

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION FOR AN)	
ALTERNATIVE RATE ADJUSTMENT FOR)	CASE NO.
JACKSON ENERGY COOPERATIVE PURSUANT)	2024-00324
TO 807 KAR 5:078)	

ORDER

On December 26, 2024,¹ Jackson Energy Cooperative Corporation (Jackson Energy) filed an application seeking an alternative rate adjustment pursuant to 807 KAR 5:078, with a proposed effective date of January 1, 2025.² By Order dated December 26, 2024,³ the Commission accepted Jackson Energy's application pursuant to 807 KAR 5:078 and established a procedural schedule for processing this case. By Order dated November 15, 2024, the Attorney General of the Commonwealth of Kentucky, through the Office of Rate Intervention (Attorney General), was granted intervention and is the only intervenor in the case.⁴

¹ Jackson Energy tendered its application on November 8, 2024. By Order dated November 15, 2024, the Commission rejected the application for filing deficiencies, including a finding that the proposed rates would not produce sufficient revenue increase and Jackson Energy would continue to operate at a financial loss. Jackson Energy filed its amended application on November 25, 2024. By Order dated December 10, 2024, the Commission rejected the application for filing deficiencies. Jackson Energy filed its second amended application and motion for deviation on December 11, 2024. The motion was granted by Order dated December 26, 2024, and the application was deemed filed as of the date of the Order.

² Application at 19. Because the application was not accepted for filing until Dec. 26, 2024, the earliest the rates could become effective was Jan. 25, 2025.

³ Order (Ky. PSC Dec. 26, 2024).

⁴ Order (Ky. PSC Nov. 15, 2024).

Jackson Energy responded to one request for information⁵ from Commission Staff and one request for information⁶ from the Attorney General. On February 6, 2025, both the Attorney General⁷ and Jackson Energy⁸ filed comments on Jackson Energy's application.

LEGAL STANDARD

Commission regulation 807 KAR 5:078 provides a streamlined process for Kentucky electric cooperatives to request modest rate adjustments. The regulation allows for simplified filings and expedited review compared to normal rate case proceedings and is designed to help cooperatives manage necessary rate changes frequently and efficiently. Among other things, 807 KAR 5:078 limits any increase to a maximum of 5 percent over existing rates and a maximum Operating Times Interest Earned Ratio (OTIER) of 1.85.

BACKGROUND

Jackson Energy is a not-for-profit, member-owned, rural electric distribution cooperative organized under KRS Chapter 279. Jackson Energy is engaged in the business of distribution retail electric power to 53,094 members in Breathitt, Clay, Estill, Garrard, Jackson, Laurel, Lee, Leslie, Lincoln, Madison, Owsley, Powell, Pulaski,

⁵ Jackson Energy's Response to Staff's First Request for Information (Response to Staff's First Request) (filed Jan. 29, 2025).

⁶ Jackson Energy's Response to the Attorney General's First Request for Information (Response to Attorney General's First Request) (filed Jan. 29, 2025).

⁷ Attorney General's Comments (filed Feb. 6, 2025).

⁸ Jackson Energy's Comments (filed Feb. 6, 2025).

Rockcastle, and Wolfe counties, Kentucky.⁹ Jackson Energy owns no electric generating facilities and is one of the 16-member cooperatives that own and receive wholesale power from East Kentucky Power Cooperative, Inc. (EKPC). Jackson Energy's last general rate adjustment was effective February 27, 2014, in Case No. 2013-00219.¹⁰

TEST PERIOD

Jackson Energy used a historical test year ending on December 31, 2023.¹¹

JACKSON ENERGY'S PROPOSAL

Jackson Energy requests the maximum rate and OTIER increase allowed by 807 KAR 5:078. Jackson Energy requested an overall increase of 5 percent, or \$5,793,612, to its revenue requirement to achieve an OTIER not to exceed 1.85.¹² Jackson Energy proposed allocating 100 percent of the requested revenue increase to the Residential Service rate class by increasing the customer charge and decreasing the energy charge. Jackson Energy requested increasing the residential monthly customer charge from \$24.76 to \$36.48.¹³ Jackson Energy also requested to decrease the residential energy charge from \$0.10180 to \$0.10011.¹⁴

⁹ *Annual Report of Jackson Energy Cooperative Corporation to the Public Service Commission of the Commonwealth of Kentucky for the Calendar Year Ended December 31, 2023*, at 45 and 53.

¹⁰ Case No. 2013-00219, *Application of Jackson Energy Cooperative Corporation for an Adjustment of Rates* (Ky. PSC Feb. 27, 2014).

¹¹ Application at 6–7.

¹² Application at 2–3.

¹³ Application, Exhibit 3 Attachment, Official Notice.

¹⁴ Application, Exhibit 3 Attachment, Official Notice.

Jackson Energy cited increased business costs as support for its requested increase.¹⁵ Jackson Energy asserted that it has experienced minimal annual growth in membership over the last ten years, projects minimal to no growth for the foreseeable future and similarly minimal to zero growth in energy sales.¹⁶ Jackson Energy also noted that, since its last general rate adjustment nearly 13 years ago, it has experienced increased expenses in right-of-way maintenance, interest rates, general labor costs, construction materials, and system maintenance costs.¹⁷

Pursuant to 807 KAR 5:078, Jackson Energy filed its cost of service study (COSS) along with the application. Jackson Energy relied on this COSS to allocate the proposed revenue to the rate classes.¹⁸

INTERVENOR COMMENTS

The Attorney General submitted comments regarding Jackson Energy's proposed rate adjustment.¹⁹ The Attorney General requested that the Commission ensure the proposed revenue increase is fair, just and reasonable while considering adjustments that may mitigate financial burdens on ratepayers.²⁰

The Attorney General acknowledged Jackson Energy's decision to request a 5 percent revenue increase of \$5,793,612 despite testimony indicating a revenue

¹⁵ Application at 2.

¹⁶ Response to Attorney General's Request for Information, Response 4b–4e.

¹⁷ Application at 2.

¹⁸ Direct Testimony of John Wolfram (Wolfram Direct Testimony) at 22–23.

¹⁹ Attorney General's Comments (filed Feb. 6, 2025).

²⁰ Attorney General's Comments at 3 and 4.

deficiency of \$8,922,803.²¹ The Attorney General commended Jackson Energy for maintaining financial stability since 2013 without a rate increase²² and for choosing not to pursue the full deficiency amount.²³ However, the Attorney General raised concerns about specific items included in the revenue requirement:

- FEMA Funding: Jackson Energy received \$1.86 million in FEMA funding in 2023-2024. The Attorney General requested that the Commission ensure these funds are properly credited to benefit ratepayers and prevent double recovery.²⁴
- Miscellaneous Dues: The Attorney General noted that Jackson Energy included \$6,439.21 in the revenue requirement for miscellaneous dues. The Attorney General requested a review of these dues to determine whether they should be excluded.²⁵
- Board Member Fees: The Attorney General questioned the reasonableness of Jackson Energy's \$1,500 monthly board member fee and recommended comparing it to similar cooperatives.²⁶
- Executive Salaries: The Attorney General expressed concern that some executive salaries appear higher than comparable positions at other cooperatives. The

²¹ Attorney General's Comments at 1.

²² Jackson Energy had a revenue neutral rate case in 2019 (see Case No. 2019-00066, *Electronic Application of Jackson Energy Cooperative Corporation for A General Adjustment in Existing Rates* (Ky. PSC June 10, 2019)), but the Commission clarified that Jackson Energy's 2019 revenue neutral case did not qualify as a base rate adjustment under the current regulation. Order (Ky. PSC Dec. 26, 2024) at 2.

²³ Attorney General's Comments at 2.

²⁴ Attorney General's Comments at 3.

²⁵ Attorney General's Comments at 3.

²⁶ Attorney General's Comments at 3.

Attorney General requested that the Commission review available compensation data to assess the fairness of these salaries.²⁷

The Attorney General opposed Jackson Energy's proposed 47 percent increase in the fixed customer charge, arguing that such a substantial increase would significantly limit residential customers' ability to manage their electric bills.²⁸ The Attorney General emphasized that a higher fixed charge reduces the portion of a bill that customers can control through energy conservation, which is particularly concerning for those facing financial hardships.²⁹ Additionally, the Attorney General pointed out that the Commission has historically applied the principle of gradualism in ratemaking, which aims to mitigate the economic impact of rate changes on consumers.³⁰ The Attorney General maintained that any increase to the residential fixed customer charge should be implemented gradually to prevent undue financial strain on consumers.³¹ Given these concerns, the Attorney General urged the Commission to limit any increase to the fixed customer charge and consider alternative rate structures that more equitably distribute costs among all customer classes.³²

²⁷ Attorney General's Comments at 3.

²⁸ Attorney General's Comments at 4.

²⁹ Attorney General's Comments at 4.

³⁰ Attorney General's Comments at 4.

³¹ Attorney General's Comments at 4.

³² Attorney General's Comments at 4.

The Attorney General requested that the Commission approve Jackson Energy's proposed revenue increase only after ensuring the necessary adjustments are made to protect ratepayers from unreasonable costs.³³

JACKSON ENERGY'S COMMENTS

On February 6, 2025,³⁴ Jackson Energy filed comments supporting its rate adjustment application, emphasizing its efforts to maintain financial stability while managing necessary cost increases. The cooperative noted that it has avoided rate increases for the past 12 years, demonstrating its commitment to minimizing the financial impact on its members.³⁵ Jackson Energy also addressed concerns regarding the extensive data requests made by the Attorney General, stating that while it complied fully in the interest of transparency, some were overly burdensome and did not yield significant probative value.³⁶ The cooperative suggested that future rate case proceedings should establish clearer guidelines limiting the scope of such requests, particularly by reducing the required historical data period from ten years to five years.³⁷

Additionally, Jackson Energy responded to specific concerns raised by the Attorney General regarding Jackson Energy's revenue requirement calculations. The cooperative clarified that its receipt of FEMA funds was for storm-related repairs from federally declared disasters and that these funds were reimbursed only after the

³³ Attorney General's Comments at 4.

³⁴ Jackson Energy's Written Comments (Jackson Energy's Comments) (filed Feb. 6, 2025).

³⁵ Jackson Energy's Comments at 3.

³⁶ Jackson Energy's Comments at 2.

³⁷ Jackson Energy's Comments at 2.

cooperative had already expended the necessary costs.³⁸ Furthermore, Jackson Energy addressed questions regarding board member compensation; stating that its directors receive a standard monthly fee, with additional compensation allocated to those in leadership roles due to their increased responsibilities.³⁹

Regarding the proposed increase in residential customer charge, Jackson Energy reaffirmed that adjusting this charge would appropriately provide members with more stable monthly bills and help mitigate the financial strain caused by extreme weather fluctuations.⁴⁰ The cooperative argued that shifting the rate adjustment to the energy charge would lead to greater bill volatility, particularly for low-income members who experience higher electricity usage in winter months.⁴¹ Jackson Energy emphasized that its COSS supports the need for a properly adjusted customer charge and encouraged the Commission and Attorney General to consider the broader implications of rate design on member affordability and financial sustainability.⁴²

DISCUSSION

Revenue and Expense Adjustments

Jackson Energy proposed 13 adjustments to normalize its test-year operating revenues and expenses in the streamlined application. The Commission finds that 11 of the 13 adjustments originally proposed by Jackson Energy are reasonable and should be

³⁸ Jackson Energy's Comments at 3. The Commission did review the FEMA costs which were separated out in the general ledger, and the accounting treatment would appear to prevent double recovery. There was not sufficient evidence otherwise.

³⁹ Jackson Energy's Comments at 3.

⁴⁰ Jackson Energy's Comments at 3–4.

⁴¹ Jackson Energy's Comments at 3–4.

⁴² Jackson Energy's Comments at 4.

accepted without change. The Commission's two changes to Jackson Energy's proposed adjustments relating to Donations, Promotional Advertising, & Dues and Rate Case Expense are explained in the following paragraphs. Shown below are the 13 Commission approved adjustments:

Item	Revenue	Expense	Non-Operating Income	Net Margin
1 Retirement Plan & 401(k)	-	(175,668)	-	175,668
2 Employee Healthcare	-	(182,519)	-	182,519
3 Employee Life Insurance Premiums	-	(35,012)	-	35,012
4 Donations, Promotional Advertising, & Dues	-	(251,907)	-	251,907
5 Fuel Adjustment Clause	(10,697,269)	(9,903,961)	-	(793,308)
6 Environmental Surcharge	(10,846,789)	(11,043,657)	-	196,868
7 Wages & Salaries		812,582		(812,582)
8 Board of Directors Fees		(44,376)	-	44,376
9 Year End Customers	(201,804)	(180,405)	-	(21,398)
10 Rate Case Expenses		9,437		(9,437)
11 Depreciation Expense		747,923	-	(747,923)
12 Interest		239,475	-	(239,475)
13 GTCC			(1,736,666)	(1,736,666)
Total	(21,745,862)	(20,008,087)	(1,736,666)	(3,474,441)

Donations, Promotional Advertising, & Dues – In its application Jackson Energy proposed a \$265,254 reduction to Donations, Promotional Advertising, & Dues Expense to reflect the removal of expense items pursuant to 807 KAR 5:016.⁴³ Commission regulation 807 KAR 5:016, Section 4(1), states that advertising expenditures are disallowed for ratemaking purposes as they produce no material benefit to the ratepayers. In response to Staff's First Request, Jackson Energy stated that the application inadvertently listed Annual Meeting Advertising Expense removed as \$25,989 instead of the actual amount of \$2,831.⁴⁴ Jackson Energy's corrected requested reduction to Donations, Promotional Advertising, & Dues Expense is \$251,907.⁴⁵

⁴³ Wolfram Direct Testimony at 10 and Exhibit JW-2 at 2.

⁴⁴ Response to Staff's First Request, Item 5.

⁴⁵ Response to Staff's First Request, Item 5.

The Commission finds that the corrected \$251,907 reduction to Donations, Promotional Advertising, & Dues Expense should be accepted because it accurately reflects the test year amount of advertising expenditures disallowed for ratemaking purposes.

Rate Case Expense – In its application, Jackson Energy proposed a total Rate Case Expense of \$51,000 amortized over three years for \$17,000 per year.⁴⁶ In response to Staff's First Request, Jackson Energy provided a new estimated Rate Case Expense as of January 2, 2025, of \$28,310.⁴⁷ The new, estimated total Rate Case Expense of \$28,310 amortized over three years is \$9,437 per year.⁴⁸

The Commission finds that Jackson Energy's estimated Rate Case Expense of \$28,310 to be reasonable and that amount amortized over three years equates to \$9,437 per year should be accepted because it accurately reflects the Rate Case Expense incurred in this case.

Pro Forma Adjustments Summary

The 13 pro forma adjustments are found in Appendix A to this Order and summarized in the chart below. The effects of the approved adjustments on Jackson Energy's net income result in utility operating margins of \$318,716 based upon a total revenue of \$103,648,652, a total cost of electric service of \$103,329,936 and resulting net margins of \$1,705,130. The resulting credit metrics are a 1.41 TIER, a 1.09 OTIER, and a debt service coverage ratio of 0.076. The Commission finds that a revenue

⁴⁶ Wolfram Direct Testimony at 12 and Exhibit JW-2 at 2.

⁴⁷ Response to Staff's First Request, Item 17.

⁴⁸ \$28,310 / 3 yrs = \$9,437.

increase of \$5,797,581 is reasonable based on the maximum allowable 5 percent increase pursuant to 807 KAR 5:078 and the adjustments made above.

	<u>Jackson Energy</u>	<u>Final</u>
Revenues		
Fuel Adjustment Clause	(10,697,269)	(10,697,269)
Environmental Surcharge	(10,846,789)	(10,846,789)
Year End Customers	<u>(201,804)</u>	<u>(201,804)</u>
	(21,745,862)	(21,745,862)
Operating Expenses		
Retirement Plan & 401(k)	(175,668)	(175,668)
Employee Healthcare	(182,519)	(182,519)
Employee Life Insurance Premiums	(35,012)	(35,012)
Donations, Promotional Advertising, & Dues	(265,254)	(251,907)
Fuel Adjustment Clause	(9,903,961)	(9,903,961)
Environmental Surcharge	(11,043,657)	(11,043,657)
Wages & Salaries	812,582	812,582
Board of Directors Fees	(44,376)	(44,376)
Year End Customers	(180,405)	(180,405)
Rate Case Expenses	17,000	9,437
Depreciation Expense	747,923	747,923
Interest	<u>239,475</u>	<u>239,475</u>
Total	<u>(20,013,871)</u>	<u>(20,008,087)</u>
Operating Margins Impact	<u>(1,731,991)</u>	<u>(1,737,775)</u>
Generation and Transmission Capital Credits	<u>(1,736,666)</u>	<u>(1,736,666)</u>
Net Margins Impact	<u><u>(3,468,657)</u></u>	<u><u>(3,474,441)</u></u>

Cost of Service Study (COSS)

Jackson Energy filed a fully allocated COSS based on the 12 Coincident Peak (12CP) methodology, mirroring the cost allocation basis used in the applicable EKPC wholesale tariff.⁴⁹ The Attorney General did not comment on the COSS. With the 12CP methodology, Jackson Energy explained that power supply and transmission costs are

⁴⁹ Wolfram Direct Testimony at 17.

allocated on the basis of the demand for each rate class at the time of EKPC's system peak for each of the twelve months and customer-related costs are allocated based on the average number of customers served in each rate class during the test year.⁵⁰ Distribution demand-related costs are allocated based on the relative demand levels of each class by the maximum class demands for primary and secondary voltage and by the sum of individual customer demands for secondary voltage.⁵¹

The zero-intercept method was used for the distribution components to classify customer-related costs of the overhead conductor, underground conductor, and line transformers. The COSS determined Jackson Energy's overall rate of return (ROR) on the rate base and used it to determine the relative rates of return that Jackson Energy earns from each rate class.

Having reviewed Jackson Energy's COSS, the Commission finds Jackson Energy's proposal to use the 12CP method as a guide to determine revenue allocation to be reasonable.

Revenue Allocation and Rate Design

Based on the results of the COSS, there is an indication that the current rates illustrate a certain degree of subsidization between the rate classes, and, at current rates, the Residential Service rate, Commercial Off Peak ETS rate, and All Electric Schools AES rate are providing less revenues than the cost to serve. Jackson Energy explained that the need to increase rates is not entirely limited to the Residential Service Rate. Jackson Energy further stated that, because the overall increase is limited to 5 percent, and the

⁵⁰ Wolfram Direct Testimony at 17.

⁵¹ Wolfram Direct Testimony at 17.

other underperforming rate classes provide less than one percent of revenue combined, the need to adjust the Residential Service revenues is most significant.⁵² Jackson Energy proposed to apply 100 percent of the rate increase to the residential service rate schedule.

The Revenue Allocation with the ROR is illustrated below:

Rate Class	Revenue Increase	Return on Rate Base	Proposed Return on Rate Base
Residential Service	\$ 5,793,612	-3.87%	-0.21%
Residential Off Peak ETS	NA	17.00%	19.47%
Commercial Service < 50 KW	NA	16.10%	16.68%
Commercial Off Peak ETS	NA	-22.84%	-19.34%
Large Power Loads 50 KW and Over	NA	16.54%	20.44%
Large Power Rate 500 KW and Over	NA	22.90%	25.79%
Large Power Rate 500 kW and Over	NA	20.86%	23.34%
Schools, Churches, Halls & Parks	NA	4.75%	5.33%
All Electric Schools AES	NA	-2.89%	-0.58%
Outdoor Lighting	NA	8.48%	20.83%
Total	\$ 5,793,612	-0.69%	3.14%

Jackson Energy asserted that the COSS supports a fixed customer charge of \$36.48 for the residential class and proposed to increase the customer charge from \$24.76 per month to the \$36.48 per month cost-based rate.⁵³

⁵² Wolfram Direct Testimony at 20.

⁵³ Wolfram Direct Testimony at 20.

The Commission finds the COSS supports the proposed increase to the Residential Service Rate because, at the current rates, the Residential Service rate is contributing to the rate of return less than its cost to serve. While the Commission acknowledges that the COSS indicates that Commercial Off Peak ETS rate and All Electric Schools AES rate provide less than one percent of revenue, while the Residential Service Rate contributes 68.5 percent, it notes that the Residential Service is not the only rate being subsidized.⁵⁴

The Commission gives substantial weight to the evidence from the COSS that indicates other classes are earning a rate of return that is considerably more than the Residential Service class relative to their cost of service. The Commission also recognizes that, for an electric distribution cooperative, there is merit in providing a means to guard against revenue erosion. However, the Commission agrees with the Attorney General that a 47 percent increase to the Residential Service customer charge could present financial hardships for Jackson Energy's customers. Additionally, if accepted, the proposed Residential Service customer charge of \$36.48 per month would be the highest residential customer charge among the Kentucky electric distribution cooperatives.⁵⁵

Based upon the Commission-approved revenue increase of \$5,797,581, the Commission finds that it is reasonable for the proposed increase to be allocated to the Residential Service rate class. The Commission notes that it has consistently been in favor of raising the customer charge in utility rate cases to better reflect the fixed costs

⁵⁴ Application, Exhibit 4, JEC-COS-2023-FILED.xlsx

⁵⁵ Jackson Energy's Response to the Office of the Attorney General's First Request for Information (filed Jan. 29, 2025), Item 18(d).

inherent in providing utility service. However, the Commission is also in favor of the principal of gradualism in ratemaking, which mitigates the financial impact of rate increases on customers and benefiting the utility by maintain the financial stability of its rate payors. Therefore, the Commission finds the proposed 47 percent increase in the Residential Service customer charge unreasonable. However, the Commission finds that an increase in the Residential Service customer charge from \$24.76 to \$30.50 in addition to an increase of the residential energy charge from \$0.10180 per kWh to \$0.10610 to be reasonable. Together, these increases should result in a 5 percent increase in Jackson Energy's revenue. The expected impact to the average Residential Service customer using 1,100 kWh per month is \$10.47 or 6.9 percent, from \$136.74 to \$147.21. The adjustments to Jackson Energy's Residential Service rate are found in Appendix B to this Order.

SUMMARY

As set forth above, following review of the administrative record the Commission found a revenue increase of 5 percent or \$5,797,581 to be reasonable. To achieve this increase and reduce rate class subsidization, the Commission found it reasonable to increase in the Residential Service customer charge from \$24.76 to \$30.50 and increase of the residential energy charge from \$0.10180 per kWh to \$0.10610.

The increase will result in credit metrics of 1.41 TIER, a 1.09 OTIER, and a debt service coverage ratio of 0.076. The Commission notes that Jackson Energy's OTIER requirement to meet its debt covenants is 1.10,⁵⁶ thus the approved revenue requirement

⁵⁶ Response to Staff's First Request, Item 4.

in this case provides an OTIER, which fails to meet or exceed Jackson Energy's debt covenant requirements.

As noted above, Jackson Energy sought a revenue increase pursuant to the provisions of 807 KAR 5:078, Section 2(6), which provides for a maximum 5 percent increase in rates. Given Jackson Energy's apparent inability to meet its debt covenant requirements, even with the maximum 5 percent increase pursuant to 807 KAR 5:078, it now appears that pursuing a rate increase pursuant to 807 KAR 5:078 was inappropriate.

Commission regulation 807 KAR 5:078, Section (3)(b), provides that the Commission may reject an application for filing if the proposed rates "will not provide the cooperative sufficient revenue to provide the service required by KRS 278.030(2)." Here, Jackson Energy's application, was accepted for filing, and it was not until the conclusion of discovery that it was determined that the rates would not provide sufficient revenue to allow Jackson Energy to meet its purported OTIER of 1.10.⁵⁷ As noted previously, 807 KAR 5:078 establishes a maximum rate increase of 5 percent even if the resulting rates will not provide sufficient revenue for a cooperative to meet its debt covenants.⁵⁸ The Commission, therefore, finds that although the resulting rates do not provide sufficient revenue for Jackson Energy to meet its target OTIER, the rates calculated below are fair, just and reasonable within the rate procedure established in 807 KAR 5:078.⁵⁹

⁵⁷ Application, Exhibit JW-2, lines 35–36, column 6.

⁵⁸ See, 807 KAR 5:078, Section 2(5), discussing the upper limit of rates under the regulation "[t]he overall cumulative rate increase does not exceed five (5) percent"

⁵⁹ The Commission acknowledges that this is the first application filed and processed pursuant to 807 KAR 5:078. Given the result of this proceeding the Commission will more closely scrutinize applications tendered pursuant to 807 KAR 5:078 to determine if the rates proposed will provide sufficient revenues to meet debt covenants etc. and, thus, should be accepted for filing.

Nonetheless, the Commission urges Jackson Energy to evaluate its debt covenant requirements closely and, if necessary, file an application for a general rate adjustment pursuant to 807 KAR 5:001, Section 16, to ensure financial stability.

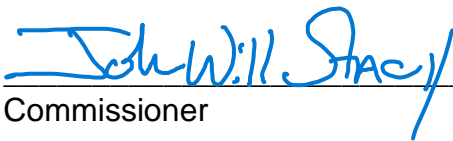
After consideration of the evidence of record and being otherwise sufficiently advised, the Commission finds that the rates proposed by Jackson Energy should be denied. The rates set forth in Appendix B to this Order are approved pursuant to 807 KAR 5:078 for Jackson Energy to charge for service rendered on and after the date of this Order and should be approved.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Jackson Energy are denied.
2. The rates set forth in Appendix B to this Order are approved for services rendered by Jackson Energy on and after the date of service of this Order.
3. Within 20 days of the date of service of this Order, Jackson Energy shall file with the Commission, using the Commission's electronic Tariff Filing System, new tariff sheets setting forth the rates and charges approved herein and reflecting its effective data and that it was authorized by this Order.
4. This case is closed and removed from the Commission's docket.

PUBLIC SERVICE COMMISSION


Chairman


Commissioner


Commissioner

ATTEST:

 *PP*
Executive Director



APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2024-00324 DATED MAR 11 2025

Description	Actual Test Yr	Pro Forma Adjustments	Pro Forma Test Yr	Proposed Rates
<u>Operating Revenues</u>				
Total Sales of Electric Energy	115,951,618	(21,745,862)	94,205,757	100,003,338
Other Electric Revenue	3,645,315		3,645,315	3,645,315
Total Operating Revenue	119,596,933	(21,745,862)	97,851,071	103,648,652
<u>Operating Expenses:</u>				
Purchased Power	81,726,509	(21,128,023)	60,598,486	60,598,486
Distribution Operations	5,320,191		5,320,191	5,320,191
Distribution Maintenance	11,654,476		11,654,476	11,654,476
Customer Accounts	3,382,337		3,382,337	3,382,337
Customer Service	521,076		521,076	521,076
Sales Expense	-		-	-
A&G	4,572,590	132,538	4,705,128	4,705,128
Total O&M Expense	107,177,179	(20,995,485)	86,181,694	86,181,694
Depreciation	11,935,421	747,923	12,683,344	12,683,344
Taxes - Other	110,053		110,053	110,053
Interest on LTD	3,902,135	239,475	4,141,610	4,141,610
Interest - Other	71,879		71,879	71,879
Other Deductions	141,356		141,356	141,356
Total Cost of Electric Service	123,338,023	(20,008,087)	103,329,936	103,329,936
Utility Operating Margins	(3,741,090)	(1,737,775)	(5,478,865)	318,716
Non-Operating Margins - Interest	266,192		266,192	266,192
Income(Loss) from Equity Investments	508,742		508,742	508,742
Non-Operating Margins - Other	207,310		207,310	207,310
G&T Capital Credits	1,736,666	(1,736,666)	-	-
Other Capital Credits	404,170		404,170	404,170
Net Margins	(618,010)	(3,474,441)	(4,092,451)	1,705,130
Cash Receipts from Lenders	70,647	-	70,647	70,647
OTIER	0.06		(0.31)	1.09
TIER	0.84		0.01	1.41
TIER excluding GTCC	0.40		0.01	1.41
Target OTIER	1.85		1.85	1.85
Margins at Target OTIER	6,369,248		4,836,136	4,836,136
Revenue Requirement	129,707,271		108,166,072	108,166,072
Revenue Deficiency (Excess)	6,987,258		8,928,586	3,131,006
Proposed Increase \$			5,797,581	5,797,581
Proposed Increase %			5.00%	5.00%

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2024-00324 DATED MAR 11 2025

The following rates and charges are prescribed for the customers served by Jackson Energy Cooperative Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of this Commission prior to the effective date of this Order.

Schedule 10 – Residential Service

Customer Charge per Month	\$30.50
Energy Charge per kWh	\$0.10610

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