

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE)
APPLICATION OF THE FUEL)
ADJUSTMENT CLAUSE OF GRAYSON)
RURAL ELECTRIC COOPERATIVE) CASE NO. 2002-00442
CORPORATION FROM NOVEMBER 1,)
2000 TO OCTOBER 31, 2002)

O R D E R

This case was established to review and evaluate the operation of the fuel adjustment clause (FAC) of Grayson Rural Electric Cooperative Corporation (Grayson) for the 2 years ended October 31, 2002. In our April 23, 2003 Order, the Commission authorized Grayson to transfer (roll-in) a 2.43 mills per KWH increase in fuel costs to its base rates to reflect, as adjusted for line loss, the transfer of a 2.31 mills per KWH increase in wholesale power purchased from East Kentucky Power Cooperative, Inc. (EKPC), Grayson s wholesale supplier.

Grayson inadvertently omitted Schedule 17 Water Pumping Service from its response to the Commission s Order opening this proceeding. Consequently, Schedule 17 was omitted from our April 23, 2003 Order. On May 5, 2003, Grayson notified the Commission of this omission and requested that the rates in Schedule 17 be adjusted to reflect the same increase in base fuel costs as was approved in the April 23, 2003 Order. Grayson also provided all required supporting information pertaining to Schedule 17. It requested that the revisions to Schedule 17 become effective May 23, 2003, 30 days from the issuance date of the April 23, 2003 Order.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. Grayson should be authorized to transfer (roll-in) the same 2.43 mills per KWH increase in fuel costs to the base rates in Schedule 17 Water Pumping Service as was previously approved for its other rate schedules. This transfer can best be accomplished by an energy adder to each KWH sold during on-peak hours. The rate charged for energy sold during off-peak hours is calculated as 60 percent of the on-peak rate.

2. The rates and charges proposed by Grayson that reflect the transfer of fuel costs from Grayson's FAC to its base rates, are fair, just, and reasonable, and are set out in Appendix A to this Order.

3. The rates and charges in Appendix A should be approved for service rendered on and after June 4, 2003. KRS 278.180 requires a 30-day notice of any change of rates.

IT IS THEREFORE ORDERED that:

1. Grayson is authorized to transfer to base rates those fuel costs (as adjusted for line-loss) rolled in by EKPC from its FAC to its on-peak base rate for Schedule 17 Water Pumping Service and 60 percent of its on-peak base rate for energy sold during off-peak hours .

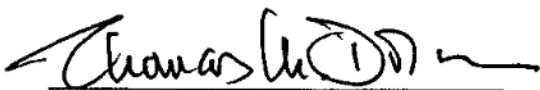
2. The rates in Appendix A are approved for service rendered by Grayson on and after June 4, 2003.

3. Within 20 days of the date of this Order, Grayson shall file with the Commission revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 12th day of May, 2003.

By the Commission

ATTEST:

A handwritten signature in black ink, appearing to read "Charles H. [unclear]", written over a horizontal line.

Executive Director

Case No. 2002-00442

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2002-00442 DATED May 12, 2003

The following rates and charges are prescribed for the customers in the area served by Grayson Rural Electric Cooperative Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

SCHEDULE 17
WATER PUMPING SERVICE

On-Peak Rate per kWh	\$.06569
Off-Peak Rate per kWh	\$.03942