

TAYLOR, KELLER & OSWALD, PLLC

Attorneys At Law

J. WARREN KELLER
CLAYTON O. OSWALD

BRADLEY S. HARN

BOYD F. TAYLOR
(1924 - 2012)

1306 WEST FIFTH STREET, STE. 100
P.O. Box 3440
LONDON, KY 40743-3440
PHONE: 606-878-8844
FACSIMILE: 606-878-8850

WRITERS E-MAIL: coswald@tkolegal.com

April 30, 2014

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

RECEIVED
MAY 2 - 2014
PUBLIC SERVICE
COMMISSION

**Re: Case No. 2014-00047
Responses of Jackson Energy to Second Request for Information**

Dear Mr. Derouen:

Please find enclosed with this letter an original and ten copies of the responses of Jackson Energy Cooperative to the Commission's Second Request for Information in the above-referenced matter.

Please feel free to call if you have any questions or concerns.

Sincerely,



Clayton O. Oswald

Enclosure: as stated

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

APPLICATION OF JACKSON ENERGY)	Case No.
COOPERATIVE CORPORATION FOR)	2014-00047
APPROVAL OF AN ECONOMIC)	
DEVELOPMENT RIDER)	

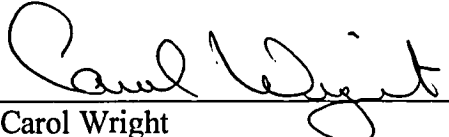
**RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR
INFORMATION TO JACKSON ENERGY COOPERATIVE CORPORATION
DATED APRIL 28, 2014**

STATE OF KENTUCKY)

COUNTY OF JACKSON)

I, Carol Wright, state that I am the President & CEO at Jackson Energy Cooperative, that I have personal knowledge of the matters set forth in this application and attached exhibits if applicable, and that the statements and calculations contained in each are true as I verily believe.

This 30th day of April 2014.



Carol Wright

SUBSCRIBED AND SWORN to before me by Carol Wright this 30th day of
April, 2014.



Notary Public, KY State at Large

My Commission Expires: 1/19/18

JACKSON ENERGY COOPERATIVE CORPORATION

PSC CASE NO. 2014-00047

RESPONSE TO INFORMATION REQUEST

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 04/17/14
REQUEST 1**

RESPONSIBLE PARTY: Carol Wright

Request 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.

Response 1.

Jackson Energy does not believe that there would be a “free rider” problem by offering an EDR contract to a new customer who has already located its facility in our service territory. With the current economic conditions in Eastern Kentucky, especially the high unemployment rates in our service territory, an EDR would give Jackson Energy a tool for attracting new businesses and encouraging existing ones to expand.

Jackson Energy has one eligible customer who expanded operations on or after January 1, 2013. This one customer is comparing electric rates with other states and has indicated their intention to examine relocating their existing operations to another state. The EDR is a tool that Jackson Energy can use to encourage this customer to stay in Kentucky and continue to provide employment opportunities for our area.

JACKSON ENERGY COOPERATIVE CORPORATION
PSC CASE NO. 2014-00047
RESPONSE TO INFORMATION REQUEST

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 04/17/14
REQUEST 2

RESPONSIBLE PARTY: Carol Wright

Request 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.

Request 2a.

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.

Response 2a.

Jackson Energy does not believe the EDR tariff would be misleading by stating the cost of the customer-specific meter installation shall be recovered from the customer. During the negotiations of the EDR contract, Jackson Energy and EKPC would inform the customer that there would be no charge for the meter installation.

Request 2b.

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.

Response 2b.

At the time of negotiations for a future EDR contract, the specific terms and conditions will be included in a special contract and submitted for approval by the Commission. Any future costs of the meter installation would be in the specific terms of the special contract for Commission approval. However, at this time, EKPC does not charge for the metering installation.

JACKSON ENERGY COOPERATIVE CORPORATION

PSC CASE NO. 2014-00047

RESPONSE TO INFORMATION REQUEST

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 04/17/14
REQUEST 3**

RESPONSIBLE PARTY: Carol Wright

Request 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.

Response 3.

Jackson Energy strives to maintain a close working relationship with our customers. Jackson Energy has employees that interact with these customers periodically. If there was a situation where an existing customer would benefit from an EDR special contract to retain their existing load, and the customer meets the criteria set forth in the tariff, Jackson Energy would work with that customer to develop a special contract for approval by the Commission.

JACKSON ENERGY COOPERATIVE CORPORATION
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RESPONSE TO INFORMATION REQUEST

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 04/17/14
REQUEST 4

RESPONSIBLE PARTY: Carol Wright

Request 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.

Response 4.

The EDR tariff would be offered to all sixteen member systems by EKPC. There are member systems that have different tariffed demand charges when compared to EKPC. Additionally, the billing demand is different among the sixteen member cooperatives compared to EKPC's billing demand. Therefore, to avoid confusion and to base the discount uniformly across all sixteen member systems, it was determined that the discount be based on EKPC's demand charge, not the individual member system's demand charge.

Using EKPC's demand charge ensures that any EDR customer in any of the sixteen member systems receives the same discount.