

Grayson Rural Electric Cooperative Corporation

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


September 16, 2011

Mr. Jeff Derouen
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Dear Mr. Derouen:

Attached you will find the original and ten (10) copies of Grayson Rural Electric's application add an additional incentive to participants and make additional minor changes in its Direct Load Control Tariff.

Sincerely,


Don M. Combs
Mgr. Finance & Accounting

RECEIVED

SEP 20 2011

PUBLIC SERVICE
COMMISSION

**The Application of Grayson)
Rural Electric Cooperative Corp.)
to make changes in its)
Direct Load Control Tariff)**

Case No. _____

Grayson Rural Electric is making a request to make add an additional incentive to encourage its members to participate in its existing Direct Load Control Program. Grayson is also requesting to remove one of the air conditioner incentive options (the digital thermostat switches) because of their unavailability.

East Kentucky Power, Grayson's wholesale power supplier, is making available \$10,000.00 this year and next to Grayson to help promote the program. Grayson feels that the best way to get member's attention is to offer members a special signing bonus to members that agree to participate in the program. A common reason for members not to participate to date is that "it's not worth it".

This program is an excellent way to provide an education to its members on the value of peak load reduction and electric usage efficiency as a system as well as individual service locations. It also fits nicely with Grayson's promotion of its optional off peak and demand rates for residences.

By meeting either or both the air conditioner or water heater qualifications, the member will receive a \$25.00 credit on their next electric bill. Grayson's goal is have 400 new participants this year and 400 more next year. Grayson anticipates that it will continue the program as long as the funding from East Kentucky Power continues.

We have attached a copy of the existing tariff with cross outs and additional text (Tab 1), as well as a final copy (Tab 2).

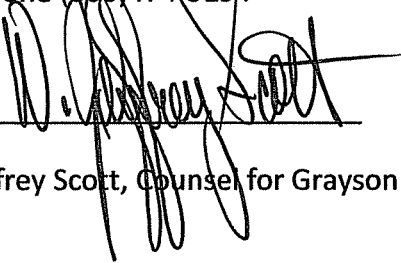
WHEREFORE, the applicant, Grayson Rural Electric Cooperative Corporation asks that the Public Service Commission of Kentucky issue an order allowing these changes to be effective within 30 days.

W. Jeffrey Scott

P O Box 608

Grayson, KY 41143

Telephone (606)474-5194



A handwritten signature in black ink, appearing to read "W. Jeffrey Scott", is written over a horizontal line. The signature is stylized and somewhat cursive.

W. Jeffrey Scott, Counsel for Grayson Rural Electric

The undersigned, Don M. Combs, as Manager of Finance and Accounting of Grayson Rural Electric, being first duly sworn, states that the application submitted to you on September 19, 2011 in Case No. _____ are true to the best of my knowledge and belief formed after reasonable inquiry.

Dated: September 16, 2011

Grayson Rural Electric

By: _____

Don M. Combs
Manager of Finance and Acct.

Subscribed, sworn to, and acknowledged before me by Don M. Combs, as Manager of Finance and Acct. for Grayson Rural Electric on behalf of said Corporation this 19th day of September, 2011.

My Commission expires 9th day of January, 2015.
Witness my hand and official seal this

19th day of September, 2011.
Marshall A. Walker
Notary Public in and for Stoddard-Clay Co., KY.

Direct Load Control of Water Heaters Program

Direct Load Control of Air-Conditioners Program

Purpose

The Direct Load Control of Water Heaters and Air Conditioners will encourage the reduction in growth of peak demand, enabling the Company to utilize its system more efficiently and defer the construction of new generation.

Availability

Both the Direct Load Control of Water Heaters Program and the Direct Load Control of Air Conditioners Program are available to residential customers in the service territories of Grayson Rural Electric. Availability may be denied where, in the judgment of the Grayson Rural Electric, installation of the load control equipment is impractical.

Eligibility

To qualify for these Programs, the participant must be located in the service territory of Grayson Rural Electric and have central air conditioning or heat pump units and/or 40-gallon (minimum) electric water heating units. The above appliances may be electrically cycled or interrupted in accordance with the rules of this Tariff.

Incentive - Direct Load Control of Water Heaters Program

Grayson Rural Electric will provide an incentive to the participants in this program. Grayson Rural Electric will credit the residential power bill of the participant \$10.00 per water heater each year. The participant will receive this credit regardless of whether the water heater is cycled during the month.

DATE OF ISSUE October 20,2008 DATE EFFECTIVE: Service rendered on and after October 2, 2008

ISSUED BY _____ TITLE President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in
Case No. 2008-00161 Dated October 2, 2008

Grayson Rural Electric

Incentive - Direct Load Control of Air-Conditioners Program

Grayson Rural Electric will provide an incentive to the participants in this program. ~~The customer may select one of two alternatives. One, Grayson Rural Electric will credit the residential power bill of the participant \$20.00 per air conditioner (\$5 per summer months, June, July, August, and September). Two, alternatively, EKPC, on behalf of Grayson Rural Electric, will provide and install at no cost a digital thermostat for the participant.~~ The participant will receive ~~one of these~~ (this) incentives regardless of whether the air conditioner or heat pump is controlled during the month.

(T)
(T)
(T)
(T)
(T)

Time Period for the Direct Load Control of Water Heaters Program

A load control switch will be placed on the water heater and may be electrically interrupted for a maximum time period of four hours.

East Kentucky Power Cooperative ("EKPC") will cycle the water heaters only during the hours listed below.

<u>Months</u>	<u>Hours Applicable for Demand Billing - EST</u>
October through April	6:00 a.m. to 12:00 noon 4:00 p.m. to 10:00 p.m.
May through September	10:00 a.m. to 10:00 p.m.

Special Incentive for Direct Load Control of Water Heaters or Air Conditioners

(T)
(T)
(T)
(T)

Grayson Rural Electric will provide a special incentive of \$25.00 to those that sign up and qualify for either or both the air conditioning or water heater switch effective the date of this tariff by a credit on their next electric bill.

Time Period for the Direct Load Control of Air Conditioners

A load control device (switch ~~or thermostat~~) will be placed on each central air conditioning unit or heat pump that will allow the operating characteristics of the unit to be modified (by cycling the unit off for periods of time up to 7.5 minutes of each 15-minute interval, or by adjusting the temperature setting on the thermostat up to two degrees) to reduce demand on the system.

(T)

EKPC will control the air conditioning units and heat pumps only during its summer on-peak billing hours listed below.

<u>Months</u>	<u>Hours Applicable for Demand Billing - EST</u>
May through September	10:00 a.m. to 10:00 p.m.

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ISSUED BY _____ TITLE President & Chief Executive Officer

For All Counties Served
P.S.C. No. 4
Original Sheet No. 3

Grayson Rural Electric

Terms and Conditions

1. If a participant decides to withdraw from the program(s) or change to another load control option, Grayson Rural Electric will endeavor to implement the change as soon as possible.
2. Prior to the installation of load control devices, Grayson Rural Electric may inspect the participant's electrical equipment to insure good repair and working condition, but Grayson Rural Electric shall not be responsible for the repair or maintenance of the electrical equipment.
3. EKPC, on behalf of Grayson Rural Electric, will install, own, and maintain the load management devices controlling the participant's air conditioner or water heater. The participant must allow Grayson Rural Electric, or their representative, reasonable access to install, maintain, inspect, test and remove load control devices. Inability of Grayson Rural Electric to gain access to the load management device to perform any of the above activities for a period exceeding 30 days may, at Grayson Rural Electric option, result in discontinuance of credits under this tariff until such time as Grayson Rural Electric is able to gain the required access.

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(1)

(1)

(1)

Direct Load Control of Water Heaters Program

Direct Load Control of Air-Conditioners Program

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Availability

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Eligibility

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Incentive - Direct Load Control of Water Heaters Program

Grayson Rural Electric will provide an incentive to the participants in this program. Grayson Rural Electric will credit the residential power bill of the participant \$10.00 per water heater each year. The participant will receive this credit regardless of whether the water heater is cycled during the month.

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A load control switch will be placed on the water heater and may be electrically interrupted for a maximum time period of four hours.

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