JACKSON ENERGY COOPERATIVE

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

August 17, 2011

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

Re: Case No. 2011-00178
First Information Request

Mr. Derouen:

Jackson Energy Cooperative respectfully submits the information requested regarding Case No. 2011-00178

Please inform me if any further information is required.

Sincerely,

Clayton Oswald
Attorney for Jackson Energy Cooperative

STATE OF KENTUCKY)

COUNTY OF JACKSON)

I, Carol Wright, state that I am Chief Operations Officer 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 17th day of August 2011.

Carol Wright

SUBSCRIBED AND SWORN to before me by Carol Wright this 17th day of August, 2011.

Connie Reid
Notary Public, KY State at Large

My Commission Expires: 7-30-2012

JACKSON ENERGY COOPERATIVE
CASE NO. 2011-00178
RESPONSE TO COMMISSION STAFF'S INITIAL DATA REQUEST

1. **Refer to paragraph 1 of the application, which provides that there are presently 29 employees working at the London office facility. How many employees did Jackson Energy have at the London office after the building was constructed in 1988? Provide the number of employees who worked in the office building and the number of field employees who worked in the warehouse facility in 1988.**

   Response by: Carol Wright

   Jackson Energy had a total of ten (10) employees in the London office in 1988 after the building was constructed.

   Five (5) employees worked in the office building and five (5) employees worked out of the warehouse facility.

2. **Refer to paragraph 1 of the application wherein it mentions that the space constraints and operational issues at the London office were addressed at the 2010 Strategic Planning session by Jackson Energy's board of directors and management. Provide a copy of the minutes of this planning session and any and all documents or notes relating to the need to expand the London office complex.**

   Response by: Carol Wright

   Two Strategic Planning sessions were conducted on April 27, 2010 and October 6, 2010. Strategic planning at the Board level usually does not address operational issues in depth, but management felt that mentioning the situation at London was warranted since any solutions would require Board approval in the future. The topic was discussed in both sessions and an excerpt from the final 2010 Strategic Plan is cited as follows:

   "Section J. Operational Issues
   London District Office is overcrowded and not meeting our needs. This is presently being addressed by management."

   There are no other minutes or notes relating to this topic in the Strategic Planning session with the Board of Directors.

3. **Refer to paragraph 1 of the application, which states that three field employees will be needed by the first quarter of 2012 and one staking engineer will be needed in 2013. Provide a detailed explanation supporting Jackson Energy's need to add three field employees and one staking engineer in the next two years.**

   Response by: Carol Wright

London District serves approximately 24,000 members in Laurel and Rockcastle counties, which is approximately 46% of our total customer base. As show in the response to question 6 a. below, this district grows at a more rapid rate than our other service areas.

In addition, there will be one staking engineer retiring in this district within the next three years. Training for a new staking engineer involves on-the-job training with an existing staking engineer for up to one year. A new staking engineer will be budgeted for 2013 and additional office space will be required. The London District consistently requires additional staking engineering assistance from other districts due to their increased growth rate. During the economic downturn of the last few years, the other districts have been able to supply the additional staking engineer resources. However, with the retirement of the existing staking engineer in the London District, the decision to add one staking engineer to the London District has been planned for 2013.

There are two four-man crews, one two-man crew, and four servicemen presently serving the operational needs in the London District. These field resources are currently only keeping new services and requests up to date with maintenance and retirements on backlog. In addition, one of the servicemen will be retiring in the next 3 years. An existing field employee will be paired with the retiring serviceman, which will leave a vacancy to be replaced in one of the existing crews. Two of the new field employees will be added to the existing two-man crew to create a four-man crew. These additional resources will assist with the maintenance and retirement backlog and will be needed for the additional growth in the London District for the future.

4. **Refer to paragraph 3 of the application, which provides that the proposed expansion to the London office complex would include office space for 27 employees and a training area for a minimum seating of 192.**

   Response by: Carol Wright

   a. **Given that the London facility currently has 13 office employees explain in detail Jackson Energy's rationale in arriving at an office building design that could accommodate 27 employees.**

      The proposed building addition will not replace the existing office. As stated in the application, the existing office building is overcrowded and there is no room to store janitorial or office supplies. Our IT components share closets with both janitorial and office supplies. The existing offices occupied by the District Operations Supervisor, ROW Supervisor, and two staking engineers will be converted into IT, janitorial, and office supply areas. The other nine office employees will remain in their existing locations in the existing office building.

The new building addition will accommodate 18 field employees (linemen and servicemen), one District Operations Supervisor, one ROW Supervisor, three staking engineers, and three other office areas for four additional employees. The three other office areas will be used by personnel during emergency situations acting as call center agents and other employees that need a short term (i.e. one day) work area and is space for future employees.

Currently the existing 14 field employees and the three new field employees do not have any work space in the warehouse or the office and the new addition will accommodate up to 18 spaces for field employees. When the building was constructed in 1988, field employees did not need a work space to update computer databases on their laptops for daily work assignments, interact with office personnel on data base integrity, complete mandatory on-line safety courses and on-line employee training, email review and communication, and computerized time sheet entry.

b. Explain in detail Jackson Energy's rationale in arriving at a training area needed to accommodate seating for at least 192 people.

Jackson Energy conducts meetings will all employees several times throughout the year. We currently do not have a room that will hold all our employees. This training area was sized to accommodate all employees and provide ample training space for training such as CPR, etc.

The maximum seating capacity of 192 was noted to illustrate the maximum available space. Presently, we can only accommodate 15 employees in the London District office meeting room. This limitation requires that we have many small meetings to accomplish what could be done in one or two meetings.

In addition, this area can be used as a command center, housing crews during storms, and providing meals to all workers in extended outage situations.

5. Refer to paragraph 3 of the application, which indicates that a local building contractor, McKnight & Associates, Inc. has provided the architectural drawings, renderings of the external view, and the cost to construct the proposed expansion.

Response by: Carol Wright

a. In addition to its acknowledged prior relationship with McKnight & Associates, explain why Jackson Energy decided to request a quote from McKnight & Associates for the construction of the proposed expansion to the London office.

On January 12, 2010, Jackson Energy invited four qualified contractors to a meeting to discuss our need for a building addition. At that time, Jackson Energy did not have a design or layout, only the need for additional space between the existing office and warehouse. Three of the four contractors came to the meeting and we discussed our needs and explained the space available for the building addition. The three contractors in attendance explained that Jackson Energy needed to make some decisions regarding the type of building required (i.e. single or two-story, pre-engineered metal building or wood framed, and a site and geo-technical survey would also be required) before proceeding forward.

On February 7, 2010, Jackson Energy held another meeting with the three contractors to discuss their available resources to provide architect drawings, mechanical, electrical, and structural engineering and if they would be willing to bid a design-build project. All three contractors said that it would be nearly impossible to competitively bid a design-build project as all three designs would be different, especially the total price. Two of the contractors suggested that Jackson Energy hire an architect and bid the project in that manner. However, McKnight & Associates indicated that they could design an addition similar to our existing facilities and supply all of the needed drawings and engineering expertise for a small project of this nature.

On February 18, 2010, McKnight & Associates requested a meeting with Jackson Energy and presented a preliminary design and layout that included floor plans and exterior views. Jackson Energy continued to work with McKnight & Associates for several months to develop a final design and layout. After a design and layout was determined, Jackson Energy asked for a quote to construct the facility.

McKnight & Associates is headquartered in London, Kentucky and is a local general contractor and construction management company. They will utilize employees and sub-contractors within our service area.

b. Did Jackson Energy send a Request for Proposal ("RFP") to construct the proposed facilities?

(1) If yes, provide the list to whom it was sent and a copy of the RFP. Also provide a copy of the responses to the RFP that were received by Jackson Energy.

(2) If no, explain why an RFP is not necessary.

No. Jackson Energy was very satisfied with McKnight's proposed design and layout. Our previous building construction projects with McKnight had been completed without complications and the building quality was excellent.

c. Provide a detailed explanation of the prior construction project(s) that McKnight & Associates did for Jackson Energy.

McKnight & Associates constructed the Headquarters facility in 2000 for a total project cost of $2,800,000.

McKnight & Associates constructed the McKee District Office and Warehouse facility in 2002 for a total project cost of $1,594,000.

d. Does McKnight & Associates have an incentive for cost savings?

McKnight & Associates current proposal includes any cost incentives and if the scope of work does not change, the proposed price will remain the same.

e. What is the process for approving change orders?

All change orders must be approved by the Architect/Engineer and the Owner prior to any change order work being performed. All Change Order requests will be reviewed with our Board of Directors.

f. Does McKnight & Associates have structural engineers on staff?

No. However, they have contracted with a structural engineer for this project.

6. Refer to paragraph 7(a) of the application wherein it is provided that the "London facility serves approximately half of Jackson Energy's consumers and is expected to grow at a larger rate than the other service territories."

Response by: Carol Wright

a. Provide support for the statement that the London area is expected to grow at a larger rate than Jackson Energy's other service areas.

Over the last 10 years, the London district has grown at a much larger rate per the U.S. Census Bureau (see chart below). All of the other counties in our service area have had negative growth.

County	Population 2010	Population 2000	Percent Change
Clay	21,730	24,556	-11.5
Estill	14,672	15,307	-4.1
Jackson	13,494	13,495	0
Lee	7,887	7,916	-0.4
Owsley	4,755	4,858	-2.1
Rockcastle	17,056	16,582	2.9
Laurel	58,849	52,715	11.6

Data Source:
http://quickfacts.census.gov/qfd/states/21000.html

The London district grows at a higher rate than the other areas due to the I75 corridor in the center of this district. A new hospital was constructed in 2009 along I75 and London will also be near the proposed I66 corridor. **Exhibit 12** contains some supporting growth data that was used in our 2009 Long Range Plan.

b. Provide the rate of growth associated with the London service area for the previous 10 years.

District	County	kWh 2000	% of kWh Total 2000	kWh 2010	% of Total 2010	10 Year % Change
London	Laurel	342,238,949	37.88%	466,042,770	44.32%	36.17%
London	Rockcastle	122,965,799	13.61%	117,803,520	11.20%	-4.20%
McKee	Clay	148,034,804	16.38%	153,057,283	14.56%	3.39%
McKee	Jackson	129,734,500	14.36%	129,598,854	12.32%	-0.10%
Beattyville	Estill	66,755,933	7.39%	80,547,987	7.66%	20.66%
Beattyville	Lee	52,085,067	5.76%	57,396,248	5.46%	10.20%
Beattyville	Owsley	41,672,950	4.61%	47,118,796	4.48%	13.07%
	Total:	903,488,003		1,051,565,458		

c. Has Jackson Energy conducted any analysis forecasting the growth rate for the London service area? If yes, provide a copy of any analysis conducted. If no, explain why not.

Jackson Energy has not conducted a detailed analysis of the forecasted growth rate in the London area. A comparison of the years 2000 and 2010 using U.S. Census Bureau population figures, and KWH sales, indicate more growth in Laurel County than in any other county in the Jackson Energy Cooperative service area. Nothing in

the current economic status of these counties suggests there will be a future change in their historical growth rates.

7. **State whether the estimated cost of the project of $1,662,331 includes all costs, such as grading and other site preparation, utility installation, paving, fencing, landscaping, security features, lighting, etc. If not, provide a list of all items not included, and the estimated cost and the basis for such cost for those items.**

   Response by: Carol Wright

   Yes, the estimated cost includes all costs.

8. **a. Provide the basis of all cost estimates including copies of any information relied upon in determining costs.**

   Response by: Carol Wright

   All cost estimates were from multiple bids for each division.

   b. Are the cost estimates based on actual bids? If not, does Jackson Energy plan to bid out each division?

   Yes, cost estimates are based on actual bids.

9. **State whether a customer drive-up or drive-through facility was considered in the design of the new building and, if not explain why such a feature was rejected.**

   Response by: Carol Wright

   The new building addition will accommodate space for operations personnel while the existing building will continue to operate as a customer service center. The existing building has an existing drive-up window for customers and therefore, the new addition design did not include a drive-up window.

10. **Describe in detail all energy efficiency features that are proposed for the new office building.**

    Response by: Carol Wright

Exterior walls have R-19 insulation. Attic/ceiling insulation is R-38 fiberglass. All windows have insulating glass and will be tinted. All doors will be weather-stripped. The south facing front glazing is shaded from sun exposure. Electronic, energy saving ballasts are being used on all fluorescent light fixtures. Energy saving fluorescent light fixtures are utilized throughout the project. Motion sensing light switches are being utilized. All window, door and mechanical louver openings will be caulked for water and air tightness. All ductwork is insulated. Exterior walls are enveloped with building wrap.

11. Refer to pages 5 and 6 of Exhibit 5 of the application. Division 1 lists profit for this part of the project to be $80,667, whereas the remaining divisions do not contain a line item for profit. Is the $80,667 listed in Division 1 the total profit projected for completion of the total contract?

Response by: Carol Wright

Yes, $80,667 is the total profit for the contract.

12. Refer to item 7.4 of the application and page 1 of Exhibit 8. Item 7.4 provides a timeline for completion of the project of 10 months after completion of regulatory approvals. Exhibit 8 lists all costs for the project to be incurred in 2011. Explain why all costs are expected to be incurred in 2011.

Response by: Carol Wright

We inadvertently included all cost in 2011. Exhibit 13 reflects all costs in 2012.

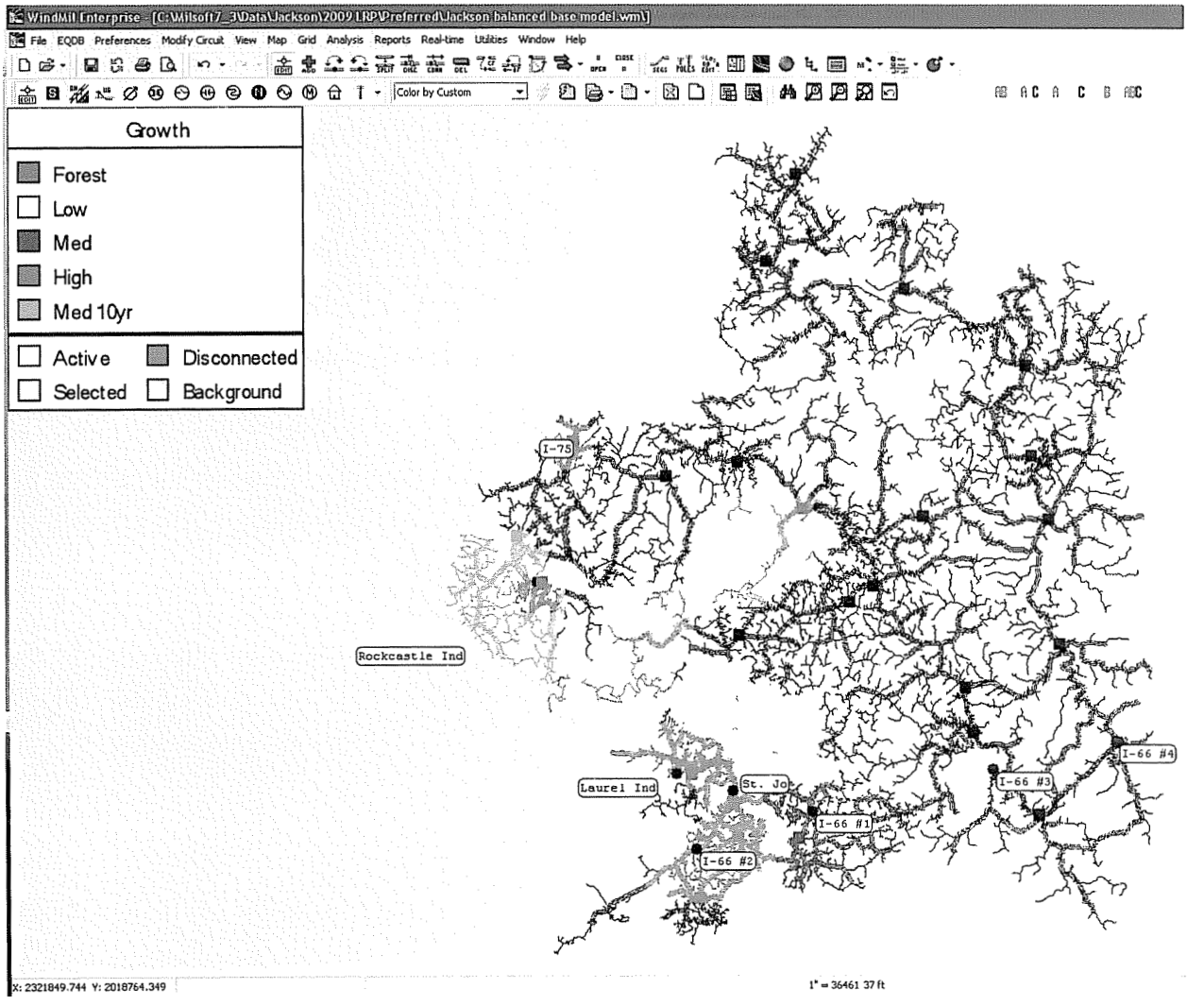
13. Provide Jackson Energy's plans for its existing facility once the addition is constructed.

Response by: Carol Wright

The existing office building will continue to operate as a customer service center where members can come into the office and apply for service, pay their bill (at the front office or the drive-up window), or speak to a customer service representative.

Exhibit 12

Jackson Growth Areas



Load growth areas defined by Jackson Energy on 3/23/09

Note: Large Powers >250kW held constant and not grown

Projected System Loading

All time winter system peak = 282.7MW

5 year projected system total = 342MW

10 year projected system total = 378MW

20 year projected system total = 450MW

Spot Loads

Spot Load	**5 Year**	**10 Year**	**20 Year**
Laurel Industrial Park	1MW	2MW	3MW
I-66 #1	0	0	5MW
I-66#2	0	0	5MW
I-66 #3	0	0	1MW
I-66 #4	0	0	1MW
RockCastle Industrial Park (Maretburg)	3MW	5MW	7MW
St. Jo Hospital	2.5MW	2.5MW	5MW
I-75 (possible exit)	0	0	5MW
Total	*6.5MW*	*9.5MW*	*32MW*

Resources

Laurel County Comprehensive Plan

www.krisslowry.com/laurel.html

Laurel County Industrial Development

http://www.londonlaurelindustrialdevelopment.com/

- Laurel County Industrial Park (Spot Load - Laurel Industrial)
http://www.thinkkentucky.com/edis/Sites/SiteProfile.aspx?SiteID=125-001

RockCastle Judge Executive's office (George Carloftis)

Section 4 of the Rockcastle County "Community Strategic Plan"

(No Comprehensive Plans available for any other county in Jackson's territory)

Ky Department of Transportation Website

http://www.transportation.ky.gov/

- I-66 Corridor Plan
- Plans by county on the 3 year Highway Project

Site Profile
http://www.thinkkentucky.com/edis/Sites/SiteProfile.aspx?SiteID=125-001[9/2/2009 1:32:04 PM]

London-Laurel County Industrial Park

Last Revised: 9/29/2008

London Site 125-001

Total Acreage: 20.0 **Largest Possible Tract:**
20.0
Site/Community Map Aerial Map Community Information English / Metric

County: Laurel

Reference

City: London

School

District: Laurel County Schools

Location: Approximately 3.3 miles west of London city limits in western Laurel County

Zoning: Protective Covenants

TRANSPORTATION:

Nearest Interstate/Parkway:
5.0 miles
General Highway Access Description:
KY 80 (four-lane divided highway) adjacent to northern boundary; I-75 interchange approximately 5.0 miles east via KY 80

Nearest Commercial/Intl. Airport:

BROADBAND:

Blue Grass Airport
(85 miles northwest of London)

Windstream Corp; Time Warner Cable **Rail Access:**
Presently not available

UTILITIES:

Riverport Access:
Louisville-Jefferson County Riverport
(153 miles from site)

Electricity: Natural Gas:
Jackson Energy Cooperative Delta Natural Gas Company
Size Line: 4-inch line serves the site

Water:
Wood Creek Water District
Size Line: 12-inch line serves the site
System Information (gallons per day):
Wood Creek Water District
Treatment Capacity: 4,608,000
Average Daily Flow: 4,028,358
Excess Capacity: 579,642

Sewer:
London Utility Commission
Size Line: 8-inch force main line serves the site;8-inch gravity line serves the site;6-inch force main line serves the site
System Information (gallons per day):
Treatment Capacity: 4,000,000
Average Daily Flow: 2,468,000
Excess Capacity: 1,532,000

PRICE PER ACRE: OWNERSHIP:

$30,000 London/Laurel County Industrial Development Authority

LINKS TO ADDITIONAL INFO:

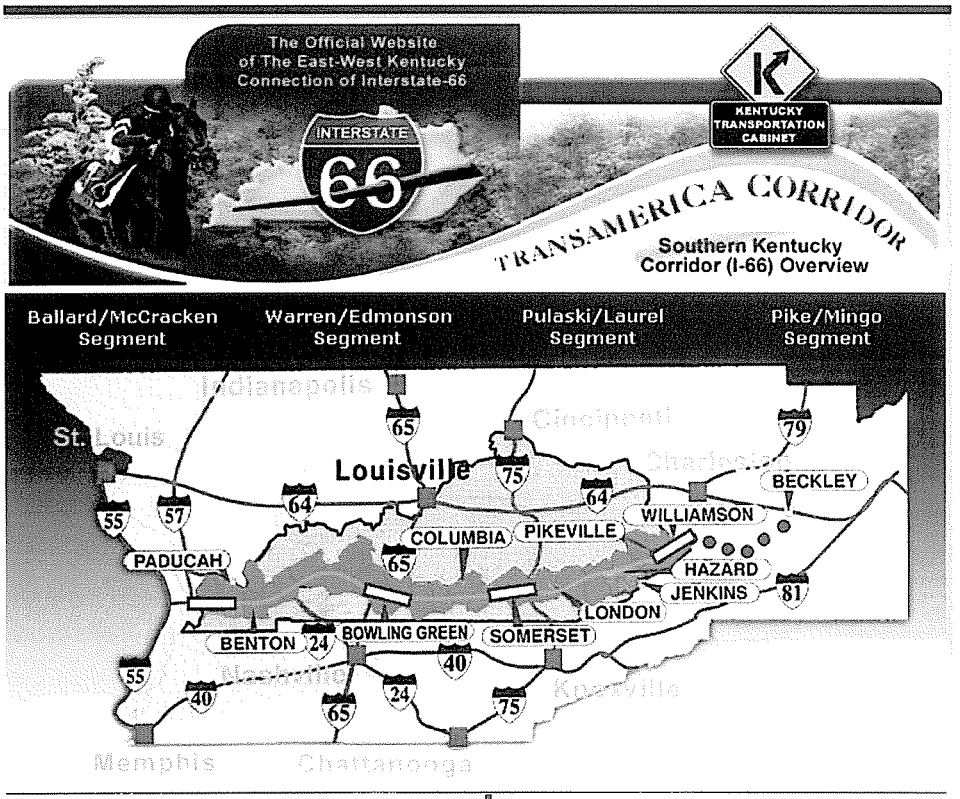
NA

To contact the KY Cabinet for Economic Development:

Roni-Anne Denham, Chief Administrative Officer: *TELEPHONE*: (502) 564-7140 *FAX*: (502) 564-3256 *EMAIL*: Roni-Anne.Denham@ky.gov

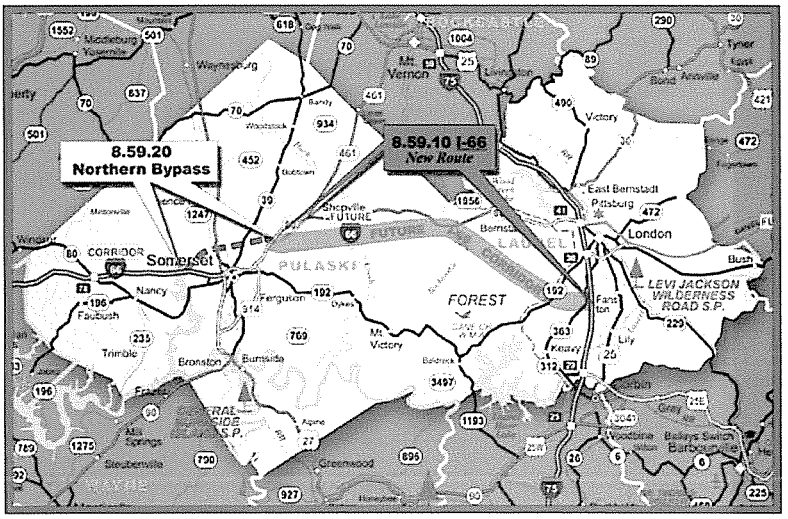
To view all sites, buildings, and communities within Kentucky, visit: www.thinkkentucky.com/edis/

I-66 Corridor



INTERSTATE 66 Corridor Project Information

www.interstate66.com



View additional project information by selecting desired caption box.

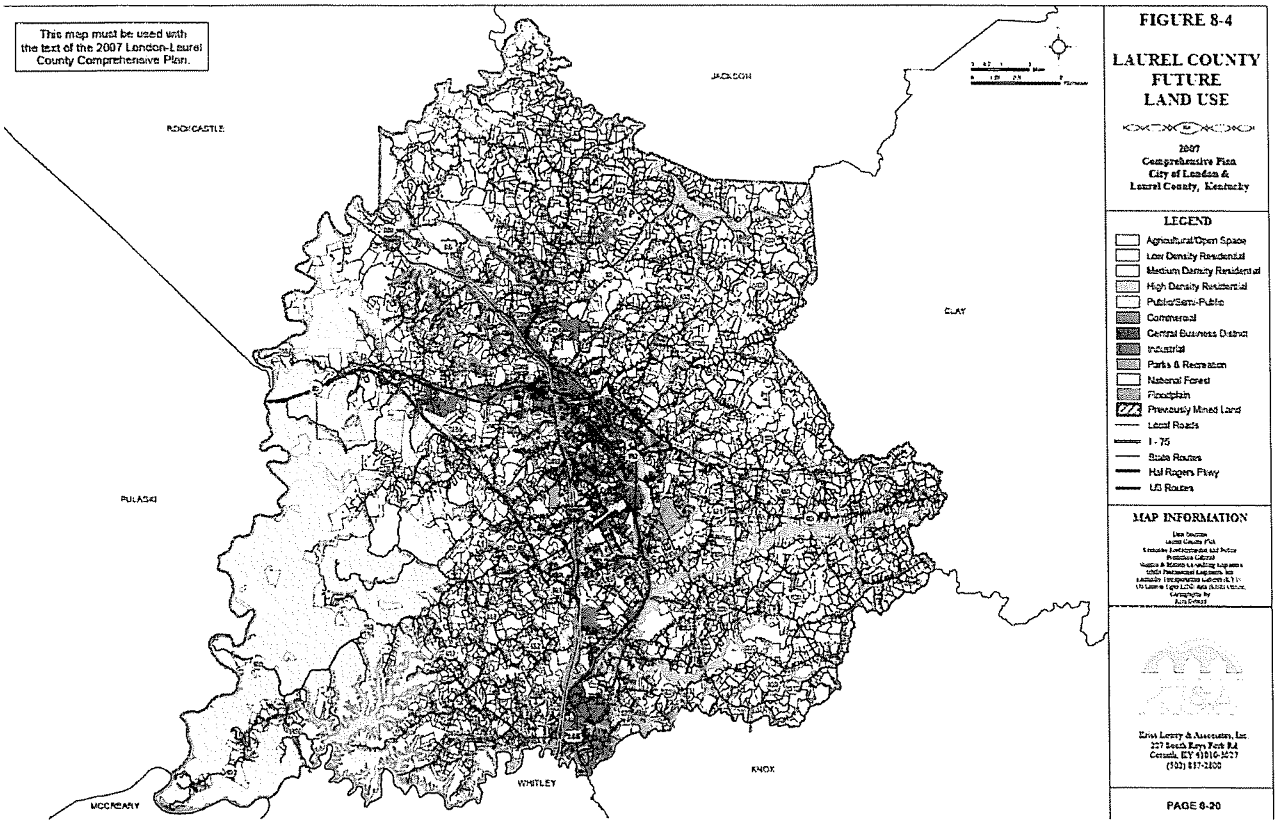

This map must be used with the text of the 2007 London-Laurel County Comprehensive Plan.
ROCKCASTLE
JACKSON
CLAY
PULASKI
KNOX
WHITLEY
MCCREARY
FIGURE 8-4
LAUREL COUNTY FUTURE LAND USE
2007
Comprehensive Plan
City of London &
Laurel County, Kentucky
LEGEND
Agricultural/Open Space
Low Density Residential
Medium Density Residential
High Density Residential
Public/Semi-Public
Commercial
Central Business District
Industrial
Parks & Recreation
National Forest
Floodplain
Previously Mined Land
Local Roads
I-75
State Routes
Hal Rogers Pkwy
US Routes
MAP INFORMATION
PAGE 8-20

Exhibit 13

FINANCIAL FORECAST RUS FORM 325G - DETERMINATION OF PLANT INVESTMENT & LOAN REQUIREMENTS

	PREVIOUS YEARS			FUTURE YEARS									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1. PLANT SUMMARY													
a. TOTAL UTILITY PLANT (FIRST OF YEAR)	184,075,473	189,265,594	194,283,076	201,381,567	208,522,444	215,420,080	220,677,444	225,957,529	232,261,016	238,588,608	244,941,028	251,319,020	258,723,352
b. PLUS: GROSS ADDITIONS AND REPLACEMENTS	8,264,586	8,030,419	9,694,240	9,640,877	9,397,636	7,757,364	7,780,085	8,803,487	8,827,592	8,852,420	8,877,992	9,904,332	9,904,332
c. LESS: CONTRIBUTION IN AID OF CONSTRUCTION	0	0	0	0	0	0	0	0	0	0	0	0	0
d. LESS: RETIREMENTS	3,074,465	3,012,937	2,595,749	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
e. TOTAL UTILITY PLANT (END OF YEAR)	189,265,594	194,283,076	201,381,567	208,522,444	215,420,080	220,677,444	225,957,529	232,261,016	238,588,608	244,941,028	251,319,020	258,723,352	266,127,684
2. PLANT ADDITIONS & REPLACEMENTS													
Type (Priority)													
a. Distribution (Y)	7,924,263	7,354,577	8,225,937	7,000,000	7,000,000	7,000,000	7,000,000	8,000,000	8,000,000	8,000,000	8,000,000	9,000,000	9,000,000
b. Subtransmission (Y)	0	0	0	0	0	0	0	0	0	0	0	0	0
c. Bulk Transmission (N)	0	0	0	0	0	0	0	0	0	0	0	0	0
d. Generation (N)	0	0	0	0	0	0	0	0	0	0	0	0	0
e. Hdq - Warehouse (Y)	0	0	0	0	0	0	0	0	0	0	0	0	0
f. Hdq - Office (N)	42,543	2,934	12,176	0	1,662,331	0	0	0	0	0	0	0	0
g. General Plant (N)	297,780	672,908	1,456,127	2,640,877	735,305	757,364	780,085	803,487	827,592	852,420	877,992	904,332	904,332
h. Acquisitions (N)	0	0	0	0	0	0	0	0	0	0	0	0	0
i. Other (N)	0	0	0	0	0	0	0	0	0	0	0	0	0
j. Other (N)	0	0	0	0	0	0	0	0	0	0	0	0	0
k. Other (N)	0	0	0	0	0	0	0	0	0	0	0	0	0
l. Less Contributions-in-Aid of Construction	0	0	0	0	0	0	0	0	0	0	0	0	0
NET PLANT ADDITIONS	8,264,586	8,030,419	9,694,240	9,640,877	9,397,636	7,757,364	7,780,085	8,803,487	8,827,592	8,852,420	8,877,992	9,904,332	9,904,332
3. PRIORITY FINANCING REQUIREMENTS													
SUBTOTAL PRIORITY PLANT ADDITIONS	7,924,263	7,354,577	8,225,937	7,000,000	7,000,000	7,000,000	7,000,000	8,000,000	8,000,000	8,000,000	8,000,000	9,000,000	9,000,000
REIMBURSEMENT OF GENERAL FUNDS				0	0	0	0	0	0	0	0	0	0
EXISTING PRIORITY LOAN FUNDS													
(1) PRIOR RUS LOAN FUNDS APPLIED				0	0	0	0	0	0	0	0	0	0
(2) PRIOR SUPL. LOAN FUNDS APPLIED				0	0	0	0	0	0	0	0	0	0
(3) PRIOR GUARANTEED FUNDS APPLIED				0	0	0	0	0	0	0	0	0	0
GENERAL FUNDS INVESTED													
(1) GEN. FUNDS PLANT INVEST.				3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
(2) GEN. FUNDS AVAILABLE TO MEET GOAL				13,441,170	18,081,288	23,693,139	29,248,985	35,594,833	41,553,404	47,083,532	53,124,230	60,950,109	69,508,854
(3) BORROW NEW LOAN FUNDS IN ANY YEAR?				N	Y	Y	Y	Y	Y	Y	Y	Y	Y
NEW PRIORITY FINANCING REQUIRED				4,000,000	4,000,000	4,000,000	4,000,000	5,000,000	5,000,000	5,000,000	5,000,000	6,000,000	6,000,000
(1) RUS PORTION Percentage				0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Amount				0	0	0	0	0	0	0	0	0	0
(2) SUPPL. PORTION Percentage				0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Amount				0	0	0	0	0	0	0	0	0	0
(3) GUARANTEED PORTION Percentage				100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Amount				4,000,000	4,000,000	4,000,000	4,000,000	5,000,000	5,000,000	5,000,000	5,000,000	6,000,000	6,000,000
4. NON-PRIORITY FINANCING REQUIRED													
SUBTOTAL NON-PRIORITY PLANT ADDITIONS	340,323	675,842	1,468,303	2,640,877	2,397,636	757,364	780,085	803,487	827,592	852,420	877,992	904,332	904,332
REIMBURSEMENT OF GENERAL FUNDS				0	0	0	0	0	0	0	0	0	0
EXISTING NON-PRIORITY LOAN FUNDS													
(1) PRIOR SUPL. LOAN FUNDS APPLIED				0	0	0	0	0	0	0	0	0	0
(2) PRIOR GUARANTEED FUNDS APPLIED				0	0	0	0	0	0	0	0	0	0
GENERAL FUNDS INVESTED				2,640,877	2,397,636	757,364	780,085	803,487	827,592	852,420	877,992	904,332	904,332
NEW NON-PRIORITY FINANCING REQUIRED				0	0	0	0	0	0	0	0	0	0
(1) SUPPL. PORTION				0	0	0	0	0	0	0	0	0	0
(2) GUARANTEED PORTION				0	0	0	0	0	0	0	0	0	0
5. PLANT INVESTMENT SUMMARY													
a. TOTAL GENERAL FUNDS REQUIRED				5,640,877	5,397,636	3,757,364	3,780,085	3,803,487	3,827,592	3,852,420	3,877,992	3,904,332	3,904,332
b. TOTAL RUS LOAN FUNDS REQUIRED				0	0	0	0	0	0	0	0	0	0
c. TOTAL GUARANTEED FUNDS REQUIRED				4,000,000	4,000,000	4,000,000	4,000,000	5,000,000	5,000,000	5,000,000	5,000,000	6,000,000	6,000,000
d. TOTAL OTHER FUNDS REQUIRED				0	0	0	0	0	0	0	0	0	0
e. TOTAL FUNDING REQUIRED				9,640,877	9,397,636	7,757,364	7,780,085	8,803,487	8,827,592	8,852,420	8,877,992	9,904,332	9,904,332

JACKSON ENERGY COOPERATIVE CORPORATION

KY 3 JACKSON

BASE CASE

Mark Keene
May 5, 2010

FINANCIAL FORECAST — RUS FORM 325A- RATIOS

	LAST YEAR	FUTURE YEARS									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1. EQUITY RATIO (WITH ADD. REV.) (%)	30.22	30.98	32.83	34.44	36.01	37.61	39.07	40.41	41.67	42.48	43.42
2a. DEBT SERVICE COVERAGE (WITH ADD. REV.)	1.72	1.69	2.05	1.97	1.94	2.00	1.95	1.89	1.96	2.29	2.32
2b. OPERATING DSC (including op. margins + G&T & lender CCs paid)		1.65	2.01	1.93	1.90	1.96	1.91	1.85	1.92	2.24	2.27
3a. TIMES INTEREST EARNED RATIO (WITH ADD. REV.)	1.49	1.48	2.12	2.00	2.00	2.14	2.07	2.00	2.00	2.00	2.09
3b. OPERATING TIER (including op. margins + G&T & lender CCs paid)		1.41	2.05	1.93	1.93	2.07	1.99	1.93	1.93	1.93	2.01
4. AVERAGE REVENUE PER KWH SOLD (CENTS)	10.29	11.61	12.15	12.18	12.26	12.39	12.39	12.41	12.47	12.50	12.64
5. INCREASE IN AVERAGE REVENUE PER KWH SOLD (%)		12.86	4.61	0.30	0.66	1.03	0.00	0.18	0.44	0.25	1.12
6. TOTAL UTILITY PLANT PER KWH SOLD (CENTS)	20.36	21.66	22.42	23.10	23.62	24.00	24.36	24.82	25.20	25.49	25.98
7. NET GENERAL FUNDS TO TOTAL UTILITY PLANT (%)	6.36	6.45	8.39	10.74	12.94	15.33	17.42	19.22	21.14	23.56	26.12
8. ACCUM. PROV. FOR DEP. & AMORT. TO T.U.P. (%)	23.75	25.74	27.75	29.97	32.20	34.30	36.40	38.50	40.62	42.58	44.55
9. OPERATIONS & MAINTENANCE EXP. PER CONSUMER ($)	187.64	203.30	208.16	213.19	218.41	223.79	229.36	235.11	241.04	247.15	253.46
10. ADMIN. & GEN. EXPENSE PER CONSUMER ($)	82.79	98.58	100.93	103.37	105.90	108.51	111.21	114.00	116.88	119.84	122.90
11. PLANT REVENUE RATIO	5.61	5.64	5.20	5.31	5.33	5.26	5.34	5.42	5.44	5.47	5.41
12. RATE OF RETURN ON RATE BASE (WITH ADD. REV.) (%)		5.25	7.42	7.03	7.05	7.57	7.33	7.11	7.17	7.23	7.78
13. RATE BASE = 104% OF NET UTILITY PLANT		161,034,975	161,863,915	160,718,634	159,320,595	158,702,214	157,815,682	156,652,954	155,205,744	154,505,518	153,475,269
14. INCREASE OVER PRESENT RETAIL RATES REQUIRED (%)		0.36	0.00	0.29	0.94	0.00	0.00	0.18	0.61	0.85	0.00
15. MODIFIED DSC (FOR RUS USE)		1.67	2.03	1.95	1.92	1.98	1.93	1.87	1.94	2.27	2.30
16. MODIFIED TIER (NET OF G&T & OTHER CAP. CREDITS)		1.45	2.08	1.97	1.97	2.11	2.03	1.97	1.97	1.97	2.05

FINANCIAL FORECAST — RUS FORM 325B - PRO FORMA BALANCE SHEET

	LAST YEAR	FUTURE YEARS									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1. ASSETS AND OTHER DEBITS											
a. TOTAL UTILITY PLANT	201,381,567	208,522,444	215,420,080	220,677,444	225,957,529	232,261,016	238,588,608	244,941,028	251,319,020	258,723,352	266,127,684
b. ACCUM. PROVISION FOR DEPREC. & AMORT.	47,831,046	53,681,122	59,781,700	66,140,296	72,764,649	79,662,734	86,842,760	94,313,188	102,082,728	110,160,354	118,555,310
c. NET UTILITY PLANT	153,550,521	154,841,322	155,638,380	154,537,148	153,192,880	152,598,282	151,745,848	150,627,840	149,236,292	148,562,998	147,572,374
d. NET GENERAL FUNDS	12,803,181	13,441,170	18,081,288	23,693,139	29,248,965	35,594,833	41,553,404	47,083,532	53,124,230	60,950,109	69,508,854
e. GENERAL FUNDS EXCLUDABLE ITEMS	2,978,745	2,978,745	2,978,745	2,978,745	2,978,745	2,978,745	2,978,745	2,978,745	2,978,745	2,978,745	2,978,745
f. OTHER ASSETS AND DEBITS	53,481,731	53,681,731	53,881,731	54,081,731	54,281,731	54,481,731	54,681,731	54,881,731	55,081,731	55,281,731	55,481,731
g. TOTAL ASSETS AND OTHER DEBITS	222,814,178	224,942,968	230,580,144	235,290,763	239,702,321	245,653,592	250,959,728	255,571,849	260,420,999	267,773,583	275,541,705
2. LIABILITIES AND OTHER CREDITS											
a. TOTAL MARGINS AND EQUITIES	67,332,691	69,685,424	75,710,293	81,032,618	86,319,962	92,401,548	98,043,308	103,277,848	108,506,667	113,757,950	119,649,042
b. LONG TERM DEBT - RUS											
(1). LONG TERM DEBT - 2% & 5%	0	0	0	0	0	0	0	0	0	0	0
(2). LONG TERM DEBT - 5%, MUNI & TREASURY	31,861,836	31,261,607	30,634,276	29,978,584	29,293,210	28,576,774	27,827,829	27,044,863	26,226,293	25,370,459	24,488,355
(3). LONG TERM DEBT - GUARANTEE	74,126,049	76,646,581	79,111,390	81,460,559	83,665,872	86,756,752	89,727,587	92,566,641	95,261,055	98,803,699	102,187,087
(4). LESS CUSHION OF CREDIT	334,795	334,795	334,795	334,795	334,795	334,795	334,795	334,795	334,795	334,795	334,795
(5). TOTAL LONG TERM DEBT -RUS	105,653,090	107,573,393	109,410,871	111,104,348	112,624,287	114,998,730	117,220,621	119,276,710	121,152,553	123,839,363	126,340,647
c. LONG TERM DEBT - OTHER	26,802,897	24,658,651	22,433,480	20,128,298	17,732,572	15,227,813	12,670,298	9,991,791	7,736,279	7,150,769	6,526,516
d. CURRENT PORTION OF LONG TERM DEBT	0	4,387,692	4,611,706	4,875,786	5,130,316	5,335,624	5,622,418	5,379,669	3,898,700	4,122,969	4,122,969
d. LONG TERM DEBT - TOTAL	132,455,987	127,844,351	127,232,645	126,356,859	125,226,544	124,890,919	124,268,501	123,888,832	124,990,132	126,867,163	128,744,194
e. OTHER LIABILITIES AND CREDITS	23,025,500	27,413,192	27,637,206	27,901,286	28,155,816	28,361,124	28,647,918	28,405,169	26,924,200	27,148,469	27,148,469
f. TOTAL LIABILITIES AND OTHER CREDITS	222,814,178	224,942,968	230,580,144	235,290,764	239,702,321	245,653,592	250,959,728	255,571,849	260,420,999	267,773,583	275,541,705

FINANCIAL FORECAST RUS FORM 325C - STATEMENT OF OPERATIONS

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1. ACCRUAL BASIS										
a (1). ADDITIONAL REVENUE REQUIREMENTS FOR TIER/EQUITY	416,389	0	345,569	1,114,650	0	0	221,428	768,832	1,094,662	0
(2). OPER. REV. & PATRON. CAP. - PRESENT RATES	114,133,802	119,511,641	118,897,070	119,068,813	122,803,188	124,257,931	125,216,557	126,524,225	128,726,613	132,430,401
b. COST OF POWER	77,561,857	78,102,012	77,674,531	77,772,612	78,680,188	79,617,074	80,228,863	81,069,374	82,496,179	83,259,880
c. OPER. REV. LESS COST OF POWER	36,988,334	41,409,629	41,568,108	42,410,851	44,123,000	44,640,857	45,209,122	46,223,684	47,325,097	49,170,521
d. OPERATIONS & MAINTENANCE EXPENSE	10,538,228	10,854,375	11,180,006	11,515,406	11,860,868	12,216,695	12,583,195	12,960,691	13,349,512	13,749,997
e. CONSUMER ACCOUNTS AND SALES EXPENSE	4,432,265	4,565,233	4,702,190	4,843,256	4,988,553	5,138,210	5,292,356	5,451,127	5,614,661	5,783,101
f. ADM. & GEN. & OTHER DEDUCTIONS EXPENSE	5,109,888	5,263,185	5,421,080	5,583,713	5,751,224	5,923,761	6,101,474	6,284,518	6,473,053	6,667,245
g. DEPRECIATION AND AMORTIZATION EXPENSE	8,350,076	8,600,578	8,858,596	9,124,353	9,398,084	9,680,027	9,970,427	10,269,540	10,577,626	10,894,955
h. TAX EXPENSE	105,000	108,150	111,395	114,736	118,178	121,724	125,375	129,137	133,011	137,001
I. INTEREST EXPENSE	5,974,444	5,867,716	5,847,325	5,817,344	5,800,463	5,795,465	5,779,540	5,778,819	5,806,284	5,929,022
j. TOTAL COST OF ELECTRIC SERVICE	112,071,758	113,361,249	113,795,122	114,771,420	116,597,559	118,492,955	120,081,231	121,943,205	124,450,325	126,421,201
k. PATRONAGE CAPITAL & OPERATING MARGINS	2,478,433	6,150,392	5,447,517	5,412,043	6,205,629	5,764,976	5,356,754	5,349,852	5,370,950	6,009,200
l. NON-OPERATING MARGINS	189,300	194,477	199,809	205,301	210,958	216,784	222,785	228,967	235,334	241,891
m. G&T AND OTHER CAPITAL CREDITS (CFC CTC's)	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
n. TOTAL ACCRUAL MARGINS	2,867,733	6,544,869	5,847,325	5,817,344	6,616,586	6,181,760	5,779,540	5,778,819	5,806,284	6,451,091
2. CASH BASIS										
a. CASH FROM OPERATIONS BEFORE DEBT SERVICE	16,992,253	20,813,163	20,353,246	20,559,041	21,615,134	21,457,252	21,329,507	21,627,178	21,990,193	23,075,068
b. TOTAL DEBT SERVICE	10,198,387	10,255,409	10,459,031	10,693,130	10,930,779	11,131,090	11,401,958	11,158,488	9,704,983	10,051,991
c. CASH MARGINS AFTER DEBT SERVICE	6,793,866	10,557,754	9,894,215	9,865,911	10,684,355	10,326,163	9,927,549	10,468,690	12,285,210	13,023,078

FINANCIAL FORECAST RUS FORM 325D - GENERAL FUNDS SUMMARY

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1. SOURCES OF GENERAL FUNDS										
a. NET GENERAL FUNDS BEGINNING OF YEAR	12,803,181	13,441,170	18,081,288	23,693,139	29,248,965	35,594,833	41,553,404	47,083,532	53,124,230	60,950,109
b. CASH MARGINS AFTER DEBT SERVICE	6,793,866	10,557,754	9,894,215	9,865,911	10,684,355	10,326,163	9,927,549	10,468,690	12,285,210	13,023,078
c. OTHER PROCEEDS	0	0	0	0	0	0	0	0	0	0
d. SALE OF EXCLUDABLE ITEMS	0	0	0	0	0	0	0	0	0	0
e. REIMBURSEMENT FROM PRIORITY LOAN FUNDS	0	0	0	0	0	0	0	0	0	0
f. REIMBURSEMENT FROM SPECIAL LOANS (NON-PRIORITY)	0	0	0	0	0	0	0	0	0	0
g. USES OF CUSHION OF CREDIT ACCOUNT	0	0	0	0	0	0	0	0	0	0
2. TOTAL GENERAL FUNDS AVAILABLE	19,597,047	23,998,924	27,975,503	33,559,050	39,933,320	45,920,996	51,480,952	57,552,222	65,409,441	73,973,186
3. PROPOSED USE OF GENERAL FUNDS										
a. PURCHASE OF EXCLUDABLE ITEMS	0	0	0	0	0	0	0	0	0	0
b. CAPITAL CREDIT RETIREMENTS	515,000	520,000	525,000	530,000	535,000	540,000	545,000	550,000	555,000	560,000
c. GENERAL FUNDS INVESTED IN PLANT	5,640,877	5,397,636	3,757,364	3,780,085	3,803,487	3,827,592	3,852,420	3,877,992	3,904,332	3,904,332
d. OTHER USES OF GENERAL FUNDS	0	0	0	0	0	0	0	0	0	0
e. ADDITIONS TO CUSHION OF CREDIT ACCOUNT	0	0	0	0	0	0	0	0	0	0
f. ADDITIONAL PRINCIPAL PAYMENTS	0	0	0	0	0	0	0	0	0	0
4. TOTAL PROPOSED USES OF GENERAL FUNDS	6,155,877	5,917,636	4,282,364	4,310,085	4,338,487	4,367,592	4,397,420	4,427,992	4,459,332	4,464,332
5. NET GENERAL FUNDS - END OF YEAR	13,441,170	18,081,288	23,693,139	29,248,965	35,594,833	41,553,404	47,083,532	53,124,230	60,950,109	69,508,854