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September 26, 2014

## PARTIES OF RECORD

Re: Case No. 2014-00083  
Investigation of Grayson Rural Electric Cooperative Corporation's  
Request to Modify Schedule 14(B) and Schedule 3 of its Tariff Provisions

Attached is a copy of the memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the informal conference memorandum, please do so within five days of receipt of this letter. If you have any questions, please contact Virginia W. Gregg, Staff Attorney, at 502-782-2584.

Sincerely,

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

Jeff Derouen  
Executive Director

VG

Attachment

## INTRA-AGENCY MEMORANDUM

### KENTUCKY PUBLIC SERVICE COMMISSION

**TO:** Case File

**FROM:** Virginia Gregg, Staff Attorney

**DATE:** September 26, 2014

**RE:** Case No. 2014-00083  
Investigation of Grayson Rural Electric Cooperative Corporation's Request to Modify Schedule 14(b) and Schedule 3 of its Tariff Provisions

On September 23, 2014, an informal conference ("IC") was conducted at the Commission Offices in Frankfort, Kentucky. Counsel for, and representatives of, Grayson Rural Electric Cooperative Corporation ("Grayson") attended the IC via teleconference. A list of the attendees is attached hereto and incorporated herein as "Attachment A." There are no intervenors.

The purpose of the IC was to discuss several questions raised by Commission Staff ("Staff") regarding Grayson's responses to Staff's Third Request for Information ("Staff's Third Request"). Grayson explained how customers served pursuant to its Schedule 3 Off-Peak Marketing Rate are billed. Grayson stated that customers with ETS equipment installed have all of their usage measured by a main meter. A second meter records ETS usage separately. ETS usage is subtracted from the usage measured by the main meter. The remaining, or non-ETS, usage measured by the main meter is billed at the Schedule 3 On-peak rate, which according to Grayson's tariff is \$.10938 per kWh, and the ETS usage is billed at the Schedule 3 Off-peak rate, which according to Grayson's tariff is \$.06562 per kWh.

Grayson's response to Item 2 of Staff's Third Request showed calculations of annual bills for four customers at the customer charges and On-peak and Off-peak rates currently being billed by Grayson. The response shows, and Grayson confirmed, that these customers, as well as all other customers on Schedule 3, are currently being billed an On-peak rate of \$.1091 per kWh, which is identical to the Schedule 1 Farm & Home Service energy charge, and an Off-peak rate of \$.0654, which is 60 percent of the On-peak rate. Grayson indicated they were charging these rates because they had always charged Schedule 3 customers based on the Farm and Home tariff. As part of Grayson's proposal to eliminate Schedule 3 as a separate tariff and make the Off-Peak Marketing Rate a tariff rider, Grayson is proposing to shift the four customers shown on Item 2 of Staff's Third Request to rate schedules other than Schedule 1 Farm and Home, which is the rate schedule to which the other 89 Schedule 3 customers will be shifted. The first two customers shown on Item 2 would be shifted from Schedule 3 to the Schedule 2 Commercial and Small Power Rate Schedule, with the ETS usage being billed pursuant to the proposed Schedule 3 rider tariff. The effect on these two

customers' bills would be increases of 15 percent and 1 percent, respectively, over the rates Grayson is currently billing them pursuant to Schedule 3. The effect on the bills of the other two customers, which Grayson as part of its proposal would shift from Schedule 3 to its Schedule 18 General Service Rate Schedule, would be increases of 20 and 22 percent, respectively. Grayson states that these two customers have ETS equipment installed in personal garages, one garage being attached to a residence and the other being a detached garage but connected to the residence by a breezeway. The only factor that distinguishes them from other similarly situated customers with separately metered garages or outbuildings, according to Grayson, is the ETS equipment with the corresponding two meters in order to measure overall usage for the garage and to separately measure the ETS usage. Grayson contends that these customers, if not for the ETS units, would have been served pursuant to the General Service tariff. Staff pointed out that, according to the provisions of the current Schedule 3, General Service customers are not eligible for the off-peak marketing rate. Grayson proposes to make General Services customers eligible for the proposed Schedule 3 rider.

Grayson confirmed to Staff that its proposal continues to be to: 1) make the Schedule 3 Off-Peak Marketing Rate a rider available to Schedule 1 Farm and Home; Schedule 2 Commercial and Small Power; and add its availability for Schedule 18 General Service; 2) shift all current Schedule 3 customers to the tariff they would qualify for absent the ETS unit and charge those customers the customer charge and the energy charge for non-ETS usage pursuant to the underlying tariff to which they will be shifted; and 3) charge those customers the proposed Schedule 3 Off-peak marketing rate of \$.06225 per kWh for the ETS usage which is the Off-peak charge in Grayson's residential and commercial Time of Day tariffs.

Staff indicated to Grayson that, if its proposal is not approved by the Commission, it may need to revise its current Schedule 3 tariff to clarify how on-peak and off-peak usage is measured and billed.

The conference was then adjourned.

Attachments

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

INVESTIGATION OF GRAYSON RURAL )  
ELECTRIC COOPERATIVE CORPORATION'S ) CASE NO.  
REQUEST TO MODIFY SCHEDULE 14(B) AND ) 2014-00083  
SCHEDULE 3 OF ITS TARIFF PROVISIONS )

September 23, 2014

Please sign in:

NAME

REPRESENTING

<u>W. Jeffrey Scott</u>	<u>Grayson RECC</u>
<u>Don Cabals</u>	<u>" "</u>
<u>Coral Fradey</u>	<u>" "</u>
<u>Andrea Mc Case</u>	<u>" "</u>
<u>Virginia Gregg</u>	<u>PSC</u>
<u>Chris Whelan</u>	<u>PSC</u>
<u>Leah Faulkner</u>	<u>PSC</u>