

COMMONWEALTH OF KENTUCKY
BEFORE THE 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)
THE SAND GAP ESTATES IN GREENUP) CASE 2012-00224
COUNTY, KENTUCKY LYING WITHIN ITS)
CERTIFIED TERRITORY IN LIEU OF)
GRAYSON RURAL ELECTRIC COOPERATIVE)
CORPORATION)

NOTICE OF FILING

Notice is given to all parties that the following materials have been filed into the record of this proceeding:

- The digital video recording of the evidentiary hearing conducted on August 6, 2013 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- A written log listing, *inter alia*, the date and time of where each witness' testimony begins and ends on the digital video recording of the evidentiary hearing conducted on August 6, 2013.

A copy of this Notice, the certification of the digital video record, and hearing log have been served by first class mail upon all persons listed at the end of this Notice. Parties desiring an electronic copy of the digital video recording of the hearing in Windows Media format may download a copy at http://psc.ky.gov/av_broadcast/2012-00224/2012-00224_06Aug13_Inter.aspx. Parties wishing an annotated digital video

recording may submit a written request by electronic mail to pscfilings@ky.gov. A minimal fee will be assessed for a copy of this recording.

Done at Frankfort, Kentucky, this 8th day of August 2013.

A handwritten signature in cursive script, reading "Linda Faulkner". The signature is written in black ink and is positioned above a horizontal line.

Linda Faulkner
Director, Filings Division
Public Service Commission of Kentucky

Carol Ann Fraley
President & CEO
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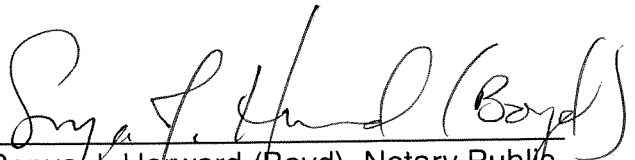
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CERTIFICATE

I, Sonya J. Harward, hereby certify that:

1. The attached DVD contains a digital recording of the hearing conducted in the above-styled proceeding on August 6, 2013. Hearing Log and Witness List are included with the recording on August 6, 2013.
2. I am responsible for the preparation of the digital recording.
3. The digital recording accurately and correctly depicts the hearing.
4. The "Hearing Log" attached to this Certificate accurately and correctly states the events that occurred at the hearing of August 6, 2013 and the time at which each occurred.

Given this 6th day of August, 2013.



Sonya J. Harward (Boyd), Notary Public
State-at-Large

My Commission Expires: Aug. 25, 2013





Session Report - Detail

2012-00224_06Aug2013

Kentucky Power Co. vs. Grayson
RECC

Date:	Type:	Location:	Department:
8/6/2013	Other	Public Service Commission	Hearing Room 1 (HR 1)

Judge: Jim Gardner

Witness: Delinda Borden - KY Power; Carol Hall Fraley - Grayson ; Richard Howerton - KY Power

Clerk: Sonya Harward

Event Time	Log Event
8:59:09 AM	Session Started
8:59:11 AM	Introductory remarks - Vice Chairman Gardner
8:59:39 AM	Motion Note: Harward, Sonya Request to add additional information to this proceeding. (Applicant for service in subdivision that is being discussed - Lot 18.)
9:02:46 AM	PSC Atty. Faith Burns Note: Harward, Sonya Objects to the Motion...would like item to be filed later so they can review the material and submit data requests.
9:03:04 AM	Vice Chairman Gardner - regarding Motion Note: Harward, Sonya Will take under advisement for now but not accepted into the record at this time.
9:03:38 AM	No public notice necessary. Note: Harward, Sonya No public present for comment.
9:04:11 AM	Vice Chairman Gardner states his role as Hearing Officer. Note: Harward, Sonya Acting as hearing officer though all three commissioners will make decision.
9:04:30 AM	Witness Delinda Borden takes the stand and is sworn in. Note: Harward, Sonya Kentucky Power, Manager, Customer and Distribution Services for Ashland District
9:05:23 AM	KY Power Atty. Benjamin Crittenden direct examination of Witness. Note: Harward, Sonya Witness confirmed that previously filed testimony is still accurate.
9:05:54 AM	Grayson Atty. Jeffrey Scott cross examination of Witness Borden. Note: Harward, Sonya Referenced page 5 of Testimony.
9:10:22 AM	Grayson Atty. Scott Note: Harward, Sonya Questioning about why residents applied to Grayson for service.
9:12:50 AM	Grayson Atty. Scott Note: Harward, Sonya Questioning about when a technician reported residences being built in KY Power territory.
9:14:49 AM	KY Power Atty. Crittenden interjection. Note: Harward, Sonya Asked that Witness be provided with map that she is being questioned about.
9:19:06 AM	Vice Chairman Gardner Note: Harward, Sonya Asked that Grayson Atty. Scott return to questioning Witness from his seat.
9:21:48 AM	PSC Atty. Burns cross examination of Witness Borden. Note: Harward, Sonya Gave the information about which map she would be asking questions about.
9:24:17 AM	PSC Atty. Burns Note: Harward, Sonya Referencing Complaint at paragraphs 9 and 14.

9:24:56 AM	POST HEARING REQUEST Note: Harward, Sonya	Did KY Power provide a map of its territory to the KY Dept. of Revenue for purposes of the utility gross receipts tax.....if not, submit one.
9:26:02 AM	Vice Chairman Gardner interjected. Note: Harward, Sonya	Clarified that lots 19 and 19B were being discussed where there is a potential for future houses.
9:26:50 AM	Witness Borden - KY Power Note: Harward, Sonya	Stated that she thinks KY Power should serve Lots 15, 16, and 17, and 18 would have to be surveyed. And also 19 should be surveyed.
9:29:04 AM	Vice Chairman Gardner interjected. Note: Harward, Sonya	Clarifies the path proposed to serve the subdivision.
9:33:20 AM	PSC Atty. Burns Note: Harward, Sonya	Questioning about some areas on the map and if they are right of ways or if they will be developed.
9:33:57 AM	PSC Atty. Burns Note: Harward, Sonya	Referenced pages 4 and 5 of Supplemental Testimony.
9:38:01 AM	PSC Atty. Burns Note: Harward, Sonya	Referencing pages 5-6 of direct testimony of Witness Borden.
9:38:50 AM	Witness Borden - KY Power Note: Harward, Sonya	Stated that KY Power would be willing to purchase Grayson's facilities in the area being discussed if a price could be agreed upon.
9:39:13 AM	PSC Atty. Burns Note: Harward, Sonya	Referencing response to Staff's First Request, Item 7.
9:42:05 AM	PSC Atty. Burns Note: Harward, Sonya	Referencing response to Staff's IC Request, Items 2 and 3.
9:43:51 AM	PSC Atty. Burns Note: Harward, Sonya	Asked for timeline to build facilities to serve the two residences...less than one month.
9:45:52 AM	PSC Atty. Burns Note: Harward, Sonya	Are residents aware of the dispute?
9:47:10 AM	Vice Chairman Gardner cross examination of Witness Borden. Note: Harward, Sonya	Asked about job description...and length of time doing this job.
9:50:53 AM	POST HEARING REQUEST Note: Harward, Sonya	Provide written policy concerning determining costs, reproduction cost rather than historical or replacement costs.
9:52:25 AM	KY Power Atty. Crittenden re-direct of Witness Borden. Note: Harward, Sonya	Clarified some questions asked by Grayson concerning dates.
9:53:49 AM	KY Power Atty. Crittenden Note: Harward, Sonya	Clarified that Witness has no knowlege of any agreement being entered into to provide service in the area being discussed.
9:54:15 AM	Grayson Atty. Scott re-cross of Witness Borden. Note: Harward, Sonya	Questioning about travel Witness takes to get to the area in dispute.
9:59:43 AM	Vice Chairman Gardner re-cross of Witness Borden. Note: Harward, Sonya	Were there any discussions with Grayson about this territory?
10:00:31 AM	Witness Borden excused.	
10:00:48 AM	Witness Richard Howerton takes the stand and is sworn in. Note: Harward, Sonya	Owner/Senior Engineer/Surveyor, Howerton Engineering & Surveying, PLLC
10:01:36 AM	KY Power Atty. Crittenden direct examination of Witness Howerton. Note: Harward, Sonya	Witness confirmed that previously filed testimony is still accurate.
10:02:05 AM	Grayson Atty. Scott cross examination of Witness Howerton. Note: Harward, Sonya	Asked if Witness actually did any on-site surveying or if he just duplicated previous maps.

10:02:32 AM	PSC Atty. Burns cross examination of Witness Howerton.	
10:02:41 AM	POST HEARING REQUEST Note: Harward, Sonya	Submit RLH-1, referenced in Witness's Testimony of Jan. 3, page 4....RLH-4 was submitted twice and no RLH-1 was submitted at all.
10:06:03 AM	PSC Atty. Burns Note: Harward, Sonya	Referencing certified boundary map. (Provided some copies for the parties.)
10:09:39 AM	PSC Atty. Burns Note: Harward, Sonya	Questioning about the black center line on the map that represents 80 feet...is there 40 feet potential error?
10:12:13 AM	Vice Chairman Gardner cross examination of Witness Howerton. Note: Harward, Sonya	Referencing July 10 Exhibit (map), regarding the 80 feet issue and the 100 feet buffer.
10:19:16 AM	Vice Chairman Gardner Note: Harward, Sonya	Continued clarification about where information was obtained for this map and certain details about it.
10:24:14 AM	KY Power Atty. Crittenden re-direct of Witness Howerton. Note: Harward, Sonya	Clarified with some detail about questions that were asked in cross examination.
10:25:38 AM	Grayson Atty. Scott re-cross of Witness Howerton.	
10:27:23 AM	Grayson Atty. Scott Note: Harward, Sonya	What is depth of Lot 14?
10:29:05 AM	Grayson Atty. Scott Note: Harward, Sonya	Questioning about chain of title of this property.
10:31:23 AM	Grayson Atty. Scott Note: Harward, Sonya Note: Harward, Sonya	Does Witness know Doug Moore? Continued questioning about Mr. Moore's relationship to others and if this case was discussed with Mr. Moore.
10:32:32 AM	PSC Atty. Burns Note: Harward, Sonya	Referencing July 15 map, what is the orange line?
10:33:50 AM	POST HEARING REQUEST Note: Harward, Sonya	Submit copies of the 1946 maps or provide location if already filed in this case.
10:34:48 AM	Witness Howerton excused.	
10:35:00 AM	Break	
10:35:09 AM	Session Paused	
10:46:33 AM	Session Resumed	
10:46:36 AM	Witness Carol Hall Fraley takes the stand and is sworn in. Note: Harward, Sonya	Grayson RECC, President and CEO.
10:47:27 AM	Grayson Atty. Scott direct examination of Witness Fraley. Note: Harward, Sonya	Relies on testimony previously filed.
10:48:13 AM	Grayson Atty. Scott Note: Harward, Sonya	Questioning about how it came about that resident thought Grayson was to serve area being discussed.
10:49:39 AM	KY Power Atty. Crittenden cross examination of Witness Fraley.	
10:50:46 AM	KY Power Atty. Crittenden Note: Harward, Sonya	Referencing KY Power map that was submitted in July.
10:52:50 AM	KY Power Atty. Crittenden Note: Harward, Sonya	Questioned about conversations with Doug Moore.
10:57:33 AM	KY Power Atty. Crittenden Note: Harward, Sonya	Did Grayson RECC ever survey boundary line? Grayson used PSC boundary information, and had no GPS at the time.
11:01:01 AM	KY Power Atty. Crittenden Note: Harward, Sonya	Questioned about Ronnie Evans duties in regards to agreement.

11:01:51 AM	Witness Fraley Note: Harward, Sonya	Referencing July 15 map to provide answer to KY Power Atty. Crittenden about agreement regarding division of territory.
11:03:55 AM	KY Power Atty. Crittenden Note: Harward, Sonya Note: Harward, Sonya	Confirmed that Agreement was not in writing and no approval sought by PSC. Asked if permission is usually given to engineers to agree to territory divisions.
11:05:18 AM	PSC Atty. Burns cross examination of Witness Fraley. Note: Harward, Sonya	Asked Witness to again point out on the July 15 map the terms of the agreement so that everyone could see what she was describing.
11:09:07 AM	PSC Atty. Burns Note: Harward, Sonya	Confirmed that Grayson has not sent a letter to residents about territory dispute.
11:10:31 AM	PSC Atty. Burns Note: Harward, Sonya	Did the first customer have to pay for the additional feet, 5,850, for the initial extension that was put in?
11:13:34 AM	PSC Atty. Burns Note: Harward, Sonya	Referencing response to Staff's First Request, Item 3.
11:14:20 AM	POST HEARING REQUEST Note: Harward, Sonya	What is the reproduction cost, new less depreciation, of Grayson's facilities that serve these two residences? Provide this or indicate where in the record it is.
11:15:16 AM	POST HEARING REQUEST Note: Harward, Sonya	What costs would Grayson incur as a result of the sale and removal of any of its assets? Provide or indicate where in the record it is.
11:15:49 AM	POST HEARING REQUEST Note: Harward, Sonya	Would there have to be approval from RUS to be able to sell any of Grayson's assets?
11:16:47 AM	PSC Atty. Burns Note: Harward, Sonya	Referencing response to Staff's First Request, Item 11.
11:20:04 AM	POST HEARING REQUEST Note: Harward, Sonya	Supply Master Plat of Sand Gap Estates.
11:22:38 AM	POST HEARING REQUEST Note: Harward, Sonya	Provide a list of what facilities Grayson have to sell or remove if the PSC ruled in favor of KY Power.
11:24:02 AM	POST HEARING REQUEST Note: Harward, Sonya	Did Grayson provide a map of its territory to the KY Dept. of Revenue for purposes of the utility gross receipts tax.....if not, submit one.
11:25:44 AM	POST HEARING REQUEST Note: Harward, Sonya	Provide the estimated reproduction cost less depreciation of Grayson's facilities that serve the two residences as identified in Item 3 of KY Power's response to the June 26 IC.
11:28:00 AM	Vice Chairman Gardner cross examination of Witness Fraley.	
11:28:50 AM	Vice Chairman Gardner Note: Harward, Sonya	Any written agreements regarding territories with other utilities? Vanceburg.
11:29:24 AM	POST HEARING REQUEST Note: Harward, Sonya	Provide Grayson's GPS of area now.
11:30:30 AM	Witness Fraley Note: Harward, Sonya	Confirmed that Ronnie Evans will not be present.
11:30:41 AM	KY Power Atty. Crittenden Note: Harward, Sonya	States that he'll have to ask that Ronnie Evans's testimony be stricken if they cannot cross examine him.

11:31:01 AM Grayson Atty. Scott re-direct of Witness Fraley.

11:32:52 AM Grayson Atty. Scott
 Note: Harward, Sonya Referencing July 15 map concerning the agreement.

11:35:16 AM Witness Fraley excused.

11:35:26 AM Witness Scott Speaks takes the stand and is sworn in.
 Note: Harward, Sonya Grayson, Assistant Engineer.

11:36:38 AM Grayson Atty. Scott direct examination of Witness Speaks.
 Note: Harward, Sonya Confirms previously filed testimony.
 Note: Harward, Sonya Questions about contact with resident involved in the dispute.

11:39:22 AM Grayson Atty. Scott
 Note: Harward, Sonya Questioned about Mr. Hammond's property and service, Lot 18.

11:40:28 AM KY Power Atty. Crittenden cross examination of Witness Speaks.
 Note: Harward, Sonya In what stage is construction on Lot 18?

11:41:21 AM Witness Speaks excused.

11:41:51 AM Vice Chairman Gardner
 Note: Harward, Sonya Went over Post Hearing Requests.

11:46:22 AM PSC Atty. Burns
 Note: Harward, Sonya Confirmed two post hearing requests.

11:47:20 AM Responses to Post Hearing Requests due 8/16/13.

11:47:56 AM Briefs, no more than 15 pages, due 9/5/13.

11:48:31 AM Vice Chairman sustained KY Power Atty. Crittenden's Motion to Strike.
 Note: Harward, Sonya Strike Ronnie Evans answers to data requests and tesitmony.

11:50:35 AM Adjourned

11:50:41 AM Session Paused

11:54:04 AM Session Ended