

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

In the Matter of:

APPLICATION OF JACKSON ENERGY)
COOPERATIVE CORPORATION FOR) Case No. 2007-00333
AN ADJUSTMENT OF RATES)

ATTORNEY GENERAL'S SUPPLEMENTAL REQUESTS FOR INFORMATION

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits these Supplemental Requests for Information to Jackson Energy Cooperative Corporation [hereinafter referred to as "JECC"] to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following:

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.

(2) Please identify the witness who will be prepared to answer questions concerning each request.

(3) Please repeat the question to which each response is intended to refer. The Office of the Attorney General can provide counsel for JEC with an electronic version of these questions, upon request.

(4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional

information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, 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.

(6) If any request appears confusing, please request clarification directly from the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(10) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to

whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(11) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(12) Please provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response.

Respectfully submitted,

JACK CONWAY
ATTORNEY GENERAL

A handwritten signature in cursive script, appearing to read "Lawrence W. Cook", is written over a horizontal line.

LAWRENCE W. COOK
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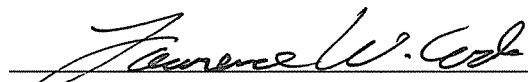
Certificate of Service and Filing

Counsel certifies that an original and ten photocopies of the foregoing were served and filed by hand delivery to Beth O'Donnell, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; counsel further states that true and accurate copies of the foregoing were mailed via First Class U.S. Mail, postage pre-paid, to:

Donald R. Schaefer
Jackson Energy Cooperative
115 Jackson Energy Ln.
McKee, KY 40447

Clayton O. Oswald, Esq.
Taylor, Keller, Dunaway & Tooms, PLLC
P.O. Box 905
London, KY 40743-0905

this 31st day of January, 2008



Assistant Attorney General

Attorney General's Supplemental Data Requests
Jackson Energy Cooperative Corporation
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1. With regard to the responses to PSC-2-11(a) and (b), please provide the following information:
 - a. The response to part (a) does not included an explanation as to why the revenues declined by \$647,000. Please provide this explanation. In addition, provide a worksheet showing how this revenue decline can be derived from the indicated change in Kwh usage of (6,364,954).
 - b. The response to part (b) does not include an explanation as to why the cost of power increased by \$1.7 million. Please provide this explanation. In addition, provide a worksheet showing how the cost of power *increased* by \$1.7 million based on a Kwh usage *decrease* of 10,149,841. In addition, provide a narrative explanation for this curious phenomenon.
 - c. If not included as part of the response to part (b) above, provide (1) the Kwh usage underlying the test year cost of power of \$54,274,546 and the resulting average cost of power per Kwh; (2) the Kwh usage underlying the cost of power of \$52,575,584 for the year prior to the test year and the resulting average cost of power per Kwh; and (3) an explanation of the reasons for the change in the power cost per Kwh.
2. With regard to PSC-2-10, please provide the following information:
 - a. Provide the Statement of Operations results for the 12-month period ended 12/31/07 in the same detailed format as in the response to AG-1-10.
 - b. Provide the Statement of Operations results for the 12-month period ended 9/30/07 in the same detailed format as in the response to AG-1-10 [Note: if the response to part (a) above is available and is provided to the AG in response to part (a), please disregard this part (b) request.]
3. Exhibit X, page 8 shows that \$26,307 worth of Scholarship expenses in account 910.10 are included in the test year expenses. Please explain why it would be appropriate to include such expenses for ratemaking purposes.
4. Exhibit X, page 8 shows that the test year includes \$30,282 for expenses associated with Community Events in account 910.15. Please provide a detailed breakout of these Community Event expenses and explain why it would be appropriate to include such expenses for ratemaking purposes.

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5. Exhibit X, page 7 shows that the test year includes \$16,534 for EKP cost sharing marketing expenses in account 908.93. Please explain what these expenses represent. If these expenses are related to the EKP Partner Plus Program, why shouldn't they be removed from the test year expenses given that the PPP has been eliminated?
6. The response to AG-1-13, page 4 of 13 shows that account 909 includes \$1,450 for gifts & donations. Please explain why it would be appropriate to include such expenses for ratemaking purposes.
7. Please explain the nature and purpose of all account 910 expenses shown in the response to AG-1-13 that are denoted "Directories."
8. With regard to the response to AG-1-15, please explain why JECC believes it is appropriate to include \$5,500 worth of firework expenses for ratemaking purposes in this case and explain how this expense is required to provide safe, adequate and reliable electric service to the members.
9. Please explain the justification for including the following expenses in account 921 (shown in the response to AG-1-13, pages 8 through 15) for ratemaking purposes in this case:
 - a. Jackson County Cancer Fund meeting fees totaling \$660
 - b. Jackson Energy Propane Plus water expenses totaling \$4,933
 - c. JSRI gifts and donations of \$1,323
 - d. Cornerstone Christian School meeting fees of \$100
 - e. Bond Holiness Church meeting fees of \$1,430
 - f. Midway College meeting fees of \$975
 - g. Indiana Statewide Association meeting fees of \$450
10. If there are any dues included in the total amount of \$164,657 that represent dues for more than one annual period, please so indicate.
11. With regard to the response to PSC-2-14, please provide the following information:
 - a. The amount of PSC assessments included in the test year, including the account number and title in which these assessments are recorded.
 - b. What are the "assessable revenues" for the test year and provide the actual test year PSC assessment ratio of these revenues. Show calculations.

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12. With regard to the response to PSC-2-28, please provide the following information:
 - a. When was the Focused Management Audit conducted and when was the associated cost of \$57,444 booked in account 923? Also, explain whether or not this expense is included in the test year or outside of the test year.
 - b. How many times during the last 20 years did JECC have a Focused Management Audit?
13. Re. response to AG-1-23: given that the \$3,557 expense represents interest that JECC had to pay as a result of a late payment of a power bill to EKPC, why shouldn't this expense be disallowed for ratemaking purposes, both as a non-recurring charge and as a charge that should be disallowed because it essentially represents a penalty that could have been avoided if the power bill had been paid on time?
14. As shown in the response to AG-1-18, the adjusted test year payroll was based on 101 hourly employees. The response also shows that the actual number of hourly employees as of the end of the test year, 2/28/07 was 100. Which employee number was reflected in the pro forma payroll calculations on Exhibit 1, pages 3,4 and 5 that was not included in the 2/28/07 end-of-test year number of employees of 100? In addition, provide the pro forma wage amount and payroll tax amount associated with this one employee that is included for ratemaking purposes in this case.
15. In the response to PSC-1-38, page 3, JECC is showing that it calculated normalized depreciation expenses of \$7,058,793 (prior to transportation clearing adjustment) based on applying the rates in the "Proposed Rate" column to the 2/28/07 plant balances. In this regard, please provide the following information:
 - a. Confirm the above stated facts. If you do not agree, explain your disagreement.
 - b. The depreciation rates for distribution plant in the "Proposed Rate" column that were used to calculate the proposed normalized depreciation expenses of \$7,058,793 in the response to PSC-1-38, page 3 are *not* the proposed depreciation rates that are shown in the response to AG-1-29(c) and PSC-2-13(b). Please explain this discrepancy.

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- c. Confirm that if the proposed rates for distribution plant that are shown in the responses to AG-1-29(c) and PSC-2-13(b) had been used in the calculations on page 3 of the response to PSC-1-38, the total normalized depreciation expenses for distribution and general plant would be \$6,258,346 rather than \$7,058,793. Please confirm this. If you do not agree, explain your disagreement.
- d. In the same format and detail as shown in the response to PSC-2-18, page 4, provide the revised depreciation expense and transportation clearing calculations based on the total pro forma normalized depreciation expense amount of \$6,258,346 described in the question in part (c) above.