

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF GRAYSON RURAL ELECTRIC	)	
COOPERATIVE CORPORATION FOR	)	
APPROVAL OF OPTIONAL RATES, TEMPORARY	)	CASE NO.
SERVICE RATE, GENERAL SERVICE TARIFF,	)	2010-00230
AND REMOTE DISCONNECT AND RECONNECT	)	
SERVICE CHARGE	)	

INITIAL INFORMATION REQUEST OF COMMISSION STAFF TO  
GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

Grayson Rural Electric Cooperative Corporation ("Grayson"), pursuant to 807 KAR 5:001, is to file with the Commission an original and six copies of the following information, with a copy to all parties of record. The information requested herein is due within 14 days of the date of this request. Responses shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Grayson shall make timely amendment to any response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Grayson fails

or refuses to furnish all or part of the requested information, Grayson shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in another proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Describe the type of meters currently in use on Grayson's system and their capabilities.

2. Describe any types of meters, not currently in use on Grayson's system, which would be necessary to implement any of the proposed rates in Grayson's application. Fully describe the capabilities of any such meters.

3. Refer to the proposed Residential Inclining Block Rate tariff filed in Exhibit A of the application, the updated tariff sheet provided in Grayson's filing of June 16, 2010 and to the 'Inclining Block Rate' section in Exhibit C4, page 1 of 1, provided with the application. Confirm that Grayson meant for the Residential Inclining Block Rate tariff page to reflect a rate for "All Over 500 kWh" of \$.13732 rather than \$.013732.

4. Refer to the proposed Residential Demand and Energy Rate tariff filed in Exhibit A of the application, and to the "Demand Rate Schedule" section in Exhibit C4, page 1 of 1, provided with the application.

a. Explain why the rates in this tariff do not agree with the rates in Exhibit C4, the Summary of Rates.

b. State whether customers taking service under the proposed Residential or Small Commercial Demand and Energy tariffs would require different meters than the ones through which their usage is currently measured.

5. Refer to the Testimony of James R. Adkins at pages 5 and 6, and Exhibits C2 and C3. Mr. Adkins states that the Residential and Small Commercial Time-of-Day rates were developed in the same manner as the rate for Blue Grass Energy Cooperative Corporation (“Blue Grass”) in Case No. 2009-00224,<sup>1</sup> and the proposed off-peak rate is shown to be .05500 in Exhibits C2 and C3 (prior to the fuel adjustment roll-in of .01077). Provide the calculation of the proposed off-peak rate and all supporting details and documents.

6. For the Residential Time of Day and Residential Demand and Energy Rate tariffs, Grayson is proposing a customer charge of \$15. Explain how the \$15 was determined. Provide all supporting calculations, details, and documentation.

7. Refer to Exhibit C1 of the application. Provide the page number(s) of the cost-of-service study filed in Case No. 2008-00254<sup>2</sup> on which the amounts shown in this exhibit can be found.

8. Refer to Exhibit C2 of the application. Under the “Development of Demand Rates” section, the kW demand is shown as 1,476,380. Explain why this does not agree with Exhibit D4, which shows the residential kW demand to be 1,502,475.

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<sup>1</sup> Case No. 2009-00224, Tariff Filing of Blue Grass Energy Cooperative Corporation for Changes to Its Schedule GS-3 Residential and Farm Time-of-Day Rate (Ky. PSC Oct. 13, 2009).

<sup>2</sup> Case No. 2008-00254, Application of Grayson Rural Electric Cooperative Corporation for an Adjustment in Rates and an Increase in Retail Electric Rates Equal to Increase in Wholesale Power Costs (Ky. PSC Jun. 3, 2009).

9. Refer to Exhibit D2 of the application, page 2 of 2. The Total Residential kWhs shown on this schedule is 186,225,188. Explain why this does not agree with the 183,445,786 kWhs shown for this rate class in Exhibit C1, page 1 of 2, and Exhibit C2.

10. Refer to the application's cover letter requesting a Temporary Service Rate and a change to the Camps and Barns tariff.

a. Grayson's current tariff includes Schedule 8, Seasonal Services, which states that it includes temporary service.

(1) State whether temporary service is currently being billed under Schedule 8. If no, explain.

(2) If yes, state the number of temporary-service customers currently being billed under this rate and the amount of time they have been charged the rate.

b. Grayson is proposing a \$50 customer charge and states that it is "approximately equal to two times the consumer revenue requirements for residential customers in Grayson's last rate case." Explain in detail the reasons, circumstances, factors, etc. which support setting the customer charge at twice the consumer revenue requirement.

c. Grayson states that it "has legal responsibility reasons to encourage final inspections by its members for conversion to permanent service." Explain what is meant by this statement.

d. Grayson states that it is proposing a change to the Camps and Barns tariff to include, among other services, domestic water pumping stations. Grayson's current tariff includes a Schedule 17, Water Pumping Service.

(1) State the number of customers currently being served under Schedule 17.

(2) State whether Grayson is proposing to delete Schedule 17 from its current tariff.

(3) Explain the difference in the water pumping service that would be billed under the proposed General Service Rate and that which is billed under Schedule 17. Provide the number of customers that would be switched from Schedule 17 to the new tariff and the effect it would have on customers' bills.

11. Refer to the proposed Temporary Service Rate tariff. It states that the minimum monthly charge shall be \$10 where 25 kVa or less of transformer capacity is required. Explain whether Grayson intended for this to be \$10 or if Grayson meant to increase it to \$50 to match the proposed customer charge.

12. Refer to the proposed tariff for the proposed Remote Disconnect and Reconnect Charge. In paragraph 42, Installation and Reconnection Charges, Grayson added the phrase "(remote disconnects or)." Explain whether Grayson intended, instead, to add "(remote reconnects or)." If no, explain why "disconnects" are addressed in this section.

13. Refer to Exhibit 2, Development of a Service for Remote Disconnects and Remote Reconnects, provided with the application for Remote Disconnect and Reconnect Service Charge.

a. State whether the \$270.44 includes the cost of the meter or if it is the incremental cost of equipment needed to remotely disconnect or reconnect service.

b. State whether the \$270.44 is included in Grayson's rate base upon which current rates are set. If no, state whether Grayson plans to include the cost in rate base in its next rate case.

c. Provide all details, documentation, and calculations which support the amount of \$270.44.

d. Provide the number of meters that were reconnected after being disconnected for nonpayment in 2009.

e. Provide the number of meters that were disconnected for non-payment and reconnected more than once in 2009.

f. State whether or not overtime charges would apply to a remote disconnection or reconnection.

g. The cost of Overhead under "Installed Hardware Costs" is calculated at 100 percent while Overhead under "Distribution System Control & Communications" is calculated at 78 percent.

(1) Explain the reason(s) for this difference.

(2) Provide all supporting details, calculations, and documentation.

14. The Commission previously approved a remote disconnection and reconnection charge for Blue Grass in Case No. 2007-00031<sup>3</sup> and Cumberland Valley

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<sup>3</sup> Case No. 2007-00031, Application of Blue Grass Energy Cooperative Corporation for an Adjustment of Rates (Ky. PSC Mar. 20, 2007).

Electric, Inc. (“Cumberland Valley”) in Case No. 2007-00205.<sup>4</sup> The same methodology was used in both cases to calculate the service charge. Although the equipment costs are comparable in the aforementioned cases and the present case, Grayson is proposing to use a different methodology which results in a charge that is 50 percent higher than was calculated in the Blue Grass and Cumberland Valley cases.

a. Explain why the methodology used by Grayson is superior to that used by Blue Grass and Cumberland Valley. Exhibit 3 from Case No. 2007-00205 is provided as an Appendix to this data request and shows the methodology used by Cumberland Valley.

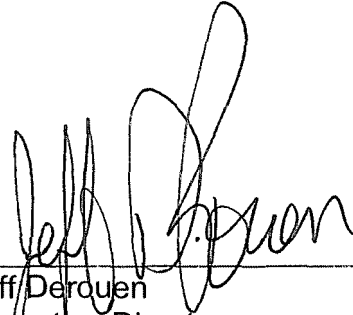
b. Recalculate the Remote Disconnect and Reconnect Charges by using the same methodology used by Blue Grass and Cumberland Valley and approved by the Commission in Case Nos. 2007-00031 and 2007-00205.

15. Has Grayson performed an analysis of the costs and benefits of purchasing and installing the equipment needed to remotely disconnect and reconnect meters? If yes, provide that analysis. If no, explain why no such analysis was performed.

16. Considering that the ability to remotely disconnect/reconnect requires capital costs beyond those required for manual disconnects/reconnects and that the proposed charge is the same as the current charge for manual disconnects/reconnects, provide a detailed explanation of all benefits of having the ability to remotely disconnect/reconnect.

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<sup>4</sup> Case No. 2007-00205, Application of Cumberland Valley Electric, Inc. to Establish a New Nonrecurring Charge, an Automated Meter Reading Remote Disconnect Switch Fee (Ky. PSC Jul. 16, 2007).



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Jeff Derouen  
Executive Director  
Public Service Commission  
P. O. Box 615  
Frankfort, Kentucky 40602

DATED: JUL 14 2010

cc: Parties of Record

Case. No. 2010-00230



APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2010-00230 DATED **JUL 14 2010**

## Remote Disconnect

1 Cost of Remote Disconnect	\$250.00		
Tax	\$15.18		
Handling	<u>\$3.00</u>		
Total cost of unit		\$268.18	
Installation:			
1 hr. labor	\$22.46		
Overhead	<u>\$22.46</u>		
Total		<u>\$44.92</u>	
Total Unit Cost & Installation			<u>\$313.10</u>
Amortized over 60 months			\$5.22
2 Dispatch Labor To Operate Switch & Communicate with Member			
1 hr. labor	\$16.56		
Overhead      65%	<u>\$10.76</u>		
Total		\$27.32	
1/4 hour			\$6.83
3 CSR to Process Service Order			
1 hr. labor	\$16.56		
Overhead      65%	<u>\$10.76</u>		
Total		\$27.32	
1/4 hour			\$6.83
Total Cost			\$18.88
4 Interest 6%			\$1.13
5 Margin for 2.0 TIER			\$1.13
6 Total Cost to Disconnect or Reconnect for Non-Pay Remotely			\$21.14
7 Requesting Service Fee			\$20.00

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