

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 FOURTH 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 within 14 days from the date of this request. 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. If any of the information requested herein is included in Jackson's rate application, an index outlining the location of such information shall be filed along with Jackson's responses.

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. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Refer to the response to Item 13 of Commission Staff's First Request for Information ("Staff's First Request").

a. Explain why Jackson restarted payment of general capital credits in 2011, given its declining financial condition.

b. Provide minutes from the Board of Directors' meetings at which the 2011 and 2012 general capital credit rotations were approved.

2. Refer to the response to Item 28 of Staff's First Request. Provide a schedule showing the advertising expenses that are not allowable for ratemaking purposes.

3. Refer to Jackson's response to Item 34 of Staff's First Request. Provide an update to the costs for preparation of this case, including documentation of all expenses.

4. Refer to Jackson's responses to Item 37 of Staff's First Request and Item 2.c. of Commission Staff's Second Request for Information ("Staff's Second Request"). The depreciation rates listed in the response to Item 2.c. of Staff's Second Request are inconsistent with those contained in the response to Item 37 of Staff's First Request, which were approved by the Commission in Case No. 2007-00333.<sup>1</sup> Provide an updated depreciation adjustment schedule using the Commission approved rates and explain whether Jackson has been using the Commission-approved depreciation rates for book purposes.

5. Refer to the response to Item 3.b. of Commission Staff's Third Request for Information ("Staff's Third Request"). Provide Jackson's total annual wage and salary expense for calendar years 2007 through 2011.

6. Refer to footnote 3 in the Final Order of Case No. 2007-00333 where it states that Jackson inadvertently omitted an annual amortization of approximately \$470,000 that is to be in effect for 25.5 years pursuant to the Commission's Final Order in Case No. 2000-00373.<sup>2</sup> State whether Jackson omitted the \$470,000 of amortization from its current rate application.

7. Refer to page 7 of 34 of the response to Item 3.c.(1) of Staff's Third Request.

a. Paragraph 4 states, "Although the new (reduced) contribution rate can change over time, the relative value of the reduction will continue to benefit prepaying co-ops in future years, potentially for as many as 10-15 years or more."

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<sup>1</sup> Case No. 2007-00333, Application of Jackson Energy Corporation for an Adjustment of Rates (Ky. PSC June 5, 2008).

<sup>2</sup> Case No. 2000-00373, The Adjustment of Rates of Jackson Energy Cooperative Corporation (Ky. PSC May 21, 2001).

Explain how Jackson determined the 15-year amortization period for its prepayment of \$6,683,300.

b. Paragraph 7 states that participants have two payment options: (1) make a single payment for the full accelerated amount by December 31, 2013, or (2) pay the accelerated amount in equal installments over a period of two, three or four years. Explain why Jackson chose the first option for its prepayment.

c. Provide minutes from the Board of Directors' meeting at which the prepayment was approved.

8. Refer to pages 35-36 of the revised cost-of-service study filed in response to Item 3.f. of Staff's Third Request. Explain why an increase is proposed for rates classes 40 and 50 when both classes are providing positive net margins.

9. Refer to the responses to Items 3.e and 3.g. of Staff's Third Request. In Item 3.e. Jackson provided the normalized adjustments from Case No. 2007-00333. Provide in paper copy and in electronic Excel spreadsheet format, with formulas intact and cells unprotected, a revised Exhibit S with all normalized adjustments for the test year used in this application, including the cost savings identified in the response to Item 7 of Staff's Third Request, and 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 copy provided in response to this request. Include in the revised Exhibit S the amount of the revenue increase that would be required based on a TIER of 2.0.

10. Refer to the response to Item 7 of Staff's Third Request. The last sentence states, "If the estimated savings of \$1.4 million is added, this reduces the

increase to \$6.1 million which is significantly less than the increase applied for of \$1.4 million.”

a. Explain whether the sentence was intended to state that the requested increase of \$1.4 million is significantly less than \$6.1 million.

b. Confirm that the increase for which Jackson is seeking approval in this proceeding is \$4.1 million, to be implemented in three equal increments of approximately \$1.37 million.

c. Refer to Exhibit 7 in the response. Confirm that all of the expense-item savings occurred after the test year. If not, identify which items are already reflected in the test year.

11. Refer to Exhibit 14.a. in the response to Item 14.a. of Staff's Third Request. The exhibit is not responsive. Provide an updated exhibit that reflects the increases as described in the response to Item 1.a. of Staff's Second Request.

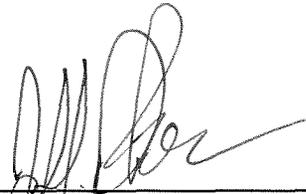
12. Jackson's response to Item 8B of Staff's First Request shows the monthly payments to Wellhead Energy Systems, Inc. ("Wellhead") for 2011 and 2012. Provide a copy of any and all contracts Jackson has entered into with Wellhead.

13. On November 13, 2013, Jackson filed a letter indicating Jackson's proof of mailing of its notice of proposed rates to its customers in Breathitt, Garrard, Leslie, Lincoln, Madison, Powell, Pulaski, and Wolfe Counties.

a. Provide a copy of the notice that was mailed to each of these customers. If the identical notice was mailed to each customer, it is sufficient to state such.

b. State whether Jackson has any customers in Breathitt, Garrard, Leslie, Lincoln, Madison, Powell, Pulaski, and Wolfe counties that have not been provided notice of Jackson's proposed rate increase.

14. If it is necessary to revise Exhibit R as a result of responses to any of the above requests for information, provide an updated exhibit in paper copy and in electronic Excel format, with formulas intact and cells unprotected.



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Executive Director  
Public Service Commission  
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DATED NOV 25 2013

cc: Parties of Record

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