

# 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 4, 2010

RECEIVED

JUN 07 2010

PUBLIC SERVICE  
COMMISSION

Mr. Jeff Derouen,  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40602-0615

Case No. 2010-00230

Dear Mr. Derouen:

Please find attached applications relating to;

- Optional Rates applicable to Grayson's Current Residential and Small Commercial Tariffs.
- A Temporary Service Rate and a General Service Tariff replacing the Camps and Barn Tariff.
- A Remote Disconnect and Reconnect Charge

A copy has been provided to the Attorney General.

Sincerely,



Don M. Combs  
Mgr. Finance & Accounting

# Grayson Rural Electric Cooperative Corporation

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

Case No. 2010-00230

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JUN 07 2010

PUBLIC SERVICE  
COMMISSION

May 26, 2010

Mr. Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Blvd.  
P O Box 615  
Frankfort, KY 40602-0615

Dear Mr. Derouen:

Enclosed you will find Grayson RECC's original and five copies of its filing for five new optional rates applicable to Grayson's current residential and small commercial tariffs. Provided below is an outline of Grayson's filing in this matter.

## Exhibit A – Proposed Optional Rates

1. Residential Inclining Block Rate
2. Optional Time of Day Rate for Residential Customers
3. Optional Residential Demand and Energy Rate
4. Optional Time of Day Rate for Small Commercial Customers
5. Optional Small Commercial demand And Energy Rate

## Exhibit B – Testimony Providing the Purpose and Development of the Optional Rates


## Exhibit C – Development of Rates

1. Billing analysis for the Residential and Small Commercial from the last rate case and updated COSS Income Statement from the last rate case
2. Development of the Residential TOD and Demand Tariffs
3. Development of the Small Commercial TOD and Demand Tariffs
4. Summary of the current rates and proposed rates

Exhibit D – Load Data

1. Residential hourly load data for test year
2. Residential billing frequency analysis for the test year
3. Small Commercial hourly load data for test year
4. Billing demands for the Residential and Small Commercial members

Sincerely,



Don M. Combs  
Mgr. Finance & Accounting



GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

SCHEDULE

CLASSIFICATION OF SERVICE

RESIDENTIAL INCLINING BLOCK RATE

RATE PER UNIT

**AVAILABILITY**

Available to members of the Cooperative for all 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.

**TYPE OF SERVICE**

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

**RATE**

Customer Charge  
First 300 kWh  
Next 200 kWh  
All Over 1,000 kWh

\$10.00  
.07732  
.09232  
.013732

**MINIMUM MONTHLY CHARGE**

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.

**FUEL 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.

Service on and after

DATE OF ISSUE: \_\_\_\_\_ EFFECTIVE DATE: \_\_\_\_\_

ISSUED BY: \_\_\_\_\_ President & C.E.O., 109 Bagby Park, Grayson, KY

GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

SCHEDULE	CLASSIFICATION OF SERVICE	RATE PER UNIT
RESIDENTIAL INCLINING BLOCK RATE		
<p><u>TERMS OF PAYMENT</u>  The above rates are net, the gross being ten percent 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.</p> <p><u>METERING</u>  Necessary metering equipment will be furnished and maintained by the Cooperative which shall have the option of metering service supplied hereunder at either primary or secondary voltage.</p> <p><u>SERVICE PROVISIONS</u>  1. Delivery Point. If service is furnished at secondary voltage, the delivery point shall be the metering point unless otherwise specified in the contract for service. All wiring, pole lines and other electrical equipment on the load side of the delivery point shall be owned and maintained by the consumer.  If service is furnished at the Cooperative's primary voltage, the delivery point shall be the point of attachment of the Cooperative's primary line to the consumer's transformer structure unless otherwise specified on the contract for service. All wiring, pole lines, and other electrical equipment (except metering equipment) on the load side of the delivery point shall be owned and maintained by the consumer.</p> 2. Motors having a rated capacity in excess of five horsepower (5 h.p.) must be three-phase unless written permission has been obtained from the Cooperative. 3. In the event the Cooperative, in order to prevent voltage fluctuations or disturbances on its system, installs separate transformer or transformers to supply operating characteristics, such service will be metered and billed separately from the consumer's other service. The minimum monthly charge for separate service to welders, x-ray machines, etc., will be \$1.00 per kVA of installed transformer capacity instead of the minimum charge as set forth under the paragraph "Minimum Monthly Charge" of this schedule. <p><u>ENERGY EMERGENCY CONTROL PROGRAM</u>  This tariff is subject to the Energy Emergency control Program as filed with the Kentucky Public Service Commission on February 23, 1981, in Administrative Case no. 240 and as approved by the Commission in its order of March 31, 1981.</p>		

DATE OF ISSUE: \_\_\_\_\_ EFFECTIVE DATE: \_\_\_\_\_ Service on and after \_\_\_\_\_

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GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

**SCHEDULE** **CLASSIFICATION OF SERVICE**

RESIDENTIAL TIME OF DAY (TOD)	RATE PER UNIT
<p><b><u>AVAILABILITY</u></b>  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.</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>  Customer Charge  On-Peak Energy per kWh  Off-Peak Energy per kWh</p> <p><b><u>WINTER SCHEDULE</u></b>  For the purpose of this tariff, the <u>on-peak</u> billing period for the months of October, November, December, January, February, March, &amp; April is defined as 7:00 am to 11:00 am and 5:00 pm to 9:00 pm, Monday through Friday. The <u>off-peak</u> billing period is defined as 10:00 pm to 7:00 am and 11:00 am to 5:00 pm, Monday through Friday. All weekends and holidays are <u>off-peak</u>.</p> <p><b><u>SUMMER SCHEDULE</u></b>  For the purpose of this tariff, the <u>on-peak</u> billing period for the months of May, June, July, August, &amp; September is defined as 1:00 pm to 9:00 pm, Monday through Friday. The <u>off-peak</u> billing period is defined as 10:00 pm to 1:00 pm, Monday through Friday. All weekends and holidays are <u>off-peak</u>.</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>\$15.00  .19876  .06577</p>

Service on and after

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GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

SCHEDULE

CLASSIFICATION OF SERVICE

RESIDENTIAL TIME OF DAY (TOD)

RATE PER UNIT

TERMS OF PAYMENT

The above rates are net, the gross being ten percent 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.

METERING

Necessary metering equipment will be furnished and maintained by the Cooperative which shall have the option of metering service supplied hereunder at either primary or secondary voltage.

SERVICE PROVISIONS

1. Delivery Point. If service is furnished at secondary voltage, the delivery point shall be the metering point unless otherwise specified in the contract for service. All wiring, pole lines and other electrical equipment on the load side of the delivery point shall be owned and maintained by the consumer.

If service is furnished at the Cooperative's primary voltage, the delivery point shall be the point of attachment of the Cooperative's primary line to the consumer's transformer structure unless otherwise specified on the contract for service. All wiring, pole lines, and other electrical equipment (except metering equipment) on the load side of the delivery point shall be owned and maintained by the consumer.

2. Motors having a rated capacity in excess of five horsepower (5 h.p.) must be three-phase unless written permission has been obtained from the Cooperative.

3. In the event the Cooperative, in order to prevent voltage fluctuations or disturbances on its system, installs separate transformer or transformers to supply operating characteristics, such service will be metered and billed separately from the consumer's other service. The minimum monthly charge for separate service to welders, x-ray machines, etc., will be \$1.00 per kVA of installed transformer capacity instead of the minimum charge as set forth under the paragraph "Minimum Monthly Charge" of this schedule.

ENERGY EMERGENCY CONTROL PROGRAM

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ISSUED BY: \_\_\_\_\_ President & C.E.O., 109 Bagby Park, Grayson, KY



GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

**SCHEDULE CLASSIFICATION OF SERVICE**

**RESIDENTIAL DEMAND & ENERGY RATE**

**RATE PER UNIT**

**Terms of Payment**

Available to members of the Cooperative for all 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.

**TYPE OF SERVICE**

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

**RATE**

Customer Charge  
Energy Charge per kWh  
Demand Charge per kW

\$15.00  
.06793  
4.28

**MINIMUM MONTHLY CHARGE**

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.

**FUEL 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.

Service on and after

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ISSUED BY: \_\_\_\_\_ President & C.E.O., 109 Bagby Park, Grayson, KY

GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

SCHEDULE

CLASSIFICATION OF SERVICE

RESIDENTIAL DEMAND & ENERGY RATE

RATE PER UNIT

TERMS OF PAYMENT

The above rates are net, the gross being ten percent 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.

METERING

Necessary metering equipment will be furnished and maintained by the Cooperative which shall have the option of metering service supplied hereunder at either primary or secondary voltage.

SERVICE PROVISIONS

1. **Delivery Point.** If service is furnished at secondary voltage, the delivery point shall be the metering point unless otherwise specified in the contract for service. All wiring, pole lines and other electrical equipment on the load side of the delivery point shall be owned and maintained by the consumer.

If service is furnished at the Cooperative's primary voltage, the delivery point shall be the point of attachment of the Cooperative's primary line to the consumer's transformer structure unless otherwise specified on the contract for service. All wiring, pole lines, and other electrical equipment (except metering equipment) on the load side of the delivery point shall be owned and maintained by the consumer.

2. Motors having a rated capacity in excess of five horsepower (5 h.p.) must be three-phase unless written permission has been obtained from the Cooperative.

3. In the event the Cooperative, in order to prevent voltage fluctuations or disturbances on its system, installs separate transformer or transformers to supply operating characteristics, such service will be metered and billed separately from the consumer's other service. The minimum monthly charge for separate service to welders, x-ray machines, etc., will be \$1.00 per kVA of installed transformer capacity instead of the minimum charge as set forth under the paragraph "Minimum Monthly Charge" of this schedule.

ENERGY EMERGENCY CONTROL PROGRAM

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DATE OF ISSUE: \_\_\_\_\_ EFFECTIVE DATE: \_\_\_\_\_ Service on and after \_\_\_\_\_  
ISSUED BY: \_\_\_\_\_ President & C.E.O., 109 Bagby Park, Grayson, KY

GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

**SCHEDULE**

**CLASSIFICATION OF SERVICE**

**SMALL COMMERCIAL TIME OF DAY (TOD)**

**RATE PER UNIT**

**AVAILABILITY**

Available to members of the Cooperative for all Small Commercial uses less than 50 KVA, 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.

**TYPE OF SERVICE**

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

**RATE**

- Customer Charge
- On-peak Energy per kWh
- Off-peak Energy per kWh

\$25.00  
.18807  
.06577

**WINTER SCHEDULE**

For the purpose of this tariff, the on-peak billing period for the months of October, November, December, January, February, March, & April is defined as 7:00 am to 11:00 am and 5:00 pm to 9:00 pm, Monday through Friday. The off-peak billing period is defined as 10:00 pm to 7:00 am and 11:00 am to 5:00 pm, Monday through Friday. All weekends and holidays are off-peak.

**SUMMER SCHEDULE**

For the purpose of this tariff, the on-peak billing period for the months of May, June, July, August, & September is defined as 1:00 pm to 9:00 pm, Monday through Friday. The off-peak billing period is defined as 10:00 pm to 1:00 pm, Monday through Friday. All weekends and holidays are off-peak.

**MINIMUM MONTHLY CHARGE**

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.

**FUEL 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.

Service on and after

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ISSUED BY: \_\_\_\_\_ President & C.E.O., 109 Bagby Park, Grayson, KY

GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

SCHEDULE CLASSIFICATION OF SERVICE

SMALL COMMERCIAL TIME OF DAY (TOD) RATE PER UNIT

TERMS OF PAYMENT

The above rates are net, the gross being ten percent 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.

POWER FACTOR ADJUSTMENT-COMMERCIAL AND SMALL POWER

The consumer agrees to maintain unity power factor as nearly as practicable. The Cooperative reserves the right to measure such power factor at any time. Should such measurements indicate that the power factor at the time of the customer's maximum demand is lower than 90%, the demand for billing purposes shall be the demand as indicated or recorded by the demand meter, increased by 1% for each 1% by which the average power factor is less than 90% lagging.

METERING

Necessary metering equipment will be furnished and maintained by the Cooperative which shall have the option of metering service supplied hereunder at either primary or secondary voltage.

SERVICE PROVISIONS

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

If service is furnished at the Cooperative's primary voltage, the delivery point shall be the point of attachment of the Cooperative's primary line to the consumer's transformer structure unless otherwise specified on the contract for service. All wiring, pole lines, and other electrical equipment (except metering equipment) on the load side of the delivery point shall be owned and maintained by the consumer.

2. Motors having a rated capacity in excess of five horsepower (5 h.p.) must be three-phase unless written permission has been obtained from the Cooperative.

3. In the event the Cooperative, in order to prevent voltage fluctuations or disturbances on its system, installs separate transformer or transformers to supply operating characteristics, such service will be metered and billed separately from the consumer's other service. The minimum monthly charge for separate service to welders, x-ray machines, etc., will be \$1.00 per kVA of installed transformer capacity instead of the minimum charge as set forth under the paragraph "Minimum Monthly Charge" of this schedule.

DATE OF ISSUE: \_\_\_\_\_ EFFECTIVE DATE: \_\_\_\_\_ Service on and after

ISSUED BY: \_\_\_\_\_ President & C.E.O., 109 Bagby Park, Grayson, KY

FOR: ENTIRE AREA SERVED  
PSC NO.: \_\_\_\_\_  
ORIGINAL SHEET NO.: \_\_\_\_\_

GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

SCHEDULE

CLASSIFICATION OF SERVICE

SMALL COMMERCIAL TIME OF DAY (TOD)

RATE PER UNIT

ENERGY EMERGENCY CONTROL PROGRAM

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GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

**SCHEDULE**

**CLASSIFICATION OF SERVICE**

**SMALL COMMERCIAL DEMAND & ENERGY RATE**

**RATE PER UNIT**

**Terms of Payment**

Available to members of the Cooperative for Small Commercial uses less than 50 KVA, 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.

**TYPE OF SERVICE**

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

**RATE**

Customer Charge  
Energy Charge per kWh  
Demand Charge per kW

\$25.00  
.06617  
5.57

**MINIMUM MONTHLY CHARGE**

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.

**FUEL 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.

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GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

SCHEDULE

CLASSIFICATION OF SERVICE

SMALL COMMERCIAL DEMAND & ENERGY RATE

RATE PER UNIT

TERMS OF PAYMENT

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The consumer agrees to maintain unity power factor as nearly as practicable. The Cooperative reserves the right to measure such power factor at any time. Should such measurements indicate that the power factor at the time of the customer's maximum demand is lower than 90%, the demand for billing purposes shall be the demand as indicated or recorded by the demand meter, increased by 1% for each 1% by which the average power factor is less than 90% lagging.

METERING

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SERVICE PROVISIONS

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2. Motors having a rated capacity in excess of five horsepower (5 h.p.) must be three-phase unless written permission has been obtained from the Cooperative.

3. In the event the Cooperative, in order to prevent voltage fluctuations or disturbances on its system, installs separate transformer or transformers to supply operating characteristics, such service will be metered and billed separately from the consumer's other service. The minimum monthly charge for separate service to welders, x-ray machines, etc., will be \$1.00 per kVA of installed transformer capacity instead of the minimum charge as set forth under the paragraph "Minimum Monthly Charge" of this schedule.

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FOR: ENTIRE AREA SERVED

PSC NO.: \_\_\_\_\_

ORIGINAL SHEET NO.: \_\_\_\_\_

GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

SCHEDULE

CLASSIFICATION OF SERVICE

SMALL COMMERCIAL DEMAND & ENERGY RATE

RATE PER UNIT

ENERGY EMERGENCY CONTROL PROGRAM

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**GRAYSON RURAL ELECTRIC COOPERATIVE**

**DEVELOPMENT OF OPTIONAL RATES FOR RESIDENTIAL AND SMALL  
COMMERCIAL RATE CLASSES**

**PREPARED TESTIMONY OF JAMES R. ADKINS**

Q1. State your name and business address.

A1. I am James R. Adkins and my business address is 1041  
Chasewood Way, Lexington, KY 40513-1731.

Q2. What has been your role in the development of these  
tariffs for some optional rates?

A2. My role in this application has been to assist Grayson  
RECC ("Grayson") in their development.

Q3. What is your professional experience in the area of  
electric utility rate-making?

A3. I have spent the last thirty-three years dealing  
with electric utility rates. I was employed by EKPC  
as its Pricing Manager for almost twenty-five years.  
I spent a little over one year with the Prime Group,  
LLC and I have been self-employed for the last seven  
plus years. Prior to my electric utility career, I  
was employed in the finance and accounting areas of  
the medical care field for close to eight years. I  
also served in the U.S. Army as an infantryman in the  
Republic of Vietnam in the late 1960s.

Q4. What is your educational background?

A4. I received a Bachelors Degree in Commerce with a major

in banking and finance in 1971 and a Masters of Science in Accounting in 1976. Both of my degrees were granted by the University of Kentucky. Since then, I have attended several seminars, conferences and courses on rate-making as well as making presentations at many conferences and seminars on electric utility rate-making, cost of service, and rate design.

Q5. Have you ever appeared as a witness before this Commission?

A5. I have appeared as a witness before this Commission many times in rate applications, applications for certificates public convenience and necessity, fuel adjustment clause hearings, and administrative cases. I have testified on the behalf of East Kentucky Power Cooperative ("EKPC") and for all of EKPC's member cooperatives and for other distribution cooperatives.

Q6. What are the proposed optional rates and the purpose of these rates?

A6. Grayson has developed these proposed optional rates to provide its members a choice in electric rates with the potential to reduce their electric bill. The proposed optional rates are these:

1. Residential Time of Day ("TOD")
2. Rate Residential Inclining Block Rate
3. Residential Demand Rate and Energy Rate
4. Small Commercial Time of Day ("TOD") Rate
5. Small Commercial Demand and Energy Rate

These optional rate tariffs are provided as a part of Exhibit A to this filing. It should be noted that Grayson has used the same test year and the Cost of Service Study from Case No. 2008-00254 updated for the rates approved in that case. All computations and calculations have been made on the basis of that case. The energy rates resulting from this process have been updated for the change in the base fuel amount of \$0.01077 per kWh in 2008-00254.

Each one of these optional rates will be addressed. The purpose of the proposed Residential TOD rate is to present a rate design that has a real incentive in its on-peak energy rate design as well as in its off-peak energy rate design. It is intended to provide residential customers an opportunity to lower their electric bills if they are willing to make changes in their electric consumption pattern.

The residential inclining block rate is specifically designed for consumers who consistently use 500 kWh per month or less. The rate schedule contains three (3) energy rate steps. The first step is for usage from 0 - 300 kWh per month and the energy rate is based on a three cent reduction per kWh off the regular residential rate class energy rate. The second rate step is for usage from 301 - 500 kWh and has an energy rate that is one and one half cent reduction from the energy rate in the residential rate class. The last

step is for usage of 501 kWh or more and is priced at a premium of three cents per kWh over the energy rate for the regular residential energy rate.

The third optional rate for the residential rate class is the residential demand rate. It is specifically designed for customers who may be able to save improve their load factor so that may save energy costs on this time of rate structure. The type of customer who may select this type of rate design is really an unknown factor at the present time.

The purpose of the proposed Small Commercial TOD rate is the same as the TOD rate for the residential class and it is to present a rate design that has a real incentive in its on-peak energy rate design as well as in its off-peak energy rate design. It is intended to provide small commercial customers an opportunity to lower their electric bills if they are willing to make changes in their electric consumption pattern. A real opportunity is provided to these customers since weekends are considered to be off-peak periods.

The second optional rate for the small commercial rate class is the small commercial demand rate. It is specifically designed for customers who may be able to save improve their load factor so that may save energy costs on this time of rate structure. The type of customer who may select this type of rate design is

really an unknown factor at the present time. Demand rates for small commercial customers is not a widely used type of rate design for rural electric cooperatives but it may become an effective one over time and more and more customers better understand their usage patterns and impact upon costs.

Q7. What is Grayson proposing in this new TOD rate that is significant?

A7. Grayson is proposing four (4) significant elements in the proposed rate design.

- The off-peak energy rate is set at a lower PRICE.
- The on-peak energy contains a real penalty by setting it at a price per kWh that is several multiples of the off-peak energy rates.
- The on-peak hours have been limited to eight hours in both the winter season and the summer season with the months for each season coinciding with EKPC's seasons.
- The weekends are considered completely off-peak with the net effect of only 40 hours a week of on-peak time.
- The proposed customer charge is set at \$15.00 to minimize the risk that Grayson might have with free loaders. Less distribution costs are required to be collected from the energy rate.

The Residential TOD rate as well as the Small Commercial TOD rate have been developed in exactly the

same way that Blue Grass Energy developed one year ago and approved by this Commission in Case No. 2009-00224.

Q8. Please explain the basis for the development of this proposal?

A8. The rates developed in this proposal are based on the test year used in Grayson's last rate case in 2008-00254 which is June 2007 through May 2008. The billing analysis and data from the cost of service study in that rate case have been updated for the current retail rates of Grayson and the current wholesale rates of EKPC. Additionally, the final rates have been updated to include Grayson's FAC rollin of \$0.01077 per kWh.

Pages 1 and 2 of Exhibit B provide this information.

Q9. What else did Grayson need to develop these rates?

A9. Grayson determined that it also needed the energy usage for each month of the test year for the residential rate class. The data needed was the amount of energy used at each hour of the day for each month of the test year. This load data has been developed and provided by EKPC. This information has been broken down into weekday load data and weekend load data. Exhibit C provides this load information.

Q10. What did Grayson do with this load data?

A10. Grayson looked at the information and felt that it would not be unreasonable to reduce the number of on-peak hours during both the summer season as well as the winter season. It was decided to reduce EKPC's on-peak hours in the winter season by one hour for each on-peak period during that season. Additionally, both Saturday and Sunday are both off-peak. The net effect on hours is a reduction in on-peak hours during the winter season from 70 hours per week to 40 hours per week. For the summer season, the on-peak hours have been reduced by four hours and Saturday and Sunday are both off-peak. The net effect on hours for the summer season is a reduction from 84 hours per week to 40 hours per week.

Q11. Does Grayson have some risk in these proposed changes?

A11. Some risks does exist for Grayson with a reduction in its on-peak hours. The primary risk is associated with a wholesale billing peak that might occur in those hours that are on-peak hours for EKPC but off-peak hours for Grayson. Grayson has looked at EKPC's billing peaks for a ten year period and it is very unlikely that one may happen in this situation. BGE feels that it is worth the risk in order that it may provide a rate design that has some real incentives to shift load from on-peak to off-peak periods.

Q12. What is the initial expected acceptance of this proposed rate?



- A12. Some time may exist before a member might take advantage of this rate design and the initial ones that take it may not have to shift load to reduce their bill ("free riders"). However, over time, members that are not free riders will see that some potential exists for them to reduce their electric bill.
- Q13. Will other distribution cooperatives served by EKPC develop rates that might be similar to this TOD proposal.
- A13. Other cooperatives have interests similar to Grayson in developing a meaningful TOD rate. Grayson TOD rates are very similar to and patterned from Blue Grass Energy's TOD rate.
- Q14. How was the Residential Inclining Block rate developed?
- A14. Grayson wanted to provide some opportunity to its low usage consumers to be able to lower their electric bill. A billing frequency analysis provided in Exhibit D was utilized to determine the number of customers that could utilize such a rate. Based on the frequency analysis, Grayson may have approximately four thousand customers who may be candidates for this schedule. The design of this rate is somewhat judgmental. Basically, Grayson wanted to provide a potential rate break for those customers who monthly

usage was consistently 500 kWh or less. The amount of reduction in rates for the first two energy blocks was chosen based on judgment. Grayson also wanted to insure that a sizable penalty was in place if a consumer went over 500 kWh per month and selected a premium of three cents per kWh. The amount of premium is the same as the maximum reduction a consumer may see.

Q15. Is Grayson taking any risk with this rate design for inclining block rates?

A15. Grayson feels that some risk does exist because the rate is designed for those consumers with usages of 500 kWh or less. In that circumstance, Grayson would receive less revenue from those customers than what it is currently receiving.

Q16. Why is Grayson making such a unique proposal?

A16. Grayson has made this proposal to insure that it is making opportunities available to all of its customers. Grayson has many low usage consumers over the years who have not really been major contributors to the rate increases over the years but which they have felt as well as the other Grayson consumers. This is Grayson's approach to provide them opportunities to reduce their electric bill. This Residential Inclining Block Rate is a part of the rate options that Grayson wishes to make available to all its consumers.

Q17. What is the basis for the two proposed rate schedules?  
with demand rates?

A17. The purpose as was stated earlier is to provide opportunities and options to consumers to lower electric bill. The basis for the demand rate is to place all the demand related costs in the demand rate, to set the customer charge at \$15.00 per month, and to recover the remaining revenue requirements through the energy rate.

Q18. Where does the demand kW come from used in these proposed rates?

A18. The demand kW comes from the load research conducted by EKPC at the request of Grayson. This data is an integral part of the load research provided by EKPC that is utilized in all cost of service studies that have been filed on behalf of EKPC's member distribution systems.

Q19. What is the feeling on the customer response to these rate options?

A19. It is that the TOD rate options and the Inclining block options may be the more preferable ones. The Small Commercial demand rate will probably have more requests than the Residential demand rate.

Q20. How will Grayson inform its members of these rate Options?

A20. If and when the Commission approves these options, Grayson plans to set in motion an education program for its members which will include the following aspects:

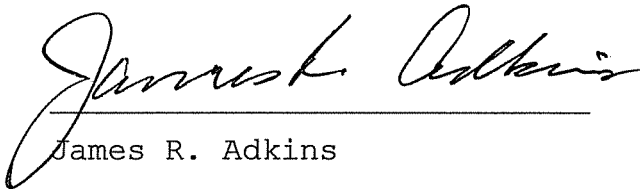
- Inserts in The Kentucky Living magazine,
- Development of pamphlets that will contain information on these options,
- Contacting the local community action agencies,
- Maybe the conduct of some special meetings in regards to these options.

Grayson will develop its final plans once approval is granted on this filing.

Q21. Does this conclude your testimony?

A21. This concludes my testimony.

Affiant, James R. Adkins, states that the answers given by him in the foregoing questions are true and correct to the best of his knowledge and belief.

  
James R. Adkins

Subscribed and sworn to before me by the affiant,  
James R. Adkins, this \_\_\_\_\_ day of May, 2009

My Commission expires\_\_\_\_\_.

\_\_\_\_\_  
Notary Public, State of Kentucky at Large



**Grayson RECC**

**Billing Analysis  
Test Year Ending May 31, 2008**

**Schedule 1 - Residential, Farm & Home**

<u>Description</u>	Billing Determinants	Proposed	
		Rates	Revenues
Customer Charge	157,793	\$10.00	\$1,577,930
Energy charge per kWh	183,445,786	\$0.09655	17,711,691
Billing adjustments			0
Total from base rates			\$19,289,621

**Schedule 2 - Small Commercial**

<u>Description</u>	Billing Determinants	Proposed	
		Rates	Revenues
Customer Charge	13,976	\$25.00	\$ 349,400
Energy charge per kWh	16,913,798	0.08863	\$ 1,499,070
Billing adjustments			\$ -
Total from base rates			\$ 1,848,470

Grayson RECC

Statement of Operations Based on COSS  
Test Year Ending May 31, 2008

	<b>Residential Rates</b>	<b>Schedule 2 Small Comm.</b>
Revenue from Rates	\$ 19,289,621	\$ 1,848,470
Wholesale Costs		
Demand Costs	\$ 2,972,581	\$ 228,734
Energy Costs	\$ 8,157,898	\$ 761,353
Total Wholesale Costs	<u>11,130,479</u>	\$ 990,088
Gross Margin	8,159,141	858,382
Distribution Demand Costs		
Lines	\$ 2,935,347	\$ 311,920
Transformers	\$ 339,996	\$ 36,129
Total Distribution Demand	3,275,343	348,049
Distribution Consumer		
Lines	\$ 1,287,225	\$ 109,373
Transformers	\$ 140,296	\$ 16,463
Services	\$ 745,927	\$ 137,214
Meters	\$ 713,669	\$ 60,639
Consumer Services	\$ 1,411,812	\$ 119,959
Lighting		\$ -
Total Distribution Consumer	<u>4,298,930</u>	<u>443,648</u>
Total Distribution Costs	<u>7,574,272</u>	<u>791,697</u>
Operating Margin	584,869	66,685
Other Revenue	\$ 663,746	\$ 72,785
Net Margin	<u>1,248,615</u>	<u>139,470</u>



Grayson RECC

**Development of Time-of-Day Rates  
Test Year Ending May 31, 2008**

On-Peak kWh		51,380,435.39
Off-Peak kWh		132,065,350.61
Total kWh		<u>183,445,786</u>
Revenue from Rates		\$ 19,289,620.64
Less Revenue from Customer Charge		
Proposed Customer Charge	\$ 15.00	
Number of Customer Charges	157,793	2,366,895
Revenue Required from Energy		16,922,726
Off-Peak Energy Revenue		
Proposed Off-Peak Energy Rate	\$ 0.05500	
Off-Peak Energy	132,065,351	7,263,594
Required Revenue from On-Peak Energy Rate		9,659,131
On-Peak kwh		51,380,435
On-Peak Energy Rate		<u>0.18799</u>

**Development of Demand Rates  
Test Year Ending May 31, 2008**

Distribution Demand Related Costs		3,275,343
Purchased Power Demand Related Costs		2,972,581
		<u>6,247,924</u>
kW Demand		1,476,380
Demand Rate		<u>\$ 4.23</u>
Energy Rate		
Revenue from Rates		\$ 19,289,621
Consumer Charge Revenue	2,366,895	
Demand Charge Revenue	6,247,924	\$8,614,819
Energy Revenue		\$ 10,674,801.59
Energy kWh		183,445,786
Energy Rate		<u>0.05819</u>

**GRAYSON RECC  
OPTIONAL RATES**

**SUMMARY OF RATES**

<b>Current Rates</b>	<b>Schedule 1 <u>Farm &amp; Home</u></b>	<b>Schedule 2 Small <u>Commercial</u></b>
Customer Charge	\$ 10.00	\$ 25.00
Energy Charge per kWh	0.10732	0.0994
<b><u>Time of Day Rate</u></b>		
Customer Charge	\$ 15.00	\$ 25.00
On-Peak Energy per kWh	\$ 0.19876	\$ 0.18807
Off-Peak Energy per kWh	\$ 0.06577	\$ 0.06577
<b><u>Demand Rate Schedule</u></b>		
Customer Charge	\$ 15.00	\$ 25.00
Energy Charge per kWh	\$ 0.06896	\$ 0.06617
Demand Charge per kW	\$ 4.23	\$ 5.57
<b><u>Inclining Block Rate</u></b>		
Customer Charge	\$ 10.00	
First 300 kWh	\$ 0.07732	
Next 200 kWh	\$ 0.09232	
All Over 1000 kWh	\$ 0.13732	

Grayson RECC

**Development of Time-of-Day Rates  
Test Year Ending May 31, 2008**

On-Peak kWh		4,771,305
Off-Peak kWh		12,142,493
Total kWh		<u>16,913,798</u>
Revenue from Rates		\$ 1,848,469.92
Less Revenue from Customer Charge		
Proposed Customer Charge	\$ 25.00	
Number of Customer Charges	13,388	334,700
Revenue Required from Energy		<u>1,513,770</u>
Off-Peak Energy Revenue		
Proposed Off-Peak Energy Rate	\$ 0.05500	
Off-Peak Energy	12,142,493	667,837
Required Revenue from On-Peak Energy Rate		<u>845,933</u>
On-Peak kWh		4,771,305
On-Peak Energy Rate		<u>0.17730</u>

**Development of Demand Rates  
Test Year Ending May 31, 2010**

Distribution Demand Related Costs		348,049
Purchased Power Demand Related Costs		228,734
		<u>576,784</u>
kW Demand		103,530
Demand Rate		<u>\$ 5.57</u>
Energy Rate		
Revenue from Rates		\$ 1,848,469.92
Consumer Charge Revenue	334,700	
Demand Charge Revenue	576,784	911,484
Energy Revenue		<u>\$ 936,986.18</u>
Energy kWh		16,913,798
Energy Rate		<u>0.05540</u>



GRAYSON RECC

RESIDENTIAL RATE CLASS DAILY KWH ENERGY USAGE

	June		July		August		September		October		November	
Hour	Weekday	Weekend	Weekday	Weekend	Weekday	Weekend	Weekday	Weekend	Weekday	Weekend	Weekday	Weekend
1	289,906	126,469	329,962	132,530	424,935	148,087	247,461	126,488	243,195	90,003	345,421	156,200
2	258,409	110,700	296,963	118,910	387,941	136,431	228,178	113,450	229,159	82,036	332,290	151,552
3	245,697	103,903	284,853	111,130	367,671	123,597	218,935	110,541	228,535	81,680	332,686	155,468
4	235,370	100,188	269,428	106,474	354,320	120,398	217,801	109,194	238,985	82,417	346,454	160,958
5	253,249	97,981	287,502	105,234	372,392	117,971	238,966	109,267	272,034	85,918	368,129	165,717
6	281,469	97,932	313,590	103,269	410,299	115,373	279,168	109,594	322,824	87,704	416,503	176,097
7	291,040	114,009	323,273	117,995	419,958	127,343	292,182	122,572	354,858	101,278	478,011	181,184
8	318,787	138,407	339,555	142,031	421,048	144,833	272,006	145,908	332,265	123,577	494,901	201,202
9	348,220	157,797	389,491	168,245	469,397	175,459	297,488	171,303	334,410	139,374	463,527	216,584
10	394,024	177,655	438,487	190,233	523,371	198,118	323,559	184,379	334,847	140,682	441,862	208,101
11	431,337	195,774	475,998	204,786	600,592	216,950	349,234	195,176	338,436	143,786	419,232	184,400
12	474,062	214,461	526,752	223,783	656,828	234,555	377,469	210,667	342,278	145,496	391,176	169,663
13	503,554	226,707	558,606	235,363	699,765	249,698	410,181	221,535	342,466	142,582	367,419	159,255
14	522,351	236,389	597,479	247,902	733,668	264,805	443,474	231,003	350,994	145,856	351,704	146,475
15	548,867	246,212	623,347	253,121	769,835	274,518	481,121	241,294	370,070	153,996	350,150	146,439
16	578,529	253,180	659,839	264,780	818,923	279,477	528,979	251,885	409,725	156,345	361,714	141,547
17	597,718	258,458	685,693	268,983	842,176	281,129	548,431	261,511	430,424	161,167	399,768	154,617
18	601,461	254,233	689,956	269,124	828,148	278,551	541,679	256,275	434,263	163,703	455,733	163,095
19	583,268	239,034	653,123	256,909	801,978	262,883	515,897	242,210	442,419	164,446	498,649	176,357
20	539,097	224,621	608,530	242,530	765,841	252,796	493,229	233,340	449,107	159,444	505,399	174,501
21	517,915	219,436	583,246	231,303	736,379	241,857	470,683	221,729	428,418	149,040	503,675	178,683
22	492,840	207,240	549,177	220,243	669,566	223,760	408,634	197,022	379,244	135,010	477,619	169,047
23	412,355	173,098	457,864	182,379	561,554	188,059	333,199	170,976	311,404	117,016	444,594	154,996
24	343,376	146,040	384,069	153,614	479,165	161,555	276,864	142,074	262,081	99,540	404,522	145,625

RESIDENTIAL RATE CLASS DAILY KWH ENERGY USAGE

	December		January		February		March		April		May	
Hour	Weekday	Weekend	Weekday	Weekend	Weekday	Weekend	Weekday	Weekend	Weekday	Weekend	Weekday	Weekend
1	466,202	212,938	621,144	222,248	528,597	194,695	376,895	222,114	246,217	93,137	184,100	79,801
2	446,812	199,629	619,756	218,770	524,700	190,297	382,747	220,562	243,499	89,626	174,475	73,641
3	446,606	196,706	626,902	219,682	523,613	187,700	393,250	223,917	249,795	92,143	174,532	75,353
4	457,387	201,516	646,651	217,373	523,304	190,135	408,660	232,264	270,150	94,490	188,101	75,384
5	476,044	207,164	672,602	223,245	550,909	199,645	450,784	237,731	309,355	101,268	210,669	82,573
6	501,266	213,669	702,635	227,241	573,559	199,110	506,101	250,110	378,454	107,722	271,778	81,829
7	562,624	226,979	768,054	227,767	636,951	206,517	554,079	265,511	414,858	123,821	293,099	101,126
8	588,290	253,864	827,563	248,140	676,678	230,085	521,083	292,110	365,644	143,010	265,887	116,947
9	573,408	276,302	773,018	271,054	621,969	244,377	483,719	296,429	347,671	147,348	266,634	125,851
10	561,909	291,660	739,338	270,659	608,101	246,407	451,410	293,030	318,566	146,766	257,586	123,360
11	536,896	285,235	704,604	263,057	582,531	244,833	436,443	281,108	310,112	139,690	257,465	123,534
12	509,033	274,474	664,050	249,180	573,380	229,224	417,825	269,246	299,666	138,773	259,984	125,045
13	487,060	268,760	646,268	247,613	567,218	217,920	402,487	252,940	291,277	134,178	256,329	122,953
14	458,192	260,339	611,243	236,769	550,063	213,686	390,383	247,853	287,169	128,376	261,543	125,182
15	452,410	250,233	601,748	228,186	545,698	197,373	383,784	237,362	298,753	129,319	274,956	126,735
16	456,315	250,749	601,927	219,407	542,385	194,777	401,040	224,880	316,465	134,947	299,549	132,663
17	489,542	259,938	632,410	226,261	566,295	197,610	414,767	226,389	344,122	139,709	324,006	140,778
18	555,825	271,660	684,151	231,875	595,966	204,330	430,633	234,163	347,688	137,508	318,233	138,068
19	591,469	275,568	723,117	243,977	628,834	211,966	462,563	241,856	357,278	136,933	316,054	132,647
20	593,638	277,705	736,966	246,499	643,004	222,321	494,261	256,122	380,699	148,625	332,133	136,650
21	597,219	272,315	735,585	248,837	640,706	214,847	492,750	254,914	401,257	151,610	343,394	144,612
22	577,533	271,023	728,649	247,490	633,895	214,442	476,777	253,011	356,478	138,244	305,113	131,634
23	536,286	255,223	705,923	238,844	612,033	210,198	437,463	231,764	293,926	120,332	247,076	109,186
24	487,441	234,609	653,798	230,616	567,842	201,656	397,916	215,696	257,840	104,429	204,342	90,339

GRAYSON RECC

RESIDENTIAL RATE CLASS BILL FREQUENCY ANALYSIS

Usage Range (kwh)			0 - 100		0 - 500		501 -1000		1001-3000
6/20 - 7/20	Jun-07	1,841	48,189	2,181	622,675	3,281	2,499,504	6,481	10,318,028
7/20 - 8/20	Jul-07	1,814	45,594	1,933	538,409	2,760	2,116,265	7,220	11,960,419
8/20 - 9/20	Aug-07	1,842	49,071	2,125	603,890	3,367	2,574,702	6,551	10,183,560
9/20 - 10/20	Sep-07	1,946	53,862	2,530	741,878	4,306	3,270,036	5,209	7,443,382
10/20 - 11/20	Oct-07	2,029	55,599	2,255	660,539	3,290	2,473,772	6,455	10,319,966
11/20 - 12/20	Nov-07	2,017	51,254	1,939	574,501	2,767	2,070,219	6,640	12,150,524
12/20 - 1/20	Dec-07	1,949	44,221	1,597	460,407	2,406	1,817,320	6,353	12,216,908
1/20 - 2/20	Jan-08	1,967	42,668	1,570	459,557	2,412	1,825,408	5,868	11,318,937
2/20 - 3/20	Feb-08	2,086	48,855	1,896	570,715	2,640	1,971,548	6,431	12,090,344
3/20 - 4/20	Mar-08	2,103	54,758	2,134	630,099	3,285	2,486,340	6,365	10,063,633
4/20 - 5/20	Apr-08	2,180	60,260	2,824	854,800	4,915	3,717,302	4,088	5,525,424
5/20 - 6/20	May-08	1,940	52,863	2,260	647,087	3,821	2,907,632	5,916	8,888,994
<b>Totals</b>		<b>23,714</b>	<b>607,194</b>	<b>48,959</b>	<b>7,981,786</b>	<b>38,971</b>	<b>29,521,469</b>	<b>73,710</b>	<b>123,036,821</b>

GRAYSON RECC

RESIDENTIAL RATE CLASS BILL FREQUENCY ANALYSIS

Usage Range (kwh)			3001-5000		5001 +		Totals		
									Average
6/20 - 7/20	Jun-07	188	651,506	11	94,512	13,983	14,234,414		1,018
									Average
7/20 - 8/20	Jul-07	295	1,036,352	12	103,228	14,034	15,800,267		1,126
									Average
8/20 - 9/20	Aug-07	141	484,865	11	96,473	14,037	13,992,561		997
									Average
9/20 - 10/20	Sep-07	39	131,443	8	78,560	14,038	11,719,161		835
									Average
10/20 - 11/20	Oct-07	113	395,456	11	155,976	14,153	14,061,308		994
									Average
11/20 - 12/20	Nov-07	667	2,348,476	31	192,016	14,061	17,386,990		1,237
									Average
12/20 - 1/20	Dec-07	1,615	5,840,654	125	772,890	14,045	21,152,400		1,506
									Average
1/20 - 2/20	Jan-08	2,051	7,489,049	197	1,178,546	14,065	22,314,165		1,587
									Average
2/20 - 3/20	Feb-08	897	3,165,206	56	332,517	14,006	18,179,185		1,298
									Average
3/20 - 4/20	Mar-08	110	376,710	8	67,123	14,005	13,678,663		977
									Average
4/20 - 5/20	Apr-08	14	49,457	6	48,231	14,027	10,255,474		731
									Average
5/20 - 6/20	May-08	87	306,016	11	105,941	14,035	12,908,533		920
									Average
<b>Totals</b>		<b>6,266</b>	<b>22,440,855</b>	<b>489</b>	<b>3,244,257</b>	<b>168,395</b>	<b>186,225,188</b>		<b>1,106</b>



GRAYSON RECC

SMALL COMMERCIAL DAILY KWH ENERGY USAGE

	June		July		August		September		October		November	
Hour	Weekday	Weekend	Weekday	Weekend	Weekday	Weekend	Weekday	Weekend	Weekday	Weekend	Weekday	Weekend
1	33,363	14,499	36,331	15,298	42,740	15,653	32,069	17,161	31,551	11,593	28,169	11,054
2	31,252	13,355	34,599	14,187	40,401	14,367	30,831	15,874	30,438	10,752	27,376	10,861
3	31,005	13,234	33,880	13,720	39,224	13,979	30,249	15,432	30,292	10,545	26,765	10,378
4	31,290	12,882	34,281	13,263	39,370	13,791	30,410	15,160	30,739	10,449	27,101	10,336
5	31,501	12,682	34,905	13,106	40,296	13,222	30,859	14,887	31,674	10,309	27,644	10,439
6	34,376	12,504	38,614	13,267	45,145	13,650	34,559	15,378	36,443	10,798	30,045	11,081
7	40,674	13,470	44,294	14,324	52,456	14,201	41,231	16,048	44,005	11,580	34,257	11,520
8	47,867	14,839	52,685	15,576	61,034	15,324	46,263	16,727	49,646	11,844	40,674	11,705
9	54,377	16,004	59,352	17,492	68,931	17,199	50,972	18,433	52,855	12,670	45,407	12,158
10	59,225	18,165	64,035	19,457	75,369	19,071	55,461	19,792	54,750	13,649	46,895	12,521
11	62,326	19,253	66,947	20,281	78,209	19,903	57,768	20,997	56,176	14,487	47,619	12,904
12	63,587	19,529	67,497	20,218	79,591	20,259	59,071	21,140	56,652	14,566	47,833	12,777
13	65,150	20,150	68,837	20,486	81,840	20,995	60,775	22,037	57,525	14,673	46,436	11,920
14	66,356	20,306	70,504	20,449	83,065	21,412	62,676	22,460	59,430	15,070	46,537	11,628
15	67,166	20,139	71,465	20,609	83,795	21,525	63,921	22,647	60,108	15,267	46,258	11,672
16	63,933	20,045	68,427	20,580	81,479	21,546	62,002	22,670	57,815	15,259	46,191	11,635
17	57,978	19,643	61,889	20,472	74,387	20,741	56,954	22,070	51,954	15,051	42,819	11,529
18	54,424	19,258	58,765	20,403	69,536	20,192	51,623	21,793	47,854	15,032	40,004	12,061
19	49,639	19,002	53,676	19,638	63,028	19,464	47,520	21,620	45,865	15,124	39,080	12,766
20	47,546	18,174	50,915	19,045	60,461	19,048	46,486	21,831	44,459	14,531	36,843	12,678
21	49,080	19,591	49,580	18,607	62,267	20,478	44,975	21,006	42,457	14,623	36,032	12,290
22	44,980	17,803	46,094	17,295	57,973	18,861	41,255	19,378	39,561	13,487	33,418	11,552
23	41,918	16,731	43,010	16,120	53,988	17,439	38,203	17,990	37,285	12,502	31,696	11,045
24	37,415	15,249	39,467	15,072	48,566	16,123	34,702	16,755	34,126	11,692	30,995	10,738

SMALL COMMERCIAL DAILY KWH ENERGY USAGE

Witness: Jim Adkins

	December		January		February		March		April		May	
Hour	Weekday	Weekend	Weekday	Weekend	Weekday	Weekend	Weekday	Weekend	Weekday	Weekend	Weekday	Weekend
1	29,250	14,259	37,993	13,349	33,641	12,851	28,644	15,398	23,751	9,550	25,022	11,133
2	28,361	13,972	36,750	13,046	33,035	12,542	28,616	15,015	23,696	9,075	24,710	10,420
3	27,970	13,265	36,829	12,567	32,438	12,070	28,542	14,728	23,580	8,852	24,366	10,221
4	28,394	13,221	37,145	12,368	32,733	12,161	29,233	14,757	23,608	8,646	24,260	10,076
5	28,539	13,306	37,737	12,520	32,879	12,148	30,044	15,077	25,093	8,882	25,554	10,049
6	30,671	13,595	39,828	12,616	35,070	12,175	34,293	15,477	29,847	9,642	30,104	10,359
7	34,866	14,097	45,427	13,066	40,234	12,838	40,616	16,313	35,493	9,969	35,034	10,741
8	42,212	15,177	52,972	14,211	46,321	13,735	48,333	16,582	41,138	10,350	40,239	11,258
9	47,616	16,223	58,701	14,404	51,383	13,708	50,121	17,070	43,666	10,384	43,424	11,947
10	48,266	16,789	59,824	14,814	53,306	14,077	50,660	17,541	44,700	11,077	45,612	12,722
11	49,427	17,306	59,853	15,160	53,549	14,618	49,945	17,052	45,186	10,891	46,739	13,346
12	48,543	17,160	57,900	14,478	52,526	14,034	48,352	16,078	44,474	10,339	46,575	13,139
13	46,436	16,207	56,073	13,886	51,237	13,502	48,120	15,600	44,942	10,295	47,165	13,313
14	45,698	15,793	54,959	13,565	50,874	12,887	47,527	15,284	45,642	10,298	48,257	13,650
15	45,078	15,843	54,201	13,150	49,917	12,672	46,610	14,903	46,053	10,267	48,863	13,615
16	44,204	15,287	52,999	13,106	48,593	12,480	43,295	14,719	43,041	10,277	46,573	13,599
17	41,317	15,108	49,202	12,997	44,871	12,450	38,932	14,612	38,042	10,204	42,086	13,028
18	39,114	15,856	46,627	13,484	42,117	12,915	36,213	14,958	35,363	10,412	38,816	13,105
19	38,664	16,752	46,425	14,817	42,002	13,830	34,615	15,439	31,920	10,450	34,993	13,082
20	35,825	16,608	44,265	14,789	40,801	14,142	35,524	16,492	32,433	10,859	34,005	12,803
21	35,056	16,148	43,023	14,568	39,637	13,800	34,394	16,079	31,136	10,486	33,244	12,870
22	33,266	15,389	41,798	14,051	37,995	13,373	32,306	15,479	28,766	9,751	31,040	12,002
23	31,308	14,787	40,308	13,595	36,323	12,768	31,396	14,952	27,555	9,347	29,680	11,429
24	30,700	14,456	39,741	13,271	35,578	12,536	30,315	14,651	25,838	9,201	27,751	10,981

BILLING DEMAND KW FOR THE RESIDENTIAL AND  
SMALL COMMERCIAL RATE CLASSES

Witness: Jim Adkins

**SUM OF INDIVIDUAL CONSUMERS KW DEMAND**

Month	<u>Residential Rate Class</u>	<u>Small Commercial Rate Class</u>
June	113,073	8,242
July	113,880	8,424
August	116,742	8,680
September	110,539	8,600
October	122,453	9,028
November	127,888	8,845
December	131,770	8,781
January	142,956	8,554
February	137,872	8,383
March	136,361	9,419
April	127,661	9,363
May	121,280	7,211
	1,502,475	103,530

# Grayson Rural Electric Cooperative Corporation

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

May 26, 2010

Mr. Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Blvd.  
P O Box 615  
Frankfort, KY 40602-0615

RECEIVED

JUN 07 2010

PUBLIC SERVICE  
COMMISSION

Dear Mr. Derouen:

Enclosed you will an original and five copies of the below listed documents:

1. A new tariff identified as a "Temporary Service Rate"
2. A new tariff identified as a "General Service Tariff" which Grayson is proposing to replace its current Schedule 18 – Camps and Barns, and
3. A marked up version of the old Camps and Barns rate indicating the proposed changes.

Grayson RECC is seeking approval of these tariffs for several reasons. Grayson is seeking approval on a "Temporary Service Rate" with the primary reason of hoping to encourage those members in a temporary service situation to convert it to a permanent situation. Grayson is proposing to make this incentive a financial one by proposing that the rates for temporary service be based on \$50 a month customer charge and an energy rate equal to the energy rate for Schedule 1 for residential service. Since most temporary services will eventually be residential customers, Grayson feels that the additional customer charge of \$40.00 a month will be a strong motivator to convert to permanent service as soon as possible. The \$50.00 a month charge is approximately equal to two times the consumer revenue requirements for residential customers in Grayson's last rate case in Case No. 2008-00254.

Additionally, Grayson has legal responsibility reasons to encourage final inspections by its members for conversion to permanent service

Grayson is also proposing to change the Camps and Barns tariff to one that includes garages, outbuildings, domestic water pumping stations, unoccupied dwellings and other services that do not qualify for Schedule 1 for residential service or Schedule 2 for Small Commercial Service. The new name for this tariff would be "General Service Rate" and would be for all non residential and non small commercial service applications. It is Grayson RECC's desire on a going forward basis to better categorize its customers into rate classes where better statistics may be maintained which can be useful for projects containing future predictions, for projects requiring homogenized data for costing and rate design purposes and for projects where forecasting load, financial investments and rates may be important.

Sincerely,

A handwritten signature in black ink, appearing to read "Don M. Combs". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Don M. Combs  
Mgr. Finance & Accounting



GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR: ENTIRE AREA SERVED  
PSC NO.: 4  
10<sup>TH</sup> REVISED SHEET NO.: 1.00  
CANCELING PSC NO.: 4  
9<sup>TH</sup> REVISED SHEET NO.: 1.00

SCHEDULE 1

CLASSIFICATION OF SERVICE

TEMPORARY SERVICE RATE

RATE PER UNIT

AVAILABILITY-DOMESTIC

Available to members of the Cooperative for all temporary service purposes 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

\$50.00  
.10732

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 other applicable provisions as set out in 807 KAR 5:056.

MINIMUM CHARGE

The minimum monthly charge under the above rate shall be \$10.00 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: \_\_\_\_\_ EFFECTIVE DATE: \_\_\_\_\_ Service on and after

ISSUED BY: \_\_\_\_\_ President & C.E.O., 109 Bagby Park, Grayson, KY  
Issued by authority of P.S.C. in Case No. 2008-00529 dated July 15, 2009





GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

SCHEDULE 18

CLASSIFICATION OF SERVICE

GENERAL SERVICE RATE

RATE PER UNIT

**AVAILABILITY**

Available for camps, barns, garages, outbuildings, domestic pumping stations, and unoccupied dwellings in areas served by the Cooperative, that are not eligible to be classified as permanent residential and small commercial 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.

**TYPE OF SERVICE**

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

**RATE**

Customer Charge  
Energy Charge

\$20.00  
.10732

**MINIMUM MONTHLY CHARGE**

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.

**FUEL 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.

Service on and after

DATE OF ISSUE: \_\_\_\_\_

EFFECTIVE DATE: \_\_\_\_\_

ISSUED BY: \_\_\_\_\_

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

Issued by authority of P.S.C. in Case No. 2008-00529 dated July 15, 2009

GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

SCHEDULE 18

CLASSIFICATION OF SERVICE

GENERAL SERVICE RATE

RATE PER UNIT

**Terms of Payment**

The above rates are net, the gross being 10% 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.

**Rules and Regulations**

Service will be furnished under the Cooperative's general rules and regulations or terms and conditions.

**Energy Emergency Control Program**

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981 in Administrative Case No. 240 and as approved by the Commission Order of March 31, 1981.

Service on and after

DATE OF ISSUE: \_\_\_\_\_

EFFECTIVE DATE: \_\_\_\_\_

ISSUED BY: \_\_\_\_\_

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



GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

SCHEDULE 18

CLASSIFICATION OF SERVICE

CAMPS AND BARNES- GENERAL SERVICE RATE

RATE PER UNIT

**AVAILABILITY**

Available for camps, barns, garages, outbuildings, domestic pumping stations, and unoccupied dwellings in areas served by the Cooperative, that are not eligible to be classified as permanent residential and small commercial 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.

(T)

**TYPE OF SERVICE**

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

**RATE**

Customer Charge  
Energy Charge

\$20.00  
.10732

**MINIMUM MONTHLY CHARGE**

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.

**FUEL 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.

Service on and after

DATE OF ISSUE: \_\_\_\_\_

EFFECTIVE DATE: \_\_\_\_\_

ISSUED BY: \_\_\_\_\_

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

Issued by authority of P.S.C. in Case No. 2008-00529 dated July 15, 2009

GRAYSON RURAL ELECTRIC  
COOPERATIVE CORPORATION

SCHEDULE 18

CLASSIFICATION OF SERVICE

~~CAMPS AND BARN~~ GENERAL SERVICE RATE

RATE PER UNIT

**Terms of Payment**

The above rates are net, the gross being 10% 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.

**Rules and Regulations**

Service will be furnished under the Cooperative's general rules and regulations or terms and conditions.

**Energy Emergency Control Program**

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981 in Administrative Case No. 240 and as approved by the Commission Order of March 31, 1981.

Service on and after

DATE OF ISSUE: \_\_\_\_\_

EFFECTIVE DATE: \_\_\_\_\_

ISSUED BY: \_\_\_\_\_

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

# 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

JUN 07 2010

PUBLIC SERVICE  
COMMISSION

May 26, 2010

Mr. Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Blvd.  
P O Box 615  
Frankfort, KY 40602-0615

Dear Mr. Derouen:

Enclosed you will find Grayson RECC's original and five copies of its request and supporting documentation to implement a Remote Disconnect and Reconnect Service Charge.

Grayson is desiring to implement this charge as it deploys the equipment throughout its system over this year and next . This equipment will be installed at locations that are not accessible or require frequent reconnects and disconnects.


Grayson is requesting a rate that is equal to the existing disconnect / reconnect rate primarily to equalize the charge to avoid any preference.

Attached you will find:

Exhibit 1 - Tariff Changes

Exhibit 2 - Development of Rate

Sincerely,

  
Don M. Combs  
Mgr. Finance and Accounting



**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 (remote disconnects or) reconnects made during normal working hours - \$30.00. Service charge for reconnects made after normal hours - \$70.00.

(T)

**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.

**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 (a remote reconnect or) 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.

(T)

**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.

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





**GRAYSON RURAL ELECTRIC**  
**DEVELOPMENT OF A SERVICE FOR REMOTE DISCONNECTS AND REMOTE RECONNECTS**

1	<b><u>INSTALLED HARDWARE COSTS</u></b>			
2				
3	Cost of Remote Disconnect/Reconnect	\$ 270.44		
4	Tax	16.23		
5	Processing & Handling	25.00		
6	Total Cost of Unit	<u>311.66</u>	\$	311.66
7				
8	Installation			
9	One (1) Hour of Labor	24.68		
10	Overhead - 100%	24.68		
11		<u>49.36</u>		
12				
13	Total Equipment & Installation Cost		\$	<u>361.02</u>
14				
15	<b><u>BASIS FOR THE REQUESTED SERVICE FEE</u></b>			
16				
17	FIXED COSTS - Service Life of Ten Years			
18	Interest - 5%		\$	18.05
19	Margins for 2.0 TIER			18.05
20	Depreciation - 10 Year Life			<u>36.10</u>
21	Total Annual Costs			72.20
22	Estimated Disconnects and Reconnects per Year			<u>6.00</u>
23	Monthly Cost			12.03
24				
25	<b><u>DISTRIBUTION SYSTEM CONTROL &amp; COMMUNICATIONS</u></b>			
26	One (1) Hour of Labor for Communications and			
27	Operational Control	27.16		
28	Overhead 78%	21.18		
29	Total		48.34	
30	Approximate Length of Time to Disconnect/Reconnect		15 Minutes	12.09
31				
32	PROCESSING SERVICE ORDER			
33	Customer Service Representative - One (1) Hour	14.20		
34	Overhead 78%	11.08		
35	Total		25.28	
36	Approximate Length of Time to Disconnect/Reconnect		15 Minutes	<u>6.32</u>
37				
38	Total Annual Cost		\$	<u>30.44</u>
39				
40	SERVICE FEE REQUESTED		\$	<u>30.00</u>