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PUBLIC SERVICE
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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

GENERAL ADJUSTMENT OF ELECTRIC)
RATES OF JACKSON PURCHASE ENERGY) Case No. 2007-00116
CORPORATION)

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 Purchase Energy Corporation [hereinafter referred to as "JPEC"] 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 JPEC 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



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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:

G. KELLY NUCKOLS
PRESIDENT & CEO
JACKSON PURCHASE ENERGY CORPORATION
P. O. BOX 4030
PADUCAH, KY 42002-4030

HON. W. DAVID DENTON
HON. MELISSA YATES
ATTORNEYS AT LAW
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P. O. BOX 929
PADUCAH, KY 42002-0929

this 18th day of March, 2008


Assistant Attorney General

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1. Exhibit 4 of the response to AG-1-2 shows that the total revenues for 2007 amount to \$40,365,851 which is \$2,969,478 higher than the total revenues of \$37,396,373 for the 2006 test year. It also shows that the purchased power costs for 2007 amount to \$25,264,492 which is \$1,608,548 higher than the purchased power costs of \$23,655,944 for the 2006 test year. In this regard, please provide the following information:
 - a. Provide a detailed explanation of all of the various reasons why the actual 2007 revenues are almost \$3 million higher than the actual 2006 revenues.
 - b. Explain how much of the 2007 purchased power cost increase of approximately \$1.6 million is associated with the 2007 total revenue increase of approximately \$3 million.

2. If not already explained in response to the above request, provide the reasons for the following revenue differences between the 2006 test year and 2007:
 - a. Difference of \$1,810,979 between the 2006 residential revenues of \$23,404,071 and the 2007 residential revenues of \$25,215,050.
 - b. Difference of \$460,038 between the 2006 small commercial revenues of \$9,461,559 and the 2007 small commercial revenues of \$9,921,597.
 - c. Difference of \$1,562,942 between the 2006 large commercial revenues of \$2,102,275 and the 2007 large commercial revenues of \$3,665,217 [Exhibit 7 of the responses to AG-1-12 and AG-1-13 indicate that \$968,715 of the \$1,562,942 difference is due to the August 2006 switching of accounts 442210 and 442220 to the large commercial account 442200. Please explain the remaining difference of \$594,227 (\$1,562,942 - \$968,715)].

3. The End of Year Customer net revenue adjustment of \$236,288 quantified by JEPC in its response to PSC-2-21 is based on a comparison of the average test year number of customers to the December 2005 number of customers. However, this annualization methodology is not consistent with the End of Year Customer annualization adjustment traditionally applied by the PSC and overstates the net revenue adjustment amount. In the same format and detail as per the response to PSC-2-21, provide the End of Year Customer net revenue adjustment based on the comparison of the December 2006 number of customers to the average test year number of customers.

4. With regard to the test year regulatory commission expenses of \$21,650 in account 928.000, please provide the following information:
 - a. Breakout of the components making up this expense amount.
 - b. Similar component breakout for the actual account 928.000 expenses in 2005 of \$9,826 and in 2007 of \$12,423, including an explanation why the test year expenses are so much higher than in 2005 and 2007.

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5. Exhibit 12, page 19 in the response to AG-1-16 shows that account 921.00 includes \$7,416.04 for moving expenses of employee Bensley. Please indicate whether this is an annual recurring or non-recurring expense and explain why this expense amount should be included for ratemaking purposes in this case.
6. With regard to Directors fees and expenses shown on Exhibit G, Schedule 14, please provide the following information:
 - a. Exhibit G, Schedule 14, page 1 shows that JPEC currently has 7 directors which no longer include Ivus Crouch. Yet, as shown on Schedule 14, page 7, JPEC has included director fees and expenses of \$3,555 associated with Ivus Crouch. Why shouldn't this expense amount be excluded for ratemaking purposes?
 - b. Is JPEC aware that it has been Commission policy not to allow per diem fees for meetings other than regular board meetings? If so, explain why JPEC is requesting rate recovery for \$16,600 worth of meeting fees other than regular board meeting fees.
7. Exhibit 27 in the response to AG-1-32 shows total pro forma depreciation expenses of \$3,743,046 based on the application of the current depreciation rates to the actual 12/31/06 depreciable plant balances. This is \$412,854 lower than the pro forma depreciation expenses of \$4,155,900 based on the application of the newly proposed depreciation rates to the actual 12/31/06 depreciable plant balances, the derivation of which is shown on filing Exhibit G, Schedule 4, page 2 of 5. In this regard, provide the following information:
 - a. The actual 12/31/06 General Plant balances and the depreciation rates applied to these balances are exactly the same in Exhibit 27 of the response to AG-1-32 as in filing Exhibit G, Schedule 4, page 2. Yet the normalized depreciation expenses for almost each General Plant item are different, resulting in total normalized General Plant depreciation expenses of \$595,904 in Exhibit 27 and \$538,992 in filing Exhibit G, Schedule 4, page 2. Please explain why these General Plant depreciation expenses are different in the two exhibits and indicate which represents the correct normalized General Plant depreciation expense level.
 - b. Exhibit G, Schedule 4, page 5, lines 10 through 17 shows how the total proposed normalized depreciation expense of \$4,155,900 is allocated to transportation, stores and power equipment, resulting in a net depreciation expense of \$3,830,072. Please provide the exact same type of information for the total normalized depreciation expense amount of \$3,743,046 in Exhibit 27 of the response to AG-1-32 [or the corrected amount to be provided in response to part (a) above].

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8. Please confirm that, based on the response to AG-1-26, the corrected FAS-106 expense adjustment amount on Exhibit G, Schedule 9, page 1 should be \$6,463 (calculation: $\$186,100 \times 5.75\% \times 60.40\% = \$6,463$) as opposed to the filed expense adjustment amount of \$7,711.