

Grayson Rural Electric Cooperative Corporation

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

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**PUBLIC SERVICE
COMMISSION**

January 6, 2009

Paul D. Adams
Office of the Attorney General Utility and Rate
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601

Re: PSC Case No. 2008-00254
Grayson Rural Electric Cooperative

Dear Mr. Adams:

Please find in Case No. 2008-00254 the original and seven (7) copies of Applicant's response to "First Data Request of the Attorney General to Grayson Rural Electric Cooperative, Inc". This relates to the application for adjustment of rates by Grayson Rural Electric Cooperative Corporation.

Contact me at (606) 474-5194 or Don Combs at (606) 474-5136 if there are any questions.

Thanks for your assistance in this matter

Yours truly,

W. Jeffrey Scott
Counsel for Grayson Rural Electric Cooperative Corporation

Enclosures

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**APPLICATION OF GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION FOR AN ADJUSTMENT
IN RATES AND AN INCREASE IN RETAIL ELECTRIC
RATES EQUAL TO INCREASE IN WHOLESALE
POWER COSTS**

Case No. 2008-00254

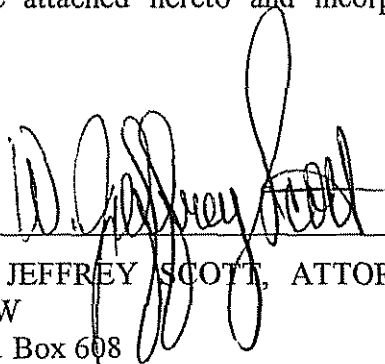
APPLICANT'S RESPONSES TO
FIRST DATA REQUEST OF ATTORNEY GENERAL

The applicant, Grayson Rural Electric Cooperative Corporation makes the following responses to the "First Data Request of Attorney General", as follows:

4. The witnesses who are prepared to answer questions concerning each request are Carol H. Fraley, Don Combs, Alan Zumstein, and Jim Adkins.

5. Don Combs, Manager of Finance and Accounting of Grayson Rural Electric Cooperative Corporation is the person supervising the preparation of the responses on behalf of the applicant.

6. 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
Telephone: 606-474-5194

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

Dated: January 6, 2009

GRAYSON RURAL ELECTRIC COOPERATIVE

By. 

DON COMBS

MANAGER OF FINANCE AND ACCOUNTING

Subscribed, sworn to, and acknowledged before me by Don Combs, as Manager Finance and Accounting of Corporate Services for Grayson Rural Electric Cooperative Corporation on behalf of said Corporation this 6th day of January, 2009.



Notary Public, Kentucky State At Large

My Commission Expires: 1-9-2011

CERTIFICATE OF SERVICE

The undersigned counsel certifies that the foregoing responses have been served upon the following.

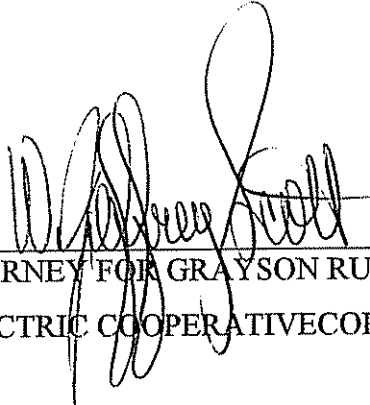
Original and Seven Copies

Ms. Stephanie Stumbo, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

Copy

Paul D. Adams
Office of the Attorney General Utility and Rate
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601

This 6th day of January, 2009



ATTORNEY FOR GRAYSON RURAL
ELECTRIC COOPERATIVE CORPORATION



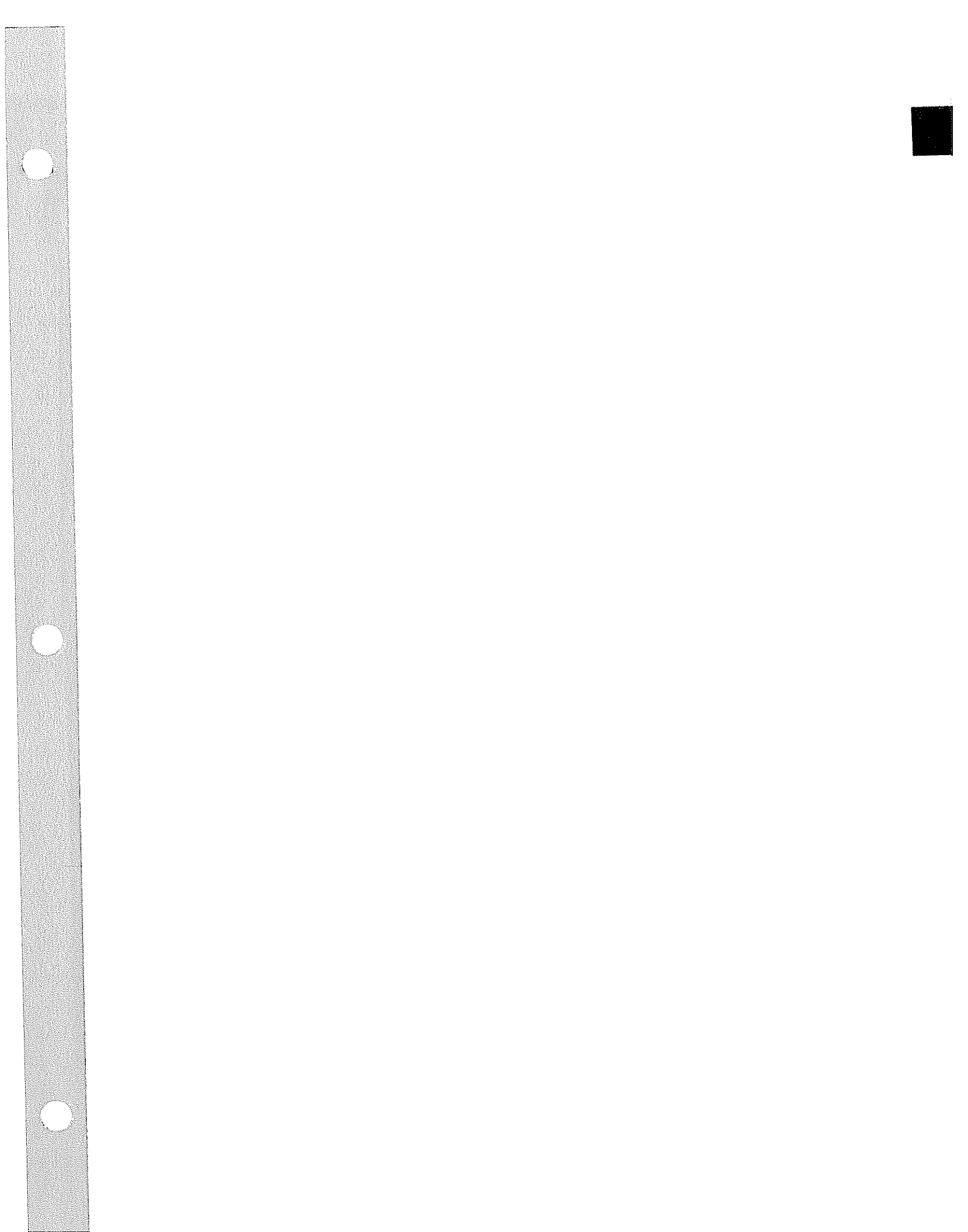
**APPLICATION FOR AN ADJUSTMENT OF BASE RATES
GRAYSON RURAL ELECTRIC COOPERATIVE
CASE NO. 2008-00254
Initial Requests For Information of the Attorney General**

Question 1
Page 1 of 1
Witness: Alan Zumstein

1. Please provide the portion of the 13-month average prepayment balance of \$596,352 (Exhibit K, page 2 of 7) that represents the 13-month average test year PSC assessment prepayments.

Response:

May, 2007	31,744
June	27,210
July	22,676
August	18,142
September	13,608
October	9,074
November	4,540
December	0
January, 2008	50,396
February	45,815
March	32,072
April	36,653
May	32,072



**APPLICATION FOR AN ADJUSTMENT OF BASE RATES
GRAYSON RURAL ELECTRIC COOPERATIVE
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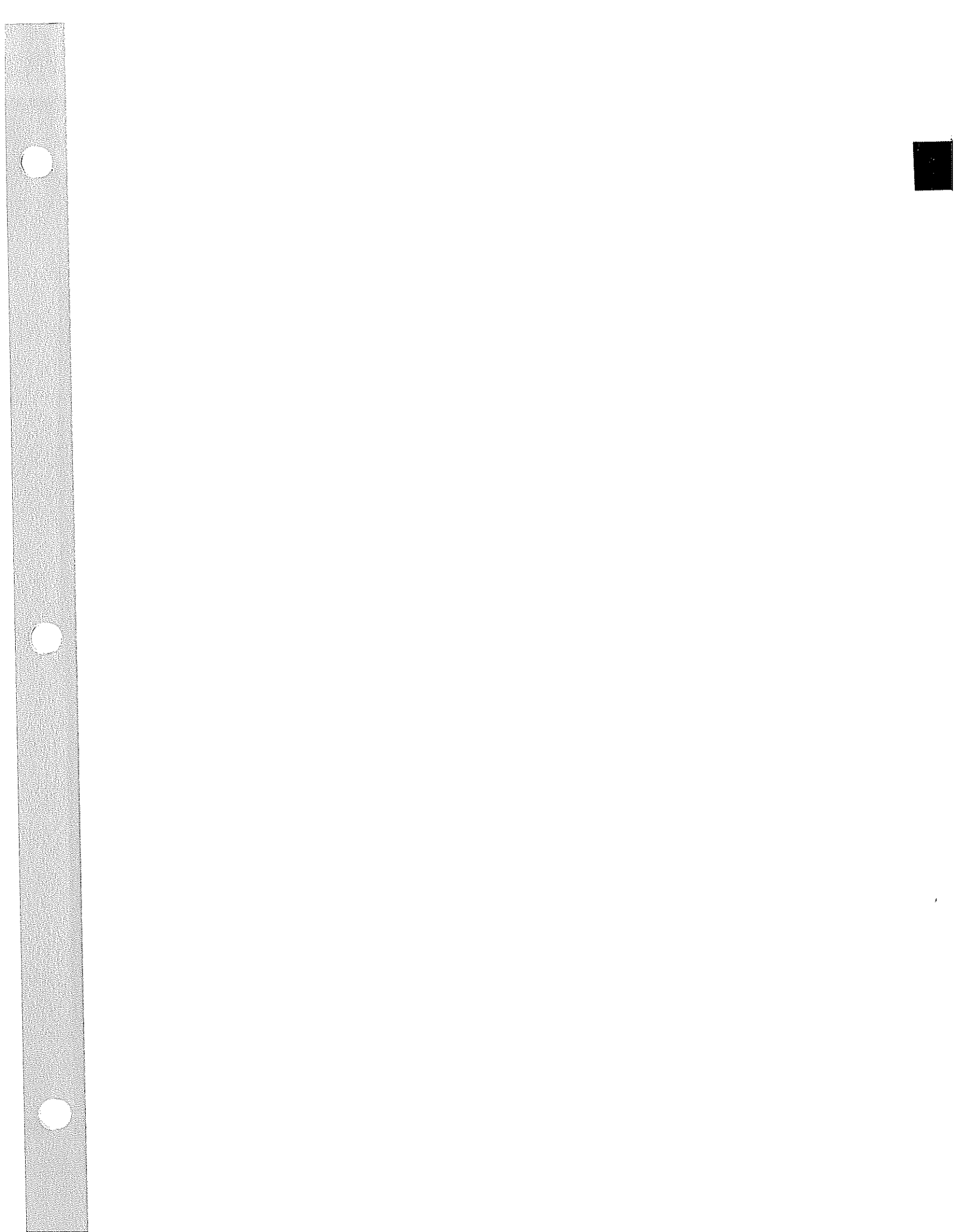
Question 2

Page 1 of 1

Witness: Alan Zumstein

2. Re. Exhibit S, page 1: Why hasn't Grayson added the proposed \$426,201 depreciation expense increase to its pro forma depreciation reserve as is the Commission's ratemaking policy?

Response: An oversight only.



**APPLICATION FOR AN ADJUSTMENT OF BASE RATES
GRAYSON RURAL ELECTRIC COOPERATIVE
CASE NO. 2008-00254**

Initial Requests For Information of the Attorney General

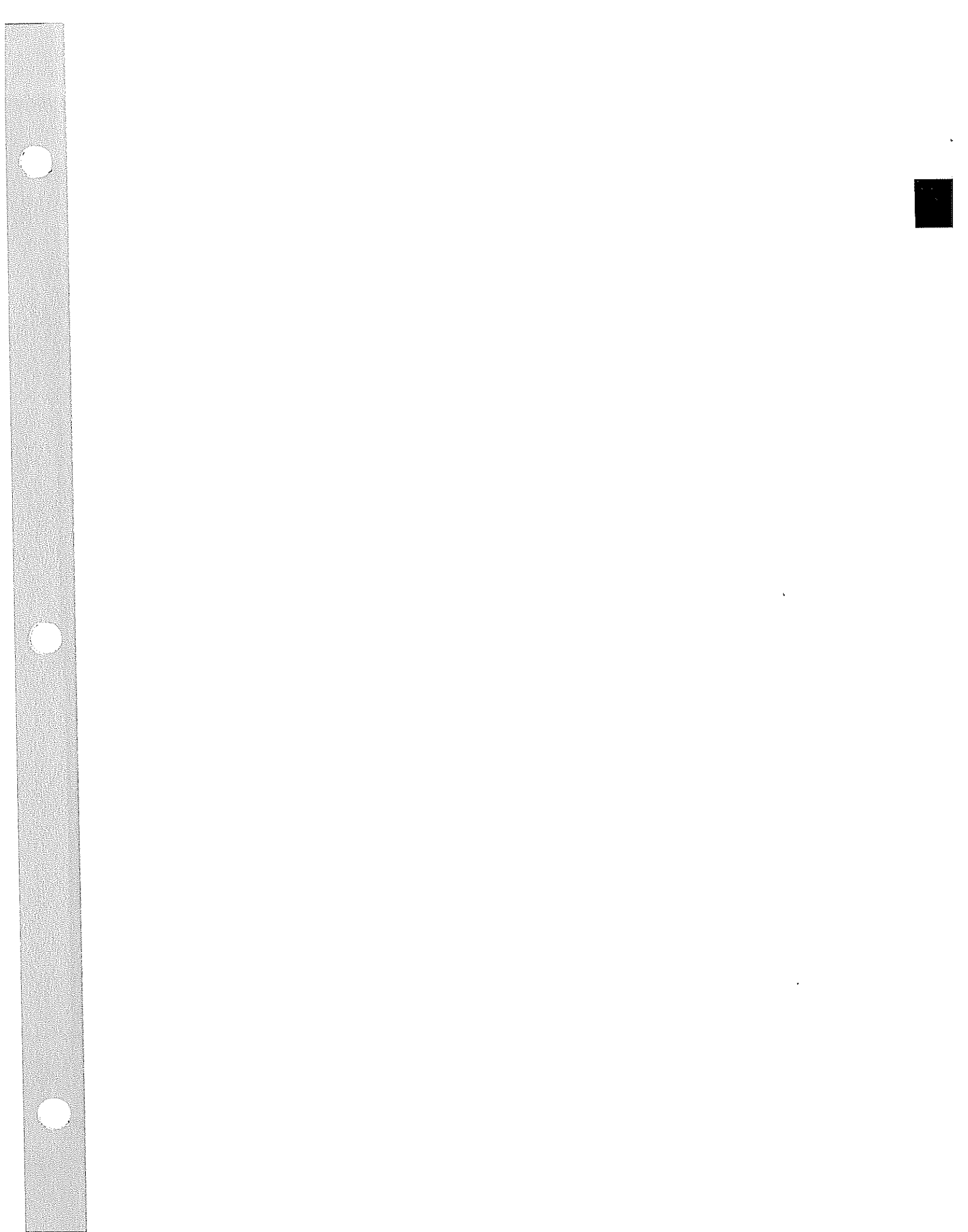
Question 3

Page 1 of 1

Witness: Alan Zumstein

3. Re. Exhibit S, page 2: should the proposed increase amount be \$3,161,625 rather than \$3,161,265 and the proposed test year revenues \$25,155,018 rather than \$25,154,657? If not, explain the discrepancy with the numbers on Exhibit G, page 1.

Response: The revenue requirement reflected in Schedule S, page 2 of the Application in the amount of \$3,161,265 is correct. This is a transposition of numbers only.



**APPLICATION FOR AN ADJUSTMENT OF BASE RATES
GRAYSON RURAL ELECTRIC COOPERATIVE
CASE NO. 2008-00254
Initial Requests For Information of the Attorney General**

Question 4
Page 1 of 4
Witness: Alan Zumstein

4. For each of the income statement accounts listed on Exhibit X, pages 1 through 5, please provide a schedule showing a side-by-side comparison of the actual annual amounts (only annual amounts are requested, not monthly amounts) for the 5/31/08 test year and the three years prior to the test year.

Response: Attached.

Grayson Rural Electric Cooperative
Case No. 2008-00254
Exhibit W

Question 4
Page 2 of 4
Witness: Alan Zumstein

AG Initial Request for Information, Question 4

<u>Account</u>	<u>Description</u>	<u>12 Mos 05/31-05</u>	<u>12 Mos 05/31-06</u>	<u>12 Mos 05/31-07</u>	<u>12 Mos 05/31-08</u>
Revenues					
440.10	Residential Rural	14,045,281	16,196,151	16,995,031	17,813,746
440.40	Camp and barns	275,938	329,365	359,320	399,902
442.10	Small commercial	1,348,655	1,535,517	1,615,342	1,727,013
442.20	Large power	2,714,456	3,214,275	3,372,711	3,454,248
442.30	Large industrial	870,236	975,090	923,660	924,907
444.00	Street lighting	7,963	8,965	9,347	9,654
		-----	-----	-----	-----
		19,262,530	22,259,363	23,275,410	24,329,471
		-----	-----	-----	-----
450.00	Forfeit discounts	327,130	372,841	405,591	412,774
454.00	Rent	291,927	293,321	300,518	302,647
456.00	Other Electric Rev	75,187	75,946	74,561	73,958
		-----	-----	-----	-----
		19,956,774	23,001,471	24,056,081	25,118,850
		-----	-----	-----	-----
Purchased Power					
555	Purchased Power	12,223,987	15,155,360	15,963,936	16,950,727
		-----	-----	-----	-----
Distribution - Operations					
583	O/H Line	400,471	395,000	438,657	468,981
585	Security Lights	226	518	406	726
586	Meter	382,543	431,061	437,046	515,073
588	Misc Dist Eq	53,941	51,565	49,691	76,436
		-----	-----	-----	-----
		837,181	878,144	925,800	1,061,215
		-----	-----	-----	-----
Distribution - Maintenance					
590	Supervision	202,707	165,599	173,748	187,952
593	O/H Lines	751,181	666,728	684,072	792,394
593.10	R-O-W clearing	780,628	761,934	752,983	1,411,841
593.20	Storm damage	0	0	(94,071)	0
594	U/G Line	2,646	1,513	1,768	2,128
595	Transformers	23,125	16,854	14,048	23,642
596	Public street lights	12,153	14,568	13,410	10,041
597	Meters	33,275	161	247	0
598	Misc Distr Plant	58,263	54,616	41,899	50,720
		-----	-----	-----	-----
		1,863,978	1,681,973	1,588,104	2,478,718
		-----	-----	-----	-----
Consumer Accounts					
901	Supervision	46,430	60,535	61,193	64,082
902	Meter Read Exp	1,845	2,142	1,282	1,223
903	Consumer Collection	696,369	694,578	693,290	725,894
903.1	Short and over	(193)	73	97	221
904	Uncollectible A/c	44,234	66,263	71,870	84,253
		-----	-----	-----	-----
		788,685	823,591	827,731	875,674
		-----	-----	-----	-----

Grayson Rural Electric Cooperative
Case No. 2008-00254
Exhibit W

Question 4
Page 3 of 4
Witness: Alan Zumstein

AG Initial Request for Information, Question 4

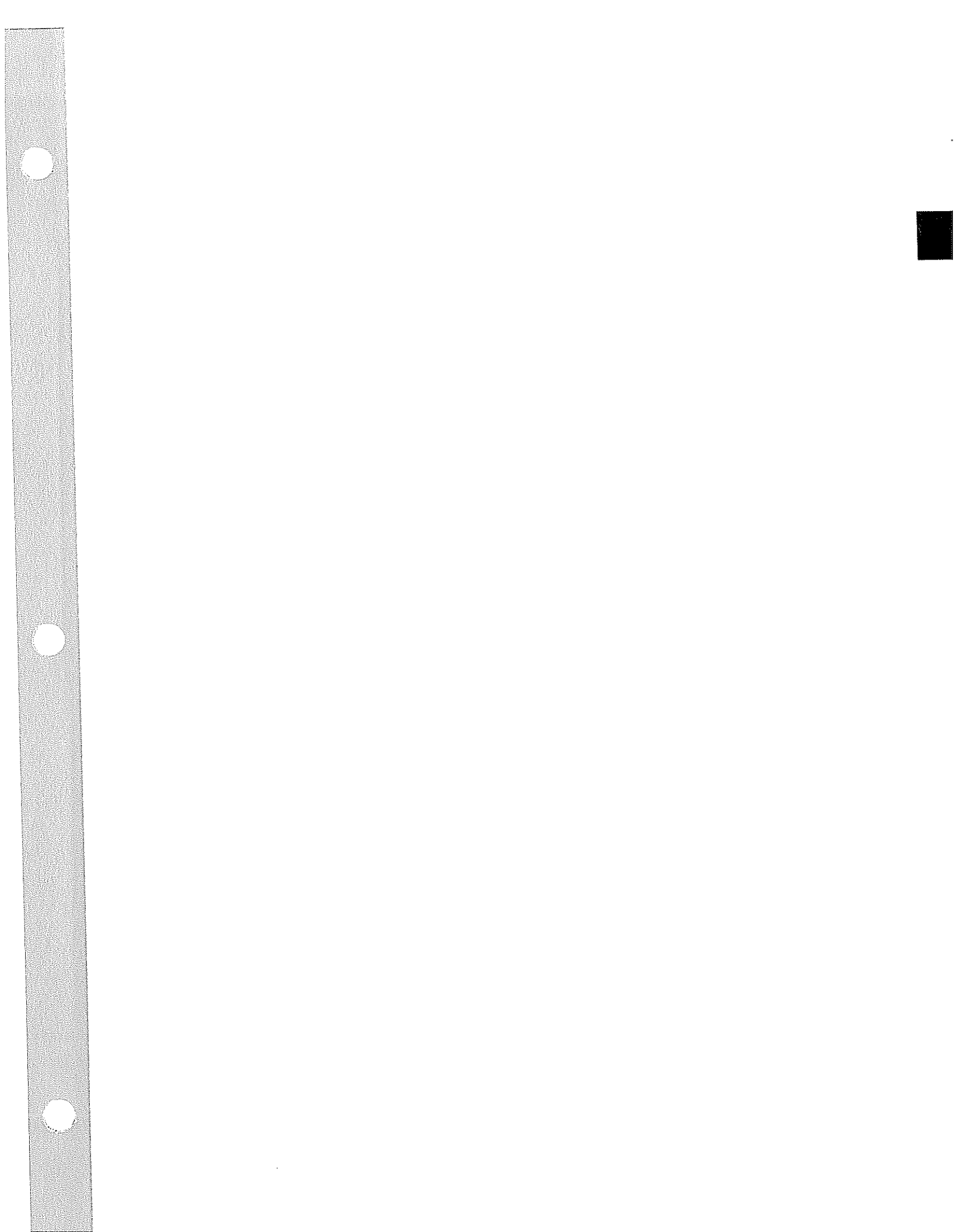
<u>Account</u>	<u>Description</u>	<u>12 Mos 05/31-05</u>	<u>12 Mos 05/31-06</u>	<u>12 Mos 05/31-07</u>	<u>12 Mos 05/31-08</u>
Customer Service					
909	Information	120,237	150,466	170,232	194,688
		-----	-----	-----	-----
		120,237	150,466	170,232	194,688
		-----	-----	-----	-----
Sales					
912	Demonstration and Se	25,523	25,686	29,522	29,838
913	Advertising	6,286	5,295	5,760	4,606
		-----	-----	-----	-----
		31,808	30,981	35,283	34,444
		-----	-----	-----	-----
Administrative & General					
920	Office Salaries	629,942	675,557	703,358	706,020
921	Office Supplies	85,938	79,020	124,789	89,334
923	Outside Services	43,096	46,122	69,420	58,464
930.20	Annual meeting	35,709	32,270	27,555	27,421
930.30	Miscellaneous expens	34,407	31,654	31,829	37,888
930.60	Directors Expene	153,885	143,561	129,589	139,406
930.70	Dues in Assoc Organ	46,570	49,623	54,323	54,649
932	Misc General Plant	120,264	126,224	145,491	196,044
		-----	-----	-----	-----
		1,149,811	1,184,032	1,286,353	1,309,225
		-----	-----	-----	-----
Depreciation					
403.6	Distribution Plant	1,287,189	1,345,709	1,406,628	1,471,175
403.7	General Plant	79,708	83,147	85,197	88,334
		-----	-----	-----	-----
		1,366,897	1,428,856	1,491,824	1,559,510
		-----	-----	-----	-----
Taxes					
408.6	PSC	21,868	22,536	26,339	26,326
		-----	-----	-----	-----
		21,868	22,536	26,339	26,326
		-----	-----	-----	-----
Interest					
427.1	RUS	762,114	809,774	813,853	950,985
427.2	CFC	136,465	123,869	125,032	117,056
427.60	FFB	194,274	402,608	539,819	378,858
		-----	-----	-----	-----
		1,092,853	1,336,250	1,478,703	1,446,899
		-----	-----	-----	-----
Other interest					
430.00	Int to Assoc Organ	148,130	65,388	141,847	95,285
431.00	Other Interest Exp	61,397	63,416	67,761	70,943
		-----	-----	-----	-----
		209,527	128,803	209,609	166,228
		-----	-----	-----	-----

Grayson Rural Electric Cooperative
Case No. 2008-00254
Exhibit W

Question 4
Page 4 of 4
Witness: Alan Zumstein

AG Initial Request for Information, Question 4

<u>Account</u>	<u>Description</u>	<u>12 Mos 05/31-05</u>	<u>12 Mos 05/31-06</u>	<u>12 Mos 05/31-07</u>	<u>12 Mos 05/31-08</u>
Other Income					
415	Revenue from Merch	(3,152)	(7,543)	(8,809)	(2,888)
415.10	Elliott Co garbage coll	(12,810)	(11,170)	(12,846)	(11,882)
414.4	Rental income				(4,800)
416	Incentives, heat pump	5,357	12,133	16,597	12,762
416.10	Expenses from Home	1,267	(754)	79	0
416.20	Elliott Co garbage exp	6,251	6,847	6,721	6,679
416.30	ETS	941	1,058	2,453	1,034
417	Expenses from KTI	0	1,831	220	0
421	Gain loss on dispositi	4,211	2,114	9,272	11,279
		-----	-----	-----	-----
		2,065	4,515	13,688	12,185
		-----	-----	-----	-----
Other Deductions					
426.1	Donations	9,083	8,474	15,954	12,800
		-----	-----	-----	-----
Non Operating Margins					
419	Interest Income	(32,062)	(31,562)	(30,552)	(34,810)
		-----	-----	-----	-----
Patronage Capital					
423	EKP	0	0	0	0
424	Other assoc organ	(37,046)	(43,899)	(42,287)	(65,590)
		-----	-----	-----	-----
		(37,046)	(43,899)	(42,287)	(65,590)
		-----	-----	-----	-----
Net Margins (loss)					
		307,902	242,950	95,364	(909,390)
		=====	=====	=====	=====



**APPLICATION FOR AN ADJUSTMENT OF BASE RATES
GRAYSON RURAL ELECTRIC COOPERATIVE
CASE NO. 2008-00254
Initial Requests For Information of the Attorney General**

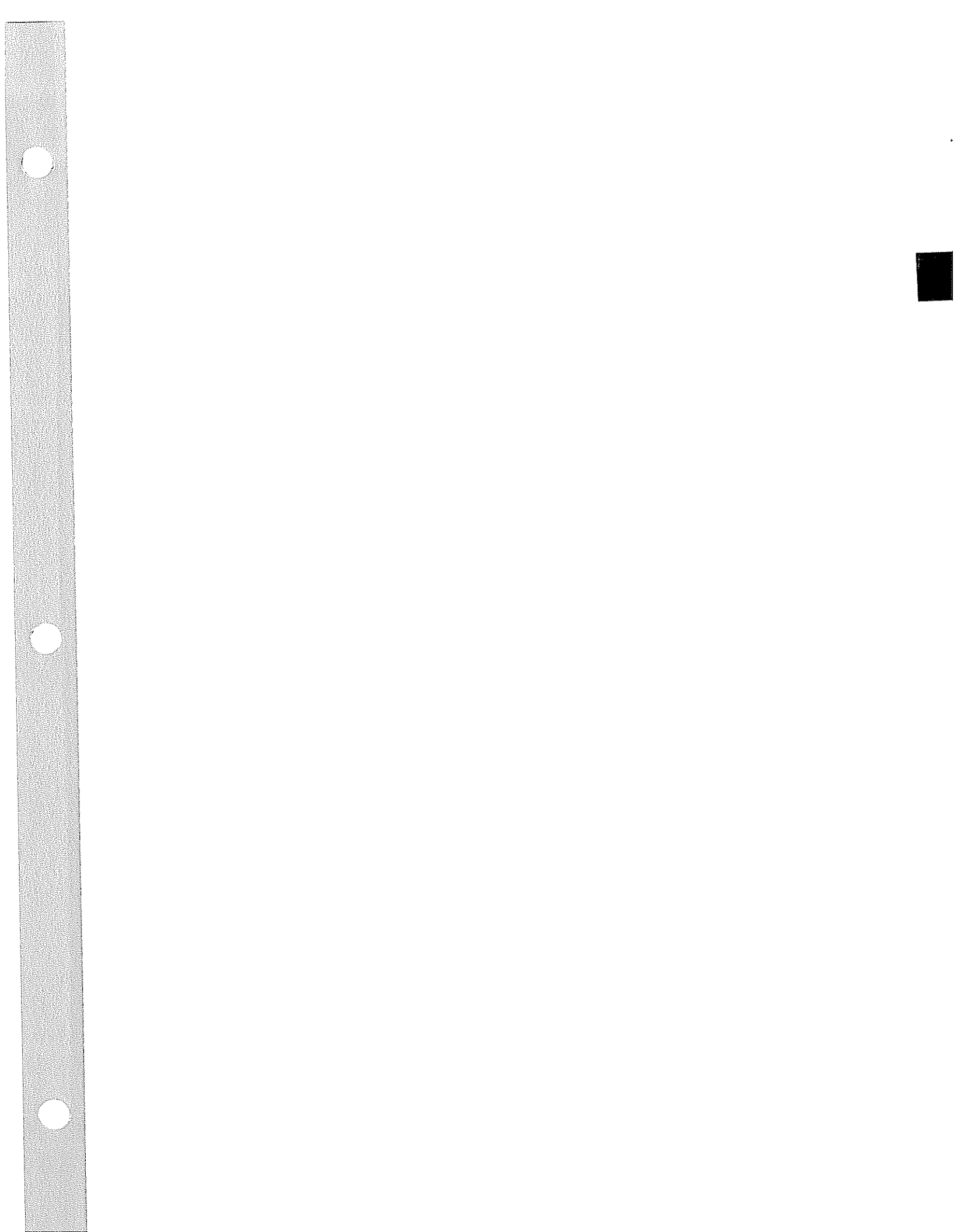
Question 5

Page 1 of 1

Witness: Alan Zumstein

5. Please expand the year-end customer annualization adjustment on Exhibit 15 by also including Schedule 5 (Street Lighting), and Schedule 6 (Security Lights) in the net revenue annualization calculations. Provide this information in the same detail and format as shown on Exhibit 15.

Response: Attached



**APPLICATION FOR AN ADJUSTMENT OF BASE RATES
GRAYSON RURAL ELECTRIC COOPERATIVE
CASE NO. 2008-00254
Initial Requests For Information of the Attorney General**

Question 6
Page 1 of 1
Witness: Alan Zumstein

6. With regard to the Schedule 4 – Large Power end-of-year customer adjustment on Exhibit 15, please provide the following information.

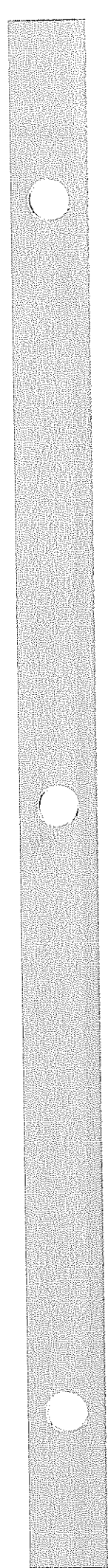
- a. Confirm that the 13-month average customers for the year for the year amount to 60.69 which, when compared to the year-end customer level of 61 indicates a growth of 0.31 customers.

Response: Grayson does not bill for partial customers, either a customer is in a particular rate class, or they are not billed. That is why the Average number of customers is rounded to whole numbers and not rounded to partial customers.

Grayson does not agree as there are only complete customers billed.

- b. Confirm that this growth number of 0.31 large power customers results in an increase in revenues of \$13,467, an increase in associated power costs of \$8,968, and a net revenue increase of \$4,499.

Response: No



Grayson Rural Electric

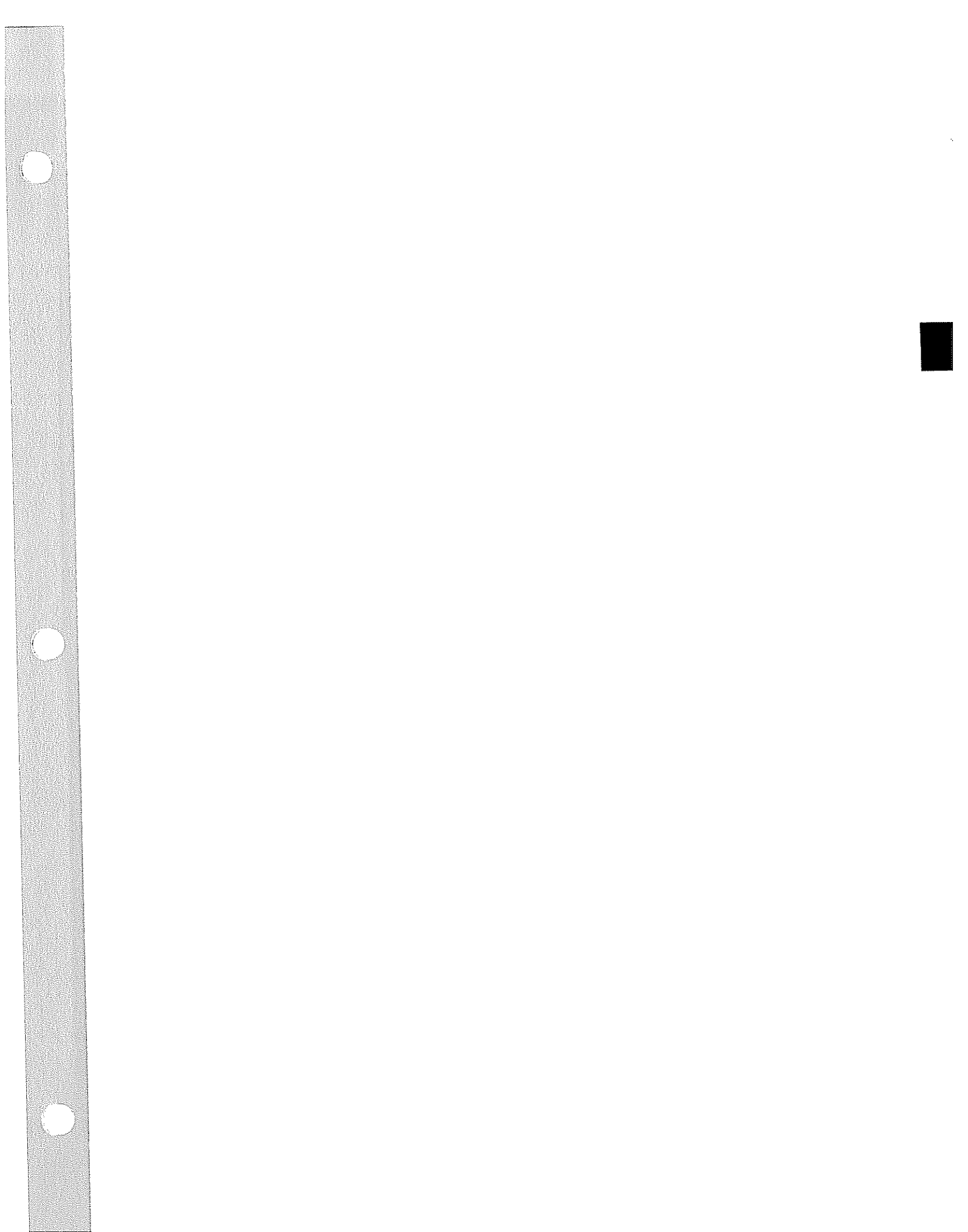
Case NO. 2008-00254

1st Data Request of the Attorney General

7. The first column of Exhibit 13, page 3 of 6 shows the number of events assumed in the quantification of the Non-Recurring Charge revenue adjustment. For each non-recurring charge listed, please provide the actual annual number of events in the test year and in the three years prior to the test year.

Response:

	<u>Test Year</u>	<u>1st prior year</u>	<u>2nd prior year</u>	<u>3rd prior year</u>
Return Check	499	454	487	417
Meter Reading	0	0	1	0
Collection	1543	1510	1540	1627
Installation / Reconnect	729	800	795	786
Meter Tests	2	0	0	0
Exceptional Circumstances				
Overtime	102	165	181	166

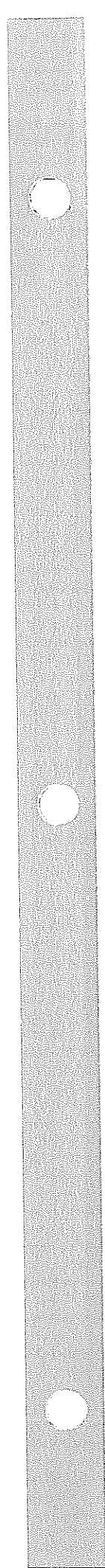


Grayson Rural Electric
Case NO. 2008-00254
1st Data Request of the Attorney General

8. Please provide the approximate 65% increase in the test year combined Account 593 and 593.10 expenses of \$2.206 million as compared to the corresponding combined Account 593 and 593.10 expenses of \$1.340 million in the year prior to the test year.

Response:

The increase was due to added Right of Way Clearing expense, as a direct result of PSC Case No. 2006-00494, that emphasized and resulted in a plan to cover Grayson's entire system every 7 years. Also, included in the \$1.340 million total in the year prior to the test year was a \$94,000 reimbursement from FEMA for expenses incurred in 2003



**APPLICATION FOR AN ADJUSTMENT OF BASE RATES
GRAYSON RURAL ELECTRIC COOPERATIVE
CASE NO. 2008-00254
Initial Requests For Information of the Attorney General**

Question 9

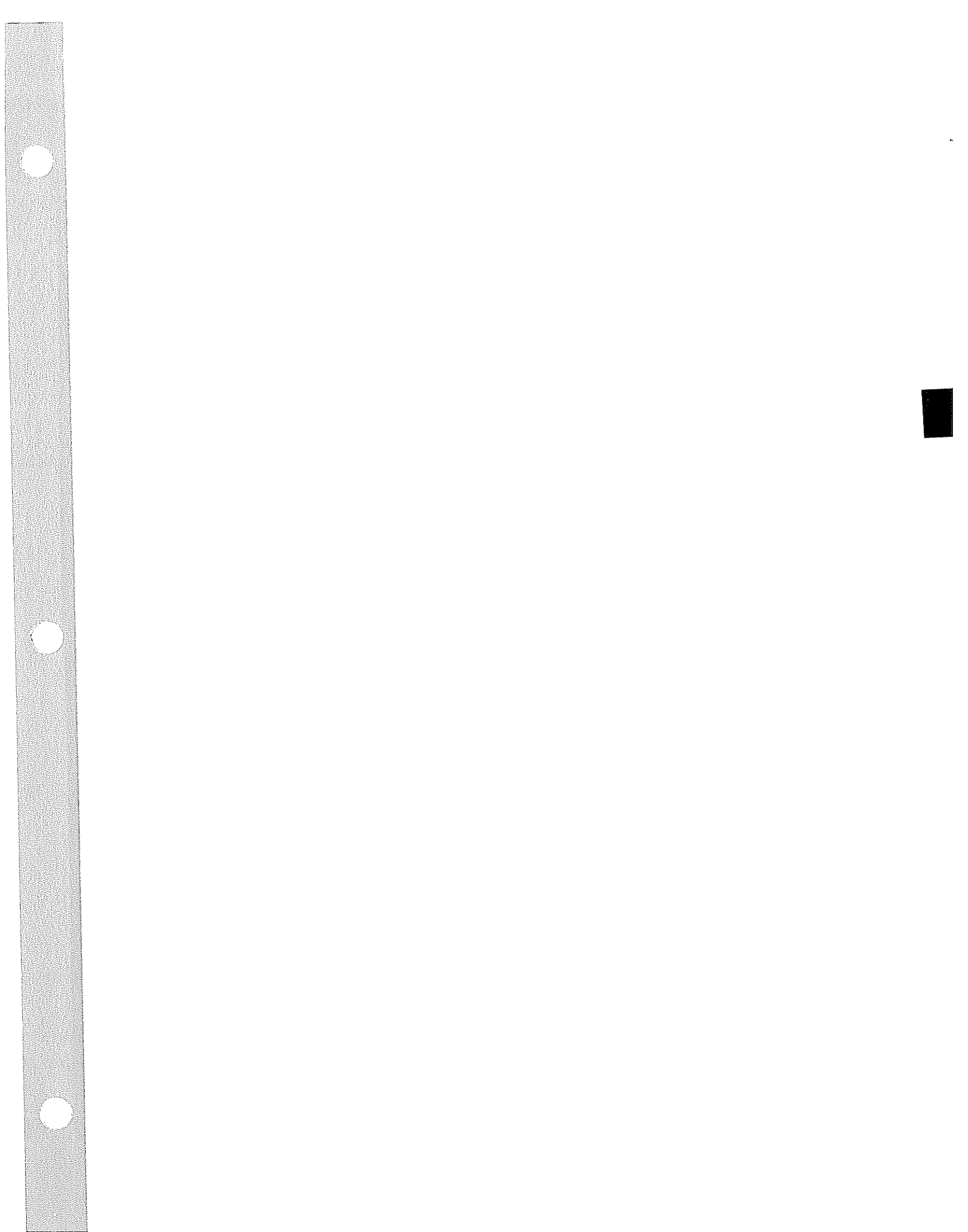
Page 1 of 1

Witness: Alan Zumstein

9. With regard to Account 909.00 – Customer Information expense, please provide a detailed breakout of the nature and purpose of the expense components making up the total test year expense amount of \$194,688.

Response: The detail breakout of Account 909 is as follows:

Labor and benefits	110,091
Transportation	12,048
KY Living magazine	67,405
Telephone	1,718
Meetings and meals	5,266
Advertising	7,552
Miscellaneous	157
EKPC Partner Plus reimbursement	<u>(9,549)</u>
	<u>194,688</u>



**APPLICATION FOR AN ADJUSTMENT OF BASE RATES
GRAYSON RURAL ELECTRIC COOPERATIVE
CASE NO. 2008-00254**

Initial Requests For Information of the Attorney General

Question 10

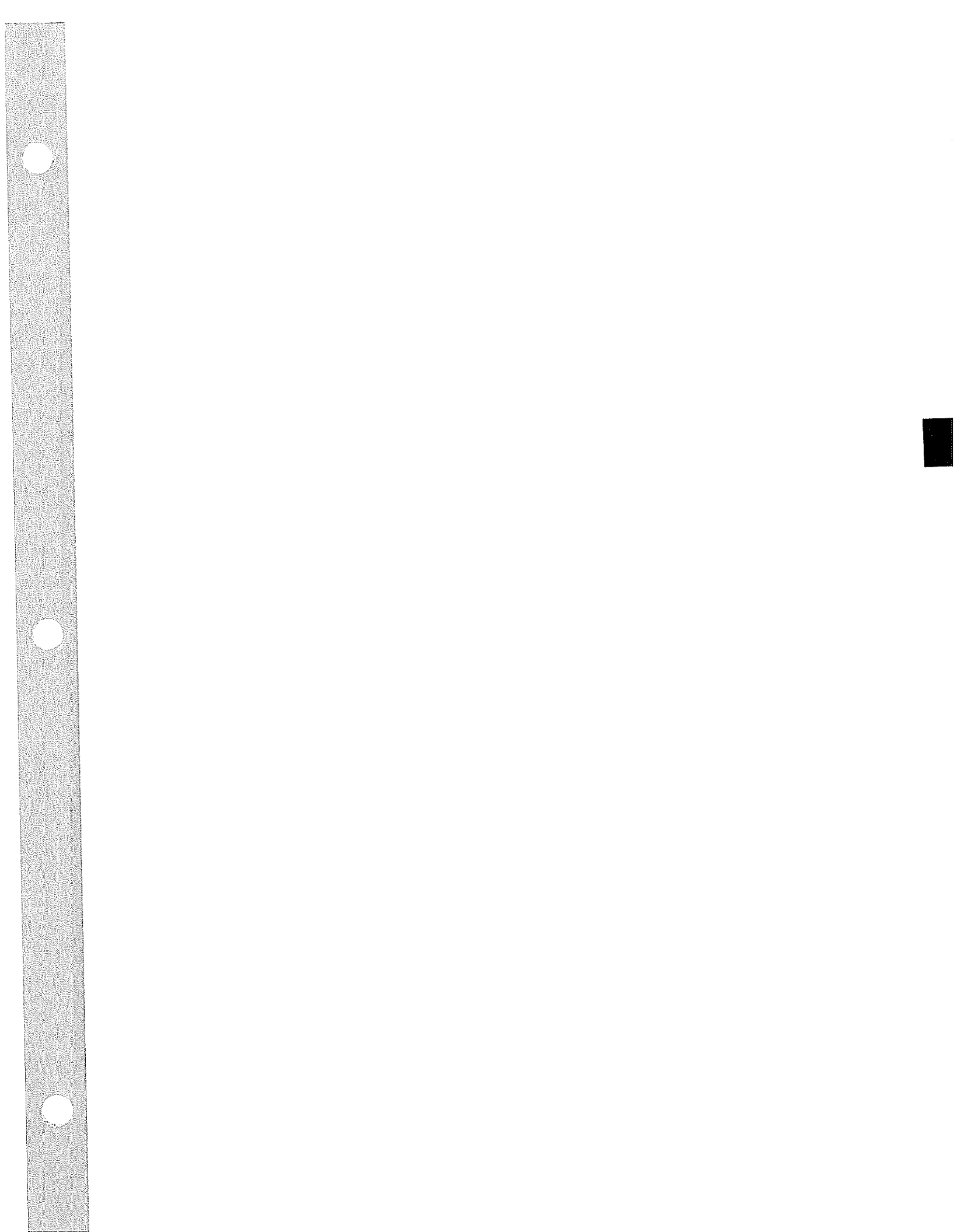
Page 1 of 1

Witness: Alan Zumstein

10. With regard to Account 912.00 – Demonstration & Selling expense, please provide a detailed breakout of the nature and purpose of the expense components making up the total test year expense amount of \$29,838.

Response: The detail breakout of Account 912 is as follows:

Labor and benefits	28,340
Utilities	1,498
	<hr/>
	29,838
	<hr/> <hr/>



**APPLICATION FOR AN ADJUSTMENT OF BASE RATES
GRAYSON RURAL ELECTRIC COOPERATIVE
CASE NO. 2008-00254**

Initial Requests For Information of the Attorney General

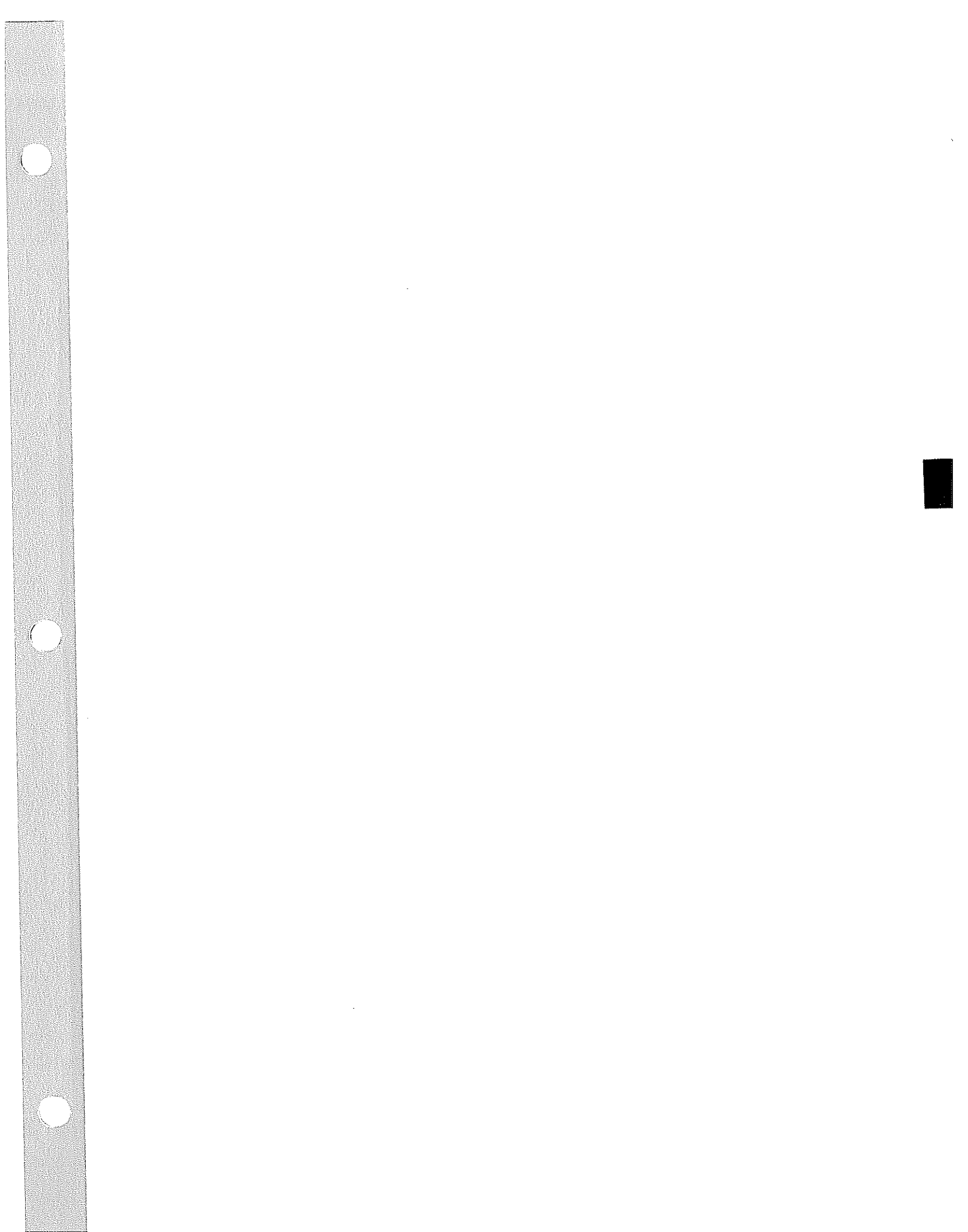
Question 11

Page 1 of 1

Witness: Alan Zumstein

11. With regard to the Payroll information shown on Exhibit 1, please explain why Grayson has assumed normalized annual hours of 2,080 for the following employees who worked substantially less than 2,080 hours during the test year: hourly employee no. 217 and hourly employee number 231.

Response: See PSC 2-9 a.



Witness: Don Combs

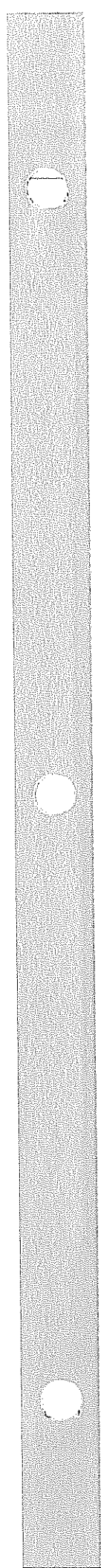
Grayson Rural Electric
Case NO. 2008-00254

1st Data Request of the Attorney General

- 12. With regard to Grayson's number of employees, please provide the number of employees (in total and broken out between salaried, hourly, summer and part-time) for each month from January 2007 through November 2008, as compared to the corresponding employees used in calculating the adjusted test year payroll expense.

Response:

	<u>Salary</u>	<u>Hourly</u>	<u>Summer / Part-time</u>	<u>Total</u>
Jan-07 (Number of Employees)	10	33	4	47
Feb-07	10	34	2	46
Mar-07	10	34	2	46
Apr-07	10	34	2	46
May-07	10	34	4	48
Jun-07	10	34	4	48
Jul-07	10	34	5	49
Aug-07	10	34	5	49
Sep-07	10	34	1	45
Oct-07	10	34	1	45
Nov-07	10	34	1	45
Dec-07	10	34	2	46
Jan-08	10	34	3	47
Feb-08	10	35	4	49
Mar-08	10	35	4	49
Apr-08	10	35	4	49
May-08	10	35	4	49
Jun-08	10	35	3	48
Jul-08	10	35	3	48
Aug-08	10	35	3	48
Sep-08	10	35	3	48
Oct-08	10	35	2	47
Nov-08	10	35	2	47



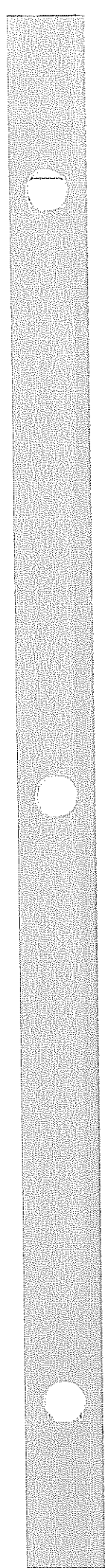
Grayson Rural Electric
Case NO. 2008-00254
1st Data Request of the Attorney General

13. Please provide the actual number of hours worked by Grayson's Summer and Part Time employees (in total and, if available, by employee number) in the three years prior to the test year.

Response:

Hours worked by Summer & Part-time Employees

Employee (#)	(Prior to test year)		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
246	520	-	320
627	62	1104	1194
629	496	401	377
631	312	437	634
635	1089	505	-
636	388	-	-
242	-	609	983
247	-	4	230
633	-	350	310
243	-	-	68
245	-	-	237
	<u>2,867</u>	<u>3,410</u>	<u>4,353</u>



Grayson Rural Electric
Case NO. 2008-00254
1st Data Request of the Attorney General

14. Exhibit 1, page 4 shows total test year overtime hours of 4,086 with an associated overtime expense amount of \$149,996.
In this regard, please provide the following information:

a. The actual overtime hours and associated overtime expenses booked by Grayson during the three years prior to the test year.

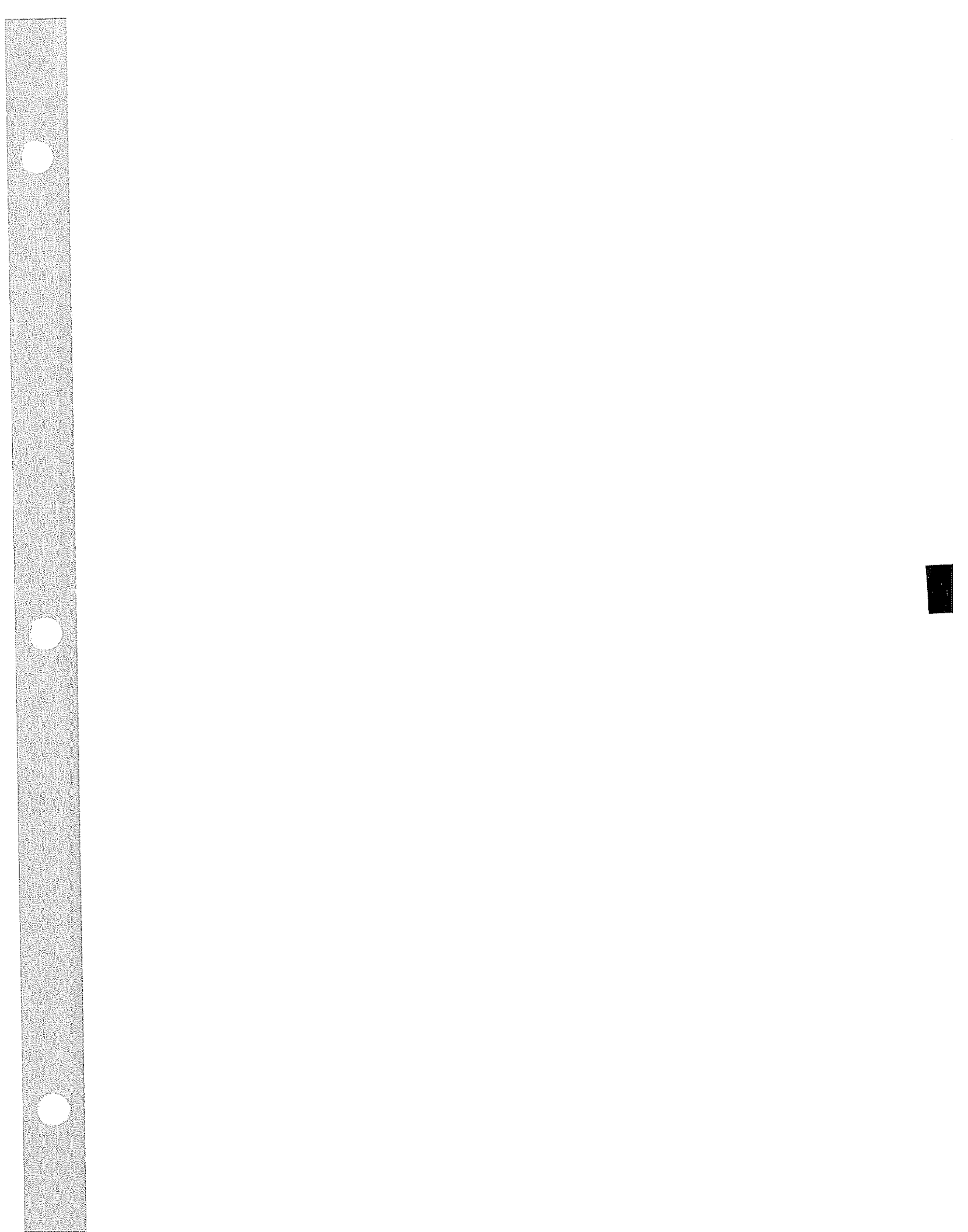
Response:

See Exhibit 1, page 8 of 8 of the application

b. What are the number of overtime hours underlying the pro forma test year overtime expenses of \$155,439?

Response:

	<u>Test Year</u>
Overtime Hours	4,098
Overtime expenses	\$ 155,439



Grayson Rural Electric
Case NO. 2008-00254
1st Data Request of the Attorney General

15. Exhibit 1, page 4 shows total test year Vac/Sick hours of 565 with an associated expense amount of \$11,070. In this regard, please provide the following information:

a. The actual Vac/Sick hours and associated expenses booked by Grayson during the three years prior to the test year.

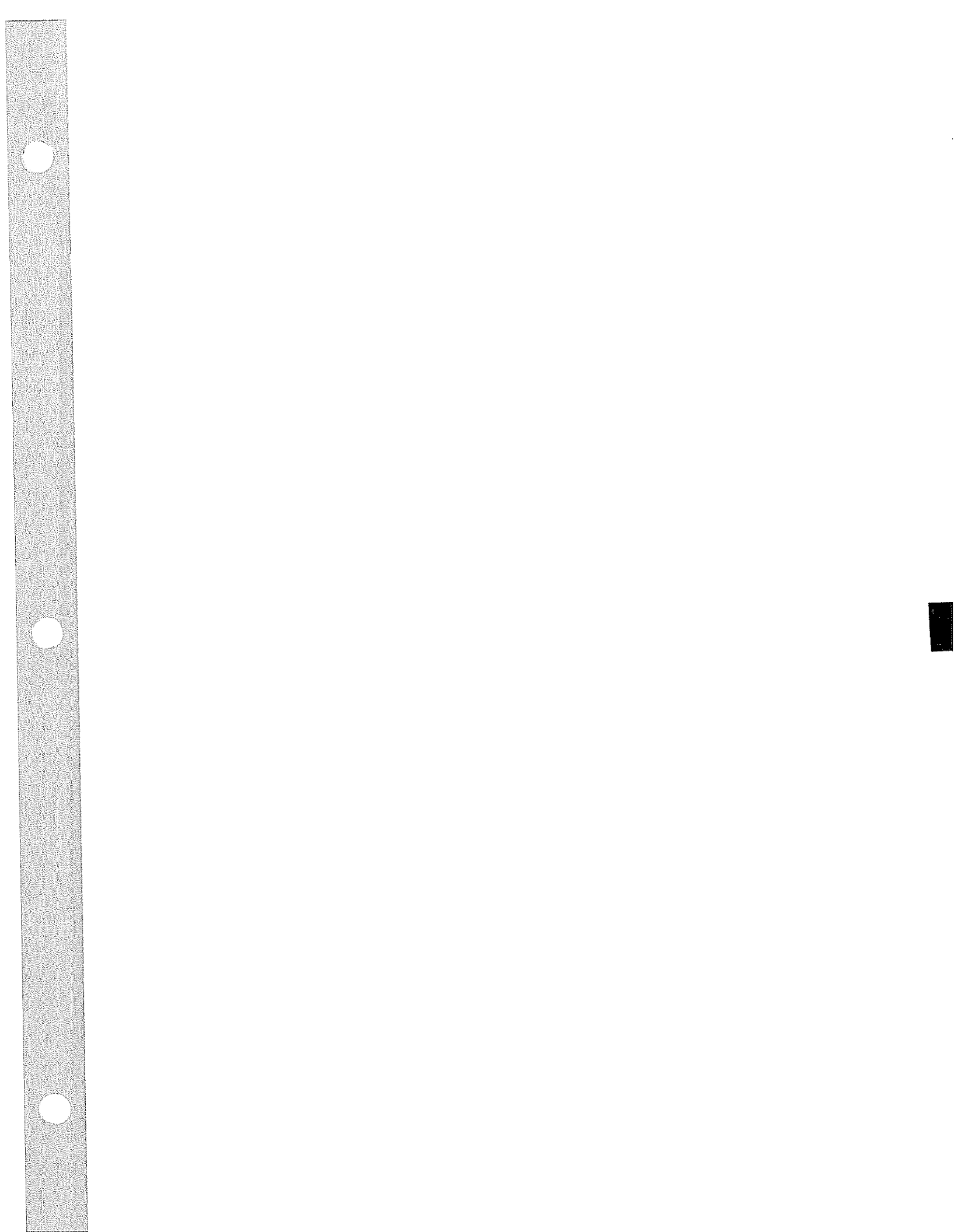
Response:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Vacation / Sick Hours	571	379	553
Associated expenses	\$ 11,144	\$ 7,882	\$ 11,307

b. What are the number of Vac/Sick hours underlying the pro forma test year expenses of \$11,546?

Response:

	<u>Test Year</u>
Vacation / Sick Hours	565
Associated expenses	\$ 11,546



Grayson Rural Electric
Case NO. 2008-00254

1st Data Request of the Attorney General

16. Exhibit 1, pages 3 and 4 show that the test year had 10 salaried employees who worked a total number of regular hours of 20,720 and 34 hourly employees who worked a total number of hours of 68,668. For each of the three years prior to the test year, provide the same type of actual information, I.e., the total number of salaried employees and the associated total number of hours worked and the total hourly employees and the associated total number of hours worked.

In addition, provide the number of number of regular salaried employee hours underlying the pro forma test year expenses of \$660,899 and the actual number of regular hourly employee hours underlying the pro forma test year expenses of \$1,511,827.

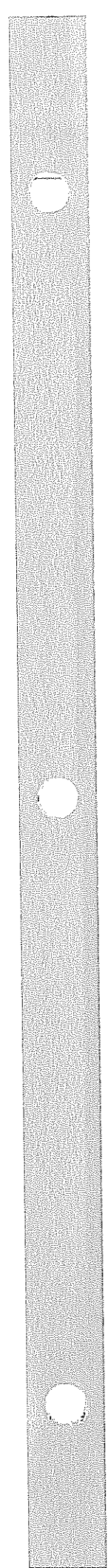
Response:

(Prior to test year)

	<u>2007</u>	<u>2006</u>	<u>2005</u>
<u>Salaried Employees</u>			
Total Hours	18,070	18,191	18,410
<u>Hourly Employees</u>			
Total Hours	61,572	63,571	65,656

Test Year

<u>Salaried Employees</u>	
Total Hours	20,720
<u>Hourly Employees</u>	
Total Hours	68,668
	\$ 1,511,827



**APPLICATION FOR AN ADJUSTMENT OF BASE RATES
GRAYSON RURAL ELECTRIC COOPERATIVE
CASE NO. 2008-00254
Initial Requests For Information of the Attorney General**

Question 17

Page 1 of 1

Witness: Alan Zumstein

17. With regard to Exhibit 9, page 3 (Professional Services Expenses), please provide the following information:

- a. Nature and purpose of the \$195 charge for the NRECA Personal Practice Pointers subscription.

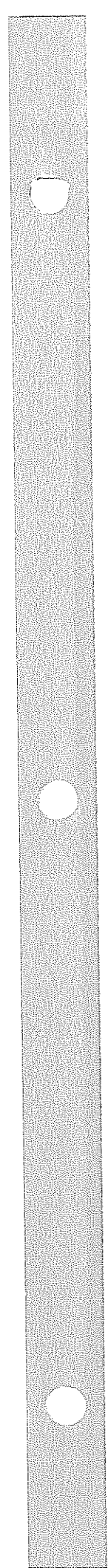
Response: NRECA sends issues that effect cooperative and employment issues for both management and legal staffs of cooperatives.

- b. The claimed expenses in this case include \$155 for a NRECA Legal Reporting subscription, \$43 for a NRECA RE Magazine subscription, and \$495 for a NRECA legal seminar registration. Is Grayson aware of the PSC policy that these type of attorney expenses are not allowed for ratemaking purposes?

Response: NRECA and KAEC have seminars specifically related to legal issues that effect electric cooperatives and the electric industry specifically. Grayson feels it is very important for its attorney to be abreast of issues that affect them. Attending these meetings and receiving industry specific magazines assists Grayson in maintaining compliance with local and national laws and regulations that affect the electric industry.

Since Grayson's attorney attends meetings specifically related to legal issues affecting the electric industry, Grayson is of the opinion that these expenses should be included for rate making purposes.

The board of directors, management and especially the members benefit by having the legal department be on a retainer and paying him for these services than by having an in-house legal department to pay full-time wages and benefits, and in turn send them to the NRECA and KAEC legal seminars, and pay for these subscriptions, too.



**APPLICATION FOR AN ADJUSTMENT OF BASE RATES
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Initial Requests For Information of the Attorney General

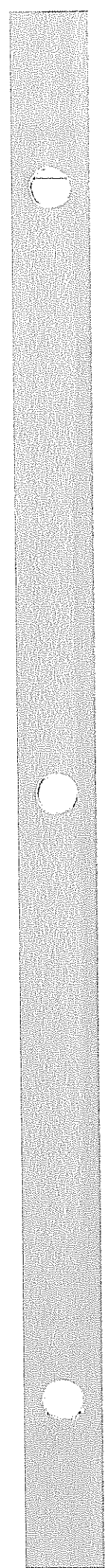
Question 18

Page 1 of 1

Witness: Alan Zumstein

18. With regard to rate case expenses, please provide the actual expenses incurred to date for the current rate case, in total and broken out by expense component per Exhibit 12.

Response: See PSC 2-24.b



Grayson Rural Electric
Case NO. 2008-00254
1st Data Request of the Attorney General

19. With regard to Exhibit 11, pages 3 and 4 (Miscellaneous Expenses), please provide the following information:
- a. Nature and purpose of the items called "Safety consumer giveaways." In addition, provide a sample picture of these giveaways, if available.

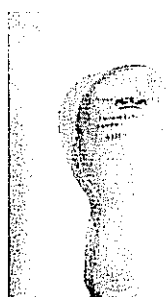
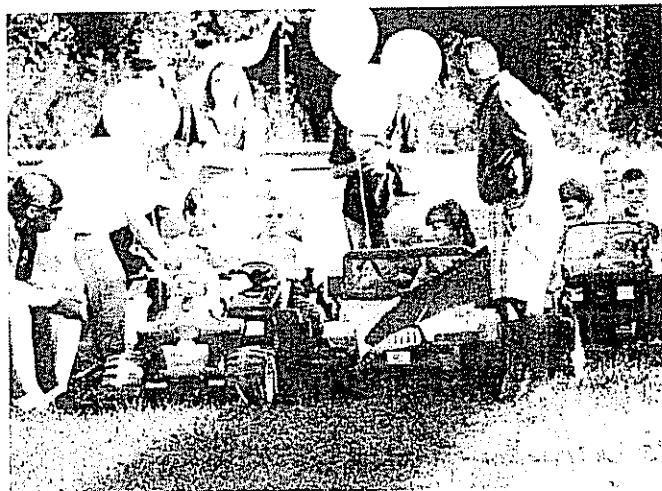
Response:

"Safety Consumer Givaways" are small items, such as pencils, highlighters, etc., which are given to school children from kindergarten through 8th grade during programs that focus on electrical safety, energy conservation and efficiency. These are also utilized at public events, such as county fairs.

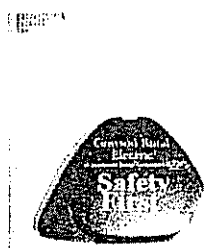
- b. Nature and purpose of the items called "Safety message on bandanas & magnet." In addition, provide a sample picture of these items, if available.

Response:

"Safety message on bandana & magnet" are examples of those items in 19(a). Samples are shown on Page 2 of 2



Balloons



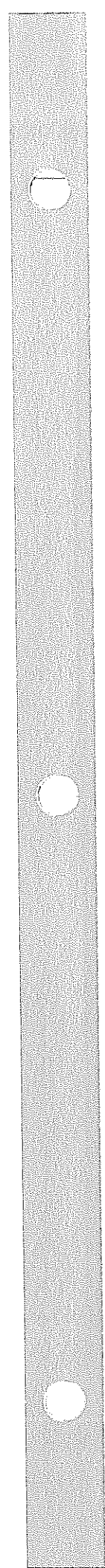
Highlighter



Slinky



Sunglasses



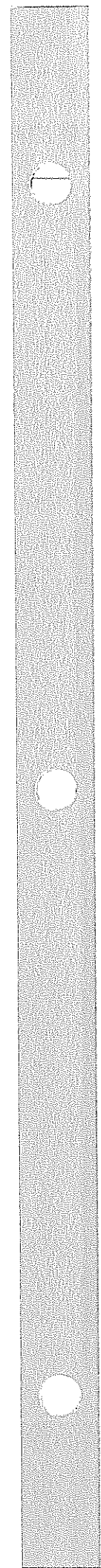
**APPLICATION FOR AN ADJUSTMENT OF BASE RATES
GRAYSON RURAL ELECTRIC COOPERATIVE
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Initial Requests For Information of the Attorney General**

Question 20
Page 1 of 1
Witness: Alan Zumstein

20. Please provide the KAEC dues and NRECA dues paid in each of the three years prior to the test year.

Response: Dues for the past 3 years are as follows:

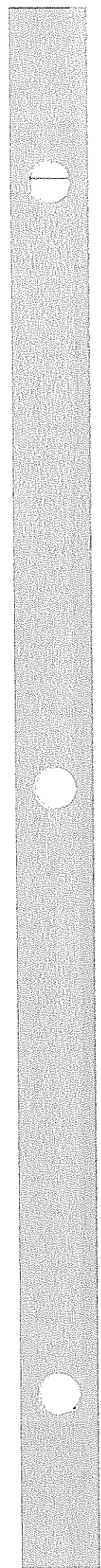
	NRECA	KAEC
2007	16,506	37,908
2006	15,966	36,684
2005	15,367	35,990



Grayson Rural Electric Cooperative
Case No. 2008-00254
Account 921, Office Supplies
Ag Initial Request, Question 21

Question 21
Page 1 of 1
Witness: Don Combs

<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>
var	var	Kentucky Power Company	5,770.11	Electric use
var	var	Netgain Tech, Inc.	14,410.71	Licenses renewals
var	var	Grayson Utilities	2,407.01	Water and sewage expenses
var	var	Windstream	2,234.40	Telephone charges
var	var	MPC-Pro, LLC (Gateway)	428.61	PC warranties
var	var	Ikon Office Solutions	1,625.44	Printer cartidges
var	var	KAEC	458.00	Meeting fees
3/6/2008	144011	Milsoft Utility Solutions	695.00	User seminar fee
var	var	NRECA	1,795.00	Meeting fees
var	var	SEDC	4,922.50	Computer support
var	var	Service Office Supply	5,805.16	Office supplies
var	var	Sam's Club	1,988.01	Office cleaning supplies
var	var	Visa	26,148.34	Employee meetings exp and fees
var	var	AT&T	477.48	Telephone charges
var	var	Computer Forms & Mktg	741.22	Checks
var	var	Data House	1,435.66	Ink cartidges
var	var	Pitney Bowes	2,220.85	Postage for machine
3/14/2008	144426	Land's End	1,436.75	Annual mtg shirts
var	var	Calvin's Convenient Store	189.21	Snacks for employee mtgs
var	var	Videos & More	168.92	Cable adapters
9/7/2007	142468	KAEC	370.00	KMMA registrtion fee
var	var	Suddenlink Comm	615.19	Cable service
var	var	Vebridge	2,700.00	Image storage
1/3/2008	143511	Tamco Capital	1,928.00	Upgrade phone system
3/27/2008	144156	PC Connection Sales	1,337.08	10 Back up UPS storage
3/24/2008	144135	KY State Treas	540.00	U/G storage fees
		less than \$100 each	2,237.73	
		DOM, crime insurance	3,849.00	
		Journal entry	106.12	Postage
		Mileage reimbursement	741.20	Employee use of personal vehicle
		EKPC Partner Plus	(448.83)	
			<u>89,333.87</u>	



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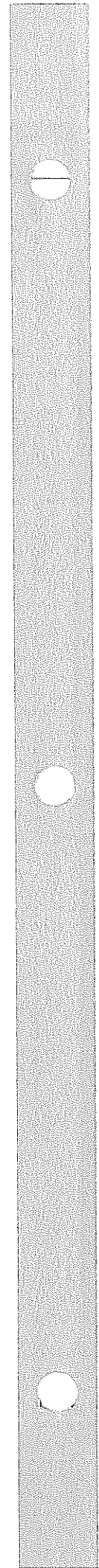
Question 22

Page 1 of 1

Witness: Alan Zumstein

22. What represents the Other Interest expense amount of \$70,941 shown on Exhibit S, page 2?

Response: Interest on customer deposits



**APPLICATION FOR AN ADJUSTMENT OF BASE RATES
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Question 23

Page 1 of 1

Witness: Alan Zumstein

23. Please reconcile the per books and pro forma depreciation expenses of \$1,553,623 and \$2,406,025 shown on Exhibit 3, page 3 of 6 to the per books and pro forma depreciation expenses of \$1,559,510 and \$1,985,711 on Exhibit S, page 2 of 4.

Response: See PSC 2-13, and PSC2-28. c.