



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

March 10, 2010

Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Blvd.
PO Box 615
Frankfort, KY 40602-0615

RECEIVED

MAR 15 2010

PUBLIC SERVICE
COMMISSION

Case No. 2010-00115

Re: Application for Certificate of Convenience and Necessity

Mr. Derouen:

Please find attached documentation concerning Jackson Energy Cooperative's 2010 - 2013 Construction Work Plan. I have enclosed an original and three copies of the work plan and an original and ten copies of the other items of the Application.

Please inform me of any additional information necessary for this application.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Warren Keller", is written over the word "Sincerely,".

J. Warren Keller
Attorney for Jackson Energy Cooperative

JWK/cr

COMMONWEALTH OF KENTUCKY

BEFORE THE

PUBLIC SERVICE COMMISSION

RECEIVED

MAR 15 2010

PUBLIC SERVICE
COMMISSION

APPLICATION OF JACKSON ENERGY COOPERATIVE)
FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY)
PERSUANT TO K.R.S. 278.020 (1) AND 807 K.A.R. 5:001,)
SECTION 9 AND RELATED SECTIONS, AUTHORIZING)
CERTAIN PROPOSED CONSTRUCTION IDENTIFIED AS)
THE 2010-2013 CONSTRUCTION WORK PLAN)

CASE NO.

APPLICATION

The application of Jackson Energy Cooperative (JEC) respectively shows:

1. JEC is a nonprofit membership cooperative corporation without capital stock, duly organized and existing under K.R.S. Chapter 279, engaged in the business of supplying electric energy to its member-consumers in the Kentucky counties of Breathitt, Clay, Estill, Garrard, Jackson, Laurel, Lee, Leslie, Lincoln, Madison, Owsley, Powell, Pulaski, Rockcastle, and Wolfe.

2. The name and postal address of the Applicant is as follows:

JACKSON ENERGY COOPERATIVE
115 JACKSON ENRGY LANE
MCKEE KENTUCKY 40447

3. The Articles of Incorporation and all but one of the amendments thereto for Jackson Energy Cooperative were filed with the Commission in PSC Case No. 92-496, for a flow through rate reduction. Jackson Energy Cooperative's name change amendment was filed under the 2001-2002 Construction Work Plan Case No. 2001-023, 807 K.A.R. 5:001, Section 8(3).

4. JEC plans to construct new distribution facilities and to upgrade existing

distribution facilities of JEC as more particularly shown in Exhibit 2 (“sometimes referred to herein as the work plan”) and on the system maps filed with this application. Those distribution facilities will provide service to retail electric consuming facilities located in the territory certified to JEC for retail electric service under K.R.S. 278.016-.018.

5. The work plan covers the period of four years between January 1, 2010 and December 31, 2013, and was prepared by the Jackson Energy Cooperative Engineering department. A copy of the work plan narrative and summaries is filed herein and made a part hereof as Exhibit 2. The work plan was submitted to the Rural Electrification Administration (“REA”), Washington, D.C., for approval, which was granted November 20, 2009 (copy included as Exhibit 1.)

6. The work plan was approved by the JEC Board of Directors on December 2, 2009. See Exhibit 3.

7. JEC states that all the work proposed to be performed would ordinarily be exempt under K.R.S. 278.020 and 806 K.A.R. 5:001, Section 9 (3), from the requirement of a certificate of public convenience and necessity. However, because the Commission has informally determined that construction of the magnitude proposed herein involves sufficient capital outlay to possibly materially affect the existing financial condition of the utility under that section, JEC is requesting an order pursuant to K.R.S. 278.020 (1) and 807 K.A.R. 5.001, Section 9 (2), authorizing the construction proposed herein. In support thereof, JEC states:

A. The proposed new construction is or will be required by public

convenience and necessity as shown in this application, in the work plan and in the other exhibits filed with this application.

B. No franchises or permits are required for the proposed construction and extensions.

C. A full description of the proposed location, route or routes of the new construction and extensions, including a description of the manner in which it will be constructed, are shown in the work plan. The proposed new construction and extensions will not compete with any other public utilities, corporations or persons.

D. JEC attaches the testimony of Carol Wright, Vice President of Engineering and Operations, in further support of this application.

8. JEC anticipates filing a loan application with REA, the National Bank for Cooperatives ("CoBank") or the National Rural Utilities Cooperative Finance (NRUCFC) within the next year for long-term financing for the construction contained in the work plan. That financing will reimburse the general funds expended for the initial part of the work plan and finance the balance of the construction. JEC will request Commission approval for supplemental financing.

9. JEC files with the original of this application and makes a part hereof three (3) copies of the complete work plan and corresponding project maps showing the location of the facilities JEC seeks authority to construct or upgrade. The project maps are keyed to the contents of Exhibit 2, the work plan.

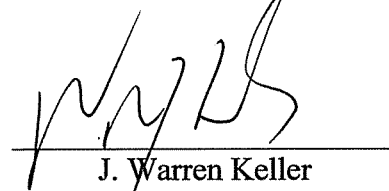
10. The cost of operation of the proposed facilities for JEC is shown on Exhibit 5.

11. The long-term debt required to fund the proposed work plan totals \$34,235,900. Long term financing options from REA, CoBank and NRUCFC will be evaluated. The amortization schedules for the long-term debt to be incurred will be filed with JEC's application for approval of that financing.

12. The current revenues are sufficient to cover any additional operating expenses that will be incurred in relation to the work plan. Also, the addition of new consumers, consisting of industrial and commercial growth, should provide additional revenue to meet any additional expenses. The newer, upgraded lines should also lower line losses that will help meet the additional costs. (807 K.A.R. 001, Section 9(2)(f).

WHEREFORE, JEC respectfully requests the Commission to make its order issuing a certificate of convenience and necessity authorizing JEC to proceed with the construction of facilities referred to above, and for such other relief as the Commission may deem appropriate or to which JEC may appear entitled.

J. WARREN KELLER



J. Warren Keller
1306 West Fifth Street
London, Kentucky 40741
(606) 878-8844

Attorney for Jackson Energy Cooperative

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November 20, 2009

2010-2013 Construction Workplan (CWP)

DON SCHAEFER, PRESIDENT & CEO
JACKSON ENERGY COOPERATIVE CORPORATION

I have completed my review of the cooperative's 2010-2013 CWP, which was prepared by the Jackson Energy Engineering Department., and find it to be generally satisfactory for loan contract purposes. Approval to proceed with the proposed distribution system construction is contingent upon RUS's review and approval of an Environmental Report (reference 7 CFR 1794).

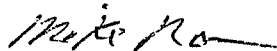
Headquarters, SCADA, and load management projects will be reviewed/approved by the Northern Regional Division office, as necessary. This action will be taken after their receipt of the CWP and other supporting documents (i.e., appropriate feasibility and engineering studies).

You should make a special effort to inform all of the cooperative's employees and contractors, involved in the construction of utility plant of any commitments made in the Environmental Report covering the construction of the facilities recommended in the CWP.

Changes (line improvements, tie lines, extensions, substations, etc.) in the CWP will require RUS approval. The environmental acceptability of any such changes shall also be established in accordance with 7 CFR 1794. The procedure for satisfying these environmental requirements shall be the same as that used in connection with this CWP approval.

It is your responsibility to determine whether or not loan funds and/or general funds are available for the proposed construction. If general funds are used, the requirements as outlined in 7 CFR 1717 need to be followed.

The construction shall be accomplished in accordance with RUS requirements. Specific reference should be made to 7 CFR 1726, Electric System Construction Policies and Procedures.



Mike Norman
RUS Field Representative

**JACKSON ENERGY COOPERATIVE
CORPORATION**

Resolution 2009-12-01

2010-2013 CONSTRUCTION WORK PLAN

WHEREAS, Jackson Energy Cooperative (JEC) is nearing completion of the 2007-2009 Construction Work Plan (CWP), and

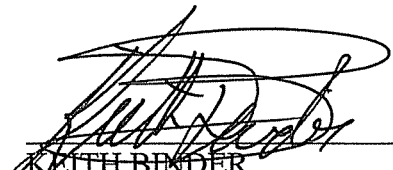
WHEREAS, JEC Engineering staff has completed an engineering review and operational study of the distribution system for a new four year CWP, and

WHEREAS, a CWP for 2010-2013 in the amount of \$34,235,900 has been prepared by the Jackson Energy Engineering Department and certified by Ben Jones, a licensed professional engineer in the Commonwealth of Kentucky, and

WHEREAS, Mike Norman, GFR, with the Rural Utilities Service (RUS) has reviewed and approved the CWP, and

NOW, THEREFORE BE IT RESOLVED, that the Board of Directors adopt the 2010-2013 Construction Work Plan.

I, Keith Binder, Secretary/Treasurer of the Jackson Energy Cooperative hereby certify that the foregoing is a full, true and correct copy of the Resolution duly passed by the Board of Directors of Jackson Energy Cooperative at a meeting duly called and held in compliance with the By-Laws of the Cooperative on the 2nd day of December 2009, at which meeting a quorum was present, and that the Resolution as set out above appears in the minutes of that meeting in the Minute Book of the Cooperative dated this 2nd day of December 2009.



KEITH BINDER
SECRETARY/TREASURER

Testimony of Carol Wright

Q1: Please state your name, address and occupation.

A1: My name is Carol Wright. My mailing address is 115 Jackson Energy Lane, McKee, KY 40447. I am the Vice President of Engineering and Operations for Jackson Energy Cooperative Corporation, Inc.

Q2: What is your educational and work experience background?

A2: I have Bachelor of Science Degree in Electrical Engineering from The University of Kentucky. I have 20 years of experience in the power industry with emphasis on power distribution, system planning, electric facility design and operations management. I have extensive experience in the areas of project management and implementing improvements of electric distribution systems. My work experience includes the following:

05-07 to present	Vice President, Engineering & Operations Jackson Energy Cooperative
04-02 to 05-07	Chief Operations Officer South Kentucky Rural Electric Cooperative
06-00 to 04-02	Vice President, Engineering & Operations Jackson Energy Cooperative
06-90 to 06-00	Student Engineer, Technical Engineer I, II, Senior I & Senior II Kentucky Utilities Company

Q3: Have your duties at Jackson Energy involved you in the preparation of the application and exhibits in this matter?

A3: Yes. My general responsibilities include the planning and design of electric distribution plant and facilities. I supervised the four-year work plan that has been filed in this matter.

Q4: Are you familiar with the application and attached exhibits filed by Jackson Energy in this case?

A4: Yes, I am familiar with the four-year work plan and the system maps that are attached in Exhibit 2. To the best of my knowledge and belief, all facts stated in the application are true and correct.

Q5: Will you incorporate the contents of those exhibits and the application by reference in your testimony?

A5: Yes.

Q6: Does this conclude your testimony?

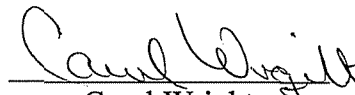
A6: Yes.

STATE OF KENTUCKY)

COUNTY OF JACKSON)

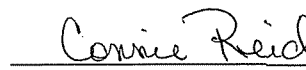
I, Carol Wright, state that I am the Vice President of Engineering and Operations at Jackson Energy Cooperative, that I have personal knowledge of the matters set forth in this application and attached exhibits, and that the statements and calculations contained in each are true as I verily believe.

This 10th day of March 2010.



Carol Wright

SUBSCRIBED AND SWORN to before me by Carol Wright this
10th day of March, 2010.



Notary Public, KY State at Large

My Commission Expires: 7-30-2012

Jackson Energy Cooperative
 Estimated Cost of Operation on AZ8 Work Plan
 For PSC Approval Application

Exhibit 5

Depreciation:

Account No.	Balance 12/31/2009	Monthly Rate X 12	Depreciation	Percent of Total	Estimated Capitalization	Estimated Depreciation
362.00	\$1,458,849.77	0.066696	\$97,299.44	0.0138251	\$452,577	\$30,185
362.01	\$75,936.54	0.066696	\$5,064.66	0.0007196	\$23,557	\$1,571
364.00	\$59,899,585.50	0.042096	\$2,521,532.95	0.3582784	\$11,728,566	\$493,726
365.00	\$54,593,700.27	0.036096	\$1,970,614.20	0.2799997	\$9,166,042	\$330,857
366.00	\$0.00	0.020004	\$0.00	0.0000000	\$0	\$0
367.00	\$1,481,968.81	0.035196	\$52,159.37	0.0074112	\$242,612	\$8,539
368.00	\$26,717,954.98	0.025596	\$683,872.78	0.0971698	\$3,180,941	\$81,419
369.00	\$17,669,038.63	0.047796	\$844,509.37	0.1199942	\$3,928,118	\$187,748
370.00	\$1,606,413.07	0.0417	\$66,987.43	0.0095181	\$311,584	\$12,993
370.01	\$8,560,613.34	0.066696	\$570,958.67	0.0811261	\$2,655,736	\$177,127
371.00	\$4,239,090.85	0.050196	\$212,785.40	0.0302341	\$989,740	\$49,681
373.00	\$232,832.90	0.052104	\$12,131.53	0.0017237	\$56,427	\$2,940
397.00		0.09996			\$1,500,000	\$149,940
	\$176,535,984.66		\$7,037,915.80	1.0000000	\$34,235,900	\$1,526,726

Property Taxes:

2009 Taxes	Net Utility Plant @ 12/31/08	Average Rate	Work Plan Amount	Estimated Taxes
\$1,558,956	\$171,487,986	0.00909076	\$34,235,900	\$311,230

Interest Expense:

Plant	Estimated Interest Rate	Estimated Interest Expense
\$34,235,900	0.05	\$1,711,795

Operation and Maintenance estimated yearly expense \$400,000

Estimated yearly cost of operation after the proposed facilities are completed \$3,949,751