

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF JACKSON	)	
PURCHASE ENERGY CORPORATION FOR	)	CASE NO.
AUTHORITY TO EXTEND ITS DEBT LIMIT;	)	2026-00033
ESTABLISH A PERPETUAL LINE OF CREDIT;	)	
AND ENTER DEBT OBLIGATIONS	)	

ORDER

On February 19, 2026 Jackson Purchase Energy Corporation (Jackson Purchase Energy) filed an application,<sup>1</sup> pursuant to KRS 278.300, 807 KAR 5:001 Sections 4, 7, 12, 14, 18 and other applicable law, requesting approval to increase its maximum debt limit to \$250 million; enter into a \$10 million PowerVision Loan with the National Rural Utilities Cooperative Finance Corporation (CFC); and increase its line of credit with CFC from \$5 million to \$10 million; and change the CFC line of credit from revolving to perpetual.<sup>2</sup> Jackson Purchase Energy stated that it believes its financial plan will allow it to complete its United States Department of Agriculture (USDA) Rural Utility Service (RUS) Construction Work Plan (Construction Work Plan) and give Jackson Purchase Energy additional capital to maintain its financial metrics.<sup>3</sup> Jackson Purchase Energy argued that, in addition to the proposed financing maintaining its financial metrics and cash flow, the

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<sup>1</sup> Jackson Purchase Energy tendered its application on February 12, 2026. By letter dated February 18, 2026, the Commission rejected the application for filing deficiencies. The deficiencies were subsequently cured, and the application was deemed filed on February 19, 2026.

<sup>2</sup> Application at 2.

<sup>3</sup> Application at 2-3.

completion of the Construction Work Plan will allow Jackson Purchase Energy to continue to provide safe and reliable service to its members.<sup>4</sup>

On April 8, 2026, the Commission issued an Order extending the statutory deadline in order to investigate the request past the initial 60-day deadline set forth in KRS 278.300.<sup>5</sup> The procedural schedule issued April 8, 2026, was amended on April 24, 2026.<sup>6</sup> Jackson Purchase Energy responded to two requests for information.<sup>7</sup> There are no intervenors in this proceeding. This matter stands submitted for decision.

### LEGAL STANDARD

KRS 278.300 requires Commission authorization before a utility may “issue any securities or evidences of indebtedness, or assume any obligation or liability in respect to the securities or evidences of indebtedness of any other person.” KRS 278.300(3) establishes the legal standard and clarifies the scope of Commission review, stating:

The Commission shall not approve any issue or assumption unless, after investigation of the purposes and uses of the proposed issue and proceeds thereof, or of the proposed assumption of obligation or liability, the commission finds that the issue or assumption is for some lawful object within the corporate purposes of the utility, is necessary or appropriate for or consistent with the proper performance by the utility of its service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose.

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<sup>4</sup> Application at 5-6.

<sup>5</sup> Order (Ky PSC Apr. 8, 2026).

<sup>6</sup> Jackson Purchase Energy filed a motion to amend the schedule, and it was granted on April 24, 2026, as part of the Commission’s Order; Order (Ky PSC Apr. 24, 2026).

<sup>7</sup> Jackson Purchase Energy’s Response to Commission Staff’s First Request for Information (Staff’s First Request) (filed Mar. 20, 2026); Jackson Purchase Energy’s Response to Commission Staff’s Second Request for Information (Staff’s Second Request) (filed May 7, 2026).

KRS 278.300(8) establishes that KRS 278.300 does not apply if the proposed issuance of securities or indebtedness is payable at periods of not more than two years from the issuance date and any renewals of such notes do not exceed six years from the initial issuance date.

KRS 278.300(10) establishes that KRS 278.300 does not apply “in any instance where the issuance of securities or evidence of indebtedness is subject to the supervision or control of the federal government or any agency thereof[.]”

### PROPOSED EVIDENCE OF INDEBTEDNESS

Jackson Purchase Energy stated that it is currently a borrower from CFC, CoBank, and RUS, with 100 percent of its long-term debt at fixed interest rates.<sup>8</sup> Since 2017, Jackson Purchase Energy has only borrowed long-term debt through RUS, which it stated “has historically offered significantly lower interest rates than other lenders.”<sup>9</sup> Jackson Purchase Energy has three lines of credit, one through CFC and two through CoBank, which Jackson Purchase Energy stated are only used on an as-needed basis due to higher interest rates typically associated with lines of credit.<sup>10</sup>

#### PowerVision Loan

Jackson Purchase Energy requested to enter into a \$10 million PowerVision Loan with CFC.<sup>11</sup> Jackson Purchase Energy stated that it had no specific intent to use these funds, other than as supplemental funding in case of an emergency or in the case that it

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<sup>8</sup> Direct Testimony of Meredith Kendall (Kendall Direct Testimony) at 3.

<sup>9</sup> Kendall Direct Testimony at 3.

<sup>10</sup> Kendall Direct Testimony at 3.

<sup>11</sup> Application at 6.

cannot access funds through RUS.<sup>12</sup> Jackson Purchase Energy explained that CFC offers PowerVision Loans to cooperatives that are concurrent borrowers with CFC and RUS, which act as a supplement to the cooperative's normal work plan loan.<sup>13</sup> Jackson Purchase Energy further explained that the PowerVision Loan is long-term financing, in an aggregate amount that can be drawn down in increments over a five year period.<sup>14</sup> All approvals, administrative procedures, and loan documentation are completed at the time the credit facility is established, which allows the cooperative flexibility to determine the amount and maturity of each drawdown requested during the five years.<sup>15</sup>

Jackson Purchase Energy stated that it intends to use these funds for a proper purpose, such as supplemental funding in case of an emergency, if it cannot access funds through RUS, or in the case that the PowerVision Loan offers more competitive long-term interest rates than RUS or other lenders.<sup>16</sup> While a utility's work plan is funded by a RUS loan, this loan is not funded until the work plan is complete.<sup>17</sup> Jackson Purchase Energy explained that there are no fees associated with the loan commitment or preparation of the loan other than the cost of preparation of an Attorney's opinion, and that there is no requirement to make an advance on the available outstanding funds from the PowerVision Loan.<sup>18</sup> Jackson Purchase Energy argued that, while completing its work

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<sup>12</sup> Application at 6.

<sup>13</sup> Kendall Direct Testimony at 5-6.

<sup>14</sup> Kendall Direct Testimony at 6.

<sup>15</sup> Kendall Direct Testimony at 6.

<sup>16</sup> Kendall Direct Testimony at 6.

<sup>17</sup> Kendall Direct Testimony at 6.

<sup>18</sup> Kendall Direct Testimony at 6.

plan, the PowerVision Loan would allow it to take advantage of the most favorable interest rates, which would benefit the member-owners.<sup>19</sup>

Jackson Purchase Energy stated that it could not confirm the anticipated interest rate of the PowerVision Loan or whether the PowerVision Loan would have a fixed or variable interest rate at this time.<sup>20</sup> However, Jackson Purchase Energy explained that, at the time of each potential loan advance, “CFC allows the borrower [. . .] the option of choosing a long-term fixed rate for a term between one to thirty years that does not exceed the remaining loan term[,]” and that “borrowers can choose to convert their loans from a variable rate to a fixed rate based on their assessment of where rates are headed at any time and at no additional cost.”<sup>21</sup> Additionally, Jackson Purchase Energy stated that it may also convert from a fixed rate to another fixed rate, or to a variable rate at the end of the current fixed-rate period.<sup>22</sup> If Jackson Purchase Energy were to choose an interest rate term less than the loan maturity, the loan advance would be eligible for repricing at the end of the interest rate term for no fee and, in the event of repricing, Jackson Purchase Energy would have the option of a fixed or variable interest rate at that time.<sup>23</sup>

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<sup>19</sup> Kendall Direct Testimony at 6.

<sup>20</sup> Jackson Purchase Energy’s Response to Staff’s First Request, Items 1a and 1b.

<sup>21</sup> Jackson Purchase Energy’s Response to Staff’s First Request, Item 1a.

<sup>22</sup> Jackson Purchase Energy’s Response to Staff’s First Request, Item 1a.

<sup>23</sup> Jackson Purchase Energy’s Response to Staff’s First Request, Item 1a.

### Maximum Debt Limit

On June 3, 2024, Jackson Purchase Energy entered into a Restated Mortgage and Security Agreement<sup>24</sup> (Mortgage).<sup>25</sup> Jackson Purchase Energy explained that its Mortgage is secured by its assets and is financed through RUS, CFC, and CoBank.<sup>26</sup> As of November 30, 2025, Jackson Purchase Energy had \$95,364,089 outstanding debt.<sup>27</sup> Jackson Purchase Energy's outstanding debt as of March 1, 2026, totaled \$100,387,068.<sup>28</sup> Jackson Purchase Energy explained that the amount of indebtedness authorized by the Mortgage is \$200 million.<sup>29</sup> Jackson Purchase Energy stated that its Mortgage was not originally approved by the Commission because it is backed by RUS and not subject to Commission approval pursuant to KRS 278.300(10).<sup>30</sup> Jackson Purchase Energy explained that the Maximum Debt Limit (MDL) refers to the maximum amount of debt, at its original face value, that Jackson Purchase Energy may have secured at any one point in time, and is a form of governance set up by lenders to ensure a cooperative limits risk to its financial health and, in turn, its member-owners by requiring additional approval each time the MDL is raised.<sup>31</sup>

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<sup>24</sup> Jackson Purchase Energy's Response to Staff's First Request, Item 7.

<sup>25</sup> Application at 4.

<sup>26</sup> Kendall Direct Testimony at 4.

<sup>27</sup> Application at 4.

<sup>28</sup> Jackson Purchase Energy's Response to Staff's First Request, Item 5.

<sup>29</sup> Application at 4.

<sup>30</sup> Application at 4.

<sup>31</sup> Application, Exhibit 8, Kendall Direct Testimony at 4.

Jackson Purchase Energy requested to increase its MDL from \$200 million to \$250 million based on Jackson Purchase Energy's face value of all outstanding debt, which it stated is currently \$197,447,918.<sup>32</sup> However, Jackson Purchase Energy explained that the original face value does not consider any amounts advanced on each loan, or the amount of principal that the cooperative has paid toward its debt principal since assuming each loan.<sup>33</sup>

Jackson Purchase Energy argued that the authority to raise its MDL is necessary to enter the PowerVision Loan, which, as further discussed below, would be used to fund ongoing capital expenditures associated with the Construction Work Plan and general corporate purposes.<sup>34</sup> Jackson Purchase Energy stated that, when it began considering the PowerVision Loan, it was made clear that Jackson Purchase Energy's MDL, as established by the Mortgage, was insufficient to apply for additional financing.<sup>35</sup> Jackson Purchase Energy argued that it must raise its Mortgage level to \$250 million to raise the Mortgage's MDL to qualify for additional borrowing.<sup>36</sup>

Jackson Purchase Energy had total utility plant in-service at an original cost of \$232,272,033 as of November 30, 2025.<sup>37</sup> Jackson Purchase Energy explained that, if all requests in its application were approved, its MDL of \$250 million would slightly exceed

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<sup>32</sup> Application at 6.

<sup>33</sup> Kendall Direct Testimony at 4-5.

<sup>34</sup> Application at 3.

<sup>35</sup> Kendall Direct Testimony at 5.

<sup>36</sup> Kendall Direct Testimony at 5.

<sup>37</sup> Application, Exhibit 2.

total plant in service on Jackson Purchase Energy's balance sheet.<sup>38</sup> However, Jackson Purchase Energy further explained that its "...outstanding debt-to-plant in service ratio, which is the amount that is considered by lenders when calculating debt-to-equity ratios, would remain at less than 1.0."<sup>39</sup>

#### Line of Credit (LOC)

Jackson Purchase Energy requested to increase its LOC with CFC from \$5 million to \$10 million.<sup>40</sup> Additionally, Jackson Purchase Energy requested to convert the LOC agreement from a revolving agreement to a perpetual agreement, which it stated was for the purpose of simplifying recordkeeping and minimizing administrative burden.<sup>41</sup> With a perpetual agreement, Jackson Purchase Energy's LOC through CFC would stay open indefinitely without having to file a new Board Resolution and paperwork to keep the line of credit open every two years.<sup>42</sup>

Jackson Purchase Energy currently has one LOC outstanding with CFC in the amount of \$5 million, as well as two LOCs outstanding with CoBank in the amount of \$10 million, which it explained are used to fulfill short-term borrowing needs.<sup>43</sup> Jackson Purchase Energy further explained that funds from LOCs are used to temporarily supplement its cash flow, and that the LOC agreement would still require Jackson Purchase Energy to pay down the LOC principal balance for a period of at least five

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<sup>38</sup> Jackson Purchase Energy's Response to Staff's First Request, Item 14.

<sup>39</sup> Jackson Purchase Energy's Response to Staff's First Request, Item 14.

<sup>40</sup> Application at 6.

<sup>41</sup> Application at 6.

<sup>42</sup> Jackson Purchase Energy's Response to Staff's First Request, Item 9c.

<sup>43</sup> Kendall Direct Testimony at 7.

consecutive business days for each 12-month period while the agreement is in effect.<sup>44</sup> Jackson Purchase Energy argued that its request to increase the CFC LOC would provide more borrowing flexibility, especially in months when the wholesale power bill is higher than average.<sup>45</sup> Additionally, Jackson Purchase Energy argued that having a greater LOC with CFC would allow it to compare interest rates between CFC and CoBank and decide to utilize the LOC with the lower interest rate.<sup>46</sup>

### DISCUSSION AND FINDINGS

Having reviewed the record and being otherwise sufficiently advised, the Commission finds that Jackson Purchase Energy's requests for financing in this proceeding meet the requirements set out in KRS 278.300 for the reasons discussed below.

The proposed financings are for a lawful object within Jackson Purchase Energy's corporate purposes, as the proposed financings would assist in Jackson Purchase Energy's completion of its Construction Work Plan. Jackson Purchase Energy stated that it is obligated to complete its RUS Construction Work Plan to maintain and improve distribution assets for the sake of providing reliable service to its members.<sup>47</sup> Additionally, the proposed financings are necessary or appropriate for, or consistent with, the proper performance by Jackson Purchase Energy of its service to the public and will not impair Jackson Purchase Energy's ability to perform that service. Jackson Purchase Energy will

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<sup>44</sup> Application at 6.

<sup>45</sup> Kendall Direct Testimony at 7.

<sup>46</sup> Kendall Direct Testimony at 7.

<sup>47</sup> Kendall Direct Testimony at 8.

not receive the financing for its Construction Work Plan until after the construction is complete, making supplemental financing in the interim necessary. Jackson Purchase Energy stated that, due to various factors including maintaining its financial health, it needs to enter into the PowerVision Loan to have the ability to complete the Construction Work Plan, and that increasing the MDL in its Mortgage is essential to finalizing the PowerVision Loan.<sup>48</sup> As discussed above, all new loans or mortgages must be approved by Jackson Purchase Energy's Board of Directors, as well as the Commission if the loan requires approval pursuant to KRS 278.300. Finally, the proposed financing plan is reasonably necessary and appropriate for the proper performance of the utility. The proposed financing plan allows for interim financing with flexible and favorable terms. With regard to the PowerVision Loan, Jackson Purchase Energy stated that CFC allows the borrower the option of certain terms,<sup>49</sup> and it would choose based on its assessment of what would be assumed to be the most advantageous solution for the cooperative.<sup>50</sup> In addition, Jackson Purchase Energy stated that increasing and amending the LOC will allow it to secure the most favorable short-term interest rates.<sup>51</sup>

For the reasons discussed above, the Commission finds that Jackson Purchase Energy's financing plan to (1) enter into a \$10 million PowerVision Loan with CFC; (2) increase its MDL on its Mortgage from \$200 million to \$250 million; and (3) increase its CFC LOC from \$5 million to \$10 million and change its LOC from revolving to perpetual

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<sup>48</sup> Kendall Direct Testimony at 8.

<sup>49</sup> Jackson Purchase Energy's Response to Staff's First Request, Item 1a.

<sup>50</sup> Jackson Purchase Energy's Response to Staff's First Request, Item 1b.

<sup>51</sup> Kendall Direct Testimony at 8.

should be approved. The financing plan set forth in this proceeding will allow Jackson Purchase Energy to supplement its financing and maintain its financial metrics while it completes its Construction Work Plan. However, the Commission is concerned with Jackson Purchase Energy's outstanding debt level compared to its plant in service, and the potential of Jackson Purchase Energy becoming overleveraged. As such, the Commission cautions Jackson Purchase Energy on the effects of assuming additional indebtedness to its ratepayers and encourages Jackson Purchase Energy evaluate the potential of a rate adjustment to service its daily operations. Additionally, due to the higher interest rates typically associated with LOCs, the Commission expects Jackson Purchase Energy to exercise prudent control over the terms of the indebtedness it assumes under this agreement and thoroughly assess the potential for savings between its financing options.

IT IS THEREFORE ORDERED that:

1. Jackson Purchase Energy's proposed plan of financing is approved.
2. Jackson Purchase Energy is authorized to execute the \$10 million PowerVision Loan with CFC as provided.
3. Jackson Purchase Energy is authorized to increase its MDL on its Mortgage from \$200 million to \$250 million.
4. Jackson Purchase Energy is authorized to increase its CFC LOC from \$5 million to \$10 million.
5. Jackson Purchase Energy is authorized to change its CFC LOC from a revolving LOC to a perpetual LOC.

6. The proceeds of the financings shall be used only for the purposes specified in Jackson Purchase Energy's application.

7. Jackson Purchase Energy shall file with the Commission the final terms and agreement of the PowerVision Loan.

8. Any documents filed in the future pursuant to ordering paragraph 6 of this Order shall reference this case number and shall be retained in Jackson Purchase Energy's post-case correspondence file.


9. The Executive Director is delegated authority to grant reasonable extensions of time for filing of any documents required by this Order upon Jackson Purchase Energy's showing of good cause for such extension.

10. This case is closed and removed from the Commission's docket.

Nothing contained in this Order shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing, herein approved.

Entered on this 20th day of May, 2026.

PUBLIC SERVICE COMMISSION




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Angie Hatton  
Chair



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Mary Pat Regan  
Commissioner



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Andrew W. Wood  
Commissioner

ATTEST:



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Linda C. Bridwell, PE  
Executive Director

Case No. 2026-00033

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