



JACKSON ENERGY COOPERATIVE

A Touchstone Energy Cooperative 

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

March 21, 2017

Talina R. Mathews, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P O Box 615
Frankfort, KY 40602-0615

RECEIVED

MAR 22 2017

PUBLIC SERVICE
COMMISSION

RE: PSC Case No. 2017-00112

Dear Ms. Mathews:

Please find enclosed for filing with the Commission in the above-referenced case, an original and ten copies of the responses of Jackson Energy Cooperative Corporation, to the Commission Staff's Initial Request for Information, dated March 16, 2017.

Please contact me with any questions.

Sincerely,

Carol Wright
President & CEO

Enclosures

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF JACKSON ENNERGY)	
COOPERATIVE CORPORATION FOR)	
AUTHORIZATION TO BORROW \$27,000,000.00)	CASE NO.
FROM COBANK, AND THE EXECUTE THE)	2017-00112
NECESSARY NOTE, AND PREPAY RURAL)	
UTILITY SERVICES NOTES OF THE SAME)	
AMOUNT.)	

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

DATED MARCH 16, 2017

JACKSON ENERGY COOPERATIVE CORPORATION

PSC CASE NO. 2017-00112

PUBLIC SERVICE COMMISSION REQUEST DATED MARCH 16, 2017

Jackson Energy Cooperative Corporation (“Jackson Energy”) hereby submits responses to the Initial Request for Information of the Staff (“PSC”) in this case dated March 16, 2017. Each response with its associated supportive reference materials is individually tabbed.

STATE OF KENTUCKY)

COUNTY OF JACKSON)

I, Carol Wright, state that I am the President and Chief Executive Officer, of Jackson Energy Cooperative, that I have personal knowledge of the matters set forth in this response to the Commission's request for information, and that the statements and calculations contained in each are true as I verily believe.

This 22nd day of March 2017

Carol Wright
Carol Wright

SUBSCRIBED AND SWORN to before me by Carol Wright this 22nd day of March, 2017.

Deisa Baker #503556
Notary Public, KY State at Large

My Commission Expires: 1/19/18



JACKSON ENERGY COOPERATIVE CORPORATION

PSC CASE NO. 2017-00112

RESPONSE TO INITIAL REQUEST FOR INFORMATION DATED MARCH 16, 2017

REQUEST 1

RESPONSIBLE PARTY: Carol Wright

Request 1: Commission regulation 807 KAR 5:001, Section 4(4), states, “A person shall not file a paper on behalf of another person or otherwise represent another person unless the person is an attorney licensed to practice law in Kentucky or an attorney who has complied with SCR 3.030(2).” File an entry of appearance by Jackson Energy’s attorney of record.

Response 1: Please refer to Attachment A of this response to request for information.

Request 2: Refer to the application, page 1, where it states that Jackson Energy is seeking expedited approval by March 31, 2017, in order to close by May 18, 2017. Confirm that March 31, 2017, is the latest date Jackson Energy can receive approval of its proposed financing in order to close by May 18, 2017.

Response 2: Upon conferring with CoBank, our lender, the latest date Jackson Energy can receive approval of its proposed financing in order to close by May 18, 2017 would be April 14, 2017.

Request 3: Refer to the application, Exhibit A, page 3 of 4.

Request 3a: Provide the calculation for the Rural Utility Service (“RUS”) blended interest rate of 4.64 percent in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns fully accessible.

Response 3a: Please refer to the spreadsheet provided on the enclosed Flash Drive (Worksheet Name – RUS Blended Rate)

Request 3b: Provide the calculation for the Weighted Average Life of the RUS loans in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns fully accessible.

Response 3b: Please refer to the spreadsheet provided on the enclosed Flash Drive (Worksheet Name – WAL Calc.)

Request 3c: Provide the calculation for the Years Remaining of the RUS loans in Excel spreadsheet format, with formulas intact and unprotected and all rows and column fully accessible.

Response 3c: Please refer to the spreadsheet provided on the enclosed Flash Drive (Worksheet Name – Years Remaining)

Request 3d: Explain why RUS blended interest rate of 4.64 percent was used to calculate the net present value (“NPV”) of the interest savings.

Response 3d: The RUS blended interest rate of 4.64 percent was used as the discount rate to calculate the NPV of interest rate savings, because it is a more conservative illustration of the value of the interest rate savings.

Request 3e: Provide the NPV of the savings based upon the 3.47 percent interest rate of the new CoBank debt.

Response 3e: Please refer to the spreadsheet provided on the enclosed Flash Drive (Worksheet Name – NPV)

Request 4: Refer to the application, Exhibit A, page 4 of 4.

Request 4a: Confirm that the annual principal and interest payments for the Combined RUS Loans is the sum based on each loan’s term and not based on the average interest rate between the loans. If such is not confirmed, update this exhibit with the RUS principal payments and interest payments per loan.

Response 4a: The annual principal and interest payments for the Combined RUS Loans are the sum of each individual loan and do use an average interest rate between the loans.

Request 4b: Provide this Exhibit in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns fully accessible. If it is necessary to update this exhibit in response to questions contained in this information request, provide the updated version in both paper medium and electronically.

Response 4b: Please refer to the spreadsheet provided on the enclosed Flash Drive (Worksheet Name – NPV)

Request 5: Provide an estimate of any fees or expenses that Jackson Energy expects it will incur to close the loan with CoBank, as well as an estimate of their impact on the NPV of the proposed financing, to the extent they are not already reflected.

Response 5: CoBank will not charge any closing or origination fees with this refinance. Jackson Energy will be required to complete an opinion of counsel, both pre/post-closing. However, these legal fees will be insignificant and will not impact the NPV as previously calculated.

Request 6: Refer to Exhibit B, page 6 of 9.

Request 6a: The loan maturity dates do not match the estimated final payment date on page 3 of 4 of Exhibit A. Reconcile this difference.

Response 6a: The “Estimated Final Payment Date” from Exhibit A, page 3 of 4, is an estimation derived from the information obtained from Jackson Energy’s “Rural Electric and Telephone Statement of Loan Account and Transactions.” Overall the “Estimated Final Payment Date” is slightly shorter than the contractual maturity date (again providing a more conservative cash flow savings analysis). Additional/early principal payments shorten the principal payoff without changing the contractual maturity date.

Request 6b: Provide the “as of” date of the current principal balances.

Response 6b: Current principal balances for the loans provided are as of December 31, 2016.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION


In the Matter of:

APPLICATION OF JACKSON ENERGY)
COOPERATIVE CORPORATION FOR)
AUTHORIZATION TO BORROW \$27,000,000.00) CASE NO. 2017-00112
FROM COBANK, EXECUTE THE NECESSARY)
NOTE, AND PREPAY RURAL UTILITY)
SERVICE NOTES OF THE SAME AMOUNT)

NOTICE OF ENTRY OF APPEARANCE

All parties will take notice that the undersigned hereby enters his appearance as counsel of record for Jackson Energy Cooperative Corporation, in the above-styled matter, Case No. 2017-00112. All future pleadings and papers should be served upon the undersigned at the address below, as counsel of record for Jackson Energy Cooperative Corporation.

This 21st day of March, 2017.



CLAYTON O. OSWALD
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1306 WEST FIFTH STREET, SUITE 100
LONDON, KY 40743-3440
Phone: (606) 878-8844
Facsimile: (606) 878-8850
ATTORNEY FOR JACKSON ENERGY
COOPERATIVE CORPORATION

CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing was served on the following
this 21st day of March, 2017.

Talina R. Mathews
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602