

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ELECTRONIC APPLICATION OF JACKSON PURCHASE)
ENERGY CORPORATION FOR A GENERAL ADJUSTMENT) Case No.
OF RATES PURSUANT TO STREAMLINED PROCEDURE PILOT) 2019-00053
PROGRAM ESTABLISHED IN CASE NO. 2018-00407)

**JACKSON PURCHASE ENERGY CORPORATION'S
MOTION FOR LEAVE TO RESPOND
TO THE INITIAL COMMENTS OF THE ATTORNEY GENERAL**

Comes now Jackson Purchase Energy Corporation ("JPEC"), by counsel, and hereby moves the Commission for leave to file a Response to the Initial Comments submitted in this matter by the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention (the "Attorney General"), on April 8, 2019. In support of this request, JPEC states as follows:

1. On March 29, 2019, JPEC filed its Application seeking a general adjustment of rates pursuant to the Commission's Streamlined Procedure Pilot Program established in Case No. 2018-00407. By Order entered April 1, 2019, the Commission granted intervention to the Attorney General and established a period of seven (7) days for the submission of comments addressing whether JPEC's Application should be processed under the streamlined procedure. The Attorney General subsequently submitted the procedural filing required by 807 KAR 5:001, Section 8(9)(b), and then filed his Initial Comments on April 8, 2019.

2. The Commission's April 1st Order is largely consistent with its Orders entered December 11, 2018, and March 26, 2019, in Case No. 2018-00407, as it allows for a 7-day period during

which the Attorney General and other potential intervenors may comment on JPEC's request for a streamlined rate case versus a traditional rate case. However, none of those Orders explicitly permit or forbid JPEC (or other cooperative, as the case may be) to file a timely response to comments submitted by interested parties. As a result, JPEC respectfully requests leave from the Commission to submit such an appropriate response, a copy of which is attached hereto as Exhibit A.

3. As the Commission is aware, this case represents one of the first applications for rate relief by a rural electric cooperative under the new Streamlined Procedure Pilot Program. Although JPEC believes its Application speaks for itself, in that it satisfies all the categorical prerequisites established by the Commission for use of the Streamlined Procedure Pilot Program, JPEC also believes it should have the opportunity to address the concerns raised by the Attorney General in his Initial Comments since they go to the ultimate determination of whether the case will proceed under the streamlined process. This is true not only because JPEC could not fully anticipate the positions taken by the Attorney General in his very first submission of Initial Comments, but also because of the significant repercussions of a decision by the Commission rejecting JPEC's requested streamlined relief.

4. JPEC respectfully requests that the Commission accept its Response attached hereto as Exhibit A and consider the content thereof when determining whether to allow JPEC to proceed with its Application under the Streamlined Procedure Pilot Program. JPEC has gone to significant lengths to satisfactorily comply with all aspects of the relevant requirements for a streamlined proceeding and requests that it be allowed to provide suitable context for the Attorney General's Initial Comments.

WHEREFORE, for good cause shown, JPEC respectfully requests that the Commission enter an Order:

1. granting JPEC the opportunity to respond to the Attorney General's Initial Comments;
2. accepting as part of the record the Response attached hereto as Exhibit A; and
3. granting to JPEC all other relief to which it may appear entitled.

Dated this 10th day of April, 2019.

Respectfully submitted,



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**JACKSON PURCHASE ENERGY CORPORATION'S RESPONSE
TO THE INITIAL COMMENTS OF THE ATTORNEY GENERAL**

Comes now Jackson Purchase Energy Corporation ("JPEC"), by counsel, and for its Response to the Initial Comments filed in this matter by the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention (the "Attorney General"), on April 8, 2019, respectfully states as follows:

The Attorney General believes the Commission should reject JPEC's Application seeking a general adjustment of rates pursuant to the Streamlined Procedure Pilot Program established in Case No. 2018-00407. While he does not appear to contend that JPEC failed to satisfy any of the numerous procedural and substantive requirements established for streamlined rate relief,¹ he contends the case should be evaluated "under the guise of a traditional base rate case filing."²

In support of his position, the Attorney General identifies two (2) concerns he believes disqualify this case from being addressed pursuant to the Commission's streamlined procedures:

(i) the length of time since JPEC's last rate adjustment proceeding; and (ii) certain expenses related

¹ For instance, JPEC's Application in this matter reflects the required historical test period, the required pro forma adjustments, the absence of a request for additional relief (*e.g.*, other tariff changes, a CPCN, etc.), and a requested rate increase well within the maximum amount allowable.

² See Attorney General's Initial Comments, at 1.



to employee healthcare premiums and compensation. With respect to the first issue, the Attorney General underscores that the Commission enjoys case-by-case discretion when considering whether to permit a streamlined rate proceeding and further states that the length of time between general rate adjustments may be an appropriate factor for the Commission to consider. JPEC, of course, agrees that the Commission has the discretion to deny a streamlined rate adjustment application based on this fact, but JPEC wholly disagrees that such a conclusion is appropriate in this case. The Attorney General does not articulate what time period between rate cases he feels is “too long” for a distribution cooperative’s otherwise-compliant application to be denied streamlined treatment, only that the period in this particular case meets his unknown criteria; in the absence of a well-reasoned and logical rationale supporting his subjective opinion, the Attorney General’s reliance merely on the number of years that have elapsed between rate cases as the primary basis for his argument against streamlined treatment is so insubstantial that it should be neither persuasive nor dispositive of the issue before this Commission.³

Regarding the Attorney General’s second concern, any adjustment to operating expenses that require further review and inquiry can be readily addressed utilizing formal written information requests and informal colloquy directly between Commission Staff and JPEC’s witnesses, both of which are embedded in the Streamlined Procedure Pilot Program to address the very concerns enunciated by the Attorney General. JPEC asserts no meaningful purpose is served by requiring a full-blown rate case just to explore a handful of expense matters. Adjustments to operating expenses will always be the subject of Commission and Attorney General inquiry (and rightfully so), and the streamlined process under evaluation by the Commission adequately provides for such inquiry; should the Commission accept the Attorney General’s position that

³ The Application and Exhibits filed by JPEC further explain JPEC’s position on this issue. *See, e.g.*, Exhibit 7 to JPEC’s Application, Direct Testimony of Greg Grissom, at 8-9; *see also* Exhibit 20 to JPEC’s Application.

inquiry into just one or two adjustments is sufficient to trigger a traditional rate filing, the Streamlined Procedure Pilot Program which many stakeholders labored months to achieve would be rendered virtually meaningless.⁴ JPEC urges the Commission not to allow this to occur.

WHEREFORE, for the reasons stated above, JPEC respectfully requests the Commission accept JPEC's Application for administration under its Streamlined Procedure Pilot Program.

Dated this 10th day of April, 2019.

Respectfully submitted,



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⁴ JPEC has also incurred substantial expense and employed significant internal resources to prepare and submit a reasonable and fully-compliant Application in this matter, which should not be invalidated for such a meager reason.