

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE AND APPLICATION OF JACKSON )  
PURCHASE ELECTRIC COOPERATIVE )  
CORPORATION FOR PERMISSION TO FLOW )  
THROUGH A WHOLESALE RATE INCREASE ) CASE NO. 10277  
FILED BEFORE THE KENTUCKY PUBLIC )  
SERVICE COMMISSION BY BIG RIVERS )  
ELECTRIC CORPORATION, DOCKET NO. )  
10265 )

O R D E R

IT IS ORDERED that Jackson Purchase Electric Cooperative Corporation ("Jackson Purchase") shall file an original and 12 copies of the following information with this Commission, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to insure that it is legible. Where information requested herein has been provided along with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. When applicable, the information requested herein should be provided for total company operations and

jurisdictional operations separately. The information requested herein is due no later than September 22, 1988. If the information cannot be provided by this date, you should submit a motion for an extension of time stating the reason a delay is necessary and include a date by which it will be furnished. Such motion will be considered by the Commission.

Information Request No. 3

1. With reference to Information Request No. 2, Item No. 1(b), page 2 of 3, provide the following information:

a. Identify the costs associated with the preparation of the employee newsletter, other than mailing.

b. Indicate how long Jackson Purchase has had an employee newsletter.

2. With reference to Information Request No. 2, Item No. 2, page 1 of 6, explain why the proposed adjustment for NRECA dues was computed using only the 1988 invoice instead of one-half of the 1987 invoice and one-half of the 1988 invoice, as was done to determine the test year expense.

3. With reference to Information Request No. 2, Item No. 3, provide the following information:

a. From Item No. 3(a), indicate which insurance carriers Jackson Purchase chose for each type of coverage. If the lowest bid was not selected for a type of coverage, explain the reasons for the selection made.

b. From Item No. 3(d), provide any additional explanation available as to why workers' compensation insurance increased 57 percent and general liability insurance increased 66 percent.

4. With reference to Information Request No. 2, Item No. 4, provide the following information:

a. For Item Nos. 4(a) through 4(e), provide the state unemployment tax rate, federal unemployment tax rate, and the workers' compensation tax rate for the test year-end and at the January 1, 1988 wage increase.

b. Explain why the actual regular hours for employee 006 were 2,280 instead of 2,080.

c. Indicate if the assumption that overtime pay is at one and one-half times the regular wage rate is correct. Explain any exceptions to this assumption.

d. Indicate how many of the positions open because of retirement, death, or termination have been filled by the new employees designated on page 3 of 6. Also indicate when the remaining open positions will be filled.

5. With reference to Information Request No. 2, Item Nos. 6(a) and 8(a), provide the following information:

a. Identify the benefits that Jackson Purchase and its ratepayers receive from the contribution to the Greater Paducah Economic Development Council.

b. Identify the benefits that Jackson Purchase and its ratepayers receive from the contribution to Action, Inc.

6. With reference to Information Request No. 2, Item No. 7(a), provide the following information:

a. Explain how the sections of Policy No. 900-3 titled "Other Meeting Fees" and "Area Meeting Fees" do not constitute a per diem payment to the directors.

b. Explain which official of Jackson Purchase determines that an area meeting should qualify for compensation and if the determination occurs before the meeting date.

c. Explain where directors' workshops are covered in Policy No. 900-3 and who at Jackson Purchase decides that director compensation is appropriate.

7. As was requested in Information Request No. 2, Item No. 7(b), explain why the categories of "On" and "Off" system are used for directors and identify who at Jackson Purchase decides the "On" or "Off" designation. In addition, indicate if the determination of "On" or "Off" is made before the meeting date.

8. With reference to Information Request No. 2, Item No. 7(c), provide the following information:

a. For each of the workshops listed, indicate who sponsored the workshop, where it was held, how many days the workshops lasted, and which directors were supposed to attend. In addition, explain in detail the benefits to Jackson Purchase and to its ratepayers that are received from these workshops.

b. Explain why the meeting fees paid for attending the workshops are sometimes classified as only special board meetings, sometimes only committee meetings, sometimes only regular board meetings, or many times combinations of the three categories.

c. Explain the nature of the Big Rivers Electric Corporation ("BREC") Meetings, including the dates and purpose for these sessions.

d. Explain the purpose of the meetings identified as "Manager's Evaluation" and why the meeting fee payments reflect 3 to 10 days of directors' involvement.

e. Explain how a director can be paid a fee for a regular board meeting, a committee meeting, and a special board meeting for the same meeting, such as the BREC Meeting or the Annual Meeting/Board Meeting.

f. Identify the directors of Jackson Purchase who also serve on the BREC board of directors. Indicate whether these directors received compensation from Jackson Purchase for BREC meetings and functions or if BREC paid the directors' compensation for BREC meetings and functions.

g. On pages 11 and 13 of 19, payments of \$75 appear as regular board meeting expenses. Indicate if this is the correct classification or are these meeting fees?

9. With reference to Information Request No. 2, Item No. 9, provide a copy of the February 1987 and July 1987 newsletters.

10. With reference to Information Request No. 2, Item No. 11, provide the following information:

a. For Account Nos. 930.257 and 930.258, indicate the amount of any costs incurred in 1988 for these accounts.

b. The Commission generally amortizes the cost of rate cases over a 3-year period for rate-making purposes. Indicate the reasons why this practice should not be applied to Jackson Purchase.

11. With reference to Information Request No. 2, Item No. 16(b) and (c), provide the following information:

a. Compute the approximate number of test-year over-time hours related to extreme storms. In addition, approximate the wages paid for these extreme storm overtime hours.

b. Indicate if these extreme storms were isolated to a particular month in the test year, for example July 1987.

c. Indicate the number of overtime hours which would be considered "normal" for a year. Include an explanation of the assumptions used to make the estimate.

d. Indicate what amount of overtime Jackson Purchase would consider appropriate to use for rate-making, since the test year includes overtime related to extreme storms. Include any supporting calculations to document the suggested amount of overtime. Also compute the value of wages related to this suggestion.

12. With reference to Information Request No. 2, Item No. 18, identify the temporary services which were replaced during the test year. Include the old and new costs for these services.

13. With reference to Information Request No. 2, Item No. 19(j), page 3 of 3, provide the following information:

a. Explain how Jackson Purchase determined that the balance in Account No. 144.100, Reserve for Uncollectible Accounts was too large.

b. Explain how Jackson Purchase determines the balance for the reserve account.

14. With reference to Information Request No. 2, Item No. 20, indicate whether Jackson Purchase has been informed of a date that the NRECA moratorium on retirement payments will end and payments to NRECA resume.

15. With reference to Information Request No. 1, Item No. 15, please clarify that portion of the minutes of the 1987 Annual Meeting dealing with a Jackson Purchase member's motion that an itemized listing of directors' expenses be published in the Jackson Purchase Cooperator. Explain why this motion was ruled out of order. Explain the cooperative's policy for providing its membership with information on cooperative expenses. If cooperative policy places limits on the disclosure of such information to cooperative members, please explain the rationale for this policy.

Done at Frankfort, Kentucky, this 12th day of September, 1988.

PUBLIC SERVICE COMMISSION

  
for the Commission

ATTEST:

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Executive Director