

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF FILING OF GRAYSON RURAL)
ELECTRIC COOPERATIVE CORPORATION) CASE NO.
TO REVISE LINE EXTENSION POLICY) 97-341
AND ADD SERVICE CATEGORIES SECTION)

O R D E R

On July 7, 1997, Grayson Rural Electric Cooperative Corporation ("Grayson") filed a tariff revision to change its line extension policy and to introduce additional service categories. The Commission suspended the proposed tariff up to and including January 5, 1998 in order to determine the reasonableness of the filing.

Grayson has proposed revisions to Section 47 which would require refunds to the customer or customers who paid for the excessive footage, the cost of 1,000 feet of the extension in place for each additional customer having an "Inhabitable" service connected to the extension. This is contrary to 807 KAR 5:041, Section 11(2)(b), which states, "The utility shall refund to the customer(s) who paid for the excessive footage the cost of 1,000 feet of extension in place for each additional customer connected during the year whose service line is directly connected to the extension therefrom." This regulation does not require that refund be made only for additional customers having an "Inhabitable" service connected during the year.

Grayson has also proposed to add language which would allow the cooperative to elect to build the entire line extension at its expense to those services that have a

"community" benefit. This proposed language might result in Grayson providing service to its customers in a manner which is arbitrary.

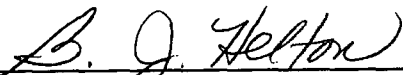
Grayson also proposed that customers will pay for the primary lines if the service is classified as "Special purpose," which includes, but is not limited to, water pumps, electric fences, yard lights, barns, garages, hobby houses, oil wells, and signs. This is contrary to 807 KAR 5:041, Section 11, which states, "An extension of 1,000 feet or less of single phase line shall be made by a utility to its existing distribution line without charge for a prospective customer who shall apply for and contract to use services for one (1) year or more and provides guarantee for such service."

After considering the evidence of record and being otherwise sufficiently advised, the Commission finds that Grayson's proposed tariff does not comply with the above-cited regulations.

IT IS THEREFORE ORDERED that Grayson's proposed tariff is denied.

Done at Frankfort, Kentucky, this 20th day of November, 1997.

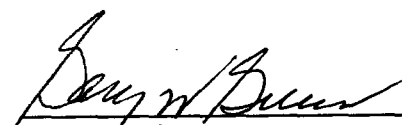
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:


Executive Director


Commissioner