

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. 2004-00474
CORPORATION FROM NOVEMBER 1,)	
2002 TO OCTOBER 31, 2004)	

O R D E R

Pursuant to Administrative Regulation 807 KAR 5:056, the Commission on December 13, 2004 established this case 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, 2004.

As part of this review, the Commission ordered Grayson to submit certain information and an affidavit attesting to its compliance with Administrative Regulation 807 KAR 5:056. Grayson has complied with this Order. A public hearing was held March 17, 2005. At the hearing, one customer, Donald Royse, provided public comment.

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

1. Grayson has complied in all material respects with the provisions of Administrative Regulation 807 KAR 5:056.

2. East Kentucky Power Cooperative, Inc. ("EKPC"), the wholesale supplier of Grayson, has been authorized to transfer (roll-in) a 4.65 mills per kWh increase in the base fuel cost to its base rates.¹

3. Grayson should be authorized to transfer (roll-in) a 4.88 mills per kWh increase in its base fuel costs to its base rates to reflect, as adjusted for line loss, the transfer of a 4.65 mills per kWh increase in EKPC's base rates. This transfer can best be accomplished by an energy adder to each kWh sold.

4. The rates and charges in Appendix A are fair, just, and reasonable, and reflect the transfer of fuel costs from the FAC to the base rates.

IT IS THEREFORE ORDERED that:

1. The charges and credits applied by Grayson through the FAC for the period November 1, 2002 to October 31, 2004 are approved.

2. 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 base rates.

3. The rates in Appendix A are approved for service rendered by Grayson on and after June 1, 2005, the effective date of EKPC's change in rates.

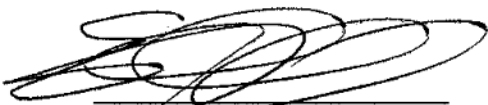
4. Within 30 days of the date of this Order, Grayson shall file with the Commission revised tariff sheets setting out the approved rates.

¹ Case No. 2004-00464, An Examination of the Application of the Fuel Adjustment Clause of East Kentucky Power Cooperative, Inc. from November 1, 2002 to October 31, 2004.

Done at Frankfort, Kentucky, this 24th day of May, 2005.

By the Commission

ATTEST:

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the end, positioned above a solid horizontal line.

Executive Director

Case No. 2004-00474

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2004-00474 DATED MAY 24, 2005

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 in this Order shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

SCHEDULE 1
FARM AND HOME

Energy Charge per kWh \$.07057

SCHEDULE 2
COMMERCIAL AND SMALL POWER (LESS THAN 50 KVA)

Energy Charge per kWh \$.07057

SCHEDULE 3
OFF-PEAK MARKETING RATE

On-Peak Rate per kWh \$.07057
Off-Peak Rate per kWh \$.04234

SCHEDULE 4
LARGE POWER SERVICE (50-999 KVA)

Energy Charge per kWh \$.04565

SCHEDULE 5
STREET LIGHTING SERVICE

Base Rate per Light per Month:
175 Watt Mercury Vapor Lamp \$ 7.26
Base Rate per Light per Year:
175 Watt Mercury Vapor Lamp \$ 87.12

SCHEDULE 6
OUTDOOR LIGHTING SERVICE – SECURITY LIGHTS

Base Rate per Light per Month:	
7,000 Lumens Mercury Vapor Lamp	\$ 7.17
10,000 Lumens Mercury Vapor Lamp	\$ 9.01

SCHEDULE 7
ALL ELECTRIC SCHOOLS

Energy Charge per kWh	\$.04628
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SCHEDULE 12 (a)
LARGE INDUSTRIAL SERVICE-LLF (1,000 TO 4,999 KVA)

Energy Charge per kWh	\$.03583
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SCHEDULE 12 (b)
LARGE INDUSTRIAL SERVICE-LLF (5,000 TO 9,999 KVA)

Energy Charge per kWh	\$.03083
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SCHEDULE 12 (c)
LARGE INDUSTRIAL SERVICE-LLF (10,000 KVA AND OVER)

Energy Charge per kW	\$.02983
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SCHEDULE 13 (a)
LARGE INDUSTRIAL SERVICE-HLF (1,000 TO 4,999 KVA)

Energy Charge per kWh	\$.03583
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SCHEDULE 13 (b)
LARGE INDUSTRIAL SERVICE-HLF (5,000 TO 9,999 KVA)

Energy Charge per kWh	\$.03083
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SCHEDULE 13 (c)
LARGE INDUSTRIAL SERVICE-HLF (10,000 KVA AND OVER)

Energy Charge per kWh	\$.02983
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SCHEDULE 14 (a)
LARGE INDUSTRIAL SERVICE-MLF (1,000 TO 4,999 KVA)

Energy Charge per kWh \$.03583

SCHEDULE 14 (b)
LARGE INDUSTRIAL SERVICE-MLF (5,000 TO 9,999 KVA)

Energy Charge per kWh \$.03083

SCHEDULE 14 (c)
LARGE INDUSTRIAL SERVICE-MLF (10,000 KVA AND OVER)

Energy Charge per kWh \$.02983

SCHEDULE 17
WATER PUMPING SERVICE

On-Peak Rate per kWh \$.07057
Off-Peak Rate per kWh \$.04234