

Grayson Rural Electric Cooperative Corporation

109 Bagby Park • Grayson, KY 41143-1292
Telephone 606-474-5136 • 1-800-562-3532 • Fax 606-474-5862

RECEIVED

NOV 10 2008

PUBLIC SERVICE
COMMISSION

November 11, 2008

Stephanie Stumbo
Executive Director
Kentucky Public Service Commission
211 Sower Blvd.
P O Box 615
Frankfort, KY 40602-0615

RE: Case No. 2008-00254

Dear Madam:

Please find attached the Application and supporting documentation relating to the above referenced case.

Sincerely,



Don M. Combs
Mgr. Finance and Accounting

C: Office of Rate Intervention - Attorney General's Office

Grayson Rural Electric

A Touchstone Energy[®]
Cooperative



APPLICATION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF ADJUSTMENT
OF RATES OF GRAYSON RURAL ELETRIC
COOPERATIVE CORPORATION

AND

INCREASE ITS RETAIL ELECTRIC RATES
EQUAL TO ITS INCREASE IN WHOLESALE
POWER COSTS

CASE NO. 2008-00254

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PUBLIC SERVICE
COMMISSION

**IN THE MATTER OF ADJUSTMENT
OF RATES OF GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION**

CASE NO. 2008-00254

**AND
INCREASE ITS RETAIL ELECTRIC RATES
EQUAL TO ITS INCREASE IN WHOLESALE
POWER COSTS**

APPLICATION

Grayson Rural Electric Cooperative (herein designated as "Grayson Rural Electric") hereby makes application for an adjustment of rates, as follows:

1. Grayson Rural Electric informs the commission that it is engaged in the business of operation of a retail electric distributions system in six (6) counties in northeastern Kentucky and does hereby propose to adjust rates, effective December 1, 2008, in conformity with the attached schedule.

2. The name and address of the applicant is Grayson Rural Electric Cooperative Corporation, 109 Bagby Park, Grayson, Kentucky, 41143 [807 KAR 5:001, Section 8(1)].

3. The Articles of Incorporation and all amendments thereto for Grayson Rural Electric were filed with the commission in PSC Case No. 92-496, a flow through rate reduction. [807 KAR 5:001, Section 8(3)].

4. The application is supported by a twelve month historical test period ending May 31, 2008 and includes adjustments for known and measurable changes [807 KAR 5.001, Section 10(1)(a)].

5. Grayson Rural Electric states that the reasons the rate adjustment are required pursuant to 807 KAR Section 10(1)(a)(1) are as follows:

a. Grayson Rural Electric has incurred increases in the cost of power, materials, equipments, labor, taxes, interest, debt service and other fixed and variable costs. Grayson Rural Electric has been required to borrow funds to finance its construction projects.

b. The financial condition of Grayson Rural Electric, due to the above-referred to increased costs, has deteriorated substantially over the past few years.

c. Grayson Rural Electric had a Times Interest Earned Ratio (TIER) of 0.37 for the test year ending May 31, 2008. The TIER was 0.77 for calendar year of 2007. Grayson Rural Electric is required under its mortgage agreement with R.U.S. of maintaining an operating TIER of 1.25, based on an average of two of the three most current years.

d. Grayson Rural Electric requires this rate adjustment to meet the terms of the mortgage agreement and to maintain its financial stability and integrity.

e. The Board of Directors of Grayson Rural Electric at its meeting on July 31, 2008 received the current financial condition of Grayson Rural Electric and the need for a rate adjustment to maintain the financial stability and integrity of the Cooperative. The Board of Directors adopted a resolution directing the administrative staff and consultants to proceed with the necessary application and filings with the Public Service Commission to adjust the rates of the Cooperative. A copy of the resolution is attached as Exhibit F.

f. Grayson Rural Electric has filed to include East Kentucky Power Cooperative, Inc.'s wholesale power increase in Case No. 2008-00409. The increase attributable to Grayson Rural Electric is an increase in wholesale power in the amount of \$1,499,001. This flow through to consumers is reflected in Exhibits G and J. A copy of East Kentucky's "Notice of Proposed Adjustment to Wholesale Power Tariffs" is attached with Exhibit 13.

6. Annual reports, including the most recent calendar year, are on file with the Commission in accordance with 807 KAR 5:006, Section 3(1) [807 KAR 5:001, Section 10(1)(a)2].

7. Grayson Rural Electric is not a limited partnership [807 KAR 5:001, Section 10(1)(a) 4].

8. Grayson Rural Electric files with this application a Certificate of Good Standing dated within 60 days of the date of this application and attached as Exhibit A. [807 KAR 5:001, Section 10(1)5].

9. Grayson Rural Electric does not conduct business under an assumed name [807 KAR 5:001, Section 10(1)(a)6].

10. The proposed tariff is attached as Exhibit B in a form that complies with 807 KAR 5:001 with an effective date not less than 30 days from the date of this application [807 KAR 5:001, Section 10(1)(a)7].

11. The proposed tariff changes, identified in compliance with 807 KAR 5:001, are shown by providing the present and proposed tariffs in comparative form on the same sheet, side by side, or on facing sheets, side by side, as Exhibit C [807 KAR 5:001, Section 10(1)(a)8].

12. Grayson Rural Electric has given notice to its members of the filing of this application in accordance with 807 KAR 5:001, Section 3-10 (3) and (4). A copy of the notice is attached as Exhibit D [807 KAR 5:001, Section 10(1)(a)9].

13. Grayson Rural Electric filed with the Commission a written notice of intent to file a rate application at least four (4) weeks prior to filing this application. The notice of intent stated the rate application would be supported by a historical test period and was served upon the Attorney General, Utility Intervention and Rate Division as Exhibit E. [807 KAR 5:001, Section 10(2)].

14. A complete description and qualified explanation for all proposed adjustments with proper support for any proposed changes in price or activity levels, and any other factors which may affect the adjustment, including a Revenue Analysis shown as Exhibit G [807 KAR 5:001, Section (10)(6)(a)].

15. The prepared testimony of each witness supporting the application are attached as Exhibits H [807 KAR 5:001, Section 10(6)(b)].

16. A statement estimating the effect the new rates will have upon the revenues of Grayson Rural Electric, including, at a minimum, the total amount of revenues resulting from the increase or decrease and the percentage of the increases or decreases and the percentage of the increase or decrease is shown by Exhibit G [807 KAR 5:001, Section 10(6)(d)].

17. The effect upon the average bill for each customer classification to which the proposed rate change will apply is shown by Exhibit I [807 KAR 5:001, Section 10(6)(e)].

18. An analysis of customers' bills in such detail that revenues from present and proposed rates can be readily determined for each customer class is shown by Exhibit J [807 KAR 5:001, Section 10(6)(g)].

19. A summary of the Cooperative's determination of its revenue requirements based on return on net investment rate base, return on capitalization, interest coverage, debt service coverage or operating ratio, with supporting schedules is shown by Exhibit K [807 KAR 5:001, Section 10(6)(h)].

20. A reconciliation of the rate base and capital used to determine its revenue requirements is shown by Exhibit L [807 KAR 5:001, Section 10(6)(i)].

21. A current chart of accounts is shown by Exhibit M [807 KAR 5:001, Section 10(6)(j)].

22. The independent auditor's report is attached as Exhibit N [807 KAR 5:001, Section 10(6)(k)].

23. The Federal Energy Regulatory Commission or Federal Communications Commission have not audited Grayson Rural Electric and no audit reports exist [807 KAR 5:001, Section 10(6)(l)].

24. No Federal Energy Regulatory Commission Form 1 exists as to Grayson Rural Electric [807 KAR 5:001, Section 10(6)(m)].

25. The last depreciation study of Grayson Rural Electric is attached as Exhibit 3 [807 KAR 5:001, Section 10(6)(n)].

26. A list of commercially available or in-house developed computer software, programs, and models used in the development of the schedules and work papers associated with the filing of this application are attached as Exhibit O [807 KAR 5:001, Section 10(6)(o)].

27. No stock or bond offerings have been made by Grayson Rural Electric [807 KAR 5:001, Section 10(6)(p)].

28. Annual Reports to members for 2008 and 2007 are attached as Exhibit P [807 KAR 5:001, Section 10(6)(q)].

29. The monthly managerial reports providing financial results of operations for the twelve (12) months in the test period are attached as Exhibit Q [807 KAR 5:001, Section 10(6)(r)].

30. No Securities and Exchange Commission Annual Reports exist as to Grayson Rural Electric because it is not regulated by that regulated body [807 KAR 5:001, Section 10(6)(s)].

31. Grayson Rural Electric had no amounts charged or allocated to it by an affiliate or general or home office and did not pay monies to an affiliate or general or home office during the test period or during the previous three (3) calendar years [807 KAR 5:001, Section 10(6)(t)].

32. A cost of service study based on a methodology generally accepted within the electric industry and based on current and reliable data for the test period is attached as Exhibit R [807 KAR 5:001, Section 10(6)(u)].

33. Grayson Rural Electric is not a Local Exchange Carrier or Company as set forth in 807 KAR 5:001, Section 10(6)(v)].

34. A detailed income statement and balance sheet reflecting the impact of all proposed adjustments is attached as Exhibit S [807 KAR 5:001, Section 10(7)(a)].

35. No “proposed pro forma adjustments reflecting plant additions” exist or apply to Grayson Rural Electric [807 KAR 5:001, Section 10(7)(b) and (c)].

36. The operating budget for each month of the period encompassing the pro forma adjustments is attached as Exhibit T [807 KAR 5:001, Section (7)(d)].

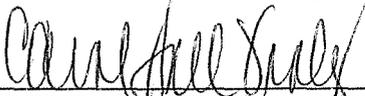
37. Additional financial exhibits required by 807 KAR 5:001, Section 10, financial information covering twelve (12) month historical test period ending May 31, 2008, and other information required to be filed is attached by exhibits, as follows:

- Exhibit U By-Law changes
- Exhibit V Detailed comparative income statement, statement of cash flows and balance sheet
- Exhibit W Schedule showing monthly comparison of balance sheet accounts from Test year to Preceding year
- Exhibit X Schedule showing monthly comparison of income statement accounts from Test year to Preceding Year
- Exhibit Y Trial balance at end of test year
- Exhibit Z Capital structure
- Exhibit 1 Adjustment for salaries and wages
- Exhibit 2 Adjustment for payroll taxes
- Exhibit 3 Adjustment for depreciation
- Exhibit 4 Adjustment for property taxes
- Exhibit 5 Adjustment for long term and short term interest
- Exhibit 6 Adjustment for post-retirement benefits
- Exhibit 7 Adjustment for retirement costs
- Exhibit 8 Adjustment for donations
- Exhibit 9 Adjustment for professional fees
- Exhibit 10 Adjustment for director expenses
- Exhibit 11 Adjustment for miscellaneous expenses
- Exhibit 12 Adjustment for rate case expenses
- Exhibit 13 Adjustment for purchase power
- Exhibit 14 Adjustment for non-recurring charges
- Exhibit 15 Adjustment for end of year customer adjustment
- Exhibit 16 Adjustment for normalized revenue
- Exhibit 17 RUS Borrower's Statistical Profile
- Exhibit 18 KAEC Statistical Comparison
- Exhibit 19 Capitalization policies and employee benefits
- Exhibit 20 Equity Management Plan
- Exhibit 21 Union Contract

WHEREFORE, GRAYSON RURAL ELECTRIC COOPERATIVE applies and requests approval of the adjustment of rates as set forth in this application and issuance of an order approving and authorizing the new rates at the earliest possible date.

Dated: November 5th, 2008.

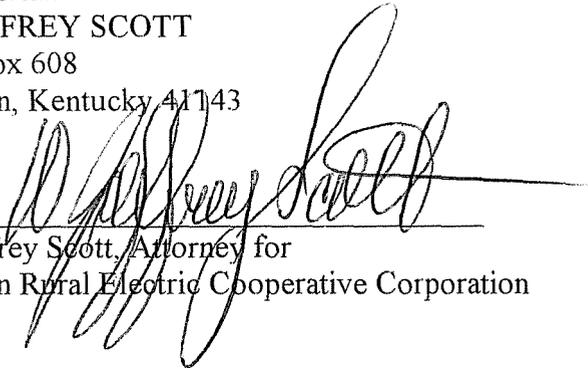
Grayson Rural Electric Cooperative Corporation



Carol H. Fraley, President and CEO

COUNSEL:

W. JEFFREY SCOTT
P.O. Box 608
Grayson, Kentucky 41143



W. Jeffrey Scott, Attorney for
Grayson Rural Electric Cooperative Corporation

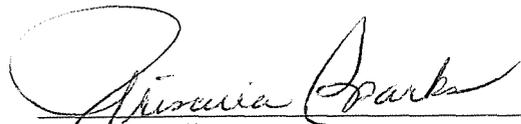
I, Carol H. Fraley, President and CEO of Grayson Rural Electric Cooperative Corporation, hereby verify that the statements contained in the foregoing application are true to the best of my information and belief.



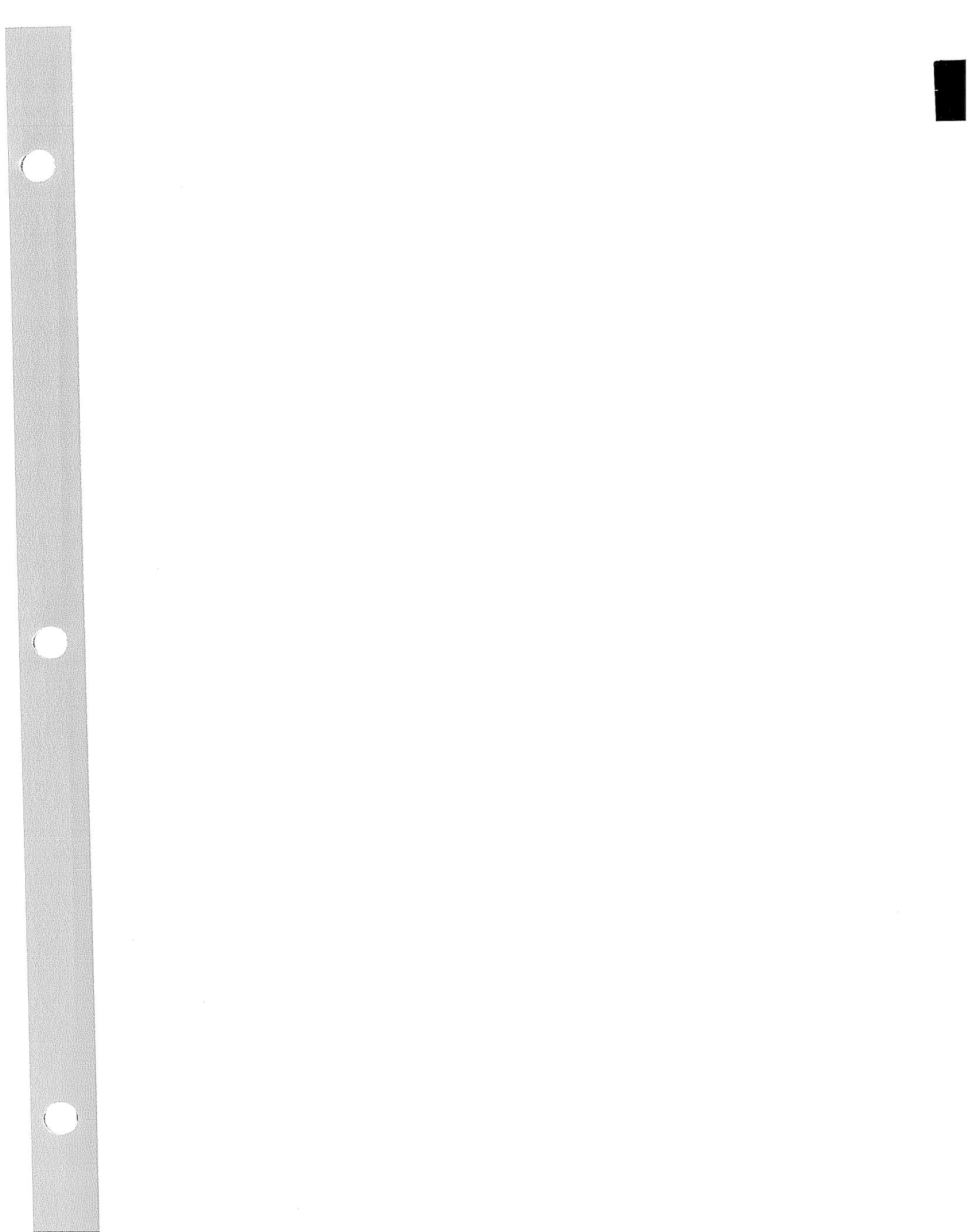
Carol H. Fraley, President and CEO
Grayson Rural Electric Cooperative Corporation

STATE OF KENTUCKY
COUNTY OF CARTER

The foregoing was acknowledged, subscribed and sworn to before me by Carol H. Fraley as President and CEO of Grayson Rural Electric Cooperative Corporation this 5th day of November, 2008.



Notary Public, Kentucky State At Large
My Commission Expires: 03/22/09



Commonwealth of Kentucky
Trey Grayson, Secretary of State

10/27/2008

Division of Corporations
Business Filings

P. O. Box 718
Frankfort, KY 40602
(502) 564-2848
<http://www.sos.ky.gov>

Certificate of Existence

Authentication Number: 71700
Jurisdiction: Grayson Rural Electric
Visit <http://apps.sos.ky.gov/business/obdb/certvalidate.aspx> to authenticate this certificate.

I, Trey Grayson, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records of the Office of the Secretary of State,

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

is a nonprofit corporation duly incorporated and existing under KRS Chapter 273, whose date of incorporation is October 13, 1950 and whose period of duration is perpetual.

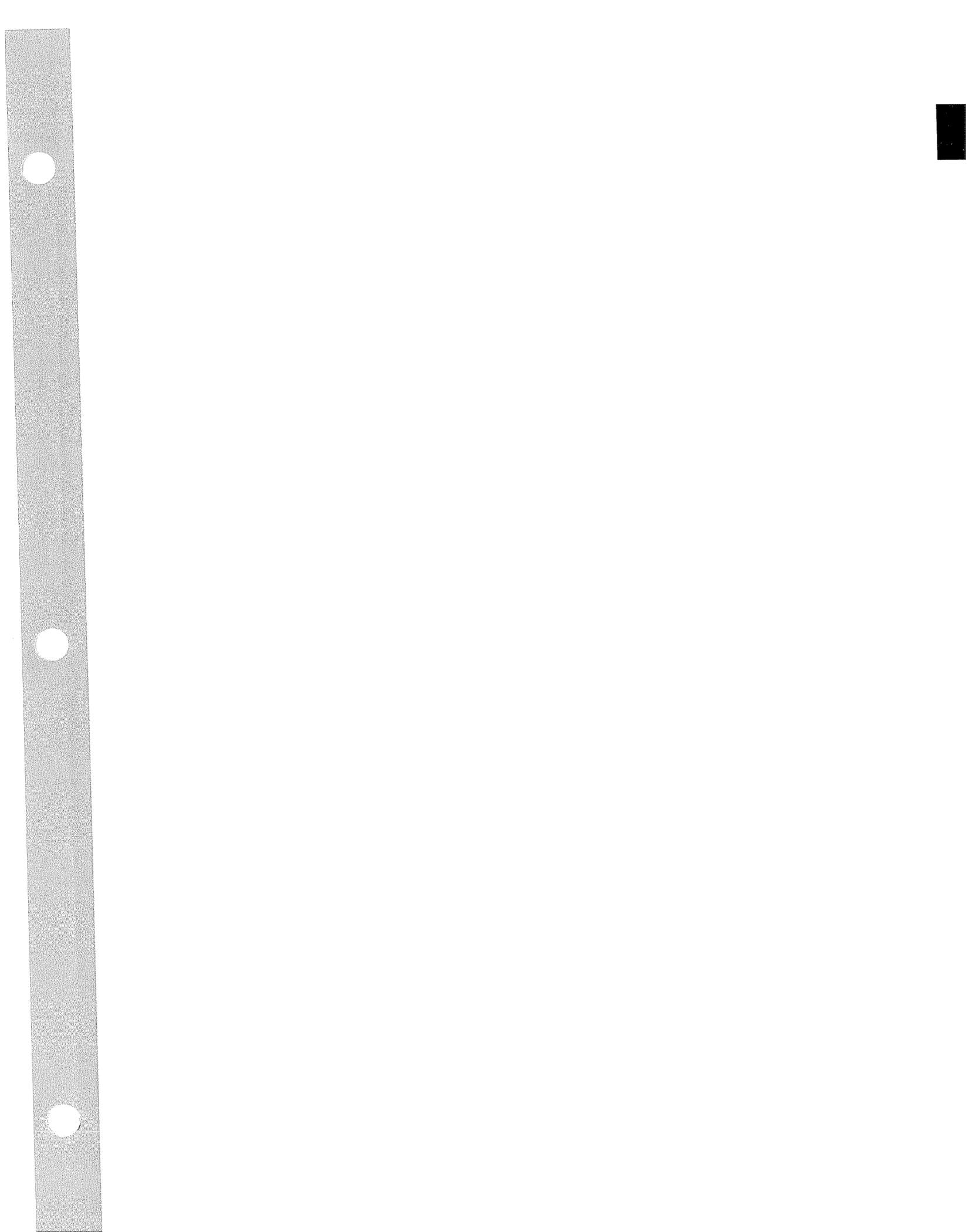
I further certify that all fees and penalties owed to the Secretary of state have been paid; that articles of dissolution have not been filed; and that the most recent annual report required by KRS 273.3671 has been delivered to the Secretary of State.

IN WITNESS THEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 27th day of October, 2008.



Trey Grayson

Trey Grayson
Secretary of State
Commonwealth of Kentucky
71700/0020454



GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 1

CLASSIFICATION OF SERVICE

DOMESTIC – FARM & HOME SERVICE

RATE PER UNIT

AVAILABILITY-DOMESTIC

Available to members of the Cooperative for all residential farm and home uses subject to its established rules and regulations. Approval of the Cooperative must be obtained prior to the installation of any motor having a rated capacity of five horsepower or more.

TYPE OF SERVICE

Single-phase and/or three-phase, 60 cycle, alternating current at the Cooperative's standard secondary voltages.

RATE PER MONTH

Customer Charge
Energy Charge Per KWH

\$15.00 (I)
.08680 (I)

FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve month moving average of such losses. The Fuel clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

MINIMUM CHARGE

The minimum monthly charge under the above rate shall be \$15.00 where 25 KVA or less of transformer capacity is required. For members requiring more than 25 KVA of transformer capacity, the minimum monthly charge shall be increased at a rate of \$.75 for each additional KVA or fraction thereof required. Where it is necessary to extend or reinforce existing distribution facilities, the minimum monthly charge may be increased to assure adequate compensation for the added facilities. Where the minimum charge is increased in accordance with this section, additional energy and demand shall be included in accordance with the foregoing rate schedule.

(I)

DATE OF ISSUE: NOVEMBER 7, 2008

Service on and after
EFFECTIVE DATE: DECEMBER 7, 2008

ISSUED BY: *Carol Hill Dray*

President & C.E.O., 109 Bagby Park, Grayson, KY

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED
PSC NO.: 4
Original SHEET NO. 1.10
CANCELING PSC NO.: 3
1st Revised SHEET NO. 1.10

SCHEDULE 1 (con't) CLASSIFICATION OF SERVICE

DOMESTIC-FARM & HOME SERVICE

RATE PER UNIT

TERMS OF PAYMENT

The above rates are net, the gross being ten percent higher. In the event the current monthly bill is not paid within fifteen (15) days from the mailing date of the bill, the gross rates shall apply.

METERING

Necessary metering equipment will be furnished and maintained by the Cooperative which shall have the option of metering service supplied hereunder at either primary or secondary voltage.

SERVICE PROVISIONS

1. Delivery Point. If service is furnished at secondary voltage, the delivery point shall be the metering point unless otherwise specified in the contract for service. All wiring, pole lines and other electrical equipment on the load side of the delivery point shall be owned and maintained by the Consumer.

If service is furnished at the Cooperative's primary voltage, the delivery point shall be the point of attachment of the Cooperative's primary line to the consumer's transformer structure unless otherwise specified on the contract for service. All wiring, pole lines and other electrical equipment (except metering equipment) on the load side of the delivery point shall be owned and maintained by the Consumer.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
JAN 17 1986
PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: *J. J. Cooghe*

2. Motors having a rated capacity in excess of five horsepower (5 h.p.) must be three-phase unless written permission has been obtained from the Cooperative.

3. In the event the Cooperative, in order to prevent voltage fluctuations or disturbances on its system, installs separate transformer or transformers to supply operating characteristics, such service will be metered and billed separately from the Consumer's other service. The minimum monthly charge for separate service to welders, x-ray machines, etc. will be \$1.00 per kVA of installed transformer capacity instead of the minimum charge as set forth under the paragraph "Minimum Monthly Charge" of this schedule.

DATE OF ISSUE January 27, 1986 EFFECTIVE DATE January 17, 1986 Service on and after.

ISSUED BY Hansell Hight GEN. MGR., 109 BAGBY PK., GRAYSON, KY

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED
PSC NO.: 4
Original SHEET NO. 1.20
CANCELING PSC NO.: 3
1st Revised SHEET NO. 1.10

SCHEDULE 1 (con't) CLASSIFICATION OF SERVICE

DOMESTIC-FARM & HOME SERVICE

RATE PER UNIT

ENERGY EMERGENCY CONTROL PROGRAM

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981, in Administrative Case No. 240 and as approved by the Commission in its order of March 31, 1981.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

MAR 31 1981

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)

BY: J. Proffers

DATE OF ISSUE January 27, 1986 EFFECTIVE DATE March 31, 1981

ISSUED BY Harold H. Haight GEN. MGR., 109 BAGBY PK., GRAYSON, KY

Issued by authority of P.S.C. Adm. Case No. 240 dated March 31, 1981.

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 2

CLASSIFICATION OF SERVICE

COMMERCIAL AND SMALL POWER LESS THAN 50 KVA, INCLUDING PUBLIC BUILDINGS, SCHOOLS, CHURCHES, ETC.

RATE PER UNIT

AVAILABILITY OF SERVICE

Available to members of the Cooperative for all Commercial and Small Power uses less than 50 KVA, subject to its established rules and regulations. Approval of the Cooperative must be obtained prior to the installation of any motor having a rated capacity of five horsepower or more.

TYPE OF SERVICE

Single-phase and/or three-phase, 60 cycle, alternating current at the Cooperative's standard secondary voltages.

RATE PER MONTH

Customer Charge

Energy Charge per KWH

\$25.00 (I)
.08909 (I)

FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve month moving average of such losses. The Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

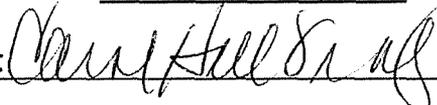
MINIMUM CHARGE

The minimum monthly charge under the above rate shall be \$25.00 where 25 KVA or less of transformer capacity is required. For members requiring more than 25 KVA of transformer capacity, the minimum monthly charge shall be increased at a rate of \$.75 for each additional KVA or fraction thereof required. Where it is necessary to extend or reinforce existing distribution facilities, the minimum monthly charge may be increased to assure adequate compensation for the added facilities. Where the minimum charge is increased in accordance with this section, additional energy and demand shall be included in accordance with the foregoing rate schedule.

(I)

DATE OF ISSUE: NOVEMBER 7, 2008

Service on and after
EFFECTIVE DATE: DECEMBER 7, 2008

ISSUED BY: 

President & C.E.O., 109 Bagby Park, Grayson, KY

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED
PSC NO.: 4
1st Revised SHEET NO. 2.10
CANCELING PSC NO.: 4
Original SHEET NO. 2.10

SCHEDULE 2 (con't) CLASSIFICATION OF SERVICE

| COMMERCIAL AND SMALL POWER 50 KVA OR LESS, INCLUDING PUBLIC BUILDINGS, SCHOOLS, CHURCHES, ETC. | RATE PER UNIT |
|--|---------------|
|--|---------------|

POWER FACTOR ADJUSTMENT--COMMERCIAL AND SMALL POWER

The consumer agrees to maintain unity power factor as nearly as practicable. The Cooperative reserves the right to measure such power factor at any time. Should such measurements indicate that the power factor at the time of the customer's maximum demand is lower than 90%, the demand for billing purposes shall be the demand as indicated or recorded by the demand meter, increased by 1% for each 1% by which the average power factor is less than 90% lagging.

METERING

Necessary metering equipment will be furnished and maintained by the Cooperative which shall have the option of metering service supplied hereunder at either primary or secondary voltage.

SERVICE PROVISIONS

1. Delivery Point. If service is furnished at secondary voltage, the delivery point shall be the metering point unless otherwise specified in the contract for service. All wiring, pole lines and other electrical equipment on the load side of the delivery point shall be owned and maintained by the Consumer.

If service is furnished at the Cooperative's primary voltage, the delivery point shall be the point of attachment of the Cooperative's primary line to the consumer's transformer structure unless otherwise specified on the contract for service. All wiring, pole lines and other electrical equipment (except metering equipment) on the load side of the delivery point shall be owned and maintained by the Consumer.

2. Motors having a rated capacity in excess of 5 horsepower (5 h.p.) must be three-phase unless written permission has been obtained from the Cooperative.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

MAR 14 1988

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)

EY: *Thomas Keller*
PUBLIC SERVICE COMMISSION MANAGER

DATE OF ISSUE July 8, 1988

DATE EFFECTIVE January 17, 1986

ISSUED BY *Harold W. Haight*

GEN. MGR., 109 BAGBY PK., GRAYSON, KY

Issued by authority of P.S.C. in Case No. 9352 dated January 17, 1986.

Service on and after

FOR: ENTIRE AREA SERVED
PSC NO.: 4
Original SHEET NO. 2.20

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 2 (con't) CLASSIFICATION OF SERVICE

COMMERCIAL AND SMALL POWER 50 KVA OR LESS, INCLUDING
PUBLIC BUILDINGS, SCHOOLS, CHURCHES, ETC. RATE PER UNIT

SERVICE PROVISIONS (con't)

3. In the event the Cooperative, in order to prevent voltage fluctuations or disturbances on its system, installs separate transformer or transformers to supply operating characteristics, such service will be metered and billed separately from the Consumer's other service. The minimum monthly charge for separate service to welders, x-ray machines, etc. will be \$1.00 per kVA of installed transformer capacity instead of the minimum charge as set forth under the paragraph "Minimum Monthly Charge" of this schedule.

TERMS OF PAYMENT

The above rates are net, the gross being ten percent higher. In the event the current monthly bill is not paid within fifteen (15) days from the mailing date of the bill, the gross rates shall apply.

ENERGY EMERGENCY CONTROL PROGRAM

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981, in Administrative Case No. 240 and as approved by the Commission in its order of March 31, 1981.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

MAR 14 1988

PURSUANT TO KRS 150.011,
SECTION 9(1)

BY: *Thomas A. Keller*
PUBLIC SERVICE COMMISSION MANAGER

DATE OF ISSUE July 8, 1988

EFFECTIVE DATE August 7, 1984

ISSUED BY Harold H. Hight

GEN. MGR., 109 BAGBY PK., GRAYSON, KY

Issued by authority of P.S.C. in Adm. Case No. 240 dated March 31, 1981.

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

§ SCHEDULE 3

CLASSIFICATION OF SERVICE

OFF-PEAK MARKETING RATE

RATE PER UNIT

AVAILABILITY OF SERVICE

Available to members of the Cooperative eligible for service under Tariff Schedule 1--Domestic-Farm & Home Service, or Tariff Schedule 2--Commercial and Small Power Less than 50 KVA, who have installed Cooperative approved load management devices for the use of power during off-peak hours. This rate shall only apply to programs which have been expressly approved by the Public Service Commission to be offered under the Marketing Rate of East Kentucky Power Cooperative's Wholesale Rate Schedule A.

TYPE OF SERVICE

Single-phase and/or three-phase, 60 cycle, alternating current at the Cooperative's standard secondary voltages.

RATE PER MONTH

Customer Charge

ON-PEAK RATE:

All KWH

\$15.00 (I)

OFF PEAK RATE:

All KWH

.08680 (I)

.05208 (I)

PEAK PERIODS

WINTER SCHEDULE

For the purpose of this tariff, the on-peak billing period for the months of October, November, December, January, February, March, and April is defined as 7 a.m. to 12 noon and from 5 p.m. to 10 p.m., local time, for all days of the week, including Saturday, Sunday and holidays. The off-peak billing period is defined as 10 p.m. to 7 a.m. and from 12 noon to 5 p.m., local time, for all days of the week, including Saturday, Sunday and holidays.

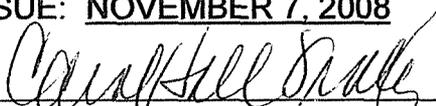
SUMMER SCHEDULE

For the purpose of this tariff, the on-peak billing period for the months of May, June, July, August, and September is defined as 10 a.m. to 10 p.m. to 7 a.m. and from 12 noon to 5 p.m., local time, for all days of the week, including Saturday, Sunday, and holidays.

DATE OF ISSUE: NOVEMBER 7, 2008

Service on and after
EFFECTIVE DATE: DECEMBER 7, 2008

ISSUED BY:



President & C.E.O., 109 Bagby Park, Grayson, KY

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 3 (con't) CLASSIFICATION OF SERVICE

OFF-PEAK MARKETING RATE

RATE PER UNIT

FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve month moving average of such losses. The Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

(N)

MINIMUM CHARGE

The minimum monthly charge under the above rate shall be \$7.98 where 25 KVA or less of transformer capacity is required. For members requiring more than 25 KVA of transformer capacity, the minimum monthly charge shall be increased at a rate of \$.75 for each additional KVA or fraction thereof required. Where it is necessary to extend or reinforce existing distribution facilities, the minimum monthly charge may be increased to assure adequate compensation for the added facilities. Where the minimum charge is increased in accordance with this section, additional energy and demand shall be included in accordance with the foregoing rate schedule.

(I)

TERMS OF PAYMENT

The above rates are net, the gross being ten percent higher. In the event the current monthly bill is not paid within fifteen (15) days from the mailing date of the bill, the gross rates shall apply.

METERING

Necessary metering equipment will be furnished and maintained by the Cooperative which shall have the option of metering service supplied hereunder at either primary or secondary voltage. Energy furnished under this schedule shall be separately metered for each point of delivery.

TERMS AND CONDITIONS

This tariff is subject to the Cooperative's standard terms and conditions of service as set out in the governing tariff schedule for which the consumer is eligible for service (see Availability of Service).

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

JUL 08 1999

PURSUANT TO 807 KAR 5:011,
SECTION 9(1)
BY: Stephen O. Bell
SECRETARY OF THE COMMISSION

DATE OF ISSUE July 23, 1999

Service on and after
EFFECTIVE DATE July 8, 1999

ISSUED BY Carroll Hall Truly President & CEO, 109 BAGBY PK., GRAYSON KY

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 4

CLASSIFICATION OF SERVICE

LARGE POWER SERVICE-SINGLE AND THREE-PHASE

50-999 KVA (T)

RATE PER UNIT

AVAILABILITY

Available to consumers located on or near the Cooperative's facilities for Commercial service. Consumers shall contract for a definite amount of electrical capacity in kilovolt-amperes which shall be sufficient to meet normal maximum requirements but in no case shall the capacity contracted be less than 50 KVA. The Cooperative may not be required to supply capacity in excess multiples of 25 KVA.

TYPE OF SERVICE

Single-phase, three-phase, 60 cycles, at Cooperative's standard voltage.

RATE PER MONTH

Customer Charge

Demand Charge per KW

Energy Charge per KWH

\$60.91 (I)

8.25 (I)

.05385 (I)

DETERMINATION OF BILLING DEMAND

The billing demand shall be the maximum kilowatt demand established by the consumer for any fifteen consecutive minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter and adjusted for power factor as provided in the power factor adjustment clause.

POWER FACTOR ADJUSTMENT

The consumer agrees to maintain unity power factor as nearly as practicable. The measured demand will be demand to correct for average power factors lower than 90%, and may be so adjusted for other consumers if and when the Cooperative deems necessary. Such adjustments will be made by increasing the measured demand by 1% for each 1% by which the average power factor is less than 90% lagging.

RULES AND REGULATIONS

Service under this tariff is subject to the terms of all rules and regulations of the Cooperative that have been or may be adopted by its Board of Director's.

DATE OF ISSUE: NOVEMBER 7, 2008

Service on and after
EFFECTIVE DATE: DECEMBER 7, 2008

ISSUED BY: *Ann Hall Daley*

President & C.E.O., 109 Bagby Park, Grayson, KY

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 4 (con't)

CLASSIFICATION OF SERVICE

LARGE POWER SERVICE-SINGLE AND THREE-PHASE

50-999 KVA (T)

RATE PER UNIT

FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per kWh equal to the fuel adjustment amount per kWh as billed by the wholesale Power supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve month moving average of such losses. The Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be the highest one of the following charges as determined for the consumer in question:

1. The minimum monthly charge as specified in the contract for service
2. A charge of \$60.91.

(I)

MINIMUM ANNUAL CHARGE FOR SEASONAL SERVICE

Consumer's requiring service only during certain seasons not exceeding nine (9) months per year may guarantee a minimum annual charge, in which case there shall be no minimum monthly charge. The minimum annual charge shall be sufficient to assure adequate compensation for the facilities installed to serve the consumer, and in no event shall it be less than \$9.00 per kVA of installed transformer capacity, of \$714.72, whichever is greater.

METERING

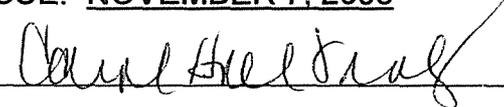
Necessary metering equipment will be furnished and maintained by the Cooperative which shall have the option of metering service supplied hereunder at either primary or secondary voltage.

SERVICE PROVISIONS

1. Motors having a rated capacity in excess of five horsepower (5 H.P.), must be three-phase unless written permission has been obtained from the cooperative.
2. Both power and lighting shall be billed at the foregoing rate. If a separate meter is required for the lighting circuit the registrations of the two watt-hour meters shall be added to obtain total kilowatt-hours used and registrations of the two demand meters shall be added

DATE OF ISSUE: NOVEMBER 7, 2008

Service on and after
EFFECTIVE DATE: DECEMBER 7, 2008

ISSUED BY: 

President & C.E.O., 109 Bagby Park, Grayson, KY

FOR: ENTIRE AREA SERVED
PSC NO.: 4
1st Revised SHEET NO. 4.20
CANCELING PSC NO.: 4
Original SHEET NO. 4.20

GRAYSON RURAL ELECTRIC
OPERATIVE CORPORATION

SCHEDULE 4 (con't) CLASSIFICATION OF SERVICE

LARGE POWER SERVICE--SINGLE AND THREE PHASE-50--999 KVA(T) RATE PER UNIT

SERVICE PROVISIONS (con't)

to obtain the total kilowatt demand for billing purposes.

3. Delivery Point. If service is furnished at secondary voltage the delivery point shall be the metering point unless otherwise specified in the contract for service. All wiring, pole lines and other electric equipment on the load side of the delivery point shall be owned and maintained by the consumer.

If service is furnished at the Cooperative's primary line voltage the delivery point shall be the point of attachment of the Cooperative's primary line to the consumer's transformer structure unless otherwise specified in the contract for service. All wiring, pole lines and other electric equipment (except metering equipment) on the load side of the delivery point shall be owned and maintained by the consumer.

4. Delivery Voltage. The rate set forth in this tariff is based upon the delivery and measurement of transformed energy. When the measurement of energy is made at the Cooperative's primary voltage of the transmission or distribution line serving the consumer, the kWh, as metered, will be multiplied by .975.

5. Equipment Supplied By Consumer. When the consumer furnishes and maintains the complete substation equipment, including any and all transformers and/or switches and/or other apparatus necessary for the consumer to take his entire service at the voltage of the Cooperative's primary transmission or distribution line from which said consumer is to receive service, the following credits in addition to that set forth in the next preceding paragraph will be applied to each monthly bill, (net):

| | |
|-------------------------|---|
| Delivery Voltage | Credit per kW of Monthly Billing Demand |
| 7,200 - 12,500 | \$.15 |
| Over 12,500 <i>none</i> | .25 |

PUBLIC SERVICE COMMISSION
OF KENTUCKY

MAY 1 1989

FURSU...
BY: ...
PUBLIC SERVICE

DATE OF ISSUE April 14, 1989 EFFECTIVE DATE May 14, 1989

ISSUED BY J. [Signature] GEN. MGR., 109 BAGBY PK., GRAYSON, KY

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED
PSC NO.: 4
1st Revised SHEET NO. 4.30
CANCELING PSC NO.: 4
Original SHEET NO. 4.30

SCHEDULE 4 (con't) CLASSIFICATION OF SERVICE

LARGE POWER SERVICE--SINGLE AND THREE-PHASE-50--999 KVA(T) RATE PER UNIT

USE OF ENERGY BY CONSUMER

The consumer shall install only electrical equipment that is suitable with the character of the service supplied by the Cooperative. The consumer shall install at his own expense motor starting, control and protective equipment, as required, to start, operate and protect all electrical equipment of the consumer so as to prevent unprovided for voltage fluctuations or disturbances in the Cooperative's transmission and distribution systems. The Cooperative shall be the sole judge as to the suitability of electrical equipment to be connected to its lines and also as to whether the operation of such electrical equipment will be detrimental to its general service.

All electrical equipment used by the consumer shall be of such type as to secure the highest practicable commercial efficiency, power factor and the proper balancing of phases. Motors which are frequently started, and motors arranged for automatic control, must be of a type to give maximum current flow, and must be of a type, and equipped with controlling devices, approved by the Cooperative. The consumer shall have the Cooperative's written approval of the starting control and protective equipment used in starting and operating of any motor with a horsepower rating of 100 or more. In case of violation of this requirement, service may be discontinued by the Cooperative until such time as the consumer's use of the electrical energy furnished hereunder shall conform to these regulations. Such suspensions of service by the Cooperative shall not operate as a cancellation of this agreement, or contract under which the consumer has contracted with the Cooperative for electrical service. The consumer shall notify the Cooperative of any increase or decrease in his connected load.

PUBLIC SERVICE COMMISSION
OF KENTUCKY

MAY 1 1989

PURSON... 7/1/8011,
BY: [Signature]
PUBLIC SERVICE COMMISSION MANAGER

TERMS OF CONTRACT

Contracts under this tariff will be made for not less than one (1) year with self-renewal provisions for successive periods of one (1) year each, until either party shall give at least sixty (60) days notice to the other of its intention to discontinue at the end of the yearly period. The Cooperative shall have the right to make contracts for periods of longer than one (1) year.

DATE OF ISSUE April 14, 1989 EFFECTIVE DATE May 14, 1989 Service on and after

ISSUED BY [Signature] GEN. MGR., 109 BAGBY PK., GRAYSON, KY

FOR: ENTIRE AREA SERVED
PSC NO.: 4
1st Revised SHEET NO. 4.40
CANCELING PSC NO.: 4
Original SHEET NO. 4.40

GRAYSON RURAL ELECTRIC
OPERATIVE CORPORATION

SCHEDULE 4 (con't) CLASSIFICATION OF SERVICE

LARGE POWER SERVICE--SINGLE AND THREE PHASE-50--999 KVA(T) RATE PER UNIT

TERMS OF PAYMENT

The above rates are net, the gross being ten percent higher. In the event the current monthly bill is not paid within fifteen (15) days from the mailing date of the bill, the gross rates shall apply.

ENERGY EMERGENCY CONTROL PROGRAM

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981, in Administrative Case No. 240 and as approved by the Commission in its order of March 31, 1981.

PUBLIC SERVICE COMMISSION
OF KENTUCKY

MAY 1 1989

PURSUANT TO ORDER OF THE
PUBLIC SERVICE COMMISSION,
BY: *[Signature]*
PUBLIC SERVICE COMMISSION MANAGER

DATE OF ISSUE April 14, 1989 EFFECTIVE DATE Service on and after May 14, 1989

ISSUED BY *[Signature]* GEN. MGR., 109 BAGBY PK., GRAYSON, KY

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 5

CLASSIFICATION OF SERVICE

STREET LIGHTING SERVICE

RATE PER UNIT

AVAILABILITY

Available to rural communities and villages for street lighting.

BASE RATE PER LIGHT PER YEAR

For dusk to dawn lighting with lights mounted on existing wooden poles with bracket attachments and connected to existing overhead secondary circuits.

For the following monthly charges the Cooperative will furnish, install and maintain the lighting fixtures and accessories including hardware, control, lamps, overhead wiring, etc.; and the energy required.

| | | |
|---------------------|----------------------|----------------------|
| <u>Lamp Size</u> | <u>Mercury Vapor</u> | <u>Annual Charge</u> |
| <u>7,000 Lumens</u> | <u>Lamps</u> | <u>Per Lamp</u> |
| 175 Watt | \$9.93 per Month | \$119.16 |

(I)

FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve month moving average of such losses. The Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

CONDITIONS OF SERVICE

1. Street lighting equipment including lamps, fixtures, control and the necessary street lighting circuits, transformers and additional guys and fittings will be furnished and maintained by the Cooperative.

2. Lamp replacements will be made by the Cooperative without additional charge, except that any damage to lamps and luminaries resulting from vandalism shall be charged to consumer at cost as a separate item on the monthly bill for service. Outages should be promptly reported.

3. This schedule applies to either multiple or series street lighting circuits. The Cooperative will determine the type of circuit.

REFER TO BASIS FOR THE ACCOUNTABILITY OF ENERGY USED BY SECURITY LIGHTS.

DATE OF ISSUE: NOVEMBER 7, 2008

Service on and after
EFFECTIVE DATE: DECEMBER 7, 2008

ISSUED BY: *Campbell*

President & C.E.O., 109 Bagby Park, Grayson, KY

FOR: ENTIRE AREA SERVED
PSC NO.: 4
Original SHEET NO. 5.10
CANCELING PSC NO.: 3
Original SHEET NO. 5.10

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 5 (con't) CLASSIFICATION OF SERVICE

STREET LIGHTING SERVICE : RATE PER

TERMS OF PAYMENT

1. Charges for annual use may be billed in 12 equal installments or annually at the option of the Cooperative.
2. The above rates are net, the gross being ten percent (10%) higher. In the event the current bill is not paid within fifteen (15) days from the mailing date of the bill, the gross rate shall apply.

ENERGY EMERGENCY CONTROL PROGRAM

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981, in Administrative Case No. 240 and as approved by the Commission in its order of March 31, 1981.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

MAR 31 1981

PURSUANT TO KRS 207.011,
SECTION 9 (1)

BY: *J. Lozoga*

DATE OF ISSUE January 27, 1986 EFFECTIVE DATE March 31, 1981
 ISSUED BY *Theresa L. Wright* GEN. MGR., 100 HAGBY PK., GRAYSON,
 Issued by authority of P.S.C. in Admin. Case No. 240 dated March 31;

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 6

CLASSIFICATION OF SERVICE

OUTDOOR LIGHTING SERVICE – SECURITY LIGHTS

RATE PER UNIT

AVAILABILITY

Available to customers, other than towns and villages, for dusk to dawn outdoor lighting on existing overhead secondary circuits.

RATE PER LIGHT PER MONTH

| | |
|--------|---|
| 7,000 | Lumens Mercury Vapor Lamp |
| 10,000 | Lumens Mercury Vapor Lamp Flood Lights |

| | |
|---------|-----|
| \$ 9.61 | (I) |
| 12.17 | (I) |
| 16.84 | (I) |

FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve month moving average of such losses. The Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

CONDITIONS OF SERVICE

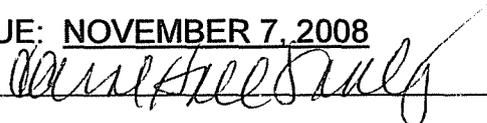
1. The Cooperative shall furnish, install, and maintain the outdoor lighting equipment including lamp, luminaire, bracket attachment and control device on an existing pole of the Cooperative, electrically connected so that power for operation of the light does not pass through out the meter for the consumer's other usage, at a location mutually agreeable to both the Cooperative and the customer.

2. The Cooperative shall maintain the lighting equipment, including lamp replacement, at no additional cost the customer within 72 hours after the customer notifies the Cooperative of the need for maintenance of the lighting equipment.

3. The lighting equipment shall remain the property of the Cooperative. The customer shall protect the lighting equipment from deliberate damage.

DATE OF ISSUE: NOVEMBER 7, 2008

ISSUED BY:



EFFECTIVE DATE: DECEMBER 7, 2008

President & C.E.O., 109 Bagby Park, Grayson, KY

Service on and after

FOR: ENTIRE AREA SERVED

PSC NO.: 4

Original SHEET NO. 6.10

CANCELING PSC NO.: 3

Original SHEET NO. 6.10

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 6 (con't) CLASSIFICATION OF SERVICE

OUTDOOR LIGHTING SERVICE--SECURITY LIGHTS RATE PER

CONDITIONS OF SERVICE (con't)

5. The Cooperative and the consumer shall execute an agreement for service under this schedule for a period of not less than one (1) year.

TERMS OF PAYMENT

The above rates are net, the gross being ten percent higher. In the event the current monthly bill is not paid within fifteen (15) days from the mailing date of the bill, the gross rates shall apply.

ENERGY EMERGENCY CONTROL PROGRAM

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981, in Administrative Case No. 240 and as approved by the Commission in its order of March 31, 1981.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

MAR 31 1981

PURSUANT TO 807 KAR 5-011,
SECTION 9 (1)

BY: *J. Geoghegan*

DATE OF ISSUE January 27, 1980 EFFECTIVE DATE March 31, 1981

ISSUED BY *Harold H. Haight* GEN. MGR., 109 BAGBY PK., GRAYSON,

Issued by authority of P.S.C. in Adm. Case No. 240 dated March 31, 1981

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

FOR ENTIRE AREA SERVED EXHIBIT 6
PSC NO.: 4 PAGE 18
1ST REVISED SHEET NO. 6.20 51
CANCELING PSC NO.: 4
Original SHEET NO. 6.20

SCHEDULE

CLASSIFICATION OF SERVICE

BASIS FOR THE ACCOUNTABILITY OF ENERGY USED BY SECURITY LIGHTS RATE PER UN

AVERAGE HOURS USE PER YEAR: 5,154

| Type Light | Wattage | Approx. Lumens | Yearly kWh Usage | Average Monthly kWh Usage | (T) |
|---------------|---------|----------------|------------------|---------------------------|-----|
| Sodium Vapor | 100 | 7,900 | 515 | 43 | |
| | 250 | 27,000 | 1,289 | 107 | |
| | 400 | 45,000 | 2,062 | 172 | |
| Mercury Vapor | 100 | 3,450 | 515 | 43 | |
| | 175 | 7,400 | 902 | 75 | |
| | 250 | 10,500 | 1,289 | 107 | |
| | 400 | 19,100 | 2,062 | 172 | |
| Incandescent | 100 | 1,480 | 515 | 43 | |
| | 150 | 2,350 | 773 | 65 | |
| | 200 | 3,250 | 1,031 | 86 | |
| | 300 | 5,200 | 1,546 | 129 | (T) |
| | 500 | 8,750 | 2,577 | 215 | (D) |

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

JUL 02 1987

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)

BY: *George L. Kelly*
PUBLIC SERVICE COMMISSION MANAGER

(D)

DATE OF ISSUE June 12, 1986 EFFECTIVE DATE July 2, 1987

ISSUED BY *Harold H. Hayslet* GEN. MGR., 109 BAGBY PK., GRAYSON, KY

Issued by authority of P.S.C. in Case No. _____ dated _____

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 7

CLASSIFICATION OF SERVICE

ALL ELECTRIC SCHOOLS (A.E.S.)

RATE PER UNIT

APPLICABLE

In all territory served by Seller.

AVAILABILITY

Available to all public or not-profit private schools whose total energy requirement, including but not limited to heating, air conditioning, lighting and water heating, is supplied electricity furnished by the Cooperative, subject to its established rules and regulations.

CHARACTER OF SERVICE

The electric service furnished under this rate schedule will be 60 cycle, alternating current, single phase or three phase service, present facilities permitting, and at the following nominal voltages: Single Phase, 120, 102/240, 480, 204/480 volts; Three Phase, 120/240, 120/208Y, 240/280, 277/480Y volts.

RATE PER MONTH

Customer Charge

\$30.00 (l)

Demand Charge per KW

6.00 (l)

Energy Charge per KWH

.06333 (l)

MINIMUM CHARGE

the minimum annual charge shall be sufficient to assure adequate compensation for the facilities installed to serve the consumer, and in no event shall it be less than \$9.00 per KVA of required transformer capacity as determined by the Cooperative, or the amount specified in the contract for service, whichever is greater.

TERMS OF CONTRACT

Service under this rate schedule will be furnished under an "Agreement for Purchase of Power", for a term of not less than five (5) years.

TERMS OF PAYMENT

The above rates are net, the gross being ten percents higher. In the event the current monthly bill is not paid within fifteen (15) days from the mailing date of the bill, the gross rates shall apply.

DATE OF ISSUE: NOVEMBER 7, 2008

Service on and after
EFFECTIVE DATE: DECEMBER 7, 2008

ISSUED BY:

President & C.E.O., 109 Bagby Park, Grayson, KY

FOR: ENTIRE AREA SERVED
PSC NO.: 4
Original SHEET NO. 7.10
CANCELING PSC NO.: 3
Original SHEET NO. 7.10

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 7 (con't) CLASSIFICATION OF SERVICE

ALL ELECTRIC SCHOOLS (A.E.S.) RATE PER

SPECIAL TERMS AND CONDITIONS

The consumer shall furnish the Cooperative information necessary to permit the Cooperative to determine and install the necessary transformer capacity to adequately service the load under maximum operating conditions.

FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per kWh equal to the fuel adjustment amount per kWh as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve month moving average of such losses. The Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

ENERGY EMERGENCY CONTROL PROGRAM

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981, in Administrative Case No. 240 and as approved by the Commission in its order of March 31, 1981.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

MAR 31 1981

FURSUANT TO 807 KAR 5:011,
SECTION 9 (1)

BY: *J. Geoghegan*

DATE OF ISSUE January 27, 1986 EFFECTIVE DATE March 31, 1981

ISSUED BY *Harold H. Light* GEN. MGR., 109 BAGBY PK., GRAYSON,
Issued by authority of P.S.C. in Adm. Case No. 240 dated March 31, 1981

GRAYSON RURAL ELECTRIC
 COOPERATIVE CORPORATION

SCHEDULE 12 (a) CLASSIFICATION OF SERVICE

LARGE INDUSTRIAL SERVICE – LLF 1,000 TO 4,999 KVA RATE PER UNIT

AVAILABILITY

Available to all members of the Cooperative whose monthly contract demand is equal to or greater than 500 KW but less than 5,000 KW. All use is subject to the established rules and regulations of the Cooperative that have been or may be adopted by its Board of Directors.

CONDITION FOR SERVICE

An "INDUSTRIAL POWER AGREEMENT" shall be executed by the member for service under this schedule.

TYPE OF SERVICE

Three-phase, 60 hertz, alternating current as specified in the "INDUSTRIAL POWER AGREEMENT".

RATE PER MONTH

| | |
|--|------------|
| Customer Charge | \$547.15 |
| Demand Charge per KW of Billing Demand | 8.00 |
| Energy Charge per KWH | .04315 (I) |

DETERMINATION OF BILLING DEMAND

The monthly billing demand shall be the greater of (A) or (B) listed below:

- (A) The contract demand
- (B) The kilowatt demand, as metered at the load center, shall be the highest average rate at which energy is used during any fifteen minute interval during the current month during the below listed hours:

| <u>Months</u> | <u>Hours Applicable For Demand Billing - Est</u> |
|-----------------------|--|
| October through April | 7:00a.m.to 12:00 Noon; 5:00p.m. to 10:00 p.m. |
| May through September | 10:00a.m.to 10:00 p.m. |

DATE OF ISSUE: JULY 25, 2007

ISSUED BY: *[Signature]*

President & C. *[Signature]* ark, Grayson, KY

Service on and after
 EFFECTIVE DATE: AUG 1, 2007

[Stamp]

FOR: ENTIRE AREA SERVED
PSC NO.: 4
Original SHEET NO. 12.10

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 12(a) CLASSIFICATION OF SERVICE

LARGE INDUSTRIAL SERVICE-LLF 1,000 TO 4,999 KVA (con't) RATE PER UNIT

POWER FACTOR ADJUSTMENT

The consumer agrees to maintain a unity power factor as nearly as practicable at each delivery point at the time of the monthly maximum demand. When the power factor is determined to be less than 90%, the monthly maximum demand at the delivery point will be adjusted by multiplying the actual monthly maximum demand by 90% and dividing this product by the actual power factor at the time of the monthly maximum demand.

FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per kWh equal to the fuel adjustment amount per kWh as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve month moving average of such losses. The Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall not be less than the sum of the customer charge plus the product of the billing demand multiplied by the demand charge per kW.

TERMS OF PAYMENT

The above rates are net, the gross being ten percent higher. In the event the current monthly bill is not paid within fifteen (15) days from the mailing date of the bill, the gross rates shall apply.

ENERGY EMERGENCY CONTROL PROGRAM

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981, in Administrative Case No. 240 and approved by the Commission in its order of March 31, 1981.

(N)
PUBLIC SERVICE COMMISSION
EFFECTIVE
MAY 10 1989
COMMISSION MANAGER

DATE OF ISSUE April 10, 1989 EFFECTIVE DATE Service on and after May 10, 1989
ISSUED BY Mike O'Kings GEN. MGR., 109 BAGBY PK., GRAYSON, KY

FOR: ENTIRE AREA SERVED
PSC NO.: 4
4TH REVISED SHEET NO.: 12.20
CANCELING PSC NO.: 4
3RD REVISED SHEET NO.: 12.20

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 12 (b) CLASSIFICATION OF SERVICE

LARGE INDUSTRIAL SERVICE – LLF 5,000 TO 9,999 KVA RATE PER UNIT

AVAILABILITY

Available to all members of the Cooperative whose monthly contract demand is equal to or greater than 4,999 KW but less than 10,000 KW. All use is subject to the established rules and regulations of the Cooperative that have been or may be adopted by its Board of Directors.

CONDITION FOR SERVICE

An "INDUSTRIAL POWER AGREEMENT" shall be executed by the member for service under this schedule.

TYPE OF SERVICE

Three-phase, 60 hertz, alternating current as specified in the "INDUSTRIAL POWER AGREEMENT".

RATE PER MONTH

| | |
|--|------------|
| Customer Charge | \$1,093.28 |
| Demand Charge per KW of Billing Demand | 8.00 |
| Energy Charge per KWH | .03804 (I) |

DETERMINATION OF BILLING DEMAND

The monthly billing demand shall be the greater of (A) or (B) listed below:

- (A) The contract demand
- (B) The kilowatt demand, as metered at the load center, shall be the highest average rate at which energy is used during any fifteen minute interval during the current month during the below listed hours:

| <u>Months</u> | <u>Hours Applicable For Demand Billing - EST</u> |
|-----------------------|--|
| October through April | 7:00 a.m. to 12:00 Noon 5:00 p.m. to 10:00 p.m. |
| May through September | 10:00 a.m. to 10:00 p.m. |

DATE OF ISSUE: JULY 25, 2007

ISSUED BY: *Christine Daily*

President & CEO *[Signature]* Grayson, KY

Service on and after
EFFECTIVE DATE: AUG 1, 2007

[Stamp and additional signatures]

FOR: ENTIRE AREA SERVED
PSC NO.: 4
Original SHEET NO. 12.30

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 12(b) CLASSIFICATION OF SERVICE

LARGE INDUSTRIAL SERVICE-LLF 5,000 TO 9,999 KVA (con't) RATE PER UNIT

POWER FACTOR ADJUSTMENT

(N)

The consumer agrees to maintain a unity power factor as nearly as practicable at each delivery point at the time of the monthly maximum demand. When the power factor is determined to be less than 90%, the monthly maximum demand at the delivery point will be adjusted by multiplying the actual monthly maximum demand by 90% and dividing this product by the actual power factor at the time of the monthly maximum demand.

FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per kwh equal to the fuel adjustment amount per kwh as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve month moving average of such losses. The Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall not be less than the sum of the customer charge plus the product of the billing demand multiplied by the demand charge per kW.

TERMS OF PAYMENT

The above rates are net, the gross being ten percent higher. In the event the current monthly bill is not paid within fifteen (15) days from the mailing date of the bill, the gross rates shall apply.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

MAY 10 1989

ENERGY EMERGENCY CONTROL PROGRAM

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981, in Administrative Case No. 240 and approved by the Commission in its order of March 31, 1981.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
MAY 10 1989

(N)

DATE OF ISSUE April 10, 1989 EFFECTIVE DATE Service on and after May 10, 1989

ISSUED BY Mike C. Keys GEN. MGR., 109 BAGBY PK., GRAYSON, KY

FOR: ENTIRE AREA SERVED

PSC NO.: 4

4TH REVISED SHEET NO.: 12.40

CANCELING PSC NO.: 4

3RD REVISED SHEET NO.: 12.40

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 12 (c)

CLASSIFICATION OF SERVICE

LARGE INDUSTRIAL SERVICE – LLF

10,000 KVA AND UNDER

RATE PER UNIT

AVAILABILITY

Available to all members of the Cooperative whose monthly contract demand is equal to or greater than 10,000 KW. All use is subject to the established rules and regulations of the Cooperative that have been or may be adopted by its Board of Directors.

CONDITION FOR SERVICE

An "INDUSTRIAL POWER AGREEMENT" shall be executed by the member for service under this schedule.

TYPE OF SERVICE

Three-phase, 60 hertz, alternating current as specified in the "INDUSTRIAL POWER AGREEMENT".

RATE PER MONTH

Customer Charge

\$1,093.28

Demand Charge per KW of Billing Demand

8.00

Energy Charge per KWH

.03702 (I)

DETERMINATION OF BILLING DEMAND

The monthly billing demand shall be the greater of (A) or (B) listed below:

(A) The contract demand

(B) The kilowatt demand, as metered at the load center, shall be the highest average rate at which energy is used during any fifteen minute interval during the current month during the below listed hours:

Months

Hours Applicable For
Demand Billing - EST

October through April

7:00 a.m. to 12:00 Noon;
5:00 p.m. to 10:00 p.m.

May through September

10:00 a.m. to 10:00 p.m.

DATE OF ISSUE: JULY 25, 2007

ISSUED BY:

Carroll Shelby

President & C.

Service on and after
EFFECTIVE DATE: AUG 1, 2007

Mark Grayson, KY

FOR: ENTIRE AREA SERVED
PSC NO.: 4
Original SHEET NO. 13.50

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 12(c) CLASSIFICATION OF SERVICE

LARGE INDUSTRIAL SERVICE-HLF 10,000 KVA and Over (con't) RATE PER UNIT

POWER FACTOR ADJUSTMENT

The consumer agrees to maintain a unity power factor as nearly as practicable at each delivery point at the time of the monthly maximum demand. When the power factor is determined to be less than 90%, the monthly maximum demand at the delivery point will be adjusted by multiplying the actual monthly maximum demand by 90% and dividing this product by the actual power factor at the time of the monthly maximum demand.

FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per kWh equal to the fuel adjustment amount per kWh as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve month moving average of such losses. The Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall not be less than the sum of (A), (B) and (C) below:

- (A) The product of the billing demand multiplied by the demand charge, plus
- (B) The product of the billing demand multiplied by 425 hours and the energy charge per kWh, plus
- (C) The customer charge

PUBLIC SERVICE COMMISSION
OF KENTUCKY
DIRECTOR
MAY 10 1989
PURSUANT TO 807 KAR 5:056
SECTION 2(1)
BY: *[Signature]*
PUBLIC SERVICE COMMISSION MANAGER

TERMS OF PAYMENT

The above rates are net, the gross being ten percent higher. In the event the current monthly bill is not paid within fifteen (15) days from the mailing date of the bill, the gross rates shall apply.

ENERGY EMERGENCY CONTROL PROGRAM

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981, in Administrative Case No. 240 and as approved by the Commission in its order of March 31, 1981.

DATE OF ISSUE April 10, 1989 EFFECTIVE DATE Service on and after May 10, 1989

ISSUED BY *[Signature]* GEN. MGR., 109 BAGBY PK., GRAYSON, KY

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 13 (a) CLASSIFICATION OF SERVICE

LARGE INDUSTRIAL SERVICE – HLF 1,000 TO 4,999 KVA RATE PER UNIT

AVAILABILITY

Available to all members of the Cooperative whose monthly contract demand is equal to or greater than ~~1000~~ 500 KW but less than 5,000 KW. All use is subject to the established rules and regulations of the Cooperative that have been or may be adopted by its Board of Directors.

CONDITION OF SERVICE

An "INDUSTRIAL POWER AGREEMENT" shall be executed by the member for service under this schedule.

TYPE OF SERVICE

Three-phase, 60 hertz, alternating current as specified in the "INDUSTRIAL POWER AGREEMENT".

RATE PER MONTH

| | |
|--|------------|
| Customer Charge | \$547.15 |
| Demand Charge per KW of Billing Demand | 6.99 (l) |
| Energy charge per KWH | .04315 (l) |

DETERMINATION OF BILLING DEMAND

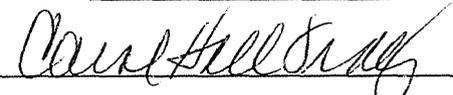
The monthly billing demand shall be the greater of (A) or (B) listed below:

- (A) The contract demand
- (B) The ultimate consumer's highest demand, during the current month or preceding eleven months, coincident with the load center's peak demand. The load center's peak demand is the highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month (and adjusted for power factor as provided herein):

| <u>Months</u> | <u>Hours Applicable For Demand Billing - EST</u> |
|----------------------------|--|
| October through April Noon | 7:00a.m. to 12:00 Noon 5:00p.m. to 10:00 p.m. |
| May through September | 10:00a.m. to 10:00 p.m. |

DATE OF ISSUE: NOVEMBER 7, 2008

Service on and after
EFFECTIVE DATE: DECEMBER 7, 2008

ISSUED BY: 

President & C.E.O., 109 Bagby Park, Grayson, KY

FOR: ENTIRE AREA SERVED
PSC NO.: 4
Original SHEET NO.: 13.10

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 13(a) CLASSIFICATION OF SERVICE

LARGE INDUSTRIAL SERVICE-HLF 500 TO 4,999 KVA (con't) (T) RATE PER UNIT

POWER FACTOR ADJUSTMENT

The consumer agrees to maintain a unity power factor as nearly as practicable at each delivery point at the time of the monthly maximum demand. When the power factor is determined to be less than 90%, the monthly maximum demand at the delivery point will be adjusted by multiplying the actual monthly maximum demand by 90% and dividing this product by the actual power factor at the time of the monthly maximum demand.

FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve month moving average of such losses. The Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall not be less than the sum of (A), (B), and (C) below:

- (A) The product of the billing demand multiplied by the demand charge, plus
- (B) The product of the billing demand multiplied by 425 hours and the energy charge per KWH, plus
- (C) The customer charge

TERMS OF PAYMENT

The above rates are net, the gross being ten percent higher. In the event the current monthly bill is not paid within fifteen (15) days from the mailing date of the bill, the gross rates shall apply.

ENERGY EMERGENCY CONTROL PROGRAM

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981, in Administrative Case No. 240 and as approved by the Commission in its order of March 1, 1981.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

AUG 01 2001

PURSUANT TO 807 KAR 5:011,
SECTION 9(1)
BY: Stephan O Bell
SECRETARY OF THE COMMISSION

DATE OF ISSUE June 25, 2001 EFFECTIVE DATE August 1, 2001
ISSUED BY Stephan O Bell Pres. & CEO., 109 BAGBY PK., GRAYSON KY

FOR: ENTIRE AREA SERVICE

PSC NO.:

5TH REVISED SHEET NO.: 13.

CANCELING PSC NO.:

4TH REVISED SHEET NO.: 13.

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 13 (b) CLASSIFICATION OF SERVICE

| | | |
|--|--|----------------------|
| LARGE INDUSTRIAL SERVICE – HLF | 5,000 TO 9,999 KVA | RATE PER UNIT |
| <u>AVAILABILITY</u> | | |
| Available to all members of the Cooperative whose monthly contract demand is equal to or greater than 5,000 KW but less than 10,000 KW. All use is subject to the established rules and regulations of the Cooperative that have been or may be adopted by its Board of Directors. | | |
| <u>CONDITION OF SERVICE</u> | | |
| An "INDUSTRIAL POWER AGREEMENT" shall be executed by the member for service under this schedule. | | |
| <u>TYPE OF SERVICE</u> | | |
| Three-phase, 60 hertz, alternating current as specified in the "INDUSTRIAL POWER AGREEMENT". | | |
| <u>RATE PER MONTH</u> | | |
| Customer Charge | | \$1,093.28 (I) |
| Demand Charge per KW of Billing Demand | | \$ 5.51 (I) |
| Energy Charge per KWH | | \$.03153 (I) |
| <u>DETERMINATION OF BILLING DEMAND</u> | | |
| The monthly billing demand shall be the greater of (A) or (B) listed below: | | |
| (A) The contract demand | | |
| (B) The ultimate consumer's highest demand, during the current month or preceding eleven months, coincident with the load center's peak demand. The load center's peak demand is the highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month (and adjusted for power factor as provided herein): | | |
| <u>Months</u> | <u>Hours Applicable For Demand Billing - EST</u> | |
| October through April | 7:00 a.m. to 12:00 Noon 5:00 p.m. to 10:00 p.m. | |
| May through September | 10:00 a.m. to 10:00 p.m. | |

DATE OF ISSUE: April 11, 2007

Service on and after
EFFECTIVE DATE: April 1, 2007

ISSUED BY: *Carol Hall Fraley* PRESIDENT & C.E.O., 109 BAGBY PARK, GRAYSON, KY

Issued by authority of an Order of the Public Service Commission of Kentucky in

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 13(b) CLASSIFICATION OF SERVICE

LARGE INDUSTRIAL SERVICE-HLF 5,000 TO 9,999 KVA (con't) RATE PER UNIT

POWER FACTOR ADJUSTMENT

The consumer agrees to maintain a unity power factor as nearly as practicable at each delivery point at the time of the monthly maximum demand. When the power factor is determined to be less than 90%, the monthly maximum demand at the delivery point will be adjusted by multiplying the actual monthly maximum demand by 90% and dividing this product by the actual power factor at the time of the monthly maximum demand.

FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per kWh equal to the fuel adjustment amount per kWh as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve month moving average of such losses. The Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall not be less than the sum of (A), (B) and (C) below:

- (A) The product of the billing demand multiplied by the demand charge, plus
- (B) The product of the billing demand multiplied by 425 hours and the energy charge per kWh, plus
- (C) The customer charge

PUBLIC SERVICE COMMISSION
OF KENTUCKY
RELATIVE
MAY 10 1989
PURSUANT TO ORDER OF THE COMMISSION
MANAGER

TERMS OF PAYMENT

The above rates are net, the gross being ten percent higher. In the event the current monthly bill is not paid within fifteen (15) days from the mailing date of the bill, the gross rates shall apply.

ENERGY EMERGENCY CONTROL PROGRAM

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981, in Administrative Case No. 240 and as approved by the Commission in its order of March 31, 1981.

DATE OF ISSUE April 10, 1989 EFFECTIVE DATE Service on and after May 10, 1989

ISSUED BY [Signature] GEN. MGR., 109 BAGBY PK., GRAYSON, KY

FOR: ENTIRE AREA SERVICE
PSC NO.:

5TH REVISED SHEET NO.: 13.

CANCELING PSC NO.:

4TH REVISED SHEET NO.: 13.

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 13 (c) CLASSIFICATION OF SERVICE

LARGE INDUSTRIAL SERVICE – HLF 10,000 KVA AND OVER RATE PER UNIT

AVAILABILITY

Available to all members of the Cooperative whose monthly contract demand is equal to or greater than 10,000 KW. All use is subject to the established rules and regulations of the Cooperative that have been or may be adopted by its Board of Directors.

CONDITION OF SERVICE

An "INDUSTRIAL POWER AGREEMENT" shall be executed by the member for service under this schedule.

TYPE OF SERVICE

Three-phase, 60 hertz, alternating current as specified in the "INDUSTRIAL POWER AGREEMENT".

RATE PER MONTH

| | |
|--|----------------|
| Customer Charge | \$1,093.28 (I) |
| Demand Charge per KW of Billing Demand | \$ 5.51 (I) |
| Energy Charge per KWH | \$ 0.03051 (I) |

DETERMINATION OF BILLING DEMAND

The monthly billing demand shall be the greater of (A) or (B) listed below:

(A) The contract demand

(B) The ultimate consumer's highest demand, during the current month or preceding eleven months, coincident with the load center's peak demand. The load center's peak demand is the highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month (and adjusted for power factor as provided herein):

| <u>Months</u> | <u>Hours Applicable For Demand Billing - EST</u> |
|-----------------------|--|
| October through April | 7:00 a.m. to 12:00 Noon 5:00 p.m. to 10:00 p.m. |
| May through September | 10:00 a.m. to 10:00 p.m. |

DATE OF ISSUE: April 11, 2007

Service on and after
EFFECTIVE DATE: April 1, 2007

ISSUED BY: *Carol Hall Drury*

President & C.E.O., 109 Bagby Park, Grayson, KY

Issued by authority of an Order of the Public Service Commission of Kentucky in
Case No. 2006-00480 Dated April 1, 2007

FOR: ENTIRE AREA SERVED
PSC NO.: 4
Original SHEET NO. 13.50

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 13(c) CLASSIFICATION OF SERVICE

LARGE INDUSTRIAL SERVICE-HLF 10,000 KVA and Over (con't) RATE PER UNIT

POWER FACTOR ADJUSTMENT

The consumer agrees to maintain a unity power factor as nearly as practicable at each delivery point at the time of the monthly maximum demand. When the power factor is determined to be less than 90%, the monthly maximum demand at the delivery point will be adjusted by multiplying the actual monthly maximum demand by 90% and dividing this product by the actual power factor at the time of the monthly maximum demand.

FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per kWh equal to the fuel adjustment amount per kWh as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve month moving average of such losses. The Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall not be less than the sum of (A), (B) and (C) below:

- (A) The product of the billing demand multiplied by the demand charge, plus
- (B) The product of the billing demand multiplied by 425 hours and the energy charge per kWh, plus
- (C) The customer charge

PUBLIC SERVICE COMMISSION
OF KENTUCKY
DIRECTOR
MAY 10 1989
PURSUANT TO 807 KAR 5:056
SECTION 9(1)
BY: *[Signature]*
PUBLIC SERVICE COMMISSION MANAGER

TERMS OF PAYMENT

The above rates are net, the gross being ten percent higher. In the event the current monthly bill is not paid within fifteen (15) days from the mailing date of the bill, the gross rates shall apply.

ENERGY EMERGENCY CONTROL PROGRAM

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981, in Administrative Case No. 240 and as approved by the Commission in its order of March 31, 1981.

DATE OF ISSUE April 10, 1989 EFFECTIVE DATE Service on and after May 10, 1989

ISSUED BY *[Signature]* GEN. MGR., 109 BAGBY PK., GRAYSON, KY

FOR: ENTIRE AREA SERV

PSC NO.:

5TH REVISED SHEET NO.: 14.

CANCELING PSC NO.:

4TH REVISED SHEET NO.: 14.

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 14 (a) CLASSIFICATION OF SERVICE

| | | |
|---------------------------------------|---------------------------|----------------------|
| LARGE INDUSTRIAL SERVICE – MLF | 1,000 TO 4,999 KVA | RATE PER UNIT |
|---------------------------------------|---------------------------|----------------------|

AVAILABILITY

Available to all members of the Cooperative whose monthly contract demand is equal to or greater than 4,000 500 KW but less than 5,000 KW. All use is subject to the established rules and regulations of the Cooperative that have been or may be adopted by its Board of Directors.

CONDITION OF SERVICE

An "INDUSTRIAL POWER AGREEMENT" shall be executed by the member for service under this schedule.

TYPE OF SERVICE

Three-phase, 60 hertz, alternating current as specified in the "INDUSTRIAL POWER AGREEMENT".

RATE PER MONTH

| | |
|---|--------------|
| Customer Charge | \$547.15 (I) |
| Demand Charge per KW of Contract Demand | \$ 5.51 (I) |
| Demand Charge per KW for Billing Demand In Excess of Contract Demand | \$ 8.00 (I) |
| Energy Charge per KWH | \$0.03664(I) |

BILLING DEMAND

The billing demand (kilowatt demand) shall be the contract demand plus any excess demand. Excess demand occurs when the ultimate consumer's highest demand during the current month, coincident with the load center's peak, exceeds the contract demand. The load center's peak demand is highest average rate at which energy is used during any fifteen-minute interval in the below listed hours for each month and adjusted for power factor as provided herein:

| <u>Months</u> | <u>Hours Applicable For Demand Billing - EST</u> |
|-----------------------|--|
| October through April | 7:00 a.m. to 12:00 Noon 5:00 p.m. to 10:00 p.m. |
| May through September | 10:00a.m. to 10:00 p.m. |

DATE OF ISSUE: April 11, 2007

Service on and after
EFFECTIVE DATE: April 1, 2007

ISSUED BY: *Carol Hill*

President & C.E.O., 109 Bagby Park, Grayson, KY

FOR: ENTIRE AREA SERVED
PSC NO.: 4
Original SHEET NO. 14.10

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 14(a) CLASSIFICATION OF SERVICE

LARGE INDUSTRIAL SERVICE-MLF 1,000 TO 4,999 KVA (con't) RATE PER UNIT

(N)

POWER FACTOR ADJUSTMENT

The consumer agrees to maintain a unity power factor as nearly as practicable at each delivery point at the time of the monthly maximum demand. When the power factor is determined to be less than 90%, the monthly maximum demand at the delivery point will be adjusted by multiplying the actual monthly maximum demand by 90% and dividing this product by the actual power factor at the time of the monthly maximum demand.

FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per kWh equal to the fuel adjustment amount per kWh as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve month moving average of such losses. The Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall not be less than the sum of (A), (B) and (C) below:

- (A) The product of the contract demand multiplied by the demand charge, plus
- (B) The product of the contract demand multiplied by 425 hours and the energy charge per kWh.
- (C) The customer charge

TERMS OF PAYMENT

The above rates are net, the gross being ten percent higher. In the event the current monthly bill is not paid within fifteen (15) days from the mailing date of the bill, the gross rates shall apply.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

DEC 1 1990

ENERGY EMERGENCY CONTROL PROGRAM

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981, in Administrative Case No. 240 and as approved by the Commission in its order of March 31, 1981.

PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

BY: *Shane Miller*
PUBLIC SERVICE COMMISSION MANAGER

(N)

DATE OF ISSUE November 1, 1990 EFFECTIVE DATE Service on and after December 1, 1990

ISSUED BY *M. A. Kaye* GEN. MGR., 109 BAGBY PK., GRAYSON, KY

FOR: ENTIRE AREA SERVICE

PSC NO.:

5TH REVISED SHEET NO.: 14.2

CANCELING PSC NO.:

4TH REVISED SHEET NO.: 14.2

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 14 (b) CLASSIFICATION OF SERVICE

| | | |
|---------------------------------------|---------------------------|----------------------|
| LARGE INDUSTRIAL SERVICE – MLF | 5,000 TO 9,999 KVA | RATE PER UNIT |
|---------------------------------------|---------------------------|----------------------|

AVAILABILITY

Available to all members of the Cooperative whose monthly contract demand is equal to or greater than 5,000 KW but less than 10,000 KW. All use is subject to the established rules and regulations of the Cooperative that have been or may be adopted by its Board of Directors.

CONDITION OF SERVICE

An "INDUSTRIAL POWER AGREEMENT" shall be executed by the member for service under this schedule.

TYPE OF SERVICE

Tree-phase, 60 hertz, alternating current as specified in the "INDUSTRIAL POWER AGREEMENT".

RATE PER MONTH

| | |
|---|----------------|
| Customer Charge | \$1,098.28 (I) |
| Demand Charge per KW of Contract Demand | \$ 5.51 (I) |
| Demand Charge per KW for Billing Demand In Excess of Contract Demand | \$ 8.00 (I) |
| Energy Charge per KWH | \$ 0.03153 (I) |

BILLING DEMAND

The billing demand (kilowatt demand) shall be the contract demand plus any excess demand. Excess demand occurs when the ultimate consumer's highest demand during the current month, coincident with the load center's peak, exceeds the contract demand. The load center's peak demand is highest average rate at which energy is used during any fifteen-minute interval in the below listed hours for each month and adjusted for power factor as provided herein:

| <u>Months</u> | <u>Hours Applicable For Demand Billing - EST</u> |
|-----------------------|--|
| October through April | 7:00 a.m. to 12:00 Noon 5:00 p.m. to 10:00 p.m. |
| May through September | 10:00 a.m. to 10:00 p.m. |

DATE OF ISSUE: April 11, 2007

Service on and after
EFFECTIVE DATE: April 1, 2007

ISSUED BY: *Carl Heedley*

President & C.E.O., 109 Bagby Park, Grayson, KY

Issued by authority of an Order of the Public Service Commission of Kentucky in
Case No. 2006-00480 Dated April 1, 2007

FOR: ENTIRE AREA SERVED
PSC NO.: 4
Original SHEET NO. 14.30

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 14(b) CLASSIFICATION OF SERVICE

LARGE INDUSTRIAL SERVICE-MLF 5,000 TO 9,999 KVA (con't) RATE PER UNIT

POWER FACTOR ADJUSTMENT

The consumer agrees to maintain a unity power factor as nearly as practicable at each delivery point at the time of the monthly maximum demand. When the power factor is determined to be less than 90%, the monthly maximum demand at the delivery point will be adjusted by multiplying the actual monthly maximum demand by 90% and dividing this product by the actual power factor at the time of the monthly maximum demand.

FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per kWh equal to the fuel adjustment amount per kWh as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve month moving average of such losses. The Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall not be less than the sum of (A), (B) and (C) below:

- (A) The product of the contract demand multiplied by the demand charge, plus
- (B) The product of the contract demand multiplied by 425 hours and the energy charge per kWh.
- (C) The customer charge

TERMS OF PAYMENT

The above rates are net, the gross being ten percent higher. In the event the current monthly bill is not paid within fifteen (15) days from the mailing date of the bill, the gross rates shall apply.

ENERGY EMERGENCY CONTROL PROGRAM

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981, in Administrative Case No. 240 and as approved by the Commission in its order of March 31, 1981.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

DEC 1 1990

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)

BY: *[Signature]*
PUBLIC SERVICE COMMISSION MANAGER

(N)

DATE OF ISSUE November 1, 1990 EFFECTIVE DATE December 1, 1990
Service on and after

ISSUED BY *[Signature]* GEN. MGR., 109 BAGBY PK., GRAYSON, KY

FOR: ENTIRE AREA SERV
PSC NO.:
5TH REVISED SHEET NO.: 14
CANCELING PSC NO.:
4TH REVISED SHEET NO.: 14

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 14 (c) CLASSIFICATION OF SERVICE

LARGE INDUSTRIAL SERVICE – MLF 10,000 KVA AND OVER RATE PER UNIT

AVAILABILITY

Available to all members of the Cooperative whose monthly contract demand is equal to or greater than 10,000 KW. All use is subject to the established rules and regulations of the Cooperative that have been or may be adopted by its Board of Directors.

CONDITION OF SERVICE

An "INDUSTRIAL POWER AGREEMENT" shall be executed by the member for service under this schedule.

TYPE OF SERVICE

Three-phase, 60 hertz, alternating current as specified in the "INDUSTRIAL POWER AGREEMENT".

RATE PER MONTH

| | |
|---|----------------|
| Customer Charge | \$1,093.28 (I) |
| Demand Charge per KW of Contract Demand | \$ 5.51 (I) |
| Demand Charge per KW for Billing Demand In Excess of Contract Demand | \$ 8.00 (I) |
| Energy Charge per KWH | \$ 0.03051 (I) |

BILLING DEMAND

The billing demand (kilowatt demand) shall be the contract demand plus any excess demand. Excess demand occurs when the ultimate consumer's highest demand during the current month, coincident with the load center's peak, exceeds the contract demand. The load center's peak demand is highest average rate at which energy is used during any fifteen-minute interval in the below listed hours for each month and adjusted for power factor as provided herein:

| <u>Months</u> | <u>Hours Applicable For Demand Billing - EST</u> |
|-----------------------|--|
| October through April | 7:00 a.m. to 12:00 Noon 5:00 p.m. to 10:00 p.m. |
| May through September | 10:00 a.m. to 10:00 p.m. |

DATE OF ISSUE: April 11, 2007

EFFECTIVE DATE: Service on and after April 1, 2007

ISSUED BY: *Carol Hill Dinkley*

President & C.E.O., 109 Bagby Park, Grayson, KY

Issued by authority of an Order of the Public Service Commission of Kentucky in

FOR: ENTIRE AREA SERVED
PSC NO.: 4
Original SHEET NO. 14.50

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 14(c) CLASSIFICATION OF SERVICE

LARGE INDUSTRIAL SERVICE-MLF 10,000 KVA and Over (con't) RATE PER UNIT

POWER FACTOR ADJUSTMENT

The consumer agrees to maintain a unity power factor as nearly as practicable at each delivery point at the time of the monthly maximum demand. When the power factor is determined to be less than 90%, the monthly maximum demand at the delivery point will be adjusted by multiplying the actual monthly maximum demand by 90% and dividing this product by the actual power factor at the time of the monthly maximum demand.

FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per kWh equal to the fuel adjustment amount per kWh as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve month moving average of such losses. The Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall not be less than the sum of (A), (B) and (C) below:

- (A) The product of the contract demand multiplied by the demand charge, plus
- (B) The product of the contract demand multiplied by 425 hours and the energy charge per kWh.
- (C) The customer charge

TERMS OF PAYMENT

The above rates are net, the gross being ten percent higher. In the event the current monthly bill is not paid within fifteen (15) days from the mailing date of the bill, the gross rates shall apply.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
DEC 1 1990
PURSUANT TO 807 KAR 5:011,
SECTION 9(1)
BY: *[Signature]*
PUBLIC SERVICE COMMISSION MANAGER

ENERGY EMERGENCY CONTROL PROGRAM

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981, in Administrative Case No. 240 and as approved by the Commission in its order of March 31, 1981.

DATE OF ISSUE November 1, 1990 EFFECTIVE DATE December 1, 1990
Service on and after

For: ELK HIRE AREA SERVED
PSC NO.
Original Sheet No.: 15.00

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

Involuntary Interruptible Service – Schedule D

Standard Rider

This interruptible rate is a rider to Rate Schedules 4 and 12, 13, 14 (a),(b), and (c).

AVAILABILITY

Available to all members of the Cooperative who will contract for an interruptible demand of not less than 250KW and not more than 20,000 kW, subject to a maximum number of hours of interruption per year and a notice period as listed below.

Monthly Rate

A monthly demand credit per kW is to be based on the following matrix:

| <u>Notice Minutes</u> | <u>Annual Hours of Interruption</u> | | |
|-----------------------|-------------------------------------|------------|------------|
| | <u>200</u> | <u>300</u> | <u>400</u> |
| 10 | \$2.70 | \$3.15 | \$3.60 |
| 60 | \$2.25 | \$2.70 | \$3.15 |

Determination of Measured Load – Billing Demand

The billing demand (kilowatt demand) is based on EKPC's system peak demand (coincident peak) which is the highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month and adjusted for power factor as provided herein:

| <u>Months</u> | <u>Hours Applicable for Demand Billing – EST</u> |
|-----------------|--|
| October – April | 7:00 a.m. to 12:00 noon 5:00 p.m. to 10:00 p.m. |
| May – September | 10:00 a.m. to 10:00 p.m. |

The interruptible billing demand shall be equal to the amount by which the monthly billing demand exceeds the minimum billing demand as specified in the contract.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

AUG 01 2001

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)

DATE OF ISSUE : June 25, 2001

DATE EFFECTIVE: AUGUST 1, 2001
BY: Stephen D. Bell
SECRETARY OF THE COMMISSION

ISSUED BY x *Carol Hill* TITLE : President & CEO

Issued by an Order of the Public Service Commission of Kentucky in Case No.2001-127 dated 8/2/01

For: ENTIRE AREA SERVED
PSC NO.
Original Sheet No.: 15.10

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

CONDITION OF SERVICE

1. The customer will, upon notification by the Cooperative, reduce his load being supplied by the Cooperative to the contract capacity level specified by the contract.
2. The Cooperative will endeavor to provide the Customer as much advance notice as possible of the interruption of service. However, the Customer shall interrupt service within the notice period as contracted.
3. Service will be furnished under the Cooperative's Rules and Regulations, except as set out herein and/or provisions agreed to by written contract.
4. No responsibility of any kind shall attach to the Cooperative for, or on account of, any loss or damage caused by, or resulting from, any interruption or curtailment of this service.
5. The Customer shall own, operate, and maintain all necessary equipment for receiving electric energy and all tele-metering and communications equipment, within the customer's premises, required for interruptible service.
6. The minimum original contract period shall be one year and thereafter until terminated by giving at least six months previous written notice. The Cooperative may require a contract be executed for a longer initial term when deemed necessary by the size of the load and other conditions.
7. The Fuel Adjustment Clause, as specified in the applicable rate schedule is applicable.

Calculation of Monthly Bill

The monthly bill is calculated on the following basis:

- A. Sum of metering point charge and substation charge, plus
- B. Minimum billing demand in kW multiplied by the firm capacity rate, plus
- C. Interruptible billing demand in kW multiplied by interruptible rate, plus
- D. Energy usage in kWh multiplied by the energy rate.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

AUG 01 2001

PURSUANT TO 807 KAR 5:011,
SECTION 9(1)

BY: Stephan O. Bell
SECRETARY OF THE COMMISSION

DATE OF ISSUE : June 25, 2001

DATE EFFECTIVE: August 1, 2001

ISSUED BY

[Signature]

TITLE: President & CEO

For: ENTIRE AREA SERVED
PSC NO.
Original Sheet No.: 15.20

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

Number and Duration of Interruptions

- A. Winter Season: There shall be no more than two (2) interruptions during any 24 hour period. No interruptions shall last more than six hours.
- B. Summer Season: There shall be no more than one (1) interruption during any 24 hour period. No interruption shall last more than 12 hours.
- C. The maximum number of annual hours of interruption shall be in accordance with the customer contracted level of interruptive service.

Charge for Failure to Interrupt

If Customer fails to interrupt load as requested by the Cooperative, the Cooperative shall bill the uninterrupted load at a rate equal five (5) times the applicable firm power demand charge for that billing month. Uninterrupted load is equal to actual load during requested interruption minus firm load.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

AUG 01 2001

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephan O. Bell
SECRETARY OF THE COMMISSION

DATE OF ISSUE : June 25, 2001

DATE EFFECTIVE: August 1, 2001

ISSUED BY X [Signature] TITLE : President & CEO

For: Entire Area Served
PSC NO. _____
Original Sheet No.: 16.00

Grayson Rural Electric Cooperative Corporation

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

AUG 01 2001

Voluntary Interruptible Service – Schedule F

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephan O. Bell
SECRETARY OF THE COMMISSION

STANDARD RIDER

This Voluntary Interruptible Service is a rider to Rate Schedule(s) 4 and 12,13,14 (a),(b), & (c).

APPLICABLE

In all service territory served by the Cooperative.

No interruptible demand which is already under contract under any other Interruptible Rider is eligible for this service.

AVAILABILITY OF SERVICE

This schedule shall be made available at any load center, to any member cooperative where an ultimate "Customer" is capable of interrupting at least 1,000 kW upon request and has contracted with the Cooperative to do so under a retail contract rider.

CONDITIONS OF SERVICE

1. Any request for interruption under this Rider shall be made by the Cooperative.
2. Each interruption will be strictly voluntary.
3. No responsibility of any kind shall attach to the Cooperative for, or on account of, any loss or damage caused by, or resulting from, any interruption or curtailment of this service.
4. The Customer shall agree by contract to own, operate, and maintain all necessary equipment for receiving electric energy and all telemetering and communications equipment, within the Customer's premises, required for interruptible service.
5. It is the Cooperative's responsibility to notify the Customer and execute an interruption request. Therefore, the Cooperative and the Customer shall mutually agree upon the manner by which the Cooperative shall notify the Customer of a request for interruption. Such an agreement shall include the means by which the Cooperative shall communicate the interruption request (e.g. email, phone, pager, etc.) and the Customer's point of contact to receive such a request.
6. The Cooperative will attempt to provide as much advance notice as possible for requests for interruption. However, upon the Customer's acceptance of the Terms of Interruption the Customer's load shall be interrupted with as little as one (1) hour of advance notification.
7. The Cooperative reserves the right to require verification of a Customer's ability to interrupt its load.

Date of Issue: June 25, 2001

Date Effective: August 1, 2001

Issued by x [Signature] Title: President & CEO

Issued by an Order of the Public Service Commission of Kentucky in Case No. 2001-127 dated 8/2/01

2

For: Entire Area Served
PSC NO. _____
Original Sheet No.: 16.20

Grayson Rural Electric Cooperative Corporation

1. The time at which each interruption shall begin is to be established by the Cooperative. At least one (1) hour of advance notice of each request for interruption shall be provided by the Cooperative.
2. The duration in clock hours of the interruption request is to be established by the Cooperative.
3. The price and the potential savings. This savings will be determined by the Cooperative on a case by case basis and will be based on a percentage of the market price of power at the time of the interruption.
4. The Customer shall specify:
 - a. The maximum demand in kW that will be interrupted.
 - b. The maximum firm demand that the Customer will purchase through the Cooperative during the interruption.

INTERRUPTION CREDITS

The interruption credit for each interruption period shall be equal to the interrupted energy kWh times the amount by which the quoted price for each interruption exceeds the Customer's regular tariff rate. The sum of the interruption credits for the billing month will be allocated as follows:

The interruption credit to the Customer shall be equal to the product of the interrupted energy multiplied by the interruption price for each interruption.

FAILURE TO INTERRUPT

For those Customers failing to interrupt a minimum of 80% of their agreed amount of interruptible load of 5,000 kW or greater, an excess energy charge will be applicable. This excess energy is equal to the difference of 80% of the interruptible load minus the interrupted load. Excess energy shall be charged to the Customer at a price equal to 125% of the interruption price plus the standard rate applicable to this load.

TERM

The minimum original contract period shall be one (1) year and shall remain in effect thereafter until either party provides to the other at least thirty (30) days previous written notice.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

AUG 01 2001

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)

BY: Stephan O. Bell
SECRETARY OF THE COMMISSION

Date of Issue: June 25, 2001

Date Effective: August 1, 2001

Issued by x [Signature] Title: President & CEO

Issued by an Order of the Public Service Commission of Kentucky in Case No. 2001-127 dated 8/2/01

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 17 (a)

CLASSIFICATION OF SERVICE

RATE PER UNIT

Terms of Payment

The above rates are net, the gross being 10% higher. In the event the current monthly bill is not paid within fifteen (15) days from the mailing date of the bill, the gross rates shall apply.

Rules and Regulations

Service will be furnished under the Cooperative's general rules and regulations or terms and conditions.

Energy Emergency Control Program

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981 in Administrative Case No. 240 and as approved by the Commission of March 31, 1981.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

MAY 01 2003

PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

BY Charles L. Dorn
EXECUTIVE DIRECTOR

Service on and after

EFFECTIVE DATE: JUNE 4, 2003

DATE OF ISSUE: MAY 16, 2003

BY: Carol Hill Dorn

President & C.E.O., 109 Bagby Park, Grayson, KY

Filed by an Order of the Public Service Commission of Kentucky in Case No. 2002-00442 dated May 12, 2003.

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 18

CLASSIFICATION OF SERVICE

CAMPS AND BARNS

RATE PER UNIT

Terms of Payment

Available for camps and barns in areas served by the Cooperative that are not eligible to be classified as permanent residential farm and home uses subject to established rules and regulations. Approval of the Cooperative must be obtained prior to the installation of any motor having a rated capacity of five horsepower or more.

TYPE OF SERVICE

Single-phase and/or three-phase, 60 cycle, alternating current at the Cooperative's standard secondary voltages.

RATE

| | |
|-----------------|---------|
| Customer Charge | \$20.00 |
| Energy Charge | .09284 |

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be the minimum charge specified in the contract, or the minimum monthly customer charge, or \$0.75 per KVA or installed capacity, whichever is greater.

FUEL ADJUSTMENT CHARGE

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per kWh equal to the fuel adjustment amount per kWh as billed by the wholesale power supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve-month moving average of such losses. This Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

DATE OF ISSUE: NOVEMBER 7, 2008

Service on and after
EFFECTIVE DATE: DECEMBER 7, 2008

ISSUED BY:



President & C.E.O., 109 Bagby Park, Grayson, KY

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 18

CLASSIFICATION OF SERVICE

CAMPS AND BARNES

RATE PER UNIT

Terms of Payment

The above rates are net, the gross being 10% higher. In the event the current monthly bill is not paid within fifteen (15) days from the mailing date of the bill, the gross rates shall apply.

Rules and Regulations

Service will be furnished under the Cooperative's general rules and regulations or terms and conditions.

Energy Emergency Control Program

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981 in Administrative Case No. 240 and as approved by the Commission Order of March 31, 1981.

DATE OF ISSUE: NOVEMBER 7, 2008

Service on and after
EFFECTIVE DATE: DECEMBER 7, 2008

ISSUED BY:



President & C.E.O., 109 Bagby Park, Grayson, KY

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 9

CLASSIFICATION OF SERVICE

CABLE TELEVISION ATTACHMENT TARIFF

RATE PER UNIT

APPLICABILITY

In all territory served by the Cooperative on poles owned and used by the Cooperative for its electric plant.

AVAILABILITY

To all qualified CATV operators having the right to receive service.

RENTAL CHARGE PER MONTH

The yearly rental charge per attachment shall be as follows:

| | |
|----------------------------------|------------|
| Two-party pole attachment | |
| Two-party anchor attachment | \$6.54 (I) |
| Two-party grounding attachment | 4.37 (I) |
| Three-party pole attachment | 0.29 (D) |
| Three-party anchor attachment | 5.23 (I) |
| Three-party grounding attachment | 2.88 (I) |
| | 0.18 (D) |

BILLING

Rental charges shall be billed annually based on the number of pole attachments. The rental charges are net, the gross being ten percent (10%) higher. In the event the current annual bill is not paid within fifteen (15) days from the date of the bill, the gross rate shall apply.

SPECIFICATIONS

A. The attachment to poles covered by this tariff shall at all times conform to the requirements of the National Electric Safety code, 1981 Edition, and subsequent revisions thereof, except where the lawful requirements of public authorities may be more stringent, in which case the latter will govern.

B. The strength of poles covered by this agreement shall be sufficient to withstand the transverse and vertical load imposed upon them under the storm loading of the National Electrical Safety Code assumed for the area in which they are located.

DATE OF ISSUE: NOVEMBER 7, 2008

Service on and after
EFFECTIVE DATE: DECEMBER 7, 2008

ISSUED BY: *Campbell*

President & C.E.O., 109 Bagby Park, Grayson, KY

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

RULES AND REGULATIONS

42. INSTALLATION AND RECONNECTION CHARGES

A service charge will be made for all reconnects made under 807 KAR 5:006, Section 8. Service charge for reconnects made during normal working hours - \$30.00. Service charge for reconnects made after normal hours - \$70.00. (I)
(I)

43. INSTALLATION AND RECONNECTION CHARGES – EXCEPTIONAL CIRCUMSTANCES

When, upon a customer's request, an installation or reconnection takes place after normal working hours and by the nature of the installation or reconnection should require more than two (2) hours to complete, the customer shall be charged an additional \$50.00 for each hour, or portion of an hour, exceeding two (2) hours. This charge shall be in addition to the \$70.00 charge for the first mandatory two (2) hours. (I)
(I)

44. COLLECTION OF DELINQUENT ACCOUNTS

Should it become necessary for the Cooperative to send a serviceman to the customer's premises for collecting a delinquent account, a service charge of \$30.00 will be applied to the customer's account for the extra service rendered, due and payable at the time such delinquent account is collected. If service is disconnected for nonpayment, an additional charge of \$30.00 will be added for reconnecting service during regular work hours. The charge may be assessed if the utility representative actually terminates service or if, in the course of the trip, the customer pays the delinquent bill to avoid termination. The charge may also be made if the utility representative agrees to delay termination based on the customer's agreement to pay the delinquent bill by a specific date. The Cooperative may make a field collection charge only once in any billing period. (I)
(I)

45. RETURNED CHECK CHARGE

When a check received in payment of a customer's account is returned unpaid by the bank for any reason, the Cooperative will notify the customer by form letter "Notice of Returned Check" stating the amount of the check and the reason for return. A \$25.00 service charge will be added to the customer's account for each returned check. (I)

Issuance of a check that is later returned unhonored by the bank will not delay the normal collection procedures.

DATE OF ISSUE: NOVEMBER 7, 2008

Service on and after
EFFECTIVE DATE: DECEMBER 7, 2008

ISSUED BY: *Cynthia S. [Signature]*

President & C.E.O., 109 Bagby Park, Grayson, KY

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

RULES AND REGULATIONS

23. METER BASES

Each customer shall provide his/her own meter base.

24. METER READING

Each customer receiving service will read his/her meter on the first (1st) day of each month and have the reading in the Cooperative office no later than the fifteenth (15th) of that month. In the event the member fails to read the meter as outlined or fails to notify the Cooperative office for three successive months, the Cooperative's serviceman will read the meter and the customer will be billed \$30.00 for this service.

(l)

25. SEPARATE METER FOR EACH SERVICE

The Cooperative will normally furnish a single meter at the point of connection to the customer's premises. Any customer desiring service at two or more separately metered points of connection to the system shall be billed separately at each point and the registration of such meters shall not be added for billing purposes.

J. LOCATION OF METERS

Meter locations shall require approval of the Cooperative and shall, at all times, be kept easily accessible for reading, testing, removing, and making necessary adjustments and repairs.

27. PRIMARY METERING

In those instances when primary metering is utilized, the customer will own, operate, and maintain all facilities past the metering point.

DATE OF ISSUE: NOVEMBER 7, 2008

Service on and after
EFFECTIVE DATE: DECEMBER 7, 2008

ISSUED BY: *Carey Hill*

President & C.E.O., 109 Bagby Park, Grayson, KY

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

RULES AND REGULATIONS

28. POINT OF DELIVERY

The point of delivery is the point as designated by the Cooperative on the customer's premises where current is to be delivered to the building or premises; namely, the point of attachment or connection to customer owned facilities. A member requesting a delivery point different from the one designated by the Cooperative will be required to pay the additional cost of providing the service at such delivery point. All wiring and equipment beyond this point of delivery shall be supplied, owned, and maintained by the customer.

29. VOLTAGE FLUCTUATIONS CAUSED BY CUSTOMER

Electric service must not be used in such manner as to cause unusual fluctuations or disturbances to the Cooperative's distribution system. The Cooperative may require the customer, at his/her own expense, to install suitable apparatus which will limit such fluctuation in accordance with the requirements as set forth in 807 KAR 5:041, Section 6.

J. METER TESTING – CUSTOMER REQUESTED

The Cooperative will, at its own expense, make periodic tests and inspections of all meters to maintain a high standard of accuracy and to conform with the regulations of the Public Service Commission. The Cooperative will make additional tests of the meter at the request of the customer provided such request is not made more frequently than once each twelve (12) months. The customer has a right to be present when the meter is tested and will be notified in advance as to the date and approximate time the testing will take place in order for them to make arrangements to be present. If the meter is found to be more than 2% fast or slow, an adjustment will be made to the customer's bill in accordance with 807 KAR 5:006, Section 10. If such test shows that the meter was not more than 2% fast or slow, a meter test fee of \$40.00 may be assessed the customer to cover the cost of the meter test as per 807 KAR 5:006, Section 18. If a customer requests more than one (1) meter test in a twelve (12) month period, the \$40.00 fee shall be deposited in advance for each subsequent test. The deposit shall be refunded if the meter is found to be more than 2% fast or slow.

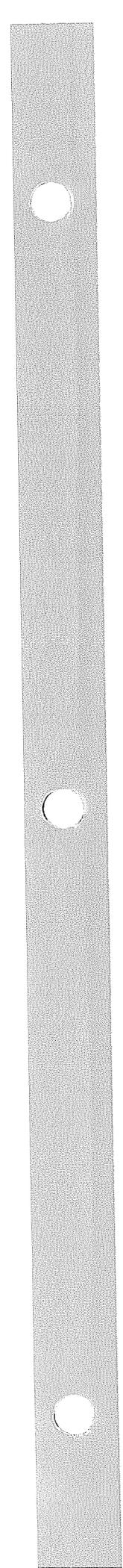
(I)

DATE OF ISSUE: NOVEMBER 7, 2008

Service on and after
EFFECTIVE DATE: DECEMBER 7, 2008

ISSUED BY: 

President & C.E.O., 109 Bagby Park, Grayson, KY



FOR: ENTIRE AREA SERVED

PSC NO.: 4

10TH REVISED SHEET NO.: 1.00

CANCELING PSC NO.: 4

9TH REVISED SHEET NO.: 1.00

GRAYSON RURAL ELECTRIC
OPERATIVE CORPORATION

SCHEDULE 1

CLASSIFICATION OF SERVICE

DOMESTIC – FARM & HOME SERVICE

RATE PER UNIT

AVAILABILITY-DOMESTIC

Available to members of the Cooperative for all residential farm and home uses subject to its established rules and regulations. Approval of the Cooperative must be obtained prior to the installation of any motor having a rated capacity of five horsepower or more.

TYPE OF SERVICE

Single-phase and/or three-phase, 60 cycle, alternating current at the Cooperative's standard secondary voltages.

RATE PER MONTH

Customer Charge

+ 15.00

~~\$8.16~~ (I)

Energy Charge Per KWH

0.08680

-.07868 (I) (I)

FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as set by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve month moving average of such losses. The Fuel clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

MINIMUM CHARGE

+ 15.00

The minimum monthly charge under the above rate shall be \$7.98 where 25 KVA or less of transformer capacity is required. For members requiring more than 25 KVA of transformer capacity, the minimum monthly charge shall be increased at a rate of \$.75 for each additional KVA or fraction thereof required. Where it is necessary to extend or reinforce existing distribution facilities, the minimum monthly charge may be increased to assure adequate compensation for the added facilities. Where the minimum charge is increased in accordance with this section, additional energy and demand shall be included in accordance with the foregoing rate schedule.

(I)

OF ISSUE: JULY 25, 2007

ISSUED BY: *Cynthia D. [Signature]*

President & CEO

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
8/1/2007

PURSUANT TO 807 KAR 5:011
SECTION 9 (1)
EFFECTIVE DATE: AUG 1, 2007

Executive Director

ark, Grayson, KY

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED
PSC NO.: 4
Original SHEET NO. 1.10
CANCELING PSC NO.: 3
1st Revised SHEET NO. 1.10

SCHEDULE 1 (con't) CLASSIFICATION OF SERVICE

DOMESTIC-FARM & HOME SERVICE RATE PER UNIT

TERMS OF PAYMENT

The above rates are net, the gross being ten percent higher. In the event the current monthly bill is not paid within fifteen (15) days from the mailing date of the bill, the gross rates shall apply.

METERING

Necessary metering equipment will be furnished and maintained by the Cooperative which shall have the option of metering service supplied hereunder at either primary or secondary voltage.

SERVICE PROVISIONS

1. Delivery Point. If service is furnished at secondary voltage, the delivery point shall be the metering point unless otherwise specified in the contract for service. All wiring, pole lines and other electrical equipment on the load side of the delivery point shall be owned and maintained by the Consumer.

If service is furnished at the Cooperative's primary voltage, the delivery point shall be the point of attachment of the Cooperative's primary line to the consumer's transformer structure unless otherwise specified on the contract for service. All wiring, pole lines and other electrical equipment (except metering equipment) on the load side of the delivery point shall be owned and maintained by the Consumer.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
JAN 17 1986
PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: *[Signature]*

2. Motors having a rated capacity in excess of five horsepower (5 h.p.) must be three-phase unless written permission has been obtained from the Cooperative.

3. In the event the Cooperative, in order to prevent voltage fluctuations or disturbances on its system, installs separate transformer or transformers to supply operating characteristics, such service will be metered and billed separately from the Consumer's other service. The minimum monthly charge for separate service to welders, x-ray machines, etc. will be \$1.00 per kVA of installed transformer capacity instead of the minimum charge as set forth under the paragraph "Minimum Monthly Charge" of this schedule.

DATE OF ISSUE January 27, 1986 SERVICE ON AND AFTER
EFFECTIVE DATE January 17, 1986

ISSUED BY *[Signature]* GEN. MGR., 109 BAGBY PK., GRAYSON, KY

Issued by authority of P.S.C. in Case No. 9352 dated January 17, 1986.

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED
PSC NO.: 4
Original SHEET NO. 1.20
CANCELING PSC NO.: 3
1st Revised SHEET NO. 1.10

SCHEDULE 1 (con't) CLASSIFICATION OF SERVICE

DOMESTIC-FARM & HOME SERVICE

RATE PER UNIT

ENERGY EMERGENCY CONTROL PROGRAM

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981, in Administrative Case No. 240 and as approved by the Commission in its order of March 31, 1981.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

MAR 31 1981

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)

BY: *J. Prohaska*

DATE OF ISSUE January 27, 1986 EFFECTIVE DATE March 31, 1981

ISSUED BY Harold W. Haight GEN. MGR., 109 BAGBY PK., GRAYSON, KY

Issued by authority of P.S.C. Adm. Case No. 240 dated March 31, 1981.

PSC NO.: 4
17 8TH REVISED SHEET NO.: 2.00
CANCELING PSC NO.: 4
9 8TH REVISED SHEET NO.: 2.00

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 2

CLASSIFICATION OF SERVICE

| COMMERCIAL AND SMALL POWER LESS THAN 50 KVA, INCLUDING PUBLIC BUILDINGS, SCHOOLS, CHURCHES, ETC. | RATE PER UNIT |
|--|---------------|
|--|---------------|

AVAILABILITY OF SERVICE

Available to members of the Cooperative for all Commercial and Small Power uses less than 50 KVA, subject to its established rules and regulations. Approval of the Cooperative must be obtained prior to the installation of any motor having a rated capacity of five horsepower or more.

TYPE OF SERVICE

Single-phase and/or three-phase, 60 cycle, alternating current at the Cooperative's standard secondary voltages.

RATE PER MONTH

Customer Charge

\$ 25.00

(1)

Energy Charge per KWH

0.08909

\$8.10

(1)

.07868

FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as set by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve month moving average of such losses. The Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

MINIMUM CHARGE

The minimum monthly charge under the above rate shall be ^{25.00} ~~\$7.92~~ where 25 KVA or less of transformer capacity is required. For members requiring more than 25 KVA of transformer capacity, the minimum monthly charge shall be increased at a rate of \$.75 for each additional KVA or fraction thereof required. Where it is necessary to extend or reinforce existing distribution facilities, the minimum monthly charge may be increased to assure adequate compensation for the added facilities. Where the minimum charge is increased in accordance with this section, additional energy and demand shall be included in accordance with the foregoing rate schedule.

(1)

DATE OF ISSUE: JULY 25, 2007

ISSUED BY:

Carroll Hill

President & C
By

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
8/1/2007

PURSUANT TO ~~Section 11 and after~~
EFFECTIVE DATE: AUG 1, 2007

[Signature] ark, Grayson, KY

Executive Director

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED
PSC NO.: 4
1st Revised SHEET NO. 2.10
CANCELING PSC NO.: 4
Original SHEET NO. 2.10

SCHEDULE 2 (con't) CLASSIFICATION OF SERVICE

| COMMERCIAL AND SMALL POWER 50 KVA OR LESS, INCLUDING PUBLIC BUILDINGS, SCHOOLS, CHURCHES, ETC. | RATE PER UNIT |
|--|---------------|
|--|---------------|

POWER FACTOR ADJUSTMENT--COMMERCIAL AND SMALL POWER

The consumer agrees to maintain unity power factor as nearly as practicable. The Cooperative reserves the right to measure such power factor at any time. Should such measurements indicate that the power factor at the time of the customer's maximum demand is lower than 90%, the demand for billing purposes shall be the demand as indicated or recorded by the demand meter, increased by 1% for each 1% by which the average power factor is less than 90% lagging.

METERING

Necessary metering equipment will be furnished and maintained by the Cooperative which shall have the option of metering service supplied hereunder at either primary or secondary voltage.

SERVICE PROVISIONS

1. Delivery Point. If service is furnished at secondary voltage, the delivery point shall be the metering point unless otherwise specified in the contract for service. All wiring, pole lines and other electrical equipment on the load side of the delivery point shall be owned and maintained by the Consumer.

If service is furnished at the Cooperative's primary voltage, the delivery point shall be the point of attachment of the Cooperative's primary line to the consumer's transformer structure unless otherwise specified on the contract for service. All wiring, pole lines and other electrical equipment (except metering equipment) on the load side of the delivery point shall be owned and maintained by the Consumer.

2. Motors having a rated capacity in excess of five horsepower (5 h.p.) must be three-phase unless written permission has been obtained from the Cooperative.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
MAR 14 1988

PURSUANT TO 807 KAR 5:011,
SECTION 9(1)

BY: George Felber
PUBLIC SERVICE COMMISSION MANAGER

| | |
|--|--|
| DATE OF ISSUE <u>July 8, 1988</u> | DATE EFFECTIVE <u>January 17, 1986</u> |
| ISSUED BY <u>Harold G. Haight</u> | GEN. MGR., 109 BAGBY PK., GRAYSON, KY |
| Issued by authority of P.S.C. in Case No. 9352 dated January 17, 1986. | |

FOR: ENTIRE AREA SERVED
PSC NO.: 4
Original SHEET NO. 2.20

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 2 (con't) CLASSIFICATION OF SERVICE

COMMERCIAL AND SMALL POWER 50 KVA OR LESS, INCLUDING
PUBLIC BUILDINGS, SCHOOLS, CHURCHES, ETC. RATE PER UNIT

SERVICE PROVISIONS (con't)

3. In the event the Cooperative, in order to prevent voltage fluctuations or disturbances on its system, installs separate transformer or transformers to supply operating characteristics, such service will be metered and billed separately from the Consumer's other service. The minimum monthly charge for separate service to welders, x-ray machines, etc. will be \$1.00 per kVA of installed transformer capacity instead of the minimum charge as set forth under the paragraph "Minimum Monthly Charge" of this schedule.

TERMS OF PAYMENT

The above rates are net, the gross being ten percent higher. In the event the current monthly bill is not paid within fifteen (15) days from the mailing date of the bill, the gross rates shall apply.

ENERGY EMERGENCY CONTROL PROGRAM

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981, in Administrative Case No. 240 and as approved by the Commission in its order of March 31, 1981.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

MAR 14 1988

PURSUANT TO 807 KAR 5:011,
SECTION 9(1)

BY: Sharon Kelle
PUBLIC SERVICE COMMISSION MANAGER

DATE OF ISSUE July 8, 1988

EFFECTIVE DATE August 7, 1984

ISSUED BY Harold H. Light

GEN. MGR., 109 BAGBY PK., GRAYSON, KY

Issued by authority of P.S.C. in Adm. Case No. 240 dated March 31, 1981.

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 3 CLASSIFICATION OF SERVICE

OFF-PEAK MARKETING RATE

RATE PER UNIT

AVAILABILITY OF SERVICE

Available to members of the Cooperative eligible for service under Tariff Schedule 1—Domestic-Farm & Home Service, or Tariff Schedule 2—Commercial and Small Power Less than 50 KVA, who have installed Cooperative approved load management devices for the use of power during off-peak hours. This rate shall only apply to programs which have been expressly approved by the Public Service Commission to be offered under the Marketing Rate of East Kentucky Power Cooperative's Wholesale Rate Schedule A.

TYPE OF SERVICE

Single-phase and/or three-phase, 60 cycle, alternating current at the Cooperative's standard secondary voltages.

RATE PER MONTH

| | | | |
|-----------------|----------|---------|-------------|
| Customer Charge | \$ 15.00 | | |
| ON-PEAK RATE: | | | -\$8.16 (J) |
| | All KWH | 0.08680 | (J) |
| OFF PEAK RATE: | | | -.07868 (I) |
| | All KWH | 0.05208 | (J) |
| | | | -.04721 (I) |

PEAK PERIODS

WINTER SCHEDULE

For the purpose of this tariff, the on-peak billing period for the months of October, November, December, January, February, March, and April is defined as 7 a.m. to 12 noon and from 5 p.m. to 10 p.m., local time, for all days of the week, including Saturday, Sunday and holidays. The off-peak billing period is defined as 10 p.m. to 7 a.m. and from 12 noon to 5 p.m., local time, for all days of the week, including Saturday, Sunday and holidays.

SUMMER SCHEDULE

For the purpose of this tariff, the on-peak billing period for the months of May, June, July, August, and September is defined as 10 a.m. to 10 p.m., local time, for all days of the week, including Saturdays, Sundays and holidays. The off-peak billing period is defined as 10 p.m. to 10 a.m., local time, for all days of the week, including Saturday, Sunday, and holidays.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
8/1/2007

PURSUANT TO SERVICE 5014 and after
SECTION 14 (E) EFFECTIVE DATE: AUG 1, 2007

DATE OF ISSUE: JULY 25, 2007

ISSUED BY: *Carol Ann Sully*

President & CEO By *[Signature]* ark, Grayson, KY
Executive Director

FOR: ENTIRE AREA SERVED

PSC NO.: 4

1st Revised SHEET NO.: 3.10

CANCELING PSC NO.: 4

Original SHEET NO.: 3.10

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 3 (con't) CLASSIFICATION OF SERVICE

OFF-PEAK MARKETING RATE

RATE PER UNIT

FUEL ADJUSTMENT CLAUSE

(N)

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve month moving average of such losses. The Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

MINIMUM CHARGE

(I)

The minimum monthly charge under the above rate shall be \$7.98 where 25 KVA or less of transformer capacity is required. For members requiring more than 25 KVA of transformer capacity, the minimum monthly charge shall be increased at a rate of \$.75 for each additional KVA or fraction thereof required. Where it is necessary to extend or reinforce existing distribution facilities, the minimum monthly charge may be increased to assure adequate compensation for the added facilities. Where the minimum charge is increased in accordance with this section, additional energy and demand shall be included in accordance with the foregoing rate schedule.

TERMS OF PAYMENT

The above rates are net, the gross being ten percent higher. In the event the current monthly bill is not paid within fifteen (15) days from the mailing date of the bill, the gross rates shall apply.

METERING

Necessary metering equipment will be furnished and maintained by the Cooperative which shall have the option of metering service supplied hereunder at either primary or secondary voltage. Energy furnished under this schedule shall be separately metered for each point of delivery.

TERMS AND CONDITIONS

This tariff is subject to the Cooperative's standard terms and conditions of service as set out in the governing tariff schedule for which the consumer is eligible for service (see Availability of Service).

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

JUL 08 1999

PURSUANT TO 807 KAR 5:011,
SECTION 9(1)

BY: Stephen O. Bell
SECRETARY OF THE COMMISSION

DATE OF ISSUE July 23, 1999

Service on and after
EFFECTIVE DATE July 8, 1999

ISSUED BY Carroll Hill Bradley President & CEO, 109 BAGBY PK., GRAYSON KY

FOR: ENTIRE AREA SERVED

PSC NO.: 4

9TH REVISED SHEET NO.: 4.00

CANCELING PSC NO.: 4

8TH REVISED SHEET NO.: 4.00

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 4

CLASSIFICATION OF SERVICE

LARGE POWER SERVICE-SINGLE AND THREE-PHASE

50-999 KVA (T)

RATE PER UNIT

AVAILABILITY

Available to consumers located on or near the Cooperative's facilities for Commercial service. Consumers shall contract for a definite amount of electrical capacity in kilovolt-amperes which shall be sufficient to meet normal maximum requirements but in no case shall the capacity contracted be less than 50 KVA. The Cooperative may not be required to supply capacity in excess multiples of 25 KVA.

TYPE OF SERVICE

Single-phase, three-phase, 60 cycles, at Cooperative's standard voltage.

RATE PER MONTH

Customer Charge

Demand Charge per KW

Energy Charge per KWH

\$ 0.25
0.05385

\$60.91

-7.42 (I)

.05320 (I)

DETERMINATION OF BILLING DEMAND

The billing demand shall be the maximum kilowatt demand established by the consumer for any fifteen consecutive minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter and adjusted for power factor as provided in the power factor tment clause.

POWER FACTOR ADJUSTMENT

The consumer agrees to maintain unity power factor as nearly as practicable. The measured demand will be demand to correct for average power factors lower than 90%, and may be so adjusted for other consumers if and when the Cooperative deems necessary. Such adjustments will be made by increasing the measured demand by 1% for each 1% by which the average power factor is less than 90% lagging.

RULES AND REGULATIONS

Service under this tariff is subject to the terms of all rules and regulations of the Cooperative that have been or may be adopted by its Board of Director's.

DATE OF ISSUE: JULY 25, 2007

D BY:

President & C.E.O., 109 Bagby Park, Grayson, KY

By

Executive Director

PUBLIC SERVICE COMMISSION
OF KENTUCKY

EFFECTIVE DATE: Service on and after

8/1/2007
EFFECTIVE DATE: AUG 1, 2007

PURSUANT TO 807 KAR 5.011

SECTION 9 (1)

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED
PSC NO.: 4
3 2nd Revised SHEET NO. 4.10
CANCELING PSC NO.: 4
2 1st Revised SHEET NO. 4.10

SCHEDULE 4 (con't) CLASSIFICATION OF SERVICE

LARGE POWER SERVICE-SINGLE AND THREE-PHASE- 50--999 KVA(T) RATE PER UNIT

FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per kWh equal to the fuel adjustment amount per kWh as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve month moving average of such losses. The Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be the highest one of the following charges as determined for the consumer in question:

1. The minimum monthly charge as specified in the contract for service.
2. A charge of \$59.56. \$ 60.91

(J)

MINIMUM ANNUAL CHARGE FOR SEASONAL SERVICE

Consumer's requiring service only during certain seasons not exceeding nine (9) months per year may guarantee a minimum annual charge, in which case there shall be no minimum monthly charge. The minimum annual charge shall be sufficient to assure adequate compensation for the facilities installed to serve the consumer, and in no event shall it be less than \$9.00 per kVA of installed transformer capacity, or \$714.72, whichever is greater.

METERING

Necessary metering equipment will be furnished and maintained by the Cooperative which shall have the option of metering service supplied hereunder at either primary or secondary voltage.

PUBLIC SERVICE COMMISSION
OF KENTUCKY

MAY 1 1989

SERVICE PROVISIONS

1. Motors having a rated capacity in excess of five (5) horsepower (5 H.P.), must be three-phase unless written permission has been obtained from the Cooperative.
2. Both power and lighting shall be billed at the foregoing rate. If a separate meter is required for the lighting circuit the registrations of the two watt-hour meters shall be added to obtain total kilowatt-hours used and registrations of the two demand meters shall be added

RECEIVED
BY: [Signature]
PUBLIC SERVICE COMMISSION MANAGER

DATE OF ISSUE April 14, 1989 EFFECTIVE DATE Service on and after May 14, 1989

ISSUED BY [Signature] GEN. MGR., 109 BAGBY PK., GRAYSON, KY

FOR: ENTIRE AREA SERVED
PSC NO.: 4
1st Revised SHEET NO. 4.20
CANCELING PSC NO.: 4
Original SHEET NO. 4.20

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 4 (con't) CLASSIFICATION OF SERVICE

LARGE POWER SERVICE--SINGLE AND THREE PHASE-50--999 KVA(T) RATE PER UNIT

SERVICE PROVISIONS (con't)

to obtain the total kilowatt demand for billing purposes.
3. Delivery Point. If service is furnished at secondary voltage the delivery point shall be the metering point unless otherwise specified in the contract for service. All wiring, pole lines and other electric equipment on the load side of the delivery point shall be owned and maintained by the consumer.
If service is furnished at the Cooperative's primary line voltage the delivery point shall be the point of attachment of the Cooperative's primary line to the consumer's transformer structure unless otherwise specified in the contract for service. All wiring, pole lines and other electric equipment (except metering equipment) on the load side of the delivery point shall be owned and maintained by the consumer.
4. Delivery Voltage. The rate set forth in this tariff is based upon the delivery and measurement of transformed energy. When the measurement of energy is made at the Cooperative's primary voltage of the transmission or distribution line serving the consumer, the kWh, as metered, will be multiplied by .975.
5. Equipment Supplied By Consumer. When the consumer furnishes and maintains the complete substation equipment, including any and all transformers and/or switches and/or other apparatus necessary for the consumer to take his entire service at the voltage of the Cooperative's primary transmission or distribution line from which said consumer is to receive service, the following credits in addition to that set forth in the next preceding paragraph will be applied to each monthly bill, (net):

| Delivery Voltage | Credit per kW of Monthly Billing Demand |
|---------------------------|---|
| 7,200 - 12,500 | \$.15 |
| Over 12,500 <i>per me</i> | .25 |

PUBLIC SERVICE COMMISSION
OF KENTUCKY
MAY 1 1989
PURSUANT TO...
BY: [Signature]
PUBLIC SERVICE COMMISSION

DATE OF ISSUE April 14, 1989 EFFECTIVE DATE May 14, 1989

ISSUED BY J. W. C. Keys GEN. MGR., 109 BAGBY PK., GRAYSON, KY

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED
PSC NO.: 4
1st Revised SHEET NO. 4.30
CANCELING PSC NO.: 4
Original SHEET NO. 4.30

SCHEDULE 4 (con't) CLASSIFICATION OF SERVICE

LARGE POWER SERVICE--SINGLE AND THREE-PHASE-50--999 KVA(T) RATE PER UNIT

USE OF ENERGY BY CONSUMER

The consumer shall install only electrical equipment that is suitable with the character of the service supplied by the Cooperative. The consumer shall install at his own expense motor starting, control and protective equipment, as required, to start, operate and protect all electrical equipment of the consumer so as to prevent unprovided for voltage fluctuations or disturbances in the Cooperative's transmission and distribution systems. The Cooperative shall be the sole judge as to the suitability of electrical equipment to be connected to its lines and also as to whether the operation of such electrical equipment will be detrimental to its general service.

All electrical equipment used by the consumer shall be of such type as to secure the highest practicable commercial efficiency, power factor and the proper balancing of phases. Motors which are frequently started, motors arranged for automatic control, must be of a type to give maximum current flow, and must be of a type, and equipped with controlling devices, approved by the Cooperative. The consumer shall have the Cooperative's written approval of the starting control and protective equipment used in starting and operating of any motor with a horsepower rating of 100 or more. In case of violation of this requirement, service may be discontinued by the Cooperative until such time as the consumer's use of the electrical energy furnished hereunder shall conform to these regulations. Such suspensions of service by the Cooperative shall not operate as a cancellation of this agreement, or contract under which the consumer has contracted with the Cooperative for electrical service. the consumer shall notify the Cooperative of any increase or decrease in his connected load.

TERMS OF CONTRACT

Contracts under this tariff will be made for not less than one (1) year with self-renewal provisions for successive periods of one (1) year each, until either party shall give at least sixty (60) days notice to the other of its intention to discontinue at the end of the yearly period. The Cooperative shall have the right to make contracts for periods of longer than one (1) year.

PUBLIC SERVICE COMMISSION
OF KENTUCKY

MAY 1989

PURSON... 5011,
ELECTRIC

BY: [Signature]
UTILITY SERVICE SUPERVISOR/MANAGER

DATE OF ISSUE April 14, 1989 EFFECTIVE DATE May 14, 1989 Service on and after

ISSUED BY [Signature] GEN. MGR., 109 BAGBY PK., GRAYSON, KY

FOR: ENTIRE AREA SERVED
PSC NO.: 4
1st Revised SHEET NO. 4.40
CANCELING PSC NO.: 4
Original SHEET NO. 4.40

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 4 (con't) CLASSIFICATION OF SERVICE

LARGE POWER SERVICE--SINGLE AND THREE PHASE-50--999 KVA(T) RATE PER UNIT

TERMS OF PAYMENT

The above rates are net, the gross being ten percent higher. In the event the current monthly bill is not paid within fifteen (15) days from the mailing date of the bill, the gross rates shall apply.

ENERGY EMERGENCY CONTROL PROGRAM

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981, in Administrative Case No. 240 and as approved by the Commission in its order of March 31, 1981.

PUBLIC SERVICE COMMISSION
OF KENTUCKY

MAY 1 1989

PURSUANT TO ORDER OF THE
PUBLIC SERVICE COMMISSION
BY: *[Signature]*
PUBLIC SERVICE COMMISSION MANAGER

DATE OF ISSUE April 14, 1989 EFFECTIVE DATE May 14, 1989 Service on and after

ISSUED BY *[Signature]* GEN. MGR., 109 BAGBY PK., GRAYSON, KY

GRAYSON RURAL ELECTRIC
 COOPERATIVE CORPORATION

SCHEDULE 5 CLASSIFICATION OF SERVICE

| STREET LIGHTING SERVICE | RATE PER UNIT | | | |
|--|--|---|---|------------|
| <p>AVAILABILITY Available to rural communities and villages for street lighting.</p> <p>BASE RATE PER LIGHT PER YEAR For dusk to dawn lighting with lights mounted on existing wooden poles with bracket attachments and connected to existing overhead secondary circuits. For the following monthly charges the Cooperative will furnish, install and maintain the lighting fixtures and accessories including hardware, control, lamps, overhead wiring, etc.; and the energy required.</p> <table border="0" data-bbox="168 808 1092 957"> <tr> <td style="text-align: center;">Lamp Size <u>7,000 Lumens</u> 175 Watt</td> <td style="text-align: center;">Mercury Vapor <u>Lamps</u> \$7.94 per Month \$ 9.93</td> <td style="text-align: center;">Annual Charge <u>Per Lamp</u> \$94.92 \$ 119.16</td> </tr> </table> <p>FUEL ADJUSTMENT CLAUSE All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as provided by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve month moving average of such losses. The Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.</p> <p>CONDITIONS OF SERVICE</p> <ol style="list-style-type: none"> 1. Street lighting equipment including lamps, fixtures, control and the necessary street lighting circuits, transformers and additional guys and fittings will be furnished and maintained by the Cooperative. 2. Lamp replacements will be made by the Cooperative without additional charge, except that any damage to lamps and luminaries resulting from vandalism shall be charges to consumer at cost as a separate item on the monthly bill for service. Outages should be promptly reported. 3. This schedule applies to either multiple or series street lighting circuits. The Cooperative will determine the type of circuit. <p>REFER TO BASIS FOR THE ACCOUNTABILITY OF ENERGY USED BY SECURITY LIGHTS.</p> | Lamp Size <u>7,000 Lumens</u> 175 Watt | Mercury Vapor <u>Lamps</u> \$7.94 per Month \$ 9.93 | Annual Charge <u>Per Lamp</u> \$94.92 \$ 119.16 | <p>(1)</p> |
| Lamp Size <u>7,000 Lumens</u> 175 Watt | Mercury Vapor <u>Lamps</u> \$7.94 per Month \$ 9.93 | Annual Charge <u>Per Lamp</u> \$94.92 \$ 119.16 | | |

DATE OF ISSUE: JULY 25, 2007

ISSUED BY: *Carroll Hudon*

President B.C. *[Signature]* ark, Grayson, KY

Service on and after
 EFFECTIVE DATE: AUG 1, 2007

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED
PSC NO.: 4
Original SHEET NO. 5.10
CANCELING PSC NO.: 3
Original SHEET NO. 5.10

SCHEDULE 5 (con't) CLASSIFICATION OF SERVICE

STREET LIGHTING SERVICE RATE PER U

TERMS OF PAYMENT

1. Charges for annual use may be billed in 12 equal installments or annually at the option of the Cooperative.

2. The above rates are net, the gross being ten percent (10%) higher. In the event the current bill is not paid within fifteen (15) days from the mailing date of the bill, the gross rate shall apply.

ENERGY EMERGENCY CONTROL PROGRAM

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981, in Administrative Case No. 240 and as approved by the Commission in its order of March 31, 1981.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

MAR 31 1981

PURSUANT TO KRS 146.011,
SECTION 9 (1)

BY: *J. Lozoga*

DATE OF ISSUE January 27, 1986 EFFECTIVE DATE March 31, 1981

ISSUED BY *Therese Wright* GEN. MGR., 109 BAGBY PK., GRAYSON,

Issued by authority of P.S.C. in Admin. Case No. 240 dated March 31;

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

PSC NO.: 4
17 8TH REVISED SHEET NO.: 6.00
CANCELING PSC NO.: 4
9 8TH REVISED SHEET NO.: 6.00

SCHEDULE 6 CLASSIFICATION OF SERVICE

OUTDOOR LIGHTING SERVICE – SECURITY LIGHTS

RATE PER UNIT

AVAILABILITY

Available to customers, other than towns and villages, for dusk to dawn outdoor lighting on existing overhead secondary circuits.

RATE PER LIGHT PER MONTH

7,000 Lumens Mercury Vapor Lamp

\$ 9.61

\$7.82 (-) (I)

10,000 Lumens Mercury Vapor Lamp

\$ 12.17

-9.91 (-) (I)

Flood Lights

\$ 16.84

(I)

FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve month moving average of such losses. The Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

CONDITIONS OF SERVICE

1. The Cooperative shall furnish, install, and maintain the outdoor lighting equipment including lamp, luminaire, bracket attachment and control device on an existing pole of the Cooperative, electrically connected so that power for operation of the light does not pass through out the meter for the consumer's other usage, at a location mutually agreeable to both the Cooperative and the customer.

2. The Cooperative shall maintain the lighting equipment, including lamp replacement, at no additional cost the customer within 72 hours after the customer notifies the Cooperative of the need for maintenance of the lighting equipment.

3. The lighting equipment shall remain the property of the Cooperative. The customer shall protect the lighting equipment from deliberate damage.

DATE OF ISSUE: JULY 25, 2007

ISSUED BY: *Campbell Gray*

President B. C. *[Signature]* ark Grayson, KY

Service on and after
EFFECTIVE DATE: AUG 1, 2007

FOR: ENTIRE AREA SERVED

PSC NO.: 4

Original SHEET NO. 6.10

CANCELING PSC NO.: 3

Original SHEET NO. 6.10

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 6 (con't)

CLASSIFICATION OF SERVICE

OUTDOOR LIGHTING SERVICE--SECURITY LIGHTS

RATE PER U

CONDITIONS OF SERVICE (con't)

5. The Cooperative and the consumer shall execute an agreement for service under this schedule for a period of not less than one (1) year.

TERMS OF PAYMENT

The above rates are net, the gross being ten percent higher. In the event the current monthly bill is not paid within fifteen (15) days from the mailing date of the bill, the gross rates shall apply.

ENERGY EMERGENCY CONTROL PROGRAM

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981, in Administrative Case No. 240 and as approved by the Commission in its order of March 31, 1981.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

MAR 31 1981

PURSUANT TO 807 KAR 5-011,
SECTION 9 (1)

BY: *J. Geoshegan*

DATE OF ISSUE January 27, 1981 EFFECTIVE DATE March 31, 1981

ISSUED BY *Harold W. Haight* GEN. MGR., 109 BAGBY PK., GRAYSON,

Issued by authority of P.S.C. in Adm. Case No. 240 dated March 31, 1981

FOR: ENTIRE AREA SERVED

PSC NO.: 4

9.8TH REVISED SHEET NO.: 7.00

CANCELING PSC NO.: 4

8.7TH REVISED SHEET NO.: 7.00

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 7

CLASSIFICATION OF SERVICE

ALL ELECTRIC SCHOOLS (A.E.S.)

RATE PER UNIT

APPLICABLE

In all territory served by Seller.

AVAILABILITY

Available to all public or not-profit private schools whose total energy requirement, including but not limited to heating, air conditioning, lighting and water heating, is supplied electricity furnished by the Cooperative, subject to its established rules and regulations.

CHARACTER OF SERVICE

The electric service furnished under this rate schedule will be 60 cycle, alternating current, single phase or three phase service, present facilities permitting, and at the following nominal voltages: Single Phase, 120, 102/240, 480, 204/480 volts; Three Phase, 120/240, 120/208Y, 240/280, 277/480Y volts.

RATE PER MONTH

| | | | |
|-----------------------|---------|--------------------|-----|
| Customer Charge | 30.00 | \$27.90 | (I) |
| Demand Charge per KW | 6.00 | 4.44 | (I) |
| Energy Charge per KWH | 0.06333 | .05384 (-) | (I) |

MINIMUM CHARGE

the minimum annual charge shall be sufficient to assure adequate compensation for the facilities installed to serve the consumer, and in no event shall it be less than \$9.00 per KVA of required transformer capacity as determined by the Cooperative, or the amount specified in the contract for service, whichever is greater.

TERMS OF CONTRACT

Service under this rate schedule will be furnished under an "Agreement for Purchase of Power", for a term of not less than five (5) years.

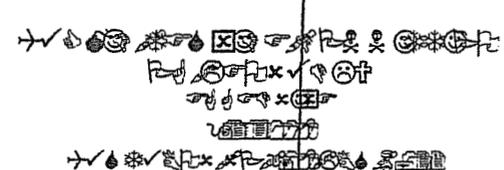
TERMS OF PAYMENT

The above rates are net, the gross being ten percents higher. In the event the current monthly bill is not paid within fifteen (15) days from the mailing date of the bill, the gross rates shall apply.

JF ISSUE: JULY 25, 2007

ISSUED BY: *Carol Hill*

President & C.E.O., *[Signature]* Grayson, KY


 Service on and after
EFFECTIVE DATE: AUG 1, 2007

FOR: ENTIRE AREA SERVED
PSC NO.: 4
Original SHEET NO. 7.10
CANCELING PSC NO.: 3
Original SHEET NO. 7.10

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 7 (con't) CLASSIFICATION OF SERVICE

ALL ELECTRIC SCHOOLS (A.E.S.) RATE PER U

SPECIAL TERMS AND CONDITIONS

The consumer shall furnish the Cooperative information necessary to permit the Cooperative to determine and install the necessary transformer capacity to adequately service the load under maximum operating conditions.

FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per kWh equal to the fuel adjustment amount per kWh as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve month moving average of such losses. The Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

ENERGY EMERGENCY CONTROL PROGRAM

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981, in Administrative Case No. 240 and as approved by the Commission in its order of March 31, 1981.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

MAR 31 1981

PURSUANT TO 807 KAR 5:011.

SECTION 9 (1)

BY: *J. Geoghegan*

DATE OF ISSUE January 27, 1986 EFFECTIVE DATE March 31, 1981

ISSUED BY *Harold H. Light* GEN. MGR., 109 BAGBY PK., GRAYSON,

issued by authority of P.S.C. in Adm. Case No. 240 dated March 31, 1981

GRAYSON RURAL ELECTRIC
 COOPERATIVE CORPORATION

SCHEDULE 12 (a) CLASSIFICATION OF SERVICE

LARGE INDUSTRIAL SERVICE – LLF 1,000 TO 4,999 KVA RATE PER UNIT

AVAILABILITY

Available to all members of the Cooperative whose monthly contract demand is equal to or greater than 500 KW but less than 5,000 KW. All use is subject to the established rules and regulations of the Cooperative that have been or may be adopted by its Board of Directors.

CONDITION FOR SERVICE

An "INDUSTRIAL POWER AGREEMENT" shall be executed by the member for service under this schedule.

TYPE OF SERVICE

Three-phase, 60 hertz, alternating current as specified in the "INDUSTRIAL POWER AGREEMENT".

RATE PER MONTH

| | |
|--|------------|
| Customer Charge | \$547.15 |
| Demand Charge per KW of Billing Demand | 8.00 |
| Energy Charge per KWH | .04315 (I) |

TERMINATION OF BILLING DEMAND

The monthly billing demand shall be the greater of (A) or (B) listed below:

- (A) The contract demand
- (B) The kilowatt demand, as metered at the load center, shall be the highest average rate at which energy is used during any fifteen minute interval during the current month during the below listed hours:

| <u>Months</u> | <u>Hours Applicable For Demand Billing - Est</u> |
|-----------------------|--|
| October through April | 7:00a.m.to 12:00 Noon; 5:00p.m. to 10:00 p.m. |
| May through September | 10:00a.m.to 10:00 p.m. |

DATE OF ISSUE: JULY 25, 2007

ISSUED BY: *Paul H. Grayson*

President & C. *Paul H. Grayson* ark, Grayson, KY

Service on and after
 EFFECTIVE DATE: AUG 1, 2007

FOR: ENTIRE AREA SERVED

PSC NO.: 4

4TH REVISED SHEET NO.: 12.20

CANCELING PSC NO.: 4

3RD REVISED SHEET NO.: 12.20

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 12 (b)

CLASSIFICATION OF SERVICE

| LARGE INDUSTRIAL SERVICE – LLF | 5,000 TO 9,999 KVA | RATE PER UNIT | | | | | | |
|--|--|---------------|--|-----------------------|--|-----------------------|--------------------------|--|
| <p><u>AVAILABILITY</u></p> | | | | | | | | |
| <p>Available to all members of the Cooperative whose monthly contract demand is equal to or greater than 4,999 KW but less than 10,000 KW> All use is subject to the established rules and regulations of the Cooperative that have been or may be adopted by its Board of Directors.</p> | | | | | | | | |
| <p><u>CONDITION FOR SERVICE</u></p> | | | | | | | | |
| <p>An "INDUSTRIAL POWER AGREEMENT" shall be executed by the member for service under this schedule.</p> | | | | | | | | |
| <p><u>TYPE OF SERVICE</u></p> | | | | | | | | |
| <p>Three-phase, 60 hertz, alternating current as specified in the "INDUSTRIAL POWER AGREEMENT".</p> | | | | | | | | |
| <p><u>RATE PER MONTH</u></p> | | | | | | | | |
| Customer Charge | | \$1,093.28 | | | | | | |
| Demand Charge per KW of Billing Demand | | 8.00 | | | | | | |
| Energy Charge per KWH | | .03804 (I) | | | | | | |
| <p><u>DETERMINATION OF BILLING DEMAND</u></p> | | | | | | | | |
| <p>The monthly billing demand shall be the greater of (A) or (B) listed below:</p> | | | | | | | | |
| (A) | The contract demand | | | | | | | |
| (B) | The kilowatt demand, as metered at the load center, shall be the highest average rate at which energy is used during any fifteen minute interval during the current month during the below listed hours: | | | | | | | |
| | <table border="0"> <tr> <td style="text-align: center;"><u>Months</u></td> <td style="text-align: center;"><u>Hours Applicable For Demand Billing - EST</u></td> </tr> <tr> <td>October through April</td> <td>7:00 a.m. to 12:00 Noon 5:00 p.m. to 10:00 p.m.</td> </tr> <tr> <td>May through September</td> <td>10:00 a.m. to 10:00 p.m.</td> </tr> </table> | <u>Months</u> | <u>Hours Applicable For Demand Billing - EST</u> | October through April | 7:00 a.m. to 12:00 Noon 5:00 p.m. to 10:00 p.m. | May through September | 10:00 a.m. to 10:00 p.m. | |
| <u>Months</u> | <u>Hours Applicable For Demand Billing - EST</u> | | | | | | | |
| October through April | 7:00 a.m. to 12:00 Noon 5:00 p.m. to 10:00 p.m. | | | | | | | |
| May through September | 10:00 a.m. to 10:00 p.m. | | | | | | | |

DATE OF ISSUE: JULY 25, 2007

ISSUED BY:

Chris H. Kelly

President & C

Service on and after
EFFECTIVE DATE: AUG 1, 2007

ark, Grayson, KY

GRAYSON RURAL ELECTRIC
 COOPERATIVE CORPORATION

SCHEDULE 12 (c)

CLASSIFICATION OF SERVICE

| | | |
|--------------------------------|----------------------|---------------|
| LARGE INDUSTRIAL SERVICE – LLF | 10,000 KVA AND UNDER | RATE PER UNIT |
|--------------------------------|----------------------|---------------|

AVAILABILITY

Available to all members of the Cooperative whose monthly contract demand is equal to or greater than 10,000 KW. All use is subject to the established rules and regulations of the Cooperative that have been or may be adopted by its Board of Directors.

CONDITION FOR SERVICE

An "INDUSTRIAL POWER AGREEMENT" shall be executed by the member for service under this schedule.

TYPE OF SERVICE

Three-phase, 60 hertz, alternating current as specified in the "INDUSTRIAL POWER AGREEMENT".

RATE PER MONTH

| | |
|--|------------|
| Customer Charge | \$1,093.28 |
| Demand Charge per KW of Billing Demand | 8.00 |
| Energy Charge per KWH | .03702 (I) |

DETERMINATION OF BILLING DEMAND

The monthly billing demand shall be the greater of (A) or (B) listed below:

- (A) The contract demand
- (B) The kilowatt demand, as metered at the load center, shall be the highest average rate at which energy is used during any fifteen minute interval during the current month during the below listed hours:

| <u>Months</u> | <u>Hours Applicable For Demand Billing - EST</u> |
|-----------------------|---|
| October through April | 7:00 a.m. to 12:00 Noon; 5:00 p.m. to 10:00 p.m. |
| May through September | 10:00 a.m. to 10:00 p.m. |

DATE OF ISSUE: JULY 25, 2007

ISSUED BY: *Campbell*

President & C. *[Signature]* ark, Grayson, KY

Service on and after
 EFFECTIVE DATE: AUG 1, 2007

FOR: ENTIRE AREA SERVED
PSC NO.: 4
Original SHEET NO. 12.50

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 12(c) CLASSIFICATION OF SERVICE

LARGE INDUSTRIAL SERVICE-HLF 10,000 KVA and Over (con't) RATE PER UNIT

POWER FACTOR ADJUSTMENT

The consumer agrees to maintain a unity power factor as nearly as practicable at each delivery point at the time of the monthly maximum demand. When the power factor is determined to be less than 90%, the monthly maximum demand at the delivery point will be adjusted by multiplying the actual monthly maximum demand by 90% and dividing this product by the actual power factor at the time of the monthly maximum demand.

FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per kWh equal to the fuel adjustment amount per kWh as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve month moving average of such losses. The Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall not be less than the sum of (A), (B) and (C) below:

- (A) The product of the billing demand multiplied by the demand charge, plus
- (B) The product of the billing demand multiplied by 425 hours and the energy charge per kWh, plus
- (C) The customer charge

TERMS OF PAYMENT

The above rates are net, the gross being ten percent higher. In the event the current monthly bill is not paid within fifteen (15) days from the mailing date of the bill, the gross rates shall apply.

ENERGY EMERGENCY CONTROL PROGRAM

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981, in Administrative Case No. 240 and as approved by the Commission in its order of March 31, 1981.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
DIRECTOR
MAY 10 1989
PURSUANT TO ORDER OF JUDGE
SECTION 2.11
BY: *[Signature]*
PUBLIC SERVICE COMMISSION MANAGER

DATE OF ISSUE April 10, 1989 EFFECTIVE DATE Service on and after May 10, 1989

ISSUED BY *[Signature]* GEN. MGR., 109 BAGBY PK., GRAYSON, KY

FOR: ENTIRE AREA SERVED

PSC NO.: 4

6 5TH REVISED SHEET NO.: 13.00

CANCELING PSC NO.: 4

5 4TH REVISED SHEET NO.: 13.00

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 13 (a) CLASSIFICATION OF SERVICE

LARGE INDUSTRIAL SERVICE – HLF 1,000 TO 4,999 KVA RATE PER UNIT

AVAILABILITY

Available to all members of the Cooperative whose monthly contract demand is equal to or greater than ~~4,000~~ 500 KW but less than 5,000 KW. All use is subject to the established rules and regulations of the Cooperative that have been or may be adopted by its Board of Directors.

CONDITION OF SERVICE

An "INDUSTRIAL POWER AGREEMENT" shall be executed by the member for service under this schedule.

TYPE OF SERVICE

Three-phase, 60 hertz, alternating current as specified in the "INDUSTRIAL POWER AGREEMENT".

RATE PER MONTH

| | | | |
|--|---------|--------------|-----|
| Customer Charge | | \$547.15 (I) | |
| Demand Charge per KW of Billing Demand | \$ 6.99 | 5.51 (I) | (I) |
| Energy charge per KWH | 0.04315 | -03664 (I) | (I) |

DETERMINATION OF BILLING DEMAND

The monthly billing demand shall be the greater of (A) or (B) listed below:

- (A) The contract demand
- (B) The ultimate consumer's highest demand, during the current month or preceding eleven months, coincident with the load center's peak demand. The load center's peak demand is the highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month (and adjusted for power factor as provided herein):

| <u>Months</u> | <u>Hours Applicable For Demand Billing - EST</u> |
|----------------------------|--|
| October through April Noon | 7:00a.m. to 12:00 Noon 5:00p.m. to 10:00 p.m. |
| May through September | 10:00a.m. to 10:00 p.m. |

DATE OF ISSUE: April 11, 2007

Service on and after
EFFECTIVE DATE: April 1, 2007

ISSUED BY: *Carol H. Staley*

President & C.E.O., 109 Bagby Park, Grayson, KY

FOR: ENTIRE AREA SERVED
PSC NO.: 4
Original SHEET NO.: 13.10

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 13 (a) CLASSIFICATION OF SERVICE

| LARGE INDUSTRIAL SERVICE-HLF 500 TO 4,999 KVA (con't) (T) | RATE PER UNIT |
|---|---------------|
|---|---------------|

POWER FACTOR ADJUSTMENT

The consumer agrees to maintain a unity power factor as nearly as practicable at each delivery point at the time of the monthly maximum demand. When the power factor is determined to be less than 90%, the monthly maximum demand at the delivery point will be adjusted by multiplying the actual monthly maximum demand by 90% and dividing this product by the actual power factor at the time of the monthly maximum demand.

FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve month moving average of such losses. The Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall not be less than the sum of (A), (B), and (C) below:

- (A) The product of the billing demand multiplied by the demand charge, plus
- (B) The product of the billing demand multiplied by 425 hours and the energy charge per KWH, plus
- (C) The customer charge

TERMS OF PAYMENT

The above rates are net, the gross being ten percent higher. In the event the current monthly bill is not paid within fifteen (15) days from the mailing date of the bill, the gross rates shall apply.

ENERGY EMERGENCY CONTROL PROGRAM

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981, in Administrative Case No. 240 and as approved by the Commission in its order of March 31, 1981.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

AUG 01 2001

PURSUANT TO 807 KAR 5:011,
SECTION 9(1)

BY: Stephan Bill
SECRETARY OF THE COMMISSION

DATE OF ISSUE June 25, 2001

ISSUED BY Stephan Bill

EFFECTIVE DATE August 1, 2001

Pres. & CEO., 109 BAGBY PK., GRAYSON KY

Issued by authority of P.S.C. in Case No. 2001-127 dated 8/2/01

FOR: ENTIRE AREA SERVICE

PSC NO.:

5TH REVISED SHEET NO.: 13.2

CANCELING PSC NO.:

4TH REVISED SHEET NO.: 13.2

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 13 (b) CLASSIFICATION OF SERVICE

LARGE INDUSTRIAL SERVICE – HLF 5,000 TO 9,999 KVA RATE PER UNIT

AVAILABILITY

Available to all members of the Cooperative whose monthly contract demand is equal to or greater than 5,000 KW but less than 10,000 KW. All use is subject to the established rules and regulations of the Cooperative that have been or may be adopted by its Board of Directors.

CONDITION OF SERVICE

An "INDUSTRIAL POWER AGREEMENT" shall be executed by the member for service under this schedule.

TYPE OF SERVICE

Three-phase, 60 hertz, alternating current as specified in the "INDUSTRIAL POWER AGREEMENT".

RATE PER MONTH

| | |
|--|----------------|
| Customer Charge | \$1,093.28 (I) |
| Demand Charge per KW of Billing Demand | \$ 5.51 (I) |
| Energy Charge per KWH | \$.03153 (I) |

DETERMINATION OF BILLING DEMAND

The monthly billing demand shall be the greater of (A) or (B) listed below:

- (A) The contract demand
- (B) The ultimate consumer's highest demand, during the current month or preceding eleven months, coincident with the load center's peak demand. The load center's peak demand is the highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month (and adjusted for power factor as provided herein):

| <u>Months</u> | <u>Hours Applicable For Demand Billing - EST</u> |
|-----------------------|--|
| October through April | 7:00 a.m. to 12:00 Noon 5:00 p.m. to 10:00 p.m. |
| May through September | 10:00 a.m. to 10:00 p.m. |

Service on and after

DATE OF ISSUE: April 11, 2007

EFFECTIVE DATE: April 1, 2007

ISSUED BY: *Carol Hill Fraley* PRESIDENT & C.E.O., 109 BAGBY PARK, GRAYSON, KY

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2006-00480 Dated April 1, 2007

FOR: ENTIRE AREA SERVED
PSC NO.: 4
Original SHEET NO. 13.30

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 13(b) CLASSIFICATION OF SERVICE

LARGE INDUSTRIAL SERVICE-HLF 5,000 TO 9,999 KVA (con't) RATE PER UNIT

POWER FACTOR ADJUSTMENT

The consumer agrees to maintain a unity power factor as nearly as practicable at each delivery point at the time of the monthly maximum demand. When the power factor is determined to be less than 90%, the monthly maximum demand at the delivery point will be adjusted by multiplying the actual monthly maximum demand by 90% and dividing this product by the actual power factor at the time of the monthly maximum demand.

FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per kWh equal to the fuel adjustment amount per kWh as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve month moving average of such losses. The Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall not be less than the sum of (A), (B) and (C) below:

- (A) The product of the billing demand multiplied by the demand charge, plus
- (B) The product of the billing demand multiplied by 425 hours and the energy charge per kWh, plus
- (C) The customer charge

TERMS OF PAYMENT

The above rates are net, the gross being ten percent higher. In the event the current monthly bill is not paid within fifteen (15) days from the mailing date of the bill, the gross rates shall apply.

ENERGY EMERGENCY CONTROL PROGRAM

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981, in Administrative Case No. 240 and as approved by the Commission in its order of March 31, 1981.

PUBLIC SERVICE COMMISSION
 KY. REG. NO. 10
 MAY 10 1989
 PURSUANT TO ORDER NO. 240
 SERVICE COMMISSION MANAGER

DATE OF ISSUE April 10, 1989 EFFECTIVE DATE May 10, 1989 Service on and after

ISSUED BY [Signature] GEN. MGR., 109 BAGBY PK., GRAYSON, KY

FOR: ENTIRE AREA SERVICE
PSC NO.:
5TH REVISED SHEET NO.: 13.4
CANCELING PSC NO.:
4TH REVISED SHEET NO.: 13.4

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 13 (c) CLASSIFICATION OF SERVICE

| LARGE INDUSTRIAL SERVICE – HLF | 10,000 KVA AND OVER | RATE PER UNIT |
|---|--|----------------|
| <u>AVAILABILITY</u> | | |
| Available to all members of the Cooperative whose monthly contract demand is equal to or greater than 10,000 KW. All use is subject to the established rules and regulations of the Cooperative that have been or may be adopted by its Board of Directors. | | |
| <u>CONDITION OF SERVICE</u> | | |
| An "INDUSTRIAL POWER AGREEMENT" shall be executed by the member for service under this schedule. | | |
| <u>TYPE OF SERVICE</u> | | |
| Three-phase, 60 hertz, alternating current as specified in the "INDUSTRIAL POWER AGREEMENT". | | |
| <u>RATE PER MONTH</u> | | |
| Customer Charge | | \$1,093.28 (I) |
| Demand Charge per KW of Billing Demand | | \$ 5.51 (I) |
| Energy Charge per KWH | | \$ 0.03051 (I) |
| <u>DETERMINATION OF BILLING DEMAND</u> | | |
| The monthly billing demand shall be the greater of (A) or (B) listed below: | | |
| (A) The contract demand | | |
| (B) The ultimate consumer's highest demand, during the current month or preceding eleven months, coincident with the load center's peak demand. The load center's peak demand is the highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month (and adjusted for power factor as provided herein): | | |
| <u>Months</u> | <u>Hours Applicable For Demand Billing - EST</u> | |
| October through April | 7:00 a.m. to 12:00 Noon 5:00 p.m. to 10:00 p.m. | |
| May through September | 10:00 a.m. to 10:00 p.m. | |

DATE OF ISSUE: April 11, 2007

Service on and after
EFFECTIVE DATE: April 1, 2007

ISSUED BY: *Carol Hall Emery*

President & C.E.O., 109 Bagby Park, Grayson, KY

Issued by authority of an Order of the Public Service Commission of Kentucky in
Case No. 2006-00480 Dated April 1, 2007

FOR: ENTIRE AREA SERVICE

PSC NO.:

5TH REVISED SHEET NO.: 14.0

CANCELING PSC NO.:

4TH REVISED SHEET NO.: 14.0

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 14 (a) CLASSIFICATION OF SERVICE

LARGE INDUSTRIAL SERVICE – MLF 1,000 TO 4,999 KVA RATE PER UNIT

AVAILABILITY

Available to all members of the Cooperative whose monthly contract demand is equal to or greater than 4,000 500 KW but less than 5,000 KW. All use is subject to the established rules and regulations of the Cooperative that have been or may be adopted by its Board of Directors.

CONDITION OF SERVICE

An "INDUSTRIAL POWER AGREEMENT" shall be executed by the member for service under this schedule.

TYPE OF SERVICE

Three-phase, 60 hertz, alternating current as specified in the "INDUSTRIAL POWER AGREEMENT".

RATE PER MONTH

| | |
|---|--------------|
| Customer Charge | \$547.15 (I) |
| Demand Charge per KW of Contract Demand | \$ 5.51 (I) |
| Demand Charge per KW for Billing Demand In Excess of Contract Demand | \$ 8.00 (I) |
| Energy Charge per KWH | \$0.03664(I) |

BILLING DEMAND

The billing demand (kilowatt demand) shall be the contract demand plus any excess demand. Excess demand occurs when the ultimate consumer's highest demand during the current month, coincident with the load center's peak, exceeds the contract demand. The load center's peak demand is highest average rate at which energy is used during any fifteen-minute interval in the below listed hours for each month and adjusted for power factor as provided herein:

| <u>Months</u> | <u>Hours Applicable For Demand Billing - EST</u> |
|-----------------------|--|
| October through April | 7:00 a.m. to 12:00 Noon 5:00 p.m. to 10:00 p.m. |
| May through September | 10:00a.m. to 10:00 p.m. |

DATE OF ISSUE: April 11, 2007

EFFECTIVE DATE: Service on and after April 1, 2007

ISSUED BY: *Paul Hill*

President & C.E.O., 109 Bagby Park, Grayson, KY

FOR: ENTIRE AREA SERVED
PSC NO.: 4
Original SHEET NO. 14.10

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 14(a) CLASSIFICATION OF SERVICE

LARGE INDUSTRIAL SERVICE-MLF 1,000 TO 4,999 KVA (con't) RATE PER UNIT

POWER FACTOR ADJUSTMENT

The consumer agrees to maintain a unity power factor as nearly as practicable at each delivery point at the time of the monthly maximum demand. When the power factor is determined to be less than 90%, the monthly maximum demand at the delivery point will be adjusted by multiplying the actual monthly maximum demand by 90% and dividing this product by the actual power factor at the time of the monthly maximum demand.

FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per kWh equal to the fuel adjustment amount per kWh as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve month moving average of such losses. The Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall not be less than the sum of (A), (B) and (C) below:

- (A) The product of the contract demand multiplied by the demand charge, plus
- (B) The product of the contract demand multiplied by 425 hours and the energy charge per kWh.
- (C) The customer charge

TERMS OF PAYMENT

The above rates are net, the gross being ten percent higher. In the event the current monthly bill is not paid within fifteen (15) days from the mailing date of the bill, the gross rates shall apply.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

DEC 1 1990

ENERGY EMERGENCY CONTROL PROGRAM

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981, in Administrative Case No. 240 and as approved by the Commission in its order of March 31, 1981.

PURSUANT TO 807 KAR 5:011
SECTION 9(1)

BY: *Ray Bell*
PUBLIC SERVICE COMMISSION MANAGER

(N)

DATE OF ISSUE November 1, 1990 EFFECTIVE DATE Service on and after December 1, 1990

ISSUED BY *Mike O'Keefe* GEN. MGR., 109 BAGBY PK., GRAYSON, KY

FOR: ENTIRE AREA SERVICE

PSC NO.:

5TH REVISED SHEET NO.: 14.20

CANCELING PSC NO.:

4TH REVISED SHEET NO.: 14.20

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 14 (b) CLASSIFICATION OF SERVICE

LARGE INDUSTRIAL SERVICE – MLF 5,000 TO 9,999 KVA RATE PER UNIT

AVAILABILITY

Available to all members of the Cooperative whose monthly contract demand is equal to or greater than 5,000 KW but less than 10,000 KW. All use is subject to the established rules and regulations of the Cooperative that have been or may be adopted by its Board of Directors.

CONDITION OF SERVICE

An "INDUSTRIAL POWER AGREEMENT" shall be executed by the member for service under this schedule.

TYPE OF SERVICE

Tree-phase, 60 hertz, alternating current as specified in the "INDUSTRIAL POWER AGREEMENT".

RATE PER MONTH

| | |
|---|----------------|
| Customer Charge | \$1,098.28 (I) |
| Demand Charge per KW of Contract Demand | \$ 5.51 (I) |
| Demand Charge per KW for Billing Demand In Excess of Contract Demand | \$ 8.00 (I) |
| Energy Charge per KWH | \$ 0.03153 (I) |

BILLING DEMAND

The billing demand (kilowatt demand) shall be the contract demand plus any excess demand. Excess demand occurs when the ultimate consumer's highest demand during the current month, coincident with the load center's peak, exceeds the contract demand. The load center's peak demand is highest average rate at which energy is used during any fifteen-minute interval in the below listed hours for each month and adjusted for power factor as provided herein:

| <u>Months</u> | <u>Hours Applicable For Demand Billing - EST</u> |
|-----------------------|--|
| October through April | 7:00 a.m. to 12:00 Noon 5:00 p.m. to 10:00 p.m. |
| May through September | 10:00 a.m. to 10:00 p.m. |

Service on and after

DATE OF ISSUE: April 11, 2007

EFFECTIVE DATE: April 1, 2007

ISSUED BY: *Carol Healy*

President & C.E.O., 109 Bagby Park, Grayson, KY

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2006-00480 Dated April 1, 2007

FOR: ENTIRE AREA SERVED
PSC NO.: 4
Original SHEET NO. 14.30

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 14(b) CLASSIFICATION OF SERVICE

LARGE INDUSTRIAL SERVICE-MLF 5,000 TO 9,999 KVA (con't) RATE PER UNIT

(N)

POWER FACTOR ADJUSTMENT

The consumer agrees to maintain a unity power factor as nearly as practicable at each delivery point at the time of the monthly maximum demand. When the power factor is determined to be less than 90%, the monthly maximum demand at the delivery point will be adjusted by multiplying the actual monthly maximum demand by 90% and dividing this product by the actual power factor at the time of the monthly maximum demand.

FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per kWh equal to the fuel adjustment amount per kWh as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve month moving average of such losses. The Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall not be less than the sum of (A), (B) and (C) below:

- (A) The product of the contract demand multiplied by the demand charge, plus
- (B) The product of the contract demand multiplied by 425 hours and the energy charge per kWh.
- (C) The customer charge

TERMS OF PAYMENT

The above rates are net, the gross being ten percent higher. In the event the current monthly bill is not paid within fifteen (15) days from the mailing date of the bill, the gross rates shall apply.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

DEC 1 1990

ENERGY EMERGENCY CONTROL PROGRAM

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981, in Administrative Case No. 240 and as approved by the Commission in its order of March 31, 1981.

PURSUANT TO 807 KAR 5:011,
SECTION 9(1)

BY: *[Signature]*
PUBLIC SERVICE COMMISSION MANAGER

(N)

DATE OF ISSUE November 1, 1990 EFFECTIVE DATE Service on and after
December 1, 1990

ISSUED BY *[Signature]* GEN. MGR., 109 BAGBY PK., GRAYSON, KY

FOR: ENTIRE AREA SERVE

PSC NO.:

5TH REVISED SHEET NO.: 14.4

CANCELING PSC NO.:

4TH REVISED SHEET NO.: 14.4

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 14 (c) CLASSIFICATION OF SERVICE

LARGE INDUSTRIAL SERVICE – MLF 10,000 KVA AND OVER RATE PER UNIT

AVAILABILITY

Available to all members of the Cooperative whose monthly contract demand is equal to or greater than 10,000 KW. All use is subject to the established rules and regulations of the Cooperative that have been or may be adopted by its Board of Directors.

CONDITION OF SERVICE

An "INDUSTRIAL POWER AGREEMENT" shall be executed by the member for service under this schedule.

TYPE OF SERVICE

Three-phase, 60 hertz, alternating current as specified in the "INDUSTRIAL POWER AGREEMENT".

RATE PER MONTH

| | |
|---|----------------|
| Customer Charge | \$1,093.28 (I) |
| Demand Charge per KW of Contract Demand | \$ 5.51 (I) |
| Demand Charge per KW for Billing Demand In Excess of Contract Demand | \$ 8.00 (I) |
| Energy Charge per KWH | \$ 0.03051 (I) |

BILLING DEMAND

The billing demand (kilowatt demand) shall be the contract demand plus any excess demand. Excess demand occurs when the ultimate consumer's highest demand during the current month, coincident with the load center's peak, exceeds the contract demand. The load center's peak demand is highest average rate at which energy is used during any fifteen-minute interval in the below listed hours for each month and adjusted for power factor as provided herein:

| <u>Months</u> | <u>Hours Applicable For Demand Billing - EST</u> |
|-----------------------|--|
| October through April | 7:00 a.m. to 12:00 Noon 5:00 p.m. to 10:00 p.m. |
| May through September | 10:00 a.m. to 10:00 p.m. |

DATE OF ISSUE: April 11, 2007

EFFECTIVE DATE: Service on and after April 1, 2007

ISSUED BY: *Carol Hill Dinkley*

President & C.E.O., 109 Bagby Park, Grayson, KY

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2006-00480 Dated April 1, 2007

FOR: ENTIRE AREA SERVED
PSC NO.: 4
Original SHEET NO. 14.50

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 14(c) CLASSIFICATION OF SERVICE

LARGE INDUSTRIAL SERVICE-MLF 10,000 KVA and Over (con't) RATE PER UNIT

POWER FACTOR ADJUSTMENT

The consumer agrees to maintain a unity power factor as nearly as practicable at each delivery point at the time of the monthly maximum demand. When the power factor is determined to be less than 90%, the monthly maximum demand at the delivery point will be adjusted by multiplying the actual monthly maximum demand by 90% and dividing this product by the actual power factor at the time of the monthly maximum demand.

FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per kWh equal to the fuel adjustment amount per kWh as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve month moving average of such losses. The Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall not be less than the sum of (A), (B) and (C) below:

- (A) The product of the contract demand multiplied by the demand charge, plus
- (B) The product of the contract demand multiplied by 425 hours and the energy charge per kWh.
- (C) The customer charge

TERMS OF PAYMENT

The above rates are net, the gross being ten percent higher. In the event the current monthly bill is not paid within fifteen (15) days from the mailing date of the bill, the gross rates shall apply.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
DEC 1 1990
PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: *Glenn A. Keller*
PUBLIC SERVICE COMMISSION MANAGER

ENERGY EMERGENCY CONTROL PROGRAM

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981, in Administrative Case No. 240 and as approved by the Commission in its order of March 31, 1981.

DATE OF ISSUE November 1, 1990 EFFECTIVE DATE December 1, 1990
Service on and after

ISSUED BY *Mike O'Leary* GEN. MGR., 109 BAGBY PK., GRAYSON, KY

For: ENTIRE AREA SERVED
PSC NO.
Original Sheet No.: 15.00

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

Involuntary Interruptible Service – Schedule D

Standard Rider

This interruptible rate is a rider to Rate Schedules 4 and 12, 13, 14 (a),(b), and (c).

AVAILABILITY

Available to all members of the Cooperative who will contract for an interruptible demand of not less than 250kW and not more than 20,000 kW, subject to a maximum number of hours of interruption per year and a notice period as listed below.

Monthly Rate

A monthly demand credit per kW is to be based on the following matrix:

| <u>Notice Minutes</u> | <u>Annual Hours of Interruption</u> | | |
|-----------------------|-------------------------------------|------------|------------|
| | <u>200</u> | <u>300</u> | <u>400</u> |
| 10 | \$2.70 | \$3.15 | \$3.60 |
| 60 | \$2.25 | \$2.70 | \$3.15 |

Determination of Measured Load – Billing Demand

The billing demand (kilowatt demand) is based on EKPC's system peak demand (coincident peak) which is the highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month and adjusted for power factor as provided herein:

| <u>Months</u> | <u>Hours Applicable for Demand Billing – EST</u> |
|-----------------|--|
| October – April | 7:00 a.m. to 12:00 noon 5:00 p.m. to 10:00 p.m. |
| May – September | 10:00 a.m. to 10:00 p.m. |

The interruptible billing demand shall be equal to the amount by which the monthly billing demand exceeds the minimum billing demand as specified in the contract.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

AUG 01 2001

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)

DATE OF ISSUE : June 25, 2001

DATE EFFECTIVE: August 1, 2001
BY: Stephen O. Bell
SECRETARY OF THE COMMISSION

ISSUED BY x Carol Hall O'Neil TITLE : President & CEO

Issued by an Order of the Public Service Commission of Kentucky in Case No.2001-127 dated 8/2/01

For: ENTIRE AREA SERVED
PSC NO.
Original Sheet No.: 15.10

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

CONDITION OF SERVICE

1. The customer will, upon notification by the Cooperative, reduce his load being supplied by the Cooperative to the contract capacity level specified by the contract.
2. The Cooperative will endeavor to provide the Customer as much advance notice as possible of the interruption of service. However, the Customer shall interrupt service within the notice period as contracted.
3. Service will be furnished under the Cooperative's Rules and Regulations, except as set out herein and/or provisions agreed to by written contract.
4. No responsibility of any kind shall attach to the Cooperative for, or on account of, any loss or damage caused by, or resulting from, any interruption or curtailment of this service.
5. The Customer shall own, operate, and maintain all necessary equipment for receiving electric energy and all tele-metering and communications equipment, within the customer's premises, required for interruptible service.
6. The minimum original contract period shall be one year and thereafter until terminated by giving at least six months previous written notice. The Cooperative may require a contract be executed for a longer initial term when deemed necessary by the size of the load and other conditions.
7. The Fuel Adjustment Clause, as specified in the applicable rate schedule is applicable.

Calculation of Monthly Bill

The monthly bill is calculated on the following basis:

- A. Sum of metering point charge and substation charge, plus
- B. Minimum billing demand in kW multiplied by the firm capacity rate, plus
- C. Interruptible billing demand in kW multiplied by interruptible rate, plus
- D. Energy usage in kWh multiplied by the energy rate.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

AUG 01 2001

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)

BY: Stephan Bue
SECRETARY OF THE COMMISSION

DATE OF ISSUE : June 25, 2001

DATE EFFECTIVE: August 1, 2001

ISSUED BY Chris Hill TITLE : President & CEO

Issued by an Order of the Public Service Commission of Kentucky in Case No. 2001-127 dated 8/2/01

For: ENTIRE AREA SERVED
PSC NO.
Original Sheet No.: 15.20

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

Number and Duration of Interruptions

- A. Winter Season: There shall be no more than two (2) interruptions during any 24 hour period. No interruptions shall last more than six hours.
- B. Summer Season: There shall be no more than one (1) interruption during any 24 hour period. No interruption shall last more than 12 hours.
- C. The maximum number of annual hours of interruption shall be in accordance with the customer contracted level of interruptive service.

Charge for Failure to Interrupt

If Customer fails to interrupt load as requested by the Cooperative, the Cooperative shall bill the uninterrupted load at a rate equal five (5) times the applicable firm power demand charge for that billing month. Uninterrupted load is equal to actual load during requested interruption minus firm load.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

AUG 01 2001

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephan D. Bell
SECRETARY OF THE COMMISSION

DATE OF ISSUE : June 25, 2001

DATE EFFECTIVE: August 1, 2001

ISSUED BY x *Carol Ann Taylor* TITLE : President & CEO

Issued by an Order of the Public Service Commission of Kentucky in Case No. 2001-127 dated 8/2/01

For: Entire Area Served
PSC NO. _____
Original Sheet No.: 16.00

Grayson Rural Electric Cooperative Corporation

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

AUG 01 2001

Voluntary Interruptible Service – Schedule F

PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

BY: Stephan O. Bell
SECRETARY OF THE COMMISSION

STANDARD RIDER

This Voluntary Interruptible Service is a rider to Rate Schedule(s) 4 and 12,13,14 (a),(b), & (c).

APPLICABLE

In all service territory served by the Cooperative.

No interruptible demand which is already under contract under any other Interruptible Rider is eligible for this service.

AVAILABILITY OF SERVICE

This schedule shall be made available at any load center, to any member cooperative where an ultimate "Customer" is capable of interrupting at least 1,000 kW upon request and has contracted with the Cooperative to do so under a retail contract rider.

CONDITIONS OF SERVICE

1. Any request for interruption under this Rider shall be made by the Cooperative.
2. Each interruption will be strictly voluntary.
3. No responsibility of any kind shall attach to the Cooperative for, or on account of, any loss or damage caused by, or resulting from, any interruption or curtailment of this service.
4. The Customer shall agree by contract to own, operate, and maintain all necessary equipment for receiving electric energy and all telemetering and communications equipment, within the Customer's premises, required for interruptible service.
5. It is the Cooperative's responsibility to notify the Customer and execute an interruption request. Therefore, the Cooperative and the Customer shall mutually agree upon the manner by which the Cooperative shall notify the Customer of a request for interruption. Such an agreement shall include the means by which the Cooperative shall communicate the interruption request (e.g. email, phone, pager, etc.) and the Customer's point of contact to receive such a request.
6. The Cooperative will attempt to provide as much advance notice as possible for requests for interruption. However, upon the Customer's acceptance of the Terms of Interruption the Customer's load shall be interrupted with as little as one (1) hour of advance notification.
7. The Cooperative reserves the right to require verification of a Customer's ability to interrupt its load.

Date of Issue: June 25, 2001

Date Effective: August 1, 2001

Issued by x Stephan O. Bell Title: President & CEO

Issued by an Order of the Public Service Commission of Kentucky in Case No. 2001-127 dated 8/2/01

For: Entire Area Served
PSC NO. _____
Original Sheet No.: 16.20

Grayson Rural Electric Cooperative Corporation

1. The time at which each interruption shall begin is to be established by the Cooperative. At least one (1) hour of advance notice of each request for interruption shall be provided by the Cooperative.
2. The duration in clock hours of the interruption request is to be established by the Cooperative.
3. The price and the potential savings. This savings will be determined by the Cooperative on a case by case basis and will be based on a percentage of the market price of power at the time of the interruption.
4. The Customer shall specify:
 - a. The maximum demand in kW that will be interrupted.
 - b. The maximum firm demand that the Customer will purchase through the Cooperative during the interruption.

INTERRUPTION CREDITS

The interruption credit for each interruption period shall be equal to the interrupted energy kWh times the amount by which the quoted price for each interruption exceeds the Customer's regular tariff rate. The sum of the interruption credits for the billing month will be allocated as follows:

The interruption credit to the Customer shall be equal to the product of the interrupted energy multiplied by the interruption price for each interruption.

FAILURE TO INTERRUPT

For those Customers failing to interrupt a minimum of 80% of their agreed amount of interruptible load of 5,000 kW or greater, an excess energy charge will be applicable. This excess energy is equal to the difference of 80% of the interruptible load minus the interrupted load. Excess energy shall be charged to the Customer at a price equal to 125% of the interruption price plus the standard rate applicable to this load.

TERM

The minimum original contract period shall be one (1) year and shall remain in effect thereafter until either party provides to the other at least thirty (30) days previous written notice.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

AUG 01 2001

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)

BY: Stephan O. Bell
SECRETARY OF THE COMMISSION

Date of Issue: June 25, 2001

Date Effective: August 1, 2001

Issued by [Signature] Title: President & CEO

Issued by an Order of the Public Service Commission of Kentucky in Case No. 2001-127 dated 8/2/01

GRAYSON RURAL ELECTRIC
OPERATIVE CORPORATION

PSC NO.: 1
2ND 1ST REVISED SHEET NO: 1
1ST CANCELLING ORIGINAL SHEET NO: 1

SCHEDULE 17

CLASSIFICATION OF SERVICE

WATER PUMPING SERVICE

RATE PER UNIT

Availability

Available for water pumping service in areas served by the Cooperative.

Conditions

Consumer shall have the option of service under this schedule or any other applicable rate schedule. Consumer, having selected one schedule, will continue to be billed under such schedule for not less than twelve (12) consecutive months, unless there should be a material and permanent change in Consumer's use of service.

Rate

Customer Charge Per Month – Includes No kWh Usage \$ 40.00

On Peak Energy - kWh Per Month 0.11100

Off Peak Energy – kWh per Month 0.05510

\$18.00 (I)
-07868 (I) (I)
-04721 (I)

On - Peak Hours and Off-Peak Hours

On Peak Hours

May through September
October through April

10:00 a.m. to 10:00 p.m. EST
7:00 a.m. to 12:00 noon EST
5:00 p.m. to 10:00 p.m. EST

Off Peak Hours

May through September
October through April

10:00 p.m. to 10:00 a.m. EST
12:00 noon to 5:00 p.m. EST

10:00 p.m. to 7:00 a.m. EST

Minimum Monthly Charge

The minimum monthly charge shall be the minimum charge specified in the contract, or the minimum monthly customer charge, or \$.75 per KVA of installed transformer capacity, whichever may be greater.

Fuel Cost Adjustment Charge

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per kWh equal to the fuel adjustment amount per kWh as billed by the wholesale power supplier plus an allowance for line losses. The allowance or line losses will not exceed 10% and is based on a twelve-month moving average of such losses. This Fuel Clause is subject to all other applicable provisions of 07 KAR 5:056.

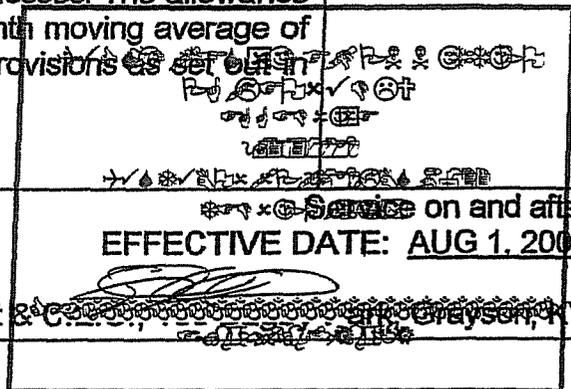
ISSUE DATE: JULY 25, 2007

Service on and after
EFFECTIVE DATE: AUG 1, 2007

ISSUED BY:

Carol Hill Kieley

President & CEO, Grayson, KY



GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 17 (a)

CLASSIFICATION OF SERVICE

RATE PER UNIT

Terms of Payment

The above rates are net, the gross being 10% higher. In the event the current monthly bill is not paid within fifteen (15) days from the mailing date of the bill, the gross rates shall apply.

Rules and Regulations

Service will be furnished under the Cooperative's general rules and regulations or terms and conditions.

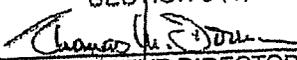
Energy Emergency Control Program

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981 in Administrative Case No. 240 and as approved by the Commission of March 31, 1981.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

MAY 01 2003

PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

BY: 
EXECUTIVE DIRECTOR

DATE OF ISSUE: MAY 16, 2003

Service on and after
EFFECTIVE DATE: JUNE 4, 2003

BY: 

President & C.E.O., 109 Bagby Park, Grayson, KY

Issued by an Order of the Public Service Commission of Kentucky in Case No. 2002-00442 dated May 12, 2003.

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 18 CLASSIFICATION OF SERVICE

CAMPS AND BARNS (R) **RATE PER UNIT**

Terms of Payment
Available for camps and barns in areas served by the Cooperative that are not eligible to be classified as permanent residential farm and home uses subject to established rules and regulations. Approval of the Cooperative must be obtained prior to the installation of any motor having a rated capacity of five horsepower or more.

TYPE OF SERVICE
Single-phase and/or three-phase, 60 cycle, alternating current at the Cooperative's standard secondary voltages.

RATE

| | |
|-----------------|---------|
| Customer Charge | \$20.00 |
| Energy Charge | .09284 |

MINIMUM MONTHLY CHARGE
The minimum monthly charge shall be the minimum charge specified in the contract, or the minimum monthly customer charge, or \$0.75 per KVA or installed capacity, whichever is greater.

FUEL ADJUSTMENT CHARGE
All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per kWh equal to the fuel adjustment amount per kWh as billed by the wholesale power supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve-month moving average of such losses. This Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

DATE OF ISSUE: NOVEMBER 7, 2008 Service on and after
EFFECTIVE DATE: DECEMBER 7, 2008
ISSUED BY: President & C.E.O., 109 Bagby Park, Grayson, KY

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 18

CLASSIFICATION OF SERVICE

CAMPS AND BARNS (12)

RATE PER UNIT

Terms of Payment

The above rates are net, the gross being 10% higher. In the event the current monthly bill is not paid within fifteen (15) days from the mailing date of the bill, the gross rates shall apply.

Rules and Regulations

Service will be furnished under the Cooperative's general rules and regulations or terms and conditions.

Energy Emergency Control Program

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981 in Administrative Case No. 240 and as approved by the Commission Order of March 31, 1981.

DATE OF ISSUE: NOVEMBER 7, 2008

Service on and after
EFFECTIVE DATE: DECEMBER 7, 2008

SIGNED BY:

President & C.E.O., 109 Bagby Park, Grayson, KY

FOR: ENTIRE AREA SERVED
PSC NO.: 4
Original SHEET NO.: 9.00
CANCELING PSC NO.: 3
Original SHEET NO.: 9.00

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

SCHEDULE 9 CLASSIFICATION OF SERVICE

CABLE TELEVISION ATTACHMENT TARIFF

RATE PER UNIT

APPLICABILITY

In all territory served by the Cooperative on poles owned and used by the Cooperative for its electric plant.

AVAILABILITY

To all qualified CATV operators having the right to receive service.

RENTAL CHARGE PER MONTH

The yearly rental charge per attachment shall be as follows:

| | | | |
|----------------------------------|------|-----------------------|-----|
| Two-party pole attachment | 6.54 | \$5.02 (I) | (I) |
| Two-party anchor attachment | 4.37 | 4.24 (I) | (I) |
| Two-party grounding attachment | 0.29 | .32 (D) | (D) |
| Three-party pole attachment | 5.23 | \$4.57 (I) | (I) |
| Three-party anchor attachment | 2.83 | 2.80 (I) | (I) |
| Three-party grounding attachment | 0.18 | .20 (D) | (D) |

BILLING

Rental charges shall be billed annually based on the number of pole attachments. the rental charges are net, the gross being ten percent (10%) higher. in the event the current annual bill is not paid within fifteen (15) days from the date of the bill, the gross rate shall apply.

SPECIFICATIONS

A. The attachment to poles covered by this tariff shall at all times conform the requirements of the National Electric Safety Code, 1981 Edition, and subsequent revisions thereof, except where the lawful requirements of public authorities may be more stringent, in which case the latter will govern.

B. The strength of poles covered by this agreement shall be sufficient to withstand the transverse and vertical load imposed upon them under the storm loading of the National Electrical Safety Code assumed for the are in which they are located.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

JUL 08 1999

PURSUANT TO 807 KAR 5:011,
SECTION 9(1)

BY: Stephen O. Bell
SECRETARY OF THE COMMISSION

DATE OF ISSUE July 23, 1999

EFFECTIVE DATE July 8, 1999

ISSUED BY Carol Hill Orally
President & CEO

109 BAGBY PK., GRAYSON KY

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

RULES AND REGULATIONS

42. INSTALLATION AND RECONNECTION CHARGES

A service charge will be made for all reconnects made under 807 KAR 5:006, Section 8. Service charge for reconnects made during normal working hours - ~~\$24.00~~. Service charge for reconnects made after normal hours - ~~\$58.00~~.
\$ 70.00

43. INSTALLATION AND RECONNECTION CHARGES - EXCEPTIONAL CIRCUMSTANCES

When, upon a customer's request, an installation or reconnection takes place after normal working hours and by the nature of the installation or reconnection should require more than two (2) hours to complete, the customer shall be charged an additional ~~\$29.00~~ for each hour, or portion of an hour, exceeding two (2) hours. This charge shall be in addition to the ~~\$58.00~~ charge for the first mandatory two (2) hours.
\$ 70.00

44. COLLECTION OF DELINQUENT ACCOUNTS

Should it become necessary for the Cooperative to send a serviceman to the customer's premises for collecting a delinquent account, a service charge of ~~\$24.00~~ will be applied to the customer's account for the extra service rendered, due and payable at the time such delinquent account is collected. If service is disconnected for nonpayment, an additional charge of ~~\$24.00~~ will be added for reconnecting service during regular work hours. The charge may be assessed if the utility representative actually terminates service or if, in the course of the trip, the customer pays the delinquent bill to avoid termination. The charge may also be made if the utility representative agrees to delay termination based on the customer's agreement to pay the delinquent bill by a specific date. The Cooperative may make a field collection charge only once in any billing period.
\$ 30.00

45. RETURNED CHECK CHARGE

When a check received in payment of a customer's account is returned unpaid by the bank for any reason, the Cooperative will notify the customer by form letter "Notice of Returned Check" stating the amount of the check and the reason for return. A ~~\$15.00~~ service charge will be added to the customer's account for each returned check.
\$ 25.00

Issuance of a check that is later returned unhonored by the bank will not delay the normal collection procedures.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

JUL 08 1999

PURSUANT TO 807 KAR 5:011,
SECTION 9(1)

BY: Sharon Bui
SECRETARY OF THE COMMISSION

DATE OF ISSUE July 23, 1999

Case No. 98-455

EFFECTIVE DATE July 08, 1999

ISSUED BY

Carol Hill Tracey
President & CEO

109 BAGBY PK., GRAYSON KY

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

RULES AND REGULATIONS

23. METER BASES

Each customer shall provide his/her own meter base.

24. METER READING

Each customer receiving service will read his/her meter on the first (1st) day of each month and have the reading in the Cooperative office no later than the ~~fifteenth~~ (15th) of that month. In the event the member fails to read the meter as outlined or fails to notify the Cooperative office for three successive months, the Cooperative's serviceman will read the meter and the customer will be billed \$24.00 for this service. (T)

\$ 30.00

25. SEPARATE METER FOR EACH SERVICE

The Cooperative will normally furnish a single meter at the point of connection to the customer's premises. Any customer desiring service at two or more separately metered points of connection to the system shall be billed separately at each point and the registration of such meters shall not be added for billing purposes.

26. LOCATION OF METERS

Meter locations shall require approval of the Cooperative and shall, at all times, be kept easily accessible for reading, testing, removing, and making necessary adjustments and repairs.

27. PRIMARY METERING

In those instances when primary metering is utilized, the customer will own, operate, and maintain all facilities past the metering point.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

JUL 08 1999

PURSUANT TO 807 KAR 5:011,
SECTION 9(1)
BY: Stephen O. Bell
SECRETARY OF THE COMMISSION

DATE OF ISSUE July 23, 1999

Case No. 98-455

EFFECTIVE DATE July 8, 1999

ISSUED BY

Carroll Hall Ornel
President & CEO

109 BAGBY PK., GRAYSON KY

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED
PSC NO.: 3
ORIGINAL SHEET NO. 30
CANCELLING PSC NO. 2
SHEET NO. 30

RULES AND REGULATIONS

28. POINT OF DELIVERY

The point of delivery is the point as designated by the Cooperative on the customer's premises where current is to be delivered to the building or premises; namely, the point of attachment or connection to customer owned facilities. A member requesting a delivery point different from the one designated by the Cooperative will be required to pay the additional cost of providing the service at such delivery point. All wiring and equipment beyond this point of delivery shall be supplied, owned, and maintained by the customer.

29. VOLTAGE FLUCTUATIONS CAUSED BY CUSTOMER

Electric service must not be used in such manner as to cause unusual fluctuations or disturbances to the Cooperative's distribution system. The Cooperative may require the customer, at his/her own expense, to install suitable apparatus which will limit such fluctuation in accordance with the requirements as set forth in 807 KAR 5:041, Section 6.

30. METER TESTING - CUSTOMER REQUESTED

The Cooperative will, at its own expense, make periodic tests and inspections of all meters to maintain a high standard of accuracy and to conform with the regulations of the Public Service Commission. The Cooperative will make additional tests of the meter at the request of the customer provided such request is not made more frequently than once each twelve (12) months. The customer has a right to be present when the meter is tested and will be notified in advance as to the date and approximate time the testing will take place in order for them to make arrangements to be present. If the meter is found to be more than 2% fast or slow, an adjustment will be made to the customer's bill in accordance with 807 KAR 5:006, Section 10. If such test shows that the meter was not more than 2% fast or slow, a meter test fee of \$35.00 may be assessed the customer to cover the cost of the meter test as per 807 KAR 5:006, Section 18. If a customer requests more than one (1) meter test in a twelve (12) month period, the ~~\$35.00~~ fee shall be deposited in advance for each subsequent test. The deposit shall be refunded if the meter is found to be more than 2% fast or slow.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

(I)

\$ 40.00

OCT 28 1992

DATE OF ISSUE JULY 24, 1992

EFFECTIVE DATE

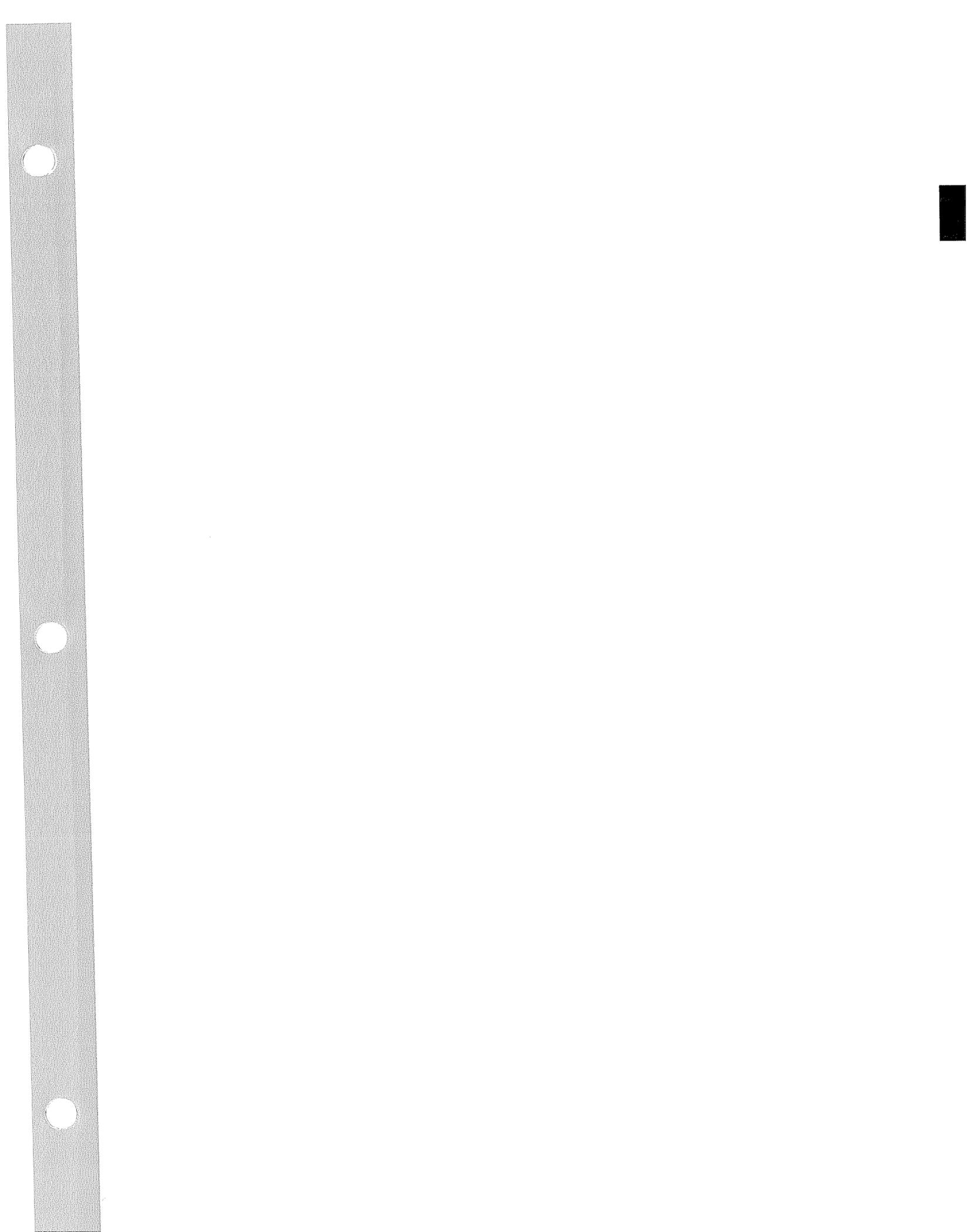
PURSUANT TO 807 KAR 5:011.
AUGUST 23, 1992
SECTION 977

ISSUED BY

Wayne D. Carmory
Manager

, 109 BAGBY

PK., GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION
PUBLIC SERVICE COMMISSION MANAGER



Official Notice

Grayson Rural Electric Cooperative Corporation, with its principal office at Grayson, Kentucky and with its address at 109 Bagby Park, Grayson, Kentucky 41143, intends to file with the Kentucky Public Service Commission in Case No. 2008-00254 an application to adjust its retail rates and charges. This adjustment will result in a general rate increase to the member-consumers of Grayson Rural Electric Cooperative.

In addition, Grayson Rural Electric Cooperative is requesting an adjustment due to an increase in Grayson Rural Electric Cooperative's wholesale power costs as filed by East Kentucky Power Cooperative in Case No. 2008-00409. This application includes increased retail rates by an amount equal to the increases in wholesale power costs. This requested increase amounts and rates provided in this notice include the proposed amounts and rates for Grayson Rural Electric in Case No. 2008-00254 and East Kentucky Power Cooperative in Case No. 2008-00409.

The rates proposed in this application are the rates proposed by Grayson Rural Electric Cooperative. However, the Kentucky Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this application.

Any corporation, association, body politic or person may by motion within thirty (30) days after publication or mailing of notice of the proposed rate changes request leave to intervene. The motion shall be submitted to the Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the request including the status and interest of the party. Any person who has been granted intervention by the Commission may obtain copies of the rate application and any other filings made by the utility by contacting Don Combs, Grayson Rural Electric Cooperative, 109 Bagby Park, Grayson, Kentucky 41143, Phone 606-474-5136.

Any person may examine the rate application and any other filings made by the utility at the office of Grayson Rural Electric Cooperative or at the Commission's Office.

Grayson Rural Electric Cooperative
109 Bagby Park
Grayson, Kentucky 41143
606-474-41143

Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602
502-564-3940

The amount and percent of increase are listed below:

| <u>Rate Class</u> | <u>Increase</u> | |
|--------------------------|-----------------|----------------|
| | <u>Dollar</u> | <u>Percent</u> |
| Schedule 1 | | |
| Farm and Home | \$3,676,896 | 23% |
| Schedule 18 | | |
| Camps and Barns | \$204,427 | 56% |
| Schedule 2A | | |
| Small Commercial | \$412,267 | 29% |
| Schedule 3 | | |
| Off-Peak Marketing | \$32,889 | 22% |
| Schedule 4 | | |
| Large Power | \$110,599 | 4% |
| Schedule 7 | | |
| All Electric Power | \$86,562 | 21% |
| Schedule 13A | | |
| Large Industrial Service | \$44,077 | 5% |
| Schedule 17 | | |
| Water Pumping Service | \$583 | 44% |
| Schedule 5 | | |
| Street Lights | \$2,646 | 26% |
| Schedule 6 | | |
| Security Lights | \$90,437 | 23% |

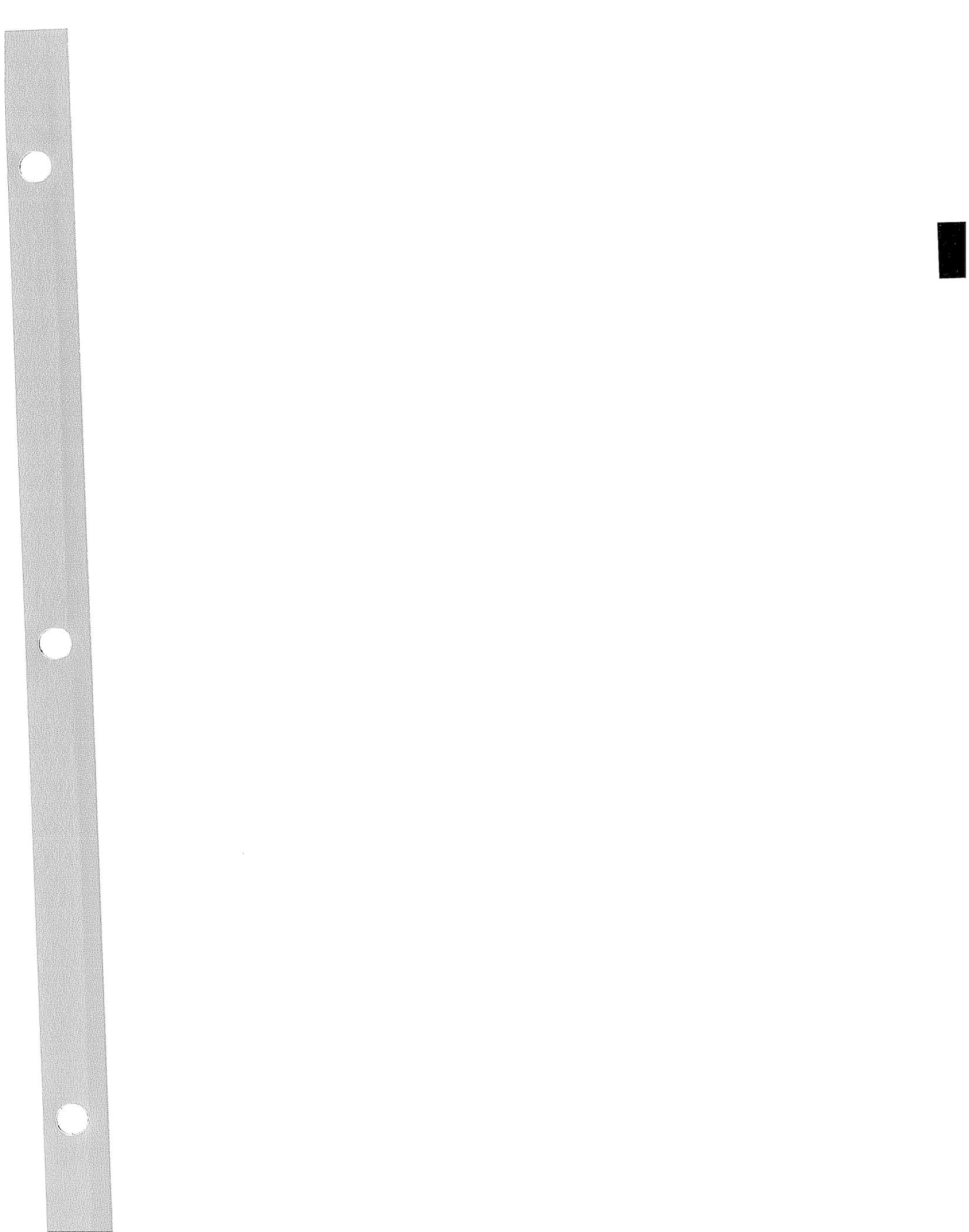
The effect of the proposed rates on the average monthly bill by rate class are listed below:

| <u>Rate Class</u> | <u>Increase</u> | |
|--------------------------|-----------------|----------------|
| | <u>Dollar</u> | <u>Percent</u> |
| Schedule 1 | | |
| Farm and Home | \$21 | 23% |
| Schedule 18 | | |
| Camps and Barns | \$15 | 56% |
| Schedule 2A | | |
| Small Commercial | \$29 | 29% |
| Schedule 3 | | |
| Off-Peak Marketing | \$28 | 22% |
| Schedule 4 | | |
| Large Power | \$140 | 4% |
| Schedule 7 | | |
| All Electric Power | \$902 | 21% |
| Schedule 13A | | |
| Large Industrial Service | \$3,673 | 5% |
| Schedule 17 | | |
| Water Pumping Service | \$49 | 44% |

The present and proposed rate structure of Grayson Rural Electric Cooperative are listed below:

Exh D
page 3 of 3

| <u>Rate Class</u> | <u>Rates</u> | |
|---|----------------|-----------------|
| | <u>Present</u> | <u>Proposed</u> |
| Schedules 1 and 3 - Farm, Home & Marketing | | |
| Customer charge | \$8.16 | \$15.00 |
| Energy charge | \$0.07868 | \$0.09284 |
| Energy charge per ETS | \$0.04721 | \$0.05570 |
| Schedule 18 - Camps and Barns | | |
| Customer charge | \$8.16 | \$20.00 |
| Energy charge | \$0.07868 | \$0.09284 |
| Schedule 2 - Small Commercial | | |
| Customer charge | \$8.10 | \$25.00 |
| Energy charge | \$0.07868 | \$0.08909 |
| Schedule 4 - Large Power | | |
| Customer charge | \$60.91 | \$60.91 |
| Demand charge | \$7.42 | \$8.25 |
| Demand charge, primary meter | \$7.27 | \$8.00 |
| Energy charge | \$0.05320 | \$0.05385 |
| Energy charge, primary meter | \$0.05187 | \$0.05250 |
| Schedule 7 - All Electric School | | |
| Customer charge | \$27.90 | \$30.00 |
| Demand charge | \$4.44 | \$6.00 |
| Energy charge | \$0.05384 | \$0.06333 |
| Schedule 13A - Large Industrial Service | | |
| Customer charge | \$547.15 | \$547.15 |
| Demand charge | \$5.51 | \$6.99 |
| Energy charge | \$0.04315 | \$0.04315 |
| Schedule 17 - Water Pumping Service | | |
| Customer charge | \$18.00 | \$40.00 |
| Energy charge | | |
| On-Peak | \$0.07868 | \$0.11100 |
| Off-Peak | \$0.04721 | \$0.05570 |
| Schedule 5 - Street Lighting | | |
| 175 Watt light | \$7.91 | \$9.93 |
| Schedule 6 - Security Lights | | |
| 7,000 Lument MV | \$7.82 | \$9.61 |
| 10,000 Lument MV | \$9.91 | \$12.17 |
| Flood lights | \$13.71 | \$16.84 |
| Non-Recurring Charges | | |
| Return Check | \$15.00 | \$25.00 |
| Meter Reading | \$24.00 | \$30.00 |
| Collection | \$24.00 | \$30.00 |
| Installation/Reconnection | \$24.00 | \$30.00 |
| Meter Tests | \$35.00 | \$40.00 |
| Exceptional Circumstances | \$29.00 | \$50.00 |
| Overtime | \$58.00 | \$70.00 |
| Cable Television | | |
| 2-Party Pole Attachment | \$5.02 | \$6.54 |
| 2-Party Anchor Attachment | \$4.24 | \$4.37 |
| 2-Party Ground Attachment | \$0.32 | \$0.29 |
| 3-Party Pole Attachment | \$4.57 | \$5.23 |
| 3-Party Anchor Attachment | \$2.80 | \$2.88 |
| 3-Party Ground Attachment | \$0.20 | \$0.18 |



Grayson Rural Electric Cooperative Corporation

109 Bagby Park • Grayson, KY 41143-1292
Telephone 606-474-5136 • 1-800-562-3532 • Fax 606-474-5862

July 1, 2008

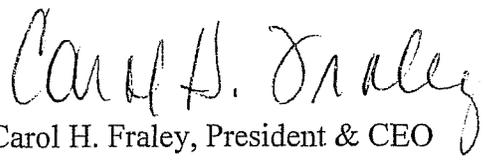
Stephanie L. Stumbo, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Dear Ms. Stumbo:

This is to advise, in accordance with the Commission's Administrative Regulation 807 KAR 5:001, Section 11(2), that on or about August 15, 2008, Grayson Rural Electric Cooperative Corporation intends to file an application for an increase in its retail rates based on a historical test year ending May 31, 2008.

If there are any questions concerning this matter, please contact me at your convenience.

Respectfully submitted,


Carol H. Fraley, President & CEO

Copy to:

Attorney General
Utility Intervention and Rate Division
1024 Capital Center Drive
Frankfort, Kentucky 40601



Steven L. Beshear
Governor

Leonard K. Peters
Secretary
Energy and Environment Cabinet

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd
P O Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

David L. Armstrong
Chairman

James Gardner
Vice-Chairman

John W. Clay
Commissioner

Carol Hall Fraley
President & CEO
Grayson R E C C
109 Bagby Park
Grayson, KY 41143

July 3, 2008

RE. Case No 2008-00254
Grayson R.E.C.C.
(General Rates)

Notice of Intent to File Application for Increase in Retail Rates

This letter is to acknowledge receipt of notice of intent to file an application in the above case. The notice was date-stamped received July 2, 2008 and has been assigned Case No 2008-00254. In all future correspondence or filings in connection with this case, please reference the above case number.

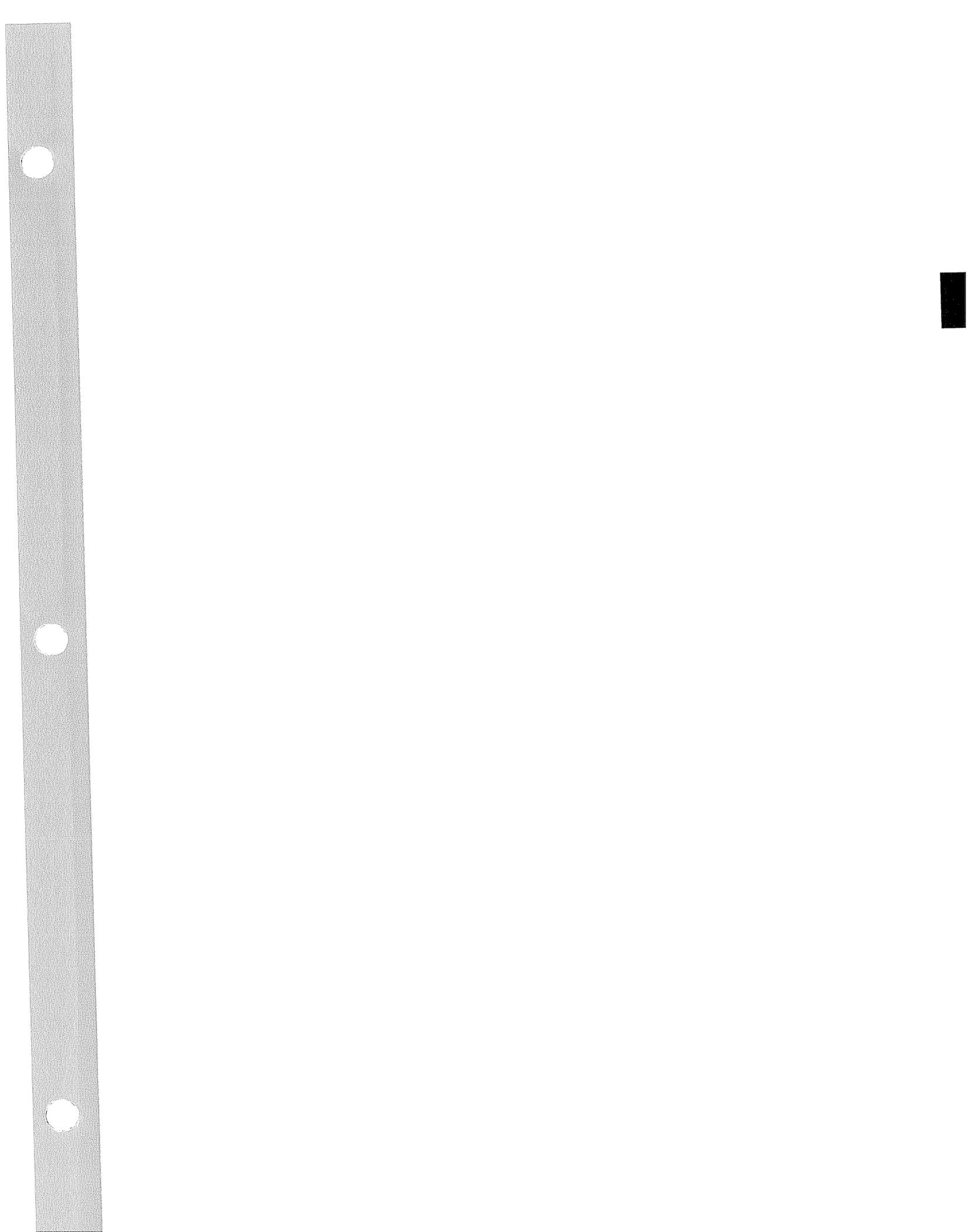
If you need further assistance, please contact my staff at (502) 564-3940.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Stumbo".

Stephanie Stumbo
Executive Director

SS/rs



GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

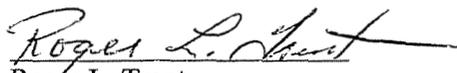
Board Resolution

AUTHORIZATION TO THE PRESIDENT & CEO TO FILE FOR A
RATE INCREASE WITH THE KENTUCKY PUBLIC SERVICE
COMMISSION

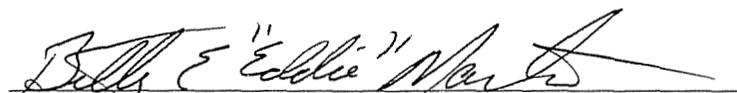
WHEREAS, to provide its members with a reliable source of power it is the opinion of the Board of Directors of Grayson Rural Electric Cooperative Corporation that a rate increase is necessary to maintain Grayson Rural Electric Cooperative in a sound financial condition, and

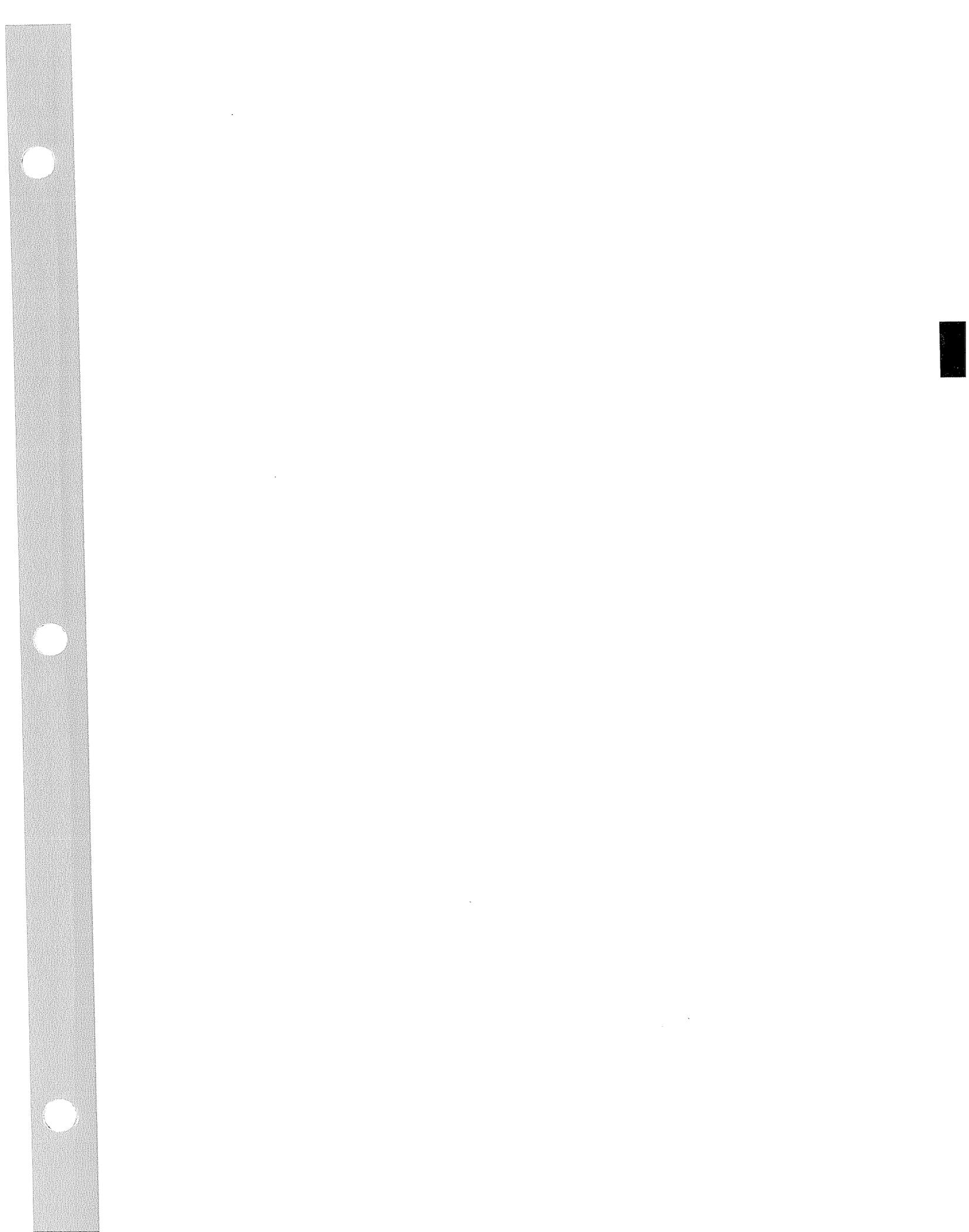
WHEREAS, the Board of Directors of Grayson Rural Electric Cooperative hereby authorizes and directs its President & CEO, Carol H. Fraley to file with the Kentucky Public Service Commission for a rate increase.

NOW, THEREFORE BE IT RESOLVED, that this resolution was properly authorized by the Board of Directors during a monthly Board of Directors meeting held on July 31, 2008.


Roger L. Trent
Chairman of the Board
Of Directors of GRECC

I, Eddie Martin Secretary/Treasurer of the Grayson Rural Electric Cooperative Corporation hereby certify that the foregoing is a full, true, and correct copy of the Resolution duly passed by the Board of Directors of Grayson Rural Electric Cooperative at a meeting duly called and held in compliance with the By-Laws of the Cooperative on the 31st day of July, 2008, at which meeting a quorum was present, and that the Resolution as set out above appears in the minutes of that meeting in the Minute Book of the Cooperative dated this 31st day of July, 2008 and that Roger Trent is the duly elected and lawfully sitting Chairman of the Board of said Cooperative Corporation.


BILLY E. (EDDIE MARTIN), SECRETARY/TREASURER



Grayson Rural Electric Cooperative
Case No. 2008-00254
Revenue Analysis
May 31, 2008

Exhibit
page 1 of
Witness: Alan Zumstein

G
2

| Rate Schedule | Kwh Useage | Test Year Revenue | Percent of Total | Normalized Case No. 2006-0522 | Percent of Total | Proposed Revenue | Percent of Total | Increase | | EKPC Case No. 2008-00409 | Percent of Total | Increase | |
|------------------------------------|--------------------|---------------------|------------------|-------------------------------|------------------|---------------------|------------------|--------------------|---------|--------------------------|------------------|--------------------|---------|
| | | | | | | | | Amount | Percent | | | Amount | Percent |
| Schedule 1, Farm and Home | 183,445,786 | \$15,871,896 | 73% | \$15,721,105 | 71% | \$18,289,989 | 73% | \$2,568,884 | 16.3% | \$19,398,002 | 73% | \$3,676,896 | 23.4% |
| Schedule 18, Camps and Barns | 3,242,424 | 0 | 0% | 364,360 | 2% | 549,202 | 2% | 184,842 | 50.7% | 568,787 | 2% | \$204,427 | 56.1% |
| Schedule 2, Small Commercial | 16,913,798 | 1,423,973 | 7% | 1,443,983 | 7% | 1,690,833 | 7% | 246,850 | 17.1% | 1,856,250 | 7% | \$412,267 | 28.6% |
| Schedule 3, Off-Peak Marketing Ra | 1,991,027 | 144,702 | 1% | 146,986 | 1% | 169,330 | 1% | 22,343 | 15.2% | 179,875 | 1% | \$32,889 | 22.4% |
| Schedule 4, Large Power | 34,588,171 | 2,639,113 | 12% | 2,683,980 | 12% | 2,683,980 | 11% | 0 | 0.0% | 2,794,579 | 10% | \$110,599 | 4.1% |
| Schedule 7, All Electric Schools | 5,836,500 | 399,497 | 2% | 405,067 | 2% | 474,354 | 2% | 69,286 | 17.1% | 491,630 | 2% | \$86,562 | 21.4% |
| Schedule 13A, Large Industrial Ser | 15,009,600 | 803,031 | 4% | 818,327 | 4% | 818,327 | 3% | 0 | 0.0% | 862,403 | 3% | \$44,077 | 5.4% |
| Schedule 17, Water Pumping Servi | 18,940 | 1,304 | 0% | 1,319 | 0% | 1,545 | 0% | 225 | 17.1% | 1,902 | 0% | \$583 | 44.2% |
| Schedule 5, Street Lighting | 98,250 | 10,178 | 0% | 10,362 | 0% | 12,131 | 0% | 1,769 | 17.1% | 13,008 | 0% | \$2,646 | 25.5% |
| Schedule 6, Security Lights | 3,849,402 | 387,437 | 2% | 395,178 | 2% | 462,872 | 2% | 67,694 | 17.1% | 485,615 | 2% | \$90,437 | 22.9% |
| Envirowatts | 108,500 | 2,724 | 0% | 2,724 | 0% | 2,724 | 0% | 0 | 0.0% | 2,724 | 0% | \$0 | 0.0% |
| Rounding differences | | | | | | (269) | | (269) | | (758) | | (758) | |
| Total from base rates | <u>265,102,398</u> | 21,683,855 | 100% | <u>\$21,993,393</u> | 100% | <u>\$25,155,018</u> | 100% | <u>\$3,161,625</u> | 14.4% | <u>\$26,654,018</u> | 100% | <u>\$4,660,625</u> | 21.2% |
| Fuel adjustment billed | | 1,393,306 | | | | | | | | | | | |
| Environmental surcharge billed | | <u>1,252,311</u> | | | | | | | | | | | |
| | | <u>\$24,329,472</u> | | | | | | | | | | | |
| Increase | | | | <u>\$309,538</u> | | <u>\$3,161,625</u> | | | | <u>\$1,499,001</u> | | | |

Grayson Rural Electric Cooperative
Case No. 2008-00254
Explanation of Changes

All revenues were normalized using rates that went into effect in connection with a flow through of East Kentucky Power Cooperative's increase in rates in EKPC's Case No. 2006-00509 and Grayson Rural Electric's flow through Case No. 2006-00517, effective August 1, 2007.

The proposed rate increase was allocated in the following manner:

Schedule 1 - Farm and Home

The customer charge was increased based upon the Cost of Service Study. The remaining increase was through the energy charge.

Schedule 2 - Small Commercial

The customer charge was increased based upon the Cost of Service Study. The remaining increase was through the energy charge.

Schedule 4 - Large Power

No changes were proposed for this rate schedule.

Schedule 7 - All Electric Schools

The customer charge and demand charge were increased based upon the Cost of Service Study. The remaining increase was through the energy charge.

Schedule 13A - Large Industrial Service

No changes were proposed for this rate schedule.

Schedules 5, Street Lighting and 6, Security Lights

All rates were increased by 17% based on the Cost of Service Study.

Schedule 17, Water Pumping Service

The customer charge was increased based upon the Cost of Service Study. No changes were proposed for the energy charge.

Schedule 18, Camps and Barns

This is a new rate.

All Customer Charges were established in Grayson Rural Electric's last general rate increase, Case No. 98-455, dated March 7, 1999. These charges were ordered by the Kentucky Commission based on the Cost of Service Study filed with that general rate increase. A copy of that study is on file in that Case, noted by reference.

Grayson Rural Electric does not have monthly peak demands for rate schedules, only the amount of KW billed to each consumer.



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF ADJUSTMENT
OF RATES OF GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

CASE NO. 2008-00254

PREPARED TESTIMONY OF CAROL H. FRALEY

Q1. Would you please state your name and business address.

A1. Carol H. Fraley, with a business address of 109 Bagby Park, Grayson, Kentucky 41143.

Q2. What is your occupation?

A2. President & CEO for Grayson Rural Electric Cooperative ("Grayson Rural Electric").

Q3. How long have you been employed at Grayson Rural Electric?

A3. I was employed in January 1980 as Manager Marketing and Member Services, then promoted to the position of President & CEO in July 1994.

Q4. What is your education and work experience?

A4. I graduated from the University of Kentucky in 1979 with a Master of Science degree in Agriculture.

Q5. Are you familiar with the contents of the Notice Application of Grayson Rural Electric which has been filed with this Commission to commence this Case?

A5. Yes,

Q6. Please state whether the statements of facts contained in this Notice are true.

A6. Yes. To the best of my knowledge and belief, the statements of facts contained in this Application are true.

Q7. Are you familiar with the exhibits which are filed with and form a part of the Notice Application of this Case?

A7. Yes. I worked with Alan Zumstein, CPA and Jim Adkins, Consultant, in the preparation of these exhibits, and I am familiar with them. In my opinion, the factual material contained in this Application are correct.

Q8. When was the last General Rate Application filed by Grayson Rural Electric?

A8. The last General Rate Application filed by Grayson Rural Electric was in 1998, in Case No. 98-455.

Q9. What is the purpose of this Notice of Application of Grayson Rural Electric to this Commission?

A9. To seek an increase in rates in an amount necessary to obtain a Times Interest Earned Ratio ("TIER") of 2.0.

Q10. What considerations were given to increase the rates and charges of Grayson Rural Electric .

A10. The purpose of this Application is to support the fact that Grayson Rural Electric needs the requested rate relief that is being sought in this rate application. Grayson Rural Electric has filed this application due to its need to meet certain financial ratios as required by its mortgage agreements with its lenders: the Rural Utilities Service ("RUS") and the National Rural Utilities Cooperative Finance Corporation ("CFC"). According to those mortgage agreements, Grayson Rural Electric is required to maintain a Net TIER of 1.25 and an Operating TIER of 1.1. In addition, this application is necessary for Grayson Rural Electric to continue to pay capital credits and maintain adequate equity and cash reserves.

Q11. What is the Test Year used by Grayson Rural Electric for its financial data compiled to the Commission in the Application?

A11. The twelve months ended May 31, 2008 was selected as the Test Year. The management and Board of Directors of Grayson Rural Electric review the operations and TIER on a monthly basis. Noting the steady decline in margins and TIER, the Board of Directors authorized an Application to be prepared to increase rates and charges sufficient to obtain a TIER of 2.0.

Q12. How was the proposed increase in revenues of \$3,161,265 allocated to rates?

A12. Grayson Rural Electric and Jim Adkins have prepared a Cost of Service Study and based its rate design on this study.

Q13. Why was a TIER of 2.0x requested?

A13. The financial condition of Grayson Rural Electric cooperative has deteriorated substantially since 2003. In order to continue to meet debt service obligations, operating costs and maintain the minimum joint mortgage agreement requirements, it was necessary to request a TIER of 2.0 in this Application.

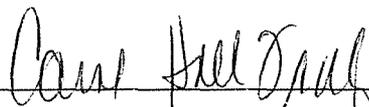
Q14. In your opinion, are the adjusted rates requested in this Case by Grayson Rural Electric Cooperative necessary to maintain the financial integrity of the Cooperative?

A14. Yes. To enable Grayson Rural Electric to maintain its financial integrity, it is necessary that it be permitted to increase its rates as proposed in this Application.

Q15. Does this conclude your testimony in this case?

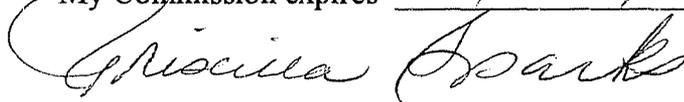
A15. Yes, it does.

Affiant, Carol H. Fraley, states that the answers given by her to the foregoing questions are true and correct to the best of her knowledge and belief.



Carol H. Fraley, President & CEO

Subscribed and sworn to before me by the affiant, Carol H. Fraley, this 27th day of October, 2008.

My Commission expires 03/22/09


COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

**IN THE MATTER OF ADJUSTMENT
OF RATES OF GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION**

CASE NO. 2008-00254

PREPARED TESTIMONY OF DON COMBS

Q1. Would you please state your name and business address.

A1. Don Combs, with a business address of 109 Bagby Park, Grayson, Kentucky 41143.

Q2. What is your occupation?

A2. Manager of Finance and Accounting for Grayson Rural Electric Cooperative ("Grayson Rural Electric").

Q3. How long have you been employed at Grayson Rural Electric?

A3. I was employed in January 1994 at the present position. Prior to that I was the Manager of Accounting for Big Sandy Rural Electric Cooperative, in Paintsville, Kentucky for approximately ten (10) years.

Q4. Are you familiar with accounting work and accounting procedures for rural electric cooperatives.

A4. Yes. I have had much prior experience in electric cooperative accounting and have done accounting work in the preparation of rate cases for Grayson Rural Electric and Big Sandy Rural Electric for presentation to the Public Service Commission.

Q5. Did you prepare or assist in the preparation of the financial exhibits for Grayson Rural Electric filed with its Notice Application in this case?

A5. Yes, I worked with the assistance of Alan Zumstein, CPA and Jim Adkins, Consultant, in the preparation of these exhibits, and am familiar with them. In my opinion, the factual material contained in these are correct.

Q6. Please state whether the statements of facts contained in this Notice are true.

A6. Yes. To the best of my knowledge and belief, the statements of facts contained in this Application are true.

Q7. What is the purpose of this Notice of Application of Grayson Rural Electric to this Commission?

A7. To seek an increase in rates in an amount necessary to obtain a Times Interest Earned Ratio ("TIER") of 2.0.

Q8. What considerations were given to increase the rates and charges of Grayson Rural Electric

A8. The mortgage agreements require that Grayson Rural Electric Cooperative maintain TIER of above 1.25 based on an average of two of the three most recent years.

Q9. What is the Test Year used by Grayson Rural Electric for its financial data compiled to the Commission in the Application?

A9. The twelve months ended May 31, 2008 was selected as the Test Year. The management and Board of Directors of Grayson Rural Electric review the operations and TIER on a monthly basis. Noting the steady decline in margins and TIER, the Board of Directors authorized an Application to be prepared to increase rates and charges sufficient to obtain a TIER of 2.0.

Q10. How was the proposed increase in revenues of \$3,161,265 allocated to rates?

A10. Grayson Rural Electric and Jim Adkins have prepared a Cost of Service Study and based its rate design on this study.

Q11. Why was a TIER of 2.0x requested?

A11. The financial condition of Grayson Rural Electric cooperative has deteriorated substantially since 2003. In order to continue to meet debt service obligations, operating costs and maintain the minimum joint mortgage agreement requirements, it was necessary to request a TIER of 2.0 in this Application.

Q12. In your opinion, are the adjusted rates requested in this Case by Grayson Rural Electric Cooperative necessary to maintain the financial integrity of the Cooperative?

A12. Yes. To enable Grayson Rural Electric to maintain its financial integrity, it is necessary that it be permitted to increase its rates as proposed in this Application.

Q13. Does this conclude your testimony in this case?

A13. Yes, it does.

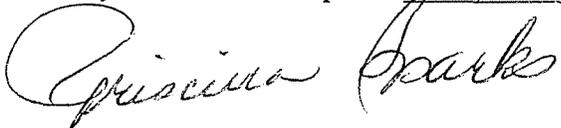
Affiant, Don Combs, states that the answers given by her to the foregoing questions are true and correct to the best of her knowledge and belief.



Don Combs, Manager of Finance and Accounting

Subscribed and sworn to before me by the affiant, Don Combs, this 27th day of October, 2008.

My Commission expires 03/22/09



**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

**IN THE MATTER OF ADJUSTMENT
OF RATES OF GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION**

CASE NO. 2008-00254

**AND
INCREASE ITS RETAIL ELECTRIC RATES
EQUAL TO ITS INCREASE IN WHOLESALE
POWER COSTS**

PREPARED TESTIMONY OF ALAN M. ZUMSTEIN

Q1. Would you please state your name, residence, and occupation.

A1. Alan M. Zumstein, my address is 1032 Chetford Drive, Lexington, Kentucky 40509. I am a self-employed Certified Public Accountant.

Q2. How long have you been practicing your profession?

A2. I have been self-employed for approximately twenty four years. Prior to that, I was employed by a local CPA firm for approximately six years.

Q3. Are you familiar with accounting work and accounting procedures for rural electric cooperatives.

A3. Yes. I have had much prior experience in electric cooperative accounting and have done accounting work in the preparation of rate cases for electric cooperative for presentation to the Public Service Commission.

Q4. Have you appeared before the Kentucky Public Service Commission and given testimony in electric cooperative cases?

A4. Yes, I have.

Q5. Did you prepare or assist in the preparation of the financial exhibits for Grayson Rural Electric Cooperative filed with its Notice Application in this case?

A5. Yes.

Q6. What considerations were given to increase the rates and charges of Grayson Rural Electric Cooperative.

A6. The mortgage agreements require that Grayson Rural Electric Cooperative maintain Times Interest Earned Ratio ("TIER") of above 1.25 based on an average of two of the three most recent years. The TIER for the Test Year of May 31, 2008 was 0.37. The TIER has decreased consistently from a TIER of 1.84 in 2003. The TIER, giving effect to the normalized adjustments without an increase in revenues, as reflected in Exhibit S, page 2 of 4, would result in a TIER on only 0.14 for the Test Year.

Q7. Would you briefly describe the procedures used to arrive at the proposed increase in rates and charges.

A7. The margins and TIER of Grayson Rural Electric Cooperative have been reviewed, and giving effect to the steady decline in TIER, it was determined that an application for increase in rates should be filed with the Kentucky Public Service Commission. The twelve months ended May 31, 2008 was selected as the Test Year. All revenues were normalized using rates that went into effect in connection with the roll-in of fuel into the base rates in Case No. 2006-00517, effective August 1, 2007. Other expenses were normalized using rates and known changes, and adjusted as if they were in effect for the entire Test Year. The revenue proposed of \$3,161,265, or approximately 14% increase, would provide for a TIER of 2.0x.

Q8. How was the proposed increase in revenues of \$3,161,265 allocated to rates?

A8. Grayson Rural Electric Cooperative and Jim Adkins have prepared a Cost of Service Study and based its rate design on this study.

Q9. Why was a TIER of 2.0x requested?

A9. The financial condition of Grayson Rural Electric cooperative has deteriorated substantially since 2003. In order to continue to meet debt service obligations, operating costs and maintain

the minimum joint mortgage agreement requirements, it was necessary to request a TIER of 2.0x in this Application.

Q10. In your opinion, are the adjusted rates requested in this Case by Grayson Rural Electric Cooperative necessary to maintain the financial integrity of the Cooperative?

A10. The financial exhibits as shown in the Application conclusively indicate the adjusted rates arising out of the Application are necessary to prevent problems of a deteriorating financial position.

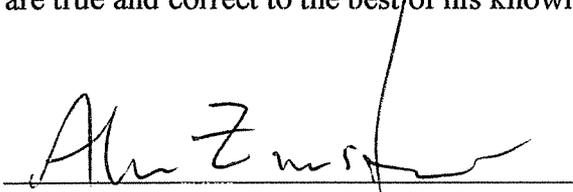
Q11. Were there any considerations given to the wholesale increases in power costs as proposed by East Kentucky Power Cooperative, in Case No. 2008-00409?

A11. Yes. The proposed increase of \$1,499,001 in wholesale power costs were allocated to all rate classes using the cost of service study as the basis.

Q11. Does this conclude your testimony in this case?

A11. Yes, it does.

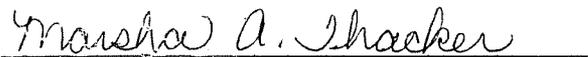
Affiant, Alan M. Zumstein, states that the answers given by him the foregoing questions are true and correct to the best of his knowledge and belief.



Alan M. Zumstein

Subscribed and sworn to before me by the affiant, Alan M. Zumstein, this 3rd day of November, 2008.

My Commission expires 1-9-2011.



Notary Public, State of Kentucky at Large

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

Exhibit H-4
Page 1 of 9

GRAYSON RECC
CASE NO. 2008-00254

DIRECT TESTIMONY OF JAMES R. ADKINS

1 Q. Please state your name, your business address and your occupation.

A. My name is James R. Adkins. My business address is 1041 Chasewood Way, Lexington, KY 40513-1731. I am self-employed providing consulting services to electric cooperatives in the areas of utility rates, cost of service studies, rate design, regulatory affairs, financial forecasting and other services.

2 Q. What is your educational background and your business experience.

A. I am a graduate of the University of Kentucky with a Bachelors Degree in Commerce with a major in banking and finance granted in 1971 and a Masters of Science Degree in Accounting granted in 1976. My business experience for the last thirty plus years has been with the electric utility industry and primarily with rural electric cooperatives. I worked approximately twenty-five years with East Kentucky Power Cooperative ("EKPC") as Pricing Manager dealing with cost of service studies, rate design, regulatory affairs and providing assistance to its member distribution cooperatives. Since retiring from EKPC in early 2002, I been employed as a consultant first as a member of the Prime Group for about fourteen months and self-employed since April 2003. I am also retired from the United States Army after serving twenty-seven years of active and reserve duty. My active duty was with the infantry in the Vietnam War.

3 Q. Have you ever provided testimony before the Kentucky Public Service Commission ("Commission")?

A. I have provided testimony many times before this Commission beginning in 1978 for EKPC and for most of the electric cooperatives regulated by this Commission. I have testified on revenue requirements, cost of service studies, rate design, fuel adjusted clause hearings as well as in administrative cases. I testified before this Commission

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

Exhibit H-4
Page 2 of 9

GRAYSON RECC
CASE NO. 2008-00254

DIRECT TESTIMONY OF JAMES R. ADKINS

4 Q. What has been your role in this rate application?

A. My role in this rate application has been to provide assistance to Grayson Rural Electric Cooperative Corporation ("Grayson") in its preparation and filing with this Commission. I am responsible for the Cost of Service Study ("COSS") and the allocation of the increase amounts to the various rate classes and the rate design proposed in this application.

5 Q. Does Grayson need an increase in rates?

A. Grayson has filed for an increase in rates because its margins have deteriorated to the point that its Times Interest Earned Ratio ("TIER") is below the amount required in its mortgage agreements. Grayson's last increase in its rates due to increases in its distribution costs occurred in 1999. Additionally, Grayson is seeking rate relief for the cost increases in its wholesale power costs that is being requested by EKPC in Case No. 2008-00409 currently pending before this Commission.

6 Q. Is Grayson's approach in seeking rate relief for this potential increase in wholesale power costs somewhat different than most of the members of EKPC?

A. Grayson's approach is different from the members in the fact that Grayson is not seeking rate relief through the use of the proportional methodology. Since Grayson was in the process of developing its own rate application, a decision was made to integrate the proposed increases in wholesale power costs into this application. Grayson felt that this approach was beneficial to them as its COSS could be the primary guide in allocating the increases in wholesale power cost increases to the various rate classes and in developing the new rate designs especially for retail customers with contracts based on EKPC's special wholesale rates.

**GRAYSON RECC
CASE NO. 2008-00254**

DIRECT TESTIMONY OF JAMES R. ADKINS

7 Q. What else is unique about Grayson's application?

A. Grayson is proposing a new rate class called Barns and Camps. This rate is for retail customers of Grayson currently served on the its Farm and Home rate schedule but are not full time residential customers. They are low energy use customers who provide revenues less than the cost to serve. A new rate class is being established in an attempt to develop a rate design where these customers contribute revenues closer to the cost of service.

8 Q. Give a brief description of the COSS used in this rate application?

A. The COSS used in this application is a functionally unbundled one as it can be used to easily determine the revenue requirements by function for each classification within the individual rate classes. One can determine the costs, the margins, and the revenue credits for a function such as lines for all three classifications of demand-related, customer-related, and energy-related. The COSS follows the standard three step process of functionalization, classification and allocation. The functions are purchased power, lines, transformers, services, meters, and consumer and accounting services. The three classifications include demand, customer and energy related costs. Provided below is a brief schedule that better illustrates the classification relationship with the various functions.

| <u>Function</u> | <u>Classification</u> | | |
|---|---------------------------|---------------------------|-----------------------------|
| | <u>Demand Related</u> | <u>Energy Related</u> | <u>Consumer Related</u> |
| Purchased Power | X | X | |
| Lines | X | | X |
| Transformers | X | | X |
| Services | | | X |
| Meters | | | X |
| Consumer and Accounting Services | | | X |

GRAYSON RECC
CASE NO. 2008-00254

DIRECT TESTIMONY OF JAMES R. ADKINS

9 Q. What are the results of this COSS?

A. The results from this cost of service study is that all rate classes need to have an increase in their rates. This fact is a result of the increase in wholesale power costs alone. If wholesale power costs were not changing, the number of rate classes receiving increases would be less than being proposed in this application. Attachment JRA-1 to this testimony provides a comparison of the increase in wholesale power costs and the amount of increase that is requested in this rate application for each rate class. From this schedule, it is to determine the amount of the proposed increase that is a result of the increase in wholesale power posts and the amount that is due to Grayson's increased distribution costs.

| | |
|---|---------------------|
| Total amount of increase | \$ 4,660,271 |
| Increase in purchased power costs | <u>1,499,001</u> |
| Increase amount due to distribution costs | <u>\$ 3,161,269</u> |

A quick glance at Schedule 3 and Schedule 4 of the COSS indicates that all rate classes are producing revenues less than the costs to serve (revenue from rates less total costs).

10 Q. What is the impact of the recommended increase upon the individual rate classes?

A. The percentage increase by rate class varies significantly. Attachment JRA-2 indicates the percentage increase by rate class, the margins for each rate class after increased, and the TIER for each rate class after increase. Each rate class will be providing revenue that results in a TIER for each class of 2.0X. All rate classes will be paying their fair share without any subsidy from one rate class to another.

11 Q. What has been the basis for the rate design proposed in this rate application?

A. The philosophy behind the rate design has been to move the rates closer to the costs to serve the retail customers within each rate class with recognition of what has been granted

GRAYSON RECC
CASE NO. 2008-00254

DIRECT TESTIMONY OF JAMES R. ADKINS

or settled on in recent cases for distribution cooperatives before this Commission. For the Farm and Home Rate Class, the customer charge has been set at \$15.00 which is somewhat below its cost to serve of \$25.87 from Schedule 1 of the COSS. It should be noted that this cost figure of \$25.87 contains no margins. This amount includes all consumer related costs from the COSS. Grayson is proposing a customer charge that is less than sixty percent (60%) of the total consumer related costs. Of course, any costs not included in the customer charge must be included in the energy charge. Attachment JRA-3 provides a graph of the revenue and the costs for the Farm and Home rate class at various usage levels. This graph indicates that the breakeven point occurs at the energy usage level of approximately 1,150 kWh per month. In other words, Grayson has negative margins for all usage less than the breakeven point and positive margins at usages greater. With a higher customer charge, Grayson will lose less money on the lower use customers.

For the Small Commercial rate class, Grayson is following a similar rationale but is proposing the raise the customer charge to an amount closer to cost of service. The Off-peak Marketing rate is based on the Farm and Home rate with the off-peak energy rate set an amount equal to sixty percent (60%) of the energy charge for Schedule 1. For Schedules 4 and 6, all rates were increased at approximately the same percent. For Schedule 13A, the demand rate was set an amount equal to EKPC's proposed demand rate for this type of special contract with the remaining increase coming from the energy rate. For the Water Pumping Schedule, both the on-peak and off-peak energy rates have been increased with the on-peak increased by larger amount. For the lighting rates, the rates for the individual lamps have been increased by the percentage increase in revenue for their respective rate classes to arrive at the new rates.

- 12 Q. What is the result of the COSS and proposed rate design?
- A. The end result of the COSS and the proposed rate design is rates that will minimize any type of subsidy from one rate class to another, provide each rate class with equal TIERS, provide retail rates much closer to the cost to serve the retail customers in each rate

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

Exhibit H-4
Page 6 of 9

**GRAYSON RECC
CASE NO. 2008-00254**

DIRECT TESTIMONY OF JAMES R. ADKINS

class and better aligns the retail rates with the wholesale rates for customers on special wholesale rates. This situation is very unique in the fact that all rate classes will have rates equal to the cost to serve.

13 Q. Does this conclude your testimony?

A. Yes, this does conclude my testimony.

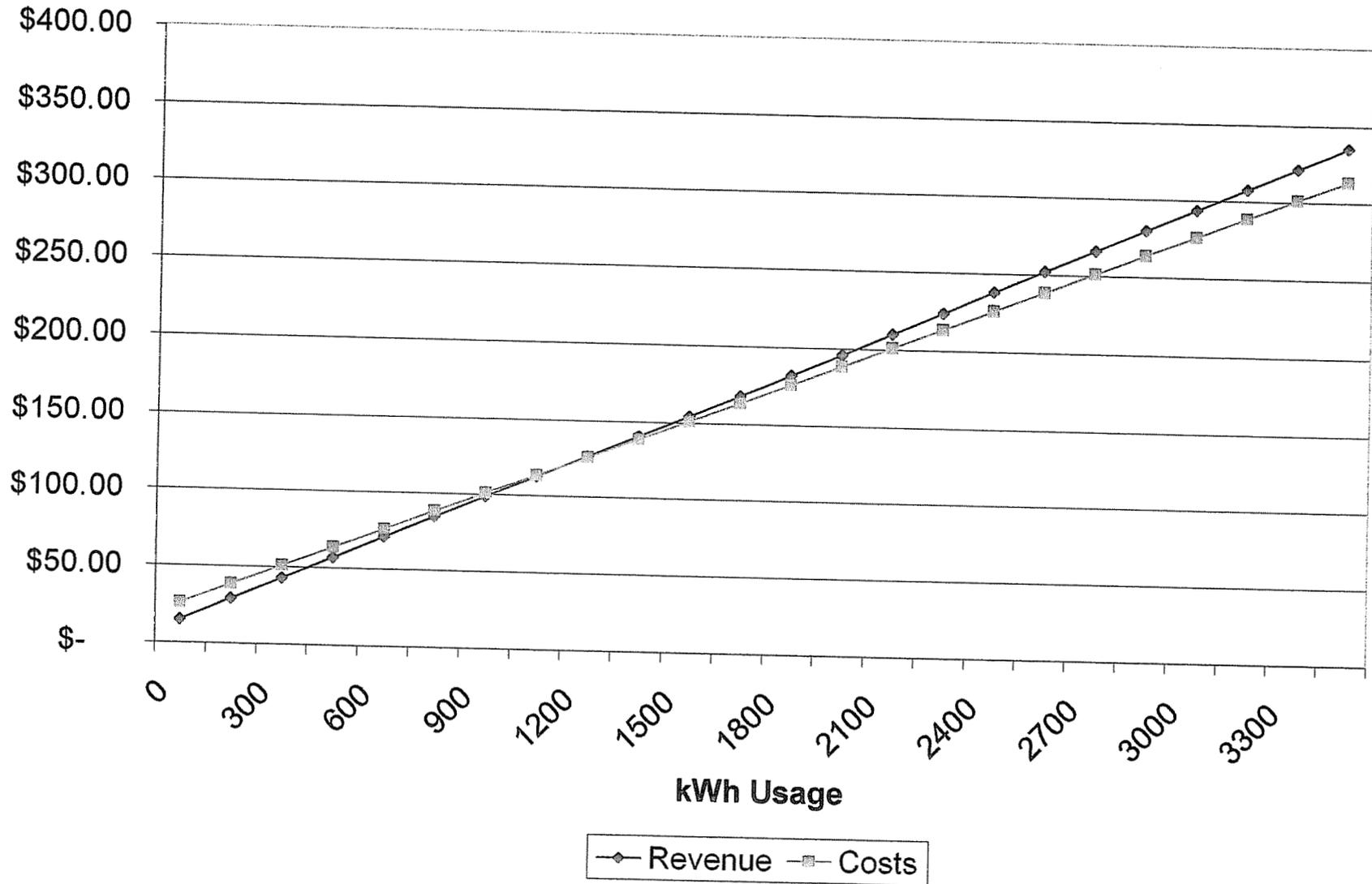
DIRECT TESTIMONY OF JAMES R. ADKINS

| <u>Rate Class</u> | <u>Normalized Purchased Power Costs</u> | <u>Purchased Power Costs with Increase</u> | <u>Increase in Purchased Power Costs</u> | <u>Revenue Increase Proposed</u> |
|--|---|--|--|--|
| Schedule 1, Farm and Home | \$ 10,475,745 | \$11,555,792 | \$ 1,080,047 | \$ 3,899,030 |
| Schedule 2, Small Commercial | 904,588 | 997,838 | 93,250 | 412,239 |
| Schedule 3, Off-Peak Marketing Rate | 81,872 | 90,304 | 8,432 | 10,369 |
| Schedule 4, Large Power | 1,865,129 | 2,057,401 | 192,272 | 114,032 |
| Schedule 7, All Electric Schools | 320,797 | 353,869 | 33,072 | 86,557 |
| Schedule 13A, Large Industrial Service | 706,451 | 779,197 | 72,746 | 44,199 |
| Schedule 17, Water Pumping Service | 978 | 1,079 | 101 | 992 |
| Schedule 5, Street Lighting | 4,591 | 5,064 | 473 | 2,641 |
| Schedule 6, Security Lights | 180,580 | 199,187 | 18,607 | 90,213 |
| Envirowatts | 2,577 | 2,577 | - | - |
| | <u>\$ 14,543,308</u> | <u>\$16,042,309</u> | <u>\$ 1,499,001</u> | <u>\$ 4,660,271</u> |

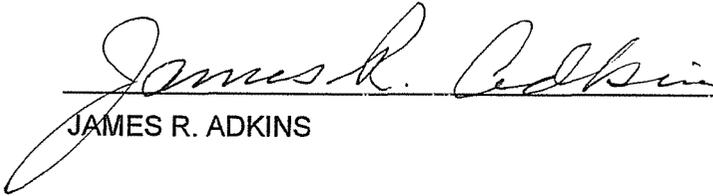
DIRECT TESTIMONY OF JAMES R. ADKINS

| <u>Rate Class</u> | Percentage Increase in Revenue | Class Margins after Increase | TIER After Increase |
|--|--------------------------------------|------------------------------------|---------------------------|
| Schedule 1, Farm and Home | 24.24% | \$ 1,310,098 | 2.00 |
| Schedule 2, Small Commercial | 28.55% | 139,472 | 2.00 |
| Schedule 3, Off-Peak Marketing Rate | 7.05% | 12,146 | 2.00 |
| Schedule 4, Large Power | 4.25% | 141,233 | 2.00 |
| Schedule 7, All Electric Schools | 21.37% | 26,711 | 2.00 |
| Schedule 13A, Large Industrial Service | 5.40% | 15,385 | 2.00 |
| Schedule 17, Water Pumping Service | 75.19% | 195 | 2.00 |
| Schedule 5, Street Lighting | 25.49% | 1,568 | 2.00 |
| Schedule 6, Security Lights | 22.83% | 57,020 | 2.00 |
| Envirowatts | 0.0% | 147 | |
| | <u>21.19%</u> | <u>\$ 1,703,974</u> | <u>2.00</u> |

Farm & Home - Revenue and Cost Comparison

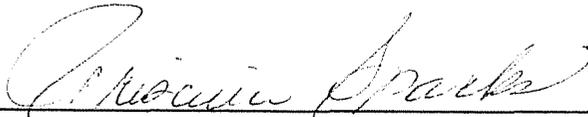


I, James R. Adkins, state that the statements contained in the foregoing testimony are true to the best of my information and belief.

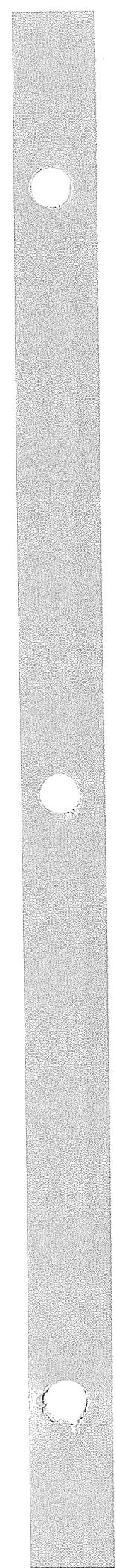


JAMES R. ADKINS

Subscribed and sworn to and before me by James R. Adkins on this the 27th day of October, 2008.

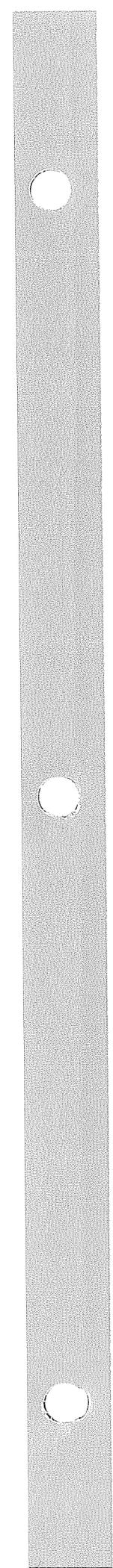


NOTARY PUBLIC, KENTUCKY STATE AT LARGE
My Commission Expires: 3/22/09



**Grayson Rural Electric Cooperative
Case No. 2008-00254
Average Bill for Residential Rate Class
Schedule I - Farm and Home**

| | | | | | |
|---------------------------|-----------------|-----------------|-----------------|----------------|--|
| | <u>Present</u> | <u>Proposed</u> | | | |
| Customer charge | \$8.16 | \$15.00 | | | |
| Energy charge | \$0.07868 | \$0.09284 | | | |
| | <u>Existing</u> | <u>Proposed</u> | <u>Increase</u> | | |
| <u>kwh Usage</u> | <u>Rate</u> | <u>Rate</u> | <u>Amount</u> | <u>Percent</u> | |
| 0 | \$8.16 | \$15.00 | \$6.84 | 45.6% | |
| 25 | 10.13 | 17.32 | 7.19 | 41.5% | |
| 50 | 12.09 | 19.64 | 7.55 | 38.4% | |
| 100 | 16.03 | 24.28 | 8.26 | 34.0% | |
| 150 | 19.96 | 28.93 | 8.96 | 31.0% | |
| 200 | 23.90 | 33.57 | 9.67 | 28.8% | |
| 250 | 27.83 | 38.21 | 10.38 | 27.2% | |
| 300 | 31.76 | 42.85 | 11.09 | 25.9% | |
| 350 | 35.70 | 47.49 | 11.80 | 24.8% | |
| 400 | 39.63 | 52.14 | 12.50 | 24.0% | |
| 450 | 43.57 | 56.78 | 13.21 | 23.3% | |
| 500 | 47.50 | 61.42 | 13.92 | 22.7% | |
| 600 | 55.37 | 70.70 | 15.34 | 21.7% | |
| 700 | 63.24 | 79.99 | 16.75 | 20.9% | |
| 800 | 71.10 | 89.27 | 18.17 | 20.4% | |
| 900 | 78.97 | 98.56 | 19.58 | 19.9% | |
| 1,000 | 86.84 | 107.84 | 21.00 | 19.5% | |
| 1,100 | 94.71 | 117.12 | 22.42 | 19.1% | |
| 1,200 | 102.58 | 126.41 | 23.83 | 18.9% | |
| 1,300 | 110.44 | 135.69 | 25.25 | 18.6% | |
| 1,400 | 118.31 | 144.98 | 26.66 | 18.4% | |
| 1,500 | 126.18 | 154.26 | 28.08 | 18.2% | |
| 1,600 | 134.05 | 163.54 | 29.50 | 18.0% | |
| 1,700 | 141.92 | 172.83 | 30.91 | 17.9% | |
| 1,800 | 149.78 | 182.11 | 32.33 | 17.8% | |
| 1,900 | 157.65 | 191.40 | 33.74 | 17.6% | |
| 2,000 | 165.52 | 200.68 | 35.16 | 17.5% | |
| The average monthly usage | | | | | |
| 1,091 | 93.97 | 116.25 | 22.28 | 19.2% | |



Grayson Rural Electric Cooperative
Case No. 2008-00254
Revenue Analysis
May 31, 2008

Exhibit 5
page 1 of 12
Witness: Alan Zumstein

| Rate Schedule | Kwh Useage | Test Year Revenue | Percent of Total | Normalized Case No. 2006-0522 | Percent of Total | Proposed Revenue | Percent of Total | Increase | | EKPC Case No. 2008-00409 | Percent of Total | Increase | |
|------------------------------------|--------------------|-------------------|------------------|-------------------------------|------------------|---------------------|------------------|--------------------|---------|--------------------------|------------------|--------------------|---------|
| | | | | | | | | Amount | Percent | | | Amount | Percent |
| Schedule 1, Farm and Home | 183,445,786 | \$15,871,896 | 73% | \$15,721,105 | 71% | \$18,289,989 | 73% | \$2,568,884 | 16.3% | \$19,398,002 | 73% | \$3,676,896 | 23.4% |
| Schedule 18, Camps and Barns | 3,242,424 | 0 | 0% | 364,360 | 2% | 549,202 | 2% | 184,842 | 50.7% | 568,787 | 2% | \$204,427 | 56.1% |
| Schedule 2, Small Commercial | 16,913,798 | 1,423,973 | 7% | 1,443,983 | 7% | 1,690,833 | 7% | 246,850 | 17.1% | 1,856,250 | 7% | \$412,267 | 28.6% |
| Schedule 3, Off-Peak Marketing Ra | 1,991,027 | 144,702 | 1% | 146,986 | 1% | 169,330 | 1% | 22,343 | 15.2% | 179,875 | 1% | \$32,889 | 22.4% |
| Schedule 4, Large Power | 34,588,171 | 2,639,113 | 12% | 2,683,980 | 12% | 2,683,980 | 11% | 0 | 0.0% | 2,794,579 | 10% | \$110,599 | 4.1% |
| Schedule 7, All Electric Schools | 5,836,500 | 399,497 | 2% | 405,067 | 2% | 474,354 | 2% | 69,286 | 17.1% | 491,630 | 2% | \$86,562 | 21.4% |
| Schedule 13A, Large Industrial Ser | 15,009,600 | 803,031 | 4% | 818,327 | 4% | 818,327 | 3% | 0 | 0.0% | 862,403 | 3% | \$44,077 | 5.4% |
| Schedule 17, Water Pumping Servi | 18,940 | 1,304 | 0% | 1,319 | 0% | 1,545 | 0% | 225 | 17.1% | 1,902 | 0% | \$583 | 44.2% |
| Schedule 5, Street Lighting | 98,250 | 10,178 | 0% | 10,362 | 0% | 12,131 | 0% | 1,769 | 17.1% | 13,008 | 0% | \$2,646 | 25.5% |
| Schedule 6, Security Lights | 3,849,402 | 387,437 | 2% | 395,178 | 2% | 462,872 | 2% | 67,694 | 17.1% | 485,615 | 2% | \$90,437 | 22.9% |
| Envirowatts | 108,500 | 2,724 | 0% | 2,724 | 0% | 2,724 | 0% | 0 | 0.0% | 2,724 | 0% | \$0 | 0.0% |
| Rounding differences | | | | | | (269) | | (269) | | (758) | | (758) | |
| Total from base rates | <u>265,102,398</u> | 21,683,855 | 100% | <u>\$21,993,393</u> | 100% | <u>\$25,155,018</u> | 100% | <u>\$3,161,625</u> | 14.4% | <u>\$26,654,018</u> | 100% | <u>\$4,660,625</u> | 21.2% |
| Fuel adjustment billed | | 1,393,306 | | | | | | | | | | | |
| Environmental surcharge billed | | <u>1,252,311</u> | | | | | | | | | | | |
| Increase | | | | <u>\$309,538</u> | | <u>\$3,161,625</u> | | | | <u>\$1,499,001</u> | | | |

Schedule I - Farm and Home

| <u>Description</u> | Billing Determinants | Test Year Revenues | Normalized Case No. 2006-00517 | | Proposed | | EKPC Case No. 2008-409 | |
|-----------------------------------|-------------------------|--------------------------|-----------------------------------|---------------------|-----------|---------------------|------------------------|---------------------|
| | | | Rates | Revenues | Rates | Revenues | Rates | Revenues |
| Customer Charge | 171,181 | \$1,370,618 | | | | | | |
| Customer Charge, normalized | 157,793 | | \$8.16 | \$1,287,591 | \$15.00 | \$2,366,895 | \$15.00 | \$2,366,895 |
| Energy charge per kWh | 186,688,210 | 14,501,278 | | | | | | |
| Energy charge per kWh, normalized | 183,445,786 | | \$0.07868 | 14,433,514 | \$0.08680 | 15,923,094 | \$0.09284 | 17,031,107 |
| | | | | 0 | | 0 | | 0 |
| Total from base rates | | 15,871,896 | | <u>\$15,721,105</u> | | <u>\$18,289,989</u> | | <u>\$19,398,002</u> |
| Fuel adjustment | | 991,976 | | | | | | |
| Environmental surcharge | | 931,381 | | | | | | |
| Total revenues | | <u>\$17,795,253</u> | | | | | | |
| Amount | | | | (\$150,791) | | \$2,568,884 | | \$3,676,896 |
| Percent | | | | -1.0% | | 16.3% | | 23.4% |
| Average monthly bill | | \$92.72 | | \$91.84 | | \$106.85 | | \$113.32 |
| Amount | | | | (\$0.88) | | \$15.01 | | \$21.48 |
| Percent | | | | -1.0% | | 16.3% | | 23.4% |

Schedule 18 - Camps and Barns

| Description | Billing Determinants | Test Year Revenues | Normalized Case No. 2006-00517 | | Proposed | | EKPC Case No. 2008-409 | |
|-------------------------|-------------------------|--------------------------|-----------------------------------|------------------|-----------|------------------|------------------------|------------------|
| | | | Rates | Revenues | Rates | Revenues | Rates | Revenues |
| Customer Charge | 13,388 | \$0 | \$8.16 | \$109,246 | \$20.00 | \$267,760 | \$20.00 | \$267,760 |
| Energy charge | 3,242,424 | 0 | \$0.07868 | 255,114 | \$0.08680 | 281,442 | \$0.09284 | 301,027 |
| | | | | | | 0 | | 0 |
| Total from base rates | | 0 | | <u>\$364,360</u> | | <u>\$549,202</u> | | <u>\$568,787</u> |
| Fuel adjustment | | | | | | | | |
| Environmental surcharge | | | | | | | | |
| Total revenues | | <u>\$0</u> | | | | | | |
| Amount | | | | \$364,360 | | \$184,842 | | \$204,427 |
| Percent | | | | 0.0% | | 50.7% | | 56.1% |
| Average monthly bill | | \$0.00 | | \$27.22 | | \$41.02 | | \$42.48 |
| Amount | | | | \$27.22 | | \$13.81 | | \$15.27 |
| Percent | | | | 0.0% | | 50.7% | | 56.1% |

Schedule 2 - Small Commercial

| <u>Description</u> | Billing Determinants | Test Year Revenues | Normalized Case No. 2006-00517 | | Proposed | | EKPC Case No. 2008-409 | |
|-------------------------|-------------------------|--------------------------|-----------------------------------|--------------------|-----------|--------------------|------------------------|--------------------|
| | | | Rates | Revenues | Rates | Revenues | Rates | Revenues |
| | | | Customer Charge | 13,976 | \$111,219 | \$8.10 | \$113,206 | \$25.00 |
| Energy charge | 16,913,798 | 1,312,754 | \$0.07868 | 1,330,778 | \$0.07931 | 1,341,433 | \$0.08909 | 1,506,850 |
| | | | | 0 | | 0 | | 0 |
| Total from base rates | | 1,423,973 | | <u>\$1,443,983</u> | | <u>\$1,690,833</u> | | <u>\$1,856,250</u> |
| Fuel adjustment | | 93,775 | | | | | | |
| Environmental surcharge | | 84,422 | | | | | | |
| Total revenues | | <u>\$1,602,170</u> | | | | | | |
| Amount | | | | \$20,011 | | \$246,850 | | \$412,267 |
| Percent | | | | 1.4% | | 17.1% | | 28.6% |
| Average monthly bill | | \$101.89 | | \$103.32 | | \$120.98 | | \$132.82 |
| Amount | | | | \$1.43 | | \$17.66 | | \$29.50 |
| Percent | | | | 1.4% | | 17.1% | | 28.6% |

Schedule 3, Off-Peak Marketing Rate

| Description | Billing Determinants | Test Year Revenues | Normalized Case No. 2006-00517 | | Proposed | | EKPC Case No. 2008-409 | |
|-------------------------|-------------------------|--------------------------|-----------------------------------|------------------|-----------|------------------|------------------------|------------------|
| | | | Rates | Revenues | Rates | Revenues | Rates | Revenues |
| | | | Customer Charge | 1,183 | \$9,425 | \$8.10 | \$9,582 | \$15.00 |
| Energy charge | | | | | | | | |
| On peak rate | 1,379,377 | 106,793 | \$0.07868 | 108,529 | \$0.08680 | 119,730 | \$0.09284 | 128,061 |
| Off peak rate | 611,650 | 28,484 | \$0.04721 | 28,875 | \$0.05208 | 31,855 | \$0.05570 | 34,069 |
| | | | | 0 | | 0 | | 0 |
| Total from base rates | | 144,702 | | <u>\$146,986</u> | | <u>\$169,330</u> | | <u>\$179,875</u> |
| Fuel adjustment | | 10,426 | | | | | | |
| Environmental surcharge | | 8,478 | | | | | | |
| Total revenues | | <u>\$163,606</u> | | | | | | |
| Amount | | | | \$2,284 | | \$22,343 | | \$32,889 |
| Percent | | | | 1.6% | | 15.2% | | 22.4% |
| Average monthly bill | | \$122.32 | | \$124.25 | | \$143.14 | | \$152.05 |
| Amount | | | | \$1.93 | | \$18.89 | | \$27.80 |
| Percent | | | | 1.6% | | 15.2% | | 22.4% |

Schedule 4 - Large Power

| <u>Description</u> | Billing Determinants | Test Year Revenues | Normalized Case No. 2006-00517 | | Proposed | | EKPC Case No. 2008-409 | |
|-------------------------|-------------------------|--------------------------|-----------------------------------|--------------------|-----------|--------------------|------------------------|--------------------|
| | | | Rates | Revenues | Rates | Revenues | Rates | Revenues |
| Customer Charge | 789 | \$47,217 | \$60.91 | \$48,058 | \$60.91 | \$48,058 | \$60.91 | \$48,058 |
| Demand Charge | 76,713.066 | 559,250 | \$7.42 | 569,211 | \$7.42 | 569,211 | \$8.25 | 632,883 |
| Primary meter | 33,894.200 | 242,099 | \$7.27 | 246,411 | \$7.27 | 246,411 | \$8.00 | 271,154 |
| Energy charge | 19,708,171 | 104,069 | \$0.05320 | 1,048,475 | \$0.05320 | 1,048,475 | \$0.05385 | 1,061,285 |
| Primary meter | 14,880,000 | 1,686,478 | \$0.05187 | 771,826 | \$0.05187 | 771,826 | \$0.05250 | 781,200 |
| | | | | | | | | |
| Total from base rates | | 2,639,113 | | <u>\$2,683,980</u> | | <u>\$2,683,980</u> | | <u>\$2,794,579</u> |
| | | | | | | | | |
| Fuel adjustment | | 191,824 | | | | | | |
| Environmental surcharge | | 154,414 | | | | | | |
| | | | | | | | | |
| Total revenues | | <u>\$2,985,351</u> | | | | | | |
| | | | | | | | | |
| Amount | | | | \$44,867 | | \$0 | | \$110,599 |
| Percent | | | | 1.7% | | 0.0% | | 4.1% |
| | | | | | | | | |
| Average monthly bill | | \$3,344.88 | | \$3,401.75 | | \$3,401.75 | | \$3,541.93 |
| Amount | | | | \$56.87 | | \$0.00 | | \$140.18 |
| Percent | | | | 1.7% | | 0.0% | | 4.1% |

Schedule 7 - All Electric Schools

| Description | Billing Determinants | Test Year Revenues | Normalized Case No. 2006-00517 | | Proposed | | EKPC Case No. 2008-409 | |
|-------------------------|----------------------|--------------------|--------------------------------|------------------|-----------|------------------|------------------------|------------------|
| | | | Rates | Revenues | Rates | Revenues | Rates | Revenues |
| Customer Charge | 96 | 2,634 | \$27.90 | \$2,678 | \$30.00 | \$2,880 | \$30.00 | \$2,880 |
| Demand Charge | 19,854,000 | 86,791 | \$4.44 | 88,152 | \$6.00 | 119,124 | \$6.00 | 119,124 |
| Energy charge | 5,836,500 | 310,072 | \$0.05384 | 314,237 | \$0.06037 | 352,350 | \$0.06333 | 369,626 |
| | | | | 0 | | 0 | | 0 |
| Total from base rates | | 399,497 | | <u>\$405,067</u> | | <u>\$474,354</u> | | <u>\$491,630</u> |
| Fuel adjustment | | 31,696 | | | | | | |
| Environmental surcharge | | <u>23,683</u> | | | | | | |
| Total revenues | | <u>\$454,876</u> | | | | | | |
| Amount | | | | \$5,570 | | \$69,286 | | \$86,562 |
| Percent | | | | 1.4% | | 17.1% | | 21.4% |
| Average monthly bill | | \$4,161.43 | | \$4,219.45 | | \$4,941.18 | | \$5,121.14 |
| Amount | | | | \$58.02 | | \$721.73 | | \$901.69 |
| Percent | | | | 1.4% | | 17.1% | | 21.4% |

Schedule 13A - Large Industrial Service

| Description | Billing Determinants | Test Year Revenues | Normalized Case No. 2006-00517 | | Proposed | | EKPC Case No. 2008-409 | |
|-------------------------|----------------------|--------------------|--------------------------------|------------------|-----------|------------------|------------------------|------------------|
| | | | Rates | Revenues | Rates | Revenues | Rates | Revenues |
| | | | Customer Charge | 12 | \$6,469 | \$547.15 | \$6,566 | \$547.15 |
| Demand Charge | 29,781.600 | 161,881 | \$5.51 | 164,097 | \$5.51 | 164,097 | \$6.99 | 208,173 |
| Energy charge | 15,009,600 | 634,681 | \$0.04315 | 647,664 | \$0.04315 | 647,664 | \$0.04315 | 647,664 |
| | | | | 0 | | 0 | | 0 |
| Total from base rates | | 803,031 | | <u>\$818,327</u> | | <u>\$818,327</u> | | <u>\$862,403</u> |
| Fuel adjustment | | 72,705 | | | | | | |
| Environmental surcharge | | 49,009 | | | | | | |
| Total revenues | | <u>\$924,745</u> | | | | | | |
| Amount | | | | \$15,296 | | \$0 | | \$44,077 |
| Percent | | | | 1.9% | | 0.0% | | 5.4% |
| Average monthly bill | | \$66,919.23 | | \$68,193.89 | | \$68,193.89 | | \$71,866.95 |
| Amount | | | | \$1,274.65 | | \$0.00 | | \$3,673.06 |
| Percent | | | | 1.9% | | 0.0% | | 5.4% |

Schedule 17 - Water Pumping Service

| Description | Billing Determinants | Test Year Revenues | Normalized Case No. 2006-00517 | | Proposed | | EKPC Case No. 2008-409 | |
|-------------------------|-------------------------|--------------------------|-----------------------------------|----------------|------------|----------------|------------------------|----------------|
| | | | Rates | Revenues | Rates | Revenues | Rates | Revenues |
| | | | Customer Charge | 12 | 212 | \$18.00 | \$216 | \$36.79 |
| Energy charge | | | | | | | | |
| On-Peak energy | 6,640 | 513 | \$0.078680 | 522 | \$0.078680 | 522 | \$0.111000 | 737 |
| Off-Peak energy | 12,300 | 580 | \$0.047210 | 581 | \$0.047210 | 581 | \$0.055700 | 685 |
| | <u>18,940</u> | | | | | | | |
| | | | | <u>0</u> | | <u>0</u> | | <u>0</u> |
| Total from base rates | | 1,304 | | <u>\$1,319</u> | | <u>\$1,545</u> | | <u>\$1,902</u> |
| Fuel adjustment | | 88 | | | | | | |
| Environmental surcharge | | <u>82</u> | | | | | | |
| Total revenues | | <u>\$1,474</u> | | | | | | |
| Amount | | | | \$15 | | \$225 | | \$583 |
| Percent | | | | 1.1% | | 17.1% | | 44.2% |
| Average monthly bill | | \$108.68 | | \$109.93 | | \$128.72 | | \$158.51 |
| Amount | | | | \$1.25 | | \$18.79 | | \$48.59 |
| Percent | | | | 1.1% | | 17.1% | | 44.2% |

Schedule 5 - Street Lighting

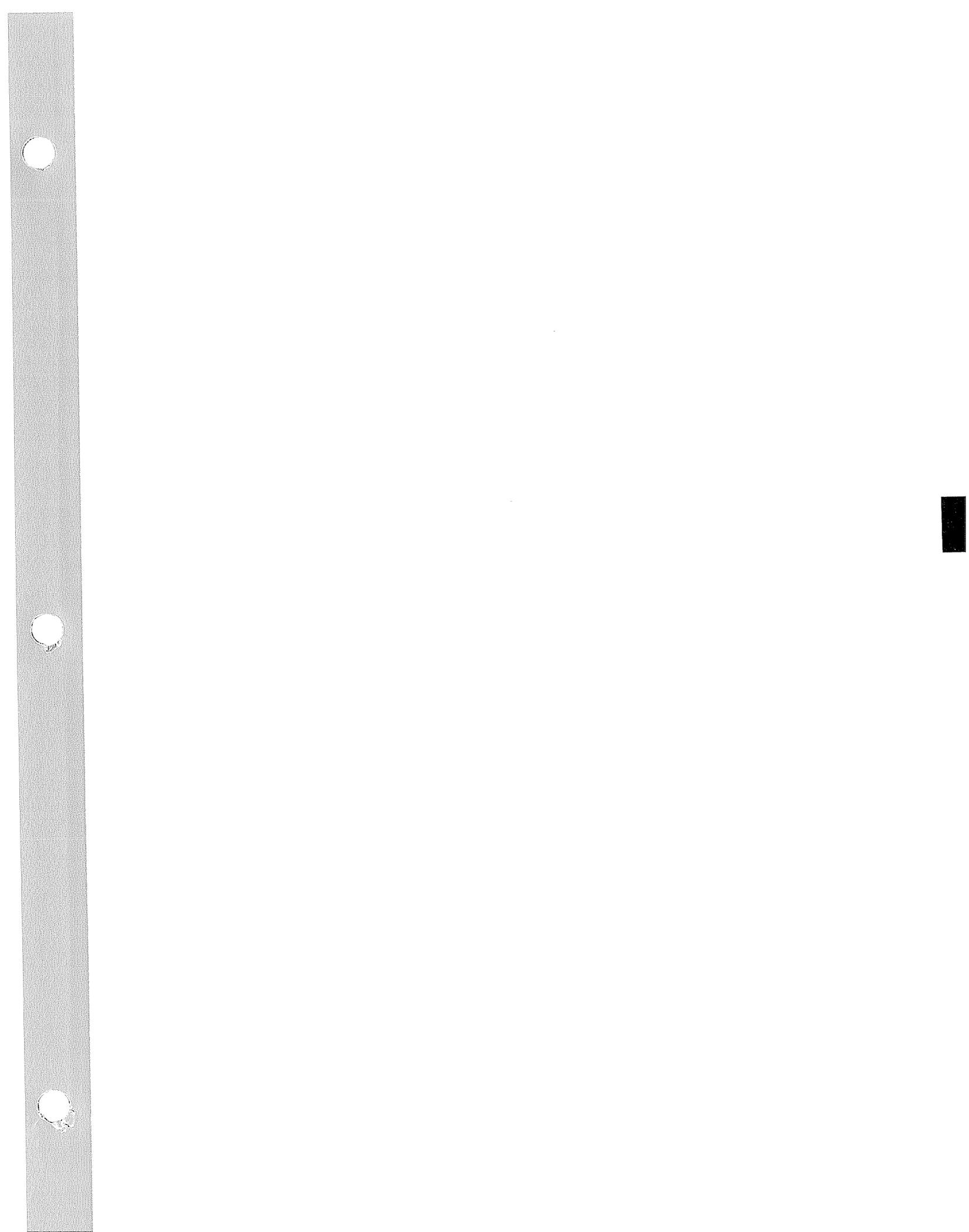
| Description | Billing Determinants | Test Year Revenues | Normalized Case No. 2006-00517 | | Proposed | | EKPC Case No. 2008-409 | |
|-------------------------|-------------------------|--------------------------|-----------------------------------|-----------------|----------|-----------------|------------------------|-----------------|
| | | | Rates | Revenues | Rates | Revenues | Rates | Revenues |
| 175 Watt light | 1,310 | 10,178 | \$7.91 | 10,362 | \$9.26 | 12,131 | \$9.93 | 13,008 |
| kWh | <u>98,250</u> | | | | | | | |
| | | | | <u>0</u> | | <u>0</u> | | <u>0</u> |
| Total from base rates | | 10,178 | | <u>\$10,362</u> | | <u>\$12,131</u> | | <u>\$13,008</u> |
| Fuel adjustment | | 815 | | | | | | |
| Environmental surcharge | | <u>843</u> | | | | | | |
| Total revenues | | <u>\$11,836</u> | | | | | | |
| Amount | | | | \$184 | | \$1,769 | | \$2,646 |
| Percent | | | | 1.8% | | 17.1% | | 25.5% |

Schedule 6 - Security Lights

| Description | Billing Determinants | Test Year Revenues | Normalized Case No. 2006-00517 | | Proposed | | EKPC Case No. 2008-409 | |
|-------------------------|-------------------------|--------------------------|-----------------------------------|------------------|----------|------------------|------------------------|------------------|
| | | | Rates | Revenues | Rates | Revenues | Rates | Revenues |
| | | | 7,000 Lument MV | 46,381 | 355,643 | \$7.82 | 362,699 | \$9.16 |
| 10,000 Lument MV | 0 | 0 | \$9.91 | 0 | \$11.60 | 0 | \$12.17 | 0 |
| Flood lights | 2,369 | 31,794 | \$13.71 | 32,479 | \$16.05 | 38,022 | \$16.84 | 39,894 |
| kWh | <u>3,849,402</u> | | | | | | | |
| Billing adjustments | | | | <u>0</u> | | <u>0</u> | | <u>0</u> |
| Total from base rates | | 387,437 | | <u>\$395,178</u> | | <u>\$462,872</u> | | <u>\$485,615</u> |
| Fuel adjustment | | | | | | | | |
| Environmental surcharge | | | | | | | | |
| Total revenues | | <u>\$387,437</u> | | | | | | |
| Amount | | | | \$7,742 | | \$67,694 | | \$90,437 |
| Percent | | | | 2.00% | | 17.1% | | 22.9% |

Envirowatts

| Description | Billing Determinants | Test Year Revenues | Normalized Case No. 2006-00517 | | Proposed | | EKPC Case No. 2008-409 | |
|-------------------------|----------------------|--------------------|--------------------------------|----------|----------------|----------|------------------------|----------|
| | | | Rates | Revenues | Rates | Revenues | Rates | Revenues |
| | | | Envirowatts | 2,724 | \$0.025100 | 2,724 | \$0.025100 | 2,724 |
| kWh | <u>108,500</u> | | | | | | | |
| Billing adjustments | | | <u>0</u> | | <u>0</u> | | <u>0</u> | |
| Total from base rates | | 2,724 | <u>\$2,724</u> | | <u>\$2,724</u> | | <u>\$2,724</u> | |
| Fuel adjustment | | | | | | | | |
| Environmental surcharge | | | | | | | | |
| Total revenues | | <u>\$2,724</u> | | | | | | |
| Amount | | | \$0 | | \$0 | | \$0 | |
| Percent | | | 0.0% | | 0.0% | | 0.0% | |



Grayson Rural Electric Cooperative**Case No. 2008-00254****Computation of Rate of Return****May 31, 2008**

| | Actual <u>Test Year</u> | Adjusted <u>Test Year</u> |
|------------------------------|----------------------------|------------------------------|
| Net margins | (\$909,389) | \$1,703,974 |
| Non-cash patronage dividends | - | - |
| Interest on long-term debt | <u>1,446,899</u> | <u>1,703,974</u> |
| Total | <u>537,510</u> | <u>3,407,948</u> |
| Net rate base | <u>48,086,884</u> | <u>48,094,034</u> |
| Rate of return | <u>1.12%</u> | <u>7.09%</u> |
| Equity Capitalization | <u>48,094,799</u> | <u>50,708,162</u> |
| Rate of return | <u>1.12%</u> | <u>6.72%</u> |

Grayson Rural Electric Cooperative**Case No. 2008-00254****Determination of Rate Base****May 31, 2008**

| | Actual <u>Test Year</u> | Adjusted <u>Test Year</u> |
|--|----------------------------|------------------------------|
| Gross rate base: | | |
| Total electric plant | \$53,733,003 | \$53,733,003 |
| Material and supplies (13 months average for test year) | 1,396,773 | 1,396,773 |
| Prepayments (13 months average for test year) | 596,352 | 596,352 |
| Working capital: 12.5% of operating expense less cost of power | 744,246 | 751,396 |
| | 56,470,374 | 56,477,524 |
| Deductions from rate base: | | |
| Accumulated depreciation | 8,222,315 | 8,222,315 |
| Consumer advances | 161,175 | 161,175 |
| Net rate base | \$48,086,884 | \$48,094,034 |

| | <u>Material</u> | <u>Prepayments</u> |
|---------------|-----------------|--------------------|
| May 2007 | 1,257,476 | 605,149 |
| June | 1,253,611 | 1,011,184 |
| July | 1,408,288 | 860,097 |
| August | 1,638,639 | 722,264 |
| September | 1,323,640 | 587,007 |
| October | 1,291,615 | 443,193 |
| November | 1,362,992 | 292,074 |
| December 2008 | 1,366,831 | 705,464 |
| January | 1,446,190 | 566,617 |
| February | 1,499,519 | 552,077 |
| March | 1,561,045 | 420,118 |
| April | 1,495,879 | 490,683 |
| May | 1,252,330 | 496,644 |
| Average | 1,396,773 | 596,352 |

Grayson Rural Electric Cooperative
Case No. 2008-00254
Computation of Rate of Return
May 31, 2008

| Test Year 2008 | Calendar Year | | | | | |
|----------------------------|---------------|--------------|--------------|--------------|--------------|--------------|
| | 1st 2007 | 2nd 2006 | 3rd 2005 | 4th 2004 | 5th 2003 | |
| Net margins | (\$909,389) | (\$345,378) | (\$56,168) | \$593,321 | \$236,557 | \$1,619,970 |
| Interest on long-term debt | 1,446,899 | 1,487,150 | 1,438,084 | 1,242,554 | 1,058,258 | 1,034,435 |
| Total | 537,510 | 1,141,772 | 1,381,916 | 1,835,875 | 1,294,815 | 2,654,405 |
| Net rate base | 48,086,884 | 45,571,764 | 43,833,958 | 42,499,009 | 40,635,784 | 38,467,999 |
| Rate of return | <u>1.12%</u> | <u>2.51%</u> | <u>3.15%</u> | <u>4.32%</u> | <u>3.19%</u> | <u>6.90%</u> |

| Test Year 2008 | Calendar Year | | | | | |
|--|---------------|--------------|--------------|--------------|--------------|--------------|
| | 1st 2007 | 2nd 2006 | 3rd 2005 | 4th 2004 | 5th 2003 | |
| Return excluding G & T patronage dividends: | | | | | | |
| Net margins | (\$909,389) | (\$345,378) | (\$56,168) | \$593,321 | \$236,557 | \$1,619,970 |
| G & T patronage dividends | - | - | - | - | - | 747,137 |
| Interest on long-term debt | 1,446,899 | 1,487,150 | 1,438,084 | 1,242,554 | 1,058,258 | 1,034,435 |
| Total | 537,510 | 1,141,772 | 1,381,916 | 1,835,875 | 1,294,815 | 1,907,268 |
| Net rate base | 48,086,884 | 45,571,764 | 43,833,958 | 42,499,009 | 40,635,784 | 38,467,999 |
| Rate of return, excluding G & T | <u>1.12%</u> | <u>2.51%</u> | <u>3.15%</u> | <u>4.32%</u> | <u>3.19%</u> | <u>4.96%</u> |

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Grayson Rural Electric Cooperative
Case No. 2008-00254
Determination of Rate Base
May 31, 2008

| Test Year 2008 | Calendar Year | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 1st 2007 | 2nd 2006 | 3rd 2005 | 4th 2004 | 5th 2003 | |
| Gross rate base: | | | | | | |
| Total electric plant | \$53,733,003 | \$52,788,081 | \$50,427,239 | \$48,215,017 | \$45,996,661 | \$43,724,878 |
| Material and supplies (13 mo. ave test year) | 1,396,773 | 353,230 | 385,103 | 453,739 | 349,012 | 255,852 |
| Prepayments (13 mo. ave test year) | 596,352 | 44,863 | 50,758 | 44,914 | 50,274 | 20,019 |
| Working capital: | | | | | | |
| 12.5% of operating expense | 744,246 | 682,357 | 599,541 | 589,350 | 600,830 | 563,159 |
| less cost of power | 56,470,374 | 53,868,531 | 51,462,641 | 49,303,020 | 46,996,777 | 44,563,908 |
| Deductions from rate base: | | | | | | |
| Accumulated depreciation | 8,222,315 | 8,116,177 | 7,354,029 | 6,655,328 | 6,222,662 | 5,961,656 |
| Consumer advances | 161,175 | 180,590 | 274,654 | 148,683 | 138,331 | 134,253 |
| Net rate base | <u>\$48,086,884</u> | <u>\$45,571,764</u> | <u>\$43,833,958</u> | <u>\$42,499,009</u> | <u>\$40,635,784</u> | <u>\$38,467,999</u> |

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Witness: Alan Zumstein

Grayson Rural Electric Cooperative
Case No. 2008-00254
TIER and DSC Calculations
May 31, 2008

| | <u>Actual</u> <u>Test Year</u> | <u>Adjusted</u> <u>Test Year</u> |
|--|-----------------------------------|-------------------------------------|
| TIER: | | |
| Margins, excluding G&T capital credits and extraordinary items: | (\$909,389) | \$1,703,974 |
| Interest on long term debt | 1,446,899 | 1,703,974 |
| TIER | 0.37 | 2.00 |
| DSC: | | |
| Margins, excluding G&T capital credits | (\$909,389) | \$1,703,974 |
| Depreciation expense | 1,559,510 | 1,985,711 |
| Interest on long term debt | 1,446,899 | 1,703,974 |
| Principal payment on long term debt | 3,712,293 | 3,712,293 |
| DSC | 0.41 | 1.00 |

DSC = (Margins + depreciation + interest
/ interest + principal payments)

Grayson Rural Electric Cooperative
Case No. 2008-00254
TIER and DSC Calculations
May 31, 2008

TIER calculations:

| Test Year 2008 | Calendar Year | | | | | |
|--|---------------|-------------|-------------|-------------|-------------|-------------|
| | 1st 2007 | 2nd 2006 | 3rd 2005 | 4th 2004 | 5th 2003 | |
| Margins, excluding G&T capital credits | (\$909,389) | (\$345,378) | (\$56,168) | \$593,321 | \$236,557 | \$872,833 |
| Interest on long term debt | 1,446,899 | 1,487,150 | 1,438,084 | 1,242,554 | 1,058,258 | 1,034,435 |
| Modified TIER | 0.37 | 0.77 | 0.96 | 1.48 | 1.22 | 1.84 |
| Margins, including G&T capital credits | (\$909,389) | (\$345,378) | (\$56,168) | \$593,321 | \$236,557 | \$1,619,970 |
| Interest on long term debt | 1,446,899 | 1,487,150 | 1,438,084 | 1,242,554 | 1,058,258 | 1,034,435 |
| TIER | 0.37 | 0.77 | 0.96 | 1.48 | 1.22 | 2.57 |

DSC calculations:

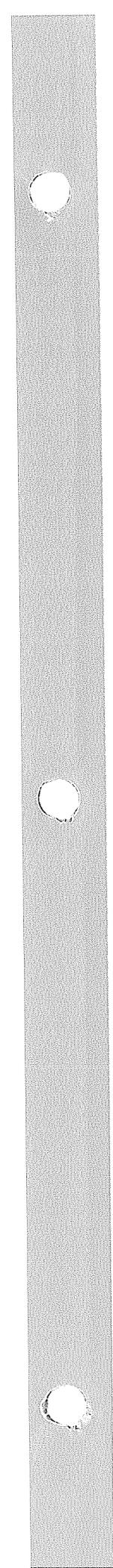
DSC = ((Margins + depreciation + interest)
/ (interest + principal payments))

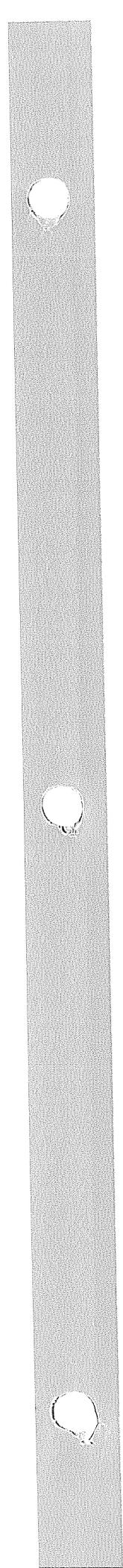
| | | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Margins, excluding G&T capital credits | (\$909,389) | (\$345,378) | (\$56,168) | \$593,321 | \$236,557 | \$872,833 |
| Depreciation expense | 1,559,510 | 1,529,112 | 1,465,821 | 1,404,280 | 1,338,951 | 1,276,601 |
| Interest on long term debt | 1,446,899 | 1,487,150 | 1,438,084 | 1,242,554 | 1,058,258 | 1,034,435 |
| Principal payment on long term debt | 3,712,293 | 958,715 | 880,979 | 892,470 | 854,388 | 794,162 |
| Modified DSC | <u>0.41</u> | <u>1.09</u> | <u>1.23</u> | <u>1.52</u> | <u>1.38</u> | <u>1.74</u> |
| Margins, including G&T capital credits | (\$909,389) | (\$345,378) | (\$56,168) | \$593,321 | \$236,557 | \$1,619,970 |
| Depreciation expense | 1,559,510 | 1,529,112 | 1,465,821 | 1,404,280 | 1,338,951 | 1,276,601 |
| Interest on long term debt | 1,446,899 | 1,487,150 | 1,438,084 | 1,242,554 | 1,058,258 | 1,034,435 |
| Principal payment on long term debt | 3,712,293 | 958,715 | 880,979 | 892,470 | 854,388 | 794,162 |
| DSC | <u>0.41</u> | <u>1.09</u> | <u>1.23</u> | <u>1.52</u> | <u>1.38</u> | <u>2.15</u> |

Grayson Rural Electric Cooperative
Case No. 2008-00254
Equity Capitalization
May 31, 2008

| Proposed | Test Year 2008 | Calendar Year | | | | | |
|---|----------------|---------------|------------|-------------|-------------|------------|------------|
| | | 2007 | 2006 | 2005 | 2004 | 2003 | |
| <u>Equity Capitalization:</u> | | | | | | | |
| <u>without G&T patronage capital</u> | | | | | | | |
| Total margins and equities | 19,066,468 | 16,453,105 | 17,493,233 | 17,656,719 | 17,737,119 | 17,183,288 | 16,964,645 |
| Less G&T Patronage capital | 4,392,296 | 4,392,296 | 4,392,296 | 4,392,296 | 4,392,296 | 4,392,296 | 3,645,159 |
| | 14,674,172 | 12,060,809 | 13,100,937 | 13,264,423 | 13,344,823 | 12,790,992 | 13,319,486 |
| Long-term debt | 36,033,990 | 36,033,990 | 28,235,404 | 28,622,316 | 29,503,296 | 28,395,765 | 26,575,153 |
| Total | 50,708,162 | 48,094,799 | 41,336,341 | 41,886,739 | 42,848,119 | 41,186,757 | 39,894,639 |
| Equity capitalization ratio | <u>29%</u> | <u>25%</u> | <u>32%</u> | <u>32%</u> | <u>31%</u> | <u>31%</u> | <u>33%</u> |
| <u>Equity Capitalization:</u> | | | | | | | |
| <u>with G&T patronage capital</u> | | | | | | | |
| Total margins and equities | 19,066,468 | 16,453,105 | 17,493,233 | 17,656,719 | 17,737,119 | 17,183,288 | 16,964,645 |
| Long-term debt | 36,033,990 | 36,033,990 | 28,235,404 | 28,622,316 | 29,503,296 | 28,395,765 | 26,575,153 |
| Total | 55,100,458 | 52,487,095 | 45,728,637 | 46,279,035 | 47,240,415 | 45,579,053 | 43,539,798 |
| Equity capitalization ratio | <u>35%</u> | <u>31%</u> | <u>38%</u> | <u>38%</u> | <u>38%</u> | <u>38%</u> | <u>39%</u> |
| <u>Equity to Total Assets:</u> | | | | | | | |
| <u>with G&T patronage capital</u> | | | | | | | |
| Total margins and debt | 55,100,458 | 52,487,095 | 45,728,637 | 46,279,035 | 47,240,415 | 45,579,053 | 43,539,798 |
| Total assets | 59,876,751 | 57,244,859 | 53,836,204 | 53,773,282 | 54,110,299 | 53,592,531 | 51,619,195 |
| Total | 114,977,209 | 109,731,954 | 99,564,841 | 100,052,317 | 101,350,714 | 99,171,584 | 95,158,993 |
| Equity to total asset ratio | <u>48%</u> | <u>48%</u> | <u>46%</u> | <u>46%</u> | <u>47%</u> | <u>46%</u> | <u>46%</u> |

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| ACCOUNT | DESCRIPTION | ----RUS---- | | ----TVA---- | | MARGIN ACCOUNT | INACTIVE | BANK TRANSIT BANK ACCOUNT |
|---------|----------------------------------|-------------|-------------|-------------|-------------|-------------------|----------|------------------------------|
| | | B/S LINE | INC LINE | B/S LINE | INC LINE | | | |
| 107.20 | CONSTRUCTION WORK IN PROGRESS | 2.00 | | 2.00 | | 107.20 | | |
| 107.21 | CONST WORK IN PROG-OVERHEAD | 2.00 | | 2.00 | | 107.21 | | |
| 107.22 | 2007 REMODELING WORK IN PROGRESS | 2.00 | | 2.00 | | 107.22 | | |
| 107.23 | AID TO CONSTRUCTION | 2.00 | | 2.00 | | 107.23 | | |
| 107.24 | PAYMENTS TO BE REIMBURSED | 2.00 | | 2.00 | | 107.24 | | |
| 107.30 | CONST WORK IN PROG-SPECIAL EQUIP | 2.00 | | 2.00 | | 107.30 | | |
| 108.60 | ACCUM PROV DEPR DISTRIBUTION PL | 4.00 | | 4.00 | | 108.60 | | |
| 108.61 | SCRAP SALES | 4.00 | | 4.00 | | 108.61 | | |
| 108.71 | ACCUM PROV DEPR OFFICE FURNITURE | 4.00 | | 4.00 | | 108.71 | | |
| 108.72 | ACCUM PROV DEPR TRANSPORTATION | 4.00 | | 4.00 | | 108.72 | | |
| 108.73 | ACCUM PROV DEPR STORES EQUIP | 4.00 | | 4.00 | | 108.73 | | |
| 108.74 | ACCUM PROV DEPR SMALL TOOLS | 4.00 | | 4.00 | | 108.74 | | |
| 108.75 | ACCUM PROV DEPR LAB EQUIP | 4.00 | | 4.00 | | 108.75 | | |
| 108.76 | ACCUM PROV DEPR LARGE TOOLS | 4.00 | | 4.00 | | 108.76 | | |
| 108.77 | ACCUM PROV DEPR COMMUNICATION EQ | 4.00 | | 4.00 | | 108.77 | | |
| 108.78 | ACCUM PROV DEPR MISCELLANEOUS EQ | 4.00 | | 4.00 | | 108.78 | | |
| 108.79 | ACCUM PROV DEPR STRUCTURE/IMPROV | 4.00 | | 4.00 | | 108.79 | | |
| 108.80 | RETIREMENT WORK IN PROGRESS | 2.00 | | 2.00 | | 108.80 | | |
| 108.81 | RETIRE WORK IN PROGRESS-OVERHEAD | 2.00 | | 2.00 | | 108.81 | | |
| 108.82 | UNCOMPLETED RETIREMENT WORKORDER | 2.00 | | 2.00 | | 108.82 | | |
| 121.00 | LEASED HOMEGUARD SYSTEMS | 6.00 | | 6.00 | | 121.00 | | |
| 121.10 | NONUTILITY PROPERTY | 6.00 | | 6.00 | | 121.10 | | |
| 122.00 | ACCUM PROV DEPR HOMEGUARD SYSTEM | 6.00 | | 6.00 | | 122.00 | | |
| 122.10 | ACCUM PROV DEPR NON-UTILITY PROP | 6.00 | | 6.00 | | 122.10 | | |
| 123.10 | INV ASSOC ORG-PATRONAGE CAPITAL | 8.00 | | 8.00 | | 123.10 | | |
| 123.11 | KTI INVESTMENT | 7.00 | | 7.00 | | 123.11 | | |

BANK NAME *Exhibit M*

| ACCOUNT | DESCRIPTION | ----RUS---- | | ----TVA---- | | MARGIN ACCOUNT | INACTIVE | BANK TRANSIT BANK ACCOUNT | BANK NAME |
|---------|----------------------------------|-------------|-------------|-------------|-------------|-------------------|----------|------------------------------|------------------------------|
| | | B/S LINE | INC LINE | B/S LINE | INC LINE | | | | |
| 123.22 | INV-CAPITAL TERM CERTIFICATE-CFC | 10.00 | | 10.00 | | 123.22 | | | |
| 123.23 | OTHER INVESTMENT-ASSOC ORG | 10.00 | | 10.00 | | 123.23 | | | |
| 123.24 | BUSINESS DEVELOPMENT CORP OF KY | 12.00 | | 12.00 | | 123.24 | | | |
| 123.25 | KTI NOTES RECEIVABLE | 12.00 | | 12.00 | | 123.25 | | | |
| 124.00 | OTHER INVESTMENTS | 12.00 | | 12.00 | | 124.00 | | | |
| 131.10 | GENERAL FUNDS ACCOUNT | 15.00 | | 15.00 | | 131.10 | | 042103473 | FIRST NATIONAL BANK/GRAYSON |
| 131.11 | PEOPLES SECURITY BANK/BLAINE | 15.00 | | 15.00 | | 131.11 | | 120375 042104401 | PEOPLES SECURITY BANK |
| 131.12 | FIRST & PEOPLES BANK/GREENUP | 15.00 | | 15.00 | | 131.12 | | 0008664 042105882 | FIRST & PEOPLES BANK/GREENUP |
| 131.13 | THE CITIZENS BANK/MOREHEAD | 15.00 | | 15.00 | | 131.13 | | 90 100 8 042107673 | THE CITIZENS BANK/MOREHEAD |
| 131.14 | KENTUCKY BANK / SANDY HOOK | 15.00 | | 15.00 | | 131.14 | | 024 21 5 042107592 | PEOPLES BANK/SANDY HOOK |
| 131.15 | FIRST NATIONAL BANK/GRAYSON | 15.00 | | 15.00 | | 131.15 | | 07 150 3 042103473 | FIRST NATIONAL/GRAYSON |
| 131.16 | CITY NATIONAL BANK/GRAYSON | 15.00 | | 15.00 | | 131.16 | | 0118486 042102092 | CITIZENS NATIONAL BANK |
| 131.17 | FIRST STAR BANK / MOREHEAD | 15.00 | | 15.00 | | 131.17 | | 06 0067 9 042102953 | TRANS FINANCIAL BANK |
| 131.18 | FIRST COMMUNITY BANK / LEWIS | 15.00 | | 15.00 | | 131.18 | | 02 284 5 042101886 | FIRST NATIONAL BANK/LEWIS |
| 131.19 | THE COMMERCIAL BANK/GRAYSON | 15.00 | | 15.00 | | 131.19 | | 09 9632 7 042103460 | THE COMMERCIAL BANK/GRAYSON |
| 131.20 | CASH - CONSTRUCTION FUND | 16.00 | | 16.00 | | 131.20 | | 01 202 5 042103473 | FIRST NATIONAL BANK/GRAYSON |
| 131.30 | PAYROLL ACCOUNT | 15.00 | | 15.00 | | 131.30 | | 0120391 042103473 | FIRST NATIONAL BANK/GRAYSON |
| 131.31 | PAYROLL-DIRECT DEPOSIT | 15.00 | | 15.00 | | 131.31 | | 0120383 042103473 | FIRST NATIONAL BANK/GRAYSON |
| 131.40 | TRANSFER OF CASH | 15.00 | | 15.00 | | 131.40 | | 0120383 042103473 | FIRST NATIONAL BANK/GRAYSON |
| 131.50 | CAPITAL CREDIT ACCOUNT | 15.00 | | 15.00 | | 131.50 | | 0120391 042103473 | FIRST NATIONAL BANK/GRAYSON |
| 135.00 | WORKING FUNDS | 15.00 | | 15.00 | | 135.00 | | 0120405 | |
| 136.00 | TEMPORARY CASH INVESTMENTS | 18.00 | | 18.00 | | 136.00 | | | |
| 136.20 | KAEC CERTIFICATE OF DEPOSIT | 18.00 | | 18.00 | | 136.20 | | | |
| 136.40 | CERTIFICATE OF DEPOSITS-SAVINGS | 18.00 | | 18.00 | | 136.40 | | | |
| 141.10 | NOTES RECEIVALBE | 19.00 | | 19.00 | | 141.10 | | | |
| 142.10 | ACCOUNTS RECEIVABLE - ELECTRIC | 20.00 | | 20.00 | | 142.10 | | | |

ACCOUNT MASTER LISTING
ALL ACCOUNTS

| ACCOUNT | DESCRIPTION | ---RUS--- | | ----TVA---- | | MARGIN ACCOUNT | INACTIVE | BANK TRANSIT BANK ACCOUNT | BANK NAME |
|---------|----------------------------------|-------------|-------------|-------------|-------------|-------------------|----------|------------------------------|-----------|
| | | B/S LINE | INC LINE | B/S LINE | INC LINE | | | | |
| 142.11 | ACCOUNTS RECEIVABLE - CONTRACTS | 20.00 | | 20.00 | | 142.11 | | | |
| 142.20 | ACCOUNTS RECEIVABLE - OTHER | 21.00 | | 21.00 | | 142.20 | | | |
| 142.30 | ANCILLARY BILLING SERVICES | 20.00 | | 20.00 | | 142.30 | | | |
| 142.40 | A/C RECEIVABLE - RENTAL PROPERTY | 21.00 | | 21.00 | | 142.40 | | | |
| 142.50 | ELECTRIC ASSIST - NORTHEAST | 20.00 | | 20.00 | | 142.50 | | | |
| 142.51 | ELECTRIC ASSIST - GATEWAY | 20.00 | | 20.00 | | 142.51 | | | |
| 142.52 | ELECTRIC ASSIST - LICKING VALLEY | 20.00 | | 20.00 | | 142.52 | | | |
| 142.53 | ELECTRIC ASSIST - SALVATION ARMY | 20.00 | | 20.00 | | 142.53 | | | |
| 143.00 | ACCOUNTS RECEIVABLE-EMP & DIRECT | 21.00 | | 21.00 | | 143.00 | | | |
| 143.01 | ACCOUNTS RECV - UNION ALLOWANCE | 21.00 | | 21.00 | | 143.01 | | | |
| 143.10 | ACCOUNTS RECEIVABLE-24 HR INS | 21.00 | | 21.00 | | 143.10 | | | |
| 143.30 | ACCOUNTS RECEIVABLE-LTD INS | 21.00 | | 21.00 | | 143.30 | | | |
| 143.40 | ACCOUNTS RECEIVABLE-UNION DUES | 21.00 | | 21.00 | | 143.40 | | | |
| 143.50 | C O B R A INSURANCE | 21.00 | | 21.00 | | 143.50 | | | |
| 143.60 | EMPLOYEE LOAN PROGRAM | 21.00 | | 21.00 | | 143.60 | | | |
| 143.70 | EMPLOYEE CHILD SUPPORT PAYMENTS | 21.00 | | 21.00 | | 143.70 | | | |
| 143.80 | ACRE(ACTION COMM FOR RURAL ELEC) | 21.00 | | 21.00 | | 143.80 | | | |
| 143.90 | UNITED WAY CONTRIBUTIONS | 21.00 | | 21.00 | | 143.90 | | | |
| 144.10 | ACCUM PROV UNCOLLECT ELECTRIC | 20.00 | | 20.00 | | 144.10 | | | |
| 144.20 | ACCUM PROV UNCOLLECT - OTHER | 21.00 | | 21.00 | | 144.20 | | | |
| 146.00 | KY TELECOMMUNICATIONS INC | 21.00 | | 21.00 | | 146.00 | | | |
| 146.10 | FEMA REIMBURSEMENT | 21.00 | | 21.00 | | 146.10 | | | |
| 154.10 | MATERIALS & SUPPLIES - ELECTRIC | 22.00 | | 22.00 | | 154.10 | | | |
| 154.12 | TRANSPORTATION INVENTORY | 22.00 | | 22.00 | | 154.12 | | | |
| 154.13 | MATERIALS & SUPPLIES - ETS | 22.00 | | 22.00 | | 154.13 | Y | | |
| 154.14 | MATERIALS & SUPPLIES - ETS | 22.00 | | 22.00 | | 154.14 | | | |

ACCOUNT MASTER LISTING
ALL ACCOUNTS

| ACCOUNT | DESCRIPTION | ----RUS---- | | ----TVA---- | | MARGIN ACCOUNT | INACTIVE | BANK TRANSIT BANK ACCOUNT | BANK NAME |
|---------|-----------------------------------|-------------|-------------|-------------|-------------|-------------------|----------|------------------------------|-----------|
| | | B/S LINE | INC LINE | B/S LINE | INC LINE | | | | |
| 154.15 | MATERIALS & SUPPLIES - HOMEGUARD | 22.00 | | 22.00 | | 154.15 | | | |
| 155.00 | APPLIANCES & EQUIPMENT FOR SALE | 22.00 | | 22.00 | | 155.00 | Y | | |
| 155.10 | EMERGENCY TEMPORARY SERVICES | 22.00 | | 22.00 | | 155.10 | | | |
| 155.20 | HOMEGUARD INVENTORY | 22.00 | | 22.00 | | 155.20 | Y | | |
| 163.00 | STORES CLEARING | 22.00 | | 22.00 | | 163.00 | | | |
| 163.10 | MINOR MATERIAL CLEARING | 22.00 | | 22.00 | | 163.10 | | | |
| 165.10 | MONUMENTAL LIFE INSURANCE CO | 23.00 | | 23.00 | | 165.10 | | | |
| 165.11 | PREPAID INS-WORKERS COMPENSATION | 23.00 | | 23.00 | | 165.11 | | | |
| 165.12 | PREPAID INS-VARIOUS | 23.00 | | 23.00 | | 165.12 | | | |
| 165.13 | PREPAID INS-METLIFE/NRECA | 23.00 | | 23.00 | | 165.13 | | | |
| 165.14 | PREPAID INS-COLONIAL INSURANCE | 23.00 | | 23.00 | | 165.14 | | | |
| 165.15 | PREPAID INS-LONG TERM DISABILITY | 23.00 | | 23.00 | | 165.15 | | | |
| 165.16 | PREPAID INS-EMPLOYEES | 23.00 | | 23.00 | | 165.16 | | | |
| 165.17 | PREPAID INS-AMERICAN FAMILY | 23.00 | | 23.00 | | 165.17 | | | |
| 165.18 | PREPAID INS-RETIRED EMPLOYEES | 23.00 | | 23.00 | | 165.18 | | | |
| 165.19 | PREPAID INS-CAPITOL AMERICAN | 23.00 | | 23.00 | | 165.19 | | | |
| 165.20 | PREPAID DUES-KAEC,NRECA, & OTHERS | 23.00 | | 23.00 | | 165.20 | | | |
| 165.21 | KAEC ANNUAL SAFETY ASSESSMENT | 23.00 | | 23.00 | | 165.21 | | | |
| 165.22 | PREPAID - CONTRACT SERVICES | 23.00 | | 23.00 | | 165.22 | | | |
| 165.23 | PREPAID INS-SUPPLEMENTAL LIFE | 23.00 | | 23.00 | | 165.23 | | | |
| 165.30 | PREPAID RETIREMENT-EMPLOYER PART | 23.00 | | 23.00 | | 165.30 | | | |
| 165.40 | PREPAID INS-M O D L | 23.00 | | 23.00 | | 165.40 | | | |
| 165.50 | PREPAID SERVICE AGREEMENTS | 23.00 | | 23.00 | | 165.50 | | | |
| 165.60 | PREPAID INS - EXCESS CATASTROPHE | 23.00 | | 23.00 | | 165.60 | | | |
| 165.70 | PREPAID INS-DIRECTORS & ATTORNEY | 23.00 | | 23.00 | | 165.70 | | | |
| 165.80 | PREPAID - 401(K) EMPLOYEES | 23.00 | | 23.00 | | 165.80 | | | |

| ACCOUNT | DESCRIPTION | ----RUS---- | | ----TVA---- | | MARGIN ACCOUNT | INACTIVE | BANK TRANSIT BANK ACCOUNT | BANK NAME |
|---------|----------------------------------|-------------|-------------|-------------|-------------|-------------------|----------|------------------------------|-----------|
| | | B/S LINE | INC LINE | B/S LINE | INC LINE | | | | |
| 165.81 | PREPAID - 401(K) EMPLOYEE LOANS | 23.00 | | 23.00 | | 165.81 | | | |
| 165.82 | PREPAID-401(K) EMPLOYERS PORTION | 23.00 | | 23.00 | | 165.82 | | | |
| 165.90 | PREPAID-PAD MNT TRANSFORMER PROG | 23.00 | | 23.00 | | 165.90 | | | |
| 165.91 | PREPAID - LEASE AGREEMENTS | 23.00 | | 23.00 | | 165.91 | | | |
| 171.00 | INTEREST & DIVIDENDS RECEIVABLE | 24.00 | | 24.00 | | 171.00 | | | |
| 183.10 | LONG RANGE WORK PLAN | 27.00 | | 27.00 | | 183.10 | | | |
| 184.10 | TRANSPORTATION EXPENSE | 27.00 | | 27.00 | | 184.10 | | | |
| 184.11 | TRANSPORTATION OVERHEAD EXPENSE | 27.00 | | 27.00 | | 184.10 | | | |
| 184.20 | CLEARING ACCOUNT - OTHER | 27.00 | | 27.00 | | 184.20 | | | |
| 186.00 | MISC DEFERRED DEBITS | 27.00 | | 27.00 | | 186.00 | | | |
| 200.10 | MEMBERSHIPS ISSUED | 29.00 | | 29.00 | | 200.10 | | | |
| 200.20 | MEMBERSHIPS SUBSCRIBED-UNISSUED | 29.00 | | 29.00 | | 200.20 | | | |
| 201.10 | PATRONAGE CAPITAL CREDITS | 30.00 | | 30.00 | | 201.10 | | | |
| 201.11 | REFUND DECEASED EST-CAPITAL CR | 30.00 | | 30.00 | | 201.11 | | | |
| 201.12 | REFUND GEN ROTATION-CAPITAL CR | 30.00 | | 30.00 | | 201.12 | | | |
| 201.13 | VOIDED CHKS/GEN ROTATION-CAP CR | 30.00 | | 30.00 | | 201.13 | | | |
| 201.14 | KTI ASSIGNABLE CAPITAL CREDITS | 34.00 | | 34.00 | | 201.14 | | | |
| 201.20 | PATRONAGE CAPITAL ASSIGNABLE | 30.00 | | 30.00 | | 201.20 | | | |
| 201.30 | DEFICIT MARGINS-PRIOR YEARS | 30.00 | | 30.00 | | 201.30 | | | |
| 208.00 | VOIDED CHECKS-DONATED CAPITAL | 34.00 | | 34.00 | | 208.00 | | | |
| 208.10 | DISCOUNT DECEASED EST-CAPITAL CR | 34.00 | | 34.00 | | 208.10 | | | |
| 208.20 | VOIDED CAPITAL CR CHKS/UNCLAIMED | 34.00 | | 34.00 | | 208.20 | | | |
| 215.00 | KTI RETAINED EARNINGS | 34.00 | | 34.00 | | 215.00 | | | |
| 217.00 | GAIN - RETIRED CAPITAL CREDITS | 34.00 | | 34.00 | | 217.00 | | | |
| 218.00 | CAPITAL GAINS & LOSSES | 34.00 | | 34.00 | | 218.00 | | | |
| 219.10 | OPERATING MARGINS | 31.00 | | 31.00 | | 219.10 | | | |

ACCOUNT MASTER LISTING
ALL ACCOUNTS

| ACCOUNT | DESCRIPTION | ----RUS---- | ----TVA---- | MARGIN | INACTIVE | BANK TRANSIT | BANK NAME |
|---------|----------------------------------|-------------|-------------|---------|----------|--------------|-----------|
| | | B/S | B/S | ACCOUNT | | BANK ACCOUNT | |
| | | LINE | LINE | | | | |
| 219.20 | NON-OPERATING MARGINS | 33.00 | 33.00 | 219.20 | | | |
| 219.30 | OTHER MARGINS | 34.00 | 34.00 | 219.30 | | | |
| 224.11 | OTHER LONG-TERM DEBT-SUBSCRIPT | 39.00 | 40.00 | 224.11 | | | |
| 224.12 | CFC NOTES EXECUTED | 39.00 | 40.00 | 224.12 | | | |
| 224.13 | CFC NOTES EXECUTED-CONST-DEBIT | 39.00 | 40.00 | 224.13 | | | |
| 224.14 | ZERO %LOAN CTC | 39.00 | 40.00 | 224.14 | | | |
| 224.30 | RDUP NOTES EXECUTED | 36.00 | 36.00 | 224.30 | | | |
| 224.40 | RDUP NOTES EXECUTED-CONST-DEBIT | 36.00 | 36.00 | 224.40 | | | |
| 224.50 | FFB NOTES EXECUTED | 37.00 | 38.00 | 224.50 | | | |
| 224.60 | FFB NOTES EXECUTED-CONST-DEBIT | 37.00 | 38.00 | 224.60 | | | |
| 228.30 | ACCUM PROV PENSIONS & BENEFITS | 44.00 | 43.00 | 228.30 | | | |
| 228.40 | FLEX PLAN | 44.00 | 43.00 | 228.40 | | | |
| 231.00 | NOTES PAYABLE/OTHER | 46.00 | 45.00 | 231.00 | | | |
| 232.00 | ACCOUNTS PAYABLE | 47.00 | 46.00 | 232.00 | | | |
| 232.01 | WHOLESALE POWER BILL | 47.00 | 46.00 | 232.01 | | | |
| 232.10 | VOIDED CHECKS | 47.00 | 46.00 | 232.10 | | | |
| 232.11 | ACCOUNTS PAYABLE-MISCELLANEOUS | 47.00 | 46.00 | 232.11 | | | |
| 232.23 | ACCOUNTS PAYABLES - CREDIT UNION | 47.00 | 46.00 | 232.23 | | | |
| 232.30 | ACCTS PAY-ANCILLARY BILLING SERV | 47.00 | 46.00 | 232.30 | | | |
| 232.31 | EMPLOYEES KITTY FUND | 47.00 | 46.00 | 232.31 | | | |
| 232.32 | KITTY FUND (RELAY FOR LIFE) | 47.00 | 46.00 | 232.32 | | | |
| 232.33 | KITTY FUND (COMMUNITY SERVICE) | 47.00 | 46.00 | 232.33 | | | |
| 232.34 | KITTY FUND (BIRTHDAY FUND) | 47.00 | 46.00 | 232.34 | | | |
| 232.35 | KITTY FUND (UNION KITTY) | 47.00 | 46.00 | 232.35 | | | |
| 233.00 | NOTES PAYABLE/ASSOCIATED COMPANY | 46.00 | 45.00 | 233.00 | | | |
| 235.00 | CUSTOMER DEPOSITS | 48.00 | 47.00 | 235.00 | | | |

ACCOUNT MASTER LISTING
ALL ACCOUNTS

| ACCOUNT | DESCRIPTION | ----RUS---- | | ----TVA---- | | MARGIN ACCOUNT | INACTIVE | BANK TRANSIT BANK ACCOUNT | BANK NAME |
|---------|----------------------------------|-------------|-------------|-------------|-------------|-------------------|----------|------------------------------|-----------|
| | | B/S LINE | INC LINE | B/S LINE | INC LINE | | | | |
| 236.10 | ACCRUED PROPERTY TAX | 52.00 | | 51.00 | | 236.10 | | | |
| 236.20 | ACCR US SOC SEC TAX-UNEMPLOYMENT | 52.00 | | 51.00 | | 236.20 | | | |
| 236.30 | ACCR US SOC SEC TAX-FICA | 52.00 | | 51.00 | | 236.30 | | | |
| 236.40 | ACCR STATE UNEMPLOYMENT TAX | 52.00 | | 51.00 | | 236.40 | | | |
| 236.50 | ACCRUE STATE SALES TAX-CUSTOMERS | 52.00 | | 51.00 | | 236.50 | | | |
| 237.10 | INTEREST ACCRUED - RDUP | 52.00 | | 51.00 | | 237.10 | | | |
| 237.30 | INTEREST ACCRUED - CFC | 52.00 | | 51.00 | | 237.30 | | | |
| 237.40 | INTEREST ACCRUED-CFC SHORT TERM | 52.00 | | 51.00 | | 237.40 | | | |
| 237.50 | INTEREST ACCR-CUSTOMER DEPOSITS | 52.00 | | 51.00 | | 237.50 | | | |
| 237.60 | INTEREST ACCRUED - FFB | 52.00 | | 51.00 | | 237.60 | | | |
| 241.00 | FEDERAL INCOME TAX PAYABLE | 52.00 | | 51.00 | | 241.00 | | | |
| 241.10 | STATE INCOME TAX PAYABLE | 52.00 | | 51.00 | | 241.10 | | | |
| 241.20 | ROWAN CO OCCUPATIONAL TAX | 52.00 | | 51.00 | | 241.20 | | | |
| 241.30 | GRAYSON CITY PAYROLL TAX | 52.00 | | 51.00 | | 241.30 | | | |
| 242.00 | ACCRUED PAYROLL | 52.00 | | 51.00 | | 242.00 | | | |
| 242.20 | ACCRUED VACATION | 52.00 | | 51.00 | | 242.20 | | | |
| 242.30 | ACCRUED EMPLOYEE SICK LEAVE | 52.00 | | 51.00 | | 242.30 | | | |
| 242.40 | ACCRUE WORKER'S COMP INSURANCE | 52.00 | | 51.00 | | 242.40 | | | |
| 242.50 | PAST SERVICE - PENSION | 52.00 | | 51.00 | | 242.50 | | | |
| 242.52 | ACCRUED LIABILITY-ANNUAL AUDIT | 52.00 | | 51.00 | | 242.52 | | | |
| 242.53 | ACCRUED LIABILITY-P S C | 52.00 | | 51.00 | | 242.53 | | | |
| 242.55 | WEATHERIZATION LOAN | 52.00 | | 51.00 | | 242.55 | | | |
| 242.60 | ACCRUED ANNUAL MEETING EXPENSE | 52.00 | | 51.00 | | 242.60 | | | |
| 252.00 | CUSTOMER ADV FOR CONSTRUCTION | 55.00 | | 54.00 | | 252.00 | | | |
| 253.30 | CUSTOMER ENERGY PP-CR FROM 14210 | 55.00 | | 54.00 | | 253.30 | | | |
| 253.40 | CUSTOMERS DEFERRED NOTES RECEIV | 55.00 | | 54.00 | | 253.40 | | | |

ACCOUNT MASTER LISTING
ALL ACCOUNTS

| ACCOUNT | DESCRIPTION | ----RUS---- | | ----TVA---- | | MARGIN ACCOUNT | INACTIVE | BANK TRANSIT BANK ACCOUNT | BANK NAME |
|---------|----------------------------------|-------------|-------------|-------------|-------------|-------------------|----------|------------------------------|-----------|
| | | B/S LINE | INC LINE | B/S LINE | INC LINE | | | | |
| 253.50 | WINTERCARE ENERGY FUND | 55.00 | | 54.00 | | 253.50 | | | |
| 360.00 | LAND RIGHTS | 1.00 | | 1.00 | | 360.00 | | | |
| 362.00 | SUB-STATION EQUIPMENT | 1.00 | | 1.00 | | 362.00 | | | |
| 364.00 | POLES, TOWERS & FIXTURES | 1.00 | | 1.00 | | 364.00 | | | |
| 365.00 | OVERHEAD CONDUCTORS & DEVICES | 1.00 | | 1.00 | | 365.00 | | | |
| 367.00 | UNDERGROUND CONDUCTORS & DEVICES | 1.00 | | 1.00 | | 367.00 | | | |
| 368.00 | LINE TRANSFORMERS | 1.00 | | 1.00 | | 368.00 | | | |
| 369.00 | SERVICES | 1.00 | | 1.00 | | 369.00 | | | |
| 370.00 | METERS | 1.00 | | 1.00 | | 370.00 | | | |
| 370.10 | AUTOMATED METERING EQUIPMENT | 1.00 | | 1.00 | | 370.10 | | | |
| 370.20 | DISCONNECT METER EQUIPMENT | 1.00 | | 1.00 | | 370.20 | | | |
| 371.00 | INSTALLATION CUSTOMER PREMISES | 1.00 | | 1.00 | | 371.00 | | | |
| 389.00 | LAND & LAND RIGHTS | 1.00 | | 1.00 | | 389.00 | | | |
| 390.00 | STRUCTURES & IMPROVEMENTS | 1.00 | | 1.00 | | 390.00 | | | |
| 390.10 | LEASE HOLD IMPROVEMENTS | 1.00 | | 1.00 | | 390.10 | | | |
| 391.00 | OFFICE FURNITURE & EQUIPMENT | 1.00 | | 1.00 | | 391.00 | | | |
| 392.00 | TRANSPORTATION EQUIPMENT | 1.00 | | 1.00 | | 392.00 | | | |
| 393.00 | STORES EQUIPMENT | 1.00 | | 1.00 | | 393.00 | | | |
| 394.00 | TOOLS, SHOP & GARAGE EQUIPMENT | 1.00 | | 1.00 | | 394.00 | | | |
| 395.00 | LABORATORY EQUIPMENT | 1.00 | | 1.00 | | 395.00 | | | |
| 396.00 | LARGE TOOLS | 1.00 | | 1.00 | | 396.00 | | | |
| 397.00 | COMMUNICATIONS EQUIPMENT | 1.00 | | 1.00 | | 397.00 | | | |
| 398.00 | MISCELLANEOUS EQUIPMENT | 1.00 | | 1.00 | | 398.00 | | | |
| 403.60 | DEPRECIATION-DISTRIBUTION PLANT | 32.00 | 12.00 | 32.00 | 12.00 | 219.10 | | | |
| 403.70 | DEPRECIATION-GENERAL PLANT | 32.00 | 12.00 | 32.00 | 12.00 | 219.10 | | | |
| 408.10 | TAXES - PROPERTY | 32.00 | 13.00 | 32.00 | 13.00 | 219.10 | | | |

| ACCOUNT | DESCRIPTION | ----RUS---- | | ----TVA---- | | MARGIN ACCOUNT | INACTIVE | BANK TRANSIT BANK ACCOUNT | BANK NAME |
|---------|------------------------------------|-------------|-------------|-------------|-------------|-------------------|----------|------------------------------|-----------|
| | | B/S LINE | INC LINE | B/S LINE | INC LINE | | | | |
| 408.20 | TAXES - FEDERAL UNEMPLOYMENT | 32.00 | 14.00 | 32.00 | 14.00 | 219.10 | | | |
| 408.30 | TAXES - FICA | 32.00 | 14.00 | 32.00 | 14.00 | 219.10 | | | |
| 408.40 | TAXES - STATE UNEMPLOYMENT | 32.00 | 14.00 | 32.00 | 14.00 | 219.10 | | | |
| 408.60 | REGULATORY COMMISSION ASSESSMENT | 32.00 | 13.00 | 32.00 | 13.00 | 219.10 | | | |
| 415.00 | REVENUE-MERCHANDISE, JOB, CONTRACT | 33.00 | 24.00 | 33.00 | 24.00 | 219.20 | | | |
| 415.10 | HOMEGUARD REVENUE | 33.00 | 24.00 | 33.00 | 24.00 | 219.20 | | | |
| 415.20 | ANCILLARY BILLING SERV - REVENUE | 33.00 | 24.00 | 33.00 | 24.00 | 219.20 | | | |
| 415.30 | ETS REVENUE | 33.00 | 24.00 | 33.00 | 24.00 | 219.20 | | | |
| 415.40 | RENTAL PROPERTY - REVENUE | 33.00 | 24.00 | 33.00 | 24.00 | 219.20 | | | |
| 416.00 | INCENTIVES/GEOTHERMAL, ETS, MISC | 33.00 | 24.00 | 33.00 | 24.00 | 219.20 | | | |
| 416.10 | HOMEGUARD EXPENSE | 33.00 | 24.00 | 33.00 | 24.00 | 219.20 | | | |
| 416.20 | ANCILLARY BILL SERV - EXPENSE | 33.00 | 24.00 | 33.00 | 24.00 | 219.20 | | | |
| 416.30 | ETS - EXPENSE | 33.00 | 24.00 | 33.00 | 24.00 | 219.20 | | | |
| 416.40 | RENTAL PROPERTY - EXPENSE | 33.00 | 24.00 | 33.00 | 24.00 | 219.20 | | | |
| 417.00 | KTI REVENUE | 33.00 | 24.00 | 33.00 | 24.00 | 219.20 | | | |
| 417.10 | KTI EXPENSES | 33.00 | 24.00 | 33.00 | 24.00 | 219.20 | | | |
| 418.10 | KTI EQUITY | 33.00 | 23.00 | 33.00 | 23.00 | 219.20 | | | |
| 419.00 | INTEREST INCOME NON-OPERATING | 33.00 | 21.00 | 33.00 | 21.00 | 219.20 | | | |
| 419.10 | INTEREST INCOME - KTI | 33.00 | 21.00 | 33.00 | 21.00 | 219.20 | | | |
| 419.20 | NOW ACCOUNT INTEREST | 33.00 | 21.00 | 33.00 | 21.00 | 219.20 | | | |
| 419.30 | COMMERCIAL PAPER INTEREST | 33.00 | 21.00 | 33.00 | 21.00 | 219.20 | | | |
| 421.00 | CFC REBATE | 33.00 | 24.00 | 33.00 | 24.00 | 219.20 | | | |
| 421.20 | LOSS/GAIN DISPOSITION PROPERTY | 33.00 | 24.00 | 33.00 | 24.00 | 219.20 | | | |
| 423.00 | G & T CAPITAL CREDITS | 32.00 | 25.00 | 32.00 | 25.00 | 219.10 | | | |
| 424.00 | OTHER CAP CR & PATRONAGE ALLOC | 32.00 | 26.00 | 32.00 | 26.00 | 219.10 | | | |
| 426.00 | MISCELLANEOUS INCOME DEDUCTIONS | 32.00 | 18.00 | 32.00 | 18.00 | 219.10 | | | |

| ACCOUNT | DESCRIPTION | ----RUS---- | | ----TVA---- | | MARGIN ACCOUNT | INACTIVE | BANK TRANSIT BANK ACCOUNT | BANK NAME |
|---------|----------------------------------|-------------|-------------|-------------|-------------|-------------------|----------|------------------------------|-----------|
| | | B/S LINE | INC LINE | B/S LINE | INC LINE | | | | |
| 426.10 | MISCELLANEOUS DEDUCTION-DONATION | 32.00 | 18.00 | 32.00 | 18.00 | 219.10 | | | |
| 426.30 | PENALTIES OR FINES | 32.00 | 18.00 | 32.00 | 18.00 | 219.10 | | | |
| 426.50 | OTHER DEDUCTIONS-LOSS ON INVEST | 32.00 | 18.00 | 32.00 | 18.00 | 219.10 | | | |
| 427.10 | INTEREST-RDUP | 32.00 | 15.00 | 32.00 | 15.00 | 219.10 | | | |
| 427.30 | INTEREST-CFC | 32.00 | 15.00 | 32.00 | 15.00 | 219.10 | | | |
| 427.40 | INTEREST - TREASURY RATE | 32.00 | 15.00 | 32.00 | 15.00 | 219.10 | | | |
| 427.60 | INTEREST - FFB | 32.00 | 15.00 | 32.00 | 15.00 | 219.10 | | | |
| 430.00 | INTEREST ASSOCIATED ORGANIZATION | 32.00 | 18.00 | 32.00 | 18.00 | 219.10 | | | |
| 431.00 | OTHER INTEREST EXPENSE | 32.00 | 17.00 | 32.00 | 17.00 | 219.10 | | | |
| 431.30 | INTEREST-REFUND CUSTOMER DEPOSIT | 32.00 | 17.00 | 32.00 | 17.00 | 219.10 | | | |
| 435.10 | FASB 106-EFFECT ON PRIOR YEARS | 32.00 | 27.00 | 32.00 | 27.00 | 219.10 | | | |
| 440.10 | RESIDENTIAL SALES | 32.00 | 1.00 | 32.00 | 10.00 | 219.10 | | | |
| 440.40 | CAMP & BARN SALES | 32.00 | 1.00 | 32.00 | 10.00 | 219.10 | | | |
| 442.10 | SMALL COMMERCIAL SALES | 32.00 | 1.00 | 32.00 | 10.00 | 219.10 | | | |
| 442.20 | LARGE POWER SALES | 32.00 | 1.00 | 32.00 | 10.00 | 219.10 | | | |
| 442.30 | LARGE INDUSTRIAL(OVER 1,000 KVA) | 32.00 | 1.00 | 32.00 | 10.00 | 219.10 | | | |
| 444.00 | STREET LIGHT SALES | 32.00 | 1.00 | 32.00 | 10.00 | 219.10 | | | |
| 450.00 | FORFEITED DISCOUNTS | 32.00 | 1.00 | 32.00 | 10.00 | 219.10 | | | |
| 451.00 | MISCELLANEOUS SERVICE REVENUE | 32.00 | 1.00 | 32.00 | 10.00 | 219.10 | | | |
| 454.00 | RENT FROM ELECTRIC PROPERTY | 32.00 | 1.00 | 32.00 | 10.00 | 219.10 | | | |
| 456.00 | OTHER ELECTRIC SERVICE | 32.00 | 1.00 | 32.00 | 10.00 | 219.10 | | | |
| 555.00 | PURCHASED POWER | 32.00 | 3.00 | 32.00 | 30.00 | 219.10 | | | |
| 583.00 | OVERHEAD LINE EXPENSE | 32.00 | 5.00 | 32.00 | 5.00 | 219.10 | | | |
| 585.00 | STREET LIGHT EXPENSE | 32.00 | 5.00 | 32.00 | 5.00 | 219.10 | | | |
| 586.00 | METER EXPENSE | 32.00 | 5.00 | 32.00 | 5.00 | 219.10 | | | |
| 586.10 | METER OPERATION SURVEY | 32.00 | 5.00 | 32.00 | 5.00 | 219.10 | | | |

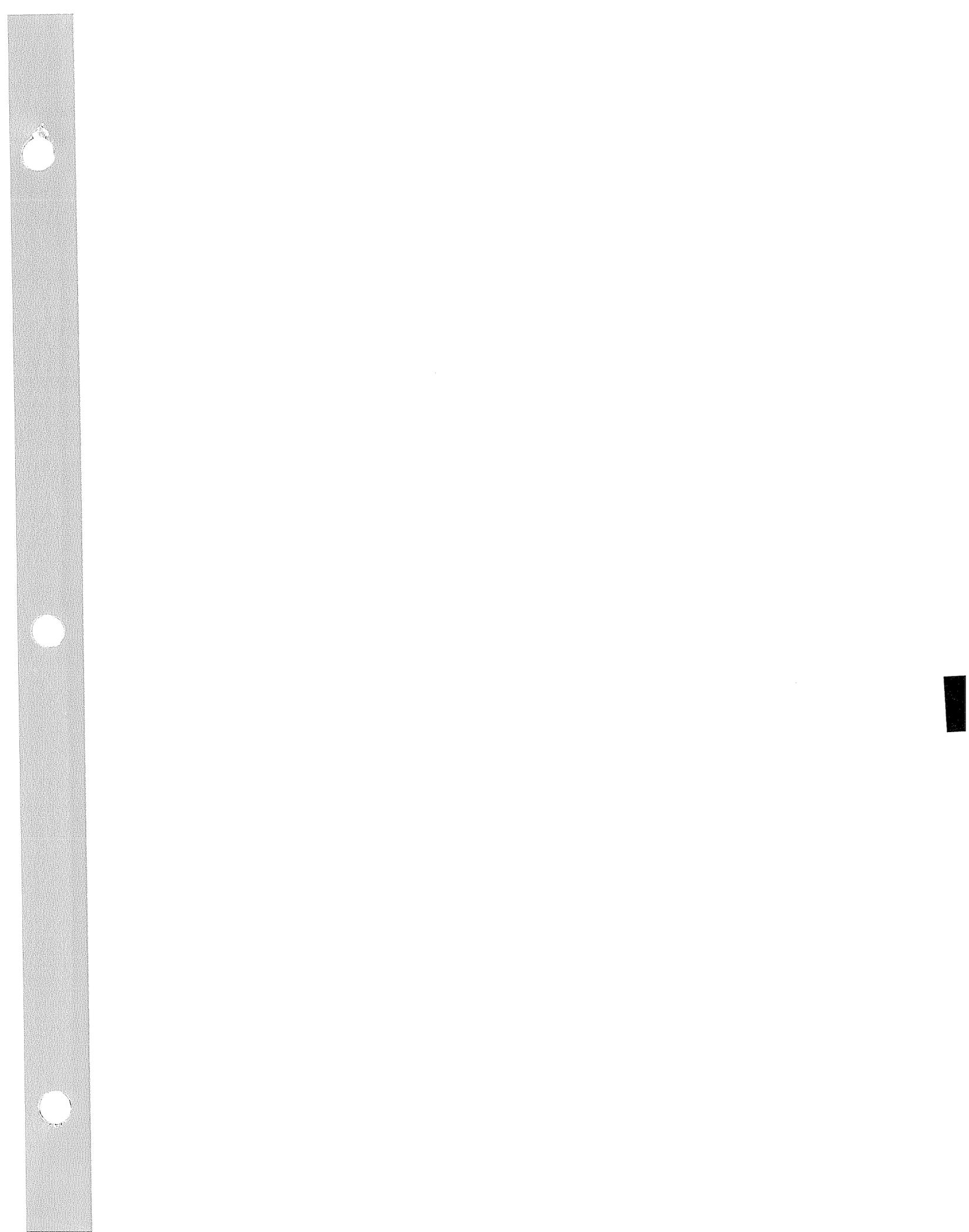
| ACCOUNT | DESCRIPTION | ----RUS---- | | ----TVA---- | | MARGIN ACCOUNT | INACTIVE | BANK TRANSIT BANK ACCOUNT | BANK NAME |
|---------|----------------------------------|-------------|-------------|-------------|-------------|-------------------|----------|------------------------------|-----------|
| | | B/S LINE | INC LINE | B/S LINE | INC LINE | | | | |
| 586.20 | AUTOMATED METER EQUIP EXPENSE | 32.00 | 5.00 | 32.00 | 5.00 | 219.10 | | | |
| 588.00 | MISC DISTRIBUTION EXPENSE | 32.00 | 5.00 | 32.00 | 5.00 | 219.10 | | | |
| 590.00 | MAINTENANCE SUPERVISION | 32.00 | 6.00 | 32.00 | 60.00 | 219.10 | | | |
| 593.00 | MAINTENANCE OF OVERHEAD LINES | 32.00 | 6.00 | 32.00 | 60.00 | 219.10 | | | |
| 593.10 | MAINTENANCE OF LINE RIGHT-OF-WAY | 32.00 | 6.00 | 32.00 | 60.00 | 219.10 | | | |
| 593.20 | MAINTENANCE STORM EXPENSES | 32.00 | 6.00 | 32.00 | 60.00 | 219.10 | | | |
| 594.00 | MAINTENANCE OF UNDERGROUND LINES | 32.00 | 6.00 | 32.00 | 60.00 | 219.10 | | | |
| 595.00 | MAINTENANCE OF TRANSFORMERS | 32.00 | 6.00 | 32.00 | 60.00 | 219.10 | | | |
| 596.00 | MAINTENANCE OF STREET LIGHTS | 32.00 | 6.00 | 32.00 | 60.00 | 219.10 | | | |
| 597.00 | MAINTENANCE OF METERS | 32.00 | 6.00 | 32.00 | 60.00 | 219.10 | | | |
| 598.00 | MAINTENANCE-MISC DISTRIBUTION | 32.00 | 6.00 | 32.00 | 60.00 | 219.10 | | | |
| 901.00 | SUPERVISION - BILLING | 32.00 | 7.00 | 32.00 | 70.00 | 219.10 | | | |
| 902.00 | METER READING EXPENSE | 32.00 | 7.00 | 32.00 | 70.00 | 219.10 | | | |
| 903.00 | CUSTOMERS RECORDS & COLLECTIONS | 32.00 | 7.00 | 32.00 | 70.00 | 219.10 | | | |
| 903.10 | CASH DRAWER-OVERAGES & SHORTAGES | 32.00 | 7.00 | 32.00 | 70.00 | 219.10 | | | |
| 904.00 | UNCOLLECTIBLE ACCOUNTS | 32.00 | 7.00 | 32.00 | 70.00 | 219.10 | | | |
| 909.00 | INFORMATIONAL ADVERTISING | 32.00 | 8.00 | 32.00 | 80.00 | 219.10 | | | |
| 912.00 | DEMONSTRATION & SELLING EXPENSE | 32.00 | 9.00 | 32.00 | 90.00 | 219.10 | | | |
| 913.00 | ADVERTISING | 32.00 | 9.00 | 32.00 | 90.00 | 219.10 | | | |
| 920.00 | ADMINISTRATIVE-GENERAL SALERIES | 32.00 | 10.00 | 32.00 | 10.00 | 219.10 | | | |
| 921.00 | OFFICE SUPPLIES & EXPENSES | 32.00 | 10.00 | 32.00 | 10.00 | 219.10 | | | |
| 923.00 | OUTSIDE SERVICES | 32.00 | 10.00 | 32.00 | 10.00 | 219.10 | | | |
| 924.00 | PROPERTY INSURANCE | 32.00 | 10.00 | 32.00 | 10.00 | 219.10 | | | |
| 925.00 | INJURIES & DAMAGES | 32.00 | 10.00 | 32.00 | 10.00 | 219.10 | | | |
| 926.00 | EMPLOYEE BENEFITS | 32.00 | 10.00 | 32.00 | 10.00 | 219.10 | | | |
| 926.10 | EMPLOYEE PENSION & BENEFITS | 32.00 | 10.00 | 32.00 | 10.00 | 219.10 | | | |

ACCOUNT MASTER LISTING
ALL ACCOUNTS

| ACCOUNT | DESCRIPTION | ----RUS---- | | ----TVA---- | | MARGIN ACCOUNT | INACTIVE | BANK TRANSIT BANK ACCOUNT | BANK NAME |
|---------|--------------------------------|-------------|-------------|-------------|-------------|-------------------|----------|------------------------------|-----------|
| | | B/S LINE | INC LINE | B/S LINE | INC LINE | | | | |
| 928.00 | REGULATORY COMMISSION EXPENSES | 32.00 | 10.00 | 32.00 | 10.00 | 219.10 | | | |
| 930.20 | ANNUAL MEETING EXPENSES | 32.00 | 10.00 | 32.00 | 10.00 | 219.10 | | | |
| 930.21 | CAPITAL CREDIT EXPENSES | 32.00 | 10.00 | 32.00 | 10.00 | 219.10 | | | |
| 930.30 | MISCELLANEOUS GENERAL EXPENSES | 32.00 | 10.00 | 32.00 | 10.00 | 219.10 | | | |
| 930.60 | BOARD OF DIRECTOR'S EXPENSES | 32.00 | 10.00 | 32.00 | 10.00 | 219.10 | | | |
| 930.70 | DUES - NRECA & KAEC | 32.00 | 10.00 | 32.00 | 10.00 | 219.10 | | | |
| 932.00 | MAINTENANCE OF GENERAL PLANT | 32.00 | 10.00 | 32.00 | 10.00 | 219.10 | | | |
| 999.99 | FIXED JOURNAL ACCOUNT | 99.99 | 99.99 | 99.99 | 99.99 | 999.99 | | | |

TOTAL ACCOUNTS 294

INCOME 89
BAL/SHEET 205



Kentucky 61
Grayson Rural Electric
Cooperative Corporation
Grayson, Kentucky
Audited Financial Statements
May 31, 2008

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Exh N
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Independent Auditor's Report

To the Board of Directors
Grayson Rural Electric
Cooperative Corporation

I have audited the balance sheet of Grayson Rural Electric Cooperative, as of May 31, 2008 and the related statements income and patronage capital and cash flows for the year then ended. These financial statements are the responsibility of Grayson Rural Electric Cooperative's management. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements of Grayson Rural Electric Cooperative as of May 31, 2007, were audited by other auditors whose report dated August 15, 2007, expressed an unqualified opinion on those statements.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and 7 CFR Part 1773, Policy on Audits of Rural Utilities Service (RUS) Borrowers. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An also audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grayson Rural Electric Cooperative as of May 31, 2008, and the results of operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated August 15, 2008, on my consideration of Grayson Rural Electric Cooperative's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testin, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audits.

W. Dudley Shryock, CPA

W. Dudley Shryock, CPA
August 15, 2008

W. DUDLEY SHRYOCK, CPA, PSC
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To the Board of Directors
Grayson Rural Electric
Cooperative Corporation

I have audited the financial statements of Grayson Rural Electric Cooperative as of and for the year ended May 31, 2008, and have issued my report thereon dated August 15, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Grayson Rural Electric's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Grayson Rural Electric's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Grayson Rural Electric's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

To the Board of Directors
Grayson Rural Electric
Cooperative Corporation

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Grayson Rural Electric's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the audit committee, management, the Rural Utilities Service and supplemental lenders, and is not intended to be and should not be used by anyone other than these specified parties.

W. Dudley Shryock, CPA

W. Dudley Shryock, CPA
August 15, 2008

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Grayson Rural Electric Cooperative Corporation
Balance Sheets, May 31, 2008 and 2007

| <u>Assets</u> | <u>2008</u> | <u>2007</u> |
|---|---------------------|---------------------|
| Electric Plant, at original cost: | | |
| In service | \$53,089,895 | \$50,842,949 |
| Under construction | 643,108 | 384,229 |
| | <u>53,733,003</u> | <u>51,227,178</u> |
| Less accumulated depreciation | 8,222,315 | 7,597,996 |
| | <u>45,510,688</u> | <u>43,629,182</u> |
| Investments, at cost | <u>5,432,116</u> | <u>5,410,221</u> |
| Current Assets: | | |
| Cash and cash equivalents | 1,648,104 | 116,954 |
| Accounts receivable, less allowance for 2008 of \$109,825 and 2007 of \$96,062 | 3,891,669 | 4,035,133 |
| Other receivables | 116,249 | 124,590 |
| Material and supplies, at average cost | 295,185 | 317,517 |
| Other current assets | 350,848 | 202,607 |
| | <u>6,302,055</u> | <u>4,796,801</u> |
| Total | <u>\$57,244,859</u> | <u>\$53,836,204</u> |
| <u>Members' Equities and Liabilities</u> | | |
| Members' Equities: | | |
| Memberships | \$151,355 | \$149,760 |
| Patronage capital | 16,824,231 | 17,900,117 |
| Other equities | (522,481) | (556,644) |
| | <u>16,453,105</u> | <u>17,493,233</u> |
| Long Term Debt | <u>34,983,990</u> | <u>27,295,404</u> |
| Accumulated Postretirement Benefits | <u>1,167,016</u> | <u>1,082,045</u> |
| Current Liabilities: | | |
| Current portion of long term debt | 1,050,000 | 940,000 |
| Short term borrowings | 42,798 | 3,132,000 |
| Accounts payable | 1,434,374 | 1,605,281 |
| Consumer deposits | 1,189,479 | 1,159,840 |
| Accrued expenses | 762,922 | 881,374 |
| | <u>4,479,573</u> | <u>7,718,495</u> |
| Consumer Advances for Construction | <u>161,175</u> | <u>247,027</u> |
| Total | <u>\$57,244,859</u> | <u>\$53,836,204</u> |

The accompanying notes are an integral part of the financial statements.

Statements of Revenue and Patronage Capital
for the years ended May 31, 2008 and 2007

| | <u>2008</u> | <u>2007</u> |
|--|---------------------|---------------------|
| Operating Revenues | <u>\$25,118,850</u> | <u>\$24,056,081</u> |
| Operating Expenses: | | |
| Cost of power | 16,950,727 | 15,963,936 |
| Distribution - operations | 1,061,215 | 925,800 |
| Distribution - maintenance | 2,478,718 | 1,588,104 |
| Consumer accounts | 875,674 | 827,731 |
| Customer services and information | 194,688 | 170,232 |
| Sales | 34,444 | 35,283 |
| Administrative and general | 1,309,225 | 1,286,353 |
| Depreciation, excluding \$149,109 in 2008 and \$146,676 in 2007 charged to clearing accounts: | 1,559,510 | 1,491,824 |
| Taxes | 26,326 | 26,339 |
| Other deductions | 12,800 | 15,955 |
| | <u>24,503,327</u> | <u>22,331,557</u> |
| Operating Margins before Interest Charges | 615,523 | 1,724,524 |
| Interest Charges: | | |
| Long term debt | 1,446,899 | 1,478,703 |
| Other | 166,228 | 209,609 |
| | <u>1,613,127</u> | <u>1,688,312</u> |
| Operating Margins after Interest Charges | <u>(997,604)</u> | <u>36,212</u> |
| Nonoperating Margins | | |
| Interest income | 34,810 | 30,553 |
| Others | (12,185) | (13,688) |
| | <u>22,625</u> | <u>16,865</u> |
| Patronage Capital Credits | <u>65,590</u> | <u>42,287</u> |
| Net Margins (deficit) | (909,389) | 95,364 |
| Patronage Capital - beginning of year | 17,900,117 | 17,941,259 |
| Non operating margins to prior deficits | (27,928) | (18,978) |
| Retirements to estates and applied to bad debts | <u>(138,569)</u> | <u>(117,528)</u> |
| Patronage Capital - end of year | <u>\$16,824,231</u> | <u>\$17,900,117</u> |

The accompanying notes are an integral part of the financial statements.

Statements of Cash Flows
for the years ended May 31, 2008 and 2007

| | <u>2008</u> | <u>2007</u> |
|--|--------------------|--------------------|
| Cash Flows from Operating Activities: | | |
| Net margins (deficit) | (\$909,389) | \$95,364 |
| Adjustments to reconcile to net cash provided by operating activities: | | |
| Depreciation | | |
| Charged to expense | 1,559,510 | 1,491,824 |
| Charged to clearing | 149,109 | 146,676 |
| Capital credits allocated | (65,590) | (42,287) |
| Accumulated postretirement benefits | 84,971 | 57,080 |
| Net change in current assets and liabilities: | | |
| Receivables | 151,805 | 240,914 |
| Material and supplies | 22,332 | 37,271 |
| Other current assets | (148,241) | 4,674 |
| Accounts payable | (170,907) | 274,370 |
| Consumer deposits | 29,639 | 68,332 |
| Accrued expenses | (118,452) | 139,185 |
| Consumer advances for construction | (85,852) | 106,744 |
| | <u>498,935</u> | <u>2,620,147</u> |
| Cash Flows from Investing Activities: | | |
| Construction of plant | (3,358,515) | (2,752,230) |
| Cost of plant removals | (258,305) | (252,229) |
| Salvage recovered from plant | 26,695 | 20,293 |
| Receipts from investments, net | 43,695 | 19,734 |
| | <u>(3,546,430)</u> | <u>(2,964,432)</u> |
| Net Cash Flows from Financing Activities: | | |
| Net increase in memberships | 1,595 | 520 |
| Retirement to estates and others | (138,569) | (117,528) |
| Increase in other equities | 6,235 | 10,891 |
| Short-term borrowings | (3,089,202) | 1,397,000 |
| Additional long-term borrowings | 8,800,000 | - |
| Payments on long-term debt | (1,001,414) | (896,290) |
| | <u>4,578,645</u> | <u>394,593</u> |
| Net increase in cash and cash equivalents | 1,531,150 | 50,308 |
| Cash and cash equivalents - beginning | <u>116,954</u> | <u>66,646</u> |
| Cash and cash equivalents - ending | <u>\$1,648,104</u> | <u>\$116,954</u> |
| Supplemental disclosures of cash flow information: | | |
| Interest on long term debt | \$1,509,713 | \$1,461,722 |

The accompanying notes are an integral part of the financial statements.

1. Summary of Significant Accounting Policies

Grayson maintains its records in accordance with policies prescribed or permitted by the Kentucky Public Service Commission (PSC) and the United States Department of Agriculture, Rural Utilities Service (RUS), which conform in all material respects with accounting principles generally accepted in the United States of America. The more significant of these policies are as follows:

Electric Plant

Electric plant is stated at original cost, less contributions, which is the cost when first dedicated to public service. Such cost includes applicable supervisory and overhead costs. There was no interest required to be capitalized on construction for the year.

The cost of maintenance and repairs, including renewals of minor items of property, is charged to operating expense. The cost of replacement of depreciable property units, as distinguished from minor items, is charged to electric plant. The cost of units of property replaced or retired, including cost of removal net of any salvage value, is charged to accumulated depreciation for distribution plant and a gain or loss is recognized for general plant items.

The major classifications of electric plant in service consisted of:

| | <u>2008</u> | <u>2007</u> |
|--------------------|---------------------|---------------------|
| Distribution plant | \$49,441,368 | \$47,386,110 |
| General plant | <u>3,648,527</u> | <u>3,456,839</u> |
| Total | <u>\$53,089,895</u> | <u>\$50,842,949</u> |

Depreciation

Provision has been made for depreciation on the basis of the estimated lives of assets, using the straight-line method. Grayson uses a composite depreciation rate of 3.033% per annum for distribution plant. General plant depreciation rates are as follows:

| | |
|--------------------------------|--------------|
| Structures and improvements | 2.5% |
| Transportation equipment | 16.0% |
| Office furniture and equipment | 6.0% |
| Other general plant | 5.0% - 14.0% |

Cash and Cash Equivalents

Grayson considers all short-term, highly-liquid investments with original maturities of three months or less to be cash equivalents.

Off Balance Sheet Risk

Grayson has off-balance sheet risk in that at certain times of the month they have cash deposits in financial institutions in excess of the amounts insured by the Federal Deposit Insurance Corporation (FDIC).

Continued

1. Summary of Significant Accounting Policies, continued**Revenue**

Grayson records revenue as billed to its members based on meter-readings taken on the 20th of each month. Grayson's sales are concentrated in a six county area of eastern Kentucky. There were no customers whose individual account balance exceeded 10% of outstanding accounts receivable at May 31, 2008 and 2007. Certain customers are required to pay a refundable deposit.

Payments are due 20 days from the date of billing, at which time a disconnect notice is sent with payment to be within 10 days. If not paid, then customers are subject to disconnect. The allowance for uncollectibles is based on the aging of accounts receivable. Accounts are written off when they are deemed to be uncollectible.

Cost of Power

The cost of purchased power is recorded monthly during the period in which the energy is consumed, based upon billings from East Kentucky Power Cooperative (East Kentucky). The membership of East Kentucky is comprised of Grayson and 15 other distribution cooperatives.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires that management to make estimates and assumptions that effect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates used in the preparation of the financial statements.

Fair Value of Financial Instruments

Financial instruments include cash, temporary investments, accounts receivables and payables, and long-term debt. Investments in associated organizations are not considered a financial instrument because they represent non transferable interests in associated organizations.

The carrying value of cash, temporary investments, receivables and payables approximates fair value because of the short maturity of those instruments. The carrying value of long term debt approximates the fair value because the terms approximate those currently available to Grayson.

Grayson may, and also does, invest idle funds in NRUCFC commercial paper. Investments in commercial paper are classified as held-to-maturity in accordance with Statement of Financial Accounting Standards (SFAS) No. 115. Held-to-maturity securities are presented at amortized cost the fair value of held-to-maturity securities approximates cost at 2008 and 2007. All investments have a maturity of less than 1 year.

Income Tax Status

Grayson is exempt from federal and state income taxes under provisions of Section 501(c)(12). Accordingly, the financial statements include no provision for income taxes.

Continued

1. Summary of Significant Accounting Policies, continued**Advertising**

Grayson expenses advertising costs as incurred.

Risk Management

Grayson is exposed to various forms of losses of assets associated with, but not limited to, fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, workers compensation, etc. Each of these areas is covered through the purchase of commercial insurance.

2. Investments in Associated Organizations

The Capital Term Certificates (CTCs) of National Rural Utilities Cooperative Finance Corporation (CFC) are recorded at cost. The CTCs were purchased from NRUCFC as a condition of obtaining long-term financing. The CTCs bear interest at 0%, 3% and 5% and are scheduled to mature at varying times from 2020 to 2080.

Grayson records patronage capital assigned by associated organizations in the year in which such assignments are received.

Investments in associated organizations consisted of:

| | <u>2008</u> | <u>2007</u> |
|----------------------------------|--------------------|--------------------|
| Associated Organizations: | | |
| East Kentucky, patronage capital | \$4,392,296 | \$4,392,296 |
| CFC, CTC's | 637,013 | 637,951 |
| CFC, patronage capital | 125,836 | 126,945 |
| Other associated organizations | 275,872 | 251,930 |
| Others | <u>1,099</u> | <u>1,099</u> |
| Total | <u>\$5,432,116</u> | <u>\$5,410,221</u> |

3. Patronage Capital

Under provisions of the long-term debt agreement, return to patrons of capital contributed by them is limited to amounts which would not allow the total equities and margins to be less than 30% of total assets, except that distributions may be made to estates of deceased patrons. The debt agreement provides, however, that should such distributions to estates not exceed 25% of net margins for the next preceding year, Grayson may distribute the difference between 25% and the payments made to such estates. The equity at May 31, 2008 was 29% of total assets.

Non operating margins are used to offset the prior year's deficits. Prior year's deficits are recorded as other equities.

Continued

Notes to Financial Statements, continued

Exh N
12 of 14**3. Patronage Capital, continued**

Patronage capital consisted of:

| | <u>2008</u> | <u>2007</u> |
|---------------------|---------------------|---------------------|
| Assigned to date | \$18,681,366 | \$19,059,398 |
| Assignable | (636,334) | (72,322) |
| Retirements to date | <u>(1,220,801)</u> | <u>(1,086,959)</u> |
| Total | <u>\$16,824,231</u> | <u>\$17,900,117</u> |

4. Long Term Debt

All assets, except vehicles, are pledged as collateral on the long term debt to RUS, Federal Financing Bank (FFB) and CFC under a joint mortgage agreement. Long term debt consisted of:

| | <u>2008</u> | <u>2007</u> |
|---------------------------------------|---------------------|---------------------|
| First mortgage notes due RUS: | | |
| 2% to 5% | <u>\$24,103,837</u> | <u>\$15,929,879</u> |
| First mortgage notes due FFB: | | |
| 4.54% (5.042% in 2007) | <u>10,037,463</u> | <u>10,251,812</u> |
| First mortgage notes due CFC: | | |
| 7% | 11,656 | 26,058 |
| 5.90% - 6.80% (5.25% - 6.40% in 2007) | <u>1,881,034</u> | <u>2,027,655</u> |
| | <u>1,892,690</u> | <u>2,053,713</u> |
| | 36,033,990 | 28,235,404 |
| Less current portion | <u>1,050,000</u> | <u>940,000</u> |
| | <u>\$34,983,990</u> | <u>\$27,295,404</u> |

The interest rates on notes payable to NRUCFC at 5.90% - 6.80% are subject to change every seven years. The long term debt payable to RUS, FFB and NRUCFC is due in quarterly and monthly installments of varying amounts through 2034. Grayson had unadvanced loan funds available from RUS in the amount of \$660,000.

As of May 31, 2008, the current annual portion of long term debt outstanding for the next five years are as follows: 2009 - \$1,050,000; 2010 - \$1,100,000; 2011 - \$1,150,000; 2012 - \$1,200,000; 2013 - \$1,300,000.

Continued

5. Short Term Borrowings

At May 31, 2008, Grayson had a short term line of credit of \$4,200,000 available from CFC. Grayson had repaid all borrowings outstanding against this line of credit during the audit period.

At May 31, 2008, Grayson also had a short term line of credit of \$1,000,000 available from National Bank for Cooperatives (CoBank). Grayson had repaid all borrowings against this line of credit during the audit period.

6. Related Party Transactions

Several Directors of Grayson, the President & CEO and another employee are on the Board of Directors of various associated organizations.

7. Pension Plan

All eligible employees of Grayson participate in the NRECA Retirement and Security Program, a defined benefit pension plan qualified under section 401 and tax-exempt under section 501(a) of the Internal Revenue Code. Grayson makes annual contributions to the Program equal to the amounts accrued for pension expense. Contributions were \$344,778 for 2008 and \$318,949 for 2007. In this multiemployer plan, which is available to all member cooperatives of NRECA, the accumulated benefits and plan assets are not determined or allocated separately by individual employer.

8. Accumulated Postretirement Benefits

Grayson sponsors a defined benefit plan that provides medical insurance coverage to retired employees, their dependents and retired directors. Grayson pays all the premiums for retired employees, their dependents and retired directors. Postretirement benefits are not funded.

The funded status of the plan was as follows:

| | <u>2008</u> | <u>2007</u> |
|------------------------------|----------------------|----------------------|
| Projected benefit obligation | (\$1,667,016) | (\$1,082,045) |
| Plan assets at fair value | - | - |
| Funded status | <u>(\$1,667,016)</u> | <u>(\$1,082,045)</u> |

The components of net periodic postretirement benefit costs are as follows:

| | <u>2008</u> | <u>2007</u> |
|-------------------------------|-------------|-------------|
| Net periodic benefit cost | \$278,331 | \$264,623 |
| Benefits paid to participants | 193,360 | 207,543 |

For measurement purposes, a 7% annual rate of increase in the per capita cost of covered health care benefits was assumed. The discount rate used in determining the accumulated postretirement benefit obligation was 6.5% for 2007 and 2006.

Continued

9. Contingencies and Commitments

Grayson is contingently liable as guarantor for approximately \$240,000 of long term obligations of East Kentucky to RUS, NRUCFC and institutional investors. Substantially all assets of Grayson are pledged as collateral for this guarantee, in addition to the pledge in the mortgage agreement referred to in Note 4. This contingent liability was part of an overall financing plan for the construction of a generating facility near Maysville, Kentucky.

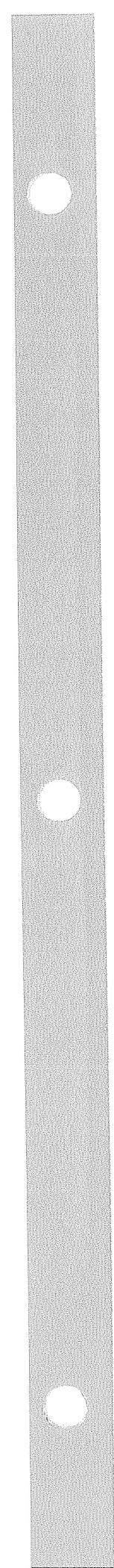
Grayson has various agreements outstanding with local contractors. Under these agreements, the contractors will perform certain construction and maintenance work at specified hourly rates or unit cost, on an as needed basis. The duration of these contracts are either one or two years.

10. Environmental Contingency

Grayson from time to time is required to work with and handle PCBs, herbicides, automotive fluids, lubricants and other hazardous materials in the normal course of business. As a result, there is the possibility that environmental conditions may arise which would require Grayson to incur cleanup costs. The likelihood of such an event, or the amount of such costs, if any, cannot be determined at this time. However, management does not believe such costs, if any, would materially affect Grayson's financial position or its future cash flows.

11. New Accounting Standard

On September 29, 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No. 87, 88, 106 and 132(R). SFAS No. 158 requires an employer that sponsors a defined benefit postretirement plan to report the current economic status (the overfunded or underfunded status) of the plan in its balance sheet, to measure the plan assets and plan obligations as of the balance sheet date, and to include enhanced disclosures about the plan. The Cooperative will be required to adopt the recognition and disclosure provisions of SFAS No. 158 for the fiscal year ending December 31, 2007, and the measurement date provision for the fiscal year ending December 31, 2008. The Cooperative does not anticipate adopting the provisions of SFAS No. 158 prior to those periods.



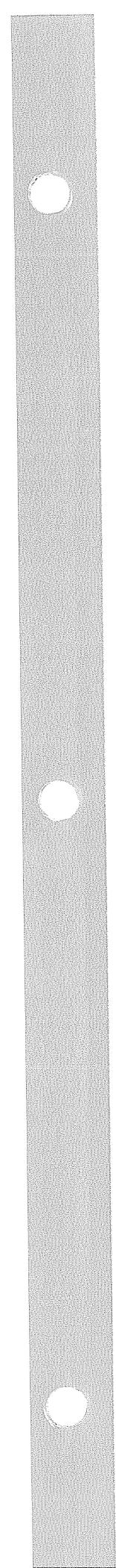
Grayson Rural Electric Cooperative

Case No. 2008-00254

May 31, 2008

Computer Software Programs

Grayson Rural Electric has used Microsoft Excel and Word in the preparation of this Application.



GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION
2008 ANNUAL MEMBERSHIP MEETING MINUTES

Grayson Rural Electric Cooperative Corporation held its 57th Annual Membership Meeting on May 16, 2008 at East Carter Middle School. Chairman Trent called the meeting to order at 7:00 p.m.

Jimmy Whitt, Director of Grayson Rural Electric Cooperative Corporation gave the invocation.

Valarie Sammons sang the National Anthem and East Carter School ROTC presented the colors.

Dale Littleton, a Maintenance Leadman for Elliott County sang a song he had written entitled "Cowboy Lineman Rodeo".

Chairman Trent welcomed the audience and introduced Carol Hall Fraley, President & CEO of Grayson Rural Electric Cooperative Corporation.

President Fraley introduced the platform guests. Those in attendance were Bob Marshall, CEO of East Kentucky Power; Ron Sheets, President of KAEC; Senator Walter Blevins; Representative Rocky Adkins; Robert Miller, Carter County Attorney; and George Wallace, Carter County Judge Executive.

President Fraley reported the Cooperative has 15,699 meters and 2,444 miles of line and the average kilowatt hour usage is 1,196. Cooperative vehicles traveled 386,000 miles in 2007. President Fraley told the crowd that the Cooperative would be filing for a rate increase later this year and that it had been ten years since the last rate increase.

Ron Sheets, President of KAEC called the Business meeting to order. W. Jeffrey Scott, Legal Counsel for the Cooperative presented the Official Notice of the Annual Meeting and proof of mailing thereof. He ascertained that 520 members had registered which represented a quorum. Mr. Sheets asked for approval of the 2007 Business Meeting Minutes. Motion was made and duly seconded and unanimously agreed to dispense with the reading of the minutes and approve them as presented.

Ron Sheets reported on the 2008 Director's election. He noted that incumbent directors Kenneth Arrington and Jimmy Whitt made proper notice of their intentions to seek re-election to the Board of Directors for Lawrence and Elliott counties. Mr. Ron Copley presented submitted his petition to seek election to the Board of Directors for Elliott County. The Provost and Legal Counsel declared that Mr. Copley had the required number of signatures to have his name put on the ballot. No petitions were received for Lawrence County so in accordance with our Bylaws, incumbent Director Kenneth Arrington was elected to serve a four year term. Mr. Copley received 421 votes and Mr. Whitt received 831 votes. Therefore, incumbent Director Jimmy Whitt was elected to serve a four year term.

Mr. Sheets asked for any new business or old business, and none was heard. Therefore, he declared the meeting adjourned.

Kim Bush, Manager of Marketing and Member Services presented seven \$1,000.00 scholarships to the following students"

| | |
|------------------|-----------------|
| William Claxon | South Shore, KY |
| David Gillum | Sandy Hook, KY |
| Lauren Heaberlin | Greenup, KY |
| Tara James | Olive Hill, KY |
| Tabbatha Loan | South Shore, KY |
| Lauren Porter | Sandy Hook, KY |
| Jon Lee Strough | Grayson, KY |

Chairman

Secretary/Treasurer

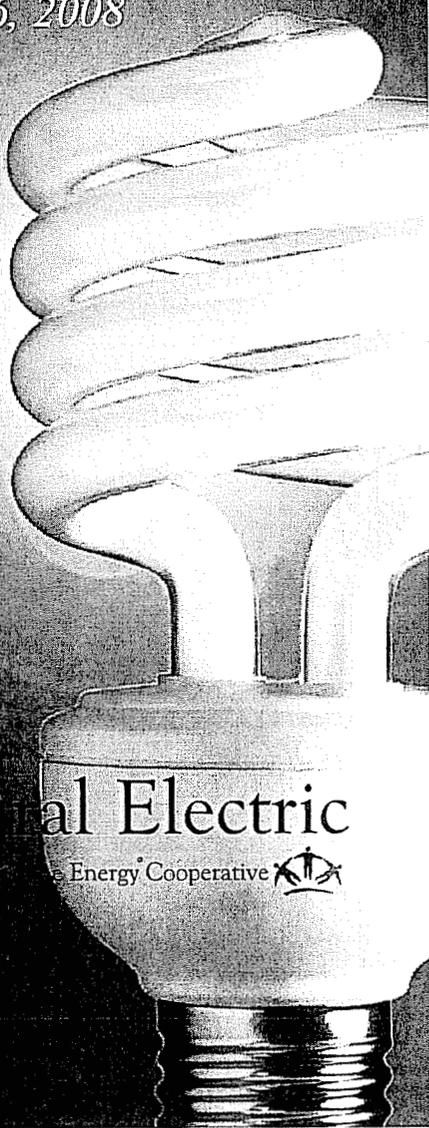
Legal Counsel

Exh P
3 of 20

Annual Report to the Membership

May 16, 2008

*Johnson Rural Electric
Cooperative Corporation
exists to provide safe,
reliable electricity and
related services to our
members, our communities
and others who may be
affected by our actions*



Johnson Rural Electric
Energy Cooperative

Grayson Rural Electric Cooperative Corporation *2007 Annual Membership Meeting Minutes*

Grayson Rural Electric Cooperative Corporation held its 56th Annual Membership Meeting on May 10, 2007 at Cooperative Headquarters. Chairman Trent called the meeting to order at 6:30 p.m.

Donnie Crum, Director of Grayson Rural Electric Cooperative Corporation gave the invocation.

Chairman Trent welcomed the audience and introduced Carol Hall Fraley, President & CEO of Grayson Rural Electric Cooperative Corporation.

President Fraley introduced the platform guests.

President Fraley reported the Cooperative experienced one of the coldest Februarys in a decade. She said the Cooperative was 92% residential with 65% of the membership on a fixed income. She noted that an increase from our wholesale supplier will appear on the June 1 bills. This increase will be sent directly to EKPC. The Cooperative plans to extend the back side of the building to allow for more office space. She reported that our crews have completed work on the East Tygart line upgrade in Greenup County and are currently working on the Brushy Line in Lawrence County. In the fall, we anticipate work to commence on the Adkins Loop Line.

W. Jeffrey Scott, Legal Counsel for the Cooperative called the Business Meeting to order. Mr. Scott reported a registration of 584 members and that quorum was met. He also presented the Official Notice of the Annual Meeting and proof of mailing thereof. Mr. Scott presented to the membership for their consideration the minutes of the 2006 Annual Membership Meeting. Motion was made by Kenneth Arrington, seconded by Don Combs and unanimously agreed to dispense with the reading of the minutes and approve them as presented.

Mr. Scott asked for any new business or old business, and none was heard. Therefore, he declared the meeting adjourned.

CO-OP RELIABILITY

A Message from Your CEO and Board Chair

The word reliability has a couple of different meanings at Grayson Rural Electric. It means keeping your electricity on. It means safety; for our employees and our members. It means living and working in a great community.

That might call for sending a crew of lineworkers out in a thunderstorm or blizzard in the middle of the night to repair downed lines as quickly as possible. Or working on ways to avoid power interruptions of even a few milliseconds, to protect the newest, modern electronics used in homes and businesses today.

It also requires looking into the future, by building the power plants and transmission lines that will be needed to ensure you'll have all the electricity you want 20 and 30 years from now.

A less technical definition of reliability refers to someone you can count on in all sorts of situations. In other words, a good neighbor. Grayson R.E.C.C. works hard to be a helpful, well-informed energy neighbor as well.

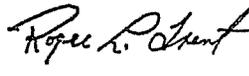
Grayson R.E.C.C. can offer expert advice on how to use energy efficiently. As a local, member-owned cooperative, Grayson Rural Electric stays involved in a wide range of community support activities. From educational scholarships, to membership in charitable organizations, to economic development, Grayson Rural Electric takes pride in its role of helping improve the quality of life of our members.

We're pleased to provide you with this annual report on another successful, reliable, year for Grayson Rural Electric Cooperative Corporation.

Whether it's keeping the lights on or supporting a community meeting, you can count on your cooperative, Grayson Rural Electric, to be involved.



Carol Ann Fraley
CEO



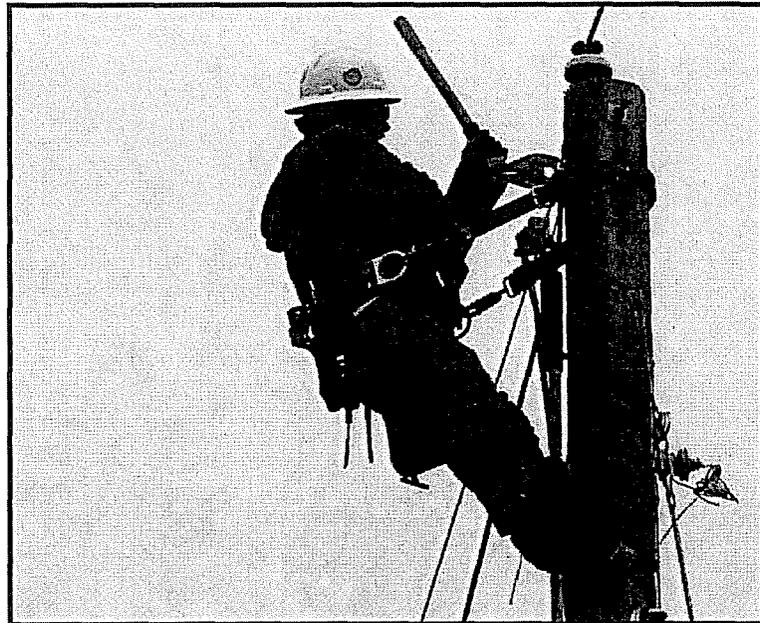
Roger Trent
Board Chairman

Reliable Value

Costs are rising in many industries, especially in the energy business. Our members have seen sharp increases in Environmental and fuel charges.

Grayson Rural Electric has been affected by these cost increases as well. Grayson Rural Electric makes every effort to keep its business operations effective and efficient, to provide you the most affordable and reliable electric service, at the lowest possible cost. As you know, there are times when cost increases must be passed along to the members, to make sure the co-op operates from a sound financial position.

Grayson Rural Electric also works hard to make sure you can depend on the value of electricity for years to come. Demand for electricity is growing at a rate faster than new power plants are being built. The new power plants that will be required will be expensive. You can rely on Grayson Rural Electric being on the job to make sure new electricity generation in the coming years will be as economical as possible.



Statement of Operations

| | |
|---------------------------------------|----------------|
| Operating Revenue | 25,069,252 |
| Operating Expense | 16,786,116 |
| Purchased Power | 5,458,858 |
| Operating the System | 1,529,112 |
| Depreciation | 1,487,150 |
| Interest on Loans | 95,732 |
| Other Deductions | 231,233 |
| Total Cost of Electric Service | 25,492,459 |
| Operating Margins | (423,207) |
| Non Operating Margins | 27,927 |
| G & T Capital Credits | - |
| Other Capital Credits | 49,902 |
| Patronage Capital & Margins | (345,378) |

Members Served in 2007

| | |
|--------------|---------------|
| Carter | 3,370 |
| Elliott | 2,730 |
| Greenup | 3,263 |
| Lawrence | 622 |
| Lewis | 247 |
| Rowan | 1,357 |
| Total | 11,589 |

Balance Sheet

| | |
|--|----------------|
| Assets | |
| Total Utility Plant | 52,788,081 |
| Less Depreciation | (8,116,177) |
| Net Utility Plant | 44,671,904 |
| Patronage capital in Assoc. Org. | 5,415,365 |
| Cash and Investments | 13,486 |
| Owed to Co-op on Accounts & Notes | 5,093,105 |
| Material Inventory | 353,230 |
| Expenses Paid in Advance | 44,863 |
| Deferred Debits and Other assets | 206,210 |
| Total Assets | 55,798,163 |
| Liabilities | |
| Member Deposits | 1,192,767 |
| Membership fees and Equities | 17,144,018 |
| Long Term Debt | 30,704,887 |
| Notes and Accounts Payable | 5,940,146 |
| Other Current Liabilities | 635,755 |
| Other Deferred Credits | 180,590 |
| Total Liabilities | 55,798,163 |
| Accounts Billed (average) | 15,631 |
| Average Kilowatt- hour use | 1,120 |
| Miles of Line | 2,454 |
| Consumers per Mile | 6.37 |
| Capital Credits retired (deceased accounts) | \$173,353 |

Services We Offer

| | |
|----------------------------------|--------------------------|
| Touchstone Energy Home Incentive | Button Up Program |
| ETS Incentive | Energy Audits |
| Heat Pump Incentive | Levelized Budget Billing |
| Geothermal Incentive | Auto Bank Draft |
| | EnviroWatts |

Green Valley Landfill

Located in Greenup County, Ky., the Green Valley landfill renewable energy plant is a \$4 million gas-to-electric facility that converts methane produced from decaying trash into electricity. The project, which has three units (with plans to ultimately expand to four units) that produce a total of 2.4 megawatts of electricity, has been applauded for being both environmentally responsible and cost efficient.

Of the 6,000 landfills across the U.S., there are more than 340 with landfill gas-to-electric projects currently in operation. The Environmental Protection Agency estimates as many as 500 additional landfills could cost-effectively tap methane as an energy source, producing enough electricity to power one million homes across the country. Grayson Rural Electric is proud to be a part of this cutting-edge renewable energy program.



Environmentally Reliable

One of the biggest energy stories in the news during the past year has been concerns about emissions of greenhouse gases being blamed for global warming.

Grayson R.E.C.C. brings special expertise to this large and complex energy and environmental issue. Grayson R.E.C.C. participates in national organizations of scientists, engineers, and policy experts who pay special attention to climate change. They're working on several advanced, highly complex techniques and technologies that could actually reduce the amount of greenhouse gases being emitted in this country over the next 20 years.

One of the greenhouse gas reduction plans is not complicated at all, and all of us can do it in our homes and businesses-use energy more efficiently.

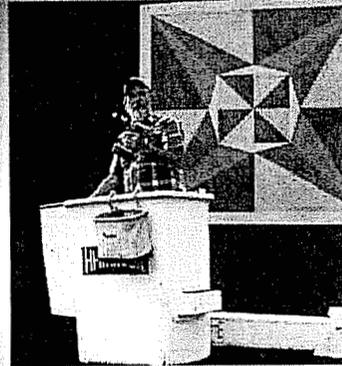
Grayson Rural Electric has a long history of working with its members to help them make the best use of their electric energy. Grayson R.E.C.C. offers a number of programs that members use regularly, to reduce energy inefficiencies around the home and business.

One solution that combines efficiency and technology is the use of compact fluorescent bulbs. These new lights cost more than regular incandescent bulbs, but they use one-fourth the electricity to produce the same amount of light, and they last 10 times as long. That's a solution that can help the environment, and save you money. Grayson Rural Electric is glad to give these bulbs at our annual meetings. In the past four years, Kentucky electric co-ops have distributed more than 400,000 compact fluorescent light bulbs, saving Kentuckians more than \$4 million, and reducing carbon dioxide emissions by more than 78,000 tons.

Environmental and energy concerns are one of the most important and pressing concerns of the day. Grayson Rural Electric is providing its members with reliable advice for analyzing and acting on the best course for our energy future. Grayson R.E.C.C. also offers our Envirowatts Program. You can sign up to be part of this effort to produce clean, renewable power. EnviroWatts are sold in 100 kWh blocks, which is approximately one-twelfth of the average monthly household usage of 1,225 kWh. Each block purchased adds \$2.75 to a member's monthly utility bill for one year. The program is completely voluntary and purchasing just one block has the annual environmental equivalence of offsetting the use of 1,200 pounds of coal.

Community Support

Relay for Life
United Way
American Private Enterprise
System
Little Leagues
Boy Scouts
Girl Scouts
School teams
Career Days
4-H
FFA
Scholarships
Frankfort & Washington
Youth Tours
Extension Service
Clothesline of quilts
Chambers of Commerce
Operation Christmas Child
Kids in the Races
Christmas Parade
Safety Demonstrations



A Reliable Neighbor

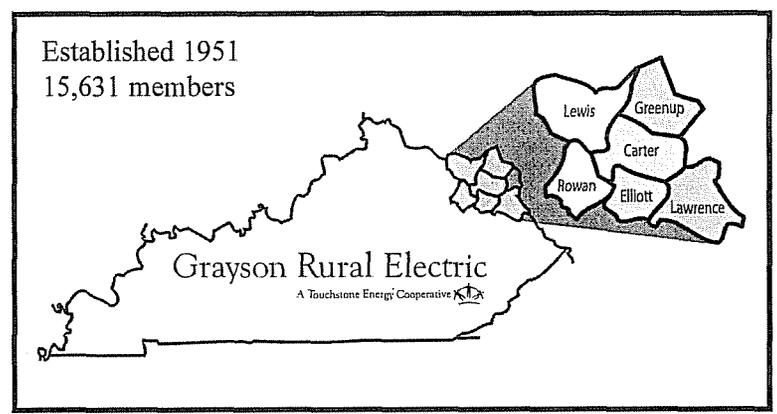
As a local, member-owned utility, Grayson Rural Electric values its role in our community.

Our schools are among the most important foundations of the community, and Grayson R.E.C.C. supports their educational efforts in a number of ways. From electric safety demonstrations in classrooms, to participation in scholarship programs, to statewide involvement in college and university projects, Grayson Rural Electric can be counted on to act on its commitment to education.

Grayson Rural Electric is also actively involved in improving our local quality of life by being a part of our local economic development activities, working to enhance jobs and income in our community. Employees of Grayson R.E.C.C. are active in boards, clubs, and civic groups all around the service territory.

One of the most visible ways this reliability can be seen is with Grayson R.E.C.C.'s annual meeting every spring. This meeting provides a rallying point for the progress and recognition of co-op and community activities. The important business of the co-op is conducted at this meeting, including reports on the co-op's financial position and board elections. It's also a fun event where families can come and spend time among their neighbors.

So whether it's an annual community business meeting or dependable electricity today and into the future, you can count on Grayson Rural Electric. That's co-op reliability.



Right-Of-Way Projects

Removed11,250 trees
Trimmed 2,506 trees
Re-Cleared 60 miles
Bush Hogged23 miles
Sprayed17 miles

Special projects

Cleared 140 miles of line
in Rowan County

Cleared 65 miles of line
in Greenup County

2008 projects

Elliottsville circuit # 1
Carter City circuit # 4

Work Projects

The following were either completed
or begun during 2007:

Major Projects

- ◆ East Tygart
- ◆ Route 7 Road Relocation
- ◆ Brushy - Lawrence Co.
- ◆ Fort Falls to Adkins Loop

These projects were done anticipating
low voltages, high amperages or
line deterioration which would have
caused power quality issues.

Routine work

Grayson Rural Electric built:

- ◆ 16.4 miles of line to serve
320 new services
- ◆ upgraded 93 services
- ◆ replaced 299 poles
- ◆ installed 393 security lights



2008 Annual Meeting Scholarship Winners

William Claxon- Greenup County High School
David Ray Gillium- Elliott County High School
Lauren Ashley Heaberlin- Greenup County High School
Tara James- West Carter High School
Tabbatha Loan- Greenup County High School
Lauren Porter- Elliott County High School
Jon Lee Strough- East Carter High School



Grayson R.E.C.C. participated in the 2007 Kentucky Lineman's Rodeo against 20 other teams and won 2nd place overall honors. The participants competed in various events that demonstrated techniques many would find very difficult and challenging, but for these linemen, it's simply part of the job. The Rodeo gives Kentucky's cooperative linemen the opportunity to exhibit the talent, speed and safety skills necessary for this highly respected and dangerous profession.

Grayson Rural Electric

A Touchstone Energy Cooperative 

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Board of Directors



Roger Trent
Chairman
Rowan County



Donnie Crum
Vice-Chairman
Carter County



Eddie Martin
Secretary/Treasurer
Greenup/Lewis
County



Billy "T" Rice
Elliott County



Jimmie Whitt
Elliott County



**Kenneth
Arrington**
Lawrence County



**Carol Ann
Fraley**
Grayson RECC
Manager

Grayson Rural Electric

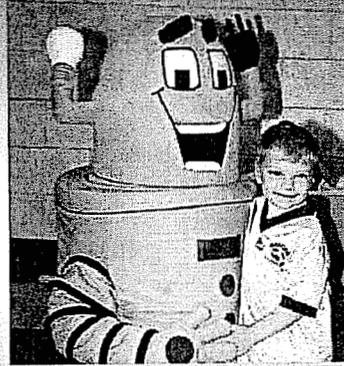
A Touchstone Energy Cooperative 

Grayson Rural Electric
Cooperative Corporation
www.graysonrecc.com

1-(800)562-3532 or 474-5136
Billing 1-(877)294-4910 or 474-2120

Agenda

- Refreshments
- Registration
- Information Booths
- Wizards of Dance
- Business Meeting
- Election
- Scholarship
- Winners
- Door Prizes



Grayson Rural Electric

A Touchstone Energy Cooperative 

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474-5136 or
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GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION
2007 ANNUAL MEMBERSHIP MEETING MINUTES

Grayson Rural Electric Cooperative Corporation held its 56th Annual Membership Meeting on May 10, 2007 at Cooperative Headquarters. Chairman Trent called the meeting to order at 6:30 p.m.

Donnie Crum, Director of Grayson Rural Electric Cooperative Corporation gave the invocation.

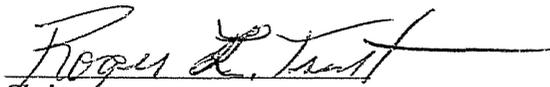
Chairman Trent welcomed the audience and introduced Carol Hall Fraley, President & CEO of Grayson Rural Electric Cooperative Corporation.

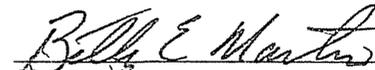
President Fraley introduced the platform guests.

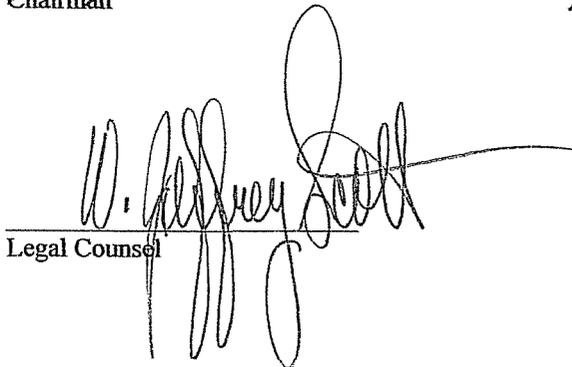
President Fraley reported the Cooperative experienced one of the coldest Februarys in a decade. She said the Cooperative was 92% residential with 65% of the membership on a fixed income. She noted that an increase from our wholesale supplier will appear on the June 1 bills. This increase will be sent directly to EKPC. The Cooperative plans to extend the back side of the building to allow for more office space. She reported that our crews have completed work on the East Tygart line upgrade in Greenup County and are currently working on the Brushy Line in Lawrence County. In the fall, we anticipate work to commence on the Adkins Loop Line.

W. Jeffrey Scott, Legal Counsel for the Cooperative called the Business Meeting to order. Mr. Scott reported a registration of 584 members and that quorum was met. He also presented the Official Notice of the Annual Meeting and proof of mailing thereof. Mr. Scott presented to the membership for their consideration the minutes of the 2006 Annual Membership Meeting. Motion was made by Kenneth Arrington, seconded by Don Combs and unanimously agreed to dispense with the reading of the minutes and approve them as presented.

Mr. Scott asked for any new business or old business, and none was heard. Therefore, he declared the meeting adjourned.


Chairman


Secretary/Treasurer


Legal Counsel



Co-op News

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A Touchstone Energy Cooperative

2007 **Annual Meeting** *Open House*

Thursday, May 10

*109 Bagby Park
Grayson, KY*

Registration:
7:30 a.m. - 6:30 p.m.

Business meeting:
6:30 p.m.

Grayson RECC's annual meeting Open House will be held on Thursday, May 10, 2007, at 109 Bagby Park in Grayson. Registration for members opens at 7:30 a.m. and will close at 6:30 p.m. The business meeting will take place at 6:30 p.m. Members can register for a door prize, pick up a free bucket of bulbs, and enjoy a light snack throughout the day. Members need not be present to win the door prize.



Office hours: Monday-Friday 7:30 a.m. - 4:30 p.m.
Phone: (800) 562-3532 or (606) 474-5136
24 HOUR DISPATCH

www.graysonrecc.com

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May proclaimed Electrical Safety Mon

May is National Electrical Safety Month, a time for all of us to increase our electrical safety awareness. Grayson RECC believes it is our responsibility to make sure people of all ages respect electricity and know how to be careful around it.

That's why we have joined other Kentucky Touchstone Energy Cooperatives in offering innovative new programs to educate the community year-round.

We take electric safety very seriously. According to the Electrical Safety Foundation International, electrical problems cause 140,000 fires across the country each year, resulting in hundreds of deaths and thousands of injuries.

In addition, electrical shock kills nearly 400 people a year and injures thousands more. Most of these deaths and injuries could be avoided with an increased awareness.

Grayson Rural Electric representatives visit schools and civic groups throughout the year, giving free presentations and demonstrations about electrical safety. Young children learn about basic safety around wall sockets and appli-

ances, while older children and adults get information such as avoiding power-line contact. Demonstrations and lively discussions help drive the safety message home.

We also have a Safety Trailer for outdoor demonstrations. Geared for older children and adults, this is an exciting demonstration about how electricity travels through wires and what happens when a kite hits a power line.

Grayson Rural Electric provides Web-based tools to increase electrical safety awareness. Children love our Safety Station, where animated characters Buzz and Sparky teach them lessons in safety. We also have more fun and games about safety on Kids Korner.

One of our major safety concerns lately is the theft of copper from substations. Copper theft is a dangerous practice that has killed at least four people in Kentucky in recent months. There is a reason warning signs are posted around substations: the very high voltage within can cause immediate harm, including death, to untrained and unqualified people. Unauthorized entry into a substation is a crime, as is stealing materials

like copper.

We ask our members to report suspicious activity they see at substations along power lines, or on utility

Finally, after all your precautions around electricity, don't forget a working smoke alarm dramatically increases your chances of surviving a fire. And remember to practice your escape plan frequently with your family.

By working together, we can make a difference and create a safer, more secure environment in the workplace, at home, and in school.



*Carol Hall Fraley,
president and CEO*

Our office will be closed Monday, May 28, for Memorial Day.

President & CEO
Carol Hall Fraley

Attorney
W. Jeffrey Scott

LAST DAY TO PAY
May 15



BOARD BRIEFS...

- Approved the union contract for final vote.
- Heard a plan to reroute surface water and repave the garage/warehouse area.
- Adopted Federated Insurance to carry business/commercial coverage.

Board of Directors

Roger Trent — Chairman
William T. "Bill" Rice — Vice Chairman
Eddie Martin — Secretary

Kenneth Arrington — member of
Donnie Crum — East Kentucky Power C
Jimmy E. Whitt — www.graysonre.com

Official Notice of Annual Meeting of Members

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Notice is hereby given that the annual membership meeting of the Grayson Rural Electric Cooperative Corporation will be held at 109 Bagby Park in Grayson, on Thursday, May 10, 2007, at 6:30 p.m., (registration opens at 7:30 a.m.) to take action on the following matters:

1. Report on the number of members present in person in order to determine the existence of a quorum;
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be;
3. Reading of unapproved minutes of previous meeting of the members and the taking of necessary action thereon;
4. Presentation and consideration of reports of officers, trustees, and committees;
5. Report on the election of board members;
6. Unfinished business;
7. New business;
8. Adjournment.

No proposal shall be voted upon at the annual meeting unless it has been placed on the agenda by any member by filing a copy of the proposal with the Secretary within the time allowed, with a request that it be submitted to the annual meeting for consideration. You are cordially invited to attend the 2007 annual meeting of Grayson Rural Electric Cooperative Corporation.

Sincerely,



Billy E. (Eddie) Martin, Secretary

Board of Directors

Grayson Rural Electric Cooperative Corporation

Grayson RECC cares about your safety

Safety around electricity matters to Grayson Rural Electric year-round. During Electrical Safety Month in May, we renew our commitment to keeping you and your family safe. Here is some basic information to keep in mind at home, school, or work:

- Ladders can become electrified if brought into contact with electric wires.
- Treat all downed, hanging, or burning wires as though they are "live" and

stay away from them.

- Never dig around your home or business without first calling to check for underground wiring or cable locations.
- Before you work on a rooftop television antenna be sure the area is clear of power lines.
- Don't use outdoor power tools in the rain or while working with wet surfaces.
- Never construct kites from wire or metal; always use paper or wood. Keep

your kite away from electric power lines.

- If you are in a car that makes contact with a power line, stay inside if possible. If you have to get out, jump with your feet together. Then hop away, keeping both feet close together.
- Do not let children play around or sit on top of transformers.
- Do not enter substations. The high voltage within is very dangerous.

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Statement of Operations

For the Year Ending December 31, 2006

| | |
|--|------------------|
| Operating Revenue and Patronage Capital..... | \$22,646,189 |
| Operating Expense | |
| Cost of Purchased Power..... | \$14,834,604 |
| Operating the Electric System | 4,796,324 |
| Depreciation | 1,465,821 |
| Regulatory Commission Assessment..... | 25,117 |
| Interest on Loans | 1,504,171 |
| Other Deductions..... | 135,701 |
| Total Cost of Electric Service | \$22,761,738 |
| Patronage Capital and Operating Margins..... | (115,549) |
| Non-Operating Margins | 18,977 |
| Other Capital Credits..... | 40,404 |
| Patronage Capital and Margins..... | (56,168) |

Balance Sheet

For the Year Ending December 31, 2006

Assets

| | |
|---|------------------|
| Total Utility Plant..... | \$50,427,239 |
| Less Depreciation | 7,354,029 |
| Net Utility Plant Book Value | \$43,073,210 |
| Certificates in Rural Electric Bank and Investments in Association | |
| Organization..... | \$5,395,191 |
| Cash and Reserves | 49,878 |
| Owed to Co-op on Accounts and Notes | 4,811,928 |
| Material in Inventory | 385,103 |
| Expenses Paid in Advance | 50,758 |
| Deferred Debits and Other Assets..... | 7,214 |
| Total Assets | \$53,773,282 |

Liabilities

| | |
|--|------------------|
| Consumer Deposits | 1,143,258 |
| Membership and Other Equities..... | 17,656,719 |
| Long-Term Debt | 28,622,316 |
| Notes and Accounts Payable | 4,463,121 |
| Other Current and Accrued Liabilities..... | 1,613,214 |
| Noncurrent Liabilities | 274,654 |
| Total Liabilities | \$53,773,282 |

2006 Statistics

Members Served in 2006

| | |
|---------------|-------|
| Carter..... | 4,486 |
| Elliott..... | 3,801 |
| Greenup..... | 4,278 |
| Lawrence..... | 863 |
| Lewis..... | 305 |
| Rowan..... | 1,813 |

Miles of Line

| | |
|------------|----------|
| 1996..... | 2,226.28 |
| 2006 | 2,437.14 |

Consumers per Mile

| | |
|------------|---|
| 1996..... | 6 |
| 2006 | 6 |

NEW EMPLOYEES



Mr. Jamey Withrow and his wife Angela live in Grayson. Jamey is a 1st class lineman that previously worked at Pike Electric. Jamey has six daughters that attend Prichard and East Carter Middle School. They are Erin, 14, Savanna, 14, Heather, 12, Shayla, 10, Alyssa, 8, and Caity, 6. He enjoys coaching his daughters' softball team. He likes to listen to rock 'n roll and a little bit of bluegrass. His favorite type of food is Mexican. We would like to give a great big welcome to Jamey and his family and we hope they will consider us "like family" here at the co-op.



Mr. Mike Reynolds is from Copperas Hollow in Morehead. Mike has operated his own shop, Reynolds Repair, for the past 11 years. Mike has one son, Devin Reynolds, who is a senior at East Carter High School. Mike enjoys riding 4-wheelers. He likes to listen to country and bluegrass music. His favorite food is fried potatoes. The co-op family is pleased to have Mike and his family join Grayson Rural Electric.

NEW RESPONSIBILITIES



Mr. Roger Kitchen has worked for Grayson RECC for the past 12 years as the mechanic. Roger has currently changed positions to work in the meter department. Congratulations, Roger, on exploring new avenues. We know that he will do a terrific job for the co-op. Roger and his wife Pam live in Grayson. Their family includes their daughter Karrie and her husband Will, their daughter Ashley, their son Ryan, and two grandchildren, Jordyn and Price.

PART A. STATEMENT OF OPERATIONS

| LINE NO | YEAR TO DATE | | | | THIS MONTH | % FROM BUDGET | % CHANGE FROM LAST YEAR |
|--------------------------------------|---------------|---------------|---------------|---------------|------------|---------------|-------------------------|
| | LAST YEAR | THIS YEAR | BUDGET | | | | |
| | A | B | C | D | | | |
| 1.0 | 4,966,228.40 | 5,277,591.89 | 5,136,297.82 | 2,435,315.37 | 2.8 | 6.3 | |
| 2.0 | .00 | .00 | .00 | .00 | .0 | .0 | |
| 3.0 | 3,369,998.00- | 3,751,276.00- | 3,490,496.00- | 1,746,922.00- | 7.5 | 11.3 | |
| 4.0 | .00 | .00 | .00 | .00 | .0 | .0 | |
| 5.0 | 160,292.07- | 176,883.52- | 178,070.18- | 81,671.70- | .7- | 10.4 | |
| 6.0 | 258,649.95- | 467,752.95- | 344,708.12- | 293,055.26- | 35.7 | 80.8 | |
| 7.0 | 128,632.73- | 133,973.20- | 149,590.16- | 67,297.42- | 10.4- | 4.2 | |
| 8.0 | 5,130.84- | 24,856.86- | 36,896.16- | 17,834.53- | 32.6- | 384.5 | |
| 9.0 | 4,771.09- | 4,664.30- | 7,411.68- | 3,088.55- | 37.1- | 2.2- | |
| 10.0 | 231,057.43- | 232,425.23- | 236,873.60- | 132,394.08- | 1.9- | .6 | |
| 11.0 | 4,158,532.11- | 4,791,832.06- | 4,444,045.90- | 2,342,263.54- | 7.8 | 15.2 | |
| 12.0 | 248,696.44- | 261,936.39- | 320,911.48- | 131,119.29- | 18.4- | 5.3 | |
| 13.0 | 4,186.00- | 4,330.00- | 4,333.32- | 2,165.00- | .1- | 3.4 | |
| 14.0 | .00 | .00 | .00 | .00 | .0 | .0 | |
| 15.0 | 236,317.12- | 234,167.78- | 287,923.14- | 114,560.38- | 18.7- | .9- | |
| 16.0 | .00 | .00 | .00 | .00 | .0 | .0 | |
| 17.0 | 11,440.05- | 11,946.00- | 11,666.66- | 5,982.00- | 2.4 | 4.4 | |
| 18.0 | 27,500.39- | 10,450.00- | 6,849.98- | 4,900.00- | 52.6 | 62.0- | |
| 19.0 | 4,686,672.11- | 5,314,662.23- | 5,075,730.48- | 2,600,990.21- | 4.7 | 13.4 | |
| 20.0 | 279,556.29 | 37,070.34- | 60,567.34 | 165,674.84- | 161.2- | 113.3- | |
| 21.0 | 5,037.28 | 5,083.91 | 6,178.30 | 2,529.00 | 17.7- | .9 | |
| 22.0 | .00 | .00 | .00 | .00 | .0 | .0 | |
| 23.0 | .00 | .00 | .00 | .00 | .0 | .0 | |
| 24.0 | 7,312.54- | 8,254.05- | 2,241.84- | 416.56- | 268.2 | 12.9 | |
| 25.0 | .00 | .00 | .00 | .00 | .0 | .0 | |
| 26.0 | 4,509.00 | 15,449.00 | 8,233.28 | 15,449.00 | 87.6 | 242.6 | |
| 27.0 | .00 | .00 | .00 | .00 | .0 | .0 | |
| 28.0 | 281,790.03 | 24,791.48- | 72,737.08 | 148,113.40- | 134.1- | 108.8- | |
| RATIOS | | | | | | | |
| TIER | 2.192 | .894 | 1.253 | .293- | | | |
| MARGINS TO REVENUE | .057 | .005 | .014 | .061 | | | |
| POWER COST TO REVENUE | .679 | .711 | .680 | .717 | | | |
| INTEREST EXPENSE TO REVENUE | .048 | .044 | .056 | .047 | | | |
| CURRENT ASSETS : CURRENT LIABILITIES | .9040 | | | | | | |
| MARGINS & EQUITIES AS % OF ASSETS | .3010 | | | | | | |
| LONG TERM DEBT AS % OF PLANT | .5930 | | | | | | |
| GENERAL FUNDS TO TOTAL PLANT | .0912 | | | | | | |
| QUICK ASSET RATIO | .8518 | | | | | | |

EXHIBIT Q
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PART C. BALANCE SHEET

| ASSETS AND OTHER DEBITS | | LIABILITIES AND OTHER CREDITS | | |
|-------------------------|---------------------------------|-------------------------------|-------------------------------------|----------------|
| LINE NO | | | | |
| 1.0 | TOTAL UTILITY PLANT IN SERVICE | 52,711,915.79 | 29.0 MEMBERSHIPS | 151,145.00- |
| 2.0 | CONSTRUCTION WORK IN PROGRESS | 502,334.36 | 30.0 PATRONAGE CAPITAL | 16,823,529.61- |
| 3.0 | TOTAL UTILITY PLANT | 53,214,250.15 | 31.0 OPERATING MARGINS - PRIOR YEAR | .00 |
| 4.0 | ACCUM PROV FOR DEP & AMORT | 8,152,813.20- | 32.0 OPERATING MARGINS-CURRENT YEAR | 439,393.46 |
| 5.0 | NET UTILITY PLANT | 45,061,436.95 | 33.0 NON-OPERATING MARGINS | 9,377.23- |
| | | | 34.0 OTHER MARGINS & EQUITIES | 113,490.92- |
| 6.0 | NON-UTILITY PROPERTY (NET) | .00 | 35.0 TOTAL MARGINS & EQUITIES | 16,658,149.30- |
| 7.0 | INVEST IN SUBSIDIARY COMPANIES | .00 | | |
| 8.0 | INV IN ASSOC ORG - PAT CAPITAL | 4,794,915.59 | 36.0 LONG TERM DEBT - RUS (NET) | 19,429,942.29- |
| 9.0 | INV IN ASSOC ORG OTHR GEN FND | .00 | (PAYMENTS-UNAPPLIED | .00) |
| 10.0 | INV IN ASSOC ORG - NON GEN FND | 637,102.09 | 37.0 LNG-TERM DEBT-FFB-RUS GUAR | 10,037,463.25- |
| 11.0 | INV IN ECON DEVEL PROJECTS | .00 | 38.0 LONG-TERM DEBT OTHER-RUS GUAR | .00 |
| 12.0 | OTHER INVESTMENTS | 98.65 | 39.0 LONG TERM DEBT - OTHER (NET) | 1,932,499.74- |
| 13.0 | SPECIAL FUNDS | .00 | 40.0 LNG-TERM DEBT-RUS-ECON DEV NET | .00 |
| 14.0 | TOT OTHER PROP & INVESTMENTS | 5,432,116.33 | 41.0 PAYMENTS - UNAPPLIED | .00 |
| | | | 42.0 TOTAL LONG TERM DEBT | 31,399,905.28- |
| 15.0 | CASH - GENERAL FUNDS | 81,220.51 | | |
| 16.0 | CASH - CONSTRUCTION FUND TRUST | .00 | 43.0 OBLIGATION UNDER CAPITAL LEASE | .00 |
| 17.0 | SPECIAL DEPOSITS | .00 | 44.0 ACCUM OPERATING PROVISIONS | 1,153,124.01- |
| 18.0 | TEMPORARY INVESTMENTS | 5,000.00 | 45.0 TOTAL OTHER NONCURR LIABILITY | 1,153,124.01- |
| 19.0 | NOTES RECEIVABLE (NET) | .00 | | |
| 20.0 | ACCTS RECV - SALES ENERGY (NET) | 4,906,657.69 | 46.0 NOTES PAYABLE | 3,042,000.00- |
| 21.0 | ACCTS RECV - OTHER (NET) | 72,712.04 | 47.0 ACCOUNTS PAYABLE | 1,914,284.44- |
| 22.0 | MATERIAL & SUPPLIES-ELEC & OTH | 315,438.64 | 48.0 CONSUMER DEPOSITS | 1,186,844.58- |
| 23.0 | PREPAYMENTS | 81,382.43 | 49.0 CURR MATURITIES LONG-TERM DEBT | .00 |
| 24.0 | OTHER CURRENT & ACCR ASSETS | 14,369.06 | 50.0 CURR MATURIT LT DEBT ECON DEV | .00 |
| 25.0 | TOTAL CURRENT & ACCR ASSETS | 5,476,780.37 | 51.0 CURR MATURITIES CAPITAL LEASES | .00 |
| | | | 52.0 OTHER CURRENT & ACCRUED LIAB | 654,597.53- |
| 26.0 | REGULATORY ASSETS | .00 | 53.0 TOTAL CURRENT & ACCRUED LIAB | 6,797,726.55- |
| 27.0 | OTHER DEFERRED DEBITS | 199,000.00 | | |
| 28.0 | TOTAL ASSETS & OTHER DEBITS | 56,169,333.65 | 54.0 REGULATORY LIABILITIES | .00 |
| | | | 55.0 OTHER DEFERRED CREDITS | 160,428.51- |
| | | | 56.0 TOTAL LIABILITIES & OTH CREDIT | 56,169,333.65- |

ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION

| | | |
|------|-------------------------------------|----------|
| 57.0 | BALANCE BEGINNING OF YEAR | .00 |
| 58.0 | AMOUNT RECEIVED THIS YEAR (NET) | 3,396.51 |
| 59.0 | TOTAL CONTRIBUTIONS IN AID OF CONST | 3,396.51 |

C E R T I F I C A T I O N

WE HEREBY CERTIFY THAT THE ENTRIES IN THIS REPORT ARE IN ACCORDANCE WITH THE ACCOUNTS AND OTHER RECORDS OF THE SYSTEM AND REFLECT THE STATUS OF THE SYSTEM TO THE BEST OF OUR KNOWLEDGE AND BELIEF. ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, REA, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT
Carol Hill

SIGNATURE OF MANAGER

5/12/08

DATE
5/13/08

DATE

PART A. STATEMENT OF OPERATIONS

| LINE NO | | YEAR TO DATE | | | | % FROM BUDGET | % CHANGE FROM LAST YEAR |
|---------|--|----------------|----------------|---------------|-----------------|---------------|-------------------------|
| | | LAST YEAR A | THIS YEAR B | BUDGET C | THIS MONTH D | | |
| 1.0 | OPERATING REVENUE & PATRONAGE CAPITAL.... | 7,034,608.93 | 7,247,327.73 | 7,076,657.23 | 1,969,735.84 | 2.4 | 3.0 |
| 2.0 | POWER PRODUCTION EXPENSE..... | .00 | .00 | .00 | .00 | .0 | .0 |
| 3.0 | COST OF PURCHASED POWER..... | 4,831,737.00- | 5,298,656.00- | 4,977,472.00- | 1,547,380.00- | 6.5 | 9.7 |
| 4.0 | TRANSMISSION EXPENSE..... | .00 | .00 | .00 | .00 | .0 | .0 |
| 5.0 | DISTRIBUTION EXPENSE-OPERATION..... | 251,582.22- | 278,407.57- | 267,105.27- | 101,524.05- | 4.2 | 10.7 |
| 6.0 | DISTRIBUTION EXPENSE-MAINTENANCE..... | 402,852.89- | 751,245.63- | 517,062.18- | 283,492.68- | 45.3 | 86.5 |
| 7.0 | CONSUMER ACCOUNTS EXPENSE..... | 204,856.68- | 209,512.67- | 224,385.24- | 75,539.47- | 6.6- | 2.3 |
| 8.0 | CUSTOMER SERVICE & INFORMATIONAL EXPENSE.. | 24,700.62- | 42,954.99- | 55,344.24- | 18,098.13- | 22.4- | 73.9 |
| 9.0 | SALES EXPENSE..... | 9,311.49- | 9,337.18- | 11,117.52- | 4,672.88- | 16.0- | .3 |
| 10.0 | ADMINISTRATIVE & GENERAL EXPENSE..... | 339,491.00- | 323,764.51- | 355,310.40- | 91,339.28- | 8.9- | 4.6- |
| 11.0 | TOTAL OPERATIONS & MAINTENANCE EXPENSE... | 6,064,531.90- | 6,913,878.55- | 6,407,796.85- | 2,122,046.49- | 7.9 | 14.0 |
| 12.0 | DEPRECIATION & AMORTIZATION EXPENSE..... | 374,295.83- | 393,653.37- | 481,367.22- | 131,716.98- | 18.2- | 5.2 |
| 13.0 | TAX EXPENSE - PROPERTY & GROSS RECEIPTS.. | 6,279.00- | 6,495.00- | 6,499.98- | 2,165.00- | .1- | 3.4 |
| 14.0 | TAX EXPENSE - OTHER..... | .00 | .00 | .00 | .00 | .0 | .0 |
| 15.0 | INTEREST ON LONG TERM DEBT..... | 358,219.48- | 354,051.94- | 431,884.71- | 119,884.16- | 18.0- | 1.2- |
| 16.0 | INTEREST CHARGED TO CONSTRUCTION - CREDIT | .00 | .00 | .00 | .00 | .0 | .0 |
| 17.0 | INTEREST EXPENSE - OTHER..... | 17,164.19- | 17,925.00- | 17,499.99- | 5,979.00- | 2.4 | 4.4 |
| 18.0 | OTHER DEDUCTIONS..... | 45,830.32- | 28,081.34- | 10,274.97- | 17,631.34- | 173.3 | 38.7- |
| 19.0 | TOTAL COST OF ELECTRIC SERVICE..... | 6,866,320.72- | 7,714,085.20- | 7,355,323.72- | 2,399,422.97- | 4.9 | 12.3 |
| 20.0 | PATRONAGE CAPITAL & OPERATING MARGINS.... | 168,288.21 | 466,757.47- | 278,666.49- | 429,687.13- | 67.5 | 377.4- |
| 21.0 | NON OPERATING MARGINS - INTEREST..... | 7,598.97 | 7,734.37 | 9,267.45 | 2,650.46 | 16.5- | 1.8 |
| 22.0 | ALLOW. FOR FUNDS USED DURING CONSTRUCTION | .00 | .00 | .00 | .00 | .0 | .0 |
| 23.0 | INCOME (LOSS) FROM EQUITY INVESTMENTS.... | .00 | .00 | .00 | .00 | .0 | .0 |
| 24.0 | NON OPERATING MARGINS - OTHER..... | 9,794.21- | 1,642.86 | 3,362.76- | 9,896.91 | 148.9- | 116.8- |
| 25.0 | GENERATION & TRANSMISSION CAPITAL CREDITS | .00 | .00 | .00 | .00 | .0 | .0 |
| 26.0 | OTHER CAPITAL CREDITS & PATRONAGE DIVID.. | 11,675.75 | 27,364.01 | 12,349.92 | 11,915.01 | 121.6 | 134.4 |
| 27.0 | EXTRAORDINARY ITEMS..... | .00 | .00 | .00 | .00 | .0 | .0 |
| 28.0 | PATRONAGE CAPITAL OR MARGINS..... | 177,768.72 | 430,016.23- | 260,411.88- | 405,224.75- | 65.1 | 341.9- |
| RATIOS | | | | | | | |
| | TIER | 1.496 | .215- | .397 | 2.380- | | |
| | MARGINS TO REVENUE | .025 | .059 | .037 | .206 | | |
| | POWER COST TO REVENUE | .687 | .731 | .703 | .786 | | |
| | INTEREST EXPENSE TO REVENUE | .051 | .049 | .061 | .061 | | |
| | CURRENT ASSETS : CURRENT LIABILITIES | .8057 | | | | | |
| | MARGINS & EQUITIES AS % OF ASSETS | .2966 | | | | | |
| | LONG TERM DEBT AS % OF PLANT | .5901 | | | | | |
| | GENERAL FUNDS TO TOTAL PLANT | .1622 | | | | | |
| | QUICK ASSET RATIO | .7593 | | | | | |

EXHIBIT D,
PAGE 20 OF 24

PART C. BALANCE SHEET

| ASSETS AND OTHER DEBITS | | LIABILITIES AND OTHER CREDITS | | |
|-------------------------|--------------------------------|-------------------------------|-------------------------------------|----------------|
| LINE NO | | | | |
| 1.0 | TOTAL UTILITY PLANT IN SERVICE | 52,913,537.02 | 29.0 MEMBERSHIPS | 151,205.00- |
| 2.0 | CONSTRUCTION WORK IN PROGRESS | 589,865.05 | 30.0 PATRONAGE CAPITAL | 16,823,529.61- |
| 3.0 | TOTAL UTILITY PLANT | 53,503,402.07 | 31.0 OPERATING MARGINS - PRIOR YEAR | .00 |
| 4.0 | ACCUM PROV FOR DEP & AMORT | 8,197,570.12- | 32.0 OPERATING MARGINS-CURRENT YEAR | 696,239.58 |
| 5.0 | NET UTILITY PLANT | 45,305,831.95 | 33.0 NON-OPERATING MARGINS | 13,167.10- |
| | | | 34.0 OTHER MARGINS & EQUITIES | 113,490.92- |
| 6.0 | NON-UTILITY PROPERTY (NET) | .00 | 35.0 TOTAL MARGINS & EQUITIES | 16,405,153.05- |
| 7.0 | INVEST IN SUBSIDIARY COMPANIES | .00 | | |
| 8.0 | INV IN ASSOC ORG - PAT CAPITAL | 4,794,915.59 | 36.0 LONG TERM DEBT - RUS (NET) | 19,393,738.25- |
| 9.0 | INV IN ASSOC ORG OTHR GEN FND | .00 | (PAYMENTS-UNAPPLIED | .00) |
| 10.0 | INV IN ASSOC ORG - NON GEN FND | 637,102.09 | 37.0 LNG-TERM DEBT-FFB-RUS GUAR | 10,037,463.25- |
| 11.0 | INV IN ECON DEVEL PROJECTS | .00 | 38.0 LONG-TERM DEBT OTHER-RUS GUAR | .00 |
| 12.0 | OTHER INVESTMENTS | 98.65 | 39.0 LONG TERM DEBT - OTHER (NET) | 1,932,499.74- |
| 13.0 | SPECIAL FUNDS | .00 | 40.0 LNG-TERM DEBT-RUS-ECON DEV NET | .00 |
| 14.0 | TOT OTHER PROP & INVESTMENTS | 5,432,116.33 | 41.0 PAYMENTS - UNAPPLIED | .00 |
| | | | 42.0 TOTAL LONG TERM DEBT | 31,363,701.24- |
| 15.0 | CASH - GENERAL FUNDS | 51,683.61 | | |
| 16.0 | CASH - CONSTRUCTION FUND TRUST | .00 | 43.0 OBLIGATION UNDER CAPITAL LEASE | .00 |
| 17.0 | SPECIAL DEPOSITS | .00 | 44.0 ACCUM OPERATING PROVISIONS | 1,161,304.52- |
| 18.0 | TEMPORARY INVESTMENTS | 5,000.00 | 45.0 TOTAL OTHER NONCURR LIABILITY | 1,161,304.52- |
| 19.0 | NOTES RECEIVABLE (NET) | .00 | | |
| 20.0 | ACCTS REC - SALES ENERGY (NET) | 4,078,836.34 | 46.0 NOTES PAYABLE | 3,112,000.00- |
| 21.0 | ACCTS REC - OTHER (NET) | 97,843.18 | 47.0 ACCOUNTS PAYABLE | 1,450,828.14- |
| 22.0 | MATERIAL & SUPPLIES-ELEC & OTH | 242,970.66 | 48.0 CONSUMER DEPOSITS | 1,185,318.58- |
| 23.0 | PREPAYMENTS | 171,147.38 | 49.0 CURR MATURITIES LONG-TERM DEBT | .00 |
| 24.0 | OTHER CURRENT & ACCR ASSETS | 2,391.78 | 50.0 CURR MATURIT LT DEBT ECON DEV | .00 |
| 25.0 | TOTAL CURRENT & ACCR ASSETS | 4,649,872.95 | 51.0 CURR MATURITIES CAPITAL LEASES | .00 |
| | | | 52.0 OTHER CURRENT & ACCRUED LIAB | 747,340.18- |
| 26.0 | REGULATORY ASSETS | .00 | 53.0 TOTAL CURRENT & ACCRUED LIAB | 6,495,486.90- |
| 27.0 | OTHER DEFERRED DEBITS | 199,000.00 | | |
| 28.0 | TOTAL ASSETS & OTHER DEBITS | 55,586,821.23 | 54.0 REGULATORY LIABILITIES | .00 |
| | | | 55.0 OTHER DEFERRED CREDITS | 161,175.52- |
| | | | 56.0 TOTAL LIABILITIES & OTH CREDIT | 55,586,821.23- |

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ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION

| | | |
|------|-------------------------------------|-----------|
| 57.0 | BALANCE BEGINNING OF YEAR | .00 |
| 58.0 | AMOUNT RECEIVED THIS YEAR (NET) | 12,180.28 |
| 59.0 | TOTAL CONTRIBUTIONS IN AID OF CONST | 12,180.28 |

C E R T I F I C A T I O N

WE HEREBY CERTIFY THAT THE ENTRIES IN THIS REPORT ARE IN ACCORDANCE WITH THE ACCOUNTS AND OTHER RECORDS OF THE SYSTEM AND REFLECT THE STATUS OF THE SYSTEM TO THE BEST OF OUR KNOWLEDGE AND BELIEF.
 ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, REA, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

 SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT


 SIGNATURE OF MANAGER

6/6/08

 DATE
 6/6/08

 DATE

EXHIBIT Q
 Page 21 of 24

PART A. STATEMENT OF OPERATIONS

| LINE NO | | YEAR TO DATE | | | | % FROM BUDGET | % CHANGE FROM LAST YEAR |
|---------|--|----------------|----------------|---------------|-----------------|---------------|-------------------------|
| | | LAST YEAR A | THIS YEAR B | BUDGET C | THIS MONTH D | | |
| 1.0 | OPERATING REVENUE & PATRONAGE CAPITAL.... | 8,597,618.92 | 8,873,847.55 | 8,711,289.64 | 1,626,519.82 | 1.9 | 3.2 |
| 2.0 | POWER PRODUCTION EXPENSE..... | .00 | .00 | .00 | .00 | .0 | .0 |
| 3.0 | COST OF PURCHASED POWER..... | 6,058,056.00- | 6,478,885.00- | 6,137,589.00- | 1,180,229.00- | 5.6 | 6.9 |
| 4.0 | TRANSMISSION EXPENSE..... | .00 | .00 | .00 | .00 | .0 | .0 |
| 5.0 | DISTRIBUTION EXPENSE-OPERATION..... | 329,885.73- | 364,295.81- | 356,140.36- | 85,888.24- | 2.3 | 10.4 |
| 6.0 | DISTRIBUTION EXPENSE-MAINTENANCE..... | 527,577.06- | 910,283.20- | 689,416.24- | 159,037.57- | 32.0 | 72.5 |
| 7.0 | CONSUMER ACCOUNTS EXPENSE..... | 279,552.82- | 276,885.30- | 299,180.32- | 67,372.63- | 7.5- | 1.0- |
| 8.0 | CUSTOMER SERVICE & INFORMATIONAL EXPENSE.. | 43,809.29- | 59,633.20- | 73,792.32- | 16,678.21- | 19.2- | 36.1 |
| 9.0 | SALES EXPENSE..... | 12,991.36- | 12,151.60- | 14,823.36- | 2,814.42- | 18.0- | 6.5- |
| 10.0 | ADMINISTRATIVE & GENERAL EXPENSE..... | 444,048.59- | 442,198.11- | 473,747.20- | 118,433.60- | 6.7- | .4- |
| 11.0 | TOTAL OPERATIONS & MAINTENANCE EXPENSE... | 7,695,920.85- | 8,544,332.22- | 8,044,688.80- | 1,630,453.67- | 6.2 | 11.0 |
| 12.0 | DEPRECIATION & AMORTIZATION EXPENSE..... | 500,943.53- | 525,814.30- | 641,822.96- | 132,160.93- | 18.1- | 5.0 |
| 13.0 | TAX EXPENSE - PROPERTY & GROSS RECEIPTS.. | 8,372.00- | 8,660.00- | 8,666.64- | 2,165.00- | .1- | 3.4 |
| 14.0 | TAX EXPENSE - OTHER..... | .00 | .00 | .00 | .00 | .0 | .0 |
| 15.0 | INTEREST ON LONG TERM DEBT..... | 478,269.83- | 455,711.71- | 575,846.28- | 101,659.77- | 20.9- | 4.7- |
| 16.0 | INTEREST CHARGED TO CONSTRUCTION - CREDIT | .00 | .00 | .00 | .00 | .0 | .0 |
| 17.0 | INTEREST EXPENSE - OTHER..... | 22,878.17- | 23,859.00- | 23,333.32- | 5,934.00- | 2.3 | 4.3 |
| 18.0 | OTHER DEDUCTIONS..... | 60,899.32- | 39,073.91- | 13,699.96- | 10,992.57- | 185.2 | 35.8- |
| 19.0 | TOTAL COST OF ELECTRIC SERVICE..... | 8,767,283.70- | 9,597,451.14- | 9,308,057.96- | 1,883,365.94- | 3.1 | 9.5 |
| ===== | | | | | | | |
| 20.0 | PATRONAGE CAPITAL & OPERATING MARGINS.... | 169,664.78- | 723,603.59- | 596,768.32- | 256,846.12- | 21.3 | 326.5 |
| 21.0 | NON OPERATING MARGINS - INTEREST..... | 10,132.51 | 10,323.80 | 12,356.60 | 2,589.43 | 16.5- | 1.9 |
| 22.0 | ALLOW. FOR FUNDS USED DURING CONSTRUCTION | .00 | .00 | .00 | .00 | .0 | .0 |
| 23.0 | INCOME (LOSS) FROM EQUITY INVESTMENTS.... | .00 | .00 | .00 | .00 | .0 | .0 |
| 24.0 | NON OPERATING MARGINS - OTHER..... | 8,760.69- | 2,843.30 | 4,483.68- | 1,200.44 | 163.4- | 132.5- |
| 25.0 | GENERATION & TRANSMISSION CAPITAL CREDITS | .00 | .00 | .00 | .00 | .0 | .0 |
| 26.0 | OTHER CAPITAL CREDITS & PATRONAGE DIVID.. | 11,675.75 | 27,364.01 | 16,466.56 | .00 | 66.2 | 134.4 |
| 27.0 | EXTRAORDINARY ITEMS..... | .00 | .00 | .00 | .00 | .0 | .0 |
| 28.0 | PATRONAGE CAPITAL OR MARGINS..... | 156,617.21- | 683,072.48- | 572,428.84- | 253,056.25- | 19.3 | 336.1 |

RATIOS

| | | | | |
|--------------------------------------|-------|-------|------|--------|
| TIER | .673 | .499- | .006 | 1.489- |
| MARGINS TO REVENUE | .018 | .077 | .066 | .156 |
| POWER COST TO REVENUE | .705 | .730 | .705 | .726 |
| INTEREST EXPENSE TO REVENUE | .056 | .051 | .066 | .063 |
| CURRENT ASSETS : CURRENT LIABILITIES | .7159 | | | |
| MARGINS & EQUITIES AS % OF ASSETS | .2951 | | | |
| LONG TERM DEBT AS % OF PLANT | .5862 | | | |
| GENERAL FUNDS TO TOTAL PLANT | .1061 | | | |
| QUICK ASSET RATIO | .6785 | | | |

PART C. BALANCE SHEET

| LINE NO | ASSETS AND OTHER DEBITS | | LIABILITIES AND OTHER CREDITS | |
|---------|---------------------------------|---------------|-------------------------------|---|
| 1.0 | TOTAL UTILITY PLANT IN SERVICE | 53,089,894.76 | 29.0 | MEMBERSHIPS 151,355.00- |
| 2.0 | CONSTRUCTION WORK IN PROGRESS | 686,792.41 | 30.0 | PATRONAGE CAPITAL 16,823,529.61- |
| 3.0 | TOTAL UTILITY PLANT | 53,776,687.17 | 31.0 | OPERATING MARGINS - PRIOR YEAR .00 |
| 4.0 | ACCUM PROV FOR DEP & AMORT | 8,265,998.94- | 32.0 | OPERATING MARGINS-CURRENT YEAR 635,332.91 |
| 5.0 | NET UTILITY PLANT | 45,510,688.23 | 33.0 | NON-OPERATING MARGINS 1,000.75 |
| 6.0 | NON-UTILITY PROPERTY (NET) | .00 | 34.0 | OTHER MARGINS & EQUITIES 114,554.42- |
| 7.0 | INVEST IN SUBSIDIARY COMPANIES | .00 | 35.0 | TOTAL MARGINS & EQUITIES 16,453,105.37- |
| 8.0 | INV IN ASSOC ORG - PAT CAPITAL | 4,794,915.59 | 36.0 | LONG TERM DEBT - RUS (NET) 24,103,836.85- |
| 9.0 | INV IN ASSOC ORG OTHR GEN FND | .00 | | (PAYMENTS-UNAPPLIED .00) |
| 10.0 | INV IN ASSOC ORG - NON GEN FND | 637,102.09 | 37.0 | LNG-TERM DEBT-FFB-RUS GUAR 10,037,463.25- |
| 11.0 | INV IN ECON DEVEL PROJECTS | .00 | 38.0 | LONG-TERM DEBT OTHER-RUS GUAR .00 |
| 12.0 | OTHER INVESTMENTS | 98.65 | 39.0 | LONG TERM DEBT - OTHER (NET) 1,892,689.79- |
| 13.0 | SPECIAL FUNDS | .00 | 40.0 | LNG-TERM DEBT-RUS-ECON DEV NET .00 |
| 14.0 | TOT OTHER PROP & INVESTMENTS | 5,432,116.33 | 41.0 | PAYMENTS - UNAPPLIED .00 |
| 15.0 | CASH - GENERAL FUNDS | 93,103.84 | 42.0 | TOTAL LONG TERM DEBT 36,033,989.89- |
| 16.0 | CASH - CONSTRUCTION FUND TRUST | .00 | 43.0 | OBLIGATION UNDER CAPITAL LEASE .00 |
| 17.0 | SPECIAL DEPOSITS | .00 | 44.0 | ACCUM OPERATING PROVISIONS 1,167,015.82- |
| 18.0 | TEMPORARY INVESTMENTS | 1,555,000.00 | 45.0 | TOTAL OTHER NONCURR LIABILITY 1,167,015.82- |
| 19.0 | NOTES RECEIVABLE (NET) | .00 | 46.0 | NOTES PAYABLE 42,797.68- |
| 20.0 | ACCTS RECV - SALES ENERGY (NET) | 3,891,668.82 | 47.0 | ACCOUNTS PAYABLE 1,434,374.14- |
| 21.0 | ACCTS RECV - OTHER (NET) | 116,249.33 | 48.0 | CONSUMER DEPOSITS 1,189,478.58- |
| 22.0 | MATERIAL & SUPPLIES-ELEC & OTH | 295,184.86 | 49.0 | CURR MATURITIES LONG-TERM DEBT .00 |
| 23.0 | PREPAYMENTS | 147,064.24 | 50.0 | CURR MATURIT LT DEBT ECON DEV .00 |
| 24.0 | OTHER CURRENT & ACCR ASSETS | 4,783.56 | 51.0 | CURR MATURITIES CAPITAL LEASES .00 |
| 25.0 | TOTAL CURRENT & ACCR ASSETS | 6,103,054.65 | 52.0 | OTHER CURRENT & ACCRUED LIAB 762,922.21- |
| 26.0 | REGULATORY ASSETS | .00 | 53.0 | TOTAL CURRENT & ACCRUED LIAB 3,429,572.61- |
| 27.0 | OTHER DEFERRED DEBITS | 199,000.00 | 54.0 | REGULATORY LIABILITIES .00 |
| 28.0 | TOTAL ASSETS & OTHER DEBITS | 57,244,859.21 | 55.0 | OTHER DEFERRED CREDITS 161,175.52- |
| | | | 56.0 | TOTAL LIABILITIES & OTH CREDIT 57,244,859.21- |

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| ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION | | |
|--|-------------------------------------|-----------|
| 57.0 | BALANCE BEGINNING OF YEAR | .00 |
| 58.0 | AMOUNT RECEIVED THIS YEAR (NET) | 27,814.58 |
| 59.0 | TOTAL CONTRIBUTIONS IN AID OF CONST | 27,814.58 |

C E R T I F I C A T I O N

WE HEREBY CERTIFY THAT THE ENTRIES IN THIS REPORT ARE IN ACCORDANCE WITH THE ACCOUNTS AND OTHER RECORDS OF THE SYSTEM AND REFLECT THE STATUS OF THE SYSTEM TO THE BEST OF OUR KNOWLEDGE AND BELIEF.
ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, REA, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT

SIGNATURE OF MANAGER

7/11/08

DATE

7/16/08

DATE

EXHIBIT D
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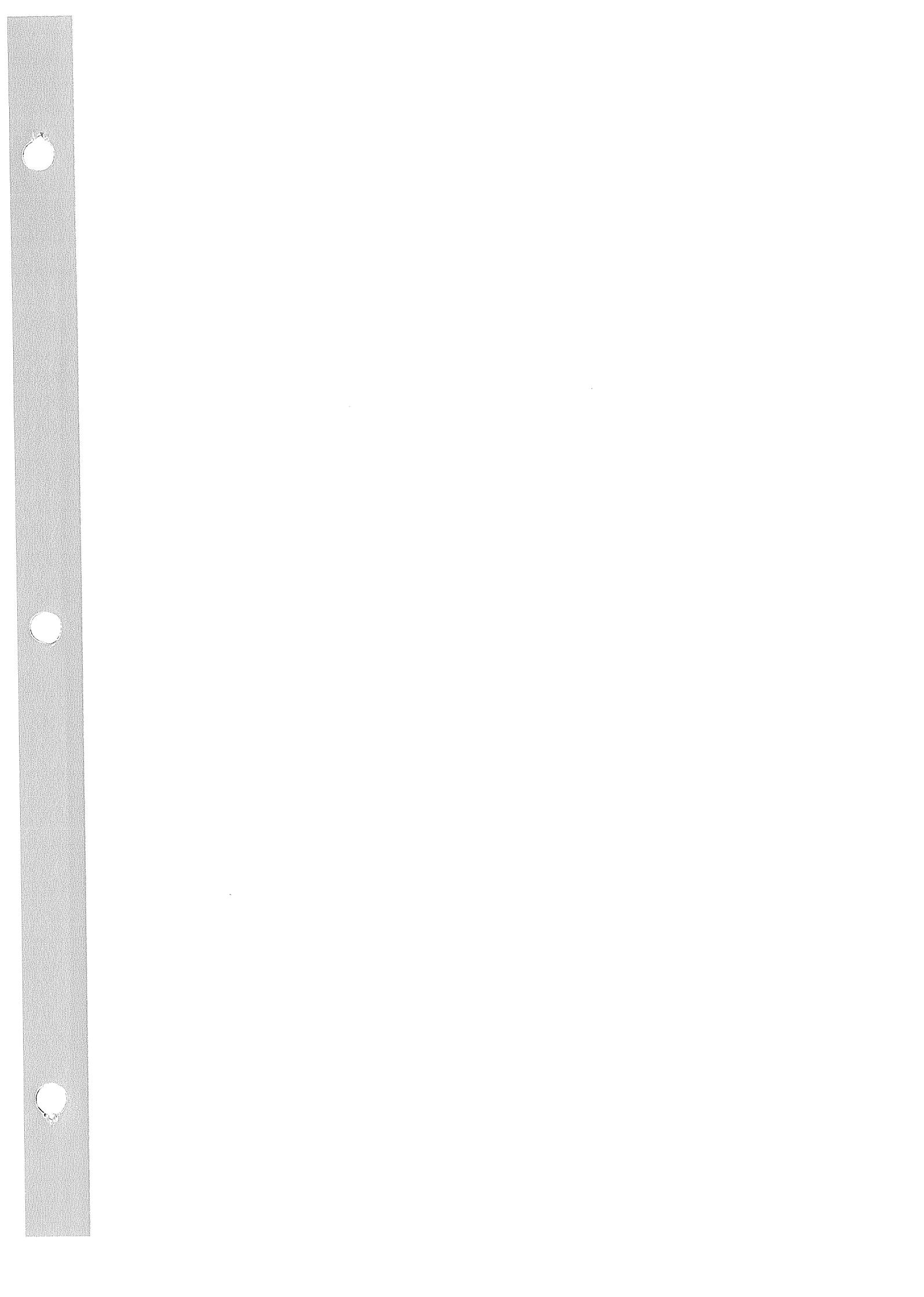
PART A. STATEMENT OF OPERATIONS

| LINE NO | | YEAR TO DATE | | | | % FROM BUDGET | % CHANGE FROM LAST YEAR |
|---------|--|----------------|----------------|----------------|-----------------|---------------|-------------------------|
| | | LAST YEAR A | THIS YEAR B | BUDGET C | THIS MONTH D | | |
| 1.0 | OPERATING REVENUE & PATRONAGE CAPITAL.... | 10,697,719.26 | 10,747,317.47 | 10,556,805.05 | 1,873,469.92 | 1.8 | .5 |
| 2.0 | POWER PRODUCTION EXPENSE..... | .00 | .00 | .00 | .00 | .0 | .0 |
| 3.0 | COST OF PURCHASED POWER..... | 7,388,620.00- | 7,553,231.00- | 7,285,763.00- | 1,074,346.00- | 3.7 | 2.2 |
| 4.0 | TRANSMISSION EXPENSE..... | .00 | .00 | .00 | .00 | .0 | .0 |
| 5.0 | DISTRIBUTION EXPENSE-OPERATION..... | 415,690.11- | 458,946.13- | 445,175.45- | 94,650.32- | 3.1 | 10.4 |
| 6.0 | DISTRIBUTION EXPENSE-MAINTENANCE..... | 646,414.49- | 1,097,499.47- | 861,770.30- | 187,216.27- | 27.4 | 69.8 |
| 7.0 | CONSUMER ACCOUNTS EXPENSE..... | 352,552.29- | 350,031.97- | 373,975.40- | 73,146.67- | 6.4- | .7- |
| 8.0 | CUSTOMER SERVICE & INFORMATIONAL EXPENSE.. | 60,657.86- | 77,289.40- | 92,240.40- | 17,656.20- | 16.2- | 27.4 |
| 9.0 | SALES EXPENSE..... | 15,949.81- | 14,609.56- | 18,529.20- | 2,457.96- | 21.2- | 8.4- |
| 10.0 | ADMINISTRATIVE & GENERAL EXPENSE..... | 562,960.60- | 550,955.30- | 592,184.00- | 108,757.19- | 7.0- | 2.1- |
| 11.0 | TOTAL OPERATIONS & MAINTENANCE EXPENSE... | 9,442,845.16- | 10,102,562.83- | 9,669,637.75- | 1,558,230.61- | 4.5 | 7.0 |
| 12.0 | DEPRECIATION & AMORTIZATION EXPENSE..... | 628,026.87- | 658,425.11- | 802,278.70- | 132,610.81- | 17.9- | 4.8 |
| 13.0 | TAX EXPENSE - PROPERTY & GROSS RECEIPTS.. | 10,573.00- | 10,919.00- | 10,833.30- | 2,259.00- | .8 | 3.3 |
| 14.0 | TAX EXPENSE - OTHER..... | .00 | .00 | .00 | .00 | .0 | .0 |
| 15.0 | INTEREST ON LONG TERM DEBT..... | 599,365.20- | 559,114.14- | 719,807.85- | 103,402.43- | 22.3- | 6.7- |
| 16.0 | INTEREST CHARGED TO CONSTRUCTION - CREDIT | .00 | .00 | .00 | .00 | .0 | .0 |
| 17.0 | INTEREST EXPENSE - OTHER..... | 28,595.17- | 29,786.00- | 29,166.65- | 5,927.00- | 2.1 | 4.2 |
| 18.0 | OTHER DEDUCTIONS..... | 76,613.10- | 49,207.31- | 17,124.95- | 10,133.40- | 187.3 | 35.8- |
| 19.0 | TOTAL COST OF ELECTRIC SERVICE..... | 10,786,018.50- | 11,410,014.39- | 11,248,849.20- | 1,812,563.25- | 1.4 | 5.8 |
| 20.0 | PATRONAGE CAPITAL & OPERATING MARGINS.... | 88,299.24- | 662,696.92- | 692,044.15- | 60,906.67 | 4.2- | 650.5 |
| 21.0 | NON OPERATING MARGINS - INTEREST..... | 12,657.09 | 12,894.41 | 15,445.75 | 2,570.61 | 16.5- | 1.9 |
| 22.0 | ALLOW. FOR FUNDS USED DURING CONSTRUCTION | .00 | .00 | .00 | .00 | .0 | .0 |
| 23.0 | INCOME (LOSS) FROM EQUITY INVESTMENTS.... | .00 | .00 | .00 | .00 | .0 | .0 |
| 24.0 | NON OPERATING MARGINS - OTHER..... | 8,355.23- | 13,895.16- | 5,604.60- | 16,738.46- | 147.9 | 66.3 |
| 25.0 | GENERATION & TRANSMISSION CAPITAL CREDITS | .00 | .00 | .00 | .00 | .0 | .0 |
| 26.0 | OTHER CAPITAL CREDITS & PATRONAGE DIVID.. | 11,675.75 | 27,364.01 | 20,583.20 | .00 | 32.9 | 134.4 |
| 27.0 | EXTRAORDINARY ITEMS..... | .00 | .00 | .00 | .00 | .0 | .0 |
| 28.0 | PATRONAGE CAPITAL OR MARGINS..... | 72,321.63- | 636,333.66- | 661,619.80- | 46,738.82 | 3.8- | 779.9 |

RATIOS

| | | | | |
|--------------------------------------|--------|-------|------|-------|
| TIER | .879 | .138- | .081 | 1.452 |
| MARGINS TO REVENUE | .007 | .059 | .063 | .025 |
| POWER COST TO REVENUE | .691 | .703 | .690 | .573 |
| INTEREST EXPENSE TO REVENUE | .056 | .052 | .068 | .055 |
| CURRENT ASSETS : CURRENT LIABILITIES | 1.7795 | | | |
| MARGINS & EQUITIES AS % OF ASSETS | .2874 | | | |
| LONG TERM DEBT AS % OF PLANT | .6701 | | | |
| GENERAL FUNDS TO TOTAL PLANT | 3.0649 | | | |
| QUICK ASSET RATIO | 1.6935 | | | |

EXHIBIT 0
PAGE 24 OF 24



**GRAYSON RECC
GRAYSON , KY**

CASE NO. 2008-00254

**UNBUNDLED COST OF SERVICE STUDY
Test Year JUNE 2007 - MAY 2008**

Prepared by: October 2008

J. Adkins

**GRAYS RECC
CASE NO. 2008-00254**

| CLASS REVENUE REQUIREMENTS AND RATE DESIGN | | | | | | | | Witness: Jim Adkins |
|--|--------------|-----------------------|-----------------------|-------------------------|-------------------------|--------------------------|------------------|---------------------|
| REVENUE REQUIREMENTS | | | | BILLING UNITS | | | | |
| <u>Rate Class</u> | <u>Total</u> | <u>Demand Related</u> | <u>Energy Related</u> | <u>Consumer Related</u> | <u>Consumer Charges</u> | <u>Energy kWh</u> | <u>Demand kW</u> | |
| Envirowatts | \$ 2,724 | | 2,724 | | | 108,500 | | |
| Sched 1 Farm & Home | 19,984,495 | \$ 6,462,426 | \$ 9,093,697 | \$ 4,428,372 | 171,181 | 186,688,210 | | |
| Barns and Camps | | | | | | | | |
| Sched 2 Small Comm. | 1,856,222 | 674,353 | 738,221 | 443,648 | 13,976 | 16,913,798 | | |
| Sched 3 Off-Peak Mktg Off-Peak Energy | 157,355 | 52,976 | 96,119 | 8,260 | 1,183 | 1,339,377 611,650 | | |
| Sched 4 Large Power Primary Meter | 2,798,012 | 1,117,611 | 1,636,389 | 44,012 | 789 | 19,708,171 14,880,000 | 76,713 33,894 | |
| Sched 7 All Elec. Schl | 491,624 | 92,061 | 396,655 | 2,909 | 96 | 5,836,500 | 19,854 | |
| Sched 13A Large Indust | 862,526 | 302,629 | 559,564 | 334 | 12 | 15,009,600 | 29,782 | |
| Sched 17 Water Pumping Off-peak Energy | 2,311 | 577 | 952 | 781 | 12 | 6,640 12,300 | | |
| Sched 5 Street Lights 175 Watt light | 13,003 | 2,104 | 5,205 | 5,694 | 1,310 | | | |
| Sched 6 Security Lights 7,000 Lument MV 10,000 Lument MV Flood lights | 485,391 | 84,610 | 201,826 | 198,955 | 46,381 - 2,369 | | | |
| | \$26,653,662 | \$ 8,789,347 | \$12,731,352 | \$ 5,132,963 | | | | |

**GRAYS RECC
CASE NO. 2008-00254**

Witness: Jim Adkins

| CLASS REVENUE REQUIREMENTS AND RATE DESIGN | | | | | | | | | |
|---|------------------------------|-------------------|------------------|-------------------------|-----------------------|----------------------|-----------------------------|-----------------------|----------------------|
| | REVISED BILLING UNITS | | | COST BASED RATES | | | PROPOSED RATE DESIGN | | |
| <u>Rate Class</u> | <u>Consumer Charges</u> | <u>Energy kWh</u> | <u>Demand kW</u> | <u>Consumer Charges</u> | <u>Energy per kWh</u> | <u>Demand per kW</u> | <u>Consumer Charges</u> | <u>Energy per kWh</u> | <u>Demand per kW</u> |
| Envirowatts | | 108,500 | | | \$ 0.02511 | | | \$ 0.02511 | |
| Sched 1 Farm & Home | 157,793 | 183,445,786 | | \$ 25.87 | \$ 0.08333 | | \$ 15.00 | 0.09284 | |
| Barns and Camps | 13,388 | 3,242,424 | | | | | 20.00 | 0.09284 | |
| Sched 2 Small Comm. | 13,976 | 16,913,798 | | 31.74 | \$ 0.08352 | | 25.00 | 0.08909 | |
| Sched 3 Off-Peak Mktg | 1,183 | 1,339,377 | | 6.98 | 0.08849 | | 15.00 | 0.09284 | |
| Off-Peak Energy | | 611,650 | | | 0.05000 | | | 0.05570 | |
| Sched 4 Large Power | 789 | 19,708,171 | 76,713 | 55.78 | 0.04731 | \$ 10.10 | 60.91 | 0.05385 | \$ 8.25 |
| Primary Meter | | 14,880,000 | 33,894 | | | | | 0.05250 | 8.00 |
| Sched 7 All Elec. Schl | 96 | 5,836,500 | 19,854 | 30.30 | 0.06796 | 4.64 | 30.00 | 0.06333 | 6.00 |
| Sched 13A Large Indust | 12 | 15,009,600 | 29,782 | 27.79 | 0.03728 | 10.16 | 547.15 | 0.04315 | 6.99 |
| Sched 17 Water Pumping | 12 | 6,640 | | 65.10 | 0.15482 | | \$ 40.00 | 0.11000 | |
| Off-peak Energy | | 12,300 | 0 | | 0.04078 | | | 0.05598 | |
| Sched 5 Street Lights | | | | | | | | | |
| 175 Watt light | 1,310 | | | 9.93 | | | 9.93 | | |
| Sched 6 Security Lights | | | | | | | | | |
| 7,000 Lument MV | 46,381 | | | 9.61 | | | 9.61 | | |
| 10,000 Lument MV | - | | | 12.17 | | | 12.17 | | |
| Flood lights | 2,369 | | | 16.84 | | | 16.84 | | |

GRAYS RECC

CASE NO. 2008-00254

Exhibit R
 Schedule 2
 Page 4 of 45
 Witness: Jim Adkins

ALLOCATION OF INCREASE AMOUNT TO RATE CLASSES

| | Enviro- Watts | Schedule 1 Farm & Home | Schedule 2 Sml Com | Schedule 3 Off-pk Mktg | Schedule 4 Large Power | Schedule 7 All Elect. Schl | Schedule 13A Large Indust. | Schedule 17 Water Pump | Schedule 5 Stl Lights | Schedule 6 Security Lights | - |
|---|------------------|---------------------------|-----------------------|---------------------------|---------------------------|-------------------------------|-------------------------------|---------------------------|--------------------------|-------------------------------|------------|
| Total Costs | 2,577 | 19,358,128 | 1,789,535 | 151,540 | 2,730,386 | 478,833 | 856,800 | 2,218 | 12,254 | 458,156 | 25,840,427 |
| Margins for a TIER of 2.0X | - | 1,310,245 | 139,472 | 12,146 | 141,233 | 26,711 | 15,385 | 195 | 1,568 | 57,020 | 1,703,974 |
| Revenue Requirements | 2,577 | 20,668,374 | 1,929,007 | 163,685 | 2,871,618 | 505,544 | 872,185 | 2,412 | 13,822 | 515,176 | 27,544,401 |
| Less: | | | | | | | | | | | |
| Revenue from Rates | 2,724 | 16,085,465 | 1,443,983 | 146,986 | 2,683,980 | 405,067 | 818,327 | 1,319 | 10,362 | 395,178 | 21,993,391 |
| Other Revenue | - | 683,732 | 72,785 | 6,330 | 73,607 | 13,920 | 9,659 | 102 | 819 | 29,786 | 890,739 |
| (Over) Under Recovery | (147) | 3,899,177 | 412,239 | 10,369 | 114,032 | 86,557 | 44,199 | 992 | 2,641 | 90,213 | 4,660,271 |
| Increase Amount | - | 3,899,030 | 412,239 | 10,369 | 114,032 | 86,557 | 44,199 | 992 | 2,641 | 90,213 | 4,660,271 |
| Percentage Increase over current rates | 0.00% | 24.24% | 28.55% | 7.05% | 4.25% | 21.37% | 5.40% | 75.19% | 25.49% | 22.83% | 21.19% |
| Revenue from Rates after Increase | 2,724 | 19,984,495 | 1,856,222 | 157,355 | 2,798,012 | 491,624 | 862,526 | 2,311 | 13,003 | 485,391 | 26,653,662 |

GRAYSON RECC

Case No. 2008-00254

Exhibit R
 Schedule 3
 Page 5 of 45
 Witness: Jim Adkins

Statement of Operations

| | Enviro- Watts | Schedule 1 Farm & Home | Schedule 2 Sml Com | Schedul 3 Off-pk Mktg | Schedule 4 Large Power |
|----------------------------|------------------|---------------------------|-----------------------|--------------------------|---------------------------|
| Revenue | 2,724 | 16,085,465 | 1,443,983 | 146,986 | 2,683,980 |
| Purchased Power Costs | 2,577 | 11,555,792 | 997,838 | 90,304 | 2,057,401 |
| O&M | - | 3,891,135 | 383,920 | 27,664 | 286,973 |
| Admin & General | - | 999,227 | 97,816 | 6,582 | 72,169 |
| Depreciation & Misc. | - | 1,547,179 | 164,683 | 14,339 | 166,730 |
| Interest on Long Term Debt | - | 1,310,245 | 139,472 | 12,146 | 141,233 |
| Other Interest | - | 54,549 | 5,807 | 506 | 5,880 |
| Total Costs | 2,577 | 19,358,128 | 1,789,535 | 151,540 | 2,730,386 |
| Operating Margin | 147 | (3,272,663) | (345,552) | (4,554) | (46,406) |
| Other Income | - | 683,732 | 72,785 | 6,330 | 73,607 |
| Net Margins | 147 | (2,588,932) | (272,767) | 1,777 | 27,201 |
| TIER | - | (0.976) | (0.956) | 1.146 | 1.193 |
| Rate Base | - | 36,772,626 | 3,915,028 | 339,531 | 3,947,362 |
| Return | 147 | (1,278,686) | (133,295) | 13,922 | 168,434 |
| Rate of Return | | -3.48% | -3.40% | 4.10% | 4.27% |

GRAYSON RECC

Case No. 2008-00254

Exhibit R
 Schedule 3
 Page 6 of 45
 Witness: Jim Adkins

Statement of Operations

| | Schedule 7 All Elect. Schl | Schedule 13A Large Indust. | Schedule 17 Water Pump | Schedule 5 Stl Lights | Schedule 6 Security Lights | Total |
|----------------------------|-------------------------------|-------------------------------|---------------------------|--------------------------|-------------------------------|-------------|
| Revenue | 405,067 | 818,327 | 1,319 | 10,362 | 395,178 | 21,993,391 |
| Purchased Power Costs | 353,869 | 779,197 | 1,079 | 5,064 | 199,187 | 16,042,309 |
| O&M | 52,191 | 35,813 | 581 | 2,617 | 88,779 | 4,769,672 |
| Admin & General | 13,416 | 7,602 | 126 | 1,089 | 43,466 | 1,241,493 |
| Depreciation & Misc. | 31,533 | 18,162 | 230 | 1,851 | 67,331 | 2,012,037 |
| Interest on Long Term Debt | 26,711 | 15,385 | 195 | 1,568 | 57,020 | 1,703,974 |
| Other Interest | 1,112 | 641 | 8 | 65 | 2,374 | 70,941 |
| Total Costs | 478,833 | 856,800 | 2,218 | 12,254 | 458,156 | 25,840,427 |
| Operating Margin | (73,766) | (38,473) | (899) | (1,892) | (62,978) | (3,847,036) |
| Other Income | 13,920 | 9,659 | 102 | 819 | 29,786 | 890,739 |
| Net Margins | (59,846) | (28,814) | (797) | (1,073) | (33,193) | (2,956,297) |
| TIER | (1.240) | (0.873) | (3.095) | 0.315 | 0.418 | (0.735) |
| Rate Base | 746,376 | 517,833 | 5,471 | 44,154 | 396,804 | 46,288,381 |
| Return | (33,134) | (13,430) | (602) | 494 | 23,827 | (1,252,323) |
| Rate of Return | -4.44% | -2.59% | -11.01% | 1.12% | 6.00% | -2.71% |

GRAYS RECC
Case No. 2008-00254

Exhibit R
Schedule 4
Page 7 of 45
Witness: Jim Adkins

Statement of Operations by Functional Classification

| | Enviro- Watts | Schedule 1 Farm & Home | Schedule 2 Sml Com | Schedule 3 Off-pk Mktg | Schedule 4 Large Power | Schedule 7 All Elect. Schl |
|----------------------------------|--------------------------|---------------------------------------|-------------------------------|-----------------------------------|-----------------------------------|---------------------------------------|
| Revenue | 2,724 | 16,085,465 | 1,443,983 | 146,986 | 2,683,980 | 405,067 |
| Wholesale Costs | | | | | | |
| Demand Costs | - | 3,088,462 | 230,705 | - | 488,638 | 89,152 |
| Energy Costs | 2,577 | 8,467,330 | 767,133 | 90,304 | 1,568,763 | 264,717 |
| Total Wholesale Costs | 2,577 | 11,555,792 | 997,838 | 90,304 | 2,057,401 | 353,869 |
| Gross Margin | 147 | 4,529,673 | 446,145 | 56,682 | 626,579 | 51,198 |
| Distribution Demand Costs | | | | | | |
| Lines | - | 3,023,731 | 311,920 | 47,477 | 563,683 | 109,385 |
| Transformers | - | 350,233 | 36,129 | 5,499 | 65,290 | 12,670 |
| Total Distribution Demand | - | 3,373,964 | 348,049 | 52,976 | 628,973 | 122,055 |
| Distribution Consumer | | | | | | |
| Lines | - | 1,325,984 | 109,373 | - | 6,149 | 745 |
| Transformers | - | 144,520 | 16,463 | - | 1,695 | 452 |
| Services | - | 768,388 | 137,214 | 540 | 9,283 | - |
| Meters | - | 735,158 | 60,639 | 5,165 | 14,987 | 413 |
| Consumer Services | - | 1,454,322 | 119,959 | 2,554 | 11,898 | 1,298 |
| Lighting | - | | | | | |
| Total Distribution Consum | - | 4,428,372 | 443,648 | 8,260 | 44,012 | 2,909 |
| Total Distribution Costs | - | 7,802,336 | 791,697 | 61,236 | 672,985 | 124,964 |
| Operating Margin | 147 | (3,272,663) | (345,552) | (4,554) | (46,406) | (73,766) |
| Other Revenue | - | 683,732 | 72,785 | 6,330 | 73,607 | 13,920 |
| Net Margin | 147 | (2,588,932) | (272,767) | 1,777 | 27,201 | (59,846) |

GRAY'S RECC
Case No. 2008-00254

Exhibit R
Schedule 4
Page 8 of 45
Witness: Jim Adkins

Statement of Operations by Functional Classification

| | Schedule 13A Large Indust. | Schedule 17 Water Pump | Schedule 5 Stl Lights | Schedule 6 Security Lights | Total |
|-----------------------------|-------------------------------|---------------------------|--------------------------|-------------------------------|--------------|
| Revenue | 818,327 | 1,319 | 10,362 | 395,178 | 21,993,391 |
| Wholesale Costs | | | | | - |
| Demand Costs | 225,359 | 220 | 608 | 24,596 | 4,147,740 |
| Energy Costs | 553,838 | 859 | 4,456 | 174,591 | 11,894,569 |
| Total Wholesale Costs | 779,197 | 1,079 | 5,064 | 199,187 | # 16,042,309 |
| Gross Margin | 39,130 | 240 | 5,298 | 195,991 | 5,951,082 |
| Distribution Demand Costs | | | | | - |
| Lines | 76,906 | 320 | 1,341 | 53,785 | 4,188,548 |
| Transformers | 363 | 37 | 155 | 6,230 | 476,607 |
| Total Distribution Demand | 77,269 | 358 | 1,496 | 60,014 | 4,665,155 |
| Distribution Consumer | | | | | - |
| Lines | 93 | 93 | 93 | 9,968 | 1,452,499 |
| Transformers | - | 28 | 84 | 498 | 163,739 |
| Services | - | 309 | 1,743 | 8,431 | 925,909 |
| Meters | - | 227 | - | - | 816,590 |
| Consumer Services | 240 | 123 | 1,307 | 63,213 | 1,654,915 |
| Lighting | | | 2,467 | 116,844 | 119,311 |
| Total Distribution Consumer | 334 | 781 | 5,694 | 198,955 | 5,132,963 |
| Total Distribution Costs | 77,603 | 1,139 | 7,190 | 258,969 | 9,798,118 |
| Operating Margin | (38,473) | (899) | (1,892) | (62,978) | (3,847,036) |
| Other Revenue | 9,659 | 102 | 819 | 29,786 | 890,739 |
| Net Margin | (28,814) | (797) | (1,073) | (33,193) | (2,956,297) |

GRAYSON RECC

CASE NO.

Allocation of Revenue Requirements to Rate Classes

| | | Schedule 1 | | | | |
|----|---------------------------------------|-------------------|--------------|------------------|------------------|------------------|
| | | Total | Envirowatts | Farmy & Home | | |
| | | \$\$\$ | Energy | Demand | Energy | Consumer |
| 1 | Purchased Power | | | | | |
| 2 | Generation Demand | 4,147,740 | | 3,088,462 | | |
| 3 | Generation Energy | 11,894,569 | 2,577 | | 8,467,330 | |
| 6 | | - | | | | |
| 7 | Total Purchased Power | 16,042,309 | 2,577 | 3,088,462 | 8,467,330 | - |
| 8 | | | | | | |
| 9 | Lines | | | | | |
| 10 | Distribution O&M Demand Related | 1,919,376 | | 1,385,606 | | |
| 11 | Distribution O&M Consumer Related | 665,599 | | | | 607,624 |
| 12 | Admin & Gen Demand Related | 410,194 | | 296,121 | | |
| 13 | Admin & Gen Consumer Related | 142,246 | | | | 129,857 |
| 14 | Deprec, Taxes & Misc Demand Related | 987,579 | | 712,938 | | |
| 15 | Deprec, Taxes & Misc Consumer Related | 342,471 | | | | 312,642 |
| 16 | Interest Demand Related | 871,399 | | 629,067 | | |
| 17 | Interest Customer Related | 302,183 | | | | 275,862 |
| 18 | | | | | | |
| 19 | Total Costs for Lines | 5,641,047 | | 3,023,731 | - | 1,325,984 |
| 20 | | | | | | |
| 21 | Margins Demand Related | 836,570 | | 603,924 | | |
| 22 | Margins Consumer Related | 290,105 | | | | 264,836 |
| 23 | | | | | | |
| 24 | Credits Demand Related | 437,310 | | 315,696 | | |
| 25 | Credits Consumer Related | 151,650 | | | | 138,441 |
| 26 | | | | | | |
| 27 | Revenue Requirements-Lines | 6,178,762 | - | 3,311,959 | - | 1,452,379 |
| 28 | | | | | | |
| 29 | Transformers | | | | | |
| 30 | Distribution O&M Demand Related | 19,780 | | 14,280 | | |
| 31 | Distribution O&M Consumer Related | 6,796 | | | | 5,998 |
| 32 | Admin & Gen Demand Related | 82,580 | | 60,730 | | |
| 33 | Admin & Gen Consumer Related | 28,370 | | | | 25,040 |
| 34 | Deprec, Taxes & Misc Demand Related | 198,818 | | 146,212 | | |
| 35 | Deprec, Taxes & Misc Consumer Related | 68,304 | | | | 60,287 |
| 36 | Interest Demand Related | 175,429 | | 129,012 | | |
| 37 | Interest Customer Related | 60,269 | | | | 53,195 |

GRAYSON RECC

CASE NO.

Allocation of Revenue Requirements to Rate Classes

| | | Total \$\$\$ | Envirowatts Energy | Schedule 1 | | |
|----|--|-----------------|-----------------------|--------------|----------|--|
| | | | | Farmy & Home | | |
| | | | Demand | Energy | Consumer | |
| 38 | | | | | | |
| 39 | Total Costs for Transformers | 640,346 | 350,233 | - | 144,520 | |
| 40 | | | | | | |
| 41 | Margins Demand Related | 168,417 | 121,581 | | | |
| 42 | Margins Consumer Related | 57,860 | | | 51,069 | |
| 43 | | | | | | |
| 44 | Credits Demand Related | 88,039 | 63,556 | | | |
| 45 | Credits Consumer Related | 30,246 | | | 26,696 | |
| 46 | | | | | | |
| 47 | Revenue Requirements-Transform. | 748,338 | 408,258 | - | 168,893 | |
| 48 | | | | | | |
| 49 | Services | | | | | |
| 50 | Distribution O&M Consumer Related | 424,292 | | | 352,109 | |
| 51 | Admin & Gen Consumer Related | 90,676 | | | 75,250 | |
| 52 | Deprec, Taxes & Misc Consumer Related | 218,312 | | | 181,171 | |
| 53 | Interest Customer Related | 192,629 | | | 159,858 | |
| 54 | | | | | | |
| 55 | Total Costs for Services | 925,909 | - | - | 768,388 | |
| 56 | | | | | | |
| 57 | Margins Consumer Related | 184,930 | - | - | 153,468 | |
| 58 | | | | | | |
| 59 | Credits Consumer Related | 96,671 | 0 | | 80,224 | |
| 60 | | | | | | |
| 61 | Revenue Requirements-Services | 1,014,168 | - | - | 841,632 | |
| | | | | | | |
| 1 | Meters | | | | | |
| 2 | Distribution O&M Consumer Related | 581,042 | | | 523,099 | |
| 3 | Admin & Gen Consumer Related | 42,580 | | | 38,333 | |
| 4 | Deprec, Taxes & Misc Consumer Related | 102,514 | | | 92,291 | |
| 5 | Interest Customer Related | 90,454 | | | 81,434 | |
| 6 | | | | | | |
| 7 | Total Costs for Services | 816,590 | - | - | 735,158 | |
| 8 | | | | | | |
| 9 | Margins Consumer Related | 86,839 | | | 78,179 | |
| 10 | | | | | | |
| 11 | Credits Consumer Related | 45,394 | | | 40,868 | |
| 12 | | | | | | |
| 13 | Revenue Requirements-Meters | 858,034 | - | - | 772,470 | |
| 14 | | | | | | |
| 15 | Lighting | | | | | |
| 16 | Outdoor Lighting O&M | 11,855 | | | | |
| 17 | Street Lighting O&M | 250 | | | | |

GRAYSON RECC

CASE NO.

Allocation of Revenue Requirements to Rate Classes

| | | Total \$\$\$ | Envirowatts Energy | Schedule 1 Farm & Home | | |
|----|--|-----------------|-----------------------|---------------------------|-----------|-----------|
| | | | | Demand | Energy | Consumer |
| 18 | Outdoor Lighting A&G | 18,979 | | | | |
| 19 | Street Lighting A&G | 401 | | | | |
| 20 | Outdoor Lighting Deprec & Misc | 45,693 | | | | |
| 21 | Street Lighting Deprec & Misc | 965 | | | | |
| 22 | Outdoor Lighting Interest | 40,317 | | | | |
| 23 | Street Lighting Interest | 851 | | | | |
| 24 | | | | | | |
| 25 | Total Costs for Lights | 119,311 | | - | - | - |
| 26 | | | | | | |
| 27 | Outdoor Lighting Margins | 38,706 | | | | |
| 28 | Street Lighting Margins | 817 | | | | |
| 29 | | | | | | |
| 30 | Outdoor Lighting Revenue Credit | 20,233 | | | | |
| 31 | Street Lighting Revenue Credit | 427 | | | | |
| 32 | | | | | | |
| 33 | Revenue Requirements-Lighting | 138,173 | | - | - | - |
| 34 | | | | | | |
| 35 | Consumer Accts & Serv | | | | | |
| 36 | Customer Accounts | 904,192 | | | | 794,595 |
| 37 | Customer Service | 236,490 | | | | 207,825 |
| 38 | Admin & General | 425,468 | | | | 373,897 |
| 39 | Depreciation & Misc | 47,381 | | | | 41,638 |
| 40 | Interest | 41,384 | | | | 36,368 |
| 41 | | | | | | |
| 42 | Total Costs for Consumer Acctg & Service | 1,654,915 | | | | 1,454,322 |
| 43 | | | | | | |
| 44 | Margins | 39,730 | | | | 34,914 |
| 45 | | | | | | |
| 46 | Revenue Credits | 20,768 | | | | 18,251 |
| 47 | | | | | | |
| 48 | Revenue Require. Cons. Act & Serv. | 1,673,877 | | | | 1,470,985 |
| 49 | | | | | | |
| 50 | | | | | | |
| 51 | | | | | | |
| 52 | TOTAL COSTS | 25,840,427 | 2,577 | 6,462,426 | 8,467,330 | 4,428,372 |
| 53 | | | | | | |
| 54 | TOTAL REVENUE REQUIREMENTS FROM RATES | 26,653,662 | 2,577 | 6,808,679 | 8,467,330 | 4,706,358 |
| 55 | | | | | | |
| 56 | | | | | | |
| 57 | MARGINS PROVIDED | | | | | |
| 58 | RATE REVENUE | 813,235 | - | 346,253 | - | 277,987 |

GRAYSON RECC

CASE NO.

Allocation of Revenue Requirements to Rate Classes

| | | Schedule 2 | | | Schedule 3 | | |
|----|---------------------------------------|------------------|---------|----------|--------------------|--------|----------|
| | | Small Commercial | | | Off-peak Marketing | | |
| | | Demand | Energy | Consumer | Demand | Energy | Consumer |
| 1 | Purchased Power | | | | | | |
| 2 | Generation Demand | 230,705 | | | - | | |
| 3 | Generation Energy | | 767,133 | | | 90,304 | |
| 6 | | | | | | | |
| 7 | Total Purchased Power | 230,705 | 767,133 | - | - | 90,304 | - |
| 8 | | | | | | | |
| 9 | Lines | | | | | | |
| 10 | Distribution O&M Demand Related | 142,935 | | | 21,756 | | |
| 11 | Distribution O&M Consumer Related | | | 50,119 | | | - |
| 12 | Admin & Gen Demand Related | 30,547 | | | 4,650 | | |
| 13 | Admin & Gen Consumer Related | | | 10,711 | | | - |
| 14 | Deprec, Taxes & Misc Demand Related | 73,545 | | | 11,194 | | |
| 15 | Deprec, Taxes & Misc Consumer Related | | | 25,788 | | | - |
| 16 | Interest Demand Related | 64,893 | | | 9,877 | | |
| 17 | Interest Customer Related | | | 22,754 | | | - |
| 18 | | | | | | | |
| 19 | Total Costs for Lines | 311,920 | - | 109,373 | 47,477 | - | - |
| 20 | | | | | | | |
| 21 | Margins Demand Related | 62,299 | | | 9,482 | | |
| 22 | Margins Consumer Related | | | 21,845 | | | - |
| 23 | | | | | | | |
| 24 | Credits Demand Related | 32,566 | | | 4,957 | | |
| 25 | Credits Consumer Related | | | 11,419 | | | - |
| 26 | | | | | | | |
| 27 | Revenue Requirements-Lines | 341,653 | - | 119,799 | 52,003 | - | - |
| 28 | | | | | | | |
| 29 | Transformers | | | | | | |
| 30 | Distribution O&M Demand Related | 1,473 | | | 224 | | |
| 31 | Distribution O&M Consumer Related | | | 683 | | | - |
| 32 | Admin & Gen Demand Related | 6,265 | | | 954 | | |
| 33 | Admin & Gen Consumer Related | | | 2,852 | | | - |
| 34 | Deprec, Taxes & Misc Demand Related | 15,083 | | | 2,296 | | |
| 35 | Deprec, Taxes & Misc Consumer Related | | | 6,867 | | | - |
| 36 | Interest Demand Related | 13,308 | | | 2,026 | | |
| 37 | Interest Customer Related | | | 6,060 | | | - |

GRAYSON RECC

CASE NO.

Allocation of Revenue Requirements to Rate Classes

| | | Schedule 2 | | | Schedule 3 | | |
|----|--|------------------|--------|----------|--------------------|--------|----------|
| | | Small Commercial | | | Off-peak Marketing | | |
| | | Demand | Energy | Consumer | Demand | Energy | Consumer |
| 38 | | | | | | | |
| 39 | Total Costs for Transformers | 36,129 | - | 16,463 | 5,499 | - | - |
| 40 | | | | | | | |
| 41 | Margins Demand Related | 12,542 | | | 1,909 | | |
| 42 | Margins Consumer Related | | | 5,817 | | | - |
| 43 | | | | | | | |
| 44 | Credits Demand Related | 6,556 | | | 998 | | |
| 45 | Credits Consumer Related | | | 3,041 | | | - |
| 46 | | | | | | | |
| 47 | Revenue Requirements-Transform. | 42,115 | - | 19,239 | 6,410 | - | - |
| 48 | | | | | | | |
| 49 | Services | | | | | | |
| 50 | Distribution O&M Consumer Related | | | 62,878 | | | 247 |
| 51 | Admin & Gen Consumer Related | | | 13,438 | | | 53 |
| 52 | Deprec, Taxes & Misc Consumer Related | | | 32,353 | | | 127 |
| 53 | Interest Customer Related | | | 28,547 | | | 112 |
| 54 | | | | | | | |
| 55 | Total Costs for Services | - | - | 137,214 | - | - | 540 |
| 56 | | | | | | | |
| 57 | Margins Consumer Related | | | 27,406 | | | 108 |
| 58 | | | | | | | |
| 59 | Credits Consumer Related | | | 14,326 | | | 56 |
| 60 | | | | | | | |
| 61 | Revenue Requirements-Services | - | - | 150,294 | - | - | 591 |
| | | | | | | | |
| 1 | Meters | | | | | | |
| 2 | Distribution O&M Consumer Related | | | 43,148 | | | 3,675 |
| 3 | Admin & Gen Consumer Related | | | 3,162 | | | 269 |
| 4 | Deprec, Taxes & Misc Consumer Related | | | 7,613 | | | 648 |
| 5 | Interest Customer Related | | | 6,717 | | | 572 |
| 6 | | | | | | | |
| 7 | Total Costs for Services | - | - | 60,639 | - | - | 5,165 |
| 8 | | | | | | | |
| 9 | Margins Consumer Related | | | 6,449 | | | 549 |
| 10 | | | | | | | |
| 11 | Credits Consumer Related | | | 3,371 | | | 287 |
| 12 | | | | | | | |
| 13 | Revenue Requirements-Meters | - | - | 63,717 | - | - | 5,427 |
| 14 | | | | | | | |
| 15 | Lighting | | | | | | |
| 16 | Outdoor Lighting O&M | | | | | | |
| 17 | Street Lighting O&M | | | | | | |

GRAYSON RECC

CASE NO.

Allocation of Revenue Requirements to Rate Classes

| | | Schedule 2 | | | Schedule 3 | | |
|----|--|------------------|---------|----------|--------------------|--------|----------|
| | | Small Commercial | | | Off-peak Marketing | | |
| | | Demand | Energy | Consumer | Demand | Energy | Consumer |
| 18 | Outdoor Lighting A&G | | | | | | |
| 19 | Street Lighting A&G | | | | | | |
| 20 | Outdoor Lighting Deprec & Misc | | | | | | |
| 21 | Street Lighting Deprec & Misc | | | | | | |
| 22 | Outdoor Lighting Interest | | | | | | |
| 23 | Street Lighting Interest | | | | | | |
| 24 | | | | | | | |
| 25 | Total Costs for Lights | - | - | - | - | - | - |
| 26 | | | | | | | |
| 27 | Outdoor Lighting Margins | | | | | | |
| 28 | Street Lighting Margins | | | | | | |
| 29 | | | | | | | |
| 30 | Outdoor Lighting Revenue Credit | | | | | | |
| 31 | Street Lighting Revenue Credit | | | | | | |
| 32 | | | | | | | |
| 33 | Revenue Requirements-Lighting | - | - | - | - | - | - |
| 34 | | | | | | | |
| 35 | Consumer Accts & Serv | | | | | | |
| 36 | Customer Accounts | | | 65,542 | | | 1,396 |
| 37 | Customer Service | | | 17,142 | | | 365 |
| 38 | Admin & General | | | 30,841 | | | 657 |
| 39 | Depreciation & Misc | | | 3,435 | | | 73 |
| 40 | Interest | | | 3,000 | | | 64 |
| 41 | | | | | | | |
| 42 | Total Costs for Consumer Acctg & Service | - | - | 119,959 | - | - | 2,554 |
| 43 | | | | | | | |
| 44 | Margins | - | - | 2,880 | | | 61 |
| 45 | | | | | | | |
| 46 | Revenue Credits | - | - | 1,505 | | | 32 |
| 47 | | | | | | | |
| 48 | Revenue Require. Cons. Act & Serv. | - | - | 121,333 | | | 2,584 |
| 49 | | | | | | | |
| 50 | | | | | | | |
| 51 | | | | | | | |
| 52 | TOTAL COSTS | 578,754 | 767,133 | 443,648 | 52,976 | 90,304 | 8,260 |
| 53 | | | | | | | |
| 54 | TOTAL REVENUE REQUIREMENTS FROM RATES | 614,472 | 767,133 | 474,381 | 58,413 | 90,304 | 8,602 |
| 55 | | | | | | | |
| 56 | | | | | | | |
| 57 | MARGINS PROVIDED | | | | | | |
| 58 | RATE REVENUE | 35,719 | - | 30,734 | 5,437 | - | 343 |

GRAYSON RECC

CASE NO.

Allocation of Revenue Requirements to Rate Classes

| | | Schedule 4 | | | Schedule 7 | | | Schedule 8 |
|----|---------------------------------------|-------------|-----------|----------|----------------------|---------|----------|------------------|
| | | Large Power | | | All Electric Schools | | | Large Industrial |
| | | Demand | Energy | Consumer | Demand | Energy | Consumer | Demand |
| 1 | Purchased Power | | | | | | | |
| 2 | Generation Demand | 488,638 | | | 89,152 | | | 225,359 |
| 3 | Generation Energy | | 1,568,763 | | | 264,717 | | |
| 6 | | | | | | | | |
| 7 | Total Purchased Power | 488,638 | 1,568,763 | - | 89,152 | 264,717 | | 225,359 |
| 8 | | | | | | | | |
| 9 | Lines | | | | | | | |
| 10 | Distribution O&M Demand Related | 258,304 | | | 50,125 | | | 35,242 |
| 11 | Distribution O&M Consumer Related | | | 2,818 | | | 342 | |
| 12 | Admin & Gen Demand Related | 55,203 | | | 10,712 | | | 7,532 |
| 13 | Admin & Gen Consumer Related | | | 602 | | | 73 | |
| 14 | Deprec, Taxes & Misc Demand Related | 132,906 | | | 25,791 | | | 18,133 |
| 15 | Deprec, Taxes & Misc Consumer Related | | | 1,450 | | | 176 | |
| 16 | Interest Demand Related | 117,270 | | | 22,757 | | | 16,000 |
| 17 | Interest Customer Related | | | 1,279 | | | 155 | |
| 18 | | | | | | | | |
| 19 | Total Costs for Lines | 563,683 | - | 6,149 | ##### | - | 745 | 76,906 |
| 20 | | | | | | | | |
| 21 | Margins Demand Related | 112,583 | | | 21,847 | | | 15,360 |
| 22 | Margins Consumer Related | | | 1,228 | | | 149 | |
| 23 | | | | | | | | |
| 24 | Credits Demand Related | 58,852 | | | 11,420 | | | 8,029 |
| 25 | Credits Consumer Related | | | 642 | | | 78 | |
| 26 | | | | | | | | |
| 27 | Revenue Requirements-Lines | 617,414 | - | 6,735 | ##### | - | 816 | 84,237 |
| 28 | | | | | | | | |
| 29 | Transformers | | | | | | | |
| 30 | Distribution O&M Demand Related | 2,661.98 | | | 517 | | | 363 |
| 31 | Distribution O&M Consumer Related | | | 70 | | | 19 | |
| 32 | Admin & Gen Demand Related | 11,321 | | | 2,197 | | | - |
| 33 | Admin & Gen Consumer Related | | | 294 | | | 78 | |
| 34 | Deprec, Taxes & Misc Demand Related | 27,257 | | | 5,289 | | | - |
| 35 | Deprec, Taxes & Misc Consumer Related | | | 707 | | | 189 | |
| 36 | Interest Demand Related | 24,050 | | | 4,667 | | | - |
| 37 | Interest Customer Related | | | 624 | | | 166 | |

GRAYSON RECC

CASE NO.

Allocation of Revenue Requirements to Rate Classes

| | | Schedule 4 | | | Schedule 7 | | | Schedule 5 |
|----|--|---------------|----------|---------------|----------------------|----------|------------|--------------|
| | | Large Power | | | All Electric Schools | | | Large Power |
| | | Demand | Energy | Consumer | Demand | Energy | Consumer | Demand |
| 38 | | | | | | | | |
| 39 | Total Costs for Transformers | 65,290 | - | 1,695 | 12,670 | - | 452 | 363 |
| 40 | | | | | | | | |
| 41 | Margins Demand Related | 22,665 | | | 4,398 | | | 3,092 |
| 42 | Margins Consumer Related | | | 599 | | | 160 | |
| 43 | | | | | | | | |
| 44 | Credits Demand Related | 11,848 | | | 2,299 | | | 1,616 |
| 45 | Credits Consumer Related | | | 313 | | | 83 | |
| 46 | | | | | | | | |
| 47 | Revenue Requirements-Transform. | 76,107 | - | 1,981 | 14,769 | - | 528 | 1,839 |
| 48 | | | | | | | | |
| 49 | Services | | | | | | | |
| 50 | Distribution O&M Consumer Related | | | 4,254 | | | - | |
| 51 | Admin & Gen Consumer Related | | | 909 | | | - | |
| 52 | Deprec, Taxes & Misc Consumer Related | | | 2,189 | | | - | |
| 53 | Interest Customer Related | | | 1,931 | | | - | |
| 54 | | | | | | | | |
| 55 | Total Costs for Services | - | - | 9,283 | - | - | - | |
| 56 | | | | | | | | |
| 57 | Margins Consumer Related | | | 1,854 | | | - | |
| 58 | | | | - | | | - | |
| 59 | Credits Consumer Related | | | 969 | | | - | |
| 60 | | | | - | | | - | |
| 61 | Revenue Requirements-Services | - | - | 10,168 | - | - | - | |
| 1 | Meters | | | | | | | |
| 2 | Distribution O&M Consumer Related | | | 10,664 | | | 294 | |
| 3 | Admin & Gen Consumer Related | | | 781 | | | 22 | |
| 4 | Deprec, Taxes & Misc Consumer Related | | | 1,882 | | | 52 | |
| 5 | Interest Customer Related | | | 1,660 | | | 46 | |
| 6 | | | | | | | | |
| 7 | Total Costs for Services | - | - | 14,987 | - | - | 413 | |
| 8 | | | | | | | | |
| 9 | Margins Consumer Related | | | 1,594 | | | 44 | |
| 10 | | | | | | | | |
| 11 | Credits Consumer Related | | | 833 | | | 23 | |
| 12 | | | | | | | | |
| 13 | Revenue Requirements-Meters | - | - | 15,748 | - | - | 434 | |
| 14 | | | | | | | | |
| 15 | Lighting | | | | | | | |
| 16 | Outdoor Lighting O&M | | | | | | - | |
| 17 | Street Lighting O&M | | | | | | | |

GRAYSON RECC

CASE NO.

Allocation of Revenue Requirements to Rate Classes

| | | Schedule 4 | | | Schedule 7 | | | Sc |
|----|--|-------------|-----------|----------|----------------------|---------|----------|---------|
| | | Large Power | | | All Electric Schools | | | Large I |
| | | Demand | Energy | Consumer | Demand | Energy | Consumer | Demand |
| 18 | Outdoor Lighting A&G | | | | | | | |
| 19 | Street Lighting A&G | | | | | | | |
| 20 | Outdoor Lighting Deprec & Misc | | | | | | | |
| 21 | Street Lighting Deprec & Misc | | | | | | | |
| 22 | Outdoor Lighting Interest | | | | | | | |
| 23 | Street Lighting Interest | | | | | | | |
| 24 | | | | | | | | |
| 25 | Total Costs for Lights | - | - | - | - | - | - | - |
| 26 | | | | | | | | |
| 27 | Outdoor Lighting Margins | | | | | | | |
| 28 | Street Lighting Margins | | | | | | | |
| 29 | | | | | | | | |
| 30 | Outdoor Lighting Revenue Credit | | | | | | | |
| 31 | Street Lighting Revenue Credit | | | | | | | |
| 32 | | | | | | | | |
| 33 | Revenue Requirements-Lighting | - | - | - | - | - | - | - |
| 34 | | | | | | | | |
| 35 | Consumer Accts & Serv | | | | | | | |
| 36 | Customer Accounts | | | 6,500 | | | 709 | |
| 37 | Customer Service | | | 1,700 | | | 186 | |
| 38 | Admin & General | | | 3,059 | | | 334 | |
| 39 | Depreciation & Misc | | | 341 | | | 37 | |
| 40 | Interest | | | 298 | | | 32 | |
| 41 | | | | | | | | |
| 42 | Total Costs for Consumer Acctg & Service | - | - | 11,898 | - | - | 1,298 | |
| 43 | | | | | | | | |
| 44 | Margins | | | 286 | | | 31 | |
| 45 | | | | | | | | |
| 46 | Revenue Credits | | | 149 | | | 16 | |
| 47 | | | | | | | | |
| 48 | Revenue Require. Cons. Act & Serv. | - | - | 12,034 | - | - | 1,313 | |
| 49 | | | | | | | | |
| 50 | | | | | | | | |
| 51 | | | | | | | | |
| 52 | TOTAL COSTS | 1,117,611 | 1,568,763 | 44,012 | ##### | 264,717 | 2,909 | 302,629 |
| 53 | | | | | | | | |
| 54 | TOTAL REVENUE REQUIRE. | | | | | | | |
| 55 | MENTS FROM RATES | 1,182,159 | 1,568,763 | 46,666 | ##### | 264,717 | 3,092 | 311,435 |
| 56 | | | | | | | | |
| 57 | MARGINS PROVIDED | | | | | | | |
| 58 | RATE REVENUE | 64,548 | - | 2,654 | 12,526 | - | 183 | 8,807 |

GRAYSON RECC

CASE NO.

Allocation of Revenue Requirements to Rate Classes

| | | | Schedule 13A | Schedule 17 | | | |
|----|---------------------------------------|--|--------------------|---------------|--------|--------|----------|
| | | | Industrial Service | Water Pumping | | | |
| | | | Energy | Consumer | Demand | Energy | Consumer |
| 1 | Purchased Power | | | | | | |
| 2 | Generation Demand | | | | 220 | | |
| 3 | Generation Energy | | 553,838 | | | 859 | |
| 6 | | | | | | | |
| 7 | Total Purchased Power | | 553,838 | | 220 | 859 | |
| 8 | | | | | | | |
| 9 | Lines | | | | | | |
| 10 | Distribution O&M Demand Related | | | | 147 | | |
| 11 | Distribution O&M Consumer Related | | | 43 | | | 43 |
| 12 | Admin & Gen Demand Related | | | | 31 | | |
| 13 | Admin & Gen Consumer Related | | | 9 | | | 9 |
| 14 | Deprec, Taxes & Misc Demand Related | | | | 76 | | |
| 15 | Deprec, Taxes & Misc Consumer Related | | | 22 | | | 22 |
| 16 | Interest Demand Related | | | | 67 | | |
| 17 | Interest Customer Related | | | 19 | | | 19 |
| 18 | | | | | | | |
| 19 | Total Costs for Lines | | | 93 | 320 | | 93 |
| 20 | | | | | | | |
| 21 | Margins Demand Related | | | | 64 | | |
| 22 | Margins Consumer Related | | | 19 | | | 19 |
| 23 | | | | | | | |
| 24 | Credits Demand Related | | | | 33 | | |
| 25 | Credits Consumer Related | | | 10 | | | 10 |
| 26 | | | | | | | |
| 27 | Revenue Requirements-Lines | | - | 102 | 351 | - | 102 |
| 28 | | | | | | | |
| 29 | Transformers | | | | | | |
| 30 | Distribution O&M Demand Related | | | | 2 | | |
| 31 | Distribution O&M Consumer Related | | | - | | | 1 |
| 32 | Admin & Gen Demand Related | | | | 6 | | |
| 33 | Admin & Gen Consumer Related | | | - | | | 5 |
| 34 | Deprec, Taxes & Misc Demand Related | | | | 15 | | |
| 35 | Deprec, Taxes & Misc Consumer Related | | | - | | | 12 |
| 36 | Interest Demand Related | | | | 14 | | |
| 37 | Interest Customer Related | | | - | | | 10 |

GRAYSON RECC

CASE NO.

Allocation of Revenue Requirements to Rate Classes

| | | Schedule 13A | | Schedule 17 | | |
|----|--|--------------------|----------|---------------|--------|----------|
| | | Industrial Service | | Water Pumping | | |
| | | Energy | Consumer | Demand | Energy | Consumer |
| 38 | | | | | | |
| 39 | Total Costs for Transformers | - | - | 37 | - | 28 |
| 40 | | | | | | |
| 41 | Margins Demand Related | | | 13 | | |
| 42 | Margins Consumer Related | | - | | | 10 |
| 43 | | | | | | |
| 44 | Credits Demand Related | | | 7 | | |
| 45 | Credits Consumer Related | | - | | | 5 |
| 46 | | | | | | |
| 47 | Revenue Requirements-Transform. | - | - | 43 | - | 33 |
| 48 | | | | | | |
| 49 | Services | | | | | |
| 50 | Distribution O&M Consumer Related | | - | | | 142 |
| 51 | Admin & Gen Consumer Related | | - | | | 30 |
| 52 | Deprec, Taxes & Misc Consumer Related | | - | | | 73 |
| 53 | Interest Customer Related | | - | | | 64 |
| 54 | | | | | | |
| 55 | Total Costs for Services | | - | | | 309 |
| 56 | | | | | | |
| 57 | Margins Consumer Related | | - | | | 62 |
| 58 | | | | | | |
| 59 | Credits Consumer Related | | - | | | 32 |
| 60 | | | - | | | |
| 61 | Revenue Requirements-Services | | - | | | 339 |
| | | | | | | |
| 1 | Meters | | | | | |
| 2 | Distribution O&M Consumer Related | | - | | | 162 |
| 3 | Admin & Gen Consumer Related | | - | | | 12 |
| 4 | Deprec, Taxes & Misc Consumer Related | | - | | | 29 |
| 5 | Interest Customer Related | | - | | | 25 |
| 6 | | | | | | |
| 7 | Total Costs for Services | | - | | | 227 |
| 8 | | | | | | |
| 9 | Margins Consumer Related | | - | | | 24 |
| 10 | | | | | | |
| 11 | Credits Consumer Related | | - | | | 13 |
| 12 | | | | | | |
| 13 | Revenue Requirements-Meters | | - | | | 239 |
| 14 | | | | | | |
| 15 | Lighting | | | | | |
| 16 | Outdoor Lighting O&M | | | | | |
| 17 | Street Lighting O&M | | | | | |

GRAYSON RECC

CASE NO.

Allocation of Revenue Requirements to Rate Classes

| | | Schedule 13A | | Schedule 17 | | |
|----|---|--------------------|----------|---------------|--------|----------|
| | | Industrial Service | | Water Pumping | | |
| | | Energy | Consumer | Demand | Energy | Consumer |
| 18 | Outdoor Lighting A&G | | | | | |
| 19 | Street Lighting A&G | | | | | |
| 20 | Outdoor Lighting Deprec & Misc | | | | | |
| 21 | Street Lighting Deprec & Misc | | | | | |
| 22 | Outdoor Lighting Interest | | | | | |
| 23 | Street Lighting Interest | | | | | |
| 24 | | | | | | |
| 25 | Total Costs for Lights | - | | | | |
| 26 | | | | | | |
| 27 | Outdoor Lighting Margins | | | | | |
| 28 | Street Lighting Margins | | | | | |
| 29 | | | | | | |
| 30 | Outdoor Lighting Revenue Credit | | | | | |
| 31 | Street Lighting Revenue Credit | | | | | |
| 32 | | | | | | |
| 33 | Revenue Requirements-Lighting | - | - | - | - | - |
| 34 | | | | | | |
| 35 | Consumer Accts & Serv | | | | | |
| 36 | Customer Accounts | | 131 | | | 67 |
| 37 | Customer Service | | 34 | | | 18 |
| 38 | Admin & General | | 62 | | | 32 |
| 39 | Depreciation & Misc | | 7 | | | 4 |
| 40 | Interest | | 6 | | | 3 |
| 41 | | | | | | |
| 42 | Total Costs for Consumer Acctg & Service | | 240 | | | 123 |
| 43 | | | | | | |
| 44 | Margins | | 6 | | | 3 |
| 45 | | | | | | |
| 46 | Revenue Credits | | 3 | | | 2 |
| 47 | | | | | | |
| 48 | Revenue Require. Cons. Act & Serv. | | 243 | | | 125 |
| 49 | | | | | | |
| 50 | | | | | | |
| 51 | | | | | | |
| 52 | TOTAL COSTS | 553,838 | 334 | 577 | 859 | 781 |
| 53 | | | | | | |
| 54 | TOTAL REVENUE REQUIREMENTS FROM RATES | 553,838 | 345 | 614 | 859 | 837 |
| 55 | | | | | | |
| 56 | | | | | | |
| 57 | MARGINS PROVIDED | | | | | |
| 58 | RATE REVENUE | - | 12 | 37 | - | 56 |

GRAYSON RECC

CASE NO.

Allocation of Revenue Requirements to Rate Classes

| | | Schedule 5 | | | Schedule 6 | | |
|----|---------------------------------------|-----------------|--------|----------|-----------------|---------|----------|
| | | Street Lighting | | | Security Lights | | |
| | | Demand | Energy | Consumer | Demand | Energy | Consumer |
| 1 | Purchased Power | | | | | | |
| 2 | Generation Demand | 608 | | | 24,596 | | |
| 3 | Generation Energy | | 4,456 | | | 174,591 | |
| 6 | | | | | | | |
| 7 | Total Purchased Power | 608 | 4,456 | - | 24,596 | 174,591 | |
| 8 | | | | | | | |
| 9 | Lines | | | | | | |
| 10 | Distribution O&M Demand Related | 615 | | | 24,646 | | |
| 11 | Distribution O&M Consumer Related | | | 43 | | | 4,568 |
| 12 | Admin & Gen Demand Related | 131 | | | 5,267 | | |
| 13 | Admin & Gen Consumer Related | | | 9 | | | 976 |
| 14 | Deprec, Taxes & Misc Demand Related | 316 | | | 12,681 | | |
| 15 | Deprec, Taxes & Misc Consumer Related | | | 22 | | | 2,350 |
| 16 | Interest Demand Related | 279 | | | 11,190 | | |
| 17 | Interest Customer Related | | | 19 | | | 2,074 |
| 18 | | | | | | | |
| 19 | Total Costs for Lines | 1,341 | | 93 | 53,785 | - | 9,968 |
| 20 | | | | | | | |
| 21 | Margins Demand Related | 268 | | | 10,742 | | |
| 22 | Margins Consumer Related | | | 19 | - | - | 1,991 |
| 23 | | | | | | | |
| 24 | Credits Demand Related | 140 | | - | 5,615 | - | - |
| 25 | Credits Consumer Related | | | 10 | - | - | 1,041 |
| 26 | | | | | | | |
| 27 | Revenue Requirements-Lines | 1,469 | - | 102 | 58,912 | - | 10,919 |
| 28 | | | | | | | |
| 29 | Transformers | | | | | | |
| 30 | Distribution O&M Demand Related | 6 | | | 254 | | |
| 31 | Distribution O&M Consumer Related | | | 3 | | | 21 |
| 32 | Admin & Gen Demand Related | 27 | | | 1,080 | | |
| 33 | Admin & Gen Consumer Related | | | 15 | | | 86 |
| 34 | Deprec, Taxes & Misc Demand Related | 65 | | | 2,601 | | |
| 35 | Deprec, Taxes & Misc Consumer Related | | | 35 | | | 208 |
| 36 | Interest Demand Related | 57 | | | 2,295 | | |
| 37 | Interest Customer Related | | | 31 | | | 183 |

GRAYSON RECC

CASE NO.

Allocation of Revenue Requirements to Rate Classes

| | | Schedule 5 Street Lighting | | | Schedule 6 Security Lights | | |
|----|---------------------------------------|-------------------------------|--------|----------|-------------------------------|--------|----------|
| | | Demand | Energy | Consumer | Demand | Energy | Consumer |
| 38 | | | | | | | |
| 39 | Total Costs for Transformers | 155 | - | 84 | 6,230 | - | 498 |
| 40 | | | | | | | |
| 41 | Margins Demand Related | 54 | | | 2,163 | | |
| 42 | Margins Consumer Related | | | 30 | | | 176 |
| 43 | | | | | | | |
| 44 | Credits Demand Related | 28 | | | 1,130 | | |
| 45 | Credits Consumer Related | | | 15 | | | 92 |
| 46 | | | | | | | |
| 47 | Revenue Requirements-Transform. | 181 | - | 98 | 7,262 | - | 582 |
| 48 | | | | | | | |
| 49 | Services | | | | | | |
| 50 | Distribution O&M Consumer Related | | | 799 | | | 3,864 |
| 51 | Admin & Gen Consumer Related | | | 171 | | | 826 |
| 52 | Deprec, Taxes & Misc Consumer Related | | | 411 | | | 1,988 |
| 53 | Interest Customer Related | | | 363 | | | 1,754 |
| 54 | | | | | | | |
| 55 | Total Costs for Services | | | 1,743 | | | 8,431 |
| 56 | | | | | | | |
| 57 | Margins Consumer Related | | | 348 | | | 1,684 |
| 58 | | | | | | | |
| 59 | Credits Consumer Related | | | 182 | | | 880 |
| 60 | | | | | | | |
| 61 | Revenue Requirements-Services | | | 1,909 | | | 9,235 |
| | | | | | | | |
| 1 | Meters | | | | | | |
| 2 | Distribution O&M Consumer Related | | | - | | | |
| 3 | Admin & Gen Consumer Related | | | - | | | |
| 4 | Deprec, Taxes & Misc Consumer Related | | | - | | | |
| 5 | Interest Customer Related | | | - | | | |
| 6 | | | | | | | |
| 7 | Total Costs for Services | | | - | | | |
| 8 | | | | | | | |
| 9 | Margins Consumer Related | | | - | | | |
| 10 | | | | | | | |
| 11 | Credits Consumer Related | | | - | | | |
| 12 | | | | | | | |
| 13 | Revenue Requirements-Meters | | | - | | | |
| 14 | | | | | | | |
| 15 | Lighting | | | | | | |
| 16 | Outdoor Lighting O&M | | | | | | 11,855 |
| 17 | Street Lighting O&M | | | 250 | | | |

GRAYSON RECC

CASE NO.

Allocation of Revenue Requirements to Rate Classes

| | | Schedule 5 | | | Schedule 6 | | | | |
|----|--|-----------------|--------|----------|-----------------|--------|----------|---------|---------|
| | | Street Lighting | | | Security Lights | | | | |
| | | Demand | Energy | Consumer | Demand | Energy | Consumer | | |
| 18 | Outdoor Lighting A&G | | | - | | | 18,979 | | |
| 19 | Street Lighting A&G | | | 401 | | | | | |
| 20 | Outdoor Lighting Deprec & Misc | | | | | | 45,693 | | |
| 21 | Street Lighting Deprec & Misc | | | 965 | | | | | |
| 22 | Outdoor Lighting Interest | | | | | | 40,317 | | |
| 23 | Street Lighting Interest | | | 851 | | | | | |
| 24 | | | | | | | | | |
| 25 | Total Costs for Lights | | | 2,467 | - | - | 116,844 | | |
| 26 | | | | | | | | | |
| 27 | Outdoor Lighting Margins | | | - | | | 38,706 | | |
| 28 | Street Lighting Margins | | | 817 | | | - | | |
| 29 | | | | | | | | | |
| 30 | Outdoor Lighting Revenue Credit | | | - | | | 20,233 | | |
| 31 | Street Lighting Revenue Credit | | | 427 | | | - | | |
| 32 | | | | | | | | | |
| 33 | Revenue Requirements-Lighting | | | 2,857 | - | - | 135,317 | | |
| 34 | | | | | | | | | |
| 35 | Consumer Accts & Serv | | | | | | | | |
| 36 | Customer Accounts | | | 714 | | | 34,538 | | |
| 37 | Customer Service | | | 187 | | | 9,033 | | |
| 38 | Admin & General | | | 336 | | | 16,252 | | |
| 39 | Depreciation & Misc | | | 37 | | | 1,810 | | |
| 40 | Interest | | | 33 | | | 1,581 | | |
| 41 | | | | | | | | | |
| 42 | Total Costs for Consumer Acctg & Service | | | 1,307 | | | 63,213 | | |
| 43 | | | | | | | | | |
| 44 | Margins | | | 31 | | | 1,518 | | |
| 45 | | | | | | | | | |
| 46 | Revenue Credits | | | 16 | | | 793 | | |
| 47 | | | | | | | | | |
| 48 | Revenue Require. Cons. Act & Serv. | | | 1,322 | - | - | 63,938 | | |
| 49 | | | | | | | | | |
| 50 | | | | | | | | | |
| 51 | | | | | | | | | |
| 52 | TOTAL COSTS | | | 2,104 | 4,456 | 5,694 | 84,610 | 174,591 | 198,955 |
| 53 | | | | | | | | | |
| 54 | TOTAL REVENUE REQUIREMENTS FROM RATES | | | 2,258 | 4,456 | 6,288 | 90,769 | 174,591 | 219,990 |
| 55 | | | | | | | | | |
| 56 | | | | | | | | | |
| 57 | MARGINS PROVIDED | | | | | | | | |
| 58 | RATE REVENUE | | | 154 | - | 594 | 6,159 | - | 21,035 |

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| | | | | | | Power Supply | |
|----------|------------------------------------|------------------|-----------------|-------------------|--------------------|--------------|------------|
| | | | | | | Generation | |
| Acct No. | Description | Allocation Basis | Actual \$\$\$\$ | Adjusted \$\$\$\$ | Pro Forma \$\$\$\$ | Demand | Energy |
| 555 | Purchased Power | | | | | | |
| | Demand Charges | DA | 4,147,740 | 0 | 4,147,740 | 4,147,740 | |
| | Energy Charges | DA | 14,301,991 | (2,407,422) | 11,894,569 | | 11,894,569 |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | Total Purchased Power | | 18,449,731 | (2,407,422) | 16,042,309 | 4,147,740 | 11,894,569 |
| 580 | Operations Supv & Eng | Dist Oper | - | - | - | | |
| 582 | Station Expense | DA/MinSys | - | - | - | | |
| 583 | Overhead Line Exp. | DA/Min Sys | 468,981 | 21,960 | 490,941 | | |
| 584 | Underground Line Exp | DA/MinSys | - | - | - | | |
| 585 | Security Lights | DA | 726 | 34 | 759 | | |
| 586 | Meter Expense | DA | 515,073 | 24,119 | 539,191 | | |
| 587 | Consumer Installations | DA | - | - | - | | |
| 588 | Misc. Distribution Exp | Dist Oper | 76,436 | 3,579 | 80,015 | | |
| 589 | Rents | | - | - | - | | |
| | | | | | | | |
| | Total Operations | | 1,061,215 | 49,692 | 1,110,907 | | |
| 590 | Maint Supv & Eng | Dist Maint, | 187,952 | 2,985 | 190,937 | | |
| 592 | Maint of Station Equip | DA/Min Sys | - | - | - | | |
| 593 | Maint. Overhead Lines | DA/Min Sys | 2,204,236 | 35,006 | 2,239,241 | | |
| 594 | Maint of Underground Lines | DA/Min Sys | 2,128 | 34 | 2,162 | | |
| 595 | Maint Line Transformers | DA | 23,642 | 375 | 24,017 | | |
| 596 | Maint of St Lg & Signal Sys | DA | 10,041 | 159 | 10,200 | | |
| 597 | Maintenance of Meters | DA | - | - | - | | |
| 598 | Maint Misc Distrib Plant | Dist Maint, | 50,720 | 805 | 51,525 | | |
| | | | | | | | |
| | Total Distribut Maintenance | | 2,478,718 | 39,365 | 2,518,083 | | |

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| Acct | Description | Allocation Basis | Actual \$\$\$\$ | Adjusted \$\$\$\$ | Pro Forma \$\$\$\$ | Power Supply | |
|-------|----------------------------------|------------------|--------------------|----------------------|-----------------------|------------------|-------------------|
| | | | | | | Generation | |
| | | | | | | Demand | Energy |
| 901 | Supervision | DA | 64,082 | 2087 | 66,169 | | |
| 902 | Meter Reading Expense | DA | 1,223 | 40 | 1,263 | | |
| 903 | Cons Recds & Collections | DA | 726,116 | 23,647 | 749,763 | | |
| 904 | Uncollectible Accounts | DA | 84,253 | 2,744 | 86,997 | | |
| | Total Consumer Accounts | | 875,674 | 28,518 | 904,192 | | |
| 908 | Customer Information | | - | - | - | | |
| 909 | Customer Assistance | DA | 194,688 | 1304 | 195,992 | | |
| 912 | Demonstration & Selling | DA | 29,838 | 1448 | 31,286 | | |
| 913 | Advertising | DA | 4,606 | 4606 | 9,212 | | |
| | Total Customer Service | | 229,132 | 7,358 | 236,490 | - | - |
| | | 7358 | | | | | |
| | Total of Above | | 23,094,470 | (2,282,489) | 20,811,981 | 4,147,740 | 11,894,569 |
| 920 | Administrative Salaries | | 706,020 | 22,964 | 728,984 | | |
| 921 | Office Supplies | | 89,334 | - | 89,334 | | |
| 923 | Outside Services | | 58,464 | (42,680) | 15,784 | | |
| 930.2 | Annual Meeting | | 27,421 | - | 27,421 | | |
| 920.3 | Miscellaneous Expenses | | 37,888 | 28,467 | 66,355 | | |
| 930.6 | Directors Expense | | 139,406 | (76,483) | 62,923 | | |
| 930.7 | Dues in Associated Organiz. | | 54,649 | - | 54,649 | | |
| 932 | Misc. General Plant | | 196,044 | - | 196,044 | | |
| | Total Admin & General | Dist Plant | 1,309,225 | (67,732) | 1,241,493 | | |
| 403 | Deprec. Distribution Plant | Net Plant | 1,471,175 | 426,201 | 1,897,376 | | |
| 403 | Deprec. General Plant | Net Plant | 88,334 | | 88,334 | | |
| | Total Depreciation | | 1,559,510 | 426,201 | 1,985,711 | - | - |
| 408 | Taxes Other Than Income Taxes | Rate Base | 26,326 | - | 26,326 | | |
| 426 | Miscell. Income Deductions | Rate Base | 12,800 | (12,800) | 0 | | |
| | Total Miscellaneous | | 39,127 | (12,800) | 26,327 | - | - |

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 Witness: Jim Adkins

| Acct | Description | Allocation Basis | Actual \$\$\$\$ | Adjusted \$\$\$\$ | Pro Forma \$\$\$\$ | Power Supply | |
|--------|--|------------------|--------------------|----------------------|-----------------------|------------------|-------------------|
| | | | | | | Generation | |
| | | | | | | Demand | Energy |
| 427.1 | Interest - RUS Constuc | Rate Base | 950,985 | 257,075 | 1,208,060 | | |
| 427.6 | Interest - FFB Notes | Rate Base | 378,858 | - | 378,858 | | |
| 427..2 | Interest - CFC | Rate Base | 117,056 | - | 117,056 | | |
| | Total Interest on LTD | | 1,446,899 | 257,075 | 1,703,974 | - | - |
| 430 | Interest to Associated Organiz. | Rate Base | 95,287 | (95,287) | 0 | | |
| 431.1 | Other Interest Expense- | Rate Base | 70,941 | - | 70,941 | | |
| 431.3 | Other Interest | Rate Base | - | - | - | | |
| | Total Short Term Interest | Rate Base | 166,228 | (95,287) | 70,941 | - | - |
| | Total Costs | | 27,615,459 | (1,775,032) | 25,840,427 | 4,147,740 | 11,894,569 |
| | Margin Requirements | Rate Base | 1,446,899 | 257,075 | 1,703,974 | - | - |
| | Total Revenue Requirements | | 29,062,358 | (1,517,957) | 27,544,401 | 4,147,740 | 11,894,569 |
| | Less; Misc Income | | | | | | |
| | CATV & Non-Recurring Chrgs | | | | | | |
| 450 | Forfeited Discounts | Rate Base | 412,774 | - | 412,774 | | |
| 451 | Misc Service Revenue | Rate Base | - | - | - | | |
| 454 | Rent from Electric Prop. | Rate Base | 302,647 | 0 | 302,647 | | |
| 456.1 | Other Electric Property | Rate Base | 73,958 | 13,145 | 87,103 | | |
| | Total Misc Income | | 789,379 | 222,625 | 802,524 | - | - |
| | Less: Other Income | | | | | | |
| 419 | Interest Income | | 34,810 | - | 34,810 | | |
| 415 | Revenue from Merchan. & Collec. | Rate Base | 19,569 | - | 19,569 | | |
| 416 | Other Expenses | Rate Base | (31,754) | - | (31,754) | | |
| 424 | Other Capital Credits | Rate Base | 65,590 | - | 65,590 | | |
| | Total Other Income | | 88,215 | - | 88,215 | - | - |
| | Revenue Requirements from Rates | | 28,184,764 | (1,740,582) | 26,653,662 | 4,147,740 | 11,894,569 |

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Functionalization and Classification of Revenue Requirements

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 Witness: Jim Adkins

| Acct No. | Description | Allocation Basis | Distribution | | | | | | | | | |
|----------|------------------------------------|------------------|--------------|----------|-------------------|----------|----------|----------|-----------------------|----------|----------|-----|
| | | | Lines | | Line Transformers | | Services | Meters | Consumer & Accounting | Security | Street | |
| | | | Demand | Customer | Demand | Consumer | Consumer | Consumer | Services | Lights | Lighting | |
| 555 | Purchased Power | | | | | | | | | | | |
| | Demand Charges | DA | | | | | | | | | | |
| | Energy Charges | DA | | | | | | | | | | |
| | Total Purchased Power | | | | | | | | | | | |
| 580 | Operations Supv & Eng | Dist Oper | - | - | - | - | - | - | - | - | - | - |
| 582 | Station Expense | DA/MinSys | - | - | | | | | | | | |
| 583 | Overhead Line Exp. | DA/Min Syst | 313,133 | 108,588 | | | 69,220 | | | | | |
| 584 | Underground Line Exp | DA/MinSys | - | - | | | | | | | | |
| 585 | Security Lights | DA | | | | | | | | 744 | 16 | |
| 586 | Meter Expense | DA | | | | | | 539,191 | | | | |
| 587 | Consumer Installations | DA | | | | | | | | | | |
| 588 | Misc. Distribution Exp | Dist Oper | 24,304 | 8,428 | - | - | 5,373 | 41,850 | | | 58 | 1 |
| 589 | Rents | | - | - | | | | | | | | |
| | Total Operations | | 337,438 | 117,016 | - | - | 74,593 | 581,042 | - | | 802 | 17 |
| 590 | Maint Supv & Eng | Dist Maint. | 119,953 | 41,597 | 1,500 | 515 | 26,516 | - | | | 838 | 18 |
| 592 | Maint of Station Equip | DA/Min Syst | - | - | | | | | | | | |
| 593 | Maint. Overhead Lines | DA/Min Syst | 1,428,237 | 495,282 | | | 315,722 | | | | | |
| 594 | Maint of Underground Lines | DA/Min Syst | 1,379 | 478 | | | 305 | | | | | |
| 595 | Maint Line Transformers | DA | | | 17,876 | 6,141 | | | | | | |
| 596 | Maint of St Lg & Signal Sys | DA | | | | | | | | 9,989 | 211 | |
| 597 | Maintenance of Meters | DA | | | | | | | | | | |
| 598 | Maint Misc Distrib Plant | Dist Maint. | 32,370 | 11,225 | 405 | 139 | 7,156 | | | | 226 | 5 |
| | Total Distribut Maintenance | | 1,581,939 | 548,582 | 19,780 | 6,796 | 349,699 | - | | | 11,053 | 233 |

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Functionalization and Classification of Revenue Requirements

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| Acct | Description | Allocation Basis | Distribution | | | | | | | | |
|-------|----------------------------------|------------------|--------------|----------|-------------------|----------|----------|----------|-----------------------|----------|----------|
| | | | Lines | | Line Transformers | | Services | Meters | Consumer & Accounting | Security | Street |
| | | | Demand | Customer | Demand | Consumer | Consumer | Consumer | Services | Lights | Lighting |
| 901 | Supervision | DA | - | - | - | - | - | - | 66,169 | - | - |
| 902 | Meter Reading Expense | DA | | | | | | | 1,263 | - | - |
| 903 | Cons Recds & Collections | DA | | | | | | | 749,763 | - | - |
| 904 | Uncollectible Accounts | DA | | | | | | | 86,997 | - | - |
| | Total Consumer Accounts | | - | - | - | - | - | - | 904,192 | - | - |
| 908 | Customer Information | | | | | | | | - | | |
| 909 | Customer Assistance | DA | | | | | | | 195,992 | | |
| 912 | Demonstration & Selling | DA | | | | | | | 31,286 | | |
| 913 | Advertising | DA | | | | | | | 9,212 | | |
| | Total Customer Service | | - | - | - | - | - | - | 236,490 | - | - |
| | | 7358 | | | | | | | | | |
| | Total of Above | | 1,919,376 | 665,599 | 19,780 | 6,796 | 424,292 | 581,042 | 1,140,682 | 11,855 | 250 |
| 920 | Administrative Salaries | | | | | | | | | | |
| 921 | Office Supplies | | | | | | | | | | |
| 923 | Outside Services | | | | | | | | | | |
| 930.2 | Annual Meeting | | | | | | | | | | |
| 920.3 | Miscellaneous Expenses | | | | | | | | | | |
| 930.6 | Directors Expense | | | | | | | | | | |
| 930.7 | Dues in Associated Organiz. | | | | | | | | | | |
| 932 | Misc. General Plant | | | | | | | | | | |
| | Total Admin & General | Dist Plant | 410,194 | 142,246 | 82,580 | 28,370 | 90,676 | 42,580 | 425,468 | 18,979 | 401 |
| 403 | Deprec. Distribution Plant | Net Plant | 931,296 | 322,954 | 187,487 | 64,412 | 205,870 | 96,672 | 44,687 | 43,089 | 910 |
| 403 | Deprec. General Plant | Net Plant | 43,358 | 15,035 | 8,729 | 2,999 | 9,585 | 4,501 | 2,080 | 2,006 | 42 |
| | Total Depreciation | | 974,654 | 337,989 | 196,216 | 67,410 | 215,454 | 101,172 | 46,768 | 45,095 | 952 |
| 408 | Taxes Other Than Income Taxes | Rate Base | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 426 | Miscell. Income Deductions | Rate Base | 12,925 | 4,482 | 2,602 | 894 | 2,857 | 1,342 | 614 | 598 | 13 |
| | Total Miscellaneous | | 12,925 | 4,482 | 2,602 | 894 | 2,857 | 1,342 | 614 | 598 | 13 |

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Functionalization and Classification of Revenue Requirements

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| Acct | Description | Allocation Basis | Distribution | | | | | | | | |
|--------|--|------------------|------------------|------------------|-------------------|----------------|------------------|----------------|-----------------------|----------------|--------------|
| | | | Lines | | Line Transformers | | Services | Meters | Consumer & Accounting | Security | Street |
| | | | Demand | Customer | Demand | Consumer | Consumer | Consumer | Services | Lights | Lighting |
| 427.1 | Interest - RUS Constuc | Rate Base | 593,100 | 205,674 | 119,402 | 41,021 | 131,109 | 61,566 | 28,167 | 27,441 | 579 |
| 427.6 | Interest - FFB Notes | Rate Base | 186,001 | 64,501 | 37,445 | 12,864 | 41,117 | 19,308 | 8,833 | 8,606 | 182 |
| 427..2 | Interest - CFC | Rate Base | 57,469 | 19,929 | 11,570 | 3,975 | 12,704 | 5,965 | 2,729 | 2,659 | 56 |
| | Total Interest on LTD | | 836,570 | 290,105 | 168,417 | 57,860 | 184,930 | 86,839 | 39,730 | 38,706 | 817 |
| 430 | Interest to Associated Organiz. | Rate Base | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 431.1 | Other Interest Expense- | Rate Base | 34,829 | 12,078 | 7,012 | 2,409 | 7,699 | 3,615 | 1,654 | 1,611 | 34 |
| 431.3 | Other Interest | Rate Base | - | - | - | - | - | - | - | - | - |
| | Total Short Term Interest | Rate Base | 34,829 | 12,078 | 7,012 | 2,409 | 7,699 | 3,615 | 1,654 | 1,611 | 34 |
| | Total Costs | | 4,188,548 | 1,452,499 | 476,607 | 163,739 | 925,909 | 816,590 | 1,654,915 | 116,844 | 2,467 |
| | Margin Requirements | Rate Base | 836,570 | 290,105 | 168,417 | 57,860 | 184,930 | 86,839 | 39,730 | 38,706 | 817 |
| | Total Revenue Requirements | | 5,025,118 | 1,742,604 | 645,024 | 221,599 | 1,110,839 | 903,429 | 1,694,645 | 155,550 | 3,284 |
| | Less; Misc Income | | | | | | | | | | |
| | CATV & Non-Recurring Chrgs | | - | - | - | - | - | - | - | - | - |
| 450 | Forfeited Discounts | Rate Base | 202,652 | 70,275 | 40,798 | 14,016 | 44,798 | 21,036 | 9,624 | 9,376 | 198 |
| 451 | Misc Service Revenue | Rate Base | - | - | - | - | - | - | - | - | - |
| 454 | Rent from Electric Prop. | Rate Base | 148,586 | 51,526 | 29,913 | 10,277 | 32,846 | 15,424 | 7,057 | 6,875 | 145 |
| 456.1 | Other Electric Property | Rate Base | 42,764 | 14,829 | 8,609 | 2,958 | 9,453 | 4,439 | 2,031 | 1,979 | 42 |
| | Total Misc Income | | 394,001 | 136,631 | 79,320 | 27,250 | 87,097 | 40,899 | 18,712 | 18,229 | 385 |
| | Less: Other Income | | | | | | | | | | |
| 419 | Interest Income | | 17,090 | 5,926 | 3,441 | 1,182 | 3,778 | 1,774 | 812 | 791 | 17 |
| 415 | Revenue from Merchan. & Collec. | Rate Base | 9,608 | 3,332 | 1,934 | 664 | 2,124 | 997 | 456 | 445 | 9 |
| 416 | Other Expenses | Rate Base | (15,590) | (5,406) | (3,139) | (1,078) | (3,446) | (1,618) | (740) | (721) | (15) |
| 424 | Other Capital Credits | Rate Base | 32,202 | 11,167 | 6,483 | 2,227 | 7,118 | 3,343 | 1,529 | 1,490 | 31 |
| | Total Other Income | | 43,309 | 15,019 | 8,719 | 2,995 | 9,574 | 4,496 | 2,057 | 2,004 | 42 |
| | Revenue Requirements from Rates | | 4,587,808 | 1,590,954 | 556,985 | 191,353 | 1,014,168 | 858,034 | 1,673,877 | 135,317 | 2,857 |

GRAYS RECC

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Unbundled Rate Base

| Function | Classification | Schedule 1 | | Schedule 2 | | Schedule 3 | | Schedule 4 | | |
|-----------------------|----------------|-------------------|-------------------|-------------------|------------------|------------------|----------------|---------------|------------------|----------------|
| | | Total | Demand | Consum. | Demand | Consum. | Demand | Consum. | Demand | Consum. |
| Lines | Demand | 23,411,887 | 16,901,144 | | 1,743,477 | | 265,372 | | 3,150,704 | |
| | Consumer | 8,188,097 | | 7,474,901 | | 616,563 | | - | | 34,662 |
| Transformer | Demand | 4,753,511 | 3,431,580 | | 353,993 | | 53,881 | | 639,714 | |
| | Consumer | 1,633,076 | | 1,441,391 | | 164,193 | | - | | 16,903 |
| Services | Demand | - | | | | | | | | |
| | Consumer | 5,219,579 | | 4,331,592 | | 773,511 | | 3,043 | | 52,333 |
| Meters | Demand | - | | | | | | | | |
| | Consumer | 2,450,996 | | 2,206,578 | | 182,008 | | 15,503 | | 44,985 |
| Consumer Acct & Serv. | | 1,121,361 | | 985,441 | | 81,283 | | 1,731 | | 8,062 |
| Outdoor Lighting | | 1,092,464 | | | | | | | | |
| Street Lighting | | 23,063 | | | | | | | | |
| Total | | 47,894,034 | 20,332,724 | 16,439,903 | 2,097,470 | 1,817,558 | 319,253 | 20,278 | 3,790,417 | 156,945 |

GRAYS RECC

Case No. 2008-00254

Unbundled Rate Base

| Function | Classification | Schedule 7 | | Schedule 13A | | Schedule 17 | | Schedule 5 | | Schedule 6 | |
|-----------------------|----------------|----------------------|---------------|--------------------------|------------|---------------|--------------|-----------------|---------------|-----------------|------------------|
| | | All Electric Schools | | Large Industrial Service | | Water Pumping | | Street Lighting | | Security Lights | |
| | | Demand | Consum. | Demand | Consum. | Demand | Consum. | Demand | Consum. | Demand | Consum. |
| Lines | Demand | 611,408 | | 429,866 | | 1,791 | | 7,496 | | 300,629 | |
| | Consumer | | 4,201 | | 525 | | 525 | | 525 | | 56,194 |
| Transformer | Demand | 124,139 | | 87,279 | | 364 | | 1,522 | | 61,039 | |
| | Consumer | | 4,508 | | - | | 282 | | 835 | | 4,965 |
| Services | Demand | | | | | | | | | | |
| | Consumer | | - | | - | | 1,744 | | 9,827 | | 47,529 |
| Meters | Demand | | | | | | | | | | |
| | Consumer | | 1,240 | | - | | 682 | | - | | |
| Consumer Acct & Serv. | | | 880 | | 163 | | 83 | | 886 | | 42,833 |
| Outdoor Lighting | | | | | | | | | | | 1,092,464 |
| Street Lighting | | | | | | | | | 23,063 | | |
| Total | | 735,547 | 10,829 | 517,145 | 688 | 2,155 | 3,316 | 9,018 | 35,136 | 361,669 | 1,243,985 |

GRAYS RECC
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.nibit R
 Schedule 8
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 Witness: Jim Adkins

Development of Net Investment Rate Base

| Description | \$\$\$\$ | Distribution Balances | | | | | | | | | |
|---------------------------------|-------------------|-----------------------|------------------|-------------------|------------------|-----------|------------------|--------------------|--------------------------------------|--------------------|--------------------|
| | | Lines | | Line Transformers | | Services | | Meters Consumer | Consumer & Accounting Services | Security Lights | Street Lighting |
| | | Demand | Customer | Demand | Consumer | Demand | Consumer | | | | |
| 360 Land & Land Rights | - | - | - | | | | | | | | |
| 362 Station Equipment | 31,054 | 23,058 | 7,996 | | | | | | | | |
| 364 Poles, Towers and Fixtures | 18,663,608 | 13,857,963 | 4,805,645 | | | | | | | - | |
| 365 Overhead Conductor | 14,468,542 | 10,743,074 | 3,725,468 | | | | | | | - | |
| 366 Underground Conduit | - | - | - | | | | | | | | |
| 367 UG Conductor | 308,059 | 228,738 | 79,321 | | | | | | | | |
| 368 Line Transformers | 6,722,240 | | | 5,003,336 | 1,718,904 | | | | | | |
| 369 Services | 5,493,899 | | | | | 5,493,899 | | | | - | |
| 370 Meters | 2,579,810 | | | | | | 2,579,810 | | | | |
| 371 Install. On Consumer Prem. | 1,174,155 | | | | | | | | | 1,149,879 | 24,276 |
| 372 Street Lighting | - | | | | | | | | | | - |
| Total Distribution Plant | 49,441,368 | 24,852,833 | 8,618,431 | 5,003,336 | 1,718,904 | - | 5,493,899 | 2,579,810 | - | 1,149,879 | 24,276 |
| | | 50.3% | 17.4% | 10.1% | 3.5% | 0.0% | 11.1% | 5.2% | 0.0% | 2.3% | 0.0% |
| Total General Plant | 3,648,527 | 1,205,486 | 418,037 | 242,687 | 83,375 | - | 266,482 | 125,134 | 1,250,375 | 55,775 | 1,177 |
| | | 33.0% | 11.5% | 6.7% | 2.3% | 0.0% | 7.3% | 3.4% | 34.3% | 1.5% | 0.0% |
| Total Utility Plant | 53,089,895 | 26,058,319 | 9,036,468 | 5,246,023 | 1,802,279 | - | 5,760,381 | 2,704,944 | 1,250,375 | 1,205,654 | 25,453 |
| Accum. Depreciation | 8,222,315 | 4,035,791 | 1,399,526 | 812,479 | 279,129 | - | 892,141 | 418,929 | 193,652 | 186,726 | 3,942 |
| Net Plant | 44,867,580 | 22,022,528 | 7,636,942 | 4,433,543 | 1,523,150 | - | 4,868,240 | 2,286,015 | 1,056,722 | 1,018,928 | 21,511 |
| | 53,733,003 | 49.08% | 17.02% | 9.88% | 3.39% | 0.00% | 10.85% | 5.10% | 2.36% | 2.27% | 0.05% |
| CWIP | 643,108 | 323,273 | 112,104 | 65,081 | 22,359 | - | 71,462 | 33,557 | - | 14,957 | 316 |
| | 45,510,688 | 22,345,801 | 7,749,046 | 4,498,624 | 1,545,509 | - | 4,939,702 | 2,319,572 | 1,056,722 | 1,033,885 | 21,827 |
| Plus | | | | | | | | | | | |
| Cash Working Capital | 751,396 | 368,811 | 127,896 | 74,248 | 25,508 | - | 81,528 | 38,284 | 17,697 | 17,064 | 360 |
| Materials & Supplies | 1,396,773 | 685,584 | 237,746 | 138,021 | 47,417 | - | 151,553 | 71,166 | 32,897 | 31,720 | 670 |
| Prepayments | 596,352 | 292,710 | 101,505 | 58,928 | 20,245 | - | 64,706 | 30,384 | 14,045 | 13,543 | 286 |
| Minus: Consumer Advances | 161,175 | 81,018 | 28,095 | 16,310 | 5,603 | - | 17,910 | 8,410 | - | 3,749 | 79 |
| Net Investment Rate Base | 48,094,034 | 23,611,887 | 8,188,097 | 4,753,511 | 1,633,076 | - | 5,219,579 | 2,450,996 | 1,121,361 | 1,092,464 | 23,063 |
| Percentage | | 49.10% | 17.03% | 9.88% | 3.40% | 0.00% | 10.85% | 5.10% | 2.33% | 2.27% | 0.05% |

**GRAYSON RECC
Case No. 2008-00254**

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Witness: Jim Adkins

Determination of Certain Plant Investments as Demand Related or Consumer Related

Account 364 - Poles

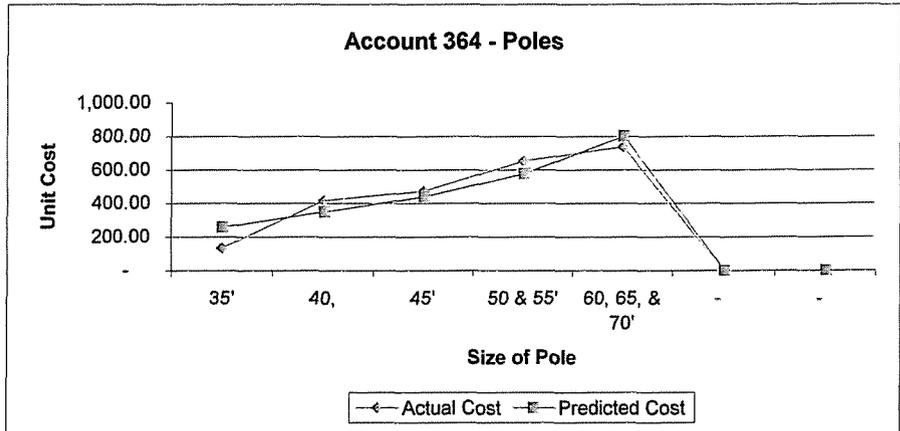
| <u>Pole</u> | <u>Size</u> | <u>Investment</u> | <u>Number of Units</u> | <u>Unit Cost</u> | <u>Predicted Value</u> |
|-------------------------|-------------|-------------------|------------------------|------------------|------------------------|
| 25 & 30' | 28 | 2,059,684 | 11,221 | 183.56 | 124.68 |
| 35' | 35 | 791,028 | 5,885 | 134.41 | 260.42 |
| 40, | 40 | 6,044,731 | 14,448 | 418.38 | 350.90 |
| 45' | 45 | 2,133,585 | 4,496 | 474.55 | 441.39 |
| 50 & 55' | 53 | 852,646 | 1,305 | 653.37 | 577.13 |
| 60, 65, & 70' | 65 | 125,605 | 170 | 738.85 | 803.35 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| Subtotal | | 12,007,278 | 37,525.00 | | 5,043,893.64 |
| Cross arms | | 1,133,843 | | | |
| Anchors & Guys | | 5,469,742 | | | 30.00 |
| Other | | 52,745 | | | |
| Total Investment | | 18,663,608 | 37,525.00 | | |
| X Variable - (Size) | | | 18.10 | | |
| Zero Intercept | | | (373.01) | | |
| R Square | | | 0.86 | | |

| | | |
|---------------------------------|---------------|---------------|
| Minimum Intercept 30 ft pole | Use Unit Cost | 124.68 |
| Number of poles | | 37,525.00 |
| Consumer Related Investment | | 4,678,681.40 |
| Total Investment | | 18,663,607.91 |
| Percent Customer Related | | 25.07% |
| Percent Demand Related | | 74.93% |

SUMMARY OUTPUT

| <u>Regression Statistics</u> | |
|------------------------------|-------------|
| Multiple R | 0.928635516 |
| R Square | 0.862363922 |
| Adjusted R Square | 0.827954903 |
| Standard Error | 61.82021757 |
| Observations | 6 |

| | |
|--------------|-------------|
| Intercept | -373.009225 |
| X Variable 1 | 18.09785241 |



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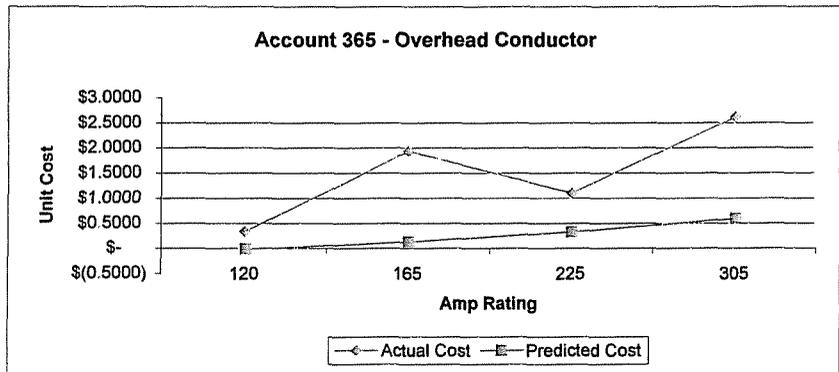
Determination of Certain Plant Investments as Demand Related or Consumer Related

Account 365 - Overhead Conductor

| Conductor | Investment | Number of Units | Unit Cost | Amp Ratings | Predicted Cost |
|------------------|-------------------|-------------------|------------------|-------------|----------------|
| 8 ACWC | 79,781 | 1,202,941 | \$ 0.0663 | | |
| 4 ACWC | 151 | 808 | \$ 0.1863 | | |
| #2 HD | 12,418 | 132,056 | \$ 0.0940 | | |
| 4 ACSR | 2,397,771 | 13,919,355 | \$ 0.1723 | | |
| 1/0 CU Strand | 33,138 | 202,085 | \$ 0.1640 | | |
| 3/0 ACSR | 2,174,807 | 6,524,809 | \$ 0.3333 | 120 | (0.0191) |
| 4/0 CU Strand | 658 | 340 | \$ 1.9356 | 165 | 0.1300 |
| 336 & 397 ACSR | 377,524 | 341,719 | \$ 1.1048 | 225 | 0.3289 |
| 397 Hendrix | 103,773 | 39,731 | \$ 2.6119 | 305 | 0.5941 |
| SUBTOTAL | 5,180,021 | 22,363,844 | \$ 0.2316 | | |
| Arrestors | x 400,921 | | | | |
| Switces | x 299,641 | | | | |
| OCRS | 447,776 | | | | |
| Cutouts | x 240,459 | | | | |
| Insulator String | x 1,987,528 | | | | |
| Grounds | x 2,910,290 | | | | |
| | 14,681,531 | | | | |
| TOTAL | 14,468,542 | (212,989) | | | |

SUMMARY OUTPUT

| | |
|---------------------|-------------|
| Multiple R | 0.812429682 |
| R Square | 0.660041988 |
| Adjusted R Square | 0.603382319 |
| Standard Error | 0.338194044 |
| Observations | 8 |
| Coefficients | |
| Intercept | -0.41690334 |
| X Variable 1 | 0.003314627 |



Minimum Size Conductor - 2ACSR
Total Amount of Conductor in Feet

0.17226 Predicted Price
22,363,844
\$\$\$

Minimum Size Investment -Consumer Related
Demand Related
Investment in Conduit

3,852,431.79 26.63%
10,616,110 73.37%
14,468,542.00 100.00%

GRAYSON RECC
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Exhibit R
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Witness: Jim Adkins

Determination of Certain Plant Investments as Demand Related or Consumer Related

Breakdown of Lines into Demand Related and Consumer Related Components

| | Total Investment | Percent Consumer | Amount Consumer | Percent Demand | Amount Demand |
|------------------|---------------------|---------------------|---------------------|-------------------|-------------------|
| Conductor | 14,468,542 | 26.63% | 3,852,431.79 | 73.37% | 10,616,110 |
| Poles | 18,663,608 | 25.07% | 4,678,681.40 | 74.93% | 13,984,927 |
| | 33,132,150 | | 8,531,113.18 | | 24,601,037 |
| Percent | | | 25.75% | | 74.25% |

Account 368-Transformers

| Pole | Size | Investment | Number of Units | Unit Cost | Predicted Value |
|---|----------|------------|--------------------|-----------|--------------------|
| 25KVA Pad | 25.00 | 9,659 | 10 | 965.90 | 540.41 |
| 50KVA Pad | 50.00 | 19,181 | 15 | 1,278.75 | 932.92 |
| 75KVA Pad | 75.00 | 20,202 | 10 | 2,020.19 | 1,325.42 |
| 75 KVA 3P Pad | 75.00 | 3,306 | 2 | 1,652.97 | 1,325.42 |
| 100-1000KVA Pd | 25.00 | 29,956 | 7 | 4,279.44 | 540.41 |
| 2500KVA Pad | 2,500.00 | 42,794 | 2 | 21,397.09 | 39,398.85 |
| 500 KVA Conv | 500.00 | 21,187 | 4 | 5,296.72 | 332,789.72 |
| 10 KVA Conv | 10.00 | 26,430 | 112 | 235.98 | 304.90 |
| 15 KVA Conv | 15.00 | 65,385 | 151 | 433.02 | 383.40 |
| 25 KVA Conv | 25.00 | 48,902 | 117 | 417.96 | 540.41 |
| 37.5 KVA Conv | 37.50 | 23,513 | 39 | 602.90 | 736.66 |
| 50 KVA Conv | 50.00 | 57,349 | 72 | 796.51 | 932.92 |
| 75 KVA Conv | 75.00 | 40,476 | 40 | 1,011.90 | 1,325.42 |
| 100 KVA Conv | 100.00 | 42,255 | 36 | 1,173.76 | 1,717.93 |
| 167 KVA Conv | 167.00 | 39,885 | 17 | 2,346.17 | 2,769.86 |
| 250 KVA Conv | 250.00 | 34,791 | 14 | 2,485.08 | 4,072.99 |
| 300 KVA Pad | 300.00 | 18,358 | 3 | 6,119.44 | 4,858.01 |
| 225 KVA Oad | 225.00 | 11,285 | 2 | 5,642.47 | 3,680.48 |
| 750 KVA Pad | 750.00 | 19,097 | 2 | 9,548.30 | 11,923.18 |
| 5 KVA SP&CSP | 5.00 | 59,474 | 393 | 151.33 | 226.40 |
| 10 KVA SP&CSP | 10.00 | 1,542,206 | 4,669 | 330.31 | 304.90 |
| 15 KVA SP&CSP | 15.00 | 2,262,562 | 4,960 | 456.16 | 383.40 |
| 25 KVA SP&CSP | 25.00 | 1,802,107 | 3,009 | 598.91 | 540.41 |
| 37.5 KVA SP&C | 37.50 | 177,302 | 234 | 757.70 | 736.66 |
| 50 KVA SP&CSP | 50.00 | 34,917 | 38 | 918.87 | 932.92 |
| 75 KVA SP&CSP | 75.00 | 1,669 | 2 | 834.73 | 1,325.42 |
| 1.5,3&5 KVA Conv | 3.00 | 22,665 | 288 | 78.70 | 195.00 |
| 500-750 Conv | 500.00 | 13,078 | 3 | 4,359.28 | 7,998.09 |
| Areestors, ctouts, capacitor banks, voltage regulators. Ect. | | 3,283,152 | | | |
| | | 6,722,239 | 14,251 | | |

GRAYSON RECC

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Exhibit R
 Schedule 10
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 Witness: Jim Adkins

A. Energy Sales

Allocation proportional on retail sales

| <u>Month</u> | Schedule 1 Farm and Home Wholesale E | Schedule 2 Small Commercial Wholesale E | Schedule 3 Off-peak Marketing Wholesale E | Schedule 4 Large Power Wholesale E | Schedule 7 All Electric Schools Wholesale E | Schedule 13A Large Indust. Service Wholesale C |
|-------------------------|---|--|--|---|--|---|
| September | 14,372,247 | 1,461,671 | 109,822 | 3,030,154 | 391,340 | 1,171,200 |
| October | 15,869,081 | 1,473,372 | 120,278 | 3,173,787 | 472,300 | 1,178,400 |
| November | 14,063,673 | 1,352,270 | 106,903 | 2,968,800 | 534,860 | 1,336,800 |
| December | 11,771,910 | 1,228,772 | 94,111 | 2,749,392 | 461,340 | 1,351,200 |
| January | 14,087,579 | 1,242,503 | 146,743 | 2,690,876 | 454,260 | 1,742,400 |
| February | 17,482,196 | 1,420,214 | 206,783 | 2,777,725 | 507,860 | 1,735,200 |
| March | 21,236,824 | 1,661,619 | 271,075 | 2,887,740 | 558,440 | 1,461,600 |
| April | 22,450,492 | 1,821,203 | 296,169 | 3,200,199 | 634,960 | 1,329,600 |
| May | 18,314,660 | 1,496,221 | 251,349 | 2,893,632 | 538,220 | 1,348,800 |
| June | 13,863,462 | 1,323,966 | 175,100 | 2,745,309 | 436,740 | 1,363,200 |
| July | 10,217,008 | 1,094,714 | 104,518 | 2,594,780 | 408,620 | 624,000 |
| August | 12,959,078 | 1,337,273 | 108,176 | 2,875,777 | 437,560 | 367,200 |
| Total | 186,688,210 | 16,913,798 | 1,991,027 | 34,588,171 | 5,836,500 | 15,009,600 |
| Total Schedule E | | | | | | |
| Schedule E | | | | | | |
| Percentage | 74.68% | 6.77% | 0.80% | 13.84% | 2.33% | 0.00% |

GRAYSON RECC

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Exhibit R
 Schedule 10
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 Witness: Jim Adkins

A. Energy Sales

Allocation proportional on retail sales

| Schedule 17 Water Pumping Wholesale E | Schedule 5 Street Lighting Wholesale E | Schedule 6 Security Lights Wholesale E | Total All Rates Wholesale E | Envirowatts Power | Total Schedule C Rates |
|--|---|---|--------------------------------------|----------------------|------------------------------|
| 3,360 | 8,325 | 314,293 | 20,862,412 | 10,100 | 20,872,512 |
| 3,360 | 8,250 | 315,403 | 22,614,231 | 10,100 | 22,624,331 |
| 3,920 | 8,250 | 319,108 | 20,694,584 | 10,100 | 20,704,684 |
| 2,520 | 8,250 | 319,467 | 17,986,962 | 10,100 | 17,997,062 |
| 440 | 8,250 | 319,473 | 20,692,524 | 8,600 | 20,701,124 |
| 360 | 8,250 | 321,022 | 24,459,610 | 8,600 | 24,468,210 |
| 200 | 8,250 | 320,713 | 28,406,461 | 8,600 | 28,415,061 |
| 240 | 8,250 | 324,791 | 30,065,904 | 8,600 | 30,074,504 |
| 240 | 8,250 | 322,533 | 25,173,905 | 8,600 | 25,182,505 |
| 440 | 8,250 | 322,781 | 20,239,248 | 8,600 | 20,247,848 |
| 1,280 | 7,875 | 323,729 | 15,376,524 | 8,600 | 15,385,124 |
| 2,580 | 7,800 | 326,089 | 18,421,533 | 7,900 | 18,429,433 |
| | | | 264,993,898 | | |
| 18,940 | 98,250 | 3,849,402 | 264,993,898 | 108,500 | 265,102,398 |
| | | | 249,984,298 | | |
| 0.01% | 0.04% | 1.54% | 100.00% | | |

GRAYS RECC

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Exhibit R
 Schedule 10
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 Witness: Jim Adkins

B. Wholesale Billing CP Contributions

| <u>Month</u> | Schedule 1 Farm and Home | Schedule 2 Small Commercial | Schedule 3 Off-peak Marketing | Schedule 4 Large Power | Schedule 7 All Electric Schools | Schedule 13A Large Indust. Service |
|------------------|--------------------------------|-----------------------------------|-------------------------------------|------------------------------|---------------------------------------|--|
| June | 35,620 | 3,537 | - | 6,063 | 1,082 | 2,157 |
| July | 37,737 | 2,954 | - | 5,456 | 967 | 1,909 |
| August | 41,576 | 3,602 | - | 6,204 | 1,194 | 1,950 |
| September | 36,948 | 3,026 | - | 5,600 | 1,038 | 1,952 |
| October | 31,337 | 2,339 | - | 5,321 | 926 | 1,967 |
| November | 34,140 | 2,843 | - | 7,650 | 1,470 | 2,276 |
| December | 44,766 | 3,337 | - | 7,970 | 1,520 | 2,550 |
| January | 57,957 | 3,541 | - | 8,058 | 1,470 | 2,976 |
| February | 49,940 | 3,007 | - | 7,638 | 1,579 | 2,041 |
| March | 46,268 | 2,888 | - | 6,189 | 931 | 2,351 |
| April | 34,709 | 1,932 | - | 4,920 | 837 | 2,026 |
| May | 26,412 | 2,656 | - | 4,464 | 767 | 1,766 |
| Total | 477,410 | 35,662 | - | 75,533 | 13,781 | 25,921 |
| Total Schedule E | | | | | | |
| Percent | 78.74% | 5.88% | 0.00% | 12.46% | 2.27% | 0.00% |

Used to allocate wholesale power demand costs to rate classes.

GRAYS RECC

CASE NO. 2008-00254

B. Wholesale Billing CP Contributions

| Schedule 17 Water Pumping | Schedule 5 Street Lighting | Schedule 6 Security Lights | Total All Rates | Envirowatts Power | Total Schedule C Rates |
|---------------------------------|----------------------------------|----------------------------------|-----------------------|----------------------|------------------------------|
| 3 | - | - | 48,462 | 18,000 | 2,157 |
| 3 | - | - | 49,026 | 18,000 | 1,909 |
| 4 | - | - | 54,530 | 18,000 | 1,950 |
| 3 | - | - | 48,567 | 18,000 | 1,952 |
| 2 | - | - | 41,892 | 18,000 | 1,967 |
| 2 | 19 | 754 | 49,154 | 18,000 | 2,276 |
| 4 | 19 | 754 | 60,920 | 18,000 | 2,550 |
| 3 | 19 | 768 | 74,792 | 18,000 | 2,976 |
| 3 | 19 | 761 | 64,988 | 18,000 | 2,041 |
| 3 | - | - | 58,630 | 18,000 | 2,351 |
| 2 | 18 | 765 | 45,209 | 18,000 | 2,026 |
| 2 | - | - | 36,067 | 18,000 | 1,766 |
| 34 | 94 | 3,802 | 632,237 | | 25,921 |
| | | | 606,316 | | |
| 0.01% | 0.02% | 0.63% | 100.00% | | 100.00% |
| | | | | | 0.00% |

Used to allocate wholesale power demand costs to rate classes.

GRAYS RIVER RECC

CASE NO. 2008-00254

Exhibit R
 Schedule 10
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 Witness: Jim Adkins

C. Monthly Peak Demands for Each Rate Class

| <u>Month</u> | Schedule 1 Farm and Home | Schedule 2 Small Commercial | Schedule 3 Off-peak Marketing | Schedule 4 Large Power | Schedule 7 All Electric Schools | Schedule 13A Large Indust. Service |
|--------------------------|--------------------------------|-----------------------------------|-------------------------------------|------------------------------|---------------------------------------|--|
| June | 37,883 | 4,581 | 637 | 7,712 | 1,261 | 2,157 |
| July | 40,115 | 5,060 | 630 | 7,669 | 1,224 | 1,909 |
| August | 44,310 | 5,610 | 651 | 8,888 | 1,755 | 1,950 |
| September | 38,306 | 4,842 | 658 | 7,922 | 1,593 | 1,952 |
| October | 36,171 | 3,965 | 672 | 7,851 | 1,535 | 1,967 |
| November | 34,140 | 3,833 | 679 | 7,650 | 1,470 | 2,276 |
| December | 44,768 | 4,540 | 679 | 8,010 | 1,738 | 2,550 |
| January | 57,957 | 4,387 | 679 | 8,273 | 1,730 | 2,976 |
| February | 49,940 | 4,036 | 679 | 8,059 | 1,685 | 2,041 |
| March | 46,268 | 4,218 | 679 | 7,929 | 1,585 | 2,351 |
| April | 38,656 | 3,677 | 672 | 7,317 | 1,432 | 2,026 |
| May | 41,057 | 3,817 | 686 | 7,714 | 1,426 | 1,766 |
| Total | 509,571 | 52,566 | 8,001 | 94,994 | 18,434 | 12,961 |
| Percent | 72.19% | 7.45% | 1.13% | 13.46% | 2.61% | 1.84% |
| Percent w/o Sched 13A | 73.54% | 7.59% | 1.15% | 13.71% | 2.66% | 0.00% |

Used to allocate distribution demand related costs to appropriate rate classes

GRAYS RECC

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Exhibit R
 Schedule 10
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 Witness: Jim Adkins

C. Monthly Peak Demands for Each Rate Class

| Schedule 17 Water Pumping | Schedule 5 Street Lighting | Schedule 6 Security Lights | Total All Rates | Envirowatts Power | Total Schedule C Rates |
|---------------------------------|----------------------------------|----------------------------------|-----------------------|----------------------|------------------------------|
| 5 | 19 | 741 | 54,996 | 18,000 | 2,157 |
| 5 | 19 | 743 | 57,374 | 18,000 | 1,909 |
| 6 | 19 | 751 | 63,940 | 18,000 | 1,950 |
| 5 | 19 | 751 | 56,048 | 18,000 | 1,952 |
| 4 | 19 | 751 | 52,935 | 18,000 | 1,967 |
| 4 | 19 | 754 | 50,825 | 18,000 | 2,276 |
| 5 | 19 | 754 | 63,063 | 18,000 | 2,550 |
| 4 | 19 | 768 | 76,793 | 18,000 | 2,976 |
| 4 | 19 | 761 | 67,224 | 18,000 | 2,041 |
| 4 | 19 | 759 | 63,812 | 18,000 | 2,351 |
| 4 | 18 | 765 | 54,567 | 18,000 | 2,026 |
| 4 | 18 | 766 | 57,254 | 18,000 | 1,766 |
| | - | | | | |
| 54 | 226 | 9,064 | 705,871 | 216,000 | 25,921 |
| | | | 692,910 | | |
| 0.01% | 0.03% | 1.28% | 100.00% | 833.30% | 100.00% |
| | | | | | 1033% |
| 0.01% | 0.03% | 1.31% | 100.00% | | |

Used to allocate distribution demand related costs to appropriate rate classes

GRAYSON RECC

Case No. 2008-00254

Exhibit R
 Schedule 11
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 Witness: Jim Adkins

Consumer Related Costs Allocators

A. Lines (poles and conduit)

| | <u>Number of Consumers</u> | <u>Allocation Percent</u> |
|---|--------------------------------|-------------------------------|
| Schedule 1 - Farm and Home | 14,233 | 91.29% |
| Schedule 2 - Small Commercial | 1,174 | 7.53% |
| Schedule 3 - Off-peak Marketing | - | 0.00% |
| Schedule 4 - Large Power | 66 | 0.42% |
| Schedule 7 - All Electric Schoools | 8 | 0.05% |
| Schedule 13A - Large Industrial Service | 1 | 0.01% |
| Schedule 17 Water Pumping | 1 | 0.01% |
| Schedule 5 - Street Lighting | 1 | 0.01% |
| Schedule 6 - Security Lights | 107 | 0.69% |
| | 15,591 | 100% |

B. Transformers

| Rate Class | <u>Number of Consumers</u> | <u>Minimum Transformer Cost</u> | <u>Relative Cost</u> | <u>Weight</u> | <u>Allocation Percent</u> |
|---|--------------------------------|---|--------------------------|---------------|-------------------------------|
| Schedule 1 - Farm and Home | 14,233 | 330.3 | 0.18 | 2,558.19 | 88.26% |
| Schedule 2 - Small Commercial | 1,174 | 456.2 | 0.25 | 291.41 | 10.05% |
| Schedule 3 - Off-peak Marketing | - | - | - | - | 0.00% |
| Schedule 4 - Large Power | 60 | 918.9 | 0.50 | 30.00 | 1.04% |
| Schedule 7 - All Electric Schoools | 8 | 1,837.7 | 1.00 | 8.00 | 0.28% |
| Schedule 13A - Large Industrial Service | 1 | - | - | - | 0.00% |
| Schedule 17 Water Pumping | 1 | 918.9 | 0.50 | 0.50 | 0.02% |
| Schedule 5 - Street Lighting | 18 | 151.3 | 0.08 | 1.48 | 0.05% |
| Schedule 6 - Security Lights | 107 | 151.3 | 0.08 | 8.81 | 0.30% |
| | 15,602.00 | | | 2,898.39 | 1.00 |

GRAYSON RECC

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 Schedule 11
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 Witness: Jim Adkins

Consumer Related Costs Allocators

C. Services

| Rate Class | # of Consumer | Minim Service Cost | Relative Cost | Weight | Allocation Percent | |
|---|---------------|--------------------|---------------|--------|--------------------|---------|
| Schedule 1 - Farm a #REF! | 14,233 | 146 | 1.0 | 14,233 | 82.99% | 82.99% |
| Schedule 2 - Small Commercial | 1,174 | 315 | 2.2 | 2,542 | 14.82% | 14.82% |
| Schedule 3 - Off-peak Marketing | 100 | 15 | 0.1 | 10 | 0.06% | 0.06% |
| Schedule 4 - Large Power | 60 | 417 | 2.9 | 172 | 1.00% | 1.00% |
| Schedule 7 - All Electric Schools | 8 | - | - | - | 0.00% | 0.00% |
| Schedule 13A - Large Industrial Service | 1 | - | - | - | 0.00% | 0.00% |
| Schedule 17 Water Pumping | 1 | 834 | 5.7 | 6 | 0.03% | 0.03% |
| Schedule 5 - Street Lighting | 87 | 54 | 0.4 | 32.29 | 0.19% | 0.19% |
| Schedule 6 - Security Lights | 4,208 | 5 | 0.0 | 156.17 | 0.91% | 0.91% |
| | 19,872.00 | | | 17,151 | 100.00% | 100.00% |

D. Meters

| Rate Class | # of Consumer | Minimum Meter Cost | Relative Cost | Weight | Allocation Percent | |
|---|---------------|--------------------|---------------|-----------|--------------------|--------|
| Schedule 1 - Farm and Home | 14,233 | 49.57 | 1.00 | 14,233.00 | 90.03% | 90.03% |
| Schedule 2 - Small Commercial | 1,174 | 49.57 | 1.00 | 1,174.00 | 7.43% | 7.43% |
| Schedule 3 - Off-peak Marketing | 100 | 49.57 | 1.00 | 100.00 | 0.63% | 0.63% |
| Schedule 4 - Large Power | 66 | 217.93 | 4.40 | 290.16 | 1.84% | 1.84% |
| Schedule 7 - All Electric Schools | 8 | 49.57 | 1.00 | 8.00 | 0.05% | 0.05% |
| Schedule 13A - Large Industrial Service | - | - | - | - | 0.00% | 0.00% |
| Schedule 17 Water Pumping | 1 | 217.93 | 4.40 | 4.40 | 0.03% | 0.03% |
| Schedule 5 - Street Lighting | 87 | - | - | - | 0.00% | 0.00% |
| Schedule 6 - Security Lights | 4,208 | - | - | - | 0.00% | 0.00% |
| | 19,877.00 | | | 15,809.56 | 1.00 | 1.00 |

GRAYSON RECC

Case No. 2008-00254

Exhibit R
Schedule 11
Page 45 of 45
Witness: Jim Adkins

Consumer Related Costs Allocators

E. Consumer & Accounting Services

| Rate Class | Consumer Records | Consumer Assistance | Total | Allocation Percent |
|---|------------------|---------------------|-----------|--------------------|
| Schedule 1 - Farm and Home | 774,941 | 165,682 | 940,623 | 87.88% |
| Schedule 2 - Small Commercial | 63,921 | 13,666 | 77,587 | 7.25% |
| Schedule 3 - Off-peak Marketing | 1,361 | 291 | 1,652 | 0.15% |
| Schedule 4 - Large Power | 5,390 | 2,305 | 7,695 | 0.72% |
| Schedule 7 - All Electric Schoools | 653 | 186 | 840 | 0.08% |
| Schedule 13A - Large Industrial Service | 109 | 47 | 155 | 0.01% |
| Schedule 17 Water Pumping | 68 | 12 | 80 | 0.01% |
| Schedule 5 - Street Lighting | 592 | 253 | 845 | 0.08% |
| Schedule 6 - Security Lights | 28,639 | 12,246 | 40,885 | 3.82% |
| | 875,674 | 194,688 | 1,070,362 | 100% |

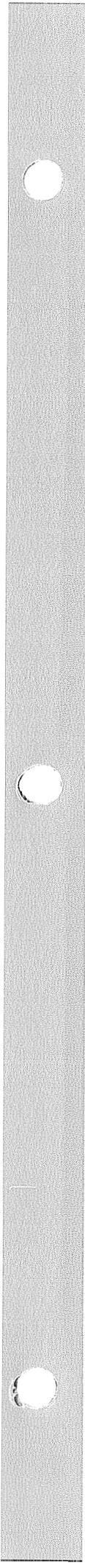
Consumer Records

| | Factor | Number of Consumers | Weight | Allocation Percentage | Expenses Allocated |
|---|--------|---------------------|--------|-----------------------|--------------------|
| Schedule 1 - Farm and Home | 4.00 | 14,233 | 56,932 | 88.5% | 774,941 |
| Schedule 2 - Small Commercial | 4.00 | 1,174 | 4,696 | 7.3% | 63,921 |
| Schedule 3 - Off-peak Marketing | 1.00 | 100 | 100 | 0.2% | 1,361 |
| Schedule 4 - Large Power | 6.00 | 66 | 396 | 0.6% | 5,390 |
| Schedule 7 - All Electric Schoools | 6.00 | 8 | 48 | 0.1% | 653 |
| Schedule 13A - Large Industrial Service | 8.00 | 1 | 8 | 0.0% | 109 |
| Schedule 17 Water Pumping | 5.00 | 1 | 5 | 0.0% | 68 |
| Schedule 5 - Street Lighting | 0.50 | 87 | 44 | 0.1% | 592 |
| Schedule 6 - Security Lights | 0.50 | 4,208 | 2,104 | 3.3% | 28,639 |
| | 35.00 | 19,878 | 64,333 | 100% | 875,674 |

Consumer Assistance

| | Factor | Number of Consumers | Weight | Allocation Percentage | Expenses Allocated |
|---|--------|---------------------|--------|-----------------------|--------------------|
| Schedule 1 - Farm and Home | 1.00 | 14,233 | 14,233 | 85.1% | 165,682 |
| Schedule 2 - Small Commercial | 1.00 | 1,174 | 1,174 | 7.0% | 13,666 |
| Schedule 3 - Off-peak Marketing | 0.25 | 100 | 25 | 0.1% | 291 |
| Schedule 4 - Large Power | 3.00 | 66 | 198 | 1.2% | 2,305 |
| Schedule 7 - All Electric Schoools | 2.00 | 8 | 16 | 0.1% | 186 |
| Schedule 13A - Large Industrial Service | 4.00 | 1 | 4 | 0.0% | 47 |
| Schedule 17 Water Pumping | 1.00 | 1 | 1 | 0.0% | 12 |
| Schedule 5 - Street Lighting | 0.25 | 87 | 22 | 0.1% | 253 |
| Schedule 6 - Security Lights | 0.25 | 4,208 | 1,052 | 6.3% | 12,246 |
| | 12.75 | 19,878 | 16,725 | 100% | 194,688 |

| | | |
|---------------------|---------|---------|
| Meter Reading | - | 1.00 |
| Consumer Records | 875,674 | #DIV/0! |
| Consumer Assistance | 194,688 | #DIV/0! |



Grayson Rural Electric
Case No. 2008-00254
Balance Sheet, Adjusted
May 31, 2008

Exhibit S
page 1 of 4
Witness: Alan Zumstein

| | <u>Actual Test Year</u> | <u>Adjustments to Test Year</u> | <u>Adjusted Test Year</u> |
|--------------------------------|-----------------------------|-------------------------------------|-------------------------------|
| <u>ASSETS</u> | | | |
| Electric Plant: | | | |
| In service | 53,089,895 | | 53,089,895 |
| Under construction | 643,108 | | 643,108 |
| | <u>53,733,003</u> | | <u>53,733,003</u> |
| Less accumulated depreciation | 8,222,315 | | 8,222,315 |
| | <u>45,510,688</u> | <u>0</u> | <u>45,510,688</u> |
| Investments | <u>5,432,116</u> | | <u>5,432,116</u> |
| Current Assets: | | | |
| Cash and temporary investments | 1,648,104 | | 1,648,104 |
| Accounts receivable, net | 4,007,918 | | 4,007,918 |
| Material and supplies | 295,185 | | 295,185 |
| Prepayments and current assets | 350,848 | | 350,848 |
| | <u>6,302,055</u> | | <u>6,302,055</u> |
| Net Change in Assets | | <u>2,631,892</u> | <u>2,631,892</u> |
| Total | <u>57,244,859</u> | <u>2,631,892</u> | <u>59,876,751</u> |

MEMBERS' EQUITIES AND LIABILITIES

| | | | |
|----------------------------------|-------------------|------------------|-------------------|
| Margins: | | | |
| Memberships | 151,355 | | 151,355 |
| Patronage capital | 16,301,750 | 2,613,363 | 18,915,113 |
| | <u>16,453,105</u> | <u>2,613,363</u> | <u>19,066,468</u> |
| Long Term Debt | <u>36,033,990</u> | | <u>36,033,990</u> |
| Accumulated Operating Provisions | <u>1,167,016</u> | <u>18,529</u> | <u>1,185,545</u> |
| Current Liabilities: | | | |
| Short term borrowings | 42,798 | | 42,798 |
| Accounts payable | 1,434,374 | | 1,434,374 |
| Consumer deposits | 1,189,479 | | 1,189,479 |
| Accrued expenses | 762,922 | | 762,922 |
| | <u>3,429,573</u> | | <u>3,429,573</u> |
| Deferred credits | <u>161,175</u> | | <u>161,175</u> |
| Total | <u>57,244,859</u> | <u>2,631,892</u> | <u>59,876,751</u> |

Grayson Rural Electric
Case No. 2008-00254
Statement of Operations, Adjusted

Exhibit S
page 2 of 4
Witness: Alan Zumstein

| | <u>Actual Test Year</u> | <u>Normalized Adjustments</u> | <u>Normalized Test Year</u> | <u>Proposed Increase</u> | <u>Proposed Test Year</u> | <u>EKPC 2008-00409</u> | <u>After EKPC 2008-00409</u> |
|--------------------------------|-----------------------------|-----------------------------------|---------------------------------|------------------------------|-------------------------------|----------------------------|--------------------------------------|
| Operating Revenues: | | | | | | | |
| Base rates | 21,683,854 | 309,538 | 21,993,392 | 3,161,265 | 25,154,657 | 1,499,001 | 26,653,658 |
| Fuel and surcharge | 2,645,617 | (2,645,617) | 0 | | 0 | | 0 |
| Other electric revenue | 789,379 | 13,145 | 802,524 | | 802,524 | | 802,524 |
| | <u>25,118,850</u> | <u>(2,322,934)</u> | <u>22,795,916</u> | <u>3,161,265</u> | <u>25,957,181</u> | <u>1,499,001</u> | <u>27,456,182</u> |
| Operating Expenses: | | | | | | | |
| Cost of power: | | | | | | | |
| Base rates | 14,298,913 | 244,392 | 14,543,305 | | 14,543,305 | 1,499,001 | 16,042,306 |
| Fuel and surcharge | 2,651,814 | (2,651,814) | 0 | | 0 | | 0 |
| Distribution - operations | 1,061,215 | 49,692 | 1,110,907 | | 1,110,907 | | 1,110,907 |
| Distribution - maintenance | 2,478,718 | 39,365 | 2,518,083 | | 2,518,083 | | 2,518,083 |
| Consumer accounts | 875,674 | 28,518 | 904,192 | | 904,192 | | 904,192 |
| Customer service | 194,688 | 5,910 | 200,598 | | 200,598 | | 200,598 |
| Sales | 34,444 | 1,448 | 35,892 | | 35,892 | | 35,892 |
| Administrative and general | 1,309,225 | (67,732) | 1,241,493 | | 1,241,493 | | 1,241,493 |
| Total operating expenses | <u>22,904,691</u> | <u>(2,350,221)</u> | <u>20,554,470</u> | <u>0</u> | <u>20,554,470</u> | <u>1,499,001</u> | <u>22,053,471</u> |
| Depreciation | 1,559,510 | 426,201 | 1,985,711 | | 1,985,711 | | 1,985,711 |
| Taxes - other | 26,326 | 0 | 26,326 | | 26,326 | | 26,326 |
| Interest on long-term debt | 1,446,899 | 257,075 | 1,703,974 | | 1,703,974 | | 1,703,974 |
| Interest expense - other | 166,228 | (95,287) | 70,941 | | 70,941 | | 70,941 |
| Other deductions | 12,800 | (12,800) | 0 | | 0 | | 0 |
| Total cost of electric service | <u>26,116,454</u> | <u>(1,775,032)</u> | <u>24,341,422</u> | <u>0</u> | <u>24,341,422</u> | <u>1,499,001</u> | <u>25,840,423</u> |
| Utility operating margins | <u>(997,604)</u> | <u>(547,902)</u> | <u>(1,545,506)</u> | <u>3,161,265</u> | <u>1,615,759</u> | <u>0</u> | <u>1,615,759</u> |
| Nonoperating margins, interest | 34,810 | 0 | 34,810 | | 34,810 | | 34,810 |
| Nonoperating margins, other | (12,185) | 0 | (12,185) | | (12,185) | | (12,185) |
| Patronage capital credits | 65,590 | 0 | 65,590 | | 65,590 | | 65,590 |
| Net Margins | <u>(\$909,389)</u> | <u>(\$547,902)</u> | <u>(\$1,457,291)</u> | <u>\$3,161,265</u> | <u>\$1,703,974</u> | <u>\$0</u> | <u>\$1,703,974</u> |
| TIER | 0.37 | | 0.14 | | 2.00 | | 2.00 |

Grayson Rural Electric
Case No. 2008-00254
Summary of Adjustments to Test Year

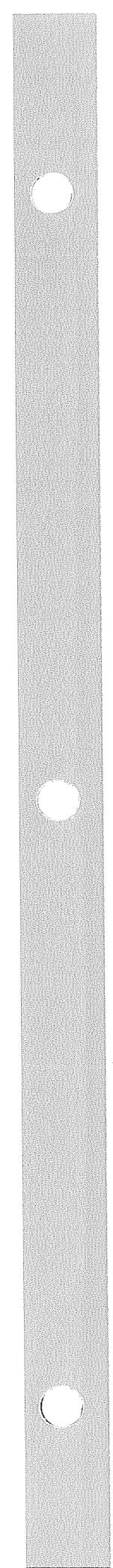
Exhibit S
page 3 of 4
Witness: Alan Zumstein

| | Adj 1 | Adj 2 | Adj 3 | Adj 4 | Adj 5 | Adj 6 | Adj 7 | Adj 8 | Adj 9 | Adj 10 | Adj 11 | Adj 12 | Adj 13 | Adj 14 | Adj 15 | Adj 16 | |
|--------------------------------|------------------|----------------------|------------------|---------------------|------------------|---------------------|-------------------|------------------|--------------------------|------------------|----------------------|------------------|----------------------|-----------------------|--------------------|---------------------------|--------------------|
| | <u>Normalize</u> | | | | | | | | | | | | | | | | |
| | <u>Salaries</u> | <u>Payroll Taxes</u> | <u>Deprec</u> | <u>Property Tax</u> | <u>Interest</u> | <u>FAS 106 Cost</u> | <u>Retirement</u> | <u>Donations</u> | <u>Professional Fees</u> | <u>Directors</u> | <u>Misc Expenses</u> | <u>Rate Case</u> | <u>Non-Recurring</u> | <u>Purchase Power</u> | <u>Revenue</u> | <u>Additional Revenue</u> | <u>Total</u> |
| Operating Revenues: | | | | | | | | | | | | | | | | | |
| Base rates | | | | | | | | | | | | | | | 309,538 | | 309,538 |
| Fuel and surcharge | | | | | | | | | | | | | | | (2,645,617) | | (2,645,617) |
| Other electric revenue | | | | | | | | | | | | | 21,777 | | | (8,632) | 13,145 |
| | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>21,777</u> | <u>0</u> | <u>(2,336,079)</u> | <u>(8,632)</u> | <u>(2,322,934)</u> |
| Operating Expenses: | | | | | | | | | | | | | | | | | |
| Cost of power: | | | | | | | | | | | | | | | | | |
| Base rates | | | | | | | | | | | | | | | 244,392 | | 244,392 |
| Fuel and surcharge | | | | | | | | | | | | | | | (2,651,814) | | (2,651,814) |
| Distribution - operation | 14,360 | 810 | 941 | 24,375 | | 3,334 | 5,872 | | | | | | | | | | 49,692 |
| Distribution - maintena | 22,173 | 1,254 | 1,682 | | | 5,163 | 9,093 | | | | | | | | | | 39,365 |
| Consumer accounts | 16,134 | 910 | 432 | 696 | | 3,747 | 6,599 | | | | | | | | | | 28,518 |
| Customer service | 3,105 | 179 | 357 | 232 | | 738 | 1,299 | | | | | | | | | | 5,910 |
| Sales | 827 | 50 | | | | 207 | 364 | | | | | | | | | | 1,448 |
| Administrative and gen | 22,964 | 1,297 | 613 | 459 | | 5,340 | 9,405 | | (42,680) | (76,483) | (12,647) | 24,000 | | | | | (67,732) |
| Total operating exper | <u>79,563</u> | <u>4,500</u> | <u>4,025</u> | <u>25,762</u> | <u>0</u> | <u>18,529</u> | <u>32,632</u> | <u>0</u> | <u>(42,680)</u> | <u>(76,483)</u> | <u>(12,647)</u> | <u>24,000</u> | <u>0</u> | <u>(2,407,422)</u> | <u>0</u> | <u>0</u> | <u>(2,350,221)</u> |
| Depreciation | | | 426,201 | | | | | | | | | | | | | | 426,201 |
| Taxes - other | | | | | | | | | | | | | | | | | 0 |
| Interest on long-term debt | | | | | 257,075 | | | | | | | | | | | | 257,075 |
| Interest expense - other | | | | | (95,287) | | | | | | | | | | | | (95,287) |
| Other deductions | | | | | | | | (12,800) | | | | | | | | | (12,800) |
| Total cost of electric s | <u>79,563</u> | <u>4,500</u> | <u>430,226</u> | <u>25,762</u> | <u>161,788</u> | <u>18,529</u> | <u>32,632</u> | <u>(12,800)</u> | <u>(42,680)</u> | <u>(76,483)</u> | <u>(12,647)</u> | <u>24,000</u> | <u>0</u> | <u>(2,407,422)</u> | <u>0</u> | <u>0</u> | <u>(1,775,032)</u> |
| Utility operating margi | <u>(79,563)</u> | <u>(4,500)</u> | <u>(430,226)</u> | <u>(25,762)</u> | <u>(161,788)</u> | <u>(18,529)</u> | <u>(32,632)</u> | <u>12,800</u> | <u>42,680</u> | <u>76,483</u> | <u>12,647</u> | <u>(24,000)</u> | <u>21,777</u> | <u>2,407,422</u> | <u>(2,336,079)</u> | <u>(8,632)</u> | <u>(547,902)</u> |
| Nonoperating margins, interest | | | | | | | | | | | | | | | | | 0 |
| Nonoperating margins, other | | | | | | | | | | | | | | | | | 0 |
| Patronage capital credits | | | | | | | | | | | | | | | | | 0 |
| | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Margins | <u>(79,563)</u> | <u>(4,500)</u> | <u>(430,226)</u> | <u>(25,762)</u> | <u>(161,788)</u> | <u>(18,529)</u> | <u>(32,632)</u> | <u>12,800</u> | <u>42,680</u> | <u>76,483</u> | <u>12,647</u> | <u>(24,000)</u> | <u>21,777</u> | <u>2,407,422</u> | <u>(2,336,079)</u> | <u>(8,632)</u> | <u>(547,902)</u> |

Grayson Rural Electric
Case No. 2008-00254
Proposed Revenues
May 31, 2008

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21

| | |
|--|--------------------|
| Interest on long term debt | 1,703,974 |
| Normalized margins | <u>(1,457,291)</u> |
| Proposed increase in revenues over normalized revenues to attain a TIER of 2.0x | <u>\$3,161,265</u> |



Grayson Rural Electric Cooperative
Case No. 2008-00254
Monthly Operating Budget
May 31, 2008

| | June | July | August | September | October | November | December | January | February | March | April | May | Total |
|-----------------------------|------------|-----------|-----------|-----------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|
| Operating revenue | 10,059,091 | 8,533,018 | 8,237,233 | 7,192,015 | 6,210,372 | 6,941,749 | 7,749,220 | 8,985,937 | 7,804,608 | 7,154,103 | 6,717,095 | 9,309,768 | 94,894,209 |
| Operating expenses: | | | | | | | | | | | | | |
| Cost of power | 6,839,541 | 6,503,466 | 5,971,834 | 4,453,642 | 5,139,423 | 5,689,739 | 6,285,004 | 6,751,747 | 4,817,336 | 4,993,750 | 5,482,087 | 7,705,215 | 70,632,784 |
| Distribution-operations | 219,701 | 219,701 | 219,701 | 219,701 | 219,701 | 219,651 | 219,651 | 219,651 | 219,651 | 219,651 | 219,651 | 219,639 | 2,636,050 |
| Distribution-maintenance | 379,851 | 379,851 | 379,851 | 379,851 | 379,851 | 379,851 | 379,851 | 379,851 | 379,851 | 379,851 | 379,801 | 379,789 | 4,558,100 |
| Consumer accounts | 211,050 | 200,100 | 195,500 | 229,900 | 222,300 | 224,700 | 212,250 | 194,700 | 180,100 | 180,050 | 185,100 | 192,100 | 2,427,850 |
| Customer services | 97,015 | 97,015 | 97,015 | 97,015 | 97,015 | 97,015 | 97,015 | 97,015 | 97,015 | 97,015 | 97,015 | 97,008 | 1,164,173 |
| Sales | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Administrative and gener | 341,751 | 341,751 | 341,751 | 341,751 | 341,701 | 341,701 | 341,701 | 341,701 | 341,701 | 341,701 | 341,751 | 341,749 | 4,100,710 |
| Total operation and mair | 8,088,909 | 7,741,884 | 7,205,652 | 5,721,860 | 6,399,991 | 6,952,657 | 7,535,472 | 7,984,665 | 6,035,654 | 6,212,018 | 6,705,405 | 8,935,500 | 85,519,667 |
| Depreciation | 450,000 | 450,000 | 455,000 | 455,000 | 455,000 | 460,000 | 465,000 | 470,000 | 475,000 | 475,000 | 475,000 | 480,000 | 5,565,000 |
| Taxes-other | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 4,200 |
| Interest on long term debt | 417,000 | 417,000 | 419,000 | 419,000 | 421,000 | 421,000 | 423,000 | 423,000 | 425,000 | 425,000 | 426,000 | 426,000 | 5,062,000 |
| Interest expense - other | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 120,000 |
| Other deductions | 286,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 300,000 |
| Total cost of electric serv | 9,252,509 | 8,620,484 | 8,091,252 | 6,607,460 | 7,287,591 | 7,845,257 | 8,435,072 | 8,889,265 | 6,947,254 | 7,123,618 | 7,618,005 | 9,853,100 | 96,570,867 |
| Utility operating margins: | 806,582 | (87,466) | 145,981 | 584,555 | (1,077,219) | (903,508) | (685,852) | 96,672 | 857,354 | 30,485 | (900,910) | (543,332) | (1,676,658) |
| Nonoperating margins, inte | 11,100 | 11,100 | 11,100 | 11,100 | 11,100 | 11,100 | 11,100 | 11,100 | 11,200 | 11,200 | 11,200 | 11,200 | 133,600 |
| Nonoperating margins, oth | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Patronage capital: | | | | | | | | | | | | | |
| G & T | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Others | 0 | 0 | 25,000 | 0 | 0 | 0 | 0 | 175,000 | 0 | 30,000 | 25,000 | 0 | 255,000 |
| | 0 | 0 | 25,000 | 0 | 0 | 0 | 0 | 175,000 | 0 | 30,000 | 25,000 | 0 | 255,000 |
| Net margins | 817,682 | (76,366) | 182,081 | 595,655 | (1,066,119) | (892,408) | (674,752) | 282,772 | 868,554 | 71,685 | (864,710) | (532,132) | (1,288,058) |

**Grayson Rural Electric
Case No. 2008 00254
Changes in Bylaws Since Last Rate Request**

Article IV Board Members

Section 2. Election and Tenure of Office

Amended 8/28/03- To allow directors to be elected to four year terms instead of three.

Adopted 8/28/03- To establish director rotation per Legislative action in July 2003

Section 3. Qualifications

Amended 4/24/03 – Must be a resident of county from which he/she is seeking election as of January 1 of the year of election.

Section 4. Nominations

Adopted 6/27/02 – Incumbent director who seeks to run must notify the board in writing 120 days prior to annual meeting

Amended 6/27/02 – Committee on nominations shall post their nominations 40 days prior to annual meeting instead of sixty. Incumbent director's names must also be posted .

Amended 6/22/05 – Changed posting date to 60 days prior to annual meeting

Adopted 2/20/08 – Candidates must pick up forms from Cooperative to declare his/her intentions to seek a seat on the board. Must be returned to Cooperative by January 15th

Adopted 6/27/02 – Changed petition count from 100 to 200-Candidate must reside in county from which he/she is seeking election

Amended 2/20/08 – Signatures must be obtained on petition form provided by Cooperative

Amended 7/22/04 – Only members from the county in which an election is held may vote

Section 4. Ballots

Amended 11/24/99 – Ballots shall not be counted if received after 9:00 am of the 3rd day prior to annual meeting.

Amended 11/24/99 – All ties shall be broken by a coin toss. Details the process by which an election can be contested.

Bylaws of Grayson Rural Electric Cooperative Corporation

ARTICLE I MEMBERSHIP

SECTION 1. REQUIREMENTS FOR MEMBERSHIP. Any natural person, firm, association, corporation or body politic or subdivision thereof will become a member of Grayson Rural Electric Cooperative Corporation (hereinafter called the "Cooperative") upon receipt of electric services from the Cooperative, provided that he, she or it has first:

(a) Made a written application for membership therein;

(b) Agreed to purchase from the Cooperative electric energy as hereinafter specified;

(c) Agreed to comply with and be bound by the Cooperative's Articles of Incorporation, bylaws, and all rules, rate schedules and regulations adopted by the Board of Directors pursuant thereto (the obligation embraced such agreement being hereinafter called "membership obligations"), as all the same shall then exist or may thereafter be duly adopted or amended by the Board of Directors.

(d) Paid the membership fee together with any service security deposit, service connection deposit or fee, facility extension fee or contribution in aid of construction (hereinafter referred to as other deposits or fees) that may be required by the Cooperative, which membership fee and other deposits or fee shall be refunded in the event the application is denied by the Board.¹ Provided, however, that the Board of Directors may, by resolution, deny an application and refuse to end service upon its determination that the applicant is not willing or is not able to satisfy and abide by the Cooperative's terms and conditions of membership or that such application should be denied for other good cause; provided further, however, that any person whose application, for 60 days or longer, has been submitted, but

not denied by the Board of Directors and who has not been connected by the Cooperative for electric service may, by filing written requests therefore with the Cooperative at least 30 days prior to the next meeting of the Board of Directors, have his application submitted to and approved or disapproved by the vote of the Directors at such meeting.

No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferrable, except as provided in these bylaws. Upon death of a member the membership may be transferred to the surviving spouse provided the surviving spouse requests such transfer and the transfer is not a violation of the deceased's Will. (Amended 1/26/96)

SECTION 2. JOINT MEMBERSHIP. A husband and wife may apply for a joint membership and, both spouses must sign the completed application and, subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. The term "member" as used in these bylaws shall be deemed to include a husband and wife holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

(a) The presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;

(b) The vote of either separately or both jointly shall constitute one joint vote;

(c) A waiver of notice signed by either or both shall constitute a joint waiver;

(d) Notice to either shall constitute notice to both;

¹ The word(s) "board" or "board members" used herein to refer to the board of directors.

- (e) Expulsion of either shall terminate the joint membership;
- (f) Withdrawal of either shall terminate the joint membership;
- (g) Either, but not both, may be elected or appointed as an officer or board member, provided that both meet the qualifications for such office;
- (h) Neither will be permitted to have any additional service connections except through their one joint membership. (Amended 1/26/96)

SECTION 3. CONVERSION OF MEMBERSHIP.

- (a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the Articles of Incorporation, bylaws and rules and regulations adopted by the Board. (Amended 1/26/96)
- (b) Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor. However, the estate of the deceased shall not be released from any debts due the Cooperative. (Amended 1/26/96)

SECTION 4. PURCHASE OF ELECTRIC ENERGY. Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy used on the premises specified in his application for membership, and shall pay therefore at rates which shall from time-to-time be fixed by the Board. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these bylaws. Each member shall pay to the Cooperative such minimum amount regardless of the amount of electric energy consumed, as shall be fixed by the Board from time-to-time. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable. (Amended 1/26/96)

A member may have more than one (1) bill for electric service monthly. Any payment for electric service that does not specify a specific account

number to be paid shall be prorated proportionately to all existing accounts, currently receiving service under that membership, based upon the outstanding balances due at the time payment is received, with exception that all past due balances shall be credited up to the amount of the payment. Any remaining credit shall then be prorated to any current balances due. (Amended 6/21/85)

SECTION 5. TERMINATION OF MEMBERSHIP.

- (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two-thirds of all members of the Board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, bylaws or rules and regulations adopted by the Board, but only if such member shall have been given written notice by the Cooperative that such failure makes him liable to expulsion and such failure shall have continued for at least ten (10) days after such notice given. Any expelled member may be reinstated by vote of the Board or by vote of the members at any annual or special meeting. The membership of a member who for a period of six (6) months after service is available to him, has not purchased electric energy from the Cooperative, or of a member who has ceased to purchase energy from the Cooperative, may be cancelled by resolution of the Board.
- (b) Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative. (Amended 1/26/96.)
- (c) In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount of the membership fee paid by him, provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owed by the member to the Cooperative. (Amended 9/24/82)

SECTION 6. ACCESS TO LANDS AND PREMISES. In order to obtain electric service, and without being paid compensation therefore, each member shall grant and give to the Cooperative free access onto his, her or its lands and premises for the purpose of placing, locating, building, construction, operations, replacing, rebuilding, relocating, repairing, improving, enlarging, extending and maintaining on, over or under such lands and premises, or removing therefrom its electric distribution system, new or existing lines, wires, poles, anchors and other necessary appurtenant parts thereof. The Board of Directors may expel from membership and/or discontinue or refuse electric service to any member who fails or refuses to comply with the provisions of this bylaw. (Amended 1/26/96)

SECTION 7. SERVICE TO NON-MEMBERS. The Cooperative shall render service to its members only; provided, however, that service may be rendered with Board approval upon the same terms and conditions as are applicable to members, to governmental agencies and political subdivisions, and to other persons not in excess of ten per centum (10%) of the number of its members; and provided further, if the Cooperative acquire any electric facilities dedicated or devoted to the public use it may, for the purpose of continuing service and avoiding hardship and to an extent which together with all other persons served by the Cooperative on a non-member basis shall not exceed forty per centum (40%) of the total number of persons served by the Cooperative, continue to serve the persons served directly from such facilities at the time of such acquisition without requiring that such persons become members; and provided further that such non-members shall have the right to become members upon nondiscriminatory terms. (Amended 1/26/96)

ARTICLE II RIGHTS AND LIABILITIES OF MEMBERS

SECTION 1. PROPERTY INTEREST OF MEMBERS. Upon dissolution, after:

- a) All debts and liabilities of the Cooperative shall have been paid, and;
- b) All capital furnished through patronage shall have been retired as provided in these bylaws, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which

the aggregate patronage of each bears to the total patronage of all members during the ten years next preceding the date of the filing of the certificate of dissolution, or, if the Cooperative shall not have been in existence for such period, during the period of its existence. (Amended 9/24/82)

SECTION 2. NON-LIABILITY FOR DEBTS OF THE COOPERATIVE. The private property of members shall be exempt from execution or other liability for the debts of the Cooperative and no members shall be liable or responsible for any debts or liabilities of the Cooperative.

ARTICLE III MEETING OF MEMBERS

SECTION 1. ANNUAL MEETING. The annual meeting of the members shall be held during the month of May, June or July of each year, at such place within a county served by the Cooperative, as selected by the Board and which shall be designated in the notice of the meeting, for the purposes of announcing the election of board members, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture of dissolution of the Cooperative. In the event of inclement weather or the occurrence of a catastrophic event, the meeting of the members may be postponed by the Chairman in any media of general circulation or broadcast serving the area. (Amended 1/26/96)

SECTION 2. SPECIAL MEETINGS. Special meeting of the members may be called by resolution of the Board, by the Chairman, or by thirty per centum or more of all the members, and it shall thereupon be the duty of the secretary to cause notice of such meeting to be given as hereinafter provided. Such a meeting shall be held at the Cooperative headquarters at 109 Bagby Park, Grayson, Kentucky, not sooner than sixty days after the call for such a meeting is made or a petition therefore is filed, and beginning at such hour as shall be designated by him/her or those calling or petitioning for the same. (Amended 1/26/96)

SECTION 3. NOTICE OF MEMBERS' MEETINGS. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten days nor more than forty-five days before the date of the meeting, either personally or by mail, by or at the direction of the secretary, or upon a default in duty by the secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. Any such notice delivered by mail may be included with member service billings or as an integral part of or with the Cooperative's monthly newsletter and/or its monthly insert, if any, in the Kentucky Living magazine. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid and postmarked at least ten days prior to the meeting date. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting. (Amended 12/21/94)

SECTION 4. QUORUM. Quorum shall be 50 members, present and in person. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time-to-time without further notice. (Amended 4/23/98)

SECTION 5. VOTING. Each member shall be entitled to only one vote upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a vote of a majority of the members voting thereon in person, except that voting for members of the Board of Directors shall be by mail in accordance with Article IV of these bylaws. The vote of a member who is a firm, association, church, school, corporation or body politic, shall be cast by the ranking officer of such member, unless such member shall have elected another person to represent it at such meeting. Such officer or representative shall at said meeting present at the registration desk either credentials of his authority or sign a statement that he is the authorized officer or

representative. Members may not cumulate their votes. Voting by proxy is prohibited by these bylaws. (Amended 12/21/94)

Each member at an annual meeting or other duly called meeting shall be required to present identification to the duly designated employees of the Cooperative in charge of the membership roster. After it is ascertained that he, she or it is a member in good standing, official identification credentials indicating same will be issued. Only those persons identifying themselves by the use of proper credentials may vote. (Amended 9/16/88)

SECTION 6. ORDER OF BUSINESS. The order of business at the annual meeting of the members and, so as far as possible, at all other meetings of the members, shall be essentially as follows, except as otherwise determined by the members at such meeting:

1. Report on the number of members present in person in order to determine the existence of a quorum;
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be;
3. Reading of unapproved minutes of previous meeting of the members and the taking of necessary action thereon;
4. Presentation and consideration of report of officers, trustees and committees;
5. Report on the election of board members;
6. Unfinished business;
7. New business;
8. Adjournment.

No proposal shall be voted upon at the annual meeting unless it has been placed on the agenda at least forty days prior to such meeting. Any legitimate proposal may be placed on the agenda by any member by filing a copy of the proposal with the secretary within the time allowed, with a request that it be submitted to the annual meeting for consideration. (Amended 12/21/94)

SECTION 7. PARLIAMENTARY PROCEDURES. Unless otherwise directed by the Board prior to the membership meeting or meeting, the Roberts Rule of Order shall apply. (Amended 9/24/82)

ARTICLE IV BOARD MEMBERS

SECTION 1. GENERAL POWERS. The business and affairs of the Cooperative shall be managed by a board of seven (7) members, which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation or these bylaws conferred upon or reserved to the members.

SECTION 2. ELECTION AND TENURE OF OFFICE. The persons named as Directors in the Articles of Incorporation shall be elected at the annual meeting of the members in the year 1951 by and from the members. These elected directors shall serve on the staggered term basis as three directors shall serve one year, two directors shall serve two years and two directors shall serve three years. The elected directors of 1951 shall decide which directors will serve the different terms. Thereafter each director elected shall serve a term of four (4) years. At the time specified herein each year no more than two (2) directors shall be elected by mail ballot by and from the members to serve for a period of four (4) years or until successors shall have been elected and qualified. Two of said directors shall be elected from Greenup and/or Lewis Counties and two of said directors shall be elected from Elliott County and one of said directors shall be elected from Carter County and one of said directors shall be elected from Rowan County and one of said directors shall be elected from Lawrence County. (Amended 8/28/03)

Beginning in the year 2004, one director shall be elected from Lawrence County and one director shall be elected from Elliott County. In 2005, two directors shall be elected from Greenup and/or Lewis Counties. In 2006, a director will be elected from Carter County, one director will be elected from Elliott County and one director will be elected from Rowan County. Every fourth year will be a vacant election year. This will establish director rotation beginning in 2004 as allowed by Legislative action in July 2003. (Adopted 8/28/03)

Only members with service located in the county from which a director is to be elected will be eligible to vote. (Amended 12/18/98)

No one county of the counties served by the Cooperative may have more than two (2) directors on the Board of Directors at any one time. The results of such elections shall be reported at each annual meeting of members. (Amended 5/29/98)

SECTION 3. QUALIFICATIONS. No person shall be eligible to become or remain a board member of the Cooperative who:

- (a) is not a member of the Cooperative, candidates must reside in the county from which he or she is seeking election and must have been a resident of that county as of January 1 of the year in which he or she is seeking election; (Amended 4/24/03)
- (b) is in any way employed by the Cooperative, nor in the past been employed by the Cooperative, nor financially interested in a competing enterprise or a business selling electric energy, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the members of the Cooperative;
- (c) is a close relative of an incumbent director or of an employee of the Cooperative. A "close relative" is defined as either a spouse, child, parent, brother or sister of the principal;
- (d) has not attained the age of majority as determined by the law of the Commonwealth of Kentucky;
- (e) is employed by the Cooperative, employed by East Kentucky Power Cooperative, or any member cooperative of East Kentucky Power Cooperative or a competing utility company.
- (f) has become a candidate or holds an elective public office of any governmental body or political subdivision thereof for which he or she shall receive a salary for serving. (Amended 09/27/96)

Notwithstanding the foregoing provisions of (c) above regarding close relative relationships, no incumbent director shall lose eligibility to remain a director or to be reelected as a director if he/she becomes a close relative of another incumbent director or of a cooperative employee because of a marriage to which he was not a party.

Upon establishment of the fact that a board member is holding the office in violation of any of the foregoing provisions, the Board shall remove such board member from office.

Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board. (Amended 1/26/96)

SECTION 4. NOMINATIONS. An incumbent director may choose to seek re-election and must notify the full Board of his/her intentions to do so in writing, no later than 120 days prior to the date set for the Annual Meeting. (Adopted 6/27/02)

If a Director chooses not to seek re-election, it shall be the duty of the Board of Directors to appoint, not less than ninety (90) days nor more than one hundred and twenty (120) days before the date of the Annual Meeting of the members, a committee on nominations consisting of not less than three (3) nor more than five (5) members who shall be selected from the county or counties in which the election is to be held. No member of the Board of Directors nor any employee or former director or former employee may serve on the Nominating Committee. The Cooperative Legal Counsel will conduct the business of the meeting and act as advisor to the committee. It shall be the responsibility of the committee on nominations to select candidates to run for the office of director to fill the vacancy caused by the expiration of director's terms. The committee on nominations shall prepare and post its nominations in a conspicuous manner in the lobby of the Cooperative's Headquarters Building not less than forty (40) days prior to the date set for the annual meeting, at which the election of directors shall be announced. (Amended 6/27/02)

If an incumbent Director stands for re-election, his/her name shall also be posted in the lobby of the Cooperative's Headquarters Building not less than sixty (60) days prior to the date set for the annual meeting, at which the election of directors shall be announced (Amended 6/27/02) (Amended 06/22/05)

Any member who intends to become a candidate for the Board of Directors of GRECC shall make a written declaration on such forms as are supplied by the Cooperative, of his or her intention to seek a seat on the Board of Directors. Said forms shall be obtained by the member from the office of the President & CEO of GRECC and shall be completed and returned to Headquarters by January 15 of the year in which said person seeks election to the Board. Upon completion of said declaration form, the candidate shall receive from the office of the President & CEO a packet of information containing board policies, copy of the Cooperative Bylaws, timeline for the election procedure deadlines, and official nominating petition. The only nominating petition authorized to be used by a potential candidate is the petition issued by the office of the President & CEO. This Bylaw shall be effective with the election year of 2009. (Adopted 02/20/08)

Any two hundred (200) or more qualified members from the county/counties from which a director is to be elected may, by official Cooperative petition, make other nominations from the membership for the office of director. Any petition shall bear the date of the signature of all petitioners which in no event shall be more than one hundred twenty (120) days prior to the date fixed for the annual meeting. (Amended 6/27/02) (Amended 02/20/08)

Petitions by qualified members nominating candidates for the office of directors shall be filed with the secretary of the Cooperative or the office of the President & CEO not later than seventy five (75) days prior to the date set for the annual meeting. Such filing will be deemed legitimate if said petition(s) are delivered to the Secretary of the Board of Directors or the office of the President & CEO either by certified mail or by hand by the date set forth in these bylaws. If after examination by the duly appointed Provost and the Cooperative's legal counsel, said petition or petitions meet the requirements of the bylaws, Articles of Incorporation and the laws of the Commonwealth of Kentucky, the results of said nominating petitions shall be posted in a conspicuous manner in the lobby of the Cooperative Headquarters Building not less than sixty (60) days prior to the date set for the annual meeting. (Amended 11/24/99) (Amended 06/22/05) (Amended 02/20/08)

Only actual members of record at the close of business thirty (30) days prior to the scheduled annual meeting date are qualified for the purpose of voting in the election of the directors or voting on any matter properly presented at the meeting of the members. (Amended 1/26/96)

Should the committee on nominations nominate only one candidate to run for the office of director to fill each vacancy caused by the expiration of director's terms in accordance with Article IV, Section 4, of these bylaws and should no candidate be nominated from the membership by written or printed petition as set forth in Article IV, Section 4, of the bylaws, then the secretary of the Board shall certify to the Board that no petition has been filed pursuant to the bylaws and that the candidates nominated by the committee on nominations are therefore officially without opposition; thereupon, the candidates nominated by the committee on nominations shall be deemed elected to the Board without the necessity of mailing official ballots through United States mail and following the election procedures as set forth in these bylaws and the secretary of the Board will so

announce or cause to be announced at the Annual Membership Meeting candidates elected to the Board of Directors. All of the remaining provisions of Article IV not in conflict herewith shall remain in full force and effect. (Amended 6/24/77)

It shall be the duty of the Chairman of the Board of Directors to appoint a Provost to take charge of Director elections. He/she shall be a certified public accountant, licensed by the Commonwealth of Kentucky and shall be responsible for all duties regarding said elections, including telling of nomination petitions. Said duties shall be as follows: (Amended 12/18/98)

1. The provost will examine and audit the petitions filed by candidates for the office of director to determine if the petition or petitions comply with the requirements of the Kentucky Revised Statutes, the Articles of Incorporation and these bylaws. (Amended 12/18/98)
2. The provost is granted the power and authority to pass upon and determine the validity of each of the signatures and addresses on the petition or petitions to determine if those signing are qualified members in good standing at the Cooperative and entitled to vote in the election of directors. (Amended 12/18/98)
3. If the provost disapproves a signature and/or address on a petition or petitions, he shall list same in writing giving the reason or reasons why said signature and/or address was not approved. (Amended 12/18/98)
4. The provost shall determine if the required number of qualified voting members have signed the petition or petitions after having deducted from the petition or petitions the names disapproved by the provost because the names and/or addresses on said petition or petitions fail to comply with the Kentucky Revised Statutes, the Articles of Incorporation of the Cooperative and the bylaws. If the petition or petitions do not contain the signatures and addresses of the required number, then the provost shall not certify to the secretary of the Cooperative the name or names of the candidates on said petition or petitions to be placed upon the Official Ballot. (Amended 12/18/98)
5. The provost shall certify to the Secretary of the Board of Directors the names of the candidates nominated by petition or petitions to be placed on the official ballot. The provost shall have

responsibilities and duties regarding nominating petitions as well as votes and the counting of votes as set out hereinafter. The provost shall oversee preparation of a printed ballot of those persons duly nominated either by the committee on nominations or by nominating petition, and/or incumbent directors who seek re-election.. The printed ballots shall list separately persons nominated by the nominating committee, persons nominated by petition, or incumbent directors who seek re-election. Qualified candidates shall be listed in alphabetical order and labeled in such a manner as to note which candidates appear on the ballot as incumbent, nominated by the committee on nominations, or nominated by petition. (Amended 6/27/02)

6. In computing any period of time prescribed or allowed by these bylaws, the day of the act, event or date after which the designated period of time begins to run is not included. The last day of the period so computed is to be included, unless it is a Saturday, Sunday, or a legal holiday, in which event the period runs until the end of the next day which is not a Saturday, a Sunday or a legal holiday.

It shall also be the duty of the provost to see that the official ballots are mailed to each active and qualified member at his or her last address shown on the Cooperative records. Ballots will be mailed not less than fourteen (14) days prior to said annual meeting. Only members whose membership is listed in the county from which a director is to be elected will be eligible to vote. Results of said election will be announced at the Annual Membership Meeting. (Amended 07/22/04)

The official ballot shall be inscribed with instructions by the provost of the Cooperative as to how many candidates may be voted for on each official ballot by the members and with instructions that all official ballots must be returned to the Cooperative only by U.S. mail and received by the Cooperative not later than 9:00 a.m. on the morning of the third (3) day prior to the said annual meeting. (Amended 11/24/99)

SECTION 4A. COUNTING OF BALLOTS.

The provost shall take charge of director elections and shall count the ballots as expeditiously as may be possible following the placement in his hands of said ballots. During the counting of the ballots no persons other than the provost or the candidates or their duly

authorized representative may be present in the counting room other than the President & CEO of the Cooperative, Cooperative Legal Counsel and any other Cooperative personnel the provost deems necessary to assist with the counting of the ballots. After the ballots have been duly counted the result of such election shall be announced at the subsequent annual meeting of the members. (Amended 1/26/96)

The following ballots shall not be counted:

1. A ballot marked for a greater number of candidates than there are vacancies to be filled;
2. Ballots other than the Official Ballot;
3. Ballots not received through the United States mail;
4. Ballots received by the Cooperative after 9:00 a.m. on the morning of the third day prior to the date of annual meeting; (Amended 11-24-99)
5. Certification on outer envelope not signed by member; or authorized agent. (Amended 12/18/98)
6. Ballots from members voting more than one ballot, and the reason for rejection shall be noted thereon and placed in the ballot box containing rejected ballots. (Amended 1/26/96.)

These duties of the provost regarding votes and counting shall be as follows:

1. No later than 10:00 a.m. on the morning of the third day prior to the annual meeting of the members the provost shall remove the ballots from the ballot box and examine each ballot to ascertain if the ballot has been voted in accordance with the rules as outlined on the ballot under instruction for voting and these bylaws.
2. Any and all official ballots which are deemed invalid by the provost for reasons set forth in the aforementioned rules or these bylaws shall not be counted and shall immediately be placed in a ballot box for rejected ballots and shall be retained by the provost of the Cooperative in safekeeping until sixty (60) days after the date of the completion of the counting of the ballots.

When the ballot is found to meet the requirements as set out in the instruction for voting and is in conformity with the provisions and requirements of these bylaws, said ballot shall be declared an official ballot and all valid votes cast thereon shall be tabulated.

If the counting of the official ballots has not been completed at the time of adjournment of the counting, all official ballots, counted and uncounted, shall safely kept by the provost until the counting of official ballots has again begun by the provost and this procedure shall continue until all valid official ballots have been counted and tabulated.

For safekeeping all official and valid ballots which have been counted shall be placed in the hands of the provost for (60) days from the date of the completion of the official counting and tabulation.

The provost shall promptly upon completion of the counting of the membership votes, certify in writing to the secretary of the Cooperative the names of the candidates and the votes received by each and shall also certify the names of the candidates receiving the highest number of votes taking into account the number of vacancies to be filled and the fact that no more than two (2) directors may be residents of the same county at any one time as having been elected directors by the membership.

In the case of a tie, this fact shall be certified in writing by the provost to the secretary of the Cooperative. The tie shall be broken and winner determined by a coin toss conducted by Cooperative Legal counsel. If a candidate requests a recount contests the election results, he or she shall submit a written request to the Cooperative's Legal Counsel before noon of the next business day. A detailed explanation for the request must be included. The decision of the Cooperative's Legal Counsel shall be final. (Amended 11/24/99)

SECTION 5. REMOVAL OF BOARD MEMBER BY MEMBERS. Any member may bring charges for cause against a board member and, by filing with the secretary a written statement of the specifics of each charge together with a petition signed by at least ten per centum (10%) of the members or 500, whichever is the lesser, may request the removal of such board member by reason thereof. Such board member shall be informed in writing of the charges at least twenty (20) days prior to the meeting of the members at which the charges are to be considered and shall have opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the member or members bringing the charges against him shall have the same opportunity. The question of the removal of such board member shall be considered and voted upon at the meeting of the members and any vacancy created by such removal may be filled by vote of the

members at such meeting without compliance with the foregoing provisions with respect to nominations. (Amended 12/21/94)

SECTION 6. VACANCIES. Subject to the provisions of these bylaws with respect to the filling of vacancies created for any reason, a vacancy occurring in the Board may be filled by the affirmative vote of a majority of the remaining board members for the unexpired portion of the term. (Amended 12/18/98)

SECTION 7. COMPENSATION. Directors shall not receive any salary for their services as directors, except that by resolution of the Board of Directors a fixed sum and actual expenses of attendance, if any, may be allowed for attendance at each meeting of the Board of Directors, each committee meeting attended by them officially, each NRECA Regional or National Meeting and for each day spent attending any other activity of interest to the Cooperative so designated by Board resolution. No director shall receive compensation for serving the Cooperative in any other capacity nor shall any close relative of a director receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the members of the service of such director or close relative shall have been certified by the Board of Directors as an emergency measure. (Amended 3/26/65)

SECTION 8. INSURANCE. The Board of Directors shall have power to purchase and maintain insurance on behalf of any person who is a director, officer, employee or agent of the Cooperative. The Board of Directors shall have the power to maintain any liability insurance necessary for the protection of the Cooperative or any person who is serving at the request of the Cooperative as a director, officer, employee, or agent of another corporation against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such. (Amended 1/30/76)

SECTION 9. INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS.

(a) The Cooperative shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or

completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than by an action by, or in the right of, the Cooperative) by reason of the fact that such person is or was a director, officer, employee or agent of the Cooperative or who is or was serving at the request of the Cooperative as a director, officer, employee or agent of another cooperative, association, corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgements, fines and amount paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, if such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interest of the Cooperative, and, with respect to any criminal action or proceeding, has no reasonable cause to believe the conduct of such person was unlawful. The termination of any action, suit or proceeding by judgement, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in, or not opposed to, the best interests of the Cooperative, and with respect to any criminal action or proceeding, had reasonable cause to believe that the conduct of such person was unlawful.

(b) The Cooperative shall indemnify any person who was or is a party, or is threatened to be made a party to, any threatened, pending or completed action or suit by, or in the right of, the Cooperative to procure a judgement in its favor by reason of the fact that such person is, or was, a director, officer, employee or agent of the Cooperative, or is, or was, serving at the request of the Cooperative as a director, officer, employee or agent of another Cooperative, association, corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, if such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to the best interest of the Cooperative, and except that no

indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of the duty of such person to the Cooperative, unless, and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity of such expenses as the court shall deem proper.

- (c) To the extent that a director, officer, employee or agent of the Cooperative has been successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in Paragraphs (a) and (b), in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fee) actually and reasonably incurred by such person in connection therewith.
- (d) Any indemnification under Paragraphs (a) and (b), unless ordered by a court, shall be made by the Cooperative only as authorized in the specific case, upon determination that indemnification of the director, officer, employee or agent is proper in the circumstances because such person has met the applicable standard of conduct set forth in Paragraphs (a) and (b). Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit, or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable, a quorum of disinterested Directors so directs by independent legal counsel in a written opinion or, (3) by the members.
- (e) Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Cooperative in advance of the final disposition of such action, suit or proceeding, as authorized by the Board of Directors in the specific case, upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount, unless it shall ultimately be determined that he is entitled to be indemnified by the Cooperative, as authorized in this Article.

The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of members or disinterested directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent, and shall inure to the benefit of the heirs, executors and administrators of such a person.

The Cooperative may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the Cooperative, or who is or was serving at the request of the Cooperative as a director, officer, employee, or agent of another cooperative, association, corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of the status of such person as such, whether or not the Cooperative would have the power to indemnify such person against such liability under the provisions of this Article. (Adopted 1/28/83)

ARTICLE V MEETINGS OF BOARD

SECTION 1. REGULAR MEETINGS. A regular meeting of the Board shall be held without notice, within 24 hours or as soon as practical, and at the same place as, the annual meeting of the members. A regular meeting of the Board shall also be held monthly at such time and place within one of the counties served by the Cooperative as designated by the Board. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof. (Amended 1/26/96)

SECTION 2. SPECIAL MEETING. Special meetings of the Board may be called by the Chairman or by any three board members, and it shall thereupon be the duty of the secretary to cause notice of such meeting to be given as hereinafter provided. The Chairman or board members calling the meeting shall fix the time and place for the holding of the meeting. (Amended 1/26/96)

SECTION 3. NOTICE OF BOARD MEETING. Written notice of the time, place and purpose of any special meeting of the Board shall be

of the Cooperative will be served thereby. (Amended 9/24/82)

SECTION 4. CHAIRMAN. The chairman shall:

- (a) be the principal executive officer of the Cooperative and unless otherwise determined by the members of the Board, shall preside at all meetings of the members and the Board;
- (b) sign, with the secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these bylaws to some other office or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
- (c) in general perform all duties incident to the office of president and such other duties as may be prescribed by the Board from time-to-time. (Amended 1/26/96)

SECTION 5. VICE CHAIRMAN. In the absence of the chairman, or in the event of his inability or refusal to act, the vice-chairman shall perform the duties of the chairman, and when so acting shall have all the powers of and be subject to all the restrictions upon the chairman. The vice-chairman shall also perform such other duties as from time-to-time may be assigned to him by the Board. (Amended 4/30/96)

SECTION 6. SECRETARY. The secretary shall be responsible for:

- (a) keeping the minutes of the meetings of the members and of the Board in books provided for that purpose;
- (b) seeing that all notices are duly given in accordance with these bylaws or as required by law;
- (c) the safekeeping of the corporate books and records and the seal of the Cooperative and to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these bylaws;
- (d) keeping a register of the names and post office addresses of all members;
- (e) keeping on file at all times a complete copy of the Articles of Incorporation and bylaws of the Cooperative containing all amendments thereto (which copy shall always be open to the

delivered to each board members either personally or by mail, by or at the direction of the secretary, or upon

default in duty by the secretary, by the chairman or the board member calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the board member at his address as it appears on the records of the Cooperative, with postage thereon prepaid, at least five days before the date set for the meeting. (Amended 1/26/96)

SECTION 4. QUORUM. A majority of the Board shall constitute a quorum, provided, that if less than such majority of the Board is present, the Board may adjourn the meeting from time-to-time; and provided further, that the secretary shall notify any absent board members of the time and place of such adjourned meeting. The act of a majority of the board members present at a meeting at which a quorum is present shall be the act of the Board, except as otherwise provided in these bylaws. (Amended 12/21/94)

ARTICLE VI OFFICERS

SECTION 1. NUMBER. The officers of the Cooperative shall be chairman, vice-chairman, secretary, treasurer, and such other officers as may be determined by the Board from time-to-time. The offices of secretary and treasurer may be held by the same person. (Amended 12/21/94)

SECTION 2. ELECTION AND TERM OF OFFICE. The officers shall be elected by ballot, annually by and from the Board at the meeting of the Board held after the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of the members or until his successor shall have been elected and shall have qualified. A vacancy in any office may be filled by the Board for the unexpired portion of the term. (Amended 12/18/98)

SECTION 3. REMOVAL OF OFFICERS AND AGENTS BY THE BOARD. Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgement the best interests

inspection of any member) and at the expense of the Cooperative, furnishing a copy of the bylaws and of all amendments thereto any member upon request; and

- (f) in general performing all duties incident to the office of secretary and such other duties as from time-to-time may be assigned to him by the Board;
- (g) forward all amendments to bylaws to each member at Cooperative's expense. (Amended 4/26/96)

SECTION 7. TREASURER. The treasurer shall be responsible for:

- (a) custody of all funds and securities of the Cooperative;
- (b) the receipt of and the issuance of receipt for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these bylaws; and
- (c) the general performance of all the duties incident to the office of treasurer and such other duties as from time-to-time may be assigned to him by the Board. (Amended 9/24/82)

SECTION 8. PRESIDENT & CHIEF EXECUTIVE OFFICER (CEO). The Board may appoint a president and chief executive officer (CEO) who shall be required to be a member of the Cooperative and reside in the Cooperative territory or become a member and reside within the Cooperative territory within ninety (90) days after becoming employed as president and chief executive officer. (Amended 12/21/94)

SECTION 9. BONDS OF OFFICERS. The treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its fund or property shall be bonded in such sum and with such surety as the Board shall determine. The Board in its discretion may also require any other officer, agent or employee of the Cooperative to be bonded in such amount and with such surety as it shall determine. (Amended 9/24/82)

SECTION 10. COMPENSATION. The powers, duties and compensation of officers, agents and employees shall be fixed by the Board subject to the

provisions of these bylaws with respect to compensation for a board member and close relatives of the board member. (Amended 9/24/82)

SECTION 11. REPORTS. The officers of the Cooperative shall submit at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

ARTICLE VII NON-PROFIT CORPORATION

SECTION 1. INTEREST OR DIVIDENDS ON CAPITAL PROHIBITED. The Cooperative shall at all times be operated on a Cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons. (Amended 4/24/64)

SECTION 2. PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING ELECTRIC ENERGY. In the furnishing of electric energy the Cooperative's operations shall be conducted that all patrons will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishings of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall upon request make available for inspection to any patron their ledger sheet showing the amount of capital credited to the account. All such amounts credited to the capital account of any patron shall have the same status as

though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital. (Amended 9/16/77)

All other amounts received by the Cooperative from its operation in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year, and (b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to patrons' accounts may be retired in full, or in part. Any such retirements of capital shall be at the discretion and direction of the Board as to timing, method and type of retirement. (Amended 3/23/90)

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instructions from the assignor and only to successors in interest or successors in occupancy in all or a part of such patrons' premises served by the Cooperative unless the Board of Directors, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provisions of these bylaws, the Board of Directors at its discretion, shall have the power at any time upon the death of any patron, if the legal representatives of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board of Directors acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and bylaws shall constitute and be a contract between the

Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office. (Amended 4/24/64)

SECTION 3. PATRON'S REFUNDS IN CONNECTION WITH FURNISHING OTHER SERVICES. In the event that the Cooperative should engage in the business of furnishing goods or services with other than electric energy, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall, insofar as permitted by law, be prorated annually on a patronage basis and returned to those patrons from whom such amounts were obtained.

ARTICLE VIII DISPOSITION OF PROPERTY

The Cooperative may not sell, lease or otherwise dispose of all or any substantial portion of its property other than:

- (a) property which in the judgement of the Board of Directors, neither is nor will be necessary or useful in operating and maintaining the Cooperative's system and facilities, provided, however, that all sales of such property shall not in any one (1) year exceed in value ten per centum (10%) of the value of all the property of the Cooperative;
- (b) services of all kinds, including electric energy;
- (c) personal property acquired for resale; and
- (d) merchandise;

unless such sale, lease or other disposition is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds of all the members of the Cooperative, and unless the notice of such proposed sale, lease or otherwise disposition shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the Board of Directors of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or pledging or encumbering of, any or all of the property,

assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired and wherever situated, as well as the revenue and income therefrom, all upon such terms and conditions as the Board shall determine, to secure any indebtedness of the Cooperative; provided further that the Board may upon the authorization of a majority of those members of the Cooperative present at a meeting of the members thereof, sell, lease, or otherwise dispose of all or a substantial portion of its property to another rural electric cooperative. (Amended 12/18/71)

ARTICLE IX SEAL

The corporate seal of the Cooperative shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal Kentucky". (Amended 9/24/82)

ARTICLE X FINANCIAL TRANSACTIONS

SECTION 1. CONTRACTS. Except as otherwise provided in these bylaws, the Board may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances. (Amended 9/24/82)

SECTION 2. CHECKS, DRAFTS, ETC. All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed and/or countersigned by such officer or officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time-to-time be determined by resolution of the Board. (Amended 9/24/82)

SECTION 3. DEPOSITS. All funds except petty cash of the Cooperative shall be deposited from time-to-time to the credit of the Cooperative in such bank or banks as the Board may select. (Amended 9/24/82)

SECTION 4. CHANGE IN RATES. Written notice shall be given to the Administrator of the Rural Utilities Services of the United States of America not less than ninety (90) days prior to the date upon which

any proposed change in the rates charged by the Cooperative for electric energy becomes effective. (Amended 12/21/94)

SECTION 5. FISCAL YEAR. The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first day of December of the same year.

ARTICLE XI MISCELLANEOUS

SECTION 1. MEMBERSHIP IN OTHER ORGANIZATIONS. The Cooperative shall not become a member of or purchase stock in any other organization without an affirmative vote of not less than two-thirds (2/3) of the directors at any regular or special meeting. (Amended 1/27/89)

SECTION 2. WAIVER OF NOTICE. Any member or board member may waive in writing any notice of a meeting required to be given by these bylaws. The attendance of a member or board member at any meeting shall constitute a waiver of notice of such meeting by such member or board member, except in case a member or board member shall attend a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting has not been lawfully called or convened. (Amended 9/24/82)

SECTION 3. POLICIES, RULES AND REGULATIONS. The Board shall have power to make and adopt such policies, rules and regulations, not inconsistent with law, the Articles of Incorporation or these bylaws, as it may deem advisable for the management of the business and affairs of the Cooperative. (Amended 9/24/82)

SECTION 4. ACCOUNT SYSTEM AND REPORTS. The Board shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time-to-time be designated by the Administrator of the Rural Utilities Service of the United States of America. The Board shall also after the close of each fiscal year cause to be made by a certified public accountant a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. A report of such audit

shall be submitted to the members at the next following annual meeting. (Amended 12/21/94)

ARTICLE XII AMENDMENTS

SECTION 5. AREA COVERAGE. The Board shall make diligent effort to see that electric service is extended to all unserved persons within the Cooperative service area who (a) desire such service and (b) meet all reasonable requirements established by the Cooperative as a condition of such service. (Adopted 9/24/82)

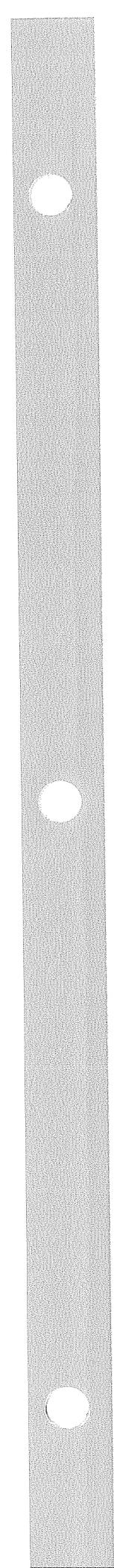
The bylaws may be altered, amended or repealed by the affirmative vote of not less than two-thirds (2/3) of all the directors at any regular or special meeting, provided a notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.

Notwithstanding any other provisions of these bylaws, an affirmative vote of at least two-thirds (2/3) of the membership shall be required to alter, amend or repeal Article VIII - DISPOSITION OF PROPERTY or Article XII - AMENDMENTS. (Adopted 9/24/82)

STATEMENT OF NONDISCRIMINATION

Grayson Rural Electric Cooperative Corporation is the recipient of Federal financial assistance from the Rural Utilities Service (RUS), an agency of the U.S. Department of Agriculture, and is subject to the provisions of Title VI of the Civil Rights Act of 1964, as amended, Section 504 of the Rehabilitation Act of 1973, as amended, the Age Discrimination Act of 1975, as amended, and the rules of the U. S. Department of Agriculture which provide that no person in the United States on the basis of race, color, national origin, age or handicap shall be excluded from participation in, admission or access to, denied the benefits of, or otherwise be subjected to discrimination under any of this organization's programs or activities.

The person responsible for coordinating this organization's nondiscrimination compliance efforts is Kim Bush, Manager of Marketing and Member Services. Any individual or specific class of individuals, who feels that this organization has subjected them to discrimination, may obtain further information about the statutes and regulations listed above from and/or file a written complaint with this organization; or the Secretary, U.S. Department of Agriculture, Washington, DC 20250. Complaints must be filed within 180 days after the alleged discriminatory action, or by such later date to which the Secretary of Agriculture or the Administrator of RUS extends the time for filing. Identity of complainants will be kept confidential except to the extent necessary to carry out the purposes of the rules and regulations of the U.S. Department of Agriculture.



1 Grayson Rural Electric Cooperative
2 Case No. 2008-00254
3 **Statement of Operations**
4 May 31, 2008

Exhibit V
page 1 of 3

Witness: Alan Zumstein

| | <u>2008</u> | <u>2007</u> |
|-----------------------------------|---------------------------|------------------------|
| 8 Operating revenue | <u>\$25,118,850</u> | <u>\$24,056,081</u> |
| 9 | | |
| 10 Operating expenses: | | |
| 11 Cost of power | 16,950,727 | 15,963,936 |
| 12 Distribution-operations | 1,061,215 | 925,800 |
| 13 Distribution-maintenance | 2,478,718 | 1,588,104 |
| 14 Consumer accounts | 875,674 | 827,731 |
| 15 Consumer service | 194,688 | 170,232 |
| 16 Sales | 34,444 | 35,283 |
| 17 Administrative and general | <u>1,309,225</u> | <u>1,286,353</u> |
| 18 | <u>22,904,691</u> | <u>20,797,439</u> |
| 19 | | |
| 20 Depreciation and amortization | 1,559,510 | 1,491,824 |
| 21 Taxes-other | 26,326 | 26,339 |
| 22 Interest on long term debt | 1,446,899 | 1,478,703 |
| 23 Other interest expense | 166,228 | 209,609 |
| 24 Other deductions | <u>12,185</u> | <u>15,955</u> |
| 25 | <u>26,115,839</u> | <u>24,019,869</u> |
| 26 | | |
| 27 Utility operating margins | <u>(996,989)</u> | <u>36,212</u> |
| 28 | | |
| 29 Nonoperating margins, interest | 34,810 | 30,553 |
| 30 Nonoperating margins, other | <u>(12,800)</u> | <u>(13,688)</u> |
| 31 | <u>22,010</u> | <u>16,865</u> |
| 32 Patronage capital: | | |
| 33 G & T | - | - |
| 34 Others | <u>65,590</u> | <u>42,287</u> |
| 35 | <u>65,590</u> | <u>42,287</u> |
| 36 | | |
| 37 Net margins | <u><u>(\$909,389)</u></u> | <u><u>\$95,364</u></u> |
| 38 | | |

Grayson Rural Electric Cooperative
Case No. 2008-00254
Balance Sheet
May 31, 2008

Exhibit V
page 2 of 3

Witness: Alan Zumstein

| | <u>2008</u> | <u>2007</u> |
|--|---------------------|---------------------|
| <u>ASSETS</u> | | |
| Electric Plant: | | |
| In service | \$53,089,895 | \$50,842,949 |
| Under construction | 643,108 | 384,229 |
| | <u>53,733,003</u> | <u>51,227,178</u> |
| Less accumulated depreciation | 8,222,315 | 7,597,996 |
| | <u>45,510,688</u> | <u>43,629,182</u> |
| Investments | <u>5,432,116</u> | <u>5,410,221</u> |
| Current Assets: | | |
| Cash and temporary investments | 1,648,104 | 116,954 |
| Accounts receivable, net | 3,891,669 | 4,035,133 |
| Other receivables | 116,249 | 124,590 |
| Material and supplies | 295,185 | 317,517 |
| Prepayments | 350,848 | 202,607 |
| | <u>6,302,055</u> | <u>4,796,801</u> |
| Other deferred debits | <u>-</u> | <u>-</u> |
| Total Assets | <u>\$57,244,859</u> | <u>\$53,836,204</u> |
| <u>MEMBERS' EQUITIES AND LIABILITIES</u> | | |
| Margins and Equities: | | |
| Memberships | \$151,355 | \$149,760 |
| Patronage capital | 16,301,750 | 17,343,473 |
| | <u>16,453,105</u> | <u>17,493,233</u> |
| Long Term Debt | <u>36,033,990</u> | <u>28,235,404</u> |
| Accumulated Operating Provisions | <u>1,167,016</u> | <u>1,082,045</u> |
| Current Liabilities: | | |
| Notes payable | 42,798 | 3,132,000 |
| Accounts payable | 1,434,374 | 1,605,281 |
| Consumer deposits | 1,189,479 | 1,159,840 |
| Accrued expenses | 762,922 | 881,374 |
| | <u>3,429,573</u> | <u>6,778,495</u> |
| Consumer advances | <u>161,175</u> | <u>247,027</u> |
| Total Members' Equities and Liabilities | <u>\$57,244,859</u> | <u>\$53,836,204</u> |

Grayson Rural Electric Cooperative

Exhibit V

Case No. 2008-00254

page 3 of 3

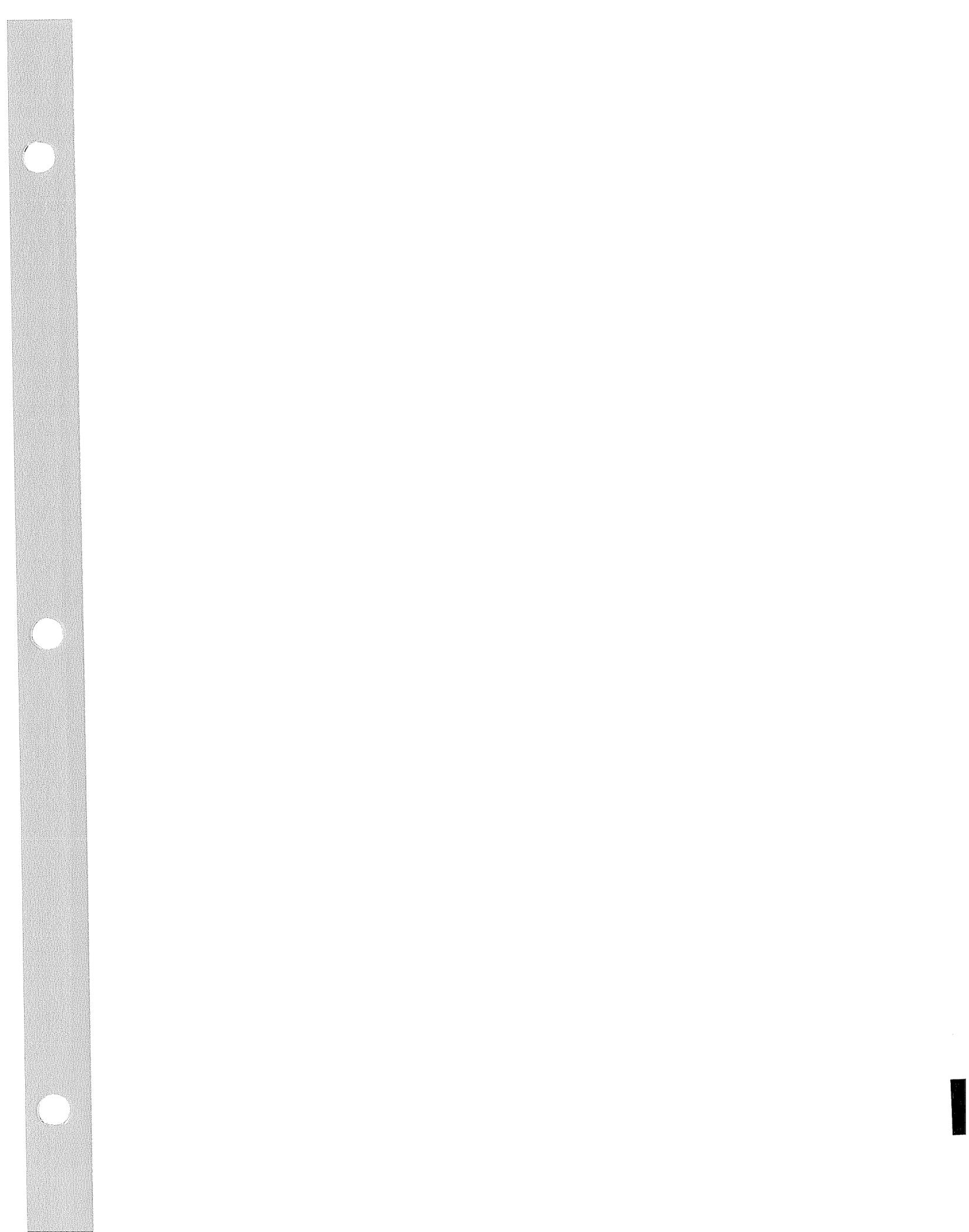
Statement of Cash Flows

Witness: Alan Zumstein

May 31, 2008

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| | <u>2008</u> | <u>2007</u> |
|---|---------------------|--------------------|
| Cash Flows from Operating Activities: | | |
| Net margins | (\$550,762) | \$95,364 |
| Adjustments to reconcile to net cash provided by operating activities: | | |
| Depreciation | | |
| Charged to expense | 6,860,467 | 1,491,824 |
| Charged to clearing accounts | 112,679 | 146,676 |
| Patronage capital credits | (380,653) | (42,287) |
| Accumulated postretirement benefits | 216,066 | 57,080 |
| Net change in current assets and liabilities: | | |
| Receivables | (1,270,760) | 240,914 |
| Material and supplies | (396,839) | 37,271 |
| Prepayments and deferred debits | (12,760) | 4,674 |
| Accounts payables | 551,486 | 274,370 |
| Consumer deposits | (23,854) | 68,332 |
| Accrued expenses | | 139,185 |
| Consumer advances | (428,556) | 106,744 |
| | <u>4,676,514</u> | <u>2,620,147</u> |
| Cash Flows from Investing Activities: | | |
| Plant additions | (12,810,007) | (3,004,459) |
| Salvage recovered from plant retired | 155,077 | 20,293 |
| Additional investments, net of receipts | 588,022 | 19,734 |
| | <u>(12,066,908)</u> | <u>(2,964,432)</u> |
| Cash Flows from Financing Activities: | | |
| Net increase in memberships and other equity | 835,080 | 11,411 |
| Retirement of patronage capital | (409,305) | (117,528) |
| Additional long-term borrowings | 10,000,000 | - |
| Payments on long-term debt | (3,712,293) | (896,290) |
| Short term borrowings | 350,000 | 1,397,000 |
| | <u>7,063,482</u> | <u>394,593</u> |
| Net increase in cash | (326,912) | 50,308 |
| Cash balances - beginning | <u>116,954</u> | <u>66,646</u> |
| Cash balances - ending | <u>(\$209,958)</u> | <u>\$116,954</u> |



| Acct # | Description | June Month 1 | July Month 2 | August Month 3 | September Month 4 | October Month 5 | November Month 6 | December Month 7 | January Month 8 | February Month 9 | March Month 10 | April Month 11 | May Month 12 |
|--------|---------------------------|-----------------|-----------------|-------------------|----------------------|--------------------|---------------------|---------------------|--------------------|---------------------|-------------------|-------------------|-----------------|
| 362 | Station equipment | 31 | 31 | 31 | 31 | 31 | 31 | 31 | 31 | 31 | 31 | 31 | 31 |
| | Prior year | 31 | 31 | 31 | 31 | 31 | 31 | 31 | 31 | 31 | 31 | 31 | 31 |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 364 | Poles, towers & fixtures | 17,983 | 18,011 | 18,061 | 18,123 | 18,165 | 18,216 | 18,257 | 18,422 | 18,461 | 18,564 | 18,621 | 18,664 |
| | Prior year | 17,226 | 17,289 | 17,351 | 17,401 | 17,473 | 17,515 | 17,569 | 17,619 | 17,666 | 17,709 | 17,878 | 17,934 |
| | Change | 757 | 722 | 710 | 722 | 692 | 701 | 688 | 803 | 795 | 855 | 743 | 730 |
| 365 | Overhead conduct & device | 13,841 | 13,862 | 13,902 | 13,951 | 13,995 | 14,034 | 14,078 | 14,252 | 14,290 | 14,391 | 14,430 | 14,469 |
| | Prior year | 13,086 | 13,149 | 13,212 | 13,252 | 13,330 | 13,373 | 13,410 | 13,458 | 13,490 | 13,529 | 13,755 | 13,796 |
| | Change | 755 | 713 | 690 | 699 | 665 | 661 | 668 | 794 | 800 | 862 | 675 | 673 |
| 367 | Underground cond & device | 297 | 297 | 298 | 298 | 298 | 300 | 300 | 300 | 300 | 304 | 305 | 308 |
| | Prior year | 290 | 290 | 290 | 290 | 290 | 290 | 290 | 290 | 290 | 297 | 297 | 297 |
| | Change | 7 | 7 | 8 | 8 | 8 | 10 | 10 | 10 | 10 | 7 | 8 | 11 |
| 368 | Transformers | 6,518 | 6,550 | 6,586 | 6,592 | 6,617 | 6,662 | 6,616 | 6,622 | 6,645 | 6,644 | 6,683 | 6,722 |
| | Prior year | 6,249 | 6,289 | 6,292 | 6,342 | 6,342 | 6,362 | 6,421 | 6,422 | 6,422 | 6,436 | 6,436 | 6,472 |
| | Change | 269 | 261 | 294 | 250 | 275 | 300 | 195 | 200 | 223 | 208 | 247 | 250 |
| 369 | Services | 5,286 | 5,316 | 5,342 | 5,362 | 5,380 | 5,395 | 5,408 | 5,419 | 5,433 | 5,457 | 5,475 | 5,494 |
| | Prior year | 5,097 | 5,116 | 5,139 | 5,160 | 5,180 | 5,195 | 5,213 | 5,226 | 5,235 | 5,250 | 5,256 | 5,274 |
| | Change | 189 | 200 | 203 | 202 | 200 | 200 | 195 | 193 | 198 | 207 | 219 | 220 |
| 370 | Meters | 2,489 | 2,491 | 2,518 | 2,533 | 2,550 | 2,577 | 2,581 | 2,582 | 2,582 | 2,579 | 2,580 | 2,580 |
| | Prior year | 2,388 | 2,389 | 2,393 | 2,406 | 2,397 | 2,397 | 2,396 | 2,409 | 2,439 | 2,456 | 2,474 | 2,487 |
| | Change | 101 | 102 | 125 | 127 | 153 | 180 | 185 | 173 | 143 | 123 | 106 | 93 |
| 371 | Security lights | 1,097 | 1,102 | 1,114 | 1,118 | 1,126 | 1,131 | 1,138 | 1,142 | 1,144 | 1,151 | 1,165 | 1,174 |
| | Prior year | 1,042 | 1,046 | 1,049 | 1,053 | 1,060 | 1,062 | 1,065 | 1,072 | 1,075 | 1,082 | 1,087 | 1,094 |
| | Change | 55 | 56 | 65 | 65 | 66 | 69 | 73 | 70 | 69 | 69 | 78 | 80 |
| 389 | Land | 79 | 79 | 79 | 79 | 79 | 79 | 79 | 79 | 79 | 79 | 79 | 79 |
| | Prior year | 44 | 44 | 44 | 44 | 44 | 44 | 44 | 44 | 44 | 44 | 44 | 44 |
| | Change | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 |
| 390 | Structures & improve | 931 | 931 | 931 | 931 | 931 | 931 | 931 | 931 | 931 | 931 | 931 | 935 |
| | Prior year | 964 | 964 | 964 | 964 | 966 | 966 | 966 | 931 | 931 | 931 | 931 | 931 |
| | Change | (33) | (33) | (33) | (33) | (35) | (35) | (35) | 0 | 0 | 0 | 0 | 4 |
| 391 | Office furniture | 536 | 541 | 538 | 542 | 542 | 542 | 553 | 565 | 564 | 564 | 574 | 549 |
| | Prior year | 481 | 493 | 504 | 507 | 539 | 542 | 556 | 545 | 536 | 533 | 533 | 533 |
| | Change | 55 | 48 | 34 | 35 | 3 | 0 | (3) | 20 | 28 | 31 | 41 | 16 |
| 392 | Transportation | 1,301 | 1,395 | 1,395 | 1,394 | 1,394 | 1,347 | 1,396 | 1,445 | 1,445 | 1,383 | 1,415 | 1,414 |
| | Prior year | 1,302 | 1,302 | 1,302 | 1,302 | 1,279 | 1,279 | 1,277 | 1,250 | 1,301 | 1,301 | 1,301 | 1,301 |
| | Change | (1) | 93 | 93 | 92 | 115 | 68 | 119 | 195 | 144 | 82 | 114 | 113 |
| 393.00 | Stores equipment | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| | Prior year | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 394 | Tools, shop & garage | 30 | 31 | 31 | 31 | 34 | 34 | 34 | 34 | 34 | 34 | 34 | 34 |
| | Prior year | 25 | 24 | 28 | 28 | 28 | 28 | 28 | 30 | 30 | 30 | 30 | 30 |
| | Change | 5 | 7 | 3 | 3 | 6 | 6 | 6 | 4 | 4 | 4 | 4 | 4 |

Grayson Rural Cooperative Case No. 2008-00254
 Comparison of 1 Year Account Balances with
 those of the Preceding Year - Balance Sheet

| Acct # | Description | June Month 1 | July Month 2 | August Month 3 | September Month 4 | October Month 5 | November Month 6 | December Month 7 | January Month 8 | February Month 9 | March Month 10 | April Month 11 | May Month 12 |
|--------|------------------------------|-----------------|-----------------|-------------------|----------------------|--------------------|---------------------|---------------------|--------------------|---------------------|-------------------|-------------------|-----------------|
| 108.74 | Res - Small tools | 13 | 13 | 13 | 13 | 13 | 14 | 14 | 14 | 14 | 14 | 14 | 15 |
| | Prior year | 11 | 11 | 11 | 11 | 11 | 12 | 12 | 12 | 12 | 12 | 12 | 13 |
| | Change | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| 108.75 | Res - Laboratory | 66 | 67 | 68 | 68 | 69 | 70 | 70 | 71 | 72 | 72 | 73 | 74 |
| | Prior year | 59 | 59 | 60 | 60 | 61 | 62 | 62 | 63 | 64 | 64 | 65 | 66 |
| | Change | 7 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| 108.76 | Res - Large tools | 38 | 38 | 39 | 39 | 40 | 40 | 40 | 41 | 42 | 42 | 42 | 43 |
| | Prior year | 32 | 32 | 33 | 33 | 34 | 34 | 35 | 35 | 36 | 36 | 37 | 37 |
| | Change | 6 | 6 | 6 | 6 | 6 | 6 | 5 | 6 | 6 | 6 | 5 | 6 |
| 108.77 | Res - Communication | 180 | 181 | 183 | 184 | 185 | 187 | 188 | 189 | 191 | 192 | 194 | 195 |
| | Prior year | 163 | 164 | 166 | 167 | 168 | 170 | 172 | 173 | 174 | 176 | 177 | 178 |
| | Change | 17 | 17 | 17 | 17 | 17 | 17 | 16 | 16 | 17 | 16 | 17 | 17 |
| 108.78 | Res - Miscellaneous | 42 | 42 | 42 | 43 | 43 | 43 | 44 | 44 | 44 | 45 | 31 | 31 |
| | Prior year | 38 | 38 | 39 | 39 | 39 | 39 | 40 | 40 | 40 | 41 | 41 | 41 |
| | Change | 4 | 4 | 3 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | (10) | (10) |
| 108.79 | Res - Structures | 398 | 400 | 402 | 403 | 405 | 407 | 409 | 410 | 412 | 414 | 416 | 417 |
| | Prior year | 379 | 381 | 383 | 384 | 386 | 388 | 390 | 390 | 392 | 393 | 395 | 397 |
| | Change | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 20 | 20 | 21 | 21 | 20 |
| **** | Total Reserve for Deprecia | 7,695 | 7,762 | 7,849 | 7,941 | 8,031 | 8,081 | 8,116 | 8,121 | 8,182 | 8,151 | 8,198 | 8,266 |
| | Prior year | 6,862 | 6,956 | 7,035 | 7,137 | 7,173 | 7,280 | 7,355 | 7,403 | 7,445 | 7,538 | 7,492 | 7,598 |
| | Change | 833 | 806 | 814 | 804 | 858 | 801 | 761 | 718 | 737 | 613 | 706 | 668 |
| 123.10 | Invest in assoc. organizatio | 4,772 | 4,772 | 4,772 | 4,777 | 4,777 | 4,777 | 4,777 | 4,777 | 4,789 | 4,795 | 4,795 | 4,795 |
| | Prior year | 4,749 | 4,749 | 4,749 | 4,751 | 4,751 | 4,751 | 4,751 | 4,751 | 4,754 | 4,753 | 4,772 | 4,772 |
| | Change | 23 | 23 | 23 | 26 | 26 | 26 | 26 | 26 | 35 | 42 | 23 | 23 |
| 123.22 | Invest in Cap Term Certific | 637 | 637 | 637 | 637 | 637 | 637 | 637 | 637 | 637 | 636 | 636 | 636 |
| | Prior year | 638 | 638 | 638 | 638 | 638 | 638 | 638 | 638 | 638 | 637 | 637 | 637 |
| | Change | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) |
| 123.23 | Invest in other organization | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | Prior year | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **** | Total Investments | 5,410 | 5,410 | 5,410 | 5,415 | 5,415 | 5,415 | 5,415 | 5,415 | 5,427 | 5,432 | 5,432 | 5,432 |
| | Prior year | 5,388 | 5,388 | 5,388 | 5,390 | 5,390 | 5,390 | 5,390 | 5,390 | 5,393 | 5,391 | 5,410 | 5,410 |
| | Change | 22 | 22 | 22 | 25 | 25 | 25 | 25 | 25 | 34 | 41 | 22 | 22 |
| 131.10 | Cash - general funds | 57 | 40 | 52 | 72 | 57 | 64 | (15) | 27 | 33 | 70 | 40 | 82 |
| | Prior year | 61 | 34 | 39 | 19 | 30 | 21 | 36 | 39 | 22 | 62 | 54 | 81 |
| | Change | (4) | 6 | 13 | 53 | 27 | 43 | (51) | (12) | 11 | 8 | (14) | 1 |
| 131.11 | Peoples - Blaine | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | Prior year | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 131.12 | First - Greenup | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 14 | 1 | 1 | 1 | 1 |
| | Prior year | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 13 | 0 | 0 | 0 | 0 |

Grayson Rural Cooperative Case No. 2008-00254
 Comparison of Year Account Balances with
 those of the Preceding Year - Balance Sheet

| Acct# | Description | June Month 1 | July Month 2 | August Month 3 | September Month 4 | October Month 5 | November Month 6 | December Month 7 | January Month 8 | February Month 9 | March Month 10 | April Month 11 | May Month 12 |
|--------|-----------------------------|-----------------|-----------------|-------------------|----------------------|--------------------|---------------------|---------------------|--------------------|---------------------|-------------------|-------------------|-----------------|
| 131.13 | Citizens - Morehead | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | Prior year | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 131.14 | Peoples - Sandy Hook | 5 | 6 | 5 | 5 | 5 | 5 | 4 | 5 | 5 | 6 | 5 | 5 |
| | Prior year | 5 | 6 | 6 | 6 | 5 | 5 | 5 | 5 | 6 | 6 | 6 | 5 |
| | Change | 0 | 0 | (1) | (1) | 0 | 0 | (1) | 0 | (1) | 0 | (1) | 0 |
| 131.15 | First National | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | Prior year | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 131.16 | Citizens National | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 3 | 1 | 1 |
| | Prior year | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | (2) | (1) | (5) |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (2) | (1) | (6) |
| 131.18 | First National -Lewis | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | Prior year | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | Change | 0 | 0 | 0 | 0 | 0 | (1) | 0 | 0 | 0 | 0 | 0 | 0 |
| 131.19 | Commercial - Grayson | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 7 | 1 | 1 |
| | Prior year | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | (6) | 0 | 0 |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (6) | 0 | (1) |
| 131.30 | Payroll | | | | | | | | | 13 | | | |
| | Prior year | | | | | | | | | 13 | | | |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (13) |
| 131.50 | Capital credit | | 1 | 2 | 2 | 2 | 2 | 2 | 2 | | 2 | 2 | 6 |
| | Prior year | | (1) | (2) | (2) | (2) | (2) | (2) | (2) | 0 | (2) | (2) | (6) |
| | Change | 0 | (1) | (2) | (2) | (2) | (2) | (2) | (2) | 0 | (2) | (2) | 0 |
| **** | Total Cash | 69 | 53 | 64 | 84 | 68 | 75 | 9 | 52 | 45 | 82 | 52 | 94 |
| | Prior year | 73 | 48 | 54 | 34 | 43 | 35 | 50 | 51 | 45 | 77 | 78 | 110 |
| | Change | (4) | 5 | 10 | 50 | 25 | 40 | (41) | 1 | 0 | 5 | (26) | (16) |
| **** | 136.1 Temporary investments | 5 | 455 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 2 | 5 | 1,555 |
| | Prior year | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 3 | 5 | 5 |
| | Change | 0 | 450 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3 | 0 | 1,550 |
| 142.10 | Accounts receivable | 4,265 | 4,270 | 4,280 | 4,146 | 4,107 | 4,481 | 5,134 | 5,776 | 5,741 | 4,995 | 4,167 | 3,978 |
| | Prior year | 3,831 | 4,232 | 3,995 | 3,653 | 3,758 | 4,182 | 4,586 | 5,463 | 5,374 | 4,679 | 4,099 | 4,111 |
| | Change | 434 | 38 | 285 | 493 | 349 | 299 | 548 | 313 | 367 | 316 | 68 | (133) |
| 144.10 | Allow for uncollectibles | (83) | (71) | (72) | (70) | (73) | (79) | (98) | (103) | (106) | (112) | (111) | (110) |
| | Prior year | (81) | (71) | (70) | (68) | (68) | (72) | (82) | (87) | (91) | (97) | (100) | (96) |
| | Change | (2) | 0 | (2) | (2) | (5) | (7) | (16) | (16) | (15) | (15) | (11) | (14) |
| 142.20 | A/R - other | 158 | 185 | 204 | 231 | 252 | 277 | 41 | 35 | 47 | 80 | 105 | 130 |
| | Prior year | 158 | 182 | 209 | 233 | 257 | 265 | 285 | 303 | 66 | 81 | 105 | 131 |
| | Change | 0 | 3 | (5) | (2) | (5) | 12 | (244) | (268) | (19) | (1) | 0 | (1) |
| 142.30 | A/R - ancillary | 22 | 22 | 22 | 22 | 23 | 22 | 23 | 23 | 23 | 23 | 23 | 24 |
| | Prior year | 20 | 21 | 22 | 22 | 21 | 21 | 22 | 22 | 22 | 21 | 22 | 21 |
| | Change | 2 | 1 | 0 | 0 | 2 | 1 | 1 | 1 | 1 | 2 | 1 | 3 |

| Acct # | Description | June Month 1 | July Month 2 | August Month 3 | September Month 4 | October Month 5 | November Month 6 | December Month 7 | January Month 8 | February Month 9 | March Month 10 | April Month 11 | May Month 12 |
|--------|---------------------------|-----------------|-----------------|-------------------|----------------------|--------------------|---------------------|---------------------|--------------------|---------------------|-------------------|-------------------|-----------------|
| 143.00 | Travel advances | 2 | 1 | 1 | 1 | 1 | 1 | 4 | 2 | 3 | 2 | 3 | 1 |
| | Prior year | 3 | 3 | 2 | 3 | 6 | 1 | 2 | 1 | 2 | 3 | 1 | 1 |
| | Change | (1) | (2) | (1) | (2) | (5) | (1) | 2 | 1 | 1 | (1) | 2 | 0 |
| 143.40 | Union dues | | | | | (1) | | (1) | (1) | | (1) | (1) | 1 |
| | Prior year | | | | | (1) | | (1) | (1) | | (1) | (1) | 1 |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (1) | 1 |
| 143.60 | Emp loan program | | 1 | | | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 0 |
| | Prior year | | 3 | 2 | | 2 | 2 | 2 | 2 | 2 | (1) | (1) | 0 |
| | Change | 0 | (2) | (2) | 0 | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) |
| 143.90 | United Way | (1) | | | | | | | | (1) | | (1) | (1) |
| | Prior year | (1) | | | | | | | | (1) | | (1) | (1) |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 144.20 | Allow for others | (8) | (13) | (12) | (8) | (8) | (10) | (10) | (10) | (8) | (8) | (8) | (14) |
| | Prior year | 2 | (2) | (4) | (6) | (8) | (10) | (3) | (3) | (3) | (3) | (3) | (8) |
| | Change | (10) | (11) | (8) | (2) | 0 | 0 | (7) | (7) | (5) | (5) | (5) | (6) |
| 146.10 | FEMA reimbursement | | | 0 | | | | | | | | | 0 |
| | Prior year | 815 | 815 | 815 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Change | (815) | (815) | (815) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **** | Total Recievables | 4,355 | 4,395 | 4,423 | 4,322 | 4,301 | 4,691 | 5,093 | 5,722 | 5,699 | 4,979 | 4,177 | 4,009 |
| | Prior year | 4,747 | 5,183 | 4,971 | 3,837 | 3,967 | 4,389 | 4,811 | 5,700 | 5,371 | 4,684 | 4,124 | 4,159 |
| | Change | (392) | (788) | (548) | 485 | 334 | 302 | 282 | 22 | 328 | 295 | 53 | (150) |
| 154.10 | Material & supplies | 326 | 338 | 317 | 365 | 343 | 318 | 338 | 307 | 340 | 296 | 223 | 276 |
| | Prior year | 370 | 340 | 343 | 397 | 355 | 386 | 371 | 357 | 341 | 310 | 283 | 305 |
| | Change | (44) | (2) | (26) | (32) | (12) | (68) | (33) | (50) | (1) | (14) | (60) | (29) |
| 154.12 | Gas and parts | 1 | 2 | 2 | 2 | 1 | 2 | 1 | 2 | 2 | 2 | 2 | 2 |
| | Prior year | 1 | 1 | 2 | 1 | 1 | 2 | 1 | 2 | 2 | 1 | 2 | 1 |
| | Change | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 1 |
| 155.10 | Merchandise | 10 | 10 | 10 | 10 | 10 | 10 | 13 | 16 | 17 | 17 | 17 | 18 |
| | Prior year | 17 | 17 | 10 | 15 | 14 | 11 | 12 | 12 | 10 | 11 | 11 | 11 |
| | Change | (7) | (7) | 0 | (5) | (4) | (1) | 1 | 4 | 7 | 6 | 6 | 7 |
| **** | Total Material & Supplies | 337 | 350 | 329 | 377 | 354 | 330 | 352 | 325 | 359 | 315 | 242 | 296 |
| | Prior year | 388 | 358 | 355 | 413 | 370 | 399 | 384 | 371 | 353 | 322 | 296 | 317 |
| | Change | (51) | (8) | (26) | (36) | (16) | (69) | (32) | (46) | 6 | (7) | (54) | (21) |
| 165.11 | Workers' comp | 31 | 4 | (4) | (11) | (18) | (27) | | 55 | 32 | 25 | 18 | 8 |
| | Prior year | 40 | 33 | 26 | (2) | (9) | (16) | | 69 | 62 | 54 | 47 | 40 |
| | Change | (9) | (29) | (30) | (9) | (9) | (11) | 0 | (14) | (30) | (29) | (29) | (32) |
| 165.12 | Prepaid property ins | 62 | 55 | 48 | 49 | 40 | 32 | 24 | 16 | 8 | | 87 | 79 |
| | Prior year | 70 | 62 | 55 | 47 | 39 | 31 | 23 | 16 | 8 | 0 | 76 | 69 |
| | Change | (8) | (7) | (7) | 2 | 1 | 1 | 1 | 0 | 0 | | 11 | 10 |
| 165.20 | Dues from assoc organs | 27 | 23 | 18 | 14 | 9 | 4 | | 50 | 46 | 41 | 37 | 32 |
| | Prior year | 27 | 22 | 18 | 13 | 9 | 4 | | 50 | 45 | 41 | 36 | 32 |
| | Change | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 1 | 0 | 1 | 0 |

Grayson Rural... Cooperative Case No. 2008-00254
 Comparison of 1 Year Account Balances with
 those of the Preceding Year - Balance Sheet

| Acct# | Description | June Month 1 | July Month 2 | August Month 3 | September Month 4 | October Month 5 | November Month 6 | December Month 7 | January Month 8 | February Month 9 | March Month 10 | April Month 11 | May Month 12 |
|--------|----------------------------|-----------------|-----------------|-------------------|----------------------|--------------------|---------------------|---------------------|--------------------|---------------------|-------------------|-------------------|-----------------|
| 165.40 | MODL | 9 | 8 | 7 | 7 | 6 | 5 | 4 | | 1 | | 10 | 9 |
| | Prior year | 13 | 12 | 10 | 9 | 7 | 6 | 4 | | 1 | | 11 | 10 |
| | Change | (4) | (4) | (3) | (2) | (1) | (1) | 0 | 0 | 0 | 0 | (1) | (1) |
| 165.50 | Maintennace office mach | 11 | 8 | 7 | 10 | 13 | 12 | 11 | 11 | 11 | 11 | 10 | 10 |
| | Prior year | | 7 | 5 | 5 | 18 | 7 | 11 | 11 | 11 | 11 | 9 | 8 |
| | Change | 11 | 1 | 2 | 5 | (5) | 5 | 0 | 0 | 0 | 0 | 1 | 2 |
| 165.60 | Catasrophic ins | 5 | 4 | 3 | 4 | 3 | 2 | 2 | 1 | 1 | | 6 | 5 |
| | Prior year | 20 | 17 | 15 | 13 | 11 | 8 | 6 | 4 | 2 | | 6 | 5 |
| | Change | (15) | (13) | (12) | (9) | (8) | (6) | (4) | (3) | (1) | 0 | 0 | 0 |
| 165.82 | 401(k) employer | (1) | (1) | (2) | (1) | (2) | (1) | (1) | (1) | (2) | (2) | (2) | (2) |
| | Prior year | (1) | (1) | (1) | (1) | (2) | (1) | (1) | (1) | (2) | (1) | 1 | (2) |
| | Change | 0 | 0 | (1) | 0 | 0 | 0 | 0 | 0 | 0 | (1) | (3) | 0 |
| 165.90 | Transformer program | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| | Prior year | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 165.91 | Lease agreements | | | | | 1 | 1 | 1 | 1 | 1 | | | |
| | Prior year | 2 | 2 | 2 | 0 | (1) | (1) | (1) | (1) | (1) | 0 | 0 | 0 |
| | Change | (2) | (2) | (2) | 0 | (1) | (1) | (1) | (1) | (1) | 0 | 0 | 0 |
| 171.00 | Interest receivable | 7 | 9 | 12 | 14 | 2 | 5 | 7 | 10 | 12 | 14 | 2 | 5 |
| | Prior year | 7 | 9 | 12 | 14 | 2 | 5 | 7 | 10 | 12 | 14 | 2 | 5 |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **** | Total Prepayments | 156 | 115 | 94 | 91 | 58 | 37 | 52 | 147 | 114 | 94 | 173 | 151 |
| | Prior year | 183 | 168 | 147 | 103 | 81 | 50 | 56 | 165 | 145 | 124 | 193 | 172 |
| | Change | (27) | (53) | (53) | (12) | (23) | (13) | (4) | (18) | (31) | (30) | (20) | (21) |
| 183.10 | Prelim survey & investigat | 53 | 74 | 102 | 102 | 139 | 164 | 199 | 199 | 199 | 199 | 199 | 199 |
| | Prior year | | | | | | | | | | | | |
| | Change | 53 | 74 | 102 | 102 | 139 | 164 | 199 | 199 | 199 | 199 | 199 | 199 |
| 184.10 | Transportation clearing | | | (26) | | | | | | | | 15 | 29 |
| | Prior year | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (15) | (29) |
| | Change | 0 | 0 | (26) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **** | Total Deferred Debits | 53 | 74 | 76 | 102 | 139 | 164 | 199 | 199 | 199 | 199 | 199 | 199 |
| | Prior year | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 15 | 29 |
| | Change | 53 | 74 | 76 | 102 | 139 | 164 | 199 | 199 | 199 | 199 | 184 | 170 |
| ***** | Total Assets and Debits | 54,110 | 54,638 | 54,366 | 54,452 | 54,539 | 55,108 | 55,797 | 56,675 | 56,776 | 56,165 | 55,584 | 57,246 |
| | Prior year | 53,151 | 53,619 | 53,558 | 52,533 | 52,694 | 53,148 | 53,769 | 54,884 | 54,711 | 54,097 | 53,680 | 53,830 |
| | Change | 959 | 1,019 | 808 | 1,919 | 1,845 | 1,960 | 2,028 | 1,791 | 2,065 | 2,068 | 1,904 | 3,416 |
| **** | 200.1(Memberships issued | 150 | 150 | 151 | 151 | 151 | 152 | 151 | 151 | 152 | 151 | 151 | 151 |
| | Prior year | 149 | 149 | 150 | 150 | 149 | 149 | 149 | 149 | 149 | 149 | 149 | 150 |
| | Change | 1 | 1 | 1 | 1 | 2 | 3 | 2 | 2 | 3 | 2 | 2 | 1 |
| 201.10 | Patrons capital credits | 19,059 | 19,059 | 19,059 | 19,059 | 19,058 | 19,057 | 19,057 | 19,056 | 19,056 | 18,681 | 18,681 | 18,681 |
| | Prior year | 19,142 | 19,142 | 19,142 | 19,142 | 19,142 | 19,142 | 19,142 | 19,142 | 19,142 | 19,067 | 19,067 | 19,059 |
| | Change | (83) | (83) | (83) | (83) | (84) | (85) | (85) | (86) | (86) | (386) | (386) | (378) |

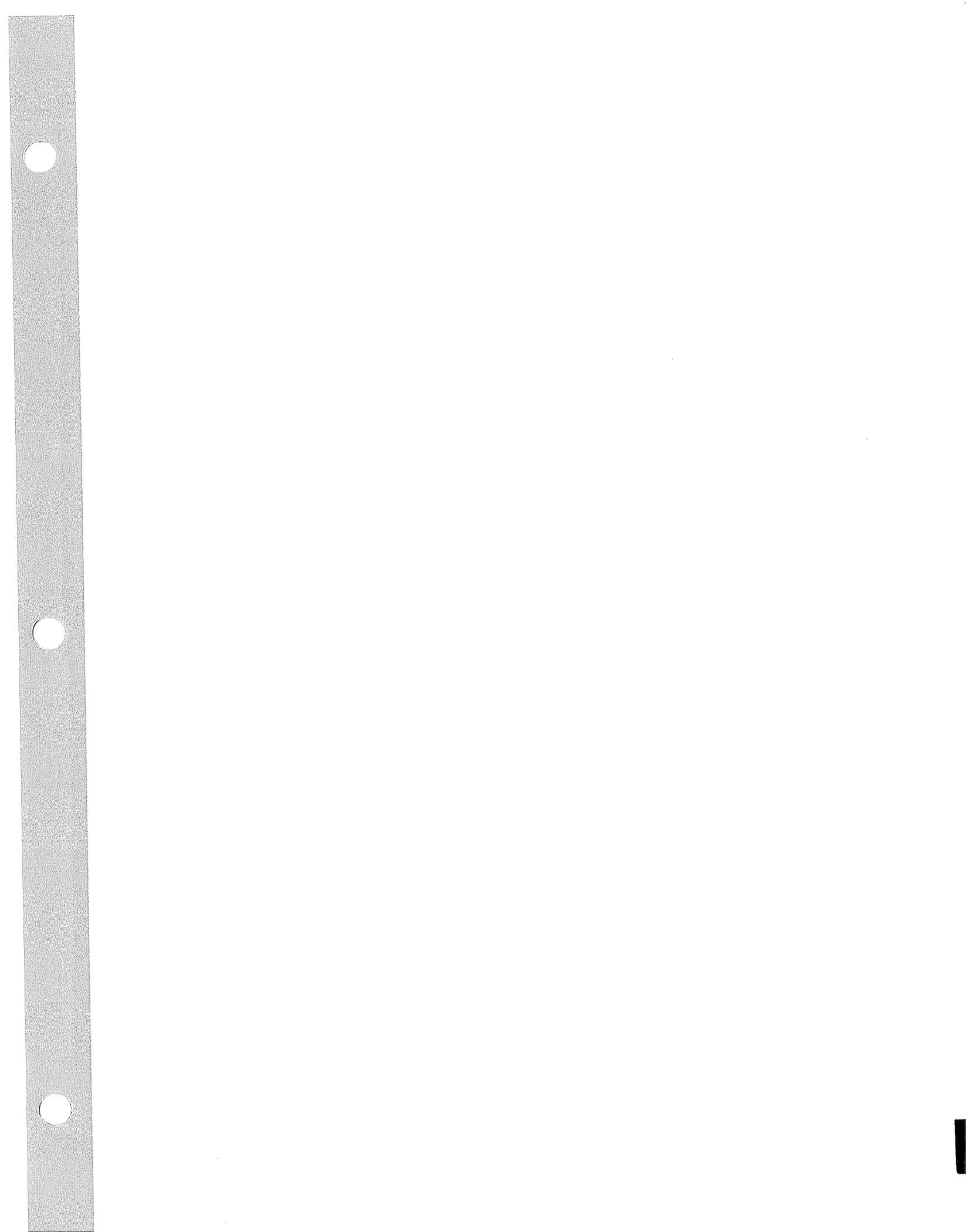
Grayson Rural Cooperative Case No. 2008-00254
 Comparison of 12 Year Account Balances with
 those of the Preceding Year - Balance Sheet

| Acct # | Description | June Month 1 | July Month 2 | August Month 3 | September Month 4 | October Month 5 | November Month 6 | December Month 7 | January Month 8 | February Month 9 | March Month 10 | April Month 11 | May Month 12 |
|--------|--------------------------|-----------------|-----------------|-------------------|----------------------|--------------------|---------------------|---------------------|--------------------|---------------------|-------------------|-------------------|-----------------|
| 201.11 | Refunds to estates | (926) | (926) | (926) | (926) | (978) | (1,005) | (1,005) | (1,033) | (1,033) | (1,060) | (1,060) | (1,060) |
| | Prior year | (822) | (822) | (825) | (825) | (831) | (831) | (831) | (831) | (831) | (831) | (836) | (926) |
| | Change | (104) | (104) | (101) | (101) | (147) | (174) | (174) | (202) | (202) | (229) | (224) | (134) |
| 201.12 | General refunds | (161) | (161) | (161) | (161) | (161) | (161) | (161) | (161) | (161) | (161) | (161) | (161) |
| | Prior year | (161) | (161) | (161) | (161) | (161) | (161) | (161) | (161) | (161) | (161) | (161) | (161) |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 201.30 | Prior years' deficits | (665) | (665) | (665) | (665) | (665) | (665) | (665) | (665) | (665) | (637) | (637) | (637) |
| | Prior year | (684) | (684) | (684) | (684) | (684) | (683) | (684) | (684) | (684) | (665) | (665) | (665) |
| | Change | 19 | 19 | 19 | 19 | 19 | 18 | 19 | 19 | 19 | 28 | 28 | 28 |
| **** | Total Capital Credits | 17,307 | 17,307 | 17,307 | 17,307 | 17,254 | 17,226 | 17,226 | 17,197 | 17,197 | 16,823 | 16,823 | 16,823 |
| | Prior year | 17,475 | 17,475 | 17,472 | 17,472 | 17,466 | 17,467 | 17,466 | 17,466 | 17,466 | 17,410 | 17,405 | 17,307 |
| | Change | (168) | (168) | (165) | (165) | (212) | (241) | (240) | (269) | (269) | (587) | (582) | (484) |
| 219.10 | Operating margins | (99) | (150) | (566) | (712) | (678) | (541) | (345) | (250) | (398) | (430) | (683) | (636) |
| | Prior year | (159) | (134) | (501) | (443) | (374) | (129) | (56) | 613 | 207 | 178 | (157) | (72) |
| | Change | 60 | (16) | (65) | (269) | (304) | (412) | (289) | (863) | (605) | (608) | (526) | (564) |
| 219.20 | Non operating margins | | | | | | | | 28 | 28 | | | |
| | Prior year | | | | | | | | 19 | 19 | | | |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 9 | 9 | 0 | 0 | 0 |
| 208.00 | Donated capital | 108 | 109 | 109 | 110 | 111 | 111 | 112 | 112 | 112 | 113 | 113 | 115 |
| | Prior year | 97 | 97 | 97 | 98 | 98 | 98 | 98 | 98 | 98 | 98 | 102 | 108 |
| | Change | 11 | 12 | 12 | 12 | 13 | 13 | 14 | 14 | 14 | 15 | 11 | 7 |
| **** | Total Other Equities | 9 | (41) | (457) | (602) | (567) | (430) | (233) | (110) | (258) | (317) | (570) | (521) |
| | Prior year | (62) | (37) | (404) | (345) | (276) | (31) | 42 | 730 | 324 | 276 | (55) | 36 |
| | Change | 71 | (4) | (53) | (257) | (291) | (399) | (275) | (840) | (582) | (593) | (515) | (557) |
| ***** | Total Margins & Equities | 17,466 | 17,416 | 17,001 | 16,856 | 16,838 | 16,948 | 17,144 | 17,238 | 17,091 | 16,657 | 16,404 | 16,453 |
| | Prior year | 17,562 | 17,587 | 17,218 | 17,277 | 17,339 | 17,585 | 17,657 | 18,345 | 17,939 | 17,835 | 17,499 | 17,493 |
| | Change | (96) | (171) | (217) | (421) | (501) | (637) | (513) | (1,107) | (848) | (1,178) | (1,095) | (1,040) |
| 224.30 | REA notes executed | 25,360 | 25,331 | 25,241 | 25,206 | 25,174 | 25,084 | 25,051 | 25,017 | 24,924 | 24,890 | 24,854 | 24,764 |
| | Prior year | 25,923 | 25,898 | 25,812 | 25,791 | 25,763 | 25,678 | 25,651 | 25,623 | 25,533 | 25,505 | 25,475 | 25,390 |
| | Change | (563) | (567) | (571) | (585) | (589) | (594) | (600) | (606) | (609) | (615) | (621) | (626) |
| 224.40 | REA notes unadvanced | (9,460) | (5,460) | (5,460) | (5,460) | (5,460) | (5,460) | (5,460) | (5,460) | (5,460) | (5,460) | (5,460) | (660) |
| | Prior year | (9,460) | (9,460) | (9,460) | (9,460) | (9,460) | (9,460) | (9,460) | (9,460) | (9,460) | (9,460) | (9,460) | (9,460) |
| | Change | 0 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 8,800 |
| 224.50 | FFB notes executed | 10,206 | 10,206 | 10,206 | 10,157 | 10,157 | 10,157 | 10,101 | 10,101 | 10,101 | 10,037 | 10,037 | 10,037 |
| | Prior year | 10,384 | 10,384 | 10,384 | 10,344 | 10,344 | 10,344 | 10,299 | 10,299 | 10,299 | 10,252 | 10,252 | 10,252 |
| | Change | (178) | (178) | (178) | (187) | (187) | (187) | (198) | (198) | (198) | (215) | (215) | (215) |
| 224.12 | CFC notes executed | 2,054 | 2,054 | 2,013 | 2,013 | 2,013 | 1,972 | 1,972 | 1,972 | 1,932 | 1,932 | 1,932 | 1,893 |
| | Prior year | 2,211 | 2,211 | 2,172 | 2,172 | 2,172 | 2,133 | 2,133 | 2,133 | 2,093 | 2,093 | 2,093 | 2,054 |
| | Change | (157) | (157) | (159) | (159) | (159) | (161) | (161) | (161) | (161) | (161) | (161) | (161) |
| **** | Total long term debt | 28,160 | 32,131 | 32,000 | 31,916 | 31,884 | 31,753 | 31,664 | 31,630 | 31,497 | 31,399 | 31,363 | 36,034 |
| | Prior year | 29,058 | 29,033 | 28,908 | 28,847 | 28,819 | 28,695 | 28,623 | 28,595 | 28,465 | 28,390 | 28,360 | 28,236 |
| | Change | (898) | 3,098 | 3,092 | 3,069 | 3,065 | 3,058 | 3,041 | 3,035 | 3,032 | 3,009 | 3,003 | 7,798 |

| Acct # | Description | June Month 1 | July Month 2 | August Month 3 | September Month 4 | October Month 5 | November Month 6 | December Month 7 | January Month 8 | February Month 9 | March Month 10 | April Month 11 | May Month 12 |
|------------|----------------------------|-----------------|-----------------|-------------------|----------------------|--------------------|---------------------|---------------------|--------------------|---------------------|-------------------|-------------------|-----------------|
| **** 228.3 | Postretirement benefits | 1,090 | 1,097 | 1,104 | 1,111 | 1,119 | 1,126 | 1,134 | 1,140 | 1,146 | 1,153 | 1,161 | 1,167 |
| | Prior year | 1,025 | 1,030 | 1,033 | 1,036 | 1,040 | 1,048 | 1,052 | 1,056 | 1,062 | 1,068 | 1,075 | 1,082 |
| | Change | 65 | 67 | 71 | 75 | 79 | 78 | 82 | 84 | 84 | 85 | 86 | 85 |
| **** 231.0 | Notes payable - short term | 3,502 | 0 | 80 | 547 | 1,080 | 1,547 | 1,730 | 2,262 | 2,767 | 3,042 | 3,112 | 43 |
| | Prior year | 2,130 | 2,348 | 2,538 | 1,718 | 1,918 | 2,168 | 2,463 | 2,899 | 2,954 | 2,844 | 3,132 | 3,132 |
| | Change | 1,372 | (2,348) | (2,458) | (1,171) | (838) | (621) | (733) | (637) | (187) | 198 | (20) | (3,089) |
| 232.10 | Accounts payable - general | 1,459 | 1,712 | 2,032 | 1,734 | 1,555 | 1,680 | 2,038 | 2,290 | 2,104 | 1,815 | 1,380 | 1,360 |
| | Prior year | 1,407 | 1,509 | 1,674 | 1,444 | 1,344 | 1,526 | 1,721 | 1,779 | 2,090 | 1,649 | 1,359 | 1,536 |
| | Change | 52 | 203 | 358 | 290 | 211 | 154 | 317 | 511 | 14 | 166 | 21 | (176) |
| 232.23 | AP - other | 243 | 49 | 61 | 232 | 52 | 60 | 48 | 40 | 73 | 67 | 39 | 42 |
| | Prior year | 51 | 57 | 48 | 231 | 44 | 37 | 251 | 55 | 61 | 242 | 64 | 42 |
| | Change | 192 | (8) | 13 | 1 | 8 | 23 | (203) | (15) | 12 | (175) | (25) | 0 |
| 232.30 | AP - ancillary | 27 | 27 | 27 | 28 | 27 | 27 | 28 | 28 | 28 | 28 | 28 | 29 |
| | Prior year | 26 | 27 | 27 | 27 | 26 | 26 | 27 | 27 | 27 | 26 | 27 | 25 |
| | Change | 1 | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 1 | 4 |
| 232.31 | Employee fund | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 4 | 5 | 4 | 3 |
| | Prior year | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 2 | 2 | 2 | 2 |
| | Change | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 3 | 2 | 1 |
| **** | Total Payables | 1,731 | 1,790 | 2,123 | 1,997 | 1,637 | 1,770 | 2,117 | 2,361 | 2,209 | 1,915 | 1,451 | 1,434 |
| | Prior year | 1,486 | 1,595 | 1,751 | 1,704 | 1,416 | 1,591 | 2,001 | 1,862 | 2,180 | 1,919 | 1,452 | 1,605 |
| | Change | 245 | 195 | 372 | 293 | 221 | 179 | 116 | 499 | 29 | (4) | (1) | (171) |
| *** 235 | Customer deposits | 1,160 | 1,162 | 1,184 | 1,183 | 1,188 | 1,194 | 1,193 | 1,196 | 1,196 | 1,187 | 1,185 | 1,189 |
| | Prior year | 1,098 | 1,113 | 1,117 | 1,169 | 1,149 | 1,147 | 1,143 | 1,145 | 1,145 | 1,143 | 1,143 | 1,160 |
| | Change | 62 | 49 | 67 | 14 | 39 | 47 | 50 | 51 | 51 | 44 | 42 | 29 |
| 236.1 | Acc property taxes | 283 | 320 | 146 | 182 | 36 | 37 | 60 | 99 | 137 | 118 | 157 | 196 |
| | Prior year | 200 | 233 | 267 | 151 | 185 | 51 | 63 | 99 | 136 | 173 | 210 | 246 |
| | Change | 83 | 87 | (121) | 31 | (149) | (14) | (3) | 0 | 1 | (55) | (53) | (50) |
| 236.2 | Acc FUTA tax | | | | | | | | 1 | 2 | | | |
| | Prior year | | | | | | | | 1 | 2 | | | |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 236.3 | Acc FICA tax | | | | | | | | 6 | | | | |
| | Prior year | | | | | | | | (6) | 0 | 0 | 0 | 0 |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 236.4 | Acc SUTA tax | | | | | | | | 1 | 2 | | | |
| | Prior year | | | | | | | | 1 | 2 | | | |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 236.5 | Sales tax | 56 | 61 | 56 | 58 | 60 | 64 | 72 | 80 | 69 | 58 | 49 | 54 |
| | Prior year | 57 | 60 | 52 | 50 | 56 | 59 | 62 | 80 | 59 | 63 | 48 | 64 |
| | Change | (1) | 1 | 4 | 8 | 4 | 5 | 10 | 0 | 10 | (5) | 1 | (10) |
| 237.10 | Acc int RUS | 7 | 14 | | 7 | 14 | | 6 | 13 | | 6 | 13 | |
| | Prior year | 8 | 16 | | 8 | 16 | | 7 | 15 | | 7 | 14 | |
| | Change | (1) | (2) | 0 | (1) | (2) | 0 | (1) | (2) | 0 | (1) | (1) | 0 |

| Acct.# | Description | June Month 1 | July Month 2 | August Month 3 | September Month 4 | October Month 5 | November Month 6 | December Month 7 | January Month 8 | February Month 9 | March Month 10 | April Month 11 | May Month 12 |
|--------|---------------------------|-----------------|-----------------|-------------------|----------------------|--------------------|---------------------|---------------------|--------------------|---------------------|-------------------|-------------------|-----------------|
| 237.30 | Acc int CFC | 10 | 36 | 32 | 10 | 30 | 12 | 11 | 25 | 10 | 10 | 28 | 18 |
| | Prior year | 11 | 30 | 17 | 11 | 33 | 22 | 13 | 31 | 26 | 10 | 35 | 28 |
| | Change | (1) | 6 | 15 | (1) | (3) | (10) | (2) | (6) | (16) | 0 | (7) | (10) |
| 237.40 | Acc int FFB | | 44 | 88 | | 42 | 71 | | 28 | 57 | | 12 | 24 |
| | Prior year | | 41 | 82 | | 46 | 92 | | 44 | 87 | | 44 | 87 |
| | Change | 0 | 3 | 6 | 0 | (4) | (21) | 0 | (16) | (30) | 0 | (32) | (63) |
| 237.50 | Acc int customer deposits | 32 | 37 | 42 | 47 | 52 | 58 | 63 | 6 | 12 | 17 | 23 | 29 |
| | Prior year | 31 | 35 | 40 | 44 | 48 | 53 | 58 | 64 | 11 | 16 | 22 | 27 |
| | Change | 1 | 2 | 2 | 3 | 4 | 5 | 5 | (58) | 1 | 1 | 1 | 2 |
| 241.00 | Fed inc tax withheld | | | | | | | | 4 | | | | |
| | Prior year | | | | | | | | | | | | |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (4) | 0 | 0 | 0 | 0 |
| 241.10 | State income tax withheld | | | | | | | | | | | | |
| | Prior year | | | | | | | | | | | | |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 241.30 | Acc City payroll tax | | | | | | | | 1 | 2 | | | |
| | Prior year | | | | | | | | | | | 1 | 2 |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 2 | 0 | (1) | 2 |
| 241.20 | Accrued payroll | 45 | 56 | 39 | 41 | 66 | 45 | 52 | 79 | 42 | 53 | 67 | 43 |
| | Prior year | 41 | 50 | 70 | 41 | 55 | 68 | 38 | 62 | 62 | 39 | 47 | 73 |
| | Change | 4 | 6 | (31) | 0 | 11 | (23) | 14 | 17 | (20) | 14 | 20 | (30) |
| 242.20 | Accrued vacation | 123 | 115 | 121 | 131 | 129 | 117 | 123 | 135 | 145 | 152 | 153 | 154 |
| | Prior year | 112 | 105 | 110 | 115 | 115 | 111 | 105 | 114 | 122 | 131 | 130 | 132 |
| | Change | 11 | 10 | 11 | 16 | 14 | 6 | 18 | 21 | 23 | 21 | 23 | 22 |
| 242.30 | Acc sick leave | 209 | 203 | 204 | 207 | 209 | 208 | 222 | 221 | 224 | 229 | 232 | 233 |
| | Prior year | 205 | 209 | 213 | 217 | 218 | 222 | 198 | 196 | 197 | 199 | 204 | 207 |
| | Change | 4 | (6) | (9) | (10) | (9) | (14) | 24 | 25 | 27 | 30 | 28 | 26 |
| 242.40 | Work comp ins | | | | | | | 27 | | | | | |
| | Prior year | | | | | | | 16 | 16 | 16 | | | |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 11 | (16) | (16) | 0 | 0 | 0 |
| 242.52 | Annual audit | 3 | 4 | 2 | (2) | (1) | (1) | | 1 | 1 | 2 | 2 | 3 |
| | Prior year | 3 | 4 | 4 | (2) | (1) | (1) | | 1 | 1 | 2 | 2 | 3 |
| | Change | 0 | 0 | (2) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 242.53 | PSC assessment | (13) | (11) | (9) | (7) | (4) | (2) | | 2 | 4 | 6 | 9 | 11 |
| | Prior year | (13) | (11) | (8) | (6) | (3) | (1) | | 2 | 4 | 6 | 8 | 11 |
| | Change | 0 | 0 | (1) | (1) | (1) | (1) | 0 | 0 | 0 | 0 | 1 | 0 |
| 242.60 | Acc annual meeting | | (4) | (5) | (4) | (3) | (1) | | (1) | 1 | 3 | 1 | 3 |
| | Prior year | (2) | (6) | (4) | (3) | (1) | 1 | | 1 | 3 | 6 | 8 | 2 |
| | Change | 2 | 2 | (1) | (1) | (3) | (2) | 0 | (2) | (2) | (3) | (7) | 1 |
| **** | Total Current & Accrued L | 755 | 875 | 716 | 670 | 630 | 608 | 636 | 691 | 708 | 654 | 746 | 770 |
| | Prior year | 653 | 766 | 843 | 626 | 768 | 677 | 560 | 737 | 728 | 652 | 773 | 880 |
| | Change | 102 | 109 | (127) | 44 | (138) | (69) | 76 | (46) | (20) | 2 | (27) | (110) |

| Acct.# | Description | June Month 1 | July Month 2 | August Month 3 | September Month 4 | October Month 5 | November Month 6 | December Month 7 | January Month 8 | February Month 9 | March Month 10 | April Month 11 | May Month 12 |
|------------|------------------------------|-----------------|-----------------|-------------------|----------------------|--------------------|---------------------|---------------------|--------------------|---------------------|-------------------|-------------------|-----------------|
| ****252.10 | Consumer advances for con | 247 | 165 | 165 | 165 | 163 | 163 | 181 | 162 | 160 | 160 | 161 | 161 |
| | Prior year | 145 | 151 | 156 | 156 | 236 | 245 | 275 | 248 | 242 | 242 | 244 | 247 |
| | Change | 102 | 14 | 9 | 9 | (73) | (82) | (94) | (86) | (82) | (82) | (83) | (86) |
| ***** | Total Equities & Liabilities | 54,111 | 54,636 | 54,373 | 54,445 | 54,539 | 55,109 | 55,799 | 56,680 | 56,774 | 56,167 | 55,583 | 57,251 |
| | Prior year | 53,157 | 53,623 | 53,564 | 52,533 | 52,685 | 53,156 | 53,774 | 54,887 | 54,715 | 54,093 | 53,678 | 53,835 |
| | Change | 954 | 1,013 | 809 | 1,912 | 1,854 | 1,953 | 2,025 | 1,793 | 2,059 | 2,074 | 1,905 | 3,416 |



| Acct # | Description | June Month 1 | July Month 2 | August Month 3 | September Month 4 | October Month 5 | November Month 6 | December Month 7 | January Month 8 | February Month 9 | March Month 10 | April Month 11 | May Month 12 | Total |
|--------|-----------------------|-----------------|-----------------|-------------------|----------------------|--------------------|---------------------|---------------------|--------------------|---------------------|-------------------|-------------------|-----------------|--------|
| 440.10 | Residential | 1,291 | 1,452 | 1,301 | 1,234 | 1,368 | 1,598 | 1,906 | 2,131 | 1,779 | 1,358 | 1,084 | 1,311 | 17,813 |
| | Prior year | 1,323 | 1,447 | 1,124 | 1,072 | 1,333 | 1,497 | 1,611 | 2,223 | 1,779 | 1,358 | 1,084 | 1,311 | 17,813 |
| | Change | (32) | 5 | 177 | 162 | 35 | 101 | 295 | (92) | 290 | (64) | 64 | (123) | 16,995 |
| 440.40 | Camps and barns | 33 | 34 | 33 | 32 | 32 | 34 | 38 | 41 | 35 | 29 | 27 | 32 | 400 |
| | Prior year | 31 | 33 | 27 | 26 | 28 | 28 | 30 | 39 | 29 | 29 | 25 | 35 | 360 |
| | Change | 2 | 1 | 6 | 6 | 4 | 6 | 8 | 2 | 6 | 0 | 2 | (3) | 40 |
| 442.10 | Small commercial | 139 | 145 | 134 | 137 | 129 | 139 | 160 | 184 | 155 | 138 | 123 | 144 | 1,727 |
| | Prior year | 133 | 140 | 125 | 115 | 122 | 127 | 136 | 177 | 138 | 141 | 112 | 149 | 1,615 |
| | Change | 6 | 5 | 9 | 22 | 7 | 12 | 24 | 7 | 17 | (3) | 11 | (5) | 112 |
| 442.20 | Large commercial | 266 | 295 | 284 | 300 | 275 | 274 | 277 | 323 | 301 | 281 | 278 | 300 | 3,454 |
| | Prior year | 277 | 280 | 279 | 261 | 272 | 251 | 263 | 317 | 266 | 306 | 268 | 300 | 3,372 |
| | Change | (11) | 15 | 5 | 39 | 3 | 23 | 14 | 6 | 35 | (25) | 10 | (32) | 82 |
| 442.30 | Large industrial | 66 | 70 | 77 | 91 | 103 | 97 | 84 | 85 | 87 | 86 | 51 | 28 | 925 |
| | Prior year | 74 | 65 | 74 | 77 | 79 | 77 | 77 | 72 | 70 | 102 | 70 | 87 | 924 |
| | Change | (8) | 5 | 3 | 14 | 24 | 20 | 7 | 13 | 17 | (16) | (19) | (59) | 1 |
| 444.00 | Street lights | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 12 |
| | Prior year | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 12 |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 450.00 | Forfeit Discounts | 27 | 31 | 30 | 31 | 28 | 33 | 42 | 43 | 48 | 44 | 30 | 25 | 412 |
| | Prior year | 28 | 30 | 33 | 30 | 27 | 31 | 38 | 37 | 51 | 34 | 35 | 29 | 403 |
| | Change | (1) | 1 | (3) | 1 | 1 | 2 | 4 | 6 | (3) | 10 | (5) | (4) | 9 |
| 454.00 | Rent form electric pr | 25 | 25 | 24 | 24 | 25 | 25 | 28 | 26 | 25 | 25 | 25 | 25 | 302 |
| | Prior year | 24 | 24 | 24 | 24 | 25 | 25 | 28 | 26 | 25 | 25 | 25 | 25 | 300 |
| | Change | 1 | 1 | 0 | 0 | (1) | (1) | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| 456.00 | Other electric revenu | 8 | 7 | 6 | 6 | 6 | 5 | 2 | 8 | 4 | 8 | 7 | 7 | 74 |
| | Prior year | 8 | 7 | 6 | 7 | 6 | 6 | 5 | 5 | 2 | 8 | 7 | 7 | 74 |
| | Change | 0 | 0 | 0 | (1) | 0 | (1) | (3) | 3 | 2 | 0 | 0 | (1) | 0 |
| *** | Total Revenues | 1,856 | 2,060 | 1,890 | 1,856 | 1,967 | 2,206 | 2,538 | 2,842 | 2,435 | 1,970 | 1,626 | 1,873 | 25,119 |
| | Prior year | 1,899 | 2,027 | 1,693 | 1,613 | 1,894 | 2,044 | 2,538 | 2,842 | 2,435 | 1,970 | 1,626 | 1,873 | 25,119 |
| | Change | (43) | 33 | 197 | 243 | 73 | 162 | 2,188 | 2,896 | 2,071 | 2,068 | 1,563 | 2,100 | 24,056 |
| *** | Total Purchase Powe | 1,185 | 1,285 | 1,492 | 1,363 | 1,151 | 1,345 | 1,578 | 2,004 | 1,747 | 1,547 | 1,180 | 1,074 | 16,951 |
| | Prior year | 1,150 | 1,298 | 1,379 | 988 | 1,132 | 1,161 | 1,467 | 1,569 | 1,801 | 1,462 | 1,226 | 1,331 | 15,964 |
| | Change | 35 | (13) | 113 | 375 | 19 | 184 | 111 | 435 | (54) | 85 | (46) | (257) | 987 |
| 583.00 | Overhead Line Exp | 39 | 38 | 38 | 42 | 38 | 26 | 41 | 43 | 39 | 45 | 39 | 40 | 468 |
| | Prior year | 36 | 34 | 39 | 30 | 35 | 32 | 28 | 41 | 45 | 42 | 38 | 39 | 439 |
| | Change | 3 | 4 | (1) | 12 | 3 | (6) | 13 | 2 | (6) | 3 | 1 | 1 | 29 |
| 586.00 | Meter | 43 | 44 | 47 | 39 | 48 | 38 | 41 | 40 | 38 | 47 | 43 | 49 | 517 |
| | Prior year | 34 | 37 | 41 | 33 | 33 | 37 | 32 | 37 | 29 | 45 | 37 | 44 | 439 |
| | Change | 9 | 7 | 6 | 6 | 15 | 1 | 9 | 3 | 9 | 2 | 6 | 5 | 78 |

Grayson Rural Electric Cooperative Case No. 2008-00254
 Comparison Year Income Statement Account
 Balances versus those of the Preceding Year

Exh. 3
 page of 5

| Acct # | Description | June Month 1 | July Month 2 | August Month 3 | September Month 4 | October Month 5 | November Month 6 | December Month 7 | January Month 8 | February Month 9 | March Month 10 | April Month 11 | May Month 12 | Total |
|------------|-----------------------|-----------------|-----------------|-------------------|----------------------|--------------------|---------------------|---------------------|--------------------|---------------------|-------------------|-------------------|-----------------|-------|
| *** 909.00 | Informational | 17 | 17 | 17 | 16 | 18 | 17 | 15 | 7 | 18 | 18 | 17 | 18 | 195 |
| | Prior year | 15 | 16 | 12 | 18 | 17 | 16 | 15 | (11) | 16 | 20 | 19 | 17 | 170 |
| | Change | 2 | 1 | 5 | (2) | 1 | 1 | 0 | 18 | 2 | (2) | (2) | 1 | 25 |
| 912.00 | Demonstration & sel | 2 | 3 | 3 | 2 | 2 | 3 | 2 | 2 | 3 | 3 | 2 | 2 | 29 |
| | Prior year | 1 | 2 | 2 | 2 | 3 | 2 | 2 | 3 | 3 | 3 | 3 | 2 | 28 |
| | Change | 1 | 1 | 1 | 0 | (1) | 1 | 0 | (1) | 0 | 0 | (1) | 0 | 1 |
| 913.00 | Advertising | 1 | | 1 | 1 | 1 | 1 | (2) | (1) | | 2 | 1 | | 5 |
| | Prior year | 1 | | (1) | 2 | | | 2 | (1) | | 2 | 1 | | 7 |
| | Change | 0 | 0 | 2 | (1) | 1 | 1 | (4) | 0 | 0 | 0 | 0 | (1) | (2) |
| *** | Total Sales | 3 | 3 | 4 | 3 | 3 | 4 | 0 | 1 | 3 | 5 | 3 | 2 | 34 |
| | Prior year | 2 | 2 | 1 | 4 | 3 | 2 | 4 | 2 | 3 | 5 | 4 | 3 | 35 |
| | Change | 1 | 1 | 3 | (1) | 0 | 2 | (4) | (1) | 0 | 0 | (1) | (1) | (1) |
| 920.00 | Administrative salari | 49 | 56 | 60 | 55 | 58 | 50 | 57 | | | | | | |
| | Prior year | 51 | 58 | 57 | 59 | 57 | 62 | 59 | 59 | 64 | 61 | 70 | 66 | 705 |
| | Change | (2) | (2) | 3 | (4) | 1 | (12) | (2) | (5) | 6 | 1 | 10 | 8 | 703 |
| 921.00 | Office supplies & exp | 4 | 7 | 18 | 5 | 8 | 5 | 8 | 6 | 8 | 9 | 7 | 3 | 88 |
| | Prior year | 6 | 18 | 12 | 6 | 13 | 6 | 9 | 13 | 18 | 10 | 10 | 4 | 125 |
| | Change | (2) | (11) | 6 | (1) | (5) | (1) | (1) | (7) | (10) | (1) | (3) | (1) | (37) |
| 923.00 | Outside services | 4 | 4 | 5 | 3 | 4 | 5 | 6 | 5 | 29 | (11) | 4 | | 58 |
| | Prior year | 4 | 5 | 6 | 6 | 13 | 4 | 4 | 4 | 9 | 7 | 5 | 4 | 71 |
| | Change | 0 | (1) | (1) | (3) | (9) | 1 | 2 | 1 | 20 | (18) | (1) | (4) | (13) |
| 930.20 | Annual meeting | (2) | 1 | 1 | 1 | 1 | 2 | 5 | 2 | 2 | 2 | 2 | | |
| | Prior year | 3 | 3 | 3 | 1 | | | 1 | 3 | 3 | 3 | 2 | 13 | 30 |
| | Change | (5) | (2) | (2) | 0 | 1 | 2 | 4 | (1) | (1) | (1) | (1) | 8 | 28 |
| 930.21 | Capital credits | 1 | 1 | 1 | 1 | 2 | 1 | | 1 | 1 | 1 | 1 | 2 | 13 |
| | Prior year | 1 | 1 | 1 | 1 | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 13 |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | (1) | 0 | 0 | 0 | 0 | 1 | 0 |
| 930.30 | Miscellaneous | 4 | 1 | 3 | 4 | 1 | 2 | (1) | 2 | 2 | 2 | 1 | 2 | 23 |
| | Prior year | 4 | 1 | | 1 | 1 | 1 | 2 | 1 | | 2 | 2 | 1 | 16 |
| | Change | 0 | 0 | 3 | 3 | 0 | 1 | (3) | 1 | 2 | 0 | (1) | 1 | 7 |
| 930.60 | Directors expenses | 9 | 8 | 8 | 10 | 18 | 17 | 17 | 10 | 10 | 13 | 10 | 9 | 139 |
| | Prior year | 10 | 9 | 12 | 10 | 17 | 7 | 8 | 11 | 16 | 10 | 9 | 11 | 130 |
| | Change | (1) | (1) | (4) | 0 | 1 | 10 | 9 | (1) | (6) | 3 | 1 | (2) | 9 |
| 930.70 | Dues in assoc organi | 5 | 4 | 4 | 5 | 4 | 4 | 4 | 5 | 5 | 5 | 4 | 5 | 54 |
| | Prior year | 4 | 4 | 4 | 4 | 5 | 4 | 4 | 4 | 5 | 4 | 4 | 4 | 50 |
| | Change | 1 | 0 | 0 | 1 | (1) | 0 | 0 | 1 | 0 | 1 | 0 | 1 | 4 |
| 935.00 | Maintenance of gene | 14 | 31 | 8 | 9 | 65 | 6 | 7 | 10 | 11 | 9 | 19 | 10 | 199 |
| | Prior year | 9 | 11 | 8 | 23 | 15 | 5 | 8 | 11 | 9 | 11 | 19 | 10 | 150 |
| | Change | 5 | 20 | 0 | (14) | 50 | 1 | (1) | (1) | 2 | (2) | 9 | (20) | 49 |

| Acct # | Description | June Month 1 | July Month 2 | August Month 3 | September Month 4 | October Month 5 | November Month 6 | December Month 7 | January Month 8 | February Month 9 | March Month 10 | April Month 11 | May Month 12 | Total |
|------------|------------------------|-----------------|-----------------|-------------------|----------------------|--------------------|---------------------|---------------------|--------------------|---------------------|-------------------|-------------------|-----------------|-------|
| *** | Total Administrative | 88 | 113 | 108 | 93 | 161 | 92 | 103 | 100 | 132 | 91 | 118 | 110 | 1,309 |
| | Prior year | 92 | 110 | 103 | 111 | 123 | 90 | 96 | 112 | 119 | 108 | 104 | 118 | 1,286 |
| | Change | (4) | 3 | 5 | (18) | 38 | 2 | 7 | (12) | 13 | (17) | 14 | (8) | 23 |
| 403.60 | Distribution deprecia | 120 | 121 | 121 | 121 | 122 | 122 | 122 | 123 | 124 | 124 | 125 | 125 | 1,470 |
| | Prior year | 115 | 115 | 116 | 116 | 117 | 117 | 117 | 117 | 118 | 118 | 119 | 120 | 1,405 |
| | Change | 5 | 6 | 5 | 5 | 5 | 5 | 5 | 6 | 6 | 6 | 6 | 5 | 65 |
| 403.70 | General depreciation | 7 | 7 | 7 | 8 | 7 | 8 | 8 | 8 | 7 | 8 | 7 | 8 | 90 |
| | Prior year | 7 | 7 | 7 | 7 | 7 | 8 | 8 | 8 | 7 | 8 | 7 | 7 | 87 |
| | Change | 0 | 0 | 0 | 1 | (1) | 0 | 0 | 1 | 0 | 1 | 0 | 1 | 3 |
| *** | Total Depreciation | 127 | 128 | 128 | 129 | 129 | 130 | 130 | 131 | 131 | 132 | 132 | 133 | 1,560 |
| | Prior year | 122 | 122 | 123 | 123 | 125 | 125 | 125 | 124 | 125 | 125 | 132 | 127 | 1,492 |
| | Change | 5 | 6 | 5 | 6 | 4 | 5 | 5 | 7 | 6 | 7 | 6 | 6 | 68 |
| *** 408.60 | Regulatory assessme | 2 | 2 | 2 | 2 | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 26 |
| | Prior year | 3 | 2 | 3 | 2 | 2 | 3 | 1 | 2 | 2 | 2 | 2 | 2 | 26 |
| | Change | (1) | 0 | (1) | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| 427.10 | REA interest | 66 | 67 | 86 | 81 | 84 | 80 | 83 | 82 | 77 | 82 | 80 | 82 | 950 |
| | Prior year | 68 | 70 | 69 | 67 | 69 | 66 | 69 | 69 | 63 | 68 | 66 | 68 | 812 |
| | Change | (2) | (3) | 17 | 14 | 15 | 14 | 14 | 13 | 14 | 14 | 14 | 14 | 138 |
| 427.20 | CFC interest | 10 | 10 | 9 | 10 | 10 | 9 | 11 | 10 | 9 | 10 | 10 | 10 | 118 |
| | Prior year | 11 | 11 | 11 | 11 | 11 | 11 | 13 | 10 | 9 | 10 | 10 | 10 | 128 |
| | Change | (1) | (1) | (2) | (1) | (1) | (2) | (2) | 0 | 0 | 0 | 0 | 0 | (10) |
| 427.60 | FFB interest | 45 | 44 | 44 | 38 | 42 | 29 | 29 | 28 | 28 | 28 | 12 | 12 | 379 |
| | Prior year | 53 | 41 | 41 | 56 | 46 | 46 | 39 | 43 | 43 | 43 | 44 | 44 | 539 |
| | Change | (8) | 3 | 3 | (18) | (4) | (17) | (10) | (15) | (15) | (15) | (32) | (32) | (160) |
| *** | Total Interest on Lon | 121 | 121 | 139 | 129 | 136 | 118 | 123 | 120 | 114 | 120 | 102 | 104 | 1,447 |
| | Prior year | 132 | 122 | 121 | 134 | 126 | 123 | 121 | 122 | 115 | 121 | 120 | 122 | 1,479 |
| | Change | (3) | (4) | 15 | 13 | 14 | 12 | 12 | 13 | 14 | 14 | 14 | 14 | 128 |
| 431.00 | Interest - customer dt | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 72 |
| | Prior year | 5 | 5 | 6 | 5 | 6 | 6 | 5 | 6 | 6 | 6 | 6 | 5 | 67 |
| | Change | 1 | 1 | 0 | 1 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 1 | 5 |
| 431.10 | Short-term loans | 20 | 16 | 16 | (16) | 10 | 2 | 2 | 3 | 5 | 17 | 10 | 9 | 94 |
| | Prior year | 5 | 9 | 8 | 17 | 11 | 15 | 6 | 9 | 17 | 17 | 14 | 14 | 142 |
| | Change | 15 | 7 | 8 | (33) | (1) | (13) | (4) | (6) | (12) | 0 | (4) | (5) | (48) |
| *** | Total Interest - Other | 26 | 22 | 22 | (10) | 16 | 8 | 8 | 9 | 11 | 23 | 16 | 15 | 166 |
| | Prior year | 10 | 14 | 14 | 22 | 17 | 21 | 11 | 15 | 23 | 23 | 20 | 19 | 209 |
| | Change | 16 | 8 | 8 | (32) | (1) | (13) | (3) | (6) | (12) | 0 | (4) | (4) | (43) |
| *** 426.00 | Donations | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 1 | | 1 | 2 | 1 | 13 |
| | Prior year | 5 | 1 | 2 | 5 | 1 | 1 | 2 | 1 | | 1 | 1 | 1 | 16 |
| | Change | (4) | 1 | (1) | (4) | 1 | 1 | 2 | 0 | 0 | 0 | 1 | 0 | (3) |

| Acct # | Description | June Month 1 | July Month 2 | August Month 3 | September Month 4 | October Month 5 | November Month 6 | December Month 7 | January Month 8 | February Month 9 | March Month 10 | April Month 11 | May Month 12 | Total |
|------------|----------------------------|-----------------|-----------------|-------------------|----------------------|--------------------|---------------------|---------------------|--------------------|---------------------|-------------------|-------------------|-----------------|---------|
| **** | Total Cost of Electric | 1,886 | 2,110 | 2,311 | 2,040 | 1,940 | 2,079 | 2,344 | 2,712 | 2,600 | 2,399 | 1,884 | 1,812 | |
| | Prior year | 1,837 | 2,004 | 2,058 | 1,590 | 1,825 | 1,804 | 2,117 | 2,209 | 2,478 | 2,178 | 1,899 | 2,020 | 26,117 |
| | Change | 57 | 103 | 250 | 468 | 119 | 292 | 237 | 518 | 137 | 236 | 17 | (176) | 24,019 |
| **** | Operating Margins | (30) | (50) | (421) | (184) | 27 | 127 | 194 | 130 | (165) | (429) | (258) | 61 | (998) |
| | Prior year | 62 | 23 | (365) | 23 | 69 | 240 | 71 | 687 | (407) | (110) | (336) | 80 | 37 |
| | Change | (92) | (73) | (56) | (207) | (42) | (113) | 123 | (557) | 242 | (319) | 78 | (19) | (1,035) |
| *** 419.00 | Interest income | 3 | | 5 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 34 |
| | Prior year | 3 | | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 31 |
| | Change | 0 | 0 | 2 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 3 |
| 415.00 | Merchandising reven | 2 | 2 | 2 | 1 | 1 | 2 | 2 | 1 | 1 | 2 | 1 | | 17 |
| | Prior year | 2 | 2 | 2 | 2 | 2 | 1 | 2 | 1 | 1 | 2 | 1 | | 21 |
| | Change | 0 | 0 | 0 | (1) | (1) | 1 | 0 | 0 | (1) | 0 | (1) | (1) | (4) |
| 416.00 | Geothermal incentive | (1) | (1) | (1) | (1) | (2) | (1) | (2) | (6) | (2) | (1) | (1) | | (19) |
| | Prior year | (3) | | (7) | (1) | (3) | (1) | (3) | (2) | (1) | (2) | (1) | | (24) |
| | Change | 2 | (1) | 6 | 0 | 1 | 0 | 1 | (4) | (1) | 1 | 0 | 0 | 5 |
| 421.00 | Gain loss on retirements | | | | | | | | (3) | | 9 | 1 | (17) | (10) |
| | Prior year | | | | | | | | (2) | | (2) | | | (10) |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (1) | (6) | 11 | 1 | (17) | 0 |
| *** | Nonoperating margin | 1 | 1 | 1 | 0 | (1) | 1 | 0 | (8) | (1) | 10 | 1 | (17) | (12) |
| | Prior year | (1) | 2 | (5) | 1 | (1) | 0 | (1) | (3) | (5) | (2) | 1 | 1 | (13) |
| | Change | 2 | (1) | 6 | (1) | 0 | 1 | 1 | (5) | 4 | 12 | 0 | (18) | 1 |
| 424.40 | Patonage capital - East KY | | | | | | | | | | | | | 0 |
| | Prior year | | | | | | | | | | | | | 0 |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| *** | Total G & T Capital | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Prior year | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Change | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| *** 424.10 | Patronage capital - other | | | | 38 | | | | | | | | | 65 |
| | Prior year | | | | 31 | | | | | 15 | 12 | | | 43 |
| | Change | 0 | 0 | 0 | 7 | 0 | 0 | 0 | 0 | 5 | 7 | | | 22 |
| ***** | Net Margins | (26) | (49) | (415) | (143) | 29 | 131 | 197 | 125 | (148) | (404) | (254) | 46 | (911) |
| | Prior year | 64 | 25 | (367) | 58 | 71 | 243 | 73 | 686 | (404) | (102) | (332) | 83 | 98 |
| | Change | (90) | (74) | (48) | (201) | (42) | (112) | 124 | (561) | 256 | (302) | 78 | (37) | (1,009) |

Grayson Rural Electric Cooperative
Trial Balance
May 31, 2008

| <u>Account</u> | <u>Description</u> | <u>Debit</u> | <u>Credit</u> |
|---------------------------|--------------------------|----------------------|---------------------|
| Distribution Plant | | | |
| 362 | Station Equipment | 31,054.20 | |
| 364 | Poles, towers | 18,663,607.81 | |
| 365 | OH conductor | 14,468,542.11 | |
| 367 | UG conductor | 308,059.41 | |
| 368 | Transformers | 6,722,239.26 | |
| 369 | Services - Overhead | 5,493,899.41 | |
| 370 | Meters | 1,313,761.77 | |
| 370.10 | Automated meters | 1,266,048.67 | |
| 371 | Security Lights | 1,174,154.75 | |
| 108.6 | Res Depr-Distr Plant | | 6,336,755.70 |
| 108.80 | Retire WIP | | (43,683.97) |
| | | <u>49,441,367.39</u> | <u>6,293,071.73</u> |
| General Plant | | | |
| 389 | Land | 79,057.00 | |
| 390 | Struct & Improve | 924,403.48 | 417,260.72 |
| 390.10 | Leasehold imrovements | 11,235.83 | |
| 391 | Office Furn | 548,622.63 | 224,786.63 |
| 392 | Transportation | 1,414,532.97 | 922,824.24 |
| 393 | Stores | 7,563.78 | 6,361.80 |
| 394 | Tools, Work Eq | 34,302.60 | 14,689.84 |
| 395 | Laboratory | 181,490.85 | 73,907.45 |
| 396 | Power Operated | 48,447.69 | 43,056.25 |
| 397 | Communication | 279,309.37 | 195,228.94 |
| 398 | Miscellaneous | 119,561.17 | 31,127.37 |
| | | <u>3,648,527.37</u> | <u>1,929,243.24</u> |
| Total Plant | | <u>53,089,894.76</u> | <u>8,222,314.97</u> |
| CWIP | | | |
| 107.20 | Work Orders | 468,679.21 | |
| 107.22 | Remodel headquarters | 173,155.98 | |
| 107.23 | Aid to construction | 1,273.25 | |
| 107.3 | Special Eq | | |
| | | <u>643,108.44</u> | |
| Investments | | | |
| 121.00 | Leased homeguard systems | 5,948.95 | |
| 122.00 | Accum deprec | (5,948.95) | |
| 123.10 | Assoc Organizations | 4,794,915.59 | |
| 123.22 | CTC | 636,102.09 | |
| 123.23 | Other Investments | 1,000.00 | |
| 124.00 | Other investments | 98.65 | |
| | | <u>5,432,116.33</u> | |

Grayson Rural Electric Cooperative
Trial Balance
May 31, 2008

| <u>Account</u> | <u>Description</u> | <u>Debit</u> | <u>Credit</u> |
|--------------------------------|------------------------------|---------------------|---------------|
| Cash Accounts | | | |
| 131.10 | General funds | 81,909.07 | |
| 131.11 | Peoples Sec - Blaine | 742.51 | |
| 131.12 | 1st Peoples - Greenup | 808.21 | |
| 131.13 | Citizens - Morehead | 744.73 | |
| 131.14 | Ky Bank - Sandy Hook | 5,643.98 | |
| 131.15 | 1st National | 697.69 | |
| 131.16 | City Nat'l, Grayson | 649.97 | |
| 131.18 | 1st Community - Lewis | 672.48 | |
| 131.19 | Commercial - Grayson | 730.96 | |
| 131.30 | Payroll account | 0.00 | |
| 131.40 | Transfer of Funds | | |
| 131.50 | Capital credit | 54.24 | |
| 131.20 | Construction funds - trustee | 0.00 | |
| 135 | Working Funds | 450.00 | |
| | | <u>93,103.84</u> | |
| Temporary Investments | | | |
| 136 | Temporary Investments | <u>1,555,000.00</u> | |
| Accounts Receivables | | | |
| 142.10 | Consumers | 3,949,517.12 | |
| 142.11 | Contracts | 27,998.83 | |
| 144.10 | Res for Uncollectibles | (109,825.23) | |
| 146.10 | FEMA | | |
| 142.20 | Other receivables | 129,816.65 | |
| 142.30 | Elliott Co garbage | 23,868.10 | |
| 143.00 | Employees | (5,419.91) | |
| 144.30 | Res for Uncollectibles | (8,037.41) | |
| | | <u>4,007,918.15</u> | |
| Material & Supplies | | | |
| 154 | M & S | 275,822.89 | |
| 154.10 | Gasoline & parts | 1,825.36 | |
| 155 | For Resale | 14,177.99 | |
| 155.20 | Homeguard | 3,358.62 | |
| | | <u>295,184.86</u> | |
| Prepayments | | | |
| 165.10 | Common life ins | | |
| 165.11 | Work Comp | 8,386.13 | |
| 165.12 | Various ins | 78,704.76 | |
| 165.14 | Colonial ins | (18.93) | |

Grayson Rural Electric Cooperative
Trial Balance
May 31, 2008

| <u>Account</u> | <u>Description</u> | <u>Debit</u> | <u>Credit</u> |
|--------------------------|------------------------|-------------------|----------------------|
| 165.15 | LTD ins | 20.04 | |
| 165.16 | Employees | | |
| 165.17 | Employees cancer | 87.95 | |
| 165.19 | Capitol American ins | 66.33 | |
| 165.20 | KAEC, NRECA dues | 32,072.26 | |
| 165.22 | Contract services | 11,000.00 | |
| 165.40 | MODL ins | 8,829.00 | |
| 165.50 | Service agree - office | (1,039.83) | |
| 165.60 | Catastrophe ins | 5,105.00 | |
| 165.70 | Direcotrs attorney ins | 0.00 | |
| 165.80 | Employees 401(k) | (1,713.96) | |
| 165.90 | Transformer purchases | 5,565.49 | |
| 165.91 | Lease agreements | 0.00 | |
| 171.00 | Interest receivable | 4,783.56 | |
| 184.00 | Transportation clear | 0.00 | |
| | | <u>151,847.80</u> | |
| Defer Charges | | | |
| 186.00 | Work plan | <u>199,000.00</u> | |
| | | <u>199,000.00</u> | |
| Memberships | | | |
| 200.1 | Issued | | <u>151,355.00</u> |
| Patronage Capital | | | |
| 201.10 | Credits | | 18,681,365.87 |
| 201.11 | Refund to estates | | (1,060,144.69) |
| 201.12 | Rotation of CC | | (160,656.60) |
| 201.30 | Prior years deficits | | (637,034.97) |
| 208.00 | Donated capital | | 28,784.95 |
| 208.10 | Discount to estates | | 20,392.06 |
| 217.00 | Gains | | 16,372.31 |
| 219.30 | Other margins | | 49,005.10 |
| | | | <u>16,938,084.03</u> |
| Long-Term Debt | | | |
| 224.12 | CFC | | 1,892,689.79 |
| 224.20 | REA | | 24,763,836.85 |
| 224.4 | Unadvanced | | (660,000.00) |
| 224.50 | FFB | | 10,037,463.25 |
| 224.60 | Unadvanced | | |
| | | | <u>36,033,989.89</u> |

Grayson Rural Electric Cooperative
Trial Balance
May 31, 2008

| <u>Account</u> | <u>Description</u> | <u>Debit</u> | <u>Credit</u> |
|----------------------------------|-----------------------------------|--------------|---------------------|
| Other Liabilities: | | | |
| 228.3 | Postretirement benefits (FAS 106) | | 1,167,015.82 |
| Notes Payable | | | |
| 231 | CFC short term | | 42,797.68 |
| Accounts Payable | | | |
| 232.1 | General | | 286,014.87 |
| 232.11 | Miscellaneous | | 41,496.20 |
| 232.30 | EKPC | | 1,074,346.00 |
| 232.23 | Credit union and misc | | (573.67) |
| 232.30 | Elliott Co garbage | | 28,763.21 |
| 232.31 | Employees fund | | 4,327.53 |
| | | | <u>1,434,374.14</u> |
| Customer Deposits | | | |
| 235 | Consumer Deposits | | 1,189,478.58 |
| Accruals | | | |
| 236.10 | Prop Tax | | 195,560.51 |
| 236.2 | FUTA | | 81.17 |
| 236.3 | FICA | | |
| 236.4 | SUTA | | 148.21 |
| 236.5 | Sales Tax | | 54,268.02 |
| 236.6 | County school | | |
| 237.1 | REA Interest | | |
| 237.2 | CFC Interest | | 17,806.00 |
| 237.4 | Short term notes | | |
| 237.50 | Interest on Customer Deposits | | 28,645.41 |
| 237.60 | FFB interest | | 24,340.00 |
| | | | <u>320,849.32</u> |
| Other Current Liabilities | | | |
| 241 | Fed W/H | | |
| 241.1 | State W/H | | |
| 241.20 | Rowan occupational | | 26.61 |
| 241.3 | Grayson occupational | | 2,161.92 |
| 242.2 | Payroll | | 42,547.17 |
| 242.20 | Vacations | | 153,906.95 |
| 242.30 | Sick leave | | 233,279.34 |
| 242.52 | Annual audit | | 2,915.00 |
| 242.53 | PSC dues | | 10,919.00 |
| 242.60 | Annual meeting | | (3,683.10) |
| | | | <u>442,072.89</u> |
| | | | <u>762,922.21</u> |

Grayson Rural Electric Cooperative
Trial Balance
May 31, 2008

| <u>Account</u> | <u>Description</u> | <u>Debit</u> | <u>Credit</u> |
|---|--------------------|----------------------|----------------------|
| Consumer Advances for Construction | | | |
| 252 | Construction | | 161,157.52 |
| 253.2 | Other | | <u>18.00</u> |
| | | | <u>161,175.52</u> |
| | | <u>65,467,174.18</u> | <u>66,103,507.84</u> |
| | | <u>(636,333.66)</u> | |

Grayson Rural Electric Cooperative
 Trial Balance
 May 31, 2008

EXHIBIT Y
 PAGE 6 OF 8

| <u>Account</u> | <u>Description</u> | <u>12 Mos</u> <u>05/31-08</u> |
|-----------------------------------|----------------------|----------------------------------|
| Revenues | | |
| 440.10 | Residential Rural | 17,813,745.83 |
| 440.40 | Camp and barns | 399,902.49 |
| 442.10 | Small commercial | 1,727,013.26 |
| 442.20 | Large power | 3,454,248.46 |
| 442.30 | Large industrial | 924,907.20 |
| 444.00 | Street lighting | 9,653.90 |
| | | ----- |
| | | 24,329,471.14 |
| | | ----- |
| 450.00 | Forfeit discounts | 412,773.52 |
| 454.00 | Rent | 302,647.42 |
| 456.00 | Other Electric Rev | 73,958.16 |
| | | ----- |
| | | 25,118,850.24 |
| | | ----- |
| Purchased Power | | |
| 555 | Purchased Power | 16,950,727.00 |
| | | ----- |
| Distribution - Operations | | |
| 580 | Super & Eng | 0.00 |
| 583 | O/H Line | 468,981.12 |
| 585 | Security Lights | 725.51 |
| 586 | Meter | 515,072.91 |
| 588 | Misc Dist Eqt | 76,435.71 |
| | | ----- |
| | | 1,061,215.25 |
| | | ----- |
| Distribution - Maintenance | | |
| 590 | Supervision | 187,952.11 |
| 593 | O/H Lines | 792,394.17 |
| 593.10 | R-O-W clearing | 1,411,841.43 |
| 593.20 | Storm damage | 0.00 |
| 594 | U/G Line | 2,128.30 |
| 595 | Transformers | 23,641.53 |
| 596 | Public street lights | 10,040.56 |
| 597 | Meters | 0.00 |
| 598 | Misc Distr Plant | 50,719.71 |
| | | ----- |
| | | 2,478,717.81 |
| | | ----- |

Grayson Rural Electric Cooperative
Trial Balance
May 31, 2008

| <u>Account</u> | <u>Description</u> | <u>12 Mos</u> <u>05/31-08</u> |
|-------------------------------------|---------------------------|----------------------------------|
| Consumer Accounts | | |
| 901 | Supervision | 64,081.78 |
| 902 | Meter Read Exp | 1,223.22 |
| 903 | Consumer Collection | 725,894.28 |
| 903.1 | Short and over | 221.39 |
| 904 | Uncollectible A/c | 84,253.46 |
| | | ----- |
| | | 875,674.13 |
| | | ----- |
| Customer Service | | |
| 908 | Consumer Assistance | 0.00 |
| 909 | Information | 194,687.71 |
| | | ----- |
| | | 194,687.71 |
| | | ----- |
| Sales | | |
| 912 | Demonstration and Selling | 29,838.07 |
| 913 | Advertising | 4,606.04 |
| | | ----- |
| | | 34,444.11 |
| | | ----- |
| Administrative & General | | |
| 920 | Office Salaries | 706,019.85 |
| 921 | Office Supplies | 89,333.87 |
| 923 | Outside Services | 58,463.83 |
| 930.20 | Annual meeting | 27,421.02 |
| 930.30 | Miscellaneous expenses | 37,888.47 |
| 930.60 | Directors Expene | 139,405.68 |
| 930.70 | Dues in Assoc Organ | 54,648.64 |
| 932 | Misc General Plant | 196,043.92 |
| | | ----- |
| | | 1,309,225.28 |
| | | ----- |
| Depreciation | | |
| 403.6 | Distribution Plant | 1,471,175.05 |
| 403.7 | General Plant | 88,334.47 |
| | | ----- |
| | | 1,559,509.52 |
| | | ----- |

Grayson Rural Electric Cooperative
 Trial Balance
 May 31, 2008

EXHIBIT Y
 PAGE 8 OF 8

| <u>Account</u> | <u>Description</u> | <u>12 Mos</u> <u>05/31-08</u> |
|------------------------------|-------------------------------|----------------------------------|
| Taxes | | |
| 408.1 | Property | 0.00 |
| 408.2 | Payroll | 0.00 |
| 408.6 | PSC | 26,326.48 |
| | | ----- |
| | | 26,326.48 |
| | | ----- |
| Interest | | |
| 427.1 | RUS | 950,985.12 |
| 427.2 | CFC | 117,056.05 |
| 427.60 | FFB | 378,857.71 |
| | | ----- |
| | | 1,446,898.88 |
| | | ----- |
| Other interest | | |
| 430.00 | Int to Assoc Organ | 95,285.27 |
| 431.00 | Other Interest Exp | 70,943.00 |
| | | ----- |
| | | 166,228.27 |
| | | ----- |
| Other Income | | |
| 415 | Revenue from Merchandising | (2,887.83) |
| 415.10 | Elliott Co garbage collection | (11,881.65) |
| 414.4 | Rental income | (4,800.00) |
| 416 | Incentives, heat pump | 12,761.95 |
| 416.20 | Elliott Co garbage expense | 6,678.66 |
| 416.30 | ETS | 1,034.35 |
| 421 | Gain loss on disposition | 11,279.40 |
| | | ----- |
| | | 12,184.88 |
| | | ----- |
| Other Deductions | | |
| 426.1 | Donations | 12,800.19 |
| | | ----- |
| Non Operating Margins | | |
| 419 | Interest Income | (34,809.55) |
| | | ----- |
| Patronage Capital | | |
| 423 | EKP | 0.00 |
| 424 | Other assoc organ | (65,590.05) |
| | | ----- |
| | | (65,590.05) |
| | | ----- |
| Net Margins | | (909,389.67) |
| | | ===== |

Grayson Rural Electric
 Case No. 2008 - 00254

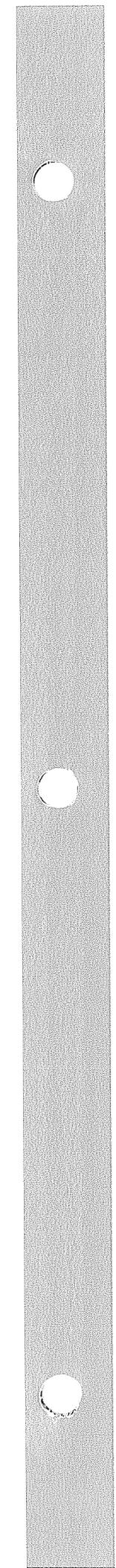
Comparative Capital Structure (Excluding JDIC)
 For the Periods as Shown
 "000" Omitted

| Line No. | Type of Capital | 1998 10th Year | | 1999 9th Year | | 2000 8th Year | | 2001 7th Year | | 2002 6th Year | | 2003 5th Year | |
|----------|-------------------------|-------------------|-------|------------------|-------|------------------|-------|------------------|-------|------------------|-------|------------------|-------|
| | | Amount | Ratio | Amount | Ratio | Amount | Ratio | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| 1 | Long Term Debt | 19,727 | 62% | 20,584 | 63% | 21,237 | 62% | 23,544 | 64% | 24,169 | 59% | 26,575 | 59% |
| 2 | Short Term Debt | 2,820 | 9% | 2,187 | 7% | 1,865 | 5% | 435 | 1% | 1,301 | 3% | 1,520 | 3% |
| 3 | Memberships | 130 | 0% | 133 | 0% | 136 | 0% | 138 | 0% | 142 | 0% | 145 | 0% |
| 4 | Patronage Capital | 9,189 | 29% | 9,996 | 30% | 11,180 | 32% | 12,832 | 35% | 15,222 | 37% | 16,820 | 37% |
| 5 | Other (Itemize by type) | | 0% | | 0% | | 0% | | 0% | | 0% | | 0% |
| 6 | Total Capitalization | 31,866 | 100% | 32,900 | 100% | 34,418 | 100% | 36,949 | 100% | 40,834 | 100% | 45,060 | 100% |

| Line No. | Type of Capital | 2004 4th Year | | 2005 3rd Year | | 2006 2nd Year | | 2007 1st Year | | 2008 Test year | | Latest Quarter May 31, 2008 | | Average Test Year | |
|----------|-------------------------|------------------|-------|------------------|-------|------------------|-------|------------------|-------|-------------------|-------|--------------------------------|-------|----------------------|-------|
| | | Amount | Ratio | Amount | Ratio | Amount | Ratio | Amount | Ratio | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| 1 | Long Term Debt | 28,396 | 58% | 29,503 | 60% | 28,622 | 59% | 31,663 | 63% | 36,034 | 69% | 75,082 | 53% | 72,800 | 51% |
| 2 | Short Term Debt | 3,635 | 7% | 1,926 | 4% | 2,463 | 5% | 1,730 | 3% | 43 | 0% | 12,148 | 9% | 13,748 | 10% |
| 3 | Memberships | 146 | 0% | 149 | 0% | 149 | 0% | 151 | 0% | 151 | 0% | 1,117 | 1% | 1,106 | 1% |
| 4 | Patronage Capital | 17,037 | 35% | 17,588 | 36% | 17,508 | 36% | 16,993 | 34% | 16,302 | 31% | 53,335 | 38% | 54,181 | 38% |
| 5 | Other (Itemize by type) | | 0% | | 0% | | 0% | | 0% | | 0% | | 0% | 0 | 0% |
| 6 | Total Capitalization | 49,214 | 100% | 49,166 | 100% | 48,742 | 100% | 50,537 | 100% | 52,530 | 100% | 141,683 | 100% | 141,835 | 100% |

Grayson Rural Electric
 Case No. 2008 - 00254
 Calculation of Average Test Period Capital Structure
 12 months ended May 31, 2008

| Line No. | Item (a) | Total Capital (b) | Long-Term Debt (c) | Short-Term Debt (d) | Memberships (e) | Common Stock (f) | Patronage Capital (g) | Total Common Equity (h) |
|----------|-------------------------------------|-------------------|--------------------|---------------------|-----------------|------------------|-----------------------|-------------------------|
| 1 | Balance Beginning of Test year | 134,353 | 73,243 | 5,683 | 1,092 | | 54,335 | |
| 2 | 1st month | 138,602 | 73,100 | 10,105 | 1,094 | | 54,303 | |
| 3 | 2nd month | 145,842 | 73,086 | 16,063 | 1,098 | | 55,595 | |
| 4 | 3rd month | 148,724 | 72,932 | 19,850 | 1,101 | | 54,841 | |
| 5 | 4th month | 148,862 | 72,775 | 21,626 | 1,102 | | 53,359 | |
| 6 | 5th month | 138,433 | 71,400 | 12,604 | 1,104 | | 53,325 | |
| 7 | 6st month | 139,789 | 71,386 | 14,329 | 1,100 | | 52,974 | |
| 8 | 7th month | 140,889 | 71,233 | 13,814 | 1,110 | | 54,732 | |
| 9 | 8th month | 140,033 | 71,076 | 12,813 | 1,112 | | 55,032 | |
| 10 | 9th month | 143,275 | 70,921 | 15,392 | 1,114 | | 55,848 | |
| 11 | 10th month | 141,358 | 70,908 | 14,900 | 1,116 | | 54,434 | |
| 12 | 11th month | 140,980 | 70,748 | 15,824 | 1,117 | | 53,291 | |
| 13 | 12th month | 142,711 | 83,591 | 5,721 | 1,119 | | 52,280 | |
| 14 | Total (Line 1 through Line 13) | 1,843,851 | 946,399 | 178,724 | 14,379 | 0 | 704,349 | 0 |
| 15 | Average balance (Line 14/13) | 141,835 | 72,800 | 13,748 | 1,106 | 0 | 54,181 | 0 |
| 16 | Average capitalization ratios | 100% | 51% | 10% | 1% | 0% | 38% | 0% |
| 17 | End of period capitalization ratios | 100% | 59% | 4% | 1% | 0% | 37% | 0% |



Grayson Rural Electric Cooperative
Case No. 2008-00254
May 31, 2008

Payroll Adjustment

To reflect the increase granted by the Board of Directors, the step increases granted and promotions during the year. To give recognition to employees terminated and employees hired during the test year. Overtime pay is calculated at 1-1/2 times regular pay rate for hours worked in excess of 8 hours per day.

Union employees are granted wage increases in May of each year and non-union employees are generally granted increases on their anniversary date.

A temporary employee is used for certain busy times of the month, or when an employee has scheduled vacation time off. This is expected to continue into the future.

Wage and salary increases are as follows:

| | <u>Increase</u> | |
|------|------------------|-----------------|
| | <u>Non-Union</u> | <u>Union</u> |
| 2008 | 4.00% | \$1.00 per hour |
| 2007 | 3.00% | 3.00% |
| 2006 | 3.00% | 3.00% |
| 2005 | 4.00% | 4.00% |
| 2004 | 4.00% | 4.00% |

The amount of increase was allocated based on the actual test year.

| | |
|----------------------------|-------------------------|
| Projected wages | \$2,390,163 |
| Actual wages for test year | <u>2,263,552</u> |
| Adjustment | <u><u>\$126,611</u></u> |

The allocation is on the following page:

Grayson Rural Electric Cooperative
Case No. 2008-00254

Allocation of increase in payroll:

| | | <u>Labor</u> | <u>Percent</u> | <u>Allocation</u> | |
|----|--------|--------------------------------|------------------|-------------------|----------------|
| | | <u>Distribution</u> | | | |
| 10 | 107.20 | Construction work in progress | 388,264 | 17.2% | 21,717 |
| 11 | 108.80 | Retirement work in progress | 89,484 | 4.0% | 5,005 |
| 12 | 142.2 | Due from other cooperatives | 3,249 | 0.1% | 182 |
| 13 | 163.00 | Stores | 141,363 | 6.2% | 7,907 |
| 14 | 184.00 | Transportation | 18,046 | 0.8% | 1,009 |
| 15 | 242.52 | Employee sick leave | 197,219 | 8.7% | 11,031 |
| 16 | 416.00 | Non operating accounts | 3,485 | 0.2% | 195 |
| 17 | 583.00 | Overhead line | 42,390 | | |
| 18 | 584.00 | Underground | 273 | | |
| 19 | 586.00 | Meter | 204,016 | | |
| 20 | 588.00 | Miscellaneous distribution | 10,053 | 11.3% | 14,360 |
| 21 | 590.00 | Maintenance | 86,800 | | |
| 22 | 593.00 | Overhead line | 279,654 | | |
| 23 | 594.00 | Underground | 895 | | |
| 24 | 595.00 | Transformers | 6,382 | | |
| 25 | 596.00 | Street lights | 3,717 | | |
| 26 | 598.00 | Miscellaneous maintenance | 18,967 | 17.5% | 22,173 |
| 27 | 901.00 | Supervision, customer accounts | 32,336 | | |
| 28 | 902.00 | Meter reading | 455 | | |
| 29 | 903.00 | Consumer records | 255,661 | 12.7% | 16,134 |
| 30 | 909.00 | Consumer information | 55,503 | 2.5% | 3,105 |
| 31 | 912.00 | Demonstration and selling | 14,781 | 0.7% | 827 |
| 32 | 920.00 | Administrative | 359,982 | | |
| 33 | 926.00 | Employee benefits | 28,461 | | |
| 34 | 930.00 | Miscellaneous | 15,460 | | |
| 35 | 935.00 | Maintenance general plant | <u>6,656</u> | <u>18.1%</u> | <u>22,964</u> |
| 36 | | | | | |
| 37 | | Total | <u>2,263,552</u> | <u>100.0%</u> | <u>126,609</u> |

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Grayson Rural Electric Cooperative
Case No. 2008-00254
Employee Earnings and Hours
May 31, 2008

Exhibit 1
page 3 of 8
Witness: Alan Z

| Employee Number | Hours Worked Test Year | | | | Actual Test Year Wages | | | | | Wage Rate May 1, 2008 | Normalized Wages @ 2,080 Hours | | | |
|--------------------------|----------------------------|----------|----------|-----------|------------------------|----------|----------|-----------|---------|-----------------------------|-----------------------------------|----------|----------|---------|
| | Regular | Overtime | Vac/Sick | Total | Regular | Overtime | Vac/Sick | Christmas | Total | | Regular | Overtime | Vac/Sick | Total |
| | Salaried Employees: | | | | | | | | | | | | | |
| 100 | 2,088.00 | | 105.00 | 2,193.00 | 50,981 | | 2,522 | 100 | 53,603 | 25.11 | 52,229 | | 2,637 | 54,865 |
| 205 | 1,928.00 | | 1.00 | 1,929.00 | 43,646 | | 21 | 100 | 43,767 | 23.12 | 48,090 | | 23 | 48,113 |
| 206 | 2,088.00 | | 88.00 | 2,176.00 | 71,203 | | 2,890 | 100 | 74,193 | 37.67 | 78,354 | | 3,315 | 81,669 |
| 212 | 2,088.00 | | 8.00 | 2,096.00 | 60,137 | | 223 | 100 | 60,460 | 30.00 | 62,400 | | 240 | 62,640 |
| 226 | 2,088.00 | | 136.00 | 2,224.00 | 70,694 | | 4,521 | 100 | 75,315 | 35.42 | 73,674 | | 4,817 | 78,491 |
| 228 | 2,088.00 | | 40.00 | 2,128.00 | 54,876 | | 1,025 | 100 | 56,001 | 27.45 | 57,096 | | 1,098 | 58,194 |
| 602 | 2,088.00 | | 2.00 | 2,090.00 | 48,463 | | 44 | 100 | 48,607 | 23.70 | 49,296 | | 47 | 49,343 |
| 603 | 2,088.00 | | 163.00 | 2,251.00 | 75,358 | | 5,820 | 100 | 81,278 | 37.67 | 78,354 | | 6,140 | 84,494 |
| 900 | 2,088.00 | | 88.00 | 2,176.00 | 105,418 | | 4,389 | 100 | 109,907 | 51.36 | 106,829 | | 4,520 | 111,348 |
| 901 | 2,088.00 | | 48.00 | 2,136.00 | 53,703 | | 1,074 | 100 | 54,877 | 26.24 | 54,579 | | 1,260 | 55,839 |
| Subtotal Salaried | 20,720.00 | 0.00 | 679.00 | 21,399.00 | 634,479 | 0 | 22,529 | 1,000 | 658,008 | | 660,899 | 0 | 24,097 | 684,996 |
| Hourly Employees: | | | | | | | | | | | | | | |
| 203 | 1,840.00 | 221.00 | | 2,061.00 | 47,041 | 8,455 | | 50 | 55,546 | 26.47 | 55,058 | 8,775 | 0 | 63,832 |
| 208 | 2,088.00 | 318.00 | 16.00 | 2,422.00 | 53,358 | 12,197 | 407 | 50 | 66,012 | 26.47 | 55,058 | 12,626 | 424 | 68,107 |
| 209 | 2,088.00 | 212.00 | 8.00 | 2,308.00 | 53,357 | 8,120 | 204 | 50 | 61,731 | 26.47 | 55,058 | 8,417 | 212 | 63,687 |
| 210 | 2,088.00 | 292.00 | 56.00 | 2,436.00 | 54,923 | 11,535 | 1,469 | 50 | 67,977 | 27.22 | 56,618 | 11,922 | 1,524 | 70,064 |
| 211 | 2,080.00 | 216.00 | 8.00 | 2,304.00 | 51,231 | 7,864 | 193 | 50 | 59,338 | 25.10 | 52,208 | 8,132 | 201 | 60,541 |
| 213 | 2,088.00 | 238.00 | | 2,326.00 | 54,923 | 9,386 | | 50 | 64,359 | 27.22 | 56,618 | 9,718 | 0 | 66,335 |
| 215 | 2,088.00 | 277.00 | 44.00 | 2,409.00 | 50,905 | 10,059 | 1,061 | 50 | 62,075 | 25.10 | 52,208 | 10,429 | 1,104 | 63,741 |
| 217 | 1,120.00 | 111.00 | | 1,231.00 | 27,167 | 4,046 | | 50 | 31,263 | 25.10 | 52,208 | 4,179 | 0 | 56,387 |
| 219 | 2,088.00 | 98.00 | 8.00 | 2,194.00 | 45,870 | 3,193 | 173 | 50 | 49,286 | 22.68 | 47,174 | 3,334 | 181 | 50,690 |
| 220 | 1,840.00 | 178.00 | 1.00 | 2,019.00 | 44,449 | 6,435 | 24 | 50 | 50,958 | 25.10 | 52,208 | 6,702 | 25 | 58,935 |
| 221 | 2,088.00 | 159.00 | | 2,247.00 | 45,499 | 5,190 | | 50 | 50,739 | 22.68 | 47,174 | 5,409 | 0 | 52,584 |
| 225 | 2,073.00 | 14.00 | | 2,087.00 | 43,055 | 441 | | 50 | 43,546 | 20.99 | 43,659 | 441 | 0 | 44,100 |
| 227 | 2,088.00 | 72.00 | 16.00 | 2,176.00 | 45,444 | 2,347 | 347 | 50 | 48,188 | 22.68 | 47,174 | 2,449 | 363 | 49,987 |
| 229 | 2,088.00 | 274.00 | 4.00 | 2,366.00 | 52,835 | 10,406 | 101 | 50 | 63,392 | 26.22 | 54,538 | 10,776 | 105 | 65,419 |
| 231 | 1,272.00 | 129.00 | 4.00 | 1,405.00 | 31,037 | 4,719 | 96 | 50 | 35,902 | 25.10 | 52,208 | 4,857 | 100 | 57,165 |
| 232 | 2,088.00 | 310.00 | 8.00 | 2,406.00 | 52,836 | 11,769 | 202 | 50 | 64,857 | 26.22 | 54,538 | 12,192 | 210 | 66,940 |
| 234 | 2,088.00 | 99.00 | 83.00 | 2,270.00 | 53,128 | 3,772 | 2,104 | 50 | 59,054 | 26.36 | 54,829 | 3,914 | 2,188 | 60,931 |
| 235 | 2,088.00 | 3.00 | | 2,091.00 | 51,624 | 115 | | 50 | 51,789 | 25.64 | 53,331 | 115 | 0 | 53,447 |
| 237 | 2,078.00 | 224.00 | | 2,302.00 | 50,256 | 8,108 | | 50 | 58,414 | 25.10 | 52,208 | 8,434 | 0 | 60,642 |
| 238 | 2,088.00 | 3.00 | 4.00 | 2,095.00 | 47,296 | 105 | 90 | 50 | 47,541 | 23.44 | 48,755 | 105 | 94 | 48,954 |
| 239 | 2,088.00 | 434.00 | 36.00 | 2,558.00 | 52,837 | 16,463 | 907 | 50 | 70,257 | 26.22 | 54,538 | 17,069 | 944 | 72,551 |
| 605 | 2,088.00 | 25.00 | 5.00 | 2,118.00 | 30,623 | 552 | 71 | 50 | 31,296 | 14.81 | 30,805 | 555 | 74 | 31,434 |

Grayson Rural Electric Cooperative
Case No. 2008-00254
Employee Earnings and Hours
May 31, 2008

Exhibit 1
page 7 of 8
Witness: Alan Z

| Employee Number | Hours Worked Test Year | | | | Actual Test Year Wages | | | | | Wage Rate May 1, 2008 | Normalized Wages @ 2,080 Hours | | | |
|--|------------------------|-----------------|-----------------|------------------|------------------------|----------------|---------------|--------------|------------------|--------------------------|-----------------------------------|----------------|---------------|------------------|
| | Regular | Overtime | Vac/Sick | Total | Regular | Overtime | Vac/Sick | Christmas | Total | | Regular | Overtime | Vac/Sick | Total |
| | 609 | 2,088.00 | | 8.00 | 2,096.00 | 38,565 | | 148 | 50 | | 38,763 | 18.47 | 38,418 | 0 |
| 610 | 2,088.00 | 3.00 | 4.00 | 2,095.00 | 39,574 | 86 | 74 | 50 | 39,784 | 19.14 | 39,811 | 86 | 77 | 39,974 |
| 611 | 2,088.00 | 8.00 | 39.00 | 2,135.00 | 28,194 | 164 | 523 | 50 | 28,931 | 13.95 | 29,016 | 167 | 544 | 29,727 |
| 615 | 2,086.00 | 10.00 | 36.00 | 2,132.00 | 27,821 | 201 | 469 | 50 | 28,541 | 13.42 | 27,914 | 201 | 483 | 28,598 |
| 616 | 2,088.00 | 5.00 | 8.00 | 2,101.00 | 27,460 | 100 | 102 | 50 | 27,712 | 13.30 | 27,664 | 100 | 106 | 27,870 |
| 617 | 2,088.00 | 9.00 | | 2,097.00 | 25,213 | 165 | | 50 | 25,428 | 12.43 | 25,854 | 168 | 0 | 26,022 |
| 618 | 2,083.00 | 3.00 | 8.00 | 2,094.00 | 42,949 | 93 | 161 | 50 | 43,253 | 20.71 | 43,077 | 93 | 166 | 43,336 |
| 619 | 2,088.00 | 6.00 | 2.00 | 2,096.00 | 26,406 | 115 | 25 | 50 | 26,596 | 12.80 | 26,624 | 115 | 26 | 26,765 |
| 620 | 2,088.00 | 106.00 | 16.00 | 2,210.00 | 42,360 | 3,218 | 323 | 50 | 45,951 | 21.18 | 44,054 | 3,368 | 339 | 47,761 |
| 622 | 2,088.00 | 13.00 | 59.00 | 2,160.00 | 32,585 | 306 | 913 | 50 | 33,854 | 15.85 | 32,968 | 309 | 935 | 34,212 |
| 632 | 2,084.00 | 4.00 | 8.00 | 2,096.00 | 22,721 | 70 | 85 | 50 | 22,926 | 11.60 | 24,128 | 70 | 93 | 24,290 |
| 634 | 2,088.00 | 12.00 | 76.00 | 2,176.00 | 22,598 | 201 | 798 | 50 | 23,647 | 11.60 | 24,128 | 209 | 882 | 25,218 |
| Subtotal hourly | 68,668.00 | 4,086.00 | 565.00 | 73,319.00 | 1,416,140 | 149,996 | 11,070 | 1,700 | 1,578,906 | | 1,511,827 | 155,439 | 11,546 | 1,678,813 |
| Summer and Part Time Employees: | | | | | | | | | | | | | | |
| 246 | 416.00 | | | 416.00 | 3,747 | | | | 3,747 | 9.00 | 3,744 | 0 | | 3,744 |
| 248 | 497.00 | | | 497.00 | 3,157 | | | | 3,157 | 5.85 | 2,907 | 0 | | 2,907 |
| 631 | 560.00 | 4.00 | | 564.00 | 3,724 | 40 | | | 3,764 | 6.65 | 3,724 | 0 | | 3,724 |
| 635 | 1,063.00 | 3.00 | | 1,066.00 | 6,201 | 26 | | | 6,227 | 5.85 | 6,219 | 0 | | 6,219 |
| 636 | 765.00 | | | 765.00 | 4,393 | | | | 4,393 | 5.85 | 4,475 | 0 | | 4,475 |
| 638 | 616.00 | 5.00 | | 621.00 | 5,286 | 64 | | | 5,350 | 8.58 | 5,285 | 0 | | 5,285 |
| Subtotal summ | 3,917.00 | 12.00 | 0.00 | 3,929.00 | 26,508 | 130 | 0 | 0 | 26,638 | | 26,355 | 0 | 0 | 26,355 |
| Retirees: | | | | | | | | | | | | | | |
| Subtotal retiree | 0.00 | 0.00 | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 |
| Total | 93,305.00 | 4,098.00 | 1,244.00 | 98,647.00 | 2,077,127 | 150,126 | 33,599 | 2,700 | 2,263,552 | | 2,199,081 | 155,439 | 35,643 | 2,390,163 |

| Employee Number | Wage Rate May 1, 2007 | Percent Increase | Wage Rate May 1, 2008 | Percent Increase | Date of last Increase | Reason for increase |
|-----------------------------|--------------------------|------------------|--------------------------|------------------|-----------------------|---------------------|
| Salaried Employees: | | | | | | |
| 100 | 22.37 | 2.4% | 25.11 | 12.2% | 12/06/07 | Step increase |
| 205 | 20.61 | 2.0% | 23.12 | 12.2% | 09/01/07 | Step increase |
| 206 | 34.03 | 6.9% | 37.67 | 10.7% | 03/25/08 | Promotion |
| 212 | 28.85 | 3.5% | 30.00 | 4.0% | 03/25/08 | |
| 226 | 34.06 | 3.0% | 35.42 | 4.0% | 05/01/08 | |
| 228 | 25.63 | 0.6% | 27.45 | 7.1% | 09/01/07 | Step increase |
| 602 | 21.76 | 2.4% | 23.70 | 8.9% | 09/01/07 | Promotion |
| 603 | 36.22 | 3.0% | 37.67 | 4.0% | 04/28/08 | |
| 900 | 49.86 | 3.0% | 51.36 | 3.0% | 01/02/08 | |
| 901 | 24.17 | 2.4% | 26.24 | 8.6% | 09/01/07 | Range adjustment |
| Subtotal Salaried employees | | | | | | |
| Hourly Employees: | | | | | | |
| 203 | 25.47 | 4.6% | 26.47 | 3.9% | 05/01/08 | |
| 208 | 25.47 | 6.3% | 26.47 | 3.9% | 05/01/08 | |
| 209 | 25.47 | 6.3% | 26.47 | 3.9% | 05/01/08 | |
| 210 | 26.22 | 10.5% | 27.22 | 3.8% | 05/01/08 | |
| 211 | 24.10 | 6.6% | 25.10 | 4.1% | 05/01/08 | |
| 213 | 26.22 | 10.5% | 27.22 | 3.8% | 05/01/08 | |
| 215 | 24.10 | 6.6% | 25.10 | 4.1% | 05/01/08 | |
| 217 | 24.10 | 6.6% | 25.10 | 4.1% | 05/01/08 | |
| 219 | 21.68 | 7.4% | 22.68 | 4.6% | 05/01/08 | |
| 220 | 24.10 | 6.6% | 25.10 | 4.1% | 05/01/08 | |
| 221 | 21.68 | 7.4% | 22.68 | 4.6% | 05/01/08 | |
| 225 | 20.18 | 3.0% | 20.99 | 4.0% | 09/10/07 | |
| 227 | 21.68 | 7.4% | 22.68 | 4.6% | 05/01/08 | |
| 229 | 25.22 | 6.3% | 26.22 | 4.0% | 05/01/08 | |
| 231 | 24.10 | 6.6% | 25.10 | 4.1% | 05/01/08 | |
| 232 | 25.22 | 6.3% | 26.22 | 4.0% | 05/01/08 | |
| 234 | 25.36 | 6.3% | 26.36 | 3.9% | 05/01/08 | |
| 235 | 24.64 | 6.5% | 25.64 | 4.1% | 05/01/08 | |
| 237 | 24.10 | 6.6% | 25.10 | 4.1% | 05/01/08 | |
| 238 | 22.44 | 7.2% | 23.44 | 4.5% | 05/01/08 | |
| 239 | 25.22 | 6.3% | 26.22 | 4.0% | 05/01/08 | |
| 605 | 14.24 | 3.0% | 14.81 | 4.0% | 09/10/07 | |
| 609 | 17.93 | 3.0% | 18.47 | 3.0% | 06/01/07 | |
| 610 | 18.40 | 3.0% | 19.14 | 4.0% | 09/10/07 | |
| 611 | 13.41 | 3.0% | 13.95 | 4.0% | 03/30/08 | |
| 615 | 13.03 | 3.0% | 13.42 | 3.0% | 08/18/07 | |
| 616 | 12.79 | 3.0% | 13.30 | 4.0% | 09/15/07 | |
| 617 | 11.95 | 3.0% | 12.43 | 4.0% | 02/27/08 | |
| 618 | 20.11 | 3.0% | 20.71 | 3.0% | 07/27/07 | |
| 619 | 12.31 | 3.0% | 12.80 | 4.0% | 09/22/07 | |
| 620 | 20.18 | 8.0% | 21.18 | 5.0% | 05/01/08 | Step increase |
| 622 | 15.60 | 3.0% | 15.85 | 1.6% | 02/11/08 | |
| 632 | 11.03 | 4.0% | 11.60 | 5.2% | 02/25/08 | |
| 634 | 10.71 | 4.0% | 11.60 | 8.3% | 02/25/08 | Additional duties |

Grayson Rural Electric Cooperative
Case No. 2008-00254
Compensation of Executive Officers
May 31, 2008

| | <---- | Test Year | ----> | Employees |
|-------------------------------------|---------------|-----------------|-------------|---------------|
| | | Percent of | | who |
| | <u>Salary</u> | <u>Increase</u> | <u>Date</u> | <u>Report</u> |
| Chief Executive Officer - CEO | 106,825.00 | 3.0% | 01/02/08 | all |
| Manager, Finance and Administration | 78,349.00 | 4.0% | 04/28/08 | 7 |
| Manager of Operations | 78,349.00 | 10.7% | 03/25/08 | 22 |
| Manager Office Services | 49,296.00 | 0.0% | 09/01/07 | 3 |
| Manager, Mktg and Member Services | 52,224.00 | 0.0% | 09/01/07 | 12 |

| | <u>First Preceding Year</u> | | |
|-------------------------------------|-----------------------------|-----------------|-------------|
| | | Percent of | |
| | <u>Salary</u> | <u>Increase</u> | <u>Date</u> |
| Chief Executive Officer - CEO | 103,719.00 | 3.0% | 01/01/07 |
| Manager, Finance and Administration | 75,336.00 | 8.2% | 04/28/07 |
| Manager of Operations | 70,776.00 | 12.3% | 03/25/07 |
| Manager Office Services | 49,296.00 | 8.9% | 09/01/06 |
| Manager, Mktg and Member Services | 52,224.00 | 12.2% | 09/01/06 |

| | <u>Second Preceding Year</u> | | |
|-------------------------------------|------------------------------|-----------------|-------------|
| | | Percent of | |
| | <u>Salary</u> | <u>Increase</u> | <u>Date</u> |
| Chief Executive Officer - CEO | 100,693.00 | 3.0% | 01/01/06 |
| Manager, Finance and Administration | 69,620.00 | 3.0% | 04/28/06 |
| Manager of Operations | 63,038.00 | 5.1% | 03/25/06 |
| Manager Office Services | 45,270.00 | 3.0% | 09/01/05 |
| Manager, Mktg and Member Services | 46,539.00 | 3.0% | 09/01/05 |

Grayson Rural Electric Cooperative
Case No. 2008-00254
Compensation of Executive Officers
May 31, 2008

President & CEO Duties and Responsibilities

It is the responsibility of the President & CEO to report directly to the Board of Directors in implementing the Board policies and directives.

VP, Finance and Administration

Coordinates all audit efforts by various agencies. Maintains financial status of Cooperative by developing budgets and financial statements. Collaborates with other Vice Presidents to fill vacant positions. Assists and advises other departments as requested in the preparation of departmental budgets. Maintains all information related to accounting as needed. Determine short term cash investments and long term cash requirements. Assists in the development of information necessary for long term loan applications. Review financial information to ensure compliance with regulatory agencies. Ensure taxes are properly prepared and filed on a timely basis. Reports directly to the President & CEO.

Manager of Operations

Collaborates with Construction and Maintenance Supervisors and Contractors on a daily basis for operational needs. Prepares and presents the CEO an annual capital and expense budget. Plan and organize to serve members with efficient work. Promote fast, dependable electric service to the members and maintain power quality. Maintain knowledge of local and national laws and regulations governing the operations of Grayson Rural Electric. Reports directly to the President & CEO.

Manager, Office Services

Plan and organize to serve members with efficient work. Prepare and supervise the preparation of monthly financial statements and reports. Analyze electric sales revenues, collections, delinquents, write-offs and penalty charges for efficiencies. Maintain knowledge of laws and regulations governing the operations of Grayson Rural Electric. Directs preparation of daily cash transactions. Certifies the monthly Uniform Fuel Adjustment regulation and submits to PSC. Reports directly to the President & CEO.

Manager, Marketing and Member Services

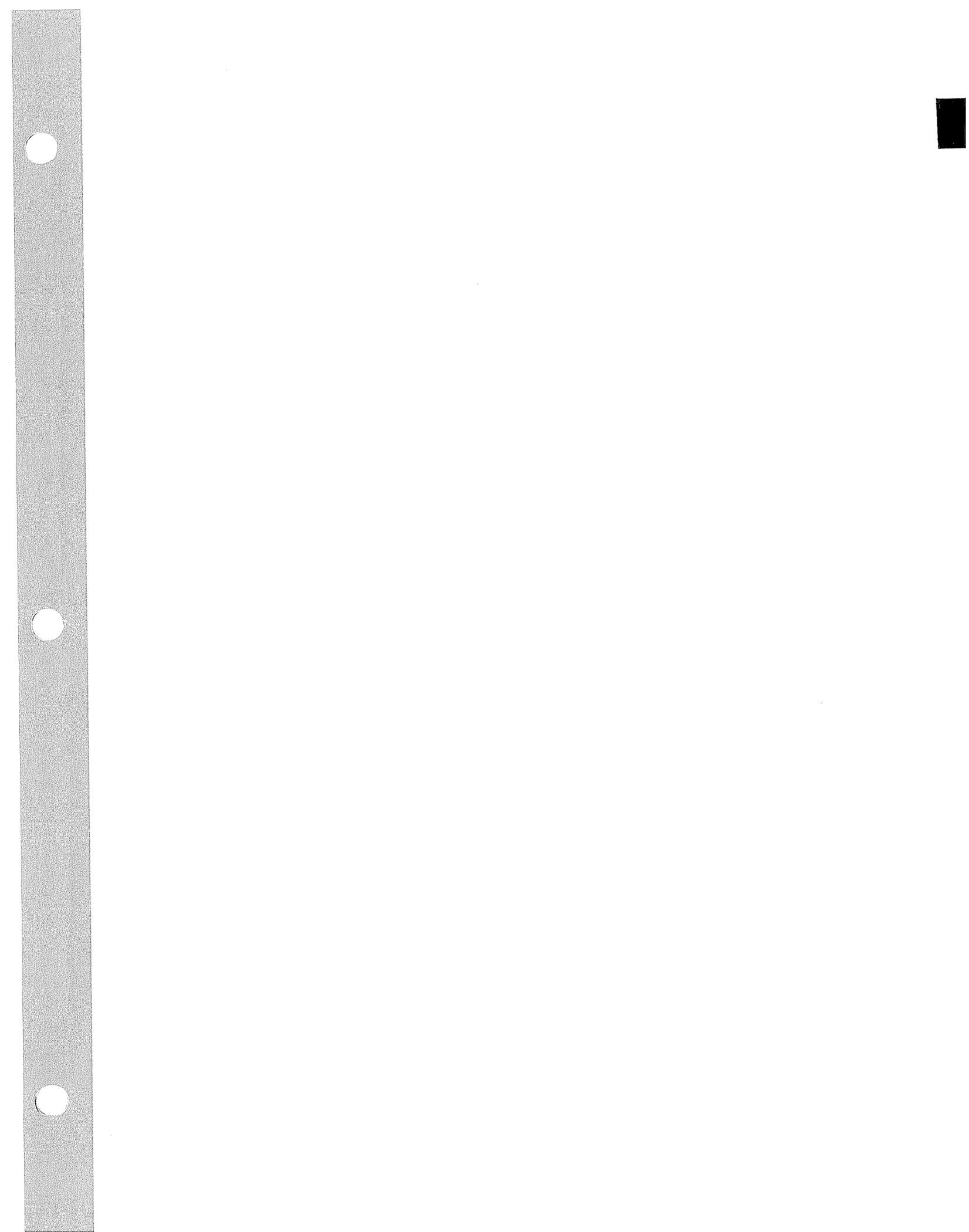
Plan and organize to serve members with efficient work. Investigate member concerns that have not been satisfied by other employees. Analyze electric sales revenues, collections, delinquents, write-offs and penalty charges for efficiencies. Maintain knowledge of laws and regulations governing the operations of Grayson Rural Electric. Participate in community events and programs. Reports directly to the President & CEO.

Grayson Rural Electric Cooperative
Case No. 2008-00254

Exhibit 1
page 8 of 8
Witness: Don Combs

Analysis of Salaries and Wages
For the calendar years 2003 through 2005
and the Test year

| Line No | Item (a) | Twelve Months Ended | | | | | | Test year | |
|---------|--|---------------------|-------|------------|-------|------------|-------|------------|-------|
| | | 2005 | | 2006 | | 2007 | | 2008 | |
| | | Amount (f) | % (g) | Amount (h) | % (i) | Amount (j) | % (k) | Amount (l) | % (m) |
| 1 | Wages charged to expense: | | | | | | | | |
| 2 | Distribution expense | 551,979 | -8% | 556,654 | 1% | 596,053 | 7% | 653,166 | 10% |
| 3 | Customer accounts expense | 297,318 | 7% | 281,128 | -5% | 287,822 | 2% | 288,451 | 0% |
| 4 | Customer service and information | 45,819 | 73% | 52,183 | 14% | 55,672 | 7% | 55,503 | -0% |
| 5 | Sales expense | 14,572 | 36% | 11,766 | -19% | 15,390 | 31% | 14,781 | -4% |
| 6 | Administrative and general expenses: | | | | | | | | |
| | (a) Administrative and general | 336,478 | 6% | 342,482 | 2% | 345,815 | 1% | 359,982 | 4% |
| | (b) Office supplies and expense | | | | | | | | |
| | (c) Outside services employed | | | | | | | | |
| | (d) Property insurance | | | | | | | | |
| | (e) Injuries and damages | | 0% | | 0% | | 0% | | 0% |
| | (f) Employees hospitalization and bene: | 15,328 | 12% | 13,195 | -14% | 35,490 | 169% | 28,461 | -20% |
| | (g) Retirement and security | | | | | | | | |
| | (h) Miscellaneous general | 11,736 | 6% | 12,148 | 4% | 13,420 | 10% | 15,460 | 15% |
| | (i) Maintenance of general plant | 8,586 | -10% | 7,973 | -7% | 3,605 | -55% | 6,656 | 85% |
| 7 | Total administrative and general expenses L6(a) to L6(i) | 372,128 | 5% | 375,798 | -3% | 398,330 | 6% | 410,559 | -3% |
| 8 | Charged to clearing and others | 359,349 | 15% | 340,874 | -5% | 310,894 | -9% | 363,342 | 17% |
| 9 | Total salaries and wages charged to expense and other L2 to L6 + L7 + L8 | 1,641,165 | 4% | 1,618,403 | -1% | 1,664,161 | 3% | 1,785,802 | 7% |
| 10 | Wages capitalized | 475,304 | -6% | 494,779 | 4% | 482,583 | -2% | 477,750 | -1% |
| 11 | Total salaries and wages | 2,116,469 | 1% | 2,113,182 | -0% | 2,146,744 | 2% | 2,263,552 | 5% |
| 12 | Ratio of salaries and wages charged to expense to total wages L9 / L11 | 78% | | 77% | | 78% | | 79% | |
| 13 | Ratio of salaries and wages capitalized to total wages L10 / L11 | 22% | | 23% | | 22% | | 21% | |
| 14 | Overtime wages | 140,229 | -32% | 129,303 | -8% | 130,619 | 1% | 150,128 | 15% |
| 15 | Overtime hours | 4,275 | | 3,826 | | 3,638 | | 4,098 | |



Grayson Rural Electric Cooperative
Case No. 2008-00254
Payroll Taxes

The employer's portion of FICA and medicare rates remain the same for 2008 as they were for 2007. The FICA rate is 6.2% and medicare is 1.45%. The wage limit increases from \$97,500 in 2007 to \$102,000 in 2008 for FICA; all wages are subject to medicare.

Federal unemployment rates are 0.80% for the first \$7,000 of wages and state unemployment rate is 0.70% for the first \$8,000 of wages.

| | | | |
|------------------------|----------------------------|----------------|---------------|
| Proposed FICA amounts | | | |
| FICA | | 147,610 | |
| Medicare | | 34,657 | |
| | | 182,268 | |
| Proposed FUTA | | 2,675 | |
| Proposed SUTA | | 2,648 | 187,591 |
| | | | |
| Test year amount | | | |
| FICA and Medicare | | 174,379 | |
| Test year FUTA | | 2,677 | |
| Test year SUTA | | 3,369 | 180,425 |
| | | | |
| Increase | | | 7,166 |
| Adjustment: | | | |
| | | <u>Percent</u> | <u>Amount</u> |
| 107 | Capitalized | 21.20% | 1,519 |
| 163 - 416 | Clearing and others | 16.00% | 1,147 |
| 580 | Operations | 11.30% | 810 |
| 590 | Maintenance | 17.50% | 1,254 |
| 901 | Consumer accounts | 12.70% | 910 |
| 908 | Customer service | 2.50% | 179 |
| 912 | Sales | 0.70% | 50 |
| 920 | Administrative and general | 18.10% | 1,297 |
| | | | |
| | | 100.00% | \$7,166 |

State unemployment (SUTA) wage rates are as follows:

| | |
|------|-------|
| 2008 | 0.70% |
| 2007 | 0.70% |
| 2006 | 0.70% |
| 2005 | 1.00% |
| 2004 | 0.80% |

Grayson Rural Electric Cooperative
Case No. 2008-00254
Employee Earnings and Hours
May 31, 2008

Exhibit 2
page 2 of 3
Witness: Alan Zumstein

| Employee Number | Total | Social Security Wages | | Medicare Wages | | Federal Unemployment | | State Unemployment | |
|-----------------|-------|-----------------------|-------|----------------|-------|----------------------|-------|--------------------|--------|
| | | Up To | @ | All Wages | 1.45% | Up to | 0.80% | Up to | 0.700% |
| | | \$102,000 | 6.20% | | | \$7,000 | | \$8,000 | |

Salaried Employees:

| | | | | | | | | | |
|-------------------|---------|---------|--------|---------|-------|--------|-----|--------|-----|
| 100 | 54,865 | 54,865 | 3,402 | 54,865 | 796 | 7,000 | 56 | 8,000 | 56 |
| 205 | 48,113 | 48,113 | 2,983 | 48,113 | 698 | 7,000 | 56 | 8,000 | 56 |
| 206 | 81,669 | 81,669 | 5,063 | 81,669 | 1,184 | 7,000 | 56 | 8,000 | 56 |
| 212 | 62,640 | 62,640 | 3,884 | 62,640 | 908 | 7,000 | 56 | 8,000 | 56 |
| 226 | 78,491 | 78,491 | 4,866 | 78,491 | 1,138 | 7,000 | 56 | 8,000 | 56 |
| 228 | 58,194 | 58,194 | 3,608 | 58,194 | 844 | 7,000 | 56 | 8,000 | 56 |
| 602 | 49,343 | 49,343 | 3,059 | 49,343 | 715 | 7,000 | 56 | 8,000 | 56 |
| 603 | 84,494 | 84,494 | 5,239 | 84,494 | 1,225 | 7,000 | 56 | 8,000 | 56 |
| 900 | 111,348 | 102,000 | 6,324 | 111,348 | 1,615 | 7,000 | 56 | 8,000 | 56 |
| 901 | 55,839 | 55,839 | 3,462 | 55,839 | 810 | 7,000 | 56 | 8,000 | 56 |
| Subtotal Salaried | 684,996 | 675,647 | 41,890 | 684,996 | 9,932 | 70,000 | 560 | 80,000 | 560 |

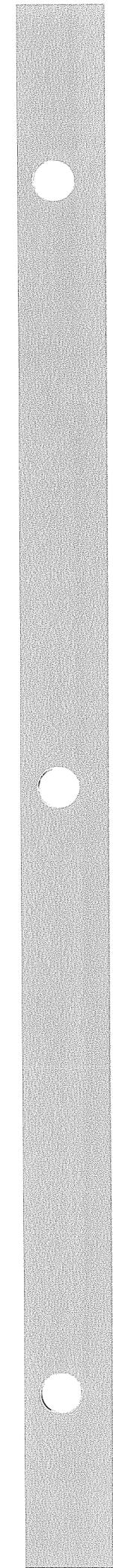
Hourly Employees:

| | | | | | | | | | |
|-----|--------|--------|-------|--------|-------|-------|----|-------|----|
| 203 | 63,832 | 63,832 | 3,958 | 63,832 | 926 | 7,000 | 56 | 8,000 | 56 |
| 208 | 68,107 | 68,107 | 4,223 | 68,107 | 988 | 7,000 | 56 | 8,000 | 56 |
| 209 | 63,687 | 63,687 | 3,949 | 63,687 | 923 | 7,000 | 56 | 8,000 | 56 |
| 210 | 70,064 | 70,064 | 4,344 | 70,064 | 1,016 | 7,000 | 56 | 8,000 | 56 |
| 211 | 60,541 | 60,541 | 3,754 | 60,541 | 878 | 7,000 | 56 | 8,000 | 56 |
| 213 | 66,335 | 66,335 | 4,113 | 66,335 | 962 | 7,000 | 56 | 8,000 | 56 |
| 215 | 63,741 | 63,741 | 3,952 | 63,741 | 924 | 7,000 | 56 | 8,000 | 56 |
| 217 | 56,387 | 56,387 | 3,496 | 56,387 | 818 | 7,000 | 56 | 8,000 | 56 |
| 219 | 50,690 | 50,690 | 3,143 | 50,690 | 735 | 7,000 | 56 | 8,000 | 56 |
| 220 | 58,935 | 58,935 | 3,654 | 58,935 | 855 | 7,000 | 56 | 8,000 | 56 |
| 221 | 52,584 | 52,584 | 3,260 | 52,584 | 762 | 7,000 | 56 | 8,000 | 56 |
| 225 | 44,100 | 44,100 | 2,734 | 44,100 | 639 | 7,000 | 56 | 8,000 | 56 |
| 227 | 49,987 | 49,987 | 3,099 | 49,987 | 725 | 7,000 | 56 | 8,000 | 56 |
| 229 | 65,419 | 65,419 | 4,056 | 65,419 | 949 | 7,000 | 56 | 8,000 | 56 |
| 231 | 57,165 | 57,165 | 3,544 | 57,165 | 829 | 7,000 | 56 | 8,000 | 56 |
| 232 | 66,940 | 66,940 | 4,150 | 66,940 | 971 | 7,000 | 56 | 8,000 | 56 |
| 234 | 60,931 | 60,931 | 3,778 | 60,931 | 884 | 7,000 | 56 | 8,000 | 56 |
| 235 | 53,447 | 53,447 | 3,314 | 53,447 | 775 | 7,000 | 56 | 8,000 | 56 |
| 237 | 60,642 | 60,642 | 3,760 | 60,642 | 879 | 7,000 | 56 | 8,000 | 56 |
| 238 | 48,954 | 48,954 | 3,035 | 48,954 | 710 | 7,000 | 56 | 8,000 | 56 |
| 239 | 72,551 | 72,551 | 4,498 | 72,551 | 1,052 | 7,000 | 56 | 8,000 | 56 |
| 605 | 31,434 | 31,434 | 1,949 | 31,434 | 456 | 7,000 | 56 | 8,000 | 56 |

Grayson Rural Electric Cooperative
Case No. 2008-00254
Employee Earnings and Hours
May 31, 2008

Exhibit 2
page 3 of 3
Witness: Alan Zumstein

| Employee Number | Total | Social Security Wages | | Medicare Wages | | Federal Unemployment | | State Unemployment | |
|--|-----------|-----------------------|------------|----------------|--------|----------------------|-------|--------------------|--------|
| | | Up To \$102,000 | @ 6.20% | All Wages | 1.45% | Up to \$7,000 | 0.80% | Up to \$8,000 | 0.700% |
| 609 | 38,565 | 38,565 | 2,391 | 38,565 | 559 | 7,000 | 56 | 8,000 | 56 |
| 610 | 39,974 | 39,974 | 2,478 | 39,974 | 580 | 7,000 | 56 | 8,000 | 56 |
| 611 | 29,727 | 29,727 | 1,843 | 29,727 | 431 | 7,000 | 56 | 8,000 | 56 |
| 615 | 28,598 | 28,598 | 1,773 | 28,598 | 415 | 7,000 | 56 | 8,000 | 56 |
| 616 | 27,870 | 27,870 | 1,728 | 27,870 | 404 | 7,000 | 56 | 8,000 | 56 |
| 617 | 26,022 | 26,022 | 1,613 | 26,022 | 377 | 7,000 | 56 | 8,000 | 56 |
| 618 | 43,336 | 43,336 | 2,687 | 43,336 | 628 | 7,000 | 56 | 8,000 | 56 |
| 619 | 26,765 | 26,765 | 1,659 | 26,765 | 388 | 7,000 | 56 | 8,000 | 56 |
| 620 | 47,761 | 47,761 | 2,961 | 47,761 | 693 | 7,000 | 56 | 8,000 | 56 |
| 622 | 34,212 | 34,212 | 2,121 | 34,212 | 496 | 7,000 | 56 | 8,000 | 56 |
| 632 | 24,290 | 24,290 | 1,506 | 24,290 | 352 | 7,000 | 56 | 8,000 | 56 |
| 634 | 25,218 | 25,218 | 1,564 | 25,218 | 366 | 7,000 | 56 | 8,000 | 56 |
| Subtotal hourly | 1,678,813 | 1,678,813 | 104,086 | 1,678,813 | 24,343 | 238,000 | 1,904 | 272,000 | 1,904 |
| Summer and Part Time Employees: | | | | | | | | | |
| 246 | 3,744 | 3,744 | 232 | 3,744 | 54 | 3,744 | 30 | 3,744 | 26 |
| 248 | 2,907 | 2,907 | 180 | 2,907 | 42 | 2,907 | 23 | 2,907 | 20 |
| 631 | 3,724 | 3,724 | 231 | 3,724 | 54 | 3,724 | 30 | 3,724 | 26 |
| 635 | 6,219 | 6,219 | 386 | 6,219 | 90 | 6,219 | 50 | 6,219 | 44 |
| 636 | 4,475 | 4,475 | 277 | 4,475 | 65 | 4,475 | 36 | 4,475 | 31 |
| 638 | 5,285 | 5,285 | 328 | 5,285 | 77 | 5,285 | 42 | 5,285 | 37 |
| Subtotal summ | 26,355 | 26,355 | 1,634 | 26,355 | 382 | 26,355 | 211 | 26,355 | 184 |
| Retirees: | | | | | | | | | |
| Subtotal retiree | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 2,390,163 | 2,380,814 | 147,610 | 2,390,163 | 34,657 | 334,355 | 2,675 | 378,355 | 2,648 |



Witness: Alan Zumstein

Grayson Rural Electric Cooperative

Case No. 2008-00254

May 31, 2008

Depreciation Expense

Depreciation is computed on a composite basis. The ending plant balance is multiplied by rates that are within RUS approved guidelines. Depreciation rates and procedures follow RUS Bulletin 183-1. Grayson Rural Electric has had a depreciation study performed as of December 31, 2007 and is submitting that study with this application.

Depreciation on transportation equipment is charged to a clearing account. Transportation costs are then cleared to various accounts based on time used for each vehicle from the daily time sheets of employees driving the vehicles.

Items of general plant that are fully-depreciated have been removed from the calculation in order to determine the normalized depreciation cost. These amounts have been separated on the right had column of the normalized calculation.

Grayson Rural Electric Cooperative
Case No. 2008-00254
May 31, 2008

Schedule 3
page 2 of 6

| Account Number | Description | Test Year Balance | Rate | Normalized Expense | Test Year Expense | Exclude Items Fully Depreciated |
|----------------------------|------------------------------------|-------------------|--------|--------------------|-------------------|---------------------------------|
| Distribution plant: | | | | | | |
| 362 | Station equipment | 31,054 | 2.86% | 888 | | |
| 364 | Poles, towers & fixtures | 18,663,608 | 4.99% | 931,314 | | |
| 365 | Overhead conductors & devices | 14,468,542 | 4.84% | 700,277 | | |
| 367 | Underground conductor & devices | 308,059 | 3.13% | 9,642 | | |
| 368 | Line transformers | 6,722,239 | 3.45% | 231,917 | | |
| 369 | Services | 5,493,899 | 4.02% | 220,855 | | |
| 370 | Meters | 1,313,762 | 6.67% | 87,628 | | |
| 370.10 | Meters, AMI | 1,266,049 | 6.67% | 84,445 | | |
| 371 | Installations on customer premises | 1,174,155 | 4.09% | 48,023 | | |
| | | <u>49,441,367</u> | | <u>2,314,990</u> | <u>1,471,175</u> | |
| General plant: | | | | | | |
| 389 | Land | 79,057 | | | | |
| 390 | Structures and improvements | 935,639 | 2.50% | 23,391 | 20,570 | |
| 391 | Office furn and eqt | 548,623 | 6.00% | 32,917 | 30,335 | |
| 392 | Transportation | 1,414,533 | 16.00% | 155,231 | 149,109 | 444,338 |
| 393 | Stores | 7,564 | 5.00% | 107 | 103 | 5,418 |
| 394 | Tools, shop and garage | 34,303 | 5.00% | 1,540 | 2,139 | 3,507 |
| 395 | Laboratory | 181,491 | 5.00% | 9,008 | 8,280 | 1,325 |
| 396 | Power operated | 48,447 | 14.00% | 6,016 | 5,886 | 5,475 |
| 397 | Communications | 279,309 | 7.00% | 18,291 | 16,913 | 18,013 |
| 398 | Miscellaneous | 119,561 | 5.00% | 5,780 | 4,108 | 3,952 |
| | | <u>3,648,527</u> | | <u>252,282</u> | <u>237,443</u> | |
| | Total electric plant | <u>53,089,894</u> | | <u>2,567,272</u> | <u>1,708,618</u> | |

Items that are fully depreciated are removed from the ending balance to compute test year depreciation.

Witness: Alan Zumstein

Grayson Rural Electric Cooperative
Case No. 2008-00254
May 31, 2008

| | <u>Normalized</u> | <u>Test Year</u> | <u>Adjustment</u> |
|--|-------------------|----------------------|-------------------|
| Total depreciation accruals | 2,567,272 | 1,708,618 | 858,654 |
| Less amount to transportation clearing | <u>161,247</u> | <u>154,995</u> | <u>6,252</u> |
| Depreciation expense | <u>2,406,025</u> | <u>1,553,623</u> | <u>852,402</u> |

The allocation of the increase in depreciation on transportation equipment is based on actual test year transportation clearing.

| <u>Account</u> | <u>%</u> | <u>Amount</u> |
|----------------------------------|-------------|----------------|
| Construction and retirement WIP | 34% | \$2,153 |
| Others | 1% | 74 |
| Distribution - operations | 15% | 941 |
| Distribution - maintenance | 27% | 1,682 |
| Consumer accounts | 7% | 432 |
| Consumer service and information | 6% | 357 |
| Administrative and general | <u>10%</u> | <u>613</u> |
| Total | <u>100%</u> | <u>\$6,252</u> |

Grayson Rural Electric Cooperative
Case No. 2008-00254
May 31, 2008

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32
33
34

| Changes in electric plant: | | <u>Begin</u> <u>Balance</u> | <u>Additions</u> | <u>Retirements</u> | <u>Transfer</u> | <u>End</u> <u>Balance</u> |
|-----------------------------------|--|--------------------------------|------------------|--------------------|-----------------|------------------------------|
| | | 31,054 | 0 | | | 31,054 |
| 362 | Station equipment | 17,933,919 | 951,775 | 222,086 | | 18,663,608 |
| 364 | Poles, towers and fixtures | 13,795,903 | 949,762 | 277,123 | | 14,468,542 |
| 365 | Overhead conductor and devices | 296,767 | 17,307 | 6,015 | | 308,059 |
| 367 | Underground conductor and devices | 6,471,996 | 318,973 | 68,730 | | 6,722,239 |
| 368 | Line transformers | 5,273,583 | 262,145 | 41,829 | | 5,493,899 |
| 369 | Services | 1,301,017 | 16,676 | 3,931 | | 1,313,762 |
| 370 | Meters | 1,188,263 | 79,138 | 1,352 | | 1,266,049 |
| 370.10 | Meters, AMR | 1,093,608 | 81,898 | 1,351 | | 1,174,155 |
| 371 | Security lights | | | | | |
| | Subtotal distribution plant | <u>47,386,110</u> | <u>2,677,674</u> | <u>622,417</u> | <u>0</u> | <u>49,441,367</u> |
| | | 79,057 | 0 | | | 79,057 |
| 389 | Land | 930,789 | 4,850 | | | 935,639 |
| 390 | Structures and improvements | 533,006 | 49,008 | 33,391 | | 548,623 |
| 391 | Office furn and eqt | 1,300,972 | 222,787 | 109,226 | | 1,414,533 |
| 392 | Transportation | 7,564 | 0 | | | 7,564 |
| 393 | Stores | 29,903 | 4,400 | | | 34,303 |
| 394 | Tools, shop and garage | 162,861 | 18,630 | | | 181,491 |
| 395 | Laboratory | 48,447 | 0 | | | 48,447 |
| 396 | Power operated | 277,141 | 2,168 | | | 279,309 |
| 397 | Communication | 87,099 | 48,264 | 15,802 | | 119,561 |
| 398 | Miscellaneous | | | | | |
| | Subtotal general plant | <u>3,456,839</u> | <u>350,107</u> | <u>158,419</u> | <u>0</u> | <u>3,648,527</u> |
| | Total electric plant in service | <u>50,842,949</u> | <u>3,027,781</u> | <u>780,836</u> | <u>0</u> | <u>53,089,894</u> |

Grayson Rural Electric Cooperative
Case No. 2008-00254
May 31, 2008

Changes in reserve for depreciation:

| | <u>Begin Balance</u> | <u>Accrual</u> | <u>Original Cost</u> | <u>Removal Cost</u> | <u>Gain/Loss Salvage</u> | <u>Net Charge</u> | <u>End Balance</u> |
|--------------------------------|--------------------------|----------------|--------------------------|-------------------------|------------------------------|-----------------------|------------------------|
| Distribution plant | 5,770,454 | 1,471,175 | 622,417 | 258,305 | 26,695 | 854,027 | 6,336,756 |
| Land | | | | | | | 417,261 |
| Structures and improvements | 396,691 | 20,570 | 0 | | | | 224,786 |
| Office furn and eqt | 206,523 | 30,335 | 33,391 | | 12,072 | | 922,824 |
| Transportation | 882,941 | 149,109 | 109,226 | | 109,226 | | 6,362 |
| Stores | 6,259 | 103 | 0 | | | | 14,690 |
| Tools, shop and garage | 12,551 | 2,139 | 0 | | | | 73,907 |
| Laboratory | 65,627 | 8,280 | 0 | | | | 43,056 |
| Power operated | 37,170 | 5,886 | 0 | | | | 195,229 |
| Communication | 178,316 | 16,913 | 0 | | | | 31,127 |
| Other tangible | 41,465 | 4,108 | 15,802 | | 14,446 | | |
| Subtotal general plant | 1,827,543 | 237,443 | 158,419 | 0 | 135,744 | 0 | 1,929,242 |
| Retirement WIP | 37,276 | | | 6,408 | | 6,408 | 43,684 |
| Total accumulated depreciation | 7,560,721 | 1,708,618 | 780,836 | 251,897 | 162,439 | 847,619 | 8,222,314 |

Grayson Rural Electric Cooperative
 Case No. 2008-00254
 Depreciation Guideline Curve
 May 31, 2008

| Year Ended | Distribution Plant in Service | Accumulated Deprec for Distribution | Reserve Ratio | Ratio of Current Distribution Plant to Distribution Plant 10 Years Prior |
|---------------|-------------------------------------|--|------------------|---|
| 2007 | 48,409,428 | 6,198,876 | 12.81% | 1.64 |
| 2006 | 46,394,887 | 5,590,267 | 12.05% | 1.70 |
| 2005 | 44,262,045 | 5,069,767 | 11.45% | 1.76 |
| 2004 | 42,495,016 | 4,829,766 | 11.37% | 1.86 |
| 2003 | 40,429,086 | 4,605,714 | 11.39% | 1.92 |
| 1997 | 29,557,342 | 3,642,560 | 12.32% | |
| 1996 | 27,286,146 | 3,819,774 | 14.00% | |
| 1995 | 25,134,250 | 4,360,987 | 17.35% | |
| 1994 | 22,796,029 | 4,647,621 | 20.39% | |
| 1993 | 21,100,693 | 4,451,559 | 21.10% | |

**Grayson Rural Electric
Cooperative Corporation
Grayson, Kentucky**

**Service Life and Salvage Study and
Recommended Depreciation Accrual Rates
as of December 31, 2007**

Prepared by:
Jim Adkins Consulting
Lexington, Kentucky

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Grayson Rural Electric Cooperative

Distribution Plant Depreciation Study

as of December 31, 2007

INTRODUCTION

This depreciation study was performed for Grayson Rural Electric Cooperative in Grayson, Kentucky. The purpose of the study was as follows:

1. To recommend appropriate depreciation rates based on estimates of average life mortality characteristics and net salvage that will fully recover the cost of the property, adjusted for net salvage over its estimated life.
2. To determine the adequacy of the book reserve for depreciation at a point in time by comparing it with a theoretical reserve based on the same average lives, mortality characteristics, and net salvage as used to determine the recommended depreciation rates.
3. To determine if necessary some method to adjust the book reserve for past over or under accruals as indicated by comparison with the theoretical depreciation reserve requirement.
4. To review in detail the history, status, procedures and policies of Grayson Rural Electric's depreciation functions, records and operating techniques.

Grayson Rural Electric has never had a depreciation study performed. Since there are many factors affecting estimates of depreciation rates and accrued depreciation, and these factors are constantly changing, a depreciation study only represents the best judgment at the time the study is performed. Actual results may vary from the forecasts and variations may be material. A review of depreciation should be made at least every five (5) years so that Grayson Rural Electric's depreciation practices reflect those changes.

DEPRECIATION

Book depreciation accounting is merely the recognition in financial statements that physical assets are being consumed in the process of providing a service or product. Generally accepted accounting principles require the recording of depreciation provisions to be systematic and rational. In order to be systematic and rational, depreciation should, to the extent possible, match either the consumption of the facilities or the revenues generated by the facilities. Accounting theory requires the matching of expenses with either consumption or revenues to ensure that financial statements reflect the results of operations and changes in financial position as accurately as possible. The matching principle is often referred to as the cause and effect principle, thus, both the cause and the effect are required to be recognized for financial purposes.

Because price regulation and not the market place controls revenues, for utility accounting purposes consumption is important and is usually assumed to occur at a constant rate. The key to the validity of the utility book depreciation accounting lies in accurately measuring property consumption through determining its mortality characteristics. The term "mortality characteristics" encompasses average service life and dispersion (variation) of retirements around average service life, as well as salvage and cost of removal (net salvage).

DEPRECIATION DEFINITIONS

The Uniform System of Accounts prescribed for electric borrowers of the Rural Utilities Service (RUS) states that depreciation "as applied to depreciable electric plant, means the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of electric plant in the course of service from causes which are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand and requirements of public authorities".

DEPRECIATION DEFINITIONS

Service value as defined "means the difference between original cost and net salvage of electric plant".

Net salvage value is "the salvage value of property retired less the cost of removal. Salvage value' means the amount received for the property retired", and "'cost of removal' means the cost of demolishing, dismantling, tearing down or otherwise removing electric plant, including the cost of transportation and handling incidental thereto". Thus, is the salvage that will actually be received and the cost of removal that will actually be incurred, both measured at the price level at the time of receipt or incurrence, that is required to be recognized by the company through capital recovery.

Grayson Rural Electric Cooperative

SCOPE

The study included construction and retirement activity for distribution plant from 1951 through 2007. Grayson Rural Electric has maintained its plant and depreciation records in accordance with the Uniform System of Accounts as issued by the Rural Utilities Service (RUS). As such Grayson Rural Electric's plant records are maintained on a mass property, average historical cost basis in its continuing property records. Grayson Rural Electric maintained continuing property records (CPR's) on the construction unit cost basis until the mid 1980's, at which time they were converted to the record unit basis for CPR's. This conversion process caused moneys to shift from different plant accounts, i.e., from Account 364 to Account 365, et
As a result, plant additions and retirements were recalculated for the years prior to the conversion using the same ratio as the plant additions and retirements after the CPR conversion.

The study was performed utilizing a computer program which incorporated the "Iowa Type Survivor Curves". These curves are frequently used by utilities for analyzing depreciation of property recorded on a mass basis. The curves analyze the life of mass property accounted for on the vintage basis. Vintage accounting is a system where plant is accounted for by year of installation and its life is tagged as such through retirement. Since vintage accounting is not required by the uniform system of accounts, this type of record was not maintained for the mass plant items. The study therefore used the technique of creating simulated plant records on a vintage basis.

The computer program used utilizes incorporates the Simulated Plant Record (SPR) method of analyzing data. Studies have shown that mass property kept on a vintage record basis generally fits one of 31 Iowa survivor curves. Through additional studies it has been shown that if plant is retired but it was not recorded on a vintage basis it would still follow the pattern of one of these curves. The SPR method of analyzing the data test the additions, retirements and plant balances for each year to fit the data to the best curve for analysis.

The result of simulating the plant balances and the depreciation reserve, and allocating the net salvage is to be able to develop the average plant lives and calculate the plant balances, reserve balances and annual depreciation accruals for distribution assets in service.

Grayson Rural Electric Cooperative

SCOPE

The most likely retirement patterns and average service lives were developed based on the SPR analysis. This information was then analyzed for appropriateness and a curve and service life were selected for each account.

The study of depreciation also utilizes the estimates of net salvage for the primary plant accounts. Net salvage is the result of combining salvage received for plant removed from service and the cost of removal. These records were not maintained on a primary account basis since it was not required by the uniform system of accounts. As part of this study, both the cost of removal and salvage were allocated to the primary plant accounts on a percentage basis. The percentages were based on a review of salvage and cost of removal accounts at Grayson Rural Electric for a ten (10) year period.

When utilizing the whole life method of accounting for depreciation, it is necessary to determine the adequacy of the depreciation reserve for each account. Grayson Rural Electric does not maintain separate accumulated depreciation reserve accounts for each of its distribution plant accounts. The calculation of the net salvage is performed on an average of the original cost of units of property retired on a monthly basis. This method does not give consideration for net salvage ratio being different than the ratio of original cost each month. Therefore, it is necessary to develop a calculated depreciation reserve for each individual account. This was done by utilizing the average service life developed above, along with the net salvage ratio (as noted above) and applying the rate to the historical additions and the simulated retirements to date to obtain the calculated depreciation reserve.

The depreciation expense and the depreciation reserve were calculated on a composite basis for each account historically by Grayson Rural Electric. For comparative purposes the depreciation expense was calculated for each year based on the proposed rates in this study, and the composite rate was calculated and compared to the current composite rate.

During 2002 through 2005, Grayson Rural Electric changed out its existing meters and installed automated meter reading (AMR) devices. There was not enough activity, nor any retirements, in Account 370.10, Automated Meters to generate acceptable simulated plant study results. Therefore, it was estimated that Account 370.10, Automated Meters would use a useful life of 15 years. Based on judgmental factors and discussions with various other electric cooperatives that have installed AMR's, this appeared to be an acceptable life.

Grayson Rural Electric Cooperative

SCOPE

The SPR for Account No. 371, Installations on customers' premises indicated a life of 11 years. It was decided to use the same life as Account No. 369, Services, which is 28 years. This seems to be a more reasonable life to use for this study.

Following is a summary of the proposed composite depreciation rates, current rates and the RUS recommended maximum and minimum rates for distribution plant.

| <u>Distribution Account</u> | <u>Proposed Rate</u> | <u>Current Rate</u> | <u>RUS</u> | |
|-------------------------------------|----------------------|---------------------|------------|-------------|
| | | | <u>Low</u> | <u>High</u> |
| 362 Station equipment | 2.86% | 3.03% | 3.00% | 4.00% |
| 364 Poles towers and fixtures | 4.99% | 3.03% | 3.00% | 4.00% |
| 365 Overhead conductor & devices | 4.84% | 3.03% | 2.30% | 2.80% |
| 367 Underground conductor & device | 3.13% | 3.03% | 2.40% | 2.90% |
| 368 Line transformers | 3.45% | 3.03% | 2.60% | 3.10% |
| 369 Services | 4.02% | 3.03% | 3.10% | 3.60% |
| 370 Meters | 6.67% | 3.03% | 2.90% | 3.40% |
| 371 Installations on cust. premises | 4.09% | 3.03% | 3.90% | 4.40% |

1. The "Proposed" rates are the rates determined from this depreciation study.
2. The "Current Rates" are those currently in effect. The rate is used for all distribution plant accounts.
3. The "RUS Low and High" range are those included in RUS Bulletin 183-1, Depreciation Rates and Procedures. The ranges were developed by RUS in the 1960's as a result of the study of rural electric borrowers. As per the bulletin rates can be selected from within the range of rates without prior RUS approval. The bulletin also provides for rates higher or lower than those in the range when supported by a depreciation study. However, the Kentucky Public Service Commission does not allow for changing rates without the support of a depreciation study.

Grayson Rural Electric Cooperative

SCOPE

The study findings are based upon many factors and assumptions which were discussed with Grayson Rural Electric's personnel during my visit. Any changes in the assumptions could significantly impact the results of the study findings. In the future as plant is added and retired, and methods and technology change appropriate revisions to the study findings may be necessary. Grayson Rural Electric should consider the effects of such changes on an ongoing basis.

Grayson Rural Electric also considered the Whole Life Method of calculating the annual depreciation, with the Net Salvage Ratio as ordered by the Kentucky Public Service Commission in Case Number 2000-373, Adjustment of Rates of Jackson Energy Cooperative. This method of recognizing net salvage ratio is in essence the average of the last five (5) years salvage and removal costs that have been recognized in the accumulated depreciation account.

Based on the lives of the assets and the current reserve ratio to total distribution plant, Grayson Rural Electric has decided to use these rates as a result of this study.

Grayson Rural Electric Cooperative

Calculated Annual Accrual Rates

| Acct Distribution Plant Accounts | Survivor Curve | Life | Net Salvage Percent | Original Cost | Book Accumulated Depreciation | Future Accruals | Composite Remaining Life | Calculated Annual Accrual Amount | Rate |
|--|----------------|------|---------------------|---------------------|-------------------------------|---------------------|--------------------------|----------------------------------|--------|
| 362 Station Equipment | S6 | 35 | 0% | \$31,054 | \$4,805 | \$9,506 | 10.71 | \$887 | 2.86% |
| 364 Poles, Towers & Fixtures | S5 | 24 | -55% | \$18,257,260 | \$2,818,994 | \$15,658,409 | 13.28 | \$1,179,235 | 6.46% |
| 365 Overhead Conductors & Devices | L1.5 | 24 | -45% | \$14,077,595 | \$1,315,144 | \$14,513,046 | 17.06 | \$850,479 | 6.04% |
| 367 Underground Conductors & Devices | R1 | 32 | -30% | \$299,672 | \$15,702 | \$319,138 | 26.22 | \$12,174 | 4.06% |
| 368 Line Transformers | R3 | 29 | 0% | \$6,616,646 | \$576,608 | \$4,024,083 | 17.65 | \$227,937 | 3.44% |
| 369 Services | S3 | 28 | -30% | \$5,408,331 | \$581,920 | \$4,420,548 | 17.61 | \$251,088 | 4.64% |
| 370 Meters | S0 | 15 | 0% | \$2,581,156 | \$163,829 | \$1,847,332 | 10.73 | \$172,140 | 6.67% |
| 371 Installations on Customers' Premises | R1 | 11 | -35% | \$1,137,715 | \$113,265 | \$1,028,782 | 7.36 | \$139,707 | 12.28% |
| Total Distribution Plant | | | | <u>\$48,378,375</u> | <u>\$5,590,267</u> | <u>\$41,820,846</u> | | <u>\$2,833,648</u> | |

Grayson Rural Electric Cooperative

Existing and Proposed Depreciation Accrual Rates and Amounts

| Acct | Distribution Plant Accounts | Original Cost | Existing Estimated Annual Accrual Per Books | | Proposed Estimate Calculated Annual Remaining Life Accrual | | Increase\ (Decrease) in Accrual | |
|--------------------------|--------------------------------------|---------------------|---|--------------------|--|--------------------|------------------------------------|---------|
| | | | Rate | Amount | Rate | Amount | Amount | Percent |
| 362 | Station Equipment | \$31,054 | 3.03% | \$941 | 2.86% | \$887 | -\$54 | -6% |
| 364 | Poles, Towers & Fixtures | \$18,257,260 | 3.03% | \$553,195 | 6.46% | \$1,179,235 | \$626,040 | 113% |
| 365 | Overhead Conductors & Devices | \$14,077,595 | 3.03% | \$426,551 | 6.04% | \$850,479 | \$423,928 | 99% |
| 367 | Underground Conductors & Devices | \$299,672 | 3.03% | \$9,080 | 4.06% | \$12,174 | \$3,094 | 34% |
| 368 | Line Transformers | \$6,616,646 | 3.03% | \$200,484 | 3.44% | \$227,937 | \$27,453 | 14% |
| 369 | Service (Pole-to-House) | \$5,408,331 | 3.03% | \$163,872 | 4.64% | \$251,088 | \$87,216 | 53% |
| 370 | Meters | \$2,581,156 | 3.03% | \$78,209 | 6.67% | \$172,140 | \$93,931 | 120% |
| 371 | Installations on Customers' Premises | \$1,137,715 | 3.03% | \$34,473 | 12.28% | \$139,707 | \$105,234 | 305% |
| Total Distribution Plant | | <u>\$48,409,429</u> | | <u>\$1,466,806</u> | | <u>\$2,833,648</u> | <u>\$1,366,842</u> | 93% |

Grayson Rural Electric Cooperative

Accrued Depreciation - Calculated

| Acct | Distribution Plant Accounts | Survivor | | Net | Original | Calculated | | Book | |
|------|--------------------------------------|----------|------|---------|---------------------|----------------------|----------------|--------------------|----------------|
| | | Curve | Life | Salvage | | Accrued Depreciation | Accumulated | Amount | Percent |
| | | | | Percent | Cost | | | | |
| 362 | Station Equipment | S6 | 35 | 0% | \$31,054 | \$21,549 | 0.09% | \$4,805 | 0.09% |
| 364 | Poles, Towers & Fixtures | S5 | 24 | -55% | \$18,257,260 | \$12,643,231 | 50.43% | \$2,818,994 | 50.43% |
| 365 | Overhead Conductors & Devices | L1.5 | 24 | -45% | \$14,077,595 | \$5,898,442 | 23.53% | \$1,315,144 | 23.53% |
| 367 | Underground Conductors & Devices | R1 | 32 | -30% | \$299,672 | \$70,425 | 0.28% | \$15,702 | 0.28% |
| 368 | Line Transformers | R3 | 29 | 0% | \$6,616,646 | \$2,586,094 | 10.31% | \$576,608 | 10.31% |
| 369 | Service (Pole-to-House) | S3 | 28 | -30% | \$5,408,331 | \$2,609,921 | 10.41% | \$581,920 | 10.41% |
| 370 | Meters | S0 | 15 | 0% | \$2,581,156 | \$734,775 | 2.93% | \$163,829 | 2.93% |
| 371 | Installations on Customers' Premises | R1 | 11 | -35% | \$1,137,715 | \$507,995 | 2.03% | \$113,265 | 2.03% |
| | | | | | <u>\$48,409,429</u> | <u>\$25,072,432</u> | <u>100.00%</u> | <u>\$5,590,267</u> | <u>100.00%</u> |

Grayson Rural

Service Life Statistics

Account: 362 Station Equipment

Historical Life Curve: S6

Historical Life: 35

| | B Acct Data | C Beg Age | D C / "HL" | E Lookup | F Add x %Srvg | G "RL" Area | H "FL" Area | I "FL" / E |
|------|-------------------|--------------|---------------|------------------------------------|---------------------------------|-----------------------|------------------------------|----------------------------|
| Year | Ending Balance | Age | Age/Life | Historical Percent Surviving | Simulated Plant Survivors | Realized Life (RL) | Future Unrealized Life | Remaining Life Years |
| 2007 | \$31,054 | 0.5 | 0.010 | 1.000000 | \$0 | 0.50 | 34.500 | 34.500 |
| 2006 | \$31,054 | 1.5 | 0.040 | 1.000000 | \$0 | 1.50 | 33.500 | 33.500 |
| 2005 | \$31,054 | 2.5 | 0.070 | 1.000000 | \$0 | 2.50 | 32.500 | 32.500 |
| 2004 | \$31,054 | 3.5 | 0.100 | 1.000000 | \$0 | 3.50 | 31.500 | 31.500 |
| 2003 | \$31,054 | 4.5 | 0.130 | 1.000000 | \$0 | 4.50 | 30.500 | 30.500 |
| 2002 | \$31,054 | 5.5 | 0.160 | 1.000000 | \$0 | 5.50 | 29.500 | 29.500 |
| 2001 | \$31,054 | 6.5 | 0.190 | 1.000000 | \$0 | 6.50 | 28.500 | 28.500 |
| 2000 | \$31,054 | 7.5 | 0.210 | 1.000000 | \$0 | 7.50 | 27.500 | 27.500 |
| 1999 | \$31,054 | 8.5 | 0.240 | 1.000000 | \$0 | 8.50 | 26.500 | 26.500 |
| 1998 | \$31,054 | 9.5 | 0.270 | 1.000000 | \$0 | 9.50 | 25.500 | 25.500 |
| 1997 | \$31,054 | 10.5 | 0.300 | 1.000000 | \$0 | 10.50 | 24.500 | 24.500 |
| 1996 | \$31,054 | 11.5 | 0.330 | 1.000000 | \$0 | 11.50 | 23.500 | 23.500 |
| 1995 | \$31,054 | 12.5 | 0.360 | 1.000000 | \$0 | 12.50 | 22.500 | 22.500 |
| 1994 | \$31,054 | 13.5 | 0.390 | 1.000000 | \$604 | 13.50 | 21.500 | 21.500 |
| 1993 | \$30,450 | 14.5 | 0.410 | 1.000000 | \$0 | 14.50 | 20.500 | 20.500 |
| 1992 | \$30,450 | 15.5 | 0.440 | 1.000000 | \$0 | 15.50 | 19.500 | 19.500 |
| 1991 | \$30,450 | 16.5 | 0.470 | 1.000000 | \$0 | 16.50 | 18.500 | 18.500 |
| 1990 | \$30,450 | 17.5 | 0.500 | 1.000000 | \$0 | 17.50 | 17.500 | 17.500 |
| 1989 | \$30,450 | 18.5 | 0.530 | 1.000000 | \$0 | 18.50 | 16.500 | 16.500 |
| 1988 | \$30,450 | 19.5 | 0.560 | 1.000000 | \$0 | 19.50 | 15.500 | 15.500 |
| 1987 | \$30,450 | 20.5 | 0.590 | 1.000000 | \$0 | 20.50 | 14.500 | 14.500 |
| 1986 | \$30,450 | 21.5 | 0.610 | 1.000000 | \$0 | 21.50 | 13.500 | 13.500 |
| 1985 | \$30,450 | 22.5 | 0.640 | 1.000000 | \$0 | 22.50 | 12.500 | 12.500 |
| 1984 | \$30,450 | 23.5 | 0.670 | 0.999998 | \$0 | 23.50 | 11.500 | 11.500 |
| 1983 | \$30,450 | 24.5 | 0.700 | 0.999984 | \$30,449 | 24.50 | 10.500 | 10.500 |
| 1982 | \$0 | 25.5 | 0.730 | 0.999892 | \$0 | 25.50 | 9.500 | 9.501 |
| 1981 | \$0 | 26.5 | 0.760 | 0.999441 | \$0 | 26.50 | 8.500 | 8.505 |
| 1980 | \$0 | 27.5 | 0.790 | 0.997672 | \$0 | 27.50 | 7.502 | 7.519 |
| 1979 | \$0 | 28.5 | 0.810 | 0.994600 | \$0 | 28.49 | 6.506 | 6.541 |
| 1978 | \$0 | 29.5 | 0.840 | 0.983596 | \$0 | 29.48 | 5.517 | 5.609 |
| 1977 | \$0 | 30.5 | 0.870 | 0.957845 | \$0 | 30.45 | 4.546 | 4.746 |
| 1976 | \$0 | 31.5 | 0.900 | 0.907091 | \$0 | 31.39 | 3.613 | 3.984 |
| 1975 | \$0 | 32.5 | 0.930 | 0.822175 | \$0 | 32.25 | 2.749 | 3.343 |
| 1974 | \$0 | 33.5 | 0.960 | 0.700877 | \$0 | 33.01 | 1.987 | 2.835 |
| 1973 | \$0 | 34.5 | 0.990 | 0.552362 | \$0 | 33.64 | 1.361 | 2.463 |
| 1972 | \$0 | 35.5 | 1.010 | 0.447638 | \$0 | 34.14 | 0.861 | 1.923 |
| 1971 | \$0 | 36.5 | 1.040 | 0.299123 | \$0 | 34.51 | 0.487 | 1.629 |
| 1970 | \$0 | 37.5 | 1.070 | 0.177825 | \$0 | 34.75 | 0.249 | 1.399 |
| 1969 | \$0 | 38.5 | 1.100 | 0.092909 | \$0 | 34.89 | 0.113 | 1.221 |
| 1968 | \$0 | 39.5 | 1.130 | 0.042155 | \$0 | 34.95 | 0.046 | 1.089 |

Grayson Rural

Service Life Statistics

Account: 362 Station Equipment

Historical Life Curve: S6

Historical Life: 35

| | B Acct Data | C Beg Age | D C / "HL" | E Lookup | F Add x %Srvg | G "RL" Area | H "FL" Area | I "FL" / E |
|------|-------------------|--------------|---------------|------------------------------------|---------------------------------|-----------------------|------------------------------|----------------------------|
| Year | Ending Balance | Age | Age/Life | Historical Percent Surviving | Simulated Plant Survivors | Realized Life (RL) | Future Unrealized Life | Remaining Life Years |
| 1967 | \$2,301 | 40.5 | 1.160 | 0.016404 | \$0 | 34.98 | 0.017 | 1.013 |
| 1966 | \$245,181 | 41.5 | 1.190 | 0.005400 | \$0 | 34.99 | 0.006 | 1.058 |
| 1965 | \$249,181 | 42.5 | 1.210 | 0.002328 | \$0 | 35.00 | 0.002 | 0.795 |
| 1964 | \$249,181 | 43.5 | 1.240 | 0.000559 | \$0 | 35.00 | 0.000 | 0.727 |
| 1963 | \$249,181 | 44.5 | 1.270 | 0.000108 | \$0 | 35.00 | 0.000 | 0.671 |
| 1962 | \$249,181 | 45.5 | 1.300 | 0.000016 | \$1 | 35.00 | 0.000 | 0.626 |
| 1961 | \$230,963 | 46.5 | 1.330 | 0.000002 | \$0 | 35.00 | 0.000 | 0.590 |
| 1960 | \$230,963 | 47.5 | 1.360 | 0.000000 | \$0 | 35.00 | 0.000 | 0.566 |
| 1959 | \$230,963 | 48.5 | 1.390 | 0.000000 | \$0 | 35.00 | 0.000 | 0.623 |
| 1958 | \$103,977 | 49.5 | 1.410 | 0.000000 | \$0 | 35.00 | 0.000 | 0.528 |
| 1957 | \$103,345 | 50.5 | 1.440 | 0.000000 | \$0 | 35.00 | 0.000 | 0.515 |
| 1956 | \$52,345 | 51.5 | 1.470 | 0.000000 | \$0 | 35.00 | 0.000 | 0.507 |
| 1955 | \$44,501 | 52.5 | 1.500 | 0.000000 | \$0 | 35.00 | 0.000 | 0.503 |
| 1954 | \$44,501 | 53.5 | 1.530 | 0.000000 | \$0 | 35.00 | 0.000 | 0.501 |
| 1953 | \$39,957 | 54.5 | 1.560 | 0.000000 | \$0 | 35.00 | 0.000 | 0.500 |
| 1952 | \$39,957 | 55.5 | 1.590 | 0.000000 | \$0 | 35.00 | 0.000 | 0.500 |
| 1951 | \$39,957 | 56.5 | 1.610 | 0.000000 | \$0 | 35.00 | 0.000 | 0.500 |
| 1950 | \$0 | 57.5 | 1.640 | 0.000000 | \$0 | 35.00 | 0.000 | 0.500 |
| | | | | 35.000000 | \$31,055 | | | |

Grayson Rural

Service Life Statistics

Account: 364 Poles, Towers & Fixtures

Historical Life Curve: S5

Historical Life: 24

| | B Acct Data | C Beg Age | D C / "HL" | E Lookup | F Add x %Srvg | G "RL" Area | H "FL" Area | I "FL" / E |
|------|-------------------|--------------|---------------|------------------------------------|---------------------------------|-----------------------|------------------------------|----------------------------|
| Year | Ending Balance | Age | Age/Life | Historical Percent Surviving | Simulated Plant Survivors | Realized Life (RL) | Future Unrealized Life | Remaining Life Years |
| 2007 | \$18,257,260 | 0.5 | 0.020 | 1.000000 | \$880,369 | 0.50 | 23.500 | 23.500 |
| 2006 | \$17,568,860 | 1.5 | 0.060 | 1.000000 | \$952,375 | 1.50 | 22.500 | 22.500 |
| 2005 | \$16,839,009 | 2.5 | 0.100 | 1.000000 | \$907,464 | 2.50 | 21.500 | 21.500 |
| 2004 | \$16,132,182 | 3.5 | 0.150 | 1.000000 | \$957,320 | 3.50 | 20.500 | 20.500 |
| 2003 | \$15,389,468 | 4.5 | 0.190 | 1.000000 | \$865,121 | 4.50 | 19.500 | 19.500 |
| 2002 | \$14,926,607 | 5.5 | 0.230 | 1.000000 | \$732,011 | 5.50 | 18.500 | 18.500 |
| 2001 | \$14,362,888 | 6.5 | 0.270 | 1.000000 | \$718,057 | 6.50 | 17.500 | 17.500 |
| 2000 | \$13,808,078 | 7.5 | 0.310 | 1.000000 | \$667,744 | 7.50 | 16.500 | 16.500 |
| 1999 | \$13,321,943 | 8.5 | 0.350 | 1.000000 | \$622,657 | 8.50 | 15.500 | 15.500 |
| 1998 | \$12,807,622 | 9.5 | 0.400 | 1.000000 | \$933,764 | 9.50 | 14.500 | 14.500 |
| 1997 | \$12,131,860 | 10.5 | 0.440 | 1.000000 | \$1,128,136 | 10.50 | 13.500 | 13.500 |
| 1996 | \$11,314,563 | 11.5 | 0.480 | 1.000000 | \$1,161,566 | 11.50 | 12.500 | 12.500 |
| 1995 | \$10,474,988 | 12.5 | 0.520 | 0.999996 | \$1,027,647 | 12.50 | 11.500 | 11.500 |
| 1994 | \$9,700,845 | 13.5 | 0.560 | 0.999968 | \$918,130 | 13.50 | 10.500 | 10.500 |
| 1993 | \$8,924,379 | 14.5 | 0.600 | 0.999825 | \$619,685 | 14.50 | 9.500 | 9.502 |
| 1992 | \$8,436,351 | 15.5 | 0.650 | 0.998937 | \$618,272 | 15.50 | 8.501 | 8.510 |
| 1991 | \$7,966,706 | 16.5 | 0.690 | 0.996409 | \$839,890 | 16.50 | 7.503 | 7.530 |
| 1990 | \$7,335,489 | 17.5 | 0.730 | 0.989763 | \$524,385 | 17.49 | 6.510 | 6.577 |
| 1989 | \$6,934,170 | 18.5 | 0.770 | 0.974850 | \$446,526 | 18.47 | 5.528 | 5.670 |
| 1988 | \$6,564,457 | 19.5 | 0.810 | 0.945831 | \$473,608 | 19.43 | 4.567 | 4.829 |
| 1987 | \$6,188,058 | 20.5 | 0.850 | 0.896284 | \$580,088 | 20.35 | 3.646 | 4.068 |
| 1986 | \$5,746,715 | 21.5 | 0.900 | 0.798490 | \$549,520 | 21.20 | 2.799 | 3.505 |
| 1985 | \$5,240,812 | 22.5 | 0.940 | 0.691630 | \$463,833 | 21.95 | 2.054 | 2.970 |
| 1984 | \$4,747,808 | 23.5 | 0.980 | 0.566164 | \$282,792 | 22.58 | 1.425 | 2.517 |
| 1983 | \$4,358,508 | 24.5 | 1.020 | 0.433836 | \$145,281 | 23.08 | 0.925 | 2.132 |
| 1982 | \$4,072,938 | 25.5 | 1.060 | 0.308370 | \$97,574 | 23.45 | 0.554 | 1.796 |
| 1981 | \$3,810,241 | 26.5 | 1.100 | 0.201510 | \$72,596 | 23.70 | 0.299 | 1.483 |
| 1980 | \$3,505,618 | 27.5 | 1.150 | 0.103716 | \$43,925 | 23.85 | 0.146 | 1.410 |
| 1979 | \$3,136,006 | 28.5 | 1.190 | 0.054169 | \$17,977 | 23.93 | 0.067 | 1.243 |
| 1978 | \$2,845,590 | 29.5 | 1.230 | 0.025150 | \$7,565 | 23.97 | 0.028 | 1.100 |
| 1977 | \$2,579,481 | 30.5 | 1.270 | 0.010237 | \$2,236 | 23.99 | 0.010 | 0.975 |
| 1976 | \$2,385,209 | 31.5 | 1.310 | 0.003591 | \$764 | 24.00 | 0.003 | 0.855 |
| 1975 | \$2,217,094 | 32.5 | 1.350 | 0.001063 | \$201 | 24.00 | 0.001 | 0.699 |
| 1974 | \$2,071,487 | 33.5 | 1.400 | 0.000175 | \$37 | 24.00 | 0.000 | 0.707 |
| 1973 | \$1,888,945 | 34.5 | 1.440 | 0.000032 | \$8 | 24.00 | 0.000 | 0.647 |
| 1972 | \$1,682,567 | 35.5 | 1.480 | 0.000004 | \$1 | 24.00 | 0.000 | 0.598 |
| 1971 | \$1,517,190 | 36.5 | 1.520 | 0.000000 | \$0 | 24.00 | 0.000 | 0.559 |
| 1970 | \$1,242,808 | 37.5 | 1.560 | 0.000000 | \$0 | 24.00 | 0.000 | 0.530 |
| 1969 | \$1,165,502 | 38.5 | 1.600 | 0.000000 | \$0 | 24.00 | 0.000 | 0.503 |
| 1968 | \$1,022,445 | 39.5 | 1.650 | 0.000000 | \$0 | 24.00 | 0.000 | 0.502 |

Grayson Rural

Service Life Statistics

Account: 364 Poles, Towers & Fixtures

Historical Life Curve: S5

Historical Life: 24

| | B Acct Data | C Beg Age | D C / "HL" | E Lookup | F Add x %Srvg | G "RL" Area | H "FL" Area | I "FL" / E |
|------|-------------------|--------------|---------------|------------------------------------|---------------------------------|-----------------------|------------------------------|----------------------------|
| Year | Ending Balance | Age | Age/Life | Historical Percent Surviving | Simulated Plant Survivors | Realized Life (RL) | Future Unrealized Life | Remaining Life Years |
| 1967 | \$958,874 | 40.5 | 1.690 | 0.000000 | \$0 | 24.00 | 0.000 | 0.500 |
| 1966 | \$864,933 | 41.5 | 1.730 | 0.000000 | \$0 | 24.00 | 0.000 | 0.500 |
| 1965 | \$811,253 | 42.5 | 1.770 | 0.000000 | \$0 | 24.00 | 0.000 | 0.500 |
| 1964 | \$737,845 | 43.5 | 1.810 | 0.000000 | \$0 | 24.00 | 0.000 | 0.000 |
| 1963 | \$701,176 | 44.5 | 1.850 | 0.000000 | \$0 | 24.00 | 0.000 | 0.000 |
| 1962 | \$628,305 | 45.5 | 1.900 | 0.000000 | \$0 | 24.00 | 0.000 | 0.000 |
| 1961 | \$594,349 | 46.5 | 1.940 | 0.000000 | \$0 | 24.00 | 0.000 | 0.000 |
| 1960 | \$546,808 | 47.5 | 1.980 | 0.000000 | \$0 | 24.00 | 0.000 | 0.000 |
| 1959 | \$478,125 | 48.5 | 2.020 | 0.000000 | \$0 | 24.00 | 0.000 | 0.000 |
| 1958 | \$428,985 | 49.5 | 2.060 | 0.000000 | \$0 | 24.00 | 0.000 | 0.000 |
| 1957 | \$392,595 | 50.5 | 2.100 | 0.000000 | \$0 | 24.00 | 0.000 | 0.000 |
| 1956 | \$266,528 | 51.5 | 2.150 | 0.000000 | \$0 | 24.00 | 0.000 | 0.000 |
| 1955 | \$244,726 | 52.5 | 2.190 | 0.000000 | \$0 | 24.00 | 0.000 | 0.000 |
| 1954 | \$198,719 | 53.5 | 2.230 | 0.000000 | \$0 | 24.00 | 0.000 | 0.000 |
| 1953 | \$84,558 | 54.5 | 2.270 | 0.000000 | \$0 | 24.00 | 0.000 | 0.000 |
| 1952 | \$45,194 | 55.5 | 2.310 | 0.000000 | \$0 | 24.00 | 0.000 | 0.000 |
| 1951 | \$0 | 56.5 | 2.350 | 0.000000 | \$0 | 24.00 | 0.000 | 0.000 |
| | | | | <u>24.000000</u> | <u>\$18,259,123</u> | | | |

Grayson Rural

Service Life Statistics

Account: 365 Overhead Conductors & Devices

Historical Life Curve: L1.5

Historical Life: 24

| | B Acct Data | C Beg Age | D C / "HL" | E Lookup | F Add x %Srvg | G "RL" Area | H "FL" Area | I "FL" / E |
|------|-------------------|--------------|---------------|------------------------------------|---------------------------------|-----------------------|------------------------------|----------------------------|
| Year | Ending Balance | Age | Age/Life | Historical Percent Surviving | Simulated Plant Survivors | Realized Life (RL) | Future Unrealized Life | Remaining Life Years |
| 2007 | \$14,077,595 | 0.5 | 0.020 | 0.999381 | \$914,098 | 0.50 | 23.500 | 23.515 |
| 2006 | \$13,410,253 | 1.5 | 0.060 | 0.997575 | \$941,877 | 1.50 | 22.502 | 22.556 |
| 2005 | \$12,706,404 | 2.5 | 0.100 | 0.994719 | \$929,229 | 2.49 | 21.506 | 21.620 |
| 2004 | \$12,044,625 | 3.5 | 0.150 | 0.989187 | \$997,008 | 3.49 | 20.514 | 20.738 |
| 2003 | \$11,296,667 | 4.5 | 0.190 | 0.982867 | \$787,064 | 4.47 | 19.528 | 19.868 |
| 2002 | \$10,935,129 | 5.5 | 0.230 | 0.974632 | \$738,769 | 5.45 | 18.549 | 19.032 |
| 2001 | \$10,403,261 | 6.5 | 0.270 | 0.964334 | \$659,413 | 6.42 | 17.579 | 18.229 |
| 2000 | \$9,904,048 | 7.5 | 0.310 | 0.950981 | \$601,350 | 7.38 | 16.622 | 17.478 |
| 1999 | \$9,467,996 | 8.5 | 0.350 | 0.937253 | \$459,889 | 8.32 | 15.678 | 16.727 |
| 1998 | \$9,091,197 | 9.5 | 0.400 | 0.915539 | \$715,854 | 9.25 | 14.751 | 16.112 |
| 1997 | \$8,612,687 | 10.5 | 0.440 | 0.895080 | \$1,107,252 | 10.15 | 13.846 | 15.469 |
| 1996 | \$7,723,027 | 11.5 | 0.480 | 0.871721 | \$1,016,424 | 11.04 | 12.962 | 14.870 |
| 1995 | \$6,898,634 | 12.5 | 0.520 | 0.845535 | \$1,510,181 | 11.90 | 12.104 | 14.315 |
| 1994 | \$5,415,555 | 13.5 | 0.560 | 0.816790 | \$503,050 | 12.73 | 11.273 | 13.801 |
| 1993 | \$4,861,795 | 14.5 | 0.600 | 0.785916 | \$233,775 | 13.53 | 10.471 | 13.324 |
| 1992 | \$4,601,588 | 15.5 | 0.650 | 0.745087 | \$281,334 | 14.29 | 9.706 | 13.026 |
| 1991 | \$4,272,385 | 16.5 | 0.690 | 0.711135 | \$321,007 | 15.02 | 8.978 | 12.624 |
| 1990 | \$3,906,727 | 17.5 | 0.730 | 0.676474 | \$120,370 | 15.72 | 8.284 | 12.246 |
| 1989 | \$3,763,845 | 18.5 | 0.770 | 0.641498 | \$97,690 | 16.37 | 7.625 | 11.886 |
| 1988 | \$3,634,221 | 19.5 | 0.810 | 0.606570 | \$96,745 | 17.00 | 7.001 | 11.542 |
| 1987 | \$3,502,340 | 20.5 | 0.850 | 0.572010 | \$134,627 | 17.59 | 6.412 | 11.209 |
| 1986 | \$3,316,894 | 21.5 | 0.900 | 0.529732 | \$73,004 | 18.14 | 5.861 | 11.064 |
| 1985 | \$3,215,474 | 22.5 | 0.940 | 0.496898 | \$77,374 | 18.65 | 5.347 | 10.762 |
| 1984 | \$3,108,236 | 23.5 | 0.980 | 0.465107 | \$88,704 | 19.13 | 4.866 | 10.463 |
| 1983 | \$2,944,332 | 24.5 | 1.020 | 0.434463 | \$43,516 | 19.58 | 4.417 | 10.166 |
| 1982 | \$2,855,148 | 25.5 | 1.060 | 0.405028 | \$72,828 | 20.00 | 3.997 | 9.868 |
| 1981 | \$2,692,466 | 26.5 | 1.100 | 0.376833 | \$79,490 | 20.39 | 3.606 | 9.569 |
| 1980 | \$2,498,142 | 27.5 | 1.150 | 0.343342 | \$84,883 | 20.75 | 3.246 | 9.454 |
| 1979 | \$2,273,302 | 28.5 | 1.190 | 0.317939 | \$62,284 | 21.08 | 2.915 | 9.169 |
| 1978 | \$2,093,998 | 29.5 | 1.230 | 0.293745 | \$59,830 | 21.39 | 2.609 | 8.883 |
| 1977 | \$1,909,837 | 30.5 | 1.270 | 0.270735 | \$32,355 | 21.67 | 2.327 | 8.596 |
| 1976 | \$1,799,349 | 31.5 | 1.310 | 0.248880 | \$33,749 | 21.93 | 2.067 | 8.306 |
| 1975 | \$1,683,112 | 32.5 | 1.350 | 0.228151 | \$31,100 | 22.17 | 1.829 | 8.016 |
| 1974 | \$1,570,185 | 33.5 | 1.400 | 0.203788 | \$25,279 | 22.39 | 1.613 | 7.914 |
| 1973 | \$1,459,437 | 34.5 | 1.440 | 0.185509 | \$15,123 | 22.58 | 1.418 | 7.645 |
| 1972 | \$1,419,297 | 35.5 | 1.480 | 0.168287 | \$11,371 | 22.76 | 1.241 | 7.376 |
| 1971 | \$1,361,364 | 36.5 | 1.520 | 0.152105 | \$47,353 | 22.92 | 1.081 | 7.107 |
| 1970 | \$1,133,586 | 37.5 | 1.560 | 0.136947 | \$4,219 | 23.06 | 0.937 | 6.839 |
| 1969 | \$1,108,466 | 38.5 | 1.600 | 0.122791 | \$19,857 | 23.19 | 0.807 | 6.570 |
| 1968 | \$970,653 | 39.5 | 1.650 | 0.106496 | \$4,626 | 23.31 | 0.692 | 6.498 |

Grayson Rural

Service Life Statistics

Account: 365 Overhead Conductors & Devices

Historical Life Curve: L1.5

Historical Life: 24

| | B Acct Data | C Beg Age | D C / "HL" | E Lookup | F Add x %Srv | G "RL" Area | H "FL" Area | I "FL" / E |
|------|-------------------|--------------|---------------|------------------------------------|---------------------------------|-----------------------|------------------------------|----------------------------|
| Year | Ending Balance | Age | Age/Life | Historical Percent Surviving | Simulated Plant Survivors | Realized Life (RL) | Future Unrealized Life | Remaining Life Years |
| 1967 | \$935,698 | 40.5 | 1.690 | 0.094542 | \$9,935 | 23.41 | 0.592 | 6.257 |
| 1966 | \$833,580 | 41.5 | 1.730 | 0.083528 | \$3,808 | 23.50 | 0.502 | 6.016 |
| 1965 | \$806,679 | 42.5 | 1.770 | 0.073425 | \$7,496 | 23.58 | 0.424 | 5.775 |
| 1964 | \$715,831 | 43.5 | 1.810 | 0.064204 | \$3,986 | 23.64 | 0.355 | 5.532 |
| 1963 | \$669,122 | 44.5 | 1.850 | 0.055830 | \$2,511 | 23.70 | 0.295 | 5.287 |
| 1962 | \$626,639 | 45.5 | 1.900 | 0.046496 | \$1,284 | 23.76 | 0.244 | 5.248 |
| 1961 | \$603,974 | 46.5 | 1.940 | 0.039885 | \$1,438 | 23.80 | 0.201 | 5.035 |
| 1960 | \$573,144 | 47.5 | 1.980 | 0.033991 | \$3,305 | 23.84 | 0.164 | 4.821 |
| 1959 | \$496,813 | 48.5 | 2.020 | 0.028767 | \$1,236 | 23.87 | 0.133 | 4.606 |
| 1958 | \$461,369 | 49.5 | 2.060 | 0.024168 | \$1,040 | 23.89 | 0.106 | 4.387 |
| 1957 | \$420,092 | 50.5 | 2.100 | 0.020147 | \$3,049 | 23.92 | 0.084 | 4.163 |
| 1956 | \$273,216 | 51.5 | 2.150 | 0.015863 | \$409 | 23.93 | 0.066 | 4.153 |
| 1955 | \$259,765 | 52.5 | 2.190 | 0.012972 | \$745 | 23.95 | 0.051 | 3.967 |
| 1954 | \$202,334 | 53.5 | 2.230 | 0.010508 | \$2,039 | 23.96 | 0.040 | 3.779 |
| 1953 | \$85,916 | 54.5 | 2.270 | 0.008428 | \$320 | 23.97 | 0.030 | 3.589 |
| 1952 | \$48,754 | 55.5 | 2.310 | 0.006689 | \$335 | 23.98 | 0.023 | 3.392 |
| 1951 | \$0 | 56.5 | 2.350 | 0.005249 | \$0 | 23.98 | 0.017 | 3.185 |
| | | | | <u>23.999844</u> | <u>\$14,076,889</u> | | | |

Grayson Rural

Service Life Statistics

Account: 367 Underground Conductors & Devices

Historical Life Curve: R1

Historical Life: 32

| B Acct Data | C Beg Age | D C / "HL" | E Lookup | F Add x %Srvg | G "RL" Area | H "FL" Area | I "FL" / E | |
|----------------|-------------------|---------------|-------------|------------------------------------|---------------------------------|-----------------------|------------------------------|----------------------------|
| Year | Ending Balance | Age | Age/Life | Historical Percent Surviving | Simulated Plant Survivors | Realized Life (RL) | Future Unrealized Life | Remaining Life Years |
| 2007 | \$299,672 | 0.5 | 0.020 | 0.994802 | \$15,520 | 0.50 | 31.501 | 31.666 |
| 2006 | \$289,701 | 1.5 | 0.050 | 0.986732 | \$86,082 | 1.49 | 30.510 | 30.921 |
| 2005 | \$204,776 | 2.5 | 0.080 | 0.978335 | \$5,278 | 2.47 | 29.528 | 30.182 |
| 2004 | \$204,312 | 3.5 | 0.110 | 0.969611 | \$2,671 | 3.44 | 28.554 | 29.449 |
| 2003 | \$201,557 | 4.5 | 0.140 | 0.960562 | \$12,277 | 4.41 | 27.589 | 28.722 |
| 2002 | \$188,775 | 5.5 | 0.170 | 0.951190 | \$21,425 | 5.37 | 26.633 | 28.000 |
| 2001 | \$169,547 | 6.5 | 0.200 | 0.941499 | \$28,905 | 6.31 | 25.687 | 27.283 |
| 2000 | \$138,846 | 7.5 | 0.230 | 0.931490 | \$5,436 | 7.25 | 24.750 | 26.570 |
| 1999 | \$135,445 | 8.5 | 0.270 | 0.917660 | \$11,053 | 8.17 | 23.826 | 25.963 |
| 1998 | \$126,032 | 9.5 | 0.300 | 0.906928 | \$1,101 | 9.09 | 22.913 | 25.265 |
| 1997 | \$125,140 | 10.5 | 0.330 | 0.895887 | \$20,213 | 9.99 | 22.012 | 24.570 |
| 1996 | \$110,528 | 11.5 | 0.360 | 0.884527 | \$6,766 | 10.88 | 21.122 | 23.879 |
| 1995 | \$102,879 | 12.5 | 0.390 | 0.872830 | \$7,025 | 11.76 | 20.243 | 23.192 |
| 1994 | \$96,751 | 13.5 | 0.420 | 0.860771 | \$2,951 | 12.62 | 19.376 | 22.510 |
| 1993 | \$93,322 | 14.5 | 0.450 | 0.848327 | \$6,048 | 13.48 | 18.522 | 21.833 |
| 1992 | \$87,832 | 15.5 | 0.480 | 0.835469 | \$8,110 | 14.32 | 17.680 | 21.161 |
| 1991 | \$78,282 | 16.5 | 0.520 | 0.817635 | \$12,659 | 15.15 | 16.853 | 20.612 |
| 1990 | \$62,799 | 17.5 | 0.550 | 0.803708 | \$11,337 | 15.96 | 16.043 | 19.961 |
| 1989 | \$48,693 | 18.5 | 0.580 | 0.789280 | \$14,134 | 16.75 | 15.246 | 19.316 |
| 1988 | \$30,785 | 19.5 | 0.610 | 0.774329 | \$6,964 | 17.53 | 14.464 | 18.680 |
| 1987 | \$22,493 | 20.5 | 0.640 | 0.758835 | \$39 | 18.30 | 13.698 | 18.051 |
| 1986 | \$22,454 | 21.5 | 0.670 | 0.742781 | \$2,106 | 19.05 | 12.947 | 17.430 |
| 1985 | \$19,784 | 22.5 | 0.700 | 0.726155 | \$892 | 19.79 | 12.212 | 16.818 |
| 1984 | \$18,556 | 23.5 | 0.730 | 0.708948 | \$0 | 20.50 | 11.495 | 16.214 |
| 1983 | \$18,556 | 24.5 | 0.770 | 0.685096 | \$0 | 21.20 | 10.798 | 15.761 |
| 1982 | \$18,556 | 25.5 | 0.800 | 0.666527 | \$0 | 21.88 | 10.122 | 15.186 |
| 1981 | \$18,556 | 26.5 | 0.830 | 0.647383 | \$0 | 22.53 | 9.465 | 14.620 |
| 1980 | \$18,556 | 27.5 | 0.860 | 0.627676 | \$2,900 | 23.17 | 8.828 | 14.064 |
| 1979 | \$15,234 | 28.5 | 0.890 | 0.607425 | \$0 | 23.79 | 8.210 | 13.516 |
| 1978 | \$15,234 | 29.5 | 0.920 | 0.586652 | \$2,125 | 24.39 | 7.613 | 12.977 |
| 1977 | \$11,612 | 30.5 | 0.950 | 0.565388 | \$454 | 24.96 | 7.037 | 12.446 |
| 1976 | \$10,809 | 31.5 | 0.980 | 0.543667 | \$890 | 25.52 | 6.482 | 11.923 |
| 1975 | \$9,173 | 32.5 | 1.020 | 0.514064 | -\$1,131 | 26.05 | 5.954 | 11.581 |
| 1974 | \$11,372 | 33.5 | 1.050 | 0.491442 | \$2,254 | 26.55 | 5.451 | 11.091 |
| 1973 | \$6,785 | 34.5 | 1.080 | 0.468516 | \$3,179 | 27.03 | 4.971 | 10.610 |
| 1972 | \$0 | 35.5 | 1.110 | 0.445346 | \$0 | 27.48 | 4.514 | 10.136 |
| | | | | 31.998639 | \$299,664 | | | |

Grayson Rural

Service Life Statistics

Account: 368 Line Transformers

Historical Life Curve: R3

Historical Life: 29

| | B Acct Data | C Beg Age | D C / "HL" | E Lookup | F Add x %Srvg | G "RL" Area | H "FL" Area | I "FL" / E |
|------|-------------------|--------------|---------------|------------------------------------|---------------------------------|-----------------------|------------------------------|----------------------------|
| Year | Ending Balance | Age | Age/Life | Historical Percent Surviving | Simulated Plant Survivors | Realized Life (RL) | Future Unrealized Life | Remaining Life Years |
| 2007 | \$6,616,646 | 0.5 | 0.020 | 0.999677 | \$263,883 | 0.50 | 28.498 | 28.507 |
| 2006 | \$6,421,340 | 1.5 | 0.050 | 0.999080 | \$331,907 | 1.50 | 27.499 | 27.524 |
| 2005 | \$6,120,880 | 2.5 | 0.090 | 0.998031 | \$292,579 | 2.50 | 26.500 | 26.552 |
| 2004 | \$6,046,412 | 3.5 | 0.120 | 0.997011 | \$347,217 | 3.50 | 25.503 | 25.579 |
| 2003 | \$5,738,538 | 4.5 | 0.160 | 0.995267 | \$320,608 | 4.49 | 24.507 | 24.623 |
| 2002 | \$5,459,062 | 5.5 | 0.190 | 0.993615 | \$225,797 | 5.49 | 23.512 | 23.663 |
| 2001 | \$5,264,248 | 6.5 | 0.220 | 0.991614 | \$299,763 | 6.48 | 22.519 | 22.710 |
| 2000 | \$5,032,342 | 7.5 | 0.260 | 0.988309 | \$255,759 | 7.47 | 21.529 | 21.784 |
| 1999 | \$4,784,296 | 8.5 | 0.290 | 0.985276 | \$286,970 | 8.46 | 20.543 | 20.850 |
| 1998 | \$4,533,390 | 9.5 | 0.330 | 0.980373 | \$257,968 | 9.44 | 19.560 | 19.951 |
| 1997 | \$4,322,594 | 10.5 | 0.360 | 0.975960 | \$290,683 | 10.42 | 18.582 | 19.039 |
| 1996 | \$4,084,482 | 11.5 | 0.400 | 0.968956 | \$272,812 | 11.39 | 17.609 | 18.173 |
| 1995 | \$3,964,395 | 12.5 | 0.430 | 0.962761 | \$305,821 | 12.35 | 16.643 | 17.287 |
| 1994 | \$3,704,065 | 13.5 | 0.470 | 0.953088 | \$307,026 | 13.31 | 15.685 | 16.458 |
| 1993 | \$3,460,388 | 14.5 | 0.500 | 0.944661 | \$237,295 | 14.26 | 14.737 | 15.600 |
| 1992 | \$3,256,525 | 15.5 | 0.530 | 0.935125 | \$177,829 | 15.20 | 13.797 | 14.754 |
| 1991 | \$3,175,070 | 16.5 | 0.570 | 0.920514 | \$170,238 | 16.13 | 12.869 | 13.980 |
| 1990 | \$3,032,762 | 17.5 | 0.600 | 0.907995 | \$232,858 | 17.04 | 11.955 | 13.166 |
| 1989 | \$2,858,026 | 18.5 | 0.640 | 0.888998 | \$155,783 | 17.94 | 11.056 | 12.437 |
| 1988 | \$2,712,357 | 19.5 | 0.670 | 0.872855 | \$142,130 | 18.82 | 10.175 | 11.657 |
| 1987 | \$2,591,336 | 20.5 | 0.710 | 0.848530 | \$108,003 | 19.68 | 9.315 | 10.977 |
| 1986 | \$2,525,280 | 21.5 | 0.740 | 0.827987 | \$161,773 | 20.52 | 8.476 | 10.237 |
| 1985 | \$2,381,831 | 22.5 | 0.780 | 0.797220 | \$89,819 | 21.33 | 7.664 | 9.613 |
| 1984 | \$2,291,321 | 23.5 | 0.810 | 0.771403 | \$95,630 | 22.12 | 6.879 | 8.918 |
| 1983 | \$2,185,121 | 24.5 | 0.840 | 0.743071 | \$104,418 | 22.88 | 6.122 | 8.239 |
| 1982 | \$2,084,181 | 25.5 | 0.880 | 0.701184 | \$97,580 | 23.60 | 5.400 | 7.701 |
| 1981 | \$1,980,210 | 26.5 | 0.910 | 0.666611 | \$122,433 | 24.28 | 4.716 | 7.075 |
| 1980 | \$1,816,674 | 27.5 | 0.950 | 0.616358 | \$105,308 | 24.92 | 4.075 | 6.611 |
| 1979 | \$1,648,897 | 28.5 | 0.980 | 0.575742 | \$110,822 | 25.52 | 3.479 | 6.042 |
| 1978 | \$1,484,729 | 29.5 | 1.020 | 0.518238 | \$96,899 | 26.07 | 2.932 | 5.657 |
| 1977 | \$1,301,390 | 30.5 | 1.050 | 0.473175 | \$96,500 | 26.56 | 2.436 | 5.148 |
| 1976 | \$1,148,483 | 31.5 | 1.090 | 0.411645 | \$66,224 | 27.00 | 1.993 | 4.843 |
| 1975 | \$1,018,897 | 32.5 | 1.120 | 0.365352 | \$47,386 | 27.39 | 1.605 | 4.393 |
| 1974 | \$919,224 | 33.5 | 1.160 | 0.304950 | \$42,953 | 27.73 | 1.270 | 4.164 |
| 1973 | \$807,280 | 34.5 | 1.190 | 0.261686 | \$32,840 | 28.01 | 0.986 | 3.770 |
| 1972 | \$713,372 | 35.5 | 1.220 | 0.220995 | \$17,238 | 28.25 | 0.745 | 3.372 |
| 1971 | \$667,833 | 36.5 | 1.260 | 0.171790 | \$16,613 | 28.45 | 0.549 | 3.194 |
| 1970 | \$614,779 | 37.5 | 1.290 | 0.139221 | \$9,138 | 28.60 | 0.393 | 2.824 |
| 1969 | \$575,635 | 38.5 | 1.330 | 0.101961 | \$4,920 | 28.73 | 0.273 | 2.674 |
| 1968 | \$533,083 | 39.5 | 1.360 | 0.078628 | \$3,943 | 28.82 | 0.182 | 2.319 |

Grayson Rural

Service Life Statistics

Account: 368 Line Transformers

Historical Life Curve: R3

Historical Life: 29

| | B Acct Data | C Beg Age | D C / "HL" | E Lookup | F Add x %Srvg | G "RL" Area | H "FL" Area | I "FL" / E |
|------|-------------------|--------------|---------------|------------------------------------|---------------------------------|-----------------------|------------------------------|----------------------------|
| Year | Ending Balance | Age | Age/Life | Historical Percent Surviving | Simulated Plant Survivors | Realized Life (RL) | Future Unrealized Life | Remaining Life Years |
| 1967 | \$499,798 | 40.5 | 1.400 | 0.053330 | \$1,863 | 28.88 | 0.116 | 2.182 |
| 1966 | \$472,962 | 41.5 | 1.430 | 0.038345 | \$1,396 | 28.93 | 0.071 | 1.839 |
| 1965 | \$444,017 | 42.5 | 1.470 | 0.023057 | \$686 | 28.96 | 0.040 | 1.727 |
| 1964 | \$421,586 | 43.5 | 1.500 | 0.014679 | \$488 | 28.98 | 0.021 | 1.427 |
| 1963 | \$399,844 | 44.5 | 1.530 | 0.008587 | \$248 | 28.99 | 0.009 | 1.085 |
| 1962 | \$376,409 | 45.5 | 1.570 | 0.003445 | \$73 | 28.99 | 0.003 | 0.958 |
| 1961 | \$360,632 | 46.5 | 1.600 | 0.001364 | \$48 | 29.00 | 0.001 | 0.658 |
| 1960 | \$335,025 | 47.5 | 1.640 | 0.000204 | \$10 | 29.00 | 0.000 | 0.558 |
| 1959 | \$287,526 | 48.5 | 1.670 | 0.000012 | \$1 | 29.00 | 0.000 | 0.500 |
| 1958 | \$240,473 | 49.5 | 1.710 | 0.000000 | \$0 | 29.00 | 0.000 | 0.000 |
| 1957 | \$188,296 | 50.5 | 1.740 | 0.000000 | \$0 | 29.00 | 0.000 | 0.000 |
| 1956 | \$153,953 | 51.5 | 1.780 | 0.000000 | \$0 | 29.00 | 0.000 | 0.000 |
| 1955 | \$113,722 | 52.5 | 1.810 | 0.000000 | \$0 | 29.00 | 0.000 | 0.000 |
| 1954 | \$88,160 | 53.5 | 1.840 | 0.000000 | \$0 | 29.00 | 0.000 | 0.000 |
| 1953 | \$31,535 | 54.5 | 1.880 | 0.000000 | \$0 | 29.00 | 0.000 | 0.000 |
| 1952 | \$20,049 | 55.5 | 1.910 | 0.000000 | \$0 | 29.00 | 0.000 | 0.000 |
| 1951 | \$0 | 56.5 | 1.950 | 0.000000 | \$0 | 29.00 | 0.000 | 0.000 |
| | | | | <u>28.997934</u> | <u>\$6,610,177</u> | | | |

Grayson Rural

Service Life Statistics

Account: 369 Services

Historical Life Curve: S3

Historical Life: 28

| | B Acct Data | C Beg Age | D C / "HL" | E Lookup | F Add x %Srvg | G "RL" Area | H "FL" Area | I "FL" / E |
|------|-------------------|--------------|---------------|------------------------------------|---------------------------------|-----------------------|------------------------------|----------------------------|
| Year | Ending Balance | Age | Age/Life | Historical Percent Surviving | Simulated Plant Survivors | Realized Life (RL) | Future Unrealized Life | Remaining Life Years |
| 2007 | \$5,408,331 | 0.5 | 0.020 | 1.000000 | \$231,049 | 0.50 | 27.480 | 27.480 |
| 2006 | \$5,212,664 | 1.5 | 0.050 | 1.000000 | \$264,930 | 1.50 | 26.480 | 26.480 |
| 2005 | \$4,985,860 | 2.5 | 0.090 | 1.000000 | \$287,993 | 2.50 | 25.480 | 25.480 |
| 2004 | \$4,728,759 | 3.5 | 0.130 | 0.999998 | \$328,823 | 3.50 | 24.480 | 24.480 |
| 2003 | \$4,431,883 | 4.5 | 0.160 | 0.999993 | \$293,788 | 4.50 | 23.480 | 23.480 |
| 2002 | \$4,168,880 | 5.5 | 0.200 | 0.999963 | \$235,245 | 5.50 | 22.480 | 22.481 |
| 2001 | \$3,965,664 | 6.5 | 0.230 | 0.999898 | \$244,464 | 6.50 | 21.480 | 21.482 |
| 2000 | \$3,749,254 | 7.5 | 0.270 | 0.999684 | \$231,938 | 7.50 | 20.480 | 20.487 |
| 1999 | \$3,556,506 | 8.5 | 0.300 | 0.999345 | \$275,248 | 8.50 | 19.481 | 19.494 |
| 1998 | \$3,312,881 | 9.5 | 0.340 | 0.998470 | \$305,032 | 9.50 | 18.482 | 18.510 |
| 1997 | \$3,041,275 | 10.5 | 0.380 | 0.996807 | \$290,237 | 10.50 | 17.484 | 17.540 |
| 1996 | \$2,789,583 | 11.5 | 0.410 | 0.994782 | \$322,130 | 11.49 | 16.488 | 16.575 |
| 1995 | \$2,502,753 | 12.5 | 0.450 | 0.990607 | \$250,654 | 12.48 | 15.496 | 15.643 |
| 1994 | \$2,270,494 | 13.5 | 0.480 | 0.986025 | \$204,711 | 13.47 | 14.507 | 14.713 |
| 1993 | \$2,086,911 | 14.5 | 0.520 | 0.977420 | \$172,402 | 14.45 | 13.526 | 13.838 |
| 1992 | \$1,937,096 | 15.5 | 0.550 | 0.968691 | \$163,313 | 15.43 | 12.553 | 12.958 |
| 1991 | \$1,804,216 | 16.5 | 0.590 | 0.953433 | \$159,969 | 16.39 | 11.592 | 12.158 |
| 1990 | \$1,665,475 | 17.5 | 0.630 | 0.933413 | \$131,306 | 17.33 | 10.648 | 11.408 |
| 1989 | \$1,548,638 | 18.5 | 0.660 | 0.914922 | \$127,921 | 18.26 | 9.724 | 10.628 |
| 1988 | \$1,426,515 | 19.5 | 0.700 | 0.885285 | \$111,531 | 19.16 | 8.824 | 9.967 |
| 1987 | \$1,324,068 | 20.5 | 0.730 | 0.859185 | \$121,653 | 20.03 | 7.952 | 9.255 |
| 1986 | \$1,224,369 | 21.5 | 0.770 | 0.819196 | \$107,752 | 20.87 | 7.112 | 8.682 |
| 1985 | \$1,128,184 | 22.5 | 0.800 | 0.785422 | \$93,562 | 21.67 | 6.310 | 8.034 |
| 1984 | \$1,041,019 | 23.5 | 0.840 | 0.735705 | \$81,557 | 22.43 | 5.550 | 7.543 |
| 1983 | \$945,551 | 24.5 | 0.880 | 0.681276 | \$68,378 | 23.14 | 4.841 | 7.106 |
| 1982 | \$855,558 | 25.5 | 0.910 | 0.637914 | \$39,239 | 23.80 | 4.182 | 6.555 |
| 1981 | \$800,422 | 26.5 | 0.950 | 0.577606 | \$38,364 | 24.41 | 3.574 | 6.187 |
| 1980 | \$744,693 | 27.5 | 0.980 | 0.531192 | \$45,775 | 24.96 | 3.019 | 5.684 |
| 1979 | \$668,104 | 28.5 | 1.020 | 0.468808 | \$38,700 | 25.46 | 2.519 | 5.374 |
| 1978 | \$598,246 | 29.5 | 1.050 | 0.422394 | \$35,450 | 25.91 | 2.074 | 4.910 |
| 1977 | \$526,192 | 30.5 | 1.090 | 0.362086 | \$31,976 | 26.30 | 1.682 | 4.644 |
| 1976 | \$451,546 | 31.5 | 1.130 | 0.304722 | \$21,452 | 26.63 | 1.348 | 4.424 |
| 1975 | \$393,311 | 32.5 | 1.160 | 0.264295 | \$16,659 | 26.92 | 1.064 | 4.024 |
| 1974 | \$341,232 | 33.5 | 1.200 | 0.214578 | \$11,547 | 27.16 | 0.824 | 3.841 |
| 1973 | \$301,033 | 34.5 | 1.230 | 0.180804 | \$7,868 | 27.35 | 0.626 | 3.465 |
| 1972 | \$265,318 | 35.5 | 1.270 | 0.140815 | \$6,924 | 27.51 | 0.466 | 3.307 |
| 1971 | \$225,857 | 36.5 | 1.300 | 0.114715 | \$3,959 | 27.64 | 0.338 | 2.946 |
| 1970 | \$204,023 | 37.5 | 1.340 | 0.085078 | \$1,327 | 27.74 | 0.238 | 2.798 |
| 1969 | \$193,161 | 38.5 | 1.380 | 0.061102 | \$1,139 | 27.82 | 0.165 | 2.699 |
| 1968 | \$180,699 | 39.5 | 1.410 | 0.046567 | \$736 | 27.87 | 0.111 | 2.386 |

Grayson Rural

Service Life Statistics

Account: 369 Services

Historical Life Curve: S3

Historical Life: 28

| | B Acct Data | C Beg Age | D C / "HL" | E Lookup | F Add x %Srvg | G "RL" Area | H "FL" Area | I "FL" / E |
|------|-------------------|--------------|---------------|------------------------------------|---------------------------------|-----------------------|------------------------------|----------------------------|
| Year | Ending Balance | Age | Age/Life | Historical Percent Surviving | Simulated Plant Survivors | Realized Life (RL) | Future Unrealized Life | Remaining Life Years |
| 1967 | \$169,100 | 40.5 | 1.450 | 0.031309 | \$449 | 27.91 | 0.072 | 2.304 |
| 1966 | \$158,331 | 41.5 | 1.480 | 0.022580 | \$385 | 27.93 | 0.045 | 2.002 |
| 1965 | \$145,210 | 42.5 | 1.520 | 0.013975 | \$275 | 27.95 | 0.027 | 1.927 |
| 1964 | \$128,827 | 43.5 | 1.550 | 0.009393 | \$98 | 27.96 | 0.015 | 1.623 |
| 1963 | \$120,676 | 44.5 | 1.590 | 0.005218 | \$94 | 27.97 | 0.008 | 1.521 |
| 1962 | \$105,300 | 45.5 | 1.630 | 0.002681 | \$22 | 27.98 | 0.004 | 1.488 |
| 1961 | \$98,938 | 46.5 | 1.660 | 0.001530 | \$16 | 27.98 | 0.002 | 1.231 |
| 1960 | \$90,739 | 47.5 | 1.700 | 0.000655 | \$8 | 27.98 | 0.001 | 1.208 |
| 1959 | \$84,010 | 48.5 | 1.730 | 0.000316 | \$3 | 27.98 | 0.000 | 0.967 |
| 1958 | \$75,855 | 49.5 | 1.770 | 0.000102 | \$1 | 27.98 | 0.000 | 0.948 |
| 1957 | \$66,822 | 50.5 | 1.800 | 0.000037 | \$1 | 27.98 | 0.000 | 0.721 |
| 1956 | \$51,026 | 51.5 | 1.840 | 0.000007 | \$0 | 27.98 | 0.000 | 0.631 |
| 1955 | \$50,500 | 52.5 | 1.880 | 0.000001 | \$0 | 27.98 | 0.000 | 0.615 |
| 1954 | \$44,701 | 53.5 | 1.910 | 0.000000 | \$0 | 27.98 | 0.000 | 0.511 |
| 1953 | \$19,446 | 54.5 | 1.950 | 0.000000 | \$0 | 27.98 | 0.000 | 0.501 |
| 1952 | \$10,266 | 55.5 | 1.980 | 0.000000 | \$0 | 27.98 | 0.000 | 0.500 |
| 1951 | \$0 | 56.5 | 2.020 | 0.000000 | \$0 | 27.98 | 0.000 | 0.000 |
| | | | | <u>27.980000</u> | <u>\$5,408,053</u> | | | |

Grayson Rural

Service Life Statistics

Account: 370 Meters

Historical Life Curve: S0

Historical Life: 15

| | B Acct Data | C Beg Age | D C / "HL" | E Lookup | F Add x %Srvg | G "RL" Area | H "FL" Area | I "FL" / E |
|------|----------------|--------------|---------------|------------------------------|---------------------------|--------------------|------------------------|----------------------|
| Year | Ending Balance | Age | Age/Life | Historical Percent Surviving | Simulated Plant Survivors | Realized Life (RL) | Future Unrealized Life | Remaining Life Years |
| 2007 | \$2,581,156 | 0.5 | 0.030 | 0.998562 | \$190,038 | 0.50 | 14.501 | 14.522 |
| 2006 | \$2,395,934 | 1.5 | 0.100 | 0.988370 | \$45,714 | 1.49 | 13.507 | 13.666 |
| 2005 | \$2,358,880 | 2.5 | 0.170 | 0.971092 | \$31,075 | 2.47 | 12.528 | 12.900 |
| 2004 | \$2,356,471 | 3.5 | 0.230 | 0.951701 | \$146,310 | 3.43 | 11.566 | 12.153 |
| 2003 | \$2,412,256 | 4.5 | 0.300 | 0.924528 | \$629,082 | 4.37 | 10.628 | 11.496 |
| 2002 | \$1,953,523 | 5.5 | 0.370 | 0.893116 | \$528,064 | 5.28 | 9.719 | 10.882 |
| 2001 | \$1,570,930 | 6.5 | 0.430 | 0.863264 | \$579,699 | 6.16 | 8.841 | 10.241 |
| 2000 | \$990,614 | 7.5 | 0.500 | 0.825475 | \$101,643 | 7.00 | 7.997 | 9.687 |
| 1999 | \$873,302 | 8.5 | 0.570 | 0.784942 | \$31,133 | 7.81 | 7.191 | 9.162 |
| 1998 | \$837,034 | 9.5 | 0.630 | 0.748344 | \$34,339 | 8.58 | 6.425 | 8.585 |
| 1997 | \$795,617 | 10.5 | 0.700 | 0.703845 | \$37,013 | 9.30 | 5.699 | 8.097 |
| 1996 | \$763,069 | 11.5 | 0.770 | 0.657778 | \$40,724 | 9.98 | 5.018 | 7.629 |
| 1995 | \$717,715 | 12.5 | 0.830 | 0.617331 | \$37,428 | 10.62 | 4.380 | 7.096 |
| 1994 | \$690,193 | 13.5 | 0.900 | 0.569347 | \$32,391 | 11.21 | 3.787 | 6.651 |
| 1993 | \$649,559 | 14.5 | 0.970 | 0.520851 | \$22,019 | 11.76 | 3.242 | 6.224 |
| 1992 | \$631,561 | 15.5 | 1.030 | 0.479149 | \$21,772 | 12.26 | 2.742 | 5.722 |
| 1991 | \$602,011 | 16.5 | 1.100 | 0.430653 | \$18,818 | 12.71 | 2.287 | 5.310 |
| 1990 | \$568,667 | 17.5 | 1.170 | 0.382670 | \$16,663 | 13.12 | 1.880 | 4.914 |
| 1989 | \$543,169 | 18.5 | 1.230 | 0.342222 | \$12,266 | 13.48 | 1.518 | 4.435 |
| 1988 | \$516,082 | 19.5 | 1.300 | 0.296155 | \$6,331 | 13.80 | 1.199 | 4.047 |
| 1987 | \$503,933 | 20.5 | 1.370 | 0.251656 | \$1,908 | 14.08 | 0.925 | 3.675 |
| 1986 | \$503,435 | 21.5 | 1.430 | 0.215058 | \$6,096 | 14.31 | 0.691 | 3.215 |
| 1985 | \$485,534 | 22.5 | 1.500 | 0.174525 | \$4,440 | 14.50 | 0.497 | 2.846 |
| 1984 | \$466,150 | 23.5 | 1.570 | 0.136736 | \$1,551 | 14.66 | 0.341 | 2.494 |
| 1983 | \$466,176 | 24.5 | 1.630 | 0.106884 | \$1,919 | 14.78 | 0.219 | 2.051 |
| 1982 | \$453,227 | 25.5 | 1.700 | 0.075472 | \$1,361 | 14.87 | 0.128 | 1.696 |
| 1981 | \$441,339 | 26.5 | 1.770 | 0.048299 | \$1,251 | 14.93 | 0.066 | 1.369 |
| 1980 | \$419,531 | 27.5 | 1.830 | 0.028908 | \$486 | 14.97 | 0.028 | 0.952 |
| 1979 | \$403,385 | 28.5 | 1.900 | 0.011630 | \$510 | 14.99 | 0.007 | 0.624 |
| 1978 | \$363,864 | 29.5 | 1.970 | 0.001438 | \$61 | 15.00 | 0.001 | 0.500 |
| 1977 | \$323,882 | 30.5 | 2.030 | 0.000000 | \$0 | 15.00 | 0.000 | 0.000 |
| 1976 | \$291,213 | 31.5 | 2.100 | 0.000000 | \$0 | 15.00 | 0.000 | 0.000 |
| 1975 | \$238,562 | 32.5 | 2.170 | 0.000000 | \$0 | 15.00 | 0.000 | 0.000 |
| 1974 | \$213,701 | 33.5 | 2.230 | 0.000000 | \$0 | 15.00 | 0.000 | 0.000 |
| 1973 | \$186,471 | 34.5 | 2.300 | 0.000000 | \$0 | 15.00 | 0.000 | 0.000 |
| 1972 | \$168,178 | 35.5 | 2.370 | 0.000000 | \$0 | 15.00 | 0.000 | 0.000 |
| 1971 | \$147,878 | 36.5 | 2.430 | 0.000000 | \$0 | 15.00 | 0.000 | 0.000 |
| 1970 | \$134,297 | 37.5 | 2.500 | 0.000000 | \$0 | 15.00 | 0.000 | 0.000 |
| 1969 | \$129,794 | 38.5 | 2.570 | 0.000000 | \$0 | 15.00 | 0.000 | 0.000 |
| 1968 | \$124,895 | 39.5 | 2.630 | 0.000000 | \$0 | 15.00 | 0.000 | 0.000 |

Grayson Rural

Service Life Statistics

Account: 370 Meters

Historical Life Curve: S0

Historical Life: 15

| B | C | D | E | F | G | H | I |
|-----------|---------|----------|--------|-------------|-----------|-----------|----------|
| Acct Data | Beg Age | C / "HL" | Lookup | Add x %Srvg | "RL" Area | "FL" Area | "FL" / E |

| Year | Ending Balance | Age | Age/Life | Historical Percent Surviving | Simulated Plant Survivors | Realized Life (RL) | Future Unrealized Life | Remaining Life Years |
|------|----------------|------|----------|------------------------------|---------------------------|--------------------|------------------------|----------------------|
| 1967 | \$114,823 | 40.5 | 2.700 | 0.000000 | \$0 | 15.00 | 0.000 | 0.000 |
| 1966 | \$111,042 | 41.5 | 2.770 | 0.000000 | \$0 | 15.00 | 0.000 | 0.000 |
| 1965 | \$105,228 | 42.5 | 2.830 | 0.000000 | \$0 | 15.00 | 0.000 | 0.000 |
| 1964 | \$96,695 | 43.5 | 2.900 | 0.000000 | \$0 | 15.00 | 0.000 | 0.000 |
| 1963 | \$88,655 | 44.5 | 2.970 | 0.000000 | \$0 | 15.00 | 0.000 | 0.000 |
| 1962 | \$81,444 | 45.5 | 3.030 | 0.000000 | \$0 | 15.00 | 0.000 | 0.000 |
| 1961 | \$68,978 | 46.5 | 3.100 | 0.000000 | \$0 | 15.00 | 0.000 | 0.000 |
| 1960 | \$63,496 | 47.5 | 3.170 | 0.000000 | \$0 | 15.00 | 0.000 | 0.000 |
| 1959 | \$56,333 | 48.5 | 3.230 | 0.000000 | \$0 | 15.00 | 0.000 | 0.000 |
| 1958 | \$51,464 | 49.5 | 3.300 | 0.000000 | \$0 | 15.00 | 0.000 | 0.000 |
| 1957 | \$41,492 | 50.5 | 3.370 | 0.000000 | \$0 | 15.00 | 0.000 | 0.000 |
| 1956 | \$35,924 | 51.5 | 3.430 | 0.000000 | \$0 | 15.00 | 0.000 | 0.000 |
| 1955 | \$25,400 | 52.5 | 3.500 | 0.000000 | \$0 | 15.00 | 0.000 | 0.000 |
| 1954 | \$18,790 | 53.5 | 3.570 | 0.000000 | \$0 | 15.00 | 0.000 | 0.000 |
| 1953 | \$5,399 | 54.5 | 3.630 | 0.000000 | \$0 | 15.00 | 0.000 | 0.000 |
| 1952 | \$2,758 | 55.5 | 3.700 | 0.000000 | \$0 | 15.00 | 0.000 | 0.000 |
| 1951 | \$0 | 56.5 | 3.770 | 0.000000 | \$0 | 15.00 | 0.000 | 0.000 |
| | | | | <u>15.000000</u> | <u>\$2,582,107</u> | | | |

Grayson Rural

Service Life Statistics

Account: 371 Installations on Customers' Premises

Historical Life Curve: R1

Historical Life: 11

| | B Acct Data | C Beg Age | D C / "HL" | E Lookup | F Add x %Srvg | G "RL" Area | H "FL" Area | I "FL" / E |
|------|-------------------|--------------|---------------|------------------------------------|---------------------------------|-----------------------|------------------------------|----------------------------|
| Year | Ending Balance | Age | Age/Life | Historical Percent Surviving | Simulated Plant Survivors | Realized Life (RL) | Future Unrealized Life | Remaining Life Years |
| 2007 | \$1,137,715 | 0.5 | 0.050 | 0.986732 | \$124,722 | 0.49 | 10.503 | 10.644 |
| 2006 | \$1,065,079 | 1.5 | 0.140 | 0.960562 | \$99,007 | 1.47 | 9.529 | 9.920 |
| 2005 | \$1,014,041 | 2.5 | 0.230 | 0.931490 | \$119,793 | 2.41 | 8.583 | 9.214 |
| 2004 | \$947,164 | 3.5 | 0.320 | 0.899602 | \$113,970 | 3.33 | 7.667 | 8.523 |
| 2003 | \$882,453 | 4.5 | 0.410 | 0.864832 | \$115,810 | 4.21 | 6.785 | 7.846 |
| 2002 | \$806,470 | 5.5 | 0.500 | 0.826654 | \$101,190 | 5.06 | 5.940 | 7.185 |
| 2001 | \$741,945 | 6.5 | 0.590 | 0.784356 | \$104,732 | 5.86 | 5.134 | 6.546 |
| 2000 | \$660,595 | 7.5 | 0.680 | 0.737303 | \$89,678 | 6.62 | 4.373 | 5.931 |
| 1999 | \$583,326 | 8.5 | 0.770 | 0.685096 | \$73,334 | 7.33 | 3.662 | 5.345 |
| 1998 | \$513,204 | 9.5 | 0.860 | 0.627676 | \$62,101 | 7.99 | 3.006 | 4.788 |
| 1997 | \$452,255 | 10.5 | 0.950 | 0.565388 | \$33,697 | 8.59 | 2.409 | 4.261 |
| 1996 | \$421,836 | 11.5 | 1.050 | 0.491442 | \$29,402 | 9.12 | 1.881 | 3.827 |
| 1995 | \$393,829 | 12.5 | 1.140 | 0.421994 | \$30,647 | 9.57 | 1.424 | 3.374 |
| 1994 | \$348,411 | 13.5 | 1.230 | 0.351537 | \$13,892 | 9.96 | 1.037 | 2.950 |
| 1993 | \$331,323 | 14.5 | 1.320 | 0.282103 | \$9,871 | 10.28 | 0.720 | 2.553 |
| 1992 | \$320,773 | 15.5 | 1.410 | 0.215980 | \$6,847 | 10.52 | 0.471 | 2.182 |
| 1991 | \$313,420 | 16.5 | 1.500 | 0.155575 | \$4,197 | 10.71 | 0.286 | 1.835 |
| 1990 | \$308,323 | 17.5 | 1.590 | 0.103241 | \$2,676 | 10.84 | 0.156 | 1.512 |
| 1989 | \$303,710 | 18.5 | 1.680 | 0.061030 | \$1,505 | 10.92 | 0.074 | 1.212 |
| 1988 | \$299,929 | 19.5 | 1.770 | 0.030339 | \$946 | 10.97 | 0.028 | 0.932 |
| 1987 | \$292,392 | 20.5 | 1.860 | 0.011326 | \$296 | 10.99 | 0.007 | 0.658 |
| 1986 | \$292,356 | 21.5 | 1.950 | 0.001795 | \$37 | 11.00 | 0.001 | 0.500 |
| 1985 | \$290,690 | 22.5 | 2.050 | 0.000000 | \$0 | 11.00 | 0.000 | 0.000 |
| 1984 | \$291,149 | 23.5 | 2.140 | 0.000000 | \$0 | 11.00 | 0.000 | 0.000 |
| 1983 | \$287,191 | 24.5 | 2.230 | 0.000000 | \$0 | 11.00 | 0.000 | 0.000 |
| 1982 | \$280,814 | 25.5 | 2.320 | 0.000000 | \$0 | 11.00 | 0.000 | 0.000 |
| 1981 | \$271,680 | 26.5 | 2.410 | 0.000000 | \$0 | 11.00 | 0.000 | 0.000 |
| 1980 | \$264,522 | 27.5 | 2.500 | 0.000000 | \$0 | 11.00 | 0.000 | 0.000 |
| 1979 | \$249,990 | 28.5 | 2.590 | 0.000000 | \$0 | 11.00 | 0.000 | 0.000 |
| 1978 | \$236,982 | 29.5 | 2.680 | 0.000000 | \$0 | 11.00 | 0.000 | 0.000 |
| 1977 | \$223,244 | 30.5 | 2.770 | 0.000000 | \$0 | 11.00 | 0.000 | 0.000 |
| 1976 | \$211,019 | 31.5 | 2.860 | 0.000000 | \$0 | 11.00 | 0.000 | 0.000 |
| 1975 | \$192,005 | 32.5 | 2.950 | 0.000000 | \$0 | 11.00 | 0.000 | 0.000 |
| 1974 | \$176,891 | 33.5 | 3.050 | 0.000000 | \$0 | 11.00 | 0.000 | 0.000 |
| 1973 | \$165,525 | 34.5 | 3.140 | 0.000000 | \$0 | 11.00 | 0.000 | 0.000 |
| 1972 | \$142,231 | 35.5 | 3.230 | 0.000000 | \$0 | 11.00 | 0.000 | 0.000 |
| 1971 | \$131,094 | 36.5 | 3.320 | 0.000000 | \$0 | 11.00 | 0.000 | 0.000 |
| 1970 | \$124,082 | 37.5 | 3.410 | 0.000000 | \$0 | 11.00 | 0.000 | 0.000 |
| 1969 | \$117,063 | 38.5 | 3.500 | 0.000000 | \$0 | 11.00 | 0.000 | 0.000 |
| 1968 | \$103,283 | 39.5 | 3.590 | 0.000000 | \$0 | 11.00 | 0.000 | 0.000 |

Grayson Rural

Service Life Statistics

Account: 371 Installations on Customers' Premises

Historical Life Curve: R1

Historical Life: 11

| | B Acct Data | C Beg Age | D C / "HL" | E Lookup | F Add x %Srvg | G "RL" Area | H "FL" Area | I "FL" / E |
|------|-------------------|--------------|---------------|------------------------------------|---------------------------------|-----------------------|------------------------------|----------------------------|
| Year | Ending Balance | Age | Age/Life | Historical Percent Surviving | Simulated Plant Survivors | Realized Life (RL) | Future Unrealized Life | Remaining Life Years |
| 1967 | \$90,333 | 40.5 | 3.680 | 0.000000 | \$0 | 11.00 | 0.000 | 0.000 |
| 1966 | \$82,824 | 41.5 | 3.770 | 0.000000 | \$0 | 11.00 | 0.000 | 0.000 |
| 1965 | \$72,016 | 42.5 | 3.860 | 0.000000 | \$0 | 11.00 | 0.000 | 0.000 |
| 1964 | \$60,385 | 43.5 | 3.950 | 0.000000 | \$0 | 11.00 | 0.000 | 0.000 |
| 1963 | \$51,541 | 44.5 | 4.050 | 0.000000 | \$0 | 11.00 | 0.000 | 0.000 |
| 1962 | \$31,151 | 45.5 | 4.140 | 0.000000 | \$0 | 11.00 | 0.000 | 0.000 |
| 1961 | \$22,185 | 46.5 | 4.230 | 0.000000 | \$0 | 11.00 | 0.000 | 0.000 |
| 1960 | \$3,310 | 47.5 | 4.320 | 0.000000 | \$0 | 11.00 | 0.000 | 0.000 |
| 1959 | \$1,378 | 48.5 | 4.410 | 0.000000 | \$0 | 11.00 | 0.000 | 0.000 |
| 1958 | \$0 | 49.5 | 4.500 | 0.000000 | \$0 | 11.00 | 0.000 | 0.000 |
| | | | | <u>10.996052</u> | <u>\$1,138,353</u> | | | |

Grayson Rural

Calculation of Composite Remaining Life

Account: 364 Poles, Towers & Fixtures

| Year | Simulated Plant Survivors | Historical Life (HL) | Rate | Accrual Amount | Remaining Life | Remaining Life Percent | Future Accrual |
|------|---------------------------------|-------------------------|-------|-------------------------------|-------------------|------------------------------|---------------------|
| 2007 | \$880,369 | 24.00 | 4.17% | \$36,682.04 | 23.50 | 97.92% | \$862,028 |
| 2006 | \$952,375 | 24.00 | 4.17% | \$39,682.31 | 22.50 | 93.75% | \$892,852 |
| 2005 | \$907,464 | 24.00 | 4.17% | \$37,811.00 | 21.50 | 89.58% | \$812,936 |
| 2004 | \$957,320 | 24.00 | 4.17% | \$39,888.33 | 20.50 | 85.42% | \$817,711 |
| 2003 | \$865,121 | 24.00 | 4.17% | \$36,046.71 | 19.50 | 81.25% | \$702,911 |
| 2002 | \$732,011 | 24.00 | 4.17% | \$30,500.44 | 18.50 | 77.08% | \$564,258 |
| 2001 | \$718,057 | 24.00 | 4.17% | \$29,919.06 | 17.50 | 72.92% | \$523,584 |
| 2000 | \$667,744 | 24.00 | 4.17% | \$27,822.68 | 16.50 | 68.75% | \$459,074 |
| 1999 | \$622,657 | 24.00 | 4.17% | \$25,944.02 | 15.50 | 64.58% | \$402,132 |
| 1998 | \$933,764 | 24.00 | 4.17% | \$38,906.82 | 14.50 | 60.42% | \$564,149 |
| 1997 | \$1,128,136 | 24.00 | 4.17% | \$47,005.68 | 13.50 | 56.25% | \$634,577 |
| 1996 | \$1,161,566 | 24.00 | 4.17% | \$48,398.57 | 12.50 | 52.08% | \$604,982 |
| 1995 | \$1,027,647 | 24.00 | 4.17% | \$42,818.63 | 11.50 | 47.92% | \$492,416 |
| 1994 | \$918,130 | 24.00 | 4.17% | \$38,255.41 | 10.50 | 43.75% | \$401,695 |
| 1993 | \$619,685 | 24.00 | 4.17% | \$25,820.21 | 9.50 | 39.59% | \$245,338 |
| 1992 | \$618,272 | 24.00 | 4.17% | \$25,761.32 | 8.51 | 35.46% | \$219,223 |
| 1991 | \$839,890 | 24.00 | 4.17% | \$34,995.40 | 7.53 | 31.38% | \$263,519 |
| 1990 | \$524,385 | 24.00 | 4.17% | \$21,849.37 | 6.58 | 27.41% | \$143,710 |
| 1989 | \$446,526 | 24.00 | 4.17% | \$18,605.24 | 5.67 | 23.63% | \$105,497 |
| 1988 | \$473,608 | 24.00 | 4.17% | \$19,733.67 | 4.83 | 20.12% | \$95,292 |
| 1987 | \$580,088 | 24.00 | 4.17% | \$24,170.34 | 4.07 | 16.95% | \$98,330 |
| 1986 | \$549,520 | 24.00 | 4.17% | \$22,896.66 | 3.51 | 14.61% | \$80,258 |
| 1985 | \$463,833 | 24.00 | 4.17% | \$19,326.36 | 2.97 | 12.37% | \$57,391 |
| 1984 | \$282,792 | 24.00 | 4.17% | \$11,782.98 | 2.52 | 10.49% | \$29,656 |
| 1983 | \$145,281 | 24.00 | 4.17% | \$6,053.39 | 2.13 | 8.88% | \$12,906 |
| 1982 | \$97,574 | 24.00 | 4.17% | \$4,065.60 | 1.80 | 7.48% | \$7,302 |
| 1981 | \$72,596 | 24.00 | 4.17% | \$3,024.84 | 1.48 | 6.18% | \$4,487 |
| 1980 | \$43,925 | 24.00 | 4.17% | \$1,830.19 | 1.41 | 5.88% | \$2,581 |
| 1979 | \$17,977 | 24.00 | 4.17% | \$749.05 | 1.24 | 5.18% | \$931 |
| 1978 | \$7,565 | 24.00 | 4.17% | \$315.22 | 1.10 | 4.59% | \$347 |
| 1977 | \$2,236 | 24.00 | 4.17% | \$93.15 | 0.98 | 4.06% | \$91 |
| 1976 | \$764 | 24.00 | 4.17% | \$31.83 | 0.85 | 3.56% | \$27 |
| 1975 | \$201 | 24.00 | 4.17% | \$8.36 | 0.70 | 2.91% | \$6 |
| 1974 | \$37 | 24.00 | 4.17% | \$1.54 | 0.71 | 2.94% | \$1 |
| 1973 | \$8 | 24.00 | 4.17% | \$0.33 | 0.65 | 2.70% | \$0 |
| 1972 | \$1 | 24.00 | 4.17% | \$0.03 | 0.60 | 2.49% | \$0 |
| 1971 | \$0 | 24.00 | 4.17% | \$0.01 | 0.56 | 2.33% | \$0 |
| | | | | <u>\$760,797</u> | | | <u>\$10,102,200</u> |
| | | | | | | | |
| | | | | Net Salvage Adjustment 55% | | | |
| | | | | <u>\$418,438</u> | | | <u>\$5,556,210</u> |
| | | | | <u>\$1,179,235</u> | | | <u>\$15,658,409</u> |

Composite Remaining Life in Years 13.28

Grayson Rural

Calculation of Composite Remaining Life

Account: 365 Overhead Conductors & Devices

| Year | Simulated Plant Survivors | Historical Life (HL) | Rate | Accrual Amount | Remaining Life | Remaining Life Percent | Future Accrual |
|------|---------------------------|----------------------|-------|----------------|----------------|------------------------|----------------|
| 2007 | \$914,098 | 24.00 | 4.17% | \$38,087.40 | 23.51 | 97.98% | \$895,614 |
| 2006 | \$941,877 | 24.00 | 4.17% | \$39,244.86 | 22.56 | 93.98% | \$885,222 |
| 2005 | \$929,229 | 24.00 | 4.17% | \$38,717.88 | 21.62 | 90.08% | \$837,069 |
| 2004 | \$997,008 | 24.00 | 4.17% | \$41,542.00 | 20.74 | 86.41% | \$861,490 |
| 2003 | \$787,064 | 24.00 | 4.17% | \$32,794.31 | 19.87 | 82.78% | \$651,556 |
| 2002 | \$738,769 | 24.00 | 4.17% | \$30,782.05 | 19.03 | 79.30% | \$585,832 |
| 2001 | \$659,413 | 24.00 | 4.17% | \$27,475.55 | 18.23 | 75.96% | \$500,865 |
| 2000 | \$601,350 | 24.00 | 4.17% | \$25,056.27 | 17.48 | 72.83% | \$437,944 |
| 1999 | \$459,889 | 24.00 | 4.17% | \$19,162.04 | 16.73 | 69.70% | \$320,526 |
| 1998 | \$715,854 | 24.00 | 4.17% | \$29,827.27 | 16.11 | 67.13% | \$480,576 |
| 1997 | \$1,107,252 | 24.00 | 4.17% | \$46,135.51 | 15.47 | 64.45% | \$713,663 |
| 1996 | \$1,016,424 | 24.00 | 4.17% | \$42,350.98 | 14.87 | 61.96% | \$629,757 |
| 1995 | \$1,510,181 | 24.00 | 4.17% | \$62,924.20 | 14.31 | 59.65% | \$900,758 |
| 1994 | \$503,050 | 24.00 | 4.17% | \$20,960.42 | 13.80 | 57.50% | \$289,278 |
| 1993 | \$233,775 | 24.00 | 4.17% | \$9,740.64 | 13.32 | 55.52% | \$129,781 |
| 1992 | \$281,334 | 24.00 | 4.17% | \$11,722.24 | 13.03 | 54.28% | \$152,698 |
| 1991 | \$321,007 | 24.00 | 4.17% | \$13,375.29 | 12.62 | 52.60% | \$168,855 |
| 1990 | \$120,370 | 24.00 | 4.17% | \$5,015.40 | 12.25 | 51.02% | \$61,417 |
| 1989 | \$97,690 | 24.00 | 4.17% | \$4,070.43 | 11.89 | 49.53% | \$48,381 |
| 1988 | \$96,745 | 24.00 | 4.17% | \$4,031.03 | 11.54 | 48.09% | \$46,525 |
| 1987 | \$134,627 | 24.00 | 4.17% | \$5,609.47 | 11.21 | 46.70% | \$62,876 |
| 1986 | \$73,004 | 24.00 | 4.17% | \$3,041.83 | 11.06 | 46.10% | \$33,653 |
| 1985 | \$77,374 | 24.00 | 4.17% | \$3,223.92 | 10.76 | 44.84% | \$34,694 |
| 1984 | \$88,704 | 24.00 | 4.17% | \$3,696.02 | 10.46 | 43.60% | \$38,671 |
| 1983 | \$43,516 | 24.00 | 4.17% | \$1,813.16 | 10.17 | 42.36% | \$18,432 |
| 1982 | \$72,828 | 24.00 | 4.17% | \$3,034.50 | 9.87 | 41.12% | \$29,945 |
| 1981 | \$79,490 | 24.00 | 4.17% | \$3,312.10 | 9.57 | 39.87% | \$31,694 |
| 1980 | \$84,883 | 24.00 | 4.17% | \$3,536.80 | 9.45 | 39.39% | \$33,436 |
| 1979 | \$62,284 | 24.00 | 4.17% | \$2,595.17 | 9.17 | 38.20% | \$23,795 |
| 1978 | \$59,830 | 24.00 | 4.17% | \$2,492.91 | 8.88 | 37.01% | \$22,145 |
| 1977 | \$32,355 | 24.00 | 4.17% | \$1,348.12 | 8.60 | 35.81% | \$11,588 |
| 1976 | \$33,749 | 24.00 | 4.17% | \$1,406.20 | 8.31 | 34.61% | \$11,681 |
| 1975 | \$31,100 | 24.00 | 4.17% | \$1,295.85 | 8.02 | 33.40% | \$10,387 |
| 1974 | \$25,279 | 24.00 | 4.17% | \$1,053.30 | 7.91 | 32.98% | \$8,336 |
| 1973 | \$15,123 | 24.00 | 4.17% | \$630.13 | 7.64 | 31.85% | \$4,817 |
| 1972 | \$11,371 | 24.00 | 4.17% | \$473.80 | 7.38 | 30.73% | \$3,495 |
| 1971 | \$47,353 | 24.00 | 4.17% | \$1,973.05 | 7.11 | 29.61% | \$14,023 |
| 1970 | \$4,219 | 24.00 | 4.17% | \$175.81 | 6.84 | 28.49% | \$1,202 |
| 1969 | \$19,857 | 24.00 | 4.17% | \$827.36 | 6.57 | 27.37% | \$5,435 |
| 1968 | \$4,626 | 24.00 | 4.17% | \$192.73 | 6.50 | 27.08% | \$1,252 |
| 1967 | \$9,935 | 24.00 | 4.17% | \$413.95 | 6.26 | 26.07% | \$2,590 |
| 1966 | \$3,808 | 24.00 | 4.17% | \$158.65 | 6.02 | 25.07% | \$954 |

Grayson Rural

Calculation of Composite Remaining Life

Account: 365 Overhead Conductors & Devices

| Year | Simulated Plant Survivors | Historical Life (HL) | Rate | Accrual Amount | Remaining Life | Remaining Life Percent | Future Accrual |
|------|---------------------------------|-------------------------|-------|-------------------------------|-------------------|------------------------------|---------------------|
| 1965 | \$7,496 | 24.00 | 4.17% | \$312.34 | 5.77 | 24.06% | \$1,804 |
| 1964 | \$3,986 | 24.00 | 4.17% | \$166.09 | 5.53 | 23.05% | \$919 |
| 1963 | \$2,511 | 24.00 | 4.17% | \$104.63 | 5.29 | 22.03% | \$553 |
| 1962 | \$1,284 | 24.00 | 4.17% | \$53.49 | 5.25 | 21.87% | \$281 |
| 1961 | \$1,438 | 24.00 | 4.17% | \$59.93 | 5.03 | 20.98% | \$302 |
| 1960 | \$3,305 | 24.00 | 4.17% | \$137.71 | 4.82 | 20.09% | \$664 |
| 1959 | \$1,236 | 24.00 | 4.17% | \$51.50 | 4.61 | 19.19% | \$237 |
| 1958 | \$1,040 | 24.00 | 4.17% | \$43.35 | 4.39 | 18.28% | \$190 |
| 1957 | \$3,049 | 24.00 | 4.17% | \$127.02 | 4.16 | 17.35% | \$529 |
| 1956 | \$409 | 24.00 | 4.17% | \$17.04 | 4.15 | 17.30% | \$71 |
| 1955 | \$745 | 24.00 | 4.17% | \$31.04 | 3.97 | 16.53% | \$123 |
| 1954 | \$2,039 | 24.00 | 4.17% | \$84.95 | 3.78 | 15.75% | \$321 |
| 1953 | \$320 | 24.00 | 4.17% | \$13.34 | 3.59 | 14.95% | \$48 |
| 1952 | \$335 | 24.00 | 4.17% | \$13.97 | 3.39 | 14.13% | \$47 |
| 1951 | \$0 | 24.00 | 4.17% | \$0.00 | 3.19 | 13.27% | \$0 |
| | | | | <u>\$586,537</u> | | | <u>\$10,008,998</u> |
| | | | | Net Salvage Adjustment 45% | <u>\$263,942</u> | | <u>\$4,504,049</u> |
| | | | | | <u>\$850,479</u> | | <u>\$14,513,046</u> |

Composite Remaining Life in Years 17.06

Grayson Rural

Calculation of Composite Remaining Life

Account: 367 Underground Conductors & Devices

| Year | Simulated Plant Survivors | Historical Life (HL) | Rate | Accrual Amount | Remaining Life | Remaining Life Percent | Future Accrual |
|------|---------------------------------|-------------------------|-------|-------------------|-------------------|------------------------------|-------------------|
| 2007 | \$15,520 | 32.00 | 3.13% | \$485.00 | 31.67 | 98.96% | \$15,358 |
| 2006 | \$86,082 | 32.00 | 3.13% | \$2,690.06 | 30.92 | 96.63% | \$83,179 |
| 2005 | \$5,278 | 32.00 | 3.13% | \$164.92 | 30.18 | 94.32% | \$4,978 |
| 2004 | \$2,671 | 32.00 | 3.13% | \$83.48 | 29.45 | 92.03% | \$2,458 |
| 2003 | \$12,277 | 32.00 | 3.13% | \$383.67 | 28.72 | 89.76% | \$11,020 |
| 2002 | \$21,425 | 32.00 | 3.13% | \$669.52 | 28.00 | 87.50% | \$18,746 |
| 2001 | \$28,905 | 32.00 | 3.13% | \$903.27 | 27.28 | 85.26% | \$24,644 |
| 2000 | \$5,436 | 32.00 | 3.13% | \$169.88 | 26.57 | 83.03% | \$4,514 |
| 1999 | \$11,053 | 32.00 | 3.13% | \$345.42 | 25.96 | 81.14% | \$8,968 |
| 1998 | \$1,101 | 32.00 | 3.13% | \$34.41 | 25.26 | 78.95% | \$869 |
| 1997 | \$20,213 | 32.00 | 3.13% | \$631.66 | 24.57 | 76.78% | \$15,520 |
| 1996 | \$6,766 | 32.00 | 3.13% | \$211.44 | 23.88 | 74.62% | \$5,049 |
| 1995 | \$7,025 | 32.00 | 3.13% | \$219.53 | 23.19 | 72.48% | \$5,091 |
| 1994 | \$2,951 | 32.00 | 3.13% | \$92.23 | 22.51 | 70.34% | \$2,076 |
| 1993 | \$6,048 | 32.00 | 3.13% | \$189.00 | 21.83 | 68.23% | \$4,126 |
| 1992 | \$8,110 | 32.00 | 3.13% | \$253.45 | 21.16 | 66.13% | \$5,363 |
| 1991 | \$12,659 | 32.00 | 3.13% | \$395.61 | 20.61 | 64.41% | \$8,154 |
| 1990 | \$11,337 | 32.00 | 3.13% | \$354.28 | 19.96 | 62.38% | \$7,072 |
| 1989 | \$14,134 | 32.00 | 3.13% | \$441.68 | 19.32 | 60.36% | \$8,532 |
| 1988 | \$6,964 | 32.00 | 3.13% | \$217.64 | 18.68 | 58.37% | \$4,065 |
| 1987 | \$39 | 32.00 | 3.13% | \$1.22 | 18.05 | 56.41% | \$22 |
| 1986 | \$2,106 | 32.00 | 3.13% | \$65.81 | 17.43 | 54.47% | \$1,147 |
| 1985 | \$892 | 32.00 | 3.13% | \$27.86 | 16.82 | 52.56% | \$469 |
| 1984 | \$0 | 32.00 | 3.13% | \$0.00 | 16.21 | 50.67% | \$0 |
| 1983 | \$0 | 32.00 | 3.13% | \$0.00 | 15.76 | 49.25% | \$0 |
| 1982 | \$0 | 32.00 | 3.13% | \$0.00 | 15.19 | 47.46% | \$0 |
| 1981 | \$0 | 32.00 | 3.13% | \$0.00 | 14.62 | 45.69% | \$0 |
| 1980 | \$2,900 | 32.00 | 3.13% | \$90.62 | 14.06 | 43.95% | \$1,275 |
| 1979 | \$0 | 32.00 | 3.13% | \$0.00 | 13.52 | 42.24% | \$0 |
| 1978 | \$2,125 | 32.00 | 3.13% | \$66.40 | 12.98 | 40.55% | \$862 |
| 1977 | \$454 | 32.00 | 3.13% | \$14.19 | 12.45 | 38.89% | \$177 |
| 1976 | \$890 | 32.00 | 3.13% | \$27.80 | 11.92 | 37.26% | \$331 |
| 1975 | -\$1,131 | 32.00 | 3.13% | -\$35.33 | 11.58 | 36.19% | -\$409 |
| 1974 | \$2,254 | 32.00 | 3.13% | \$70.45 | 11.09 | 34.66% | \$781 |
| 1973 | \$3,179 | 32.00 | 3.13% | \$99.33 | 10.61 | 33.15% | \$1,054 |
| 1972 | \$0 | 32.00 | 3.13% | \$0.00 | 10.14 | 31.67% | \$0 |
| | | | | \$9,365 | | | \$245,491 |
| | | | | | | | |
| | | | | \$2,809 | | | \$73,647 |
| | | | | \$12,174 | | | \$319,138 |

Composite Remaining Life in Years 26.22

Grayson Rural

Calculation of Composite Remaining Life

Account: 368 Line Transformers

| Year | Simulated Plant Survivors | Historical Life (HL) | Rate | Accrual Amount | Remaining Life | Remaining Life Percent | Future Accrual |
|------|---------------------------------|-------------------------|-------|-------------------|-------------------|------------------------------|-------------------|
| 2007 | \$263,883 | 29.00 | 3.45% | \$9,099.40 | 28.51 | 98.30% | \$259,399 |
| 2006 | \$331,907 | 29.00 | 3.45% | \$11,445.08 | 27.52 | 94.91% | \$315,015 |
| 2005 | \$292,579 | 29.00 | 3.45% | \$10,088.92 | 26.55 | 91.56% | \$267,886 |
| 2004 | \$347,217 | 29.00 | 3.45% | \$11,973.00 | 25.58 | 88.20% | \$306,259 |
| 2003 | \$320,608 | 29.00 | 3.45% | \$11,055.43 | 24.62 | 84.91% | \$272,218 |
| 2002 | \$225,797 | 29.00 | 3.45% | \$7,786.10 | 23.66 | 81.60% | \$184,244 |
| 2001 | \$299,763 | 29.00 | 3.45% | \$10,336.65 | 22.71 | 78.31% | \$234,744 |
| 2000 | \$255,759 | 29.00 | 3.45% | \$8,819.27 | 21.78 | 75.12% | \$192,120 |
| 1999 | \$286,970 | 29.00 | 3.45% | \$9,895.52 | 20.85 | 71.90% | \$206,318 |
| 1998 | \$257,968 | 29.00 | 3.45% | \$8,895.44 | 19.95 | 68.80% | \$177,477 |
| 1997 | \$290,683 | 29.00 | 3.45% | \$10,023.54 | 19.04 | 65.65% | \$190,842 |
| 1996 | \$272,812 | 29.00 | 3.45% | \$9,407.31 | 18.17 | 62.67% | \$170,963 |
| 1995 | \$305,821 | 29.00 | 3.45% | \$10,545.55 | 17.29 | 59.61% | \$182,303 |
| 1994 | \$307,026 | 29.00 | 3.45% | \$10,587.10 | 16.46 | 56.75% | \$174,237 |
| 1993 | \$237,295 | 29.00 | 3.45% | \$8,182.60 | 15.60 | 53.79% | \$127,647 |
| 1992 | \$177,829 | 29.00 | 3.45% | \$6,132.04 | 14.75 | 50.88% | \$90,471 |
| 1991 | \$170,238 | 29.00 | 3.45% | \$5,870.29 | 13.98 | 48.21% | \$82,067 |
| 1990 | \$232,858 | 29.00 | 3.45% | \$8,029.58 | 13.17 | 45.40% | \$105,717 |
| 1989 | \$155,783 | 29.00 | 3.45% | \$5,371.84 | 12.44 | 42.88% | \$66,808 |
| 1988 | \$142,130 | 29.00 | 3.45% | \$4,901.03 | 11.66 | 40.20% | \$57,133 |
| 1987 | \$108,003 | 29.00 | 3.45% | \$3,724.26 | 10.98 | 37.85% | \$40,882 |
| 1986 | \$161,773 | 29.00 | 3.45% | \$5,578.38 | 10.24 | 35.30% | \$57,107 |
| 1985 | \$89,819 | 29.00 | 3.45% | \$3,097.21 | 9.61 | 33.15% | \$29,773 |
| 1984 | \$95,630 | 29.00 | 3.45% | \$3,297.58 | 8.92 | 30.75% | \$29,408 |
| 1983 | \$104,418 | 29.00 | 3.45% | \$3,600.63 | 8.24 | 28.41% | \$29,665 |
| 1982 | \$97,580 | 29.00 | 3.45% | \$3,364.82 | 7.70 | 26.56% | \$25,913 |
| 1981 | \$122,433 | 29.00 | 3.45% | \$4,221.82 | 7.07 | 24.40% | \$29,868 |
| 1980 | \$105,308 | 29.00 | 3.45% | \$3,631.29 | 6.61 | 22.80% | \$24,006 |
| 1979 | \$110,822 | 29.00 | 3.45% | \$3,821.44 | 6.04 | 20.83% | \$23,088 |
| 1978 | \$96,899 | 29.00 | 3.45% | \$3,341.34 | 5.66 | 19.51% | \$18,901 |
| 1977 | \$96,500 | 29.00 | 3.45% | \$3,327.57 | 5.15 | 17.75% | \$17,130 |
| 1976 | \$66,224 | 29.00 | 3.45% | \$2,283.57 | 4.84 | 16.70% | \$11,058 |
| 1975 | \$47,386 | 29.00 | 3.45% | \$1,634.01 | 4.39 | 15.15% | \$7,178 |
| 1974 | \$42,953 | 29.00 | 3.45% | \$1,481.14 | 4.16 | 14.36% | \$6,167 |
| 1973 | \$32,840 | 29.00 | 3.45% | \$1,132.42 | 3.77 | 13.00% | \$4,269 |
| 1972 | \$17,238 | 29.00 | 3.45% | \$594.40 | 3.37 | 11.63% | \$2,004 |
| 1971 | \$16,613 | 29.00 | 3.45% | \$572.85 | 3.19 | 11.01% | \$1,830 |
| 1970 | \$9,138 | 29.00 | 3.45% | \$315.09 | 2.82 | 9.74% | \$890 |
| 1969 | \$4,920 | 29.00 | 3.45% | \$169.66 | 2.67 | 9.22% | \$454 |
| 1968 | \$3,943 | 29.00 | 3.45% | \$135.97 | 2.32 | 8.00% | \$315 |
| 1967 | \$1,863 | 29.00 | 3.45% | \$64.23 | 2.18 | 7.52% | \$140 |
| 1966 | \$1,396 | 29.00 | 3.45% | \$48.13 | 1.84 | 6.34% | \$89 |

Grayson Rural

Calculation of Composite Remaining Life

Account: 368 Line Transformers

| Year | Simulated Plant Survivors | Historical Life (HL) | Rate | Accrual Amount | Remaining Life | Remaining Life Percent | Future Accrual |
|------|---------------------------------|-------------------------|-------|-------------------|-------------------|------------------------------|--------------------|
| 1965 | \$686 | 29.00 | 3.45% | \$23.65 | 1.73 | 5.96% | \$41 |
| 1964 | \$488 | 29.00 | 3.45% | \$16.84 | 1.43 | 4.92% | \$24 |
| 1963 | \$248 | 29.00 | 3.45% | \$8.56 | 1.09 | 3.74% | \$9 |
| 1962 | \$73 | 29.00 | 3.45% | \$2.52 | 0.96 | 3.30% | \$2 |
| 1961 | \$48 | 29.00 | 3.45% | \$1.67 | 0.66 | 2.27% | \$1 |
| 1960 | \$10 | 29.00 | 3.45% | \$0.34 | 0.56 | 1.92% | \$0 |
| 1959 | \$1 | 29.00 | 3.45% | \$0.02 | 0.50 | 1.72% | \$0 |
| 1958 | \$0 | 29.00 | 3.45% | \$0.00 | 0.00 | 0.00% | \$0 |
| | | | | <u>\$227,937</u> | | | <u>\$4,024,083</u> |
| | | | | | | | |
| | | | 0% | <u>\$0</u> | | | <u>\$0</u> |
| | | | | <u>\$227,937</u> | | | <u>\$4,024,083</u> |
| | | | | | | | |
| | | | | | 17.65 | | |

Grayson Rural

Calculation of Composite Remaining Life

Account: 369 Services

| Year | Simulated Plant Survivors | Historical Life (HL) | Rate | Accrual Amount | Remaining Life | Remaining Life Percent | Future Accrual |
|------|---------------------------------|-------------------------|-------|-------------------|-------------------|------------------------------|-------------------|
| 2007 | \$231,049 | 28.00 | 3.57% | \$8,251.75 | 27.48 | 98.14% | \$226,758 |
| 2006 | \$264,930 | 28.00 | 3.57% | \$9,461.79 | 26.48 | 94.57% | \$250,548 |
| 2005 | \$287,993 | 28.00 | 3.57% | \$10,285.46 | 25.48 | 91.00% | \$262,074 |
| 2004 | \$328,823 | 28.00 | 3.57% | \$11,743.69 | 24.48 | 87.43% | \$287,486 |
| 2003 | \$293,788 | 28.00 | 3.57% | \$10,492.44 | 23.48 | 83.86% | \$246,364 |
| 2002 | \$235,245 | 28.00 | 3.57% | \$8,401.59 | 22.48 | 80.29% | \$188,875 |
| 2001 | \$244,464 | 28.00 | 3.57% | \$8,730.84 | 21.48 | 76.72% | \$187,558 |
| 2000 | \$231,938 | 28.00 | 3.57% | \$8,283.52 | 20.49 | 73.17% | \$169,703 |
| 1999 | \$275,248 | 28.00 | 3.57% | \$9,830.28 | 19.49 | 69.62% | \$191,627 |
| 1998 | \$305,032 | 28.00 | 3.57% | \$10,893.99 | 18.51 | 66.11% | \$201,650 |
| 1997 | \$290,237 | 28.00 | 3.57% | \$10,365.59 | 17.54 | 62.64% | \$181,815 |
| 1996 | \$322,130 | 28.00 | 3.57% | \$11,504.63 | 16.57 | 59.20% | \$190,689 |
| 1995 | \$250,654 | 28.00 | 3.57% | \$8,951.92 | 15.64 | 55.87% | \$140,032 |
| 1994 | \$204,711 | 28.00 | 3.57% | \$7,311.12 | 14.71 | 52.55% | \$107,569 |
| 1993 | \$172,402 | 28.00 | 3.57% | \$6,157.22 | 13.84 | 49.42% | \$85,205 |
| 1992 | \$163,313 | 28.00 | 3.57% | \$5,832.61 | 12.96 | 46.28% | \$75,581 |
| 1991 | \$159,969 | 28.00 | 3.57% | \$5,713.17 | 12.16 | 43.42% | \$69,459 |
| 1990 | \$131,306 | 28.00 | 3.57% | \$4,689.50 | 11.41 | 40.74% | \$53,497 |
| 1989 | \$127,921 | 28.00 | 3.57% | \$4,568.61 | 10.63 | 37.96% | \$48,556 |
| 1988 | \$111,531 | 28.00 | 3.57% | \$3,983.26 | 9.97 | 35.60% | \$39,702 |
| 1987 | \$121,653 | 28.00 | 3.57% | \$4,344.74 | 9.25 | 33.05% | \$40,210 |
| 1986 | \$107,752 | 28.00 | 3.57% | \$3,848.27 | 8.68 | 31.01% | \$33,412 |
| 1985 | \$93,562 | 28.00 | 3.57% | \$3,341.50 | 8.03 | 28.69% | \$26,846 |
| 1984 | \$81,557 | 28.00 | 3.57% | \$2,912.74 | 7.54 | 26.94% | \$21,971 |
| 1983 | \$68,378 | 28.00 | 3.57% | \$2,442.07 | 7.11 | 25.38% | \$17,353 |
| 1982 | \$39,239 | 28.00 | 3.57% | \$1,401.39 | 6.55 | 23.41% | \$9,186 |
| 1981 | \$38,364 | 28.00 | 3.57% | \$1,370.16 | 6.19 | 22.10% | \$8,477 |
| 1980 | \$45,775 | 28.00 | 3.57% | \$1,634.83 | 5.68 | 20.30% | \$9,293 |
| 1979 | \$38,700 | 28.00 | 3.57% | \$1,382.16 | 5.37 | 19.19% | \$7,428 |
| 1978 | \$35,450 | 28.00 | 3.57% | \$1,266.05 | 4.91 | 17.53% | \$6,216 |
| 1977 | \$31,976 | 28.00 | 3.57% | \$1,142.00 | 4.64 | 16.59% | \$5,303 |
| 1976 | \$21,452 | 28.00 | 3.57% | \$766.15 | 4.42 | 15.80% | \$3,390 |
| 1975 | \$16,659 | 28.00 | 3.57% | \$594.95 | 4.02 | 14.37% | \$2,394 |
| 1974 | \$11,547 | 28.00 | 3.57% | \$412.39 | 3.84 | 13.72% | \$1,584 |
| 1973 | \$7,868 | 28.00 | 3.57% | \$281.00 | 3.46 | 12.37% | \$974 |
| 1972 | \$6,924 | 28.00 | 3.57% | \$247.29 | 3.31 | 11.81% | \$818 |
| 1971 | \$3,959 | 28.00 | 3.57% | \$141.38 | 2.95 | 10.52% | \$416 |
| 1970 | \$1,327 | 28.00 | 3.57% | \$47.41 | 2.80 | 9.99% | \$133 |
| 1969 | \$1,139 | 28.00 | 3.57% | \$40.67 | 2.70 | 9.64% | \$110 |
| 1968 | \$736 | 28.00 | 3.57% | \$26.27 | 2.39 | 8.52% | \$63 |
| 1967 | \$449 | 28.00 | 3.57% | \$16.03 | 2.30 | 8.23% | \$37 |
| 1966 | \$385 | 28.00 | 3.57% | \$13.74 | 2.00 | 7.15% | \$28 |

Grayson Rural

Calculation of Composite Remaining Life

Account: 369 Services

| Year | Simulated Plant Survivors | Historical Life (HL) | Rate | Accrual Amount | Remaining Life | Remaining Life Percent | Future Accrual |
|------|---------------------------------|-------------------------|-------|-------------------------------|-------------------|------------------------------|--------------------|
| 1965 | \$275 | 28.00 | 3.57% | \$9.84 | 1.93 | 6.88% | \$19 |
| 1964 | \$98 | 28.00 | 3.57% | \$3.51 | 1.62 | 5.80% | \$6 |
| 1963 | \$94 | 28.00 | 3.57% | \$3.37 | 1.52 | 5.43% | \$5 |
| 1962 | \$22 | 28.00 | 3.57% | \$0.80 | 1.49 | 5.31% | \$1 |
| 1961 | \$16 | 28.00 | 3.57% | \$0.57 | 1.23 | 4.40% | \$1 |
| 1960 | \$8 | 28.00 | 3.57% | \$0.29 | 1.21 | 4.31% | \$0 |
| 1959 | \$3 | 28.00 | 3.57% | \$0.12 | 0.97 | 3.45% | \$0 |
| 1958 | \$1 | 28.00 | 3.57% | \$0.04 | 0.95 | 3.38% | \$0 |
| 1957 | \$1 | 28.00 | 3.57% | \$0.02 | 0.72 | 2.58% | \$0 |
| 1956 | \$0 | 28.00 | 3.57% | \$0.00 | 0.63 | 2.25% | \$0 |
| | | | | <u>\$193,145</u> | | | <u>\$3,400,422</u> |
| | | | | Net Salvage Adjustment 30% | <u>\$57,943</u> | | <u>\$1,020,126</u> |
| | | | | <u>\$251,088</u> | | | <u>\$4,420,548</u> |

Composite Remaining Life in Years 17.61

Grayson Rural

Calculation of Composite Remaining Life

Account: 370 Meters

| Year | Simulated Plant Survivors | Historical Life (HL) | Rate | Accrual Amount | Remaining Life | Remaining Life Percent | Future Accrual |
|------|---------------------------------|-------------------------|-------|-------------------|-------------------|------------------------------|--------------------|
| 2007 | \$190,038 | 15.00 | 6.67% | \$12,669.22 | 14.52 | 96.81% | \$183,977 |
| 2006 | \$45,714 | 15.00 | 6.67% | \$3,047.60 | 13.67 | 91.11% | \$41,649 |
| 2005 | \$31,075 | 15.00 | 6.67% | \$2,071.69 | 12.90 | 86.00% | \$26,726 |
| 2004 | \$146,310 | 15.00 | 6.67% | \$9,753.98 | 12.15 | 81.02% | \$118,541 |
| 2003 | \$629,082 | 15.00 | 6.67% | \$41,938.81 | 11.50 | 76.64% | \$482,112 |
| 2002 | \$528,064 | 15.00 | 6.67% | \$35,204.29 | 10.88 | 72.55% | \$383,105 |
| 2001 | \$579,699 | 15.00 | 6.67% | \$38,646.62 | 10.24 | 68.28% | \$395,794 |
| 2000 | \$101,643 | 15.00 | 6.67% | \$6,776.21 | 9.69 | 64.58% | \$65,643 |
| 1999 | \$31,133 | 15.00 | 6.67% | \$2,075.56 | 9.16 | 61.08% | \$19,016 |
| 1998 | \$34,339 | 15.00 | 6.67% | \$2,289.30 | 8.59 | 57.24% | \$19,654 |
| 1997 | \$37,013 | 15.00 | 6.67% | \$2,467.54 | 8.10 | 53.98% | \$19,978 |
| 1996 | \$40,724 | 15.00 | 6.67% | \$2,714.95 | 7.63 | 50.86% | \$20,711 |
| 1995 | \$37,428 | 15.00 | 6.67% | \$2,495.20 | 7.10 | 47.30% | \$17,705 |
| 1994 | \$32,391 | 15.00 | 6.67% | \$2,159.41 | 6.65 | 44.34% | \$14,363 |
| 1993 | \$22,019 | 15.00 | 6.67% | \$1,467.91 | 6.22 | 41.49% | \$9,137 |
| 1992 | \$21,772 | 15.00 | 6.67% | \$1,451.48 | 5.72 | 38.15% | \$8,306 |
| 1991 | \$18,818 | 15.00 | 6.67% | \$1,254.53 | 5.31 | 35.40% | \$6,662 |
| 1990 | \$16,663 | 15.00 | 6.67% | \$1,110.88 | 4.91 | 32.76% | \$5,459 |
| 1989 | \$12,266 | 15.00 | 6.67% | \$817.74 | 4.44 | 29.57% | \$3,627 |
| 1988 | \$6,331 | 15.00 | 6.67% | \$422.07 | 4.05 | 26.98% | \$1,708 |
| 1987 | \$1,908 | 15.00 | 6.67% | \$127.19 | 3.67 | 24.50% | \$467 |
| 1986 | \$6,096 | 15.00 | 6.67% | \$406.43 | 3.22 | 21.43% | \$1,307 |
| 1985 | \$4,440 | 15.00 | 6.67% | \$296.01 | 2.85 | 18.97% | \$842 |
| 1984 | \$1,551 | 15.00 | 6.67% | \$103.37 | 2.49 | 16.63% | \$258 |
| 1983 | \$1,919 | 15.00 | 6.67% | \$127.94 | 2.05 | 13.67% | \$262 |
| 1982 | \$1,361 | 15.00 | 6.67% | \$90.72 | 1.70 | 11.31% | \$154 |
| 1981 | \$1,251 | 15.00 | 6.67% | \$83.41 | 1.37 | 9.13% | \$114 |
| 1980 | \$486 | 15.00 | 6.67% | \$32.38 | 0.95 | 6.35% | \$31 |
| 1979 | \$510 | 15.00 | 6.67% | \$33.98 | 0.62 | 4.16% | \$21 |
| 1978 | \$61 | 15.00 | 6.67% | \$4.08 | 0.50 | 3.33% | \$2 |
| 1977 | \$0 | 15.00 | 6.67% | \$0.00 | 0.00 | 0.00% | \$0 |
| | | | | <u>\$172,140</u> | | | <u>\$1,847,332</u> |
| | | | | <u>\$0</u> | | | <u>\$0</u> |
| | | | | <u>\$172,140</u> | | | <u>\$1,847,332</u> |

Composite Remaining Life in Years 10.73

Grayson Rural

Calculation of Composite Remaining Life

Account: 371 Installations on Customers' Premises

| Year | Simulated Plant Survivors | Historical Life (HL) | Rate | Accrual Amount | Remaining Life | Remaining Life Percent | Future Accrual |
|------|---------------------------------|-------------------------|-------|-------------------------------|-------------------|------------------------------|--------------------|
| 2007 | \$124,722 | 11.00 | 9.09% | \$11,338.36 | 10.64 | 96.76% | \$120,684 |
| 2006 | \$99,007 | 11.00 | 9.09% | \$9,000.68 | 9.92 | 90.18% | \$89,289 |
| 2005 | \$119,793 | 11.00 | 9.09% | \$10,890.28 | 9.21 | 83.77% | \$100,346 |
| 2004 | \$113,970 | 11.00 | 9.09% | \$10,360.91 | 8.52 | 77.48% | \$88,308 |
| 2003 | \$115,810 | 11.00 | 9.09% | \$10,528.22 | 7.85 | 71.32% | \$82,602 |
| 2002 | \$101,190 | 11.00 | 9.09% | \$9,199.11 | 7.18 | 65.32% | \$66,096 |
| 2001 | \$104,732 | 11.00 | 9.09% | \$9,521.07 | 6.55 | 59.50% | \$62,320 |
| 2000 | \$89,678 | 11.00 | 9.09% | \$8,152.56 | 5.93 | 53.92% | \$48,355 |
| 1999 | \$73,334 | 11.00 | 9.09% | \$6,666.77 | 5.35 | 48.59% | \$35,635 |
| 1998 | \$62,101 | 11.00 | 9.09% | \$5,645.57 | 4.79 | 43.53% | \$27,033 |
| 1997 | \$33,697 | 11.00 | 9.09% | \$3,063.34 | 4.26 | 38.74% | \$13,053 |
| 1996 | \$29,402 | 11.00 | 9.09% | \$2,672.95 | 3.83 | 34.79% | \$10,229 |
| 1995 | \$30,647 | 11.00 | 9.09% | \$2,786.12 | 3.37 | 30.68% | \$9,401 |
| 1994 | \$13,892 | 11.00 | 9.09% | \$1,262.93 | 2.95 | 26.82% | \$3,726 |
| 1993 | \$9,871 | 11.00 | 9.09% | \$897.33 | 2.55 | 23.21% | \$2,291 |
| 1992 | \$6,847 | 11.00 | 9.09% | \$622.50 | 2.18 | 19.84% | \$1,358 |
| 1991 | \$4,197 | 11.00 | 9.09% | \$381.55 | 1.84 | 16.68% | \$700 |
| 1990 | \$2,676 | 11.00 | 9.09% | \$243.28 | 1.51 | 13.75% | \$368 |
| 1989 | \$1,505 | 11.00 | 9.09% | \$136.79 | 1.21 | 11.02% | \$166 |
| 1988 | \$946 | 11.00 | 9.09% | \$86.00 | 0.93 | 8.48% | \$80 |
| 1987 | \$296 | 11.00 | 9.09% | \$26.94 | 0.66 | 5.99% | \$18 |
| 1986 | \$37 | 11.00 | 9.09% | \$3.40 | 0.50 | 4.55% | \$2 |
| 1985 | \$0 | 11.00 | 9.09% | \$0.00 | 0.00 | 0.00% | \$0 |
| | | | | <u>\$103,487</u> | | | <u>\$762,061</u> |
| | | | | | | | |
| | | | | Net Salvage Adjustment 35% | | | |
| | | | | <u>\$36,220</u> | | | <u>\$266,721</u> |
| | | | | <u>\$139,707</u> | | | <u>\$1,028,782</u> |

Composite Remaining Life in Years 7.36

Grayson Rural

Calculated Accrued Depreciation

Account: 362 Station Equipment

| Year | Simulated Plant Survivors | Historical Life (HL) | Remaining Life | Factor | Future Accrual |
|------|---------------------------------|-------------------------|-------------------|--------|-------------------|
| 2007 | \$0 | 35.00 | 34.50 | 1.43% | \$0 |
| 2006 | \$0 | 35.00 | 33.50 | 4.29% | \$0 |
| 2005 | \$0 | 35.00 | 32.50 | 7.14% | \$0 |
| 2004 | \$0 | 35.00 | 31.50 | 10.00% | \$0 |
| 2003 | \$0 | 35.00 | 30.50 | 12.86% | \$0 |
| 2002 | \$0 | 35.00 | 29.50 | 15.71% | \$0 |
| 2001 | \$0 | 35.00 | 28.50 | 18.57% | \$0 |
| 2000 | \$0 | 35.00 | 27.50 | 21.43% | \$0 |
| 1999 | \$0 | 35.00 | 26.50 | 24.29% | \$0 |
| 1998 | \$0 | 35.00 | 25.50 | 27.14% | \$0 |
| 1997 | \$0 | 35.00 | 24.50 | 30.00% | \$0 |
| 1996 | \$0 | 35.00 | 23.50 | 32.86% | \$0 |
| 1995 | \$0 | 35.00 | 22.50 | 35.71% | \$0 |
| 1994 | \$604 | 35.00 | 21.50 | 38.57% | \$233 |
| 1993 | \$0 | 35.00 | 20.50 | 41.43% | \$0 |
| 1992 | \$0 | 35.00 | 19.50 | 44.29% | \$0 |
| 1991 | \$0 | 35.00 | 18.50 | 47.14% | \$0 |
| 1990 | \$0 | 35.00 | 17.50 | 50.00% | \$0 |
| 1989 | \$0 | 35.00 | 16.50 | 52.86% | \$0 |
| 1988 | \$0 | 35.00 | 15.50 | 55.71% | \$0 |
| 1987 | \$0 | 35.00 | 14.50 | 58.57% | \$0 |
| 1986 | \$0 | 35.00 | 13.50 | 61.43% | \$0 |
| 1985 | \$0 | 35.00 | 12.50 | 64.29% | \$0 |
| 1984 | \$0 | 35.00 | 11.50 | 67.14% | \$0 |
| 1983 | \$30,449 | 35.00 | 10.50 | 70.00% | \$21,314 |
| 1982 | \$0 | 35.00 | 9.50 | 72.85% | \$0 |
| | <u>\$31,055</u> | | | | <u>\$21,549</u> |
| | Net Salvage Adjustment | | 0% | | <u>\$0</u> |
| | | | | | <u>\$21,549</u> |

Grayson Rural

Calculated Accrued Depreciation

Account: 364 Poles, Towers & Fixtures

| Year | Simulated Plant Survivors | Historical Life (HL) | Remaining Life | Factor | Future Accrual |
|------|---------------------------------|-------------------------|-------------------|--------|---------------------|
| 2007 | \$880,369 | 24.00 | 23.50 | 2.08% | \$18,341 |
| 2006 | \$952,375 | 24.00 | 22.50 | 6.25% | \$59,523 |
| 2005 | \$907,464 | 24.00 | 21.50 | 10.42% | \$94,527 |
| 2004 | \$957,320 | 24.00 | 20.50 | 14.58% | \$139,609 |
| 2003 | \$865,121 | 24.00 | 19.50 | 18.75% | \$162,210 |
| 2002 | \$732,011 | 24.00 | 18.50 | 22.92% | \$167,752 |
| 2001 | \$718,057 | 24.00 | 17.50 | 27.08% | \$194,474 |
| 2000 | \$667,744 | 24.00 | 16.50 | 31.25% | \$208,670 |
| 1999 | \$622,657 | 24.00 | 15.50 | 35.42% | \$220,524 |
| 1998 | \$933,764 | 24.00 | 14.50 | 39.58% | \$369,615 |
| 1997 | \$1,128,136 | 24.00 | 13.50 | 43.75% | \$493,560 |
| 1996 | \$1,161,566 | 24.00 | 12.50 | 47.92% | \$556,583 |
| 1995 | \$1,027,647 | 24.00 | 11.50 | 52.08% | \$535,231 |
| 1994 | \$918,130 | 24.00 | 10.50 | 56.25% | \$516,435 |
| 1993 | \$619,685 | 24.00 | 9.50 | 60.41% | \$374,347 |
| 1992 | \$618,272 | 24.00 | 8.51 | 64.54% | \$399,048 |
| 1991 | \$839,890 | 24.00 | 7.53 | 68.62% | \$576,370 |
| 1990 | \$524,385 | 24.00 | 6.58 | 72.59% | \$380,675 |
| 1989 | \$446,526 | 24.00 | 5.67 | 76.37% | \$341,029 |
| 1988 | \$473,608 | 24.00 | 4.83 | 79.88% | \$378,316 |
| 1987 | \$580,088 | 24.00 | 4.07 | 83.05% | \$481,758 |
| 1986 | \$549,520 | 24.00 | 3.51 | 85.39% | \$469,262 |
| 1985 | \$463,833 | 24.00 | 2.97 | 87.63% | \$406,442 |
| 1984 | \$282,792 | 24.00 | 2.52 | 89.51% | \$253,136 |
| 1983 | \$145,281 | 24.00 | 2.13 | 91.12% | \$132,376 |
| 1982 | \$97,574 | 24.00 | 1.80 | 92.52% | \$90,272 |
| 1981 | \$72,596 | 24.00 | 1.48 | 93.82% | \$68,110 |
| 1980 | \$43,925 | 24.00 | 1.41 | 94.12% | \$41,343 |
| 1979 | \$17,977 | 24.00 | 1.24 | 94.82% | \$17,046 |
| 1978 | \$7,565 | 24.00 | 1.10 | 95.41% | \$7,218 |
| 1977 | \$2,236 | 24.00 | 0.98 | 95.94% | \$2,145 |
| 1976 | \$764 | 24.00 | 0.85 | 96.44% | \$737 |
| 1975 | \$201 | 24.00 | 0.70 | 97.09% | \$195 |
| 1974 | \$37 | 24.00 | 0.71 | 97.06% | \$36 |
| 1973 | \$8 | 24.00 | 0.65 | 97.30% | \$8 |
| 1972 | \$1 | 24.00 | 0.60 | 97.51% | \$1 |
| 1971 | \$0 | 24.00 | 0.56 | 97.67% | \$0 |
| | <u>\$18,259,123</u> | | | | <u>\$8,156,923</u> |
| | Net Salvage Adjustment | | 55% | | \$4,486,308 |
| | | | | | <u>\$12,643,231</u> |

Grayson Rural

Calculated Accrued Depreciation

Account: 365 Overhead Conductors & Devices

| Year | Simulated Plant Survivors | Historical Life (HL) | Remaining Life | Factor | Future Accrual |
|------|---------------------------------|-------------------------|-------------------|--------|-------------------|
| 2007 | \$914,098 | 24.00 | 23.51 | 2.02% | \$18,483 |
| 2006 | \$941,877 | 24.00 | 22.56 | 6.02% | \$56,655 |
| 2005 | \$929,229 | 24.00 | 21.62 | 9.92% | \$92,160 |
| 2004 | \$997,008 | 24.00 | 20.74 | 13.59% | \$135,518 |
| 2003 | \$787,064 | 24.00 | 19.87 | 17.22% | \$135,508 |
| 2002 | \$738,769 | 24.00 | 19.03 | 20.70% | \$152,938 |
| 2001 | \$659,413 | 24.00 | 18.23 | 24.04% | \$158,548 |
| 2000 | \$601,350 | 24.00 | 17.48 | 27.17% | \$163,406 |
| 1999 | \$459,889 | 24.00 | 16.73 | 30.30% | \$139,363 |
| 1998 | \$715,854 | 24.00 | 16.11 | 32.87% | \$235,278 |
| 1997 | \$1,107,252 | 24.00 | 15.47 | 35.55% | \$393,590 |
| 1996 | \$1,016,424 | 24.00 | 14.87 | 38.04% | \$386,667 |
| 1995 | \$1,510,181 | 24.00 | 14.31 | 40.35% | \$609,423 |
| 1994 | \$503,050 | 24.00 | 13.80 | 42.50% | \$213,772 |
| 1993 | \$233,775 | 24.00 | 13.32 | 44.48% | \$103,994 |
| 1992 | \$281,334 | 24.00 | 13.03 | 45.72% | \$128,635 |
| 1991 | \$321,007 | 24.00 | 12.62 | 47.40% | \$152,152 |
| 1990 | \$120,370 | 24.00 | 12.25 | 48.98% | \$58,953 |
| 1989 | \$97,690 | 24.00 | 11.89 | 50.47% | \$49,309 |
| 1988 | \$96,745 | 24.00 | 11.54 | 51.91% | \$50,220 |
| 1987 | \$134,627 | 24.00 | 11.21 | 53.30% | \$71,752 |
| 1986 | \$73,004 | 24.00 | 11.06 | 53.90% | \$39,351 |
| 1985 | \$77,374 | 24.00 | 10.76 | 55.16% | \$42,680 |
| 1984 | \$88,704 | 24.00 | 10.46 | 56.40% | \$50,033 |
| 1983 | \$43,516 | 24.00 | 10.17 | 57.64% | \$25,084 |
| 1982 | \$72,828 | 24.00 | 9.87 | 58.88% | \$42,883 |
| 1981 | \$79,490 | 24.00 | 9.57 | 60.13% | \$47,797 |
| 1980 | \$84,883 | 24.00 | 9.45 | 60.61% | \$51,448 |
| 1979 | \$62,284 | 24.00 | 9.17 | 61.80% | \$38,489 |
| 1978 | \$59,830 | 24.00 | 8.88 | 62.99% | \$37,685 |
| 1977 | \$32,355 | 24.00 | 8.60 | 64.19% | \$20,767 |
| 1976 | \$33,749 | 24.00 | 8.31 | 65.39% | \$22,068 |
| 1975 | \$31,100 | 24.00 | 8.02 | 66.60% | \$20,713 |
| 1974 | \$25,279 | 24.00 | 7.91 | 67.02% | \$16,943 |
| 1973 | \$15,123 | 24.00 | 7.64 | 68.15% | \$10,306 |
| 1972 | \$11,371 | 24.00 | 7.38 | 69.27% | \$7,877 |
| 1971 | \$47,353 | 24.00 | 7.11 | 70.39% | \$33,330 |
| 1970 | \$4,219 | 24.00 | 6.84 | 71.51% | \$3,017 |
| 1969 | \$19,857 | 24.00 | 6.57 | 72.63% | \$14,421 |
| 1968 | \$4,626 | 24.00 | 6.50 | 72.92% | \$3,373 |
| 1967 | \$9,935 | 24.00 | 6.26 | 73.93% | \$7,345 |
| 1966 | \$3,808 | 24.00 | 6.02 | 74.93% | \$2,853 |

Grayson Rural

Calculated Accrued Depreciation

Account: 365 Overhead Conductors & Devices

| Year | Simulated Plant Survivors | Historical Life (HL) | Remaining Life | Factor | Future Accrual |
|------|---------------------------------|-------------------------|-------------------|--------|--------------------|
| 1965 | \$7,496 | 24.00 | 5.77 | 75.94% | \$5,693 |
| 1964 | \$3,986 | 24.00 | 5.53 | 76.95% | \$3,067 |
| 1963 | \$2,511 | 24.00 | 5.29 | 77.97% | \$1,958 |
| 1962 | \$1,284 | 24.00 | 5.25 | 78.13% | \$1,003 |
| 1961 | \$1,438 | 24.00 | 5.03 | 79.02% | \$1,137 |
| 1960 | \$3,305 | 24.00 | 4.82 | 79.91% | \$2,641 |
| 1959 | \$1,236 | 24.00 | 4.61 | 80.81% | \$999 |
| 1958 | \$1,040 | 24.00 | 4.39 | 81.72% | \$850 |
| 1957 | \$3,049 | 24.00 | 4.16 | 82.65% | \$2,520 |
| 1956 | \$409 | 24.00 | 4.15 | 82.70% | \$338 |
| 1955 | \$745 | 24.00 | 3.97 | 83.47% | \$622 |
| 1954 | \$2,039 | 24.00 | 3.78 | 84.25% | \$1,718 |
| 1953 | \$320 | 24.00 | 3.59 | 85.05% | \$272 |
| 1952 | \$335 | 24.00 | 3.39 | 85.87% | \$288 |
| 1951 | \$0 | 24.00 | 3.19 | 86.73% | \$0 |
| | <u>\$14,076,889</u> | | | | <u>\$4,067,891</u> |
| | Net Salvage Adjustment | | 45% | | <u>\$1,830,551</u> |
| | | | | | <u>\$5,898,442</u> |

Grayson Rural

Calculated Accrued Depreciation

Account: 367 Underground Conductors & Devices

| Year | Simulated Plant Survivors | Historical Life (HL) | Remaining Life | Factor | Future Accrual |
|------|---------------------------------|-------------------------|-------------------|--------|-------------------|
| 2007 | \$15,520 | 32.00 | 31.67 | 1.04% | \$162 |
| 2006 | \$86,082 | 32.00 | 30.92 | 3.37% | \$2,903 |
| 2005 | \$5,278 | 32.00 | 30.18 | 5.68% | \$300 |
| 2004 | \$2,671 | 32.00 | 29.45 | 7.97% | \$213 |
| 2003 | \$12,277 | 32.00 | 28.72 | 10.24% | \$1,258 |
| 2002 | \$21,425 | 32.00 | 28.00 | 12.50% | \$2,678 |
| 2001 | \$28,905 | 32.00 | 27.28 | 14.74% | \$4,261 |
| 2000 | \$5,436 | 32.00 | 26.57 | 16.97% | \$922 |
| 1999 | \$11,053 | 32.00 | 25.96 | 18.86% | \$2,085 |
| 1998 | \$1,101 | 32.00 | 25.26 | 21.05% | \$232 |
| 1997 | \$20,213 | 32.00 | 24.57 | 23.22% | \$4,693 |
| 1996 | \$6,766 | 32.00 | 23.88 | 25.38% | \$1,717 |
| 1995 | \$7,025 | 32.00 | 23.19 | 27.52% | \$1,934 |
| 1994 | \$2,951 | 32.00 | 22.51 | 29.66% | \$875 |
| 1993 | \$6,048 | 32.00 | 21.83 | 31.77% | \$1,922 |
| 1992 | \$8,110 | 32.00 | 21.16 | 33.87% | \$2,747 |
| 1991 | \$12,659 | 32.00 | 20.61 | 35.59% | \$4,505 |
| 1990 | \$11,337 | 32.00 | 19.96 | 37.62% | \$4,265 |
| 1989 | \$14,134 | 32.00 | 19.32 | 39.64% | \$5,602 |
| 1988 | \$6,964 | 32.00 | 18.68 | 41.63% | \$2,899 |
| 1987 | \$39 | 32.00 | 18.05 | 43.59% | \$17 |
| 1986 | \$2,106 | 32.00 | 17.43 | 45.53% | \$959 |
| 1985 | \$892 | 32.00 | 16.82 | 47.44% | \$423 |
| 1984 | \$0 | 32.00 | 16.21 | 49.33% | \$0 |
| 1983 | \$0 | 32.00 | 15.76 | 50.75% | \$0 |
| 1982 | \$0 | 32.00 | 15.19 | 52.54% | \$0 |
| 1981 | \$0 | 32.00 | 14.62 | 54.31% | \$0 |
| 1980 | \$2,900 | 32.00 | 14.06 | 56.05% | \$1,625 |
| 1979 | \$0 | 32.00 | 13.52 | 57.76% | \$0 |
| 1978 | \$2,125 | 32.00 | 12.98 | 59.45% | \$1,263 |
| 1977 | \$454 | 32.00 | 12.45 | 61.11% | \$278 |
| 1976 | \$890 | 32.00 | 11.92 | 62.74% | \$558 |
| 1975 | -\$1,131 | 32.00 | 11.58 | 63.81% | -\$721 |
| 1974 | \$2,254 | 32.00 | 11.09 | 65.34% | \$1,473 |
| 1973 | \$3,179 | 32.00 | 10.61 | 66.85% | \$2,125 |
| 1972 | \$0 | 32.00 | 10.14 | 68.33% | \$0 |
| | <u>\$299,664</u> | | | | <u>\$54,173</u> |
| | Net Salvage Adjustment | | 30% | | <u>\$16,252</u> |
| | | | | | <u>\$70,425</u> |

Grayson Rural

Calculated Accrued Depreciation

Account: 368 Line Transformers

| Year | Simulated Plant Survivors | Historical Life (HL) | Remaining Life | Factor | Future Accrual |
|------|---------------------------------|-------------------------|-------------------|--------|-------------------|
| 2007 | \$263,883 | 29.00 | 28.51 | 1.70% | \$4,483 |
| 2006 | \$331,907 | 29.00 | 27.52 | 5.09% | \$16,893 |
| 2005 | \$292,579 | 29.00 | 26.55 | 8.44% | \$24,693 |
| 2004 | \$347,217 | 29.00 | 25.58 | 11.80% | \$40,958 |
| 2003 | \$320,608 | 29.00 | 24.62 | 15.09% | \$48,389 |
| 2002 | \$225,797 | 29.00 | 23.66 | 18.40% | \$41,553 |
| 2001 | \$299,763 | 29.00 | 22.71 | 21.69% | \$65,019 |
| 2000 | \$255,759 | 29.00 | 21.78 | 24.88% | \$63,638 |
| 1999 | \$286,970 | 29.00 | 20.85 | 28.10% | \$80,652 |
| 1998 | \$257,968 | 29.00 | 19.95 | 31.20% | \$80,491 |
| 1997 | \$290,683 | 29.00 | 19.04 | 34.35% | \$99,840 |
| 1996 | \$272,812 | 29.00 | 18.17 | 37.33% | \$101,849 |
| 1995 | \$305,821 | 29.00 | 17.29 | 40.39% | \$123,519 |
| 1994 | \$307,026 | 29.00 | 16.46 | 43.25% | \$132,789 |
| 1993 | \$237,295 | 29.00 | 15.60 | 46.21% | \$109,648 |
| 1992 | \$177,829 | 29.00 | 14.75 | 49.12% | \$87,358 |
| 1991 | \$170,238 | 29.00 | 13.98 | 51.79% | \$88,171 |
| 1990 | \$232,858 | 29.00 | 13.17 | 54.60% | \$127,141 |
| 1989 | \$155,783 | 29.00 | 12.44 | 57.12% | \$88,976 |
| 1988 | \$142,130 | 29.00 | 11.66 | 59.80% | \$84,997 |
| 1987 | \$108,003 | 29.00 | 10.98 | 62.15% | \$67,121 |
| 1986 | \$161,773 | 29.00 | 10.24 | 64.70% | \$104,666 |
| 1985 | \$89,819 | 29.00 | 9.61 | 66.85% | \$60,046 |
| 1984 | \$95,630 | 29.00 | 8.92 | 69.25% | \$66,222 |
| 1983 | \$104,418 | 29.00 | 8.24 | 71.59% | \$74,753 |
| 1982 | \$97,580 | 29.00 | 7.70 | 73.44% | \$71,667 |
| 1981 | \$122,433 | 29.00 | 7.07 | 75.60% | \$92,565 |
| 1980 | \$105,308 | 29.00 | 6.61 | 77.20% | \$81,302 |
| 1979 | \$110,822 | 29.00 | 6.04 | 79.17% | \$87,733 |
| 1978 | \$96,899 | 29.00 | 5.66 | 80.49% | \$77,998 |
| 1977 | \$96,500 | 29.00 | 5.15 | 82.25% | \$79,370 |
| 1976 | \$66,224 | 29.00 | 4.84 | 83.30% | \$55,165 |
| 1975 | \$47,386 | 29.00 | 4.39 | 84.85% | \$40,208 |
| 1974 | \$42,953 | 29.00 | 4.16 | 85.64% | \$36,786 |
| 1973 | \$32,840 | 29.00 | 3.77 | 87.00% | \$28,571 |
| 1972 | \$17,238 | 29.00 | 3.37 | 88.37% | \$15,233 |
| 1971 | \$16,613 | 29.00 | 3.19 | 88.99% | \$14,783 |
| 1970 | \$9,138 | 29.00 | 2.82 | 90.26% | \$8,248 |
| 1969 | \$4,920 | 29.00 | 2.67 | 90.78% | \$4,466 |
| 1968 | \$3,943 | 29.00 | 2.32 | 92.00% | \$3,628 |
| 1967 | \$1,863 | 29.00 | 2.18 | 92.48% | \$1,723 |
| 1966 | \$1,396 | 29.00 | 1.84 | 93.66% | \$1,307 |

Grayson Rural

Calculated Accrued Depreciation

Account: 368 Line Transformers

| Year | Simulated Plant Survivors | Historical Life (HL) | Remaining Life | Factor | Future Accrual |
|------|---------------------------------|-------------------------|--------------------------------|---------|--------------------|
| 1965 | \$686 | 29.00 | 1.73 | 94.04% | \$645 |
| 1964 | \$488 | 29.00 | 1.43 | 95.08% | \$464 |
| 1963 | \$248 | 29.00 | 1.09 | 96.26% | \$239 |
| 1962 | \$73 | 29.00 | 0.96 | 96.70% | \$71 |
| 1961 | \$48 | 29.00 | 0.66 | 97.73% | \$47 |
| 1960 | \$10 | 29.00 | 0.56 | 98.08% | \$10 |
| 1959 | \$1 | 29.00 | 0.50 | 98.28% | \$1 |
| 1958 | \$0 | 29.00 | 0.00 | 100.00% | \$0 |
| | <u>\$6,610,177</u> | | | | <u>\$2,586,094</u> |
| | | | Net Salvage Adjustment 0% | | <u>\$0</u> |
| | | | | | <u>\$2,586,094</u> |

Grayson Rural

Calculated Accrued Depreciation

Account: 369 Services

| Year | Simulated Plant Survivors | Historical Life (HL) | Remaining Life | Factor | Future Accrual |
|------|---------------------------------|-------------------------|-------------------|--------|-------------------|
| 2007 | \$231,049 | 28.00 | 27.48 | 1.86% | \$4,291 |
| 2006 | \$264,930 | 28.00 | 26.48 | 5.43% | \$14,382 |
| 2005 | \$287,993 | 28.00 | 25.48 | 9.00% | \$25,919 |
| 2004 | \$328,823 | 28.00 | 24.48 | 12.57% | \$41,337 |
| 2003 | \$293,788 | 28.00 | 23.48 | 16.14% | \$47,424 |
| 2002 | \$235,245 | 28.00 | 22.48 | 19.71% | \$46,369 |
| 2001 | \$244,464 | 28.00 | 21.48 | 23.28% | \$56,905 |
| 2000 | \$231,938 | 28.00 | 20.49 | 26.83% | \$62,236 |
| 1999 | \$275,248 | 28.00 | 19.49 | 30.38% | \$83,621 |
| 1998 | \$305,032 | 28.00 | 18.51 | 33.89% | \$103,382 |
| 1997 | \$290,237 | 28.00 | 17.54 | 37.36% | \$108,422 |
| 1996 | \$322,130 | 28.00 | 16.57 | 40.80% | \$131,441 |
| 1995 | \$250,654 | 28.00 | 15.64 | 44.13% | \$110,622 |
| 1994 | \$204,711 | 28.00 | 14.71 | 47.45% | \$97,142 |
| 1993 | \$172,402 | 28.00 | 13.84 | 50.58% | \$87,197 |
| 1992 | \$163,313 | 28.00 | 12.96 | 53.72% | \$87,732 |
| 1991 | \$159,969 | 28.00 | 12.16 | 56.58% | \$90,509 |
| 1990 | \$131,306 | 28.00 | 11.41 | 59.26% | \$77,809 |
| 1989 | \$127,921 | 28.00 | 10.63 | 62.04% | \$79,365 |
| 1988 | \$111,531 | 28.00 | 9.97 | 64.40% | \$71,829 |
| 1987 | \$121,653 | 28.00 | 9.25 | 66.95% | \$81,443 |
| 1986 | \$107,752 | 28.00 | 8.68 | 68.99% | \$74,340 |
| 1985 | \$93,562 | 28.00 | 8.03 | 71.31% | \$66,716 |
| 1984 | \$81,557 | 28.00 | 7.54 | 73.06% | \$59,585 |
| 1983 | \$68,378 | 28.00 | 7.11 | 74.62% | \$51,025 |
| 1982 | \$39,239 | 28.00 | 6.55 | 76.59% | \$30,053 |
| 1981 | \$38,364 | 28.00 | 6.19 | 77.90% | \$29,887 |
| 1980 | \$45,775 | 28.00 | 5.68 | 79.70% | \$36,483 |
| 1979 | \$38,700 | 28.00 | 5.37 | 80.81% | \$31,273 |
| 1978 | \$35,450 | 28.00 | 4.91 | 82.47% | \$29,234 |
| 1977 | \$31,976 | 28.00 | 4.64 | 83.41% | \$26,673 |
| 1976 | \$21,452 | 28.00 | 4.42 | 84.20% | \$18,063 |
| 1975 | \$16,659 | 28.00 | 4.02 | 85.63% | \$14,264 |
| 1974 | \$11,547 | 28.00 | 3.84 | 86.28% | \$9,963 |
| 1973 | \$7,868 | 28.00 | 3.46 | 87.63% | \$6,894 |
| 1972 | \$6,924 | 28.00 | 3.31 | 88.19% | \$6,106 |
| 1971 | \$3,959 | 28.00 | 2.95 | 89.48% | \$3,542 |
| 1970 | \$1,327 | 28.00 | 2.80 | 90.01% | \$1,195 |
| 1969 | \$1,139 | 28.00 | 2.70 | 90.36% | \$1,029 |
| 1968 | \$736 | 28.00 | 2.39 | 91.48% | \$673 |
| 1967 | \$449 | 28.00 | 2.30 | 91.77% | \$412 |
| 1966 | \$385 | 28.00 | 2.00 | 92.85% | \$357 |

Grayson Rural

Calculated Accrued Depreciation

Account: 369 Services

| Year | Simulated Plant Survivors | Historical Life (HL) | Remaining Life | Factor | Future Accrual |
|------|---------------------------------|-------------------------|---------------------------------|--------|---------------------------|
| 1965 | \$275 | 28.00 | 1.93 | 93.12% | \$256 |
| 1964 | \$98 | 28.00 | 1.62 | 94.20% | \$93 |
| 1963 | \$94 | 28.00 | 1.52 | 94.57% | \$89 |
| 1962 | \$22 | 28.00 | 1.49 | 94.69% | \$21 |
| 1961 | \$16 | 28.00 | 1.23 | 95.60% | \$15 |
| 1960 | \$8 | 28.00 | 1.21 | 95.69% | \$8 |
| 1959 | \$3 | 28.00 | 0.97 | 96.55% | \$3 |
| 1958 | \$1 | 28.00 | 0.95 | 96.62% | \$1 |
| 1957 | \$1 | 28.00 | 0.72 | 97.42% | \$1 |
| 1956 | \$0 | 28.00 | 0.63 | 97.75% | \$0 |
| | <u>\$5,408,053</u> | | | | <u>\$2,007,632</u> |
| | | | Net Salvage Adjustment 30% | | <u>\$602,290</u> |
| | | | | | <u><u>\$2,609,921</u></u> |

Grayson Rural

Calculated Accrued Depreciation

Account: 370 Meters

| Year | Simulated Plant Survivors | Historical Life (HL) | Remaining Life | Factor | Future Accrual |
|------|---------------------------------|-------------------------|-------------------|---------|-------------------------|
| 2007 | \$190,038 | 15.00 | 14.52 | 3.19% | \$6,061 |
| 2006 | \$45,714 | 15.00 | 13.67 | 8.89% | \$4,065 |
| 2005 | \$31,075 | 15.00 | 12.90 | 14.00% | \$4,350 |
| 2004 | \$146,310 | 15.00 | 12.15 | 18.98% | \$27,768 |
| 2003 | \$629,082 | 15.00 | 11.50 | 23.36% | \$146,970 |
| 2002 | \$528,064 | 15.00 | 10.88 | 27.45% | \$144,960 |
| 2001 | \$579,699 | 15.00 | 10.24 | 31.72% | \$183,905 |
| 2000 | \$101,643 | 15.00 | 9.69 | 35.42% | \$36,000 |
| 1999 | \$31,133 | 15.00 | 9.16 | 38.92% | \$12,118 |
| 1998 | \$34,339 | 15.00 | 8.59 | 42.76% | \$14,685 |
| 1997 | \$37,013 | 15.00 | 8.10 | 46.02% | \$17,035 |
| 1996 | \$40,724 | 15.00 | 7.63 | 49.14% | \$20,013 |
| 1995 | \$37,428 | 15.00 | 7.10 | 52.70% | \$19,723 |
| 1994 | \$32,391 | 15.00 | 6.65 | 55.66% | \$18,028 |
| 1993 | \$22,019 | 15.00 | 6.22 | 58.51% | \$12,882 |
| 1992 | \$21,772 | 15.00 | 5.72 | 61.85% | \$13,466 |
| 1991 | \$18,818 | 15.00 | 5.31 | 64.60% | \$12,156 |
| 1990 | \$16,663 | 15.00 | 4.91 | 67.24% | \$11,205 |
| 1989 | \$12,266 | 15.00 | 4.44 | 70.43% | \$8,639 |
| 1988 | \$6,331 | 15.00 | 4.05 | 73.02% | \$4,623 |
| 1987 | \$1,908 | 15.00 | 3.67 | 75.50% | \$1,440 |
| 1986 | \$6,096 | 15.00 | 3.22 | 78.57% | \$4,790 |
| 1985 | \$4,440 | 15.00 | 2.85 | 81.03% | \$3,598 |
| 1984 | \$1,551 | 15.00 | 2.49 | 83.37% | \$1,293 |
| 1983 | \$1,919 | 15.00 | 2.05 | 86.33% | \$1,657 |
| 1982 | \$1,361 | 15.00 | 1.70 | 88.69% | \$1,207 |
| 1981 | \$1,251 | 15.00 | 1.37 | 90.87% | \$1,137 |
| 1980 | \$486 | 15.00 | 0.95 | 93.65% | \$455 |
| 1979 | \$510 | 15.00 | 0.62 | 95.84% | \$489 |
| 1978 | \$61 | 15.00 | 0.50 | 96.67% | \$59 |
| 1977 | \$0 | 15.00 | 0.00 | 100.00% | \$0 |
| 1976 | \$0 | 15.00 | 0.00 | 100.00% | \$0 |
| | <u>\$2,582,107</u> | | | | <u>\$734,775</u> |
| | Net Salvage Adjustment | | 0% | | <u>\$0</u> |
| | | | | | <u><u>\$734,775</u></u> |

Grayson Rural

Calculated Accrued Depreciation

Account: 371 Installations on Customers' Premises

| Year | Simulated Plant Survivors | Historical Life (HL) | Remaining Life | Factor | Future Accrual |
|------|---------------------------------|-------------------------|-------------------|---------|-------------------|
| 2007 | \$124,722 | 11.00 | 10.64 | 3.24% | \$4,037 |
| 2006 | \$99,007 | 11.00 | 9.92 | 9.82% | \$9,718 |
| 2005 | \$119,793 | 11.00 | 9.21 | 16.23% | \$19,447 |
| 2004 | \$113,970 | 11.00 | 8.52 | 22.52% | \$25,662 |
| 2003 | \$115,810 | 11.00 | 7.85 | 28.68% | \$33,209 |
| 2002 | \$101,190 | 11.00 | 7.18 | 34.68% | \$35,095 |
| 2001 | \$104,732 | 11.00 | 6.55 | 40.50% | \$42,412 |
| 2000 | \$89,678 | 11.00 | 5.93 | 46.08% | \$41,323 |
| 1999 | \$73,334 | 11.00 | 5.35 | 51.41% | \$37,699 |
| 1998 | \$62,101 | 11.00 | 4.79 | 56.47% | \$35,068 |
| 1997 | \$33,697 | 11.00 | 4.26 | 61.26% | \$20,644 |
| 1996 | \$29,402 | 11.00 | 3.83 | 65.21% | \$19,174 |
| 1995 | \$30,647 | 11.00 | 3.37 | 69.32% | \$21,246 |
| 1994 | \$13,892 | 11.00 | 2.95 | 73.18% | \$10,166 |
| 1993 | \$9,871 | 11.00 | 2.55 | 76.79% | \$7,579 |
| 1992 | \$6,847 | 11.00 | 2.18 | 80.16% | \$5,489 |
| 1991 | \$4,197 | 11.00 | 1.84 | 83.32% | \$3,497 |
| 1990 | \$2,676 | 11.00 | 1.51 | 86.25% | \$2,308 |
| 1989 | \$1,505 | 11.00 | 1.21 | 88.98% | \$1,339 |
| 1988 | \$946 | 11.00 | 0.93 | 91.52% | \$866 |
| 1987 | \$296 | 11.00 | 0.66 | 94.01% | \$279 |
| 1986 | \$37 | 11.00 | 0.50 | 95.45% | \$36 |
| 1985 | \$0 | 11.00 | 0.00 | 100.00% | \$0 |
| | <u>\$1,138,353</u> | | | | <u>\$376,292</u> |
| | Net Salvage Adjustment | | 35% | | <u>\$131,702</u> |
| | | | | | <u>\$507,995</u> |

Grayson Rural Electric Cooperative

Net Salvage Analysis

| Year | Original | Gross Salvage | | Cost of Removal | | Net Salvage | |
|--------------|---------------------|----------------|-----------|------------------|------------|--------------------|-------------|
| | Cost of Retirements | Amount | Percent | Amount | Percent | Amount | Percent |
| 1990 | 308,452 | 25,193 | 8% | 152,110 | 49% | -126,917 | -41% |
| 1991 | 401,347 | 22,188 | 6% | 259,667 | 65% | -237,479 | -59% |
| 1992 | 382,329 | 14,291 | 4% | 228,069 | 60% | -213,778 | -56% |
| 1993 | 291,634 | 13,866 | 5% | 186,659 | 64% | -172,793 | -59% |
| 1994 | 344,997 | 14,220 | 4% | 169,009 | 49% | -154,789 | -45% |
| 1995 | 694,902 | 18,681 | 3% | 416,952 | 60% | -398,271 | -57% |
| 1996 | 910,429 | 12,557 | 1% | 433,522 | 48% | -420,965 | -46% |
| 1997 | 806,648 | 22,156 | 3% | 362,375 | 45% | -340,219 | -42% |
| 1998 | 690,074 | 7,004 | 1% | 285,877 | 41% | -278,873 | -40% |
| 1999 | 334,686 | 7,551 | 2% | 186,957 | 56% | -179,406 | -54% |
| 2000 | 478,088 | 8,805 | 2% | 255,335 | 53% | -246,530 | -52% |
| 2001 | 589,687 | 6,422 | 1% | 236,222 | 40% | -229,801 | -39% |
| 2002 | 725,445 | 6,002 | 1% | 259,768 | 36% | -253,766 | -35% |
| 2003 | 1,194,580 | 2,832 | 0% | 324,493 | 27% | -321,661 | -27% |
| 2004 | 818,384 | 5,594 | 1% | 278,844 | 34% | -273,251 | -33% |
| 2005 | 813,919 | 2,742 | 0% | 273,546 | 34% | -270,804 | -33% |
| 2006 | 593,952 | 2,784 | 0% | 272,275 | 46% | -269,491 | -45% |
| 2007 | 602,188 | 8,361 | 1% | 248,970 | 41% | -240,609 | -40% |
| Total | 10,981,742 | 201,248 | 2% | 4,830,650 | 44% | (4,629,402) | -42% |

Three Year Moving Averages

| | | | | | | | |
|-------|---------|-------|----|---------|-----|-----------|------|
| 98-00 | 500,949 | 7,787 | 2% | 242,723 | 48% | (234,936) | -47% |
| 99-01 | 467,487 | 7,593 | 2% | 226,171 | 48% | (218,579) | -47% |
| 00-02 | 597,740 | 7,076 | 1% | 250,442 | 42% | (243,365) | -41% |
| 01-03 | 836,571 | 5,085 | 1% | 273,494 | 33% | (268,409) | -32% |
| 02-04 | 912,803 | 4,809 | 1% | 287,702 | 32% | (282,893) | -31% |
| 03-05 | 942,295 | 3,722 | 0% | 292,295 | 31% | (288,572) | -31% |
| 04-06 | 742,085 | 3,706 | 0% | 274,888 | 37% | (271,182) | -37% |
| 05-07 | 670,020 | 4,629 | 1% | 264,930 | 40% | (260,301) | -39% |

Five Year Average

| | | | | | | | |
|-------------|---------|-------|----|---------|-----|-----------|------|
| 2003 - 2007 | 804,605 | 4,462 | 1% | 279,626 | 35% | (275,163) | -34% |
|-------------|---------|-------|----|---------|-----|-----------|------|

Ten year Average

| | | | | | | | |
|-----------|---------|-------|----|---------|-----|-----------|------|
| 98 - 2007 | 684,100 | 5,810 | 1% | 262,229 | 38% | (256,419) | -37% |
|-----------|---------|-------|----|---------|-----|-----------|------|

Grayson Rural Electric Cooperative
 Calculation of Net Salvage Percent
 as of December 31, 2007

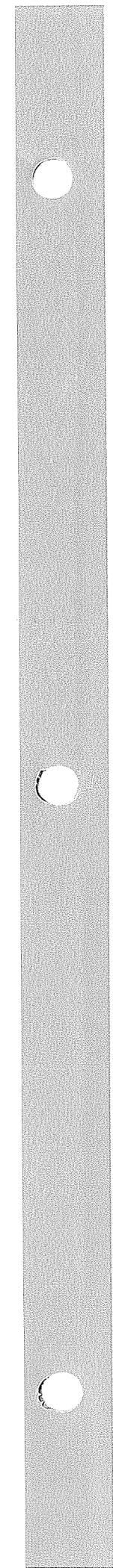
| Account Number | <u>Description</u> | Balance Dec 31, 2006 | Net Salvage Ratio | Net Salvage Amount | Ratio to Total | Net Slavage Allocation | Net Slavage Percentage | |
|-------------------|------------------------------------|-------------------------|--------------------------------------|--------------------------|----------------------|------------------------------|------------------------------|--|
| 362 | Station Equipment | 31,054 | 0% | 0 | 0.00% | 0 | 0.00% | |
| 364 | Poles, Towers & Fixtures | 18,257,260 | 55% | 10,041,493 | 54.32% | 149,459 | 0.82% | |
| 365 | Overhead Conductors & Devices | 14,077,595 | 45% | 6,334,918 | 34.27% | 94,290 | 0.67% | |
| 367 | Underground Conductors & Devices | 299,672 | 30% | 89,902 | 0.49% | 1,338 | 0.45% | |
| 368 | Line Transformers | 6,616,646 | 0% | 0 | 0.00% | 0 | 0.00% | |
| 369 | Services | 5,408,331 | 30% | 1,622,499 | 8.78% | 24,150 | 0.45% | |
| 370 | Meters | 2,581,156 | 0% | 0 | 0.00% | 0 | 0.00% | |
| 371 | Installations on Customers' Premis | 1,137,715 | 35% | 398,200 | 2.15% | 5,927 | 0.52% | |
| Total | | <u>48,409,429</u> | | <u>18,487,012</u> | | <u>275,163</u> | | |
| | | | Five year average net salvage amount | | | | <u>275,163</u> | |

Grayson Rural Electric Cooperative
Adjust Rates with Net Salvage
as of December 31, 2007

| Account | | Average | <u>No Net Salvage</u> | | Net | <u>With Net Salvage</u> | | <u>Existing</u> | | |
|---------|--------------------------------------|---------------------|-----------------------|------------------|-------|-------------------------|-------|------------------|-------|------------------|
| Number | Description | Balance | Service | Accrual | Rate | Salvage | Rate | Accrual | Rate | Accrual |
| | | <u>Dec 31, 2006</u> | <u>Life</u> | | | <u>Percent</u> | | | | |
| 362 | Station Equipment | 31,054 | 35 | 887 | 2.86% | 0.00% | 2.86% | 887 | 3.03% | 941 |
| 364 | Poles, Towers & Fixtures | 18,257,260 | 24 | 760,719 | 4.17% | 0.82% | 4.99% | 910,178 | 3.03% | 553,195 |
| 365 | Overhead Conductors & Devices | 14,077,595 | 24 | 586,566 | 4.17% | 0.67% | 4.84% | 680,856 | 3.03% | 426,551 |
| 367 | Underground Conductors & Devices | 299,672 | 32 | 9,365 | 3.13% | 0.00% | 3.13% | 9,365 | 3.03% | 9,080 |
| 368 | Line Transformers | 6,616,646 | 29 | 228,160 | 3.45% | 0.00% | 3.45% | 228,160 | 3.03% | 200,484 |
| 369 | Services | 5,408,331 | 28 | 193,155 | 3.57% | 0.45% | 4.02% | 217,304 | 3.03% | 163,872 |
| 370 | Meters | 2,581,156 | 15 | 172,077 | 6.67% | 0.00% | 6.67% | 172,077 | 3.03% | 78,209 |
| 371 | Installations on Customers' Premises | <u>1,137,715</u> | 28 | <u>40,633</u> | 3.57% | 0.52% | 4.09% | <u>46,560</u> | 3.03% | <u>34,473</u> |
| Total | | <u>48,409,429</u> | | <u>1,990,675</u> | | | | <u>2,264,500</u> | | <u>1,465,865</u> |
| | | | | | | | | Compoiste rate | 4.68% | 3.03% |

Grayson Rural Electric Cooperative
Mortality Characteristics
as of December 31, 2007

| Account Number | Description | <u>Existing</u> | | | <u>Proposed</u> | | |
|-------------------|--------------------------------------|-----------------------------------|------------------------------|---------------------------------|-----------------------------------|------------------------------|---------------------------------|
| | | Average Service <u>Life</u> | lowa Curve <u>Type</u> | Net Salvage <u>Factor</u> | Average Service <u>Life</u> | lowa Curve <u>Type</u> | Net Salvage <u>Factor</u> |
| 362 | Station Equipment | n/a | | | 35 | S6 | 0% |
| 364 | Poles, Towers & Fixtures | | | | 24 | S5 | 55% |
| 365 | Overhead Conductors & Devices | | | | 24 | L1.5 | 45% |
| 367 | Underground Conductors & Devices | | | | 32 | R1 | 30% |
| 368 | Line Transformers | | | | 29 | R3 | 0% |
| 369 | Services | | | | 28 | S3 | 30% |
| 370 | Meters | | | | 15 | S0 | 0% |
| 371 | Installations on Customers' Premises | | | | 28 | R1 | 35% |



Grayson Rural Electric Cooperative
Case No. 2008-00254
Analysis of Other Operating Taxes
12 Months Ended
May 31, 2008

| Line No. | Item (a) | Charged Expense (b) | Charged to Construction (c) | Charged to Other Accounts (d) | Amounts Accrued (e) | Amount Paid (f) |
|----------|------------------------------------|---------------------|-----------------------------|-------------------------------|---------------------|-----------------|
| 1. | Kentucky Retail: | | | | | |
| | (a) State Income | | | | | |
| | (b) Franchise Fees | | | | 395,603 | 446,442 |
| | (c) Ad Valorem | 395,603 | | | | |
| | (d) Payroll (Employer's Portion) | 113,307 | 38,250 | 28,868 | 180,425 | 180,425 |
| | (e) Other Taxes | 26,326 | | | 26,326 | 26,326 |
| 2. | Total Retail (L1(a) through L1(e)) | 535,236 | 38,250 | 28,868 | 602,354 | 653,193 |
| 3. | Other Jurisdictions | | | | | |
| | Total Per Books (L2 and L3) | 535,236 | 38,250 | 28,868 | 602,354 | 653,193 |

Allocation of adjustment:

| | | | |
|-----|--------------------------------|------|--------|
| 583 | Overhead line exp | 61% | 15,694 |
| 584 | Underground line exp | 25% | 6,319 |
| 586 | Meter exp | 3% | 737 |
| 587 | Customer installation exp | 3% | 698 |
| 588 | Miscellaneous distribution exp | 4% | 927 |
| 903 | Consumer records | 3% | 696 |
| 910 | Misc customer service | 1% | 232 |
| 921 | Office supply and exp | 2% | 459 |
| | | 100% | 25,761 |

Grayson Rural Electric Cooperative
Case No. 2008-00254
May 31, 2008

| Taxing District | Assessment for 2007 Taxes | | | Assessment for 2006 Taxes | | | Increase Decrease in Taxes |
|------------------------------|---------------------------|-------------|------------|---------------------------|-------------|------------|----------------------------------|
| | Assessed Value | Tax Rate | Tax Due | Assessed Value | Tax Rate | Tax Due | |
| Greenup County | | | | | | | |
| Tangible - County | 8,660,158 | 0.2376 | 20,576.54 | 8,445,375 | 0.1507 | 12,727.18 | 7,849 |
| Tangible - School | 8,660,158 | 0.6340 | 54,905.40 | 8,445,375 | 0.6240 | 52,699.14 | 2,206 |
| Tangible - Library | 8,660,158 | 0.1454 | 12,591.87 | 8,445,375 | 0.1101 | 9,298.36 | 3,294 |
| Tangible - Health | 8,660,158 | 0.0400 | 3,464.06 | 8,445,375 | 0.0390 | 3,293.70 | 170 |
| Tangible - Extension | 8,660,158 | 0.0186 | 1,610.79 | 8,445,375 | 0.0160 | 1,351.26 | 260 |
| Tangible - Little Sandy Fire | 885,063 | 0.1000 | 885.06 | 877,020 | 0.1000 | 877.02 | 8 |
| Tangible - Load Fire | 304,486 | 0.1000 | 304.49 | 299,836 | 0.1000 | 299.84 | 5 |
| Tangible - Maloneton Fire | 876,175 | 0.1000 | 876.18 | 867,025 | 0.1000 | 867.03 | 9 |
| Tangible - Oldtown Fire | 585,386 | 0.1000 | 585.39 | 579,683 | 0.1000 | 579.68 | 6 |
| Carter County | | | | | | | |
| Real Estate - County | 620,190 | 0.0700 | 434.13 | 639,550 | 0.0700 | 447.69 | (14) |
| Real Estate - Common School | 620,190 | 0.4040 | 2,505.57 | 639,550 | 0.4040 | 2,583.78 | (78) |
| Real Estate - Health | 620,190 | 0.0300 | 186.06 | 639,550 | 0.0300 | 191.87 | (6) |
| Real Estate - Extension | 620,190 | 0.0310 | 192.26 | 639,550 | 0.0290 | 185.47 | 7 |
| Real Estate - Ambulance | 620,190 | 0.0750 | 465.14 | 639,550 | 0.0730 | 466.87 | (2) |
| Tangible - County | 9,998,217 | 0.0790 | 7,898.59 | 9,817,267 | 0.0790 | 7,755.64 | 143 |
| Tangible - Common School | 9,998,217 | 0.4040 | 40,392.80 | 9,817,267 | 0.4040 | 39,661.76 | 731 |
| Tangible - Health | 9,998,217 | 0.0300 | 2,999.47 | 9,817,267 | 0.0300 | 2,945.18 | 54 |
| Tangible - Extension | 9,998,217 | 0.0475 | 4,749.15 | 9,817,267 | 0.0442 | 4,339.23 | 410 |
| Tangible - Ambulance | 9,998,217 | 0.0750 | 7,498.66 | 9,817,267 | 0.0730 | 7,166.60 | 332 |
| Rowan County | | | | | | | |
| Tangible - County | 3,403,111 | 0.0800 | 2,722.49 | 3,323,180 | 0.0800 | 2,658.54 | 64 |
| Tangible - School | 3,403,111 | 0.4960 | 16,879.43 | 3,323,180 | 0.4270 | 14,189.98 | 2,689 |
| Tangible - Health | 3,403,111 | 0.0425 | 1,446.32 | 3,323,180 | 0.0400 | 1,329.27 | 117 |
| Tangible - Library | 3,403,111 | 0.1134 | 3,859.13 | 3,323,180 | 0.0910 | 3,024.09 | 835 |
| page totals | | | 188,028.97 | | | 168,939.18 | 19,089.79 |

Grayson Rural Electric Cooperative
Case No. 2008-00254
May 31, 2008

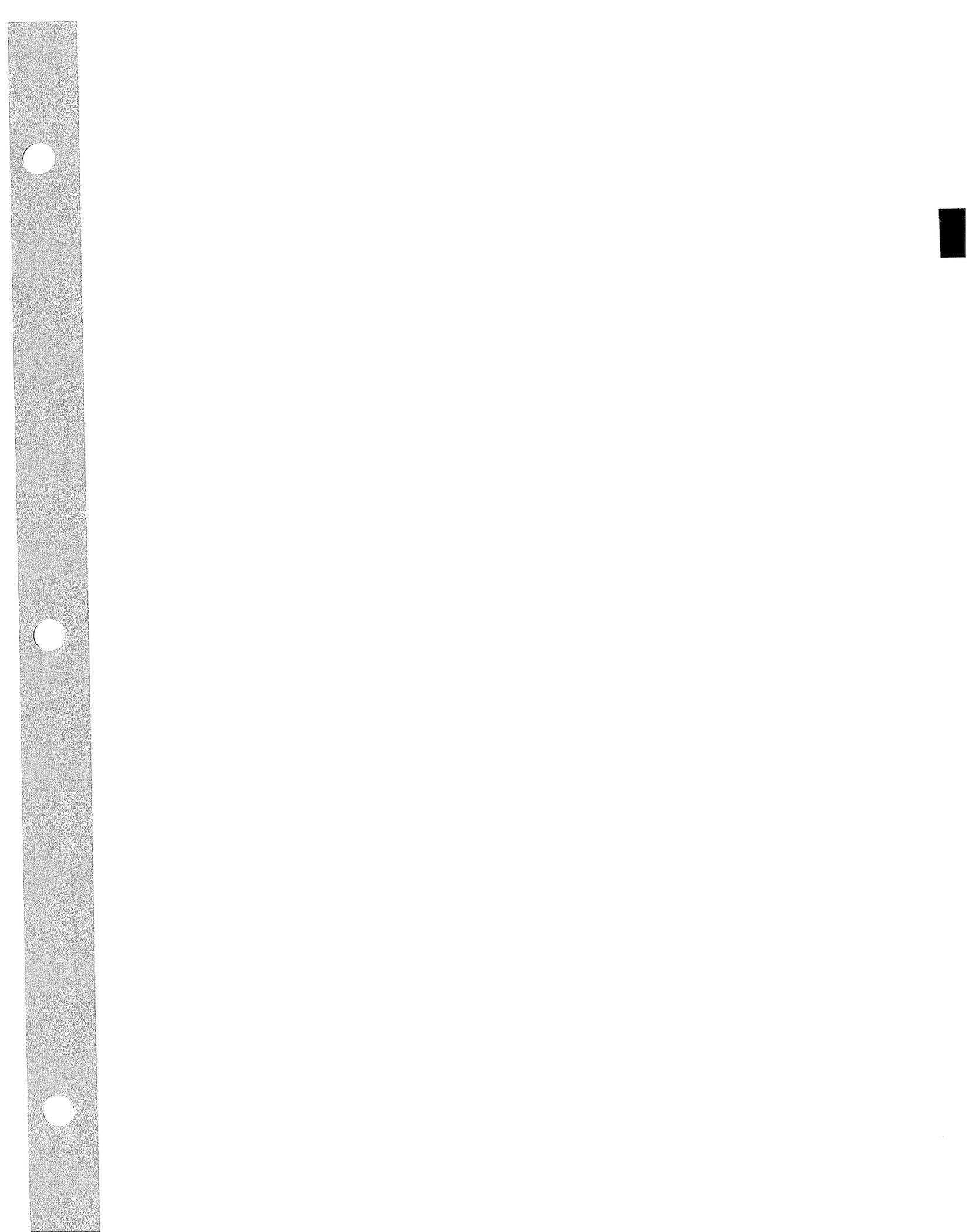
Exhibit 4
page 3 of 3

| Taxing District | Assessment for 2007 Taxes | | | Assessment for 2006 Taxes | | | Increase Decrease in Taxes |
|---|---------------------------|-------------|------------|---------------------------|-------------|------------|----------------------------------|
| | Assessed Value | Tax Rate | Tax Due | Assessed Value | Tax Rate | Tax Due | |
| Elliott County | | | | | | | |
| Tangible - County | 7,428,434 | 0.1420 | 10,548.38 | 7,545,868 | 0.1420 | 10,715.13 | (167) |
| Tangible - School | 7,428,434 | 0.4660 | 34,616.50 | 7,545,868 | 0.4660 | 35,163.74 | (547) |
| Tangible - Ambulance | 7,428,434 | 0.1000 | 7,428.43 | 7,545,868 | 0.1000 | 7,545.87 | (117) |
| Tangible - Health | 7,428,434 | 0.0300 | 2,228.53 | 7,545,868 | 0.0250 | 1,886.47 | 342 |
| Tangible - Extension | 7,428,434 | 0.0452 | 3,357.65 | 7,545,868 | 0.0448 | 3,380.55 | (23) |
| Lawrence County | | | | | | | |
| Tangible - County | 1,853,934 | 0.1700 | 3,151.69 | 1,511,672 | 0.1720 | 2,600.08 | 552 |
| Tangible - School | 1,853,934 | 0.4200 | 7,786.52 | 1,511,672 | 0.4200 | 6,349.02 | 1,438 |
| Tangible - Library | 1,853,934 | 0.1589 | 2,945.90 | 1,511,672 | 0.1215 | 1,836.68 | 1,109 |
| Tangible - Health | 1,853,934 | 0.0300 | 556.18 | 1,511,672 | 0.0300 | 453.50 | 103 |
| Tangible - Extension | 1,853,934 | 0.0545 | 1,010.39 | 1,511,672 | 0.0439 | 663.62 | 347 |
| Lewis County | | | | | | | |
| Tangible - County | 622,211 | 0.1410 | 877.32 | 599,672 | 0.1410 | 845.54 | 32 |
| Tangible - School | 622,211 | 0.4040 | 2,513.73 | 599,672 | 0.4070 | 2,440.67 | 73 |
| Tangible - Health | 622,211 | 0.0380 | 236.44 | 599,672 | 0.0380 | 227.88 | 9 |
| Tangible - Library | 622,211 | 0.0730 | 454.21 | 599,672 | 0.0634 | 380.19 | 74 |
| Tangible - Extension | 622,211 | 0.0827 | 514.57 | 599,672 | 0.0827 | 495.93 | 19 |
| City of Grayson | | | | | | | |
| Real Estate | 620,190 | 0.1820 | 1,128.75 | 639,550 | 0.1820 | 1,163.98 | (35) |
| Tangible | 1,065,681 | 0.1820 | 1,939.54 | 1,059,562 | 0.1820 | 1,928.40 | 11 |
| Public Service Company Assessment: | | | | | | | |
| Real Estate | 620,190 | 0.1240 | 769.04 | 639,550 | 0.1280 | 818.62 | (50) |
| Tangible Property | 31,966,065 | 0.4500 | 143,847.29 | 31,243,034 | 0.4500 | 140,593.65 | 3,254 |
| Manufacturing Machinery | 4,949,426 | 0.1500 | 7,424.14 | 4,783,014 | 0.1500 | 7,174.52 | 250 |
| | | | 233,335.21 | | | 226,664.05 | 6,671.16 |
| | | | 421,364.17 | | | 395,603.22 | 25,760.95 |
| | | | | | | | 25,761 |

this page

Total

Amount of Adjustment



Grayson Rural Electric Cooperative

Case No. 2008-00254

May 31, 2008

Adjustment for Interest on Long Term Debt

The adjustment for interest on long-term debt results in an increase of \$257,075.

There are no short-term borrowings outstanding at the end of the test year.

All the short term interest of \$95,287 will be removed.

This adjustment has been calculated by multiplying the test year end debt amounts by the interest rates in effect at the end of the test year for each loan.

| | |
|----------------------------|-----------------------|
| RUS loans | 1,131,010 |
| FFB loans | 455,701 |
| CFC loans | <u>117,264</u> |
| Total annualized interest | 1,703,975 |
| Test year interest expense | <u>1,446,900</u> |
| Adjustment | <u><u>257,075</u></u> |

Grayson Rural Electric Cooperative
Case No. 2008-00254
Schedule of Outstanding Long-Term Debt
May 31, 2008

Exhibit 5
page 2 of 4
Format 8a
Schedule 2

| Type of Debt Issued (a) | Date of Issue (b) | Date of Maturity (c) | Outstanding Amount (d) | Cost Rate to Maturity (g) | Annualized Cost Col (d)x(g) (j) | Test Year Interest Cost |
|--|----------------------------|-------------------------------|------------------------------|---------------------------------------|--|-------------------------------|
| RUS loans | | | | | | |
| 1B320 | Jul-74 | Jul-2009 | 22,606 | 5.000% | 1,130 | 1,755 |
| 1B330 | Sep-75 | Sep-2010 | 48,917 | 5.000% | 2,446 | 2,947 |
| 1B340 | Jul-77 | Jul-2012 | 141,143 | 5.000% | 7,057 | 7,834 |
| 1B350 | Jun-78 | Jun-2013 | 149,460 | 5.000% | 7,473 | 8,114 |
| 1B360 | Aug-79 | Jul-2014 | 501,631 | 5.000% | 25,082 | 26,827 |
| 1B370 | Jan-82 | Dec-2016 | 564,298 | 5.000% | 28,215 | 29,521 |
| 1B380 | Jul-85 | Jul-2020 | 585,176 | 5.000% | 29,259 | 30,131 |
| 1B390 | Feb-88 | Feb-2023 | 856,426 | 5.000% | 42,821 | 43,799 |
| 1B400 | Apr-91 | Apr-2026 | 1,114,523 | 5.000% | 55,726 | 56,678 |
| 1B410 | Jul-94 | Jul-2029 | 2,086,832 | 5.000% | 104,342 | 106,215 |
| 1B420 | Jun-96 | May-2031 | 7,317,607 | 5.000% | 365,880 | 370,045 |
| 1B430 | Oct-2004 | Sep-2039 | 1,958,381 | 2.220% | 43,476 | 43,759 |
| 1B431 | Oct-2004 | Sep-2039 | 3,956,836 | 4.950% | 195,863 | 68,552 |
| 1B430 | Oct-2004 | Sep-2039 | 4,800,000 | 4.630% | 222,240 | 154,809 |
| | | | 24,103,836 | | 1,131,010 | 950,985 |
| FFB loans | | | | | | |
| H0010 | Nov-99 | Oct-2034 | 10,037,463 | 4.540% | 455,701 | 378,858 |
| CFC loans | | | | | | |
| 9003 | Mar-74 | Mar-2009 | 11,656 | 7.00% | 816 | 1,320 |
| 9005 | Oct-75 | Sep-2010 | 26,901 | 6.40% | 1,722 | 2,067 |
| 9007 | Aug-77 | Aug-2012 | 74,951 | 6.75% | 5,059 | 5,593 |
| 9009 | Dec-78 | Dec-2013 | 76,560 | 6.40% | 4,900 | 5,303 |
| 9011 | May-80 | May-2015 | 258,488 | 6.80% | 17,577 | 18,726 |
| 9014 | Mar-85 | Feb-2020 | 283,057 | 5.90% | 16,700 | 17,455 |
| 9015 | Feb-87 | Feb-2022 | 273,868 | 5.90% | 16,158 | 16,625 |
| 9016 | Dec-89 | Dec-2024 | 397,258 | 6.40% | 25,425 | 24,645 |
| 9017 | Feb-94 | Feb-2029 | 489,951 | 5.90% | 28,907 | 25,323 |
| | | | 1,892,690 | | 117,264 | 117,056 |
| Total long term debt and annualized cost | | | 36,033,989 | | 1,703,975 | 1,446,900 |
| Annualized cost rate [Total Col. (j) / Total Col. (d)] | | | | | 4.73% | |
| Actual test year cost rate [Total Col (k) / Total Reported in Col (d)] | | | | | 4.02% | |

Grayson Rural Electric Cooperative
Case No. 2008-00254
Schedule of Outstanding Long-Term Debt
December 31, 2007

Exhibit 5
page 3 of 4
Format 8a
Schedule 1

| Type of <u>Debt Issued</u> (a) | Date of <u>Issue</u> (b) | Date of <u>Maturity</u> (c) | Outstanding <u>Amount</u> (d) | Cost Rate to <u>Maturity</u> (g) | Annualized Cost <u>Col (d)x(g)</u> (j) |
|--|-----------------------------------|--------------------------------------|-------------------------------------|--|---|
| RUS loans | | | | | |
| 1B320 | Jul-74 | Jul-2009 | 33,393 | 5.000% | 1,670 |
| 1B330 | Sep-75 | Sep-2010 | 59,059 | 5.000% | 2,953 |
| 1B340 | Jul-77 | Jul-2012 | 156,880 | 5.000% | 7,844 |
| 1B350 | Jun-78 | Jun-2013 | 162,434 | 5.000% | 8,122 |
| 1B360 | Aug-79 | Jul-2014 | 536,997 | 5.000% | 26,850 |
| 1B370 | Jan-82 | Dec-2016 | 590,763 | 5.000% | 29,538 |
| 1B380 | Jul-85 | Jul-2020 | 599,983 | 5.000% | 29,999 |
| 1B390 | Feb-88 | Feb-2023 | 873,055 | 5.000% | 43,653 |
| 1B400 | Apr-91 | Apr-2026 | 1,130,729 | 5.000% | 56,536 |
| 1B410 | Jul-94 | Jul-2029 | 2,110,263 | 5.000% | 105,513 |
| 1B420 | Jun-96 | May-2031 | 7,388,772 | 5.000% | 369,439 |
| 1B430 | Oct-2004 | Sep-2039 | 1,969,371 | 2.220% | 43,720 |
| 1B431 | Oct-2004 | Sep-2039 | 3,979,023 | 4.950% | 196,962 |
| 1B430 | Oct-2004 | Sep-2039 | - | 4.630% | 0 |
| | | | <u>19,590,722</u> | | <u>922,798</u> |
| FFB loans | | | | | |
| H0010 | Nov-99 | Oct-2034 | <u>10,100,551</u> | 4.540% | <u>458,565</u> |
| CFC loans | | | | | |
| 9003 | Mar-74 | Mar-2009 | 17,188 | 7.00% | 1,203 |
| 9005 | Oct-75 | Sep-2010 | 32,375 | 6.40% | 2,072 |
| 9007 | Aug-77 | Aug-2012 | 82,987 | 6.75% | 5,602 |
| 9009 | Dec-78 | Dec-2013 | 82,962 | 6.40% | 5,310 |
| 9011 | May-80 | May-2015 | 275,673 | 6.80% | 18,746 |
| 9014 | Mar-85 | Feb-2020 | 295,918 | 5.90% | 17,459 |
| 9015 | Feb-87 | Feb-2022 | 281,796 | 5.90% | 16,626 |
| 9016 | Dec-89 | Dec-2024 | 405,474 | 6.40% | 25,950 |
| 9017 | Feb-94 | Feb-2029 | 497,956 | 5.90% | 29,379 |
| | | | <u>1,972,329</u> | | <u>122,347</u> |
| Total long term debt and annualized cost | | | <u>31,663,602</u> | | <u>1,503,710</u> |
| Annualized cost rate [Total Col. (j) / Total Col. (d)] | | | | | 4.75% |
| Actual test year cost rate [Total Col (k) / Total Reported in Col (d)] | | | | | |

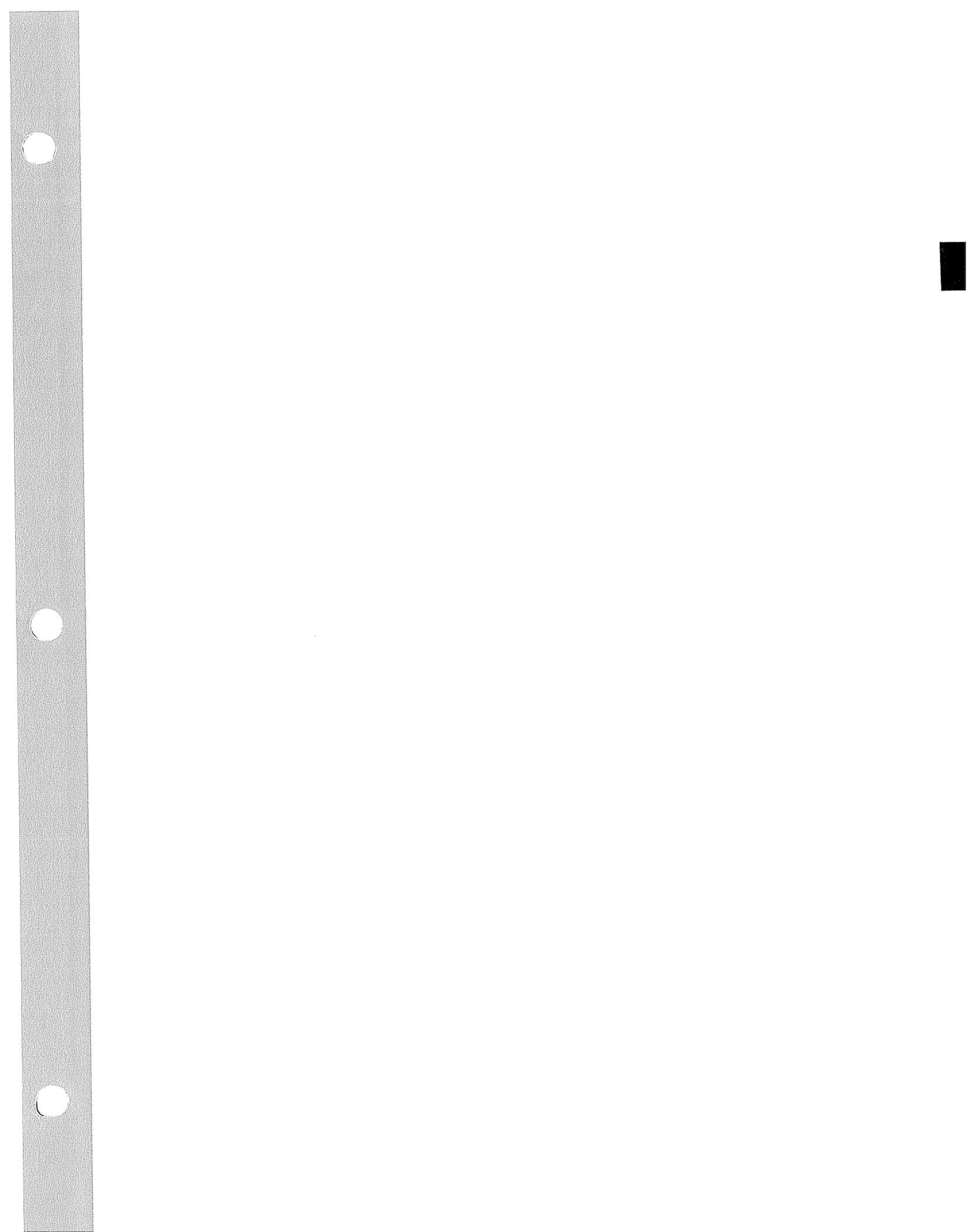
1 Grayson Rural Electric Cooperative
2 Case No. 2008-00254
3 Schedule of Short Term Debt
4 May 31, 2008

Exhibit 5
page 4 of 4
Format 8b

5
6
7 **Adjustment for Short Term Interest**

8
9 This adjustment is to remove interest on short term borrowings. It is presumed
10 that the short term borrowings will be repaid as a result of additional revenues
11 generated from this Application.
12
13
14

| 15 | Type of | Date of | Date of | Amount | Interest | Annualized |
|----|--|--------------|-----------------|--------------------|-------------|-------------|
| 16 | Debt | Issue | Maturity | Outstanding | Rate | Cost |
| 17 | <u>Instrument</u> | <u>Issue</u> | <u>Maturity</u> | <u>Outstanding</u> | <u>Rate</u> | <u>Cost</u> |
| 18 | (a) | (b) | (c) | (d) | (e) | (f) |
| 19 | | | | none | n/a | none |
| 20 | | | | | | |
| 21 | | | | | | |
| 22 | | | | | | |
| 23 | Annualized cost rate [Total col. (f) / Total col. (d)] | | | | | 0.00% |
| 24 | | | | | | |
| 25 | Actual interest paid, or accrued on Short Term | | | | | |
| 26 | Debt during the Test Year | | | | | \$95,287 |
| 27 | | | | | | |
| 28 | | | | | | |
| 29 | | | | | | |
| 30 | | | | | | |
| 31 | | | | | | |
| 32 | | | | | | |



Witness: Alan Zumstein

Grayson Rural Electric Cooperative

Case No. 2008-00254

May 31, 2008

**Financial Accounting Standard No. 106
Employer's Accounting for Postretirement Benefits**

Fleming Mason updated its study of SFAS No. 106. As a result, the annual accrual increased. The portion of SFAS No. 106 for directors has been excluded for rate making purposes.

| | <u>Employees</u> | <u>Directors</u> | <u>Total</u> |
|----------------------|------------------|------------------|----------------|
| Proposed annual cost | 280,000 | 40,000 | 320,000 |
| Test year accrual | <u>250,497</u> | <u>27,834</u> | <u>278,331</u> |
| Proposed adjustment | <u>29,503</u> | <u>12,166</u> | <u>41,669</u> |

The adjustment is allocated as follows:

| | | <u>Percent</u> | <u>Amount</u> |
|-----------|---------------------------|----------------|-----------------|
| 107 | Capitalized | 21.20% | 6,255 |
| 163 - 416 | Clearing and others | 16.00% | 4,720 |
| 580 | Operations | 11.30% | 3,334 |
| 590 | Maintenance | 17.50% | 5,163 |
| 901 | Consumer accounts | 12.70% | 3,747 |
| 908 | Customer service | 2.50% | 738 |
| 912 | Sales | 0.70% | 207 |
| 920 | Administrative and genera | <u>18.10%</u> | <u>5,340</u> |
| | | <u>100.00%</u> | <u>\$29,503</u> |

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Grayson Rural Electric Cooperative
Case No. 2008-00254
May 31, 2008

**Financial Accounting Standard No. 106
Employer's Accounting for Postretirement Benefits**

Grayson Rural Electric Rural Electric implemented Statement of
Financial Accounting Standard No. 106 (SFAS 106) as of January 1, 1994.

The journal entry to record the expense for the initial year of 2000 is as
follows:

| | <u>Account</u> | <u>Debit</u> | <u>Credit</u> |
|--|----------------|--------------|---------------|
| Emnployee benefits | 926.00 | 752,954 | |
| Accumulated provision for pensions and benefits | 228.30 | | 752,954 |

The updated study has been included with this response.

**Grayson Rural Electric
Cooperative Corporation
Grayson, Kentucky**

**Statement of Financial Accounting Standard
No. 106- Employers' Accounting for Postretirement
Benefits Other Than Pensions**

as of January 1, 2008

ALAN M. ZUMSTEIN
CERTIFIED PUBLIC ACCOUNTANT

1032 CHETFORD DRIVE
LEXINGTON, KENTUCKY 40509
(859) 264-7147

MEMBER:

- AMERICAN INSTITUTE OF CPA'S
- INDIANA SOCIETY OF CPA'S
- KENTUCKY SOCIETY OF CPA'S
- AICPA DIVISION FOR FIRMS
- TENNESSEE STATE BOARD OF ACCOUNTANCY

July 17, 2008

Don Combs, Manager of Finance and Administration
Grayson Rural Electric Cooperative
109 Bagby Park
Grayson, Kentucky 41143

Dear Don:

Please find enclosed the actuarial valuation results as of January 1, 2008, for Financial Accounting Standard No. 106 - Employers' Accounting for Postretirement Benefits Other than Pensions.

The annual accrual for 2008 should be \$320,000 starting when you receive this report. The accrual should be \$280,000 for employees, \$35,000 for the directors and \$5,000 for the attorney.

The accrual includes current service and interest costs and amortization of the actuarial gains and losses. Part of the reason for the increase in annual accrual is the number of employees that are on disability.

If you have any questions or would like to discuss these results, please give me a call.

Sincerely,



Alan M. Zumstein

**Grayson Rural Electric Cooperative
Medical Insurance Premiums**

FAS 106 Obligation as of January 1, 2008

| | <u>Employees</u> | <u>Directors</u> | <u>Total</u> |
|--|------------------|------------------|--------------|
| A. Accumulated Postretirement Benefit Obligations (APBO) as of January 1, 2008 | | | |
| 1. Actives not yet eligible | \$1,086,021 | \$41,922 | \$1,127,943 |
| 2. Actives fully eligible | 322,283 | 0 | 322,283 |
| 3. Retirees and dependents | 976,489 | 300,779 | 1,277,268 |
| | | | |
| 4. Total APBO | 2,384,793 | 342,701 | 2,727,494 |
| B. Future accruals | 2,389,859 | 284,629 | 2,674,488 |
| | | | |
| C. Total Expected Postretirement Benefit Obligations (EPBO) (A4 + B) | \$4,774,652 | \$627,330 | \$5,401,982 |
| | | | |
| D. Reconciliation of Funded Status | | | |
| 1. Accrued Postretirement Benefit Cost | | \$1,134,286 | |
| 2. Assets | | - | |
| | | | |
| 3. Funded Status = (D1 + D2) | | 1,134,286 | |
| 4. Unrecognized Transition Obligation | | - | |
| 5. Unrecognized (Gain) / Loss | | 1,593,208 | |
| 6. Unrecognized Prior Service Cost | | - | |
| 7. APBO | | - | |
| | | | |
| (D3 + D4 + D5 + D6) | | \$2,727,494 | |
| | | | |

**Grayson Rural Electric Cooperative
Medical Insurance Premiums**

FAS 106 Obligation as of January 1, 2009

| | <u>Employees</u> | <u>Directors</u> | <u>Total</u> |
|--|--------------------|--------------------|--------------------|
| A. Accumulated Postretirement Benefit Obligations (APBO) as of January 1, 2009 | | | |
| 1. Actives not yet eligible | \$1,161,212 | \$13,381 | \$1,174,593 |
| 2. Actives fully eligible | 346,454 | 30,185 | 376,639 |
| 3. Retirees and dependents | <u>943,298</u> | <u>289,939</u> | <u>1,233,237</u> |
| 4. Total APBO | 2,450,964 | 333,505 | 2,784,469 |
| B. Future accruals | <u>2,459,157</u> | <u>257,275</u> | <u>2,716,432</u> |
| C. Total Expected Postretirement Benefit Obligations (EPBO) (A4 + B) | <u>\$4,910,121</u> | <u>\$590,780</u> | <u>\$5,500,901</u> |
| D. Reconciliation of Funded Status | | | |
| 1. Accrued Postretirement Benefit Cost | | \$1,329,695 | |
| 2. Assets | | <u>-</u> | |
| 3. Funded Status = (D1 + D2) | | 1,329,695 | |
| 4. Unrecognized Transition Obligation | | - | |
| 5. Unrecognized (Gain) / Loss | | 1,454,774 | |
| 6. Unrecognized Prior Service Cost | | - | |
| 7. APBO (D3 + D4 + D5 + D6) | | <u>\$2,784,469</u> | |

**Grayson Rural Electric Cooperative
Medical Insurance Premiums**

FAS 106 Obligation as of January 1, 2008

| | | |
|----|--|-------------------------|
| A. | Accrued Postretirement Benefit Cost | |
| | 1. Balance January 1, 2007 | 1,052,249 |
| | 2. Accrual for 2007 | 272,646 |
| | 3. Payout for 2007 | <u>(190,609)</u> |
| | 4. Balance December 31, 2007 | 1,134,286 |
| | 5. Accrual for 2008 | 319,278 |
| | 6. Estimated payout for 2008 | <u>(123,869)</u> |
| | 7. Estimated balance December 31, 2008 | <u><u>1,329,695</u></u> |

**Grayson Rural Electric Cooperative
Medical Insurance Premiums**

FAS 106 Obligation as of January 1, 2008

A. Development of Actuarial (Gain)/Loss during 2008

| | |
|---|------------------------|
| 1. Expected APBO as of December 31, 2007 | \$1,134,286 |
| 2. Actual APBO as of January 1, 2008 | <u>2,727,494</u> |
| 3. Actuarial (gain)/loss = (2) - (1) | 1,593,208 |
| 4. Unrecognized (gain)/loss as of December 31, 2008 | <u>-</u> |
| 5. Cumulative (gain)/loss = (3) + (4) | 1,593,208 |
| 6. 10% corridor | <u>159,321</u> |
| 7. (Gain)/Loss subject to amortization = (5) - (6) | 1,433,887 |
| 8. Future working lifetime to expected retirement | <u>20</u> |
| 9. Amortization of (gain)/loss = (7) / (8) | <u><u>\$71,694</u></u> |

B. Amortization of Transition Obligation

| | |
|--|-----------------|
| 1. Transition Obligation as of January 1, 1995 | - |
| 2. Number of years in amortization | <u>-</u> |
| 3. Annual amortization | <u><u>-</u></u> |

**Grayson Rural Electric Cooperative
Medical Insurance Premiums**

FAS 106 Obligation as of January 1, 2008

FAS 106 Expense Components

| | |
|--|-------------------------|
| 1. Service cost | \$68,445 |
| 2. Interest cost | 179,139 |
| 3. Expected return on assets | - |
| 4. Amortization of transition obligation | - |
| 5. Amortization of actuarial (gain) / loss | <u>71,694</u> |
| 6. Total FAS 106 expense | <u><u>\$319,278</u></u> |
| 7. Expected pay-as-you-go expense | <u><u>\$123,869</u></u> |

**Grayson Rural Electric Cooperative
Medical Insurance Premiums**

FAS 106 Obligation as of January 1, 2008

Alternate assumptions:

Impact on obligations and expense of a
health care cost trend increase of 1%

| | Current | Alternate | |
|-----------------|-------------|--------------------|-----------------|
| | <u>Plan</u> | <u>Assumptions</u> | <u>% Change</u> |
| APBO | 2,727,494 | 1,439,000 | -47.2% |
| EPBO | 5,401,982 | 3,072,000 | -43.1% |
| FAS 106 Expense | 319,278 | 116,000 | -63.7% |

Payments for the next five (5) years are estimated as follows:

| | |
|------|---------|
| 2009 | 123,869 |
| 2010 | 132,540 |
| 2011 | 134,678 |
| 2012 | 121,302 |
| 2013 | 127,973 |

Grayson Rural Electric Cooperative

FAS 106 Assumptions

Covered Groups

All eligible Directors and employees.

Eligibility

Employees who have reached normal retirement, age 62.

Directors who have reached normal retirement age, with at least six (6) years of service. Directors elected after January 1, 2008 can continue coverage, but must pay their own medical premiums.

Spouse

Grayson Rural Electric pays family medical coverage for retirees and their dependents.

Medicare

At age 65 retirees will commence with Medicare coverage.

Contributions

Grayson Rural Electric will pay 100% of the premiums for eligible Directors and employees.

Life Expectancies

Per annuity tables female employees can expect to live until age 78.2 and male employees can expect to live until age 73.8.

Terminations

Rates vary by attained age for employees. Sample rates are as follows:

| <u>Age</u> | <u>Rate</u> | <u>No. of Employees</u> |
|------------|-------------|-----------------------------|
| 20 | 15% | 2 |
| 30 | 7% | 8 |
| 40 | 3% | 19 |
| 50 | 1% | 13 |
| 60 | 0% | 2 |
| | | <hr/> |
| | | 44 |
| | | <hr/> <hr/> |

Grayson Rural Electric Cooperative

FAS 106 Assumptions

Retirement, withdrawals and mortality

Estimate that Directors will retire at age 70 and employees will retire at age 62 and will be replaced in the normal course of business.

Dependents and future retirees

Presently 30% of retirees have dependent coverage.

Discount rate

6.50% per year.

Medical inflation rate

8.50% per year decreasing by 0.5% per year until 5.5% per year.

Computations of policy premiums

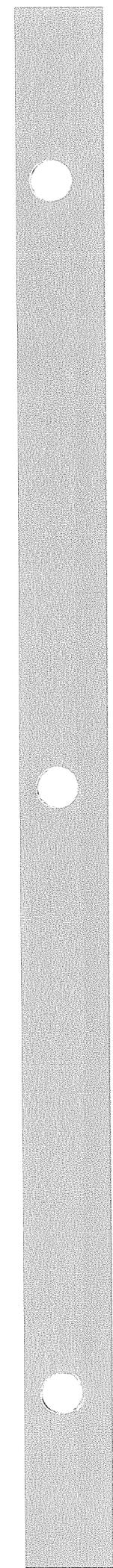
Monthly premiumns are as follows:

| | |
|-----------|------------|
| Single | \$547.20 |
| Dependent | \$751.91 |
| Family | \$1,299.11 |
| Retiree | \$305.29 |

Eligibility classes

Based on the employees, retirees and those on disability as of January 1, 2008 are as follows:

| | <u>Employees</u> | <u>Directors</u> |
|----------------------------|------------------|------------------|
| Actives not fully eligible | 39 | 5 |
| Actives fully eligible | 5 | 0 |
| Retirees and dependents | 25 | 12 |
| | | |
| Total | <u>69</u> | <u>17</u> |



Grayson Rural Electric Cooperative
Case No. 2008-00254
Retirement and Security

Grayson Rural Electric provides pension benefits for substantially all employees through participation in the National Rural Electric Cooperative Association (NRECA) Retirement and Security (R & S) Program. It is the policy of Grayson Rural Electric to fund pension costs accrued. R & S contributions are based on base salary at a rate determined by NRECA.

The rate for 2007 was 17.27% of base wages. For the 2008, the rate is 18.26%. The adjustment is to normalize the R & S contributions using the rate for 2008 and normalized base wages for full-time salary and hourly employees.

| | |
|-------------------------------|----------------------|
| Normalized base wages | |
| Salary employees | 660,899 |
| Hourly employees | 1,511,827 |
| | <u>2,172,726</u> |
| Contribution rate for 2008 | <u>18.26%</u> |
| Proposed contribution cost | 396,740 |
| Test year R & S contributions | <u>344,778</u> |
| Proposed adjustment | <u><u>51,962</u></u> |

The adjustment is allocated as follows:

| Adjustment: | <u>Percent</u> | <u>Amount</u> |
|--------------------------------|----------------|-----------------|
| 107 Capitalized | 21.20% | 11,016 |
| 163 - 416 Clearing and others | 16.00% | 8,314 |
| 580 Operations | 11.30% | 5,872 |
| 590 Maintenance | 17.50% | 9,093 |
| 901 Consumer accounts | 12.70% | 6,599 |
| 908 Customer service | 2.50% | 1,299 |
| 912 Sales | 0.70% | 364 |
| 920 Administrative and general | 18.10% | 9,405 |
| | <u>100.00%</u> | <u>\$51,962</u> |

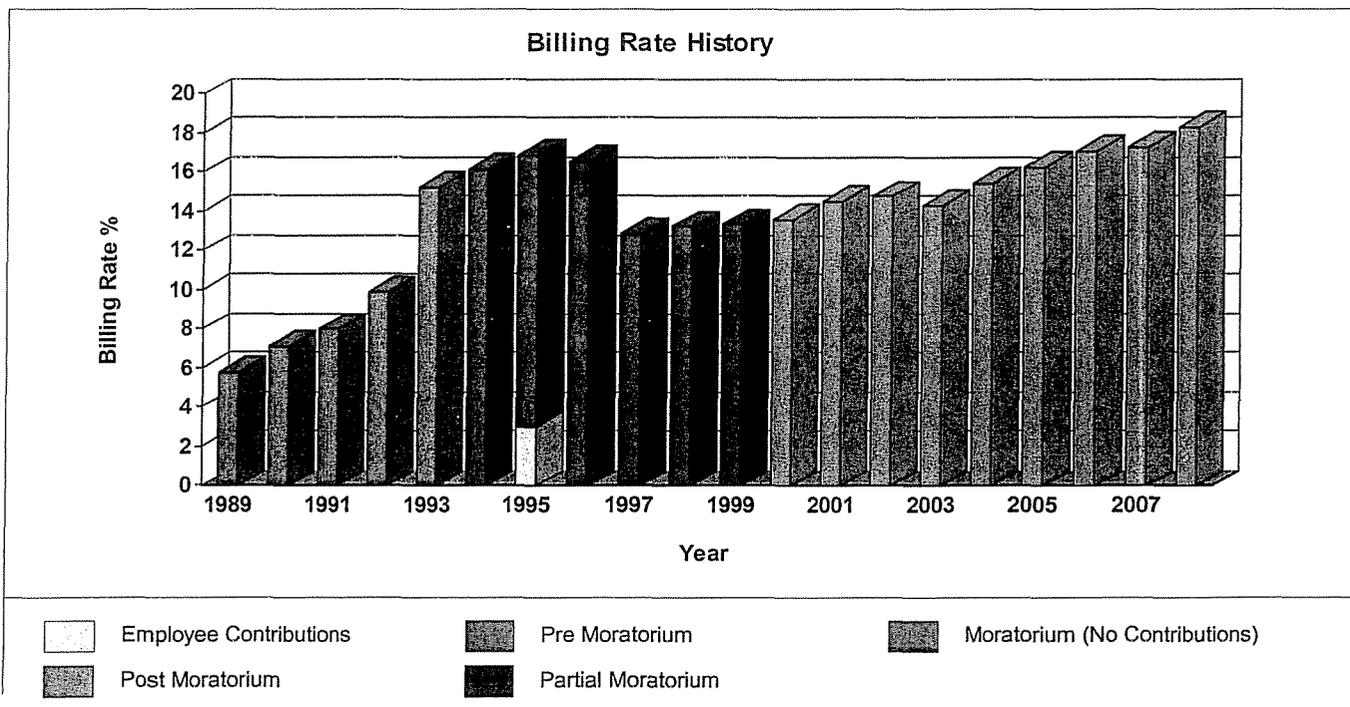


NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION

Retirement and Security Program

| | | | |
|-----------|--------------|----------|--------|
| System #: | 01-18061-001 | Plan ID: | RNR01A |
| Name: | GRAYSON RECC | | |

| Year | Benefit Level | System Cost | Employee Contribution | Plan | COLA | Average Age | 100% Death Benefit | Salary Type |
|------|---------------|-------------|-----------------------|------|------|-------------|--------------------|-------------|
| 1989 | 1.40 | 5.80 | 0.00 | 62 | No | 41 | No | BS |
| 1990 | 1.40 | 7.10 | 0.00 | 62 | No | 42 | No | BS |
| 1991 | 1.40 | 8.00 | 0.00 | 62 | No | 42 | No | BS |
| 1992 | 1.40 | 9.90 | 0.00 | 62 | No | 44 | No | BS |
| 1993 | 2.00 | 15.20 | 0.00 | 62 | No | 45 | No | BS |
| 1994 | 2.00 | 16.11 | 0.00 | 62 | No | 42 | No | BS |
| 1995 | 2.00 | 13.86 | 3.00 | 62 | No | 42 | No | BS |
| 1996 | 2.00 | 16.57 | 0.00 | 62 | No | 49 | No | BS |
| 1997 | 2.00 | 12.85 | 0.00 | 62 | No | 49 | No | BS |
| 1998 | 2.00 | 13.22 | 0.00 | 62 | No | 48 | No | BS |
| 1999 | 2.00 | 13.33 | 0.00 | 62 | No | 49 | No | BS |
| 2000 | 2.00 | 13.55 | 0.00 | 62 | No | 50 | No | BS |
| 2001 | 2.00 | 14.52 | 0.00 | 62 | No | 50 | No | BS |
| 2002 | 2.00 | 14.76 | 0.00 | 62 | No | 50 | No | BS |
| 2003 | 2.00 | 14.34 | 0.00 | 62 | No | 45 | No | BS |
| 2004 | 2.00 | 15.39 | 0.00 | 62 | No | 46 | No | BS |
| 2005 | 2.00 | 16.23 | 0.00 | 62 | No | 46 | No | BS |
| 2006 | 2.00 | 17.05 | 0.00 | 62 | No | 46 | No | BS |
| 2007 | 2.00 | 17.27 | 0.00 | 62 | No | 44 | No | BS |
| 2008 | 2.00 | 18.26 | 0.00 | 62 | No | 46 | No | BS |



Note: Rates are for the plan in effect as of January 1 for each year.

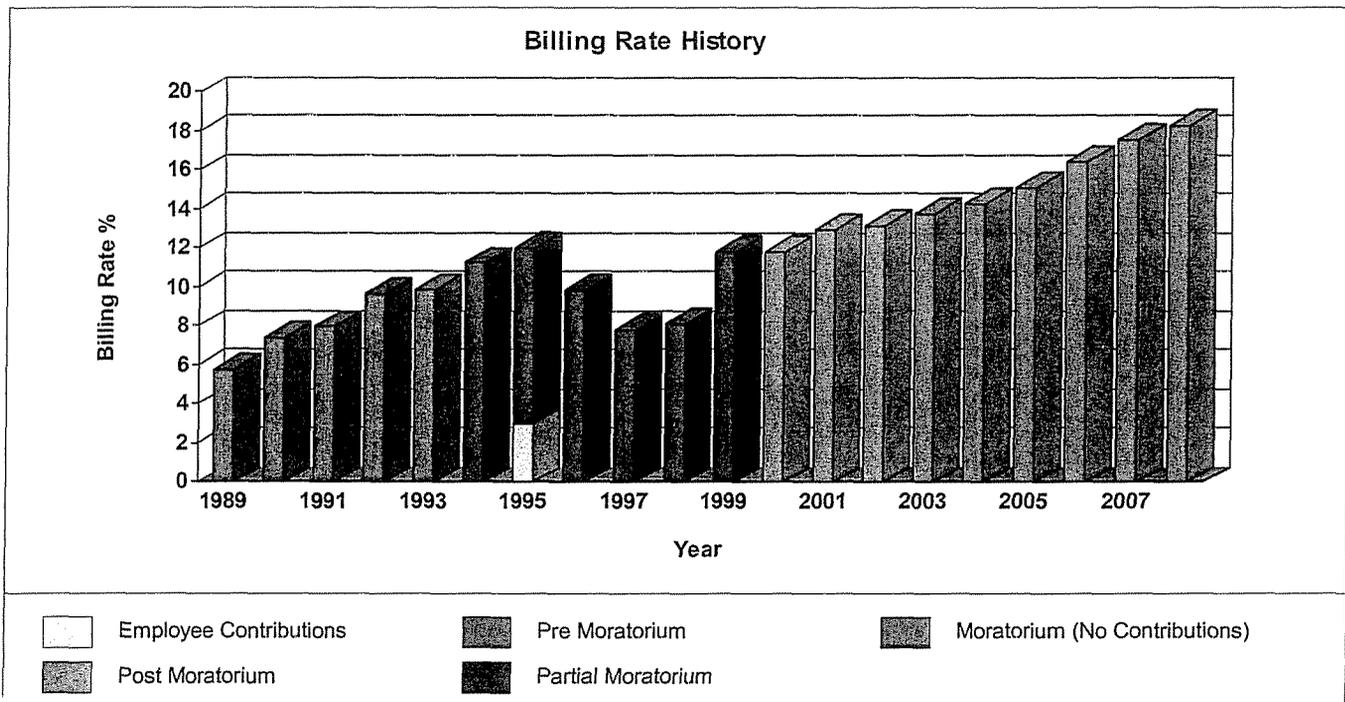


NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION

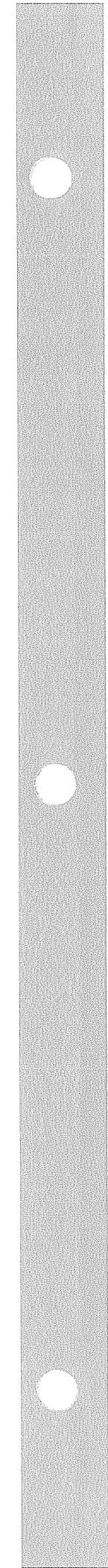
Retirement and Security Program

| | | | |
|-----------|--------------|----------|--------|
| System #: | 01-18061-002 | Plan ID: | RNR01A |
| Name: | GRAYSON RECC | | |

| Year | Benefit Level | System Cost | Employee Contribution | Plan | COLA | Average Age | 100% Death Benefit | Salary Type |
|------|---------------|-------------|-----------------------|------|------|-------------|--------------------|-------------|
| 1989 | 1.40 | 5.80 | 0.00 | 65 | No | 42 | No | BS |
| 1990 | 1.40 | 7.40 | 0.00 | 62 | No | 44 | No | BS |
| 1991 | 1.40 | 8.00 | 0.00 | 62 | No | 42 | No | BS |
| 1992 | 1.40 | 9.70 | 0.00 | 62 | No | 43 | No | BS |
| 1993 | 1.40 | 9.90 | 0.00 | 62 | No | 41 | No | BS |
| 1994 | 1.40 | 11.28 | 0.00 | 62 | No | 42 | No | BS |
| 1995 | 1.40 | 9.03 | 3.00 | 62 | No | 42 | No | BS |
| 1996 | 1.40 | 9.90 | 0.00 | 62 | No | 41 | No | BS |
| 1997 | 1.40 | 7.86 | 0.00 | 62 | No | 41 | No | BS |
| 1998 | 1.40 | 8.15 | 0.00 | 62 | No | 41 | No | BS |
| 1999 | 2.00 | 11.87 | 0.00 | 62 | No | 42 | No | BS |
| 2000 | 2.00 | 11.87 | 0.00 | 62 | No | 42 | No | BS |
| 2001 | 2.00 | 12.96 | 0.00 | 62 | No | 43 | No | BS |
| 2002 | 2.00 | 13.18 | 0.00 | 62 | No | 43 | No | BS |
| 2003 | 2.00 | 13.82 | 0.00 | 62 | No | 43 | No | BS |
| 2004 | 2.00 | 14.31 | 0.00 | 62 | No | 42 | No | BS |
| 2005 | 2.00 | 15.09 | 0.00 | 62 | No | 42 | No | BS |
| 2006 | 2.00 | 16.46 | 0.00 | 62 | No | 44 | No | BS |
| 2007 | 2.00 | 17.58 | 0.00 | 62 | No | 45 | No | BS |
| 2008 | 2.00 | 18.26 | 0.00 | 62 | No | 46 | No | BS |



Note: Rates are for the plan in effect as of January 1 for each year.



Grayson Rural Electric
Case No. 2008-00254

Account 426 - Other Income Deductions
May 31, 2008

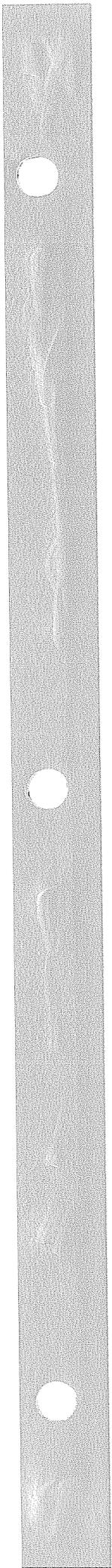
| Line No. <u> </u> | Item (a) | Amount (b) |
|------------------------------|----------------------|----------------------|
| 1. | Donations | 11,224 |
| 2. | Civic activities | |
| 3. | Political activities | |
| 4. | Other | <u>1,576</u> |
| 5. | Total | <u><u>12,800</u></u> |

Grayson Rural Electric
Case No. 2008-00254
Donations Account 426.00
May 31, 2008

| <u>Date</u> | <u>Check Number</u> | <u>Payee</u> | <u>Amount</u> | <u>Description</u> |
|-------------|---------------------|-----------------------------|---------------|--------------------------|
| 06/25/07 | 141922 | Carter Co Relay for Life | 500.00 | x Donation |
| 06/28/07 | 141947 | City of Greenup | 100.00 | x Donation |
| 06/28/07 | 141950 | Fleming Mason Energy | 100.00 | x Golf scramble |
| 06/28/07 | 141951 | Grayson All Stars | 100.00 | x Donation |
| 06/28/07 | 141952 | Hepburg Lodge | 100.00 | x Fire departments |
| 06/28/07 | 141954 | Olive Hill Chamber | 100.00 | x Donation |
| 07/05/07 | 141988 | Carter Co Shrine | 50.00 | x Donation |
| 07/09/07 | 142022 | Grayson Babe Ruth Baseball | 50.00 | x Donation |
| 07/09/07 | 142044 | Tri State Renegades | 100.00 | x Donation |
| 07/16/07 | 142105 | Andrew Blevins | 100.00 | x Golf tournament |
| 07/19/07 | 142118 | Andrew Blevins | 1,710.94 | x Donation sick/vacation |
| 08/02/07 | 142227 | East Carter Tennis Team | 50.00 | x Donation |
| 08/02/07 | 142241 | Morgan-Elliott 4-H | 150.00 | x Donation |
| 08/02/07 | 142247 | Rowan Co Christmas | 100.00 | x Donation |
| 08/23/07 | 142408 | Carter Co Livestock | 480.00 | x Donation |
| 08/30/07 | 142448 | Greenup Co Youth Livestock | 50.00 | x Donation |
| 08/30/07 | 142449 | Heritage Arts | 25.00 | x Donation |
| 08/30/07 | 142452 | Sandy Hook tobacco Fest | 150.00 | x Donation |
| 09/10/07 | 142532 | Elliott Co 4-H | 250.00 | x Donation |
| 09/10/07 | 142533 | Greenup Co Fire Dept | 100.00 | x Donation |
| 09/13/07 | 142597 | Greenup Co Youth Livestock | 201.50 | x Donation |
| 09/27/07 | 142715 | Ashland YMCA | 50.00 | x Donation |
| 09/27/07 | 142720 | Isonville elem | 50.00 | x Donation |
| 10/04/07 | 142787 | ARC of Kentucky | 55.00 | x Donation |
| 10/08/07 | 142808 | Elliott Co Golf Team | 50.00 | x Donation |
| 10/15/07 | 142888 | Grahn School | 50.00 | x Donation |
| 11/09/07 | 143089 | Christian Social Services | 50.00 | x Donation |
| 11/09/07 | 143100 | Pathways, Inc. | 50.00 | x Donation |
| 11/09/07 | 143105 | Special Olympics | 130.00 | x Donation |
| 11/09/07 | 143111 | Young Life Service Center | 25.00 | x Donation |
| 11/27/07 | 143218 | Kentucky WIRE | 65.00 | x Donation |
| 12/06/07 | 143301 | Greenup Co Ext | 100.00 | x Donation |
| 12/06/07 | 143309 | Sherry McDavid | 56.00 | x Chamber door prize |
| 12/06/07 | 143316 | Ronald McDonald House | 70.00 | x Donation |
| 12/09/07 | 143317 | Rowan Co Christmas | 100.00 | x Donation |
| 12/06/07 | 143323 | West Carter HS | 100.00 | x Donation |
| 12/31/07 | 143464 | Kentucky 4-H | 997.46 | x Donation |
| 12/31/07 | 143465 | Ky -An American Story | 620.68 | x Donation KET |
| 12/27/07 | 143466 | Olive Hill Historical Soc | 250.00 | x Donation |
| 01/31/08 | 143717 | Elliott Co Diabetes | 150.00 | x Donation |
| 03/10/08 | 144052 | Elyssa Blevins College Fund | 231.00 | x Donation |

Grayson Rural Electric
Case No. 2008-00254
Donations Account 426.00
May 31, 2008

| | <u>Date</u> | <u>Check Number</u> | <u>Payee</u> | <u>Amount</u> | <u>Description</u> |
|----|-------------|---------------------|---------------------------|------------------|--------------------------|
| 53 | 03/13/08 | 144083 | Girl Scouts | 42.00 | x Donation |
| 54 | 03/24/08 | 144137 | Denny Nash | 100.00 | x Lyons Club |
| 55 | 04/02/08 | 144215 | Grayson Meals on Wheels | 100.00 | x Donation |
| 56 | 04/02/08 | 144216 | Greenup Co HS | 50.00 | x Donation |
| 57 | 04/02/08 | 144220 | Old time Antinque | 100.00 | x Donation |
| 58 | 04/02/08 | 144227 | Young Life Service Center | 50.00 | x Donation |
| 59 | 04/24/08 | 144391 | Elliott Co conservation | 50.00 | x Donation |
| 60 | 04/24/08 | 144392 | Elliott Youth Baseball | 200.00 | x Donation |
| 61 | 04/24/08 | 144397 | Heritage Elem | 50.00 | x Donation |
| 62 | 04/24/08 | 144399 | Hp Brown Scholarship fund | 100.00 | x Donation |
| 63 | 04/24/08 | 144408 | Rudyfest Bluegrass Fest | 50.00 | x Donation |
| 64 | 04/24/08 | 144410 | Maggie Stephens | 50.00 | x Nat'l Youth Leadership |
| 65 | 04/24/08 | 144411 | West Careter Middle Sch | 100.00 | x Donation |
| 66 | 04/24/08 | 144412 | Wutland Middle Sch | 100.00 | x Donation |
| 67 | 04/24/08 | 144413 | Keith Ramey | 100.00 | x Benefit |
| 68 | 05/08/08 | 144514 | King' Daughter Hosp | 300.00 | x Donation |
| 69 | 05/31/08 | 144770 | Elliott Co Soccer | 150.00 | x Donation |
| 70 | 05/31/08 | 144776 | Greenup Co tech Center | 150.00 | x Donation |
| 71 | 05/31/08 | 144778 | Happy Trails Saddle Club | 150.00 | x Donation |
| 72 | 06/05/08 | 144796 | Sandy Hook Elem | 100.00 | x Donation |
| 73 | 05/31/08 | 144808 | West Carter HS | 150.00 | x Donation |
| 74 | 09/28/07 | | CFC | 1,576.01 | x Integrity Fund |
| 75 | 04/24/08 | | Material and supplies | 1,164.57 | x |
| 76 | | | | | |
| 77 | | | | | |
| 78 | | | | <u>12,800.16</u> | |
| 79 | | | | | |
| 80 | | | Remove for rate making | <u>12,800.16</u> | x |
| 81 | | | | | |



Grayson Rural Electric Cooperative
Case No. 2008-00254
Professional Services

Legal

Attorneys are paid a monthly retainer for work performed during the month, as well as, attending the monthly Board of Directors meetings. Expenses are also paid for attending legal seminars for Cooperative business.

Other legal services are provided as needed.

Attached is the Board policy on Attorney compensation.

Accounting and Auditing

Attached is a copy of the audit agreement for the latest audit as of May 31, 2008, which was performed by W. Dudley Schryock, CPA.

Grayson Rural Electric Cooperative
Case No. 2005-00187
Professional Services
May 31, 2008

Format 33
Exhibit 9
page 2 of 4

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| <u>Line</u> | <u>Rate</u> | <u>Annual</u> | <u>Other</u> | <u>Total</u> | |
|---------------|-------------|---------------|--------------|--------------|--------------|
| <u>Number</u> | <u>Item</u> | <u>Case</u> | <u>Audit</u> | <u>Other</u> | <u>Total</u> |
| 1 | Legal | | | 50,727 | 50,727 |
| 2 | Engineering | | | | 0 |
| 3 | Accounting | | 7,000 | | 7,000 |
| 4 | Other | | | 737 | 737 |
| 5 | Total | 0 | 7,000 | 51,464 | 58,464 |

Grayson Rural Electric Cooperative

Case No. 2008-00254

Professional Services

May 31, 2008

| <u>Date</u> | <u>Check Number</u> | <u>Payee</u> | <u>Hours & Bill Rate</u> | <u>Amount</u> | <u>Description</u> |
|---------------------------------------|---------------------|----------------|------------------------------|---------------|-----------------------------------|
| Legal | | | | | |
| Jeffrey W. Scott | | | | | |
| 06/18/07 | 141901 | | | 600.00 | Retainer |
| 07/05/07 | 141996 | NRECA | | 155.00 | Legal Reporting subscription |
| 07/23/07 | 142176 | | | 600.00 | Retainer |
| 08/07/07 | 142271 | | | 21.73 | Postage, collections letters |
| 08/23/07 | 142427 | | | 600.00 | Retainer |
| 09/13/07 | 142610 | | | 600.00 | Retainer |
| 10/22/07 | 142959 | | | 600.00 | Retainer |
| 11/29/07 | 143234 | NRECA | | 43.00 | RE magazine sub |
| 11/29/07 | 143234 | NRECA | | 195.00 | Personal Practice Pointers sub |
| 11/29/07 | 143236 | | | 600.00 | Retainer |
| 12/06/07 | 143318 | | | 733.14 | x KAEC annual mtg exp |
| 12/20/07 | 143440 | | | 600.00 | Retainer |
| 12/27/07 | 143463 | Lands' End | | 59.48 | x Christmas gift |
| 01/10/08 | 143581 | Visa | | 635.42 | x KAEC annual mtg |
| 01/14/08 | 143616 | NRECA | | 500.00 | x Annual mtg registration |
| 01/14/08 | 143617 | | \$150 hr | 1,345.97 | Callihan Case |
| 01/17/08 | 143647 | KAEC | | 85.00 | x Annual mtg |
| 01/21/08 | 143673 | | | 600.00 | Retainer |
| 01/24/08 | 143688 | NRECA | | 495.00 | Legal seminar registration |
| 02/07/08 | 143782 | | | 37.50 | Postage |
| 02/07/08 | 143785 | Visa | | 540.50 | x NRECA annual mtg |
| 02/07/08 | 143785 | Visa | | 45.60 | x NRECA annual mtg |
| 02/18/08 | 143896 | | | 600.00 | Retainer |
| 03/24/08 | 144141 | | | 600.00 | Retainer |
| 03/31/08 | 144191 | | | 752.31 | x NRECA annual mtg exp |
| 04/10/08 | 144309 | Visa | | 1,037.40 | x NRECA annual mtg exp |
| 04/17/08 | 144350 | | | 600.00 | Retainer |
| 05/19/08 | 144612 | | | 600.00 | Retainer |
| var | | EKPC | | 28,791.19 | x Health insurance |
| Greenbaum, Doll & McDonald | | | | | |
| 08/27/07 | 142437 | | | 1,348.43 | Environmental, Goodyear dump site |
| 09/27/07 | 142722 | | | 830.16 | Environmental, Goodyear dump site |
| 12/27/07 | 143462 | | | 148.16 | Environmental, Goodyear dump site |
| 10/15/07 | 142881 | | | 19.48 | Environmental, Goodyear dump site |
| 04/21/08 | 144374 | | | 29.21 | Environmental, Goodyear dump site |
| 05/22/08 | | LaSalle Global | | (3,821.62) | Environmental, Goodyear dump site |

Grayson Rural Electric Cooperative
Case No. 2008-00254
Professional Services
May 31, 2008

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| <u>Date</u> | <u>Check Number</u> | <u>Payee</u> | <u>Hours & Bill Rate</u> | <u>Amount</u> | <u>Description</u> |
|-----------------------------------|---------------------|---------------------|------------------------------|------------------|-----------------------------|
| Other | | | | | |
| 11/29/07 | 143227 | Dudley Bottom, PE | | 736.77 | Outdoor light tariff review |
| 02/14/08 | 143865 | John McGinnis, PLLC | | 9,500.00 | x Settlement |
| 07/23/07 | 142167 | Alan Zumstein, CPA | | 7,000.00 | Annual audit |
| | | | | <hr/> | |
| | | | | <u>58,463.83</u> | |
| Disallow for rate making purposes | | | | <u>42,680.04</u> | x |

AGREEMENT

THIS AGREEMENT made and entered into this 20th day of December, 2001, by and between **W. JEFFREY SCOTT** of 311 West Main Street, Grayson, Kentucky, 41143, hereinafter referred to as **ATTORNEY**; and **GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION, INC.**, a Kentucky Corporation, authorized and existing under the laws of the Commonwealth of Kentucky, with its principal place of business located at 109 Bagby Park, Grayson, Kentucky, 41143, hereinafter referred to as **CLIENT**;

WHEREAS, an existing attorney-client relationship has existed between Attorney and Client since 1985; and

WHEREAS, the parties are desirous of continuing said relationship for a period of years on the terms and conditions hereinafter set forth;

NOW, THEREFORE, WITNESSETH: For and in consideration of all of the foregoing and other mutual promises and covenants hereinafter contained, the parties do hereby agree as follows:

1. Client agrees to employ Attorney as general legal counsel for Client to act as Attorney and represent Client in all matters which may arise in connection with the business of Client for a period beginning January 1, 2002 through December 31, 2004.
2. At the expiration of the initial term on December 31, 2004, this agreement will renew for a subsequent three year term unless terminated by December 31, 2004. Unless terminated by December 31, 2007, then this agreement will continue for a third three year term. Termination may be accomplished by giving written notice by December 31 of the year in which a term expires. Should this agreement continue for the

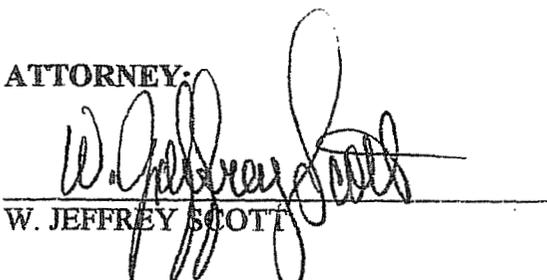
renewal periods as provided for herein, then the hourly rate, as well as other monetary terms of compensation, is subject to modification.

3. Attorney agrees to prosecute and defend all causes of action accrued or to accrue during the period referred to hereinabove, for or against Client, so far as they are triable in all courts of the Commonwealth of Kentucky; to render all legal advice which Client shall ask for in relation to its business or acts; to prepare all legal instruments, contracts, papers, or the like, of whatsoever nature, as Client may require; to make all collections of monies due or to become due Client, as may be turned over to Attorney for collection, to the best of his ability, and to render any other legal services which Client may require in connection with its business.
4. Client agrees to pay Attorney for the above services the sum of \$600.00 per month and maintain Attorney and family on its health insurance plan and insure Attorney and family for the accident insurance available to other employees. As a result of years of service, and as part of the consideration for this agreement, Client agrees to pay health insurance for Attorney and his family upon retirement by Attorney.
5. Should this relationship continue beyond the initial three year period, then the monthly retainer fee will be renegotiated for all subsequent years.
6. The services hereinabove set forth to be provided by Attorney for the monthly compensation hereinabove mentioned shall be for up to ten hours work per month. Any work performed by Attorney in excess of ten hours per month will result in Client paying Attorney the hourly rate then utilized by Attorney for all of his clients which currently is at the rate of \$150.00 per hour or a portion thereof.

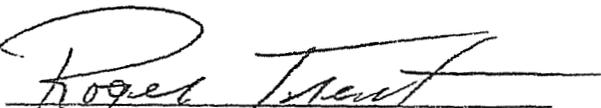
7. Client further agrees to reimburse Attorney for all reasonable and necessary expenses paid out or incurred by Attorney on behalf of Client in connection with the above services, as well as a \$150.00 per diem for attendance at the Kentucky Association of Electric Cooperatives Annual Meeting in Louisville each year and reimbursement of expenses incurred for travel done for the benefit of Client when said travel for business purposes, including conferences and seminars, is previously approved by the Board of Directors of Client in accordance with applicable Board policies.
8. Attorney accepts this employment and agrees to give services as set forth above on terms and conditions specified herein.

WITNESS OUR HANDS this 20th day of December, 2001.

ATTORNEY:


W. JEFFREY SCOTT

CLIENT:


BY: ROGER TRENT, CHAIRMAN
BOARD OF DIRECTORS
GRAYSON R.E.C.C.

ATTEST:


CAROL HALL FRALEY, PRESIDENT
AND CHIEF EXECUTIVE OFFICER

W. DUDLEY SHRYOCK, CPA, PSC
CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 542
145 COLLEGE STREET
LAWRENCEBURG, KY 40342
(502) 839-8112

MEMBER AICPA

MEMBER KY SOCIETY
OF CPA'S

May 17, 2008

Carol Fraley, President & CEO
Grayson Rural Electric Cooperative
Grayson, Kentucky 41143

Dear Mrs. Fraley:

This will confirm our understanding of the arrangements for my audit of the financial statements for the year ended May 31, 2008

I will audit the Cooperative's balance sheet as of May 31, 2008, and the related statements of revenue and patronage capital and cash flows for the year then ended.

The objective of the audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. My audit will be conducted in accordance with U.S. generally accepted auditing standards and will include test of your accounting records and other procedures I consider necessary to enable me to express such an opinion. If my opinion is other than unqualified, I will discuss the reasons with you in advance. If, for any reason, I am unable to complete the audit or are unable to form or have not formed an opinion, I may decline to express an opinion or to issue a report as a result of this engagement.

My procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical evidence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected customers, creditors, and financial institutions. I will also request written representations from your attorney as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of my audit, I will require certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, my audit will involve judgment about the number of transactions to be examined and the areas to be tested. Also, I will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (a) errors, (b) fraudulent reporting, (c) misappropriation of assets, or (d) violations of laws or governmental regulations that are attributable to the Cooperative or to acts by management or employees acting on behalf of the Cooperative.

Because an audit is designed to provide reasonable, but not absolute, assurance and because I will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by me. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, I will inform you of any material errors that come to my attention, and I will inform you of any fraudulent financial reporting or misappropriation of assets that comes to my attention. I will also inform you of any violations of laws or governmental regulations that come to my attention, unless clearly inconsequential. My responsibility as auditor is limited to the period covered by my audit and does not extend to any later periods for which I was not engaged as auditor.

My audit will include obtaining an understanding of internal control sufficient to plan the audit and to determine the nature, timing, and extent of audit procedures to be performed. An audit is not designed to provide assurance on internal control or to identify reportable conditions, that is, significant deficiencies in the design or operation of internal control. However, during the audit, if I become aware of such reportable conditions, I will communicate them to you.

You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, results of operations and cash flows in conformity with U.S. generally accepted accounting principles. You are also responsible for management decisions and functions; for designating an individual with suitable skill, knowledge, or experience to oversee the tax services I provide; and for evaluation the adequacy and results of those services and accepting responsibility for them.

You are responsible for making all financial records and related information available to me and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to me in the management representation letter that the effects of any uncorrected misstatements aggregated by me during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing me about all known or suspected fraud affecting the company involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing me of your knowledge of any allegations of fraud or suspected fraud affecting the company received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the Cooperative complies with applicable laws and regulations.

In accordance with the requirements of the Rural Utilities Service (RUS), I assure you of the following:

- The audit is being performed as a requirement of RUS security instrument and any violation of RUS audit requirements shall place the RUS borrower in technical default of the RUS security instrument.
- The Auditor's Report will be signed by W. Dudley Shryock, CPA, a certified public accountant in good professional standing with the state licensing board.

- I will comply with generally accepted government auditing standards, the rules and regulations of professional conduct promulgated by the accountancy board of the state of Kentucky and the Code of Professional Ethics of the American Institute of CPAs.
- I am independent as defined and interpreted by the Professional Ethics Division of the AICPA and as defined by 7 CFR 1773.4 (b).
- I belong to an approved peer review program (Private Companies Practice Section) and have received an unqualified opinion within three years of the "as of" date of the audit.
- The audit will be performed and the Auditor's Report, report on compliance, report on internal controls and management letter will be performed in accordance with requirements of RUS, will comply with generally accepted auditing standards and will be submitted to the Board of Directors within three months of the "as of" audit date.
- Audit work papers will be made available to RUS, Office of Inspector General (OIG) and the General Accounting Office (GAO). RUS, OIG or GAO may photocopy all audit and compliance workpapers as requested.
- I will disclose all disallowance's resulting from testing performed as set forth in 7 CFR 1773.40 and will follow the requirements of reporting irregularities and illegal acts outlined in 7 CFR 1773.7.
- I will report audit findings to the Board of Directors as required by 7 CFR 1773.25.

Fees for these services will be \$9,000. Invoices will be submitted as work progresses, and are payable on presentation. Should any situation arise that would materially increase this fee, I will, of course, notify you.

If this letter correctly expresses your understanding of these arrangements, please indicate your approval by signing the enclosed copy and returning to me. I have also included a Certification of Debarment and Suspension and my last peer review report and letter of comment, as required for audits of RUS borrowers.

Sincerely,

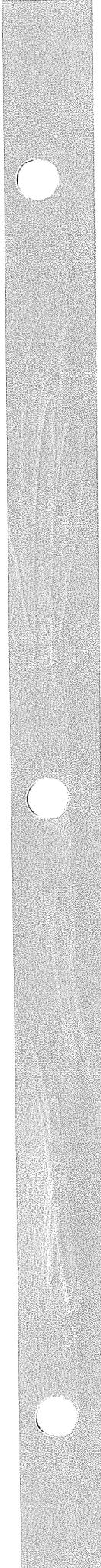


W. Dudley Shryock, CPA, PSC

Approved:

By: Cam Bullard

Date: 5-19-08



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Grayson Rural Electric
Case No. 2008-000254
Name of Board Members
May 31, 2008

Chariman

Roger L. Trent 275 Ky Hwy 173 Morehead, KY 40351

Vice Chariman

Donnie Crum 10813 St Rt 9 Grayson, KY 41143

Secretary-Treasurer

Edde Martin 947 Darby Hollow Grayson, KY 41143

Ken Arrington PO Box 9 Blaine, KY 41124
William T. Rice PO Box 493 Sandy Hook, KY 41171
Jimmy Whitt PO Box 754 Sandy Hook, KY 41171

East Kentucky Power Cooperative representative:
William T. Rice

KAEC representative:
Ken Arrington

NRECA representative:
Roger Trent
Jimmy Whitt, Alternate

Grayson Rural Electric
Case No. 2008-000254
Adjustment for Director expenses
May 31, 2008

Certain expenses are generally disallowed for rate making purposes that are incurred for, and on behalf of, Directors of an electric cooperative. Grayson Rural Electric has made this adjustment to recognize those expenses. The list includes:

| | |
|---|------------------|
| Per diems: | |
| All directors | 16,450.00 |
| Health insurance coverage: | |
| All directors | 56,739.00 |
| KAEC annual meeting for non-representative: | |
| Roger Trent | 623.26 |
| William Rice | 666.24 |
| Jimmy Whitt | 622.74 |
| EKPC annual meeting for non-representative: | |
| Roger Trent | 61.60 |
| Ken Arrington | 116.40 |
| Jimmy Whitt | 71.78 |
| Legislative Conference: | |
| Roger Trent | 15.15 |
| Ken Arrington | 218.07 |
| William Rice | 51.00 |
| Jimmy Whitt | 66.85 |
| General expenses for all employees | |
| Christmas gifts | 780.42 |
| | <hr/> |
| | <u>76,482.51</u> |

Grayson Rural Electric
Case No. 2008-000254
Director Fees and Expenses
May 31, 2008

Exhibit 10
page 3 of 14
Witness: Alan Zumstein

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| | Regular Board <u>Mtg</u> | Other Board <u>Mtg</u> | Per <u>Diem</u> | <u>Mileage</u> | Air <u>Fare</u> | Meeting <u>Fees</u> | <u>Hotel</u> | <u>Meals</u> | Health <u>Insurance</u> | Misc <u>Expenses</u> | <u>Total</u> |
|------------------|--------------------------------|------------------------------|--------------------|----------------|--------------------|------------------------|--------------|--------------|----------------------------|-------------------------|----------------|
| Trent, Roger | 2,300 | 200 | 5,350 | 2,797 | 418 | 2,455 | 3,003 | 494 | 7,652 | 0 | 24,668 |
| Crum, Donnie | 1,800 | 150 | 0 | 154 | 0 | 1,050 | 0 | 0 | 12,216 | 0 | 15,370 |
| Martin, Eddie | 1,800 | 0 | 150 | 0 | 0 | 0 | 0 | 0 | 7,652 | 0 | 9,602 |
| Arrington, Ken | 2,300 | 200 | 4,100 | 2,642 | 0 | 1,026 | 2,495 | 847 | 7,652 | 0 | 21,262 |
| Rice, William | 2,300 | 0 | 2,900 | 1,577 | 0 | 1,501 | 1,591 | 317 | 0 | 295 | 10,481 |
| Whitt, Jimmy | 2,300 | 200 | 3,950 | 1,788 | 418 | 1,950 | 2,427 | 567 | 7,652 | 0 | 21,251 |
| General expenses | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 397 | 13,917 | 22,458 | 36,772 |
| Total | 12,800 | 750 | 16,450 | 8,957 | 835 | 7,982 | 9,517 | 2,623 | 56,739 | 22,753 | 139,406 |

Grayson Rural Electric
Case No. 2008-000254
Roger Trent

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| Date | Check Number | Payee | Explanation | Regular Bd Mtg | Other Bd Mtg | Per Diem | Mileage | Air Fare | Meeting Fees | Hotel | Meals | Health Ins | Misc Expense | Total |
|----------|--------------|-------|-----------------------------------|----------------|--------------|----------|----------|----------|--------------|----------|--------|------------|--------------|------------|
| | | | | 150.00 | | | 33.95 | | | | | | | 183.95 |
| 06/18/07 | 141902 | | | | | 150.00 | 61.60 | | | | | | | 211.60 x |
| 06/18/07 | 141902 | | EKPC annual mtg | | | | 33.95 | | | | | | | 183.95 |
| 07/23/07 | 142178 | | | 150.00 | | | 33.95 | | | | | | | 233.95 |
| 08/23/07 | 142430 | | | 200.00 | | | 33.95 | | | | | | | 233.95 |
| 09/13/07 | 142616 | | | 200.00 | | | 33.95 | | | | | | | 395.00 |
| 10/08/07 | 142812 | NRECA | Director training | | | | | | 395.00 | | | | | 395.00 |
| 10/22/07 | 142960 | | | 200.00 | | | 33.95 | | | | | | | 233.95 |
| 11/09/07 | 143108 | | NRECA Director training | | | 1,200.00 | 751.75 | | | | 27.69 | | | 1,979.44 |
| 11/09/07 | 143112 | Visa | NRECA Director training | | | | | | | 153.44 | | | | 153.44 |
| 11/09/07 | 143112 | Visa | NRECA Director training | | | | | | | 171.72 | | | | 171.72 |
| 11/15/07 | 143153 | NRECA | Director training | | | | | | 700.00 | | | | | 700.00 |
| 11/29/07 | 143238 | | | 200.00 | | | 33.95 | | | | | | | 233.95 |
| 11/29/07 | 143238 | | KAEC annual mtg | | | 600.00 | 145.50 | | | | | | | 745.50 x |
| 12/10/07 | 143360 | Visa | NRECA Director training | | | | | | | 476.33 | 34.28 | | | 510.61 |
| 12/20/07 | 143443 | | Planning & Review mtg | | 200.00 | | 33.95 | | | | | | | 233.95 |
| 12/20/07 | 143443 | | NRECA Director training | | | 800.00 | 304.10 | | | | 6.28 | | | 1,110.38 |
| 12/20/07 | 143443 | | | 200.00 | | | 33.95 | | | | | | | 233.95 |
| 01/10/08 | 143581 | Visa | KAEC annual mtg | | | | | | | 310.74 | 62.02 | | | 372.76 x |
| 01/10/08 | 143581 | Visa | NRECA Director training | | | | | | | 434.67 | 60.97 | | | 495.64 |
| 01/14/08 | 143616 | NRECA | Annual mtg | | | | | | 500.00 | | 50.00 | | | 550.00 |
| 01/17/08 | 143647 | KAEC | Annual mtg | | | | | | 105.00 | | | | | 105.00 x |
| 01/21/08 | 143676 | | | 200.00 | | | 33.95 | | | | | | | 233.95 |
| 01/28/08 | 143711 | | Construction bid opening (office) | | | 200.00 | 33.95 | | | | | | | 233.95 x |
| 02/07/08 | 143785 | Visa | NRECA annual mtg | | | | | 345.50 | | | | | | 345.50 |
| 02/18/08 | 143899 | | | 200.00 | | | 35.35 | | | | | | | 235.35 |
| 02/18/08 | 143899 | | Legislative conference | | | 200.00 | 15.15 | | | | | | | 215.15 x |
| 03/24/08 | 144145 | | | 200.00 | | | 35.35 | | | | | | | 235.35 |
| 03/24/08 | 144145 | | NRECA annual mtg | | | 1,200.00 | 148.98 | | | | 59.79 | | | 1,408.77 |
| 03/27/08 | 144155 | NRECA | Director training | | | | | | 755.00 | | | | | 755.00 |
| 04/10/08 | 144309 | Visa | NRECA annual mtg | | | | | 72.00 | | 733.64 | 100.92 | | | 906.56 |
| 04/17/08 | 144352 | | | 200.00 | | | 35.35 | | | | | | | 235.35 |
| 04/17/08 | 144352 | | NRECA Director training | | | 1,000.00 | 888.80 | | | | 48.34 | | | 1,937.14 |
| 05/09/08 | 144540 | Visa | NRECA Director training | | | | | | | 722.69 | 43.76 | | | 766.45 |
| 05/19/08 | 144616 | | | 200.00 | | | 35.35 | | | | | | | 235.35 |
| var | var | | Medical | | | | | | | | | 7,651.56 | | 7,651.56 x |
| | | | | 2,300.00 | 200.00 | 5,350.00 | 2,796.78 | 417.50 | 2,455.00 | 3,003.23 | 494.05 | 7,651.56 | 0.00 | 24,668.12 |

Grayson Rural Electric
Case No. 2008-000254
Donnie Crum

Exhibit 10
page 5 of 14
Witness: Alan Zumstein

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| Date | Check Number | Payee | Explanation | Regular Bd Mtg | Other Bd Mtg | Per Diem | Mileage | Air Fare | Meeting Fees | Hotel | Meals | Health Ins | Misc Expense | Total |
|----------|--------------|-------|-----------------------|----------------|--------------|----------|---------|----------|--------------|-------|-------|------------|--------------|-------------|
| 06/18/07 | 141897 | | | 150.00 | | | 11.64 | | | | | | | 161.64 |
| 07/23/07 | 142165 | | | 150.00 | | | 11.64 | | | | | | | 161.64 |
| 12/20/07 | 143427 | | | 150.00 | | | 11.64 | | | | | | | 161.64 |
| 12/20/07 | 143427 | | Planning & Review mtg | | 150.00 | | 11.64 | | | | | | | 161.64 |
| 08/30/07 | 142445 | | | 150.00 | | | 11.64 | | | | | | | 161.64 |
| 09/13/07 | 142589 | | | 150.00 | | | 11.64 | | | | | | | 161.64 |
| 10/22/07 | 142954 | | | 150.00 | | | 11.64 | | | | | | | 161.64 |
| 11/29/07 | 143228 | | | 150.00 | | | 12.12 | | | | | | | 162.12 |
| 01/21/08 | 143663 | | | 150.00 | | | 12.12 | | | | | | | 162.12 |
| 02/18/08 | 143885 | | | 150.00 | | | 12.12 | | | | | | | 162.12 |
| 03/24/08 | 144127 | | | 150.00 | | | 12.12 | | | | | | | 162.12 |
| 04/17/08 | 144341 | | | 150.00 | | | 12.12 | | | | | | | 162.12 |
| 05/15/08 | 144578 | NRECA | Director training | | | | | | 1,050.00 | | | | | 1,050.00 |
| 05/19/08 | 144596 | | | 150.00 | | | 12.12 | | | | | | | 162.12 |
| var | var | | Medical | | | | | | | | | 12,215.80 | | 12,215.80 x |
| | | | | 1,800.00 | 150.00 | 0.00 | 153.72 | 0.00 | 1,050.00 | 0.00 | 0.00 | 12,215.80 | 0.00 | 15,369.52 |

Grayson Rural Electric
Case No. 2008-000254
Eddie Martin

Exhibit 10
page 6 of 14
Witness: Alan Zumstein

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| <u>Date</u> | <u>Check Number</u> | <u>Payee</u> | <u>Explanation</u> | <u>Regular Bd Mtg</u> | <u>Other Bd Mtg</u> | <u>Per Diem</u> | <u>Mileage</u> | <u>Air Fare</u> | <u>Meeting Fees</u> | <u>Hotel</u> | <u>Meals</u> | <u>Health Ins</u> | <u>Misc Expense</u> | <u>Total</u> |
|-------------|---------------------|--------------|------------------------|-----------------------|---------------------|-----------------|----------------|-----------------|---------------------|--------------|--------------|-------------------|---------------------|--------------|
| 06/18/07 | 141898 | | | 150.00 | | | | | | | | | | 150.00 |
| 07/23/07 | 142168 | | | 150.00 | | | | | | | | | | 150.00 |
| 08/30/07 | 142450 | | | 150.00 | | | | | | | | | | 150.00 |
| 09/13/07 | 142599 | | | 150.00 | | | | | | | | | | 150.00 |
| 10/22/07 | 142957 | | | 150.00 | | | | | | | | | | 150.00 |
| 11/29/07 | 143232 | | | 150.00 | | | | | | | | | | 150.00 |
| 12/20/07 | 143434 | | | 150.00 | | | | | | | | | | 150.00 |
| 01/21/08 | 143669 | | | 150.00 | | | | | | | | | | 150.00 |
| 02/18/08 | 143891 | | | 150.00 | | | | | | | | | | 150.00 |
| 02/18/08 | 143891 | | Legislative conference | | | 150.00 | | | | | | | | 150.00 x |
| 03/24/08 | 144136 | | | 150.00 | | | | | | | | | | 150.00 |
| 04/17/08 | 144345 | | | 150.00 | | | | | | | | | | 150.00 |
| 05/19/08 | 144606 | | | 150.00 | | | | | | | | | | 150.00 |
| var | var | | Medcial | | | | | | | | | 7,651.56 | | 7,651.56 x |
| | | | | 1,800.00 | 0.00 | 150.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 7,651.56 | 0.00 | 9,601.56 |

Grayson Rural Electric
Case No. 2008-000254
Ken Arrington

Exhibit 10
page 7 of 14
Wintess: Alan Zumstein

| | Date | Check Number | Payee | Explanation | Regular Bd Mtg | Other Bd Mtg | Per Diem | Mileage | Air Fare | Meeting Fees | Hotel | Meals | Health Ins | Misc Expense | Total |
|----|----------|--------------|-------|-------------------------|----------------|--------------|----------|----------|----------|--------------|----------|--------|------------|--------------|------------|
| 8 | 06/18/07 | 141896 | | | 150.00 | | | 41.23 | | | | | | | 191.23 |
| 9 | 06/18/07 | 141896 | | EKPC annual mtg | | | 150.00 | 116.40 | | | | | | | 266.40 x |
| 10 | 07/02/07 | 141981 | Visa | KAEC bd mtg | | | | | | | 172.46 | 9.00 | | | 181.46 |
| 11 | 07/23/07 | 142161 | | KAEC bd mtg | | | 150.00 | 213.40 | | | | | | | 363.40 |
| 12 | 07/23/07 | 142161 | | | 150.00 | | | 41.23 | | | | | | | 191.23 |
| 13 | 07/02/07 | 142235 | KAEC | Legislative conference | | | | | 51.00 | | | | | | 51.00 x |
| 14 | 08/08/07 | 142274 | Visa | KAEC bd mtg | | | | | | | | 30.50 | | | 30.50 |
| 15 | 08/23/07 | 142405 | | | 200.00 | | | 41.23 | | | | | | | 241.23 |
| 16 | 08/23/07 | 142405 | | KAEC bd mtg | | | 200.00 | 213.40 | | | | 3.00 | | | 416.40 |
| 17 | 09/07/07 | 142523 | Visa | KAEC bd mtg | | | | | | 109.26 | | 14.25 | | | 123.51 |
| 18 | 09/13/07 | 142582 | | KAEC bd mtg | | | 200.00 | 213.40 | | | | | | | 413.40 |
| 19 | 09/13/07 | 142582 | | | 200.00 | | | 41.23 | | | | | | | 241.23 |
| 20 | 10/04/07 | 142792 | Visa | KAEC bd mtg | | | | | | | 109.26 | 33.00 | | | 142.26 |
| 21 | 10/08/07 | 142812 | NRECA | Director training | | | | | 395.00 | | | | | | 395.00 |
| 22 | 10/22/07 | 142952 | | | 200.00 | | | 41.23 | | | | | | | 241.23 |
| 23 | 10/22/07 | 142952 | | KAEC bd mtg | | | 200.00 | 213.40 | | | | | | | 413.40 |
| 24 | 11/06/07 | 143086 | | NRECA Director training | | | 1,200.00 | | | | | 27.75 | | | 1,227.75 |
| 25 | 11/06/07 | 143086 | | KAEC Stratgic Planning | | | 200.00 | 213.40 | | | | | | | 413.40 |
| 26 | 11/09/07 | 143112 | Visa | NRECA Director training | | | | | | | 171.72 | | | | 171.72 |
| 27 | 11/09/07 | 143112 | Visa | KAEC bd mtg | | | | | | 109.26 | | 88.77 | | | 198.03 |
| 28 | 11/09/07 | 143112 | Visa | NRECA Director training | | | | | | | 153.44 | | | | 153.44 |
| 29 | 11/15/07 | 143153 | NRECA | Director training | | | | | 475.00 | | | | | | 475.00 |
| 30 | 11/29/07 | 143226 | | KAEC annual mtg | | | 400.00 | 213.40 | | | 14.00 | | | | 627.40 |
| 31 | 11/29/07 | 143226 | | | 200.00 | | | 41.23 | | | | | | | 241.23 |
| 32 | 12/10/07 | 143360 | Visa | KAEC bd mtg | | | | | | 109.26 | | 28.97 | | | 138.23 |
| 33 | 12/10/07 | 143360 | Visa | KAEC Strategic Planning | | | | | | 181.72 | | 75.32 | | | 257.04 |
| 34 | 12/10/07 | 143360 | Visa | NRECA Director training | | | | | | 465.20 | | 137.49 | | | 602.69 |
| 35 | 12/20/07 | 143423 | | KAEC bd mtg | | | 200.00 | 213.40 | | | | 16.75 | | | 430.15 |
| 36 | 12/20/07 | 143423 | | | 200.00 | | | 41.23 | | | | | | | 241.23 |
| 37 | 12/20/07 | 143423 | | NRECA Director training | | | 800.00 | | | | | 9.00 | | | 809.00 |
| 38 | 12/20/07 | 143423 | | Planning & Review mtg | | 200.00 | | 41.23 | | | | | | | 241.23 |
| 39 | 01/10/08 | 143581 | Visa | KAEC annual mtg | | | | | | | 296.74 | 105.30 | | | 402.04 |
| 40 | 01/10/08 | 143581 | Visa | NRECA Director training | | | | | | | 382.23 | 115.66 | | | 497.89 |
| 41 | 01/17/08 | 143647 | KAEC | Annual mtg | | | | | 105.00 | | | | | | 105.00 |
| 42 | 01/21/08 | 143662 | | | 200.00 | | | 42.93 | | | | | | | 242.93 |
| 43 | 02/07/08 | 143785 | Visa | KAEC bd mtg | | | | | | 109.26 | | | | | 109.26 |
| 44 | 02/18/08 | 143882 | | | 200.00 | | | 42.93 | | | | | | | 242.93 |
| 45 | 02/18/08 | 143882 | | Legislative conference | | | | 42.93 | | | | | | | 42.93 x |
| 46 | 03/10/08 | 144056 | KAEC | Legislative conference | | | | | | | | 124.14 | | | 124.14 x |
| 47 | 03/24/08 | 144125 | | | 200.00 | | | 42.93 | | | | | | | 242.93 |
| 48 | 03/24/07 | 144125 | | KAEC bd mtg | | | 200.00 | 222.20 | | | | 6.71 | | | 428.91 |
| 49 | 04/17/08 | 144339 | | | 200.00 | | | 42.93 | | | | | | | 242.93 |
| 50 | 05/09/08 | 144540 | Visa | KAEC bd mtg | | | | | | 111.56 | | 21.73 | | | 133.29 |
| 51 | 05/19/08 | 144591 | | | 200.00 | | | 42.93 | | | | | | | 242.93 |
| 52 | 05/19/08 | 144591 | | KAEC bd mtg | | | 200.00 | 222.20 | | | | | | | 422.20 |
| 53 | var | var | | Medical | | | | | | | | | 7,651.56 | | 7,651.56 x |
| 54 | | | | | 2,300.00 | 200.00 | 4,100.00 | 2,642.02 | 0.00 | 1,026.00 | 2,495.37 | 847.34 | 7,651.56 | 0.00 | 21,262.29 |

Grayson Rural Electric
Case No. 2008-000254
William Rice

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| Date | Check Number | Payee | Explanation | Regular Bd Mtg | Other Bd Mtg | Per Diem | Mileage | Air Fare | Meeting Fees | Hotel | Meals | Health Ins | Misc Expense | Total |
|----------|--------------|-------|-------------------------|----------------|--------------|----------|----------|----------|--------------|----------|--------|------------|--------------|-----------|
| | | | | 150.00 | | | 19.40 | | | | | | | 169.40 |
| 06/18/07 | 141900 | | | | | 150.00 | | | | | | | | 150.00 |
| 06/18/07 | 141900 | | EKPC bd mtg | | | 150.00 | | | | | | | | 150.00 |
| 06/18/07 | 141900 | | EKPC annual mtg | | | | | | | | | | 56.40 | 56.40 |
| 07/02/07 | 141981 | Visa | Printer | | | | 19.40 | | | | | | | 169.40 |
| 07/23/07 | 142175 | | | 150.00 | | | | | | | | | | 51.00 x |
| 08/02/07 | 142235 | KAEC | Congressional mtg | | | | | | 51.00 | | | | | 191.07 |
| 08/08/07 | 142274 | Visa | Printer, antivirus | | | | | | | | | | | 219.40 |
| 08/23/07 | 142423 | | | 200.00 | | | 19.40 | | | | | | | 219.40 |
| 09/13/07 | 142607 | | | 200.00 | | | 19.40 | | | | | | | 395.00 |
| 10/08/07 | 142812 | NRECA | NRECA Director training | | | | 19.40 | | 395.00 | | | | | 219.40 |
| 10/22/07 | 142958 | | | 200.00 | | | | | | | | | | 2,049.27 |
| 11/09/07 | 143102 | | NRECA Director training | | | 1,200.00 | 837.11 | | | | | | | 153.44 |
| 11/09/07 | 143112 | Visa | NRECA Director training | | | | | | | 153.44 | | | | 171.72 |
| 11/09/07 | 143112 | Visa | NRECA Director training | | | | | | | 171.72 | | | | 950.00 |
| 11/15/07 | 143153 | NRECA | NRECA Director training | | | | | | 950.00 | | | | | 220.20 |
| 11/29/07 | 143235 | | | 200.00 | | | 20.20 | | | | | | | 772.11 x |
| 11/29/07 | 143235 | | KAEC annual mtg | | | 600.00 | 158.11 | | | 14.00 | | | | 614.52 |
| 12/10/07 | 143360 | Visa | NRECA Director training | | | | | | | 507.06 | | | | 219.40 |
| 12/20/07 | 143438 | | | 200.00 | | | 19.40 | | | | | | | 1,167.35 |
| 12/20/07 | 143438 | | NRECA Director training | | | 800.00 | 344.35 | | | | 23.00 | | | 529.73 |
| 01/10/08 | 143581 | Visa | NRECA Director training | | | | | | | 447.78 | 81.95 | | | 389.13 x |
| 01/10/08 | 143581 | Visa | KAEC annual mtg | | | | | | | 296.74 | 92.39 | | | 105.00 x |
| 01/17/08 | 143647 | KAEC | Annual mtg | | | | | | 105.00 | | | | | 220.20 |
| 01/21/08 | 143672 | | | 200.00 | | | 20.20 | | | | | | | 220.20 |
| 02/18/08 | 143895 | | | 200.00 | | | 20.20 | | | | | | | 220.20 |
| 03/24/08 | 144139 | | | 200.00 | | | 20.20 | | | | | | | 220.20 |
| 04/17/08 | 144348 | | | 200.00 | | | 20.20 | | | | | | | 220.20 |
| 05/09/08 | 144540 | Visa | Anti-virus renewal | | | | | | | | | | 47.94 | 47.94 |
| 05/19/08 | 144610 | | | 200.00 | | | 20.20 | | | | | | | 220.20 |
| | | | | 2,300.00 | 0.00 | 2,900.00 | 1,577.17 | 0.00 | 1,501.00 | 1,590.74 | 316.96 | 0.00 | 295.41 | 10,481.28 |

Grayson Rural Electric
Case No. 2008-000254
Jimmy Whitt

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| Date | Check Number | Payee | Explanation | Regular Bd Mtg | Other Bd Mtg | Per Diem | Mileage | Air Fare | Meeting Fees | Hotel | Meals | Health Ins | Misc Expense | Total |
|----------|--------------|-------|-------------------------|----------------|--------------|----------|----------|----------|--------------|----------|--------|------------|--------------|------------|
| | | | | 150.00 | | | 20.37 | | | | | | | 170.37 |
| 06/18/07 | 141903 | | | | | 150.00 | 71.78 | | | | | | | 221.78 x |
| 06/18/07 | 141903 | | EKPC annual mtg | | | | 20.37 | | | | | | | 170.37 |
| 07/23/07 | 142180 | | | 150.00 | | | 20.37 | | | | | | | 220.37 |
| 08/23/07 | 142434 | | | 200.00 | | | 20.37 | | | | | | | 220.37 |
| 09/13/07 | 142620 | | | 200.00 | | | 20.37 | | | | | | | 395.00 |
| 10/08/07 | 142812 | NRECA | NRECA Director training | | | | | | 395.00 | | | | | 395.00 |
| 10/22/07 | 142961 | | | 200.00 | | | 20.37 | | | | | | | 220.37 |
| 11/09/07 | 143110 | | NRECA Director training | | | 1,000.00 | 801.22 | | | | 40.00 | | | 1,841.22 |
| 11/09/07 | 143112 | Visa | NRECA Director training | | | | | | | 153.44 | | | | 153.44 |
| 11/15/07 | 143153 | NRECA | NRECA Director training | | | | | | 950.00 | | | | | 950.00 |
| 11/29/07 | 143242 | | KAEC annual mtg | | | 600.00 | 161.99 | | | | 5.00 | | | 766.99 x |
| 11/29/07 | 143242 | | | 200.00 | | | 20.37 | | | | | | | 220.37 |
| 12/10/07 | 143360 | Visa | NRECA Director training | | | | | | | 636.61 | 57.36 | | | 693.97 |
| 12/20/07 | 143449 | | Planning & Review mtg | | 200.00 | | 20.37 | | | | | | | 220.37 |
| 12/20/07 | 143449 | | NRECA Director training | | | 800.00 | 300.70 | | | | | | | 1,100.70 |
| 12/20/07 | 143449 | | | 200.00 | | | 20.37 | | | | | | | 220.37 |
| 01/10/08 | 143581 | Visa | NRECA Director training | | | | | | | 223.80 | 69.94 | | | 293.74 |
| 01/10/08 | 143581 | Visa | KAEC annual mtg | | | | | | | 319.74 | 31.01 | | | 350.75 x |
| 01/14/08 | 143616 | NRECA | Annual mtg | | | | | | 500.00 | | 50.00 | | | 550.00 |
| 01/17/08 | 143647 | KAEC | Annual mtg | | | | | | 105.00 | | | | | 105.00 x |
| 01/21/08 | 143678 | | | 200.00 | | | 21.21 | | | | | | | 221.21 |
| 02/18/08 | 143901 | | | 200.00 | | | 21.21 | | | | | | | 221.21 x |
| 02/18/08 | 143901 | | Legislative conference | | | 200.00 | 21.21 | | | | | | | 221.21 x |
| 03/10/08 | 144070 | Visa | NRECA annual mtg | | | | | 345.50 | | 1,093.84 | | | | 1,439.34 |
| 03/10/08 | 144070 | Visa | Legislative conference | | | | | | | | 45.64 | | | 45.64 x |
| 03/24/08 | 144147 | | | 200.00 | | | 21.21 | | | | | | | 221.21 |
| 03/24/08 | 144147 | | NRECA annual mtg | | | 1,200.00 | 161.60 | | | | 50.00 | | | 1,411.60 |
| 04/10/08 | 144309 | Visa | NRECA annual mtg | | | | | | | | 70.00 | | | 70.00 |
| 04/10/08 | 144309 | Visa | NRECA annual mtg | | | | | 72.00 | | | 148.03 | | | 220.03 |
| 04/17/08 | 144354 | | | 200.00 | | | 21.21 | | | | | | | 221.21 |
| 05/19/08 | 144617 | | | 200.00 | | | 21.21 | | | | | | | 221.21 |
| var | var | | Medcial | | | | | | | | | 7,651.56 | | 7,651.56 x |
| | | | | 2,300.00 | 200.00 | 3,950.00 | 1,787.51 | 417.50 | 1,950.00 | 2,427.43 | 566.98 | 7,651.56 | 0.00 | 21,250.98 |

Grayson Rural Electric
Case No. 2008-000254
General Expenses
May 31, 2008

Exhibit 10
page 10 of 14
Witness: Alan Zumstein

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| Date | Check Number | Payee | Description | Regular Bd Mtg | Other Bd Mtg | Per Diem | Mileage | Air Fare | Meeting Fees | Hotel | Meals | Health Ins | Misc Expense | Total |
|----------|--------------|-----------------|---|----------------|--------------|----------|---------|----------|--------------|-------|--------|------------|--------------|-------------------------------|
| 07/02/07 | 141981 | Visa | Bd mtg lunch | | | | | | | | 41.90 | | | 41.90 |
| 08/08/07 | 142274 | Visa | Bd mtg lunch | | | | | | | | 41.35 | | | 41.35 |
| 09/07/07 | 142523 | Visa | Bd mtg lunch | | | | | | | | 21.88 | | | 21.88 |
| 11/09/07 | 143112 | Visa | Bd mtg lunch | | | | | | | | 33.21 | | | 33.21 |
| 11/29/07 | 143234 | NRECA | Rural Electric mag | | | | | | | | | | 258.00 | 258.00 |
| 12/10/07 | 143360 | Visa | Bd mtg lunch | | | | | | | | 46.49 | | | 46.49 |
| 12/27/07 | 143463 | Lands' End | Christmas gifts | | | | | | | | | | 356.88 | 356.88 x |
| 01/10/08 | 143581 | Visa | Bd mtg lunch | | | | | | | | 22.46 | | | 22.46 |
| 01/10/08 | 143581 | Visa | Christmas gifts | | | | | | | | | | 150.00 | 150.00 x |
| 02/07/08 | 143785 | Visa | Bd mtg lunch | | | | | | | | 10.57 | | | 10.57 |
| 02/07/08 | 143785 | Visa | Christmas gifts | | | | | | | | | | 273.54 | 273.54 x |
| 04/10/08 | 144309 | Visa | Bd mtg lunch | | | | | | | | 44.58 | | | 44.58 |
| 04/10/08 | 144309 | Visa | Bd mtg lunch | | | | | | | | 38.68 | | | 38.68 |
| 05/01/08 | 144450 | Visa | Annual fee | | | | | | | | | | 15.00 | 15.00 |
| 05/09/08 | 144540 | Visa | Bd mtg lunch | | | | | | | | 56.80 | | | 56.80 |
| 06/11/08 | 144842 | Visa | Bd mtg lunch | | | | | | | | 39.48 | | | 39.48 |
| | | Federated NRECA | Director liability ins Postretirement benefits | | | | | | | | | 13,917.00 | 21,404.11 | 21,404.11 13,917.00 x |
| | | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 397.40 | 13,917.00 | 22,457.53 | 36,771.93 |
| | | | | | | | | | | | | | | Total to disallow 14,697.42 x |

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION
GRAYSON, KENTUCKY

BOARD POLICY NO. 110

SUBJECT: COMPENSATION, EXPENSES AND TRAVEL OF DIRECTORS

I. OBJECTIVE

To ensure that Directors of GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION are fairly compensated for their efforts on behalf of the Cooperative.

II. POLICY

A. Per Diem and Travel

1. Directors shall, as determined by resolution of the Board of Directors, receive on a per diem basis a fixed fee for attending meetings of the Board of Directors. If a Director is unable to attend a regularly scheduled meeting or a specially called meeting due to circumstances beyond his/her control such as jury duty or a family medical emergency, he or she shall be compensated up to two times per year. If a Director chooses to be absent for any other reason, compensation will not be paid.
2. Attendance at meetings other than regular monthly board meetings require the prior approval of the Board.
3. Directors shall observe the following guidelines when determining representation of the Cooperative at necessary functions.
 - A. All Directors are eligible to attend the NRECA Annual Meeting, NRECA Region II & III Meeting, KAEC Annual Meeting, and EKP Annual meeting.
 - B. Directors may choose 10 optional days of meetings or classes per year that will strengthen their ability to serve the Cooperative in an effective manner. Travel time to and from meetings will count as optional days. Every effort will be made to insure that the Cooperative is represented at a wide variety of functions to utilize information and technologies available to us.
 - C. Directors who are seeking Board Certification will be encouraged to do so as quickly as their personal schedules permit. Additional certification is also encouraged, but requires prior approval of the Board.
 - D. Directors may, from time to time, be called upon or appointed by the Chair to attend additional functions as a representative of the full Board.
4. Directors will receive a per diem for (1) day each of travel time, both before and after the meeting(if necessary), a total of two (2) days per diem allowed for travel.

GRECC BOARD POLICY 110

Page 2

B. Travel and Out-of-Pocket Expenses

1. Directors shall also receive advancement or reimbursement of any travel and out-of-pocket expenses actually, necessarily and reasonably incurred in performing their duties.
2. Normal expenses incurred during travel time will be paid by the Cooperative but the per diem for travel is limited to the two (2) days stated above. Receipts for expenses must be presented for reimbursement and receipts for charges to Cooperative credit cards must be presented to verify charges as billed.
3. Prior approval of the Board is required in the event of a spouse of a Director or employee attending an official function on behalf of the Cooperative. In those cases, expenses incurred by him/her shall be paid by the Cooperative.

C. Insurance Compensation

Active Directors, Attorney and Dependents

The medical insurance coverage for the Attorney and his family shall be a part of his contract with the Cooperative.

MEDICAL INSURANCE

Active Directors and their Dependents are entitled to medical insurance coverage under the current plan carried by the Cooperative or a medical reimbursement plan, whichever they may choose, in the capped amount of \$814.80 per month for a family plan or \$327.24 for a single participant. If a Director or their Dependents participate in the medical insurance program, any increase in premiums as of January 1, 2002 will be paid by the participant.

If a director leaves the board for any reason, he/she and his/her dependants forfeit paid medical insurance coverage and/or the right to participate in the medical reimbursement plan.

MEDICAL REIMBURSEMENT PLAN

The medical reimbursement plan shall consist of all medical/medically related costs incurred by participants with caps equal to the family plan in the amount of \$814.80 per month or the individual plan in the amount of \$327.24 per month. Participants will be eligible for reimbursement after submitting appropriate receipts with proof of payment for medical out of pocket costs. No pre-payments for services not received will be accepted.

Participants may submit claims for reimbursement on a monthly basis. If reimbursement amounts applied for are less than the aforementioned monthly caps, unapplied amounts will accumulate accordingly and will be available for future reimbursements as needed by the participants. When a Director leaves the Board for any reason, any unused monies will be forfeited.

GRECC BOARD POLICY 110
PAGE 3

CASH IN LIEU OF INSURANCE

Active Directors may elect to receive cash in lieu of insurance at the rate of \$637.63.

WHEN A DIRECTOR LEAVES THE BOARD

If a Director leaves the Board for any reason he/she can voluntarily purchase medical insurance coverage at the rate charged by the insurance carrier. This shall also apply to spouses and dependents. In the event of the death of a Director, spouses and dependents will still be eligible to purchase medical insurance, at the rate being charged by the insurance carrier.

Certain Directors are exempt from this policy due to Board action taken January 2000. A list of those exempted is a part of the minutes of the November 2001 Board meeting.

Past Directors and Dependents

If a Director leaves the Board for any reason, he/she can voluntarily purchase medical insurance coverage at the rate charged by the insurance carrier. Spouses and dependents are also eligible to purchase medical insurance coverage. No cash in lieu of insurance will be paid for any reason after a Director leaves the Board with the exception of those Directors who were exempted by Board action January 2000. A list of those exempted is a part of the minutes of the November 2001 Board meeting.

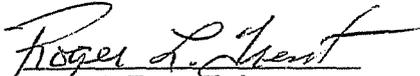
D. Other Compensation

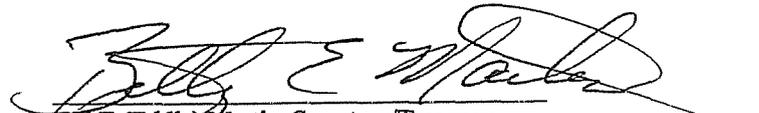
1. Directors will not receive compensation for serving the Cooperative in any other capacity, unless the employment or the service of such Director is temporary and shall be specifically authorized by a vote of the Board upon their resolved determination that such was an emergency measure; provided, that a Director who is also an officer of the Board, and who as such officer performs regular or periodic duties of a substantial nature for the Cooperative in its fiscal affairs, may be compensated in such amount as shall be fixed and authorized in advance of such service by the Board of Directors.

III. RESPONSIBILITY

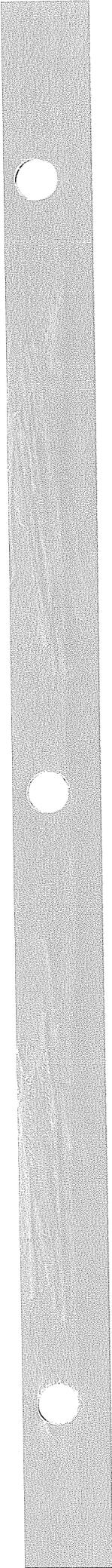
It shall be the responsibility of the Chairman of the Board of Directors to see that this policy is adhered to.

BOARD POLICY 110
PAGE 4


Roger L. Trent, Chairman


Bill E. (Eddie) Martin, Secretary/Treasurer

Date Adopted: 2/21/86
Minute Book Page: 1554-1555
Date Revised: 12/19/86
Minute Book Page: 1615
Date Revised: 03/23/1990
Minute Book Page: 1923-1924
Date Revised: 02/27/96
Minute Book Page: 2556-2558
Date Revised: 02/28/97
Minute Book Page: 2879-2881
Date Revised: 09/25/98
Minute Book Page: 3044-3046
Date Revised: 02/25/2000
Minute Book Page: 3176-3178
Date Revised: 12/20/2001
Minute Book Page: 3348-3350
Date Reviewed: 07/22/04
Minute Book Page: 3638-3641
Date Revised: 11/29/07
Minute Book Page: 4034-4037



Grayson Rural Electric
Case No. 2008-00254
Adjustment for miscellaneous expenses
May 31, 2008

Certain advertising expenses are disallowed for rate making purposes that are not for safety, conservation, information or the annual meeting. These have been removed from Account 913.00, General Advertising Expense. Those removed include sponsorship of sports, church, civic and charitable related organizations.

There are Miscellaneous General Expenses that are also disallowed for rate making purposes are employee meals, gifts, flower funds for deaths in families, amounts paid for the Legislative Conference.

Annual meeting scholarships, prizes and giveaways are also disallowed.

The amounts removed for rate making purposes is as follows:

| | |
|---------------------------------------|---------------|
| Account 913.00, General advertising | 1,660 |
| Account 930.20, Annual meeting | 7,505 |
| Account 930.30, Miscellaneous general | <u>3,482</u> |
| | <u>12,647</u> |

Grayson Rural Electric
Case No. 2008-00254
Annual Meeting Expenses Account 930.23
May 31, 2008

| | <u>Date</u> | <u>Check Number</u> | <u>Payee</u> | <u>Amount</u> | <u>Description</u> |
|----|-------------|---------------------|---|------------------|--------------------|
| 11 | 08/16/07 | 142330 | Georgetown College | 500.00 | x Scholarship |
| 12 | 08/16/07 | 142334 | KAEC | 5,240.88 | Set up |
| 13 | 08/16/07 | 142344 | Univ Cincinnati | 500.00 | x Scholarship |
| 14 | 08/20/07 | 142394 | Morehead State Univ | 500.00 | x Scholarship |
| 15 | 08/20/07 | 142400 | Univ Kentucky | 500.00 | x Scholarship |
| 16 | 08/23/07 | 142422 | Eastern Ky Univ | 500.00 | x Scholarship |
| 17 | 09/10/07 | 142535 | Marshall Univ | 500.00 | x Scholarship |
| 18 | 01/10/08 | 143579 | Univ Kentucky | 500.00 | x Scholarship |
| 19 | 01/10/08 | 143580 | Univ Cincinnati | 500.00 | x Scholarship |
| 20 | 01/28/08 | 143699 | Georgetown College | 500.00 | x Scholarship |
| 21 | 01/31/08 | 143720 | Eastern Ky Univ | 500.00 | x Scholarship |
| 22 | 04/07/08 | 144271 | Ralph's Foodfair | 32.98 | Meals |
| 23 | 04/10/08 | 144305 | Rees Printing Co | 288.10 | Election ballots |
| 24 | 04/28/08 | 144426 | Land's End | 1,606.94 | Employee shirts |
| 25 | 05/01/08 | 144448 | Rees Printing Co | 316.84 | Election ballots |
| 26 | 05/09/08 | 144530 | Charles Blevins | 100.00 | Custodian |
| 27 | 05/09/08 | 144531 | East Carter Middle School | 250.00 | Facilities |
| 28 | 05/09/08 | 144532 | Charlene Hall | 100.00 | Custodian |
| 29 | 05/09/08 | 144533 | Linda Huffnan | 50.00 | Prepare meals |
| 30 | 05/09/08 | 144534 | Patricia Knipp | 50.00 | Prepare meals |
| 31 | 05/09/08 | 144536 | Northeast Catering | 103.35 | Meals |
| 32 | 05/09/08 | 144540 | Visa | 63.71 | Supplies |
| 33 | 05/09/08 | 144541 | Wizards of Dance | 200.00 | Entertainment |
| 34 | 05/15/08 | 144573 | East Carter FFA | 100.00 | Entertainment |
| 35 | 05/15/08 | 144574 | Kaeser & Blair, Inc. | 325.04 | x Giveaways |
| 36 | 05/16/08 | 144589 | Bonita Gearhart | 50.00 | Security |
| 37 | 05/19/08 | 144608 | Pitney Bowes | 1,111.51 | Postage |
| 38 | 05/19/08 | 144611 | Sam's Club | 1,162.33 | Meals |
| 39 | 05/21/08 | 144623 | East Carter ROTC | 50.00 | Entertainment |
| 40 | 05/21/08 | 144630 | L & M Trophy | 111.30 | ROTC entertainment |
| 41 | 05/21/08 | 144635 | Big Sandy News | 140.00 | Advertising |
| 42 | 06/05/08 | 144762 | John Dean, CPA | 1,295.00 | Provost |
| 43 | 06/05/08 | 144805 | Tri-State Oxygen | 76.21 | Entertainment |
| 44 | 06/11/08 | 144842 | Visa | 2,179.85 | x Prizes |
| 45 | 06/11/08 | 144842 | Visa | 64.97 | Supplies |
| 46 | 06/11/08 | 144842 | Visa | 31.80 | Supplies |
| 47 | 06/12/08 | 144851 | Elliott Co News | 67.00 | Advertising |
| 48 | 06/12/08 | 144864 | Ralph's Foodfair | 125.00 | Meals |
| 49 | 06/19/08 | 144915 | Farmers's True Value | 33.88 | Supplies |
| 50 | | | Employee labor and benefits | 7,094.33 | |
| 51 | | | | | |
| 52 | | | | | |
| 53 | | | | <u>27,421.02</u> | |
| 54 | | | | | |
| 55 | | | Amounts to exclude for rate making purposes | <u>7,504.89</u> | x |

Grayson Rural Electric
Case No. 2008-00254
Miscellaneous General Expenses Account 930.30
May 31, 2008

| | <u>Date</u> | <u>Check Number</u> | <u>Payee</u> | <u>Amount</u> | <u>Description</u> |
|----|-------------|---------------------|--------------------------------|---------------|-------------------------------------|
| 11 | var | | Alltel | 804.03 | Telephone service |
| 12 | var | | AT & T | 313.82 | Telephone service |
| 13 | var | | Windstream | 458.63 | Telephone service |
| 14 | 06/07/07 | 141803 | Julie Lewis | 100.00 | x Washington Youth Tour |
| 15 | 06/11/07 | 141841 | All American Graphics | 310.05 | x Horse show giveaways |
| 16 | 06/14/07 | 141866 | Don Combs | 50.00 | x Horse show prizes |
| 17 | 07/02/07 | 141981 | Visa | 351.46 | Mtg & expenses - Pres & CEO |
| 18 | 07/02/07 | 141983 | Thomas Fritz | 425.00 | Repair damage |
| 19 | 07/05/07 | 141996 | NRECA | 155.00 | Legal reporting service |
| 20 | 07/19/07 | 142131 | KAEC | 2,400.00 | x Washington Youth tour |
| 21 | 08/02/07 | 142215 | All American Graphics | 212.00 | Safety message on bandanas & magnet |
| 22 | 08/07/07 | 142237 | L & M Trophy Shop | 70.22 | x Horse show |
| 23 | 06/16/07 | 142337 | Progressive Marketing | 281.62 | Safety consumer giveaways |
| 24 | 09/07/07 | 142523 | Visa | 225.50 | Mtg & expenses - Pres & CEO |
| 25 | 09/10/07 | 142524 | 4Imprint, Inc. | 516.84 | Safety consumer giveaways |
| 26 | 09/10/07 | 142541 | Newton Mfg | 1,349.27 | Safety message on bandanas & magnet |
| 27 | 09/20/07 | 142646 | Progressive Marketing | 1,631.25 | Safety consumer giveaways |
| 28 | 10/04/07 | 142792 | Visa | 827.26 | Mtg & expenses - Pres & CEO |
| 29 | 10/04/07 | 142792 | Visa | 173.80 | Mtg & expenses - Pres & CEO |
| 30 | 10/11/07 | 142840 | Progressive Marketing | 530.06 | x Consumer giveaways |
| 31 | 10/11/07 | 142840 | Progressive Marketing | 129.86 | Safety consumer giveaways |
| 32 | 11/09/07 | 143107 | The Gallery Collection | 227.86 | x Get Well (cd's) |
| 33 | 11/09/07 | 143112 | Visa | 271.27 | Mtg expenses - Executive Asst |
| 34 | 11/09/07 | 143112 | Visa | 206.09 | Mtg & expenses - Pres & CEO |
| 35 | 11/15/07 | 143163 | The Clark Group | 300.00 | x School giveaways |
| 36 | 11/29/07 | 143244 | Grayson Chamber | 20.00 | x Awards banquet |
| 37 | 12/10/07 | 143360 | Visa | 562.79 | Mtg & expenses - Pres & CEO |
| 38 | 12/10/07 | 143360 | Visa | 165.26 | Mtg expenses - Executive Asst |
| 39 | 12/27/07 | 143463 | Land's End | 237.96 | x Employee Christmas gifts |
| 40 | 01/10/08 | 143577 | Tom's | 111.50 | x Food for chamber mtg |
| 41 | 01/10/08 | 143581 | Visa | 243.95 | Mtg expenses - Executive Asst |
| 42 | 01/10/08 | 143581 | Visa | 622.74 | Mtg expenses - Member Service mgr |
| 43 | 01/10/08 | 143581 | Visa | 146.37 | Mtg & expenses - Pres & CEO |
| 44 | 01/14/08 | 143613 | Grayson Chamber | 300.00 | x Dues |
| 45 | 01/14/08 | 143616 | NRECA | 550.00 | Annual mtg registration |
| 46 | 01/17/08 | 143647 | KAEC | 105.00 | KAEC annual mtg |
| 47 | 01/21/08 | 143679 | Carol H. Fraley | 413.00 | Airline to NRECA annual mtg |
| 48 | 01/31/08 | 143722 | Olive Hill Chamber | 25.00 | x Dues |
| 49 | 02/01/08 | 143724 | Ashland Alliance | 150.00 | Dues |
| 50 | 02/04/08 | 143736 | General Advertising Prod, Inc. | 545.57 | Employee caps |
| 51 | 02/07/08 | 143785 | Visa | 204.96 | Mtg & expenses - Pres & CEO |
| 52 | 02/21/08 | 143911 | Ky Council for Cooperatives | 200.00 | Dues |
| 53 | 03/06/08 | 144004 | KAEC | 200.00 | Manager assoc dues |
| 54 | 03/10/08 | 144056 | KAEC | 31.03 | x Legislative reception |
| 55 | 03/14/08 | 144111 | Newton Mfg | 812.04 | x Candy for drive through |
| 56 | 03/24/08 | 144131 | Elliott Chamber of Comm | 300.00 | x Dues |
| 57 | 04/01/08 | 144204 | KAEC | 197.07 | x Ky chamber of commerce dues |

Grayson Rural Electric
Case No. 2008-00254
Miscellaneous General Expenses Account 930.30
May 31, 2008

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| <u>Date</u> | <u>Check Number</u> | <u>Payee</u> | <u>Amount</u> | <u>Description</u> |
|------------------------------------|----------------------------------|---|-------------------|-----------------------------------|
| 04/10/08 | 144309 | Visa | 1,165.47 | Mtg & expenses - Pres & CEO |
| 04/10/08 | 144309 | Visa | 125.06 | Mtg expenses - Executive Asst |
| 05/15/08 | 144569 | All American Graphics | 138.00 | Safety message on bandanas |
| 06/11/08 | 144842 | Visa | 387.70 | Mtg expenses - Member Service mgr |
| 06/11/08 | 144842 | Visa | 430.56 | Mtg & expenses - Pres & CEO |
| 06/11/08 | 144842 | Visa | 259.83 | Mtg expenses - Billing Supervisor |
| 06/11/08 | 144842 | Visa | 150.14 | Mtg expenses - Material Manager |
| 01/21/08 | 143668 | KAEC | 38,440.26 | Dues |
| 01/07/08 | 143530 | NRECA | 16,537.00 | Dues |
| | | Labor and benefits | 16,702.68 | |
| | | EKPC | (2,540.59) x | Partner Plus reimbursement |
| | | Items less than \$100 | <u>2,275.87</u> | |
| | | | <u>92,537.11</u> | |
| | | Items disallowed for rate making purposes | <u>3,482.20</u> x | |
| Summary of Miscellaneous expenses: | | | | |
| 930.20 | Annual meeting | | 27,421.02 | |
| 930.30 | Miscellaneous | | 37,888.47 | |
| 930.60 | Directors expenses | | 139,405.68 | |
| 930.70 | Dues in associated organizations | | <u>54,648.64</u> | |
| | | Total | <u>259,363.81</u> | |

Grayson Rural Electric
Case No. 2008-00254

Account 930 - Miscellaneous General Expenses
May 31, 2008

| Line No. | Item (a) | Amount (b) |
|-------------|-------------------------------|---------------|
| 1. | Industry association dues | 54,649 |
| 2. | Annual meeting expenses | 27,421 |
| 3. | Institutional advertising | |
| 4. | Conservation advertising | |
| 5. | Rate departmenet load studies | |
| 6. | Director's fees and expenses | 139,406 |
| 7. | Dues and subscriptions | |
| 8. | Miscellaneous | 37,888 |
| 9. | Total | 259,364 |
| 10. | Amount assigned to KY retail | |

Grayson Rural Electric
 Case No. 2008-00254

Account 913- Advertising Expenses
 May 31, 2008

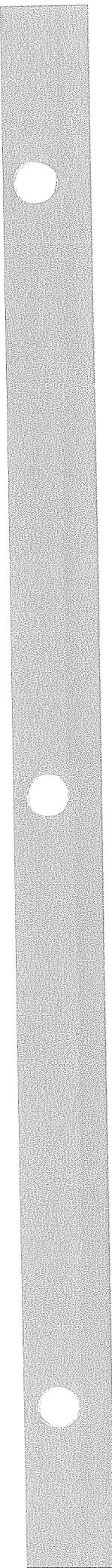
| Line No. | Item (a) | Sales or Promotional Advertising (b) | Institutional Advertising (c) | Safety & Conservation Advertising (d) | Rate Case (e) | Other (f) | Total (g) |
|----------|------------------------------|--------------------------------------|-------------------------------|---------------------------------------|---------------|-----------|-----------|
| 1. | Newspaper | | | | | | 0 |
| 2. | Magazines and other | | | | | | 0 |
| 3. | Television | | | | | | 0 |
| 4. | Radio | 350 | | 3,425 | | | 3,775 |
| 5. | Direct Mail | | | | | | 0 |
| 6. | Sales Aids | 4,746 | | 100 | | (4,015) | 831 |
| 7. | Total | 5,096 | 0 | 3,525 | 0 | (4,015) | 4,606 |
| 8. | Amount assigned to KY retail | | | | | | |

Witness: Alan Zumstein

Grayson Rural Electric
Case No. 2008-00254
Advertising - Account 913.00
May 31, 2008

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| <u>Date</u> | <u>Check Number</u> | <u>Payee</u> | <u>Amount</u> | <u>Description</u> |
|-------------|-----------------------------------|---------------------------|-----------------|---------------------------|
| 07/05/07 | 141987 | Carter Co Broadcasting | 126.00 | Safety ads |
| 08/02/07 | 142223 | Carter Co Broadcasting | 157.50 | Safety ads |
| 09/10/07 | 142527 | Carter Co Broadcasting | 216.00 | Safety ads |
| 10/11/07 | 142836 | Carter Co Broadcasting | 153.50 | Safety ads |
| 12/13/07 | 143370 | Carter Co Broadcasting | 126.00 | Safety ads |
| 01/11/08 | 143590 | Carter Co Broadcasting | 164.00 | Safety ads |
| 03/10/08 | 144050 | Carter Co Broadcasting | 148.00 | Safety ads |
| 05/08/08 | 144499 | Carter Co Broadcasting | 138.00 | Safety ads |
| 06/02/08 | 144735 | Carter Co Broadcasting | 198.00 | Safety ads |
| 11/17/07 | 143145 | Carter Co Broadcasting | 126.00 | Safety ads |
| 02/07/08 | 143763 | Carter Co Broadcasting | 161.00 | Safety ads |
| 09/20/07 | 142657 | WLGC | 200.00 | x Fair ad |
| 11/15/07 | 143168 | WLGC | 199.00 | Safety ads |
| 04/21/08 | 144387 | WLGC | 300.00 | Safety ads |
| 06/16/08 | 144911 | WLGC | 150.00 | x Salute to Greenup Co |
| 03/24/08 | 144129 | Elliott Co HS | 100.00 | x Baseball team |
| 10/25/07 | 142970 | East Carter HS | 50.00 | Safety ad in program |
| 12/13/07 | 143374 | East Carter HS | 50.00 | x Sponsor |
| 04/10/08 | 144287 | Carter Co Shrine | 150.00 | x Horse show |
| 03/19/08 | 144124 | Greenup Little League | 250.00 | x T ball sponsor |
| 04/02/08 | 144214 | Grayson Little League | 400.00 | x Sponsor team |
| 08/07/07 | 142290 | Morehead News Group | 280.00 | x Carter Co fair |
| 09/20/07 | 142645 | Morehead News Group | 146.28 | Safety ad |
| 10/11/07 | 142838 | Morehead News Group | 281.19 | Safety ad |
| 11/15/07 | 143152 | Morehead News Group | 206.00 | Safety coloring page |
| 06/15/07 | 141894 | The Marlin Company | 948.66 | x Sponsor display |
| 09/10/07 | 142549 | The Marlin Company | 948.66 | x Sponsor display |
| 12/07/07 | 143422 | The Marlin Company | 948.66 | x Sponsor display |
| 03/13/08 | 144099 | The Marlin Company | 948.66 | x Sponsor display |
| 02/11/08 | 143810 | Miss Grayson Scholarship | 50.00 | Safety ad |
| 04/24/08 | 144392 | Elliott Co Youth Baseball | 300.00 | x Sponsorship |
| | | EKPC | (4,015.07) | x Partner plus reimbursen |
| | | | <u>4,606.04</u> | x |
| | Disallow for rate making purposes | | <u>1,659.57</u> | x |



Grayson Rural Electric Cooperative

Case No. 2008-00254

Rate Case Expenses

May 31, 2008

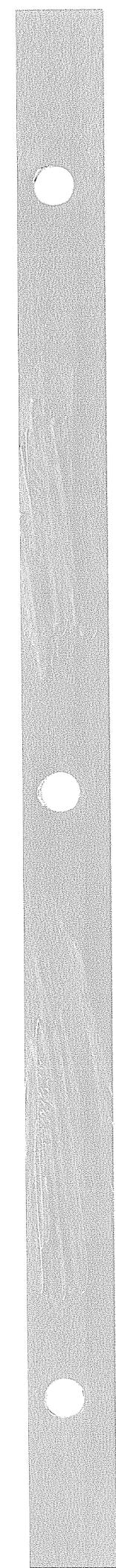
Estimated rate case costs:

| | |
|----------------------------|------------------------|
| Attorney | \$5,000 |
| Consulting | 60,000 |
| Advertising | 5,000 |
| Supplies and miscellaneous | <u>2,000</u> |
| Total | 72,000 |
| Number of years | <u>3</u> |
| Adjustment | <u><u>\$24,000</u></u> |

In-house labor was not included in the above adjustment as the labor would be incurred in other accounts.

This amount is approximately the same as other rate requests filed before this Commission.

The monthly amounts filed for rate case expenses will include the labor, however, this amount is not included in the above adjustment.



Witness: Alan Zumstein

Grayson Rural Electric Cooperative
PSC Case No. 2008-00254
Non Recurring Charges
May 31, 2008

| Direct Wage Expense: | <u>Hours</u> | <u>Percent</u> |
|-----------------------------|--------------|----------------|
| Total hours | 2,080 | 100.00% |
| Average vacation | 120 | 5.77% |
| Holidays | 64 | 3.08% |
| Sick leave days | 96 | 4.62% |
| | <hr/> | |
| Hours worked | <u>1,800</u> | <u>86.54%</u> |

For every \$100.00 of labor paid, \$86.54 is paid for work and \$13.46 is paid for non-working hours. The allocation for Office and Service employees is as follows:

| | <u>Employee Number</u> | <u>Hourly Rate</u> | <u>Percent</u> | <u>Non-Working Hourly Amount</u> |
|-----------------------|----------------------------|------------------------|----------------|--|
| Accounting | 609 | \$18.47 | 13.46% | \$2.49 |
| Office clerical - CSR | 611 | \$13.42 | 13.46% | \$1.81 |
| Service | 208 | \$26.47 | 13.46% | \$3.56 |
| Meter department | 228 | \$27.45 | 13.46% | \$3.70 |

| Other Costs Based on Labor: | <u>Total Charges</u> | <u>Percent of Labor</u> |
|------------------------------------|--------------------------|-----------------------------|
| Total labor | <u>\$2,263,552</u> | |
| Retirement | 344,778 | 15.23% |
| 401 (k) | 22,435 | 0.99% |
| Life and disability insurance | 11,602 | 0.51% |
| Payroll taxes | 180,425 | 7.97% |
| Worker's compensation insurance | 94,228 | 4.16% |
| | <hr/> | |
| Total | | <u>28.87%</u> |

Other Direct Costs:

| | |
|---------------------------------|----------------|
| Health and SFAS No. 106 accrual | \$902,796 |
| Number of employees | <u>44</u> |
| Annual cost per employee | \$20,518 |
| Hours worked | <u>1,800</u> |
| Per hour amount | <u>\$11.40</u> |

Grayson Rural Electric Cooperative
PSC Case No. 2008-00254
Non Recurring Charges
May 31, 2008

Return Check Charge:

| | | Estimated Hours | Per Hour | Amount |
|----------------------------|-----------|--------------------|-------------|----------------|
| Number of Minutes | <u>40</u> | | | |
| Direct labor charge | | 66.7% | \$18.47 | \$12.31 |
| Direct wage expense | | 66.7% | \$2.49 | 1.66 |
| Other cost based on labor | \$18.47 | 66.7% | 28.87% | 3.55 |
| Other direct cost per hour | | 66.7% | \$11.40 | 7.60 |
| Bank charge | | | | |
| Total charges | | | | <u>\$25.12</u> |
| Proposed charge | | | | <u>\$25.00</u> |

Meter Reading, Collection, Disconnect-Reconnect Charge:

| | Per Hour | Meter Reading | Collection | Install/ Reconnect | Meter Test | Exceptional Circumstance | Overtime |
|---------------------------|-------------|------------------|----------------|-----------------------|----------------|-----------------------------|----------------|
| Serviceman: | | | | | | | |
| Number of minutes | | <u>30</u> | <u>30</u> | <u>30</u> | <u>40</u> | <u>60</u> | <u>60</u> |
| Direct labor charge | \$26.47 | \$13.24 | \$13.24 | \$13.24 | | \$39.71 | \$39.71 |
| Direct labor charge | \$27.45 | | | | \$18.30 | | |
| Direct wage expense | \$3.56 | \$1.78 | \$1.78 | \$1.78 | \$2.38 | | |
| Other cost based on labor | 28.87% | \$3.82 | \$3.82 | \$3.82 | \$5.28 | \$11.46 | \$11.46 |
| Other direct cost | \$11.40 | \$5.70 | \$5.70 | \$5.70 | \$7.60 | | |
| Mileage | <u>15</u> | 6.75 | 6.75 | 6.75 | 6.75 | | |
| Mileage | <u>30</u> | \$0.450 | | | | | 13.50 |
| Office Clerical: | | | | | | | |
| Number of minutes | | <u>15</u> | <u>15</u> | <u>15</u> | <u>15</u> | <u>0</u> | <u>20</u> |
| Direct labor charge | \$13.42 | \$3.36 | \$3.36 | \$3.36 | \$3.36 | \$0.00 | \$4.47 |
| Direct wage expense | \$1.81 | \$0.45 | \$0.45 | \$0.45 | \$0.45 | \$0.00 | \$0.60 |
| Other cost based on labor | 28.87% | \$0.97 | \$0.97 | \$0.97 | \$0.97 | \$0.00 | \$1.29 |
| Other direct cost | \$11.40 | \$2.85 | \$2.85 | \$2.85 | \$2.85 | \$0.00 | \$3.80 |
| Total | | <u>\$38.91</u> | <u>\$38.91</u> | <u>\$38.91</u> | <u>\$47.93</u> | <u>\$51.17</u> | <u>\$74.83</u> |
| Proposed Charge | | <u>\$30.00</u> | <u>\$30.00</u> | <u>\$30.00</u> | <u>\$40.00</u> | <u>\$50.00</u> | <u>\$70.00</u> |

Grayson Rural Electric Cooperative
PSC Case No. 2008-00254
Non Recurring Charges
May 31, 2008

Additional Revenues Generated:

| | Number | Charges | | Revenue | | Increase | |
|--------------------------|--------|----------|----------|----------|----------|----------|---------|
| | | Existing | Proposed | Existing | Proposed | Amount | Percent |
| Return check | 499 | \$15.00 | \$25.00 | \$7,485 | \$12,475 | \$4,990 | 67% |
| Meter reading | 0 | \$24.00 | \$30.00 | 0 | 0 | 0 | 0% |
| Collection | 1,543 | \$24.00 | \$30.00 | 37,032 | 46,290 | 9,258 | 25% |
| Installation / Reconnect | 729 | \$24.00 | \$30.00 | 17,496 | 21,870 | 4,374 | 25% |
| Meter tests | 2 | \$35.00 | \$40.00 | 70 | 80 | 10 | 14% |
| Exceptional Circumstance | 7 | \$29.00 | \$50.00 | 203 | 350 | 147 | 72% |
| Overtime | 102 | \$58.00 | \$70.00 | 5,916 | 7,140 | 1,224 | 21% |
| | | | | <hr/> | | | |
| Total | | | | \$68,202 | \$88,205 | \$20,003 | 29% |

Grayson Rural Electric Cooperative
CATV Pole Attachments
May 31, 2008

A. 1. Two-Party Pole Cost:

| <u>Size</u> | <u>Quantity</u> | <u>Amount</u> | <u>Weighted Average Cost</u> |
|-------------|-----------------|--------------------|------------------------------|
| 30' poles | 6,046 | \$807,079 | |
| 40' poles | 14,286 | \$5,861,957 | |
| | <u>20,332</u> | <u>\$6,669,036</u> | <u>\$328.01</u> |

2. Three-Party Pole Cost:

| <u>Size</u> | <u>Quantity</u> | <u>Amount</u> | <u>Weighted Average Cost</u> |
|-------------|-----------------|--------------------|------------------------------|
| 40' poles | 14,286 | \$5,861,957 | |
| 45' poles | 4,438 | \$2,048,242 | |
| | <u>18,724</u> | <u>\$7,910,199</u> | <u>\$422.46</u> |

3. Average cost of anchors \$45.54

B. 1. Pole Charge:

| | | | | | |
|------------------|----------|-----|--------|--------|--------|
| a. Two party = | \$328.01 | 85% | 19.17% | 0.1224 | \$6.54 |
| b. Three party = | \$422.46 | 85% | 19.17% | 0.0759 | \$5.23 |

2. Pole Charge, with ground attachments:

| | | | | | | |
|------------------|----------|-----|---------|--------|--------|--------|
| a. Two party = | \$328.01 | 85% | \$12.50 | 19.17% | 0.1224 | \$0.29 |
| b. Three party = | \$422.46 | 85% | \$12.50 | 19.17% | 0.0759 | \$0.18 |

3. Anchor Charge:

| | | | | | |
|------------------|---------|--|--------|------|--------|
| a. Two party = | \$45.54 | | 19.17% | 0.50 | \$4.37 |
| b. Three party = | \$45.54 | | 19.17% | 0.33 | \$2.88 |

(1) Remove miscellaneous allocations to pole accounts when using Record Units in the continuing property record (CPR's) system, per PSC Administrative Case No. 251

Grayson Rural Electric Cooperative
CATV Pole Attachments
May 31, 2008

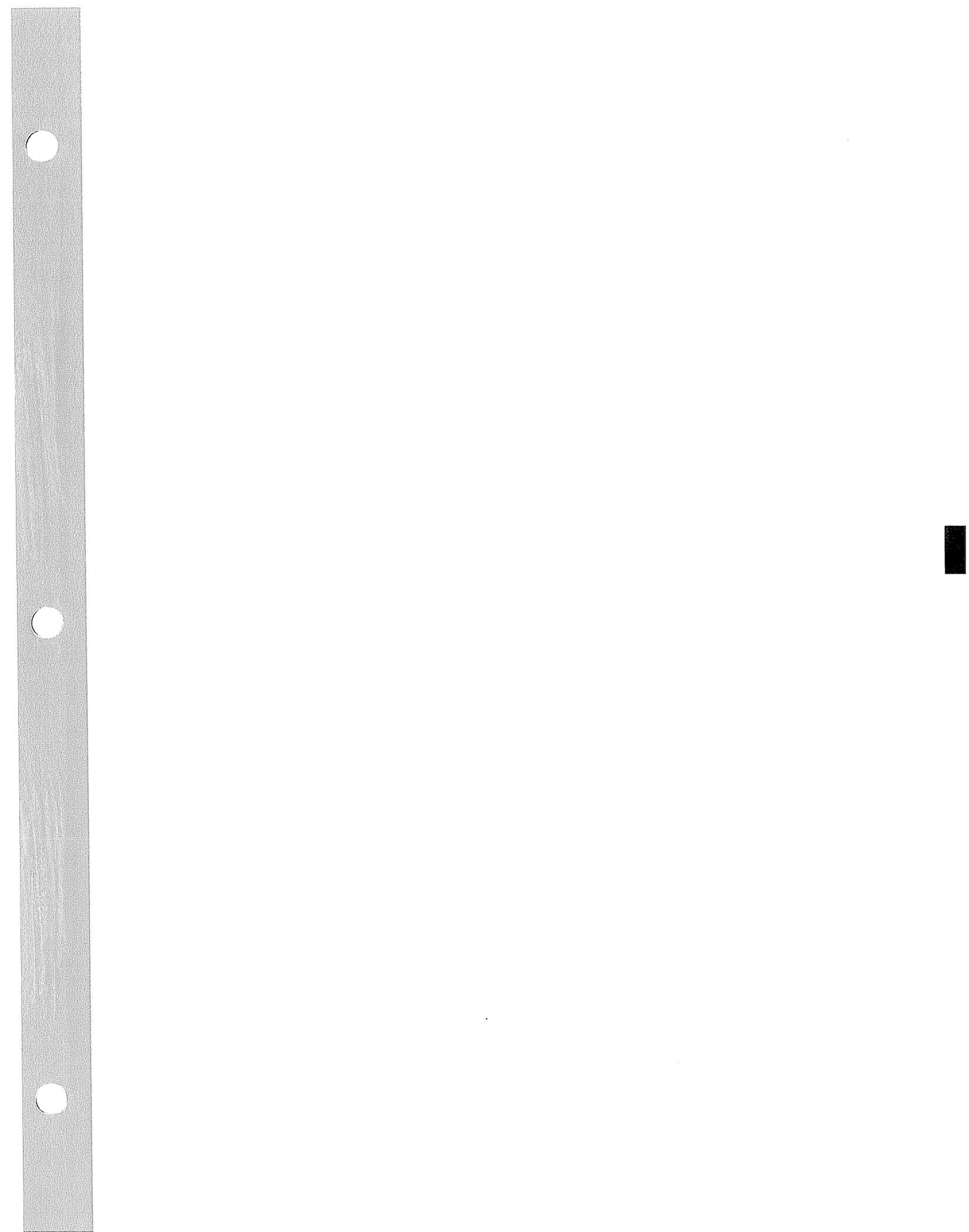
Fixed charges on investment from PSC Annual Report at December 31, 2007.

| | | |
|--|-------------------|----------------------|
| Total Distribution Expense | 3,045,592 | |
| Reference Page 14 | | |
| Customer Accounts Expense | 878,194 | |
| Reference Page 15 | | |
| Customer Service and Informational Expense | 178,056 | |
| Reference Page 15 | | |
| Administrative and General | 1,321,231 | |
| Reference Page 15 | | |
| Depreciation Expense | 1,529,111 | |
| Reference Page 13 | | |
| Taxes Other than Income Taxes | 25,980 | |
| Reference Page 13 | | |
| | <hr/> | |
| Sub total | 6,978,164 | |
| Divided by Total Utility Plant | 52,788,082 | 13.22% |
| Line 2, Page 1 | | |
| Cost of Money | | |
| Rate of Return on Investment allowed in the last General | | |
| Rate Request, Case No 98-455 | 6.83% | |
| Net plant ratio adjustment: | | |
| Distribution plant | <u>48,409,428</u> | |
| Accumulated depreciation | 6,198,876 | 12.8% |
| Rate of return (times 1 minus reserve ratio) | | <u>5.96%</u> |
| Annual carrying charges | | <u><u>19.17%</u></u> |

Grayson Rural Electric Cooperative
CATV Pole Attachments
May 31, 2008

Additional revenues generated

| Description | Number | Charges | | Revenue | | Increase | |
|----------------------------|--------|----------|----------|----------|----------|----------|---------|
| | | Existing | Proposed | Existing | Proposed | Amount | Percent |
| 2 party Pole Attachments | 500 | \$5.02 | \$6.54 | \$2,510 | \$3,272 | \$762 | 23% |
| 2 party Anchor Attachments | 102 | 4.24 | 4.37 | 432 | 445 | \$13 | 3% |
| 2 party Ground Attachments | 129 | 0.32 | 0.29 | 41 | 38 | (\$3) | -9% |
| 3 party Pole Attachments | 1,488 | 4.57 | 5.23 | 6,800 | 7,776 | \$976 | 13% |
| 3 party Anchor Attachments | 331 | 2.80 | 2.88 | 927 | 954 | \$27 | 3% |
| 3 party Ground Attachments | 471 | 0.20 | 0.18 | 94 | 86 | (\$9) | -10% |
| Total | | | | \$10,711 | \$12,485 | \$1,774 | 14% |



Grayson Rural Electric Cooperative
Case No.2008-00154
Purchased Power
May 31, 2008

| Billing Rates | <u>EKPC Proposed</u> | | | |
|---------------------|----------------------|------------|------------|------------|
| | 1-Apr-07 | 1-Aug-07 | 2008-00409 | Phase II |
| KW-Sch C | \$6.22 | \$6.22 | \$6.86 | \$9.92 |
| KW-Sch E2 | \$5.22 | \$5.22 | \$5.76 | \$10.10 |
| KWH-Sch B/C | \$0.027325 | \$0.033455 | \$0.036901 | \$0.032140 |
| KWH-Sch E2 On-Peak | \$0.036340 | \$0.042470 | \$0.046844 | \$0.032382 |
| KWH-Sch E2 Off-Peak | \$0.028774 | \$0.034904 | \$0.038499 | \$0.031880 |
| KVA 3000-7499 | \$2,373 | \$2,373 | \$2,617 | \$3,087 |
| KVA 7500-14999 | \$2,855 | \$2,855 | \$3,149 | \$4,265 |
| Metering Point | \$125 | \$125 | \$138 | \$230 |
| Green Power | \$0.023750 | \$0.023750 | \$0.023750 | \$0.023750 |

| | Billing Demand | | Total KWH Billing | | | | Substation Charge | | | | | Total | Fuel Base Rates | Environmental Adjustment | Total | |
|--------------|----------------|------------------|-------------------|----------------|------------------|------------------|-------------------|--------------|---------------|----------------|----------------|----------------|--------------------|-----------------------------|------------------|-------------------|
| | Sch C | Schedule E | Total | Schedule C | Schedule E | | Energy | Green | Metering | 3000 | 7500 | | | | | |
| | | | Demand | All KWH | On-Peak | Off-Peak | Charges | Power | Point | | | | | | | |
| January | 15,314 | 226,162 | 241,475 | 32,009 | 442,837 | 212,187 | 687,033 | 240 | 1,625 | 14,238 | 19,985 | 34,223 | 964,596 | 125,218 | 95,012 | 1,184,826 |
| February | 15,314 | 246,567 | 261,880 | 32,183 | 473,956 | 224,298 | 730,436 | 240 | 1,625 | 14,238 | 19,985 | 34,223 | 1,028,405 | 150,804 | 105,636 | 1,284,845 |
| March | 15,314 | 277,239 | 292,553 | 44,754 | 655,151 | 317,645 | 1,017,549 | 240 | 1,625 | 14,238 | 19,985 | 34,223 | 1,346,190 | 6,466 | 139,162 | 1,491,818 |
| April | 15,314 | 234,091 | 249,405 | 45,232 | 480,950 | 248,721 | 774,904 | 240 | 1,625 | 14,238 | 19,985 | 34,223 | 1,060,396 | 173,072 | 129,982 | 1,363,450 |
| May | 15,264 | 205,016 | 220,279 | 58,274 | 338,628 | 331,519 | 728,421 | 204 | 1,625 | 14,238 | 19,985 | 34,223 | 984,752 | 64,557 | 100,504 | 1,149,813 |
| June | 16,713 | 273,105 | 289,818 | 58,076 | 415,373 | 409,841 | 883,290 | 204 | 1,625 | 14,238 | 19,985 | 34,223 | 1,209,161 | 29,539 | 105,768 | 1,344,468 |
| July | 16,713 | 305,438 | 322,151 | 48,860 | 516,520 | 514,790 | 1,080,170 | 204 | 1,625 | 14,238 | 19,985 | 34,223 | 1,438,373 | 26,668 | 113,232 | 1,578,273 |
| August | 16,713 | 379,985 | 396,698 | 44,474 | 589,287 | 602,949 | 1,236,710 | 204 | 1,625 | 14,238 | 19,985 | 34,223 | 1,669,460 | 194,550 | 140,344 | 2,004,354 |
| September | 16,713 | 312,521 | 329,235 | 45,096 | 510,218 | 528,076 | 1,083,390 | 204 | 1,625 | 14,238 | 19,985 | 34,223 | 1,448,676 | 194,878 | 103,368 | 1,746,922 |
| October | 16,713 | 295,765 | 312,478 | 45,599 | 450,185 | 470,814 | 966,598 | 204 | 1,625 | 14,238 | 19,985 | 34,223 | 1,315,128 | 139,733 | 92,516 | 1,547,377 |
| November | 16,713 | 207,041 | 223,754 | 24,173 | 331,506 | 333,840 | 689,519 | 204 | 1,625 | 14,238 | 19,985 | 34,223 | 949,325 | 164,324 | 66,585 | 1,180,234 |
| December | 16,713 | 181,886 | 198,599 | 17,301 | 374,980 | 257,533 | 649,815 | 188 | 1,625 | 14,238 | 19,985 | 34,223 | 884,450 | 132,933 | 56,963 | 1,074,346 |
| Total | 193,510 | 3,144,815 | 3,338,326 | 496,032 | 5,579,592 | 4,452,212 | 10,527,836 | 2,576 | 19,500 | 170,856 | 239,820 | 410,676 | 14,298,913 | 1,402,742 | 1,249,072 | 16,950,727 |

Normalized using rates effective

| | | | | | | | | | | | | |
|----------------|------------------|------------------|----------------|------------------|------------------|-------------------|--------------|---------------|----------------|----------------|----------------|-------------------|
| <u>184,178</u> | <u>3,144,815</u> | <u>3,328,993</u> | <u>502,118</u> | <u>5,734,241</u> | <u>4,545,200</u> | <u>10,781,559</u> | <u>2,577</u> | <u>19,500</u> | <u>170,856</u> | <u>239,820</u> | <u>410,676</u> | <u>14,543,305</u> |
|----------------|------------------|------------------|----------------|------------------|------------------|-------------------|--------------|---------------|----------------|----------------|----------------|-------------------|

Normalized Adjustment 244,392

Normalized EKPC Case No. 2008-00409

| | | | | | | | | | | | | |
|----------------|------------------|------------------|----------------|------------------|------------------|-------------------|--------------|---------------|----------------|----------------|----------------|-------------------|
| <u>203,129</u> | <u>3,470,141</u> | <u>3,673,270</u> | <u>553,838</u> | <u>6,324,813</u> | <u>5,013,341</u> | <u>11,891,992</u> | <u>2,577</u> | <u>21,528</u> | <u>188,424</u> | <u>264,516</u> | <u>452,940</u> | <u>16,042,306</u> |
|----------------|------------------|------------------|----------------|------------------|------------------|-------------------|--------------|---------------|----------------|----------------|----------------|-------------------|

Normalized Adjustment 1,499,001

Grayson Rural Electric Cooperative
Case No.2008-00154
Purchased Power
Test Year Billing Determinants
May 31, 2008

| | Billing Demand | | | Total KWH Billing | | | Green Power | Metering Point | Substation Charge | |
|----------------|----------------|----------------|-------------------|--------------------|--------------------|--------------------|----------------|-------------------|-------------------|-----------|
| | Schedule C | Schedule E | Schedule C | Schedule E | | Total Kwh | | | 2373 | 2855 |
| | | | | On-Peak | Off-Peak | | | | | |
| June | 2,462 | 43,326 | 1,171,407 | 12,185,947 | 7,374,249 | 20,731,603 | 10,100 | 13 | 6 | 7 |
| July | 2,462 | 47,235 | 1,177,789 | 13,042,260 | 7,795,145 | 22,015,194 | 10,100 | 13 | 6 | 7 |
| August | 2,462 | 53,111 | 1,337,726 | 15,426,211 | 9,100,520 | 25,864,457 | 10,100 | 13 | 6 | 7 |
| September | 2,462 | 44,845 | 1,352,038 | 11,324,466 | 7,125,869 | 19,802,373 | 10,100 | 13 | 6 | 7 |
| October | 2,454 | 39,275 | 1,741,858 | 7,973,343 | 9,498,023 | 19,213,224 | 8,600 | 13 | 6 | 7 |
| November | 2,687 | 52,319 | 1,735,953 | 9,780,393 | 11,741,946 | 23,258,292 | 8,600 | 13 | 6 | 7 |
| December | 2,687 | 58,513 | 1,460,475 | 12,161,997 | 14,748,739 | 28,371,211 | 8,600 | 13 | 6 | 7 |
| January | 2,687 | 72,794 | 1,329,372 | 13,875,375 | 17,274,491 | 32,479,238 | 8,600 | 13 | 6 | 7 |
| February | 2,687 | 59,870 | 1,347,947 | 12,013,612 | 15,129,388 | 28,490,947 | 8,600 | 13 | 6 | 7 |
| March | 2,687 | 56,660 | 1,362,988 | 10,600,075 | 13,488,827 | 25,451,890 | 8,600 | 13 | 6 | 7 |
| April | 2,687 | 39,663 | 1,074,800 | 7,805,654 | 9,564,508 | 18,444,962 | 8,600 | 13 | 6 | 7 |
| May | 2,687 | 34,844 | 1,074,800 | 8,829,294 | 7,378,335 | 17,282,429 | 7,900 | 13 | 6 | 7 |
| Adjustment (1) | -1,500 | | -1,158,400 | | | | | | | |
| Total | 29,611 | 602,455 | 15,008,753 | 135,018,627 | 130,220,040 | 281,405,820 | 108,500 | 156 | 72 | 84 |

(1) Schedule 13A, Lage Industrial Service customer contract.

Witness: Alan Zumstein

Grayson Rural Electric Cooperative
Case No. 2008-00254
Analysis of Fuel Adjustment and Environmental Surcharge
May 31, 2008

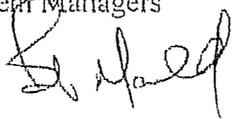
An analysis of fuel adjustment and environmental surcharge as purchased and passed on to consumers as follows:

| <u>Month</u> | <u>Sales</u> | | <u>Purchased</u> | |
|--------------|------------------------|--------------------------------|------------------------|--------------------------------|
| | <u>Fuel Adjustment</u> | <u>Environmental Surcharge</u> | <u>Fuel Adjustment</u> | <u>Environmental Surcharge</u> |
| January | 95,657 | 102,022 | 125,218 | 95,012 |
| February | 156,995 | 114,627 | 150,804 | 105,636 |
| March | (5,581) | 117,731 | 6,466 | 139,162 |
| April | 165,064 | 118,785 | 173,072 | 129,982 |
| May | 81,666 | 117,081 | 64,557 | 100,504 |
| June | 21,334 | 117,106 | 29,539 | 105,768 |
| July | 25,941 | 123,451 | 26,668 | 113,232 |
| August | 187,425 | 135,238 | 194,550 | 140,344 |
| September | 191,306 | 98,097 | 194,878 | 103,368 |
| October | 125,410 | 79,754 | 139,733 | 92,516 |
| November | 171,747 | 61,589 | 164,324 | 66,585 |
| December | <u>176,804</u> | <u>67,327</u> | <u>132,933</u> | <u>56,963</u> |
| Total | <u>1,393,768</u> | <u>1,252,810</u> | <u>1,402,742</u> | <u>1,249,072</u> |

The fuel purchased and environmental surcharge from East Kentucky Power Cooperative is passed on to the consumers using the Fuel Adjustment and Environmental Procedures established by this Commission.



MEMORANDUM

TO: Member System Managers
FROM: Bob Marshall 
DATE: October 15, 2008
SUBJECT: Notice to Members—Rate Increase Using Fully Forecasted Test Year

The attached document serves as notice given to the member systems of East Kentucky Power Cooperative, Inc. (EKPC) of a proposed wholesale rate adjustment.

I want to call your attention to two items. First, the \$67,858,922 increase shown for the "Phase I Rates" is different from the Board approved increase of \$67,771,902. Note that the percentage increase is unchanged. The Board approved amount was determined using a 12-month forecasted test period ending April 30, 2010. Because of statutory requirements, EKPC had to change its forecasted test period to the 12-month period ending May 31, 2010. The billing determinants for the forecasted test period ending May 31, 2010 vary slightly from the forecasted test period ending April 30, 2010. This change does not impact rates approved by the Board or the flow-through calculations that were completed for fourteen of the sixteen member systems.

Second, this notice reflects "Phase II Rates." EKPC is proposing for these rates to become effective one year after Commission approval of the "Phase I Rates." EKPC anticipates that each member system will file with the Commission separately to implement this rate design change.

Please do not hesitate to call me with questions or concerns.

4775 Lexington Road 40391 Tel. (859) 744-4812
P.O. Box 707, Winchester, Fax: (859) 744-6008
Kentucky 40392-0707 <http://www.ekpc.coop>

**NOTICE OF PROPOSED ADJUSTMENT TO
WHOLESALE POWER TARIFFS**

In accordance with the requirements of the Public Service Commission of the Commonwealth of Kentucky as set forth in 807 KAR 5:001, Section 10 (3), of the Rules and Regulations of the Public Service Commission, notice is hereby given to the member cooperatives of East Kentucky Power Cooperative, Inc. of a proposed wholesale rate adjustment. An Application for an Adjustment to Wholesale Power Tariffs will be filed with the Public Service Commission on October 31, 2008, Case No. 2008-00409.

The Phase I rate adjustment, with a requested effective date of December 1, 2008, will result in an increase in wholesale power costs to the member systems and will result in an increase in revenue of **\$67,858,922** or **7.77%** for East Kentucky Power Cooperative, Inc. The amount and percent of increase by rate class are listed below:

PHASE I RATES

| <u>RATE SCHEDULE</u> | <u>INCREASE IN DOLLARS</u> | <u>PERCENTAGE INCREASE</u> |
|------------------------|--------------------------------|--------------------------------|
| SECTION A | NA | NA |
| SECTION E | \$55,330,720 | 7.92% |
| SECTION B | 4,457,951 | 7.73% |
| SECTION C | 1,811,240 | 7.76% |
| SECTION G | 1,506,943 | 7.65% |
| INLAND STEAM | 1,015,386 | 7.55% |
| LARGE SPECIAL CONTRACT | 3,736,682 | 7.54% |
| PUMPING STATIONS | 0 | 0% |
| TOTAL | \$67,858,922 | 7.77% |

Listed below are the present and proposed monthly rates for each rate schedule:

| <u>RATE SCHEDULE</u> | <u>PRESENT</u> | <u>PROPOSED</u> |
|---|----------------|-----------------|
| <i>SECTION A</i> | | |
| Demand Charge per kW of Billing Demand | \$8.65 | \$9.54 |
| Energy Charge per kWh | 0.033455 | 0.036901 |
| <i>SECTION E1</i> | | |
| Demand Charge per kW of Billing Demand | \$6.92 | \$7.63 |
| On-Peak Energy Charge per kWh | 0.035406 | 0.039053 |
| Off-Peak Energy Charge per kWh | 0.034904 | 0.038499 |

| <u>RATE SCHEDULE</u> | <u>PRESENT</u> | <u>PROPOSED</u> |
|--|----------------|-----------------|
| SECTION E2 | | |
| Demand Charge per kW of Billing Demand | \$5.22 | \$5.76 |
| On-Peak Energy Charge per kWh | .042470 | .046844 |
| Off-Peak Energy Charge per kWh | .034904 | .038499 |
| SECTION B | | |
| Demand Charge per kW of Minimum Demand | \$6.22 | \$6.86 |
| Demand Charge per kW of Billing Demand in Excess of Minimum Demand | \$8.65 | \$9.54 |
| Energy Charge per kWh | 0.033455 | 0.036901 |
| SECTION C | | |
| Demand Charge per kW of Billing Demand | \$6.22 | \$6.86 |
| Energy Charge per kWh | 0.033455 | 0.036901 |
| SECTION D—INTERRUPTIBLE DEMAND CREDITS PER KW | | |
| 10-Minute Interruptible | | |
| 200 Hours | \$2.70 | \$2.97 |
| 300 Hours | \$3.15 | \$3.47 |
| 400 Hours | \$3.60 | \$3.97 |
| 60-Minute Interruptible | | |
| 200 Hours | \$2.25 | \$2.48 |
| 300 Hours | \$2.70 | \$2.97 |
| 400 Hours | \$3.15 | \$3.47 |
| SECTION G | | |
| Demand Charge per Billing kW | \$6.06 | \$6.68 |
| Energy Charge per All kWh | 0.031690 | 0.034954 |
| INLAND —STEAM | | |
| Demand Charge per MMBTU | \$500.49 | \$552.04 |
| Energy Charge per MMBTU | \$ 3.577 | \$ 3.945 |
| LARGE SPECIAL CONTRACT | | |
| Demand Charge (Firm) | \$6.06 | \$6.68 |
| Demand Charge for 10-Minute Interruptible | 2.46 | 2.71 |
| Demand Charge for 90-Minute Interruptible | 3.36 | 3.71 |
| Energy Charge per kWh On-Peak | 0.033780 | 0.037259 |
| Energy Charge per kWh Off-Peak | 0.030780 | 0.033950 |

LOAD CENTER CHARGES

| | | |
|----------------------------------|---------|---------|
| Metering Point Charge | \$125 | \$138 |
| Substation Charges: | | |
| 1,000 – 2,999 kVA Substation | \$944 | \$1,041 |
| 3,000 – 7,499 kVA Substation | \$2,373 | \$2,617 |
| 7,500 – 14,999 kVA Substation | \$2,855 | \$3,149 |
| 15,000 and Larger kVA Substation | \$4,605 | \$5,079 |

The effects of the proposed rates on the average monthly bill by rate class are listed below:

| <u>RATE SCHEDULE</u> | <u>INCREASE IN AVERAGE MONTHLY BILL PER CUSTOMER</u> | <u>PERCENTAGE INCREASE</u> |
|----------------------|--|--------------------------------|
| SECTION A | NA | NA |
| SECTION E | \$288,181 | 7.92% |
| SECTION B | \$ 41,277 | 7.73% |
| SECTION C | \$ 25,156 | 7.76% |
| SECTION G | \$ 62,789 | 7.65% |
| INLAND STEAM | \$ 84,616 | 7.55% |
| GALLATIN STEEL | \$311,390 | 7.54% |

The Phase II rate adjustment, which is a change in rate design and NOT an additional rate increase over the Phase I rate adjustment, with a requested effective date one year after the effective date of the Phase I rates, will represent an increase in wholesale power costs to the member systems and will represent an increase in revenue of \$67,699,051 or 7.75% for East Kentucky Power Cooperative, Inc., compared to the present wholesale rates. The overall Phase II rate adjustment is slightly lower than the Phase I rate adjustment, due to the calculations of the rate design changes. The amount and percent of Phase II rate adjustment by rate class are listed below:

PHASE II RATES

| <u>RATE SCHEDULE</u> | <u>INCREASE IN DOLLARS</u> | <u>PERCENTAGE INCREASE</u> |
|------------------------|----------------------------|----------------------------|
| SECTION A | NA | NA |
| SECTION E | \$55,345,926 | 7.92% |
| SECTION B | 4,635,408 | 8.03% |
| SECTION C | 2,168,710 | 9.29% |
| SECTION G | 1,858,583 | 9.43% |
| INLAND STEAM | 673,053 | 5.01% |
| LARGE SPECIAL CONTRACT | 3,017,371 | 6.09% |
| PUMPING STATIONS | 0 | 0% |
| TOTAL | \$67,699,051 | 7.75% |

Listed below are the present and proposed monthly rates for each rate schedule:

| <u>RATE SCHEDULE</u> | <u>PRESENT</u> | <u>PROPOSED</u> |
|--|----------------|-----------------|
| SECTION A | | |
| Demand Charge per kW of Billing Demand | \$8.65 | \$12.35 |
| Energy Charge per kWh | 0.033455 | 0.032140 |
| SECTION E1 | | |
| Demand Charge per kW of Billing Demand | \$6.92 | \$10.10 |
| On-Peak Energy Charge per kWh | 0.035406 | 0.032382 |
| Off-Peak Energy Charge per kWh | 0.034904 | 0.031880 |

| <u>RATE SCHEDULE</u> | <u>PRESENT</u> | <u>PROPOSED</u> |
|--|----------------|-----------------|
| SECTION E2 | | |
| Demand Charge per kW of | | |
| Billing Demand | \$5.22 | \$10.10 |
| On-Peak Energy Charge per kWh | .042470 | 0.032382 |
| Off-Peak Energy Charge per kWh | .034904 | 0.031880 |
| SECTION B | | |
| Demand Charge per kW of | | |
| Minimum Demand | \$6.22 | \$9.92 |
| Demand Charge per kW of Billing | | |
| Demand in Excess of Minimum | | |
| Demand | \$8.65 | \$12.35 |
| Energy Charge per kWh | 0.033455 | 0.032140 |
| SECTION C | | |
| Demand Charge per kW of Billing | | |
| Demand | \$6.22 | \$9.92 |
| Energy Charge per kWh | 0.033455 | 0.032140 |
| SECTION D—INTERRUPTIBLE DEMAND CREDITS PER KW | | |
| 10-Minute Interruptible | | |
| 200 Hours | \$2.70 | \$4.00 |
| 300 Hours | \$3.15 | \$4.65 |
| 400 Hours | \$3.60 | \$5.30 |
| 60-Minute Interruptible | | |
| 200 Hours | \$2.25 | \$3.30 |
| 300 Hours | \$2.70 | \$4.00 |
| 400 Hours | \$3.15 | \$4.65 |
| SECTION G | | |
| Demand Charge per Billing kW | \$6.06 | \$8.93 |
| Energy Charge per All kWh | 0.031690 | 0.032140 |
| INLAND—STEAM | | |
| Demand Charge per MMBTU | \$500.49 | \$572.83 |
| Energy Charge per MMBTU | \$ 3.577 | \$ 3.756 |
| LARGE SPECIAL CONTRACT | | |
| Demand Charge (Firm) | \$6.06 | \$8.93 |
| Demand Charge for 10-Minute | | |
| Interruptible | 2.46 | 3.63 |
| Demand Charge for 90-Minute | | |
| Interruptible | 3.36 | 4.93 |
| Energy Charge per kWh On-Peak | 0.033780 | 0.032382 |
| Energy Charge per kWh Off-Peak | 0.030780 | 0.031880 |

LOAD CENTER CHARGES

| | | | |
|----------------------------------|---------|--------------------------------|----------|
| Metering Point Charge | \$125 | | \$230 |
| Substation Charges: | | | |
| 1,000 – 2,999 kVA Substation | \$944 | 1,000 – 4,999 kVA Substation | \$1,168 |
| 3,000 – 7,499 kVA Substation | \$2,373 | 5,000 – 9,999 kVA Substation | \$3,087 |
| 7,500 – 14,999 kVA Substation | \$2,855 | 10,000 – 14,999 kVA Substation | \$4,265 |
| 15,000 and Larger kVA Substation | \$4,605 | 15,000 – 29,999 kVA Substation | \$9,220 |
| | | 30,000 – 50,999 kVA Substation | \$14,488 |
| | | > 51,000 kVA Substation | \$16,155 |

The effects of the proposed rates on the average monthly bill by rate class are listed below:

| <u>RATE SCHEDULE</u> | <u>INCREASE IN AVERAGE MONTHLY BILL PER CUSTOMER</u> | <u>PERCENTAGE INCREASE</u> |
|----------------------|--|--------------------------------|
| SECTION A | NA | NA |
| SECTION E | \$288,260 | 7.92% |
| SECTION B | \$ 42,920 | 8.03% |
| SECTION C | \$ 30,121 | 9.29% |
| SECTION G | \$ 77,441 | 9.43% |
| INLAND STEAM | \$ 56,088 | 5.01% |
| GALLATIN STEEL | \$251,448 | 6.09% |

The rates contained in this notice are the rates proposed by East Kentucky Power Cooperative, Inc. However, the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice

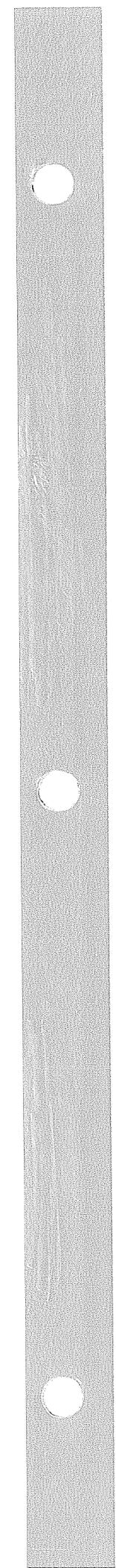
Any corporation, association, or person with a substantial interest in the matter may, by written request, within thirty (30) days after mailing of this notice of the proposed rate changes, request to intervene. The motion shall be submitted to the Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the request including the status and interest of the party. Intervention may be granted beyond the thirty (30) day period for good cause shown.

Any person who has been granted intervention by the Public Service Commission may obtain copies of the rate application and any other filings made by East Kentucky Power Cooperative, Inc. by contacting:

Charles Lile
 East Kentucky Power Cooperative, Inc.
 4775 Lexington Road
 P.O. Box 707
 Winchester, Kentucky 40392-0707
 Phone: (859) 744-4812

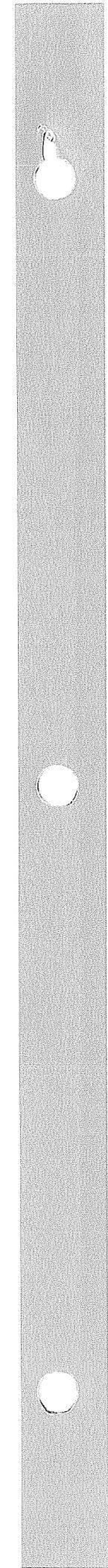
Any person may examine the rate application and any other filings made by East Kentucky Power Cooperative, Inc. at the main office at the above address or by contacting the Public Service Commission Office at the following address:

Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602
Phone: (502) 564-39400



Grayson Rural Electric Cooperative
Case No. 2008-00254
End of Test Year Customer Adjustment

| | Sch 1 Farm & Home | Sch 2 Small Commercial | Sch 3 Off-Peak Marketing | Sch 4 Large Power | Sch 7 All Electric Schools | Sch 13A Large Ind Service | |
|----|--|------------------------------|--------------------------------|-------------------------|----------------------------------|---------------------------------|------------|
| 12 | December, 2006 | 14,253 | 1,166 | 97 | 60 | 8 | 1 |
| 13 | January, 2007 | 14,256 | 1,166 | 97 | 60 | 8 | 1 |
| 14 | February | 14,252 | 1,166 | 97 | 60 | 8 | 1 |
| 15 | March | 14,286 | 1,168 | 96 | 60 | 8 | 1 |
| 16 | April | 14,284 | 1,163 | 95 | 60 | 8 | 1 |
| 17 | May | 14,240 | 1,158 | 94 | 61 | 8 | 1 |
| 18 | June | 14,295 | 1,161 | 95 | 61 | 8 | 1 |
| 19 | July | 14,199 | 1,158 | 100 | 62 | 8 | 1 |
| 20 | August | 14,334 | 1,171 | 100 | 61 | 8 | 1 |
| 21 | September | 14,288 | 1,165 | 104 | 61 | 8 | 1 |
| 22 | October | 14,241 | 1,166 | 101 | 61 | 8 | 1 |
| 23 | November | 14,273 | 1,160 | 104 | 61 | 8 | 1 |
| 24 | December | 14,233 | 1,174 | 100 | 61 | 8 | 1 |
| 25 | Average | 14,264 | 1,165 | 98 | 61 | 8 | 1 |
| 26 | Increase | <u>(31)</u> | <u>9</u> | <u>2</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 27 | Test year base revenue | 15,871,896 | 1,423,973 | 144,702 | 2,639,113 | 399,497 | 803,031 |
| 28 | kwh useage | 186,688,210 | 16,913,798 | 1,991,027 | 34,588,171 | 5,836,500 | 15,009,600 |
| 29 | Average per kwh | 0.08502 | 0.08419 | 0.07268 | 0.07630 | 0.06845 | 0.05350 |
| 30 | Total billings | 171,181 | 13,976 | 1,183 | 729 | 96 | 12 |
| 31 | Average monthly kwh use | 1,091 | 1,210 | 1,683 | 47,446 | 60,797 | 1,250,800 |
| 32 | Increase in consumers, times average use, times average rate, times 12 months, equals additional revenues | | | | | | |
| 33 | Increase in revenues | (34,492) | 11,004 | 2,936 | 0 | 0 | 0 |
| 34 | Increase in consumers, times average use, times average cost per kwh purchased, times 12 months, equals additional power cost | | | | | | |
| 35 | Increase in power cost | (20,615) | 6,641 | 2,052 | 0 | 0 | 0 |
| 36 | Net increase | (13,877) | 4,363 | 883 | 0 | 0 | 0 |
| 37 | Adjustment | <u>(8,632)</u> | | | | | |
| 38 | Base power cost | | | 14,298,913 | | | |
| 39 | Kwh purchased | | | 281,405,820 | | | |
| 40 | Cost per kwh purchased | | | 0.05081 | | | |

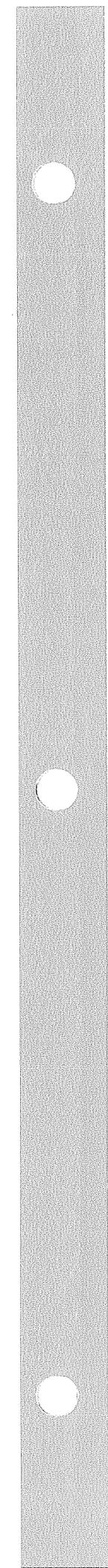


Witness: Alan Zumstein

Grayson Rural Electric Cooperative
Case No. 2008-00254
Normalized Revenues
May 31, 2008

| | |
|---|-----------------------|
| Base rates for the test year | 21,683,855 |
| Normalized revenues using rates effective Case No. 2006-0512 | <u>21,993,393</u> |
| Normalized revenue adjustment | <u><u>309,538</u></u> |

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BORROWER STATISTICAL PROFILE

10/12/06

KY 61 GRAYSON RURAL ELEC COOP CORP

SUPPLIED BY: East Kentucky Power Coop, Inc (KY0059)

| ITEM | BORROWER DATA | | | MEDIAN VALUES | | | STATE VALUES | | | | MIN | FLAG |
|-----------------------------------|---------------|----------|----------|---------------|------------|----------|--------------|----------|----------|---------|-----|------|
| | 2003 | 2004 | 2005 | U.S. | PEER GROUP | STATE | MAX | Q3 | Q1 | | | |
| FINANCIAL RATIOS | | | | | | | | | | | | |
| 1. TIER (ONE YEAR) | 2.57 | 1.22 | 1.48 | 2.19 | 1.45 | 1.71 | 182.60 | 2.06 | 1.24 | 0.31 | | |
| 2. AVERAGE TIER | 2.91 | 2.91 | 2.03 | 2.43 | 2.15 | 2.04 | 152.46 | 2.49 | 1.87 | 1.53 | | |
| 3. OTIER (ONE YEAR) | 1.80 | 1.19 | 1.44 | 1.79 | 1.27 | 1.45 | 156.56 | 1.97 | 0.85 | 0.39 | | |
| 4. AVERAGE OTIER | 2.09 | 2.07 | 1.62 | 2.01 | 1.47 | 1.60 | 131.05 | 1.95 | 1.35 | 0.89 | | |
| 5. MTIER (ONE YEAR) | 1.82 | 1.19 | 1.45 | 1.85 | 1.41 | 1.64 | 182.60 | 2.00 | 1.19 | 0.27 | | |
| 6. DSC (ONE YEAR) | 2.05 | 1.38 | 1.52 | 1.99 | 1.55 | 1.64 | 60.28 | 2.03 | 1.29 | 0.99 | | |
| 7. AVERAGE DSC | 2.46 | 2.35 | 1.79 | 2.15 | 2.02 | 2.01 | 57.18 | 2.36 | 1.72 | 1.43 | | |
| 8. ODSC (ONE YEAR) | 1.63 | 1.36 | 1.50 | 1.76 | 1.50 | 1.60 | 55.65 | 1.96 | 1.22 | 0.76 | | |
| 9. AVERAGE ODSC | 1.95 | 1.87 | 1.57 | 1.90 | 1.67 | 1.74 | 53.04 | 1.97 | 1.53 | 0.89 | | |
| 10. MDSC (ONE YEAR) | 1.64 | 1.36 | 1.50 | 1.80 | 1.53 | 1.63 | 60.28 | 2.02 | 1.27 | 0.97 | | |
| 11. PRR (ONE YEAR) | 5.61 | 6.06 | 5.98 | 6.43 | 6.64 | 6.20 | 7.78 | 7.00 | 5.69 | 4.73 | | |
| 12. EQUITY RATIO % | 32.86 | 32.06 | 32.78 | 41.81 | 35.39 | 36.14 | 87.57 | 41.35 | 30.81 | 26.87 | | |
| 13. MODIFIED EQUITY % | 23.70 | 23.22 | 24.01 | 33.11 | 22.38 | 25.73 | 87.57 | 35.41 | 21.09 | 14.90 | | |
| 14. OPERATING REVENUE / MILE \$ | 7549.75 | 8036.07 | 9316.93 | 8525.94 | 14181.20 | 14332.05 | 41831.51 | 18636.92 | 11540.47 | 9316.93 | LO | |
| 15. GENERAL FUNDS/TOTAL PLANT % | 0.54 | 0.12 | 0.13 | 4.30 | 1.43 | 1.75 | 18.81 | 4.70 | 1.09 | 0.13 | LO | |
| 16. CURRENT RATIO | 1.09 | 1.09 | 1.08 | 1.28 | 1.10 | 1.12 | 3.80 | 1.67 | 0.84 | 0.62 | | |
| 17. OPERATING MARGINS/RATE BASE% | 2.06 | 0.41 | 1.21 | 1.97 | 0.74 | 1.21 | 5.27 | 2.83 | -0.88 | -1.84 | | |
| 18. RATE OF RETURN ON RATE BASE% | 5.12 | 3.45 | 4.46 | 4.85 | 4.38 | 4.46 | 7.03 | 5.51 | 2.71 | 1.16 | | |
| 19. PAT.CAP.RETIRED/ TOT P.CAP.% | 5.08 | 5.15 | 5.17 | 23.39 | 13.43 | 13.28 | 49.78 | 24.40 | 0.00 | 0.00 | | |
| 20. PAT.CAP.RETIRED/NET MARGINS% | 0.21 | 1.53 | 13.86 | 26.59 | 14.57 | 13.86 | 162.65 | 55.21 | 0.00 | -12.83 | | |
| CONSUMER RATIOS | | | | | | | | | | | | |
| 21. AVG. TOTAL CONSUMERS SERVED | 14827.00 | 15113.00 | 15302.00 | 11847.00 | 24295.00 | 26515.00 | 60922.00 | 50438.00 | 22993.00 | 3739.00 | | |
| 22. CONSUMERS / MILE (DENSITY) | 6.31 | 6.34 | 6.38 | 5.83 | 9.04 | 9.05 | 12.85 | 10.30 | 7.75 | 5.46 | LO | |
| 23. CONSUMERS / EMPLOYEE | 356.83 | 345.80 | 350.52 | 276.69 | 417.85 | 395.49 | 585.29 | 462.64 | 350.52 | 287.08 | | |
| 24. LONG TERM DEBT / CONSUMER \$ | 1720.22 | 1810.15 | 1855.08 | 1687.57 | 1452.13 | 1403.67 | 2325.71 | 1769.06 | 1211.94 | 8.34 | HI | |
| 25. DIST+GENERAL PLT/ CONSUMER \$ | 2831.55 | 2931.45 | 3017.51 | 3447.65 | 2709.68 | 2725.30 | 3706.47 | 2975.04 | 2588.36 | 2087.17 | HI | |
| 26. NET MARGINS / AVG.CONSUMER \$ | 109.26 | 15.65 | 38.77 | 98.98 | 32.69 | 42.83 | 113.89 | 82.31 | 13.70 | -38.51 | | |
| 27. AVG.MO.KWH/RESID CONS EX SEAS | 1067.94 | 1055.19 | 1109.33 | 1177.87 | 1248.71 | 1307.84 | 1412.03 | 1347.37 | 1139.73 | 1091.12 | LO | |
| 28. AVG.MO.KWH/RESID CONS | 1067.94 | 1055.19 | 1109.33 | 1131.92 | 1227.35 | 1298.50 | 1412.03 | 1347.37 | 1127.24 | 1091.12 | LO | |
| 29. CUST. ACCT. EXP./ AVG.CON \$ | 47.31 | 48.77 | 53.90 | 50.62 | 51.70 | 50.59 | 64.17 | 56.23 | 42.26 | 37.12 | | |
| 30. ADM. & GEN. EXP./ AVG.CON \$ | 67.70 | 81.16 | 75.79 | 98.60 | 59.13 | 57.02 | 106.39 | 71.05 | 48.10 | 41.65 | HI | |
| 31. CUST SERV &INFO / AVG.CON \$ | 7.31 | 7.76 | 8.57 | 9.65 | 8.47 | 6.83 | 20.86 | 8.90 | 3.70 | 1.19 | | |
| 32. O+M+A&G+CUST ACCT/AVG.CON \$ | 295.12 | 308.68 | 297.14 | 324.47 | 240.05 | 252.30 | 405.91 | 285.35 | 230.85 | 180.48 | HI | |
| 33. PWR COST+TAX+DEP+INT/AVGCON\$ | 841.78 | 934.12 | 1118.22 | 1202.99 | 1279.28 | 1297.65 | 5072.99 | 1594.97 | 1145.03 | 758.71 | LO | |

Exhibit 17
 Page 1 of 4

| ITEM | BORROWER DATA | | | MEDIAN VALUES | | | STATE VALUES | | | | MIN | FLAG |
|------------------------------------|---------------|----------|----------|---------------|------------|----------|--------------|-----------|----------|----------|-----|------|
| | 2003 | 2004 | 2005 | U.S. | PEER GROUP | STATE | MAX | Q3 | Q1 | | | |
| EMPLOYEE COSTS | | | | | | | | | | | | |
| 34. NUMBER OF EMPLOYEES | 42.00 | 44.00 | 44.00 | 43.00 | 58.00 | 71.00 | 161.00 | 122.00 | 48.00 | 13.00 | | |
| 35. AVERAGE RATE PER HOUR \$ | 20.53 | 20.38 | 20.75 | 23.74 | 23.49 | 24.41 | 28.66 | 25.68 | 21.07 | 19.75 | LO | |
| 36. OVERTIME HOURS/TOTAL HOURS % | 10.56 | 6.24 | 4.15 | 5.81 | 6.57 | 6.82 | 13.05 | 8.96 | 4.70 | 2.82 | LO | |
| 37. CAPITLZD PAYROLL/TOTAL PAY % | 25.07 | 29.10 | 26.83 | 23.03 | 26.10 | 26.12 | 35.45 | 31.50 | 22.50 | 17.62 | | |
| MWH SOLD | | | | | | | | | | | | |
| 38. MWH SOLD / 1000 | 241.91 | 246.21 | 261.43 | 226.72 | 508.71 | 648.36 | 9348.04 | 1133.47 | 428.77 | 99.14 | | |
| 39. ANNUAL % CHANGE IN KWH SOLD% | -0.61 | 1.78 | 6.18 | 4.49 | 6.04 | 5.94 | 9.43 | 6.84 | 1.66 | -6.45 | | |
| 40. MWH / MILE OF LINE | 101.77 | 102.59 | 108.22 | 98.29 | 186.28 | 197.49 | 1351.85 | 258.71 | 145.76 | 108.22 | LO | |
| 41. REVENUE / MWH(RESD EX SEAS)\$ | 74.81 | 78.71 | 86.75 | 87.80 | 75.80 | 75.76 | 88.20 | 80.06 | 72.89 | 61.88 | HI | |
| 42. OP.REV / MWH(TOTAL SALES) \$ | 74.18 | 78.33 | 86.09 | 82.71 | 72.26 | 72.04 | 86.09 | 79.50 | 68.10 | 30.94 | HI | |
| 43. OP.REV LESS COST POWER/MWH \$ | 32.24 | 30.82 | 30.85 | 33.35 | 18.62 | 19.60 | 30.85 | 25.81 | 17.68 | 3.13 | HI | |
| 44. COST OF POWER / MWH SOLD \$ | 41.94 | 47.51 | 55.24 | 51.82 | 54.04 | 53.68 | 55.44 | 54.62 | 50.62 | 27.81 | HI | |
| 45. COMM+IND+IRR MWH/TOTAL MWH % | 27.75 | 28.44 | 28.34 | 33.46 | 33.00 | 36.22 | 92.15 | 50.07 | 27.86 | 20.93 | | |
| 46. O+M+A&G+CUST ACCT EXP /MWH \$ | 18.09 | 18.95 | 17.39 | 17.25 | 11.10 | 11.20 | 17.39 | 14.10 | 8.71 | 1.94 | HI | |
| PLANT INVESTMENT | | | | | | | | | | | | |
| 47. TOTAL PLANT / 1000 \$ | 43724.88 | 45996.66 | 48215.02 | 47814.01 | 71937.69 | 79833.25 | 209103.12 | 147346.69 | 54455.87 | 11844.18 | | |
| 48. TOTAL PLANT / MWH SOLD \$ | 180.75 | 186.82 | 184.43 | 213.56 | 130.57 | 130.00 | 200.48 | 173.66 | 106.65 | 22.37 | HI | |
| 49. TOTAL PLANT / MILE OF LINE \$ | 18394.98 | 19165.28 | 19958.20 | 21255.12 | 26015.14 | 26132.54 | 35277.77 | 30239.07 | 22757.90 | 16106.67 | LO | |
| 50. O+M EXP/ \$1000 TOTAL PLANT \$ | 61.07 | 58.73 | 53.14 | 44.11 | 46.60 | 46.96 | 79.68 | 55.46 | 42.65 | 36.95 | | |
| 51. TAXES / \$1000 TOTAL PLANT \$ | 0.53 | 0.48 | 0.47 | 4.63 | 0.51 | 0.53 | 18.53 | 2.65 | 0.45 | 0.02 | | |
| 52. ACCUM. DEPREC/PLANT IN SVC % | 13.77 | 13.69 | 14.00 | 31.27 | 24.47 | 25.90 | 46.92 | 30.20 | 21.98 | 14.00 | LO | |
| 53. NET NEW PLANT/TOTAL PLANT % | 5.71 | 5.20 | 4.82 | 4.99 | 5.95 | 5.79 | 8.59 | 6.51 | 4.99 | 3.53 | LO | |
| 54. GENERAL PLANT / CONSUMER \$ | 133.94 | 138.48 | 147.63 | 256.60 | 145.80 | 155.48 | 290.34 | 180.04 | 122.46 | 92.02 | | |
| 55. HEADQTR PLANT / CONSUMER \$ | 57.57 | 57.02 | 65.34 | 126.70 | 78.77 | 80.26 | 294.54 | 116.74 | 62.43 | 20.19 | | |
| LONG TERM DEBT | | | | | | | | | | | | |
| 56. LONG TERM DEBT/TOTAL ASSETS% | 49.94 | 51.39 | 52.88 | 46.35 | 52.66 | 50.16 | 59.67 | 55.91 | 46.41 | 0.33 | | |
| 57. INTEREST L.T. /AVG L.T.DEBT% | 4.22 | 3.97 | 4.43 | 5.10 | 4.46 | 4.77 | 6.42 | 5.05 | 4.25 | 3.80 | | |
| 58. RUS DEBT / TOTAL L.T. DEBT % | 90.51 | 91.63 | 92.52 | 78.90 | 81.90 | 78.12 | 100.00 | 85.70 | 66.03 | 42.73 | HI | |
| REVENUE | | | | | | | | | | | | |
| 59. INTEREST EXP. / OP.REVENUE % | 5.76 | 5.49 | 5.52 | 4.90 | 4.25 | 4.09 | 6.51 | 5.43 | 2.80 | 0.03 | HI | |
| 60. INT. EXP./OP.REV-POWER COST% | 13.26 | 13.95 | 15.40 | 13.07 | 15.24 | 14.92 | 21.44 | 15.75 | 12.53 | 0.09 | | |
| 61. COST OF POWER / OP.REVENUE % | 56.54 | 60.65 | 64.16 | 60.11 | 73.94 | 73.23 | 89.88 | 74.54 | 67.14 | 57.52 | LO | |
| OPERATING RATIOS | | | | | | | | | | | | |
| 62. ELEC.INV. TURNOVER RATIO | 3.54 | 2.06 | 1.41 | 1.58 | 2.25 | 2.21 | 6.07 | 3.02 | 1.68 | -0.69 | LO | |
| 63. ELEC.INV. EOY /TOTAL PLANT % | 0.58 | 0.76 | 0.94 | 1.18 | 0.69 | 0.71 | 2.15 | 0.87 | 0.55 | 0.33 | HI | |
| 64. CONSTR W.I.P./PLT ADDITIONS% | 12.67 | 16.90 | 22.58 | 29.58 | 20.59 | 22.58 | 89.38 | 44.92 | 11.13 | 1.65 | | |
| 65. NET NEW SERVICE/TOTAL SERV % | 2.35 | 2.42 | 1.89 | 1.63 | 1.88 | 1.73 | 4.41 | 2.68 | 1.16 | 0.41 | | |
| 66. IDLE SERVICE/TOTAL SERVICE % | 10.11 | 10.88 | 11.67 | 8.13 | 8.21 | 8.34 | 17.38 | 13.30 | 5.50 | 1.03 | | |
| 67. ANNUAL LOAD FACTOR % | 46.55 | 44.30 | 49.34 | 51.12 | 48.83 | 50.18 | 86.60 | 55.97 | 45.92 | 42.86 | | |
| 68. SYSTEM LOSS % | 4.12 | 6.58 | 5.90 | 6.27 | 4.68 | 4.89 | 7.05 | 5.90 | 4.28 | 0.53 | | |
| 69. TOT.HRS.OUTAGE PER CONS(1YR) | 2.82 | 4.19 | 3.29 | 3.47 | 2.02 | 2.11 | 11.41 | 3.28 | 1.67 | 0.50 | HI | |
| 70. AMT. OVER 60 DAYS/OPER.REV % | 0.14 | 0.10 | 0.00 | 0.22 | 0.13 | 0.13 | 0.87 | 0.28 | 0.06 | 0.00 | LO | |
| 71. AMT. WRITTEN OFF /OPER.REV % | 0.49 | 0.51 | 0.41 | 0.18 | 0.30 | 0.26 | 3.21 | 0.36 | 0.20 | 0.07 | HI | |
| 72. OTHER INTR INC-EXP/\$1000 PLT | -0.59 | -0.64 | -0.62 | 2.05 | 0.68 | 1.16 | 24.28 | 3.41 | -0.45 | -1.60 | LO | |

REPORT NO. 168.1

BORROWER STATISTICAL PROFILE

12/13/07

KY 61 GRAYSON RURAL ELEC COOP CORP

SUPPLIED BY: East Kentucky Power Coop, Inc (KY059)

| ITEM | BORROWER DATA | | | MEDIAN VALUES | | | STATE VALUES | | | | | FLAG |
|-----------------------------------|---------------|----------|----------|---------------|------------|----------|--------------|----------|----------|----------|----|------|
| | 2004 | 2005 | 2006 | U.S. | PEER GROUP | STATE | MAX | Q3 | Q1 | MIN | | |
| FINANCIAL RATIOS | | | | | | | | | | | | |
| 1. TIER (ONE YEAR) | 1.22 | 1.48 | 0.96 | 2.26 | 1.26 | 1.28 | 3.37 | 1.56 | 0.91 | 0.27 | | |
| 2. AVERAGE TIER | 2.90 | 2.02 | 1.35 | 2.42 | 1.58 | 1.68 | 3.68 | 1.92 | 1.27 | 0.83 | | |
| 3. OTIER (ONE YEAR) | 1.19 | 1.44 | 0.94 | 1.75 | 1.09 | 1.14 | 3.02 | 1.41 | 0.73 | 0.02 | | |
| 4. AVERAGE OTIER | 2.07 | 1.62 | 1.32 | 1.94 | 1.31 | 1.51 | 3.43 | 1.74 | 0.99 | 0.78 | | |
| 5. MTIER (ONE YEAR) | 1.19 | 1.45 | 0.93 | 1.90 | 1.18 | 1.23 | 3.27 | 1.52 | 0.87 | 0.23 | | |
| 6. DSC (ONE YEAR) | 1.38 | 1.52 | 1.23 | 1.97 | 1.47 | 1.47 | 3.06 | 1.77 | 1.10 | 0.82 | | |
| 7. AVERAGE DSC | 2.35 | 1.78 | 1.45 | 2.14 | 1.58 | 1.65 | 3.16 | 2.02 | 1.40 | 1.21 | | |
| 8. ODSC (ONE YEAR) | 1.36 | 1.50 | 1.21 | 1.70 | 1.36 | 1.36 | 2.85 | 1.80 | 1.06 | 0.33 | | |
| 9. AVERAGE ODSC | 1.86 | 1.56 | 1.43 | 1.86 | 1.50 | 1.58 | 3.02 | 1.95 | 1.35 | 0.80 | | |
| 10. MDSC (ONE YEAR) | 1.36 | 1.50 | 1.21 | 1.76 | 1.43 | 1.43 | 3.01 | 1.76 | 1.08 | 0.78 | | |
| 11. PRR (ONE YEAR) | 6.06 | 5.98 | 6.46 | 6.39 | 6.59 | 6.58 | 7.89 | 7.17 | 5.98 | 5.63 | | |
| 12. EQUITY RATIO % | 32.06 | 32.78 | 32.84 | 41.64 | 35.76 | 36.02 | 61.43 | 38.51 | 28.69 | 24.76 | | |
| 13. MODIFIED EQUITY % | 23.22 | 24.01 | 24.00 | 32.83 | 22.88 | 24.21 | 47.31 | 33.81 | 19.50 | 12.06 | | |
| 14. OPERATING REVENUE / MILE \$ | 8037.10 | 9316.93 | 9292.12 | 9056.65 | 14646.77 | 15544.25 | 46635.60 | 19129.31 | 11756.42 | 9292.12 | LO | |
| 15. GENERAL FUNDS/TOTAL PLANT % | 0.12 | 0.13 | 0.11 | 4.45 | 1.22 | 2.25 | 10.40 | 6.01 | 1.13 | 0.11 | LO | |
| 16. CURRENT RATIO | 1.09 | 1.08 | 0.75 | 1.34 | 1.01 | 1.01 | 3.04 | 1.66 | 0.72 | 0.49 | | |
| 17. OPERATING MARGINS/RATE BASE% | 0.41 | 1.21 | -0.26 | 1.93 | 0.23 | 0.38 | 4.19 | 1.15 | -1.11 | -7.00 | | |
| 18. RATE OF RETURN ON RATE BASE% | 3.45 | 4.46 | 3.42 | 4.95 | 3.61 | 3.61 | 7.46 | 4.63 | 2.56 | 0.53 | | |
| 19. PAT.CAP.RETIRED/ TOT P.CAP.% | 5.15 | 5.17 | 5.32 | 23.34 | 14.30 | 13.14 | 33.51 | 24.49 | 0.00 | 0.00 | | |
| 20. PAT.CAP.RETIRED/NET MARGINS% | 1.53 | 13.86 | 4.33 | 24.98 | 4.93 | 2.16 | 65.44 | 39.04 | -0.02 | -24.67 | | |
| CONSUMER RATIOS | | | | | | | | | | | | |
| 21. AVG. TOTAL CONSUMERS SERVED | 15113.00 | 15302.00 | 15517.00 | 12203.00 | 24676.00 | 27734.50 | 61869.00 | 51456.75 | 23348.75 | 13089.00 | | |
| 22. CONSUMERS / MILE (DENSITY) | 6.34 | 6.38 | 6.38 | 5.85 | 9.12 | 9.17 | 12.89 | 10.49 | 7.84 | 6.38 | LO | |
| 23. CONSUMERS / EMPLOYEE | 345.80 | 350.52 | 353.32 | 278.58 | 407.94 | 398.69 | 599.71 | 450.83 | 359.77 | 297.70 | LO | |
| 24. LONG TERM DEBT / CONSUMER \$ | 1810.15 | 1855.08 | 1784.47 | 1788.94 | 1619.00 | 1589.40 | 2210.98 | 1826.00 | 1272.15 | 707.92 | | |
| 25. DIST+GENERAL PLT/ CONSUMER \$ | 2931.45 | 3017.51 | 3141.24 | 3606.95 | 2856.70 | 2886.94 | 3830.04 | 3047.69 | 2644.68 | 2153.16 | HI | |
| 26. NET MARGINS / AVG.CONSUMER \$ | 15.65 | 38.77 | -3.62 | 109.22 | 19.28 | 19.28 | 96.06 | 48.74 | -7.46 | -56.44 | | |
| 27. AVG.MO.KWH/RESID CONS EX SEAS | 1055.19 | 1109.33 | 1042.95 | 1160.92 | 1184.31 | 1222.56 | 1359.16 | 1262.84 | 1112.54 | 1042.95 | LO | |
| 28. AVG.MO.KWH/RESID CONS | 1055.19 | 1109.33 | 1042.95 | 1114.36 | 1176.25 | 1194.86 | 1359.16 | 1262.84 | 1100.13 | 1042.95 | LO | |
| 29. CUST. ACCT. EXP./ AVG.CON\$ | 48.77 | 53.90 | 52.91 | 52.61 | 53.51 | 51.44 | 65.53 | 59.94 | 43.24 | 37.49 | | |
| 30. ADM. & GEN. EXP./ AVG.CON\$ | 81.16 | 75.79 | 80.03 | 103.59 | 57.88 | 57.88 | 93.76 | 70.92 | 49.76 | 44.30 | HI | |
| 31. CUST SERV &INFO / AVG.CON\$ | 7.76 | 8.57 | 11.29 | 10.38 | 8.72 | 8.31 | 21.12 | 10.49 | 4.11 | 0.96 | HI | |
| 32. O+M+A&G+CUST ACCT/AVG.CON\$ | 308.68 | 297.14 | 295.87 | 339.50 | 258.39 | 261.21 | 348.87 | 290.35 | 231.31 | 179.36 | HI | |
| 33. PWR COST+TAX+DEP+INT/AVGCON\$ | 934.12 | 1118.22 | 1144.78 | 1260.82 | 1342.09 | 1372.69 | 5704.14 | 1777.30 | 1200.73 | 749.41 | LO | |

EX-101-17
 PAGE 3 OF 4

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**2007
KENTUCKY ELECTRIC COOPERATIVES
OPERATING EXPENSE STATISTICAL COMPARISONS
AVERAGE ANNUAL BASIS**

| COOPERATIVE NAME | DISTRIBUTION OPERATION PER MILE | DISTRIBUTION MAINTENANCE PER MILE | TOTAL OP. & MAINT. PER MILE | CONSUMER ACCOUNTING PER MILE | CONSUMER INFORMATION PER MILE | ADM. & GEN. EXPENSE PER MILE | TOTAL EXPENSE PER MILE | NUMBER OF EMPLOYEES | MILES OF LINE | RESIDENTIAL CONSUMERS BILLED | TOTAL RESIDENTIAL REVENUES | AVERAGE MONTHLY RES'L REV |
|---------------------------------|---------------------------------------|---|-----------------------------------|------------------------------------|-------------------------------------|------------------------------------|------------------------------|---------------------------|---------------------|------------------------------------|----------------------------------|---------------------------------|
| BIG SANDY RECC | 578 | 1,067 | 1,645 | 643 | 90 | 1,298 | 3,676 | 44 | 1,022 | 12,019 | 15,853,498 | 109.9 |
| BLUE GRASS ENERGY COOP | 608 | 965 | 1,573 | 524 | 226 | 917 | 3,240 | 114 | 4,535 | 51,794 | 68,578,375 | 110.3 |
| CLARK ENERGY COOP | 493 | 632 | 1,125 | 450 | 61 | 441 | 2,077 | 51 | 2,982 | 24,152 | 29,717,098 | 102.5 |
| CUMBERLAND VALLEY ELECTRIC | 437 | 602 | 1,239 | 592 | 64 | 465 | 2,360 | 56 | 2,577 | 22,021 | 27,983,567 | 105.9 |
| FARMERS RECC | 236 | 642 | 878 | 331 | 81 | 459 | 1,749 | 68 | 3,513 | 22,045 | 26,450,827 | 100.0 |
| FLEMING-MASON ENERGY | 374 | 653 | 1,027 | 456 | 48 | 374 | 1,905 | 52 | 3,483 | 17,627 | 23,419,768 | 110.7 |
| GRAYSON RECC | 414 | 828 | 1,242 | 357 | 89 | 541 | 2,229 | 44 | 2,454 | 14,342 | 18,131,615 | 105.4 |
| INTER-COUNTY ENERGY | 506 | 382 | 888 | 451 | 132 | 472 | 1,943 | 62 | 3,630 | 23,892 | 33,391,723 | 116.5 |
| JACKSON ENERGY COOP | 644 | 798 | 1,442 | 571 | 82 | 635 | 2,730 | 130 | 5,652 | 47,615 | 66,382,819 | 118.2 |
| LICKING VALLEY RECC | 833 | 701 | 1,334 | 368 | 60 | 462 | 2,224 | 45 | 2,020 | 18,125 | 18,876,065 | 97.6 |
| NOLIN RECC | 948 | 1,045 | 1,993 | 636 | 215 | 840 | 3,684 | 92 | 2,917 | 28,324 | 39,872,514 | 116.7 |
| OWEN EC | 890 | 725 | 1,615 | 788 | 89 | 686 | 3,178 | 138 | 4,428 | 54,003 | 66,458,715 | 102.6 |
| SALT RIVER ELECTRIC | 524 | 524 | 1,048 | 512 | 93 | 629 | 2,282 | 75 | 3,903 | 42,663 | 57,330,349 | 112.0 |
| SHELBY ENERGY COOP | 552 | 566 | 1,118 | 370 | 65 | 319 | 1,872 | 31 | 2,065 | 14,424 | 19,684,110 | 113.7 |
| SOUTH KENTUCKY RECC | 492 | 832 | 1,324 | 520 | 113 | 520 | 2,477 | 157 | 6,600 | 57,508 | 67,646,098 | 98.0 |
| TAYLOR COUNTY RECC | 441 | 441 | 882 | 307 | 39 | 370 | 1,598 | 59 | 3,150 | 22,031 | 25,472,592 | 96.4 |
| EKPC GROUP AVERAGE | 548 | 725 | 1,273 | 492 | 97 | 589 | 2,451 | 76 | 3,433 | 29,412 | 37,815,608 | 107.1 |
| JACKSON PURCHASE ENERGY | 580 | 1,037 | 1,617 | 343 | 88 | 615 | 2,683 | 79 | 3,271 | 25,782 | 25,697,986 | 83.1 |
| KENERGY CORP | 561 | 1,169 | 1,730 | 405 | 47 | 413 | 2,595 | 156 | 6,974 | 44,758 | 50,041,715 | 93.2 |
| MEADE COUNTY RECC | 632 | 809 | 1,441 | 409 | 84 | 400 | 2,334 | 86 | 2,959 | 25,453 | 21,982,113 | 72.0 |
| BIG RIVERS GROUP AVERAGE | 591 | 1,005 | 1,596 | 386 | 73 | 476 | 2,531 | 100 | 4,401 | 31,998 | 32,573,941 | 84.8 |
| HICKMAN-FULTON COUNTIES RECC | 477 | 1,118 | 1,595 | 241 | 49 | 488 | 2,373 | 16 | 688 | 2,954 | 4,578,311 | 129.1 |
| PENNYRILE RECC | 689 | 643 | 1,332 | 395 | 83 | 524 | 2,334 | 123 | 5,047 | 27,057 | 51,817,219 | 116.5 |
| TRI-COUNTY EMC | 746 | 590 | 1,336 | 452 | 101 | 359 | 2,248 | 139 | 5,450 | 40,763 | 54,981,186 | 112.4 |
| WARREN RECC | 776 | 881 | 1,657 | 556 | 157 | 881 | 3,251 | 151 | 5,584 | 48,774 | 69,955,053 | 119.5 |
| WEST KENTUCKY RECC | 677 | 1,461 | 2,138 | 608 | 59 | 441 | 3,246 | 84 | 3,881 | 30,694 | 45,691,877 | 124.1 |
| TVA GROUP AVERAGE | 673 | 939 | 1,612 | 450 | 90 | 539 | 2,691 | 103 | 4,130 | 32,048 | 45,404,329 | 118.1 |
| OVERALL AVERAGE | 580 | 805 | 1,385 | 470 | 92 | 565 | 2,512 | 85 | 3,699 | 30,284 | 38,741,383 | 106.6 |

**2007
KENTUCKY ELECTRIC COOPERATIVES
OPERATING EXPENSE STATISTICAL COMPARISONS
AVERAGE ANNUAL BASIS**

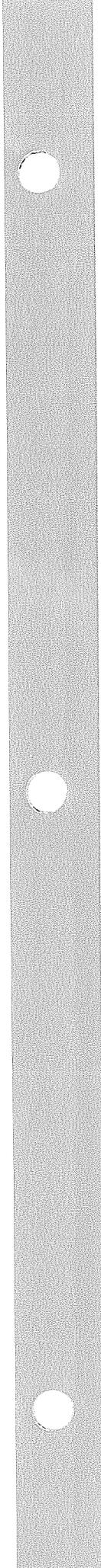
| COOPERATIVE NAME | DISTRIBUTION OPERATION PER CONSUMER | DISTRIBUTION MAINTENANCE PER CONSUMER | TOTAL OP. & MAINT. PER CONSUMER | CONSUMER ACCOUNTING PER CONSUMER | CONSUMER INFORMATION PER CONSUMER | ADM. & GEN. EXPENSE PER CONSUMER | TOTAL EXPENSE PER CONSUMER | NUMBER OF EMPLOYEES | MILES OF LINE | NUMBER OF CONSUMERS BILLED | MILES OF LINE PER EMPLOYEE | CONSUMERS PER EMPLOYEE | DENSITY CONSUMERS PER MILE |
|------------------------------|---|---|---------------------------------------|--|---|--|----------------------------------|---------------------------|---------------------|----------------------------------|----------------------------------|------------------------------|----------------------------------|
| BIG SANDY RECC | 45 | 83 | 128 | 50 | 7 | 101 | 286 | 44 | 1,022 | 13,138 | 23.2 | 298 | 12.8 |
| BLUE GRASS ENERGY COOP | 51 | 81 | 132 | 44 | 19 | 77 | 272 | 114 | 4,535 | 54,021 | 39.8 | 474 | 11.9 |
| CLARK ENERGY COOP | 57 | 73 | 130 | 52 | 7 | 51 | 240 | 51 | 2,982 | 25,801 | 58.5 | 506 | 8.7 |
| CUMBERLAND VALLEY ELECTRIC | 48 | 88 | 136 | 65 | 7 | 51 | 259 | 56 | 2,577 | 23,487 | 46.0 | 419 | 9.1 |
| FARMERS RECC | 35 | 95 | 130 | 49 | 12 | 68 | 259 | 68 | 3,513 | 23,729 | 52.0 | 349 | 6.8 |
| FLEMING-MASON ENERGY | 55 | 96 | 151 | 67 | 7 | 55 | 280 | 52 | 3,483 | 23,687 | 67.0 | 456 | 6.8 |
| GRAYSON RECC | 65 | 130 | 195 | 56 | 14 | 85 | 350 | 44 | 2,454 | 15,631 | 55.8 | 355 | 6.4 |
| INTER-COUNTY ENERGY | 73 | 55 | 128 | 65 | 19 | 68 | 280 | 62 | 3,630 | 25,185 | 58.6 | 406 | 6.9 |
| JACKSON ENERGY COOP | 71 | 88 | 159 | 63 | 9 | 70 | 301 | 130 | 5,652 | 51,244 | 43.5 | 394 | 9.1 |
| LICKING VALLEY RECC | 74 | 82 | 156 | 43 | 7 | 54 | 260 | 45 | 2,020 | 17,272 | 45.0 | 384 | 9.0 |
| NOLIN RECC | 88 | 97 | 185 | 59 | 20 | 78 | 342 | 92 | 2,917 | 31,422 | 31.7 | 342 | 10.8 |
| OWEN EC | 70 | 57 | 127 | 62 | 7 | 54 | 250 | 138 | 4,428 | 56,290 | 32.1 | 408 | 12.7 |
| SALT RIVER ELECTRIC | 45 | 45 | 90 | 44 | 8 | 54 | 196 | 75 | 3,903 | 45,453 | 52.0 | 606 | 11.7 |
| SHELBY ENERGY COOP | 76 | 78 | 154 | 51 | 9 | 44 | 258 | 31 | 2,065 | 14,980 | 66.6 | 484 | 7.3 |
| SOUTH KENTUCKY RECC | 52 | 88 | 140 | 55 | 12 | 55 | 282 | 157 | 6,600 | 62,408 | 42.0 | 398 | 9.5 |
| TAYLOR COUNTY RECC | 56 | 56 | 112 | 39 | 5 | 47 | 203 | 59 | 3,150 | 24,752 | 53.4 | 420 | 7.9 |
| EKPC GROUP AVERAGE | 60 | 81 | 141 | 54 | 11 | 63 | 289 | 76 | 3,433 | 31,784 | 45.2 | 418 | 9.3 |
| JACKSON PURCHASE ENERGY | 66 | 118 | 184 | 39 | 10 | 70 | 303 | 79 | 3,271 | 28,747 | 41.4 | 364 | 8.8 |
| KENERGY CORP | 72 | 150 | 222 | 52 | 6 | 53 | 333 | 156 | 6,974 | 54,337 | 44.7 | 348 | 7.8 |
| MEADE COUNTY RECC | 68 | 87 | 155 | 44 | 9 | 43 | 251 | 66 | 2,959 | 27,520 | 45.0 | 417 | 9.3 |
| BIG RIVERS GROUP AVERAGE | 69 | 118 | 187 | 45 | 8 | 55 | 295 | 100 | 4,401 | 36,861 | 44.0 | 369 | 8.4 |
| HICKMAN-FULTON COUNTIES RECC | 87 | 204 | 291 | 44 | 9 | 89 | 433 | 16 | 688 | 3,770 | 43.0 | 236 | 5.5 |
| PENNYRILE RECC | 75 | 70 | 145 | 43 | 9 | 57 | 254 | 123 | 5,047 | 46,393 | 41.0 | 377 | 9.2 |
| TRI-COUNTY EMC | 81 | 64 | 145 | 49 | 11 | 39 | 244 | 139 | 5,450 | 50,223 | 39.2 | 361 | 9.2 |
| WARREN RECC | 74 | 84 | 158 | 53 | 15 | 84 | 310 | 151 | 5,584 | 58,591 | 37.0 | 388 | 10.5 |
| WEST KENTUCKY RECC | 69 | 149 | 218 | 62 | 6 | 45 | 331 | 84 | 3,881 | 38,057 | 46.2 | 453 | 9.8 |
| TVA GROUP AVERAGE | 77 | 114 | 191 | 50 | 10 | 63 | 314 | 103 | 4,130 | 39,407 | 40.1 | 383 | 9.6 |
| OVERALL AVERAGE | 65 | 92 | 157 | 52 | 10 | 62 | 281 | 85 | 3,699 | 34,007 | 43.5 | 400 | 9.2 |

**2006
KENTUCKY ELECTRIC COOPERATIVES
OPERATING EXPENSE STATISTICAL COMPARISONS
AVERAGE ANNUAL BASIS**

| COOPERATIVE NAME | DISTRIBUTION OPERATION PER MILE | DISTRIBUTION MAINTENANCE PER MILE | TOTAL OP. & MAINT. PER MILE | CONSUMER ACCOUNTING PER MILE | CONSUMER INFORMATION PER MILE | ADM. & GEN. EXPENSE PER MILE | TOTAL EXPENSE PER MILE | NUMBER OF EMPLOYEES | MILES OF LINE | RESIDENTIAL CONSUMERS BILLED | TOTAL RESIDENTIAL REVENUES | AVERAGE MONTHLY RES'L REV |
|------------------------------|---------------------------------------|---|-----------------------------------|------------------------------------|-------------------------------------|------------------------------------|------------------------------|---------------------------|---------------------|------------------------------------|----------------------------------|---------------------------------|
| BIG SANDY RECC | 90 | 1,069 | 1,159 | 709 | 142 | 1,211 | 3,221 | 44 | 1,016 | 11,985 | 14,192,128 | 98.7 |
| BLUE GRASS ENERGY COOP | 533 | 782 | 1,315 | 557 | 190 | 877 | 2,939 | 115 | 4,487 | 51,011 | 81,513,915 | 100.5 |
| CLARK ENERGY COOP | 550 | 636 | 1,186 | 370 | 52 | 430 | 2,038 | 53 | 2,968 | 23,888 | 27,327,922 | 95.4 |
| CUMBERLAND VALLEY ELECTRIC | 474 | 810 | 1,284 | 537 | 73 | 510 | 2,404 | 52 | 2,559 | 21,861 | 24,948,723 | 95.1 |
| FARMERS RECC | 242 | 484 | 726 | 262 | 74 | 437 | 1,499 | 71 | 3,481 | 21,745 | 23,743,770 | 91.0 |
| FLEMING-MASON ENERGY | 358 | 838 | 1,196 | 426 | 27 | 338 | 1,987 | 52 | 3,456 | 17,424 | 20,907,145 | 100.0 |
| GRAYSON RECC | 369 | 669 | 1,038 | 337 | 70 | 509 | 1,954 | 44 | 2,437 | 14,239 | 16,223,795 | 95.0 |
| INTER-COUNTY ENERGY | 522 | 397 | 919 | 446 | 132 | 453 | 1,950 | 62 | 3,572 | 23,629 | 28,203,005 | 99.5 |
| JACKSON ENERGY COOP | 679 | 824 | 1,503 | 597 | 72 | 543 | 2,715 | 134 | 5,621 | 47,410 | 60,198,185 | 105.8 |
| LICKING VALLEY RECC | 611 | 628 | 1,239 | 314 | 51 | 517 | 2,121 | 44 | 2,014 | 15,961 | 18,373,586 | 95.9 |
| NOLIN RECC | 852 | 982 | 1,834 | 636 | 227 | 831 | 3,528 | 93 | 2,841 | 28,643 | 33,591,739 | 97.7 |
| OWEN EC | 927 | 877 | 1,804 | 815 | 63 | 664 | 3,346 | 135 | 4,400 | 52,935 | 58,817,668 | 92.6 |
| SALT RIVER ELECTRIC | 468 | 456 | 924 | 538 | 82 | 643 | 2,187 | 78 | 3,847 | 42,236 | 49,796,107 | 98.3 |
| SHELBY ENERGY COOP | 535 | 721 | 1,256 | 401 | 82 | 342 | 2,081 | 31 | 2,025 | 14,485 | 17,784,401 | 102.3 |
| SOUTH KENTUCKY RECC | 464 | 823 | 1,287 | 492 | 85 | 511 | 2,375 | 158 | 6,540 | 57,044 | 59,324,021 | 88.7 |
| TAYLOR COUNTY RECC | 484 | 445 | 929 | 312 | 39 | 375 | 1,655 | 55 | 3,135 | 21,774 | 22,725,012 | 87.0 |
| EKPC GROUP AVERAGE | 510 | 715 | 1,225 | 484 | 91 | 574 | 2,374 | 76 | 3,400 | 29,141 | 33,604,445 | 96.1 |
| JACKSON PURCHASE ENERGY | 544 | 1,053 | 1,597 | 333 | 88 | 614 | 2,632 | 79 | 3,244 | 25,608 | 23,847,988 | 77.6 |
| KENERGY CORP | 613 | 1,233 | 1,846 | 388 | 47 | 465 | 2,746 | 158 | 6,944 | 44,420 | 43,955,664 | 82.5 |
| MEADE COUNTY RECC | 625 | 782 | 1,407 | 405 | 74 | 414 | 2,300 | 66 | 2,937 | 25,001 | 20,297,372 | 67.7 |
| BIG RIVERS GROUP AVERAGE | 594 | 1,023 | 1,617 | 375 | 70 | 498 | 2,560 | 100 | 4,375 | 31,676 | 29,367,075 | 77.3 |
| HICKMAN-FULTON COUNTIES RECC | 464 | 1,102 | 1,566 | 245 | 22 | 676 | 2,509 | 13 | 685 | 2,972 | 4,311,951 | 120.9 |
| PENNYRILE RECC | 548 | 676 | 1,224 | 393 | 64 | 466 | 2,147 | 122 | 5,022 | 36,137 | 48,880,787 | 112.7 |
| TRI-COUNTY EMC | 740 | 594 | 1,334 | 429 | 100 | 329 | 2,192 | 137 | 5,427 | 40,263 | 52,780,772 | 109.2 |
| WARREN RECC | 713 | 961 | 1,674 | 517 | 145 | 786 | 3,122 | 149 | 5,558 | 47,977 | 64,825,495 | 112.6 |
| WEST KENTUCKY RECC | 616 | 1,308 | 1,924 | 578 | 47 | 417 | 2,966 | 86 | 3,970 | 30,588 | 41,190,556 | 112.3 |
| TVA GROUP AVERAGE | 616 | 928 | 1,544 | 432 | 76 | 535 | 2,587 | 101 | 4,132 | 31,583 | 42,397,912 | 111.9 |
| OVERALL AVERAGE | 543 | 798 | 1,341 | 460 | 85 | 557 | 2,443 | 86 | 3,674 | 29,967 | 34,906,746 | 97.1 |

2006
KENTUCKY ELECTRIC COOPERATIVES
OPERATING EXPENSE STATISTICAL COMPARISONS
AVERAGE ANNUAL BASIS

| COOPERATIVE NAME | DISTRIBUTION OPERATION PER CONSUMER | DISTRIBUTION MAINTENANCE PER CONSUMER | TOTAL OP. & MAINT. PER CONSUMER | CONSUMER ACCOUNTING PER CONSUMER | CONSUMER INFORMATION PER CONSUMER | ADM. & GEN. EXPENSE PER CONSUMER | TOTAL EXPENSE PER CONSUMER | NUMBER OF EMPLOYEES | MILES OF LINE | NUMBER OF CONSUMERS BILLED | MILES OF LINE PER EMPLOYEE | CONSUMERS PER EMPLOYEE | DENSITY CONSUMERS PER MILE |
|------------------------------|---|---|---------------------------------------|--|---|--|----------------------------------|---------------------------|---------------------|----------------------------------|----------------------------------|------------------------------|----------------------------------|
| BIG SANDY RECC | 7 | 83 | 90 | 55 | 11 | 94 | 250 | 44 | 1,016 | 13,089 | 23.0 | 297 | 13.0 |
| BLUE GRASS ENERGY COOP | 45 | 68 | 111 | 47 | 16 | 74 | 248 | 115 | 4,487 | 53,175 | 39.0 | 462 | 11.9 |
| CLARK ENERGY COOP | 64 | 74 | 138 | 43 | 6 | 50 | 237 | 53 | 2,966 | 25,508 | 56.0 | 481 | 8.6 |
| CUMBERLAND VALLEY ELECTRIC | 52 | 89 | 141 | 59 | 8 | 56 | 264 | 52 | 2,559 | 23,303 | 49.2 | 448 | 9.1 |
| FARMERS RECC | 36 | 72 | 108 | 39 | 11 | 65 | 223 | 71 | 3,481 | 23,377 | 49.0 | 329 | 6.7 |
| FLEMING-MASON ENERGY | 53 | 124 | 177 | 63 | 4 | 50 | 294 | 52 | 3,456 | 23,364 | 66.5 | 449 | 6.8 |
| GRAYSON RECC | 58 | 105 | 163 | 53 | 11 | 80 | 307 | 44 | 2,437 | 15,517 | 55.4 | 352 | 6.4 |
| INTER-COUNTY ENERGY | 75 | 57 | 132 | 64 | 19 | 65 | 280 | 62 | 3,572 | 24,869 | 57.6 | 401 | 7.0 |
| JACKSON ENERGY COOP | 75 | 91 | 166 | 66 | 8 | 60 | 300 | 134 | 5,621 | 50,884 | 42.0 | 380 | 9.1 |
| LICKING VALLEY RECC | 72 | 74 | 146 | 37 | 6 | 61 | 250 | 44 | 2,014 | 17,085 | 46.0 | 388 | 8.0 |
| NOLIN RECC | 79 | 91 | 170 | 59 | 21 | 77 | 327 | 93 | 2,841 | 30,649 | 30.6 | 330 | 10.8 |
| OWEN EC | 74 | 70 | 144 | 65 | 5 | 53 | 267 | 135 | 4,400 | 55,141 | 33.0 | 408 | 12.5 |
| SALT RIVER ELECTRIC | 40 | 39 | 79 | 46 | 7 | 55 | 187 | 78 | 3,847 | 44,979 | 49.3 | 577 | 11.7 |
| SHELBY ENERGY COOP | 72 | 97 | 169 | 54 | 11 | 46 | 280 | 31 | 2,025 | 15,053 | 65.0 | 486 | 7.0 |
| SOUTH KENTUCKY RECC | 49 | 87 | 136 | 52 | 9 | 54 | 251 | 158 | 6,540 | 61,869 | 41.4 | 391 | 9.5 |
| TAYLOR COUNTY RECC | 62 | 57 | 119 | 40 | 5 | 48 | 212 | 55 | 3,135 | 24,483 | 57.0 | 445 | 7.8 |
| EKPC GROUP AVERAGE | 57 | 80 | 137 | 53 | 10 | 62 | 262 | 76 | 3,400 | 31,397 | 44.7 | 413 | 9.2 |
| JACKSON PURCHASE ENERGY | 62 | 120 | 182 | 38 | 10 | 70 | 300 | 79 | 3,244 | 28,461 | 41.1 | 360 | 8.8 |
| KENERGY CORP | 79 | 159 | 238 | 50 | 6 | 60 | 354 | 156 | 6,944 | 53,860 | 44.5 | 345 | 7.8 |
| MEADE COUNTY RECC | 68 | 85 | 153 | 44 | 8 | 45 | 250 | 66 | 2,937 | 27,008 | 45.0 | 409 | 9.2 |
| BIG RIVERS GROUP AVERAGE | 70 | 121 | 191 | 44 | 8 | 58 | 301 | 100 | 4,375 | 36,443 | 43.8 | 364 | 8.3 |
| HICKMAN-FULTON COUNTIES RECC | 85 | 202 | 287 | 45 | 4 | 124 | 460 | 13 | 685 | 3,736 | 52.7 | 287 | 5.5 |
| PENNYRILE RECC | 60 | 74 | 134 | 43 | 7 | 51 | 235 | 122 | 5,022 | 45,877 | 41.2 | 376 | 9.1 |
| TRI-COUNTY EMC | 81 | 65 | 146 | 47 | 11 | 36 | 240 | 137 | 5,427 | 49,561 | 39.6 | 362 | 9.1 |
| WARREN RECC | 69 | 93 | 162 | 50 | 14 | 76 | 302 | 149 | 5,556 | 57,431 | 37.0 | 385 | 10.3 |
| WEST KENTUCKY RECC | 65 | 138 | 203 | 61 | 5 | 44 | 313 | 86 | 3,970 | 37,639 | 46.2 | 438 | 9.5 |
| TVA GROUP AVERAGE | 72 | 114 | 186 | 49 | 8 | 66 | 309 | 101 | 4,132 | 38,849 | 40.9 | 385 | 9.4 |
| OVERALL AVERAGE | 62 | 92 | 154 | 51 | 9 | 62 | 276 | 85 | 3,674 | 33,580 | 43.2 | 395 | 9.1 |



Witness: Alan Zumstein

Grayson Rural Electric Cooperative
Case No. 2008-00254
Capitalization Policies

Benefits
Distribution

| | | |
|--------|--------------------------------|------------------|
| 107.20 | Construction work in progress | 292,422 |
| 108.80 | Retirement work in progress | 67,395 |
| 142.2 | Due from other cooperatives | 2,447 |
| 163.00 | Stores | 106,468 |
| 184.00 | Transportation | 13,591 |
| 242.52 | Employee sick leave | |
| 416.00 | Non operating accounts | 2,625 |
| 583.00 | Overhead line | 31,926 |
| 584.00 | Underground | 206 |
| 586.00 | Meter | 153,655 |
| 588.00 | Miscellaneous distribution | 7,571 |
| 590.00 | Maintenance | 65,374 |
| 593.00 | Overhead line | 210,622 |
| 594.00 | Underground | 674 |
| 595.00 | Transformers | 4,807 |
| 596.00 | Street lights | 2,799 |
| 598.00 | Miscellaneous maintenance | 14,285 |
| 901.00 | Supervision, customer accounts | 24,354 |
| 902.00 | Meter reading | 343 |
| 903.00 | Consumer records | 192,552 |
| 909.00 | Consumer information | 41,802 |
| 912.00 | Demonstration and selling | 11,132 |
| 920.00 | Administrative | 271,121 |
| 926.00 | Employee benefits | 21,435 |
| 930.00 | Miscellaneous | 11,644 |
| 935.00 | Maintenance general plant | <u>5,013</u> |
| | Total | <u>1,556,264</u> |

Benefits include the following:

| | |
|-------------------------|----------------|
| Medical insurance | 652,299 |
| Life insurance | 11,602 |
| Retirement | 344,778 |
| Savings plan 401(k) | 22,435 |
| Postretirement benefits | 250,497 |
| Workers' compensation | 94,228 |
| Payroll taxes | <u>180,425</u> |

1,556,264

Grayson accumulates all benefits, then allocates these to accounts based on the labor distribution for the month. The above is the actual allocation for the test year for the above benefits

The total number of employees is 44, with an average benefit cost of \$35,370.

Witness: Alan Zumstein

Grayson Rural Electric Cooperative

Case No. 2008-00254

May 31, 2008

Capital credits were paid as follows:

| | <u>General</u> | <u>Estates</u> | <u>Total</u> |
|-------------|------------------|--------------------|--------------------|
| 2007 | | \$173,353 | \$173,353 |
| 2006 | 0 | 25,715 | 25,715 |
| 2005 | 0 | 32,790 | 32,790 |
| 2004 | 0 | 24,828 | 24,828 |
| 2003 | 0 | 5,092 | 5,092 |
| 2002 | 0 | 0 | 0 |
| Prior years | <u>160,657</u> | <u>742,903</u> | <u>903,560</u> |
| Total | <u>\$160,657</u> | <u>\$1,004,681</u> | <u>\$1,165,338</u> |

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION
GRAYSON, KENTUCKY

BOARD POLICY NO. 204

SUBJECT: EQUITY MANAGEMENT/CAPITAL CREDITS POLICY

I. OBJECTIVE

- A. Assure the financial integrity of Grayson Rural Electric Cooperative Corporation at all times so that it can be certain of providing high quality electric service on a continuing basis to its members.
- B. Establish means whereby Grayson Rural Electric Cooperative Corporation's members will, in fact, receive electric service at cost, and as a result, enable them to clearly see the benefits of receiving service from their Cooperative as compared to an investor-owned utility or municipality.
- C. To establish the standards, rules, methodologies and procedures governing the Cooperative's retirement of capital credits.

II. POLICY

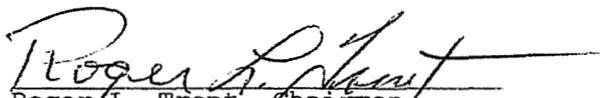
- A. Capital credit retirements will be made only upon authorization by the Board of Directors based upon its determination that such is in the best interest of the Cooperative and will not impair the Cooperative's financial condition. Such retirements shall also be subject to any applicable restrictions contained in the Cooperative's mortgages or loan contracts with the United States Rural Utilities Service (RUS), National Rural Utilities Cooperative Finance Corporation (CFC) or any other lender of funds to the Cooperative and shall also be subject to any orders or regulations of the Public Service Commission of Kentucky (PSC) as are applicable to the Cooperative.
- B. No retirement of capital that has been separately accounted for and credited to a patron in relation to capital credits issued to the Cooperative by an affiliated organization (such as G & T) shall be authorized or made until and unless the Cooperative shall have received its own retirement of such credits in cash or by way of billing credits.
- C. Any capital credit refunds appropriated under the guidelines of (A) above should be first applied against the settlement of estates of deceased members. These payments may be paid on a discounted basis, up to the date of death of the deceased member.

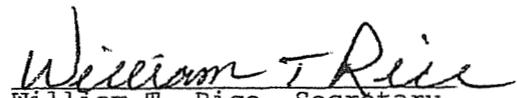
GRECC BOARD POLICY NO. 204
PAGE 2

- D. Capital credits may be retired to Cooperative patrons by check or by way of billing credits, whichever is decided to be most effective and in the Cooperative's best interest. In accordance with the Bylaws of the Cooperative, Article I., Section 1, "Upon the death of a member the membership may be transferred to the surviving spouse provided the surviving spouse requests such transfer and the transfer is not a violation of the deceased's Will." At that time the surviving spouse may apply for the capital credits accrued to the estate of the deceased member. Capital credits will be accrued to the date of death of the member. If there is no surviving spouse, application for payment of capital credits can be made by the legal representative of the estate or its' heirs. All capital credits accrued after the death of a member shall be forfeited unless the account is transferred in accordance with Cooperative policies within six months of the death of said member
- E. After settlement of estates of deceased members mentioned in (C) above, any other retirements in any given year shall be made in such aggregate amounts and for all or a portion of such one or more years as the Board of Directors in its discretion shall determine.
- F. The discretionary powers of such capital credits repayment shall remain with the Board of Directors of Grayson Rural Electric Cooperative Corporation as stated in the Cooperative's Bylaws, Article VII, Section 2, and nothing stated in this policy will diminish that right.

III. RESPONSIBILITY

It shall be the responsibility of the Board of Directors and the President & CEO to see that this policy is adhered to. This revised policy is a combination of former policies 204, 205, and 206, thus updating Policy 204 and rescinding 205 and 206.


Roger L. Trent, Chairman


William T. Rice, Secretary

Date Adopted: 06/21/85
Date Revised: 07/23/93
Minute Book Page: 2287 - 2288
Date Revised: 01/24/97
Minute Book Page: 2839 - 2840
Date Revised: 04/24/03
Minute Book Page: 3502 - 3504

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Section 4. All employees who are members of the UNION on the effective date of this Agreement shall be required to remain members of the UNION in good standing as a condition of employment during the term of this Agreement. Local Union 317 will provide the COOPERATIVE a complete and current membership list, updated as necessary. Huntington Local 317 will provide the COOPERATIVE with an enrollment card for any new UNION member before the 31st day of employment, so that UNION dues can be added to his/her payroll deduction. The COOPERATIVE agrees to collect UNION dues and remit them to Huntington Local 317 on a quarterly basis, and also to collect kitty fund dues and remit them to Local 317 treasurer on a monthly basis. New employees and employees who are not now members of the UNION shall be required to become and remain members of the UNION in good standing as a condition of employment within thirty-one (31) days following the date of their employment or the effective date of the Agreement, whichever is later. The terms of this Agreement shall apply to all such employees prior to their becoming members of the UNION.

Section 5. The COOPERATIVE agrees not to discriminate against any employee on account of UNION membership or UNION activity. The COOPERATIVE agrees to withhold UNION dues through the weekly payroll deduction plan and submit them to the Union Hall.

Section 6. The COOPERATIVE will recognize the following number of properly certified UNION representatives for the purpose of representing employees in the manners specified in this Agreement.

- (a) Business Manager of Local Union No. 317.
- (b) Assistant Business Manager of Local Union No. 317.
- (c) Immediate I.B.E.W. International Representative.
- (d) The Joint Conference Committee Consisting of three (3) representatives of the UNION.
- (e) Steward.

When a properly certified UNION representative is unable to participate as specified by this Agreement for any reason, the UNION will notify the COOPERATIVE within twenty-four (24) hours and the COOPERATIVE will recognize an alternate, certified by the UNION, who may act for him.

ARTICLE III MANAGEMENT CLAUSE

President & CEO of the COOPERATIVE has the exclusive authority to execute all of the various functions and responsibilities incident hereto which are vested in the COOPERATIVE. The direction of the workforce, the establishment of plant policies; the determination of the processes and means of operations, the units of personnel required to perform such processes and other responsibilities incidental to the operation and maintenance of the electrical system are vested in the COOPERATIVE. Such duties, functions, and responsibilities shall include the management of the work; the direction of the work, the supervision, direction and control of the working force, the right to hire, the right to discharge, right to discipline for just cause, or place employees, and are vested exclusively in the COOPERATIVE. The UNION shall not abridge this right provided there is no discrimination and nothing is done in violation of this Agreement. Nothing in this Agreement shall be construed to in any way restrict the installation, use, or application of labor saving devices, or equipment, provided safety of employees is not jeopardized. The UNION will be notified of any changes in **Board Policy # 504 Sick Leave, Accrual of Sick Leave and Accounting of Sick Leave Earned, Board Policy # 505 Payment of Sick Leave Upon Retirement or Termination, Board Policy # 510 Vacation, Board Policy # 511 Jury Duty, Board Policy # 512 Family Leave, Military Leave, etc., and Board Policy # 514 Insurance Benefits.**

The exercise of such authority shall not conflict with the rights of the UNION under the terms of this Agreement.

ARTICLE IV CONTINUITY OF OPERATION

Section 1. The UNION agrees that it will not authorize a strike, work stoppage, picket line, slow down or secondary boycott for the life of this Agreement. The COOPERATIVE agrees that it will not engage in a lockout.

ARTICLE VI VACATIONS

Section 1. An employee will be entitled to a vacation with pay in each calendar year, based upon the length of his/her continuous service in accordance with the following schedule:

- (a) One year but less than eight years of continuous service - ten workdays of vacation.
- (b) Eight years or more of continuous service - one additional day of vacation for each additional year of continuous service, including the eighth year, not to exceed twenty-six (26) workdays of vacation.
- (c) An employee must complete the full minimum continuous service requirements before becoming eligible to take vacation or additional vacation.

Section 2. The vacation period shall be on a calendar year basis from January 1, to December 31, inclusive.

- (a) An employee may carry forward into the succeeding year a maximum of 30 days of vacation earned, but not taken, or after 12 years of service may sell back to the COOPERATIVE vacation time in accordance with **Board Policy # 510 Vacation**.
- (b) No employee may be credited at the beginning of any calendar year with more than 30 days of previously accumulated vacation. All vacation earned in excess of the 30 day carry over will be taken within the vacation period.

Section 3. If a day observed as a holiday occurs during an employee's vacation such employee shall receive an additional day of vacation.

Section 4. Vacations are scheduled by the COOPERATIVE to be taken during the vacation period. Preference within a department as to dates will be given on the basis of seniority, provided such preference is indicated prior to February 1st.

An employee entitled to ten (10) workdays of vacation shall take at least one full work week of vacation at one time. The remaining balance of vacation may be taken or carried over in accordance with **Board Policy 510 Vacation**.

No pay will be made to an employee in lieu of vacation time, except after an employee becomes eligible for fifteen (15) workdays or more annual vacation in accordance with **Board Policy # 510 Vacation**. For the purpose of this sub-section overtime rules applicable to vacation time are hereby suspended.

Section 5. An employee who is laid off, released or discharged or who resigns will be paid for vacation earned but not taken at the time his/her employment is terminated.

Section 6. In the event an employee who is entitled to a vacation dies before he/she has taken that vacation, the person designated as beneficiary of his/her Group Life Insurance shall be entitled to his/her vacation pay.

ARTICLE VII HOURS OF WORK-OVERTIME

Section 1. Definitions:

Standard Workday means the continuous eight (8) hour period, excluding an interval of thirty (30) minutes for lunch, between the hours of 7:30 a.m. and 4:00 p.m., in any given day.

Standard Workweek means five (5) standard workdays, Monday through Friday inclusive within a workweek, amounting to a total of forty (40) hours.

Section 7. An employee who has completed his/her scheduled work day and returned home, and is recalled by the COOPERATIVE to perform work will receive not less than two (2) hours pay at one and one-half (1½) times his/her base hourly rate, or one and one-half (1½) times his/her regular rate for such work performed, whichever is greater.

Section 8. Holidays not worked, jury duty time, vacations, and funeral absences, which are compensated for under other appropriate provisions of this Agreement, will be credited as hours worked in computing overtime except that, to avoid duplication, there will be credited only eight (8) hours for any one (1) calendar day.

Section 9.

- (a) An employee required to work overtime shall be allowed time to eat in accordance with applicable state laws.
- (b) An employee who is required to work overtime and who works ten (10) or more continuous and successive hours will be paid a meal allowance of five (\$5.00) dollars unless the meal is provided by the COOPERATIVE. Any meal allowance will be included in his/her regular paycheck for that pay period. An additional meal allowance will be allowed for each four (4) hours of consecutive work performed thereafter.
- (c) No time will be deducted for meal periods during such overtime work, it being understood that they will be made as short as possible.

Section 10.

- (a) The following holidays will be observed: New Years Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the day after Thanksgiving Day, Christmas Eve, and Christmas Day. Any employee who has served in the United States Military will be entitled to a holiday on Veteran's Day. **(In accordance with Board Policy # 513 Holidays)**
- (b) Should Christmas fall on a Saturday, the preceding Thursday and Friday will be observed as holidays. Should Christmas fall on Sunday, Monday and Tuesday will be observed as holidays.
- (c) Should one of these holidays fall on a Saturday, it will be observed on the Friday preceding. Should one of these holidays fall on a Sunday, it shall be observed on the Monday following. Work on such Saturdays or Sundays shall not be compensated for under the holiday pay rules.
- (d) An employee who works on a day observed as a holiday will be paid at the rate of one and one-half (1½) times his/her base hourly rate for all such time worked, plus an amount equal to eight (8) times his/her base hourly rate, provided he/she meets the requirements.

Section 11. In cases of emergencies, an employee on vacation may be recalled from vacation, and in such event, he/she shall be paid one and one-half (1½) times his/her base hourly rate for actual time worked in addition to vacation pay as provided in Article VI, Section 1, or, with the approval of the employee's Department Head, equivalent hours may be taken off in lieu thereof.

Section 12. A employee who is required to serve on a municipal, county, state or federal petit, or grand jury, or who is subpoenaed as a witness in any case to testify as to facts observed by him/her shall be paid for such service at his/her base hourly rate for the time lost from his/her standard workday by reason of such service in accordance with **Board Policy # 511 Jury Duty**, subject to the following provisions:

- (a) An employ called for jury duty or as a witness and who is temporarily excused from attendance at court must report for work if a four hour period of time remains to be worked in his/her standard workday.

Section 13. Employees may not trade days off except with the prior approval of their respective Department Heads, and provided further that no overtime premium is involved.

- (e) Overtime of less than thirty (30) minutes will not be charged.
- (f) On the effective date of this Agreement all prior records of overtime are null and void.

Section 15. Overtime shall not be duplicated for the same hours under any of the terms of this Agreement, and to the extent that hours are compensated for as overtime under one provision they shall not be counted as hours worked in determining overtime compensation under the same or any other provisions, except as specifically provided therefore.

Section 16. An employee who has completed his/her probationary period and is a member of a reserve component of the Armed Forces and who is required to enter upon active annual temporary training duty, shall be paid the difference between the amount of pay he/she received from the Federal or State government for such duty and his/her base hourly rate for the time lost while on such duty up to a maximum period of two (2) weeks per year, subject to the following provisions:

- (a) An employee must submit to his/her Department Head, as soon as possible after receipt, evidence of orders to report for training.
- (b) When the employee returns to work he/she must submit to his/her Department Head a statement supporting payment for such duty.
- (c) Time off from work paid for under this section will not be counted as hours worked in the computation of overtime or premium pay.

ARTICLE VIII WAGES

Section 1. The base hourly rates, labor grades and job classifications as set forth in Section 6 of this Article shall have been fixed on a permanent basis which remains in effect for the duration of this Agreement.

Section 2. An employee who moves to a classification having a higher labor grade shall begin at the starting rate of the higher labor grade. However, if such starting rate is the same or less than his/her existing rate, he/she shall begin at the next step rate of the higher labor grade above his/her existing rate, but not to exceed the maximum.

Section 3. An employee who at the request of the COOPERATIVE is temporarily required to do the work in a classification other than his/her own shall suffer no reduction in his/her rate of pay. An employee assigned temporarily to do work in a job classification in a higher labor grade will be paid at the starting rate for the higher labor grade.

Section 4. An employee recalled to a classification will assume a rate at the same relative position in the rate range as he/she had established when placed on the recall list for such classification.

Section 5. The COOPERATIVE agrees to pay Maintenance Leadman's pay to at least one person in the north area and the south area at all times. It shall be at the discretion of the COOPERATIVE whether to substitute a Maintenance Leadman on a daily basis, in accordance with the work load. If an employee is designated to substitute for a Maintenance Leadman, he/she shall be paid Maintenance Leadman's pay for regular or overtime work.

Section 7. Effective July 1, 1975, all employees covered by this Agreement shall be paid on Friday of each week following one week's preparation time, from Sunday 12:01 a.m. to Saturday 12:00 p.m. In order to implement policy of paying on Friday of each week, the first payday will fall on July 13, 1975. When payday falls on a holiday, employees will be paid on the preceding day. (Amended 5/1/98)

In the event of a voluntary termination of employment an employee's final pay will be mailed or otherwise delivered on the regular scheduled payday. In the event of involuntary termination of employment the final pay will be mailed or otherwise delivered at the earliest practicable date.

Section 8. If a full-time employee (member of the UNION) is required to cut right-of-way, he/she will be paid at his/her regular rate of pay, plus fringes.

Section 9. Apprenticeship Program

The Apprenticeship Program for the position of (Lineman) shall be approved by the Kentucky Labor Cabinet and administered by the COOPERATIVE. The determination of whether or not there is a need for a person in the Apprenticeship Program shall be made independently and exclusively by the COOPERATIVE. Such person or persons shall be selected by the COOPERATIVE and eligibility for entry into the Apprenticeship Program shall be that established by the Apprenticeship Program as now exists or which may hereafter be adopted by the COOPERATIVE. Selection of such apprentices by the COOPERATIVE will be on the basis of qualifications and all applications will be afforded equal opportunity without regard to race, color, national origin, age or handicap so long as the applicants meet the qualifications established by the Apprenticeship Program.

Training which takes place as part of the Apprenticeship Program and shall be established and outlined in such Apprenticeship Program or such other program as may be adopted by the COOPERATIVE. The term of the Apprenticeship Program, training, schooling, responsibilities and obligations of the apprentice, standards of performance and other such matters shall be that which are contained in the Apprenticeship Program or other program as may be adopted by the COOPERATIVE.

The term of apprenticeship shall not be less than four (4) years of continuous employment. Apprentices will be paid at the following hourly rates of pay:

Apprentice/First Year - Seventy-five percent (75%) of the then existing wage rate for Lineman First Class.

Apprentice/Second Year - Eighty percent (80%) of the then-existing wage rate for Lineman First Class.

Apprentice/Third Year - Ninety percent (90%) of the then-existing wage rate for Lineman First Class.

Apprentice/Fourth Year - Ninety-five percent (95%) of the then-existing wage rate for First Class Lineman

First Class Lineman

An apprentice shall be on probation throughout the entire period of the Apprenticeship Program and shall accrue no seniority until such time as he/she has completed the full Apprenticeship Program. At the point in time when an Apprentice completes the entire Apprenticeship Program and is accepted as a regular employee of the COOPERATIVE, then his/her seniority shall date from the first day of employment in the Apprenticeship program. In the event of a reduction of force in the Lineman classification, Apprentices shall be laid off first and, in the event more than one (1) Apprentice is involved in the Apprenticeship Program, such Apprentices shall be laid off in such order as the COOPERATIVE shall determine in its sole discretion.

Section 4. Reduction in force.

- (a) When a reduction in force is to be made in a classification, those having the least amount of classification seniority shall be the first to be declared surplus.
- (b) In accordance with (a), the employee with the least classification seniority may exercise one of the following options:
 - 1. Transfer to another department and/or classification for which he/she is qualified and displace any employee with less seniority.
 - 2. Accept a layoff.
- (c) An employee physically handicapped by reason of occupational injury while employed by the COOPERATIVE shall be given special consideration, subject to his/her qualifications and seniority if a vacancy occurs.
- (d) In the event of a surplus, the Steward will be given a list of the names of employees who are surplus.
- (e) In the event of a layoff, the COOPERATIVE will mail to the UNION office a list of the names of the employees laid off.
- (f) When a reduction in force is necessary, the COOPERATIVE will notify employees who are affected as far in advance as possible.

Section 5. Filling a vacancy.

- (a) When the COOPERATIVE has determined that a vacancy exists in a classification, qualified employees on recall to that classification will be recalled in order of classification seniority, whether they have displaced other employees at the COOPERATIVE or have left the COOPERATIVE and are on the recall list.
- (b) When a vacancy cannot be filled by the procedures in (a) above, it will be posted for seven (7) calendar days at mutually agreed upon COOPERATIVE locations.
- (c) Vacancies will be awarded to the employee with the most seniority in another classification, who is qualified, and who has signed the posting subject to approval by the COOPERATIVE President & CEO. In the event a grievance is filed concerning qualifications under the preceding sentence, it shall be initiated at Step 2 of the grievance procedure. The hearing may be attended by the aggrieved employee and a representative of the UNION. If the grievance is not settled satisfactorily, it may be appealed to the Third Step in the grievance procedure. In the event a dispute concerning qualifications is referred by either party to arbitration, the Arbitration Board, as defined in Article V, Section 1, Step 4, of the Agreement shall have the authority to render a decision based on the criteria established by the COOPERATIVE.
 - 1. An employee who has been awarded a vacancy will be transferred as soon as possible but not later than thirty (30) days after being notified of the award.
 - 2. An employee who has been awarded a vacancy will be required to accept the vacancy.
 - 3. An employee awarded a vacancy will be given up to thirty (30) days with proper instructions to learn the job. If he/she is unable to learn the job he/she may return to his/her base classification and displace the employee with the least classification seniority.

- (c) Any employee who is absent from work because of an occupational disability arising out of and in the course of his employment, or purposely self-inflicted, or due to willful misconduct, violation of plant rules, or refusal to use safety appliances.

Section 3. Accrual and Amount of Payment.

- (a) Payments at the employee's base hourly rate shall be made for non-occupational disability not to exceed the number of days of sick leave accrued to the employees credit.
- (b) Employees shall accrue sick leave at the rate of one (1) working day per month, with a maximum limitation of one hundred twenty (120) days that can be accumulated. Employees shall be required to furnish a doctor's certificate to substantiate all illness claims that exceed three (3) days. Any sick days which an employee has in excess of one hundred twenty (120) days will be paid by December 31 of the year involved. Further, employees will be permitted to use up to three (3) days of accumulated sick leave per year in accordance with **Board Policy # 504 Sick Leave , Accrual of Sick Leave and Accounting of Sick Leave** earned as personal days.. In order to take such days, an employee must (1) notify, and obtain approval of the employee's immediate supervisor before the employee's shift begins.
- (c) Payments are applicable only for the standard working schedule of forty (40) hours per week or eight (8) hours per day, Saturdays, Sundays, and holidays excluded.
- (d) An employee shall not be required to furnish a doctor's slip for a three (3) day absence from work due to illness. In the event an employee is found to be abusing the leave of absence clause by substantial proof, the COOPERATIVE upon written notification to the UNION Steward and Local Union 317 of the I.B.E.W. may immediately suspend the said employee three (3) working days without pay. The employee will be subject to immediate dismissal upon second violation. (Amended 5/1/75)
- (e) An employee shall be paid all accumulated sick leave at age 62 and upon retirement from the COOPERATIVE.

Section 4. All disability payments provided for in this Agreement shall be reduced by the amount or amounts of any other benefit which might provide through state or federal legislation or workmen's compensation from the same type of disability and for the same period of absence. Such period of absence to be deducted from accrued sick leave.

Section 5. For any accident or sickness which qualifies for weekly benefits under the NRECA Comprehensive Major Medical Coverage Program, the employee will be required to exhaust all days of sick leave accrued to the employee's credit prior to being eligible for any such accident and sickness weekly benefits. Such checks which are received by an employee prior to exhausting days of sick leave accrued to his/her credit will be endorsed payable to the COOPERATIVE. **Board Policy 504 Sick Leave, Accrual of Sick Leave and Accounting of Sick Leave Earned.**

Section 6. Occupational Disability

Occupational disability shall be handled in accordance with **Board Policy # 504 Sick Leave, Accrual of Sick Leave and Accounting of Sick Leave Earned** and in compliance with all state and federal laws.

~~PLICA 8/3/07~~

- ~~(1) Set up New Acct. 143.01 ? ✓~~
- ~~(2) Carryover ? - she will ck
w/ union. Give union emp. statement (no. of~~
- ~~(3) Shirts that qualify? ^{Remaining} 501
No red w/ shirts~~

The COOPERATIVE will replace employees safety straps and/or pole climber gaffs when its has been determined by the Safety Committee they are worn to the point they are unsafe to use. Pole climber gaff replacement is limited to pole climbers with replaceable gaffs. Old safety straps and/or pole climber gaffs will become property of the COOPERATIVE for disposal.

The COOPERATIVE will pay one hundred twenty-five dollars (\$125) per year toward the purchase of prescription eyeglasses that meet OSHA standards for safety. The COOPERATIVE will not pay for eye examinations or medical treatment other than that covered by the COOPERATIVE'S medical insurance or workers compensation coverage. The COOPERATIVE will pay the difference in regular license and a Commercial Drivers License for Union members required to have CDL licenses, upon presentation of proper receipt of same.

The COOPERATIVE shall require all UNION employees to purchase two 100% cotton long-sleeved shirts with company logo each year to meet NESC. To that end, the COOPERATIVE agrees to credit each UNION employee's personal 143.00 account in the amount of \$250.00 on May 1st of each year of this agreement. In addition to the two shirts that meet safety standards, additional funds can be used toward the purchase of approved boots, clothing and tools necessary to the job. The COOPERATIVE will pay for logos on appropriate articles.

8/31/05
CA to ck
with W
on case
from 18
to the 40

Section 4. The COOPERATIVE and the UNION agree to abide by and follow explicitly the safety rules set forth by the National Electrical Safety Code and the National Fire Code-Electrical, safety codes specified by the Rural Utilities Services of the United States Department of Agriculture, safety codes established by the State of Kentucky and its political subdivisions, safety manual for rural electrical systems, and the rules and procedures established by the COOPERATIVE. Copies of these safety codes, rules and procedures will be made available by the COOPERATIVE so that employees may familiarize themselves with same.

In case of conflict between the rules of the various agencies listed above, the one affording the greatest protection to the employees shall apply.

Section 5. When a journeyman lineman is working on energized lines or equipment of 750 volts or above, the journeymen performing the work and the Dispatcher, or other representative designated by the COOPERATIVE, shall determine if and when he/she needs assistance and should be supplied same. At least two qualified workmen shall be provided where work is performed on live circuits of more than 750 volts between conductors. It is hereby agreed and expressly understood that the above does not restrict a qualified workman from working alone, from setting and removing meters, connecting or disconnecting services, opening and closing fuse disconnects, operating OCR's and OCB's (opening and closing) and also CSP or conventional transformers or other routine work. It is agreed that the above does not restrict a qualified workman working alone, from performing the necessary work of restoring service in the sub-station.

Section 6. No less than five (5) employees will be used when erecting poles of greater length than twenty-five (25) feet by hand. This does not include poles erected with mechanized equipment.

ARTICLE XIII INSURANCE & RETIREMENT

Section 1. The current retirement plan will remain in effect during the term of this Agreement under the following conditions:

Effective May 1, 1989 the members of the UNION shall be entitled to retire upon attaining age 62 in accordance with the retirement plan provided for the UNION by the COOPERATIVE through the National Rural Electric Cooperative Association as set out in Article XIII of this Agreement.

| Section 4. BENEFITS | | | |
|-------------------------------|--|--|----------------|
| PROGRAM | ELIGIBILITY | BENEFIT | PAID BY |
| RS&I | Employees | NRECA – Age 62 Benefit Level 2.0 | Cooperative |
| 401K | Employees | NRECA SelectRE – The Cooperative will contribute an amount equal to that portion formerly paid for LTD to a 401K Plan for each employee, in lieu of that contribution. (Effective May 1, 1996) | Cooperative |
| | Employee | | Emp./Voluntary |
| Major Medical/Hospitalization | Employees, Directors and Eligible Dependents | 90/70 PPO, \$250 Deductible/ Employee, \$1,000 Max out of pocket (Co-Insurance) \$25 Office Co-pay, \$50 Emergency Room Co-pay, Lab Card, Prescription Drug Plan # 7 \$15 brand/\$10 generic, mail order \$20 brand/\$10 generic, option to participate in Flex Plan. (No Cooperative contribution will be made to the Flex Plan). | Cooperative |
| | Retired Employees & Eligible Dependents | 90/70 PPO, \$250 Deductible/Employee, \$1,000 Max out of pocket (Co-insurance) \$25 Office Co-pay, \$50 Emergency Room Co-pay, Lab Card, Basic Plus Prescription Drug Plan with option to purchase additional prescription coverage. Subject to Medicare eligibility and coverage. | Cooperative |
| | Spouse/Dependents Of a Deceased Active Employee Retired Employee and Deceased or Active Director | At the death of an active employee or director, retired employee or director, deceased employee or director, coverage selected by the Cooperative will be provided to the Spouse and eligible dependents until other coverage is available to the Spouse/Dependents through an employer, remarriage, or until the dependent child is no longer eligible for coverage. When the individual becomes eligible for Medicare, it shall be primary and GRECC'S coverage shall be secondary. Some contribution to the cost of coverage may be necessary, according to the participant's choice of plan. | Cooperative |
| Term Life Insurance | Employees | NRECA ElectRELIFE Basic two (2) Times your Salary | Cooperative |
| | Employees | NRECA ElectRELIFE Supplemental - \$10,000.00 | Cooperative |
| | Retirees | NRECA ElectRELIFE Retired | Rtr. Voluntary |

DISCONTINUANCE OF BENEFITS

Coverage under each type of benefit will cease on the earliest to occur of the following dates:

1. The date the Plan is discontinued.
2. The date you are no longer eligible for the type of benefit either because of an amendment to the Plan or because you have become a member of an ineligible group of employees.
3. The date that any required contribution on your part is due and unpaid.
4. The date you enter the Armed Forces on full-time active duty.
5. The date an employee becomes eligible for Long Term Disability and Medicare, they will be treated as retired and no longer a part of the Bargaining Unit.
6. The COOPERATIVE recognizes that an employee might have to take temporary long term disability in order to completely recover from an injury or illness and will be treated in accordance with **Board Policy # 524 Reinstatement After Extended Sick Leave**.

The above is subject to the terms and conditions as stated and explained in the individual policies.

Section 5.

- (a) The insurance program stated in Section 4 above will be made available to the employee during the entire period of any approved leave of absence.
- (b) Subject to the limitations of any of the insurance plans, an employee, while on unpaid leave of absence in excess of thirty (30) days, may continue coverage provided he/she makes arrangements to pay the full monthly premium at the time an invoice for such premium is presented to the COOPERATIVE by the insurance carrier. An employee on leave of absence for occupational disability or long-term disability shall not be required to pay any premiums other than those specified in Section 4 above.

Section 6. Whenever the insurance carrier notifies the COOPERATIVE of an increase or decrease in the cost of insurance to the employees, such announcement, immediately upon receipt by the COOPERATIVE, will be placed on all COOPERATIVE bulletin boards and a copy will be forwarded to the Business Manager of the UNION.

ARTICLE XIV MISCELLANEOUS

Section 1. Non-bargaining unit personnel shall not be prevented from performing necessary functions such as instruction or assistance to employees, provided the assistance rendered does not displace any of their personnel doing the work, or from operating equipment or processes in emergencies or for experimental, developmental, statistical and engineering purposes.

Section 2.

- (a) The COOPERATIVE will contract as it deems necessary with experienced professional engineering firms registered in Kentucky, to perform work of a developmental, experimental, statistical or engineering nature, and such firm may perform manual work as required by professional employees within its employment, or the COOPERATIVE may assign employees of the bargaining unit to work with employees of the firm as shall be arranged between the COOPERATIVE and the firm so contracted with.
- (b) The COOPERATIVE agrees that in its notice to Bidders for the construction, erection and/or purchasing of electric utility plant, a statement will be made that this agreement exists between the UNION and the COOPERATIVE.

The sum of UNION dues so collected shall be paid quarterly by the COOPERATIVE to the Financial Secretary of Local Union #317 of the INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, AFL-CIO. The Financial Secretary will issue a receipt in the name of the Local Union for each payment. The COOPERATIVE shall prepare and submit to the Financial Secretary quarterly a list of employees from whom UNION dues deductions were designating the amount deducted from each employee, plus a list of the names of employees removed from or added to the payroll during the current quarter.

ARTICLE XV EMPLOYEES' COOPERATION

Section 1. It is understood by both parties hereto that a greater part of the COOPERATIVE's lines are rural lines and that the revenue from said lines does not justify the paying of the same rate of pay as urban utilities' rates of pay, and that the workmen of the COOPERATIVE shall not follow the usual strict lines of demarcation of limited services usually specified to each class of workmen. It is therefore agreed by the UNION that all employees regardless of their classification, shall assist fellow employees in any work they are capable of doing or may be called on to perform that tends to expedite the business of the COOPERATIVE and on the particular job to which they have been assigned.

ARTICLE XVI TERM OF AGREEMENT

Section 1. This Agreement shall become effective as of May 1, 2007. Except as provided in Section 3 below, it shall continue in effect for a term of approximately six (6) years until 12:01 a.m., May 1, 2013, and shall automatically be renewed thereafter from year to year unless written notice is given by either party sixty (60) days prior to the expiration date that it is desired to terminate or amend this Agreement.

Section 2. Both notice of request for re-negotiation and lists of items to be amended will be sent by registered mail to the following:

- (a) INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, LOCAL UNION NO. 317, 550 Adams Avenue, Huntington, West Virginia
- (b) GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION, Grayson, KY.

Section 3. Successor Clause

This agreement shall be binding upon the parties hereto, their successors and assigns. In the event that the Employer sells or transfers that part of its operations covered by this Agreement, such part of its operations shall continue to be subject to the terms and conditions of this Agreement for the term of said Agreement. The employer shall give notice of the existence of this Agreement to any purchaser or transferee of that part of the Employer's operation covered by this Agreement.

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AGREEMENT

THIS AGREEMENT, made and entered into this 1st day of May, 2001, by and between the GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION OF GRAYSON, KENTUCKY, hereinafter referred to as the COOPERATIVE, and LOCAL UNION NO. 317 of the INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, AFL-CIO, hereinafter referred to as the UNION, as the collective bargaining representative for the employees of the COOPERATIVE in the classifications listed in Article VIII, Section 5 of this Agreement.

WITNESSETH:

WHEREAS, the Cooperative and the UNION have a common and sympathetic interest in the electrical industry, and together with the Public will benefit from harmonious working arrangements for the adjustments of differences by rational and common sense methods, and therefore, for the purpose of facilitating the peaceful adjustments of differences that may arise from time to time, and to promote harmony and efficiency to the end that the COOPERATIVE, the UNION and the GENERAL PUBLIC may be benefited, the parties hereto contract and agree with each other as follows:

TO WIT:

ARTICLE I SCOPE

This Agreement shall constitute the complete agreement between the parties hereto with reference to wages, hours, working conditions and conditions of employment. Any additions, waivers, deletions, changes, amendments or modifications that may be made to this Agreement shall be effected through the collective bargaining process between authorized representatives of the COOPERATIVE and the UNION, subject to ratification by the employees of the COOPERATIVE covered by this Agreement. All other understandings between the parties not incorporated herein by reference or otherwise, at the effective date of this Agreement, are hereby terminated, with the exception of existing policies of the COOPERATIVE covering health and sanitation of employees while at work, which may or may not be incorporated in this Agreement. Any interpretation of this Agreement or of amendments hereto can be a proper subject for the grievance procedure.

ARTICLE II RECOGNITION

Section 1. In conformity with the Labor Management Relations Act of 1947, as amended, the COOPERATIVE recognizes the UNION as the sole and exclusive bargaining agent for those hourly employees, excluding salaried, supervisory and office personnel, included in the National Labor Relations Board Certification No. 9 RC-4683 with respect to rates of pay, wages, hours of employment, and other conditions of employment. The COOPERATIVE will bargain with no other union for the representation of employees within the bargaining unit during the life of this Agreement.

Section 2. The term "employee" as used herein shall mean any person represented by the UNION as set forth in Article II, Section 1 of this Agreement.

Section 3. As a means of informing all employees as to their rights, privileges and obligations under this Agreement, the Union agrees to furnish a copy of this Agreement to each employee.

Section 4. All employees who are members of the UNION on the effective date of this Agreement shall be required to remain members of the Union in good standing as a condition of employment during the term of this Agreement. New employees and employees who are not now members of the UNION shall be required to become and remain members of the UNION in good standing as a condition of employment within thirty-one (31) days following the date of their employment or the effective date of the Agreement, whichever is later. The terms of this Agreement shall apply to all such employees prior to their becoming members of the UNION.

Section 5. The COOPERATIVE agrees not to discriminate against any employee on account of UNION membership or UNION activity. The Cooperative agrees to withhold Union dues through the weekly payroll deduction plan and submit them to the Union Hall.

Section 6. The COOPERATIVE will recognize the following number of properly certified UNION representatives for the purpose of representing employees in the manners specified in this Agreement.

- (a) Business Manager of Local Union No. 317.
- (b) Assistant Business Manager of Local Union No. 317.
- (c) Immediate I.B.E.W. International Representative.
- (d) The Joint Conference Committee Consisting of three (3) representatives of the UNION.
- (e) Steward.

When a properly certified UNION representative is unable to participate as specified by this Agreement for any reason, the UNION will notify the COOPERATIVE within twenty-four (24) hours and the COOPERATIVE will recognize an alternate, certified by the UNION, who may act for him.

ARTICLE III MANAGEMENT CLAUSE

President & CEO of the Cooperative has the exclusive authority to execute all of the various functions and responsibilities incident hereto which are vested in the COOPERATIVE. The direction of the workforce, the establishment of plant policies; the determination of the processes and means of operations, the units of personnel required to perform such processes and other responsibilities incidental to the operation and maintenance of the electrical system are vested in the COOPERATIVE. Such duties, functions, and responsibilities shall include the management of the work, the direction of the work, the supervision, direction and control of the working force, the right to hire, the right to discharge, right to discipline for just cause, or place employees, and are vested exclusively in the COOPERATIVE. The UNION shall not abridge this right provided there is no discrimination and nothing is done in violation of this Agreement. Nothing in this Agreement shall be construed to in any way restrict the installation, use, or application of labor saving devices, or equipment, provided safety of employees is not jeopardized. The Union will be notified of any changes in **Board Policy # 504 Sick Leave, Accrual of Sick Leave and Accounting of Sick Leave Earned, Board Policy # 505 Payment of Sick Leave Upon Retirement or Termination, Board Policy # 510 Vacation, Board Policy # 511 Jury Duty, Board Policy # 512 Leave of Absence, Military Leave, etc. and Board Policy # 514 Insurance Benefits.**

The exercise of such authority shall not conflict with the rights of the UNION under the terms of this Agreement.

ARTICLE IV CONTINUITY OF OPERATION

Section 1. The UNION agrees that it will not authorize a strike, work stoppage, picket line, slow down or secondary boycott for the life of this Agreement. The COOPERATIVE agrees that it will not engage in a lockout.

Section 2. All questions, disputes or controversies under this Agreement shall be settled and determined solely and exclusively by the grievance and arbitration procedures provided in this Agreement.

Section 3. When an employee or employees participate in an act violating this article, the UNION agrees that the COOPERATIVE shall have the right to suspend, discipline or discharge, at its discretion, the employee or employees responsible for participating in the strike, work stoppage, picket line, slow down or secondary boycott.

ARTICLE V GRIEVANCE PROCEDURE

Section 1. Any complaint, grievance or dispute that may arise with respect to the application or performance of this Agreement between the COOPERATIVE and the UNION or its members shall be taken up for settlement in the simplest and most direct manner. Any such complaint, grievance or dispute must be filed in Step 1 within five (5) days of the occurrence of such complaint, grievance, or dispute exclusive of Saturdays, Sundays or Holidays. If a complaint, grievance or dispute is not filed within the time limit set forth herein for filing or an appeal is not taken within the time limits set forth in Steps 1 through 4, it shall be barred and shall not be subject to further appeal. Except where by mutual consent another procedure is agreed upon, such matters shall be handled in accordance with the following steps:

Step 1. Between the employee or employees concerned together with the Union's Steward and the Department Head of the aggrieved employee.

Step 2. Should any matter not be adjusted in the first step above within forty-eight (48) hours, exclusive of Sundays and holidays, it shall be reduced to writing and referred to the President & CEO of the COOPERATIVE and the Business Manager of the UNION.

Step 3. All questions or disputes which are not adjusted within ten (10) days as a result of the above procedure shall then be referred to a Joint Conference Committee of three (3) representatives of the UNION and three (3) representatives of the COOPERATIVE. Each party shall have the privilege of changing representatives upon the proper notice to the other party. The Joint Conference Committee shall meet within forty-eight (48) hours after such notice is given either party. It shall select its own secretary and chairman.

Step 4. If not satisfactorily adjusted after exhausting all of the above steps, the grievance or complaint shall be referred to arbitration provided such grievance involves an interpretation of the meaning or application of the terms of this Agreement, according to the following procedures:

- (a) The COOPERATIVE and the UNION will each appoint an arbitrator to represent them.
- (b) Within five (5) days, the parties shall jointly request the American Arbitration Association to appoint a third member, both parties to be bound by such appointment.
- (c) Each party shall defray the expenses of its members of the Board of Arbitration and the fee and expenses of the third member shall be borne equally by the parties, together with any incidental or general expenses in connection with the arbitration mutually agreed upon in advance.
- (d) The Arbitration Board's decision must be in accordance with the terms of this Agreement and has no authority to change, subtract from, or add to, its terms in any way. The majority decision of the Board shall be final and binding on both parties.

Section 2. If, after investigation, the employee or employees are found to have been unjustly terminated or suspended, such employee or employees shall be reinstated without loss of seniority or pay for all time lost. In any case which results in arbitration, the arbitrator shall have the discretion to determine the seniority and/or pay, if any, which an employee shall receive if he/she has been terminated or suspended.

ARTICLE VI VACATIONS

Section 1. An employee will be entitled to a vacation with pay in each calendar year, based upon the length of his/her continuous service in accordance with the following schedule:

- (a) One year but less than eight years of continuous service - ten workdays of vacation.
- (b) Eight years or more of continuous service - one additional day of vacation for each additional year of continuous service, including the eighth year, not to exceed twenty-six (26) workdays of vacation.

- (c) An employee must complete the full minimum continuous service requirements before becoming eligible to take vacation or additional vacation.

Section 2. The vacation period shall be on a calendar year basis from January 1, to December 31, inclusive.

- (a) An employee may carry forward into the succeeding year a maximum of 30 days of vacation earned, but not taken, or after 12 years of service may sell back to the Cooperative vacation time in accordance with **Board Policy # 510 Vacation**.
- (b) No employee may be credited at the beginning of any calendar year with more than 30 days of previously accumulated vacation. All vacation earned in excess of the 30 day carry over will be taken within the vacation period.

Section 3. If a day observed as a holiday occurs during an employee's vacation such employee shall receive an additional day of vacation.

Section 4 Vacations are scheduled by the Cooperative to be taken during the vacation period. Preference within a department as to dates will be given on the basis of seniority, provided such preference is indicated prior to February 1st.

An employee entitled to ten (10) workdays of vacation may divide his/her vacation into six (6) portions, one of which shall be not less than five (5) consecutive scheduled workdays. An employee entitled to fifteen (15) or more workdays of vacation may divide his/her vacation into six (6) portions, two of which shall not be less than five (5) consecutive workdays.

No pay will be made to an employee in lieu of vacation time, except after an employee becomes eligible for fifteen (15) workdays or more annual vacation in accordance with **Board Policy # 510 Vacation**. For the purpose of this sub-section overtime rules applicable to vacation time are hereby suspended.

Section 5. An employee who is laid off, released or discharged or who resigns will be paid for vacation earned but not taken at the time his/her employment is terminated.

Section 6. In the event an employee who is entitled to a vacation dies before he/she has taken that vacation, the person designated as beneficiary of his/her Group Life Insurance shall be entitled to his/her vacation pay.

ARTICLE VII HOURS OF WORK-OVERTIME

Section 1. Definitions:

Standard Workday means the continuous eight (8) hour period, excluding an interval of thirty (30) minutes for lunch, between the hours of 7:30 a.m. and 4:00 p.m., in any given day.

Standard Workweek means five (5) standard workdays, Monday through Friday inclusive within a workweek, amounting to a total of forty (40) hours.

Section 2. Employees will have a non-paid meal period of thirty (30) minutes to begin not earlier than three and one-half (3½) hours or later than five (5) hours after the start of the standard workdays. For a meal period outside of these hours required by the COOPERATIVE, a premium of thirty (30) minutes of straight time will be paid. If such employees are not permitted a meal period due to emergency conditions, they will be paid at one and one-half (1½) times their base hourly rate for the time worked in excess of eight (8) hours, as provided elsewhere in this Agreement.

Section 3. For all established work requiring twenty-four (24) hour periods to cover, shifts will be established provided such work continues for a minimum of five (5) consecutive days. The following schedule shall apply for all such shift work:

| <u>SHIFT</u> | <u>HOURS</u> | <u>HOURS TO BE PAID</u> | <u>AT BASE HOURLY RATE</u> |
|--------------|---|-------------------------|----------------------------|
| 1st | Standard workday as defined in Section 1 above. | | 8 |
| 2nd | Starting at the end of the standard workday and continuing for eight (8) hours including a meal period. | | 8 |
| 3rd | Commencing seven and one-half (7½) hours prior to the start of the standard workday and continuing for seven and one-half (7½) hours including a meal period. | | 8 |

For the purpose of Section 6 of this article, the shift an employee is assigned to shall be considered as his/her standard workday.

Section 4. Employees shall not be required to work outside during inclement weather as determined by the COOPERATIVE except to restore service because of emergency conditions. Employees shall be assigned to work inside or under shelter during such weather. Such assignments shall not be for more than the standard workday or workweek. Thus the employee is assured a full week's pay unless conditions warrant a reduction in force during the standard workweek. Due to the fact that construction and maintenance, are the only classifications directly effected by inclement weather, they shall not be required to climb poles or towers in temperatures of 0 degrees to 10 degrees above zero. This does not, restrict the line crew from doing other kinds of line work.

Section 5.

- (a) Overtime at the rate of one and one-half (1½) times his/her base hourly rate will be paid to an employee for all hours worked in excess of the hours in the standard workday or workweek.
- (b) An employee will not be required to take off a corresponding amount of time in any of his/her subsequent standard workdays to offset any overtime worked.
- (c) Overtime will not be paid to an employee for the attendance of meetings and conferences held outside of the Cooperative's service area. Pay for such attendance shall be at the employee's base hourly rate for each standard workday employee is in attendance.

Section 6. An employee required to report for work before his/her regularly scheduled starting time shall receive not less than two (2) hours pay at one and one-half (1½) times his/her base hourly rate, or one and one half (1½) his/her regular rate for such work performed, whichever is greater. Such employee shall not be required to take off a corresponding amount of time before the end of his/her standard workweek.

Section 7. An employee who has completed his/her scheduled work day and returned home, and is recalled by the COOPERATIVE to perform work will receive not less than two (2) hours pay at one and one-half (1½) time his/her base hourly rate, or one and one-half (1½) times his/her regular rate for such work performed, whichever is greater.

Section 8. Holidays not worked, jury duty time, vacations, and funeral absences, which are compensated for under other appropriate provisions of this Agreement, will be credited as hours worked in computing overtime except that, to avoid duplication, there will be credited only eight (8) hours for any one (1) calendar day.

Section 9.

- (a) An employee required to work overtime shall be allowed time to eat in accordance with applicable state laws.
- (b) An employee who is required to work overtime and who works ten (10) or more continuous and successive hours will be paid a meal allowance of five (\$5.00) dollars unless the meal is provided by the Cooperative. Any meal allowance will be included in his/her regular paycheck for that pay period. An additional meal allowance will be allowed for each four (4) hours of consecutive work performed thereafter.
- (c) No time will be deducted for meal periods during such overtime work, it being understood that they will be made as short as possible.

Section 10.

- (a) The following holidays will be observed: New Years Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the day after Thanksgiving Day, Christmas Eve, and Christmas Day.
- (b) Should Christmas fall on a Saturday, the preceding Thursday and Friday will be observed as holidays. Should Christmas fall on Sunday, Monday and Tuesday will be observed as holidays.
- (c) Should one of these holidays fall on a Saturday, it will be observed on the Friday preceding. Should one of these holidays fall on a Sunday, it shall be observed on the Monday following. Work on such Saturdays or Sundays shall not be compensated for under the holiday pay rules.
- (d) An employee who works on a day observed as a holiday will be paid at the rate of one and one-half (1½) times his/her base hourly rate for all such time worked, plus an amount equal to eight (8) times his/her base hourly rate, provided he/she meets the requirements.

Section 11.

In cases of emergencies, an employee on vacation may be recalled from vacation, and in such event, he/she shall be paid one and one-half (1½) times his/her base hourly rate for actual time worked in addition to vacation pay as provided in Article VI, Section 1, or, with the approval of the employee's Department Head, equivalent hours may be taken off in lieu thereof.

Section 12.

A employee who is required to serve on a municipal, county, state or federal petit, or grand jury, or who is subpoenaed as a witness in any case to testify as to facts observed by him/her shall be paid for such service at his/her base hourly rate for the time lost from his/her standard workday by reason of such service in accordance with **Board Policy # 511 Jury Duty**, subject to the following provisions:

- (a) An employ called for jury duty or as a witness and who is temporarily excused from attendance at court must report for work if a four hour period of time remains to be worked in his/her standard workday.

Section 13. Employees may not trade days off except with the prior approval of their respective Department Heads, and provided further that no overtime premium is involved.

Section 14. It shall be the responsibility of the Accounting/Payroll Clerk to keep a record of overtime worked. Weekly reports shall be posted on the Cooperative's bulletin boards by the Manager of Construction and Engineering

There shall be six (6) work areas currently based on the following:

Rowan County and West Elliott County
Lawrence County and South Elliott County
North Elliott County and South Carter County
Middle Carter County and North Elliott County
Carter County and South Greenup County
North Greenup County and Lewis County

There shall be two (2) overtime areas for Construction employees; North of Grayson Lake and South of Grayson Lake. The boundaries of these areas shall be defined exclusively by the President & CEO and shall be based on the changing demographics of the Cooperative.

Maintenance personnel assigned to each section of these areas shall be first called for overtime. He /she shall be assisted by the next available Construction Department employee who is qualified for the necessary work, with consideration given to the fair and equitable distribution of available overtime work. A record of all employees called, available and unavailable, shall be kept by the Dispatcher and by the Accounting/Payroll Clerk. In fairness to all employees, every effort shall be made to equitably distribute overtime among employees in each classification within each service area. This does not, however, restrict qualified employees from working where ever necessary.

It should be recognized that some departments offer very little overtime, but should be allowed to share in overtime in other departments on work they are qualified to do and make themselves available for.

Distribution of overtime shall be considered equitable if employees who live in the sections/areas defined by the Cooperative are within one week (40 hours) of each other.

The goal of the Cooperative is to minimize the length of time any member is out of power. Every effort will be made, consistent with Cooperative policy, to balance fairness of overtime with minimal response time.

- (a) Applicable overtime lists which have been established shall be posted and kept up-to-date as overtime occurs.
- (b) When determined during a standard workday that additional personnel are needed for a period of time after the end of the standard workday, the overtime will be offered to those employees who are working.
- (c) If an employee moves to a new department he/she shall be put on the list according to his/her seniority and charged with the same hours as the person having the maximum hours charged on the list.
- (d) Employees who miss overtime because they are absent for any reason, or who refuse when offered, or who are not readily available by telephone, will be charged overtime as having been offered the overtime. The Department Head or Dispatcher shall maintain a record of telephone contacts and such record will be made available to the Steward on request.
- (e) Overtime of less than thirty (30) minutes will not be charged.
- (f) On the effective date of this Agreement all prior records of overtime are null and void.

Section 15. Overtime shall not be duplicated for the same hours under any of the terms of this Agreement, and to the extent that hours are compensated for as overtime under one provision they shall not be counted as hours worked in determining overtime compensation under the same or any other provisions, except as specifically provided therefore.

Section 16. An employee who has completed his/her probationary period and is a member of a reserve component of the Armed Forces and who is required to enter upon active annual temporary training duty, shall be paid the difference between the amount of pay he/she received from the Federal or State government for such duty and his/her base hourly rate for the time lost while on such duty up to a maximum period of two (2) weeks per year, subject to the following provisions:

- (a) An employee must submit to his/her Department Head, as soon as possible after receipt, evidence of orders to report for training.
- (b) When the employee returns to work he/she must submit to his/her Department Head a statement supporting payment for such duty.
- (c) Time off from work paid for under this section will not be counted as hours worked in the computation of overtime or premium pay.

ARTICLE VIII WAGES

Section 1. The base hourly rates, labor grades and job classifications as set forth in Section 6 of this article shall have been fixed on a permanent basis which remains in effect for the duration of this Agreement.

Section 2. An employee who moves to a classification having a higher labor grade shall begin at the starting rate of the higher labor grade. However, if such starting rate is the same or less than his/her existing rate, he/she shall begin at the next step rate of the higher labor grade above his/her existing rate, but not to exceed the maximum.

Section 3. An employee who at the request of the COOPERATIVE is temporarily required to do the work in a classification other than his/her own shall suffer no reduction in his/her rate of pay. An employee assigned temporarily to do work in a job classification in a higher labor grade will be paid at the starting rate for the higher labor grade. However, if such starting rate is the same as or less than his/her existing rate, he/she will be paid at the next step rate of the higher labor grade above his/her existing rate, but not to exceed the maximum.

Section 4. An employee recalled to a classification will assume a rate at the same relative position in the rate range as he/she had established when placed on the recall list for such classification.

Section 5. Leadman's pay will be paid to one person in each established areas at all times. If the designated Leadman is absent for any reason, the next senior employee who is a First Class Lineman will assume the role of designated Leadman and receive Leadman's pay. This applies for regular time and over time.

WAGES

| Section 6. | 5% | 5% | 4% | 4% | 3% | 3% |
|-----------------------------------|---|----------|----------|----------|----------|----------|
| Effective: | 05/01/01 | 05/01/02 | 05/01/03 | 05/01/04 | 05/01/05 | 05/01/06 |
| Construction Leadman | 19.69 | 20.67 | 21.50 | 22.36 | 23.03 | 23.72 |
| Maintenance Leadman | 19.69 | 20.67 | 21.50 | 22.36 | 23.03 | 23.72 |
| Lineman 1 st Class | 18.75 | 19.69 | 20.48 | 21.30 | 21.94 | 22.60 |
| Apprentice/Fourth Year | Ninety-five percent (95%) of the then existing wage rate for Lineman 1 st Class | | | | | |
| Apprentice/Third Year | Ninety percent (90%) of the then existing wage rate for Lineman 1 st Class | | | | | |
| Apprentice/Second Year | Eighty percent (80%) of the then existing wage rate for Lineman 1 st Class | | | | | |
| Apprentice/First Year | Seventy-five percent (75%) of the then existing wage rate for Lineman 1 st Class | | | | | |
| Warehouseman | 19.59 | 20.57 | 21.39 | 22.25 | 22.92 | 23.61 |
| Engineering Party Chief | 18.99 | 19.94 | 20.74 | 21.57 | 22.22 | 22.89 |
| Assistant Engineering Party chief | 17.38 | 18.25 | 18.98 | 19.74 | 20.33 | 20.94 |
| Transit Mar | 16.49 | 17.31 | 18.00 | 18.72 | 19.28 | 19.86 |
| Meterman 1 st Class | 18.36 | 19.28 | 20.05 | 20.85 | 21.48 | 22.12 |
| Meterman 2 nd Class | 16.75 | 17.59 | 18.29 | 19.02 | 19.59 | 20.18 |
| Mechanic | 16.75 | 17.59 | 18.29 | 19.02 | 19.59 | 20.18 |

** The following classifications are currently vacant.

| <u>Effective:</u> | <u>05/01/01</u> | <u>05/01/02</u> | <u>05/01/03</u> | <u>05/01/04</u> | <u>05/01/05</u> | <u>05/01/06</u> |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Truckdriver/Groundman | 16.11 | 16.92 | 17.60 | 18.30 | 18.85 | 19.42 |
| With 8 years service | 16.49 | 17.31 | 18.00 | 18.72 | 19.28 | 19.86 |
| With 15 years service | 17.21 | 18.07 | 18.79 | 19.54 | 20.13 | 20.73 |
| Groundman-15 yrs service | 16.64 | 17.47 | 18.17 | 18.90 | 19.47 | 20.05 |
| With 1-15 years service | 15.50 | 16.28 | 16.93 | 17.61 | 18.14 | 18.68 |
| With 0-1 year service | 14.78 | 15.52 | 16.14 | 16.79 | 17.29 | 17.81 |
| Groundman/Right-of-Way Supervisor | 17.48 | 18.35 | 19.08 | 19.84 | 20.44 | 21.05 |
| Laborer | 13.82 | 14.51 | 15.09 | 15.69 | 16.16 | 16.64 |
| Meterman 3 rd Class | 15.50 | 16.28 | 16.93 | 17.61 | 18.14 | 18.68 |

25 Cent Per Hour Bonus-Union Employees With Over 20 Years of Service

Section 7. Effective July 1, 1975, all employees covered by this Agreement shall be paid on Friday of each week following one week's preparation time, from Sunday 12:01 a.m. to Saturday 12:00 p.m. In order to implement policy of paying on Friday of each week, the first payday will fall on July 13, 1975. When payday falls on a holiday, employees will be paid on the preceding day. (Amended 5/1/98)

In the event of a voluntary termination of employment an employee's final pay will be mailed or otherwise delivered on the regular scheduled payday. In the event of involuntary termination of employment the final pay will be mailed or otherwise delivered at the earliest practicable date.

Section 8. The Cooperative may employ part-time employees to cut right-of-way as long as no full-time employees (member of the Union) are laid-off. The wage rate for such part-time employees shall be set by the Cooperative at its discretion. Part-time employees shall not be entitled to any of the benefits provided for in this Agreement. Further, part-time employees shall not be required to be members of the Union.

If a full-time employee (member of the Union) is required to cut right-of-way, he/she will be paid at his/her regular rate of pay, plus fringes.

If a full-time employee (member of the Union) is required to supervise a right-of-way crew composed of part-time employees, he/she will be paid an additional 80 cents per hour above his/her regular rate of pay. (Section 6 - 5/1/80)

Section 9. Apprenticeship Program

The Apprenticeship Program for the position of (Lineman) shall be that established by the NUS Program, as administered by the Cooperative and in conjunction with East Kentucky Power. The determination of whether or not there is a need for a person in the Apprenticeship Program shall be made independently and exclusively by the Cooperative. Such person or persons shall be selected by the Cooperative and eligibility for entry into the Apprenticeship Program shall be that established by the Apprenticeship Program as now exists or which may hereafter be adopted by the Cooperative. Selection of such apprentices by the Cooperative will be on the basis of qualifications and all applications will be afforded equal opportunity without regard to race, color, national origin, age or handicap so long as the applicants meet the qualifications established by the Apprenticeship Program.

Training which takes place as part of the Apprenticeship Program and shall be established and outlined in such Apprenticeship Program or such other program as may be adopted by the Cooperative. The term of the Apprenticeship Program, training, schooling, responsibilities and obligations of the apprentice, standards of performance and other such matters shall be that which are contained in the Apprenticeship Program or other program as may be adopted by the Cooperative.

The term of apprenticeship shall not be less than four (4) years or 2080 hours per year of continuous employment. Apprentices will be paid at the following hourly rates of pay:

Apprentice/First Year - Seventy-five percent (75%) of the then existing wage rate for Lineman First Class.

Apprentice/Second Year - Eighty percent (80%) of the then-existing wage rate for Lineman First Class.

Apprentice/Third Year - Ninety percent (90%) of the then-existing wage rate for Lineman First Class.

Apprentice/Fourth Year - Ninety-five percent (95%) of the then-existing wage rate for Lineman First Class.

First Class Lineman

An apprentice shall be on probation throughout the entire period of the Apprenticeship Program and shall accrue no seniority until such time as he/she has completed the full Apprenticeship Program. At the point in time when an Apprentice completes the entire Apprenticeship Program and is accepted as a regular employee of the Cooperative, then his/her seniority shall date from the first day of employment in the Apprenticeship program. In the event of a reduction of force in the Lineman classification, Apprentices shall be laid off first and, in the event more than one (1) Apprentice is involved in the Apprenticeship Program, such Apprentices shall be laid off in such order as the Cooperative shall determine in its sole discretion.

An employee who leaves the Apprenticeship Program prior to completion shall have no transfer of other rights under the Agreement and his/her employment shall terminate. Further, the employment of any such Apprentice shall automatically terminate upon (1) failure of such Apprentice to comply or carry out any term or condition of the Apprenticeship Program; (2) failure to pass any periodic written, practical or other examination or (3) for such other reasons as may be determined by the Cooperative. Under no circumstances, shall such termination of employment be subject to the grievance-arbitration procedure set forth in Article V of the Agreement. (Formerly Addendum #1 dated May 1, 1978).

ARTICLE IX

SENIORITY

Section 1. Definitions:

- (a) Seniority - An employee's seniority shall be equal to his/her continuous service to the Cooperative.
- (b) Vacancy - Shall be declared to exist if an employee is assigned to a classification for a period in excess of thirty (30) days.
- (c) Surplus - A reduction of employees within a classification.

Section 2. An employee's continuous service with the COOPERATIVE shall consist of time actually spent on the payroll plus properly approved absences from work, to be determined under the following rules:

- (a) An employee may be granted a leave of absence not to exceed one (1) year. If the leave of absence is granted, the employee shall not accumulate seniority, sick leave days, vacation days or holidays during that time, but will not lose prior seniority. The terms and conditions of **Board Policy 512 Leave of Absence, Military Leave, etc.** shall prevail.
- (b) An employee who leaves the employment of the COOPERATIVE to enter the Armed Forces, either by enlistment or by draft, shall be reinstated as provided by Federal Law upon application within ninety (90) days after honorable discharge, provided he/she qualified under the seniority rules and is physically capable of performing the work required. Upon reinstatement, such employee will be given credit for continuous service prior to entering the Armed Forces plus credit for time spent in such service.
- (c) If any employee is laid off because of a reduction in force he/she must notify the COOPERATIVE in writing every ninety (90) days of his/her willingness to remain on the recall list to be given credit for continuous service prior to such layoff. If such layoff continues for more than two (2) years, he/she will not be given credit for continuous service prior to layoff.

- (d) An employee shall lose his/her continuous service when he/she is discharged, when he/she resigns, or when he/she is on the recall list and declines or fails to report or make satisfactory arrangements within five (5) working days after being notified of a re-employment opportunity. If such employee is later rehired, he/she shall be considered a new employee and his/her continuous service shall date from the date of his/her most recent hire.

An employee shall be considered to be notified of a reemployment opportunity when an offer of re-employment has been sent by registered mail to his/her address as recorded in his/her employee records.

Section 3. A new employee shall be considered a probationary employee and shall have no seniority rights for the first one hundred twenty (120) days of his/her employment. A probationary employee shall be subject to layoff, discipline, or discharge at the sole discretion of the COOPERATIVE provided there is no discrimination and nothing is done in violation of this Agreement.

Section 4. Reduction in force.

- (a) When a reduction in force is to be made in a classification, those having the least amount of classification seniority shall be the first to be declared surplus.
- (b) In accordance with (a), the employee with the least classification seniority may exercise one of the following options:
 - 1. Transfer to another department and/or classification for which he/she is qualified and displace any employee with less seniority.
 - 2. Accept a layoff.
- (c) An employee physically handicapped by reason of occupational injury while employed by the COOPERATIVE shall be given special consideration, subject to his/her qualifications and seniority if a vacancy occurs.
- (d) In the event of a surplus, the Steward will be given a list of the names of employees who are surplus.
- (e) In the event of a layoff, the COOPERATIVE will mail to the UNION office a list of the names of the employees laid off.
- (f) When a reduction in force is necessary, the COOPERATIVE will notify employees who are affected as far in advance as possible.

Section 5. Filling a vacancy.

- (a) When the COOPERATIVE has determined that a vacancy exists in a classification, qualified employees on recall to that classification will be recalled in order of classification seniority, whether they have displaced other employees at the COOPERATIVE or have left the COOPERATIVE and are on the recall list.
- (b) When a vacancy cannot be filled by the procedures in (a) above, it will be posted for seven (7) calendar days at mutually agreed upon COOPERATIVE locations.

- (c) Vacancies will be awarded to the employee with the most seniority in another classification, who is qualified, and who has signed the posting subject to approval by the Cooperative President & CEO. In the event a grievance is filed concerning qualifications under the preceding sentence, it shall be initiated at Step 2 of the grievance procedure. The hearing may be attended by the aggrieved employee and a representative of the UNION. If the grievance is not settled satisfactorily, it may be appealed to the Third Step in the grievance procedure. In the event a dispute concerning qualifications is referred by either party to arbitration, the Arbitration Board, as defined in Article V, Section 1, Step 4, of the Agreement shall have the authority to render a decision based on the criteria established by the COOPERATIVE.
1. An employee who has been awarded a vacancy will be transferred as soon as possible but not later than thirty (30) days after being notified of the award.
 2. An employee who has been awarded a vacancy will be required to accept the vacancy.
 3. An employee awarded a vacancy will be given up to thirty (30) days with proper instructions to learn the job. If he/she is unable to learn the job he/she may return to his/her base classification and displace the employee with the least classification seniority.
 4. When a vacancy cannot be filled by the procedure outlined above, consideration will be given to a qualified employee not on the active payroll but on an active recall list.
 5. Employees awarded vacancies will be advised by letter by the COOPERATIVE.
 6. After vacancies have been awarded, a list of the employees awarded such vacancies will be posted at each posting location. These lists will be identified, showing the classification in which the award was made. Copies of these lists will be sent to the UNION.
- (d) Pending the filling of a vacancy or in the assignment of an employee to temporarily fill a vacancy, the procedure below will be followed:
1. The classification from which supervision determines an assignment can be made will be canvassed in order of their seniority; if no one desires to move, the least senior employee is assigned temporarily to fill a vacancy. He/she will be returned to his/her prior assignment when the vacancy is permanently filled.

Section 6.

- (a) Within thirty (30) days after the date of this Agreement, the COOPERATIVE shall furnish the Business Manager of the UNION a seniority list and shall further post such list on the COOPERATIVE bulletin boards as shall be mutually agreed upon. This list shall be open for correction for a period of thirty (30) days thereafter and, if any employee does not make a protest in writing to his/her Department Head with a copy to the UNION within such thirty (30) day period, his/her seniority shall be as shown on the list.
- (b) Each six (6) months, current copies of seniority lists will be furnished by the COOPERATIVE for use by certified UNION representatives.

Section 7. The Cooperative and the Union agree not to discriminate against employees because of a "disability" as that term is defined and as is prohibited by the Americans With Disabilities Act and Kentucky law.

ARTICLE X

SICKNESS AND ACCIDENT PLAN

Non-Occupational Disability Pay

Section 1. Eligibility: Provided the "Conditions of Payment" outlined in Section 2 below are met, an employee will be eligible to receive non- occupational disability payments if:

- (a) He/she has completed one (1) year of continuous service as determined in accordance with the rules set forth in Article IX, Section 2.
- (b) He/she provides the COOPERATIVE, if it feels there is misuse of the sickness and accident plan and so requests, with a doctor's certificate subject to confirmation by a doctor selected by the COOPERATIVE.

Section 2. Conditions for payment: Non-occupational disability payments shall not be made for:

- (a) Any sickness or injury caused indirectly by war or riot; or
- (b) Any intentionally self-inflicted injury.
- (c) Any employee who is absent from work because of an occupational disability arising out of and in the course of his employment, or purposely self-inflicted, or due to willful misconduct, violation of plant rules, or refusal to use safety appliances.

Section 3. Accrual and Amount of Payment.

- (a) Payments at the employee's base hourly rate shall be made for non-occupational disability not to exceed the number of days of sick leave accrued to the employees credit.
- (b) Employees shall accrue sick leave at the rate of one (1) working day per month, with a maximum limitation of one hundred twenty (120) days that can be accumulated. Employees shall be required to furnish a doctor's certificate to substantiate all illness claims that exceed three (3) days. Any sick days which an employee has in excess of one hundred twenty (120) days will be paid by December 31 of the year involved. Further, employees will be permitted to use up to three (3) days of accumulated sick leave per year in accordance with **Board Policy # 504 Sick Leave , Accrual of Sick Leave and Accounting of Sick Leave** earned as personal days.. In order to take such days, an employee must (1) notify, and obtain approval of the employee's immediate supervisor before the employee's shift begins.
- (c) Payments are applicable only for the standard working schedule of forty (40) hours per week or eight (8) hours per day, Saturdays, Sundays, and holidays excluded.
- (d) An employee shall not be required to furnish a doctor's slip for a three (3) day absence from work due to illness. In the event an employee is found to be abusing the leave of absence clause by substantial proof, the COOPERATIVE upon written notification to the Union Steward and Local Union 317 of the I.B.E.W. may immediately suspend the said employee three (3) working days without pay. The employee will be subject to immediate dismissal upon second violation. (Amended 5/1/75)
- (e) An employee shall be paid all accumulated sick leave at age 62 and upon retirement from the COOPERATIVE.

- (f) Each employee who has accumulated sick leave prior to April 30, 1980 ("old sick leave"), will have such hours set aside in a separate account. Old sick leave will be paid to the employee in hourly increments at the wage rate in effect when the sick leave is used. If not used, old sick leave will be paid at retirement (whether retirement is through Social Security, upon thirty (30) years service, or upon attainment of age 60) at the wage rate then in effect. Accumulated old sick leave must be exhausted before an employee may use sick leave accrued after May 1, 1980.

Sick leave accumulated after May 1, 1980 ("new sick leave") will be converted to an equivalent dollar amount based upon the wage rate in effect when it is accrued. When new sick leave is used, it will be charged against the current year's accumulation first, then the immediately preceding year's accumulation, etc., until exhausted. Pay for new sick leave used will be at the wage rate in effect when it is used and will be deducted from the dollar amount accumulated.

Section 4. All disability payments provided for in this Agreement shall be reduced by the amount or amounts of any other benefit which might provide through state or federal legislation or workmen's compensation from the same type of disability and for the same period of absence. Such period of absence to be deducted from accrued sick leave.

Section 5. For any accident or sickness which qualifies for weekly benefits under the NRECA Comprehensive Major Medical Coverage Program, the employee will be required to exhaust all days of sick leave accrued to the employee's credit prior to being eligible for any such accident and sickness weekly benefits. Such checks which are received by an employee prior to exhausting days of sick leave accrued to his/her credit will be endorsed payable to the COOPERATIVE. **Board Policy 504 Sick Leave, Accrual of sick Leave and Accounting of sick Leave Earned.**

ARTICLE XI

LEAVE OF ABSENCE

Section 1. Leave of Absence Without Pay

- (a) An employee may be granted a leave of absence for personal reasons without pay up to fifteen (15) consecutive calendar days upon application to the COOPERATIVE in writing, provided the employee presents evidence acceptable to the COOPERATIVE that such leave of absence is for a reasonable purpose and provided further that such leave of absence will not unreasonably interfere with operations. Such leave may be extended where necessary upon application for extension in writing and upon presentation of evidence satisfactory to the COOPERATIVE that such extensions is necessary, provided such extension does not unreasonably interfere with operations.
- (b) An employee will be granted a leave of absence for the period of a medical disability upon presentation of evidence satisfactory to the COOPERATIVE. An employee who returns to work after a leave of absence for medical disability will be reinstated in the classification which he/she left, provided he/she first obtains a medical clearance from his/her personal doctor, , subject to the confirmation by a doctor, selected by the COOPERATIVE. (The doctor selected by the COOPERATIVE will be paid directly by the COOPERATIVE.)
- (c) Leave of Absence with Pay:
- (1) An employee will be granted a reasonable leave of absence with pay in accordance with **Board Policy # 512 Leave of Absence, Military Leave, ETC.**

Section 2. An employee who is absent from work for three (3) of his/her successive scheduled workdays, without notifying the COOPERATIVE, unless physically unable, will be considered to have resigned voluntarily. If the employee claims that such absence was because he/she was physically unable to work, then he/she shall be required to provide to the COOPERATIVE a doctor's certificate to substantiate that he/she was physically unable to work. The COOPERATIVE reserves the right to require the employee to be examined by a doctor selected by the Cooperative to prove that his/her absence was because he/she was physically unable to work.

Section 3. An employee who does not return to work on his/her first scheduled workday following the expiration of his/her leave of absence or any extension thereof without notifying the COOPERATIVE, unless physically unable, will be considered to have resigned voluntarily. If the employee claims that such absence was because he/she was physically unable to work, then he/she shall be required to provide to the COOPERATIVE a doctor's certificate to substantiate that he/she was physically unable to work. The COOPERATIVE reserves the right to require the employee to be examined by a doctor selected by it to prove that his/her absence was because he/she was physically unable to work.

ARTICLE XII

HEALTH AND SAFETY

Section 1. The UNION and the COOPERATIVE will cooperate to further improve the safety program. Employees may present to appropriate supervisor recommendations in writing, on matters relative to safe, sanitary and healthful working conditions. Employees will be advised in writing of any action taken on said recommendations by the Cooperative.

Section 2. The UNION Steward in addition to his/her representative functions shall be designated as the Employees' Safety Representative. If an employee feels that he/she is being required to work under conditions which are unsafe, beyond the normal hazards of the operation in question, the employee may, after discussing the matter with his/her Department Head, contact the Employees' Safety Representative to discuss the problem. If the problem is not resolved with the employee's Department Head, the Employee's Safety Representative may contact the President & CEO of the COOPERATIVE for a final decision.

Section 3. The COOPERATIVE will continue to make provision for the safety and health of the employees while at work. The COOPERATIVE will continue its practice of providing safety equipment and devices according to applicable safety codes and require employees to wear/use for their own protection. The employee will provide his/her safety belts, climbers and body tools.

The COOPERATIVE will replace employees safety straps and/or pole climber gaffs when its has been determined by the Safety Committee they are worn to the point they are unsafe to use. Pole climber gaff replacement is limited to pole climbers with replaceable gaffs. Old safety straps and/or pole climber gaffs will become property of the COOPERATIVE for disposal.

The Cooperative will pay one hundred twenty-five dollars (\$125) per year toward the purchase of prescription eyeglasses that meet OSHA standards for safety. The Cooperative will not pay for eye examinations or medical treatment other than that covered by the Cooperative's medical insurance or workers compensation coverage.

Section 4. The COOPERATIVE and the UNION agree to abide by and follow explicitly the safety rules set forth by the National Electrical Safety Code and the National Fire Code-Electrical, safety codes specified by the Rural Utilities Services of the United States Department of Agriculture, safety codes established by the State of Kentucky and its political subdivisions, safety manual for rural electrical systems, and the rules and procedures established by the COOPERATIVE. Copies of these safety codes, rules and procedures will be made available by the COOPERATIVE so that employees may familiarize themselves with same.

In case of conflict between the rules of the various agencies listed above, the one affording the greatest protection to the employees shall apply.

Section 5. The COOPERATIVE will continue its practice of providing its employees with shirts bearing the COOPERATIVE's advertisement and will pay one-third (1/3) of the expense of the shirts with the employee paying two thirds (2/3).

Section 6. When a journeyman lineman is working on energized lines or equipment of 750 volts or above, the journeymen performing the work and the Dispatcher, or other representative designated by the Cooperative, shall determine if and when he/she needs assistance and should be supplied same. At least two qualified workmen shall be provided where work is performed on live circuits of more than 750 volts between conductors. It is hereby agreed and expressly understood that the above does not restrict a qualified workman from working alone, from setting and removing meters, connecting or disconnecting services, opening and closing fuse disconnects, operating OCR's and OCB's (opening and closing) and also CSP or conventional transformers or other routine work. It is agreed that the above does not restrict a qualified workman working alone, from performing the necessary work of restoring service in the sub-station.

Section 7. No less than five (5) employees will be used when erecting poles of greater length than twenty-five (25) feet by hand. This does not include poles erected with mechanized equipment.

ARTICLE XIII INSURANCE & RETIREMENT

Section 1. The current retirement plan will remain in effect during the term of this Agreement under the following conditions:

Effective May 1, 1989 The members of the Union shall be entitled to retire upon attaining age 62 in accordance with the retirement plan provided for the Union by the Cooperative through the National Rural Electric Cooperative Association as set out in Article XIII of this Agreement.

Section 2. The Cooperative shall have the right to change insurance carriers for any of the group insurance programs as set forth in this Agreement and in Board Policies at any time and modify and change coverage's at any time. The Cooperative will, however, make reasonable effort to meet with the Union's steward(s) before any changes as described are considered and voted upon by the Plan Representatives. The Cooperative will also meet with the Union's steward(s) after any changes to the Plan are considered, voted upon by the Plan Representatives and made. Nothing in this Agreement will change any of the terms or provisions of the contract or contracts existing between the insurance carrier and the Cooperative, nor require the Cooperative to continue the contract or contracts now existing between the insurance carrier(s) and the Cooperative.

Section 3. The sole purpose of this article is to define those policies for which the COOPERATIVE and the employee will share the cost on the basis stated in Section 4 below.

Section 4

BENEFITS

| <u>PROGRAM</u> | <u>ELIGIBILITY</u> | <u>BENEFIT</u> | <u>PAID BY:</u> |
|-------------------------------|--|--|-------------------|
| RS & I | Employees | NRECA - Age 62 Benefit Level 2.0 | Cooperative |
| 401K | Employees | NRECA SelectRE - The Cooperative will contribute an amount equal to that portion formerly paid for LTD to a 401K Plan for each employee, in lieu of that contribution. (Effective May 1, 1996) | Cooperative |
| | Employee | | Emp. Voluntary |
| Major Medical/Hospitalization | Employees, Directors | NRECA Compcare Plan, \$250 deductible, \$8,000 Coinsurance Share w/20% Penalty Hospital Admission Review, Employee/Spouse Exam, \$15.00 Mail Order/Drug Card, ATB Deductible | Cooperative |
| | Retired Employees & Their Dependents | NRECA Compcare, \$250 deductible, \$8,000 Coinsurance, Share w/20% Hospital Admission Review, Employee/Spouse Exam, \$15.00 Mail Order/ Drug Card, ATB Deductible | Cooperative |
| | Spouse/Dependents of a Deceased Active Employee Retired Employee and Deceased or Active Director | At the death of an active employee or director , retired employee or director deceased employee or director, coverage will be provided to the Spouse and eligible dependents until other coverage is available to the Spouse/Dependents through an employer, remarriage, or until the dependent child is no longer eligible for coverage. When the individual becomes eligible for Medicare, it shall be primary and GRECC'S coverage shall be secondary | Cooperative |
| Term Life Insurance | Employees | NRECA ElectRELIFE Basic two (2) Times Your Salary | Cooperative |
| | Employees | NRECA ElectRELIFE Supplemental - \$10,000.00 | Cooperative |
| | Retirees | NRECA ElectRELIFE Retired | Retiree/Voluntary |
| Dependent Life Insurance | Employees | NRECA ElectreLIFE Dependent - \$2,500.00 | Cooperative |
| Business Travel | Employees | NRECA BTA - \$50,000.00 | Cooperative |
| Long Term Disability | Employees | NRECA ElectREWAGE Begins after 13 Weeks of STD | Emp. Voluntary |
| Short Term Disability | Employee | Cooperative Self Funded Short Term Disability 66 2/3% (.6667) - Board Policy # 504 | Cooperative |
| 24 Hour Accident | Employee | NRECA - Schedule 1 | Emp. Voluntary |

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DISCONTINUANCE OF BENEFITS

Coverage under each type of benefit will cease on the earliest to occur of the following dates:

1. The date the Plan is discontinued.
2. The date you are no longer eligible for the type of benefit either because of an amendment to the Plan or because you have become a member of an ineligible group of employees.
3. The date that any required contribution on your part is due and unpaid.
4. The date you enter the Armed Forces on full-time active duty.
5. The date an employee becomes eligible for Long Term Disability, they will be treated as retired and no longer a party of the Bargaining Unit.

The above is subject to the terms and conditions as stated and explained in the individual policies.

Section 5.

- (a) The insurance program stated in Section 4 above will be made available to the employee during the entire period of any approved leave of absence.
- (b) Subject to the limitations of any of the insurance plans, an employee, while on unpaid leave of absence in excess of thirty (30) days, may continue coverage provided he/she makes arrangements to pay the full monthly premium at the time an invoice for such premium is presented to the COOPERATIVE by the insurance carrier. An employee on leave of absence for occupational disability or long-term disability shall not be required to pay any premiums other than those specified in Section 4 above.

Section 6 Whenever the insurance carrier notifies the COOPERATIVE of an increase or decrease in the cost of insurance to the employees, such announcement, immediately upon receipt by the COOPERATIVE, will be placed on all COOPERATIVE bulletin boards and a copy will be forwarded to the Business Manager of the UNION.

ARTICLE XIV

MISCELLANEOUS

Section 1. Non-bargaining unit personnel shall not be prevented from performing necessary functions such as instruction or assistance to employees, provided the assistance rendered does not displace any of their personnel doing the work, or from operating equipment or processes in emergencies or for experimental, developmental, statistical and engineering purposes.

Section 2.

- (a) The COOPERATIVE will contract as it deems necessary with experienced professional engineering firms registered in Kentucky, to perform work of a developmental, experimental, statistical or engineering nature, and such firm may perform manual work as required by professional employees within its employment, or the COOPERATIVE may assign employees of the bargaining unit to work with employees of the firm as shall be arranged between the COOPERATIVE and the firm so contracted with.
- (b) The COOPERATIVE agrees that in its notice to Bidders for the construction, erection and/or purchasing of electric utility plant, a statement will be made that this agreement exists between the UNION and the COOPERATIVE.

- (c) The COOPERATIVE will contract, as it deems necessary, for the construction and/or erection of electric transmission, generation and/or distribution plant, building and equipment, and single-phase, membership extensions. The COOPERATIVE will discuss with employees prior to executing such contract, whenever cost analysis indicate the need to contract for labor. It is agreed that Local Union No. 317 of International Brotherhood of Electric Workers may place on file with the Cooperative a list of contractors signatory to an agreement with I.B.E.W. The Cooperative agrees to send notice to bid on proposed contracts to the contractors on said list. Contracts for construction of single-phase membership extensions will not be executed to replace any employee presently on the active recall list.

Section 3. No employee shall be discriminated against by reason of race, color, or national origin, age or handicap.

Section 4. The UNION shall be permitted the use of exclusive bulletin space in the main office and garage readily accessible to employees for the purpose of posting notices and announcements of official UNION business. The COOPERATIVE will be advised of all such notices before posting.

Section 5. The UNION agrees to furnish the COOPERATIVE with a current list of its accredited representatives. The COOPERATIVE agrees to furnish the UNION with a current list of supervisors concerned with the administration of the provisions of this Agreement. Revisions to such lists are to be furnished as changes are made by either party.

Section 6. The COOPERATIVE will give the UNION prior written notice, where practicable, of changes in policies contained in the COOPERATIVE's Policy Manual which directly affect employees of the bargaining unit.

Section 7. In the event that any of the provisions of this Agreement are found to be in conflict with any valid Federal or State laws now existing or hereinafter enacted, it is agreed that such law shall supersede the conflicting provisions without in any way affecting the remainder of these provisions.

Section 8. Should any job classification be omitted from Article VIII, Section 6, or created after the signing of this Agreement, the UNION and the COOPERATIVE shall meet and negotiate to amend this Agreement to include such classification.

Section 9. The COOPERATIVE acknowledges receipt of a copy of the constitution of the INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS and the UNION agrees to notify the COOPERATIVE of any changes or amendments thereof within sixty (60) days after they become effective.

Section 10. Dues Deduction. Effective First day of July, 1975. (Amended 5/1/75) Subject to applicable laws and upon receipt of a written authorization from an employee within the bargaining unit, written on a form approved by the COOPERATIVE, the COOPERATIVE shall deduct from each weekly pay due such employee union dues not to exceed an amount certified by the UNION. Such authorization shall continue in effect for the duration of this agreement, or until receipt by the COOPERATIVE of a written notice of revocation of such authorization by the employee, or when the employee ceases to be represented by the UNION in the bargaining unit, whichever occurs earlier.

The COOPERATIVE shall have no obligation to collect union dues for any week in which the employee's pay (after all other deductions) is less than the amount of such dues.

The UNION shall indemnify and save the COOPERATIVE harmless against any and all claims, demands, lawsuits, or other forms of liability that may arise out of or by reason of action taken by the COOPERATIVE in making payroll deductions of union membership dues as hereinabove defined.

The sum of union dues so collected shall be paid quarterly by the COOPERATIVE to the Financial Secretary of Local Union #317 of the INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, AFL-CIO. The Financial Secretary will issue a receipt in the name of the Local Union for each payment. The COOPERATIVE shall prepare and submit to the Financial Secretary quarterly a list of employees from whom union dues deductions were designating the amount deducted from each employee, plus a list of the names of employees removed from or added to the payroll during the current quarter.

ARTICLE XV

EMPLOYEES' COOPERATION

Section 1. It is understood by both parties hereto that a greater part of the COOPERATIVE's lines are rural lines and that the revenue from said lines does not justify the paying of the same rate of pay as urban utilities' rates of pay, and that the workmen of the COOPERATIVE shall not follow the usual strict lines of demarcation of limited services usually specified to each class of workmen. It is therefore agreed by the UNION that all employees regardless of their classification, shall assist fellow employees in any work they are capable of doing or may be called on to perform that tends to expedite the business of the COOPERATIVE and on the particular job to which they have been assigned.

ARTICLE XVI

TERM OF AGREEMENT

Section 1. This Agreement shall become effective as of May 1, 2001. Except as provided in Section 3 below, it shall continue in effect for a term of approximately six (6) years until 12:01 a.m., May 1, 2007, and shall automatically be renewed thereafter from year to year unless written notice is given by either party sixty (60) days prior to the expiration date that it is desired to terminate or amend this Agreement.

Section 2. Both notice of request for re-negotiation and lists of items to be amended will be sent by registered mail to the following:

- (a) INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, LOCAL UNION NO. 317,
550 Adams Avenue, Huntington, West Virginia
- (b) GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION, Grayson, KY.

Section 3. Successor Clause

This agreement shall be binding upon the parties hereto, their successors and assigns. In the event that the Employer sells or transfers that part of its operations covered by this Agreement, such part of its operations shall continue to be subject to the terms and conditions of this Agreement for the term of said Agreement. The employer shall give notice of the existence of this Agreement to any purchaser or transferee of that part of the Employer's operation covered by this Agreement.

ARTICLE XVII

APPROVAL

This Agreement between the UNION and the COOPERATIVE is subject to ratification by the employees covered by this agreement and to the approval of the International Office of the UNION and shall be effective only if so approved.

IN WITNESS WHEREOF the duly chosen representatives of the parties to this Agreement have hereunto set their hands this 26th day of April, 2001.

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

LOCAL UNION NO. 317 OF THE
INTERNATIONAL BROTHERHOOD
OF ELECTRICAL WORKERS

| | |
|--|---|
| By <u><i>Campbell</i></u> President & CEO | By <u><i>Brent Gray</i></u> Business Manager |
| <u><i>Roger L. Jones</i></u> | <u><i>Bill DeLong</i></u> |
| <u><i>Harold L. Dupuy</i></u> | <u><i>Michael R. Blewett</i></u> |
| <u><i>William T. Rice</i></u> | <u><i>David W. Stone</i></u> |
| <u><i>Ralph Hall</i></u> | |

APPROVED
INTERNATIONAL OFFICE - I. B. E. W.
JUN 5 2001
Edwin D. Hill, President
This approval does not make the
International a party to this agreement.