

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF JACKSON ENERGY)	CASE NO.
COOPERATIVE CORPORATION FOR AN)	2013-00219
ADJUSTMENT OF RATES)	

COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION TO
JACKSON ENERGY COOPERATIVE CORPORATION

Jackson Energy Cooperative Corporation ("Jackson"), pursuant to 807 KAR 5:001, is to file with the Commission one electronic copy and a paper original of the following information, with a copy to all parties of record. The information requested herein is due on or before November 8, 2013. Responses to requests for information shall be filed in accordance with the electronic filing procedures set forth in 807 KAR 5:001, Section 8. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Jackson shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which

Jackson fails or refuses to furnish all or part of the requested information, Jackson shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. If any of the information requested herein is included in Jackson's rate application ("Application"), an index outlining the location of such information shall be filed along with Jackson's responses.

1. Refer to page 3 of Exhibit JRA-1 in the Application and the response to Commission Staff's Second Request for Information ("Staff's Second Request"), Item 3, Exhibits 3.b., 3.c., and 3.d.

a. Explain whether the projected values for 2014-2016 include the requested change in customer charge by customer class.

b. If the response to part a. is negative, provide a side-by-side comparison that includes the initial requested annual customer charge increase by customer class, similar to that contained in Exhibit 3.c. of the response to Staff's Second Request, Item 3, for 2014-2016, along with the TIER calculation for 2014-2016.

c. Refer to Exhibit 3.d. Provide a spreadsheet that shows the TIER calculation without the proposed rate increase for 2014-2016.

d. Provide in electronic Excel spreadsheet format, with formulas intact and cells unprotected, the responses to parts b. and c.

2. Refer to the Exhibit K of the application. Only the information related to the determination of the revenue requirements was included. Provide a revised Exhibit

K which includes schedules showing the calculation of the rate of return, determination of the rate base, and equity capitalization.

3. Refer to the responses to Item 2 of Staff's Second Request which refer to primary adjustments made to the test year.

a. Refer to page 1 of Exhibit S.

(1) Provide a breakdown of Other Electric Revenue for the test year.

(2) Explain the \$80,490 adjustment to Other Deductions.

b. Refer to page 1 of the response to Item 2.a. Provide Jackson's wage and salary increases for 2012.

c. Refer to the response to Item 2.e. regarding the Accelerated Funding Payment ("prepayment") to National Rural Electric Cooperative Association ("NRECA") in the amount of \$6,683,300. It states that participants in the Retirement and Security ("R&S") plan were allowed to make a prepayment and receive an immediate reduction in their current contribution requirement equal to approximately 25 percent of their 2013 billing rate.

(1) Provide all information Jackson has received from NRECA that explains the prepayment program.

(2) Confirm the R&S contributions listed in the response are based on normalized base wages for calendar year 2013.

(3) Provide a comparison of the allocation of the proposed R&S contribution adjustment with the allocation of R&S contributions in the test year.

d. Provide a comparison of Jackson's 2012 and 2013 property tax assessment and tax bills paid.

e. Explain why Jackson did not propose adjustments for the following items in its response:

- (1) Donations;
- (2) Professional Fees;
- (3) Directors Fees and Expense;
- (4) Miscellaneous Expense;
- (5) Rate Case Expense;
- (6) Public Service Commission Assessment Fee;
- (7) Year End Customer Adjustment; and
- (8) Property Tax Expense.

Provide all applicable information associated with any of the above items that are adjusted and reflect the adjusted items in Exhibit S and all other affected exhibits.

f. Provide in paper copy and electronic Excel spreadsheet format, with formulas intact and cells unprotected, a revised Exhibit R that includes the primary adjustments. If it is necessary to update Exhibit R in response to other questions contained in this information request, include those updates in the revised copies provided in response to this request.

g. Provide in paper copy and electronic Excel spreadsheet format, with formulas intact and cells unprotected, a revised Exhibit S that includes a computation of the operating and net TIER. If it is necessary to update Exhibit S in

response to other questions contained in this information request, include those updates in the revised copies provided in response to this request.

4. Refer to the response to Item 2.d. of Staff's Second Request, page 1 of 3.

a. The first sentence states, "The adjustment for interest on long-term debt results in a decrease of \$26,832." This does not correspond to the adjustment at the bottom of the page or \$259,127. State whether this statement is in error or explain the difference.

b. The second paragraph states that "one-half of the interest on short term notes will be removed from the application in the amount of \$52,220." It does not appear that this adjustment was accounted for on Exhibit S. Explain this statement and provide any necessary corrections.

5. Refer to the response of Item 2.d. of Staff's Second Request, page 2 of 3.

a. On line 18, for RUS Loan B402 the annualized cost of interest is greater than the test-year expense. Explain this difference and provide corrections as necessary.

b. For the FFB Loans listed at Lines 22-44, the annualized cost of interest is greater than the test-year expense. Explain this difference and provide corrections as necessary.

6. Refer to the response of Item 2.d. of Staff's Second Request, page 3 of 3.

a. On line 47, CFC Loan 30090 shows a maturity date of October 2009 with no outstanding amount and a test-year interest expense of \$18,151. Explain why interest would be recorded for debt that is no longer outstanding and provide corrections as necessary.

b. On lines 49-53, CFC Loans 30011, 30012, 30013, 30014, and 30015 all show an annualized interest cost equal to test-year interest expense. Explain why annualized interest cost would not be less than test-year expense for each of these loans.

7. Refer to the response to Item 4 and revised Exhibit S filed in response to Item 9 of Staff's Second Request, page 1 of 4. Explain whether the adjusted test-year expenses shown in revised Exhibit S reflect the cost-control measures discussed in Item 4. If the response is positive, provide a breakdown of the savings realized from the cost-control measures by account. If the response is negative, provide the amount of savings expected to be realized by account and explain why test-year expenses should not be adjusted downward to reflect the anticipated savings.

8. Refer to the response to Item 10 of Staff's Second Request. The response states that page 4 of 36 of Exhibit R should not have been filed because there were no test-year adjustments to the categories listed. Refer also to the response to Item 2 of Staff's Second Request, which lists five primary adjustments to the test year. Explain why the five adjustments listed in response to Item 2 should not be included on page 4 of 36 of Exhibit R.

9. Refer to the response to Item 11 of Staff's Second Request.

a. The response to Item 11.b. states that the allocation of depreciation on distribution plant should have been linked to net plant. Explain why it would not be more appropriate to allocate distribution plant depreciation on the basis of gross distribution plant rather than net distribution plant.

b. The response to Item 11.c. states that the allocation of depreciation on general plant should have been linked to net general plant. Explain why it would not be more appropriate to allocate general plant depreciation on the basis of gross general plant rather than net general plant.

10. Refer to the response to Item 12.b. of Staff's Second Request. Explain where in the cost-of-service study the percentage allocations calculated in footnote 6 are used.

11. Refer to the table filed in response to Item 28 of Staff's Second Request.

a. Describe the type of adjustments referred to in the line item "Base Rate Adjustments."

b. Refer to the line item "Prepaid Program Fees."

(1) State whether this line item includes both program fees and transactions fees for Jackson Energy's Prepay Electric Service tariff. If the response is positive, provide a breakdown of the \$103,285.54 total by type of fee. If the line item total includes only program fee, provide the amount of transaction fees received during the test year and the account number in which they are recorded.

(2) State whether any customers outside of the residential rate class are enrolled in the Prepay Electric Service tariff. If the response is positive, provide a list of the rate classes with enrolled customers.

(3) State whether all kWh sales and revenues associated with customers enrolled in the Prepay Electric Service tariff are reflected in Exhibit J of the application. If the response is negative, provide a revised Exhibit J in both paper copy and Excel spreadsheet format that includes the enrolled customers.

i. Explain what is included in the line item titled "Non-metered Charge."

ii. Describe the type of adjustments referred to in the line item "Other Adjustments."

12. Confirm that Jackson is proposing no increases in its non-recurring charges.

13. Confirm that Jackson is proposing no increase to its Cable Television Attachment charges.

14. Refer to the response to Item 1.a. of Staff's Second Request wherein Jackson states that the first proposed increase will be applied to customers' bills in March 2014, the second in September 2014, and the third in September 2015.

a. Provide a side-by-side comparison that includes the revised requested customer charge increase by customer class, similar to that contained in Item 3, Exhibit 3.c. of the response to Staff's Second Request for 2014-2016, along with the TIER calculation for each of those years.

b. Provide in paper copy and electronic Excel spreadsheet format, with formulas intact and cells unprotected, a revised Exhibit S that includes the proposed customer charge increases for 2014, 2015 and 2016. Also include a computation of the operating and net TIER. If it is necessary to update Exhibit S in response to other questions contained in this information request, include those updates in the revised copies provided in response to this request.



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DATED OCT 25 2013

cc: Parties of Record

Case No. 2013-00219

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