERSONNEL MET WITH KENTUCKY POWER ENGINEERING PERSONNEL AND THEY PROCEEDED TO STAKE OVER 5,000 feet OF LINE FROM TURKEY LICK ROAD TO THE SUBDIVISION.

ITEM 6

PAGE 1 OF 1

WITNESS: CAROL HALL FRALEY

6. Refer to Grayson RECC's Answer to Kentucky Power's Complaint, Item No. 4. It states: CO-OP further states that there are other service territories in and around Grayson, Kentucky, namely Valley View Subdivision in which Kentucky Power serves residential customers located within the certified service territory of CO-O...."

a. Identify the addresses of the residential customers in Valley View Subdivision that Grayson RECC alleges are in its certified territory but which it further alleges are served by Kentucky Power.

ANSWER: GRAYSON CAN PROVIDE GPS INDICATORS AND WOULD ASK THAT NAMES AND ADDRESSES, ALONG WITH USAGE HISTORY SINCE SERVICES WERE CONNECTED BE PROVIDED TO US.

b. Identify any "other service territories in and around Grayson Kentucky" which Grayson RECC alleges are in its certified territory but which are supplied electric service by Kentucky Power.

ANSWER: I DO NOT KNOW.

ITEM 7

PAGE 1 OF 1

WITNESS: CAROL HALL FRALEY

7. Identify all prior instances of certified boundary disputes between Grayson RECC and Kentucky Power and the resolution of those disputes.

ANSWER: VANCEBURG, GRAYSON RECC PREVAILED.

ITEM 8

PAGE 1 OF 1

WITNESS: CAROL HALL FRALEY

8. Identify how Grayson RECC determines that a potential new customer is within it's certified territory.

ANSWER: BY CHECKING THE MAPS CERTIFIED BY THE KY PSC

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ITEM 9

PAGE 1 OF 1

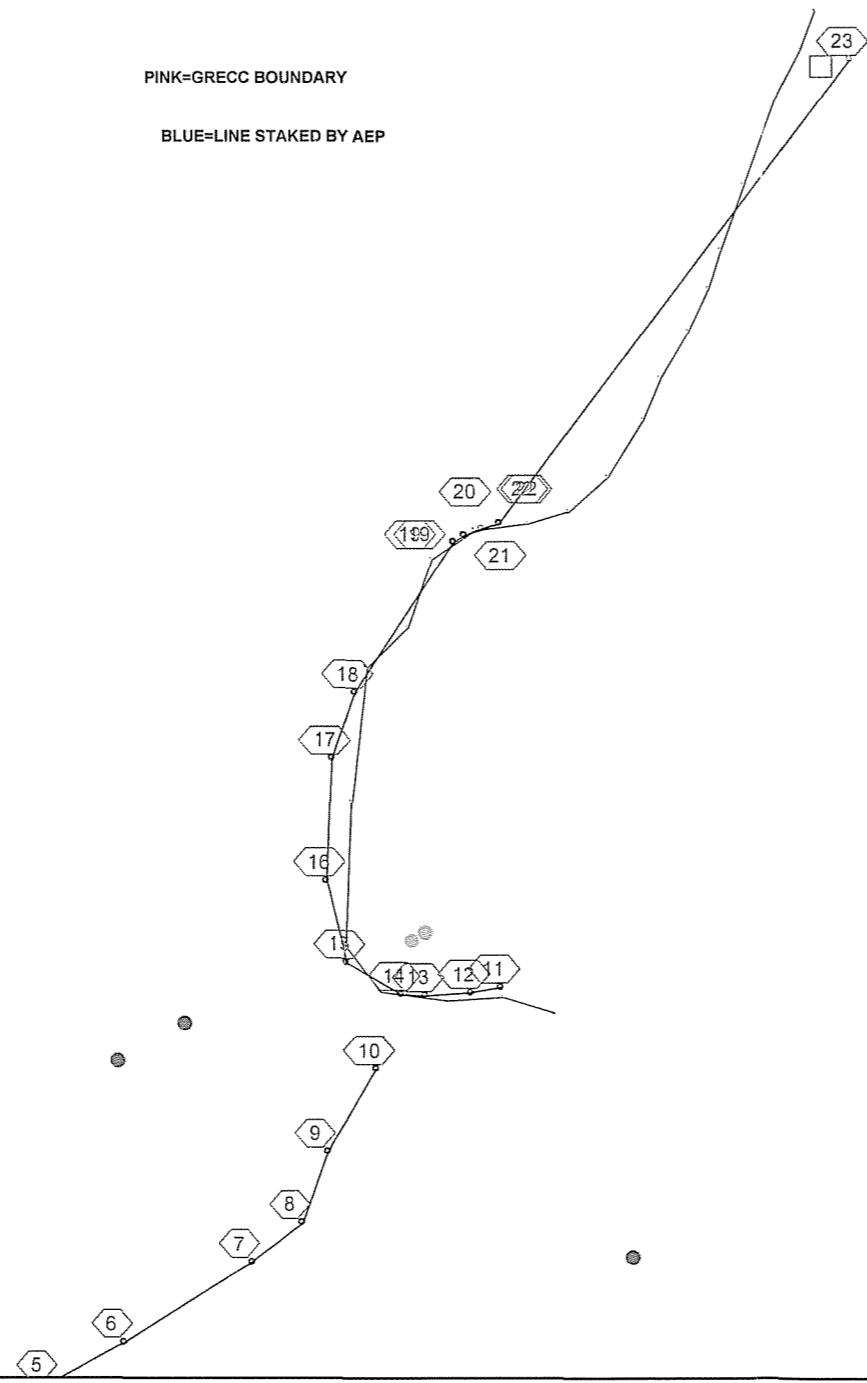
WITNESS: CAROL HALL FRALEY

9. Identify, on a map, the location of Grayson RECC's distribution lines in relation to the distribution lines of Kentucky Power in the area near 414 Sandy Gap Road and 397 Olivia Boulevard, Argillite, Ky. 41121

ANSWER: SEE ATTACHED MAP



PINK=GRECC BOUNDARY
BLUE=LINE STAKED BY AEP



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ITEM 10

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WITNESS: CAROL HALL FRALEY

10: Identify whether Kentucky Power or Grayson RECC was first furnishing retail electric service and the initial date of such electric service was provided to the area near:

- a. 414 Sand Gap Road, Argillite, Ky. and:
- b. 397 Olivia Boulevard, Argillite, Ky.

ANSWER: 414 SAND GAP ROAD, ARGILLITE, KENTUCKY -- 8/30/05 BY GRAYSON RECC

397 OLIVIA BOULEVARD, ARGILLITE, KENTUCKY – 10/28/10 BY GRAYSON RECC

ITEM 11

PAGE 1 OF 1

WITNESS: CAROL HALL FRALEY

11. Refer to KRS 278.017(3). For subsections (a), (b), (c), and (d), identify and explain how these Provisions apply to Grayson RECC.

ANSWER: GRAYSON RECC WILL ALWAYS SERVE WITH ITS CERTIFIED TERRITORY. HOWEVER, THERE HAVE BEEN TIMES WHEN IT IS FINANCIALLY AND GEOGRAPHICALLY PRUDENT (BOTH FOR THE UTILITIES AND THE CONSUMER) TO PARTNER WITH A NEIGHBORING UTILITY IN THE BEST INTEREST OF THE CONSUMER TO PROVIDE SERVICE OR ALLOW SERVICE TO BE PROVIDED IN CLOSE PROXIMITY TO THE EXISTING BOUNDARY.

278.017 Establishing boundaries of certified areas.

- (1) Except as otherwise provided in this section, the boundaries of the certified territory of each retail electric supplier are hereby set as a line or lines substantially equidistant between its existing distribution lines and the nearest existing distribution lines of any other retail electric supplier in every direction, with the result that there is hereby certified to each retail electric supplier such area which in its entirety is located substantially in closer proximity to one of its existing distribution lines than to the nearest existing distribution line of any other retail electric supplier.
- (2) On or before one hundred twenty (120) days after June 16, 1972, or, when requested in writing by a retail electric supplier and for good cause shown, such further time as the commission may fix by order, each retail electric supplier shall file with the commission a map or maps showing all of its existing distribution lines. The commission shall prepare or cause to be prepared within one hundred twenty (120) days thereafter a map or maps of uniform scale to show, accurately and clearly, the boundaries of the certified territory of each retail electric supplier as established under subsection (1) of this section, and shall issue such map or maps of certified territory to each retail electric supplier. Any retail electric supplier who feels itself aggrieved by reason of a certification of territory pursuant to this section may protest the certification of territory within a one hundred twenty day period after issuance of the map of certified territory by the commission; and the commission shall have the power, after hearing, to revise or vacate such certified territories or portions thereof.
- (3) In such hearing, the commission shall be guided by the following conditions as they existed on June 16, 1972:
 - (a) The proximity of existing distribution lines to such certified territory.
 - (b) Which supplier was first furnishing retail electric service, and the age of existing facilities in the area.
 - (c) The adequacy and dependability of existing distribution lines to provide dependable, high quality retail electric service at reasonable costs.
 - (d) The elimination and prevention of duplication of electric lines and facilities supplying such territory. In its determination of such protest, the commission hearing shall be de novo; and neither supplier shall bear the burden of proof.
- (4) In each area, where the commission shall determine that the existing distribution lines of two or more retail electric suppliers are so intertwined or located that subsection (1) of this section cannot reasonably be applied, the commission shall, after hearing, certify the service territory or territories for the retail electric suppliers under the provisions of subsection (3) of this section.

Effective: July 15, 1982

History: Amended 1982 Ky. Acts ch. 82, sec. 4, effective July 15, 1982. -- Amended 1978 Ky. Acts ch. 379, sec. 4, effective April 1, 1979. -- Created 1972 Ky. Acts ch. 83, sec. 3.

ITEM 12

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WITNESS: CAROL HALL FRALEY

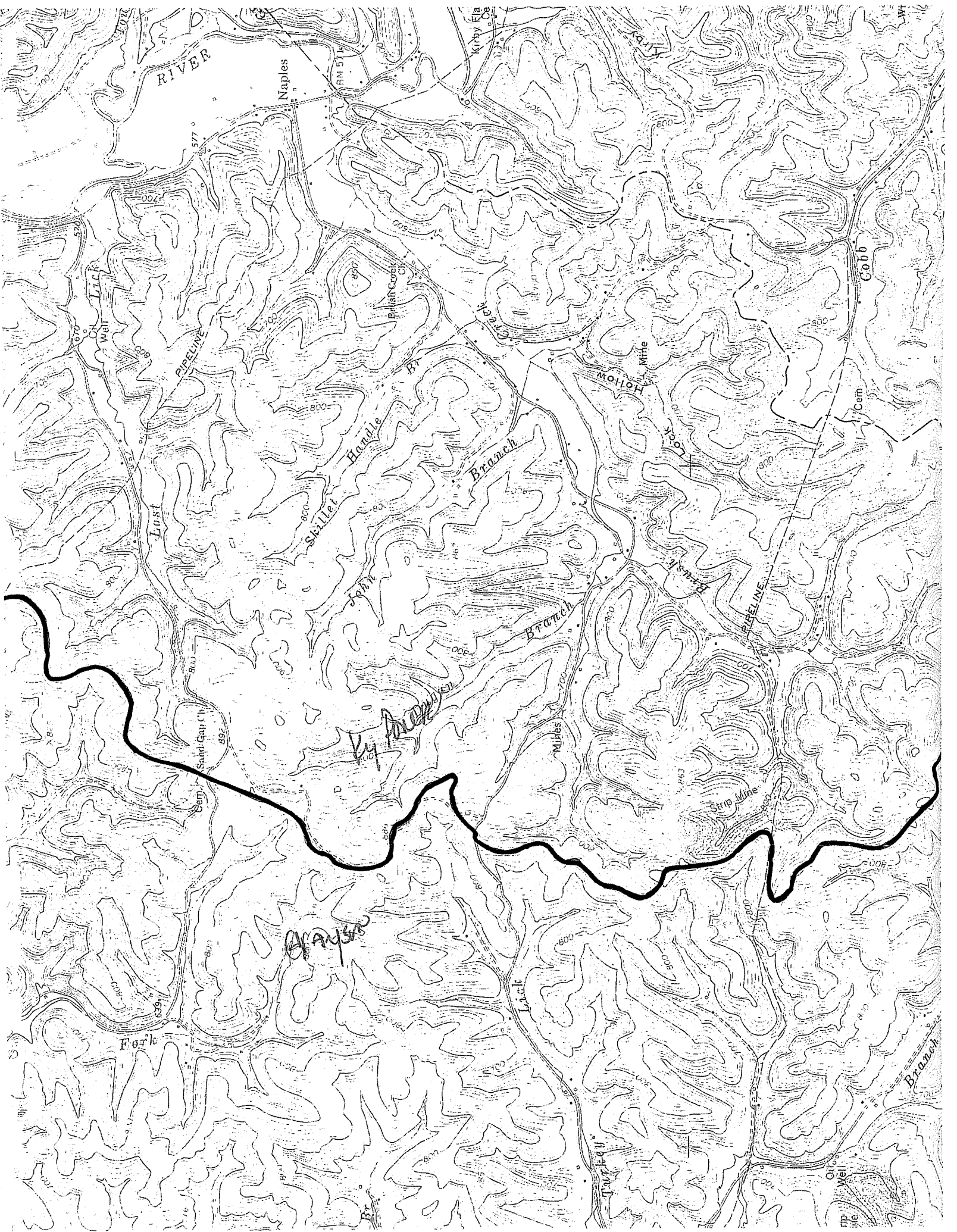
12. Refer to the map in the Appendix.

a. Does Grayson RECC have a copy of this map?

ANSWER: YES.

b. Does Grayson RECC have any more recent updates to this map, signed by both Kentucky Power and Grayson RECC that attempt to define the service territory boundaries in the area of Sand Gap Estates? If the answer is yes, include copies of the documents.

ANSWER: NO



RIVER

Naples

PIPELINE

Cobb

Hollow

Branch

Skillet

Handle

John

Branch

Strip Mine

Fork

Lack

Turkey

Oil Well

Branch

Kroy Fla

Pulley Creek

Mills

Cock

Bass

Cem

Oil Well

Handwritten: V. ALLEN

Handwritten: BRANCH

ITEM 13

PAGE 1 OF 1

WITNESS: CAROL HALL FRALEY

13. Does Grayson RECC use Geographic Information Systems (GIS)? If so, when did Grayson acquire that capability?

ANSWER: WE DO NOT USE GIS NOR DO WE HAVE IT.

ITEM 14

PAGE 1 OF 1

WITNESS: CAROL HALL FRALEY

14. Are there maps or legal descriptions filed in any of the public government agencies in Greenup County for the plans or construction of Sand Gap Estates? If so, for each document or map:

- a. Submit a copy; and
- b. Describe what agency from which it was acquired, and the date filed with the agency.

ANSWER: NOT THAT WE ARE AWARE OF.

ITEM 15

PAGE 1 OF 1

WITNESS: CAROL HALL FRALEY

15. Refer to Item No. 14 of Kentucky Power's Complaint. Has the "old mining road" been
Disturbed, changed or moved since 1982, either by mining activities or the construction of
KY 67?

ANSWER: I DO NOT KNOW.

The undersigned, Carol Hall Fraley, as President and CEO of Grayson Rural Electric Cooperative Corporation, being first duly sworn, states that the responses herein supplied in case 2012-00224 request dated November 16, 2012 are true to the best of my knowledge and belief formed after reasonable inquiry.

This the 31st day of December, 2012.

Grayson Rural Electric Cooperative Corporation

BY: 
Carol Hall Fraley, President & CEO

STATE OF KENTUCKY

COUNTY OF CARTER

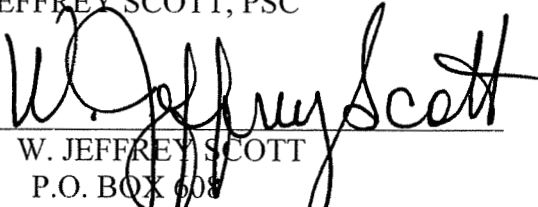
Subscribed and sworn to before me by Carol Hall Fraley, President and CEO of Grayson Rural Electric Cooperative Corporation on this the 31st day of December, 2012.

My commission expires: 6/6/14

Jenni S. Keeton #420474
NOTARY PUBLIC, KY STATE AT LARGE

Respectfully submitted,

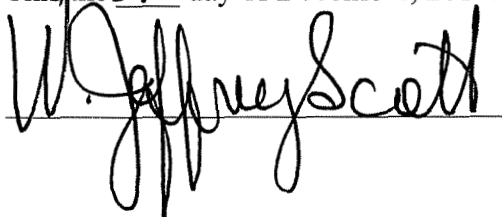
W. JEFFREY SCOTT, PSC

BY: 
W. JEFFREY SCOTT
P.O. BOX 608
GRAYSON, KY 41143
(606) 474-5194

This is to certify that the forgoing document has been served upon the parties by mailing a true and correct copy of same to:

Hon. Mark Overstreet
Stites & Harbison PLLC
421 West Main Street
P.O. Box 634
Frankfort, KY 40602-0634

This, the 31st day of December, 2012.

A handwritten signature in black ink, appearing to read "W. Jeffrey Scott", is written over a horizontal line. The signature is cursive and somewhat stylized.