

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

Exhibit S
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Witness: James Adkins

	Actual <u>Test Year</u>	Normalized <u>Adjustments</u>	Normalized <u>Test Year</u>	Proposed <u>Increase</u>	Proposed <u>Test Year</u>
Operating Revenues:					
Base rates	\$ 25,564,196	\$ 1,255,498	\$ 26,819,694	\$ 1,505,210	\$ 28,324,904
Fuel and surcharge	907,226	(907,226)	-		-
Other electric revenue	989,720	(22,894)	966,826		966,826
	<u>27,461,142</u>	<u>325,378</u>	<u>27,786,520</u>	<u>1,505,210</u>	<u>29,291,730</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	1,804	1,301,769		1,301,769
Distribution - maintenance	3,424,805	(23,472)	3,401,333		3,401,333
Consumer accounts	1,070,977	(11,947)	1,059,030		1,059,030
Customer service	260,150	(2,325)	257,825		257,825
Sales	22,103	(1,094)	21,009		21,009
Administrative and general	1,955,130	(117,195)	1,837,935		1,837,935
	<u>25,184,733</u>	<u>(1,799,401)</u>	<u>23,385,332</u>	<u>-</u>	<u>23,385,332</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	276,693	1,256,860		1,256,860
Interest expense - other	7,941	-	7,941		7,941
Other deductions	35,148	(35,148)	-		-
	<u>29,726,155</u>	<u>(1,474,757)</u>	<u>28,251,398</u>	<u>-</u>	<u>28,251,398</u>
Utility operating margins	<u>(2,265,013)</u>	<u>1,800,135</u>	<u>(464,878)</u>	<u>1,505,210</u>	<u>1,040,332</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>\$ 1,295,209</u>	<u>\$ (248,350)</u>	<u>\$ 1,505,210</u>	<u>\$ 1,256,860</u>
Net Margins	<u>\$ (1,543,559)</u>	<u>\$ 1,295,209</u>	<u>\$ (248,350)</u>	<u>\$ 1,505,210</u>	<u>\$ 1,256,860</u>
TIER	(0.57)		0.80		2.00
excluding G&T	(1.09)				
OTIER	(1.23)		0.69		1.89
(+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

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	<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>2,883,164</u>	<u>2,883,164</u>
Total	<u>\$ 77,299,111</u>	<u>\$ 2,800,419</u>	<u>\$ 80,099,530</u>
<u>Liabilities and Other Credits</u>			
Margins:			
Memberships	\$ 154,655		\$ 154,655
Patronage capital	25,454,529	2,800,419	28,254,948
	<u>25,609,184</u>	<u>2,800,419</u>	<u>28,409,603</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>\$ 2,800,419</u>	<u>\$ 80,099,530</u>

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

	Exhibit 1	New	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		
											Annual & Misc					Normalize				
	Salaries	Medical Insurance	Payroll Taxes	Depreciation	Property Tax	Interest	R&S	Donations	Professional Fees	Directors	Expenses	Rate Case	Ads	EKPC	Cycle Billing	Purchase Power	Revenue	Additional Revenue	Total	
Operating Revenues:																				
Base rates															1,687,063			(431,565)		1,255,498
Fuel and surcharge																		(907,226)		(907,226)
Other electric revenue																			(22,894)	(22,894)
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,687,063	0	(1,338,791)	(22,894)	325,378	
Operating Expenses:																				
Cost of power:																				
Base rates																	(393,645)			(393,645)
Fuel and surcharge																(1,251,527)			(1,251,527)	
Distribution - operations	5,001	(24,371)	1,153	(86)	13,562		6,545												1,804	
Distribution - maintenance	9,966	(48,561)	2,297	(215)			13,041												(23,472)	
Consumer accounts	5,112	(24,910)	1,178	(17)			6,690												(11,947)	
Customer service	989	(4,819)	228	(17)			1,294												(2,325)	
Sales	134	(651)	31	0			175						(783)						(1,094)	
Administrative and general	9,485	(46,217)	2,186	(19)	603		12,412		(34,778)	(58,999)	(31,868)	30,000							(117,195)	
Total operating expenses	30,687	(149,529)	7,073	(354)	14,165	0	40,157	0	(34,778)	(58,999)	(31,868)	30,000	(783)	0	0	(1,645,172)	0	0	(1,799,401)	
Depreciation				83,099																83,099
Taxes - other																				0
Interest on long-term debt						276,693														276,693
Interest expense - other																				0
Other deductions						(20,343)		(14,805)												(35,148)
Total cost of electric service	30,687	(149,529)	7,073	82,745	14,165	256,350	40,157	(14,805)	(34,778)	(58,999)	(31,868)	30,000	(783)	0	0	(1,645,172)	0	0	(1,474,757)	
Utility operating margins	(30,687)	149,529	(7,073)	(82,745)	(14,165)	(256,350)	(40,157)	14,805	34,778	58,999	31,868	(30,000)	783	0	1,687,063	1,645,172	(1,338,791)	(22,894)	1,800,135	
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	0	(504,926)	0	0	0	0	(504,926)	
Net Margins	(30,687)	149,529	(7,073)	(82,745)	(14,165)	(256,350)	(40,157)	14,805	34,778	58,999	31,868	(30,000)	783	(504,926)	1,687,063	1,645,172	(1,338,791)	(22,894)	1,295,209	

Grayson Rural Electric Cooperative

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Proposed Revenues

December 31, 2017

Interest on long term debt	<u>1,256,860</u>
Proposed increase in revenues over normalized revenues to generate a TIER of 2.00x	<u><u>\$1,505,210</u></u>

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Grayson Rural Electric Cooperative
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Normalized Adjustment

Exhibit 16
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Witness: James Adkins

Revenue from base rates	
Normalized	26,819,694
Test year	<u>27,251,259</u>
Adjustment	<u><u>(431,565)</u></u>

Refer to Exhibit G of the application for the above referenced numbers.