

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC INVESTIGATION INTO THE)	
MANAGEMENT AND OPERATION OF)	CASE NO.
GRAYSON RURAL ELECTRIC COOPERATIVE)	2019-00101
CORPORATION)	

ORDER

The matter arises upon the motion of the Attorney General of the Commonwealth of Kentucky, by and through the Office of Rate Intervention (Attorney General), filed on April 4, 2019, pursuant to KRS 367.150(8), for full intervention. Such intervention is authorized by statute. The Commission, being otherwise sufficiently advised, finds that the motion should be granted. The Commission further finds that it is necessary to establish a framework for the Attorney General's participation in this matter. The Commission notes at the outset that a management audit must not be an adversarial proceeding and that the procedural aspects of a management audit are set forth in 807 KAR 5:013. In particular, 807 KAR 5:013, Section 4, provides the utility subject to a management audit an opportunity to comment on the following: (1) the draft request for proposal; (2) each bidder's proposal, including the work plan; (3) the preliminary draft report; and (4) the final draft report. Otherwise, 807 KAR 5:013 is silent on the participation of any other entity. In the past, the Commission has declined to allow entities, other than the utility that is subject to a management audit, to participate in the management audit process, reasoning that such participation would create an unreasonable risk of the audit becoming adversarial in nature and could unduly

complicate and disrupt the audit and increase the length and cost of the audit.¹ In light of the decision that this audit be docketed as a formal case, the Commission wants to ensure that the management audit of Grayson Rural Electric Cooperative Corporation proceeds in a manner as to not be adversarial and disruptive, yet allowing the Attorney General meaningful participation in the process. Towards that end, the Commission will permit the Attorney General to have access to all material evidence and information that is filed into the record of this matter, including all workpapers and documents reviewed by the independent consultant, consistent with the requirements of KRS 367.160(2); the Attorney General will be allowed an opportunity to file written comments or documents at any time during the pendency of this proceeding; and a meeting will be scheduled to allow the Attorney General to be interviewed by the independent consultant.

IT IS THEREFORE ORDERED that:

1. The motion of the Attorney General to intervene is granted subject to the conditions expressed herein.
2. The Attorney General shall be entitled to the full rights of a party subject to the conditions expressed herein and shall be served with the Commission's Orders and with filed testimony, exhibits, pleadings, correspondence, and all other documents submitted by parties after the date of this Order.
3. The Attorney General shall comply with all provisions of the Commission's regulations, 807 KAR 5:001, Section 8, related to the service and electronic filing of documents.

¹ See Case No. 2013-00199, *Application of Big Rivers Electric Corporation for a General Adjustment in Rates Supported by Fully Forecasted Test Period*, Rehearing Order at 4 (Ky. PSC June 6, 2014).

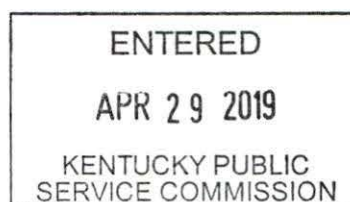
4. Pursuant to 807 KAR, 5:001, Section 8(9), within seven days of entry of this Order, the Attorney General shall file a written statement with the Commission that:

a. Certifies that it, or its agent, possesses the facilities to receive electronic transmissions; and

b. Sets forth the electronic mail address to which all electronic notices and messages related to this proceeding should be served.

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By the Commission



ATTEST:

A handwritten signature in blue ink, appearing to read "Steve R. Punsen". The signature is written in a cursive style and is positioned above a horizontal line.

Executive Director

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