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February 8, 2013

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PUBLIC SERVICE
COMMISSION

MR JEFF DEROUEN
EXECUTIVE DIRECTOR
KENTUCKY PUBLIC SERVICE COMMISSION
211 SOWER BLVD
FRANKFORT KY 40602

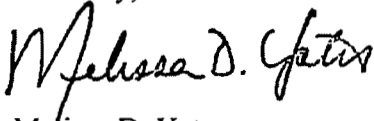
**Re: *In the Matter of: Application of Jackson Purchase Energy Corporation for
Flow Through Rates Pursuant to KRS 278.455
Case No. 2011-00057***

Dear Mr. DeRouen:

Enclosed please find the following to be a Response to Commission's Order Dated January 29, 2013 to be filed on behalf of Jackson Purchase Energy Corporation.

Should you need additional information concerning this filing, please contact me.

Sincerely,



Melissa D. Yates
Attorney for Jackson Purchase Energy Corporation

Enclosures

dh: 156883

PSC Order in 2011-00057
Jackson Purchase Energy Corporation
Information Requested in Order of 1/29/2013 - Question 1

Rural kW:

Month:	Determinant	Old Rate	New Rate	Difference	Extended
Sep-11	143,990	9.500	9.697	0.197	\$ 28,366.03
Oct-11	83,710	9.500	9.697	0.197	16,490.87
Nov-11	103,054	9.500	9.697	0.197	20,301.64
Dec-11	108,132	9.500	9.697	0.197	21,302.00
Jan-12	125,348	9.500	9.697	0.197	24,693.56
Feb-12	113,183	9.500	9.697	0.197	22,297.05
Mar-12	90,800	9.500	9.697	0.197	17,887.60
Apr-12	102,606	9.500	9.697	0.197	20,213.38
May-12	127,096	9.500	9.697	0.197	25,037.91
Jun-12	158,128	9.500	9.697	0.197	31,151.22
Jul-12	154,043	9.500	9.697	0.197	30,346.47
Aug-12	150,783	9.500	9.697	0.197	29,704.25
Sep-12	130,745	9.500	9.697	0.197	25,756.76
Oct-12	87,541	9.500	9.697	0.197	17,245.58
Nov-12	108,853	9.500	9.697	0.197	21,444.04
Dec-12	113,704	9.500	9.697	0.197	22,399.69
Sub-total					<u>\$ 374,638.05</u>
Jan-13	122,775	9.500	9.697	0.197	24,186.67
29 Days of 1/2013					\$ 21,846.03
Sub-total of Rural Demand					<u>\$ 396,484.08</u>

Rural kWh

Month:	Determinant	Old Rate	New Rate	Difference	Extended
Sep-11	47,352,610	0.029736	0.029736	0.000000	-
Oct-11	44,634,080	0.029736	0.029736	0.000000	-
Nov-11	48,150,470	0.029736	0.029736	0.000000	-
Dec-11	59,739,640	0.029736	0.029736	0.000000	-
Jan-12	60,783,300	0.029736	0.029736	0.000000	-
Feb-12	51,999,650	0.029736	0.029736	0.000000	-
Mar-12	44,367,140	0.029736	0.029736	0.000000	-
Apr-12	42,919,630	0.029736	0.029736	0.000000	-
May-12	56,014,780	0.029736	0.029736	0.000000	-
Jun-12	61,818,677	0.029736	0.029736	0.000000	-
Jul-12	77,753,367	0.029736	0.029736	0.000000	-
Aug-12	65,934,520	0.029736	0.029736	0.000000	-
Sep-12	49,580,620	0.029736	0.029736	0.000000	-
Oct-12	44,418,842	0.029736	0.029736	0.000000	-
Nov-12	50,927,300	0.029736	0.029736	0.000000	-
Dec-12	57,089,450	0.029736	0.029736	0.000000	-
Sub-total					<u>-</u>
Jan-13	64,704,940	0.029736	0.029736	0.000000	-
29 Days of 1/2013					-
Sub-total of Rural Energy					<u>\$ -</u>
Grand total to be recovered from Rural Member/Customers					<u><u>\$ 396,484.08</u></u>

Jackson Purchase Energy Corporation
 Information Requested in Order of 1/29/2013 - Question 1

Direct Serve kW:

Month:	Determinant	Old Rate	New Rate	Difference	Extended
Sep-11	1,901	10.500	10.500	0.000	\$ -
Oct-11	1,912	10.500	10.500	0.000	-
Nov-11	1,890	10.500	10.500	0.000	-
Dec-11	1,890	10.500	10.500	0.000	-
Jan-12	1,901	10.500	10.500	0.000	-
Feb-12	1,879	10.500	10.500	0.000	-
Mar-12	1,890	10.500	10.500	0.000	-
Apr-12	1,879	10.500	10.500	0.000	-
May-12	2,063	10.500	10.500	0.000	-
Jun-12	1,912	10.500	10.500	0.000	-
Jul-12	1,901	10.500	10.500	0.000	-
Aug-12	2,041	10.500	10.500	0.000	-
Sep-12	2,020	10.500	10.500	0.000	-
Oct-12	1,912	10.500	10.500	0.000	-
Nov-12	1,912	10.500	10.500	0.000	-
Dec-12	1,890	10.500	10.500	0.000	-
Sub-total of Direct Serve Demand					\$ -

Direct Serve kWh

Month:	Determinant	Old Rate	New Rate	Difference	Extended
Sep-11	409,140	0.024505	0.024508	0.000003	\$ 1.23
Oct-11	373,320	0.024505	0.024508	0.000003	1.12
Nov-11	310,960	0.024505	0.024508	0.000003	0.93
Dec-11	452,350	0.024505	0.024508	0.000003	1.36
Jan-12	380,000	0.024505	0.024508	0.000003	1.14
Feb-12	289,855	0.024505	0.024508	0.000003	0.87
Mar-12	253,080	0.024505	0.024508	0.000003	0.76
Apr-12	587,460	0.024505	0.024508	0.000003	1.76
May-12	581,250	0.024505	0.024508	0.000003	1.74
Jun-12	315,450	0.024505	0.024508	0.000003	0.95
Jul-12	194,800	0.024505	0.024508	0.000003	0.58
Aug-12	425,270	0.024505	0.024508	0.000003	1.28
Sep-12	531,540	0.024505	0.024508	0.000003	1.59
Oct-12	579,650	0.024505	0.024508	0.000003	1.74
Nov-12	518,140	0.024505	0.024508	0.000003	1.55
Dec-12	599,810	0.024505	0.024508	0.000003	1.80
Sub-total of Direct Serve Energy					\$ 20.41

Grand total to be recovered from Direct Serve Member/Customers

\$ 20.41

Jackson Purchase Energy Corporation
 Information Requested in Order of 1/29/2013 - Question 1

Rate Code - Rural Service	kWh from 9/1/2011 to 1/29/2013	Percent of kWh	Estimated Allocation Amount
R - Residential	100,000	40.00%	\$ 158,593.63
C-1 - Small Commercial Single Phase <25 kW	20,000	8.00%	31,718.73
C-1 - Small Commercial Three Phase <25 kW	30,000	12.00%	47,578.09
D - Demand	40,000	16.00%	63,437.45
I-E - Industrial (Not Direct-Served)	10,000	4.00%	15,859.36
L-Industrial	-	0.00%	-
Lights	50,000	20.00%	79,296.82
Total Rural	250,000	100.00%	\$ 396,484.08
Rate Code - Direct Serve			
I-E - Industrial (Direct-Served)	6,802,075	100.00%	\$ 20.41

PSC Case No. 2011-00057
Jackson Purchase Energy Corporation
Information Requested in Order of 1/29/2013 – Question 2

Question 2: The methodology Jackson Purchase proposes using to bill the Revenue Difference to its retail customer for each month of the five-month period from March through July 2013:

Jackson Purchase Energy Corporation (JPEC) utilizes cycle billing which presents some complications in matching the BREC bill which is billed on a calendar service month to JPEC's various cycle billings which begin and end at varying times of the month. Accordingly, JPEC phased in the initial rate changes as of September 1, 2011 based on the estimated number of consumption days in each cycle including the September 1, 2011 date and factoring in the number of estimated service days in each cycle.

Similarly, JPEC has and is prorating rates put into effect with the 2011-00057 order entered 1/29/2013 based on the estimated number of consumption days in each cycle including the 1/29/2013 date factoring in the number of estimated service days after that date in each cycle. This methodology is the most accurate way of ensuring that each cycle receives billing based on an equal number of days of the rates in effect before the order of 1/29/2013. Without this methodology and had JPEC used the full rate for cycles, member/customers would receive unequal treatment. For example, assuming 30 day service months billed immediately after a reading, a member/customer billed on 1/28/2013 would receive the benefit of the previous lower rates while a member billed on 1/30/2013 would receive their billing based on the new higher rates. As JPEC intends to recover the difference billed by BREC for the period from 9/1/2011 to 1/29/2013 based on an equal kWh charge it is imperative for a fair and equitable charge that the days under that rate be equal for each cycle.

JPEC has calculated the difference between pre 1/29/2013 billing rates from 9/1/2011 to 1/29/2013 for the billing received from BREC. For member/customers served under the rural delivery system JPEC intends to apply the billing difference by dividing that difference by the estimated kWh to be sold by JPEC for the full five (5) cycle billing months of March 2013 to July 2013. This calculation is shown in Exhibit A. JPEC will monitor the over/under calculation and will make modifications to the kWh rate if it is indicated that a substantial over/under collection will result.

JPEC intends to pass through the difference in revenue under the pre 1/29/2013 rates to its one direct serve member on a direct dollar for dollar basis in billing the March 2013 to July 2013 service months.

PSC Order in 2011-00057
Jackson Purchase Energy Corporation
Information Requested in Order of 1/29/2013 - Question 2 - Exhibit A

Page 1 of 1

Rural kWh:

Month:

3/2013 (Est based on 2012 data)	44,367,140
4/2013 (Est based on 2012 data)	42,919,630
5/2013 (Est based on 2012 data)	56,014,780
6/2013 (Est based on 2012 data)	61,818,677
7/2013 (Est based on 2012 data)	<u>77,753,367</u>
Total Estimated Rural kWh (3/13 to 7/13)	<u>282,873,594</u>
Dollars to be Recovered (from Question 1 page 1)	\$ 396,484.08
Initial Rate per kWh	0.0014016

Direct Serve kWh:

Direct serve to be recovered directly, dollar for dollar

PSC Case No. 2011-00057
Jackson Purchase Energy Corporation
Information Requested in Order of 1/29/2013 – Question 3

Question 3: The kWh sales, by month, to each customer class from September 1, 2011 through the date of this order:

Attached in Exhibit B, is an incomplete listing of each customer class kWh from September 1, 2011 through January 29, 2013. The appendix is incomplete because many cycles which contain the billing information requested have not yet billed by the due date of this information request. For example, Cycle 1 (which in spite of the number designation is the last cycle in the cycle billing month) encompasses service days from 1/25/13 to 2/25/13 is not billed until 2/28/2013. In this case, three (3) days of this cycle of 31 days would be in the requested period. JPEC will prorate 3/31 of the kWh consumed for the purpose of this report. Similarly, many of the other billing cycles do not bill until after the date of this order. When this information is complete JPEC will file an updated copy of its response with the Commission.