

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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|-------------------------------------|---|------------|
| APPLICATION OF JACKSON ENERGY |) | CASE NO. |
| COOPERATIVE CORPORATION FOR |) | 2014-00047 |
| APPROVAL OF AN ECONOMIC DEVELOPMENT |) | |
| RIDER |) | |

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO JACKSON ENERGY COOPERATIVE CORPORATION

Jackson Energy Cooperative Corporation ("JECC"), pursuant to 807 KAR 5:001, is to file with the Commission the original and ten copies of the following information, with a copy to all parties of record. The information requested herein is due on or before May 2, 2014. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

JECC shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which JECC fails or refuses to furnish all or part of the requested information, JECC shall

provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Refer to the response to Item 6.c. of Commission Staff's Initial Request for Information ("Staff's First Request"), which states that JECC does not understand the "free rider" problem to which the request refers. Page 14 of the Commission's Order in Administrative Case No. 327 ("Admin. 327")¹ addresses the free rider issue:

On the other hand, however, the Commission realizes that customers do not require identical incentives in order to locate a new facility in a particular area or to expand existing operations. In fact, for some customers, utility rate incentives may not even be a factor in their locational or expansionary decision-making process. Customers who would have decided to locate in Kentucky or expand existing operations even in the absence of rate discounts, but who would take advantage of EDRs that are offered to all new or expanding customers, in effect, become "free riders" on the utility system at the expense of all other ratepayers.

Within the context expressed above, explain whether a free rider problem will be created by offering an EDR contract to a new customer that has already located its facility in JECC's service territory with no EDR discount incentive to do so.

¹ Administrative Case No. 327, An Investigation Into the Implementation of Economic Development Rates by Electric and Gas Utilities (Ky. PSC Sept. 24, 1990).

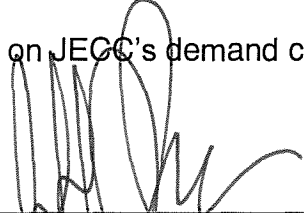
2. Refer to the responses to Items 8 and 11.b. of Staff's First Request. The responses indicate that East Kentucky Power Cooperative, Inc. ("EKPC") does not charge for a meter associated with a contract load.

a. Given EKPC's intention to provide the meter, state whether JECC believes that the EDR tariff would be misleading if the provision were to remain.

b. Refer to Findings Paragraph No. 9 in Admin. 327, which states, "All EDR contracts should include a provision providing for the recovery of EDR customer-specific fixed costs over the life of the contract." Given that paragraph, explain why it would be appropriate for the Commission to approve a future EDR contract that does not provide for the cost of the meter to be recovered from the EDR customer.

3. Refer to JECC's response to Item 10 of Staff's First Request. Explain how an existing customer would know to request a special contract pursuant to the EDR Tariff if the tariff does not include language that it is available to be used to retain load of existing customers.

4. Refer to the response to Item 12 of Staff's First Request, which states, "In order to provide simplicity and clarity, it was determined that offering the EKPC-based discount was the most reasonable approach." Explain in more detail why the discount is based on EKPC's demand charge rather than on JECC's demand charge.



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cc: Parties of Record

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