COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

TARIFF FILING OFJACKSON ENERGY	)	
COOPERATIVE TO ESTABLISH PREPAID	)	CASE NO.
ELECTRIC SERVICE	)	2010-00210

COMMISSION STAFF'S FIRST INFORMATION REQUEST
TO JACKSON ENERGY COOPERATIVE

Pursuant to 807 KAR 5:001, Jackson Energy Cooperative ("Jackson Energy") is to file jointly 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 July 29, 2010. 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.

Jackson Energy 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

Jackson Energy fails or refuses to furnish all or part of the requested information, Jackson Energy 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 application, page 3 of the Testimony of James R. Adkins ("Adkins Testimony"), the Equipment Costs Table.

a. In Case No. 2005-00305,[1] Jackson Energy was authorized to purchase 1,500 disconnect collars at $212 each for $318,000[2] as part of its 2005-2007 Construction Work Plan ("CWP"). State whether the basis for the $165 cost of the disconnect collar shown in the Equipment Cost Table is the historical cost based on disconnect collars purchased in conjunction with the 2005-2007 CWP or the current cost to Jackson Energy.

b. If the amount is based on historical cost, state the amount that is currently being recovered through base rates.

2. Refer to the application, page 4 of the Adkins Testimony. Provide the information gathered by Mr. Adkins that supports the operation and maintenance

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[1] Case No. 2005-00305, Application of Jackson Energy Cooperative for a Certificate of Convenience and Necessity Pursuant to KRS 278.020(1) and 807 KAR 5:001, Section 9 and Related Sections, Authorizing Certain Proposed Construction Identified as the 2005-2007 Construction Work Plan, (Ky. PSC Oct. 7, 2005).

[2] Id., at pages 3-37.

expense percentages of 20 percent for software and 10 percent for the disconnect collar and in-house display.

3. Refer to question and answer 4 of the Testimony of Carol Wright ("Wright Testimony"). Ms. Wright states that the prepay program "would utilize the AMI technology that is already in place." Commission Staff understand "AMI" to refer to Automated Metering Infrastructure. In Case Nos. 2003-00251,[3] 2005-00305, and 2007-00330,[4] the Commission authorized Jackson Energy to install Automated Meter Reading ("AMR") technology but had included no reference to AMI. Provide (a) a narrative description of all AMR equipment currently installed on Jackson Energy's distribution system and (b) a narrative description of all AMI equipment currently installed on Jackson Energy's distribution system. Include in the discussion a description of the AMR and/or AMI capabilities currently being utilized and those capabilities currently not being utilized by Jackson Energy.

4. Refer to question and answer 5 of the Wright Testimony. Ms. Wright states that, with the prepaid metering tariff, members can deposit money to their accounts at the utility office counter, over the internet, or via telephone.

a. State whether depositing money into the account via telephone is automated or requires the use of a customer service representative.

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[3] Case No. 2003-00251, Application of Jackson Energy Cooperative for a Certificate of Convenience and Necessity Pursuant to KRS 278.020(1) and 807 KAR 5:001, Section 9 and Related Sections, Authorizing Certain Proposed Construction Identified as the 2003-2005 Construction Work Plan, (Ky. PSC Dec. 16, 2003).

[4] Case No. 2007-00330, Application of Jackson Energy Cooperative for a Certificate of Public Convenience and Necessity Pursuant to KRS 278.020(1) and 807 KAR 5:001, Section 9 and Related Sections, Authorizing Certain Proposed Construction Identified as the 2007-2009 Construction Work Plan, (Ky. PSC Sept. 27, 2007).

b. Explain whether a transaction fee would apply to deposit methods that do not require the use of a customer service representative. If yes, explain.

5. Refer to question and answer 7 of the Wright Testimony in which Ms. Wright states that "Jackson Energy's program is voluntary whereas LG&E's program was not." Explain why Ms. Wright considers Louisville Gas and Electric Company's program not to have been voluntary.

6. Refer to question and answer 3 of the Testimony of Rodney Chrisman. Mr. Chrisman states that research of customer accounts with prepay ability and an in-home display shows that the program results in overall energy savings. Provide details of the research referred to in Mr. Chrisman's testimony.

7. Refer to Exhibit 1 of the application.

a. State whether the two dollar amounts on this page take into account the monthly program fee and transaction costs.

b. Explain why the calculations are based on 4,000 members while the calculation of the monthly program fee assumes only 1,500 participants.

8. Refer to Exhibit 2 of the application. State whether the two dollar amounts on this page represent the wholesale cost of power. If no, explain.

9. Refer to the tri-fold titled "Plug in to Choice, Plug in to Prepay" included in the application. Under Section 6, Current Date/Time, there is an explanation for the "Right light" which states that it indicates a message has been received from the utility. Explain what type of message this would be and how the customer would access it.

10. Refer to Jackson Energy's Administrative Policy A405 attached to the application.

a. Refer to Section III, Contracts/Agreements. Provide a copy of Jackson Energy's current membership agreement and a copy of the proposed membership agreement if the prepay service is approved.

b. Explain why the information in Section III, Contracts/Agreements, Section IV, Charges and Assessments, and Section VIII, Other, is not included in the proposed tariff.

c. Refer to Section V, Member Training and Education. Explain why Jackson Energy is not proposing a mass mailing to educate its members on the prepay service.

d. Refer to Section VI, Member Benefits. Subsection C states that there will be no deposits, late fees, or disconnect/reconnect charges associated with the prepay service. Explain why this information is not included in the proposed tariff.

11. Refer to the Prepay Metering and Community Action Agencies Interface attached to the application. State whether a transaction charge would apply to the use of a heating assistance voucher.

12. State whether the prepay service would be applicable to customers taking service under the budget billing plan.

13. Refer to page 4 of the Appendix attached hereto and incorporated herein. The publication states that Jackson Energy will use $100,000 in grant funds from the American Reinvestment and Recovery Act to implement this prepaid meter program. State Jackson Energy's understanding of whether these funds are or are not to be

repaid. If these funds are not to be repaid, explain why these funds were not used as a reduction of costs in the calculation of the monthly program fee.

Jeff Derouen
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED: JUL 15 2010

cc: Parties of Record

APPENDIX

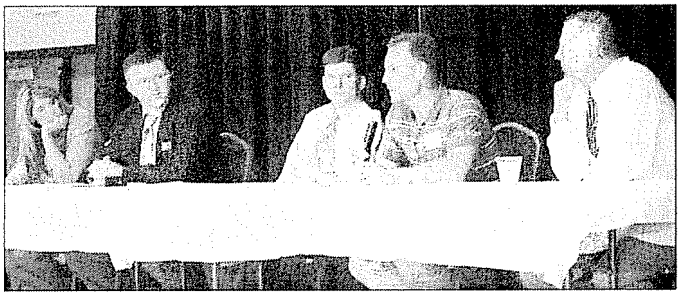
APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2010-00210 DATED JUL 15 2010

Energy at Work

A Monthly Review of Recovery Programs Working for Kentuckians

KENTUCKY AT WORK Kentucky Energy & Environment Cabinet

Save Energy Now workshops conclude



Panelists discuss implementation strategies for energy management plans with participants. (L-R) Rebecca Cash and Bob Miles (KPPC), John LeFevre (DEDI), Gary Satler (Sherwin-Williams), and Richard Meisenhelder (KPPC).

The last in a series of Save Energy Now workshops hosted by the Kentucky Pollution Prevention Center took place at the National Corvette Museum in Bowling Green on June 16th

Through a partnership with the Department for Energy Development and Independence (DEDI) and U.S. Department of Energy, the Kentucky Pollution Prevention Center (KPPC) at the University of Louisville hosted a total of four Save Energy Now workshops. KPPC staff hosted free workshops in Louisville, Erlanger, Richmond, and Bowling Green in order to recruit industrial and commercial facilities for the Environmental Sustainability Program. These workshops mark the launch of expanded services that will allow KPPC to support clients through the development of self-sustaining energy-savings programs. Sessions were conducted by KPPC engineers and specialists in the energy field, and guest speakers included representatives from DEDI, regional utilities and consultants.

The ultimate goal of the program is to help industrial and manufacturing facilities reduce their energy use by 2.5 percent per year for 10 years.

The workshops recruited a total of 11 companies to commit to the program, which will help them to conduct an energy audit, build an energy management plan, and offer guidance with its implementation.

The workshops are part of KPPC's Environmental Sustainability Program, in which KPPC engineers provide customized services, help clients lower operating costs by eliminating waste at its source, and address energy and water efficiency issues, as well as a variety of other environmental challenges. The Center offers on-site assessments and opportunity identification, training, workshops and webinars.

Recovery funding helps City of Leitchfield turn waste into energy

At a celebration of the 40th anniversary of the Bel Cheese facility, representatives from the Department for Energy Development and Independence (DEDI) and the Department for Local Government (DLG) joined officials from Grayson County, the City of Leitchfield, and executives from Bel Brands USA (producers of Laughing Cow cheese) to announce funding that will help make infrastructure improvements to the city's municipal natural gas lines that will support installation of an anaerobic digester at the facility.

Through a partnership between DEDI and DLG, the City of Leitchfield and Grayson County will use Recovery funds from the U.S. Department of Energy, for gas system design and installation of gas valves and lines for the conveyance of methane gas for municipal use. The company, as part of its expansion, will purchase an anaerobic digester, which will covert the facility's waste into methane gas.

The funding will be utilized to establish an infrastructure improvement plan for water, sewer, and gas lines that supply residential, commercial, governmental and industrial buildings. Bel Cheese will be able to expand its production without putting extra strain on the treatment center and will utilize the energy from the methane produced. The plant will switch from fuel oil to the digester-created methane gas, lowering green house gas and other air pollution emissions.

Funds for the new infrastructure come from a special Energy Efficiency and Conservation Block Grant.

Harry Carver (DLG) announces Recovery Act funding that will benefit the Bel Cheese facility, Grayson County and the City of Leitchfield, KY. Also pictured: (L-R) Francine Moudry, Director of Operations for Leitchfield Bel Cheese facility, and Leitchfield Mayor William Thomason.

National Energy Education Development Project (NEED) Awards Ceremony

Three of Kentucky's most outstanding NEED projects became winners at the national level. They were recognized in Washington, DC on June 28, 2010 at the Yates Auditorium, Department of Interior. Only 12 schools in the country received national awards.

Summit View Elementary (Independence, KY) named National Elementary Level Rookie School of the Year

The school's Energy Wise team spent time with middle school and high school students to build their knowledge about energy. With that foundation they set goals to make staff and students aware of their energy use through a number of activities. As a team they organized energy assemblies, the school's first science expo, hosted a "plant-a-garden," had a green week and did audits to see what classrooms could be the most energy wise. Together they educated students, parents, and the community about how to go green at home and at school.

Bullitt Lick Middle School (Shepherdsville, KY) named National Junior Level School of the Year

The BLMS NEED Team began by learning the NEED Science of Energy experiments in order to serve as student facilitators at a NEED Educator Workshop, where they taught the activities to 60 adults. They also worked with small teacher groups modeling Electrolysis and Methane Steam Reforming from NEED's H2 Educate. They went on to teach two other workshops, including one held for their district. At their district-wide workshop they reached 10 teachers and 68 students who plan to start NEED Teams at their schools. The team is now serving as the NEED Team trainers for their district. Altogether they reached 120 teachers this year who, in turn, will reach thousands of students.

Energy Technology Career Academy (Columbia, KY) named National Senior Level Rookie School of the Year

Students from Adair and Russell County High Schools, in partnership with Lindsay Wilson College, built and installed solar panels for under $100. College faculty and high schools spent the year teaching peers the science and technology of solar energy and taught them how to build their own solar unit. The students soldered wires, laid circuitry and assembled the pieces in order to create their own photovoltaic cells. Professional contractors came in and taught the students how to mount the panels on the roof of both high schools.

Congratulations to Kentucky NEED teams for a job well done!

Smart Grid Projects

In late 2009, the Department for Energy Development and Independence (DEDI) issued a request for proposals from electricity distributors for the deployment and demonstration of smart grid technologies. The total award amount of more than $2.6 million was funded through American Recovery and Reinvestment Act dollars from the U.S. Department of Energy. The purpose of the grant is to accelerate the modernization of electric energy delivery in Kentucky. In the spring DEDI chose six projects that best fit the criteria. Their descriptions are below.

Warren County RECC — $950,000

Warren County RECC will use Recovery funds to install and upgrade communications equipment, including 14 miles of fiber optic cable throughout its distribution system, to enable the operation of advanced meter infrastructure which will allow customers to see their own real-time energy usage from an in-home display as well as reduce the number of times utility staff will have to visit customer homes, thus reducing cost and energy used by the utility.

Blue Grass Energy — $330,700

Blue Grass Energy will use Recovery funds to install Distribution Automation and to install in-home displays on a pilot basis. This system will cut electric losses and improve reliability through adaptive recloser controls, optimizing feeder voltage profiles during normal operation conditions and reducing load demand through voltage optimization. The project will increase customer awareness of energy usage by enabling them to monitor and control their total energy consumption.

Shelby Energy Cooperative — $264,000

Shelby Energy Cooperative (SEC) will use Recovery funds to install Distribution Automation equipment to its system, that includes Conservation Voltage Reduction that will lower energy losses and peak demands by lowering the voltages during critical times at peak points in the system. SEC will also install automated reclosers to improve reliability to customers as well as installing equipment to integrate a 3 kW photovoltaic cell into its distribution system.

Hickman-Fulton RECC — $168,000

Hickman-Fulton RECC will install 200 smart meters capable of recording and transferring demand side end-use data back to a central office server. The information will allow the utility to be better prepared for more efficient retail rate and pricing designs as wholesale power providers move toward more time-dependent demand and charge structure. Fifty prepay meters will also be installed that will allow customers to monitor and control their own energy consumption, reduce security deposits, eliminate reconnection charges, and reduce energy consumption.

Owen Electric Cooperative — $119, 250

Owen Electric Cooperative will create two energy efficiency programs with Recovery funding. It will create the Penn Station Self-healing Project, which will be a self-healing distribution system for its Penn Substation in Scott County, by the installation of voltage regulators, switches, controllers, monitors, and communications equipment. The Coop will also establish a voluntary peak load reduction program called 'Beat the Peak' that will give customers in-home devices that alert them when systems are operating at 'peak' condition.

Nolin RECC — $100,000

Nolin RECC will use Recovery funds to implement a prepaid electric meter program that is designed to give customers control of their energy usage, reduce security deposits, eliminate reconnection charges, and reduce energy consumption.

...Continued page 4

Upcoming Recovery Act Events

School Energy Managers Project Orientation
July 7-9, Lexington

Kentucky Home Performance Kick-off
July 22, Lexington

KENTUCKY AT WORK

Faces of the Recovery Act

Putting People to Work

Cheryl Eakle, Kentucky Pollution Prevention Center

Cheryl Eakle, KPPC

Cheryl Eakle joined KPPC's staff in March 2010 as an engineer with the Center's Environmental Sustainability Program. She provides energy efficiency and other technical assistance to Kentucky industrial, commercial and institutional clients, conducting on-site assessments as well as trainings and workshops.

She has more than 20 years of experience in chemical manufacturing, capital deployment and process design. Prior to joining KPPC, she was a process engineer for Rohm and Haas Chemicals. The company was bought by Dow Chemicals in 2009, resulting in the elimination of a number of jobs, including Cheryl's. The jobs created at KPPC through ARRA funding put engineers like Cheryl back to work, which she says has been a godsend. She received her bachelor's degree in chemical engineering, and her master's degree in engineering, from the J.B. Speed School of Engineering at the University of Louisville.

"As a free, confidential and non-regulatory resource for private sector industries, KPPC lets me work with clients in a true partnership," said Cheryl. "I enjoy using my experience in industry to identify opportunities for clients to improve energy efficiency."

Martha Casher, Kentucky School Boards Association

Martha Casher, KSBA

The Kentucky School Boards Association (KSBA) welcomed Martha Casher to its School Energy Managers Project (SEMP) at the end of March 2010. As the Project Coordinator for SEMP, Martha collaborates with school districts and assists with the employment, training, coaching and the establishment, monitoring and evaluation of performance goals of the assigned energy managers.

Martha's career in energy management began with Kentucky Utilities as a home energy advisor. After six years in residential energy management, she then spent next 16 years in Human Resources. Through downsizing Martha had the opportunity to leave KU, and taught school full-time for six years. Martha earned a bachelor's degree in Vocational Home Economics from Murray State University and a Fifth-year Certificate in Learning and Behavior Disorders from the University of Kentucky.

"This opportunity has joined my two careers, and is truly putting all my skills to work for a critical need in our state – educating our kids, which is still my passion," said Martha. "SEMP is a project that will cost school districts few actual dollars, but the potential for significant savings is great. I'm thrilled they may have the opportunity to use this to further educate our kids!"

Glenda Cole, Department for Energy Development and Independence

Glenda Cole, DEDI

Glenda Cole came to the Department for Energy Development and Independence (DEDI) in June of 2009. Glenda's major role at DEDI is fiscal management of American Recovery and Reinvestment Act funded programs that deal with energy efficiency and conservation. This includes assisting federal grant sub-recipients in developing budgets to support funded activities and proper documentation of expenses incurred to ensure reimbursement, as well as providing assistance in applying for other federal grant monies.

Before coming to DEDI, Glenda had retired from more than 20 years of public service in state government, performing fiscal duties for the Kentucky Department of Agriculture in her last position. Glenda brings vast experience with fiscal management and public policy to DEDI and her expertise is one of the Department's vital assets.

"Before coming to DEDI, I didn't realize the alternatives available to build more energy efficient homes, reduce electricity usage, and the possibility for use of biomass, solar and wind generation of power," said Glenda. "Each of us can do something to conserve energy and it makes me feel good to be a small part of making the world a better place for future generations. I am also encouraged by the early energy efficiency education of our elementary school students as to how they can positively impact the environment and prepare to be good stewards of available resources. The students' enthusiasm is contagious and gives me hope that the future of our environment will be in good hands!"

Smart Grid Projects Continued…

Jackson Energy Cooperative — $100,000

Like the Nolin RECC project, Jackson Energy Cooperative will also use Recovery funds to implement a pre-pay electric meter program that is designed to give customers control of their energy usage, reduce security deposits, eliminate reconnection charges, and reduce energy consumption. Jackson Energy Cooperative will plan for, deploy and analyze the effectiveness of pre-pay electric meters for reference in future projects.

Each of the Smart Grid projects are aimed at achieving goals set by Governor Steve Beshear's *Intelligent Energy Choices for Kentucky's Future: Kentucky's 7-Point Energy Strategy*, which includes job creation, carbon dioxide emissions reduction, renewable energy generation deployment, and increased energy efficiency. For more information please visit www.energy.ky.gov.

Kentuckians Saving Energy

Kentucky Energy Efficient Appliance Rebate Program Projected Energy Savings for State

April 22, 2010—June 10, 2010

By the end of June, 15,547 rebates were given to Kentucky residents for the purchase of ENERGY STAR labeled appliances. The chart below gives a projection of the energy that will be saved in Kentucky during the lifetime of these appliances. Currently, there remains more than $1.5 million in unclaimed rebate funds available to Kentuckians. To find out more and to apply for a rebate, please go to www.kyapplianceрebates.com.

ENERGY STAR Appliances Purchased	Total Expected Lifetime Savings (Btus)	Total Expected Lifetime Savings (lbs of CO2)
Clothes Washer	13,193,690,301	6,351,484
Dishwashers	3,343,070,149	1,646,773
Refrigerators	10,747,800,000	6,658,072
Freezers	1,351,152,000	837,015
Room Air Conditioners	6,172,705,892	3,823,882
Water Heater—Gas Tankless	79,407,000,000	1,678,405
Electric Heat Pump Water Heaters	204,361,740,000	126,598,480
Gas Storage Water Heaters	36,874,500,000	779,407
Solar Water Heaters	106,573,740,000	27,047,307
Central Air Conditioners	19,655,414,997	12,176,182
Air Source Heat Pumps	60,505,458,041	37,482,060
Geothermal Heat Pumps	*	*
Gas Furnaces	261,726,092,554	5,532,035
Gas Boilers	22,516,141,786	475,918
Total	**997,302,934,828**	**240,651,109**

*Information not available

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500 Mero Street, 6th Floor
Frankfort, KY 40601
502 564.7192

DEDI KENTUCKY DEPARTMENT for ENERGY DEVELOPMENT & INDEPENDENCE

RECOVERY.GOV

Visit our website:
www.energy.ky.gov

Clayton O Oswald
Taylor, Keller & Dunaway & Tooms Attorneys At
1306 West Fifth Street
Post Office Box 905
London, KY 40743-0905