



**JACKSON ENERGY
COOPERATIVE**

115 Jackson Energy Lane
McKee, Kentucky 40447
Telephone (606) 364-1000 • Fax (606) 364-1007

RECEIVED

MAY 20 2011

PUBLIC SERVICE
COMMISSION

May 19, 2011

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

Re: Application for Certificate of Convenience and Necessity

Mr. Derouen:

Enclosed is one original and ten (10) copies of the Application for Jackson Energy Cooperative for a Certificate of Convenience and Necessity pursuant to 807 KAR 5:001 Section 9 (2) for a proposed building addition in London, Kentucky.

Sincerely,

Clayton O. Oswald
Attorney for Jackson Energy

COMMONWEALTH OF KENTUCKY
BEFORE
THE PUBLIC SERVICE COMMISSION

RECEIVED

MAY 20 2011

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

APPLICATION OF JACKSON ENERGY)
COOPERATIVE CORPORATION FOR A)
CERTIFICATE OF CONVENIENCE AND)
NECESSITY TO CONSTRUCT A BUILDING)
ADDITION AT THE LONDON OFFICE)
PURSUANT TO KRS 278.020 AND 807)
KAR 5:001 SECTION 9)

CASE NO. _____

JACKSON ENERGY COOPERATIVE CORPORATION

MCKEE, KENTUCKY

COMMONWEALTH OF KENTUCKY
BEFORE
THE PUBLIC SERVICE COMMISSION

**In the Matter of the Application of
Jackson Energy Cooperative Corporation
for a Certificate of Public Convenience
and Necessity**)
)
)
)

Case No. _____

APPLICATION

The application of Jackson Energy Cooperative Corporation (“Jackson Energy”) respectfully shows:

1. Jackson Energy is a nonprofit membership cooperative corporation without capital stock, duly organized and existing under Chapter 279 of the Kentucky Revised Statutes engaged in the business of supplying electric energy to its member-consumers in the Kentucky counties of Breathitt, Clay, Estill, Garrard, Jackson, Laurel, Leslie, Lincoln, Madison, Owsley, Powell, Pulaski, Rockcastle, and Wolfe.
2. The name and postal address of the Applicant is as follows:

Jackson Energy Cooperative
115 Jackson Energy Lane
McKee, Kentucky 40447
3. A copy of the Articles of Incorporation of Jackson Energy has heretofore been filed with this Commission in Case No. 92-496.
4. Jackson Energy is proposing to construct a building addition at the London facility that will include office space for employees, storage, and employee training facilities.

In support of its application, Jackson Energy is providing the following supporting information:

1. Jackson Energy's current London office/warehouse facility was constructed in 1988. **Exhibit 1** contains the architectural layout with square footages of the existing office and warehouse facility. The London facility is contained on 5.167 acres as shown in the site survey provided as **Exhibit 2**. There are presently 29 employees assigned to the London office and warehouse facility. The office building has 13 employees located in various offices and cubicles and no additional space is available for future employees. The IT telephone equipment components are currently installed in the same closets as the janitorial supplies as no additional space is available in the facility. The office facility has minimal space for storage of office supplies and janitorial equipment. The warehouse facility accommodates 16 field employees. The existing working space for daily job function such as warehouse inventory, keying time or completing work orders, and service orders consists of one small office in the existing warehouse. The space constraints and operational issues for the London facility were addressed in the 2010 Strategic Planning session by the Board of Directors and Management. Management was charged with the duty to address the issue. Future staffing needs at the London facility includes the addition of 3 field employees in the first quarter of 2012 and 1 staking engineer in 2013. With the present facilities, there is no room for additional personnel. In addition, Safety training and meetings for office and field employees are currently conducted in a small 13' x 24' conference room with some employees sitting in the hallway due to limited space in the room. Jackson Energy cannot conduct effective meetings with employees due to limited space at this location. The building addition at the London facility would allow adequate working space for

existing and future employees and a training area that can accommodate all employees at the cooperative. (807 KAR 5:001, Section 9(2)a)

2. All franchise or permits needed to construct the proposed facility will be acquired by the construction contractor. (807 KAR 5:001, Section 9(2)b)

3. The proposed London building addition as shown in **Exhibit 3** will consist of 11,368 square feet of office and training space that includes office space for 27 employees and a training area for a minimum seating of 192. The building addition will be located between the existing office and warehouse on the existing property. A local commercial building contractor, McKnight & Associates, Inc., has provided the architectural drawings, renderings of the external view, and the cost to construct the facility. The floor plan is included as **Exhibit 3** and the renderings of the external views of the building are included as **Exhibit 4**. The cost of construction of the addition with a breakdown of the 16 Divisions with the contractor fee broken out is included as **Exhibit 5**. The construction will not compete with any public utility, corporation or other persons. (807 KAR 5:001, Section 9(2)c)

4. Three (3) maps showing the location of the new construction is contained in **Exhibit 6**. (807 KAR 5:001, Section 9(2)d)

5. Jackson Energy will construct the proposed building addition from general funds and will not finance the facility using long-term debt. (807 KAR 5:001, Section 9(2)e)

6. An estimate of the cost of operation of the building addition is contained in **Exhibit 7**. (807 KAR 5:001, Section 9(2)f)

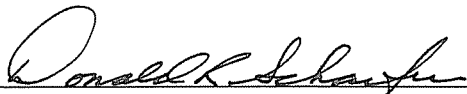
7. Additional information to afford the Commission a complete understanding of the situation includes the following: (807 KAR 5:001, Section 9(2)g)

- a. The London facility serves approximately half of Jackson Energy's consumers and is expected to grow at a larger rate than the other service territories.

London is located along the I75 corridor and has multiple residential, commercial, and industrial sites readily available with additional land to expand. If this area begins to expand at a rapid rate, Jackson Energy will need operational facilities to accommodate additional personnel and the building addition will allow for such expansion. In addition, the London facility will be used as an Operations Center in emergency situations. The facility will be used for existing employees to report for call center back-up, operations center, and housing for field crews assisting from other areas in emergencies. The building addition will have a generator for emergency power and the fuel source will be propane. Jackson Energy is the electric supplier for existing facility and the proposed building addition. The building addition will allow Jackson Energy to serve our existing and future consumers adequately.
- b. The impact of the building addition on the financial condition of Jackson Energy is contained in **Exhibit 8**.
- c. Jackson Energy will not incur a rate increase due to the proposed building addition. The estimated cost of operation as shown in **Exhibit 7** will be covered by the existing rates.
- d. A copy of the Resolution by the Board of Directors to proceed with regulatory approvals is attached as **Exhibit 9**.
- e. The cost estimate for office furniture to furnish the building addition is attached as **Exhibit 10**.

- f. Additional parking and paving has been identified by the construction contractor and the cost estimate is attached as **Exhibit 11**.
- g. The total cost of the addition, including furnishings and paving, is \$1,662,331.
- h. The construction timeline will begin when regulatory approvals have been received and are expected to be complete in 10 months pending weather conditions.


Wherefore, Jackson Energy Cooperative Corporation in McKee, Kentucky respectfully petitions this Commission to grant Jackson Energy a Certificate of Convenience and Necessity to construct a building addition at the London facility at the London, Kentucky location and all proper orders and relief.



Donald Schaefer, President & CEO
Jackson Energy Cooperative Corporation

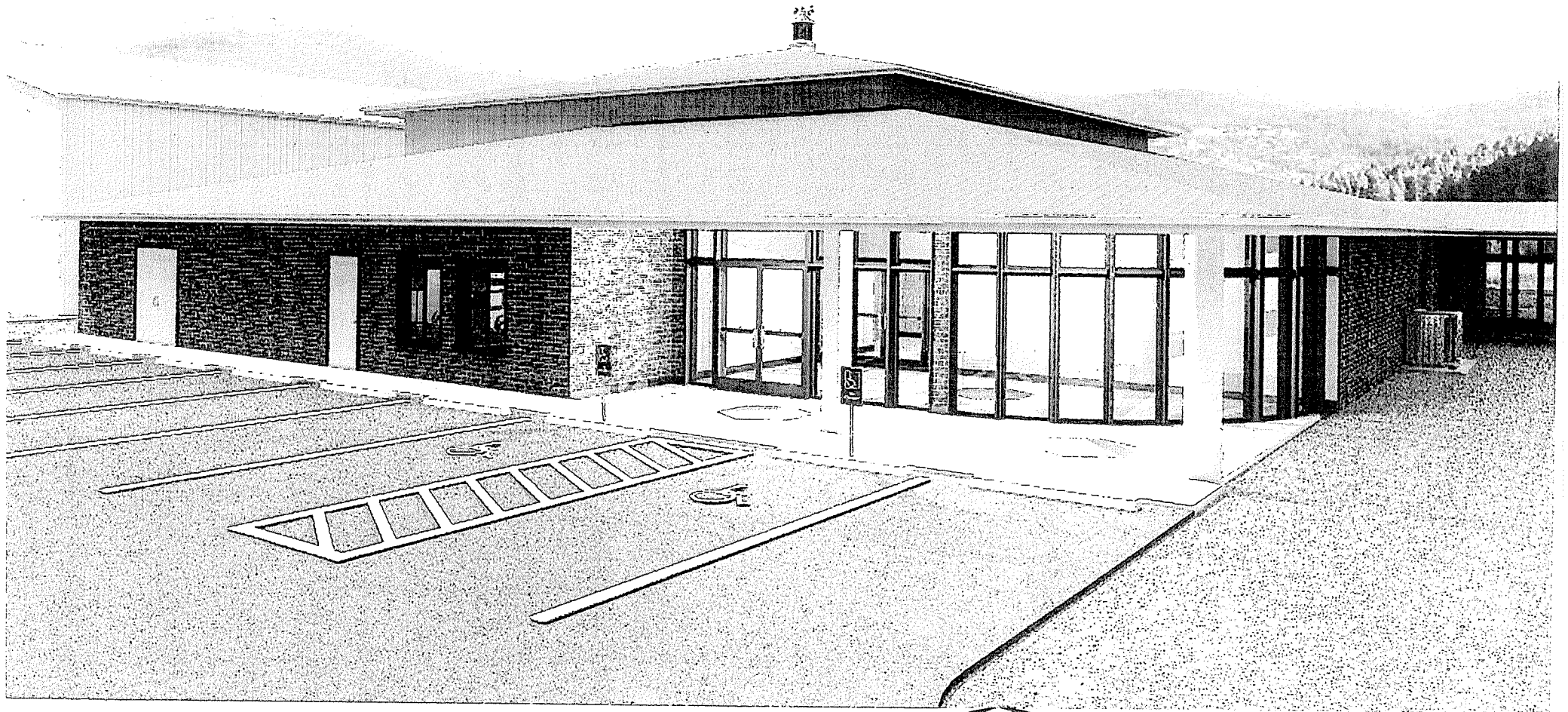
STATE OF KENTUCKY
COUNTY OF JACKSON

Subscribed and sworn to before me by Donald Schaefer, President & CEO of Jackson Energy Cooperative Corporation, at McKee, Kentucky this 17th day of May 2011.

 # 411515

NOTARY PUBLIC
State of Kentucky at Large

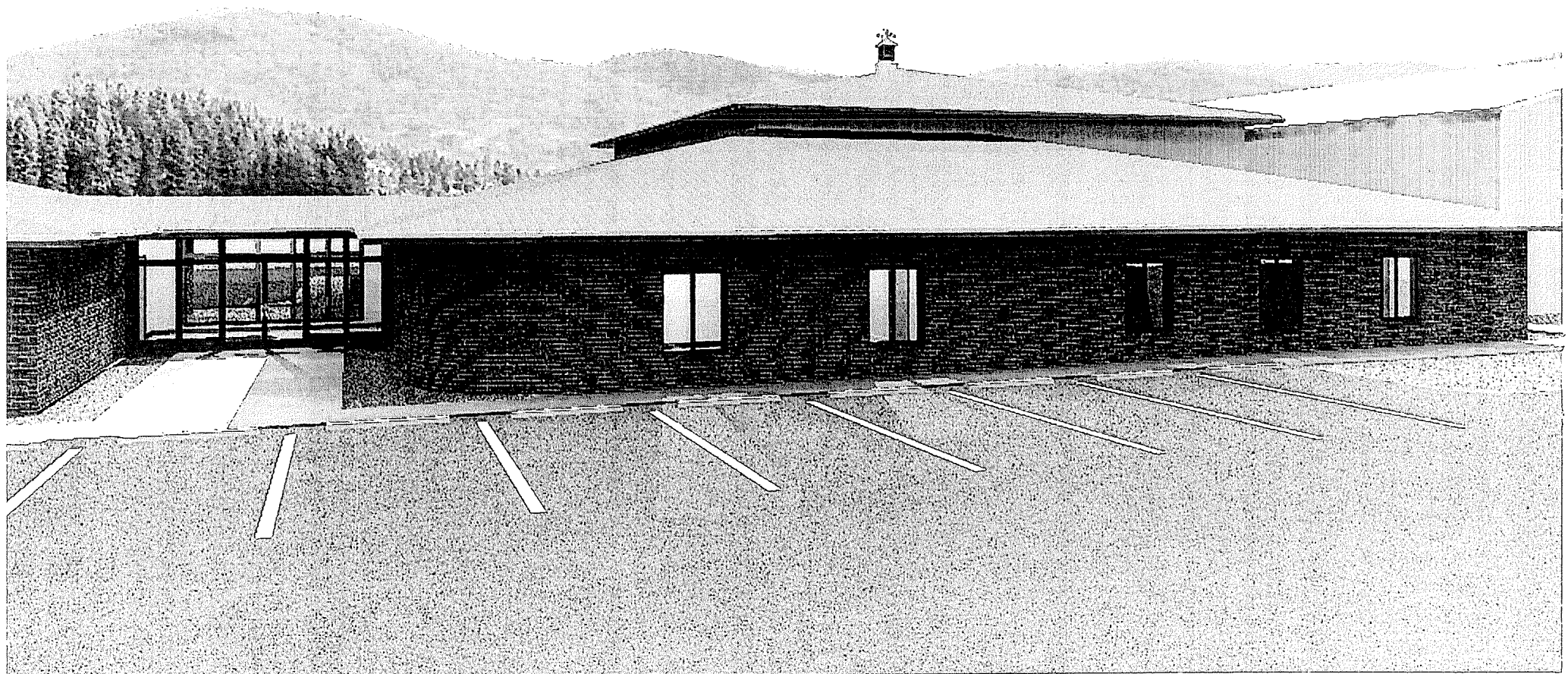
My Commission Expires: 1/19/2014



**Office Addition for Jackson Energy
London, Kentucky**



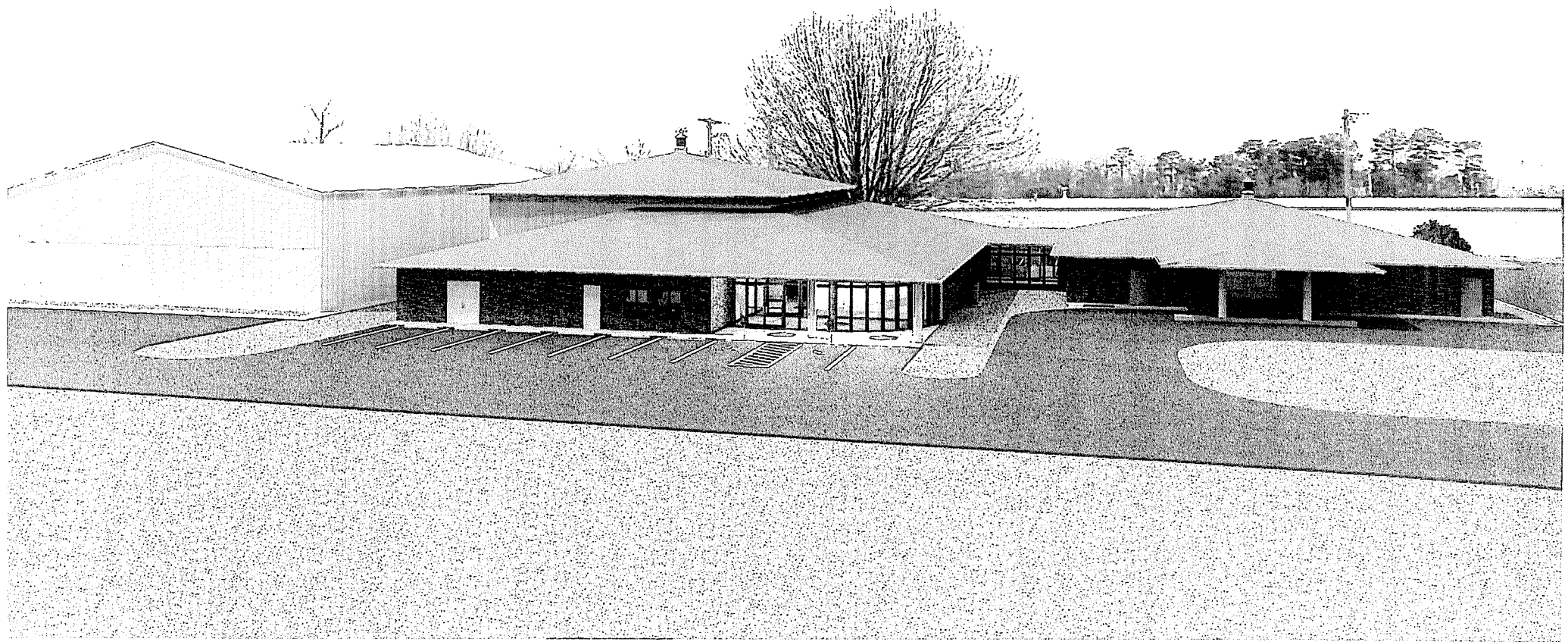
GENERAL CONTRACTORS & CONSTRUCTION MANAGERS
25 Commercial Drive + London, Kentucky 40744 + P 606-878-6691 F 606-878-6994



**Office Addition for Jackson Energy
London, Kentucky**



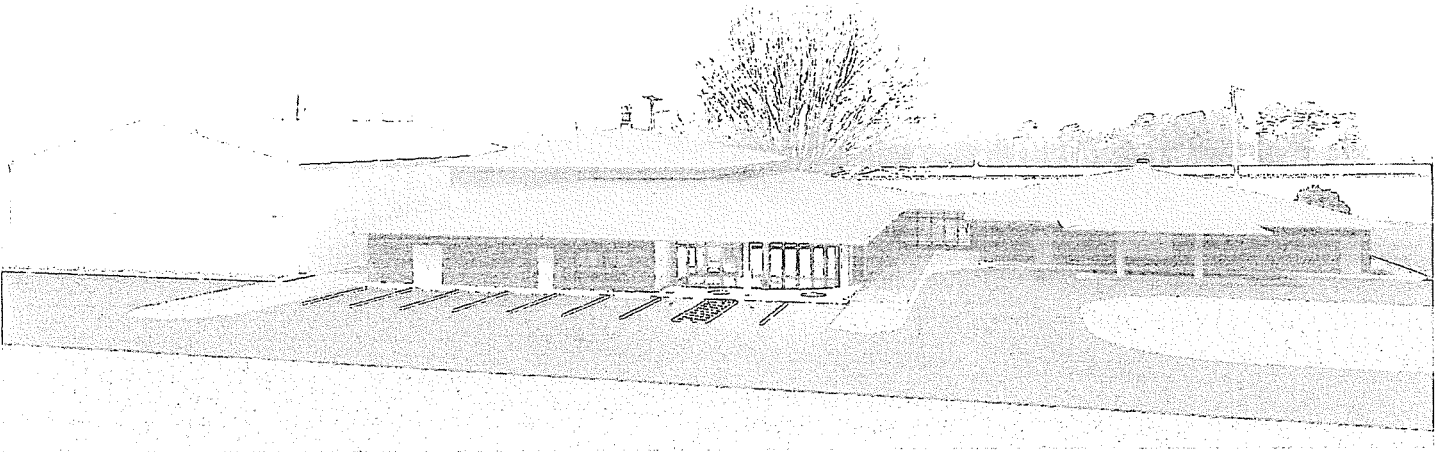
GENERAL CONTRACTORS & CONSTRUCTION MANAGERS
25 Commercial Drive + London, Kentucky 40744 + P 606-878-6631 F 605-878-6994



**Office Addition for Jackson Energy
London, Kentucky**



GENERAL CONTRACTORS & CONSTRUCTION MANAGERS
25 Commercial Drive • London, Kentucky 40744 • P 606-878-6631 F 606-878-6994



Budget Calculations by Division
Jackson Energy Office Addition
London, Ky.



GENERAL CONTRACTORS & CONSTRUCTION MANAGERS

25 Commercial Drive ♦ London, Kentucky 40744 ♦ P 606-878-6631 F 606-878-6994

To: Jackson Energy Cooperative
Attn: Carol Wright
Vice President Engineering & Operations
115 Jackson Energy Lane
McKee, Ky. 40447

From: McKnight & Associates, Inc.
25 Commercial Drive
London, Ky. 40744

May 5th, 2011

Carol,

We respectfully submit to you and the board members our budget estimate by division for the *Jackson Energy Cooperative Office Addition*. In the pages that follow, we have given information in summary and broken down each division and the work to be performed for each division. Through our research and consultation with qualified professionals, architect and engineers, we present these figures.

Below, is a brief description of the items included in the budget estimate unless noted otherwise.

Division 1 General Conditions

Which Includes:

- General Requirements-Supervision, Documentation, and daily performances or services needed throughout the course of the project.
- Architect/Engineer Fees-For work to be performed by the Architect, Structural, Mechanical, and Electrical Engineers.
- Bonds and Insurance-
- Overhead-
- Profit-

Division 2 Site Work

Which Includes:

- Site Demolition-Removal of existing sidewalks, concrete pads, capping existing geo-thermal. (Please note: underground electrical, transformer, and fiber optics is not included in this budget estimate. Coordination will be necessary between Jackson Energy and McKnight & Associates, Inc.)
- Excavation & Grading-Removal and placement of existing topsoil and existing material necessary to start foundation for new addition.
- Site Sanitary-Placement of new sanitary line necessary for the function of new addition to tie into existing sanitary.
- Site Storm-Placement of new piping to divert storm water from foundation drain and gutter/downspout runoff.
- Site Concrete-Sidewalks, concrete stoops, stairs and pads pertaining to the new addition.
- Ornamental Fencing-8'-0" high ornamental fencing at the area between the new addition and the existing metal building at the courtyard.
- Sodding-Placement of new sodding in areas disturbed by new construction around the new addition and new sidewalks.

Division 3 Concrete

Which Includes:

- Foundation & Slab Concrete-Placement of mat foundation concrete within the perimeter of the new addition.
- Reinforcing Steel-Placement of steel such as rebar, etc, associated with the new additions foundation/ floor system.
- Crushed Aggregate-Placement of stone underneath new addition.

Division 4 Masonry

Which Includes:

- Unit Masonry-Placement of masonry brick for new addition. Brick to match existing brick on office building as close as possible.
- Masonry Reinforcement-Placement of masonry reinforcement for new brick.

Division 5 Structural Steel

Which Includes:

- Structural Steel-Placement of steel lintels, etc, in new addition.
- Steel Handrail-Placement of steel handrail at exterior stairs at courtyard and inside stairs at Training Area.
- Miscellaneous Steel-Placement of miscellaneous steel items in new addition.

Division 6 Woods and Plastics

Which Includes:

- Rough Carpentry-Placement of all framing, blocking, etc, for new addition.
- Engineered Wood Trusses-Placement of wood trusses for new addition.
- Finish Carpentry-Placement of trim work, shelving at vestibule, or other finish woodwork.
- Cabinets & Countertops-Placement of cabinets and countertops in warming kitchen area and bathrooms in the new addition.
- Drop In Serving Bar-Placement of drop in tray and sneeze-guard for serving bar in new addition.

Division 7 Thermal and Moisture Protection

Which Includes:

- Batt & Thermal Insulation-Placement of exterior wall & ceiling insulation.
- Standing Seam Metal Roof-Placement of standing seam metal roof system and tying in to existing roof structures at corridors. New standing seam metal roof to match existing standing seam metal roof as close as possible.
- Miscellaneous Flashing-Placement of flashing material necessary for the new addition and tie-in at existing buildings at corridors.
- Metal Soffit-Placement of metal soffit at new addition. Metal soffit to match existing as close as possible.
- Gutters and Downspouts-Placement of gutters and downspouts for new addition. Gutters and downspouts to match existing as close as possible.
- Firestopping-Placement of firestopping sealants, etc, at penetrations through fire rated walls in new addition.

Division 8 Doors and Windows

Which Includes:

- Hollow Metals Doors & Frames-Placement of hollow metal doors and frames in new addition and corridors.
- Wood Doors-Placement of wood doors in new addition. Wood doors to match existing wood doors as close as possible.
- Aluminum Swinging Doors-Placement of aluminum swinging doors located between the training area and warming kitchen in new addition.
- Aluminum Storefront-Placement of aluminum storefront windows and doors located in the new addition and corridors. Color and type to match existing.
- Glazing-Placement of glass in doors and windows located in new addition and corridors.

Division 9 Finishes

Which Includes:

- Gypsum Board-Placement of gypsum board for walls and ceiling including fire rated gypsum board in new addition and corridors.
- Acoustical Ceiling-Placement of acoustical ceiling in new addition and corridors.
- VCT Tile-Placement of VCT tile in new addition and corridors. Color to be selected by the Owner.
- Ceramic Tile-Placement of ceramic floor and wall tile located in bathroom in the new addition. Color to be selected by the Owner.
- Vinyl Base-Placement of vinyl base in new addition and corridors. Black is to be used for the color of the vinyl base.
- Painting-Placement of one coat of primer and two coats of color paint in new addition and corridors. Colors to be selected by the Owner.

Division 10 Specialties

Which Includes:

- Coat Hooks and Shelving-Placement of coat hooks and shelving located at front vestibule in new addition.
- Toilet Accessories-Placement of toilet paper holders, towel dispensers, grab bars, sanitary napkin holder, hand dryers, and mirrors located at bathrooms in the new addition.
- Toilet Partitions-Placement of toilet partitions located in the bathrooms in the new addition. Color to be selected by the Owner.
- Fire Extinguisher and Cabinets-Placement of fire extinguishers and cabinets located in the new addition.
- Projector Screens-Placement of projector screens (2) 12' wide in training area and (1) 8' wide located in the field crew office in the new addition.
- Projector Ceiling Mounts-Placement of projector ceiling mounts in areas described above. Mount are the non-hidden type. (Please note: Projectors are not included in this budget estimate.)

Division 15 Mechanical

Which Includes:

- HVAC-Placement of heating and air condition for the new addition and corridors.
- Plumbing-Placement of all water and sanitary piping, vents, and fixtures located in the new addition.

Division 16 Electrical

Which Includes:

- Electric-Placement of wiring and fixtures, including exit and emergency lighting located in the new addition.
- Fire Alarm System-Placement of fire alarm system located in the new addition and corridors.
- Data Ports-Placement of conduit and outlet boxes for data port system located in the new addition. (Please note: Wiring and other features is not included in this budget estimate.)

We look forward to once again working with Jackson Energy and to provide a building that Jackson Energy and McKnight & Associates, Inc. can be proud of. As we go along, we understand that there will be questions that will arise and our door is always open. We will be happy to answer any questions that may arise during the course of this project.

Division 1 General Conditions			
General Requirements	\$	95,667.00	
Architect's/Engineer Fees	\$	34,230.00	
Bonds and Insurance	\$	49,879.00	
Overhead	\$	111,010.00	
Profit	\$	80,667.00	
Total Division 1 General Conditions			\$ 371,453.00
Division 2 Sitework			
Site Demolition			
Excavation & Grading			
Site Sanitary			
Site Storm			
Site Concrete			
Ornamental Fencing			
Sodding			
Total Division 2 Sitework			\$ 61,146.00
Division 3 Concrete			
Foundation and Slab Concrete			
Reinforcing Steel			
Crushed Aggregate			
Total Division 3 Concrete			\$ 112,336.00
Division 4 Masonry			
Unit Masonry			
Masonry Reinforcement			
Total Division 4 Masonry			\$ 45,000.00
Division 5 Structural Steel			
Structural Steel			
Steel Handrailing			
Miscellaneous Steel			
Total Division 5 Structural Steel			\$ 8,214.00
Division 6 Woods and Plastics			
Rough Carpentry			
Engineered Wood Trusses			
Finish Carpentry			
Cabinets and Countertops			
Drop In Serving Bar			
Total Division 6 Woods and Plastics			\$ 172,704.00
Division 7 Thermal & Moisture Protection			
Batt & Thermal Insulation			
Standing Seam Metal Roof			
Miscellaneous Flashing			
Metal Soffit			
Gutters and Downspouts			
Firestopping			
Division 7 Thermal & Moisture Protection			\$ 117,233.00

Division 8 Doors and Windows

- Hollow Metal Doors and Frames
- Wood Doors
- Aluminum Swinging Doors
- Aluminum Storefronts
- Glazing

Total Division 8 Doors and Windows \$ 94,893.00

Division 9 Finishes

- Gypsum Board
- Acoustical Ceiling
- VCT Tile
- Ceramic Tile
- Vinyl Base
- Painting

Total Division 9 Finishes \$ 128,500.00

Division 10 Specialties

- Coat Hooks and Shelf
- Toilet Accessories
- Toilet Partitions
- Fire Extinguishers & Cabinets
- Projector Screens
- Projector Ceiling Mounts

Total Division 10 Specialties \$ 19,820.00

Division 15 Mechanical

- HVAC
- Plumbing

Total Division 15 Mechanical \$ 117,575.00

Division 16 Electrical

- Electric
- Fire Alarm (New Building Only)
- Data Ports (Conduit & Boxes Only)

\$ 225,126.00

Total Contract Amount \$ 1,474,000.00



NEVADA AVE

KY-192 NB
KY-192

BARBOURVILLE RD

LAGOON TRL

BARBOURVILLE RD

OUTER CRK DR

JEC New
Propose Site

JEC Existing
Office

JEC Existing
Warehouse

KY-229

ROGER BROWNTON

JAMES LEWIS DR

RAY OVERBAY ST

US-25

Exhibit 7

Jackson Energy Cooperative
 Estimated Cost of Operation
 For PSC Approval Application

Depreciation:

Account No.	Description	Estimated Cost	Estimated Monthly Rate X 12	Depreciation
390.00	Office Building	\$1,474,000	0.0204	\$30,070
	Furniture & Equipment	\$88,500	0.05	\$4,425
	Parking/Paving	\$99,831	0.1	\$9,983
		\$1,662,331		\$44,478

Property Taxes:

2010 Taxes	Property @ 12/31/09	Average Rate	Work Plan Amount	Estimated Taxes
\$1,589,877	\$150,407,898	0.01057044	\$1,662,331	\$17,572

Utilities, maintenance and other miscellaneous expenses \$40,000

Estimated cost of operation after the proposed facilities are completed \$102,050

FINANCIAL FORECAST

RUS FORM 325G - DETERMINATION OF PLANT INVESTMENT & LOAN REQUIREMENTS

	PREVIOUS YEARS				FUTURE YEARS								
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1. PLANT SUMMARY													
a. TOTAL UTILITY PLANT (FIRST OF YEAR)	184,075,473	189,265,594	194,283,076	201,381,567	210,184,775	215,420,080	220,677,444	225,957,529	232,261,016	238,588,608	244,941,028	251,319,020	258,723,352
b. PLUS: GROSS ADDITIONS AND REPLACEMENTS	8,264,586	8,030,419	9,694,240	11,303,208	7,735,305	7,757,364	7,780,085	8,803,487	8,827,592	8,852,420	8,877,992	9,904,332	9,904,332
c. LESS: CONTRIBUTION IN AID OF CONSTRUCTION	0	0	0	0	0	0	0	0	0	0	0	0	0
d. LESS: RETIREMENTS	3,074,465	3,012,937	2,595,749	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
e. TOTAL UTILITY PLANT (END OF YEAR)	189,265,594	194,283,076	201,381,567	210,184,775	215,420,080	220,677,444	225,957,529	232,261,016	238,588,608	244,941,028	251,319,020	258,723,352	266,127,684
2. PLANT ADDITIONS & REPLACEMENTS													
Type	Priority												
a. Distribution	Y	7,924,263	7,354,577	8,225,937	7,000,000	7,000,000	7,000,000	7,000,000	8,000,000	8,000,000	8,000,000	9,000,000	9,000,000
b. Subtransmission	Y	0	0	0	0	0	0	0	0	0	0	0	0
c. Bulk Transmission	N	0	0	0	0	0	0	0	0	0	0	0	0
d. Generation	N	0	0	0	0	0	0	0	0	0	0	0	0
e. Hdq - Warehouse	Y	0	0	0	0	0	0	0	0	0	0	0	0
f. Hdq - Office	N	42,543	2,934	12,176	1,662,331	0	0	0	0	0	0	0	0
g. General Plant	N	297,780	672,908	1,456,127	2,640,877	735,305	757,364	780,085	803,487	827,592	852,420	877,992	904,332
h. Acquisitions	N	0	0	0	0	0	0	0	0	0	0	0	0
i. Other	N	0	0	0	0	0	0	0	0	0	0	0	0
j. Other	N	0	0	0	0	0	0	0	0	0	0	0	0
k. Other	N	0	0	0	0	0	0	0	0	0	0	0	0
l. Less Contributions-in-Aid of Construction		0	0	0	0	0	0	0	0	0	0	0	0
NET PLANT ADDITIONS		8,264,586	8,030,419	9,694,240	11,303,208	7,735,305	7,757,364	7,780,085	8,803,487	8,827,592	8,852,420	9,904,332	9,904,332
3. PRIORITY FINANCING REQUIREMENTS													
SUBTOTAL PRIORITY PLANT ADDITIONS		7,924,263	7,354,577	8,225,937	7,000,000	7,000,000	7,000,000	7,000,000	8,000,000	8,000,000	8,000,000	9,000,000	9,000,000
REIMBURSEMENT OF GENERAL FUNDS					0	0	0	0	0	0	0	0	0
EXISTING PRIORITY LOAN FUNDS													
(1) PRIOR RUS LOAN FUNDS APPLIED					0	0	0	0	0	0	0	0	0
(2) PRIOR SUPPL. LOAN FUNDS APPLIED					0	0	0	0	0	0	0	0	0
(3) PRIOR GUARANTEED FUNDS APPLIED					0	0	0	0	0	0	0	0	0
GENERAL FUNDS INVESTED													
(1) GEN. FUNDS PLANT INVEST.					3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
(2) GEN. FUNDS AVAILABLE TO MEET GOAL					11,778,839	18,081,288	23,693,139	29,248,965	35,594,833	41,553,404	47,083,532	53,124,230	60,950,109
(3) BORROW NEW LOAN FUNDS IN ANY YEAR?					N	Y	Y	Y	Y	Y	Y	Y	Y
NEW PRIORITY FINANCING REQUIRED					4,000,000	4,000,000	4,000,000	4,000,000	5,000,000	5,000,000	5,000,000	6,000,000	6,000,000
(1) RUS PORTION	Percentage				0%	0%	0%	0%	0%	0%	0%	0%	0%
	Amount				0	0	0	0	0	0	0	0	0
(2) SUPPL. PORTION	Percentage				0%	0%	0%	0%	0%	0%	0%	0%	0%
	Amount				0	0	0	0	0	0	0	0	0
(3) GUARANTEED PORTION	Percentage				100%	100%	100%	100%	100%	100%	100%	100%	100%
	Amount				4,000,000	4,000,000	4,000,000	4,000,000	5,000,000	5,000,000	5,000,000	6,000,000	6,000,000
4. NON-PRIORITY FINANCING REQUIRED													
SUBTOTAL NON-PRIORITY PLANT ADDITIONS		340,323	675,842	1,468,303	4,303,208	735,305	757,364	780,085	803,487	827,592	852,420	877,992	904,332
REIMBURSEMENT OF GENERAL FUNDS					0	0	0	0	0	0	0	0	0
EXISTING NON-PRIORITY LOAN FUNDS													
(1) PRIOR SUPPL. LOAN FUNDS APPLIED					0	0	0	0	0	0	0	0	0
(2) PRIOR GUARANTEED FUNDS APPLIED					0	0	0	0	0	0	0	0	0
GENERAL FUNDS INVESTED					4,303,208	735,305	757,364	780,085	803,487	827,592	852,420	877,992	904,332
NEW NON-PRIORITY FINANCING REQUIRED					0	0	0	0	0	0	0	0	0
(1) SUPPL. PORTION					0	0	0	0	0	0	0	0	0
(2) GUARANTEED PORTION					0	0	0	0	0	0	0	0	0
5. PLANT INVESTMENT SUMMARY													
a. TOTAL GENERAL FUNDS REQUIRED					7,303,208	3,735,305	3,757,364	3,780,085	3,803,487	3,827,592	3,852,420	3,877,992	3,904,332
b. TOTAL RUS LOAN FUNDS REQUIRED					0	0	0	0	0	0	0	0	0
c. TOTAL GUARANTEED FUNDS REQUIRED					4,000,000	4,000,000	4,000,000	4,000,000	5,000,000	5,000,000	5,000,000	6,000,000	6,000,000
d. TOTAL OTHER FUNDS REQUIRED					0	0	0	0	0	0	0	0	0
e. TOTAL FUNDING REQUIRED					11,303,208	7,735,305	7,757,364	7,780,085	8,803,487	8,827,592	8,852,420	9,904,332	9,904,332

JACKSON ENERGY COOPERATIVE CORPORATION

KY 3 JACKSON

BASE CASE

Mark Keene
May 5, 2010

FINANCIAL FORECAST RUS FORM 325A- RATIOS

	FINANCIAL FORECAST				RUS FORM 325A- RATIOS						
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1. EQUITY RATIO (WITH ADD. REV.) (%)	30.22	30.98	32.83	34.44	36.01	37.61	39.07	40.41	41.67	42.48	43.42
2a. DEBT SERVICE COVERAGE (WITH ADD. REV.)	1.72	1.69	2.05	1.97	1.94	2.00	1.95	1.89	1.96	2.29	2.32
2b. OPERATING DSC (including op. margins + G&T & lender CCs paid)		1.65	2.01	1.93	1.90	1.96	1.91	1.85	1.92	2.24	2.27
3a. TIMES INTEREST EARNED RATIO (WITH ADD. REV.)	1.49	1.48	2.12	2.00	2.00	2.14	2.07	2.00	2.00	2.00	2.09
3b. OPERATING TIER (including op. margins + G&T & lender CCs paid)		1.41	2.05	1.93	1.93	2.07	1.99	1.93	1.93	1.93	2.01
4. AVERAGE REVENUE PER KWH SOLD (CENTS)	10.29	11.61	12.15	12.18	12.26	12.39	12.39	12.41	12.47	12.50	12.64
5. INCREASE IN AVERAGE REVENUE PER KWH SOLD (%)		12.86	4.61	0.30	0.66	1.03	0.00	0.18	0.44	0.25	1.12
6. TOTAL UTILITY PLANT PER KWH SOLD (CENTS)	20.36	21.83	22.42	23.10	23.62	24.00	24.36	24.82	25.20	25.49	25.98
7. NET GENERAL FUNDS TO TOTAL UTILITY PLANT (%)	6.36	5.60	8.39	10.74	12.94	15.33	17.42	19.22	21.14	23.56	26.12
8. ACCUM. PROV. FOR DEP. & AMORT. TO T.U.P. (%)	23.75	25.54	27.75	29.97	32.20	34.30	36.40	38.50	40.62	42.58	44.55
9. OPERATIONS & MAINTENANCE EXP. PER CONSUMER (\$)	187.64	203.30	208.16	213.19	218.41	223.79	229.36	235.11	241.04	247.15	253.46
10. ADMIN. & GEN. EXPENSE PER CONSUMER (\$)	82.79	98.58	100.93	103.37	105.90	108.51	111.21	114.00	116.88	119.84	122.90
11. PLANT REVENUE RATIO	5.61	5.68	5.20	5.31	5.33	5.26	5.34	5.42	5.44	5.47	5.41
12. RATE OF RETURN ON RATE BASE (WITH ADD. REV.) (%)		5.19	7.42	7.03	7.05	7.57	7.33	7.11	7.17	7.23	7.78
13. RATE BASE = 104% OF NET UTILITY PLANT		162,763,799	161,863,915	160,718,634	159,320,595	158,702,214	157,815,682	156,652,954	155,205,744	154,505,518	153,475,269
14. INCREASE OVER PRESENT RETAIL RATES REQUIRED (%)		0.36	0.00	0.29	0.94	0.00	0.00	0.18	0.61	0.85	0.00
15. MODIFIED DSC (FOR RUS USE)		1.67	2.03	1.95	1.92	1.98	1.93	1.87	1.94	2.27	2.30
16. MODIFIED TIER (NET OF G&T & OTHER CAP. CREDITS)		1.45	2.08	1.97	1.97	2.11	2.03	1.97	1.97	1.97	2.05

FINANCIAL FORECAST RUS FORM 325B - PRO FORMA BALANCE SHEET

	FINANCIAL FORECAST				RUS FORM 325B - PRO FORMA BALANCE SHEET						
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1. ASSETS AND OTHER DEBITS											
a. TOTAL UTILITY PLANT	201,381,567	210,184,775	215,420,080	220,677,444	225,957,529	232,261,016	238,588,608	244,941,028	251,319,020	258,723,352	266,127,684
b. ACCUM. PROVISION FOR DEPREC. & AMORT.	47,831,046	53,681,122	59,781,700	66,140,296	72,764,649	79,662,734	86,842,760	94,313,188	102,082,728	110,160,354	118,555,310
c. NET UTILITY PLANT	153,550,521	156,503,653	155,638,380	154,537,148	153,192,880	152,598,282	151,745,848	150,627,840	149,236,292	148,562,998	147,572,374
d. NET GENERAL FUNDS	12,803,181	11,778,839	18,081,288	23,693,139	29,248,965	35,594,833	41,553,404	47,083,532	53,124,230	60,950,109	69,508,854
e. GENERAL FUNDS EXCLUDABLE ITEMS	2,978,745	2,978,745	2,978,745	2,978,745	2,978,745	2,978,745	2,978,745	2,978,745	2,978,745	2,978,745	2,978,745
f. OTHER ASSETS AND DEBITS	53,481,731	53,681,731	53,881,731	54,081,731	54,281,731	54,481,731	54,681,731	54,881,731	55,081,731	55,281,731	55,481,731
g. TOTAL ASSETS AND OTHER DEBITS	222,814,178	224,942,968	230,580,144	235,290,763	239,702,321	245,653,592	250,959,728	255,571,849	260,420,999	267,773,583	275,541,705
2. LIABILITIES AND OTHER CREDITS											
a. TOTAL MARGINS AND EQUITIES	67,332,691	69,685,424	75,710,293	81,032,618	86,319,962	92,401,548	98,043,308	103,277,848	108,506,667	113,757,950	119,649,042
b. LONG TERM DEBT - RUS											
(1). LONG TERM DEBT - 2% & 5%	0	0	0	0	0	0	0	0	0	0	0
(2). LONG TERM DEBT - 5%, MUNI & TREASURY	31,861,836	31,261,607	30,634,276	29,978,584	29,293,210	28,576,774	27,827,829	27,044,863	26,226,293	25,370,459	24,488,355
(3). LONG TERM DEBT - GUARANTEE	74,126,049	76,646,581	79,111,390	81,460,559	83,665,872	86,756,752	89,727,587	92,566,641	95,261,055	98,803,699	102,187,087
(4). LESS CUSHION OF CREDIT	334,795	334,795	334,795	334,795	334,795	334,795	334,795	334,795	334,795	334,795	334,795
(5). TOTAL LONG TERM DEBT -RUS	105,653,090	107,573,393	109,410,871	111,104,348	112,624,287	114,998,730	117,220,621	119,276,710	121,152,553	123,839,363	126,340,647
c. LONG TERM DEBT - OTHER	26,802,897	24,658,651	22,433,480	20,128,298	17,732,572	15,227,813	12,670,298	9,991,791	7,736,279	7,150,769	6,526,516
d. CURRENT PORTION OF LONG TERM DEBT	0	4,387,692	4,611,706	4,875,786	5,130,316	5,335,624	5,622,418	5,379,669	3,898,700	4,122,969	4,122,969
e. LONG TERM DEBT - TOTAL	132,455,987	127,844,351	127,232,645	126,356,859	125,226,544	124,890,919	124,268,501	123,888,832	124,990,132	126,867,163	128,744,194
f. OTHER LIABILITIES AND CREDITS	23,025,500	27,413,192	27,637,206	27,901,286	28,155,816	28,361,124	28,647,918	28,405,169	26,924,200	27,148,469	27,148,469
g. TOTAL LIABILITIES AND OTHER CREDITS	222,814,178	224,942,968	230,580,144	235,290,764	239,702,321	245,653,592	250,959,728	255,571,849	260,420,999	267,773,583	275,541,705

	FINANCIAL FORECAST				RUS FORM 325C - STATEMENT OF OPERATIONS					
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1. ACCRUAL BASIS										
a (1). ADDITIONAL REVENUE REQUIREMENTS FOR TIER/EQUITY	416,389	0	345,569	1,114,650	0	0	221,428	768,832	1,094,662	0
(2). OPER. REV. & PATRON. CAP - PRESENT RATES	114,133,802	119,511,641	118,897,070	119,068,813	122,803,188	124,257,931	125,216,557	126,524,225	128,726,613	132,430,401
b. COST OF POWER	77,561,857	78,102,012	77,674,531	77,772,612	78,680,188	79,617,074	80,228,863	81,069,374	82,496,179	83,259,880
c. OPER. REV. LESS COST OF POWER	36,988,334	41,409,629	41,568,108	42,410,851	44,123,000	44,640,857	45,209,122	46,223,684	47,325,097	49,170,521
d. OPERATIONS & MAINTENANCE EXPENSE	10,538,228	10,854,375	11,180,006	11,515,406	11,860,868	12,216,695	12,583,195	12,960,691	13,349,512	13,749,997
e. CONSUMER ACCOUNTS AND SALES EXPENSE	4,432,265	4,565,233	4,702,190	4,843,256	4,988,553	5,138,210	5,292,356	5,451,127	5,614,661	5,783,101
f. ADM. & GEN. & OTHER DEDUCTIONS EXPENSE	5,109,888	5,263,185	5,421,080	5,583,713	5,751,224	5,923,761	6,101,474	6,284,518	6,473,053	6,667,245
g. DEPRECIATION AND AMORTIZATION EXPENSE	8,350,076	8,600,578	8,858,596	9,124,353	9,398,084	9,680,027	9,970,427	10,269,540	10,577,626	10,894,955
h. TAX EXPENSE	105,000	108,150	111,395	114,736	118,178	121,724	125,375	129,137	133,011	137,001
i. INTEREST EXPENSE	5,974,444	5,867,716	5,847,325	5,817,344	5,800,463	5,795,465	5,779,540	5,778,819	5,806,284	5,929,022
j. TOTAL COST OF ELECTRIC SERVICE	112,071,758	113,361,249	113,795,122	114,771,420	116,597,559	118,492,955	120,081,231	121,943,205	124,450,325	126,421,201
k. PATRONAGE CAPITAL & OPERATING MARGINS	2,478,433	6,150,392	5,447,517	5,412,043	6,205,629	5,764,976	5,356,754	5,349,852	5,370,950	6,009,200
l. NON-OPERATING MARGINS	189,300	194,477	199,809	205,301	210,958	216,784	222,785	228,967	235,334	241,891
m. G&T AND OTHER CAPITAL CREDITS (CFC CTC's)	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
n. TOTAL ACCRUAL MARGINS	2,867,733	6,544,869	5,847,325	5,817,344	6,616,586	6,181,760	5,779,540	5,778,819	5,806,284	6,451,091
2. CASH BASIS										
a. CASH FROM OPERATIONS BEFORE DEBT SERVICE	16,992,253	20,813,163	20,353,246	20,559,041	21,615,134	21,457,252	21,329,507	21,627,178	21,990,193	23,075,068
b. TOTAL DEBT SERVICE	10,198,387	10,255,409	10,459,031	10,693,130	10,930,779	11,131,090	11,401,958	11,158,488	9,704,983	10,051,991
c. CASH MARGINS AFTER DEBT SERVICE	6,793,866	10,557,754	9,894,215	9,865,911	10,684,355	10,326,163	9,927,549	10,468,690	12,285,210	13,023,078

	FINANCIAL FORECAST				RUS FORM 325D - GENERAL FUNDS SUMMARY					
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1. SOURCES OF GENERAL FUNDS										
a. NET GENERAL FUNDS BEGINNING OF YEAR	12,803,181	11,778,839	18,081,288	23,693,139	29,248,965	35,594,833	41,553,404	47,083,532	53,124,230	60,950,109
b. CASH MARGINS AFTER DEBT SERVICE	6,793,866	10,557,754	9,894,215	9,865,911	10,684,355	10,326,163	9,927,549	10,468,690	12,285,210	13,023,078
c. OTHER PROCEEDS	0	0	0	0	0	0	0	0	0	0
d. SALE OF EXCLUDABLE ITEMS	0	0	0	0	0	0	0	0	0	0
e. REIMBURSEMENT FROM PRIORITY LOAN FUNDS	0	0	0	0	0	0	0	0	0	0
f. REIMBURSEMENT FROM SPECIAL LOANS (NON-PRIORITY)	0	0	0	0	0	0	0	0	0	0
g. USES OF CUSHION OF CREDIT ACCOUNT	0	0	0	0	0	0	0	0	0	0
2. TOTAL GENERAL FUNDS AVAILABLE	19,597,047	22,336,593	27,975,503	33,559,050	39,933,320	45,920,996	51,480,952	57,552,222	65,409,441	73,973,186
3. PROPOSED USE OF GENERAL FUNDS										
a. PURCHASE OF EXCLUDABLE ITEMS	0	0	0	0	0	0	0	0	0	0
b. CAPITAL CREDIT RETIREMENTS	515,000	520,000	525,000	530,000	535,000	540,000	545,000	550,000	555,000	560,000
c. GENERAL FUNDS INVESTED IN PLANT	7,303,208	3,735,305	3,757,364	3,780,085	3,803,487	3,827,592	3,852,420	3,877,992	3,904,332	3,904,332
d. OTHER USES OF GENERAL FUNDS	0	0	0	0	0	0	0	0	0	0
e. ADDITIONS TO CUSHION OF CREDIT ACCOUNT	0	0	0	0	0	0	0	0	0	0
f. ADDITIONAL PRINCIPAL PAYMENTS	0	0	0	0	0	0	0	0	0	0
4. TOTAL PROPOSED USES OF GENERAL FUNDS	7,818,208	4,255,305	4,282,364	4,310,085	4,338,487	4,367,592	4,397,420	4,427,992	4,459,332	4,464,332
5. NET GENERAL FUNDS - END OF YEAR	11,778,839	18,081,288	23,693,139	29,248,965	35,594,833	41,553,404	47,083,532	53,124,230	60,950,109	69,508,854

JACKSON ENERGY COOPERATIVE CORPORATION

Resolution 2011-05-04

CONSTRUCTION OF THE LONDON BUILDING ADDITION

WHEREAS, Jackson Energy Cooperative (JEC) has an existing London office and warehouse facility that has no additional office space, crew space, or a space for training, and

WHEREAS, JEC requested a Design/Build quote from McKnight & Associates, Inc., a local contractor who had previous work experience in constructing buildings for JEC, and

WHEREAS, JEC has received and reviewed the quote from McKnight & Associates, Inc., in the amount of \$1,474,000.00.

AND, we are requesting a 10% contingency fund to accommodate change orders as they become necessary during construction.

NOW, THEREFORE BE IT RESOLVED, the Board approves the Resolution and authorizes the President and CEO to proceed with the appropriate regulatory approvals and after such approvals, sign the contract with McKnight & Associates, Inc. to construct the building addition at the London facility. The total authorization of this resolution is \$ 1,621,400.00.

I, Keith Binder, Secretary/Treasurer of the Jackson Energy Cooperative hereby certify that the foregoing is a full, true and correct copy of the Resolution duly passed by the Board of Directors of Jackson Energy Cooperative at meeting duly called and held in compliance with the By-Laws of the Cooperative on the 12th day of May 2011, at which meeting a quorum was present, and that the Resolution as set out above appears in the minutes of that meeting in the Minute Book of the Cooperative dated this 12th day of May 2011.



KEITH BINDER, SECRETARY/TREASURER



DON PACK, SALES REPRESENTATIVE

1041 LEESTOWN ROAD
FRANKFORT, KY
P:(502) 382-7504
F: (606) 678-0411

Date: Tuesday, May 10th 2011
Company: Jackson Energy
"London Branch"

Email: don.pack@ky.gov
Website: www.kci.ky.gov

Attn: Carol Wright
Phone:

We are pleased to submit the following **PROPOSAL**

Sales ID Account# County#
DP

Qty	Catalog#	Description	Unit Price	Unit Total
2 PERSON OFFICE "MODULAR"				
2.00	16-BREATH-2	ERGONOMIC OFFICE CHAIR BREATH W/ MESH BACK "BLACK ONLY"	379.00	758.00
4.00	16-SS/A	UPHOLSTERED GUEST CHAIR W/ ARMS	95.00	380.00
1.00	19-MODULAR	MODULAR FURNITURE "SEE LAYOUT"	6,189.20	
2 Offices "WOOD"				
1.00	10-P-SPSD-LM	WOODEN DESK WITH LEFT RETURN "L"	920.00	\$ 920.00
1.00	10-P-BK73M	WOODEN BOOKCASE 72"H x 38"W x 13"D	271.00	271.00
2.00	16-SS/A	UPHOLSTERED GUEST CHAIR W/ ARMS	95.00	190.00
1.00	16-BREATH-2	ERGONOMIC OFFICE CHAIR BREATH W/ MESH BACK "BLACK ONLY"	379.00	379.00
1.00	10-P-SPSD-RM	WOODEN DESK WITH RIGHT RETURN "L"	920.00	\$ 920.00
1.00	10-P-BK73M	WOODEN BOOKCASE 72"H x 38"W x 13"D	271.00	271.00
2.00	16-SS/A	UPHOLSTERED GUEST CHAIR W/ ARMS	95.00	190.00
1.00	16-BREATH-2	ERGONOMIC OFFICE CHAIR BREATH W/ MESH BACK "BLACK ONLY"	379.00	379.00
Staking Engineers				
3.00	16-BREATH-2	ERGONOMIC OFFICE CHAIR BREATH W/ MESH BACK "BLACK ONLY"	379.00	1,137.00
4.00	16-SEBASICNA	SEDONA BASIC CHAIR W/ CASTERS W/O ARMS	215.00	860.00
1.00	19-MODULAR	MODULAR FURNITURE "SEE LAYOUT"	11,454.59	11,454.59
2 OFFICES "MODULAR"				
2.00	16-BREATH-2	ERGONOMIC OFFICE CHAIR BREATH W/ MESH BACK "BLACK ONLY"	379.00	758.00
4.00	16-SS/A	UPHOLSTERED GUEST CHAIR W/ ARMS	95.00	380.00
1.00	19-MODULAR	MODULAR FURNITURE "SEE LAYOUT"	6,734.84	6,734.84

FIELD CREW OFFICE

18.00	16-SEBASICNA	SEDONA BASIC CHAIR W/ CASTERS W/O ARMS	215.00	3,870.00
1.00	19-MODULAR	MODULAR FURNITURE "SEE LAYOUT"	15,515.20	15,515.20

TRAINING ROOM

192.00	16-SS/NA	PADDED SEAT & BACK UPHOLSTERED STACK CHAIR W/O ARMS	89.00	17,088.00
24.00	19-CUSTOM	60" ROUND PORTICO TABLE W/ FOLDING LEGS	625.00	15,000.00
12.00	19-CUSTOM	CHAIR CART	179.00	2,148.00
4.00	19-CUSTOM	BTT TABLE CART FOR 60" ROUND PORTICO TABLES	545.00	2,180.00
1.00	07-CUSTOM	WOODEN PODIUM W/ CASTERS	485.00	485.00

KITCHEN

1.00	07-CUSTOM	WOODEN SERVING BAR WITH LAMINATE TOPS "SEE DRAWING FOR DIMENSIONS"	5,985.00	5,985.00
NOTE		NO DELIVERY CHARGE PER KCI TRUCK "TAILGATED"		
9.00	SET-UP FEE	CARRY INSIDE & SET IN PLACE FEE \$25.00 PER HOUR	25.00	225.00
		ADD 6% KY SALES TAX IF APPLICABLE	\$5,308.71	

\$ 88,478.63

Z
* \$ 88,478.63



GENERAL CONTRACTORS & CONSTRUCTION MANAGERS

25 Commercial Drive ♦ London, Kentucky 40744 ♦ P 606-878-6631 F 606-878-6994

To: Carol Wright
Jackson Energy Cooperative

Re: Jackson Energy Office Addition
London, Ky.

Carol,

The estimated cost for the 6:2:1 paving as discussed for this project is \$99,831.00.
If you need anything else concerning the paving, please let me know.

If you have any questions, please contact me at your earliest convenience.

Thanks,

Ray Baker

Ray Baker
Estimating & Project Management

McKnight & Associates, Inc.

25 Commercial Drive
London, Ky. 40744
Phone: 606-878-6631
Fax: 606-878-6994
Email: ray@mcknightgc.com

CASE NO: 2011-00178

CONTAINS

LARGE OR OVERSIZED

MAP(S)

RECEIVED ON: May 20, 2011