

W. JEFFREY SCOTT, PSC

W. Jeffrey Scott
Brandon Michael Music
Whitley Hill Bailey

Attorneys at Law
311 W. Main Street
P.O. Box 608
Grayson, Kentucky 41143

Phone - (606) 474-5194
FAX - (606) 474-5196
e-mail - wjscott@windstream.net

November 30, 2018

Gwen R. Pinson, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602

RECEIVED

NOV 30 2018

PUBLIC SERVICE
COMMISSION

Re: In the Matter of Adjustment of Rates
of Grayson Rural Electric Cooperative Corporation
Case No. 2018-00272

Dear Ms. Pinson:

Please find enclosed an original and ten (10) copies of Grayson's responses to the Commission's Order "Commission Staff's Second Request for Information to Grayson Rural Electric Cooperative Corporation" dated November 14, 2018.

Should you have any questions, or need additional information, please let me know.

Respectfully submitted,


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

Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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

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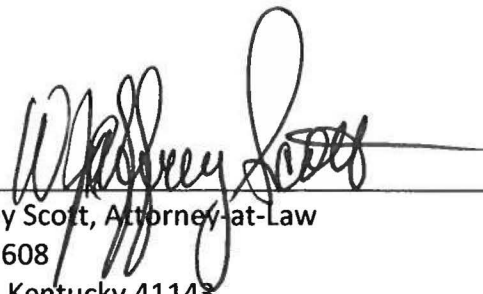
Case No. 2018-00272

PUBLIC SERVICE
COMMISSION

APPLICANT'S RESPONSES TO
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

The applicant, Grayson Rural Electric Cooperative Corporation, makes the following responses to the "Commission Staff's Second Request for Information", as follows:

1. The witnesses who are prepared to answer questions concerning each request are Carol Fraley, Bradley Cherry, and James R. Adkins.
2. Carol Fraley, President & CEO of Grayson Rural Electric Cooperative Corporation is the person supervising the preparation of the responses on behalf of the applicant.
3. The responses and Exhibits are attached hereto and incorporated by reference herein.



W. Jeffrey Scott, Attorney-at-Law

P.O. Box 608

Grayson, Kentucky 41143

Attorney for Grayson Rural Electric Cooperative
Corporation

wjscott@windstream.net

The undersigned, Carol Fraley as President & CEO of Grayson Rural Electric Cooperative Corporation, being duly sworn, states that the responses herein are true and accurate to the best of my knowledge and belief formed after reasonable inquiry.

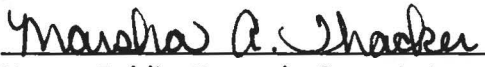
Dated: November 27, 2018

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION



CAROL FRALEY, PRESIDENT & CEO

Subscribed, sworn to, and acknowledged before me by Carol Fraley, as President & CEO for Grayson Rural Electric Cooperative Corporation on behalf of said Corporation this 27th day of November, 2018.

 ID# 524210

Notary Public, Kentucky State At Large

My Commission Expires: 1-9-2019

The undersigned, Bradley Cherry, as Manager of Finance & Accounting of Grayson Rural Electric Cooperative Corporation, being duly sworn, states that the responses herein are true and accurate to the best of my knowledge and belief formed after reasonable inquiry.

Dated: November 27, 2018

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

Bradley Cherry
BRADLEY CHERRY, MANAGER OF FINANCE & ACCOUNTING

Subscribed, sworn to, and acknowledged before me by Bradley Cherry, as Manager of Finance & Accounting for Grayson Rural Electric Cooperative Corporation on behalf of said Corporation this 27th day of November, 2018.

Marshall A. Shaker ID# 524210
Notary Public, Kentucky State At Large

My Commission Expires: 1-9-2019

The undersigned, James Adkins as an Electric Cooperative Consultant, being duly sworn, states that the responses herein are true and accurate to the best of my knowledge and belief formed after reasonable inquiry.

Dated: November 28, 2018

James R. Adkins
James Adkins

Subscribed, sworn to, and acknowledged before me by James Adkins for Grayson Rural Electric Cooperative Corporation on behalf of said Cooperative this 28th day of November, 2018.

Marsha A. Chalker ID# 524210

Notary Public, Kentucky State At Large

My Commission Expires: 1-9-2019

Witness: James Bradley Cherry

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

1. Refer to the application, Exhibit F.

a. Refer to the statement regarding Operating Times Interest Earned Ratio (OTIER). Confirm the January 2018 OTIER of 7.37 is correct.

b. Refer to the fifth paragraph in which it states that a TIER of 2.25 must be achieved for two out of three years. Confirm that it should state a TIER of 1.25 must be achieved based on the average of two of the best years out of three years.

c. Provide Grayson RECC's monthly TIER and OTIER for 2018 year-to-date.

d. Provide any correspondence Grayson RECC has received from Rural Utilities Service regarding Grayson RECC's compliance or noncompliance with its mortgage requirements.

Response 1a:

The statement regarding January 2018 OTIER should be the January 2018 TIER was 7.37.

Response 1b:

Confirmed, it should have stated a 1.25 TIER must be achieved.

Witness: James Bradley Cherry

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

Response 1c:

Please see attached document.

Response 1d:

Grayson has received no correspondence from Rural Utilities Service.

**Grayson Rural Electric Cooperative
Case No. 2018-00272
2018 Monthly TIER and OTIER**

	TIER	OTIER
January	7.37	7.36
February	3.03	2.98
March	6.36	6.15
April	(0.15)	(0.22)
May	(3.18)	(3.19)
June	(3.49)	(3.54)
July	1.76	1.72
August	3.30	2.87
September	0.00	0.07
October		
November		
December		
YTD	1.71	1.49

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

2. Refer to the Fraley Testimony, page 2, the response to question 10. Also refer to the September 27, 2018 Order in Case No. 2018-00050, which terminated the alternate source power election provision in Amendment 3 to East Kentucky Power Cooperatives, Inc.'s Wholesale Power Contract with its Owner-Members, including Grayson RECC, and with the Memorandum of Understanding. Explain the basis for Ms. Fraley's statement that Grayson RECC continues to pursue contracts with alternate source power suppliers other than EKPC.

Response 2:

At the time of testimony, the Commission had not yet ruled on Case 2018-00050.

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

3. Refer to Fraley Testimony, page 3, the response to question 12.

a. Explain how having a tablet in service vehicles allows for efficient routing of work.

b. Provide the cost savings to Grayson RECC of having tablets in service vehicles.

c. Provide the cost-benefit analysis on the use of tablets in service vehicles. If no cost-benefit analysis was completed, explain why one was not completed.

d. Explain how the pole top covers will increase the lifespan of the poles.

e. Provide the cost-benefit analysis on the pole top covers. If no cost-benefit analysis was completed, explain why one was not completed.

f. Explain how the pole testing program will help prevent service interruptions and lengthy outages.

g. Provide the cost-benefit analysis on the pole testing program. If no cost-benefit analysis was completed, explain why one was not completed.

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

Response 3a:

Due to the size of the territory we serve, it is more efficient for Servicemen to be able to plan their route for the day. The software we use routes their work according to GPS Location. In addition, it sends their work in real time, which allows them to see any additional jobs that might need to be done as they progress on their route. Servicemen can also use Field Pro software, which shows all the material on each pole. This information can be communicated to the Warehouse and material can be sent without delay while Servicemen prepare for the job or an outage.

Response 3b:

Lowers response time, reduces fuel, mileage and truck time.

Response 3c:

No formal study has been performed. See response to 3a.

Grayson Rural Electric Cooperative
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Commission Staff's Second Request for Information

Response 3d:

One of the main deficiencies of wooden pole is the tendency of poles to separate at the top and allow water to settle in these cracks. Over time, the tops of poles deteriorate quicker than the main body of the pole and are harder to discover. The projected increase in the life of the pole by using pole top covers can be up to 15 or more years.

Response 3e:

Grayson has observed the success of other Cooperatives using the pole top covers and the data from the manufacturer. No formal analysis has been completed.

Response 3f:

We tested 1,029 poles in a random sampling. We found 6 P1 (rejected poles) and 26 P2 (poles that need to be changed out in the next three to five years), for a total of 32 poles. The remaining poles passed inspection. We changed out the P1 poles over the next two weeks and expect to change the P2 poles over the next few months. Some of these poles appeared completely normal from the ground up.

Response 3g:

No cost benefit analysis was performed. Grayson R.E.C.C. believes the results of our initial testing sample certainly justifies the cost of the program and will result in fewer interruptions, less overtime and related expenses.

Witness: James Bradley Cherry

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

4. Refer to the application, Exhibit H-2, the Direct Testimony of James Bradley Cherry, page 3, response to question 10. Provide an explanation for the discontinuation of the following rate schedules:

- a. Schedule 3, Off-peak Marketing Rate.
- b. Schedule 16, Small Commercial Demand and Energy Rate 5.

Response 4a:

Grayson chose to discontinue the Off-peak Marketing Rate due to the inability of securing an option for repair of the devices. Grayson also was not receiving the same discount it was receiving in the beginning, as EKPC had changed its rate structure since the inception of the program.

Response 4b:

Grayson was looking to consolidate rates and with one customer on the small commercial demand and energy rate, we felt that it was a good option for consolidation.

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

5. Refer to the application, Exhibit H-3, the Direct Testimony of James R. Adkins (Adkins Testimony), page 3, response to question 7. Define what a "reasonable amount" means as referenced in the response regarding the proposed rate increase to the residential class.

Response 5:

The term "reasonable amount" means that Grayson believes that an increase of 5 to 6 percent is justifiable and will be sufficient to meet its needs without undue hardship on its residential members.

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

6. Refer to the Adkins Testimony, page 3, response to question 8. Define what Grayson RECC's stated goal is as it relates to the proposed rate increase to the residential class.

Response 6:

Grayson seeks to stabilize the volatility of its income, due to weather, by increasing costs equally for service to all residential members and holding the cost per kWh at a steady rate.

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

7. Refer to the Adkins Testimony, page 4, response to question 9. Confirm that all of the increase is being placed on the customer charge not a large portion as inferred by the response.

Response 7:

It is confirmed that the increase in revenue for the residential class has been placed on the customer charge.

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

8. Refer to the application, Exhibit J, page 1, which provides normalized test revenues of \$26,819,694. Also refer to Exhibit S, page 1, which provides Normalized Test Year Revenues of \$26,813,914. Reconcile this difference.

Response 8:

The amount from Exhibit J is correct. During the normalization process of combining rates there was a late change that did not get updated on Exhibit S. There are many other schedules and exhibits that follow the normalization of revenues. To be able to file the application on a timely basis and to coordinate with advertising of the application, there are normally minor differences that exist. This is one of those differences.

See also the revised Exhibits S and 16 to this data request that is attached to this response.

Grayson Rural Electric Cooperative
Case No. 2018-00272
Statement of Operations, Adjusted

Exhibit S
page 1 of 4
Witness: James Adkins

	Actual Test Year	Normalized Adjustments	Normalized Test Year	Proposed Increase	Proposed Test Year
Operating Revenues:					
Base rates	\$ 25,564,196	\$ 1,255,498	\$ 26,819,694	\$ 1,437,936	\$ 28,257,630
Fuel and surcharge	907,226	(907,226)	-		-
Other electric revenue	989,720	(20,308)	969,412		969,412
	<u>27,461,142</u>	<u>327,964</u>	<u>27,789,106</u>	<u>1,437,936</u>	<u>29,227,042</u>
Operating Expenses:					
Cost of power:					
Base rates	15,900,076	(393,645)	15,506,431		15,506,431
Fuel and surcharge	1,251,527	(1,251,527)	-		-
Distribution - operations	1,299,965	27,289	1,327,254		1,327,254
Distribution - maintenance	3,424,805	27,307	3,452,112		3,452,112
Consumer accounts	1,070,977	14,102	1,085,079		1,085,079
Customer service	260,150	2,715	262,865		262,865
Sales	22,103	(414)	21,689		21,689
Administrative and general	1,955,130	(68,866)	1,886,264		1,886,264
	<u>25,184,733</u>	<u>(1,643,039)</u>	<u>23,541,694</u>	<u>-</u>	<u>23,541,694</u>
Depreciation	3,477,092	83,099	3,560,191		3,560,191
Taxes - other	41,074	-	41,074		41,074
Interest on long-term debt	980,167	166,168	1,146,335		1,146,335
Interest expense - other	7,941	-	7,941		7,941
Other deductions	35,148	(35,148)	-		-
	<u>29,726,155</u>	<u>(1,428,920)</u>	<u>28,297,235</u>	<u>-</u>	<u>28,297,235</u>
Utility operating margins	<u>(2,265,013)</u>	<u>1,756,884</u>	<u>(508,129)</u>	<u>1,437,936</u>	<u>929,807</u>
Nonoperating margins, interest	33,944	-	33,944		33,944
Nonoperating margins, other	94,790	-	94,790		94,790
G&T capital credits	504,926	(504,926)	-		-
Other capital credits	87,794	-	87,794		87,794
	<u>\$ (1,543,559)</u>	<u>\$ 1,251,958</u>	<u>\$ (291,601)</u>	<u>\$ 1,437,936</u>	<u>\$ 1,146,335</u>
Net Margins					
TIER	(0.57)		0.75		2.00
excluding G&T	(1.09)				
OTIER	(1.23)		0.62		1.88
(+Operating margins + Cash receipts from lenders + Interest on long-term debt) / Interest on long-term debt					

Grayson Rural Electric Cooperative
Case No. 2018-00272
Balance Sheet, Adjusted
December 31, 2017

Exhibit S
page 2 of 4
Witness: James Adkins

	<u>Actual Test Year</u>	<u>Adjustments to Test Year</u>	<u>Adjusted Test Year</u>
<u>Assets</u>			
Electric Plant:			
In service	\$ 76,908,490		\$ 76,908,490
Under construction	1,002,088		1,002,088
	<u>77,910,578</u>		<u>77,910,578</u>
Less accumulated depreciation	23,474,155	82,745	23,556,900
	<u>54,436,423</u>	<u>(82,745)</u>	<u>54,353,678</u>
Investments	<u>16,341,967</u>		<u>16,341,967</u>
Current Assets:			
Cash and temporary investments	213,727		213,727
Accounts receivable, net	4,497,022		4,497,022
Material and supplies	283,605		283,605
Prepayments and current assets	58,987		58,987
	<u>5,053,341</u>		<u>5,053,341</u>
Deferred debits	1,467,380		1,467,380
Net change in assets		<u>2,772,639</u>	<u>2,772,639</u>
Total	<u>\$ 77,299,111</u>	<u>\$ 2,689,894</u>	<u>\$ 79,989,005</u>
<u>Liabilities and Other Credits</u>			
Margins:			
Memberships	\$ 154,655		\$ 154,655
Patronage capital	25,454,529	2,689,894	28,144,423
	<u>25,609,184</u>	<u>2,689,894</u>	<u>28,299,078</u>
Long Term Debt	<u>41,787,107</u>		<u>41,787,107</u>
Accumulated postretirement benef	<u>3,085,624</u>		<u>3,085,624</u>
Current Liabilities:			
Notes payable	2,185,000		2,185,000
Accounts payable	2,496,842		2,496,842
Consumer deposits	1,197,900		1,197,900
Accrued expenses	570,319		570,319
	<u>6,450,061</u>		<u>6,450,061</u>
Consumer advances for constructio	<u>367,135</u>		<u>367,135</u>
Total	<u>\$ 77,299,111</u>	<u>\$ 2,689,894</u>	<u>\$ 79,989,005</u>

Grayson Rural Electric Cooperative
Case No. 2018-00272
Summary of Adjustments to Test Year

Exhibit S
page 3 of 4
Witness: James Adkins

	Exhibit 1	Exhibit 2	Exhibit 3	Exhibit 4	Exhibit 5	Exhibit 6	Exhibit 7	Exhibit 8	Exhibit 9	Exhibit 10	Exhibit 11	Exhibit 12	Exhibit 13	Exhibit 14	Exhibit 15	Exhibit 16	Exhibit 17	Total	
	Salaries	Payroll Taxes	Depreciation	Property Tax	Interest	R&S	Donations	Professional Fees	Directors	Annual & Misc Expenses	Rate Case	Ads	EKPC	Cycle Billing	Normalize Purchase Power	Revenue	Additional Revenue		
Operating Revenues:																			
Base rates														1,687,063		(431,565)			1,255,498
Fuel and surcharge																(907,226)			(907,226)
Other electric revenue																	(20,308)		(20,308)
	0	0	0	0	0	0	0	0	0	0	0	0	0	1,687,063	0	(1,338,791)	(20,308)		327,964
Operating Expenses:																			
Cost of power:																			
Base rates																(393,645)			(393,645)
Fuel and surcharge															(1,251,527)				(1,251,527)
Distribution - operations	6,036	1,232	(86)	13,562		6,545													27,289
Distribution - maintenance	12,027	2,454	(215)			13,041													27,307
Consumer accounts	6,170	1,259	(17)			6,690													14,102
Customer service	1,194	244	(17)			1,294													2,715
Sales	161	33	0			175						(783)							(414)
Administrative and general	11,447	2,336	(19)	603		12,412		(34,778)	(58,999)	(31,868)	30,000								(68,866)
Total operating expenses	37,035	7,558	(354)	14,165	0	40,157	0	(34,778)	(58,999)	(31,868)	30,000	(783)	0	0	(1,645,172)	0	0		(1,643,039)
Depreciation			83,099																83,099
Taxes - other																			0
Interest on long-term debt					166,168														166,168
Interest expense - other																			0
Other deductions					(20,343)		(14,805)												(35,148)
Total cost of electric service	37,035	7,558	82,745	14,165	145,825	40,157	(14,805)	(34,778)	(58,999)	(31,868)	30,000	(783)	0	0	(1,645,172)	0	0		(1,428,920)
Utility operating margins	(37,035)	(7,558)	(82,745)	(14,165)	(145,825)	(40,157)	14,805	34,778	58,999	31,868	(30,000)	783	0	1,687,063	1,645,172	(1,338,791)	(20,308)		1,756,884
Nonoperating margins, interest																			0
Nonoperating margins, other																			0
G&T capital credits													(504,926)						(504,926)
Other capital credits																			0
	0	0	0	0	0	0	0	0	0	0	0	0	(504,926)	0	0	0	0		(504,926)
Net Margins	(37,035)	(7,558)	(82,745)	(14,165)	(145,825)	(40,157)	14,805	34,778	58,999	31,868	(30,000)	783	(504,926)	1,687,063	1,645,172	(1,338,791)	(20,308)		1,251,958

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Grayson Rural Electric Cooperative
Case No. 2018-00272
Proposed Revenues
December 31, 2017

Interest on long term debt	<u>1,146,335</u>
Proposed increase in revenues over normalized revenues to generate a TIER of 2.00x	<u><u>\$1,424,078</u></u>

1 Grayson Rural Electric Cooperative
2 Case No. 2018-00272
3 Normalized Adjustment
4
5
6

Exhibit 16
page 1 of 1
Witness: James Adkins

7 Revenue from base rates
8 Normalized 26,819,694
9 Test year 27,251,259
10 Adjustment (431,565)
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14 Refer to Exhibit G of the application for the above referenced numbers.
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Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

9. Refer to the application, Exhibit K, Net Margins, page 1. Net margins are listed as \$143,504. Provide the source and supporting calculation for this net margin amount.

Response 9:

During 2017 Grayson changed its metering and billing cycles to match the kWh revenue and usage to the monthly power bill. As a result, there was \$1,687,063 of revenue that was not billed during the month of September. The loss as reported without the billing change was (\$1,543,559). The amount listed on exhibit K, Net Margins, page 1 is a result of the loss of (\$1,543,559) plus the unbilled revenue of \$1,687,063, for a net margin of \$143,504 (if the change in meter reading had not occurred).

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

10. Refer to the application, Exhibit K, page 2, line 20. Provide the source and supporting calculation for the \$1,001,485 amount referenced in this exhibit.

Response 10:

Attached is the response. There were some minor adjustments made after the initial calculation was performed.

Total operating expenses	23,519,470
Power cost	15,506,431
Operating expenses less power bill	8,013,039
	12.50%
Working capital	1,001,630

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

11. Refer to the application, Exhibit L, page 1, line 12. Provide the source and supporting calculation for the \$67,396,291 amount referenced in this exhibit.

Response 11:

Reference Exhibit K, page 7 of 7, column "Test Year 2017" line 25.

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

12. Refer to the application, Exhibit N, page 13, Note 7, in which it lists an annual rate of increase of 5 percent in 2018 for post-retirement medical insurance.

a. Provide the amount of medical insurance premiums paid on behalf of retirees in 2017.

b. Explain why Grayson RECC did not propose an adjustment for medical insurance premiums for retirees.

Response 12a:

\$196,447

Response 12b:

Grayson updated their study as of May 2017. The accrual was placed into service as of that date.

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

13. Refer to the application, Exhibit R.

a. Refer to the Test Year Tab, Miscellaneous General Exp. Verify the \$30,000 entry should be in adjustment column Adjustment 12 & 13 and not in the column as listed on the schedule.

b. Refer to the Test Year Tab, Footnotes, Total Operating Expenses for wages & salaries and payroll taxes. Also refer to Exhibit S, page 3, Total Operating Expenses. Reconcile the Wages and Salaries Adjustments and the Payroll Taxes Adjustments in these two schedules.

c. Refer to the Rate Base Tab, Poles, Towers and Fixtures, and Total General Plant, \$27,372,044. Also, refer to Grayson RECC's 2017 Annual Report (2017 Annual Report) filed with the Commission. The 2017 Annual Report states the total to be \$26,372,044. Reconcile this difference.

d. Refer to the Classification 1 Tab, Overhead Line Expense entries for the allocation in Lines between Demand and Consumer. Explain why the allocation factor used is total lines and not overhead lines.

e. Refer the Classification 1 Tab, Maint Supv & Eng, Maint of Overhead Lines, Maint of Underground Lines, Maint Misc Distrib Plant entries for the allocation in Lines between Demand and Consumer. Explain why the allocation factor used is total overhead expense and not total lines.

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

f. Refer to the Classification 2 Tab, Account 364- Poles, Use Minimum Size Pole entry for the calculation of the Consumer Related Investment. Explain why the minimum size pole is 35-feet and not 25 and 30-feet.

g. Refer to the Classification 2 Tab, Account 367 - Underground Conductor, Use Minimum Size entry for the calculation of the Minimum Size Investment Consumer Related. Explain why the minimum sized underground conductor is 1/0 15KV URD information and not the #2 Primary AL URD information.

h. Refer to the Classification 2 Tab, Percentage Allocations for Overhead Lines. Explain why Underground Conductors are included in the calculation for overhead lines.

i. Refer to the Class Rate Base Tab, Lines Column for Demand and Consumer. Explain why the allocation factor used references only overhead lines and not total lines.

j. Refer to Sheet 2 Tab, NM - General Service Rate. Verify the formula for cell reference F24.

Response 13a:

The Adjustment of \$30,000 for Miscellaneous General Exp. is the adjustment from Exhibit 11 in the Application. This adjustment is for rate case expense. It is properly classified in the adjustment column as filed. It should not be contained in Adjustment column 12 or 13.

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

Response 13b:

These expenses for wages and salaries, and for payroll taxes were changed on Exhibit S in the development of this Application. In the process of completing this Application, these changes were left out of the Cost of Service Study ("COSS") by mistake. The updated expenses are included in the revised COSS submitted as a part of this response.

Response 13c:

The amount contained in the COSS was made in error and is corrected in the revised COSS.

Response 13d:

The allocation factor for total lines was used because the expenses for lines includes operations and maintenance expense for both overhead conductor as well as underground conductor. Even if the allocation factor for overhead lines were the only ones used, the allocation factor difference would be very small.

Response 13e:

The allocation factor used is the one for total lines. Please note in the filed COSS, the allocation factor for total lines and for all lines is the same. It is the one for total lines.

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

Response 13f:

The 35-foot pole was chosen as the minimum size pole that may be installed today for a couple of reasons. One, Grayson RECC states that the minimum size pole that is installed today is a 40-foot pole. If I used this size pole, the consumer allocation would be one hundred percent and demand allocation would be zero percent. Since this is an impractical allocation, it was not the chosen minimum size pole. The 25 and 30-foot poles were not used because these poles are much smaller than the minimum size pole that Grayson RECC uses today. Also, the allocation factor for the Consumer component would be somewhat high in this author's mind. Thus, the 35-foot pole was chosen.

Response 13g:

If #2 Primary AL URD is selected as the minimum size underground conductor, then the consumer component would be one hundred percent and the demand component would be zero percent. This would be a very abnormal situation.

Response 13h:

It is a mistake to include Underground Conduction information in determining the percentage allocations for overhead lines.

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

Response 13i:

The allocation factor used is for total lines because no difference exists between the allocation factors for overhead lines and total lines. The information for a factor based on overhead lines should most probably not have been included.

Response 13j:

The formula has been corrected and the correction is contained in the revised COSS.

GRAYSON RECC

Case No. 2018-00272

Cost of Service Study

Acct No.	Description	Actual \$\$\$\$	Test Year Adjustments					Adjusted \$\$\$\$
			Adjustment 1, 2 & 6	Adjustment 3, 4 & 5	Adjustment 7,8,9,10,&11	Adjustment 12 & 13	Adjustment 15	
555	Demand Charges	3,498,227					-	3,498,227
	Energy Charges	11,905,793					(393,645)	11,512,148
	Metering Point	22,464						22,464
	Load Center Charges	473,592						473,592
	DLC	(28,472)					28,472	-
	FAC & ESC	1,279,999					(1,279,999)	-
	Total Purchased Power	17,151,603	-	-	-	-	(1,645,172)	15,506,431
580	Operations Supv & Eng							-
583	Overhead Line Exp.	538,051	829					538,880
586	Meter Expense	432,008	10,199					442,207
586.1	Meter Operation Survey	63,359	2,927					66,287
586.2	Automated Meter Equip Exp	39,473						39,473
588	Misc. Distribution Exp	227,073		13,476				240,549
	Total Operations	1,299,965	13,956	13,476	-	-	-	1,327,397
590	Maint Supv & Eng	289,988	5,514					295,502
592	Maint of Station Equip	-						-
593	Maint. Overhead Lines	3,082,346	22,069					3,104,415
594	Maint of Underground Lines	1,000						1,000
595	Maint Line Transformers	17,149						17,149
596	Maint of St Lg & Signal Sys	36						36
597	Maintenance of Meters	-						-
598	Maint Misc Distrib Plant	34,286	225	(215)				34,296
	Total Distribut Maintenance	3,424,805	27,808	(215)	-	-	-	3,452,398

Acct	Description	Actual \$\$\$\$	Test Year Adjustments					Adjusted \$\$\$\$
			Adjustment 1, 2 & 6	Adjustment 3, 4 & 5	Adjustment 7,8,9,10,&11	Adjustment 12 & 13	Adjustment 15	
								-
901	Supervision	138,233	2,610					140,843
902	Meter Reading Expense	-						-
903	Cons Recds & Collections	914,613	11,655	(17)				926,251
904	Uncollectible Accounts	18,130	-					18,130
	Total Consumer Accounts	1,070,976	14,265	(17)				1,085,224
								-
907	Supervision							-
909	Customer Information Exp	260,150	2,759					262,910
910	Misc Customer Service Exp			(17)				(17)
912	Demonstration & Selling Exp	20,264	373			(783)		19,854
913	Advertising	1,839						1,839
	Total Customer Service	282,253	3,132	(17)	-	(783)		284,586
								-
	Total of Distrib. Expenses	6,078,000	59,161	13,227	-	(783)	-	6,149,605
								-
920	Administrative Salaries	1,093,003	23,734					1,116,736
921	Office Supplies	155,682	1					155,683
923	Outside Services	70,864			(34,778)			36,086
928	Regulatory Commission Exp	49						49
930.2	Annual Meeting Expenses	69,925			(31,868)			38,057
930.3	Miscellaneous General Exp	34,063	1,390	584	30,000			66,037
930.4	Misc Field Training	35,280						35,280
930.6	Directors Fees	158,827			(82,125)			76,702
930.7	Dues - NRECA & KAEC	48,727						48,727
932	Maint of General Plant	288,711	1,366					290,078
	Total Admin & General	1,955,130	26,492	584	(118,771)	-	-	1,863,435

Acct	Description	Actual \$\$\$\$	Test Year Adjustments						Adjusted \$\$\$\$
			Adjustment 1, 2 & 6	Adjustment 3, 4 & 5	Adjustment 7,8,9,10,&11	Adjustment 12 & 13	Adjustment 15	Adjustment 18	
403.6	Deprec. Distribution Plant	3,224,205		83,099					3,307,304
403.7	Deprec. General Plant	252,887							252,887
	Total Depreciation	3,477,092	-	83,099	-	-	-	-	3,560,191
408.6	Reg. Commission Assess.	41,074							41,074
426.1	Donations	35,148		(20,343)	(14,805)				0
	Total Miscellaneous	76,222	-	(20,343)	(14,805)	-	-	-	41,074
427	Total Interest on LTD	980,167	-	166,168	-	-			1,146,335
431	Total Short Term Interest	7,941							7,941
	TOTAL COSTS TO SERVE	29,726,156	85,653	242,735	(133,576)	(783)	(1,645,172)	-	28,275,013
	Margin Requirements	980,167	-	166,168	-	-	-	-	1,146,335
	TOTA REVENUE REQUIRED	30,706,323	85,653	408,903	(133,576)	(783)	(1,645,172)	-	29,421,348
	Less: Misc Income			-					-
	CATV & Non-Recurring Chrgs								-
450	Forfeited Discounts	426,628							426,628
454	Rent from Electric Prop.	507,748							507,748
456	Other Electric Property	55,343					(22,894)		32,449
	Total Misc Income	989,720	-	-	-	-	(22,894)		966,826

Acct	Description	Actual \$\$\$\$	Test Year Adjustments					Adjusted \$\$\$\$
			Adjustment 1, 2 & 6	Adjustment 3, 4 & 5	Adjustment 7,8,9,10,&11	Adjustment 12 & 13	Adjustment 15	
	Less: Other Income							-
417	Other non-operating margins	94,790						94,790
419	Interest Income	33,946						33,946
423	G&T Capital Credits	504,926				(504,926)		-
424	Other Capital Credits	87,795						87,795
	Total Other Income	721,457	-	-	-	(504,926)	-	216,531
	REVENUE REQUIREMENTS FROM BASE RATES	28,995,147			(133,576)	504,143	(1,645,172)	22,894
								28,237,991

FOOTNOTES

Adjustments 1, 2 and 7 (a)	Wages & Salaries	Payroll Taxes	Retirement	Total	(a) See Exhibit S, Page 3 of 5, Adjustments 1, 2, & 7.
	<u>1</u>	<u>2</u>	<u>7</u>		
Distribution - operations	6,036	1,379	6,545	13,960	
Distribution - maintenance	12,027	2,748	13,041	27,816	
Consumer accounts	6,170	1,409	6,690	14,269	
Customer service	1,194	273	1,294	2,761	
Sales	161	37	175	373	
Administrative and general	11,447	2,615	12,412	26,474	
Total operating expenses	37,035	8,461	40,157	85,653	

Acct	Description	Actual \$\$\$\$	Test Year Adjustments				Adjusted \$\$\$\$
			Adjustment 1, 2 & 6	Adjustment 3, 4 & 5	Adjustment 7,8,9,10,&11	Adjustment 12 & 13	
Allocation of Adjustments to Accounts			Actual				
			Wage & Sal. Expenses	Percent of Total	Allocation Adjustments		
583.00	Overhead line		20,240	0.97%	829		
586.00	Meter		248,905	11.91%	10,199		
588.00	Miscellaneous distribution		71,443	3.42%	2,927		
590.00	Maintenance		134,567	6.44%	5,514		
593.00	Overhead line		538,571	25.77%	22,069		
598.00	Miscellaneous maintenance		5,498	0.26%	225		
901.00	Supervision		63,691	3.05%	2,610		
903.00	Consumer records		284,433	13.61%	11,655		
909.00	Information expense		67,342	3.22%	2,759		
912.0	Demonstration & selling		9,103	0.44%	373		
920.0	Administrative & general		547,378	26.19%	22,430		
921.0	Office supplies expense		34	0.00%	1		
926.0	Employee benefits		31,826	1.52%	1,304		
930.0	Miscellaneous General exp		33,926	1.62%	1,390		
932.0	Maintenance of general plant		33,346	1.60%	1,366		
			2,090,303	100.00%	85,653		

	Depreciation <u>3 (b)</u>	Property Taxes <u>4 (c)</u>	Interest Expense <u>5 (d)</u>	Total	
Operating Expenses:					
Cost of power:					
Base rates					
Fuel and surcharge					
Distribution - operations	(86)	13,562		13,476	
Distribution - maintenance	(215)			(215)	
Consumer accounts	(17)			(17)	
Customer service	(17)			(17)	
Sales	-			-	
Administrative and general	(19)	603		584	
Depreciation	83,099			83,099	
Taxes - other				-	
Interest on long-term debt			166,168	166,168	
Interest expense - other				-	
Other deductions			(20,343)	(20,343)	
Total	82,745	14,165	145,825	242,735	

(b) See Exhibit S, Page 3 of 5, Adjustment 3
(c) See Exhibit S, Page 3 of 5, Adjustment 4
(d) See Exhibit S, Page 3 of 5, Adjustment 5

GRAYS RECC
Case No. 2018-00272
Functionalization of Test Year Expenses

Acct No.	Description		Adjusted \$\$\$\$	Power Supply	Lines	Trans former	Services	Meters	Cons. & Acct Services	Outdoor Lighting
555	Demand Charges		3,498,227	3,498,227						
0	Energy Charges		11,512,148	11,512,148						
0	Metering Point		22,464	22,464						
0	Load Center Charges		473,592	473,592						
0	DLC		-	-						
0	FAC & ESC		-	-						
0										
0	Total Purchased Power		15,506,431	15,506,431						
0										
580	Operations Supv & Eng		-	-						-
583	Overhead Line Exp.	a	538,880		465,783		73,098			
586	Meter Expense	b	442,207					442,207		
586.1	Meter Operation Survey	b	66,287					66,287		
586.2	Automated Meter Equip Exp	b	39,473					39,473		
588	Misc. Distribution Exp	c	240,549		103,106	-	16,181	121,262	-	-
0										
0	Total Operations		1,327,397	-	568,889	-	89,279	669,230		
0										
590	Maint Supv & Eng	d	295,502		254,012	1,623	39,864			3
592	Maint of Station Equip		-		-		-			
593	Maint. Overhead Lines	a	3,104,415		2,683,308		421,107			
594	Maint of Underground Lines	a	1,000		864		136			
595	Maint Line Transformers	b	17,149			17,149				
596	Maint of St Lg & Signal Sys	b	36							36
597	Maintenance of Meters		-	-					-	
598	Maint Misc Distrib Plant	d	34,296		29,481	188	4,627			0.39
	Total Distribut Maintenance		3,452,398	-	2,967,665	18,960	465,733	-	-	40

Acct	Description		Adjusted \$\$\$\$	Power Supply	Lines	Trans former	Services	Meters	Cons. & Acct Services	Outdoor Lighting
0			-						-	
901	Supervision	b	140,843						140,843	
902	Meter Reading Expense	b	-	-	-	-	-	-	-	
903	Cons Recds & Collections	b	926,251						926,251	
904	Uncollectible Accounts	b	18,130						18,130	
0			-						-	
0	Total Consumer Accounts		1,085,224						1,085,224	
0			-						-	
907	Supervision	b	-						-	
909	Customer Information Exp	b	262,910						262,910	-
910	Misc Customer Service Exp	b	(17)						(17)	
912	Demonstration & Selling Exp	b	19,854	-		-			19,854	
913	Advertising		1,839						1,839	
0			-		-	-	-	-	-	-
0	Total Customer Service		284,586	-	-	-	-	-	284,586	-
0			-		-	-	-	-	-	-
0	Total of Distrib. Expenses		6,149,605	-	3,536,554	18,960	555,012	669,230	1,369,810	40
0			-		-	-	-	-	-	-
920	Administrative Salaries		1,116,736		642,220	3,443	100,787	121,529	248,750	7
921	Office Supplies		155,683		89,531	480	14,051	16,942	34,678	1
923	Outside Services		36,086		20,753	111	3,257	3,927	8,038	0
928	Regulatory Commission Exp		49		28	0	4	5	11	0
930.2	Annual Meeting Expenses		38,057		21,886	117	3,435	4,142	8,477	0
930.3	Miscellaneous General Exp		66,037		37,977	204	5,960	7,186	14,710	0
930.4	Misc Field Training		35,280	-	20,289	109	3,184	3,839	7,858	0
930.6	Directors Fees		76,702		44,111	236	6,923	8,347	17,085	0
930.7	Dues - NRECA & KAEC		48,727		28,022	150	4,398	5,303	10,854	0
932	Maint of General Plant		290,078		166,820	894	26,180	31,568	64,614	2
0			-		-	-	-	-	-	-
0	Total Admin & General		1,863,435	-	1,071,636	5,745	168,178	202,788	415,076	12

GRAYS RECC
Case No. 2018-00272
Functionalization of Test Year Expenses

Acct	Description	Adjusted \$\$\$\$	Power Supply	Lines	Trans former	Services	Meters	Cons. & Acct Services	Outdoor Lighting
0		-	-	-	-	-	-	-	-
403.6	Deprec. Distribution Plant	3,307,304		2,258,342	363,601	354,202	187,530	55,467	88,161
403.7	Deprec. General Plant	252,887	-	172,680	27,802	27,083	14,339	4,241	6,741
0		-							
0	Total Depreciation	3,560,191	-	2,431,023	391,403	381,286	201,869	59,708	94,902
0		-							
408.6	Reg. Commission Assess.	41,074		28,053	4,522	4,400	2,326	676	1,097
426.1	Donations	0							
0		-							
0	Total Miscellaneous	41,074	-	28,053	4,522	4,400	2,326	676	1,097
0		-							
427	Total Interest on LTD	1,146,335		782,942	126,210	122,798	64,910	18,873	30,603
0		-							
431	Total Short Term Interest	7,941		5,424	874	851	450	131	212
0		-							
0	TOTAL COSTS TO SERVE	28,275,013	15,506,431	7,855,632	547,715	1,232,524	1,141,572	1,864,274	126,866
0									

FOOTNOTES

a	Allocation on Plant Balance	Amount	Percent	Alloc Line Oper Exp	Alloc Line Maint Exp	Alloc Line UDG Line Exp
	Poles, Towers & Fixtures	26,372,044				
	Overhead Conductor	21,682,973				
	Underground Conductor	460,150				
	Subtotal	48,515,167	86.4%	465,783	2,683,308	864
	Services	7,613,763	13.6%	73,098	421,107	136
	Total	56,128,930	100.0%	538,880	3,104,415	1,000

Acct Description	Adjusted \$\$\$\$	Power Supply	Lines	Trans former	Services	Meters	Cons. & Acct Services	Outdoor Lighting
b Direct Assignment								
c Proportional on all Other Operation Expenses								
	<u>Amount</u>	<u>Percent</u>	<u>Allocated Misc Oper Exp</u>					
Lines	465,773	42.9%	103,106					
Services	73,096	6.7%	16,181					
Meters	547,789	50.4%	121,262					
Total	<u>1,086,658</u>	<u>100%</u>	<u>240,549</u>					
d Proportional on all Other Maintenance Expenses								
	<u>Amount</u>	<u>Percent</u>	<u>Allocated Sup Main Exp</u>		<u>Allocated Mis Main Exp</u>			
Lines	2,683,913	85.96%	254,012		29,481			
Transformers	17,149	0.55%	1,623		188			
Services	421,202	13.49%	39,864		4,627			
Meters	36	0.001%	3		0.39			
Total	<u>3,122,300</u>	<u>100%</u>	<u>295,502</u>		<u>34,296</u>			
e Allocation of Administrative & General Expense								
	Adjusted \$\$\$\$	Power Supply	Lines	Trans former	- Services	- Meters	Cons. & Acct Services	Outdoor Lighting
Total of All Other Distrib Exp	6,149,605	-	3,536,554	18,960	555,012	669,230	1,369,810	40
Allocation Percent	100.000%	0.00%	57.51%	0.31%	9.03%	10.88%	22.27%	0.001%
Allocated Amount	<u>1,863,435</u>	-	<u>1,071,636</u>	<u>5,745</u>	<u>168,178</u>	<u>202,788</u>	<u>415,076</u>	<u>12</u>

GRAYSON RECC
Case No. 2018-00272
Net Investment Rate Base by Function

1st Revision Exhibit R
Page 11 of 51
Witness: James Adkins

Description	\$\$\$\$	<u>Lines</u>	<u>Transformers</u>	<u>Services</u>	<u>Meters Consumer</u>	<u>Consumer & Accounting Services</u>	<u>Outdoor Lighting</u>
362 Substation Equipment	31,054	31,054					
364 Poles, Towers and Fixtures	26,372,044	26,372,044					-
365 Overhead Conductor	21,682,973	21,682,973					
367 UG Conductor	460,150	460,150					
368 Line Transformers	8,327,678		8,327,678				
369 Services	7,613,763			7,613,763			-
370 Meters	3,682,175				3,682,175		
371 Install. On Consumer Prem.	2,023,425						2,023,425
373 Street Ltg & Signal Systems	-						-
Total Distribution Plant	70,193,262	48,546,221	8,327,678	7,613,763	3,682,175	-	2,023,425
		69.16%	11.86%	10.85%	5.25%	0.00%	2.88%
Total General Plant	5,715,308	3,286,796	17,621	515,816	621,967	1,273,071	37
		57.5%	0.3%	9.0%	10.9%	22.3%	0.0%
Total Utility Plant In Service	75,908,570	51,833,017	8,345,299	8,129,578	4,304,143	1,273,071	2,023,461
		68.3%	11.0%	10.7%	5.7%	1.7%	2.7%

Net Investment Rate Base by Function

Witness: James Adkins

Description	\$\$\$\$	<u>Lines</u>	<u>Transformers</u>	<u>Services</u>	<u>Meters Consumer</u>	<u>Consumer & Accounting Services</u>	<u>Outdoor Lighting</u>
Accum. Depreciation	23,474,155	16,028,971	2,580,721	2,514,011	1,331,024	393,688	625,740
Net Plant	52,434,415	35,804,046	5,764,578	5,615,567	2,973,119	879,383	1,397,721
		68.28%	10.99%	10.71%	5.67%	1.68%	2.67%
CWIP	1,002,008	692,997	118,878	108,686	52,563	-	28,884
Net Utility Plant	53,436,423	36,497,043	5,883,456	5,724,254	3,025,682	879,383	1,426,605
Plus							
Cash Working Capital	1,004,141	685,662	110,394	107,540	56,936	16,841	26,767
Materials & Supplies	267,646	182,758	29,425	28,664	15,176	4,489	7,135
Prepayments	328,343	224,204	36,098	35,165	18,618	5,507	8,752
Minus: Consumer Advances	367,135	250,693	40,362	39,319	20,817	6,157	9,787
Net Investment Rate Base	54,669,418	37,338,975	6,019,010	5,856,304	3,095,595	900,062	1,459,473
Percentage		68.30%	11.01%	10.71%	5.66%	1.65%	2.67%

Acct No.	Description	Pro Forma \$\$\$\$	Power Supply				Lines	
			<u>Demand</u>	<u>Energy</u>	<u>Load Center</u>	<u>Demand</u>	<u>Consumer</u>	
555	Demand Charges	3,498,227	3,498,227					
	Energy Charges	11,512,148	-	11,512,148				
	Metering Point	22,464			22,464			
	Load Center Charges	473,592			473,592			
	DLC	-						
	FAC & ESC	-						
580								
583	Total Purchased Power	15,506,431	3,498,227	11,512,148	496,056	-	-	
584								
585	Operations Supv & Eng	-						
586	Overhead Line Exp.	538,880				257,037	208,746	
587	Meter Expense	442,207						
588	Meter Operation Survey	66,287						
589	Automated Meter Equip Exp	39,473						
	Misc. Distribution Exp	240,549				56,898	46,208	
	Total Operations	1,327,397	-	-	-	313,935	254,954	
590								
	Maint Supv & Eng	295,502				140,174	113,839	
593	Maint of Station Equip	-						
594	Maint. Overhead Lines	3,104,415				1,480,753	1,202,555	
595	Maint of Underground Lines	1,000				477	387	
596	Maint Line Transformers	17,149						
597	Maint of St Lg & Signal Sys	36						
598	Maintenance of Meters	-						
599	Maint Misc Distrib Plant	34,296				16,269	13,212	
	Total Distribut Maintenance	3,452,398	-	-	-	1,637,672	1,329,993	

Acct	Description	Pro Forma	Power Supply			Lines	
		<u>\$\$\$\$</u>	<u>Demand</u>	<u>Energy</u>	<u>Load Center</u>	<u>Demand</u>	<u>Consumer</u>
901	0	-					
	Supervision	140,843					
902	Meter Reading Expense	-					
903	Cons Recds & Collections	926,251					
904	Uncollectible Accounts	18,130					
	U	-					
	Total Consumer Accounts	1,085,224				-	
	0	-					
907	Supervision	-					
908	Customer Information Exp	262,910					
909	Misc Customer Service Exp	(17)					
910	Demonstration & Selling Exp	19,854					
912	Advertising	1,839					
		-	-	-	-	-	-
	Total Customer Service	284,586					
		-	-	-	-	-	-
	Total of Distrib. Expenses	6,149,605	-			1,951,607	1,584,947
920		-					
	Total Admin & General	1,863,435				591,370	480,266
		-					
	Total Depreciation	3,560,191				1,341,532	1,089,491
		-					
	Total Miscellaneous	41,074	-			15,481	12,572
		-					
	Total Interest on LTD	1,146,335				432,058	350,884
		-					
	Total Short Term Interest	7,941				2,993	2,431
		-					
	TOTAL COSTS TO SERVE	28,275,013	3,498,227	11,512,148	496,056	4,335,040	3,520,591

Description Acct	Pro Forma \$\$\$\$	Power Supply			Lines	
		<u>Demand</u>	<u>Energy</u>	<u>Load Center</u>	<u>Demand</u>	<u>Consumer</u>
Purchased Power Costs		3,498,227	11,512,148	496,056		
Distribution O&M Demand Related					1,951,607	
Distribution O&M Consumer Related						1,584,947
Admin & Gen Demand Related					591,370	
Admin & Gen Consumer Related						480,266
Deprec, Taxes & Misc Demand Related					1,360,006	
Deprec, Taxes & Misc Consumer Related						1,104,494
Interest Demand Related					432,058	
Interest Customer Related						350,884
Total Costs by Function		3,498,227	11,512,148	496,056	4,335,040	3,520,591
Margins Demand Related						
Margins Consumer Related						
Total Revenue Requirements						
Credits Demand Related						
Credits Consumer Related						

Revenue Requirements-Rates

Acct No.	Description	Transformers		Services	Meters	Cons & Acct	Outdoor
		<u>Demand</u>	<u>Consumer</u>	<u>Consumer</u>	<u>Consumer</u>	<u>Consumer</u>	<u>Lighting</u>
555	Demand Charges						
	Energy Charges						
	Metering Point						
	Load Center Charges						
	DLC						
	FAC & ESC						
580		<hr/>					
583	Total Purchased Power	-	-	-	-	-	-
584							
585	Operations Supv & Eng						-
586	Overhead Line Exp.			73,098	-		
587	Meter Expense				442,207		
588	Meter Operation Survey				66,287		
589	Automated Meter Equip Exp				39,473		
	Misc. Distribution Exp			16,181	121,262		
		<hr/>					
	Total Operations	-	-	89,279	669,230		-
590							
	Maint Supv & Eng	1,058	565	39,864			3
593	Maint of Station Equip						
594	Maint. Overhead Lines			421,107			
595	Maint of Underground Lines			136			
596	Maint Line Transformers	11,184	5,965				
597	Maint of St Lg & Signal Sys						36
598	Maintenance of Meters					-	-
599	Maint Misc Distrib Plant	123	66	4626.56819			
		<hr/>					
	Total Distribut Maintenance	12,365	6,595	465,733	-	-	39

Acct	Description	Transformers		Services	Meters	Cons & Acct	Outdoor
		<u>Demand</u>	<u>Consumer</u>	<u>Consumer</u>	<u>Consumer</u>	<u>Consumer</u>	<u>Lighting</u>
901	0					-	
	Supervision					140,843	
902	Meter Reading Expense					-	
903	Cons Recds & Collections					926,251	
904	Uncollectible Accounts					18,130	
	0						
	Total Consumer Accounts	-		-	-	1,085,224	-
	0						
907	Supervision					-	
908	Customer Information Exp					262,910	
909	Misc Customer Service Exp					(17)	
910	Demonstration & Selling Exp					19,854	
912	Advertising					1,839	
		-		-			-
	Total Customer Service					284,586	
		-		-			-
	Total of Distrib. Expenses	12,365	6,595	555,012	669,230	1,369,810	39
920							
	Total Admin & General	3,747	1,998	168,178	202,788	415,076	12
	Total Depreciation	255,258	136,145	381,286	201,869	59,708	94,902
	Total Miscellaneous	2,949	1,573	4,400	2,326	676	1,097
	Total Interest on LTD	82,309	43,900	122,798	64,910	18,873	30,603
	Total Short Term Interest	570	304	851	450	131	212
	TOTAL COSTS TO SERVE	357,199	190,516	1,232,524	1,141,572	1,864,274	126,865

Description Acct	Transformers		Services	Meters	Cons & Acct	Outdoor
	<u>Demand</u>	<u>Consumer</u>	<u>Consumer</u>	<u>Consumer</u>	<u>Consumer</u>	<u>Lighting</u>
Purchased Power Costs						
Distribution O&M Demand Related	12,365					
Distribution O&M Consumer Related		6,595	555,012	669,230	-	39
Admin & Gen Demand Related	3,747					
Admin & Gen Consumer Related		1,998	168,178	202,788	1,784,885	12
Deprec, Taxes & Misc Demand Related	258,778					
Deprec, Taxes & Misc Consumer Related		138,022	386,536	204,644	60,515	96,211
Interest Demand Related	82,309					
Interest Customer Related		43,900	122,798	64,910	18,873	30,603
Total Costs by Function	357,199	190,516	1,232,524	1,141,572	1,864,274	126,865
Margins Demand Related						
Margins Consumer Related						
Total Revenue Requirements						
Credits Demand Related						
Credits Consumer Related						
Revenue Requirements-Rates						

Determination of Demand and Customer Related Expenses

Account 364 - Poles								
<u>Pole</u>	<u>Investment</u>	<u>Number of Units</u>	<u>Unit Cost</u>	<u>Size</u>	<u>Number of Units (SQRT2*3)</u>	<u>(SQRT2)</u>	<u>(SQRT2*4)</u>	
25' & 30'	2,658,806	10,376	256.25	27.50	26,101.87	101.86265	2,801.22	
35'	633,563	3,831	165.38	35.00	10,236.08	61.895073	2,166.33	
40'	9,286,013	16,578	560.14	40.00	72,121.24	128.75558	5,150.22	
45'	3,355,596	5,339	628.51	45.00	45,924.00	73.068461	3,288.08	
50' & 55'	1,385,466	1,634	847.90	52.50	34,274.40	40.422766	2,122.20	
60' thru 75'	151,069	161	938.32	65.00	11,905.89	12.688578	824.76	
Total for Sample	17,470,513	37,919						
X Variable - (Size)	26.43							
Zero Intercept	(444.86)							
Use Minimum Size Pole			165.38					
Number of poles			37,919.00					
Consumer Related Investment			6,270,965.23					
Total Investment for sample			17,470,513					
Percent Customer Related			35.89%					
Percent Demand Related			64.11%					

Account 365 - Overhead Conductor

<u>Conductor</u>	<u>Investment</u>	<u>Number of Units</u>	<u>Unit Cost</u>	<u>Amps</u>	<u>Number of Units (SQRT2*3)</u>	<u>(SQRT2)</u>	<u>(SQRT2*4)</u>
8ACWC	35,928	552,127	\$ 0.0651	100	48.35	743.05	74,305.25
1/0 ACSR	4,129,449	7,996,836	\$ 0.5164	230	1,460.27	2,827.87	650,409.58
2 ACSR	2,933,511	13,866,148	\$ 0.2116	180	787.79	3,723.73	670,270.99
336 ACSR	386,380	348,109	\$ 1.1099	519	654.87	590.01	306,213.96
1/0 Strand Copper	37,607	201,461	\$ 0.1867	310	83.79	448.84	139,141.66
#4 ACWC	4,506	23,697	\$ 0.1902	180	29.27	153.94	27,708.89
#2 HD Solid	12,469	131,839	0.09		34.34	363.10	#VALUE!
4/0 CU Stranded	658	340	\$ 1.9356	519	35.69	18.44	9,569.89
397 Hendrix	103,773	39,731	\$ 2.6119		520.62	199.33	#VALUE!
Total for Sample	7,644,281	23,160,288	\$ 0.3301				
X Variable - (Size)	0.00337						
Zero Intercept	-0.32108						
Total Amount of Conductor in Feet		23,160,288					
Use Minimum Size		0.21156					
Minimum Size Investment -Consumer Related		4,899,772	64.10%				
Demand Related		2,744,509	35.90%				
Investment in Conductor		\$ 7,644,281	100.00%				

Determination of Demand and Customer Related Expenses

Account 367 - Underground Conductor

Conductor	Investment	Number of Units	Unit Cost	Amps	Number of Units		
					(SQRT2*3)	(SQRT2)	(SQRT2*4)
#2 Primary AL URD	182,903	37,140	4.92	180			
1/0 15KV URD	37,554	9,650	3.89	310	382.29	98.23	30,452.67
#4 CU Solid	77	590	0.13	179	3.16	24.29	4,347.89
1000 MCM PRIM UG	8,703	795	10.95	320	308.65	28.20	9,022.64
Total for Sample	229,236	48,175	4.76				-
X Variable - (Size)	0.0866						
Zero Intercept	-25.44957						
Total Amount of Conductor in Feet		48,175					
Use Minimum Size		3.89165					
Minimum Size Investment -Consumer Related		187,480	81.78%				
Demand Related		41,756	18.22%				
Investment in Conductor		229,236.37	100.00%				

Breakdown of Lines into Demand Related and Consumer Related Components

	Total Sample Investment	Percent Consumer	Amount Consumer	Percent Demand	Amount Demand	
Underground Conductor	229,236	81.78%	187,480.28	18.22%	41,756	#####
Overhead Conductor	7,644,281	64.10%	4,899,771.94	35.90%	2,744,509	
Poles	17,470,513	35.89%	6,270,965.23	64.11%	11,199,547	
	25,344,030		11,358,217		13,985,812	
Percentage Allocations For Overhead Lines			44.82%		55.18%	
	25,344,030		11,358,217		13,985,812	
Percentage Allocation for All Lines			44.82%		55.18%	

Determination of Demand and Customer Related Expenses

Pole	Account 368-Transformers				Number of Units		
	Investment	Number of Units	Unit Cost	Size	(SQRT2*3)	(SQRT2)	(SQRT2*4)
25 KVA PDMT	22,235	18.00	1,235.28	25.00	5,240.84	4.24	106.07
50 KVA PDMT	32,470	20.00	1,623.50	50.00	7,260.51	4.47	223.61
10 KVA CONVENTIONAL	24,651	83.00	297.00	10.00	2,705.76	9.11	91.10
15 KVA CONVENTIONAL	111,792	204.00	548.00	15.00	7,827.03	14.28	214.24
25 KVA CONV	59,279	120.00	493.99	25.00	5,411.44	10.95	273.86
37.5 KVA CONV	20,292	33.00	614.91	37.50	3,532.37	5.74	215.42
50 KVA CONV	89,172	90.00	990.80	50.00	9,399.56	9.49	474.34
5 KA CSP	32,689	216.00	151.34	5.00	2,224.20	14.70	73.48
10 KVA CSP	1,462,040	3,955.00	369.67	10.00	23,248.02	62.89	628.89
15 KVA CSP	2,882,871	5,471.00	526.94	15.00	38,975.52	73.97	1,109.49
25 KVA CSP	2,493,024	3,612.00	690.21	25.00	41,481.32	60.10	1,502.50
37.5 KVA CSP	220,519	257.00	858.05	37.50	13,755.59	16.03	601.17
50 KVA CSP	35,029	34.00	1,030.27	50.00	6,007.48	5.83	291.55
45 KVA 3 PH PDMT	4,765	1.00	4,765.22	45.00	4,765.22	1.00	45.00
1, 3 & 5 CONV	19,513	243.00	80.30	3.00	1,251.73	15.59	46.77
75 KVA PDMT	20,672	10.00	2,067.16				
75 KVA 3PH PDMT	9,546	3.00	3,181.86				
100-1000 KVA PDMT	113,253	18.00	6,291.83				
2500 KVA PDMT	83,416	3.00	27,805.27				
500 KVA CONV	38,638	7.00	5,519.70				
75 KVA CONV	41,948	41.00	1,023.11				
100 KVA CONV	58,881	40.00	1,472.02				
167 KVA CONV	89,630	30.00	2,987.65				
250 KVA CONV	65,277	21.00	3,108.43				
1500 KVA PDMT	24,019	1.00	24,019.27				
Total Sample Investment	8,055,619	14,531	554.37				
X Variable - (Size)	20.40						
Zero Intercept	192.83						

Number of Transformers	14,531
Zero Intercept	\$ 192.83
Consumer Related Investment	\$ 2,802,048.88
Total Investment	\$ 8,055,619.07
Percentage of Investment Consumer Related	34.78%
Percentage of Investment Demand Related	65.22%

<u>Category</u>	<u>Total Amount</u>	<u>Sched 1 Domestic Farm & Home Service</u>	<u>Sched 2 Commercial & Small Power</u>	<u>Sched 3 Off-Peak Marketing Rate</u>	<u>Sched 4 Large Power Service 1 & 3 PH</u>	<u>Sched 5 Street Lighting Service</u>
<u>Purchased Power Costs</u>						
Demand - EKPC Sched E-2	3,095,195	2,314,041	140,218	-	291,908	-
Demand - EKPC Sched B	403,032					
Load Center Charges	\$496,056	324,624	19,670	-	40,950	-
Total Purchased Power Demand	3,994,283	2,638,666	159,888	-	332,859	-
<u>Energy - EKPC Sched E-2</u>	\$10,254,710	7,124,334	778,109	-	1,148,509	-
<u>Energy - EKPC Sched B</u>	\$1,257,438		-			
<u>Distribution Costs</u>						
<u>Demand Related</u>						
Lines	4,335,040	2,881,027	286,045	-	513,546	-
Transformers	357,199	281,103	17,937	-	16,188	-
Total Demand Related	4,692,239	3,162,130	303,982	-	529,734	-
<u>Consumer Related</u>						
Lines	3,520,591	2,533,407	252,174	-	15,332	-
Transformers	190,516	127,941	21,182	-	4,232	-
Services	1,232,524	889,295	88,520	-	2,242	-
Meters	1,141,572	792,628	78,898	-	10,892	-
Consumer Svc & Accounting	1,864,274	1,265,501	94,475	-	9,573	-
Total Consumer Related	7,949,477	5,608,773	535,249	-	42,272	-
Outdoor Lighting	126,865					
Total Costs	28,275,012	18,533,902	1,777,227	-	2,053,374	-

GRAYS RECC
Case No. 2018-00272
Allocation of Expenses to Rate Classes

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<u>Category</u>	<u>Sched 6 Outdoor Lighting Serv</u>	<u>Sched 7 All Electric Schools</u>	<u>Sched 10 Residential Time of Day</u>	<u>Sched 16 Sml Com kW & kWh</u>	<u>Sched 17 Water Pumping Service</u>	<u>Sched 18 General Service Rate</u>
Purchased Power Costs						
Demand - EKPC Sched E-2	20,038	76,721	783	-	135	107,366
Demand - EKPC Sched B	2,811	10,763	110	-	19	15,062
Total Purchased Power Demand	22,850	87,484	893	-	154	122,428
Energy - EKPC Sched E-2	185,876	246,250	2,297	-	286	275,441
Energy - EKPC Sched B						
Distribution Costs						
Demand Related						
Lines	66,698	131,779	1,192	-	291	156,509
Transformers	2,096	4,742	72	-	19	13,871
Total Demand Related	68,794	136,520	1,264	-	310	170,381
Consumer Related						
Lines	25,400	2,059	458	-	229	493,135
Transformers	654	569	23	-	12	24,904
Services	8,916	723	161	-	80	173,104
Meters	-	1,463	252	-	72	154,287
Consumer Svc & Accounting	190,108	1,286	200	-	100	215,542
Total Consumer Related	225,078	6,100	1,094	-	492	1,060,971
Outdoor Lighting	126,865					
Total Costs	629,463	476,354	5,548	-	1,242	1,629,221

<u>Category</u>	<u>Sched 19 Temporary Service Rate</u>	<u>Sched 20 Inclining Block Rate</u>	<u>Sched 21 Prepay Residential</u>	<u>Sched 22 Prepay General Serv</u>	<u>Net Metering Residential</u>	<u>Net Metering General Service Rate</u>
Purchased Power Costs						
Demand - EKPC Sched E-2	8,457	8,444	119,711	5,627	1,700	45
Demand - EKPC Sched B						
Load Center Charges	1,186	1,185	16,794	789	239	6
Total Purchased Power Demand	9,643	9,629	136,505	6,417	1,939	51
Energy - EKPC Sched E-2	33,318	6,580	446,978	3,218	2,083	6
Energy - EKPC Sched B						
Distribution Costs						
Demand Related						
Lines	10,921	10,474	148,746	6,223	2,143	114
Transformers	1,185	1,038	14,770	202	218	8
Total Demand Related	12,106	11,512	163,516	6,426	2,361	121
Consumer Related						
Lines	15,332	9,611	169,107	2,746	915	229
Transformers	1,288	485	8,540	139	46	12
Services	5,382	3,374	59,361	964	321	80
Meters	4,797	3,007	93,133	1,512	504	126
Consumer Svc & Accounting	6,701	4,801	73,914	1,200	400	100
Total Consumer Related	33,500	21,278	404,056	6,561	2,187	547
Outdoor Lighting						
Total Costs	88,567	48,999	1,151,055	22,622	8,570	725

Category	Total for EKPC Schedule E=2	Envirowatts	Sched 14a Large Indust EKPC Sched B	Total for All Rate Classes
Purchased Power Costs				-
Demand - EKPC Sched E-2	3,095,195			3,095,195
Demand - EKPC Sched B	-		403,032	403,032
Load Center Charges	434,208		61,848	496,056
Total Purchased Power Demand	3,529,403		464,880	3,994,283
Energy - EKPC Sched E-2	10,253,285	\$1,425		10,254,710
Energy - EKPC Sched B	-		\$1,257,438	1,257,438
Distribution Costs				-
Demand Related				-
Lines	4,215,709		119,331	4,335,040
Transformers	353,449		3,750	357,199
Total Demand Related	4,569,158		123,081	4,692,239
Consumer Related				-
Lines	3,520,134		458	3,520,591
Transformers	190,026		490	190,516
Services	1,232,524		-	1,232,524
Meters	1,141,572			1,141,572
Consumer Svc & Accounting	1,863,902		372	1,864,274
Total Consumer Related	7,948,158		1,319	7,949,477
Outdoor Lighting	126,865		-	126,865
Total Costs	26,426,869	1,425	1,846,718	28,275,012

Determination of Interest Expense by Rate Class

Category	Total Amount	Sched 1 Domestic Farm & Home Service	Sched 2 Commercial & Small Power	Sched 3 Off-Peak Marketing Rate	Sched 4 Large Power Service 1 & 3 PH	Sched 5 Street Lighting Service
Lines - Demand Related	432,058	287,141	28,509	-	51,183	-
Lines - Consumer Related	350,884	252,495	25,133	-	1,528	-
	<u>782,942</u>	<u>539,637</u>	<u>53,642</u>	-	<u>52,711</u>	-
-						
Transmission - Demand Related	82,309	64,774	4,133	-	3,730	-
Transmission - Consumer Related	43,900	29,481	4,881	-	975	-
	<u>126,210</u>	<u>94,256</u>	<u>9,014</u>	-	<u>4,705</u>	-
Services	122,798	88,602	8,819	-	223	-
Meters	64,910	45,069	4,486	-	619	-
Consumer & Accounting Service	18,873	12,811	956	-	97	-
Outdoor Lighting	30,603					
	<u>1,146,335</u>	<u>780,374</u>	<u>76,918</u>	-	<u>58,356</u>	-
Consumer Related Interest	601,366	428,459	44,276	-	3,443	

Determination of Interest Expense by Rate Class

Category	Sched 6 Outdoor Lighting Serv	Sched 7 All Electric Schools	Sched 10 Residential Time of Day	Sched 16 Sml Com kW & kWh	Sched 17 Water Pumping Service	Sched 18 General Service Rate
Lines - Demand Related	6,648	13,134	119	-	29	15,599
Lines - Consumer Related	2,532	205	46	-	23	49,149
	9,179	13,339	164	-	52	64,748
-						
Transmission - Demand Related	483	1,093	17	-	4	3,196
Transmission - Consumer Related	151	131	5	-	3	5,739
	634	1,224	22	-	7	8,935
Services	888	72	16	-	8	17,247
Meters	-	83	14	-	4	8,773
Consumer & Accounting Service	1,925	13	2	-	1	2,182
	-					
Outdoor Lighting	30,603					
	43,229	14,731	219	-	72	101,884
Consumer Related Interest	5,495	505	83	-	39	83,089

Determination of Interest Expense by Rate Class

Category	Sched 19 Temporary Service Rate	Sched 20 Inclining Block Rate	Sched 21 Prepay Residential	Sched 22 Prepay General Serv	Net Metering Residential	Net Metering General Service Rate
Lines - Demand Related	1,088	1,044	14,825	620	214	11
Lines - Consumer Related	1,528	958	16,854	274	91	23
	2,617	2,002	31,679	894	305	34
Transmission - Demand Related	273	239	3,403	47	50	2
Transmission - Consumer Related	297	112	1,968	32	11	3
	570	351	5,371	79	61	4
Services	536	336	5,914	96	32	8
Meters	273	171	5,296	86	29	7
Consumer & Accounting Service	68	49	748	12	4	1
Outdoor Lighting						
	4,063	2,909	49,009	1,167	430	55
Consumer Related Interest	2,702	1,625	30,780	500	167	42

Determination of Interest Expense by Rate Class

<u>Category</u>	<u>Sched 14a</u>		<u>Total for All Rate Classes</u>
	<u>Envirowatts</u>	<u>Large Indust EKPC Sched B</u>	
Lines - Demand Related		11,893	432,058
Lines - Consumer Related		46	350,884
		<u>11,939</u>	<u>782,942</u>
-			
Transmission - Demand Related		864	82,309
Transmission - Consumer Related		113	43,900
		<u>977</u>	<u>126,210</u>
Services		-	122,798
Meters		-	64,910
Consumer & Accounting Service		4	18,873
Outdoor Lighting			-
			<u>30,603</u>
		<u>12,920</u>	<u>1,146,335</u>
Consumer Related Interest	0	162	601,366

PEAK DEMANDS AND ENERGY DATA

	<u>Sched 1</u> <u>Domestic Farm</u> <u>& Home Service</u>	<u>Sched 2</u> <u>Commercial &</u> <u>Small Power</u>	<u>Sched 3</u> <u>Off-Peak</u> <u>Marketing Rate</u>	<u>Sched 4</u> <u>Large Power</u> <u>Service 1 & 3 PH</u>	<u>Sched5</u> <u>Street Lighting</u> <u>Service</u>	<u>Sched 6</u> <u>Outdoor</u> <u>Lighting Serv</u>
Energy Sales by Rate Class	142,343,499	15,546,533	-	22,947,105	-	3,713,787
Percent of Total	69.48%	7.59%	0.00%	11.20%	0.00%	1.81%
Class Contributions to EKPC CP	360,644	21,853	-	45,494	-	3,123
Percent of Total	74.76%	4.53%	0.00%	9.43%	0.00%	0.65%
Class Peak Demands	405,989	40,309	-	72,368	-	9,399
Percent of Total	66.46%	6.60%	0.00%	11.85%	0.00%	1.54%
Sum of Class Individual Customers	1,260,541	80,432	-	72,589	-	9,399
Peak Demands	0.00%					
Percent of Total	78.70%	5.02%	0.00%	4.53%	0.00%	0.59%

GRAYSBORO RECC
Case No. 2018-00272
Demand and Energy Allocation Factors

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	<u>Sched 7</u> All Electric <u>Schools</u>	<u>Sched 10</u> Residential <u>Time of Day</u>	<u>Sched 16</u> Sml Com <u>kW & kWh</u>	<u>Sched 17</u> Water Pumping <u>Service</u>	<u>Sched 18</u> General <u>Service Rate</u>	<u>Sched 19</u> Temporary <u>Service Rate</u>
Energy Sales by Rate Class	4,920,047	45,888	-	5,710	5,503,290	665,686
Percent of Total	2.40%	0.02%	0.00%	0.00%	2.69%	0.32%
Class Contributions to EKPC CP	11,957	122	-	21	16,733	1,318
Percent of Total	2.48%	0.03%	0.00%	0.00%	3.47%	0.27%
Class Peak Demands	18,570	168	-	41	22,055	1,539
Percent of Total	3.04%	0.03%	0.00%	0.01%	3.61%	0.25%
Sum of Class Individual Customers Peak Demands	21,263	324	-	86	62,203	5,313
Percent of Total	1.33%	0.02%	0.00%	0.01%	3.88%	0.33%

Demand and Energy Allocation Factors

	Sched 20 Inclining Block <u>Rate</u>	Sched 21 Prepay <u>Residential</u>	Sched 22 Prepay <u>General Serv</u>	Net Metering <u>Residential</u>	Net Metering General Service <u>Rate</u>	Total for EKPC <u>Schedule E=2</u>
Energy Sales by Rate Class	131,477	8,930,587	64,302	41,614	113	204,859,638
Percent of Total	0.06%	4.36%	0.03%	0.02%	0.00%	100.00%
Class Contributions to EKPC CP	1,316	18,657	877	265	7	482,387
Percent of Total	0.27%	3.87%	0.18%	0.05%	0.00%	1.000
Class Peak Demands	1,476	20,961	877	302	16	594,070
Percent of Total	0.24%	3.43%	0.14%	0.05%	0.00%	97%
Sum of Class Individual Customers Peak Demands	4,655	66,233	907	978	35	1,584,958
Percent of Total	0.29%	4.13%	0.06%	0.06%	0.00%	99%

GRAYSON RECC
 Case No. 2018-00272
 Demand and Energy Allocation Factors

	<u>Envirowatts</u>	<u>Sched 14a Large Indust EKPC Sched B</u>	<u>Total for All Rate Classes</u>
Energy Sales by Rate Class		31,050,000	235,909,638
Percent of Total			
Class Contributions to EKPC CP		-	482,387
Percent of Total		0.00%	100.00%
Class Peak Demands		16,816	610,886
Percent of Total	0%	2.75%	100%
Sum of Class Individual Customers		16,816	1,601,774
Peak Demands			-
Percent of Total		1.05%	100%

Sched 1 Domestic Farm & Home Service	Sched 2 Commercial & Small Power	Sched 3 Off-Peak Marketing Rate	Sched 4 Large Power Service 1 & 3 PH	Sched 5 Street Lighting Service	Sched 6 Outdoor Lighting Serv
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Lines

Number of Consumers	11,071	1,102	-	67	-	111
Percent of Total	71.96%	7.16%	0.00%	0.44%	0.00%	0.72%

Transformers

Number of Consumers	11,071	1,102	-	67	-	111
Minimum Size Transform	10 KVA	25 KVA		50 KVA	-	
Transformer Cost	\$ 297.00	\$ 493.99		\$ 1,623.50	-	151.34
Weight	3,288,087	544,377	-	108,775	-	16,798
Percent of Total	67.16%	11.12%	0.00%	2.22%	0.00%	0.34%

Services

Number of Consumers	11,071	1,102	-	67	-	111
Type of Service	1/0 Triplex	1/0 Triplex	1/0 Triplex	1/0 Triplex	1/0 Triplex	1/0 Triplex
Service Cost	1.2434	1.2434	1.2434	1.2434	1.2434	1.2434
Average Length	120	120	20	50	120	120
Cost of Service	149.208	149.208	24.868	62.17	149.208	149.208
Weight	1,651,882	164,427	-	4,165	-	16,562
Percent of Total	72.15%	7.18%	0.00%	0.18%	0.00%	0.72%

Meters

Number of Consumers	11,071	1,102	-	67	-	111
Cost of Meter	55.56	55.56	55.56	126.16	0	0
Weight	615,105	61,227	-	8,453	-	-
	69.43%	6.91%	0.00%	0.95%	0.00%	0.00%

Consumer Account & Serv

Number of Consumers	11,071	1,102	-	67	-	4,435
Factor	8	6	5	10	3	3
Weight	88,568	6,612	-	670	-	13,305
Percent of Total	67.88%	5.07%	0.00%	0.51%	0.00%	10.20%

Sched 7 All Electric Schools	Sched 10 Residential Time of Day	Sched 16 Sml Com kW & kWh	Sched 17 Water Pumping Service	Sched 18 General Service Rate	Sched 19 Temporary Service Rate
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Lines

Number of Consumers	9	2	0	1	2,155	67
Percent of Total	0.06%	0.01%	0.00%	0.01%	14.01%	0.44%

Transformers

Number of Consumers	9	2	-	1	2,155	67
Minimum Size Transform	50 KVA	10 KVA	25 KVA	10 KVA	10 KVA	25 KVA
Transformer Cost	\$ 1,623.50	\$ 297.00	\$ 493.99	\$ 297.00	\$ 297.00	\$ 493.99
Weight	14,611.50	594.00	-	297.00	640,035.00	33,097.33
Percent of Total	0.30%	0.01%	0.00%	0.01%	13.07%	0.68%

Services

Number of Consumers	9	2	-	1	2,155	67
Type of Service	1/0 Triplex	1/0 Triplex	1/0 Triplex	1/0 Triplex	1/0 Triplex	1/0 Triplex
Service Cost	1.2434	1.2434	1.2434	1.2434	1.2434	1.2434
Average Length	120	120	120	120	120	120
Cost of Service	149.208	149.208	149.208	149.208	149.208	149.208
Weight	1,343	298	-	149	321,543	9,997
Percent of Total	0.06%	0.01%	0.00%	0.01%	14.04%	0.44%

Meters

Number of Consumers	9	2	-	1	2,155	67
Cost of Meter	126.16	97.96	126.16	55.56	55.56	55.56
Weight	1,135	196	-	56	119,732	3,723
Percent of Total Weight	0.13%	0.02%	0.00%	0.01%	13.52%	0.42%

Consumer Account & Serv

Number of Consumers	9	2	-	1	2,155	67
Factor	10	7	10	7	7	7
Weight	90	14	-	7	15,085	469
Percent of Total	0.07%	0.01%	0.00%	0.01%	11.56%	0.36%

	Sched 20 Inclining Block Rate	Sched 21 Prepay Residential	Sched 22 Prepay General Serv	Net Metering Residential	Net Metering General Service Rate	Total for EKPC Schedule E=2
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Lines

Number of Consumers	42	739	12	4	1	15,383
Percent of Total	0.27%	4.80%	0.08%	0.03%	0.01%	100%

Transformers

Number of Consumers	42	739	12	4	1	15,383
Minimum Size Transform	10 KVA%	10 KVA%	10 KVA%	10 KVA%	10 KVA%	
Transformer Cost	\$ 297.00	\$ 297.00	\$ 297.00	\$ 297.00	\$ 297.00	
Weight	12,474.00	219,483.00	3,564.00	1,188.00	297.00	4,883,678
Percent of Total	0.25%	4.48%	0.07%	0.02%	0.01%	1

Services

Number of Consumers	42	739	12	4	1	15,383
Type of Service	1/0 Triplex	1/0 Triplex	1/0 Triplex	1/0 Triplex	1/0 Triplex	
Service Cost	1.2434	1.2434	1.2434	1.2434	1.2434	
Average Length	120	120	120	120	120	
Cost of Service	149.208	149.208	149.208	149.208	149.208	
Weight	6,267	110,265	1,790	597	149	2,289,435
Percent of Total	0.27%	4.82%	0.08%	0.03%	0.01%	100.00%

Meters

Number of Consumers	42	739	12	4	1	15,383
Cost of Meter	55.56	97.80	97.80	97.80	97.80	
Weight	2,334	72,274	1,174	391	98	885,896
Percent of Total	0.26%	8.16%	0.13%	0.04%	0.01%	100.00%

Consumer Account & Serv

Number of Consumers	42	739	12	4	1	19,707
Factor	8	7	7	7	7	
Weight	336	5,173	84	28	7	130,448
Percent of Total	0.26%	3.96%	0.06%	0.02%	0.01%	99.98%

Schedule 14a Large Indust EKPC Sched B	Total for All Rate Classes
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Lines

Number of Consumers	2	15,385
Percent of Total	0.01%	100.00%

Transformers

Number of Consumers	2	15,385
Minimum Size Transform	1000 KVA	
Transformer Cost	\$ 6,291.83	
Weight	12,583.66	4,896,261
Percent of Total	0.26%	100%

Services

Number of Consumers	2	15,385
Type of Service	No	
Service Cost	0	
Cost of Service	0	
Weight	0	2,289,435
Percent of Total	0	100%

Meters

Number of Consumers	2	15,385
Cost of Meter	0	
Weight	0	885,896.160
Percent of Total	0	1.000

Consumer Account & Serv

Number of Consumers	2	
Factor	13	
Weight	26	130,474
Percent of Total	0.02%	1.000

Results from the Cost of Service Study

	Total Amount	Sched 1 Domestic Farm & Home Service	Sched 2 Commercial & Small Power	Sched 3 Off-Peak Marketing Rate	Sched 4 Large Power Service 1 & 3 PH	Sched 5 Street Lighting Service
Revenue from Rates	26,819,694	17,145,343	1,979,596	-	2,199,471	-
Purchase Power Demand	3,994,283	2,638,666	159,888	-	332,859	-
Purchase Power Energy	11,512,148	7,124,334	778,109	-	1,148,509	-
Gross Margin	11,313,263	7,382,343	1,041,600	-	718,103	-
Distribution Demand Costs	4,692,239	3,162,130	303,982	-	529,734	-
Distribution Consumer Costs	7,949,477	5,608,773	535,249	-	42,272	-
Outdoor Lighting	126,865	-	-	-	-	-
Total Distribution Costs	12,768,581	8,770,903	839,230	-	572,006	-
Margin (Loss)	(1,455,318)	(1,388,560)	202,369	-	146,097	-
Allocation of Other Elect Revenue	966,826	695,725	69,252	-	4,210	-
Allocation of Other Revenue	216,531	155,815	15,510	-	943	-
Margin (Loss)	(271,961)	(537,020)	287,131	-	151,251	-

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Results from the Cost of Service Study

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	Sched 6 Outdoor Lighting Serv	Sched 7 All Electric Schools	Sched 10 Residential Time of Day	Sched 16 Sml Com kW & kWh	Sched 17 Water Pumping Service	Sched 18 General Service Rate
Revenue from Rates	565,211	470,417	5,108	-	1,133	1,284,013
Purchase Power Demand	22,850	87,484	893	-	154	122,428
Purchase Power Energy	185,876	246,250	2,297	-	286	275,441
Gross Margin	356,485	136,683	1,919	-	694	886,145
Distribution Demand Costs	68,794	136,520	1,264	-	310	170,381
Distribution Consumer Costs	225,078	6,100	1,094	-	492	1,060,971
Outdoor Lighting	126,865					
Total Distribution Costs	420,738	142,620	2,358	-	802	1,231,352
Margin (Loss)	(64,253)	(5,937)	(440)	-	(109)	(345,207)
Allocation of Other Elect Revenue	6,975	566	126	-	63	135,425
Allocation of Other Revenue	1,562	127	28	-	14	30,330
Margin (Loss)	(55,715)	(5,245)	(286)	-	(32)	(179,453)
Increase Amount						

Results from the Cost of Service Study

	Sched 19 Temporary Service Rate	Sched 20 Inclining Block Rate	Sched 21 Prepay Residential	Sched 22 Prepay General Serv	Net Metering Residential	Net Metering General Service Rate
Revenue from Rates	106,953	17,750	1,153,340	12,159	3,782	113
Purchase Power Demand	9,643	9,629	136,505	6,417	1,939	51
Purchase Power Energy	33,318	6,580	446,978	3,218	2,083	6
Gross Margin	63,992	1,541	569,857	2,524	(239)	56
Distribution Demand Costs	12,106	11,512	163,516	6,426	2,361	121
Distribution Consumer Costs Outdoor Lighting	33,500	21,278	404,056	6,561	2,187	547
Total Distribution Costs	45,606	32,790	567,572	12,987	4,548	668
Margin (Loss)	18,386	(31,249)	2,285	(10,463)	(4,788)	(612)
Allocation of Other Elect Revenue	4,210	2,639	46,440	754	251	63
Allocation of Other Revenue	943	591	10,401	169	56	14
Margin (Loss)	23,540	(28,019)	59,126	(9,540)	(4,480)	(536)

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Results from the Cost of Service Study

	Total for EKPC Schedule E=2	Envirowatts	Sched 14a Large Indust EKPC Sched B	Total for All Rate Classes
Revenue from Rates	24,944,390	1,568	1,873,737	26,819,694
Purchase Power Demand	3,529,403		464,880	3,994,283
Purchase Power Energy	10,253,285	1,425	1,257,438	11,512,148
Gross Margin	11,161,702	143	151,419	11,313,263
Distribution Demand Costs	4,569,158		123,081	4,692,239
Distribution Consumer Costs	7,948,158		1,319	7,949,477
Outdoor Lighting	126,865			126,865
Total Distribution Costs	12,644,181		124,400	12,768,581
Margin (Loss)	(1,482,480)	143	27,019	(1,455,318)
Allocation of Other Elect Revenue	966,700		126	966,826
Allocation of Other Revenue	216,503		28	216,531
Margin (Loss)	(299,277)	143	27,173	(271,961)

TIER and Return on Net Investment Rate Base for Each Rate Class

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Total Amount	Sched 1 Domestic Farm & Home Service	Sched 2 Commercial & Small Power	Sched 3 Off-Peak Marketing Rate	Sched 4 Large Power Service 1 & 3 PH	Sched 5 Street Lighting Service
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Actual for Test Year

Margins	(271,961)	(537,020)	287,131	-	151,251	-
Interest Expense	1,146,335	780,374	76,918	-	58,356	-
Total Margin & Int	874,374	243,355	364,049	-	209,607	-
Rate Base	54,669,418 \$	37,216,524 \$	3,668,278 \$	- \$	2,783,050 \$	-

Proposed Test Year

Total Margin & Int	874,374	243,355	364,049	-	209,607	-
Increase Proposed	1,424,078	982,559	58,285	-	3,530	-
Total All	2,298,452	1,225,914	422,334	-	213,137	-

Ratios

Actual TIER	0.76	0.31	4.73	3.59
Proposed TIER	2.01	1.57	5.49	3.65
Actual Return	1.6%	0.7%	9.9%	7.5%
Proposed Return	4.2%	3.3%	11.5%	7.7%

TIER and Return on Net Investment Rate Base for Each Rate Class

Sched 6 Outdoor Lighting Serv	Sched 7 All Electric Schools	Sched 10 Residential Time of Day	Sched 16 Sml Com kW & kWh	Sched 17 Water Pumping Service	Sched 18 General Service Rate
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Actual for Test Year

Margins	(55,715)	(5,245)	(286)	-	(32)	(179,453)
Interest Expense	43,229	14,731	219	-	72	101,884
Total Margin & Int	(12,487)	9,486	(67)		40	(77,569)

Rate Base	2,061,597	702,532	10,434	-	3,432	4,858,908
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Proposed Test Year

Total Margin & Int	(12,487)	9,486	(67)		40	(77,569)
Increase Proposed	118,862	10630	313		77	178,022
Total All	106,375	20,116	246		117	100,453

Ratios

Actual TIER	(0.29)	0.64	(0.31)		0.56	(0.76)
Proposed TIER	2.46	1.37	1.12		1.63	0.99

Classification of Net Investment Rate Base

Classification of Net Investment Rate Base

Description	Total \$\$\$\$	Lines		Transformers		Consumer Related			Outdoor Lighting
		Demand	Consumer	Demand	Consumer	Services	Meters	& Accounting Services	
Substation Equipment	31,054	17,137	13,917	-	-	-	-	-	-
Poles, Towers and Fixtures	26,372,044	14,553,110	11,818,934	-	-	-	-	-	-
Overhead Conductor	21,682,973	11,965,500	9,717,473	-	-	-	-	-	-
UG Conductor	460,150	253,928	206,221	-	-	-	-	-	-
Line Transformers	8,327,678	-	-	5,430,996	2,896,681	-	-	-	-
Services	7,613,763	-	-	-	-	7,613,763	-	-	-
Meters	3,682,175	-	-	-	-	-	3,682,175	-	-
Install. On Consumer Prem. Street Ltg & Signal Systems	2,023,425	-	-	-	-	-	-	-	2,023,425
Total Distribution Plant	70,193,262	26,789,676	21,756,546	5,430,996	2,896,681	7,613,763	3,682,175	-	2,023,425
Total General Plant	5,715,308	1,813,781	1,473,015	11,492	6,129	515,816	621,967	1,273,071	37
Total Utility Plant In Service	75,908,570	28,603,456	23,229,561	5,442,489	2,902,811	8,129,578	4,304,143	1,273,071	2,023,461
Accum. Depreciation	23,474,155	8,845,404	7,183,567	1,683,049	897,672	2,514,011	1,331,024	393,688	625,740
Net Plant	52,434,415	19,758,052	16,045,994	3,759,440	2,005,138	5,615,567	2,973,119	879,383	1,397,721
CWIP	1,002,008	382,422	310,574	77,527	41,350	108,686	52,563	-	28,884
Net Utility Plant	53,436,423	20,140,475	16,356,568	3,836,967	2,046,488	5,724,254	3,025,682	879,383	1,426,605
Cash Working Capital	1,004,141	378,375	307,287	71,995	38,399	107,540	56,936	16,841	26,767
Materials & Supplies	267,646	100,853	81,905	19,190	10,235	28,664	15,176	4,489	7,135
Prepayments	328,343	123,724	100,480	23,542	12,556	35,165	18,618	5,507	8,752
Minus: Consumer Advances	367,135	138,342	112,351	26,323	14,040	39,319	20,817	6,157	9,787
Net Investment Rate Base	54,669,418	20,605,085	16,733,890	3,925,370	2,093,639	5,856,304	3,095,595	900,062	1,459,473

Category	Sched 1 Domestic Farm & Home Service	Sched 2 Commercial & Small Power	Sched 3 Off-Peak Marketing Rate	Sched 4 Large Power Service 1 & 3 PH	Sched 5 Street Lighting Service	Sched 6 Outdoor Lighting Serv
<u>Demand Related</u>						
Lines	13,693,945	1,359,616	-	2,440,961	-	317,027
Transformers	3,089,132	197,110	-	177,889	-	23,034
Total Demand	\$ 16,783,077	\$ 1,556,726	\$ -	\$ 2,618,851	\$ -	\$ 340,060
<u>Consumer Related</u>						
Lines	12,041,657	1,198,619	-	72,874	-	120,732
Transformers	1,405,984	232,775	-	46,512	-	7,183
Services	4,225,462	420,600	-	10,655	-	42,365
Meters	2,149,366	213,946	-	29,536	-	-
Accounting & Service	610,978	45,612	-	4,622	-	91,783
Lighting						\$ 1,459,473
Total Consumer	\$ 20,433,447	\$ 2,111,552	\$ -	\$ 164,199	\$ -	\$ 1,721,536
Total All	\$ 37,216,524	\$ 3,668,278	\$ -	\$ 2,783,050	\$ -	\$ 2,061,597

Category	Sched 7 All Electric Schools	Sched 10 Residential Time of Day	Sched 16 Sml Com kW & kWh	Sched 17 Water Pumping Service	Sched 18 General Service Rate	Sched 19 Temporary Service Rate
<u>Demand Related</u>						
Lines	626,363	5,667	-	1,383	743,912	51,910
Transformers	52,108	794	-	211	152,437	13,020
Total Demand	678,471	6,461	-	1,594	896,349	64,930
<u>Consumer Related</u>						
Lines	9,789	2,175	-	1,088	2,343,941	72,874
Transformers	6,248	254	-	127	273,679	14,152
Services	3,435	763	-	382	822,498	25,572
Meters	3,968	685	-	194	418,380	13,008
Accounting & Service	621	97	-	48	104,062	3,235
Lighting						
Total Consumer	24,060	3,974	-	1,839	3,962,560	128,842
Total All	702,532	10,434	-	3,432	4,858,908	193,772

Category	Sched 20 Inclining Block Rate	Sched 21 Prepay Residential	Sched 22 Prepay General Serv	Net Metering Residential	Net Metering General Service Rate	Total for EKPC Schedule E=2
<u>Demand Related</u>						
Lines	49,785	707,011	29,581	10,186	540	20,037,887
Transformers	11,408	162,313	2,223	2,397	86	3,884,161
Total Demand	61,193	869,324	31,804	12,583	625	23,922,048
<u>Consumer Related</u>						
Lines	45,682	803,792	13,052	4,351	1,088	16,731,714
Transformers	5,334	93,851	1,524	508	127	2,088,258
Services	16,030	282,054	4,580	1,527	382	5,856,304
Meters	8,154	252,548	4,101	1,367	342	3,095,595
Accounting & Service	2,318	35,685	579	193	48	899,883
Lighting						1,459,473
Total Consumer	77,518	1,467,931	23,836	7,945	1,986	30,131,227
Total All	138,711	2,337,255	55,640	20,529	2,612	54,053,275

Category	Envirowatts	Sched 14a Large Indust EKPC Sched B	Total for All Rate Classes
<u>Demand Related</u>			
Lines		567,198	20,605,085
Transformers		41,210	3,925,370
Total Demand		608,407	24,530,455
<u>Consumer Related</u>			
Lines		2,175	16,733,890
Transformers		5,381	2,093,639
Services		-	5,856,304
Meters		-	3,095,595
Accounting & Service		179	900,062
Lighting			1,459,473
Total Consumer		7,735	30,138,962
Total All		608,587	54,669,418

Breakdown of the Costs to Serve Each Rate Class

	Purchased Power		Distribution Costs	
	Demand Cost kWh	Energy Cost kWh	Demand Cost kWh	Consumer Cost Month
1 - Domestic - Farm & Home Service	\$ 0.01854	\$ 0.05005	\$ 0.02221	\$ 41.96
2 - Commercial and Small Power	\$ 0.01028	\$ 0.05005	\$ 0.01955	\$ 40.37
4 - Large Power Service-Single and Three-Phase	\$ 0.01451	\$ 0.05005	\$ 0.02308	\$ 53.64
5 - Street Lighting Service				
6 - Outdoor Lighting Service	\$ 0.00615	\$ 0.05005	\$ 0.01852	\$ 4.26
7 - All Electric Schools	\$ 0.01778	\$ 0.05005	\$ 0.02775	\$ 56.48
10 - Residential Time of Day	\$ 0.01945	\$ 0.05005	\$ 0.02755	\$ 45.58
14(a) - Large Industrial Service	\$ 0.01497	\$ 0.04050	\$ 0.00396	\$ 54.95
16 - Small Commercial Demand & Energy Rate				
17 - Water Pumping Service	\$ 0.02691	\$ 0.05005	\$ 0.05431	\$ 41.03
18 - General Service Rate	\$ 0.02225	\$ 0.05005	\$ 0.03096	\$ 40.87
19 - Temporary Service Rate	\$ 0.01449	\$ 0.05005	\$ 0.01819	\$ 42.78
20 - Inclining Block Rate	\$ 0.07323	\$ 0.05005	\$ 0.08756	\$ 45.08
21 - Prepay Metering Program (Residential)	\$ 0.14974	\$ 0.05005	\$ 0.01831	\$ 47.13
22 - Prepay Metering Program (General Service)	\$ 0.09979	\$ 0.05005	\$ 0.09993	\$ 49.33
NM - Residential	\$ 0.04659	\$ 0.05005	\$ 0.05674	\$ 43.74
NM - General Service Rate	\$ 0.45324	\$ 0.05005	\$ 1.07386	\$ 109.35

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

14. Refer to Schedule S, page 1. Interest expense - other is \$7,941 and on the 2017 annual report filed with the Commission lists Interest expense - other of \$14,805. Reconcile the difference.

Response 14:

Below are the numbers from the account balances for 2017, the amounts filed with the 2017 annual report, and filed with Exhibit S of the application. As shown below, the totals are the same, just classification differences.

Per General Ledger accounts	
Other deductions	14,805
Interest expense - other:	
CFC line of credit	14,505
CoBank line of credit	5,838
Customer deposits	7,941
	28,284
 Total	 43,089
 Per annual report:	
Interest expense-other	14,805
Other deductions	28,284
Total	43,089
 Per Exhibit S	
Interest expense-other	7,941
Other deductions	35,148
Total	43,089

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

15. Refer to Schedule S, page 1. Other Deductions is \$35,148 and on the 2017 Annual Report filed with the Commission Other Deductions is \$28,284. Reconcile the difference.

Response 15:

See Question 14 for the explanation.

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

16. Refer to the application, Exhibit S, page 3, and Exhibit 2. The amount of the adjustment on Schedule S for Payroll taxes is listed as \$(8,461) and the amount for the same item on Exhibit 2 is \$(7,557). Reconcile this difference.

Response 16:

The SUTA rate was originally calculated using the existing rate, but updated for the 2018 rate, which was lower. The original adjustment was not updated on the Exhibit S. The amount listed on Exhibit 2 is correct.

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

17. Refer to the application, Exhibit S, page 3, and Exhibit 9. The amount of the adjustment on Schedule S for Directors Fees and expenses is listed as \$(82,126) and the amount for the same item on Exhibit 9 is \$(58,999). Reconcile this difference.

Response 17:

The correct amount is the (\$58,999) as shown on Exhibit 9.

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

18. Refer to the application, Exhibit S, page 3 and Exhibit 14. The amount of the adjustment on Schedule S for cycle billing revenue is listed as \$(1,687,063) and the amount for the same item on Exhibit 14 is \$0. Reconcile this difference.

Response 18:

Exhibit 14 has been updated to reflect the amount of unbilled kWh as a result of changing the billing and meter reading date. Attached is the updated Exhibit 14. The unbilled revenue is included with the sales and revenue in Exhibit J.

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

1	Grayson Rural Electric Cooperative Corporation				
2	Case No. 2018-00272				
3	Revenue Adjustment for Change in Billing Cycles				
4					
5		<u>Purchases</u>	<u>Sales</u>	<u>Line Loss</u>	<u>Percent</u>
6					
7	2017	250,857,783	223,362,793	27,494,990	10.96%
8	2016	261,944,284	245,076,512	16,867,772	6.44%
9	2015	263,079,445	247,930,543	15,148,902	5.76%
10	2014	270,186,693	254,818,330	15,368,363	5.69%
11	2013	269,548,753	257,598,620	11,950,133	4.43%
12					
13	Average of 3 Year summary from 2016 to 2014				
14	2014-2016	265,070,141	249,275,128	15,795,012	5.96%
15					
16	2017	250,857,783	235,909,657	14,948,126	5.96%
17	Adjusted sales based on line loss				
18					
19	Total projected sales			235,909,657	
20	Less:				
21		Smithfield		20,109,600	
22		Little Sandy Correctional Inst		10,940,400	
23	Remaining			<u>204,859,657</u>	
24					
25	Total actually billed			223,051,493	
26	Less:				
27		Smithfield		20,109,600	
28		Little Sandy Correctional Inst		10,940,400	
29	Remaining			<u>192,001,493</u>	
30					
31	Total unbilled kWh			<u>12,858,165</u>	
32					
33	Test year revenues giving effect to unbilled kWh as a result of				
34	changing billing cycles			28,158,485	
35	Actual test year revenues			26,471,422	
36	Revenue Adjustment for Change in Billing Cycles			<u>1,687,063</u>	

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

19. Refer to the application, Exhibit S, page 3, and Exhibit 16. The amount of the adjustment on Schedule S for Normalization of base rates listed as \$(437,345) and the amount for the same item on Exhibit 16 is \$(431,565). Reconcile this difference.

Response 19:

Refer to the response to Question 8 of this information request. That difference is \$5,780 and this difference is the same.

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

20. Refer to the application, Exhibit S, page 3, and Exhibit 17. The amount of the adjustment on Schedule S for additional revenue is listed as \$(22,894) and the amount for the same item on Exhibit 17 is \$(20,308). Reconcile this difference.

Response 20:

Refer to Question 8 of this response for the same reason. The amount of (\$20,308) as reflected on Exhibit 17 is correct.

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

21. Refer to the application, Exhibit 8, line 15. Explain if Grayson RECC believes this item should be included in items removed for professional fees. If so update the adjustment, if not, provide an explanation of the item and why it should not be excluded.

Response 21:

The amount is for the attorney portion of the cost for his meal to attend the monthly board meeting. This should be included for rate-making purposes.

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

22. Refer to the application, Exhibit V. The 2017 Net Margin provided in this exhibit does not match the 2017 Net Margin provided in the 2017 Annual Report or in Exhibit S, page 1. Provide a reconciliation of the difference and provide corrections to Exhibit S and V as necessary.

Response 22:

The corrected Exhibits S and V are attached to these responses. The net margin reflected on Exhibit V includes the unbilled revenues as a result of changing the meter reading and billing cycle in the amount of \$1,687,063. The revised pages reflecting the net loss as reported in the 2017 annual report of (\$1,543,559).

Grayson Rural Electric Cooperative
Case No. 2018-00272
Statement of Operations
December 31, 2017

Exhibit V
page 1 of 3
Witness: James Adkins

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	<u>2017</u>	<u>2016</u>
Operating revenue	\$ 27,461,142	\$ 30,511,143
Operating expenses:		
Cost of power	17,151,603	17,917,378
Distribution-operations	1,299,965	1,262,833
Distribution-maintenance	3,424,805	3,500,339
Consumer accounts	1,070,977	1,080,016
Consumer service	260,150	256,835
Sales	22,103	21,391
Administrative and general	1,955,130	2,013,625
	<u>25,184,733</u>	<u>26,052,417</u>
Depreciation and amortization	3,477,092	3,341,888
Taxes-other	41,074	40,662
Interest on long term debt	980,167	895,352
Other interest expense	7,941	4,513
Other deductions	35,148	78,323
	<u>29,726,155</u>	<u>30,413,155</u>
Utility operating margins (deficit)	(2,265,013)	97,988
Nonoperating margins, interest	33,944	29,393
Nonoperating margins, other	94,790	102,306
G & T capital credits	504,926	1,223,640
Other capital credits	87,794	138,681
	<u>87,794</u>	<u>138,681</u>
Net margins (deficits)	<u>\$ (1,543,559)</u>	<u>\$ 1,592,008</u>
TIER excluding G & T capital credits	(1.09)	1.41

1 Grayson Rural Electric Cooperative
2 Case No. 2018-00272
3 Balance Sheet
4 December 31, 2017

Exhibit V
page 2 of 3
Witness: James Adkins

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Electric Plant:		
In service	\$ 76,908,490	\$ 73,873,883
Under construction	1,002,088	1,429,300
	<u>77,910,578</u>	<u>75,303,183</u>
Less accumulated depreciation	23,474,155	21,285,230
	<u>54,436,423</u>	<u>54,017,953</u>
Investments	<u>16,341,967</u>	<u>15,849,671</u>
Current Assets:		
Cash and temporary investments	213,727	139,462
Accounts receivable, net	4,497,022	6,148,793
Material and supplies	283,605	287,319
Prepayments	58,987	56,765
	<u>5,053,341</u>	<u>6,632,339</u>
Deferred debits	<u>1,467,380</u>	<u>1,308,874</u>
Total Assets	<u>\$ 77,299,111</u>	<u>\$ 77,808,837</u>
<u>MEMBERS' EQUITIES AND LIABILITIES</u>		
Margins and Equities:		
Memberships	\$ 154,655	\$ 153,285
Patronage capital	25,683,142	27,421,138
Other equities	(228,613)	(692,937)
	<u>25,609,184</u>	<u>26,881,486</u>
Long Term Debt	<u>41,787,107</u>	<u>40,051,998</u>
Accumulated Operating Provisions	<u>3,085,624</u>	<u>3,330,597</u>
Current Liabilities:		
Notes payable	2,185,000	3,149,525
Accounts payable	2,496,842	2,480,018
Consumer deposits	1,197,900	1,210,055
Accrued expenses	570,319	534,554
	<u>6,450,061</u>	<u>7,374,152</u>
Consumer advances	<u>367,135</u>	<u>170,604</u>
Total Members' Equities and Liabilities	<u>\$ 77,299,111</u>	<u>\$ 77,808,837</u>

Grayson Rural Electric Cooperative

Exhibit V

Case No. 2018-00272

page 3 of 3

Statement of Cash Flows

Witness: James Adkins

December 31, 2017

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities:		
Net margins	\$ (1,543,559)	\$ 1,592,008
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation		
Charged to expense	3,477,092	3,341,888
Charged to clearing accounts	211,301	231,801
Patronage capital credits	(592,720)	(1,362,321)
Accumulated postretirement benefits	(244,973)	161,762
Net change in current assets and liabilities:		
Receivables	3,338,834	389,890
Material and supplies	3,714	217,770
Prepayments and deferred debits	(160,728)	(74,563)
Accounts payables	16,824	444,199
Consumer deposits	(12,155)	(6,987)
Accrued expenses	35,765	(33,022)
Consumer advances	196,531	(63,380)
	<u>4,725,926</u>	<u>4,839,045</u>
Cash Flows from Investing Activities:		
Plant additions	(4,180,689)	(4,897,470)
Additional investments, net of receipts	100,424	84,989
	<u>(4,080,265)</u>	<u>(4,812,481)</u>
Cash Flows from Financing Activities:		
Memberships	1,370	270
Refund of capital credits	(189,547)	(194,759)
Other equities	(1,153,803)	92,070
Notes payable	(964,525)	2,010,001
Additional long-term borrowings	4,000,000	-
Payments on long-term debt	(2,264,891)	(2,205,424)
	<u>(571,396)</u>	<u>(297,842)</u>
Net increase (decrease) in cash	74,265	(271,278)
Cash balances - beginning	<u>139,462</u>	<u>410,740</u>
Cash balances - ending	<u>\$ 213,727</u>	<u>\$ 139,462</u>

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

23. Refer to the application, Exhibit X, page 3 of 7 of the application, Account 904.00 Uncollectibles. Explain the credit balance in the account for December 2016 and December 2017.

Response 23:

The accrual is estimated at the beginning of the year, then adjusted for the actual aging of accounts at the end of the year. The true-up is recorded in December of each year.

Witness: James Adkins & Carol Fraley

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

24. Refer to the application, Exhibits 1 and 2, regarding the proposed payroll and payroll tax adjustment. Provide the payroll and payroll tax adjustment for the test year assuming the 2017 pay increase was limited to 3 percent for the bargaining and non-bargaining employees.

a. Provide the Board minutes in which any wage and salary increases were discussed for any bargaining and non-bargaining employees for the years 2013 through 2018.

b. Provide any data or information that supports the wage and salary increases that were made for any bargaining and non-bargaining employees during 2013 through 2018.

Response 24: Witness: James Adkins

The calculation is attached. Note that employees 201 and 204 received the same \$0.50 per hour increase as other union employees. They also received step increases for advancements during the test year.

Response 24a: Witness: Carol Fraley

Please see attached documents. Documents are true copies of excerpts of the Board minutes for Grayson RECC for the time period requested.

Response 24b: Witness: Carol Fraley

The Cooperative engaged a consultant from NRECA to help determine if wages were fair and equitable for similar jobs in the surrounding area and with neighboring Cooperatives.

1 Grayson Rural Electric Cooperative
 2 Case No. 2018-00272
 3 Payroll Adjustment
 4

PSC-2-24
 Witness: James Adkins

Account Number	Description	Test Year Amount	Percent	Allocation of Increase
107.0	Construction work in progress	\$ 518,122	15%	\$ 7,609
108.0	Retirement work in progress	167,284	5%	2,457
143.0	Other receivable	35,111	1%	516
163.0	Stores	246,181	7%	3,615
184.1	Transportation	46,170	1%	678
242.2	Sick/Vacation	306,536	9%	4,502
583.0	Overhead line expense	20,240	1%	297
586.0	Meter expense	248,905	7%	3,655
588.0	Mapping expense	71,443	2%	1,049
590.0	Maintenance, supervision	134,567	4%	1,976
593.0	Maintenance, right-of-way	538,571	16%	7,909
598.0	Miscellaneous distribution	5,498	0%	81
901.0	Billing, supervision	63,691	2%	935
903.0	Customer record and collections	284,433	8%	4,177
909.0	Informational expense	67,342	2%	989
912.0	Demonstration and selling	9,103	0%	134
920.0	Administration and general	547,378	16%	8,039
921.0	Office supplies and expenses	34	0%	-
926.0	Employee benefits	31,826	1%	467
930.0	Miscellaneous general expenses	33,296	1%	489
932.0	Maintenance of general plant	33,346	1%	490
		<u>\$ 3,409,077</u>	<u>100%</u>	<u>\$ 50,064</u>

29

Employee Number	Position	Total Normalized Wages	Medicare		Social Security		FUTA		SUTA	
			Limit	Rate	Limit	Rate	Limit	Rate	Limit	Rate
			All	1.45%	\$ 128,400	6.20%	\$ 7,000	0.80%	\$ 10,200	0.50%
100	Mgr of Mktg/Mbr Svcs	78,894	78,894	1,144	78,894	4,891	7,000	56	10,200	51
205	Executive Assistant	75,455	75,455	1,094	75,455	4,678	7,000	56	10,200	51
212	Manager of Operations	111,513	111,513	1,617	111,513	6,914	7,000	56	10,200	51
226	Mgr of Technical Services	109,337	109,337	1,585	109,337	6,779	7,000	56	10,200	51
232	Asst Mgr of Operations	104,216	104,216	1,511	104,216	6,461	7,000	56	10,200	51
249	GIS Technician	81,362	81,362	1,180	81,362	5,044	7,000	56	10,200	51
602	Mgr Acctg/Human Resources	78,112	78,112	1,133	78,112	4,843	7,000	56	10,200	51
622	Technical Svc Supervisor	64,465	64,465	935	64,465	3,997	7,000	56	10,200	51
643	Mgr of Finance & Acctg	85,274	85,274	1,236	85,274	5,287	7,000	56	10,200	51
900	President & CEO	146,193	146,193	2,120	128,400	7,961	7,000	56	10,200	51
Subtotal Salary		934,820		13,555		56,856		560		510
225	Energy Advisor	64,398	64,398	934	64,398	3,993	7,000	56	10,200	51
605	Div Asst-Mbr Services	46,289	46,289	671	46,289	2,870	7,000	56	10,200	51
609	Plant Accountant	57,201	57,201	829	57,201	3,546	7,000	56	10,200	51
611	Member Service Rep	43,562	43,562	632	43,562	2,701	7,000	56	10,200	51
615	Admin Assistant	47,145	47,145	684	47,145	2,923	7,000	56	10,200	51
616	Billing Administration	41,734	41,734	605	41,734	2,588	7,000	56	10,200	51
617	Customer Service Rep	38,423	38,423	557	38,423	2,382	7,000	56	10,200	51
618	Payroll/Bookkeepr	64,111	64,111	930	64,111	3,975	7,000	56	10,200	51
619	Customer Service Rep	39,247	39,247	569	39,247	2,433	7,000	56	10,200	51
632	Division Asst - Operations	36,912	36,912	535	36,912	2,289	7,000	56	10,200	51
634	Customer Service Rep	36,167	36,167	524	36,167	2,242	7,000	56	10,200	51
638	Customer Service Rep	32,672	32,672	474	32,672	2,026	7,000	56	10,200	51
640	Div Assist-Acctg/Finance	34,747	34,747	504	34,747	2,154	7,000	56	10,200	51
Subtotal Hourly/Non-Bargaining		582,609		8,448		36,122		728		663
200	1st Class Lineman	96,042	96,042	1,393	96,042	5,955	7,000	56	10,200	51
201	1st Class Lineman	84,248	84,248	1,222	84,248	5,223	7,000	56	10,200	51
204	Apprentice Lineman-4th Yr	89,152	89,152	1,293	89,152	5,527	7,000	56	10,200	51
210	Maintenance Leadman	98,019	98,019	1,421	98,019	6,077	7,000	56	10,200	51
211	Maintenance Leadman	104,793	104,793	1,519	104,793	6,497	7,000	56	10,200	51
215	Maintenance Leadman	110,633	110,633	1,604	110,633	6,859	7,000	56	10,200	51
217	Engineering Party Chief	76,002	76,002	1,102	76,002	4,712	7,000	56	10,200	51
219	Warehouseman	84,221	84,221	1,221	84,221	5,222	7,000	56	10,200	51
220	Engineering Party Chief	80,303	80,303	1,164	80,303	4,979	7,000	56	10,200	51
221	Maintenance Leadman	92,702	92,702	1,344	92,702	5,748	7,000	56	10,200	51
223	Maintenance Leadman	89,689	89,689	1,300	89,689	5,561	7,000	56	10,200	51
227	Meterman, 1st Class	78,168	78,168	1,133	78,168	4,846	7,000	56	10,200	51
229	Maintenance Leadman	95,860	95,860	1,390	95,860	5,943	7,000	56	10,200	51
237	Construction Leadman	103,468	103,468	1,500	103,468	6,415	7,000	56	10,200	51
239	Construction Leadman	102,640	102,640	1,488	102,640	6,364	7,000	56	10,200	51
251	1st Class Lineman	94,734	94,734	1,374	94,734	5,873	7,000	56	10,200	51
253	Mechanic	79,000	79,000	1,145	79,000	4,898	7,000	56	10,200	51
254	1st Class Lineman	100,380	100,380	1,456	100,380	6,224	7,000	56	10,200	51
257	Meterman, 2nd Class	73,078	73,078	1,060	73,078	4,531	7,000	56	10,200	51
258	1st Class Lineman	103,320	103,320	1,498	103,320	6,406	7,000	56	10,200	51
620	Groundman (15 Yr Svc)	74,692	74,692	1,083	74,692	4,631	7,000	56	10,200	51
Subtotal Bargaining		1,911,143		27,712		118,491		1,176		1,071
648	Summer/Part time	305	305	4	305	19	305	2	305	2
650	Summer/Part time	3,299	3,299	48	3,299	205	3,299	26	3,299	16
651	Summer/Part time	15	15	0	15	1	15	0	15	0
652	Summer/Part time	5,075	5,075	74	5,075	315	5,075	41	5,075	25
653	Summer/Part time	2,146	2,146	31	2,146	133	2,146	17	2,146	11
654	Summer/Part time	4,720	4,720	68	4,720	293	4,720	38	4,720	24
655	Summer/Part time	5,053	5,053	73	5,053	313	5,053	40	5,053	25
656	Summer/Part time	3,248	3,248	47	3,248	201	3,248	26	3,248	16
657	Summer/Part time	3,183	3,183	46	3,183	197	3,183	25	3,183	16
658	Summer/Part time	3,527	3,527	51	3,527	219	3,527	28	3,527	18
Subtotal Summer/Part-time		30,570		443		1,895		245		153
Retired										
610		-								
Total		3,459,141		50,158		213,364		2,709		2,397

	Medicare	Social Security	FUTA	SUTA	Total
Normalized	50,158	213,364	2,709	2,397	\$268,627
Test Year	47,804	203,262	2,082	3,940	<u>257,088</u>
Adjustment					<u><u>\$11,538</u></u>

Allocation:

Construction and retirement	20%	\$2,319
Others	19%	2,147
Distribution, operations	10%	1,153
Distribution, maintenance	20%	2,297
Customer accounts expense	10%	1,178
Customer service and information	2%	228
Sales	0%	31
Administration and general	19%	<u>2,186</u>
	100%	<u><u>\$11,538</u></u>

August 23, 2013

WAGE & SALARY PLAN

Planning and Review Chairman Martin presented the minutes of the August 15, 2013, Planning and Review Committee meeting and they are attached.

Following thorough discussion, motion was made by Director Martin, seconded by Director Dupuy, to accept the recommendation of the Planning and Review Committee and give a 3.29% increase to staff and hourly employees, equivalent to the Union increase, with a 5,000 merit reserve at the CEO's discretion.

August 22, 2014

WAGE & SALARY PLAN

Consideration of the 2015-2021 Wage & Salary Adjustment for Non-Union Employees will be on the September 2014 Agenda.

WAGE & SALARY PLAN

Director Martin discussed the Planning & Review Committee Meeting held earlier this morning and turned it over to Bradley Cherry to make the proposal to the Board.

Mr. Cherry stated the Wage and Salary Plan is updated every seven years. Grades I & II stayed the same. Cashiers were moved from Grade II to Grade IV with title changed to CSR/Cashier, due to increased job responsibilities.

Customer Service Representatives stayed at Grade IV.

One position not on the 2007-2014 Wage Salary Structure, Info Tech Clerk, will be added to Grade IV.

Energy Advisor, Payroll Bookkeeper, Division Secretary, Plant Account, and Member Services Secretary were all promoted from Grade IV to Grade V.

Executive Assistant, Grade VI, no change.

Manager of Marketing & Member Services, Purchasing / Finance, and General Accounting Supervisor were promoted from Grade VI to Grade VII.

Assistant Manager of Operations, Grade VIII.

Manager of Finance & Accounting, Manager of Operations, and Manager of Technical Service, Grade IX.

Mr. Cherry stated that minimum is entry level; mid-point is 3 year full competency, and the maximum is 20 years' experience with full competency.

Following Mr. Cherry's presentation Director Martin read the Planning Review Committee Meeting minutes.

SEE PLANNING AND REVIEW MINUTES ON THE NEXT PAGE

Planning & Review Committee Meeting

August 22, 2014

The Planning and Review Committee of the Board of Directors of Grayson Rural Electric Cooperative Corporation met on Monday, August 22, 2014, at 8:15 a.m... Those present included Board Chairman, Roger Trent; Committee Chairman, Eddie Martin; Director Harold Dupuy; Director William Rice; President & CEO, Carol Fraley; Manager of Finance and Accounting, Don Combs; Bradley Combs; Purchasing / Accounting; and Executive Assistant, Priscilla Sparks.

Director Martin opened the meeting and asked Director Dupuy to give the innovation.

President Fraley reviewed with the Board the Cooperative's current Wage and Salary plan for 2007 to 2014. The plan was to be review and upgraded every 7 years. Our goal this month is to recommend to the committee the new Wage and Salary Plan for the next seven years, starting with a three year lead in plan.

Bradley discussed the current 2007-2014 with nine grades and the three midpoints. Eleven employees are past the current maximum level.

Carol Ann she plans on eliminating the Purchasing Agent as a staff position and leaving it union. This would eliminate a staff position. Don said in the future \$10.25 will most likely be the starting wage position. Director Dupuy pointed out that the any one starting will be at minimum wage.

Director Martin asked how much more this would cost us a year. No cost is associated with the upgrade to the Wage and Salary Plan.

Director Dupuy made a motion to recommend the new Wage and Salary Plan to the Board, seconded by Director Rice, and unanimously agreed upon.

Chairman Martin adjourned the meeting at 8:45 a.m.


Billy E. "Eddie" Martin
Planning and Review Committee Chairman

Director Martin made a motion, seconded by Director Rice and unanimously agreed upon to accept the recommendation of the Planning and Review Committee as presented.

PLANNING AND REVIEW
COMMITTEE

A Planning and Review Committee will meet in September to review the 2014-15 Wage Adjustment.

September 29, 2014

WAGE AND SALARY

Director Martin read the minutes from the September 19, 2014 Planning and Review Committee, which recommended a 4.12% raise for non-union employees. This is equivalent to the Union increase this year. The Committee also suggested an additional \$300 per month for Mike Martin and \$5,000 reserved for merits at the discretion of President Fraley.

Planning & Review Minutes
September 19, 2014

The Planning and Review Committee of Grayson R.E.C.C. met September 19, 2014 at G.R.E.C.C. Headquarters, Grayson, Kentucky for the purpose of reviewing the 2014-2015 Wage and Salary Plan.

Board Chairman Trent called the meeting to order at 8:29 a.m. Those in attendance were Director Eddie Martin, Committee Chairman; Director Harold Dupuy, Director William T. Rice; and Ex-officio Roger Trent, Board Chairman. Others present included Carol Hall Fraley, President & CEO; Bradley Cherry, Purchasing Agent / Finance; and Priscilla Sparks, Executive Assistant.

Director Martin asked Director Dupuy to give the invocation.

President Fraley reminded the Committee that this is the first wage adjustment consideration under the new wage and salary structure that was adopted in August. As she does with the union, she looked at KAEC's 2013 (2012 wages, the latest one we have) wage survey for comparison. GRECC's wages are solidly in the middle. She compared staff and some hourly jobs. President Fraley spent \$3,300 of her reserve merit money this year. She had not used the merit money for the last 2 to 3 years.

President Fraley asked Bradley Cherry to calculate current wages on 2%; 3%; 3.5%; and 4.12% which is equivalent to the Union increase this year.

2%	\$33,760.45
3%	\$50,640.67
3.5%	\$59,080.79
4.12%	\$69,546.52

Director Dupuy pointed out that PSC raked us over for rate increases. He says we need to be consistent in what we do.

Bradley gave each Director a handout of the proposed wages and salary increase for 2014-2015.

President Fraley said she would like to reserve the \$5,000 merit and give Mike Martin an extra \$300 in addition.

Director Martin asked how soon Don planned to retire. President Fraley said he had given her a date of March 6, 2015. However, due to illness in his family, that has been put on hold for the present time.

Mr. Cherry told Director Dupuy the union contract was an increase of \$1.25 per hour. Director Martin said he also felt the Union and inside wage increases should be

Planning and Review Committee
Page 2

consistent. Since we are late in setting the increase for 2014-15, those employees with September appraisal dates would be retroactive to that date.

Motion was made by Director Dupuy, seconded by Director Rice and unanimously agreed upon to give GRECC Employees the same as the GRECC Union Employees, a 4.12% increase on wage and salary, \$300 per month extra for Mike Martin, plus \$5,000 reserve for merit.

Director Martin adjourned the meeting at 9:14 a.m.


Billy E. 'Eddie' Martin
Planning and Review Committee Chairman

Director Whitt made a motion to accept the 2014-2015 Wage and Salary as presented, seconded by Director Arrington, and unanimously agreed upon.

July 24, 2015

WAGE AND SALARY
COMMITTEE

President Fraley stated a Wage and Salary Committee Meeting will need to meet in August, before the 28th Board Meeting. Directors Martin, Dupuy and Rice are on the Committee with Chairman Trent, ex-officio. We will project costs of an increase based on the amount of the Union contract percentage. We will call and schedule a date with the Committee.

August 28, 2015

WAGE & SALARY PLAN

Consideration of the 2015-2021 Wage & Salary Adjustment for Non-Union Employees was presented.

Director Martin discussed the Planning & Review Committee Meeting held

August 17, 2015 and turned it over to President Fraley to make the proposal to the Board.

President Fraley discussed storm expenses and how they have affected our finances. The first storm cost us \$290,000 and the second storm cost \$500,000. We have a reserve of \$400,000 for storm work. The county and state were declared a disaster by the President. We should receive about 85% from FEMA on each storm, leaving us with out-of-pocket expenses of approximately \$118,000, which is well within our reserve. Alan Zumstein, Auditor, made an adjustment on May 2015 Form 7 allowing for FEMA storm reimbursement.

Wage and Salary - President Fraley presented the wage and salary proposal.

The calculations are based on 1%, 2% and 3% increases. Benefits are an additional 40%. The percentages with benefits are:

1%	\$17,000
2%	\$35,000
3%	\$52,000
3.96%	\$69,432 (The equivalent of the union raise for this year.)

By comparison, last year's increase was \$69,000 and this year's would be \$69,432, an increase of \$432.

President Fraley asked for \$5,000 merit to be included.

A motion to accept the Wage and Salary Plan for 2015-2016 with a 3.96% increase and a \$5,000 merit in reserve was made by Director Arrington, seconded by Director Whitt and unanimously agreed.

July 22, 2016

**WAGE AND SALARY
COMMITTEE**

President Fraley asked that a Wage and Salary Committee Meeting be scheduled for August 19th at 9:00 a.m. before the 26th Board Meeting. Director Martin is Chairman, and Directors Trent and Rice are on the Committee with Chairman Dupuy as the ex-officio member.

August 26, 2016

WAGE & SALARY PLAN

Chairman Dupuy called upon Eddie Martin, Chairman of the Wage and Salary Committee, for a report on the Consideration of the 2015-2021 Wage & Salary Adjustment for Non-Union Employees.

Director Martin discussed the Planning & Review Committee Meeting held August 19, 2016 and asked President Fraley and Bradley Cherry to explain the details.

President Fraley shared with the Board the current Organizational Chart and reporting responsibilities of each title. She also shared a copy of the current Wage and Salary Plan and where each employee stands within the plan with respect to their classification and current salary.

President Fraley said that the Wage and Salary Plan was compared to similar jobs listed on the KAEC Wage and Salary Plan. She and Mr. Cherry also look at wages for similar jobs in the area. Each grade is based on its level of responsibility. Our current cost of wages for inside employees is 1.30 million dollars. Jeannie Virgin plans to retire in January and Nancy Madden will take her position. Peggy Skaggs will assume Nancy Madden's duties and one position will be eliminated.

President Fraley and Mr. Cherry presented to the Board for their consideration, 1%, 2%, 3%, and 3.81% (union equivalent) increases including benefits. Each one percent of the current wage and salary plan costs \$17,557, including cost of additional benefits. The equivalent amount of the Union's 3.81% would cost \$66,892 (including benefits). Since one position would be eliminated, the actual cost of would be \$2,540 less than last year's increase. The proposed percentages are:

1%	\$17,557
2%	\$35,114
3%	\$52,671
3.81%	\$66,892 (The equivalent of the union raise for this year.)

President Fraley asked for \$5,000 for merits to be included.

Following thorough discussion, a motion to accept the Wage and Salary Plan for 2016-2017 with a 3.81% increase and a \$5,000 merit in reserve was made by Director Martin, seconded by Director Rice and unanimously agreed.

The wage and salary is administered over the course of September 1, 2016 to August 31, 2017. Increases approved by the Board are given on the last position anniversary date.

August 25, 2017

WAGE & SALARY

Evaluations for wage and salary is always September 1. Dan Bruning will be here in October. The Planning and Review Committee will meet in November. Any increases will be retroactive.

October 30, 2017

**PLANNING REVIEW
COMMITTEE MEETING**

The Planning and Review Committee will meet on November 15, 2017 at 9:00 a.m. to review our Wage and Salary Study.

The Wage and Salary Plan was conducted last Wednesday and Thursday with Dan Bruning from NRECA. He compared our wages to the local cops and the job market in Ohio, Kentucky and West Virginia. All staff was involved and worked on job description. We will be presenting the study to the Planning and Review Committee on Wednesday, November 15, 2017.

November 29, 2017

WAGE AND SALARY PLAN

The Planning & Review Committee met on November 15, 2017 at 9:00 a.m. to review the proposed 2017-2018 Wage and Salary Plan. President Fraley read the minutes for Director Martin. Directors Rice and Trent served on this committee with Chairman Dupuy as ex-officio.

PLANNING & REVIEW

Bradley showed a comparison of the COMPensate program (entry, midpoint and end of career). The 3.67% would bring them closer to the minimum in 2018. Nine employees were below the entry level. Adjustments toward the mid-point will start in 2018. If the Board chooses to give 3.67% this year, the cost would be \$48,000 in wages and \$21,723.20 in benefits.

MIN	Market Range			MAX	GRADE
	LWR THD	MP	UPR THD		
\$19,474	\$22,082	\$23,386	\$24,690	\$27,299	1
\$23,307	\$26,481	\$28,068	\$29,654	\$32,828	2
\$27,129	\$30,883	\$32,760	\$34,637	\$38,391	3
\$30,984	\$35,341	\$37,520	\$39,698	\$44,055	4
\$34,872	\$39,855	\$42,346	\$44,837	\$49,820	5
\$38,793	\$44,424	\$47,240	\$50,055	\$55,686	6
\$42,747	\$49,049	\$52,200	\$55,351	\$61,654	7
\$46,732	\$53,729	\$57,228	\$60,726	\$67,723	8
\$50,749	\$58,465	\$62,322	\$66,180	\$73,896	9
\$54,797	\$63,255	\$67,484	\$71,713	\$80,171	10
\$58,876	\$68,100	\$72,713	\$77,325	\$86,550	11
\$62,984	\$73,000	\$78,009	\$83,017	\$93,033	12
\$67,122	\$77,955	\$83,371	\$88,788	\$99,621	13
\$71,290	\$82,964	\$88,801	\$94,639	\$106,313	14
\$75,486	\$88,027	\$94,298	\$100,569	\$113,111	15
\$79,710	\$93,145	\$99,862	\$106,580	\$120,014	16
\$83,962	\$98,316	\$105,493	\$112,670	\$127,024	17
\$88,241	\$103,541	\$111,191	\$118,841	\$134,141	18
\$92,547	\$108,820	\$116,956	\$125,092	\$141,365	19

Director Martin made a motion to adopt the 2017-2018 Wage and Salary Plan retroactive September 1, 2017, seconded by Director Trent and unanimously agreed upon.

Director Martin made a motion to modify the language in the previous motion:

To adopt the Wage and Salary Plan effective September 1, 2017 and, to approve a 3.67% raise to employees for 2017-18 retroactive September 1, 2017, and to give President Fraley a reserve of \$5,000 to be used for merits. She did not spend any of the merit reserve in 2016-17). Motion was seconded by Director Trent, and unanimously agreed upon.

August 24, 2018

WAGE & SALARY

September is wage and salary month for our non-union employees. The union workers received \$.50 on the hour. Following thorough discussion,

Director Martin made a motion, seconded by Director Trent to give each employee an increase of 50 cents per hour with some smaller increases for those who assumed additional duties.

Witness: James Bradley Cherry

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

25. Refer to the application, Exhibit 4, regarding property taxes.

a. Provide copies of the 2017 and 2018 Public Service Company Assessment from the Kentucky Department of Revenue.

b. Provide an estimate of the 2018 property tax liability. Consider this an on-going request throughout this proceeding.

Response 25a:

Please see attached documents.

Response 25b:

Carter County	\$110,035
Elliott County	Not Available at this time
Greenup County	\$165,204
Rowan County	\$ 33,833
Lawrence County	\$ 20,580
Lewis County	\$ 7,083
City of Grayson	Not Available at this time
Advalorum	<u>\$186,805</u>
Total Tax Liability	\$523,540

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF REVENUE
OFFICE OF PROPERTY VALUATION
PUBLIC SERVICE BRANCH
STATION 32 4TH FL, 501 HIGH STREET
FRANKFORT, KY 40601-2103
Phone (502) 564-8175 Fax (502) 564-8192

Question 25A

Page 2 of 3

Witness: James Bradley Cherry

NOTICE OF ASSESSMENT

GRAYSON RURAL ELECTRIC COOP CORP
ATTN: BRADLEY CHERRY
109 BAGBY PARK
GRAYSON, KY 41143-1292

GNC: 005755
TYPE CO: RECC
TAX TYPE: 035
TAX ID: 610447602

This Notice of Assessment will become final on 08/22/2017, 45 days from the notice date. A corresponding Notice of Tax Due is being sent from the Compliance and Accounts Receivable System based on the Total Assessment shown below. The Notice of Tax Due will provide the state tax liability, any applicable interest and/or filing penalties that may be assessed. Local taxes will be billed separately by the local taxing jurisdictions where your property is located.

If you protest this assessment, see enclosed 61F009 Notification-Protesting your Assessment. You must submit a written protest in accordance with KRS 131.110; and as required by KRS 132.825(10) and KRS 136.180(2), your protest must specify the valuation you claim to be true. Your written protest stating your claimed value and your payment of tax for your claimed value must be submitted to the Department of Revenue on or before 08/22/2017 or no further remedies will be available regarding this assessment per KRS 134.590. Submit your protest and payment to: ATTN: MICHAEL A. BAKER - REV4410, Public Service Branch, Division of State Valuation, KENTUCKY DEPARTMENT OF REVENUE, Sta. 32, 4th Floor, 501 High Street, Frankfort, KY 40601-2103. You may contact the Public Service Branch at Phone (502) 564-8175 and Fax (502) 564-8192.

NOTICE DATE: 07/08/2017 TAX YEAR: 2017 (For Year Ending December 31, 2016)

PROPERTY CLASS	TAX RATE Per \$100	ASSESSED VALUE	STATE TAX DUE
Subject to State and Local Tax			
Real Estate	0.122	\$1,227,650.00	\$1,497.73
**Tangible Personal Property	0.45	\$38,797,662.00	\$174,589.48
Business Inventory	0.05	\$0.00	\$0.00
Inventory In Transit	0.00	\$0.00	\$0.00
Subject to State Tax Only			
Foreign Trade Zone Property	0.001	\$0.00	\$0.00
Recycling Equipment	0.45	\$0.00	\$0.00
Manufacturing Machinery	0.15	\$5,117,745.00	\$7,676.62
Pollution Control Equipment	0.15	\$0.00	\$0.00
Telephonic Equipment	0.15	\$0.00	\$0.00
Business Inventory (MM)	0.05	\$0.00	\$0.00
Intangible NonOp	0.00	\$0.00	\$0.00
Intangible NonOp	0.00	\$0.00	\$0.00
IRB Property	0.015	\$0.00	\$0.00
IRB Property Nontaxable	0.00	\$0.00	\$0.00
TOTALS		\$45,143,057.00	\$183,763.83

** Excludes Motor Vehicles \$0.00

A 10% penalty is charged for late filed returns per KRS 132.290(3). A 20% penalty is charged for omitted property per KRS 132.290(4). Applicable interest will be applied when late or omitted.

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF REVENUE
 OFFICE OF PROPERTY VALUATION
 PUBLIC SERVICE BRANCH

Question 25A

Page 3 of 3

Witness: James Bradley Cherry

STATION 32 4TH FL, 501 HIGH STREET
 FRANKFORT, KY 40601-2103
 Phone (502) 564-8175 Fax (502) 564-8192

NOTICE OF ASSESSMENT

GRAYSON RURAL ELECTRIC COOP CORP
 ATTN: BRADLEY CHERRY
 109 BAGBY PARK
 GRAYSON, KY 41143-1292

GNC: 005755
 TYPE CO: RECC
 TAX TYPE: 035
 TAX ID: 610447602

This Notice of Assessment will become final on 10/15/2018, 60 days from the notice date. A corresponding Notice of Tax Due is being sent from the Compliance and Accounts Receivable System based on the Total Assessment shown below. The Notice of Tax Due will provide the state tax liability, any applicable interest and/or filing penalties that may be assessed. Local taxes will be billed separately by the local taxing jurisdictions where your property is located.

If you protest this assessment, see enclosed 61F009 Notification-Protesting your Assessment. You must submit a written protest in accordance with KRS 131.110; and as required by KRS 132.825(10) and KRS136.180(2), your protest must specify the valuation you claim to be true. Your written protest stating your claimed value and your payment of tax for your claimed value must be submitted to the Department of Revenue on or before 10/15/2018 or no further remedies will be available regarding this assessment per KRS 134.590. Submit your protest and payment to: ATTN: Public Service Branch, Division of State Valuation, KENTUCKY DEPARTMENT OF REVENUE, Sta. 32, 4th Floor, 501 High Street, Frankfort, KY 40601-2103. You may contact the Public Service Branch at Phone (502) 564-8175 and Fax (502) 564-8192.

NOTICE DATE: 08/16/2018 **TAX YEAR:** 2018 (For Year Ending December 31, 2017)

PROPERTY CLASS	TAX RATE Per \$100	ASSESSED VALUE	STATE TAX DUE
Subject to State and Local Tax			
Real Estate	0.122	\$1,191,235.00	\$1,453.31
**Tangible Personal Property	0.45	\$39,504,295.00	\$177,769.33
Business Inventory	0.05	\$0.00	\$0.00
Inventory In Transit	0.00	\$0.00	\$0.00
Subject to State Tax Only			
Foreign Trade Zone Property	0.001	\$0.00	\$0.00
Recycling Equipment	0.45	\$0.00	\$0.00
Manufacturing Machinery	0.15	\$5,054,631.00	\$7,581.95
Pollution Control Equipment	0.15	\$0.00	\$0.00
Telephonic Equipment	0.15	\$0.00	\$0.00
Business Inventory (MM)	0.05	\$0.00	\$0.00
Intangible NonOp	0.00	\$0.00	\$0.00
Intangible NonOp	0.00	\$0.00	\$0.00
IRB Property	0.015	\$0.00	\$0.00
IRB Property Nontaxable	0.00	\$0.00	\$0.00
TOTALS		\$45,750,161.00	\$186,804.58

** Excludes Motor Vehicles \$0.00

A 10% penalty is charged for late filed returns per KRS 132.290(3). A 20% penalty is charged for omitted property per KRS 132.290(4). Applicable interest will be applied when late or omitted.

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

26. Refer to the application, Exhibit 5, Interest on Long Term Debt, page 2 of 3.
Identify any long-term debt with a variable interest rate.

Response 26:

Attached is the updated Exhibit 5 identifying the long-term debt variable and fixed rate loans. It should be noted that using the current variable interest rate, the interest expense would increase by \$110,526.

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

27. Refer to the application, Exhibit 14, page 1 of 2.

- a. Explain the large line loss percent in 2017.
- b. Explain why the projected and actually billed kWh are the same.

Response 27a:

Grayson changed its billing cycle to read meters on the 1st day of each month to more closely match revenues with power cost and to close the books on a more timely basis. The month of September, 2017 was selected for this change. As a result, only 2 large industrial customers, and about 1 week of usage was billed for that month. The adjustment proposed as Exhibit 14 was to normalize the sales using the average of the last 3 years line loss.

Response 27b:

See Question 18 of this response for a revised exhibit reflecting the unbilled kWh calculation.

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

28. Refer to the application, Exhibit 16.

a. The Revenue from Normalized Base Rates is \$26,819,694. In Exhibit S, the revenue from Base Rates in Column Normalized Test Year is \$26,471,422. Reconcile these two revenue amounts.

b. The Revenue from Test Year Base Rates is \$27,251,259. In Exhibit S, Actual Test Year Revenue is \$27,461,142. Reconcile these two revenue amounts.

Response 28a:

Refer to response to Question 8 of this data request.

Response 28b:

Refer to Question 8 of this response for the explanation of the \$27,251,259 amount. The \$27,461,142 is the actual test year revenue that includes the base rate revenue, fuel and environmental surcharge, and other electric revenue, which should not have any comparison relation to the \$27,251,259 since this amount only represents the revenues from base rates.

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

29. Refer to Grayson RECC's response to Commission Staff's First Request for Information (Staff's First Request), Item 26. Also refer to the application, Exhibit 21, Capitalization and Employee Benefits. The response fails to fully address the question. Provide the information requested for Item 26.

Response 29:

There were 44 employees covered under each benefit at test year end. The actual cost of each benefit, the amount of the cost capitalized, the amount of the cost expensed, and the account numbers in which the capitalized or expensed costs were recorded, are included with Exhibit 21 of the application.

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

30. Refer to Grayson RECC's response to Staff's First Request, Item 52.

Identify any cost savings Grayson RECC expects to achieve with the deployment of its advanced metering infrastructure.

Response 30:

Please refer to PSC Case No. 2017-00419

Witness: James Bradley Cherry

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

31. Refer to Grayson RECC's response to Staff's First Request, Item 56.

a. Provide the employee medical insurance adjustment assuming the following:

Total Healthcare / Medical Cost for Each Level of Coverage = Company Paid Portion of Premium + Employee Contribution to Premium. Continue to assume that the employee would pay 21 percent of the total cost for single coverage and 33 percent of the total cost for all other types of coverage, compared to the amount of healthcare/medical insurance expense incurred the test year.

b. Provide the dental insurance adjustment in the test year assuming employees would pay 60 percent of the total cost of coverage. Calculate the amount as follows: Total Dental Cost for Each Level of Coverage = Company Paid Portion of Premium + Employee Contribution to Premium.

c. Provide a schedule that identifies the cost for providing long-term disability insurance.

d. Provide a schedule that identifies the costs for providing group life insurance coverage over for coverage over \$50,000.

e. For employees that participate in a defined benefit plan, provide the total and amount of matching contributions made on behalf of employees who also participate in any 401(k) retirement savings account.

Witness: James Bradley Cherry

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

Response 31a:

Please see attached document.

Response 31b:

Grayson does not provide dental insurance.

Response 31c:

Grayson employees pay the premiums for long-term disability insurance.

Response 31d:

Please see attached document.

Response 31e:

Please Reference Staff's 1st Request for Information, Response 55.

Witness: James Bradley Cherry

	Monthly Premium Cost	Yearly Premium Cost	Company Portion of Premium	Employee Contribution to Premium		Assume Company Portion	Assume Employee Contribution
HDPPO - Single 7	\$ 754.27	\$ 9,051.24	\$ 63,358.68	\$ -		\$ 50,053.36	\$ 13,305.32
HDPPO - Family 33	\$ 1,450.28	\$ 17,403.36	\$ 574,310.88	\$ -		\$ 384,788.29	\$ 189,522.59
PPO - Family 5	\$ 2,078.26	\$ 24,939.12	\$ 124,695.60	\$ -		\$ 83,546.05	\$ 41,149.55
			<u>\$ 762,365.16</u>	<u>\$ -</u>		<u>\$ 518,387.70</u>	<u>\$ 243,977.46</u>
						\$762,365.16	

	A	B	C	D	E	F	G
1			Rate per \$1,000	0.198			Question 31D
2		Grayson Rural Electric Coop. Corp.					Page 4 of 4
3		Case No. 2018-00272	2017				Witness: James Bradley Cherry
5							
6	Employee Number	Title	Base Salary	Life Insurance			
7				Up to 50K	Over 50K		
8	100	Mgr of Mktg/Mbr Svcs	\$ 74,000	\$ 119	\$ 233		
9	200	1st Class Lineman	71,000	\$ 119	\$ 219		
10	201	1st Class Lineman	68,000	\$ 119	\$ 204		
11	204	Apprentice Lineman-4th Yr	57,000	\$ 119	\$ 152		
12	205	Executive Assistant	70,000	\$ 119	\$ 214		
13	210	Maintenance Leadman	74,000	\$ 119	\$ 233		
14	211	Maintenance Leadman	74,000	\$ 119	\$ 233		
15	212	Manager of Operations	102,000	\$ 119	\$ 366		
16	215	Maintenance Leadman	74,000	\$ 119	\$ 233		
17	217	Engineering Party Chief	72,000	\$ 119	\$ 223		
18	219	Warehouseman	74,000	\$ 119	\$ 233		
19	220	Engineering Party Chief	72,000	\$ 119	\$ 223		
20	221	Maintenance Leadman	74,000	\$ 119	\$ 233		
21	223	Maintenance Leadman	74,000	\$ 119	\$ 233		
22	225	Energy Advisor	62,000	\$ 119	\$ 176		
23	226	Mgr of Technical Services	100,000	\$ 119	\$ 356		
24	227	Meterman, 1st Class	70,000	\$ 119	\$ 214		
25	229	Maintenance Leadman	74,000	\$ 119	\$ 233		
26	232	Asst Mgr of Operations	98,000	\$ 119	\$ 347		
27	237	Construction Leadman	76,000	\$ 119	\$ 242		
28	239	Construction Leadman	76,000	\$ 119	\$ 242		
29	249	GIS Technician	75,000	\$ 119	\$ 238		
30	251	1st Class Lineman	71,000	\$ 119	\$ 219		
31	253	Mechanic	66,000	\$ 119	\$ 195		
32	254	1st Class Lineman	71,000	\$ 119	\$ 219		
33	257	Meterman, 2nd Class	63,000	\$ 119	\$ 181		
34	258	1st Class Lineman	71,000	\$ 119	\$ 219		
35	602	Mgr Acctg/Human Resources	73,000	\$ 119	\$ 228		
36	605	Div Asst-Mbr Services	44,000	\$ 119	\$ 90		
37	609	Plant Accountant	55,000	\$ 119	\$ 143		
38	610	Division Secretary	-	\$ 23	\$ -		
39	611	Member Service Rep	42,000	\$ 119	\$ 81		
40	615	AMI Administratoor	42,000	\$ 119	\$ 81		
41	616	Billing Administrator	40,000	\$ 119	\$ 71		
42	617	Customer Service Rep	36,000	\$ 119	\$ 52		
43	618	Payroll/Bookkeepr	61,000	\$ 119	\$ 171		
44	619	Customer Service Rep	38,000	\$ 119	\$ 62		
45	620	Groundman (15 Yr Svc)	63,000	\$ 119	\$ 181		
46	622	Technical Svc Supervisor	58,000	\$ 119	\$ 157		
47	632	Division Asst - Operations	33,000	\$ 119	\$ 38		
48	634	Customer Service Rep	35,000	\$ 119	\$ 48		
49	638	Customer Service Rep	30,000	\$ 119	\$ 24		
50	640	Div Assist-Acctg/Finance	33,000	\$ 119	\$ 38		
51	643	Mgr of Finance & Acctg	80,000	\$ 119	\$ 261		
52	648	Summer/Part time		\$ -	\$ -		
53	650	Summer/Part time		\$ -	\$ -		
54	651	Summer/Part time		\$ -	\$ -		
55	652	Summer/Part time		\$ -	\$ -		
56	653	Summer/Part time		\$ -	\$ -		
57	654	Summer/Part time		\$ -	\$ -		
58	655	Summer/Part time		\$ -	\$ -		
59	656	Summer/Part time		\$ -	\$ -		
60	657	Summer/Part time		\$ -	\$ -		
61	658	Summer/Part time		\$ -	\$ -		
62	900	President & CEO	143,000	\$ 119	\$ 561		
63	2017		\$ 2,909,000	\$ 5,250	\$ 8,596		

Grayson Rural Electric Cooperative
Case No. 2018-00272
Commission Staff's Second Request for Information

32. Provide all updates to any schedules in Excel spreadsheet format with all rows and columns accessible and formulas unprotected.

Response 32:

Please see attached files.