COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION	)	
AN ASSESSMENT OF KENTUCKY'S ELECTRIC GENERATION, TRANSMISSION AND DISTRIBUTION NEEDS	)	**CASE NO. 2005-00090**

****

MOTION

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Comes now Grayson Rural Electric Cooperative Corporation moves the Commission for an order granting the Movant until April 14, 2005, within which to appropriately respond to the order of March 10, 2005. Attached hereto are the documents previously requested that are now available.

In support of this motion, the Movant states that the additional time is necessary to gather the requested information and appropriately file the requested information due to the nature of the request.

RESPECTFULLY SUBMITTED,

W. JEFFREY SCOTT, P.S.C.

BY: _____

ATTORNEY FOR GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION
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(606) 474-5194

This is to certify that the original of the foregoing Motion and ten photocopies of same were this date served by express mail upon Elizabeth O'Donnell, Executive Director, Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky, 40601; furthermore, it was served by mailing a true and correct of same, first class postage prepaid, to:

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Hon. David Brown
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This 30th day of March, 2005.

W. Jeffrey Scott.

Grayson Rural Electric Cooperative Corporation's Responses to
PSC Case# 2005-00090

1. Our wholesale power supplier is East Kentucky Power Cooperative, Inc., P.O. Box 707 Winchester, Ky. 40391. EKPC provides all transmission requirements, and provides technical assistance with our power requirement study which is reviewed and updated every two years. Our power requirement study and demand side management programs are based on historical data and twenty- year projections for demand and energy consumption for all classes of consumers served by Grayson RECC. Additional considerations include new subdivisions, industrial and commercial growth and established and potential growth patterns. We also use demographic research from our Area Development Districts and other accredited sources. All projections and supporting data are reviewed by our RUS Field Representative.

   The Power Requirement Study provides the basis for the Individual Substation Forecast. This is part of our 4 year construction work plan, which is developed in consultation with R.W. Beck Consulting and submitted to RUS, and to EKPC to become a part of their projected work plan. All studies and projections are reviewed and approved by RUS. Our current Long Range System Study projects system loads and budget needs through 2016 and we are in the process of extending our study through 2026.

   Grayson RECC constantly monitors the system distribution requirements and makes adjustments as necessary to meet the needs of our members. Any necessary adjustments that will have a significant impact on EKPC transmission or substation requirements will be reported immediately. Adjustments will be reported to RUS as required by that agency.

2. Grayson Rural Electric constantly monitors technologies associated with reliability, efficiency and safety and makes considerations as to their place in our utility.

   a. We have implemented the use of automated meter reading equipment through Hunt Technologies over the past 4 years. We are in the process of evaluating remote disconnect controls through BLP for the safety of our employees.

   b. Not applicable.

5. The following table provides actual and weather-normalized annual coincident peak demands for Grayson Rural Electric for the years 2000 through 2004.

Annual Peak	Actual Peak Demand (MW)	Weather Response Function (MW / Degree)	Actual Peak Day Temperature (Degrees F)	Normal Peak Day Temperature (Degrees F)	Weather Normalized Peak Demand (MW)
December-00	57.8	-0.65	3	0	59.8
January-01	58.4	-0.65	10	0	64.9
February-02	56.6	-0.65	12	0	64.4
January-03	61.3	-0.55	8	0	65.8
January-04	66.5	-0.65	2	0	67.8
Based on Huntington WV Weather Station Data and Grayson RECC Hourly Load Data					

Grayson Rural Electric has only native, firm loads.

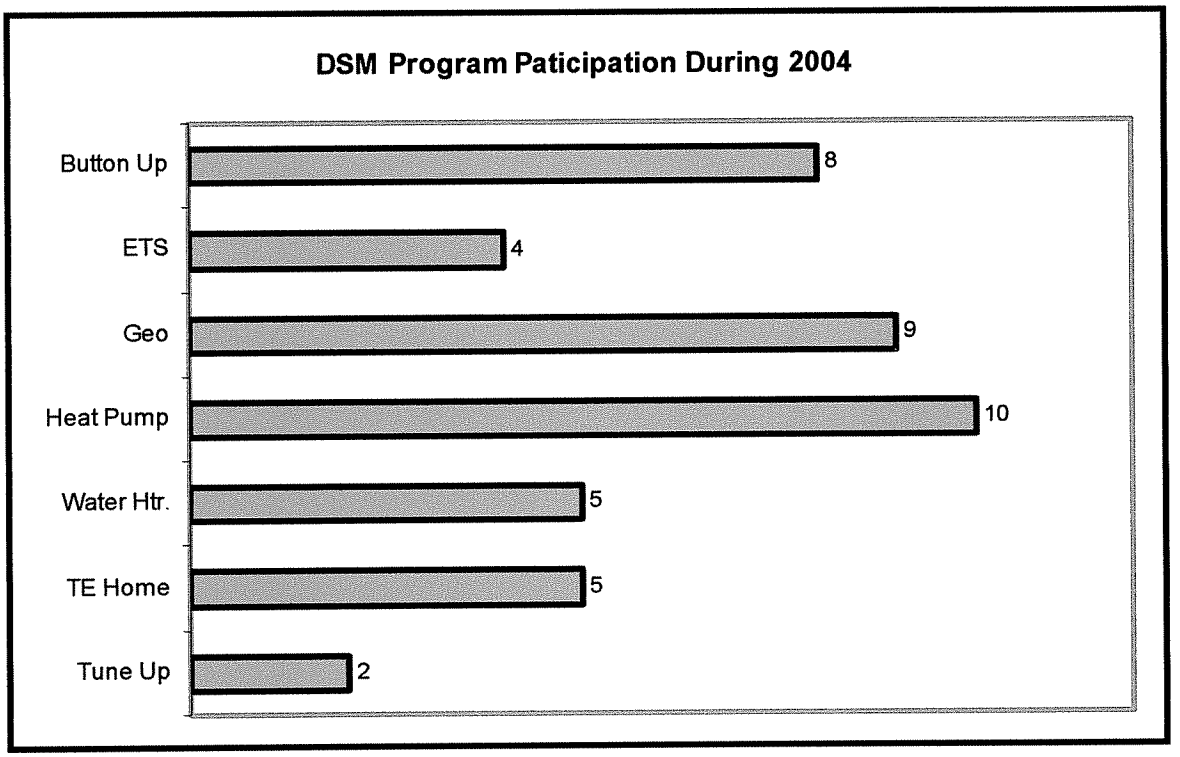
17. Grayson RECC and East Kentucky Power Cooperative work together to design DSM programs. Program implementation is done by Grayson, with assistance by EKPC. DSM programs are exclusively residential in nature, and almost always involve HVAC or water heating efficiency measures.

DSM programs currently in place are as follows:

1. Air-Source Heat Pump Incentive
2. Button Up Weatherization
3. Electric Thermal Storage (ETS)
4. Electric Water Heater Incentive
5. Geothermal Heating and Cooling

6. Touchstone Energy Home[1]
7. Tune Up – HVAC Maintenance

In 2004, the programs had the following number of participants.



The next two pages summarize the programs.

[1] Note that a home meeting the guidelines for this program would also qualify as an Energystar home.

Button Up Weatherization Program

The program requires the installation of insulation materials or the use of other weatherization techniques to reduce heat loss in the home. Any retail member living in a stick-built or manufactured home that is at least two years old and which uses electric as the primary source of heat is eligible.

Air-Source Heat Pump Incentive

This program promotes efficient air-source heat pumps. The primary targets for this program are retail members building new homes in areas where natural gas heat is an option. An important secondary target is the HVAC retrofit market, offering incentives to retail members to replace electric furnaces and gas or propane heat with high-efficiency electric heat pumps.

Electric Thermal Storage

This program involves heating bricks during off-peak hours, thus storing the heat. During on-peak times, the heat is dispersed into the home. A time-of-day rate for ETS energy encourages retail members to use heating energy off-peak rather than on-peak. While this program is not a conservation program, it nonetheless helps to clip winter peak demand.

Electric Water Heater Incentive

The electric water heater incentive is designed to encourage residential customers engaged in new construction to choose a high-efficiency electric water heater over other available options. It is also designed to encourage conversion from a fossil-fuel water heater to a high-efficiency electric water heater.

Geothermal Heating and Cooling

Traditional air-source heat pumps remove heat from the air. Geothermal heating is a heat pump that removes heat from the ground. It is a very efficient heating and cooling appliance. EKPC and its member systems pioneered the development and implementation of geothermal heating and cooling during the eighties and nineties.

Touchstone Energy Home

This program provides incentives and support relating to new home construction. A home built to Touchstone Energy specifications will be at least as efficient as an Energystar home.

Tune Up HVAC Maintenance

This program includes cleaning indoor and outdoor heat-exchanger coils, changing filters, measuring the temperature differential across the indoor coil to determine proper compressor operation, checking the thermostat to verify operation and proper staging, measuring air flows to ensure proper conditioned air distribution, and sealing ductwork either through traditional mastic sealers or the Aeroseal dust sealing system.

Demand / Energy Impacts and Annual Budget

The table below reports program impacts. Note that this data is per installation.

	Energy Impact (kWh)	Impact On Winter Peak (kW)	Impact On Summer Peak (kW)
Button Up	(2,700)	(2.7)	(1.0)
Tune Up	(2,200)	(2.2)	(1.0)
Geothermal	(6,000)	(3.5)	(1.5)
ETS	9300*	(2.1)	0.0
Efficient Heat Pump In New Construction	(925)	2.5**	(1.0)
Touchstone Energy Home	(5,100)	(2.4)	(1.4)
Efficient Water Heater	700**	0.2**	0.1**

* Off-peak

** Impacts are positive due to customers who normally would have chosen natural gas

Annual budgets are a function of administrative cost and incentive payments. The table below reports EKPC administrative costs, and typical administrative costs and incentive payments by EKPC member distribution cooperatives.

	EKPC Administrative Costs	Distribution Cooperative Administrative Costs*	Incentive Payment
Button Up	$32	$163	$20 per 1,000 Btu saved
Geothermal	$17	$254	$300
ETS	$57	$304	$50 per kW Installed
Efficient Heat Pump In New Construction	$13	$182	$300
Touchstone Energy Home	$13	$162	$1,000
Efficient Water Heater	$8	$61	$100

These numbers are average costs by all participating distribution cooperatives. These numbers can vary by distribution cooperative.

For a more in depth discussion of EKPC and member distribution cooperative DSM programs, please see Administrative Case No. 2003-00051, Appendix II.

18. Grayson Rural Electric defines transmission as voltages at or above 69,000 volts and/or lines owned and operated East Kentucky Power. Distribution is considered voltages 25,000 volts and under. Grayson Rural Electric currently operates all distribution facilities at 12,470 volts.

19. Grayson Rural Electric does not interconnect with any other distribution utility. East Kentucky Power provides transmission and substation facilities for Grayson

Rural Electric and has interconnections with other utilities. (See EKPC's response)

20. Not applicable

21. Not applicable

22. Grayson Rural Electric in conjunction with East Kentucky Power currently does not have any transmission facility additions scheduled.

23. Not Applicable

24. Not Applicable

25. Not Applicable

26. The following are the SAIDI and SAIFI for our system excluding major storms.

	Excluding Major Storms	
	SAIDI	SAIFI
2000	2.54	1.29
2001	1.87	0.93
2002	3.07	1.02
2003	2.32	1.00
2004	2.90	1.11

27. The following is the SAIDI and SAIFI for our system including major storms.

	All Outages	
	SAIDI	SAIFI
2000	1.38	1.38
2001	2.73	1.06
2002	3.40	1.11
2003	2.60	1.06
2004	2.91	1.11

Major Outages are defined as outages in excess of 4 hours and 500 consumers.

28. This report is the first time Grayson Rural Electric has categorized outages using the SAIDI and SAIFI indices and therefore we have not defined acceptable values.

29. CAIDI and CAIFI for past 5 years with and w/o major outages.

	All Outages		Excluding Major Outages	
	CAIDI	CAIFI	CAIDI	CAIFI
2000	2.99	0.09	2.46	0.09
2001	2.73	0.08	1.87	0.07
2002	2.77	0.07	1.90	0.07
2003	2.82	0.07	1.93	0.06
2004	4.19	0.06	4.18	0.06

This is the first time Grayson Rural Electric has categorized outage data using the CAIFI indices and therefore we have not established an acceptable value. Acceptable

values for the system average CAIDI is any value under 3 hours (180 minutes) per year.

30. Grayson Rural Electric and its consumers were affected by an ice storm February 13th, 2003. The storm caused wide spread damage and outages across the entire cooperative's system. The last consumer to get their power restored was 17 days later

This outage was the only reportable outage Grayson Rural Electric has experienced during the request time period.

31. Grayson Rural Electric does have a distribution reliability improvement program.

a. We measure reliability through outage reports, CAIDI, member complaints and excessive breaker operations.

b. The information is monitored daily through outage reports and member information.

c. Through the information gathered, Grayson Rural Electric makes alterations to its electrical system to rectify the problems. Problems that are not deemed to require immediate solutions are addressed in the construction work plan.

d. Relatively simple improvements for reliability are approved by the Manager of Construction and Engineering. Improvements that are more involved are added to the construction work plan which requires approval of the board of directors.

32. a. Grayson Rural Electric manages it's right-of-way through handheld sprayers, tractors equipped with bush hogs, bull dozers and hand cutting and trimming. We are on a 5 year rotation and our annual budgets were as follows:

Year	Actual Budget
2000	$533,177
2001	$1,062,557
2002	$750,780
2003	$684,559
2004	$771,015

b. Grayson Rural Electric does not separate control of right-of-way and control of vegetation.

c. Grayson Rural Electric inspects it's distribution system on an annual basis through the utilization of in-house line maintenance personnel. This is an integral part of the job and the actual time inspecting isn't monitored. It is estimated we spent approximately $8,500 each of the past 5 years on line inspections.

33. Grayson Rural Electric replaces poles and/or conductors based on the age of the plant, physical conditions, load growth, equipment failure and outage times. Each of these criteria are considered at length when evaluating our potential projects

that are being considered. The following table identifies our costs/budgets for the years 2000-2007.

PROJECTED UTILITY PLANT ADDITIONS

EXHIBIT 1-2

GRAYSON RECC
System Planning Guide
(Inflated Dollars)

	CAPITAL REQUIREMENTS	Ratio	Inflation	LL1 1996	LL2 1997	LL3 1998	LL4 1999	LL5 2000	LL6 2001	LL7 2002	LL8 2003	LL9 2004	LL10 2005
1	*ANNUAL MWh SALES*			181,487	188,364	194,682	199,983	205,719	211,216	218,129	224,462	231,003	248,769
2													
3	*ADDITIONAL CUSTOMERS*												
4	Number of Customers (1)		1.78%	12,963	13,240	13,517	13,794	14,071	14,348	14,625	14,902	15,179	15,447
5													
6	Number of New Customers			277	277	277	277	277	277	277	277	277	268
7	Gross Number of New Customers (2)	150%		416	416	416	416	416	416	416	416	416	402
8	Cost of Primary & Service (3)		3.50%	$ 1,644	$ 1,702	$ 1,761	$ 1,823	$ 1,887	$ 1,953	$ 2,021	$ 2,092	$ 2,165	$ 2,241
9	Cost of Transformer & Meter (3)		3.50%	$ 524	$ 542	$ 561	$ 581	$ 601	$ 622	$ 644	$ 667	$ 690	$ 714
10	Cost per New Customer			$ 2,168	$ 2,244	$ 2,322	$ 2,404	$ 2,488	$ 2,575	$ 2,665	$ 2,758	$ 2,855	$ 2,955
11													
12	Total Cost for New Customers			$ 901,888	$ 933,454	$ 966,125	$ 999,939	$ 1,034,937	$ 1,071,160	$ 1,108,651	$ 1,147,453	$ 1,187,614	$ 1,187,814
13													
14	*LIGHTS*												
15	Number of Lights (4)	0.54%		70	71	73	74	76	77	79	80	82	83
16	Cost of Lights (3)		3.50%	$ 178	$ 184	$ 190	$ 197	$ 204	$ 211	$ 218	$ 226	$ 234	$ 242
17	Total Cost for Lights			$ 12,460	$ 13,064	$ 13,870	$ 14,578	$ 15,504	$ 16,247	$ 17,222	$ 18,080	$ 19,188	$ 20,086
18													
19	*INCREASED CAPACITY*												
20	Gross Number of I. C. Customers (4)	0.44%		57	58	59	61	62	63	64	66	67	68
21	Cost of Service Upgrades (3)		3.50%	$ 1,312	$ 1,358	$ 1,406	$ 1,455	$ 1,506	$ 1,559	$ 1,614	$ 1,670	$ 1,728	$ 1,788
22	Total Cost for Increased Capacity			$ 74,784	$ 78,764	$ 82,954	$ 88,755	$ 93,372	$ 98,217	$ 103,296	$ 110,220	$ 115,776	$ 121,584
23													
24	*GENERAL PLANT ADDITIONS*												
25	Normal Plant Additions		3.50%	$ 125,000	$ 129,375	$ 133,903	$ 138,590	$ 143,441	$ 148,461	$ 153,657	$ 159,035	$ 164,601	$ 170,362
26	Buildings			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
27	Total General Plant additions			$ 125,000	$ 129,375	$ 133,903	$ 138,590	$ 143,441	$ 148,461	$ 153,657	$ 159,035	$ 164,601	$ 170,362
28													
29	*SYSTEM IMPROVEMENTS (5)*												
30	Transmission		3.50%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
31	Substation		3.50%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
32	Distribution		3.50%	$ 790,722	$ 818,397	$ 847,041	$ 876,688	$ 515,488	$ 533,530	$ 552,204	$ 571,531	$ 591,534	$ 612,238
33	Total System Improvements			$ 790,722	$ 818,397	$ 847,041	$ 876,688	$ 515,488	$ 533,530	$ 552,204	$ 571,531	$ 591,534	$ 612,238
34													
35	*ORDINARY REPLACEMENTS*												
36	Transmission		3.50%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
37	Substation		3.50%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
38	Copper Conductor (6)		3.50%	$ 336,000	$ 347,760	$ 359,932	$ 372,529	$ 385,568	$ 399,063	$ 413,030	$ 427,486	$ 442,448	$ 457,934
39	Misc. Distribution (7)		3.50%	$ 470,925	$ 487,407	$ 504,467	$ 522,123	$ 540,397	$ 559,311	$ 578,887	$ 599,148	$ 620,118	$ 641,822
40	Total Ordinary Replacements			$ 806,925	$ 835,167	$ 864,399	$ 894,652	$ 925,965	$ 958,374	$ 991,917	$ 1,026,634	$ 1,062,566	$ 1,099,756
41													
42	*RETIREMENTS*												
43	Retirement w/o Replacement			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
44													
45	TOTAL CAPITAL REQUIREMENTS			$ 2,711,779	$ 2,808,221	$ 2,908,292	$ 3,013,202	$ 2,728,707	$ 2,825,989	$ 2,926,947	$ 3,032,953	$ 3,141,279	$ 3,211,840
46													
47	Current Plant (8)			$ 28,116,328									
48	CUMULATIVE PLANT			$ 30,828,107	$ 33,636,328	$ 36,544,620	$ 39,557,822	$ 42,286,529	$ 45,112,518	$ 48,039,465	$ 51,072,418	$ 54,213,697	$ 57,425,537
49													
50													
51				NOTES:									
52				(1) Number of customers based on 1995 PRS forecast.									
53				(2) Based on the ratio of the 1995-99 CWP "New Member Extensions" to the projected PRS customer growth.									
54				(3) Based on the 1995-99 CWP cost inflated 3.5% to 1996 Dollars.									
55				(4) Average based on 1995-99 CWP values expressed as a percent of the projected number of customers.									
56				(5) Based on the Preferred Expansion Plan from the 1996 System Plan.									
57				(6) Based on an estimated 250 line miles of 6 & 8 ACWC conductor minus the Preferred Expansion Plan improvements.									
58				(7) Based on the 1995-99 CWP averages for Poles, Sectionalizing Equipment, Arrestors and Cut-outs inflated 3.5% to 1996 dollars.									
59				(8) Based on 1995 Form 7.									

PROJECTED UTILITY PLANT ADD **EXHIBIT 1-2**

GRAYSON RECC

System Planning Guide

(Inflated Dollars)

	CAPITAL REQUIREMENTS	LL11 2006	LL12 2007	LL13 2008	LL14 2009	LL15 2010	LL16 2011	LL17 2012	LL18 2013	LL19 2014	LL20 2015	Totals 1996-2015
1	*ANNUAL MWh SALES*	254,014	260,652	266,848	273,089	277,818	285,749	293,081	298,893	306,075	313,136	
2												
3	*ADDITIONAL CUSTOMERS*											
4	Number of Customers (1)	15,714	15,981	16,248	16,515	16,782	17,049	17,316	17,583	17,850	18,117	
5												
6	Number of New Customers	267	267	267	267	267	267	267	267	267	267	
7	Gross Number of New Customers (2)	401	401	401	401	401	401	401	401	401	401	
8	Cost of Primary & Service (3)	$ 2,319	$ 2,400	$ 2,484	$ 2,571	$ 2,661	$ 2,754	$ 2,851	$ 2,950	$ 3,054	$ 3,161	
9	Cost of Transformer & Meter (3)	$ 739	$ 765	$ 792	$ 820	$ 848	$ 878	$ 909	$ 940	$ 973	$ 1,007	
10	Cost per New Customer	$ 3,058	$ 3,165	$ 3,276	$ 3,391	$ 3,509	$ 3,632	$ 3,759	$ 3,891	$ 4,027	$ 4,168	
11												
12	Total Cost for New Customers	$ 1,226,329	$ 1,269,251	$ 1,313,675	$ 1,359,653	$ 1,407,241	$ 1,456,495	$ 1,507,472	$ 1,560,233	$ 1,614,842	$ 1,671,361	$ 24,925,587
13												
14	*LIGHTS*											
15	Number of Lights (4)	85	86	88	89	91	92	94	95	96	98	
16	Cost of Lights (3)	$ 250	$ 259	$ 268	$ 277	$ 287	$ 297	$ 307	$ 318	$ 329	$ 341	
17	Total Cost for Lights	$ 21,250	$ 22,274	$ 23,584	$ 24,653	$ 26,117	$ 27,324	$ 28,858	$ 30,210	$ 31,584	$ 33,418	$ 429,571
18												
19	*INCREASED CAPACITY*											
20	Gross Number of I. C. Customers (4)	69	70	71	73	74	75	76	77	79	80	
21	Cost of Service Upgrades (3)	$ 1,851	$ 1,916	$ 1,983	$ 2,052	$ 2,124	$ 2,198	$ 2,275	$ 2,355	$ 2,437	$ 2,522	
22	Total Cost for Increased Capacity	$ 127,719	$ 134,120	$ 140,793	$ 149,796	$ 157,176	$ 164,850	$ 172,900	$ 181,335	$ 192,523	$ 201,760	$ 2,590,694
23												
24	*GENERAL PLANT ADDITIONS*											
25	Normal Plant Additions	$ 176,325	$ 182,496	$ 188,883	$ 195,494	$ 202,336	$ 209,418	$ 216,748	$ 224,334	$ 232,186	$ 240,313	
26	Buildings	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
27	Total General Plant additions	$ 176,325	$ 182,496	$ 188,883	$ 195,494	$ 202,336	$ 209,418	$ 216,748	$ 224,334	$ 232,186	$ 240,313	$ 3,534,958
28												
29	*SYSTEM IMPROVEMENTS (5)*											
30	Transmission	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
31	Substation	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
32	Distribution	$ 495,250	$ 512,584	$ 530,524	$ 549,092	$ 568,311	$ 588,202	$ 608,789	$ 630,096	$ 652,150	$ 674,975	
33	Total System Improvements	$ 495,250	$ 512,584	$ 530,524	$ 549,092	$ 568,311	$ 588,202	$ 608,789	$ 630,096	$ 652,150	$ 674,975	$ 12,519,346
34												
35	*ORDINARY REPLACEMENTS*											
36	Transmission	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
37	Substation	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
38	Copper Conductor (6)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
39	Misc. Distribution (7)	$ 664,286	$ 687,536	$ 711,600	$ 736,506	$ 762,284	$ 788,964	$ 816,577	$ 845,158	$ 874,738	$ 905,354	
40	Total Ordinary Replacements	$ 664,286	$ 687,536	$ 711,600	$ 736,506	$ 762,284	$ 788,964	$ 816,577	$ 845,158	$ 874,738	$ 905,354	$ 17,259,358
41												
42	*RETIREMENTS*											
43	Retirement w/o Replacement	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
44												
45	TOTAL CAPITAL REQUIREMENTS	$ 2,711,159	$ 2,808,261	$ 2,909,059	$ 3,015,194	$ 3,123,465	$ 3,235,253	$ 3,351,344	$ 3,471,366	$ 3,598,023	$ 3,727,181	$ 61,259,514
46												
47	Current Plant (8)											
48	CUMULATIVE PLANT	$ 60,136,696	$ 62,944,957	$ 65,854,016	$ 68,869,210	$ 71,992,675	$ 75,227,928	$ 78,579,272	$ 82,050,638	$ 85,648,661	$ 89,375,842	
49												
50												

51 NOTES:

52 (1) Number of customers based on 1995 PRS forecast.

53 (2) Based on the ratio of the 1995-99 CWP "New Member Extensions" to the projected PRS customer growth.

54 (3) Based on the 1995-99 CWP cost inflated 3.5% to 1996 Dollars.

55 (4) Average based on 1995-99 CWP values expressed as a percent of the projected number of customers.

56 (5) Based on the Preferred Expansion Plan from the 1996 System Plan.

57 (6) Based on an estimated 250 line miles of 6 & 8 ACWC conductor minus the Preferred Expansion Plan improvements.

58 (7) Based on the 1995-99 CWP averages for Poles, Sectionalizing Equipment, Arrestors and Cut-outs inflated 3.5% to 1996 dollars.

59 (8) Based on 1995 Form 7.

[redacted] R. W [redacted] CAP RE [redacted] th Inflati [redacted]