

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION
BOARD MEETING AGENDA

On January 25, 2013, the Directors of Grayson Rural Electric Cooperative Corporation were called to meet by the Chairman.

1. Sign Wavier of Notice
2. Invocation
3. Approval of the Minutes from the December Board Meeting
4. Manager of Technical Services Report – Brian Poling
5. Manager of Finance & Accounting Report and Approval of the Financial & Statistical Report for November 2012 – Don Combs, Manager of Finance & Accounting
6. Consider Approval of the Following RUS Work Orders and Submit Them to RUS:

July 2012	Work Order No. 1152	\$107,913.76
	Work Order No. 1153	\$13,208.58
	Retirement Work Order No.734X	\$426.88
August 2012	Work Order No. 1154	\$206,310.64
	Work Order No. 1155	\$3,501.89
	Retirement Work Order No.735X	\$872.90
September 2012	Work Order No. 1156	\$744,361.74
	Work Order No. 1157	\$12,874.69
	Retirement Work Order No. 736X	\$1,439.31
	Total	\$1,090,910.39
7. Manager of Marketing & Member Services Report – Kim Bush
8. Operations Report – Kyle Clevenger, Manager of Operations
9. Safety Report – Kyle Clevenger, Manager of Operations
10. Approval of Fifty-Eight (58) New Memberships and Retirement of Seventy-One (71) Existing Memberships for January 2013
11. Consider Approval of Accounts to be Charged Off to Reserve \$4,870.99
12. Consider Approval of President’s Business Expense in the Amount of \$210.68, Director’s Business Expense in the Amount of \$8,853.18 and Attorney’s Business Expense in the Amount of \$777.50
13. President’s Report – Carol Hall Fraley
14. Cooperative Legal Matters – W. Jeffrey Scott
15. KAEC Director’s Report – Jimmy Whitt
16. EKPC Director’s Report – Ken Arrington

17. Consider Community Service and/or Donations
18. Attendance at Meetings – Directors & Employees
19. Report of Any Meetings Held
20. Review and Consider/Approval and/or Reaffirming of Board Policies and Bylaws
Board Policy #508 – Safety Practices
21. No Conflict of Interest Declaration – Board of Directors
22. Consideration of CEO Appraisal and Appropriate Action Thereon
23. Confirm Date for the February Board Meeting – February 24, 2013
24. Additional Business
25. Adjourn

On December 20, 2012 at 9:09 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Rice gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Rice seconded by Director Whitt and unanimously agreed to approve the minutes from the November Board Meeting for informational purposes only.
TECHNICAL SERVICES	<p>Brian Poling, Manager of Technical Services and Andrea McCleese, Technical Services Supervisor, presented a power point on Prepaid Metering that will be available after the PSC approves the tariff Don Combs and Bradley Cherry are writing.</p> <p>Director Arrington asked about the upfront cost for customers and Mr. Poling stated it was \$100. Director Trent asked about monitoring and Brian said that no extra clerical work is required. Director Dupuy asked about prepaid deposits and who paid the meter fee. Brian said no deposit is required and the fees are rolled into the initial cost. Director Whitt questioned the need for meters and Brian explained the lead time for ordering is 26 weeks. Director Dupuy asked if a smart phone was required and it is not. Director Martin pointed out that it was a real help for members who are unable to pay a membership, deposit and other fees. It is also a help to the Cooperative because we will not have uncollectible bills.</p> <p>Brian Poling turned the meeting over to Andrea McCleese for a demonstration on the Smart Phone app, explaining how to view outages, account management, location, and the many functions it can show you on your account.</p>
OFFICE & MEMBER SERVICES REPORT	Don Combs, Manager of Finance and Accounting presented the Financial Statistical Report for October 2012. Mr. Combs reported on the following:
FINANCIAL & STATISTICAL REPORT FOR OCTOBER	<p>Kilowatt hour sales for the month of October (10/20-11/20) were .96% over budget. Purchases for the time period of 10/1-31 were 1.16% under budget. Line loss for the last twelve months was 5.53%. Year to date margins were a deficit of (\$1,412,853) compared to the budgeted deficit amount of (\$1,693,907).</p> <p>Don further explained the expenses of each department, maintenance, construction, general and Charleston Bottoms. In spite of sales being down we are doing better than anticipated including the June storm expenses. Load purchase power has leveled off and will be watching the next two months. Our finances went down in 2011 January when EKPC passed on their increase. GRECC had a rate increase on the July 2008 bill with a \$4.65 increase on customer charge. The average monthly decrease in membership was five per month; net was 217 new memberships and 274 retired.</p>
EKPC MARGINS	Mr. Combs reported that EKPC's margins were projected to exceed budget this year by at least \$7.7 million dollars.
OCTOBER T.I.E.R.	The T.I.E.R. for October was .17.

OPERATIONS REPORT	Kyle Clevenger, Manager of Operations gave the Operations Report. He reported on the following:
EMPLOYEE/LOST TIME ACCIDENT	There were no lost time accidents to report this month.
SAFETY REPORT	<p>The following safety meetings were held during November:</p> <p>November 07—Brian Poling, Mgr. of Technical Services – Veterans were recognized and honored with a breakfast, along with the slide show of the Co-op Veterans prepared by Julie Lewis.</p> <p>November 12—Priscilla Sparks, Executive Assistant – Becca Richardson’s guest speaker, April Wilhoit, American Cancer Society, talked about Relay for Life and showed a video. Don and Bradley talked to employees about the 2013 health plan. Kyle Clevenger reminded everyone to wear their P.P.E.</p> <p>November 19—Sherry Buckler, General Accounting Supervisor – Dolf Fischer from Health Source Chiropractic & Progressive Rehab, addressed back pain and ways to treat back pain, and how it’s preventable. The monthly safety give-a-way was this week. Kyle Clevenger, Manager of Operations, reminded everyone to work safely.</p> <p>November 28—Kim Bush, Mgr. of Marketing & Member Services, had a video on United Way and handed out applications for donations. David White, KAEC’s monthly safety meeting discussed an Owen accident involving improperly grounded trucks and his topic was on truck grounding and barricading.</p> <p>Mr. Clevenger continues to mention the necessity of ground chains and that a line is not dead until it is grounded.</p>
CONSTRUCTION	Construction built one hundred thirty-five (135) new work orders for the month of November and worked one hundred eighty-two (182) hours of overtime.
OVERTIME HOURS	The Maintenance Department worked twelve (12) hours of overtime during the month of November.
DELINQUENT NOTICES	The Maintenance & Construction Departments collected on one hundred eighty-three (183) delinquent accounts and disconnected fifty-one (51) accounts in December.
CONTRACT CREWS	We have one Pike crew working, Rob Evans, on 3 Prong in Greenup County and new construction.
RIGHT-OF-WAY CREWS	<p>We have seven (7) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew’s trimmed 429 trees, cut 235 trees, and cut 29,545 feet of brush/line. The crews are working in the following areas:</p> <ul style="list-style-type: none">1 tractor crew in Rowan County2 bucket truck crews in Lawrence, Elliott and Rowan Counties2 cutting crews in Lawrence County1 cutting crew in Greenup County1 cutting crew on notes in Elliott, Rowan and Lawrence Counties

RIGHT-OF-WAY CREWS (CONTINUED)	The Bobby Smith Tree Company cut and trimmed trees in Carter, Lewis and Greenup Counties. They have one circuit crew in Carter County and RT 1025 and will be finishing up.
ENGINEERING REPORT	The Engineering Department released three hundred eighty-four (384) prints consisting of 10,725 feet of primary line and 5,580 feet of service wire. They currently have two (2) new services to be staked, two (2) to be drawn and sixteen (16) miscellaneous jobs to be staked or drawn.
APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS	Motion was made by Director Dupuy, seconded by Director Martin and unanimously agreed to approve seventy-three (73) new memberships and retirement of eighty-four (84) existing memberships for November 2012.
BAD DEBT WRITE-OFFS	Motion was made by Director Whitt, seconded by Director Martin and unanimously agreed to charge off \$5,082.85 worth of bad debts and turn them over for collection.
APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY BUSINESS EXPENSES	Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to approve the President's business expense of \$793.48, Director's business expenses of \$13,123.23 and Attorney's business expense of \$11,430.07.
PRESIDENT'S REPORT	President Fraley reported on the following:
KINDER GAS	She informed the Board that Kinder/Morgan (Tennessee Gas) has asked for early completion of their conversion from gas power to electric. We were able to borrow (3) 350kW transformers from Clark RECC to accommodate the change in schedule and be done before the 1 st of the year.
NANCY MADDEN	Nancy is on long term disability. She will have a PET Scan on January 30 th and then start chemo treatments.
VOTING DELEGATES TO NRTC'S ANNUAL MEETING	Director Rice will serve as the Voting Delegate to NRTC's 2013 Annual Meeting and President Fraley will serve as Alternate Voting Delegate proxy.
VOTING DELEGATES NRECA NATIONAL MEETING	Chairman Trent said there was no change in the designated voting delegate certification. Director Dupuy will serve as the Voting Delegate to NRECA's National Meeting and Chairman Trent will serve as the Alternate Delegate.
LEGISLATIVE RALLY	The NRECA Legislative Conference will be held April 29 – May 1, 2013. President Fraley may attend.
2013 ANNUAL MEETING	Tentative Annual Meeting Time Lines were handed out. KAEC sent a yearly calendar of meetings. Carol Ann gave an update on the progress of the MOU for Amendment 3. The current proposal would allow us to utilize our maximum 9.4 MW. Other Cooperatives could do the same, up to a total of ½ of EKP's maximum allowable 5%. After the first half was used, each proposal would require a partnership and would be on a case by case basis. They are going to petition RUS to ask remove acquisitions from the total.

PRESIDENT'S REPORT EKPC asked if resolving this issue would take care of Charleston Bottoms and President Fraley replied they were two different issues.

LEGAL COUNSEL'S REPORT Legal Counsel Scott reported on the following:

EKPC filed a counter claim in Mason County. He filed a motion to dismiss the counter claim. He filed a motion that it was wrong to exclude Mr. Arrington from EKPC Board Meetings where this issue was discussed. He also filed a motion asking Judge Wood to recuse himself.

The PSC date request in the MACED issue was mailed December 14, 2012. A motion to extend time to January 11, 2013 was filed. He met with Tina Preece and a MACED representative last week. President Fraley informed the Board of a default on one loan, and that MACED has a contingency fund to cover the loss.

He reported a notice was received from EKPC, calling a special board meeting on January 2, 2013.

Legal Counsel Scott informed the Board of Directors that Harold Dupuy and Eddie Martin have filed a declaration of their intention to stand for reelection to the GRECC Board of Directors for the 2013-7 term.

KAEC DIRECTOR'S REPORT Director Whitt reported he attended KAEC's Board Meeting this past Tuesday. He reported the following:

A joint meeting was held with UUS and KAEC. They are in better financial shape than in 2011 and in the black over \$700,000.

EKPC DIRECTOR ARRINGTON Director Arrington attended the December EKPC Board Meeting and reported the following:

EKPC a round table discussion and reported that RUS requires 20% equity before they are allowed to pay capital credits. They also reported that EKPC bylaws require 40% equity before capital credits can be paid.

Legal Counsel Scott asked for their per diem policy and they refused.

THANK YOU NOTES Thank you notes were received from the following for GRECC's donations: Ron Bush and the Nazarene Church for assistance in a small repair, Girl Scouts of KY, Barbara Perry, Carter County Homemakers and Rebecca and Daniel Adams of Ohio.

DONATIONS President Fraley presented to the Board for their consideration the following donation request:

Shop with KY State Trooper – donation	\$100
New Hope Church of God – donation	\$50
Elliott County Community Center – donation	\$100

Motion was made by Director Dupuy, seconded by Director Rice and unanimously agreed to approve the donation as presented.

MEETING ATTENDANCE Directors Trent, Dupuy and Rice along with President Fraley and some of her staff will be attending the NRECA National Meeting and Tech Advantage Expo in New Orleans on February 17-20, 2013.

2013 UNION CONTRACT The signing of a new Union Contract dated January 1, 2013 until January 1, 2018 was signed by President and CEO Carol Hall Fraley, Chairman Roger Trent, Vice Chairman Donnie Crum, Secretary – Treasurer Eddie Martin, Local Union Agent, Jimmy Gillette, and GRECC Union Officers, Stewart Chris Mosier, President Mark Hutchinson, and Vice President Richard Easton.

BOARD MEETING DATE The next board meeting is schedule on Friday, January 25, 2013.

ADDITIONAL BUSINESS Director Rice informed the Board he would be out of town for the January 2013 Board Meeting, but would return for the February Board Meeting

ADJOURN Chairman Trent adjourned the meeting at 11:52 a.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

President & CEO's Expenses

December 2012

<u>Check Date</u>	<u>Check #</u>	<u>Description</u>	<u>Amount</u>
11/15/12	158854	NRECA – Renew Subscription – Rural Electric Magazine	\$45.58
11/15/12	158925	NRECA – Renew Subscription – Personnel Practice Pointer	\$37.10
11/30/12	158974	11/18-20 KAEC Annual Meeting & WIRE Meeting, Louisville, KY *11/19-20 KAEC Annual Meeting – meals	\$118.00
11/30/12	159015	*EKPC – Keeneland Meeting – ticket	\$10.00
		Total Expenses	\$210.68

* Means Prorated

DIRECTORS & ATTORNEY EXPENSES**November-12****KENNETH ARRINGTON**

Per Diem - GRECC Bd. Mtg. (11/16)	\$ 274.40
VISA - Walmart Christmas Card	25.00
NRECA - Renew Subscription Rural Electric Magazine	45.58
KAEC KAEC Annual Mtg. & WIRE Mtg.	206.00
Cash in Lieu of Insurance	637.63
24 - Hr. Insurance	0.70
TOTAL -	\$ 1,189.31

DONNIE CRUM

Per Diem - GRECC Bd. Mtg. (11/16)	\$ 213.32
VISA - Walmart Christmas Card	25.00
NRECA - Renew Subscription Rural Electric Magazine	45.58
Cash in Lieu of Insurance	637.63
24 - Hr. Insurance	1.08
TOTAL -	\$ 922.61

HAROLD DUPUY

Per Diem - GRECC Bd. Mtg. (11/16)	\$ 263.30
VISA - Walmart Christmas Card	25.00
NRECA - Renew Subscription Rural Electric Magazine	45.58
KAEC KAEC Annual Mtg. & WIRE Mtg.	206.00
Cash in Lieu of Insurance	637.63
24-Hr. Insurance	1.08
TOTAL -	\$ 1,178.59

EDDIE MARTN

Per Diem GRECC Negotiating Committee Mtg. (9/27); GRECC Mtg. Mtg. (11/16)	\$ 417.76
VISA - Walmart Christmas Card	25.00
NRECA - Renew Subscription Rural Electric Magazine	45.58
KAEC KAEC Annual Mtg. & WIRE Mtg.	118.00
Cash in Lieu of Insurance	637.63
24 - Hr. Insurance	1.08
TOTAL -	\$ 1,245.05

WILLIAM T. RICE

Per Diem - GRECC Bd. Mtg. (11/16)	\$ 252.20
VISA - Walmart Christmas Card	25.00
NRECA - Renew Subscription Rural Electric Magazine	45.58
KAEC KAEC Annual Mtg. & WIRE Mtg.	206.00
Cash in Lieu of Insurance	637.63
24 - Hr. Insurance	0.70
TOTAL -	\$ 1,167.11

ROGER TRENT

Per Diem - GRECC Bd. Mtg. (11/16)	\$ 268.85
VISA - Walmart Christmas Card	25.00
NRECA - Renew Subscription Rural Electric Magazine	45.58
KAEC - KAEC Annual Mtg. & WIRE Mtg.	206.00
Cash in Lieu of Insurance	637.63
TOTAL - 24 - Hr. Insurance	0.70
	<u>\$ 1,183.76</u>

JIMMY WHITT

Per Diem - GRECC Bd. Mtg. (11/16); KAEC Annual Mtg. (11/18-20)	\$ 1,051.46
VISA - Walmart Christmas Card	25.00
NRECA - Renew Subscription Rural Electric Magazine	45.58
KAEC - KAEC Annual Mtg. & WIRE Mtg.	206.00
Cash in Lieu of Insurance	637.63
TOTAL - 24 - Hr. Insurance	1.08
	<u>\$ 1,966.75</u>

JEFF SCOTT

Out-of-Pocket - Postage Magnum Drilling	\$ 20.60
Recording Fee (Suiter Lien Release)	13.00
Mileage - KAEC	466.62
VISA - Walmart Christmas Card	25.00
NRECA - Renew Subscription Rural Electric Magazine	45.58
Renew Subscription Personnel Practice Pointer	206.70
TOTAL -	<u>\$ 777.50</u>

***Combs* Report**

January 28, 2013

KWH Sales & Purchases: November 2012 – pages 2-4

Sales: Month: 16 .75 % under Budget (11/20 – 12/20)
YTD : 6.22% under Budget
Last Year to Date: 4.27 % less

Purchases: Month: 3.29 % over Budget (11/1 – 11/30)
YTD: 4.56 % under Budget

Line Loss : Month: 7.76 %
Matched: 6.80 %
YTD: 7.40 %
Last 12 Months: 6.60 %

Form 7: November 2012

Electric Revenue LESS Purchased Power:	\$	512,814	less
Maintenance Expense	\$	32,382	less
Customer Service	\$	10,296	more
Margins	\$	453,101	less

Form 7: Year to Date

Margins :	\$	1,415,768	(deficit)
Budgeted:	\$	1,243,721	(deficit)

- **Annualized Financial Data** **Pages 5-6**
- **Work Orders Closed out** **Page 7**
- **CRC Analysis** **Page 8**
- **RUS TIER status update** **Page 9**
- **Rate Case Update**
- **New Health Plan Update**

2012	TOTAL SALES						
	KWH	Actual \$	UNIT	Budget \$	UNIT	Budget \$	UNIT
JANUARY	23,991,022	\$ 2,821,125	0.1176	28,831,499	\$ 3,335,170	0.1157	
FEBRUARY	19,784,133	\$ 2,288,984	0.1157	22,197,639	\$ 2,534,371	0.1142	
MARCH	16,748,892	\$ 1,910,832	0.1141	19,430,324	\$ 2,175,836	0.1120	
APRIL	16,130,893	\$ 1,842,207	0.1142	16,095,459	\$ 1,801,640	0.1119	
MAY	18,461,918	\$ 2,102,560	0.1139	18,694,785	\$ 2,115,210	0.1131	
JUNE	22,346,947	\$ 2,572,630	0.1151	20,401,786	\$ 2,314,040	0.1134	
JULY	21,648,941	\$ 2,463,042	0.1138	22,473,087	\$ 2,548,183	0.1134	
AUGUST	19,343,042	\$ 2,187,518	0.1131	19,506,085	\$ 2,183,843	0.1120	
SEPTEMBER	16,119,920	\$ 1,892,857	0.1174	17,158,232	\$ 1,902,766	0.1109	
OCTOBER	20,841,323	\$ 2,459,496	0.1180	20,643,823	\$ 2,307,782	0.1118	
NOVEMBER	21,807,261	\$ 2,646,617	0.1214	26,194,018	\$ 2,981,871	0.1138	
DECEMBER	0	\$ -	#DIV/0!	28,481,689	\$ 3,276,645	0.1150	
	217,224,292	\$25,187,868	\$0.1160	260,108,427	\$29,477,356	\$0.1133	

Actual vs. Budget			
21,807,261	Month	2012	26,194,018 -16.75%
217,224,292	YTD		231,626,738 -6.22%
Compared to 2011			
21,807,261	Month		24,174,950 -9.79%
217,224,292	YTD		226,908,043 -4.27%

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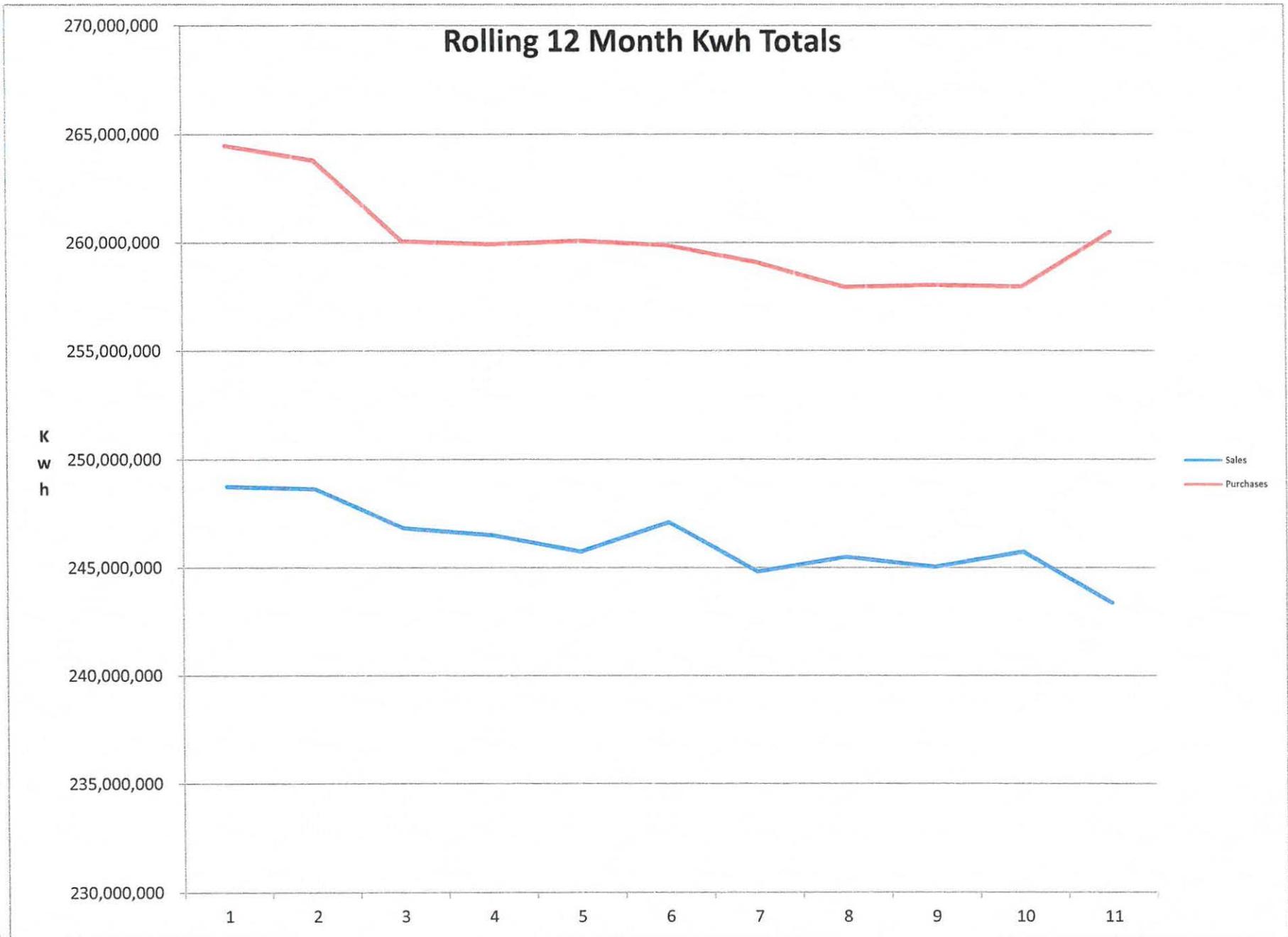
2012	TOTAL PURCHASES								
	DEMAND	KWH	Actual \$	UNIT	LD FCT	Budget			
JANUARY	54,266	27,569,890	\$ 1,958,185	0.0710	70.56%	30,519,062	\$2,163,801	0.0709	
FEBRUARY	56,717	23,993,230	\$ 1,707,702	0.0712	58.75%	26,691,326	\$1,892,415	0.0709	
MARCH	48,681	19,081,833	\$ 1,353,117	0.0709	54.44%	23,612,080	\$1,674,096	0.0709	
APRIL	39,286	17,301,235	\$ 1,175,202	0.0679	61.17%	18,276,760	\$1,295,822	0.0709	
MAY	46,817	18,903,170	\$ 1,368,279	0.0724	56.08%	18,169,267	\$1,288,201	0.0709	
JUNE	56,468	20,243,026	\$ 1,547,427	0.0764	49.79%	20,514,857	\$1,454,503	0.0709	
JULY	56,343	24,794,000	\$ 1,770,804	0.0714	61.12%	23,531,047	\$1,668,351	0.0709	
AUGUST	50,392	21,874,421	\$ 1,562,153	0.0714	60.29%	23,521,585	\$1,667,680	0.0709	
SEPTEMBER	44,985	18,064,034	\$ 1,354,759	0.0750	55.77%	18,734,580	\$1,328,282	0.0709	
OCTOBER	39,872	19,126,602	\$ 1,385,833	0.0725	66.63%	19,350,300	\$1,371,936	0.0709	
NOVEMBER	51,884	23,642,618	\$ 1,800,485	0.0762	63.29%	22,890,329	\$1,622,924	0.0709	
DECEMBER	52,118		\$ 1,954,640	#DIV/0!	0.00%	29,905,612	\$2,120,308	0.0709	
		\$234,594,059	\$ 15,183,461	\$0.0647		275,716,804	\$19,548,321	\$0.0709	

Actual vs. Budget				
23,642,618	Month	2012	22,890,329	3.29%
234,594,059	YTD		245,811,192	-4.56%

(w)

2012	GROSS MARGINS							
	Actual	Budget	Variance	Line Loss	Fuel Adj.	Fuel Adj. \$	ESC Rate	ESC \$
JANUARY	\$862,940	\$ 1,171,368	(\$308,428)	12.98%	0.000691	16,576	9.28%	239,594
FEBRUARY	\$581,282	\$ 641,956	(\$60,674)	17.54%	(0.000557)	(10,995)	7.63%	162,306
MARCH	\$557,715	\$ 501,739	\$55,976	12.23%	(0.001815)	(30,406)	6.88%	122,991
APRIL	\$667,005	\$ 505,818	\$161,187	6.76%	(0.004446)	(71,845)	8.18%	139,169
MAY	\$734,281	\$ 827,009	(\$92,729)	2.33%	(0.003593)	(66,357)	9.49%	182,188
JUNE	\$1,025,203	\$ 859,537	\$165,666	-10.39%	(0.003167)	(70,797)	10.77%	250,141
JULY	\$692,238	\$ 879,832	(\$187,594)	12.68%	(0.002786)	(60,316)	9.92%	222,282
AUGUST	\$625,365	\$ 516,163	\$109,202	11.57%	(0.003352)	(64,824)	9.20%	184,291
SEPTEMBER	\$538,098	\$ 574,484	(\$36,386)	10.76%	(0.000862)	(13,867)	8.98%	155,940
OCTOBER	\$1,073,663	\$ 935,846	\$137,817	-8.97%	(0.000503)	40,193	10.29%	269,043
NOVEMBER	\$846,132	\$1,358,946	(\$512,814)	7.76%	0.001864	40,632	11.15%	265,479
DECEMBER	(\$1,954,640)	\$1,156,337	(\$3,110,977)	#DIV/0!	0.002729		11.62%	
			(\$568,776)	7.40%	(0.001316)	(292,006)	9.45%	2,193,424

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Monthly Operating Rev & Exp

	January 2012	February 2012	March 2012	April 2012	May 2012	June 2012	July 2012	August 2012	September 2012	October 2012	November 2012
Revenue	(2,920,977)	(2,383,178)	(1,993,062)	(1,923,372)	(2,180,342)	(2,652,152)	(2,546,777)	(2,271,468)	(1,971,483)	(2,532,697)	(2,736,054)
Purchased Power	1,958,185	1,707,702	1,353,117	1,175,202	1,368,279	1,547,427	1,770,804	1,562,153	1,354,759	1,385,833	1,800,485
Gross Margins	(962,792)	(675,476)	(639,945)	(748,170)	(812,063)	(1,104,725)	(775,973)	(709,315)	(616,724)	(1,146,864)	(935,569)
Operations	100,851	106,179	94,683	91,886	93,273	96,883	75,670	88,620	109,327	82,567	98,146
Maintenance	238,140	214,601	324,279	242,525	256,747	293,825	467,790	263,686	253,964	230,894	218,592
Customer Service	92,374	87,532	90,743	99,294	98,061	91,075	85,056	99,762	95,294	97,537	106,200
Informational Advertising	18,412	20,274	18,817	17,221	14,418	17,714	16,023	17,755	18,285	26,890	18,676
Demonstration Advertising	2,072	2,415	2,530	1,555	2,059	2,014	1,360	2,499	1,836	1,952	2,247
Admin & General	169,406	150,365	190,602	126,156	147,063	136,931	139,352	149,928	160,505	184,570	155,993
Depreciation	247,519	248,064	248,374	248,265	248,822	249,083	249,547	251,127	253,121	253,739	254,245
Regulatory	2,538	2,538	2,538	2,538	2,538	2,538	2,667	3,082	3,082	3,082	3,082
Interest - LTD	86,393	83,386	83,951	85,415	84,387	84,782	87,956	85,109	84,090	83,615	83,223
Interest - Deposits	6,355	6,332	6,391	6,364	6,425	6,470	6,166	115	116	116	115
Miscellaneous Expense	7,723	148	1,756	1,744	1,444	1,380	1,350	7,154	5,468	3,613	8,480
Interest Income	(2,481)	(2,503)	(2,512)	(2,511)	(2,483)	(2,466)	(2,460)	(2,472)	(2,453)	(2,453)	(2,448)
Non-Electric Revenue	(13,693)	12,747	(44,784)	659	(11,732)	(28,969)	(22,365)	(9,632)	691	(1,296)	(8,067)
Capital Credits	0	-	(144,752)	-	-	-	-	-	(8,012)	-	-
Margins	(7,183)	256,602	232,671	172,941	128,959	(153,465)	332,139	247,418	358,590	(182,038)	2,915
* ()'s = positive margins											
Operating Expenses	971,783	921,834	1,064,664	922,963	955,237	982,695	1,132,937	968,837	985,088	968,575	948,999

Rolling 12 Month Totals

Revenue	(29,403,240)	(29,459,052)	(29,350,588)	(29,343,108)	(29,300,413)	(29,403,458)	(29,146,644)	(29,136,945)	(29,107,358)	(29,240,726)	(29,270,164)
Purchased Power	18,920,979	18,901,668	18,818,077	18,768,594	18,841,544	18,852,755	18,806,914	18,672,370	18,661,776	18,680,708	18,869,204
Gross Margins	(10,482,261)	(10,557,384)	(10,532,511)	(10,574,514)	(10,458,869)	(10,550,703)	(10,339,730)	(10,464,575)	(10,445,582)	(10,560,018)	(10,400,960)
Operations	1,145,632	1,178,875	1,164,966	1,159,143	1,145,371	1,135,768	1,110,186	1,098,836	1,110,747	1,106,404	1,121,689
Maintenance	2,967,671	2,951,529	3,047,011	2,973,961	2,950,336	2,972,410	3,148,597	3,165,306	3,158,130	3,184,336	3,214,285
Customer Service	1,050,387	1,050,039	1,039,451	1,062,461	1,057,413	1,060,534	1,053,575	1,060,216	1,073,728	1,087,126	1,105,878
Informational Advertising	236,684	233,254	226,933	221,943	216,591	219,686	221,192	218,936	218,975	223,050	220,065
Demonstration Advertising	35,711	34,421	32,566	30,890	29,526	28,711	27,483	26,649	25,530	23,482	24,093
Admin & General	1,934,232	1,924,374	1,940,144	1,890,736	1,851,688	1,848,409	1,848,905	1,851,990	1,873,745	1,875,938	1,821,514
Depreciation	2,901,724	2,914,185	2,925,774	2,935,336	2,944,781	2,952,573	2,960,115	2,968,386	2,977,818	2,987,350	2,997,021
Regulatory	30,400	30,417	30,434	30,451	30,468	30,456	30,585	31,129	31,673	32,217	32,761
Interest - LTD	1,022,776	1,038,445	1,038,354	1,033,334	1,030,994	1,027,083	1,028,083	1,025,450	1,022,833	1,020,336	1,017,848
Interest - Deposits	74,966	75,111	75,297	75,448	75,706	75,997	75,966	69,873	63,700	57,485	51,313
Miscellaneous Expense	71,609	67,366	63,438	54,935	47,746	57,144	55,358	54,015	51,037	47,810	49,806
Interest Income	(29,826)	(29,834)	(29,870)	(29,880)	(29,875)	(29,868)	(29,827)	(29,818)	(29,763)	(29,747)	(29,711)
Non-Electric Revenue	86,607	108,208	68,585	69,474	47,665	4,368	(21,584)	(44,814)	(45,052)	(56,106)	(120,433)
Capital Credits	(52,468)	(52,468)	(168,601)	(168,601)	(168,601)	(166,610)	(166,610)	(166,610)	(170,288)	(152,764)	(152,764)
Margins	993,844	966,538	921,971	765,117	770,941	665,959	1,002,294	864,969	917,231	846,899	952,404
Operating Expense	11,471,792	11,498,016	11,584,368	11,468,638	11,380,621	11,408,772	11,560,045	11,570,786	11,607,916	11,645,534	11,656,273
TIER	0.03	0.07	0.11	0.26	0.25	0.35	0.03	0.16	0.10	0.17	0.06

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NOVEMBER 2012

219 ANALYSIS

BUDGETED							
WO NOS.	DESCRIPTION		NUMBER	COST	LOAN FUNDS	UNIT COST	UNIT COST
9	RETIREMENTS		31	537.21	(537.21)		
100	NEW LINE EXTENSIONS		23	45,134.03	45,134.03	1,962.35	3,229.93
200	TIE LINES						
300	MAJOR PROJECTS						
602	SERVICE UPGRADES		1	2,799.15	2,799.15	2,799.15	1,920.25
603	SECTIONALIZERS		0	0.00	0.00		
604	REGULATORS						
606	POLES		28	**POLES 103,404.30	103,404.30	3,693.01	2,410.75
701	SECURITY LIGHTS		21	12,183.95	12,183.95	580.19	423.50
1600	MINOR PROJECTS		10	16,562.28	16,562.28		
	TOTAL		103	180,620.92	179,546.50		
601	SPECIAL EQUIPMENT	ACCT#					
	METERS	370.00	19	7,994.82	7,994.82	420.78	160.00
	TRANSFORMERS	368.00	0	0.00	0.00	0.00	1,120.00
	TURTLES	370.10	0	0.00	0.00	0.00	
	DISCONNECT METERS	370.20	0	0.00	0.00	0.00	
	OTHER SP EQUIP	365.00	0	0.00	0.00	0.00	
	TOTAL		19	7,994.82	7,994.82		
	MATERIAL			22,765.61			
	MATERIAL OH			36,008.34			
	LABOR			16,235.15			
	LABOR OH			53,921.05			
***This includes 12 poles set on 2 of the H-Structure work orders.							

2300 (NOT INC. H-STRUCTURE)

2011- 2012 CRC Billing A

	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>
Base Fee	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70
Calls taken by person @	485	316	709	482	334	1,059	1,634	427	282	355	230	1,229
Calls taken by IRV @	36	-	97	2	5	631	833	81	26	26	3	287
Calls only reaching FEG @	90	138	268	119	61	2,728	914	77	99	77	39	469
Abandoned calls	51	74	112	26	13	10,797	2,826	82	32	27	17	473
Total Calls Received	<u>662</u>	<u>528</u>	<u>1,186</u>	<u>629</u>	<u>413</u>	<u>15,215</u>	<u>6,207</u>	<u>667</u>	<u>439</u>	<u>485</u>	<u>289</u>	<u>2,458</u>
Calls from Dispatcher to Us @	223	132	284	223	222	241	528	232	184	194	186	289
Daily Faxes @												
Call related Cost	\$ 1,613.01	\$ 1,050.73	\$ 2,383.44	\$ 1,554.90	\$ 1,296.17	\$ 4,251.28	\$ 5,279.74	\$ 1,559.30	\$ 1,196.18	\$ 1,320.32	\$ 894.37	\$ 2,881.36
License Fees, Training, etc	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00
	<u>\$ 3,658.71</u>	<u>\$ 3,096.43</u>	<u>\$ 4,429.14</u>	<u>\$ 3,600.60</u>	<u>\$ 3,341.87</u>	<u>\$ 6,296.98</u>	<u>\$ 7,325.44</u>	<u>\$ 3,605.00</u>	<u>\$ 3,241.88</u>	<u>\$ 3,366.02</u>	<u>\$ 2,940.07</u>	<u>\$ 4,927.06</u>

Bill Payments Taken

- Credit Cards	3			28	8	27	11	16	22		17	13
- E-checks	6			14	3	7	12	4	4		8	6
	<u>9</u>			<u>42</u>	<u>11</u>	<u>34</u>	<u>23</u>	<u>20</u>	<u>26</u>		<u>25</u>	<u>19</u>
After Hours & Weekends	8			42	11	19	23	20	26		21	19

Electronic Payments Tak

Office Personnel	1202			1234	1170	1202	1237	1317	1045		1237	1127
IVR	776			935	818	930	1030	977	923		1049	956
Auto Pay	2			9	12	23	33	47	61		101	110
On-Line	877			925	813	919	994	921	943		942	892
Smart Phone											27	55
Automatic Drafts	228			245	258	255	247	257	249		262	254
CRC	9			42	11	34	23	20	26		25	19
	<u>3,094</u>			<u>3,390</u>	<u>3,082</u>	<u>3,363</u>	<u>3,564</u>	<u>3,539</u>	<u>3,247</u>		<u>3,643</u>	<u>3,413</u>
Total Dollars	<u>\$ 685,364.19</u>			<u>\$ 695,490.33</u>	<u>\$ 530,905.90</u>	<u>\$ 568,458.56</u>	<u>\$ 690,275.33</u>	<u>\$ 769,435.49</u>	<u>\$ 670,005.00</u>		<u>\$ 611,971.60</u>	<u>\$ 673,546.00</u>

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Grayson Rural Electric Cooperative Corporation

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

January 2, 2013

Mr. Brian D. Jenkins
Chief, Operations Branch
Northern Regional Division
Electric Programs
1400 Independence Avenue, SW
Washington, DC 20250-0700

Mr. Jenkins:

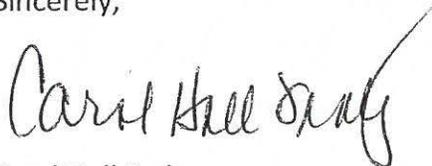
In response to your correspondence of May 24, 2012, we offer the following updated information:

Steps Grayson Rural Electric has recently taken to meet the minimum OTIER requirements of the RUS Loan Contract:

- Filed an application with the KY PSC for a rate adjustment that will generate \$2,063,525 in revenue, achieve a 2.00 OTIER level and go into effect around July 2013.
- Approved a Budget for 2013 that included the above rate adjustment and premium reductions in Health and Workers Compensation totaling approximately \$200,000, resulting in a 2.10 OTIER level.

Please find attached Grayson's October 2012 Form 7.

Sincerely,



Carol Hall Fraley
President & CEO

attachments

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GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

BOARD MEETING AGENDA

On February 22, 2012 at 9:00 a.m. (e.d.s.t.), the Directors of Grayson Rural Electric Cooperative Corporation were called to meet by the Chairman.

1. Sign Wavier of Notice
2. Invocation
3. Approval of the Minutes from the January 2013 Board Meeting
4. Manager of Technical Services Report – Brian Poling
5. Manager of Finance & Accounting Report and Approval of the Financial & Statistical Report for December 2012 – Don Combs, Manager of Finance & Accounting
6. Consideration of Renewal of Cooperative Insurance Coverage and Workers Compensation
7. Manager of Marketing & Member Services Report – Kim Bush
8. Operations Report and Safety Report – Kyle Clevenger, Manager of Operations
9. Approval of seventy-seven (77) New Memberships and Retirement of seventy (70) Existing Memberships for January 2013
10. Consider Approval of Accounts to be Charged Off to Reserve \$5,141.01
11. Consider Approval of President's Business Expense in the Amount of \$407.09, Director's Business Expense in the Amount of \$23,951.11 and Attorney's Business Expense in the Amount of \$507.09
12. President's Report – Carol Hall Fraley
13. Cooperative Legal Matters – W. Jeffrey Scott
14. KAEC Director's Report – Jimmy Whitt
15. EKPC Director's Report – Kenneth Arrington
16. Consider Community Service and/or Donations
17. Approval of Attendance at Meetings – Directors & Employees
18. Report of Any Meetings Held
19. Review and Consider/Approval and/or Reaffirming of Board Policies and Bylaws
20. No Conflict of Interest Declaration – Board of Directors
21. Confirm Date for Next Regular Board Meeting – March 22, 2013
22. Additional Business
23. Adjourn

On January 25, 2013 at 9:00 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Crum gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Dupuy, seconded by Director Martin and unanimously agreed to approve the minutes from the December Board Meeting for informational purposes only.
MANAGER OF TECHNICAL SERVICES	<p>Brian Poling, Manger of Technical Services reported on the following:</p> <p>Greenbo Lake State Park – A CT in the primary metering had been gradually breaking down, causing the meter to report only one third of the kWh consumption. Plans had already been made to replace the entire primary metering equipment in November 2012. EKPC assisted in testing the CT and determining how much the bill should have been. We are billing Greenbo \$20,000.00 in \$3,353 increments in addition to their regular monthly bill. President Fraley called to explain what happened and follow the call up with a letter of explanation.</p> <p>Mazie Substation – Brian had to install equipment to ward off sabotage attacks by someone in China. This seems to have corrected the situation.</p>
OFFICE & MEMBER SERVICES REPORT	Don Combs, Manager of Finance and Accounting presented the Financial and statistical Report for November 2012. Mr. Combs reported on the following:
FINANCIAL & STATISTICAL REPORT FOR NOVEMBER	<p>Kilowatt hour sales for the month of November (11/20-12/20) were 16.75% under budget. Purchases for the time period of 11/1-11/30 were 3.29% over budget. Line loss for the last twelve months was 6.60%. Year to date margins were \$1,415,767 deficit compared to the budgeted amount of \$1,243,721deficit.</p> <p>Mr. Combs reported the demand over the past year had stayed about the same. There was a \$568,000 variance for the year compared to \$50,000 last month –pretty significant hit. More work orders were completed than normal. Twelve pole changes on the H-structure job were subtracted from the total for the month and brought routine pole change costs down to \$2,300.</p>
CRC	CRC analysis showed that the number of calls went up considerably on 30and 31 due to a snow storm.
NOVEMBER T.I.E.R.	<p>The T.I.E.R. for November was .06, mainly due to weather.</p> <p>Mr. Combs has sent a letter updating on T.I.E.R. and 2013 budget to RUS.</p> <p>Director Arrington asked why we rarely address equity and Mr. Combs noted that T.I.E.R. is much of importance with RUS.</p>
RATE CASE	The rate case filing has had issues in getting finalized. The notice will run in local newspapers the next three weeks.

HEALTH INSURANCE

Our new health insurance plan is under way. We have had one issue with retired or LTD employees that have a family member eligible for Medicare. They will have a medical indemnity plan.

APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR NOVEMBER 2012

Motion was made by Director Martin, seconded by Director Whitt and unanimously agreed to approve the Financial and Statistical report for November 2012 as presented for informational purposes only.

LEASE AGREEMENT

Mr. Combs discussed the proposal of Sparks Funeral Home to lease our McGuire lot for a parking lot and potential storage building. He and Bradley checked with Scenic Hills Realtor Debbie Rayburn. She said one option is to recover the cost of the property over a lease of seven years. Legal Counsel Scott has prepared a simple Lease Agreement for the Board to consider.

Following thorough discussion, motion was made by Director Martin, seconded by Director Dupuy, to have Mr. Scott negotiate a lease agreement with Sparks Funeral Home, Inc. under the following conditions:

Minimum of \$350 per month over a period of fifteen years,
Payment of all property taxes,
Immediate improvement of the lot for parking, within the zoning regulations of the city including drainage,
Blacktop within 3 years. Failure to do so voids the lease.
Free sign rental on the existing time and temperature sign.
Any structure would be built on the west end of the lot.
A right of first refusal to renew the lease after fifteen years.

Motion was made by Director Martin, seconded by Director Dupuy and unanimously agreed to approve the Lease Agreement between GRECC and Sparks Funeral Home, Inc.

Director Martin withdraw first motion and made a second motion to include the same requirements, but to start the negotiation for the monthly charge at \$350 and see how much more the Funeral Home was willing to pay. Motion was seconded by Harold Dupuy, and unanimously agreed upon.

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations gave the Operations Report. He reported on the following:

EMPLOYEE/LOST TIME
ACCIDENT

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during December:

December 05—Bradley Cherry, Purchasing Agent, turned the meeting over to Kippy James and Tim Yates from EKPC. He had power points on transformer spills, spill prevention control and countermeasures. Kyle Clevenger, Manager of Operations, reminded everyone to have a safe day and be careful during collections.

December 10—Kyle Clevenger, Manager of Operations, turned the meeting over to Clarence Greene from KAEC for the monthly safety meeting. His topic was on job briefings. He also discussed various accidents at other coops. Kyle reminded everyone it was wet outside and to work safe.

December 17—Don Combs, Manager of Finance & Accounting, turned the meeting over to Ann Altieri, Aflac Insurance representative who discussed a new cancer policy. Andrea McCleese explained the new smartphone app for Grayson RECC. We had the monthly safety give away.

December 26—Mike Martin, Assistant Manager of Operations, read a Q & A section from a magazine concerning the legal overhang on trucks and trailers.

December 31—Andrea McCleese, Technical Services Supervisor, was in charge of the meeting and talked about how line inspections needed to be done. She also discussed cause codes needed by CRC to close outages. Steve Calvert from Colonial Insurance attended the meeting. Kyle discussed two accidents and reminded everyone to be careful.

CONSTRUCTION Construction built one hundred three (103) new work orders for the month of December and worked fifteen (15) hour of overtime.

OVERTIME HOURS The Maintenance Department worked seven hundred thirty-one (731) hours of overtime during the month of December.

DELINQUENT NOTICES The Maintenance & Construction Departments collected on one hundred forty-seven (147) delinquent accounts and disconnected thirty-six (36) accounts in January.

CONTRACT CREWS Our Pike crews have been working in the following areas:

Rob Evans- Three Prong – Greenup County and New Construction

RIGHT-OF-WAY CREWS We have seven (7) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 455 trees, cut 324 trees, and cut 36,085 feet of brush/line. The crews are working in the following areas:

2 cutting crews in Lawrence County
1 cutting crew (notes in Elliott, Rowan and Lawrence Counties)
2 bucket truck crews in Lawrence, Elliott and Rowan Counties
1 cutting crew in Greenup County
1 tractor crew in Rowan County

The Bobby Smith Tree Company cut and trimmed trees in Carter, Lewis and Greenup Counties. They have one circuit crew in Carter County.

ENGINEERING REPORT The Engineering Department released four hundred twenty (420) prints consisting of 6,135 feet of primary line and 5,340 feet of service wire. They currently have two (2) new services to be staked, one (1) to be drawn and twelve (12) miscellaneous jobs to be staked or drawn.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS Motion was made by Director Dupuy, seconded by Director Martin and unanimously agreed to approve fifty-eight (58) new memberships and retirement of seventy-one (71) existing memberships for December 2012.

BAD DEBT WRITE-OFFS Motion was made by Director Crum, seconded by Director Whitt and unanimously agreed to charge off \$4,870.99 worth of bad debts and turn them over for collection.

APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY BUSINESS EXPENSES Motion was made by Director Dupuy, seconded by Director Whitt and unanimously agreed to approve the President's business expense of \$210.68, Director's business expenses of \$8,853.18 and Attorney's business expense of \$777.50.

RUS WORK ORDERS Motion was made by Director Martin, seconded by Director Dupuy and unanimously agreed to approve the following 219 RUS Work Orders for the months of July, August and September 2012 in the amount of \$1,090,910.39:

July 2012	Work Order No. 1152	\$107,913.76
	Work Order No. 1153	\$13,208.58
	Retirement Work Order No.734X	\$426.88
August 2012	Work Order No. 1154	\$206,310.64
	Work Order No. 1155	\$3,501.89
	Retirement Work Order No.735X	\$872.90
September 2012	Work Order No. 1156	\$744,361.74
	Work Order No. 1157	\$12,874.69
	Retirement Work Order No. 736X	\$1,439.31
	Total	\$1,090,910.39

PRESIDENT'S REPORT President Fraley reported on the following:

MILEAGE RATE Effective January 1, 2013 mileage rate increased to.565 cents per mile. Motion was made to accept the increase by Director Whitt, seconded by Director Dupuy and unanimously agreed upon.

TIME WARNER CABLE We received a check from Time Warner Cable in the amount of \$5.24 for combined dividend payment.

COBANK GRECC received from CoBank a Notice of the 2013 Director's Election. If anyone wishing to run must submit Director Candidate Disclosure Form by February 15, 2013.

ACRE Grayson RECC received from ACRE certificates for 100% Board & Management and 100% Board Century Club for years 2011 and 2012.

LETTER FROM STATE INSPECTOR GRECC received a letter from the State Electrical Inspector with a form to notify them about services that do not meet state code. President Fraley invited them to the Spring Manager's meeting on behalf of KAEC to speak to all Managers.

DAVID HOLBROOK January 9, 2013 David Holbrook was in an accident that totaled his vehicle. He moved to the right to avoid an oncoming school bus and the berm of the road gave way. He was unharmed.

It was reported to GRECC that David Holbrook failed the subsequent drug test following the accident and has been placed on probation for six months. Specifics of his probation have been discussed with him, Legal Counsel Scott, Union Officers, and a copy has been placed in his personnel file.

INSURANCE Our liability this year is good. We are leading all Cooperative participants with a score of 38 percent, with the average in Kentucky around 100. Tony Hermesh, with Federated Insurance complimented GRECC on our record.

GREG MAYSE Mr. Mayse has applied for service to what we consider a cabin. He does not have potable water, an approved septic system sewer or a permanent foundation. We offered to let him pay the difference in the distance to his building and told him we would return the payment when his cabin met the requirements. His sewer application was made the Little Sandy District Healthy Department for a farm service. He has no water in the house and no bathroom or insulation

DRUG AND ALCOCHOL David White, KAEC Safety Director, has suggested we write a new Drug and Alcohol Policy.

RESOLUTION GRECC will be giving Isaac Scott, EKPC, a Resolution of Thanks and Appreciation for his diligent assistance in the Kentucky Public Service Commission's changes in Rules and Regulations.

Grayson Rural Electric Cooperative Corporation
Resolution of Thanks and Appreciation

Whereas, Mr. Isaac Scott has gone above and beyond his normal scope of work and has

diligently assisted Grayson with recent changes in the Kentucky Public Service Commission's changes in Rules and Regulations, by coordinating comments, constantly updating us on all processes, and assisted with interpretation of final rules; and

Whereas, Mr. Scott has exemplified the spirit of Cooperatives and Cooperation throughout this long and arduous Process;

NOW, THEREFORE BE IT RESOLVED, that the Board of Directors and Management of Grayson

Rural Electric Cooperative Corporation do hereby thank Mr. Isaac Scott for his hard work and assistance in this matter.

Roger L. Trent, Board Chairman

Billy E. (Eddie) Martin, Secretary

LEGAL COUNSEL'S REPORT Legal Counsel Scott asked for Executive Session. Motion was made to go into Executive Session at 11:16 a.m. The Chairman recessed the Executive Session at 12:09 p.m.

KAEC DIRECTOR'S REPORT Director Whitt reported there was no KAEC Board Meeting this month.

ANNUAL MEETING President Fraley announced that our Annual Meeting will be on Thursday, May 9th and that there will not be a director's election this year. Directors Martin and Dupuy will run unopposed.

EKPC DIRECTOR'S REPORT Director Arrington yield his time to the next meeting.

THANK YOU NOTES GRECC received thank you notes from:

Elliott County Relay for Life
Ronald McDonald House Charities of the Tri-State

THANK YOU NOTES
(CONTINUED)

Tri-State Area Council Boy Scouts of America
Ashland Alliance and the Youth Leadership
ACRE thank you from Dennis Cannon

DONATIONS

President Fraley presented to the Board for their consideration the following donation requests:

Rowan County High School – Project Prom (and other Area High Schools)	\$ 50
The Glenn English Foundation -	\$100
Paul Mitchell Schools 2013 FUNraising Campaign	\$50
First Baptist Church –dinner meeting to honor VFW Post members	\$100

Motion was made by Director Dupuy, seconded by Director Martin and unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE

Kim Bush, Tina Preece and Julie Lewis will be attending the 2013 Midwest Residential Energy Conference in Lexington from March 12-13, 2013.
Upcoming Safety Conference will be attended by Kyle Clevenger.
Five Coops involved in Rodeo will be picking up the evening meal equivalent to approximately \$500 per cooperative

NO CONFLICT OF INTEREST
STATEMENT

We will have a No Conflict of Interest Statement at the February Board Meeting for Directors to sign.

VOTING DELEGATES TO
CFC'S ANNUAL MEETING

Director Trent will serve as the voting delegate to CFC's National Meeting and Director Rice will serve as the alternate delegate.

BOARD POLICIES TO
BE REVIEWED

Board Policy # 508, Safety Practices, was presented for consideration:

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION
BOARD POLICY NO. 508

SUBJECT: SAFETY PRACTICES

I. OBJECTIVE

To provide the maximum in safety and protection for the employees of the Cooperative and to keep them adequately trained and informed on safe working practices, tools, and equipment.

II. POLICY CONTENT

The Board of Directors, recognizing the importance of safe working conditions for the employees of the Cooperative, has authorized and directed the President and CEO to establish such rules and procedures and to maintain such tools and equipment as necessary to fully implement and enforce the following safe working practices:

A. Rubber Gloves and Fall Restraint Equipment from the Ground Up

All employees shall wear rubber gloves FROM THE GROUND UP and lock to lock.

1. Working on any energized structure, regardless of voltage.
2. Stringing wire on, around, over or near any energized structure, regardless of voltage.
3. Setting or removing structures that are under or near an energized line.
4. At all times when in the aerial basket while working on any energized structure, regardless of voltage.

5. Rubber gloves must always be on the person whenever the body belt is being worn.
 6. Rubber gloves and sleeves shall be "AIR" tested and visually checked daily prior to wearing.
 7. Body belts, safety belts and climbers shall be inspected daily prior to wearing.
 8. Gloves are stored in cabinet at warehouse. Sleeves are stored in a bin on their individual trucks. Each affected employee has been issued sleeves for their personal use.
 9. It shall be the policy of the Cooperative to have all used rubber gloves and sleeves tested by an outside firm under the following time schedule.
 10. Effective April 1, 2011, all employees shall be required to wear OSHA approved fall restraint equipment when climbing. This equipment shall be provided by the Cooperative.
- A. 20,000 volt rated gloves every 60 days.
Each employee is charged with the responsibility to exchange their rubber gloves within the above time periods or sooner as required by daily personal tests. Maintenance and Construction Superintendent is responsible for disbursement of gloves and sleeves.
No employee shall operate or work from an aerial basket on energized lines unless wearing 20,000 volt-rated rubber gloves and a hard hat.
When working within five feet or reaching or falling distance, employees shall also wear 20,000-volt rubber sleeves. These sleeves shall be tested every six months.

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- B. Grounds Within Sight
Proper grounds shall be installed WITHIN SIGHT ON BOTH SIDES of working area of all workmen BEFORE beginning work on any de-energized line, including all primaries and bare secondaries.
- C. Grounding of Work Equipment
All trucks or equipment shall be properly grounded before use in any manner that may result in contact with an energized line. This includes aerial basket trucks.
- D. Hard Hats
Hard Hats shall be worn day or night by all employees when working in the open in relation to lines, substations and similar installations; right-of-way clearing; and when performing inside work of such nature as to expose them to the possibility of falling equipment. Hard hats shall be inspected daily by all employees before work begins. Quarterly inspections will be done by the Safety Supervisor and any defective equipment will be removed from service and replaced immediately. Any visitors present at the worksite are required to wear a hard hat.
- E. Cover Up
Energized conductors, insulators, and structures will be covered with approved rubber goods when work is to be done near energized lines. When work is to be done near energized lines, all energized and grounded conductors or guy wires within reach of any part of the body shall be covered with approved rubber goods, in accordance with the Cooperative's Safety Manual Section 602, Flexible Protective Equipment.
In applying flexible protective equipment, an employee shall always protect the nearest and lowest wires first, protecting themselves as they progress. The protective equipment shall extend beyond the reach of the employee's anticipated work position or extended reach distance. In removing rubber protective equipment, the reverse order shall be maintained.
All cover up materials are electrically tested and cleaned on a 6-month rotation. Cover up materials should be put on when an employee is within falling and/or reaching distance of energized circuits or apparatus. It should not be removed until employee is entirely out of falling and/or reaching distance if such circuits or apparatus.
- F. Poles
Before climbing any pole or structure, an employee shall take every possible precaution to insure that it is safe to climb and work upon. If the strength of any pole is questioned, it shall be thoroughly tested before climbing. If the pole is unsafe to climb, it shall be braced or guyed before being climbed.

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- G. Hold Cards
Hold cards shall be properly filled out and displayed at each switching device, for such time as work proceeds and the switch is unmanned. At the OCR on the line the hot jumper will be removed and grounded out. In the substation the OCR will be tripped out and the switch will not be opened. At a line OCR a red flag or hold card WILL BE USED if the hot jumper is NOT REMOVED AND GROUNDED OUT.
- H. Seat Belts
Seat belts must be worn AT ALL TIMES by occupants operating or riding in Cooperative owned vehicles.
- I. Good Housekeeping
 - a. Truck beds and compartments shall be kept neat and in safe condition.
 - b. Heavy material items should not be stacked so high that placing or removing such items would create a lifting or handling hazard.
 - c. Inventory of materials on trucks will be kept to a minimum supply.
- J. Vehicle Inspections
Visual inspections shall be made on all Cooperative vehicles by the Mechanic or Assistant Manager of Operations once a month and so noted on their inspection sheets as to their results. Any adjustments found necessary should be brought to the immediate attention of the individual assigned to the vehicle in question and to the foreman and Assistant Manager of Operations.
- K. Care and Operation of Motor Vehicles
All Cooperative vehicles must be operated in accordance with state and local regulations; and posted speed limits must be observed at all times.
When trailers, poles, or loads project beyond the rear of the truck bed, red flags shall be placed at the extreme end of the load or object trailed. At night, service trucks with emergency flashing lights on will follow the line truck or trailer load. All cars and trucks must be equipped with first aid kits, fire extinguishers, flags and flares, in accordance with State and Local regulations.
- L. Highway Markers with Flags
Highway markers with flags will be used at all times when a Cooperative owned vehicle is parked in a traffic lane or on a shoulder of any highway, road or street. The markers will be used while stringing wire, (service or primary) across any high-way, road or street. In addition to the markers, a guard with a flag will be on the highway, road or street during wire stringing operations, or at any time that traffic is halted or obstructed.
- M. Reporting Accidents and Injuries
Any accident resulting in serious injury or death to an employee or the general public shall be immediately reported to the main office by radio, telephone or in person by the employee who has full knowledge of the incident.

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- All accidents or injuries, regardless of severity, involving employee/employees shall be reported to Management as promptly as possible. It is the responsibility of each employee to report to his/her foreman, or superintendent, who in turn must report to the Management.
Insurance forms will be completed and signed by Management and employee/employees' involved and a written report will be submitted to the President and CEO. A written report from the attending physician or medical facility will also be required.
- N. Safety Meetings
Regularly scheduled safety meetings shall be held for outside employees with the President & CEO present and participating when possible.
Job Safety and Training Instructors will be utilized to present programs periodically that will be of interest to outside and inside employees concerning such subjects as First Aid, Attitude and Absenteeism.
- O. Safety Manual
The Board of Directors has adopted as safety rules for the Cooperative the APPA Safety Manual for an Electric Utility, fourteenth edition, 2007 copyright 1977. Each employee shall receive a copy and must comply with these rules and any additions or changes thereof.

- P. Personal Tools
The following personal tools are provided: Safety strap, climber straps, and gaffs.
Employees are required to use body belts, straps and climbers as required by the ANSI. All personal tools must be inspected daily before use.
- Q. Employees working from aerial lifts are required to wear a safety harness and lanyard that complies with OSHA and ANSI standards. Lanyards should be inspected prior to each use. Any defective lanyard should be removed from service immediately and replaced.

III. OPERATION OF AERIAL LIFTS

All personnel of Grayson Rural Electric Cooperative Corporation are cautioned that the aerial lift is only to be used as a means of elevating to a safe working position. It is not to be considered as a guaranteed insulation from high voltage conductors. Each employee must protect himself from electrical contact by other approved devices and observing all rules and regulations required for working safely on energized structures and conductors.

A. ONLY AUTHORIZED PERSONS SHALL OPERATE AN AERIAL LIFT

1. Body belt shall be worn and a lanyard attached to the boom when working from aerial lift.
2. No employee shall operate or work from an aerial basket on energized lines unless wearing 20,000 volt rated rubber gloves, rubber shoulder length sleeves and a hard hat, when working within five feet or reaching or falling distance, employees shall also wear rubber gloves, 20,000 volt rated rubber sleeves and a hard hat. Sleeves and gloves shall be tested in accordance with Cooperative policy.

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3. Employees shall stand firmly on the floor of the basket and shall not sit or climb on the edge of the basket or use planks, ladders or other devices for a work position.
4. Belting off to an adjacent pole, structure or equipment while working from aerial lift shall not be permitted.
5. Climbers shall not be worn while in an aerial lift basket.
6. Only approved tools designed for the purpose shall be used while working from an aerial lift.
7. No rope, wire or any other non-insulated material shall be hanging from the basket to the ground while working from an aerial lift.
8. Boom and basket load limits specified by the manufacturer shall not be exceeded.
9. Lift controls shall be tested each day prior to use to determine that such controls are in safe working condition.

B. POSITIONING OR MOVING VEHICLE MOUNTED AERIAL LIFT

1. Aerial lift truck shall be grounded when working near any energized structure or conductor.
2. The brakes shall be set and the outriggers positioned on a solid surface. Wheel chocks shall be installed before using on an incline.
3. Aerial lift truck shall not be moved when the boom is elevated with or without men in the basket.
4. Before moving an aerial lift for travel, the boom shall be inspected to see that it is properly cradled and strapped, outriggers are in a stowed position and ground removed.

C. PERSONNEL REQUIRED FOR OPERATION

1. Only one employee shall be in the basket when the work requires only one. The other employee shall remain on the ground for supervision, flagman or as a safety operator.

2. When two employees are working from the aerial basket, each employee shall take every precaution that no parts of their bodies are in contact while working on energized structures or conductors.
3. Extreme caution shall be used to see that the employees are not standing on any coil of wire or non-insulated materials lying on the bottom of the basket.
4. It is recommended that all aerial lifts be electrically tested, by approved testing laboratory, every year, pursuant to any change that may be made in K.O.S.H.A. or by O.S.H.A.

IV. SAFETY RULES -- UNDERGROUND DISTRIBUTION

When operating the underground system, all applicable rules for overhead construction shall apply. In addition, the following special rules shall be in effect and considered part of the overall Safety Program.

Employees must follow ALL SAFETY RULES, while performing underground construction and maintenance.

A. Rubber Gloves

1. Rubber gloves shall be worn when opening or working on any energized transclosure installation.
2. Rubber gloves shall be worn and approved cover-up materials installed when working on, reaching in, or within falling distance of energized equipment.
3. Rubber gloves shall be worn and hot sticks used when removing and installing elbows, fuses, bypassing operations, and installing or removing grounds.

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B. Before Working on De-Energized Equipment or Circuits

1. A visible open break shall be made.
2. A voltage check should be made.
3. Grounds shall be installed:
 - a. When dual feed is possible, grounds shall be installed on both sides of the work area.
 - b. When only one source of feed exists grounds shall be installed on source side or work area.

C. Special Conditions

1. Precautions shall be taken to prevent feedback of primary and secondary conductors. (Be alert for home generators or standby generators).
2. No work shall be done on one phase of a three phase underground circuit while the other two phases are energized.
3. Trucks shall be grounded while being operated near energized equipment.
4. No compartment containing energized equipment shall be left unattended any time unless approved locking devices are in place and fastened.

V. EYE AND FACE PROTECTION

1. Protective safety glasses are required when there is a reasonable probability of injury that can be prevented by the use of the equipment.
2. Safety glasses shall be issued to employees of the Construction, Maintenance, and Service Departments and to other employees as necessary. Visitors to the worksite shall also be required to wear safety glasses which will be provided.
3. Safety glasses shall be worn under the following conditions: drilling, grinding, driving staples or nails, connecting or removing hot line clamps and jumpers, changing fuses or cut outs.
4. Safety glasses shall be worn while working on energized conductors from aerial baskets.

5. Safety glasses shall be worn while operating the air compressor and drill hammer.
6. Safety glasses shall be worn while changing or installing meters on an energized conductors regardless of voltage.
7. Safety glasses shall be worn when making or tightening connections, using hand tools on energized conductors regardless of voltage.
8. Safety glasses shall be worn when changing fuses, connections or by passing pad mounted transformers.
9. Safety glasses shall be worn on an energized pole while performing any of the above duties while positioned on the pole.
10. Employee must inspect safety glasses daily before work begins.
11. A quarterly inspection of safety glasses will be completed by the Safety Supervisor.
12. Any defective safety glasses will be replaced immediately and removed from service.

VI. EAR PROTECTION

1. All efforts must be made to reduce the noise level in the work area whenever possible.
2. Ear protection must be worn by the operator while using air compressor and drill hammer.
3. Employees shall wear ear protection whenever blasting, using kinnepak explosives and following directions on the Blasting Operation Form.
4. All visitors to the worksite will be required to wear hearing protection when needed.
5. Employee shall inspect their hearing protection daily.
6. A quarterly inspection shall be completed by the Safety Supervisor.
7. Any defective ear protection will be replaced immediately and removed from service.

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VII. RESPONSIBILITY

1. The Management and line superintendent, as well as all Foremen, shall be responsible for carrying out said policy to its fullest extent.
2. Tail gate conferences will be conducted prior to starting of each job.
3. Failure to comply with this policy shall be grounds for disciplinary action, upon previous warnings.
4. All employees will receive a copy of this Board Policy.

VIII. SAFETY RULE ENFORCEMENT

Enforcement is not entirely a matter of discipline but one of constant observation and concern on the part of Management and Supervisors. One of the first steps toward rule observance is that all management and supervisory personnel knows the rules and by adhering to them set a good example.

An employee will be disciplined according to the severity of the infraction and every incident will be handled individually. Chronic infractions will be considered willful misconduct.

In many cases education succeeds where discipline fails; however, when an employee has been adequately trained and he/she violates the rules the following rules will be adhered to:

1. Upon the first violation a reprimand by his foreman or supervisor.
2. Upon the second violation a reprimand by the President & CEO in the presence of the Foreman or Supervisor.
3. Upon the third violation a suspension without pay, the duration depending on the circumstances.
4. Upon the forth violation, the employee will be removed from the payroll.

The Cooperative reserves the right to drug and alcohol test all employees. The Cooperative has zero tolerance for the use of drugs and alcohol in the work place and will adhere to all state and federal laws and comply with CDL requirements. Failure of a drug test or if an employee is found to be under the influence of drugs or alcohol during work time will be subject to discipline up to and including dismissal.

- IX. It is quite lengthy to duplicate OSHA requirements and the effects on the Cooperative Safety Program. All provisions that pertain to the Cooperative's functions shall be explained to all personnel and become a matter of record by insertion in an OSHA file and considered a part of the Cooperative's Safety Policy.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

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Date Adopted: 07/20/73
Date Amended: 11/18/83
Date Revised: 2/21/86 (Formerly Policy No. 26) This policy replaces and supersedes Policy # 129
Adopted 07/20/73
Date Revised: 01/23/87
Minute Book Page: 1623
Date Revised: 04/30/96
Minute Book Page: 2698-2704
Date Revised: 01/24/97
Minute Book Page: 2850-2855
Date Revised: 12/19/02
Minute Book Page: 3440-3448
Date Reviewed: 12/22/05
Minute Book Page: 3802-3809
Date Revised: 02/28/06
Minute Book Page: 3829-3937
Date Revised: 05/26/06
Minute Book Page: 3862-3870
Date Reviewed: 01/26/07
Minute Book Page: 3933-3941
Date Revised: 04/26/07
Minute Book Page: 3965-3972
Date Reviewed: 01/25/08
Minute Book Page: 4054-4061
Date Reviewed: 02/27/09
Minute Book Page: 4183-4190
Date Reaffirmed: 11/20/09
Minute Book Page: 4275
Date Revised: 03/29/10
Minute Book Page: 4298-4305
Date Reaffirmed: 01/21/11
Minute Book Page: 4396
Date Revised: 04/20/12
Minute Book Page: 4546-4552
Date Reaffirmed: 01/25/13
Minute Book Page:

BOARD POLICIES
TO BE REVIEWED
(CONTINUED)

Following discussion, motion was made by Director Whitt, seconded by Director Crum and unanimously agreed to reaffirm the Board Policy 508 as presented.

ELLIOTT COUNTY

President Fraley will be meeting with Ben Miller, River Cities Disposal regarding the billing for garbage pickup. We would like to stop billing so that Elliott County Members can participate in GRECC's Prepaid Billing Program.

BOARD MEETING DATE

The next board meeting will be held on Friday, February 22, 2013.

ADDITIONAL BUSINESS

Chairman Trent called for an Executive session at 12:06 p.m. to discuss the compensation of the President and CEO. Discussion was tabled until February and the Board came out of Executive Session at 12:10 p.m.

ADJOURN

Chairman Trent adjourned the meeting at 12:11p.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

President & CEO's Expenses

December 2012

<u>Check Date</u>	<u>Check #</u>	<u>Description</u>	<u>Amount</u>
1/10/2013	159176	*11/16 – GRECC Board Meeting, – meal expense	\$15.64
		*11/18-20 – KAEC Annual Meeting, Louisville, KY	
		*meals expense	\$62.56
		*hotel expense	\$276.74
		*11/27 – Public Relations Meeting – meal expense	\$17.03
		*11/28 – Budget Planning Review – meal expense	\$11.31
		*11/29 – Pick up Pictures for School – meal expense	\$11.07
		*12/17 R/W Christmas Breakfast – meal expense	\$12.74
		 Total Expenses	 \$407.09

* Means Prorated

DIRECTORS & ATTORNEY EXPENSES**December-12****KENNETH ARRINGTON**

Per Diem	- KAEC Director Training/Annual Mtg. (11/17-20); GRECC Planning & Review (12/13); GRECC Bd. Mtg. (12/20)	\$ 1,538.90
MISC	- Christmas Gift - Lands End	52.85
VISA	- KAEC Annual Mtg. GRECC Planning & Review	635.78 11.31
	Lunch GRECC Bd. Mtg. (11/16)	15.64
KAEC	- Coordinated Training	300.00
	Cash in Lieu of Insurance	637.63
	24 – Hr. Insurance	0.70
TOTAL	-	<u>\$ 3,192.81</u>

DONNIE CRUM

Per Diem	- GRECC Planning & Review (12/13); GRECC Bd. Mtg. (12/20)	\$ 426.64
MISC	- Christmas Gift - Lands End	52.85
	Cash in Lieu of Insurance	637.63
	24 – Hr. Insurance	1.08
TOTAL	-	<u>\$ 1,118.20</u>

HAROLD DUPUY

Per Diem	- KAEC Annual Mtg. (11/18-20); NRECA Director's Winter School (12/10-12); GRECC Bd. Mtg. (12/20)	\$ 2,100.57
MISC	- Christmas Gift - Lands End	52.85
VISA	- KAEC Annual Mtg. NRECA Director's Winter School	332.08 593.52
NRECA	- NRECA Director's Winter School (1) Class	550.00
	Cash in Lieu of Insurance	637.63
	24-Hr. Insurance	1.08
TOTAL	-	<u>\$ 4,267.73</u>

EDDIE MARTN

Per Diem	KAEC Director Training/Annual Mtg. (12/16-19); GRECC Mtg. (12/20)	\$ 1,197.58
MISC	- Christmas Gift - Lands End	56.56
VISA	- KAEC Annual Mtg. Lunch GRECC Bd. Mtg. (11/16)	561.41 15.64
	Cash in Lieu of Insurance	637.63
	24 – Hr. Insurance	1.08
TOTAL	-	<u>\$ 2,469.90</u>

WILLIAM T. RICE

Per Diem	- KAEC Annual Mtg. (11/18-20); GRECC Bd. Mtg. (12/20)	\$ 1,019.59
MISC	- Christmas Gift - Lands End	56.56
VISA	- KAEC Annual Mtg.	320.08
	Cash in Lieu of Insurance	637.63
	24 – Hr. Insurance	0.70
TOTAL	-	<u>\$ 2,034.56</u>

ROGER TRENT

Per Diem	- KAEC Annual Mtg. (11/18-20); NRECA Director's Winter School (12/8-12); GRECC Planning & Review (12/13); GRECC Bd. Mtg. (12/20)	\$ 2,630.83
MISC	- Christmas Gift - Lands End	52.85
VISA	- NRECA Director's Winter School	1,065.35
	KAEC Annual Mtg.	344.08
	GRECC Planning & Review	11.31
	Lunch GRECC Bd. Mtg. (11/16)	15.64
NRECA	- NRECA Director's Winter School (2) Classes	1,100.00
	Cash in Lieu of Insurance	637.63
TOTAL	- 24 – Hr. Insurance	0.70
		<u>\$ 5,858.39</u>

JIMMY WHITT

Per Diem	- NRECA Director's Winter School (12/8-11); GRECC Planning & Review (12/13); KAEC Bd. Mtg. (12/17); GRECC Bd. Mtg. (12/20)	\$ 1,987.20
MISC	- Christmas Gift - Lands End	52.85
VISA	- KAEC Annual Mtg.	384.10
	NRECA Director's Winter School	830.91
	KAEC Bd. Mtg.	4.44
	GRECC Planning & Review	11.31
NRECA	- NRECA Director's Winter School (2) Classes	1,100.00
	Cash in Lieu of Insurance	637.63
TOTAL	- 24 – Hr. Insurance	1.08
		<u>\$ 5,009.52</u>

JEFF SCOTT

Out-of-Pocket	- Copies (Sand Gap)	\$ 227.50
	Electronic Filing (Sand Gap)	38.90
MISC	- Christmas Gift - Lands End	56.56
VISA	- KAEC Annual Mtg.	184.13
TOTAL	-	<u>\$ 507.09</u>

***Combs* Report**

February 22, 2013

KWH Sales & Purchases: December 2012

Sales: Month: 3.41 % under Budget (12/20 – 1/20)
YTD : 5.91% under Budget
Last Year to Date: 3.29 % less

Purchases: Month: 14.33 % over Budget (12/1 – 12/31)
YTD: 5.63 % under Budget

Line Loss : Month: - 7.38 %
Matched: %
YTD: 5.95 %
Last 12 Months: 5.95 %

Form 7: December 2012

Electric Revenue LESS Purchased Power:	\$	220,648	more
Maintenance Expense	\$	90,666	more
Customer Service	\$	95,837	less
Administrative & General	\$	38,416	less
Margins	\$	292,834	more

Form 7: Year to Date

Margins :	\$	830,814	(deficit)
Budgeted:	\$	986,944	(deficit)

- **Bagby Book Project**
- **Rate Case Update**

Annual Financial Data
thru
December 2012

Energy Sales & Purchases

- Annualized – Graph
- YTD Kwh Data
- Load Factors
- Service Comparison
- Degree Day Data
- Average Kwh Usage Data

Operating Statement

- Budget Comparison
- Annualized Data

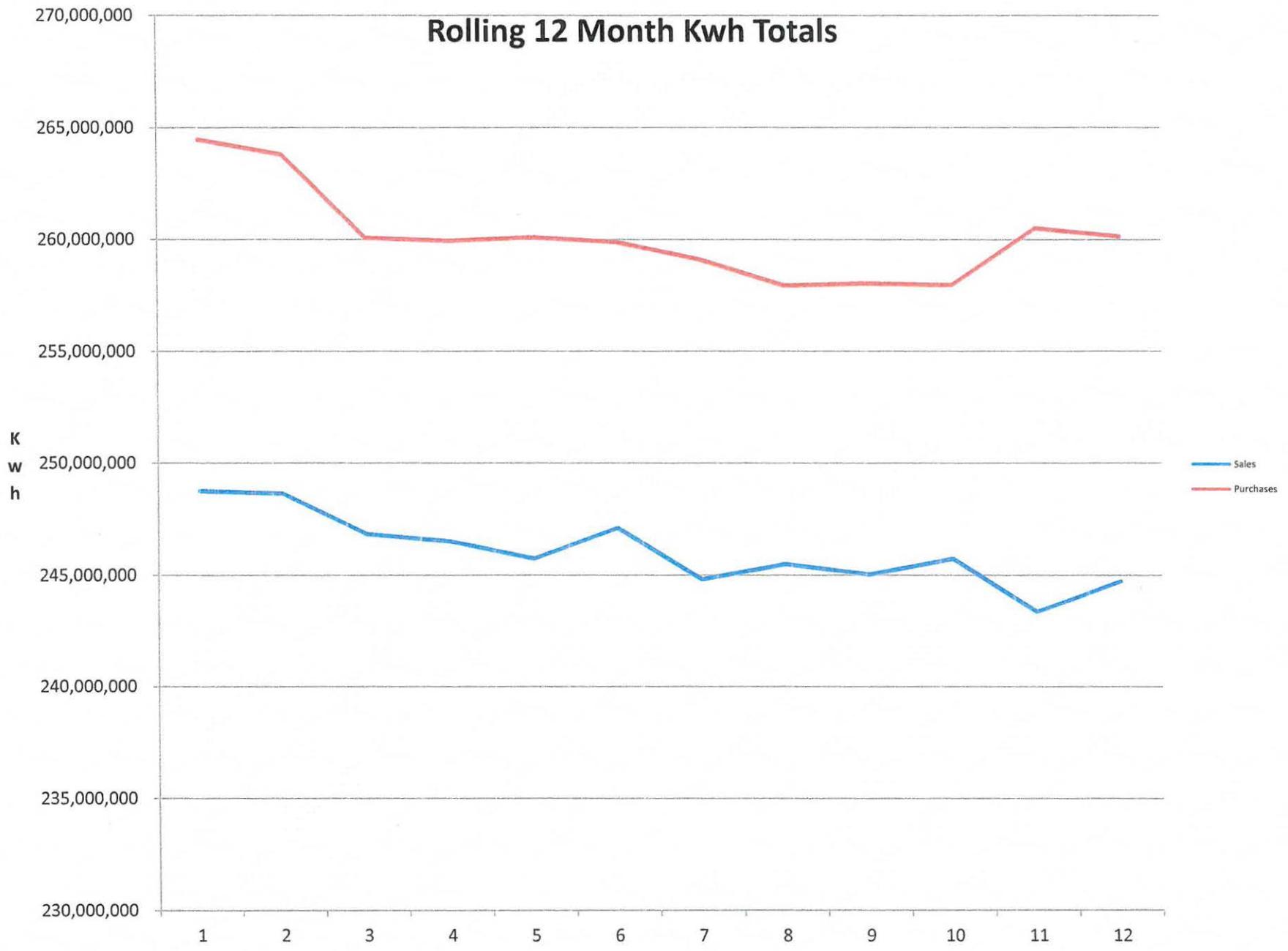
Capital Expenditures

- Work Order Summary
- Major Projects
- General Plant Additions & Miscellaneous projects

Miscellaneous

- Overtime
- CRC

Rolling 12 Month Kwh Totals



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2012	RESIDENTIAL							BARNs & CAMPS						
	Actual			Budget				Actual			Budget			
		\$	UNIT					KWH	\$	UNIT				
JANUARY	17,352,305	\$ 2,137,437	0.1232	21,736,237	\$	2,632,258	0.1211	449,223	\$ 85,101	0.1894	374,555	\$ 77,233	0.2062	
FEBRUARY	13,732,209	\$ 1,679,487	0.1223	15,923,053	\$	1,928,282	0.1211	370,154	\$ 74,479	0.2012	284,222	\$ 58,607	0.2062	
MARCH	10,829,611	\$ 1,332,347	0.1230	13,091,951	\$	1,585,435	0.1211	325,944	\$ 69,830	0.2142	238,256	\$ 49,128	0.2062	
APRIL	10,519,982	\$ 1,284,086	0.1221	10,519,049	\$	1,273,857	0.1211	343,754	\$ 72,423	0.2107	213,689	\$ 44,063	0.2062	
MAY	12,294,914	\$ 1,506,220	0.1225	12,621,954	\$	1,528,519	0.1211	433,212	\$ 83,983	0.1939	268,216	\$ 55,306	0.2062	
JUNE	15,653,979	\$ 1,904,881	0.1217	13,943,840	\$	1,688,599	0.1211	539,313	\$ 98,225	0.1821	315,947	\$ 65,148	0.2062	
JULY	14,618,888	\$ 1,782,523	0.1219	15,442,805	\$	1,870,124	0.1211	498,703	\$ 93,189	0.1869	343,614	\$ 70,853	0.2062	
AUGUST	12,618,363	\$ 1,541,224	0.1221	12,786,601	\$	1,548,457	0.1211	434,139	\$ 85,042	0.1959	290,015	\$ 59,801	0.2062	
SEPTEMBER	10,212,967	\$ 1,299,957	0.1273	10,884,158	\$	1,318,072	0.1211	366,891	\$ 79,473	0.2166	263,731	\$ 54,381	0.2062	
OCTOBER	14,480,502	\$ 1,806,778	0.1248	13,989,210	\$	1,694,093	0.1211	444,577	\$ 88,990	0.2002	269,078	\$ 55,484	0.2062	
NOVEMBER	15,373,772	\$ 1,963,702	0.1277	18,981,606	\$	2,298,672	0.1211	452,603	\$ 91,626	0.2024	330,575	\$ 68,165	0.2062	
DECEMBER	20,071,153	\$ 2,546,405	0.1269	21,101,841	\$	2,555,433	0.1211	593,022	\$ 109,017	0.1838	381,290	\$ 78,622	0.2062	
	167,758,645	\$20,785,047	\$0.1239	181,022,305	\$	\$21,921,801	\$0.1211	5,251,535	#####	\$0.1964	3,573,189	\$736,792	\$0.2062	
				181,022,305			-7%				3,573,189		47%	

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2012	SMALL COMMERCIAL						LARGE POWER					
	Actual			Budget			Actual			Budget		
	KWH	\$	UNIT				KWH	\$	UNIT			
JANUARY	1,505,099	\$ 191,695	0.1274	1,745,343	\$218,342	0.1251	2,342,326	\$ 243,723	0.1041	2,863,819	\$272,063	0.0950
FEBRUARY	1,302,401	\$ 165,888	0.1274	1,500,603	\$187,725	0.1251	2,142,900	\$ 220,914	0.1031	2,331,851	\$221,526	0.0950
MARCH	1,184,697	\$ 150,970	0.1274	1,315,359	\$164,551	0.1251	2,061,771	\$ 202,466	0.0982	2,272,329	\$215,871	0.0950
APRIL	1,169,098	\$ 148,751	0.1272	1,209,239	\$151,276	0.1251	2,000,790	\$ 199,712	0.0998	2,144,130	\$203,692	0.0950
MAY	1,284,787	\$ 162,447	0.1264	1,404,962	\$175,761	0.1251	2,050,536	\$ 198,065	0.0966	2,383,676	\$226,449	0.0950
JUNE	1,467,359	\$ 183,577	0.1251	1,466,262	\$183,429	0.1251	2,290,227	\$ 219,184	0.0957	2,499,849	\$237,486	0.0950
JULY	1,382,484	\$ 174,118	0.1259	1,569,625	\$196,360	0.1251	2,319,597	\$ 228,477	0.0985	2,686,622	\$255,229	0.0950
AUGUST	1,345,618	\$ 168,513	0.1252	1,416,484	\$177,202	0.1251	2,336,603	\$ 223,179	0.0955	2,499,929	\$237,493	0.0950
SEPTEMBER	1,115,609	\$ 147,805	0.1325	1,237,755	\$154,843	0.1251	1,926,362	\$ 196,606	0.1021	2,257,131	\$214,427	0.0950
OCTOBER	1,282,889	\$ 167,626	0.1307	1,275,733	\$159,594	0.1251	2,159,264	\$ 225,349	0.1044	2,309,265	\$219,380	0.0950
NOVEMBER	1,342,348	\$ 178,738	0.1332	1,533,659	\$191,861	0.1251	2,213,647	\$ 236,741	0.1069	2,609,061	\$247,861	0.0950
DECEMBER	1,652,681	\$ 215,170	0.1302	1,728,407	\$216,224	0.1251	2,799,421	\$ 283,940	0.1014	2,870,967	\$272,742	0.0950
	16,035,070	\$2,055,298	\$0.1282	17,403,430	\$2,177,169	\$0.1251	26,643,444	\$2,678,356	\$0.1005	29,728,631	\$2,824,220	\$0.0950
				17,403,430		-8%				29,728,631		-10%

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2012	LARGE INDUSTRIAL						STREET LIGHTING					
	Actual			Budget			Actual			Budget		
	KWH	\$	UNIT				KWH	\$	UNIT			
JANUARY	2,337,847	\$ 162,522	0.0695	2,104,924	\$134,294	0.0638	4,222	\$ 647	0.1532	6,622	\$ 979	0.1478
FEBRUARY	2,232,247	\$ 147,584	0.0661	2,151,288	\$137,252	0.0638	4,222	\$ 632	0.1497	6,622	\$ 979	0.1478
MARCH	2,342,647	\$ 154,597	0.0660	2,505,806	\$159,870	0.0638	4,222	\$ 622	0.1473	6,622	\$ 979	0.1478
APRIL	2,093,047	\$ 136,618	0.0653	2,002,731	\$127,774	0.0638	4,222	\$ 617	0.1461	6,622	\$ 979	0.1478
MAY	2,394,247	\$ 151,216	0.0632	2,009,356	\$128,197	0.0638	4,222	\$ 629	0.1490	6,622	\$ 979	0.1478
JUNE	2,391,847	\$ 166,125	0.0695	2,169,266	\$138,399	0.0638	4,222	\$ 638	0.1511	6,622	\$ 979	0.1478
JULY	2,825,047	\$ 184,100	0.0652	2,423,799	\$154,638	0.0638	4,222	\$ 635	0.1504	6,622	\$ 979	0.1478
AUGUST	2,604,247	\$ 168,954	0.0649	2,506,435	\$159,911	0.0638	4,072	\$ 606	0.1488	6,622	\$ 979	0.1478
SEPTEMBER	2,493,847	\$ 168,380	0.0675	2,508,834	\$160,064	0.0638	4,244	\$ 636	0.1499	6,622	\$ 979	0.1478
OCTOBER	2,469,847	\$ 170,108	0.0689	2,793,915	\$178,252	0.0638	4,244	\$ 645	0.1520	6,622	\$ 979	0.1478
NOVEMBER	2,420,647	\$ 175,149	0.0724	2,732,494	\$174,333	0.0638	4,244	\$ 661	0.1557	6,622	\$ 979	0.1478
DECEMBER	2,389,447	\$ 176,425	0.0738	2,392,561	\$152,645	0.0638	4,244	\$ 668	0.1574	6,622	\$ 979	0.1478
	28,994,964	\$1,961,778	\$0.0677	28,301,408	\$1,805,630	\$0.0638	50,602	\$7,636	\$0.1509	79,464	\$11,745	\$0.1478
				28,301,408		2%						

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2012	TOTAL SALES					
	KWH	Actual \$	UNIT	Budget		
JANUARY	23,991,022	\$ 2,821,125	0.1176	28,831,499	\$ 3,335,170	0.1157
FEBRUARY	19,784,133	\$ 2,288,984	0.1157	22,197,639	\$ 2,534,371	0.1142
MARCH	16,748,892	\$ 1,910,832	0.1141	19,430,324	\$ 2,175,836	0.1120
APRIL	16,130,893	\$ 1,842,207	0.1142	16,095,459	\$ 1,801,640	0.1119
MAY	18,461,918	\$ 2,102,560	0.1139	18,694,785	\$ 2,115,210	0.1131
JUNE	22,346,947	\$ 2,572,630	0.1151	20,401,786	\$ 2,314,040	0.1134
JULY	21,648,941	\$ 2,463,042	0.1138	22,473,087	\$ 2,548,183	0.1134
AUGUST	19,343,042	\$ 2,187,518	0.1131	19,506,085	\$ 2,183,843	0.1120
SEPTEMBER	16,119,920	\$ 1,892,857	0.1174	17,158,232	\$ 1,902,766	0.1109
OCTOBER	20,841,323	\$ 2,459,496	0.1180	20,643,823	\$ 2,307,782	0.1118
NOVEMBER	21,807,261	\$ 2,646,617	0.1214	26,194,018	\$ 2,981,871	0.1138
DECEMBER	27,509,968	\$ 3,331,625	0.1211	28,481,689	\$ 3,276,645	0.1150
	244,734,260	\$28,519,493	\$0.1165	260,108,427	\$29,477,356	\$0.1133

Actual vs. Budget			
27,509,968	Month	2012	28,481,689 -3.41%
244,734,260	YTD		260,108,427 -5.91%
Compared to 2011			
27,509,968	Month		26,147,350 5.21%
244,734,260	YTD		253,055,393 -3.29%

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2012	GROSS MARGINS							
	Actual	Budget	Variance	Line Loss	Fuel Adj.	Fuel Adj. \$	ESC Rate	ESC \$
JANUARY	\$862,940	\$ 1,171,368	(\$308,428)	12.98%	0.000691	16,576	9.28%	239,594
FEBRUARY	\$581,282	\$ 641,956	(\$60,674)	17.54%	(0.000557)	(10,995)	7.63%	162,306
MARCH	\$557,715	\$ 501,739	\$55,976	12.23%	(0.001815)	(30,406)	6.88%	122,991
APRIL	\$667,005	\$ 505,818	\$161,187	6.76%	(0.004446)	(71,845)	8.18%	139,169
MAY	\$734,281	\$ 827,009	(\$92,729)	2.33%	(0.003593)	(66,357)	9.49%	182,188
JUNE	\$1,025,203	\$ 859,537	\$165,666	-10.39%	(0.003167)	(70,797)	10.77%	250,141
JULY	\$692,238	\$ 879,832	(\$187,594)	12.68%	(0.002786)	(60,316)	9.92%	222,282
AUGUST	\$625,365	\$ 516,163	\$109,202	11.57%	(0.003352)	(64,824)	9.20%	184,291
SEPTEMBER	\$538,098	\$ 574,484	(\$36,386)	10.71%	(0.000862)	(13,867)	8.98%	155,940
OCTOBER	\$1,073,663	\$ 935,846	\$137,817	-8.97%	(0.000503)	(40,193)	10.29%	269,043
NOVEMBER	\$846,132	\$1,358,946	(\$512,814)	7.76%	0.001864	40,632	11.15%	265,479
DECEMBER	\$1,376,985	\$1,156,337	\$220,648	-7.38%	0.002729	73,849	11.62%	347,437
			(\$348,128)	5.95%	(0.001316)	(298,543)	9.45%	2,540,861

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Monthly Load Factors

Purchases		DEMAND	KWH	\$	UNIT	LD FCT	YTD AVG
2010	January	63,341	33,424,784	\$ 2,255,038	\$ 0.0675	73%	
	February	57,670	29,219,860	\$ 2,024,380	\$ 0.0693	70%	
	March	56,737	23,202,333	\$ 1,533,361	\$ 0.0661	57%	67%
	April	36,431	17,288,222	\$ 964,540	\$ 0.0558	66%	67%
	May	42,585	18,670,712	\$ 1,080,671	\$ 0.0579	61%	65%
	June	49,826	22,982,666	\$ 1,477,215	\$ 0.0643	64%	65%
	July	52,282	25,442,090	\$ 1,729,418	\$ 0.0680	68%	66%
	August	55,632	24,772,006	\$ 1,690,912	\$ 0.0683	62%	65%
	September	47,505	18,731,845	\$ 1,291,562	\$ 0.0690	55%	64%
	October	49,588	22,320,222	\$ 1,375,048	\$ 0.0616	63%	64%
	November	40,027	18,111,221	\$ 1,098,058	\$ 0.0606	63%	
	December	69,330	33,300,056	\$ 2,238,111	\$ 0.0672	67%	
		<u>620,954</u>	<u>287,466,017</u>	<u>\$ 18,758,314</u>	<u>\$ 0.0653</u>	<u>64%</u>	
2011	January	66,761	32,080,464	\$ 2,272,447	\$ 0.0708	67%	
	February	68,052	24,655,768	\$ 1,727,830	\$ 0.0701	50%	
	March	46,648	22,820,040	\$ 1,436,708	\$ 0.0630	68%	62%
	April	42,991	17,435,848	\$ 1,224,685	\$ 0.0702	56%	60%
	May	47,413	18,743,821	\$ 1,295,329	\$ 0.0691	55%	59%
	June	48,854	20,458,633	\$ 1,536,216	\$ 0.0751	58%	59%
	July	52,856	25,571,688	\$ 1,816,645	\$ 0.0710	67%	60%
	August	51,273	17,974,880	\$ 1,365,353	\$ 0.0760	49%	59%
	September	42,592	19,190,134	\$ 1,366,901	\$ 0.0712	63%	59%
	October	42,592	19,190,134	\$ 1,366,901	\$ 0.0712	63%	60%
	November	50,478	21,100,143	\$ 1,611,989	\$ 0.0764	58%	59%
	December	54,190	25,977,715	\$ 1,885,258	\$ 0.0726	67%	60%
		<u>614,700</u>	<u>265,199,268</u>	<u>\$ 18,906,262</u>	<u>\$ 0.0713</u>	<u>60%</u>	<u>60%</u>
2012	January	54,266	27,569,890	\$ 1,958,185	0.0710	71%	
	February	56,717	23,993,230	\$ 1,707,702	0.0712	59%	
	March	48,681	19,081,833	\$ 1,353,117	0.0709	54%	61%
	April	39,286	17,301,235	\$ 1,175,202	0.0679	61%	61%
	May	46,817	18,903,170	\$ 1,368,279	0.0724	56%	60%
	June	56,468	20,243,026	\$ 1,547,427	0.0764	50%	58%
	July	56,343	24,794,000	\$ 1,770,804	0.0714	61%	59%
	August	50,392	21,874,421	\$ 1,562,153	0.0714	60%	59%
	September	44,985	18,054,034	\$ 1,354,759	0.0750	56%	59%
	October	39,872	19,126,602	\$ 1,385,833	0.0725	67%	59%
	November	51,884	23,642,618	\$ 1,800,485	0.0762	63%	59%
	December	52,118	25,619,863	\$ 1,954,640	0.0763	68%	61%
		<u>597,829</u>	<u>260,203,922</u>	<u>\$ 18,938,586</u>	<u>\$ 0.0728</u>	<u>61%</u>	

~~ESC~~
 2010 \$1,940,740
 2011 \$2,110,527
 2012 \$2,540,861

FA
 (326,409)
 (849,532)
 (298,543)

.0653 → .0728
 12% → 2010 - 2012

Customers by Rate Class

	Dec-08 <u>Number</u>	Dec-10 <u>Number</u>	Dec-11 <u>Number</u>	Dec-12 <u>Number</u>	Customer Change since 12/08 <u>ytd</u>	
Residential						
10 Trailer-Electric	2,919	2,839	2741	2677	-8.29%	-2.33%
11 House-Gas	3,709	3,556	3376	3290	-11.30%	-2.55%
13 Trailer-Gas	934	842	789	788	-15.63%	-0.13%
14 House-Electric	5,574	5,800	5720	5680	1.90%	-0.70%
20	2	0	0	0	-100.00%	0.00%
61 S/L only	102	107	100	100	-1.96%	0.00%
	<u>13,240</u>	<u>13,144</u>	<u>12,726</u>	<u>12,535</u>	<u>-5.32%</u>	<u>-1.50%</u>
Camps & Barns						
12 Camps & Barns (old)	1,143	1,100	816	571	-50.04%	-30.02%
15 Camps			59	184		
16 Barns			218	325		
17 Garages, Out Buildings			255	396		
18 Meters on Poles			108	134		
19 Un-inhabitable Houses			25	28		
20 Miscellaneous			0	2		
	<u>1,143</u>	<u>1,100</u>	<u>1,481</u>	<u>1,640</u>	<u>43.48%</u>	<u>10.74%</u>
Small Commercial						
18 Church (tax exempt) -	88	1				
25 Commercial	1,050	1,018	960	939	-10.57%	-2.19%
26 S/L only	5	5	12	12		
28 Church (taxable)	79	163	161	158		-3.07%
	<u>1,222</u>	<u>1,187</u>	<u>1,133</u>	<u>1,109</u>	<u>-9.25%</u>	<u>-2.12%</u>
Large Power						
46 Commercial	67	66	68	68	1.49%	0.00%
47 Water Pumping Facility	1	1	1	1	0.00%	0.00%
79 All Electric School	6	7	7	8	33.33%	14.29%
	<u>74</u>	<u>74</u>	<u>76</u>	<u>77</u>	<u>4.05%</u>	<u>1.32%</u>
Industrial						
74 Smithfield / Prison	1	1	1	2	100.00%	100.00%
Street Lights						
57	1	1	1	1	0.00%	0.00%
	<u>15,681</u>	<u>15,507</u>	<u>15,418</u>	<u>15,364</u>	<u>-2.02%</u>	<u>-0.35%</u>



Month	Heating Degree Days				2010	2009	2008	2007	2006
	normal	2012	change from >>>>>2011						
January	1026	850	-24%	1124	1128	1128	1004	859	696
February	816	717	-3%	737	1006	757	848	1041	816
March	616	300	-47%	568	563	522	645	407	623
April	332	284	29%	220	196	316	319	377	199
May	119	31	-79%	145	72	89	139	58	145
June	13	16	0%	0	0	9	0	0	2
July	0	0	0%	0	0	3	0	0	0
August	0	0	0%	0	0	3	0	0	0
September	53	73	-11%	82	29	27	2	13	73
October	284	327	3%	319	205	377	273	157	360
November	574	660	47%	450	536	502	658	573	512
December	877	714	-4%	746	1158	918	899	762	708
Annual Total	<u>4710</u>	<u>3972</u>		<u>4391</u>	<u>4893</u>	<u>4651</u>	<u>4787</u>	<u>4247</u>	<u>4134</u>
Year to Date	4710	3972		4391	4893	4651	4787	4247	4134
		-9.5%							

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Month	Cooling Degree Days				2010	2009	2008	2007	2006
	normal	2012	change from >>>>>>2011						
January	0	0	0%	0	0	0	0	0	0
February	0	0	0%	0	0	0	0	0	0
March	0	34	0%	0	0	0	26	0	0
April	16	15	275%	4	38	0	40	23	29
May	80	153	26%	121	135	80	32	157	77
June	228	249	-4%	260	356	275	273	287	183
July	350	484	6%	455	412	226	334	312	374
August	307	295	-10%	326	415	266	305	498	391
September	147	125	11%	113	210	136	203	242	62
October	21	7	17%	6	19	5	40	12	12
November	0	0	0%	1	0	0	0	0	0
December	0	0	0%	0	0	0	0	0	0
Annual Total	<u>1149</u>	<u>1362</u>		<u>1286</u>	<u>1585</u>	<u>988</u>	<u>1227</u>	<u>1557</u>	<u>1128</u>
Year to Date	1149	1362		1286	1585	988	1227	1557	1128
		6%							

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LINE NO	DPT	ACCT	ITEM	DESCRIPTION	ACTUAL ANNUAL	BUDGET	DIFFERENCE	% CHANGE FROM ACTUAL
1.00		440.10		RESIDENTIAL SALES	20,785,049.43-	21,922,801.00-	1,137,751.57-	5.5
1.00		440.40		CAMP & BARN SALES	1,031,378.62-	736,792.00-	294,586.62	28.6-
1.00		442.10		SMALL COMMERCIAL SALES	2,055,298.45-	2,178,168.00-	122,869.55-	6.0
1.00		442.20		LARGE POWER SALES	2,678,357.47-	2,824,219.00-	145,861.53-	5.4
1.00		442.30		LARGE INDUSTRIAL(OVER 1,000 KVA)	1,961,778.97-	1,815,629.00-	146,149.97	7.4-
1.00		444.00		STREET LIGHT SALES	7,637.98-	11,745.00-	4,107.02-	53.8
1.00		450.00		FORFEITED DISCOUNTS	478,702.82-	500,000.00-	21,297.18-	4.4
1.00		454.00		RENT FROM ELECTRIC PROPERTY	460,436.25-	425,000.00-	35,436.25	7.7-
1.00		456.00		OTHER ELECTRIC SERVICE	82,833.60-	65,000.00-	17,833.60	21.5-
1.00				TOTAL	29,541,473.59-	30,479,354.00-	937,880.41-	3.2
3.00		555.00		PURCHASED POWER	18,938,586.00	19,548,319.00	609,733.00	3.2
3.00				TOTAL	18,938,586.00	19,548,319.00	609,733.00	3.2
6.00		583.00		OVERHEAD LINE EXPENSE	492,680.58	473,155.00	19,525.58-	4.0-
6.00		586.00		METER EXPENSE	521,671.02	526,389.00	4,717.98	.9
6.00		586.10		METER OPERATION SURVEY	20,898.77	49,777.00	28,878.23	138.2
6.00		586.20		AUTOMATED METER EQUIP EXPENSE	21,216.03	25,762.00	4,545.97	21.4
6.00		588.00		MISC / MAPPING EXPENSE	58,328.67	79,750.00	21,421.33	36.7
6.00		588.10		MAPPING OPERATIONS	6,742.00	75,000.00	68,258.00	12.4
6.00				TOTAL	1,121,537.07	1,229,833.00	108,295.93	9.7
7.00		590.00		MAINTENANCE SUPERVISION	259,896.04	260,965.00	1,068.96	.4
7.00		593.00		MAINTENANCE OF OVERHEAD LINES	1,192,144.22	1,209,196.00	17,051.78	1.4
7.00		593.10		MAINTENANCE OF LINE RIGHT-OF-WAY	1,532,466.76	1,445,979.00	86,487.76-	5.6-
7.00		593.20		MAINTENANCE STORM EXPENSES	272,673.00	.00	272,673.00-	100.0-
7.00		594.00		MAINTENANCE OF UNDERGROUND LINES	756.51	1,980.00	1,223.49	161.7

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LINE NO	DPT	ACCT	ITEM	DESCRIPTION	ACTUAL ANNUAL	BUDGET	DIFFERENCE	% CHANGE FROM ACTUAL
7.00		595.00		MAINTENANCE OF TRANSFORMERS	21,638.61	25,635.00	3,996.39	18.5
7.00		596.00		MAINTENANCE OF STREET LIGHTS	2,497.84	2,151.00	346.84-	13.9-
7.00		597.00		MAINTENANCE OF METERS	1,591.31	6,606.00	5,014.69	315.1
7.00		598.00		MAINTENANCE-MISC DISTRIBUTION	63,024.77	59,188.00	3,836.77-	6.1-
7.00				TOTAL	3,346,689.06	3,011,700.00	334,989.06-	10.0-
8.00		901.00		SUPERVISION - BILLING	120,306.67	98,113.00	22,193.67-	18.4-
8.00		902.00		METER READING EXPENSE	81.49	470.00	388.51	476.8
8.00		903.00		CUSTOMERS RECORDS & COLLECTIONS	887,892.68	894,867.00	6,974.32	.8
8.00		903.10		CASH DRAWER-OVERAGES & SHORTAGES	89.44	.00	89.44-	100.0-
8.00		904.00		UNCOLLECTIBLE ACCOUNTS	34,627.21	157,402.00	122,774.79	354.6
8.00				TOTAL	1,042,997.49	1,150,852.00	107,854.51	10.3
9.00		909.00		INFORMATIONAL ADVERTISING	222,280.68	284,645.00	62,364.32	28.1
9.00				TOTAL	222,280.68	284,645.00	62,364.32	28.1
10.00		912.00		DEMONSTRATION & SELLING EXPENSE	18,534.09	34,428.00	15,893.91	85.8
10.00		913.00		ADVERTISING	5,813.90	5,100.00	713.90-	12.3-
10.00				TOTAL	24,347.99	39,528.00	15,180.01	62.3
11.00		920.00		ADMINISTRATIVE-GENERAL SALERIES	1,079,137.11	1,125,553.00	46,415.89	4.3
11.00		921.00		OFFICE SUPPLIES & EXPENSES	141,589.32	298,622.00	157,032.68	110.9
11.00		923.00		OUTSIDE SERIVCES	105,432.29	65,500.00	39,932.29-	37.9-
11.00		926.00		EMPLOYEE BENEFITS	.00	.00	.00	.0
11.00		926.10		EMPLOYEE PENSION & BENEFITS	.00	.00	.00	.0
11.00		928.00		REGULATORY COMMISSION EXPENSES	4,702.55	.00	4,702.55-	100.0-
11.00		930.20		ANNUAL MEETING EXPENSES	29,500.45	78,340.00	48,839.55	165.6
11.00		930.21		CAPITAL CREDIT EXPENSES	.00	853.13	853.13	100.0-

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LINE NO	DPT	ACCT	ITEM	DESCRIPTION	ACTUAL ANNUAL	BUDGET	DIFFERENCE	% CHANGE FROM ACTUAL
11.00				SUBTOTAL OF 930.2	29,500.45	79,193.13	49,692.68	168.4
11.00	930.30			MISCELLANEOUS GENERAL EXPENSES	24,275.70	31,743.00	7,467.30	30.8
11.00	930.40			MISC FIELD TRAINING	37,874.75	.00	37,874.75-	100.0-
11.00	930.60			BOARD OF DIRECTOR'S EXPENSES	149,712.01	148,624.00	1,088.01-	.7-
11.00	930.70			DUES - NRECA & KAEC	56,760.90	58,000.00	1,239.10	2.2
11.00	932.00			MAINTENANCE OF GENERAL PLANT	213,913.23	238,005.00	24,091.77	11.3
11.00				TOTAL	1,842,898.31	2,045,240.13	202,341.82	11.0
13.00	403.60			DEPRECIATION-DISTRIBUTION PLANT	2,820,359.55	2,871,807.00	51,447.45	1.8
13.00	403.70			DEPRECIATION-GENERAL PLANT	186,466.76	151,409.00	35,057.76-	18.8-
13.00				TOTAL	3,006,826.31	3,023,216.00	16,389.69	.5
14.00	408.60			REGULATORY COMMISSION ASSESSMENT	33,718.80	32,000.00	1,718.80-	5.1-
14.00				TOTAL	33,718.80	32,000.00	1,718.80-	5.1-
15.00	408.20			TAXES - FEDERAL UNEMPLOYMENT	.00	.00	.00	.0
15.00	408.30			TAXES - FICA	.00	.00	.00	.0
15.00	408.40			TAXES - STATE UNEMPLOYMENT	.00	.00	.00	.0
15.00				TOTAL	.00	.00	.00	.0
16.00	427.10			INTEREST-RUS	414,768.75	422,301.71	7,532.96	1.8
16.00	427.20			INTEREST - COBANK	518,418.65	509,803.92	8,614.73-	1.7-
16.00	427.30			INTEREST-CFC	44,192.72	44,136.83	55.89-	.1-
16.00	427.60			INTEREST - FFB	34,108.51	74,837.55	40,729.04	119.4
16.00				TOTAL	1,011,488.63	1,051,080.01	39,591.38	3.9
18.00	431.30			INTEREST-REFUND CUSTOMER DEPOSIT	40,977.22	74,000.00	33,022.78	80.6
18.00				TOTAL	40,977.22	74,000.00	33,022.78	80.6

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LINE NO	DPT	ACCT	ITEM	DESCRIPTION	ACTUAL ANNUAL	BUDGET	DIFFERENCE	% CHANGE FROM ACTUAL
19.00		426.10		MISCELLANEOUS DEDUCTION-DONATION	10,492.13	12,000.00	1,507.87	14.4
19.00		430.00		INTEREST ASSOCIATED ORGANIZATION	37,220.71	50,000.00	12,779.29	34.3
19.00				TOTAL	47,712.84	62,000.00	14,287.16	29.9
22.00		419.00		INTEREST INCOME NON-OPERATING	29,228.15-	28,100.00-	1,128.15	3.9-
22.00		419.20		NOW ACCOUNT INTEREST	328.15-	500.00-	171.85-	52.4
22.00		419.30		COMMERCIAL PAPER INTEREST	136.86-	.00	136.86	100.0-
22.00				TOTAL	29,693.16-	28,600.00-	1,093.16	3.7-
25.00		415.00		REVENUE-MERCHANDISE, JOB, CONTRACT	695.12-	.00	695.12	100.0-
25.00		415.20		ANCILLARY BILLING SERV - REVENUE	11,553.30-	12,000.00-	446.70-	3.9
25.00		415.30		ETS REVENUE	9.68	.00	9.68-	100.0-
25.00		415.40		RENTAL PROPERTY - REVENUE	6,000.00-	6,000.00-	.00	.0
25.00		415.50		MACED REVENUE	22,782.85-	1,000.00-	21,782.85	95.6-
25.00		416.00		INCENTIVES/GEOTHERMAL, ETS, MISC	27,419.23-	.00	27,419.23	100.0-
25.00		416.20		ANCILLARY BILL SERV - EXPENSE	9,639.40	7,145.00	2,494.40-	25.9-
25.00		416.30		ETS - EXPENSE	60.82	.00	60.82-	100.0-
25.00		416.40		RENTAL PROPERTY - EXPENSE	320.00	1,100.00	780.00	243.8
25.00		416.50		MACED EXPENSE	20,176.92	15,440.00	4,736.92-	23.5-
25.00		421.00		MISC NON-OPERATING INCOME	77,156.63-	.00	77,156.63	100.0-
25.00		421.20		LOSS/GAIN DISPOSITION PROPERTY	9,915.66-	.00	9,915.66	100.0-
25.00				TOTAL	125,315.97-	4,685.00	130,000.97	103.7-
26.00		423.00		G & T CAPITAL CREDITS	1,245,975.01-	.00	1,245,975.01	100.0-
26.00				TOTAL	1,245,975.01-	.00	1,245,975.01	100.0-
27.00		424.00		OTHER CAP CR & PATRONAGE ALLOC	152,763.87-	62,200.00-	90,563.87	59.3-

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LINE NO	DPT	ACCT	ITEM	DESCRIPTION	ACTUAL ANNUAL	BUDGET	DIFFERENCE	% CHANGE FROM ACTUAL
27.00				TOTAL	152,763.87-	62,200.00-	90,563.87	59.3-
				TOTAL FOR 400 TO 999	415,161.20-	986,944.14	1,402,105.34	337.7-

830.814

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Monthly Operating Rev & Exp

	January 2012	February 2012	March 2012	April 2012	May 2012	June 2012	July 2012	August 2012	September 2012	October 2012	November 2012	December 2012
Revenue	(2,920,977)	(2,383,178)	(1,993,062)	(1,923,372)	(2,180,342)	(2,652,152)	(2,546,777)	(2,271,468)	(1,971,483)	(2,532,697)	(2,736,054)	(3,429,912)
Purchased Power	1,958,185	1,707,702	1,353,117	1,175,202	1,368,279	1,547,427	1,770,804	1,562,153	1,354,759	1,385,833	1,800,485	1,954,640
Gross Margins	(962,792)	(675,476)	(639,945)	(748,170)	(812,063)	(1,104,725)	(775,973)	(709,315)	(616,724)	(1,146,864)	(935,569)	(1,475,272)
Operations	100,851	106,179	94,683	91,886	93,273	96,883	75,670	88,620	109,327	82,567	98,146	83,453
Maintenance	238,140	214,601	324,279	242,525	256,747	293,825	467,790	263,686	253,964	230,894	218,592	341,647
Customer Service	92,374	87,532	90,743	99,294	98,061	91,075	85,056	99,762	95,294	97,537	106,200	69
Informational Advertising	18,412	20,274	18,817	17,221	14,418	17,714	16,023	17,755	18,285	26,890	18,676	17,795
Demonstration Advertising	2,072	2,415	2,530	1,555	2,059	2,014	1,360	2,499	1,836	1,952	2,247	1,808
Admin & General	169,406	150,365	190,602	126,156	147,063	136,931	139,352	149,928	160,505	184,570	155,993	132,027
Depreciation	247,519	248,064	248,374	248,265	248,822	249,083	249,547	251,127	253,121	253,739	254,245	254,919
Regulatory	2,538	2,538	2,538	2,538	2,538	2,538	2,667	3,082	3,082	3,082	3,082	3,080
Interest - LTD	86,393	83,386	83,951	85,415	84,387	84,782	87,956	85,109	84,090	83,615	83,223	82,690
Interest - Deposits	6,355	6,332	6,391	6,364	6,425	6,470	6,166	115	116	116	115	2,062
Miscellaneous Expense	7,723	148	1,756	1,744	1,444	1,380	1,350	7,154	5,468	3,613	8,480	7,453
Interest Income	(2,481)	(2,503)	(2,512)	(2,511)	(2,483)	(2,466)	(2,460)	(2,472)	(2,453)	(2,453)	(2,448)	(2,453)
Non-Electric Revenue	(13,693)	12,747	(44,784)	659	(11,732)	(28,969)	(22,365)	(9,632)	691	(1,296)	(8,067)	1,111
Capital Credits	0	-	(144,752)	-	-	-	-	(8,012)	-	-	-	-
Margins	(7,183)	256,602	232,671	172,941	128,959	(153,465)	332,139	247,418	358,590	(182,038)	2,915	(549,611)
* ()'s = positive margins												
Operating Expenses	971,783	921,834	1,064,664	922,963	955,237	982,695	1,132,937	968,837	985,088	968,575	948,999	927,003

Rolling 12 Month Totals

Revenue	(29,403,240)	(29,459,052)	(29,350,588)	(29,343,108)	(29,300,413)	(29,403,458)	(29,146,644)	(29,136,945)	(29,107,358)	(29,240,726)	(29,270,164)	(29,541,474)
Purchased Power	18,920,979	18,901,668	18,818,077	18,768,594	18,841,544	18,852,755	18,806,914	18,672,370	18,661,776	18,680,708	18,869,204	18,938,586
Gross Margins	(10,482,261)	(10,557,384)	(10,532,511)	(10,574,514)	(10,458,869)	(10,550,703)	(10,339,730)	(10,464,575)	(10,445,582)	(10,560,018)	(10,400,960)	(10,602,888)
Operations	1,145,632	1,178,875	1,164,966	1,159,143	1,145,371	1,135,768	1,110,186	1,098,836	1,110,747	1,106,404	1,121,689	1,121,538
Maintenance	2,967,671	2,951,529	3,047,011	2,973,961	2,950,336	2,972,410	3,148,597	3,165,306	3,158,130	3,184,336	3,214,285	3,346,690
Customer Service	1,050,387	1,050,039	1,039,451	1,062,461	1,057,413	1,060,534	1,053,575	1,060,216	1,073,728	1,087,126	1,105,878	1,042,997
Informational Advertising	236,684	233,254	226,933	221,943	216,591	219,686	221,192	218,936	218,975	223,050	220,065	222,280
Demonstration Advertising	35,711	34,421	32,566	30,890	29,526	28,711	27,483	26,649	25,530	23,482	24,093	24,347
Admin & General	1,934,232	1,924,374	1,940,144	1,890,736	1,851,688	1,848,409	1,848,905	1,851,990	1,873,745	1,875,938	1,821,514	1,842,898
Depreciation	2,901,724	2,914,185	2,925,774	2,935,336	2,944,781	2,952,573	2,960,115	2,968,386	2,977,818	2,987,350	2,997,021	3,006,825
Regulatory	30,400	30,417	30,434	30,451	30,468	30,456	30,585	31,129	31,673	32,217	32,761	33,303
Interest - LTD	1,022,776	1,038,445	1,038,354	1,033,334	1,030,994	1,027,083	1,028,083	1,025,450	1,022,833	1,020,336	1,017,848	1,014,997
Interest - Deposits	74,966	75,111	75,297	75,448	75,706	75,997	75,966	69,873	63,700	57,485	51,313	47,027
Miscellaneous Expense	71,609	67,366	63,438	54,935	47,746	57,144	55,358	54,015	51,037	47,810	49,806	47,713
Interest Income	(29,826)	(29,834)	(29,870)	(29,880)	(29,875)	(29,868)	(29,827)	(29,818)	(29,763)	(29,747)	(29,711)	(29,695)
Non-Electric Revenue	86,607	108,208	68,585	69,474	47,665	4,368	(21,584)	(44,814)	(45,052)	(56,106)	(120,433)	(125,330)
Capital Credits	(52,468)	(52,468)	(168,601)	(168,601)	(168,601)	(166,610)	(166,610)	(166,610)	(170,288)	(152,764)	(152,764)	(152,764)
Margins	993,844	966,538	921,971	765,117	770,941	665,959	1,002,294	864,969	917,231	846,899	952,405	839,938
Operating Expense	11,471,792	11,498,016	11,584,368	11,468,638	11,380,621	11,408,772	11,560,045	11,570,786	11,607,916	11,645,534	11,656,273	11,750,615
TIER	0.03	0.07	0.11	0.26	0.25	0.35	0.03	0.16	0.10	0.17	0.06	0.17

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DECEMBER 2012

219 ANALYSIS

								BUDGETED
O NOS.	DESCRIPTION		NUMBER		COST	LOAN FUNDS	UNIT COST	UNIT COST
9	RETIREMENTS		35		390.75	(390.75)		
100	NEW LINE EXTENSIONS		11		34,857.92	34,857.92	3,168.90	3,229.93
200	TIE LINES							
300	MAJOR PROJECTS							
602	SERVICE UPGRADES		2		5,427.78	5,427.78	2,713.89	1,920.25
603	SECTIONALIZERS		0		0.00	0.00		
604	REGULATORS							
606	POLES		11	POLES	32,059.90	32,059.90	2,914.54	2,410.75
701	SECURITY LIGHTS		16		12,317.51	12,317.51	769.84	423.50
1600	MINOR PROJECTS		6		8,654.47	8,654.47		
	TOTAL		82		93,708.33	92,926.83		
601	<u>SPECIAL EQUIPMENT</u>	<u>ACCT#</u>						
	METERS	370.00	0		0.00	0.00	0.00	160.00
	TRANSFORMERS	368.00	0		0.00	0.00	0.00	1,120.00
	TURTLES	370.10	0		0.00	0.00	0.00	
	DISCONNECT METERS	370.20	4		983.40	983.40	245.85	
	OTHER SP EQUIP	365.00	0		0.00	0.00	0.00	
	TOTAL		4		983.40	983.40		
	MATERIAL				13,323.61			
	MATERIAL OH				36,917.34			
	LABOR				12,466.70			
	LABOR OH				46,742.49			

4th Year
Jan 2012 - Dec 2012
(year to date - June)

	<u>Number</u>	<u>Budget</u>	<u>Cost</u>	<u>Budget</u>		
Retirements			(\$8,438.93)			
New Line Extensions	208	352	\$556,141.34	1,136,952.25	2,673.76	3,229.98
Tie Lines		0	\$0.00		0.00	
Major Projects		0	\$191,980.95	784,404.00		
Meters	915	400	\$77,980.74	64,100.00	85.22	160.25
Transformers	237	559	\$236,325.78	626,286.50	997.16	1,120.37
(padmount)						
Other Special Equipment		0	\$43,755.08	0.00		
Service Upgrades	42	97	\$81,266.13	186,264.25	1,934.91	1,920.25
Sectionalizers	4	11	\$6,975.76	53,325.00		
Regulators	0	0	\$0.00	37,662.50		-
Pole Replacements	483	378	\$1,551,332.23	911,263.50	3,211.87	2,410.75
New Security Lights	221	200	\$115,702.79	84,600.00	523.54	423.00
Minor Items			\$182,528.29			
Total			<u>3,035,550.16</u>	<u>3,884,858.00</u>		

Workplan to Date - Thru 6/12
Oct 2008 - June 2012

	<u>Number</u>	<u>Budget</u>	<u>Cost</u>	<u>Budget</u>	<u>Unit Cost</u>	<u>Budgeted Unit Cost</u>
Retirements			(11,160)	0		
New Line Extensions	879	1,408	2,707,416	5,188,868	3,080.11	3,685.28
Tie Lines	0	0	0	0		
Major Projects	0	0	2,002,403	0		
Meters	1,862	1,600	231,773	256,400	124.48	160.25
Transformers	1,157	2,236	1,186,282	2,892,890	1,025.31	1,293.78
Other Special Equipment	0	0	101,437	0		
(padmount)						
Service Upgrades	190	388	343,784	745,057	1,809.39	1,920.25
Sectionalizers	18	45	38,164	213,300		
Regulators	1	9	2,713	150,650	2,713.12	-
Pole Replacements	1,722	1,512	4,961,538	3,645,054	2,881.26	2,410.75
New Security Lights	922	800	485,530	338,400	526.61	423.00
Minor Items		0	1,226,459	0		
Total Routine			11,465,918	13,430,619		
Major Projects			2,002,403	3,007,800		
Major Projects in process (inc. H-structures)			902,567			
Total Workplan			<u>14,370,888</u>	<u>16,438,419</u>		

Total Advanced to Date	\$9,000,000
Amount Encumbered - not advanced	\$2,997,461
Yet to be Encumbered	\$1,772,439
Total Loan	\$16,438,415
Unadvanced Loan Funds	\$7,438,415

MAJOR PROJECTS

<u>YR</u>	<u>NO</u>	<u>DESCRIPTION</u>	<u>WORK PLAN AMT</u>	<u>COST TO DATE</u>	<u>STATUS</u>
2009	304	BEN'S RUN	223,810	370,014	In Plant
2009	334	BIG WHITE OAK	319,730	240,425	In Plant
2009	379	NEW ELLIOTTVILLE CIRCUIT 4 - #45051	275,510	205,047	In Plant
			<u>819,050</u>		<u>815,486</u>
2010	374	LOWER GRASSY	204,620	230,790	In Plant
2010	377	PORTER CREEK	201,430	205,439	In Plant
2010	380	ROUTE 519	319,730	350,307	In Plant
2010	383	CULP CREEK	101,130	124,526	In Plant
	1600	CULP CREEK	-	114,099	In Plant
			<u>826,910</u>		<u>1,025,161</u>
2011	606	<u>1</u> MIDDLE FORK (addendum) *	60,000	57,603	In Plant
2011	606	<u>2</u> LEON - CARTER CITY (H-Structure) * (WO's-1-5)	220,000	423,715	Finished
2011	1600	<u>3</u> CRANE CREEK **	75,000	194,622	In Plant (606's & 1600)
			<u>355,000</u>		<u>675,940</u>
2012	606	LEON - CARTER CITY (H-Structure, WO 6-11)	180,000	169,125	Finished
2012	1600	Everman's Creek (5.5 mi. @ \$75,000)	412,500	191,981	Finished
			<u>592,500</u>		<u>361,106</u>
2013	373	<u>1</u> THREE PRONG (amended)	243,600	168,032	
2013	386	<u>2</u> Middle Fork (Rt Fk)	175,000		

2012 Other Capital Expenditures

Turtle Upgrades in Substations

Pactolus	2010	In Plant	78,250
Elliottville	2010	In Plant	78,872
Warnock	2011	In Plant	65,647
Argentum	2011	In Plant	63,154
Carter City	2011	In Plant	71,800
Pelphrey	2011	In Plant	54,174
Airport Rd.	2011	In Plant	52,804
Low Gap	2011	In Plant	53,928
Leon	2011	In Plant	44,816
Sandy Hook	2011	In Plant	55,296
Mazie	2012	Finished	47,041
Newfoundland	2012	Finished	52,657
		Total for all	<u>718,437</u>
		2012 Total to date	<u>99,698</u>

Vehicles

2012 Chev Ext	Mike Martin	\$ 28,246.25	Trade in \$9,000
2012 FreightLiner Digger	Robert Brown	\$230,937.62	Trade in \$12,000
2011 Dodge 550	Herbie Steagal	\$ 85,325.97	Trade in \$12,000

Misc. Maintenance & Capital Projects

Copier	Priscilla	\$ 6,354.70	Trade In \$3,047
UG Fault Locator		4,641	
Heat Pump - Member Services		6,577	
Replacement for "Readngs Collector"		8,957	

2011

		BUDGET												Total
per Month		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
OFFICE	20	3	4	2	19	49	21	8	10	8	8	12	19	163
CONSTRUCTION	42 {	44	52	73	92	31	32	73	36	3	31	20	70	557
ENGINEERING	{	0	0	0	0	0	0	0	0	0	0	0	0	0
MAINTENANCE	350	174	198	218	483	454	587	671	283	340	222	194	120	3944
	<u>412</u>	<u>221</u>	<u>254</u>	<u>293</u>	<u>594</u>	<u>534</u>	<u>640</u>	<u>752</u>	<u>329</u>	<u>351</u>	<u>261</u>	<u>226</u>	<u>209</u>	<u>4664</u>
YTD		Ann.Mtg.												4664

Overtime Hours
2012

		BUDGET												Total
per Month		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
OFFICE	20	5	3	36	15	5	15	35	25	5	20	4	9	177
CONSTRUCTION	42 {	18	0	299	39	54	4	72	64	12	12	18	21	613
ENGINEERING	{	0	0	0	0	0	0	0	0	1	0	0	0	1
MAINTENANCE	350	263	149	563	238	226	683	1539	240	243	231	182	731	5288
	<u>412</u>	<u>286</u>	<u>152</u>	<u>898</u>	<u>292</u>	<u>285</u>	<u>702</u>	<u>1646</u>	<u>329</u>	<u>261</u>	<u>263</u>	<u>204</u>	<u>761</u>	<u>6079</u>
YTD		Ann.Mtg.												6079

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2012- 2013 CRC Billing A

	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
Base Fee	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,660.94
Calls taken by person @	485	316	709	482	334	1,059	1,634	427	282	355	230	1,229	294
Calls taken by IRV @	36	-	97	2	5	631	833	81	26	26	3	287	136
Calls only reaching FEG @	90	138	268	119	61	2,728	914	77	99	77	39	469	89
Abandoned calls	51	74	112	26	13	10,797	2,826	82	32	27	17	473	141
Total Calls Received	662	528	1,186	629	413	15,215	6,207	667	439	485	289	2,458	660
Calls from Dispatcher to Us @	223	132	284	223	222	241	528	232	184	194	186	289	157
Daily Faxes @													
Call related Cost	\$ 1,613.01	\$ 1,050.73	\$ 2,383.44	\$ 1,554.90	\$ 1,296.17	\$ 4,251.28	\$ 5,279.74	\$ 1,559.30	\$ 1,196.18	\$ 1,320.32	\$ 894.37	\$ 2,881.36	\$ 1,071.96
License Fees, Training, etc	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00
	<u>\$ 3,658.71</u>	<u>\$ 3,096.43</u>	<u>\$ 4,429.14</u>	<u>\$ 3,600.60</u>	<u>\$ 3,341.87</u>	<u>\$ 6,296.98</u>	<u>\$ 7,325.44</u>	<u>\$ 3,605.00</u>	<u>\$ 3,241.88</u>	<u>\$ 3,366.02</u>	<u>\$ 2,940.07</u>	<u>\$ 4,927.06</u>	<u>\$ 3,093.90</u>

Bill Payments Taken

- Credit Cards	3			28	8	27	11	16	22		17	13	12
- E-checks	6			14	3	7	12	4	4		8	6	8
	<u>9</u>			<u>42</u>	<u>11</u>	<u>34</u>	<u>23</u>	<u>20</u>	<u>26</u>		<u>25</u>	<u>19</u>	<u>20</u>
After Hours & Weekends	8			42	11	19	23	20	26		21	19	20

Electronic Payments Tak

Office Personnel	1202			1234	1170	1202	1237	1317	1045		1237	1127	1257
IVR	776			935	818	930	1030	977	923		1049	956	995
Auto Pay	2			9	12	23	33	47	61		101	110	129
On-Line	877			925	813	919	994	921	943		942	892	908
Smart Phone											27	55	68
Automatic Drafts	228			245	258	255	247	257	249		262	254	259
CRC	9			42	11	34	23	20	26		25	19	20
	<u>3,094</u>			<u>3,390</u>	<u>3,082</u>	<u>3,363</u>	<u>3,564</u>	<u>3,539</u>	<u>3,247</u>		<u>3,643</u>	<u>3,413</u>	<u>3,636</u>
Total Dollars	<u>\$ 685,364.19</u>			<u>\$ 695,490.33</u>	<u>\$ 530,905.90</u>	<u>\$ 568,458.56</u>	<u>\$ 690,275.33</u>	<u>\$ 769,435.49</u>	<u>\$ 670,005.00</u>		<u>\$ 611,971.60</u>	<u>\$ 673,546.00</u>	<u>\$ 807,724.62</u>

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GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

BOARD MEETING AGENDA

On March 21, 2013 at 9:00 a.m. (e.d.s.t.), the Directors of Grayson Rural Electric Cooperative Corporation were called to meet by the Chairman.

1. Sign Wavier of Notice
2. Invocation
3. Approval of the Minutes from the February 2013 Board Meeting
4. Manager of Technical Services Report – Brian Poling
5. Manager of Finance & Accounting Report and Approval of the Financial & Statistical Report for January 2013 – Don Combs, Manager of Finance & Accounting
6. Consideration of Renewal of Cooperative Insurance Coverage and Workers Compensation
7. Manager of Marketing & Member Services Report – Kim Bush
8. Operations Report and Safety Report – Kyle Clevenger, Manager of Operations
9. Approval of Ninety-One (91) New Memberships and Retirement of Ninety-Eight (98) Existing Memberships for February 2013
10. Consider Approval of Accounts to be Charged Off to Reserve \$6,443.43
11. Consider Approval of President's Business Expense in the Amount of \$177.95, Director's Business Expense in the Amount of \$7,991.47 and Attorney's Business Expense in the Amount of \$1,914.51
12. President's Report – Carol Hall Fraley
13. Cooperative Legal Matters – W. Jeffrey Scott
14. KAEC Director's Report – Jimmy Whitt
15. EKPC Director's Report – Kenneth Arrington
16. Consider Community Service and/or Donations
17. Approval of Attendance at Meetings – Directors & Employees
18. Report of Any Meetings Held
19. Review and Consider/Approval and/or Reaffirming of Board Policies and Bylaws
20. No Conflict of Interest Declaration – Board of Directors
21. Confirm Date for Next Regular Board Meeting – Monday, April 22, 2013
22. Additional Business
23. Adjourn

FINANCIAL & STATISTICAL
REPORT FOR DECEMBER
(CONTINUED)

Our 12,500 residential accounts range from a high of 1600 kWh in December to a low of 820 kWh in September, which is usually considered a "shoulder" month. Average usage is 1200 kWh per month. Mobile Homes and All Electric and Non Electric Houses surprisingly average about the same each month, around \$110. Roughly 5% of those accounts coded residential are using 200 kWh or less.

155 residential accounts are using at least 12,000 kWh. These are good candidates for the MACED program. Legal Counsel Scott asked what you do about it. Don suggested we target those accounts for some of our conservation programs to try to get those consumers to lower their bills. This would in turn affect our load factor. Mr. Combs pointed out that conservation can be accomplished in a mobile home.

Heating degree days were 10% less and cooling degree days were about 16% more for 2012. We have had 3 summers hotter than normal. Director Dupuy pointed out two peaks in our 2012 monthly costs and both were due to storms the last of February and the last week in June at a cost of \$270,000.

We budgeted \$157,000 to cushion our written off accounts, but only needed \$134,000. There were 904 written off accounts. This does not reflect what we were able to recover or Capital Credits applied to the accounts after the end of the year. Interest rates were changed, in accordance with the PSC Work Orders closed out in December 2012 were in the amount of \$93,000. Detailed work plans were discussed. Overtime was mostly due to March, June and July storm work.

YEAR END T.I.E.R.

The year-end T.I.E.R. for 2012 is .17.

Director Dupuy asked if Mike Norman questioned our T.I.E.R., which Mr. Combs replied no. Mr. Norman said he was seeing situations like this all across KY and he is also aware of our rate case.

EAST KY POWER COOP /
CHARLESTON BOTTOMES

EKPC has informed us that a final payment has been made to satisfy the indebtedness incurred by EKPC and secured by Grayson R.E.C.C. as part of the Charleston Bottoms financing plan. Payment was tendered to CFC on September 27, 2012.

EKPC CAPITAL CREDITS

EKPC's 2012 Assignment of Capital Credits to Grayson RECC is \$8,873,470.20. No cash was received. Credit is simply assigned to Grayson as a paper transaction.

CRC DIVIDEND CHECK

GRECC received from CRC for the fiscal year 2012 a check in the amount of \$600 for Class A equity investment.

GRECC PROMISSORY NOTE

GRECC received notice from NRUCFC of a loan dated November 7, 1977 that was paid in full effective June 1, 2012.

GRECC BAGBY BOOK

Mr. Combs said we have had difficulty in finding time to work on the Cooperative History book and suggested that we might hire someone to help us. It would cost about \$4,300. Motion was made by Director Rice to authorize an author to write book. The motion died for lack of a second. President Fraley said we would look for another way to get the book completed in a timely manner.

CONTRIBUTIONS TO IRA We are paying 27-28% contribution to our NRECA Retirement Fund. We have been offered the opportunity to pay in advance and pay a lesser amount. We would probably have to borrow money to do this. If we had to borrow to do this CFC and CoBank both can loan money for this. President Fraley said this would stabilize our rates about three years. Director Dupuy suggested Mr. Combs should check on the impact financing this prepayment would have on the Cooperative and report back to the Board next month.

SAFETY INCENTIVE DAY President Fraley reported to the Board that, due to no lost time accidents and a lower incident factor, our worker's compensation premium would be lower by about \$25,000 this year. She, Mr. Combs and Mr. Clevenger suggested to the Board to give the employees a \$50 bonus for this accomplishment.

President Fraley also reported that, in accordance with Board Policy 509, each employee who did not have a lost time accident in 2012 would receive a check for one day's pay. Motion was made by Director Martin, seconded by Director Whitt and unanimously agreed to award a \$50 safety bonus to all employees due to the workers compensation savings.

EKPC LOAD FORECAST GRECC received a letter from Louise Riggs, Acting Director, RUS, documenting Agency approval of East KY's 2012 Load Forecast.

APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR DECEMBER 2012 Motion was made by Director Dupuy, seconded by Director Martin and unanimously agreed to approve the Financial and Statistical report for December 2012 as presented for informational purposes only.

OPERATIONS REPORT Kyle Clevenger, Manager of Operations, gave the Operations Report. He reported on the following:

EMPLOYEE/LOST TIME ACCIDENT There were no lost time accidents to report this month.

SAFETY REPORT The following safety meetings were held during February 2013:

January 09—Brian Poling, Mgr. of Technical Services, talked about cellular telephones and rules that apply when using the cell phone and driving. Bradley Cherry and Joan Litteral discussed payroll taxes and deductions.

January 17—Priscilla Sparks, Executive Assistant, turned the meeting over to David White for the KAEC monthly safety meeting. He talked about "Why We Work Safe", addressing job briefings, rubber glove use, proper grounding, and learning. The meeting adjourned to outside to test grounds.

January 21—Sherry Buckler, General Accounting Supervisor, read from the Safety Manual, —Eye and Face Protection. Carol Fraley presented Kyle Clevenger a Certificate of Completion for the Safety Coordinators Workshop.

January 31—Kim Bush, Mgr. of Marketing & Member Services, talked about PSC changes for deposits. Carol Fraley talked about mental health problems in the work place and the employee assistance program. Kyle reminded everyone to change out their rubber gloves. GRECC had the monthly safety giveaway.

SAFETY REPORT
(CONTINUED) Kyle Clevenger, Manager of Operations, continues to mention the necessity and importance of hard hats and rubber gloves. He reminded everyone of the importance of using ground chains. A line is not dead until it is grounded.

CONSTRUCTION Construction built eighty-four (84) new work orders for the month of January and worked twenty-eight (28) hours of overtime.

OVERTIME HOURS The Maintenance Department worked one hundred seventy-six (176) hours of overtime during the month of January 2013.

DELINQUENT NOTICES The Maintenance & Construction Departments collected on two hundred thirty-seven (237) delinquent accounts and disconnected sixty-one (61) accounts in February.

CONTRACT CREWS Rob Evans's crew, Pike Electric, worked on Three Prong in Greenup County and on new construction. The second part of the first section the wire is ready to pull in, but it has been too wet.

RIGHT-OF-WAY CREWS We have seven (7) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 390 trees, cut 444 trees, and cut 27,265 feet of brush/line. The crews are working in the following areas:

- 1 cutting crew in Greenup County
- 2 bucket truck crews in Lawrence, Elliott and Rowan Counties
- 1 tractor crew in Rowan County
- 2 cutting crews in Lawrence County
- 1 cutting crew (notes in Elliott, Rowan and Lawrence Counties)

The Bobby Smith Tree Company cut and trimmed trees in Carter, Lewis and Greenup Counties. They have one circuit crew in Carter County between Leon and Airport Road.

ENGINEERING REPORT The Engineering Department released two hundred sixty-four (264) prints consisting of 12,765 feet of primary line and 3,285 feet of service wire. They currently have two (2) new services to be staked and one (1) to be drawn. They have approximately sixteen (16) miscellaneous jobs to be staked or drawn.

President Fraley mentioned the good work our men are doing a good job on line inspections. They are turning in several NESC violations. President Fraley then sends the member a letter giving them thirty (30) days to correct the situation. A copy is sent to Mr. Scott, Kim Bush, Kyle Clevenger and noted on the member's account.

Two Dodge Ram bucket trucks have been ordered. We will buy the trucks direct from Dodge and they will be outfitted by Terex. One is for David Holbrook and will be paid for with insurance money from the truck he wrecked, and one for Cheyenne Holbrook. Terex is sending a loaner to use until we get the new truck.

MANAGER OF MARKETING AND MEMBER SERVICES Kim Bush, Manager of Marketing and Member Services, reported on the following:

ANNUAL MEETING Mrs. Bush addressed the upcoming Annual Meeting budget. The following is planned and budgeted:

ANNUAL MEETING
(CONTINUED)

Permit and A/C fees \$900
Annual meeting shirts for employees / directors \$2,000
Rentals \$200
Food \$2,500
Door prizes \$2,000
Bucket / bulbs \$10,000
Scholarship awards / gifts \$10,300
Miscellaneous \$500
Payroll –RUS causes us to charge this to Annual Meeting, but it will be the equivalent of normal time.

Motion was made by Director Martin, seconded by Whitt and unanimously agreed upon to approve the annual meeting budget of \$28,400.

LIHEAP

Total amount of LIHEAP payments received since November 1, 2012 to date is \$296,931 compared to \$315,325.46 received for the 2011/2012 winter.

DELINQUENT CONTRACTS

Legal Counsel Scott suggested to President Fraley to prepare a written policy for the Board's approval regarding contract payments. President Fraley will prepare a policy outline in accordance with our current practices and that will follow the rules and regulations of the PSC. The Board can then make any changes they feel necessary and adopt a concise Board Policy. Mrs. Bush will call Jenny Smith at PSC and discuss this with her, also, to get her suggestions.

ENERGY EFFICIENCY

Mrs. Bush reported the following on Energy Efficiency Programs:

How\$mart had two homes completed
Touchstone Energy had 4 home inspections
Residential Energy Audits was done on twenty-two homes
Small Commercial Audit was done on one business
Radiant Floor Heat / Geothermal Inspection was done on one home

APPROVAL OF NEW
MEMBERSHIPS &
RETIREMENT OF
EXISTING MEMBERSHIPS

Motion was made by Director Martin, seconded by Director Dupuy and unanimously agreed to approve seventy-seven (77) new memberships and retirement of seventy (70) existing memberships for January 2013.

BAD DEBT WRITE-OFFS

Motion was made by Director Martin, seconded by Director Crum and unanimously agreed to charge off \$5,141.01 worth of bad debts and turn them over for collection.

APPROVAL OF CEO'S,
DIRECTOR'S & ATTORNEY
BUSINESS EXPENSES

Motion was made by Director Rice, seconded by Director Martin and unanimously agreed to approve the President's business expense of \$407.09, Director's business expenses of \$23,951.11 and Attorney's business expense of \$507.09.

PRESIDENT'S REPORT

President Fraley reported on the following:

CRC 2013 VOTING
DELEGATE REGISTRATION

Ballots for Cooperative Response Centers (CRC) upcoming Board of Directors election will be mailed in early May 2013 with CRC's annual membership meeting material. The annual membership meeting is scheduled for Wednesday, June 5, 2013 in Indianapolis, Indiana. President Fraley will still serve as the Designated Voting Delegate.

ADMINISTRATIVE GUIDELINES President Fraley informed the Board she is in the process of updating and revising the Administrative Guidelines. Some are outdated and some are not in compliance with new procedures and with new PSC Rules and Regulations. She will present to the Board for review and final approval.

CONFLICT OF INTEREST STATEMENT President Fraley passed out A Conflict of Interest Disclosure prepared by Legal Counsel Scott to all Directors. All were signed and returned.

HOUSE BILL 211 President Fraley informed the Board that if HB 211 and SB 71 pass, Big River and its member Cooperatives could possibly be looking for a rate increase of seventy plus percent. We are also fearful of follow up legislation in coming years as a result of this legislation that could affect our own Cooperative.

LEGAL COUNSEL'S REPORT Legal Counsel Scott reported on the following:

An order was passed through on EKPC surcharge.
Sand Gap rebuttal to President Fraley's testimony has been received. No hearing date has been set.
Brought the Board up to date on Charleston Bottoms. A Hearing has been set for March 20, 2013 in Morehead before Judge Mains.
Amendment 3 & Magnum Drilling – asked the Commission to set a date for hearing and discovery. He doesn't know why it has not been set.

Director Martin called for executive session at 12:01 p.m., seconded by Director Rice. Motion carried.

Director Martin made a motion to come out of executive session at 12:24 p.m., seconded by Director Rice. Motion carried.

Mr. Scott announced that President Fraley's 2011-2012 CEO evaluation was done and she was given a 3% raise, in accordance with other employees, retroactive to January 1, 2013.

CHARELESTON BOTTOMS DEPOSITIONS Legal Counsel Scott informed the Board of depositions that will be given by Directors Martin, Trent, Rice and Crum next week. The dates and times are as follows:

Monday, February 25, 2013 – 1:00 p.m. – Director Eddie Martin
Monday, February 25, 2013 – 3:00 p.m. – Director Donnie Crum
Tuesday, February 26, 2013 – 9:00 a.m. – Director Rice
Tuesday, February 26, 2013 – 11:00 a.m. – Director Trent

MAGNUM DRILLING President Fraley informed the Board that Magnum Drilling is willing to extend contract.

Director Dupuy made a motion for Legal Counsel Scott to talk to Mr. Crisp or Magnum Drilling's Legal Counsel about an extension of ninety (90) days, seconded by Director Crum, and unanimously agreed upon.

PJM Mr. Arrington reported that East Kentucky Power has formally joined PJM. Mr. Scott asked exactly how joining PJM impacted the wholesale power contract and how it affected Grayson directly. After thorough discussion, motion was made by Director Arrington, seconded by Director Martin to

PJM (CONTINUED) have President Fraley write a letter to EKPC requesting any and all documents surrounding the joining of EKPC into PJM and copies of any contracts or documents entered into for same. Motion carried and Legal Counsel Scott will help prepare the letter.

KAEC DIRECTOR'S REPORT Director Whitt reported there was no KAEC monthly board meeting in February.

EKPC DIRECTOR'S REPORT Director Arrington reported that he and President Fraley had attended the EKPC Board of Directors and that most items had already been covered during other segments of this meeting. Some other items discussed were:

EKPC'S Board approved joining PJM with President Campbell telling the Board of all the advantages.
EKPC thinks they have a buyer for the Smith assets; 90 day contract and a down payment – cash retainer.
RUS has agreed to let them go into the PJM.

DONATIONS President Fraley presented to the Board for their consideration the following donation requests:

Elliott County 4-H Camping Program –1 youth reg. & transportation	\$200
King's Daughters Health Foundation –sponsor 18 th Annual Rocky Adkins Cure for Cancer Golf Tournament	\$250
Kentucky Starz – Carter Co. youth traveling basketball team donation	\$50
Rudy Fest – full page ad / donation	\$250
ECMS Archery – archery tournament donations- Willis Barker's son	\$50
West Carter Soccer Booster's Joint Field Committee – banner – donation	\$150
Relay for Life – sponsor	

Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE The following upcoming meetings were presented:

Kim Bush and Tina Preece – Rural Electricity Resource Council Conference, March 19-20, 2013, Louisville, KY
Kim Bush and possibly two more employees – The Connect Conference, May 13-16, 2013, Orlando, FL
Steve Bush – 82nd Annual North Carolina Electric Meter School & Conference, June 23-27, 2013, Myrtle Beach, SC
Legal Counsel Scott – NRECA Legal Seminar, June 6-7, 2013, National Harbor, MD
Brian Poling – SEDC Users Conference, June 9-13, 2013, Amelia Island, FL
Kim Bush, Anita Bellew and Janet Whitt – SEDC User Conference, June 9-13, 2013, Amelia Island, FL

Motion was made by Director Martin, seconded by Director Whitt and approved unanimously.

BOARD POLICIES There was no board policies presented for review.

BOARD MEETING DATE The board meetings scheduled for March and April are:
Friday, March 22, 2013 9:00 a.m.
April 22, 2013, 9:00 a.m.

ADDITIONAL BUSINESS

There was no additional business brought before the board.

ADJOURN

Chairman Trent adjourned the meeting at 1:07 p.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

President and CEO's Expenses

January 2013

<u>Date</u>	<u>Check</u>	<u>Description</u>	<u>Amount</u>
01/31/13	159407	VISA Expenses:	
		KAEC Board Meeting, Louisville, KY	
		12/17-18/12- meal	\$17.34
		12/17-18/12- hotel	\$125.37
		*1/4/13- KAEC Rodeo Preparation Meeting - meal	\$15.36
		*1/9/13 - EKPC / CB depositions - meal	\$8.99
		*1/10/13 - Carter Caves State Park - Public Relations - meal	\$10.89
		Total Expenses	\$177.95

*prorated expense

DIRECTORS & ATTORNEY EXPENSES

January-13

KENNETH ARRINGTON

Per Diem	- Deposition (1/9); GRECC Bd. Mtg. (1/25)	\$ 490.40
VISA	- Christmas Ham	53.00
	Cash in Lieu of Insurance	637.63
	24 – Hr. Insurance	0.70
TOTAL	-	\$ 1,181.73

DONNIE CRUM

Per Diem	- GRECC Bd. Mtg. (1/25)	\$ 213.56
VISA	- Christmas Ham	53.00
	Cash in Lieu of Insurance	637.63
	24 – Hr. Insurance	1.08
TOTAL	-	\$ 905.27

HAROLD DUPUY

Per Diem	- Deposition (1/8); Deposition (1/9); GRECC Bd. Mtg. (1/25)	\$ 735.60
VISA	- Christmas Ham	53.00
	Cash in Lieu of Insurance	637.63
	24-Hr. Insurance	1.08
TOTAL	-	\$ 1,427.31

EDDIE MARTN

Per Diem	- Deposition (1/8); GRECC Bd. Mtg. (1/25)	\$ 418.08
VISA	- Christmas Ham	53.00
	Cash in Lieu of Insurance	637.63
	24 – Hr. Insurance	1.08
TOTAL	-	\$ 1,109.79

WILLIAM T. RICE

Per Diem	-	\$ -
VISA	- Christmas Ham	53.00
	Cash in Lieu of Insurance	637.63
	24 – Hr. Insurance	0.70
TOTAL	-	\$ 691.33

ROGER TRENT

Per Diem - Deposition (1/8); GRECC Bd. Mtg. (1/25)	\$ 479.10
VISA - Christmas Ham	53.00
Cash in Lieu of Insurance	637.63
TOTAL - 24 – Hr. Insurance	0.70
	<u><u>\$ 1,170.43</u></u>

JIMMY WHITT

Per Diem - Deposition (1/8); Deposition (1/9); GRECC Bd. Mtg. (1/25)	\$ 688.53
VISA - Christmas Ham	53.00
KAEC Bd. Mtg.	125.37
Cash in Lieu of Insurance	637.63
TOTAL - 24 – Hr. Insurance	1.08
	<u><u>\$ 1,505.61</u></u>

JEFF SCOTT

Out-of-Pocket - Copies	\$ 1,751.45
Postage	110.06
VISA - Christmas Ham	53.00
TOTAL -	<u><u>\$ 1,914.51</u></u>

Combs Report

March 22, 2013

KWH Sales & Purchases: January 2013 - pages 2-4

Sales: Month: 0% under Budget (1/20 - 2/20)
YTD : 0% under Budget
Last Year to Date: 14.60 % more

Purchases: Month: .62% under Budget (1/1 - 1/31)
YTD: .62 % under Budget

Line Loss : Month: 3.8% %
Matched: 8.0 %
YTD: 3.8%
Last 12 Months: 4.97 %

Form 7: January 2013

Electric Revenue LESS Purchased Power: \$ 50,960 less

Margins \$ 67,038 less

Form 7: Year to Date

Margins : \$ 236,473

Budgeted: \$ 303,512

- **Year End Budget Adjustments - Packet**
- **Operating Revenue- Page 5**
- **219 Analysis - Page 6**
- **CRC Analysis - Page 7**
- **Rate Case Update**
- **Other PSC Activity**

2012	Actual			Budget		
	KWH	\$	UNIT			
JANUARY	27,493,981	\$ 3,138,514	0.1142	27,493,282	\$ 3,226,578	0.1174
FEBRUARY	0	\$ -	#DIV/0!	21,504,465	\$ 2,466,177	0.1147
MARCH	0	\$ -	#DIV/0!	18,995,518	\$ 2,132,868	0.1123
APRIL	0	\$ -	#DIV/0!	15,936,979	\$ 1,782,833	0.1119
MAY	0	\$ -	#DIV/0!	18,378,960	\$ 2,066,426	0.1124
JUNE	0	\$ -	#DIV/0!	20,261,844	\$ 2,286,568	0.1129
JULY	0	\$ -	#DIV/0!	22,054,772	\$ 2,672,328	0.1212
AUGUST	0	\$ -	#DIV/0!	19,341,498	\$ 2,304,167	0.1191
SEPTEMBER	0	\$ -	#DIV/0!	17,038,403	\$ 2,100,865	0.1233
OCTOBER	0	\$ -	#DIV/0!	20,452,574	\$ 2,516,539	0.1230
NOVEMBER	0	\$ -	#DIV/0!	24,971,606	\$ 3,217,050	0.1288
DECEMBER	0	\$ -	#DIV/0!	27,333,222	\$ 3,526,179	0.1290
	27,493,981	\$3,138,514	\$0.1142	253,763,122	\$30,298,577	\$0.1194

Actual vs. Budget			
27,493,981	Month	2013	27,493,282 0.00%
27,493,981	YTD		27,493,282 0.00%
Compared to 2012			
27,493,981	Month		23,991,022 14.60%
27,493,981	YTD		23,991,022 14.60%

2012	TOTAL PURCHASES								
	DEMAND	KWH	\$	UNIT	LD FCT	Budget			
JANUARY	60,229	28,581,771	\$ 2,005,585	0.0702	65.91%	28,759,653	\$2,042,689	0.0710	
FEBRUARY				#DIV/0!	#DIV/0!	25,142,171	\$1,789,477	0.0712	
MARCH				#DIV/0!	#DIV/0!	22,053,783	\$1,563,862	0.0709	
APRIL				#DIV/0!	#DIV/0!	17,292,408	\$1,174,602	0.0679	
MAY				#DIV/0!	#DIV/0!	17,340,025	\$1,255,133	0.0724	
JUNE				#DIV/0!	#DIV/0!	19,482,111	\$1,489,261	0.0764	
JULY				#DIV/0!	#DIV/0!	22,484,481	\$1,605,857	0.0714	
AUGUST				#DIV/0!	#DIV/0!	22,220,427	\$1,586,863	0.0714	
SEPTEMBER				#DIV/0!	#DIV/0!	17,754,443	\$1,332,278	0.0750	
OCTOBER				#DIV/0!	#DIV/0!	18,379,046	\$1,331,668	0.0725	
NOVEMBER				#DIV/0!	#DIV/0!	21,619,332	\$1,646,403	0.0762	
DECEMBER				#DIV/0!	#DIV/0!	27,686,039	\$2,112,277	0.0763	
		\$ 28,581,771	\$ 2,005,585	\$0.0702		260,213,922	\$18,930,370	\$0.0727	

Actual vs. Budget				
28,581,771	Month	2013	28,759,653	-0.62%
28,581,771	YTD		28,759,653	-0.62%

(W)

2012	GROSS MARGINS							
	Actual	Budget	Variance	Line Loss	Fuel Adj.	Fuel Adj. \$	ESC Rate	ESC \$
JANUARY	\$1,132,929	\$ 1,183,889	(\$50,960)	3.81%	(0.001445)	(39,642)	9.32%	267,698
FEBRUARY	\$0	\$ 676,699	(\$676,699)	#DIV/0!				
MARCH	\$0	\$ 569,006	(\$569,006)	#DIV/0!				
APRIL	\$0	\$ 608,231	(\$608,231)	#DIV/0!				
MAY	\$0	\$ 811,293	(\$811,293)	#DIV/0!				
JUNE	\$0	\$ 797,307	(\$797,307)	#DIV/0!				
JULY	\$0	\$ 1,066,471	(\$1,066,471)	#DIV/0!				
AUGUST	\$0	\$ 717,304	(\$717,304)	#DIV/0!				
SEPTEMBER	\$0	\$ 768,587	(\$768,587)	#DIV/0!				
OCTOBER	\$0	\$ 1,184,871	(\$1,184,871)	#DIV/0!				
NOVEMBER	\$0	\$1,570,647	(\$1,570,647)	#DIV/0!				
DECEMBER	\$0	\$1,413,902	(\$1,413,902)	#DIV/0!				
			(\$50,960)	3.81%	(0.001445)	(39,642)	9.32%	267,698

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Monthly Operating Rev & Exp

	January 2012	February 2012	March 2012	April 2012	May 2012	June 2012	July 2012	August 2012	September 2012	October 2012	November 2012	December 2012	January 2013
Revenue	(2,920,977)	(2,383,178)	(1,993,062)	(1,923,372)	(2,180,342)	(2,652,152)	(2,546,777)	(2,271,468)	(1,971,483)	(2,532,697)	(2,736,054)	(3,429,912)	(3,240,118)
Purchased Power	1,958,185	1,707,702	1,353,117	1,175,202	1,368,279	1,547,427	1,770,804	1,562,153	1,354,759	1,385,833	1,800,485	1,954,640	2,005,585
Gross Margins	(962,792)	(675,476)	(639,945)	(748,170)	(812,063)	(1,104,725)	(775,973)	(709,315)	(616,724)	(1,146,864)	(935,569)	(1,475,272)	(1,234,533)
Operations	100,851	106,179	94,683	91,886	93,273	96,883	75,670	88,620	109,327	82,567	98,146	83,453	104,396
Maintenance	238,140	214,601	324,279	242,525	256,747	293,825	467,790	263,686	253,964	230,894	218,592	341,647	256,139
Customer Service	92,374	87,532	90,743	99,294	98,061	91,075	85,056	99,762	95,294	97,537	106,200	69	97,542
Informational Advertising	18,412	20,274	18,817	17,221	14,418	17,714	16,023	17,755	18,285	26,890	18,676	17,795	19,571
Demonstration Advertising	2,072	2,415	2,530	1,555	2,059	2,014	1,360	2,499	1,836	1,952	2,247	1,808	1,664
Admin & General	169,406	150,365	190,602	126,156	147,063	136,931	139,352	149,928	160,505	184,570	155,993	132,027	164,276
Depreciation	247,519	248,064	248,374	248,265	248,822	249,083	249,547	251,127	253,121	253,739	254,245	254,919	255,729
Regulatory	2,538	2,538	2,538	2,538	2,538	2,538	2,667	3,082	3,082	3,082	3,082	3,080	2,810
Interest - LTD	86,393	83,386	83,951	85,415	84,387	84,782	87,956	85,109	84,090	83,615	83,223	82,690	82,789
Interest - Deposits	6,355	6,332	6,391	6,364	6,425	6,470	6,166	115	116	116	115	2,062	200
Miscellaneous Expense	7,723	148	1,756	1,744	1,444	1,380	1,350	7,154	5,468	3,613	8,480	7,453	6,568
Interest Income	(2,481)	(2,503)	(2,512)	(2,511)	(2,483)	(2,466)	(2,460)	(2,472)	(2,453)	(2,453)	(2,448)	(2,453)	(2,451)
Non-Electric Revenue	(13,693)	12,747	(44,784)	659	(11,732)	(28,969)	(22,365)	(9,632)	691	(1,296)	(8,067)	1,111	8,827
Capital Credits	0	-	(144,752)	-	-	-	-	(8,012)	-	-	-	-	-
Margins	(7,183)	256,602	232,671	172,941	128,959	(153,465)	332,139	247,418	358,590	(182,038)	2,915	(549,611)	(236,473)
* ()s = positive margins													
Operating Expenses	971,783	921,834	1,064,664	922,963	955,237	982,695	1,132,937	968,837	985,088	968,575	948,999	927,003	991,684

Rolling 12 Month Totals

Revenue	(29,403,240)	(29,459,052)	(29,350,588)	(29,343,108)	(29,300,413)	(29,403,458)	(29,146,644)	(29,136,945)	(29,107,358)	(29,240,726)	(29,270,164)	(29,541,474)	(29,860,615)
Purchased Power	18,920,979	18,901,668	18,818,077	18,768,594	18,841,544	18,852,755	18,806,914	18,672,370	18,661,776	18,680,708	18,869,204	18,938,586	18,985,986
Gross Margins	(10,482,261)	(10,557,384)	(10,532,511)	(10,574,514)	(10,458,869)	(10,550,703)	(10,339,730)	(10,464,575)	(10,445,582)	(10,560,018)	(10,400,960)	(10,602,888)	(10,874,629)
Operations	1,145,632	1,178,875	1,164,966	1,159,143	1,145,371	1,135,768	1,110,186	1,098,836	1,110,747	1,106,404	1,121,689	1,121,538	1,125,083
Maintenance	2,967,671	2,951,529	3,047,011	2,973,961	2,950,336	2,972,410	3,148,597	3,165,306	3,158,130	3,184,336	3,214,285	3,346,690	3,364,689
Customer Service	1,050,387	1,050,039	1,039,451	1,062,461	1,057,413	1,060,534	1,053,575	1,060,216	1,073,728	1,087,126	1,105,878	1,042,997	1,048,165
Informational Advertising	236,684	233,254	226,933	221,943	216,591	219,686	221,192	218,936	218,975	223,050	220,065	222,280	223,439
Demonstration Advertising	35,711	34,421	32,566	30,890	29,526	28,711	27,483	26,649	25,530	23,482	24,093	24,347	23,939
Admin & General	1,934,232	1,924,374	1,940,144	1,890,736	1,851,688	1,848,409	1,848,905	1,851,990	1,873,745	1,875,938	1,821,514	1,842,898	1,837,768
Depreciation	2,901,724	2,914,185	2,925,774	2,935,336	2,944,781	2,952,573	2,960,115	2,968,386	2,977,818	2,987,350	2,997,021	3,006,825	3,015,035
Regulatory	30,400	30,417	30,434	30,451	30,468	30,456	30,585	31,129	31,673	32,217	32,761	33,303	33,575
Interest - LTD	1,022,776	1,038,445	1,038,354	1,033,334	1,030,994	1,027,083	1,028,083	1,025,450	1,022,833	1,020,336	1,017,848	1,014,997	1,011,393
Interest - Deposits	74,966	75,111	75,297	75,448	75,706	75,997	75,966	69,873	63,700	57,485	51,313	47,027	40,872
Miscellaneous Expense	71,609	67,366	63,438	54,935	47,746	57,144	55,358	54,015	51,037	47,810	49,806	47,713	46,558
Interest Income	(29,826)	(29,834)	(29,870)	(29,880)	(29,875)	(29,868)	(29,827)	(29,818)	(29,763)	(29,747)	(29,711)	(29,695)	(29,665)
Non-Electric Revenue	86,607	108,208	68,585	69,474	47,665	4,368	(21,584)	(44,814)	(45,052)	(56,106)	(120,433)	(125,330)	(102,810)
Capital Credits	(52,468)	(52,468)	(168,601)	(168,601)	(168,601)	(166,610)	(166,610)	(166,610)	(170,288)	(152,764)	(152,764)	(152,764)	(152,764)
Margins	993,844	966,538	921,971	765,117	770,941	665,959	1,002,294	864,959	917,231	846,899	952,405	839,938	610,648
Operating Expense	11,471,792	11,498,016	11,584,368	11,468,638	11,380,621	11,408,772	11,560,045	11,570,786	11,607,916	11,645,534	11,656,273	11,750,615	11,770,516
TIER	0.03	0.07	0.11	0.26	0.25	0.35	0.03	0.16	0.10	0.17	0.06	0.17	0.40

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JANUARY 2013

219 ANALYSIS

								BUDGETED
WO NOS.	DESCRIPTION		NUMBER		COST	LOAN FUNDS	UNIT COST	UNIT COST
9	RETIREMENTS		53		385.19	(385.19)		
100	NEW LINE EXTENSIONS		11		30,680.40	30,680.40	2,789.13	3,229.93
200	TIE LINES							
300	MAJOR PROJECTS							
602	SERVICE UPGRADES		10		20,369.89	20,369.89	2,036.99	1,920.25
603	SECTIONALIZERS		3		10,687.64	10,687.64		
604	REGULATORS							
606	POLES		23	POLES	111,154.32	111,154.32	4,832.80	2,410.75
701	SECURITY LIGHTS		32		21,639.63	21,639.63	676.24	423.50
1600	MINOR PROJECTS		7		36,481.36	36,481.36		
	TOTAL		139		231,398.43	230,628.05		
601	<u>SPECIAL EQUIPMENT</u>	<u>ACCT#</u>						
	METERS	370.00	0		0.00	0.00	0.00	160.00
	TRANSFORMERS	368.00	38		42,553.29	42,553.29	1,119.82	1,120.00
	TURTLES	370.10	536		40,827.72	40,827.72	76.17	
	DISCONNECT METERS	370.20	0		0.00	0.00	0.00	
	OTHER SP EQUIP	365.00	0		0.00	0.00	0.00	
	TOTAL		574		83,381.01	83,381.01		
	MATERIAL				17,633.19			
	MATERIAL OH				45,674.63			
	LABOR				14,166.15			
	LABOR OH				64,738.71			

2012- 2013 CRC Billing A

	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>	<u>Feb-13</u>
Base Fee	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,660.94	\$ 1,660.94
Calls taken by person @	316	709	482	334	1,059	1,634	427	282	355	230	1,229	294	203
Calls taken by IRV @	-	97	2	5	631	833	81	26	26	3	287	136	3
Calls only reaching FEG @	138	268	119	61	2,728	914	77	99	77	39	469	89	39
Abandoned calls	74	112	26	13	10,797	2,826	82	32	27	17	473	141	8
Total Calls Received	528	1,186	629	413	15,215	6,207	667	439	485	289	2,458	660	253
Text - In													11
- Out													30
Calls from Dispatcher to Us @ Daily Faxes @	132	284	223	222	241	528	232	184	194	186	289	157	98
Call related Cost	\$ 1,050.73	\$ 2,383.44	\$ 1,554.90	\$ 1,296.17	\$ 4,251.28	\$ 5,279.74	\$ 1,559.30	\$ 1,196.18	\$ 1,320.32	\$ 894.37	\$ 2,881.36	\$ 1,071.96	\$ 738.06
License Fees, Training,etc	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 486.00
	<u>\$ 3,096.43</u>	<u>\$ 4,429.14</u>	<u>\$ 3,600.60</u>	<u>\$ 3,341.87</u>	<u>\$ 6,296.98</u>	<u>\$ 7,325.44</u>	<u>\$ 3,605.00</u>	<u>\$ 3,241.88</u>	<u>\$ 3,366.02</u>	<u>\$ 2,940.07</u>	<u>\$ 4,927.06</u>	<u>\$ 3,093.90</u>	<u>\$ 2,885.00</u>

Bill Payments Taken

- Credit Cards			28	8	27	11	16	22		17	13	12	10
- E-checks			14	3	7	12	4	4		8	6	8	4
			<u>42</u>	<u>11</u>	<u>34</u>	<u>23</u>	<u>20</u>	<u>26</u>		<u>25</u>	<u>19</u>	<u>20</u>	<u>14</u>
After Hours & Weekends			42	11	19	23	20	26		21	19	20	14

Electronic Payments Tak

Office Personnel		1234	1170	1202	1237	1317	1045		1237	1127	1257	1294
IVR		935	818	930	1030	977	923		1049	956	995	1065
Auto Pay		9	12	23	33	47	61		101	110	129	131
On-Line		925	813	919	994	921	943		942	892	908	955
Smart Phone									27	55	68	73
Automatic Drafts		245	258	255	247	257	249		262	254	259	252
CRC		42	11	34	23	20	26		25	19	20	14
		<u>3,390</u>	<u>3,082</u>	<u>3,363</u>	<u>3,564</u>	<u>3,539</u>	<u>3,247</u>		<u>3,643</u>	<u>3,413</u>	<u>3,636</u>	<u>3,784</u>
Total Dollars		<u>\$695,490.33</u>	<u>\$ 530,905.90</u>	<u>\$ 568,458.56</u>	<u>\$ 690,275.33</u>	<u>\$ 769,435.49</u>	<u>\$670,005.00</u>		<u>\$ 611,971.60</u>	<u>\$ 673,546.00</u>	<u>\$ 807,724.62</u>	<u>\$ 1,050,950.00</u>

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Grayson Rural Electric Cooperative Corporation

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

April 15, 2013

W. Jeffrey Scott,
Attorney at Law
P. O. Box 608
Grayson, KY 41143

Dear Jeffrey:

A Regular Board Meeting of GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION will be held on **Monday, April 22, 2013, at 9:00 a.m.**

We look forward to seeing you at the Board Meeting.

Sincerely,



Priscilla Sparks
Executive Assistant

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

ps

Enclosures:

1. Agenda
2. Miscellaneous Analysis

Grayson Rural Electric Cooperative Corporation

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

April 15, 2013

Dear Director:

A Regular Meeting of the Board of Directors is hereby called. I do hereby fix the GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION headquarters in Grayson, Commonwealth of Kentucky, as the place, and **Monday, the twenty-second day of April, 2013, at 9:00 a.m.**, for holding of said meeting for the following purposes:

To take any and all action and to transact any and all business which may be necessary, convenient, or desirable in connection with any of the foregoing and the organization of the Corporation at said meeting or at any adjournment or adjournments thereof; and for the transaction of such other business which may come before the meeting or any adjournment or adjournments thereof, as well as consider altering, amending, or repealing the current Bylaws of the Corporation in the manner hereinafter set forth.

Sincerely,



Roger L. Trent
Chairman

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

RLT/ps

Enclosures:

1. Agenda
2. Miscellaneous Analysis

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

BOARD MEETING AGENDA

On April 22, 2012 at 9:00 a.m., the Directors of Grayson Rural Electric Cooperative Corporation were called to meet by the Chairman.

1. Sign Wavier of Notice
2. Invocation
3. Approval of the Minutes from the March 2013 Board Meeting
4. Technical Services Report – Brian Poling, Manger of Technical Services
5. Manager of Finance & Accounting Report and Approval of the Financial & Statistical Report for February 2013 – Don Combs, Manager of Finance & Accounting
6. Resolution Pertaining to Prepayment of the R & S Pension Plan
7. Amendment to Allow Hardship Withdrawals from 401-K Plan
8. Manager of Member Services Manager of Marketing & Member Services Report – Kim Bush
9. Operations and Safety Report – Kyle Clevenger, Manager of Operations
10. Consideration of Approval for the Following RUS Work Orders for the Months of October, November, and December 2012 in the Amount of \$456,291.20:

October	Work Order #1158	\$164,334.77
October	Work Order #1159	\$19,483.10
November	Work Order #1160	\$162,984.22
November	Work Order #1161	\$16,562.28
December	Work Order #1162	\$84,272.36
December	Work Order #1163	\$8,654.47
	Amount to Encumber	\$456,291.20
11. Approval of Eighty-Three (83) New Memberships and Retirement of Ninety-Four (94) Existing Memberships for March 2013
12. Consider Approval of Accounts to be Charged Off to Reserve \$7,555.44
13. Consider Approval of President’s Business Expense in the Amount of \$944.65, Director’s Business Expense in the Amount of \$13,912.04 and Attorney’s Business Expense in the Amount of \$270.60
14. President’s Report – Carol Hall Fraley
15. Cooperative Legal Matters – W. Jeffrey Scott
16. KAEC Director’s Report – Jimmy Whitt

17. EKPC Director's Report – Kenneth Arrington
18. Consider Community Service and/or Donations
19. Approval of Attendance at Meetings – Directors & Employees
20. Report of Any Meetings Held
21. Review and Consider/Approval and/or Reaffirming of Board Policies and Bylaws
 - Board Policy # 505 Payment of Sick Leave Upon Retirement or Termination
 - Board Policy # 510 Vacations
22. Confirm Date for Organizational Meeting of the Board of Directors
23. Confirm Date for Next Regular Board Meeting
24. Additional Business
25. Adjourn

On March 21, 2013 at 9:12 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: W. Jeffrey Scott, Legal Counsel and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Whitt gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Dupuy, seconded by Director Rice and unanimously agreed to approve the minutes from the February 2013 Board Meeting.
MANAGER OF TECHNICAL SERVICES	<p>Brian Poling reported on the following:</p> <p>He gave a PowerPoint presentation on SAIDI – the calculation of number of minutes customers are out of power divided by the total number of customers. SAIDI numbers have to be submitted to RUS and PSC. Major event days require an explanation to PSC.</p> <p>The details of the numbers from last year showed two major event days, with a total outage time of 5 hours. The 2012 top 10 outages and causes were: weather-609, material-278, equipment failure/fault-256, tree failure from overhang or dead tree without ice or snow-238 (most of these trees were off right-of-way), construction-180, cause unknown-155, lightning-118, small animal/bird-99, other-44, and tree growth or customer caused-38.</p> <p>By substation, the most outages were (in order) Elliottville, Warnock, Pactolus, Mazie, Newfoundland, Sandy Hook, Argentum, Carter City, Airport Road, Pelfrey, Low Gap, Leon and Elliott County Prison. The prison outage was due to sewage problems and not electric. SAIDI breaks down our reports into more detail per feeder.</p> <p>Director Arrington asked how this information was going to help us. Mr. Poling stated it would help with outage prevention and the men could look and see where we need to apply improvement on the lines, also. It is also moving towards requirements that we know are coming from the PSC.</p>
OFFICE & MEMBER SERVICES REPORT	Don Combs, Manager of Finance and Accounting presented the Financial & Statistical Report for January 2013. Mr. Combs reported on the following:
FINANCIAL & STATISTICAL REPORT FOR JANUARY	Kilowatt hour sales for the month of January (01/20-02/20) were 0% under budget. Purchases for the time period of (1/1-31) were .62% under budget. Line loss for the last twelve months was 4.97%. Year to date margins were \$236,473 compared to the budgeted amount of \$303,512. The budget was approximately 15% more than last January.
CRC ANALYSIS	Total calls received was 253 and total credit cards and e-checks taken after hours and weekends were fourteen. Total electronic payments taken were 3,784 payments received, in the amount of \$1,050,950.
PSC UPDATES	A lot of projects are being done for the PSC. The PSC has requested a second filing on the rate increase case for information on finances and the prepaid metering program. Consultant Jim Adkins is working on this. The

PSC UPDATES
(CONTINUED)

Attorney General is not intervening in our case which means we cannot settle with an informal agreement. Don has talked to John Patterson and Alan Zumstein in regards to this. This may delay GRECC getting an order out. The approximate hearing date will be set sometime after June 12th.

Director Trent asked what percentage we are asking for on the rate increase. Mr. Combs said overall, it was 8% increase. Director Dupuy asked about Magnum Drilling and how it would affect rate the increase. If the Magnum project would get accepted by EKPC and approved by the PSC, GRECC could go in for a rate decrease, if appropriate at that time. Director Arrington asked if we decided not to decrease, would this allow us to request future rate increases a later date. Director Trent asked why increases have been necessary, close together. Mr. Combs stated the weather, sales down 5% to 10% for two years straight, and the rising costs in demand from EKPC are all contributing factors. Director Dupuy pointed out we have lost 3 miles of distribution line and the amount of charge offs has increased also. Our rate adjustment should go into effect in July.

The PSC is trying to come up with a protocol to deal with Smart Grid and Smart Meters and how to deal with the cost.

Faith Burns of Public Service Commission talked to Legal Counsel Scott requesting a filing, which was done this week. We are about to close this case.

PSC has been looking at fuel adjustment roll-in with EKPC, which they do every two years. EKPC has been evaluating the cost of fuel and the base rate will be kept the same, which is a good thing.

CAPITAL CREDITS

Bradley Cherry processed capital credit checks yesterday on members that applied by 2012. Those applying in 2012 should be paid this summer and by year end, those that have applied this year should be paid, making us current.

T.I.E.R

Mr. Combs gave an updated handout on T.I.E.R and D.S.C. requirements showing average best 2 out of 3 years commencing in 2002 and concluding in 2012. The handout highlighted years GRECC did not meet T.I.E.R. This means that, technically, we are in default of our mortgage, because we did not meet minimum Operating T.I.E.R. A letter is being prepared to notify RUS about our plans to correct this situation. Director Arrington talked to Don yesterday about Debt Service Coverage and it is included on this handout.

Standard and Poores reported that part of the problem with EKPC credit was two of their larger Coops, South KY and Nolin were both facing rate increases and other financial issues.

CERTIFICATE OF AUTHORITY
TO SUBMIT OR GRANT
ACCESS TO DATA

Priscilla Sparks presented to Chairman Trent and Secretary Martin the Certificate of Authority to Submit or Grant Access to Data form to be signed, permitting Sherry Buckler, Accounting Supervisor, to submit data requested by RUS and access to the Borrower's data on the USDA Rural Development Data Collection System. Both Chairman Trent and Secretary Martin signed.

BUSINESS INSURANCE

Following discussion, motion was made by Director Martin, seconded by Director Dupuy and unanimously agreed to award our business insurance

BUSINESS INSURANCE
(CONTINUED)

coverage for 2013 to Federated Rural Electric Insurance Exchange at a cost of \$103,183. This coverage is for property, general liability claims, auto liability and physical damages, crime protection, and umbrella liability for directors, officers and managers liability protection. This does not include our workers compensation policy. The premium was down .55%.

APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR JANUARY 2013

Motion was made by Director Rice, seconded by Director Crum and unanimously agreed to approve the Financial and Statistical report for January 2013, as presented, for informational purposes only.

MANAGER OF MARKETING
AND MEMBER SERVICES

Kim Bush, Manager of Marketing and Member Services, reported on the following:

Member Services will be mailing out approximately 75 letters for the reclassification of the Mazie substation. Additional deposit letters will be mailed the first of April, helping us to get deposits from accounts that have bad credit and do not have enough deposit to secure the account.

Annual Meeting is on schedule as planned, with approximately 35 scholarship applications received and to be judged April 3rd. We will award 10-\$1,000 scholarships.

Two Energy Efficiency Audits were done the past month on HowSmartKY., along with 2 Touchstone Energy Homes,, and 18 Residential Energy Audits..

We attended the Greenup County Reality Store for 400 students; Skills USA- vocational school competition including all 6 counties with approximately 200 kids and gave a Safety program at Carter Christian Academy.

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations gave the Operations Report with Mike Martin, Assistant Manager of Operations setting in. Mr. Clevenger reported on the following:

EMPLOYEE/LOST TIME
ACCIDENT

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during February 2013:

February 05—Bradley Cherry, Purchasing Agent, turned the meeting over to President Fraley whom read the Deposit Policy from the Administrative Guidelines. David White, KAEC Safety Instructor, reviewed changes in the APPA Safety Manual, and recognized Grayson RECC for receiving a no lost time accident award for 2012. Kyle Clevenger, Manager of Operations, reminded everyone to be careful on collections and to also watch out for slips, trips, & falls due to wet weather.

February 11—Kyle Clevenger, Manager of Operations, addressed a near miss accident report where a line broke when squeezing on a basket. Carol Ann read pages 5 – 7 from the Administrative Guidelines.

February 18—Don Combs, Mgr. of Finance & Accounting, discussed “Lesser Known” employee benefits and went over the 2013 budget highlights. Carol Ann read pages 7 – 16 from the Administrative Guidelines. Kyle reminded everyone to be careful.

**SAFETY REPORT
(CONTINUED)** February 25—Carol Fraley, President and CEO, read Board Policy No. 508, Safety Practices, and Board Policy No. 509, Safety Incentive. She then awarded everyone a safety incentive check for no lost time accidents for 2012. Kyle Clevenger reminded the men to check plug-in connections on regulators and everyone received the monthly safety give-a-way.

CONSTRUCTION The Construction Department built one hundred thirty-nine (139) new work orders for the month of February and worked thirty-three (33) hours of overtime.

OVERTIME HOURS The Maintenance Department worked one hundred fifty (150) hours of overtime during the month of February 2013 and the Engineering Department worked three (3) hours of overtime.

DELINQUENT NOTICES The Maintenance and Construction Departments collected on one hundred fifty-one (151) delinquent accounts and disconnected forty-one (41) accounts in March.

CONTRACT CREWS Pike Electric has been working on Three Prong in Greenup County and on new construction.

RIGHT-OF-WAY CREWS We have seven (8) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 408 trees, cut 276 trees, and cut 37,555 feet of brush/line and sprayed 47 spans of line. The crews are working in the following areas:

- 1 tractor crew in Rowan County
- 2 bucket truck crews in Lawrence, Elliott & Rowan Counties
- 1 cutting crew in Greenup County
- 1 cutting crew in (notes in Elliott, Rowan & Lawrence Counties)
- 2 cutting crews in Lawrence County
- 1 spray crew in Greenup County

The Bobby Smith Tree Company cut and trimmed trees in Carter, Lewis and Greenup Counties. They have one circuit crew in Carter County.

Director Crum asked if we are doing anything about the Pactolus equipment failure. Kyle said we changed out the breakers.

ENGINEERING REPORT The Engineering Department released four hundred forty-one (441) prints consisting of 660 feet of primary line and 7,215 feet of service wire. They currently have three (3) new services to be staked and three (3) to be drawn. They have approximately eighteen (18) miscellaneous jobs to be staked or drawn.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS Motion was made by Director Martin, seconded by Director Crum and unanimously agreed to approve ninety-one (91) new memberships and retirement of ninety-eight (98) existing memberships for February 2013.

BAD DEBT WRITE-OFFS Motion was made by Director Whitt, seconded by Director Martin and unanimously agreed to charge off \$6,443.43 worth of bad debts and turn them over for collection.

APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY BUSINESS EXPENSES	Motion was made by Director Rice, seconded by Director Dupuy and unanimously agreed to approve the President's business expense of \$177.95, Director's business expenses of \$7,991.47 and Attorney's business expense of \$1,914.51.
PRESIDENT'S REPORT	President Fraley was unable to attend this meeting due to illness. Priscilla Sparks, Executive Assistant reported on the following:
OFFICIAL NOTICE OF GRECC ANNUAL MEETING MEMBERS	Director Martin signed the Official Notice of Annual Meeting of Members scheduled for Thursday, May 9, 2013, at 6:00 p.m. Registration will begin at 7:30 a.m. and end at 6:00 p.m.
KY LIVING MANAGER'S COLUMN	Mrs. Sparks read an unsigned letter from a consumer in regards to "Recipe for a Rate Increase" in March's KY Living Magazine's, Straight Talk from the CEO column.
ROUTINE LINE INSPECTIONS	President Fraley has written and mailed out eleven letters since the February Board Meeting to members and landlords in regard to violations found in regards to routine line inspections.
COBANK PATRONAGE	We received a check from CoBank for patronage distribution for the fiscal year ending 12/31/2012 in the amount of \$82,434.06
LEGAL COUNSEL'S REPORT	Legal Counsel Scott reported on the following: A lot of things are going on with the Public Service Commission and they are: Sand Gap case, dispute with KY Power hearing is tentatively set in June; MACED case, Mr. Combs talked about; Magnum Drilling and Amendment 3 case – filed a motion asking for hearing, but haven't heard back.
EXECUTIVE SESSION	Motion was made by Director Martin, seconded by Director Rice and unanimously agreed upon to go in to an Executive session at 10:53 a.m. Motion was made by Director Crum, seconded by Director Dupuy and unanimously agreed upon to return to the regular board meeting at 12:10 p.m. Director Whitt made a motion, seconded by Director Martin and unanimously agreed upon for Board Members to attend the mediation of GRECC vs. EKPC-CB.
COLLECTION LETTERS	There were twenty-three collection letters mailed.
KAEC DIRECTOR'S REPORT	Director Whitt reported the following on the KAEC Board Meeting this month: Randy London, Director from Farmers RECC; Rick Halloran, Director from South Kentucky RECC; and Carol Wright, CEO of Jackson Energy were seated on the KAEC Board. Chairman Hill appointed Carol Wright to the Member and External Relations Committee to replace Don Schaefer.

KAEC DIRECTOR'S REPORT
(CONTINUED)

Bill LaDuca, reviewed CoBank's activities for the 2012 calendar year, and then presented KAEC with a contribution of \$15,000, to assist with statewide programs.

Richard Hiatt, Executive Director of the Rural Electric Research Council, spoke to the board about the activities and benefits of membership in the Council.

Tim Hargrove presented the financial report for the year ended 2012, and the month and year-to-date ended February 28, 2013. The 2013 report showed positive margins for all organizations combined.

Barbara Rodgers reported on the preparations for the NRECA Legislative Rally, noting that all Kentucky delegates will be registered for one of the Town Hall sessions with Jo Ann Emerson, the new CEO of NRECA. The luncheon will be on Tuesday, April 30, at 12:00 noon at the Washington Court Hotel. Once all details are final, a communication will be sent to those who are attending the rally.

Mr. Corum also reported that Warren RECC has come under attack by the Department of Revenue with regard to taxing software upgrades, just like Cumberland Valley was in the past. Several other cooperatives are scheduled for audits by the revenue department and expect the same tax issues to arise. The board took action to approve retaining Jackson White of Stohl, Keenon and Ogden, to again address the issue.

EKPC DIRECTOR'S REPORT

Director Arrington said that most of his report had been covered under related Board issues and he had nothing further.

The Board of Directors will need to decide whom they want to represent the GRECC Board at the EKPC Board of Directors Meetings. A motion was made by Director Martin, seconded by Director Rice and unanimously agreed upon to leave Director Arrington, as is, to represent GRECC as the Director on the EKPC Board

Director Arrington addressed a concern on the budget that Don Combs brought to his attention. EKPC's margin change for the year ending 2012 was questionable to him because the first six months margins was fifty one million dollars and the last six months was two and half million dollars. When do they make margin? According to report given to Director Arrington, it is the first six months. Legal Counsel suggested he question this at the EKPC Annual Meeting. Director Martin asked Director Arrington to find out more about this, because he was interested in the difference and would like a greater explanation on this.

Director Whitt pointed out that the price of coal has dropped to half the price it was two years ago. Director Arrington said the cost of coal when he went on EKPC's Board two years ago was approximately \$100-\$102 ton and now it is approximately \$50-\$52 ton.

Director Whitt and Director Arrington asked why EKPC is targeting 15% equity. Director Arrington reported 11.8 is EKPC's current equity and margins are fifty-four million dollars.

DONATIONS

Priscilla Sparks presented to the Board for their consideration the following donation requests:

Crane Creek Missionary Baptist – 4 th July fireworks donation	\$100
Carter County Shrine Club – bluegrass show sponsor	\$250
Greenup County High School Prom Night Out – donation and other high schools that request a donation	\$50
Old Fashion Days – donation	\$100
Grayson Area Chamber of Commerce –ARM’s Art in the Park	\$150
Grayson Meals on Wheels – donation	\$100
Greenup County Genealogy & Historical Society – donation	\$50
Phil’s Friend – donation for cancer care package	\$100
Miss Grayson Scholarship Pageant – donation	\$50
Elliott County Conservation District – 4 th Grade Field Day	\$50

Motion was made by Director Rice, seconded by Director Martin and unanimously agreed to approve the donations as presented.

THANK YOU

GRECC received thank you notes from Rocky Adkins Cure for Cancer Golf Tournament and Grayson Meals on Wheels in lieu of flowers for Mrs. Cherry’s funeral service. GRECC received an invitation to the 18th Annual Rocky Adkins Cure for Cancer Golf Tournament on May 24th at Eagle Trace Golf Course, Morehead, KY.

MEETING ATTENDANCE

There were no meeting attendance requests.

BOARD POLICIES TO
BE REVIEWED

There were no board policies presented for review.

BOARD MEETING DATE

The April Board Meeting is scheduled for Monday, April 22, 2013 at 9:00 a.m.
The May Board Meeting is scheduled for Friday, May 24, 2013 at 9:00 a.m.

ADDITIONAL BUSINESS

There was no additional business.

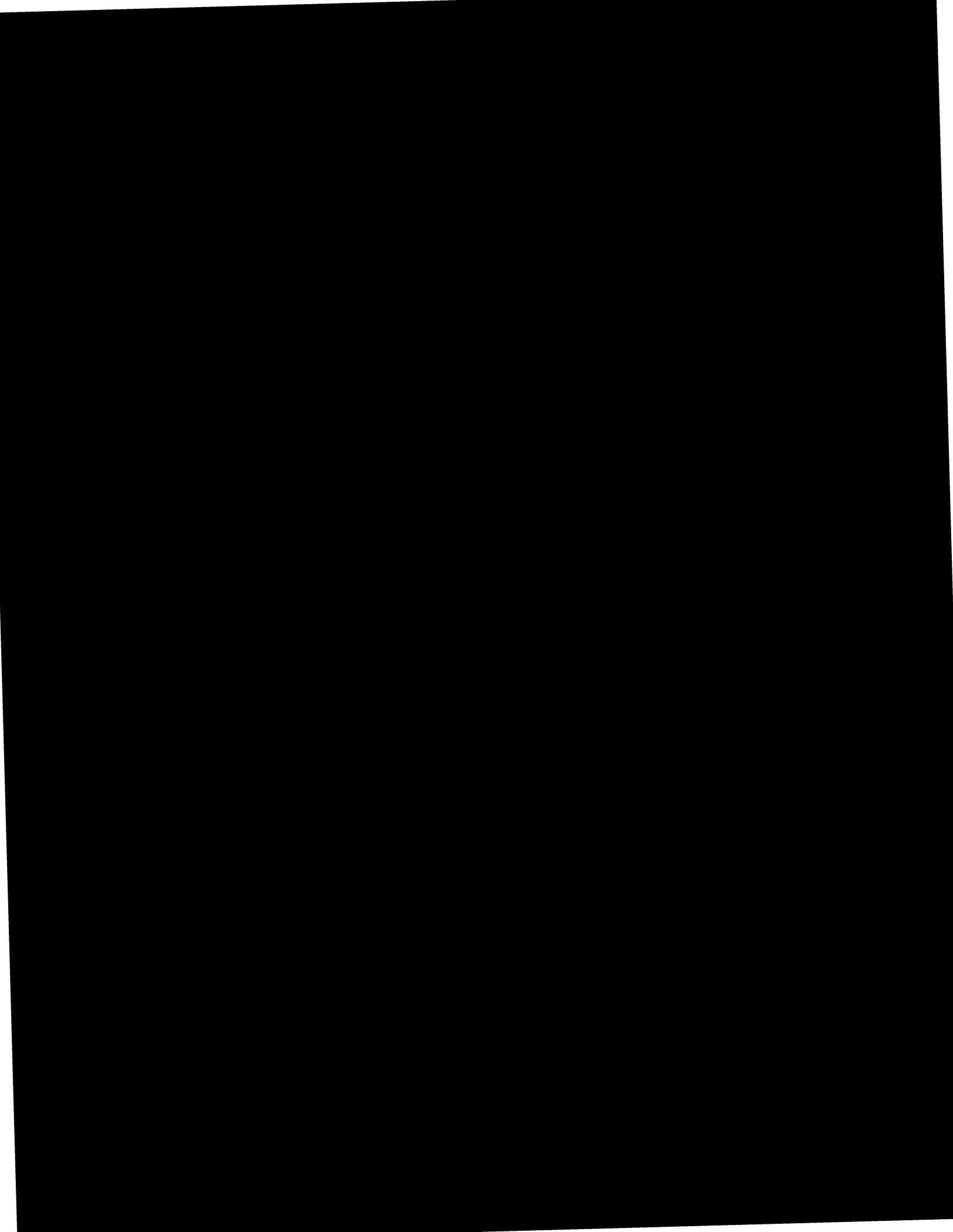
ADJOURN

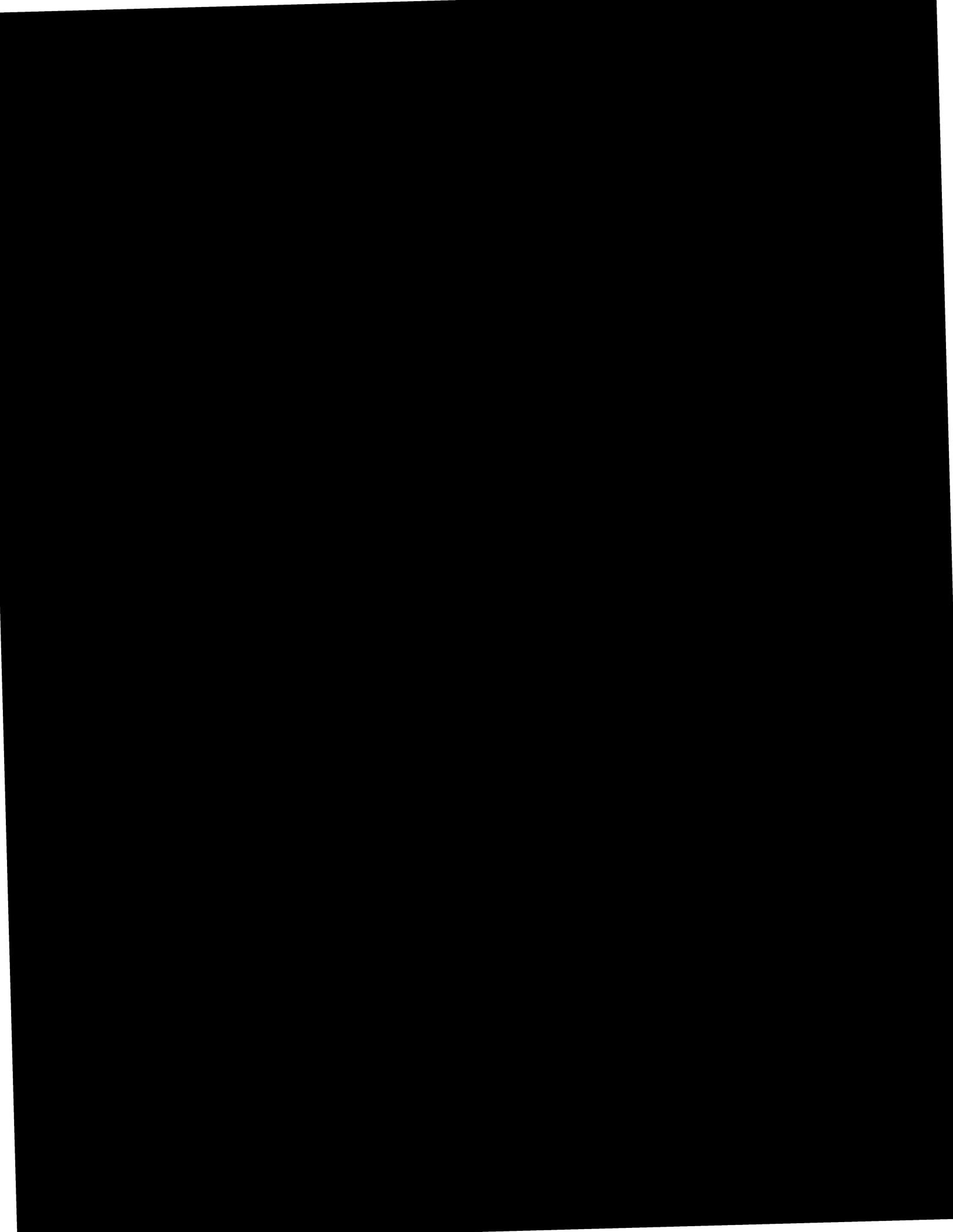
Chairman Trent adjourned the meeting at 12:36 p.m.

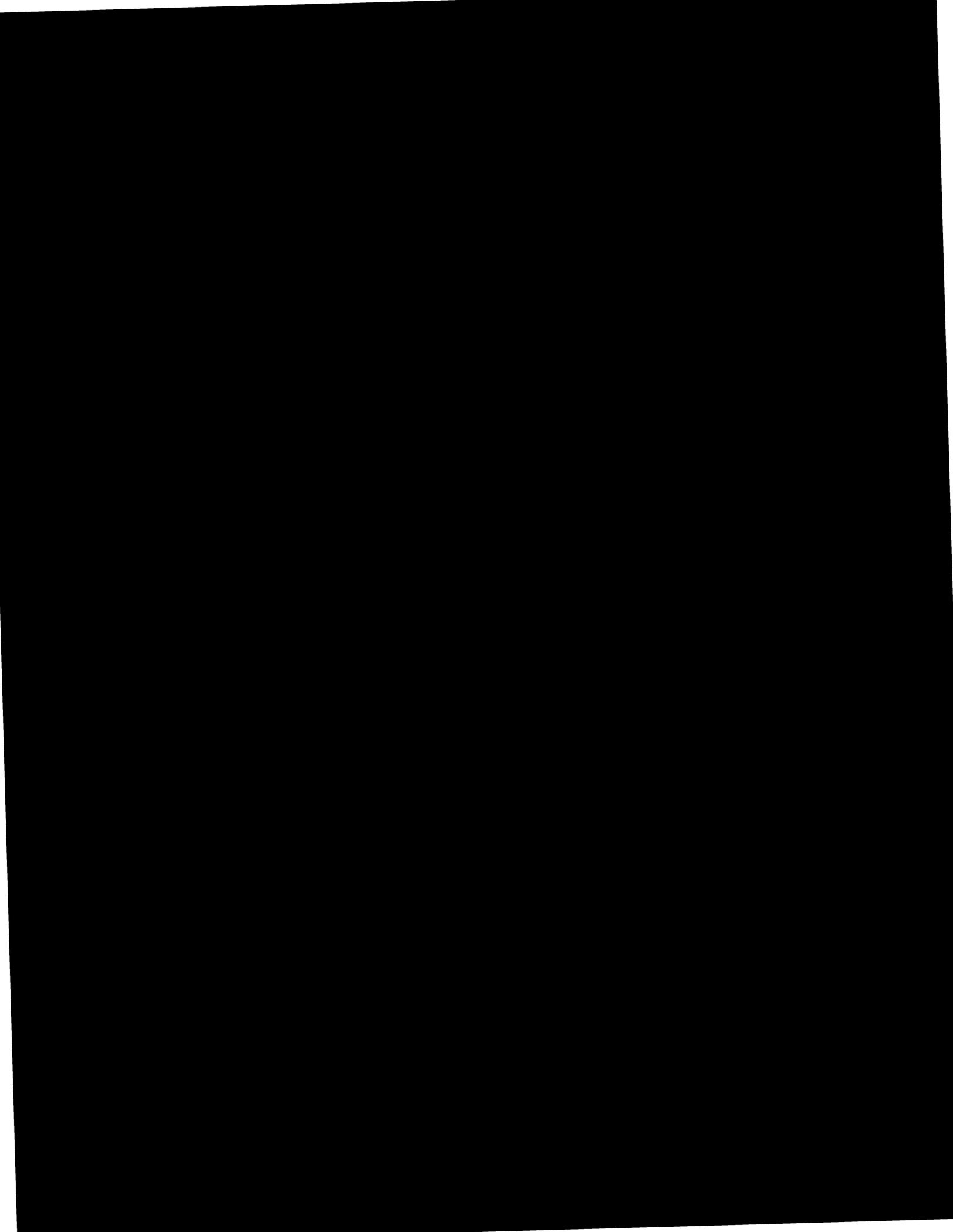
Roger L. Trent, Chairman

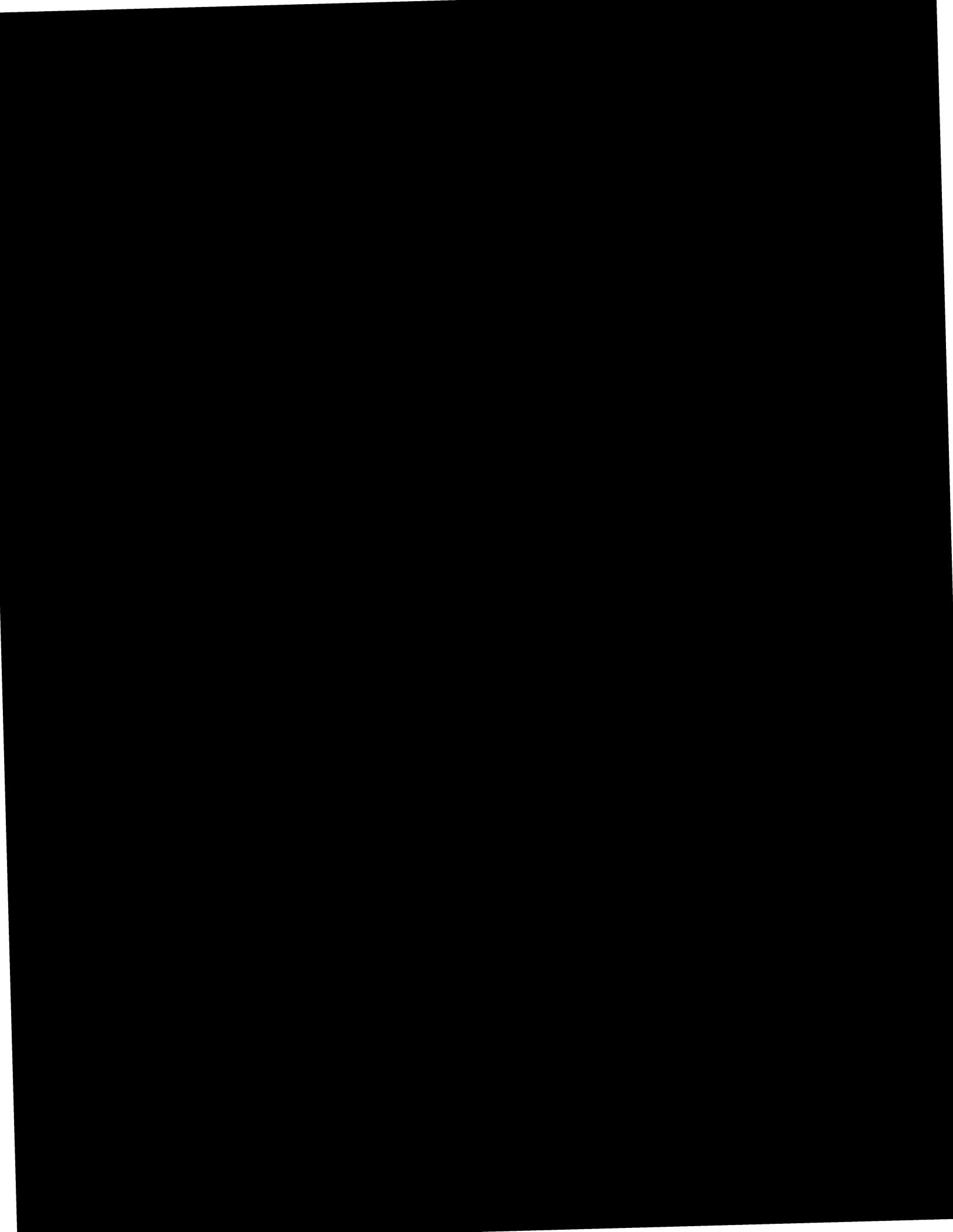
Billy E. (Eddie) Martin, Secretary/Treasurer

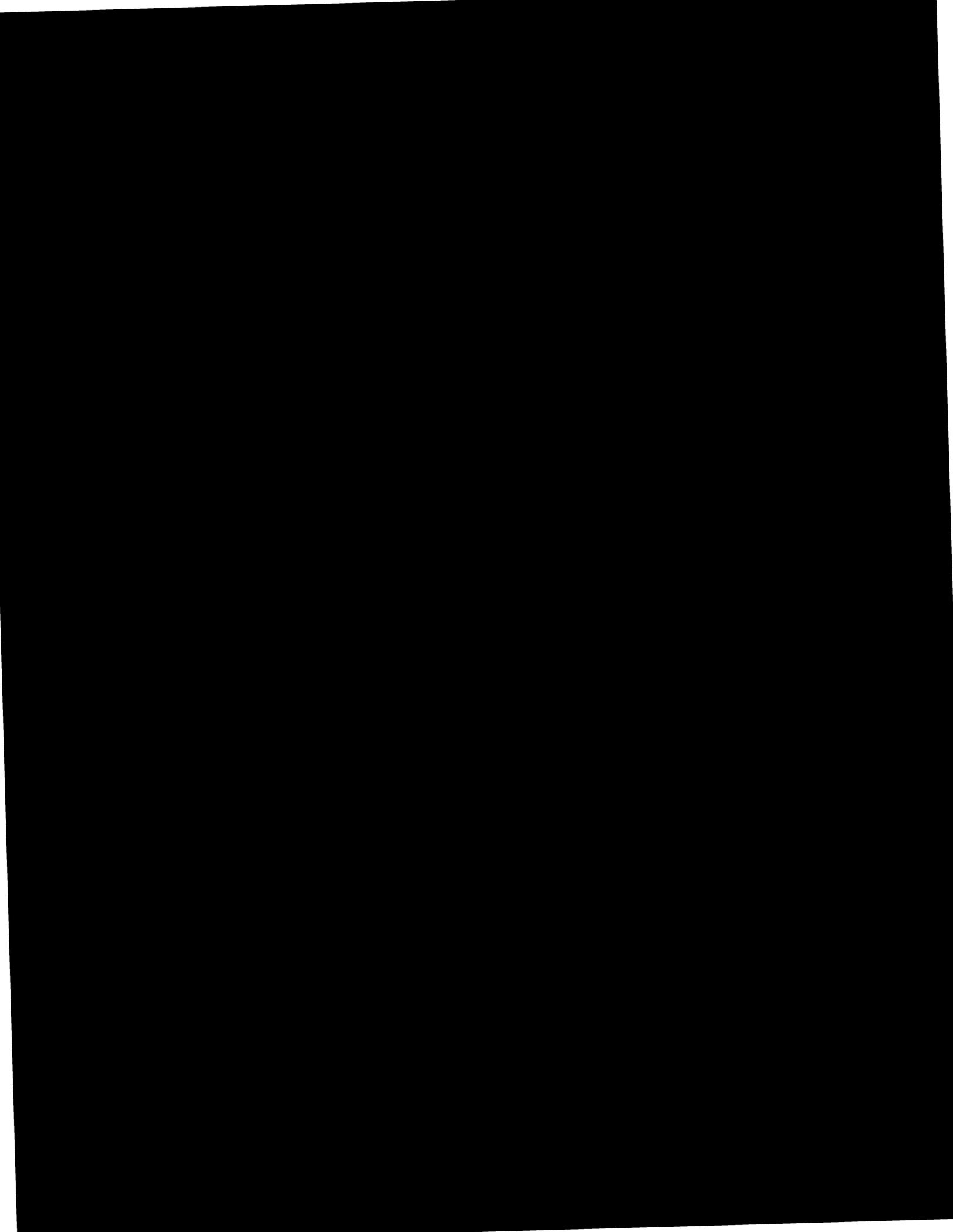
W. Jeffrey Scott

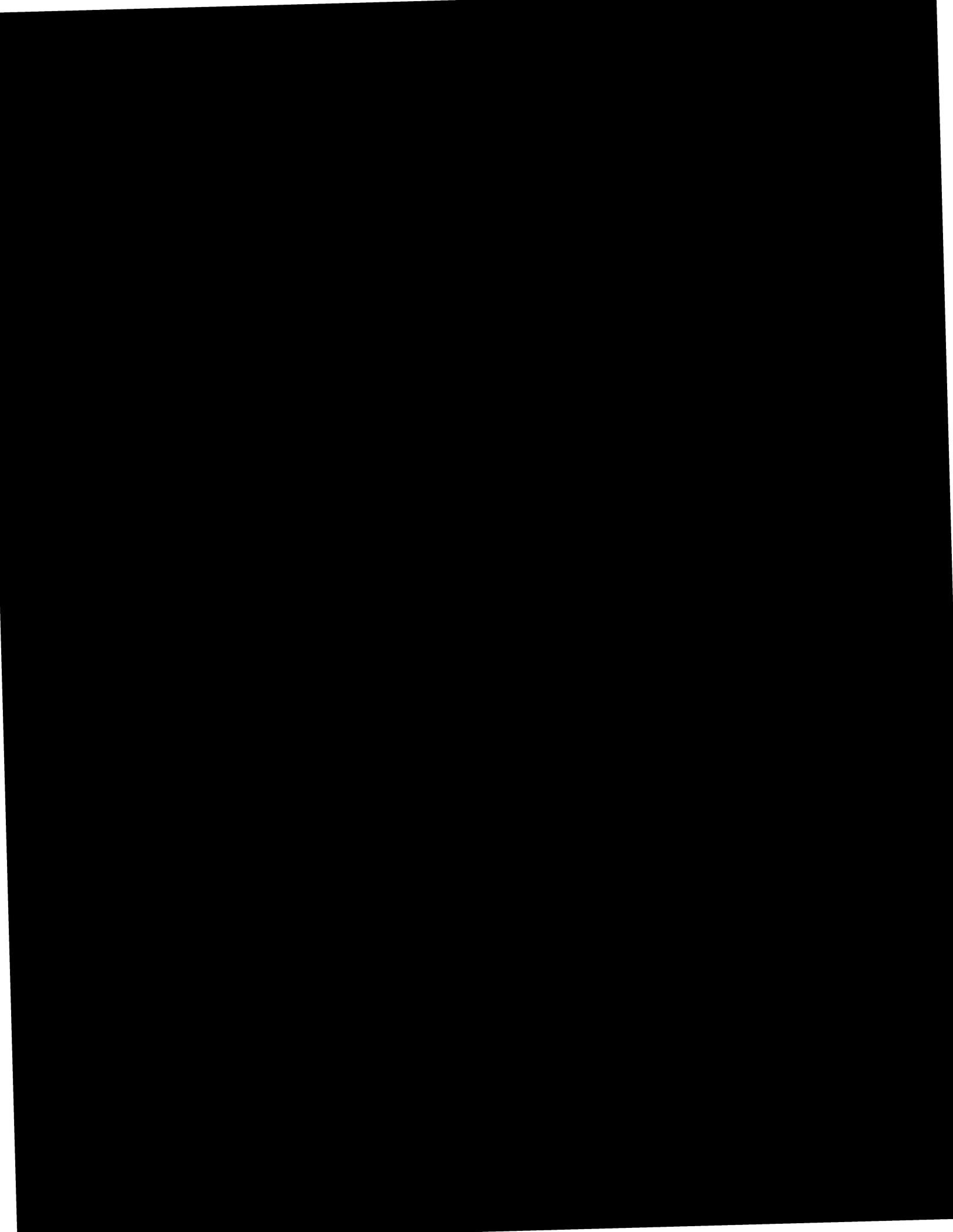


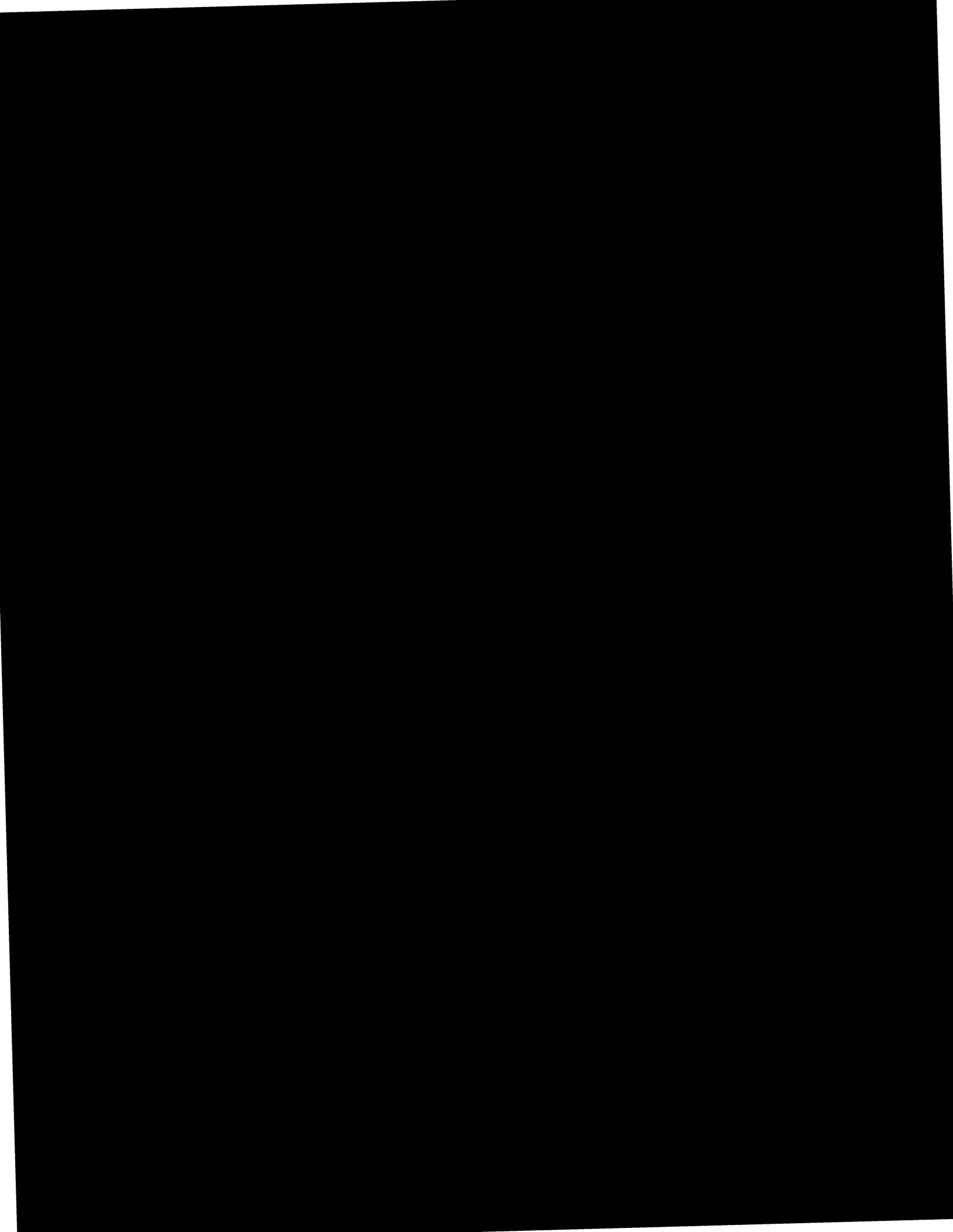


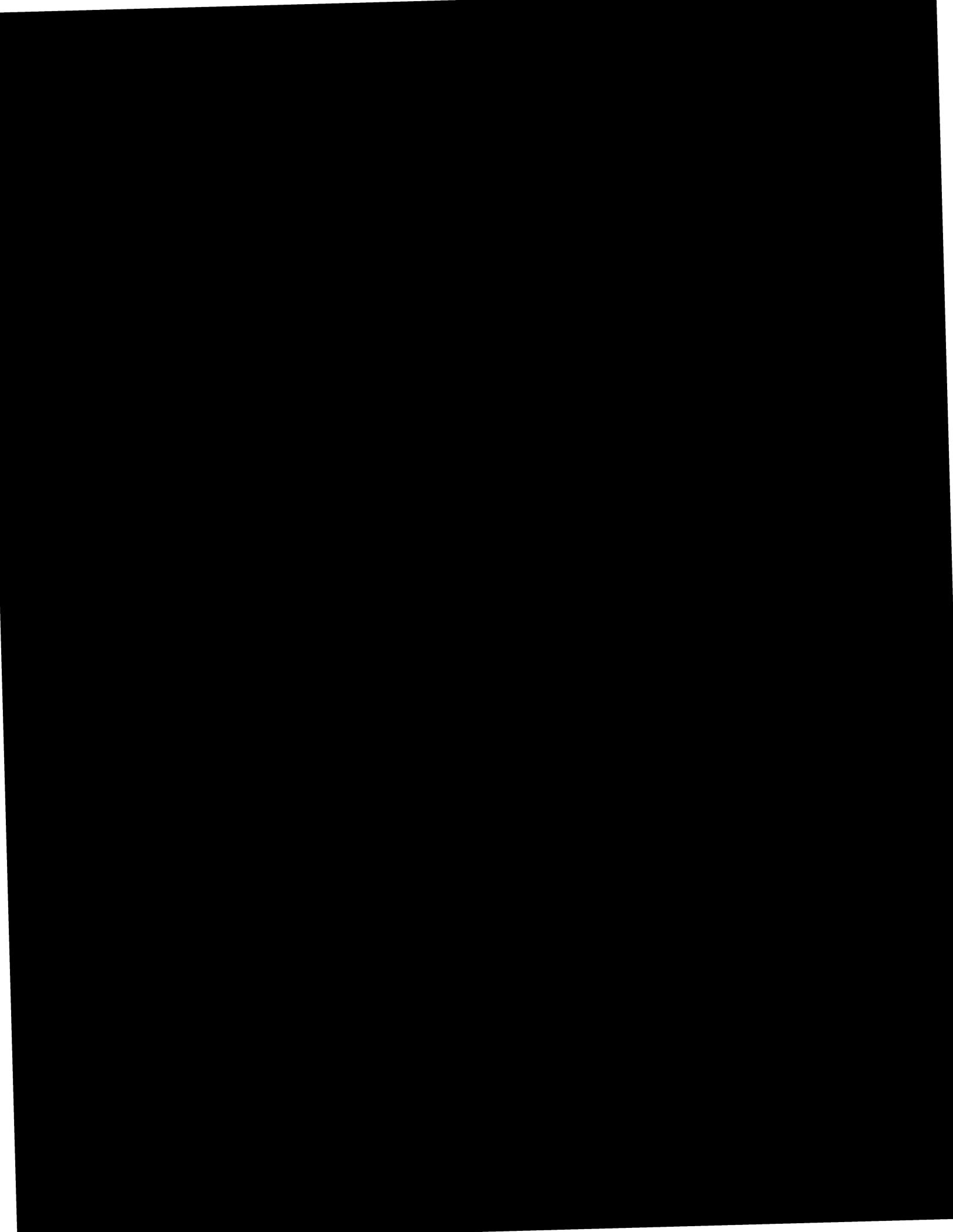


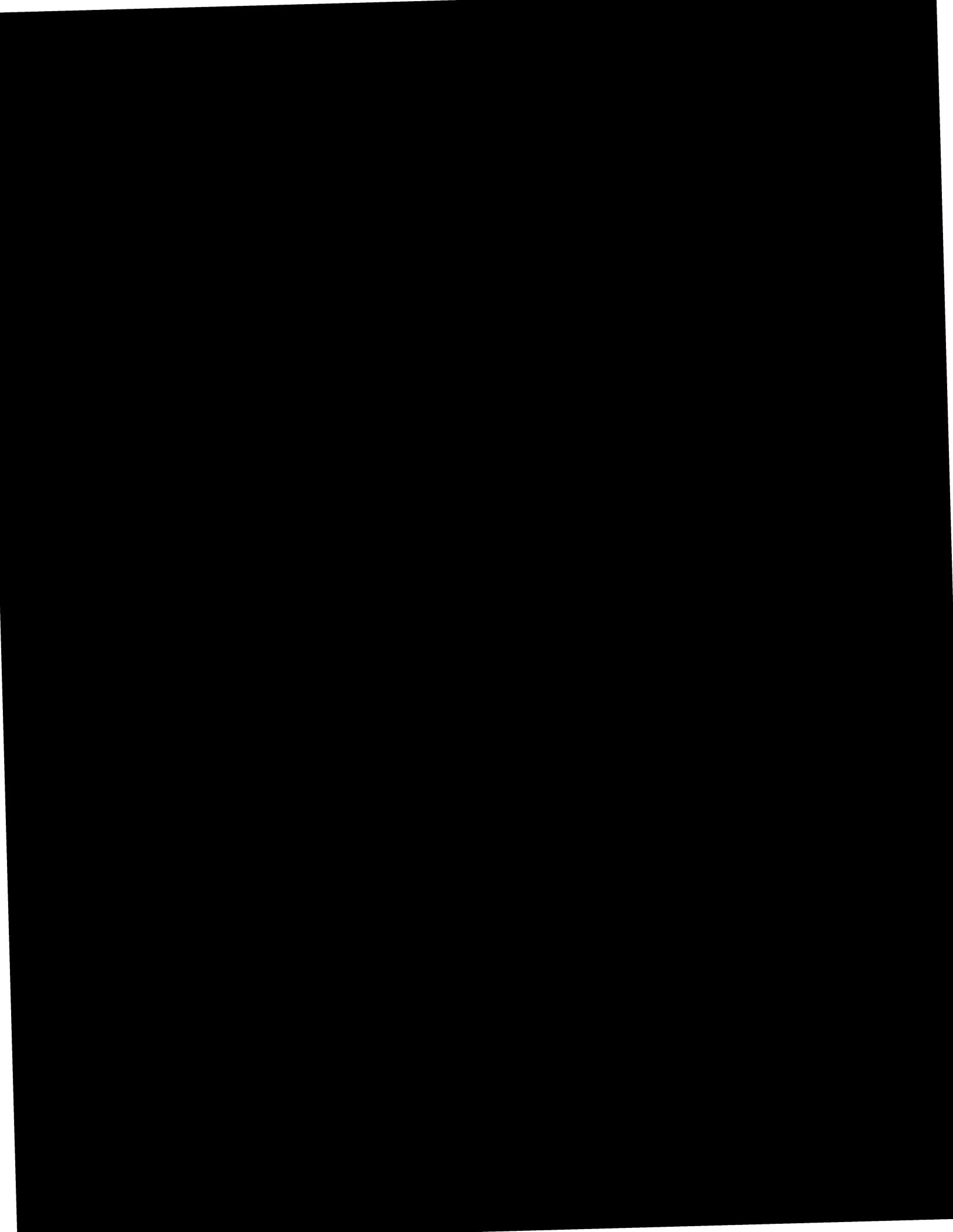


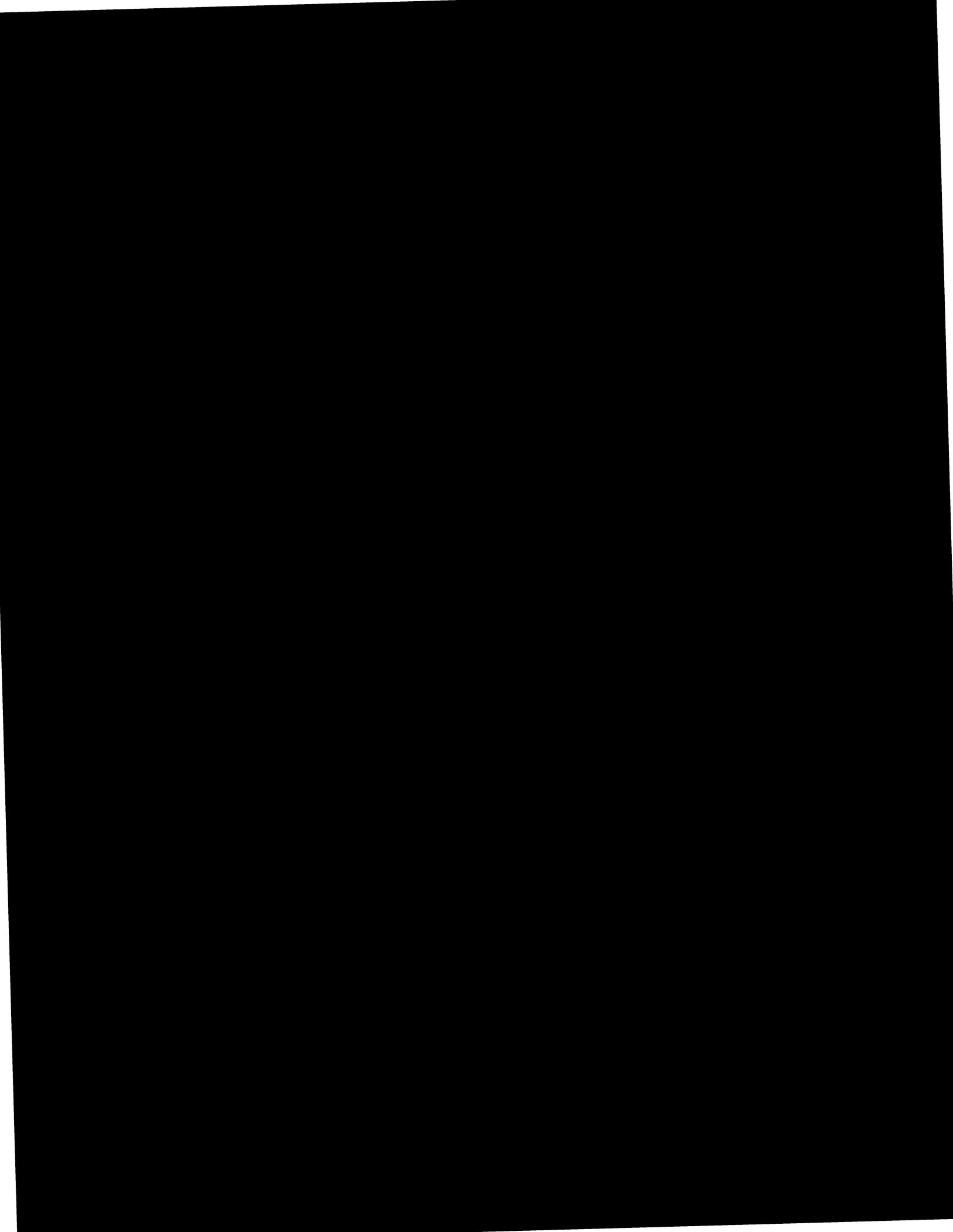


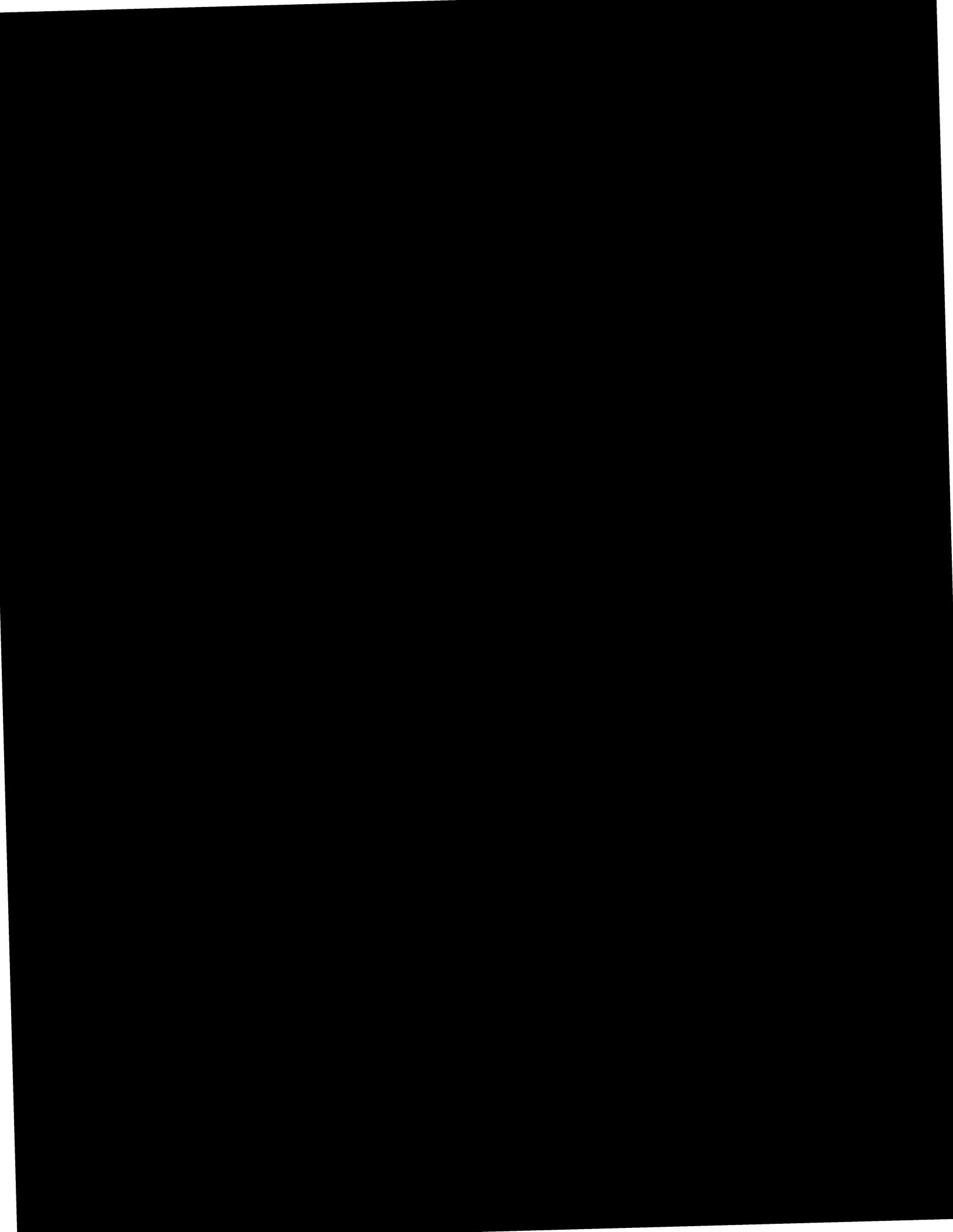


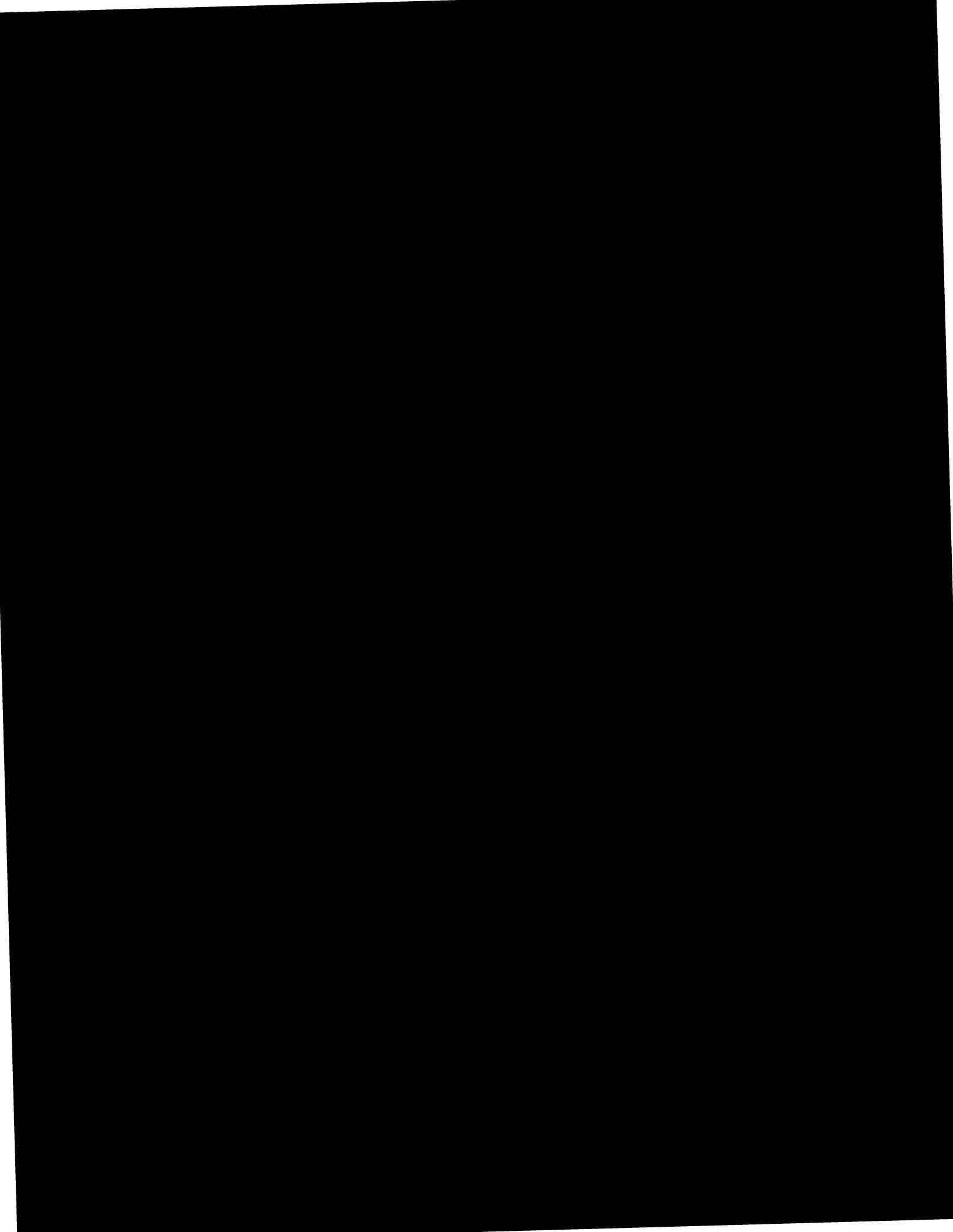


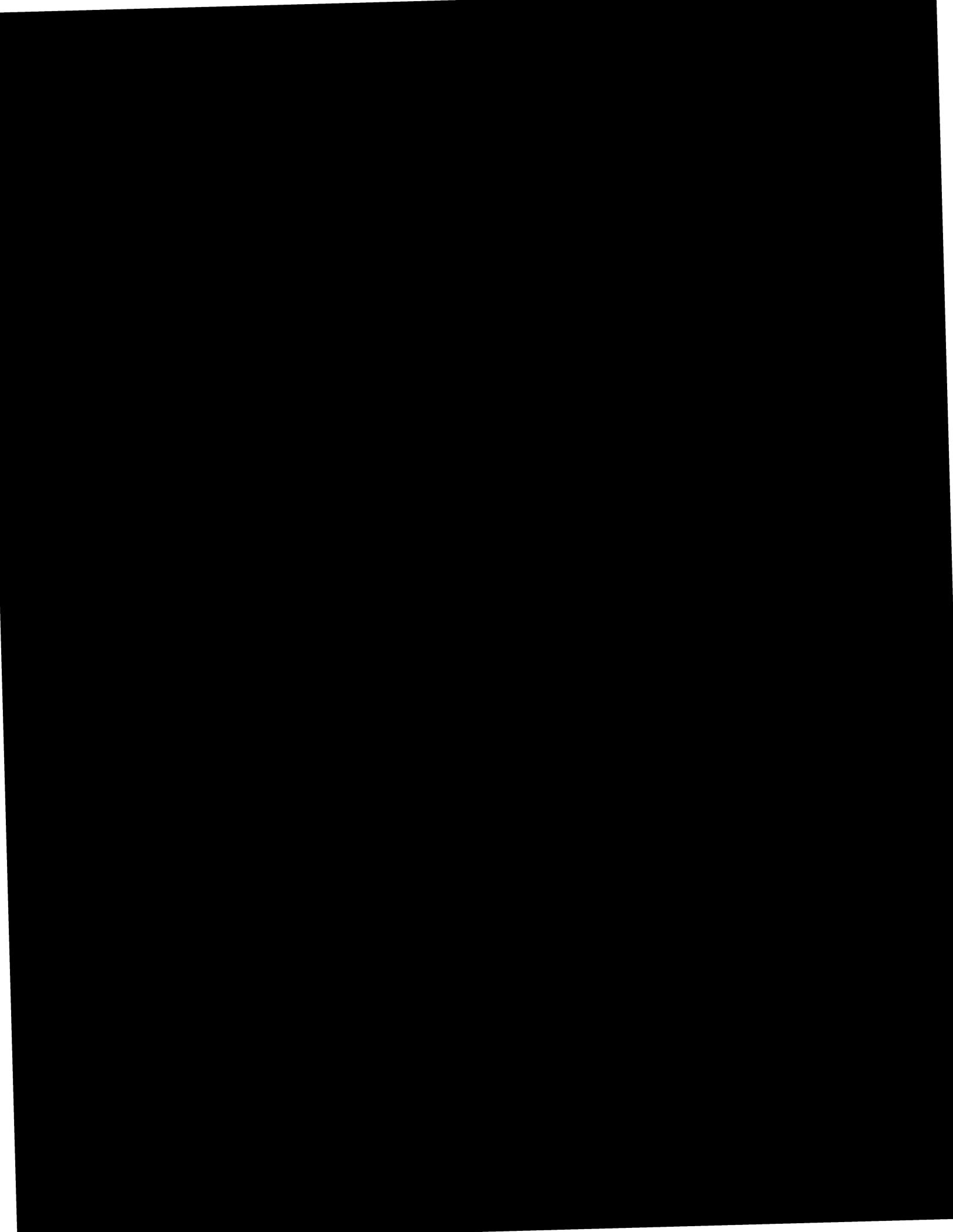


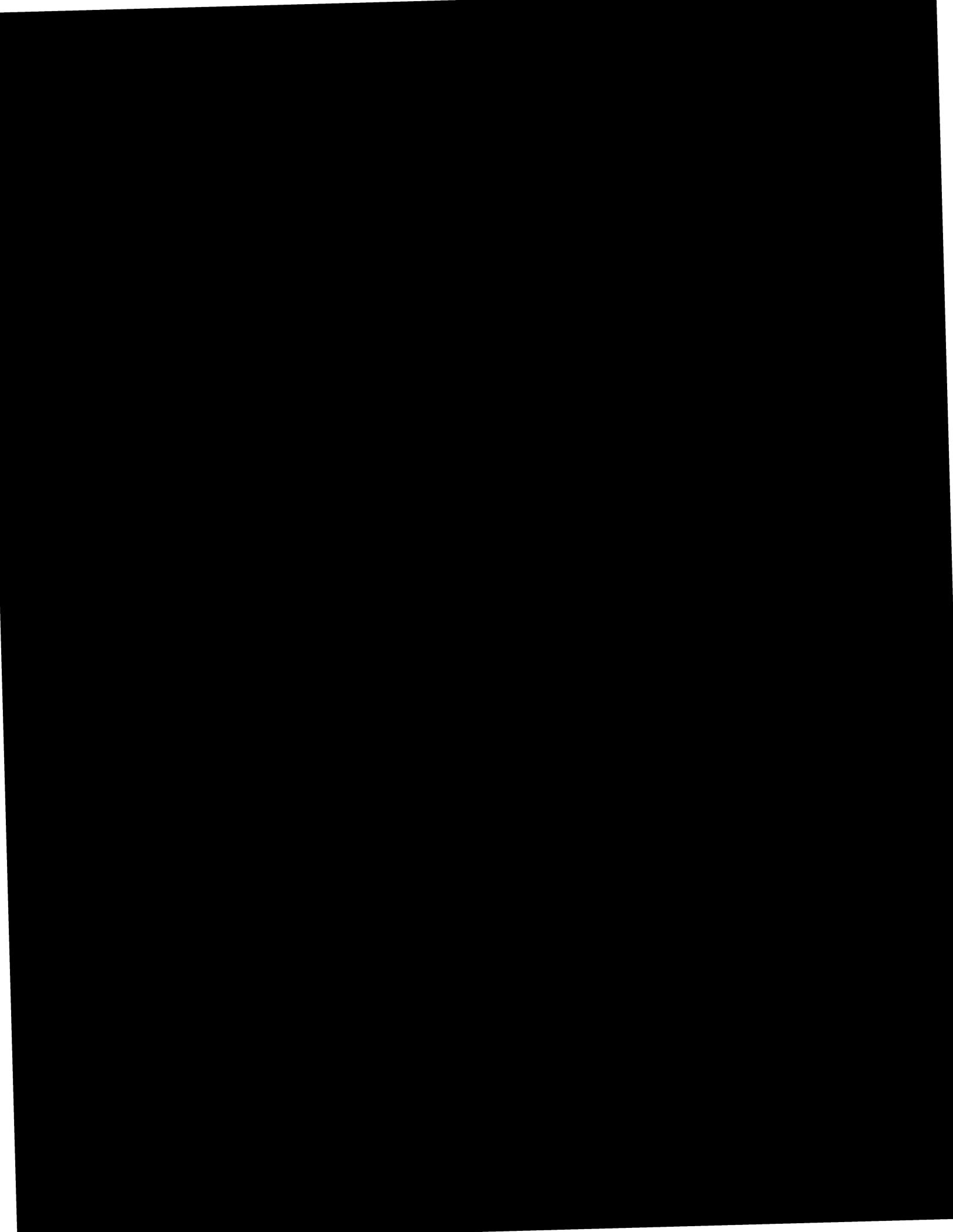


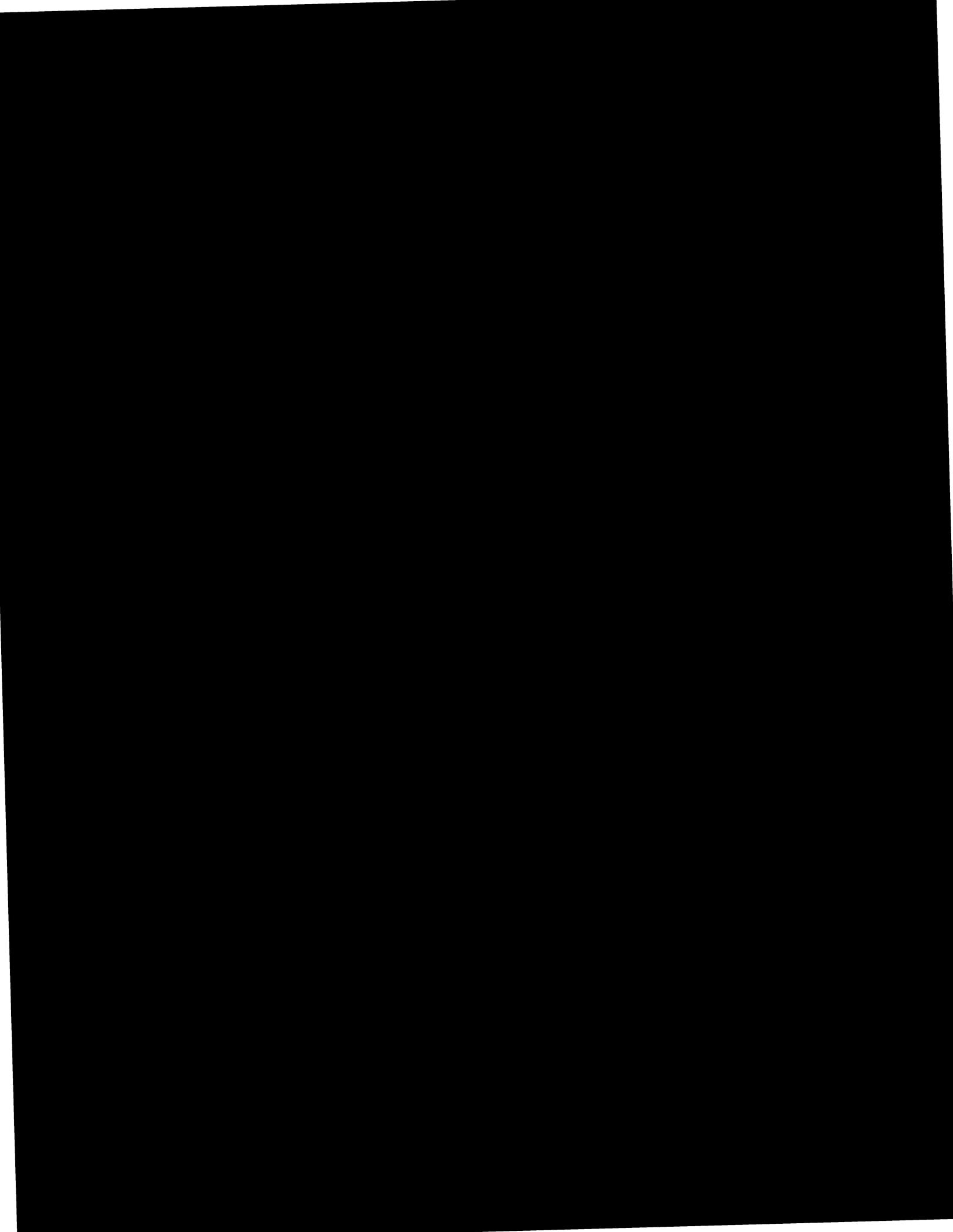


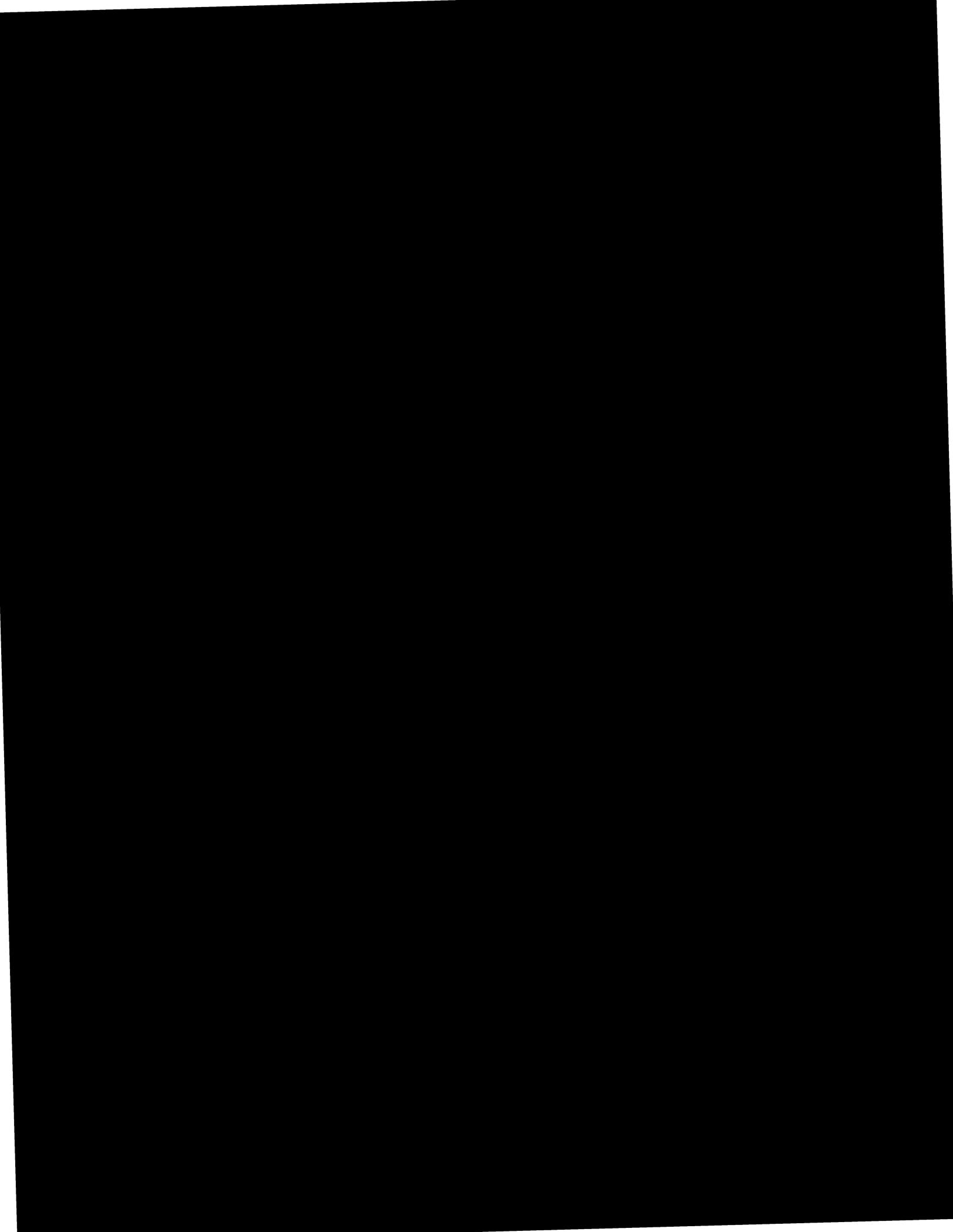


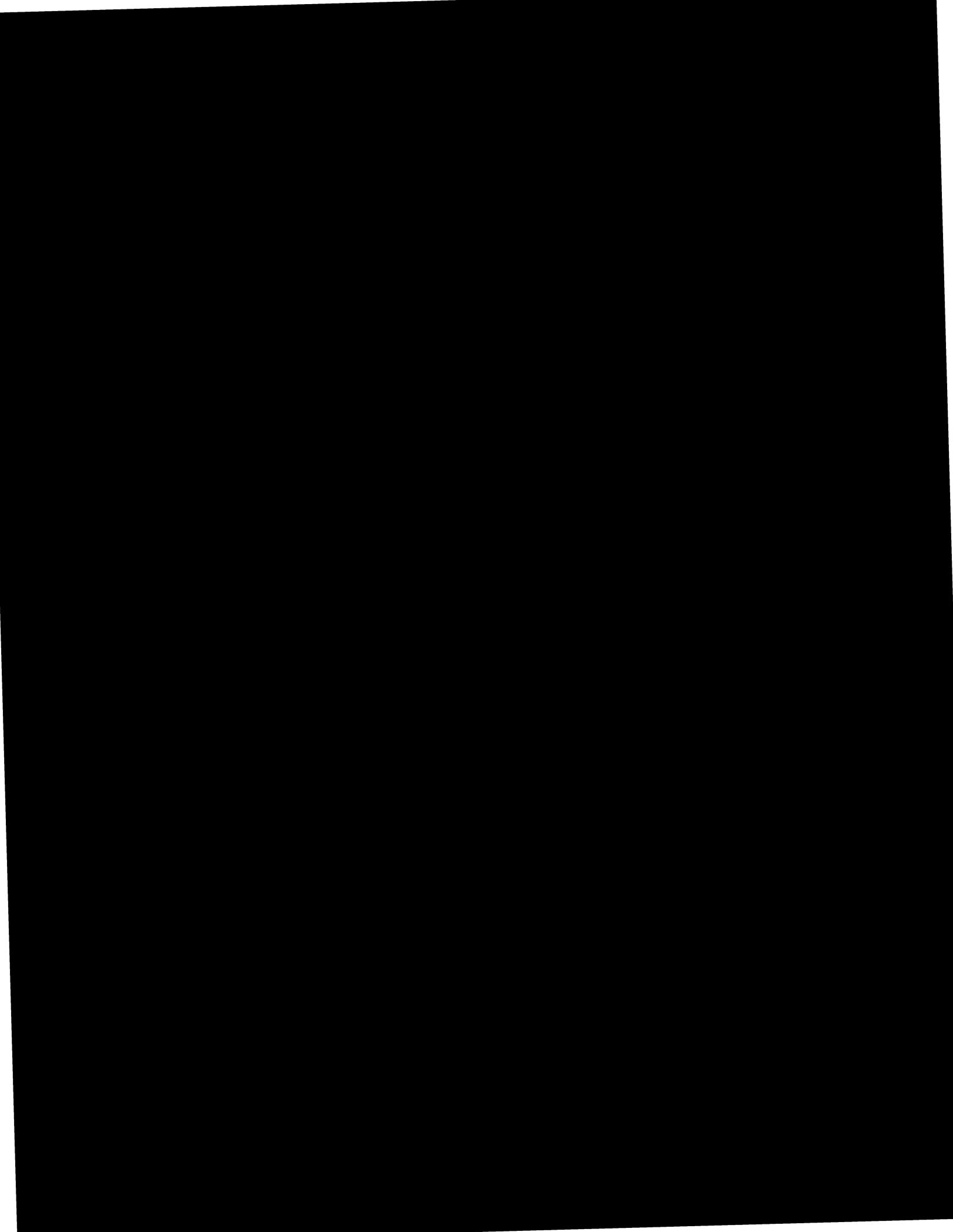


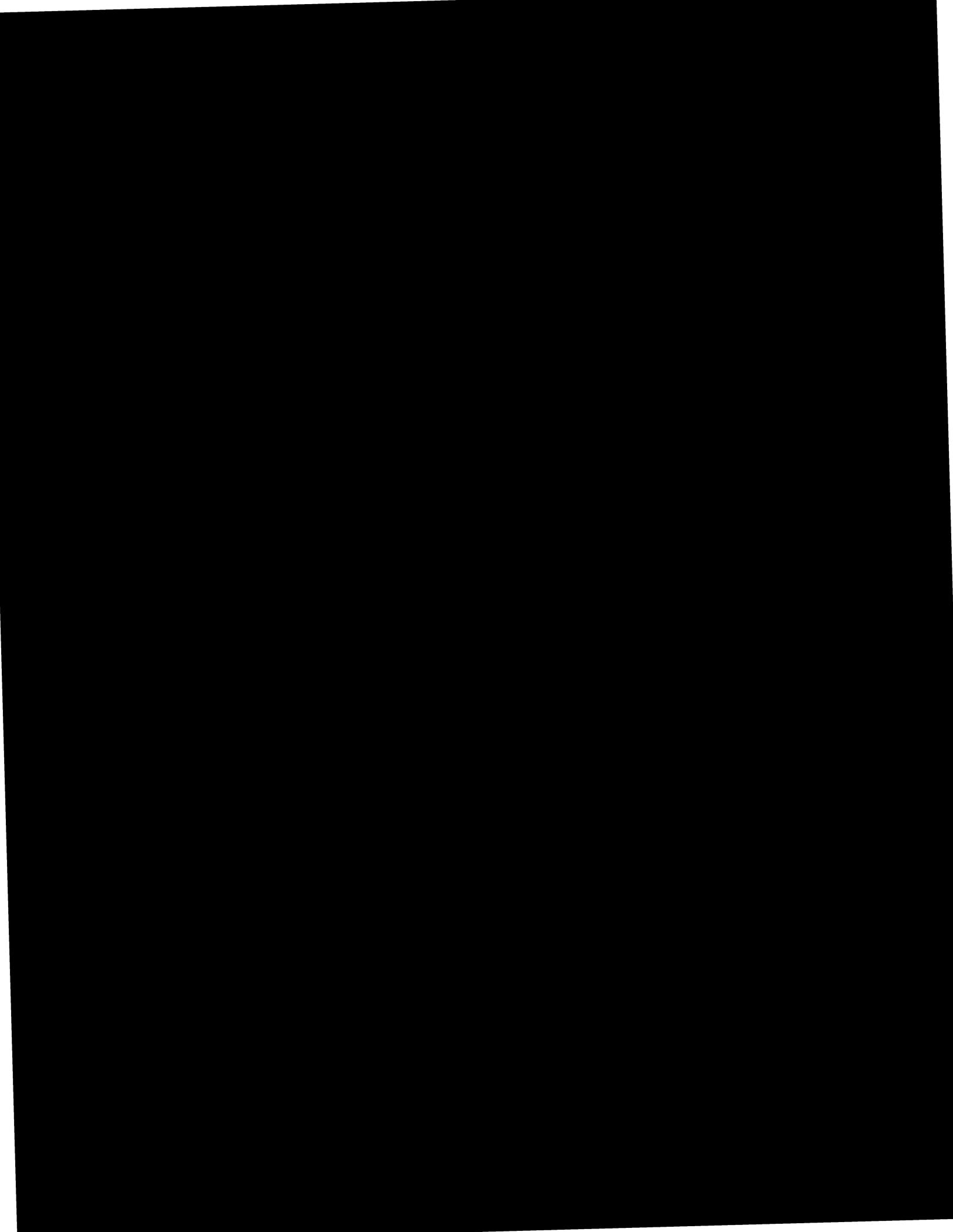


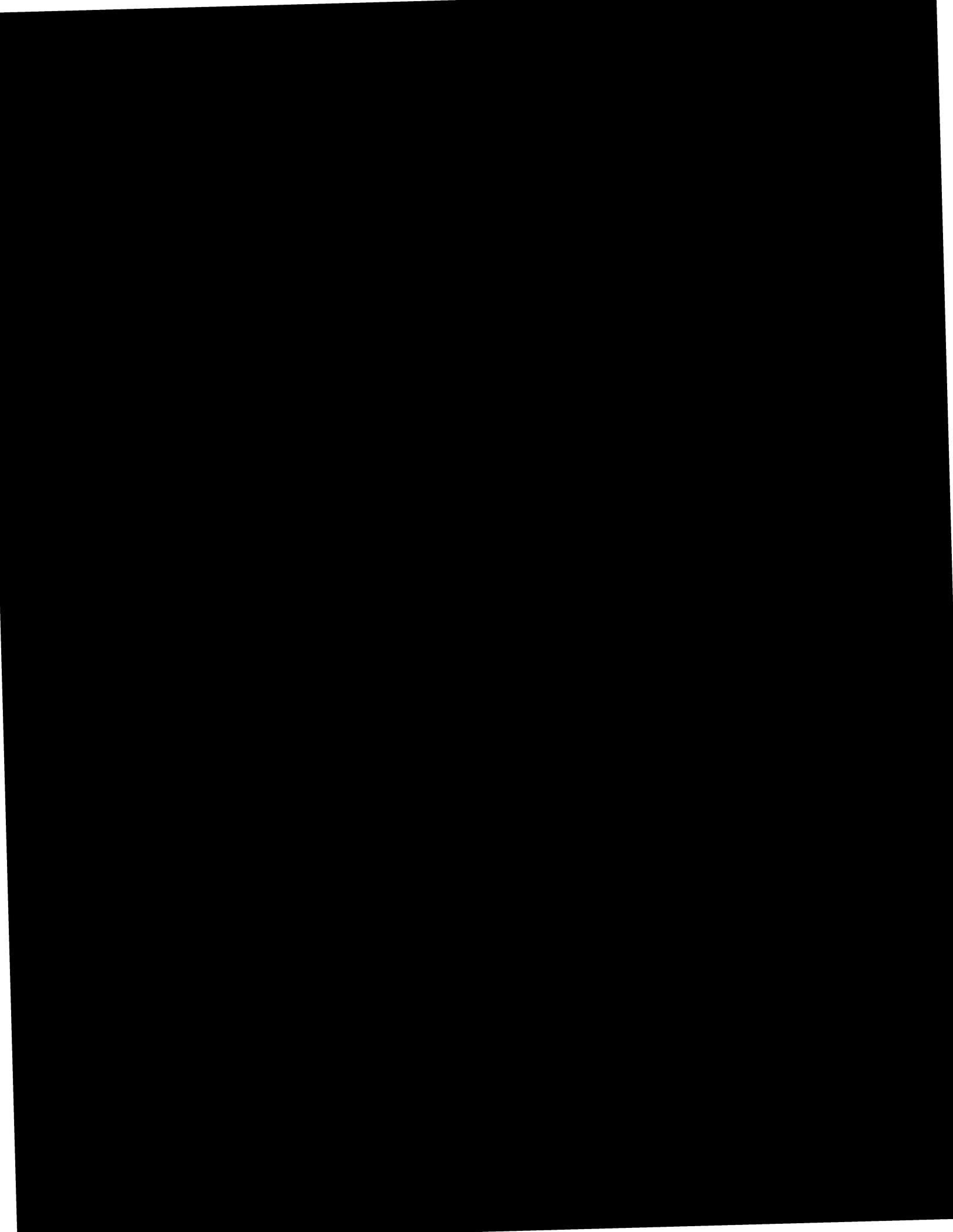


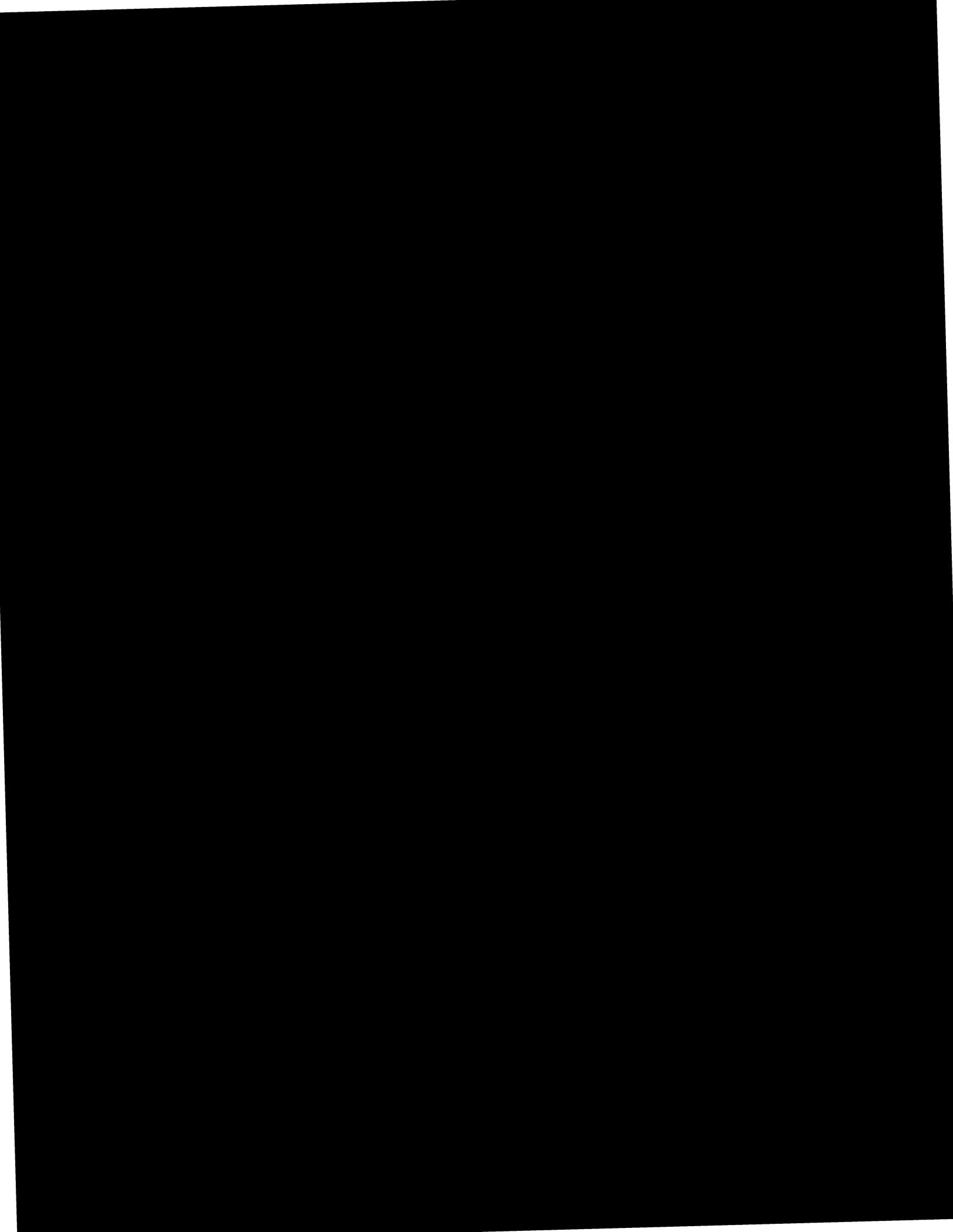












President & CEO's Expenses

February 2013

<u>Date</u>	<u>Check</u>	<u>Description</u>	<u>Amount</u>
2/25/13	159513	NRECA: *Annual Meeting Registration (credited was given and applied to meeting Kim Bush is attending)	\$550.00
		*Annual Meeting Entertainment Ticket	\$40.00
2/28/13	159533	KAEC – Manager's Association	\$300.00
3/07/13	159613	Visa: *1/21 Federated Insurance renewal –lunch meeting	\$13.66
		*2/5 KAEC Safety Meeting w/ David White – lunch	\$10.11
		*2/6 RUS W/O and Terex Meetings w/Mike N & Derrick J	\$16.26
		*2/14 Reality Store Greenup – public relations meeting	\$14.62
		Total Expenses	\$944.65

*prorated expense

DIRECTORS & ATTORNEY EXPENSES

February-13

KENNETH ARRINGTON

Per Diem	- GRECC Bd. Mtg. (2/22)	\$ 245.20
VISA	-	-
	Cash in Lieu of Insurance	637.63
	24 – Hr. Insurance	0.70
TOTAL	-	\$ 883.53

DONNIE CRUM

Per Diem	- GRECC Bd. Mtg. (2/22)	\$ 213.56
VISA	-	-
	Cash in Lieu of Insurance	637.63
	24 – Hr. Insurance	1.08
TOTAL	-	\$ 852.27

HAROLD DUPUY

Per Diem	- NRECA Annual Mtg. (2/16-21); GRECC Bd. Mtg. (2/22)	\$ 2,286.79
VISA	- NRECA Annual Mtg.	8.53
NRECA	- Annual Mtg. Registration & Entertainment Ticket	590.00
	Cash in Lieu of Insurance	637.63
	24-Hr. Insurance	1.08
TOTAL	-	\$ 3,524.03

EDDIE MARTN

Per Diem	- GRECC Bd. Mtg. (2/22)	\$ 209.04
VISA	-	-
	Cash in Lieu of Insurance	637.63
	24 – Hr. Insurance	1.08
TOTAL	-	\$ 847.75

WILLIAM T. RICE

Per Diem	- NRECA Annual Mtg. (2/16-21); GRECC Bd. Mtg. (2/22)	\$ 2,200.03
VISA	- NRECA Annual Mtg.	28.27
NRECA	- Annual Mtg. Registration & Entertainment Ticket	590.00
	Cash in Lieu of Insurance	637.63
	24 – Hr. Insurance	0.70
TOTAL	-	\$ 3,456.63

ROGER TRENT

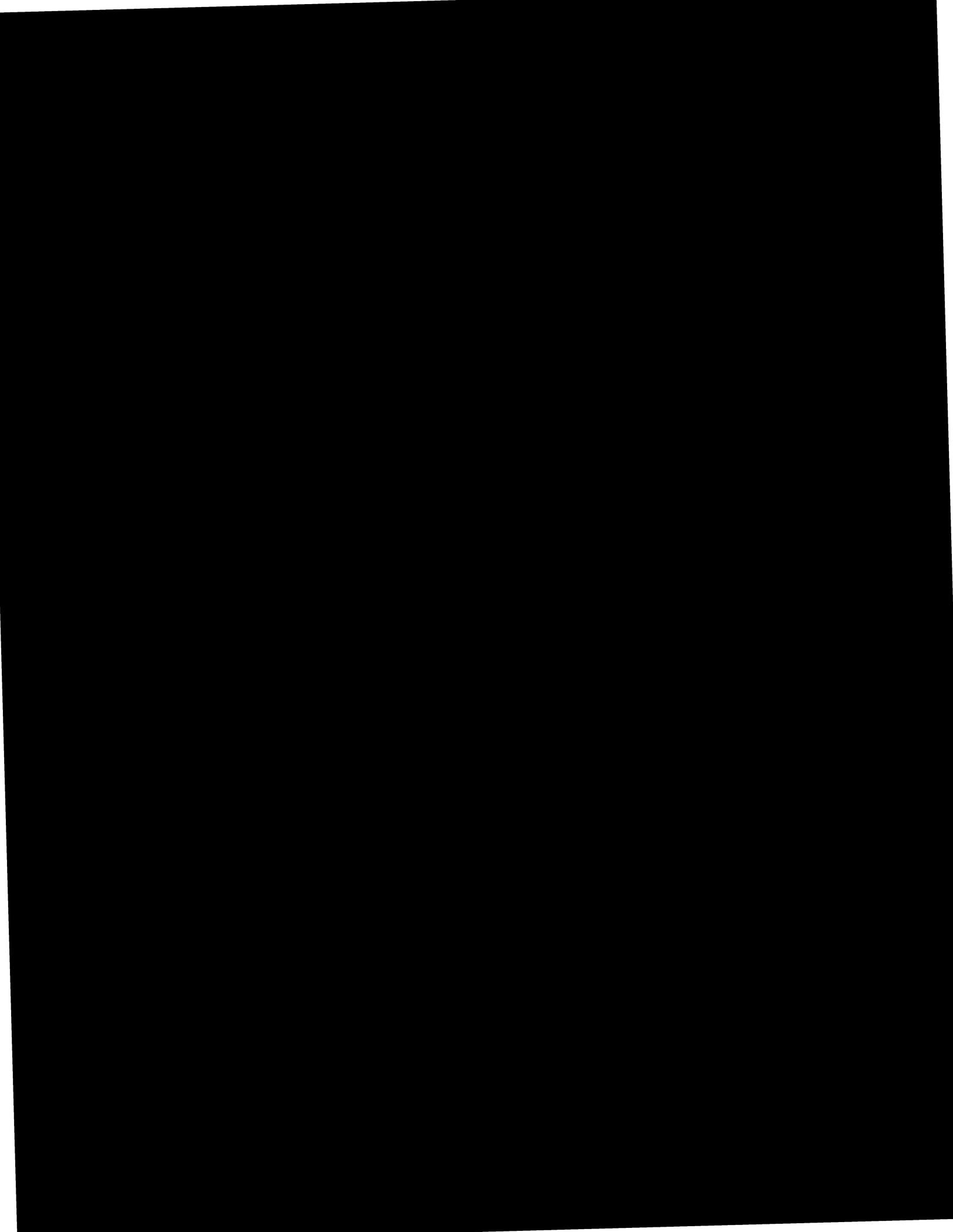
Per Diem	- NRECA Annual Mtg. (2/16-21); GRECC Bd. Mtg. (2/22)	\$ 2,206.37
VISA	- NRECA Annual Mtg.	50.69
NRECA	- Annual Mtg. Registration & Entertainment Ticket	590.00
	Cash in Lieu of Insurance	637.63
TOTAL	- 24-Hr. Insurance	0.70
		<u><u>\$ 3,485.39</u></u>

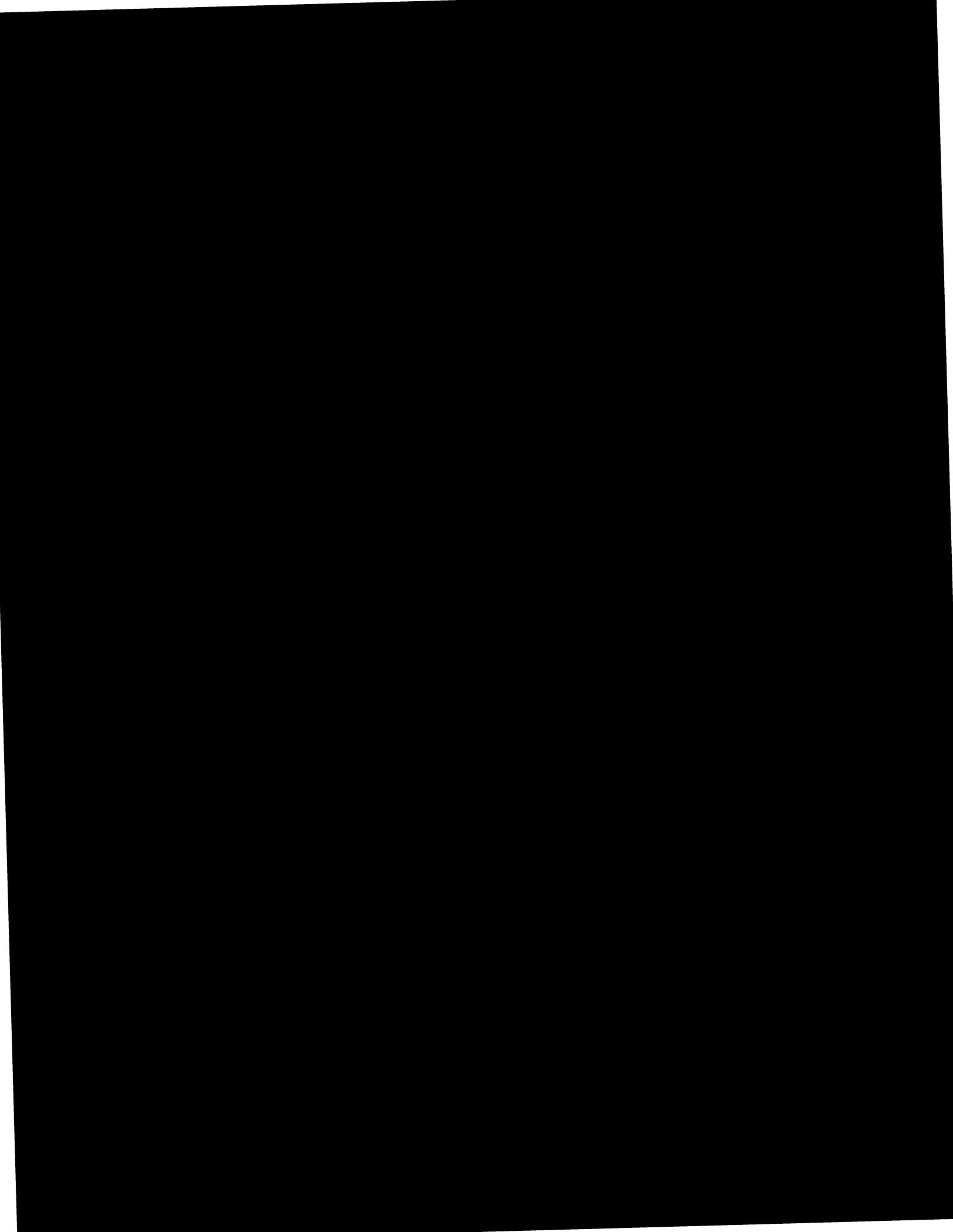
JIMMY WHITT

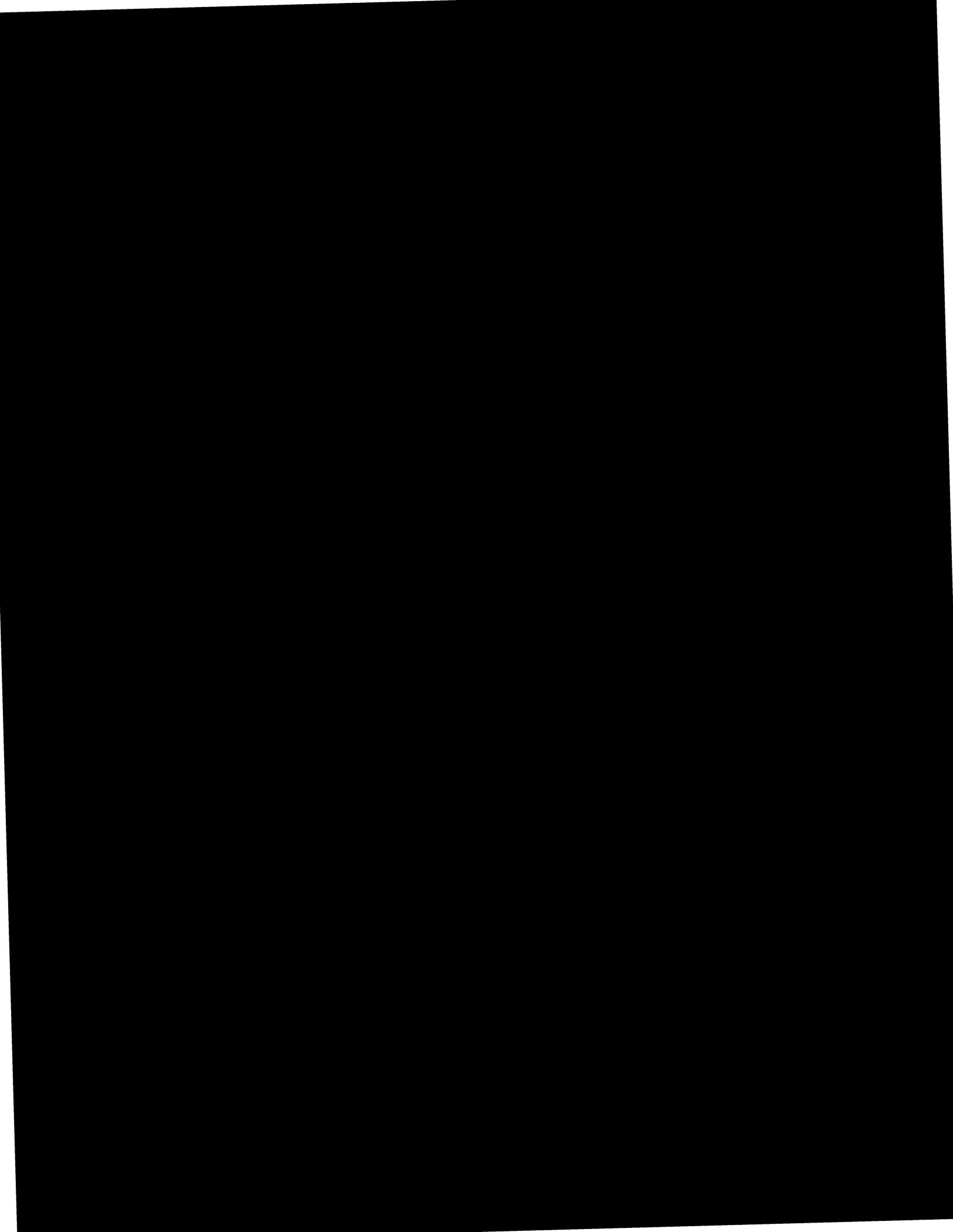
Per Diem	- GRECC Bd. Mtg. (2/22)	\$ 223.73
VISA	-	-
	Cash in Lieu of Insurance	637.63
TOTAL	- 24-Hr. Insurance	1.08
		<u><u>\$ 862.44</u></u>

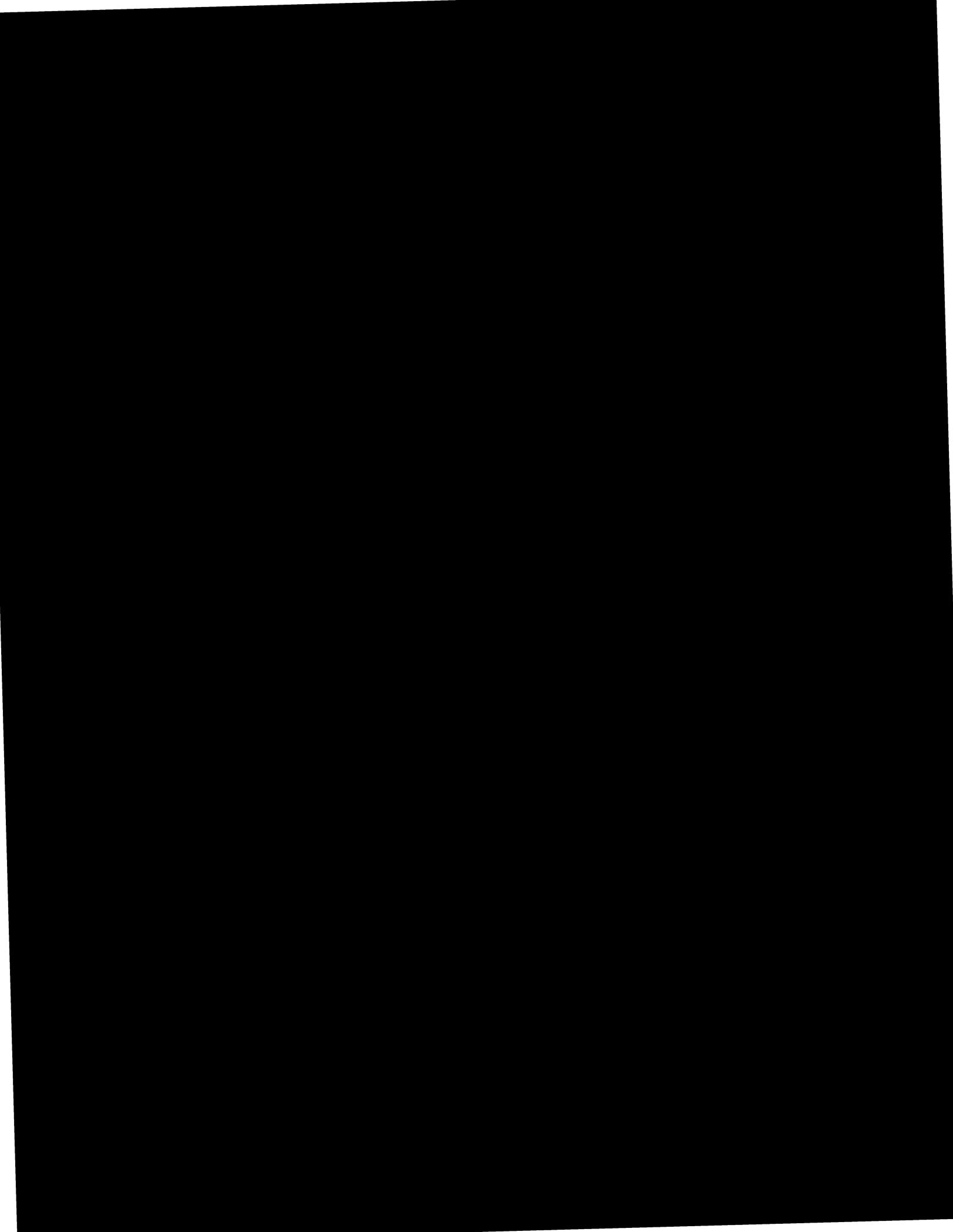
JEFF SCOTT

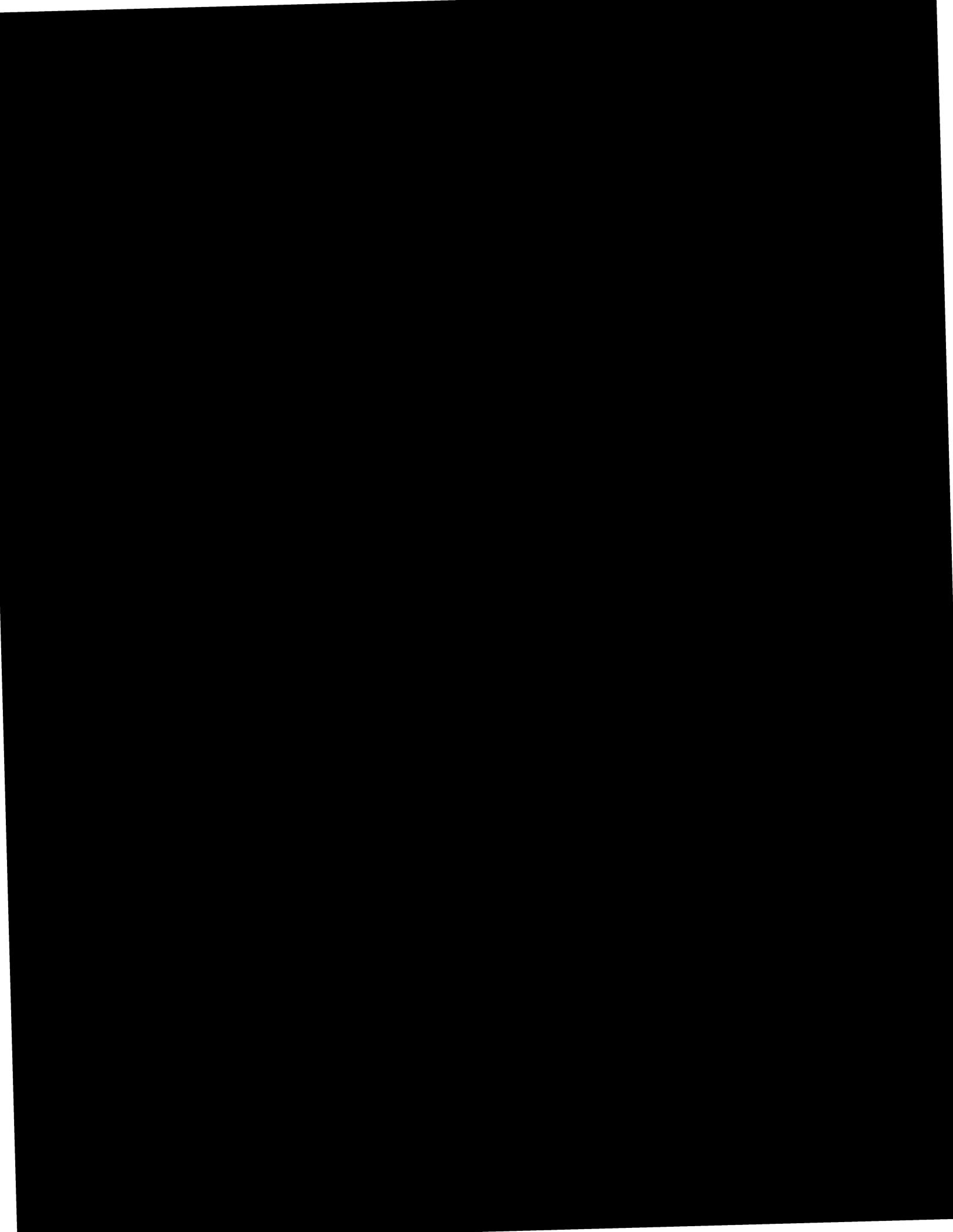
Out-of-Pocket	- Copies-CB Deposition (Don)	\$ 270.60
VISA	-	-
TOTAL	-	<u><u>\$ 270.60</u></u>

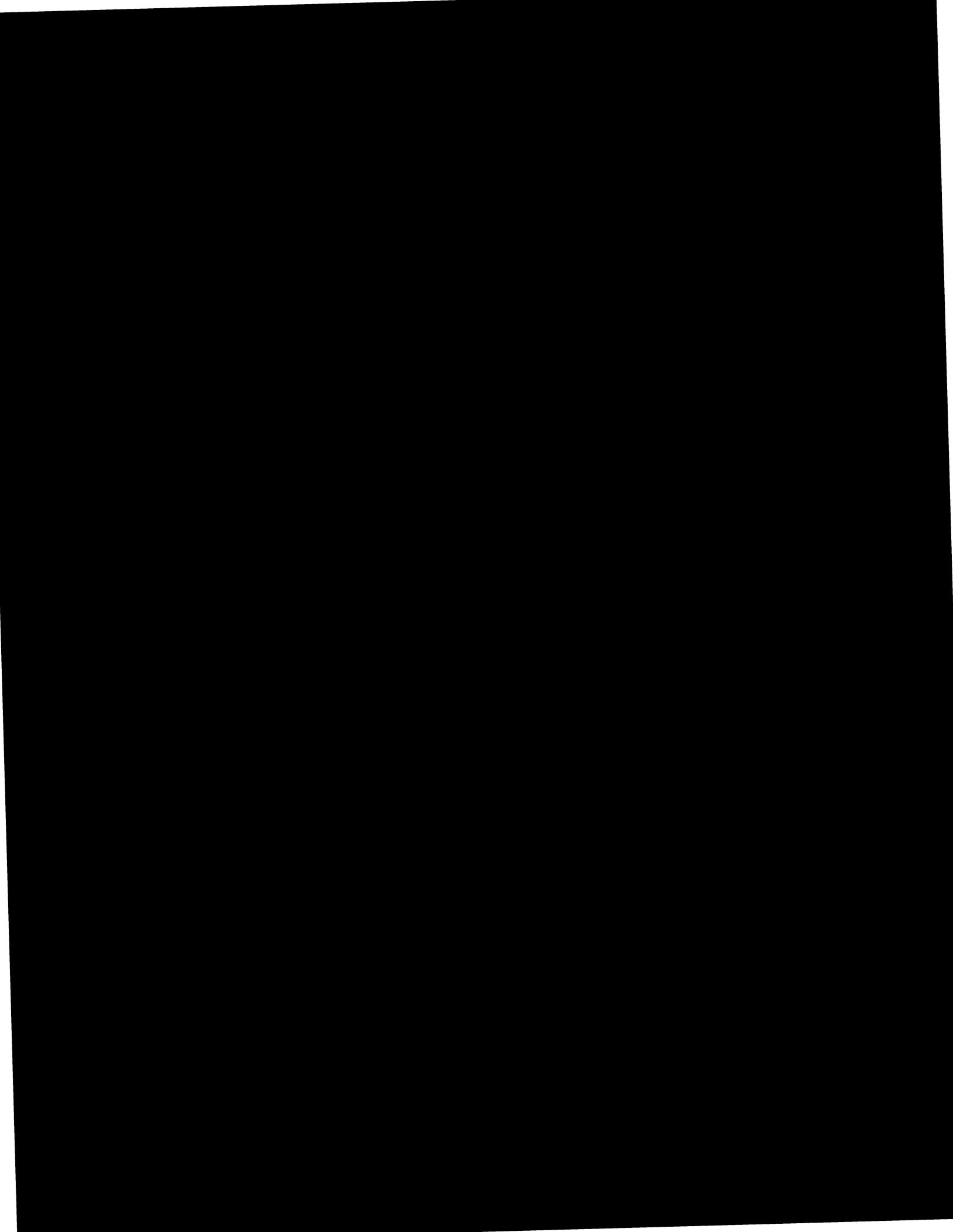


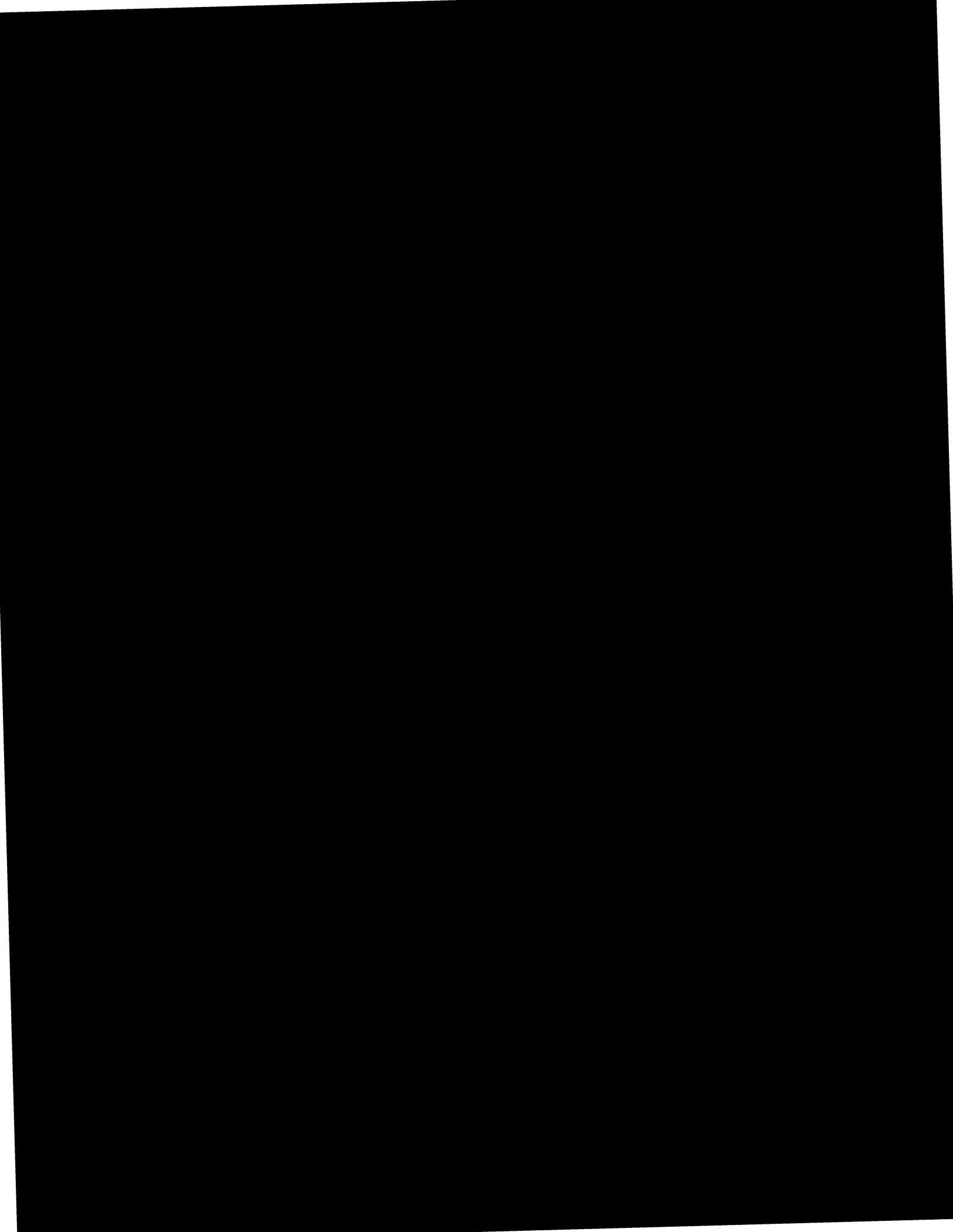


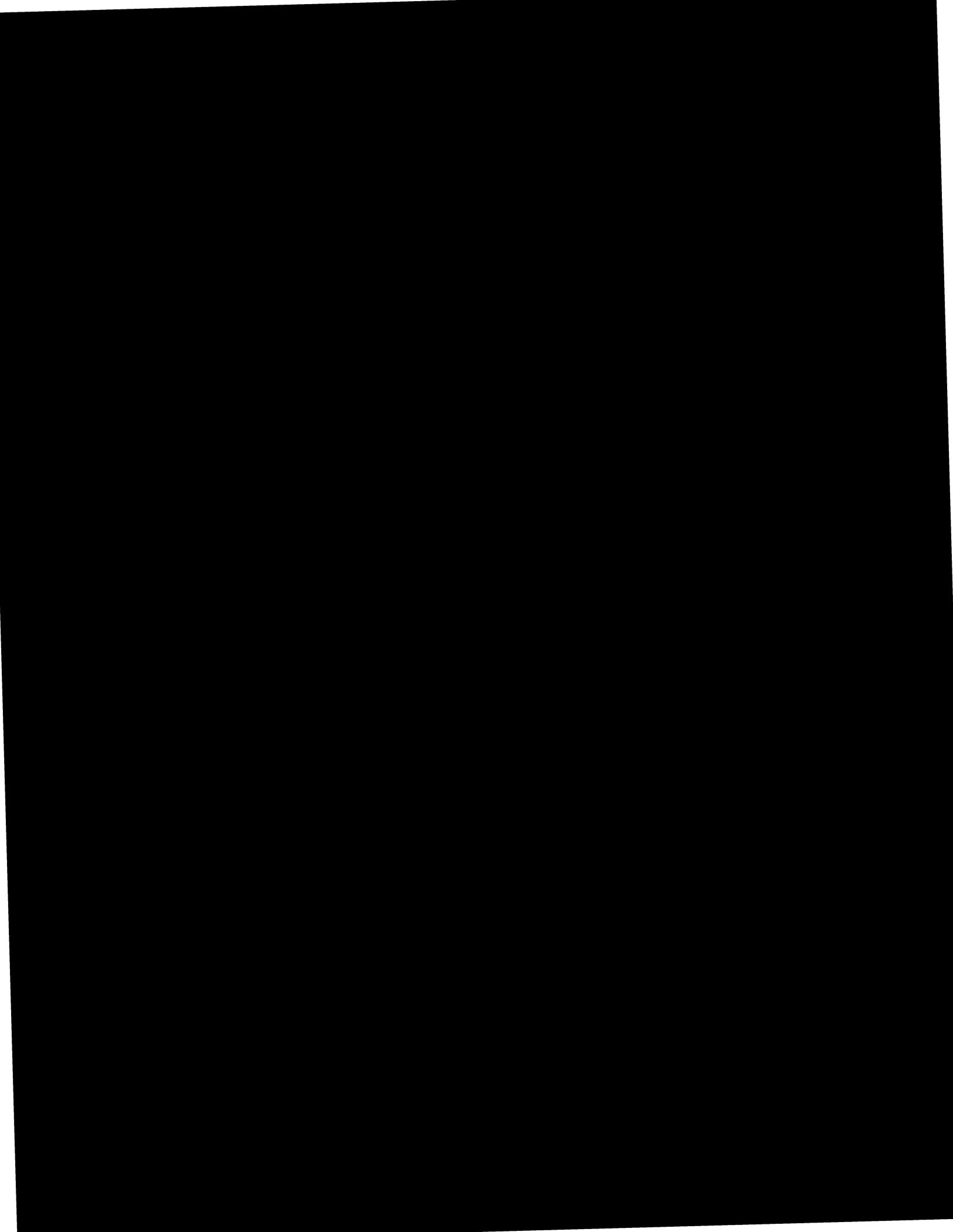


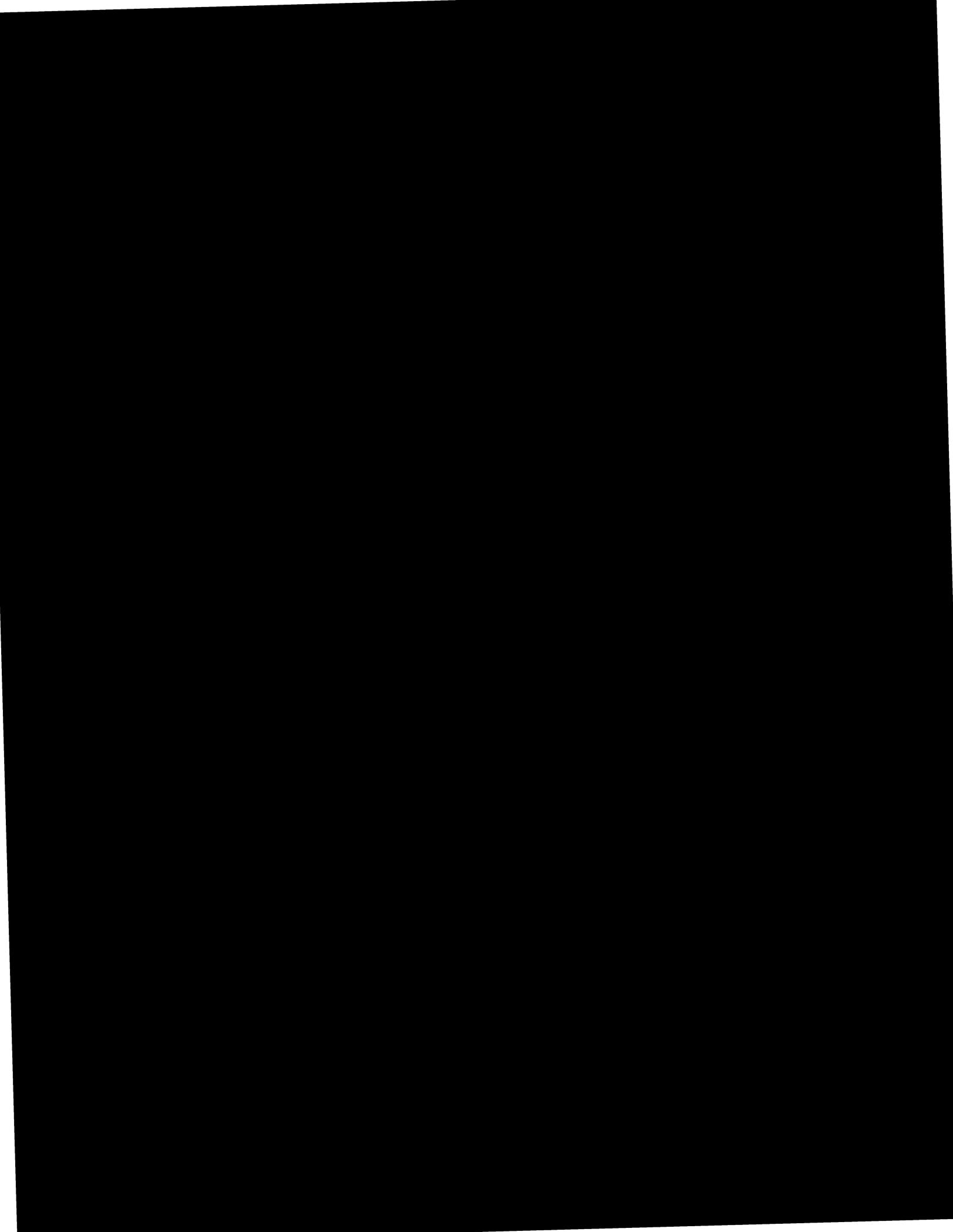


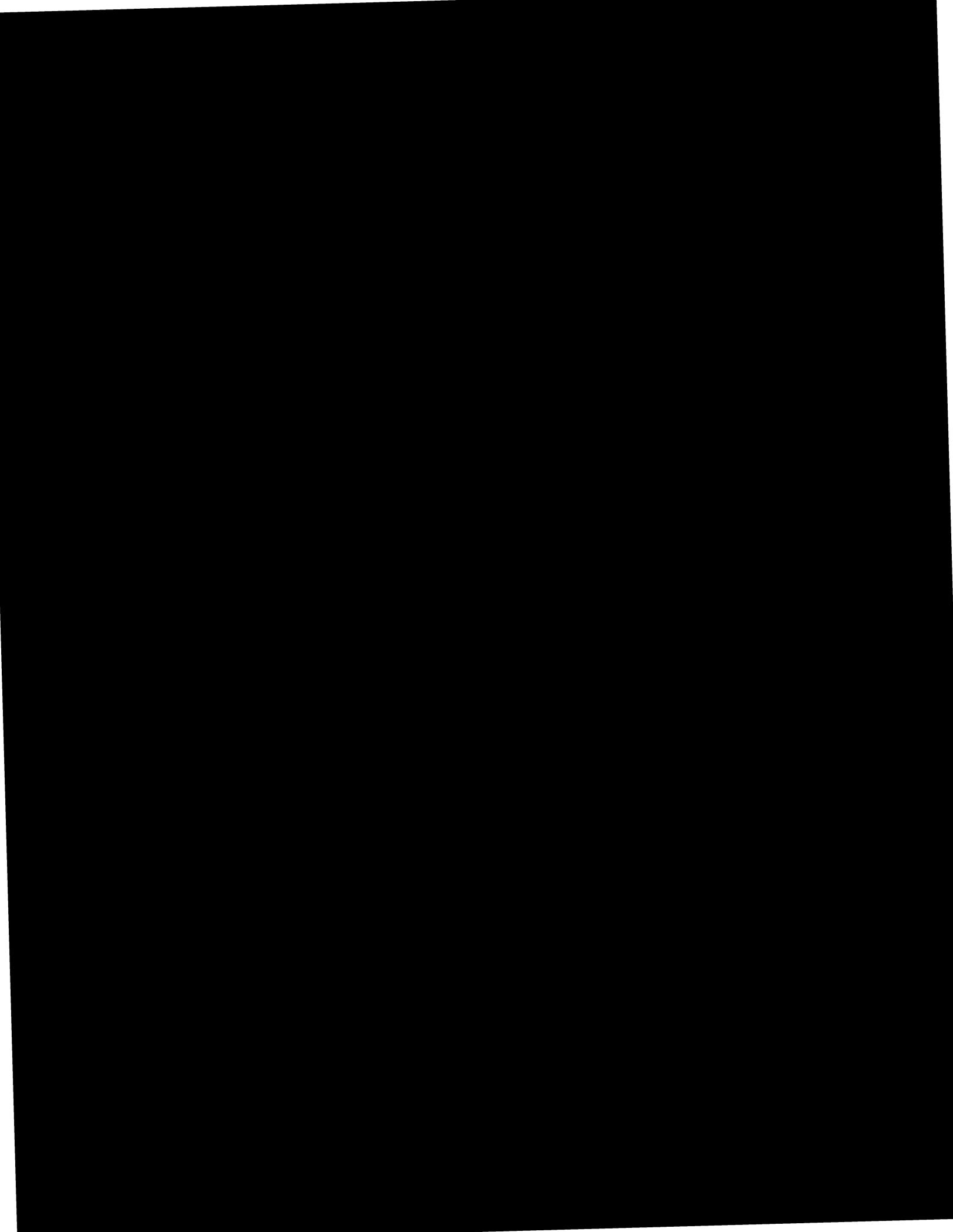


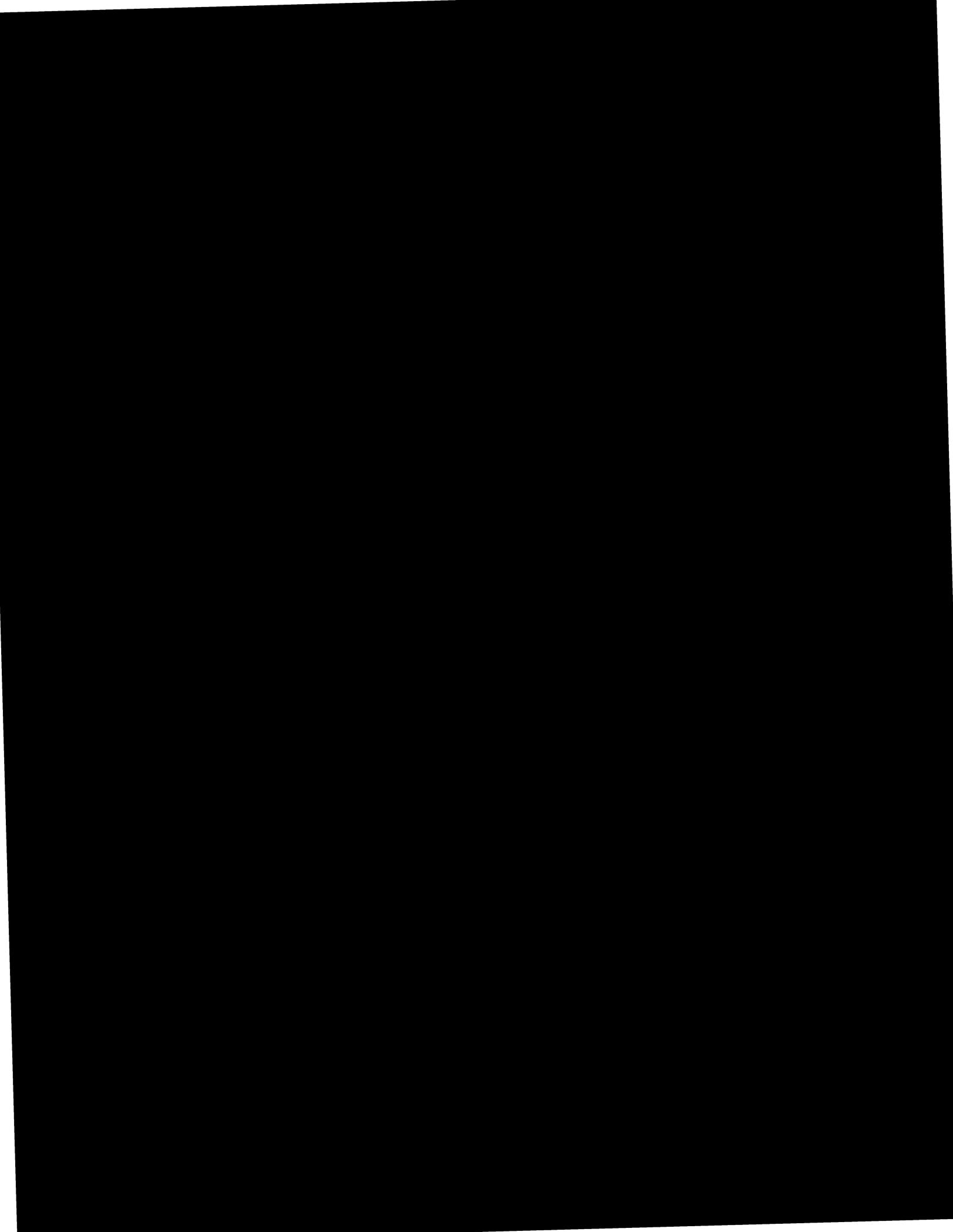












***Combs* Report**

April 22, 2013

KWH Sales & Purchases: February 2013 – pages 2-5

Sales: Month: 8.32 % over Budget (2/20 – 3/20)
YTD : 3.65 % over Budget
Last Year to Date: 16.02 % more

Purchases: Month: 2.86 % over Budget (2/1 – 2/28)
YTD: 1.01 % over Budget

Line Loss : Month: 9.95 %
Matched: 3.42 %
YTD: 6.72 %
Last 12 Months: 4.31 %

Form 7: February 2013

Electric Revenue LESS Purchased Power:	\$ 182,333	more
Operations Expense	\$ 15,749	more
Maintenance Expense	\$ 39,373	less
Non-Operating Margins	\$ 79,975	more
Margins	\$ 317,995	more

Form 7: Year to Date

Margins :	\$ 352,511
Budgeted:	\$ 101,555

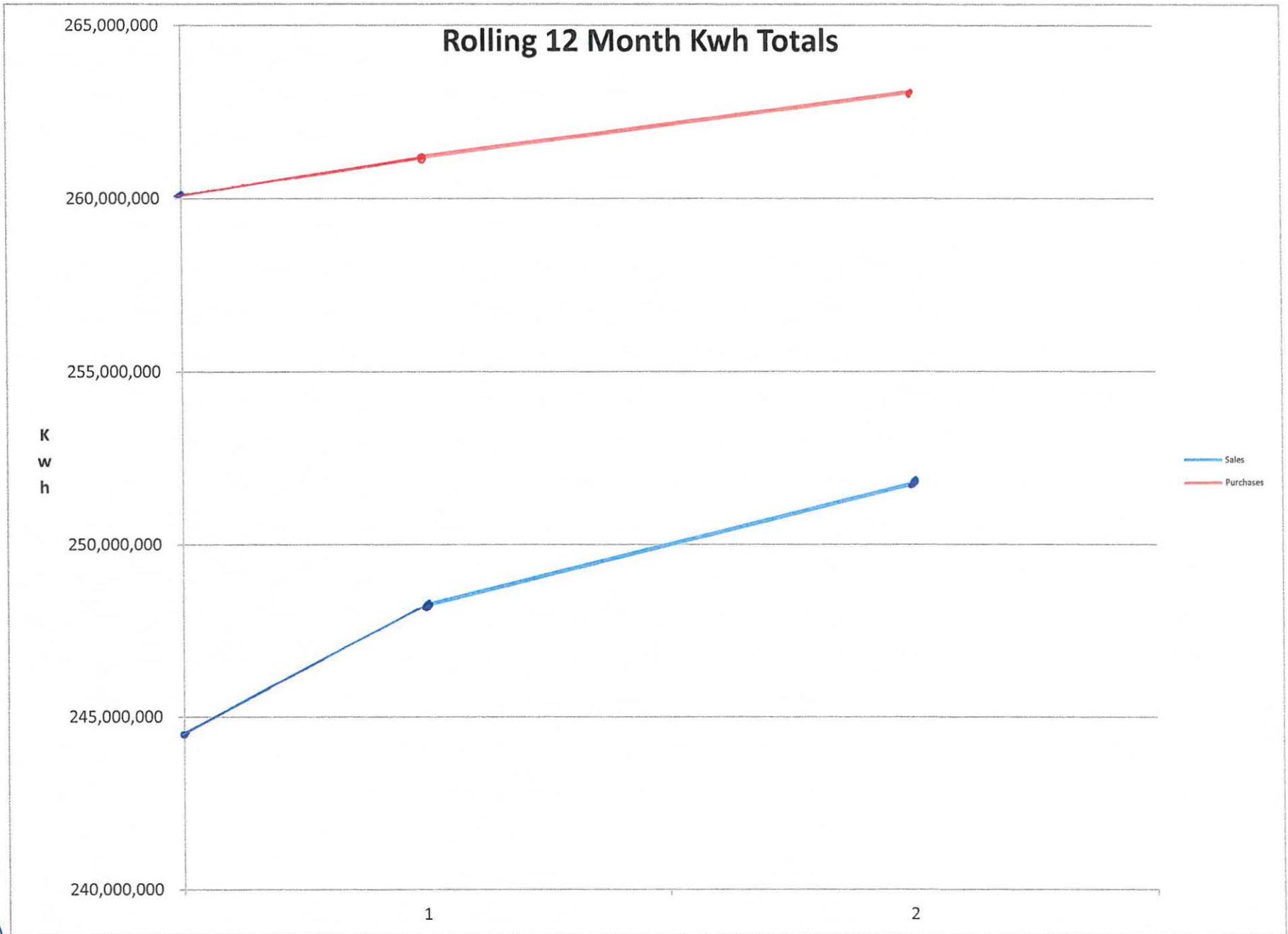
- **Operating Revenue- Page 6**
- **219 Analysis – Page 7**
- **CRC Analysis – Page 8**
- **Form 990 filed**
- **Rate Case Update**
- **Other PSC Activity**

2012	Actual			TOTAL SALES			Budget
	KWH	\$	UNIT				
JANUARY	27,493,981	\$ 3,138,514	0.1142	27,493,282	\$ 3,226,578	0.1174	
FEBRUARY	23,292,774	\$ 2,699,944	0.1159	21,504,465	\$ 2,466,177	0.1147	
MARCH	0	\$ -	#DIV/0!	18,995,518	\$ 2,132,868	0.1123	
APRIL	0	\$ -	#DIV/0!	15,936,979	\$ 1,782,833	0.1119	
MAY	0	\$ -	#DIV/0!	18,378,960	\$ 2,066,426	0.1124	
JUNE	0	\$ -	#DIV/0!	20,261,844	\$ 2,286,568	0.1129	
JULY	0	\$ -	#DIV/0!	22,054,772	\$ 2,672,328	0.1212	
AUGUST	0	\$ -	#DIV/0!	19,341,498	\$ 2,304,167	0.1191	
SEPTEMBER	0	\$ -	#DIV/0!	17,038,403	\$ 2,100,865	0.1233	
OCTOBER	0	\$ -	#DIV/0!	20,452,574	\$ 2,516,539	0.1230	
NOVEMBER	0	\$ -	#DIV/0!	24,971,606	\$ 3,217,050	0.1288	
DECEMBER	0	\$ -	#DIV/0!	27,333,222	\$ 3,526,179	0.1290	
	50,786,755	\$5,838,458	\$0.1150	253,763,122	\$30,298,577	\$0.1194	

Actual vs. Budget				
23,292,774	Month	2013	21,504,465	8.32%
50,786,755	YTD		48,997,747	3.65%
Compared to 2012				
23,292,774	Month		19,784,133	17.73%
50,786,755	YTD		43,775,155	16.02%

2012	GROSS MARGINS							
	Actual	Budget	Variance	Line Loss	Fuel Adj.	Fuel Adj. \$	ESC Rate	ESC \$
JANUARY	\$1,132,929	\$ 1,183,889	(\$50,960)	3.81%	(0.001445)	(39,642)	9.32%	267,698
FEBRUARY	\$859,032	\$ 676,699	\$182,333	9.95%	(0.000315)	(7,397)	8.56%	212,892
MARCH	\$0	\$ 569,006	(\$569,006)	#DIV/0!	(0.000463)		7.96%	
APRIL	\$0	\$ 608,231	(\$608,231)	#DIV/0!				
MAY	\$0	\$ 811,293	(\$811,293)	#DIV/0!				
JUNE	\$0	\$ 797,307	(\$797,307)	#DIV/0!				
JULY	\$0	\$ 1,066,471	(\$1,066,471)	#DIV/0!				
AUGUST	\$0	\$ 717,304	(\$717,304)	#DIV/0!				
SEPTEMBER	\$0	\$ 768,587	(\$768,587)	#DIV/0!				
OCTOBER	\$0	\$ 1,184,871	(\$1,184,871)	#DIV/0!				
NOVEMBER	\$0	\$1,570,647	(\$1,570,647)	#DIV/0!				
DECEMBER	\$0	\$1,413,902	(\$1,413,902)	#DIV/0!				
			\$131,372	6.72%	(0.000741)	(47,039)	8.61%	480,590

4



5

Monthly Operating Rev & Exp

	February 2012	March 2012	April 2012	May 2012	June 2012	July 2012	August 2012	September 2012	October 2012	November 2012	December 2012	January 2013	February 2013
Revenue	(2,383,178)	(1,993,062)	(1,923,372)	(2,180,342)	(2,652,152)	(2,546,777)	(2,271,468)	(1,971,483)	(2,532,697)	(2,736,054)	(3,429,912)	(3,240,118)	(2,798,488)
Purchased Power	1,707,702	1,353,117	1,175,202	1,368,279	1,547,427	1,770,804	1,562,153	1,354,759	1,385,833	1,800,485	1,954,640	2,005,585	1,840,912
Gross Margins	(675,476)	(639,945)	(748,170)	(812,063)	(1,104,725)	(775,973)	(709,315)	(616,724)	(1,146,864)	(935,569)	(1,475,272)	(1,234,533)	(957,576)
Operations	106,179	94,683	91,886	93,273	96,883	75,670	88,620	109,327	82,567	98,146	83,453	104,396	112,300
Maintenance	214,601	324,279	242,525	256,747	293,825	467,790	263,686	253,964	230,894	218,592	341,647	256,139	191,394
Customer Service	87,532	90,743	99,294	98,061	91,075	85,056	99,762	95,294	97,537	106,200	69	97,542	95,526
Informational Advertising	20,274	18,817	17,221	14,418	17,714	16,023	17,755	18,285	26,890	18,676	17,795	19,571	20,365
Demonstration Advertising	2,415	2,530	1,555	2,059	2,014	1,360	2,499	1,836	1,952	2,247	1,808	1,664	1,814
Admin & General	150,365	190,602	126,156	147,063	136,931	139,352	149,928	160,505	184,570	155,993	132,027	164,276	159,828
Depreciation	248,064	248,374	248,265	248,822	249,083	249,547	251,127	253,121	253,739	254,245	254,919	255,729	255,922
Regulatory	2,538	2,538	2,538	2,538	2,538	2,538	3,082	3,082	3,082	3,082	3,082	2,810	2,810
Interest - LTD	83,386	83,951	85,415	84,387	84,782	87,956	85,109	84,090	83,615	83,223	82,690	82,789	79,235
Interest - Deposits	6,332	6,391	6,364	6,425	6,470	6,166	115	116	116	116	2,062	200	200
Miscellaneous Expense	148	1,756	1,744	1,444	1,380	1,350	7,154	5,468	3,613	8,480	7,453	6,568	7,153
Interest Income	(2,503)	(2,512)	(2,511)	(2,483)	(2,466)	(2,460)	(2,472)	(2,453)	(2,453)	(2,448)	(2,453)	(2,451)	(2,443)
Non-Electric Revenue	12,747	(44,784)	659	(11,732)	(28,969)	(22,365)	(9,632)	691	(1,296)	(8,067)	1,111	8,827	(82,566)
Capital Credits	-	(144,752)	-	-	-	-	-	(8,012)	-	-	-	-	-
Margins	256,602	232,671	172,941	128,959	(153,465)	332,139	247,418	358,590	(182,038)	2,915	(549,611)	(236,473)	(116,038)
* ()'s = positive margins													
Operating Expenses	921,834	1,064,664	922,963	955,237	982,695	1,132,937	968,837	985,088	968,575	948,999	927,003	991,684	926,547

Month Totals

Revenue	(29,459,052)	(29,350,588)	(29,343,108)	(29,300,413)	(29,403,458)	(29,146,644)	(29,136,945)	(29,107,358)	(29,240,726)	(29,270,164)	(29,541,474)	(29,860,615)	(30,275,925)
Purchased Power	18,901,668	18,818,077	18,768,594	18,841,544	18,852,755	18,806,914	18,672,370	18,661,776	18,680,708	18,869,204	18,938,586	18,985,986	19,119,196
Gross Margins	(10,557,384)	(10,532,511)	(10,574,514)	(10,458,869)	(10,550,703)	(10,339,730)	(10,464,575)	(10,445,582)	(10,560,018)	(10,400,960)	(10,602,888)	(10,874,629)	(11,156,729)
Operations	1,178,875	1,164,966	1,159,143	1,145,371	1,135,768	1,110,186	1,098,836	1,110,747	1,106,404	1,121,689	1,121,538	1,125,083	1,131,204
Maintenance	2,951,529	3,047,011	2,973,961	2,950,336	2,972,410	3,148,597	3,165,306	3,158,130	3,184,336	3,214,285	3,346,690	3,364,689	3,341,482
Customer Service	1,050,039	1,039,451	1,062,461	1,057,413	1,060,534	1,053,575	1,060,216	1,073,728	1,087,126	1,105,878	1,042,997	1,048,165	1,056,159
Informational Advertising	233,254	226,933	221,943	216,591	219,686	221,192	218,936	218,975	223,050	220,065	222,280	223,439	223,530
Demonstration Advertising	34,421	32,566	30,890	29,526	28,711	27,483	26,649	25,530	23,482	24,093	24,347	23,939	23,338
Admin & General	1,924,374	1,940,144	1,890,736	1,851,688	1,848,409	1,848,905	1,851,990	1,873,745	1,875,938	1,821,514	1,842,898	1,837,768	1,847,231
Depreciation	2,914,185	2,925,774	2,935,336	2,944,781	2,952,573	2,960,115	2,968,386	2,977,818	2,987,350	2,997,021	3,006,825	3,015,035	3,022,893
Regulatory	30,417	30,434	30,451	30,468	30,456	30,585	31,129	31,673	32,217	32,761	33,303	33,575	33,847
Interest - LTD	1,038,445	1,038,354	1,033,334	1,030,994	1,027,083	1,028,083	1,025,450	1,022,833	1,020,336	1,017,848	1,014,997	1,011,393	1,007,242
Interest - Deposits	75,111	75,297	75,448	75,706	75,997	75,966	69,873	63,700	57,485	51,313	47,027	40,872	34,740
Miscellaneous Expense	67,366	63,438	54,935	47,746	57,144	55,358	54,015	51,037	47,810	49,806	47,713	46,558	53,563
Interest Income	(29,834)	(29,870)	(29,880)	(29,875)	(29,868)	(29,827)	(29,818)	(29,763)	(29,747)	(29,711)	(29,695)	(29,665)	(29,605)
Non-Electric Revenue	108,208	68,585	69,474	47,665	4,368	(21,584)	(44,814)	(45,052)	(56,106)	(120,433)	(125,330)	(102,810)	(198,123)
Capital Credits	(52,468)	(168,601)	(168,601)	(168,601)	(166,610)	(166,610)	(166,610)	(170,288)	(152,764)	(152,764)	(152,764)	(152,764)	(152,764)
Margins	966,538	921,971	765,117	770,941	665,959	1,002,294	864,969	917,231	846,899	952,405	839,938	610,648	238,008
Operating Expense	11,498,016	11,584,368	11,468,638	11,380,621	11,408,772	11,560,045	11,570,786	11,607,916	11,645,534	11,656,273	11,750,615	11,770,516	11,775,229
TIER	0.07	0.11	0.26	0.25	0.35	0.03	0.16	0.10	0.17	0.06	0.17	0.40	0.76



FEBRUARY 2013

219 ANALYSIS

								BUDGETED
WO NOS.	DESCRIPTION		NUMBER		COST	LOAN FUNDS	UNIT COST	UNIT COST
9	RETIREMENTS		64		201.55	(201.55)		
100	NEW LINE EXTENSIONS		13		20,556.32	20,556.32	1,581.26	3,229.93
200	TIE LINES							
300	MAJOR PROJECTS							
602	SERVICE UPGRADES		4		9,020.06	9,020.06	2,255.02	1,920.25
603	SECTIONALIZERS		0		0.00	0.00		
604	REGULATORS							
606	POLES	****	44	POLES	99,335.03	99,335.03	2,257.61	2,410.75
701	SECURITY LIGHTS		16		11,263.44	11,263.44	703.97	423.50
1600	MINOR PROJECTS		14		28,986.01	28,986.01		
	TOTAL		150		169,362.41	168,959.31		
601	SPECIAL EQUIPMENT	ACCT#						
	METERS	370.00	4		827.20	827.20	206.80	160.00
	TRANSFORMERS	368.00	0		0.00	0.00	0.00	1,120.00
	TURTLES	370.10	8		1,287.68	1,287.68	160.96	
	DISCONNECT METERS	370.20	0		0.00	0.00	0.00	
	OTHER SP EQUIP	365.00	0		0.00	0.00	0.00	
	TOTAL		12		2,114.88	2,114.88		
	MATERIAL				12,692.31			
	MATERIAL OH				36,895.51			
	LABOR				9,770.37			
	LABOR OH				42,570.87			
****This total includes 28 poles from the June 30 - July 3, 2012 storm that was just closed. The total cost for these work orders was \$38,701.04.								

2012- 2013 CRC Billing A

	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>	<u>Feb-13</u>	<u>Mar-13</u>
Base Fee	\$1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,660.94	\$ 1,660.94	\$ 1,660.94
Calls taken by person @	709	482	334	1,059	1,634	427	282	355	230	1,229	294	203	279
Calls taken by IRV @	97	2	5	631	833	81	26	26	3	287	136	3	76
Calls only reaching FEG @	268	119	61	2,728	914	77	99	77	39	469	89	39	257
Abandoned calls	112	26	13	10,797	2,826	82	32	27	17	473	141	8	126
Total Calls Received	<u>1,186</u>	<u>629</u>	<u>413</u>	<u>15,215</u>	<u>6,207</u>	<u>667</u>	<u>439</u>	<u>485</u>	<u>289</u>	<u>2,458</u>	<u>660</u>	<u>253</u>	<u>738</u>
Text - In												11	
- Out												30	
Calls from Dispatcher to Us @	284	223	222	241	528	232	184	194	186	289	157	98	115
Daily Faxes @													
Call related Cost	\$2,383.44	\$ 1,554.90	\$ 1,296.17	\$ 4,251.28	\$ 5,279.74	\$ 1,559.30	\$ 1,196.18	\$1,320.32	\$ 894.37	\$ 2,881.36	\$ 1,071.96	\$ 738.06	\$ 1,185.36
License Fees, Training, etc	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 486.00	\$ 411.00
	<u>\$4,429.14</u>	<u>\$ 3,600.60</u>	<u>\$ 3,341.87</u>	<u>\$ 6,296.98</u>	<u>\$ 7,325.44</u>	<u>\$ 3,605.00</u>	<u>\$ 3,241.88</u>	<u>\$3,366.02</u>	<u>\$ 2,940.07</u>	<u>\$ 4,927.06</u>	<u>\$ 3,093.90</u>	<u>\$ 2,885.00</u>	<u>\$ 3,257.30</u>
Bill Payments Taken													
- Credit Cards		28	8	27	11	16	22		17	13	12	10	29
- E-checks		14	3	7	12	4	4		8	6	8	4	10
		<u>42</u>	<u>11</u>	<u>34</u>	<u>23</u>	<u>20</u>	<u>26</u>		<u>25</u>	<u>19</u>	<u>20</u>	<u>14</u>	<u>39</u>
After Hours & Weekends		42	11	19	23	20	26		21	19	20	14	39
<hr/>													
Electronic Payments Tak													
Office Personnel		1234	1170	1202	1237	1317	1045		1237	1127	1257	1294	1321
IVR		935	818	930	1030	977	923		1049	956	995	1065	1150
Auto Pay		9	12	23	33	47	61		101	110	129	131	121
On-Line		925	813	919	994	921	943		942	892	908	955	958
Smart Phone									27	55	68	73	82
Automatic Drafts		245	258	255	247	257	249		262	254	259	252	231
CRC		42	11	34	23	20	26		25	19	20	14	39
		<u>3,390</u>	<u>3,082</u>	<u>3,363</u>	<u>3,564</u>	<u>3,539</u>	<u>3,247</u>		<u>3,643</u>	<u>3,413</u>	<u>3,636</u>	<u>3,784</u>	<u>3,902</u>
Total Dollars	<u>\$695,490.33</u>	<u>\$ 530,905.90</u>	<u>\$ 568,458.56</u>	<u>\$ 690,275.33</u>	<u>\$ 769,435.49</u>	<u>\$670,005.00</u>		<u>\$ 611,971.60</u>	<u>\$ 673,546.00</u>	<u>\$ 807,724.62</u>	<u>\$ 1,050,950.00</u>	<u>\$ 1,040,715.00</u>	

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GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

BOARD MEETING AGENDA

On May 24, 2013 at 9:00 a.m., the Directors of Grayson Rural Electric Cooperative Corporation were called to meet by the Chairman.

1. Sign Wavier of Notice
2. Invocation
3. Approval of the Minutes from the April 2013 Board Meeting
4. Technical Services Report – Brian Poling, Manger of Technical Services
5. Manager of Finance & Accounting Report and Approval of the Financial & Statistical Report for March 2013– Don Combs, Manager of Finance & Accounting
6. Resolution Authorizing the Amendment of the NRECA 401(k) Pension Plan Adoption Agreement “A” RUS#: 18061-001& 18061-002
7. Manager of Marketing & Member Services Report – Kim Bush
8. Operations Report and Safety Report – Kyle Clevenger, Manager of Operations
9. Approval of one hundred (100) New Memberships and Retirement of one hundred seven (107) Existing Memberships for April 2013
10. Consider Approval of Accounts to be Charged Off to Reserve \$13,200.80
11. Consider Approval of President’s Business Expense in the Amount of (\$388.65), Director’s Business Expense in the Amount of \$8,858.70 and Attorney’s Business Expense in the Amount of \$189.20
12. President’s Report – Carol Hall Fraley
13. Cooperative Legal Matters – W. Jeffrey Scott
14. KAEC Director’s Report – Jimmy Whitt
15. EKPC Director’s Report – Kenneth Arrington
16. Consider Community Service and/or Donations
17. Approval of Attendance at Meetings – Directors & Employees
18. Report of Any Meetings Held
19. Review and Consider/Approval and/or Reaffirming of Board Policies and Bylaws
20. Confirm Date for Next Regular Board Meeting
21. Additional Business
22. Adjourn

CORPORATE BORROWING
RESOLUTION

At the March 2013 Board Meeting a Certificate of Authority to Submit or Grant Access to Data permitting Sherry Buckler, Accounting Supervisor, and Carol Fraley, President and CEO, to submit data requested by RUS and access to the Borrower's data on the USDA Rural Development Data Collection System was signed. A Board Resolution is needed for this.

President Fraley presented to the Board a Resolution Authorizing the U.S. Department of Agriculture, Rural Development Utilities Program, Certificate of Authority to Submit or Grant Access to Data, allowing Carol Fraley and Sherry Buckler access to data and borrowing. Motion was made by Director Martin, seconded by Director Rice and unanimously agreed upon to adopt said Resolution.

RESOLUTION OF THE BOARD OF DIRECTORS OF
GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION
Authorizing
U.S. Department of Agriculture
Rural Development Utilities Program

CERTIFICATE OF AUTHORITY TO SUBMIT OR GRANT ACCESS TO DATA

WHEREAS, the Grayson Rural Electric Cooperative Corporation wishes to comply with the requirements of the Rural Utilities Service as required in the matter of access to data, and

WHEREAS, the Certificate of Authority to Submit or Grant Access to Data must be approved by the Board of Directors of Grayson Rural Electric Cooperative Corporation and must be signed by the Chairman and Secretary of the Board and submitted to the Rural Utilities Service,

THEREFORE BE IT RESOLVED that the Board of Directors of Grayson Rural Electric Cooperative does hereby authorize Carol Hall Fraley, President and CEO, and Sherry Buckler, Accounting Supervisor, access to the Borrower's data on the USDA Rural Development Data Collection System, for the purpose of completing the required data collection, as required by the USDA Rural Development Data Collection System.

Billy E. Martin, Secretary

April 22, 2013

STATE OF KENTUCKY)
) ss:

COUNTY OF CARTER)

The foregoing resolution was subscribed and sworn to before me, a Notary Public on and for the State and County aforesaid, by Billy E. Martin this 22nd day of April, 2013.

My commission expires: March 22, 2017.

Notary Public, _____
Priscilla Sparks

APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR FEBRUARY 2013	Motion was made by Director Rice, seconded by Director Dupuy and unanimously agreed to approve the Financial and Statistical report for February 2013 as presented for informational purposes only.
AUDITOR	Alan Zumstein has presented a proposal of \$9,000 to perform the audit for 2012. Motion was made by Director Rice, seconded by Director Dupuy and approved unanimously agreed upon to accept Alan Zumstein's audit proposal.
MANAGER OF MARKETING AND MEMBER SERVICES	President Fraley gave the Manager of Marketing and Member Services, reported on the following:
LIHEAP	Compared to 2011/2012 LIHEAP payments of a little over \$400,000 received, payments received in 2012/2013 was less, total received was \$209,306 total; 1, 337 vouchers. There were 40 winter hardship reconnects and 67 thirty day extensions through LIHEAP.
ANNUAL MEETING	Plans continue for Annual Meeting on May 9 th . Registration will begin at 7:30 a.m. and will conclude at 6:00 p.m. when we will begin the business meeting. We will have light snacks throughout the day, including hot dogs.
ENEREGY AUDITS	Fifteen energy efficiency audits was done this past month. Two Touchsotne Energy Audits; two How\$martKY audits; eight Energy audits; two heat pump retrofits and one commercial audit.
FRANKFORT YOUTH TOUR	Fourteen high school juniors attended the Frankfort Youth Tour on Tuesday, April 16 th .
HEALTH FAIR	The Health Fair is scheduled to be at the Coop on May 20 th from 7:30 a.m. – 9:00 a.m.
OPERATIONS REPORT	Kyle Clevenger, Manager of Operations gave the Operations Report. He reported on the following:
EMPLOYEE/LOST TIME ACCIDENT	There were no lost time accidents to report this month.
SAFETY REPORT	The following safety meetings were held during March 2013: March 06—Mike Martin, Assistant Manager of Operations, turned the meeting over to David White, KAEC Safety Representative for the monthly safety meeting. The new APPA manuals were given handed out and a summary of the changes in the new edition were discussed. Kyle Clevenger, Manager of Operations, had handouts of EKPC switches, and reminded everyone to be careful during collections. March 11—Andrea McCleese, Technical Services Supervisor, showed how the new texting in an outage would work and discussed outage cause codes. Kyle Clevenger, Manager of Operations, talked about ordering chaps for constructions crews, as required by the new safety manual. March 18—Brian Poling, Mgr. of Technical Services, talked about 2012's Outage Indices. Carol Fraley, President and CEO presented Chris Mosier and Jamey Withrow with Certificates of Completion of the Superintendents

SAFETY REPORT
(CONTINUED)

and Foremen's Conference. Kyle Clevenger reminded everyone to be careful and watch out for slips, trips, and falls.

March 28—Priscilla Sparks, Executive Assistant, turned the meeting over to Kyle Clevenger who read an article on chain saw safety. Don Combs scheduled Doug Fiero, NRECA, to talk about health insurance and answer questions. The monthly safety give-a-way was handed out. Carol Ann gave an update on illegal services.

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and the importance of using ground chains. A line is not dead until it is grounded.

CONSTRUCTION

The Construction Department built one hundred fifty (150) work orders – 17 services added and 76 services retired, for the month of March and worked sixteen (16) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked one hundred eighty-eight (188) hours of overtime and the Engineering Department worked one (1) hour overtime during the month of March 2013.

DELINQUENT NOTICES

The Maintenance & Construction Departments collected on two hundred seventeen (217) delinquent accounts and disconnected eighty-three (83) accounts in April.

ENGINEERING REPORT

The Engineering Department released three hundred twelve (312) prints consisting of 3,795 feet primary line and 8,280 feet of service wire. They currently have four (4) new services to be staked and three (3) to be drawn. They have approximately eighteen (18) miscellaneous jobs to be staked or drawn.

CONTRACT CREWS

Our Pike crews have been working in the following areas:

Rob Evans –Three Prong – Greenup Co. & New Construction
Zack Clevenger – State Route 7 Highway Job in Elliott County

RIGHT-OF-WAY CREWS

We have eight (8) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 618 trees, cut 375 trees, cut 54,575 feet of brush/line and sprayed 92 spans of line. The crews are working in the following areas:

2 cutting crews in Lawrence County
1 cutting crew (notes in Elliott, Rowan & Lawrence Counties)
1 cutting crew in Greenup County
2 bucket truck crews in Lawrence, Elliott & Rowan Counties
1 tractor crew in Lawrence County
1 spray crew in Greenup County

The Bobby Smith Tree Company cut and trimmed trees in Carter, Lewis and Greenup Counties. They have one circuit crew at Leon.

VEHICLE PURCHASE
CORPORATE RESOLUTION

Motion was made by Director Martin, seconded by Director Dupuy to adopt a Corporate resolution to purchase a truck for Kyle Clevenger. Motion carried.

CORPORATE RESOLUTION

Let it be resolved that:

Whose signatures appear below, or any of them, are hereby authorized, directed and empowered for and on behalf of this corporation and its name to execute a Purchase Agreement with Bob Clyde Chevrolet Buck GMC on such terms as may be agreed to by said persons.

Said Dealer is authorized to act upon this resolution until written notice of its revocation is delivered to said Dealer.

Authorized Signatures:

_____ Signature	_____ Signature
_____ Signature	_____ Signature

I, _____ Secretary of _____ a corporation, do hereby certify that the resolution appearing above is full, true and correct copy of a resolution of the Board of Directors of said corporation duly and regularly passed and adopted at a meeting of the Board of Directors of said corporation which was duly and regularly called and held in all respects as required by law and by the bylaws of said corporation on the ____ day of _____, 2013 and that the signatures appearing on the above mentioned copy of said resolutions are the genuine signatures of the persons mentioned in said resolution and authorized to act on behalf of said corporation as set forth in said resolution.

I further certify that said resolution has not been amended or revoked and is still in full force and effect.

In witness whereof, I have hereunto set by hand as such Secretary this ____ day of _____, 2013.

Secretary

RUS WORK ORDERS

RUS work orders for the months of October, November and December 2012 were presented to the board of directors for approval:

October	Work Order #1158	\$164,334.77
October	Work Order #1159	\$19,483.10
November	Work Order #1160	\$162,984.22
November	Work Order #1161	\$16,562.28
December	Work Order #1162	\$84,272.36
December	Work Order #1163	\$8,654.47
	Amount to Encumber	\$456,291.20

RUS WORK ORDERS (CONTINUED)	Motion was made by Director Rice, seconded by Director Crum and unanimously agreed to approve said work orders as presented and submit them to RUS.
APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS	Motion was made by Director Dupuy, seconded by Director Rice and unanimously agreed to approve eighty-three (83) new memberships and retire ninety-four (94) existing memberships for March 2013.
BAD DEBT WRITE-OFFS	Motion was made by Director Martin, seconded by Director Dupuy and unanimously agreed to charge off \$7,555.44 worth of bad debts and turn them over for collection.
APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY BUSINESS EXPENSES	Motion was made by Director Rice, seconded by Director Whitt and unanimously agreed to approve the President's business expense of \$944.65, Director's business expenses of \$13,912.04 and Attorney's business expense of \$270.60.
PRESIDENT'S REPORT	President Fraley reported on the following: She has made and submitted an electronic Year end Form 7.
CHARLESTON BOTTOMS	May 2, 2013 at the Grayson Conference Center at 9:30 a.m., mediation will be held on Charleston Bottoms.
COOPERATIVE NEWS	Our sister Cooperatives reported the death of Ned Gilbert, Bluegrass RECC, the retirement of Paul Ballard of Inter County RECC, Frank Jackson, of Owen RECC.
CEO LETTERS	There were seven letters mailed out to consumers due to National Electric Safety Code violations.
SPRING MANAGER'S MEETING	President Fraley reported that Mr. Ken Leathers of the Kentucky Department of Housing, Buildings and Construction spoke at the Spring Managers Meeting. Inspections must be marked "Temporary" or "Permanent, Not for Occupancy" or "Permanent, For Occupancy". All inspections require a final, permanent inspection and that is the duty of the inspector. Mr. Leathers spoke at the meeting and she will be sending all inspectors in our territory a letter telling them what we will and will not accept, based on the information given by Mr. Leathers. Director Crum asked what justifies temporary for construction. President Fraley replied, (1) you have to have sewer permit or a septic system approved by the health department, (2) potable water source, and (3) a permanent foundation. Cyber security was mentioned at this meeting and will be a significant issue in the future. A speaker from the FBI made the presentation.
STEVEN BURTON	Steven Burton has completed his second year of the apprenticeship program and is now ready to move into the 3 rd year training, effective April 2, 2013.
TIME WARNER CABLE	We received a dividend check in the amount of \$6.08 from Time Warner Cable.

ROBERT BROWN Employees donated over \$5,900 by exercising an administrative guideline to assist Robert and Jamie Brown with medical expenses due to Jamie's cancer treatments.

MOU Director Arrington asked about the MOU. Jeffrey, Carol, Don, and Bradley will meet next Wednesday, with Owen, Clark, Jackson and Salt River to go over the Memorandum.

PJM Don Combs, Bradley Cherry, Carol Fraley, Jim Adkins and Alan Zumstein met with EKPC employees David Crews, Don Mosier and Chuck Dugan concerning the impact of PJM on Grayson. Mr. Adkins and Mr. Zumstein believe it will be beneficial for Grayson and the other member systems.

ADMINISTRATIVE ASST. PRESIDENT FRALEY TOLD THE BOARD WILL BE HAVING LUNCH WITH THE SCHOLARSHIP RECIPIENTS AND OBSERVING ADMINISTRATIVE ASSISTANT'S DAY TODAY. PROFESSIONALS DAY AND SCHOLARSHIP RECIPIENTS

LEGAL COUNSEL'S REPORT Legal Counsel Scott reported on the following:

MOU Our contract with Magnum Drilling expired in January 2013. Legal Counsel Scott prepared and mailed an extension to the contract to their lawyer. Carol Fraley talked to Tom Crisp and he said he had been out of town and would sign it and have his attorney, Morris Kennedy, return it to Jeffrey.

Concerning the mediation to be held on May 2, 2013, Judge Mains at Morehead told EKPC to bring members of their Board who are empowered to make decisions.

President Fraley went over handout focusing on what we feel would be a fair and significant settlement to this matter.

Two years in a row, EKPC has allocated Capital Credits and then reduced them after their audit, lowering our capital credit allocation. Director Arrington feels that if EKPC would work with us on MOU, Rates Restructuring, sale of Smith Assets and a sound Equity Policy, it would help us significantly. Legal Counsel Scott agreed. The general consensus of the Board was to focus on these points.

Legal Counsel Scott will do the opening and closing and answer legal questions and President Fraley will lead the negotiations.

A motion was made by Director Dupuy, seconded by Director Rice and unanimously agreed to allow President Fraley and Legal Counsel Scott to negotiate a reasonable settlement within these parameters. The Board would be available for a final authorization if necessary.

KAEC DIRECTOR'S REPORT Director Whitt reported there was no meeting this month due to the Manager's Spring Meeting.

EKPC DIRECTOR'S REPORT Director Arrington said that most of his report had been covered under related Board issues.

DONATIONS

President Fraley presented to the Board for their consideration the following donation requests:

East Carter FFA – Annual Awards Banquet	\$100
Greenup County Fire-Fighters Association –Annual Fire School	\$100
Project Mary Christmas of Carter Co.– 2013 Christmas donation	\$200
Sandy Hook Fire & Rescue – SH Vol. Fire Dept. donation	\$120
American Cancer Society – Elliott Co. Relay for Life -donation	\$100
Carter Elementary School – school closing donation	\$100
Callie Adkins, South Shore – Premiere Serv. to Commonwealth Team and to the KY YMCA Scholarship Fund - donation	\$50
Greenup County Livestock Committee – sponsor	\$500
Carter County Thunder 2013 – sponsor	\$250
We do with KEPC	
Operation Unite – 2013 Shoot Hoops Not Drugs Tour	\$100

Motion was made by Director Martin, seconded by Director Crum and unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE

Don Combs may attend the upcoming CFC meeting.

BOARD POLICY 505

President Fraley presented to the Board of Directors for their consideration an amendment to Board Policy # 505:

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

~~GRAYSON, KY~~

BOARD POLICY NO. 505

SUBJECT: PAYMENT OF SICK LEAVE UPON RETIREMENT OR TERMINATION

I. OBJECTIVE

To outline the eligibility and entitlement of all regular employees in the payment of sick leave upon retirement or termination from GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION.

II. TYPE

There are ~~three (3) main~~ two categories involved in the payment of sick leave upon retirement or termination of employment. They are outlined below:

A. NORMAL RETIREMENT

Normal retirement is defined as retirement of an employee who has reached age sixty two (62) or older. When this age is reached and he/she notifies the Cooperative in writing of his/her intent to retire and the effective date of such, then the employee will be advised of the sick leave options available. The retiree will stop accruing NRECA retirement benefits as of the effective date above. Options are:

1. Lump sum payment of sick leave or;
2. Weekly payment of sick leave until exhausted. ~~(if this option is elected the retiree will receive pay for all holidays observed by the Cooperative until all sick leave has been taken).~~ Once this option is in effect it is not subject to change, except that in the event of death of the retiree, the remaining balance will be paid in a lump sum to a designated beneficiary. No additional sick leave is accrued for any month in which the retiree does not work.

~~B. EARLY RETIREMENT~~

~~Early retirement is defined as retirement of an employee before attainment of age sixty-two (62). Employees have the option of electing weekly sick leave payments in lieu of actually working for a specified period of time before their 62nd birthday. The length of time allowable depends on the amount of accrued sick leave on the books for that employee. The employee must notify the Cooperative in writing of the effective date he/she wants to begin receiving weekly sick leave payments in lieu of working (holidays observed by the Cooperative will also be paid).~~

~~The employee will continue accruing retirement benefits through NRECA until attainment of age sixty-two (62). At age 62, the retiree must elect an option for the payment of the remaining (if any) sick leave accrual. He/she may elect to receive the balance of sick leave dollars in a lump sum or elect to receive a weekly sick leave payment until all dollars are paid. Once an option is in effect it is not subject to change, except that in the event of death of the employee, the remaining balance will be paid in a lump sum to a designated beneficiary. No additional sick leave will be accrued for any month the employee does not work. If the employee elects to continue receiving weekly payments, he/she will receive pay for all holidays observed by the Cooperative until all sick leave benefits are exhausted.~~

GRECC BOARD POLICY NO. 505

PAGE 2

C. TERMINATION OF EMPLOYMENT

Any employee having reached 60 years of age, or having worked for Grayson Rural Electric Cooperative Corporation for at least 30 years, will be eligible to receive the value of his/her accrued sick leave upon termination of employment. The accrued sick leave dollars will be paid in a lump sum on the date of termination.

III. APPLICATION

This policy applies to all employees, including management. Any provision of this policy that is more restrictive than those set out in the IBEW Working Agreement shall not apply to the Bargaining Unit Employees.

IV. RESPONSIBILITY

It shall be the responsibility of the President ~~& and~~ CEO or his/her appointed designee to execute this policy.

Roger L. Trent, Chairman

Bill E. (Eddie) Martin, Secretary/Treasurer

Date Adopted: 11/18/77
Date Revised: 02/21/86
Minute Book Page: 1555
Date Revised: 01/25/91
Minute Book Page: 2000 - 2001
~~Date Revised:~~ 01/24/97
Minute Book Page: 2847 -2848
Date Revised: 03/27/98
Minute Book Page: 2990 - 2991
Date Reviewed: 05/26/04
Minute Book Page: 3612

Date Reaffirmed: 04/19/10
Minute Book Page: 4313
Date Revised: 4/22/13
Minute Book Page:

BOARD POLICY 510 President Fraley presented to the Board of Directors for their consideration an amendment to Board Policy # 510:

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION
~~GRAYSON, KENTUCKY~~
BOARD POLICY NO. 510

SUBJECT: VACATIONS

- I. To outline rules and regulations involving the amount of vacation due each regular employee and under what circumstances that vacation may be used or saved.

II. POLICY

An employee will be entitled to a vacation with pay in each calendar year based upon the length of his/her continuous service in accordance with the following schedule:

- A. One year but less than eight (8) years of continuous service -- ten (10) work days of vacation.
- B. Eight (8) years or more continuous service -- one additional day of vacation for each additional year of continuous service, including the eighth (8th) year, not to exceed twenty-six (26) work days of vacation.
- C. An employee must complete the full minimum continuous service requirements before becoming eligible to take vacation or additional vacation.
- D. The vacation period shall be on a calendar year basis from January 1 to December 31, inclusive.
 1. An employee may carry forward into the succeeding year a maximum of thirty (30) days of vacation earned, but not taken.
 2. No employee may be credited at the beginning of any calendar year with more than thirty (30) days of previously accumulated vacation. All vacation earned in excess of the thirty (30) day carry-over will be taken with the vacation period.
- E. If a day observed as a holiday occurs during an employee's vacation, such employee shall receive an additional day of vacation.
- F. An employee shall receive eight (8) hours pay at his/her base hourly rate for each day of entitled vacation on his/her last scheduled workday prior to such vacation period.
- G. Vacations are scheduled by the Cooperative to be taken during the vacation period. Preference within a department as to dates will be given on the basis of seniority, provided such preference is indicated prior to February one.
- H. An employee must schedule one consecutive week of vacation each year. All other vacation time can be scheduled and taken in hourly increments with approval of the employee's Department Head/Supervisor.
- I. No pay will be made to an employee in lieu of vacation time, except after an employee becomes eligible for fifteen (15) or more annual vacation days. At the option of the COOPERATIVE, he/she may receive pay at his/her base hourly rate in lieu of five (5) work days (40 hours) of vacation time, not to exceed two (2) weeks per year. For the purpose of this sub-section, overtime rules applicable to vacation time are hereby suspended.

GRECC BOARD POLICY 510
PAGE 2

- J. An employee who is laid off, released or discharged or who resigns, will be paid for vacation earned but not taken ~~as of January 1 of the year at the time~~ his/her employment is terminated.
- K. An employee may use accumulated vacation during occupational or non-occupational sick leave time so that he or she can draw a pay check until Short Term Disability, Long Term Disability, or Worker's Compensation commence. The employee may also use vacation to supplement disability payments, not to exceed the amount earned in a 40 hour week. The number of earned vacation ~~days requested~~ days requested during the period would be paid at his/her base hourly rate. Payments are applicable only for the standard working schedule of forty (40) hours per week or eight (8) hours per day, Saturdays and Sundays, and holidays excluded.

An employee who is absent from work because of an occupational disability arising out of and in the course of his/her employment during which time he or she willfully violated company rules and safety guidelines, refused to use safety appliances, or purposely injured themselves shall not be allowed to use vacation time.

- L. An employee who is on Long Term Disability is entitled to receive earned vacation pay either in lump sum or on a weekly basis until all earned vacation days have been paid. Any employee requesting this pay-out would be paid at his/her base hourly rate for earned vacation days in addition to Long Term Disability compensation.
- M. In the event an employee entitled to a vacation dies before he/she has taken that vacation, the person designated as beneficiary of his/her Group Life Insurance shall be entitled to his/her vacation pay.
- N. In case of an emergency, an employee on vacation may be recalled from vacation, and in such event, he/she shall be paid one and one-half (1 1/2) times his/her base hourly rate for actual time worked in addition to vacation pay, or with the approval of the employee's Department Head, equivalent hours may be taken off in lieu thereof.
- O. ~~When an employee elects to use accumulated sick leave and vacation during the interim period between the date of of departure and his/her actual retirement date, When leaving at normal~~ vacation retirement, vacation will only be accumulated (at the regular rate) up to their departure-date normal retirement date or actual date of retirement. Vacation (and/or sick leave) cannot be used to retire before the normal retirement date.
- ~~P.~~ Departure for any other reason will cause the employee to forfeit vacation earned for that year.

III. RESPONSIBILITY

- A. It shall be the responsibility of each Department Head to see that his/her employee's vacation schedules are compatible with the work schedules of his/her department and co-workers.
- B. It shall be the responsibility of the ~~President~~ and CEO to see that this policy is adhered to.

GRECC BOARD POLICY 510
PAGE 3

Roger L. Trent, Chairman

Bill E. (Eddie) Martin, Secretary/Treasurer

Date Adopted: 02/21/86
Minute Book Page: 1554-1555
Amended: 04/24/86
Minute Book Page: 1566
Amended: 02/20/87
Minut3 Book Page: 1629-1630
Amended: 06/30/89
Minute Book Page: 1854 – 1855
Date Revised: 05/28/92
Minute book Page: 2131 – 2133
Date Revised: 07/28/95
Minute Book Page: 2610 - 2612
Date Revised: 01/24/97
Minute Book Page: 2856 - 2858

Date Reviewed: 03/27/98
Minute Book Page: 2991 – 2993
Date Revised: 01/23/03
Minute Book Page: 3463 - 3465
Date Revised: 12/22/05
Minute Book Page: 3809 – 3811
Date Revised: 04/26/07
Minute Book Page: 3972-3974
Date Reaffirmed: 04/19/10
Minute Book Page; 4313
Date Revised: 4/22/13
Minute Book Page:

Motion was made by Director Whitt, seconded by Director Rice and unanimously agreed to amend Board Policies 505 and 510 as presented.

GRECC ORGANIZATIONAL
& BOARD MEETING

The Organizational Meeting of the Board of Directors will be held on Friday, May 24th at 8:30 a.m. The regular monthly May Board Meeting will begin at the conclusion of the Organizational Meeting.

ADJOURN

There being no additional business to come before the Board, Chairman Trent adjourned the meeting at 11:45 a.m.

Following dismissal of GRECC Board Meeting, awards was handed out to recipients of the Annual Scholarship awards and lunch was served to the students and their parents, and with the ladies of the Cooperative in honor of Executive Assistant's Day.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

President and CEO's Expenses

March 2013

<u>Date</u>	<u>Check</u>	<u>Description</u>	<u>Amount</u>
3/28/13	159752	NRECA – NRECA Annual Meeting Credit Memo	(\$550.00)
3/28/13	159757	RCCU - Annual Fee for Cooperative Visa card	\$ 3.00
4/8/13	159840	VISA Expenses:	
		*2/22 GRECC Board Meeting - meal	\$12.42
		*3/03 KAEC Executive Assistant Meeting	\$114.69
		Room - \$74.19 Meals - \$40.50	
		3/04 KSAPA & EKPC Meeting – meal	\$7.19
		3/18 KAEC Managers Meeting / RERC Conf. - meal	\$12.57
		*3/22 Board Policy & Adm. Guideline Staff Mtg. - meal	\$11.48
		Total Expenses	(\$388.65)

*prorated expense

DIRECTORS & ATTORNEY EXPENSES**March-13****KENNETH ARRINGTON**

Per Diem - GRECC Bd. Mtg. (3/21)	\$ 245.20
VISA -	-
MISC - Annual Credit Card Fee	3.00
Cash in Lieu of Insurance	637.63
24 - Hr. Insurance	0.70
TOTAL -	\$ 886.53

DONNIE CRUM

Per Diem - GRECC Bd. Mtg. (3/21)	\$ 213.56
VISA -	-
Cash in Lieu of Insurance	637.63
24 - Hr. Insurance	1.08
TOTAL -	\$ 852.27

HAROLD DUPUY

Per Diem - GRECC Bd. Mtg. (3/21)	\$ 245.20
VISA - NRECA Annual Mtg.	990.38
MISC - Annual Credit Card Fee	3.00
Cash in Lieu of Insurance	637.63
24-Hr. Insurance	1.08
TOTAL -	\$ 1,877.29

EDDIE MARTN

Per Diem - GRECC Bd. Mtg. (3/21)	\$ 209.04
VISA -	-
MISC - Annual Credit Card Fee	3.00
Cash in Lieu of Insurance	-
24 - Hr. Insurance	1.08
TOTAL -	\$ 213.12

WILLIAM T. RICE

Per Diem - GRECC Bd. Mtg. (3/21)	\$ 222.60
VISA - NRECA Annual Mtg.	1,087.12
MISC - Annual Credit Card Fee	3.00
Cash in Lieu of Insurance	637.63
24 - Hr. Insurance	0.70
TOTAL -	\$ 1,951.05

ROGER TRENT

Per Diem	- GRECC Bd. Mtg. (3/21)	\$	239.55
VISA	- NRECA Annual Mtg.		935.50
MISC	- Annual Credit Card Fee		3.00
	Cash in Lieu of Insurance		637.63
TOTAL	- 24 – Hr. Insurance		0.70
		\$	1,816.38

JIMMY WHITT

Per Diem	- KAEC Bd. Mtg. (3/19); GRECC Bd. Mtg. (3/21)	\$	620.35
VISA	-		-
MISC	- Annual Credit Card Fee		3.00
	Cash in Lieu of Insurance		637.63
TOTAL	- 24 – Hr. Insurance		1.08
		\$	1,262.06

JEFF SCOTT

Out-of-Pocket	- Copies & Postage CB	\$	121.74
	Postage (48) Collection Letters		22.08
	Mileage CB		42.38
VISA	-		-
MISC	- Annual Credit Card Fee		3.00
TOTAL	-	\$	189.20

Combs Report

May 24, 2013

KWH Sales & Purchases: March 2013 – packet

Sales: Month: 10.39 % over Budget (3/20 – 4/20)
 YTD : 5.53 % over Budget
 Last Year to Date: 18.56 % more

Purchases: Month: 19.93 % over Budget (3/1 – 3/31)
 YTD: 6.50 % over Budget

Line Loss : Month: 20.72 %
 Matched: 3.43 %
 YTD: 11.30 %
 Last 12 Months: 5.36 %

Form 7: March 2013

Electric Revenue LESS Purchased Power:	\$	6,904	less
Operations Expense	\$	8,546	less
Maintenance Expense	\$	38,839	more
Admin & Gen Expense	\$	12,629	less
Non-Operating Margins	\$	12,212	more
Capital Credits	\$	133,707	more
Margins	\$	161,594	more

CO Bank \$100,000

Form 7: Year to Date

Margins :	\$	197,732
Budgeted:	\$	(214,818)

- Quarterly Report – Packet
- 401-K hardship withdrawal
- Rate Case Update
- Other PSC Activity

June 8th Rate Hearing
due prior of publication by 6/14
Telephone Conference – NACEP

Quarterly Financial Data
thru
March 2013

Energy Sales & Purchases

- Annualized – Graph
- YTD Kwh Data
- Load Factors
- Service Comparison
- Degree Day Data

Operating Statement

- Budget Comparison
- Annualized Data

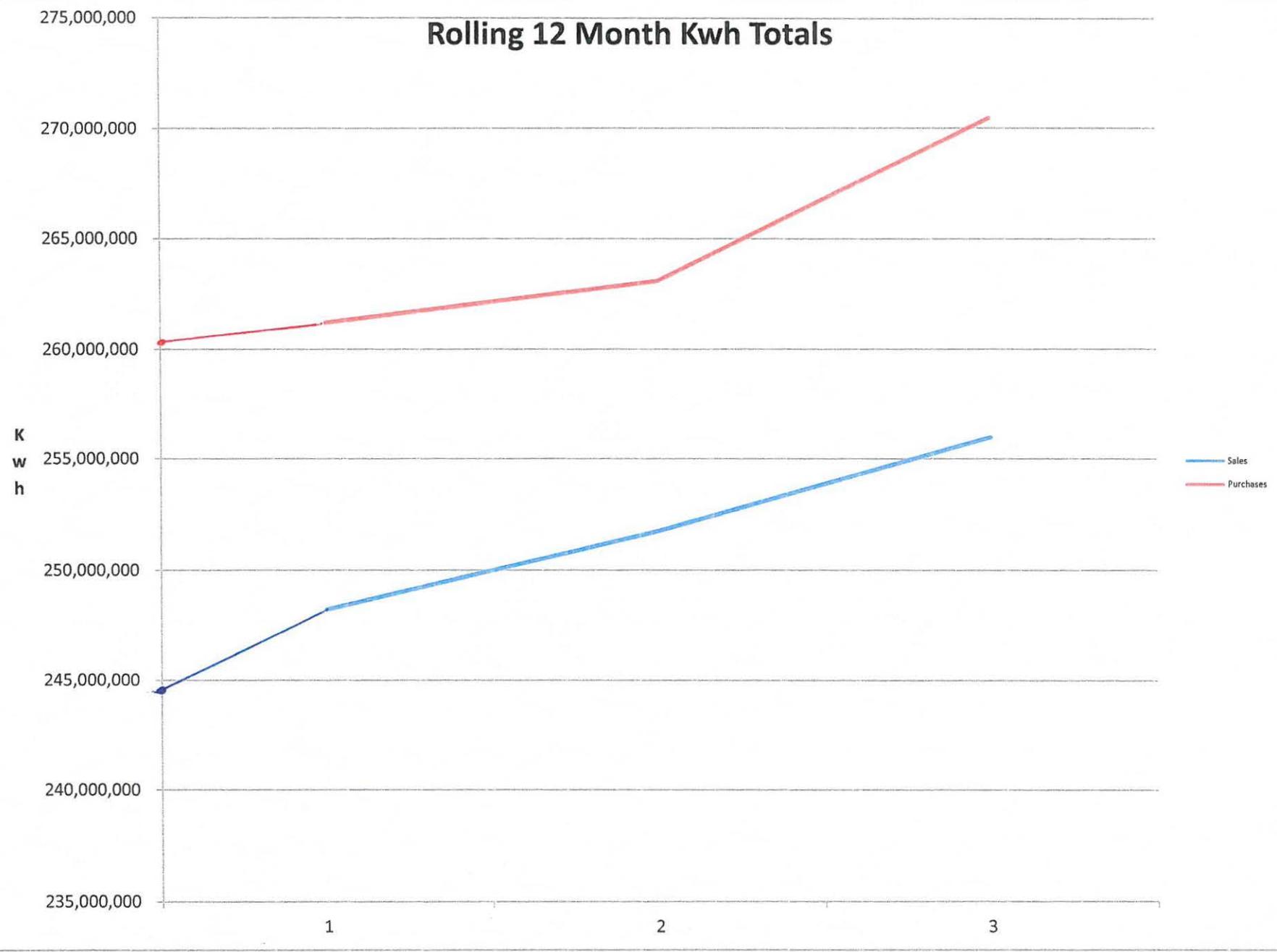
Capital Expenditures

- Work Order Summary
- Major Projects & General Plant Expenditures

Miscellaneous

- Overtime
- CRC

Rolling 12 Month Kwh Totals



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2012	RESIDENTIAL							BARNs & CAMPS						
	Actual			Budget				Actual			Budget			
	\$	UNIT			\$			KWH	\$	UNIT			\$	
JANUARY	20,162,406	2,412,533	0.1197	19,942,998	\$ 2,456,556	0.1232		583,488	\$ 102,861	0.1763	528,973	\$ 100,209	0.1894	
FEBRUARY	16,698,069	2,028,646	0.1215	14,704,483	\$ 1,798,399	0.1223		491,154	\$ 93,432	0.1902	405,822	\$ 81,656	0.2012	
MARCH	14,425,004	1,759,905	0.1220	12,047,093	\$ 1,482,132	0.1230		438,071	\$ 86,894	0.1984	342,556	\$ 73,389	0.2142	
APRIL			#DIV/0!	9,848,956	\$ 1,202,179	0.1221				#DIV/0!	315,005	\$ 66,366	0.2107	
MAY			#DIV/0!	11,787,329	\$ 1,444,037	0.1225				#DIV/0!	395,648	\$ 76,701	0.1939	
JUNE			#DIV/0!	13,214,775	\$ 1,608,062	0.1217				#DIV/0!	470,441	\$ 85,681	0.1821	
JULY			#DIV/0!	14,382,172	\$ 1,904,474	0.1324				#DIV/0!	498,362	\$ 112,682	0.2261	
AUGUST			#DIV/0!	11,956,279	\$ 1,585,947	0.1326				#DIV/0!	422,623	\$ 100,171	0.2370	
SEPTEMBER			#DIV/0!	10,128,189	\$ 1,400,034	0.1382				#DIV/0!	380,105	\$ 99,626	0.2621	
OCTOBER			#DIV/0!	13,048,734	\$ 1,768,151	0.1355				#DIV/0!	433,131	\$ 104,906	0.2422	
NOVEMBER			#DIV/0!	17,294,400	\$ 2,399,001	0.1387				#DIV/0!	478,495	\$ 117,210	0.2450	
DECEMBER			#DIV/0!	19,403,237	\$ 2,673,371	0.1378				#DIV/0!	580,374	\$ 129,097	0.2224	
	51,285,479	6,201,084	\$0.1209	167,758,645	21,722,343	\$0.1295		1,512,713	\$283,187	\$0.1872	5,251,535	\$1,147,693	\$0.2185	
				46,694,574	10%						1,277,351	18%		

A

2012	SMALL COMMERCIAL						LARGE POWER					
	Actual			Budget			Actual			Budget		
	KWH	\$	UNIT				KWH	\$	UNIT			
JANUARY	1,645,499	\$ 202,433	0.1230	1,603,736	\$ 204,258	0.1274	2,731,697	\$ 264,090	0.0967	2,559,336	\$ 266,303	0.1041
FEBRUARY	1,448,609	\$ 182,860	0.1262	1,379,557	\$ 175,715	0.1274	2,450,851	\$ 242,957	0.0991	2,117,958	\$ 218,343	0.1031
MARCH	1,363,420	\$ 172,817	0.1268	1,212,887	\$ 154,562	0.1274	2,239,733	\$ 224,925	0.1004	2,060,080	\$ 202,300	0.0982
APRIL			#DIV/0!	1,121,777	\$ 142,730	0.1272			#DIV/0!	1,951,846	\$ 194,827	0.0998
MAY			#DIV/0!	1,297,145	\$ 164,009	0.1264			#DIV/0!	2,144,815	\$ 207,172	0.0966
JUNE			#DIV/0!	1,364,406	\$ 170,697	0.1251			#DIV/0!	2,269,527	\$ 217,203	0.0957
JULY			#DIV/0!	1,444,713	\$ 200,515	0.1388			#DIV/0!	2,418,625	\$ 238,231	0.0985
AUGUST			#DIV/0!	1,312,022	\$ 181,065	0.1380			#DIV/0!	2,276,286	\$ 217,418	0.0955
SEPTEMBER			#DIV/0!	1,141,397	\$ 166,646	0.1460			#DIV/0!	2,028,740	\$ 207,055	0.1021
OCTOBER			#DIV/0!	1,180,553	\$ 169,988	0.1440			#DIV/0!	2,086,576	\$ 217,763	0.1044
NOVEMBER			#DIV/0!	1,395,090	\$ 204,708	0.1467			#DIV/0!	2,184,079	\$ 233,579	0.1069
DECEMBER			#DIV/0!	1,581,788	\$ 226,946	0.1435			#DIV/0!	2,545,577	\$ 258,193	0.1014
	4,457,528	\$558,110	\$0.1252	16,035,070	\$2,161,841	\$0.1348	7,422,281	\$731,972	\$0.0986	26,643,444	\$2,678,386	\$0.1005
				4,196,180	6%					6,737,374	10%	

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2012	LARGE INDUSTRIAL						STREET LIGHTING					
	Actual			Budget			Actual			Budget		
	KWH	\$	UNIT				KWH	\$	UNIT			
JANUARY	2,366,647	\$ 155,962	0.0659	2,851,617	\$ 198,238	0.0695	4,244	\$ 635	0.1496	6,622	\$ 1,015	0.1532
FEBRUARY	2,199,847	\$ 151,413	0.0688	2,890,023	\$ 191,073	0.0661	4,244	\$ 636	0.1499	6,622	\$ 991	0.1497
MARCH	2,498,647	\$ 162,667	0.0651	3,326,280	\$ 219,509	0.0660	4,244	\$ 632	0.1489	6,622	\$ 976	0.1473
APRIL			#DIV/0!	2,692,774	\$ 175,764	0.0653			#DIV/0!	6,622	\$ 968	0.1461
MAY			#DIV/0!	2,747,401	\$ 173,521	0.0632			#DIV/0!	6,622	\$ 987	0.1490
JUNE			#DIV/0!	2,936,072	\$ 203,924	0.0695			#DIV/0!	6,622	\$ 1,001	0.1511
JULY			#DIV/0!	3,304,278	\$ 215,330	0.0652			#DIV/0!	6,622	\$ 1,096	0.1654
AUGUST			#DIV/0!	3,367,665	\$ 218,482	0.0649			#DIV/0!	6,622	\$ 1,084	0.1637
SEPTEMBER			#DIV/0!	3,353,350	\$ 226,412	0.0675			#DIV/0!	6,622	\$ 1,092	0.1648
OCTOBER			#DIV/0!	3,696,959	\$ 254,624	0.0689			#DIV/0!	6,622	\$ 1,107	0.1672
NOVEMBER			#DIV/0!	3,612,920	\$ 261,417	0.0724			#DIV/0!	6,622	\$ 1,135	0.1713
DECEMBER			#DIV/0!	3,215,624	\$ 237,426	0.0738			#DIV/0!	6,622	\$ 1,147	0.1731
	7,065,141	\$470,042	\$0.0665	37,994,964	\$2,575,719	\$0.0678	12,732	\$1,903	\$0.1495	79,464	\$12,596	\$0.1585
				9,067,920		-22%						

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2012	TOTAL SALES					
	KWH	Actual \$	UNIT	Budget		
JANUARY	27,493,981	\$ 3,138,514	0.1142	27,493,282	\$ 3,226,578	0.1174
FEBRUARY	23,292,774	\$ 2,699,944	0.1159	21,504,465	\$ 2,466,177	0.1147
MARCH	20,969,119	\$ 2,407,840	0.1148	18,995,518	\$ 2,132,868	0.1123
APRIL	0	\$ -	#DIV/0!	15,936,979	\$ 1,782,833	0.1119
MAY	0	\$ -	#DIV/0!	18,378,960	\$ 2,066,426	0.1124
JUNE	0	\$ -	#DIV/0!	20,261,844	\$ 2,286,568	0.1129
JULY	0	\$ -	#DIV/0!	22,054,772	\$ 2,672,328	0.1212
AUGUST	0	\$ -	#DIV/0!	19,341,498	\$ 2,304,167	0.1191
SEPTEMBER	0	\$ -	#DIV/0!	17,038,403	\$ 2,100,865	0.1233
OCTOBER	0	\$ -	#DIV/0!	20,452,574	\$ 2,516,539	0.1230
NOVEMBER	0	\$ -	#DIV/0!	24,971,606	\$ 3,217,050	0.1288
DECEMBER	0	\$ -	#DIV/0!	27,333,222	\$ 3,526,179	0.1290
	71,755,874	\$8,246,298	\$0.1149	253,763,122	\$30,298,577	\$0.1194

Actual vs. Budget			
20,969,119	Month	2013	18,995,518 10.39%
71,755,874	YTD		67,993,265 5.53%
Compared to 2012			
20,969,119	Month		16,748,892 25.20%
71,755,874	YTD		60,524,047 18.56%

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2012	GROSS MARGINS							
	Actual	Budget	Variance	Line Loss	Fuel Adj.	Fuel Adj. \$	ESC Rate	ESC \$
JANUARY	\$1,132,929	\$ 1,183,889	(\$50,960)	3.81%	(0.001445)	(39,642)	9.32%	267,698
FEBRUARY	\$859,032	\$ 676,699	\$182,333	9.95%	(0.000315)	(7,397)	8.56%	212,892
MARCH	\$562,102	\$ 569,006	(\$6,904)	20.72%	(0.000463)	(9,702)	7.96%	177,584
APRIL	\$0	\$ 608,231	(\$608,231)	#DIV/0!	0.000961		9.19%	
MAY	\$0	\$ 811,293	(\$811,293)	#DIV/0!				
JUNE	\$0	\$ 797,307	(\$797,307)	#DIV/0!				
JULY	\$0	\$ 1,066,471	(\$1,066,471)	#DIV/0!				
AUGUST	\$0	\$ 717,304	(\$717,304)	#DIV/0!				
SEPTEMBER	\$0	\$ 768,587	(\$768,587)	#DIV/0!				
OCTOBER	\$0	\$ 1,184,871	(\$1,184,871)	#DIV/0!				
NOVEMBER	\$0	\$1,570,647	(\$1,570,647)	#DIV/0!				
DECEMBER	\$0	\$1,413,902	(\$1,413,902)	#DIV/0!				
			\$124,468	11.30%	(0.000316)	(56,741)	8.76%	658,174

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Monthly Load Factors

Purchases		DEMAND	KWH	\$	UNIT	LD FCT	YTD AVG
2010	January	63,341	33,424,784	\$	2,255,038	\$ 0.0675	73%
	February	57,670	29,219,860	\$	2,024,380	\$ 0.0693	70%
	March	56,737	23,202,333	\$	1,533,361	\$ 0.0661	57% 67%
	April	36,431	17,288,222	\$	964,540	\$ 0.0558	66% 67%
	May	42,585	18,670,712	\$	1,080,671	\$ 0.0579	61% 65%
	June	49,826	22,982,666	\$	1,477,215	\$ 0.0643	64% 65%
	July	52,282	25,442,090	\$	1,729,418	\$ 0.0680	68% 66%
	August	55,632	24,772,006	\$	1,690,912	\$ 0.0683	62% 65%
	September	47,505	18,731,845	\$	1,291,562	\$ 0.0690	55% 64%
	October	49,588	22,320,222	\$	1,375,048	\$ 0.0616	63% 64%
	November	40,027	18,111,221	\$	1,098,058	\$ 0.0606	63%
	December	69,330	33,300,056	\$	2,238,111	\$ 0.0672	67%
		<u>620,954</u>	<u>287,466,017</u>	\$	<u>18,758,314</u>	<u>\$ 0.0653</u>	<u>64%</u>
2011	January	66,761	32,080,464	\$	2,272,447	\$ 0.0708	67%
	February	68,052	24,655,768	\$	1,727,830	\$ 0.0701	50%
	March	46,648	22,820,040	\$	1,436,708	\$ 0.0630	68% 62%
	April	42,991	17,435,848	\$	1,224,685	\$ 0.0702	56% 60%
	May	47,413	18,743,821	\$	1,295,329	\$ 0.0691	55% 59%
	June	48,854	20,458,633	\$	1,536,216	\$ 0.0751	58% 59%
	July	52,856	25,571,688	\$	1,816,645	\$ 0.0710	67% 60%
	August	51,273	17,974,880	\$	1,365,353	\$ 0.0760	49% 59%
	September	42,592	19,190,134	\$	1,366,901	\$ 0.0712	63% 59%
	October	42,592	19,190,134	\$	1,366,901	\$ 0.0712	63% 60%
	November	50,478	21,100,143	\$	1,611,989	\$ 0.0764	58% 59%
	December	54,190	25,977,715	\$	1,885,258	\$ 0.0726	67% 60%
		<u>614,700</u>	<u>265,199,268</u>	\$	<u>18,906,262</u>	<u>\$ 0.0713</u>	<u>60%</u>
2012	January	54,266	27,569,890	\$	1,958,185	0.0710	71%
	February	56,717	23,993,230	\$	1,707,702	0.0712	59%
	March	48,681	19,081,833	\$	1,353,117	0.0709	54% 61%
	April	39,286	17,301,235	\$	1,175,202	0.0679	61% 61%
	May	46,817	18,903,170	\$	1,368,279	0.0724	56% 60%
	June	56,468	20,243,026	\$	1,547,427	0.0764	50% 58%
	July	56,343	24,794,000	\$	1,770,804	0.0714	61% 59%
	August	50,392	21,874,421	\$	1,562,153	0.0714	60% 59%
	September	44,985	18,054,034	\$	1,354,759	0.0750	56% 59%
	October	39,872	19,126,602	\$	1,385,833	0.0725	67% 59%
	November	51,884	23,642,618	\$	1,800,485	0.0762	63% 59%
	December	52,118	25,619,863	\$	1,954,640	0.0763	68% 61%
		<u>597,829</u>	<u>260,203,922</u>	\$	<u>18,938,586</u>	<u>\$ 0.0728</u>	<u>61%</u>
2013	January	60,229	28,581,771	\$	2,005,585	0.0702	65.91% 66%
	February	56,994	25,865,070	\$	1,840,912	0.0712	63.03% 64%
	March	56,184	26,448,451	\$	1,845,738	0.0698	65.38% 65%
	April				#DIV/0!	#DIV/0!	#DIV/0!
	May				#DIV/0!	#DIV/0!	#DIV/0!
	June				#DIV/0!	#DIV/0!	#DIV/0!
	July				#DIV/0!	#DIV/0!	#DIV/0!
	August				#DIV/0!	#DIV/0!	#DIV/0!
	September				#DIV/0!	#DIV/0!	#DIV/0!
	October				#DIV/0!	#DIV/0!	#DIV/0!
	November				#DIV/0!	#DIV/0!	#DIV/0!
	December				#DIV/0!	#DIV/0!	#DIV/0!
		<u>173,407</u>	<u>80,895,292</u>	\$	<u>5,692,235</u>	<u>\$ 0.0704</u>	<u>#DIV/0!</u>

Customers by Rate Class

	Dec-08 Number	Dec-10 Number	Dec-11 Number	Dec-12 Number	Mar-13 Number	Customer Change since 12/08	Customer Change ytd
Residential							
10 Trailer-Electric	2,919	2,839	2741	2677	2673	-8.43%	-0.15%
11 House-Gas	3,709	3,556	3376	3290	3249	-12.40%	-1.25%
13 Trailer-Gas	934	842	789	788	785	-15.95%	-0.38%
14 House-Electric	5,574	5,800	5720	5680	5656	1.47%	-0.42%
20	2	0	0	0	0		
61 S/L only	102	107	100	100	104	1.96%	4.00%
	<u>13,240</u>	<u>13,144</u>	<u>12,726</u>	<u>12,535</u>	<u>12,467</u>	<u>-5.84%</u>	<u>-0.54%</u>
Camps & Barns							
12 Camps & Barns (old)	1,143	1,100	816	571	540	-52.76%	-5.43%
15 Camps			59	184	202		
16 Barns			218	325	340		
17 Garages, Out Buildings			255	396	420		
18 Meters on Poles			108	134	149		
19 Un-inhabitable Houses			25	28	37		
20 Miscellaneous			0	2	2		
	<u>1,143</u>	<u>1,100</u>	<u>1,481</u>	<u>1,640</u>	<u>1,690</u>	<u>47.86%</u>	<u>3.05%</u>
Small Commercial							
18 Church (tax exempt) -	88	1					
25 Commercial	1,050	1,018	960	939	951	-9.43%	1.28%
26 S/L only	5	5	12	12	12		
28 Church (taxable)	79	163	161	158	158		
	<u>1,222</u>	<u>1,187</u>	<u>1133</u>	<u>1109</u>	<u>1121</u>	<u>-8.27%</u>	<u>1.08%</u>
Large Power							
46 Commercial	67	66	68	68	68	1.49%	0.00%
47 Water Pumping Facility	1	1	1	1	1	0.00%	0.00%
79 All Electric School	6	7	7	8	8	33.33%	0.00%
	<u>74</u>	<u>74</u>	<u>76</u>	<u>77</u>	<u>77</u>	<u>4.05%</u>	<u>0.00%</u>
Industrial							
74 Smithfield / Prison	1	1	1	2	2	0.00%	0.00%
Street Lights							
57	1	1	1	1	1	0.00%	0.00%
	<u>15,681</u>	<u>15,507</u>	<u>15,418</u>	<u>15,364</u>	<u>15,358</u>	<u>-2.06%</u>	<u>-0.04%</u>

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Month	Heating Degree Days				2011	2010	2009	2008	2007
	normal	2013	change from >>>>>>2012	2012					
January	990	905	-24%	850	1124	1128	1128	1004	859
February	787	828	-3%	717	737	1006	757	848	1041
March	606	799	-47%	300	568	563	522	645	407
April	312	296	29%	284	220	196	316	319	377
May	111		-79%	31	145	72	89	139	58
June	8		0%	16	0	0	9	0	0
July	0		0%	0	0	0	3	0	0
August	0		0%	0	0	0	3	0	0
September	51		-11%	73	82	29	27	2	13
October	271		3%	327	319	205	377	273	157
November	562		47%	660	450	536	502	658	573
December	900		-4%	714	746	1158	918	899	762
Annual Total	<u>4598</u>	<u>2828</u>		<u>3972</u>	<u>4391</u>	<u>4893</u>	<u>4651</u>	<u>4787</u>	<u>4247</u>
Year to Date	2695	2828		2151	2649	2893	2723	2816	2684
		31.5%							

Month	Cooling Degree Days							
	normal	2013	change from >>>>>>2012	2011	2010	2009	2008	2007
January	0		0%	0	0	0	0	0
February	0		0%	0	0	0	0	0
March	0		0%	34	0	0	0	26
April	21	30	100%	15	4	38	0	23
May	83		-100%	153	121	135	80	157
June	242		-100%	249	260	356	275	287
July	341		-100%	484	455	412	226	312
August	322		-100%	295	326	415	266	498
September	145		-100%	125	113	210	136	242
October	23		-100%	7	6	19	5	12
November	0		0%	0	1	0	0	0
December	0		0%	0	0	0	0	0
Annual Total	<u>1177</u>	<u>30</u>		<u>1362</u>	<u>1286</u>	<u>1585</u>	<u>988</u>	<u>1557</u>
Year to Date	21	30		49	4	38	0	49
		-39%						

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BUDGET SUMMARY REPORT FROM 01/13 THRU 03/13
SUMMARY - LINE NUMBER BY ACCOUNT

RUS

GRAYSON RECC
PRG: BUDGTSUM

LINE NO	DPT	ACCT	ITEM	DESCRIPTION	ACTUAL ANNUAL	BUDGET	DIFFERENCE	% CHANGE FROM ACTUAL
1.00		440.10		RESIDENTIAL SALES	6,201,084.06-	5,737,087.00-	463,997.06	7.5-
1.00		440.40		CAMP & BARN SALES	283,186.93-	255,254.00-	27,932.93	9.9-
1.00		442.10		SMALL COMMERCIAL SALES	558,110.27-	534,535.00-	23,575.27	4.2-
1.00		442.20		LARGE POWER SALES	731,971.78-	686,946.00-	45,025.78	6.2-
1.00		442.30		LARGE INDUSTRIAL (OVER 1,000 KVA)	470,041.75-	464,607.00-	5,434.75	1.2-
1.00		444.00		STREET LIGHT SALES	1,903.03-	3,148.98-	1,245.95-	65.5
1.00		450.00		FORFEITED DISCOUNTS	157,962.71-	124,999.98-	32,962.73	20.9-
1.00		454.00		RENT FROM ELECTRIC PROPERTY	115,101.00-	114,999.99-	101.01	.1-
1.00		456.00		OTHER ELECTRIC SERVICE	15,384.01-	20,999.94-	5,615.93-	36.5
1.00				TOTAL	8,534,745.54-	7,942,577.89-	592,167.65	6.9-
3.00		555.00		PURCHASED POWER	5,692,235.00	5,396,029.00	296,206.00-	5.2-
3.00				TOTAL	5,692,235.00	5,396,029.00	296,206.00-	5.2-
6.00		583.00		OVERHEAD LINE EXPENSE	147,953.70	120,194.52	27,759.18-	18.8-
6.00		585.00		STREET LIGHT EXPENSE	.00	101.13	101.13	100.0-
6.00		586.00		METER EXPENSE	137,126.86	129,385.23	7,741.63-	5.6-
6.00		586.10		METER OPERATION SURVEY	823.02	8,665.62	7,842.60	952.9
6.00		586.20		AUTOMATED METER EQUIP EXPENSE	2,794.26	6,436.47	3,642.21	130.3
6.00		588.00		MISC / MAPPING EXPENSE	13,548.85	14,369.10	820.25	6.1
6.00		588.10		MAPPING OPERATIONS	2,453.28	10,499.94	8,046.66	328.0
6.00				TOTAL	304,699.97	289,652.01	15,047.96-	4.9-
7.00		590.00		MAINTENANCE SUPERVISION	63,977.60	61,475.10	2,502.50-	3.9-
7.00		593.00		MAINTENANCE OF OVERHEAD LINES	275,308.84	238,330.35	36,978.49-	13.4-
7.00		593.10		MAINTENANCE OF LINE RIGHT-OF-WAY	363,443.27	368,803.11	5,359.84	1.5
7.00		594.00		MAINTENANCE OF UNDERGROUND LINES	.00	272.07	272.07	100.0-

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GRAYSON RECC
PRG: BUDGTSUM

BUDGET SUMMARY REPORT FROM 01/13 THRU 03/13
SUMMARY - LINE NUMBER BY ACCOUNT

RUS

LINE NO	DPT	ACCT	ITEM	DESCRIPTION	ACTUAL ANNUAL	BUDGET	DIFFERENCE	% CHANGE FROM ACTUAL
7.00		595.00		MAINTENANCE OF TRANSFORMERS	454.19	5,567.58	5,113.39	125.8
7.00		596.00		MAINTENANCE OF STREET LIGHTS	188.37	506.37	318.00	168.8
7.00		597.00		MAINTENANCE OF METERS	63.30	299.91	236.61	373.8
7.00		598.00		MAINTENANCE-MISC DISTRIBUTION	13,702.85	17,046.54	3,343.69	24.4
7.00				TOTAL	717,138.42	692,301.03	24,837.39-	3.5-
8.00		901.00		SUPERVISION - BILLING	39,184.51	28,640.22	10,544.29-	26.9-
8.00		902.00		METER READING EXPENSE	1,436.47	101.16	1,335.31-	93.0-
8.00		903.00		CUSTOMERS RECORDS & COLLECTIONS	229,389.00	210,737.16	18,651.84-	8.1-
8.00		903.10		CASH DRAWER-OVERAGES & SHORTAGES	10.00-	.00	10.00	100.0-
8.00		904.00		UNCOLLECTIBLE ACCOUNTS	27,501.00	27,499.98	1.02-	.0
8.00				TOTAL	297,500.98	266,978.52	30,522.46-	10.3-
9.00		909.00		INFORMATIONAL ADVERTISING	57,719.11	54,991.41	2,727.70-	4.7-
9.00				TOTAL	57,719.11	54,991.41	2,727.70-	4.7-
10.00		912.00		DEMONSTRATION & SELLING EXPENSE	4,819.65	4,960.83	141.18	2.9
10.00		913.00		ADVERTISING	883.50	1,449.99	566.49	64.1
10.00				TOTAL	5,703.15	6,410.82	707.67	12.4
11.00		920.00		ADMINISTRATIVE-GENERAL SALERIES	271,758.17	249,300.36	22,457.81-	8.3-
11.00		921.00		OFFICE SUPPLIES & EXPENSES	24,610.37	44,937.33	20,326.96	82.6
11.00		923.00		OUTSIDE SERIVCES	36,603.31	17,736.66	18,866.65-	51.5-
11.00		926.00		EMPLOYEE BENEFITS	.00	.42-	.42-	100.0-
11.00		926.10		EMPLOYEE PENSION & BENEFITS	.00	.00	.00	.0
11.00		928.00		REGULATORY COMMISSION EXPENSES	16,268.62	4,999.98	11,268.64-	69.3-
11.00		930.20		ANNUAL MEETING EXPENSES	6,249.00	6,123.54	125.46-	2.0-
11.00		930.30		MISCELLANEOUS GENERAL EXPENSES	2,186.42	7,238.04	5,051.62	231.0

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BUDGET SUMMARY REPORT FROM 01/13 THRU 03/13

SUMMARY - LINE NUMBER BY ACCOUNT

RUS

GRAYSON RECC
PRG: BUDGTSUM

LINE NO	DPT	ACCT	ITEM	DESCRIPTION	ACTUAL ANNUAL	BUDGET	DIFFERENCE	% CHANGE FROM ACTUAL
11.00		930.40		MISC FIELD TRAINING	5,726.08	12,950.34	7,224.26	126.2
11.00		930.60		BOARD OF DIRECTOR'S EXPENSES	34,832.96	35,236.53	403.57	1.2
11.00		930.70		DUES - NRECA & KAEC	14,295.00	14,499.99	204.99	1.4
11.00		932.00		MAINTENANCE OF GENERAL PLANT	52,107.17	66,464.19	14,357.02	27.6
11.00				TOTAL	464,637.10	459,486.54	5,150.56-	1.1-
13.00		403.60		DEPRECIATION-DISTRIBUTION PLANT	719,522.47	735,189.00	15,666.53	2.2
13.00		403.70		DEPRECIATION-GENERAL PLANT	47,788.28	44,236.23	3,552.05-	7.4-
13.00				TOTAL	767,310.75	779,425.23	12,114.48	1.6
14.00		408.60		REGULATORY COMMISSION ASSESSMENT	8,430.00	8,250.00	180.00-	2.1-
14.00				TOTAL	8,430.00	8,250.00	180.00-	2.1-
15.00		408.20		TAXES - FEDERAL UNEMPLOYMENT	.00	.00	.00	.0
15.00		408.30		TAXES - FICA	.00	.00	.00	.0
15.00		408.40		TAXES - STATE UNEMPLOYMENT	.30	.00	.30-	100.0-
15.00				TOTAL	.30	.00	.30-	100.0-
16.00		427.10		INTEREST-RUS	101,091.22	101,910.99	819.77	.8
16.00		427.20		INTEREST - COBANK	123,053.10	127,490.73	4,437.63	3.6
16.00		427.30		INTEREST-CFC	10,219.99	8,994.24	1,225.75-	12.0-
16.00		427.60		INTEREST - FFB	5,828.99	12,304.98	6,475.99	111.1
16.00				TOTAL	240,193.30	250,700.94	10,507.64	4.4
18.00		431.30		INTEREST-REFUND CUSTOMER DEPOSIT	600.00	360.00	240.00-	40.0-
18.00				TOTAL	600.00	360.00	240.00-	40.0-
19.00		426.10		MISCELLANEOUS DEDUCTION-DONATION	2,449.62	3,087.48	637.86	26.0

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LINE NO	DPT	ACCT	ITEM	DESCRIPTION	ACTUAL ANNUAL	BUDGET	DIFFERENCE	% CHANGE FROM ACTUAL
19.00		430.00		INTEREST ASSOCIATED ORGANIZATION	22,629.24	8,749.98	13,879.26-	61.3-
19.00				TOTAL	25,078.86	11,837.46	13,241.40-	52.8-
22.00		419.00		INTEREST INCOME NON-OPERATING	7,302.21-	7,174.95-	127.26	1.7-
22.00		419.20		NOW ACCOUNT INTEREST	40.88-	129.96-	89.08-	217.9
22.00		419.30		COMMERCIAL PAPER INTEREST	.00	24.99-	24.99-	100.0-
22.00				TOTAL	7,343.09-	7,329.90-	13.19	.2-
25.00		415.00		REVENUE-MERCHANDISE, JOB, CONTRACT	19.39-	124.98-	105.59-	544.6
25.00		415.10		HOMEGUARD REVENUE	.00	19.98	19.98	100.0-
25.00		415.20		ANCILLARY BILLING SERV - REVENUE	1,926.65-	3,000.00-	1,073.35-	55.7
25.00		415.30		ETS REVENUE	11.41-	23.49-	12.08-	105.9
25.00		415.40		RENTAL PROPERTY - REVENUE	1,500.00-	1,500.00-	.00	.0
25.00		415.50		MACED REVENUE	1,759.69	.00	1,759.69-	100.0-
25.00		416.00		INCENTIVES/GEOTHERMAL, ETS, MISC	4,625.74-	9,587.55-	4,961.81-	107.3
25.00		416.20		ANCILLARY BILL SERV - EXPENSE	2,195.08	2,209.17	14.09	.6
25.00		416.30		ETS - EXPENSE	.00	49.98	49.98	100.0-
25.00		416.40		RENTAL PROPERTY - EXPENSE	.00	124.98	124.98	100.0-
25.00		416.50		MACED EXPENSE	1,594.91	4,060.32	2,465.41	154.6
25.00		421.20		LOSS/GAIN DISPOSITION PROPERTY	86,008.90-	.00	86,008.90	100.0-
25.00				TOTAL	88,542.41-	7,771.59-	80,770.82	91.2-
27.00		424.00		OTHER CAP CR & PATRONAGE ALLOC	148,348.62-	43,924.95-	104,423.67	70.4-
27.00				TOTAL	148,348.62-	43,924.95-	104,423.67	70.4-
TOTAL FOR 400 TO 999					197,732.72-	214,818.63	412,551.35	208.6-

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	March 2012	April 2012	May 2012	June 2012	July 2012	August 2012	September 2012	October 2012	November 2012	December 2012	January 2013	February 2013	March 2013
Revenue	(1,993,062)	(1,923,372)	(2,180,342)	(2,652,152)	(2,546,777)	(2,271,468)	(1,971,483)	(2,532,697)	(2,736,054)	(3,429,912)	(3,240,118)	(2,798,488)	(2,496,140)
Purchased Power	1,353,117	1,175,202	1,368,279	1,547,427	1,770,804	1,562,153	1,354,759	1,385,833	1,800,485	1,954,640	2,005,585	1,840,912	1,845,738
Gross Margins	(639,945)	(748,170)	(812,063)	(1,104,725)	(775,973)	(709,315)	(616,724)	(1,146,864)	(935,569)	(1,475,272)	(1,234,533)	(957,576)	(650,402)
Operations	94,683	91,886	93,273	96,883	75,670	88,620	109,327	82,567	98,146	83,453	104,396	112,300	88,004
Maintenance	324,279	242,525	256,747	293,825	467,790	263,686	253,964	230,894	218,592	341,647	256,139	191,394	269,606
Customer Service	90,743	99,294	98,061	91,075	85,056	99,762	95,294	97,537	106,200	69	97,542	95,526	104,433
Informational Advertising	18,817	17,221	14,418	17,714	16,023	17,755	18,285	26,890	18,676	17,795	19,571	20,365	17,783
Demonstration Advertising	2,530	1,555	2,059	2,014	1,360	2,499	1,836	1,952	2,247	1,808	1,664	1,814	2,225
Admin & General	190,602	126,156	147,063	136,931	139,352	149,928	160,505	184,570	155,993	132,027	164,276	159,828	140,523
Depreciation	248,374	248,265	248,822	249,083	249,547	251,127	253,121	253,739	254,245	254,919	255,729	255,922	255,660
Regulatory	2,538	2,538	2,538	2,538	2,667	3,082	3,082	3,082	3,082	3,080	2,810	2,810	2,810
Interest - LTD	83,951	85,415	84,387	84,782	87,956	85,109	84,090	83,615	83,223	82,690	82,789	79,235	78,169
Interest - Deposits	6,391	6,364	6,425	6,470	6,166	115	116	116	115	2,062	200	200	200
Miscellaneous Expense	1,756	1,744	1,444	1,380	1,350	7,154	5,468	3,613	8,480	7,453	6,568	7,153	11,358
Interest Income	(2,512)	(2,511)	(2,483)	(2,466)	(2,460)	(2,472)	(2,453)	(2,453)	(2,448)	(2,453)	(2,451)	(2,443)	(2,449)
Non-Electric Revenue	(44,784)	659	(11,732)	(28,969)	(22,365)	(9,632)	691	(1,296)	(8,067)	1,111	8,827	(82,566)	(14,803)
Capital Credits	(144,752)	-	-	-	-	-	(8,012)	-	-	-	-	-	(148,349)
Margins	232,671	172,941	128,959	(153,465)	332,139	247,418	358,590	(182,038)	2,915	(549,611)	(236,473)	(116,038)	154,778
* ()'s = positive margins													
Operating Expenses	1,064,664	922,963	955,237	982,695	1,132,937	968,837	985,088	968,575	948,999	927,003	991,684	926,547	970,781

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Revenue	(29,350,588)	(29,343,108)	(29,300,413)	(29,403,458)	(29,146,644)	(29,136,945)	(29,107,358)	(29,240,726)	(29,270,164)	(29,541,474)	(29,860,615)	(30,275,925)	(30,779,003)
Purchased Power	18,818,077	18,768,594	18,841,544	18,852,755	18,806,914	18,672,370	18,661,776	18,680,708	18,869,204	18,938,586	18,985,986	19,119,196	19,611,817
Gross Margins	(10,532,511)	(10,574,514)	(10,458,869)	(10,550,703)	(10,339,730)	(10,464,575)	(10,445,582)	(10,560,018)	(10,400,960)	(10,602,888)	(10,874,629)	(11,156,729)	(11,167,186)
Operations	1,164,966	1,159,143	1,145,371	1,135,768	1,110,186	1,098,836	1,110,747	1,106,404	1,121,689	1,121,538	1,125,083	1,131,204	1,124,525
Maintenance	3,047,011	2,973,961	2,950,336	2,972,410	3,148,597	3,165,306	3,158,130	3,184,336	3,214,285	3,346,690	3,364,689	3,341,482	3,286,809
Customer Service	1,039,451	1,062,461	1,057,413	1,060,534	1,053,575	1,060,216	1,073,728	1,087,126	1,105,878	1,042,997	1,048,165	1,056,159	1,069,849
Informational Advertising	226,933	221,943	216,591	219,686	221,192	218,936	218,975	223,050	220,065	222,280	223,439	223,530	222,496
Demonstration Advertising	32,566	30,890	29,526	28,711	27,483	26,649	25,530	23,482	24,093	24,347	23,939	23,338	23,033
Admin & General	1,940,144	1,890,736	1,851,688	1,848,409	1,848,905	1,851,990	1,873,745	1,875,938	1,821,514	1,842,898	1,837,768	1,847,231	1,797,162
Depreciation	2,925,774	2,935,336	2,944,781	2,952,573	2,960,115	2,968,386	2,977,818	2,987,350	2,997,021	3,006,825	3,015,035	3,022,893	3,030,179
Regulatory	30,434	30,451	30,468	30,456	30,585	31,129	31,673	32,217	32,761	33,303	33,575	33,847	34,119
Interest - LTD	1,038,354	1,033,334	1,030,994	1,027,083	1,028,083	1,025,450	1,022,833	1,020,336	1,017,848	1,014,997	1,011,393	1,007,242	1,001,460
Interest - Deposits	75,297	75,448	75,706	75,997	75,966	69,873	63,700	57,485	51,313	47,027	40,872	34,740	28,549
Miscellaneous Expense	63,438	54,935	47,746	57,144	55,358	54,015	51,037	47,810	49,806	47,713	46,558	53,563	63,165
Interest Income	(29,870)	(29,880)	(29,875)	(29,868)	(29,827)	(29,818)	(29,763)	(29,747)	(29,711)	(29,695)	(29,665)	(29,605)	(29,542)
Non-Electric Revenue	68,585	69,474	47,665	4,368	(21,584)	(44,814)	(45,052)	(56,106)	(120,433)	(125,330)	(102,810)	(198,123)	(168,142)
Capital Credits	(168,601)	(168,601)	(168,601)	(166,610)	(166,610)	(166,610)	(170,288)	(152,764)	(152,764)	(152,764)	(152,764)	(152,764)	(156,361)
Margins	921,971	765,117	770,941	665,959	1,002,294	864,969	917,231	846,899	952,405	839,938	610,648	238,008	160,115
Operating Expense	11,584,368	11,468,638	11,380,621	11,408,772	11,560,045	11,570,786	11,607,916	11,645,534	11,656,273	11,750,615	11,770,516	11,775,229	11,681,346
TIER	0.11	0.26	0.25	0.35	0.03	0.16	0.10	0.17	0.06	0.17	0.40	0.76	0.84

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	2013 Monthly Margins				2013 YTD Margins			
	Actual	Budgeted	Difference	% Difference	Actual	Budgeted	Difference	% Difference
January	\$236,473.52	\$303,511.79	-\$67,038.27	-22.1%	\$236,473.52	\$303,511.79	-\$67,038.27	-22.1%
February	\$116,037.91	-\$201,957.21	\$317,995.12	157.5%	\$352,511.43	\$101,554.58	\$250,956.85	247.1%
March	-\$154,779.71	-\$316,373.21	\$161,593.50	51.1%	\$197,731.72	-\$214,818.63	\$412,550.35	192.0%
April		-\$266,766.21				-\$481,584.84		
May		-\$63,202.21				-\$544,787.05		
June		-\$84,404.21				-\$629,191.26		
July		\$181,962.79				-\$447,228.47		
August		-\$167,939.21				-\$615,167.68		
September		-\$118,542.21				-\$733,709.89		
October		\$291,043.79				-\$442,666.10		
November		\$675,183.79				\$232,517.69		
December		\$524,086.31				\$756,604.00		

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MARCH 2013

219 ANALYSIS

								BUDGETED
WO NOS.	DESCRIPTION		NUMBER		COST	LOAN FUNDS	UNIT COST	UNIT COST
9	RETIREMENTS		28		269.12	(269.12)		
100	NEW LINE EXTENSIONS		9		21,828.70	21,828.70	2,425.41	3,229.93
200	TIE LINES							
300	MAJOR PROJECTS							
602	SERVICE UPGRADES		1		1,846.73	1,846.73	1,846.73	1,920.25
603	SECTIONALIZERS		1		1,487.77	1,487.77		
604	REGULATORS							
606	POLES		32	POLES	110,980.80	110,980.80	3,468.15	2,410.75
701	SECURITY LIGHTS		18		13,071.20	13,071.20	726.18	423.50
1600	MINOR PROJECTS		2		3,162.82	3,162.82		
	TOTAL		85		152,647.14	152,108.90		
601	<u>SPECIAL EQUIPMENT</u>	<u>ACCT#</u>						
	METERS	370.00	384		29,687.04	29,687.04	77.31	160.00
	TRANSFORMERS	368.00	0		0.00	0.00	0.00	1,120.00
	TURTLES	370.10	0		0.00	0.00	0.00	
	DISCONNECT METERS	370.20	0		0.00	0.00	0.00	
	OTHER SP EQUIP	365.00	0		0.00	0.00	0.00	
	TOTAL		384		29,687.04	29,687.04		
	MATERIAL				23,057.24			
	MATERIAL OH				36,926.92			
	LABOR				13,966.51			
	LABOR OH				57,661.61			

5th Year
Jan 2013 - Dec 2013
(year to date - June)

	<u>Number</u>	<u>Budget</u>	<u>Cost</u>	<u>Budget</u>		
Retirements			(\$855.87)			
New Line Extensions	33	400	\$73,065.42	784,404.00	2,214.10	1,961.01
Tie Lines		0	\$0.00	64,100.00		
Major Projects			\$0.00	0.00		
Meters	928	559	\$72,629.64	0.00	78.26	-
Transformers (padmount)	38	559	\$42,553.29	626,286.50	1,119.82	1,120.37
Other Special Equipment		11	\$0.00	53,325.00		
Service Upgrades	15	97	\$31,236.68	37,662.50	2,082.45	388.27
Sectionalizers	4	11	\$12,175.41	911,263.50		
Regulators	0	2	\$0.00	84,600.00		-
Pole Replacements	99	378	\$321,470.15	0.00	3,247.17	2,410.75
New Security Lights	66	200	\$45,974.27	0.00	696.58	-
Minor Items			\$68,630.19			

Total 666,879.18 2,561,641.50

Workplan to Date - Thru 6/12
Oct 2008 - June 2012

	<u>Number</u>	<u>Budget</u>	<u>Cost</u>	<u>Budget</u>	<u>Unit Cost</u>	<u>Budgeted Unit Cost</u>
Retirements			(12,015)	0		
New Line Extensions	879	1,408	2,780,482	5,188,868	3,163.23	3,685.28
Tie Lines	0	0	0	0		
Major Projects	15	0	2,002,403	0		
Meters	1,866	1,600	304,403	256,400	163.13	160.25
Transformers	786	2,236	1,228,835	2,892,890	1,563.40	1,293.78
Other Special Equipment (padmount)	470	0	0	0		
Service Upgrades	66					
Sectionalizers	144	388	375,021	745,057	2,604.31	1,920.25
Regulators	62	45	50,340	213,300		
Pole Replacements	3	9	2,713	150,650	904.37	-
New Security Lights	1,381	1,512	5,283,008	3,645,054	3,825.49	2,410.75
Minor Items	1,017	800	531,505	338,400	522.62	423.00
	246	0	1,295,089	0		

Total Routine 12,031,361 13,430,619
Major Projects 2,002,403 3,007,800

Total Workplan 14,033,764 16,438,419

as of May 15, 2013:

Total Advanced to Date \$12,000,000
Amount Encumbered - not advanced \$1,240,984
Yet to be Encumbered \$1,195,795
Total Loan \$16,438,415
Unadvanced Loan Funds \$4,438,415

2013 Major Projects

	<u>Budgeted</u>	<u>To date</u>	<u>Status</u>
<u>Work Plan</u>			
Three Prong	\$ 243,600	\$ 270,326	Be finished in a couple of weeks
Middle Fk (Rt Fk)	\$ 175,000		Getting ready to stake
Stark	\$ 410,225		
<u>Third Party</u>			
Mountain Rural			Staking and construction has started
Hwy 7 - State			Construction has started

2013 General Plant

<u>Vehicles</u>			
2/15	2009 GMC Bucket - Cheyenne	\$	124,315.00
<u>Communications</u>			
2/12 & 3/14	(2) TS-1 Blades	\$	5,287.86
<u>Tools</u>			
2/28	Ground Rod Driver	\$	2,650.70

Overtime Hours
2011

BUDGET per Month		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Total
OFFICE	20	3	4	2	19	49	21	8	10	8	8	12	19	163
CONSTRUCTION	42	44	52	73	92	31	32	73	36	3	31	20	70	557
ENGINEERING	{	0	0	0	0	0	0	0	0	0	0	0	0	0
MAINTENANCE	350	174	198	218	483	454	587	671	283	340	222	194	120	3944
	<u>412</u>	<u>221</u>	<u>254</u>	<u>293</u>	<u>594</u>	<u>534</u>	<u>640</u>	<u>752</u>	<u>329</u>	<u>351</u>	<u>261</u>	<u>226</u>	<u>209</u>	<u>4664</u>
YTD					Ann.Mtg.									4664

Overtime Hours
2012

BUDGET per Month		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Total
OFFICE	20	5	3	36	15	5	15	35	25	5	20	4	9	177
CONSTRUCTION	42	18	0	299	39	54	4	72	64	12	12	18	21	613
ENGINEERING	{	0	0	0	0	0	0	0	0	1	0	0	0	1
MAINTENANCE	350	263	149	563	238	226	683	1539	240	243	231	182	731	5288
	<u>412</u>	<u>286</u>	<u>152</u>	<u>898</u>	<u>292</u>	<u>285</u>	<u>702</u>	<u>1646</u>	<u>329</u>	<u>261</u>	<u>263</u>	<u>204</u>	<u>761</u>	<u>6079</u>
YTD					Ann.Mtg.									6079

Overtime Hours
2013

BUDGET per Month		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Total
OFFICE	20	3	13	10	26									
CONSTRUCTION	42	35	40	20	12									
ENGINEERING	{	0	3	1	1									
MAINTENANCE	350	176	150	188	178									
	<u>412</u>	<u>214</u>	<u>206</u>	<u>219</u>	<u>217</u>	<u>0</u>	<u>856</u>							
YTD					Ann.Mtg.									856

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	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>	<u>Feb-13</u>	<u>Mar-13</u>	<u>Apr-13</u>
Base Fee	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,684.70	\$ 1,660.94	\$ 1,660.94	\$ 1,660.94	\$ 1,660.94
Calls taken by person @	482	334	1,059	1,634	427	282	355	230	1,229	294	203	279	239
Calls taken by IRV @	2	5	631	833	81	26	26	3	287	136	3	76	1
Calls only reaching FEG @	119	61	2,728	914	77	99	77	39	469	89	39	257	41
Abandoned calls	26	13	10,797	2,826	82	32	27	17	473	141	8	126	32
Total Calls Received	<u>629</u>	<u>413</u>	<u>15,215</u>	<u>6,207</u>	<u>667</u>	<u>439</u>	<u>485</u>	<u>289</u>	<u>2,458</u>	<u>660</u>	<u>253</u>	<u>738</u>	<u>313</u>
Text - In											11		
- Out											30		
Calls from Dispatcher to Us @	223	222	241	528	232	184	194	186	289	157	98	115	140
Daily Faxes @													
Call related Cost	\$ 1,554.90	\$ 1,296.17	\$ 4,251.28	\$ 5,279.74	\$ 1,559.30	\$ 1,196.18	\$ 1,320.32	\$ 894.37	\$ 2,881.36	\$ 1,071.96	\$ 738.06	\$ 1,185.36	\$ 966.48
License Fees, Training, etc	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 361.00	\$ 486.00	\$ 411.00	\$ 411.00
	<u>\$ 3,600.60</u>	<u>\$ 3,341.87</u>	<u>\$ 6,296.98</u>	<u>\$ 7,325.44</u>	<u>\$ 3,605.00</u>	<u>\$ 3,241.88</u>	<u>\$ 3,366.02</u>	<u>\$ 2,940.07</u>	<u>\$ 4,927.06</u>	<u>\$ 3,093.90</u>	<u>\$ 2,885.00</u>	<u>\$ 3,257.30</u>	<u>\$ 3,038.42</u>

Bill Payments Taken													
- Credit Cards	28	8	27	11	16	22		17	13	12	10	29	22
- E-checks	14	3	7	12	4	4		8	6	8	4	10	4
	<u>42</u>	<u>11</u>	<u>34</u>	<u>23</u>	<u>20</u>	<u>26</u>		<u>25</u>	<u>19</u>	<u>20</u>	<u>14</u>	<u>39</u>	<u>26</u>
After Hours & Weekends	42	11	19	23	20	26		21	19	20	14	39	26

Electronic Payments Tak

Office Personnel	1234	1170	1202	1237	1317	1045		1237	1127	1257	1294	1321	1339
IVR	935	818	930	1030	977	923		1049	956	995	1065	1150	1109
Auto Pay	9	12	23	33	47	61		101	110	129	131	121	130
On-Line	925	813	919	994	921	943		942	892	908	955	958	923
Smart Phone								27	55	68	73	82	85
Automatic Drafts	245	258	255	247	257	249		262	254	259	252	231	250
CRC	42	11	34	23	20	26		25	19	20	14	39	26
	<u>3,390</u>	<u>3,082</u>	<u>3,363</u>	<u>3,564</u>	<u>3,539</u>	<u>3,247</u>		<u>3,643</u>	<u>3,413</u>	<u>3,636</u>	<u>3,784</u>	<u>3,902</u>	<u>3,862</u>
Total Dollars	<u>\$ 695,490.33</u>	<u>\$ 530,905.90</u>	<u>\$ 568,458.56</u>	<u>\$ 690,275.33</u>	<u>\$ 769,435.49</u>	<u>\$ 670,005.00</u>		<u>\$ 611,971.60</u>	<u>\$ 673,546.00</u>	<u>\$ 807,724.62</u>	<u>\$ 1,050,950.00</u>	<u>\$ 1,040,715.00</u>	<u>\$ 936,932.74</u>

Grayson Rural Electric Cooperative Corporation

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

June 20, 2013

Dear Director:

A Regular Meeting of the Board of Directors is hereby called. I do hereby fix the GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION headquarters in Grayson, Commonwealth of Kentucky, as the place, and **Friday, the twenty-eighth day of June, 2013, at 9:00 a.m.**, for holding of said meeting for the following purposes:

To take any and all action and to transact any and all business which may be necessary, convenient, or desirable in connection with any of the foregoing and the organization of the Corporation at said meeting or at any adjournment or adjournments thereof; and for the transaction of such other business which may come before the meeting or any adjournment or adjournments thereof, as well as consider altering, amending, or repealing the current Bylaws of the Corporation in the manner hereinafter set forth.

Sincerely,



Roger L. Trent
Chairman

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

RLT/ps

Enclosures:

1. Agenda
2. Miscellaneous Analysis

Grayson Rural Electric Cooperative Corporation

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

June 20, 2013

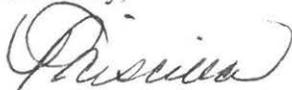
W. Jeffrey Scott,
Attorney at Law
P. O. Box 608
Grayson, KY 41143

Dear Jeffrey:

A Regular Board Meeting of GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION will be held on **Friday, June 28, 2013, at 9:00 a.m.**

We look forward to seeing you at the Board Meeting.

Sincerely,



Priscilla Sparks
Executive Assistant

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

ps

Enclosures:

1. Agenda
2. Miscellaneous Analysis

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

BOARD MEETING AGENDA

On June 28, 2013 at 9:00 a.m. the Directors of Grayson Rural Electric Cooperative Corporation were called to meet by the Chairman.

1. Sign Wavier of Notice
2. Invocation
3. Approval of the Minutes from the May 2013 Organizational Meeting
Approval of the Minutes from the May 2013 Regular Board Meeting
Approval of the Executive Session Minutes from the May 2013 Regular Board Meeting
4. Technical Services Report – Brian Poling, Manager of Technical Services
5. Manager of Finance & Accounting Report and Approval of the Financial & Statistical Report for April 2013– Don Combs, Manager of Finance & Accounting
6. Manager of Marketing & Member Services Report – Kim Bush
7. Operations & Safety Reports – Kyle Clevenger, Manager of Operations
8. Approval of One Hundred Eighteen (118) New Memberships and Retirement of Ninety-Eight (98) Existing Memberships for May 2013
9. Consider Approval of Accounts to be Charged Off to Reserve \$20,155.70
10. Consider Approval of President’s Business Expense in the Amount of \$200.41, Director’s Business Expense in the Amount of \$7,216.97, and Attorney’s Business Expense in the Amount of \$1,806.36
11. President’s Report – Carol Hall Fraley
12. Cooperative Legal Matters – W. Jeffrey Scott
13. KAEC Director’s Report – Jimmy Whitt
14. EKPC Director’s Report – Kenneth Arrington
15. Consider Community Service and/or Donations
16. Attendance at Meetings – Directors & Employees
17. Report of Any Meetings Held
18. Review and Consider/Approval and/or Reaffirming of Board Policies and Bylaws - None
19. Confirm Date for the July Board Meeting – Wednesday, July 24, 2013
20. Additional Business
21. Adjourn

On May 24, 2013, at 8:47 a.m., the Directors of Grayson Rural Electric Cooperative Corporation held a special Board Meeting at its office in Grayson, Kentucky, for the purpose of electing officers for the coming year.

Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors. All were present. Others present included: Carol Hall Fraley, President and CEO; and Priscilla Sparks, Executive Assistant.

INVOCATION

Director Rice gave the invocation.

ELECTION OF OFFICERS

Chairman Trent announced that the first order of business was the election of officers for the ensuing year. He then turned the meeting over to President Fraley to conduct the election of officers.

CHAIRMAN

President Fraley asked for nominations for Chairman. Motion was made by Director Arrington to re-elect the officers and delegates of the Board by acclamation. Motion was seconded by Director Rice and voted unanimously in favor. The officers are Chairman, Roger Trent, Vice Chairman, Donnie Crum, Secretary / Treasurer, Billy E. "Eddie" Martin, and KAEC Representative, Jimmy Whitt and were re-elected to serve for the ensuing year by acclamation. Thereupon, President Fraley turned the meeting back over to Chairman Trent. It should be noted that Director Arrington was previously elected to represent Grayson R.E.C.C. on the East Kentucky Power Cooperative Board.

ADJOURNMENT

Chairman Trent called for a motion to adjourn the Organizational Meeting. Motion was made by Director Rice to adjourn the meeting at 8:49 a.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On May 24, 2013 at 8:50 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION Director Crum gave the invocation.

APPROVAL OF MINUTES Motion was made by Director Martin, seconded by Director Dupuy and unanimously agreed to approve the minutes from the April 2013 Board Meeting for informational purposes only.

MANAGER OF TECHNICAL SERVICES Brian Poling, Manager of Technical Services reported on the following:

GRECC has been testing a different radio system through East Kentucky Power. The four towers we would be using are on Zion Ridge, Rt. 504 (Ault), West Liberty and one around the Rowan/Fleming County line. Director Dupuy asked if we would have to buy from them and Mr. Poling replied that the cost depends on the configuration. He said the Oldtown tower could possibly be leased. Brian will continue to study our options and possibly include a new system in next year's budget.

Brian reported that the Kentucky PSC has yet to decide to either adopt or reject a government Energy Independence and Security Act of 2007 and Smart Grid Information and Investment Standards. They were overwhelmed with the complexity of Smart Grid and asked the utilities to help narrow the scope by joining a collaborative effort to investigate potential area of agreement concerning smart-technology issues.

The collaborative will be investigating: customer privacy, opt-out provisions, cyber-security, customer education (including health-related issues), dynamic pricing, smart meter deployment (including prepaid meters and remote disconnects), cost recovery for smart-technology deployments and how natural gas companies might participate in the electric smart grid. A report will be presented to the commission by June 30, 2014.

The collaborative will have representatives from KU, AEP, Duke Energy, LG&E Columbia Gas, Delta Gas, ATMOS Energy, Community Action council for several central Kentucky groups, EKPC, Big Rivers, the distribution coops, the Attorney General's office and the commission.

Two asphalt plants have applied for power on the Double A Highway. Both require 3 phase power and are around 500 KVA each. They will be considered seasonal loads and will pay all costs for new line extensions and transformers.

President Fraley mentioned to the Board about a new factory in Vanceburg and it is in the corridor in GRECC's boundaries and served by Vanceburg. Therefore, GRECC is entitled to residuals.

OFFICE & MEMBER
SERVICE REPORT

Don Combs, Manager of Finance and Accounting presented the Financial & Statistical Report for March 2013. Mr. Combs reported on the following:

FINANCIAL & STATISTICAL
REPORT FOR MARCH

Kilowatt hour sales for the month of March (03/20-04/20) were 10.39% over budget. Purchases for the time period of (3/1-31) were 19.93% over budget. Line loss for the last twelve months was 5.36%. Year to date margins were a \$197,732 compared to the budgeted negative amount of (\$214,818). Line loss for the last twelve month was 5.36%.

PSC RATE CASE

The PSC hearing on our rate case has been set for June 18, 2013. The rate increase will be approximately 8%.

Mr. Combs gave a concise overview of the following:

Capital Budget- no growth in Distribution Plant;
Steady general plant expenditures tend to be lower;
Operating Expenses – no growth and trending downward due to overtime;
Outages -200 overtime hours a month – less than it has ever been due to low outages;
Medical Insurance premiums are down;
Workman's Comp – premiums are down;
Energy Purchases – load factor –year to date back up to levels of 2010;
Energy Sales – due to weather

THE AMENDMENT OF THE
NRECA 401(K) PENSION PLAN
ADOPTION AGREEMENT 'A'
RUS# 18061-001 & 18061.002

Don Combs presented to the Board a Resolution for the Grayson Rural Electric Cooperative Corporation Corporate, The Amendment of the NRECA 104 (k) Pension Plan Adoption Agreement 'A' RUS#: 18061-001 & 18061.002 with Rural Cooperative Credit Union and an Addendum to that resolution, as follows:

“SEE PAGE 3”

**RESOLUTION
AUTHORIZING THE AMENDMENT OF THE
NRECA 401(k) PENSION PLAN
Adoption Agreement "A"
RUS#: 18061-001 & 18061-002**

WHEREAS, Grayson Rural Electric Cooperative Corporation is participating in the NRECA sponsored defined contribution plan, the 401(k) Pension Plan (the "401(k) Plan"), and;

WHEREAS, The Board of Directors of Grayson Rural Electric Cooperative Corporation ("the Board") now desires to amend these plans pursuant to Section 18.2 of the 401(k) Plan document by adopting the amendment below to the Plan effective July 1, 2013;

BE IT RESOLVED, that the amendment to the 401(k) Plan is as follows:

The Grayson Rural Electric Cooperative Corporation shall add the Hardship Distribution option to the Plan. Effective July 1, 2013, a Participant shall become eligible to request an in-service distribution upon financial hardship (as defined in Paragraph 14.17 of the Plan) prior to his or her actual retirement or other termination of employment.

BE IT FURTHER RESOLVED, that the Board does hereby authorize and direct the President & CEO, Carol Hall-Fraley to execute all necessary documents and to take any and all further actions necessary to carry out the intentions of the Board as indicated in this resolution.

CERTIFICATE OF SECRETARY

I, Billy E. Martin, certify that I am Secretary of the Grayson Rural Electric Cooperative Corporation Board of Directors and that the above is a true excerpt from the minutes of a regular board meeting of the Board of Directors of Grayson Rural Electric Cooperative Corporation, held on the 24th day of May, 2013 at which a quorum was present and that the above portion of the minutes has not been modified nor rescinded.

IN WITNESS WHEREOF, I have set my hand and affixed the seal of Grayson Rural Electric Cooperative Corporation this 24th day of May, 2013.

(Seal)

(Signature of Secretary)

Motion was made by Director Dupuy and seconded by Director Rice to adopt said resolution and amendment as stated herein. Motion carried unanimously.

INVENTORY

Mr. Combs said the yearend inventory for 2012 has been conducted
He was pleased with the outcome.

APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR MARCH 2013

Motion was made by Director Dupuy, seconded by Director Rice and unanimously agreed to approve the Financial and Statistical report for March 2013 as presented for informational purposes only.

EKPC

President Fraley and Mr. Combs are concerned about a new financing plan presented at the last (May) EKPC Board Meeting. Mr. Combs said he talked to Frank Oliva yesterday to try to get some clarification. They are also concerned about the resolution of the Smith Power Plant material and whether it can actually be sold or scrapped. In addition, they are concerned about the pass through provision granted during the Liberty Audit, allowing EKPC to pass Smith costs to our members over a 10 year period. They feel the financial position of EKPC has improved drastically and that EKPC should absorb the costs of the Smith Plant cancellation. The new financing plan was sent to the Strategic Planning Committee (of which CEO Fraley is a member) and was considered at the Committee meeting on the following Monday. In addition to the Smith Plant issue, the new Financing Plan deals with several new projects that will need to be amended into their Work Plan, a possible upgrade in their financial rating, a loan with RUS, and new financing from outside sources. A brief overview was given to the EKPC Directors. President Fraley does not feel that enough time and information has been given to the EKPC Directors to make a good decision

PPO and UNION CONTRACT

President Fraley addressed an issue with the PPO and Flex Plan on the last union contract. The union had this built into their wages and it was set up as ancillary on the inside employees. Over the course of the contract, it did not get added into the inside employee wages as we intended. President Fraley asked for permission to correct this over site. A motion was made by Director Crum, seconded by Director Martin and unanimously agreed upon to correct as President Fraley presented.

RETIREMENT PREPAID

GRECC received the paperwork back on the prepaid retirement.

MANAGER OF MARKETNG
& MEMBER SERVICES

Kim Bush, Manager of Marketing & Member Services will have a summary of the annual meeting at the June Board Meeting.

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations gave the Operations Report. He reported on the following:

EMPLOYEE/LOST TIME
ACCIDENT

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during April 2013:

April 04—Sherry Buckler, General Accounting Supervisor, read from the Safety Manual on General Rules. Don Combs discussed upcoming changes in health care and medication. Carol Ann discussed right-of-way, when building and maintaining power lines. Kyle Clevenger talked about the new (jobs being started.

April 8—Kim Bush, Mgr. of Marketing & Member Services, read from the Safety Manual on General Rules (continuation of last week's meeting). Tina Preece gave an update on rebate programs. Kyle Clevenger reminded everyone to work safe.

SAFETY REPORT
(CONTINUED)

April 16 & 17—The meeting was held at Licking Valley for the KAEC Driving program. The class consisted of vehicle inspections, ride-along's for driver evaluations, and classroom training.

April 22—Kyle Clevenger, Manage of Operations, asked Nancy Madden to read General Rules and Smoking, and Welding & Cutting from the Safety Manual (continuation). Carol Fraley gave certificates to Mike Reynolds and Steven Burton for completion of Basic Skills Workshop.

Kyle Clevenger, Manager of Operations, continues to mention the necessity and importance of hard hats and rubber gloves. He reminded everyone of the importance of using ground chains. A line is not dead until it is grounded.

Kyle and Director Whitt addressed the Mountain Telephone pole change outs and the State Highway Department RT 7 road job.

Kyle reported to the Board the recent storm cause four three-phase poles to be taken out due to a large white oak tree falling on our line.

CONSTRUCTION

The Construction Department built eighty-five (85) new work orders for the month of April and worked twelve (12) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked one hundred seventy-eight (178) hours of overtime during the month of April 2013.

DELINQUENT NOTICES

The Maintenance & Construction Departments collected on two hundred thirty-eight (238) delinquent accounts and disconnected sixty-one (61) accounts in May.

CONTRACT CREWS

Two Pike crews have been working in the following areas:

Rob Evans – H Structure – 3 Prong – Greenup Co. & New Construction
Zach Clevenger – RT 7 – Elliott County

RIGHT-OF-WAY CREWS

We have eight (8) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 535 trees, 527 cut trees, and cut 37,540 feet of brush/line. The crews are working in the following areas:

1 tractor crew in Lawrence County; in Elliott County now
2 bucket truck crews in Lawrence, Elliott & Rowan Counties
1 spray crew in Greenup County
1cutting crew in Greenup County
1cutting crews (notes Elliott & Lawrence Counties)
2 cutting crews in Lawrence County

RIGHT-OF-WAYS CREWS

The Bobby Smith Tree Company cut and trimmed trees in Carter, Lewis and Greenup Counties. They have one circuit crew in Carter County.

ENGINEERING REPORT

The Engineering Department released four hundred twenty-six (426) prints consisting of 10,470 feet of primary line and 8,010 feet of service wire. They currently have four (4) new services to be staked and three (3) to be drawn. They have approximately sixteen (16) miscellaneous jobs to be staked or drawn.

ENGINEERING REPORT (CONTINUED)	Director Arrington reported that he attended the Louisa Kentucky Power Plant meeting and approximately 300 people attended. This will be a severe economic blow to Lawrence County and the surrounding area.
APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS	Motion was made by Director Rice, seconded by Director Dupuy and unanimously agreed to approve one hundred (100) new memberships and retirement of one hundred seven (107) existing memberships for April 2013.
BAD DEBT WRITE-OFFS	Motion was made by Director Rice, seconded by Director Dupuy and unanimously agreed to charge off \$13,200.80 worth of bad debts and turn them over for collection.
APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY BUSINESS EXPENSES	Motion was made by Director Martin, seconded by Director Whitt and unanimously agreed to approve the President's business expense of \$388.65, Director's business expenses of \$8,858.70 and Attorney's business expense of \$189.20.
PRESIDENT'S REPORT	President Fraley reported on the following:
NO LOSS TIME ACCIDENT	GRECC received a certificate for no loss time accident for 2012. This is the third year without a lost time accident.
BOARD SEAT	Matthew (Mindy) Barrett has inquired about an upcoming board seat.
SAFETY VIOLATION LETTERS	Nineteen letters has been mailed on safety violations since the last board meeting.
KAEC UPDATES	Dan Yates is retiring in June. Jim Jacobus had back surgery and will be off for eight weeks. Warren is advertising for a new CEO. Carol Fraley will become the first female to be President of the KAEC Board in November. Trailer park near Save-A-Lot does not have the legal paperwork. Carter Elementary is almost ready to come on service.
EKPC ANNUAL MEETING	The East Kentucky Power Cooperative's Annual meeting will be held June 11, 2013 at their headquarters in Winchester, Kentucky.
KAEC LINEMAN'S RODEO	We are sponsoring the Linemen's Rodeo this year and will have a team.
LEGAL COUNSEL'S REPORT	Legal Counsel Scott reported on the following:
EKPC BOARD DIRECTOR	Reported to the Board the filing of Director Arrington background check as required by the EKPC Board.
CHARLESTON BOTTOMS	The Charleston Bottoms suit is still ongoing. No proposed settlement agreement has been received from EKPC's Legal Counsel.
EKPC LETTER TO THE BOARD	Director Dupuy made a motion to request that Director Arrington present a letter to the EKPC Board asking for more explanation on the slide presentation and agreed upon by Directors Rice, Whitt, and Trent, with Director Martin voting no.

KAEC DIRECTOR'S REPORT Director Whitt and President Fraley attended KAEC's Board Meeting this week in Louisville, KY and reported on the following:

The NRECA Regional Meeting will be held in Birmingham.
The 2014 NRECA Annual Meeting will be held in Nashville at the new Omni Hotel downtown.
Finances at KAEC remain positive.
Robert True, Director from Owen Electric; and Jason Todd, Director from Inter-County Energy were seated on the KAEC Board. Frank Jackson from Owen Electric Cooperative retired.
Carol Fraley, Chair of the Distinguished Rural Kentuckian Committee, nominated former Secretary of Agriculture Billy Ray Smith for this year's award.
Mr. Corum said consideration is being given to the co-ops inviting local legislators to be their guest at the KAEC Annual Meeting banquet in November.
Dan Yates will work on retainer after his retirement, out of the Frankfort office.

EKPC DIRECTOR'S REPORT Director Arrington reported:

The East Kentucky Power Cooperative Annual Meeting is scheduled for June 11, 2013 at the Cooperative's headquarters. Registration begins at 9:00 a.m. Paul Ballard's seat was dissolved on the Inter-County Board, upon his retirement.

THANK YOU NOTES President Fraley mentioned GRECC had received thank you cards from:

The Greenup County Genealogy & Historical Society –Laura Dillow
Ned Gilbert family – in memory of contribution

DONATIONS President Fraley presented to the Board for their consideration the following donation requests:

City of Greenup – Great Balls of Fireworks donation	\$100
American Cancer Society –Elliott Co. Relay for Life - -memory of Juanita Rice	\$150
Lewis County Extension Office – 4-H KY Youth Seminar	\$125
Carter County Homemakers Quilt Show – donation	\$100
Rodeo Sponsorship	

Motion was made by Director Martin seconded by Director Rice and unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE President Fraley and some of the staff will be attending EKPC's Annual Meeting on June 11, 2013.
Legal Counsel Scott will be attending the NRECA Legal Seminar 53 at Gaylord National Resort in National Harbor, MD on June 6-7, 2013.

BOARD POLICIES TO BE REVIEWED There were no board policies presented for review.

BOARD MEETING DATE	The Regular Board Meeting in June will be held June 28, 2013. The Regular Board Meeting in July will be held on July 24, 2013.
ADDITIONAL BUSINESS	There was no additional business.
ADJOURN	Chairman Trent adjourned the meeting at 12:03 p.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

Minutes of the Executive Session of the May 24, 2013 GRECC Board Meeting

On May 24, 2013 Grayson Rural Electric Cooperative Corporation held an executive session during its regular board meeting.

EXECUTIVE SESSION

Director Martin made a motion, seconded by Director Rice, to go into Executive Session at 10:36 a.m. and unanimously agreed upon.

Matters concerning East Kentucky Power Cooperative were thoroughly discussed.

Director Martin made a motion, seconded by Director Rice to come out of Executive Session at 11:35 a.m. and unanimously agreed upon.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

President and CEO's Expenses

April 2013

<u>Date</u>	<u>Check</u>	<u>Description</u>	<u>Amount</u>
5/03/13	160015	VISA Expenses:	
		*3/18-19 KAEC Board Meeting	\$100.87
		Room Expense - \$68.44	
		Meal Expenses - \$32.43	
		*3/22 Staff Meeting – Meal Expense	\$10.05
		*4/10 Grayson Discussion Issues Meeting - Meal Expense	\$9.13
		*4/15 KAEC Spring Meeting, Louisville, KY –	\$80.36
		Room Expense	
		Total Expenses	\$200.41

*prorated expense

DIRECTORS & ATTORNEY EXPENSES**April-13****KENNETH ARRINGTON**

Per Diem - GRECC Bd. Mtg. (4/22)	\$ 245.20
VISA - Lunch GRECC Bd. Mtg. (3/21)	15.10
MISC -	-
Cash in Lieu of Insurance	637.63
24 – Hr. Insurance	0.70
TOTAL -	<u>\$ 898.63</u>

DONNIE CRUM

Per Diem - GRECC Bd. Mtg. (4/22)	\$ 213.56
VISA -	-
MISC -	-
Cash in Lieu of Insurance	637.63
24 – Hr. Insurance	1.08
TOTAL -	<u>\$ 852.27</u>

HAROLD DUPUY

Per Diem - GRECC Bd. Mtg. (4/22)	\$ 200.00
VISA -	-
MISC -	-
Cash in Lieu of Insurance	637.63
24-Hr. Insurance	1.08
TOTAL -	<u>\$ 838.71</u>

EDDIE MARTN

Per Diem - GRECC Bd. Mtg. (4/22)	\$ 209.04
VISA -	-
MISC -	-
Cash in Lieu of Insurance	1,629.60
24 – Hr. Insurance	1.08
TOTAL -	<u>\$ 1,839.72</u>

WILLIAM T. RICE

Per Diem - GRECC Bd. Mtg. (4/22)	\$ 222.60
VISA - Lunch GRECC Bd. Mtg. (3/21)	15.10
MISC -	-
Cash in Lieu of Insurance	637.63
24 – Hr. Insurance	0.70
TOTAL -	<u>\$ 876.03</u>

ROGER TRENT

Per Diem	- GRECC Bd. Mtg. (4/22)	\$	239.55
VISA	- Lunch GRECC Bd. Mtg. (3/21)		15.10
MISC	-		-
	Cash in Lieu of Insurance		637.63
TOTAL	- 24 – Hr. Insurance		0.70
		\$	892.98

JIMMY WHITT

Per Diem	- GRECC Bd. Mtg. (4/22)	\$	223.73
VISA	- KAEC Bd. Mtg.		156.19
MISC	-		-
	Cash in Lieu of Insurance		637.63
TOTAL	- 24 – Hr. Insurance		1.08
		\$	1,018.63

JEFF SCOTT

Out-of-Pocket	- Reimburse postage (5th 3rd vs Henderson)	\$	7.60
	Postage (26) Collection Letters		11.96
	Todd & Assoc report on Depositions		1,786.80
VISA	-		-
MISC	-		-
TOTAL	-	\$	1,806.36

***Combs* Report**

June 28, 2013

KWH Sales & Purchases: April 2013 – packet

Sales: Month: 2.62 % over Budget (4/20 – 5/20)
YTD : 7.78 % over Budget
Last Year to Date: 14.09 % more

Purchases: Month: 5.29 % over Budget (4/1 – 4/30)
YTD: 6.28 % over Budget

Line Loss : Month: 13.77 %
Matched: 7.89 %
YTD: 11.75 %
Last 12 Months: 5.82 %

Form 7: April 2013

Electric Revenue LESS Purchased Power:	\$	68,518	less
Operations Expense	\$	7,170	less
Maintenance Expense	\$	21,070	less
Admin & Gen Expense	\$	9,895	more
Margins	\$	70,366	less

Form 7: Year to Date

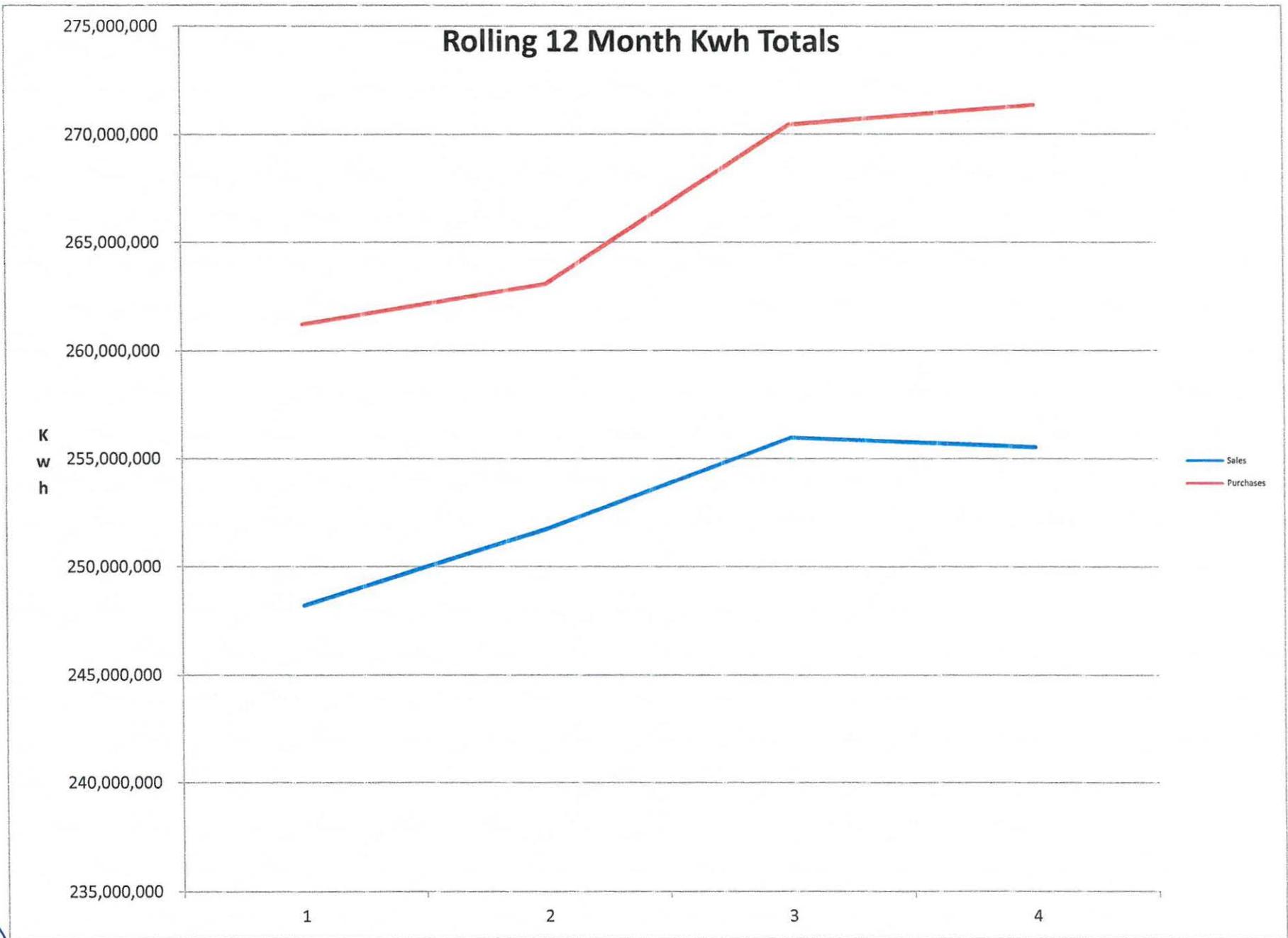
Margins :	\$	(139,419)
Budgeted:	\$	(481,595)

- **Accounting Reports – Pages 2-8**
- **219 Analysis – Page 9**

- **Inventory Analysis**

- **PSC Activity**
 - **Rate Case Update**
 - **KERR (MACED)**

- **Capital Credits Paid (applications from 5/29/12 to 9/19/12) – Page 10**
 - **78 outstanding applications**



2

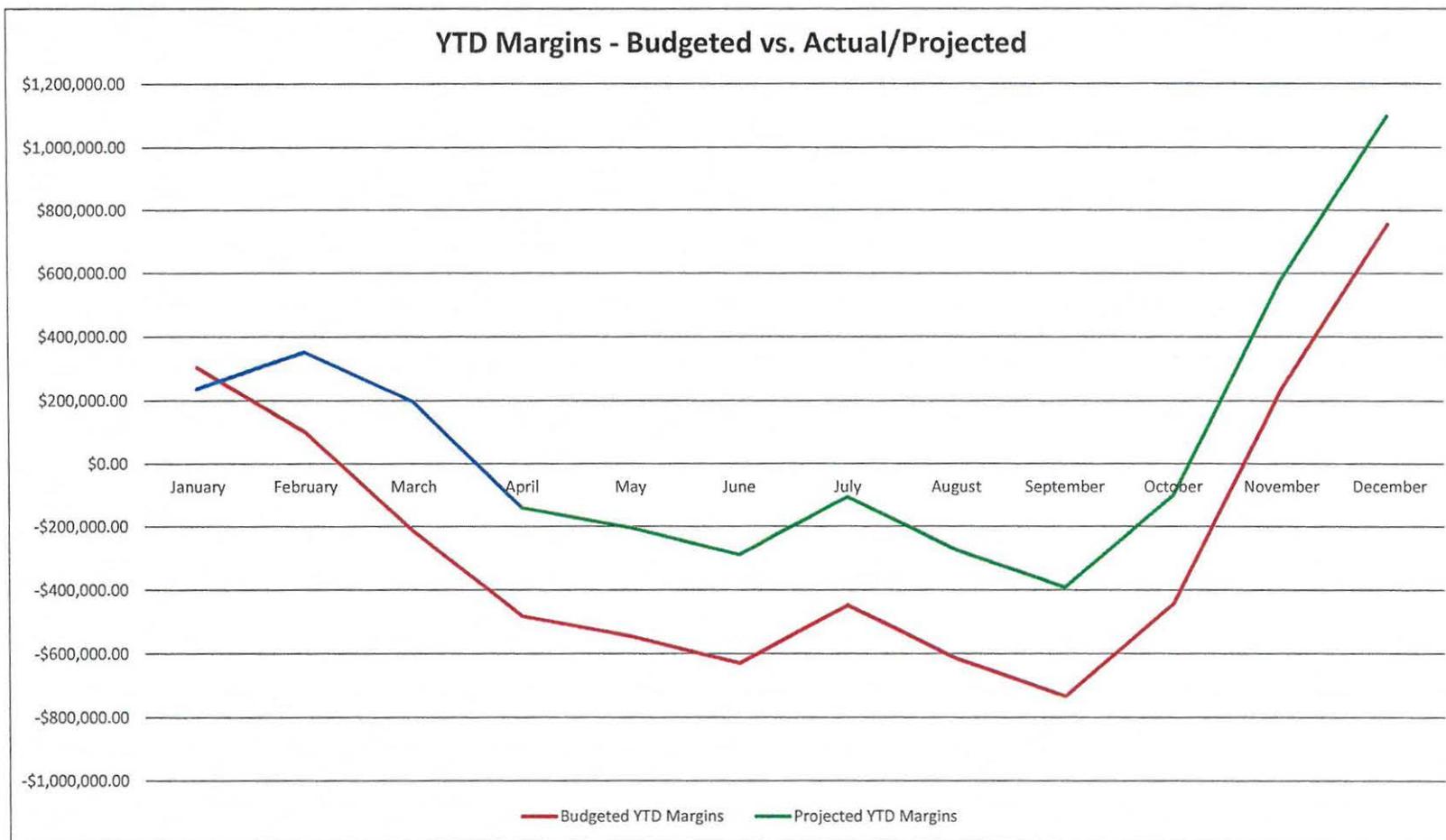
2012	TOTAL SALES					
	KWH	Actual \$	UNIT	Budget		
JANUARY	27,493,981	\$ 3,138,514	0.1142	26,817,810	\$ 3,179,621	0.1186
FEBRUARY	23,292,774	\$ 2,699,944	0.1159	20,819,895	\$ 2,420,917	0.1163
MARCH	20,969,119	\$ 2,407,840	0.1148	18,207,611	\$ 2,080,872	0.1143
APRIL	15,699,683	\$ 1,890,279	0.1204	15,299,133	\$ 1,741,200	0.1138
MAY	0	\$ -	#DIV/0!	17,728,173	\$ 2,025,323	0.1142
JUNE	0	\$ -	#DIV/0!	19,566,366	\$ 2,238,264	0.1144
JULY	0	\$ -	#DIV/0!	21,272,076	\$ 2,621,322	0.1232
AUGUST	0	\$ -	#DIV/0!	18,543,787	\$ 2,252,414	0.1215
SEPTEMBER	0	\$ -	#DIV/0!	16,244,083	\$ 2,047,234	0.1260
OCTOBER	0	\$ -	#DIV/0!	19,576,862	\$ 2,456,225	0.1255
NOVEMBER	0	\$ -	#DIV/0!	24,115,801	\$ 3,155,127	0.1308
DECEMBER	0	\$ -	#DIV/0!	26,571,525	\$ 3,469,939	0.1306
	87,455,557	\$10,136,577	\$0.1159	244,763,122	\$29,688,458	\$0.1213

Actual vs. Budget				
15,699,683	Month	2013	15,299,133	2.62%
87,455,557	YTD		81,144,448	7.78%
Compared to 2012				
15,699,683	Month		16,130,893	-2.67%
87,455,557	YTD		76,654,940	14.09%

2012	GROSS MARGINS							
	Actual	Budget	Variance	Line Loss	Fuel Adj.	Fuel Adj. \$	ESC Rate	ESC \$
JANUARY	\$1,132,929	\$ 1,136,932	(\$4,003)	3.81%	(0.001445)	(39,642)	9.32%	267,698
FEBRUARY	\$859,032	\$ 631,439	\$227,593	9.95%	(0.000315)	(7,397)	8.56%	212,892
MARCH	\$562,102	\$ 517,010	\$45,092	20.72%	(0.000463)	(9,702)	7.96%	177,584
APRIL	\$498,079	\$ 566,597	(\$68,518)	13.77%	0.000961	15,054	9.17%	158,740
MAY	\$0	\$ 770,190	(\$770,190)	#DIV/0!	0.003166		9.05%	
JUNE	\$0	\$ 749,003	(\$749,003)	#DIV/0!				
JULY	\$0	\$ 1,015,465	(\$1,015,465)	#DIV/0!				
AUGUST	\$0	\$ 665,551	(\$665,551)	#DIV/0!				
SEPTEMBER	\$0	\$ 714,956	(\$714,956)	#DIV/0!				
OCTOBER	\$0	\$ 1,124,557	(\$1,124,557)	#DIV/0!				
NOVEMBER	\$0	\$1,508,724	(\$1,508,724)	#DIV/0!				
DECEMBER	\$0	\$1,357,663	(\$1,357,663)	#DIV/0!				
			\$200,164	11.75%	0.000381	(41,687)	8.81%	816,914

	May 2012	June 2012	July 2012	August 2012	September 2012	October 2012	November 2012	December 2012	January 2013	February 2013	March 2013	April 2013
Revenue	(2,180,342)	(2,652,152)	(2,546,777)	(2,271,468)	(1,971,483)	(2,532,697)	(2,736,054)	(3,429,912)	(3,240,118)	(2,798,488)	(2,496,140)	(1,979,105)
Purchased Power	1,368,279	1,547,427	1,770,804	1,562,153	1,354,759	1,385,833	1,800,485	1,954,640	2,005,585	1,840,912	1,845,738	1,392,200
Gross Margins	(812,063)	(1,104,725)	(775,973)	(709,315)	(616,724)	(1,146,864)	(935,569)	(1,475,272)	(1,234,533)	(957,576)	(650,402)	(586,905)
Operations	93,273	96,883	75,670	88,620	109,327	82,567	98,146	83,453	104,396	112,300	88,004	89,380
Maintenance	256,747	293,825	467,790	263,686	253,964	230,894	218,592	341,647	256,139	191,394	269,606	209,696
Customer Service	98,061	91,075	85,056	99,762	95,294	97,537	106,200	69	97,542	95,526	104,433	101,177
Informational Advertising	14,418	17,714	16,023	17,755	18,285	26,890	18,676	17,795	19,571	20,365	17,783	18,182
Demonstration Advertising	2,059	2,014	1,360	2,499	1,836	1,952	2,247	1,808	1,664	1,814	2,225	2,614
Admin & General	147,063	136,931	139,352	149,928	160,505	184,570	155,993	132,027	164,276	159,828	140,533	163,057
Depreciation	248,822	249,083	249,547	251,127	253,121	253,739	254,245	254,919	255,729	255,922	255,660	255,933
Regulatory	2,538	2,538	2,667	3,082	3,082	3,082	3,082	3,080	2,810	2,810	2,810	2,810
Interest - LTD	84,387	84,782	87,956	85,109	84,090	83,615	83,223	82,690	82,789	79,235	78,169	83,080
Interest - Deposits	6,425	6,470	6,166	115	116	116	115	2,062	200	200	200	199
Miscellaneous Expense	1,444	1,380	1,350	7,154	5,468	3,613	8,480	7,453	6,568	7,153	11,358	9,466
Interest Income	(2,483)	(2,466)	(2,460)	(2,472)	(2,453)	(2,453)	(2,448)	(2,453)	(2,451)	(2,443)	(2,449)	(2,451)
Non-Electric Revenue	(11,732)	(28,969)	(22,365)	(9,632)	691	(1,296)	(8,067)	1,111	8,827	(82,566)	(14,803)	(9,095)
Capital Credits	-	-	-	-	(8,012)	-	-	-	-	-	(148,349)	-
Margins	128,959	(153,465)	332,139	247,418	358,590	(182,038)	2,915	(549,611)	(236,473)	(116,038)	154,778	337,143
* ()'s = positive margins												
Operating Expenses	955,237	982,695	1,132,937	968,837	985,088	968,575	948,999	927,003	991,684	926,547	970,781	935,594
Revenue	(29,300,413)	(29,403,458)	(29,146,644)	(29,136,945)	(29,107,358)	(29,240,726)	(29,270,164)	(29,541,474)	(29,860,615)	(30,275,925)	(30,779,003)	(30,834,736)
Purchased Power	18,841,544	18,852,755	18,806,914	18,672,370	18,661,776	18,680,708	18,869,204	18,938,586	18,985,986	19,119,196	19,611,817	19,828,815
Gross Margins	(10,458,869)	(10,550,703)	(10,339,730)	(10,464,575)	(10,445,582)	(10,560,018)	(10,400,960)	(10,602,888)	(10,874,629)	(11,156,729)	(11,167,186)	(11,005,921)
Operations	1,145,371	1,135,768	1,110,186	1,098,836	1,110,747	1,106,404	1,121,689	1,121,538	1,125,083	1,131,204	1,124,525	1,122,019
Maintenance	2,950,336	2,972,410	3,148,597	3,165,306	3,158,130	3,184,336	3,214,285	3,346,690	3,364,689	3,341,482	3,286,809	3,253,980
Customer Service	1,057,413	1,060,534	1,053,575	1,060,216	1,073,728	1,087,126	1,105,878	1,042,997	1,048,165	1,056,159	1,069,849	1,071,732
Informational Advertising	216,591	219,686	221,192	218,936	218,975	223,050	220,065	222,280	223,439	223,530	222,496	223,457
Demonstration Advertising	29,526	28,711	27,483	26,649	25,530	23,482	24,093	24,347	23,939	23,338	23,033	24,092
Admin & General	1,851,688	1,848,409	1,848,905	1,851,990	1,873,745	1,875,938	1,821,514	1,842,898	1,837,768	1,847,231	1,797,162	1,834,063
Depreciation	2,944,781	2,952,573	2,960,115	2,968,386	2,977,818	2,987,350	2,997,021	3,006,825	3,015,035	3,022,893	3,030,179	3,037,847
Regulatory	30,468	30,456	30,585	31,129	31,673	32,217	32,761	33,303	33,575	33,847	34,119	34,391
Interest - LTD	1,030,994	1,027,083	1,028,083	1,025,450	1,022,833	1,020,336	1,017,848	1,014,997	1,011,393	1,007,242	1,001,460	999,125
Interest - Deposits	75,706	75,997	75,966	69,873	63,700	57,485	51,313	47,027	40,872	34,740	28,549	22,384
Miscellaneous Expense	47,746	57,144	55,358	54,015	51,037	47,810	49,806	47,713	46,558	53,563	63,165	70,887
Interest Income	(29,875)	(29,868)	(29,827)	(29,818)	(29,763)	(29,747)	(29,711)	(29,695)	(29,665)	(29,605)	(29,542)	(29,482)
Non-Electric Revenue	47,665	4,368	(21,584)	(44,814)	(45,052)	(56,106)	(120,433)	(125,330)	(102,810)	(198,123)	(168,142)	(177,896)
Capital Credits	(168,601)	(166,610)	(166,610)	(166,610)	(170,288)	(152,764)	(152,764)	(152,764)	(152,764)	(152,764)	(156,361)	(156,361)
Margins	770,941	665,959	1,002,294	864,969	917,231	846,899	952,405	839,938	610,648	238,008	160,115	324,317
Operating Expense	11,380,621	11,408,772	11,560,045	11,570,786	11,607,916	11,645,534	11,656,273	11,750,615	11,770,516	11,775,229	11,681,346	11,693,977
TIER	0.25	0.35	0.03	0.16	0.10	0.17	0.06	0.17	0.40	0.76	0.84	0.68

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	2013 Monthly Margins			2013 YTD Margins			2013 Projected Margins
	Actual	Budgeted	Difference	Actual	Budgeted	Difference	YTD + Actual
January	\$236,473.52	\$303,511.79	-\$67,038.27	\$236,473.52	\$303,511.79	-\$67,038.27	\$236,473.52
February	\$116,037.91	-\$201,957.21	\$317,995.12	\$352,511.43	\$101,554.58	\$250,956.85	\$352,511.43
March	-\$154,779.71	-\$316,373.21	\$161,593.50	\$197,731.72	-\$214,818.63	\$412,550.35	\$197,731.72
April	-\$337,142.19	-\$266,766.21	-\$70,375.98	-\$139,410.47	-\$481,584.84	\$342,174.37	-\$139,410.47
May		-\$63,202.21			-\$544,787.05		-\$202,612.68
June		-\$84,404.21			-\$629,191.26		-\$287,016.89
July		\$181,962.79			-\$447,228.47		-\$105,054.10
August		-\$167,939.21			-\$615,167.68		-\$272,993.31
September		-\$118,542.21			-\$733,709.89		-\$391,535.52
October		\$291,043.79			-\$442,666.10		-\$100,491.73
November		\$675,183.79			\$232,517.69		\$574,692.06
December		\$524,086.31			\$756,604.00		\$1,098,778.37

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APRIL 2013

219 ANALYSIS

BUDGETED							
WO NOS.	DESCRIPTION		NUMBER	COST	LOAN FUNDS	UNIT COST	UNIT COST
9	RETIREMENTS		40	836.61	(836.61)		
100	NEW LINE EXTENSIONS		24	43,243.14	43,243.14	1,801.80	3,229.93
200	TIE LINES						
300	MAJOR PROJECTS						
602	SERVICE UPGRADES		6	7,839.17	7,839.17	1,306.53	1,920.25
603	SECTIONALIZERS						
604	REGULATORS						
606	POLES		40	102,333.29	102,333.29	2,558.33	2,410.75
701	SECURITY LIGHTS		20	9,834.79	9,834.79	491.74	423.50
1600	MINOR PROJECTS		18	23,045.54	23,045.54		
	TOTAL		139	187,132.54	185,459.32		
601	SPECIAL EQUIPMENT	ACCT#					
	METERS	370.00	0	0.00	0.00	0.00	160.00
	TRANSFORMERS	368.00	0	0.00	0.00	0.00	1,120.00
	TURTLES	370.10	0	0.00	0.00	0.00	
	DISCONNECT METERS	370.20	152	37,369.20	37,369.20	245.85	
	OTHER SP EQUIP	365.00	0	0.00	0.00	0.00	
	TOTAL		152	37,369.20	37,369.20		
	MATERIAL			113,498.68			
	MATERIAL OH			31,167.06			
	LABOR			17,516.72			
	LABOR OH			49,603.45			

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Grayson Rural Electric Cooperative Corporation

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

July 16, 2013

W. Jeffrey Scott,
Attorney at Law
P. O. Box 608
Grayson, KY 41143

Dear Jeffrey:

A Regular Board Meeting of GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION will be held on **Wednesday, July 24, 2013, at 9:00 a.m.**

We look forward to seeing you at the Board Meeting.

Sincerely,



Priscilla Sparks
Executive Assistant

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

ps

Enclosures:

1. Agenda
2. Miscellaneous Analysis

Grayson Rural Electric Cooperative Corporation

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

July 16, 2013

Dear Director:

A Regular Meeting of the Board of Directors is hereby called. I do hereby fix the GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION headquarters in Grayson, Commonwealth of Kentucky, as the place, and **Wednesday, the twenty-fourth day of July, 2013, at 9:00 a.m.**, for holding of said meeting for the following purposes:

To take any and all action and to transact any and all business which may be necessary, convenient, or desirable in connection with any of the foregoing and the organization of the Corporation at said meeting or at any adjournment or adjournments thereof; and for the transaction of such other business which may come before the meeting or any adjournment or adjournments thereof, as well as consider altering, amending, or repealing the current Bylaws of the Corporation in the manner hereinafter set forth.

Sincerely,



Roger L. Trent
Chairman

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

RLT/ps

Enclosures:

1. Agenda
2. Miscellaneous Analysis

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION
BOARD MEETING AGENDA

On July 24, 2013 at 9:00 a.m. the Directors of Grayson Rural Electric Cooperative Corporation were called to meet by the Chairman.

1. Sign Wavier of Notice
2. Invocation
3. Approval of the Minutes from the June 2013 Board Meeting
4. Manager of Technical Services Report – Brian Poling
5. Manager of Finance & Accounting Report and Approval of the Financial & Statistical Report for May 2013 – Don Combs
6. Manager of Marketing & Member Services Report – Kim Bush
7. Operations Report and Safety Report – Kyle Clevenger, Manager of Operations
8. Approval of Eighty-Nine (89) New Memberships and Retirement of One Hundred Eight (108) Existing Memberships for June 2013
9. Consider Approval of Accounts to be Charged Off to Reserve \$18,867.27
10. Consider Approval of Non-Electric Accounts to be Charged Off to Reserve \$7,313.72
11. Consider Approval of President’s Business Expense in the Amount of \$296.36, Director’s Business Expense in the Amount of \$9,299.48 and Attorney’s Business Expense in the Amount of \$174.09
12. Consider Approval of the Following RUS Work Orders and Submit Them to RUS:

January 2013	Work Order No. 1164	\$194,146.69
	Work Order No. 1165	\$36,481.36
February 2013	Work Order No. 1166	\$139,973.30
	Work Order No. 1167	\$28,986.01
March 2013	Work Order No. 1168	\$148,946.08
	Work Order No. 1169	\$3,162.82
	Total	\$551,696.26
13. President’s Report – Carol Hall Fraley
14. Cooperative Legal Matters – W. Jeffrey Scott
15. KAEC Director’s Report – Jimmy Whitt
16. EKPC Director’s Report – Kenneth Arrington
17. Consider Community Service and/or Donations

18. Attendance at Meetings – Directors & Employees
19. Report of Any Meetings Held
20. Review and Consider/Approval and/or Reaffirming of Board Policies and Bylaws - None
21. Confirm Date for the August Board Meeting – Friday, August 23, 2013
Confirm Date for the September Board Meeting – Friday, September 27, 2013
Confirm Date for the October Board Meeting – Thursday, October 24, 2013
Confirm Date for the November Board Meeting – Friday, November 22, 2013
Confirm Date for the December Board Meeting – Friday, December 20, 2013
22. Additional Business
23. Adjourn

On June 28, 2013, at 9: 00 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION Director Dupuy gave the invocation.

APPROVAL OF MINUTES Director Dupuy made a motion to approve the minutes from the Organizational Meeting. Motion was seconded by Director Martin. Motion carried.

Motion was made by Director Dupuy, seconded by Director Rice and unanimously agreed to approve the minutes from the May Board Meeting.

Director Rice made a motion to accept the Executive Session minutes as read. Motion was seconded by Director Crum. Motion carried.

COMMITTEE APPOINTEES Chairman Trent appointed the following Committees and Directors:

Planning and Review Committee: Director Martin, Chairman; Director Dupuy; and Director Rice.

Negotiating Committee: Director Crum, Chairman; Director Whitt; and Director Arrington.

MANAGER OF FINANCE AND ACCOUNTING Don Combs, Manager of Finance and Accounting, and Bradley Cherry presented the Financial & Statistical Report for April 2013. Clifford James, Warehouse Man was present. Mr. Combs reported on the following:

FINANCIAL & STATISTICAL REPORT FOR APRIL Kilowatt hour sales for the month of April (4/20-5/20) were 2.62% over budget. Purchases for the time period of 4/01-4/30 were 5.29% over budget. Line loss for the last twelve months was 5.82%. Year to date margins were a deficit of (\$139,419) compared to the budgeted amount of a negative (\$481,595).

Bradley Cherry and Clifford James gave a presentation of the 2013 Inventory. The 2013 inventory average inventory is \$255,209.11 and the warehouse turnover ratio was 2.32%.

Director Arrington asked if freight was paid by GRECC and Mr. Cherry said yes, with overnight or next day been more costly. Future improvements planned for inventory is to eliminate truck warehouse and develop a process for ordering in between large orders.

Director Whitt asked how Mt. Rural Telephone would pay on the current work being done on their behalf. President Fraley said the total cost of the work order.

APRIL T.I.E.R. The T.I.E.R. for April was a negative (3.058).

CRC GRECC received from CFC three commercial paper confirmation receipts each in the amount of \$100,000 investment at the interest rate of 0.11000% maturing on June 21, 2013.

AEP/KY POWER Bradley Cherry passed out a handout on KY Power's request to PSC for a rate increase. The handout compared the proposed GRECC request and KY Power's recent rate increase.

APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR APRIL 2013 Motion was made by Director Rice, seconded by Director Dupuy and unanimously agreed to approve the Financial and Statistical report for April 2013, as presented, for informational purposes only.

PSC RATE CASE HEARING President Fraley, Legal Counsel Scott, Bradley Cherry, Alan Zumstein, Jim Adkins, Mary Beth Purvis and Don Combs met with PSC Commissioners and various staff members, including Virginia Greg, PSC Attorney. Legal Counsel stated we presented the case and why we believed the rate increase was eligible. President Fraley testified, along with Jim Adkins and Mary Beth Purvis. The Commissioners asked for additional information on several items including DSM, our additional rates and consumer education. All additional information requests have been submitted. The entire process was very cordial. The Attorney General did not intervene.

NON PCB OIL SPILL President Fraley told the Board of an oil spill in Corral Park caused by a mowing machine hitting the pad mount transformer. It was non PCB oil, but we had the lab at EKPC verify that it was less than 1 part per million. Kippy James and Mark Hutchinson did an excellent job with containment and clean up. Chris Mosier and his crew replaced the transformer, refilled the site with clean dirt, seeded and strawed the area. The EPA Office of Mr. Gabbard was notified immediately.

MANAGER OF MARKETING & MEMBER SERVICES Kim Bush, Manager of Marketing and Member Services reported:

127 additional deposit letters mailed this week based on the credit history for each account and will be on their bills in September;
682 members were registered for Annual Meeting (by county: Carter=372; Elliott=191; Greenup=105; Lawrence=8; Lewis=1; Rowan=5);
President Fraley said the PSC asked questions about conducting the Annual Meeting on the premises and they seemed to think it was a good idea.

Tina Preece has performed 3 House\$mart KY audits, 6 energy audits, 1 TouchStone energy home audit, and 3 heat pump inspections.
Mobile Home Dealers have been contacted concerning electric furnaces. If a dealer sells a home updated to a High Efficiency Heat Pump, they would be eligible for a rebate.

School-community programs – 2 students; Hannah Griffith of Carter County and Jessica Reed of Greenup County went on the Rural Electric Washington Youth Tour in June. The students had a wonderful time and learned many important aspects of the cooperative business model and how our government works.

Plans are beginning to get underway for our Employee Night at the movies in the coming month at Callihan's.

OPERATIONS REPORT Kyle Clevenger, Manager of Operations, gave the Operations Report, along with Mike Martin, Assistant Manager of Operations. Mr. Clevenger reported on the following:

EMPLOYEE/LOST TIME
ACCIDENT

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during May:

May 5 – Carol Hall Fraley, Manager and CEO, discussed the side effects of antihistamines. She discussed the purpose of GRECC's annual meetings and rules involved. Kim Bush handed out the work list for annual meeting.

May 13 – Mike Martin, Assistant Mgr. of Operations, read from the Safety Manual, pages 32 – 34, Wireless Electronic Devices and CPR. Carol Ann discussed the success of the Annual Meeting and reminded everyone to have a safe week.

May 20 – Andrea McCleese, Technical Services Supervisor, meeting was replaced by the annual health fair with King's Daughters Medical Center doing screenings on healthy heart, body mass index, carpal tunnel assessments and pre-diabetes test.

May 28 – Brian Poling, Manager of Technical Services, discussed Smart Grid, explaining it provides real time power consumption data. Smart Homes will consist of millions of pieces of data. This is very costly and fast changing. A video on planning to be safe was shown.

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and using ground chains. A line is not dead until it is grounded.

CONSTRUCTION

Construction built one hundred thirty-nine (139) new work orders for the month of May and worked one hundred one (101) hours of overtime.

OVERTIME HOURS

Maintenance Department worked two hundred twenty-six (226) hours of overtime during the month of May.

DELINQUENT NOTICES

The Maintenance & Construction Departments collected on two hundred eleven (211) delinquent accounts and disconnected fifty-nine (59) accounts in June.

CONTRACT CREWS

Our Pike crews have been working in the following areas:

Tony Seagraves – 3 Prong – Greenup County, completed. This crew will be moving to the Middle Fork project to start telephone company work.

Zack Clevenger – Route 7 Highway Road Job, Elliott County

Joe Sargent is staking the right hand fork of Middle Fork for 25 poles. Additional 15-17 poles are needed, and Mt. Telephone will be invoiced for this.

We added a 3rd Pike Crew last week due to the high number of pole change outs on the Route 7 job and the telephone work. We also expect to build three phase lines to a pug plant and an asphalt plant on the Double A Highway. They will pay for the entire line because they are considered seasonal load. Another asphalt plant has been staked at Pleasant Valley.

RIGHT-OF-WAY CREWS

We have eight (8) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 505 trees, cut 920 trees, cut 735,265 feet of brush/line and sprayed 108 spans of line. The crews are working in the following areas:

- 2 cutting crews in Lawrence County
- 1 cutting crew on notes in Elliott, Rowan and Lawrence Counties
- 2 bucket truck crews in Lawrence, Elliott and Rowan Counties
- 1 tractor crew in Lawrence County
- 1 cutting crew in Greenup County
- 1 spray crew in Greenup County

The Bobby Smith Tree Company has one crew cutting and trimming trees in Carter, Lewis and Greenup Counties. They have one circuit crew in Grayson Lake area and on Deer Creek in Carter County.

ENGINEERING REPORT

The Engineering Department released three hundred eighteen (318) prints consisting of 69,795 feet of primary line and 10,905 feet of service wire. We currently have one (1) new service to be staked and one (1) to be drawn. We have approximately twenty-two (22) miscellaneous jobs to be staked or drawn.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS

Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to approve one hundred eighteen (118) new memberships and retirement of ninety-eight (98) existing memberships for May 2013.

BAD DEBT WRITE-OFFS

Motion was made by Director Martin, seconded by Director Dupuy and unanimously agreed to charge off \$20,155.70 worth of bad debts and turn them over for collection. President Fraley remarked that these are the result of the Winter Hardship Reconnect program where the member doesn't have to pay anything and no additional deposit to get service restored.

APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY BUSINESS EXPENSES

Motion was made by Director Dupuy, seconded by Director Rice and unanimously agreed to approve the President's business expense of \$200.41, Director's business expenses of \$7,216.97 and Attorney's business expense of \$1,806.36.

PRESIDENT'S REPORT

President Fraley reported on the following:

The Lineman's Rodeo will be held July 25 and 26 at Fleming Mason. It is sponsored this year by Fleming Mason, Grayson, Clark, Big Sandy and Licking Valley RECC's.

ELLIOTT COUNTY GARBAGE

This is our last garbage billing for Elliott County.

AEP

Legal Counsel and CEO Fraley reported to the Board the telephonic conference with PSC and AEP. A hearing date is set for August 6, 2013.

MOU

All Coop Managers have endorsed the current version of the MOU. Under the plan, up to 2.5% of EKPC's coincident peak for the proceeding three years would immediately be available on a first come, first served basis. The next 2.5 % would be divided among remaining Coops who apply and may require a partnership with another Coop. Each Coop would have to give EKPC 18 months notice on any load over 5 MG; less than 5 MG requires 90

MOU (CONTINUED) days. No contract over 20 years would be recognized. This will be brought up at the August EKPC Board meeting. Director Arrington is seeking direction from the board on this issue. Magnum Drilling is no longer an option.

GRECC has talked to Duke Energy concerning a purchase of alternate power. No costs have been discussed at this time. We had a phone conference with Greg Shepler of EnerVision who is very familiar with these types of contracts. He believes that anything below our current cost of wholesale power would be a savings for Grayson. He is knowledgeable about PJM, FERC, OATT and other issues that would be involved in any contract. President Fraley suggested that we hire Mr. Shepler to help us with this project. Director Crum asked what his rate was. It is \$205 per hour.

Director Arrington made a motion, seconded by Director Rice to engage Mr. Shepler as a principal consultant, and motion unanimously agreed upon.

NRTC CAPITAL CREDITS The Distribution of 2013 Patronage Capital Credits from NRTC was \$1,150.60.

NRECA 2013 REGIONAL The NRECA Voting Delegate for the 2013 Regional Meeting is Harold Dupuy and the Alternate Delegate is Roger Trent.

ROUTINE LINE INSPECTION There were four NESC violation letters mailed this month.

EKPC President Fraley handed out a power point presentation from EKPC Board Meeting title "EKPC Private Placement Financing" – presented to the Strategic Issues Committee by Frank Oliva, EKPC. She and Director Arrington agreed that the issue of Private Financing was explained much better and they felt it in the best interest of Grayson RECC to vote for the Financing Plan.

LEGAL COUNSEL'S REPORT Legal Counsel Scott reported on the following:

Goss - Samford wanted to know why they had not heard from GRECC. Legal Counsel Scott responded that he did not have an executive committee and would meet with the GRECC Board would respond after the Board Meeting. On June 17th, Paul Hawkins, Chairman of the EKPC board, mailed letter to Director Arrington regarding recent Board Action.

President Fraley thinks we can live with the MOU, as the managers wrote this and suggested that we should pass it.

A motion was made by Director Arrington, seconded by Director Martin to agree on the MOU as presented and unanimously agreed upon.

EKPC wants to have Education Seminars to discuss issues contained in our suit. They are: the Smith; Rates;, and Equity and there would be no vote and the Directors do not have to be there. President Fraley explained that the SI can recommend or not recommend that an issue goes before the entire board for a vote. She suggested that these topics be made a part of the Strategic Planning Retreat, where some action could be taken or recommended to the full Board at a regular meeting.

LEGAL COUNSEL'S REPORT (CONTINUED) A motion was made by Director Arrington, seconded by Director Martin to ask that these issues be made a part of the EKPC Strategic Planning Meeting. Motion carried unanimously.

It is in the interest of our members that we want to get this finished and cause EKPC to be compelled to make a decision, which they don't want to do. Director Martin seconded by Director Arrington agreed on motion as presented to allow Legal Counsel Scott to represent GRECC on telephonic meeting today June 28th at 1:00 p.m., and unanimously agreed upon.

KAEC DIRECTOR'S REPORT Director Whitt reported the KAEC Board of Directors met June 18, 2013.

He reported that the financials for UUS are not good. They are closed for a week over the July 4th holiday. Warren introduced interim manager and is using NRECA for a manager. Legal Counsel Dan Yates has officially retired.

EKPC DIRECTOR'S REPORT Director Arrington gave the EKPC Board Report:

PJM interrogation went smooth;
Jodi Hughes, new Bluegrass Board Meeting replacing Ned Gilliam, deceased;
Rodney Hitch is developing a menu of option.

THANK YOU LETTER Community Hospice mailed a thank you letter for the \$50 contribution in memory of Bobby Smith father in law.

DONATIONS President Fraley presented to the board for their consideration the following donation requests:

Grahn School Community Center, Inc. – donation	\$100
PaPa John's and GO Radio – Stuff the Bus	\$25
Lewis Co. Educational Foundation – Back to School Fair	\$100
Grayson Area Chamber of Commerce – Carter Co. Youth Development Program	\$100
Carter Co. Fair – Kids in the Race	\$500
Elliott Co. Family Resource & Youth Service Center – Annual Back to School Redi-Fest	\$100
Garrison Fire Department – 4 th July Fireworks	\$50
Raider Pride Golf Scrambler – sponsorship – one hole	\$50
East Carter Tennis Boosters – donation	\$50
D-1 Greyhound Organization – AAU Nat'l Championship	-Colby
Whitley	\$50
East Carter FFA – camp t-shirts sponsorship	\$150

Motion was made by Director Martin, seconded by Director Dupuy and unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE The Regions 2 & 3 Meeting is scheduled to be in Birmingham, Alabama on October 1-3, 2013.

ADDITIONAL BUSINESS There was no additional business to come before the board of directors.

BOARD POLICIES TO
BE REVIEWED

There were no board policies presented for review.

BOARD MEETING DATE

The next board meeting will be held on Wednesday, July 24, 2013.

ADJOURN

Chairman Trent adjourned the meeting at 12:05 p.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

President and CEO's Expenses

May 2013

<u>Date</u>	<u>Check</u>	<u>Description</u>	<u>Amount</u>
6/06/13	160261	VISA Expenses: 4/15-17 KAEC Spring Managers Meeting, Louisville, KY	
		Room expense	\$224.58
		Meal expense	\$17.23
		*4/18 EKPC Public Relations Mtg. – Meal Expense	\$25.51
		*5/01 MOU/PJM Mtg. - Meal Expense	\$12.56
		*5/02 EKPC Mediation Mtg. – Meal Expense	\$8.50
		*5/06 Collections – Meal Exp.	\$7.98
		Total Expenses	\$296.36

*prorated expense

DIRECTORS & ATTORNEY EXPENSES

May-13

KENNETH ARRINGTON

Per Diem	- EKPC Mediation (5/2): GRECC Bd. Mtg. (5/24)	\$ 490.40
VISA	- Lunch EKPC Mediation (5/2)	8.61
MISC	-	-
	Cash in Lieu of Insurance	637.63
	24 – Hr. Insurance	0.70
TOTAL	-	\$ 1,137.34

DONNIE CRUM

Per Diem	- GRECC Bd. Mtg. (5/24)	\$ 213.56
VISA	-	-
MISC	-	-
	Cash in Lieu of Insurance	637.63
	24 – Hr. Insurance	1.08
TOTAL	-	\$ 852.27

HAROLD DUPUY

Per Diem	- EKPC Mediation (5/2): GRECC Bd. Mtg. (5/24)	\$ 467.80
VISA	-	-
MISC	-	-
	Cash in Lieu of Insurance	637.63
	24-Hr. Insurance	1.08
TOTAL	-	\$ 1,106.51

EDDIE MARTN

Per Diem	- EKPC Mediation (5/2): GRECC Bd. Mtg. (5/24)	\$ 418.08
VISA	- Lunch EKPC Mediation (5/2)	8.61
MISC	-	-
	Cash in Lieu of Insurance	814.42
	24 – Hr. Insurance	1.08
TOTAL	-	\$ 1,242.19

WILLIAM T. RICE

Per Diem	- EKPC Mediation (5/2): GRECC Bd. Mtg. (5/24)	\$ 445.20
VISA	-	-
MISC	-	-
	Cash in Lieu of Insurance	637.63
	24 – Hr. Insurance	0.70
TOTAL	-	\$ 1,083.53

ROGER TRENT

Per Diem	- EKPC Mediation (5/2); GRECC Bd. Mtg. (5/24)	\$ 479.10
VISA	- Lunch EKPC Mediation (5/2)	8.61
MISC	-	-
	Cash in Lieu of Insurance	637.63
TOTAL	- 24 – Hr. Insurance	0.70
		<u>\$ 1,126.04</u>

JIMMY WHITT

Per Diem	- EKPC Mediation (5/2); KAEC Bd. Mtg. (5/20); GRECC Bd. Mtg. (5/24)	\$ 848.60
VISA	- Room Deposit - NRECA Summer School	155.68
	Lunch EKPC Mediation (5/2)	8.61
MISC	-	-
NRECA	- Summer School Registration	1,100.00
	Cash in Lieu of Insurance	637.63
TOTAL	- 24 – Hr. Insurance	1.08
		<u>\$ 2,751.60</u>

JEFF SCOTT

Out-of-Pocket	- Reimburse postage (37 Collection Letters)	\$ 17.02
	Mileage (Maysville CB) & (Magnum)	157.07
VISA	-	-
MISC	-	-
TOTAL	-	<u>\$ 174.09</u>

Combs Report

July 24, 2013

KWH Sales & Purchases: May 2013 – packet

Sales: Month: 5.64 % over Budget (5/20 – 6/20)
YTD : 7.39 % over Budget
Last Year to Date: 11.63 % more

Purchases: Month: 3.85 % over Budget (5/1 – 5/31)
YTD: 5.90 % over Budget

Line Loss : Month: -4.00 %
Matched: 4.11 %
YTD: 9.33 %
Last 12 Months: 5.41 %

Form 7: May 2013

Electric Revenue LESS Purchased Power:	\$	88,928	more
Informational Advertising Expense	\$	6,226	more
Admin & Gen Expense	\$	18,079	more
Margins	\$	53,896	more

Form 7: Year to Date

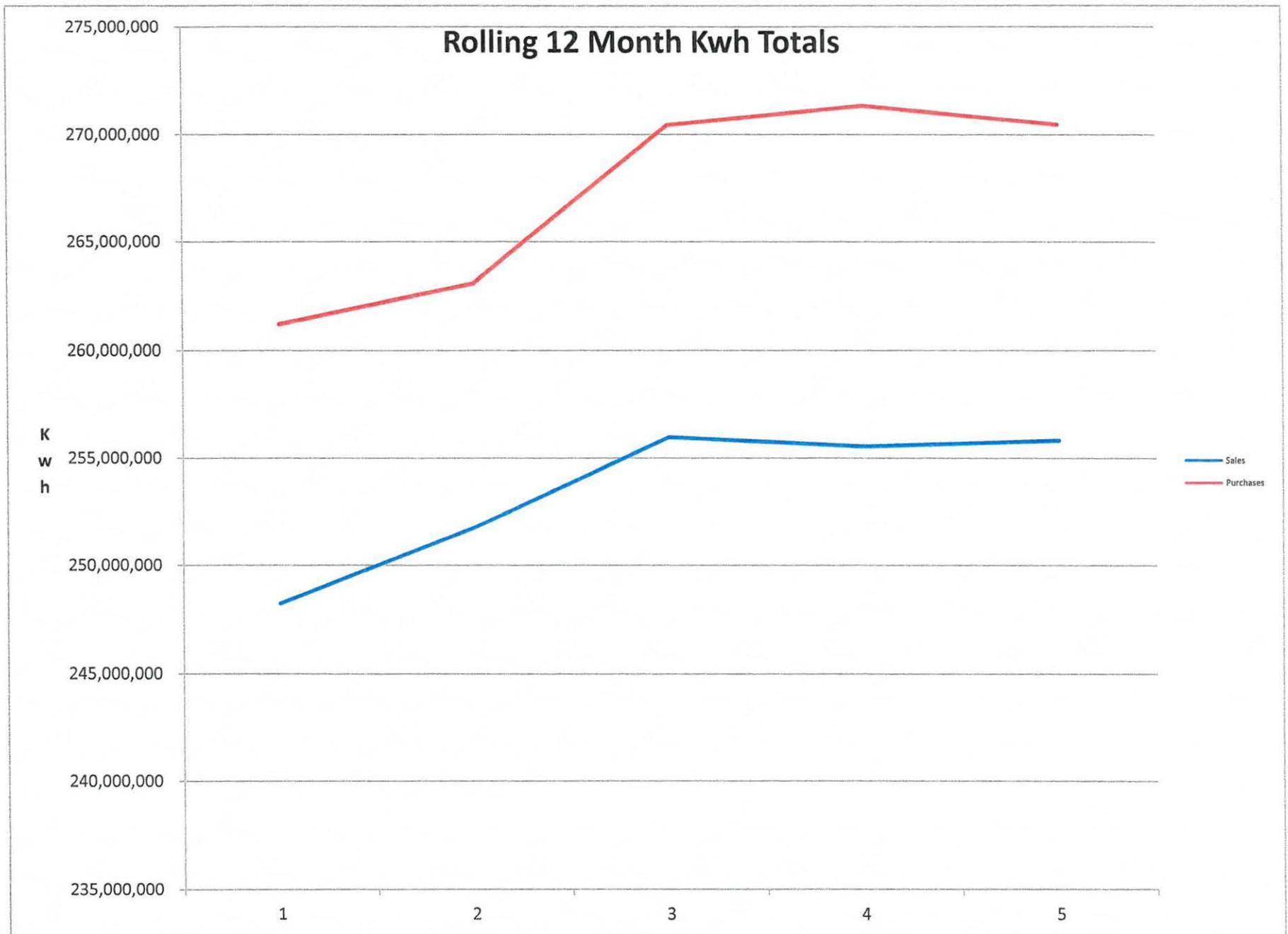
Margins :	\$	(148,716)
Budgeted:	\$	(544,797)

- **Accounting Reports – Pages 2-8**
- **219 Analysis – Page 9**
- **PSC Activity**
 - **Rate Case Update**
 - **KERR (MACED)**
- **Capital Credits Paid (applications from 9/20 /12 to 1/31/13) - Page 10**
 - **49 outstanding applications**

2012	TOTAL SALES					
	Actual			Budget		
	KWH	\$	UNIT			
JANUARY	27,493,981	\$ 3,138,514	0.1142	26,817,810	\$ 3,179,621	0.1186
FEBRUARY	23,292,774	\$ 2,699,944	0.1159	20,819,895	\$ 2,420,917	0.1163
MARCH	20,969,119	\$ 2,407,840	0.1148	18,207,611	\$ 2,080,872	0.1143
APRIL	15,699,683	\$ 1,890,279	0.1204	15,299,133	\$ 1,741,200	0.1138
MAY	18,727,898	\$ 2,266,856	0.1210	17,728,173	\$ 2,025,323	0.1142
JUNE	0	\$ -	#DIV/0!	19,566,366	\$ 2,238,264	0.1144
JULY	0	\$ -	#DIV/0!	21,272,076	\$ 2,621,322	0.1232
AUGUST	0	\$ -	#DIV/0!	18,543,787	\$ 2,252,414	0.1215
SEPTEMBER	0	\$ -	#DIV/0!	16,244,083	\$ 2,047,234	0.1260
OCTOBER	0	\$ -	#DIV/0!	19,576,862	\$ 2,456,225	0.1255
NOVEMBER	0	\$ -	#DIV/0!	24,115,801	\$ 3,155,127	0.1308
DECEMBER	0	\$ -	#DIV/0!	26,571,525	\$ 3,469,939	0.1306
	106,183,455	\$12,403,433	\$0.1168	244,763,122	\$29,688,458	\$0.1213

Actual vs. Budget			
18,727,898	Month	2013	5.64%
106,183,455	YTD		7.39%
Compared to 2012			
18,727,898	Month		1.44%
106,183,455	YTD		11.63%

2012	GROSS MARGINS							
	Actual	Budget	Variance	Line Loss	Fuel Adj.	Fuel Adj. \$	ESC Rate	ESC \$
JANUARY	\$1,132,929	\$ 1,136,932	(\$4,003)	3.81%	(0.001445)	(39,642)	9.32%	267,698
FEBRUARY	\$859,032	\$ 631,439	\$227,593	9.95%	(0.000315)	(7,397)	8.56%	212,892
MARCH	\$562,102	\$ 517,010	\$45,092	20.72%	(0.000463)	(9,702)	7.96%	177,584
APRIL	\$498,079	\$ 566,597	(\$68,518)	13.77%	0.000961	15,054	9.17%	158,740
MAY	\$859,118	\$ 770,190	\$88,928	-4.00%	0.003166	59,248	9.05%	188,114
JUNE	\$0	\$ 749,003	(\$749,003)	#DIV/0!	0.001026		11.42%	
JULY	\$0	\$ 1,015,465	(\$1,015,465)	#DIV/0!				
AUGUST	\$0	\$ 665,551	(\$665,551)	#DIV/0!				
SEPTEMBER	\$0	\$ 714,956	(\$714,956)	#DIV/0!				
OCTOBER	\$0	\$ 1,124,557	(\$1,124,557)	#DIV/0!				
NOVEMBER	\$0	\$1,508,724	(\$1,508,724)	#DIV/0!				
DECEMBER	\$0	\$1,357,663	(\$1,357,663)	#DIV/0!				
			\$289,091	9.33%	0.000488	17,561	9.25%	1,005,028



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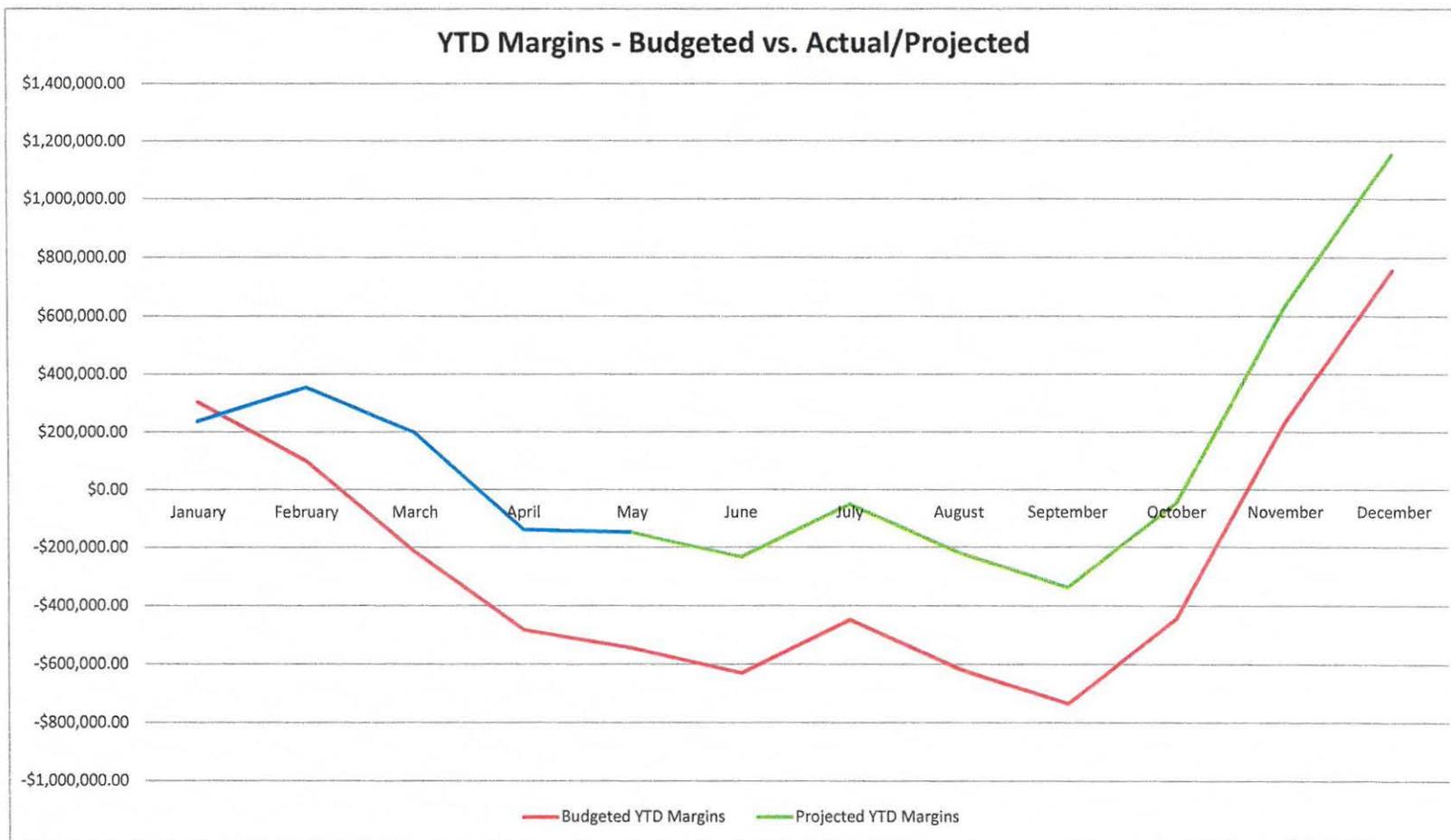
Monthly Operating Rev & Exp

	May 2012	June 2012	July 2012	August 2012	September 2012	October 2012	November 2012	December 2012	January 2013	February 2013	March 2013	April 2013	May 2013
Revenue	(2,180,342)	(2,652,152)	(2,546,777)	(2,271,468)	(1,971,483)	(2,532,697)	(2,736,054)	(3,429,912)	(3,240,118)	(2,798,488)	(2,496,140)	(1,979,105)	(2,340,872)
Purchased Power	1,368,279	1,547,427	1,770,804	1,562,153	1,354,759	1,385,833	1,800,485	1,954,640	2,005,585	1,840,912	1,845,738	1,392,200	1,407,738
Gross Margins	(812,063)	#####	(775,973)	(709,315)	(616,724)	(1,146,864)	(935,569)	(1,475,272)	(1,234,533)	(957,576)	(650,402)	(586,905)	(933,134)
Operations	93,273	96,883	75,670	88,620	109,327	82,567	98,146	83,453	104,396	112,300	88,004	89,380	91,262
Maintenance	256,747	293,825	467,790	263,686	253,964	230,894	218,592	341,647	256,139	191,394	269,606	209,696	229,614
Customer Service	98,061	91,075	85,056	99,762	95,294	97,537	106,200	69	97,542	95,526	104,433	101,177	92,446
Informational Advertising	14,418	17,714	16,023	17,755	18,285	26,890	18,676	17,795	19,571	20,365	17,783	18,182	24,557
Demonstration Advertising	2,059	2,014	1,360	2,499	1,836	1,952	2,247	1,808	1,664	1,814	2,225	2,614	1,224
Admin & General	147,063	136,931	139,352	149,928	160,505	184,570	155,993	132,027	164,276	159,828	140,533	163,057	171,242
Depreciation	248,822	249,083	249,547	251,127	253,121	253,739	254,245	254,919	255,729	255,922	255,660	255,933	256,833
Regulatory	2,538	2,538	2,667	3,082	3,082	3,082	3,082	3,080	2,810	2,810	2,810	2,810	2,810
Interest - LTD	84,387	84,782	87,956	85,109	84,090	83,615	83,223	82,690	82,789	79,235	78,169	83,080	82,666
Interest - Deposits	6,425	6,470	6,166	115	116	116	115	2,062	200	200	200	199	199
Miscellaneous Expense	1,444	1,380	1,350	7,154	5,468	3,613	8,480	7,453	6,568	7,153	11,358	9,466	9,696
Interest Income	(2,483)	(2,466)	(2,460)	(2,472)	(2,453)	(2,453)	(2,448)	(2,453)	(2,451)	(2,443)	(2,449)	(2,451)	(2,410)
Non-Electric Revenue	(11,732)	(28,969)	(22,365)	(9,632)	691	(1,296)	(8,067)	1,111	8,827	(82,566)	(14,803)	(9,095)	(17,701)
Capital Credits	-	-	-	(8,012)	-	-	-	-	-	-	(148,349)	-	-
Margins	<u>128,959</u>	<u>(153,465)</u>	<u>332,139</u>	<u>247,418</u>	<u>358,590</u>	<u>(182,038)</u>	<u>2,915</u>	<u>(549,611)</u>	<u>(236,473)</u>	<u>(116,038)</u>	<u>154,778</u>	<u>337,143</u>	<u>9,304</u>
* ()'s = positive margins													
Operating Expenses	955,237	982,695	1,132,937	968,837	985,088	968,575	948,999	927,003	991,684	926,547	970,781	935,594	962,549
Monthly OTIER	(0.53)	2.81	(2.78)	(1.91)	(3.26)	3.18	0.96	7.65	3.86	2.46	(0.98)	(3.06)	0.89

Rolling 12 Month Totals

Revenue	(29,300,413)	(29,403,458)	(29,146,644)	(29,136,945)	(29,107,358)	(29,240,726)	(29,270,164)	(29,541,474)	(29,860,615)	(30,275,925)	(30,779,003)	(30,834,736)	(30,995,266)
Purchased Power	18,841,544	18,852,755	18,806,914	18,672,370	18,661,776	18,680,708	18,869,204	18,938,586	18,985,986	19,119,196	19,811,817	19,828,815	19,868,274
Gross Margins	(10,458,869)	(10,550,703)	(10,339,730)	(10,464,575)	(10,445,582)	(10,560,018)	(10,400,960)	(10,602,888)	(10,874,629)	(11,156,729)	(11,167,186)	(11,005,921)	(11,126,992)
Operations	1,145,371	1,135,768	1,110,186	1,098,836	1,110,747	1,106,404	1,121,689	1,121,538	1,125,083	1,131,204	1,124,525	1,122,019	1,120,008
Maintenance	2,950,336	2,972,410	3,148,597	3,165,306	3,158,130	3,184,336	3,214,285	3,346,690	3,364,689	3,341,482	3,286,809	3,253,980	3,226,847
Customer Service	1,057,413	1,060,534	1,053,575	1,060,216	1,073,728	1,087,126	1,105,878	1,042,997	1,048,165	1,056,159	1,069,849	1,071,732	1,066,117
Informational Advertising	216,591	219,686	221,192	218,936	218,975	223,050	220,065	222,280	223,439	223,530	222,496	223,457	233,596
Demonstration Advertising	29,526	28,711	27,483	26,649	25,530	23,482	24,093	24,347	23,939	23,338	23,033	24,092	23,257
Admin & General	1,851,688	1,848,409	1,848,905	1,851,990	1,873,745	1,875,938	1,821,514	1,842,898	1,837,768	1,847,231	1,797,162	1,834,063	1,858,242
Depreciation	2,944,781	2,952,573	2,960,115	2,968,386	2,977,818	2,987,350	2,997,021	3,006,825	3,015,035	3,022,893	3,030,179	3,037,847	3,045,858
Regulatory	30,468	30,456	30,585	31,129	31,673	32,217	32,761	33,303	33,575	33,847	34,119	34,391	34,663
Interest - LTD	1,030,994	1,027,083	1,028,083	1,025,450	1,022,833	1,020,336	1,017,848	1,014,997	1,011,393	1,007,242	1,001,460	999,125	997,404
Interest - Deposits	75,706	75,997	75,966	69,873	63,700	57,485	51,313	47,027	40,872	34,740	28,549	22,384	16,158
Miscellaneous Expense	47,746	57,144	55,358	54,015	51,037	47,810	49,806	47,713	46,558	53,563	63,165	70,887	79,139
Interest Income	(29,875)	(29,868)	(29,827)	(29,818)	(29,763)	(29,747)	(29,711)	(29,695)	(29,665)	(29,605)	(29,542)	(29,482)	(29,409)
Non-Electric Revenue	47,665	4,368	(21,584)	(44,814)	(45,052)	(56,106)	(120,433)	(125,330)	(102,810)	(198,123)	(168,142)	(177,896)	(183,865)
Capital Credits	(168,601)	(166,610)	(166,610)	(166,610)	(170,288)	(152,764)	(152,764)	(152,764)	(152,764)	(152,764)	(156,361)	(156,361)	(156,361)
Margins	<u>770,941</u>	<u>665,959</u>	<u>1,002,294</u>	<u>864,969</u>	<u>917,231</u>	<u>846,899</u>	<u>952,405</u>	<u>839,938</u>	<u>610,648</u>	<u>238,008</u>	<u>160,115</u>	<u>324,317</u>	<u>204,682</u>
Operating Expense	11,380,621	11,408,772	11,560,045	11,570,786	11,607,916	11,645,534	11,656,273	11,750,615	11,770,516	11,775,229	11,681,346	11,693,977	11,701,289
Rolling 12 Month OTIER	0.25	0.35	0.03	0.16	0.10	0.17	0.06	0.17	0.40	0.76	0.84	0.68	0.79

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	2013 Monthly Margins			2013 YTD Margins			2013 Projected Margins
	Actual	Budgeted	Difference	Actual	Budgeted	Difference	YTD + Actual
January	\$236,473.52	\$303,511.79	-\$67,038.27	\$236,473.52	\$303,511.79	-\$67,038.27	\$236,473.52
February	\$116,037.91	-\$201,957.21	\$317,995.12	\$352,511.43	\$101,554.58	\$250,956.85	\$352,511.43
March	-\$154,779.71	-\$316,373.21	\$161,593.50	\$197,731.72	-\$214,818.63	\$412,550.35	\$197,731.72
April	-\$337,142.19	-\$266,766.21	-\$70,375.98	-\$139,410.47	-\$481,584.84	\$342,174.37	-\$139,410.47
May	-\$9,305.65	-\$63,202.21	\$53,896.56	-\$148,716.12	-\$544,787.05	\$396,070.93	-\$148,716.12
June		-\$84,404.21			-\$629,191.26		-\$233,120.33
July		\$181,962.79			-\$447,228.47		-\$51,157.54
August		-\$167,939.21			-\$615,167.68		-\$219,096.75
September		-\$118,542.21			-\$733,709.89		-\$337,638.96
October		\$291,043.79			-\$442,666.10		-\$46,595.17
November		\$675,183.79			\$232,517.69		\$628,588.62
December		\$524,086.31			\$756,604.00		\$1,152,674.93

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MAY 2013

219 ANALYSIS

WO NOS.	DESCRIPTION		NUMBER		COST	LOAN FUNDS	UNIT COST	BUDGETED UNIT COST
9	RETIREMENTS		11		258.82	(258.82)		
100	NEW LINE EXTENSIONS		23		71,434.43	71,434.43	3,105.84	3,229.93
200	TIE LINES							
300	MAJOR PROJECTS							
602	SERVICE UPGRADES		5		6,329.66	6,329.66	1,265.93	1,920.25
603	SECTIONALIZERS		1		1,144.19	1,144.19		
604	REGULATORS							
606	POLES		20	POLES	90,189.12	90,189.12	4,509.46	2,410.75
701	SECURITY LIGHTS		15		6,931.64	6,931.64	462.11	423.50
1600	MINOR PROJECTS		13		13,630.18	13,630.18		
	TOTAL		82		189,918.04	189,400.40		
601	<u>SPECIAL EQUIPMENT</u>	<u>ACCT#</u>						
	METERS	370.00	8		2,358.15	2,358.15	294.77	160.00
	TRANSFORMERS	368.00	32		27,458.12	27,458.12	858.07	1,120.00
	TURTLES	370.10	0		0.00	0.00	0.00	
	DISCONNECT METERS	370.20	0		0.00	0.00	0.00	
	OTHER SP EQUIP	365.00	0		0.00	0.00	0.00	
	TOTAL		40		29,816.27	29,816.27		
	MATERIAL				25,900.31			
	MATERIAL OH				37,026.93			
	LABOR				25,309.51			
	LABOR OH				52,119.70			

Grayson Rural Electric Cooperative Corporation

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

Memorandum

Date: August 20, 2013
To: GRECC Directors and Legal Counsel
From: Priscilla Sparks, Executive Assistant
Re: Replaced Agenda,
President's Business Expense,
Directors and Attorney's Business Expense, and
Form 7

Enclosed is a copy of the replaced Agenda with Item 12, business expenses typed in. The backup for those expenses are attached, also.

Don Combs said The Combs Report would not be mailed this month due to vacation schedule, but he would have it ready for Friday's Board Meeting. The Form 7 is enclosed.

If you have any questions, please call me.

Thanks.

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION
BOARD MEETING AGENDA

On August 23, 2013, the Directors of Grayson Rural Electric Cooperative Corporation were called to meet by the Chairman.

1. Sign Wavier of Notice
2. Invocation
3. Approval of the Minutes from the July Board Meeting.
4. Manager of Technical Services Report – Brian Poling
5. Manager of Finance & Accounting Report and Approval of the Financial & Statistical Report for June 2013 – Don Combs, Manager of Finance & Accounting
THE COMBS REPORT WILL BE HANDED OUT AT THE BOARD MEETING; NOT READY DUE TO VACATION SCHEDULE OF SHERRY BUCKLER
6. Manager of Marketing & Member Services Report – Kim Bush
7. Consideration of the Wage & Salary Plan for September 1, 2013 through August 31, 2014 for Non-Union Employees
8. Operations Report and Safety Report – Kyle Clevenger, Manager of Operations
9. Approval of one hundred two (102) New Memberships and Retirement of ninety-six (96) Existing Memberships for July 2013
10. Consider Approval of Accounts to be Charged Off to Reserve \$7,019.94
12. Consider Approval of President’s Business Expense in the Amount of \$391.40, Director’s Business Expense in the Amount of \$9,274.37, and Attorney’s Business Expense in the Amount of \$1,381.34
13. President’s Report – Carol Hall Fraley
14. Cooperative Legal Matters – W. Jeffrey Scott
15. KAEC Director’s Report – Jimmy Whitt
16. EKPC Director’s Report – Kenneth Arrington
17. Consider Community Service and/or Donations
18. Attendance at Meetings – Directors & Employees
19. Report of Any Meetings Held
20. Review and Consider/Approval and/or Reaffirming of Board Policies and Bylaws
21. Confirm Date for the September Board Meeting, September 28, 2013
22. Additional Business
23. Adjourn

Grayson Rural Electric Cooperative Corporation

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Telephone 606-474-5136 • 1-800-562-3532 • Fax 606-474-5862

Memorandum

Date: August 15, 2013
To: GRECC Directors & Legal Counsel
From: Carol Hall Fraley, President & CEO
Re: A.C.R.E. Donation

As a reminder, August is the month to donate to S.U.R.E and A.C.R.E. your usual one hundred dollars donation. Please make your check out to S.U.R.E. / A.C.R.E.

If you have any questions, please don't hesitate to call.

Thank you.

CHF/pfs

Grayson Rural Electric Cooperative Corporation

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

August 15, 2013

Dear Director:

A Regular Meeting of the Board of Directors is hereby called. I do hereby fix the GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION headquarters in Grayson, Commonwealth of Kentucky, as the place, and **Friday, the twenty-third day of August, 2013, at 9:00 a.m.**, for holding of said meeting for the following purposes:

To take any and all action and to transact any and all business which may be necessary, convenient, or desirable in connection with any of the foregoing and the organization of the Corporation at said meeting or at any adjournment or adjournments thereof; and for the transaction of such other business which may come before the meeting or any adjournment or adjournments thereof, as well as consider altering, amending, or repealing the current Bylaws of the Corporation in the manner hereinafter set forth.

Sincerely,



Roger L. Trent
Chairman

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

RLT/ps

Enclosures:

1. Agenda
2. Miscellaneous Analysis

Grayson Rural Electric Cooperative Corporation

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

August 15, 2013

W. Jeffrey Scott,
Attorney at Law
P. O. Box 608
Grayson, KY 41143

Dear Jeffrey:

A Regular Board Meeting of GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION will be held on **Friday, August 23, 2013, at 9:00 a.m.**

We look forward to seeing you at the Board Meeting.

Sincerely,



Priscilla Sparks
Executive Assistant

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

ps

Enclosures:

1. Agenda
2. Miscellaneous Analysis

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION
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SHERRY BUCKLER ON VACATION AND THE COMBS REPORT WILL BE MAILED NEXT WEEK AFTER SHE GETS BACK IN THE OFFICE
6. Manager of Marketing & Member Services Report – Kim Bush
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12. Consider Approval of President's Business Expense in the Amount of \$__, Director's Business Expense in the Amount of \$__, and Attorney's Business Expense in the Amount of \$__
SHERRY BUCKLER ON VACATION AND EXPENSE TOTALS, SHEETS, AND FORM 7 WILL BE MAILED NEXT WEEK AFTER SHE GETS BACK IN THE OFFICE
13. President's Report – Carol Hall Fraley
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GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION
BOARD MEETING AGENDA

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20. Review and Consider/Approval and/or Reaffirming of Board Policies and Bylaws
21. Confirm Date for the September Board Meeting, September 28, 2013
22. Additional Business
23. Adjourn

On July 24, 2013 at 8: 55 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION

Director Whitt gave the invocation.

APPROVAL OF MINUTES

Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to approve the minutes from the June board Meeting for informational purposes only.

MANAGER OF
TECHINCAL SERVICES

Brian Poling, Manger of Technical Services reported on the following:

The first report on all substation feeders for the Coordination study will be received next week. This study will give a better look at the overall system for incorporating changes in the next work plan. This helps in identifying and replacing faulty or damaged OCR's.

The upgrade of virtual servers is completed and converting the Member Service Department to virtual desktops is underway. This allows better control of computers, and is cheaper to deploy over a stand-alone desktop by 40% per desktop.

SCOTT MENIX

Scott Menix of Carter City has been added to net metering. He is generating power using 21 solar panels, and selling the excess back to us in accordance with our Net Metering tariff. The other net metering consumer is Paul J. Stevens on Four Mile Road. Mr. Stevens' bill last month was \$80.63 and he then received a \$13.24 credit for energy he sold back.

Scott Menix applied for Level 1 Application for Interconnection and Net Metering with Grayson Rural Electric Cooperative Corporation. President Fraley recommend to the Board approval for the arrangement between GRECC and Scott Menix.

Motion for Level 1 Application for Interconnection and Net Metering with Grayson Rural Electric Cooperative Corporation with Scott Menix was made by Director Dupuy, seconded by Director Rice and unanimously approved.

After the August bills are generated, Andrea McCleese will make necessary changes to stop billing ancillary services for Elliott County garbage bills.

Metering is working on the remote disconnect system in preparation for the Pre Pay Program. The Leon substation needs more onsite testing before launching the system.

OFFICE & MEMBER
SERVICES REPORT

Don Combs, Manager of Finance and Accounting, presented the Financial & Statistical Report for May 2013. Mr. Combs reported on the following:

FINANCIAL & STATISTICAL
REPORT FOR MAY

Kilowatt hour sales for the month of May (5/20-6/20) were 5.64% over budget. Purchases for the time period of 5/1-31/12 were 3.85 % over budget. Line Loss for the last twelve months was 5.41%. Year to date margins are a negative (\$148,716) compared to the budgeted negative amount of (\$544,797).

CAPITAL CREDIT GRECC paid \$36,086.43 in retired capital credits up thru January 2013. There are approximately fifty outstanding applications for 2013 and we are paying about thirty per month.

Director Dupuy asked if we will continue to do this monthly after getting paid up to date and Mr. Combs that we plan to do so, if the Board agrees. This would keep us current, as the PSC has encouraged and it seems to satisfy a lot of members.

PSC We have not heard from the PSC in regards to the MACED Case or the Rate Increase Case. The PSC asked Jackson why they weren't participating in MACED.

MAY T.I.E.R. The T.I.E.R. for May was .887.

APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR MAY 2013 Motion was made by Director Rice, seconded by Director Dupuy and unanimously agreed to approve the Financial and Statistical report for May May 2013 as presented, for informational purposes only.

PLANNING & REVIEW COMMITTEE The Planning and Review Committee will meet at the Cooperative on Thursday, August 15th at 9:00 A.M. Directors Martin, Dupuy and Rice are on the committee with Director Martin being Chairman.

MANAGER OF MARKETING & MEMBER SERVICES Kim Bush, Manager of Marketing and Member Services, gave her report.

Thirteen (13) energy audits were completed in June.
Peggy Wells worked at the School RediFest at Blaine.
GRECC sponsored the Kids in the Race at the Carter County Fair and will sponsor the same at the Greenup Co Fair on Aug 30th.
The movie night for August 11th was cancelled due to lack of funds in the Kitty fund. Employees voted to have a picnic at the headquarters to be scheduled for fall.

OPERATIONS REPORT Kyle Clevenger, Manager of Operations gave the Operations Report. He reported on the following:

EMPLOYEE/LOST TIME ACCIDENT There were no lost time accidents to report this month.

SAFETY REPORT The following safety meetings were held during June:

June 05—Priscilla Sparks, Executive Assistant, showed a video on lightning and read an article on Safety tips from the National Lightning Safety Institute. She read on face to face/violent confrontations, tornados, and earthquakes from the emergency response plan.

June 11—Sherry Buckler, General Accounting Supervisor turned the meeting over to David White for the KAEC monthly safety meeting. He played a DVD on “Deadliest Plane Crash” and discussed the cause and prevention of serious accidents. He reviewed the Pennyrile Coop incident and talked briefly on tick bites and working in hot weather.

June 17—Kim Bush, Manager of Marketing & Member Services, read from the Safety Manual on CPR, Wounds & Control of Bleeding, Shock, and Eye

SAFETY REPORT
(CONTINUED)

Injuries. Kyle Clevenger, Manager of Operations reminded everyone to be safe.

June 24—Bradley Cherry, Purchasing Agent, asked Paul Price from UUS to speak on defibrillation, CPR and AED training. Carol Fraley, President and CEO discussed an accident where farm equipment hit a transformer bank and caused a transformer to leak.

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and the importance of using ground chains. A line is not dead until it is grounded.

DAVID HOLBROOK

President Fraley read the letter she wrote to David Holbrook regarding the successful completion of his disciplinary program on July 21, 2013, stating that he will be reinstated to first class lineman position effective immediately and restored at previous wages.

CONSTRUCTION

Construction built eighty-two (82) new work orders for the month of June and worked thirty (30) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked three hundred thirteen (313) hours of overtime in June.

DELINQUENT NOTICES

The Maintenance & Construction Departments collected on one hundred forty-eight (148) delinquent accounts and disconnected thirty-eight (38) accounts in July.

CONTRACT CREWS

Our Pike crews have been working in the following areas:

Tony Seagraves – 3 Prong – Greenup County and New Construction

Zack Clevenger – RT 7 Road Job– Elliott County

Lewis Maynard – started in July on Middle Fork on the Mt. Telephone job, approximately 60 poles.

A pug mill is being built on the AA Highway. This job is considered seasonal and will be completely paid for by the member.

Any dozer work on state jobs is considered a change order, because the state will pay one hundred percent of the changes.

RIGHT-OF-WAY CREWS

We have nine (9) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 1,099 trees, cut 490 trees, and cut 11,275 feet of brush/line and sprayed 530 spans of line. The crews are working in the following areas:

1 tractor crew in Elliott County

2 bucket truck crews in Lawrence, Elliott and Rowan Counties

2 cutting crews in Carter County

1 cutting crew in Elliott, Rowan and Lawrence Counties

3 spraying crews in Carter County

The Bobby Smith Tree Company cut and trimmed trees in Carter, Lewis and Greenup Counties. They have one circuit crew in Carter County. They are presently on the Leon circuit.

ENGINEERING REPORT

The Engineering Department released one hundred seventy-two (172) prints consisting of 10,290 feet of primary line and 4,010 feet of service wire. We currently have two (2) new services to be staked and none (0) to be drawn. There are sixteen (16) miscellaneous jobs to be staked or drawn.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS

Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to approve eighty-nine (89) new memberships and retirement of one hundred eight (108) existing memberships for June 2013.

BAD DEBT WRITE-OFFS

Motion was made by Director Martin, seconded by Director Whitt and unanimously agreed to charge off \$18,867.27 worth of bad debts and turn them over for collection.

BAD DEBT NON-ELECTIC WRITE-OFFS

Motion was made by Director Whitt, seconded by Director Martin and unanimously agreed to charge off \$7,313.72 worth of non-electric bad debts and turn them over for collection.

		Stephen Campbell	\$5.76
Tina Conn	\$1,907.56	Edward Cummings	\$797.54
Laura Elam	\$10.43	Lonzo Griffith	\$197.32
Steven Mahr	\$1,025.00	Lori Meade	\$727.75
Derek Wheeler	\$2,536.36	Linda Wheeler	\$106.00

APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY BUSINESS EXPENSES

Motion was made by Director Crum, seconded by Director Dupuy and unanimously agreed to approve the President's business expense of \$296.36, Director's business expenses of \$9,299.48 and Attorney's business expense of \$174.09.

PRESIDENT'S REPORT

President Fraley reported on the following:

RUS WORK ORDERS

Motion was made by Director Martin, seconded by Director Dupuy and unanimously agreed to approve the following 219 RUS Work Orders for the months of January, February and March 2013 in the amount of \$551,696.26:

January 2013	Work Order No. 1164	\$194,146.69
	Work Order No. 1165	\$36,481.36
February 2013	Work Order No. 1166	\$139,973.30
	Work Order No. 1167	\$28,986.01
March 2013	Work Order No. 1168	\$148,946.08
	Work Order No. 1169	\$3,162.82
	Total	\$551,696.26

MISCELLANEOUS

A wall air conditioner unit is being installed in the hub due to unreliable temperatures and the delicate nature of the equipment.

Grid Fox mailed another inquiry concerning the purchase of off-system power.

Greg Grissom has requested our support in the upcoming Federated election.

SAFETY ACHIEVEMENT	President Fraley has set three goals on the 2013 safety improvement plan for our Safety Achievement program to be attained this year. They are safety communications, safety observation process, and incident investigation.
FEDERATED INSURANCE	GRECC received from Federated Rural Electric Insurance Exchange a dividend check in the amount of \$17,514.00 for the KAEC Worker's Compensation Group Retention fund for the 2011-2013 policy periods. They will also give check to Statewide.
TIME WARNER CABLE	GRECC received a dividend check from Time Warner Cable in the amount of \$6.08.
CONSUMER LETTERS	President Fraley mailed out three violation letters to consumer since the June Board Meeting. Raymond Perry, Clyde Menix, and Cindy Rice. Jennifer Wolfe hooked up barn without applying for trailer service and this will have to be corrected also.
STEVE KINGSOLVER	Steve Kingsolver with the Public Service Commission is in our area inspecting the system, July 23-25, and GRECC will receive a letter from him.
RODEO	The KY Lineman Rodeo is July 25-26 on the Fleming-Mason Energy grounds. President Fraley said she would be taking some office workers.
RIGHT-OF-WAY	<p>President Fraley reminded the Board of their possible request for right-of-way bids. In the past, GRECC extended contracts with two 1% bid increase; no fuel adjustment; and two 1.5% wage increases to the men only. We can open up for bids or she can compare with the surrounding Coops.</p> <p>The Board discussed the advantages and disadvantages of bids and Director Arrington suggested the company know we are looking. W A Kendall works for Fleming Mason, also. Director Dupuy also suggested a comparison with other Cooperatives.</p> <p>The Board authorized President Fraley, Don Combs, Mike Martin and Kyle Clevenger to check with other Cooperatives to make comparisons. With that information, the Board can decide if it is prudent to open the contract for new bids.</p>
LEGAL COUNSEL'S REPORT	Legal Counsel Scott reported on the following:
LEGAL CASES	<p>He is working on three cases:</p> <p>MACED: Three consumers have been foreclosed on by their lender with GRECC being named in the foreclosure. Legal Counsel Scott plans on checking to see if we can recoup any or all of our losses.</p>
CHARLESTON BOTTOMS	Legal Counsel Scott was authorized to make a proposal on June 28, 2013. EKPC is having a Strategic retreat in July and we hope to be able to have a discussion at that retreat. He received a letter dated July 10 from EKPC requesting a response by July 15 and he rejected that due to the GRECC Board not meeting until July 24. Our initial proposal to them was June 28 th .
DUKE ENERGY	President Fraley made the Board aware of Greg Shepler's email in regard to contacting Duke.

AMENDMENT 3 Grayson RECC Legal Counsel and Legal Counsels for the fifteen other EKPC Cooperatives are meeting at the PSC in Frankfort on Thursday, August 8, 2013 at 1:30 p.m. on the Amendment 3 case.

CHARLESTON BOTTOMS Following thorough discussion regarding the latest interpretation of a settlement agreement from EKPC, Director Dupuy made a motion to reply that the document was far different from what we expected and to direct Legal Counsel Scott to reject the proposal. Motion was seconded by Director Rice and unanimously voted to do so.

KAEC DIRECTOR'S REPORT Director Whitt reported the KAEC Board of Directors did not have a meeting in July.

EKPC DIRECTOR'S REPORT Director Arrington stated that most of his report had been covered under related Board issues and he had nothing further.

THANK YOU LETTER GRECC received a thank you letters from Charlotte Griffith's regarding daughter attending Washington Youth Tour; Carter Elementary School's Closing; and Lewis County Redi-Fest.

DONATIONS President Fraley presented to the board for their consideration the following donation requests:

Elliott County Heritage Festival – donation	\$150
Greenup County Golf Team – donation	\$100
Elliott Co. Bd. of Educ. – donation to purchase folding chairs	\$300 approx.
East Carter Middle School Football – donation	\$150
Heritage, Arts, Science and Tourism Center – The McConnell House – croquet tournament for house restoration	\$25
Grayson Area Chamber of Commerce Golf Scramble	\$200
Elliott County Schools – scoreboard donation –	\$1,000 max

Motion was made by Director Martin, seconded by Director Crum unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE No meetings were presented.

BOARD MEETING DATE The August Board Meeting will be held on the 23rd.

BOARD POLICIES TO BE REVIEWED There were no board policies for the Board to review.

ADDITIONAL BUSINESS There was no additional business to bring before the board of directors.

ADJOURN Chairman Trent adjourned the meeting at 12:07 p.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

President & CEO's Expenses

June 2013

<u>Ck. Date</u>	<u>Check</u>	<u>Description</u>	<u>Amount</u>
07/09/13	160541	Visa Expenses 5//20-21 KAEC Bd. Meeting, Louisville, KY – hotel exp. 5/20-21 KAEC Bd. Meeting, Louisville, KY – meal expense *5/24 GRECC Board Meeting – meal expense *6/7 – CCSP Quilt Show –public relations –meal expense	\$136.87 \$50.88 \$7.72 \$15.73
07/12/13	160573	NRECA – Legal Reporting Service Subscription	\$180.20
		Total Expenses	\$391.40

*Prorated

DIRECTORS & ATTORNEY EXPENSES**June-13****KENNETH ARRINGTON**

Per Diem - GRECC Bd. Mtg. (6/28)	\$ 280.00
VISA - Lunch GRECC Bd. Mtg. (5/24)	7.73
MISC -	-
Cash in Lieu of Insurance	637.63
24 - Hr. Insurance	0.70
TOTAL -	\$ 926.06

DONNIE CRUM

Per Diem - EKPC Annual Mtg. (6/11); GRECC Bd. Mtg. (6/28)	\$ 506.22
VISA -	-
MISC -	-
Cash in Lieu of Insurance	637.63
24 - Hr. Insurance	1.08
TOTAL -	\$ 1,144.93

HAROLD DUPUY

Per Diem - EKPC Annual Mtg. (6/11); GRECC Bd. Mtg. (6/28)	\$ 566.11
VISA - Lunch GRECC Bd. Mtg. (5/24)	7.73
MISC -	-
Cash in Lieu of Insurance	637.63
24-Hr. Insurance	1.08
TOTAL -	\$ 1,212.55

EDDIE MARTN

Per Diem - GRECC Bd. Mtg. (6/28)	\$ 209.04
VISA - Lunch GRECC Bd. Mtg. (5/24)	7.73
MISC -	-
Cash in Lieu of Insurance	814.42
24 - Hr. Insurance	1.08
TOTAL -	\$ 1,032.27

WILLIAM T. RICE

Per Diem - GRECC Bd. Mtg. (6/28)	\$ 222.60
VISA -	-
MISC -	-
Cash in Lieu of Insurance	637.63
24 - Hr. Insurance	0.70
TOTAL -	\$ 860.93

ROGER TRENT

Per Diem	- EKPC Annual Mtg. (6/11); GRECC Bd. Mtg. (6/28)	\$ 508.48
VISA	- Lunch GRECC Bd. Mtg. (5/24)	7.73
MISC	-	-
	Cash in Lieu of Insurance	637.63
TOTAL	- 24 – Hr. Insurance	0.70
		<u>\$ 1,154.54</u>

JIMMY WHITT

Per Diem	- NRECA Director Summer School (5/30-6/1); KAEC Bd. Mtg. (6/17); GRECC Bd. Mtg. (6/28)	\$ 1,896.71
VISA	- KAEC Bd. Mtg.	163.82
	NRECA Director Summer School	243.85
MISC	-	-
	Cash in Lieu of Insurance	637.63
TOTAL	- 24 – Hr. Insurance	1.08
		<u>\$ 2,943.09</u>

JEFF SCOTT

Out-of-Pocket	- Reimburse tips NRECA Legal Seminar	\$ 25.00
	Reimburse Background Check	108.87
	Reimburse Mileage NRECA Legal Seminar	541.84
VISA	- NRECA Legal Seminar	525.43
MISC	-	-
NRECA	- Renew Subscription Legal Reporting Serv.	180.20
TOTAL	-	<u>\$ 1,381.34</u>

Planning & Review Minutes
August 15, 2013

The Planning and Review Committee of Grayson R.E.C.C. met August 15, 2013 at G.R.E.C.C. Headquarters, Grayson, KY for the purpose of reviewing the 2013-2014 Wages and Salary Plan.

Board Chairman Trent called the meeting to order at 9:06 a.m. Those in attendance were Directors Eddie Martin, Committee Chairman; Harold Dupuy; William T. Rice; and Ex-officio Roger Trent. Others present included Carol Hall Fraley, President & CEO; Don Combs, Finance Officer; Bradley Cherry, Purchasing Agent / Finance; and Priscilla Sparks, Executive Assistant.

Director Martin called the meeting to address the Wage and Salary Plan for September 1, 2013 at 9:10 a.m.

Director Dupuy gave the invocation.

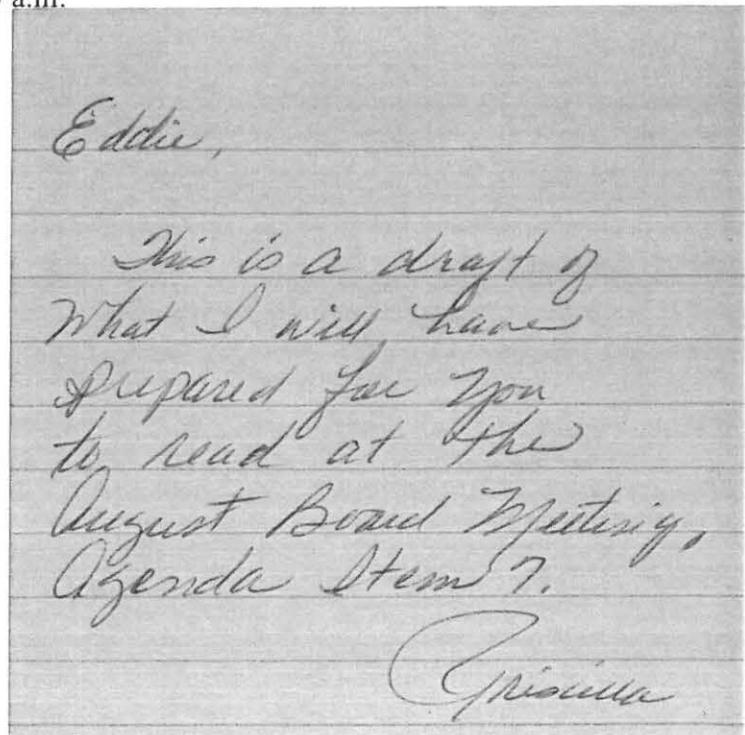
President Fraley went over the different percentages to consider, 1%, 2%, and 3.29%.

President Fraley pointed out that GRECC's wage increase is in the average range along with the other Kentucky Cooperatives.

Motion was made by Director Dupuy, seconded by Director Rice and unanimously agreed upon to give GRECC Employees the same as the GRECC Union Employees, a 3.29% increase on wage and salary, plus \$5,000 reserve for merit.

Director Martin adjourned the meeting at 10:13 a.m.

Billy E. 'Eddie' Martin
Planning and Review Committee Chairman



Eddie,

*This is a draft of
what I will have
prepared for you
to read at the
August Board Meeting,
Agenda Item 7.*

Priscilla

2013 Meeting Days
Jimmy Whitt

Dates	Meetings	Location	# of days	Approved	Optional	Additional
1/8/2013	GRECC vs EKPC-CB deposition meeting w/WJS	Grayson, KY	1	1		
1/9/2013	GRECC vs EKPC-CB deposition	Grayson, KY	1			1
1/25/2013	Grayson RECC Board Meeting	Grayson, KY	1	1		
2/22/2013	Grayson RECC Board Meeting	Grayson, KY	1	1		
3/18/2013	KAEC Board Meeting Travel Day	Louisville, KY	1			1
3/21/2013	Grayson RECC Board Meeting	Grayson, KY	1	1		
4/22/2013	Grayson RECC Board Meeting	Grayson, KY	1	1		
5/2/2013	GRECC vs EKPC-CB mediation	Grayson, KY	1	1		
5/20/2013	KAEC Board Meeting Travel Day	Grayson, KY	1			1
5/24/2013	Grayson RECC Board Meeting	Grayson, KY	1	1		
5/30-6/1/2013	NRECA Director Summer School	Myrtle Beach, SC	3		3	
6/17/2013	KAEC Board Meeting Travel Day	Louisville, KY	1			1
6/28/2013	Grayson RECC Board Meeting	Grayson, KY	1	1		
7/24/2013	Grayson RECC Board Meeting	Grayson, KY	1	1		
8/23/2013	Grayson RECC Board Meeting	Grayson, KY	1	1		
Total			17	10	3	4

***Combs* Report**

August 23, 2013

KWH Sales & Purchases: June 2013 – packet

Sales: Month: 7.89 % over Budget (6/20 – 7/20)
YTD : 7.48 % over Budget
Last Year to Date: 8.37 % more

Purchases: Month: 3.43 % over Budget (6/1 – 6/30)
YTD: 5.53 % over Budget

Line Loss : Month: -4.76 %
Matched: 6.40 %
YTD: 7.26 %
Last 12 Months: 5.82 %

Form 7: June 2013

Electric Revenue LESS Purchased Power:	\$	205,020	more
Maintenance Expense	\$	49,081	more
Admin & Gen Expense	\$	41801	more
Margins	\$	99,704	more

Form 7: Year to Date

Margins :	\$	(133,416)
Budgeted:	\$	(629,201)

- **Accounting Reports – Packet**
- **219 Analysis – Page 2**

- **PSC Activity**
 - **Rate Case Update**
 - **KERR (MACED)**

- **Capital Credits Paid – next week**

- **Quarterly Report to RUS**

JUNE 2013

219 ANALYSIS

WO NOS.	DESCRIPTION		NUMBER	COST	LOAN FUNDS	UNIT COST	BUDGETED UNIT COST
9	RETIREMENTS		17	671.23	(671.23)		
100	NEW LINE EXTENSIONS		22	65,357.89	65,357.89	2,970.81	3,229.93
200	TIE LINES						
300	MAJOR PROJECTS						
602	SERVICE UPGRADES		3	3,107.04	3,107.04	1,035.68	1,920.25
603	SECTIONALIZERS						
604	REGULATORS						
606	POLES		34	98,542.19	98,542.19	2,898.30	2,410.75
701	SECURITY LIGHTS		20	9,313.71	9,313.71	465.69	423.50
1600	MINOR PROJECTS		7	10,379.59	10,379.59		
	TOTAL		93	187,371.65	186,029.19		
601	SPECIAL EQUIPMENT	ACCT#					
	METERS	370.00	14	2,465.34	2,465.34	176.10	160.00
	TRANSFORMERS	368.00	3	12,373.08	12,373.08	4,124.36	1,120.00
	TURTLES	370.10	384	26,598.78	26,598.78	69.27	
	DISCONNECT METERS	370.20	0	0.00	0.00	0.00	
	OTHER SP EQUIP	365.00	0	0.00	0.00	0.00	
	TOTAL		401	41,437.20	41,437.20		
	MATERIAL			26,239.03			
	MATERIAL OH			42,621.67			
	LABOR			19,020.11			
	LABOR OH			30,715.78			

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION
BOARD MEETING AGENDA

On September 27 2013, the Directors of Grayson Rural Electric Cooperative Corporation were called to meet by the Chairman.

1. Sign Wavier of Notice
2. Invocation
3. Approval of the Minutes from the August Board Meeting.
4. Manager of Technical Services Report – Brian Poling
5. Report on the Results of the Audit Dated May 31, 2013 – Alan Zumstein
6. Manager of Finance & Accounting Report and Approval of the Financial & Statistical Report for July 2013 – Don Combs, Manager of Finance & Accounting
7. Manager of Marketing & Member Services Report – Kim Bush
8. Operations & Safety Report – Kyle Clevenger, Manager of Operations
9. Approval of One Hundred Five (105) New Memberships and Retirement of Ninety-Eight (98) Existing Memberships for August 2013
10. Consider Approval of Accounts to be Charged Off to Reserve \$7,402.77
11. Consider Approval of President's Business Expense in the Amount of \$12.00, Director's Business Expense in the Amount of \$9,467.46and Attorney's Business Expense in the Amount of \$1,164.75
12. President's Report – Carol Hall Fraley
13. Cooperative Legal Matters – W. Jeffrey Scott
14. KAEC Director's Report – Jimmy Whitt
15. EKPC Director's Report – Kenneth Arrington
16. Consider Community Service and/or Donations
17. Attendance at Meetings – Directors & Employees
18. Report of Any Meetings Held
19. Confirm Date for the October Board Meeting – Thursday, October 24, 2013
20. Additional Business
21. Adjourn

On August 23, 2013 at 9:12 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Rice gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Rice, seconded by Director Dupuy and unanimously agreed to approve the minutes from the July Board Meeting for informational purposes only.
MANAGER OF TECHINCAL SERVICES	<p>Brian Poling, Manger of Technical Services reported on the following:</p> <p>Prepaid Metering was approved on July 31st by the PSC. Four volunteers will help us test for about 6 weeks. Consumers can begin signing up October 1st. The public announcement will be in the November issue of Kentucky Living magazine. Director Arrington asked if we do a credit check and we do not have to. A consumer is to pay a minimum of \$100 and no deposit is required.</p> <p>Directors Dupuy, Crum, and Whitt asked questions in regard to the reconnect and the \$10 monthly fee. The bill will be calculated daily based on the prior days meter reading and the prepaid fee and the customer service charge is prorated daily. The \$10 monthly fee is figured in the rate and the purpose is for recovery of software expenses.</p> <p>Keith Mullen, RW Beck rep, and Mr. Poling are working on the coordination study – reviewing and prioritizing the projects for this work plan with the remainder to be added to the next work plan.</p> <p>As reported to the Board in July, the T12 bulbs that are no longer manufactured can be replaced with a less expensive solution; replace the ballast with electronic units and use the T8 bulbs.</p> <p>President Fraley asked Brian and his committee to check and see if the “Identity Theft Red Flags Rule” is in compliance at Grayson RECC, and it is. These will be remote control.</p>
OFFICE & MEMBER SERVICES REPORT	Bradley Cherry, Purchasing Agent / Bookkeeper presented the Financial & Statistical Report for June 2013. Mr. Cherry reported on the following:
FINANCIAL & STATISTICAL REPORT FOR JUNE	<p>Kilowatt hour sales for the month of June (6/20-7/20) were 7.89% over budget. Purchases for the time period of (6/1-30) were 3.43 % over budget. Line loss for the last twelve months was 5.82%. Year to date margins are a deficit amount of (\$133,416) compared to the budgeted deficit amount of (\$629,201).</p> <p>Bradley went over the year to date budget in detail for the month and nothing change from the normal.</p>
JUNE T.I.E.R.	The T.I.E.R. for June was 1.185.
QUARTERLY REPORTS	Mr. Cherry reviewed the 2 nd quarter financials with the Board. He noted that our Form 7 shows that our sales and purchases were more than anticipated,

QUARTERLY REPORTS
(CONTINUED)

but overall was a good report. Due to decreased storm the margins were affected. President Fraley stated that if we had this weather last year we would not had to apply for rate increase. The overtime hours are down and under budget compared to 2012.

CRC & IVR

During the month of July, CRC and IVR answered 942 calls. There were 3,888 electronic payments taken with office personnel taking 1,300 of them. Nineteen credit cards or e-checks were taken after hours or on weekends. CRC's billing is down overall since 2012 budget. Director Dupuy questioned the increase calls answered by CRC and this was due to two storms, one that came through Greenbo in Greenup County and the storm that came through Kennel Hill in Elliott County.

PSC RATE CASE

The 'waited average' will be on the upcoming bill due to the billing date. The full rate increase will be on the October bill.

Mr. Cherry addressed the different Schedules and the definitions of each, Schedules 13 (b) and (c), 14 (b), and 3 explaining the charges of each. Don Combs and Jim Atkins are working on filing the Appeal petitioned to correct the language that was changed by PSC in these Schedules. Director Crum questioned whether we would need to advertise and we do not. Legal Counsel Scott questioned how we handled Smithfield rates. President Fraley stated it falls under Schedule 3, which did not change. The rate increase proposes to generate \$1.93 million.

President Fraley asked if anyone had questions on the language and there was none.

Legal Counsel Scott asked if GRECC had filed the tariffs with the Commission. The tariffs were signed last week and electronically file, stated President Fraley.

APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR JUNE 2013

Motion was made by Director Dupuy, seconded by Director Whitt and unanimously agreed to approve the Financial and Statistical report for June 2013 as presented for informational purposes only.

WAGE & SALARY PLAN
FOR SEPTEMBER 1, 2013

Planning and Review Chairman Martin, presented the minutes of August 15, 2013, of the Planning and Review Committee meeting, as follows: following:

Adjustments for the non-union employees as follows:

3.09% (equivalent to Union employee's increase) would cost \$55,693 with benefits

1% would cost \$18,390 with benefits

2% would cost \$34,679 with benefits

3% would cost \$55,693 with benefits

All salary plans include an additional \$5,000 in merits at the discretion of the President and CEO. She does not have any merits planned at this time.

Motion was made by Director Martin, seconded by Director Dupuy to give the 3.29% increase to staff and hourly employees, equivalent to the Union increase, with a 5,000 merit reserve.

MANAGER OF MARKETING
& MEMBER SERVICES REPORT

Kim Bush, Manager of Marketing and Member Services, gave her report.

The 2012/2013 Non-Payment Disconnection/Reconnection Report for the PSC was filed. This spans from July 2012-2013. There were 706

MANAGER OF MARKETING &
MEMBER SERVICES REPORT
(CONTINUED)

disconnected and 271 reconnected for a rate of 38%. Mrs. Bush feels these consumers are not moving off our system when disconnected, but having electric put in someone's name or moved to another location on our system.

Pre-Pay Metering 'beta testing' began last week with 4 active accounts. Director Crum asked how consumers would be contacted when the pre-paid run out. Mrs. Bush said they can get a telephone call, email or text message. Director Curm asked if weather gets below a certain temperature will it automatically disconnect. It will not.

Twelve energy audits were completed in June.

The 2012-2013 Non-Payment Disconnection/Reconnection Report was filed with the PSC.

School / Community Programs presented in August were:

Don Combs represented the Cooperative at the welcome party for the KCU freshman class; 225 students.

An environmental program presentation on Snakes, Salamanders and Frogs by former EKPC employee Chris Carpenter for 75 students at the Carter County Youth Resource Centers camp at Carter Caves.

The company picnic scheduled for September 21st has been canceled. The picnic committee will meet next week and decide on the picnic date.

The Pepsi machine has been moved to the front foyer with hope of profiting the Kitty Fund.

Employees and family members who qualify, pre-diabetes only, can participate in the National Diabetes Prevention Program that will begin October.

OPERATIONS REPORT

Mike Martin, Assistant Manager of Operations, gave the Operations Report. He reported on the following:

EMPLOYEE/LOST TIME
ACCIDENT

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during July:

July 01— Kyle Clevenger, Manager of Operations, turned the meeting over Ken Catron with Columbia Gas of Kentucky. His topic was "Dig with Care, Keep Kentucky Safe" and discussed when to call 811 and the required time for marking gas lines.

July 10—Don Combs, Manager of Finance & Accounting, turned the meeting over to David White, KAEC Safety Director, for the monthly safety meeting. A video followed by discussion on snake bite prevention and what to do if bitten. He also discussed and showed a video on backing a vehicle. He closed the meeting with a video of "storm soldiers" linemen working power outages.

July 15—Carol Fraley, President and CEO, was in charge of the meeting. Her topic was on the Safety Achievement Program. She read the safety improvement plans for 2011, 2012, and 2013. She also reminded everyone to continue to work on their line inspections.

SAFETY REPORT
(CONTINUED)

July 22—Mike Martin, Assistant Manager of Operations, read on “Right of Way....What is Herbicide” and talked about the different kinds of chemicals used to spray right of way and when they are used.

July 29—Andrea McCleese, Technical Services Supervisor, talked about the dangers of counterfeit electronics and showed a video on “Counterfeits Can Kill”. Kyle Clevenger, Manager of Operations, reviewed an accident on a broken windshield and an accident on a back injury.

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and the importance of using ground chains. A line is not dead until it is grounded.

CONSTRUCTION

Construction built ninety-three (93) new work orders for the month of July and worked ninety-four (94) hours of overtime.

DELINQUENT NOTICES

The Maintenance & Construction Departments collected on two hundred forty-six (246) delinquent accounts and disconnected fifty (50) accounts in August.

OVERTIME HOURS

The Maintenance Department worked four hundred sixty (460) hours of overtime. The Engineering Department worked five (5) hours of overtime.

CONTRACT CREWS

We have three (3) Pike crews have been working in the following areas:

Tony Seagraves – Middle Fork – Elliott County & New Construction;
assisting Zach Clevenger on the RT 7 State Hwy
Zach Clevenger – Route 7 State Highway – Elliott County
Lewis Maynard – Mt. Rural Telephone – Elliott County;
AA Highway job to the new asphalt plant

RIGHT-OF-WAY CREWS

We have nine (9) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 543 trees, cut 685 trees, cut 27,895 feet of brush/line and sprayed (274) spans of line. The crews are working in the following areas:

1 tractor crew in Elliott County
2 bucket truck crew in Lawrence, Elliott & Rowan Counties
1 cutting crew in Carter County
2 cutting crews in Elliott, Rowan and Lawrence Counties
3 spray crews in Carter County

The Bobby Smith Tree Company cut and trimmed trees in Carter, Lewis and Greenup Counties. They have one circuit crew in Carter County.

ENGINEERING REPORT

The Engineering Department released one hundred fifty-eight (158) prints consisting of 8,600 feet of primary line and of 3,710 feet of service wire.

They currently have two (2) new services to be staked and two (2) to be drawn. There are twelve (12) miscellaneous jobs to be staked or drawn.

APPROVAL OF NEW MEM-
BERHIPS & RETIREMENT OF
EXISTING MEMBERSHIPS

Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to approve one hundred two (102) new memberships and retirement of ninety-six (96) existing memberships for July 2013.

BAD DEBT WRITE-OFFS	Motion was made by Director Dupuy, seconded by Director Martin and unanimously agreed to charge off \$7,019.94 worth of bad debts and turn them over for collection.
APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY BUSINESS EXPENSES	Motion was made by Director Martin seconded by Director Crum and unanimously agreed to approve the President's business expense of \$391.40, Director's business expenses of \$9,274.37, and Attorney's business expense of \$1,381.34.
PRESIDENT'S REPORT	President Fraley reported on the following:
PSC REPORT	The Public Service Commission's outside field inspection was good and the report by Mr. Kingsolver noted no deficiencies, no findings, and no recommendations were documented. A downed guy wire was found at end of line on Stafford Lick, and this was replaced the following day by construction. Copies of the lines inspected and maps of the area were included with his inspection.
CFC VOTING DELEGATE	Director Whitt will serve as the Voting Delegate and Director Trent as Alternate to CFC's 2013 District Meeting in Birmingham, Alabama, October 2, 2013.
NRTC YEAR END	GRECC received the NRTC annual report.
CFC SYSTEM INTEGRITY FUND	A motion was made to give back to the CFC System Integrity Fund 5% patronage by Director Martin, seconded by Director Whitt and unanimously agreed upon.
RUS	A letter has been mailed to RUS notifying them that GRECC Rate Case PSC 2012-00426, was finalized July 31, 2013 and we received permission on the rate increase, resulting in approximately \$1,933,503 of additional revenue.
EKPC	President Fraley attended the EKPC Quarterly Meeting last week in Lexington. The following items were discussed: <i>EKPC would like to start another Managers Association with officers taking issues to Executive Committee. President Fraley expressed to them her disapproval due to creating another layer of keeping managers from having access to the Board. The vote was 9 to 8. They will have a protocol for that. EKPC discussed distribution generation; Farmers hooking up a landfill with the City of Glasgow, financed through EKPC (they will get their money back) and this was Board approved. Blue Grass Energy is modeling solar fire after one in Berea with a \$200,000 grant and EKPC assisting financially (they will get their money back) and this was not board approved prior to financing. Blue Grass's allows consumers to buy \$750 block, paid up front, entitling them to say they will get solar power for 20 years. This allows credit on carbon tax. Jackson Energy received 2 megawatts generation. Farmers received 4 megawatts generation in addition to the landfill. Fleming-Mason received "E-rate" on their International Paper Mill account, which they were already entitled to. They have been paying electric rates for steam. EKPC thinks FME is entitled to this now due to number of employees and wages received. President Fraley called Frank Olvia and asked for scenario on what GRECC be paying a month for Smithfield. Her, all Managers, Attorneys, and EKPC Directors, received a letter from Mr. McNalley, which was a</i>

good thing in the long run. The letter inadvertently revealed that the Cooperatives are paying nine million dollars in interest on the Smith Plant, which was not known.

Director Arrington stated this was established by the PSC and was to lay dormant until something was done with it. If EKPC is paying interest on it, where is this shown on the balance sheet? If it is active again, this is the purpose of regulatory assets.

President Fraley stated that EKPC has permission to file for regulatory asset, but they never have. Once we decide which way we are going to go with this then it goes to PSC and file for regulatory asset either to divide up between the Coops for ten years or EKPC pay base for ten years. Even if not built, you have to pay interest. They are in the process to search for off-site financing.

The PSC case was commissioned through a regulatory asset in 2010.

Director Crum questioned what rate was being paid on the investment – 6% on one hundred fifty million dollars?

This started in 2010.

COLUMBUS DAY

A motion was made to close the office on Columbus Day, October 14th, for the annual clean-up day by Director Martin, seconded by Director Crum and unanimously agreed upon. All employees will be working, but the office will be closed and phones will be answered by CRC and there will be no field work.

WALTER CALLIHAN

Mark Hutchinson picked up Walter Callihan on August 6, 2013 who was lying in the ditch beside Route 1 in Greenup County, close to the Little Sandy River, and took him to get food. This was reported to Legal Counsel Scott, Greenup Social Services, and Kentucky Social Services by President Fraley.

BARRETT CREEK
TRAILER PARK

GRECC received permission to construct a mobile home park from the health department, but still does not have anything that permits the sewer. In addition, Phillip Jarvis still owes six to seven thousand dollars for underground, so we are still holding it.

SAFETY ACCREDITATION

Nancy Madden is working on the Safety Accreditation Book.

KAEC FALL
MANAGER MEETING

KAEC Fall Meeting was this week, but President Fraley did not attend due to doctor appointment scheduling.

LEGAL COUNSEL'S REPORT

Legal Counsel Scott reported on the following:

MACED

Three consumers have defaulted on their MACED loans and a judgment was filed to try to get orders to obtain GRECC's material used in installation and is being objected to by the main lien holders.

KPC v GRECC #2012-00224

A hearing was held at the Public Service Commission, Frankfort, KY on August 6, 2013 on the AEP/KY Power case in regards to the Sand Gap Subdivision. Post Hearing data due today. A Post Hearing Data Request is due today and a Brief has to be written and is due by the first of the month.

CHARLESTON BOTTOMS

Legal Counsel Scott asked the Judge Mains to set a new schedule for taking depositions and other schedules and this will be retiring, so a new judge has been appointed over the Charleston Bottoms case.

AMENDMENT 3 Legal Counsel Scott addressed the Amendment 3 case and the informal conference that was held at the Public Service Commission on August 8, 2013 in Frankfort, KY.

LUNCH BREAK Lunch break was taken by the Board at 12:18 p.m. in the Board Room.

Director Martin made a motion to rescind action taken in June 2013 based on changes that has occurred as a result of the Public Service Commission Order and have President communicate the rescission, seconded by Director Dupuy and unanimously agreed upon.

Director Martin made a motion to accept term agreement as presented, seconded by Director Dupuy and unanimously agreed upon.

KAEC DIRECTOR'S REPORT Director Whitt reported KAEC did not meet during the month of August due to the Fall Manager's Meeting.

EKPC DIRECTOR'S REPORT Director Arrington said most of his report was discussed during the meeting.

Thank you from Rocky Adkins, Kings Daughter Health Foundation
Thank you from Carter County Fair

DONATIONS President Fraley presented to the Board for their consideration the following donation requests:

Hope's Place – golf scramble	\$100
Elliott Co Cross Country – travel to meets	\$100
Unity Baptist Church Autumn Fest – Blaine Fall Festival -Oct. 12	\$100
Blaine High School Reunion – Alumni Scholarship fund	\$125
Little Sandy Fire Dept. – Larry Hackwork-Missy – auction donation item -medical expenses for consumer daughter that's dying	
Pathways - golf scramble donation	\$100
Youth Leadership of Boyd and Greenup Cos. –sponsor –tuition	\$80
McDonald - car show	\$25
Elliott County Fair – small animal	up to: \$500

Directors Rice and Whitt were made aware of consumers, Beth Logan and husband, building onto house and requested moving a 3-phase line, and consumers are willing to pay for this.

Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE The following upcoming meetings presented for attendance this month.

NRECA Regions II & III Meeting, Birmingham, AL, October 1-3, 2013 –
Directors Trent, Dupuy, Rice, Arrington and Whitt
The Tri-State Connections Member Service Meeting, Cincinnati, OH –
October 9-11, 2013 – Kim Bush, Julie Lewis and Tina Preece
Touchstone Energy Cooperative Brand Camp, Lexington, KY – October 23-25,
2013 – Kim Bush
KAEC Underground Workshop, Owensboro, KY, September 11-13, 2013–
Scott Speaks and Robert Brown

REPORT OF MEETINGS HELD	President Fraley reported on her meetings under the President's Report.
BOARD POLICIES TO BE REVIEWED	There were no board policies presented for review.
BOARD MEETING DATE	The September Board Meeting will be held on Friday, September 27 th at 9:00 a.m. The October Board Meeting will be held Thursday, October 24 ^h , at 9:00 a.m.
ADDITIONAL BUSINESS	There was no additional business to bring before the Board of Directors.
ADJOURN	Chairman Trent adjourned the meeting at 12:51 p.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

Minutes of the Executive Session of the May 24, 2013 GRECC Board Meeting

On August 23, 2013 Grayson Rural Electric Cooperative Corporation held an executive session during its regular board meeting.

EXECUTIVE SESSION

Director Martin made a motion, seconded by Director Dupuy, to retroactively go into Executive Session at 11:15 a.m. and unanimously agreed upon.

Matters concerning East Kentucky Power Cooperative were thoroughly discussed.

Director Dupuy made a motion, seconded by Director Martin to come out of Executive Session at 12:40 p.m. and unanimously agreed upon.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

Planning & Review Minutes
August 15, 2013

The Planning and Review Committee of Grayson R.E.C.C. met August 15, 2013 at G.R.E.C.C. Headquarters, Grayson, KY for the purpose of reviewing the 2013-2014 Wages and Salary Plan.

Board Chairman Trent called the meeting to order at 9:06 a.m. Those in attendance were Directors Eddie Martin, Committee Chairman; Harold Dupuy; William T. Rice; and Ex-officio Roger Trent. Others present included Carol Hall Fraley, President & CEO; Don Combs, Finance Officer; Bradley Cherry, Purchasing Agent / Finance; and Priscilla Sparks, Executive Assistant.

Director Martin called the meeting to address the Wage and Salary Plan for September 1, 2013 at 9:10 a.m.

Director Dupuy gave the invocation.

President Fraley went over the different percentages to consider, 1%, 2%, and 3.29%.

President Fraley pointed out that GRECC's wage increase is in the average range along with the other Kentucky Cooperatives.

Motion was made by Director Dupuy, seconded by Director Rice and unanimously agreed upon to give GRECC Employees the same as the GRECC Union Employees, a 3.29% increase on wage and salary, plus \$5,000 reserve for merit.

Director Martin adjourned the meeting at 10:13 a.m.


Billy E. 'Eddie' Martin
Planning and Review Committee Chairman

President & CEO's Expenses

July 2013

<u>Date</u>	<u>Check</u>	<u>Description</u>	<u>Amount</u>
07/26/13	160736	*7/26 Priscilla Sparks – reimbursed for rodeo t-shirt	\$12.00
		Total Expenses	\$12.00

*Prorated

DIRECTORS & ATTORNEY EXPENSES**July-13****KENNETH ARRINGTON**

Per Diem - NRECA Director Summer School (7-19-23); GRECC Bd. Mtg. (7/24)	\$ 2,017.16
VISA - NRECA Director Summer School	12.89
MISC - Lineman Rodeo Meal Ticket	20.00
NRECA - Director Summer School	1,100.00
Cash in Lieu of Insurance	637.63
24 – Hr. Insurance	0.70
TOTAL -	\$ 3,788.38

DONNIE CRUM

Per Diem - GRECC Bd. Mtg. (7/24)	\$ 213.56
VISA -	-
MISC -	-
Cash in Lieu of Insurance	637.63
24 – Hr. Insurance	1.08
TOTAL -	\$ 852.27

HAROLD DUPUY

Per Diem - GRECC Bd. Mtg. (7/24)	\$ 233.90
VISA -	-
MISC - Lineman Rodeo Shirt & Meal Tickets	48.48
Cash in Lieu of Insurance	637.63
24-Hr. Insurance	1.08
TOTAL -	\$ 921.09

EDDIE MARTN

Per Diem GRECC Bd. Mtg. (7/24)	\$ 209.04
VISA - Lunch GRECC Bd. Mtg. (6/28)	11.69
MISC -	-
Cash in Lieu of Insurance	814.42
24 – Hr. Insurance	1.08
TOTAL -	\$ 1,036.23

WILLIAM T. RICE

Per Diem - GRECC Bd. Mtg. (7/24)	\$ 222.60
VISA -	-
MISC - Lineman Rodeo Shirt & Meal Tickets	49.54
Cash in Lieu of Insurance	637.63
24 – Hr. Insurance	0.70
TOTAL -	\$ 910.47

ROGER TRENT

Per Diem - GRECC Bd. Mtg. (7/24)	\$ 239.55
VISA - Lunch GRECC Bd. Mtg. (6/28)	11.69
MISC - Lineman Rodeo Shirt & Meal Tickets	48.48
Cash in Lieu of Insurance	637.63
TOTAL - 24 – Hr. Insurance	0.70
	<u><u>\$ 938.05</u></u>

JIMMY WHITT

Per Diem - GRECC Bd. Mtg. (7/24)	\$ 223.73
VISA - KAEC Bd. Mtg.	150.05
MISC - Lineman Rodeo Shirt	8.48
Cash in Lieu of Insurance	637.63
TOTAL - 24 – Hr. Insurance	1.08
	<u><u>\$ 1,020.97</u></u>

JEFF SCOTT

Out-of-Pocket - Reimburse Mediation Fee (Greg Monge 5/21)	\$ 1,164.75
VISA -	-
MISC -	-
TOTAL -	<u><u>\$ 1,164.75</u></u>

Combs Report

September 27, 2013

KWH Sales & Purchases: July 2013 – pages 2-5

Sales: Month: 6.76 % under Budget (7/20 – 8/20)
YTD : 5.31 % over Budget
Last Year to Date: 5.76 % more

Purchases: Month: .51 % over Budget (6/1 – 6/30)
YTD: 4.79 % over Budget

Line Loss : Month: 12.24 %
Matched: %
YTD: 7.96 %
Last 12 Months: 5.73 %

Form 7: July 2013

Electric Revenue LESS Purchased Power: \$ 264,101 less

Margins \$ 272,351 less

Form 7: Year to Date

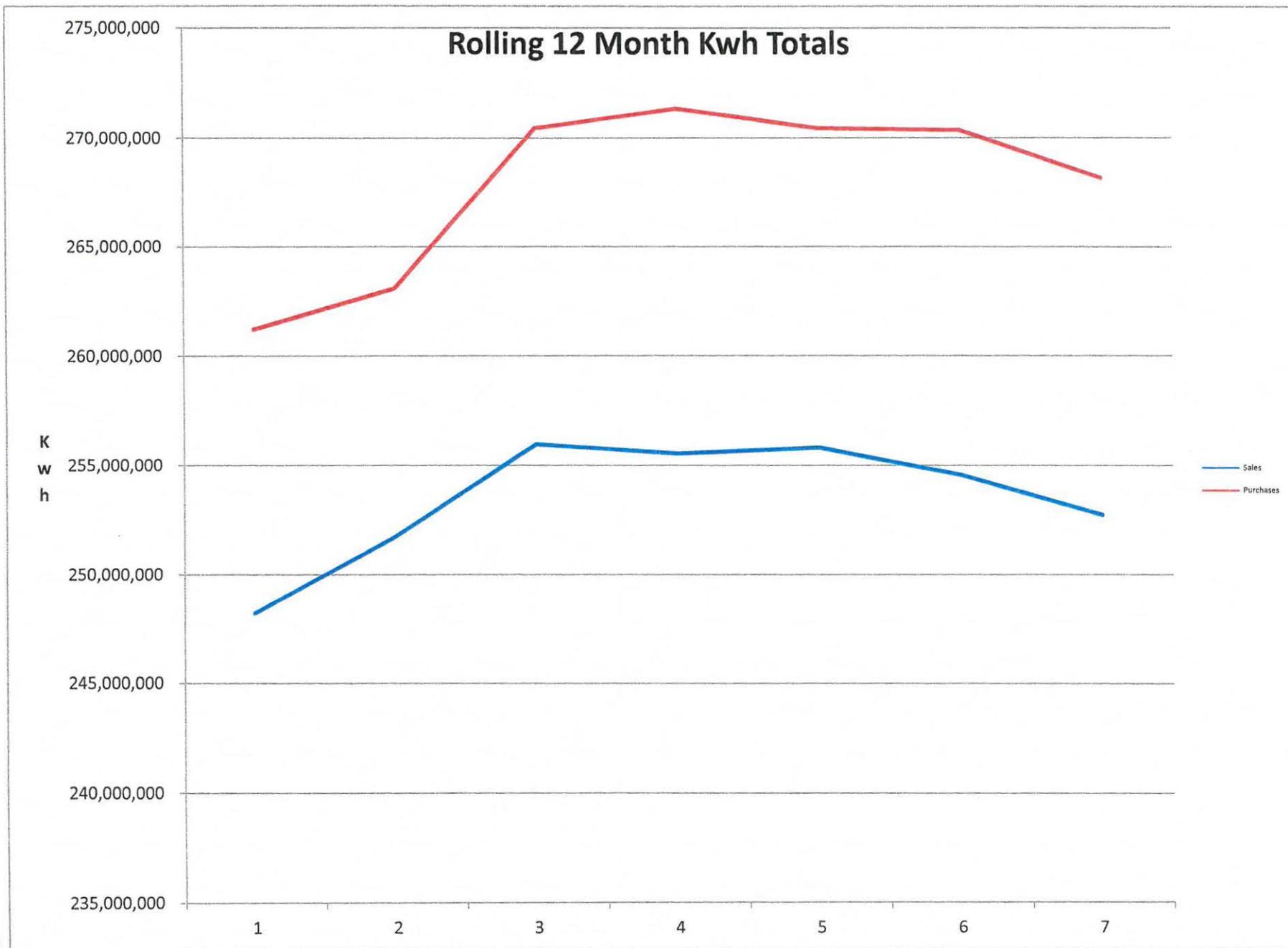
Margins : \$ (223,804)

Budgeted: \$ (447,238)

- **Accounting Reports – Pages 6-8**
- **219 Analysis – Page 9**

- **PSC Activity**
 - **KERR (MACED) - approved**

- **Capital Credits Paid – Page 10**



2

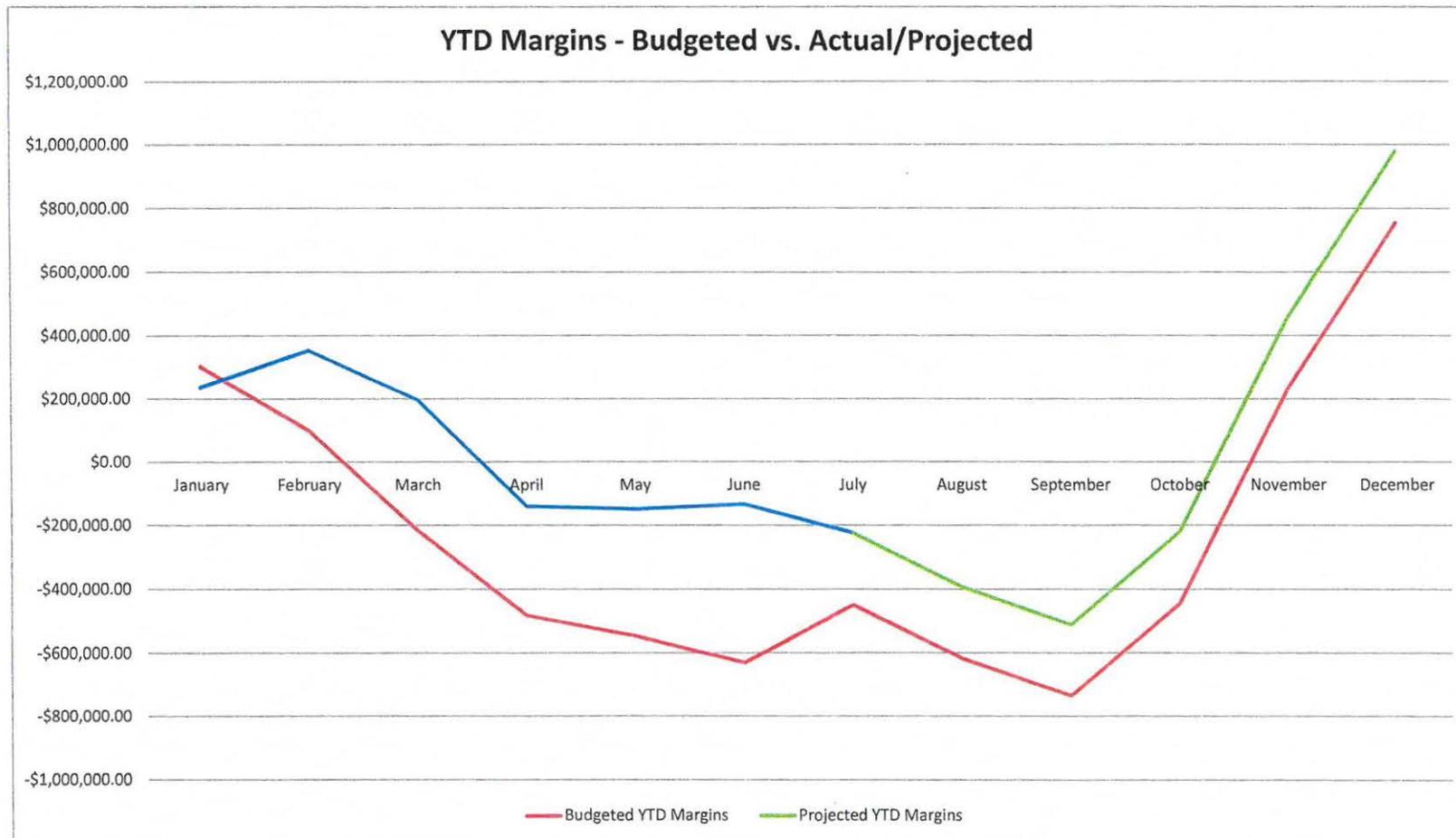
2012	TOTAL SALES					
	Actual			Budget		
	KWH	\$	UNIT			
JANUARY	27,493,981	\$ 3,138,514	0.1142	26,817,810	\$ 3,179,621	0.1186
FEBRUARY	23,292,774	\$ 2,699,944	0.1159	20,819,895	\$ 2,420,917	0.1163
MARCH	20,969,119	\$ 2,407,840	0.1148	18,207,611	\$ 2,080,872	0.1143
APRIL	15,699,683	\$ 1,890,279	0.1204	15,299,133	\$ 1,741,200	0.1138
MAY	18,727,898	\$ 2,266,856	0.1210	17,728,173	\$ 2,025,323	0.1142
JUNE	21,109,583	\$ 2,537,284	0.1202	19,566,366	\$ 2,238,264	0.1144
JULY	19,833,575	\$ 2,408,505	0.1214	21,272,076	\$ 2,621,322	0.1232
AUGUST	0	\$ -	#DIV/0!	18,543,787	\$ 2,252,414	0.1215
SEPTEMBER	0	\$ -	#DIV/0!	16,244,083	\$ 2,047,234	0.1260
OCTOBER	0	\$ -	#DIV/0!	19,576,862	\$ 2,456,225	0.1255
NOVEMBER	0	\$ -	#DIV/0!	24,115,801	\$ 3,155,127	0.1308
DECEMBER	0	\$ -	#DIV/0!	26,571,525	\$ 3,469,939	0.1306
	147,126,613	\$17,349,222	\$0.1179	244,763,122	\$29,688,458	\$0.1213

Actual vs. Budget				
19,833,575	Month	2013	21,272,076	-6.76%
147,126,613	YTD		139,711,063	5.31%
Compared to 2012				
19,833,575	Month		21,648,941	-8.39%
147,126,613	YTD		139,112,746	5.76%

W

2012	GROSS MARGINS							
	Actual	Budget	Variance	Line Loss	Fuel Adj.	Fuel Adj. \$	ESC Rate	ESC \$
JANUARY	\$1,132,929	\$ 1,136,932	(\$4,003)	3.81%	(0.001445)	(39,642)	9.32%	267,698
FEBRUARY	\$859,032	\$ 631,439	\$227,593	9.95%	(0.000315)	(7,397)	8.56%	212,892
MARCH	\$562,102	\$ 517,010	\$45,092	20.72%	(0.000463)	(9,702)	7.96%	177,584
APRIL	\$498,079	\$ 566,597	(\$68,518)	13.77%	0.000961	15,054	9.17%	158,740
MAY	\$859,118	\$ 770,190	\$88,928	-4.00%	0.003166	59,248	9.05%	188,114
JUNE	\$954,023	\$ 749,003	\$205,020	-4.76%	0.001026	21,716	11.42%	259,985
JULY	\$751,364	\$ 1,015,465	(\$264,101)	12.24%	(0.002224)	(44,227)	10.81%	234,962
AUGUST	\$0	\$ 665,551	(\$665,551)	#DIV/0!				
SEPTEMBER	\$0	\$ 714,956	(\$714,956)	#DIV/0!				
OCTOBER	\$0	\$ 1,124,557	(\$1,124,557)	#DIV/0!				
NOVEMBER	\$0	\$1,508,724	(\$1,508,724)	#DIV/0!				
DECEMBER	\$0	\$1,357,663	(\$1,357,663)	#DIV/0!				
			\$230,010	7.96%	0.000101	(4,950)	9.47%	1,499,975

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	2013 Monthly Margins			2013 YTD Margins			2013 Projected Margins
	Actual	Budgeted	Difference	Actual	Budgeted	Difference	YTD + Actual
January	\$236,473.52	\$303,511.79	-\$67,038.27	\$236,473.52	\$303,511.79	-\$67,038.27	\$236,473.52
February	\$116,037.91	-\$201,957.21	\$317,995.12	\$352,511.43	\$101,554.58	\$250,956.85	\$352,511.43
March	-\$154,779.71	-\$316,373.21	\$161,593.50	\$197,731.72	-\$214,818.63	\$412,550.35	\$197,731.72
April	-\$337,142.19	-\$266,766.21	-\$70,375.98	-\$139,410.47	-\$481,584.84	\$342,174.37	-\$139,410.47
May	-\$9,305.65	-\$63,202.21	\$53,896.56	-\$148,716.12	-\$544,787.05	\$396,070.93	-\$148,716.12
June	\$15,299.99	-\$84,404.21	\$99,704.20	-\$133,416.13	-\$629,191.26	\$495,775.13	-\$133,416.13
July	-\$90,388.12	\$181,962.79	-\$272,350.91	-\$223,804.25	-\$447,228.47	\$223,424.22	-\$223,804.25
August		-\$167,939.21			-\$615,167.68		-\$391,743.46
September		-\$118,542.21			-\$733,709.89		-\$510,285.67
October		\$291,043.79			-\$442,666.10		-\$219,241.88
November		\$675,183.79			\$232,517.69		\$455,941.91
December		\$524,086.31			\$756,604.00		\$980,028.22

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Monthly Operating Rev & Exp

	July 2012	August 2012	September 2012	October 2012	November 2012	December 2012	January 2013	February 2013	March 2013	April 2013	May 2013	June 2013	July 2013
Revenue	(2,546,777)	(2,271,468)	(1,971,483)	(2,532,697)	(2,736,054)	(3,429,912)	(3,240,118)	(2,798,488)	(2,496,140)	(1,979,105)	(2,340,872)	(2,620,502)	(2,496,515)
Purchased Power	1,770,804	1,562,153	1,354,759	1,385,833	1,800,485	1,954,640	2,005,585	1,840,912	1,845,738	1,392,200	1,407,738	1,583,261	1,657,141
Gross Margins	(775,973)	(709,315)	(616,724)	(1,146,864)	(935,569)	(1,475,272)	(1,234,533)	(957,576)	(650,402)	(586,905)	(933,134)	(1,037,241)	(839,374)
Operations	75,670	88,620	109,327	82,567	98,146	83,453	104,396	112,300	88,004	89,380	91,262	93,125	92,881
Maintenance	467,790	263,686	253,964	230,894	218,592	341,647	256,139	191,394	269,606	209,696	229,614	279,848	239,953
Customer Service	85,056	99,762	95,294	97,537	106,200	69	97,542	95,526	104,433	101,177	92,446	95,168	95,114
Informational Advertising	16,023	17,755	18,285	26,890	18,676	17,795	19,571	20,365	17,783	18,182	24,557	22,182	17,002
Demonstration Advertising	1,360	2,499	1,836	1,952	2,247	1,808	1,664	1,814	2,225	2,614	1,224	1,729	1,809
Admin & General	139,352	149,928	160,505	184,570	155,993	132,027	164,276	159,828	140,533	163,057	171,242	194,964	160,921
Depreciation	249,547	251,127	253,121	253,739	254,245	254,919	255,729	255,922	255,660	255,933	256,833	257,564	250,942
Regulatory	2,667	3,082	3,082	3,082	3,082	3,080	2,810	2,810	2,810	2,810	2,810	2,810	2,810
Interest - LTD	87,956	85,109	84,090	83,615	83,223	82,690	82,789	79,235	78,169	83,080	82,666	82,823	84,353
Interest - Deposits	6,166	115	116	116	115	2,062	200	200	200	199	199	200	200
Miscellaneous Expense	1,350	7,154	5,468	3,613	8,480	7,453	6,568	7,153	11,358	9,466	9,696	(4,106)	4,872
Interest Income	(2,460)	(2,472)	(2,453)	(2,453)	(2,448)	(2,453)	(2,451)	(2,443)	(2,449)	(2,451)	(2,410)	(2,457)	(2,457)
Non-Electric Revenue	(22,365)	(9,632)	691	(1,296)	(8,067)	1,111	8,827	(82,566)	(14,803)	(9,095)	(17,701)	(757)	(18,640)
Capital Credits			(8,012)	-	-	-	-	-	(148,349)	-	-	(1,151)	-
Margins	332,139	247,418	358,590	(182,038)	2,915	(549,611)	(236,473)	(116,038)	154,778	337,143	9,304	(15,299)	90,386
* ()'s = positive margins													
Operating Expenses	1,132,937	968,837	985,088	968,575	948,999	927,003	991,684	926,547	970,781	935,594	962,549	1,026,307	950,857
Monthly OTIER	(2.78)	(1.91)	(3.26)	3.18	0.96	7.65	3.86	2.46	(0.98)	(3.06)	0.89	1.18	(0.07)

Rolling 12 Month Totals

Revenue	(29,146,644)	(29,136,945)	(29,107,358)	(29,240,726)	(29,270,164)	(29,541,474)	(29,860,615)	(30,275,925)	(30,779,003)	(30,834,736)	(30,995,266)	(30,963,616)	(30,913,354)
Purchased Power	18,806,914	18,672,370	18,661,776	18,680,708	18,869,204	18,938,586	18,985,986	19,119,196	19,611,817	19,828,815	19,868,274	19,904,108	19,790,445
Gross Margins	(10,339,730)	(10,464,575)	(10,445,582)	(10,560,018)	(10,400,960)	(10,602,888)	(10,874,629)	(11,166,729)	(11,167,186)	(11,005,921)	(11,126,992)	(11,059,508)	(11,122,909)
Operations	1,110,186	1,098,836	1,110,747	1,106,404	1,121,689	1,121,538	1,125,083	1,131,204	1,124,525	1,122,019	1,120,008	1,116,250	1,133,461
Maintenance	3,148,597	3,165,306	3,158,130	3,184,336	3,214,285	3,346,690	3,364,689	3,341,482	3,286,809	3,253,980	3,226,847	3,212,870	2,985,033
Customer Service	1,053,575	1,060,216	1,073,728	1,087,126	1,105,878	1,042,997	1,048,165	1,056,159	1,069,849	1,071,732	1,066,117	1,070,210	1,080,268
Informational Advertising	221,192	218,936	218,975	223,050	220,065	222,280	223,439	223,530	222,496	223,457	233,596	238,064	239,043
Demonstration Advertising	27,483	26,649	25,530	23,482	24,093	24,347	23,939	23,338	23,033	24,092	23,257	22,972	23,421
Admin & General	1,848,905	1,851,990	1,873,745	1,875,938	1,821,514	1,842,898	1,837,768	1,847,231	1,797,162	1,834,063	1,858,242	1,916,275	1,937,844
Depreciation	2,960,115	2,968,386	2,977,818	2,987,350	2,997,021	3,006,825	3,015,035	3,022,893	3,030,179	3,037,847	3,045,858	3,054,339	3,055,734
Regulatory	30,585	31,129	31,673	32,217	32,761	33,303	33,575	33,847	34,119	34,391	34,663	34,935	35,078
Interest - LTD	1,028,083	1,025,450	1,022,833	1,020,336	1,017,848	1,014,997	1,011,393	1,007,242	1,001,460	999,125	997,404	995,445	991,842
Interest - Deposits	75,966	69,873	63,700	57,485	51,313	47,027	40,872	34,740	28,549	22,384	16,158	9,888	3,922
Miscellaneous Expense	55,358	54,015	51,037	47,810	49,806	47,713	46,558	53,563	63,165	70,887	79,139	73,653	77,175
Interest Income	(29,827)	(29,818)	(29,763)	(29,747)	(29,711)	(29,695)	(29,665)	(29,605)	(29,542)	(29,482)	(29,409)	(29,400)	(29,397)
Non-Electric Revenue	(21,584)	(44,814)	(45,052)	(56,106)	(120,433)	(125,330)	(102,810)	(198,123)	(168,142)	(177,896)	(183,865)	(155,653)	(151,928)
Capital Credits	(166,610)	(166,610)	(170,288)	(152,764)	(152,764)	(152,764)	(152,764)	(152,764)	(156,361)	(156,361)	(156,361)	(157,512)	(157,512)
Margins	1,002,294	864,969	917,231	846,899	952,405	839,938	610,648	238,008	160,115	324,317	204,662	342,828	101,075
Operating Expense	11,560,045	11,570,786	11,607,916	11,645,534	11,656,273	11,750,615	11,770,516	11,775,229	11,681,346	11,693,977	11,701,289	11,744,901	11,562,821
Rolling 12 Month OTIER	0.03	0.16	0.10	0.17	0.06	0.17	0.40	0.76	0.84	0.68	0.79	0.66	0.90

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JULY 2013

219 ANALYSIS

								BUDGETED
WO NOS.	DESCRIPTION		NUMBER		COST	LOAN FUNDS	UNIT COST	UNIT COST
9	RETIREMENTS		18		734.86	(734.86)		
100	NEW LINE EXTENSIONS		15		43,929.13	43,929.13	2,928.61	3,229.93
200	TIE LINES							
300	MAJOR PROJECTS							
602	SERVICE UPGRADES		6		8,712.10	8,712.10	1,452.02	1,920.25
603	SECTIONALIZERS		1		1,487.92	1,487.92		
604	REGULATORS							
606	POLES		26	POLES	96,116.99	96,116.99	3,696.81	2,410.75
701	SECURITY LIGHTS		9		4,874.46	4,874.46	541.61	423.50
1600	MINOR PROJECTS		4		3,020.53	3,020.53		
	TOTAL		77		158,875.99	157,406.27		
601	<u>SPECIAL EQUIPMENT</u>	<u>ACCT#</u>						
	METERS	370.00	0		0.00	0.00	0.00	160.00
	TRANSFORMERS	368.00	31		41,362.46	41,362.46	1,334.27	1,120.00
	TURTLES	370.10	0		0.00	0.00	0.00	
	DISCONNECT METERS	370.20	0		0.00	0.00	0.00	
	OTHER SP EQUIP	365.00	0		0.00	0.00	0.00	
	TOTAL		31		41,362.46	41,362.46		
	MATERIAL				26,406.11			
	MATERIAL OH				35,043.19			
	LABOR				17,287.17			
	LABOR OH				57,927.80			

Grayson Rural Electric Cooperative Corporation

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

October 16, 2013

Dear Director:

A Regular Meeting of the Board of Directors is hereby called. I do hereby fix the GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION headquarters in Grayson, Commonwealth of Kentucky, as the place, and **Thursday, the twenty-fourth day of October, 2013, at 9:00 a.m.**, for holding of said meeting for the following purposes:

To take any and all action and to transact any and all business which may be necessary, convenient, or desirable in connection with any of the foregoing and the organization of the Corporation at said meeting or at any adjournment or adjournments thereof; and for the transaction of such other business which may come before the meeting or any adjournment or adjournments thereof, as well as consider altering, amending, or repealing the current Bylaws of the Corporation in the manner hereinafter set forth.

Sincerely,



Roger L. Trent
Chairman

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

RLT/ps

Enclosures:

1. Agenda
2. Miscellaneous Analysis

Grayson Rural Electric Cooperative Corporation

109 Bagby Park • Grayson, KY 41143-1292
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October 16, 2013

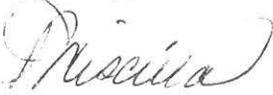
W. Jeffrey Scott,
Attorney at Law
P. O. Box 608
Grayson, KY 41143

Dear Jeffrey:

A Regular Board Meeting of GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION will be held on **Thursday, October 24, 2013, at 9:00 a.m.**

We look forward to seeing you at the Board Meeting.

Sincerely,



Priscilla Sparks
Executive Assistant

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

ps

Enclosures:

1. Agenda
2. Miscellaneous Analysis

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION
BOARD MEETING AGENDA

On October 24, 2013, the Directors of Grayson Rural Electric Cooperative Corporation were called to meet by the Chairman.

1. Sign Wavier of Notice
2. Invocation
3. Approval of the Minutes from the September Board Meeting.
4. Technical Services Report – Brian Poling, Manager of Technical Services
5. Manager of Finance & Accounting Report and Approval of the Financial & Statistical Report for August 2013 – Don Combs, Manager of Finance & Accounting
6. Budget Planning
7. Manager of Marketing & Member Services Report – Kim Bush
8. Operations Report and Safety Report – Kyle Clevenger, Manager of Operations
9. Approval of Ninety-Five (95) New Memberships and Retirement of One Hundred Three (103) Existing Memberships for September 2013
10. Consider Approval of Accounts to be Charged Off to Reserve \$3,367.67
11. Consider Approval of President’s Business Expense in the Amount of \$660.51, Director’s Business Expense in the Amount of \$9,123.63 and Attorney’s Business Expense in the Amount of \$155.54
12. President’s Report – Carol Hall Fraley
13. Cooperative Legal Matters – W. Jeffrey Scott
14. KAEC Director’s Report – Jimmy Whitt
15. EKPC Director’s Report – Kenneth Arrington
16. Consider Community Service and/or Donations
17. Attendance at Meetings – Directors & Employees
18. Report of Any Meetings Held
19. Review and Consider/Approval and/or Reaffirming of Board Policies and Bylaws:

BOARD POLICY NO. 204 EQUITY MANAGEMENT/CAPITAL CREDITS POLICY
BOARD POLICY NO. 514 INSURANCE BENEFITS
20. Appoint Voting Delegate & Alternate Delegate to KAEC’s Annual Meeting
21. Confirm Date for November Board Meeting – November 22, 2013
22. Additional Business
23. Adjourn

On September 27, 2013 at 9:03 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION

Director Rice gave the invocation.

APPROVAL OF MINUTES

Motion was made by Director Rice, seconded by Director Martin and unanimously agreed to approve the minutes from the August Board Meeting for informational purposes only.

TECHINCAL SERVICES
SUPERVISOR

Brian Poling, Technical Services Supervisor, reported on the following:

Prepay metering was initiated last week and is working well on the mechanical side. One concern is the lead time for ordering additional meters. We have ordered 100 to be delivered close to the first of the year. We have 150 remote disconnect meters in stock.

For better security, firewalls have been placed on all the collectors and the settings tightened. Landis/Gyr changed operating systems on all collectors to a more secure Linux based system. The overall system is running better than it has ever run. There has been a 100% success rate on the 32 connect or disconnect commands for the past 30 days.

The Mazie radio tower site has been damaged by lightning and the radio equipment and all the wiring in the building will have to be replaced. We won't know if the antenna and cabling is damaged until we get the power restored and the radio replaced.

As we retire TS1 meters, we keep a few good of the best meters and sell the rest for scrap. Adams Rural Electric in Ohio would like to purchase our old units "as-is". We are working on a price that is fair for both.

OFFICE & MEMBER
SERVICES REPORT

Don Combs, Manager of Finance and Accounting presented the Financial & Statistical Report for July 2013. Mr. Combs reported on the following:

AUDIT REPORT

Alan Zumstein, CPA, presented the Management Letter concerning the Fiscal Audit for June 1, 2012 through May 31, 2013. Mr. Zumstein stated that no difficulties were encountered and no audit adjustments were made which was a good reflection of the staff.

Mr. Zumstein went over the letter of the audit's financial findings. All the mortgages were complied with; the inventory was good; all information needed was given as requested.

Mr. Zumstein said our equity ratio was 27% of our assets in 2012 and for 2013 the rate is 63%.

Motion was made by Director Dupuy, seconded by Director Whitt and unanimously agreed to approve the financial audit as presented, for informational purposes only.

FINANCIAL & STATISTICAL
REPORT FOR JULY

Kilowatt hour sales for the month of July (7/20-8/20) were 6.76% under budget. Purchases for the time period of 7/1-31 were .51% over budget. Line loss for the last twelve months was 5.73%. Year to date margins were (\$223,804) compared to the budgeted amount of (\$447,238).

Line loss was 12.24% for the month.

On Form 7, purchased power was less than anticipated for the month. Margins were \$257,000 less than anticipated. Sales were down this month. Gross Margins show \$230,000 better than budgeted. 219 plant additions were normal for the month of July.

Mr. Combs and Mr. Cherry gave a presentation on the Seven Cooperative Principles:

- Voluntary and Open Membership
- Democratic Member Control
- Member's Economic Participation
- Autonomy and Independence
- Education, Training and Information
- Cooperation among Cooperatives
- Concern for Community

CAPITAL CREDITS

Capital Credits refunded in September 2013 totaled \$12,088.09.

MACED AND HOWSMART

MACED and How\$mart were approved by the Kentucky PSC last month.

INSURANCE PREMIUMS

Health insurance premiums have remained unchanged. Worker's compensation modification which determines the amount of premiums paid has been lowered from 1.12% to .82%, reflecting approximately a savings of \$20,000 in premiums.

APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR JULY 2013

Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to approve the Financial and Statistical report for July 2013, as presented for informational purposes only.

MANAGER OF MARKETING
& MEMBERS SERVICES
REPORT

Kim Bush, Manager of Marketing and Member Services, talked about a way to protect the Cooperative from losses through the MACED and How\$mart programs. Mr. Zumstein said we might want to consider establishing a loan fund to recover losses. President Fraley suggested that Mr. Combs and Mrs. Bush meet with Legal Counsel Scott to establish a procedure that will do more to protect the Cooperative from such losses. Big Sandy, Clark, Jackson and Fleming Mason were also approved by the Ky. PSC for participation in the program.

The Prepay tariff was approved at the same time as our rate increase. We used employees in a trail run to make sure everything was set up correctly. All the Customer Representatives have been trained and as of this morning we have 17 participants. All participants have full membership in the Cooperative and will pay a \$15 membership fee. Any off service bill must be paid to below \$500 to participate and every time money is added to their account, 30% will go to debt management to be subtracted from their off service account. Participants will receive text messages and voice and email alerts when the balance falls below \$25.

MANAGER OF MARKETING
& MEMBER SERVICES
REPORT (CONTINUED)

Participants are still eligible for LIHEAP. However, they will not be eligible for Winter Hardship Reconnect. There is an extra \$10 month charge for adding money to the account.

Members participating in Prepay can pay by check, debit or credit card, website, by phone, or in person at the office. The easiest way to explain the concept to potential participants is to compare it to pre-paid phone service.

Tina Preece, Energy Advisor has performed ten energy audits.

Several school programs were scheduled. We participated in the Greenup County Fair and Greenup County Agriculture Day.

HONORS FLIGHT

Mr. Thomas Stevens was our guest on the third annual Honors Flight program.

FLU SHOTS

Flu shots will be given Thursday, October 24, 2013 from 7:30 a.m. – 9:30 a.m. in the GRECC for employees, family, retirees, and directors.

ANNUAL CHRISTMAS
SERVICE AWARDS AND
PARTY

Kim Bush presented a budget for our Christmas programs. Our Years of Service Awards and Christmas party will be held Friday, December 6, 2013 at the Grayson Conference Center. The estimated cost is \$17,200. Motion was made by Director Rice and seconded by Director Crum to approve the expenses for the Christmas program this year. Motion carried unanimously.

SECURITY DEPOSIT

President Fraley has developed new language for our membership form regarding interest on security deposits. Mrs. Bush read the security deposit, as followed:

The applicant hereby pays the sum of \$amount as a security deposit, said sum being two twelfths of an estimated or actual bill at this location (actual usage based on historical data for this location). This security deposit shall accrue interest at an annual rate fixed by the Kentucky Public Service Commission each year in December for the following year (starting 12/31/12). Interest accrued for that calendar year (or portion of that calendar year) will be applied to the member's bill in February of the following year. Upon termination of service, any interest accrued to that account up to the date of disconnect (if any) shall be credited to the final bill, along with the security deposit.

Motion was made by Director Martin, seconded by Director Rice and unanimously voted to approve the security deposit as presented.

BOARD POLICY 204/514

Revisions to the Equity Management / Capital Credit Board Policy and the Insurance Policy were suggested by President Fraley and her staff. The Board will take them under advisement on next month's agenda.

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations gave the Operations Report. He reported on the following:

EMPLOYEE/LOST TIME
ACCIDENT

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during August:

August 05—Brian Poling, Manager of Technical Services, talked about different types of Distributed Generation and main concerns. Carol Fraley, President and CEO, discussed the new rate increase. Kyle Clevenger, Mgr. of Operations, reminded everyone to work safe.

August 12—Priscilla Sparks, Executive Assistant, turned the meeting over to Steve Stiles from EKPC. He talked about the objectives of lock out-tag out and the 10 steps of switching and had everyone fill out a hold card and went over the process of system restoration.

August 19—Sherry Buckler, General Accounting Supervisor, read from the Safety Manual, Pages 38 – 40, Automated External Defibrillator, Training, Safety Compliance, & Additional Training and Retraining. Brian Poling talked about the new Prepay option that will be available soon.

August 26—Kim Bush, Mgr. of Marketing & Member Services, read from the Safety Manual, Pages 40 – 42, Job Briefings & Pole Top Rescue. She talked about a pre-diabetes program through Kings Daughters Hospital. She also went over pre-pay accounts.

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and the importance of using ground chains. A line is not dead until it is grounded.

CONSTRUCTION

Construction built seventy (77) new work orders for the month of August and worked one hundred twenty-seven (127)) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked two hundred eighty-nine (289) hours of overtime during the month of August.

DELINQUENT NOTICES

The Maintenance & Construction Departments collected on one hundred fifty-four (154) delinquent accounts and disconnected forty-seven (47) accounts in September.

CONTRACT CREWS

Our Pike crews have been working in the following areas:

Zach Clevenger – State Route 7 Road job in Elliott County
Lewis Maynard – Mt. Telephone Pole Changes
Tony Seagraves – HWY 7 and now back on the right fork of Middle Fork

RIGHT-OF-WAY CREWS

We have nine (9) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 774 trees, cut 441 trees, cut 33,955 feet of brush/line and sprayed 399 spans of line. The crews are working in the following areas:

1 tractor crew in Rowan County
2 bucket truck crews in Lawrence, Elliott, and Rowan Counties
2 cutting crews in Elliott, Lawrence & Rowan Counties
1 cutting crew in Carter County
3 spraying crews in Carter County

RIGHT-OF-WAY CREWS
(CONTINUED)

The Bobby Smith Tree Company cut and trimmed trees in Carter, Lewis and Greenup Counties. They have one circuit crew in Carter County.

Smith Tree Company is no longer working for the Cooperative. We will finish out the circuit work with W. A. Kendall.

ENGINEERING REPORT

The Engineering Department released one hundred forty (140) prints consisting of 62,555 feet of primary line and 2,905 feet of service wire. We currently have four (4) new services to be staked, two (2) to be drawn and eleven (11) miscellaneous jobs to be staked or drawn.

President Fraley wanted the Board to know that we cut some right-of-way for Ray Hall and he will pay for cutting one tree.

Ronnie Gilbert with Pike Electric stopped by the office Monday and extending the current Work Plan through 2013 was discussed.

APPROVAL OF NEW
MEMBERSHIPS &
RETIREMENT OF
EXISTING MEMBERSHIPS

Motion was made by Director Rice, seconded by Director Dupuy and unanimously agreed to approve one hundred five (105) new memberships and retirement of ninety-eight (98) existing memberships for August 2013.

BAD DEBT WRITE-OFFS

Motion was made by Director Dupuy, seconded by Director Martin and unanimously agreed to charge off \$7,402.77 worth of bad debts and turn them over for collection.

APPROVAL OF CEO'S,
DIRECTOR'S & ATTORNEY
BUSINESS EXPENSES

Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to approve the President's business expense of \$12.00, Director's business expenses of \$9,467.46 and Attorney's business expense of \$1,164.75.

PRESIDENT'S REPORT

President Fraley reported on the following:

ANNUAL CLEANING

The office will be closed October 14, 2013 for annual clean up. Brownstown will prepare lunch for us with a fish fry.

EKPC

East Kentucky Power employees invited several Coops to Licking Valley last week on why Eastern Kentucky Coops are losing kilowatt hours. The Coops invited were Big Sandy, Licking Valley, Fleming Mason, Jackson, Clark, and Grayson RECC.

BRUSHY CREEK STONE

Brushy Creek Stone is having problem with their demand. She telephoned EKPC for assistance.

COOP MONTH

October is Coop month and the annual coop calendars were passed out. This year's calendar features local barn that have quilt squares painted on them. Julie Lewis did a very good job on this.

Director Ted Hampton's daughter passed away. He is the Manager at Cumberland Valley.

Legal Counsel Scott advised us during the matter of a consumer's house. Over 20 dogs were found in the house and the owner could not be found.

PRESIDENT'S REPORT (CONTINUED)	She was apprehended a few days later in Johnson County and charged with Animal Cruelty.
EKPC LETTER	We sent EKPC another letter in regards to Amendment 3 to the Wholesale Power Contract.
KAEC VOTING DELEGATES	Voting delegates to the 2013 KAEC Annual Meeting and Board of Directors will be Harold Dupuy and alternate Roger Trent. Jimmy Whitt and Carol Fraley will be the KAEC Director and Alternate Director, respectively.
WARREN RECC	Warren RECC's new Chief Executive Officer is Scott Ramsey. He is formerly from Union, KY.
NRECA WINTER	We received an email from NRECA announcing the Winter School Registration. It will be held in Nashville, TN from December 13-18, 2013.
COBANK REGIONAL MEETING	We received an invitation to the CoBank Regional Meeting.
2012 KAEC PATRONAGE DIVIDENDS	KAEC submitted a check to GRECC in the amount of \$140.86 for the 2012 patronage dividend allocation. The dividend allocation is \$704.32 (booked).
UNITED UTILITY SUPPLY COOPERATIVE PATRONAGE DIVIDENDS	UUSC submitted a check to GRECC in the amount of \$15.69 to represent 20% of the patronage dividend allocation of \$78.46 (booked).
CRC PATRONAGE REFUND	CRC submitted a check to GRECC in the amount of \$84.45 for the Member Patronage Refund for CFC's Fiscal Year 2012 and Retirement of Capital Credits Allocated in 2000 Member Patronage for CRC's Fiscal Year 2012. The pro-rate portion of this allocation is \$422.25 (booked).
CYBER ATTACK	Brian Poling has been working hard on 'cyber attack' business and protecting our member information. We received a lot of information from PSC, Statewide and EKPC.
NESC VIOLATION LETTERS	There were two violations letters mailed since August Board Meeting. Four violation letters have been completed this month.
KAEC ANNUAL MEETING	KAEC proposed all Cooperatives to mail letters to their KY General Assembly Members inviting them to attend the KAEC Annual Meeting. Hotel and meal expenses would be paid by respective Cooperative. Letters will be mailed to Jill York, Tonya Pullin, Walter Blevins and Robin Webb.
LEGAL COUNSEL'S REPORT	Chairman Trent announced that this portion of the meeting would be held in Executive Session, beginning at 11:30 a.m. Legal Counsel Scott reported on the following:
EAST KENTUCKY POWER COOPERTIVE CORPORATION	He recently received an objection from EKPC's lawyer to a motion filed by Legal Counsel Scott.
LETTER TO ANTHONY CAMPBELL OF EKPC	Legal Counsel read letter that President Fraley would like to send to Tony Campbell in regard to Amendment 3 and Wholesale Power Contract on behalf of the Board.

LETTER TO ANTHONY
CAMPBELL OF EKPC (CONTINUED)

September 26, 2013

East Kentucky Power Cooperative, Inc.
4775 Lexington Road
P.O. Box 707
Winchester, KY 40392-0707

ATTN: ANTHONY "TONY" CAMPBELL
President & CEO of East Kentucky Power Cooperative, Inc.

Dear Mr. Campbell:

Please be advised that Grayson Rural Electric Cooperative Corporation believes it has complied with the notice provisions set forth in the Amendment to the Wholesale Power Contract between it and East Kentucky Power Cooperative, Inc., dated November 21, 2003. This Amendment is known as Amendment No. 3 to the Wholesale Power Contract.

These notices heretofore sent were done in June and August of 2012 and again in January of 2013.

Earlier this month, Grayson Rural Electric through its legal counsel, forwarded to your legal counsel a notice of the fact that Grayson Rural Electric had entered into an arrangement with Duke Energy to receive power from Duke Energy under the framework of Amendment 3 to the Wholesale Power Contract. That notice sent out September 9th referred to the previous notices set forth hereinabove.

Grayson Rural Electric believes that East Kentucky Power Cooperative, Inc., has therefore been placed on proper notice to apprise it of the intention of Grayson Rural Electric Cooperative Corporation to act under the provisions of Amendment 3 to the Wholesale Amendment Contract.

Nevertheless, your legal counsel has contacted the legal counsel of Grayson Rural Electric and advised that legal counsel of East Kentucky Power Cooperative was not authorized to receive notices under the provisions of Amendment 3 to the Wholesale Power Contract.

Grayson Rural Electric Cooperative Corporation, all of the foregoing notwithstanding, hereby gives notice to East Kentucky Power Cooperative, Inc., that Grayson Rural Electric Cooperative Corporation will receive electric power from Duke Energy in an amount not to exceed 15% of the

East Kentucky Power Cooperative, Inc.
ATTN: ANTHONY "TONY" CAMPBELL
September 26, 2013
Page 2

rolling average of its coincident peak demand for the single calendar month with the highest average peak demand occurring during each of the three, twelve months immediately preceding this election.

Grayson Rural Electric Cooperative Corporation believes that this notice is simply a supplement to the earlier notices referred to hereinabove but at the very least we wanted to make you aware of the election of Grayson Rural Electric Cooperative Corporation under Amendment 3 to the Wholesale Power Contract since it appears that your attorney may not have advised you of the earlier sent notice.

The election to which this notice and earlier notices apply is the load of Grayson Rural Electric Cooperative Corporation in the aggregate not exceeding the 15% rolling average referred to hereinabove.

Grayson Rural Electric Cooperative Corporation appreciates the action of East Kentucky Power Cooperative, Inc. in undertaking its obligations under Amendment 3 to the Wholesale Power Contract and will look forward to a continued effective relationship in this regard.

Sincerely,

Carol Ann Fraley
President & CEO
Grayson Rural Electric
Cooperative Corporation

CAF/smm

A motion was made to mail the letter to President Campbell as read, by Director Dupuy, seconded by Director Martin and unanimously agreed upon.

GRECC PRESS RELEASE

Legal Counsel Scott also reviewed a prepared a press release and read it to the Board, for immediate release.

PRESS RELEASE

For immediate release

Grayson Rural Electric Cooperative Corporation, an electric distribution cooperative in Northeast Kentucky serving six counties, Lewis, Greenup, Carter, Rowan, Elliott and Lawrence announced today that it was seeking to buy a portion of their electric power from Duke Energy at a substantial savings to its members. "Duke Energy can sell Grayson RECC power for our members at a rate of over \$.03 per kilowatt hour less than what we must pay East Kentucky Power Cooperative" said Carol Hall Fraley, President and CEO of Grayson Rural Electric Cooperative Corporation. Fraley added, "This can save our members, many of whom live in the poorest and most economically distressed counties of the state, potentially one million dollars per year".

"We look forward to East Kentucky Power Cooperative in Winchester, Kentucky working hand in hand with Grayson Rural Electric to save our members a substantial amount of money," Fraley said.

Grayson Rural Electric Cooperative serves over fifteen thousand meters in Northeast Kentucky and has been in existence since 1950 serving rural homes and farms.

Following thorough discussion, a motion was made to send the press release as read by Legal Counsel Scott, by Director Martin, seconded by Director Whitt and unanimously agreed upon.

Motion was made by Director Martin, seconded by Director Dupuy and unanimously voted to come out of Executive Session at 12:15 p.m.

KAEC DIRECTOR'S
REPORT

Director Whitt reported on the following:

Eston Glover is to be the NRECA representative.

Roby Foree reported on the Washington Youth Tour.

Chris Perry gave a recap of the 2013 Lineman's rodeo.

KAEC DIRECTOR'S REPORT (CONTINUED) David Wilson has retired from representing Mead County RECC on the KAEC Board after 23 years. He will retain his seat on the local board.

EKPC DIRECTOR'S REPORT Director Arrington reported that most of his report had been covered during the discussion of issues pertaining to EKPC. Mr. Arrington expressed his willingness to convey to the EKPC Board the concerns of the Grayson RECC Board.

THANK YOU LETTERS We received a thank you letter from Grahn School Community Center for the donation they received.

DONATIONS President Fraley presented to the Board for their consideration the following donation requests:

Sarah Place - donation	\$50
NYN FOUNDATION -3 rd annual memory walk	\$100
ECHS Golf Team – hole sponsor	\$50
Evening at the Vineyard – hospice fundraiser	\$125
Carter City Elementary – PTO	\$50
Grayson Area Chamber of Commerce –Funtober Fest	\$100
Star Elementary - Book Fair gift certificate for students	\$50
19 th Hole Club – golf team donation	\$50

Motion was made by Director Dupuy, seconded by Director Crum and unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE Meetings presented for attendance this month:

KAEC Director Classes, November 16-17, 2013 and / or KAEC Annual Meeting, Louisville, KY, November 18-19, 2013: Roger Trent, William Rice, Harold Dupuy, Jimmy Whitt, Eddie Martin, Kenneth Arrington, Carol Hall Fraley and few of staff.

NRECA Director's Winter School, December 13-18, 2013, Nashville, TN: Roger Trent, Harold Dupuy, Kenneth Arrington, Jimmy Whitt and William Rice.

BOARD MEETING DATES The October Board Meeting will be Thursday, October 24, 2013.

ADDITIONAL BUSINESS There was no additional business to come before the board of directors.

ADJOURN Chairman Trent adjourned the meeting at 12:33 p.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

Minutes of the Executive Session of the September 27, 2013 GRECC Board Meeting

On September 27, 2013 Grayson Rural Electric Cooperative Corporation held an executive session during its regular board meeting.

EXECUTIVE SESSION

Director Martin made a motion, seconded by Director Dupuy, to go into Executive Session at 11:30 a.m. and unanimously agreed upon.

Matters concerning East Kentucky Power Cooperative were thoroughly discussed.

Motion was made by Director Martin, seconded by Director Dupuy and unanimously voted to come out of Executive Session at 12:15 p.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

President & CEO's Expenses

Balance of July 2013 and
August 2013

<u>Check Date</u>	<u>Check</u>	<u>Description</u>	<u>Amount</u>
09/06/13	161031	Visa Expenses <u>July</u> *7/23 – MACED Meeting – meal expense *7/24 – GRECC Board Meeting – meal expense *7/25 – KAEC Lineman's Rodeo – meal expense *EKPC Strategic Retreat – meal expense <u>August</u> *8/05 – Collections (worked thru lunch) meal expense *8/06 – AEP Hearing – meal expense *8/13 – MOU Meeting – meal expense 8/31 – IPAD / Case	 \$14.80 \$10.00 \$25.84 \$42.75 \$11.70 \$11.40 \$8.14 \$528.88
08/22/13	160925	*8/23 – Twins' Catering - GRECC Board Mtg. – meal expense	\$7.00
		Total Expenses	\$660.51

*Prorated

DIRECTORS & ATTORNEY EXPENSES**August-13****KENNETH ARRINGTON**

Per Diem - Lineman Rodeo (7/26); GRECC Bd. Mtg. (8/23)	\$ 445.20
VISA - NRECA Director Summer School	934.53
MISC - Lunch GRECC Bd. Mtg. (8/23)	7.00
Rodeo Shirt	8.48
Cash in Lieu of Insurance	637.63
24 - Hr. Insurance	0.70
TOTAL -	\$ 2,033.54

DONNIE CRUM

Per Diem - GRECC Bd. Mtg. (8/23)	\$ 213.56
VISA -	-
MISC - Lunch GRECC Bd. Mtg. (8/23)	7.00
Cash in Lieu of Insurance	637.63
24 - Hr. Insurance	1.08
TOTAL -	\$ 859.27

HAROLD DUPUY

Per Diem - Lineman Rodeo (7/26); GRECC Planning & Review (8/15); GRECC Bd. Mtg. (8/23)	\$ 736.17
VISA -	-
MISC - Lunch GRECC Bd. Mtg. (8/23)	7.00
Cash in Lieu of Insurance	637.63
24-Hr. Insurance	1.08
TOTAL -	\$ 1,381.88

EDDIE MARTN

Per Diem - GRECC Planning & Review (8/15); GRECC Bd. Mtg. (8/23)	\$ 418.08
VISA - Lunch GRECC Bd. Mtg. (7/24)	10.00
MISC - Lunch GRECC Bd. Mtg. (8/23)	7.00
Cash in Lieu of Insurance	814.42
24 - Hr. Insurance	1.08
TOTAL -	\$ 1,250.58

WILLIAM T. RICE

Per Diem - Lineman Rodeo (7/26); GRECC Planning & Review (8/15); GRECC Bd. Mtg. (8/23)	\$ 705.09
VISA -	-
MISC - Lunch GRECC Bd. Mtg. (8/23)	7.00
Cash in Lieu of Insurance	637.63
24 - Hr. Insurance	0.70
TOTAL -	\$ 1,350.42

ROGER TRENT

Per Diem	- Lineman Rodeo (7/26); GRECC Planning & Review (8/15); GRECC Bd. Mtg. (8/23)	\$ 723.17
VISA	- Lunch GRECC Bd. Mtg. (7/24)	10.00
MISC	- Lunch GRECC Bd. Mtg. (8/23)	7.00
	Cash in Lieu of Insurance	637.63
TOTAL	- 24 – Hr. Insurance	0.70
		\$ 1,378.50

JIMMY WHITT

Per Diem	- GRECC Bd. Mtg. (8/23)	\$ 223.73
VISA	-	-
MISC	- Lunch GRECC Bd. Mtg. (8/23)	7.00
	Cash in Lieu of Insurance	637.63
TOTAL	- 24 – Hr. Insurance	1.08
		\$ 869.44

JEFF SCOTT

Out-of-Pocket	- Reimburse DVD 8/6 PSC Hearing	\$ 10.87
	Reimburse Copy DVD (AEP/Sandgap Case)	10.87
	Reimburse Filing Fee 5/3 Mortgage Co.	52.00
	Reimburse Postage (76) Collection Letters	34.96
	Reimburse Postage (AEP/Sandgap 224)	39.84
VISA	-	-
MISC	- Lunch GRECC Bd. Mtg. (8/23)	7.00
TOTAL	-	\$ 155.54

Priscilla Sparks

From: W J Scott <wjscott@windstream.net>
To: Priscilla Sparks
Sent: Tuesday, October 15, 2013 1:29 PM
Subject: Read: September board minutes

Your message was read on Tuesday, October 15, 2013 5:29:00 PM UTC.

***Combs* Report**

October 24, 2013

KWH Sales & Purchases: August 2013 – pages 2-5

Sales: Month: 5.47% over Budget (8/20 – 9/20)
YTD : 5.33 % over Budget
Last Year to Date: 5.19 % more

Purchases: Month: 4.63 % under Budget (8/1 – 8/31)
YTD: 3.5 % over Budget

Line Loss : Month: 7.70 %
Matched: 5.15 %
YTD: 7.93 %
Last 12 Months: 5.41 %

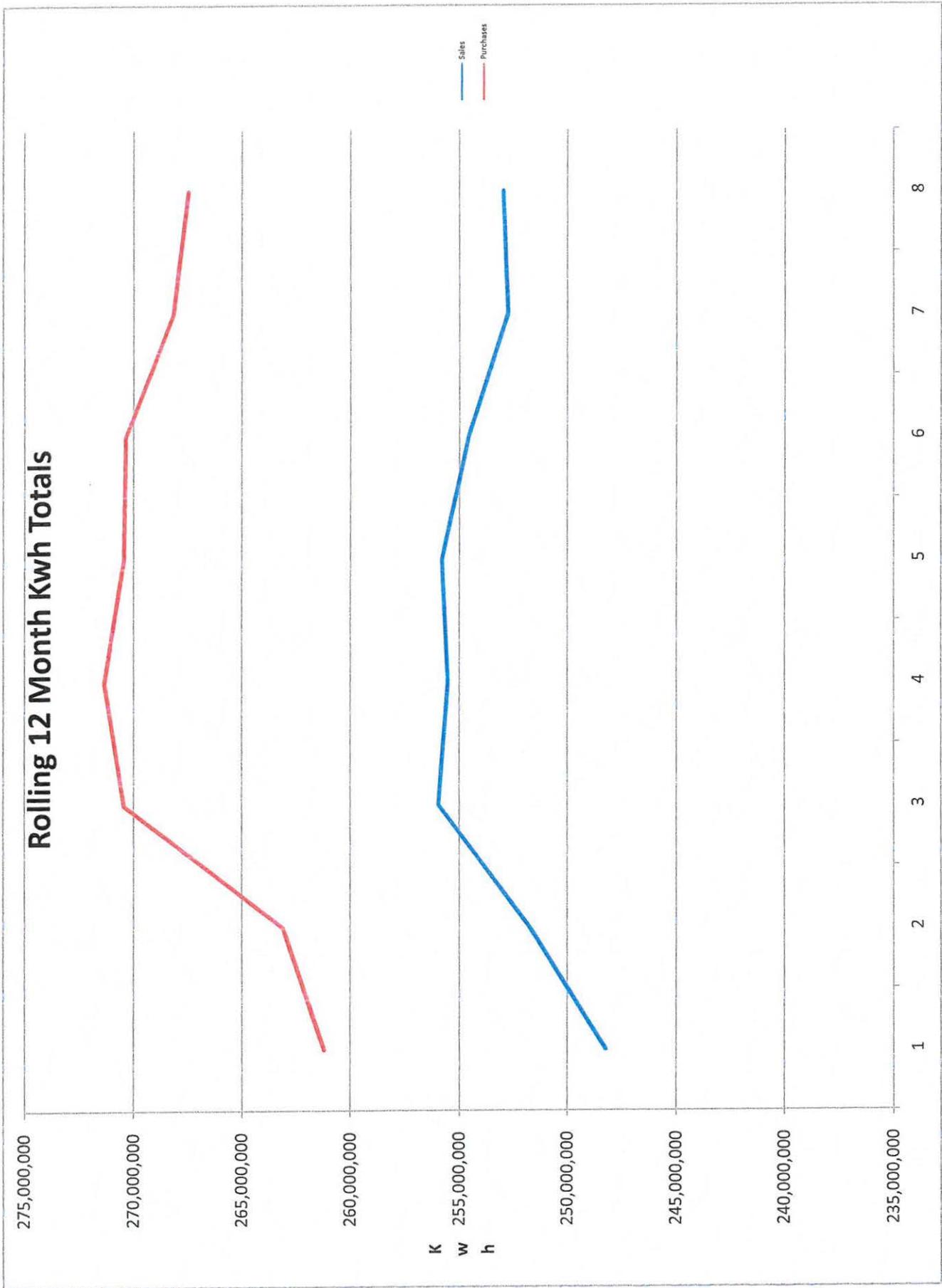
Form 7: August 2013

Electric Revenue LESS Purchased Power:	\$	211,962	more
Maintenance Expense	\$	54,813	more
Margins	\$	153,347	more

Form 7: Year to Date

Margins :	\$	\$ (238,397)
Budgeted:	\$	\$ (615,178)

- **Accounting Reports – Pages 6-8**
- **219 Analysis – Page 9**
- **Workers Comp Experience Rating**
 - **.80 for 2014**
 - **1.12 in 2013**
 - **Lowest since 2007 (.86) – High of 1.69 in 2011**



2013	TOTAL SALES					
	Actual			Budget		
	KWH	\$	UNIT			
JANUARY	27,493,981	\$ 3,138,514	0.1142	26,817,810	\$ 3,179,621	0.1186
FEBRUARY	23,292,774	\$ 2,699,944	0.1159	20,819,895	\$ 2,420,917	0.1163
MARCH	20,969,119	\$ 2,407,840	0.1148	18,207,611	\$ 2,080,872	0.1143
APRIL	15,699,683	\$ 1,890,279	0.1204	15,299,133	\$ 1,741,200	0.1138
MAY	18,727,898	\$ 2,266,856	0.1210	17,728,173	\$ 2,025,323	0.1142
JUNE	21,109,583	\$ 2,537,284	0.1202	19,566,366	\$ 2,238,264	0.1144
JULY	19,833,575	\$ 2,408,505	0.1214	21,272,076	\$ 2,621,322	0.1232
AUGUST	19,558,783	\$ 2,430,525	0.1243	18,543,787	\$ 2,252,414	0.1215
SEPTEMBER	0	\$ -	#DIV/0!	16,244,083	\$ 2,047,234	0.1260
OCTOBER	0	\$ -	#DIV/0!	19,576,862	\$ 2,456,225	0.1255
NOVEMBER	0	\$ -	#DIV/0!	24,115,801	\$ 3,155,127	0.1308
DECEMBER	0	\$ -	#DIV/0!	26,571,525	\$ 3,469,939	0.1306
	166,685,396	\$19,779,747	\$0.1187	244,763,122	\$29,688,458	\$0.1213

Actual vs. Budget				
19,558,783	Month	2013	18,543,787	5.47%
166,685,396	YTD		158,254,850	5.33%
Compared to 2012				
19,558,783	Month		19,343,042	1.12%
166,685,396	YTD		158,455,788	5.19%

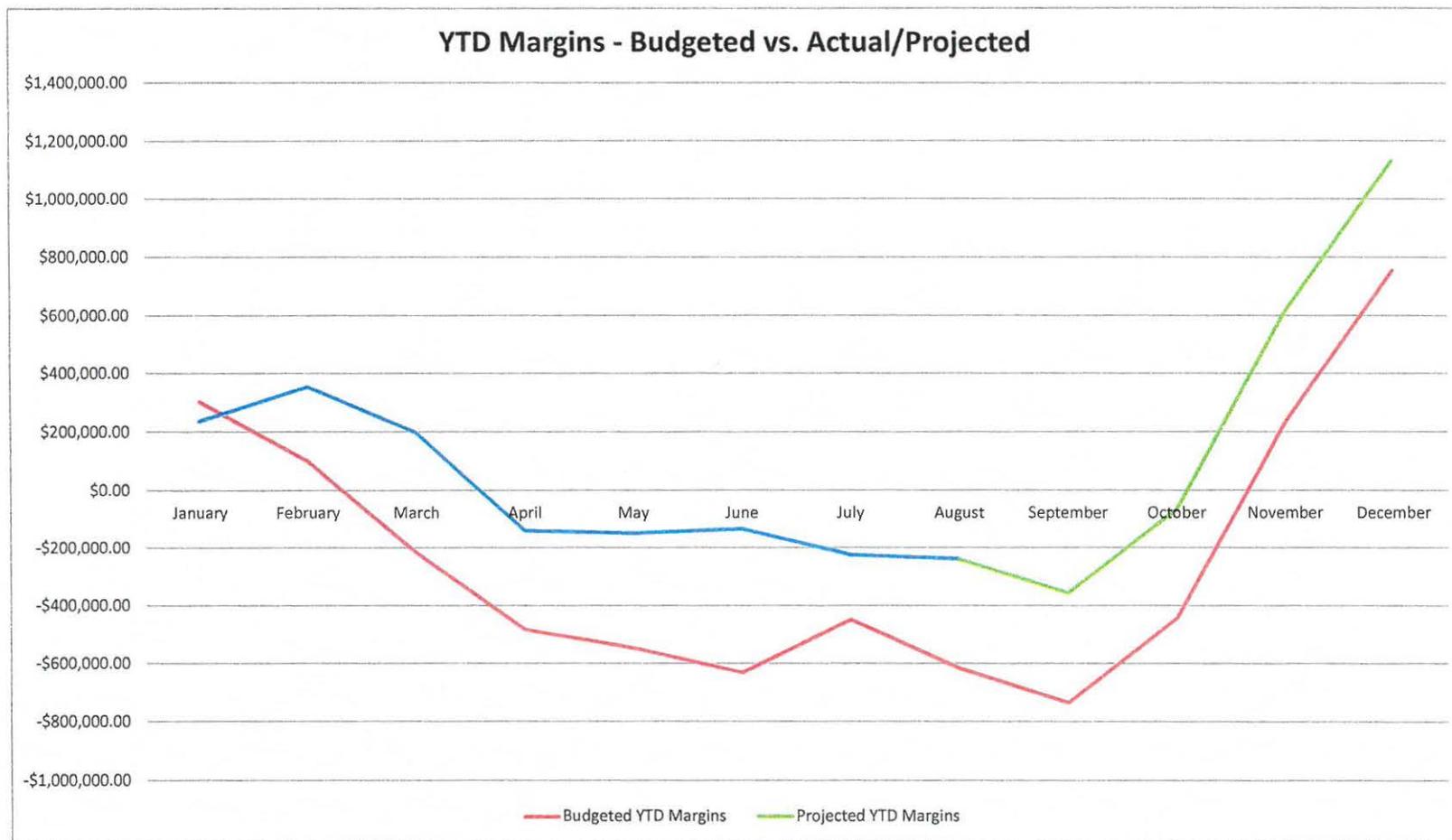
2013	GROSS MARGINS							ESC \$
	Actual	Budget	Variance	Line Loss	Fuel Adj.	Fuel Adj. \$	ESC Rate	
JANUARY	\$1,132,929	\$ 1,136,932	(\$4,003)	3.81%	(0.001445)	(39,642)	9.32%	267,698
FEBRUARY	\$859,032	\$ 631,439	\$227,593	9.95%	(0.000315)	(7,397)	8.56%	212,892
MARCH	\$562,102	\$ 517,010	\$45,092	20.72%	(0.000463)	(9,702)	7.96%	177,584
APRIL	\$498,079	\$ 566,597	(\$68,518)	13.77%	0.000961	15,054	9.17%	158,740
MAY	\$859,118	\$ 770,190	\$88,928	-4.00%	0.003166	59,248	9.05%	188,114
JUNE	\$954,023	\$ 749,003	\$205,020	-4.76%	0.001026	21,716	11.42%	259,985
JULY	\$751,364	\$ 1,015,465	(\$264,101)	12.24%	(0.002224)	(44,227)	10.81%	234,962
AUGUST	\$877,513	\$ 665,551	\$211,962	7.70%	(0.001918)	(37,507)	9.90%	218,956
SEPTEMBER	\$0	\$ 714,956	(\$714,956)	#DIV/0!	(0.002310)		9.47%	
OCTOBER	\$0	\$ 1,124,557	(\$1,124,557)	#DIV/0!				
NOVEMBER	\$0	\$1,508,724	(\$1,508,724)	#DIV/0!				
DECEMBER	\$0	\$1,357,663	(\$1,357,663)	#DIV/0!				
			\$441,972	7.93%	(0.000391)	(42,457)	9.52%	1,718,931

Monthly Operating Rev & Exp

	August 2012	September 2012	October 2012	November 2012	December 2012	January 2013	February 2013	March 2013	April 2013	May 2013	June 2013	July 2013	August 2013
Revenue	(2,271,468)	(1,971,483)	(2,532,697)	(2,736,054)	(3,429,912)	(3,240,118)	(2,798,488)	(2,496,140)	(1,979,105)	(2,340,872)	(2,620,502)	(2,496,515)	(2,514,499)
Purchased Power	1,562,153	1,354,759	1,385,833	1,800,485	1,954,640	2,005,585	1,840,912	1,845,738	1,392,200	1,407,738	1,583,261	1,657,141	1,553,012
Gross Margins	(709,315)	(616,724)	(1,146,864)	(935,569)	(1,475,272)	(1,234,533)	(957,576)	(650,402)	(586,905)	(933,134)	(1,037,241)	(839,374)	(961,487)
Operations	88,620	109,327	82,567	98,146	83,453	104,396	112,300	88,004	89,380	91,262	93,125	92,881	98,051
Maintenance	263,686	253,964	230,894	218,592	341,647	256,139	191,394	269,606	209,696	229,614	279,848	239,953	285,580
Customer Service	99,762	95,294	97,537	106,200	69	97,542	95,526	104,433	101,177	92,446	95,168	95,114	94,984
Informational Advertising	17,755	18,285	26,890	18,676	17,795	19,571	20,365	17,783	18,182	24,557	22,182	17,002	17,697
Demonstration Advertising	2,499	1,836	1,952	2,247	1,808	1,664	1,814	2,225	2,614	1,224	1,729	1,809	1,946
Admin & General	149,928	160,505	184,570	155,993	132,027	164,276	159,828	140,533	163,057	171,242	194,964	160,921	146,797
Depreciation	251,127	253,121	253,739	254,245	254,919	255,729	255,922	255,660	255,933	256,833	257,564	250,942	251,398
Regulatory	3,082	3,082	3,082	3,082	3,080	2,810	2,810	2,810	2,810	2,810	2,810	2,810	2,867
Interest - LTD	85,109	84,090	83,615	83,223	82,690	82,789	79,235	78,169	83,080	82,666	82,823	84,353	85,496
Interest - Deposits	115	116	116	115	2,062	200	200	200	199	199	200	200	201
Miscellaneous Expense	7,154	5,468	3,613	8,480	7,453	6,568	7,153	11,358	9,466	9,696	(4,106)	4,872	3,170
Interest Income	(2,472)	(2,453)	(2,453)	(2,448)	(2,453)	(2,451)	(2,443)	(2,449)	(2,451)	(2,410)	(2,457)	(2,457)	(2,469)
Non-Electric Revenue	(9,632)	691	(1,296)	(8,067)	1,111	8,827	(82,566)	(14,803)	(9,095)	(17,701)	(757)	(18,640)	(9,636)
Capital Credits		(8,012)	-	-	-	-	-	(148,349)	-	-	(1,151)	-	-
Margins	247,418	358,590	(182,038)	2,915	(549,611)	(236,473)	(116,038)	154,778	337,143	9,304	(15,299)	90,386	14,595
* ()'s = positive margins													
Operating Expenses	968,837	985,088	968,575	948,999	927,003	991,684	926,547	970,781	935,594	962,549	1,026,307	950,857	988,187
Monthly OTIER	(1.91)	(3.26)	3.18	0.96	7.65	3.86	2.46	(0.98)	(3.06)	0.89	1.18	(0.07)	0.83

Rolling 12 Month Totals

Revenue	(29,136,945)	(29,107,358)	(29,240,726)	(29,270,164)	(29,541,474)	(29,860,615)	(30,275,925)	(30,779,003)	(30,834,736)	(30,995,266)	(30,963,616)	(30,913,354)	(31,156,385)
Purchased Power	18,672,370	18,661,776	18,680,708	18,869,204	18,938,586	18,985,986	19,119,196	19,611,817	19,828,815	19,868,274	19,904,108	19,790,445	19,781,304
Gross Margins	(10,464,575)	(10,445,582)	(10,560,018)	(10,400,960)	(10,602,888)	(10,874,629)	(11,156,729)	(11,167,186)	(11,005,921)	(11,126,992)	(11,059,508)	(11,122,909)	(11,375,081)
Operations	1,098,836	1,110,747	1,106,404	1,121,689	1,121,538	1,125,083	1,131,204	1,124,525	1,122,019	1,120,008	1,116,250	1,133,461	1,142,892
Maintenance	3,165,306	3,158,130	3,184,336	3,214,285	3,346,690	3,364,689	3,341,482	3,286,809	3,253,980	3,226,847	3,212,870	2,985,033	3,006,927
Customer Service	1,060,216	1,073,728	1,087,126	1,105,878	1,042,997	1,048,165	1,056,159	1,069,849	1,071,732	1,066,117	1,070,210	1,080,268	1,075,490
Informational Advertising	218,936	218,975	223,050	220,065	222,280	223,439	223,530	222,496	223,457	233,596	238,064	239,043	238,985
Demonstration Advertising	26,649	25,530	23,482	24,093	24,347	23,939	23,338	23,033	24,092	23,257	22,972	23,421	22,868
Admin & General	1,851,990	1,873,745	1,875,938	1,821,514	1,842,898	1,837,768	1,847,231	1,797,162	1,834,063	1,858,242	1,916,275	1,937,844	1,934,713
Depreciation	2,968,386	2,977,818	2,987,350	2,997,021	3,006,825	3,015,035	3,022,893	3,030,179	3,037,847	3,045,858	3,054,339	3,055,734	3,056,005
Regulatory	31,129	31,673	32,217	32,761	33,303	33,575	33,847	34,119	34,391	34,663	34,935	35,078	34,863
Interest - LTD	1,025,450	1,022,833	1,020,336	1,017,848	1,014,997	1,011,393	1,007,242	1,001,460	999,125	997,404	995,445	991,842	992,229
Interest - Deposits	69,873	63,700	57,485	51,313	47,027	40,872	34,740	28,549	22,384	16,158	9,888	3,922	4,008
Miscellaneous Expense	54,015	51,037	47,810	49,806	47,713	46,558	53,563	63,165	70,887	79,139	73,653	77,175	73,191
Interest Income	(29,818)	(29,763)	(29,747)	(29,711)	(29,695)	(29,665)	(29,605)	(29,542)	(29,482)	(29,409)	(29,400)	(29,397)	(29,394)
Non-Electric Revenue	(44,814)	(45,052)	(56,106)	(120,433)	(125,330)	(102,810)	(198,123)	(168,142)	(177,896)	(183,865)	(155,653)	(151,928)	(151,932)
Capital Credits	(166,610)	(170,288)	(152,764)	(152,764)	(152,764)	(152,764)	(152,764)	(156,361)	(156,361)	(156,361)	(157,512)	(157,512)	(157,512)
Margins	864,969	917,231	846,899	952,405	839,938	610,648	238,008	160,115	324,317	204,652	342,828	101,075	(131,748)
Operating Expense	11,570,786	11,607,916	11,645,534	11,656,273	11,750,615	11,770,516	11,775,229	11,681,346	11,693,977	11,701,289	11,744,901	11,562,821	11,582,171
Rolling 12 Month OTIER	0.16	0.10	0.17	0.06	0.17	0.40	0.76	0.84	0.68	0.79	0.66	0.90	1.13



	2013 Monthly Margins				2013 YTD Margins			
	Actual	Budgeted	Difference	% Difference	Actual	Budgeted	Difference	% Difference
January	\$236,473.52	\$303,511.79	-\$67,038.27	-22.1%	\$236,473.52	\$303,511.79	-\$67,038.27	-22.1%
February	\$116,037.91	-\$201,957.21	\$317,995.12	157.5%	\$352,511.43	\$101,554.58	\$250,956.85	247.1%
March	-\$154,779.71	-\$316,373.21	\$161,593.50	51.1%	\$197,731.72	-\$214,818.63	\$412,550.35	192.0%
April	-\$337,142.19	-\$266,766.21	-\$70,375.98	26.4%	-\$139,410.47	-\$481,584.84	\$342,174.37	-71.1%
May	-\$9,305.65	-\$63,202.21	\$53,896.56	-85.3%	-\$148,716.12	-\$544,787.05	\$396,070.93	-72.7%
June	\$15,299.99	-\$84,404.21	\$99,704.20	-118.1%	-\$133,416.13	-\$629,191.26	\$495,775.13	-78.8%
July	-\$90,388.12	\$181,962.79	-\$272,350.91	-149.7%	-\$223,804.25	-\$447,228.47	\$223,424.22	-50.0%
August	-\$14,592.64	-\$167,939.21	\$153,346.57	-91.3%	-\$238,396.89	-\$615,167.68	\$376,770.79	-61.2%
September		-\$118,542.21				-\$733,709.89		
October		\$291,043.79				-\$442,666.10		
November		\$675,183.79				\$232,517.69		
December		\$524,086.31				\$756,604.00		

AUGUST 2013

219 ANALYSIS

							BUDGETED
WO NOS.	DESCRIPTION		NUMBER		COST	LOAN FUNDS	UNIT COST
							UNIT COST
9	RETIREMENTS		21		165.01	(165.01)	
100	NEW LINE EXTENSIONS		23		85,751.74	85,751.74	3,728.34
200	TIE LINES						
300	MAJOR PROJECTS						
602	SERVICE UPGRADES		4		9,749.55	9,749.55	2,437.39
603	SECTIONALIZERS						
604	REGULATORS						
606	POLES	**	31	POLES	68,295.96	68,295.96	2,203.10
701	SECURITY LIGHTS		13		5,839.30	5,839.30	449.18
1600	MINOR PROJECTS		9		8,964.08	8,964.08	
	TOTAL		91		178,765.64	178,435.62	
601	<u>SPECIAL EQUIPMENT</u>	<u>ACCT#</u>					
	METERS	370.00	3		680.13	680.13	226.71
	TRANSFORMERS	368.00	2		7,428.72	7,428.72	3,714.36
	TURTLES	370.10	0		0.00	0.00	0.00
	DISCONNECT METERS	370.20	0		0.00	0.00	0.00
	OTHER SP EQUIP	365.00	0		0.00	0.00	0.00
	TOTAL		5		8,108.85	8,108.85	
	MATERIAL				32,434.24		
	MATERIAL OH				36,548.86		
	LABOR				23,163.17		
	LABOR OH				41,483.87		

**I did not include 11 poles that were paid for by Mt. Rural.

Grayson Rural Electric Cooperative Corporation

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

Memorandum

Date: November 13, 2013
To: GRECC Directors & Legal Counsel
From: Priscilla Sparks, Executive Assistant
Re: Board Packet - Combs Report
Planning and Review Committee Meeting -
December 5, 2013

.....

Due to Don Combs' s scheduled vacation the Combs Report is not available to mail with the November board packets.

The Form 7 prepared by Sherry Buckler has not been signed by Mr. Combs due to vacation schedule.

As a reminder, the Planning & Review Committee, Eddie Martin, Chair; Harold Dupuy; William Rice; and Roger Trent, Ex-officio will meet December 5, 2013, Thursday at 9:00 a.m. in GRECC Board Room in regards to the 2014 Budget.

Grayson Rural Electric Cooperative Corporation

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

November 13, 2013

W. Jeffrey Scott,
Attorney at Law
P. O. Box 608
Grayson, KY 41143

Dear Jeffrey:

A Regular Board Meeting of GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION will be held on **Thursday, November 21, 2013, at 9:00 a.m.**

We look forward to seeing you at the Board Meeting.

Sincerely,



Priscilla Sparks
Executive Assistant

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

ps

Enclosures:

1. Agenda
2. Miscellaneous Analysis

Grayson Rural Electric Cooperative Corporation

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

November 13, 2013

Dear Director:

A Regular Meeting of the Board of Directors is hereby called. I do hereby fix the GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION headquarters in Grayson, Commonwealth of Kentucky, as the place, and **Thursday, the twenty-first day of November, 2013, at 9:00 a.m.**, for holding of said meeting for the following purposes:

To take any and all action and to transact any and all business which may be necessary, convenient, or desirable in connection with any of the foregoing and the organization of the Corporation at said meeting or at any adjournment or adjournments thereof; and for the transaction of such other business which may come before the meeting or any adjournment or adjournments thereof, as well as consider altering, amending, or repealing the current Bylaws of the Corporation in the manner hereinafter set forth.

Sincerely,



Roger L. Trent
Chairman

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

RLT/ps

Enclosures:

1. Agenda
2. Miscellaneous Analysis

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION
BOARD MEETING AGENDA

On November 21, 2013, the Directors of Grayson Rural Electric Cooperative Corporation were called to meet by the Chairman.

1. Sign Wavier of Notice
2. Invocation
3. Approval of the Minutes from the October Board Meeting
4. Manager of Finance & Accounting Report and Approval of the Financial & Statistical Report for September 2013 – Bradley Cherry, Purchasing Agent / Finance
5. Manager of Marketing & Member Services Report – Kim Bush
6. Operations Report & Safety Report – Kyle Clevenger, Manager of Operations
7. Approval of one hundred five (105) New Memberships and Retirement of ninety-three (93) Existing Memberships for October 2013
8. Consider Approval of Accounts to be Charged Off to Reserve \$7,448.35
9. Consider Approval of President's Business Expense in the Amount of \$76.23, Director's Business Expense in the Amount of \$1,671.46 and Attorney's Business Expense in the Amount of \$63.65
10. President's Report – Carol Hall Fraley
11. Cooperative Legal Matters – W. Jeffrey Scott
12. KAEC Director's Report – Jimmy Whitt
13. EKPC Director's Report – Kenneth Arrington
14. Consider Community Service and/or Donations
15. Attendance at Meetings – Directors & Employees
16. Report of Any Meetings Held
17. Confirm Date for the December Board Meeting (12/20/13)
18. Additional Business
19. Adjourn

OFFICE & MEMBER
SERVICES REPORT (CONT)

Director Crum ask what the construction cost to the black top plant was. President Fraley said the cost was \$23,360.50.

Workers comp insurance premiums will be going down due to .80 rating compared to 1.13 this past year. This is approximately a \$20,000 savings.

Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to honor Board Policy 509, Safety Incentive, at the same rate as last year.

2014 BUDGET PLANNING

The GRECC staff met with President Fraley on October 15, 2013 to discuss the 2014 Budget. The main premise of the budget, as usual, is to keep our costs as low as possible while maintaining sound business practices. The Planning and Review Committee will meet December 5, 2013 at 9:00 a.m. in regards to the proposed budget for 2014. Director Martin will serve as Chairman of the Committee and other members are Mr. Dupuy and Mr. Rice with Director Trent serving as the ex-officio member.

APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR AUGUST 2013

Motion was made by Director Dupuy, seconded by Director Rice and unanimously agreed to approve the Financial and Statistical report for August 2013 as presented for informational purposes only.

MANAGER OF MARKETING
& MEMBER SERVICES

President Fraley presented the Manager of Marketing and Member Services report, as Kim Bush is attending a Collaborative Meeting.

Kim Bush, Janet Whitt, and Anita Bellew attended the PSC LIHEAP / Winterization Training. Names of Designated Employees have been reported to the Ky. PSC, as required and a notice of same is posted in the lobby.

Tina Preece did 7 Energy Efficiency Audits; met with Rhonda Damron concerning UCC filings and will be putting this in a letter; and met with MACED regarding HOW\$MART KY tariff and implementing safeguards for future contracts.

MACED wants to give us a \$10,000 grant to be used at GRECC for a solar project. We will consider and evaluate this opportunity.

October is Co-op month and Co-op calendars are being handed out for Cooperative Month and through Christmas.

Nancy Madden and Julie Lewis worked at the Carter Co Conservation Days on September 30th and October 1, 2013, presenting safety demonstrations to approximaely500 students.

Mark Hutchinson worked at McKell Elementary for Career Day.

Carter County Reality Store involved the 7th grade students in Carter County.

The next disconnect date is November 6, 2013.

2013 ANNUAL AWARDS
AND CHRISTMAS DINNER

December 6, 2013 is the Annual Awards and Christmas Dinner at the Grayson Conference Center at 6:00 p.m.

OPERATIONS REPORT Kyle Clevenger, Manager of Operations gave the Operations Report & Safety Report with Mike Martin, Assistant Manager of Operations. Mr. Clevenger reported on the following:

LOST TIME ACCIDENT There were no lost time accidents to report this month.

SAFETY REPORT The following safety meetings were held during September:

September 05 —Bradley Cherry, Purchasing Agent, turned the meeting over to Linville Spangler and Chris Barnes from EKPC, addressing Substation Trouble Shooting and Restoration. The meeting was dismissed to go to the Pactolus Substation.

September 09 —Kyle Clevenger, Manager of Operations, turned the meeting over to Kim Bayes and Hillard Brown from K.D.M.C. who discussed the National Diabetes Prevention Program. Kyle reminded everyone to work safe and wear their P.P.E.

September 17 —Don Combs, Manager of Finance & Accounting, showed a power point entitled “Are You Sure” and a review of listed safety rules. His safety manual references were 407 (E-6.7, 503.1, 503.12, 507.1 (L), 507.21 and 503.6. He also reviewed an accident that happened in Maryland where a Pike bucket caught on fire.

September 23 —Carol Fraley, President and C.E.O., read from the Safety Manual, Pages 108 – 112, Vehicle Operations. The new pre-pay billing option was discussed and she presented Joe Sargent with a certificate for completing 8 hours of Hazardous Waste Site Worker Refresher Training. Kyle Clevenger discussed 2 accidents reviewed by the safety committee.

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and the use of ground chains. A line is not dead until it is grounded.

CONSTRUCTION Construction built ninety-one (91) new work orders for the month of September and worked eight (8) hour of overtime.

OVERTIME HOURS The Maintenance Department worked one hundred fifty-four (154) hours of overtime during the month of September. The Engineering Department worked two (2) hours of overtime.

DELINQUENT NOTICES The Maintenance & Construction Departments collected on one hundred twenty-seven (127) delinquent accounts and disconnected forty-six (46) accounts in October.

CONTRACT CREWS We have three (3) Pike crews working in the following areas:

Tony Seagraves – HWY 7 then Middle Fork unit job on 9-16-13
Zach Clevenger – HWY 7 – Elliott County
Lewis Maynard – Mountain Rural Telephone – Elliott County

RIGHT-OF-WAY CREWS We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew’s trimmed 676 trees, cut 637 trees, and cut 28,925 feet of brush/line and sprayed 239 spans of line. The crews are working in the following areas:

RIGHT-OF-WAY CREWS
(CONTINUED)

1 cutting crew in Carter County
3 cutting crews in Elliott, Rowan and Lawrence Counties
3 bucket truck crews in Lawrence, Elliott and Rowan Counties
1 tractor crew in Rowan County
3 spray crews in Carter County until 9-11-13, then 1 spray crew

The Bobby Smith Tree Company cut and trimmed trees in Carter, Lewis and Greenup Counties. They have one circuit crew in Carter County.
The Bobby Smith Tree Company worked through September 17, 2013, their last day with GRECC.

ENGINEERING REPORT

The Engineering Department released one hundred one (101) prints consisting of 1,645 feet of primary line and 1,090 feet of service wire. We currently have two (2) new services to be staked and four (4) to be drawn. We have approximately eleven (11) miscellaneous jobs to be staked or drawn.

FLAME RETARDENT

President Fraley stated it was time to order the FR clothing for the union men. This will cost approximately \$1,200 per person required to wear the FR Clothing.

JONATHAN MORELAND

Jonathan Moreland turned in a notice of resignation, effective October 4, 2013 to President Fraley on October 1, 2013. Anything that had been prepaid by the company was pro-rated and taken out of the last check.

WILLIAM SHANE MCDAVID

Shane McDavid has been hired to replace Jonathan Moreland and will commence work October 28, 2013 as first class lineman.

SMITHFIELD

Smithfield will be billed for underground replacement at their Primary Metering Point.

CLEAN UP DATE

The designated cleanup day, October 14, 2013 was very successful.

REHAB CENTER

We have received reports that GRECC may be getting a drug and rehab center near the K-Mart property.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS

Motion was made by Director Rice, seconded by Director Dupuy and unanimously agreed to approve ninety-five (95) new memberships and retirement of one hundred three (103) existing memberships for September 2013.

BAD DEBT WRITE-OFFS

Motion was made by Director Dupuy, seconded by Director Crum and unanimously agreed to charge off \$3,367.67 worth of bad debts and turn them over for collection.

APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY BUSINESS EXPENSES

Motion was made by Director Crum, seconded by Director Rice and unanimously agreed to approve the President's business expense of \$660.51, Director's business expenses of \$9,123.63 and Attorney's business expense of \$155.54.

PRESIDENT'S REPORT

President Fraley reported on the following:

GRECC PROPERTY

The trees in the circle out front will be removed this fall due to deterioration. We will plant some new flowering trees in the spring.

PIKE ELECTRIC Pike Electric was pleased to be given an extension of our current work plan for one year at the same rate.

ANITA BELLEW Anita Bellew has been off on sick leave for a week due to shingles.

GLENDAL PLUMMER Director Crum and President Fraley informed the Board of Mr. Glendal Plummer notifying President Fraley and Director Crum with concerns about the unused line that was retired on his property. Director Crum went to the site and President Fraley wrote a letter to Mr. Plummer letting him know that if a residence goes on service within 1,000 there would be no charge.

LEGAL COUNSEL'S REPORT Legal Counsel Scott reported on the following:

EAST KENTUCKY POWER COOPERATIVE He led thorough discussion of our ongoing dispute with East Kentucky Cooperative Power.

Mr. Scott, Mr. Combs, Mr. Cherry and President Fraley went to Mason Circuit Court on the Charleston Bottoms case last Thursday, October 17, 2013 for status conference. The new judge announced he was a member of Salt River Cooperative, in case this should cause him to recuse himself from the case. He directed us to finish depositions by March 31, 2014 and set a status conference by telephone for March 1, 2014.

Upon returning to his office, Mr. Scott determined that a conflict of interest did exist and sent a letter to the Judge, asking him to recuse himself. Legal Counsel Scott, President Fraley, and Don Combs had conference call with Duke Energy. They are going to mail Legal Counsel Scott a long form to fill out. Legal Counsel cannot see where this hurts EKPC and has requested how this hurts, but no response has been received. He wants in writing a letter from EKPC saying that they cannot sell power for less to the EKPC customers so our consumers can get lower rates. A letter of response has to be filed on letter received Friday.

EKPC DEPOSITIONS On November 1, 2013 the depositions of three of East Kentucky Power Cooperative's employees will be taken. Other depositions are scheduled for November 5, 2013.

AMENDMENT 3 NOTICE EXECUTIVE SESSION In Executive Session at 11:06 A.M. President Fraley pointed out that all Directors have a copy of the five page letter prepared by David Crews, Sr., Vice President of Power Supply for EKPC and sent to her. This was in regards to Amendment 3 "Notice" dated September 26, 2013.

Under Amendment 3, we can purchase get 9.3 MW (15% of our rolling 3 year highest peak average) from an off system source.

Director Martin asked Legal Counsel Scott if we have found any new information of the Wholesale Power Contract. Executive Session ended at 11:32 A.M.

EKPC On October 4, 2013, Mr. Scott mailed a letter to Hon. David Smart, EKPC General Counsel in regards to the wholesale power rate to GRECC and our interest expense on the regulatory assets.

KAEC DIRECTOR'S REPORT

Director Whitt reported the following key points discussed at the October 21nd KAEC Board meeting:

Darla Sipes was seated on KAEC Board representing Meade County RECC.

Burns Mercer, CFC Board Chair, has concluded his term with CFC, and reported CFC's loan loss account was reduced by \$74 million.

The Operations Committee asked for approval to purchase four vehicles; to retain Mountjoy, Chilton and Medley to conduct 2013 year end audit; for a one-year extension of the contract with Government Strategies to assist in lobbying efforts in Frankfort; and installation of a metal roof and other remodeling of the Cooperative Distribution Center. These issues were all approved.

Tim Hargrove gave the financial statement totaling \$302,600 net income, year to date, for all organizations.

Gary Burnett reported slow economic growth in the UUS marketing area. Year to date sales through September was \$60.3 million, a decrease of \$6.4 million since last year.

Eric King discussed current legislative initiatives, both locally and at the national level. There is a need to respond to EPA performance standards which hugely affects Kentucky due to our large amount of coal fire generation. He requested co-ops provide NRECA with a list of members to be contacted for support when needed.

Representative Rocky Adkins will be speaking at the KAEC Annual Meeting. He and Representative Jill York will be our guests at the banquet.

EKPC DIRECTOR'S REPORT

Director Arrington said that his report was thoroughly covered under the Legal Counsel's report.

DONATIONS

President Fraley presented to the Board for their consideration the following donation requests:

Blaine Elementary School – 8 th grade year end trip	\$250
Friends of Rowan County Christmas – donation*	\$100
Elliott Co. Christian Community Center – donation*	\$100
Project Merry Christmas – donation	\$100
Elliott Co. Fiscal Court – donation for KY Gov. Mansion chair/plaque	\$100
PRIDE Environmental Edu. Outreach Program-Ell Co	\$225
Blaine Church and Outreach –alternate safe house donation	\$50
Music Benefit for employee, Douglas Fannin, Jr. with cancer a Little Sandy Correctional Facility – donated electric hookup for the event	
Trixie Foundation - donation of scrap wire and up to additional wire (Scrap and \$100 total)	\$100

Motion was made by Director Rice, seconded by Director Dupuy and unanimously agreed to approve the donations as presented.

THANK YOU

We received thank you letters from:

Thomas Stevens for the Honors Flight trip
Family of Bob Greene – hospice donation
2013 Livestock Auction – Mary McCarty, Bud Hale and Isaac Harris
Community Hospice – donation in memory of Robert ‘Bob’ Greene

MEETING ATTENDANCE

The upcoming meetings will be attended by:

Directors Trent, Whitt and Dupuy – Director’s Winter School in Nashville in December, December 13-18, 2013 at the Gaylord Resort, Nashville, TN
Directors Trent, Whitt, Dupuy, Rice, and Arrington along with President Fraley and couple staff members – KAEC Board Meeting, November 18-19, 2013 at the Louisville Marriott Downtown, Jefferson Street, Louisville, KY

BOARD POLICIES TO
BE REVIEWED

The following board policies were presented for consideration:

BOARD POLICY NO. 204

Board Policy No. 204, Equity Management / Capital Credits Policy, was presented for consideration:

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

BOARD POLICY NO. 204

SUBJECT: EQUITY MANAGEMENT/CAPITAL CREDITS POLICY

I. OBJECTIVE

- A. Assure the financial integrity of Grayson Rural Electric Cooperative Corporation at all times so that it can be certain of providing high quality electric service on a continuing basis to its members.
- B. Establish means whereby Grayson Rural Electric Cooperative Corporation's members will, in fact, receive electric service at cost taking into account reasonable reserves for proper operations and maintenance of the system), and as a result, enable them to clearly see the benefits of receiving service from their Cooperative as compared to an investor-owned utility or municipality.
- C. To establish the standards, rules, methodologies and procedures governing the Cooperative’s retirement of capital credits.

II. POLICY

- A. Capital credit retirements will be made only upon authorization by the Board of Directors based upon its determination that such is in the best interest of the Cooperative and will not impair the Cooperative’s financial condition. Such retirements shall also be subject to any applicable restrictions contained in the Cooperative’s mortgages or loan contracts with the United States Rural Utilities Service (RUS), National Rural Utilities Cooperative Finance Corporation (CFC) or any other lender of funds to the Cooperative and shall also be subject to any orders or regulations of the Public Service Commission of Kentucky (PSC) as are applicable to the Cooperative.
- B. Capital credits May be paid on a discounted basis at the discretion of the Board of Directors, including deceased estates which shall be paid up to the date of death of the deceased member.
- C. No retirement of capital that has been separately accounted for and credited to a patron in relation to capital credits issued to the Cooperative by an affiliated organization (such as G & T) shall be

authorized or made until and unless the Cooperative shall have received its own retirement of such credits in cash or by way of billing credits.

1. Any capital credit refunds appropriated under the guidelines of (A) above should be first applied against the settlement of estates of deceased members.
 2. Capital credits may be retired to Cooperative patrons by check or by way of billing credits, whichever is decided to be most effective and in the Cooperative's best interest.
 3. In accordance with the Bylaws of the Cooperative, Article I., Section 1, "Upon the death of a member the membership may be transferred to the surviving spouse provided the surviving spouse requests such transfer and the transfer is not a violation of the deceased's Will." At that time the surviving spouse may apply for the capital credits accrued to the estate of the deceased member.
- D. Capital credits will be accrued to the date of death of the member. If there is no surviving spouse, application for payment of capital credits can be made by the legal representative of the estate or its' heirs. All capital credits accrued after the death of a member shall be forfeited unless the account is transferred in accordance with Cooperative policies within six months of the death of said member to the surviving spouse.

GRECC BOARD POLICY NO. 204

PAGE 2

If application for capital credits for a deceased member is properly made in the same year of the death of the member, payment of capital credits for his/her accounts will be made in March of the following year. At that time, the amount of patronage will have been established for the previous year.

If application for capital credits for a deceased member who has passed away any time prior to the current year, patronage capital shall be paid, up until the date of death of the member. Payment shall be made as soon as possible after the application is processed.

- E. Except for the priority of settlement of estates of deceased members mentioned in above, any other retirements in any given year shall be made in such aggregate amounts and for all or a portion of such one or more years as the Board of Directors in its discretion shall determine.
- F. The discretionary powers of such capital credits repayment shall remain with the Board of Directors of Grayson Rural Electric Cooperative Corporation as stated in the Cooperative's Bylaws, Article VII, Section 2, and nothing stated in this policy will diminish that right.

III. RESPONSIBILITY

It shall be the responsibility of the Board of Directors and the President and CEO to see that this policy is adhered to. This revised policy is a combination of former policies 204, 205, and 206, thus updating Policy 204 and rescinding 205 and 206.

Roger L. Trent, Chairman

Bill E. (Eddie) Martin, Secretary/Treasurer

Date Adopted: 06/21/85
Date Revised: 07/23/93
Minute Book Page: 2287 - 2288

Date Revised: 01/24/97
Minute Book Page: 2839 - 2840
Date Revised: 04/24/03
Minute Book Page: 3502 - 3504
Date Reaffirmed: 04/19/10
Minute Book Page: 4313
Revised: 10/24/13
Minute Book Page: _____

BOARD POLICY NO. 514 Board Policy No. 514, Insurance Benefits, was presented for consideration:

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

BOARD POLICY NO. 514

SUBJECT: INSURANCE BENEFITS

I. OBJECTIVE

To provide an attractive package of insurance benefits that will enable the Cooperative to provide for the health care needs of its employees and directors and to attract highly qualified new employees when necessary.

II. POLICY

The following benefits are to be made available to the following groups and are subject to the specific terms and conditions as stated in their applicable policies, agreements or procedures. Premiums or contributions will be paid by GRECC, either in part or in full, except those that are noted, "voluntary and paid by individual".

EMPLOYEE & DEPENDENTS

A Medical & Hospitalization Plan: provided by the Cooperative for the employee and his/her legal dependants. If an enhanced plan is available, employees may choose to upgrade their policy at their own expense.

Term Life Insurance Coverage for the employee, paid for by the Cooperative. Employees may purchase additional family coverage through NRECA with payroll deduction.

EMPLOYEE ONLY

A Short Term Disability Benefit 2/3 weekly salary up to 13 weeks, after sick leave is exhausted

A Long Term Disability Benefit (Employee assumes 100 % of his/her premium 66 2/3 Benefit Level)

Business Travel Insurance Coverage

A Defined Benefit Pension Plan

A Defined Contribution Pension Plan (voluntary & paid by employee)

Contribution made by the Cooperative equal to the employee's LTD premium paid into individual 401K accounts

Limited Use Flex Plan – Covers eligible dependents

RETIRED EMPLOYEES & ELIGIBLE DEPENDENTS

A Medical & Hospitalization Plan and a designated drug plan provided by the Cooperative. Enhanced plans can be purchased by the retired employee or dependent(s).

RETIRED EMPLOYEES

Term Life Insurance (voluntary & paid by employee)

SPOUSES & DEPENDENTS OF A DECEASED EMPLOYEE (ACTIVE)

Medical, Hospitalization, and Prescription Drug Plan: At the death of an active employee, coverage will be provided to the Spouse and eligible Dependents at no cost, until other coverage is available to the Spouse / Dependents through an employer, remarriage, or until the dependent child reaches the age where he/she is no longer eligible for coverage. When the individual becomes eligible for Medicare, it shall be primary and Grayson Rural Electric Cooperative Corporation's coverage shall be secondary.

GRECC BOARD POLICY NO. 514
PAGE 2

SPOUSES & DEPENDENTS OF A DECEASED EMPLOYEE (RETIRED)

Medical, Hospitalization and Prescription Drug Plan: At the death of a retired employee, coverage will be provided to the Spouse and eligible dependents at no cost, until other coverage is available to the Spouse / Dependents through an employer, remarriage, or until the Dependent child reaches the age where he/she is no longer eligible for coverage. When the individual becomes eligible for Medicare, it shall be primary and Grayson Rural Electric Cooperative Corporation's coverage shall be secondary (Per Board Action 03/27/98).

ATTORNEY – BY CONTRACT

GENERAL

A. The Effect of Leaves of Absence – Employees / Active

Paid Leave of Absence or qualified Long Term Disability: Benefits will continue to be made available.

Unpaid Leave of Absence in excess of 30 days: Continuation of benefits are voluntary and must be paid by the individual. Unpaid leave of absence is defined in Board Policy 512.

B. When the insurance carrier notifies the Cooperative of any change in insurance rates, a notice will be placed on all Cooperative bulletin boards and sent to the Union Business Manager.

C. Employees and Directors will abide by the Cost Containment Provisions and Coordination of Benefits contained in the Policies.

III. DIRECTORS& DEPENDENTS

See Board Policy 110

IV. RESPONSIBILITY

It shall be the responsibility of the President and CEO to see that this policy is adhered to.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

Date Adopted: 02/21/86
Date Revised: 05/25/90
Minute Book Page: 1955 – 1957
Date Revised: 09/27/90
Minute book Page: 1973 – 1975
Date Revised: 09/23/94
Minute book Page: 2474 – 2475
Date Revised: 12/21/94
Minute Book Page: 2509 – 2510
Date Revised: 10/27/95
GRECC BOARD POLICY NO. 514
PAGE 3

Minute Book Page: 2643 – 2644
Date Revised: 07/25/96
Minute Book Page: 2732–2734
Date Revised: 01/24/97
Minute book Page: 2861 – 2863
Date Revised: 03/27/98
Minute Book Page: 2997 – 2999
Date Revised: 02/25/00
Minute Book Page: 3179 – 3181
Date Reaffirmed: 10/28/04
Minute Book Page: 3674 – 3675
Date Revised: 04/26/07
Minute Book Page: 3975 – 3977
Date Revised: 09/24/10
Minute Book Page: 4364 – 4366
Date Reaffirmed: 01/21/11
Minute Book Page: 4396
Date Revised: 6/22/12
Minute Book Page: 4576 – 4579
Date Revised: 10/24/13
Minute Book Page: _____

Following discussion, motion was made by Director Rice, seconded by Director Crum and unanimously agreed to amend Board Policy No. 204 and Board Policy No. 514, as presented.

ADDITIONAL BUSINESS

Additional business that was presented to the board of directors was:

MAGNUM DRILLING

A letter was mailed to Tom Crisp, Magnum on October 4, 2013 with an invoice in the amount of \$7,202.40 for work incurred while working with his company to purchase off-system power.

FEDERATED NO LOST TIME
ACCIDENT FOR 2012

Doug Shidler, CLCP Safety and Loss Prevention Consultant with Federated Rural Electric Insurance Exchange presented to President Fraley on behalf of the Cooperative a No Lost Time Accident Award, recognizing 261,800 employee-hours accident-free since December 20, 2009.

Mr. Shidler inspected Grayson's loss record from January 1, 2010 – September 27, 2013 and mailed a letter noting the established programs for safety and loss prevention.

CO-BANK SOUTHEAST CoBank is holding its 2014 Southeast Customer Meeting May 15-16, 2014, at Amelia Island, FL.

KAEC VOTING DELEGATES At the September 2013 Board Meeting, voting delegates elected to the 2013 KAEC Annual Meeting and Board of Directors was Harold Dupuy and alternate Roger Trent. Jimmy Whitt and Carol Fraley will be the KAEC Director and Alternate Director, respectively.

CFC PATRONAGE CAPITAL GRECC received a check from Natural Rural Utilities Cooperative Finance Corporation (CFC) for 2013 Patronage capital allocation in the amount of \$10,224.60.

CONSIDERATION OF RUS WORK ORDERS President Fraley presented to the Board of Directors for their consideration the following RUS Work Orders and Retirements for the months of April, May and June 2013 in the amount of \$560,888.91:

Work Order No. 1170	\$162,413.78
Work Order No. 1171	\$23,045.54
Work Order No. 1172	\$175,770.22
Work Order No. 1173	\$13,630.18
Work Order No. 1174	\$175,649.60
Work Order No. 1175	\$10,379.59
Total	\$560,888.91

CONSIDERATION OF RUS WORK ORDERS Motion was made by Director Dupuy, seconded by Director Rice and unanimously agreed to approve the 219 RUS Work Orders and submit them RUS.

BOARD MEETING DATES The November Board Meeting will be on Friday, November 22nd.

ADJOURN Chairman Trent adjourned the meeting at 11:43 a.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

President & CEO's Expenses

September 2013

<u>Check Date</u>	<u>Check</u>	<u>Description</u>	<u>Amount</u>
09/26/13	161167	*Twin Catering, GRECC Board Meeting 9/27/13, meal exp.	\$7.00
10/10/13	161284	Visa Expenses	
		*8/20 – MOU Meeting, – meal expense	\$6.88
		*9/09 – Licking Valley RECC Calendar – meal expense	\$12.26
		*9/11 – AFLAC Insurance Meeting – meal expense	\$17.88
		*9/12 – Licking Valley RECC –public relations – meal exp.	\$11.40
		9/16-17 – KAEC Board Meeting, Louisville, KY –meal exp.	\$20.81
		Total Expenses	\$76.23

*Prorated

DIRECTORS & ATTORNEY EXPENSES

September-13

KENNETH ARRINGTON

Per Diem	- GRECC Bd. Mtg. (9/27)	\$ 245.20
VISA	-	-
MISC	- Lunch GRECC Bd. Mtg. (9/27)	7.00
NRECA	- Region II & III	395.00
	Cash in Lieu of Insurance	637.63
	24 – Hr. Insurance	0.70
TOTAL	-	\$ 1,285.53

DONNIE CRUM

Per Diem	- GRECC Bd. Mtg. (9/27)	\$ 213.56
VISA	-	-
MISC	- Lunch GRECC Bd. Mtg. (9/27)	7.00
	Cash in Lieu of Insurance	637.63
	24 – Hr. Insurance	1.08
TOTAL	-	\$ 859.27

HAROLD DUPUY

Per Diem	- GRECC Bd. Mtg. (9/27)	\$ 233.90
VISA	-	-
MISC	- Lunch GRECC Bd. Mtg. (9/27)	7.00
NRECA	- Region II & III	395.00
	Cash in Lieu of Insurance	637.63
	24-Hr. Insurance	1.08
TOTAL	-	\$ 1,274.61

EDDIE MARTN

Per Diem	GRECC Bd. Mtg. (9/27)	\$ 209.04
VISA	-	-
MISC	- Lunch GRECC Bd. Mtg. (9/27)	7.00
	Cash in Lieu of Insurance	814.42
	24 – Hr. Insurance	1.08
TOTAL	-	\$ 1,031.54

WILLIAM T. RICE

Per Diem	- GRECC Bd. Mtg. (9/27)	\$ 222.60
VISA	-	-
MISC	- Lunch GRECC Bd. Mtg. (9/27)	7.00
NRECA	- Region II & III	395.00
	Cash in Lieu of Insurance	637.63
	24 – Hr. Insurance	0.70
TOTAL	-	\$ 1,262.93

ROGER TRENT

Per Diem	- GRECC Bd. Mtg. (9/27)	\$	239.55
VISA	-		-
MISC	- Lunch GRECC Bd. Mtg. (9/27)		7.00
NRECA	- Region II & III		395.00
	Cash in Lieu of Insurance		637.63
TOTAL	- 24 – Hr. Insurance		0.70
			<u>0.70</u>
		\$	1,279.88

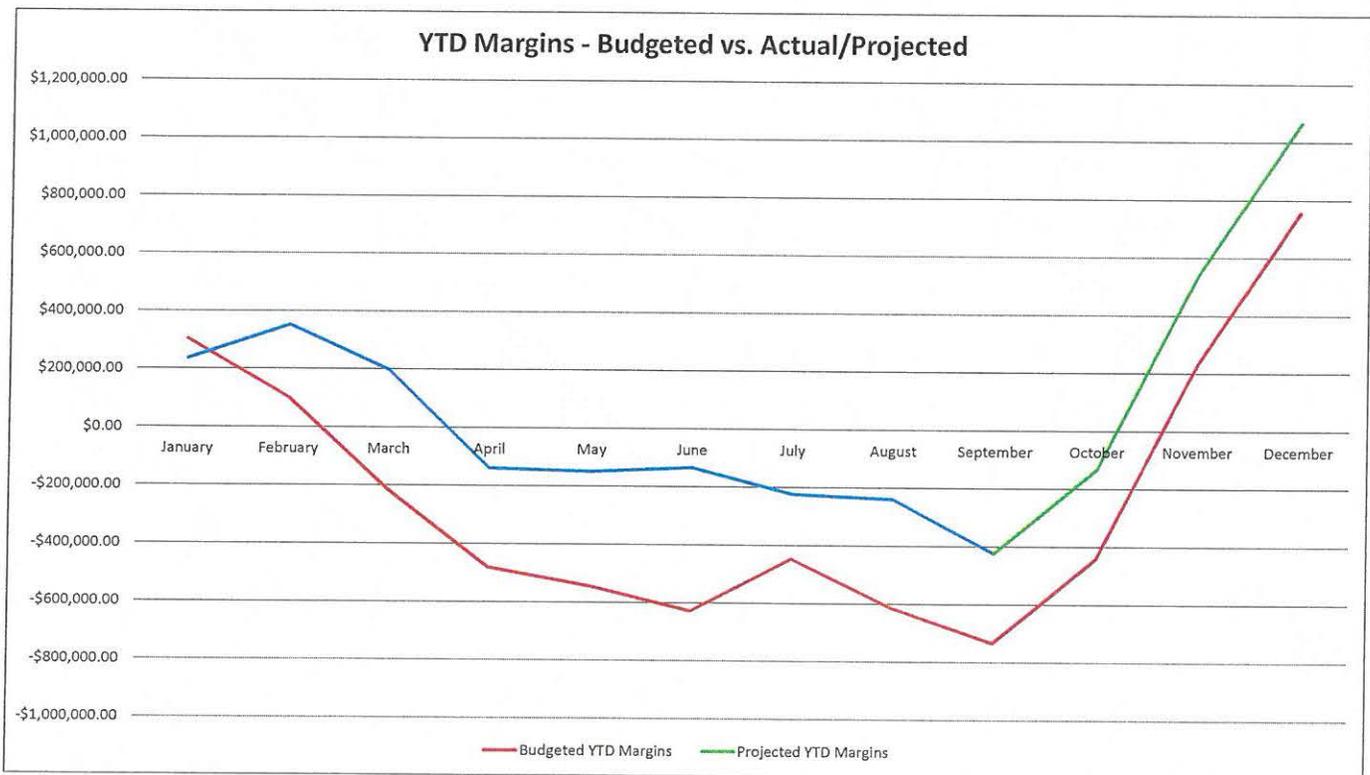
JIMMY WHITT

Per Diem	- NRECA Region II & III (10/1-3); KAEC Bd. Mtg. (10/21); GRECC Bd. Mtg. (9/27)	\$	624.87
VISA	- KAEC Bd. Mtg.		5.88
MISC	- Lunch GRECC Bd. Mtg. (9/27)		7.00
NRECA	- Region II & III		395.00
	Cash in Lieu of Insurance		637.63
TOTAL	- 24 – Hr. Insurance		1.08
			<u>1.08</u>
		\$	1,671.46

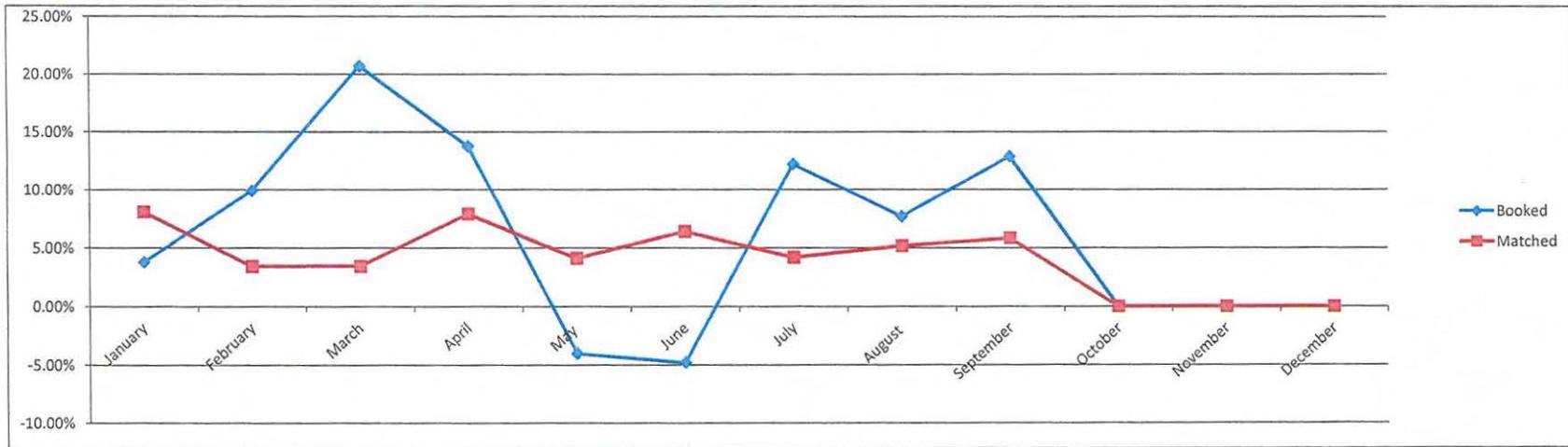
JEFF SCOTT

Out-of-Pocket	- Reimburse Postage (37) Collection Letters	\$	17.02
	Reimburse Travel Expense (5/3 Mortgage Co)		39.63
VISA	-		-
MISC	- Lunch GRECC Bd. Mtg. (9/27)		7.00
TOTAL	-		<u>7.00</u>
		\$	63.65

	2013 Monthly Margins			2013 YTD Margins			2013 Projected Margins
	Actual	Budgeted	Difference	Actual	Budgeted	Difference	YTD + Actual
January	\$236,473.52	\$303,511.79	-\$67,038.27	\$236,473.52	\$303,511.79	-\$67,038.27	\$236,473.52
February	\$116,037.91	-\$201,957.21	\$317,995.12	\$352,511.43	\$101,554.58	\$250,956.85	\$352,511.43
March	-\$154,779.71	-\$316,373.21	\$161,593.50	\$197,731.72	-\$214,818.63	\$412,550.35	\$197,731.72
April	-\$337,142.19	-\$266,766.21	-\$70,375.98	-\$139,410.47	-\$481,584.84	\$342,174.37	-\$139,410.47
May	-\$9,305.65	-\$63,202.21	\$53,896.56	-\$148,716.12	-\$544,787.05	\$396,070.93	-\$148,716.12
June	\$15,299.99	-\$84,404.21	\$99,704.20	-\$133,416.13	-\$629,191.26	\$495,775.13	-\$133,416.13
July	-\$90,388.12	\$181,962.79	-\$272,350.91	-\$223,804.25	-\$447,228.47	\$223,424.22	-\$223,804.25
August	-\$14,592.64	-\$167,939.21	\$153,346.57	-\$238,396.89	-\$615,167.68	\$376,770.79	-\$238,396.89
September	-\$185,604.84	-\$118,542.21	-\$67,062.63	-\$424,001.73	-\$733,709.89	\$309,708.16	-\$424,001.73
October		\$291,043.79			-\$442,666.10		-\$132,957.94
November		\$675,183.79			\$232,517.69		\$542,225.85
December		\$524,086.31			\$756,604.00		\$1,066,312.16



	January	February	March	April	May	June	July	August	September	October	November	December
Sales	27,493,981.00	23,292,774.00	20,969,119.00	15,698,683.00	18,727,898.00	21,109,583.00	19,833,575.00	19,558,783.00	15,822,069.00			
Purchases:												
Booked	28,581,771.00	25,865,070.00	26,448,451.00	18,207,168.00	18,007,323.00	20,149,631.00	22,598,775.00	21,190,754.00	18,161,664.00			
Matched	29,907,559.06	24,117,471.72	21,714,315.66	17,043,793.82	19,531,288.10	22,554,090.67	20,698,994.28	20,621,243.99	16,802,121.55			
kWh Loss												
Booked	1,087,790.00	2,572,296.00	5,479,332.00	2,508,485.00	-720,575.00	-959,952.00	2,765,200.00	1,631,971.00	2,339,595.00	0.00	0.00	0.00
Matched	2,413,578.06	824,697.72	745,196.66	1,345,110.82	803,390.10	1,444,507.67	865,419.28	1,062,460.99	980,052.55	0.00	0.00	0.00
% Line Loss												
Booked	3.81%	9.95%	20.72%	13.78%	-4.00%	-4.76%	12.24%	7.70%	12.88%	#DIV/0!	#DIV/0!	#DIV/0!
Matched	8.07%	3.42%	3.43%	7.89%	4.11%	6.40%	4.18%	5.15%	5.83%	#DIV/0!	#DIV/0!	#DIV/0!



Grayson Rural Electric Cooperative Corporation

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

December 12, 2013

W. Jeffrey Scott,
Attorney at Law
P. O. Box 608
Grayson, KY 41143

Dear Jeffrey:

A Regular Board Meeting of GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION will be held on **Friday, December 20, 2013, at 9:00 a.m.**

We look forward to seeing you at the Board Meeting.

Sincerely,



Priscilla Sparks
Executive Assistant

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

ps

Enclosures:

1. Agenda
2. Miscellaneous Analysis

Grayson Rural Electric Cooperative Corporation

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

December 12, 2013

Dear Director:

A Regular Meeting of the Board of Directors is hereby called. I do hereby fix the GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION headquarters in Grayson, Commonwealth of Kentucky, as the place, and **Friday, the twentieth day of December, 2013, at 9:00 a.m.**, for holding of said meeting for the following purposes:

To take any and all action and to transact any and all business which may be necessary, convenient, or desirable in connection with any of the foregoing and the organization of the Corporation at said meeting or at any adjournment or adjournments thereof; and for the transaction of such other business which may come before the meeting or any adjournment or adjournments thereof, as well as consider altering, amending, or repealing the current Bylaws of the Corporation in the manner hereinafter set forth.

Sincerely,



Roger L. Trent
Chairman

GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

RLT/ps

Enclosures:

1. Agenda
2. Miscellaneous Analysis

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION
BOARD MEETING AGENDA

On December 20, 2013 the Directors of Grayson Rural Electric Cooperative Corporation were called to meet by the Chairman.

1. Sign Wavier of Notice
2. Invocation
3. Approval of the Minutes from the November Board Meeting.
4. Technical Services Report – Brian Poling, Manger of Technical Services
5. Manager of Finance & Accounting Report and Approval of the Financial & Statistical Report for October 2013 – Don Combs, Manager of Finance & Accounting
6. Consideration and Appropriate Action on the 2014 Budget – Billy ‘Eddie’ Martin
7. Manager of Marketing & Member Services Report – Kim Bush
8. Operations and Safety Reports – Kyle Clevenger, Manager of Operations
9. Approval of Eighty-Five (85) New Memberships and Retirement of One Hundred One (101) Existing Memberships for November 2013
10. Consider Approval of Accounts to be Charged Off to Reserve \$ 4,816.10
11. Consider Approval of President’s Business Expense in the Amount of \$207.19, Director’s Business Expense in the Amount of \$15,957.47 and Attorney’s Business Expense in the Amount of \$513.17
12. President’s Report – Carol Hall Fraley
13. Cooperative Legal Matters – W. Jeffrey Scott
14. KAEC Director’s Report – Jimmy Whitt
15. EKPC Director’s Report – Kenneth Arrington
16. Consider Community Service and/or Donations
17. Attendance at Meetings – Directors & Employees
18. Review and Consider/Approval and/or Reaffirming of Board Policies and Bylaws
19. Confirm Date for the January 2014 Board Meeting – January 24, 2014
20. Additional Business
 - a. Notification from Directors of Re-Election to the Grayson Rural Electric Cooperative Corporation Board
21. Adjourn

On November 21, 2013 at 9:00 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Whitt gave the invocation.
APPROVAL OF MINUTES	President Fraley made the Board aware of the inclusion of the timeframe of an Executive Session last month, as advised by Legal Counsel. Motion was made by Director Rice, seconded by Director Dupuy and unanimously agreed to approve the minutes from the October Board Meeting for informational purposes only. Minutes of the Executive Session are attached.
MANAGER OF TECHNICAL SERVICES	<p>Brian Poling, Manger of Technical Services reported on the following:</p> <p>Smithfield is experiencing a few power quality issues and we have enlisted Envision, a subsidiary of EKPC, along with Jim Worley, former EKPC and Envision employee, to assist us with this matter.</p> <p>The prepaid count is up to 86 as of November 21, 2013. We discovered some of the text notifications sent via email to customers were being blocked by their providers, marked as spam. Andrea switched to a texting service that bypasses filters.</p> <p>Since the 21st of October SecureWorks reported 254 internet attacks from Turkey, China, Russia, Istanbul and a few within the U.S. We have installed a second intrusion prevention device on our secondary internet access point to block would-be intruders.</p>
SERVICES REPORT	Bradley Cherry gave the Statistical Report for September 2013. Mr. Cherry reported on the following:
FINANCIAL & STATISTICAL REPORT FOR SEPTEMBER	Purchase for the month of September (9/20-10/20) were \$67,062.63 under budget. Line loss booked was 12.88% and matched 5.83%.
SEPTEMBER T.I.E.R.	The T.I.E.R. for September was a negative 1.231, with YTD T.I.E.R. of .43.
APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR SEPTEMBER 2013	Motion was made by Director Whitt, seconded by Director Rice and unanimously agreed to approve the Financial and Statistical report for September 2013 as presented for informational purposes only.
MANAGER OF MARKETING AND MEMBER SERVICES	<p>Kim Bush, Manager of Marketing and Member Services, reported on the following:</p> <p>We began receiving LIHEAP from all agencies on November 12, 2013. We have already had 21 30-day extensions and 9 Winter Hardship Reconnects.</p> <p>Tina Preece preformed 3 Energy Audits, 1 How\$mart Final Test Out, 2 How\$mart Test In and 3 Heat Pump Audits.</p> <p>Pre-pay has enrolled 80; 3 are inactive; average balance \$71.45 credit; 225 payments received totaling \$11,850.01 with the average payment of \$52.67.</p>

MANAGER OF MARKETING
AND MEMBER SERVICES
(CONTINUED)

Debt Management has 3 active; 0 suspended; total in debt management \$7,948.74.

The following school / community programs were held:

Career Day at McKell in Greenup County - 500 kids
Reality Store in Carter County - 500 kids 7th grade
Flu Shots in the office; Nov 21
Greenup County Reality Store - 500 kids.

The Service Awards and Christmas Dinner will be held December 6th. The location will be the First Baptist Church Ministry Center. Pictures will begin at 6 p.m., along with appetizers. Dinner will be served at 7:00 p.m.

OPERATIONS REPORT

Kyle Clevenger, Manger of Operations gave the Operations Report. He reported on the following:

EMPLOYEE/LOST TIME
ACCIDENT

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during October:

October 02—Mike Martin, Assistant Manager of Operations, turned the meeting over to David White with KAEC. His topic was on GHS-Hazard Communication update, with pictogram handouts and example sheet of SDS. Carol Fraley, President and C.E.O., presented certificates to Scott Speaks and Robert Brown for completion of 16 hours underground workshop.

October 08—Andrea McCleese, Technical Services Supervisor, turned the meeting over to Don Combs who presented a power point on the seven Cooperative principles, and the ideals and ethical values of a Cooperative. He also showed rate case highlights, 2013 Retirement and Medical plan changes. Kyle reminded everyone to work careful.

October 14—Brian Poling, Manager of Technical Services, turned the meeting over to Ron West from Safety Threads who talked about Flame Retardant Clothing. Carol Ann and Kyle reminded everyone to work safe.

October 24—Priscilla Sparks, Executive Assistant, turned over her meeting over to Gina Damron from Grayson Health Park, who gave flu shots.

October 28—Sherry Buckler, General Accounting Supervisor, was in charge of the meeting. Carol Fraley, President and CEO, introduced new employee Shane McDavid, presented certificates to Scott Speaks for Pipeline Awareness for Excavator Operations, and to Mike Reynolds and Steven Burton for Hot Line Skills Workshop. Kyle Clevenger reminded everyone to be careful and continue to wear their P.P.E.

Mr. Clevenger continues to mention the necessity of ground chains and that a line is not dead until it is grounded.

CONSTRUCTION

Construction built one hundred eighteen (118) new work orders for the month of October and worked zero (0) hours of overtime.

PRESIDENT'S REPORT
(CONTINUED) She advised the Board that Eston Glover, CEO of Pennyrite Electric Cooperative, had called to tell her that there was a movement coming from East Kentucky Power to keep her from advancing to the Presidency of KAEC. President Fraley told the Board she did not plan to step down and the Board encouraged her to stand her ground.

INSPECTION LETTERS Three inspection letters were mailed since the last Board Meeting.

THANK YOU LETTERS GRECC received thank you notes or cards from:

Elliott County Extension Office, thanking us for Bill Delong's help with hanging Quilt Squares
Sarah's Place
Allen Chapel Church of God Ladies Missionary Society

LEGAL COUNSEL'S REPORT Legal Counsel Scott reported on the following:

Legal Counsel Scott asked to go into Executive Session.

Motion was made by Director Martin to go into executive session at 10:16 a.m. and seconded by Director Rice. Motion carried unanimously.

Motion was made by Director Martin to come out of executive session 11:56 a.m. and seconded by Director Whitt. Motion carried unanimously.

KAEC DIRECTOR'S REPORT Director Whitt reported KAEC's Annual Meeting was very good and he was glad to see most of our board in attendance.

Rocky Adkins was the featured speaker for the afternoon and spoke on coal and what it means to Kentucky. He did an excellent job.

Billy Ray Smith, former Commissioner of Agriculture, was given the Distinguished Rural Kentuckian Award.

EKPC DIRECTOR'S REPORT Director Arrington said that most of his report was covered in Executive Session.

DONATIONS President Fraley presented to the Board for their consideration the following donation requests:

Employees prepared Thanksgiving baskets for six families on our lines.
Allen Chapel Church of Christ –donation for food baskets \$100
West Carter Basketball – donation – Jack Fultz Classic \$100
First Baptist Church of Sandy Hook –Good Smartian Packages \$100

Motion was made by Director Dupuy, seconded by Director Martin and unanimously agreed to approve the donations as presented.

BOARD MEETING DATES The December Board Meeting will be on Friday, December 20, 2013 and we will have our annual Christmas dinner following the adjournment of the board meeting.

ADDITIONAL BUSINESS There was no additional business to address.

ADJOURN Chairman Trent adjourned the meeting at 12:10 p.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

Minutes of the Executive Session of the October 24, 2013 GRECC Board Meeting

On October 24, 2013 Grayson Rural Electric Cooperative Corporation held an executive session during its regular board meeting.

EXECUTIVE SESSION

Director Rice made a motion, seconded by Director Dupuy, to go into Executive Session at 11:06 a.m. and unanimously agreed upon.

Matters concerning East Kentucky Power Cooperative and Amendment 3 were thoroughly discussed.

Motion was made by Director Rice, seconded by Director Dupuy and unanimously voted to come out of Executive Session at 11:32 a.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

Minutes of the Executive Session of the November 26, 2013 GRECC Board Meeting

On November 26, 2013 Grayson Rural Electric Cooperative Corporation held an executive session during its regular board meeting.

EXECUTIVE SESSION

Director Martin made a motion, seconded by Director Rice, to go into Executive Session at 10:16 a.m. and unanimously agreed upon.

Matters concerning East Kentucky Power Cooperative were thoroughly discussed.

Motion was made by Director Martin, seconded by Director Whitt and unanimously voted to come out of Executive Session at 11:56 a.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

President and CEO's Expenses

October 2013

<u>Check Date</u>	<u>Check</u>	<u>Description</u>	<u>Amount</u>
10/24/13	161381	*Twins Catering	\$7.00
11/07/13	161507	Visa Expenses 9/16-17 – KAEC Bd. Mtg., Louisville, KY Hotel expense Meal expenses *9/18 – worked through lunch –meal exp. *9/24 – public relations –meal exp. *10/02 – Bob Smith & Associates *10/07 – worked lunch – meal expense	 \$136.87 \$14.29 \$11.33 \$10.60 \$17.46 \$9.64
		Total Expenses	\$207.19

*Prorated

DIRECTORS & ATTORNEY EXPENSES

October-13

KENNETH ARRINGTON

Per Diem	- NRECA Region II & III (10/1-4); GRECC Bd. Mtg. (10/24)	\$ 1,076.45
VISA	- NRECA Region II & III	516.95
MISC	- Lunch GRECC Bd. Mtg. (10/24)	7.00
	Cash in Lieu of Insurance	637.63
	24 – Hr. Insurance	0.70
TOTAL	-	\$ 2,238.73

DONNIE CRUM

Per Diem	- GRECC Bd. Mtg. (10/24)	\$ 213.56
VISA	-	-
MISC	- Lunch GRECC Bd. Mtg. (10/24)	7.00
	Cash in Lieu of Insurance	637.63
	24 – Hr. Insurance	1.08
TOTAL	-	\$ 859.27

HAROLD DUPUY

Per Diem	- NRECA Region II & III (9/30-10/4); GRECC Bd. Mtg. (10/24)	\$ 1,909.52
VISA	- NRECA region II & III	461.46
MISC	- Lunch GRECC Bd. Mtg. (10/24)	7.00
	Cash in Lieu of Insurance	637.63
	24-Hr. Insurance	1.08
TOTAL	-	\$ 3,016.69

EDDIE MARTN

Per Diem	- GRECC Bd. Mtg. (10/24)	\$ 209.04
VISA	-	-
MISC	- Lunch GRECC Bd. Mtg. (10/24)	7.00
	Cash in Lieu of Insurance	814.42
	24 – Hr. Insurance	1.08
TOTAL	-	\$ 1,031.54

WILLIAM T. RICE

Per Diem	- NRECA Region II & III (9/30-10/4); GRECC Bd. Mtg. (10/24)	\$ 1,603.04
VISA	- NRECA Region II & III	656.13
MISC	- Lunch GRECC Bd. Mtg. (10/24)	7.00
	Cash in Lieu of Insurance	637.63
	24 – Hr. Insurance	0.70
TOTAL	-	\$ 2,904.50

ROGER TRENT

Per Diem	- NRECA Region II & III (9/30-10/4); GRECC Bd. Mtg. (10/24)	\$ 1,591.35
VISA	- NRECA Region II & III	604.59
MISC	- Lunch GRECC Bd. Mtg. (10/24)	7.00
	Cash in Lieu of Insurance	637.63
TOTAL	- 24 – Hr. Insurance	0.70
		<u><u>\$ 2,841.27</u></u>

JIMMY WHITT

Per Diem	- NRECA Region II & III (10/1-3); KAEC Bd. Mtg. (10/21); GRECC Bd. Mtg. (10/24)	\$ 1,776.41
VISA	- KAEC Bd. Mtg.	148.61
	NRECA Region II & III	494.74
MISC	- Lunch GRECC Bd. Mtg. (10/24)	7.00
	Cash in Lieu of Insurance	637.63
TOTAL	- 24 – Hr. Insurance	1.08
		<u><u>\$ 3,065.47</u></u>

JEFF SCOTT

Out-of-Pocket	- Reimburse Copies (Amendment 3)	\$ 89.25
	Reimburse Postage (Amendment 3)	16.92
	Reimburse Hotel Rental Fee (Amendment 3)	400.00
VISA	-	-
MISC	- Lunch GRECC Bd. Mtg. (10/24)	7.00
TOTAL	-	<u><u>\$ 513.17</u></u>

***Combs* Report**

December 20, 2013

KWH Sales & Purchases: October 2013 – pages 2-5

Sales: Month: 3.03% over Budget (10/20 – 11/20)
YTD : 4.43 % over Budget
Last Year to Date: 3.72 % more

Purchases: Month: 4.63 % under Budget (10/1 – 10/30)
YTD: 3.38 % over Budget

Line Loss : Month: -7.16 %
Matched: %
YTD: 7.04 %
Last 12 Months: **5.1** %

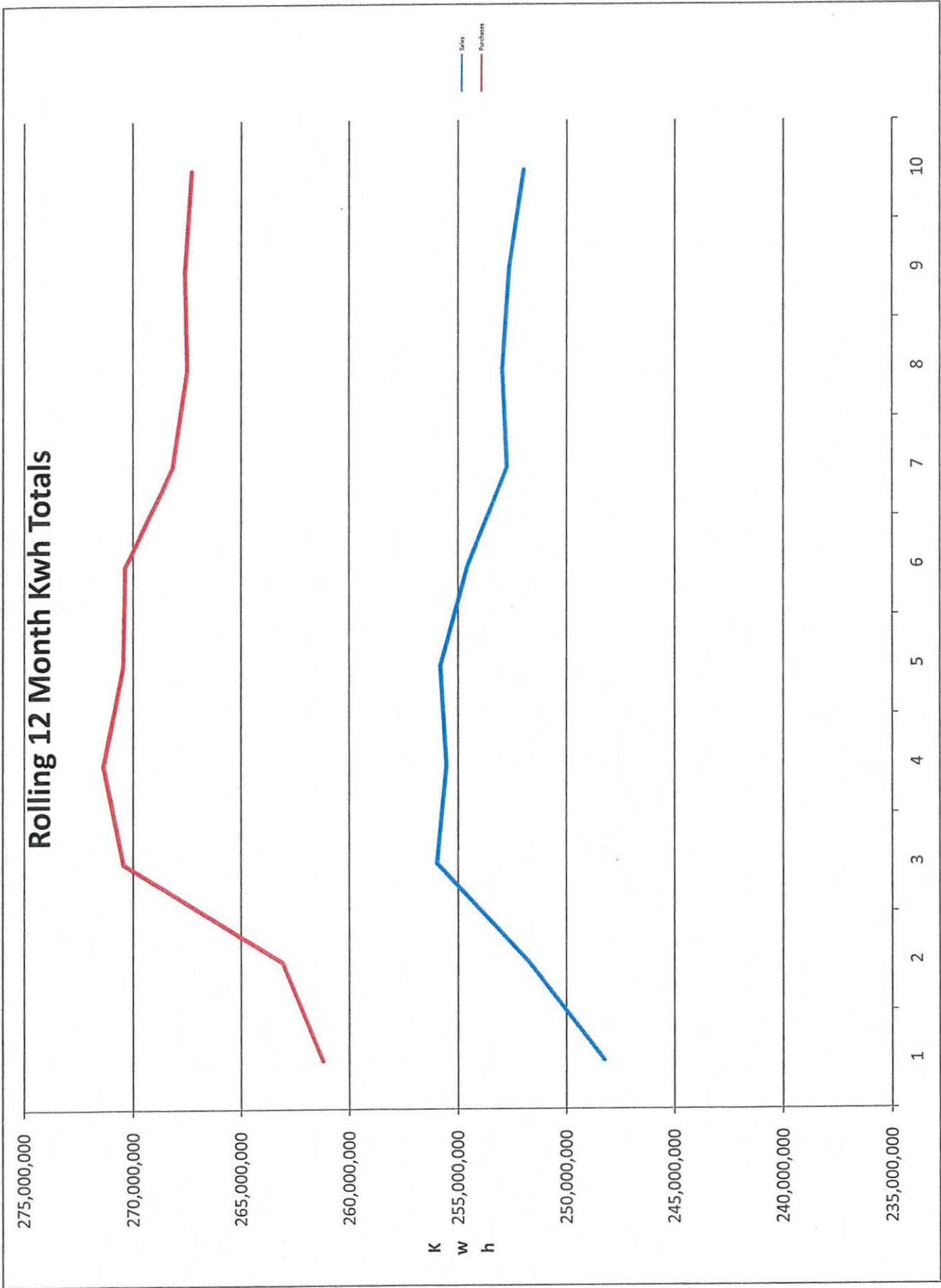
Form 7: October 2013

Electric Revenue LESS Purchased Power:	\$ 56,577	more
Maintenance Expense	\$ 17,121	less
Admin & General	\$ 30,005	more
Margins	\$ 22,445	more

Form 7: Year to Date

Margins :	\$ \$ (109,929)
Budgeted:	\$ \$ (442,676)

- **Accounting Reports – Pages 6**
- **219 Analysis – Page 7**
- **CFC Loan Repricings**



2013	TOTAL SALES						
	Actual			Budget			
	KWH	\$	UNIT				
JANUARY	27,493,981	\$ 3,138,514	0.1142	26,817,810	\$ 3,179,621	0.1186	
FEBRUARY	23,292,774	\$ 2,699,944	0.1159	20,819,895	\$ 2,420,917	0.1163	
MARCH	20,969,119	\$ 2,407,840	0.1148	18,207,611	\$ 2,080,872	0.1143	
APRIL	15,699,683	\$ 1,890,279	0.1204	15,299,133	\$ 1,741,200	0.1138	
MAY	18,727,898	\$ 2,266,856	0.1210	17,728,173	\$ 2,025,323	0.1142	
JUNE	21,109,583	\$ 2,537,284	0.1202	19,566,366	\$ 2,238,264	0.1144	
JULY	19,833,575	\$ 2,408,505	0.1214	21,272,076	\$ 2,621,322	0.1232	
AUGUST	19,558,783	\$ 2,430,525	0.1243	18,543,787	\$ 2,252,414	0.1215	
SEPTEMBER	15,822,069	\$ 1,993,456	0.1260	16,244,083	\$ 2,047,234	0.1260	
OCTOBER	20,170,912	\$ 2,460,411	0.1220	19,576,862	\$ 2,456,225	0.1255	
NOVEMBER	0	\$ -	#DIV/0!	24,115,801	\$ 3,155,127	0.1308	
DECEMBER	0	\$ -	#DIV/0!	26,571,525	\$ 3,469,939	0.1306	
	202,678,377	\$24,233,614	\$0.1196	244,763,122	\$29,688,458	\$0.1213	

Actual vs. Budget			
20,170,912	Month	2013	3.03%
202,678,377	YTD		4.43%
Compared to 2012			
20,170,912	Month		-3.22%
202,678,377	YTD		3.72%

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2013	TOTAL PURCHASES						Budget		
	DEMAND	KWH	\$	UNIT	LD.FCT				
JANUARY	60,229	28,581,771	\$ 2,005,585	0.0702	65.91%	28,759,653	\$2,042,689	0.0710	
FEBRUARY	56,994	25,865,070	\$ 1,840,912	0.0712	63.03%	25,142,171	\$1,789,477	0.0712	
MARCH	56,184	26,448,451	\$ 1,845,738	0.0698	65.38%	22,053,783	\$1,563,862	0.0709	
APRIL	47,039	18,207,168	\$ 1,392,200	0.0765	53.76%	17,292,408	\$1,174,602	0.0679	
MAY	42,351	18,007,323	\$ 1,407,738	0.0782	59.05%	17,340,025	\$1,255,133	0.0724	
JUNE	46,826	20,149,631	\$ 1,583,261	0.0786	59.77%	19,482,111	\$1,489,261	0.0764	
JULY	50,501	22,598,775	\$ 1,657,141	0.0733	62.15%	22,484,481	\$1,605,857	0.0714	
AUGUST	48,310	21,190,754	\$ 1,553,012	0.0733	60.92%	22,220,427	\$1,586,863	0.0714	
SEPTEMBER	47,042	18,161,664	\$ 1,360,442	0.0749	53.62%	17,754,443	\$1,332,278	0.0750	
OCTOBER	38,294	18,822,529	\$ 1,279,277	0.0680	68.27%	18,379,046	\$1,331,668	0.0725	
NOVEMBER				#DIV/0!	#DIV/0!	21,619,332	\$1,646,403	0.0762	
DECEMBER				#DIV/0!	#DIV/0!	27,686,039	\$2,112,277	0.0763	
		\$218,033,136	\$ 15,925,306	\$0.0730		260,213,922	\$18,930,370	\$0.0727	

Actual vs. Budget			
18,822,529	Month	2013	18,379,046
218,033,136	YTD		210,908,551
			2.41%
			3.38%

2013	GROSS MARGINS							
	Actual	Budget	Variance	Line Loss	Fuel Adj.	Fuel Adj. \$	ESC Rate	ESC \$
JANUARY	\$1,132,929	\$ 1,136,932	(\$4,003)	3.81%	(0.001445)	(39,642)	9.32%	267,698
FEBRUARY	\$859,032	\$ 631,439	\$227,593	9.95%	(0.000315)	(7,397)	8.56%	212,892
MARCH	\$562,102	\$ 517,010	\$45,092	20.72%	(0.000463)	(9,702)	7.96%	177,584
APRIL	\$498,079	\$ 566,597	(\$68,518)	13.77%	0.000961	15,054	9.17%	158,740
MAY	\$859,118	\$ 770,190	\$88,928	-4.00%	0.003166	59,248	9.05%	188,114
JUNE	\$954,023	\$ 749,003	\$205,020	-4.76%	0.001026	21,716	11.42%	259,985
JULY	\$751,364	\$ 1,015,465	(\$264,101)	12.24%	(0.002224)	(44,227)	10.81%	234,962
AUGUST	\$877,513	\$ 665,551	\$211,962	7.70%	(0.001918)	(37,507)	9.90%	218,956
SEPTEMBER	\$633,014	\$ 714,956	(\$81,942)	12.88%	(0.002310)	(36,529)	9.47%	172,401
OCTOBER	\$1,181,134	\$ 1,124,557	\$56,577	-7.16%	(0.003681)		9.04%	
NOVEMBER	\$0	\$1,508,724	(\$1,508,724)	#DIV/0!				
DECEMBER	\$0	\$1,357,663	(\$1,357,663)	#DIV/0!				
			\$360,030	7.04%	(0.000720)	(78,986)	9.47%	1,891,332

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Monthly Operating Rev & Exp

	October 2012	November 2012	December 2012	January 2013	February 2013	March 2013	April 2013	May 2013	June 2013	July 2013	August 2013	September 2013	October 2013
Revenue	(2,532,697)	(2,736,054)	(3,429,912)	(3,240,118)	(2,798,488)	(2,496,140)	(1,979,105)	(2,340,872)	(2,620,502)	(2,496,515)	(2,514,499)	(2,077,868)	(2,535,052)
Purchased Power	1,385,833	1,800,485	1,954,640	2,005,585	1,840,912	1,845,738	1,392,200	1,407,738	1,583,261	1,657,141	1,553,012	1,360,442	1,279,277
Gross Margins	(1,146,864)	(935,569)	(1,475,272)	(1,234,533)	(957,576)	(650,402)	(586,905)	(933,134)	(1,037,241)	(839,374)	(961,487)	(717,426)	(1,255,775)
Operations	82,567	98,146	83,453	104,396	112,300	88,004	89,380	91,262	93,125	92,881	98,051	86,611	94,313
Maintenance	230,894	218,592	341,647	256,139	191,394	269,606	209,696	229,614	279,848	239,953	285,580	210,651	213,645
Customer Service	97,537	106,200	69	97,542	95,526	104,433	101,177	92,446	95,168	95,114	94,984	91,898	92,907
Informational Advertising	26,890	18,676	17,795	19,571	20,365	17,783	18,182	24,557	22,182	17,002	17,697	28,579	19,594
Demonstration Advertising	1,952	2,247	1,808	1,664	1,814	2,225	2,614	1,224	1,729	1,809	1,946	1,893	2,228
Admin & General	184,570	155,993	132,027	164,276	159,828	140,533	163,057	171,242	194,964	160,921	146,797	150,187	183,167
Depreciation	253,739	254,245	254,919	255,729	255,922	255,660	255,933	256,833	257,564	250,942	251,398	251,713	251,752
Regulatory	3,082	3,082	3,080	2,810	2,810	2,810	2,810	2,810	2,810	2,810	2,867	2,867	2,867
Interest - LTD	83,615	83,223	82,690	82,789	79,235	78,169	83,080	82,666	82,823	84,353	85,496	83,187	82,251
Interest - Deposits	116	115	2,062	200	200	200	199	199	200	200	201	204	202
Miscellaneous Expense	3,613	8,480	7,453	6,568	7,153	11,358	9,466	9,696	(4,106)	4,872	3,170	2,403	4,417
Interest Income	(2,453)	(2,448)	(2,453)	(2,451)	(2,443)	(2,449)	(2,451)	(2,410)	(2,457)	(2,457)	(2,469)	(2,490)	(2,454)
Non-Electric Revenue	(1,296)	(8,067)	1,111	8,827	(82,566)	(14,803)	(9,095)	(17,701)	(757)	(18,640)	(9,636)	(3,467)	7,620
Capital Credits	-	-	-	-	-	(148,349)	-	-	(1,151)	-	-	(1,205)	(10,225)
Margins	(182,038)	2,915	(549,611)	(236,473)	(116,038)	154,778	337,143	9,304	(15,299)	90,386	14,595	185,605	(313,491)
* ()'s = positive margins													
Operating Expenses	968,575	948,999	927,003	991,684	926,547	970,781	935,594	962,549	1,026,307	950,857	988,187	910,193	947,343
Monthly OTIER	3.18	0.96	7.65	3.86	2.46	(0.98)	(3.06)	0.89	1.18	(0.07)	0.83	(1.23)	4.81

Rolling 12 Month Totals

Revenue	(29,240,726)	(29,270,164)	(29,541,474)	(29,860,615)	(30,275,925)	(30,779,003)	(30,834,736)	(30,995,266)	(30,963,616)	(30,913,354)	(31,156,385)	(31,262,770)	(31,265,125)
Purchased Power	18,680,708	18,869,204	18,938,586	18,985,986	19,119,196	19,611,817	19,828,815	19,868,274	19,904,108	19,790,445	19,781,304	19,786,987	19,680,431
Gross Margins	(10,560,018)	(10,400,960)	(10,602,888)	(10,874,629)	(11,156,729)	(11,167,186)	(11,005,921)	(11,126,992)	(11,059,508)	(11,122,909)	(11,375,081)	(11,475,783)	(11,584,694)
Operations	1,106,404	1,121,689	1,121,538	1,125,083	1,131,204	1,124,525	1,122,019	1,120,008	1,116,250	1,133,461	1,142,892	1,120,176	1,131,922
Maintenance	3,184,336	3,214,285	3,346,690	3,364,689	3,341,482	3,286,809	3,253,980	3,226,847	3,212,870	2,985,033	3,006,927	2,963,614	2,946,365
Customer Service	1,087,126	1,105,878	1,042,997	1,048,165	1,056,159	1,069,849	1,071,732	1,066,117	1,070,210	1,080,268	1,075,490	1,072,094	1,067,464
Informational Advertising	223,050	220,065	222,280	223,439	223,530	222,496	223,457	233,596	238,064	239,043	238,985	249,279	241,983
Demonstration Advertising	23,482	24,093	24,347	23,939	23,338	23,033	24,092	23,257	22,972	23,421	22,868	22,925	23,201
Admin & General	1,875,938	1,821,514	1,842,898	1,837,768	1,847,231	1,797,162	1,834,063	1,858,242	1,916,275	1,937,844	1,934,713	1,924,395	1,922,992
Depreciation	2,987,350	2,997,021	3,006,825	3,015,035	3,022,893	3,030,179	3,037,847	3,045,858	3,054,339	3,055,734	3,056,005	3,054,597	3,052,610
Regulatory	32,217	32,761	33,303	33,575	33,847	34,119	34,391	34,663	34,935	35,078	34,863	34,648	34,433
Interest - LTD	1,020,336	1,017,848	1,014,997	1,011,393	1,007,242	1,001,460	999,125	997,404	995,445	991,842	992,229	991,326	989,962
Interest - Deposits	57,485	51,313	47,027	40,872	34,740	28,549	22,384	16,158	9,888	3,922	4,008	4,096	4,182
Miscellaneous Expense	47,810	49,806	47,713	46,558	53,563	63,165	70,887	79,139	73,653	77,175	73,191	70,126	70,930
Interest Income	(29,747)	(29,711)	(29,695)	(29,665)	(29,605)	(29,542)	(29,482)	(29,409)	(29,400)	(29,397)	(29,394)	(29,431)	(29,432)
Non-Electric Revenue	(56,106)	(120,433)	(125,330)	(102,810)	(198,123)	(168,142)	(177,896)	(183,865)	(155,653)	(151,928)	(151,932)	(156,090)	(147,174)
Capital Credits	(152,764)	(152,764)	(152,764)	(152,764)	(152,764)	(156,361)	(156,361)	(156,361)	(157,512)	(157,512)	(157,512)	(150,705)	(160,930)
Margins	846,899	952,405	839,938	610,648	238,008	160,115	324,317	204,662	342,828	101,075	(131,748)	(304,733)	(436,186)
Operating Expense	11,645,534	11,656,273	11,750,615	11,770,516	11,775,229	11,681,346	11,693,977	11,701,289	11,744,901	11,562,821	11,582,171	11,507,276	11,486,044
Rolling 12 Month OTIER	0.17	0.06	0.17	0.40	0.76	0.84	0.68	0.79	0.66	0.90	1.13	1.31	1.44

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OCTOBER 2013

219 ANALYSIS

								BUDGETED
WO NOS.	DESCRIPTION		NUMBER		COST	LOAN FUNDS	UNIT COST	UNIT COST
9	RETIREMENTS		30		631.33	(631.33)		
100	NEW LINE EXTENSIONS		17		27,381.74	27,381.74	1,610.69	3,229.93
200	TIE LINES							
300	MAJOR PROJECTS							
602	SERVICE UPGRADES		9		12,284.24	12,284.24	1,364.92	1,920.25
603	SECTIONALIZERS		1		1,744.00	1,744.00		
604	REGULATORS							
606	POLES	**	28	POLES	96,650.68	96,650.68	3,451.81	2,410.75
701	SECURITY LIGHTS		24		9,483.60	9,483.60	395.15	423.50
1600	MINOR PROJECTS		10		7,899.28	7,899.28		
	TOTAL		131		156,074.87	154,812.21		
601	<u>SPECIAL EQUIPMENT</u>	<u>ACCT#</u>						
	METERS	370.00	0		0.00	0.00	0.00	160.00
	TRANSFORMERS	368.00	0		0.00	0.00	0.00	1,120.00
	TURTLES	370.10	0		0.00	0.00	0.00	
	DISCONNECT METERS	370.20	0		0.00	0.00	0.00	
	OTHER SP EQUIP	365.00	0		0.00	0.00	0.00	
	TOTAL		0		0.00	0.00		
	MATERIAL				31,912.75			
	MATERIAL OH				34,050.91			
	LABOR				18,085.32			
	LABOR OH				40,187.86			
.**I did not include 43 poles that were paid for by Mt. Rural Telephone.								

MARKETING & MEMBER SERVICES DEPARTMENT

BOARD REPORT

December 20, 2013

MEMBER SERVICES (Billing/Service Department)

November 1st – today

Winter Hardship Reconnects-15

30-day extensions-30

Total from LIHEAP to date: \$ 107,250.00

Pre-Pay

Enrolled=88

Inactive=6

Average Balance=\$62.09 credit

Total Number of Payments=326

Total Payment=\$16,479.22

Average Payment Amount=\$50.55

Debt Management

Active=32

Suspended=0

Balance <\$100=11

Balance \$100-199.99=5

Balance \$200-299.99=6

Balance \$300-\$399.99=8

Balance \$400-499.99=1

Balance \$>\$500=1

Total in Debt Management=\$6,616.36

Total Number of Payment=155

Total Payment Amount=\$2,518.09

Average Payment Amount=\$16.25

✓

ENERGY EFFICIENCY

2 Touchstone Energy Home Audits

3 Heat Pump Audits

3 Home Audits

1 HowSmart KY audit

SCHOOL/COMMUNITY PROGRAMS

November 21, Greenup Reality, 250 kids

November 22, Greenup Reality, 250 kids

November 26, West Carter Career Day, 100 kids

