COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION FOR AN ORDER AUTHORIZING SAID CORPORATION TO INCREASE RATES TO ITS MEMBERS	)	CASE NO. 9352

O R D E R

On July 23, 1985, Grayson Rural Electric Cooperative Corporation ("Grayson") filed an application with this Commission requesting to increase its annual revenue by $584,171, or 7.8 percent. This application was amended by Grayson on August 2, 1985, to reduce the requested increase in revenues to $543,408, or 7.3 percent. Grayson stated that the additional revenue was necessary in order to maintain its financial integrity.

In order to determine the reasonableness of the proposed request, the Commission suspended the proposed rates until January 12, 1985, for the purpose of conducting investigations and public hearings on the matter. A hearing was scheduled for November 12, 1985, and Grayson was directed to give notice to its consumers of the proposed rates and the scheduled hearing pursuant to 807 KAR 5:011, Section 8.

No requests for formal intervention were received. The hearing was held on November 12, 1985, with all parties of record represented and all requested information has been filed. Based on the determination herein, Grayson has been granted an increase of $277,642, or 3.7 percent.

COMMENTARY

Grayson is a consumer-owned rural electric cooperative engaged in the distribution and sale of electric energy to approximately 10,657 member-consumers in the Kentucky counties of Carter, Elliott, Greenup, Lawrence, Lewis and Rowan. Grayson purchases all of its power from East Kentucky Power Cooperative, Inc., ("EKP").

TEST PERIOD

Grayson proposed and the Commission has accepted the 12-month period ending March 31, 1985, as the test period for determining the reasonableness of the proposed rates. In utilizing the historic test period, the Commission has given full consideration to appropriate known and measurable changes.

VALUATION

Net Investment

Grayson proposed a net investment rate base of $11,019,082. The Commission concurs with this proposal, with the following modifications:

Grayson proposed to include prepayments at the actual test year-end level, stating that this level is more reflective of a change in the billing of Kentucky Association of Electric Cooperatives dues and an anticipated increase in liability insurance. In most instances, the Commission uses a 13-month average to determine the level of prepayments to be included in the net investment. This method is used to reflect the level of prepayments throughout the test year. Grayson did not advance sufficient reasons to cause the Commission to deviate from this policy in this case.

Grayson proposed a level of working capital equal to 1/8 of adjusted test-year operation and maintenance expenses, exclusive of depreciation, taxes and other deductions. The Commission concurs with this determination, with the exception that operation and maintenance expenses have been adjusted to reflect the pro forma adjustments found reasonable.

The Commission has adjusted the reserve for depreciation to reflect the pro forma depreciation adjustment found reasonable herein.

Based on these adjustments, Grayson's net investment rate base for rate-making purposes is as follows:

Utility Plant in Service	$14,000,911
Construction Work in Progress	56,979
Total Utility Plant	$14,057,890
Add:	
Materials and Supplies	$ 94,004
Prepayments	8,060
Working Capital	161,738
Subtotal	$ 263,802
Deduct:	
Accumulated Depreciation	$ 3,344,130
Customer Advances for Construction	12,039
Subtotal	$ 3,356,169
Net Investment	$10,965,523

Capital Structure

Grayson reported a year-end capital structure of $12,946,202, which consisted of $4,949,400 in equity and $7,996,802 in long-term debt.

Grayson proposed to increase its total capitalization by $640,000 to reflect its draw down of long-term debt funds subsequent to the test year. In accordance with the concept of a historical test year and the matching of revenues, investment and capital, the Commission would not normally include this adjustment. However, due to the unique circumstances in the case, which are addressed further in the section on "Interest Expense" of this Order, the Commission concurs with this proposal.

Grayson also proposed several adjustments to equity. All but one of the adjustments proposed by Grayson were based on pro forma adjustments. The Commission, in its determination of rate base and capital structure, attempts to match revenues, investment and capital based on the test year-end. The additional adjustments proposed by Grayson go beyond the end of the test period and should not be included for rate-making purposes, as they would create a mismatch between capital, revenues and expenses. The Commission, therefore, has accepted Grayson's adjustment of $640,000 to increase long-term debt and will include no further adjustments to the historical test year-end capital structure.

The Commission finds, from the evidence of record, that Grayson's capital structure for rate-making purposes was $12,760,862 and consisted of $4,124,060 in equity and $8,636,802 in long-term debt. In this determination of the capital structure, the Commission has excluded generation and transmission capital credit assignments in the amount of $825,340.

REVENUES AND EXPENSES

Grayson proposed several adjustments to revenues and expenses to reflect more current and anticipated operating conditions. The Commission finds the proposed adjustments are generally proper and acceptable for rate-making purposes, with the following modifications:

Fuel Synchronization Adjustment

Grayson used the actual operating revenues and actual purchased power expense to determine their required revenue increase, and made no adjustments to normalize the operating revenues or the purchased power expenses. The Commission is of the opinion that it is more appropriate for a cooperative to make a normalization adjustment to operating revenues and purchased power expenses to the most current rates and charges. Additionally, as in this case, the two normalization adjustments remove any effect of the Fuel Adjustment Clause. Therefore, the Commission has made a normalization adjustment of $39,932, which reduces the operating revenues from $7,248,178 to $7,208,246. Additionally, the Commission has made a normalization adjustment of $38,294 to reduce purchased power expense from $5,143,309 to $5,105,015.

Wages and Salaries

For the test period, Grayson's total wages and salaries were $626,468. Grayson proposed to normalize wages and salaries to reflect wage rates in effect as of the date of the application. In its determination of this adjustment, Grayson projected the overtime hours for a first-class lineman hired subsequent to the test year on the basis of the average overtime hours for all employees in the same department. In his prefiled testimony, Mr. Mike Kays, office manager of Grayson, stated that this vacancy has existed for over a year. The Commission is of the opinion that some of the actual test-period overtime could have been attributable to this vacancy. Furthermore, the amount of overtime required for a new employee is not sufficiently known and measurable and, therefore, the Commission finds that no increase in overtime should be included for this position.

Grayson's proposed adjustments of $31,332 have been reduced by $4,127 based on the exclusion of the overtime resulting in a pro forma level of wages and salaries of $653,673.

Telephone Charges

Grayson proposed an adjustment of $6,611 to consumer accounts for additional expense incurred in order to comply with the Commission's regulation requiring each utility to make the necessary provisions so that all customers may contact the utility by telephone without incurring a long distance charge.[1] Grayson initiated this policy on March 1, 1985, and determined its adjustment by comparing the collect calls from consumers on the March 1985 phone bill with those calls on the April 1984 phone bill. During the hearing, Grayson agreed that the March 1985 phone bill reflected collect calls received during January and February, 1985, a period prior to the effective date of the

1 807 KAR 5:006, Section 11(2)(a)(1)(b), adopted January 7, 1985.

policy. Grayson also agreed that a comparison of the charges for collect calls on the April through August 1985 phone bills with the same period for 1984 annualized would provide a reasonable basis for determining this adjustment. The Commission concurs with Grayson's position that this new policy will result in increased telephone expense. However, the Commission cannot accept the adjustment proposed by Grayson, since the months used for comparison were not under the new policy and the time frame reviewed does not cover enough months to establish a good comparison.

The Commission has annualized the difference in charges for collect calls for the 5-month period available for comparison and has determined that the proper adjustment to the test year is $2,942.

Directors Fees and Expenses

Grayson incurred $49,555 in directors fees and expenses during the test year. Grayson's directors are reimbursed for their actual expenses incurred while in attendance at industry-associated meetings. In addition, Grayson provides a per diem allowance of $50 per day for each director attending these meetings. Grayson also provides a per diem allowance for attendance at the board's regular meetings, in addition to reimbursing the directors for their actual expenses. Life, medical and health insurance are also provided by Grayson for its directors.

The Commission is in agreement with Grayson's position that it is essential to have competent individuals serving on its board of directors and recognizes that compensation for attendance at board meetings could enhance the ability to attract quality board members. However, no evidence has been presented in this case or any cooperative case that the level of compensation through the per diem allowance has affected the quality of board members.

The Commission has the responsibility to assess the reasonableness of a cooperative's expenses and make adjustments where necessary to exclude costs that are not necessary for the safe, reliable provision of utility services. The per diem allowance paid by cooperatives ranges from $50 to in excess of $100. In addition, the cooperatives vary in their philosophy concerning the meetings that should be attended, who should attend and the level of expenses that are reimbursed. Thus, the potential for excessive costs in this area does exist. In arriving at a reasonable level of Director fees and expenses, the Commission has chosen to exclude per diem allowances for attendance at meetings were attendance is discretionary.

The Commission began disallowing the per diem allowance at meetings other than the board's regular meetings in September 1982 in Case No. 8480[2] and reaffirmed this practice most recently in Case No. 8993.[3] Considering that actual out of pocket expenses are reimbursed by Grayson, the Commission does not find sufficient

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2 Case No. 8480, Notice of Meade County Rural Electric Cooperative Corporation, dated September 15, 1982.

3 Case No. 8993, Rate Adjustment of Big Sandy Rural Electric Cooperative Corporation, dated September 20, 1984.

reason to deviate from its position that a per diem allowance of this nature should not be borne by a cooperative's customers. Therefore, the Commission has reduced operating expenses by $5,950 to exclude the cost of these per diem allowances from the determination of revenue requirements.

Other Tax Expense

Grayson proposed to adjust other tax expense by $3,987 in connection with the normalization of wages and salaries and to give effect to the increase in the Commission maintenance assessment for 1985. The Commission has included an adjustment of $3,636 to reflect the decreased FICA and Worker's Compensation to be consistent with the wages and salaries allowed herein.

Management Audit

Grayson's test-year expense for outside services employed was $39,946. A review of this account revealed that Grayson had included $22,787 which represents the total expense for a management audit prepared by the National Rural Electric Cooperative Association and submitted to Grayson on July 6, 1984.

Grayson stated that the majority of the recommendations of the audit were immediate in nature and were implemented during the test year. The Commission is encouraged by Grayson's initiative and commends Grayson in its effort to reduce costs and improve efficiency. Grayson reported the $22,787 as an operating expense of the test period and chose not to amortize this expense over future periods. No evidence was presented to indicate that such costs would be incurred on a recurring basis. Therefore, the costs associated with this audit will not impact future periods and should not be reflected in adjusted operating expenses for rate-making purposes. Moreover, an analysis of the outside services employed account shows that the test-year expense is at least 150 percent greater than in any of the past 9 years. Thus, for determining rates in this case, the Commission has not included the $22,787 associated with the audit in Grayson's adjusted operating expenses.

Depreciation Expense

Grayson proposed adjustments to increase depreciation expense by $1,133. Grayson determined this adjustment by applying the composite depreciation rate for distribution plant to the capitalized portion of adjustments to wages and salaries, other taxes and liability insurance. This adjustment is contrary to the matching concept in that the capitalized amounts will flow through to plant in service in some future period and, therefore, this adjustment has not been included.

The Commission has, however, increased depreciation expense by $5,050 to reflect the annual depreciation expense based on the level of plant in service at the end of the test year. This adjustment is consistent with the Commission's normal treatment of depreciation expense for rate-making purposes.

Interest Expense

Grayson proposed an adjustment of $84,020 to reflect the interest on loan funds of $578,000 drawn down during the test year and on loan funds of $640,000 drawn down subsequent to the test year.

The Commission put Grayson and all other electric cooperatives under its jurisdiction on notice in Case No. 8778[4] that, in future rate proceedings, it would reconsider its past practice of allowing the interest on debt drawn down subsequent to the end of the test period. The Commission stated that the practice of updating interest expense based on the balance of long-term debt beyond the test period without reflecting the additional revenues and expenses associated with facilities constructed with these funds violates the matching concept of historical test year rate base and operating statement.

In this case, Grayson proposed, in addition to its adjustments to interest expense, adjustments to interest income to recognize the income on the additional funds available for investment. Grayson also provided work orders supporting its position that facilities constructed with these funds had been placed in service prior to the beginning of the test year. Grayson maintained that, since the facilities constructed with these funds were in service prior to the test year, the test year revenues reflected revenue derived from these facilities.

The Commission has determined that Grayson's situation is unique in that a large portion of the debt was drawn down only one day after the end of the test period and all of the debt was for plant which was in service at the beginning of the test period.

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[4] Case No. 8778, Adjustment of Rates of Salt River Rural Electric Cooperative Corporation, dated October 24, 1983.

The Commission has, therefore, included $32,000 in interest on $640,000 of debt drawn subsequent to the test year. The Commission has further adjusted interest on long-term debt by $48,190 to reflect interest expense on the level of long-term debt outstanding at the end of the test year.

The Commission cautions Grayson and all other electric utility cooperatives under its jurisdiction that the Commission will continue to reconsider its past practice on this issue and that the burden of proof that there is no mismatch of revenues and expenses will rest with the cooperatives.

The effect of the accepted pro forma adjustments on Grayson's net income is as follows:

	Actual Test Year	Pro Forma Adjustments	Adjusted Test Year
Operating Revenues	$ 7,468,334	$<39,932>	$ 7,428,402
Operating Expenses	6,970,147	<22,890>	6,947,257
Operating Income	$ 498,187	$<17,042>	$ 481,145
Interest on Long-Term Debt	371,078	80,190	451,268
Other Income and (Deductions) - Net	48,892	94,857	143,749
Net Income	$ 176,001	$< 2,375>	$ 173,626

REVENUE REQUIREMENTS

The actual rate of return on Grayson's net investment rate base established herein for the test year was 4.53 percent. After taking into consideration the pro forma adjustments, Grayson would realize a rate of return of 4.39 percent.

Grayson has requested rates that would produce a rate of return of 9.0 percent and a Times Interest Earned Ratio ("TIER") of 2.50X. Grayson indicated that these earning levels were required to correct its deteriorating financial condition to the extent that its TIER is adequate to meet the Rural Electric Administration and the National Rural Utilities Cooperative Finance Corporation borrowing requirements, insure advancement toward an optimum equity level and establish a financial condition approaching the industry composite TIER of 2.52X.

Grayson's actual TIER for the test year was 1.47X and its TIER was 1.37X and 3.63X for the calendar years 1983 and 1984, respectively. After taking into consideration the pro forma adjustments in this case, Grayson would achieve a 1.38X TIER without an increase in revenues. Grayson's equity to total asset ratio is 32.3 percent based on the capital structure approved herein. Grayson's Debt Service Coverage ratio for the test year and calendar years 1983 and 1984 was 1.52X, 1.43X and 2.80X, respectively. All of these ratios are based on the earnings of Grayson, exclusive of the Generation and Transmission Capital Credits ("GTCC") assigned to Grayson by EKP.

In 1980, Grayson was granted a rate of return of 6.72 percent, which provided a TIER of 2.25X. Recognizing the drop in the rate of inflation and the overall improvement in economic conditions from those that existed in 1980, the Commission has lowered the rates of return allowed in certain cases involving other utilities under its jurisdiction. Recent decisions involving electric cooperatives have resulted in TIER levels of 2.15X, 2.15X, 2.00X, 2.25X and 2.02X, reflecting the Commission's opinion that rates of return and TIER should be reduced. The Rural Electric Administration ("REA"), Grayson's principal lender, requires its borrowers to maintain an average TIER of at least

1.5X for 2 out of the most recent 3 calendar years. The TIER as calculated by REA for purposes of meeting the minimum mortgage requirements includes GTCCs assigned during the calendar year. The Commission recognizes that a cooperative cannot reasonably expect to achieve a TIER of 1.5X if the revenue requirements were based on a 1.5X TIER, and provides an attrition allowance by basing the revenue requirements on a 2.0X TIER. In periods of high inflation the Commission allowed TIERS of 2.25X. Since the period of double digit inflation is no longer in existence, the Commission is of the opinion that Grayson's revenue requirements should be based on a TIER of 2.00X.

The Commission has noted that Grayson's capital structure, as of test year-end and including the debt drawn down subsequently, consisted of 32.3 percent equity and 67.7 percent debt after removal of accumulated generation and transmission capital credits. The equity level achieved by Grayson is viewed by the Commission as an indication of Grayson's improving financial condition. The Commission is encouraged by this improvement, yet it is concerned that Grayson's customers receive the benefits associated with the improved financial condition. A basic principle of a cooperative is that the customers of the cooperative who are actually the owners should be allowed to benefit from strong financial performance of the cooperative by receiving a refund of capital credits or by realizing a reduction in the cost of electric service. With the improving equity level, the Commission expects Grayson to seriously consider as a part of its financial planning, methods whereby the consumer-owners of the cooperative will receive the maximum benefits of the cooperative form of organization.

Based on the evidence of record and the reasons cited herein, the Commission has determined that a TIER of 2.00X should be granted in this case. In order to achieve this TIER, Grayson should be allowed to increase its annual revenue by $277,642, which would result in a rate of return of 6.92 percent. This additional revenue will produce net income of $451,268, which should be sufficient to meet the requirements in Grayson's mortgages securing its long-term debt.

COST OF SERVICE

In this proceeding, Grayson filed a fully distributed embedded cost of service study through its witness, Mr. Laurence B. Cope. Grayson proposes to use its cost of service study to determine class revenue requirements and assist in designing retail rates. In support of using Grayson's cost of service study, Mr. Cope states "...cost-based rates in summary promote efficiency, fairness and equity."

The Commission, in Administrative Case No. 203, The Determinations with Respect to the Rate-making Standards Identified in Section 111(d)(1)-(16) of the Public Utility Regulatory Policies Act of 1978, stated its support for the use of cost of service studies in rate proceedings. The Commission commends Grayson for its effort in preparing and filing a cost of service study in this proceeding. However, the Commission is still of the opinion that a necessary input in preparing a cost of service study is statistically acceptable load research data.

Grayson, in this proceeding, did not have the load data necessary to prepare an accurate cost of service study; therefore, the Commission rejects Grayson's proposed cost of service study. The Commission does encourage Grayson to offer cost of service studies in future proceedings as the load information that is being compiled by EKP is made available to them.

REVENUE ALLOCATION AND RATE DESIGN

Grayson has proposed to allocate the revenue increase to each rate class, the increase of rates and charges within the rate classes and new tariffs in accordance with their cost of service study. The Commission has previously discussed Grayson's cost of service study and finds that it would be inappropriate to allocate the revenue increase and rate design changes upon the cost of service study.

The Commission has determined that the allocation of the revenue increase would be better allocated by the percent of revenue produced by each rate class to the total revenue. Therefore, the revenue increases have been allocated to the rate classes by approximately the following percentages:

Schedule No.	Description	Percent
1	Domestic	77.88%
3	Small Commercial	8.12%
4	Large Power	8.80%
5	Street Lighting	0.05%
6	Outdoor Lighting	2.22%
7	All-Electric School	2.63%
8	Seasonal	0.30%

The increases of rates and charges in the rate classes have been altered by the Commission in the following manner. The large percent of increase to the customer charge is not in keeping with rate continuity. The Commission is of the opinion that a gradual increase to the customer charge of approximately the same as the overall percent of revenue increase is a more reasonable approach. The Commission agrees with Grayson in the matter of the demand charge and that the customer should be charged a demand charge closer to that Grayson is charged. The proposed demand charge increase has been altered only by the percent of revenue increase received to the revenue increase requested.

The Commission is particularly concerned with the proposed tariff for customers who own and maintain the complete substation equipment. Currently, the customer who owns and maintains the complete substation equipment is served under the large power tariff and receives a discount; however, in the proposed tariffs, the customer who owns and maintains the complete substation equipment, and is served on primary voltage, would pay higher rates than the customer who does not own and maintain the substation equipment, and is served either on primary or secondary voltage. The Commission finds that the proposed tariffs are not fair, just and reasonable and, therefore, rejects the proposed tariffs. Grayson is to continue to use the tariffs as currently on file with this Commission with the changes as stated in the attached Appendix A.

SUMMARY

The Commission, after consideration of the evidence of record and being advised, is of the opinion and finds that:

1. The rates in Appendix A are the fair, just and reasonable rates for Grayson and will provide net income

sufficient to meet the requirements in Grayson's mortgages securing its long-term debt.

2. The rates and charges proposed by Grayson differ from those found reasonable herein and should be denied upon application of KRS 278.030.

3. Grayson's proposed tariffs are not fair, just and reasonable and should be rejected.

4. Grayson's proposed revenue allocation and rate design methodologies are not fair, just and reasonable and should be rejected.

IT IS THEREFORE ORDERED that:

1. The rates in Appendix A be and they hereby are approved for service on and after the date of this Order.

2. The rates proposed by Grayson be and they hereby are denied.

3. Grayson shall file with the Commission within 30 days from the date of this Order its revised tariff sheets setting out the rates approved herein.

4. The tariffs proposed by Grayson be and they hereby are denied.

5. The revenue allocation and rate design methodologies be and they hereby are denied.

Done at Frankfort, Kentucky, this 17th day of January, 1986.

PUBLIC SERVICE COMMISSION

Richard D. Heman, Jr.
Chairman

Vice Chairman

Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 9352 DATED 1/17/86

The following rates and charges are prescribed for the customers in the area served by Grayson Rural Electric Cooperative Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the date of this Order.

SCHEDULE 1 and 3*
DOMESTIC-FARM & HOME SERVICE, PUBLIC BUILDINGS, SCHOOLS, CHURCHES, ETC.
COMMERCIAL & SMALL POWER 0 - 49 KVA

Rates:

Customer Charge Per Month	$7.25
Energy Charge	.06083 Per KWH

Minimum Charge

The minimum monthly charge under the above rate shall be $7.25 where 25 KVA or less of transformer capacity is required.

Special Provisions

Delivery Point - The delivery point shall be the metering point unless otherwise specified in the contract for service. All wiring, pole lines and other electrical equipment on the load side of the delivery point shall be owned and maintained by the consumer.

SCHEDULE 1 - T-O-D
DOMESTIC - FARM AND HOME SERVICE
EXPERIMENTAL RESIDENTIAL SERVICE - TIME-OF-DAY

Availability of Service

Available for a period limited to two years, as an experimental tariff to consumers eligible for Tariff Domestic - Farm and Home Service, is for the purpose of conducting a time-of-day rate experiment designed to provide data to evaluate the cost and benefits of time-of-day pricing and its effect on the use of electricity by residential consumers in the Cooperative's service area. Consumers who will be eligible for this tariff will be selected by the Cooperative and will agree voluntarily to participate in the Cooperative's residential time-of-day rate experiment.

This tariff is limited to the consumers selected by the Cooperative and will require the installation of a special meter capable of registering the on-peak and off-peak kilowatt-hours.

This tariff is available for single-phase service only.

Rates:

On-Peak Rate

Service Charge	$7.25 Per Month
All KWH/Month	.06083 Per KWH

Off-Peak Rate

All KWH/Month	.03650 Per KWH

SCHEDULE 4
LARGE POWER SERVICE 50 - 600 KW*

Rates:

Demand Charge
$6.70 Per Month Per KW of Billing Demand
Customer Charge Per Month - $55.00
Energy Charge - $.04323 Per KWH

Minimum Monthly Charge
3) A Charge of $55.00

SCHEDULE 5
STREET LIGHTING SERVICE*

Base Rate Per Light Per Year

For dusk to dawn lighting with lights mounted on existing wooden poles with bracket attachments and connected to existing overhead secondary circuits.

For the following monthly charges, the Cooperative will furnish, install and maintain the lighting fixtures and accessories including hardware, control, lamps, overhead wiring, etc., and the energy required.

Lamp Size	Mercury Vapor Lamps	Annual Charge Per Lamp
175 Watt	$5.95	$71.40

SCHEDULE 6
OUTDOOR LIGHTING SERVICE - SECURITY LIGHTS*

Availability

Available to consumers, other than towns and villages, for dusk to dawn outdoor lighting on existing overhead secondary circuits.

Rate Per Light Per Month

7,000 Lumens	Mercury Vapor Lamp	$5.92
10,000 Lumens	Mercury Vapor Lamp	$7.89

Conditions of Service

1. The Cooperative shall furnish, install, operate and maintain the outdoor lighting equipment including lamp, luminaire, bracket attachment and control device on an existing pole of the Cooperative, electrically connected so that power for operation of the light does not pass through the meter for the consumer's other usage, at a location mutually agreeable to both the Cooperative and the consumer.

SCHEDULE 7
ALL ELECTRIC SCHOOLS (A.E.S.)*

Rates:

Customer Charge	$25.00 Per Month
All KWH	.04371 Per KWH
Demand Charge	4.00 Per KW

SCHEDULE 8
SEASONAL SERVICES - SERICES ACTIVE LESS THAN NINE (9) MONTHS OUT OF A YEAR

Rates:

Customer Charge Per Month	$8.80
Energy Charge	.07860 Per KWH

Minimum Charge

The minimum monthly charge under the above rate shall be $8.80 where 25 KVA or less of transformer capacity is required.

*Fuel Clause Adjustment

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the wholesale power supplier plus an allowance for line losses. The allowance for line losses will not exceed 10 percent and is based on a twelve-month moving average of such losses. This Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.