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Commissioner

November 17, 2008

Honorable W. Jeffrey Scott
Attorney At Law
PO Box 608
311 West Main Street
Grayson, KY 41143

RE: Case No. 2008-00254
Grayson County RECC

The Commission staff has reviewed Grayson County RECC's application in the above case and finds that it meets the minimum filing requirements. Enclosed please find a stamped filed copy of the first page of your filing. This case has been docketed and will be processed as expeditiously as possible.

If you need further assistance, please contact my staff at 502-564-3940.

Sincerely,

A handwritten signature in cursive script that reads "Ryan Gatewood".

Ryan Gatewood
Filings Division Director

RG/rs
Enclosure

cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

NOV 10 2008

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF ADJUSTMENT
OF RATES OF GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION

CASE NO. 2008-00254

AND
INCREASE ITS RETAIL ELECTRIC RATES
EQUAL TO ITS INCREASE IN WHOLESALE
POWER COSTS

FILED

NOV 10 2008

PUBLIC SERVICE
COMMISSION

APPLICATION

Grayson Rural Electric Cooperative (herein designated as "Grayson Rural Electric") hereby makes application for an adjustment of rates, as follows:

1. Grayson Rural Electric informs the commission that it is engaged in the business of operation of a retail electric distributions system in six (6) counties in northeastern Kentucky and does hereby propose to adjust rates, effective December 1, 2008, in conformity with the attached schedule.

2. The name and address of the applicant is Grayson Rural Electric Cooperative Corporation, 109 Bagby Park, Grayson, Kentucky, 41143 [807 KAR 5:001, Section 8(1)].

3. The Articles of Incorporation and all amendments thereto for Grayson Rural Electric were filed with the commission in PSC Case No. 92-496, a flow through rate reduction. [807 KAR 5:001, Section 8(3)].

4. The application is supported by a twelve month historical test period ending May 31, 2008 and includes adjustments for known and measurable changes [807 KAR 5:001, Section 10(1)(a)].

5. Grayson Rural Electric states that the reasons the rate adjustment are required pursuant to 807 KAR Section 10(1)(a)(1) are as follows:

a. Grayson Rural Electric has incurred increases in the cost of power, materials, equipments, labor, taxes, interest, debt service and other fixed and variable costs. Grayson Rural Electric has been required to borrow funds to finance its construction projects.

b. The financial condition of Grayson Rural Electric, due to the above-referred to increased costs, has deteriorated substantially over the past few years.

c. Grayson Rural Electric had a Times Interest Earned Ratio (TIER) of 0.37 for the test year ending May 31, 2008. The TIER was 0.77 for calendar year of 2007. Grayson Rural Electric is required under its mortgage agreement with R.U.S. of maintaining an operating TIER of 1.25, based on an average of two of the three most current years.