

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

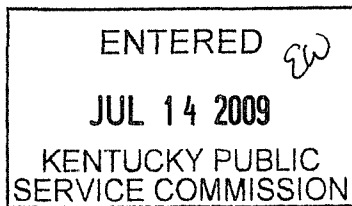
In the Matter of:

APPLICATION OF GRAYSON RURAL )  
ELECTRIC COOPERATIVE CORPORATION )  
FOR AN ADJUSTMENT IN RATES AND AN ) CASE NO.  
INCREASE IN RETAIL ELECTRIC RATES ) 2008-00254  
EQUAL TO INCREASE IN WHOLESALE )  
POWER COSTS )

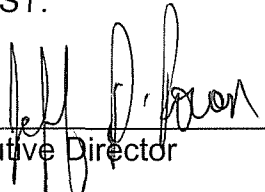
O R D E R

The Commission, on its own motion, HEREBY ORDERS, *nunc pro tunc*, that Appendix A to the June 3, 2009 Order is amended in its entirety due to errors in copying the settlement agreement. A corrected copy of the settlement agreement is attached hereto as the Appendix.

By the Commission



ATTEST:

  
\_\_\_\_\_  
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2008-00254 DATED **JUL 14 2009**

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

APR 27 2009

PUBLIC SERVICE  
COMMISSION

In the Matter of:

APPLICATION OF GRAYSON RURAL )  
ELECTRIC COOPERATIVE CORPORATION ) CASE NO. 2008-00254  
FOR AN ADJUSTMENT OF RATES )

**JOINT SETTLEMENT STIPULATION AND RECOMMENDATION**

It is the intent and purpose of the parties to this proceeding, being the applicant, Grayson RECC ("Grayson RECC") and the intervenor, Attorney General of the Commonwealth of Kentucky ("Attorney General") to express their agreement on a mutually satisfactory resolution of all of the issues in the instant proceeding which shall hereafter be referred to as the "Stipulation" and/or the "Recommendation."

It is understood by all parties hereto that this Recommendation is not binding upon the Kentucky Public Service Commission ("Commission"), nor does it represent agreement on any specific theory supporting the appropriateness of any recommended adjustment to Grayson RECC's rates. Grayson RECC and the Attorney General have expended considerable efforts to reach the stipulation and agreements that form the basis for this Recommendation. The parties, representing diverse interests and divergent viewpoints, agree that this Recommendation, viewed in its entirety, constitutes a reasonable resolution of all issues in this proceeding.

In addition, the adoption of this Recommendation will eliminate the need for the Commission and the parties to expend considerable resources in litigation of this proceeding, and will eliminate the possibility of, and any need for, rehearing or appeals of the Commission's final order herein. Based upon the parties' participation in a settlement conference and the materials on file with the Commission, and upon the belief that these materials adequately support this Stipulation and Recommendation, the parties hereby stipulate and recommend the following:

1. Grayson RECC filed an application for a rate adjustment seeking a total increase in base rate revenue in the amount of \$3,161,265 due to Grayson's distribution costs. The parties agree that Grayson RECC should be permitted to adjust its rates to permit a total increase in base rate revenue by this amount. All rate schedules have been adjusted to reflect the change in wholesale power costs applicable to each rate schedule based on a revised cost of service containing the new wholesale power costs. These wholesale rates impacted only the energy charge for each rate class. However, Grayson agreed to reduce the customer charge per month for its residential class (Schedule 1 – Farm & Home) from \$15.00 to \$10.00. The demand chares and customer charges for all other classes remain as contained in the original application. In addition, the non-recurring charges proposed by Grayson in the application have been agreed to by both parties.

2. Grayson RECC's proposed tariff revisions are attached in "Exhibit A" and should be adopted and should become effective as of April 1, 2009, or as soon thereafter as ordered by the Commission. Attached as "Exhibit B" is the testimony of James R. Adkins which explains the development of these rates.

3. Additional exhibits to this agreement include a comparative schedule of rates, "Exhibit D" which include the current rates, the rates proposed in the application and the rates that are a result of this agreement. Also attached is "Exhibit E" which is the revised cost of service study which provides the basis for the revenue requirements for each rate class as well as the proposed rate design.

4. Grayson RECC will implement the full proposed depreciation rates included in the depreciation study that accompanied the Application. These rates will be implemented in conjunction with the date of the Commission's Order to change rates.

5. It is the purpose and intent of the parties hereto that the revision in rates for Grayson RECC result in a 2.0 TIER (times interest earned ratio), and the revision in rates as proposed by this Recommendation and Stipulation will result in such a TIER rating.

6. Grayson RECC's Board of Directors has approved the stipulated and amended rate amount of \$3,161,265 including its treatment of depreciation.

7. Each party hereto waives all cross-examination of witnesses of the other parties hereto unless the Commission disapproves this Recommendation, and each party further stipulates and recommends that the Notice of Intent, Application, testimony, pleadings, and responses to data requests filed in this proceeding be admitted into the record.

8. This Recommendation is submitted for purposes of this case only and is not deemed binding upon the parties hereto in any other proceeding, nor is it to be offered or relied upon in any other proceeding involving Grayson RECC or any other utility.

9. If the Commission issues an order adopting this Recommendation in its entirety, each of the parties hereto agrees that it shall file neither an application for rehearing with the Commission, nor an appeal to the Franklin County Circuit Court with respect to such order.

10. If this Recommendation is not adopted in its entirety, each party reserves the right to withdraw from it and require that hearings go forward upon any and all matters involved herein, and that in such event the terms of this Recommendation shall not be deemed binding upon the parties hereto, nor shall such Recommendation be admitted into evidence, or referred to, or relied upon in any manner by any party hereto, the Commission or its Staff in any such hearing.

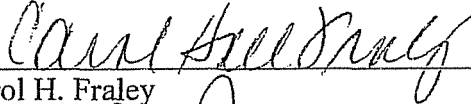
11. Attached as "Exhibit C" is proof of revenue analysis showing that the proposed rate adjustments will generate the proposed revenue reduction to which the parties have agreed in paragraph (1) of this Stipulation.

12. Attached as "Exhibit F" are the computations for rate base and equity capitalization.

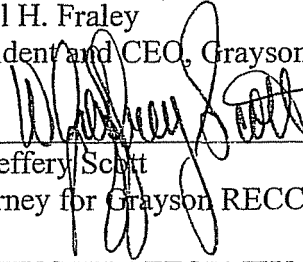
13. The parties hereto agree that the foregoing Recommendation is reasonable and is in the best interests of all concerned, and urge the Commission to adopt this Recommendation in its entirety.

This \_\_\_\_ day of April, 2009.

GRAYSON RECC



\_\_\_\_\_  
Carol H. Fraley  
President and CEO, Grayson RECC



\_\_\_\_\_  
W. Jeffery Scott  
Attorney for Grayson RECC

KENTUCKY ATTORNEY GENERAL

\_\_\_\_\_  
By Office of Attorney General

§ SCHEDULE 1

CLASSIFICATION OF SERVICE

DOMESTIC – FARM & HOME SERVICE

RATE PER UNIT

AVAILABILITY-DOMESTIC

Available to members of the Cooperative for all residential farm and home uses subject to its established rules and regulations. Approval of the Cooperative must be obtained prior to the installation of any motor having a rated capacity of five horsepower or more.

TYPE OF SERVICE

Single-phase and/or three-phase, 60 cycle, alternating current at the Cooperative's standard secondary voltages.

RATE PER MONTH

Customer Charge

\$15.00 (I)

Energy Charge Per KWH

.09655 (I)

FUEL ADJUSTMENT CLAUSE

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

MINIMUM CHARGE

The minimum monthly charge under the above rate shall be \$7.98 where 25 KVA or less of transformer capacity is required. For members requiring more than 25 KVA of transformer capacity, the minimum monthly charge shall be increased at a rate of \$.75 for each additional KVA or fraction thereof required. Where it is necessary to extend or reinforce existing distribution facilities, the minimum monthly charge may be increased to assure adequate compensation for the added facilities. Where the minimum charge is increased in accordance with this section, additional energy and demand shall be included in accordance with the foregoing rate schedule.

DATE OF ISSUE: April 20, 2009

Service on and after  
EFFECTIVE DATE: April 1, 2009

ISSUED BY: *Cornell Orley*

President & C.E.O., 109 Bagby Park, Grayson, KY

GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED  
PSC NO.: 4  
10<sup>TH</sup> REVISED SHEET NO.: 2.00  
CANCELING PSC NO.: 4  
9<sup>TH</sup> REVISED SHEET NO.: 2.00

SCHEDULE 2

CLASSIFICATION OF SERVICE

COMMERCIAL AND SMALL POWER LESS THAN 50 KVA, INCLUDING PUBLIC BUILDINGS, SCHOOLS, CHURCHES, ETC.

RATE PER UNIT

AVAILABILITY OF SERVICE

Available to members of the Cooperative for all Commercial and Small Power uses less than 50 KVA, subject to its established rules and regulations. Approval of the Cooperative must be obtained prior to the installation of any motor having a rated capacity of five horsepower or more.

TYPE OF SERVICE

Single-phase and/or three-phase, 60 cycle, alternating current at the Cooperative's standard secondary voltages.

RATE PER MONTH

Customer Charge

Energy Charge per KWH

\$25.00 (I)  
.08863 (I)

FUEL ADJUSTMENT CLAUSE

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

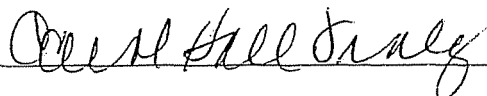
MINIMUM CHARGE

The minimum monthly charge under the above rate shall be \$7.92 where 25 KVA or less of transformer capacity is required. For members requiring more than 25 KVA of transformer capacity, the minimum monthly charge shall be increased at a rate of \$.75 for each additional KVA or fraction thereof required. Where it is necessary to extend or reinforce existing distribution facilities, the minimum monthly charge may be increased to assure adequate compensation for the added facilities. Where the minimum charge is increased in accordance with this section, additional energy and demand shall be included in accordance with the foregoing rate schedule.

DATE OF ISSUE: April 20, 2009

Service on and after  
EFFECTIVE DATE: April 1, 2009

ISSUED BY:



President & C.E.O., 109 Bagby Park, Grayson, KY



GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

TARIFF SCHEDULE 3

CLASSIFICATION OF SERVICE

OFF-PEAK MARKETING RATE

RATE PER UNIT

AVAILABILITY OF SERVICE

Available to members of the Cooperative eligible for service under Tariff Schedule 1--Domestic-Farm & Home Service, or Tariff Schedule 2--Commercial and Small Power Less than 50 KVA, who have installed Cooperative approved load management devices for the use of power during off-peak hours. This rate shall only apply to programs which have been expressly approved by the Public Service Commission to be offered under the Marketing Rate of East Kentucky Power Cooperative's Wholesale Rate Schedule A.

TYPE OF SERVICE

Single-phase and/or three-phase, 60 cycle, alternating current at the Cooperative's standard secondary voltages.

RATE PER MONTH

Customer Charge

ON-PEAK RATE:

\$10.00 (I)

All KWH

OFF PEAK RATE:

.09655 (I)

All KWH

.05793 (I)

PEAK PERIODS

WINTER SCHEDULE

For the purpose of this tariff, the on-peak billing period for the months of October, November, December, January, February, March, and April is defined as 7 a.m. to 12 noon and from 5 p.m. to 10 p.m., local time, for all days of the week, including Saturday, Sunday and holidays. The off-peak billing period is defined as 10 p.m. to 7 a.m. and from 12 noon to 5 p.m., local time, for all days of the week, including Saturday, Sunday and holidays.

SUMMER SCHEDULE

For the purpose of this tariff, the on-peak billing period for the months of May, June, July, August, and September is defined as 10 a.m. to 10 p.m., local time, for all days of the week, including Saturdays, Sundays and holidays. The off-peak billing period is defined as 10 p.m. to 10 a.m., local time, for all days of the week, including Saturday, Sunday, and holidays.

DATE OF ISSUE: April 20, 2009

Service on and after  
EFFECTIVE DATE: Apr 1, 2009

ISSUED BY: *Carol Hill Gray*

President & C.E.O., 109 Bagby Park, Grayson, KY

GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED  
PSC NO.: 4  
10<sup>TH</sup> REVISED SHEET NO.: 4.00  
CANCELING PSC NO.: 4  
9<sup>TH</sup> REVISED SHEET NO.: 4.00

SCHEDULE 4

CLASSIFICATION OF SERVICE

LARGE POWER SERVICE-SINGLE AND THREE-PHASE

50-999 KVA (T)

RATE PER UNIT

AVAILABILITY

Available to consumers located on or near the Cooperative's facilities for Commercial service. Consumers shall contract for a definite amount of electrical capacity in kilovolt-amperes which shall be sufficient to meet normal maximum requirements but in no case shall the capacity contracted be less than 50 KVA. The Cooperative may not be required to supply capacity in excess multiples of 25 KVA.

TYPE OF SERVICE

Single-phase, three-phase, 60 cycles, at Cooperative's standard voltage.

RATE PER MONTH

Customer Charge

Demand Charge per KW

Energy Charge per KWH

\$60.91

8.25 (I)

.05338 (I)

DETERMINATION OF BILLING DEMAND

The billing demand shall be the maximum kilowatt demand established by the consumer for any fifteen consecutive minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter and adjusted for power factor as provided in the power factor adjustment clause.

POWER FACTOR ADJUSTMENT

The consumer agrees to maintain unity power factor as nearly as practicable. The measured demand will be demand to correct for average power factors lower than 90%, and may be so adjusted for other consumers if and when the Cooperative deems necessary. Such adjustments will be made by increasing the measured demand by 1% for each 1% by which the average power factor is less than 90% lagging.

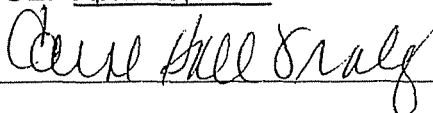
RULES AND REGULATIONS

Service under this tariff is subject to the terms of all rules and regulations of the Cooperative that have been or may be adopted by its Board of Director's.

DATE OF ISSUE: April 20, 2009

Service on and after  
EFFECTIVE DATE: Apr. 1, 2009

ISSUED BY:



President & C.E.O., 109 Bagby Park, Grayson, KY

GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR ENTIRE AREA SERVED  
PSC NO.: 4  
10<sup>TH</sup> REVISED SHEET NO.: 6.00  
CANCELING PSC NO.: 4  
9<sup>TH</sup> REVISED SHEET NO.: 6.00

§ SCHEDULE 6

CLASSIFICATION OF SERVICE

OUTDOOR LIGHTING SERVICE – SECURITY LIGHTS

RATE PER UNIT

AVAILABILITY

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

RATE PER LIGHT PER MONTH

7,000	Lumens Mercury Vapor Lamp	\$9.57 (I)
10,000	Lumens Mercury Vapor Lamp	12.13 (I)
	Flood Lighting	16.79 (I)

FUEL ADJUSTMENT CLAUSE

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

CONDITIONS OF SERVICE

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

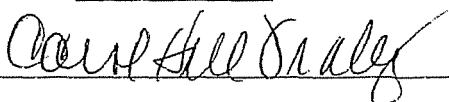
2. The Cooperative shall maintain the lighting equipment, including lamp replacement, at no additional cost the customer within 72 hours after the customer notifies the Cooperative of the need for maintenance of the lighting equipment.

3. The lighting equipment shall remain the property of the Cooperative. The customer shall protect the lighting equipment from deliberate damage.

DATE OF ISSUE: April 20, 2009

Service on and after  
EFFECTIVE DATE: Apr. 1, 2009

ISSUED BY:



President & C.E.O., 109 Bagby Park, Grayson, KY

SCHEDULE 7

CLASSIFICATION OF SERVICE

ALL ELECTRIC SCHOOLS (A.E.S.)

RATE PER UNIT

APPLICABLE

In all territory served by Seller.

AVAILABILITY

Available to all public or not-profit private schools whose total energy requirement, including but not limited to heating, air conditioning, lighting and water heating, is supplied electricity furnished by the Cooperative, subject to its established rules and regulations.

CHARACTER OF SERVICE

The electric service furnished under this rate schedule will be 60 cycle, alternating current, single phase or three phase service, present facilities permitting, and at the following nominal voltages: Single Phase, 120, 102/240, 480, 204/480 volts; Three Phase, 120/240, 120/208Y, 240/280, 277/480Y volts.

RATE PER MONTH

Customer Charge

\$30.00 (I)

Demand Charge per KW

6.00 (I)

Energy Charge per KWH

.06286 (I)

MINIMUM CHARGE

the minimum annual charge shall be sufficient to assure adequate compensation for the facilities installed to serve the consumer, and in no event shall it be less than \$9.00 per KVA of required transformer capacity as determined by the Cooperative, or the amount specified in the contract for service, whichever is greater.

TERMS OF CONTRACT

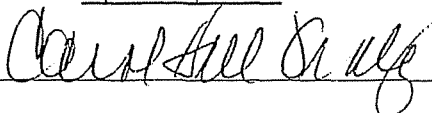
Service under this rate schedule will be furnished under an "Agreement for Purchase of Power", for a term of not less than five (5) years.

TERMS OF PAYMENT

The above rates are net, the gross being ten percents higher. In the event the current monthly bill is not paid within fifteen (15) days from the mailing date of the bill, the gross rates shall apply.

DATE OF ISSUE: April 20, 2009

Service on and after  
EFFECTIVE DATE: Apr. 1, 2009

ISSUED BY: 

President & C.E.O., 109 Bagby Park, Grayson, KY

SCHEDULE 13 (a)	CLASSIFICATION OF SERVICE	RATE PER UNIT
LARGE INDUSTRIAL SERVICE – HLF	1,000 TO 4,999 KVA	
<p><u>AVAILABILITY</u> Available to all members of the Cooperative whose monthly contract demand is equal to or greater than 500 KW but less than 5,000 KW. All use is subject to the established rules and regulations of the Cooperative that have been or may be adopted by its Board of Directors.</p>		
<p><u>CONDITION OF SERVICE</u> An "INDUSTRIAL POWER AGREEMENT" shall be executed by the member for service under this schedule.</p>		
<p><u>TYPE OF SERVICE</u> Three-phase, 60 hertz, alternating current as specified in the "INDUSTRIAL POWER AGREEMENT".</p>		
<p><u>RATE PER MONTH</u> Customer Charge Demand Charge per KW of Billing Demand Energy charge per KWH</p>		<p>\$547.15 6.99 (I) .04315</p>
<p><u>DETERMINATION OF BILLING DEMAND</u> The monthly billing demand shall be the greater of (A) or (B) listed below:</p> <p>(A) The contract demand</p> <p>(B) The ultimate consumer's highest demand, during the current month or preceding eleven months, coincident with the load center's peak demand. The load center's peak demand is the highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month ( and adjusted for power factor as provided herein):</p>		
<u>Months</u>	<u>Hours Applicable For Demand Billing - EST</u>	
October through April	7:00a.m. to 12:00 Noon 5:00p.m. to 10:00 p.m.	
May through September	10:00a.m. to 10:00 p.m.	

DATE OF ISSUE: April 20, 2009

Service on and after  
EFFECTIVE DATE: Apr 1, 2009

ISSUED BY: *Carol Hill on reg*

President & C.E.O., 109 Bagby Park, Grayson, KY

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

CANCELLING 1<sup>st</sup> Revised SHEET NO: 18.10

SCHEDULE 17

CLASSIFICATION OF SERVICE

WATER PUMPING SERVICE

RATE PER UNIT

**Availability**

Available for water pumping service in areas served by the Cooperative.

**Conditions**

Consumer shall have the option of service under this schedule or any other applicable rate schedule. Consumer, having selected one schedule, will continue to be billed under such schedule for not less than twelve (12) consecutive months, unless there should be a material and permanent change in Consumer's use of service.

**Rate**

Customer Charge Per Month – Includes No kWh Usage

On Peak Energy - kWh Per Month

Off Peak Energy – kWh per Month

\$40.00 (I)

.11100 (I)

.05570 (I)

**On - Peak Hours and Off-Peak Hours**

On Peak Hours

May through September

10:00 a.m. to 10:00 p.m. EST

October through April

7:00 a.m. to 12:00 noon EST

5:00 p.m. to 10:00 p.m. EST

Off Peak Hours

May through September

10:00 p.m. to 10:00 a.m. EST

October through April

12:00 noon to 5:00 p.m. EST

10:00 p.m. to 7:00 a.m. EST

**Minimum Monthly Charge**

The minimum monthly charge shall be the minimum charge specified in the contract, or the minimum monthly customer charge, or \$.75 per KVA of installed transformer capacity, whichever may be greater.

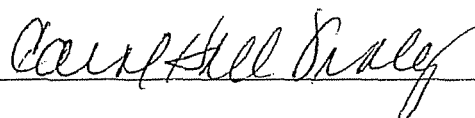
**Fuel Cost Adjustment Charge**

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

DATE OF ISSUE: April 20, 2009

Service on and after  
EFFECTIVE DATE: Apr 1, 2009

ISSUED BY:



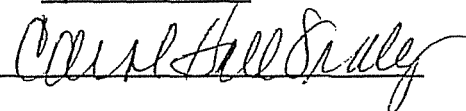
President & C.E.O., 109 Bagby Park, Grayson, KY

GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

SCHEDULE 18	CLASSIFICATION OF SERVICE
<p><b>CAMPS AND BARNES</b></p> <p><b><u>Terms of Payment</u></b> Available for camps and barns in areas served by the Cooperative that are not eligible to be classified as permanent residential farm and home uses subject to established rules and regulations. Approval of the Cooperative must be obtained prior to the installation of any motor having a rated capacity of five horsepower or more.</p> <p><b><u>TYPE OF SERVICE</u></b> Single-phase and/or three-phase, 60 cycle, alternating current at the Cooperative's standard secondary voltages.</p> <p><b><u>RATE</u></b></p> <p>Customer Charge \$20.00 (N) Energy Charge .09655 (N)</p> <p><b><u>MINIMUM MONTHLY CHARGE</u></b> The minimum monthly charge shall be the minimum charge specified in the contract, or the minimum monthly customer charge, or \$0.75 per KVA or installed capacity, whichever is greater.</p> <p><b><u>FUEL ADJUSTMENT CHARGE</u></b> All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per kWh equal to the fuel adjustment amount per kWh as billed by the wholesale power supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve-month moving average of such losses. This Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.</p>	<p><b>RATE PER UNIT</b></p>

DATE OF ISSUE: April 20, 2009

Service on and after  
EFFECTIVE DATE: Apr. 1, 2009

APPROVED BY: 

President & C.E.O., 109 Bagby Park, Grayson, KY

FOR: ENTIRE AREA SERVED

PSC NO.: 4

Original SHEET NO.: 9.00

CANCELING PSC NO.: 3

Original SHEET NO.: 9.00

GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

SCHEDULE 9	CLASSIFICATION OF SERVICE	RATE PER UNIT
CABLE TELEVISION ATTACHMENT TARIFF		

APPLICABILITY

In all territory served by the Cooperative on poles owned and used by the Cooperative for its electric plant.

AVAILABILITY

To all qualified CATV operators having the right to receive service.

RENTAL CHARGE PER MONTH

The yearly rental charge per attachment shall be as follows:

Two-party pole attachment	\$6.54 (I)
Two-party anchor attachment	4.37 (I)
Two-party grounding attachment	.29 (D)
Three-party pole attachment	\$5.23 (I)
Three-party anchor attachment	2.88 (I)
Three-party grounding attachment	.18 (D)

BILLING

Rental charges shall be billed annually based on the number of pole attachments. the rental charges are net, the gross being ten percent (10%) higher. in the event the current annual bill is not paid within fifteen (15) days from the date of the bill, the gross rate shall apply.

SPECIFICATIONS

A. The attachment to poles covered by this tariff shall at all times conform the requirements of the National Electric Safety Code, 1981 Edition, and subsequent revisions thereof, except where the lawful requirements of public authorities may be more stringent, in which case the latter will govern.

B. The strength of poles covered by this agreement shall be sufficient to withstand the transverse and vertical load imposed upon them under the storm loading of the National Electrical Safety Code assumed for the are in which they are located.

DATE OF ISSUE April 20, 2009

EFFECTIVE DATE April 1, 2009

ISSUED BY

*Carol Heald*  
President & CEO

109 BAGBY PK., GRAYSON KY



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RULES AND REGULATIONS

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23. METER BASES

Each customer shall provide his/her own meter base.

24. METER READING

Each customer receiving service will read his/her meter on the first (1st) day of each month and have the reading in the Cooperative office no later than the fifteenth (15th) of that month. In the event the member fails to read the meter as outlined or fails to notify the Cooperative office for three successive months, the Cooperative's serviceman will read the meter and the customer will be billed \$30.00 for this service. (I)

25. SEPARATE METER FOR EACH SERVICE

The Cooperative will normally furnish a single meter at the point of connection to the customer's premises. Any customer desiring service at two or more separately metered points of connection to the system shall be billed separately at each point and the registration of such meters shall not be added for billing purposes.

26. LOCATION OF METERS

Meter locations shall require approval of the Cooperative and shall, at all times, be kept easily accessible for reading, testing, removing, and making necessary adjustments and repairs.

27. PRIMARY METERING

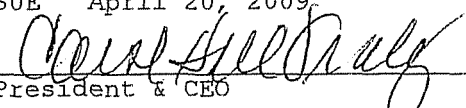
In those instances when primary metering is utilized, the customer will own, operate, and maintain all facilities past the metering point.

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DATE OF ISSUE April 20, 2009

EFFECTIVE DATE April 1, 2009

ISSUED BY

  
President & CEO

109 BAGBY PK., GRAYSON KY

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RULES AND REGULATIONS

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28. POINT OF DELIVERY

The point of delivery is the point as designated by the Cooperative on the customer's premises where current is to be delivered to the building or premises; namely, the point of attachment or connection to customer owned facilities. A member requesting a delivery point different from the one designated by the Cooperative will be required to pay the additional cost of providing the service at such delivery point. All wiring and equipment beyond this point of delivery shall be supplied, owned, and maintained by the customer.

29. VOLTAGE FLUCTUATIONS CAUSED BY CUSTOMER

Electric service must not be used in such manner as to cause unusual fluctuations or disturbances to the Cooperative's distribution system. The Cooperative may require the customer, at his/her own expense, to install suitable apparatus which will limit such fluctuation in accordance with the requirements as set forth in 807 KAR 5:041, Section 6.

30. METER TESTING - CUSTOMER REQUESTED

The Cooperative will, at its own expense, make periodic tests and inspections of all meters to maintain a high standard of accuracy and to conform with the regulations of the Public Service Commission. The Cooperative will make additional tests of the meter at the request of the customer provided such request is not made more frequently than once each twelve (12) months. The customer has a right to be present when the meter is tested and will be notified in advance as to the date and approximate time the testing will take place in order for them to make arrangements to be present. If the meter is found to be more than 2% fast or slow, an adjustment will be made to the customer's bill in accordance with 807 KAR 5:006, Section 10. If such test shows that the meter was not more than 2% fast or slow, a meter test fee of \$40.00 may be assessed the customer to cover the cost of the meter test as per 807 KAR 5:006, Section 18. If a customer requests more than one (1) meter test in a twelve (12) month period, the \$40.00 fee shall be deposited in advance for each subsequent test. The deposit shall be refunded if the meter is found to be more than 2% fast or slow. (I)

31. FAILURE OF METER TO REGISTER

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DATE OF ISSUE April 20, 2009

EFFECTIVE DATE April 1, 2009

ISSUED BY *David Hall Sr. ref*  
President & CEO

109 BAGBY PK., GRAYSON KY

RULES AND REGULATIONS

42. INSTALLATION AND RECONNECTION CHARGES

A service charge will be made for all reconnects made under 807 KAR 5:006, Section 8. Service charge for reconnects made during normal working hours - \$30.00. Service charge for reconnects made after normal hours - \$70.00. (I)  
(I)

43. INSTALLATION AND RECONNECTION CHARGES - EXCEPTIONAL CIRCUMSTANCES

When, upon a customer's request, an installation or reconnection takes place after normal working hours and by the nature of the installation or reconnection should require more than two (2) hours to complete, the customer shall be charged an additional \$50.00 for each hour, or portion of an hour, exceeding two (2) hours. This charge shall be in addition to the \$70.00 charge for the first mandatory two (2) hours. (I)  
(I)

44. COLLECTION OF DELINQUENT ACCOUNTS

Should it become necessary for the Cooperative to send a serviceman to the customer's premises for collecting a delinquent account, a service charge of \$30.00 will be applied to the customer's account for the extra service rendered, due and payable at the time such delinquent account is collected. If service is disconnected for nonpayment, an additional charge of \$30.00 will be added for reconnecting service during regular work hours. The charge may be assessed if the utility representative actually terminates service or if, in the course of the trip, the customer pays the delinquent bill to avoid termination. The charge may also be made if the utility representative agrees to delay termination based on the customer's agreement to pay the delinquent bill by a specific date. The Cooperative may make a field collection charge only once in any billing period. (I)  
(I)

45. RETURNED CHECK CHARGE

When a check received in payment of a customer's account is returned unpaid by the bank for any reason, the Cooperative will notify the customer by form letter "Notice of Returned Check" stating the amount of the check and the reason for return. A \$25.00 service charge will be added to the customer's account for each returned check. (I)

Issuance of a check that is later returned unhonored by the bank will not delay the normal collection procedures.

DATE OF ISSUE April 20, 2009

EFFECTIVE DATE April 01, 2009

ISSUED BY *David Hillery*  
President & CEO

109 BAGBY PK., GRAYSON KY

GRAYSON RECC  
CASE NO. 2008-00254

DIRECT TESTIMONY OF JAMES R. ADKINS

1Q. What is the purpose of your testimony?

1A. The purpose of my testimony is to explain the development of the rates based on the settlement that has been reached with the Office of the Attorney General ("OAG"). The OAG has agreed to let Grayson RECC ("GRECC") increase its rates by the amount requested for GRECC's increase in distribution costs. GRECC agreed to reduce its customer charge for Schedule 1 – Farm & Home from the requested \$15.00 to \$10.00. An additional fact is the increase in wholesale power costs recently granted to East Kentucky Power Cooperative ("EKPC") in Case No. 2008-00409 and this increase was a part of the original application. However, since the increase granted to EKPC was less than the amount contained in the original application, this reduction has been included in the development of rates for this settlement.

2Q. What was the amount of the increase requested in the application?

2A. The application requested a total increase of \$4,660,266 with \$3,161,265 due to GRECC's own costs and \$1,499,001. However, with the decrease in its purchased power costs, GRECC agreed to amount is \$4,537,102 with \$3,161,265 due to GRECC's costs and \$1,375,837 for its wholesale power cost increase.

3Q. What process did GRECC use to determine the changes to each rate class based on the decrease in wholesale power costs?

3A. The cost of service study (“COSS”) filed with the application was revised to reflect this wholesale power cost decrease. This result in a decrease in the proposed energy rate for most rate classes and with no changes in a couple of rate classes. This revised COSS is provided as Exhibit E to this settlement. The proof that the proposed rates will provide the amount of revenue requested is provided in Exhibit C to this settlement. Exhibit D provides a comparison of the current rates, the proposed rates in the application and the rates proposed as a part of this settlement.

4Q. Will these proposed rates meet the needs of Grayson.

4A. The proposed rates as a result of this settlement will provide for the immediate financial needs of GRECC and should insure that GRECC will meet its mortgage requirements for a few years.

5Q. Does this conclude your testimony?

5A. This concludes my testimony.

Grayson Rural Electric Cooperative  
 Case No. 2008-00254  
 Billing Analysis  
 May 31, 2008

Schedule I - Farm and Home

Description	Billing Determinants	Test Year Revenues	Normalized Case No. 2006-00517		Proposed		EKPC Case No. 2008-409	
			Rates	Revenues	Rates	Revenues	Rates	Revenues
Customer Charge	171,181	\$1,370,618	\$8.16	\$1,287,591	\$10.00	\$1,577,930	\$10.00	\$1,577,930
Customer Charge, normalized	157,793							
Energy charge per kWh	186,688,210	14,501,278	\$0.07868	14,433,514	\$0.09102	16,697,235	\$0.09655	17,711,691
Energy charge per kWh, normalized	183,445,786			0		0		0
Total from base rates		15,871,896		\$15,721,105		\$18,275,165		\$19,289,621
Fuel adjustment		991,976				18,289,989		
Environmental surcharge		931,381						
Total revenues		\$17,795,253						\$1,014,455
Amount				(\$150,791)		\$2,554,060		6.5%
Percent				-1.0%		16.2%		
Average monthly bill		\$92.72		\$91.84		\$106.76		\$112.69
Amount				(\$0.88)		\$14.92		\$20.85
Percent				-1.0%		16.2%		22.7%

Grayson Rural Electric Cooperative  
Case No. 2008-00254  
Billing Analysis  
May 31, 2008

Schedule 18 - Camps and Barns

Billing Determinants	Test Year Revenues	Normalized Case No. 2006-00517		Proposed		EKPC Case No. 2008-409	
		Rates	Revenues	Rates	Revenues	Rates	Revenues
13,388		\$8.16	\$109,246	\$20.00	\$267,760	\$20.00	\$267,760
3,242,424		\$0.07868	255,114	\$0.09102	295,125	\$0.09655	313,056
					0		0
			<u>\$364,360</u>		<u>\$562,885</u>		<u>\$580,816</u>

Customer Charge							
Energy charge							
Total from base rates							
Fuel adjustment							\$17,931 4.9%
Environmental surcharge							\$43.38 \$16.17 59.4%
Total revenues			\$364,360 0.0%	\$198,525 54.5%	\$42.04 \$14.83 54.5%		\$17,931 4.9%
Amount							\$43.38
Percent							\$16.17 59.4%
Average monthly bill	\$0.00						
Amount							
Percent							

Grayson Rural Electric Cooperative  
 Case No. 2008-00254  
 Billing Analysis  
 May 31, 2008

Schedule 2 - Small Commercial

Description	Billing Determinants	Test Year Revenues	Normalized Case No. 2006-00517		Proposed		EKPC Case No. 2008-409	
			Rates	Revenues	Rates	Revenues	Rates	Revenues
Customer Charge	13,976	\$111,219	\$8.10	\$113,206	\$25.00	\$349,400	\$25.00	\$349,400
Energy charge	16,913,798	1,312,754	\$0.07868	1,330,778	\$0.07931	1,341,433	\$0.08863	1,499,070
				0		0		0
Total from base rates		1,423,973		\$1,443,983		\$1,690,833		\$1,848,470
Fuel adjustment		93,775						
Environmental surcharge		84,422						
Total revenues		\$1,602,170						
Amount				\$20,011		\$246,850		\$157,637
Percent				1.4%		17.1%		10.9%
Average monthly bill		\$101.89						
Amount				\$103.32		\$120.98		\$132.26
Percent				\$1.43		\$17.66		\$28.94
				1.4%		17.1%		28.0%



Grayson Rural Electric Cooperative  
 Case No. 2008-00254  
 Billing Analysis  
 May 31, 2008

Schedule 3, Off-Peak Marketing Rate

Description	Billing Determinants	Test Year Revenues	Normalized Case No. 2006-00517		Proposed		EKPC Case No. 2008-409	
			Rates	Revenues	Rates	Revenues	Rates	Revenues
Customer Charge	1,183	\$9,425	\$8.10	\$9,582	\$10.00	\$11,830	\$10.00	\$11,830
Energy charge	1,379,377	106,793	\$0.07868	108,529	\$0.09102	125,551	\$0.09655	133,179
On peak rate	611,650	28,484	\$0.04721	28,875	\$0.05461	33,402	\$0.05793	35,433
Off peak rate				0		0		0
Total from base rates		144,702		\$146,986		\$170,783		\$180,442
Fuel adjustment		10,426						
Environmental surcharge		8,478						
Total revenues		\$163,606						
Amount				\$2,284		\$23,797		\$9,659
Percent				1.6%		16.2%		6.6%
Average monthly bill		\$122.32		\$124.25		\$144.36		\$152.53
Amount				\$1.93		\$20.12		\$28.28
Percent				1.6%		16.2%		22.8%

Grayson Rural Electric Cooperative  
 Case No. 2008-00254  
 Billing Analysis  
 May 31, 2008

Schedule 4 - Large Power

Description	Billing Determinants	Test Year Revenues	Normalized Case No. 2006-00517		Proposed		EKPC Case No. 2008-409	
			Rates	Revenues	Rates	Revenues	Rates	Revenues
Customer Charge	789	\$47,217	\$60.91	\$48,058	\$60.91	\$48,058	\$60.91	\$48,058
Demand Charge	76,713,066	559,250	\$7.42	569,211	\$7.42	569,211	\$8.25	632,883
Primary meter	33,894,200	242,099	\$7.27	246,411	\$7.27	246,411	\$8.00	271,154
Energy charge	19,708,171	104,069	\$0.05320	1,048,475	\$0.05320	1,048,475	\$0.05338	1,052,022
Primary meter	14,880,000	1,686,478	\$0.05187	771,826	\$0.05187	771,826	\$0.05205	774,504
Total from base rates		2,639,113		\$2,683,980		\$2,683,980		\$2,778,621
Fuel adjustment		191,824						
Environmental surcharge		154,414						
Total revenues		\$2,985,351		\$44,867		\$0		\$94,640
Amount				1.7%		0.0%		3.5%
Percent								
Average monthly bill		\$3,344.88		\$3,401.75		\$3,401.75		\$3,521.70
Amount				\$56.87		\$0.00		\$119.95
Percent				1.7%		0.0%		3.5%

Schedule 7 - All Electric Schools

Description	Billing Determinants	Test Year Revenues	Normalized Case No. 2006-00517		Proposed		EKPC Case No. 2008-409	
			Rates	Revenues	Rates	Revenues	Rates	Revenues
Customer Charge	96	2,634	\$27.90	\$2,678	\$30.00	\$2,880	\$30.00	\$2,880
Demand Charge	19,854,000	86,791	\$4.44	88,152	\$6.00	119,124	\$6.00	119,124
Energy charge	5,836,500	310,072	\$0.05384	314,237	\$0.06037	352,350	\$0.06286	366,882
Total from base rates		399,497		0		0		0
Fuel adjustment		31,696						
Environmental surcharge		23,683						
Total revenues		\$454,876		\$405,067		\$474,354		\$488,886
Amount			\$5,570		\$69,286		\$14,533	
Percent			1.4%		17.1%		3.6%	
Average monthly bill		\$4,161.43	\$4,219.45		\$4,941.18		\$5,092.57	
Amount			\$58.02		\$721.73		\$873.12	
Percent			1.4%		17.1%		20.7%	

Grayson Rural Electric Cooperative  
 Case No. 2008-00254  
 Billing Analysis  
 May 31, 2008

Schedule 13A - Large Industrial Service

Billing Determinants	Test Year Revenues	Normalized Case No. 2006-00517		Proposed		EKPC Case No. 2008-409	
		Rates	Revenues	Rates	Revenues	Rates	Revenues
12	\$6,469	\$547.15	\$6,566	\$547.15	\$6,566	\$547.15	\$6,566
29,781,600	161,881	\$5.51	164,097	\$5.51	164,097	\$6.99	208,173
15,009,600	634,681	\$0.04315	647,664	\$0.04315	647,664	\$0.04315	647,664
			0		0		0
	803,031		\$818,327		\$818,327		\$862,403

Description

Customer Charge

Demand Charge

Energy charge

Total from base rates

Fuel adjustment

Environmental surcharge

Total revenues

Amount

Percent

Average monthly bill

Amount

Percent

\$15,296	\$0	\$44,077
1.9%	0.0%	5.4%
\$68,193.89	\$68,193.89	\$71,866.95
\$1,274.65	\$0.00	\$3,673.06
1.9%	0.0%	5.4%

Grayson Rural Electric Cooperative  
 Case No. 2008-00254  
 Billing Analysis  
 May 31, 2008

Schedule 17 - Water Pumping Service

Billing Determinants	Test Year Revenues	Normalized Case No. 2006-00517		Proposed		EKPC Case No. 2008-409	
		Rates	Revenues	Rates	Revenues	Rates	Revenues
12	212	\$18.00	\$216	\$36.79	\$441	\$40.00	\$480
6,640	513	\$0.078680	522	\$0.078680	522	\$0.111000	737
12,300	580	\$0.047210	581	\$0.047210	581	\$0.055700	685
18,940							
			0		0		0
	1,304		\$1,319		\$1,545		\$1,902

Description

Customer Charge

Energy charge  
 On-Peak energy  
 Off-Peak energy

Total from base rates

Fuel adjustment  
 Environmental surcharge

Total revenues

Amount  
 Percent

Average monthly bill  
 Amount  
 Percent

	\$15	\$225	\$128.72	\$158.51
	1.1%	17.1%	\$18.79	\$48.59
	\$109.93			44.2%
	\$1.25	17.1%		
	1.1%			





Grayson Rural Electric Cooperative  
 Case No. 2008-00254  
 Billing Analysis  
 May 31, 2008

Envirowatts

Description	Billing Determinants	Test Year Revenues	Normalized Case No. 2006-00517		Proposed		EKPC Case No. 2008-409	
			Rates	Revenues	Rates	Revenues	Rates	Revenues
Envirowatts		2,724	\$0.025100	2,724	\$0.025100	2,724	\$0.025100	2,724
kWh	<u>108,500</u>							
Billing adjustments				<u>0</u>		<u>0</u>		<u>0</u>
Total from base rates		2,724		<u>\$2,724</u>		<u>\$2,724</u>		<u>\$2,724</u>
Fuel adjustment								
Environmental surcharge								
Total revenues		<u>\$2,724</u>						
Amount				\$0		\$0		\$0
Percent				0.0%		0.0%		0.0%





Grayson Rural Electric Cooperative  
Case No. 2008-00254  
Revenue Analysis  
May 31, 2008

Rate Schedule	Kwh Usage	Test Year Revenue	Percent of Total	Normalized Case No. 2006-0522	Percent of Total	Proposed Revenue	Percent of Total	Increase Amount	Percent	Proposed Revenue	Percent of Total	Increase Amount	Percent
Schedule 1, Farm and Home	183,445,786	\$15,871,896	73%	\$15,721,105	71%	\$18,275,165	73%	\$2,554,060	16.2%	\$19,289,621	73%	\$1,014,455	5.6%
Schedule 18, Camps and Barns	3,242,424	0	0%	364,360	2%	562,885	2%	198,525	54.5%	580,816	2%	\$17,931	3.2%
Schedule 2, Small Commercial	16,913,798	1,423,973	7%	1,443,983	7%	1,690,833	7%	246,850	17.1%	1,848,470	7%	\$157,637	9.3%
Schedule 3, Off-Peak Marketing Rate	1,991,027	144,702	1%	146,986	1%	170,783	1%	23,797	16.2%	180,442	1%	\$9,659	5.7%
Schedule 4, Large Power	34,588,171	2,639,113	12%	2,683,980	12%	2,683,980	11%	0	0.0%	2,778,621	10%	\$94,640	3.5%
Schedule 7, All Electric Schools	5,836,500	399,497	2%	405,067	2%	474,354	2%	69,286	17.1%	488,886	2%	\$14,533	3.1%
Schedule 13A, Large Industrial Service	15,009,600	803,031	4%	818,327	4%	818,327	3%	0	0.0%	862,403	3%	\$44,077	5.4%
Schedule 17, Water Pumping Service	18,940	1,304	0%	1,319	0%	1,545	0%	225	17.1%	1,902	0%	\$358	23.1%
Schedule 5, Street Lighting	98,250	10,178	0%	10,362	0%	12,131	0%	1,769	17.1%	12,969	0%	\$838	6.9%
Schedule 6, Security Lights	3,849,402	387,437	2%	395,178	2%	462,872	2%	67,694	17.1%	483,642	2%	\$20,769	4.5%
Enviro watts	108,500	2,724	0%	2,724	0%	2,724	0%	0	0.0%	2,724	0%	\$0	0.0%
Rounding differences				(269)		(269)							
Total from base rates	265,102,398	21,683,855	100%	\$21,993,393	100%	\$25,155,330	100%	\$3,161,937	14.4%	\$26,530,496	100%	\$1,375,165	5.5%
Fuel adjustment billed		1,393,306											
Environmental surcharge billed		1,252,311											
Increase		\$24,329,472		\$309,558		\$3,161,937						\$1,375,165	
													\$1,786,460

EXH T C - SETTLE  
 12-4  
 WITNESS: ALAN ZANSTRE

Grayson Rural Electric Cooperative  
 Revenue Reports

Rate	Month	# Accts	exclude light, kwh	Light kwh	Envirowatts kwh	Billed Demand	Energy Revenue	Envirowatt Revenue	Fuel	Other Amt 3 Surcharge
13	June, 2007	1	1,171,200	172		2,493.600	\$57,199.66		\$5,293.43	\$3,769.09
Cooks	July	1	1,178,400	172		2,493.600	\$57,463.47		\$8,185.18	\$3,998.77
	August	1	1,336,800	172		2,493.600	\$71,969.81		-\$379.70	\$4,926.34
	September	1	1,351,200	172		2,493.600	\$72,591.17		\$12,400.19	\$6,026.86
	October	1	1,742,400	172		2,493.600	\$89,471.45		\$6,863.99	\$6,301.23
	November	1	1,735,200	172		2,688.000	\$90,231.91		\$1,509.77	\$5,303.46
	December	1	1,461,600	172		2,688.000	\$78,426.07		\$1,334.60	\$4,204.11
	January, 2008	1	1,329,600	172		2,688.000	\$72,730.27		\$8,315.06	\$4,166.43
	February	1	1,348,800	172		2,688.000	\$73,558.75		\$10,256.23	\$3,638.17
	March	1	1,363,200	172		2,688.000	\$74,180.11		\$8,443.36	\$3,636.04
	April	1	624,000	172		2,688.000	\$42,283.64		\$6,958.27	\$2,019.48
	May	1	367,200	172		1,185.600	\$22,924.49		\$3,524.93	\$1,018.83
	Total	12	15,009,600	2,064	0	29,781.600	\$803,030.80	\$0	\$72,705.31	\$49,008.81

COMPARATIVE RATE SCHEDULES

	<u>Current</u>	<u>Proposed in Application</u>	<u>Proposed in Settlement</u>
<b><u>Schedule 1 - Farm &amp; Home</u></b>			
Customer charge	\$ 8.16	\$ 15.00	\$ 10.00
Energy charge	0.07868	0.09284	0.09655
<b><u>Schedule 18 Camps &amp; Barns</u></b>			
Customer charge	\$ 8.16	\$ 20.00	\$ 20.00
Energy charge	0.07868	0.09284	0.09655
<b><u>Schedule 2 - Small Commercial</u></b>			
Customer charge	\$ 8.10	\$ 25.00	\$ 25.00
Energy charge	0.07868	0.08909	0.08863
<b><u>Schedule 3 - Off-Peak Marketing</u></b>			
Customer charge	\$ 8.16	\$ 15.00	\$ 10.00
Energy charge	0.07868	0.09284	0.09655
Off Peak Energy	0.04721	0.05570	0.05793
<b><u>Schedule 4 - Large Power</u></b>			
Customer charge	\$ 60.91	\$ 60.91	\$ 60.91
Demand charge	\$ 7.42	\$ 8.25	\$ 8.25
Demand charge - Primary Meter	\$ 7.27	\$ 8.00	\$ 8.00
Energy Charge	0.05320	0.05385	0.05338
Energy Charge - Primary Meter	0.05187	0.05250	0.05205
<b><u>Schedule 7 - All Electric Schools</u></b>			
Customer charge	\$ 27.90	\$ 30.00	\$ 30.00
Demand charge	\$ 4.44	\$ 6.00	\$ 6.00
Energy charge	0.05384	0.06333	0.06286
<b><u>Schedule 13A - Large Industrial Service</u></b>			
Customer charge	\$ 547.15	\$ 547.15	\$ 547.15
Demand Charge	\$ 5.51	\$ 6.99	\$ 6.99
Energy Charge	0.04315	0.04315	0.04315
Off-Peak			
<b><u>Schedule 17 Water Pumping Service</u></b>			
Customer Charge	\$ 18.00	\$ 40.00	\$ 40.00
On Peak Energy	0.07868	0.11100	0.11100
Off Peak Energy	0.04721	0.05570	0.05570
<b><u>Schedule 5 - Street Lighting</u></b>			
175 Watt Light	\$ 7.91	\$ 9.93	\$ 9.90
<b><u>Schedule 6 - Security Lights</u></b>			
7,000 Lumens	\$ 7.82	\$ 9.61	\$ 9.57
10,000 Lumens	\$ 9.91	\$ 12.17	\$ 12.13
Flood Lights	\$ 13.71	\$ 16.84	\$ 16.79

COMPARATIVE RATE SCHEDULES

**Schedule 9 - Cable Television Attachment Tariff**

Two Party pole attachment	\$	5.02	\$	6.54	\$	6.54
Two Party anchor attachment	\$	4.24	\$	4.37	\$	4.37
Two Party grounding attachment	\$	0.32	\$	0.29	\$	0.29
Three Party pole attachment	\$	4.57	\$	5.23	\$	5.23
Three Party anchor attachment	\$	2.80	\$	2.88	\$	2.88
Three Party grounding attachment	\$	0.20	\$	0.18	\$	0.18

**Non-recurring Charges**

Return Check	\$	15.00	\$	25.00	\$	25.00
Meter Reading	\$	24.00	\$	30.00	\$	30.00
Collection	\$	24.00	\$	30.00	\$	30.00
Installation/Reconnect	\$	24.00	\$	30.00	\$	30.00
Meter Test	\$	35.00	\$	40.00	\$	40.00
Exceptional Circumstance	\$	29.00	\$	50.00	\$	50.00
Overtime	\$	58.00	\$	70.00	\$	70.00

Exhibit 14  
page of  
ss: Alan Zumstein

Grayson Rural Electric Cooperative  
Case No. 2008-00154  
Purchased Power  
Test Year Billing Determinants  
May 31, 2008

	Billing Demand		Total KWH Billing				Green Power	Metering Point	Substation Charge	
	Schedule C	Schedule E	Schedule C	Schedule E	Off-Peak	Total Kwh			2373	2655
June	2,482	43,326	1,171,407	12,185,947	7,374,249	20,731,603	10,100	13	6	7
July	2,462	47,235	1,177,789	13,042,260	7,795,145	22,015,194	10,100	13	6	7
August	2,462	53,111	1,337,728	15,426,211	9,100,520	25,864,457	10,100	13	6	7
September	2,462	44,845	1,352,038	11,324,466	7,125,859	19,802,373	10,100	13	6	7
October	2,454	39,275	1,741,858	7,973,343	9,498,023	19,213,224	8,600	13	6	7
November	2,687	52,319	1,735,953	9,780,393	11,741,946	23,268,282	8,600	13	6	7
December	2,687	58,513	1,460,475	12,161,997	14,748,738	28,371,211	8,600	13	6	7
January	2,687	72,784	1,329,372	13,875,375	17,274,491	32,479,238	8,600	13	8	7
February	2,687	59,870	1,347,947	12,013,612	15,129,388	28,490,947	8,600	13	6	7
March	2,687	56,660	1,362,988	10,600,075	13,488,827	25,451,880	8,600	13	6	7
April	2,687	39,663	1,074,800	7,805,654	9,554,508	18,444,962	8,600	13	6	7
May	2,687	34,844	1,074,800	8,829,294	7,378,335	17,282,429	7,900	13	6	7
Adjustment (1)	-1,500		-1,168,400							
Total	29,611	602,455	15,008,753	135,016,627	130,220,040	281,405,820	108,500	156	72	84

(1) Schedule 13A, Large Industrial customer contract

Grayson Rural Electric Cooperative  
Case No. 2008-00154  
Purchased Power  
May 31, 2008

Billing Rates	1-Apr-07		1-Aug-07		EKFPG Proposed		Total KWH Billing		Billing Demand	Sch C	Schedule E	Total Demand	Schedule C	On-Peak	Off-Peak	Energy Charges	Green Power	Metering Point	Substation Charge		Total	Total from Base Rates
	1-Apr-07	1-Aug-07	1-Apr-07	1-Aug-07	On-Peak	Off-Peak	All KWH	Schedule C											3000	7500		
KW-Sch C	\$6.22	\$6.22	\$6.22	\$6.22			32,009	212,187										1,625	14,238	19,985	34,223	964,696
KW-Sch E2	\$5.22	\$5.22	\$5.22	\$5.22			32,183	224,298										1,625	14,238	19,985	34,223	1,028,405
KWH-Sch B/C	\$0.027325	\$0.033455	\$0.033455	\$0.033455			44,754	317,645										1,625	14,238	19,985	34,223	1,346,190
KWH-Sch E2 On-Peak	\$0.036340	\$0.042470	\$0.042470	\$0.042470			45,232	480,950										1,625	14,238	19,985	34,223	1,080,396
KWH-Sch E2 Off-Peak	\$0.028774	\$0.034904	\$0.034904	\$0.034904			58,274	331,519										1,625	14,238	19,985	34,223	984,752
KVA 3000-7489	\$2,373	\$2,373	\$2,373	\$2,373			44,474	602,949										1,625	14,238	19,985	34,223	1,498,373
KVA 7500-14889	\$2,855	\$2,855	\$2,855	\$2,855			45,098	528,076										1,625	14,238	19,985	34,223	1,669,460
Metering Point	\$125	\$125	\$125	\$125			46,599	470,814										1,625	14,238	19,985	34,223	1,448,676
Green Power	\$0.023750	\$0.023750	\$0.023750	\$0.023750			24,173	333,840										1,625	14,238	19,985	34,223	1,315,128
							17,301	257,533										188	14,238	19,985	34,223	948,325
							496,032	4,452,212										2,576	170,856	239,820	410,676	14,298,913
							502,118	4,545,200										2,576.9	170,856	239,820	410,676	14,543,308
Normalized using rates effective	184,180	184,180	184,180	184,180			549,651	4,979,578										21,372	187,036	262,500	449,556	15,917,553
Proposed	203,129	203,129	203,129	203,129			553,836	6,324,813										19,500	170,856	239,820	410,676	15,998,014
																						244,394
																						1,374,245

page of  
Witness: Alan Zimstein  
**Grayson Rural Electric Cooperative**  
**Case No. 2008-00254**  
Analysis of Fuel Adjustment and Environmental Surcharge  
May 31, 2008

An analysis of fuel adjustment and environmental surcharge as purchased and passed on to consumers as follows:

Month	Sales		Purchased	
	Fuel Adjustment	Environmental Surcharge	Fuel Adjustment	Environmental Surcharge
January	95,657	102,022	125,219	95,012
February	156,995	114,627	150,804	105,636
March	(5,581)	117,731	6,466	139,762
April	165,064	118,785	173,072	129,982
May	81,666	117,081	64,557	100,504
June	21,334	117,106	29,539	105,768
July	25,941	123,451	26,668	113,232
August	187,425	135,238	194,550	140,344
September	191,306	98,087	194,878	103,368
October	125,410	79,754	139,733	92,516
November	171,747	61,589	164,324	66,586
December	<u>176,804</u>	<u>67,327</u>	<u>132,933</u>	<u>96,953</u>
Total	<u>1,393,769</u>	<u>1,252,810</u>	<u>1,402,742</u>	<u>1,249,072</u>

The fuel purchased and environmental surcharge from East Kentucky Power Cooperative is passed on to the consumers using the Fuel Adjustment and Environmental Procedures established by this Commission.

	SUMMARY			
	Substation	Green Power	Schedule C	Schedule E
Demand	\$470,928	\$22,062	\$448,866	
Energy	\$3,641,669	201,651	\$3,440,018	
Green Power	\$11,802,379	549,651	\$11,252,728	
	2,577		2,577	
Total	<u>\$15,917,553</u>	<u>\$773,363</u>	<u>\$15,141,613</u>	<u>\$15,917,553</u>



GRAYSON RECC

Case No. 2008-00254

Settlement - Exhibit E  
 Schedule 11  
 Page 4 of 12  
 Witness: Jim Adkins

Consumer Related Costs Allocators

A. Lines (poles and conduit)

	<u>Number of Consumers</u>	<u>Allocation Percent</u>
Schedule 1 - Farm and Home	14,233	91.29%
Schedule 2 - Small Commercial	1,174	7.53%
Schedule 3 - Off-peak Marketing	-	0.00%
Schedule 4 - Large Power	66	0.42%
Schedule 7 - All Electric Schoools	8	0.05%
Schedule 13A - Large Industrial Service	1	0.01%
Schedule 17 Water Pumping	1	0.01%
Schedule 5 - Street Lighting	1	0.01%
Schedule 6 - Security Lights	107	0.69%
	15,591	100%

B. Transformers

Rate Class	<u>Number of Consumers</u>	<u>Minimum Transformer Cost</u>	<u>Relative Cost</u>	<u>Weight</u>	<u>Allocation Percent</u>
Schedule 1 - Farm and Home	14,233	330.3	0.18	2,558.19	88.26%
Schedule 2 - Small Commercial	1,174	456.2	0.25	291.41	10.05%
Schedule 3 - Off-peak Marketing	-	-	-	-	0.00%
Schedule 4 - Large Power	60	918.9	0.50	30.00	1.04%
Schedule 7 - All Electric Schoools	8	1,837.7	1.00	8.00	0.28%
Schedule 13A - Large Industrial Service	1	-	-	-	0.00%
Schedule 17 Water Pumping	1	918.9	0.50	0.50	0.02%
Schedule 5 - Street Lighting	18	151.3	0.08	1.48	0.05%
Schedule 6 - Security Lights	107	151.3	0.08	8.81	0.30%
	15,602.00			2,898.39	1.00

GRAYSON RECC

Case No. 2008-00254

Settlement - Exhibit E  
 Schedule 11  
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 Witness: Jim Adkins

Consumer Related Costs Allocators

C. Services

Rate Class	# of Consumer	Minimum Service Cost	Relative Cost	Weight	Allocation Percent	
Schedule 1 - Farm ar #REF!	14,233	146	1.0	14,233	82.99%	82.99%
Schedule 2 - Small Commercial	1,174	315	2.2	2,542	14.82%	14.82%
Schedule 3 - Off-peak Marketing	100	15	0.1	10	0.06%	0.06%
Schedule 4 - Large Power	60	417	2.9	172	1.00%	1.00%
Schedule 7 - All Electric Schools	8	-	-	-	0.00%	0.00%
Schedule 13A - Large Industrial Service	1	-	-	-	0.00%	0.00%
Schedule 17 Water Pumping	1	834	5.7	6	0.03%	0.03%
Schedule 5 - Street Lighting	87	54	0.4	32.29	0.19%	0.19%
Schedule 6 - Security Lights	4,208	5	0.0	156.17	0.91%	0.91%
	19,872.00			17,151	100.00%	100.00%

D. Meters

Rate Class	# of Consumer	Minimum Meter Cost	Relative Cost	Weight	Allocation Percent	
Schedule 1 - Farm and Home	14,233	49.57	1.00	14,233.00	90.03%	90.03%
Schedule 2 - Small Commercial	1,174	49.57	1.00	1,174.00	7.43%	7.43%
Schedule 3 - Off-peak Marketing	100	49.57	1.00	100.00	0.63%	0.63%
Schedule 4 - Large Power	66	217.93	4.40	290.16	1.84%	1.84%
Schedule 7 - All Electric Schools	8	49.57	1.00	8.00	0.05%	0.05%
Schedule 13A - Large Industrial Service	-	-	-	-	0.00%	0.00%
Schedule 17 Water Pumping	1	217.93	4.40	4.40	0.03%	0.03%
Schedule 5 - Street Lighting	87	-	-	-	0.00%	0.00%
Schedule 6 - Security Lights	4,208	-	-	-	0.00%	0.00%
	19,877.00			15,809.56	1.00	1.00

GRAYSON RECC

Case No. 2008-00254

Settlement - Exhibit E  
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 Witness: Jim Adkins

Consumer Related Costs Allocators

E. Consumer & Accounting Services

Rate Class	Consumer Records	Consumer Assistance	Total	Allocation Percent
Schedule 1 - Farm and Home	774,941	165,682	940,623	87.88%
Schedule 2 - Small Commercial	63,921	13,666	77,587	7.25%
Schedule 3 - Off-peak Marketing	1,361	291	1,652	0.15%
Schedule 4 - Large Power	5,390	2,305	7,695	0.72%
Schedule 7 - All Electric Schools	653	186	840	0.08%
Schedule 13A - Large Industrial Service	109	47	155	0.01%
Schedule 17 Water Pumping	68	12	80	0.01%
Schedule 5 - Street Lighting	592	253	845	0.08%
Schedule 6 - Security Lights	28,639	12,246	40,885	3.82%
	875,674	194,688	1,070,362	100%

Consumer Records

	Factor	Number of Consumers	Weight	Allocation Percentage	Expenses Allocated
Schedule 1 - Farm and Home	4.00	14,233	56,932	88.5%	774,941
Schedule 2 - Small Commercial	4.00	1,174	4,696	7.3%	63,921
Schedule 3 - Off-peak Marketing	1.00	100	100	0.2%	1,361
Schedule 4 - Large Power	6.00	66	396	0.6%	5,390
Schedule 7 - All Electric Schools	6.00	8	48	0.1%	653
Schedule 13A - Large Industrial Service	8.00	1	8	0.0%	109
Schedule 17 Water Pumping	5.00	1	5	0.0%	68
Schedule 5 - Street Lighting	0.50	87	44	0.1%	592
Schedule 6 - Security Lights	0.50	4,208	2,104	3.3%	28,639
	35.00	19,878	64,333	100%	875,674

Consumer Assistance

	Factor	Number of Consumers	Weight	Allocation Percentage	Expenses Allocated
Schedule 1 - Farm and Home	1.00	14,233	14,233	85.1%	165,682
Schedule 2 - Small Commercial	1.00	1,174	1,174	7.0%	13,666
Schedule 3 - Off-peak Marketing	0.25	100	25	0.1%	291
Schedule 4 - Large Power	3.00	66	198	1.2%	2,305
Schedule 7 - All Electric Schools	2.00	8	16	0.1%	186
Schedule 13A - Large Industrial Service	4.00	1	4	0.0%	47
Schedule 17 Water Pumping	1.00	1	1	0.0%	12
Schedule 5 - Street Lighting	0.25	87	22	0.1%	253
Schedule 6 - Security Lights	0.25	4,208	1,052	6.3%	12,246
	12.75	19,878	16,725	100%	194,688

Meter Reading	-	1.00
Consumer Records	875,674	#DIV/0!
Consumer Assistance	194,688	#DIV/0!

**GRAYS RECC**

Settlement - Exhibit E  
 Schedule 10  
 Page 7 of 12  
 Witness: Jim Adkins

**CASE NO. 2008-00254**

**A. Energy Sales**

**Allocation proportional on retail sales**

<u>Month</u>	Schedule 1 Farm and Home Wholesale E	Schedule 2 Small Commercial Wholesale E	Schedule 3 Off-peak Marketing Wholesale E	Schedule 4 Large Power Wholesale E	Schedule 7 All Electric Schools Wholesale E	Schedule 13A Large Indust. Service Wholesale C
September	14,372,247	1,461,671	109,822	3,030,154	391,340	1,171,200
October	15,869,081	1,473,372	120,278	3,173,787	472,300	1,178,400
November	14,063,673	1,352,270	106,903	2,968,800	534,860	1,336,800
December	11,771,910	1,228,772	94,111	2,749,392	461,340	1,351,200
January	14,087,579	1,242,503	146,743	2,690,876	454,260	1,742,400
February	17,482,196	1,420,214	206,783	2,777,725	507,860	1,735,200
March	21,236,824	1,661,619	271,075	2,887,740	558,440	1,461,600
April	22,450,492	1,821,203	296,169	3,200,199	634,960	1,329,600
May	18,314,660	1,496,221	251,349	2,893,632	538,220	1,348,800
June	13,863,462	1,323,966	175,100	2,745,309	436,740	1,363,200
July	10,217,008	1,094,714	104,518	2,594,780	408,620	624,000
August	12,959,078	1,337,273	108,176	2,875,777	437,560	367,200
<b>Total</b>	<b>186,688,210</b>	<b>16,913,798</b>	<b>1,991,027</b>	<b>34,588,171</b>	<b>5,836,500</b>	<b>15,009,600</b>
<b>Total Schedule E</b>						
<b>Schedule E</b>	<b>74.68%</b>	<b>6.77%</b>	<b>0.80%</b>	<b>13.84%</b>	<b>2.33%</b>	<b>0.00%</b>
<b>Percentage</b>						

GRAYS ~ N RECC

CASE NO. 2008-00254

A. Energy Sales Allocation proportional on retail sales

Schedule 17 Water Pumping Wholesale E	Schedule 5 Street Lighting Wholesale E	Schedule 6 Security Lights Wholesale E	Total All Rates Wholesale E	Envirowatts Power	Total Schedule C Rates
3,360	8,325	314,293	20,862,412	10,100	20,872,512
3,360	8,250	315,403	22,614,231	10,100	22,624,331
3,920	8,250	319,108	20,694,584	10,100	20,704,684
2,520	8,250	319,467	17,986,962	10,100	17,997,062
440	8,250	319,473	20,692,524	8,600	20,701,124
360	8,250	321,022	24,459,610	8,600	24,468,210
200	8,250	320,713	28,406,461	8,600	28,415,061
240	8,250	324,791	30,065,904	8,600	30,074,504
240	8,250	322,533	25,173,905	8,600	25,182,505
440	8,250	322,781	20,239,248	8,600	20,247,848
1,280	7,875	323,729	15,376,524	8,600	15,385,124
2,580	7,800	326,089	18,421,533	7,900	18,429,433
18,940	98,250	3,849,402	264,993,898	108,500	265,102,398
			249,984,298		
0.01%	0.04%	1.54%	100.00%		

**GRAYS IN RECC**

Settlement - Exhibit E  
 Schedule 10  
 Page 9 of 12  
 Witness: Jim Adkins

**CASE NO. 2008-00254**

**B. Wholesale Billing CP Contributions**

<u>Month</u>	Schedule 1 Farm and Home	Schedule 2 Small Commercial	Schedule 3 Off-peak Marketing	Schedule 4 Large Power	Schedule 7 All Electric Schools	Schedule 13A Large Indust. Service
June	35,620	3,537	-	6,063	1,082	2,157
July	37,737	2,954	-	5,456	967	1,909
August	41,576	3,602	-	6,204	1,194	1,950
September	36,948	3,026	-	5,600	1,038	1,952
October	31,337	2,339	-	5,321	926	1,967
November	34,140	2,843	-	7,650	1,470	2,276
December	44,766	3,337	-	7,970	1,520	2,550
January	57,957	3,541	-	8,058	1,470	2,976
February	49,940	3,007	-	7,638	1,579	2,041
March	46,268	2,888	-	6,189	931	2,351
April	34,709	1,932	-	4,920	837	2,026
May	26,412	2,656	-	4,464	767	1,766
<b>Total</b>	<b>477,410</b>	<b>35,662</b>	<b>-</b>	<b>75,533</b>	<b>13,781</b>	<b>25,921</b>
<b>Total Schedule E</b>	<b>78.74%</b>	<b>5.88%</b>	<b>0.00%</b>	<b>12.46%</b>	<b>2.27%</b>	<b>0.00%</b>

Used to allocate wholesale power demand costs to rate classes.

**GRAYS~N RECC**

**CASE NO. 2008-00254**

**B. Wholesale Billing CP Contributions**

Schedule 17 Water Pumping	Schedule 5 Street Lighting	Schedule 6 Security Lights	Total All Rates	Envirowatts Power	Total Schedule C Rates
3	-	-	48,462	18,000	2,157
3	-	-	49,026	18,000	1,909
4	-	-	54,530	18,000	1,950
3	-	-	48,567	18,000	1,952
2	-	-	41,892	18,000	1,967
2	19	754	49,154	18,000	2,276
4	19	754	60,920	18,000	2,550
3	19	768	74,792	18,000	2,976
3	19	761	64,988	18,000	2,041
3	-	-	58,630	18,000	2,351
2	18	765	45,209	18,000	2,026
2	-	-	36,067	18,000	1,766
34	94	3,802	632,237		25,921
0.01%	0.02%	0.63%	606,316		100.00%
			100.00%		

Used to allocate wholesale power demand costs to rate classes.

0.00%

**GRAYS IN RECC**

**CASE NO. 2008-00254**

**C. Monthly Peak Demands for Each Rate Class**

<u>Month</u>	Schedule 1 Farm and Home	Schedule 2 Small Commercial	Schedule 3 Off-peak Marketing	Schedule 4 Large Power	Schedule 7 All Electric Schools	Schedule 13A Large Indust. Service
June	37,883	4,581	637	7,712	1,261	2,157
July	40,115	5,060	630	7,669	1,224	1,909
August	44,310	5,610	651	8,888	1,755	1,950
September	38,306	4,842	658	7,922	1,593	1,952
October	36,171	3,965	672	7,851	1,535	1,967
November	34,140	3,833	679	7,650	1,470	2,276
December	44,768	4,540	679	8,010	1,738	2,550
January	57,957	4,387	679	8,273	1,730	2,976
February	49,940	4,036	679	8,059	1,685	2,041
March	46,268	4,218	679	7,929	1,585	2,351
April	38,656	3,677	672	7,317	1,432	2,026
May	41,057	3,817	686	7,714	1,426	1,766
<b>Total</b>	<b>509,571</b>	<b>52,566</b>	<b>8,001</b>	<b>94,994</b>	<b>18,434</b>	<b>12,961</b>
<b>Percent</b>	<b>72.19%</b>	<b>7.45%</b>	<b>1.13%</b>	<b>13.46%</b>	<b>2.61%</b>	<b>1.84%</b>
<b>Percent w/o Sched 13A</b>	<b>73.54%</b>	<b>7.59%</b>	<b>1.15%</b>	<b>13.71%</b>	<b>2.66%</b>	<b>0.00%</b>

Used to allocate distribution demand related costs to appropriate rate classes



**GRAYS IN RECC**

**CASE NO. 2008-00254**

**C. Monthly Peak Demands for Each Rate Class**

Schedule 17 Water Pumping	Schedule 5 Street Lighting	Schedule 6 Security Lights	Total All Rates	Envirowatts Power	Total Schedule C Rates
5	19	741	54,996	18,000	2,157
5	19	743	57,374	18,000	1,909
6	19	751	63,940	18,000	1,950
5	19	751	56,048	18,000	1,952
4	19	751	52,935	18,000	1,967
4	19	754	50,825	18,000	2,276
5	19	754	63,063	18,000	2,550
4	19	768	76,793	18,000	2,976
4	19	761	67,224	18,000	2,041
4	19	759	63,812	18,000	2,351
4	18	765	54,567	18,000	2,026
4	18	766	57,254	18,000	1,766
54	226	9,064	705,871	216,000	25,921
0.01%	0.03%	1.28%	692,910	833.30%	100.00%
0.01%	0.03%	1.31%	100.00%		1033%

Used to allocate distribution demand related costs to appropriate rate classes

Witness: Alan Zumstein

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Grayson Rural Electric Cooperative  
Case No. 2008-00254  
Computation of Rate of Return  
May 31, 2008

	<u>Actual</u> <u>Test Year</u>	<u>Adjusted</u> <u>Test Year</u>
Net margins	(\$909,389)	\$1,703,974
Non-cash patronage dividends	-	0
Interest on long-term debt	<u>1,446,899</u>	<u>1,703,974</u>
Total	<u>537,510</u>	<u>3,407,948</u>
Net rate base	<u>48,086,884</u>	<u>47,184,332</u>
Rate of return	<u>1.12%</u>	<u>7.22%</u>
Equity Capitalization	<u>48,094,799</u>	<u>50,708,162</u>
Rate of return	<u>1.12%</u>	<u>6.72%</u>

Witness: Alan Zumstein

Grayson Rural Electric Cooperative  
Case No. 2008-00254  
Determination of Rate Base  
May 31, 2008

	<u>Actual</u> <u>Test Year</u>	<u>Adjusted</u> <u>Test Year</u>
Gross rate base:		
Total electric plant	\$53,733,003	\$53,733,003
Material and supplies (13 months average for test year)	1,396,773	1,396,773
Prepayments (13 months average for test year)	596,352	596,352
Working capital: 12.5% of operating expense less cost of power	744,246	698,121
	56,470,374	56,424,249
Deductions from rate base:		
Accumulated depreciation	8,222,315	9,078,742
Consumer advances	161,175	161,175
Net rate base	\$48,086,884	\$47,184,332

	<u>Material</u>	<u>Prepayments</u>
May 2007	1,257,476	605,149
June	1,253,611	1,011,184
July	1,408,288	860,097
August	1,638,639	722,264
September	1,323,640	587,007
October	1,291,615	443,193
November	1,362,992	292,074
December 2008	1,366,831	705,464
January	1,446,190	566,617
February	1,499,519	552,077
March	1,561,045	420,118
April	1,495,879	490,683
May	1,252,330	496,644
Average	1,396,773	596,352

Witness: Alan Zumstein

Grayson Rural Electric Cooperative  
Case No. 2008-00254  
TIER and DSC Calculations  
May 31, 2008

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	<u>Actual</u> <u>Test Year</u>	<u>Adjusted</u> <u>Test Year</u>
<b>TIER:</b>		
Margins, excluding G&T capital credits and extraordinary items	(\$909,389)	\$1,703,974
Interest on long term debt	1,446,899	1,703,974
TIER	0.37	2.00
<b>DSC:</b>		
Margins, excluding G&T capital credits	(\$909,389)	\$1,703,974
Depreciation expense	1,559,510	2,411,912
Interest on long term debt	1,446,899	1,703,974
Principal payment on long term debt	3,712,293	3,712,293
DSC	0.41	1.07

$$\text{DSC} = (\text{Margins} + \text{depreciation} + \text{interest}) / (\text{interest} + \text{principal payments})$$

# Grayson Rural Electric Cooperative Corporation

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

RECEIVED

MAY 07 2009

PUBLIC SERVICE  
COMMISSION

May 6, 2009

Mr. Jeff Derouen, Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40601

Case No. 2008-00254  
Settlement Documents


Mr. Derouen:

Please find attached :

- A corrected copy of Grayson's Schedule 1, Domestic- Farm & Home Service Tariff, replacing that file on or about April 27<sup>th</sup> in this case, and
- An executed copy of the Joint Settlement Stipulation and Recommendation.

If there are any questions, please feel free to contact me at (606) 475-2186.

Sincerely,

  
Don M. Combs  
Mgr. Finance and Accounting

SCHEDULE 1

CLASSIFICATION OF SERVICE

DOMESTIC – FARM & HOME SERVICE

RATE PER UNIT

AVAILABILITY-DOMESTIC

Available to members of the Cooperative for all residential farm and home uses subject to its established rules and regulations. Approval of the Cooperative must be obtained prior to the installation of any motor having a rated capacity of five horsepower or more.

TYPE OF SERVICE

Single-phase and/or three-phase, 60 cycle, alternating current at the Cooperative's standard secondary voltages.

RATE PER MONTH

Customer Charge

\$10.00 (I)

Energy Charge Per KWH

.09655 (I)

FUEL ADJUSTMENT CLAUSE

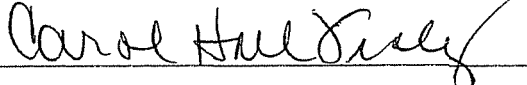
All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve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

MINIMUM CHARGE

The minimum monthly charge under the above rate shall be \$7.98 where 25 KVA or less of transformer capacity is required. For members requiring more than 25 KVA of transformer capacity, the minimum monthly charge shall be increased at a rate of \$.75 for each additional KVA or fraction thereof required. Where it is necessary to extend or reinforce existing distribution facilities, the minimum monthly charge may be increased to assure adequate compensation for the added facilities. Where the minimum charge is increased in accordance with this section, additional energy and demand shall be included in accordance with the foregoing rate schedule.

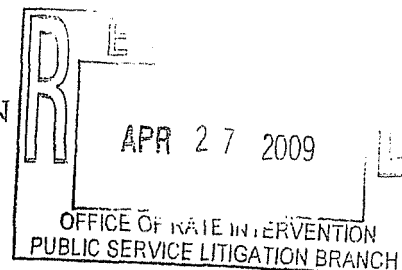
DATE OF ISSUE: April 20, 2009

Service on and after  
EFFECTIVE DATE: April 1, 2009

ISSUED BY: 

President & C.E.O., 109 Bagby Park, Grayson, KY

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION



In the Matter of:

APPLICATION OF GRAYSON RURAL )  
ELECTRIC COOPERATIVE CORPORATION ) CASE NO. 2008-00254  
FOR AN ADJUSTMENT OF RATES )

JOINT SETTLEMENT STIPULATION AND RECOMMENDATION

It is the intent and purpose of the parties to this proceeding, being the applicant, Grayson RECC (“Grayson RECC”) and the intervenor, Attorney General of the Commonwealth of Kentucky (“Attorney General”) to express their agreement on a mutually satisfactory resolution of all of the issues in the instant proceeding which shall hereafter be referred to as the “Stipulation” and/or the “Recommendation.”

It is understood by all parties hereto that this Recommendation is not binding upon the Kentucky Public Service Commission (“Commission”), nor does it represent agreement on any specific theory supporting the appropriateness of any recommended adjustment to Grayson RECC’s rates. Grayson RECC and the Attorney General have expended considerable efforts to reach the stipulation and agreements that form the basis for this Recommendation. The parties, representing diverse interests and divergent viewpoints, agree that this Recommendation, viewed in its entirety, constitutes a reasonable resolution of all issues in this proceeding.

In addition, the adoption of this Recommendation will eliminate the need for the Commission and the parties to expend considerable resources in litigation of this proceeding, and will eliminate the possibility of, and any need for, rehearing or appeals of the Commission’s final order herein. Based upon the parties’ participation in a settlement conference and the materials on file with the Commission, and upon the belief that these materials adequately support this Stipulation and Recommendation, the parties hereby stipulate and recommend the following:

1. Grayson RECC filed an application for a rate adjustment seeking a total increase in base rate revenue in the amount of \$3,161,265 due to Grayson's distribution costs. The parties agree that Grayson RECC should be permitted to adjust its rates to permit a total increase in base rate revenue by this amount. All rate schedules have been adjusted to reflect the change in wholesale power costs applicable to each rate schedule based on a revised cost of service containing the new wholesale power costs. These wholesale rates impacted only the energy charge for each rate class. However, Grayson agreed to reduce the customer charge per month for its residential class (Schedule 1 – Farm & Home) from \$15.00 to \$10.00. The demand charges and customer charges for all other classes remain as contained in the original application. In addition, the non-recurring charges proposed by Grayson in the application have been agreed to by both parties.

2. Grayson RECC's proposed tariff revisions are attached in "Exhibit A" and should be adopted and should become effective as of April 1, 2009, or as soon thereafter as ordered by the Commission. Attached as "Exhibit B" is the testimony of James R. Adkins which explains the development of these rates.

3. Additional exhibits to this agreement include a comparative schedule of rates, "Exhibit D" which include the current rates, the rates proposed in the application and the rates that are a result of this agreement. Also attached is "Exhibit E" which is the revised cost of service study which provides the basis for the revenue requirements for each rate class as well as the proposed rate design.

4. Grayson RECC will implement the full proposed depreciation rates included in the depreciation study that accompanied the Application. These rates will be implemented in conjunction with the date of the Commission's Order to change rates.



5. It is the purpose and intent of the parties hereto that the revision in rates for Grayson RECC result in a 2.0 TIER (times interest earned ratio), and the revision in rates as proposed by this Recommendation and Stipulation will result in such a TIER rating.

6. Grayson RECC's Board of Directors has approved the stipulated and amended rate amount of \$3,161,265 including its treatment of depreciation.

7. Each party hereto waives all cross-examination of witnesses of the other parties hereto unless the Commission disapproves this Recommendation, and each party further stipulates and recommends that the Notice of Intent, Application, testimony, pleadings, and responses to data requests filed in this proceeding be admitted into the record.

8. This Recommendation is submitted for purposes of this case only and is not deemed binding upon the parties hereto in any other proceeding, nor is it to be offered or relied upon in any other proceeding involving Grayson RECC or any other utility.

9. If the Commission issues an order adopting this Recommendation in its entirety, each of the parties hereto agrees that it shall file neither an application for rehearing with the Commission, nor an appeal to the Franklin County Circuit Court with respect to such order.

10. If this Recommendation is not adopted in its entirety, each party reserves the right to withdraw from it and require that hearings go forward upon any and all matters involved herein, and that in such event the terms of this Recommendation shall not be deemed binding upon the parties hereto, nor shall such Recommendation be admitted into evidence, or referred to, or relied upon in any manner by any party hereto, the Commission or its Staff in any such hearing.

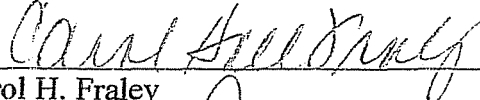
11. Attached as "Exhibit C" is proof of revenue analysis showing that the proposed rate adjustments will generate the proposed revenue reduction to which the parties have agreed in paragraph (1) of this Stipulation.


12. Attached as "Exhibit F" are the computations for rate base and equity capitalization.

13. The parties hereto agree that the foregoing Recommendation is reasonable and is in the best interests of all concerned, and urge the Commission to adopt this Recommendation in its entirety.

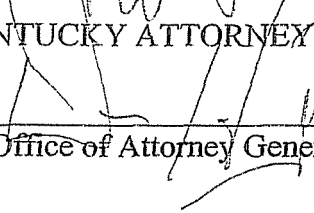
This 27<sup>th</sup> day of April, 2009.

GRAYSON RECC

  
\_\_\_\_\_  
Carol H. Fraley  
President and CEO, Grayson RECC

  
\_\_\_\_\_  
W. Jeffery Scott  
Attorney for Grayson RECC

KENTUCKY ATTORNEY GENERAL

  
\_\_\_\_\_  
By Office of Attorney General

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Office of the Attorney General Utility & Rate  
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Frankfort, KY 40601-8204

Carol Hall Fraley  
President & CEO  
Grayson R.E.C.C.  
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Grayson, KY 41143

Honorable W. Jeffrey Scott  
Attorney At Law  
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Grayson, KY 41143