

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF FILING OF GRAYSON RURAL)
ELECTRIC COOPERATIVE CORPORATION)
TO UPDATE ITS UNDERGROUND COST) CASE NO. 93-317
DIFFERENTIAL RATE)

O R D E R

IT IS ORDERED that Grayson Rural Electric Cooperative Corporation ("Grayson") shall file an original and 12 copies of the following information with the Commission, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been provided along with the original tariff filing, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. The information requested herein is due no later than January 3, 1994.

1. Pages 51 and 52 of the proposed tariff filing provide cost support data for both underground and aerial services.

a. The column entitled "Labor" contains a list of amounts. Provide the hourly rates used to obtain these amounts. Explain if these hourly rates differ from the average hourly wage rates for construction or craft personnel.

b. Compute the average time required to complete the work orders listed on pages 51 and 52. Are these times consistent with information available from Grayson's normal daily work orders? Why or why not?

c. Indicate which of the work orders listed on pages 51 and 52 were performed by subcontractors.

2. At the bottom of pages 51 and 52, calculations are shown in which the administrative overhead factor of 178 was applied to labor costs. Dividing the resulting administrative overhead costs by the number of feet results in administrative overhead costs per foot of \$3.57 for aerial and \$6.07 for underground ($\$6359.41/1782'$ and $\$2833.05/467'$ respectively). The response to Item 4b of the Commission's October 21, 1993 Order indicated that administrative overhead costs will not increase as a result of a customer's request for underground service in lieu of aerial service. If this is the case, explain why customers who select underground service should pay more for administrative overhead costs on a per foot basis than customers who select aerial service?

3. Are the costs derived on pages 51 and 52 also used to estimate construction charges for line extensions that exceed the minimum distances for free installation? Explain any differences.

4. Is Grayson involved in unregulated lines of businesses, such as, but not limited to, satellite CATV marketing? If so, explain how administrative overhead costs are allocated in these instances.

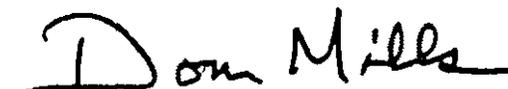
5. Is there a cost differential between maintaining aerial and underground service once installation is completed? If yes, what is the cost differential per foot of line, to what time period does it apply, and how was the differential calculated?

Done at Frankfort, Kentucky, this 17th day of December, 1993.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director