

# 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

DEC 26 2012

PUBLIC SERVICE  
COMMISSION

December 21, 2012

Mr. Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, Kentucky 40602-0615

Re: PSC Case No. 2012-00426

Dear Mr. Derouen:

Please find attached an original and ten (10) copies of Grayson Rural Electric's Application to Adjust Rates.

If you have any questions about this filing, please feel free to contact me.

Very truly yours,



Don M. Combs  
Mgr. – Finance & Accounting

C; Attorney General, Office of Rate Intervention

Enclosures

ORIGINAL

RECEIVED

DEC 26 2012

PUBLIC SERVICE  
COMMISSION

## Application

In the matter of:

Grayson Rural Electric's

Adjustment of Rates

2012- 00426

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

DEC 26 2012

PUBLIC SERVICE  
COMMISSION

In the Matter of Adjustment of Rates  
of Grayson Rural Electric Cooperative

Case No. 2012-00426

APPLICATION

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

1. Grayson informs the commission that it is engaged in the business of operation of a retail electric distributions system in portions of six (6) counties in eastern Kentucky and does hereby propose to adjust rates, effective **April 12, 2012**, in conformity with the attached schedule.

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

3. The Articles of Incorporation and all amendments thereto for Grayson were filed with the Commission in PSC Case No. 2010-00489, for an application to increase rates. [807 KAR 5:001, Section 8(3)].

4. The application is supported by a twelve month historical test period ending May 31, 2012 and includes adjustments for known and measurable changes [807 KAR 5:001, Section 10(1)(a)].

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

a. Grayson last filed an increase in rates in Case No. 2008-00254. Since then, Grayson has incurred increases in the cost of power, materials, equipment, labor, taxes, interest, debt service and other fixed and variable costs. Grayson has been required to borrow funds to finance its construction projects.

b. The financial condition of Grayson deteriorated significantly during the test year, and continues on this trend.

c. Grayson had a Times Interest Earned Ratio (TIER) of 1.57 [a TIER of 0.25 excluding G&T capital credits], for the test year ending May 31, 2012. The TIER was 1.60 for calendar year of 2011 [a TIER of 0.25 excluding G&T capital credits]. Grayson is required under its

mortgage agreement to maintain both a Net TIER of 1.25 and an operating TIER of 1.10, based on an average of two of the three most current years.

d. Grayson 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 at its meeting on **August 2, 2012**, received the current financial condition of Grayson and the need for a rate adjustment to maintain the financial stability and integrity of the Cooperative. The Board of Directors adopted a motion directing the administrative staff and consultants to proceed with the necessary application and filings with the Public Service Commission to adjust the rates of Grayson. A copy of the motion is attached as Exhibit F.

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

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

9. Grayson 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 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 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 is shown 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 and with Exhibit H [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, 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 Exhibits I and J [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 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 [807 KAR 5:001, Section 10(6)(m)].

25. Grayson performed a depreciation study as of December 31, 2010 and included the study in Case No. 2008-00254 [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 [807 KAR 5:001, Section 10(6)(p)].

28. Annual Reports to members for 2012 and 2011 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 because it is not regulated by that regulated body [807 KAR 5:001, Section 10(6)(s)].

31. Grayson 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 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 [807 KAR 5:001, Section (7)(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, 2012, and other information required to be filed is attached by exhibits, as follows:

Exhibit U By-Laws


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 long term and short term interest
Exhibit 5	Adjustment for Retirement & Security (R & S)
Exhibit 6	Adjustment for postretirement benefits
Exhibit 7	Adjustment for donations
Exhibit 8	Adjustment for professional fees
Exhibit 9	Adjustment for director expenses
Exhibit 10	Adjustment for miscellaneous expenses
Exhibit 11	Adjustment for rate case costs
Exhibit 12	Adjustment for G&T capital credits
Exhibit 13	Adjustment for purchase power
Exhibit 14	Adjustment for normalized revenue
Exhibit 15	Adjustment for end of year customers
Exhibit 16	KAEC Statistical Comparison
Exhibit 17	Capitalization policies and employee benefits
Exhibit 18	Equity management plan
Exhibit 19	Prepay Program
Exhibit 20	Current 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.

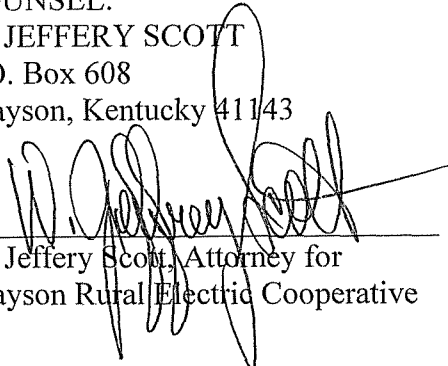
Dated: December 20, 2012.

Grayson Rural Electric Cooperative


  
\_\_\_\_\_  
Carol H. Fraley, President/CEO

COUNSEL:

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

  
\_\_\_\_\_  
W. Jeffery Scott, Attorney for  
Grayson Rural Electric Cooperative

I, Carol H. Fraley, President/CEO, state that the statements contained in the foregoing application are true to the best of my information and belief.

  
\_\_\_\_\_  
Carol H. Fraley, President/CEO  
Grayson Rural Electric Cooperative

Subscribed and sworn to before me by Carol H. Fraley as President/CEO of Grayson Rural Electric Cooperative this 20<sup>th</sup> day of December, 2012.

  
\_\_\_\_\_  
Notary Public, Kentucky State At Large

My Commission Expires: March 22, 2013





**Commonwealth of Kentucky**  
**Alison Lundergan Grimes, Secretary of State**

Alison Lundergan Grimes  
Secretary of State  
P. O. Box 718  
Frankfort, KY 40602-0718  
(502) 564-3490  
<http://www.sos.ky.gov>

**Certificate of Existence**

Authentication number: 133295  
Visit <https://app.sos.ky.gov/ftshow/certvalidate.aspx> to authenticate this certificate.

I, Alison Lundergan Grimes, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

**GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION**

is a corporation duly incorporated and existing under KRS Chapter 14A and KRS Chapter 272, 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 14A.6-010 has been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 6<sup>th</sup> day of December, 2012, in the 221<sup>st</sup> year of the Commonwealth.



*Alison Lundergan Grimes*

Alison Lundergan Grimes  
Secretary of State  
Commonwealth of Kentucky  
133295/0020454



GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED  
PSC NO.: 6  
12<sup>TH</sup> REVISED SHEET NO.: 1.00  
CANCELING PSC NO.: 5  
11<sup>TH</sup> REVISED SHEET NO.: 1.00

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)  
0.11003 (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 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: December 28, 2012

Service on and after  
EFFECTIVE DATE: January 28, 2013

ISSUED BY: \_\_\_\_\_  
Issued by authority of P.S.C. in Case No. 2012-00426 dated

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

GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED  
PSC NO.: 6  
12<sup>TH</sup> REVISED SHEET NO.: 2.00  
CANCELING PSC NO.: 5  
11<sup>TH</sup> REVISED SHEET NO.: 2.00

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

\$ 27.50 (I)  
0.10679 (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 \$ 27.50 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: December 28, 2012

Service on and after  
EFFECTIVE DATE: January 28, 2013

ISSUED BY: \_\_\_\_\_  
Issued by authority of P.S.C. in Case No. 2012-00426

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

GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED  
PSC NO.: 6  
12<sup>TH</sup> REVISED SHEET NO.: 3.00  
CANCELING PSC NO.: 5  
11<sup>TH</sup> REVISED SHEET NO.: 3.00

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 (I)

ON-PEAK RATE:

ALL KWH

0.11003 (I)

OFF PEAK RATE:

ALL KWH

0.06602 (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.

DATE OF ISSUE: December 28, 2012

Service on and after  
EFFECTIVE DATE: January 28, 2013

ISSUED BY: \_\_\_\_\_  
Issued by authority of P.S.C. in Case No. 2012-00426

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

GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED  
PSC NO.: 6  
12<sup>TH</sup> REVISED SHEET NO.: 3.10  
CANCELING PSC NO.: 5  
11<sup>TH</sup> REVISED SHEET NO.: 3.10

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.

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)

TERMS OF PAYMENT

The above rates are net, the gross being ten percent (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.

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).

DATE OF ISSUE: December 28, 2012

Service on and after  
EFFECTIVE DATE: January 28, 2013

ISSUED BY: \_\_\_\_\_  
Issued by authority of P.S.C. in Case No. 2012-00426

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

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 Lamps</u>	<u>Annual Charge Per Lamp</u>
7,000 Lumens 175 Watt	\$11.00 per Month	\$132.00

(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 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 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.

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

D. DATE OF ISSUE: December 28, 2012

Service on and after  
EFFECTIVE DATE: January 28, 2013

ISSUED BY: \_\_\_\_\_  
Issued by authority of P.S.C. in Case No. 2012-00426

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



GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED  
PSC NO.: 6  
12<sup>TH</sup> REVISED SHEET NO.: 6.00  
CANCELING PSC NO.: 5  
11<sup>TH</sup> 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	\$10.75	(l)
10,000	Lumens Mercury Vapor Lamp	\$13.50	(l)
	Flood Lighting	\$19.75	(l)

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: December 28, 2012

Service on and after  
EFFECTIVE DATE: January 28, 2013

ISSUED BY: \_\_\_\_\_  
Issued by authority of P.S.C. in Case No. 2012-00426

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

GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED  
PSC NO.: 6  
11<sup>TH</sup> REVISED SHEET NO.: 7.00  
CANCELING PSC NO.: 5  
10<sup>TH</sup> REVISED SHEET NO.: 7.00

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

\$31.04

Demand Charge per KW

6.50 (I)

Energy Charge per KWH

0.07390 (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.

DATE OF ISSUE: December 28, 2012

Service on and after  
EFFECTIVE DATE: January 28, 2013

ISSUED BY: \_\_\_\_\_  
Issued by authority of P.S.C. in Case No. 2012-00426

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

GRAYSON RURAL ELECTRIC  
 COOPERATIVE CORPORATION

Schedule 10

CLASSIFICATION OF SERVICE

RESIDENTIAL TIME OF DAY (TOD)	RATE PER UNIT									
<p><b><u>AVAILABILITY</u></b>            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.</p>										
<p><b><u>TYPE OF SERVICE</u></b>            Single-phase and/or three-phase, 60 cycle, alternating current at the Cooperative's standard secondary voltages.</p>										
<p><b><u>RATE</u></b></p> <table style="width: 100%; border: none;"> <tr> <td style="padding-left: 20px;">Customer Charge</td> <td style="text-align: right;">\$19.75</td> <td style="text-align: right;">(I)</td> </tr> <tr> <td style="padding-left: 20px;">On-Peak Energy per kWh</td> <td style="text-align: right;">0.20000</td> <td style="text-align: right;">(I)</td> </tr> <tr> <td style="padding-left: 20px;">Off-Peak Energy per kWh</td> <td style="text-align: right;">0.06250</td> <td style="text-align: right;">(I)</td> </tr> </table>		Customer Charge	\$19.75	(I)	On-Peak Energy per kWh	0.20000	(I)	Off-Peak Energy per kWh	0.06250	(I)
Customer Charge	\$19.75	(I)								
On-Peak Energy per kWh	0.20000	(I)								
Off-Peak Energy per kWh	0.06250	(I)								
<p><b><u>WINTER SCHEDULE</u></b>            For the purpose of this tariff, the <u>on-peak</u> billing period for the months of October, November, December, January, February, March, &amp; April is defined as 7:00 am to 11:00 am and 5:00 pm to 9:00 pm, Monday through Friday. The <u>off-peak</u> billing period is defined as 9:00 pm to 7:00 am and 1:00 am to 5:00 pm, Monday through Friday. All weekends and holidays are <u>off-peak</u>.</p>										
<p><b><u>SUMMER SCHEDULE</u></b>            For the purpose of this tariff, the <u>on-peak</u> billing period for the months of May, June, July, August, &amp; September is defined as 1:00 pm to 9:00 pm, Monday through Friday. The <u>off-peak</u> billing period is defined as 9:00 pm to 1:00 pm, Monday through Friday. All weekends and holidays are <u>off-peak</u>.</p>										
<p><b><u>MINIMUM MONTHLY CHARGE</u></b>            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.</p>										
<p><b><u>FUEL ADJUSTMENT CHARGE</u></b>            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.</p>										

DATE OF ISSUE: December 28, 2012

Service on and after  
 EFFECTIVE DATE: January 28, 2013

ISSUED BY: \_\_\_\_\_ President & C.E.O., 109 Bagby Park, Grayson, KY

Issued by authority of P.S.C. in Case No. 2012-00426

GRAYSON RURAL ELECTRIC  
 COOPERATIVE CORPORATION

SCHEDULE 10	CLASSIFICATION OF SERVICE
RESIDENTIAL TIME OF DAY (TOD)	RATE PER UNIT
<p><b><u>TERMS OF PAYMENT</u></b>            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.</p> <p><b><u>METERING</u></b>            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.</p> <p><b><u>SERVICE PROVISIONS</u></b></p> <p>1. <b>Delivery Point.</b> 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.</p> <p>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.</p> <p>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.</p> <p><b><u>ENERGY EMERGENCY CONTROL PROGRAM</u></b>            This tariff is subject to the Energy Emergency control Program as filed with the Kentucky 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.</p>	

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GRAYSON RURAL ELECTRIC  
 COOPERATIVE CORPORATION

**SCHEDULE 11 CLASSIFICATION OF SERVICE**

**SMALL COMMERCIAL TIME OF DAY (TOD)**

**RATE PER UNIT**

**AVAILABILITY**

Available to members of the Cooperative for all Small Commercial uses less than 50 KVA, 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

\$27.50 (I)

On-peak Energy per kWh

0.02000 (I)

Off-peak Energy per kWh

0.06250 (I)

**WINTER SCHEDULE**

For the purpose of this tariff, the on-peak billing period for the months of October, November, December, January, February, March, & April is defined as 7:00 am to 11:00 am and 5:00 pm to 9:00 pm, Monday through Friday. The off-peak billing period is defined as 9:00 pm to 7:00 am and 11:00 am to 5:00 pm, Monday through Friday. All weekends and holidays are off-peak.

**SUMMER SCHEDULE**

For the purpose of this tariff, the on-peak billing period for the months of May, June, July, August, & September is defined as 1:00 pm to 9:00 pm, Monday through Friday. The off-peak billing period is defined as 9:00 pm to 1:00 pm, Monday through Friday. All weekends and holidays are off-peak.

**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: December 28, 2012

Service on and after  
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ISSUED BY: \_\_\_\_\_ President & C.E.O., 109 Bagby Park, Grayson, KY

GRAYSON RURAL ELECTRIC  
 COOPERATIVE CORPORATION

SCHEDULE 11

CLASSIFICATION OF SERVICE

SMALL COMMERCIAL TIME OF DAY (TOD)

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.

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.

ENERGY EMERGENCY CONTROL PROGRAM

This tariff is subject to the Energy Emergency control Program as filed with the Kentucky 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.

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GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED  
PSC NO.: 6  
6<sup>TH</sup> REVISED SHEET NO.: 12.20  
CANCELING PSC NO.: 5  
5<sup>th</sup> REVISED SHEET NO.: 12.20

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&gt; 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> <p>Customer Charge</p> <p>Demand Charge per KW of Billing Demand</p> <p>Energy Charge per KWH</p>		<p>\$1,131.19</p> <p>10.50</p> <p>0.4688 (I)</p>
<p><u>DETERMINATION OF BILLING DEMAND</u></p> <p>The monthly billing demand shall be the greater of (A) or (B) listed below:</p> <p>(A) The contract demand</p> <p>(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:</p>		
<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.	

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

GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED  
PSC NO.: 6  
6<sup>TH</sup> REVISED SHEET NO.: 12.40  
CANCELING PSC NO.: 5  
5<sup>TH</sup> REVISED SHEET NO.: 12.40

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

\$1,131.19

Demand Charge per KW of Billing Demand

10.50

Energy Charge per KWH

0.04588 (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 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.

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



GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED  
PSC NO.: 6  
6<sup>TH</sup> REVISED SHEET NO.: 13.20  
CANCELING PSC NO.: 5  
5<sup>th</sup> REVISED SHEET NO.: 13.20

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

\$1,131.19

Demand Charge per KW of Billing Demand

7.23

Energy Charge per KWH

0.04688 (I)

DEFINITION 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 December 28, 2012

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EFFECTIVE DATE: January 28, 2013

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

GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED  
PSC NO.: 6  
6<sup>TH</sup> REVISED SHEET NO.: 13.40  
CANCELING PSC NO.: 5  
5<sup>TH</sup> REVISED SHEET NO.: 13.40

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

\$1,131.19

Demand Charge per KW of Billing Demand

7.23

Energy Charge per KWH

0.04588 (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.

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EFFECTIVE DATE: January 28, 2013

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GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED  
PSC NO.: 6  
6<sup>TH</sup> REVISED SHEET NO.: 14.20  
CANCELING PSC NO.: 5  
5<sup>th</sup> REVISED SHEET NO.: 14.20

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	\$1,136.37
Demand Charge per KW of Contract Demand	7.23
Demand Charge per KW for Billing Demand In Excess of Contract Demand	10.50
Energy Charge per KWH	0.04688 (l)

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.

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GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED  
PSC NO.: 6  
6<sup>TH</sup> REVISED SHEET NO.: 14.40  
CANCELING PSC NO.: 5  
5<sup>TH</sup> REVISED SHEET NO.: 14.40

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	\$1,131.19
Demand Charge per KW of Contract Demand	7.23
Demand Charge per KW for Billing Demand In Excess of Contract Demand	10.50
Energy Charge per KWH	0.04588 (l)

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.

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

GRAYSON RURAL ELECTRIC  
 COOPERATIVE CORPORATION

**SCHEDULE 15**

**CLASSIFICATION OF SERVICE**

**RESIDENTIAL DEMAND & ENERGY RATE**

**RATE PER UNIT**

**Availability**

Available to members of the Cooperative for all 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	(I)
Energy Charge per kWh	0.06818	(I)
Demand Charge per kW	4.62	(I)

**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: December 28, 2012

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ISSUED BY: \_\_\_\_\_ President & C.E.O., 109 Bagby Park, Grayson, KY

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GRAYSON RURAL ELECTRIC  
 COOPERATIVE CORPORATION

SCHEDULE 15

CLASSIFICATION OF SERVICE

RESIDENTIAL DEMAND & ENERGY RATE

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.

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.

ENERGY EMERGENCY CONTROL PROGRAM

This tariff is subject to the Energy Emergency control Program as filed with the Kentucky 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.

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GRAYSON RURAL ELECTRIC  
 COOPERATIVE CORPORATION

SCHEDULE 16

CLASSIFICATION OF SERVICE

SMALL COMMERCIAL DEMAND & ENERGY RATE

RATE PER UNIT

**Availability**

Available to members of the Cooperative for Small Commercial uses less than 50 KVA, 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	\$ 27.50 (I)
Energy Charge per kWh	4.6558 (I)
Demand Charge per kW	6.12288 (I)

**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.

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GRAYSONRURAL ELECTRIC  
 COOPERATIVE CORPORATION

SCHEDULE 16

CLASSIFICATION OF SERVICE

SMALL COMMERCIAL DEMAND & ENERGY RATE

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.

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.

ENERGY EMERGENCY CONTROL PROGRAM

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GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

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  
 On Peak Energy - kWh Per Month  
 Off Peak Energy – kWh per Month

\$41.39  
 0.13605 (l)  
 0.07000 (l)

**On - Peak Hours and Off-Peak Hours**

On Peak Hours

May through September	10:00 a.m. to 10:00 p.m. EST
October through April	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	10:00 p.m. to 10:00 a.m. EST
October through April	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 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: December 28, 2012

Service on and after  
EFFECTIVE DATE: January 28, 2013

ISSUED BY: \_\_\_\_\_  
 Issued by authority of P.S.C. in Case No. 2012-00426

President & C.E.O., 109 Bagby Park, 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 Order of March 31, 1981.

DATE OF ISSUE: December 28, 2012

EFFECTIVE DATE: January 28, 2013

ISSUED BY: \_\_\_\_\_  
Issued by authority of P.S.C. in Case No. 2012-00426

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

GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED  
PSC NO.: 4  
REVISED SHEET NO.: 18.10  
REPLACING SHEET NO. 18.10 PSC NO. 3

SCHEDULE 18

CLASSIFICATION OF SERVICE

GENERAL SERVICE RATE

RATE PER UNIT

**AVAILABILITY**

Available for camps, barns, garages, outbuildings, domestic pumping stations, and unoccupied dwellings in areas served by the Cooperative, that are not eligible to be classified as permanent residential and small commercial 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

\$22.50 (I)

Energy Charge

0.13620 (I)

**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: December 28, 2012

Service on and after  
EFFECTIVE DATE: January 28, 2013

ISSUED BY: \_\_\_\_\_

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

Issued by authority of P.S.C. in Case No.2012-00426

GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED  
PSC NO.: 4  
REVISED SHEET NO.: 18.10  
REPLACING SHEET NO. 18.10 PSC NO. 3

SCHEDULE 18

CLASSIFICATION OF SERVICE

GENERAL SERVICE RATE

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: December 28, 2012

Service on and after  
EFFECTIVE DATE: January 28, 2013

ISSUED BY: \_\_\_\_\_

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

Issued by authority of P.S.C. in Case No. 2012-00426

GRAYSON RURAL ELECTRIC  
 COOPERATIVE CORPORATION

SCHEDULE 20

CLASSIFICATION OF SERVICE

RESIDENTIAL INCLINING BLOCK RATE

RATE PER UNIT

**AVAILABILITY**

Available to members of the Cooperative for all 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	\$15.00	(I)
First 300 kWh	0.07503	(I)
Next 200 kWh	0.09003	(I)
All Over 500 kWh	0.14003	(I)

**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: December 28, 2012

Service on and after  
 EFFECTIVE DATE: January 28, 2013

ISSUED BY: \_\_\_\_\_ President & C.E.O., 109 Bagby Park, Grayson, KY

Issued by authority of P.S.C. in Case No. 2012-00426

GRAYSON RURAL ELECTRIC  
 COOPERATIVE CORPORATION

SCHEDULE 20

CLASSIFICATION OF SERVICE

RESIDENTIAL INCLINING BLOCK RATE

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.

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.

ENERGY EMERGENCY CONTROL PROGRAM

This tariff is subject to the Energy Emergency control Program as filed with the Kentucky 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: December 28, 2012

EFFECTIVE DATE: January 28, 2013

ISSUED BY: \_\_\_\_\_ President & C.E.O., 109 Bagby Park, Grayson, KY

Issued by authority of P.S.C. in Case No. 2012-0042



GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED  
PSC NO.: 56  
4412<sup>TH</sup> REVISED SHEET NO.: 1.00  
CANCELING PSC NO.: 45  
4011<sup>TH</sup> REVISED SHEET NO.: 1.00

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

\$10.35 15.00 (l)  
-10427 0.11003 (d)  
(l)

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 other applicable provisions as set out in 807 KAR 5:056.

MINIMUM CHARGE

The minimum monthly charge under the above rate shall be \$10.35 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.

(l)

DATE OF ISSUE: ~~June 3, 2011~~ December 28, 2012

Service on and after  
EFFECTIVE DATE: ~~June 1, 2011~~ January 28, 2013

ISSUED BY: \_\_\_\_\_  
Issued by authority of P.S.C. in Case No. 2010-00502 dated May 31, 2011

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

Case No. 2012-00426



GRAYSON RURAL ELECTRIC  
CO-OPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED  
PSC NO.: 56  
4412<sup>TH</sup> REVISED SHEET NO.: 2.00  
CANCELING PSC NO.: 45  
4011<sup>TH</sup> REVISED SHEET NO.: 2.00

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

\$25.87 27.50 (I)  
~~.09608.10679(d)~~  
(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 \$25.87 27.50 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: ~~June 3, 2011~~ December 28, 2012

Service on and after  
EFFECTIVE DATE: ~~June 1, 2011~~ January 28, 2013

ISSUED BY: \_\_\_\_\_

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

Issued by authority of P.S.C. in Case No. 2010-00502 dated May 31, 20112012-00426

GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED  
PSC NO.: 56  
4412<sup>TH</sup> REVISED SHEET NO.: 3.00  
CANCELING PSC NO.: 45  
4011<sup>TH</sup> REVISED SHEET NO.: 3.00

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

\$10.35 15.00 (I)

ON-PEAK RATE:

ALL KWH

~~.10427~~ (d)

0.11003 (I)

OFF PEAK RATE:

ALL KWH

~~.06256~~ (d)

0.06602 (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.

DATE OF ISSUE: ~~June 3, 2011~~ December 28, 2012

Service on and after  
EFFECTIVE DATE: ~~June 1, 2011~~ January 28, 2013

ISSUED BY: \_\_\_\_\_

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

Issued by authority of P.S.C. in Case No. 2010-00502 dated May 31, 2011 2012-00426

GRAYSON RURAL ELECTRIC  
CO-OPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED  
PSC NO.: 56  
4412<sup>TH</sup> REVISED SHEET NO.: 3.10  
CANCELING PSC NO.: 45  
4011<sup>TH</sup> REVISED SHEET NO.: 3.10

SCHEDULE 3 (con't)

CLASSIFICATION OF SERVICE

OFF-PEAK MARKETING RATE	RATE PER UNIT
<p><u>FUEL ADJUSTMENT CLAUSE</u> 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.</p> <p><u>MINIMUM CHARGE</u> The minimum monthly charge under the above rate shall be \$10.35 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.</p> <p><u>TERMS OF PAYMENT</u> The above rates are net, the gross being ten percent (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.</p> <p><u>METERING</u> 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.</p> <p><u>TERMS AND CONDITIONS</u> 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).</p>	<p>(1)</p>

DATE OF ISSUE: ~~JULY 21, 2009~~ December 28, 2012      EFFECTIVE DATE: ~~AUGUST 1, 2009~~ Service on and after January 28, 2013

ISSUED BY: \_\_\_\_\_ President & C.E.O., 109 Bagby Park, Grayson, KY  
Issued by authority of P.S.C. in Case No. 2008-00529 dated July 15, 2009. 2012-00426

GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED  
PSC NO.: 56  
4011<sup>TH</sup> REVISED SHEET NO.: 5.00  
CANCELING PSC NO.: 45  
910<sup>TH</sup> REVISED SHEET NO.: 5.00

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.

Lamp Size	Mercury Vapor	Annual Charge
<u>7,000 Lumens</u>	<u>Lamps</u>	<u>Per Lamp</u>
175 Watt	\$40.57 11.00 per Month	\$126.84 132.00

(d) (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 1 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 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.

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

DATE OF ISSUE: June 3, 2014 December 28, 2012

Service on and after  
EFFECTIVE DATE: June 1, 2014 January 28, 2013

ISSUED BY: \_\_\_\_\_  
Issued by authority of P.S.C. in Case No.-2008-00502 dated May 31, 2011-2012-00426

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

GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED  
PSC NO.: 56  
1112<sup>TH</sup> REVISED SHEET NO.: 6.00  
CANCELING PSC NO.: 45  
1011<sup>TH</sup> REVISED SHEET NO.: 6.00

SCHEDULE 6 CLASSIFICATION OF SERVICE

OUTDOOR LIGHTING SERVICE – SECURITY LIGHTS	RATE PER UNIT
<p><u>AVAILABILITY</u> Available to customers, other than towns and villages, for dusk to dawn outdoor lighting on existing overhead secondary circuits.</p>	
<p><u>RATE PER LIGHT PER MONTH</u> 7,000 Lumens Mercury Vapor Lamp \$10.23 10.75 (d) (l) 10,000 Lumens Mercury Vapor Lamp \$12.88 13.50 (d) (l) Flood Lighting \$18.78 19.75 (d) (l)</p>	
<p><u>FUEL ADJUSTMENT CLAUSE</u> 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.</p>	
<p><u>CONDITIONS OF SERVICE</u></p> <ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>The lighting equipment shall remain the property of the Cooperative. The customer shall protect the lighting equipment from deliberate damage.</li> </ol>	

DATE OF ISSUE: ~~June 3, 2011~~ December 28, 2012      Service on and after  
EFFECTIVE DATE: ~~June 1, 2011~~ January 28, 2013

ISSUED BY: \_\_\_\_\_ President & C.E.O., 109 Bagby Park, Grayson, KY  
Issued by authority of P.S.C. in Case No. 2010-00502 dated May 31, 2011 2012-00426

GRAYSON RURAL ELECTRIC  
CO-OPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED  
PSC NO.: 56  
4011<sup>TH</sup> REVISED SHEET NO.: 7.00  
CANCELING PSC NO.: 45  
910<sup>TH</sup> REVISED SHEET NO.: 7.00

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

Demand Charge per KW

Energy Charge per KWH

\$31.04

6-21 6.50 (I)

.069410.07390(d)(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.

DATE OF ISSUE: June 3, 2011 December 28, 2012

EFFECTIVE DATE: June 1, 2011 January 28, 2013

ISSUED BY: \_\_\_\_\_

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

Issued by authority of P.S.C. in Case No. 2010-00502 dated May 31, 2011-2012-00426

Service on and after

GRAYSON RURAL ELECTRIC  
 CO-OPERATIVE CORPORATION

Schedule 10 CLASSIFICATION OF SERVICE

RESIDENTIAL TIME OF DAY (TOD)

RATE PER UNIT

**AVAILABILITY**

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**

Customer Charge  
 On-Peak Energy per kWh  
 Off-Peak Energy per kWh

\$15.52 19.75 (I)  
 .1988800.20000(d)(I)  
 .061280.06250 (d)(I)

**WINTER SCHEDULE**

For the purpose of this tariff, the on-peak billing period for the months of October, November, December, January, February, March, & April is defined as 7:00 am to 11:00 am and 5:00 pm to 9:00 pm, Monday through Friday. The off-peak billing period is defined as 9:00 pm to 7:00 am and 11:00 am to 5:00 pm, Monday through Friday. All weekends and holidays are off-peak.

**SUMMER SCHEDULE**

For the purpose of this tariff, the on-peak billing period for the months of May, June, July, August, & September is defined as 1:00 pm to 9:00 pm, Monday through Friday. The off-peak billing period is defined as 9:00 pm to 1:00 pm, Monday through Friday. All weekends and holidays are off-peak.

**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.

Service on and after

DATE OF ISSUE: ~~June 3, 2011~~ December 28, 2012 EFFECTIVE DATE: ~~June 1, 2011~~ January 28, 2013

ISSUED BY: \_\_\_\_\_ President & C.E.O., 109 Bagby Park, Grayson, KY

Issued by authority of P.S.C. in Case No. 2010-00502 dated May 31, 2011/2012-00426

GRAYSON RURAL ELECTRIC  
 COOPERATIVE CORPORATION

SCHEDULE 10 CLASSIFICATION OF SERVICE

RESIDENTIAL TIME OF DAY (TOD)	RATE PER UNIT
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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.

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.

ENERGY EMERGENCY CONTROL PROGRAM

This tariff is subject to the Energy Emergency control Program as filed with the Kentucky 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.



GRAYSON RURAL ELECTRIC  
 COOPERATIVE CORPORATION

SCHEDULE 11

CLASSIFICATION OF SERVICE

SMALL COMMERCIAL TIME OF DAY (TOD)

RATE PER UNIT

**AVAILABILITY**

Available to members of the Cooperative for all Small Commercial uses less than 50 KVA, 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

On-peak Energy per kWh

Off-peak Energy per kWh

\$25.87    \$27.50 (I)  
 .18782    0.02000 (d)(I)  
 .06128    0.06250 (d)(I)

**WINTER SCHEDULE**

For the purpose of this tariff, the on-peak billing period for the months of October, November, December, January, February, March, & April is defined as 7:00 am to 11:00 am and 5:00 pm to 9:00 pm, Monday through Friday. The off-peak billing period is defined as 9:00 pm to 7:00 am and 11:00 am to 5:00 pm, Monday through Friday. All weekends and holidays are off-peak.

**SUMMER SCHEDULE**

For the purpose of this tariff, the on-peak billing period for the months of May, June, July, August, & September is defined as 1:00 pm to 9:00 pm, Monday through Friday. The off-peak billing period is defined as 9:00 pm to 1:00 pm, Monday through Friday. All weekends and holidays are off-peak.

**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.

Service on and after

DATE OF ISSUE: ~~June 3, 2011~~ December 28, 2012 EFFECTIVE DATE: ~~June 1, 2011~~ January 28, 2013

ISSUED BY: \_\_\_\_\_ President & C.E.O., 109 Bagby Park, Grayson, KY

GRAYSON RURAL ELECTRIC  
 COOPERATIVE CORPORATION

SCHEDULE 11

CLASSIFICATION OF SERVICE

SMALL COMMERCIAL TIME OF DAY (TOD)

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.

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.

ENERGY EMERGENCY CONTROL PROGRAM

This tariff is subject to the Energy Emergency control Program as filed with the Kentucky 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: ~~June 3, 2011~~ December 28, 2012

Service on and after  
 EFFECTIVE DATE: ~~June 1, 2011~~ January 28, 2013

ISSUED BY: \_\_\_\_\_ President & C.E.O., 109 Bagby Park, Grayson, KY  
 Issued by authority of P.S.C. in Case No. 2010-00502 dated May 31, 2011-2012-00426

GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED  
PSC NO.: 56  
56<sup>TH</sup> REVISED SHEET NO.: 12.20  
CANCELING PSC NO.: 45  
45<sup>TH</sup> REVISED SHEET NO.: 12.20

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

\$1,131.19

Demand Charge per KW of Billing Demand

10.50

Energy Charge per KWH

.04373 0.4688-(d)(l)

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	7:00 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: ~~June 3, 2011~~ December 28, 2012

Service on and after  
EFFECTIVE DATE: ~~June 1, 2011~~ January 28, 2013

ISSUED BY: \_\_\_\_\_

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

Issued by authority of P.S.C. in Case No. 2010-00502 dated May 31, 2011 2012-00426.

GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED  
PSC NO.: 56  
56<sup>TH</sup> REVISED SHEET NO.: 12.40  
CANCELING PSC NO.: 45  
45<sup>TH</sup> REVISED SHEET NO.: 12.40

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

\$1,131.19

Demand Charge per KW of Billing Demand

10.50

Energy Charge per KWH

.04268 0.04588 (d)(l)

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:

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: ~~June 3, 2011~~ December 28, 2012

EFFECTIVE DATE: ~~June 1, 2011~~ January 28, 2013

ISSUED BY: \_\_\_\_\_

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

Issued by authority of P.S.C. in Case No. 2010-00502 dated May 31, 2011. 2012-00426

Service on and after

GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED  
PSC NO.: 56  
56<sup>TH</sup> REVISED SHEET NO.: 13.20  
CANCELING PSC NO.: 45  
45<sup>TH</sup> REVISED SHEET NO.: 13.20

SCHEDULE 13 (b) CLASSIFICATION OF SERVICE

LARGE INDUSTRIAL SERVICE – HLF	5,000 TO 9,999 KVA	RATE PER UNIT
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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	\$1,131.19
Demand Charge per KW of Billing Demand	7.23
Energy Charge per KWH	.04373 0.04688 (d)(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	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 ~~June 3, 2011~~ December 28, 2012 EFFECTIVE DATE: ~~June 1, 2011~~ January 28, 2013 Service on and after

ISSUED BY: \_\_\_\_\_ President & C.E.O., 109 Bagby Park, Grayson, KY  
Issued by authority of P.S.C. in Case No. 2010-00502 dated May 31, 2011 2012-00426.

GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED  
PSC NO.: 56  
56<sup>TH</sup> REVISED SHEET NO.: 13.40  
CANCELING PSC NO.: 45  
45<sup>TH</sup> REVISED SHEET NO.: 13.40

SCHEDULE 13 (c)

CLASSIFICATION OF SERVICE

LARGE INDUSTRIAL SERVICE – HLF 10,000 KVA AND OVER	RATE PER UNIT						
<p><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.</p>							
<p><u>CONDITION OF SERVICE</u> An "INDUSTRIAL POWER AGREEMENT" shall be executed by the member for service under this schedule.</p>							
<p><u>TYPE OF SERVICE</u> Three-phase, 60 hertz, alternating current as specified in the "INDUSTRIAL POWER AGREEMENT".</p>							
<p><u>RATE PER MONTH</u> Customer Charge Demand Charge per KW of Billing Demand Energy Charge per KWH</p>	<p>\$1,131.19 7.23 <del>0.04268</del> 0.04588 (d)(l)</p>						
<p><u>DETERMINATION OF BILLING DEMAND</u> The monthly billing demand shall be the greater of (A) or (B) listed below:</p> <p>(A) The contract demand</p> <p>(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):</p> <table border="0" data-bbox="75 1401 1092 1660"> <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: ~~June 3, 2011~~ December 28, 2012      Service on and after  
EFFECTIVE DATE: ~~June 1, 2011~~ January 28, 2013

ISSUED BY: \_\_\_\_\_ President & C.E.O., 109 Bagby Park, Grayson, KY  
Issued by authority of P.S.C. in Case No. 2010-00502 dated May 31, 2011 2012-00426.

GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED  
PSC NO.: 56  
56<sup>TH</sup> REVISED SHEET NO.: 14.20  
CANCELING PSC NO.: 45  
45<sup>TH</sup> REVISED SHEET NO.: 14.20

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	\$1,136.37
Demand Charge per KW of Contract Demand	7.23
Demand Charge per KW for Billing Demand In Excess of Contract Demand	10.50
Energy Charge per KWH	.04373 0.04688 (d)(l)

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: ~~June 3, 2011~~ December 28, 2012

Service on and after  
EFFECTIVE DATE: ~~June 1, 2011~~ January 28, 2013

ISSUED BY: \_\_\_\_\_  
Issued by authority of P.S.C. in Case No.2010-00502 dated May 31, 2011 2012-00426.

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

GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED  
PSC NO.: 56  
56<sup>TH</sup> REVISED SHEET NO.: 14.40  
CANCELING PSC NO.: 45  
45<sup>TH</sup> REVISED SHEET NO.: 14.40

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

\$1,131.19

Demand Charge per KW of Contract Demand

7.23

Demand Charge per KW for Billing Demand

In Excess of Contract Demand

10.50

Energy Charge per KWH

.04268 0.04588(d)(l)

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.

D, . . . E OF ISSUE: ~~June 3, 2011~~ December 28, 2012

Service on and after  
EFFECTIVE DATE: ~~June 1, 2011~~ January 28, 2013

ISSUED BY: \_\_\_\_\_

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

Issued by authority of P.S.C. in Case No. 2010-00502 dated ~~May 31, 2011~~ 2012-00426



GRAYSON RURAL ELECTRIC  
 COOPERATIVE CORPORATION

SCHEDULE 15

CLASSIFICATION OF SERVICE

RESIDENTIAL DEMAND & ENERGY RATE

RATE PER UNIT

**Availability**

Available to members of the Cooperative for all 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  
 Energy Charge per kWh  
 Demand Charge per kW

\$15.52 20.00 (I)  
 .06458 0.06818 (d)(I)  
 4.38 4.62 (I)

**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.

Service on and after

DATE OF ISSUE: ~~June 3, 2014~~ December 28, 2012 EFFECTIVE DATE: ~~June 1, 2014~~ January 28, 2013

ISSUED BY: \_\_\_\_\_ President & C.E.O., 109 Bagby Park, Grayson, KY

Issued by authority of P.S.C. in Case No. 2010-00502 dated ~~May 31, 2014~~ 2012-00426

GRAYSON RURAL ELECTRIC  
 COOPERATIVE CORPORATION

SCHEDULE 15

CLASSIFICATION OF SERVICE

RESIDENTIAL DEMAND & ENERGY RATE

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.

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.

ENERGY EMERGENCY CONTROL PROGRAM

This tariff is subject to the Energy Emergency control Program as filed with the Kentucky 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: ~~June 3, 2011~~ December 28, 2012 EFFECTIVE DATE: ~~June 1, 2011~~ January 28, 2013

ISSUED BY: \_\_\_\_\_ President & C.E.O., 109 Bagby Park, Grayson, KY

Issued by authority of P.S.C. in Case No. 2010-00502 dated May 31, 2011 2012-00426

GRAYSON RURAL ELECTRIC  
 COOPERATIVE CORPORATION

SCHEDULE 16 CLASSIFICATION OF SERVICE

SMALL COMMERCIAL DEMAND & ENERGY RATE	RATE PER UNIT
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**Availability**

Available to members of the Cooperative for Small Commercial uses less than 50 KVA, 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  
 Energy Charge per kWh  
 Demand Charge per kW

\$25.87 27.50 (I)  
 .06169 0.6558 (d)(I)  
 5.76 6.12288 (I)

**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: ~~June 3, 2011~~ December 28, 2012 EFFECTIVE DATE: ~~June 1, 2011~~ January 28, 2013

ISSUED BY: \_\_\_\_\_ President & C.E.O., 109 Bagby Park, Grayson, KY

Issued by authority of P.S.C. in Case No. 2010-00502 dated May 31, 2011 2012-00426

GRAYSONRURAL ELECTRIC  
 COOPERATIVE CORPORATION

SCHEDULE 16

CLASSIFICATION OF SERVICE

SMALL COMMERCIAL DEMAND & ENERGY RATE

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 of 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.

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.

ENERGY EMERGENCY CONTROL PROGRAM

This tariff is subject to the Energy Emergency control Program as filed with the Kentucky 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.

Service on and after

DATE OF ISSUE: ~~June 3, 2011~~ December 28, 2012 EFFECTIVE DATE: ~~June 1, 2011~~ January 28, 2013

ISSUED BY: \_\_\_\_\_ President & C.E.O., 109 Bagby Park, Grayson, KY

Issued by authority of P.S.C. in Case No. 2010-00502 dated May 31, 2011 2012-00426

GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

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  
On Peak Energy - kWh Per Month  
Off Peak Energy – kWh per Month

\$41.39  
-.11922 0.13605 (d)(l)  
-.06201 0.07000 (d)(l)

**On - Peak Hours and Off-Peak Hours**

On Peak Hours

May through September 10:00 a.m. to 10:00 p.m. EST  
October through April 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 10:00 p.m. to 10:00 a.m. EST  
October through April 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 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: ~~June 3, 2011~~ December 28, 2012

EFFECTIVE DATE: ~~June 1, 2011~~ January 28, 2013

Service on and after

ISSUED BY: \_\_\_\_\_

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

Issued by authority of P.S.C. in Case No. 2008-00502 dated May 31, 2011 2012-00426

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 Order of March 31, 1981.

DATE OF ISSUE: ~~June 3, 2011~~ December 28, 2012

EFFECTIVE DATE: ~~June 1, 2011~~ January 28, 2013

ISSUED BY: \_\_\_\_\_  
Issued by authority of P.S.C. in Case No. 2008-00502 dated ~~May 31, 2011~~ 2012-00426

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

GRAYSON RURAL ELECTRIC  
CO-OPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED  
PSC NO.: 34  
REVISED SHEET NO.: 18.10  
REPLACING SHEET NO. 18.10 PSC NO. 23

SCHEDULE 18

CLASSIFICATION OF SERVICE

GENERAL SERVICE RATE

RATE PER UNIT

**AVAILABILITY**

Available for camps, barns, garages, outbuildings, domestic pumping stations, and unoccupied dwellings in areas served by the Cooperative, that are not eligible to be classified as permanent residential and small commercial 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  
Energy Charge

\$20.69 22.50 (I)  
-10427 0.13620 (d)(I)

**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: ~~June 3, 2011~~ December 28, 2012

Service on and after  
EFFECTIVE DATE: ~~June 1, 2011~~ January 28, 2013

ISSUED BY: \_\_\_\_\_

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

Issued by authority of P.S.C. in Case No. 2010-00502 dated May 31, 2011-2012-00426

GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED  
PSC NO.: 34  
REVISED SHEET NO.: 18.10  
REPLACING SHEET NO. 18.10 PSC NO. 23

SCHEDULE 18

CLASSIFICATION OF SERVICE

GENERAL SERVICE RATE	RATE PER UNIT
<p><b><u>Terms of Payment</u></b> 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.</p> <p><b><u>Rules and Regulations</u></b> Service will be furnished under the Cooperative's general rules and regulations or terms and conditions.</p> <p><b><u>Energy Emergency Control Program</u></b> 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.</p>	

DATE OF ISSUE: ~~June 3, 2011~~ December 28, 2012

EFFECTIVE DATE: ~~June 1, 2011~~ January 28, 2013

ISSUED BY: \_\_\_\_\_

Service on and after  
President & C.E.O., 109 Bagby Park, Grayson, KY

Issued by authority of P.S.C. in Case No. 2010-00502 dated May 31, 2011-2012-00426



GRAYSON RURAL ELECTRIC  
 CO-OPERATIVE CORPORATION

**SCHEDULE 20**

**CLASSIFICATION OF SERVICE**

**RESIDENTIAL INCLINING BLOCK RATE**

**RATE PER UNIT**

**AVAILABILITY**

Available to members of the Cooperative for all 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  
 First 300 kWh  
 Next 200 kWh  
 All Over 500 kWh

\$10.35 \$15.00 (I)  
~~.07323~~ 0.07503 (d)(I)  
~~.08875~~ 0.09003 (d)(I)  
~~.13531~~ 0.14003 (d)(I)

**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.

Service on and after

D. DATE OF ISSUE: ~~June 3, 2011~~ December 28, 2012 EFFECTIVE DATE: ~~June 1, 2011~~ January 28, 2013

ISSUED BY: \_\_\_\_\_ President & C.E.O., 109 Bagby Park, Grayson, KY

Issued by authority of P.S.C. in Case No. 2010-00502 dated ~~May 31, 2011~~ 2012-00426

GRAYSON RURAL ELECTRIC  
 COOPERATIVE CORPORATION

SCHEDULE 20

CLASSIFICATION OF SERVICE

RESIDENTIAL INCLINING BLOCK RATE

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.

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.

ENERGY EMERGENCY CONTROL PROGRAM

This tariff is subject to the Energy Emergency control Program as filed with the Kentucky 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: ~~June 3, 2011~~ December 28, 2012 EFFECTIVE DATE: ~~June 1, 2011~~ January 28, 2013

ISSUED BY: \_\_\_\_\_ President & C.E.O., 109 Bagby Park, Grayson, KY

Issued by authority of P.S.C. in Case No. 2010-00502 dated May 31, 2011 2012-00426



# 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 13, 2012

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

RECEIVED

SEP 17 2012

PUBLIC SERVICE  
COMMISSION

Dear Mr. Derouen:

This is to advise, in accordance with the Commission's Administrative Regulation 807 KAR 5:001, Section 11(2), that, after 30 days from September 13, 2012, 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, 2012.

If there are any questions concerning this matter, please contact me at your convenience.

Respectfully submitted,



Carol Ann Fraley, President/CEO

Copy to:

Attorney General  
Utility Intervention and Rate Division  
1024 Capital Center Drive  
Frankfort, Kentucky 40601



Steve L. Beshear  
Governor

David L. Armstrong  
Chairman

Leonard K. Peters  
Secretary  
Energy and Environment Cabinet

Commonwealth of Kentucky  
**Public Service Commission**

James Gardner  
Vice Chairman

211 Sower Blvd.  
P.O. Box 615  
Frankfort Kentucky 40602-0615  
Telephone: (502) 564-3940  
Fax: (502) 564-3460  
psc.ky.gov

Linda Breathitt  
Commissioner

September 18, 2012

Carol Hall Fraley, President & CEO  
Grayson R.E.C.C.  
109 Bagby Park  
Grayson, KY 41143

RE: Case No. **2012-00426**

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 September 17, 2012 and has been assigned Case No. 2012-00426. In all future correspondence or filings in connection with this case, please reference the above case number.

All documents submitted to the Commission in this proceeding must comply with the rules of procedure adopted by the Commission found in 807 KAR 5:001. Any deviation from these rules must be submitted in writing to the Commission for consideration as required by 807 KAR 5:001 (14). Additionally, confidential treatment of any material submitted must follow the requirements found in 807 KAR 5:001 (7).

Materials submitted to the Commission which do not comply with the rules of procedure, or that do not have an approved deviation, are subject to rejection by Commission pursuant to 807 KAR 5:001 (2). In order to insure cases are processed in a timely manner and accurate reliable records are created, please make sure that the rules of procedure are followed. Should you have any questions, please contact the Division of Filings.

If you need further assistance, please contact my staff at (502) 564-3940.

Sincerely,

Jeff Derouen  
Executive Director

JD/rs



# 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 13, 2012

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Frankfort, Kentucky 40602

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Carol Ann Fraley, President/CEO

Copy to:

Attorney General  
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1024 Capital Center Drive  
Frankfort, Kentucky 40601

Steve L. Beshear  
Governor

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Commonwealth of Kentucky  
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David L. Armstrong  
Chairman

James Gardner  
Vice Chairman

Linda Breathitt  
Commissioner

September 18, 2012

Carol Hall Fraley, President & CEO  
Grayson R.E.C.C.  
109 Bagby Park  
Grayson, KY 41143

RE: Case No. **2012-00426**

Grayson R.E.C.C.  
(General Rates)  
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If you need further assistance, please contact my staff at (502) 564-3940.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen  
Executive Director

JD/rs





# Grayson Rural Electric Cooperative Corporation

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

“President Fraley presented a letter from RUS addressing the issue that GRECC did not meet operating T.I.E.R. this year and asked for approval for her prepared response to RUS. President Fraley pointed out that this letter affirmed the Board’s initial intention to file for a rate increase next year. Director Rice made a motion, seconded by Director Martin and unanimously agreed to approve the letter as presented, a copy of which shall be made a part of these minutes.”

This is a certified excerpt from the minutes of the April Board Meeting of April 20, 2012.

  
Priscilla Sparks, Executive Assistant

and Notary Public, State of Kentucky, County of  
Carter. Notarized this 12<sup>th</sup> day of December  
2012.

My Commission Expires March 22, 2013.

# Grayson Rural Electric Cooperative Corporation

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

April 12, 2012

Mr. Brian D. Jenkins  
Chief, Operations Branch  
Northern Regional Division  
Electric Programs  
1400 Independence Avenue, SW  
Washington, DC 20250-0700

Mr. Jenkins:

In response to your correspondence of March 27, 2012, we offer the following:

Our financial budget for 2012:

- Assumes no Kwh growth.
- Assumes no additional revenue
- Continues an aggressive right of way clearing budget.

Resulting in the projected ratios:

- OTIER .03
- TIER .98
- ODSC 1.18
- DSC 1.57

As there are no remedies that will significantly remedy our financial situation, we fully anticipate filing for a rate adjustment by the end of this calendar year. The amount of revenue increase to remedy our TIER deficiency will be determined later this year.

Sincerely,



Carol Hall Fraley  
President & CEO



Grayson Rural Electric Cooperative  
Case No. 2012-00426  
**Revenue Analysis**  
May 31, 2012

Exhibit G  
page 1 of 1  
Witness: Jim Adkins

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Rate Schedule	Kwh Useage	Test Year Revenue	Percent of Total	Normalized Case No. 2010-00502	Percent of Total	Proposed Revenue	Percent of Total	Increase Amount	Percent
								\$1,627,302	8.9%
Schedule I, Farm and Home	161,238,331	\$18,349,770	70%	\$18,367,201	70%	\$19,994,504	71%	\$1,627,302	8.9%
Schedule 2, Small Commercial	15,613,032	1,846,725	7%	1,848,414	7%	2,039,137	7%	190,723	10.3%
Schedule 3, Off-Peak Marketing Rate	1,747,542	175,687	1%	176,467	1%	191,395	1%	14,929	8.5%
Schedule 4, Large Power	25,945,398	2,302,768	9%	2,303,813	9%	2,303,813	8%	0	0.0%
Schedule 5, Street Lighting	66,000	9,302	0%	9,302	0%	9,680	0%	378	4.1%
Schedule 6, Security Lights	4,041,369	537,276	2%	542,542	2%	570,164	2%	27,622	5.1%
Schedule 7, All Electric Schools	5,266,280	483,477	2%	483,477	2%	512,474	2%	28,997	6.0%
Schedule 10, Residential Time of Day	42,060	4,406	0%	4,360	0%	4,495	0%	135	3.1%
Schedule 14A, Large Industrial Service	25,068,000	1,553,009	6%	1,553,283	6%	1,553,283	6%	0	0.0%
Schedule 17, Water Pumping Service	8,160	1,365	0%	1,223	0%	1,322	0%	99	8.1%
Schedule 18, General Service Rate	4,471,609	825,948	3%	831,102	3%	1,005,798	4%	174,696	21.0%
Schedule 19, Temporary Service	164,872	34,050	0%	35,038	0%	35,038	0%	0	0.0%
Schedule 20, Residential Inclining Block	50,226	5,355	0%	5,358	0%	6,047	0%	689	12.9%
Schedule 22, Net Metering	7,901	768	0%	768	0%	768	0%	0	0.0%
Envirowatts	92,400	2,610	0%	2,610	0%	2,610	0%	0	0.0%
Rounding differences						(2,035)		(2,035)	
<b>Total from base rates</b>	<u>243,823,180</u>	<u>26,132,515</u>	<u>100%</u>	<u>\$26,164,958</u>	<u>100%</u>	<u>\$28,228,493</u>	<u>100%</u>	<u>\$2,063,535</u>	<u>7.9%</u>
Fuel adjustment billed		(122,658)							
Environmental surcharge billed		<u>2,247,065</u>							
<b>Increase</b>		<u>\$28,256,923</u>		<u>\$32,442</u>		<u>\$2,063,535</u>			



**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

**IN THE MATTER OF THE ADJUSTMENT OF )  
RATES OF GRAYSON RURAL ELECTRIC )      CASE NO. 2012-00426  
COOPERATIVE CORPORATION            )**

**PREPARED TESTIMONY OF CAROL H. FRALEY**

Q1. Would you please state your name and business address.

R1. Carol H. Fraley, with a business address of 109 Bagby Park, Grayson, KY 41143

Q2. What is your occupation?

R2. President and CEO of Grayson Rural Electric Cooperative ("GRECC").

Q.3 How long have you been employed by GRECC?

R3. I have been employed by GRECC since January 1979. as the Manager of Marketing and Member Services, I was promoted to my current position in July 1994.

Q4. What is your educational background?

R4. I received a Master of Science Degree from the University of Kentucky in 1980.

Q5. Why is GRECC filing this application,

R5. GRECC is filing this application because it was in violation of its mortgage agreement for 2011 Operating Times Interest Earned Ratio ("OTIER") of 1.10X and with the potential of not meeting this ratio for 2012.

Q6. When was GRECC last rate application?

R6. GRECC's last rate application was filed in 2008 in case No. 2008-00254.

Q7. Are you familiar with the contents of this application?

R7. Yes, I am familiar with the contents as I have worked closely with Mr. Don Combs of GRECC and Mr. James Adkins, rate consultant, in the development of this application.

Q8. What are the reasons for GRECC's need for an increase in revenue from rates?

R8. GRECC has suffered a deterioration in its margins since early in 2011 shortly after the last increase in rates by East Kentucky Power Cooperative ("EKPC"). GRECC needs a level of margins that provides for its operating needs, to maintain its mortgage agreements and to pay capital credits.

Q9. What is the basis for the amount of increase that GRECC is requesting?

R9. The basis for the amount of increase that GRECC is seeking is based GRECC's normalized test year expenses of a level that is known and measurable as of the end of



the test year plus a margin amount equal to the normalized interest expense on long term debt for TIER of 2.0X.

Q10. What is GRECC doing to assist its members in the areas of rates and rate design?

R10. GRECC has recently established several innovative and optional rate designs for its residential and small commercial members. GRECC is currently working with a company that could install generators at some natural gas wells. This dispersed generation could provide GRECC with wholesale power at an average cost less than GRECC is paying its current wholesale power supplier.

Q11. What is the approximate amount of savings that GRECC could expect to see if this project comes to fruition in the future?

R11. GRECC has developed an estimate of a reduction in wholesale power cost of between \$750,000 to \$1,000,000.

Q12. What is the basis for the allocation of the increase to GRECC's rate classes?

R12. The basis for the allocation of increase to GRECC's various rate classes is based on a Cost of Service Study ("COSS") included in this application as Exhibit R.

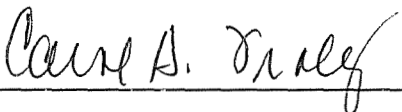
Q13. What is GRECC's test year in this application?

R13. The test year for this application is the twelve month period ending May 31, 2012. The of Board of Directors and the management of GRECC constantly monitor the Cooperative's finances and operations on a monthly basis. It was determined shortly after May 31, 2012 that GRECC should file a rate application with the Kentucky Public Service Commission.

Q14. Does this conclude your testimony?

R14. Yes, it does.

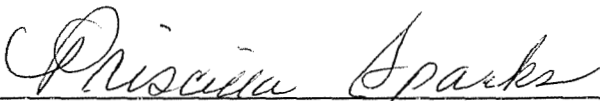
Affiant, Carol H. Fraley, states that the answers given by her to the foregoing questions are true and correct to the best of her knowledge and belief.

  
\_\_\_\_\_

Carol H. Fraley, President & CEO

Subscribed and sworn to before me by the affiant, Carol H. Fraley, this 20<sup>th</sup>  
day of December 2012.

My Commissions expires March 22, 2013

  
\_\_\_\_\_  
Notary Public  
State at Large

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

**IN THE MATTER OF THE ADJUSTMENT OF )  
RATES OF GRAYSON RURAL ELECTRIC )      CASE NO. 2012-00426  
COOPERATIVE CORPORATION            )**

**PREPARED TESTIMONY OF DON COMBS**

Q1.    Would you please state your name and business address.

R1.    Don Combs, with a business address of 109 Bagby Park, Grayson, KY 41143

Q2.    What is your occupation?

R2.    I am the Manager of Finance and Accounting for Grayson Rural Electric Cooperative ("GRECC").

Q.3    How long have you been employed by GRECC?

R3.    I have been employed by GRECC since January 1994 in my current position. I was promoted to my current position. Prior to my employment with GRECC, I was employed by Big Sandy RECC as the Manager of Accounting for approximately ten years.

Q5. Why is GRECC filing this application,

R5. GRECC is filing this application because it was in violation of its mortgage agreement for 2011 Operating Times Interest Earned Ratio ("OTIER") of 1.10X and with the potential of not meeting this ratio for 2012.

Q6. When was GRECC last rate application?

R6. GRECC's last rate application was filed in 2008 in case No. 2008-00254.

Q7. Are you familiar with the contents of this application and the accounting process and procedures in regards to electric cooperatives?

R7. Yes, I am familiar with the contents of this application as I have much experience in the preparation of rate filings before the Kentucky Public Service Commission ("Commission") through my employment with GRECC and Big Sandy RECC.

Q8. Did you assist in the preparation of the contents of this filing?

R8. Yes, I have assisted in the preparation of many of the exhibits and have provided the overall supervision of the preparation of this application.

Q9. Is the information contained in the Notice true and factual?

R9. Yes, the information contained in the notice is true and factual.

Q10. What is the basis for the allocation of the increase to GRECC's rate classes?

R10. The basis for the allocation of the increase to GRECC's various rate classes is based on a Cost of Service Study ("COSS") included in this application as Exhibit R. This COSS indicated that most rate classes are not providing revenue sufficient to recover the revenue requirements for those classes. Some rate classes are providing revenue in excess of their revenue requirements.

Q11. Is Grayson providing any other changes in its rates?

R11. Grayson is proposing to increase the energy rate for several of its rate schedules including Schedule 12b, 12c, 13b, 13c, 14b, and 14c. These rate schedules are schedules for large commercial and industrial applications which currently have not customers on them. The current energy rate for these rate schedules are lower than the cost of wholesale energy from GRECC's wholesale power supplier and especially when distribution line losses are considered. It is GRECC's intent to insure that these rates provided for revenue in excess of the wholesale power rates on which these rates are based.

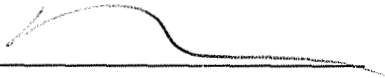
Q12. Is the amount of increase requested sufficient for GRECC's present and future needs?

R12. Yes, GRECC management feels that the increase requested will suffice for its current and future needs.

Q13. Does this conclude your testimony?

R13, Yes it does.

Affiant, Don Combs, states that the answers given by him to the foregoing questions are true and correct to the best of her knowledge and belief.

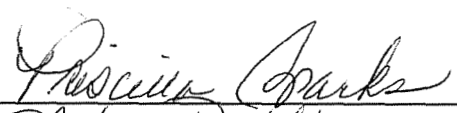


---

Don Combs, Manager Finance & Accounting

Subscribed and sworn to before me by the affiant, Don Combs, this 20<sup>th</sup> day of December 2012.

My Commissions expires March 22, 2013



---

Patricia Crank  
Notary Public  
State at Large

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION  
IN THE MATTER OF THE PREPAY ELECTRIC  
SERVICE TARIFF AND THE PROGRAM OF  
GRAYSON RURAL ELECTRIC COOPERATIVE  
PREPARED TESTIMONY OF ANDREA MCCLEESE

Q1: State your name and business address.

A1: I am Andrea McCleese and my business address is 109 Bagby Park Grayson, KY 41143.

Q2: What is your occupation?

A2: I am the Technical Services Supervisor at Grayson RECC.

Q3: How long have you been employed at Grayson RECC?

A3: I have been employed at Grayson RECC for 13 years.

Q4: What is your education and work experience?

A4: I received an Associate's Degree in Information Technology from Ashland Community & Technical College. I have been a full time employee at Grayson for 13 years and have been involved with the implementation of many innovative processes at the cooperative.

Q5: Have you ever appeared as a witness before this Commission?

A5: No, I have not appeared as a witness before this Commission.

Q6: Are you familiar with the contents of the Prepay Application of Grayson RECC which has been filed with this Commission?

A6: Yes.

Q7: Please state whether the statements of facts contained in this Notice are true.

A7: Yes. To the best of my knowledge and belief, the statements and facts contained in this application are true.

Q8: Are you familiar with the exhibits which are filed with and from a part of the Notice Application of this Case?

A8: Yes. I am familiar with the contents. In my opinion, the factual materials contained in the application are correct.

Q9: How does the Prepay Tariff Program work?

A9: Grayson RECC's customer information system (CIS) and automated metering infrastructure (AMI) software are multi-speak compliant and interface seamlessly. The interface allows the member to deposit money to their electric account through the same methods used by post pay members and as listed under Prepay on Grayson RECC's website. The amount deposited is then available for viewing on the internet usage webpage. Prepay accounts will be billed electronically at least once a day to show the remaining funds on the account. This daily balance is available for the member to view on the internet usage webpage. When the amount of funds remaining on a prepay account reaches the established threshold of \$25, an automated message will be sent to the member through texting and/or email and/or telephone alerting the member. The member then deposits more into the account. If the account balance becomes negative, service will be disconnected. Once a payment is made, service will be reconnected. Service disconnection and reconnection will be automatic with the installation of a disconnect meter. This meter interfaces with the AMI system and is remotely activated with a reconnect if an amount is applied to the account or disconnected when the account balance becomes negative.

Q10: Who is eligible?

A10: All Rate Schedules 1 (Domestic Farm & Home Service) accounts and Schedule 18 (General Service) within the territory serviced by the Cooperative are eligible except the following:

- Accounts on Levelized Budget Billing
- Accounts on Autodraft
- Accounts on Net Metering
- Accounts with Ancillary Services
- Three phase accounts
- Due to restraints of the AMI switches, those accounts greater than 200 amp service

Q11: Please explain in more detail the balance monitoring and balance alerts for the Prepay Program.

A11: The member shall be responsible for regularly monitoring the balance on the Prepay account. The account will be adjusted daily and will be available for viewing on the internet usage webpage or by calling the automated customer service. Updates will occur once daily. When the amount of funds remaining on the Prepay account reaches the established threshold of \$25, an automated message will be sent to the member. An established threshold amount was chosen because it is a uniformed amount across the program for all users. The amount of \$25 was determined to be the cost of an average of



four days' estimated usage. In addition, a monthly paper bill will be mailed to members who receive prepay service. A delinquent notice will not be mailed on prepay accounts.

Q12: Please provide a screen print of all screens available on the computers of participants in the prepay program.

A12: At the present time, the software has not been installed at Grayson RECC. However the software is expected to be fully implemented within the next several months.

Q13: When do disconnects occur?

A13: A prepay account will be disconnected if the balance of the account reaches a negative balance. The account will be disconnected regardless of weather/temperature as the member is responsible for ensuring that the prepay account is adequately funded. Service will be reconnected once the prepay account is funded. Disconnects will not occur over the weekend. If the balance becomes negative over a weekend, service will continue until the following Monday. If the following Monday is a holiday, the service will be disconnected at the following normal work day. If the account balance becomes negative on a holiday, will service continue until the following normal work day.

Q14: How will communication be impacted during major outage situations?

A14: The two-way communication will not be available during power outages. This means that the automatic reconnect or disconnect function will not operate without power. During major outage situations, the automatic disconnect function of prepay program will be suspended until Grayson has restored power to all customers.

Q15: In special circumstances in which the tariff is not working for the member, will exceptions be made so that the member can return to the standard residential tariff?

A15: Yes, Grayson will consider exceptions to the one year requirement based on each individual member's circumstances.

Q16: Are all residential meters Grayson currently has in service compatible with the hardware and software Grayson will deploy for the prepay program?

A16: No.

Q17: Who is not eligible for the prepay program?

A17: All voluntary prepay accounts will not be eligible for a Winter Hardship Reconnect, Certificate of Need, or Medical Certificate as outlined in 807 KAR 5:006, Sections 13, 14, and 15. If a member on a prepay account presents a Certificate of Need, a Medical Certificate or qualifies for a Winter Hardship Reconnect, the member will be required to transfer to a post pay account.

Q18: Can an In-Home Display become part of this program?

A18: No, not currently due to the software not supporting the display.

Q19: What are the benefits of the Prepay program?

A19: There are several benefits associated with the prepay program. The first is that members will have an additional choice which leads to a higher satisfaction level. Another benefit is that prepay is an option that does not require a deposit, which also leads to greater satisfaction with the cooperative. In addition, there is a conservation benefit. Studies have shown that the prepay program reduces energy consumption up to 12 percent. This helps to reduce the carbon footprint and supports the demand side management initiatives of Grayson. Finally the program will allow Grayson to lower expenses by reducing operating costs associated with connect/disconnect trips, write-offs and delinquent dept.

Q20: Does this conclude your testimony?

A20: Yes, this concludes my testimony.

Affiant, Andrea McCleese, states that the answers given by her to the foregoing questions are true and correct to the best of her knowledge and belief.

Andrea McCleese  
Andrea McCleese, Grayson RECC

Subscribed and sworn to before me by the affiant, Andrea McCleese, this 19<sup>th</sup>  
day of December 2012.

My Commission expires January 3<sup>rd</sup> 2016

Arita Bellows 457407

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION  
IN THE MATTER OF THE ADJUSTMENT OF RATES OF  
GRAYSON RURAL ELECTRIC COOPERATIVE  
PREPARED TESTIMONY OF MARY ELIZABETH PURVIS

Q1: State your name and business address.

A1: I am Mary Elizabeth Purvis and my business address is 4004 Port Royal Drive  
Richmond, KY 40475

Q2: What has been your role in this tariff?

A2: My role in this application has been to develop the tariff and the rates proposed in the  
tariff and to advise in the overall development of this filing and the overall program.

Q3: What is your professional experience in the area of electric utility rate making?

A3: I am employed by Jim Adkins Consulting (JAC) to assist in utility rate cost of service  
studies, rate design, revenue requirement determination, financial forecasting, regulatory  
affairs and other matters pertaining to electric cooperatives. I am also an Instructor of  
Economics and Mathematics.

Q4: What is your educational background?

A4: I received two Bachelor's Degrees in Economics and Mathematics from Centre College.  
I also possess a Master's Degree in Economics from the University of Georgia and a  
Master's Degree in Business Administration from Morehead State University.

Q5: Have you ever appeared as a witness before this Commission?

A5: Yes, I have appeared as a witness before this Commission.

A6: What is the basis for the rates contained in the proposed tariff?

A6: The basis for the rates found in this tariff is an estimate of the annual expenses for this  
program. They were calculated similarly to how the rates were calculated for previous  
prepay filings, specifically in PSC case #2010-00210 for Jackson Energy Cooperative,  
PSC Case #2011-0422 for Nolin RECC, and PSC Case #2012-00620 for Blue Grass  
Energy to establish prepaid electric service.

Q7: How many members did Grayson use to estimate participation in developing the rates  
contained in the proposed tariff?

A7: Grayson is estimating that 500 members will use the program. This number was calculated similarly to how Jackson Energy and Blue Grass Energy calculated theirs in that 500 represent approximately three percent of its members. The timeframe obtaining this number of participants cannot be determined at the present time.

Q8: Please discuss the computation of the proposed rates.

A8: Below provides the basis and the computation of the proposed rates followed by an explanation:

- Exhibit A: The Investment per Member

This calculates the cost of the prepay metering

- The equipment cost is the cost of the software and hardware divided by the number of estimate participants. An amount of \$250 is due for the disconnect meter and because the prepay meter slightly more expensive than normal AMI meter.
- Installation costs is the labor costs of setting up and installing the prepay metering and collar.
- Total per investment per member or direct investment sums to \$312.90

**EXHIBIT A**

		<b>Internet Only Per Customer</b>
<b>Equipment Costs</b>		
Software		
Oracle	\$7000.00	\$14.00
Redhat Linux	\$1800.00	\$3.60
Hardware		
Server	\$8900.00	\$17.80
Implementation	\$1000.00	\$2.00
Disconnect Meter	\$250.00	\$250.00
<b>-Installation Costs</b>		
CSR set up		
Labor – 15 min	\$14.92/hour	\$3.73
Benefits	68.70%	\$2.56
Serviceman		
Labor – 30 min	\$22.77/hour	\$11.39
Benefits	68.70%	\$7.82
<b>Investment per Member</b>		<b>\$312.90</b>

• Exhibit B: Annual expenses

Annual expenses are calculated off the investment per member in Exhibit A

- Depreciation of AMR meters at 15 yrs
- Interest expense of 4.8 percent based on the current CFRC 15 year rate
- Operations and Maintenance (O&M) expenses are 20 percent for the software and 10 percent for the hardware. These O&M expenses are based on the Nolin RECC , Jackson Energy, and Blue Grass Energy filings.

**EXHIBIT B**

Annual Expenses		Internet Only Per Customer
Depreciation	15 year life	\$20.86
Interest	4.8%	\$15.02
O&M		
Software	20%	\$3.52
Hardware	10%	\$26.98
<b>Total Annual Expenses</b>		<b>\$66.38</b>
<b>Total Monthly Expenses</b>		<b>\$5.53</b>

• Exhibit C: Monthly Expense per member

- The monthly expenses are calculated to be \$5.53 per member.
- Software support is a monthly fee of \$300, or \$0.60 per member.
- Commutation fees via texting or emailing are calculated at \$0.075 each and in other programs, there is an average of four notices per month for a total of \$0.30
- Studies have indicated that a typical prepay customer makes four transactions per month. Instead of a separate transaction fees, the cost will be imbedded in the prepay costs with one transaction being complementary. Based on Jackson Energy's and Nolin RECC's filings and Grayson's calculations, the transaction fee is \$1.25 each; therefore, the total monthly transaction fee is \$3.75.
- Total monthly rate per participant is proposed to be \$10.00, which is less than the estimated cost per month which is \$10.18.

EXHIBIT C

Monthly Expenses		Internet Only Per Customer
Expense per Member		\$5.53
Monthly Software Support	\$300	\$2.16
Communication Fees	4 notices	\$0.30
Transaction Fees	\$1.25 each	\$3.75
<b>Total Monthly Expense per Member</b>		<b>\$10.18</b>
<b>Recommended Monthly Program Fee</b>		<b>\$10.00</b>

Q9: Is there a transaction fee proposed in this tariff?

A9: The proposed transaction fee is for each time a participant makes a deposit into its account. The proposed rate on these transactions is \$1.25 per transaction as illustrated in Exhibit D. The purpose of this transaction fee is to assist in the recovery of the costs of processing these transactions but to also encourage consumers to make as large a prepayment as feasible for them. The develop of the costs estimate is based on the Nolin RECC , Jackson Energy, and Blue Grass Energy filings. It is calculated by finding the average cost for one CSR to make a transaction that on average lasts three minutes.

EXHIBIT D

<b>Transaction Fee Expenses</b>		
One CSR will average 3 minutes per transaction		
Labor –	\$14.92/hour	\$14.92
Benefits	68.70%	\$10.25
		\$25.17
Number of Transactions per Hour		20
Cost per Transaction		\$1.26
Recommended Cost per Transaction		\$1.25

Q10: Why is the transaction fee not calculated separated as a per time transaction fee?

A10: The transaction fee is included because the software does not support a separate per transaction fee.

Q11: Does this conclude your testimony?

A11: Yes, this concludes my testimony.

Affiant, Mary E. Purvis, states that the answers given by her to the foregoing questions are true and correct to the best of her knowledge and belief.

Mary E. Purvis  
Mary E. Purvis, JAC

Subscribed and sworn to before me by the affiant, Mary E. Purvis, this 19<sup>th</sup> day of December 2012.

My Commission expires January 3<sup>rd</sup> 2016

Anita Beller 457407



**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**IN THE MATTER OF THE ADJUSTMENT            )**  
**OF RATES OF GRAYSON RURAL ELELCTIC    ) CASE NO. 2012-00426**  
**COOPERATIVE CORPORATION                )**

**PREPARED TESTIMONY OF JAMES R. ADKINS**

Q1. State your name and business address.R1. I am James R. Adkins and my business address is 1041 Chasewood Way, Lexington, KY 40513-1731.

Q2. What has been your role in this application?

R2. My role in this application has been to assist Grayson RECC ("GRECC") to determine its revenue requirements, to sponsor and to develop a cost of service study ("COSS") filed with this Application, and to assist in the design of the proposed rates.

Q3. What is your professional experience in the area of electric utility rate-making?

R3. I have spent the last thirty-five plus years dealing with electric utility rates. I was employed by EKPC as its Pricing Manager for almost twenty-five years. I spent a little over one year with the Prime Group, LLC and I have been self-employed for the last ten years. Prior to my electric utility career, I was employed in the finance and accounting areas of the medical care field for close to eight years. I also served in the U.S. Army as an

Infantry man in the Republic of Vietnam in the late 1960s. I am a service connect veteran of the Vietnam War.

Q4. What is your educational background?

R4. I received a Bachelor's Degree in Commerce with a major in banking and finance in 1971 and a Master's of Science in Accounting in 1976. Both of my degrees were granted by the University of Kentucky. Since then, I have attended several seminars, conferences and courses on rate-making as well as a presenter at many conferences and seminars of electric utility rate-making, cost of service studies, and rate design.

Q5. Have you ever appeared as a witness before this Commission?

R5. I have appeared as a witness before this Commission many times in rate applications, applications for certificates of public convenience and necessity, fuel adjustment clause hearings, and administrative cases. I have testified on the behalf of East Kentucky Power Cooperative ("EKPC") and for all of EKPC's member cooperatives and for other distribution cooperatives.

Q6. Based on your computations, please tell the amount of additional revenue that GRECC is seeking in this application?

R6. GRECC is seeking an increase in the amount of \$2,172,945.

Q7. What is the basis for the amount of increase requested?

R7. GRECC has followed the normal process in developing its total revenue requirements and has identified fourteen adjustments to its Statement of Operations for the test year. These adjustments contain increases in expenses as well as some decreases in expenses. However, the primary reason for the need to increase its rates is its results from operations during the test year where its net margins and adjusted net margins were a loss of \$771,760 and \$1,085,514 respectively.

Q8. What are the expense categories that have adjustments?

R8. Some of the expense categories that contain adjustments are listed below:

- Wages and salaries
- Payroll taxes
- Depreciation
- Interest Expense
- Retirement
- Director expenses
- Employee benefits
- Rate case expenses
- Normalization of revenue, purchased power costs, environmental surcharge expenses and revenues, and fuel adjustment clause.

Q9. What Times Interest Earned Ratio ("TIER") is GRECC seeking in this application?

R9. Grayson is using a TIER of 2.0X as the basis for its margin amount in this application.

Q10. What is the purpose of the cost of service study (“COSS”) in this application, and has it been prepared in manner and approach similar to others that you have completed for distribution cooperatives under the jurisdiction of this Commission?

R10. The COSS in this application has been completed in a manner that uses the same methodology and approach as the others that I have completed for other distribution cooperatives. The purpose of the cost of service in this rate application is the following:

1. It provides the costs to serve each rate class as well as the total revenue requirements for each class;
2. It provides guidance in the development of the amount of rate increases for each rate class; and
3. It provides a breakdown of the cost to serve into segments that are useful for rate design purposes.

Q11. Please explain the Cost of Service Study (“COSS”) filed in this application?

R11. The COSS presented in this application follows the standard process of the functionalization of costs, the classification of costs and the allocation of costs to the various rate classes. This COSS contains seven (7) major sections in it. These sections are listed below:

Schedule 1

The integration of the test year revenue requirements with the test year adjustments

Schedule 2:

The functionalization of costs into the appropriate functions of purchased power lines, transformers, services, meters, consumer services and accounting, and lighting

Schedule 3:

The classification of costs as either demand-related, energy-related or consumer-related

Schedule 4:

The allocation of the classified costs to the individual rate classes

Schedule 5:

A statement of operations for each rate class that provides the margins, the TIER, and the return on Net Investment Rate Base for each rate class for the test year for the current rates and the proposed rates

Schedule 6:

The determination of the amount of rate increase for each rate class

Schedule 7:

The development of the proposed rate design.

Each one of these sections will be discussed in its order within Exhibit R.

Q12. Please explain Schedule 1 in the COSS?

R12. Schedule 1 is the determination of the overall revenue requirements for GRECC presented by each expense account number. It presents the test year actual expenses, the adjustments to the test year, and the adjusted test year. It is presented in a manner that is utilized in the process used to complete the COSS. As a part of Schedule 1 is a schedule on payroll

expenses that has been utilized in the allocation of the test year adjustments to appropriate expenses category. These payroll expenses are also utilized in the functionalization of the test year expenses. The adjusted test year amount provides the total revenue requirements for GRECC.

Q13. Please explain Schedule 2 of the COSS?

R13. Schedule 2 is a functionalization of the expenses from Schedule 1 into their appropriate function. Schedule 2 also has a section with footnotes which identifies and explains the basis for how some of the test year expenses are allocated to the proper function. A section of this schedule also contains the allocation of the Net Investment Rate Base to its proper functions and it is utilized to allocate some of the test year expenses to the functional area. These functional areas are then classified as demand-related, energy-related or consumer-related in Schedule 3.

Q14. Would you explain Schedule 3?

R14. Schedule 3 is the classification of expenses as either demand-related, energy-related or consumer related. Distribution line expenses (poles and conduit) and distribution transformer expenses contain both demand-related expenses and consumer-related expenses. Distribution expenses for services, meters, and consumer services and accounting are all considered to be customer-related. Purchased power contains a demand-related component, which are the demand charges, and an energy-related component, which are the energy charges. The distribution substations are considered to be demand-related.

- Q15. What is the basis for the division of the distribution line expenses and the transformer expenses into a demand-related component and a customer-related component?
- R15. The basis for the determination of the demand-related and customer related expenses are the use of one of two methods: 1) the minimum size method and 2) the 'Zero-intercept". These methods are applied to data from GRECC's Continuous Property Records ("CPRs") for Accounts 364-Poles, 365-Overhead Conductor, and 368-Transformers. The approach for the zero-intercept method is to determine the no load or zero demand component for each account. The zero load amounts is then utilized as a basis to determine the customer related investment and it's percent of the total investment for the accounts listed above. The residual amount and percentage is considered to be demand-related. For the minimum size method, the cost of the minimum size unit multiplied by the total number of units is utilized to determine the customer component of each investment while the remaining amount is considered demand related. Correspondingly, the expenses associated with these accounts are then proportioned as either demand related or consumer related based on the investment proportions. The zero-intercept method was used to determine the demand related and consumer related components for account 365-overhead conductor. The zero-intercept method was also used for account 368-transformers and account 364-poles. The percentages for the demand-related component and the customer-related component are then applied to the test year expenses to determine the amount of expenses that are demand-related and customer-related.

Q16. Explain Schedule 4?

R16. Schedule 4 is the allocation of the classified expenses to GRECC's electric rate classes. The demand related expenses are allocated on two different bases, the demanded-related purchased power costs and the distribution demand-related costs for lines and transformers, and are allocated proportionally on the basis of the sum of each rate class's monthly peak demand for the test year. The purchased power energy-related costs are allocated to each rate class proportional on retail energy sales for the test period. The customer-related costs for each customer-related segment are allocated differently. For lines, the allocation is proportional based on number of customers. For transformers, the allocation is proportionally weighted based on the number of consumers and the investment in the minimum size transformer for each rate class. For services, it is based on the number of customers and the minimum investment applied to the average length of the service for each rate class. For meters, the number of customers and the minimum size meter is used to allocate these expenses. For consumer services and accounting, the allocation is based on weighting factors that considers the number of consumers, the billing complexity or billing units per rate class for consumer records. Meter reading may also be utilized to differentiate the different types of meter data need from the various rate classes. The number of customers is also a factor in this to determine the appropriate allocation. Sections of this schedule contain the basis for the allocation of the classified expenses to each rate class.



Q17. What is the purpose of Schedule 5?

R17. Schedule 5 provides a statement of operations for GRECC based on the results of the cost of service study compared with revenue from the current rates. It provides a TIER for each rate class and rate of return on the Net Investment Rate Base for each rate class. It does provide the margins for each rate class for the current rates. Additionally, it provides the impact of the new rates (from Schedule 6) upon the margins, the TIER and the rate of return on the Net Investment Rate Base. It is a new schedule that has been added for informational purposes.

Q18. What is included in Schedule 6?

R18. Schedule 6 provides a comparison of the revenue from the current rates for each rate class with costs to serve each rate class from Schedule 4. This comparison will provide how much increase or decrease each rate class should receive based on the results of the COSS. Also, Schedule 6 provides how GRECC is proposing to spread its overall requested increase among its various rate classes. GRECC increase is comprised of two parts. The first part is an increase due to a general increase in costs and revenue requirements. GRECC is fully cognizant of the original purpose of the COSS and has used it as the basis for the allocation of the increase due to its general increase in revenue requirements. Based on the results of the cost of service study, justification is provided for a large increase in rates for several rate classes while justification exists to decrease the rates of some other rate classes. GRECC has determined that no rate class will receive a decrease in rates and these savings will be utilized to temper the amount of rate increase for other rate classes. The

increase for the ETS Marketing rates is based on the Schedule 1 increase and will remain at a forty percent discount for each member.

Q19. What is GRECC proposing in the way of rate design for those classes receiving an increase in rates?

R19. GRECC has chosen to move in the direction of by moderately increasing its customer charges to move them closer to the customer related costs based on the COSS.

Q20 What is GRECC proposing in regards to rate design?

R20. GRECC's most significant change is its proposing to raise its customer charge for its Schedule 1 – Residential and Schedule 2 – Small Commercial rate classes to \$15.00 per month. The energy rate will provide for the residual revenue requirements.

Q21. What is in GRECC's cost structure that makes increases in it customer charges realistic?

R21. In the short term, GRECC's distribution costs are fixed and its only variable cost is the cost of its wholesale power. By placing more of its costs into a fixed rate component, less distribution costs will come from energy sales based on the volume of usage. And GRECC will have less risk exposure to conservation and will be more prone and incentivized to enter into additional DSM programs and better able to assist it members to manage their electric bills.

Q22. What is your opinion on the natural gas wells project that GRECC is currently involved in?

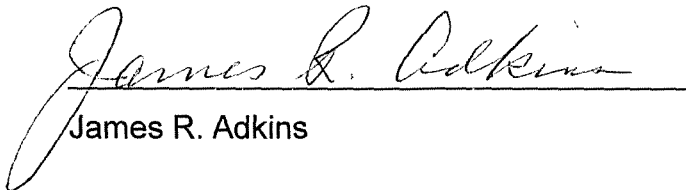
R22. I believe that this project is an excellent one. It is an excellent one for several reasons:

1. It will provide a less costly source of power for GRECC than its current wholesale power supplier;
2. It will provide generation capacity at a time when its current wholesale supplier is capacity short;
3. It makes wise use of a Kentucky resource in most cost effective manner;
4. And provide other economic benefits to Eastern Kentucky.

Q23. Does this conclude your testimony?

R23. This concludes my testimony.

Affiant, James R. Adkins, states that the answers given by him to the foregoing questions are true and correct to the best of his knowledge and belief.

  
James R. Adkins

Subscribed and sworn to before me by the affiant, James R. Adkins, this 20<sup>th</sup> day of December, 2012.

  
Notary Public, Kentucky State at Large

My Commission Expires March 22, 2013



Grayson Rural Electric Cooperative  
Case No. 2012-00426  
Average Bill for Residential Rate Class  
Schedule I - Farm and Home

	<u>Present</u>	<u>Proposed</u>		
Customer charge	\$10.35	\$15.00		
Energy charge	\$0.10427	\$0.11003		
<u>kwh Useage</u>	<u>Existing Rate</u>	<u>Proposed Rate</u>	<u>Increase Amount</u>	<u>Percent</u>
0	\$10.35	\$15.00	\$4.65	44.9%
25	12.96	17.75	4.79	37.0%
50	15.56	20.50	4.94	31.7%
100	20.78	26.00	5.23	25.2%
150	25.99	31.50	5.51	21.2%
200	31.20	37.01	5.80	18.6%
250	36.42	42.51	6.09	16.7%
300	41.63	48.01	6.38	15.3%
350	46.84	53.51	6.67	14.2%
400	52.06	59.01	6.95	13.4%
450	57.27	64.51	7.24	12.6%
500	62.49	70.02	7.53	12.1%
600	72.91	81.02	8.11	11.1%
700	83.34	92.02	8.68	10.4%
800	93.77	103.02	9.26	9.9%
900	104.19	114.03	9.83	9.4%
1,000	114.62	125.03	10.41	9.1%
1,100	125.05	136.03	10.99	8.8%
1,200	135.47	147.04	11.56	8.5%
1,300	145.90	158.04	12.14	8.3%
1,400	156.33	169.04	12.71	8.1%
1,500	166.76	180.05	13.29	8.0%
1,600	177.18	191.05	13.87	7.8%
1,700	187.61	202.05	14.44	7.7%
1,800	198.04	213.05	15.02	7.6%
1,900	208.46	224.06	15.59	7.5%
2,000	218.89	235.06	16.17	7.4%
The average monthly useage				
<b>1,073</b>	<b>122.26</b>	<b>133.09</b>	<b>10.83</b>	<b>8.9%</b>

Grayson Rural Electric Cooperative  
Case No. 2012-00426  
**Revenue Analysis**  
May 31, 2012

Exhibit J  
page 1 of 17  
Witness: Jim Adkins

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Rate Schedule	Kwh Useage	Test Year Revenue	Percent of Total	Normalized Case No. 2010-00502	Percent of Total	Proposed Revenue	Percent of Total	<u>Increase</u> Amount Percent	
Schedule I, Farm and Home	161,238,331	\$18,349,770	70%	\$18,367,201	70%	\$19,994,504	71%	\$1,627,302	8.9%
Schedule 2, Small Commercial	15,613,032	1,846,725	7%	1,848,414	7%	2,039,137	7%	190,723	10.3%
Schedule 3, Off-Peak Marketing Rate	1,747,542	175,687	1%	176,467	1%	191,395	1%	14,929	8.5%
Schedule 4, Large Power	25,945,398	2,302,768	9%	2,303,813	9%	2,303,813	8%	0	0.0%
Schedule 5, Street Lighting	66,000	9,302	0%	9,302	0%	9,680	0%	378	4.1%
Schedule 6, Security Lights	4,041,369	537,276	2%	542,542	2%	570,164	2%	27,622	5.1%
Schedule 7, All Electric Schools	5,266,280	483,477	2%	483,477	2%	512,474	2%	28,997	6.0%
Schedule 10, Residential Time of Day	42,060	4,406	0%	4,360	0%	4,495	0%	135	3.1%
Schedule 14A, Large Industrial Service	25,068,000	1,553,009	6%	1,553,283	6%	1,553,283	6%	0	0.0%
Schedule 17, Water Pumping Service	8,160	1,365	0%	1,223	0%	1,322	0%	99	8.1%
Schedule 18, General Service Rate	4,471,609	825,948	3%	831,102	3%	1,005,798	4%	174,696	21.0%
Schedule 19, Temporary Service	164,872	34,050	0%	35,038	0%	35,038	0%	0	0.0%
Schedule 20, Residential Inclining Block	50,226	5,355	0%	5,358	0%	6,047	0%	689	12.9%
Schedule 22, Net Metering	7,901	768	0%	768	0%	768	0%	0	0.0%
Envirowatts	92,400	2,610	0%	2,610	0%	2,610	0%	0	0.0%
Rounding differences						(2,035)		(2,035)	
<b>Total from base rates</b>	<u>243,823,180</u>	26,132,515	100%	<u>\$26,164,958</u>	100%	<u>\$28,228,493</u>	100%	<u>\$2,063,535</u>	7.9%
Fuel adjustment billed		(122,658)							
Environmental surcharge billed		<u>2,247,065</u>							
		\$28,256,923							
<b>Increase</b>				<u>\$32,442</u>		<u>\$2,063,535</u>			

Grayson Rural Electric Cooperative  
Case No. 2012-00426  
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Schedule I - Farm and Home

Description	Billing Determinants	Test Year Revenues	Normalized Case No. 2010-00502		Proposed	
			Rates	Revenues	Rates	Revenues
Facility Charge	150,230	\$1,554,881	\$10.35	\$1,554,881	\$15.00	\$2,253,450
Energy charge per kWh	161,238,331	16,794,889	\$0.10427	16,812,321	\$0.11003	17,741,054
Total from base rates		18,349,770		<u>\$18,367,201</u>		<u>\$19,994,504</u>
Fuel adjustment		(75,586)				
Environmental surcharge		<u>1,616,980</u>				
Total revenues		<u>\$19,891,163</u>				
Amount				\$17,432		\$1,627,302
Percent				0.1%		8.9%
Average monthly bill		\$122.14		\$122.26		\$133.09
Amount				\$0.12		\$10.83
Percent				0.1%		8.9%



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Schedule 2 - Small Commercial

<u>Description</u>	Billing Determinants	Test Year Revenues	Normalized Case No. 2010-00502		Proposed	
			Rates	Revenues	Rates	Revenues
Facility Charge	13,464	\$348,314	\$25.87	\$348,314	\$27.50	\$370,260
Energy charge	15,613,032	1,498,411	\$0.09608	1,500,100	\$0.10689	1,668,877
Total from base rates		1,846,725		<u>\$1,848,414</u>		<u>\$2,039,137</u>
Fuel adjustment		(9,090)				
Environmental surcharge		162,518				
Total revenues		<u>\$2,000,152</u>				
Amount				\$1,689		\$190,723
Percent				0.1%		10.3%
Average monthly bill		\$137.16		\$137.29		\$151.45
Amount				\$0.13		\$14.17
Percent				0.1%		10.3%

Schedule 3, Off-Peak Marketing Rate

Description	Billing Determinants	Test Year Revenues	Normalized Case No. 2010-00502		Proposed	
			Rates	Revenues	Rates	Revenues
Facility Charge	1,270	\$13,145	\$10.35	\$13,145	\$15.00	\$19,050
Energy charge						
On peak rate	1,294,537	134,981	\$0.10427	134,981	\$0.11003	142,438
Off peak rate	453,005	27,561	\$0.06256	28,341	\$0.06602	29,907
	1,747,542					
Total from base rates		175,687		<u>\$176,467</u>		<u>\$191,395</u>
Fuel adjustment		(594)				
Environmental surcharge		<u>15,617</u>				
Total revenues		<u>\$190,711</u>				
Amount				\$780		\$14,929
Percent				0.4%		8.5%
Average monthly bill		\$138.34		\$138.95		\$150.70
Amount				\$0.61		\$11.75
Percent				0.4%		8.5%

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Schedule 4 - Large Power

Description	Billing Determinants	Test Year Revenues	Normalized Case No. 2010-00502		Proposed	
			Rates	Revenues	Rates	Revenues
			Facility Charge	793	\$49,975	\$63.02
Demand Charge	64,206.778	548,326	\$8.54	548,326	\$8.54	548,326
Primary meter	25,636.340	215,089	\$8.39	215,089	\$8.39	215,089
Energy charge	16,562,418	987,120	\$0.05960	987,120	\$0.05960	987,120
Primary meter	9,382,980	558,181	\$0.05960	559,226	\$0.05960	559,226
Primary meter discount		(55,923)		(55,923)		(55,923)
Total from base rates		2,302,768		<u>\$2,303,813</u>		<u>\$2,303,813</u>
Fuel adjustment		(13,576)				
Environmental surcharge		200,125				
Total revenues		<u>\$2,489,317</u>				
Amount				\$1,045		\$0
Percent				0.0%		0.0%
Average monthly bill		\$2,903.87		\$2,905.19		\$2,905.19
Amount				\$1.32		\$0.00
Percent				0.0%		0.0%

Schedule 5 - Street Lighting

<u>Description</u>	Billing Determinants	Test Year Revenues	Normalized Case No. 2010-00502		Proposed	
			Rates	Revenues	Rates	Revenues
175 Watt light	880	9,302	\$10.57	9,302	\$11.00	9,680
kWh	<u>66,000</u>			<u>0</u>		<u>0</u>
Total from base rates		9,302		<u>\$9,302</u>		<u>\$9,680</u>
Fuel adjustment		(102)				
Environmental surcharge		<u>1,696</u>				
Total revenues		<u>\$10,895</u>				
Amount				\$0		\$378
Percent				0.0%		4.1%

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Schedule 6 - Security Lights

Description	Billing Determinants	Test Year Revenues	Normalized Case No. 2010-00502		Proposed	
			Rates	Revenues	Rates	Revenues
7,000 Lument MV	47,729	483,001	\$10.23	488,268	\$10.75	513,087
10,000 Lument MV	0	0	\$12.88	0	\$13.50	0
Flood lights	2,890	54,274	\$18.78	54,274	\$19.75	57,078
kWh	<u>4,041,369</u>					
Billing adjustments				<u>0</u>		<u>0</u>
Total from base rates		537,276		<u>\$542,542</u>		<u>\$570,164</u>
Fuel adjustment		(33)				
Environmental surcharge		<u>600</u>				
Total revenues		<u>\$537,843</u>				
Amount				\$5,266		\$27,622
Percent				0.98%		5.09%

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Schedule 7 - All Electric Schools

<u>Description</u>	Billing Determinants	Test Year Revenues	Normalized Case No. 2010-00502		Proposed	
			Rates	Revenues	Rates	Revenues
Facility Charge	108	3,352	\$31.04	\$3,352	\$31.04	\$3,352
Demand Charge	18,452.9	86,791	\$6.21	114,593	\$6.50	119,944
Energy charge	5,266,280	393,334	\$0.06941	365,532	\$0.07390	389,178
Total from base rates		483,477		<u>\$483,477</u>		<u>\$512,474</u>
Fuel adjustment		(2,591)				
Environmental surcharge		41,850				
Total revenues		<u>\$522,737</u>				
Amount					(\$0)	\$28,997
Percent					0.0%	6.0%
Average monthly bill		\$4,476.64		\$4,476.64		\$4,745.13
Amount					(\$0.00)	\$268.49
Percent					0.0%	6.0%

Schedule 10 - Residential Time of Day

<u>Description</u>	Billing Determinants	Test Year Revenues	Normalized Case No. 2010-00502		Proposed	
			Rates	Revenues	Rates	Revenues
Facility Charge	20	\$310	\$15.52	\$310	\$19.75	\$395
Energy charge						
On peak rate	10,699	2,128	\$0.19888	2,128	\$0.20000	2,140
Off peak rate	31,361	1,967	\$0.06128	1,922	\$0.06250	1,960
	42,060					
Total from base rates		4,406		<u>\$4,360</u>		<u>\$4,495</u>
Fuel adjustment		(17)				
Environmental surcharge		<u>379</u>				
Total revenues		<u>\$4,768</u>				
Amount				(\$46)		\$135
Percent				-1.0%		3.1%
Average monthly bill		\$220.28		\$218.00		\$224.74
Amount				(\$2.28)		\$6.74
Percent				-1.0%		3.1%

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Schedule 14(a) - Large Industrial Service

<u>Description</u>	Billing Determinants	Test Year Revenues	Normalized Case No. 2010-00502		Proposed	
			Rates	Revenues	Rates	Revenues
Facility Charge	18	\$10,190	\$566.12	\$10,190	\$566.12	\$10,190
Demand Charge	43,466	314,259	\$7.23	314,259	\$7.23	314,259
Excess demand	0	0	\$10.50	0	\$10.50	0
Energy charge	25,068,000	1,228,560	\$0.04902	1,228,833	\$0.04902	1,228,833
Total from base rates		1,553,009		<u>\$1,553,283</u>		<u>\$1,553,283</u>
Fuel adjustment		(18,164)				
Environmental surcharge		<u>131,289</u>				
Total revenues		<u>\$1,666,134</u>				
Amount				\$273		\$0
Percent				0.0%		0.0%
Average monthly bill		\$86,278.30		\$86,293.48		\$86,293.48
Amount				\$15.19		\$0.00
Percent				0.0%		0.0%



Schedule 17 - Water Pumping Service

<u>Description</u>	Billing Determinants	Test Year Revenues	Normalized Case No. 2010-00502		Proposed	
			Rates	Revenues	Rates	Revenues
Facility Charge	12	497	\$41.39	\$497	\$41.39	\$497
Energy charge						
On-Peak energy	3,840	458	\$0.11922	458	\$0.13605	522
Off-Peak energy	4,320	411	\$0.06210	268	\$0.07000	302
	8,160					
Total from base rates		1,365		<u>\$1,223</u>		<u>\$1,322</u>
Fuel adjustment		(18)				
Environmental surcharge		114				
Total revenues		<u>\$1,461</u>				
Amount				(\$143)		\$99
Percent				-10.4%		8.1%
Average monthly bill		\$113.78		\$101.90		\$110.13
Amount				(\$11.89)		\$8.23
Percent				-10.4%		8.1%

Schedule 18 - General Service Rate

<u>Description</u>	Billing Determinants	Test Year Revenues	Normalized Case No. 2010-00502		Proposed	
			Rates	Revenues	Rates	Revenues
Facility Charge	17,634	\$364,847	\$20.69	\$364,847	\$22.50	\$396,765
Energy charge	4,471,609	461,100	\$0.10427	466,255	\$0.13620	609,033
		<hr/>		<hr/>		<hr/>
Total from base rates		825,948		<u>\$831,102</u>		<u>\$1,005,798</u>
Fuel adjustment		(2,753)				
Environmental surcharge		<hr/> 72,426				
Total revenues		<u>\$895,621</u>				
Amount				\$5,154		\$174,696
Percent				0.6%		21.0%
Average monthly bill		\$46.84		\$47.13		\$57.04
Amount				\$0.29		\$9.91
Percent				0.6%		21.0%

Schedule 19 - Temporary Service

<u>Description</u>	Billing Determinants	Test Year Revenues	Normalized Normalized		Proposed	
			Rates	Revenues	Rates	Revenues
Facility Charge	345	\$17,847	\$51.73	\$17,847	\$51.73	\$17,847
Energy charge	164,872	16,203	\$0.10427	17,191	\$0.10427	17,191
		<hr/>		<hr/>		<hr/>
Total from base rates		34,050		<u>\$35,038</u>		<u>\$35,038</u>
Fuel adjustment		(87)				
Environmental surcharge		<u>2,929</u>				
Total revenues		<u>\$36,892</u>				
Amount				\$988		\$0
Percent				2.9%		0.0%
Average monthly bill		\$98.70		\$101.56		\$101.56
Amount				\$2.86		\$0.00
Percent				2.9%		0.0%

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Schedule 20 - Residential Inclining Block

<u>Description</u>	Billing Determinants	Test Year Revenues	Normalized Case No. 2010-00502		Proposed	
			Rates	Revenues	Rates	Revenues
Facility Charge	128	\$1,325	\$10.35	\$1,325	\$15.00	\$1,920
Energy charge						
First 300 kwh	36,501	2,673	\$0.07323	2,673	\$0.07503	2,739
Next 200 kwh	10,663	946	\$0.08875	946	\$0.09003	960
All over 500 kwh	3,062	411	\$0.13531	414	\$0.14003	429
	50,226					
Total from base rates		5,355		<u>\$5,358</u>		<u>\$6,047</u>
Fuel adjustment		(40)				
Environmental surcharge		480				
Total revenues		<u>\$5,795</u>				
Amount				\$4		\$689
Percent				0.1%		12.9%
Average monthly bill		\$41.84		\$41.86		\$47.25
Amount				\$0.03		\$5.38
Percent				0.1%		12.9%

Schedule 22 - Net Metering

<u>Description</u>	Billing Determinants	Test Year Revenues	Normalized Case No. 2010-00502		Proposed	
			Rates	Revenues	Rates	Revenues
Facility Charge	12					
kwh	7,901	768		768		768
		<hr/>		<hr/>		<hr/>
Total from base rates		768		<u>\$768</u>		<u>\$768</u>
Fuel adjustment		(6)				
Environmental surcharge		<hr/> 63				
Total revenues		<u>\$825</u>				
Amount				\$0		\$0
Percent				0.0%		0.0%

Grayson Rural Electric Cooperative  
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Envirowatts

<u>Description</u>	Billing Determinants	Test Year Revenues	Normalized Case No. 2010-00502		Proposed	
			Rates	Revenues	Rates	Revenues
Envirowatts	92,400	2,610	\$0.02825	2,610	\$0.02825	2,610
Total from base rates		2,610		<u>\$2,610</u>		<u>\$2,610</u>
Fuel adjustment						
Environmental surcharge						
Total revenues		<u>\$2,610</u>				
Amount				(\$0)		\$0
Percent				0.0%		0.0%



Grayson Rural Electric Cooperative  
Case No. 2012-00426  
Computation of Rate of Return  
May 31, 2012

	<u>Actual</u> <u>Test Year</u>	<u>Adjusted</u> <u>Test Year</u>
Net margins	\$ 585,481	\$ 1,087,431
Non-cash patronage dividends	(1,357,241)	-
Interest on long-term debt	<u>1,030,994</u>	<u>1,087,431</u>
Total	<u>259,234</u>	<u>2,174,862</u>
<b>Net rate base</b>	<u>51,947,528</u>	<u>51,914,158</u>
Rate of return	<u>0.50%</u>	<u>4.19%</u>
<b>Equity Capitalization</b>	<u>50,111,808</u>	<u>50,613,758</u>
Rate of return	<u>0.52%</u>	<u>4.30%</u>



## Grayson Rural Electric Cooperative

Case No. 2012-00426

Determination of Rate Base

May 31, 2012

	<u>Actual</u> <u>Test Year</u>	<u>Adjusted</u> <u>Test Year</u>
Gross rate base:		
Total electric plant	\$64,554,862	\$64,554,862
Material and supplies (13 months average for test year)	274,385	274,385
Prepayments (13 months average for test year)	163,848	163,848
Working capital: 12.5% of operating expense less cost of power	<u>906,366</u>	<u>911,086</u>
	65,899,460	65,904,180
Deductions from rate base:		
Accumulated depreciation	13,806,217	13,844,307
Consumer advances	<u>145,715</u>	<u>145,715</u>
Net rate base	<u><u>\$51,947,528</u></u>	<u><u>\$51,914,158</u></u>

	<u>Material</u>	<u>Prepayments</u>
May 2011	278,994	220,762
June	280,423	210,253
July	302,465	142,740
August	302,602	109,090
September	284,233	71,968
October	293,022	37,765
November	297,838	(549)
December	267,444	46,979
January	297,095	200,196
February	279,806	204,048
March	230,481	203,410
April	187,662	331,549
May	264,935	351,807
Average	274,385	163,848

Grayson Rural Electric Cooperative  
Case No. 2012-00426  
Computation of Rate of Return  
May 31, 2012

Test Year	Calendar Year				
	1st	2nd	3rd	4th	5th
2012	2011	2010	2009	2008	2007

Net margins	\$585,481	\$606,340	\$1,717,963	\$1,224,225	(\$241,782)	(\$345,378)
Interest on long-term debt	1,030,994	1,006,692	1,166,577	1,228,900	1,370,862	1,487,150
Total	1,616,475	1,613,032	2,884,540	2,453,125	1,129,080	1,141,772

Net rate base	51,947,528	51,390,110	50,926,496	49,038,702	47,875,588	45,571,764
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Rate of return	3.11%	3.14%	5.66%	5.00%	2.36%	2.51%
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Test Year	Calendar Year				
	1st	2nd	3rd	4th	5th
2012	2011	2010	2009	2008	2007

Return excluding G & T patronage dividends:	\$585,481	\$606,340	\$1,717,963	\$1,224,225	(\$241,782)	(\$345,378)
Net margins	1,357,241	1,357,241	776,855	825,375	240,385	-
G & T patronage dividends	1,030,994	1,006,692	1,166,577	1,228,900	1,370,862	1,487,150
Interest on long-term debt						

Total	259,234	255,791	2,107,685	1,627,750	888,695	1,141,772
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Net rate base	51,947,528	51,390,110	50,926,496	49,038,702	47,875,588	45,571,764
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Rate of return, excluding G & T	0.50%	0.50%	4.14%	3.32%	1.86%	2.51%
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Grayson Rural Electric Cooperative  
Case No. 2012-00426  
Determination of Rate Base  
May 31, 2012

Test Year	Calendar Year					
	1st 2011	2nd 2010	3rd 2009	4th 2008	5th 2007	
<b>Gross rate base:</b>						
Total electric plant	\$64,554,862	\$63,417,416	\$61,475,447	\$58,164,465	\$55,788,564	\$52,788,081
Material and supplies (13 mo. ave t	274,385	267,444	362,153	564,598	406,964	353,230
Prepayments (13 mo. ave test year)	163,848	46,979	44,070	43,323	7,198	44,863
Working capital:						
12.5% of operating expense	906,366	918,415	820,285	780,681	731,577	682,357
less cost of power	<u>65,899,460</u>	<u>64,650,254</u>	<u>62,701,955</u>	<u>59,553,067</u>	<u>56,934,303</u>	<u>53,868,531</u>
<b>Deductions from rate base:</b>						
Accumulated depreciation	13,806,217	13,018,327	11,589,710	10,326,218	8,873,809	8,116,177
Consumer advances	145,715	241,817	185,749	188,147	184,906	180,590
<b>Net rate base</b>	<u>\$51,947,528</u>	<u>\$51,390,110</u>	<u>\$50,926,496</u>	<u>\$49,038,702</u>	<u>\$47,875,588</u>	<u>\$45,571,764</u>

**Grayson Rural Electric Cooperative**  
**Case No. 2012-00426**  
**TIER and DSC Calculations**  
**May 31, 2012**

	<u>Actual</u> <u>Test Year</u>	<u>Adjusted</u> <u>Test Year</u>
<b>TIER:</b>		
Margins, excluding G&T capital credits	(\$771,760)	\$1,087,431
Interest on long term debt	1,030,994	1,087,431
TIER	0.25	2.00

**DSC:**

Margins, excluding G&T capital credits	(\$771,760)	\$1,087,431
Depreciation expense	2,944,782	2,982,872
Interest on long term debt	1,030,994	1,087,431
Principal payment on long term debt	1,509,779	1,509,779
DSC	1.26	1.99

$$\text{DSC} = \frac{(\text{Margins} + \text{depreciation} + \text{interest})}{(\text{interest} + \text{principal payments})}$$

Grayson Rural Electric Cooperative  
Case No. 2012-00426  
TIER and DSC Calculations  
May 31, 2012

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Test Year	Calendar Year					
	1st 2011	2nd 2010	3rd 2009	4th 2008	5th 2007	
<b><u>TIER calculations:</u></b>						
Margins, excluding G&T capital credits	(771,760)	(750,901)	941,108	398,850	(482,167)	(345,378)
Interest on long term debt	1,030,994	1,006,692	1,166,577	1,228,900	1,370,862	1,487,150
<b>Modified TIER</b>	<b>0.25</b>	<b>0.25</b>	<b>1.81</b>	<b>1.32</b>	<b>0.65</b>	<b>0.77</b>
Margins, including G&T capital credits	585,481	606,340	1,717,963	1,224,225	(241,782)	(345,378)
Interest on long term debt	1,030,994	1,006,692	1,166,577	1,228,900	1,370,862	1,487,150
<b>TIER</b>	<b>1.57</b>	<b>1.60</b>	<b>2.47</b>	<b>2.00</b>	<b>0.82</b>	<b>0.77</b>
<b><u>DSC calculations:</u></b>						
DSC = ((Margins + depreciation + interest) / (interest + principal payments))						
Margins, excluding G&T capital credits	(771,760)	(750,901)	941,108	398,850	(482,167)	(345,378)
Depreciation expense	2,944,782	2,889,514	2,735,736	2,293,879	1,596,675	1,529,112
Interest on long term debt	1,030,994	1,006,692	1,166,577	1,228,900	1,370,862	1,487,150
Principal payment on long term debt.	1,509,779	1,419,538	1,359,625	1,331,253	1,170,651	958,715
<b>Modified DSC</b>	<b><u>1.26</u></b>	<b><u>1.30</u></b>	<b><u>1.92</u></b>	<b><u>1.53</u></b>	<b><u>0.98</u></b>	<b><u>1.09</u></b>
Margins, including G&T capital credits	585,481	606,340	1,717,963	1,224,225	(241,782)	(345,378)
Depreciation expense	2,944,782	2,889,514	2,735,736	2,293,879	1,596,675	1,529,112
Interest on long term debt	1,030,994	1,006,692	1,166,577	1,228,900	1,370,862	1,487,150
Principal payment on long term debt	1,509,779	1,419,538	1,359,625	1,331,253	1,170,651	958,715
<b>DSC</b>	<b><u>1.80</u></b>	<b><u>1.86</u></b>	<b><u>2.22</u></b>	<b><u>1.85</u></b>	<b><u>1.07</u></b>	<b><u>1.09</u></b>

Grayson Rural Electric Cooperative  
Case No. 2012-00426  
Equity Capitalization  
May 31, 2012

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	Proposed	Test Year 2012	Calendar Year				
			2011	2010	2009	2008	2007
<b><u>Equity Capitalization:</u></b>							
<b><u>without G&amp;T patronage capital</u></b>							
Total margins and equities	17,976,154	17,474,204	18,367,048	17,875,000	16,325,302	16,774,260	17,144,018
Less G&T Patronage capital	7,592,151	7,592,151	7,592,151	6,815,296	5,989,921	5,749,536	5,749,536
	10,384,003	9,882,053	10,774,897	11,059,704	10,335,381	11,024,724	11,394,482
Long-term debt	40,229,755	40,229,755	37,842,536	36,262,074	34,621,700	35,952,952	31,663,602
Total	50,613,758	50,111,808	48,617,433	47,321,778	44,957,081	46,977,676	43,058,084
Equity capitalization ratio	<u>21%</u>	<u>20%</u>	<u>22%</u>	<u>23%</u>	<u>23%</u>	<u>23%</u>	<u>26%</u>
<b><u>Equity Capitalization:</u></b>							
<b><u>with G&amp;T patronage capital</u></b>							
Total margins and equities	17,976,154	17,474,204	18,367,048	17,875,000	16,325,302	16,774,260	17,144,018
Long-term debt	40,229,755	40,229,755	37,842,536	36,262,074	34,621,700	35,952,952	31,663,602
Total	58,205,909	57,703,959	56,209,584	54,137,074	50,947,002	52,727,212	48,807,620
Equity capitalization ratio	<u>31%</u>	<u>30%</u>	<u>33%</u>	<u>33%</u>	<u>32%</u>	<u>32%</u>	<u>35%</u>
<b><u>Equity to Total Assets:</u></b>							
<b><u>with G&amp;T patronage capital</u></b>							
Total margins and equities	17,976,154	17,474,204	18,367,048	17,875,000	16,325,302	16,774,260	17,144,018
Total assets	65,489,842	64,987,892	66,307,439	65,216,973	62,876,518	59,502,658	55,798,163
Equity to total asset ratio	<u>27%</u>	<u>27%</u>	<u>28%</u>	<u>27%</u>	<u>26%</u>	<u>28%</u>	<u>31%</u>



**Grayson Rural Electric Cooperative**  
**Case No. 2012-00426**  
**Reconciliation of Rate Base and Capital**  
**May 31, 2012**

Reconciliation of Rate Base and Capital used to determine revenue requirements are as follows:

Equity Capitalization, with	
G&T capital credits	57,703,959
G&T capital credits	<u>(7,592,151)</u>
	50,111,808
Reconciling items:	
Capital credits from associated organizations	
(Allocated but unpaid)	(1,229,360)
Working capital requirements	906,366
Material and supplies, 13 month average	274,385
Prepayments, 13 month average	163,848
Cash and temporary investments	(118,519)
Accounts receivable	(4,570,415)
Material and supplies	(264,935)
Prepayments	(356,825)
Deferred plant retirements	(107,042)
Accumulated operating provisions	2,884,547
Accounts payable	1,784,891
Short term borrowings	352,716
Consumer deposits	1,294,076
Accrued expenses	821,988
	<hr/>
Net Rate Base	<u><u>51,947,528</u></u>





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GRAYSON REC  
PRG. GLACCTL (GALA)

ACCOUNT MASTER LIST  
ALL ACCOUNTS

PAGE 1  
RUN DATE 08/01/12 09:20 AM

ACCOUNT	DESCRIPTION	---RUS---		---TVA---		MARGIN ACCT	INACTIVE	BANK TRANSIT ABA NBR	BANK NAME BANK ACCOUNT	ACCT LENGTH
		B/S LINE	INC LINE	B/S LINE	INC LINE					
107.20	CONSTRUCTION WORK IN PROGRESS	2.00				107.20				
107.21	CONST WORK IN PROG-OVERHEAD	2.00				107.21				
107.22	2007 REMODELING WORK IN PROGRESS	2.00				107.22				
107.23	AID TO CONSTRUCTION	2.00				107.23				
107.24	PAYMENTS TO BE REIMBURSED	2.00				107.24				
107.30	CONST WORK IN PROG-SPECIAL EQUIP	2.00				107.30				
108.60	ACCUM PROV DEPR DISTRIBUTION PL	4.00				108.60				
108.61	SCRAP SALES	4.00				108.61				
108.71	ACCUM PROV DEPR OFFICE FURNITURE	4.00				108.71				
108.72	ACCUM PROV DEPR TRANSPORTATION	4.00				108.72				
108.73	ACCUM PROV DEPR STORES EQUIP	4.00				108.73				
108.74	ACCUM PROV DEPR SMALL TOOLS	4.00				108.74				
108.75	ACCUM PROV DEPR LAB EQUIP	4.00				108.75				
108.76	ACCUM PROV DEPR LARGE TOOLS	4.00				108.76				
108.77	ACCUM PROV DEPR COMMUNICATION EQ	4.00				108.77				
108.78	ACCUM PROV DEPR MISCELLANEOUS EQ	4.00				108.78				
108.79	ACCUM PROV DEPR STRUCTURE/IMPROV	4.00				108.79				
108.80	RETIREMENT WORK IN PROGRESS	2.00				108.80				
108.81	RETIRE WORK IN PROGRESS-OVERHEAD	2.00				108.81				
108.82	UNCOMPLETED RETIREMENT WORKORDER	2.00				108.82				
121.00	LEASED HOMEGUARD SYSTEMS	6.00				121.00				
121.10	NONUTILITY PROPERTY	6.00				121.10				
122.00	ACCUM PROV DEPR HOMEGUARD SYSTEM	6.00				122.00				
122.10	ACCUM PROV DEPR NON-UTILITY PROP	6.00				122.10				
123.10	INV ASSOC ORG-PATRONAGE CAPITAL	8.00				123.10				
123.11	KTI INVESTMENT	7.00				123.11				

ACCOUNT	DESCRIPTION	---RUS---		---TVA---		MARGIN ACCT	INACTIVE	BANK TRANSIT ABA NBR	BANK NAME BANK ACCOUNT	ACCT LENGTH
		B/S LINE	INC LINE	B/S LINE	INC LINE					
123.22	INV-CAPITAL TERM CERTIFICATE-CFC					123.22				
123.23	OTHER INVESTMENT-ASSOC ORG					123.23				
123.24	BUSINESS DEVELOPMENT CORP OF KY					123.24				
123.25	KTI NOTES RECEIVABLE					123.25				
123.26	INV - COOPERATIVE RESONSE CENTER					123.26				
124.00	OTHER INVESTMENTS					124.00				
131.10	GENERAL FUNDS ACCOUNT					131.10		042103473	FIRST NATIONAL BANK/GRAYSON 120375	
131.11	PEOPLES SECURITY BANK/BLAINE					131.11		042104401	PEOPLES SECURITY BANK 0008664	
131.12	FIRST & PEOPLES BANK/GREENUP					131.12		042105882	FIRST & PEOPLES BANK/GREENUP 90 100 8	
131.13	THE CITIZENS BANK/MOREHEAD					131.13		042107673	THE CITIZENS BANK/MOREHEAD 024 21 5	
131.14	KENTUCKY BANK / SANDY HOOK					131.14		042107592	PEOPLES BANK/SANDY HOOK 07 150 3	
131.15	FIRST NATIONAL BANK/GRAYSON					131.15		042103473	FIRST NATIONAL/GRAYSON 0118486	
131.16	CITY NATIONAL BANK/GRAYSON					131.16		042102092	CITIZENS NATIONAL BANK 06 0067 9	
131.17	FIRST STAR BANK / MOREHEAD					131.17		042102953	TRANS FINANCIAL BANK 02 284 5	
131.18	FIRST COMMUNITY BANK / LEWIS					131.18		042101886	FIRST NATIONAL BANK/LEWIS 09 9632 7	
131.19	THE COMMERCIAL BANK/GRAYSON					131.19		042103460	THE COMMERCIAL BANK/GRAYSON 01 202 5	
131.20	CASH - CONSTRUCTION FUND					131.20		042103473	FIRST NATIONAL BANK/GRAYSON 0120391	
131.30	PAYROLL ACCOUNT					131.30		042103473	FIRST NATIONAL BANK/GRAYSON 0120383	
131.31	PAYROLL-DIRECT DEPOSIT					131.31		042103473	FIRST NATIONAL BANK/GRAYSON 0120383	
131.40	TRANSFER OF CASH					131.40		042103473	FIRST NATIONAL BANK/GRAYSON 0120391	
131.50	CAPITAL CREDIT ACCOUNT					131.50		042103473	FIRST NATIONAL BANK/GRAYSON 0120405	
135.00	WORKING FUNDS					135.00				
136.00	TEMPORARY CASH INVESTMENTS					136.00				
136.20	KAEC CERTIFICATE OF DEPOSIT					136.20				
136.40	CERTIFICATE OF DEPOSITS-SAVINGS					136.40				
141.10	NOTES RECEIVALBE					141.10				

ACCOUNT MASTER LIST:  
ALL ACCOUNTS

*OK !!!*  
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ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCT	INACTIVE	BANK TRANSIT ABA NBR	BANK NAME BANK ACCOUNT	ACCT LENGTH
		B/S LINE	INC LINE	B/S LINE	INC LINE					
142.10	ACCOUNTS RECEIVABLE - ELECTRIC					20.00				142.10
142.11	ACCOUNTS RECEIVABLE - CONTRACTS					20.00				142.11
142.12	ACCOUNTS RECV - MACED CONTRACTS					20.00				142.12
142.20	ACCOUNTS RECEIVABLE - OTHER					21.00				142.20
142.30	ANCILLARY BILLING SERVICES					20.00				142.30
142.40	A/C RECEIVABLE - RENTAL PROPERTY					21.00				142.40
142.50	ELECTRIC ASSIST - NORTHEAST					20.00				142.50
142.51	ELECTRIC ASSIST - GATEWAY					20.00				142.51
142.52	ELECTRIC ASSIST - LICKING VALLEY					20.00				142.52
142.53	ELECTRIC ASSIST - SALVATION ARMY					20.00				142.53
142.60	DIRECT LOAD CONTROL PROGRAM					20.00				142.60
143.00	ACCOUNTS RECEIVABLE-EMP & DIRECT					21.00				143.00
143.01	ACCOUNTS RECV - UNION ALLOWANCE					21.00				143.01
143.02	ACCOUNTS RECV - OFFICE ALLOWANCE					21.00				143.02
143.10	ACCOUNTS RECEIVABLE-24 HR INS					21.00				143.10
143.30	ACCOUNTS RECEIVABLE-LTD INS					21.00				143.30
143.40	ACCOUNTS RECEIVABLE-UNION DUES					21.00				143.40
143.50	C O B R A INSURANCE					21.00				143.50
143.60	EMPLOYEE LOAN PROGRAM					21.00				143.60
143.70	EMPLOYEE CHILD SUPPORT PAYMENTS					21.00				143.70
143.80	ACRE(ACTION COMM FOR RURAL ELEC)					21.00				143.80
143.90	UNITED WAY CONTRIBUTIONS					21.00				143.90
144.10	ACCUM PROV UNCOLLECT ELECTRIC					20.00				144.10
144.20	ACCUM PROV UNCOLLECT - OTHER					21.00				144.20
146.00	KY TELECOMMUNICATIONS INC					21.00				146.00
146.10	FEMA REIMBURSEMENT					21.00				146.10

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ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCT	INACTIVE	BANK TRANSIT ABA NBR	BANK NAME BANK ACCOUNT	ACCT LENGTH
		B/S LINE	INC LINE	B/S LINE	INC LINE					
154.10	MATERIALS & SUPPLIES - ELECTRIC	23.00				154.10				
154.12	TRANSPORTATION INVENTORY	23.00				154.12				
154.13	MATERIALS & SUPPLIES - ETS	23.00				154.13	Y			
154.14	MATERIALS & SUPPLIES - ETS	23.00				154.14				
154.15	MATERIALS & SUPPLIES - HOMEGUARD	23.00				154.15				
155.00	APPLIANCES & EQUIPMENT FOR SALE	23.00				155.00				
155.10	EMERGENCY TEMPORARY SERVICES	23.00				155.10				
155.20	HOMEGUARD INVENTORY	23.00				155.20	Y			
163.00	STORES CLEARING	23.00				163.00				
163.10	MINOR MATERIAL CLEARING	23.00				163.10				
165.10	MONUMENTAL LIFE INSURANCE CO	24.00				165.10				
165.11	PREPAID INS-WORKERS COMPENSATION	24.00				165.11				
165.12	PREPAID INS-VARIOUS	24.00				165.12				
165.13	PREPAID INS-METLIFE/NRECA	24.00				165.13				
165.14	PREPAID INS-COLONIAL INSURANCE	24.00				165.14				
165.15	PREPAID INS-LONG TERM DISABILITY	24.00				165.15				
165.16	PREPAID INS-EMPLOYEES	24.00				165.16				
165.17	PREPAID INS-AMERICAN FAMILY	24.00				165.17				
165.18	PREPAID INS-RETIRED EMPLOYEES	24.00				165.18				
165.19	PREPAID INS-CAPITOL AMERICAN	24.00				165.19				
165.20	PREPAID DUES-KAEC, NRECA, & OTHERS	24.00				165.20				
165.21	KAEC ANNUAL SAFETY ASSESSMENT	24.00				165.21				
165.22	PREPAID - CONTRACT SERVICES	24.00				165.22				
165.23	PREPAID INS-SUPPLEMENTAL LIFE	24.00				165.23				
165.30	PREPAID RETIREMENT-EMPLOYER PART	24.00				165.30				
165.40	PREPAID INS-M O D L	24.00				165.40				

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ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCT	INACTIVE	BANK TRANSIT		BANK NAME	
		B/S LINE	INC LINE	B/S LINE	INC LINE			ABA	NBR	BANK ACCOUNT	ACCT LENGTH
165.50	PREPAID SERVICE AGREEMENTS	24.00				165.50					
165.60	PREPAID INS - EXCESS CATASTROPHE	24.00				165.60					
165.70	PREPAID INS-DIRECTORS & ATTORNEY	24.00				165.70					
165.80	PREPAID - 401(K) EMPLOYEES	24.00				165.80					
165.81	PREPAID - 401(K) EMPLOYEE LOANS	24.00				165.81					
165.82	PREPAID-401(K) EMPLOYERS PORTION	24.00				165.82					
165.90	PREPAID-PAD MNT TRANSFORMER PROG	24.00				165.90					
165.91	PREPAID - LEASE AGREEMENTS	24.00				165.91					
171.00	INTEREST & DIVIDENDS RECEIVABLE	25.00				171.00					
183.10	LONG RANGE WORK PLAN	28.00				183.10					
184.10	TRANSPORTATION EXPENSE	28.00				184.10					
184.11	TRANSPORTATION OVERHEAD EXPENSE	28.00				184.10					
184.20	CLEARING ACCOUNT - OTHER	28.00				184.20					
186.00	MISC DEFERRED DEBITS	28.00				186.00					
200.10	MEMBERSHIPS ISSUED	30.00				200.10					
200.20	MEMBERSHIPS SUBSCRIBED-UNISSUED	30.00				200.20					
201.10	PATRONAGE CAPITAL CREDITS	31.00				201.10					
201.11	REFUND DECEASED EST-CAPITAL CR	31.00				201.11					
201.12	REFUND GEN ROTATION-CAPITAL CR	31.00				201.12					
201.13	VOIDED CHKS/GEN ROTATION-CAP CR	31.00				201.13					
201.14	KTI ASSIGNABLE CAPITAL CREDITS	35.00				201.14					
201.20	PATRONAGE CAPITAL ASSIGNABLE	31.00				201.20					
201.30	DEFICIT MARGINS-PRIOR YEARS	31.00				201.30					
208.00	VOIDED CHECKS-DONATED CAPITAL	35.00				208.00					
208.10	DISCOUNT DECEASED EST-CAPITAL CR	35.00				208.10					
208.20	VOIDED CAPITAL CR CHKS/UNCLAIMED	35.00				208.20					

Ex M1  
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ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCT	INACTIVE	BANK TRANSIT ABA NBR	BANK NAME BANK ACCOUNT	ACCT LENGTH
		B/S LINE	INC LINE	B/S LINE	INC LINE					
214.00	ACCUM OTHER COMPREHENSIVE INCOME					214.00				
215.00	KTI RETAINED EARNINGS					215.00				
217.00	GAIN - RETIRED CAPITAL CREDITS					217.00				
218.00	CAPITAL GAINS & LOSSES					218.00				
219.10	OPERATING MARGINS					219.10				
219.20	NON-OPERATING MARGINS					219.20				
219.30	OTHER MARGINS					219.30				
224.11	OTHER LONG-TERM DEBT-SUBSCRIPT					224.11				
224.12	CFC NOTES EXECUTED					224.12				
224.13	CFC NOTES EXECUTED-CONST-DEBIT					224.13				
224.14	ZERO %LOAN CTC					224.14				
224.20	COBANK NOTES EXECUTED					224.20				
224.30	RUS NOTES EXECUTED					224.30				
224.40	RUS NOTES EXECUTED-CONST-DEBIT					224.40				
224.50	FFB NOTES EXECUTED					224.50				
224.60	FFB NOTES EXECUTED-CONST-DEBIT					224.60				
228.30	ACCUM PROV PENSIONS & BENEFITS					228.30				
228.40	FLEX PLAN					228.40				
231.00	NOTES PAYABLE/OTHER					231.00				
232.00	ACCOUNTS PAYABLE					232.00				
232.01	WHOLESALE POWER BILL					232.01				
232.10	VOIDED CHECKS					232.10				
232.11	ACCOUNTS PAYABLE-MISCELLANEOUS					232.11				
232.12	ACCOUNTS PAYABLE - MACED					232.12				
232.23	ACCOUNTS PAYABLES - CREDIT UNION					232.23				
232.30	ACCTS PAY-ANCILLARY BILLING SERV					232.30				

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GRAYSON REC  
PRG. GLACCTL1 (GALA)

ACCOUNT MASTER LISTII  
ALL ACCOUNTS

PAGE 7  
RUN DATE 08/01/12 09:20 AM

ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCT	INACTIVE	BANK TRANSIT ABA NBR	BANK NAME BANK ACCOUNT	ACCT LENGTH
		B/S LINE	INC LINE	B/S LINE	INC LINE					
232.31	EMPLOYEES KITTY FUND					48.00				232.31
232.32	KITTY FUND (RELAY FOR LIFE)					48.00				232.32
232.33	KITTY FUND (COMMUNITY SERVICE)					48.00				232.33
232.34	KITTY FUND (BIRTHDAY FUND)					48.00				232.34
232.35	KITTY FUND (UNION KITTY)					48.00				232.35
232.36	KITTY FUND (OFFICE EMPLOYEES)					48.00				232.36
233.00	NOTES PAYABLE/ASSOCIATED COMPANY					47.00				233.00
235.00	CUSTOMER DEPOSITS					49.00				235.00
235.10	CONTRACTS - CUSTOMER DEPOSITS					49.00				235.10
236.10	ACCRUED PROPERTY TAX					53.00				236.10
236.20	ACCR US SOC SEC TAX-UNEMPLOYMENT					53.00				236.20
236.30	ACCR US SOC SEC TAX-FICA					53.00				236.30
236.40	ACCR STATE UNEMPLOYMENT TAX					53.00				236.40
236.50	ACCRUE STATE SALES TAX-CUSTOMERS					53.00				236.50
237.10	INTEREST ACCRUED - RUS					53.00				237.10
237.20	INTEREST ACCRUED - COBANK					53.00				237.20
237.30	INTEREST ACCRUED - CFC					53.00				237.30
237.40	INTEREST ACCRUED-CFC SHORT TERM					53.00				237.40
237.50	INTEREST ACCR-CUSTOMER DEPOSITS					53.00				237.50
237.60	INTEREST ACCRUED - FFB					53.00				237.60
241.00	FEDERAL INCOME TAX PAYABLE					53.00				241.00
241.10	STATE INCOME TAX PAYABLE					53.00				241.10
241.20	ROWAN CO OCCUPATIONAL TAX					53.00				241.20
241.30	GRAYSON CITY PAYROLL TAX					53.00				241.30
242.00	ACCRUED PAYROLL					53.00				242.00
242.20	ACCRUED VACATION					53.00				242.20



EX 101  
 08/01/12

ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCT	INACTIVE	BANK TRANSIT ABA NBR	BANK NAME BANK ACCOUNT	ACCT LENGTH
		B/S LINE	INC LINE	B/S LINE	INC LINE					
242.30	ACCRUED EMPLOYEE SICK LEAVE					242.30				
242.40	ACCRUE WORKER'S COMP INSURANCE					242.40				
242.50	PAST SERVICE - PENSION					242.50				
242.52	ACCRUED LIABILITY-ANNUAL AUDIT					242.52				
242.53	ACCRUED LIABILITY-P S C					242.53				
242.55	WEATHERIZATION LOAN					242.55				
242.60	ACCRUED ANNUAL MEETING EXPENSE					242.60				
252.00	CUSTOMER ADV FOR CONSTRUCTION					252.00				
253.30	CUSTOMER ENERGY PP-CR FROM 14210					253.30				
253.40	CUSTOMERS DEFERRED NOTES RECEIV					253.40				
253.50	WINTERCARE ENERGY FUND					253.50				
360.00	LAND RIGHTS		1.00			360.00				
362.00	SUB-STATION EQUIPMENT		1.00			362.00				
364.00	POLES, TOWERS & FIXTURES		1.00			364.00				
365.00	OVERHEAD CONDUCTORS & DEVICES		1.00			365.00				
367.00	UNDERGROUND CONDUCTORS & DEVICES		1.00			367.00				
368.00	LINE TRANSFORMERS		1.00			368.00				
369.00	SERVICES		1.00			369.00				
370.00	METERS		1.00			370.00				
370.10	AUTOMATED METERING EQUIPMENT		1.00			370.10				
370.20	DISCONNECT METER EQUIPMENT		1.00			370.20				
371.00	INSTALLATION CUSTOMER PREMISES		1.00			371.00				
389.00	LAND & LAND RIGHTS		1.00			389.00				
390.00	STRUCTURES & IMPROVEMENTS		1.00			390.00				
390.10	LEASE HOLD IMPROVEMENTS		1.00			390.10				
391.00	OFFICE FURNITURE & EQUIPMENT		1.00			391.00				

GRAYSON REC  
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ACCOUNT MASTER LIST  
 ALL ACCOUNTS

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ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCT	INACTIVE	BANK TRANSIT ABA NBR	BANK NAME BANK ACCOUNT	ACCT LENGTH
		B/S LINE	INC LINE	B/S LINE	INC LINE					
392.00	TRANSPORTATION EQUIPMENT	1.00				392.00				
393.00	STORES EQUIPMENT	1.00				393.00				
394.00	TOOLS, SHOP & GARAGE EQUIPMENT	1.00				394.00				
395.00	LABORATORY EQUIPMENT	1.00				395.00				
396.00	LARGE TOOLS	1.00				396.00				
397.00	COMMUNICATIONS EQUIPMENT	1.00				397.00				
397.10	COMM EQUIP - PACTOLUS SUB	1.00				397.10				
397.20	COMM EQUIP - ELLIOTTVILLE SUB	1.00				397.20				
397.30	COMM EQUIP - WARNOCK SUB	1.00				397.30				
397.40	COMM EQUIP - ARGENTUM SUB	1.00				397.40				
397.50	COMM EQUIP - CARTER CITY SUB	1.00				397.50				
397.60	COMM EQUIP - PELFREY SUB	1.00				397.60				
397.70	COMM EQUIP - AIRPORT ROAD SUB	1.00				397.70				
397.80	COMM EQUIP - LOW GAP SUB	1.00				397.80				
397.90	COMM EQUIP - LEON SUB	1.00				397.90				
397.91	COMM EQUIP - SANDY HOOK SUB	1.00				397.91				
398.00	MISCELLANEOUS EQUIPMENT	1.00				398.00				
403.60	DEPRECIATION-DISTRIBUTION PLANT	33.00	13.00			219.10				
403.70	DEPRECIATION-GENERAL PLANT	33.00	13.00			219.10				
408.10	TAXES - PROPERTY	33.00	14.00			219.10				
408.20	TAXES - FEDERAL UNEMPLOYMENT	33.00	15.00			219.10				
408.30	TAXES - FICA	33.00	15.00			219.10				
408.40	TAXES - STATE UNEMPLOYMENT	33.00	15.00			219.10				
408.60	REGULATORY COMMISSION ASSESSMENT	33.00	14.00			219.10				
415.00	REVENUE-MERCHANDISE, JOB, CONTRACT	34.00	25.00			219.20				
415.10	HOMEGUARD REVENUE	34.00	25.00			219.20				

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ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCT	INACTIVE	BANK TRANSIT ABA NBR	BANK NAME BANK ACCOUNT	ACCT LENGTH
		B/S LINE	INC LINE	B/S LINE	INC LINE					
415.20	ANCILLARY BILLING SERV - REVENUE	34.00	25.00			219.20				
415.30	ETS REVENUE	34.00	25.00			219.20				
415.40	RENTAL PROPERTY - REVENUE	34.00	25.00			219.20				
415.50	MACED REVENUE	34.00	25.00			219.20				
416.00	INCENTIVES/GEOTHERMAL,ETS,MISC	34.00	25.00			219.20				
416.10	HOMEGUARD EXPENSE	34.00	25.00			219.20				
416.20	ANCILLARY BILL SERV - EXPENSE	34.00	25.00			219.20				
416.30	ETS - EXPENSE	34.00	25.00			219.20				
416.40	RENTAL PROPERTY - EXPENSE	34.00	25.00			219.20				
416.50	MACED EXPENSE	34.00	25.00			219.20				
417.00	KTI REVENUE	34.00	25.00			219.20				
417.10	KTI EXPENSES	34.00	25.00			219.20				
418.10	KTI EQUITY	34.00	24.00			219.20				
419.00	INTEREST INCOME NON-OPERATING	34.00	22.00			219.20				
419.10	INTEREST INCOME - KTI	34.00	22.00			219.20				
419.20	NOW ACCOUNT INTEREST	34.00	22.00			219.20				
419.30	COMMERCIAL PAPER INTEREST	34.00	22.00			219.20				
421.00	MISC NON-OPERATING INCOME	34.00	25.00			219.20				
421.20	LOSS/GAIN DISPOSITION PROPERTY	34.00	25.00			219.20				
423.00	G & T CAPITAL CREDITS	33.00	26.00			219.10				
424.00	OTHER CAP CR & PATRONAGE ALLOC	33.00	27.00			219.10				
426.00	MISCELLANEOUS INCOME DEDUCTIONS	33.00	19.00			219.10				
426.10	MISCELLANEOUS DEDUCTION-DONATION	33.00	19.00			219.10				
426.30	PENALTIES OR FINES	33.00	19.00			219.10				
426.50	OTHER DEDUCTIONS-LOSS ON INVEST	33.00	19.00			219.10				
427.10	INTEREST-RUS	33.00	16.00			219.10				

*EK 111  
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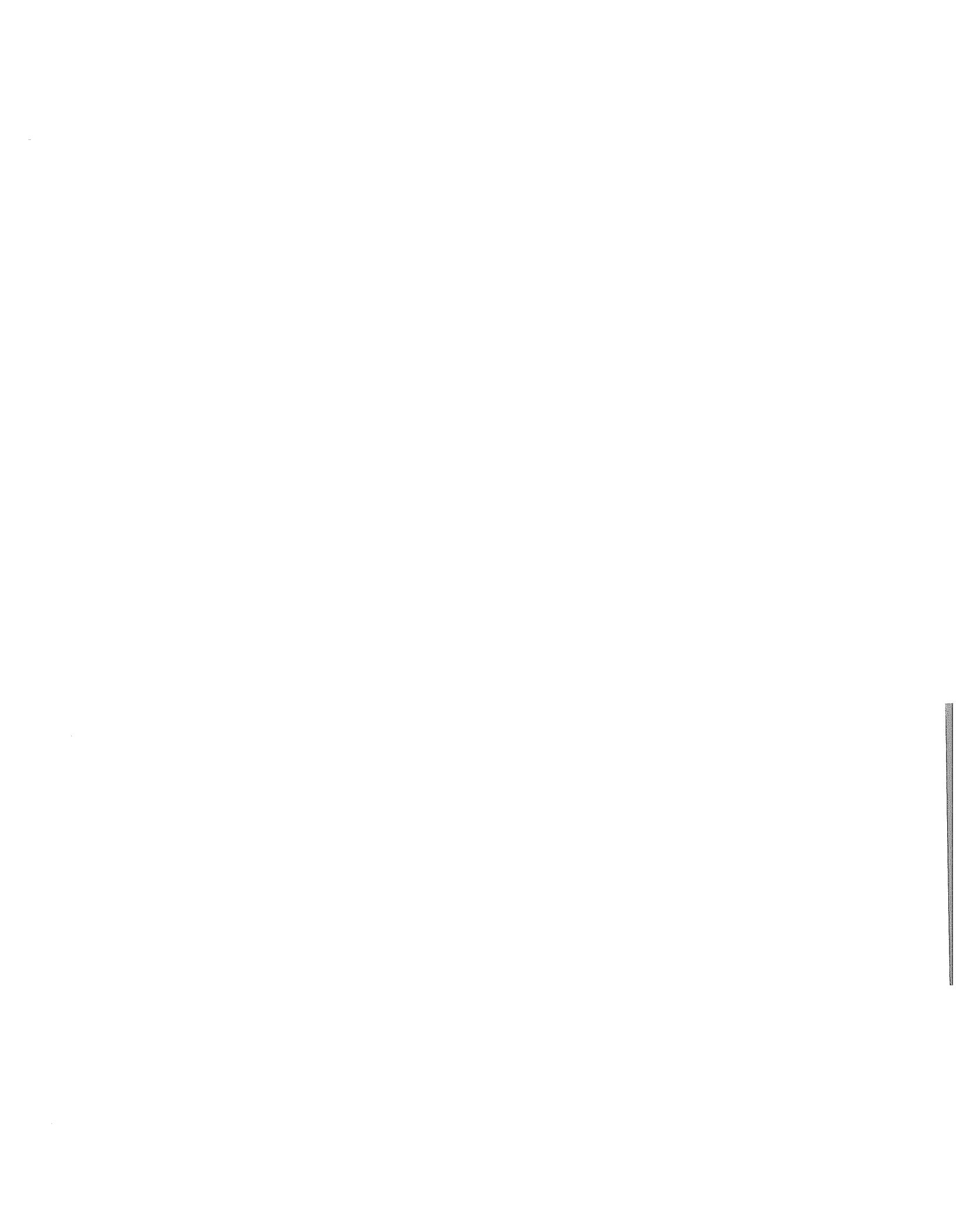
ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCT	INACTIVE	BANK TRANSIT ABA NBR	BANK NAME BANK ACCOUNT	ACCT LENGTH
		B/S LINE	INC LINE	B/S LINE	INC LINE					
427.20	INTEREST - COBANK	33.00	16.00			219.10				
427.30	INTEREST-CFC	33.00	16.00			219.10				
427.40	INTEREST - TREASURY RATE	33.00	16.00			219.10	Y			
427.60	INTEREST - FFB	33.00	16.00			219.10				
430.00	INTEREST ASSOCIATED ORGANIZATION	33.00	19.00			219.10				
431.00	OTHER INTEREST EXPENSE	33.00	18.00			219.10				
431.30	INTEREST-REFUND CUSTOMER DEPOSIT	33.00	18.00			219.10				
435.10	FASB 106-EFFECT ON PRIOR YEARS	33.00	28.00			219.10				
440.10	RESIDENTIAL SALES	33.00	1.00			219.10				
440.40	CAMP & BARN SALES	33.00	1.00			219.10				
442.10	SMALL COMMERCIAL SALES	33.00	1.00			219.10				
442.20	LARGE POWER SALES	33.00	1.00			219.10				
442.30	LARGE INDUSTRIAL(OVER 1,000 KVA)	33.00	1.00			219.10				
444.00	STREET LIGHT SALES	33.00	1.00			219.10				
450.00	FORFEITED DISCOUNTS	33.00	1.00			219.10				
451.00	MISCELLANEOUS SERVICE REVENUE	33.00	1.00			219.10				
454.00	RENT FROM ELECTRIC PROPERTY	33.00	1.00			219.10				
456.00	OTHER ELECTRIC SERVICE	33.00	1.00			219.10				
555.00	PURCHASED POWER	33.00	3.00			219.10				
583.00	OVERHEAD LINE EXPENSE	33.00	6.00			219.10				
585.00	STREET LIGHT EXPENSE	33.00	6.00			219.10				
586.00	METER EXPENSE	33.00	6.00			219.10				
586.10	METER OPERATION SURVEY	33.00	6.00			219.10				
586.20	AUTOMATED METER EQUIP EXPENSE	33.00	6.00			219.10				
588.00	MISC DISTRIBUTION EXPENSE	33.00	6.00			219.10				
588.10	MAPPING OPERATIONS	33.00	6.00			219.10				

*EX 111  
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ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCT	INACTIVE	BANK TRANSIT ABA NBR	BANK NAME BANK ACCOUNT	ACCT LENGTH
		B/S LINE	INC LINE	B/S LINE	INC LINE					
590.00	MAINTENANCE SUPERVISION	33.00	7.00			219.10				
593.00	MAINTENANCE OF OVERHEAD LINES	33.00	7.00			219.10				
593.10	MAINTENANCE OF LINE RIGHT-OF-WAY	33.00	7.00			219.10				
593.20	MAINTENANCE STORM EXPENSES	33.00	7.00			219.10				
594.00	MAINTENANCE OF UNDERGROUND LINES	33.00	7.00			219.10				
595.00	MAINTENANCE OF TRANSFORMERS	33.00	7.00			219.10				
596.00	MAINTENANCE OF STREET LIGHTS	33.00	7.00			219.10				
597.00	MAINTENANCE OF METERS	33.00	7.00			219.10				
598.00	MAINTENANCE-MISC DISTRIBUTION	33.00	7.00			219.10				
901.00	SUPERVISION - BILLING	33.00	8.00			219.10				
902.00	METER READING EXPENSE	33.00	8.00			219.10				
903.00	CUSTOMERS RECORDS & COLLECTIONS	33.00	8.00			219.10				
903.10	CASH DRAWER-OVERAGES & SHORTAGES	33.00	8.00			219.10				
904.00	UNCOLLECTIBLE ACCOUNTS	33.00	8.00			219.10				
909.00	INFORMATIONAL ADVERTISING	33.00	9.00			219.10				
912.00	DEMONSTRATION & SELLING EXPENSE	33.00	10.00			219.10				
913.00	ADVERTISING	33.00	10.00			219.10				
920.00	ADMINISTRATIVE-GENERAL SALERIES	33.00	11.00			219.10				
921.00	OFFICE SUPPLIES & EXPENSES	33.00	11.00			219.10				
923.00	OUTSIDE SERIVCES	33.00	11.00			219.10				
924.00	PROPERTY INSURANCE	33.00	11.00			219.10				
925.00	INJURIES & DAMAGES	33.00	11.00			219.10				
926.00	EMPLOYEE BENEFITS	33.00	11.00			219.10				
926.10	EMPLOYEE PENSION & BENEFITS	33.00	11.00			219.10				
928.00	REGULATORY COMMISSION EXPENSES	33.00	11.00			219.10				
930.20	ANNUAL MEETING EXPENSES	33.00	11.00			219.10				

*EXM*  
*page 13 of 13*

ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCT	INACTIVE	BANK TRANSIT ABA NBR	BANK NAME BANK ACCOUNT	ACCT LENGTH
		B/S LINE	INC LINE	B/S LINE	INC LINE					
930.21	CAPITAL CREDIT EXPENSES	33.00	11.00			219.10				
930.30	MISCELLANEOUS GENERAL EXPENSES	33.00	11.00			219.10				
930.40	MISC FIELD TRAINING	33.00	11.00			219.10				
930.60	BOARD OF DIRECTOR'S EXPENSES	33.00	11.00			219.10				
930.70	DUES - NRECA & KAEC	33.00	11.00			219.10				
932.00	MAINTENANCE OF GENERAL PLANT	33.00	11.00			219.10				
999.99	FIXED JOURNAL ACCOUNT	99.99	99.99			999.99				
TOTAL ACCOUNTS		319								
		INCOME 94								
		BAL/SHEET 225								



Kentucky 61

Grayson Rural Electric  
Cooperative Corporation

Grayson, Kentucky

Audited Financial Statements  
May 31, 2012 and 2011

W. Dudley Shryock, CPA, PSC  
Certified Public Accountants  
P.O. Box 542  
Lawrenceburg, Kentucky 40342



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**W. DUDLEY SHRYOCK, CPA, PSC**  
CERTIFIED PUBLIC ACCOUNTANTS

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LAWRENCEBURG, KY 40342  
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MEMBER AICPA

MEMBER KY SOCIETY  
OF CPA'S

**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 Corporation, as of May 31, 2012, and the related statements of income and patronage capital and cash flows for the year then ended. These financial statements are the responsibility of Grayson Rural Electric Cooperative Corporation'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 Corporation as of May 31, 2011, were audited by other auditors whose report dated August 18, 2011, 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 audits 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 audit also 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 audit provides 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 Corporation as of May 31, 2012, 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 18, 2012, on my consideration of Grayson Rural Electric Cooperative Corporation's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 testing, 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 audit.

*W. Dudley Shryock*

W. Dudley Shryock, CPA  
August 18, 2012

Grayson Rural Electric Cooperative Corporation

Balance Sheets, May 31, 2012 and 2011

<u>Assets</u>	<u>2012</u>	<u>2011</u>
Electric Plant, at original cost:		
In service	\$ 63,952,956	\$ 61,900,142
Under construction	601,906	611,450
	<u>64,554,862</u>	<u>62,511,592</u>
Less accumulated depreciation	13,806,217	12,137,494
	<u>50,748,645</u>	<u>50,374,098</u>
Investments in Associated Organizations	<u>8,821,511</u>	<u>7,387,501</u>
Current Assets:		
Cash and cash equivalents	118,519	82,602
Accounts receivable, less allowance for 2012 of \$179,977 and 2011 of \$143,595	4,245,544	4,589,462
Other receivables	324,871	295,379
Material and supplies, at average cost	264,935	278,994
Other current assets	463,867	522,380
	<u>5,417,736</u>	<u>5,768,817</u>
Total	<u>\$ 64,987,892</u>	<u>\$ 63,530,416</u>
<u>Members' Equities and Liabilities</u>		
Members' Equities:		
Memberships	\$ 151,930	\$ 151,560
Patronage capital	18,951,134	18,452,536
Other equities	(378,817)	(333,740)
Accumulated other comprehensive income	(1,250,043)	(1,330,443)
	<u>17,474,204</u>	<u>16,939,913</u>
Long Term Debt	<u>38,629,755</u>	<u>37,239,534</u>
Accumulated Postretirement Benefits	<u>2,884,547</u>	<u>2,880,873</u>
Current Liabilities:		
Short term borrowings	352,716	1,064,549
Accounts payable	1,784,891	1,647,911
Current portion of long term debt	1,600,000	1,500,000
Consumer deposits	1,294,076	1,235,795
Accrued expenses	821,988	861,060
	<u>5,853,671</u>	<u>6,309,315</u>
Consumer Advances	<u>145,715</u>	<u>160,781</u>
Total	<u>\$ 64,987,892</u>	<u>\$ 63,530,416</u>

The accompanying notes are an integral part of the financial statements.

Statements of Revenue and Patronage Capital  
for the years ended May 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating Revenues	<u>\$ 29,299,995</u>	<u>\$ 30,269,936</u>
Operating Expenses:		
Cost of power	18,841,544	18,856,506
Distribution - operations	1,145,370	1,175,447
Distribution - maintenance	2,950,336	2,800,693
Consumer accounts	1,057,413	1,054,760
Customer services	216,591	250,339
Sales	29,527	37,679
Administrative and general	1,851,689	1,901,607
Depreciation, excluding \$181,546 in 2012 and \$162,073 in 2011 charged to clearing account	2,944,782	2,796,766
Taxes, other than income	30,541	31,591
Other deductions	12,065	11,670
	<u>29,079,858</u>	<u>28,917,058</u>
Operating margins before interest charges	<u>220,137</u>	<u>1,352,878</u>
Interest Charges:		
Long-term debt	1,030,994	1,080,504
Other	111,711	180,813
	<u>1,142,705</u>	<u>1,261,317</u>
Operating margins after interest charges	<u>(922,568)</u>	<u>91,561</u>
Nonoperating Margins		
Interest income	29,873	29,851
Others	(47,666)	8,320
	<u>(17,793)</u>	<u>38,171</u>
Patronage Capital Credits	<u>1,525,842</u>	<u>844,374</u>
Net Margins	585,481	974,106
Patronage Capital, beginning of year	18,452,536	17,938,891
Refunds to estates of deceased members	(158,803)	(414,309)
Transfers to prior year's deficits and other equities	<u>71,920</u>	<u>(46,152)</u>
Patronage Capital, end of year	<u>\$ 18,951,134</u>	<u>\$ 18,452,536</u>

The accompanying notes are an integral part of the financial statements.

Statements of Cash Flows  
for the years ended May 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities:		
Net margins	\$ 585,481	\$ 974,106
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation:		
Charged to expense	2,944,782	2,796,766
Charged to clearing accounts	181,546	129,910
Patronage capital credits assigned	(1,525,842)	(844,374)
Accumulated postretirement benefits	84,074	111,461
Change in assets and liabilities:		
Receivables	314,426	(336,962)
Material and supplies	14,059	33,556
Other assets	58,513	(40,407)
Payables	136,980	128,101
Consumer deposits and advances	43,215	48,849
Accrued expenses	(39,072)	80,141
	<u>2,798,162</u>	<u>3,081,147</u>
Cash Flows from Investing Activities:		
Plant additions	(3,171,605)	(4,022,048)
Plant removal costs	(382,521)	(416,329)
Salvage recovered from retired plant	53,251	42,572
Receipts from other investments, net	91,832	27,307
	<u>(3,409,043)</u>	<u>(4,368,498)</u>
Cash Flows from Financing Activities:		
Net increase in memberships	370	(385)
Refund of patronage capital to members	(158,803)	(414,309)
Increase in other equities	26,843	10,553
Payments on long term debt	(1,509,779)	(1,345,544)
Advances of long term debt	3,000,000	6,000,000
Short term borrowings	(711,833)	(2,952,512)
	<u>646,798</u>	<u>1,297,803</u>
Net increase in cash	35,917	10,452
Cash and cash equivalents, beginning of year	<u>82,602</u>	<u>72,150</u>
Cash and cash equivalents, end of year	<u>\$ 118,519</u>	<u>\$ 82,602</u>
Supplemental cash flows information:		
Interest paid on long-term debt	\$ 1,031,056	\$ 1,101,023

The accompanying notes are an integral part of the financial statements.

## Notes to Financial Statements

### Note 1. Summary of Significant Accounting Policies

Grayson Rural Electric Cooperative Corporation (“Grayson”) maintains its records in accordance with the 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 generally accepted accounting principles. The more significant of these policies are as follows:

**Electric Plant** Electric plant is stated at original cost, which is the cost when first dedicated to public service. Such amount includes applicable supervisory and overhead cost including any construction period interest and taxes. There was no interest required to be capitalized during 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 units of property replaced or retired, including cost of removal, net of any salvage value, is charged to accumulated depreciation for distribution plant. Gain or loss is recognized on disposition of general plant items.

Electric plant consists of:

	<u>2012</u>	<u>2011</u>
Distribution plant	\$58,183,168	\$56,545,096
General plant	5,769,788	5,355,046
Total	\$63,952,956	\$61,900,142

**Depreciation** Provision has been made for depreciation on the basis of the estimated lives of assets, using the straight-line method. In Depreciation rates are as follows:

Distribution plant	2.89% - 6.67%
Structures and improvements	2%
Transportation equipment	16%
Other general plant items	6% - 16%

**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 maintains its cash balances, which may exceed the federally insured limit, with several financial institutions. These financial institutions have strong credit ratings and management believes that the credit risk related to the accounts is minimal.

**Revenue** Grayson records revenue as billed to its consumers based on meter-readings taken on the 20<sup>th</sup> of each month using Automated Meter Reading (“AMR”) technology. All consumers are required to pay a refundable customer deposit, however, it may be waived under certain circumstances. Grayson’s sales are concentrated in a six county area of eastern Kentucky. Consumers must pay their bill within 20 days of billing, then are subject to disconnect after another 10 days. Accounts are written off when they are deemed to be uncollectible. The allowance for uncollectible accounts is based on the aging of receivables. There were no customers whose individual account balance exceeded 10% of outstanding accounts receivable at May 31, 2012 or 2011.

## Notes to Financial Statements

### Note 1. Summary of Significant Accounting Policies, continued

**Cost of Power** Grayson is one of sixteen (16) members of East Kentucky Power Cooperative (“East Kentucky”). Under a wholesale power agreement, Grayson is committed to purchase its electric power and energy requirements from East Kentucky until 2051. The rates charged by East Kentucky are subject to approval of the PSC. The cost of purchased power is recorded monthly during the period in which energy is consumed, based upon billings from East Kentucky.

**Fair Value Measurements** The Fair Value Measurements and Disclosures Topic of the FASB ASC 820, *Fair Value Measurements and Disclosures*, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal, or most advantageous, market for the asset or liability in an orderly transaction between market participants at the measurement date. The Fair Value Measurements Topic establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs when possible. The three levels of inputs used to measure fair value are as follows:

Level 1: Quoted prices (unadjusted) or identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices of similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect an organization’s own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The carrying amounts of Grayson’s cash and cash equivalents, other receivables, investments, inventories, other assets, trade accounts payable, accrued expenses and liabilities, and other liabilities approximate fair value due to their short maturity. Investments in associated organizations are not considered a financial instrument because they represent nontransferable interests in associated organizations. Other assets and liabilities are not considered financial instruments because they represent activities specifically related to Grayson. Long term debt can not be traded in the market, and is specifically for electric cooperatives and, therefore, a value other than its outstanding principal cannot be determined.

Grayson may, and also does, invest idle funds in local banks and in CFC Commercial Paper. These investments are classified as held-to-maturity in accordance with provisions of the *Financial Instruments Topic* of FASB ASC 320. Held-to-maturity securities are presented at amortized cost. The fair value of held-to-maturity securities approximates cost at 2011 and 2009.

**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.

**Estimates** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent 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.

**Advertising** Grayson expenses advertising costs as incurred.

## Notes to Financial Statements

### Note 1. Summary of Significant Accounting Policies, continued

**Income Tax Status** Grayson is exempt from federal and state income taxes under provisions of Section 501(c)(12). Accordingly, the financial statements for Grayson include no provision for income taxes. Grayson's accounting policy provides that a tax expense/benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. Management believes Grayson has no uncertain tax positions resulting in an accrual of tax expense or benefit. Grayson recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. Grayson did not recognize any interest or penalties during the years ended May 31, 2012 and 2011.

**Subsequent Events** Management has evaluated subsequent events through August 18, 2012, the date the financial statements were available to be issued. There were no significant subsequent events to report.

### Note 2. Investments in Associated Organizations

Investments in associated organizations consist of:

	<u>2012</u>	<u>2011</u>
East Kentucky, patronage capital	\$7,592,151	\$6,234,911
CFC, patronage capital	151,842	143,080
CFC, CTC's	631,683	634,880
Others	445,835	374,630
Total	<u>\$8,821,511</u>	<u>\$7,387,501</u>

Grayson records patronage capital assigned by associated organizations in the year in which such assignments are received. The CTC's from CFC are a condition of borrowing loan funds.

### Note 3. Patronage Capital

Patronage capital consisted of:

	<u>2012</u>	<u>2011</u>
Assigned to date	\$21,739,749	\$21,114,967
Assignable margins	(819,336)	(798,477)
Retirements to date	(1,969,279)	(1,863,954)
Total	<u>\$18,951,134</u>	<u>\$18,452,536</u>

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 the net margins for the next preceding year, Grayson may distribute the difference between 25% and the payments made to such estates. At May 31, 2012, the equities and margins were 27% of total assets.



## Notes to Financial Statements

### Note 4. Accumulated Other Comprehensive Income

The changes in accumulated other comprehensive income, which includes the effects of accumulated postretirement benefits, are as follows:

	<u>2012</u>	<u>2011</u>
Balance, beginning of period	(\$1,330,443)	(\$1,416,843)
Amortization	80,400	86,400
Adjustments	-	-
Total	<u>(\$1,250,043)</u>	<u>(\$1,330,443)</u>

### Note 5. Long Term Debt

All assets, except vehicles, are pledged as collateral on the long term debt to RUS, Federal Financing Bank (FFB), National Bank for Cooperative (CoBank), and CFC under a joint mortgage agreement. First mortgage notes consist of:

	<u>2012</u>	<u>2011</u>
RUS, 0.18% to 4.95%	\$10,568,003	\$10,786,913
FFB, 0.073% (0.102% in 2011)	17,441,018	14,924,195
CoBank (refinance RUS loans) 3.50%	11,009,447	11,633,491
CFC, 3.45% to 6.80% notes	<u>1,211,287</u>	<u>1,394,935</u>
	<u>12,220,734</u>	<u>13,028,426</u>
	40,229,755	38,739,534
Less current portion	<u>1,600,000</u>	<u>1,500,000</u>
Long term portion	<u>\$38,629,755</u>	<u>\$37,239,534</u>

The long term debt payable to RUS, FFB, and CFC are due in quarterly and monthly installments of varying amounts through 2039. RUS assess 12.5 basis points to administer the FFB loans. During 2011 Grayson refinanced approximately \$12 million of higher interest RUS loans with CoBank. Grayson has loan funds available from FFB in the amount of \$7,438,000 at May 31, 2011. These funds will be used for future construction projects.

As of May 31, 2012, annual current principal due for the next five years are as follows: 2013 - \$1,600,000; 2014 - \$1,700,000; 2015 - \$1,800,000; 2016 - \$1,900,000; 2017 - \$1,950,000.

### Note 6. Short Term Borrowings

Grayson has executed a short term line of credit agreement with CFC in the amount of \$6,000,000. The balance against this line of credit was \$352,716, at an interest rate of 3.20%. Grayson also has a short term line of credit from National Bank for Cooperative ("CoBank") in the amount of \$2,000,000. All advances against this line of credit have been repaid.

## Notes to Financial Statements

### Note 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 \$501,270 for 2012 and \$510,138 for 2011. 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.

### Note 8. Postretirement Benefits

Grayson sponsors a defined benefit plan that provides medical insurance coverage for retired employees and their spouses. Grayson pays all the premiums for retirees and their dependents. For measurement purposes, an annual rate of increase of 8.9% in 2009, then decreasing by 0.5% per year until 5% per year, in the per capita cost of covered health care benefit was assumed. The discount rate used in determining the accumulated postretirement benefit obligation was 6.0% in 2012 and 2011.

The funded status of the plan is as follows:

	<u>2012</u>	<u>2011</u>
Projected benefit obligation	(\$2,884,547)	(\$2,880,873)
Plan assets at fair value	-	-
Total	<u>(\$2,884,547)</u>	<u>(\$2,880,873)</u>

The components of net periodic postretirement benefit cost are as follows:

	<u>2012</u>	<u>2011</u>
Benefit obligation at beginning of year	<u>\$2,880,873</u>	<u>\$2,855,812</u>
Components of net periodic benefit cost:		
Service cost	108,566	141,824
Interest cost	<u>172,963</u>	<u>184,889</u>
Net periodic benefit cost	281,529	326,713
Benefits paid	(277,855)	(301,652)
Actuarial gain/loss	-	-
Benefit obligation at end of year	<u>\$2,884,547</u>	<u>\$2,880,873</u>

Projected retiree benefit payments for the next five years are expected to be as follows: 2013 - \$210,895; 2014 - \$216,070; 2015 - \$210,080; 2016 - \$199,710; 2017 - \$190,753.

### Note 9. Commitments and Contingencies

Grayson is contingently liable as guarantor for approximately \$65,000 of long term obligations of East Kentucky to RUS and CFC. 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 5. This contingent liability was part of an overall financing plan for the construction of generating facilities near Maysville, Kentucky.

Grayson has various other agreements outstanding with local contractors. Under these agreements, the contractors will perform certain construction and maintenance work at specified hourly rates or unit cost, or on an as needed basis. The duration of these contracts are one to two years.

## Notes to Financial Statements

### **Note 10. Related Party Transactions**

Several of the Directors of Grayson, its President & CEO, and another employee, are on the Boards of Directors of various associated organizations.

### **Note 11. 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.

### **Note 12. Rate Matters**

East Kentucky increased its base rates to Grayson during August 2007, by 2%, in April 2009, by 7%, and again in January 2012, by 5%. Grayson has passed these increases on to its customers using the methodology prescribed by the PSC. Grayson is in the process of preparing a rate application to be presented to the Commission.

### **Note 13. Contingencies**

Grayson is involved in litigation arising in the normal course of business. While the results of such litigation cannot be predicted with certainty, management, based upon advice of counsel, believes that the final outcome will not have a material adverse effect on the financial statements.

### **Note 14. Labor Force**

Approximately 45% of Grayson's labor force is subject to a collective bargaining agreement. A three (3) year agreement was negotiated and approved for the period starting May, 2012 between Grayson and the International Brotherhood of Electric Workers ("IBEW").

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Exhibit O  
page 1 of  
Witness: Jim Adkins

Grayson Rural Electric Cooperative  
Case No. 2012-00426  
**Computer Software Programs**  
May 31, 2012

Grayson has used Microsoft Excel and Word in the preparation of this Application.



Grayson Rural Electric Cooperative  
Case No. 2012-00426  
**Annual Meeting Information**  
May 31, 2012

The most recent Grayson annual meeting was held May 10, 2012. The minutes of that annual meeting are attached, along with the information given to the members attending the annual meeting.

Data for the last five (5) annual meetings are as follows:

<u>Year</u>	<u>Members Attending</u>	<u>Members Voting</u>	<u>Cost</u>
2012	461	-	\$ 26,496
2011	478	-	\$ 76,071
2010	537	-	\$ 65,965
2009	530	-	\$ 53,073
2008	524	1,270	\$ 36,513

# Grayson Rural Electric's

**Thursday, May 10, 2012**

**Grayson RECC Headquarters  
109 Bagby Park, Grayson**

**Registration 7:30 a.m. - 5:30 p.m.**

**Business Meeting - 5:30 p.m.**

- Light Refreshments
- Bucket of Bulbs

**Door Prizes**

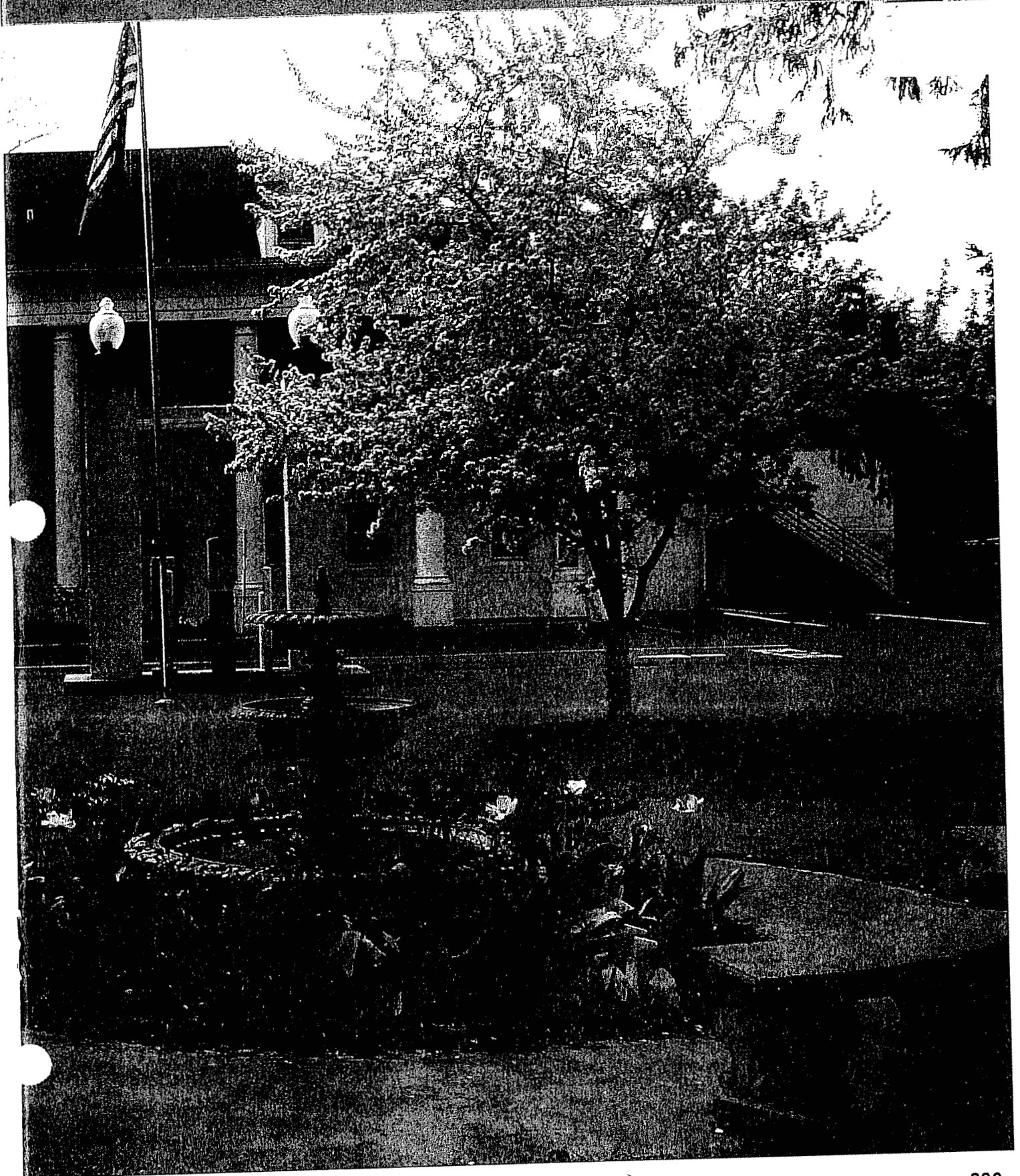
**The new iPad 3, two 32" TVs,  
and more!**

**You do not need to be present to win!**





# 61st Annual Meeting



### MEMBERS SERVED IN 2011

Carter County	3,372
Elliott County	2,638
Greenup County	3,211
Lawrence County	595
Lewis County	236
Rowan County	1,331
Total	11,383

### ACCOUNTS BILLED IN 2011

15,470

### AVERAGE KILOWATT-HOUR USE

(Residential per month) 2011

1,040

### MILES OF LINE IN 2011

2,485

### CONSUMERS PER MILE 2011

6.22

### REVENUE SOURCES

Residential	74%
Commercial	19%
Industrial	4%
Other	3%
TOTAL	100%

### MAJOR COSTS

Power Bill	64%
Operating	24%
Depreciation	9%
Interest	4%
Taxes	0%
TOTAL:	100%

## STATEMENT OF OPERATIONS

For the Year Ending December 31, 2011

Operating Revenue	\$29,898,670
Operating Expense	
Purchased Power	\$19,235,241
Operating System	7,347,319
Depreciation	2,889,514
Taxes	30,456
Interest on Loans	1,081,829
Other Deductions	81,104
Total Cost of Electric Service	\$30,665,463

Operating Margins	(766,793)
Non-Operating Margins	29,828
G & T Capital Credits	1,392,584
Other Capital Credits	52,469
Patronage Capital and Margins	\$606,340

### BALANCE SHEET

For the Year Ending December 31, 2011

#### ASSETS

Total Utility Plant	\$63,417,416
Less Depreciation	13,018,327
Net Utility Plant	\$50,399,089

#### INVESTMENT IN ASSOC.

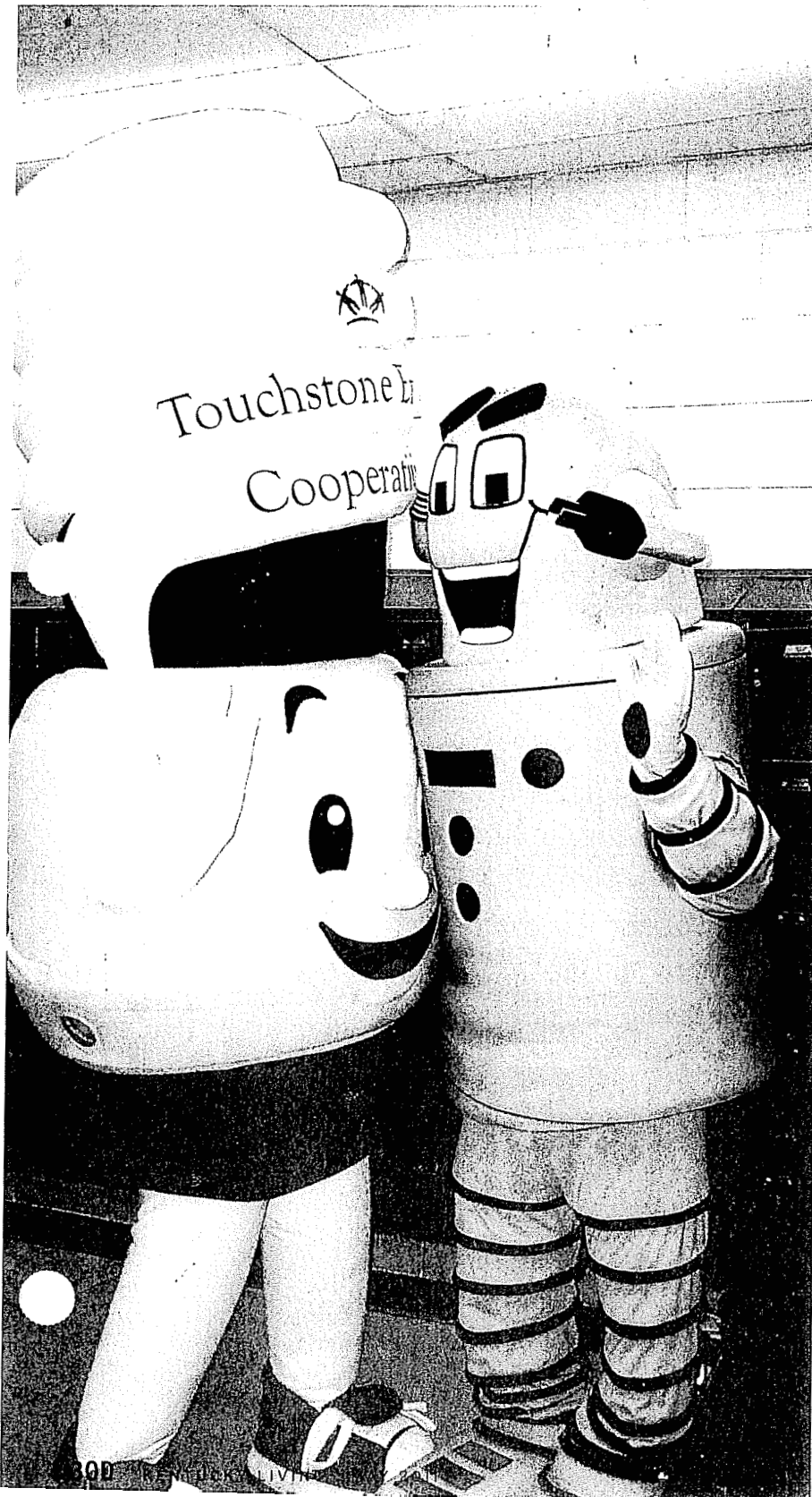
ORGANIZATION	\$8,793,452
Cash	210,607
Notes Receivable	0
Accounts Receivable	6,352,590
Inventory	267,444
Expenses Paid in Advance	54,731
Deferred Debits and Other Assets	229,526
Total Assets	\$66,307,439

#### LIABILITIES

Consumer Deposits	1,271,004
Membership and Other Equities	18,367,048
Long-Term Debt	36,422,998
Notes and Accounts Payable	5,111,724
Other Current Liabilities	2,009,305
Noncurrent Liabilities	3,125,290
Total Liabilities	\$66,307,439

# Attention Members

## 2011 ANNUAL MEETING



**Thursday, May 12, 2011**

East Carter Middle School,  
Grayson, Kentucky

Registration opens at  
5:00 p.m.

Business meeting starts at  
7:00 p.m.

Entertainment:  
The Oldtown Gospel Heirs  
The Wizards of Dance  
Free caricature drawings by  
caricature artist  
J. Bird Cremeans

Free bucket of bulbs with  
registration

Door prizes  
Safety demonstrations  
Hot dogs and refreshments

### **Knowledge is Power**

Let us educate you on ways  
to save electricity, money,  
& the environment.

Look for our booths with  
information on the ben-  
efits of changing the fil-  
ters for your heat pumps,  
sealing the cracks in your  
home to prevent air leak-  
age, and the benefits of  
using power strips to stop  
that phantom load.

# Statement of Operations and Balance Sheet

## Statement of Operations

Operating Revenue.....	30,305,406
Operating Expense:	
Cost of Electric Power.....	18,758,497
Operating the System.....	1,123,518
Maintaining the System.....	2,449,726
General & Administrative.....	1,735,873
Customer Accounts and Info.....	1,253,165
Depreciation Expense.....	2,735,736
Interest on Loans.....	1,166,577
Other Expenses.....	254,505
<b>Total Cost of Providing Electrical Service.....</b>	<b>29,477,597</b>

Operating Margins.....	827,809
Non Operating Margins.....	46,152
G&T Capital Credits.....	776,855
Other Capital Credits.....	67,147
<b>Patronage Capital and Margins.....</b>	<b>1,717,963</b>

## Balance Sheet

<b>Assets</b>	
Total Utility Plant.....	\$61,475,447
Less Depreciation.....	(11,589,710)
Net Utility Plant.....	49,885,737
Patronage Capital in Assoc. Org.....	7,368,826
Cash and Investments.....	64,045
Owed to Co-op on Accounts & Notes.....	7,324,063
Material Inventory.....	362,153
Expenses Paid in Advance.....	51,823
Deferred Debits and Other Assets.....	160,326
<b>Total Assets.....</b>	<b>\$65,216,973</b>

## Liabilities

Membership Fees and Equities.....	\$17,875,000
Long Term Debt.....	34,902,449
Notes and Accounts Payable.....	8,808,579
Other Current Liabilities.....	568,526
Other Deferred Credits.....	185,749
Other Noncurrent Liabilities.....	2,876,670
<b>Total Liabilities.....</b>	<b>\$65,216,973</b>

## Accounts Billed

(average).....	15,479
Average Kilowatt-hour use.....	1,122
Miles of Line.....	2,483
Consumers per Mile.....	6.23
Capital Credits retired (deceased accounts).....	\$238,900

**\$1,000 Scholarship Winners**  
 Lakota Burge – East Carter High School  
 Alysha Burnett – East Carter High School  
 Michael Cassell – Elliott County High School  
 James Fannin – Elliott County High School  
 Joseph Greene – Elliott County High School  
 Audreanna Middleton – Elliott County High School  
 Kelly Myers – Home Education Program

**\$500 Scholarship Winners**  
 Ashley Barlow – Greenup County High School  
 Mason Bentley – Lewis County High School  
 Keisha Blevins – Rowan County High School  
 Emily Felty – East Carter High School  
 Casey Gullett – Greenup County High School  
 Aaron Rayburn – West Carter High School

# Right-Of-Way Cleared and Work Projects

## Circuits cleared

Carter City #2.....	38.5 miles
Low Gap #2.....	50.0 miles
Argentum # 2 (part).....	26.5 miles

## Other

Miles of Vegetation Cleared.....	61
Trees Removed.....	9,882
Trees Trimmed.....	3,961
Bush Hogged (miles).....	40
Sprayed with Chemical (miles).....	29

**Total Dollars.....** \$1,149,358.00

## Work Projects

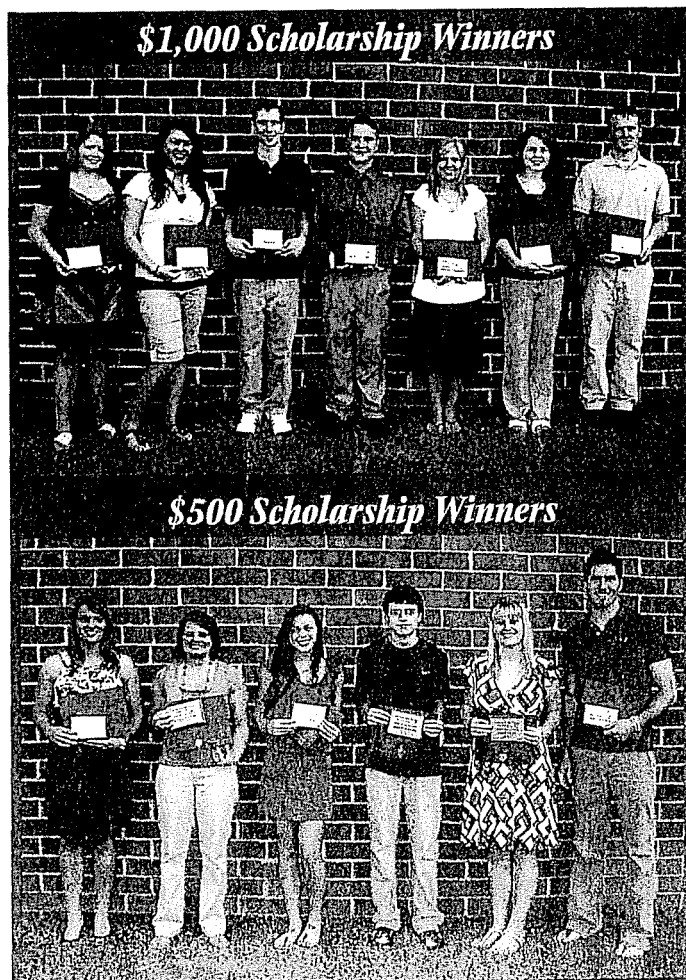
The following were either completed or begun during 2010:

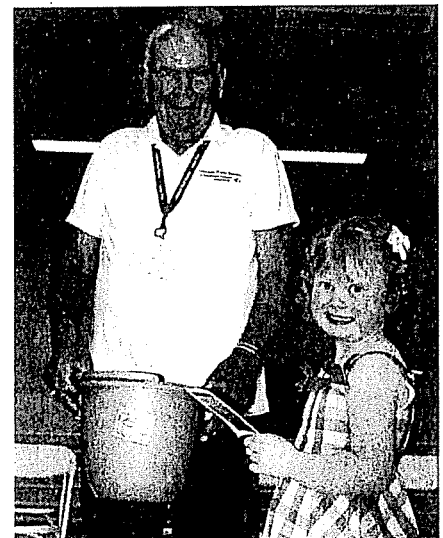
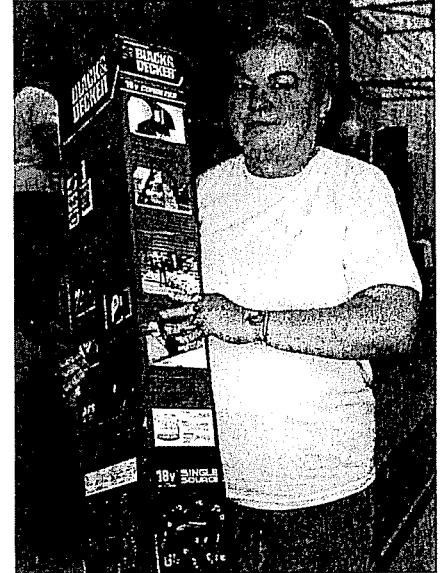
### Major Projects (re-conductoring)

- Portor Creek
- Lower Grassy
- Three Prong
- Route 519
- Culp Creek

### Routine Capital Projects

New services.....	282
Retired services.....	110
Miles of line.....	9.00
Services upgraded.....	514
Poles replaced.....	414
New security lights.....	241





## 2011 Annual Meeting Door Prize Recipients

### Plug Strips - Registered At The Pull The Plug Booth

1. Kay Smith
2. Herb Davis
3. Virginia Burns
4. Juanita Johnson
5. Ruth Ison

### \$100 GRECC Certificates

1. Timothy C Felty
2. James Greene

3. Charles Wallace
4. Jewell M Church
5. Paul Brown

### \$200 GRECC Certificates

1. Linda D King
2. Thomas J Porter
3. Chris/Hillary Porter
4. Dennis C Purnell
5. Flohrene Elliott

- Coffemaker—Cleo Gilliam  
 Weedeater—Gladys Dehart  
 Hedge Trimmer—Arvel Marcum  
 Power Wash—William Gollihue  
 Laptop—Vernon Middleton  
 Window Air Conditioner—Owen Meenach  
 32" Tv—Loma Willinson  
 32" Tv—Ralph L Newman  
 Garmin—Thomas J Porter, Jr.

## GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

### 2012 ANNUAL MEMBERSHIP MEETING MINUTES

Grayson Rural Electric Cooperative Corporation held its 61st Annual Membership Meeting on May 10, 2012 at Cooperative Headquarters. Dennis Cannon of KAEC opened the meeting at approximately 5:30 p.m. and introduced Chairman Trent. Chairman Trent called the meeting to order.

William T. Rice, 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 guests from East Kentucky Power Cooperative, Craig Johnson, David Crews and Denver York; Kentucky Association of Electric Cooperatives, Bill Corum, David White, Dennis Cannon and Roby Foree; and Big Sandy RECC, Wade May, David Estep and Bruce Aaron Davis.

President Fraley reported the Cooperative was working very hard at keeping our costs for consumers down and one way of saving was to have the meeting at the Cooperative. Registration began at 7:30 a.m. and ended at 5:30 p.m. This also allows the members to talk one on one with employees and address issues with bills, right-of-way, memberships and sign up for electricity, if needed. She reminded everyone that comments or phone calls are always welcomed from our members. She also reported there were no loss time accidents in the past year. President Fraley announced two \$1,000 scholarship winners and the 16 winners of the \$500 scholarships totaling \$10,000 that were given to the 2012 graduates. She stressed the importance of education for our children.

W. Jeffrey Scott, Legal Counsel for the Cooperative called the Business Meeting to order. Mr. Scott reported a registration of 689 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 2011 Annual Membership Meeting. Motion was made by William T. Rice, seconded by Don Combs and unanimously agreed to dispense with the reading of the minutes and to approve them as presented.

Incumbent Director Kenneth Arrington of Lawrence County and Director Jimmy Whitt of Elliott County were re-elected for a four year term.

Mr. Scott asked for any new business or old business, and none was heard. Therefore, he declared the business meeting adjourned.

Bill Corum, President of KAEC addressed the crowd following the adjournment of the business meeting. Mr. Corum spoke about several topics: the International Year of Cooperatives, recognizing that the first cooperative, an insurance company, was formed 200 years ago. He elaborated how proud he was of the Kentucky Living magazine and how it opens doors to help members understand who we are. The KAEC-UUS material marketing program was recognized and he explained its function. The February 29 and March 1 tornado storms that hit Kentucky were quickly responded to by the UUS and KAEC's safety staff and they were essential in the recovery of electricity.

Craig Johnson, Senior Vice President for Power Production at EKPC addressed the members about the \$245 million spent on a new scrubber and how these regulations enforced by EPA affect the cost of generating cost. These costs due to various regulations are passed on to the members. EKPC expressed their appreciation of the member-owned cooperatives it serves and their support.

The evening ended with three prize drawings from the Cooperative and a Simple Savers booth drawing.

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Secretary/Treasurer

\_\_\_\_\_  
Legal Counsel





PART C. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS		
LINE NO				
1.0	TOTAL UTILITY PLANT IN SERVICE	61,900,141.76	30.0 MEMBERSHIPS	151,560.00-
2.0	CONSTRUCTION WORK IN PROGRESS	611,449.55	31.0 PATRONAGE CAPITAL	18,782,545.28-
3.0	TOTAL UTILITY PLANT	62,511,591.31	32.0 OPERATING MARGINS - PRIOR YEAR	.00
4.0	ACCUM PROV FOR DEP & AMORT	12,137,494.03-	33.0 OPERATING MARGINS-CURRENT YEAR	813,640.72
5.0	NET UTILITY PLANT	50,374,097.28	34.0 NON-OPERATING MARGINS	15,163.58-
			35.0 OTHER MARGINS & EQUITIES	1,195,714.77
6.0	NON-UTILITY PROPERTY (NET)	.00	36.0 TOTAL MARGINS & EQUITIES	16,939,913.37-
7.0	INVEST IN SUBSIDIARY COMPANIES	.00		
8.0	INV IN ASSOC ORG - PAT CAPITAL	6,740,912.24	37.0 LONG TERM DEBT - RUS (NET)	10,786,912.48-
9.0	INV IN ASSOC ORG OTHR GEN FND	.00	(PAYMENTS-UNAPPLIED	.00 )
10.0	INV IN ASSOC ORG - NON GEN FND	646,490.06	38.0 LNG-TERM DEBT-FFB-RUS GUAR	14,924,195.37-
11.0	INV IN ECON DEVEL PROJECTS	.00	39.0 LONG-TERM DEBT OTHER-RUS GUAR	.00
12.0	OTHER INVESTMENTS	98.65	40.0 LONG TERM DEBT - OTHER (NET)	13,028,426.34-
13.0	SPECIAL FUNDS	.00	41.0 LNG-TERM DEBT-RUS-ECON DEV NET	.00
14.0	TOT OTHER PROP & INVESTMENTS	7,387,500.95	42.0 PAYMENTS - UNAPPLIED	.00
			43.0 TOTAL LONG TERM DEBT	38,739,534.19-
15.0	CASH - GENERAL FUNDS	77,602.00		
16.0	CASH - CONSTRUCTION FUND TRUST	.00	44.0 OBLIGATION UNDER CAPITAL LEASE	.00
17.0	SPECIAL DEPOSITS	.00	45.0 ACCUM OPERATING PROVISIONS	2,880,872.94-
18.0	TEMPORARY INVESTMENTS	5,000.00	46.0 TOTAL OTHER NONCURR LIABILITY	2,880,872.94-
19.0	NOTES RECEIVABLE (NET)	.00		
20.0	ACCTS REC - SALES ENERGY (NET)	4,589,462.32	47.0 NOTES PAYABLE	1,064,549.20-
21.0	ACCTS REC - OTHER (NET)	295,379.02	48.0 ACCOUNTS PAYABLE	1,647,911.14-
22.0	RENEWABLE ENERGY CREDITS	.00	49.0 CONSUMER DEPOSITS	1,235,794.58-
23.0	MATERIAL & SUPPLIES-ELEC & OTH	278,994.44	50.0 CURR MATURITIES LONG-TERM DEBT	.00
24.0	PREPAYMENTS	220,761.61	51.0 CURR MATURIT LT DEBT ECON DEV	.00
25.0	OTHER CURRENT & ACCR ASSETS	5,018.64	52.0 CURR MATURITIES CAPITAL LEASES	.00
26.0	TOTAL CURRENT & ACCR ASSETS	5,472,218.03	53.0 OTHER CURRENT & ACCRUED LIAB	861,059.43-
			54.0 TOTAL CURRENT & ACCRUED LIAB	4,809,314.35-
27.0	REGULATORY ASSETS	.00		
28.0	OTHER DEFERRED DEBITS	296,599.79	55.0 REGULATORY LIABILITIES	.00
			56.0 OTHER DEFERRED CREDITS	160,781.20-
29.0	TOTAL ASSETS & OTHER DEBITS	63,530,416.05	57.0 TOTAL LIABILITIES & OTH CREDIT	63,530,416.05-

=====

ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION	
58.0 BALANCE BEGINNING OF YEAR	.00
59.0 AMOUNT RECEIVED THIS YEAR (NET)	157,175.68
60.0 TOTAL CONTRIBUTIONS IN AID OF CONST	157,175.68

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

*Court Hill*  
SIGNATURE OF MANAGER

DATE

DATE

7/15/11

7/15/11

PART A. STATEMENT OF OPERATIONS

LINE NO		YEAR TO DATE		BUDGET C	THIS MONTH D	% FROM BUDGET	% CHANGE FROM LAST YEAR
		LAST YEAR A	THIS YEAR B				
1.0	OPERATING REVENUE & PATRONAGE CAPITAL....	12,035,077.04	11,999,607.15	12,805,263.20	2,223,037.15	6.3-	.3-
2.0	POWER PRODUCTION EXPENSE.....	.00	.00	.00	.00	.0	.0
3.0	COST OF PURCHASED POWER.....	7,858,173.00-	7,956,182.00-	8,356,975.00-	1,295,329.00-	4.8-	1.2
4.0	TRANSMISSION EXPENSE.....	.00	.00	.00	.00	.0	.0
5.0	REGIONAL MARKET OPERATIONS EXPENSE.....	.00	.00	.00	.00	.0	.0
6.0	DISTRIBUTION EXPENSE-OPERATION.....	430,167.22-	482,096.14-	474,365.40-	107,044.97-	1.6	12.1
7.0	DISTRIBUTION EXPENSE-MAINTENANCE.....	924,316.32-	1,275,283.19-	1,164,600.40-	280,372.25-	9.5	38.0
8.0	CONSUMER ACCOUNTS EXPENSE.....	393,456.81-	457,523.00-	413,433.35-	103,108.65-	10.7	16.3
9.0	CUSTOMER SERVICE & INFORMATIONAL EXPENSE.	92,556.93-	111,495.84-	94,926.60-	19,770.28-	17.5	20.5
10.0	SALES EXPENSE.....	11,459.14-	18,067.61-	15,171.00-	3,423.10-	19.1	57.7
11.0	ADMINISTRATIVE & GENERAL EXPENSE.....	700,725.86-	866,460.14-	713,990.75-	186,111.20-	21.4	23.7
12.0	TOTAL OPERATIONS & MAINTENANCE EXPENSE...	10,410,855.28-	11,167,107.92-	11,233,462.50-	1,995,159.45-	.6-	7.3
13.0	DEPRECIATION & AMORTIZATION EXPENSE.....	1,124,747.00-	1,185,776.61-	1,215,242.05-	239,376.75-	2.4-	5.4
14.0	TAX EXPENSE - PROPERTY & GROSS RECEIPTS..	11,265.00-	12,605.00-	12,500.00-	2,521.00-	.8	11.9
15.0	TAX EXPENSE - OTHER.....	.00	.00	.00	.00	.0	.0
16.0	INTEREST ON LONG TERM DEBT.....	485,303.60-	399,230.73-	503,595.35-	86,727.39-	20.7-	17.7-
17.0	INTEREST CHARGED TO CONSTRUCTION - CREDIT	.00	.00	.00	.00	.0	.0
18.0	INTEREST EXPENSE - OTHER.....	30,067.00-	30,974.00-	30,833.30-	6,167.00-	.5	3.0
19.0	OTHER DEDUCTIONS.....	78,849.78-	46,172.87-	27,499.95-	8,633.00-	67.9	41.4-
20.0	TOTAL COST OF ELECTRIC SERVICE.....	12,141,087.66-	12,841,867.13-	13,023,133.15-	2,338,584.59-	1.4-	5.8
21.0	PATRONAGE CAPITAL & OPERATING MARGINS....	106,010.62-	842,259.98-	217,869.95-	115,547.44-	286.6	694.5
22.0	NON OPERATING MARGINS - INTEREST.....	12,431.05	12,444.02	12,394.50	2,487.53	.4	.1
23.0	ALLOW. FOR FUNDS USED DURING CONSTRUCTION	.00	.00	.00	.00	.0	.0
24.0	INCOME (LOSS) FROM EQUITY INVESTMENTS....	.00	.00	.00	.00	.0	.0
25.0	NON OPERATING MARGINS - OTHER.....	10,714.23	2,719.56	358.80-	10,077.37-	858.0-	74.6-
26.0	GENERATION & TRANSMISSION CAPITAL CREDITS	.00	.00	.00	.00	.0	.0
27.0	OTHER CAPITAL CREDITS & PATRONAGE DIVID..	28,247.00	28,619.26	27,374.85	.00	4.5	1.3
28.0	EXTRAORDINARY ITEMS.....	.00	.00	.00	.00	.0	.0
29.0	PATRONAGE CAPITAL OR MARGINS.....	54,618.34-	798,477.14-	178,459.40-	123,137.28-	347.4	1361.9
RATIOS							
	TIER	.887	1.000-	.646	.420-		
	MARGINS TO REVENUE	.005	.067	.014	.055		
	POWER COST TO REVENUE	.653	.663	.653	.583		
	INTEREST EXPENSE TO REVENUE	.040	.033	.039	.039		
	CURRENT ASSETS : CURRENT LIABILITIES	1.1378					
	MARGINS & EQUITIES AS % OF ASSETS	.2666					
	LONG TERM DEBT AS % OF PLANT	.6197					
	GENERAL FUNDS TO TOTAL PLANT	.1323					
	QUICK ASSET RATIO	1.0798					

PART C. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS		
LINE NO				
1.0	TOTAL UTILITY PLANT IN SERVICE	62,184,610.00	30.0 MEMBERSHIPS	151,870.00-
2.0	CONSTRUCTION WORK IN PROGRESS	608,412.77	31.0 PATRONAGE CAPITAL	18,782,545.28-
3.0	TOTAL UTILITY PLANT	62,793,022.77	32.0 OPERATING MARGINS - PRIOR YEAR	.00
4.0	ACCUM PROV FOR DEP & AMORT	12,160,556.35-	33.0 OPERATING MARGINS-CURRENT YEAR	753,304.04
5.0	NET UTILITY PLANT	50,632,466.42	34.0 NON-OPERATING MARGINS	3,308.95-
			35.0 OTHER MARGINS & EQUITIES	1,188,514.77
6.0	NON-UTILITY PROPERTY (NET)	.00	36.0 TOTAL MARGINS & EQUITIES	16,995,905.42-
7.0	INVEST IN SUBSIDIARY COMPANIES	.00		
8.0	INV IN ASSOC ORG - PAT CAPITAL	6,742,050.13	37.0 LONG TERM DEBT - RUS (NET)	10,768,411.65-
9.0	INV IN ASSOC ORG OTHR GEN FND	.00	(PAYMENTS-UNAPPLIED	.00 )
10.0	INV IN ASSOC ORG - NON GEN FND	646,490.06	38.0 LNG-TERM DEBT-FFB-RUS GUAR	14,827,241.69-
11.0	INV IN ECON DEVEL PROJECTS	.00	39.0 LONG-TERM DEBT OTHER-RUS GUAR	.00
12.0	OTHER INVESTMENTS	98.65	40.0 LONG TERM DEBT - OTHER (NET)	12,994,541.16-
13.0	SPECIAL FUNDS	.00	41.0 LNG-TERM DEBT-RUS-ECON DEV NET	.00
14.0	TOT OTHER PROP & INVESTMENTS	7,388,638.84	42.0 PAYMENTS - UNAPPLIED	.00
			43.0 TOTAL LONG TERM DEBT	38,590,194.50-
15.0	CASH - GENERAL FUNDS	72,600.13		
16.0	CASH - CONSTRUCTION FUND TRUST	.00	44.0 OBLIGATION UNDER CAPITAL LEASE	.00
17.0	SPECIAL DEPOSITS	.00	45.0 ACCUM OPERATING PROVISIONS	2,880,109.24-
18.0	TEMPORARY INVESTMENTS	5,000.00	46.0 TOTAL OTHER NONCURR LIABILITY	2,880,109.24-
19.0	NOTES RECEIVABLE (NET)	.00		
20.0	ACCTS RECV - SALES ENERGY (NET)	5,120,493.91	47.0 NOTES PAYABLE	1,533,635.48-
21.0	ACCTS RECV - OTHER (NET)	317,604.79	48.0 ACCOUNTS PAYABLE	1,905,366.83-
22.0	RENEWABLE ENERGY CREDITS	.00	49.0 CONSUMER DEPOSITS	1,239,452.58-
23.0	MATERIAL & SUPPLIES-ELEC & OTH	280,423.24	50.0 CURR MATURITIES LONG-TERM DEBT	.00
24.0	PREPAYMENTS	210,252.60	51.0 CURR MATURIT LT DEBT ECON DEV	.00
25.0	OTHER CURRENT & ACCR ASSETS	7,452.96	52.0 CURR MATURITIES CAPITAL LEASES	.00
26.0	TOTAL CURRENT & ACCR ASSETS	6,013,827.63	53.0 OTHER CURRENT & ACCRUED LIAB	883,456.46-
			54.0 TOTAL CURRENT & ACCRUED LIAB	5,561,911.35-
27.0	REGULATORY ASSETS	.00		
28.0	OTHER DEFERRED DEBITS	154,118.28	55.0 REGULATORY LIABILITIES	.00
			56.0 OTHER DEFERRED CREDITS	160,930.66-
29.0	TOTAL ASSETS & OTHER DEBITS	64,189,051.17	57.0 TOTAL LIABILITIES & OTH CREDIT	64,189,051.17-

ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION	
58.0 BALANCE BEGINNING OF YEAR	.00
59.0 AMOUNT RECEIVED THIS YEAR (NET)	174,726.71
60.0 TOTAL CONTRIBUTIONS IN AID OF CONST	174,726.71

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 Smith*  
\_\_\_\_\_  
SIGNATURE OF MANAGER

8/8/11  
DATE

8/8/11  
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....	14,594,960.22	14,548,713.74	15,270,982.84	2,549,106.59	4.7- .3-
2.0	POWER PRODUCTION EXPENSE.....	.00	.00	.00	.00	.0 .0
3.0	COST OF PURCHASED POWER.....	9,335,388.00-	9,492,398.00-	9,801,127.00-	1,536,216.00-	3.1- 1.7
4.0	TRANSMISSION EXPENSE.....	.00	.00	.00	.00	.0 .0
5.0	REGIONAL MARKET OPERATIONS EXPENSE.....	.00	.00	.00	.00	.0 .0
6.0	DISTRIBUTION EXPENSE-OPERATION.....	527,046.63-	588,582.56-	569,238.48-	106,486.42-	3.4 11.7
7.0	DISTRIBUTION EXPENSE-MAINTENANCE.....	1,142,810.41-	1,547,034.67-	1,397,520.48-	271,751.48-	10.7 35.4
8.0	CONSUMER ACCOUNTS EXPENSE.....	468,787.05-	545,477.54-	496,120.02-	87,954.54-	9.9 16.4
9.0	CUSTOMER SERVICE & INFORMATIONAL EXPENSE.	108,417.92-	126,115.17-	113,911.92-	14,619.33-	10.7 16.3
10.0	SALES EXPENSE.....	14,666.88-	20,896.21-	18,205.20-	2,828.60-	14.8 42.5
11.0	ADMINISTRATIVE & GENERAL EXPENSE.....	857,604.52-	1,006,669.72-	856,788.90-	140,209.58-	17.5 17.4
12.0	TOTAL OPERATIONS & MAINTENANCE EXPENSE...	12,454,721.41-	13,327,173.87-	13,252,912.00-	2,160,065.95-	.6 7.0
13.0	DEPRECIATION & AMORTIZATION EXPENSE.....	1,352,421.61-	1,427,068.10-	1,458,290.46-	241,291.49-	2.1- 5.5
14.0	TAX EXPENSE - PROPERTY & GROSS RECEIPTS..	13,977.00-	15,155.00-	15,000.00-	2,550.00-	1.0 8.4
15.0	TAX EXPENSE - OTHER.....	.00	.00	.00	.00	.0 .0
16.0	INTEREST ON LONG TERM DEBT.....	583,371.42-	487,923.47-	604,314.42-	88,692.74-	19.3- 16.4-
17.0	INTEREST CHARGED TO CONSTRUCTION - CREDIT	.00	.00	.00	.00	.0 .0
18.0	INTEREST EXPENSE - OTHER.....	36,070.00-	37,153.00-	36,999.96-	6,179.00-	.4 3.0
19.0	OTHER DEDUCTIONS.....	90,742.60-	38,154.92-	32,999.94-	8,017.95	15.6 58.0-
20.0	TOTAL COST OF ELECTRIC SERVICE.....	14,531,304.04-	15,332,628.36-	15,400,516.78-	2,490,761.23-	.4- 5.5
21.0	PATRONAGE CAPITAL & OPERATING MARGINS....	63,656.18	783,914.62-	129,533.94-	58,345.36	505.2 1331.5-
22.0	NON OPERATING MARGINS - INTEREST.....	14,922.16	14,917.18	14,873.40	2,473.16	.3 .0
23.0	ALLOW. FOR FUNDS USED DURING CONSTRUCTION	.00	.00	.00	.00	.0 .0
24.0	INCOME (LOSS) FROM EQUITY INVESTMENTS....	.00	.00	.00	.00	.0 .0
25.0	NON OPERATING MARGINS - OTHER.....	12,739.12	11,608.23-	430.56-	14,327.79-	596.1 191.1-
26.0	GENERATION & TRANSMISSION CAPITAL CREDITS	.00	.00	.00	.00	.0 .0
27.0	OTHER CAPITAL CREDITS & PATRONAGE DIVID..	32,856.14	30,610.58	32,849.82	1,991.32	6.8- 6.8-
28.0	EXTRAORDINARY ITEMS.....	.00	.00	.00	.00	.0 .0
29.0	PATRONAGE CAPITAL OR MARGINS.....	124,173.60	749,995.09-	82,241.28-	48,482.05	811.9 704.0-
RATIOS						
	TIER	1.213	.537-	.864	1.547	
	MARGINS TO REVENUE	.009	.052	.005	.019	
	POWER COST TO REVENUE	.640	.652	.642	.603	
	INTEREST EXPENSE TO REVENUE	.040	.034	.040	.035	
	CURRENT ASSETS : CURRENT LIABILITIES	1.0813				
	MARGINS & EQUITIES AS % OF ASSETS	.2648				
	LONG TERM DEBT AS % OF PLANT	.6146				
	GENERAL FUNDS TO TOTAL PLANT	.1237				
	QUICK ASSET RATIO	1.0308				

PART C. BALANCE SHEET

LINE NO	ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1.0	TOTAL UTILITY PLANT IN SERVICE	62,359,455.19	30.0	MEMBERSHIPS 151,875.00-
2.0	CONSTRUCTION WORK IN PROGRESS	662,534.01	31.0	PATRONAGE CAPITAL 18,779,794.47-
3.0	TOTAL UTILITY PLANT	63,021,989.20	32.0	OPERATING MARGINS - PRIOR YEAR .00
4.0	ACCUM PROV FOR DEP & AMORT	12,339,008.68-	33.0	OPERATING MARGINS-CURRENT YEAR 748,021.48
5.0	NET UTILITY PLANT	50,682,980.52	34.0	NON-OPERATING MARGINS 2,222.53-
			35.0	OTHER MARGINS & EQUITIES 1,180,397.25
6.0	NON-UTILITY PROPERTY (NET)	.00	36.0	TOTAL MARGINS & EQUITIES 17,005,473.27-
7.0	INVEST IN SUBSIDIARY COMPANIES	.00		
8.0	INV IN ASSOC ORG - PAT CAPITAL	6,742,050.13	37.0	LONG TERM DEBT - RUS (NET) 10,751,003.03-
9.0	INV IN ASSOC ORG OTHR GEN FND	.00		(PAYMENTS-UNAPPLIED .00 )
10.0	INV IN ASSOC ORG - NON GEN FND	646,490.06	38.0	LNG-TERM DEBT-FFB-RUS GUAR 14,827,241.69-
11.0	INV IN ECON DEVEL PROJECTS	.00	39.0	LONG-TERM DEBT OTHER-RUS GUAR .00
12.0	OTHER INVESTMENTS	98.65	40.0	LONG TERM DEBT - OTHER (NET) 12,961,998.35-
13.0	SPECIAL FUNDS	.00	41.0	LNG-TERM DEBT-RUS-ECON DEV NET .00
14.0	TOT OTHER PROP & INVESTMENTS	7,388,638.84	42.0	PAYMENTS - UNAPPLIED .00
			43.0	TOTAL LONG TERM DEBT 38,540,243.07-
15.0	CASH - GENERAL FUNDS	76,659.24		
16.0	CASH - CONSTRUCTION FUND TRUST	.00	44.0	OBLIGATION UNDER CAPITAL LEASE .00
17.0	SPECIAL DEPOSITS	.00	45.0	ACCUM OPERATING PROVISIONS 2,880,521.07-
18.0	TEMPORARY INVESTMENTS	5,000.00	46.0	TOTAL OTHER NONCURR LIABILITY 2,880,521.07-
19.0	NOTES RECEIVABLE (NET)	.00		
20.0	ACCTS RECV - SALES ENERGY(NET)	5,694,750.88	47.0	NOTES PAYABLE 1,862,353.14-
21.0	ACCTS RECV - OTHER (NET)	362,287.07	48.0	ACCOUNTS PAYABLE 2,220,017.06-
22.0	RENEWABLE ENERGY CREDITS	.00	49.0	CONSUMER DEPOSITS 1,241,672.58-
23.0	MATERIAL & SUPPLIES-ELEC & OTH	302,465.46	50.0	CURR MATURITIES LONG-TERM DEBT .00
24.0	PREPAYMENTS	142,740.09	51.0	CURR MATURIT LT DEBT ECON DEV .00
25.0	OTHER CURRENT & ACCR ASSETS	9,881.69	52.0	CURR MATURITIES CAPITAL LEASES .00
26.0	TOTAL CURRENT & ACCR ASSETS	6,593,784.43	53.0	OTHER CURRENT & ACCRUED LIAB 898,764.76-
			54.0	TOTAL CURRENT & ACCRUED LIAB 6,222,807.54-
27.0	REGULATORY ASSETS	.00		
28.0	OTHER DEFERRED DEBITS	144,739.28	55.0	REGULATORY LIABILITIES .00
			56.0	OTHER DEFERRED CREDITS 161,098.12-
29.0	TOTAL ASSETS & OTHER DEBITS	64,810,143.07	57.0	TOTAL LIABILITIES & OTH CREDIT 64,810,143.07-

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ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION		
58.0	BALANCE BEGINNING OF YEAR	.00
59.0	AMOUNT RECEIVED THIS YEAR (NET)	225,767.04
60.0	TOTAL CONTRIBUTIONS IN AID OF CONST	225,767.04

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

*Carroll Gray*  
SIGNATURE OF MANAGER

DATE

9/13/11

DATE

9/14/11

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....	17,528,984.13	17,352,304.72	17,960,777.48	2,803,590.98	3.4-	1.0-
2.0	POWER PRODUCTION EXPENSE.....	.00	.00	.00	.00	.0	.0
3.0	COST OF PURCHASED POWER.....	11,064,806.00-	11,309,043.00-	11,446,810.00-	1,816,645.00-	1.2-	2.2
4.0	TRANSMISSION EXPENSE.....	.00	.00	.00	.00	.0	.0
5.0	REGIONAL MARKET OPERATIONS EXPENSE.....	.00	.00	.00	.00	.0	.0
6.0	DISTRIBUTION EXPENSE-OPERATION.....	611,256.37-	689,834.71-	664,111.56-	101,252.15-	3.9	12.9
7.0	DISTRIBUTION EXPENSE-MAINTENANCE.....	1,328,159.05-	1,838,637.20-	1,630,440.56-	291,602.53-	12.8	38.4
8.0	CUSTOMER ACCOUNTS EXPENSE.....	537,490.23-	637,492.81-	578,806.69-	92,015.27-	10.1	18.6
9.0	CUSTOMER SERVICE & INFORMATIONAL EXPENSE..	124,526.48-	140,632.77-	132,897.24-	14,517.60-	5.8	12.9
10.0	SALES EXPENSE.....	16,885.16-	23,484.48-	21,239.40-	2,588.27-	10.6	39.1
11.0	ADMINISTRATIVE & GENERAL EXPENSE.....	988,901.72-	1,145,525.45-	999,587.05-	138,855.73-	14.6	15.8
12.0	TOTAL OPERATIONS & MAINTENANCE EXPENSE...	14,672,025.01-	15,784,650.42-	15,473,892.50-	2,457,476.55-	2.0	7.6
13.0	DEPRECIATION & AMORTIZATION EXPENSE.....	1,580,835.39-	1,669,073.20-	1,701,338.87-	242,005.10-	1.9-	5.6
14.0	TAX EXPENSE - PROPERTY & GROSS RECEIPTS..	16,689.00-	17,693.00-	17,500.00-	2,538.00-	1.1	6.0
15.0	TAX EXPENSE - OTHER.....	.00	.00	.00	.00	.0	.0
16.0	INTEREST ON LONG TERM DEBT.....	682,196.92-	574,879.24-	705,033.49-	86,955.77-	18.5-	15.7-
17.0	INTEREST CHARGED TO CONSTRUCTION - CREDIT	.00	.00	.00	.00	.0	.0
18.0	INTEREST EXPENSE - OTHER.....	42,124.00-	43,350.00-	43,166.62-	6,197.00-	.4	2.9
19.0	OTHER DEDUCTIONS.....	104,746.60-	41,290.92-	38,499.93-	3,136.00-	7.2	60.6-
20.0	TOTAL COST OF ELECTRIC SERVICE.....	17,098,616.92-	18,130,936.78-	17,979,431.41-	2,798,308.42-	.8	6.0
21.0	PATRONAGE CAPITAL & OPERATING MARGINS....	430,367.21	778,632.06-	18,653.93-	5,282.56	74.1	280.9-
22.0	NON OPERATING MARGINS - INTEREST.....	17,409.13	17,417.75	17,352.30	2,500.57	.4	.0
23.0	ALLOW. FOR FUNDS USED DURING CONSTRUCTION	.00	.00	.00	.00	.0	.0
24.0	INCOME (LOSS) FROM EQUITY INVESTMENTS....	.00	.00	.00	.00	.0	.0
25.0	NON OPERATING MARGINS - OTHER.....	11,944.03	15,195.22-	502.32-	3,586.99-	925.0	227.2-
26.0	GENERATION & TRANSMISSION CAPITAL CREDITS	.00	.00	.00	.00	.0	.0
27.0	OTHER CAPITAL CREDITS & PATRONAGE DIVID..	32,856.14	30,610.58	38,324.79	.00	20.1-	6.8-
28.0	EXTRAORDINARY ITEMS.....	.00	.00	.00	.00	.0	.0
29.0	PATRONAGE CAPITAL OR MARGINS.....	492,576.51	745,798.95-	36,520.84	4,196.14	142.1-	251.4-
RATIOS							
	TIER	1.722	.297-	1.052	1.048		
	MARGINS TO REVENUE	.028	.043	.002	.001		
	POWER COST TO REVENUE	.631	.652	.637	.648		
	INTEREST EXPENSE TO REVENUE	.039	.033	.039	.031		
	CURRENT ASSETS : CURRENT LIABILITIES	1.0596					
	MARGINS & EQUITIES AS % OF ASSETS	.2624					
	LONG TERM DEBT AS % OF PLANT	.6115					
	GENERAL FUNDS TO TOTAL PLANT	.1297					
	QUICK ASSET RATIO	1.0110					

PART C. BALANCE SHEET

LINE NO	ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS		
1.0	TOTAL UTILITY PLANT IN SERVICE	62,564,144.67	30.0	MEMBERSHIPS	151,765.00-
2.0	CONSTRUCTION WORK IN PROGRESS	586,211.14	31.0	PATRONAGE CAPITAL	18,770,898.35-
3.0	TOTAL UTILITY PLANT	63,150,355.81	32.0	OPERATING MARGINS - PRIOR YEAR	.00
4.0	ACCUM PROV FOR DEP & AMORT	12,461,513.00-	33.0	OPERATING MARGINS-CURRENT YEAR	1,121,648.61
5.0	NET UTILITY PLANT	50,688,842.81	34.0	NON-OPERATING MARGINS	8,894.61
6.0	NON-UTILITY PROPERTY (NET)	.00	35.0	OTHER MARGINS & EQUITIES	1,173,197.25
7.0	INVEST IN SUBSIDIARY COMPANIES	.00	36.0	TOTAL MARGINS & EQUITIES	16,618,922.88-
8.0	INV IN ASSOC ORG - PAT CAPITAL	6,742,050.13	37.0	LONG TERM DEBT - RUS (NET)	10,733,554.33-
9.0	INV IN ASSOC ORG OTHER GEN FND	.00		(PAYMENTS-UNAPPLIED .00 )	
10.0	INV IN ASSOC ORG - NON GEN FND	646,490.06	38.0	LNG-TERM DEBT-FFB-RUS GUAR	14,827,241.69-
11.0	INV IN ECON DEVEL PROJECTS	.00	39.0	LONG-TERM DEBT OTHER-RUS GUAR	.00
12.0	OTHER INVESTMENTS	98.65	40.0	LONG TERM DEBT - OTHER (NET)	12,831,030.38-
13.0	SPECIAL FUNDS	.00	41.0	LNG-TERM DEBT-RUS-ECON DEV NET	.00
14.0	TOT OTHER PROP & INVESTMENTS	7,388,638.84	42.0	PAYMENTS - UNAPPLIED	.00
15.0	CASH - GENERAL FUNDS	73,100.71	43.0	TOTAL LONG TERM DEBT	38,391,826.40-
16.0	CASH - CONSTRUCTION FUND TRUST	.00	44.0	OBLIGATION UNDER CAPITAL LEASE	.00
17.0	SPECIAL DEPOSITS	.00	45.0	ACCUM OPERATING PROVISIONS	2,880,932.03-
18.0	TEMPORARY INVESTMENTS	5,000.00	46.0	TOTAL OTHER NONCURR LIABILITY	2,880,932.03-
19.0	NOTES RECEIVABLE (NET)	.00	47.0	NOTES PAYABLE	2,096,439.42-
20.0	ACCTS REC - SALES ENERGY (NET)	5,442,703.35	48.0	ACCOUNTS PAYABLE	2,347,989.29-
21.0	ACCTS REC - OTHER (NET)	409,182.47	49.0	CONSUMER DEPOSITS	1,257,785.58-
22.0	RENEWABLE ENERGY CREDITS	.00	50.0	CURR MATURITIES LONG-TERM DEBT	.00
23.0	MATERIAL & SUPPLIES-ELEC & OTH	302,601.50	51.0	CURR MATURIT LT DEBT ECON DEV	.00
24.0	PREPAYMENTS	109,090.25	52.0	CURR MATURITIES CAPITAL LEASES	.00
25.0	OTHER CURRENT & ACCR ASSETS	12,315.55	53.0	OTHER CURRENT & ACCRUED LIAB	817,060.77-
26.0	TOTAL CURRENT & ACCR ASSETS	6,353,993.83	54.0	TOTAL CURRENT & ACCRUED LIAB	6,519,275.06-
27.0	REGULATORY ASSETS	.00	55.0	REGULATORY LIABILITIES	.00
28.0	OTHER DEFERRED DEBITS	140,746.47	56.0	OTHER DEFERRED CREDITS	161,265.58-
29.0	TOTAL ASSETS & OTHER DEBITS	64,572,221.95	57.0	TOTAL LIABILITIES & OTH CREDIT	64,572,221.95-

ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION  
58.0 BALANCE BEGINNING OF YEAR .00  
59.0 AMOUNT RECEIVED THIS YEAR (NET) 412,729.60  
60.0 TOTAL CONTRIBUTIONS IN AID OF CONST 412,729.60

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

DATE



SIGNATURE OF MANAGER

10/12/11

DATE

10/13/11

DATE

PART A. STATEMENT OF OPERATIONS

LINE NO	YEAR TO DATE				% FROM BUDGET	% CHANGE FROM LAST YEAR
	LAST YEAR	THIS YEAR	BUDGET	THIS MONTH		
	A	B	C	D		
1.0	19,794,254.13	19,633,471.64	20,305,216.12	2,281,166.92	3.3-	.8-
2.0	.00	.00	.00	.00	.0	.0
3.0	12,755,718.00-	13,005,740.00-	13,020,797.00-	1,696,697.00-	.1-	2.0
4.0	.00	.00	.00	.00	.0	.0
5.0	.00	.00	.00	.00	.0	.0
6.0	715,343.00-	789,804.82-	758,984.64-	99,970.11-	4.1	10.4
7.0	1,521,780.34-	2,085,614.22-	1,863,360.64-	246,977.02-	11.9	37.1
8.0	631,304.70-	730,613.69-	661,493.36-	93,120.88-	10.4	15.7
9.0	146,372.90-	160,643.66-	151,882.56-	20,010.89-	5.8	9.7
10.0	19,969.81-	26,817.81-	24,273.60-	3,333.33-	10.5	34.3
11.0	1,128,182.95-	1,292,368.71-	1,142,385.20-	146,843.26-	13.1	14.6
12.0	16,918,671.70-	18,091,602.91-	17,623,177.00-	2,306,952.49-	2.7	6.9
13.0	1,805,256.47-	1,911,929.21-	1,944,387.28-	242,856.01-	1.7-	5.9
14.0	19,401.00-	20,231.00-	20,000.00-	2,538.00-	1.2	4.3
15.0	.00	.00	.00	.00	.0	.0
16.0	779,402.37-	662,621.70-	805,752.56-	87,742.46-	17.8-	15.0-
17.0	.00	.00	.00	.00	.0	.0
18.0	48,209.00-	49,558.00-	49,333.28-	6,208.00-	.5	2.8
19.0	120,581.35-	49,788.01-	43,999.92-	8,497.09-	13.2	58.7-
20.0	19,691,521.89-	20,785,730.83-	20,486,650.04-	2,654,794.05-	1.5	5.6
21.0	102,732.24	1,152,259.19-	181,433.92-	373,627.13-	535.1	1221.6-
22.0	19,885.24	19,898.85	19,831.20	2,481.10	.3	.1
23.0	.00	.00	.00	.00	.0	.0
24.0	.00	.00	.00	.00	.0	.0
25.0	2,104.48	28,793.46-	574.08-	13,598.24-	915.6	1468.2-
26.0	.00	.00	.00	.00	.0	.0
27.0	32,856.14	30,610.58	43,799.76	.00	30.1-	6.8-
28.0	.00	.00	.00	.00	.0	.0
29.0	157,578.10	1,130,543.22-	118,377.04-	384,744.27-	855.0	817.4-
RATIOS						
TIER	1.202	.706-	.853	3.385-		
MARGINS TO REVENUE	.008	.058	.006	.169		
POWER COST TO REVENUE	.644	.662	.641	.744		
INTEREST EXPENSE TO REVENUE	.039	.034	.040	.038		
CURRENT ASSETS : CURRENT LIABILITIES	.9746					
MARGINS & EQUITIES AS % OF ASSETS	.2574					
LONG TERM DEBT AS % OF PLANT	.6079					
GENERAL FUNDS TO TOTAL PLANT	.1238					
QUICK ASSET RATIO	.9282					



PART C. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS		
LINE NO				
1.0	TOTAL UTILITY PLANT IN SERVICE	62,770,440.55	30.0 MEMBERSHIPS	152,100.00-
2.0	CONSTRUCTION WORK IN PROGRESS	386,509.33	31.0 PATRONAGE CAPITAL	18,770,898.35-
3.0	TOTAL UTILITY PLANT	63,156,949.88	32.0 OPERATING MARGINS - PRIOR YEAR	.00
4.0	ACCUM PROV FOR DEP & AMORT	12,562,190.24-	33.0 OPERATING MARGINS-CURRENT YEAR	1,429,555.05
5.0	NET UTILITY PLANT	50,594,759.64	34.0 NON-OPERATING MARGINS	7,315.94
			35.0 OTHER MARGINS & EQUITIES	1,165,997.25
6.0	NON-UTILITY PROPERTY (NET)	.00	36.0 TOTAL MARGINS & EQUITIES	16,320,130.11-
7.0	INVEST IN SUBSIDIARY COMPANIES	.00		
8.0	INV IN ASSOC ORG - PAT CAPITAL	6,745,517.13	37.0 LONG TERM DEBT - RUS (NET)	10,714,907.06-
9.0	INV IN ASSOC ORG OTHR GEN FND	.00	(PAYMENTS-UNAPPLIED .00 )	
10.0	INV IN ASSOC ORG - NON GEN FND	646,490.06	38.0 LNG-TERM DEBT-FFB-RUS GUAR	14,729,393.93-
11.0	INV IN ECON DEVEL PROJECTS	.00	39.0 LONG-TERM DEBT OTHER-RUS GUAR	.00
12.0	OTHER INVESTMENTS	98.65	40.0 LONG TERM DEBT - OTHER (NET)	12,796,737.91-
13.0	SPECIAL FUNDS	.00	41.0 LNG-TERM DEBT-RUS-ECON DEV NET	.00
14.0	TOT OTHER PROP & INVESTMENTS	7,392,105.84	42.0 PAYMENTS - UNAPPLIED	.00
			43.0 TOTAL LONG TERM DEBT	38,241,038.90-
15.0	CASH - GENERAL FUNDS	105,669.25		
16.0	CASH - CONSTRUCTION FUND TRUST	.00	44.0 OBLIGATION UNDER CAPITAL LEASE	.00
17.0	SPECIAL DEPOSITS	.00	45.0 ACCUM OPERATING PROVISIONS	2,881,932.11-
18.0	TEMPORARY INVESTMENTS	5,000.00	46.0 TOTAL OTHER NONCURR LIABILITY	2,881,932.11-
19.0	NOTES RECEIVABLE (NET)	.00		
20.0	ACCTS RECV - SALES ENERGY (NET)	4,638,441.28	47.0 NOTES PAYABLE	2,368,525.70-
21.0	ACCTS RECV - OTHER (NET)	449,335.16	48.0 ACCOUNTS PAYABLE	1,858,763.31-
22.0	RENEWABLE ENERGY CREDITS	.00	49.0 CONSUMER DEPOSITS	1,266,290.58-
23.0	MATERIAL & SUPPLIES-ELEC & OTH	284,233.11	50.0 CURR MATURITIES LONG-TERM DEBT	.00
24.0	PREPAYMENTS	71,968.22	51.0 CURR MATURIT LT DEBT ECON DEV	.00
25.0	OTHER CURRENT & ACCR ASSETS	14,788.65	52.0 CURR MATURITIES CAPITAL LEASES	.00
26.0	TOTAL CURRENT & ACCR ASSETS	5,569,435.67	53.0 OTHER CURRENT & ACCRUED LIAB	689,980.11-
			54.0 TOTAL CURRENT & ACCRUED LIAB	6,183,559.70-
27.0	REGULATORY ASSETS	.00		
28.0	OTHER DEFERRED DEBITS	231,792.71	55.0 REGULATORY LIABILITIES	.00
			56.0 OTHER DEFERRED CREDITS	161,433.04-
29.0	TOTAL ASSETS & OTHER DEBITS	63,788,093.86	57.0 TOTAL LIABILITIES & OTH CREDIT	63,788,093.86-

ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION

58.0	BALANCE BEGINNING OF YEAR	.00
59.0	AMOUNT RECEIVED THIS YEAR (NET)	489,157.76
60.0	TOTAL CONTRIBUTIONS IN AID OF CONST	489,157.76

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 Druley*  
SIGNATURE OF MANAGER

DATE

DATE

11/14/11

11/15/11

PART A. STATEMENT OF OPERATIONS

LINE NO	YEAR TO DATE				% FROM BUDGET	% CHANGE FROM LAST YEAR	
	LAST YEAR	THIS YEAR	BUDGET	THIS MONTH			
	A	B	C	D			
1.0	OPERATING REVENUE & PATRONAGE CAPITAL....	21,676,306.24	21,634,541.85	22,346,702.76	2,001,070.21	3.2-	.2-
2.0	POWER PRODUCTION EXPENSE.....	.00	.00	.00	.00	.0	.0
3.0	COST OF PURCHASED POWER.....	14,047,280.00-	14,371,093.00-	14,407,404.00-	1,365,353.00-	.3-	2.3
4.0	TRANSMISSION EXPENSE.....	.00	.00	.00	.00	.0	.0
5.0	REGIONAL MARKET OPERATIONS EXPENSE.....	.00	.00	.00	.00	.0	.0
6.0	DISTRIBUTION EXPENSE-OPERATION.....	803,806.76-	887,220.62-	853,857.72-	97,415.80-	3.9	10.4
7.0	DISTRIBUTION EXPENSE-MAINTENANCE.....	1,690,641.53-	2,346,753.96-	2,096,280.72-	261,139.74-	11.9	38.8
8.0	CONSUMER ACCOUNTS EXPENSE.....	711,124.66-	812,395.59-	744,180.03-	81,781.90-	9.2	14.2
9.0	CUSTOMER SERVICE & INFORMATIONAL EXPENSE.....	165,502.71-	178,889.38-	170,867.88-	18,245.72-	4.7	8.1
10.0	SALES EXPENSE.....	22,916.74-	29,772.57-	27,307.80-	2,954.76-	9.0	29.9
11.0	ADMINISTRATIVE & GENERAL EXPENSE.....	1,261,264.15-	1,431,119.05-	1,285,183.35-	138,750.34-	11.4	13.5
12.0	TOTAL OPERATIONS & MAINTENANCE EXPENSE...	18,702,536.55-	20,057,244.17-	19,585,081.50-	1,965,641.26-	2.4	7.2
13.0	DEPRECIATION & AMORTIZATION EXPENSE.....	2,036,606.52-	2,155,618.35-	2,187,435.69-	243,689.14-	1.5-	5.8
14.0	TAX EXPENSE - PROPERTY & GROSS RECEIPTS..	22,113.00-	22,769.00-	22,500.00-	2,538.00-	1.2	3.0
15.0	TAX EXPENSE - OTHER.....	.00	.00	.00	.00	.0	.0
16.0	INTEREST ON LONG TERM DEBT.....	876,556.83-	749,328.55-	906,471.63-	86,706.85-	17.3-	14.5-
17.0	INTEREST CHARGED TO CONSTRUCTION - CREDIT	.00	.00	.00	.00	.0	.0
18.0	INTEREST EXPENSE - OTHER.....	54,364.00-	55,847.00-	55,499.94-	6,289.00-	.6	2.7
19.0	OTHER DEDUCTIONS.....	98,624.03-	58,234.41-	49,499.91-	8,446.40-	17.6	41.0-
20.0	TOTAL COST OF ELECTRIC SERVICE.....	21,790,800.93-	23,099,041.48-	22,806,488.67-	2,313,310.65-	1.3	6.0
21.0	PATRONAGE CAPITAL & OPERATING MARGINS....	114,494.69-	1,464,499.63-	459,785.91-	312,240.44-	218.5	1179.1
22.0	NON OPERATING MARGINS - INTEREST.....	22,399.59	22,406.52	22,310.10	2,507.67	.4	.0
23.0	ALLOW. FOR FUNDS USED DURING CONSTRUCTION	.00	.00	.00	.00	.0	.0
24.0	INCOME (LOSS) FROM EQUITY INVESTMENTS....	.00	.00	.00	.00	.0	.0
25.0	NON OPERATING MARGINS - OTHER.....	2,047.05	29,722.46-	645.84-	929.00-	502.1	1552.0-
26.0	GENERATION & TRANSMISSION CAPITAL CREDITS	.00	.00	.00	.00	.0	.0
27.0	OTHER CAPITAL CREDITS & PATRONAGE DIVID..	69,966.32	34,944.58	49,274.73	4,334.00	29.1-	50.1-
28.0	EXTRAORDINARY ITEMS.....	.00	.00	.00	.00	.0	.0
29.0	PATRONAGE CAPITAL OR MARGINS.....	20,081.73-	1,436,870.99-	388,846.92-	306,327.77-	269.5	7055.1
RATIOS							
	TIER	.977	.918-	.571	2.533-		
	MARGINS TO REVENUE	.001	.066	.017	.153		
	POWER COST TO REVENUE	.648	.664	.645	.682		
	INTEREST EXPENSE TO REVENUE	.040	.035	.041	.043		
	CURRENT ASSETS : CURRENT LIABILITIES	.9007					
	MARGINS & EQUITIES AS % OF ASSETS	.2558					
	LONG TERM DEBT AS % OF PLANT	.6055					
	GENERAL FUNDS TO TOTAL PLANT	.1754					
	QUICK ASSET RATIO	.8547					

PART C. BALANCE SHEET

LINE NO	ASSETS AND OTHER DEBITS	LIABILITIES AND OTHER CREDITS
1.0	TOTAL UTILITY PLANT IN SERVICE 62,906,748.23	30.0 MEMBERSHIPS 152,225.00-
2.0	CONSTRUCTION WORK IN PROGRESS 458,464.74	31.0 PATRONAGE CAPITAL 18,769,001.45-
3.0	TOTAL UTILITY PLANT 63,365,212.97	32.0 OPERATING MARGINS - PRIOR YEAR 13,962.85
4.0	ACCUM PROV FOR DEP & AMORT 12,767,569.48-	33.0 OPERATING MARGINS-CURRENT YEAR 1,296,596.13
5.0	NET UTILITY PLANT 50,597,643.49	34.0 NON-OPERATING MARGINS 14,605.77
		35.0 OTHER MARGINS & EQUITIES 1,158,563.61
6.0	NON-UTILITY PROPERTY (NET) .00	36.0 TOTAL MARGINS & EQUITIES 16,437,498.09-
7.0	INVEST IN SUBSIDIARY COMPANIES .00	
8.0	INV IN ASSOC ORG - PAT CAPITAL 6,754,279.15	37.0 LONG TERM DEBT - RUS (NET) 10,697,358.59-
9.0	INV IN ASSOC ORG OTHR GEN FND .00	(PAYMENTS-UNAPPLIED .00 )
10.0	INV IN ASSOC ORG - NON GEN FND 646,490.06	38.0 LNG-TERM DEBT-FFB-RUS GUAR 14,729,393.93-
11.0	INV IN ECON DEVEL PROJECTS .00	39.0 LONG-TERM DEBT OTHER-RUS GUAR .00
12.0	OTHER INVESTMENTS 98.65	40.0 LONG TERM DEBT - OTHER (NET) 12,763,772.51-
13.0	SPECIAL FUNDS .00	41.0 LNG-TERM DEBT-RUS-ECON DEV NET .00
14.0	TOT OTHER PROP & INVESTMENTS 7,400,867.86	42.0 PAYMENTS - UNAPPLIED .00
		43.0 TOTAL LONG TERM DEBT 38,190,525.03-
15.0	CASH - GENERAL FUNDS 101,480.31	
16.0	CASH - CONSTRUCTION FUND TRUST .00	44.0 OBLIGATION UNDER CAPITAL LEASE .00
17.0	SPECIAL DEPOSITS .00	45.0 ACCUM OPERATING PROVISIONS 2,881,682.47-
18.0	TEMPORARY INVESTMENTS 5,000.00	46.0 TOTAL OTHER NONCURR LIABILITY 2,881,682.47-
19.0	NOTES RECEIVABLE (NET) .00	
20.0	ACCTS REC V - SALES ENERGY(NET) 4,629,761.47	47.0 NOTES PAYABLE 2,392,611.98-
21.0	ACCTS REC V - OTHER (NET) 490,099.66	48.0 ACCOUNTS PAYABLE 1,886,378.27-
22.0	RENEWABLE ENERGY CREDITS .00	49.0 CONSUMER DEPOSITS 1,257,335.58-
23.0	MATERIAL & SUPPLIES-ELEC & OTH 293,022.10	50.0 CURR MATURITIES LONG-TERM DEBT .00
24.0	PREPAYMENTS 37,765.23	51.0 CURR MATURIT LT DEBT ECON DEV .00
25.0	OTHER CURRENT & ACCR ASSETS 2,883.90	52.0 CURR MATURITIES CAPITAL LEASES .00
26.0	TOTAL CURRENT & ACCR ASSETS 5,560,012.67	53.0 OTHER CURRENT & ACCRUED LIAB 584,785.07-
		54.0 TOTAL CURRENT & ACCRUED LIAB 6,121,110.90-
27.0	REGULATORY ASSETS .00	
28.0	OTHER DEFERRED DEBITS 233,892.97	55.0 REGULATORY LIABILITIES .00
		56.0 OTHER DEFERRED CREDITS 161,600.50-
29.0	TOTAL ASSETS & OTHER DEBITS 63,792,416.99	57.0 TOTAL LIABILITIES & OTH CREDIT 63,792,416.99-

ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION	
58.0	BALANCE BEGINNING OF YEAR .00
59.0	AMOUNT RECEIVED THIS YEAR (NET) 515,834.17
60.0	TOTAL CONTRIBUTIONS IN AID OF CONST 515,834.17

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

DATE

12/20/11

*Carol Hill Daily*  
SIGNATURE OF MANAGER

DATE

12-13-11

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	23,777,775.69	24,033,871.20	24,781,733.40	2,399,329.35	3.0-	1.1	
2.0	.00	.00	.00	.00	.0	.0	
3.0	15,145,338.00-	15,737,994.00-	15,803,030.00-	1,366,901.00-	.4-	3.9	
4.0	.00	.00	.00	.00	.0	.0	
5.0	.00	.00	.00	.00	.0	.0	
6.0	906,751.81-	974,130.50-	948,730.80-	86,909.88-	2.7	7.4	
7.0	1,959,733.40-	2,551,442.06-	2,329,200.80-	204,688.10-	9.5	30.2	
8.0	794,319.57-	896,534.29-	826,866.70-	84,138.70-	8.4	12.9	
9.0	192,376.80-	201,704.24-	189,853.20-	22,814.86-	6.2	4.8	
10.0	26,055.89-	33,772.52-	30,342.00-	3,999.95-	11.3	29.6	
11.0	1,421,395.44-	1,613,495.89-	1,427,981.50-	182,376.84-	13.0	13.5	
12.0	20,445,970.91-	22,009,073.50-	21,556,005.00-	1,951,829.33-	2.1	7.6	
13.0	2,268,414.62-	2,399,825.51-	2,430,484.10-	244,207.16-	1.3-	5.8	
14.0	24,825.00-	25,307.00-	25,000.00-	2,538.00-	1.2	1.9	
15.0	.00	.00	.00	.00	.0	.0	
16.0	975,305.85-	835,440.48-	1,007,190.70-	86,111.93-	17.1-	14.3-	
17.0	.00	.00	.00	.00	.0	.0	
18.0	60,509.00-	62,178.00-	61,666.60-	6,331.00-	.8	2.8	
19.0	113,389.65-	65,074.31-	54,999.90-	6,839.90-	18.3	42.6-	
20.0	23,888,415.03-	25,396,898.80-	25,135,346.30-	2,297,857.32-	1.0	6.3	
21.0	110,639.34-	1,363,027.60-	353,612.90-	101,472.03	285.5	1132.0	
22.0	24,874.04	24,875.50	24,789.00	2,468.98	.3	.0	
23.0	.00	.00	.00	.00	.0	.0	
24.0	.00	.00	.00	.00	.0	.0	
25.0	18,119.74	39,481.27-	717.60-	9,758.81-	401.8	317.9-	
26.0	.00	.00	.00	.00	.0	.0	
27.0	69,966.32	52,468.62	54,749.70	17,524.04	4.2-	25.0-	
28.0	.00	.00	.00	.00	.0	.0	
29.0	2,320.76	1,325,164.75-	274,791.80-	111,706.24	382.2	7200.5-	
RATIOS							
TIER	1.002	.586-	.727	2.297			
MARGINS TO REVENUE	.000	.055	.011	.047			
POWER COST TO REVENUE	.637	.655	.638	.570			
INTEREST EXPENSE TO REVENUE	.041	.035	.041	.036			
CURRENT ASSETS : CURRENT LIABILITIES	.9083						
MARGINS & EQUITIES AS % OF ASSETS	.2577						
LONG TERM DEBT AS % OF PLANT	.6027						
GENERAL FUNDS TO TOTAL PLANT	.1682						
QUICK ASSET RATIO	.8605						

PART C. BALANCE SHEET

LINE NO	ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1.0	TOTAL UTILITY PLANT IN SERVICE	62,985,191.30	30.0	MEMBERSHIPS 152,170.00-
2.0	CONSTRUCTION WORK IN PROGRESS	382,291.12	31.0	PATRONAGE CAPITAL 18,769,001.45-
3.0	TOTAL UTILITY PLANT	63,367,482.42	32.0	OPERATING MARGINS - PRIOR YEAR 17,379.76
4.0	ACCUM PROV FOR DEP & AMORT	12,885,619.26-	33.0	OPERATING MARGINS-CURRENT YEAR 1,136,812.68
5.0	NET UTILITY PLANT	50,481,863.16	34.0	NON-OPERATING MARGINS 68,381.73
			35.0	OTHER MARGINS & EQUITIES 1,151,363.61
6.0	NON-UTILITY PROPERTY (NET)	.00	36.0	TOTAL MARGINS & EQUITIES 16,547,233.67-
7.0	INVEST IN SUBSIDIARY COMPANIES	.00		
8.0	INV IN ASSOC ORG - PAT CAPITAL	6,754,279.15	37.0	LONG TERM DEBT - RUS (NET) 10,678,611.33-
9.0	INV IN ASSOC ORG OTHR GEN FND	.00		(PAYMENTS-UNAPPLIED .00 )
10.0	INV IN ASSOC ORG - NON GEN FND	646,490.06	38.0	LNG-TERM DEBT-FFB-RUS GUAR 14,729,393.93-
11.0	INV IN ECON DEVEL PROJECTS	.00	39.0	LONG-TERM DEBT OTHER-RUS GUAR .00
12.0	OTHER INVESTMENTS	98.65	40.0	LONG TERM DEBT - OTHER (NET) 12,629,596.08-
13.0	SPECIAL FUNDS	.00	41.0	LNG-TERM DEBT-RUS-ECON DEV NET .00
14.0	TOT OTHER PROP & INVESTMENTS	7,400,867.86	42.0	PAYMENTS - UNAPPLIED .00
			43.0	TOTAL LONG TERM DEBT 38,037,601.34-
15.0	CASH - GENERAL FUNDS	77,769.80		
16.0	CASH - CONSTRUCTION FUND TRUST	.00	44.0	OBLIGATION UNDER CAPITAL LEASE .00
17.0	SPECIAL DEPOSITS	.00	45.0	ACCUM OPERATING PROVISIONS 2,882,267.40-
18.0	TEMPORARY INVESTMENTS	5,000.00	46.0	TOTAL OTHER NONCURR LIABILITY 2,882,267.40-
19.0	NOTES RECEIVABLE (NET)	.00		
20.0	ACCTS RECV - SALES ENERGY (NET)	5,246,980.15	47.0	NOTES PAYABLE 2,761,698.26-
21.0	ACCTS RECV - OTHER (NET)	524,702.97	48.0	ACCOUNTS PAYABLE 2,002,406.54-
22.0	RENEWABLE ENERGY CREDITS	.00	49.0	CONSUMER DEPOSITS 1,269,510.58-
23.0	MATERIAL & SUPPLIES-ELEC & OTH	297,838.22	50.0	CURR MATURITIES LONG-TERM DEBT .00
24.0	PREPAYMENTS	549.17-	51.0	CURR MATURIT LT DEBT ECON DEV .00
25.0	OTHER CURRENT & ACCR ASSETS	5,317.80	52.0	CURR MATURITIES CAPITAL LEASES .00
26.0	TOTAL CURRENT & ACCR ASSETS	6,157,059.77	53.0	OTHER CURRENT & ACCRUED LIAB 613,633.16-
			54.0	TOTAL CURRENT & ACCRUED LIAB 6,647,248.54-
27.0	REGULATORY ASSETS	.00		
28.0	OTHER DEFERRED DEBITS	236,328.12	55.0	REGULATORY LIABILITIES .00
			56.0	OTHER DEFERRED CREDITS 161,767.96-
29.0	TOTAL ASSETS & OTHER DEBITS	64,276,118.91	57.0	TOTAL LIABILITIES & OTH CREDIT 64,276,118.91-

ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION

58.0	BALANCE BEGINNING OF YEAR	.00
59.0	AMOUNT RECEIVED THIS YEAR (NET)	613,361.06
60.0	TOTAL CONTRIBUTIONS IN AID OF CONST	613,361.06

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

DATE

SIGNATURE OF MANAGER

DATE

PART A. STATEMENT OF OPERATIONS

LINE NO		YEAR TO DATE		BUDGET C	THIS MONTH D	% FROM BUDGET	% CHANGE FROM LAST YEAR
		LAST YEAR A	THIS YEAR B				
1.0	OPERATING REVENUE & PATRONAGE CAPITAL....	26,739,584.58	26,740,486.73	27,914,874.04	2,706,615.53	4.2-	.0
2.0	POWER PRODUCTION EXPENSE.....	.00	.00	.00	.00	.0	.0
3.0	COST OF PURCHASED POWER.....	16,520,386.00-	17,349,983.00-	17,426,068.00-	1,611,989.00-	.4-	5.0
4.0	TRANSMISSION EXPENSE.....	.00	.00	.00	.00	.0	.0
5.0	REGIONAL MARKET OPERATIONS EXPENSE.....	.00	.00	.00	.00	.0	.0
6.0	DISTRIBUTION EXPENSE-OPERATION.....	1,003,426.00-	1,056,991.83-	1,043,603.88-	82,861.33-	1.3	5.3
7.0	DISTRIBUTION EXPENSE-MAINTENANCE.....	2,173,029.67-	2,740,085.23-	2,562,120.88-	188,643.17-	6.9	26.1
8.0	CONSUMER ACCOUNTS EXPENSE.....	872,967.96-	983,981.99-	909,553.37-	87,447.70-	8.2	12.7
9.0	CUSTOMER SERVICE & INFORMATIONAL EXPENSE..	210,664.71-	223,365.38-	208,838.52-	21,661.14-	7.0	6.0
10.0	SALES EXPENSE.....	28,692.21-	35,408.49-	33,376.20-	1,635.97-	6.1	23.4
11.0	ADMINISTRATIVE & GENERAL EXPENSE.....	1,568,426.26-	1,823,913.21-	1,570,779.65-	210,417.32-	16.1	16.3
12.0	TOTAL OPERATIONS & MAINTENANCE EXPENSE...	22,377,592.81-	24,213,729.13-	23,754,340.50-	2,204,655.63-	1.9	8.2
13.0	DEPRECIATION & AMORTIZATION EXPENSE.....	2,500,798.34-	2,644,399.22-	2,673,532.51-	244,573.71-	1.1-	5.7
14.0	TAX EXPENSE - PROPERTY & GROSS RECEIPTS..	27,537.00-	27,845.00-	27,500.00-	2,538.00-	1.3	1.1
15.0	TAX EXPENSE - OTHER.....	.00	.00	.00	.00	.0	.0
16.0	INTEREST ON LONG TERM DEBT.....	1,069,759.25-	921,151.28-	1,107,909.77-	85,710.80-	16.9-	13.9-
17.0	INTEREST CHARGED TO CONSTRUCTION - CREDIT	.00	.00	.00	.00	.0	.0
18.0	INTEREST EXPENSE - OTHER.....	66,697.00-	68,465.00-	67,833.26-	6,287.00-	.9	2.7
19.0	OTHER DEDUCTIONS.....	132,965.35-	71,558.16-	60,499.89-	6,483.85-	18.3	46.2-
20.0	TOTAL COST OF ELECTRIC SERVICE.....	26,175,349.75-	27,947,147.79-	27,691,615.93-	2,550,248.99-	.9	6.8
=====							
21.0	PATRONAGE CAPITAL & OPERATING MARGINS....	564,234.83	1,206,661.06-	223,258.11	156,366.54	640.5-	313.9-
22.0	NON OPERATING MARGINS - INTEREST.....	27,350.25	27,359.06	27,267.90	2,483.56	.3	.0
23.0	ALLOW. FOR FUNDS USED DURING CONSTRUCTION	.00	.00	.00	.00	.0	.0
24.0	INCOME (LOSS) FROM EQUITY INVESTMENTS....	.00	.00	.00	.00	.0	.0
25.0	NON OPERATING MARGINS - OTHER.....	17,290.41	95,740.79-	789.36-	56,259.52-	28.9	653.7-
26.0	GENERATION & TRANSMISSION CAPITAL CREDITS	.00	.00	.00	.00	.0	.0
27.0	OTHER CAPITAL CREDITS & PATRONAGE DIVID..	69,966.32	52,468.62	60,224.67	.00	12.9-	25.0-
28.0	EXTRAORDINARY ITEMS.....	.00	.00	.00	.00	.0	.0
29.0	PATRONAGE CAPITAL OR MARGINS.....	678,841.81	1,222,574.17-	309,961.32	102,590.58	494.4-	280.1-
RATIOS							
TIER		1.635	.327-	1.280	2.197		
MARGINS TO REVENUE		.025	.046	.011	.038		
POWER COST TO REVENUE		.618	.649	.624	.596		
INTEREST EXPENSE TO REVENUE		.040	.034	.040	.032		
CURRENT ASSETS : CURRENT LIABILITIES		.9263					
MARGINS & EQUITIES AS % OF ASSETS		.2574					
LONG TERM DEBT AS % OF PLANT		.6003					
GENERAL FUNDS TO TOTAL PLANT		.1308					
QUICK ASSET RATIO		.8815					

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 15 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL UTILITIES SERVICE

BORROWER DESIGNATION KY0061

FINANCIAL AND OPERATING REPORT  
ELECTRIC DISTRIBUTION

PERIOD ENDED December, 2011

INSTRUCTIONS - See help in the online application.

BORROWER NAME Grayson Rural Electric Cooperative Corporation

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

CERTIFICATION

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

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, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII

(check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

Carol Fraley

3/23/2012  
DATE

PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	30,305,406	29,898,670	31,363,722	3,158,184
Power Production Expense	0	0	0	0
2. Cost of Purchased Power	18,758,497	19,235,241	19,497,514	1,885,258
4. Transmission Expense	0	0	0	0
5. Regional Market Expense				
6. Distribution Expense - Operation	1,123,518	1,140,596	1,138,481	83,604
7. Distribution Expense - Maintenance	2,449,726	2,949,327	2,795,046	209,242
8. Customer Accounts Expense	990,694	1,046,932	992,243	62,950
9. Customer Service and Informational Expense	231,400	238,945	227,825	15,580
10. Sales Expense	31,071	36,963	36,411	1,554
11. Administrative and General Expense	1,735,873	1,934,556	1,713,585	110,643
12. Total Operation & Maintenance Expense (2 thru 11)	25,320,779	26,582,560	26,401,105	2,368,831
13. Depreciation and Amortization Expense	2,735,736	2,889,514	2,916,581	245,115
14. Tax Expense - Property & Gross Receipts	30,251	30,456	30,000	2,611
15. Tax Expense - Other	0	0	0	0
16. Interest on Long-Term Debt	1,166,577	1,006,692	1,208,629	85,541
17. Interest Charged to Construction - Credit	0	0	0	0
18. Interest Expense - Other	72,418	75,137	74,000	6,672
19. Other Deductions	151,836	81,104	66,000	9,546
20. Total Cost of Electric Service (12 thru 19)	29,477,597	30,665,463	30,696,315	2,718,316
21. Patronage Capital & Operating Margins (1 minus 20)	827,809	(766,793)	667,407	439,868
22. Non Operating Margins - Interest	29,838	29,828	29,747	2,469
23. Allowance for Funds Used During Construction	0	0	0	0
24. Income (Loss) from Equity Investments	0	0	0	0
25. Non Operating Margins - Other	16,314	(101,748)	(862)	(6,007)
26. Generation and Transmission Capital Credits	776,855	1,392,584		1,392,584
27. Other Capital Credits and Patronage Dividends	67,147	52,469	65,700	
3. Extraordinary Items	0	0	0	0
29. Patronage Capital or Margins (21 thru 28)	1,717,963	606,340	761,992	1,828,914

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION  KY0061
INSTRUCTIONS - See help in the online application.	PERIOD ENDED  December, 2011

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT					
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	282	220	5. Miles Transmission		
2. Services Retired	110	121	6. Miles Distribution - Overhead	2,446.06	2,448.15
3. Total Services in Place	18,461	18,560	7. Miles Distribution - Underground	36.66	37.39
4. Idle Services (Exclude Seasonals)	2,982	3,167	8. Total Miles Energized (5 + 6 + 7)	2,482.72	2,485.54

PART C. BALANCE SHEET			
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	63,037,097	30. Memberships	151,935
2. Construction Work in Progress	380,319	31. Patronage Capital	19,359,276
3. Total Utility Plant (1 + 2)	63,417,416	32. Operating Margins - Prior Years	0
4. Accum. Provision for Depreciation and Amort.	13,018,327	33. Operating Margins - Current Year	0
5. Net Utility Plant (3 - 4)	50,399,089	34. Non-Operating Margins	0
6. Non-Utility Property (Net)	0	35. Other Margins and Equities	(1,144,163)
7. Investments in Subsidiary Companies	0	36. Total Margins & Equities (30 thru 35)	18,367,048
8. Invest. in Assoc. Org. - Patronage Capital	8,146,863	37. Long-Term Debt - RUS (Net)	10,444,968
9. Invest. in Assoc. Org. - Other - General Funds	0	38. Long-Term Debt - FFB - RUS Guaranteed	14,149,443
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	646,490	39. Long-Term Debt - Other - RUS Guaranteed	0
11. Investments in Economic Development Projects	0	40. Long-Term Debt Other (Net)	11,828,587
12. Other Investments	99	41. Long-Term Debt - RUS - Econ. Devel. (Net)	0
13. Special Funds	0	42. Payments - Unapplied	0
14. Total Other Property & Investments (6 thru 13)	8,793,452	43. Total Long-Term Debt (37 thru 41 - 42)	36,422,998
15. Cash - General Funds	205,607	44. Obligations Under Capital Leases - Noncurrent	0
16. Cash - Construction Funds - Trustee	0	45. Accumulated Operating Provisions and Asset Retirement Obligations	2,883,473
17. Special Deposits	0	46. Total Other Noncurrent Liabilities (44 + 45)	2,883,473
18. Temporary Investments	5,000	47. Notes Payable	2,872,784
19. Notes Receivable (Net)	0	48. Accounts Payable	2,238,940
20. Accounts Receivable - Sales of Energy (Net)	6,222,580	49. Consumers Deposits	1,271,004
21. Accounts Receivable - Other (Net)	130,010	50. Current Maturities Long-Term Debt	1,419,538
22. Renewable Energy Credits	0	51. Current Maturities Long-Term Debt - Economic Development	0
23. Materials and Supplies - Electric & Other	267,444	52. Current Maturities Capital Leases	0
24. Prepayments	46,979	53. Other Current and Accrued Liabilities	589,837
25. Other Current and Accrued Assets	7,752	54. Total Current & Accrued Liabilities (47 thru 53)	8,392,103
26. Total Current and Accrued Assets (15 thru 25)	6,885,372	55. Regulatory Liabilities	0
27. Regulatory Assets	0	56. Other Deferred Credits	241,817
28. Other Deferred Debits	229,526	57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	66,307,439
29. Total Assets and Other Debits (5+14+26 thru 28)	66,307,439		



PART C. BALANCE SHEET

LINE NO	ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS		
1.0	TOTAL UTILITY PLANT IN SERVICE	63,421,294.26	30.0	MEMBERSHIPS	151,845.00-
2.0	CONSTRUCTION WORK IN PROGRESS	451,239.43	31.0	PATRONAGE CAPITAL	18,752,936.14-
3.0	TOTAL UTILITY PLANT	63,872,533.69	32.0	OPERATING MARGINS - PRIOR YEAR	677,479.72-
4.0	ACCUM PROV FOR DEP & AMORT	13,216,284.74-	33.0	OPERATING MARGINS-CURRENT YEAR	8,212.93
5.0	NET UTILITY PLANT	50,656,248.95	34.0	NON-OPERATING MARGINS	55,746.01
			35.0	OTHER MARGINS & EQUITIES	1,138,163.61
6.0	NON-UTILITY PROPERTY (NET)	.00	36.0	TOTAL MARGINS & EQUITIES	18,380,138.31-
7.0	INVEST IN SUBSIDIARY COMPANIES	.00			
8.0	INV IN ASSOC ORG - PAT CAPITAL	8,146,863.72	37.0	LONG TERM DEBT - RUS (NET)	10,643,158.37-
9.0	INV IN ASSOC ORG OTHR GEN FND	.00		(PAYMENTS-UNAPPLIED	.00 )
10.0	INV IN ASSOC ORG - NON GEN FND	646,490.06	38.0	LNG-TERM DEBT-FFB-RUS GUAR	17,585,233.09-
11.0	INV IN ECON DEVEL PROJECTS	.00	39.0	LONG-TERM DEBT OTHER-RUS GUAR	.00
12.0	OTHER INVESTMENTS	98.65	40.0	LONG TERM DEBT - OTHER (NET)	12,562,950.44-
13.0	SPECIAL FUNDS	.00	41.0	LNG-TERM DEBT-RUS-ECON DEV NET	.00
14.0	TOT OTHER PROP & INVESTMENTS	8,793,452.43	42.0	PAYMENTS - UNAPPLIED	.00
			43.0	TOTAL LONG TERM DEBT	40,791,341.90-
15.0	CASH - GENERAL FUNDS	113,989.56			
16.0	CASH - CONSTRUCTION FUND TRUST	3,000,000.00	44.0	OBLIGATION UNDER CAPITAL LEASE	.00
17.0	SPECIAL DEPOSITS	.00	45.0	ACCUM OPERATING PROVISIONS	2,883,141.84-
18.0	TEMPORARY INVESTMENTS	5,000.00	46.0	TOTAL OTHER NONCURR LIABILITY	2,883,141.84-
19.0	NOTES RECEIVABLE (NET)	.00			
20.0	ACCTS RECV - SALES ENERGY (NET)	6,394,297.35	47.0	NOTES PAYABLE	3,181,870.82-
21.0	ACCTS RECV - OTHER (NET)	175,323.72	48.0	ACCOUNTS PAYABLE	2,391,001.17-
22.0	RENEWABLE ENERGY CREDITS	.00	49.0	CONSUMER DEPOSITS	1,266,423.58-
23.0	MATERIAL & SUPPLIES-ELEC & OTH	297,094.69	50.0	CURR MATURITIES LONG-TERM DEBT	.00
24.0	PREPAYMENTS	200,196.24	51.0	CURR MATURIT LT DEBT ECON DEV	.00
25.0	OTHER CURRENT & ACCR ASSETS	9,581.65	52.0	CURR MATURITIES CAPITAL LEASES	.00
26.0	TOTAL CURRENT & ACCR ASSETS	10,195,483.21	53.0	OTHER CURRENT & ACCRUED LIAB	610,476.14-
			54.0	TOTAL CURRENT & ACCRUED LIAB	7,449,771.71-
27.0	REGULATORY ASSETS	.00			
28.0	OTHER DEFERRED DEBITS	21,312.05	55.0	REGULATORY LIABILITIES	.00
			56.0	OTHER DEFERRED CREDITS	162,102.88-
29.0	TOTAL ASSETS & OTHER DEBITS	69,666,496.64	57.0	TOTAL LIABILITIES & OTH CREDIT	69,666,496.64-

=====

ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION		
58.0	BALANCE BEGINNING OF YEAR	.00
59.0	AMOUNT RECEIVED THIS YEAR (NET)	1,231.20
60.0	TOTAL CONTRIBUTIONS IN AID OF CONST	1,231.20

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

DATE

*Camille Hall*  
 SIGNATURE OF MANAGER

3/16/12

3/16/12

DATE

PART A. STATEMENT OF OPERATIONS

LINE NO		YEAR TO DATE				% CHANGE	
		LAST YEAR A	THIS YEAR B	BUDGET C	THIS MONTH D	% FROM BUDGET	FROM LAST YEAR
1.0	OPERATING REVENUE & PATRONAGE CAPITAL....	3,416,826.46	2,920,977.03	3,417,668.72	2,920,977.03	14.5-	14.5-
2.0	POWER PRODUCTION EXPENSE.....	.00	.00	.00	.00	.0	.0
3.0	COST OF PURCHASED POWER.....	2,272,447.00-	1,958,185.00-	2,163,801.00-	1,958,185.00-	9.5-	13.8-
4.0	TRANSMISSION EXPENSE.....	.00	.00	.00	.00	.0	.0
5.0	REGIONAL MARKET OPERATIONS EXPENSE.....	.00	.00	.00	.00	.0	.0
6.0	DISTRIBUTION EXPENSE-OPERATION.....	95,813.28-	100,851.17-	102,485.75-	100,851.17-	1.6-	5.3
7.0	DISTRIBUTION EXPENSE-MAINTENANCE.....	219,796.24-	238,140.45-	250,974.53-	238,140.45-	5.1-	8.3
8.0	CONSUMER ACCOUNTS EXPENSE.....	88,920.07-	92,374.15-	95,904.11-	92,374.15-	3.7-	3.9
9.0	CUSTOMER SERVICE & INFORMATIONAL EXPENSE..	20,672.17-	18,412.46-	23,720.30-	18,412.46-	22.4-	10.9-
10.0	SALES EXPENSE.....	3,323.22-	2,072.07-	3,293.92-	2,072.07-	37.1-	37.6-
11.0	ADMINISTRATIVE & GENERAL EXPENSE.....	169,729.33-	169,406.93-	170,436.08-	169,406.93-	.6-	.2-
12.0	TOTAL OPERATIONS & MAINTENANCE EXPENSE...	2,870,701.31-	2,579,442.23-	2,810,615.69-	2,579,442.23-	8.2-	10.1-
13.0	DEPRECIATION & AMORTIZATION EXPENSE.....	235,308.33-	247,519.11-	251,934.66-	247,519.11-	1.8-	5.2
14.0	TAX EXPENSE - PROPERTY & GROSS RECEIPTS..	2,521.00-	2,538.00-	2,666.66-	2,538.00-	4.8-	.7
15.0	TAX EXPENSE - OTHER.....	.00	.00	.00	.00	.0	.0
16.0	INTEREST ON LONG TERM DEBT.....	70,308.82-	86,393.41-	89,836.72-	86,393.41-	3.8-	22.9
17.0	INTEREST CHARGED TO CONSTRUCTION - CREDIT	.00	.00	.00	.00	.0	.0
18.0	INTEREST EXPENSE - OTHER.....	6,202.00-	6,355.00-	6,166.66-	6,355.00-	3.1	2.5
19.0	OTHER DEDUCTIONS.....	17,218.00-	7,723.00-	5,166.66-	7,723.00-	49.5	55.1-
20.0	TOTAL COST OF ELECTRIC SERVICE.....	3,202,259.46-	2,929,970.75-	3,166,387.05-	2,929,970.75-	7.5-	8.5-
21.0	PATRONAGE CAPITAL & OPERATING MARGINS....	214,567.00	8,993.72-	251,281.67	8,993.72-	103.6-	104.2-
22.0	NON OPERATING MARGINS - INTEREST.....	2,485.69	2,481.06	2,383.32	2,481.06	4.1	.2-
23.0	ALLOW. FOR FUNDS USED DURING CONSTRUCTION	.00	.00	.00	.00	.0	.0
24.0	INCOME (LOSS) FROM EQUITY INVESTMENTS....	.00	.00	.00	.00	.0	.0
25.0	NON OPERATING MARGINS - OTHER.....	1,448.04-	13,693.26	390.32-	13,693.26	608.2-	1045.6-
26.0	GENERATION & TRANSMISSION CAPITAL CREDITS	.00	.00	.00	.00	.0	.0
27.0	OTHER CAPITAL CREDITS & PATRONAGE DIVID..	.00	.00	5,183.31	.00	100.0-	.0
28.0	EXTRAORDINARY ITEMS.....	.00	.00	.00	.00	.0	.0
29.0	PATRONAGE CAPITAL OR MARGINS.....	215,604.65	7,180.60	258,457.98	7,180.60	97.2-	96.7-
RATIOS							
	TIER	4.067	1.083	3.877	1.083		
	MARGINS TO REVENUE	.063	.002	.076	.002		
	POWER COST TO REVENUE	.665	.670	.633	.670		
	INTEREST EXPENSE TO REVENUE	.021	.030	.026	.030		
	CURRENT ASSETS : CURRENT LIABILITIES	1.3686					
	MARGINS & EQUITIES AS % OF ASSETS	.2638					
	LONG TERM DEBT AS % OF PLANT	.6386					
	GENERAL FUNDS TO TOTAL PLANT	.1864					
	QUICK ASSET RATIO	1.3287					

PART C. BALANCE SHEET

LINE NO	ASSETS AND OTHER DEBITS	LIABILITIES AND OTHER CREDITS
1.0	TOTAL UTILITY PLANT IN SERVICE 63,555,705.54	30.0 MEMBERSHIPS 152,415.00-
2.0	CONSTRUCTION WORK IN PROGRESS 497,602.46	31.0 PATRONAGE CAPITAL 18,752,936.14-
3.0	TOTAL UTILITY PLANT 64,053,308.00	32.0 OPERATING MARGINS - PRIOR YEAR 678,260.51-
4.0	ACCUM PROV FOR DEP & AMORT 13,386,763.96-	33.0 OPERATING MARGINS-CURRENT YEAR 255,351.57
5.0	NET UTILITY PLANT 50,666,544.04	34.0 NON-OPERATING MARGINS 65,989.67
		35.0 OTHER MARGINS & EQUITIES 1,132,163.61
6.0	NON-UTILITY PROPERTY (NET) .00	36.0 TOTAL MARGINS & EQUITIES 18,130,106.80-
7.0	INVEST IN SUBSIDIARY COMPANIES .00	
8.0	INV IN ASSOC ORG - PAT CAPITAL 8,146,863.72	37.0 LONG TERM DEBT - RUS (NET) 10,623,026.51-
9.0	INV IN ASSOC ORG OTHR GEN FND .00	(PAYMENTS-UNAPPLIED .00 )
10.0	INV IN ASSOC ORG - NON GEN FND 646,490.06	38.0 LNG-TERM DEBT-FFB-RUS GUAR 17,585,233.09-
11.0	INV IN ECON DEVEL PROJECTS .00	39.0 LONG-TERM DEBT OTHER-RUS GUAR .00
12.0	OTHER INVESTMENTS 98.65	40.0 LONG TERM DEBT - OTHER (NET) 12,425,678.16-
13.0	SPECIAL FUNDS .00	41.0 LNG-TERM DEBT-RUS-ECON DEV NET .00
14.0	TOT OTHER PROP & INVESTMENTS 8,793,452.43	42.0 PAYMENTS - UNAPPLIED .00
		43.0 TOTAL LONG TERM DEBT 40,633,937.76-
15.0	CASH - GENERAL FUNDS 117,090.66	
16.0	CASH - CONSTRUCTION FUND TRUST .00	44.0 OBLIGATION UNDER CAPITAL LEASE .00
17.0	SPECIAL DEPOSITS .00	45.0 ACCUM OPERATING PROVISIONS 2,884,049.06-
18.0	TEMPORARY INVESTMENTS 5,000.00	46.0 TOTAL OTHER NONCURR LIABILITY 2,884,049.06-
19.0	NOTES RECEIVABLE (NET) .00	
20.0	ACCTS RECV - SALES ENERGY (NET) 5,695,554.58	47.0 NOTES PAYABLE 220,457.10-
21.0	ACCTS RECV - OTHER (NET) 222,356.09	48.0 ACCOUNTS PAYABLE 2,093,648.70-
22.0	RENEWABLE ENERGY CREDITS .00	49.0 CONSUMER DEPOSITS 1,278,179.58-
23.0	MATERIAL & SUPPLIES-ELEC & OTH 279,806.08	50.0 CURR MATURITIES LONG-TERM DEBT .00
24.0	PREPAYMENTS 204,048.03	51.0 CURR MATURIT LT DEBT ECON DEV .00
25.0	OTHER CURRENT & ACCR ASSETS 12,015.47	52.0 CURR MATURITIES CAPITAL LEASES .00
26.0	TOTAL CURRENT & ACCR ASSETS 6,535,870.91	53.0 OTHER CURRENT & ACCRUED LIAB 674,490.91-
		54.0 TOTAL CURRENT & ACCRUED LIAB 4,266,776.29-
27.0	REGULATORY ASSETS .00	
28.0	OTHER DEFERRED DEBITS 81,105.41	55.0 REGULATORY LIABILITIES .00
		56.0 OTHER DEFERRED CREDITS 162,102.88-
29.0	TOTAL ASSETS & OTHER DEBITS 66,076,972.79	57.0 TOTAL LIABILITIES & OTH CREDIT 66,076,972.79-

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	ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION	
58.0	BALANCE BEGINNING OF YEAR	.00
59.0	AMOUNT RECEIVED THIS YEAR (NET)	5,435.89
60.0	TOTAL CONTRIBUTIONS IN AID OF CONST	5,435.89

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

*Carr Hall Daley*  
SIGNATURE OF MANAGER

DATE

4/12/12

DATE

4/12/12

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	5,744,191.98	5,304,154.94	6,035,540.44	2,383,177.91	12.1-	7.7-
2.0	.00	.00	.00	.00	.0	.0
3.0	3,999,460.00-	3,665,887.00-	4,056,216.00-	1,707,702.00-	9.6-	8.3-
4.0	.00	.00	.00	.00	.0	.0
5.0	.00	.00	.00	.00	.0	.0
6.0	168,749.49-	207,029.82-	204,971.50-	106,178.65-	1.0	22.7
7.0	450,538.90-	452,741.35-	501,949.06-	214,600.90-	9.8-	.5
8.0	176,799.83-	179,906.48-	191,808.22-	87,532.33-	6.2-	1.8
9.0	44,376.65-	38,686.83-	47,440.60-	20,274.37-	18.5-	12.8-
10.0	7,028.48-	4,486.59-	6,587.84-	2,414.52-	31.9-	36.2-
11.0	329,952.27-	319,772.16-	340,872.16-	150,365.23-	6.2-	3.1-
12.0	5,176,905.62-	4,868,510.23-	5,349,845.38-	2,289,068.00-	9.0-	6.0-
13.0	470,911.76-	495,583.42-	503,869.32-	248,064.31-	1.6-	5.2
14.0	5,042.00-	5,076.00-	5,333.32-	2,538.00-	4.8-	.7
15.0	.00	.00	.00	.00	.0	.0
16.0	138,025.98-	169,779.16-	176,147.19-	83,385.75-	3.6-	23.0
17.0	.00	.00	.00	.00	.0	.0
18.0	12,389.00-	12,687.00-	12,333.32-	6,332.00-	2.9	2.4
19.0	21,609.03-	7,870.70-	10,333.32-	147.70-	23.8-	63.6-
20.0	5,824,883.39-	5,559,506.51-	6,057,861.85-	2,629,535.76-	8.2-	4.6-
21.0	80,691.41-	255,351.57-	22,321.41-	246,357.85-	44.0	216.5
22.0	4,980.27	4,984.32	4,766.64	2,503.26	4.6	.1
23.0	.00	.00	.00	.00	.0	.0
24.0	.00	.00	.00	.00	.0	.0
25.0	7,405.67	946.34	780.64-	12,746.92-	221.2-	87.2-
26.0	.00	.00	.00	.00	.0	.0
27.0	.00	.00	10,366.62	.00	100.0-	.0
28.0	.00	.00	.00	.00	.0	.0
29.0	68,305.47-	249,420.91-	7,968.79-	256,601.51-	30.0	265.2

RATIOS

TIER	.505	.469-	.955	2.077-
MARGINS TO REVENUE	.012	.047	.001	.108
POWER COST TO REVENUE	.696	.691	.672	.717
INTEREST EXPENSE TO REVENUE	.024	.032	.029	.035
CURRENT ASSETS : CURRENT LIABILITIES	1.5318			
MARGINS & EQUITIES AS % OF ASSETS	.2744			
LONG TERM DEBT AS % OF PLANT	.6344			
GENERAL FUNDS TO TOTAL PLANT	.1908			
QUICK ASSET RATIO	1.4662			

PART C. BALANCE SHEET

LINE NO	ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1.0	TOTAL UTILITY PLANT IN SERVICE	63,742,787.92	30.0	MEMBERSHIPS 151,730.00-
2.0	CONSTRUCTION WORK IN PROGRESS	564,937.54	31.0	PATRONAGE CAPITAL 19,359,276.32-
3.0	TOTAL UTILITY PLANT	64,307,725.46	32.0	OPERATING MARGINS - PRIOR YEAR .00
4.0	ACCUM PROV FOR DEP & AMORT	13,562,354.44-	33.0	OPERATING MARGINS-CURRENT YEAR 535,319.35
5.0	NET UTILITY PLANT	50,745,371.02	34.0	NON-OPERATING MARGINS 53,226.89-
6.0	NON-UTILITY PROPERTY (NET)	.00	35.0	OTHER MARGINS & EQUITIES 1,102,316.11
7.0	INVEST IN SUBSIDIARY COMPANIES	.00	36.0	TOTAL MARGINS & EQUITIES 17,926,597.75-
8.0	INV IN ASSOC ORG - PAT CAPITAL	8,211,573.59	37.0	LONG TERM DEBT - RUS (NET) 10,605,117.45-
9.0	INV IN ASSOC ORG OTHR GEN FND	.00		(PAYMENTS-UNAPPLIED .00 )
10.0	INV IN ASSOC ORG - NON GEN FND	645,183.00	38.0	LNG-TERM DEBT-FFB-RUS GUAR 17,441,017.92-
11.0	INV IN ECON DEVEL PROJECTS	.00	39.0	LONG-TERM DEBT OTHER-RUS GUAR .00
12.0	OTHER INVESTMENTS	98.65	40.0	LONG TERM DEBT - OTHER (NET) 12,391,988.22-
13.0	SPECIAL FUNDS	.00	41.0	LNG-TERM DEBT-RUS-ECON DEV NET .00
14.0	TOT OTHER PROP & INVESTMENTS	8,856,855.24	42.0	PAYMENTS - UNAPPLIED .00
15.0	CASH - GENERAL FUNDS	302,245.50	43.0	TOTAL LONG TERM DEBT 40,438,123.59-
16.0	CASH - CONSTRUCTION FUND TRUST	.00	44.0	OBLIGATION UNDER CAPITAL LEASE .00
17.0	SPECIAL DEPOSITS	.00	45.0	ACCUM OPERATING PROVISIONS 2,882,967.44-
18.0	TEMPORARY INVESTMENTS	5,000.00	46.0	TOTAL OTHER NONCURR LIABILITY 2,882,967.44-
19.0	NOTES RECEIVABLE (NET)	.00	47.0	NOTES PAYABLE 204,543.38-
20.0	ACCTS RECV - SALES ENERGY(NET)	4,689,806.78	48.0	ACCOUNTS PAYABLE 1,828,281.14-
21.0	ACCTS RECV - OTHER (NET)	253,046.87	49.0	CONSUMER DEPOSITS 1,273,794.58-
22.0	RENEWABLE ENERGY CREDITS	.00	50.0	CURR MATURITIES LONG-TERM DEBT .00
23.0	MATERIAL & SUPPLIES-ELEC & OTH	230,481.28	51.0	CURR MATURIT LT DEBT ECON DEV .00
24.0	PREPAYMENTS	203,409.90	52.0	CURR MATURITIES CAPITAL LEASES .00
25.0	OTHER CURRENT & ACCR ASSETS	14,449.29	53.0	OTHER CURRENT & ACCRUED LIAB 683,618.63-
26.0	TOTAL CURRENT & ACCR ASSETS	5,698,439.62	54.0	TOTAL CURRENT & ACCRUED LIAB 3,990,237.73-
27.0	REGULATORY ASSETS	.00	55.0	REGULATORY LIABILITIES .00
28.0	OTHER DEFERRED DEBITS	99,698.43	56.0	OTHER DEFERRED CREDITS 162,437.80-
29.0	TOTAL ASSETS & OTHER DEBITS	65,400,364.31	57.0	TOTAL LIABILITIES & OTH CREDIT 65,400,364.31-

ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION		
58.0	BALANCE BEGINNING OF YEAR	.00
59.0	AMOUNT RECEIVED THIS YEAR (NET)	47,139.47
60.0	TOTAL CONTRIBUTIONS IN AID OF CONST	47,139.47

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  
  
Carmel Hill Daily  
\_\_\_\_\_  
SIGNATURE OF MANAGER

5/7/12  
\_\_\_\_\_  
DATE  
  
5/9/12  
\_\_\_\_\_  
DATE

PART A. STATEMENT OF OPERATIONS

LINE NO	YEAR TO DATE				THIS MONTH	% FROM BUDGET	% CHANGE FROM LAST YEAR
	LAST YEAR A	THIS YEAR B	BUDGET C				
1.0	7,845,718.43	7,297,216.80	8,293,874.16		1,993,061.86	12.0-	7.0-
2.0	.00	.00	.00		.00	.0	.0
3.0	5,436,168.00-	5,019,004.00-	5,730,312.00-		1,353,117.00-	12.4-	7.7-
4.0	.00	.00	.00		.00	.0	.0
5.0	.00	.00	.00		.00	.0	.0
6.0	277,341.85-	301,712.36-	307,457.25-		94,682.54-	1.9-	8.8
7.0	679,336.12-	777,020.27-	752,923.59-		324,278.92-	3.2	14.4
8.0	278,130.71-	270,649.63-	287,712.33-		90,743.15-	5.9-	2.7-
9.0	69,514.86-	57,503.48-	71,160.90-		18,816.65-	19.2-	17.3-
10.0	11,413.23-	7,016.86-	9,881.76-		2,530.27-	29.0-	38.5-
11.0	504,784.58-	510,374.11-	511,308.24-		190,601.95-	.2-	1.1
12.0	7,256,689.35-	6,943,280.71-	7,670,756.07-		2,074,770.48-	9.5-	4.3-
13.0	707,696.69-	743,957.87-	755,803.98-		248,374.45-	1.6-	5.1
14.0	7,563.00-	7,614.00-	7,999.98-		2,538.00-	4.8-	.7
15.0	.00	.00	.00		.00	.0	.0
16.0	222,068.03-	253,730.55-	266,479.53-		83,951.39-	4.8-	14.3
17.0	.00	.00	.00		.00	.0	.0
18.0	18,594.00-	19,078.00-	18,499.98-		6,391.00-	3.1	2.6
19.0	27,293.37-	9,626.71-	15,499.98-		1,756.01-	37.9-	64.7-
20.0	8,239,904.44-	7,977,287.84-	8,735,039.52-		2,417,781.33-	8.7-	3.2-
21.0	394,186.01-	680,071.04-	441,165.36-		424,719.47-	54.2	72.5
22.0	7,455.97	7,496.10	7,149.96		2,511.78	4.8	.5
23.0	.00	.00	.00		.00	.0	.0
24.0	.00	.00	.00		.00	.0	.0
25.0	12,566.53	45,730.79	1,170.96-		44,784.45	5.4-	263.9
26.0	.00	.00	.00		.00	.0	.0
27.0	28,619.26	144,751.69	15,549.93		144,751.69	830.9	405.8
28.0	.00	.00	.00		.00	.0	.0
29.0	345,544.25-	482,092.46-	419,636.43-		232,671.55-	14.9	39.5

RATIOS

TIER	.556-	.900-	.575-	1.772-
MARGINS TO REVENUE	.044	.066	.051	.117
POWER COST TO REVENUE	.693	.688	.691	.679
INTEREST EXPENSE TO REVENUE	.028	.035	.032	.042
CURRENT ASSETS : CURRENT LIABILITIES	1.4281			
MARGINS & EQUITIES AS % OF ASSETS	.2741			
LONG TERM DEBT AS % OF PLANT	.6288			
GENERAL FUNDS TO TOTAL PLANT	.4779			
QUICK ASSET RATIO	1.3703			

PART C. BALANCE SHEET

LINE NO	ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS		
1.0	TOTAL UTILITY PLANT IN SERVICE	63,804,052.32	30.0	MEMBERSHIPS	151,875.00-
2.0	CONSTRUCTION WORK IN PROGRESS	766,373.84	31.0	PATRONAGE CAPITAL	19,359,276.32-
3.0	TOTAL UTILITY PLANT	64,570,426.16	32.0	OPERATING MARGINS - PRIOR YEAR	.00
4.0	ACCUM PROV FOR DEP & AMORT	13,777,122.52-	33.0	OPERATING MARGINS-CURRENT YEAR	745,454.48
5.0	NET UTILITY PLANT	50,793,303.64	34.0	NON-OPERATING MARGINS	55,078.36-
			35.0	OTHER MARGINS & EQUITIES	1,095,602.57
6.0	NON-UTILITY PROPERTY (NET)	.00	36.0	TOTAL MARGINS & EQUITIES	17,725,172.63-
7.0	INVEST IN SUBSIDIARY COMPANIES	.00			
8.0	INV IN ASSOC ORG - PAT CAPITAL	8,176,229.84	37.0	LONG TERM DEBT - RUS (NET)	10,586,018.36-
9.0	INV IN ASSOC ORG OTHR GEN FND	.00		(PAYMENTS-UNAPPLIED	.00 )
10.0	INV IN ASSOC ORG - NON GEN FND	645,183.00	38.0	LNG-TERM DEBT-FFB-RUS GUAR	17,441,017.92-
11.0	INV IN ECON DEVEL PROJECTS	.00	39.0	LONG-TERM DEBT OTHER-RUS GUAR	.00
12.0	OTHER INVESTMENTS	98.65	40.0	LONG TERM DEBT - OTHER (NET)	12,356,715.23-
13.0	SPECIAL FUNDS	.00	41.0	LNG-TERM DEBT-RUS-ECON DEV NET	.00
14.0	TOT OTHER PROP & INVESTMENTS	8,821,511.49	42.0	PAYMENTS - UNAPPLIED	.00
			43.0	TOTAL LONG TERM DEBT	40,383,751.51-
15.0	CASH - GENERAL FUNDS	188,226.37			
16.0	CASH - CONSTRUCTION FUND TRUST	.00	44.0	OBLIGATION UNDER CAPITAL LEASE	.00
17.0	SPECIAL DEPOSITS	.00	45.0	ACCUM OPERATING PROVISIONS	2,883,442.44-
18.0	TEMPORARY INVESTMENTS	5,000.00	46.0	TOTAL OTHER NONCURR LIABILITY	2,883,442.44-
19.0	NOTES RECEIVABLE (NET)	.00			
20.0	ACCTS RECV - SALES ENERGY (NET)	4,155,744.24	47.0	NOTES PAYABLE	193,629.66-
21.0	ACCTS RECV - OTHER (NET)	292,001.53	48.0	ACCOUNTS PAYABLE	1,533,487.81-
22.0	RENEWABLE ENERGY CREDITS	.00	49.0	CONSUMER DEPOSITS	1,284,979.58-
23.0	MATERIAL & SUPPLIES-ELEC & OTH	187,662.02	50.0	CURR MATURITIES LONG-TERM DEBT	.00
24.0	PREPAYMENTS	331,549.42	51.0	CURR MATURIT LT DEBT ECON DEV	.00
25.0	OTHER CURRENT & ACCR ASSETS	2,583.90	52.0	CURR MATURITIES CAPITAL LEASES	.00
26.0	TOTAL CURRENT & ACCR ASSETS	5,162,767.48	53.0	OTHER CURRENT & ACCRUED LIAB	730,541.11-
			54.0	TOTAL CURRENT & ACCRUED LIAB	3,742,638.16-
27.0	REGULATORY ASSETS	.00			
28.0	OTHER DEFERRED DEBITS	102,802.24	55.0	REGULATORY LIABILITIES	.00
			56.0	OTHER DEFERRED CREDITS	145,380.11-
29.0	TOTAL ASSETS & OTHER DEBITS	64,880,384.85	57.0	TOTAL LIABILITIES & OTH CREDIT	64,880,384.85-

ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION

58.0	BALANCE BEGINNING OF YEAR	.00
59.0	AMOUNT RECEIVED THIS YEAR (NET)	50,298.07
60.0	TOTAL CONTRIBUTIONS IN AID OF CONST	50,298.07

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 Jolly*

SIGNATURE OF MANAGER

*6/13/12*

DATE

*6/14/12*

DATE

PART A. STATEMENT OF OPERATIONS

LINE NO	YEAR TO DATE		BUDGET C	THIS MONTH D	% FROM BUDGET	% CHANGE FROM LAST YEAR
	LAST YEAR A	THIS YEAR B				
1.0	9,776,570.00	9,220,588.83	10,178,014.88	1,923,372.03	9.4-	5.7-
2.0	.00	.00	.00	.00	.0	.0
3.0	6,660,853.00-	6,194,206.00-	7,026,134.00-	1,175,202.00-	11.8-	7.0-
4.0	.00	.00	.00	.00	.0	.0
5.0	.00	.00	.00	.00	.0	.0
6.0	375,051.17-	393,597.91-	409,943.00-	91,885.55-	4.0-	4.9
7.0	994,910.94-	1,019,544.95-	1,003,898.12-	242,524.68-	1.6	2.5
8.0	354,414.35-	369,943.91-	383,616.44-	99,294.28-	3.6-	4.4
9.0	91,725.56-	74,724.15-	94,881.20-	17,220.67-	21.2-	18.5-
10.0	14,644.51-	8,572.35-	13,175.68-	1,555.49-	34.9-	41.5-
11.0	680,348.94-	636,529.82-	681,744.32-	126,155.71-	6.6-	6.4-
12.0	9,171,948.47-	8,697,119.09-	9,613,392.76-	1,753,838.38-	9.5-	5.2-
13.0	946,399.86-	992,222.49-	1,007,738.64-	248,264.62-	1.5-	4.8
14.0	10,084.00-	10,152.00-	10,666.64-	2,538.00-	4.8-	.7
15.0	.00	.00	.00	.00	.0	.0
16.0	312,503.34-	339,145.46-	354,287.36-	85,414.91-	4.3-	8.5
17.0	.00	.00	.00	.00	.0	.0
18.0	24,807.00-	25,442.00-	24,666.64-	6,364.00-	3.1	2.6
19.0	37,539.87-	11,370.21-	20,666.64-	1,743.50-	45.0-	69.7-
20.0	10,503,282.54-	10,075,451.25-	11,031,418.68-	2,098,163.41-	8.7-	4.1-
21.0	726,712.54-	854,862.42-	853,403.80-	174,791.38-	.2	17.6
22.0	9,956.49	10,006.74	9,533.28	2,510.64	5.0	.5
23.0	.00	.00	.00	.00	.0	.0
24.0	.00	.00	.00	.00	.0	.0
25.0	12,796.93	45,071.62	1,561.28-	659.17-	986.8-	252.2
26.0	.00	35,343.75-	.00	35,343.75-	100.0-	100.0-
27.0	28,619.26	144,751.69	20,733.24	.00	598.2	405.8
28.0	.00	.00	.00	.00	.0	.0
29.0	675,339.86-	690,376.12-	824,698.56-	208,283.66-	16.3-	2.2
RATIOS						
TIER	1.161-	1.036-	1.328-	1.438-		
MARGINS TO REVENUE	.069	.075	.081	.108		
POWER COST TO REVENUE	.681	.672	.690	.611		
INTEREST EXPENSE TO REVENUE	.032	.037	.035	.044		
CURRENT ASSETS : CURRENT LIABILITIES	1.3794					
MARGINS & EQUITIES AS % OF ASSETS	.2732					
LONG TERM DEBT AS % OF PLANT	.6254					
GENERAL FUNDS TO TOTAL PLANT	.2994					
QUICK ASSET RATIO	1.3293					



PART C. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1.0 TOTAL UTILITY PLANT IN SERVICE	63,952,956.25	30.0 MEMBERSHIPS	151,930.00-
2.0 CONSTRUCTION WORK IN PROGRESS	601,905.83	31.0 PATRONAGE CAPITAL	19,230,081.59-
3.0 TOTAL UTILITY PLANT	64,554,862.08	32.0 OPERATING MARGINS - PRIOR YEAR	.00
4.0 ACCUM PROV FOR DEP & AMORT	13,806,216.63-	33.0 OPERATING MARGINS-CURRENT YEAR	888,628.98
5.0 NET UTILITY PLANT	50,748,645.45	34.0 NON-OPERATING MARGINS	69,292.73-
		35.0 OTHER MARGINS & EQUITIES	1,088,471.53
6.0 NON-UTILITY PROPERTY (NET)	.00	36.0 TOTAL MARGINS & EQUITIES	17,474,203.81-
7.0 INVEST IN SUBSIDIARY COMPANIES	.00		
8.0 INV IN ASSOC ORG - PAT CAPITAL	8,176,229.84	37.0 LONG TERM DEBT - RUS (NET)	10,568,003.08-
9.0 INV IN ASSOC ORG OTHR GEN FND	.00	(PAYMENTS-UNAPPLIED .00 )	
10.0 INV IN ASSOC ORG - NON GEN FND	645,183.00	38.0 LNG-TERM DEBT-FFB-RUS GUAR	17,441,017.92-
11.0 INV IN ECON DEVEL PROJECTS	.00	39.0 LONG-TERM DEBT OTHER-RUS GUAR	.00
12.0 OTHER INVESTMENTS	98.65	40.0 LONG TERM DEBT - OTHER (NET)	12,220,733.66-
13.0 SPECIAL FUNDS	.00	41.0 LNG-TERM DEBT-RUS-ECON DEV NET	.00
14.0 TOT OTHER PROP & INVESTMENTS	8,821,511.49	42.0 PAYMENTS - UNAPPLIED	.00
		43.0 TOTAL LONG TERM DEBT	40,229,754.66-
15.0 CASH - GENERAL FUNDS	113,518.87		
16.0 CASH - CONSTRUCTION FUND TRUST	.00	44.0 OBLIGATION UNDER CAPITAL LEASE	.00
17.0 SPECIAL DEPOSITS	.00	45.0 ACCUM OPERATING PROVISIONS	2,884,547.43-
18.0 TEMPORARY INVESTMENTS	5,000.00	46.0 TOTAL OTHER NONCURR LIABILITY	2,884,547.43-
19.0 NOTES RECEIVABLE (NET)	.00		
20.0 ACCTS RECV - SALES ENERGY(NET)	4,245,543.67	47.0 NOTES PAYABLE	352,715.94-
21.0 ACCTS RECV - OTHER (NET)	324,871.00	48.0 ACCOUNTS PAYABLE	1,784,891.07-
22.0 RENEWABLE ENERGY CREDITS	.00	49.0 CONSUMER DEPOSITS	1,294,075.58-
23.0 MATERIAL & SUPPLIES-ELEC & OTH	264,935.18	50.0 CURR MATURITIES LONG-TERM DEBT	.00
24.0 PREPAYMENTS	351,807.36	51.0 CURR MATURIT LT DEBT ECON DEV	.00
25.0 OTHER CURRENT & ACCR ASSETS	5,017.80	52.0 CURR MATURITIES CAPITAL LEASES	.00
26.0 TOTAL CURRENT & ACCR ASSETS	5,310,693.88	53.0 OTHER CURRENT & ACCRUED LIAB	821,988.86-
		54.0 TOTAL CURRENT & ACCRUED LIAB	4,253,671.45-
27.0 REGULATORY ASSETS	.00		
28.0 OTHER DEFERRED DEBITS	107,041.56	55.0 REGULATORY LIABILITIES	.00
		56.0 OTHER DEFERRED CREDITS	145,715.03-
29.0 TOTAL ASSETS & OTHER DEBITS	64,987,892.38	57.0 TOTAL LIABILITIES & OTH CREDIT	64,987,892.38-

ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION

58.0 BALANCE BEGINNING OF YEAR	.00
59.0 AMOUNT RECEIVED THIS YEAR (NET)	150,260.95
60.0 TOTAL CONTRIBUTIONS IN AID OF CONST	150,260.95

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

*Carrie Hill*  
\_\_\_\_\_  
SIGNATURE OF MANAGER

*7/17/12*  
\_\_\_\_\_  
DATE

*7/18/12*  
\_\_\_\_\_  
DATE

PART A. STATEMENT OF OPERATIONS

LINE NO	YEAR TO DATE		BUDGET C	THIS MONTH D	% FROM BUDGET	% CHANGE FROM LAST YEAR
	LAST YEAR A	THIS YEAR B				
1.0	11,999,607.15	11,400,931.22	12,376,725.60	2,180,342.39	7.9-	5.0-
2.0						
3.0						
4.0	7,956,182.00-	7,562,485.00-	8,314,335.00-	1,368,279.00-	9.0-	4.9-
5.0						
6.0						
7.0	482,096.14-	486,870.41-	512,428.75-	93,272.50-	5.0-	1.0
8.0	1,275,283.19-	1,276,292.39-	1,254,872.65-	256,747.44-	1.7	.1
9.0	457,523.00-	468,004.63-	479,520.55-	98,060.72-	2.4-	2.3
10.0	111,495.84-	89,141.90-	118,601.50-	14,417.75-	24.8-	20.0-
11.0	18,067.61-	10,631.80-	16,469.60-	2,059.45-	35.4-	41.2-
	866,460.14-	783,592.75-	852,180.40-	147,062.93-	8.0-	9.6-
12.0	11,167,107.92-	10,677,018.88-	11,548,408.45-	1,979,899.79-	7.5-	4.4-
13.0						
14.0	1,185,776.61-	1,241,044.95-	1,259,673.30-	248,822.46-	1.5-	4.7
15.0	12,605.00-	12,690.00-	13,333.30-	2,538.00-	4.8-	.7
16.0						
17.0	399,230.73-	423,532.75-	443,068.40-	84,387.29-	4.4-	6.1
18.0						
19.0	30,974.00-	31,867.00-	30,833.30-	6,425.00-	3.4	2.9
	46,172.87-	12,814.56-	25,833.30-	1,444.35-	50.4-	72.2-
20.0	12,841,867.13-	12,398,968.14-	13,321,150.05-	2,323,516.89-	6.9-	3.4-
21.0						
22.0	842,259.98-	998,036.92-	944,424.45-	143,174.50-	5.7	18.5
23.0	12,444.02	12,489.53	11,916.60	2,482.79	4.8	.4
24.0						
25.0						
26.0	2,719.56	56,803.20	1,951.60-	11,731.58	10.6-	1988.7
27.0						
28.0	28,619.26	144,751.69	25,916.55	.00	100.0-	100.0-
	.00	.00	.00	.00	458.5	405.8
29.0	798,477.14-	819,336.25-	908,542.90-	128,960.13-	9.8-	2.6
RATIOS						
TIER	1.000-	.935-	1.051-	.528-		
MARGINS TO REVENUE	.067	.072	.073	.059		
POWER COST TO REVENUE	.663	.663	.672	.628		
INTEREST EXPENSE TO REVENUE	.033	.037	.036	.039		
CURRENT ASSETS : CURRENT LIABILITIES	1.2485					
MARGINS & EQUITIES AS % OF ASSETS	.2689					
LONG TERM DEBT AS % OF PLANT	.6232					
GENERAL FUNDS TO TOTAL PLANT	.1837					
QUICK ASSET RATIO	1.1862					

# **GRAYSON RECC**

## **COST OF SERVICE STUDY**

**FALL 2012 - J. Adkins**

TEST YEAR REVENUE REQUIREMENTS WITH ADJUSTMENTS

TEST YEAR EXPENSES									
1								Adj 15	
2			Payroll	Depreciaton	Adjustments	Adjustments	Adjustments	Purchased	Total
3	Acct	Description	Actual	Adjustments	Depreciaton	Adjustments	Adjustments	Power	Amount of
4	No.		Test Year	#1, 2, 5, 6 & 12	Adj # 3	# 4 & 17	7, 8, 9, 10, 11, 13,	Adjustment	Adjustments
5								(a)	Adjusted
6	555	Purchased Power							Test Year
6	555	Purchased Power							3,645,263
7		Demand Charges							496,056
		Metering Point & Substations Charges						-	12,611,222
8		Energy Charges						-	2,378
9		Renewable						(2,086,626)	(2,086,626)
10		<b>Total Purchased Power</b>	18,841,544						16,754,918
11									-
12	580	Operations Supv & Eng	-	-					-
	581	Load Dispatching	-						-
13	582	Station Expense	-					2,056	485,319
14	583	Overhead Line Exp.	483,263	2,056				-	-
15	584	Underground Line Exp	-	-				12	417
16	585	Street Lights	405	12				15,827	568,323
17	586	Meter Expense	552,496	15,827				-	-
18	587	Consumer Installations	-	-				1,004	110,210
19	588	Misc. Distribution Exp	109,206	449	555			-	-
20	589	Rents	-					-	-
21		<b>Total Dist. Operations</b>	1,145,370	18,344	555	-	-	-	1,164,269
22									8,422
23	590	Maint Supv & Eng	247,661	8,422					256,083
24	592	Maint of Station Equip	-					28,713	2,628,431
25	593	Maint. Overhead Lines	2,599,718	28,713				17	969
26	594	Maint of Underground Lines	952	17				564	26,312
27	595	Maint Line Transformers	25,748	564				-	-
28	596	Maint of Street Lights	-	-				-	2,993
29	597	Maintenance of Meters	2,993	-				3,093	76,357
30	598	Maint Misc Distrib Plant	73,264	2,100	993			-	40,808
31		<b>Total Dist. Maint.</b>	2,950,336	39,815	993	-	-	-	2,991,144

TEST YEAR REVENUE REQUIREMENTS WITH ADJUSTMENTS

32									3,796	104,897
33	901	Supervision	101,101	3,541	255				17	612
34	902	Meter Reading Expense	595	17					22,427	875,701
35	903	Cons Recds & Collections	853,274	22,427				-	49	102,492
36	904	Uncollectible Accounts	102,443	49				-	26,289	1,083,702
37		<b>Total Consumer Accts</b>	1,057,413	26,034	255			-		
38									-	-
39	907	Customer Information	-	-					3,940	220,531
40	908	Customer Accounting	-	-	211				-	-
41	909	Consumer Information	216,591	3,729					844	24,527
42	910	Mis. Customer Information	-	-					-	5,844
43	912	Key Accounts Expenses	23,683	844					-	250,903
	913	Advertising	5,844						4,785	
44		<b>Total Customer Serv.</b>	246,118	4,574	211			-		
45									37,995	1,029,889
46	920	Administrative Salaries	991,895	37,995					-	159,401
47	921	Office Supplies	159,401				(4,852)		(4,852)	75,573
48	923	Outside Services	80,425						-	-
49	924	Property Ins	-						-	-
50	925	Injuries & Damages	-	3,880					3,880	3,880
51	926	Employ Pensions & Benef	-						-	-
52	928	Regulatory Exp	-						-	-
53	929	Duplicate Charges	-				(95,058)		(93,639)	199,679
54	930	Misc General Exp	293,318	1,419					-	-
55	931	Rents	-						3,596	330,246
56	932	Maintenance of Gen. Plant	326,650	3,234	362				(53,020)	1,798,669
57		<b>Total Admin &amp; General</b>	1,851,689	46,528	362		(99,910)	-		
58									31,862	2,803,152
59	403.6	Deprec. Distribution Plant	2,771,291		31,862				6,228	179,720
60	403.7	Deprec. General Plant	173,492		6,228				38,090	2,982,872
61		<b>Total Depreciation</b>	2,944,782		38,090					
62									-	30,541
	408.6	Taxes	30,541						-	-
64	408.5	Miscellaneous Amortization	-				(19,002)		(19,002)	(6,937)
65	425-426	Contributions	12,065				(19,002)		(19,002)	23,604
66		<b>Total Miscellaneous</b>	42,606							

TEST YEAR REVENUE REQUIREMENTS WITH ADJUSTMENTS

67										-	419,806
68	427.1	INTEREST ON REA CONST LOAN	419,806							56,437	592,010
69	427.2	LONG TERM INTEREST-LBC	535,573							-	49,575
70	427.3	INTEREST ON CO-BANK	49,575							-	26,040
	427.6	Interst FFB	26,040							56,437	1,087,431
71		<b>Total Interest on LTD</b>	1,030,994							-	
72											35,681
73	430	interest Associated Organization	35,681							(35,691)	40,339
74	431	Interest on Consumer Deposits	76,030							(35,691)	76,020
76		<b>Total ST Interest</b>	111,711								
77											
78		<b>Total Costs</b>	30,222,564	135,294	40,466	20,746	(118,912)	(2,086,626)	(2,009,032)	501,950	1,087,431
79		<b>Margin Requirements</b>	585,481							(1,507,081)	29,300,963
80		<b>Total Revenue Require.</b>	30,808,045	135,294	40,466	522,696	(118,912)	(2,086,626)			
81											
82		<b>Less; Misc Income</b>									506,260
83	450	Forfeited Discounts	506,260								
84	451	Misc Service Revenue	-								
85	452	Return Check Charge	-								448,813
86	454	Rent from Electric Prop.	448,813							(121,411)	(33,413)
	456	Other Electric Revenue	87,998							(121,411)	921,661
87		<b>Total Misc Income</b>	1,043,072								
88											
89		<b>Less: Other Income</b>									(20,230)
90	415	Net Revenue from Merchandising	(20,230)								(25,170)
	416	Cost of Merchandising	(25,170)								
	417	Revenue from Non-utility Operations	-								
	418	Revenue from Non-operating rentals	-								29,873
91	419	Interest Income	29,873								(2,266)
92	421	Misc. Non-operating Income	(2,266)								168,601
93	424	Other Capital Credits	168,601							(1,357,241)	
	423	G&T Capital Credits	1,357,241							(1,357,241)	150,809
		<b>Total Other Income</b>	1,508,050								
94											
95											
96		<b>Revenue Requirements from Rates</b>	28,256,924	135,294	40,466	644,107	1,238,329	(2,086,626)	(28,429)		28,228,494
97											
98											2.00
99		TIER	1.57								

**GRAYSON RECC  
CASE NO. 2012-00426**

Revised Exhibit R  
Schedule 1.1  
Page 5 of 42  
Witness: Jim Adkins

**ALLOCATION OF TEST YEAR ADJUSTMENTS TO VARIOUS ACCOUNTS**

				Wages & Salaries Adj.	Payroll Tax Adj.	FAS 106 Adj.	Retirement Adj.	Health Insurance Adj.	Total
		Amount	Percent						
580.00	Supervision, operations	-	0.00%	0	0	0	0	0	0
582.00	Station	-	0.00%	0	0	0	0	0	0
583.00	Overhead line	19,741	1.52%	845	90	677	445	0	2,056
585.00	Street Light Expense	113	0.01%	5	1	4	3	0	12
586.00	Meter	151,951	11.70%	6,503	690	5,212	3,423	0	15,827
587.00	Installations	-	0.00%	0	0	0	0	0	0
588.00	Miscellaneous distribution	4,306	0.33%	184	20	148	97	0	449
590.00	Supervision, maintenance	80,858	6.23%	3,460	367	2,773	1,821	0	8,422
593.00	Maintenance	275,658	21.22%	11,797	1,252	9,455	6,209	0	28,713
594.00	Underground	159	0.01%	7	1	5	4	0	17
595.00	Transformers	5,410	0.42%	232	25	186	122	0	564
596.00	Street lights	-	0.00%	0	0	0	0	0	0
597.00	Meters	-	0.00%	0	0	0	0	0	0
598.00	Miscellaneous maintenance	20,157	1.55%	863	92	691	454	0	2,100
901.00	Supervision	33,996	2.62%	1,455	154	1,166	766	0	3,541
902.00	Meter reading	160	0.01%	7	1	5	4	0	17
903.00	Consumer records	215,311	16.58%	9,214	978	7,385	4,850	0	22,427
904.00	Consumer records	472	0.04%	20	2	16	11	0	49
907.00	Supervision, Customer serv	-	0.00%	0	0	0	0	0	0
908.00	Consumer accounting	-	0.00%	0	0	0	0	0	0
909.00	Consumer information	35,803	2.76%	1,532	163	1,228	806	0	3,729
912.00	Demostration & Selling	8,105	0.62%	347	37	278	183	0	844
920.00	Administrative	364,769	28.08%	15,610	1,657	12,512	8,216	0	37,995
926.00	Employee Benefits	37,248	2.87%	1,594	169	1,278	839	0	3,880
930.00	Miscellaneous	13,622	1.05%	583	62	467	307	0	1,419
935.00	Maintenance general plant	31,051	2.39%	1,329	141	1,065	699	0	3,234
	<b>Total</b>	<b>1,298,890</b>	<b>100%</b>	<b>55,586</b>	<b>5,899</b>	<b>44,552</b>	<b>29,257</b>	<b>0</b>	<b>0</b>

**GRAYSON RECC  
CASE NO. 2012-00426**

Revised Exhibit R  
Schedule 2  
Page 6 of 42  
Witness: Jim Adkins

**FUNCTIONALIZATION SUMMARY**

	Purchased					
Expense	Power	Stations	Lines	Transformers	Services	
Purchased Power	16,754,918					
Distribution Operations		-	478,742	-	57,322	
Distribution Maintenance		-	2,958,055	29,721	-	
Consumer Accounts		-	-	-	-	
Customer Service		-	-	-	-	
Administrative & General		-	341,499	18,769	40,889	
Depreciation		-	1,955,347	369,571	310,640	
Miscellaneous		-	4,475	246	536	
Interest on Long Term Debt		-	710,806	134,235	112,891	
Short Term Interest		-	49,691	9,384	7,892	
Total Costs	16,754,918	-	6,498,615	561,926	530,170	
Margin Requirements	-	-	710,806	134,235	112,891	
Revenue Requirements	16,754,918	-	7,209,421	696,161	643,061	



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**FUNCTIONALIZATION SUMMARY**

		Consumer			
		Services &	Outdoor	Street	
Expense	<u>Meters</u>	<u>Accounting</u>	<u>Lighting</u>	<u>Lighting</u>	<u>Total</u>
Purchased Power					16,754,918
Distribution Operations	627,746	-	461	-	1,164,270
Distribution Maintenance	3,367	-	-	-	2,991,144
Consumer Accounts	-	1,083,702	-	-	1,083,702
Customer Service	-	250,903	-	-	250,903
Administrative & General	447,788	952,010	329	-	1,801,284
Depreciation	180,903	94,985	71,427	-	2,982,872
Miscellaneous	5,868	12,475	4	-	23,604
Interest on Long Term Debt	66,769	36,794	25,936	-	1,087,431
Short Term Interest	4,668	2,572	1,813	-	76,020
<b>Total Costs</b>	<b>1,337,109</b>	<b>2,433,441</b>	<b>99,969</b>	<b>-</b>	<b>28,216,148</b>
Margin Requirements	66,769	36,794	25,936	-	1,087,431
Revenue Requirements	1,403,878	2,470,235	125,905	-	29,303,579
					28,216,148

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**FUNCTIONALIZATION OF TEST YEAR EXPENSES**

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		FUNCTIONALIZATION												
Acct No.	Description	Expenses								Consumer	Security	Net	Alloc.	
		Adjusted Test Year	Purchased Power	Stations	Lines	Trans-formers	Services	Meters	Services & Accounting	Lighting	Total	Basis		
555	Purchased Power													
	Demand Charges	3,645,263	3,645,263										3,645,263	
	Metering Point & Substations Charges	496,056	496,056										496,056	
	Energy Charges	12,611,222	12,611,222										12,611,222	
	Renewable	2,378	2,378										2,378	
	Total Purchased Power	16,754,918	16,754,918										16,754,918	DA
													-	
580	Operations Supv & Eng	-											-	DA
581	Load Dispatching	-											-	DA
582	Station Expense	-											-	DA
583	Overhead Line Exp.	485,319			427,998				57,322				485,319	DA
584	Underground Line Exp	-											-	DA
585	Street Lights	417									417		417	DA
586	Meter Expense	568,323							568,323				568,323	DA
587	Consumer Installations	-											-	DA
588	Misc. Distribution Exp	110,210			50,744				59,423		44		110,210	2
589	Rents	-											-	2
	Total Dist. Operations	1,164,269			478,742				57,322		461		1,164,270	
													-	
590	Maint Supv & Eng	256,083			253,168		2,627		288				256,083	3
592	Maint of Station Equip	-											-	DA
593	Maint. Overhead Lines	2,628,431			2,628,431								2,628,431	DA
594	Maint of Underground Lines	969			969								969	DA
595	Maint Line Transformers	26,312					26,312						26,312	DA
596	Maint of Street Lights	-											-	DA
597	Maintenance of Meters	2,993							2,993				2,993	DA
598	Maintenance of Security Lights	76,357			75,487		783		86				76,357	
	Maint Misc Distrib Plant	2,991,144			2,958,055		29,721		3,367				2,991,144	
													-	
													104,897	
		104,897											104,897	
													612	DA
901	Supervision	612											612	DA
902	Meter Reading Expense	875,701											875,701	DA
903	Cons Recds & Collections	102,492											102,492	DA
	Uncollectible Accounts	1,083,702											1,083,702	DA
													-	
0		0											-	DA
907	Customer Information	-											-	DA
908	Customer Accounting	220,531											220,531	DA
909	Consumer Information	-											-	DA
912	Demonstration & Selling Exp	24,527											24,527	DA
913	Advertising	5,844											5,844	DA
	Total Customer Serv.	250,903											250,903	DA

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**FUNCTIONALIZATION OF TEST YEAR EXPENSES**

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Acct No.	Description	FUNCTIONALIZATION										Alloc. Basis
		Expenses	Purchased Power	Stations	Lines	Trans-formers	Services	Meters	Consumer Services & Accounting	Security Lighting	Net Total	
		Adjusted Test Year										
920	Administrative Salaries	1,029,889	-	-	195,253	10,731	23,378	256,024	544,314	188	1,029,889	7
921	Office Supplies	159,401	-	-	30,220	1,661	3,618	39,626	84,246	29	159,401	7
923	Outside Services	75,573	-	-	14,328	787	1,715	18,787	39,942	14	75,573	7
924	Property Ins	-	-	-	-	-	-	-	-	-	-	7
925	Injuries & Damages	-	-	-	-	-	-	-	-	-	-	7
926	Employ Pensions & Benef	3,880	-	-	736	40	88	965	2,051	1	3,880	7
928	Regulatory Exp	-	-	-	-	-	-	-	-	-	-	7
929	Duplicate Charges	-	-	-	-	-	-	-	-	-	-	7
930	Misc General Exp	199,679	-	-	37,856	2,081	4,533	49,639	105,534	36	199,679	7
931	Rents	-	-	-	-	-	-	-	-	-	-	4
935	Maintenance of Gen. Plant	332,862	-	-	63,106	3,468	7,556	82,747	175,923	61	332,862	4
	Total Admin & General	1,801,284	-	-	341,499	18,769	40,889	447,788	952,010	329	1,801,284	4 Gen Plt
403.6	Deprec. Distribution Plant	2,803,152	-	-	1,921,274	367,698	306,561	136,225	-	71,394	2,803,152	6
403.7	Deprec. General Plant	179,720	-	-	34,073	1,873	4,080	44,677	94,985	33	179,720	6
	Total Depreciation	2,982,872	-	-	1,955,347	369,571	310,640	180,903	94,985	71,427	2,982,872	
408.6	Taxes	30,541	-	-	5,790	318	693	7,592	16,141	6	30,541	
408.5	Miscellaneous Amortization	-	-	-	-	-	-	-	-	-	-	
425-428	Contributions	(6,937)	-	-	(1,315)	(72)	(157)	(1,724)	(3,666)	(1)	(6,937)	
	Total Miscellaneous	23,604	-	-	4,475	246	536	5,868	12,475	4	23,604	Tot Plt
427.1	Interest-RUS	419,806	-	-	274,409	51,822	43,582	25,777	14,204	10,012	419,806	
427.2	Interest-CoBank	592,010	-	-	386,971	73,079	61,459	36,350	20,031	14,120	592,010	
427.3	Interest CFC	49,575	-	-	32,405	6,120	5,147	3,044	1,677	1,182	49,575	
427.6	Interest on Long Term Debt - FFB	26,040	-	-	17,021	3,214	2,703	1,599	881	621	26,040	
	Total Interest on LTD	1,087,431	-	-	710,806	134,235	112,891	66,769	36,794	25,936	1,087,431	5
431	Other Interest Expense	35,681	-	-	23,323	4,405	3,704	2,191	1,207	851	35,681	
431	Interest on Consumer Deposits	40,339	-	-	26,368	4,980	4,188	2,477	1,365	962	40,339	
	Total ST Interest	76,020	-	-	49,691	9,384	7,892	4,668	2,572	1,813	76,020	Rate Base
	Total Costs	28,216,148	16,754,918	-	6,498,615	561,926	530,170	1,337,109	2,433,441	99,969	28,216,148	
	Margin Requirements	1,087,431	-	-	710,806	134,235	112,891	66,769	36,794	25,936	1,087,431	
	Total Revenue Require.	29,303,579	16,754,918	-	7,209,421	696,161	643,061	1,403,878	2,470,235	125,905	29,303,579	

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FUNCTIONALIZATION OF TEST YEAR EXPENSES

FOOTNOTES									
1 Line Expenses are Allocated between Lines and Services Based on Plant Investment.									
			\$\$\$	%					
	Poles and Conductor		47,510,673	88.19%					
	Services		6,363,078	11.81%					
	Total		53,873,751	100.00%					
2 Allocation of Dist. Oper. Supervision & Miscellaneous Expenses									
			Actual	%		Superv	Exp.	Rents	
	Load Dispatching		-	0.00%		-	-	-	
	Stations		485,319	46.04%		-	50,744	-	
	Lines		-	0.00%		-	-	-	
	Transformer		-	0.00%		-	59,423	-	
	Services		568,323	53.92%		-	-	-	
	Meters		-	0.00%		-	44	-	
	Consumer Installation		417	0.04%		-	-	-	
	Street Lighting		-	0.00%		-	-	-	
	Rent		-	-		-	110,210	-	
			1,054,059	1		-	110,210	-	
3 Allocation of Dist. Maint. Supervision & Miscellaneous Expenses									
			Actual	%		Superv	Misc. Exp.		
	Stations		2,629,399	98.86%		253,168	75,487		
	Lines		27,280	1.03%		2,627	783		
	Transformers		-	0.00%		-	-		
	Services		2,993	0.11%		288	86		
	Meters		-	0.00%		-	-		
	Cust Service		-	0.00%		-	-		
	Street Lighting		2,659,672	100%		256,083	76,357		
						256,083	76,357		
4 General Plant Allocation Comes From the Rate Base Schedule Line General Plant Percent									
5 Rate Base Allocation Comes from the Rate Base Schedule Line Rate Base Percent.									
6 Depreciation Expense Allocation Comes from the Net Plant Percent in Rate Base									
		Total	Lines	Services	Outdoor Lighting	Lines	Services	Outdoor Lighting	
	Rate Base Data				-	100.0%		0.0%	
	Poles, Towers and Fixtures	17,682,213	17,682,213		-	100.0%		0.0%	
	Overhead Conductor	356,196	356,196		-		100.0%	0.0%	
	Services	6,363,078		6,363,078	-			0.0%	
		24,401,487	18,038,409	6,363,078	-	73.9%	26.1%	0.0%	



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RATE BASE

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FUNCTIONALIZATION OF RATE BASE											
Distribution Plant Balances											
Plant	Description	\$\$\$	Stations	Lines	Transformers	Services	Meters	Consumer & Accounting Services	Security Lighting	Street Lighting	
Account											
1	301	Organization	-								
2	360	Land and Land Rights	-								
3	362	Station Equipment	31,054	-	31,054						
4	364	Poles, Towers & Fixtures	21,809,148		21,809,148						
5	365	Overhead Conductor & Devices	17,682,213		17,682,213						
6	367	Underground Conductor	356,196		356,196						
7	368	Line Transformers	7,632,062			7,632,062					
8	369	Services	6,363,078				6,363,078				
9	370	Meters	2,827,541					2,827,541			
10	371	Security Lights	1,481,876						1,481,876		
11	373	Street Lights	-							-	
12		Total Distribution Plant	58,183,168	-	39,878,611	7,632,062	6,363,078	2,827,541	-	1,481,876	-
13		Distribution Plant Percent	100.00%	0.0%	68.5%	13.1%	10.9%	4.9%	0.0%	2.5%	0.0%
14											
15		Total General Plant	5,769,788	-	1,093,875	60,119	130,974	1,434,334	3,049,433	1,053	-
16		General Plant Percent	100.00%	0.0%	19.0%	1.0%	2.3%	24.9%	52.9%	0.0%	0.0%
17											
18		Total Utility Plant	63,952,956	-	40,972,486	7,692,181	6,494,052	4,261,875	3,049,433	1,482,929	-
19		Utility Plant Percent	100.00%	0.00%	64.07%	12.03%	10.15%	6.66%	4.77%	2.32%	0.00%
20											
21		Accum. Depreciation									
22		Distribution Plant	11,276,272	-	7,728,731	1,479,143	1,233,205	547,996	-	287,197	-
23		General Plant	2,529,945	-	479,644	26,361	57,430	628,929	1,337,120	462	-
24											
25		Net Plant	50,146,739	-	32,764,111	6,186,677	5,203,417	3,084,951	1,712,313	1,195,270	-
26		Net Plant Percent	100.00%	0.00%	65.34%	12.34%	10.38%	6.15%	3.41%	2.38%	0.00%
27											
28		CWIP	601,906	-	412,545	78,954	65,826	29,251	-	15,330	-
29		Subtotal	50,748,645	-	33,176,656	6,265,631	5,269,243	3,114,202	1,712,313	1,210,600	-
30		Plus									
31		Cash Working Capital	906,366	-	592,532	111,904	94,108	55,619	30,582	21,621	-
32		Materials & Supplies	274,385	-	179,377	33,877	28,489	16,838	9,258	6,545	-
33		Prepayments	163,848	-	107,114	20,229	17,012	10,055	5,528	3,909	-
34		Minus: Consumer Advances	145,715	-	99,873	19,114	15,936	7,081	-	3,711	-
35											
36		Net Investment Rate Base	51,947,528	-	33,955,807	6,412,527	5,392,917	3,189,632	1,757,682	1,238,964	-
37											
38		Rate Base Percent	100.00%	0.00%	65.37%	12.34%	10.38%	6.14%	3.38%	2.39%	0.00%



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**CLASSIFICATION OF EXPENSES**

			Consumer	Demand	
			Related	Related	
	2		Costs	Costs	Total
<u>Expense</u>	<u>Lines</u>		<u>Costs</u>	<u>Costs</u>	<u>Total</u>
Purchased Power	-		-	-	-
Distribution Operations	478,742		101,946	376,795	478,742
Distribution Maintenance	2,958,055		629,908	2,328,148	2,958,055
Consumer Accounts	-		-	-	-
Customer Service	-		-	-	-
Administrative & General	341,499		72,721	268,778	341,499
Depreciation	1,955,347		416,384	1,538,962	1,955,347
Miscellaneous	4,475		953	3,522	4,475
Interest on Long Term Debt	710,806		151,364	559,442	710,806
Short Term Interest	49,691		10,582	39,109	49,691
<b>Total Costs</b>	<b>6,498,615</b>		<b>1,383,857</b>	<b>5,114,758</b>	<b>6,498,615</b>
Margin Requirements	710,806		151,364	559,442	710,806
Revenue Requirements	7,209,421		1,535,221	5,674,200	7,209,421
			Consumer	Demand	
			Related	Related	
	3		Costs	Costs	Total
<u>Expense</u>	<u>Transformers</u>		<u>Costs</u>	<u>Costs</u>	<u>Total</u>
Purchased Power	-		-	-	-
Distribution Operations	-		-	-	-
Distribution Maintenance	29,721		8,849	20,872	29,721
Consumer Accounts	-		-	-	-
Customer Service	-		-	-	-
Administrative & General	18,769		5,588	13,181	18,769
Depreciation	369,571		110,032	259,539	369,571
Miscellaneous	246		73	173	246
Interest on Long Term Debt	134,235		39,966	94,269	134,235
Short Term Interest	9,384		2,794	6,590	9,384
<b>Total Costs</b>	<b>561,926</b>		<b>167,302</b>	<b>394,624</b>	<b>561,926</b>
Margin Requirements	134,235		39,966	94,269	134,235
Revenue Requirements	696,161		207,268	488,893	696,161
			Energy	Demand	
			Related	Related	
			Costs	Costs	
Purchased Power	16,754,918		12,613,599	4,141,319	16,754,918



**CLASSIFICATION OF EXPENSES**

		Consumer Related Costs			
				Consumer	
				Services &	
Expense		<u>Services</u>	<u>Meters</u>	<u>Accounting</u>	<u>Total</u>
Purchased Power		-	-	-	-
Distribution Operations		57,322	627,746	-	685,067
Distribution Maintenance		-	3,367	-	3,367
Consumer Accounts		-	-	1,083,702	1,083,702
Customer Service		-	-	250,903	250,903
Administrative & General		40,889	447,788	952,010	1,440,687
Depreciation		310,640	180,903	94,985	586,528
Miscellaneous		536	5,868	12,475	18,879
Interest on Long Term Debt		112,891	66,769	36,794	216,455
Short Term Interest		7,892	4,668	2,572	15,132
<b>Total Costs</b>		<b>530,170</b>	<b>1,337,109</b>	<b>2,433,441</b>	<b>4,300,720</b>
Margin Requirements		112,891	66,769	36,794	216,455
Revenue Requirements		643,061	1,403,878	2,470,235	4,517,175
			6		
		Stations	<u>Lighting</u>	<u>Lighting</u>	
Expense					
Purchased Power					
Distribution Operations		-	461	-	461
Distribution Maintenance		-	-	-	-
Consumer Accounts		-	-	-	-
Customer Service		-	-	-	-
Administrative & General		-	329	-	329
Depreciation		-	71,427	-	71,427
Miscellaneous		-	4	-	4
Interest on Long Term Debt		-	25,936	-	25,936
Short Term Interest		-	1,813	-	1,813
<b>Total Costs</b>		<b>-</b>	<b>99,969</b>	<b>-</b>	<b>99,969</b>
Margin Requirements		-	25,936	-	25,936
Revenue Requirements		-	125,905	-	125,905

DEMAND AND CONSUMER RELATED INVESTMENTS

ACCOUNT 364 - POLES					
1. Actual Data					
Poles	Size	Investment	Number of Units	Unit Cost	
20' and 30' Poles	25	2,325,577.00	11,091	\$	209.68
35' Poles	35	717,647.00	5,038	\$	142.45
40' Poles	40	7,421,263.00	15,544	\$	477.44
45' Poles	45	2,655,586.00	4,875	\$	544.74
50' and 55' Poles	50	1,078,116.00	1,459	\$	738.94
60', 65, and 70' Poles	70	140,727.00	175	\$	804.15
<b>Subtotal</b>		14,338,916	38,182		
All other items		0			
<b>Total Investment in Poles</b>		14,338,916			
<b>2. Determination of Demand and Consumer Related Investment</b>					
		Formula	Slope	Y intercept	
Intercept	80.63367872	$y=b^*m^x$	1.037	80.634	
SLOPE	1.037394679			80.63	
Use y-intercept				38,182	
Number of poles				3,078,755	
Consumer Related Investment				14,338,916	
Total Investment in poles				21.47%	
<b>Percent Customer Related</b>				78.53%	
<b>Percent Demand Related</b>					

DEMAND AND CONSUMER RELATED INVESTMENTS

ACCOUNT 365 - CONDUCTOR					
<b>1. Actual Data</b>					
	Investment	Number of Units	Unit Cost	WIRE	
Conductor	52,635	809,421	\$ 0.0650	120	
6,8 ACWC	12,364	131,256	\$ 0.0942		
#2 HD	2,695,993	14,074,883	\$ 0.1915	184	
2, 4 ACSR	33,048	200,177	\$ 0.1651		
1/0 CU	984,647	1,821,300	\$ 0.5406	248	
AAC4/0	3,123,667	7,266,242	\$ 0.4299	230	
1/0, 3/0 ACSR	386,319	347,974	\$ 1.1102	510	
336 & 337 ACSR					
	7,288,672	24,651,253			
All other OH Conductor Invest.	-				
<b>TOTAL</b>	<b>7,288,672</b>				
<b>2. Demand and Consumer Investment Percents</b>					
linest resulted in neg intercept					
Formula	y=bm^x				
Intercept	0.062696671				
SLOPE	1.006294456				
Use zero intercept				0.06270	
Amount of Conduit				24,651,253	
Consumer Related Investment				1,545,551	
Total Investment in conductor				7,288,672	
<b>Percent Customer Related</b>				<b>21.20%</b>	
<b>Percent Demand Related</b>				<b>78.80%</b>	
<b>Breakdown of Lines into Demand Related and Consumer Related Components</b>					
Acct No.	Total Investment	Consumer-Related		Demand-Related	
		Percent	Amount	Percent	Amount
365.00	14,338,916	21.20%	3,040,544.59	78.80%	11,298,371
364.00	7,288,672	21.47%	1,564,974.45	78.53%	5,723,698
	21,627,588		4,605,519.04		17,022,069
			<b>21.29%</b>		<b>78.71%</b>
<b>%</b>	<b>100.00%</b>				

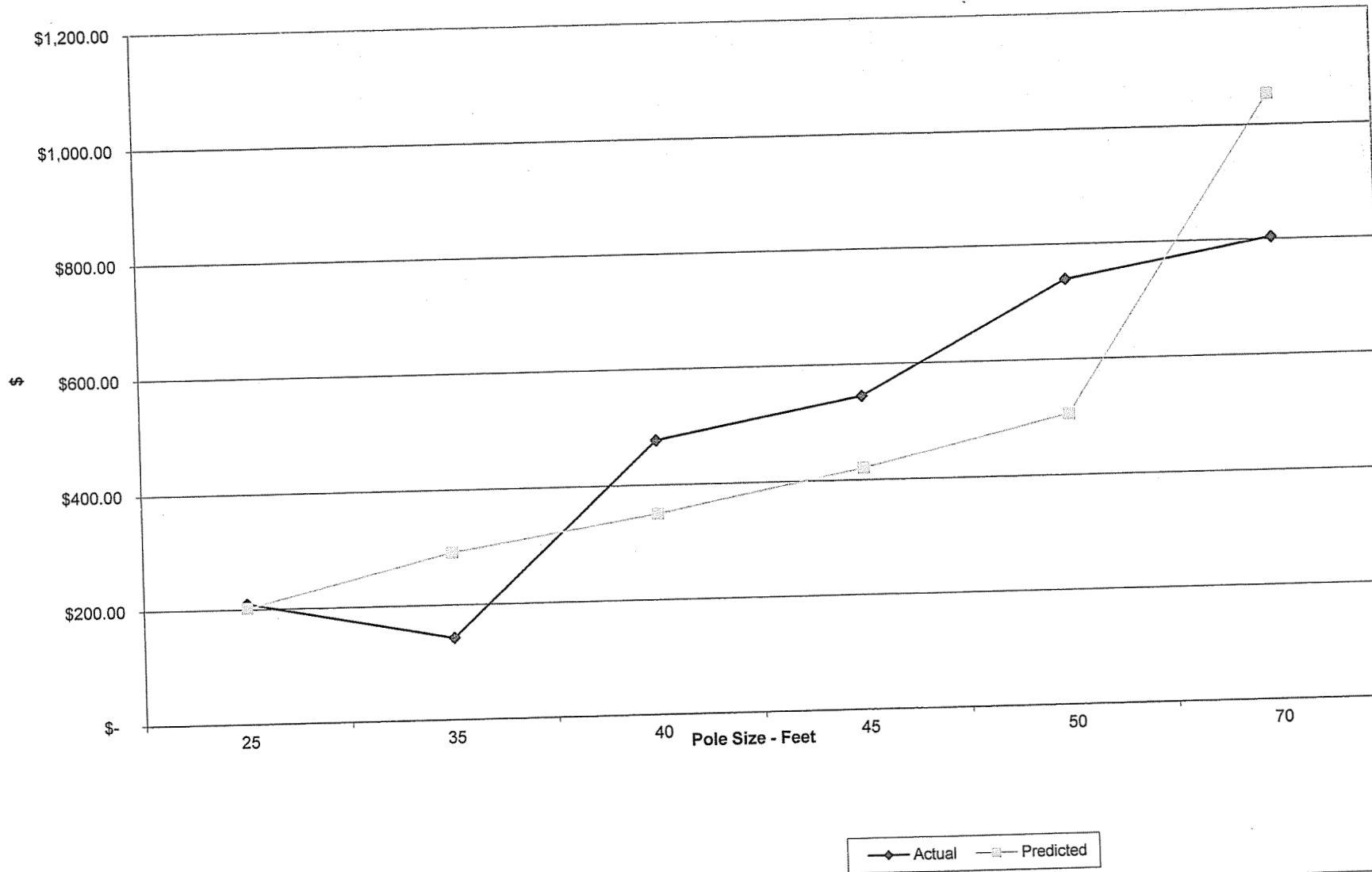
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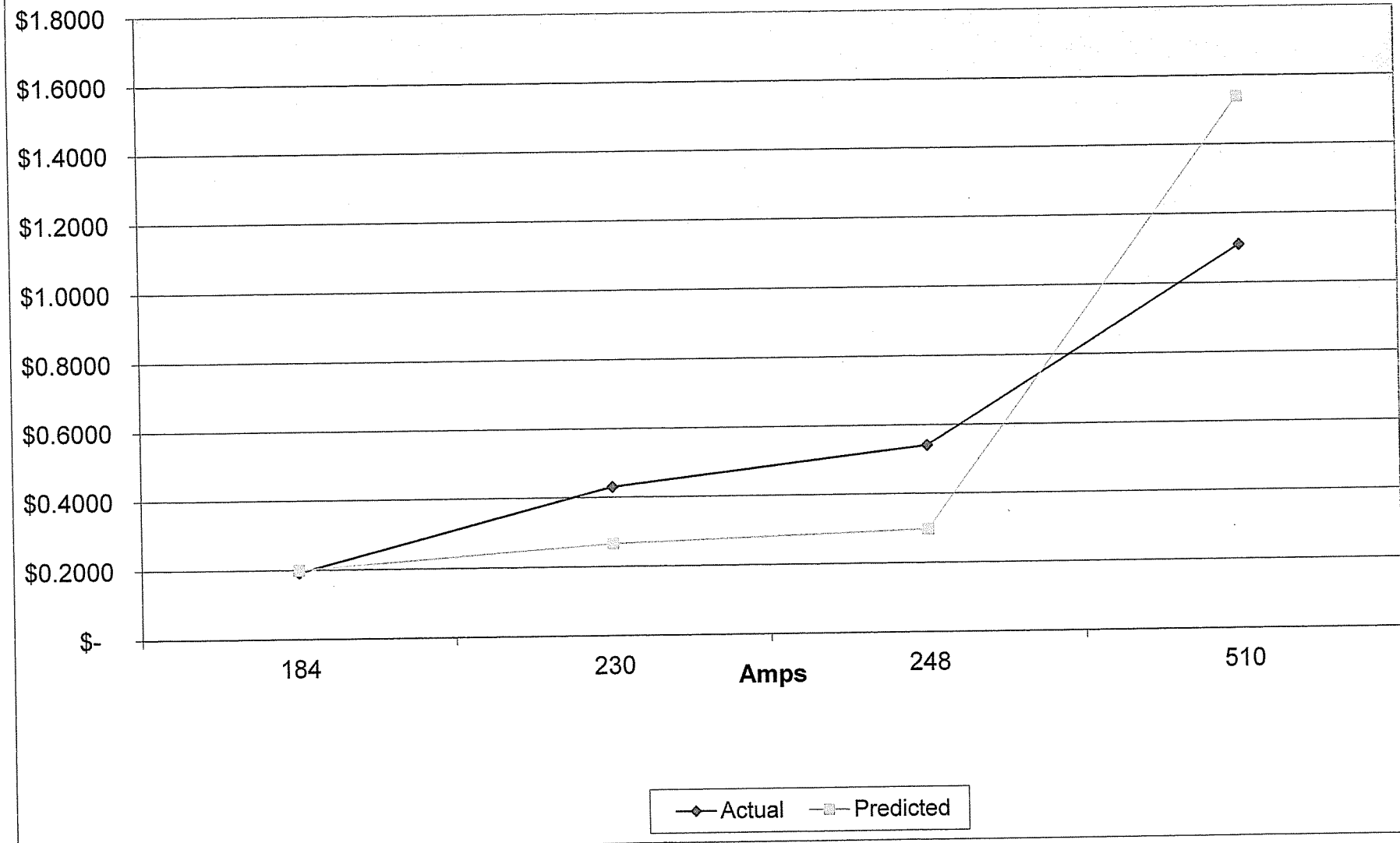
DEMAND AND CONSUMER RELATED INVESTMENTS				
ACCOUNT 368 - TRANSFORMERS				
Type of Transformer	Size In KVA	Number of Transformers	Total Cost	Per Unit Cost
25 KV PADMOUNT	25	13	14,554	1,119.55
50 KVA PADMOUNT	50	18	26,874.94	1,493.05
75 KV PADMOUNT	75	3	9,546	3,181.86
100-1000 KV PADMOUNT	100	7	29,956	4,279.44
2500 PADMOUNT	2500	3	83,416	27,805.27
500 KVA CONV	500	7	38,638	5,519.70
10 KVA CONV	10	92	20,291	220.56
15 KVA CONV	15	171	80,387	470.10
25 KVA CONV	25	131	65,295	498.43
37.5 KVA CONV	37.5	37	22,743	614.69
50 KVA CONV	50	86	82,986.17	964.96
75 KVA CONV	75	41	42,083.43	1,026.43
100 KVA CONV	100	40	58,880.80	1,472.02
167 KVA CONV	167	20	51,255.96	2,562.80
250 KVA CONV	250	17	49,167.25	2,892.19
300 KVA PADMOUNT	300	3	18,358.31	6,119.44
255 KVA PADMOUNT	255	2	11,284.94	5,642.47
750 KVA PADMOUNT	750	2	19,096.59	9,548.30
5 KVA SP & CSP	5	326	49,335.20	151.33
10 KVA SP & CSP	10	4,419	1,522,356.39	344.50
15 KVA SP & CSP	15	5,297	2,604,442.84	491.68
25 KVA SP & CSP	25	3,373	2,204,397.02	653.54
37.5 KVA SP & CSP	37.5	246	196,516.78	798.85
50 KVA SP & CSP	50	37	34,356.40	928.55
75 KVA CSP	75	2	1,669.46	834.73
Total		14,393	7,337,888	
<b>2. Demand and Consumer Investment Percents</b>				
Regression Equation				
Intercept	151.7894004			
slope	17.68882977			
Use Intercept				151.7894004
Number of Transformers				14,393
Consumer Related Investment				2,184,705
Total Investment in transformers				7,337,888.42
Percent Customer Related				29.77%
Percent Demand Related				70.23%

7842

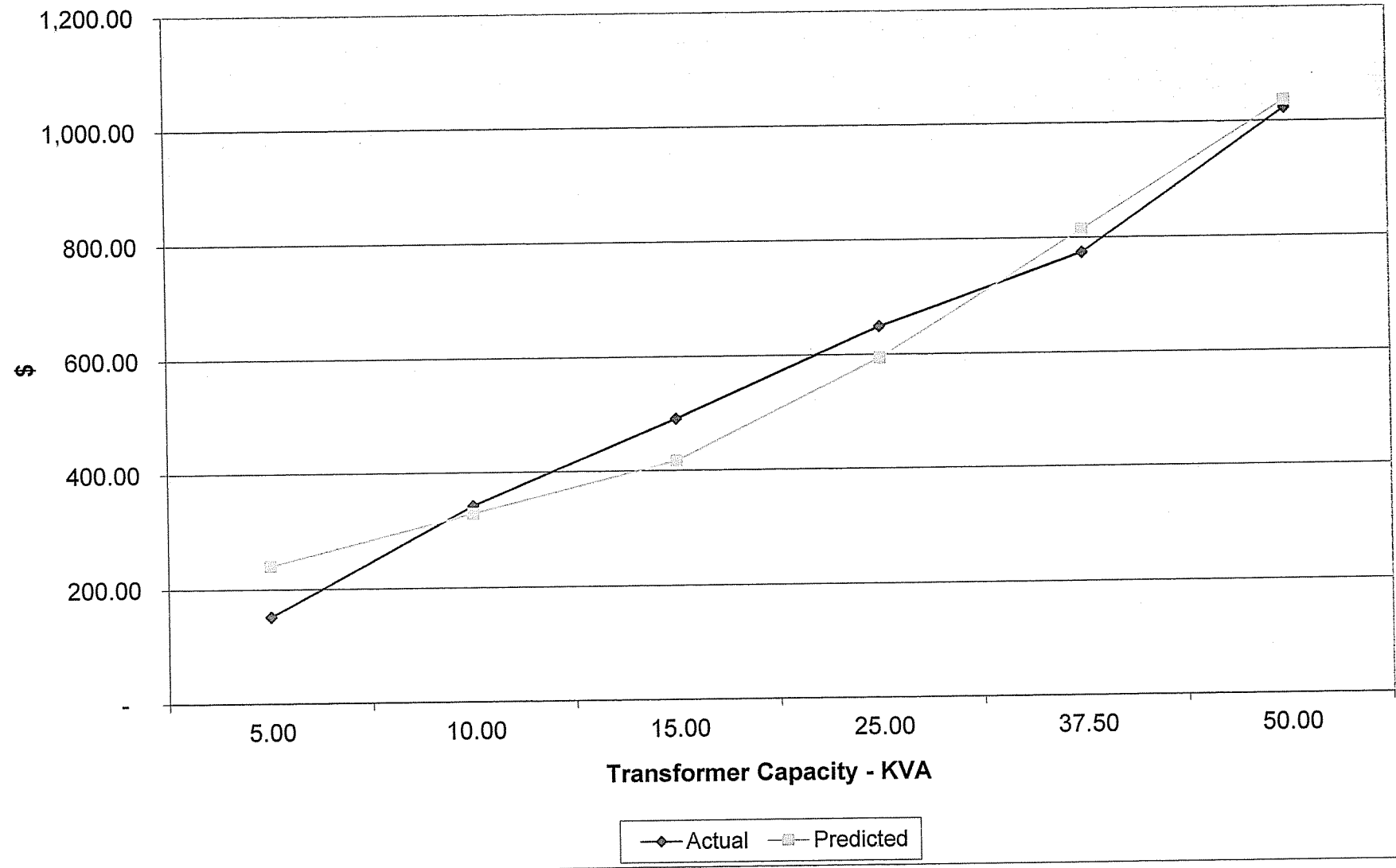
### ACCOUNT 364 - POLES



### Account 365 - Overhead Conductor



### ACCOUNT 368 - TRANSFORMERS







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**ALLOCATION OF COSTS TO RATE CLASSES**

Function	Classification	Amount	Rate 3	Rate 1	Rate 2	Rate 3	Rate 4	Rate 5	Rate 6	Rate 7	Rate 10	
			Envior watts	Residential	Small Commercial	ETS Rate	Large Power	Street Lights	Yard Lights	AES	Res TOD	
Purch Power-Sched C	Demand	308,640										
Purch Power-Sched C	Energy	1,075,732										
Purch Power-Sched E	Demand	3,336,623		2,573,094	248,560	21,202	251,019	772	31,133	79,172	467	
Purch Power-Sched E	Energy	11,535,490		8,506,080	823,661	92,191	873,745	3,482	213,201	277,821	2,219	
Purch Power-Sched E	Envirowatts	2,378	2,378									
Metering & Substation	Demand											
Stations	Demand	496,056		350,482	44,530	6,205	39,202	190	7,614	13,337	65	
Lines	Consumer	1,535,221		1,240,198	109,694	10,218	5,910	1,402	100	902	200	
Lines	Demand	5,674,200		4,009,032	509,368	70,978	448,418	2,170	87,095	152,558	740	
Transformers	Consumer	207,268		157,456	18,512	1,297	1,417	55	13	216	25	
Transformers	Demand	488,893		398,518	30,418	2,355	19,515	72	2,890	6,100	72	
Services	Consumer	643,061	-	486,324	60,953	4,007	-	-	-	-	354	
Meters	Consumer	1,403,878		1,134,964	100,387	9,351	5,409	-	-	825	183	
Consumer Services & Accounting	Consumer	- 2,470,235		1,891,060	167,263	5,843	22,531	3,265 2,023	120,635 123,881	1,375	306	
Lighting	Lighting	125,905										
Revenue Requirements		29,303,579	2,378	20,747,209	2,113,345	223,648	1,667,167	13,431	586,563	532,306	4,631	
								<b>SUMMARY</b>				
			Rate 3	Rate 1	Rate 2	Rate 3	Rate 4	Rate 5	Rate 6	Rate 7	Rate 10	
			Envior	Residential	Small	ETS	Large	Street	Yard	AES	Res	
		Amount	watts	Commercial	Commercial	Rate	Power	Lights	Lights		TOD	
Consumer Related		6,259,664	-	4,910,002	456,808	30,716	35,267	4,722	120,748	3,318	1,068	
Demand Related		10,304,412	-	7,331,126	832,876	100,741	758,154	3,204	128,732	251,167	1,344	
Energy Related		12,613,599		8,508,458	823,661	92,191	873,745	3,482	213,201	277,821	2,219	
Lighting		125,905							123,881		-	
Revenue Requirements		29,303,579	-	20,749,586	2,113,345	223,648	1,667,167	11,408	586,563	532,306	4,631	
<b>Costs to Serve</b>												
<b>Consumer Charge</b>												
Billing Units				150,230	13,464		727			108		
Revenue Requirements				\$ 32.68	\$ 33.93		\$ 48.51			\$ 30.72		
<b>Energy Rate</b>											5,266,280	
Billing Units				161,238,331	15,613,032	1,747,542	16,562,418			\$ 0.05275		
Revenue Requirements				\$ 0.05277	\$ 0.05275	\$ 0.12798	\$ 0.05275					
<b>Demand Rate</b>											18,453	
Billing Units				1,311,194	100,082		64,207			\$ 13.61		
Revenue Requirements				\$ 5.59	\$ 8.32		\$ 11.81					

LOAD DATA USED IN THE ALLOCATION OF THE DEMAND RELATED AND ENERGY RELATED COSTS

RETAIL ENERGY SALES BY RATE CLASS									
Month	Rate 1 Residential	Rate 2 Small Commercial	Rate 3 ETS	Rate 4 Large Power	Rate 5 Street Lights	Rate 6 Yard Lights	Rate 7 AES	Rate 10 Res TOD	Rate 4 P Large Industrial
January	16,850,052	1,446,961	116,366	1,558,944	5,400	336,778	547,120	0	1,350,480
February	13,288,967	1,246,448	133,167	1,701,782	5,475	336,353	458,540	590	1,399,380
March	10,437,559	1,131,909	102,290	1,490,255	5,475	337,753	362,640	684	1,273,620
April	10,141,098	1,125,191	102,203	1,418,760	5,550	337,884	394,940	3,081	1,137,480
May	11,924,342	1,241,143	166,056	1,221,799	5,550	337,209	304,760	4,408	1,314,780
June	13,841,948	1,415,554	193,994	1,243,277	5,550	338,457	342,220	4,707	656,640
July	15,991,233	1,536,956	237,232	1,347,453	5,550	336,307	488,500	7,203	416,880
August	11,599,197	1,251,645	216,022	1,363,135	5,475	335,851	455,300	6,699	417,060
September	9,836,195	1,134,668	164,322	1,320,549	5,475	332,729	446,960	5,195	348,840
October	13,046,107	1,199,753	110,680	1,328,940	5,475	337,675	438,100	3,539	353,820
November	15,689,604	1,365,911	106,394	1,247,679	5,475	337,237	487,800	3,127	325,680
December	18,592,029	1,516,893	98,816	1,319,845	5,550	337,136	539,400	2,827	388,320
	161,238,331	15,613,032	1,747,542	16,562,418	66,000	4,041,369	5,266,280	42,060	9,382,980
Percentage	73.74%	7.14%	0.80%	7.57%	0.03%	1.85%	2.41%	0.02%	4.29%

LOAD DATA USED IN THE ALLOCATION OF THE DEMAND RELATED AND ENERGY RELATED COSTS

MONTHLY CONTRIBUTIONS TO EKPC COINCIDENT PEAK DEMAND - KW									
Month	Rate 1 Residential	Rate 2 Small Commercial	Rate 3 ETS	Rate 4 Large Power	Rate 5 Street Lights	Rate 6 Yard Lights	Rate 7 AES	Rate 10 Res TOD	Rate 4 P Large Industrial
January	32,370	3,307	267	3,815	20	792	1,215	6	846
February	37,378	4,209	308	3,906	19	793	1,369	6	734
March	31,568	3,517	260	3,537	20	794	1,106	5	703
April	27,142	1,978	224	2,616	20	792	699	5	706
May	31,100	3,520	256	3,256	-	-	804	5	542
June	32,063	3,329	264	2,168	-	-	788	6	633
July	36,897	3,356	304	3,179	-	-	955	7	787
August	33,257	3,474	274	2,950	-	-	845	6	608
September	35,023	3,662	289	3,231	-	-	940	7	711
October	28,621	1,791	236	2,472	-	-	691	5	857
November	31,730	3,226	261	3,638	20	794	1,298	6	803
December	36,079	2,618	297	3,591	20	793	1,389	7	717
	393,227	37,986	3,240	38,361	118	4,758	12,099	71	8,647
Allocation %	77.12%	7.45%	0.64%	7.52%	0.02%	0.93%	2.37%	0.01%	1.70%

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LOAD DATA USED IN THE ALLOCATION OF THE DEMAND RELATED AND ENERGY RELATED COSTS

MONTHLY PEAK DEMANDS FOR EACH RATE CLASS									
Month	Rate 1 Residential	Rate 2 Small Commercial	Rate 3 ETS	Rate 4 Large Power	Rate 5 Street Lights	Rate 6 Yard Lights	Rate 7 AES	Rate 10 Res TOD	Rate 4 P Large Industrial
January	40,612	5,618	644	3,904	20	792	1,500	7	1,225
February	47,651	5,572	644	3,979	19	793	1,554	9	1,178
March	35,925	4,577	644	4,028	20	794	1,368	6	1,112
April	27,142	4,161	644	3,326	20	792	1,204	5	849
May	31,366	4,596	658	4,044	20	793	1,460	5	919
June	35,911	4,517	637	3,429	20	790	1,167	7	1,162
July	41,543	4,384	644	4,484	20	789	1,247	8	1,270
August	35,626	4,581	651	4,645	20	794	1,432	7	1,211
September	40,811	4,639	651	4,797	20	795	1,444	8	1,323
October	29,439	3,739	644	3,932	19	790	1,345	5	1,088
November	35,079	4,323	644	4,000	20	794	1,378	6	803
December	36,579	4,903	644	4,390	20	793	1,556	7	791
	437,684	55,610	7,749	48,956	237	9,509	16,655	81	12,930
	70.65%	8.98%	1.25%	7.90%	0.04%	1.53%	2.69%	0.01%	2.09%

LOAD DATA USED IN THE ALLOCATION OF THE DEMAND RELATED AND ENERGY RELATED COSTS

SUM OF MONTHLY CUSTOMER DEMANDS FOR EACH CLASS - KW									
Month	Rate 1 Residential	Rate 2 Small Commercial	Rate 3 ETS	Rate 4 Large Power	Rate 5 Street Lights	Rate 6 Yard Lights	Rate 7 AES	Rate 10 Res TOD	Rate 4 P Large Industrial
January	118,508	8,244	644	6,292	20	792	1,787	21	3,381
February	116,803	9,243	644	6,398	19	793	1,830	21	3,368
March	116,180	9,322	644	6,229	20	794	1,626	21	3,413
April	105,771	8,505	644	5,889	20	792	1,471	19	2,895
May	104,507	9,073	658	4,436	20	793	1,815	18	3,473
June	99,329	7,827	637	4,603	20	790	1,422	19	1,325
July	105,372	8,104	644	5,036	20	789	1,493	20	1,276
August	100,037	8,285	651	5,034	20	794	1,693	19	1,490
September	100,362	7,769	651	5,577	20	795	1,650	18	1,337
October	109,458	7,858	644	5,395	19	790	1,681	20	823
November	117,196	8,081	644	4,726	20	794	1,771	21	1,298
December	117,671	7,771	644	4,592	20	793	1,832	21	1,557
	1,311,194	100,082	7,749	64,207	237	9,509	20,070	238	25,636
Allocation %	80.24%	6.12%	0.47%	3.93%	0.01%	0.58%	1.23%	0.01%	1.57%
	81.51%	6.22%		3.99%	0.01%	0.59%	1.25%	0.01%	1.59%
Transformers	81.51%	6.22%	0.48%	3.99%	0.01%	0.59%	1.25%	0.01%	0.00%

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LOAD DATA USED IN THE ALLOCATION OF THE DEMAND RELATED AND ENERGY RELATED COSTS

RETAIL ENERGY SALES BY RATE CLASS							
Month	Rate 17 Water Pump	Rate 18 Gen Service	Rate 19 Temp Service	Rate 20 Inclining Block	Rate 22 Net Metering	Rate 14a Large Industrial	Total for Rate Classes
January	240	436,513	22,032	5,772	490	1,689,600	22,677,148
February	240	357,453	17,694	5,382	339	1,929,600	18,951,810
March	560	313,166	14,125	5,050	314	1,850,400	15,475,400
April	320	332,071	12,943	4,695	563	1,828,800	15,016,779
May	240	420,597	15,476	5,393	633	1,905,600	16,962,386
June	240	314,684	4,140	958	868	1,840,800	18,363,237
July	200	379,825	7,134	1,850	1,010	2,624,400	20,757,333
August	240	288,546	5,120	3,832	913	2,337,600	15,949,035
September	200	338,949	7,027	3,485	676	2,232,000	13,945,270
October	1,600	473,620	15,030	3,762	705	2,342,400	17,318,806
November	1,000	322,627	19,873	4,777	693	2,092,800	19,917,877
December	3,080	493,558	24,278	5,270	697	2,394,000	23,327,699
	8,160	4,471,609	164,872	50,226	7,901	25,068,000	218,662,780
Percentage	0.004%	2.04%	0.08%	0.02%	0.004%		100%

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LOAD DATA USED IN THE ALLOCATION OF THE DEMAND RELATED AND ENERGY RELATED COSTS

MONTHLY CONTRIBUTIONS TO EKPC COINCIDENT PEAK DEMAND - KW							
Month	Rate 17 Water Pump	Rate 18 Gen Service	Rate 19 Temp Service	Rate 20 Inclining Block	Rate 22 Net Metering	Rate 14a Large Industrial	Total for Rate Classes
January	4	3,375	51	22	2	3,934	46,092
February	4	3,830	78	23	3	3,850	52,661
March	3	3,307	59	21	3	4,252	44,904
April	2	2,936	59	18	2	4,052	37,199
May	3	3,487	72	21	2	2,412	43,070
June	4	3,492	30	21	4	4,301	42,801
July	3	4,011	38	24	4	4,363	49,565
August	4	3,646	40	22	3	4,299	45,127
September	4	3,847	54	22	4	4,181	47,793
October	2	3,200	56	18	3	3,350	37,951
November	4	3,561	52	20	2	4,687	45,415
December	2	3,882	72	23	3	4,761	49,494
	39	10,644	658	26	37	48,442	558,353
		0%					509,912
	0.01%	2.09%	0.13%	0.01%	0.01%	0.00%	100.00%

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**LOAD DATA USED IN THE ALLOCATION OF THE DEMAND RELATED AND ENERGY RELATED COSTS**

							#VALUE!
MONTHLY PEAK DEMANDS FOR EACH RATE CLASS							
0	Rate 17	Rate 18	Rate 19	Rate 20	Rate 22	Rate 14a	Total for
0	Water	Gen	Temp	Inclining	Net	Large	Rate Classes
Month	Pump	Service	Service	Block	Metering	Industrial	
January	4	4,234	82	27	4	2,971	61,643
February	4	4,884	95	30	5	2,940	69,358
March	3	3,764	59	23	3	2,900	55,226
April	2	2,936	62	18	3	2,900	44,064
May	3	3,517	72	21	3	2,900	50,377
June	4	3,911	33	23	4	2,900	54,513
July	3	4,516	40	27	4	4,763	63,741
August	4	3,906	43	23	4	4,337	57,284
September	4	4,484	64	26	4	4,250	63,319
October	2	3,291	56	19	3	4,458	48,831
November	4	3,938	64	22	3	4,247	55,324
December	2	3,936	72	23	3	3,900	57,619
	39	11,829	740	28	44	17,386	619,478
	0.01%	1.91%	0.12%	0.00%	0.01%	2.81%	100.00%



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LOAD DATA USED IN THE ALLOCATION OF THE DEMAND RELATED AND ENERGY RELATED COSTS

SUM OF MONTHLY CUSTOMER DEMANDS FOR EACH RATE CLASS - KW							
0	Rate 17	Rate 18	Rate 19	Rate 20	Rate 22	Rate 14a	Total for
0	Water	Gen	Temp	Inclining	Net	Large	Rate Classes
Month	Pump	Service	Service	Block	Metering	Industrial	
January	4	12,354	220	87	6	4,820	157,178
February	4	11,971	239	74	6	4,837	156,251
March	3	12,174	210	76	7	4,819	155,538
April	2	11,442	239	68	5	4,545	142,307
May	3	11,720	263	67	5	4,457	141,307
June	4	10,817	88	65	6	4,676	131,627
July	3	11,454	109	68	6	4,924	139,318
August	4	10,967	122	65	6	4,847	134,034
September	4	11,026	162	65	6	4,669	134,110
October	2	12,238	193	70	6	4,638	143,836
November	4	13,156	234	71	7	4,912	152,935
December	2	12,663	230	71	6	5,115	152,987
	39	35,496	2,309	85	72	57,257	1,634,179
Allocation %	0.00%	2.17%	0.14%	0.01%	0.00%	3.50%	100.00%
	0.00%	2.21%	0.14%	0.01%	0.00%		1,608,543
Transformers	0.00%	2.21%	0.14%	0.01%	0.00%	3.56%	100.00%

ALLOCATION OF CONSUMER RELATED COSTS

A. Lines (poles and conduit)						Number of Consumers	Relative Weight	Allocation Percent
						12,380	-	80.78%
Rate 1	Residential					1,095	-	7.15%
Rate 2	Small Commercial			102		102	31,212.00	0.67%
Rate 3	ETS					59	-	0.38%
Rate 4	Large Power					5	-	0.03%
Rate 4 P	Large Industrial			84		14	-	0.09%
Rate 5	Street Lights					1	-	0.01%
Rate 6	Yard Lights					9	-	0.06%
Rate 7	AES					2	-	0.01%
Rate 10	TOD Res					1	-	0.01%
Rate 17	Water Pump					1,605	-	10.47%
Rate 18	Gen Service					35	-	0.23%
Rate 19	Temporary Service					14	-	0.09%
Rate 20	Inclining Block					1	-	0.01%
Rate 22	Net Metering					2	-	0.01%
Rate 14a	Smithfield and Prison							
						15,325	3121200.0%	100.0%

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ALLOCATION OF CONSUMER RELATED COSTS

B. Transformers		1	2	3	4	5	6
		Minimum Size Transform.	Cost of Minimum Transform.	Weighted Cost Min = 1	Number of Customers	Relative Weight	Allocation Percent
Rate 1	Residential	15	\$ 491.68	1.00	12,380	12,380	75.97%
Rate 2	Small Commercial	25	\$ 653.54	1.33	1,095	1,455	8.93%
Rate 3	ETS	15	491.68	1.00	102	102	0.63%
Rate 4	Large Power	50	928.55	1.89	59	111	0.68%
Rate 4 P	Large Industrial	-	-	-	5	-	0.00%
Rate 5	Street Lights	5	151.33	0.31	14	4	0.03%
Rate 6	Yard Lights	15	491.68	1.00	1	1	0.01%
Rate 7	AES	50	928.55	1.89	9	17	0.10%
Rate 10	TOD Res	15	491.68	1.00	2	2	0.01%
Rate 17	Water Pump	15	491.68	1.00	1	1	0.01%
Rate 18	Gen Service	25	653.54	1.33	1,605	2,133	13.09%
Rate 19	Temporary Service	15	491.68	1.00	35	35	0.21%
Rate 20	Inclining Block	15	491.68	1.00	14	14	0.09%
Rate 22	Net Metering	15	491.68	1.00	1	1	0.01%
Rate 14a	Smithfield and Prison	750	9,548.30	19.42	2	39	0.24%
					15,325.00	16,296.39	100.00%

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ALLOCATION OF CONSUMER RELATED COSTS

C. Services		102	2	3	4	5	6	
		Minimum Size Service	Cost Per Unit	Average Length of Service	Cost of Service	Number of Customers	Relative Weight	Allocation Percent
Rate 1	Residential	#2 TPX	\$ 2.35	120	282.00	12,380	3,491,160	75.63%
Rate 2	Small Commercial	1/0 ACSR	3.33	120	399.60	1,095	437,562	9.48%
Rate 3	ETS	#2 TPX	2.35	120	282.00	102	28,764	0.62%
Rate 4	Large Power	-	-	-	-	59	-	0.00%
Rate 4 P	Large Industrial	-	-	-	-	5	-	0.00%
Rate 5	Street Lights	#2 TPX	-	-	-	84	-	0.00%
Rate 6	Yard Lights	#2 TPX	\$ -	-	-	4,212	-	0.00%
Rate 7	AES	#2 TPX	\$ 2.35	120	282.00	9	2,538	0.05%
Rate 10	TOD Res	#2 TPX	2.35	120	282.00	2	564	0.01%
Rate 17	Water Pump	#2 TPX	2.35	120	282.00	1	282	0.01%
Rate 18	Gen Service	1/0 ACSR	3.33	120	399.60	1,605	641,358	13.89%
Rate 19	Temporary Service	#2 TPX	2.35	120	282.00	35	9,870	0.21%
Rate 20	Inclining Block	#2 TPX	2.35	120	282.00	14	3,948	0.09%
Rate 22	Net Metering	#2 TPX	2.35	120	282.00	1	282	0.01%
Rate 14a	Smithfield and Prison	-	\$ -	-	-	2	-	0.00%
						19,606.00	4,616,328	100.00%

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ALLOCATION OF CONSUMER RELATED COSTS

D. Meters		102	2	3	4	5	6
		Minimum Size Meter	Cost of Minimum Meter	Weighted Cost Meter	Number of Customers	Relative Weight	Allocation Percent
Rate 1	Residential	2-3 Wire Turtle	171.55	1.00	12,380	12,380.00	80.845%
Rate 2	Small Commercial	2-3 Wire Turtl	171.55	1.00	1,095	1,095.00	7.151%
Rate 3	ETS	2-3 Wire Turtl	171.55	1.00	102	102.00	0.666%
Rate 4	Large Power	2-3 Wire Turtl	171.55	1.00	59	59.00	0.385%
Rate 4 P	Large Industrial	3 Phase Turtle	352.47	2.05	5	10.27	0.067%
Rate 5	Street Lights	-	-	-	14	-	0.000%
Rate 6	Yard Lights	-	-	-	-	-	0.000%
Rate 7	AES	2-3 Wire Turtl	171.55	1.00	9	9.00	0.059%
Rate 10	TOD Res	2-3 Wire Turtl	171.55	1.00	2	2.00	0.013%
Rate 17	Water Pump	2-3 Wire Turtl	171.55	1.00	1	1.00	0.007%
Rate 18	Gen Service	2-3 Wire Turtl	171.55	1.00	1,605	1,605.00	10.481%
Rate 19	Temporary Service	2-3 Wire Turtl	171.55	1.00	35	35.00	0.229%
Rate 20	Inclining Block	2-3 Wire Turtl	171.55	1.00	14	14.00	0.091%
Rate 22	Net Metering	2-3 Wire Turtl	171.55	1.00	1	1.00	0.007%
Rate 14a	Smithfield and Prison	3 Phase Turtle	-	-	2	-	0.000%
					15,324.00	15,313.27	100.0%

ALLOCATION OF CONSUMER RELATED COSTS

E. Consumer & Accounting Services		1	2	3	4	5	6
Rate Class		Billing Factor	Multiplier	1 x 2 Records	Number of Customers	3 x 4 Total	Allocation Percent
Rate 1	Residential	4	1.00	4.00	12,380	49,520	76.55%
Rate 2	Small Commercial	4	1.00	4.00	1,095	4,380	6.77%
Rate 3	ETS	3	0.50	1.50	102	153	0.24%
Rate 4	Large Power	5	2.00	10.00	59	590	0.91%
Rate 4 P	Large Industrial	7	2.00	14.00	5	70	0.11%
Rate 5	Street Lights	3	0.25	0.75	114	86	0.13%
Rate 6	Yard Lights	3	0.25	0.75	4,212	3,159	4.88%
Rate 7	AES	4	1.00	4.00	9	36	0.06%
Rate 10	TOD Res	4	1.00	4.00	2	8	0.01%
Rate 17	Water Pump	4	0.25	1.00	1	1	0.00%
Rate 18	Gen Service	4	1.00	4.00	1,605	6,420	9.92%
Rate 19	Temporary Service	4	1.00	4.00	35	140	0.22%
Rate 20	Inclining Block	4	1.00	4.00	14	56	0.09%
Rate 22	Net Metering	4	1.00	4.00	1	4	0.01%
Rate 14a	Smithfield and Prison	8	4.00	32.00	2	64	0.10%
					19,636	64,687	100%

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**DETERMINATION OF INCREASE BY RATE CLASS**

	Envior watts	Rate 1 Residential	Rate 2 Small Commercial	Rate 3 ETS Rate	Rate 4 Large Power	Rate 5 Street Lights	Rate 6 Yard Lights	Rate 7 AES
Total Revenue								
Requirements	2,378	20,747,209	2,113,345	223,648	1,667,167	13,431	586,563	532,306
Actual Revenue from Rates	2,610	18,367,201	1,848,414	176,467	1,581,262	9,302	542,542	483,477
Margins (Loss)	233	(2,380,007)	(264,931)	(47,181)	(85,905)	(4,130)	(44,021)	(48,828)
Rate Revenue Percent of Total Rate Revenue		70.2%	7.1%	0.7%	6.0%	0.0%	2.1%	1.8%
Less Other Revenue		752,924	75,772	7,234	64,820	381	22,240	19,819
COSS Based Increase		(1,627,083)	(189,160)	(39,947)	(21,085)	(3,748)	(21,781)	(29,009)
Revenue Increase Percent		8.86%	10.23%	22.64%	1.33%	40.30%	4.01%	6.00%
Proposed Revenue from Rates		19,994,285	2,037,573	216,414	1,602,346	13,050	564,323	512,486
<b>Consumer Charge</b>								108
Billing Units		150,230	13,464		727			
Revenue Requirements		\$ 33.28	\$ 34.43		\$ 49.33			\$ 31.21
<b>Energy Rate</b>								5,266,280
Billing Units		161,238,331	15,613,032	1,747,542	16,562,418			
Revenue Requirements		\$ 0.05277	\$ 0.05275	\$ 0.09740	\$ 0.05275			\$ 0.05275
<b>Demand Rate</b>								18,453
Billing Units		1,311,194	100,082		64,207			
Revenue Requirements		\$ 5.62	\$ 8.37		\$ 11.81			\$ 13.68

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DETERMINATION OF INCREASE BY RATE CLASS

	Rate 10	Rate 4P	Rate 17	Rate 18	Rate 19	Rate 20	Rate 22	Rate 14a	Total for
	Res	Large	Water	Gen	Temp	Inclining	Net	Smithfield	All Rate
	TOD	Power	Pump	Service	Service	Block	Metering	Prison	Classes
Total Revenue									
Requirements	4,631	684,563	1,372	1,103,727	34,965	8,676	1,513	1,578,088	29,303,579
Actual Revenue from Rates	4,360	722,551	1,223	831,102	35,038	5,358	768	1,553,283	26,164,958
Margins (Loss)	(271)	37,989	(149)	(272,625)	74	(3,317)	(745)	(24,805)	(3,138,622)
Rate Revenue Percent									
of Total Rate Revenue	0.0%	2.8%	0.0%	3.2%	0.1%	0.0%	0.0%	5.9%	100.0%
Less Other Revenue	179	29,619	50	34,069	1,436	220	31	63,673	1,072,469
COSS Based Increase	(92)	67,608	(99)	(238,556)	1,510	(3,098)	(714)	38,868	(2,066,153)
Revenue Increase									
Percent	2.11%	-9.36%	8.08%	28.70%	-4.31%	57.81%	92.97%	-2.50%	7.90%
Proposed Revenue from									
Rates	4,452	654,943	1,322	1,069,658	33,528	8,456	1,482	1,514,415	28,231,110
<b>Consumer Charge</b>									
Billing Units		66		17,634	345			18	
Revenue Requirements		\$ 64.66		\$ 38.53	\$ 40.84			\$ 177.24	
<b>Energy Rate</b>									
Billing Units		9,382,980		4,471,609	164,872			25,068,000	
Revenue Requirements		\$ 0.05275		\$ 0.05275	\$ 0.05275			\$ 0.04291	
<b>Demand Rate</b>									
Billing Units		25636.34		35495.5	2309			43,466	
Revenue Requirements		\$ 7.27		\$ 5.62	\$ 5.39			\$ 11.51	



COSTS TO SERVE EACH RATE CLASS AND COST BASED RATES

	Envior watts	Rate 1 Residential	Rate 2 Small Commercial	Rate 3 ETS Rate	Rate 4 Large Power	Rate 5 Street Lights	Rate 6 Yard Lights	Rate 7 AES	Rate 10 Res TOD
Revenue from Rates	2,610	18,367,201	1,848,414	176,467	1,581,262	9,302	542,542	483,477	4,360
Less Purchased Power Costs									
Demand	-	-	-	-	-	-	-	-	-
Energy	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-
Gross Margin	2,610	18,367,201	1,848,414	176,467	1,581,262	9,302	542,542	483,477	4,360
Less Distribution Costs									
Demand Related									
Stations		8,506,080	823,661	92,191	1,368,742	3,482	213,201	277,821	2,219
Lines				10,218	6,411	1,402	100	902	200
Transformers		1,240,198	109,694	102,409	1,375,153	4,884	213,301	278,723	2,419
Total Demand Related		9,746,278	933,355	102,409	1,375,153	4,884	213,301	278,723	2,419
Consumer Related									
Lines		2,378	-	-	-	-	-	-	-
Transformers		350,482	44,530	6,205	49,556	190	7,614	13,337	65
Services		4,009,032	509,368	70,978	566,853	2,170	87,095	152,558	740
Meters		157,456	18,512	1,297	1,417	55	13	216	25
Consumer Svc & Accouting		486,324	60,953	4,007	79	-	-	-	354
Outdoor Lighting		1,134,964	100,387	9,351	6,351	-	-	825	183
Total Consumer Related		6,140,635	733,749	91,838	624,255	2,415	94,722	166,936	1,367
Total Distribution Costs	-	15,886,914	1,667,105	194,248	1,999,408	7,299	308,023	445,659	3,786
Income from Rate Revenue	2,610	2,480,288	181,309	(17,781)	(418,147)	2,002	234,518	37,818	574
Other Revenue	-	752,924	75,772	7,234	64,820	381	22,240	19,819	179
Net Margins	2,610	3,233,211	257,081	(10,547)	(353,326)	2,384	256,759	57,638	753

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COSTS TO SERVE EACH RATE CLASS AND COST BASED RATES

	Rate 4P Large Power	Rate 17 Water Pump	Rate 18 Gen Service	Rate 19 Temp Service	Rate 20 Inclining Block	Rate 22 Net Metering	Rate 14a Smithfield Prison	Total for Rate Classes
Revenue from Rates	722,551	1,223	831,102	35,038	5,358	768	1,553,283	26,164,958
Less Purchased Power Costs							308,640	-
Demand							1,075,732	-
Energy	-	-	-	-	-	-	1,384,372	-
Total	-	-	-	-	-	-		
Gross Margin	722,551	1,223	831,102	35,038	5,358	768	168,911	24,611,675
Less Distribution Costs								
Demand Related								11,535,490
Stations		430	235,898	8,698	2,650	417	-	-
Lines						100	200	1,535,521
Transformers	501	100	160,785	3,506	1,402	517	200	13,071,011
	501	531	396,683	12,204	4,052			
Consumer Related								2,378
Lines	-	-	-	-	-	-	35	492,487
Transformers	10,354	31	9,472	593	23	402	13,922	5,633,381
Services	118,434	359	108,352	6,782	258	13	494	206,774
Meters	-	13	27,133	445	178			
Consumer Svc & Accouting	79	39	89,342	1,375	550	39	-	643,140
Outdoor Lighting	942	92	147,142	3,209	1,283	92	-	1,404,820
Total Consumer Related	129,809	534	381,442	12,404	2,292	580	173,670	8,382,980
Total Distribution Costs	130,309	1,065	778,125	24,608	6,345	1,097	173,870	21,453,991
Income from Rate Revenue	592,242	158	52,977	10,430	(986)	(329)	(4,959)	3,157,684
Other Revenue	29,619	50	34,069	1,436	220	31	63,673	1,072,469
Net Margins	621,861	208	87,046	11,866	(766)	(298)	58,715	4,230,153

**GRAYSON RECC  
CASE NO. 2012-00426**

**PROPOSED RATE DESIGN**

	Rate 1	Rate 3	Rate 10	Rate 2	Rate 18		Rate 5
	Residential	ETS	Res	Small	Gen		Street
		Rate	TOD	Commercial	Service		Lights
Proposed Rate Revenue	\$ 19,994,285	\$ 216,414	\$ 4,452	\$ 2,037,573	\$ 1,069,658	\$ 3,107,231	Proposed Rate Revenue \$ 13,050
							Revenue from Current Rates \$ 9,302
<b>Customer Charge</b>	\$ 15.00	\$ 15.00	\$ 15.52	\$ 27.50	\$ 22.50		Amount of Increase
Billing Units	150,230	1,270	20	13,464	17,634		Percentage Increase
Revenue from Consumer Charge	\$ 2,253,450	\$ 19,050	\$ 310	\$ 370,260	\$ 396,765		To be Applied to
Revenue Requirements for Energy	\$ 17,740,835	\$ 197,364	\$ 4,142	\$ 1,667,313	\$ 672,893	\$ 2,340,206	All Lamps
Energy kWh	161,238,331			15,613,032	4,471,609		Type of Lamps Current Rates
On-Peak kWh		1,294,537	10,699				<b>Street Lights</b>
Off-Peak kWh		453,005	31,361				175 Watt light \$ 10.57
							<b>Yard Lights</b>
First 300 kwh							7,000 Lument MV \$10.23
Next 200 kwh							10,000 Lument MV \$12.88
All over 500 kwh							Flood lights \$18.78
<b>Energy Rates</b>	0.11003			0.10679	0.12003		
On-Peak kWh		0.11003	0.20000				
Off-Peak kWh		0.06602	0.06250				
First 300 kwh							
Next 200 kwh							
All over 500 kwh							
Proposed Revenue							
Consumer Charge Revenue	2,253,450	19,050	310	370,260	396,765	767,025	
Energy kWh	17,740,835			1,667,313	536,721	2,204,035	
On-Peak kWh		142,436	2,140				
Off-Peak kWh		29,906	1,960				
First 300 kwh							
Next 200 kwh							
All over 500 kwh							
Total Proposed Revenue	19,994,285	191,392	4,410	2,037,573	933,486	2,971,060	





Grayson Rural Electric Cooperative  
Case No. 2012-00426  
Balance Sheet, Adjusted  
May 31, 2012

Exhibit S  
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Witness: Jim Adkins

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	<u>Actual Test Year</u>	<u>Adjustments to Test Year</u>	<u>Adjusted Test Year</u>
Electric Plant:			
In service	63,952,956		63,952,956
Under construction	601,906		601,906
	<u>64,554,862</u>		<u>64,554,862</u>
Less accumulated depreciation	13,806,217	38,090	13,844,307
	<u>50,748,645</u>	<u>(38,090)</u>	<u>50,710,555</u>
Investments	<u>8,821,511</u>		<u>8,821,511</u>
Current Assets:			
Cash and temporary investments	118,519		118,519
Accounts receivable, net	4,570,415		4,570,415
Material and supplies	264,935		264,935
Prepayments and current assets	463,867		463,867
	<u>5,417,736</u>		<u>5,417,736</u>
Deferred debits and net change in assets	-	540,040	540,040
Total	<u>64,987,892</u>	<u>501,950</u>	<u>65,489,842</u>
Margins:			
Memberships	151,930		151,930
Patronage capital	17,322,274	501,950	17,824,224
	<u>17,474,204</u>	<u>501,950</u>	<u>17,976,154</u>
Long Term Debt	<u>40,229,755</u>		<u>40,229,755</u>
Accumulated Operating Provisions	<u>2,884,547</u>		<u>2,884,547</u>
Current Liabilities:			
Short term borrowings	352,716		352,716
Accounts payable	1,784,891		1,784,891
Consumer deposits	1,294,076		1,294,076
Accrued expenses	821,988		821,988
	<u>4,253,671</u>		<u>4,253,671</u>
Deferred credits	<u>145,715</u>		<u>145,715</u>
Total	<u>64,987,892</u>	<u>501,950</u>	<u>65,489,842</u>

Grayson Rural Electric Cooperative

Exhibit S

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Statement of Operations, Adjusted

Witness: Jim Adkins

	<u>Actual</u> <u>Test Year</u>	<u>Normalized</u> <u>Adjustments</u>	<u>Normalized</u> <u>Test Year</u>	<u>Proposed</u> <u>Increase</u>	<u>Proposed</u> <u>Test Year</u>
Operating Revenues:					
Base rates	26,132,515	32,442	26,164,957	2,063,535	28,228,492
Fuel and surcharge	2,124,407	(2,124,407)	-		-
Other electric revenue	<u>1,043,073</u>	<u>(121,411)</u>	<u>921,662</u>		<u>921,662</u>
	<u>29,299,995</u>	<u>(2,213,376)</u>	<u>27,086,619</u>	<u>2,063,535</u>	<u>29,150,154</u>
Operating Expenses:					
Cost of power:					
Base rates	16,754,918	-	16,754,918		16,754,918
Fuel and surcharge	2,086,626	(2,086,626)	-		-
Distribution - operations	1,145,370	18,900	1,164,270		1,164,270
Distribution - maintenance	2,950,336	40,808	2,991,144		2,991,144
Consumer accounts	1,057,413	26,289	1,083,702		1,083,702
Customer service	216,591	3,940	220,531		220,531
Sales	29,527	845	30,372		30,372
Administrative and general	<u>1,851,689</u>	<u>(53,022)</u>	<u>1,798,667</u>		<u>1,798,667</u>
Total operating expenses	<u>26,092,470</u>	<u>(2,048,866)</u>	<u>24,043,604</u>	<u>-</u>	<u>24,043,604</u>
Depreciation	2,944,782	38,090	2,982,872		2,982,872
Taxes - other	30,541	-	30,541		30,541
Interest on long-term debt	1,030,994	56,437	1,087,431		1,087,431
Interest expense - other	111,711	(35,691)	76,020		76,020
Other deductions	<u>12,065</u>	<u>(19,002)</u>	<u>(6,937)</u>		<u>(6,937)</u>
Total cost of electric service	<u>30,222,563</u>	<u>(2,009,032)</u>	<u>28,213,531</u>	<u>-</u>	<u>28,213,531</u>
Utility operating margins	<u>(922,568)</u>	<u>(204,344)</u>	<u>(1,126,912)</u>	<u>2,063,535</u>	<u>936,623</u>
Nonoperating margins, interest	29,873	-	29,873		29,873
Nonoperating margins, other	(47,666)	-	(47,666)		(47,666)
G & T capital credits	1,357,241	(1,357,241)	-		-
Patronage capital credits	<u>168,601</u>	<u>-</u>	<u>168,601</u>		<u>168,601</u>
Net Margins	<u>585,481</u>	<u>(1,561,585)</u>	<u>(976,104)</u>	<u>2,063,535</u>	<u>1,087,431</u>
TIER	1.57		0.10		2.00

Grayson Rural Electric Cooperative  
Case No. 2012-00426  
Summary of Adjustments to Test Year

Exhibit S  
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Witness: Jim Adkins

	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	
														<u>Normalize</u>	<u>Additional</u>	<u>Total</u>
	<u>Salaries</u>	<u>Payroll Taxes</u>	<u>Deprec</u>	<u>Interest</u>	<u>R &amp; S Retirement</u>	<u>FAS 106</u>	<u>Donations</u>	<u>Professional Fees</u>	<u>Directors</u>	<u>Misc Expenses</u>	<u>Rate Case</u>	<u>G &amp; T Capital Cr</u>	<u>Purchase Power</u>	<u>Revenue</u>	<u>Revenue</u>	
Operating Revenues:																
Base rates														32,442		32,442
Fuel and surcharge														(2,124,407)		(2,124,407)
Other electric revenue															(121,411)	(121,411)
	0	0	0	0	0	0	0	0	0	0	0	0	0	(2,091,965)	(121,411)	(2,213,376)
Operating Expenses:																
Cost of power:																
Base rates													0			0
Fuel and surcharge													(2,086,626)			(2,086,626)
Distribution - operations	7,537	800	555		3,967	6,041										18,900
Distribution - maintenanc	16,358	1,736	993		8,610	13,111										40,808
Consumer accounts	10,696	1,135	255		5,630	8,573										26,289
Customer service	1,532	163	211		806	1,228										3,940
Sales	347	37			183	278										845
Administrative and gener:	19,116	2,028	362		10,061	15,321		(34,852)	(83,704)	(11,354)	30,000					(53,022)
Total operating expense:	55,586	5,899	2,376	0	29,257	44,552	0	(34,852)	(83,704)	(11,354)	30,000	0	(2,086,626)	0	0	(2,048,866)
Depreciation			38,090													38,090
Taxes - other																0
Interest on long-term debt				56,437												56,437
Interest expense - other				(35,691)												(35,691)
Other deductions							(19,002)									(19,002)
Total cost of electric ser	55,586	5,899	40,466	20,746	29,257	44,552	(19,002)	(34,852)	(83,704)	(11,354)	30,000	0	(2,086,626)	0	0	(2,009,032)
Utility operating margin:	(55,586)	(5,899)	(40,466)	(20,746)	(29,257)	(44,552)	19,002	34,852	83,704	11,354	(30,000)	0	2,086,626	(2,091,965)	(121,411)	(204,344)
Nonoperating margins, interest																0
Nonoperating margins, other														(1,357,241)		(1,357,241)
G & T capital credits																0
Patronage capital credits																0
	0	0	0	0	0	0	0	0	0	0	0	(1,357,241)	0	0	0	(1,357,241)
Net Margins	(55,586)	(5,899)	(40,466)	(20,746)	(29,257)	(44,552)	19,002	34,852	83,704	11,354	(30,000)	(1,357,241)	2,086,626	(2,091,965)	(121,411)	(1,561,585)



Grayson Rural Electric Cooperative  
Case No. 2012-00426  
**Proposed Revenues**  
May 31, 2012

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Interest on long term debt	1,087,431
Normalized margins	<u>(976,104)</u>
Proposed increase in revenues over normalized revenues to attain a TIER of 2.0x	<u><u>\$2,063,535</u></u>



Grayson Rural Electric Cooperative  
Case No. 2012-00426  
Monthly Operating Budget  
May 31, 2012

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	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>Total</u>
Operating revenue	2,465,720	2,689,794	2,344,439	2,041,487	2,435,030	3,134,141	3,447,848	3,417,669	2,617,871	2,258,334	1,884,141	2,198,711	30,935,185
Operating expenses:													
Cost of power	1,444,152	1,645,683	1,573,987	1,386,607	1,395,626	1,623,038	2,071,446	2,163,801	1,892,415	1,674,096	1,295,822	1,288,201	19,454,874
Distribution-operation	94,873	94,874	94,873	94,873	94,873	94,873	94,877	102,486	102,486	102,485	102,486	102,486	1,176,545
Distribution-maintena	232,920	232,921	232,920	232,920	232,920	232,920	232,925	250,975	250,974	250,974	250,975	250,975	2,885,319
Consumer accounts	82,687	82,687	82,686	82,687	82,687	82,686	82,690	95,904	95,904	95,904	95,904	95,904	1,058,330
Customer services	18,985	18,985	18,986	18,985	18,985	18,986	18,986	23,720	23,721	23,720	23,720	23,721	251,500
Sales	3,034	3,034	3,035	3,034	3,034	3,034	3,035	3,294	3,294	3,294	3,295	3,292	37,709
Administrative and ge	142,798	142,798	142,798	142,798	142,799	142,798	142,805	170,436	170,436	170,436	170,436	170,436	1,851,774
Total operation and r	2,019,449	2,220,982	2,149,285	1,961,904	1,970,924	2,198,335	2,646,764	2,810,616	2,539,230	2,320,909	1,942,638	1,935,015	26,716,051
Depreciation	243,048	243,049	243,048	243,049	243,048	243,049	243,048	251,935	251,934	251,935	251,935	251,934	2,961,012
Taxes-other	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,667	2,666	2,667	2,667	2,666	30,833
Interest on long term d	100,719	100,719	100,720	100,719	100,719	100,719	100,719	89,837	86,310	90,332	87,808	88,781	1,148,102
Interest expense - othe	6,167	6,167	6,166	6,167	6,167	6,166	6,167	6,167	6,166	6,167	6,167	6,166	74,000
Other deductions	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,166	5,167	5,167	5,166	5,167	64,333
Total cost of electric	2,377,383	2,578,917	2,507,219	2,319,839	2,328,858	2,556,269	3,004,698	3,166,388	2,891,473	2,677,177	2,296,381	2,289,729	30,994,331
Utility operating mar	88,337	110,877	(162,780)	(278,352)	106,172	577,872	443,150	251,281	(273,602)	(418,843)	(412,240)	(91,018)	(59,146)
Nonoperating margins,	2,478	2,479	2,479	2,479	2,479	2,479	2,479	2,383	2,383	2,384	2,383	2,384	29,269
Nonoperating margins,	(73)	(71)	(72)	(71)	(73)	(71)	(73)	(390)	(391)	(390)	(390)	(391)	(2,456)
Patronage capital:													
G & T	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	5,475	5,475	5,475	5,475	5,475	5,475	5,475	5,183	5,184	5,183	5,183	5,183	64,241
	5,475	5,475	5,475	5,475	5,475	5,475	5,475	5,183	5,184	5,183	5,183	5,183	64,241
Net margins	96,217	118,760	(154,898)	(270,469)	114,053	585,755	451,031	258,457	(266,426)	(411,666)	(405,064)	(83,842)	31,908



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 12/7/89)

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

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.

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)

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)

ARTICLE XII  
AMENDMENTS

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 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)

# 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:

- Made a written application for membership therein;
- Agreed to purchase from the Cooperative electric energy as hereinafter specified;
- 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.
- 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 fees shall be refunded in the event the application is denied by the Board. 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 treated 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 transferable, 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:

- 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;
- The vote of either separately or both jointly shall constitute one joint vote;
- A waiver of notice signed by either or both shall constitute a joint waiver;
- Notice to either shall constitute notice to both;

- Expulsion of either shall terminate the joint membership;
- Withdrawal of either shall terminate the joint membership;
- Either, but not both, may be elected or appointed as an officer or board member, provided that both meet the qualifications for such office;
- 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 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)
- 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 therefor 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 the 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 6/21/83)

SECTION 5. TERMINATION OF MEMBERSHIP.

- 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 was 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.
- Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative. (Amended 1/26/96).
- 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)

<sup>1</sup> The word(s) "board" or "board members" used herein to refer to the board of directors.

**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, that should 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 purpose 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 2 Updated 22 July 2011

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 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 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 2. PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING ELECTRIC ENERGY.** In the furnishing of electric energy the Cooperative's operations shall be so 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 furnishing 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, and such retirement of capital shall be at the discretion and direction of the Board as to timing, method and type of retirement. (Amended 5/23/90)

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. PATRONS' 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 promptly 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.



Commonwealth of Kentucky, the results of said nominating petitions shall be posted in a conspicuous manner in the lobby of the Cooperative's 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 director should not 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 boxes 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 1/25/96)

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 be 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 or 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 such 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), actually and reasonably incurred by such person in connection with such action, suit or proceeding, if such person acted in good faith and in action, suit or proceeding, if 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, was no reasonable cause to believe the conduct of such person was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not constitute 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' fees) 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 such 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)





1 Grayson Rural Electric Cooperative

Exhibit V

2 Case No. 2012-00426

page 1 of 3

3 Statement of Operations

Witness: Jim Adkins

4 May 31, 2012

	<u>2012</u>	<u>2011</u>
5		
6		
7		
8	Operating revenue	\$29,299,995
9		<u>\$30,269,936</u>
10	Operating expenses:	
11	Cost of power	18,841,544
12	Distribution-operations	18,856,506
13	Distribution-maintenance	1,145,370
14	Consumer accounts	1,175,447
15	Consumer service	2,950,336
16	Sales	1,057,413
17	Administrative and general	1,054,760
18		216,591
19		29,527
20		1,851,689
21		<u>1,901,607</u>
22		26,092,470
23		26,077,031
24		
25	Depreciation and amortization	2,944,782
26	Taxes-other	2,796,766
27	Interest on long term debt	30,541
28	Other interest expense	1,030,994
29	Other deductions	111,711
30		180,813
31		12,065
32		<u>11,670</u>
33		<u>30,222,563</u>
34		<u>30,178,375</u>
	Utility operating margins	(922,568)
	Nonoperating margins, interest	91,561
	Nonoperating margins, other	29,873
	G & T capital credits	(47,666)
	Other capital credits	8,320
		1,357,241
		776,855
		168,601
		<u>67,519</u>
	Net margins	<u>\$585,481</u>
		<u>\$974,106</u>

1 Grayson Rural Electric Cooperative  
2 Case No. 2012-00426  
3 Balance Sheet  
4 May 31, 2012

Exhibit V  
page 2 of 3  
Witness: Jim Adkins

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Electric Plant:		
In service	\$63,952,956	\$61,900,142
Under construction	601,906	611,450
	<u>64,554,862</u>	<u>62,511,592</u>
Less accumulated depreciation	13,806,217	12,137,494
	<u>50,748,645</u>	<u>50,374,098</u>
Investments	<u>8,821,511</u>	<u>7,387,501</u>
Current Assets:		
Cash and temporary investments	118,519	82,602
Accounts receivable, net	4,570,415	4,884,841
Material and supplies	264,935	278,994
Prepayments	356,825	225,780
	<u>5,310,694</u>	<u>5,472,217</u>
Deferred assets	<u>107,042</u>	<u>296,600</u>
Total Assets	<u>\$64,987,892</u>	<u>\$63,530,416</u>
<u>MEMBERS' EQUITIES AND LIABILITIES</u>		
Margins and Equities:		
Memberships	\$151,930	\$151,560
Patronage capital	18,951,134	18,452,536
Other equities	(1,628,860)	(1,664,183)
	<u>17,474,204</u>	<u>16,939,913</u>
Long Term Debt	<u>40,229,755</u>	<u>38,739,534</u>
Accumulated Operating Provisions	<u>2,884,547</u>	<u>2,880,873</u>
Current Liabilities:		
Accounts payable	1,784,891	1,647,911
Short term borrowings	352,716	1,064,549
Consumer deposits	1,294,076	1,235,795
Accrued expenses	821,988	861,060
	<u>4,253,671</u>	<u>4,809,315</u>
Consumer advances	<u>145,715</u>	<u>160,781</u>
Total Members' Equities and Liabilities	<u>\$64,987,892</u>	<u>\$63,530,416</u>

Grayson Rural Electric Cooperative

Exhibit V

Case No. 2012-00426

page 3 of 3

Statement of Cash Flows

Witness: Jim Adkins

May 31, 2012

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities:		
Net margins	\$ 585,481	\$ 974,106
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation		
Charged to expense	2,944,782	2,796,766
Charged to clearing accounts	181,546	129,910
Patronage capital credits	(1,525,842)	(844,374)
Accumulated postretirement benefits	84,074	111,461
Net change in current assets and liabilities:		
Receivables	314,426	(336,962)
Material and supplies	14,059	33,556
Prepayments and deferred debits	58,513	(40,407)
Accounts payables	136,980	128,101
Consumer deposits	58,281	56,717
Accrued expenses	(39,072)	80,141
Consumer advances	(15,066)	(7,868)
	<u>2,798,162</u>	<u>3,081,147</u>
Cash Flows from Investing Activities:		
Plant additions	(3,500,875)	(4,395,805)
Additional investments, net of receipts	91,832	27,307
	<u>(3,409,043)</u>	<u>(4,368,498)</u>
Cash Flows from Financing Activities:		
Memberships	370	(385)
Refund of capital credits	(158,803)	(414,309)
Other equities	26,843	10,553
Short term borrowings	(711,833)	(2,952,512)
Additional long-term borrowings	3,000,000	6,000,000
Payments on long-term debt	(1,509,779)	(1,345,544)
	<u>646,798</u>	<u>1,297,803</u>
Net increase in cash	35,917	10,452
Cash balances - beginning	<u>82,602</u>	<u>72,150</u>
Cash balances - ending	<u>\$ 118,519</u>	<u>\$ 82,602</u>



Grayson Rural Electric Cooperative  
 Comparison of Test Year Account Balances with  
 those of the Preceding Year - Balance Sheet

<u>Acct #</u>	<u>Description</u>	<u>June Month 1</u>	<u>July Month 2</u>	<u>August Month 3</u>	<u>September Month 4</u>	<u>October Month 5</u>	<u>November Month 6</u>	<u>December Month 7</u>	<u>January Month 8</u>	<u>February Month 9</u>	<u>March Month 10</u>	<u>April Month 11</u>	<u>May Month 12</u>
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 & fixture	21,204	21,322	21,378	21,426	21,462	21,492	21,544	21,599	21,663	21,726	21,750	21,809
	Prior year	20,277	20,341	20,420	20,606	20,659	20,719	20,819	20,860	20,870	20,936	21,064	21,134
	Change	927	981	958	820	803	773	725	739	793	790	686	675
365	Overhead conduct & d	17,247	17,240	17,297	17,409	17,430	17,437	17,486	17,527	17,573	17,636	17,654	17,682
	Prior year	16,245	16,293	16,341	16,622	16,649	16,693	16,818	16,840	16,836	16,879	17,121	17,200
	Change	1,002	947	956	787	781	744	668	687	737	757	533	482
367	Underground cond & c	355	355	355	355	355	356	356	356	356	356	356	356
	Prior year	328	328	331	334	333	333	333	333	333	333	355	355
	Change	27	27	24	21	22	23	23	23	23	23	1	1
368	Transformers	7,439	7,440	7,463	7,472	7,521	7,521	7,510	7,554	7,554	7,587	7,587	7,632
	Prior year	7,202	7,271	7,297	7,340	7,352	7,352	7,452	7,452	7,467	7,504	7,526	7,516
	Change	237	169	166	132	169	169	58	102	87	83	61	116
369	Services	6,137	6,164	6,189	6,213	6,238	6,254	6,285	6,313	6,329	6,338	6,355	6,363
	Prior year	5,928	5,942	5,965	5,996	6,011	6,029	6,064	6,075	6,074	6,093	6,104	6,117
	Change	209	222	224	217	227	225	221	238	255	245	251	246
370	Meters	2,809	2,809	2,815	2,816	2,821	2,830	2,814	2,814	2,814	2,826	2,827	2,828
	Prior year	2,692	2,692	2,692	2,694	2,694	2,694	2,686	2,687	2,749	2,778	2,774	2,782
	Change	117	117	123	122	127	136	128	127	65	48	53	46
371	Security lights	1,421	1,425	1,430	1,437	1,443	1,453	1,460	1,466	1,470	1,477	1,478	1,482
	Prior year	1,346	1,350	1,357	1,362	1,367	1,378	1,389	1,396	1,396	1,398	1,406	1,409
	Change	75	75	73	75	76	75	71	70	74	79	72	73
389	Land	232	232	232	232	232	232	232	232	232	232	232	232
	Prior year	232	232	232	232	232	232	232	232	232	232	232	232
	Change	0	0	0	0	0	0	0	0	0	0	0	0
390	Structures & improve	1,674	1,674	1,674	1,674	1,674	1,674	1,674	1,674	1,674	1,674	1,674	1,674
	Prior year	1,666	1,666	1,663	1,663	1,663	1,663	1,674	1,674	1,674	1,674	1,674	1,674
	Change	8	8	11	11	11	11	0	0	0	0	0	0
391	Office furniture	814	814	847	847	847	851	794	794	794	794	797	797
	Prior year	647	647	650	650	650	650	662	664	707	719	756	756
	Change	167	167	197	197	197	201	132	130	87	75	41	41
392	Transportation	1,630	1,630	1,630	1,630	1,630	1,630	1,630	1,630	1,630	1,630	1,630	1,630
	Prior year	1,536	1,536	1,535	1,535	1,611	1,611	1,630	1,630	1,661	1,556	1,630	1,630
	Change	94	94	95	95	19	19	0	0	(31)	74	0	0

Grayson Rural Electric Cooperative  
Comparison of Test 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
393.00	Stores equipment	22	22	22	22	22	22	22	22	22	22	22	22
	Prior year	22	22	22	22	22	22	22	22	22	22	22	22
	Change	0	0	0	0	0	0	0	0	0	0	0	0
394	Tools, shop & garage	42	42	42	42	42	42	42	42	42	42	42	42
	Prior year	39	39	39	39	39	39	39	39	39	39	39	39
	Change	3	3	3	3	3	3	3	3	3	3	3	3
395	Laboratory	186	217	217	217	217	217	217	219	221	221	221	221
	Prior year	186	186	186	186	186	186	186	186	186	186	186	186
	Change	0	31	31	31	31	31	31	33	35	35	35	35
396	Power operated	48	48	48	48	48	48	48	48	48	48	48	48
	Prior year	48	48	48	48	48	48	48	48	48	48	48	48
	Change	0	0	0	0	0	0	0	0	0	0	0	0
397	Communication	701	700	700	700	700	700	700	910	910	910	910	910
	Prior year	441	441	441	441	441	441	575	578	579	580	583	583
	Change	260	259	259	259	259	259	125	332	331	330	327	327
398	Miscellaneous	190	190	190	190	190	190	190	190	190	190	190	190
	Prior year	190	190	190	190	190	190	190	190	190	190	190	190
	Change	0	0	0	0	0	0	0	0	0	0	0	0
****	Total Electric Plant in	62,182	62,355	62,560	62,761	62,903	62,980	63,035	63,421	63,553	63,740	63,804	63,949
	Prior year	59,056	59,255	59,440	59,991	60,178	60,311	60,850	60,937	61,094	61,198	61,741	61,904
	Change	3,126	3,100	3,120	2,770	2,725	2,669	2,185	2,484	2,459	2,542	2,063	2,045
107.20	Work in progress	533	568	504	318	383	321	318	375	410	467	651	501
	Prior year	706	806	824	412	508	583	545	679	712	851	557	538
	Change	(173)	(238)	(320)	(94)	(125)	(262)	(227)	(304)	(302)	(384)	94	(37)
108.80	Retirement work in pr	76	95	82	69	75	61	62	76	87	98	115	101
	Prior year	80	85	85	37	62	73	79	106	105	125	95	73
	Change	(4)	10	(3)	32	13	(12)	(17)	(30)	(18)	(27)	20	28
****	Total CWIP	609	663	586	387	458	382	380	451	497	565	766	602
	Prior year	786	891	909	449	570	656	624	785	817	976	652	611
	Change	(177)	(228)	(323)	(62)	(112)	(274)	(244)	(334)	(320)	(411)	114	(9)
108.60	Res - distribution plan	9,895	10,044	10,145	10,216	10,392	10,490	10,621	10,787	10,927	11,072	11,258	11,276
	Prior year	8,669	8,833	8,937	8,893	9,046	9,196	9,330	9,515	9,634	9,756	9,823	9,901
	Change	1,226	1,211	1,208	1,323	1,346	1,294	1,291	1,272	1,293	1,316	1,435	1,375
108.71	Res - Office furniture	326	329	326	330	334	329	306	310	314	317	321	325
	Prior year	289	292	295	297	300	303	306	309	312	315	319	322
	Change	37	37	31	33	34	26	0	1	2	2	2	3

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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
108.72	Res - Transportation	905	920	936	951	966	982	997	1,012	1,028	1,043	1,057	1,053
	Prior year	1,030	1,042	1,054	1,065	945	959	972	986	1,000	858	874	889
	Change	(125)	(122)	(118)	(114)	21	23	25	26	28	185	183	164
108.73	Res - Stores	8	8	8	8	8	9	9	9	8	9	9	9
	Prior year	7	7	7	8	8	8	8	8	8	8	8	8
	Change	1	1	1	0	0	1	1	1	0	1	1	1
108.74	Res - Small tools	22	22	22	23	23	23	23	23	24	24	24	24
	Prior year	19	20	20	20	20	21	21	21	21	21	22	22
	Change	3	2	2	3	3	2	2	2	3	3	2	2
108.75	Res - Laboratory	101	102	103	103	104	105	106	107	108	109	110	110
	Prior year	92	93	93	94	95	96	96	97	98	99	99	100
	Change	9	9	10	9	9	9	10	10	10	10	11	10
108.76	Res - Large tools	48	48	48	48	48	48	48	48	48	48	48	48
	Prior year	48	48	48	48	48	48	48	48	48	48	48	48
	Change	0	0	0	0	0	0	0	0	0	0	0	0
108.77	Res - Communication	281	286	290	295	300	305	310	317	323	329	335	341
	Prior year	239	242	244	247	250	253	256	260	264	268	272	276
	Change	42	44	46	48	50	52	54	57	59	61	63	65
108.78	Res - Miscellaneous	54	55	55	57	57	58	59	60	60	61	62	62
	Prior year	45	46	47	48	48	49	50	50	51	52	53	54
	Change	9	9	8	9	9	9	9	10	9	9	9	8
108.79	Res - Structures	520	523	527	530	533	537	540	543	546	550	553	556
	Prior year	487	490	489	492	495	499	502	505	507	510	514	517
	Change	33	33	38	38	38	38	38	38	39	40	39	39
****	Total Reserve for Dept	12,160	12,337	12,460	12,561	12,765	12,886	13,019	13,216	13,386	13,562	13,777	13,804
	Prior year	10,925	11,113	11,234	11,212	11,255	11,432	11,589	11,799	11,943	11,935	12,032	12,137
	Change	1,235	1,224	1,226	1,349	1,510	1,454	1,430	1,417	1,443	1,627	1,745	1,667
121.00	Homeguard systems	6	6	6	6	6	6	6	6	6	6	6	6
	Prior year	6	6	6	6	6	6	6	6	6	6	6	6
	Change	0	0	0	0	0	0	0	0	0	0	0	0
122.00	Accum deprec - homeg	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)
	Prior year	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)
	Change	0	0	0	0	0	0	0	0	0	0	0	0
123.10	Invest in assoc. organi:	6,742	6,742	6,742	6,746	6,754	6,754	8,147	8,147	8,147	8,212	8,176	8,176
	Prior year	5,926	5,926	5,926	5,961	5,947	5,947	6,721	6,721	6,721	6,741	6,741	6,741
	Change	816	816	816	785	807	807	1,426	1,426	1,426	1,471	1,435	1,435



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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
123.22	Invest in Cap Term Ce	633	633	633	633	633	633	633	633	633	632	632	632
	Prior year	634	634	634	634	634	634	634	634	634	633	633	633
	Change	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
123.23	Invest in other organiz	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
124.00	Other investments	13	13	13	13	13	13	13	13	13	13	13	13
	Prior year	13	13	13	13	13	13	13	13	13	13	13	13
	Change	0	0	0	0	0	0	0	0	0	0	0	0
****	Total Investments	7,389	7,389	7,389	7,393	7,401	7,401	8,794	8,794	8,794	8,858	8,822	8,822
	Prior year	6,574	6,574	6,574	6,609	6,595	6,595	7,369	7,369	7,369	7,388	7,388	7,388
	Change	815	815	815	784	806	806	1,425	1,425	1,425	1,470	1,434	1,434
131.10	Cash - general funds	55	76	73	105	101	77	205	114	117	302	188	100
	Prior year	189	187	96	82	85	99	59	131	67	108	120	77
	Change	(134)	(111)	(23)	23	16	(22)	146	(17)	50	194	68	23
131.30	Payroll	17											13
	Prior year				13						13		
	Change	17	0	0	(13)	0	0	0	0	0	(13)	0	13
131.50	Capital credit												
	Prior year			2	2	2							
	Change	0	0	(2)	(2)	(2)	0	0	0	0	0	0	0
131.20	Construction funds								3,000				
	Prior year												
	Change	0	0	0	0	0	0	0	3,000	0	0	0	0
****	Total Cash	72	76	73	105	101	77	205	3,114	117	302	188	113
	Prior year	189	187	98	97	87	99	59	131	67	121	120	77
	Change	(117)	(111)	(25)	8	14	(22)	146	2,983	50	181	68	36
****	136 Temporary investment	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
142.10	Accounts receivable	5,221	5,777	5,526	4,728	4,720	5,308	6,316	6,383	5,815	4,822	4,291	4,401
	Prior year	5,115	5,837	5,629	4,644	4,351	5,280	6,902	7,447	6,445	5,220	4,679	4,708
	Change	106	(60)	(103)	84	369	28	(586)	(1,064)	(630)	(398)	(388)	(307)
144.10	Allow for uncollectible	(127)	(109)	(111)	(117)	(118)	(125)	(138)	(143)	(151)	(159)	(161)	(180)
	Prior year	(105)	(84)	(77)	(82)	(85)	(85)	(146)	(147)	(155)	(164)	(160)	(144)
	Change	(22)	(25)	(34)	(35)	(33)	(40)	8	4	4	5	(1)	(36)

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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
142.20	A/R - other	233	269	304	333	375	412	17	59	102	133	172	208
	Prior year	227	266	310	330	392	423	432	477	506	163	166	205
	Change	6	3	(6)	3	(17)	(11)	(415)	(418)	(404)	(30)	6	3
142.30	A/R - ancillary	25	25	25	25	25	25	25	25	24	24	24	23
	Prior year	24	24	24	24	25	24	25	24	24	24	24	24
	Change	1	1	1	1	0	1	0	1	0	0	0	(1)
143.00	Employees	(6)	(2)		4	5	1	1	4	7	2	3	(1)
	Prior year	(6)	(4)	(3)	(2)	(1)		(1)	3	3		4	(1)
	Change	0	2	3	6	5	1	2	1	4	2	(1)	1
143.40	Union dues	(1)	(1)		(1)	(1)		(1)	(1)		(1)	(1)	
	Prior year	(1)	(1)		(1)	(1)		(1)	(1)		(1)	(1)	
	Change	0	0	0	0	0	0	0	0	0	0	0	0
143.60	Emp loan program	3	7	17	25	24	24	25	25	24	32	31	31
	Prior year	5	5	5	4	4	4	4	4	3	3	3	3
	Change	(2)	2	12	21	20	20	21	21	21	29	28	28
143.80	Community Action pr	(1)					39	16	129	5	2		(1)
	Prior year	(1)	92	4	0	0	50	22	142	45	17	0	(1)
	Change	0	(92)	(4)	0	0	(11)	(6)	(13)	(40)	(15)	0	0
144.20	Allow for others	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
	Prior year	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
	Change	0	0	0	0	0	0	0	0	0	0	0	0
146.10	FEMA reimbursement	91	91	91	91	91	91	91	91	91	91	91	91
	Prior year	91	91	91	91	91	91	91	91	91	91	91	91
	Change	0	0	0	0	0	0	0	0	0	0	0	0
****	Total Recievables	5,435	6,054	5,849	5,085	5,118	5,772	6,349	6,569	5,914	4,943	4,447	4,570
	Prior year	5,346	6,223	5,980	5,005	4,774	5,784	7,325	8,037	6,959	5,350	4,803	4,882
	Change	89	(169)	(131)	80	344	(12)	(976)	(1,468)	(1,045)	(407)	(356)	(312)
154.10	Material & supplies	267	288	288	269	278	283	252	282	265	216	173	250
	Prior year	375	383	375	341	352	290	347	340	299	243	262	265
	Change	(108)	(95)	(87)	(72)	(74)	(7)	(95)	(58)	(34)	(27)	(89)	(15)
154.12	Gas and parts	2	3	3	3	3	3	3	3	4	4	3	3
	Prior year	3	3	2	3	3	3	3	2	3	3	2	2
	Change	(1)	0	1	0	0	0	0	1	1	1	1	1
155.10	Merchandise	11	11	11	11	11	11	11	11	11	11	11	12
	Prior year	14	13	11	13	11	11	11	12	11	11	11	12
	Change	(3)	(2)	0	(2)	0	0	0	(1)	0	0	0	0



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<u>Acct #</u>	<u>Description</u>	<u>June Month 1</u>	<u>July Month 2</u>	<u>August Month 3</u>	<u>September Month 4</u>	<u>October Month 5</u>	<u>November Month 6</u>	<u>December Month 7</u>	<u>January Month 8</u>	<u>February Month 9</u>	<u>March Month 10</u>	<u>April Month 11</u>	<u>May Month 12</u>
171.00	Interest receivable	7	10	12	15	3	5	8	10	12	14	3	5
	Prior year	7	10	12	15	3	5	8	10	12	14	3	5
	Change	0	0	0	0	0	0	0	0	0	0	0	0
****	Total Prepayments	216	151	120	86	38	4	54	210	215	217	333	356
	Prior year	231	206	192	173	125	100	52	218	207	180	257	223
	Change	(15)	(55)	(72)	(87)	(87)	(96)	2	(8)	8	37	76	133
183.10	Prelim survey & invest	23	19	19	12	7	4						
	Prior year	27	27	27	27	27	27	27	27	27	27	27	27
	Change	(4)	(8)	(8)	(15)	(20)	(23)	(27)	(27)	(27)	(27)	(27)	(27)
184.20	General plant purchase	98	98	99	204	215	227	230	21	81	100	103	107
	Prior year	108	117	115	136	169	182	67	133	167	201	208	231
	Change	(10)	(19)	(16)	68	46	45	163	(112)	(86)	(101)	(105)	(124)
186.00	Deferred debits	33	28	22	16	11	6						
	Prior year	99	94	88	83	77	72	66	61	55	50	44	39
	Change	(66)	(66)	(66)	(67)	(66)	(66)	(66)	(61)	(55)	(50)	(44)	(39)
****	Total Deferred Debits	154	145	140	232	233	237	230	21	81	100	103	107
	Prior year	234	238	230	246	273	281	160	221	249	278	279	297
	Change	(80)	(93)	(90)	(14)	(40)	(44)	70	(200)	(168)	(178)	(176)	(190)
*****	Total Assets and Debit	64,182	64,803	64,564	63,776	63,784	64,269	66,299	69,665	66,070	65,399	64,878	64,985
	Prior year	61,888	62,865	62,582	61,720	61,718	62,703	65,217	66,257	65,137	63,818	63,488	63,529
	Change	2,294	1,938	1,982	2,056	2,066	1,566	1,082	3,408	933	1,581	1,390	1,456
**** 200.	Memberships issued	152	152	152	152	152	152	152	152	152	152	152	152
	Prior year	152	152	152	152	153	153	153	153	153	153	152	152
	Change	0	0	0	0	(1)	(1)	(1)	(1)	(1)	(1)	0	0
201.10	Patrons capital credits	21,115	21,115	21,103	21,103	21,101	21,101	21,085	21,691	21,763	21,764	21,764	21,740
	Prior year	19,469	19,469	19,469	19,469	19,468	19,468	19,449	21,170	21,170	21,117	21,116	21,115
	Change	1,646	1,646	1,634	1,634	1,633	1,633	1,636	521	593	647	648	625
201.11	Refunds to estates	(1,703)	(1,703)	(1,703)	(1,703)	(1,703)	(1,703)	(1,703)	(1,703)	(1,703)	(1,703)	(1,703)	(1,809)
	Prior year	(1,448)	(1,448)	(1,506)	(1,506)	(1,532)	(1,532)	(1,532)	(1,532)	(1,532)	(1,536)	(1,593)	(1,703)
	Change	(255)	(255)	(197)	(197)	(171)	(171)	(171)	(171)	(171)	(167)	(110)	(106)
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	(468)	(468)	(468)	(468)	(468)	(468)	(468)	(468)	(540)	(540)	(540)	(540)
	Prior year	(515)	(515)	(515)	(515)	(515)	(515)	(515)	(515)	(515)	(468)	(468)	(468)
	Change	47	47	47	47	47	47	47	47	(25)	(72)	(72)	(72)

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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 Capital Credits	18,783	18,783	18,771	18,771	18,769	18,769	18,753	19,359	19,359	19,360	19,360	19,230
	Prior year	17,345	17,345	17,287	17,287	17,260	17,260	17,241	18,962	18,962	18,952	18,894	18,783
	Change	1,438	1,438	1,484	1,484	1,509	1,509	1,512	397	397	408	466	447
219.10	Operating margins	(750)	(746)	(1,131)	(1,437)	(1,325)	(1,223)	606	7	(249)	(482)	(690)	(819)
	Prior year	124	493	158	20	2	679	1,718	216	(68)	(346)	(675)	(798)
	Change	(874)	(1,239)	(1,289)	(1,457)	(1,327)	(1,902)	(1,112)	(209)	(181)	(136)	(15)	(21)
208.00	Donated capital	32	33	33	33	33	33	33	33	33	33	34	34
	Prior year	31	31	31	31	31	31	31	32	32	32	32	32
	Change	1	2	2	2	2	2	2	1	1	1	2	2
208.10	Discount on deceased	31	31	31	31	31	31	31	31	31	31	31	33
	Prior year	29	29	29	29	30	30	29	30	29	29	30	31
	Change	2	2	2	2	1	1	2	1	2	2	1	2
214.00	Acc comp income	(1,323)	(1,316)	(1,309)	(1,302)	(1,294)	(1,287)	(1,280)	(1,274)	(1,268)	(1,262)	(1,256)	(1,250)
	Prior year	(1,409)	(1,402)	(1,395)	(1,388)	(1,381)	(1,374)	(1,366)	(1,359)	(1,352)	(1,345)	(1,338)	(1,330)
	Change	86	86	86	86	87	87	86	85	84	83	82	80
217.00	Retired gains	22	22	22	22	22	22	22	22	22	46	46	46
	Prior year	17	17	19	19	20	20	20	20	20	23	23	22
	Change	5	5	3	3	2	2	2	2	2	23	23	24
219.30	Other margins	49	49	49	49	49	49	49	49	49	49	49	49
	Prior year	49	49	49	49	49	49	49	49	49	49	49	49
	Change	0	0	0	0	0	0	0	0	0	0	0	0
****	Total Other Equities	(1,939)	(1,927)	(2,305)	(2,604)	(2,484)	(2,375)	(539)	(1,132)	(1,382)	(1,585)	(1,786)	(1,907)
	Prior year	(1,159)	(783)	(1,109)	(1,240)	(1,249)	(565)	481	(1,012)	(1,290)	(1,558)	(1,879)	(1,994)
	Change	(780)	(1,144)	(1,196)	(1,364)	(1,235)	(1,810)	(1,020)	(120)	(92)	(27)	93	87
*****	Total Margins & Equit	16,996	17,008	16,618	16,319	16,437	16,546	18,366	18,379	18,129	17,927	17,726	17,475
	Prior year	16,338	16,714	16,330	16,199	16,164	16,848	17,875	18,103	17,825	17,547	17,167	16,941
	Change	658	294	288	120	273	(302)	491	276	304	380	559	534
224.30	REA notes executed	10,768	10,751	10,734	10,715	10,697	10,679	10,661	10,643	10,623	10,605	10,586	10,568
	Prior year	23,163	23,115	23,016	22,960	22,912	22,809	22,761	10,860	10,839	10,822	10,804	10,787
	Change	(12,395)	(12,364)	(12,282)	(12,245)	(12,215)	(12,130)	(12,100)	(217)	(216)	(217)	(218)	(219)
224.50	FFB notes executed	25,265	25,265	25,265	25,167	25,167	25,167	25,023	25,023	25,023	24,879	24,879	24,879
	Prior year	25,651	25,651	25,651	25,555	25,555	25,555	25,459	25,459	25,459	25,362	25,362	25,362
	Change	(386)	(386)	(386)	(388)	(388)	(388)	(436)	(436)	(436)	(483)	(483)	(483)
224.6	FFB notes unadvanced	(10,438)	(10,438)	(10,438)	(10,438)	(10,435)	(10,438)	(10,438)	(7,438)	(7,438)	(7,438)	(7,438)	(7,438)
	Prior year	(16,438)	(13,438)	(13,438)	(13,438)	(13,438)	(13,438)	(13,438)	(13,438)	(10,438)	(10,438)	(10,438)	(10,438)
	Change	6,000	3,000	3,000	3,000	3,003	3,000	3,000	6,000	3,000	3,000	3,000	3,000

Grain Processing Cooperative  
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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
224.12	CFC notes executed	1,395	1,395	1,350	1,350	1,350	1,304	1,304	1,304	1,258	1,258	1,258	1,211
	Prior year	1,563	1,563	1,520	1,520	1,520	1,480	1,480	1,480	1,439	1,439	1,439	1,395
	Change	(168)	(168)	(170)	(170)	(170)	(176)	(176)	(176)	(181)	(181)	(181)	(184)
224.20	CoBank notes executed	11,599	11,567	11,481	11,447	11,414	11,325	11,292	11,259	11,168	11,134	11,097	11,009
	Prior year								11,884	11,784	11,752	11,718	11,633
	Change	11,599	11,567	11,481	11,447	11,414	11,325	11,292	(625)	(616)	(618)	(621)	(624)
****	Total long term debt	38,589	38,540	38,392	38,241	38,193	38,037	37,842	40,791	40,634	40,438	40,382	40,229
	Prior year	33,939	36,891	36,749	36,597	36,549	36,406	36,262	36,245	39,083	38,937	38,885	38,739
	Change	4,650	1,649	1,643	1,644	1,644	1,631	1,580	4,546	1,551	1,501	1,497	1,490
****	228 Postretirement benefits	2,880	2,881	2,881	2,882	2,881	2,882	2,883	2,883	2,884	2,883	2,883	2,885
	Prior year	2,861	2,863	2,866	2,869	2,871	2,873	2,877	2,879	2,878	2,878	2,879	2,881
	Change	19	18	15	13	10	9	6	4	6	5	4	4
****	231 Notes payable - other	3	2	1		(1)	(2)	(3)	(4)	(5)	(5)	(6)	(7)
	Prior year	15	13	12	11	10	10	9	7	7	6	5	4
	Change	(12)	(11)	(11)	(11)	(11)	(12)	(12)	(11)	(12)	(11)	(11)	(11)
****	233 Notes payable - short t	1,530	1,860	2,095	2,368	2,393	2,763	2,875	3,185	225	210	200	360
	Prior year	4,675	1,995	2,400	2,230	2,390	2,885	3,320	4,371	1,150	335	725	1,060
	Change	(3,145)	(135)	(305)	138	3	(122)	(445)	(1,186)	(925)	(125)	(525)	(700)
232.10	Accounts payable - gen	1,817	2,112	2,243	1,759	1,774	1,865	2,128	2,251	1,954	1,680	1,405	1,665
	Prior year	1,818	2,246	2,022	1,786	1,744	1,609	2,764	2,517	1,995	1,871	1,546	1,564
	Change	(1)	(134)	221	(27)	30	256	(636)	(266)	(41)	(191)	(141)	101
232.23	AP - other	66	77	82	70	81	89	80	119	117	119	99	98
	Prior year	63	75	85	68	57	60	83	97	93	72	82	57
	Change	3	2	(3)	2	24	29	(3)	22	24	47	17	41
232.23	Credit Union	(9)	(1)	(9)	(1)	(1)	(9)	(1)	(9)	(9)	(1)	1	(9)
	Prior year	(8)	(1)	(8)	(8)	(1)	(8)	(1)	(1)	(1)	(9)	1	(9)
	Change	(1)	0	(1)	7	0	(1)	0	(8)	(8)	8	0	0
232.30	AP - ancillary	30	30	30	30	30	56	30	30	30	29	28	27
	Prior year	29	29	30	30	30	29	30	30	30	30	30	30
	Change	1	1	0	0	0	27	0	0	0	(1)	(2)	(3)
232.31	Employee fund	1	1	2	1		1	1	1	1	1	1	3
	Prior year	2	2	2	2	1	2	3	3	3	3	3	5
	Change	(1)	(1)	0	(1)	(1)	(1)	(2)	(2)	(2)	(2)	(2)	(2)
****	Total Payables	1,905	2,219	2,348	1,859	1,884	2,002	2,238	2,392	2,093	1,828	1,534	1,784
	Prior year	1,904	2,351	2,131	1,878	1,831	1,692	2,879	2,646	2,120	1,967	1,662	1,647
	Change	1	(132)	217	(19)	53	310	(641)	(254)	(27)	(139)	(128)	137

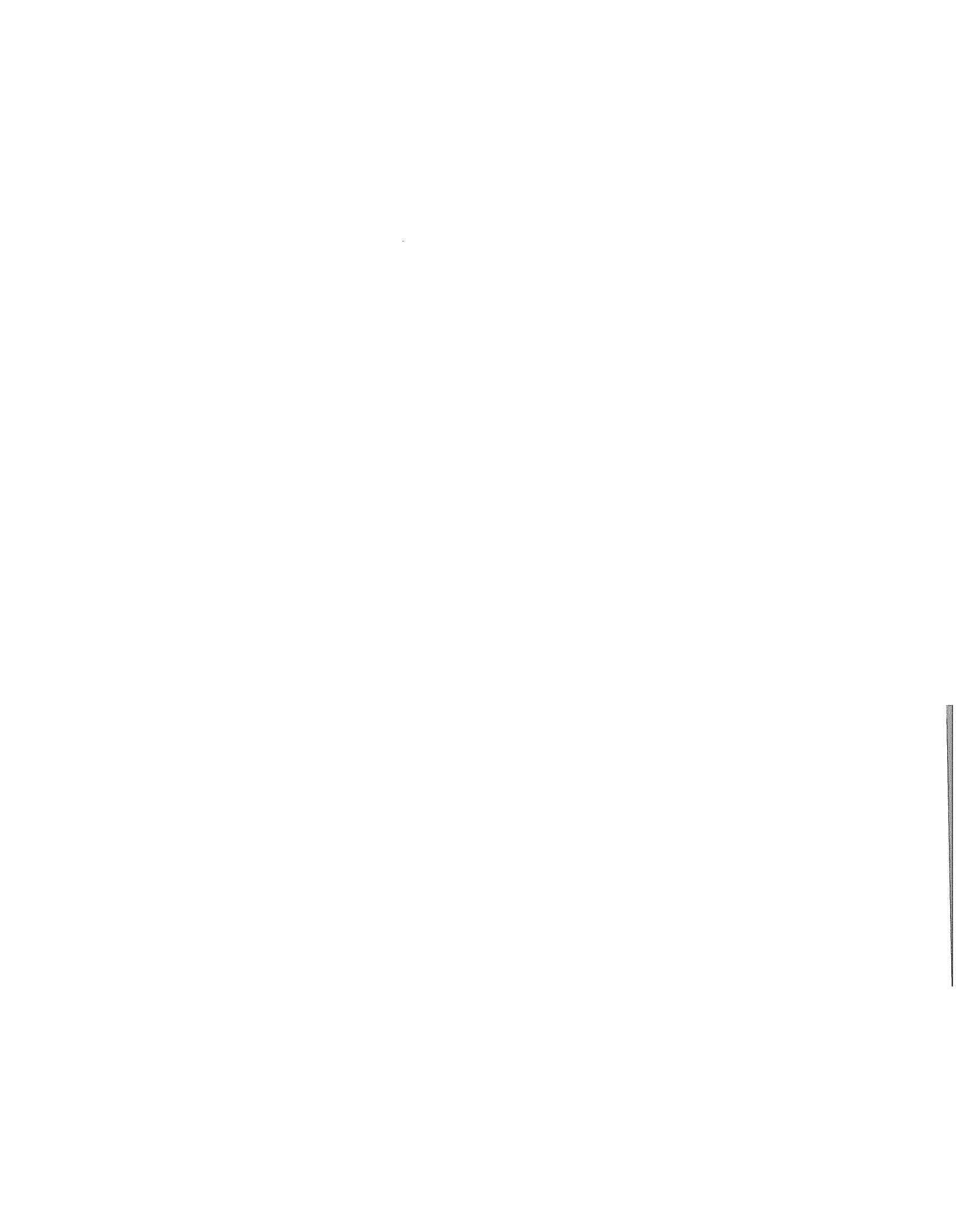
Gr Rural Electric Cooperative  
 Comparison of Test Year Account Balances with  
 those of the Preceding Year - Balance Sheet

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
****	235 Customer deposits	1,239	1,242	1,258	1,266	1,257	1,270	1,271	1,266	1,278	1,274	1,285	1,294
	Prior year	1,211	1,217	1,231	1,229	1,238	1,240	1,240	1,237	1,241	1,243	1,233	1,236
	Change	28	25	27	37	19	30	31	29	37	31	52	58
236.1	Acc property taxes	268	313	196	113	(36)	(20)		43	85	128	171	214
	Prior year	241	117	157		(79)	(39)		44	89	134	179	223
	Change	27	196	39	113	43	19	0	(1)	(4)	(6)	(8)	(9)
236.2	Acc FUTA tax								1	2			
	Prior year								2	3			
	Change	0	0	0	0	0	0	0	(1)	(1)	0	0	0
236.3	Acc FICA tax	(3)											
	Prior year										(3)	(3)	(3)
	Change	(3)	0	0	0	0	0	0	0	0	3	3	3
236.4	Acc SUTA tax								2	4			
	Prior year								2	4			
	Change	0	0	0	0	0	0	0	0	0	0	0	0
236.5	Sales tax	75	82	69	63	71	80	87	82	68	59	58	64
	Prior year	75	85	67	56	60	82	97	92	64	60	57	65
	Change	0	(3)	2	7	11	(2)	(10)	(10)	4	(1)	1	(1)
237.10	Acc int RUS												
	Prior year	4	9		4	0		4	4	4			
	Change	(4)	(9)	0	(4)	0	0	(4)	(4)	(4)	0	0	0
237.30	Acc int CFC	5	11	10	4	14	11	4	15	6	4	10	2
	Prior year	8	30	27	8	30	32	6	29	20	6	19	16
	Change	(3)	(19)	(17)	(4)	(16)	(21)	(2)	(14)	(14)	(2)	(9)	(14)
237.50	Acc int customer depo	34	40	44	50	55	60	66	6	12	18	24	30
	Prior year	34	40	44	50	55	60	65	5	11	17	23	29
	Change	0	0	0	0	0	0	1	1	1	1	1	1
237.60	FFB interest		2	4		2	4		2	4		3	6
	Prior year		2	4		3	6		2	5		3	6
	Change	0	0	0	0	(1)	(2)	0	0	(1)	0	0	0
241.30	Acc City payroll tax		1	3	(4)	1	2		1	2		1	2
	Prior year		1	2		1	2		1	2		1	2
	Change	0	0	1	(4)	0	0	0	0	0	0	0	0
241.20	Accrued payroll	103	53	83	49	61	78	51	69	79	50	63	96
	Prior year	88	49	64	84	52	68	45	57	58	91	51	73
	Change	15	4	19	(35)	9	10	6	12	21	(41)	12	23

Grayson Rural Electric Cooperative  
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<u>Acct #</u>	<u>Description</u>	<u>June Month 1</u>	<u>July Month 2</u>	<u>August Month 3</u>	<u>September Month 4</u>	<u>October Month 5</u>	<u>November Month 6</u>	<u>December Month 7</u>	<u>January Month 8</u>	<u>February Month 9</u>	<u>March Month 10</u>	<u>April Month 11</u>	<u>May Month 12</u>
242.20	Accrued vacation	160	147	150	154	162	149	149	159	171	179	150	152
	Prior year	156	138	144	147	151	138	141	154	166	176	176	183
	Change	4	9	6	7	11	11	8	5	5	3	(26)	(31)
242.30	Acc sick leave	241	242	246	248	246	246	230	227	229	232	231	231
	Prior year	235	237	239	242	248	248	229	232	233	237	240	242
	Change	6	5	7	6	(2)	(2)	1	(5)	(4)	(5)	(9)	(11)
242.40	Work comp ins									5			
	Prior year							(20)	(20)				
	Change	0	0	0	0	0	0	20	20	5	0	0	0
242.52	Annual audit	4	5	6	(2)	(2)	(1)		1	1	2	3	3
	Prior year	4	5	(3)	(2)	(1)	(1)		1	1	2	3	3
	Change	0	0	9	0	(1)	0	0	0	0	0	0	0
242.53	PSC assessment	(15)	(13)	(10)	(8)	(5)	(3)		3	5	8	10	13
	Prior year	(16)	(14)	(11)	(8)	(5)	(3)		3	5	8	10	11
	Change	1	1	1	0	0	0	0	0	0	0	0	2
242.60	Acc annual meeting	12	16	17	22	15	7			1	3	7	9
	Prior year	(26)	(24)	(20)	(15)	(9)	(4)		8	13	16	16	8
	Change	38	40	37	37	24	11	0	(8)	(12)	(13)	(9)	1
****	Total Current & Accru	884	899	818	689	584	613	587	611	674	683	731	822
	Prior year	803	675	714	566	506	589	567	616	678	744	775	858
	Change	81	224	104	123	78	24	20	(5)	(4)	(61)	(44)	(36)
****252.1	Consumer advances fo	156	152	153	152	156	158	239	162	158	161	143	143
	Prior year	157	159	161	152	169	170	197	160	162	167	162	168
	Change	(1)	(7)	(8)	0	(13)	(12)	42	2	(4)	(6)	(19)	(25)
*****	Total Equities & Liabi	64,182	64,803	64,564	63,776	63,784	64,269	66,298	69,665	66,070	65,399	64,878	64,985
	Prior year	61,888	62,865	62,582	61,720	61,718	62,703	65,217	66,257	65,137	63,818	63,488	63,530
	Change	2,294	1,938	1,982	2,056	2,066	1,566	1,081	3,408	933	1,581	1,390	1,455





Grayson Rural Electric Cooperative  
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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	1,780	1,986	1,513	1,287	1,662	2,037	2,351	2,137	1,679	1,332	1,284	1,506	20,554
	Prior year	1,813	2,110	1,524	1,235	1,483	2,239	2,735	2,591	1,653	1,466	1,307	1,547	21,703
	Change	(33)	(124)	(11)	52	179	(202)	(384)	(454)	26	(134)	(23)	(41)	(1,149)
440.40	Camps and	65	72	63	72	88	74	92	85	74	70	72	84	911
	Prior year	59	65	53	48	48	56	64	62	54	51	49	57	666
	Change	6	7	10	24	40	18	28	23	20	19	23	27	245
442.10	Small comr	187	197	170	154	162	186	200	192	166	151	149	162	2,076
	Prior year	189	210	177	150	150	194	231	230	166	156	152	170	2,175
	Change	(2)	(13)	(7)	4	12	(8)	(31)	(38)	0	(5)	(3)	(8)	(99)
442.20	Large comr	318	336	318	291	284	190	306	244	221	202	200	198	3,108
	Prior year	309	340	308	270	256	301	342	352	274	261	258	277	3,548
	Change	9	(4)	10	21	28	(111)	(36)	(108)	(53)	(59)	(58)	(79)	(440)
442.30	Large indus	116	123	123	119	124	127	113	163	148	155	137	151	1,599
	Prior year	111	122	108	99	89	91	94	73	77	88	86	94	1,132
	Change	5	1	15	20	35	36	19	90	71	67	51	57	467
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 Disc	37	44	51	35	31	45	51	58	53	38	32	30	505
	Prior year	35	44	53	36	31	38	59	69	63	38	36	36	538
	Change	2	0	(2)	(1)	0	7	(8)	(11)	(10)	0	(4)	(6)	(33)
454.00	Rent form e	35	35	35	35	41	41	40	37	37	37	37	37	447
	Prior year	35	36	35	35	36	35	37	35	35	35	35	35	424
	Change	0	(1)	0	0	5	6	3	2	2	2	2	2	23
456.00	Other electi	9	8	8	6	6	7	5	5	4	7	12	10	87
	Prior year	7	6	6	7	8	6	4	3	5	7	8	8	75
	Change	2	2	2	(1)	(2)	1	1	2	(1)	0	4	2	12
***	Total Reven	2,548	2,802	2,282	2,000	2,399	2,708	3,159	2,922	2,383	1,993	1,924	2,179	29,299
	Prior year	2,559	2,934	2,265	1,881	2,102	2,961	3,567	3,416	2,328	2,103	1,932	2,225	30,273
	Change	(11)	(132)	17	119	297	(253)	(408)	(494)	55	(110)	(8)	(46)	(974)

Grayson Rural Electric Cooperative  
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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 Purch	1,536	1,817	1,697	1,365	1,367	1,612	1,885	1,958	1,708	1,353	1,175	1,368	18,841
	Prior year	1,477	1,730	1,691	1,292	1,098	1,375	2,238	2,272	1,727	1,437	1,225	1,295	18,857
	Change	59	87	6	73	269	237	(353)	(314)	(19)	(84)	(50)	73	(16)
583.00	Overhead L	40	45	40	47	43	28	27	45	48	42	42	36	483
	Prior year	43	37	42	37	43	41	44	45	42	50	45	46	515
	Change	(3)	8	(2)	10	0	(13)	(17)	0	6	(8)	(3)	(10)	(32)
586.00	Meter	48	45	50	41	34	43	40	50	53	49	46	53	552
	Prior year	43	36	50	39	47	45	58	39	19	47	41	48	512
	Change	5	9	0	2	(13)	(2)	(18)	11	34	2	5	5	40
588.00	Miscellaneous	18	11	11	10	10	11	16	6	4	4	4	5	110
	Prior year	11	12	12	12	11	11	17	11	12	11	11	13	144
	Change	7	(1)	(1)	(2)	(1)	0	(1)	(5)	(8)	(7)	(7)	(8)	(34)
***	Total Oper	106	101	101	98	87	82	83	101	105	95	92	94	1,145
	Prior year	97	85	104	88	101	97	119	95	73	108	97	107	1,171
	Change	9	16	(3)	10	(14)	(15)	(36)	6	32	(13)	(5)	(13)	(26)
590.00	Engineering	22	23	21	19	18	17	13	23	23	24	21	24	248
	Prior year	19	17	20	20	20	13	23	23	23	25	19	22	244
	Change	3	6	1	(1)	(2)	4	(10)	0	0	(1)	2	2	4
593.00	Maintenanc	242	262	213	234	178	164	189	200	182	290	215	228	2,597
	Prior year	188	161	166	144	242	193	246	186	199	195	290	253	2,463
	Change	54	101	47	90	(64)	(29)	(57)	14	(17)	95	(75)	(25)	134
594.00	Underground lines									1	1			0
	Prior year	1		1						(1)	(1)	0	0	4
	Change	(1)	0	(1)	0	0	0	0	0	(1)	(1)	0	0	(4)
595.00	Transforme	2	3	2		3	1	1	8	2	2	1	2	27
	Prior year	7	2	1		2	2	3	3	4	2	1	2	29
	Change	(5)	1	1	0	1	(1)	(2)	5	(2)	0	0	0	(2)
596.00	Street light maintenance													0
	Prior year						1	1	2	1	1	1	0	7
	Change	0	0	0	0	0	(1)	(1)	(2)	(1)	(1)	(1)	0	(7)

Grayson Rural Electric Cooperative  
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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
598.00	Miscellaneous	6	3	10	7	6	6	6	7	7	8	6	3	75
	Prior year	4	5	6	4	5	5	4	6	4	6	4	4	57
	Change	2	(2)	4	3	1	1	2	1	3	2	2	(1)	18
***	Total Main	272	291	246	260	205	188	209	238	214	324	243	257	2,947
	Prior year	219	185	194	168	269	214	277	220	232	230	315	281	2,804
	Change	53	106	52	92	(64)	(26)	(68)	18	(18)	94	(72)	(24)	143
901.00	Supervisor	7	8	9	8	8	13	8	13	7	10	4	8	103
	Prior year	7	6	8	8	8	8	7	8	9	9	7	7	92
	Change	0	2	1	0	0	5	1	5	(2)	1	(3)	1	11
903.00	Consumer r	72	75	76	65	68	66	54	69	71	71	86	80	853
	Prior year	61	55	78	64	68	64	62	72	70	83	60	87	824
	Change	11	20	(2)	1	0	2	(8)	(3)	1	(12)	26	(7)	29
904.00	Uncollectib	9	9	8	8	8	8	1	10	10	10	10	10	101
	Prior year	7	7	7	7	7	7	49	9	9	9	9	9	136
	Change	2	2	1	1	1	1	(48)	1	1	1	1	1	(35)
***	Total Const	88	92	93	81	84	87	63	92	88	91	100	98	1,057
	Prior year	75	68	93	79	83	79	118	89	88	101	76	103	1,052
	Change	13	24	0	2	1	8	(55)	3	0	(10)	24	(5)	5
*** 909.00	Information	15	15	20	18	23	22	16	18	20	19	17	14	217
	Prior year	16	16	22	19	27	18	21	21	24	25	22	20	251
	Change	(1)	(1)	(2)	(1)	(4)	4	(5)	(3)	(4)	(6)	(5)	(6)	(34)
912.00	Demonstrat	3	2	3	2	3	2	2	1	1	2	2	2	25
	Prior year	3	2	3	2	3	3	1	3	3	3	3	3	32
	Change	0	0	0	0	0	(1)	1	(2)	(2)	(1)	(1)	(1)	(7)
913.00	Advertising				1	1		1	1	1	1		1	7
	Prior year				1			1	1	1	1		1	5
	Change	0	0	0	0	1	0	0	1	0	0	0	0	2
***	Total Sales	3	2	3	3	4	2	3	2	2	3	2	3	32
	Prior year	3	2	3	3	3	3	2	3	4	4	3	4	37
	Change	0	0	0	0	1	(1)	1	(1)	(2)	(1)	(1)	(1)	(5)

Grayson R. Electric Cooperative  
 Comparison of Test Year Income Statement Account  
 Balances with those of the Preceding Year  
 May 31, 2012

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
920.00	Administrative	81	84	96	75	69	83	56	94	88	95	81	90	992
	Prior year	77	76	82	84	79	79	90	103	98	103	100	98	1,069
	Change	4	8	14	(9)	(10)	4	(34)	(9)	(10)	(8)	(19)	(8)	(77)
921.00	Office supplies	9	14	6	8	36	16	10	8	4	35	6	7	159
	Prior year	17	7	8	8	16	17	11	17	14	13	16	18	162
	Change	(8)	7	(2)	0	20	(1)	(1)	(9)	(10)	22	(10)	(11)	(3)
923.00	Outside services	5	7	7	4	6	14	5	8	5	7	4	8	80
	Prior year	11	4	4	4	4	5	4	11	5	5	7	6	70
	Change	(6)	3	3	0	2	9	1	(3)	0	2	(3)	2	10
930.20	Annual meeting	5	5	5	5	(7)	(6)	(7)	4	4	4	4	12	28
	Prior year	3	5	5	5	5	5	6	5	5	5	5	22	76
	Change	2	0	0	0	(12)	(11)	(13)	(1)	(1)	(1)	(1)	(10)	(48)
930.21	Capital credits													0
	Prior year			1		1								2
	Change	0	0	(1)	0	(1)	0	0	0	0	0	0	0	(2)
930.30	Miscellaneous	4	1	2	1	17	8	3	2	5	8	3	1	55
	Prior year	1	5	(1)	9	2	1	3	2	2	2	2	2	30
	Change	3	(4)	3	(8)	15	7	0	0	3	6	1	(1)	25
930.60	Directors expenses	10	8	12	12	13	19	15	13	18	18	8	8	154
	Prior year	11	15	8	9	20	17	14	10	9	20	10	9	152
	Change	(1)	(7)	4	3	(7)	2	1	3	9	(2)	(2)	(1)	2
930.70	Dues in association	5	5	4	5	5	4	5	4	5	5	4	5	56
	Prior year	5	5	5	5	5	4	5	4	5	5	4	5	57
	Change	0	0	(1)	0	0	0	0	0	0	0	0	0	(1)
935.00	Maintenance	21	15	15	29	42	72	25	35	22	19	15	16	326
	Prior year	31	15	28	9	30	19	35	18	21	22	31	26	285
	Change	(10)	0	(13)	20	12	53	(10)	17	1	(3)	(16)	(10)	41
***	Total Administrative	140	139	147	139	181	210	112	168	151	191	125	147	1,850
	Prior year	156	132	140	133	162	147	168	170	159	175	175	186	1,903
	Change	(16)	7	7	6	19	63	(56)	(2)	(8)	16	(50)	(39)	(53)

Grayson Rural Electric Cooperative  
 Comparison of Test Year Income Statement Account  
 Balances with those of the Preceding Year  
 May 31, 2012

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
403.60	Distributor	228	228	229	229	230	231	231	232	232	233	233	234	2,770
	Prior year	217	218	219	221	221	222	223	223	224	225	226	227	2,666
	Change	11	10	10	8	9	9	8	9	8	8	7	7	104
403.70	General dep	14	14	14	13	14	13	14	15	16	15	15	15	172
	Prior year	11	11	6	11	11	11	12	12	12	12	12	12	133
	Change	3	3	8	2	3	2	2	3	4	3	3	3	39
***	Total Depre	242	242	243	242	244	244	245	247	248	248	248	249	2,942
	Prior year	228	229	225	232	232	233	235	235	236	237	238	239	2,799
	Change	14	13	18	10	12	11	10	12	12	11	10	10	143
*** 408.60	Regulatory	2	3	2	3	2	3	2	3	3	2	3	2	30
	Prior year	3	3	2	3	2	3	2	3	3	2	3	2	31
	Change	(1)	0	0	0	0	0	0	0	0	0	0	0	(1)
427.10	REA intere	35	36	36	35	36	35	36	35	33	35	34	35	421
	Prior year	86	89	88	85	88	84	87	63	33	33	35	36	807
	Change	(51)	(53)	(52)	(50)	(52)	(49)	(51)	(28)	0	2	(1)	(1)	(386)
427.20	CoBank int	46	45	46	46	44	45	44	45	45	42	44	43	535
	Prior year									27	43	47	45	162
	Change	46	45	46	46	44	45	44	45	18	(1)	(3)	(2)	373
42,730.00	CFC intere	5	5	4	4	4	4	4	4	4	4	4	3	49
	Prior year	8	8	7	8	8	7	6	5	5	6	5	2	75
	Change	(3)	(3)	(3)	(4)	(4)	(3)	(2)	(1)	(1)	(2)	(1)	1	(26)
427.60	FFB interes	3	2	2	2	2	2	2	2	2	3	3	3	28
	Prior year	4	2	2	4	3	3	3	2	2	3	3	3	34
	Change	(1)	0	0	(2)	(1)	(1)	(1)	0	0	0	0	0	(6)
***	Total Intere	89	88	88	87	86	86	86	86	84	84	85	84	1,033
	Prior year	98	99	97	97	99	94	96	70	67	85	90	86	1,078
	Change	(9)	(11)	(9)	(10)	(13)	(8)	(10)	16	17	(1)	(5)	(2)	(45)
431.00	Interest - cu	6	6	6	6	6	7	6	6	6	7	6	7	75
	Prior year	6	6	6	6	6	6	6	6	6	6	6	6	72
	Change	0	0	0	0	0	1	0	0	0	1	0	1	3

Grayson Rural Electric Cooperative  
 Comparison of Test Year Income Statement Account  
 Balances with those of the Preceding Year  
 May 31, 2012

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
431.10	Short-term	(9)	2	7	7	6	6	9	7			2		37
	Prior year	11	13	13	(23)	14	19	18	17	3	5	9	8	107
	Change	(20)	(11)	(6)	30	(8)	(13)	(9)	(10)	(3)	(5)	(7)	(8)	(70)
***	Total Interest	(3)	8	13	13	12	13	15	13	6	7	8	7	112
	Prior year	17	19	19	(17)	20	25	24	23	9	11	15	14	179
	Change	(20)	(11)	(6)	30	(8)	(12)	(9)	(10)	(3)	(4)	(7)	(7)	(67)
*** 426.00	Donations	1	1	1	1	1	1		1	1	2		2	12
	Prior year	1	1	2	1	1	1			1	1	2	1	12
	Change	0	0	(1)	0	0	0	0	1	0	1	(2)	1	0
****	Total Cost of	2,491	2,799	2,654	2,310	2,296	2,550	2,719	2,927	2,630	2,419	2,098	2,325	30,218
	Prior year	2,390	2,569	2,592	2,098	2,097	2,289	3,300	3,201	2,623	2,416	2,261	2,338	30,174
	Change	101	230	62	212	199	261	(581)	(274)	7	3	(163)	(13)	44
****	Operating Income	57	3	(372)	(310)	103	158	440	(5)	(247)	(426)	(174)	(146)	(919)
	Prior year	169	365	(327)	(217)	5	672	267	215	(295)	(313)	(329)	(113)	99
	Change	(112)	(362)	(45)	(93)	98	(514)	173	(220)	48	(113)	155	(33)	(1,018)
*** 419.00	Interest income	2	3	2	3	2	2	2	2	3	2	3	2	28
	Prior year	2	2	2	3	2	3	2	2	2	2	3	2	27
	Change	0	1	0	0	0	(1)	0	0	1	0	0	0	1
415.00	Merchandise	(15)	(4)	(4)	(1)	(10)	(34)	(37)	14	(13)	(13)	(1)	11	(107)
	Prior year	2	(1)	0		1		(1)	(1)	8	(3)		(10)	(5)
	Change	(17)	(3)	(4)	(1)	(11)	(34)	(36)	15	(21)	(10)	(1)	21	(102)
416.00	Geothermal incentives													0
	Prior year													0
	Change	0	0	0	0	0	0	0	0	0	0	0	0	0
421.00	Gain loss on	1		(10)			(21)	31			58		1	60
	Prior year			(10)		15				1	8			14
	Change	1	0	0	0	(15)	(21)	31	0	(1)	50	0	1	46
***	Nonoperating	(14)	(4)	(14)	(1)	(10)	(55)	(6)	14	(13)	45	(1)	12	(47)
	Prior year	2	(1)	(10)	0	16	0	(1)	(1)	9	5	0	(10)	9
	Change	(16)	(3)	(4)	(1)	(26)	(55)	(5)	15	(22)	40	(1)	22	(56)

Grayson Rural Electric Cooperative  
 Comparison of Test Year Income Statement Account  
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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
424.40	Patonage capital - East KY							1,393				(35)		1,358
	Prior year							777						777
	Change	0	0	0	0	0	0	616	0	0	0	(35)	0	581
***	Total G & P	0	0	0	0	0	0	1,393	0	0	0	(35)	0	1,358
	Prior year	0	0	0	0	0	0	777	0	0	0	0	0	777
	Change	0	0	0	0	0	0	616	0	0	0	(35)	0	581
*** 424.10	Patronage c	2			4	17					145			168
	Prior year	5			37			(3)			29			68
	Change	(3)	0	0	(33)	17	0	3	0	0	116	0	0	100
*****	Net Margin	47	2	(384)	(304)	112	105	1,829	11	(257)	(234)	(207)	(132)	588
	Prior year	178	366	(335)	(177)	23	675	1,042	216	(284)	(277)	(326)	(121)	980
	Change	(131)	(364)	(49)	(127)	89	(570)	787	(205)	27	43	119	(11)	(392)





ACCOUNT	DESCRIPTION	AMOUNT
107.20	CONSTRUCTION WORK IN PROGRESS	501,272.51
107.21	CONST WORK IN PROG-OVERHEAD	0.00
107.22	2007 REMODELING WORK IN PROGRESS	0.00
107.23	AID TO CONSTRUCTION	0.00
107.24	PAYMENTS TO BE REIMBURSED	0.00
107.30	CONST WORK IN PROG-SPECIAL EQUIP	0.00
108.60	ACCUM PROV DEPR DISTRIBUTION PL	11,090,308.54-
108.61	SCRAP SALES	185,962.75-
108.71	ACCUM PROV DEPR OFFICE FURNITURE	325,244.73-
108.72	ACCUM PROV DEPR TRANSPORTATION	1,053,008.12-
108.73	ACCUM PROV DEPR STORES EQUIP	8,952.14-
108.74	ACCUM PROV DEPR SMALL TOOLS	24,296.33-
108.75	ACCUM PROV DEPR LAB EQUIP	110,395.99-
108.76	ACCUM PROV DEPR LARGE TOOLS	48,447.69-
108.77	ACCUM PROV DEPR COMMUNICATION EQ	341,127.20-
108.78	ACCUM PROV DEPR MISCELLANEOUS EQ	62,464.96-
108.79	ACCUM PROV DEPR STRUCTURE/IMPROV	556,008.18-
108.80	RETIREMENT WORK IN PROGRESS	100,633.32
108.81	RETIRE WORK IN PROGRESS-OVERHEAD	0.00
108.82	UNCOMPLETED RETIREMENT WORKORDER	0.00
121.00	LEASED HOMEGUARD SYSTEMS	5,948.95
121.10	NONUTILITY PROPERTY	0.00
122.00	ACCUM PROV DEPR HOMEGUARD SYSTEM	5,948.95-
122.10	ACCUM PROV DEPR NON-UTILITY PROP	0.00
123.10	INV ASSOC ORG-PATRONAGE CAPITAL	8,176,229.84
123.11	KTI INVESTMENT	0.00
123.22	INV-CAPITAL TERM CERTIFICATE-CFC	631,683.00
123.23	OTHER INVESTMENT-ASSOC ORG	1,000.00
123.24	BUSINESS DEVELOPMENT CORP OF KY	0.00
123.25	KTI NOTES RECEIVABLE	0.00
123.26	INV - COOPERATIVE RESONSE CENTER	12,500.00
124.00	OTHER INVESTMENTS	98.65
131.10	GENERAL FUNDS ACCOUNT	90,507.11
131.11	PEOPLES SECURITY BANK/BLAINE	673.42
131.12	FIRST & PEOPLES BANK/GREENUP	603.82
131.13	THE CITIZENS BANK/MOREHEAD	662.97
131.14	KENTUCKY BANK / SANDY HOOK	5,355.04
131.15	FIRST NATIONAL BANK/GRAYSON	696.05
131.16	CITY NATIONAL BANK/GRAYSON	594.77
131.17	FIRST STAR BANK / MOREHEAD	0.00
131.18	FIRST COMMUNITY BANK / LEWIS	629.41
131.19	THE COMMERCIAL BANK/GRAYSON	610.64
131.20	CASH - CONSTRUCTION FUND	0.00
131.30	PAYROLL ACCOUNT	12,735.64
131.31	PAYROLL-DIRECT DEPOSIT	0.00
131.40	TRANSFER OF CASH	0.00
131.50	CAPITAL CREDIT ACCOUNT	0.00
135.00	WORKING FUNDS	450.00
136.00	TEMPORARY CASH INVESTMENTS	0.00

ACCOUNT	DESCRIPTION	AMOUNT
136.20	KAEC CERTIFICATE OF DEPOSIT	5,000.00
136.40	CERTIFICATE OF DEPOSITS-SAVINGS	0.00
141.10	NOTES RECEIVALBE	0.00
142.10	ACCOUNTS RECEIVABLE - ELECTRIC	4,332,336.92
142.11	ACCOUNTS RECEIVABLE - CONTRACTS	43,618.89
142.12	ACCOUNTS RECV - MACED CONTRACTS	24,922.47
142.20	ACCOUNTS RECEIVABLE - OTHER	208,171.47
142.30	ANCILLARY BILLING SERVICES	22,582.11
142.40	A/C RECEIVABLE - RENTAL PROPERTY	1,378.19
142.50	ELECTRIC ASSIST - NORTHEAST	0.00
142.51	ELECTRIC ASSIST - GATEWAY	0.00
142.52	ELECTRIC ASSIST - LICKING VALLEY	0.00
142.53	ELECTRIC ASSIST - SALVATION ARMY	0.00
142.60	DIRECT LOAD CONTROL PROGRAM	2,060.00
143.00	ACCOUNTS RECEIVABLE-EMP & DIRECT	7,502.74
143.01	ACCOUNTS RECV - UNION ALLOWANCE	6,402.33-
143.02	ACCOUNTS RECV - OFFICE ALLOWANCE	4,280.03-
143.10	ACCOUNTS RECEIVABLE-24 HR INS	0.00
143.30	ACCOUNTS RECEIVABLE-LTD INS	227.14
143.40	ACCOUNTS RECEIVABLE-UNION DUES	462.00-
143.50	C O B R A INSURANCE	0.00
143.60	EMPLOYEE LOAN PROGRAM	31,485.32
143.70	EMPLOYEE CHILD SUPPORT PAYMENTS	0.00
143.80	ACRE(ACTION COMM FOR RURAL ELEC)	686.80-
143.90	UNITED WAY CONTRIBUTIONS	0.00
144.10	ACCUM PROV UNCOLLECT ELECTRIC	179,976.72-
144.20	ACCUM PROV UNCOLLECT - OTHER	3,037.41-
146.00	KY TELECOMMUNICATIONS INC	0.00
146.10	FEMA REIMBURSEMENT	90,974.71
154.10	MATERIALS & SUPPLIES - ELECTRIC	250,186.23
154.12	TRANSPORTATION INVENTORY	3,375.82
154.13	MATERIALS & SUPPLIES - ETS	0.00
154.14	MATERIALS & SUPPLIES - ETS	8,523.31
154.15	MATERIALS & SUPPLIES - HOMEGUARD	2,725.94
155.00	APPLIANCES & EQUIPMENT FOR SALE	0.00
155.10	EMERGENCY TEMPORARY SERVICES	123.88
155.20	HOMEGUARD INVENTORY	0.00
163.00	STORES CLEARING	0.00
163.10	MINOR MATERIAL CLEARING	0.00
165.10	MONUMENTAL LIFE INSURANCE CO	0.00
165.11	PREPAID INS-WORKERS COMPENSATION	58,973.00
165.12	PREPAID INS-VARIOUS	86,114.41
165.13	PREPAID INS-METLIFE/NRECA	30.98
165.14	PREPAID INS-COLONIAL INSURANCE	186.39
165.15	PREPAID INS-LONG TERM DISABILITY	0.00
165.16	PREPAID INS-EMPLOYEES	0.00
165.17	PREPAID INS-AMERICAN FAMILY	1,143.55
165.18	PREPAID INS-RETIRED EMPLOYEES	0.00
165.19	PREPAID INS-CAPITOL AMERICAN	134.78

ACCOUNT	DESCRIPTION	AMOUNT
165.20	PREPAID DUES-KAEC,NRECA, & OTHERS	33,110.90
165.21	KAEC ANNUAL SAFETY ASSESSMENT	0.00
165.22	PREPAID - CONTRACT SERVICES	0.00
165.23	PREPAID INS-SUPPLEMENTAL LIFE	209.69
165.30	PREPAID RETIREMENT-EMPLOYER PART	144,654.48
165.40	PREPAID INS-M O D L	8,853.00
165.50	PREPAID SERVICE AGREEMENTS	4,780.18
165.60	PREPAID INS - EXCESS CATASTROPHE	6,715.00
165.70	PREPAID INS-DIRECTORS & ATTORNEY	0.00
165.80	PREPAID - 401(K) EMPLOYEES	0.00
165.81	PREPAID - 401(K) EMPLOYEE LOANS	0.00
165.82	PREPAID-401(K) EMPLOYERS PORTION	1,335.51
165.90	PREPAID-PAD MNT TRANSFORMER PROG	5,565.49
165.91	PREPAID - LEASE AGREEMENTS	0.00
171.00	INTEREST & DIVIDENDS RECEIVABLE	5,017.80
183.10	LONG RANGE WORK PLAN	0.00
184.10	TRANSPORTATION EXPENSE	0.00
184.11	TRANSPORTATION OVERHEAD EXPENSE	0.00
184.20	CLEARING ACCOUNT - OTHER	107,041.56
186.00	MISC DEFERRED DEBITS	0.00
200.10	MEMBERSHIPS ISSUED	151,930.00-
200.20	MEMBERSHIPS SUBSCRIBED-UNISSUED	0.00
201.10	PATRONAGE CAPITAL CREDITS	21,739,749.19-
201.11	REFUND DECEASED EST-CAPITAL CR	1,808,622.78
201.12	REFUND GEN ROTATION-CAPITAL CR	160,656.60
201.13	VOIDED CHKS/GEN ROTATION-CAP CR	0.00
201.14	KTI ASSIGNABLE CAPITAL CREDITS	0.00
201.20	PATRONAGE CAPITAL ASSIGNABLE	0.00
201.30	DEFICIT MARGINS-PRIOR YEARS	540,388.22
208.00	VOIDED CHECKS-DONATED CAPITAL	33,986.59-
208.10	DISCOUNT DECEASED EST-CAPITAL CR	32,626.55-
208.20	VOIDED CAPITAL CR CHKS/UNCLAIMED	0.00
214.00	ACCUM OTHER COMPREHENSIVE INCOME	1,250,043.00
215.00	KTI RETAINED EARNINGS	0.00
217.00	GAIN - RETIRED CAPITAL CREDITS	45,953.23-
218.00	CAPITAL GAINS & LOSSES	0.00
219.10	OPERATING MARGINS	0.00
219.20	NON-OPERATING MARGINS	0.00
219.30	OTHER MARGINS	49,005.10-
224.11	OTHER LONG-TERM DEBT-SUBSCRIPT	0.00
224.12	CFC NOTES EXECUTED	1,211,286.20-
224.13	CFC NOTES EXECUTED-CONST-DEBIT	0.00
224.14	ZERO %LOAN CTC	0.00
224.20	COBANK NOTES EXECUTED	11,009,447.46-
224.30	RUS NOTES EXECUTED	10,568,003.08-
224.40	RUS NOTES EXECUTED-CONST-DEBIT	0.00
224.50	FFB NOTES EXECUTED	24,879,017.92-
224.60	FFB NOTES EXECUTED-CONST-DEBIT	7,438,000.00
228.30	ACCUM PROV PENSIONS & BENEFITS	2,885,003.57-

ACCOUNT	DESCRIPTION	AMOUNT
228.40	FLEX PLAN	456.14
231.00	NOTES PAYABLE/OTHER	7,284.06
232.00	ACCOUNTS PAYABLE	297,149.37-
232.01	WHOLESALE POWER BILL	1,368,279.00-
232.10	VOIDED CHECKS	120.84
232.11	ACCOUNTS PAYABLE-MISCELLANEOUS	73,335.86-
232.12	ACCOUNTS PAYABLE - MACED	24,922.47-
232.23	ACCOUNTS PAYABLES - CREDIT UNION	8,772.79
232.30	ACCTS PAY-ANCILLARY BILLING SERV	27,211.13-
232.31	EMPLOYEES KITTY FUND	883.64-
232.32	KITTY FUND (RELAY FOR LIFE)	1,764.61-
232.33	KITTY FUND (COMMUNITY SERVICE)	238.62-
232.34	KITTY FUND (BIRTHDAY FUND)	0.00
232.35	KITTY FUND (UNION KITTY)	0.00
232.36	KITTY FUND (OFFICE EMPLOYEES)	0.00
233.00	NOTES PAYABLE/ASSOCIATED COMPANY	360,000.00-
235.00	CUSTOMER DEPOSITS	1,294,075.58-
235.10	CONTRACTS - CUSTOMER DEPOSITS	0.00
236.10	ACCRUED PROPERTY TAX	213,625.00-
236.20	ACCR US SOC SEC TAX-UNEMPLOYMENT	79.38-
236.30	ACCR US SOC SEC TAX-FICA	0.00
236.40	ACCR STATE UNEMPLOYMENT TAX	217.40-
236.50	ACCRUE STATE SALES TAX-CUSTOMERS	64,420.67-
237.10	INTEREST ACCRUED - RUS	0.00
237.20	INTEREST ACCRUED - COBANK	0.00
237.30	INTEREST ACCRUED - CFC	1,547.00-
237.40	INTEREST ACCRUED-CFC SHORT TERM	0.00
237.50	INTEREST ACCR-CUSTOMER DEPOSITS	29,996.54-
237.60	INTEREST ACCRUED - FFB	5,738.00-
241.00	FEDERAL INCOME TAX PAYABLE	0.00
241.10	STATE INCOME TAX PAYABLE	0.00
241.20	ROWAN CO OCCUPATIONAL TAX	112.61-
241.30	GRAYSON CITY PAYROLL TAX	2,151.99-
242.00	ACCRUED PAYROLL	95,674.84-
242.20	ACCRUED VACATION	152,061.31-
242.30	ACCRUED EMPLOYEE SICK LEAVE	230,515.68-
242.40	ACCRUE WORKER'S COMP INSURANCE	0.00
242.50	PAST SERVICE - PENSION	0.00
242.52	ACCRUED LIABILITY-ANNUAL AUDIT	3,585.00-
242.53	ACCRUED LIABILITY-P S C	12,690.00-
242.55	WEATHERIZATION LOAN	0.00
242.60	ACCRUED ANNUAL MEETING EXPENSE	9,573.44-
252.00	CUSTOMER ADV FOR CONSTRUCTION	145,715.03-
253.30	CUSTOMER ENERGY PP-CR FROM 14210	0.00
253.40	CUSTOMERS DEFERRED NOTES RECEIV	0.00
253.50	WINTERCARE ENERGY FUND	0.00
360.00	LAND RIGHTS	0.00
362.00	SUB-STATION EQUIPMENT	31,054.20
364.00	POLES, TOWERS & FIXTURES	21,809,147.93

ACCOUNT	DESCRIPTION	AMOUNT
365.00	OVERHEAD CONDUCTORS & DEVICES	17,682,213.44
367.00	UNDERGROUND CONDUCTORS & DEVICES	356,196.38
368.00	LINE TRANSFORMERS	7,632,061.67
369.00	SERVICES	6,363,077.90
370.00	METERS	1,409,564.95
370.10	AUTOMATED METERING EQUIPMENT	1,405,683.14
370.20	DISCONNECT METER EQUIPMENT	12,292.50
371.00	INSTALLATION CUSTOMER PREMISES	1,481,876.13
389.00	LAND & LAND RIGHTS	232,210.00
390.00	STRUCTURES & IMPROVEMENTS	1,662,918.09
390.10	LEASE HOLD IMPROVEMENTS	11,235.83
391.00	OFFICE FURNITURE & EQUIPMENT	796,955.33
392.00	TRANSPORTATION EQUIPMENT	1,632,068.37
393.00	STORES EQUIPMENT	22,402.82
394.00	TOOLS, SHOP & GARAGE EQUIPMENT	42,161.41
395.00	LABORATORY EQUIPMENT	221,241.94
396.00	LARGE TOOLS	48,447.69
397.00	COMMUNICATIONS EQUIPMENT	291,539.10
397.10	COMM EQUIP - PACTOLUS SUB	78,249.60
397.20	COMM EQUIP - ELLIOTTVILLE SUB	78,878.71
397.30	COMM EQUIP - WARNOCK SUB	65,646.72
397.40	COMM EQUIP - ARGENTUM SUB	63,153.78
397.50	COMM EQUIP - CARTER CITY SUB	67,796.05
397.60	COMM EQUIP - PELFREY SUB	55,466.47
397.70	COMM EQUIP - AIRPORT ROAD SUB	54,928.54
397.80	COMM EQUIP - LOW GAP SUB	53,927.86
397.90	COMM EQUIP - LEON SUB	44,816.38
397.91	COMM EQUIP - SANDY HOOK SUB	55,295.75
398.00	MISCELLANEOUS EQUIPMENT	190,447.57
403.60	DEPRECIATION-DISTRIBUTION PLANT	2,771,290.67
403.70	DEPRECIATION-GENERAL PLANT	173,491.79
408.10	TAXES - PROPERTY	0.00
408.20	TAXES - FEDERAL UNEMPLOYMENT	0.00
408.30	TAXES - FICA	0.00
408.40	TAXES - STATE UNEMPLOYMENT	0.00
408.60	REGULATORY COMMISSION ASSESSMENT	30,540.94
415.00	REVENUE-MERCHANDISE, JOB, CONTRACT	166.00-
415.10	HOMEGUARD REVENUE	480.29-
415.20	ANCILLARY BILLING SERV - REVENUE	11,604.45-
415.30	ETS REVENUE	47.19-
415.40	RENTAL PROPERTY - REVENUE	6,000.00-
415.50	MACED REVENUE	38,526.90
416.00	INCENTIVES/GEO THERMAL, ETS, MISC	8,865.96-
416.10	HOMEGUARD EXPENSE	0.00
416.20	ANCILLARY BILL SERV - EXPENSE	8,978.26
416.30	ETS - EXPENSE	216.19
416.40	RENTAL PROPERTY - EXPENSE	610.70
416.50	MACED EXPENSE	24,231.16
417.00	KTI REVENUE	0.00

ACCOUNT	DESCRIPTION	AMOUNT
417.10	KTI EXPENSES	0.00
418.10	KTI EQUITY	0.00
419.00	INTEREST INCOME NON-OPERATING	29,285.23-
419.10	INTEREST INCOME - KTI	0.00
419.20	NOW ACCOUNT INTEREST	455.32-
419.30	COMMERCIAL PAPER INTEREST	132.91-
421.00	MISC NON-OPERATING INCOME	59,364.63-
421.20	LOSS/GAIN DISPOSITION PROPERTY	61,629.95
423.00	G & T CAPITAL CREDITS	1,357,240.82-
424.00	OTHER CAP CR & PATRONAGE ALLOC	168,601.05-
426.00	MISCELLANEOUS INCOME DEDUCTIONS	0.05-
426.10	MISCELLANEOUS DEDUCTION-DONATION	12,065.15
426.30	PENALTIES OR FINES	0.00
426.50	OTHER DEDUCTIONS-LOSS ON INVEST	0.00
427.10	INTEREST-RUS	419,806.08
427.20	INTEREST - COBANK	535,572.92
427.30	INTEREST-CFC	49,575.15
427.40	INTEREST - TREASURY RATE	0.00
427.60	INTEREST - FFB	26,040.18
430.00	INTEREST ASSOCIATED ORGANIZATION	35,680.92
431.00	OTHER INTEREST EXPENSE	0.00
431.30	INTEREST-REFUND CUSTOMER DEPOSIT	76,030.11
435.10	FASB 106-EFFECT ON PRIOR YEARS	0.00
440.10	RESIDENTIAL SALES	20,556,178.16-
440.40	CAMP & BARN SALES	912,364.01-
442.10	SMALL COMMERCIAL SALES	2,076,585.29-
442.20	LARGE POWER SALES	3,107,678.13-
442.30	LARGE INDUSTRIAL(OVER 1,000 KVA)	1,596,475.51-
444.00	STREET LIGHT SALES	7,641.87-
450.00	FORFEITED DISCOUNTS	506,259.96-
451.00	MISCELLANEOUS SERVICE REVENUE	0.00
454.00	RENT FROM ELECTRIC PROPERTY	448,813.17-
456.00	OTHER ELECTRIC SERVICE	87,998.40-
555.00	PURCHASED POWER	18,841,544.00
583.00	OVERHEAD LINE EXPENSE	483,262.85
585.00	STREET LIGHT EXPENSE	405.17
586.00	METER EXPENSE	506,355.08
586.10	METER OPERATION SURVEY	28,347.36
586.20	AUTOMATED METER EQUIP EXPENSE	17,793.87
588.00	MISC DISTRIBUTION EXPENSE	63,776.08
588.10	MAPPING OPERATIONS	45,430.00
590.00	MAINTENANCE SUPERVISION	247,660.70
593.00	MAINTENANCE OF OVERHEAD LINES	1,069,844.06
593.10	MAINTENANCE OF LINE RIGHT-OF-WAY	1,511,162.26
593.20	MAINTENANCE STORM EXPENSES	18,711.27
594.00	MAINTENANCE OF UNDERGROUND LINES	952.26
595.00	MAINTENANCE OF TRANSFORMERS	25,748.41
596.00	MAINTENANCE OF STREET LIGHTS	0.00
597.00	MAINTENANCE OF METERS	2,992.79

ACCOUNT	DESCRIPTION	AMOUNT
598.00	MAINTENANCE-MISC DISTRIBUTION	73,264.28
901.00	SUPERVISION - BILLING	101,101.07
902.00	METER READING EXPENSE	595.47
903.00	CUSTOMERS RECORDS & COLLECTIONS	853,016.12
903.10	CASH DRAWER-OVERAGES & SHORTAGES	257.53
904.00	UNCOLLECTIBLE ACCOUNTS	102,442.98
909.00	INFORMATIONAL ADVERTISING	216,590.96
912.00	DEMONSTRATION & SELLING EXPENSE	23,683.08
913.00	ADVERTISING	5,843.60
920.00	ADMINISTRATIVE-GENERAL SALERIES	991,894.61
921.00	OFFICE SUPPLIES & EXPENSES	159,401.28
923.00	OUTSIDE SERIVCES	80,424.73
924.00	PROPERTY INSURANCE	0.00
925.00	INJURIES & DAMAGES	0.00
926.00	EMPLOYEE BENEFITS	0.00
926.10	EMPLOYEE PENSION & BENEFITS	0.00
928.00	REGULATORY COMMISSION EXPENSES	0.00
930.20	ANNUAL MEETING EXPENSES	26,495.56
930.21	CAPITAL CREDIT EXPENSES	0.00
930.30	MISCELLANEOUS GENERAL EXPENSES	28,459.85
930.40	MISC FIELD TRAINING	28,061.55
930.60	BOARD OF DIRECTOR'S EXPENSES	153,535.05
930.70	DUES - NRECA & KAEC	56,766.11
932.00	MAINTENANCE OF GENERAL PLANT	326,650.27
999.99	FIXED JOURNAL ACCOUNT	0.00
	ACCOUNTS 000.00 TO 399.99	585,481.07
	ACCOUNTS 400.00 TO 999.99	585,481.07-





Grayson Rural Electric Cooperative  
Case No. 2012 - 00426  
Comparative Capital Structure (Excluding JDIC)  
For the Periods as Shown  
"000" Omitted

Line No.	Type of Capital	2001 10th Year		2002 9th Year		2003 8th Year		2004 7th Year		2005 6th Year		2006 5th Year	
		Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
		1	Long Term Debt	23,544	64%	23,195	59%	25,781	55%	28,396	58%	29,503	60%
2	Short Term Debt	435	1%	870	2%	4,003	9%	3,635	7%	1,926	4%	2,463	5%
3	Memberships	138	0%	142	0%	145	0%	146	0%	149	0%	149	0%
4	Patronage Capital	12,832	35%	15,222	39%	16,820	36%	17,037	35%	17,588	36%	17,508	36%
5	Other (Itemize by type)												
6	Total Capitalization	36,949	100%	39,429	100%	46,749	100%	49,214	100%	49,166	100%	48,742	100%

Line No.	Type of Capital	2007 4th Year		2008 3rd Year		2009 2nd Year		2010 1st Year		2011 Test year		Latest Quarter May 31, 2012		Average Test Year	
		Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
		1	Long Term Debt	31,664	63%	35,953	67%	34,621	62%	36,262	63%	37,843	64%	40,351	69%
2	Short Term Debt	1,730	3%	1,230	2%	4,612	8%	3,330	6%	2,872	5%	251	0%	1,624	3%
3	Memberships	151	0%	152	0%	152	0%	153	0%	152	0%	152	0%	152	0%
4	Patronage Capital	16,993	34%	16,622	31%	16,173	29%	17,722	31%	18,215	31%	17,557	30%	17,146	30%
5	Other (Itemize by type)														
6	Total Capitalization	50,538	100%	53,957	100%	55,558	100%	57,467	100%	59,082	100%	58,310	100%	58,079	100%

Grayson Rural Electric Cooperative  
 Case No. 2012 - 00426  
 Calculation of Average Test Period Capital Structure  
 12 months ended May 31, 2012

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	56,745	38,740	1,065	152		16,788	
2	1st month	57,119	38,590	1,533	152		16,844	
3	2nd month	57,407	38,540	1,862	152		16,853	
4	3rd month	57,107	38,392	2,096	152		16,467	
5	4th month	56,930	38,241	2,369	152		16,168	
6	5th month	57,021	38,190	2,393	152		16,286	
7	6st month	57,347	38,038	2,762	152		16,395	
8	7th month	59,083	37,843	2,873	152		18,215	
9	8th month	62,353	40,791	3,182	152		18,228	
10	9th month	58,984	40,634	220	152		17,978	
11	10th month	58,570	40,438	205	152		17,775	
12	11th month	58,303	40,384	194	152		17,573	
13	12th month	58,057	40,230	353	152		17,322	
14	Total (Line 1 through Line 13)	755,026	509,051	21,107	1,976	0	222,892	0
15	Average balance (Line 14/13)	58,079	39,158	1,624	152	0	17,146	0
16	Average capitalization ratios	100%	67%	3%	0%	0%	30%	0%
17	End of period capitalization ratios	100%	69%	1%	0%	0%	30%	0%



Grayson Rural Electric  
Case No. 2012-00426  
May 31, 2012

**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. Increases are granted each May 31st to union employees. Non union employees are granted wage increases on their anniversary date. Overtime pay is calculated at 1-1/2 times regular pay for hours worked in excess of 8 hours per day.

Grayson has always hired summer and part time employees, and anticipates this to continue into future years. These employees were normalized at the same rate and hours during the test year.

As a general rule, outside employees are union and inside employees are non-union.

Wage and salary increases are as follows:

	<u>Union Non-Union</u>	
2012	\$1.00/hr	3.44%
2011	\$1.00/hr	3.56%
2010	\$1.00/hr	3.80%
2009	\$1.00/hr	4.00%
2008	\$1.00/hr	4.00%

The amount of increase was allocated based on the actual test year.

Projected wages	\$2,871,457
Actual wages for test year	<u>2,779,640</u>
Adjustment	<u><u>\$91,817</u></u>

The allocation is on the following page:

Grayson Rural Electric  
Case No. 2012-00426

Allocation of increase in payroll:

			<u>Labor</u>		
			<u>Distribution</u>	<u>Percent</u>	<u>Allocation</u>
10	107.20	Construction work in progress	405,591	14.6%	13,397
11	108.80	Retirement work in progress	124,979	4.5%	4,128
12	142.00	Other accounts receivable	1,949	0.1%	64
13	163.00	Stores	196,207	7.1%	6,481
14	184.00	Transportation	47,052	1.7%	1,554
15	242.52	Employee sick leave	304,663	11.0%	10,064
16	416.00	Non operating accounts	16,422	0.6%	542
17	583.00	Overhead line	25,576		
18	585.00	Underground	146		
19	586.00	Meter	196,860		
20	588.00	Miscellaneous distribution	5,579	8.2%	7,537
21	590.00	Maintenance	104,756		
22	593.00	Overhead line	357,128		
23	594.00	Underground	206		
24	595.00	Transformers	7,009		
25	598.00	Miscellaneous maintenance	26,114	17.8%	16,358
26	901.00	Supervision, customer accounts	44,044		
27	902.00	Meter reading	207		
28	903.00	Consumer records	278,946		
29	904.00	Consumer records	611	11.6%	10,696
30	909.00	Consumer information	46,385	1.7%	1,532
31	912.00	Demonstration and selling	10,500	0.4%	347
32	920.00	Administrative	472,577		
33	926.00	Employee benefits	48,257		
34	930.00	Miscellaneous	17,648		
35	935.00	Maintenance general plant	<u>40,228</u>	<u>20.8%</u>	<u>19,116</u>
36					
37		Total	<u>2,779,640</u>	<u>100.0%</u>	<u>91,816</u>
38					

Grayson Rural Electric  
Case No. 2012-00426  
Employee Earnings and Hours  
May 31, 2012

Exhibit 1  
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Employee Number	Hours Worked Test Year				Actual Test Year Wages					Wage Rate 1-May-12	Normalized Wages @ 2,080 Hours			
	Regular	Overtime	Vac/Sick	Total	Regular	Overtime	Vac/Sick	Christmas	Total		Regular	Overtime	Vac/Sick	Total
<b>Salaried Employees:</b>														
1 100	2,080.00		114.00	2,194.00	60,133		3,328	100	63,561	30.20	62,816		3,443	66,259
1 205	2,080.00		148.00	2,228.00	56,529		4,024	100	60,653	28.16	58,573		4,168	62,740
1 212	2,080.00		72.00	2,152.00	71,930		2,425	100	74,455	41.91	87,173		3,018	90,190
1 226	2,080.00		152.00	2,232.00	82,688		6,045	100	88,833	41.19	85,675		6,261	91,936
1 602	2,080.00		32.00	2,112.00	56,798		882	100	57,780	28.50	59,280		912	60,192
1 603	2,080.00		154.00	2,234.00	88,251		6,513	100	94,864	43.80	91,104		6,745	97,849
1 622	2,080.00		115.00	2,195.00	46,216		2,619	100	48,935	22.77	47,362	0	2,619	49,980
1 643	2,080.00		8.00	2,088.00	49,116		196	100	49,412	24.56	51,085	0	196	51,281
1 900	2,080.00		152.00	2,232.00	117,923		9,135	100	127,158	60.10	125,008		9,135	134,143
9 Subtotal Sal	18,720.00	0.00	947.00	19,667.00	629,584	0	35,167	900	665,651		668,075	0	36,496	704,572
<b>Hourly Employees:</b>														
1 208	2,080.00	304.00	44.00	2,428.00	61,481	13,479	1,297	50	76,307	30.47	63,378	13,894	1,341	78,613
1 210	2,080.00	316.00	72.00	2,468.00	63,288	14,450	2,468	50	80,256	31.47	65,458	14,917	2,266	82,640
1 211	2,080.00	379.00	56.00	2,515.00	62,650	17,143	1,692	50	81,535	30.22	62,858	17,180	1,692	81,730
1 213	2,080.00	259.00	28.00	2,367.00	61,482	11,483	825	50	73,840	30.47	63,378	11,838	853	76,068
1 215	2,080.00	403.00	116.00	2,599.00	60,615	17,373	3,260	50	81,298	31.22	64,938	18,872	3,622	87,432
1 217	2,080.00	41.00	24.00	2,145.00	59,235	1,746	681	50	61,712	29.39	61,131	1,807	705	63,644
1 219	2,080.00	44.00	32.00	2,156.00	57,633	1,823	884	50	60,390	28.62	59,530	1,889	916	62,334
1 220	2,080.00	210.00	32.00	2,322.00	58,000	8,852	899	50	67,801	27.44	57,075	8,644	878	66,597
1 221	2,080.00	195.00	57.00	2,332.00	54,195	7,514	1,464	50	63,223	26.19	54,475	7,661	1,493	63,629
1 223	2,080.00	338.00	52.00	2,470.00	60,962	14,840	1,519	50	77,371	30.22	62,858	15,322	1,571	79,751
1 224	2,080.00	217.00	52.00	2,349.00	56,841	8,963	1,461	50	67,315	29.10	60,528	9,472	1,513	71,513
1 225	2,080.00	16.00	21.00	2,117.00	50,263	583	512	50	51,408	25.24	52,499	606	530	53,635
1 227	2,080.00	48.00	67.00	2,195.00	57,633	1,992	1,851	50	61,526	28.62	59,530	2,061	1,918	63,508
1 229	2,080.00	279.00	72.00	2,431.00	61,482	12,384	2,122	50	76,038	30.47	63,378	12,752	2,194	78,323
1 232	2,080.00	231.00	32.00	2,343.00	63,457	10,125	935	50	74,567	38.36	79,789	13,292	1,228	94,308
1 234	2,080.00	82.00	136.00	2,298.00	61,253	3,617	3,993	50	68,913	30.36	63,149	3,734	4,129	71,012
1 235	2,080.00		32.00	2,112.00	59,571		916	50	60,537	28.64	59,571	0	916	60,488
1 237	2,080.00	244.00	32.00	2,356.00	58,895	10,304	899	50	70,148	29.10	60,528	10,651	931	72,110
1 239	2,080.00	339.00	38.00	2,457.00	60,962	14,890	1,110	50	77,012	30.22	62,858	15,367	1,148	79,373
1 249	2,080.00	216.00	29.00	2,325.00	55,909	8,773	774	50	65,506	29.10	60,528	9,428	844	70,800
1 251	2,080.00	245.00	24.00	2,349.00	58,633	10,340	674	50	69,697	29.10	60,528	10,694	698	71,921
1 253	552.00	39.00		591.00	14,510	1,507			16,017	26.68	55,494	1,561	0	57,055

Grayson Rural Electric  
Case No. 2012-00426  
Employee Earnings and Hours  
May 31, 2012

Exhibit 1  
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Employee Number	Hours Worked Test Year				Actual Test Year Wages					Wage Rate 1-May-12	Normalized Wages @ 2,080 Hours			
	Regular	Overtime	Vac/Sick	Total	Regular	Overtime	Vac/Sick	Christmas	Total		Regular	Overtime	Vac/Sick	Total
	1 254	344.00	34.00		378.00	7,881	1,170				9,051	23.28	48,422	1,187
1 605	2,080.00	19.00	26.00	2,125.00	35,506	491	448	50	36,495	17.81	37,045	508	463	38,015
1 609	2,080.00		32.00	2,112.00	44,866		690	50	45,606	22.34	46,467	0	715	47,182
1 610	2,080.00	9.00	49.00	2,138.00	45,916	296	1,091	50	47,353	23.04	47,923	311	1,129	49,363
1 611	2,080.00	9.00	50.00	2,139.00	32,827	213	783	50	33,873	16.47	34,258	222	824	35,303
1 615	2,080.00	20.00	59.00	2,159.00	34,683	508	1,009	50	36,250	17.10	35,568	513	1,009	37,090
1 616	2,080.00	17.00	31.00	2,128.00	32,211	392	489	50	33,142	16.31	33,925	416	506	34,846
1 617	2,080.00	10.00	32.00	2,122.00	29,301	214	463	50	30,028	14.46	30,077	217	463	30,756
1 618	2,080.00		150.00	2,230.00	49,994		3,629	50	53,673	25.05	52,104	0	3,758	55,862
1 619	2,080.00	10.00	26.00	2,116.00	30,620	219	387	50	31,276	15.39	32,011	231	400	32,642
1 620	2,080.00	83.00	48.00	2,211.00	50,478	3,010	1,161	50	54,699	25.18	52,374	3,135	1,209	56,718
1 632	1,261.00	3.00		1,264.00	16,435	59		50	16,544	13.48	28,038	61	0	28,099
1 634	2,080.00	14.00	59.00	2,153.00	27,784	283	795	50	28,912	13.94	28,995	293	822	30,110
1 638	2,080.00	15.00	32.00	2,127.00	24,476	265	384	50	25,175	12.01	24,981	270	384	25,635
1 640	1,435.00	8.00		1,443.00	14,480	121		50	14,651	10.36	21,549	124	0	21,673
37 Subtotal hou	72,232.00	4,696.00	1,642.00	78,570.00	1,736,408	199,422	41,565	1,750	1,979,145		1,907,194	209,128	43,067	2,159,389
<b>Summer and Part Time Employees:</b>														
252	581.00			581.00	4,212				4,212	7.25	4,212	0		4,212
631	236.00			236.00	1,711				1,711	7.25	1,711	0		1,711
641	192.00			192.00	1,392				1,392	7.25	1,392	0		1,392
645	25.00			25.00	181				181	7.25	181	0		181
Subtotal surr	1,034.00	0.00	0.00	1,034.00	7,496	0	0	0	7,496		7,497	0	0	7,497
<b>Retirees:</b>														
901	507.00			507.00	14,923				14,923					
206	2,080.00		576.00	2,656.00	87,966		24,359	100	112,425					
Subtotal reti	2,587.00	0.00	576.00	3,163.00	102,889	0	24,359	100	127,348		0	0	0	0
46 Total	94,573.00	4,696.00	3,165.00	102,434.00	2,476,377	199,422	101,091	2,750	2,779,640		2,582,765	209,128	79,564	2,871,457



Grayson Rural Electric  
Case No. 2012-00426  
Employee Information  
May 31, 2012

The following is a list of employees added during the test year, and the employees that were replaced, or reason for hiring the employees.

<u>Employee</u>	<u>Reason</u>
<u>Hired</u>	
253	Relaced employee #221 who transferred from mechanic to lineman.
254	Replaced #206

The following is a list of employees terminated, and the date.

<u>Employee</u>	<u>Month</u>
<u>Number</u>	<u>Terminated</u>
206	5/31/2012
901	7/1/2011

Employee Number	Wage Rate 01-May-10	Wage Rate 01-May-11	Percent Increase	Wage Rate 1-May-12	Percent Increase	Date of Last Increase	Reason for increase
<b>Salaried Employees:</b>							
1 100	28.19	29.19	3.5%	30.20	3.5%	9/1/12	
1 205	26.19	27.19	3.8%	28.16	3.6%	5/30/12	
1 212	33.68	38.46	14.2%	41.91	9.0%	3/26/12	Promotion
1 226	38.31	39.77	3.8%	41.19	3.6%	5/31/12	
1 602	26.61	27.56	3.6%	28.50	3.4%	9/1/12	
1 603	40.74	42.29	3.8%	43.80	3.6%	4/28/12	
1 622	18.10	21.99	21.5%	22.77	3.5%	1/24/12	
1 643	23.08	23.08	0.0%	24.56	6.4%	1/17/12	Promotion
1 900	53.41	55.29	3.5%	60.10	8.7%	1/1/12	Merit

9 Subtotal Salaried employees

<b>Hourly Employees:</b>							
Employee Number	Wage Rate 01-May-10	Wage Rate 01-May-11	Percent Increase	Wage Rate 1-May-12	Percent Increase	Date of Last Increase	Reason for increase
1 208	28.47	29.47	3.5%	30.47	3.4%	5/1/12	
1 210	29.47	30.47	3.4%	31.47	3.3%	5/1/12	
1 211	27.10	29.22	7.8%	30.22	3.4%	5/1/12	
1 213	28.47	29.47	3.5%	30.47	3.4%	5/1/12	
1 215	28.10	30.22	7.5%	31.22	3.3%	5/1/12	
1 217	27.39	28.39	3.7%	29.39	3.5%	5/1/12	
1 219	25.62	27.62	7.8%	28.62	3.6%	5/1/12	
1 220	25.75	26.44	2.7%	27.44	3.8%	5/1/12	
1 221	24.68	25.68	4.1%	26.19	2.0%	5/1/12	
1 223	28.22	29.22	3.5%	30.22	3.4%	5/1/12	
1 224	26.70	28.10	5.2%	29.10	3.6%	5/1/12	
1 225	23.56	24.40	3.6%	25.24	3.4%	9/10/12	
1 227	26.62	27.62	3.8%	28.62	3.6%	5/1/12	
1 229	28.47	29.47	3.5%	30.47	3.4%	5/1/12	
1 232	29.22	36.06	23.4%	38.36	6.4%	9/1/12	Promotion
1 234	28.36	29.36	3.5%	30.36	3.4%	5/1/12	
1 235	26.64	27.64	3.8%	28.64	3.6%	5/1/12	
1 237	27.10	28.10	3.7%	29.10	3.6%	5/1/12	
1 239	28.22	29.22	3.5%	30.22	3.4%	5/1/12	
1 249	27.10	28.10	3.7%	29.10	3.6%	5/1/12	
1 251	27.10	28.10	3.7%	29.10	3.6%	5/1/12	
1 253	24.68	25.68	4.1%	26.68	3.9%	5/1/12	
1 254	21.48	22.48	4.7%	23.28	3.6%	5/1/12	
1 605	16.63	17.22	3.5%	17.81	3.4%	9/1/12	
1 609	20.78	21.57	3.8%	22.34	3.6%	6/1/12	

Grayson Rural Electric  
 No. 2012-00426  
 WAGE RATES

Exhibit 1  
 page of  
 Witness: Carol Fraley

	Employee Number	Wage Rate 01-May-10	Wage Rate 01-May-11	Percent Increase	Wage Rate 1-May-12	Percent Increase	Date of Last Increase	Reason for increase
1	610	21.50	22.27	3.6%	23.04	3.5%	9/1/12	
1	611	15.09	15.66	3.8%	16.47	5.2%	3/30/12	Merit
1	615	15.91	16.51	3.8%	17.10	3.6%	2/11/12	
1	616	14.93	15.77	5.6%	16.31	3.4%	9/15/12	
1	617	13.45	13.96	3.8%	14.46	3.6%	2/27/12	
1	618	23.30	24.19	3.8%	25.05	3.6%	7/27/12	
1	619	14.37	14.88	3.5%	15.39	3.4%	9/22/12	
1	620	23.18	24.18	4.3%	25.18	4.1%	5/1/12	Step increase
1	632	12.54	13.02	3.8%	13.48	3.5%	1/3/12	
1	634	13.02	13.48	3.5%	13.94	3.4%	9/6/12	
1	638	10.40	11.60	11.5%	12.01	3.5%	1/3/12	
1	640	7.25	10.00	37.9%	10.36	3.6%	1/3/12	

Grayson Rural Electric  
Case No. 2012-00426  
Compensation of Executive Officers  
May 31, 2012

	<---- Salary	Test Year Percent of Increase	----> Date	Employees who Report
President & CEO	125,000.00	8.7%	9/1/2012	all
Mgr, Finance & Accounting	91,100.00	3.6%	9/1/2012	11
Manager of Engineering	85,675.00	3.6%	9/1/2012	29
Manager Member Services	62,816.00	3.5%	9/1/2012	2

	<u>First Preceding Year</u>		
	<u>Salary</u>	<u>Percent of Increase</u>	<u>Date</u>
President & CEO	115,000.00	3.6%	9/1/2011
Mgr, Finance & Accounting	87,900.00	3.7%	40787
Manager of Engineering	82,720.00	3.8%	40787
Manager Member Services	60,719.00	7.5%	9/1/2011

	<u>Second Preceding Year</u>		
	<u>Salary</u>	<u>Percent of Increase</u>	<u>Date</u>
President & CEO	111,000.00	0.0%	9/1/2010
Mgr, Finance & Accounting	84,740.00	4.0%	9/1/2010
Manager of Engineering	79,685.00	4.0%	9/1/2010
Manager Member Services	56,490.00	0.0%	9/1/2010

Grayson Rural Electric Cooperative  
Case No. 2012-00426  
Duties and Responsibilities of Officers

**President & CEO** It is the responsibility of the President & General Manager to report directly to the Board of Directors in implementing the Board policies and directives.

**Manager, Finance & Accounting** Coordinates all audit efforts by various agencies. Maintains the financial status of Big Sandy by developing budgets and financial statements. Collaborates with supervisors to fill any vacant positions. Assists and advises other departments as requested in the preparation of departmental budgets. Maintains all information related to accounting, as needed. Develops short term cash investments and long term cash requirements. Assists in the development of information necessary for filing loan applications. Reviews the financial information to ensure compliance with regulatory agencies. Ensures that taxes are properly prepared and filed on a timely basis. Analyzes electric sales revenues, collections, delinquents, write-offs, and penalty charges for efficiencies. Maintains knowledge of laws and regulations governing the administration of Big Sandy. Directs in the preparation of daily cash transactions. Reports directly to the President & General Manager.

**Manager of Engineering** Collaborates with Construction and Maintenance Supervisors, and contractors, on a daily basis for operational needs. Prepares and presents the President & General Manager an annual capital budget. Plans and organizes to serve members with efficient work. Promotes fast, dependable electric service to the members and maintain power quality. Maintains a knowledge of local and national laws and regulations governing the operations of Big Sandy. Reports directly to the President & General Manager.

**Manager Member Services** Plans and organizes to serve member/owners with efficient work. Works with demand-side management, conservation and energy efficiency programs for consumers. Investigates member concerns that have not been satisfied by other employees. Encourages in economic development in the region. Maintains knowledge of laws and regulations governing the operations of Big Sandy. Participates in community events and programs. Reports directly to the President & General Manager.

Grayson Rural Electric  
Case No. 2012-00426

Exhibit 1  
page of  
Witness: Jim Adkins

Analysis of Salaries and Wages  
For the calendar years 2009 through 2011  
and the Test year

Line No	Item (a)	Twelve Months Ended						Test year 2012	
		2009		2010		2011		Amount (l)	% (m)
		Amount (f)	% (g)	Amount (h)	% (i)	Amount (j)	% (k)		
1	Wages charged to expense:								
2	Distribution expense	818	18%	647	-21%	711	10%	723	2%
3	Customer accounts expense	279	0%	291	4%	319	10%	324	2%
4	Customer service and and inform	65	-8%	72	11%	67	-7%	57	-15%
5	Sales expense		0%		0%		0%		0%
6	Administrative and general expenses:								
	(a) Administrative and general	408	5%	470	15%	482	3%	473	-2%
	(b) Office supplies and expense								
	(c) Outside services employed								
	(d) Property insurance								
	(e) Injuries and damages		0%		0%		0%		0%
	(f) Employees hospitalization an	38	-12%	28	-26%	37	32%	48	30%
	(g) Retirement and security								
	(h) Miscellaneous general	13	-13%	11	-15%	17	55%	17	0%
	(i) Maintenance of general plant	35	25%	27	-23%	51	89%	40	-22%
7	Total administrative and general expenses L6(a) to L6(i)	494	4%	536	-3%	587	10%	578	-3%
8	Charged to clearing and others	509	17%	519	2%	551	6%	566	3%
9	Total salaries and wages charged to expense and other L2 to L6 + L7 + L8	2,165	11%	2,065	-5%	2,235	8%	2,248	1%
10	Wages capitalized	457	-1%	531	16%	492	-7%	530	8%
11	Total salaries and wages	2,622	9%	2,596	-1%	2,727	5%	2,778	2%
12	Ratio of salaries and wages charged to expense to total wages L9 / L	83%		80%		82%		81%	
13	Ratio of salaries and wages capitalized to total wages L10 / L11	17%		20%		18%		19%	
14	Overtime wages	269	64%	180	-33%	196	9%	199	2%
15	Overtime hours	7,274		4,475		4,679		4,696	



**Grayson Rural Electric**  
**Case No. 2012-00426**  
**Payroll Taxes**

The employer's portion of FICA and medicare rates remain the same for 2012 as they were for 2011. The FICA rate is 6.2% and medicare is 1.45%. The wage limit also remained the same for 2012 as 2011.

Federal unemployment rates are 0.80% for the first \$7,000 of wages and state unemployment rate is 1.05% for the first \$8,000 of wages.

Proposed FICA amounts			
FICA	176,447		
Medicare	41,636		
	218,083		
Proposed FUTA	2,636		
Proposed SUTA	3,943	224,661	
Test year amount			
FICA and Medicare	209,419		
Test year FUTA	2,015		
Test year SUTA	4,553	215,987	
Increase			8,674

<b>Adjustment:</b>		<u>Percent</u>	<u>Amount</u>
107	Capitalized	21.44%	1,860
163 - 416	Clearing and others	10.57%	917
580	Operations	9.22%	800
590	Maintenance	20.01%	1,736
901	Consumer accounts	13.08%	1,135
908	Customer service	1.87%	163
912	Sales	0.42%	37
920	Administrative and general	23.38%	2,028
		100.00%	\$8,674

State unemployment (SUTA) wage rates are as follows:

2012	1.05%
2011	1.10%
2010	1.05%
2009	1.10%
2008	0.90%
2007	0.70%



Grayson Rural Electric  
Case No. 2012-00426  
Employee Earnings and Hours  
May 31, 2012

Employee Number	Total	Social Security Wages		Medicare Wages		Federal Unemployment		State Unemployment	
		Up To	@	All Wages	1.45%	Up to	0.80%	Up to	1.050%
		\$108,600	6.20%			\$7,000		\$8,000	

**Salaried Employees:**

1 100	66,259	66,259	4,108	66,259	961	7,000	56	8,000	84
1 205	62,740	62,740	3,890	62,740	910	7,000	56	8,000	84
1 212	90,190	90,190	5,592	90,190	1,308	7,000	56	8,000	84
1 226	91,936	91,936	5,700	91,936	1,333	7,000	56	8,000	84
1 602	60,192	60,192	3,732	60,192	873	7,000	56	8,000	84
1 603	97,849	97,849	6,067	97,849	1,419	7,000	56	8,000	84
1 622	49,980	49,980	3,099	49,980	725	7,000	56	8,000	84
1 643	51,281	51,281	3,179	51,281	744	7,000	56	8,000	84
1 900	134,143	108,600	6,733	134,143	1,945	7,000	56	8,000	84
9 Subtotal Salaried	704,572	679,028	42,100	704,572	10,216	63,000	504	72,000	756

**Hourly Employees:**

1 208	78,613	78,613	4,874	78,613	1,140	7,000	56	8,000	84
1 210	82,640	82,640	5,124	82,640	1,198	7,000	56	8,000	84
1 211	81,730	81,730	5,067	81,730	1,185	7,000	56	8,000	84
1 213	76,068	76,068	4,716	76,068	1,103	7,000	56	8,000	84
1 215	87,432	87,432	5,421	87,432	1,268	7,000	56	8,000	84
1 217	63,644	63,644	3,946	63,644	923	7,000	56	8,000	84
1 219	62,334	62,334	3,865	62,334	904	7,000	56	8,000	84
1 220	66,597	66,597	4,129	66,597	966	7,000	56	8,000	84
1 221	63,629	63,629	3,945	63,629	923	7,000	56	8,000	84
1 223	79,751	79,751	4,945	79,751	1,156	7,000	56	8,000	84
1 224	71,513	71,513	4,434	71,513	1,037	7,000	56	8,000	84
1 225	53,635	53,635	3,325	53,635	778	7,000	56	8,000	84
1 227	63,508	63,508	3,937	63,508	921	7,000	56	8,000	84
1 229	78,323	78,323	4,856	78,323	1,136	7,000	56	8,000	84
1 232	94,308	94,308	5,847	94,308	1,367	7,000	56	8,000	84
1 234	71,012	71,012	4,403	71,012	1,030	7,000	56	8,000	84
1 235	60,488	60,488	3,750	60,488	877	7,000	56	8,000	84
1 237	72,110	72,110	4,471	72,110	1,046	7,000	56	8,000	84
1 239	79,373	79,373	4,921	79,373	1,151	7,000	56	8,000	84
1 249	70,800	70,800	4,390	70,800	1,027	7,000	56	8,000	84
1 251	71,921	71,921	4,459	71,921	1,043	7,000	56	8,000	84
1 253	57,055	57,055	3,537	57,055	827	7,000	56	8,000	84
1 254	49,610	49,610	3,076	49,610	719	7,000	56	8,000	84
1 605	38,015	38,015	2,357	38,015	551	7,000	56	8,000	84
1 609	47,182	47,182	2,925	47,182	684	7,000	56	8,000	84
1 610	49,363	49,363	3,061	49,363	716	7,000	56	8,000	84
1 611	35,303	35,303	2,189	35,303	512	7,000	56	8,000	84
1 615	37,090	37,090	2,300	37,090	538	7,000	56	8,000	84
1 616	34,846	34,846	2,160	34,846	505	7,000	56	8,000	84
1 617	30,756	30,756	1,907	30,756	446	7,000	56	8,000	84
1 618	55,862	55,862	3,463	55,862	810	7,000	56	8,000	84
1 619	32,642	32,642	2,024	32,642	473	7,000	56	8,000	84
1 620	56,718	56,718	3,517	56,718	822	7,000	56	8,000	84
1 632	28,099	28,099	1,742	28,099	407	7,000	56	8,000	84
1 634	30,110	30,110	1,867	30,110	437	7,000	56	8,000	84

Grayson Rural Electric  
Case No. 2012-00426  
Employee Earnings and Hours  
May 31, 2012

Employee Number	Total	Social Security Wages		Medicare Wages		Federal Unemployment		State Unemployment	
		Up To	@	All Wages	1.45%	Up to	0.80%	Up to	1.050%
		\$108,600	6.20%			\$7,000		\$8,000	
1 638	25,635	25,635	1,589	25,635	372	7,000	56	8,000	84
1 640	21,673	21,673	1,344	21,673	314	7,000	56	8,000	84
37 Subtotal hou	2,159,389	2,159,389	133,882	2,159,389	31,311	259,000	2,072	296,000	3,108
<b>Summer and Part Time Employees:</b>									
252	4,212	4,212	261	4,212	61	4,212	34	4,212	44
631	1,711	1,711	106	1,711	25	1,711	14	1,711	18
641	1,392	1,392	86	1,392	20	1,392	11	1,392	15
645	181	181	11	181	3	181	1	181	2
Subtotal surr	7,497	7,497	465	7,497	109	7,497	60	7,497	79
<b>Retirees:</b>									
901									
206									
Subtotal reti	0	0	0	0	0	0	0	0	0
46 <b>Total</b>	2,871,457	2,845,914	176,447	2,871,457	41,636	329,497	2,636	375,497	3,943

Grayson Rural Electric Cooperative

Case No. 2012-00426

May 31, 2012

**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 was submitted in Case No. 2008-00254.

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. 2012-00426  
May 31, 2012

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Account Number	Description	Test Year Balance	Rate	Normalized Expense	Test Year Expense	Exclude Items Fully Depreciated
<b>Distribution plant:</b>						
362	Station equipment	31,054	2.86%	888	888	
364	Poles, towers & fixtures	21,809,148	4.99%	1,088,276	1,076,953	
365	Overhead conductors & devices	17,682,213	4.84%	855,819	844,157	
367	Underground conductor & devices	356,196	3.13%	11,149	11,135	
368	Line transformers	7,632,062	3.45%	263,306	261,300	
369	Services	6,363,078	4.02%	255,796	250,848	
370	Meters	1,409,565	6.67%	94,018	93,851	
370.10	Meters, AMI	1,417,976	6.67%	94,579	93,233	
371	Installations on customer premises	1,481,876	9.61%	142,408	138,926	
		<u>58,183,168</u>		<u>2,806,240</u>	<u>2,771,291</u>	
<b>General plant:</b>						
389	Land	232,210				
390	Structures and improvements	1,674,154	2.50%	41,854	39,089	
391	Office furn and eqt	796,955	6.00%	47,817	46,460	
392	Transportation	1,632,068	16.00%	185,237	181,546	474,338
393	Stores	22,403	5.00%	816	816	6,083
394	Tools, shop and garage	42,161	6.00%	2,530	2,605	0
395	Laboratory	221,242	5.00%	11,062	10,307	0
396	Power operated	48,448	14.00%	0	0	48,448
397	Communications	909,699	7.00%	63,679	65,340	0
398	Miscellaneous	190,448	5.00%	8,874	8,874	12,968
		<u>5,769,788</u>		<u>361,869</u>	<u>355,037</u>	
	Total electric plant	<u>63,952,956</u>		<u>3,168,108</u>	<u>3,126,328</u>	

Items that are fully depreciated are removed from the ending balance to compute test year depreciation.

Grayson Rural Electric Cooperative  
Case No. 2012-00426  
May 31, 2012  
Depreciation Adjustment

Normalized depreciation accrual:			
	Distribution plant	2,806,240	
	General plant	361,869	
	Less charged to clearing	(185,237)	2,982,872
Test year depreciation accrual:			
	Distribution plant	2,771,291	
	General plant	355,037	
	Less charged to clearing	(181,546)	2,944,782
	Depreciation expense adjustment		38,090
Transportation clearing:			
	Normalized		185,237
	Test year		181,546
	Adjustment		3,691

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%	\$1,271
Others	1%	44
Distribution - operations	15%	555
Distribution - maintenance	27%	993
Consumer accounts	7%	255
Consumer service and information	6%	211
Administrative and general	10%	362
Total	100%	\$3,691

Grayson Rural Electric Cooperative  
Case No. 2012-00426  
**Depreciation Guideline Curve**  
May 31, 2012

Year <u>Ended</u>	Distribution Plant in <u>Service</u>	Accumulated Deprec for <u>Distribution</u>	Reserve <u>Ratio</u>	Ratio of Current Distribution Plant to Distribution <u>Plant 10 Years Prior</u>
2011	57,485,516	10,620,658	18.48%	1.63
2010	55,591,976	9,329,914	16.78%	1.67
2009	53,917,149	8,520,191	15.80%	1.69
2008	51,483,758	7,195,801	13.98%	1.71
2007	48,409,428	6,198,876	12.81%	1.64
2001	35,298,738	4,512,816	12.78%	
2000	33,337,302	4,227,812	12.68%	
1999	31,866,988	3,830,876	12.02%	
1998	30,139,516	3,568,068	11.84%	
1997	29,557,342	3,642,560	12.32%	

Grayson Rural Electric Cooperative  
Case No. 2012-00426  
May 31, 2012

Exhibit 3  
page 5 of

		Begin			End
<b>Changes in electric plant:</b>		<u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u>
362	Station equipment	31,054	0		31,054
364	Poles, towers and fixtures	21,134,156	1,017,022	342,030	21,809,148
365	Overhead conductor and devices	17,200,316	924,312	442,415	17,682,213
367	Underground conductor and devices	355,293	1,337	434	356,196
368	Line transformers	7,515,773	291,859	175,570	7,632,062
369	Services	6,116,902	291,117	44,941	6,363,078
370	Meters	1,404,561	12,321	7,317	1,409,565
370.10	Meters, AMR	1,377,629	50,561	10,214	1,417,976
371	Security lights	1,409,412	116,776	44,312	1,481,876
Subtotal distribution plant		<u>56,545,096</u>	<u>2,705,305</u>	<u>1,067,233</u>	<u>58,183,168</u>
389	Land	232,210	0		232,210
390	Structures and improvements	1,674,154	0		1,674,154
391	Office furn and eqt	755,682	149,435	108,162	796,955
392	Transportation	1,629,931	28,246	26,109	1,632,068
393	Stores	22,403	0		22,403
394	Tools, shop and garage	38,530	3,631		42,161
395	Laboratory	185,772	35,470		221,242
396	Power operated	48,448	0		48,448
397	Communication	577,468	332,231		909,699
398	Miscellaneous	190,448	0		190,448
Subtotal general plant		<u>5,355,046</u>	<u>549,013</u>	<u>134,271</u>	<u>5,769,788</u>
Total electric plant in service		<u><u>61,900,142</u></u>	<u><u>3,254,318</u></u>	<u><u>1,201,504</u></u>	<u><u>63,952,956</u></u>

Grayson Rural Electric Cooperative  
Case No. 2012-00426  
May 31, 2012

Exhibit 3  
page 6 of

**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	9,901,483	2,771,291	1,067,233	382,521	53,251	1,396,503	11,276,271
Land							
Structures and improvements	516,919	39,089	0				556,008
Office furn and eqt	322,008	46,460	108,162		43,224		325,244
Transportation	889,341	181,546	26,109		17,878		1,053,009
Stores	8,137	816	0				8,953
Tools, shop and garage	21,691	2,605	0				24,296
Laboratory	100,088	10,307	0				110,395
Power operated	48,448	0	0				48,448
Communication	275,787	65,340	0				341,127
Other tangible	53,591	8,874	0				62,465
Subtotal general plant	2,236,010	355,037	134,271	0	61,102	0	2,529,945
Retirement WIP	72,925			27,708		27,708	100,633
Total accumulated depreciation	12,064,568	3,126,328	1,201,504	354,813	114,353	1,368,795	13,705,583





Grayson Rural Electric Cooperative  
Case No. 2012-00426  
May 31, 2012

**Adjustment for Interest on Long Term Debt**

The adjustment for interest on long-term debt results in an increase of \$56,437.

Interest on short term borrowings of \$35,691 has been 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	403,601
FFB loans	127,319
CoBank loans	508,636
CFC loans	<u>47,874</u>
Total annualized interest	1,087,431
Test year interest expense	<u>1,030,993</u>
Adjustment	<u><u>56,437</u></u>

Grayson Rural Electric Cooperative  
Case No. 2012-00426  
Schedule of Outstanding Long-Term Debt  
May 31, 2012

Exhibit 4  
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
<b>RUS loans</b>						
1B430	Oct-04	Sep-39	1,733,259	1.800%	31,199	31,756
1B431	Oct-04	Sep-39	3,721,737	4.950%	184,226	185,783
1B432	Oct-04	Sep-39	4,498,946	3.750%	168,710	170,215
1B433	Oct-04	Sep-39	614,061	3.170%	19,466	32,053
			<u>10,568,003</u>		<u>403,601</u>	<u>419,806</u>
<b>FFB loans</b>						
H0010	Apr-12	Mar-47	<u>17,441,018</u>	0.730%	<u>127,319</u>	<u>26,040</u>
<b>CoBank loans</b>						
93T01	Jan-11	Jan-46	<u>11,009,447</u>	4.620%	<u>508,636</u>	<u>535,573</u>
<b>CFC loans</b>						
9007	Jul-77	Jul-12	5,295	6.75%	357	647
9009	Jun-78	Jun-13	21,475	6.40%	1,374	1,428
9011	Aug-79	Jul-14	109,355	6.80%	7,436	6,843
9014	Jan-82	Dec-16	173,354	3.45%	5,981	7,608
9015	Jul-85	Jul-20	205,717	3.45%	7,097	8,842
9016	Feb-88	Feb-23	322,703	3.45%	11,133	12,920
9017	Apr-91	Apr-06	420,140	3.45%	14,495	11,287
			<u>1,258,039</u>		<u>47,874</u>	<u>49,575</u>
Total long term debt and annualized			<u>40,276,507</u>		<u>1,087,431</u>	<u>1,030,993</u>

Annualized cost rate [Total Col. (j) / Total Col. (d)] 2.70%

Actual test year cost rate [Total Col (k) / Total Reported in Col (d)] 2.56%

Grayson Rural Electric Cooperative  
Case No. 2012-00426  
Schedule of Outstanding Long-Term Debt  
December 31, 2010

Exhibit 4  
page 3 of 4  
Format 8a  
Schedule 1

<u>Type of Debt Issued</u> (a)	<u>Date of Issue</u> (b)	<u>Date of Maturity</u> (c)	<u>Outstanding Amount</u> (d)	<u>Cost Rate to Maturity</u> (g)	<u>Annualized Cost</u> Col (d)x(g) (j)	<u>Interest</u> December 31 2010
<b>RUS loans</b>						
1B430	Oct-04	Sep-39	1,733,259	1.800%	31,199	15,599
1B431	Oct-04	Sep-39	3,721,737	4.950%	184,226	92,113
1B432	Oct-04	Sep-39	4,498,946	3.750%	168,710	84,355
1B433	Oct-04	Sep-39	614,061	3.170%	19,466	32,053
			<u>10,568,003</u>		<u>403,601</u>	<u>224,121</u>
<b>FFB loans</b>						
H0010	Apr-12	Mar-47	17,441,018	0.730%	127,319	26,040
<b>CoBank loans</b>						
93T01	Jan-11	Jan-46	11,009,447	4.620%	508,636	535,573
<b>CFC loans</b>						
9007	Jul-77	Jul-12	5,295	6.75%	357	89
9009	Jun-78	Jun-13	21,475	6.40%	1,374	344
9011	Aug-79	Jul-14	109,355	6.80%	7,436	1,859
9014	Jan-82	Dec-16	173,354	3.45%	5,981	1,495
9015	Jul-85	Jul-20	205,717	3.45%	7,097	1,774
9016	Feb-88	Feb-23	322,703	3.45%	11,133	2,783
9017	Apr-91	Apr-06	420,140	3.45%	14,495	11,287
			<u>1,258,039</u>		<u>47,874</u>	<u>19,632</u>
Total long term debt and annualized			<u>40,276,507</u>		<u>1,087,431</u>	<u>805,365</u>

Annualized cost rate [Total Col. (j) / Total Col. (d)] 2.70%

Actual test year cost rate [Total Col (k) / Total Reported in Col (d)] 2.00%

1 Grayson Rural Electric Cooperative  
2 Case No. 2012-00426  
3 Schedule of Short Term Debt  
4 May 31, 2012

Exhibit 4  
page 4 of 4  
Format 8b

5  
6 **Adjustment for Short Term Interest**

7  
8 This adjustment is to remove interest on short term borrowings. It is presumed  
9 that the short term borrowings will be repaid as a result of additional revenues  
10 generated from this Application.

11  
12

13 Type of 14 <u>Debt Instrument</u> 15 (a)	16 Date of 17 <u>Issue</u> 18 (b)	19 Date of 20 <u>Maturity</u> 21 (c)	22 Amount 23 <u>Outstanding</u> 24 (d)	25 Interest 26 <u>Rate</u> 27 (e)	28 Annualized 29 <u>Cost</u> 30 (f)
31 CFC	32 5/16/2011	8/2/2012	360,000	3.20%	11,520
Annualized cost rate [Total col. (f) / Total col. (d)]					3.20%
Actual interest paid, or accrued on Short Term Debt during the Test Year					35,691



Grayson Rural Electric  
Case No. 2012-00426  
**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 rates for 2012 base wages are as follows:

Union	26.40%
Non-union	28.56%

Proposed contribution cost	705,219
Test year R & S expense	<u>662,189</u>
Proposed adjustment	<u><u>43,030</u></u>

The adjustment is allocated as follows:

	<u>Percent</u>	<u>Amount</u>
107 Capitalized	21.44%	9,224
163 - 416 Clearing and others	10.57%	4,549
580 Operations	9.22%	3,967
590 Maintenance	20.01%	8,610
901 Consumer accounts	13.08%	5,630
908 Customer service	1.87%	806
912 Sales	0.42%	183
920 Administrative and general	23.38%	10,061
	<u>100.00%</u>	<u>\$43,030</u>

Grayson Rural Electric  
Case No. 2012-00426  
Employee Earnings and Hours  
May 31, 2012

Employee Number	Normalized Wages		R & S Retirement Rate	Amount
	2,080 Hou	Regular		
<b>Salaried Employees:</b>				
1 100	62,816		28.56%	17,940
1 205	58,573		28.56%	16,728
1 212	87,173		28.56%	24,897
1 226	85,675		28.56%	24,469
1 602	59,280		28.56%	16,930
1 603	91,104		28.56%	26,019
1 622	47,362		28.56%	13,526
1 643	51,085		28.56%	14,590
1 900	125,008		28.56%	35,702
9 Subtotal Salaried	668,075			190,802

<b>Hourly Employees:</b>				
1 208	63,378		26.40%	16,732
1 210	65,458		26.40%	17,281
1 211	62,858		26.40%	16,594
1 213	63,378		26.40%	16,732
1 215	64,938		26.40%	17,144
1 217	61,131		26.40%	16,139
1 219	59,530		26.40%	15,716
1 220	57,075		26.40%	15,068
1 221	54,475		26.40%	14,381
1 223	62,858		26.40%	16,594
1 224	60,528		26.40%	15,979
1 225	52,499		28.56%	14,994
1 227	59,530		26.40%	15,716
1 229	63,378		26.40%	16,732
1 232	79,789		26.40%	21,064
1 234	63,149		26.40%	16,671
1 235	59,571		26.40%	15,727
1 237	60,528		26.40%	15,979
1 239	62,858		26.40%	16,594
1 249	60,528		26.40%	15,979
1 251	60,528		26.40%	15,979
1 253	55,494		26.40%	14,651
1 254	48,422		26.40%	12,784
1 605	37,045		28.56%	10,580



Grayson Rural Electric  
Case No. 2012-00426  
Employee Earnings and Hours  
May 31, 2012

		Normalized Wages	
Employee	2,080 Hou	R & S Retirement	
Number	Regular	Rate	Amount
1 609	46,467	28.56%	13,271
1 610	47,923	28.56%	13,687
1 611	34,258	28.56%	9,784
1 615	35,568	28.56%	10,158
1 616	33,925	28.56%	9,689
1 617	30,077	28.56%	8,590
1 618	52,104	28.56%	14,881
1 619	32,011	28.56%	9,142
1 620	52,374	26.40%	13,827
1 632	28,038	28.56%	8,008
1 634	28,995	28.56%	8,281
1 638	24,981	28.56%	7,135
1 640	21,549	28.56%	6,154
37 Subtotal hou	1,907,194		514,417
			705,219

Grayson Rural Electric  
Case No. 2012-00426

**Medical and Dental Insurance**  
May 31, 2012

Nolin Rural Electric provides medical and dental insurance coverage for its employees. Employees are required to pay for a portion of health insurance benefits that exceed the single policy and employees must pay one-half of the portion of the dental insurance premiums.

Medical insurance premiums, as of May 31, 2012, and the number of employees electing coverage are as follows:

	<u>Employee</u>	<u>Cooperative</u>	<u>No. of</u>	<u>Annual</u>
	<u>Cost</u>	<u>Cost</u>	<u>Participants</u>	<u>Cost</u>
Single plan	\$0.00	\$381.86	31	142,052
Employee /Child(ren)	\$91.64	\$595.71	29	207,307
Employee / Spouse	\$126.02	\$675.90	46	373,097
Family	\$252.02	\$969.95	52	605,249
				<u>1,327,705</u>
				_____
				_____
Proposed contribution cost				0
Test year medical premiums				<u>1,346,847</u>
Proposed adjustment				<u><u>(1,346,847)</u></u>

The adjustment is allocated as follows:

<b>Adjustment:</b>	<u>Percent</u>	<u>Amount</u>
107 Capitalized	31.46%	(423,718)
163 - 416 Clearing and others	8.71%	(117,310)
580 Operations	14.01%	(188,693)
590 Maintenance	16.31%	(219,671)
901 Consumer accounts	15.22%	(204,990)
908 Customer service	4.66%	(62,763)
912 Sales	0.14%	(1,886)
920 Administrative and general	9.49%	(127,816)
	<u>100.00%</u>	<u><u>(\$1,346,847)</u></u>



Grayson Rural Electric  
Case No. 2012-00426  
May 31, 2012

**Financial Accounting Standard No. 106**  
**Employer's Accounting for Postretirement Benefits**

Grayson has updated its study of SFAS No. 106. As a result, the annual accrual increased. The accrual does not include directors since the board adopted a policy to discontinue covering retired directors.

	<u>Total</u>
Proposed annual cost	347,054
Test year accrual	<u>281,529</u>
Proposed adjustment	<u><u>65,525</u></u>

The adjustment is allocated as follows:

	<u>Percent</u>	<u>Amount</u>
107 Capitalized	21.44%	14,047
163 - 416 Clearing and others	10.57%	6,927
580 Operations	9.22%	6,041
590 Maintenance	20.01%	13,111
901 Consumer accounts	13.08%	8,573
908 Customer service	1.87%	1,228
912 Sales	0.42%	278
920 Administrative and gen:	23.38%	15,321
	<u>100.00%</u>	<u>\$65,525</u>

W. DUDLEY SHRYOCK, CPA, PSC

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 542

LAWRENCEBURG, KENTUCKY 40342

(502) 839-8112

MEMBER AICPA

MEMBER KY SOCIETY

OF CPAS

September 14, 2012

Don Combs, Manager, Finance and Accounting  
Grayson Rural Electric Cooperative  
109 Bagby Park  
Grayson, Kentucky 41143

Dear Don,

Please find enclosed the actuarial valuation results as of June 1, 2012 for Financial Accounting Standards Boards' *Accounting Standards Codification (ASC) 715 - Compensation - Retirement Plans*.

Acct 215.00, Accum Other Comprehensive Income	\$ 97,332
Acct 228.30, Accum Postretirement Benefits	<u>249,722</u>
Total accrual for 2012/13 benefits	<u>\$ 347,054</u>

The accrual for 2012/13 includes current service and interest costs, amortization of the actuarial gains and losses.

Journal entry to adjust accumulated other comprehensive income at June 1, 2012.

Acct 214.00, Accum Other Comprehensive Income	\$ 696,595	
Acct 228.30, Accum Postretirement Benefits		\$ 696,595

If you have any questions or would like to discuss these results, please give me a call.

Sincerely,

*W. Dudley Shryock, CPA*

W. Dudley Shryock, CPA

Exhibit 1  
Grayson Rural Electric Cooperative  
SFAS No. 106/158 Financial Statement Disclosures  
May 31, 2012

**Net Periodic Benefit Cost**

1.	Service cost	\$ 141,990
2.	Interest cost	57,360
3.	Expected return on plan assets	-
4.	Amortization of transition obligation	-
5.	Amortization gain / (loss)	80,400
6.	Net periodic benefit cost	<u>\$ 279,750</u>

**Change in Accumulated Benefit Obligation**

1.	Accumulated benefit obligation, beginning	\$ 2,880,873
2.	Service cost	141,990
3.	Interest cost	57,360
4.	Amortization	80,400
5.	Disbursements	(276,076)
6.	Actuarial (gain) loss	696,595
7.	Accumulated benefit obligation, ending	<u>\$ 3,581,142</u>

**Change in Fair Value of Plan Assets**

1.	Fair value of plan assets, beginning	
2.	Actual return on plan assets	
3.	Employer contributions	
4.	Benefits paid	
5.	Administrative expenses	
6.	Fair value of plan assets, ending	<u>\$ -</u>

Exhibit 2  
Grayson Rural Electric Cooperative  
SFAS No. 106/158 Financial Statement Disclosures  
May 31, 2012

**Benefit obligations at end of year**

1.	Accumulated benefit obligation (APBO)	\$ 3,581,142
2.	Expected benefit obligation (EPBO)	5,828,827

**Statement of funded status**

1.	Accumulated benefit obligation (APBO)	(3,581,142)
2.	Fair value of plan assets	
3.	Funded status of plan	<u>\$ (3,581,142)</u>

**Amounts recognized in the statement of financial position**

1.	Noncurrent assets	
2.	Current liabilities	
3.	Noncurrent liabilities	<u>3,581,142</u>
4.	Funded status	\$ 3,581,142

**Amounts recognized in accumulated other comprehensive income**

1.	Net loss (gain)	\$ 1,946,638
2.	Transition obligation	<u>-</u>
3.	Total	\$ 1,946,638

**Other changes in plan assets and benefit obligations  
recognized in other comprehensive income**

1.	Balance, beginning of year	<u>\$ 1,330,443</u>
2.	Amortization of transition obligation	-
3.	Amortization of net loss (gain)	(80,400)
4.	Adjustment for current year net loss (gain)	<u>696,595</u>
5.	Change during the year	<u>616,195</u>
6.	Balance, end of year	\$ 1,946,638

**Grayson Rural Electric Cooperative**  
**Medical Insurance Premiums**  
**SFAS 106 Obligation as of May 31, 2012**

A. Accumulated Postretirement Benefit Obligations (APBO) as of May 31, 2012  
are as follows:

	<u>May 31, 2012</u>	<u>May 31, 2013</u>
1. Actives not yet eligible	\$ 803,552	\$ 965,734
2. Actives fully eligible	581,351	610,418
3. Retirees and dependents	<u>2,114,061</u>	<u>2,004,990</u>
4. Total APBO	3,498,964	3,581,142
B. Future accruals	<u>2,364,341</u>	<u>2,247,685</u>
C. Total Expected Postretirement Benefit Obligations (EPBO) (A4 + B)	<u>\$ 5,863,305</u>	<u>\$ 5,828,827</u>
D. Accrued Postretirement Benefit Cost		
1. Balance June 1, 2011		\$ 2,880,873
2. Accrual		279,750
3. Payout		<u>(276,076)</u>
4. Balance May 31, 2012		2,884,547
5. Accumulated comprehensive accounting		<u>696,595</u>
6. Adjusted balance May 31, 2012		3,581,142
5. Accrual for 2013		347,054
6. Estimated payout for 2013		<u>(264,876)</u>
7. Estimated balance May 31, 2013		<u>\$ 3,663,321</u>



**Grayson Rural Electric Cooperative**  
**Medical Insurance Premiums**  
**SFAS 106 Expense as of May 31, 2012**

**FAS 106 Expense Components**

1. Service cost	\$ 160,891
2. Interest cost	88,832
3. Expected return on assets	-
4. Amortization of transition obligation	-
5. Amortization of actuarial (gain) / loss	97,332
6. Total FAS 106 expense	<u>\$ 347,054</u>
7. Expected pay-as-you-go expense	<u>\$ 264,876</u>

**Alternate assumptions:**

Impact on obligations and expense of a health care cost trend increase of 1%

	<u>Current</u> <u>Plan</u>	<u>Alternate</u> <u>Assumptions</u>	<u>% Change</u>
APBO	3,498,964	3,750,000	7.2%
EPBO	5,863,305	6,325,000	7.9%
SFAS 106 Expense	347,054	375,000	8.1%

Estimated payments for the next five (5) years are as follows:

2011	264,876
2012	255,569
2013	236,731
2014	211,246
2015	178,388



Grayson Rural Electric Cooperative  
Case No. 2012-00023  
Donations

Amounts included in Account 426, Donations have been removed for rate-making purposes. The list is attached.

Grayson Rural Electric Cooperative  
Case No. 2012-00426  
Account 426, Donations

Witness: Jim Adkins

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VENDOR NAME	DESCRIPTION	CHK DATE	CHECK	AMOUNT
GRAYSON AREA LITTLE LEAGUE	SPONSOR B BUSH ROOKIE LEAGUE	3/20/2012	156748	300.00
GRAYSON AREA LITTLE LEAGUE	TEAM SPONSOR(JOE SARGENT)	3/20/2012	156752	300.00
GRAYSON AREA CHAMBER OF	VOID #154212-CARTER CO THUNDER	6/8/2011	155154	(500.00)
GRAYSON AREA CHAMBER OF	FUNTOBERFEST SPONSORSHIP FEE	9/15/2011	155154	100.00
GRAYSON AREA CHAMBER OF	DONATION-ROBINSON ART IN PARK	4/20/2012	157028	150.00
KAEC	SPONSOR-2011 LINEMAN'S RODEO	6/2/2011	154271	400.00
PATHWAYS INC	DONATION-GOLF HOLE SPONSOR	5/25/2012	157341	100.00
RALPH'S FOODFAIR	MISC. CHARGES FOR MARCH	3/31/2012	156910	48.52
SAM'S CLUB	MISC FOR MARCH	3/31/2012	156913	322.32
VISA	EMP EXP TO MTGS/MISC-KIM BUSH	10/31/2011	155669	445.90
VISA	EMP EXP TO MTGS/MISC-PRISCILLA	11/30/2011	155933	65.90
VISA	EMP EXP TO MTGS/MISC-JULIE LEWIS	12/31/2011	156162	82.97
VISA	EMP EXP TO MTGS/MISC-KIM BUSH	12/31/2011	156162	(93.65)
ELLIOTT CO HIGH SCHOOL	DONATION-FIELD SIGN(BASEBALL)	1/27/2012	156353	225.00
ELLIOTT CO HIGH SCHOOL	DONATION	5/29/2012	157351	100.00
EAST CARTER FFA	DONATION-ANNUAL AWARDS BANQUET	4/12/2012	156963	100.00
EAST CARTER TENNIS BOOSTERS	DONATION	7/25/2011	154748	50.00
ELLIOTT CO FAMILY RESOURCE	DONATION-BACK TO SCH REDI-FEST	7/22/2011	154713	100.00
CARTER ELEMENTARY	DONATION-FALL FESTIVAL	8/26/2011	155025	50.00
MCDONALD'S OF GRAYSON	DONATION-RONALD MCDONALD HOUSE	9/14/2011	155161	100.00
BLAINE ELEMENTARY SCHOOL	DONATION-FALL FESTIVAL	9/23/2011	155235	50.00
PROJECT MERRY CHRISTMAS	DONATION-2011 CHRISTMAS	11/29/2011	155857	200.00
LEWIS CO EXTENSION OFFICE	SPONSOR-KY YOUTH SEMINAR	5/25/2012	157338	125.00
EAST CARTER MIDDLE SCHOOL	DONATION-LANDON KISER(ARCHER)	1/16/2012	156226	50.00
WEST CARTER HIGH SCHOOL	DONATION-JACK FULTZ CLASSIC	11/9/2011	155670	100.00
WEST CARTER HIGH SCHOOL	BASEBALL SIGN RENEWAL	2/29/2012	156608	100.00
WEST CARTER HIGH SCHOOL	1/2 PG AD BASKETBALL PROGRAM	10/6/2011	155374	75.00
STAR ELEMENTARY	DONATION-FALL FESTIVAL 11/4	11/3/2011	155655	50.00
ROWAN COUNTY HIGH SCHOOL	DONATION-PROJECT PROM	3/29/2012	156829	50.00
ELLIOTT CO 4-H	DONATION-LAMB PURCHASED	9/19/2011	155211	375.00
ELLIOTT CO 4-H	DONATION (4-H CAMP REGIS/TRANS)	2/29/2012	156583	175.00
4-H COUNCIL LIVESTOCK FUND	DONATION 4-H LIVESTOCK PROGRAM	8/18/2011	154978	450.00
ELLIOTT CO CONSERVATION DIST	ANNL ENVIR 4TH GRADE FIELD DAY	3/29/2012	156811	50.00
CARTER COUNTY SHRINE CLUB	DONATION-BLUEGRASS SHOW SPONSOR	3/29/2012	156842	250.00
SARAH'S PLACE	DONATION-CHRISTMAS BAZAAR	11/1/2011	155652	50.00
SARAH'S PLACE	DONATION-CHILD DEV HISTORY BRICK	10/27/2011	155595	150.00
ELLIOTT COUNTY HERITAGE	DONATION-BEAUTIFICATION PROJECT	6/24/2011	154428	250.00
RUDYFEST BLUEGRASS FESTIVAL	DONATION-FULL PAGE AD	2/29/2012	156600	200.00
AMERICAN CANCER SOCIETY	DONATION-MEMORY OF JUANITA RICE	3/29/2012	156805	250.00
ROWAN CO MIDDLE SCHOOL	DONATION (SPEECH-A-THON)	8/31/2011	155055	30.00
FRONTIER HOUSING	TEE BOX SPONSOR-GOLF SCRAMBLE	9/23/2011	155254	100.00
FLEMING-MASON ENERGY	BENEFIT GOLF TOURNAMENT	7/31/2011	154797	120.00
KING'S DAUGHTERS HEALTH FOUN	SPONSOR-ROCKY ADKINS GOLF TOURN.	4/20/2012	157034	250.00
ROWAN CO EXTENSION	DONATION-2012 ENERGY SAVING CONT	11/3/2011	155650	100.00
ROWAN CO CHRISTMAS	DONATION	11/29/2011	155859	100.00
MISS GRAYSON SCHOLARSHIP PAG	DONATION-SCHOLARSHIP PAGEANT	3/29/2012	156823	50.00
CARTER CO FAIR YTH LIVESTOCK	PURCHASE CHICKENS-CARTER CO FAIR	8/31/2011	155097	270.00
MADDEN NANCY	EMPS. DONATION-SICK/VACATION HRS	1/16/2012	156238	6,647.67
GREENUP CO FIRE FIGHTERS	DONATION-ANNUAL FIRE SCHOOL	4/20/2012	157029	100.00
SPECIAL OLYMPICS KENTUCKY	SPONSOR ATHLETE-STATE GAME	11/30/2011	155863	145.00
COMMUNITY HOSPICE	DONATION-HOSPICE FUNDRAISER	6/24/2011	154426	125.00
GREENUP CO HIGH SCHOOL PTSA	DONATION-PROM NIGHT LOCKUP	3/29/2012	156816	50.00
CITY OF GREENUP	DONATION-CHRISTMAS WITH A COP	11/29/2011	155833	100.00
CITY OF GREENUP	DONATION-JULY4TH CELEBRATION	5/25/2012	157336	100.00
RONALD MCDONALD HOUSE	DONATION "GIFT OF LIGHTS"	10/27/2011	155593	100.00
GRAYSON MEALS ON WHEELS	DONATION	3/29/2012	156813	100.00
GREENUP CO AREA TECH CNTR	HEALTH SCIENCE DONATION	9/8/2011	155100	150.00
GREENUP CO. GOLF TEAM	DONATION FOR GOLF TEAM	6/23/2011	154431	100.00

Grayson Rural Electric Cooperative  
Case No. 2012-00426  
Account 426, Donations

Witness: Jim Adkins

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VENDOR NAME	DESCRIPTION	CHK DATE	CHECK	AMOUNT
OLD FASHIONED DAYS COMMITTEE	DONATION	5/25/2012	157340	100.00
OLIVE HILL MEALS ON WHEELS	DONATION-GOLF SCRAMBLE	4/20/2012	157040	50.00
BLAINE HIGH SCHOOL REUNION	DONATION	6/24/2011	154424	125.00
GARRISON FIRE DEPT.	DONATION-FAMILY FEST & FIREWORKS	6/24/2011	154430	50.00
LEWIS CO. FOOTBALL TEAM	DONATION-RENEW FOOTBALL SIGN	7/22/2011	154718	150.00
GREENUP CO CHEERLEADERS	DONATION-GOLF HOLE SPONSOR	9/8/2011	155125	100.00
ELLIOTT CO FIRE DEPARTMENT	DONATION-ELL CO HERITAGE FEST.	7/31/2011	154795	150.00
WEST VA. BABES SOFTBALL TEAM	VOID #151914	11/11/2011		(50.00)
GREENUP CO VARSITY	DONATION-NATIONAL CHAMPIONSHIP	1/31/2012	156378	100.00
32 WEST AUXILIARY, INC.	DONATION-CHRISTMAS FOOD BASKETS	10/27/2011	155551	50.00
CARTER CO. THUNDER, INC.	DONATION-CARTER CO THUNDER '11	6/8/2011	154281	500.00
GREENUP CO LITTLE LEAGUE	DONATION	6/28/2011	154454	100.00
ASHLAND ALLIANCE FOUNDATION	DONATION-LEADERSHIP PROGRAM	7/22/2011	154707	70.00
MUSTANGS	DONATION-BASKETBALL TOURNAMENT	7/22/2011	154719	100.00
GREENUP COUNTY JUNIOR LEAGUE	DONATION-REG TOURNAMENT	7/26/2011	154730	150.00
GREENUP COUNTY CROSS COUNTRY	DONATION-2ND ANNL INVITATIONAL	9/30/2011	155350	150.00
KENTUCKY STATE POLICE	SPONSOR (1) CHILD-SHOP W/TROOPER	10/27/2011	155578	100.00
UNIVERSITY OF KENTUCKY	SCHOLARSHIP DONATION-NE AG/ATS	10/31/2011	155603	250.00
MSU FOUNDATION INC	DONATION-4TH INTL CONCERT TOUR	12/31/2011	156093	250.00
EASTERN KY FOOTHILLS - FEAT	1ST ANNL DONATION-CARTER/ELL CO.	1/27/2012	156352	500.00
FRIENDS-CARTER CO PUB LIBRAR	DONATION	3/29/2012	156812	100.00
ARRINGTON EDNA	DONATION-LAWR CO. STORM RELIEF	3/29/2012	156806	500.00
TEAM ELLIOTT AAU	DONATION-AAU CHAMPIONSHIP TEAM	5/25/2012	157344	100.00
CARTER CO. RESCUE TEAM	DONATION	5/25/2012	157335	872.50
CARTER COUNTY THUNDER	GOLD SPONSOR 4TH JULY FIREWORKS	5/29/2012	157350	250.00

19,002.13



Grayson Rural Electric Cooperative  
Case No. 2012-00426  
Professional Services

The Board of Directors has a responsibility to select an attorney to represent the board and cooperative to maintain the legal entity. The duties and responsibilities of the attorney are to perform routine services, special services, and other services for the cooperative. The attorney also attends the monthly and special board meetings. The monthly retainer fee is \$1,000 per month. Services are billed at the normal hourly billing rates for the attorney and his staff.

The Board of Directors hires the outside auditor to perform the annual audit.

Adjustments are to remove items that are normally excluded or rate-making purposes. Among the expenses excluded are attorney health and dental premiums, gifts, attending legal seminars, the KAEC annual meeting, and the Legislative Conference.

The list of \$34,852 of costs that have been removed for rate-making purposes is attached.

Grayson Rural Electric Cooperative  
Case No. 2012-00426  
May 31, 2012  
Professional Services

Exhibit **8**  
page **2** of **7**

Witness: Jim Adkins

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Check Date	Check No.	Vendor	Description	Amount	
6/17/11	154379	SCOTT W JEFFREY	RETAINER	1,000	
6/20/11	154395	SCOTT W JEFFREY	BACKGROUND CHECK FEES	166	
7/11/11	154626	SCOTT W JEFFREY	GRECC VS EVA WAGGONER	240	
7/18/11	154659	SCOTT W JEFFREY	RETAINER	1,000	
7/31/11	154915	SCOTT W JEFFREY	RETAINER	1,000	
7/31/11	154915	SCOTT W JEFFREY	VS WAGGONER, BYLAWS, COLLECTIONS,	696	
8/22/11	154992	SCOTT W JEFFREY	RETAINER	1,000	
8/31/11	155136	SCOTT W JEFFREY	RETAINER	1,000	
8/31/11	155136	SCOTT W JEFFREY	VARIOUS @ \$175 HR	6	
9/21/11	155215	SCOTT W JEFFREY	RETAINER	1,000	
9/30/11	155341	VISA	BD MTG MEAL	18	
10/24/11	155511	SCOTT W JEFFREY	RETAINER	1,000	
10/4/11	155521	LANDS' END BUS. OUTFITTERS	CHRISTMAS GIFT ATTN	54	x
11/7/11	155782	LANDS' END BUS. OUTFITTERS	CHRISTMAS SHIRT ATTN	44	x
11/23/11	155817	SCOTT W JEFFREY	RETAINER	1,000	
11/18/11	155851	NRECA	PERSONNEL PRACTICE POINTERS SUB.	195	
11/30/11	155996	SCOTT W JEFFREY	PER DIEM/MILEAGE-KAEC MTGS	767	x
12/20/11	156016	SCOTT W JEFFREY	RETAINER	1,000	
11/30/11	156025	KAEC	MEALS-KAEC ANNUAL MTG 11/21-22	164	x
11/30/11	156029	SCOTT W JEFFREY	VAR LEGAL CASES AND ISSUES	5,232	
12/31/11	156162	VISA	KAEC ANNUAL MTG	35	x
12/31/11	156162	VISA	KAEC ANNUAL MTG	379	X
1/1/12	156240	NRECA	NRECA 2012 ANNL MTG	275	x
1/26/12	156326	SCOTT W JEFFREY	RETAINER	1,000	
1/25/12	156354	KAEC	LEGAL ASSISTANCE-CUMBERLAND	342	
2/1/12	156387	NRECA	LEGAL SEMINAR 3/2-4 (JEFF SCOTT)	600	x
1/31/12	156427	VISA	NRECA LEGAL SEMINAR	52	x
2/7/12	156456	SCOTT W JEFFREY	REIMB FILING/CERTIFIED MAIL FEES	104	
2/20/12	156525	SCOTT W JEFFREY	RETAINER	1,000	
2/28/12	156644	VISA	NRECA LEGAL SEMINAR	298	x
3/21/12	156774	SCOTT W JEFFREY	RETAINER	1,000	
3/13/12	156928	SCOTT W JEFFREY	OUT-OF-POCKET-NRECA ANNL MTG	716	x
3/31/12	156930	VISA	ATTORNEY EXP TO MTG-NRECA ANNL	1,362	x
4/4/12	156940	SCOTT W JEFFREY	REIMB SUMMONS FEE-DONALD JENKINS	50	
4/13/12	156997	SCOTT W JEFFREY	RETAINER	1,000	
4/4/12	157039	NRECA	RENEW SUB-RURAL ELEC MAGAZINE	46	
5/23/12	157318	SCOTT W JEFFREY	RETAINER	1,000	
var	var	NRECA	Attny health insurance	30,107	x
8/31/11	155251	ADKINS JAMES R.	OPTIONAL RATES KICKOFF	698	
1/16/12	156310	ADKINS JAMES R.	SMITHFIELD RATE ANALYSIS	2,475	
6/30/11	154573	C.H. GUERNSEY & CO.	EKP STRATEGIC REVIEW(LIBERTY RES	596	
6/30/11	154745	C.H. GUERNSEY & CO.	EKPC STRATEGIC REVIEW/JUNE	198	
7/31/11	155002	C.H. GUERNSEY & CO.	EKP STRATEGIC REVIEW-JULY	301	
8/31/11	155208	C.H. GUERNSEY & CO.	EKP STRATEGIC REVIEW/AUGUST	912	
10/31/11	155676	C.H. GUERNSEY & CO.	EKPC STRATEGIC REVIEW-SEPT SERV.	975	
10/31/11	155772	C.H. GUERNSEY & CO.	EKPC STRATEGIC REVIEW/OCTOBER	984	
11/30/11	156072	C.H. GUERNSEY & CO.	EKPC STRATEGIC REVIEW/NOVEMBER	3,861	



Grayson Rural Electric Cooperative  
Case No. 2012-00426  
May 31, 2012  
Professional Services

Exhibit 8  
page 3 of 7  
Witness: Jim Adkins

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Check Date	Check No.	Vendor	Description	Amount
1/31/12	156552	C.H. GUERNSEY & CO.	EKPC STRATEGIC REVIEW-JANUARY	918
5/31/12	157503	SMITH & ASSOCIATES, INC.	CEO BENCHMARK/RED&GR LIGHT REP.	2,759
9/23/11	155218	ZUMSTEIN ALAN M.	2011 ANNUAL AUDIT	8,600
7/5/11	154637	ZUMSTEIN ALAN M.	PREPARE & FILE 2010 FORM 990	600
5/1/12	157191	ZUMSTEIN ALAN M.	PREPARE & FILE 2011 FORM 990	600
				80,425
		Remove for rate making purposes		34,852 x

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Ex 8  
page 4 of 7

**A G R E E M E N T**

**THIS AGREEMENT** made and entered into this 25<sup>th</sup> day of Sept, 2009,  
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 have entered into a written arrangement setting forth the terms  
and conditions of the attorney-client relationship having been done in the year 2001, which  
provides for certain renewal periods and modification of the compensation to be paid during any  
renewal period; and

**WHEREAS**, in accordance with the terms of said prior written arrangement it is  
necessary to reduce to writing the complete agreement concerning the renewal periods and  
compensation to be paid attorney by client; 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:

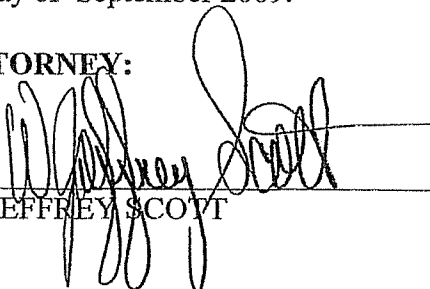
1. The current period of the attorney-client relationship will expire December 31, 2010. The  
client agrees to compensate the attorney for work performed during the current period in the

same manner as currently compensated with the exception that the hourly rate utilized by attorney for which payment will be made is the rate of \$175.00 per hour or a portion thereof.

2. The per diem to be paid attorney by client for attendance at the Kentucky Association of Electric Cooperatives Annual Meeting in Louisville each year as provided for in numerical paragraph 7 of the existing contract will be the sum of \$200.00.
3. Beginning January 1, 2010, the per month retainer to be paid attorney by client will be the sum of \$1,000.00 per month, and will continue throughout the remainder of the current term scheduled to expire December 31, 2010. The \$1,000.00 per month retainer shall continue for a three year period beginning January 1, 2011, and is automatically renewable for a subsequent three year period beginning January 1, 2014, unless earlier terminated by either party in accordance with the provisions of the current agreement. Upon inception of the term beginning January 1, 2014, the hourly rate, monthly retainer and per diem will be recalculated.
4. All other terms and conditions of the written agreement between the parties shall remain in full force and effect except as modified herein.

*WITNESS OUR HANDS* this 25<sup>th</sup> day of September 2009.


**ATTORNEY:**




---

W. JEFFREY SCOTT

**CLIENT:**




---

BY: ROGER TRENT, CHAIRMAN  
BOARD OF DIRECTORS  
GRAYSON R.E.C.C.

ATTEST: Eddie Martin  
EDDIE MARTIN, SECRETARY/  
TREASURER

STATE OF KENTUCKY  
COUNTY OF CARTER

Subscribed, sworn to and acknowledged before me by W. JEFFREY SCOTT, to be his  
free act and deed.

This the 31<sup>st</sup> day of August, 2009.

My commission expires: 6/10/10

Jeri S. Kerton  
NOTARY PUBLIC, KY STATE AT LARGE

STATE OF KENTUCKY  
COUNTY OF CARTER

Subscribed, sworn to and acknowledged before me by ROGER TRENT, as Chairman of  
the Board of Directors of GRECC, to be his free act and deed.

This the 25 day of September, 2009.

My commission expires: 10-7-2012

Bonita Beacham  
NOTARY PUBLIC, KY STATE AT LARGE

STATE OF KENTUCKY

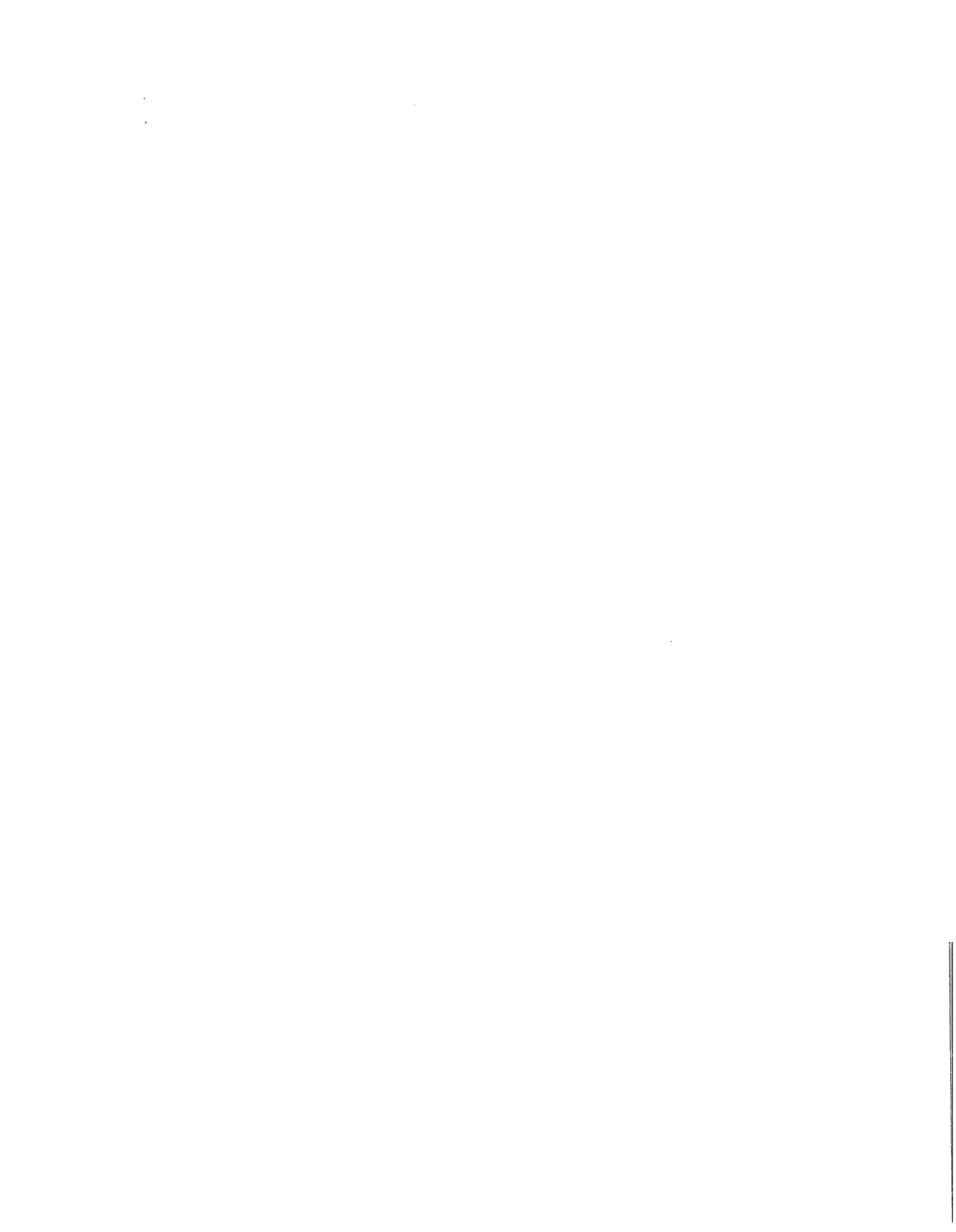
COUNTY OF CARTER

Subscribed, sworn to and acknowledged before me by EDDIE MARTIN, as  
Secretary/Treasurer of GRECC, to be his free act and deed.

This the 25 day of September, 2009.

My commission expires: 10-7-2012

Bonita Beachat  
NOTARY PUBLIC, KY STATE AT LARGE



Grayson Rural Electric Cooperative  
Case No. 2012-00426  
Director Fees and Expenses

Certain director expenses are removed for rate-making purposes. These costs include director health insurance, directors' per diems, Christmas gifts, attending the Legislative conference, directors attending either the KAEC annual meeting or EKPC annual meeting, when the director is not the representative for the respective organization.

Expenses that are not removed for rate-making purposes include costs of attending NRECA director training/education seminars. These seminars are critical for directors to be updated on events and activities related to the electric industry. Also included is D-O-M Liability Insurance that protects the directors for decisions they make on a monthly basis. Without DOM insurance, directors would be hesitant to make any decisions as members, consumers, or any person could file a legal claim against the director(s).

A copy of the Board Policy regarding "Compensation, Expenses, and Travel of Directors" is attached.

Costs removed for rate-making purposes are as follows:

All items marked with an " x " are removed	65,704
Per diems	20,550
Less previously removed with an x	<u>(2,550)</u>
Total to remove for rate making purposes	<u><u>83,704</u></u>

Grayson Rural Electric Cooperative  
Director Listing  
Case No. 2012-00426

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Kenneth Arrington	PO Box 9	Blaine, KY 41124
EKPC representatvie		
Donnie Crum	10813 St Rt 9	Grayson, KY 41143
Harold Dupuy	10596 St Rt 7	Maloneton, KY 41175
Eddie Martin	947 Darby Hollow	Grayson, KY 41143
William T. Rice	PO Box 493	Sandy Hook, KY 41171
Roger Trent	275 Ky 173	Morehead, KY 40351
Jimmy Whitt	PO Box 754	Sandy Hook, KY 41171
KAEC representative		



Grayson Rural Electric Cooperative  
Summary of Director Expenses  
Case No. 2012-00426

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	<u>REGULAR</u> <u>BD MTG</u>	<u>OTHER</u> <u>BD MTG</u>	<u>PER</u> <u>DIEM</u>	<u>MILIEAGE</u>	<u>AIR</u> <u>FARE</u>	<u>METTING</u> <u>FEES</u>	<u>HOTEL</u>	<u>MEALS</u>	<u>HEALTH</u> <u>INSURANCE</u>	<u>MISC</u>	<u>TOTAL</u>
Roger Trent	2,400	400	5,000	2,689	434	3,260	4,405	1,203	7,652	-	27,442
Harold Dupuy	2,400	200	5,200	2,806	434	2,565	3,678	843	7,652	-	25,778
Donnie Crum	2,250	200	-	199	-	-	-	15	7,652	-	10,315
William T. Rice	2,400	200	3,000	1,178	434	1,495	2,007	616	7,652	-	18,981
Kenneth Arrington	2,400	400	3,200	1,704	734	2,770	2,599	837	7,652	-	22,296
Jimmy Whitt	2,400	400	4,000	2,970	-	1,495	2,247	868	7,652	-	22,032
Eddie Martin	1,950	200	150	36	-	-	80	15	7,652	-	10,082
General	-	-	-	-	-	40	-	261	6,555	9,754	16,610
	16,200	2,000	20,550	11,581	2,035	11,625	15,016	4,658	60,116	9,754	153,535

GRAYSON RURAL ELECTRIC COOPERATIVE

CASE NO. 2012-00426

MAY 31, 2012

DIRECTOR EXPENSES

Exhibit 9

page of

Witness: Jim Adkins

	VENDOR	DESCRIPTION	CK DATE	CK NO.	REGULAR BD MTG	OTHER BD MTG	PER DIEM	MILEAGE	AIR FARE	METTING FEES	HOTEL	MEALS	HEALTH INSURANCE	MISC	TOTAL	
9	TRENT ROGER L	DIRECTOR INSURANCE	6/2/11	154246									637.63		637.63	x
10	TRENT ROGER L	PER DIEM & MILEAGE FEES	6/16/11	154381	200.00			35.70							235.70	
11	TRENT ROGER L	DIRECTOR INSURANCE	7/7/11	154540									637.63		637.63	x
12	TRENT ROGER L	PER DIEM & MILEAGE FEES	7/18/11	154662	200.00			38.85							238.85	
13	TRENT ROGER L	DIRECTOR INSURANCE	8/4/11	154828									637.63		637.63	x
14	TRENT ROGER L	PER DIEM & MILEAGE FEES	8/22/11	154994	200.00			38.85							238.85	
15	TRENT ROGER L	KAEC DIRECTOR TRAINING	8/22/11	154994			400.00	283.61							683.61	
16	VISA	KAEC DIRECTOR TRAINING TRI	8/31/11	155116							119.09	78.69			197.78	
17	TRENT ROGER L	DIRECTOR INSURANCE	9/1/11	155062									637.63		637.63	x
18	NRECA	NRECA DIRECTOR CONF - TRE	9/15/11	155201						945.00					945.00	
19	TRENT ROGER L	PER DIEM/MILEAGE/MISC EXP	9/21/11	155216	200.00			38.85							238.85	
20	TRENT ROGER L	DIRECTOR INSURANCE	10/6/11	155340									637.63		637.63	x
21	TRENT ROGER L	PER DIEM/MILEAGE/MISC EXP	10/24/11	155512	200.00			38.85							238.85	
22	TRENT ROGER L	NRECA DIRECTOR CONF	10/24/11	155512			800.00	167.61				8.35			975.96	
23	VISA	NRECA DIRECTOR CONF - TRE	10/31/11	155669								69.48			69.48	
24	VISA	NRECA DIRECTOR CONF - TRE	10/31/11	155669								36.05			36.05	
25	VISA	NRECA DIRECTOR CONF - TRE	11/3/11	155669								120.69			120.69	
26	TRENT ROGER L	DIRECTOR INSURANCE	11/23/11	155818									637.63		637.63	x
27	TRENT ROGER L	PER DIEM & MILEAGE FEES	11/23/11	155818	200.00			38.85							238.85	
28	TRENT ROGER L	KAEC ANNUAL MTG	11/23/11	155818			600.00	169.28							769.28	x
29	VISA	KAEC ANNUAL MTG - TRENT	11/30/11	155933							247.11				247.11	x
30	VISA	NRECA DIRECTOR CONF - TRE	11/30/11	155933						1,000.00	679.60				1,679.60	
31	VISA	EKPC POWER PLANT TOUR - TI	11/30/11	155933								34.30			34.30	
32	KAEC	KAEC ANNUAL MTG - TRENT	11/30/11	156025								196.57			196.57	x
33	TRENT ROGER L	DIRECTOR INSURANCE	12/1/11	155867									637.63		637.63	x
34	TRENT ROGER L	PER DIEM & MILEAGE FEES	12/20/11	156017	200.00			38.85							238.85	
35	TRENT ROGER L	NRECA DIRECTOR CONF - TRE	12/20/11	156017			1,000.00	338.55				20.82			1,359.37	
36	TRENT ROGER L	BUDGET MTG	12/22/11	156031		200.00		38.85							238.85	
37	VISA	KAEC ANNUAL MTG - TRENT	12/31/11	156162							263.22	243.49			506.71	
38	VISA	NRECA DIRECTOR CONF - TRE	12/31/11	156162							845.88	63.11			908.99	
39	NRECA	NRECA DIRECTOR CONF - TRE	1/1/12	156240						590.00					590.00	
40	TRENT ROGER L	DIRECTOR INSURANCE	1/5/12	156128									637.63		637.63	x
41	NRECA	2012 DIR CONFERENCE- TREN	1/9/12	156262						725.00					725.00	
42	TRENT ROGER L	PER DIEM & MILEAGE FEES	1/26/12	156330	200.00			38.85							238.85	
43	VISA	NRECA DIRECTOR CONF - TRE	1/31/12	156427							213.75				213.75	
44	TRENT ROGER L	DIRECTOR INSURANCE	2/2/12	156399									637.63		637.63	x
45	TRENT ROGER L	PER DIEM/MILEAGE/MISC.	2/20/12	156528	200.00			38.85							238.85	
46	TRENT ROGER L	LEGISLATIVE CONFERENCE	2/20/12	156528			200.00	16.65							216.65	x
47	TRENT ROGER L	NRECA DIRECTOR CONF - TRE	2/20/12	156528			1,000.00	974.03				27.21			2,001.24	
48	VISA	NRECA DIRECTOR CONF	2/28/12	156644							843.32	200.11			1,043.43	
49	VISA	NRECA DIRECTOR CONF	2/28/12	156644							298.28				298.28	
50	VISA	NRECA DIRECTOR CONF	2/28/12	156644					433.73						433.73	
51	TRENT ROGER L	DIRECTOR INSURANCE	3/1/12	156604									637.63		637.63	x
52	TRENT ROGER L	PER DIEM & MILEAGE FEES	3/21/12	156770	200.00			38.85							238.85	
53	TRENT ROGER L	BOARD RETREAT	3/21/12	156770		200.00		38.85							238.85	
54	TRENT ROGER L	NRECA DIRECTOR CONF	3/21/12	156770			1,000.00	58.28				31.28			1,089.56	
55	TRENT ROGER L	NRECA DIRECTOR CONF	3/24/12	156912								21.00			21.00	
56	VISA	NRECA DIRECTOR CONF	3/31/12	156930				139.96			895.04				1,035.00	
57	VISA	NRECA DIRECTOR CONF	3/31/12	156930								36.78			36.78	
58	VISA	LEGISLATIVE CONFERENCE	3/31/12	156930								14.97			14.97	x
59	TRENT ROGER L	DIRECTOR INSURANCE	4/5/12	156917									637.63		637.63	x
60	TRENT ROGER L	PER DIEM & MILEAGE FEES	4/17/12	157000	200.00			38.85							238.85	
61	TRENT ROGER L	DIRECTOR INSURANCE	5/3/12	157158									637.63		637.63	x

GRAYSON RURAL ELECTRIC COOPERATIVE  
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DIRECTOR EXPENSES

	VENDOR	DESCRIPTION	CK DATE	CK NO.	REGULAR BD MTG	OTHER BD MTG	PER DIEM	MILEAGE	AIR FARE	METTING FEES	HOTEL	MEALS	HEALTH INSURANCE	MISC	TOTAL	
62	TRENT ROGER L	PER DIEM & MILEAGE FEES	5/23/12	157323	200.00			38.85							238.85	
63		<b>ROGER TRENT TOTAL</b>			2,400.00	400.00	5,000.00	2,688.72	433.73	3,260.00	4,405.29	1,202.90	7,651.56	0.00	27,442.20	
66	DUPUY HAROLD	DIRECTOR INSURANCE	6/2/11	154209									637.63		637.63	x
67	DUPUY HAROLD	PER DIEM/MILEAGE/MISC.	6/16/11	154372	200.00			30.60							230.60	
68	DUPUY HAROLD	EKPC ANNUAL MTG	6/16/11	154372			200.00	152.49							352.49	
69	DUPUY HAROLD	DIRECTOR INSURANCE	7/7/11	154514									637.63		637.63	x
70	DUPUY HAROLD	PER DIEM & MILEAGE FEES	7/18/11	154647	200.00			33.30							233.30	
71	DUPUY HAROLD	DIRECTOR INSURANCE	8/4/11	154793									637.63		637.63	x
72	DUPUY HAROLD	PER DIEM & MILEAGE FEES	8/22/11	154983	200.00			33.30							233.30	
73	DUPUY HAROLD	KAEC DIRECTOR TRAINING	8/22/11	154983			400.00	334.67							734.67	
74	VISA	KAEC DIRECOR TRAINING DUP	8/31/11	155116							119.09	91.13			210.22	
75	DUPUY HAROLD	DIRECTOR INSURANCE	9/1/11	155032									637.63		637.63	x
76	NRECA	NRECA DIRECTOR CONF - DUP	9/15/11	155201						945.00					945.00	
77	DUPUY HAROLD	PER DIEM & MILEAGE FEES	9/21/11	155210	200.00			33.30							233.30	
78	DUPUY HAROLD	DIRECTOR INSURANCE	10/6/11	155320									637.63		637.63	x
79	DUPUY HAROLD	PER DIEM & MILEAGE FEES	10/24/11	155508	200.00			33.30							233.30	
80	DUPUY HAROLD	NRECA DIRECTOR CONF	10/24/11	155508			800.00	235.32							1,035.32	
81	VISA	NRECA DIRECTOR CONF - DUP	10/31/11	155669							14.52				14.52	
82	VISA	NRECA DIRECTOR CONF - DUP	11/1/11	155669								109.41			109.41	
83	DUPUY HAROLD	DIRECTOR INSURANCE	11/3/11	155566									637.63		637.63	x
84	DUPUY HAROLD	PER DIEM/MILEAGE/MISC.	11/23/11	155897	200.00			33.30							233.30	
85	DUPUY HAROLD	KAEC DIRECTOR TRAINING - DI	11/23/11	155897			400.00	226.44				12.09			638.53	
86	DUPUY HAROLD	KAEC ANNUAL MTG	11/23/11	155897			600.00								600.00	
87	VISA	NRECA DIRECTOR CONF - DUP	11/30/11	155933							674.31				674.31	
88	KAEC	KAEC COORD. TRAINING-H DU	11/30/11	156025						305.00					305.00	
89	KAEC	NRECA DIRECTOR CONF - DUP	11/30/11	156025								196.57			196.57	
90	DUPUY HAROLD	DIRECTOR INSURANCE	12/1/11	155837									637.63		637.63	x
91	DUPUY HAROLD	PER DIEM & MILEAGE FEES	12/20/11	156013	200.00			33.30							233.30	
92	DUPUY HAROLD	FRESH LOOK MTG	12/20/11	156013			400.00	165.39							565.39	
93	VISA	FRESH LOOK MTG	12/31/11	156162							89.81	20.68			110.49	
94	VISA	NRECA DIRECTOR CONF - DUP	12/31/11	156162							526.44	85.09			611.53	
95	NRECA	NRECA DIRECTOR CONF - DUP	1/1/12	156240						590.00					590.00	
96	DUPUY HAROLD	DIRECTOR INSURANCE	1/5/12	156107									637.63		637.63	x
97	NRECA	2012 DIR CONFERENCE- DUPU	1/9/12	156262						725.00					725.00	
98	DUPUY HAROLD	PER DIEM & MILEAGE FEES	1/26/12	156315	200.00			33.30							233.30	
99	DUPUY HAROLD	FRESH LOOK MTG	1/26/12	156315			200.00								200.00	
100	VISA	NRECA DIRECTOR CONF - DUP	1/31/12	156427							213.75				213.75	
101	DUPUY HAROLD	DIRECTOR INSURANCE	2/2/12	156374									637.63		637.63	x
102	DUPUY HAROLD	PER DIEM/MILEAGE/MISC	2/20/12	156537	200.00			33.30							233.30	
103	DUPUY HAROLD	NRECA DIRECTOR CONF - DUP	2/20/12	156537			1,000.00	1,043.40			142.06	40.13			2,225.59	
104	DUPUY HAROLD	LEGISLATIVE CONFERENCE	2/20/12	156537			200.00	33.30							233.30	
105	VISA	NRECA DIRECTOR CONF	2/28/12	156644							705.17	152.75			857.92	
106	VISA	NRECA DIRECTOR CONF	2/28/12	156644							298.28				298.28	
107	VISA	NRECA DIRECTOR CONF	2/28/12	156644					433.73						433.73	
108	VISA	FRESH LOOK MTG	2/29/12	156644								17.94			17.94	
109	DUPUY HAROLD	DIRECTOR INSURANCE	3/1/12	156580									637.63		637.63	x
110	DUPUY HAROLD	PER DIEM/MILEAGE/MISC.	3/21/12	156751	200.00			33.30							233.30	
111	DUPUY HAROLD	BOARD RETREAT	3/21/12	156751		200.00		33.30							233.30	
112	DUPUY HAROLD	NRECA DIRECTOR CONF	3/21/12	156751			1,000.00	44.40				65.61			1,110.01	
113	VISA	NRECA DIRECTOR CONF	3/31/12	156930				140.54			895.04				1,035.58	
114	VISA	NRECA DIRECTOR CONF	3/31/12	156930								36.78			36.78	

GRAYSON RURAL ELECTRIC COOPERATIVE

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DIRECTOR EXPENSES

Exhibit 9

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Witness: Jim Adkins

	VENDOR	DESCRIPTION	CK DATE	CK NO.	REGULAR BD MTG	OTHER BD MTG	PER DIEM	MILEAGE	AIR FARE	METTING FEES	HOTEL	MEALS	HEALTH INSURANCE	MISC	TOTAL	
115	VISA	LEGISLATIVE CONFERENCE	3/31/12	156930								14.97			14.97	
116	DUPUY HAROLD	DIRECTOR INSURANCE	4/5/12	156888									637.63		637.63	x
117	DUPUY HAROLD	PER DIEM & MILEAGE FEES	4/17/12	156987	200.00			33.30							233.30	
118	DUPUY HAROLD	DIRECTOR INSURANCE	5/3/12	157128									637.63		637.63	x
119	DUPUY HAROLD	PER DIEM & MILEAGE FEES	5/23/12	157306	200.00			33.30							233.30	
120																
121		<b>HAROLD DUPUY TOTAL</b>			2,400.00	200.00	5,200.00	2,806.15	433.73	2,565.00	3,678.47	843.15	7,651.56	0.00	25,778.06	
122																
123	CRUM DONNIE	DIRECTOR INSURANCE	6/2/11	154208									637.63		637.63	x
124	CRUM DONNIE	PER DIEM & MILEAGE FEES	6/16/11	154371	150.00			12.24							162.24	
125	CRUM DONNIE	DIRECTOR INSURANCE	7/7/11	154512									637.63		637.63	x
126	CRUM DONNIE	PER DIEM & MILEAGE FEES	7/18/11	154646	150.00			13.32							163.32	
127	CRUM DONNIE	DIRECTOR INSURANCE	8/4/11	154792									637.63		637.63	x
128	CRUM DONNIE	PER DIEM & MILEAGE FEES	8/22/11	154982	150.00			13.32							163.32	
129	CRUM DONNIE	DIRECTOR INSURANCE	9/1/11	155031									637.63		637.63	x
130	CRUM DONNIE	PER DIEM & MILEAGE FEES	9/21/11	155209	150.00			13.32							163.32	
131	CRUM DONNIE	DIRECTOR INSURANCE	10/6/11	155318									637.63		637.63	x
132	CRUM DONNIE	PER DIEM & MILEAGE FEES	10/24/11	155507	150.00			13.32							163.32	
133	CRUM DONNIE	DIRECTOR INSURANCE	11/3/11	155564									637.63		637.63	x
134	CRUM DONNIE	PER DIEM & MILEAGE FEES	11/23/11	155813	150.00			13.32							163.32	
135	CRUM DONNIE	DIRECTOR INSURANCE	12/1/11	155836									637.63		637.63	x
136	CRUM DONNIE	PER DIEM & MILEAGE FEES	12/20/11	156012	150.00			13.32							163.32	
137	CRUM DONNIE	BUDGET MTG	12/22/11	156020	150.00			13.32							163.32	
138	CRUM DONNIE	DIRECTOR INSURANCE	1/5/12	156105									637.63		637.63	x
139	CRUM DONNIE	PER DIEM & MILEAGE FEES	1/26/12	156314	150.00			13.32							163.32	
140	CRUM DONNIE	DIRECTOR INSURANCE	2/2/12	156372									637.63		637.63	x
141	CRUM DONNIE	PER DIEM & MILEAGE FEES	2/20/12	156520	150.00			13.32							163.32	
142	CRUM DONNIE	PER DIEM & MILEAGE FEES	2/23/12	156536	150.00			13.32							163.32	
143	CRUM DONNIE	DIRECTOR INSURANCE	3/1/12	156579									637.63		637.63	x
144	CRUM DONNIE	PER DIEM & MILEAGE FEES	3/21/12	156750	200.00			13.32							213.32	
145	CRUM DONNIE	BOARD RETREAT	3/21/12	156750		200.00		13.32							213.32	
146	VISA	LEGISLATIVE CONFERENCE	3/31/12	156930								14.97			14.97	x
147	CRUM DONNIE	DIRECTOR INSURANCE	4/5/12	156886									637.63		637.63	x
148	CRUM DONNIE	PER DIEM & MILEAGE FEES	4/17/12	156986	200.00			13.32							213.32	
149	CRUM DONNIE	DIRECTOR INSURANCE	5/3/12	157127									637.63		637.63	x
150	CRUM DONNIE	PER DIEM & MILEAGE FEES	5/23/12	157305	200.00			13.32							213.32	
151																
152		<b>DONNIE CRUM TOTAL</b>			2,250.00	200.00	0.00	198.72	0.00	0.00	0.00	14.97	7,651.56	0.00	10,315.25	
153																
154	RICE WILLIAM T	DIRECTOR INSURANCE	6/2/11	154236									637.63		637.63	x
155	RICE WILLIAM T	PER DIEM & MILEAGE FEES	6/16/11	154378	200.00			20.40							220.40	
156	RICE WILLIAM T	EKPC ANNUAL MTG	6/16/11	154378			200.00	90.78							290.78	
157	RICE WILLIAM T	DIRECTOR INSURANCE	7/7/11	154533									637.63		637.63	x
158	RICE WILLIAM T	PER DIEM & MILEAGE FEES	7/18/11	154658	200.00			22.20							222.20	
159	RICE WILLIAM T	DIRECTOR INSURANCE	8/4/11	154821									637.63		637.63	x
160	RICE WILLIAM T	PER DIEM & MILEAGE FEES	8/22/11	154991	200.00			22.20							222.20	
161	RICE WILLIAM T	KAEC DIRECTOR TRAINING	8/22/11	154991			400.00	280.83							680.83	
162	VISA	KAEC DIRECTOR TRAINING RIC	8/31/11	155116							119.09	70.99			190.08	
163	RICE WILLIAM T	DIRECTOR INSURANCE	9/1/11	155054									637.63		637.63	x
164	NRECA	NRECA DIRECTOR CONF - RICE	9/15/11	155201						945.00					945.00	
165	RICE WILLIAM T	PER DIEM & MILEAGE FEES	9/21/11	155214	200.00			22.20							222.20	
166	RICE WILLIAM T	DIRECTOR INSURANCE	10/6/11	155335									637.63		637.63	x
167	RICE WILLIAM T	PER DIEM/MILEAGE FEES	10/24/11	155510	200.00			22.20							222.20	

GRAYSON RURAL ELECTRIC COOPERATIVE  
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DIRECTOR EXPENSES															
					REGULAR	OTHER	PER		AIR	METTING		HEALTH			
	VENDOR	DESCRIPTION	CK DATE	CK NO.	BD MTG	BD MTG	DIEM	MILEAGE	FARE	FEES	HOTEL	MEALS	INSURANCE	MISC	TOTAL
168	RICE WILLIAM T	NRECA DIRECTOR CONF	10/24/11	155510			800.00	187.59							987.59
169	VISA	NRECA DIRECTOR CONF - RICE	10/31/11	155669								70.71			70.71
170	VISA	NRECA DIRECTOR CONF - RICE	10/31/11	155669								36.05			36.05
171	VISA	NRECA DIRECTOR CONF - RICE	10/31/11	155669							11.00				11.00
172	VISA	NRECA DIRECTOR CONF - RICE	11/2/11	155669								105.89			105.89
173	RICE WILLIAM T	DIRECTOR INSURANCE	11/3/11	155591									637.63		637.63 x
174	RICE WILLIAM T	PER DIEM/MILEAGE/MISC.	11/23/11	155816	200.00			22.20							222.20
175	RICE WILLIAM T	KAEC ANNUAL MTG	11/23/11	155816			600.00	192.59				10.00			802.59 x
176	VISA	NRECA DIRECTOR CONF - RICE	11/30/11	155933							692.31				692.31
177	KAEC	KAEC ANNUAL MTG - RICE	11/30/11	156025								196.57			196.57 x
178	RICE WILLIAM T	DIRECTOR INSURANCE	12/1/11	155858									637.63		637.63 x
179	RICE WILLIAM T	PER DIEM & MILEAGE FEES	12/20/11	156015	200.00			22.20							222.20
180	VISA	KAEC ANNUAL MTG - RICE	12/31/11	156162							289.22				289.22 x
181	NRECA	NRECA DIRECTOR CONF - RICE	1/1/12	156240						550.00					550.00
182	RICE WILLIAM T	DIRECTOR INSURANCE	1/5/12	156124									637.63		637.63 x
183	RICE WILLIAM T	DIRECTOR INSURANCE	2/2/12	156393									637.63		637.63 x
184	RICE WILLIAM T	PER DIEM & MILEAGE FEES	2/20/12	156524	200.00			22.20							222.20
185	RICE WILLIAM T	PER DIEM & MILEAGE FEES	2/20/12	156524	200.00			22.20							222.20
186	VISA	NRECA DIRECTOR CONF	2/28/12	156644					433.73						433.73
187	RICE WILLIAM T	DIRECTOR INSURANCE	3/1/12	156599									637.63		637.63 x
188	RICE WILLIAM T	PER DIEM/MILEAGE/MISC.	3/21/12	156766	200.00			22.20							222.20
189	RICE WILLIAM T	BOARD RETREAT	3/21/12	156766		200.00		22.20							222.20
190	RICE WILLIAM T	NRECA DIRECTOR CONF	3/21/12	156766			1,000.00	79.37				73.97			1,153.34
191	VISA	NRECA DIRECTOR CONF	3/31/12	156930				60.00			895.04				955.04
192	VISA	NRECA DIRECTOR CONF	3/31/12	156930								36.78			36.78
193	VISA	NRECA DIRECTOR CONF	3/31/12	156930								14.97			14.97 x
194	RICE WILLIAM T	LEGISLATIVE CONFERENCE	3/31/12	156930									637.63		637.63 x
195	RICE WILLIAM T	DIRECTOR INSURANCE	4/5/12	156911									637.63		637.63 x
196	RICE WILLIAM T	PER DIEM & MILEAGE FEES	4/17/12	156996	200.00			22.20							222.20
197	RICE WILLIAM T	DIRECTOR INSURANCE	5/3/12	157149									637.63		637.63 x
198	RICE WILLIAM T	PER DIEM & MILEAGE FEES	5/23/12	157317	200.00			22.20							222.20
199		<b>WILLIAM RICE TOTAL</b>			2,400.00	200.00	3,000.00	1,177.96	433.73	1,495.00	2,006.66	615.93	7,651.56	0.00	18,980.84
200													637.63		637.63 x
201	ARRINGTON KENNETH	DIRECTOR INSURANCE	6/2/11	154201									637.63		637.63 x
202	ARRINGTON KENNETH	PER DIEM & MILEAGE FEES	6/16/11	154370	200.00			40.80							240.80
203	ARRINGTON KENNETH	DIRECTOR INSURANCE	7/7/11	154507									637.63		637.63 x
204	ARRINGTON KENNETH	PER DIEM & MILEAGE FEES	7/18/11	154639	200.00			44.40							244.40
205	ARRINGTON KENNETH	DIRECTOR INSURANCE	8/4/11	154782									637.63		637.63 x
206	ARRINGTON KENNETH	PER DIEM/MILEAGE/MISC.	8/22/11	154979	200.00			44.40							244.40
207	ARRINGTON KENNETH	KAEC DIRECTOR TRAINING	8/22/11	154979			400.00	327.45				25.40			752.85
208	VISA	KAEC DIRECTOR TRAINING ARI	8/31/11	155116							119.09				191.84
209	ARRINGTON KENNETH	DIRECTOR INSURANCE	9/1/11	155021									637.63		637.63 x
210	NRECA	NRECA DIRECTOR CONF - ARRI	9/15/11	155201						945.00					945.00
211	ARRINGTON KENNETH	PER DIEM & MILEAGE FEES	9/21/11	155207	200.00			44.40							244.40
212	ARRINGTON KENNETH	DIRECTOR INSURANCE	10/6/11	155313									637.63		637.63 x
213	ARRINGTON KENNETH	PER DIEM/MILEAGE/MISC FEE	10/24/11	155506	200.00			44.40							244.40
214	ARRINGTON KENNETH	NRECA DIRECTOR CONF	10/24/11	155506			800.00	233.10							1,043.10
215	VISA	NRECA DIRECTOR CONF - ARR	10/31/11	155669								80.00			80.00
216	VISA	NRECA DIRECTOR CONF - ARR	10/31/11	155669								120.69			120.69
217	VISA	NRECA DIRECTOR CONF - ARR	10/31/11	155669								36.05			36.05
218	ARRINGTON KENNETH	DIRECTOR INSURANCE	11/3/11	155554									637.63		637.63 x
219	ARRINGTON KENNETH	PER DIEM/MILEAGE/MISC.	11/23/11	155812	200.00			44.40							244.40
220	ARRINGTON KENNETH	KAEC ANNUAL MTG	11/23/11	155812			600.00	233.10				10.00			843.10 x

GRAYSON RURAL ELECTRIC COOPERATIVE  
CASE NO. 2012-00426  
MAY 31, 2012

DIRECTOR EXPENSES															
VENDOR	DESCRIPTION	CK DATE	CK NO.	REGULAR BD MTG	OTHER BD MTG	PER DIEM	MILEAGE	AIR FARE	METTING FEES	HOTEL	MEALS	HEALTH INSURANCE	MISC	TOTAL	
										674.31				674.31	
221	VISA	NRECA DIRECTOR CONF - ARRI	11/30/11	155933							196.57			196.57	x
222	KAEC	KAEC ANNUAL MTG - ARRINGT	11/30/11	156025								637.63		637.63	x
223	ARRINGTON KENNETH	DIRECTOR INSURANCE	12/1/11	155828										244.40	
224	ARRINGTON KENNETH	PER DIEM & MILEAGE FEES	12/20/11	156011	200.00		44.40							244.40	
225	ARRINGTON KENNETH	BUDGET MTG	12/22/11	156018		200.00	44.40							339.12	x
226	VISA	KAEC ANNUAL MTG - ARRINGT	12/31/11	156162					550.00		289.22	49.90		550.00	
227	NRECA	NRECA DIRECTOR CONF - ARRI	1/1/12	156240								637.63		637.63	x
228	ARRINGTON KENNETH	DIRECTOR INSURANCE	1/5/12	156099										725.00	
229	NRECA	2012 DIR CONFERENCE- ARRIN	1/9/12	156262					725.00					244.40	
230	ARRINGTON KENNETH	PER DIEM & MILEAGE FEES	1/26/12	156311	200.00		44.40							514.05	
231	VISA	NRECA DIRECTOR CONF - ARRI	1/31/12	156427				300.30		213.75				637.63	x
232	ARRINGTON KENNETH	DIRECTOR INSURANCE	2/2/12	156366								637.63		637.63	x
233	NRECA	NRECA DIRECTOR CONF - ARRI	2/20/12	156522					550.00					550.00	
234	ARRINGTON KENNETH	PER DIEM/MILEAGE/MISC.	2/21/12	156531	200.00		44.40							244.40	
235	ARRINGTON KENNETH	NRECA DIRECTOR CONF - ARRI	2/21/12	156531						109.00	32.36			263.46	
236	ARRINGTON KENNETH	LEGISLATIVE CONFERENCE	2/21/12	156531				200.00						244.40	x
237	ARRINGTON KENNETH	EKPC RATE DESIGN MTG	2/21/12	156531				200.00						244.40	
238	VISA	NRECA DIRECTOR CONF - ARRI	2/28/12	156644						298.28				298.28	
239	VISA	NRECA DIRECTOR CONF - ARRI	2/28/12	156644							67.41			67.41	
240	VISA	NRECA DIRECTOR CONF	2/28/12	156644				433.73						433.73	
241	ARRINGTON KENNETH	DIRECTOR INSURANCE	3/1/12	156573								637.63		637.63	x
242	ARRINGTON KENNETH	PER DIEM/MILEAGE/MISC	3/21/12	156749	200.00		44.40							244.40	
243	ARRINGTON KENNETH	BOARD RETREAT	3/21/12	156749		200.00	44.40							244.40	
244	ARRINGTON KENNETH	NRECA DIRECTOR CONF	3/21/12	156749				1,000.00						1,030.76	
245	VISA	NRECA DIRECTOR CONF	3/31/12	156930							30.76			8.78	
246	VISA	NRECA DIRECTOR CONF	3/31/12	156930						895.04	44.99			1,021.53	
247	VISA	NRECA DIRECTOR CONF	3/31/12	156930			81.50				36.78			36.78	
248	VISA	LEGISLATIVE CONFERENCE	3/31/12	156930							14.97			14.97	x
249	ARRINGTON KENNETH	DIRECTOR INSURANCE	4/5/12	156882								637.63		637.63	x
250	ARRINGTON KENNETH	PER DIEM & MILEAGE FEES	4/17/12	156982	200.00		44.40							244.40	
251	ARRINGTON KENNETH	DIRECTOR INSURANCE	5/3/12	157118								637.63		637.63	x
252	ARRINGTON KENNETH	PER DIEM & MILEAGE FEES	5/23/12	157302	200.00		44.40							244.40	
253															
254		<b>KENNETH ARRINGTON TOTAL</b>			2,400.00	400.00	3,200.00	1,704.05	734.03	2,770.00	2,598.69	837.41	7,651.56	0.00	22,295.74
255												637.63		637.63	x
256	WHITT JIMMY	DIRECTOR INSURANCE	6/2/11	154248										221.42	
257	WHITT JIMMY	PER DIEM & MILEAGE FEES	6/21/11	154397	200.00		21.42							335.15	
258	WHITT JIMMY	KAEC BD MTG	6/21/11	154397										1,418.11	
259	WHITT JIMMY	NRECA DIRECTOR TRAINING	6/21/11	154397			800.00	581.40			36.71			717.92	
260	VISA	NRECA DIRECTOR TRAINING	6/30/11	154592						601.08	116.84			637.63	x
261	WHITT JIMMY	DIRECTOR INSURANCE	7/7/11	154542										223.31	
262	WHITT JIMMY	PER DIEM & MILEAGE FEES	7/20/11	154677	200.00		23.31							369.28	
263	WHITT JIMMY	KAEC BD MTG WHITT	7/20/11	154677				200.00						142.89	
264	VISA	KAEC BD MTG - WHITT	7/31/11	154890						119.61	23.28			637.63	x
265	WHITT JIMMY	DIRECTOR INSURANCE	8/4/11	154833										223.31	
266	WHITT JIMMY	PER DIEM & MILEAGE FEES	8/22/11	154998	200.00		23.31							678.61	
267	WHITT JIMMY	KAEC DIRECTOR TRAINING	8/22/11	154998				400.00						197.72	
268	VISA	DIR EXP TO MTGS-JIMMY WHI	8/31/11	155116						119.09	78.63			136.03	
269	VISA	KAEC BD MTG WHITT	8/31/11	155116						119.61	16.42			637.63	x
270	WHITT JIMMY	DIRECTOR INSURANCE	9/1/11	155066										395.00	
271	NRECA	NRECA DIRECTOR CONF - WHI	9/15/11	155201					395.00					223.31	
272	WHITT JIMMY	PER DIEM & MILEAGE FEES	9/21/11	155217	200.00		23.31							426.29	
273	WHITT JIMMY	KAEC BD MTG WHITT	9/21/11	155217				200.00						226.29	

GRAYSON RURAL ELECT. OPERATIVE

CASE NO. 2012-00426

MAY 31, 2012

DIRECTOR EXPENSES

Exhibit 9

page of

Witness: Jim Adkins

	VENDOR	DESCRIPTION	CK DATE	CK NO.	REGULAR BD MTG	OTHER BD MTG	PER DIEM	MILEAGE	AIR FARE	METTING FEES	HOTEL	MEALS	HEALTH INSURANCE	MISC	TOTAL	
274	WHITT JIMMY	DIRECTOR INSURANCE	10/6/11	155342									637.63		637.63	x
275	WHITT JIMMY	PER DIEM/MILEAGE/MISC. FE	10/24/11	155513	200.00			23.31							223.31	
276	WHITT JIMMY	NRECA DIRECTOR CONF	10/24/11	155513			400.00	223.11				6.38			629.49	
277	WHITT JIMMY	KAEC BD MTG	10/24/11	155513			200.00					10.00			210.00	
278	VISA	NRECA DIRECTOR CONF - WHI	10/31/11	155669								49.17			49.17	
279	VISA	NRECA DIRECTOR CONF - WHI	10/31/11	155669								36.04			36.04	
280	VISA	KAEC BD MTG - WHITT	10/31/11	155669							125.36	32.25			157.61	
281	WHITT JIMMY	DIRECTOR INSURANCE	11/3/11	155606									637.63		637.63	x
282	VISA	NRECA DIRECTOR CONF - WHI	11/4/11	155669								120.66			120.66	
283	WHITT JIMMY	PER DIEM/MILEAGE/MISC. FEI	11/23/11	155819	200.00			23.31							223.31	
284	WHITT JIMMY	KAEC ANNUAL MTG	11/23/11	155819			400.00	200.91				5.00			605.91	
285	VISA	KAEC BD MTG WHITT	11/30/11	155933							230.77	31.56			262.33	
286	VISA	NRECA DIRECTOR TRAINING -	11/30/11	155933						1,100.00	252.40	9.54			1,361.94	
287	VISA	NRECA DIRECTOR TRAINING -	11/30/11	155933											0.00	
288	KAEC	KAEC ANNUAL MTG - WHITT	11/30/11	156025								196.57			196.57	
289	WHITT JIMMY	DIRECTOR INSURANCE	12/1/11	155870									637.63		637.63	x
290	WHITT JIMMY	BUDGET MTG	12/19/11	156001		200.00		23.31							223.31	
291	WHITT JIMMY	PER DIEM/MILEAGE/ETC.	12/19/11	156001	200.00			23.31							223.31	
292	WHITT JIMMY	KAEC BD MTG	12/19/11	156001			200.00	169.28							369.28	
293	WHITT JIMMY	NRECA DIRECTOR CONF - WHI	12/19/11	156001			800.00	360.20							1,160.20	
294	VISA	KAEC ANNUAL MTG - WHITT	12/31/11	156162							289.22	10.39			299.61	
295	VISA	NRECA DIRECTOR CONF - WHI	12/31/11	156162							299.24	72.39			371.63	
296	WHITT JIMMY	DIRECTOR INSURANCE	1/5/12	156130									637.63		637.63	x
297	WHITT JIMMY	PER DIEM & MILEAGE FEES	1/26/12	156332	200.00			23.31							223.31	
298	VISA	KAEC BD MTG - WHITT	1/31/12	156427							90.86	16.03			106.89	
299	WHITT JIMMY	DIRECTOR INSURANCE	2/2/12	156401									637.63		637.63	x
300	WHITT JIMMY	PER DIEM/MILEAGE/MISC	2/24/12	156551	200.00			23.31							223.31	
301	WHITT JIMMY	LEGISLATIVE CONFERENCE	2/24/12	156551				110.34							110.34	x
302	WHITT JIMMY	DIRECTOR INSURANCE	3/1/12	156609									637.63		637.63	x
303	WHITT JIMMY	PER DIEM & MILEAGE FEES	3/21/12	156772	200.00			23.31							223.31	
304	WHITT JIMMY	BOARD RETREAT	3/21/12	156772				23.31							223.31	
305	WHITT JIMMY	DIRECTOR INSURANCE	4/5/12	156920									637.63		637.63	x
306	WHITT JIMMY	PER DIEM & MILEAGE FEES	4/17/12	157002	200.00			23.31							223.31	
307	WHITT JIMMY	DIRECTOR INSURANCE	5/3/12	157164									637.63		637.63	x
308	WHITT JIMMY	PER DIEM & MILEAGE FEES	5/23/12	157326	200.00			23.31							223.31	
309	WHITT JIMMY	KAEC BD MTG	5/23/12	157326				200.00							390.92	
310																
311		<b>JIMMY WHITT TOTAL</b>			2,400.00	400.00	4,000.00	2,969.94	0.00	1,495.00	2,247.24	867.86	7,651.56	0.00	22,031.60	
312																
313	MARTIN EDDIE	DIRECTOR INSURANCE	6/2/11	154224									637.63		637.63	x
314	MARTIN EDDIE	PER DIEM	6/16/11	154375	150.00										150.00	
315	MARTIN EDDIE	DIRECTOR INSURANCE	7/7/11	154524									637.63		637.63	x
316	MARTIN EDDIE	PER DIEM-JULY BD MTG	7/18/11	154651	150.00										150.00	
317	MARTIN EDDIE	DIRECTOR INSURANCE	8/4/11	154810									637.63		637.63	x
318	MARTIN EDDIE	PER DIEM-GRECC BD MTG	8/22/11	154988	150.00										150.00	
319	MARTIN EDDIE	DIRECTOR INSURANCE	9/1/11	155044									637.63		637.63	x
320	MARTIN EDDIE	PER DIEM	9/21/11	155212	150.00										150.00	
321	MARTIN EDDIE	DIRECTOR INSURANCE	10/6/11	155328									637.63		637.63	x
322	MARTIN EDDIE	PER DIEM	10/24/11	155509	150.00										150.00	
323	MARTIN EDDIE	DIRECTOR INSURANCE	11/3/11	155581									637.63		637.63	x
324	MARTIN EDDIE	PER DIEM-NOVEMBER BD MTG	11/23/11	155815	150.00										150.00	
325	MARTIN EDDIE	DIRECTOR INSURANCE	12/1/11	155847									637.63		637.63	x
326	MARTIN EDDIE	PER DIEM	12/20/11	156014	150.00										150.00	

GRAYSON RURAL ELECT OPERATIVE

CASE NO. 2012-00426

MAY 31, 2012

DIRECTOR EXPENSES

	VENDOR	DESCRIPTION	CK DATE	CK NO.	REGULAR BD MTG	OTHER BD MTG	PER DIEM	MILEAGE	AIR FARE	METTING FEES	HOTEL	MEALS	HEALTH INSURANCE	MISC	TOTAL	
327	MARTIN EDDIE	DIRECTOR INSURANCE	1/5/12	156118									637.63		637.63	x
328	MARTIN EDDIE	PER DIEM	1/26/12	156321	150.00										150.00	
329	MARTIN EDDIE	DIRECTOR INSURANCE	2/2/12	156384									637.63		637.63	x
330	MARTIN EDDIE	PER DIEM	2/20/12	156521	150.00										150.00	
331	MARTIN EDDIE	LEGISLATIVE CONFERENCE	2/20/12	156521			150.00								150.00	x
332	MARTIN EDDIE	DIRECTOR INSURANCE	3/1/12	156590									637.63		637.63	x
333	MARTIN EDDIE	PER DIEM & MILEAGE FEES	3/21/12	156761	200.00			8.88							208.88	
334	MARTIN EDDIE	BOARD RETREAT	3/21/12	156761		200.00		8.88							208.88	
335	VISA	BOARD RETREAT	3/31/12	156930							79.50				79.50	
336	VISA	LEGISLATIVE CONFERENCE	3/31/12	156930								14.97			14.97	x
337	MARTIN EDDIE	DIRECTOR INSURANCE	4/5/12	156900									637.63		637.63	x
338	MARTIN EDDIE	PER DIEM & MILEAGE FEES	4/17/12	156992	200.00			8.88							208.88	
339	MARTIN EDDIE	DIRECTOR INSURANCE	5/3/12	157140									637.63		637.63	x
340	MARTIN EDDIE	PER DIEM & MILEAGE FEES	5/23/12	157312	200.00			8.88							208.88	
341																
342		<b>DONNIE MARTIN TOTAL</b>			1,950.00	200.00	150.00	35.52	0.00	0.00	79.50	14.97	7,651.56	0.00	10,081.55	
343																
344	KAEC	KAEC DIRECTOR TRAINING - AI	6/15/11	154358						40.00					40.00	
345	NRECA	RURAL ELEC MAGAZINE	4/4/12	157039										344.00	344.00	
346	VISA	BD MTG MEALS - ALL	7/31/11	154890								31.37			31.37	
347	VISA	BD MTG MEALS - ALL	8/31/11	155116											0.00	
348	VISA	CHRISTMAS GIFTS	9/30/11	155341										123.83	123.83	x
349	VISA	BD MTG MEALS - ALL	9/30/11	155341								40.04			40.04	
350	VISA	BD MTG MEALS - ALL	10/31/11	155669								18.14			18.14	
351	VISA	BD MTG MEALS - ALL	12/31/11	156162								50.50			50.50	
352	VISA	CHRISTMAS GIFTS - ALL	1/31/12	156427										363.58	363.58	x
353	VISA	BD MTG MEALS - ALL	2/28/12	156644								49.68			49.68	
354	VISA	BD MTG MEALS - ALL	3/31/12	156930								10.95			10.95	
355	VISA	BD MTG MEALS - ALL	4/30/12	157161								60.11			60.11	
356	LANDS' END BUS. OUTFITT	DIR/ATTY CHRISTMAS GIFTS	10/4/11	155521										380.52	380.52	x
357	LANDS' END BUS. OUTFITT	CHRISTMAS SHIRTS	11/7/11	155782										43.86	43.86	x
358		NRECA HEALTH INS ADMIN FE	VAR	VAR									6,555.23		6,555.23	x
359		D-O-M LIABILITY INSURANCE												8,498.00	8,498.00	
360																
361		<b>ALL DIRECTORS TOTAL</b>			0.00	0.00	0.00	0.00	0.00	40.00	0.00	260.79	6,555.23	9,753.79	16,609.81	
362																
363					16,200.00	2,000.00	20,550.00	11,581.06	2,035.22	11,625.00	15,015.85	4,657.98	60,116.15	9,753.79	153,535.05	
364																
365															65,704.31	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. It must be recognized that a board member would have invested time toward the studying and preparation of board meeting material for the subsequent meeting. Therefore, he or she shall be compensated up to two times per year under such circumstances. 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 requires 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 and any other meeting to which the Chair shall appoint them to attend as a representative of the Cooperative.
  - 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.

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 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.

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.

If a past Director returns to the board for any reason, he or she will be considered a new director. He or she will be eligible for medical insurance benefits only as long as they serve on the Board. Once they leave the Board of Directors for any reason, they are not eligible to receive any medical benefits as outlined above.

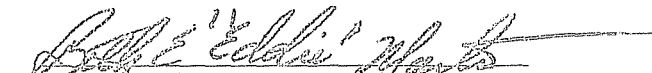
D. Other Compensation

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.

  
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

GRECC BOARD POLICY 110  
PAGE 3

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  
Date Revised: 05/23/08  
Minute Book Page: 4102-4105  
Date Revised: 03/29/10  
Minute Book Page: 4295-4298



Grayson Rural Electric Cooperative  
Case No. 2012-00426  
Miscellaneous Expenses

Amounts removed from Account 930.30, Miscellaneous Expenses for rate-making purposes include employee meals and picnics, gifts, flower funds for death in families, amounts paid for nominating committee, Washington Youth Tour, Legislative Conference, and others. Annual meeting scholarships, prizes, and giveaways have been removed for rate-making purposes.

The amounts have been removed in the amount of \$11,354, and are indicated with and "x" beside the amount.

Grayson Rural Electric Cooperative  
Case No. 2012-00426  
May 31, 2012  
Account 930.30, Miscellaneous General Expenses

Exhibit 10  
page of 3  
Witness: Jim Adkins

VENDOR	DESCRIPTION	CK DATE	CK NO.	AMOUNT	
NRECA	LEGAL REPORTING SERVICE	6/20/11	154437	340.00	
KAEC	'11 WASHINGTON YOUTH TOUR (2)	6/28/11	154578	2,400.00	x
VISA	YOUTH TOUR LUNCHES	6/30/11	154592	65.15	x
VISA	SPONSOR HORSE SHOW	6/30/11	154592	760.00	x
WELLS PEGGY	DONATION BLAINE READFEST	7/19/11	154676	235.52	x
THE GALLERY COLLECTION	(50) GET WELL CARDS	7/13/11	154724	162.72	x
4IMPRINT, INC.	(2,000) PLASTIC LOGO'D BAGS	8/5/11	154858	681.04	x
VISA	RETIREMENT LUNCH	7/31/11	154890	33.13	x
VISA	CEO EXP KAEC MTG	7/31/11	154890	166.46	
JMB BIOLOGICAL SERVICES	ENVIRONMENTAL EDUCATION PROGRAM	7/31/11	154934	250.00	
SAM'S CLUB	AWARDS DINNER SUPPLIES/MISC.	8/31/11	155056	34.72	x
VISA	SAFETY MTG FOOD	8/31/11	155116	101.31	
VISA	CEO EXP KAEC MTG	8/31/11	155116	145.94	
VISA	CEO FALL MANAGERS MTG	8/31/11	155116	370.55	
NRECA	NRECA CEO CONF REGISTRATION FEES	9/15/11	155201	415.00	
VISA	CEO EXP KAEC MTG	9/30/11	155341	135.84	
VISA	COUNTY FAIR'S PICTURES	9/30/11	155341	147.54	x
VISA	CEO EXP TO MTGS	9/30/11	155341	175.43	
4IMPRINT, INC.	HAND SANITIZER GIVEAWAYS	10/3/11	155378	1,083.84	x
4IMPRINT, INC.	HAND SANITIZER GIVEAWAYS	10/12/11	155514	1,083.84	x
EAST KY POWER COOP	SPONSOR HONOR FLIGHT-WWII VET	10/31/11	155567	300.00	x
VISA	CARDS FOR VETERANS	10/31/11	155669	16.47	x
VISA	EXP TO EMPLOYEE TRAINING	10/31/11	155669	153.66	
VISA	CEO EXP KAEC MTG/OTHER MTGS	10/31/11	155669	212.64	
VISA	SAFETY TRAINING MTG EXP	10/31/11	155669	372.76	
GRAYSON AREA CHAMBER OF	ANNUAL CHAMBER DINNER 12/8	11/29/11	155840	25.00	x
NRECA	LOCAL LIGHTS BOOKS(12)	11/30/11	155851	551.88	x
BUSH KIM	REIMB. (CARDS FOR VETERANS)	11/30/11	155917	38.35	x
VISA	HONORS FLIGHT DONATION	11/30/11	155933	219.18	
VISA	CEO EXP KAEC MTG/NRECA CONF	11/30/11	155933	678.26	
EAST KY POWER COOP	KEENELAND TICKETS	11/30/11	156021	15.00	x
KAEC	CEO EXP KAEC MTG	11/30/11	156025	126.45	
KAEC	CEO EXP KAEC MTG	11/30/11	156025	285.31	
SAM'S CLUB	MISC SUPPLIES/GIFT CARDS	12/31/11	156126	726.59	x
VISA	CHRISTMAS PARTY	12/31/11	156162	95.44	x
VISA	CEO EXP KAEC ANNUAL MTG	12/31/11	156162	163.65	
VISA	CEO MTG MEALS	12/31/11	156162	170.05	
VISA	CEO OFFICE SUPPLIES	12/31/11	156162	231.03	
VISA	R-O-W MTG EXP	12/31/11	156162	362.22	
VISA	EMPLOYEE TRAINING MEAL - R-O-W	12/31/11	156162	582.52	
LEWIS PATRICIA	MEMORIAL GIFT IN LIEU OF FLOW	1/13/12	156235	50.00	x
NRECA	NRECA CEO CONF REGISTRATION FEES	1/1/12	156240	640.00	
MAGOFFIN COUNTY GIDEONS	IN LIEU FLOWERS-SUEDELL HOWAR	1/26/12	156320	50.00	x
VISA	HOSPITAL GIFT	1/31/12	156427	6.39	x
VISA	CHRISTMAS PARTY	1/31/12	156427	51.94	x
ASHLAND ALLIANCE	ECONOMIC DEVELOP ASSOC	2/2/12	156430	150.00	
KAEC	2012 KY CHAMBER OF COMMERCE D	2/16/12	156541	197.27	x
KAEC	2012 MGR ASSOCIATION DUES	2/20/12	156541	300.00	
VISA	EMPLOYEE RETIREMENT MEAL	2/28/12	156644	33.80	x
VISA	WASHINTGON YOUTH TOUR EXP	2/28/12	156644	58.48	x
VISA	CEO EXP TO NRECA MTG	2/28/12	156644	586.84	
KY COUNCIL OF COOPERATIV	2012 MEMBERSHIP DUES	3/9/12	156678	200.00	
THE GALLERY COLLECTION	(100) GREETING CARDS	3/19/12	156859	125.19	x
VISA	EMPLOYEE RETIREMENT MEAL	3/31/12	156930	12.01	x
VISA	LEGISLATIVE MTG EXP	3/31/12	156930	14.93	x

Grayson Rural Electric Cooperative

Case No. 2012-00426

May 31, 2012

Exhibit 10

page of 3

Witness: Jim Adkins

Account 930.30, Miscellaneous General Expenses

VENDOR	DESCRIPTION	CK DATE	CK NO.	AMOUNT	
VISA	CHAMBER MEALS	3/31/12	156930	31.10	x
VISA	CEO EXP TO NRECA MTG	3/31/12	156930	119.55	
VISA	CEO EXP TO NRECA MTG	3/31/12	156930	2,669.25	
GRAYSON AREA CHAMBER OF	CHAMBER DUES-2012	4/2/12	157103	300.00	x
FIRST NATIONAL BANK/GRAY	CASE NO. 2011-004 CIVIL PENALTY	4/30/12	157116	1,252.50	x
VISA	EMPLOYEE RETIREMENT CARD	4/30/12	157161	3.91	x
VISA	QUILT SHOW DONATION	4/30/12	157161	12.64	x
VISA	WASHINTGON YOUTH TOUR EXP	4/30/12	157161	60.81	x
THE RENFROE COLLECTION O	METAL THERMOMETERS	4/30/12	157276	325.00	x
VISA	WASHINTGON YOUTH TOUR EXP	5/31/12	157418	186.89	x
THE GALLERY COLLECTION	(50) "THINKING OF YOU" CARDS	5/31/12	157550	125.19	x
Items less than \$100 individually		VAR	VAR	1,676.94	
VERIZON WIRELESS	CELLULAR CHARGES	VAR	VAR	1,654.82	
WINDSTREAM	OFFICE PHONE, INTERNET	VAR	VAR	1,006.44	
AT&T	AT&T CHARGES/OFFICE	VAR	VAR	260.18	
	LABOR AND BENEFITS			2,183.29	
	TOTAL			28,459.85	
	REMOVE FOR RATE MAKING PURPOSES			11,354.28	x





Witness: Jim Adkins

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4 **Grayson Rural Electric Cooperative**  
5 **Case No. 2012-00426**  
6 **Rate Case Expenses**  
7 **May 31, 2012**  
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10  
11 Estimated rate case costs:

12	Legal	\$5,000
13	Consulting	63,000
14	Advertising	5,000
15	Supplies and miscellaneous	<u>2,000</u>
16		
17	Total	75,000
18	Number of years	<u>3</u>
19		
20	Adjustment	<u><u>\$25,000</u></u>
21		

22  
23 In-house labor was not included in the above adjustment as the labor would  
24 be incurred in other accounts.

25  
26 This amount is approximately the same as other rate requests filed before this  
27 Commission.

28  
29 The monthly amounts filed for rate case expenses will include the labor,  
30 however, this amount is not included in the above adjustment.  
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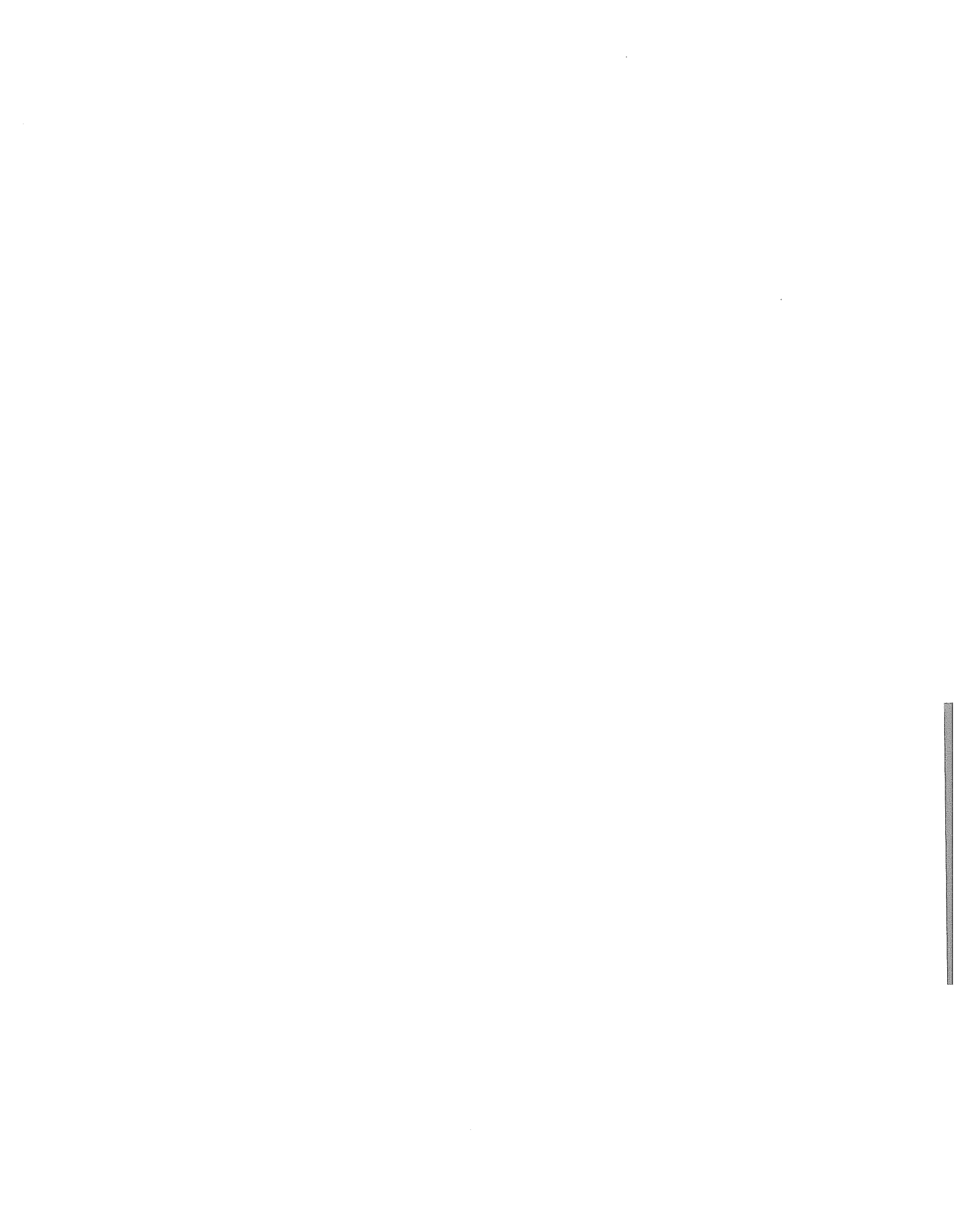


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Grayson Rural Electric Cooperative  
Case No. 2012-00426  
May 31, 2012

This adjustment is to remove G&T capital credits allocated during the test year.

East Kentucky Power Cooperative	1,357,241
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Grayson Rural Electric Cooperative  
Case No. 2012-00426  
Purchased Power  
May 31, 2012

Billing Rates	1-Jan-11
KW-Sch B contract	\$7.17
KW-Sch B excess	\$9.98
KW-Sch E2	\$6.02
KWH-Sch B/C	\$0.042882
KWH-Sch E2 On-Peak	\$0.053279
KWH-Sch E2 Off-Peak	\$0.044554
KVA 3000-7499	\$2,737
KVA 7500-14999	\$3,292
Metering Point	\$144
Green Power	\$0.023750

	Billing Demand			Total Demand	Schedule C All KWH	Total KWH Billing			Green Power	Metering Point	Substation Charge			Total from Base Rates	Fuel Adjustment	Environmental Surcharge	Total
	Sch C	Schedule E	Power Factor Penalty			Schedule E On-Peak	Off-Peak	Energy Charges			3000	7500	Total				
June	21,302	276,216	402	297,920	72,464	620,838	317,055	1,010,357	183	1,872	16,422	23,044	39,466	1,349,798	(6,343)	192,761	1,536,216
July	21,080	300,494	115	321,690	82,763	788,862	393,654	1,265,279	183	1,872	16,422	23,044	39,466	1,628,489	(34,778)	222,934	1,816,645
August	20,793	289,538	(183)	310,148	79,349	706,625	353,181	1,139,155	183	1,872	16,422	23,044	39,466	1,490,824	8,525	197,165	1,696,514
September	20,793	291,205	3	312,001	78,441	501,493	299,985	879,919	183	1,872	16,422	23,044	39,466	1,233,441	(6,470)	138,382	1,365,353
October	20,793	238,946	3	259,742	81,688	417,885	420,672	920,245	183	1,872	16,422	23,044	39,466	1,221,508	(1,149)	146,542	1,366,901
November	20,793	286,420	(0)	307,212	78,970	465,712	468,600	1,013,282	183	1,872	16,422	23,044	39,466	1,362,015	41,568	208,406	1,611,989
December	34,287	297,436	371	332,094	112,635	561,517	570,822	1,244,974	183	1,872	16,422	23,044	39,466	1,618,589	19,222	247,447	1,885,258
January	30,473	301,096	3	331,572	100,262	598,518	623,673	1,322,453	183	1,872	16,422	23,044	39,466	1,695,546	19,024	243,615	1,958,185
February	30,473	315,851	(488)	345,836	96,331	516,641	536,872	1,149,844	183	1,872	16,422	23,044	39,466	1,537,201	(13,669)	184,170	1,707,702
March	29,454	268,329	588	298,371	100,365	404,402	407,716	912,484	183	1,872	16,422	23,044	39,466	1,252,376	(30,913)	131,654	1,353,117
April	30,437	210,947	968	242,351	89,826	366,164	371,310	827,300	183	1,872	16,422	23,044	39,466	1,111,172	(70,413)	134,443	1,175,202
May	27,963	258,360	2	286,325	102,637	535,660	287,633	925,930	183	1,872	16,422	23,044	39,466	1,253,776	(63,325)	177,828	1,368,279
<b>Total</b>	<b>308,640</b>	<b>3,334,839</b>	<b>1,784</b>	<b>3,645,263</b>	<b>1,075,732</b>	<b>6,484,317</b>	<b>5,051,173</b>	<b>12,611,222</b>	<b>2,195</b>	<b>22,464</b>	<b>197,064</b>	<b>276,528</b>	<b>473,592</b>	<b>16,754,735</b>	<b>(138,721)</b>	<b>2,225,347</b>	<b>18,841,361</b>

Normalized using rates effective

<u>308,640</u>	<u>3,334,839</u>	<u>1,784</u>	<u>3,645,263</u>	<u>1,075,732</u>	<u>6,484,317</u>	<u>5,051,173</u>	<u>12,611,222</u>	<u>2,195</u>	<u>22,464</u>	<u>197,064</u>	<u>276,528</u>	<u>473,592</u>	<u>16,754,735</u>
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Normalized Adjustment 0

Grayson Rural Electric Cooperative  
Case No. 2012-00426  
Purchased Power  
Test Year Billing Determinants  
May 31, 2012

Exhibit 13  
page 2 of 3  
ess: Jim Adkins

	Billing Demand			Total KWH Billing			Green Power	Metering Point	Substation Charge	
	<u>Schedule B</u>	<u>Schedule E</u>	Schedule B	Schedule E		Total			<u>3000</u>	<u>7500</u>
				<u>On-Peak</u>	<u>Off-Peak</u>	<u>Kwh</u>				
June	2,971	45,883	1,689,856	11,652,575	7,116,202	20,458,633	7,700	13	6	7
July	2,940	49,916	1,930,010	14,806,251	8,835,427	25,571,688	7,700	13	6	7
August	2,900	48,096	1,850,413	13,262,728	7,927,028	23,040,169	7,700	13	6	7
September	2,900	48,373	1,829,232	9,412,586	6,733,062	17,974,880	7,700	13	6	7
October	2,900	39,692	1,904,951	7,843,335	9,441,848	19,190,134	7,700	13	6	7
November	2,900	47,578	1,841,558	8,741,003	10,517,582	21,100,143	7,700	13	6	7
December	4,782	49,408	2,626,629	10,539,180	12,811,906	25,977,715	7,700	13	6	7
January	4,250	50,016	2,338,086	11,233,661	13,998,143	27,569,890	7,700	13	6	7
February	4,250	52,467	2,246,423	9,696,899	12,049,908	23,993,230	7,700	13	6	7
March	4,108	44,573	2,340,503	7,590,268	9,151,062	19,081,833	7,700	13	6	7
April	4,245	35,041	2,094,719	6,872,578	8,333,938	17,301,235	7,700	13	6	7
May	3,900	42,917	2,393,479	10,053,865	6,455,826	18,903,170	7,700	13	6	7
<b>Total</b>	<b>43,046</b>	<b>553,960</b>	<b>25,085,859</b>	<b>121,704,929</b>	<b>113,371,932</b>	<b>260,162,720</b>	<b>92,400</b>	<b>156</b>	<b>72</b>	<b>84</b>

Grayson Rural Electric Cooperative  
Case No. 2012-00426  
Analysis of Fuel Adjustment and Environmental Surcharge  
May 31, 2012

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. An analysis of fuel adjustment and environmental surcharge as purchased and passed on to consumers 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>
June	13,096	201,190	(6,343)	192,761
July	(35,370)	216,349	(34,778)	222,934
August	6,802	171,052	8,525	197,165
September	(4,908)	131,742	(6,470)	138,382
October	(1,444)	168,708	(1,149)	146,542
November	47,056	235,914	41,568	208,406
December	15,136	275,862	19,222	247,447
January	16,576	239,594	19,024	243,615
February	(10,995)	162,306	(13,669)	184,170
March	(30,406)	122,991	(30,913)	131,654
April	(71,845)	139,169	(70,413)	134,443
May	<u>(66,357)</u>	<u>182,188</u>	<u>(63,325)</u>	<u>177,828</u>
Total	<u>(122,658)</u>	<u>2,247,065</u>	<u>(138,721)</u>	<u>2,225,347</u>





Grayson Rural Electric Cooperative  
Case No. 2012-00426  
Normalized Revenues  
May 31, 2012

Base rates for the test year	26,132,515
Normalized revenues using rates effective Case No. 2010-00502	<u>26,164,958</u>
Normalized revenue adjustment	<u><u>32,442</u></u>

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**2011  
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	68	99	167	59	11	91	328	45	1,030	13,213	23.0	294	13.0
BLUE GRASS ENERGY COOP	50	105	155	53	31	80	319	110	4,650	55,087	42.3	501	11.8
CLARK ENERGY COOP	71	108	179	60	10	54	303	51	3,042	26,041	59.6	511	8.6
CUMBERLAND VALLEY ELECTRIC	54	111	165	78	5	53	301	55	2,614	23,684	47.5	431	9.1
FARMERS RECC	57	108	165	44	5	86	300	65	3,591	24,683	55.2	380	6.9
FLEMING-MASON ENERGY	73	115	188	74	8	59	329	52	3,550	23,827	68.3	458	6.7
GRAYSON RECC	74	191	265	66	18	125	476	46	2,485	15,470	54.0	336	6.2
INTER-COUNTY ENERGY	106	63	169	78	21	81	349	67	3,765	25,250	56.2	377	6.7
JACKSON ENERGY COOP	89	114	203	71	13	84	371	134	5,676	51,224	42.4	382	9.0
LICKING VALLEY RECC	87	108	195	51	5	66	317	45	2,039	17,428	45.0	387	8.6
NOLIN RECC	99	120	219	74	27	91	411	97	2,991	32,948	30.8	340	11.0
OWEN EC	89	62	151	64	11	63	289	133	4,509	57,596	33.9	433	12.8
SALT RIVER ELECTRIC	54	62	116	44	8	63	231	74	4,040	47,411	54.6	641	11.7
SHELBY ENERGY COOP	102	125	227	45	12	64	348	36	2,097	15,315	58.3	425	7.3
SOUTH KENTUCKY RECC	53	90	143	63	10	64	280	145	6,755	66,361	46.6	458	9.8
TAYLOR COUNTY RECC	71	69	140	44	4	56	244	52	3,210	25,613	61.7	493	8.0
EKPC GROUP AVERAGE	75	103	178	61	12	74	325	75	3,503	32,572	46.7	434	9.3
JACKSON PURCHASE ENERGY	107	133	240	36	4	73	353	80	2,918	29,199	36.5	365	10.0
KENERGY CORP	72	160	232	62	6	62	362	147	7,047	55,210	47.9	376	7.8
MEADE COUNTY RECC	91	99	190	48	10	54	302	64	2,974	28,478	46.0	445	9.6
BIG RIVERS GROUP AVERAGE	90	131	221	49	7	63	340	97	4,313	37,629	44.5	388	8.7
HICKMAN-FULTON COUNTIES RECC	182	265	447	65	74	173	759	16	691	3,675	43.2	230	5.3
PENNYRILE RECC	99	99	198	48	10	69	325	120	5,089	46,865	42.4	391	9.2
TRI-COUNTY EMC	91	99	190	45	11	44	290	132	5,449	50,240	41.3	381	9.2
WARREN RECC	96	91	187	55	14	89	345	180	5,626	60,265	35.2	377	10.7
WEST KENTUCKY RECC	75	164	239	70	5	56	370	89	4,079	38,154	45.8	429	9.4
TVA GROUP AVERAGE	109	144	253	57	23	86	419	103	4,187	39,860	40.7	387	9.5
OVERALL AVERAGE	84	115	199	58	14	75	346	84	3,747	34,722	44.6	413	9.3

**2010**  
**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	72	118	190	58	9	101	358	40	1,027	13,226	25.7	331	12.9
BLUE GRASS ENERGY COOP	52	107	159	54	30	77	320	111	4,632	54,980	41.7	495	11.9
CLARK ENERGY COOP	73	102	175	55	8	57	295	52	3,036	26,154	58.4	503	8.6
CUMBERLAND VALLEY ELECTRIC	54	122	176	74	6	53	309	55	2,616	23,749	47.6	432	9.1
FARMERS RECC	54	107	161	40	7	81	289	66	3,577	24,574	54.2	372	6.9
FLEMING-MASON ENERGY	64	111	175	75	8	59	317	51	3,537	23,822	69.4	467	6.7
GRAYSON RECC	72	158	230	64	17	112	423	47	2,483	15,533	52.8	330	6.3
INTER-COUNTY ENERGY	85	67	152	77	21	78	328	65	3,748	25,256	57.7	389	6.7
JACKSON ENERGY COOP	83	105	188	64	13	79	344	125	5,664	51,338	45.3	411	9.1
LICKING VALLEY RECC	87	110	197	46	10	63	316	48	2,031	17,493	42.0	364	8.6
NOLIN RECC	111	108	219	77	28	84	408	96	2,980	32,638	31.1	340	11.0
OWEN EC	95	66	161	65	10	56	292	134	4,493	57,478	33.5	429	12.8
SALT RIVER ELECTRIC	50	60	110	44	9	60	223	75	4,016	47,046	53.6	627	11.7
SHELBY ENERGY COOP	97	119	216	56	12	68	352	35	2,096	15,311	59.9	437	7.3
SOUTH KENTUCKY RECC	53	104	157	64	11	59	291	154	6,735	66,430	43.7	431	9.9
TAYLOR COUNTY RECC	65	68	133	44	5	55	237	52	3,198	25,456	61.5	490	8.0
EKPC GROUP AVERAGE	73	102	176	60	13	71	319	75	3,492	32,530	46.6	434	9.3
JACKSON PURCHASE ENERGY	90	110	200	39	5	75	319	81	2,909	29,152	35.9	360	10.0
KENERGY CORP	79	168	247	61	5	59	372	148	7,010	54,991	47.4	372	7.8
MEADE COUNTY RECC	79	106	185	47	8	54	294	64	2,974	28,267	46.0	442	9.5
BIG RIVERS GROUP AVERAGE	83	128	211	49	6	63	329	98	4,298	37,470	43.9	382	8.7
HICKMAN-FULTON COUNTIES RECC	130	183	313	58	3	148	522	16	684	3,716	42.8	232	5.4
PENNYRILE RECC	92	76	168	47	10	62	287	121	5,100	46,984	42.2	388	9.2
TRI-COUNTY EMC	81	96	177	53	11	43	284	136	5,451	50,340	40.1	370	9.2
WARREN RECC	92	89	181	55	13	87	336	158	5,622	59,995	35.6	380	10.7
WEST KENTUCKY RECC	78	150	228	65	5	55	353	85	4,069	38,189	47.9	449	9.4
TVA GROUP AVERAGE	95	119	214	56	8	79	357	103	4,185	39,845	40.6	387	9.5
OVERALL AVERAGE	79	109	188	58	11	72	329	84	3,737	34,672	44.5	413	9.3





Grayson Rural Electric  
Case No. 2012-00426  
**Capitalization Policies**

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Benefits  
Distribution

107.20	Construction work in progress	313,065
108.80	Retirement work in progress	96,468
142.00	Other accounts receivable	1,504
163.00	Stores	151,447
184.00	Transportation	36,318
242.52	Employee sick leave	
416.00	Non operating accounts	12,676
583.00	Overhead line	19,741
585.00	Underground	113
586.00	Meter	151,951
588.00	Miscellaneous distribution	4,306
590.00	Maintenance	80,858
593.00	Overhead line	275,658
594.00	Underground	159
595.00	Transformers	5,410
598.00	Miscellaneous maintenance	20,157
901.00	Supervision, customer accounts	33,996
902.00	Meter reading	160
903.00	Consumer records	215,311
904.00	Consumer records	472
909.00	Consumer information	35,803
912.00	Demonstration and selling	8,105
920.00	Administrative	364,769
926.00	Employee benefits	37,248
930.00	Miscellaneous	13,622
935.00	Maintenance general plant	<u>31,051</u>

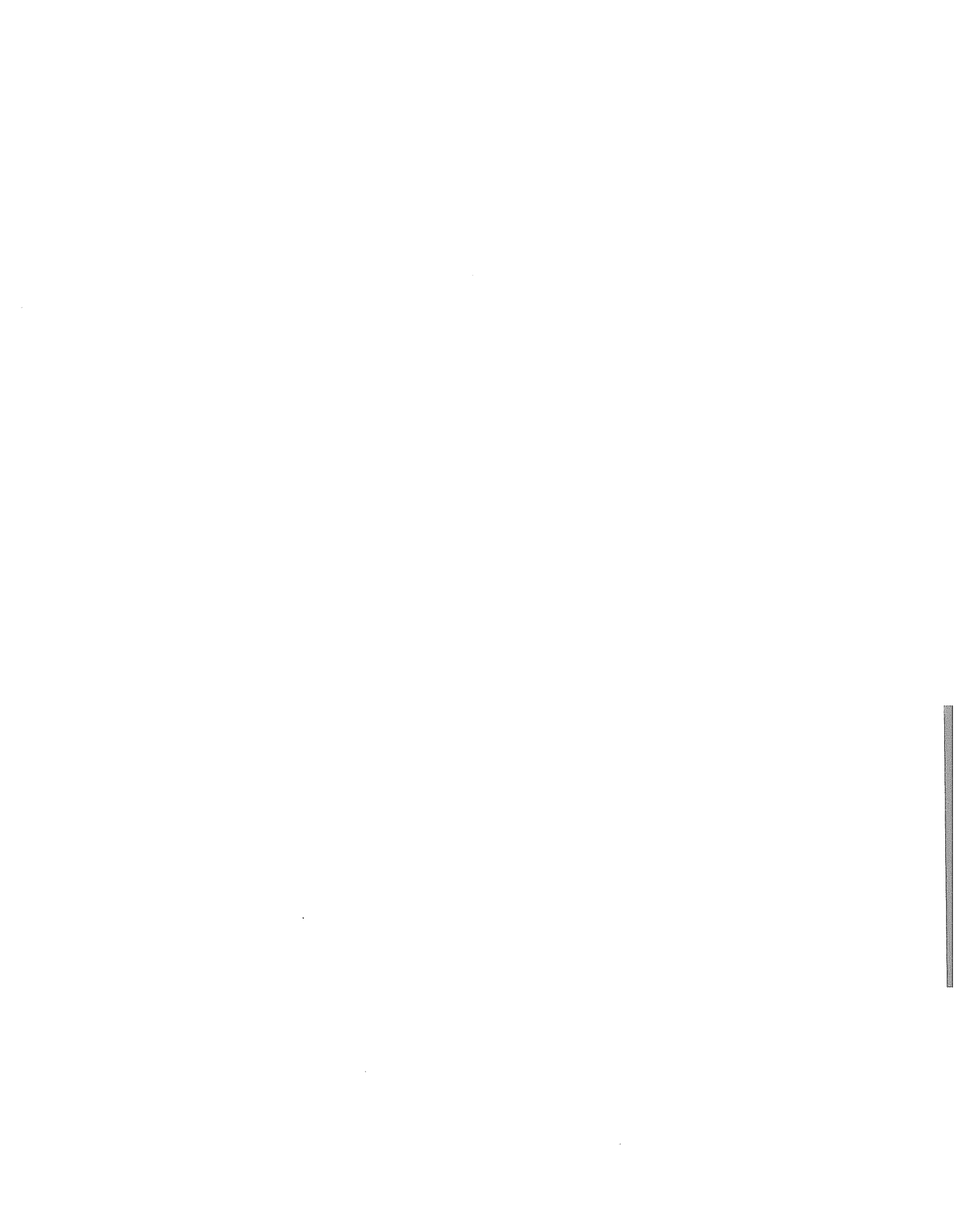
Total 1,910,368

Benefits include the following:

Medical insurance	836,827
Life insurance	74,754
Retirement	501,270
Postretirement benefits	281,530
Payroll taxes	<u>215,987</u>

1,910,368

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 average employee cost for 46 employees is \$41,530.



Grayson Rural Electric Cooperative

Case No. 2012-00426

May 31, 2012

Grayson's equity management plan is attached. Capital credits were paid as follows:

	<u>General</u>	<u>Estates</u>	<u>Total</u>
2012	\$ -	\$ 72,773	\$ 72,773
2011	-	171,150	171,150
2010	-	238,900	238,900
2009	-	178,375	178,375
2008	-	110,191	110,191
2007	-	173,353	173,353
Prior years	160,657	831,328	991,985
Total	<u>\$ 160,657</u>	<u>\$ 1,776,070</u>	<u>\$ 1,936,727</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.
- 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.

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Roger L. Trent, Chairman

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Bill E. (Eddie) Martin, Secretary/Treasurer

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  
Date Reaffirmed: 04/19/10  
Minute Book Page: 4313



Exhibit 19 is for the purpose of requesting approval of the prepay program.

- The proposed tariff is filed in Exhibit B of this application.
- The prepay program shall be a completely voluntary program. A copy of the “Agreement” for participation in this prepay program is filed within this exhibit (19).
- Testimony of the prepay tariff and program is filed in Exhibit H of this application.
- The Administration Policy for the Prepay Program is filed within this exhibit (19).
- The Cost Analysis for the prepay program is filed within this exhibit (19).

**GRAYSON RURAL ELECTRIC COOPERATIVE, INC**  
**AGREEMENT FOR PARTICIPATION IN PREPAY PROGRAM**

Member Name _____	Home Phone _____
Account No. _____	Cell Phone _____
Service Address _____	Cell Phone Carrier _____
E-Mail _____	

The undersigned (hereinafter called the “Member”) hereby applies for participation in the voluntary Prepay Program offered to members of Grayson RECC (Hereinafter called the “Cooperative”), and agrees with the Cooperative to the following terms and conditions:

1. The member shall purchase electric energy from the Cooperative in accordance with the present and any future rate schedule of the Cooperative on a Prepay basis for the above-referenced account.
2. The member understands that the terms and conditions set forth in the member’s Application for Membership and Electric Service continue to apply in addition to the terms and conditions for this Agreement and Prepay Program, subject, however, to any changes set forth in the Agreement.
3. The member shall pay any membership and fees as applicable by the Cooperative bylaws and the Cooperative Rules and Regulations as approved by the Kentucky Public Service Commission as may be required for the member to participate in the Prepay Electric Service Program.
4. Any deposit on the above referenced account will be applied to the account before the account changes to prepay. Any credit remaining on the account will be applied to the prepay account. However, if the member has another account(s) which has neither a satisfactory credit history nor a sufficient deposit, the remaining credit will be transferred as a deposit to the unsecured account(s). The deposit will only be refunded by applying it to the member’s account(s) as described.
5. The member confirms that he/she can receive automated messages, (text, email, and/or telephone) to be eligible for the prepay program.
6. As a result of participation in the Prepay Program, the member will be mailed a monthly paper bill for electric usage or other applicable fees or charges.
7. The member shall pay an additional daily program fee. This amount will be in addition to the charges included in the Cooperative’s rate schedule.
8. Funds may be added to the account by methods listed on the Cooperative’s website, [www.graysonrecc.com](http://www.graysonrecc.com) under the prepay tab.
9. If a member changes any contact information (i.e. e-mail address, phone number, etc.) provided on this agreement, it is the responsibility of the member to notify the



- Cooperative of any such changes immediately in writing. It is the member's responsibility to manage their own communication devices.
10. When the amount of funds remaining on a Prepay account reaches the established threshold of \$25, an automated message will be sent to the member rather than a traditional, written notice sent by U.S. Mail.
  11. The member shall be responsible for regularly monitoring the balance on the Prepay account and understands that electric service will be subject to disconnection without any written notification from the Cooperative to the member once the balance of the account reaches a negative amount.
  12. Levelized budget billing, automatic payment draft, net metering, ancillary services, three phase loads, and services over 200 amps are not eligible for Prepay.
  13. Should the member have a payment returned for any reason, the returned payment will be charged to the prepay account. The member's account shall also be charged a return payment fee in addition to the returned payment amount. If there are not sufficient funds to cover the returned item and fee, the account will be disconnected immediately.
  14. If a prepay account is disconnected due to lack of funds or any other reason, the Cooperative shall be held harmless for any damages due to loss of energy services. Likewise, if the account is disconnected and the member applied funds to the Prepay account thus causing the account to be reconnected, the member accepts full responsibility for any damages to the location caused by the account being reconnected and holds the Cooperative harmless from any damages arising from such a reconnection.
  15. By signing this agreement, the member affirms there are no residents in the home currently that have medical conditions that will be impacted by loss of service. Should this status change, the member shall contact the Cooperative in writing, upon which the account will be removed from the prepay program. It is the responsibility of the member to confirm the Cooperative is in receipt of the written request for removal from the program.
  16. A prepay account will be disconnected if the balance of the account becomes negative. The account will be disconnected regardless of weather/temperatures as the member is responsible for ensuring that the prepay account is adequately funded. If the member cannot ensure proper funding, the Cooperative recommends the member not utilize the prepay service.
  17. Prepay accounts shall not be eligible for payment arrangements with the Cooperative and energy assistance shall not be applied until received as payment on the member's prepay account.
  18. If a member on prepay account presents a Certificate of Need, a Medical Certificate or qualifies for a Winter Hardship reconnect, the member will be required to transfer to a post pay account.
  19. The member authorizes the Cooperative to transfer the outstanding balance of \$ \_\_\_\_\_ from the member's post pay account to the prepay account. The member

also authorizes the kWh used since the last bill date until the meter is changed to prepay meter be calculated and transferred to the prepay account. The member further agrees that thirty percent (30%) of any payments made on this account in the future shall be applied to the balance until said balance is paid in full. Any fees/penalties (returned payment, meter tampering, etc.) shall be paid before any payments are applied to the member's prepay account.

20. If a member wishes to disconnect service the member shall be refunded any balance on the Prepay account. Any refund will be processed in the same manner as post pay account refunds.
21. During any time interruptions or outages, the customer charge, prepay fee and security light charges will continue to accrue.
22. The undersigned agrees that Cooperative personnel has comprehensively explained this Prepay program and fully informed of all aspects of the program.
23. The term of this agreement shall be for one (1) year. After one year, the member may elect to opt out of the prepay program at any time. If discontinuing after one year, the member will have to meet the requirements of a non-prepay member for continued service.
24. To terminate the Prepay agreement, it must be in writing.

Member Signature: \_\_\_\_\_ SSN: \_\_\_\_\_ Date: \_\_\_\_\_  
\_\_\_\_\_

Member Signature: \_\_\_\_\_ SSN: \_\_\_\_\_ Date: \_\_\_\_\_  
\_\_\_\_\_

CSR Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Preferred method of notification is (please circle one) Email / Text / Automated Phone Call

OFFICE USE ONLY

SO Number: \_\_\_\_\_

Date Installed: \_\_\_\_\_

Customer No: \_\_\_\_\_

Initials: \_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_

**Grayson Rural Electric Cooperative  
Administrative Policy  
Prepay Metering Program  
December, 2012**

**Objectives:**

The objectives of Grayson Rural Electric Cooperative's (Grayson RECC) Prepay program are:

1. To create a member friendly, voluntary alternative option for the purchase of electric energy
2. To have a tariff option which allows members, by choice, to have technology available to assist in managing energy and energy purchased
3. To promote a tariff which will improve the over-all financial stability of Grayson RECC
4. To make the program available to the general residential membership
5. To promote energy efficiency

**The Tariff Document:**

The tariff will be written as a rider to be attached to any approved Grayson RECC Rate Schedule I (Domestic - Farm & Home) and Rate Schedule 18 (General Service) and is designed for the purpose of purchasing electric energy. The tariff rider may include in addition to the customer charge and energy charge a monthly program fee.

**Contracts/Agreements:**

Each member opting for the prepay option will be subject to all other applicable rules and regulations which apply to members opting for the post pay option. Each member will be required to pay a membership fee and be entitled to all available benefits.

The membership agreement will include a statement providing the prepay option and will require a signature.

The prepay agreement will be for a minimum of 12 months. However, anytime a member reverts to a traditional post pay account they will be subject to a possible deposit. Any changes must be made in writing.

**Charges and Assessments:**

Non-energy charges such as a customer charge will be pro-rated daily. The current monthly prepay charge is \$10.00. This spread over 30 days equals \$0.3300 per day. Each day at a specific time, the pro-rated amount will be deducted from the total balance of the account.

The fuel adjustment, environmental surcharge, and taxes will be prorated daily and credited or debited .

When the prepay account is activated, an initial purchase of \$100.00 is required. Subsequent purchases may be made in increments chosen by the member.

If a member converts from post paid to prepay and a deposit has been collected, that deposit will be applied to the outstanding balance on any post pay account in the member's name. Any overage will be placed as a credit on the prepay account.

If a member has been disconnected for non-pay and chooses the prepay option for reconnect, they will be offered a debt management plan for the outstanding balance. Seventy percent of any payment will be placed on future purchases while thirty percent will be applied towards retirement of the outstanding balance

### **Member Education Plan**

Grayson RECC's voluntary prepay metering plan will be promoted to the general membership by the following venues:

1. Banner-Ups
2. Facebook/Twitter
3. Grayson RECC's Website-www.graysonrecc.com
4. Radio
5. Various other print advertising
6. Customer Service Representative promotion in-house
7. Community events by marketing team

Promotion of the program will include options and member benefits including but not limited to:

1. No deposit
  - a. Because money is collected upfront, there is no need to charge a deposit
2. No reconnect fees
  - a. Because disconnects and reconnects are performed automatically, there is no need to charge a fee
3. No late fees
4. Convenient payments 24/7
5. Member choice
  - a. This program will give members choice in when they pay and how much they pay
6. DSM conservation

Once a member decides to enroll in the program, the member will be educated via one-on-one consultation. The following details will be covered:

1. Explanation of prepay service and above referenced benefits
2. Demonstration of accessing Grayson RECC's web portal to access usage information

3. Explanation of text and e-mail alerts and telephone calls they will receive with information on their usage information
4. How to purchase additional kWhs
  - a. Via web portal
  - b. Via phone
  - c. Via smart phone/Grayson RECC app
    - i. Automated
    - ii. With a CSR/Operations personnel
5. How to reconnect power if disconnected
6. Understanding your monthly bill
  - a. The lag between the bill and real time usage

### **Miscellaneous:**

If a member decides to leave the prepay program and a credit is on the account, the credit can be refunded or applied to any other active account in the member's name. The member must inform the Cooperative in writing when leaving the prepay program.

PREPAY TARIFF AND PROGRAM

PREPAY COSTS ANALYSIS

Based on 500 Expected participants

Monthly Charge

Equipment Costs:

1. Software for program				w/o IHD
	Oracle License		7000 \$	14.00
	Rehat Linux		\$1,800.00 \$	3.60
2. Hardware				
	Server		\$8,900 \$	17.80
	Implementation		\$1,000 \$	2.00
	Disconnect Meter		\$250 \$	250.00

Installation Cost:

3. CSR set up per member:				
	labor	15 min.	14.92 \$	3.73
	OH		68.70% \$	2.56
4. Serviceman meter change per member:				
	Labor	30 min.	22.77 \$	11.39
	Oh		68.70% \$	7.82
5. Investment per Member			\$	312.90

Annual Expenses based on 15 year life

1. Depreciation			\$	20.86
2. Interest 4.8%			\$	15.02
3. O & M				
	Software - 20%		\$	3.52
	Hardware - 10%		\$	26.98
4. Annual Expenses			\$	66.38
5. Monthly Expense per member			\$	5.53
6. Monthly software support			\$300 \$	0.60
7. Communication Fees: 4 messages			\$0.075	\$0.30
8. Transaction Fees: 4 average per month, one free			\$ 1.25 \$	3.75
8. Monthly Expense per Member			\$	10.18

Recommendation			\$	10.00
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Transaction Fee Processing

One CSR will avg approximatley three minutes per transaction

Labor	14.92	\$	14.92
Benefits	68.70%	\$	10.25
		\$	25.17

Number of transactions per hour 20

Cost per Transaction \$ 1.26



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## AGREEMENT

THIS AGREEMENT, made and entered into this 1st day of May, 2007, 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. 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 31<sup>st</sup> 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.

**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 1<sup>st</sup>.

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 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 work day or work week.
- (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. 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.

**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 Operations

There shall be six (6) maintenance 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, 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. Maintenance Leadmen should make every effort to call the classification necessary to perform the job safely.

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 a new employee is hired or if an employee moves to a new department he/she shall be put on the Called Overtime list according to his/her seniority and charged with the same hours as the person of the same classification 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. Time shall be charged against an employee who is unavailable due to worker's compensation, sick leave, vacation or personal leave or any other reason.

Excessive refusal or unavailability for overtime can cause undue hardship on other employees and will not be tolerated by management. Excessive unavailability may subject an employee to disciplinary measures. It is the responsibility of every employee to make themselves available for work during times of emergency, and in such cases, to contact COOPERATIVE personnel for instruction.

(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.



**WAGES**

<u>Effective:</u>	<u>05/01/07</u>	<u>05/01/08</u>	<u>05/01/09</u>	<u>05/01/10</u>	<u>05/01/11</u>	<u>05/01/12</u>
Construction Leadman	\$26.22	\$27.22	\$28.22	\$29.22	\$30.22	\$31.22
Maintenance Leadman	\$25.22	\$26.22	\$27.22	\$28.22	\$29.22	\$30.22
Lineman 1 <sup>st</sup> Class	\$24.10	\$25.10	\$26.10	\$27.10	\$28.10	\$29.10
Apprentice/Fourth Year	Ninety-five percent (95%) of the then existing wage rate for Lineman 1 <sup>st</sup> Class					
Apprentice/Third Year	Ninety per cent (90%) of the then existing wage rate for Lineman 1 <sup>st</sup> Class					
Apprentice/Second Year	Eighty percent (80%) of the then existing wage rate for Lineman 1 <sup>st</sup> Class					
Apprentice/First Year	Seventy-five percent (75%) of the then existing wage rate for Lineman 1 <sup>st</sup> Class					
Warehouseman	\$25.11	\$26.11	\$27.11	\$28.11	\$29.11	\$30.11
Engineering Party Chief	\$24.39	\$25.39	\$26.39	\$27.39	\$28.39	\$29.39
Assist. Eng. Party Chief	\$22.44	\$23.44	\$24.44	\$25.44	\$26.44	\$27.44
Transit Man	\$21.36	\$22.36	\$23.36	\$24.36	\$25.36	\$26.36
Meterman 1 <sup>st</sup> Class	\$23.62	\$24.62	\$25.62	\$26.62	\$27.62	\$28.62
Meterman 2 <sup>nd</sup> Class	\$21.68	\$22.68	\$23.68	\$24.68	\$25.68	\$26.68
Meterman 3 <sup>rd</sup> Class	\$20.18	\$21.18	\$22.18	\$23.18	\$24.18	\$25.18
Mechanic	\$21.68	\$22.68	\$23.68	\$24.68	\$25.68	\$26.68
Groundman 15 Yrs service	\$21.55	\$22.55	\$23.55	\$24.55	\$25.55	\$26.55
With 1-15 years service	\$20.18	\$21.18	\$22.18	\$23.18	\$24.18	\$25.18
With 0-1 years of service	\$19.31	\$20.31	\$21.31	\$22.31	\$23.31	\$24.31

**\*\* THE FOLLOWING CLASSIFICATIONS ARE CURRENTLY VACANT**

<u>Effective</u>	<u>05/01/07</u>	<u>05/01/08</u>	<u>05/01/09</u>	<u>05/01/10</u>	<u>05/01/11</u>	<u>05/01/12</u>
Truckdriver/Groundman	\$20.92	\$21.92	\$22.92	\$23.92	\$24.92	\$25.92
With 8 years of service	\$21.36	\$22.36	\$23.36	\$24.36	\$25.36	\$26.36
With 15 years of service	\$22.23	\$23.23	\$24.23	\$25.23	\$26.23	\$27.23
Groundman/Right-of-way Supervisor	\$22.55	\$23.55	\$24.55	\$25.55	\$26.55	\$27.55
Laborer	\$18.14	\$19.14	\$20.14	\$21.14	\$22.14	\$23.14

**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.** 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.

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 shall become eligible for UNION membership on the thirty-first day of his/her employment and his/her seniority shall commence on the ninety-first day of his/her employment.
- (b) Vacancy - Shall be declared when it becomes necessary to place an employee in an existing or newly created position.
- (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 re-employment 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 ninety (90) 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**

Non 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 accordance with all federal and state laws.

**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 ninety days (90) 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.

**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.

## 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. 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 1<sup>st</sup> 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.

*2 year limit → \$500*

**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 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

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

**Section 4.**

**BENEFITS**

<b>PROGRAM</b>	<b>ELIGIBILITY</b>	<b>BENEFIT</b>	<b>PAID BY</b>
Dependent Life Ins.	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

## 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.

- (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 contractor's 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, 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.

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, 2007.

GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

LOCAL UNION NO. 317 OF THE  
INTERNATIONAL BROTHERHOOD  
OF ELECTRICAL WORKERS

By *Carroll Keenan*  
President & CEO

By *Brent Gray*  
Business Manager

*Edith M. ...*

*Roger B. Kitch*

*Roger Trent*

*Joseph M. ...*

*William T. Rice*

*Christopher M. ...*

