

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

ORDER

On February 3, 2014, Grayson Rural Electric Cooperative Corporation ("Grayson") moved to amend Appendix A to the Commission's Order of July 31, 2013, in Case No. 2012-00426.<sup>1</sup> On March 18, 2014, finding that several issues raised by Grayson were outside the scope of our July 31, 2013 Order, the Commission established this matter to investigate Grayson's request to amend two of its tariffs. Specifically, Grayson's request is to modify Schedule 3, the Off-Peak Marketing Rate schedule to remove the customer charge and on-peak rate, and to designate the Off-Peak Marketing Rate as a tariff rider to be attached to other tariffs. Grayson is also seeking to amend the customer charge under Schedule 14(b). On May 19, 2014, July 7, 2014, and on September 8, 2014, Grayson responded to Commission Staff's ("Staff's") requests for information, and on September 23, 2014, representatives of Grayson participated in an informal teleconference with Staff.

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<sup>1</sup> Case No. 2012-00426, *Application of Grayson Rural Electric Cooperative Corporation for an Adjustment of Rates* (Ky. PSC July 31, 2013).

Grayson's proposal is to designate Schedule 3 as a tariff rider to be attached to other tariffs.<sup>2</sup> Currently, Schedule 3, Off-Peak Marketing Rate, is available to customers eligible for service under Schedule 1 - Farm & Home and Schedule 2 - Commercial and Small Power Less than 50 KVA, who have installed Grayson-approved load management devices known as electric thermal storage units ("ETS") for the use of power during off-peak hours. There are currently 93 customers taking service under Schedule 3.<sup>3</sup> Grayson proposes to make the proposed Schedule 3 rider available to customers who receive service under Schedule 18 – General Service (and who have installed ETS devices for the use of power during off-peak hours),<sup>4</sup> in addition to customers who receive service under Schedule 1 and Schedule 2.

Grayson proposes to shift 89 of the 93 customers currently on Schedule 3<sup>5</sup> to Schedule 1.<sup>6</sup> Grayson informed Staff during the September 23, 2014 teleconference that it has been billing the Schedule 3 customers based on the Schedule 1 rates. As a result, transferring the 89 customers to Schedule 1 would result in no change in the on-peak energy charge of \$.10910 per kWh or in the customer charge of \$15.00. These same customers will see a slight decrease in ETS usage rate, from \$.06562 kWh to \$.06225 per kWh.<sup>7</sup> For the remaining four customers, Grayson states that two

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<sup>2</sup> Case No. 2012-00426, *Application of Grayson Rural Electric Cooperative Corporation for an Adjustment of Rates* (Ky. PSC Mar. 18, 2014).

<sup>3</sup> Response to Commission Staff's Second Request for Information ("Staff's Second Request"), Item 1.a.

<sup>4</sup> Response to Staff's Initial Request for Information ("Staff's Initial Request"), Item 2.c.

<sup>5</sup> Response to Staff's Second Request, Item 1.

<sup>6</sup> Response to Commission Staff's Third Request for Information ("Staff's Third Request"), Item

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<sup>7</sup> Response to Staff's Third Request, Item 2.c.

customers will be shifted to Schedule 2, Commercial and Small Power Less than 50 KVA,<sup>8</sup> which has an energy charge of \$.10696 per kWh and a customer charge of \$27.50.<sup>9</sup> The effect on the bills of these two customers, one operating a self-storage unit facility and the other operating a mechanic's garage,<sup>10</sup> would be increases of 15 percent and 1 percent, respectively.<sup>11</sup> Grayson states that the remaining two customers will be shifted to Schedule 18, General Service Rate,<sup>12</sup> which has an energy charge of \$.13047 per kWh and a customer charge of \$22.50. The effect on the bills of these two customers, who have ETS equipment installed in personal garages, would be increases of 20 and 22 percent, respectively.<sup>13</sup>

Grayson is also requesting that the customer charge for customers being served under Schedule 14(b), Large Industrial Service, be decreased from \$1,136.37 per month to \$1,131.19 per month. According to Grayson there are currently no customers being served under Schedule 14(b).<sup>14</sup>

When Grayson initially requested to amend Schedule 3 and Schedule 14(b) tariffs as described above, it did not indicate that any customers would see an increase in their rates. However, after reviewing Grayson's responses to Commission Staff's discovery requests, it is evident that four of the 93 customers currently receiving service

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<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*, Item 2.a.

<sup>11</sup> *Id.*, Item 2.c.

<sup>12</sup> Response to Staff's Third Request, Item 2.b.

<sup>13</sup> *Id.*, Item 2.c.

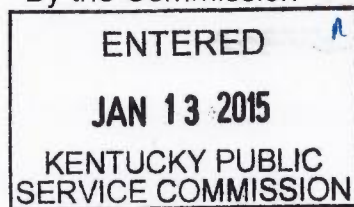
<sup>14</sup> Response to Staff's Initial Request, Item 3.b.

under Schedule 3 will have an increase in their rates, with three of the four having substantial increases, should Grayson's proposal be accepted by the Commission.<sup>15</sup> 807 KAR 5:001, Section 17, requires a utility to notify its customers when it seeks a general adjustment in rates. The Commission finds, therefore, that notice pursuant to 807 KAR 5:001, Section 17(2), should be given to the four Grayson customers currently receiving service who would experience an increase in rates under Grayson's proposal.

IT IS THEREFORE ORDERED that:

1. Grayson shall provide notice to the four customers who currently receive service under Schedule 3, and who would be subject to an increase in rates.
2. Pursuant to 807 KAR 5:001, Section 17(3), Grayson shall file proof with the Commission that notice was given to the affected customers.
3. Grayson's notice shall comply with the content requirements of 807 KAR 5:001, Section 17(4).

By the Commission



ATTEST:

  
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Executive Director

<sup>15</sup> Response to Staff's Third Request, Item 2.c.

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