

**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 )

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**JACKSON PURCHASE ENERGY CORPORATION'S  
RESPONSE TO ATTORNEY GENERAL'S DATA REQUESTS**

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Filed: May 13, 2019

**Jackson Purchase Energy Corporation**  
**Case No. 2019-00053**  
**Attorney General's Data Requests**

1. Reference the Application, Exhibit 26. Explain generally the Cooperative's policy for an automobile allowance. Provide a copy of the policy.
  - a. Is this allowance only for the CEO?
  - b. How is the allowance set?
  - c. How is the allowance increased? On what basis is this determination made?

**Response:**

- a.-c. Attached is the current policy for auto allowance. Currently, no Jackson Purchase employee receives an auto allowance pursuant to this policy. Please also see Jackson Purchase's response to PSC-3 relating to Mr. Grissom's employment contract, and particularly Section 8 thereof addressing vehicle usage.

## JPEC AUTOMOBILE ALLOWANCE POLICY

### I. OBJECTIVE

To provide for adequate transportation for Jackson Purchase Energy Corporation (JPEC) employees who routinely travel on JPEC business whereby JPEC authorizes the use of employee personal vehicles and compensates employees for said business use.

### II. POLICY


- A. Any JPEC employee filling an eligible position and who routinely travels 400 miles or more each month on company business may be eligible to participate in the program. The eligible positions are established within Appendix A of the policy. Appendix A may be changed or adjusted annually based on actual or anticipated travel of the individual employees in the named positions or other employees as deemed necessary by management.
- B. Each JPEC employee (Participant) subject to this policy will be paid \$400.00 per month as reimbursement for the fixed cost associated with making his or her personal vehicle available at all times for business travel. In addition, each Participant will be reimbursed \$0.10 per business mile traveled to cover fuel, tires, etc. Should a Participant's vehicle be inoperable for any reason the Participant shall arrange alternative transportation at the Participant's expense including rental, if necessary.
- C. Each Participant shall acquire and maintain liability insurance coverage of at least \$100,000/\$300,000/\$100,000 naming JPEC as an additional insured. Coverage for emergency roadside assistance and specifically, towing of an inoperable vehicle, shall also be provided by Participant. An insurance certificate including the required minimum coverage is in force and providing that JPEC will receive a minimum of fifteen (15) days prior notice of any change in coverage shall be provided.

- D. Participants shall complete and submit within five (5) working days of the end of each month, a log of all business travel during the previous month. Expense checks for mileage reimbursement will be issued the following week. JPEC shall designate the form and content of the mileage log. Failure to submit a mileage log within thirty (30) days of its due date will result in all miles driven during that month being classified as personal miles.
- E. Employees currently assigned a vehicle for their use during the day and to and from work shall not be required to convert to this automobile allowance. However, nothing contained herein shall obligate JPEC to continue to allow the vehicle to be driven to and from work or to replace vehicle at the end of its useful life. In the event JPEC owned vehicles continue to be driven by authorized employees to and from work, each employee shall submit the mileage log as referenced in D. above. All miles driven to and from work are considered personal use miles and will subject the employee to taxes in accordance with IRS regulations.
- F. Employees currently assigned a JPEC vehicle and wanting to convert to the automobile allowance program MAY purchase the vehicle currently assigned to them if employee desires. The sale price will be set at an amount based on nationally accepted vehicle guides (e.g. NADA or Edmunds) and will be determined at the time of purchase. JPEC will finance this purchase at zero percent (0%) interest for up to five (5) years. Monthly payments on this note will be withheld from the automobile allowance, mileage amounts, and payroll checks as necessary and in that order. Should any individual purchasing a vehicle under this arrangement cease to be employed by JPEC for any reason, the remaining balance due on said note shall be payable immediately and may be withheld from any amounts due the individual from JPEC. If any and all amounts due from the departing employee are inadequate to complete the vehicle payoff, the departing employee shall obtain outside financing or otherwise complete the payoff within five (5) days of their last working day. Employees purchasing a vehicle will be required to execute a promissory note and any other required purchase documents to secure JPEC's interest in the vehicle until full payment is received. JPEC will require that it be named as a lien holder on the title issued to the employee and will release lien upon receipt of final payment.

III. ADMINISTRATION

The President/CEO or his/her designee shall be responsible for the review and administration of this policy.

IV. APPROVED  
2/26/04

  
Jack Marshall, Chair

**Jackson Purchase Energy Corporation**  
**Case No. 2019-00053**  
**Attorney General's Data Requests**

2. Reference the Application, Exhibit 26. Explain the breakdown of the total amount of compensation listed in row C, titled "Vacation Sellback/Relocation/Other."
  - a. Explain JPEC's vacation sellback policy, and whether this is available to all or some of the employees of the Cooperative. Provide a copy of the policy.
  - b. Explain JPEC's relocation policy, and whether this is available to all or some of the employees of the Cooperative. Provide a copy of the policy.
  - c. Explain what other compensation could be included in this category.

**Response:**

Please see attached Exhibit 26 with added rows at the bottom to explain the breakdown of total compensation listed in row "C" titled "Vacation Sellback/Relocation/Other".

- a. Please see attached Vacation Policy which describes the sellback policy. Please refer to page 3 of the policy. It is available to all non-union employees. Please see attached Sick Leave Policy and refer to page 3. This policy is available to all non-union employees. The union employees are governed by the labor agreement but have the same options as non-union employees with respect to selling back vacation and sick time.
- b. JPEC has no formal relocation policy. It is typically negotiated on a case-by-case basis for senior level management positions.
- c. The compensation is detailed in the attached Exhibit 26.

Jackson Purchase Energy Corporation  
 Exhibit 26 (revised)  
 Executive Compensation  
 Case No. 2019-00053

	TEST YEAR		
	2015	2016	2017
CEO Salary per year	\$ 145,250	\$ 150,000	\$ 157,502
% wage increase	n/a	3.27%	5.00%
Effective Date of annual increase	Hired in 2015	5/7/2016	11/4/2017
<b>A</b> Gross Pay	\$ 92,178	\$ 151,113	\$ 151,010
<b>B</b> Auto Allowance	10,167	15,250	15,250
<b>C</b> Vacation Sellback/Relocation/Other	16,428	13,371	11,612
Total Pay (A + B + C)	\$ 118,772	\$ 179,734	\$ 177,872
<b>BREAKDOWN of "C" above:</b>			
Vacation/Sick Sellback	\$ 5,587	\$ 5,769	\$ 11,510
Relocation	4,500	7,500	
Bonus	5,102	102	102
Cobra Reimbursement	1,239		
	\$ 16,428	\$ 13,371	\$ 11,612

## Sick Leave

### OBJECTIVE

This policy is to grant annual sick leave to eligible employees.

### ELIGIBILITY

Eligible employees are full-time, non-union employees scheduled to work at least 40 hours per week on a regular basis. Employees working less than 40 hours per week on a regular basis (e.g., part-time and/or temporary employees) are not eligible for sick leave.

### POLICY

Sick leave will accrue on a monthly basis throughout the year.

1. Sick leave will accrue at a rate of eight (8) hours per month.
2. Sick leave may not be taken in excess of the hours accumulated.
3. Employees will accrue sick leave through the end of the calendar month in which he/she separates from employment.
4. New employees will begin accruing sick leave the first of the month following the date of hire.
5. New employees will be eligible to use earned sick leave the first day of the month following the completion of three (3) months of continuous employment.
6. Employees **will not** accrue sick leave while on **unpaid** Leaves of Absence, suspensions, layoffs, or while using donated vacation hours.

### USE OF SICK LEAVE

Sick leave may be used for the following reasons:

- Sickness or injury.
  - Medical, dental or optical examinations and/or other medical-related appointments and treatment.
  - Pregnancy or adoption.
  - Required care and medical appointments of an employee's immediate family member for a reasonable period of time. Immediate family is defined as a spouse, child or parent.
1. Hourly employees may use sick leave in 30-minute increments.
  2. Sick leave pay is based on your regular rate of pay. Overtime does not apply.



### **REPORTING PROCESS**

1. Anticipated absences should be reported to the employee's immediate supervisor or Human Resources by the start of the work day, and earlier when possible.
2. Employees who know in advance that they will be absent for medical reasons must give their supervisors advanced notice, including the probable start date and expected duration of the absence.
3. Employees who expect to be absent for a week or longer will be required to give 30 days' notice if they know that far in advance.
4. If a sudden illness makes it impossible to request sick leave in advance, employees should notify their supervisor or Human Resources before the start of the workday or as soon as possible thereafter.
5. Employees who are absent more than three (3) consecutive days due to illness/injury may be required to present a doctor's release to return-to-work.
6. Employee may be required to provide medical certification regarding fitness to return to work.
7. JPEC reserves the right to have an employee referred to a certified health care practitioner for verification of the employee's illness/injury.
8. JPEC reserves the right to request that an employee take medical leave.
9. Employees with unreported absences may be denied pay for work hours missed and be subject to disciplinary action (see Policy 900-24 Attendance).
10. Excessive unscheduled absences are grounds for discipline up to and including termination.
11. Missing three (3) consecutive scheduled work days without calling or contacting your supervisor, department vice president or Human Resources to report the reason for your absence is considered job abandonment and will result in immediate termination of employment. Management may consider extenuating circumstances (i.e., if the employee is in a serious accident and is hospitalized) and has the right to exercise discretion in such cases.

### **FAMILY AND MEDICAL LEAVE**

Employees absent because of a serious health condition or due to the serious health condition of their spouse, parent or child *might* be eligible for leave under the Family and Medical Leave Act (FMLA). A portion of earned sick and/or vacation days/hours must be used while on FMLA. Employees who desire more information about FMLA should contact Human Resources.

### **UNPAID TIME OFF AND DONATED VACATION**

Employees who have exhausted all earned sick and vacation leave and are unable to work due to a serious medical situation or personal hardship situation may apply for donated vacation hours through Human Resources (see Policy 900-19).

### **ABUSE**

1. Taking sick leave under false pretenses is grounds for discipline up to termination.
2. Time off beyond any accumulated time (sick or vacation) will be at no pay for non-exempt employees.
3. Employees must secure the approval of their department vice president for non-accumulated leave status of less than 10 working days.
4. Non-accumulated leave status of 10 days or more must be approved by the department vice president and Human Resources.
5. This does not apply to unpaid leave under the Family and Medical Leave Act (FMLA) or work-related injuries/illnesses.

### **MAXIMUM ACCUMULATION/CASH OUT/ROLLOVER**

1. The maximum accumulation of sick leave that can be banked is 20 days (160 hours).
2. Banked hours **may not** be cashed out until the employee separates from employment.
3. Banked hours may not be deposited into the 401(k) Pension Plan.
4. On or before December 15 of each year, unused sick leave from the current year (**up to a maximum of 96 hours**) may be cashed out and/or deposited into the NRECA 401(k) Pension Plan. Deposits into the 401(k) Pension Plan are subject to IRS Guidelines.
5. Unused sick leave will be cashed out at 100% of the employee's current, base (straight time) hourly rate of pay upon retirement, termination, resignation, permanent disability or death.

### **CONFIDENTIALITY OF MEDICAL INFORMATION**

All information about an employee's medical condition is confidential.

### **RECONCILIATION OF DISCREPANCIES:**

The Payroll Accountant shall be contacted for resolution of any discrepancies in sick leave earned or taken and for the payment of unused sick leave upon separation from employment.

**RESPONSIBILITY:**

The Human Resources Department shall be responsible for the overall administration of this policy.

It is the responsibility of all JPEC employees to abide by this policy. Violations of this policy may lead to disciplinary action up to and including termination.

**APPROVED:**

March 26, 2015

**REVISED:**

November 21, 2016



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Chair, Board of Directors

## Vacation Leave

### OBJECTIVE

This policy is to grant annual vacation leave to eligible employees.

### ELIGIBILITY

Eligible employees are full-time, non-union employees scheduled to work at least 40 hours per week on a regular basis. Employees working less than 40 hours per week on a regular basis (e.g., part-time and/or temporary employees) are not eligible for vacation.

### POLICY

1. Vacation will accrue on a monthly basis throughout the year based on the employee's anniversary date (date of hire) and years of service.
2. Changes in the accrual amount will be effective on the first day of the month following the employee's anniversary month (date of hire).
3. Employees will accrue vacation through the end of the calendar month in which he/she separates from employment.
4. New employees will be eligible to use earned vacation the first day of the month following the completion of three (3) months of continuous employment.
5. Employees **will not** accrue vacation while on **unpaid** Leaves of Absence, suspensions, layoffs, or while using donated vacation hours.
6. Employees separating from employment will reimburse the company for vacation leave used before it was accrued.
7. New employees may be given credit for prior service with a member system or NRECA.
8. Vacation **will not** accrue beyond the maximum accruals in the "Chart" below.

**Vacation Accrual Chart**

Years of Service	Monthly Accrual	Days Per Year
1 to 4	6.67	10 days
5 to 9	10.00	15 days
10	10.67	16 days
11	11.34	17 days
12	12.00	18 days
13	12.67	19 days
14	13.34	20 days
15	14.00	21 days
16	14.67	22 days
17	15.34	23 days
18	16.00	24 days
19 or more	16.67	25 days

### **VACATION REQUESTS**

When possible, requests for vacation will be granted. However, requests for vacation must be balanced against adequately staffing the co-op in order to best serve our members. This can mean a request for vacation will be denied if it would cause insufficient staffing of the co-op.

1. Hourly employees may take vacation in 30-minute increments.
2. Vacation pay is based on your regular rate of pay. Overtime does not apply.
3. At least three (3) days' notice must be given for vacation requests of one (1) week or more, except in emergency situations.
4. Notice must be given by the end of the previous day for vacation requests of less than one (1) week, except in emergency situations.
5. If a holiday is observed during an employee's vacation, the holiday(s) will not be counted as a vacation day.
6. Employees are required to personally notify their supervisor or Human Resources of any unscheduled absence as early as possible. Unscheduled vacation requests may be unexcused.
7. Up to three (3) instances of no more than eight (8) hours per instance of unscheduled vacation will be approved in a calendar year. Occurrences beyond the three (3) instances may be unexcused. Unexcused absences will be grounds for disciplinary action, up to and including termination.

### **VACATION CARRY OVER**

1. Up to forty (40) hours of unused vacation may be carried over into the next calendar year.
2. Carried-over vacation **must be used** by June 30 or it will be forfeited unless requested vacation was denied due to business necessity.

### **DONATING VACATION**

Earned vacation hours may be donated to employees who have exhausted all their accrued sick and vacation leave and are unable to work due to a serious medical situation or personal hardship situation. Employees in need of donated vacation hours should apply through Human Resources (see Policy 900-19).

**VACATION CASH OUT/ROLL OVER**

1. On or before December 15 of each year, one half (1/2) of accrued vacation for the current year, *up to a maximum of two (2) weeks*, may be cashed out and/or deposited into the NRECA 401(k) Pension Plan subject to IRS Guidelines.
2. Vacation hours cashed out or deposited into the 401(k) Plan will be at the employee's current, base (straight time) hourly rate of pay.
3. Unused vacation hours will be cashed out at 100% of the employee's current, base (straight time) hourly rate of pay upon retirement, termination, resignation, permanent disability or death.

**RECONCILIATION OF DISCREPANCIES:**

The Payroll Accountant shall be contacted for resolution of any discrepancies in vacation earned or taken and for the payment of unused vacation hours upon separation from employment.

**RESPONSIBILITY:**

The Human Resources Department shall be responsible for the overall administration of this policy.

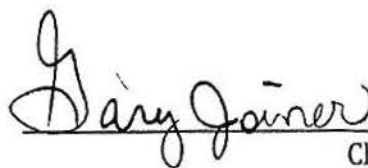
It is the responsibility of all JPEC employees to abide by this policy. Violations of this policy may lead to disciplinary action up to and including termination.

**APPROVED:**

March 26, 2015

**REVISED:**

November 21, 2016



Chair, Board of Directors

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3. Provide a schedule reflecting the salaries and other compensation, including the percentage of annual increase and effective date of each increase for the past three (3) years, duties and responsibilities, and the number of employees who report to each of the following:
  - a. Vice President of Finance, Accounting & Member Services;
  - b. Vice President of Human Resources and Communications;
  - c. Vice President of Engineering and Operations; and
  - d. Vice President of Information Technology.

**Response:**

Please refer to the attached document which shows the salaries, total compensation, annual percentage increase for the last three (3) years and number of employees who report directly or indirectly to the associated Vice President. The VP of Finance & Member services is responsible for all finance, accounting and member service functions of the cooperative. The VP of Human Resources and Communications directs the human resources, safety and communications of the cooperative. The Vice President of Engineering & Operations manages the Engineering and Operations departments and functions of the cooperative, including all staking and line operations employees. The Vice President of Technology directs metering functions and all information technology of the cooperative.

Jackson Purchase Energy Corporation  
 Response to AG-3  
 Salaries & Other Compensation of Vice Presidents  
 Case No. 2019-00053

	Salaries*			Total Compensation			No. of Employees Reporting to:
	2016	2017	2018	2016	2017	2018	
Vice President of Finance & Member Services**	\$ 114,371	\$ -	\$ 145,000	\$ 83,232		\$ 109,586	13
Vice President of Human Resources***	101,754	-	-	10,818	-	-	2
Vice President of Engineering & Operations	124,720	129,958	145,000	139,803	141,914	156,730	41
Vice President of Information Technology****	-	-	102,733			102,190	6
Percentage Increase from previous year:*							
Vice President of Finance & Member Services	4.2%	n/a	n/a				
Vice President of Human Resources	n/a	n/a	n/a				
Vice President of Engineering & Operations	4.2%	4.2%	11.6%				
Vice President of Information Technology	n/a	n/a	n/a				

Notes -

\* Salaries are adjusted in July of each year - that amount is shown here

\*\* VP of Finance was open all of 2017 and filled in April 2018

\*\*\* VP of Human Resources was an open position during 2017-2018, hired in 2019 at \$85,000

\*\*\*\* VP of Information Technology was promoted to position in December 2018



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4. Reference the Application, Exhibit 35. Fully explain why JPEC did not propose to increase the healthcare premium contribution for any of its employees to the market rate, as required by current Commission precedent.
  - a. Explain why bargaining employees contribute or reimburse the Cooperative 10% of the premiums paid, but non-bargaining employees contribute or reimburse the Cooperative 5%. Why is there a disparity?

**Response:**

The Streamlined Procedure Pilot Program requires that, “[i]f employee health care insurance premium contribution is zero, then for ratemaking purposes, the pro forma income statement should reflect healthcare insurance premiums adjusted for employee contributions based on the national average for coverage type.” However, JPEC’s employee contributions are not zero, so this requirement does not apply. It is Jackson Purchase’s belief that the Commission is rightly interested in ensuring that a reasonable level of employee contribution/reimbursement for healthcare insurance premiums is in place in order to recognize cost containment for the company (and hence its member-owners) and observe the existing business trend that employees have a stake in their healthcare coverage, both in terms of access to quality medical treatment and bearing part of the cost for that access. Jackson Purchase does not view the Commission’s interest in this subject as being an “all or nothing” proposition and believes that the Commission correctly allows employee contributions/reimbursement levels to be decided by each company after consideration

of all relevant information, including other facets of employee compensation/contribution. Thus, Jackson Purchase cannot agree with the premise of this question that Commission precedent “require[s]” the imposition of the “market rate.” Jackson Purchase requires its employees to pay a portion of their healthcare premiums and has for approximately a decade, and the cooperative believes its current employee contribution/reimbursement levels, which have been thoroughly analyzed and implemented as part of the total compensation package offered to employees, are reasonable in amount and comport with the Commission’s stated philosophy on the subject.

- a. Compensation for bargaining unit employees is based upon a negotiated contract, and bargaining and non-bargaining employees do not receive precisely the same compensation. For instance, bargaining employees have an IBEW pension, while the non-bargaining unit employees do not. These disparities account for the difference in contribution/reimbursement levels as between bargaining and non-bargaining unit employees.

**Jackson Purchase Energy Corporation**  
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5. Reference Exhibit JRW-2, Page 14 of 19, which states that the current three year collective bargaining agreement began in force in November 2016. Confirm that this agreement is due to expire in November of 2019.
  - a. Explain any changes JPEC expects to address in the next agreement.
  - b. When will negotiations take place?

**Response:**

It is confirmed that the existing labor agreement is due to expire in November of 2019.

- a. Management has made no preliminary assumptions relating to expected changes.
- b. Negotiations will take place when determined by management and the Union, most likely late Summer and into Fall, 2019.

**Jackson Purchase Energy Corporation**  
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6. Reference Exhibit JRW-2, Pages 13–14, Note 7. Explain whether the Cooperative has considered phasing out the defined benefit plan which provides medical insurance coverage to retirees, or disallowed it for ratemaking purposes.

**Response:**

Jackson Purchase regularly reviews all of its compensation policies, including those related to medical insurance coverage for retirees. *See* Policy 900-17, JPEC Medical Insurance Program, a copy of which is provided in response to PSC-14. Jackson Purchase is not presently considering phasing out or eliminating this benefit, at least in part because it was an essential promise to new employees when they came to work at Jackson Purchase and remains a valuable tool in employee recruitment and retention. It has not been disallowed for ratemaking purposes.

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7. Reference Schedule 1.12, Line 71. Hourly employee 54 made substantially more in overtime pay than straight pay during the test year, working a total of 3,270.5 hours. Some other hourly employees also worked overtime hours far in excess of the average for all hourly employees, and these amounts carried over into the normalized test year.
  - a. Explain the overtime policy of JPEC and whether it is common for employees to work so much overtime.

**Response:**

As stated previously in Jackson Purchase's response to PSC-8, the cooperative has tried to keep costs down since its last rate case, and an essential component of that effort has been keeping headcount low. Jackson Purchase regularly monitors its anticipated needs and determines whether those needs can best be met with its existing workforce (with overtime) or an expanded workforce (including new employee wages and benefits). While Jackson Purchase's maintenance of a lean full-time-employee workforce has resulted in significant amounts of overtime in some situations, the cooperative has prudently managed and will continue to prudently manage its employees and operations as circumstances require. In support of this statement, please refer to JPEC's response to PSC-8 ("National Rural Utilities Cooperative Finance Corporation's (CFC) Key Ratio Trend Analysis indicates that Jackson Purchase ranks 757th lowest, out of 813 distribution cooperatives in TOTAL CONTROLLABLE EXPENSES PER CONSUMER (RATIO #87) for 2017. Moreover, Jackson Purchase ranks the 62nd lowest of 68 distribution cooperatives based on similar

consumer size for 2017.”). Additionally, the Key Ratio Trend Analysis indicates that JPEC is understaffed. Ratio 4 – Total Number of Employees (Full-Time Only) shows that JPEC is staffed among the lowest of cooperatives its size: 65th out of 68 cooperatives. Median employees are 93 for similar size Distribution Cooperatives.

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8. Reference Schedule 1.06. Fully explain whether the adjustments to remove donations, promotional advertising, and dues includes all covered activities, e.g., legislative advocacy, regulatory advocacy, and public relations.
  - a. Confirm that all membership dues have been removed from the test year.

**Response:**

All donations, promotional advertising and dues required to be removed from rates are adjusted out in the pro-forma adjustment.

- a. Confirmed.

**Jackson Purchase Energy Corporation**  
**Case No. 2019-00053**  
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9. Refer to Williams Direct at 5. Provide JPEC's 2017 non-coincident peak.

**Response:**

The non-coincident peak for 2017 was 157.9 MW.



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10. Explain why and provide support for the adjustment in Schedule 1.07 removing the least generous plans for employer retirement contributions for employees participating in multiple benefit packages at JPEC.

**Response:**

The adjustment was made consistent with the Commission's direction on this topic for applications filed pursuant to the Streamlined Procedure Pilot Program, which requires that, "[f]or employer retirement contributions for employees participating in multiple benefit packages [the applicant must] exclude the contribution for the least generous plans[.]" *See* Commission's December 11, 2018 Order in Case No. 2018-00407, at p. 10.

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11. Reference the adjustment in Schedule 1.09 regarding amortization of rate case expense. Provide the length of time JPEC expects to go before its rates changed.

**Response:**

At this time, Jackson Purchase Energy cannot reasonably provide an estimation of when it will next seek to adjust its rates. Consistent with the notion of gradualism, the relief sought by Jackson Purchase in this case does not fully achieve cost-based rates or entirely eliminate subsidies, and thus further rate revision may be sought as necessary and appropriate in the best interest of Jackson Purchase Energy's member-owners. Additionally, of course, factors such as weather and local economic conditions can have both expected and unexpected impacts on cooperative performance. However, the conventional Commission practice has been to amortize rate case expense over a period of three years, which is what Jackson Purchase proposes in this case in Reference Schedule 1.09.

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12. Explain if the rates currently in effect include any rate case expense amortization from JPEC's 2007 rate case and if those revenues have been removed for rate making purposes in this case.

**Response:**

The rates currently in effect resulted from a Settlement Agreement approved by the Commission in Docket No. 2007-00116. The Commission states in its Order dated June 17, 2008 on page 2, paragraph 1, that the "approval of the Settlement Agreement is based solely on its reasonableness in toto and does not constitute approval of any rate-making adjustment." For this reason, no revenue can or should be directly associated with rate case amortization from the 2007 docket and therefore no revenues of this sort have been removed for ratemaking purposes in this case.

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13. Explain why for those classes that are billed on a KW basis in addition to KWH basis, the adjustments to operating revenues or expenses in schedule 1.11 are reasonable. Explain why the fact that certain classes are billed based on KW could alter the application of multiplying class usage on a kWh basis by the average kWh used.

**Response:**

The adjustment for Rate D (the only rate class in Reference Schedule 1.11 that uses KW billing and has a non-zero year-end customer adjustment) is reasonable because while the calculation is based on KWH and not KW, the current base revenue used to determine the average revenue per KWH includes revenue from both demand billing and energy billing. In other words, the actual dollar amounts in the adjustment stem from both KWH and KW billings for the rate class, even though those total amounts are then calculated as an adjustment using only KWH. Because the average revenue includes both demand and energy components, the adjustments to operating revenues and expenses are reasonable for all classes listed.

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14. Explain why JPEC's current depreciation rates are still reasonable. Any response should discuss any differences between equipment JPEC puts into service now or since 2007 (e.g. transformers, poles, meters, etc.) that are different in type or service than the equipment included in the utility's most-recently approved depreciation study.

**Response:**

There have been no major changes in equipment that should materially affect the current depreciation rates being used by Jackson Purchase for poles, conductor, and services. Jackson Purchase has not undertaken any major projects that would either add or remove the aforementioned plant items. Jackson Purchase has updated its metering equipment with PLC technology and is using a 15-year life and expects this to be proper.

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15. Reference Wolfram Direct, at page 20, regarding the zero-intercept study. Explain why, if the cost of poles does not correlate to the number of customers, JPEC believes it is reasonable to allocate any pole cost on the basis of number of customers. If JPEC disagrees with the premise of the question, explain what JPEC believes the results of the zero-intercept study regarding poles indicates.

**Response:**

*The NARUC Electric Utility Cost Allocation Manual* states on page 90 that distribution plant accounts involve demand and customer costs. The two methods that are used to determine the demand and customer components of distribution facilities are the zero intercept method and the minimum system method. In most instances the zero intercept method is more accurate. If the zero intercept does not provide reasonable results, as was the case for poles in this analysis, the minimum system method should be applied. The minimum system method, however, does not simply classify all costs solely on the basis of demand. Instead, the minimum cost per unit is determined and applied to the number of units; the resulting cost is the amount of the total cost that should be classified on the basis of the number of customers. For poles in this case, using the minimum system method, 27.43 percent of the costs were classified as customer-related and 72.57 percent were classified as demand-related. See Exhibit JW-8, page 1.

**Jackson Purchase Energy Corporation**  
**Case No. 2019-00053**  
**Attorney General's Data Requests**

16. Explain what impact on class returns would occur if account 364.00 was allocated solely on demand. Provide any worksheets used in calculating the impact.

**Response:**

It would be inconsistent with *The NARUC Electric Utility Cost Allocation Manual* and thus inappropriate to allocate Account 364 solely on demand. See the response to Item 15.

**Jackson Purchase Energy Corporation**  
**Case No. 2019-00053**  
**Attorney General's Data Requests**

17. Explain what impact on class returns would occur if account 368.00 was allocated solely on demand. Provide any worksheets used in calculating the impact.

**Response:**

It would be inconsistent with *The NARUC Electric Utility Cost Allocation Manual* and thus inappropriate to allocate Account 368 solely on demand. The zero intercept analysis provides reasonable results for this account, and even if it did not, the minimum system approach would be used, and that approach does not allocate solely on demand, as explained in the response to Item 15.



**Jackson Purchase Energy Corporation  
Case No. 2019-00053  
Attorney General's Data Requests**

18. Reference Wolfram Direct, at page 25. Provide and explain any support for JPEC's proposed increase on the residential customer charge.

**Response:**

JPEC's residential customer charge is currently \$12.45 per month. The cost of service study shows that the actual cost per month per customer is \$30.24. JPEC proposes to increase its customer charge from \$12.45 to \$16.78 per month in order to generate additional annual revenue of \$1,326,530, which is within 0.1 percent of the revenue deficiency in this case (due to rate rounding). The increase closes about 24 percent of the gap between the current rate and the cost-based rate. In other words, the proposed rate change moves about one-fourth (1/4) of the way toward cost-based rates. Since this rate revision eliminates the revenue deficiency, no other rate revisions are proposed.

**Jackson Purchase Energy Corporation**  
**Case No. 2019-00053**  
**Attorney General's Data Requests**

19. Explain, in complete detail, what effect allocating accounts 364.00 and/or 368.00 has on JPEC's alleged support for its proposed increase of the residential customer charge. Provide any worksheets used in calculating impacts.

**Response:**

The allocation of Accounts 364 and 368 affect the cost-based rates determined in the cost of service study and presented on Exhibit JW-3, page 2. The degree to which each Account is classified as customer-related affects the monthly cost-based customer charge, and the degree to which each is classified as demand-related affects either the cost-based energy charge (for two-part rates) or the cost-based demand charge (for three-part rates). The worksheets that demonstrate these effects are in the cost of service study, in the zero intercept calculations in Exhibit JW-8 and the Functionalization & Classification calculations in Exhibit JW-4.

**Jackson Purchase Energy Corporation**  
**Case No. 2019-00053**  
**Attorney General's Data Requests**

20. Provide JPEC's margins by month, and by class if available, for each month for 2017 and 2018.

**Response:**

Please refer to the two (2) attached files for margins during 2017 and 2018 by month. Margins by class are only available for 2017 on an annual basis. Please refer to the Testimony of Mr. John Wolfram, Exhibit JW-3, page 1.

**Jackson Purchase Energy Corporation**  
**Case No. 2019-00053**  
**Attorney General's Data Requests**

21. Reference Grissom Direct, page 4, wherein he states JPEC has increased labor expenses.
- a. Has JPEC conducted any studies to compare the Company's salary, benefits, raises and bonuses per employee with the standard salary, benefits, raises and bonuses of the workforce in the counties that it services? If so, provide copies of all such studies. If not, explain why a study has not been performed.\
  - b. Provide the policies and procedures upon which JPEC relies when making the determination as to providing a wage and/or salary increase to an employee, and whether or not a performance evaluation is the basis for the increase.
  - c. Provide the salary increases JPEC has approved for each year since the Company's last rate case, in terms of both dollars and percentages for each position.
  - d. Provide the annual bonuses JPEC has granted for each year since JPEC's last rate case, in terms of actual dollar amounts for each position.
  - e. State whether JPEC employees, both bargaining and non-bargaining, are required to pay for any portion of their life insurance. If so, provide details.

**Response:**

- a. JPEC retained a respected third-party consultant to conduct a compensation study in late 2018. A copy of this study, which is subject to a motion for confidential treatment, is provided under seal. Prior to that time market data was used by management and Human Resources to analyze and make compensation decisions.
- b. Wage increase information has historically been presented to the Board by the CEO on an annual basis. This is done in conjunction with management in determining the performance of each employee.
- c. Please see JPEC's response to AG-42. NISC software was implemented by JPEC in 2014, and the available records in Jackson Purchase's payroll system do not precede that date.
- d. Typically, JPEC might only give a Christmas bonus of \$100-\$150. Also, please refer to Jackson Purchase's response to AG-1 regarding a bonus/relocation for the Chief Executive Officer.
- e. JPEC's basic life insurance is paid for by the Cooperative. All Supplemental policies are paid for by the employees. Please refer to Exhibit 26 of the Application.

**Jackson Purchase Energy Corporation**  
**Case No. 2019-00053**  
**Attorney General's Data Requests**

22. Provide JPEC's current debt service coverage and the debt service coverage level it is required to maintain by any applicable covenant.

**Response:**

Please refer to Exhibit 31 of the Application which provides the Debt Service Coverage Ratio (DSC) for the test year and five (5) years preceding the test year; in 2018, Jackson Purchase had a 1.81 DSC. Both CoBank and RUS require a 1.25 DSC. Please refer to the Direct Testimony of Greg Grissom, page 5, which states Jackson Purchase's declining metrics have centered around OTIER and TIER, which are required to be 1.10 and 1.25, respectively. OTIER for 2016, 2017, and 2018 have been 1.17, 1.16, and 1.13, respectively. TIER for 2016, 2017, and 2018 have been 1.39, 1.43, 1.44, respectively.

**Jackson Purchase Energy Corporation**  
**Case No. 2019-00053**  
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23. Provide a complete explanation of the status of JPEC's pilot AMI (RF capable) meter program, including but not limited to:
- f. The case in which the Commission granted permission for the pilot project;
  - g. Whether JPEC intends to seek Commission approval for a system-wide AMI deployment, and if so, when;
  - h. The number of meters installed to date, and the number of meters JPEC intends to install;
  - i. the backroom data collection and analytical capabilities JPEC has installed to date, and intends to install;
  - j. Whether JPEC conducts connects/disconnects / reconnects remotely utilizing the AMI technology, and if not, whether it intends to deploy the technology necessary for such tasks, and if so, when;
  - k. State whether JPEC performed remote connects / disconnects / reconnects utilizing its AMI infrastructure during the historic test year;
  - l. Provide a break-out, by category, of all savings JPEC has achieved to date by installing AMI since the date of their installation. The break-out should include, at a minimum: reduction in customer complaints, meters not reporting, energy theft, no-voltage calls, transformer damage, connects and disconnects, meter reading, meter re-reads, line loss, end of line voltage recordings, outage management, and contract meter reads;
  - m. provide JPEC's current charges for both connects, disconnects and re-connects;
  - n. Provide JPEC's actual costs incurred for connects/disconnects / reconnects.

**Response:**

Please refer to JPEC's response to PSC-9 which discusses the current status of the cooperative's Advanced Metering Infrastructure in detail.

**Jackson Purchase Energy Corporation**  
**Case No. 2019-00053**  
**Attorney General's Data Requests**

24. State whether JPEC utilizes a pre-pay program. If so, provide details regarding how many customers participate, and what type of meter is required in order to participate.

**Response:**

JPEC does not currently utilize a pre-pay program.

**Jackson Purchase Energy Corporation**  
**Case No. 2019-00053**  
**Attorney General's Data Requests**

25. Provide JPEC's uncollectible expenses for each of the past five (5) years, and 2019 to date.

**Response:**

Please see below.

<b>Year</b>	<b>Write-off Amount</b>
	\$
2014	379,532
2015	217,505
2016	201,167
2017	239,854
2018	390,822
2019	16,121



**Jackson Purchase Energy Corporation**  
**Case No. 2019-00053**  
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26. Reference the Grissom Direct, page 4. Explain why JPEC undertook the following “technology upgrades” and the necessity for same, provide the sums expended for each, and fully explain how each project was in the ordinary course of business.
- o. fiber communications;
  - p. IP-based telephone;
  - q. disaster recovery (data backup center and network redundancy);
  - r. cybersecurity.

**Response:**

In order to sufficiently provide safe, reliable and cost-effective electricity to its approximately 30,000 member-owners, Jackson Purchase must adapt to and implement many 21<sup>st</sup>-century technologies, some of which were not even in existence as recently as 10-15 years ago. Even though Jackson Purchase's customers largely reside in rural areas of Western Kentucky, they are entitled to the same service as those who reside in urban areas of Louisville, Lexington and Northern Kentucky. The four technology upgrade examples provided in Mr. Grissom's testimony are those which most every cooperative and investor-owned utility in the United States has implemented. Whether we like it or not, current reality is that the world has gotten much smaller and the digital age has resulted in a degree of communication, financial and business ubiquitousness never before seen. Jackson Purchase has made good faith efforts to keep pace with those technological advances that provide the greatest benefit to its member-owners at the least cost and pledges to continue this philosophy.

The upgrades mentioned have been completed over the last decade and are further described below. Jackson Purchase can confidently assert that all of these items have been thoughtfully considered, analyzed and discussed in the course of the company's annual budgetary processes and have been completed as margins allowed. None of them were sufficiently comprehensive or expensive to require a CPCN filing at the Commission, but rather are "ordinary course" improvements.

o. Fiber Communications

Network communication to end points across Jackson Purchase service territory is vital in serving reliable electric service to Jackson Purchase consumer-members. The bandwidth required to transport data to and from these end points keeps increasing. Jackson Purchase currently has a mix of communication methods to these end points, with fiber being the most reliable. Adding fiber communication to substations and electric system devices increases the reliability and security of the communication network by giving Jackson Purchase redundant paths back to the headquarters. This also allows Jackson Purchase to manage the electric system with more knowledge of how the system is performing day to day. Jackson Purchase currently has 18 of its 27 substations and 10 distribution automation system devices connected by fiber, without which Jackson Purchase could not reliably and efficiently operate its electric system.

Estimate \$100,000 installed cost

p. IP-based phone system.

Jackson Purchase upgraded the phone system from an analog phone system to an IP based phone system. The aging technology that ran our old phone system gave Jackson Purchase difficult road blocks in providing the needed communications to its consumer-members. The availability of hardware had become an issue in restoring the system in a hardware failure. The new system provides more advanced communication features allowing Jackson Purchase to communicate more effectively. The redundant backup hardware located off-site that we were able to utilize with this system also increases reliability.

Estimate \$100,000 installed cost

q. Disaster Recovery Site

Jackson Purchase recognizes the importance of network information and restoration in the event of disaster. The installation of a Disaster Recovery site safeguards the important information which Jackson Purchase uses daily to operate the electric system. Connecting this site to the headquarters office with fiber connectivity allows for the flow of information from site to site securely. Given the importance of being in full operation during a disaster, this site will allow Jackson Purchase to become and remain functional in such event.

Estimate \$400,000 installed cost

r. Cybersecurity

Cybersecurity is of the utmost importance to all electric utilities. Protecting valuable information and the SCADA system is of extreme importance. The means of protection and education is an ongoing change. Cyber attack methods change frequently and Jackson Purchase has to stay in front. Installing advanced firewalls, Jackson Purchase owed fiber connectivity and software changes decrease Jackson Purchase for these attacks. Jackson Purchase has installed new firewalls at the headquarters facility and in some substations where Jackson Purchase fiber is not present. In some cases the lifespan of these devices is short and has to be replaced due to the advancement of technology.

Estimate \$100,000 installed cost

**Jackson Purchase Energy Corporation**  
**Case No. 2019-00053**  
**Attorney General's Data Requests**

27. Provide full copies of the minutes of each meeting of JPEC's Board of Directors from January 2016 through the current date.

**Response:**

Copies of the requested minutes have been provided with this response. Please note that a portion of these minutes is the subject of a request for confidential treatment made contemporaneously with this filing.

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
January 28, 2016

---

A regular meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on Thursday, January 28, 2016, at 6:00 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Lee Bearden, William Birney, Ivus Crouch, Wayne Elliott,  
Erick Harris, Gary Joiner, Jack Marshall, and Lori Thompson.

Also present were Dennis Cannon, president and CEO; Scott Ribble, vice president of engineering and operations; Chuck Williamson, vice president of accounting and finance; Gregg Brown, manager of information technology; and Rick Walter, general counsel.

**OPENING BUSINESS**

The meeting was called to order by Mr. Joiner. Ms. Thompson led the invocation.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

A draft of the December, 2015, Operating Report was presented for review. As the report was in draft form, no action was taken on this item.

The December, 2015, Expenses were presented. Motion was made and seconded to approve the December, 2015, Expenses; unanimously carried.

**REPORTS**

Big Rivers Electric:

Mr. Elliott and Mr. Joiner reported on the January, 2016, Big Rivers board meeting.

KAEC:

No KAEC report was given as the KAEC board of directors did not meet in January, 2016.

Management:

There were discussion about the following: status of the 2016-2019 construction work plan; Townsend Tree Service's donation of labor and equipment to deliver firewood from a fallen tree at the corporation's headquarters facility to Livingston County Helping Hands; annual revenue from pole attachments -- including declining revenue from Ballard Rural Telephone

Cooperative as a result of BRTC efforts to remove attachments from the corporation's poles; payment of \$150,289.46 in energy efficiency rebates to corporation members during 2015; the accounting department's work to close the 2015 books; an economic development inquiry related to a potential 13 MW load in the corporation's service territory; information technology/security; and the fact that the corporation's employees had worked 1,800 days without a lost time injury as of the day of the meeting.

General Counsel:

Mr. Walter reminded the board of certain revisions to the membership section of the corporation bylaws that merit consideration in light of a recent U.S. Supreme Court ruling on same-sex marriage. Mr. Walter also notified the board that he had supplied a routine letter concerning the corporation's pending legal issues to the corporation's financial auditor.

**OLD BUSINESS**

No old business was addressed.

**NEW BUSINESS**

2016 CFC Annual Meeting Voting Delegate: Motion was made and seconded to name Mr. Bearden as the corporation's voting delegate to the 2016 CFC annual meeting; unanimously carried.

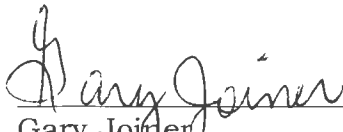
Maxon Road Project Contract: Motion was made and seconded to accept management's recommendation to award a contract in the amount of \$292,314.30 for the relocation of corporation distribution facilities along a 1.5 mile stretch of Maxon Road in McCracken County, required by the county's desire to improve the road, to the Davis H. Elliott Construction Company, Inc.; unanimously carried. A copy of management's recommendation memorandum is attached as Exhibit A.


**EXECUTIVE SESSION**

The directors met in executive session.

**ADJOURNMENT**

Motion was made and seconded to adjourn; unanimously carried.

  
\_\_\_\_\_  
Gary Joiner  
Chairman

  
\_\_\_\_\_  
Wayne Elliott  
Secretary/Treasurer

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
February 25, 2015

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A regular meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on Thursday, February 25, 2016, at 6:00 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Gary Joiner, Lee Bearden, William Birney, Wayne Elliott,  
Erick Harris, Jack Marshall, and Lori Thompson.

Also present were Dennis Cannon, president and CEO; Scott Ribble, vice president of engineering and operations; Chuck Williamson, vice president of accounting and finance; Gregg Brown, manager of information technology; Rick Walter, general counsel; and Sonia Osman, executive assistant.

**OPENING BUSINESS**

The meeting was called to order by Mr. Joiner. Mr. Marshall led the invocation.

The consent agenda was presented for approval. Motion was made and seconded to accept the consent agenda; unanimously carried.

The January, 2016, Expenses were presented for approval. Motion was made and seconded to approve the January 2016 Expenses; unanimously carried.

**REPORTS**

Big Rivers Electric:

Mr. Elliott and Mr. Joiner reported on the February, 2016, Big Rivers Electric board meeting.

KAEC:

Mr. Harris and Mr. Cannon reported on the February, 2016, KAEC board meeting and legislative reception.

Management's Report:

There was discussion about the following: the work of the Davis H. Elliot Company on the Maxon Road project; the development by Falconite of a large tract of land on Hinkleville Road that is within the corporation's service territory; the possible construction of several condominium units near the Paducah Athletic Club complex; the submission to the PSC of explanatory information regarding the corporation's 2016-2019 construction work plan; the interest of two large commercial members in LED lighting incentives; the merits and drawbacks of the corporation providing rebates to members for the

purchase of energy efficient water heaters and dishwashers; the status of a potential 13 MW load; the strategic planning session scheduled for May; the efforts of the engineering and operations departments on the Smithland road/bridge relocation project, and the February 19 break-in and theft of property at the corporation's headquarters facility.

General Counsel:

Mr. Walter discussed his review of and revisions to various contracts presented to him by management. Mr. Walter also briefed the board on federal litigation involving the corporation that was scheduled for hearing in July of 2017.

**OLD BUSINESS**

No old business was addressed.

**NEW BUSINESS**

12/31/15 Operating Report/Form 7 - CFC: Motion was made and seconded to accept the 12/31/15 (year-end) operating report/Form 7 in the CFC reporting format; unanimously carried.

12/31/2015 Operating Report/Form 7 - RUS: Motion was made and seconded to accept the 12/31/2015 (year-end) operating report/Form 7 in the RUS reporting format; unanimously carried.

01-31-16 Operating Report/Form 7: Motion was made and seconded to accept the 01-31-16 (January 2016 monthly and year to date) operating report/Form 7; unanimously carried.

Lawn Mowing Contract Extension: Motion was made and seconded to approve management's recommendation to award a two-year extension of the mowing contract for the headquarters facility and substations to Mr. Robert Lawrence (doing business as D&R Lawn Service) at a cost of \$43,960; unanimously carried.

Bank Signature Cards – Resolution and Documents: Motion was made and seconded to adopt three resolutions to amend the corporation's signature cards for accounts 134821, 181676, and 0248126 on file with Paducah Bank; unanimously carried. The resolutions, as adopted, is annexed to these minutes as Exhibit A.

Goss-Samford Engagement Letter: Motion was made and seconded to authorize Mr. Cannon to sign on behalf of the corporation a letter of engagement with the law firm of Goss-Samford PLLC to provide legal services of a regulatory nature; unanimously carried. The letter is annexed to these minutes as Exhibit B.

American Municipal Power Contract Update: Mr. Cannon and Mr. Ribble briefed the board on the status of retail service contract negotiations with AMP.



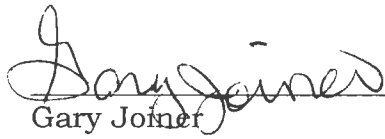
Annual ACES Members Conference Attendance: Motion was made and seconded to authorize all corporation directors to attend the Annual ACES Members Conference for the purpose of continuing education; unanimously carried.

**EXECUTIVE SESSION**

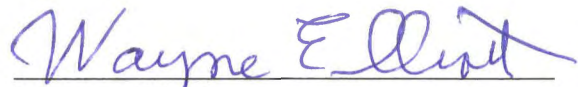
The directors met in executive session.

**ADJOURNMENT**

Motion was made and seconded to adjourn; unanimously carried.



Gary Joiner  
Chair



Wayne Elliott  
Secretary/Treasurer

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
March 8, 2015

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A special meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on Tuesday, March 8, 2016, at 8:00 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Gary Joiner, Lee Bearden, William Birney, Wayne Elliott,  
Erick Harris, Jack Marshall, and Lori Thompson.

Also present was Dennis Cannon, president and CEO.

**OPENING BUSINESS**

The meeting was called to order by Mr. Joiner.

**REPORTS**

No reports were offered.

**OLD BUSINESS**

No old business was addressed.

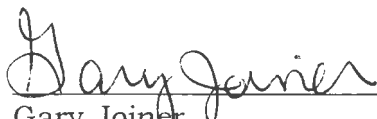
**NEW BUSINESS**

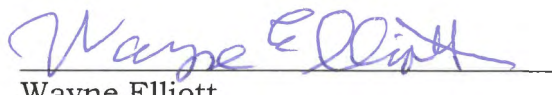
2015 Financial Audit: Motion was made and seconded to accept the 2015 financial audit as prepared by Alan Zumstein, CPA; unanimously carried.

2015 IRS Form 990 Review: Each director present at the meeting was presented with a copy of the corporation's IRS Form 990 as prepared by Alan Zumstein, CPA. Each director was given an opportunity to raise questions about or request corrections to the form. No questions were raised and no corrections were requested.

**ADJOURNMENT**

Motion was made and seconded to adjourn; unanimously carried.

  
\_\_\_\_\_  
Gary Joiner  
Chair

  
\_\_\_\_\_  
Wayne Elliott  
Secretary/Treasurer

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
March 24, 2016

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A regular meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on Thursday, March 24, 2016, at 6:00 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Gary Joiner, Lee Bearden, William Birney, Wayne Elliott,  
Erick Harris, Jack Marshall, Dr. Ivus Crouch, and Lori Thompson.

Also present were Dennis Cannon, president and CEO; Chuck Williamson, vice president of accounting and finance; Eddie Jones, general counsel; and Sonia Osman, executive assistant.

**OPENING BUSINESS**

The meeting was called to order by Mr. Joiner who welcomed those present and offered the invocation.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

The February, 2016, operating report was presented. Motion was made and seconded to approve the February, 2016, operating report; unanimously carried.

The February, 2016, expenses were presented. Motion was made and seconded to approve the February, 2016, expenses; unanimously carried.

**REPORTS**

Big Rivers Electric:

Mr. Elliott and Mr. Joiner reported on the March, 2016, Big Rivers Electric board meeting.

KAEC:

Mr. Harris and Mr. Cannon reported on the March, 2016, KAEC board meeting.

Management:

There was discussion about the following: the work of the Davis H. Elliot Company and corporation personnel on the Maxon Road project; an inquiry from a large commercial member about a "black box" that promised to reduce power bills; the corporation's response to the member's "black box" inquiry – including arranging for Big Rivers Electric to assist corporation personnel with

conducting an energy audit for the member; tampering with meters and the theft of electricity by some members; the inability of the corporation's existing automated meter reading (AMR) system to support a pre-paid metering program; the application and value of the servisavor device included in the proposed 2016 capital budget; and the corporation's compliance with PCI-DSS credit card security requirements.

General Counsel:

Mr. Jones did not provide a report.

**OLD BUSINESS**

No old business was addressed.

**NEW BUSINESS**

2016 Operating Budget: Motion was made and seconded to approve the 2016 Operating Budget; unanimously passed. The 2016 Operating Budget is annexed to these minutes as Attachment A

2016 Capital Budget: Motion was made and seconded to approve the 2016 Capital Budget; unanimously passed. The 2016 Capital Budget is annexed to these minutes as Attachment B.

NRECA Summer School for Directors: Motion was made and seconded to authorize all corporation directors to attend the 2016 NRECA Summer School for Directors for the purpose of obtaining continuing education necessary for proper governance of the corporation; unanimously passed.

2016 Annual Meeting and Board of Directors Election: Mr. Cannon reviewed the schedule for the upcoming 2016 Annual Meeting and the related board of directors election.

Mr. Cannon inquired of the board as to whether or not bona fide candidates for the board of directors election were to be provided with a list of the names and addresses of corporation members. The consensus of the board was that membership lists were not to be distributed in order for the corporation to remain in compliance with the customer privacy requirements of the Federal Trade Commission's Red Flags Rules.

Composition of Director Districts: The board of directors reviewed the composition of the eight districts of the corporation's board of directors. Motion was made and seconded to retain the existing director districts; unanimously passed.

Board of Directors Election -- Compensation and Reimbursement of Tellers and Alternates: Motion was made and seconded to compensate tellers and alternates at a rate of \$50.00 per meeting; to reimburse tellers and alternates for automobile travel to/from meetings based on actual mileage at the prevailing IRS business rate; and to provide a lunch meal to tellers and alternates of the day that ballots are counted; unanimously passed.

2015 CFC Annual Statement of Benefits: Mr. Cannon reviewed the benefits to the corporation, including the earning and retirement of capital credits, of its membership in CFC. No action was taken. The CFC statement is annexed to these minutes as Attachment C.

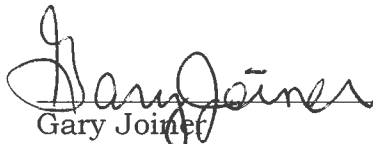
2015 CoBank Patronage Distribution: Mr. Cannon reviewed the benefits to the corporation, including the earning and retirement of capital credits, of its membership in CoBank. No action was taken. The CoBank statement is annexed to these minutes as Attachment D.


### **EXECUTIVE SESSION**

The directors met in executive session.

### **ADJOURNMENT**

Motion was made and seconded to adjourn; unanimously carried.

  
\_\_\_\_\_  
Gary Joiner  
Chair

  
\_\_\_\_\_  
Wayne Elliott  
Secretary/Treasurer

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
March 30, 2016

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A special meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on Wednesday, March 30, 2016, at 5:30 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Lee Bearden, William Birney, Dr. Ivus Crouch, Wayne Elliott,  
Erick Harris, Gary Joiner, Jack Marshall, and Lori Thompson.

Also present was Dennis Cannon, president and CEO.

**OPENING BUSINESS**

The meeting was called to order by Mr. Joiner.

**REPORTS**

No reports were offered.

**OLD BUSINESS**

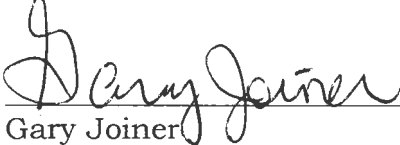
No old business was addressed.

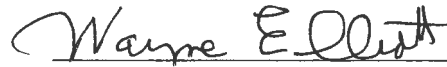
**NEW BUSINESS**

Project Silent Noise: Motion was made and seconded to adopt a resolution pertaining to the corporation's relationship with an economic development prospect known as Project Silent Noise; unanimously approved. The Project Silent Noise resolution is annexed to these minutes as Attachment A.

**ADJOURNMENT**

Motion was made and seconded to adjourn; unanimously carried.

  
\_\_\_\_\_  
Gary Joiner  
Chair

  
\_\_\_\_\_  
Wayne Elliott  
Secretary/Treasurer

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
APRIL 28, 2016

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A regular meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on Thursday, April 28, 2016, at 6:00 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Gary Joiner, Lee Bearden, William Birney, Wayne Elliott,  
Erick Harris, Jack Marshall, Dr. Ivus Crouch, and Lori Thompson.

Also present were Dennis Cannon, president and CEO; Chuck Williamson, vice president of accounting and finance; Scott Ribble, vice president of engineering and operations; Richard Walter, general counsel; and Sonia Osman, executive assistant.

**OPENING BUSINESS**

The meeting was called to order by Mr. Joiner. Mr. Harris offered the invocation.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

The March, 2016, operating report was presented. Motion was made and seconded to approve the March, 2016, operating report; unanimously carried.

The March, 2016, expenses were presented. Motion was made and seconded to approve the March, 2016, expenses; unanimously carried.

**REPORTS**

Big Rivers Electric:

Mr. Elliott and Mr. Joiner reported on the April, 2016, Big Rivers Electric board meeting.

KAEC:

No KAEC report was presented as the KAEC board of directors did not meet in April.

Management:

There was discussion about the following: the work of the Davis H. Elliot Company and corporation personnel on the Maxon Road project; the fact that approximately 220 applications had been received for the vacant dispatcher position in the engineering department; the exemplary performance of the corporation's employees, under the direction of Mr. Ribble and Mr. Williamson,

in conducting a mid-year inventory; the receipt of a letter from the Kentucky Public Service Commission (PSC) stating that a Certificate of Public Convenience and Necessity was not required for the corporation's 2016-2019 construction work plan; the need for the corporation to comply with an order from the PSC in case 2012-00248.

General Counsel:

Mr. Walter reported on the dismissal by Mr. Joseph Reeves of a federal lawsuit against the corporation.

**OLD BUSINESS**

No old business was addressed.

**NEW BUSINESS**

2016 CFC Forum and NCSC Annual Meeting: No director expressed interest in attending these two meetings on behalf of the corporation. Therefore, no action was taken.

2016 NCSC Annual Meeting Voting Delegate: Motion was made and seconded to authorize Mr. Cannon to cast a ballot by mail on behalf of the corporation in the 2016 NCSC board of directors election; unanimously passed.

2016 NRECA Legislative Conference: No director expressed interest in attending these two meetings on behalf of the corporation. Therefore, no action was taken.

Mandatory Collection of 911 Fees for Government Entities: Mr. Cannon briefed the board about the efforts of various government entities throughout Kentucky to force electric cooperatives to collect fees/taxes to support 911 emergency call center operations. This briefing included the fact that such action has been discussed by various government entities in Marshall County, Kentucky. Motion was made and seconded that the corporation, through all legal means, vigorously oppose all efforts of all government entities to force the corporation to collect fees/taxes for the operation of 911 emergency call centers; unanimously passed.

Supplemental Capital Budget Request – New Trailer for Track Rig: Mr. Ribble briefed the board on three options for purchasing a new trailer to be used for the purpose of transporting the corporation's track rig equipment. After some discussion, the consensus of the board was that none of the three options were acceptable. The board requested that management continue to research the issue and bring a new recommendation to the board in the future.



Short Term Contract with Davis H. Elliot Company: Mr. Cannon presented a proposed contract between the corporation and the Davis H. Elliot Company. Mr. Cannon explained that the purpose of the contract was to permit the corporation to engage Elliot on a short-term, as-needed basis for construction and maintenance of overhead electric facilities on a time and equipment basis. Motion was made and seconded to authorize Mr. Cannon to execute the contract as approved by the corporation's general counsel; unanimously passed.

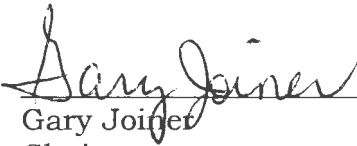
2016 Annual Meeting and Annual Report Discussion: Mr. Cannon updated the board on preparations for the 2016 annual meeting; he also briefed the board on the progress of the 2015 annual report. No action was taken.

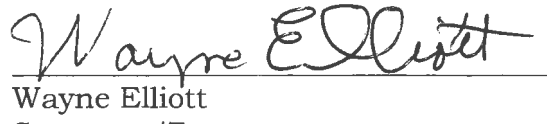
### **EXECUTIVE SESSION**

The directors met in executive session.

### **ADJOURNMENT**

Motion was made and seconded to adjourn; unanimously carried.

  
\_\_\_\_\_  
Gary Joiner  
Chair

  
\_\_\_\_\_  
Wayne Elliott  
Secretary/Treasurer

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
May 26, 2016

---

A regular meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on Thursday, May 26<sup>th</sup>, 2016, at 6:00 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Gary Joiner, Lee Bearden, William Birney, Wayne Elliott,  
Erick Harris, Jack Marshall, and Lori Thompson.

Also present were Dennis Cannon, president & CEO; Scott Ribble, vice president of Engineering and Operations; Chuck Williamson, vice president of Accounting and Finance; Rick Walter, general counsel; and Sonia Osman, executive assistant.

**OPENING BUSINESS**

The meeting was called to order by Mr. Joiner. Mr. Bearden offered the invocation.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

The April, 2016, Operating Report was presented. Motion was made and seconded to approve the April, 2016, operating report; unanimously carried.

The April, 2016, Expenses were presented. Motion was made and seconded to approve the April, 2016, Expenses; unanimously carried.

**REPORTS**

Big Rivers Electric:

Mr. Elliott and Mr. Joiner reported on the May 2016 Big Rivers Electric board meeting.

KAEC:

Mr. Cannon reported on the April 2016 KAEC board meeting.

Management's Report:

There were discussion about the activation of the first group of meters at the Chandler apartment complex near the Kentucky Oaks Mall; the relocation and construction of distribution facilities necessary to accommodate the construction of a new sale yard at the Vulcan Materials quarry in Livingston County; the progress of the Big Rivers Electric solar generation projects at Mike

Miller Park in Marshall County, Livingston County Middle or High School in Livingston County, and McCracken County High School in McCracken County; initial interviews of candidates for the open dispatcher position; the need for a comprehensive, consistently applied, board-approved meter tamping policy in order to successfully prosecute electricity theft and recover lost revenues from perpetrators; an innovative pole top/bucket rescue training session held at the corporation's headquarters facility in May; and a demonstration of the corporation's radio frequency automated meter reading pilot project to an engineering consultant and representatives of an Indiana electric cooperative.

#### General Counsel

Mr. Walter reported that he reviewed an easement agreement proposed by Texas Gas for Mr. Ribble.

#### **OLD BUSINESS**

No old business was addressed.

#### **NEW BUSINESS**

Assignment of 2015 Capital Credits: Motion was made and seconded to assign \$1,157,423 in 2015 operating margins and \$630,689 in 2015 non-operating margins to the corporation's members in accordance with Board Policy 400-6 – Capital Credits and Equity Management; unanimously passed.

Voting Delegate for 2016 United Utility Supply Annual Meeting: Motion was made and seconded to name Mr. Harris as voting delegate for the 2016 United Utility Supply annual meeting; unanimously passed.

Insurance Coverage with Federated Rural Electric Insurance Exchange: Motion was made and seconded to purchase the following insurance coverage from Federated Rural Electric Insurance Exchange for the period beginning June 1, 2016, at a total premium cost of \$182,442:

- All-Risk Blanket Coverage Policy (including \$500,000 in new Cyber Liability Protection),
- Umbrella Liability Protection Policy, and
- Director, Officers, and Managers Liability Protection Policy;

unanimously passed.

Capital Budget – Additional Expenditures for Palma Substation: Motion was made and seconded to accept management's recommendation to authorize the expenditure of up to \$35,500 in additional capital funds to complete work at the Palma substation; unanimously passed.

Capital Budget – Purchase of Pickup Trucks/Passenger Vehicle: Motion was made and seconded to approve the purchase of the following four vehicles from Leon Riley Ford – provided that the total expenditure did not exceed the lowest bids received by the corporation by more than \$2,000:

- Unit 15 Replacement – ¾ ton, extended cab, 4x4 pickup truck, and
- Unit 21 Replacement – ½ ton, extended cab, 4x4 pickup truck, and
- Unit 37 Replacement – ½ ton, regular cab, 4x4 pickup truck, and
- New Unit (Pool Vehicle) – Crossover sport utility vehicle, 4x4;

with two opposing, motion carried.

2016 Election and Annual Meeting Update: Mr. Cannon updated the board on preparations for the 2016 annual meeting and director elections. No action was taken.

Appointment of Tellers for 2016 Board of Directors Election: Motion was made and seconded to name, in accordance with Article IV, Section 4, paragraph 4 of the corporation’s bylaws, the following individuals to serve as tellers for the 2016 board of directors election: Rita Ramage, Wanda Trail, Sandra Crowley, Pam Simmons, Josh Johnson, Mark Viets, and Janet Viets; unanimously passed.

First Meeting of Tellers for 2016 Board of Directors Election: Motion was made and seconded to fix the date, time, and location of the first meeting of the tellers for the 2016 board of directors election as Monday, May 31, 2016, at 6:00 p.m. at the corporation’s headquarters facility at 2900 Irvin Cobb Drive, Paducah, Kentucky; unanimously passed.

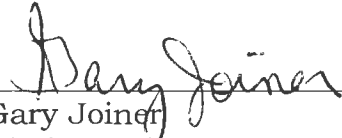
Meter Tampering Policy: Motion was made and seconded to direct the general counsel, Mr. Walter, to draft a meter tampering policy for subsequent review by the board of directors; unanimously passed.

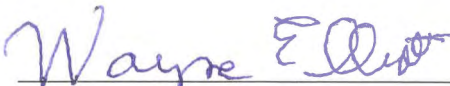
### **EXECUTIVE SESSION**

The directors met in executive session.

### **ADJOURNMENT**

Motion was made and seconded to adjourn; unanimously carried.

  
\_\_\_\_\_  
Gary Joiner  
Chair

  
\_\_\_\_\_  
Wayne Elliott  
Secretary/Treasurer

## MINUTES OF THE 2016 ANNUAL MEETING OF MEMBERS JACKSON PURCHASE ENERGY CORPORATION

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The 78th Annual Meeting of the Members of Jackson Purchase Energy Corporation was held on Tuesday, June 21st, 2016, at 6 p.m. at the Luther F. Carson Four Rivers Center for the Performing Arts in Paducah, Kentucky.

Mr. Gary Joiner, Chair of the Board of Directors, called the meeting to order. Mr. Bob Reynolds offered the invocation. The Paducah Tilghman High School Navy Junior ROTC Color Guard posted the colors and led those gathered in reciting the Pledge of Allegiance to the Flag of the United States of America.

Mr. Joiner introduced the members of the Board of Directors in attendance and a number of special guests including the following:

- Mr. Chris Perry, President and CEO of the Kentucky Association of Electric Cooperatives, Inc. (KAEC)
- Mr. Bob Berry, President and CEO of Big Rivers Electric Corporation (BREC)
- Mr. David Smart, President and CEO of West Kentucky RECC

Next, Mr. Joiner introduced Mr. Dennis L. Cannon, the corporation's president and CEO, and asked Mr. Cannon to provide brief remarks.

Mr. Cannon began his comments by commending the Board of Directors for their dedication to providing superior customer service and delivering reliable, affordable, and safe electricity to the members and expressing his personal thanks to the employees for their dedicated efforts. Mr. Cannon then showed a brief video highlighting unique operational and financial characteristics of electric cooperatives and shared with the membership an overview of the various energy efficiency incentives and rebates available from the corporation to residential members. Mr. Cannon ended his remarks by encouraging members to contact him personally with items of concern or suggestions.

Following his remarks, Mr. Cannon introduced Mr. Perry of KAEC. Mr. Perry offered brief comments encouraging members to become involved in the political process and to vote in upcoming elections.

Directors Erick Harris and Lee Bearden recognized the six (6) \$1,000 college scholarship winners:

- Connor McGowan, son of Steve and MiLinda McGowan
- Hannah Newberry, daughter of Brandon and Robin Newberry
- Catherine O'Rourke, daughter of James and Lisa O'Rourke
- Kaylin Travis, daughter of James and Kristine Quertermous
- Cole Urhahn, son of Dennis and Laurie Urhahn
- Caroline Smith, daughter of Steven and Cindy Smith

Directors Lori Thompson and William Birney recognized the winners of the corporation's Frankfort and Washington Rural Electric Youth Tour competitions. Participants in the Frankfort tour were:

- Boston Hicks, son of Mark Hicks and Nicole Webb
- Hannah White, daughter of Sean and Amy White

Participants in both the Frankfort and Washington tours were:

- Lily Silverstein, daughter of David and Eve Silverstein
- Natalie Shadrick, daughter of John and DeeDee Shadrick

Mr. Joiner opened the business session, outlined the guidelines for the business meeting, and noted that Roberts Rules of Order would be followed. A motion to adopt the guidelines was duly made and seconded; the motion carried.

Mr. Joiner declared a quorum, consisting of at least 150 members, according to the bylaws of the corporation, present.

Mr. Joiner then presented the the Notice of Meeting and Proof of Due Publication and Mailing of Same. A motion to accept the Notice of Meeting and Proof of Due Publication and Mailing of Same was duly made and seconded; the motion carried.

Mr. Joiner presented the minutes of the 2015 Annual Meeting. A motion to approve the minutes was made and seconded; the motion carried.

Mr. Joiner presented the financials and requested a motion to accept the financials as reported. A motion to accept the financial report was duly made and seconded; the motion carried.

Mr. Joiner introduced Mr. William Wright, Chairman of the Tellers' Committee to present the election results. Mr. Wright reported the following election results:

- District 3 – Lee Bearden – 1,491 votes
- District 6 – Erick Harris – 1,465 votes
- District 7 – Wayne Elliott – 1,467 votes
- District 8 – Robbie Barks – 581 votes
- District 8 – Jack Marshall – 1,063 votes

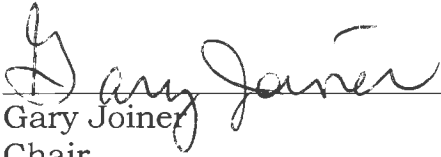
Mr. Wright declared Mr. Bearden the winner of the District 3 race, Mr. Harris the winner of the District 6 race, Mr. Elliott the winner of the District 7 race, and Mr. Marshall the winner of the District 8 race.

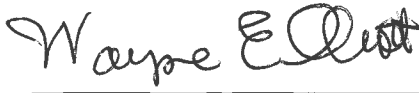
Mr. Joiner acknowledged that there was no old business to be discussed.

Mr. Joiner requested a motion to adjourn the business meeting. A motion to adjourn was made and seconded; the motion carried.

Mr. Joiner then opened the floor for comments and questions. Members offered questions and comments about a number of electric utility issues.

Mr. Roby Foree, communications specialist for the Kentucky Association of Electric Cooperatives, Inc., ended the program with a drawing for door prizes with assistance from Ms. Vanessa Blagg, human resources generalist.

  
\_\_\_\_\_  
Gary Joiner  
Chair

  
\_\_\_\_\_  
Wayne Elliott  
Secretary/Treasurer

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
JUNE 21, 2016

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In accordance with Article V, Section 1, and Article VI, Section 2, of the corporation's bylaws, a meeting of the Board of Directors of the Jackson Purchase Energy Corporation was held in the Green Room of the Luther F. Carson Four Rivers Center for the Performing Arts in Paducah, Kentucky.

The following directors were in attendance:

Lee Bearden, William Birney, Dr. Ivus, Crouch, Wayne Elliott,  
Erick Harris, Gary Joiner, Jack Marshall, and Lori Thompson.

Also present were Dennis L. Cannon, president and CEO, and Richard Walters, general counsel.

The meeting was called to order by Chair Gary Joiner.

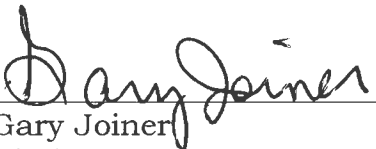
Ballots for the office of Chair were distributed to the directors. After the ballots were cast by the directors, the ballots were counted by Messrs. Cannon and Walters. Mr. Joiner was reelected to the office of Chair by a vote of seven to one.

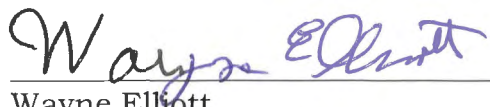
Ballots for the office of Vice Chair were distributed to the directors. After the ballots were cast, they were counted by Messrs. Cannon and Walters. Mr. Harris was elected to the office of Vice Chair by a vote of five to three.

Ballots for the office of Secretary-Treasurer were distributed to the directors. After the ballots were cast, they were counted by Messrs. Cannon and Walters. Mr. Elliott was reelected to the office of Secretary-Treasurer by a vote of six to one with one abstention.

Ballots for the office of Representative to the KAEC Board of Directors were distributed to the directors. After the ballots were cast, they were counted by Messrs. Cannon and Walters. Mr. Harris was reelected to the office of Representative to the KAEC Board of Directors by a vote of seven to one.

There being no other business, a motion was made and seconded to adjourn the meeting; unanimously carried.

  
\_\_\_\_\_  
Gary Joiner  
Chair

  
\_\_\_\_\_  
Wayne Elliott  
Secretary/Treasurer



DECLARATION OF QUORUM

The Bylaws of the Corporation require one hundred fifty (150) members be present for a legal business meeting to be conducted.

Jackson Purchase Energy Corporation Bylaws:

ARTICLE III, MEETINGS OF MEMBERS, Section 4, Quorum: "As long as the total number of members does not exceed five hundred (500), ten (10) per centum of the total number of members present in person shall constitute a quorum. In case the total number of members shall exceed one thousand (1,000), one hundred fifty (150) members present in person shall constitute a quorum. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice. The minutes of each meeting shall contain a list of the members present in person.

NOTE:

Jackson Purchase Energy Corporation's membership to date is in excess of one thousand (1,000) members; therefore, one hundred fifty (150) members constitute a quorum.

OFFICIAL COUNT FROM REGISTRATION BOOTH:

Number of persons registered: 365

TIME: 6:00 PM

DATE: June 21, 2016

*Gregory Miller*  
Signed

*Manager of Customer Service*  
Title

*Yanessa Blagg*  
Notary Public, State at Large *IO 547474*

My Commission Expires: *12-22-19*

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
June 23, 2016

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A regular meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on Thursday, June 23rd, 2016, at 6:00 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Lee Bearden, William Birney, Ivus Crouch, Wayne Elliott,  
Erick Harris, Gary Joiner, Jack Marshall, and Lori Thompson.

Also present were Dennis Cannon, president & CEO; Scott Ribble, vice president of Engineering and Operations; Chuck Williamson, vice president of Accounting and Finance; Eddie Jones, representing the corporation's general counsel; and Vanessa Blagg, human resources generalist.

**OPENING BUSINESS**

The meeting was called to order by Mr. Joiner. Mr. Birney offered the invocation.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

The May, 2016, Operating Report was presented. Motion was made and seconded to approve the May, 2016, operating report; unanimously carried.

The May, 2016, Expenses were presented. Motion was made and seconded to approve the May, 2016, Expenses; unanimously carried.

**REPORTS**

Big Rivers Electric:

Mr. Elliott and Mr. Joiner reported on the June, 2016, Big Rivers Electric board meeting.

KAEC:

No report was presented as neither Mr. Cannon nor Mr. Harris attended the June KAEC board of directors meeting due to its conflict with the corporation's annual meeting.

Management's Report:

There were discussion about the following: the certified electric utility service territory boundary between the corporation and Paducah Power System in an area along U.S. 60 near West Paducah; the attachment of fiber optic cables by

Paducah Power System to the corporation's utility poles; the application of Schedule D of the corporation's tariff to various consumers; management's efforts to ensure the proper functioning of the corporation's information technology assets; and a meeting with the secretary of the Kentucky Energy and Environment cabinet attended by Messrs. Cannon, Elliot, and Williamson.

General Counsel

Mr. Jones noted that he would present his report to the board in executive session.

**OLD BUSINESS**

No old business was addressed.

**NEW BUSINESS**

2016 Annual Meeting Review: A brief discussion of the corporation's 2016 annual meeting was conducted. Mr. Cannon expressed his deep appreciation to all corporation employees, both "inside" and "outside," who worked at the meeting. No action was taken on this matter.

2016 NRECA Region III Meeting – Travel Authorization: Motion was made and seconded to authorize all corporation directors to attend the 2016 NRECA Region III Meeting for continuing education purposes; unanimously passed.

2016 NRECA Region III Meeting – Voting Delegate and Alternate: Motion was made and seconded to name Mr. Bearden as the Voting Delegate and Mr. Cannon as the Alternate Voting Delegate to the 2016 NRECA Region III Meeting; unanimously passed.

2016 Big Rivers Electric Corporation Annual Meeting: Motion was made and seconded to authorize all corporation directors to attend the 2016 Big Rivers Electric Corporation annual meeting for continuing education purposes; unanimously passed.

Updated Signature Cards for Corporation Bank Accounts: Motion was made and seconded to adopt resolutions (annexed to these minutes as Exhibit A) to remove Mr. Marshall's name and replace it with Mr. Harris' name on the signature cards for the corporation's various bank accounts with Paducah Bank; unanimously passed.

Dates for Meetings of the Corporation's Board of Directors: Motion was made and seconded to fix the following dates for regular, monthly meetings of the corporation's board of directors:

- Monday, October 24, 2016, at 6:00 p.m., and
- Monday, November 21, 2016, at 6:00 p.m., and
- Thursday, December 22, 2016, at 6:00 p.m.;

unanimously passed

### **EXECUTIVE SESSION**

The directors met in executive session.

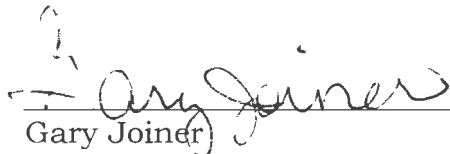
### **RESUMPTION OF REGULAR SESSION**

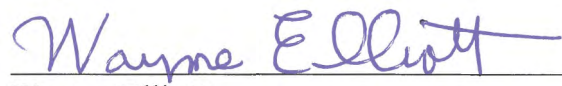
After the executive session, the board reconvened in regular session.

Authorization of Civil Action against Fabian Thomas and Tonya Laird: Motion was made and seconded to direct the general counsel to file Civil Action No. 16-CI-530 in McCracken Circuit Court against Fabian Thomas and Tonya Laird in an attempt to recover financial compensation for damages to corporation property; unanimously passed.

### **ADJOURNMENT**

Motion was made and seconded to adjourn; unanimously carried.

  
\_\_\_\_\_  
Gary Joiner  
Chair

  
\_\_\_\_\_  
Wayne Elliott  
Secretary/Treasurer

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
July 28, 2016

---

A regular meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on Thursday, July 28th, 2016, at 6:00 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

William Birney, Ivus Crouch, Wayne Elliott, Erick Harris,  
Gary Joiner, Jack Marshall, and Lori Thompson.

Also present were Dennis Cannon, president & CEO; Scott Ribble, vice president of Engineering and Operations; Rick Walter, general counsel; and Vanessa Blagg, human resources generalist.

**OPENING BUSINESS**

The meeting was called to order by Mr. Joiner. Mr. Birney offered the invocation.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

A draft of the income statement portion of the June, 2016, Operating Report was presented. Motion was made and seconded to approve the draft of the income statement portion of the June, 2016, Operating Report; unanimously carried.

The June, 2016, Expenses were presented. Motion was made and seconded to approve the June, 2016, Expenses; unanimously carried.

**REPORTS**

Big Rivers Electric:

Mr. Elliott and Mr. Joiner reported on the June, 2016, Big Rivers Electric board meeting.

KAEC:

No report was presented as the KAEC board of directors did not meet during June, 2016.

### Management's Report:

There was discussion about the following: the anticipated of delivery of four passenger vehicles purchased from a local dealership and the purchase of other items authorized in the 2016 capital budget; an inquiry received by the corporation concerning an eight MW load that was studying two sites in the corporation's certified electric utility service territory; a break-in on July 26, 2016, and the resulting theft of a small amount of surplus property from the corporation's equipment yard at the headquarters facility; the progress of three demonstration solar energy generation facilities to be installed in the corporation's territory in cooperation with Big Rivers Electric Corporation; and the status of the corporation's information technology infrastructure based upon the review of a third part consulting firm specializing in information technology and security.

### General Counsel

Mr. Walter reported on the status of the corporation's pursuit of Civil Action No. 16-CI-530 in McCracken Circuit Court against Fabian Thomas and Tonya Laird and on the need, in his opinion, for a comprehensive and systematic review of all corporate governing policies of the board of directors.

### **OLD BUSINESS**

No old business was addressed.

### **NEW BUSINESS**

Transfer Confirmation – RUS Construction Fund Trustee Account: Motion was made and seconded to execute the document annexed to these minutes as "Exhibit A" in order to comply with Rural Utilities Service regulations; unanimously passed.

2016 Big Rivers Electric Corporation Annual Meeting – Voting Delegate: Motion was made and seconded to name Mr. Harris as the Voting Delegate to the 2016 Big Rivers Electric Corporation annual meeting; unanimously passed.

2016 CoBank Board of Directors Election Ballot: Motion was made and seconded to authorize Mr. Cannon to cast the ballot on behalf of the corporation in the above-named matter; unanimously passed.

Extraordinary Capital Budget Request – Equipment Yard Gate: Motion was made and seconded to name authorize the expenditure of up to \$10,000 to replace the existing mechanized gate to the equipment yard with a new gate made of chain link – provided (1) that management obtain estimates from three vendors and select the most appropriate estimate, and (2) that management report the results to the board of directors; unanimously passed.

Extraordinary Capital Budget Request – Equipment Yard Fence Augmentation:

Mr. Cannon provided the board with an estimate of the cost to equip the top the entire equipment yard fence with razor wire. After discussion, consensus was to defer this purchase in favor of expediting the purchase of security cameras to provide adequate coverage of the equipment yard. No action was taken.

Purchase of Previously Authorized Capital Budget Items Costing Less than \$20,000:

Motion was made and seconded to authorize management to purchase any and all items in the corporation’s capital budget provided (1) that the expenditure for any individual item not exceed \$20,000, and (2) that management report the expenditure(s) to the board of directors; unanimously passed.

Election of Representative to Big Rivers Electric Corporation Board of Directors:

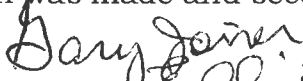
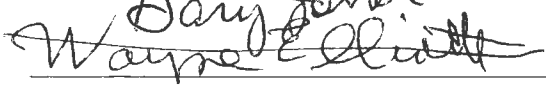
Due to the expiration of Mr. Elliott’s term of service as one of two representatives of the corporation on the BREC board of directors, an election to fill the position was held. Mr. Elliott was nominated for the post. Paper ballots were cast by the directors in attendance; Mr. Walter counted the ballots. Mr. Elliot was elected to the post by a vote of 7-0.

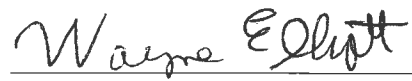
**EXECUTIVE SESSION**

The directors met in executive session.

**ADJOURNMENT**

Motion was made and seconded to adjourn; unanimously carried.

  
  
\_\_\_\_\_  
Gary Joiner  
Chair

  
\_\_\_\_\_  
Wayne Elliott  
Secretary/Treasurer

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
August 9, 2016

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A special meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on Tuesday, August 9, 2016, at 5:30 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Lee Bearden, William Birney, Ivus Crouch, Wayne Elliott,  
Erick Harris, Gary Joiner, Jack Marshall, and Lori Thompson.

Also present was Dennis Cannon, president & CEO.

**OPENING BUSINESS**

The meeting was called to order by Mr. Joiner.

**REPORTS**

No reports were offered.

**OLD BUSINESS**

No old business was addressed.

**NEW BUSINESS**

Updated Signature Cards for Corporation Bank Accounts: Motion was made and seconded to adopt resolutions (annexed to these minutes as Exhibit A) to remove the name of Chuck Williamson, the corporation's former vice president of finance and administration, from the signature cards for the corporation's various bank accounts with Paducah Bank; unanimously passed.

Bank Wire Transfer Authorizations: Motion was made and seconded to rescind the corporation's existing bank wire transfer authorizations with Paducah Bank and to adopt a resolution (annexed to these minutes as Exhibit B) authorizing the following corporation employees to initiate or approve wire transfers of funds from Paducah Bank:

- Colleen Chatman – initiate, but not approve, transfers up to \$5.5 million;
- Me'Chelle Bradford – initiate, but not approve, transfers up to \$5.5 million;
- Scott Ribble – approve, but not initiate, transfers up to \$5.5 million;
- Dennis Cannon – approve, but not initiate, transfers up to \$8.0 million;

unanimously carried.

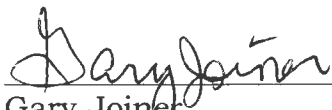


Bank Online Account Access Administrator: Motion was made and seconded to authorize the corporation's secretary/treasurer, Mr. Elliott, to write a letter to Paducah Bank naming Mr. Cannon as the corporation's administrator for all online banking activities with the bank; unanimously carried.

Big Rivers Electric Corporation 2016 Annual Meeting – Waive Notice: Motion was made and seconded to authorize Mr. Harris, as the corporation's delegate to the 2016 annual meeting of Big Rivers Electric Corporation, to waive notice of said meeting and return said waiver to BREC; unanimously carried.

**ADJOURNMENT**

Motion was made and seconded to adjourn; unanimously carried.



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Gary Joiner  
Chair



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Wayne Elliott  
Secretary/Treasurer

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
August 25, 2016

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A regular meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on Thursday, August 25, 2016, at 6:00 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Lee Bearden, William Birney, Ivus Crouch, Wayne Elliott,  
Erick Harris, Gary Joiner, Jack Marshall, and Lori Thompson.

Also present were Dennis Cannon, president & CEO; Scott Ribble, vice president of Engineering and Operations; Rick Walter, general counsel; and Vanessa Blagg, human resources generalist.

**OPENING BUSINESS**

The meeting was called to order by Mr. Joiner. Mr. Elliott offered the invocation.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

The June, 2016, Operating Report and the July, 2016, Operating Report were presented. Motion was made and seconded to approve both the June, 2016, Operating Report and the July, 2016, Operating Report; unanimously carried.

The July, 2016, Expenses were presented. Motion was made and seconded to approve the July, 2016, Expenses; unanimously carried.

**REPORTS**

Big Rivers Electric:

Mr. Elliott and Mr. Joiner reported on the July, 2016, Big Rivers Electric board meeting.

KAEC:

No report was presented as the KAEC board of directors did not meet during August, 2016.

Management's Report:

There was discussion about the following: the delivery of three vehicles purchased from a local dealership; the progress of the Davis H. Elliot and JPEC crews in finishing the Maxon Road project; the demand reduction projects undertaken by Pine Bluff Sand and Gravel and EZ Portable Buildings that may result in energy efficiency incentive payments; the participation of the corporation's employees in a recent series of NRECA financial planning workshops designed to aid in retirement planning; the development of a series of promotional bill stuffers designed to inform the corporation's members of the various energy efficiency rebate programs available to them; the work performed by Keller Schroeder Associates, an information technology consulting firm, in assisting the corporation with the day-to-day operation of its information technology assets while simultaneously performing an assessment of the fitness of the information technology assets for their intended use; and the work of financial consultants Robert J. Thome and Rod Crile in assisting the corporation with the completion of monthly regulatory and management reports.

General Counsel's Report:

Mr. Walter reported that he was making progress on the policy review requested by the board of directors.

**OLD BUSINESS**

No old business was addressed.

**NEW BUSINESS**

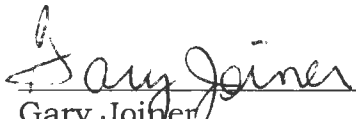
Extraordinary Capital Budget Item – Information Technology: Motion was made and seconded to authorize Mr. Cannon to expend up to \$1 million to make changes and improvements that he deems necessary to the corporation's information technology assets; unanimously carried.

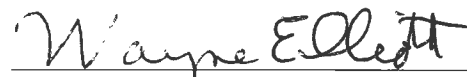
**EXECUTIVE SESSION**

The directors met in executive session.

**ADJOURNMENT**

Motion was made and seconded to adjourn; unanimously carried.

  
\_\_\_\_\_  
Gary Joiner  
Chair

  
\_\_\_\_\_  
Wayne Elliott  
Secretary/Treasurer

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
September 22, 2016

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A regular meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on Thursday, September 22, 2016, at 6:00 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Lee Bearden, William Birney, Ivus Crouch, Wayne Elliott,  
Erick Harris, Gary Joiner, Jack Marshall, and Lori Thompson.

Also present were Dennis Cannon, president & CEO; Scott Ribble, vice president of Engineering and Operations; Rick Walter, general counsel; and Vanessa Blagg, human resources generalist.

**OPENING BUSINESS**

The meeting was called to order by Mr. Joiner. Mr. Joiner offered the invocation.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

The August, 2016, Operating Report was presented. Motion was made and seconded to approve the August, 2016, Operating Report; unanimously carried.

The August, 2016, Expenses were presented. Motion was made and seconded to approve the August, 2016, Expenses; unanimously carried.

**REPORTS**

Big Rivers Electric:

Messrs. Elliott Joiner reported on the September, 2016, meeting of the Big Rivers Electric board of directors.

KAEC:

Messrs. Harris, Joiner, and Cannon reported on the September, 2016, meeting of the KAEC board of directors.

Management's Report:

There was discussion about the following: management's initiative to conserve resources and detect electricity theft by reclaiming approximately 800 "inactive installed" meters from the system, testing them, and redeploying them as needed on the system; the exemplary findings of two recently-issued reports of the Kentucky Public Service Commission regarding the corporation's construction and safety practices and compliance practices (neither report noted any deficiencies); the training of one corporation employee (with others to

follow) in the operation of a recently acquired infrared camera to aid in extending the life of high-value assets and for other purposes; an inquiry from the Kentucky National Guard about the installation of a 200 kW solar energy production system in the corporation's service territory; the completion of NRECA's supervisory curriculum by two corporation employees; the excellent results of a low-cost promotional campaign to raise awareness of the corporation's energy efficiency rebate programs; the progress of management in correcting serious deficiencies in the corporation's information technology infrastructure; and the election of Mr. Cannon to the post of vice president of the Kentucky Electric Cooperatives' Managers Association.

General Counsel's Report:

Mr. Walter indicated that he would deliver his report in executive session.

**OLD BUSINESS**

No old business was addressed.

**NEW BUSINESS**

2016 NRECA Winter School for Directors – Travel Authorization: Motion was made and seconded to permit all directors to attend the 2016 NRECA Winter School for Directors for continuing education purposes; unanimously carried.

2016 KAEC Annual Meeting and NRECA Director Training: Motion was made and seconded to permit all directors to attend the 2016 KAEC annual meeting and/or the associated NRECA director training sessions for continuing education purposes; unanimously carried.

Designation of Applicant's Agent for FEMA Event DR-4278: Motion was made and seconded to name Mr. Cannon as the corporation's applicant agent for FEMA Event DR-4278 and to adopt the "Designation of Applicant's Agent Resolution" as supplied by the Kentucky Division of Emergency Management; unanimously carried. A copy of the resolution is annexed to these minutes as Exhibit A.

CFC District 3 Meeting – Voting Delegate and Alternate Delegate: Motion was made and seconded to name Mr. Bearden as the corporation's voting delegate and Mr. Cannon as the corporation's alternate delegate to the CFC District 3 Meeting; unanimously carried.

Federated Rural Electric Insurance Exchange Region 3 Meeting -- Voting Delegate: Motion was made and seconded to name Mr. Elliott as the corporation's voting delegate to the Federated Rural Electric Insurance Exchange Region 3 Meeting; unanimously carried.

United Utility Supply Cooperative Corporation Capital Credit Allocation for 2015: Mr. Cannon informed the board that UUS had allocated \$8,922.43 to the corporation for its 2015 patronage with UUS; furthermore, Mr. Cannon noted that UUS paid to the corporation 20% of that allocation (\$1,784.49) in cash.

Refinancing of RUS Debt: Motion was made and seconded to adopt a resolution (annexed to these minutes as Exhibit B) to refinance approximately \$19 million in loans from the Rural Utilities Service of the United States Department of Agriculture with funds provided by the National Rural Utilities Cooperative Finance Corporation (CFC); unanimously carried.

Capital Budget Item – New Digger Derrick to Replace Unit 25 – Authorization of Previously Budgeted Expenditure: Motion was made and seconded to accept management’s recommendation to purchase a new digger-derrick vehicle to replace the existing Unit 25 from Altec, Inc. at an estimated cost of \$279,340 with a final cost not to exceed the budgeted amount of \$310,000 as outlined in the 2016 Capital Budget; unanimously carried.

Extraordinary Capital Budget Item – Purchase of Truck Tractor and Lowboy Trailer for Hauling Track Rig Machine: Motion was made and seconded to purchase a 2006 Mack, dual axle truck tractor at a cost of approximately \$26,000.00 and to purchase a new Interstate lowboy trailer equipped with hydraulic-assist ramps at a cost of approximately \$29,350; unanimously carried.

**EXECUTIVE SESSION**

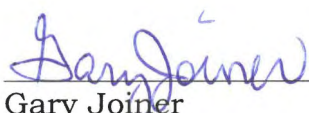
The directors met in executive session.

**RESUMPTION OF REGULAR SESSION**

Special Contract – American Municipal Power – Smithland Dam: Motion was made and seconded to seek approval of the Kentucky Public Service Commission to enter into a special contract with American Municipal Power (AMP) for the purposes of providing retail transmission access to AMP’s Smithland Dam hydropower production facility and to provide backup power to the facility via the corporation’s distribution system and to permit Mr. Cannon to execute said contract (annexed to these minutes as Exhibit C) on behalf of the corporation; unanimously carried.

**ADJOURNMENT**

Motion was made and seconded to adjourn; unanimously carried.

  
\_\_\_\_\_  
Gary Joiner  
Chair

  
\_\_\_\_\_  
Wayne Elliott  
Secretary/Treasurer

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
October 24, 2016

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A regular meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on Monday, October 24, 2016, at 6:00 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Lee Bearden, William Birney, Ivus Crouch, Wayne Elliott,  
Erick Harris, Gary Joiner, Jack Marshall, and Lori Thompson.

Also present were Dennis Cannon, president & CEO; Scott Ribble, vice president of Engineering and Operations; Rick Walter, general counsel; and Vanessa Blagg, human resources generalist.

**OPENING BUSINESS**

The meeting was called to order by Mr. Joiner. Mr. Cannon offered the invocation.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

The September, 2016, Operating Report was presented. Motion was made and seconded to approve the September, 2016, Operating Report; unanimously carried.

The September, 2016, Expenses were presented. Motion was made and seconded to approve the September, 2016, Expenses; unanimously carried.

**REPORTS**

Big Rivers Electric:

Messrs. Elliott and Joiner elected to report on the October, 2016, meeting of the Big Rivers Electric Corporation board of directors in executive session.

KAEC:

No report as there was no meeting of the KAEC board of directors in October, 2016.

Management's Report:

There was discussion about the following: the impending resumption of the offering of the Home Weatherization Program to corporation members in cooperation with BREC and Sherlock Homes; the impending application for energy efficiency/demand reduction rebate payments by two commercial members; the progress being made by management on implementing corrective action plans required to improve the corporation's information technology infrastructure; the continued satisfactory performance of the corporation's two financial consultants; the completion of the annual physical inventory on the

prior Friday; the activities of an employee committee in raising awareness of breast cancer and raising funds for breast cancer research and services of the American Cancer Society; the excellent contributions of Ms. Blagg, Ms. Miller, and Mr. Ribble to the recent Professional Development Day for all employees.

General Counsel's Report:

Mr. Walter indicated that he would deliver his report in executive session.

**OLD BUSINESS**

No old business was addressed.

**NEW BUSINESS**

Revision of Rural Cooperatives Credit Union Account Authorization and Borrowing Resolution: Motion was made and seconded to revise the account authorization for membership in Rural Cooperatives Credit Union and to adopt a new borrowing resolution for same as a result of the recent departure of Mr. Chuck Williamson from the corporation; unanimously carried. A copy of the resolution is annexed to these minutes as Exhibit A.

Renewal of CFC Line of Credit: Motion was made and seconded to adopt a resolution renewing and extending the corporation's unsecured line of credit in the amount of \$5 million with the National Rural Utilities Cooperative Finance Corporation (CFC); unanimously carried. A copy of the resolution is annexed to these minutes as Exhibit B.

Renewal of CoBank Line of Credit: Motion was made and seconded to authorize Mr. Cannon to execute an "Amended and Restated Promissory Note and Committed Revolving Credit Supplement" in the amount of \$10 million with CoBank; unanimously carried. A copy of the agreement is annexed to these minutes as Exhibit C.

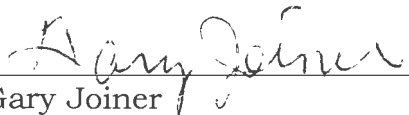
Status Report on Refinancing of \$19 Million in RUS Loans with CFC: Mr. Cannon reported that the execution of the loan agreement with CFC for the borrowing of funds necessary for the prepayment of certain mortgage notes with the Rural Utilities Service of the United States Department of Agriculture could not be acted upon at the meeting due to a request for additional information from RUS. As this was strictly an informational report; no action was taken.

**EXECUTIVE SESSION**

The directors met in executive session.

**ADJOURNMENT**

Motion was made and seconded to adjourn; unanimously carried.

  
\_\_\_\_\_  
Gary Joiner  
Chair

  
\_\_\_\_\_  
Wayne Elliott  
Secretary/Treasurer



MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
November 21, 2016

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A regular meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on Monday, November 21, 2016, at 6:00 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Lee Bearden, William Birney, Ivus Crouch, Wayne Elliott,  
Erick Harris, Gary Joiner, Jack Marshall, and Lori Thompson.

Also present were Dennis Cannon, president & CEO; Rick Walter, general counsel; and Vanessa Blagg, human resources generalist.

**OPENING BUSINESS**

The meeting was called to order by Mr. Joiner. Mr. Joiner offered the invocation.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

The October, 2016, Operating Report was presented. Motion was made and seconded to approve the October, 2016, Operating Report; unanimously carried.

The October, 2016, Expenses were presented. Motion was made and seconded to approve the October, 2016, Expenses; unanimously carried.

**REPORTS**

Big Rivers Electric:

Messrs. Elliott and Joiner reported on the November, 2016, meeting of the Big Rivers Electric Corporation board of directors.

KAEC:

Messrs. Harris, Joiner, and Cannon reported on the 2016 annual meeting of the Kentucky Association of Electric Cooperatives and the November, 2016, meeting of the KAEC board of directors.

Management's Report:

There was discussion about the following: the corporation's work with member Grassy Lake Lodge to address the effects of seasonal flooding on electric service; the corporation's practice of not disconnecting electric service to members during periods of excessive heat; the purchase of various capital assets for use by the operations department; the progress being made by management on implementing corrective action plans required to improve the corporation's information technology infrastructure; and the willingness of the board of directors to permit management to present the 2017 capital and operating budgets for consideration in January or February of 2017.

General Counsel's Report:

Mr. Walter reported that his participation in the legal seminar at the KAEC annual meeting yielded useful information concerning the execution of mortgage agreements with the Rural Utilities Service.

**OLD BUSINESS**

No old business was addressed.

**NEW BUSINESS**

2016 Physical Inventory: Mr. Cannon reported on the efforts of the corporation staff in conducting the physical inventory. In particular, he noted the small discrepancy between the book value and the physical count. He also presented the observations of the corporation's financial consultant, Rod Crile, and Mr. Crile's recommendations for future accounting treatment of maintenance items. As this was strictly an informational report, no action was taken.

2017 NRECA Annual Meeting: Motion was made and seconded to permit all directors to attend the 2017 National Rural Electric Cooperative Association annual meeting for continuing education purposes; unanimously carried.

Interest Rate Re-pricing for CFC Loan #KY0209001001: Motion was made and seconded to authorize Mr. Cannon to select a new, fixed interest rate for the above-mentioned loan and to execute an agreement regarding same with the National Rural Utilities Cooperative Finance Corporation (CFC); unanimously carried.

Modification of CFC Line of Credit Agreement: Motion was made and seconded to amend the corporation's agreement for an unsecured line of credit in the amount of \$5 million with CFC that was approved at the October, 2016, meeting by deleting Section 3.06 – Termination and Cancellation of Existing Agreement – of the original agreement and to authorize Mr. Cannon to execute the amendment; unanimously carried.

Resolution Authorizing the Filing of an Application with PSC for Prepayment of Certain RUS Notes: Motion was made and seconded to adopt a resolution authorizing Mr. Cannon to file an application with the Kentucky Public Service Commission seeking permission to prepay certain Rural Utilities Service notes with loan funds from CFC; unanimously carried. A copy of the resolution is annexed to these minutes as Exhibit A.

New Three-Year Agreement and Associated Memorandum of Understanding with Local Union 816, International Brotherhood of Electrical Workers: Motion was made and seconded to adopt a new three-year agreement and associated memorandum of understanding between the corporation and Local Union 816, International Brotherhood of Electrical Workers, and to authorize Mr. Cannon to sign both the agreement and the memorandum of understanding on behalf of the corporation; unanimously carried.

impending dissemination of an appliance saturation survey in cooperation with BREC; the ongoing work with the corporation's information technology consultants to upgrade computer network infrastructure; and the upcoming prepayment of certain Rural Utilities Service (RUS) notes totaling approximately \$18.8 million and refinancing of same with the National Rural Utilities Cooperative Finance Corporation (CFC) and the resulting interest savings.

General Counsel's Report:

Mr. Walter reported commended management on the expedited order that the corporation received from the Public Service Commission permitting the prepayment of certain RUS notes and the refinancing of same CFC.

**OLD BUSINESS**

No old business was addressed.

**NEW BUSINESS**

NRTC 2017 Annual Meeting Voting Delegate: Motion was made and seconded to name Mr. Bearden as the voting delegate and Ms. Thompson as the alternate voting delegate to the 2017 National Rural Telecommunications Cooperative annual meeting; unanimously carried.

NRECA 2017 Annual Meeting Voting Delegate: Motion was made and seconded to name Ms. Thompson as the voting delegate and Mr. Bearden as the alternate voting delegate to the 2017 National Rural Electric Cooperative Association annual meeting; unanimously carried.

Capital Credit Lawsuit Defense Cost Endorsement: Motion was made and seconded to authorize Mr. Cannon to purchase from Federated Rural Electric Insurance Exchange the Capital Credit Lawsuit Defense Cost Endorsement to the Corporations' Directors, Officers, and Managers policy; unanimously carried.

Capital Budget Item – Underground Primary Puller – Authorization of Previously Budgeted Expenditure: Motion was made and seconded to authorize Mr. Cannon to purchase a Condux Blue Ox underground primary puller machine from Cape Electrical Supply at a cost not to exceed \$157,000; unanimously carried.

NRTC 2016 Patronage Capital Allocation: Mr. Cannon informed the board that NRTC had allocated \$22,572.55 to the Corporation in patronage for the 2016 calendar year. As this was strictly an informational item, no action was taken.

Copy A of Prepayment Agreement dated as of October 24, 2016: As required by the Rural Utilities Service, Mr. Cannon presented to the board Copy A of the Prepayment Agreement dated as of October 24, 2016. As this was strictly an informational item, no action was taken. Copy A of the Prepayment Agreement dated as of October 24, 2016, is attached to these minutes as Exhibit A.

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
January 26, 2017

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A regular meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on Thursday, January 26, 2017, at 6:00 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Lee Bearden, William Birney, Wayne Elliott, Erick Harris,  
Gary Joiner, Jack Marshall, and Lori Thompson.

Also present were Dennis Cannon, president & CEO; Scott Ribble, vice president of engineering and operations; Rick Walter, general counsel; and Vanessa Blagg, human resources generalist.

**OPENING BUSINESS**

The meeting was called to order by Mr. Joiner. Mr. Birney offered the invocation.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

As the books for December, 2016, were not closed at the time of the meeting, Mr. Cannon provided the board with an estimate of gross margin for the month of December, 2016, and a forecast for year-end net margins.

The December, 2016, Expenses were presented. Motion was made and seconded to approve the December, 2016, Expenses; unanimously carried.

**REPORTS**

Big Rivers Electric:

Messrs. Elliott and Joiner reported on the January, 2017, meeting of the Big Rivers Electric Corporation board of directors.

KAEC:

No meeting of the KAEC board of directors was held in January, 2017. Therefore, no report was provided.

Management's Report:

There was discussion about the following: the internal investigation into the facts of the electrical contact accident on January 6, 2017, that resulted in the death of line technician Joshua Franklin; the corporation's work with Big Rivers Electric and American Municipal Power's Smithland Dam facility to permit the facility to draw power from the BREC transmission grid for emergency power purposes; an increase in member calls to customer service about high bills for December usage; the recently announced construction of a

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
February 23, 2017

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A regular meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on Thursday, February 23, 2017, at 6:00 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Lee Bearden, William Birney, Ivus Crouch, Wayne Elliott,  
Erick Harris, Gary Joiner, Jack Marshall, and Lori Thompson.

Also present were Dennis Cannon, president & CEO; Scott Ribble, vice president of engineering and operations; Rick Walter, general counsel; and Terry Miller, manager of customer service.

**OPENING BUSINESS**

The meeting was called to order by Mr. Joiner. Ms. Thompson offered the invocation.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

As the year-end audit was not complete, a draft of the December, 2016, Operating Report was presented. Motion was made and seconded to approve the draft of the December, 2016, Operating Report; unanimously carried.

The January, 2017, Operating Report was presented. Motion was made and seconded to approve the January, 2017, Operating Report; unanimously carried.

The January, 2017, Expenses were presented. Motion was made and seconded to approve the January, 2017, Expenses; unanimously carried.

**REPORTS**

Big Rivers Electric:

Messrs. Elliott and Joiner reported on the February, 2017, meeting of the Big Rivers Electric Corporation board of directors.

KAEC:

Messrs. Harris and Joiner reported on the February, 2017, meeting of the Kentucky Association of Electric Cooperatives board of directors.

Management's Report:

There was discussion about the following: the corporation's electric service reliability as measured by four key outage indices (SAIDI, SAIFI, CAIDI, and ASAI); the delivery and use of a new underground primary cable pulling device;

the excellent Periodic Regulatory Compliance Inspection Report received by the corporation following an inspection by the Kentucky Public Service Commission; progress being made by management in implementing a staffing plan for the corporation; increased participation in demand side management programs; the corporation's response to numerous member complaints about high bills that were brought about by cold weather in December and January and the diminishment of the "unwind" bill credits funded by Big Rivers Electric Corporation; and the performance of the corporation's automated meter reading system.

General Counsel's Report:

Mr. Walter reported that his work for the past month consisted of assisting management with routine matters.

**OLD BUSINESS**

No old business was addressed.

**NEW BUSINESS**

2017 ACES Member Conference Travel Authorization: Motion was made and seconded to permit all directors to attend the 2017 ACES Member Conference for continuing education purposes; unanimously carried.

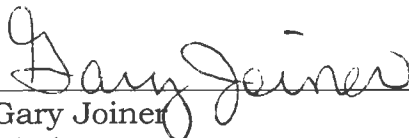
2017 NRECA Legislative Conference Authorization: Motion was made and seconded to permit all directors to attend the 2017 National Rural Electric Cooperative Association Legislative Conference for continuing education purposes; unanimously carried.

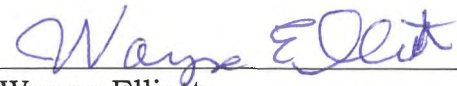
**EXECUTIVE SESSION**

The directors met in executive session.

**ADJOURNMENT**

Motion was made and seconded to adjourn; unanimously carried.

  
\_\_\_\_\_  
Gary Joiner  
Chair

  
\_\_\_\_\_  
Wayne Elliott  
Secretary/Treasurer

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
March 23, 2017

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A regular meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on Thursday, February 23, 2017, at 6:00 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Lee Bearden, William Birney, Ivus Crouch, Wayne Elliott,  
Erick Harris, Gary Joiner, Jack Marshall, and Lori Thompson.

Also present were Dennis Cannon, president and CEO; Scott Ribble, vice president of engineering and operations; Terry Miller, manager of customer service; Vanessa Blagg, human resources generalist; and Rick Walter, general counsel.

**OPENING BUSINESS**

The meeting was called to order by Mr. Joiner. Mr. Birney offered the invocation.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

The February, 2017, Operating Report was presented. Motion was made and seconded to approve the February, 2017, Operating Report; unanimously carried.

The February, 2017, Expenses were presented. Motion was made and seconded to approve the February, 2017, Expenses; unanimously carried.

**REPORTS**

Big Rivers Electric:

Messrs. Elliott and Joiner reported on the March, 2017, meeting of the Big Rivers Electric Corporation board of directors.

KAEC:

Messrs. Joiner and Cannon reported on the March, 2017, meeting of the Kentucky Association of Electric Cooperatives board of directors.

Management's Report:

There was discussion about the following: the reduction in pole attachment revenue resulting from WK&T's focused effort to remove attachments from the corporation's poles; the knowledge gained by Mr. Ribble from his attendance at the 2017 NRECA TechAdvantage conference; the response of the corporation's management and employees to the outages resulting from severe weather on March 1 and lessons learned from that event; recruitment efforts to fill up to three line technician positions and one material handler position in the bargaining unit; the excellent response rate (32.8%) to a recent appliance

saturation survey conducted in cooperation with Big Rivers Electric; an inquiry from an economic development prospect regarding a 50 MW load and the development of various new commercial and small industrial loads in the corporation's certified service territory; a recent training session for operations department crew leaders focusing on leadership and job briefings; insights gained by Messrs. Cannon, Ribble, and Riley from their participation in a safety leadership webinar delivered by NRECA; and the outstanding performance of the corporation's media consultant in responding to inquiries about high bills.

General Counsel's Report:

Mr. Walter reported that his work for the past month consisted of assisting management with routine matters.

**OLD BUSINESS**

No old business was addressed.

**NEW BUSINESS**

2016 Financial Audit Motion was made and seconded to accept the 2016 financial audit as presented by the independent auditor retained by the board of directors; unanimously carried.

12-31-2016 Operating Report – CFC Version: Motion was made and seconded to approve the 12-31-2016 Operating Report for submission to the National Rural Utilities Cooperative Finance Corporation (CFC); unanimously carried.

12-31-2016 Operating Report – RUS Version: Motion was made and seconded to approve the 12-31-2016 Operating Report for submission to the Rural Utilities Service; unanimously carried.

2016 CFC Statement of Benefits: Mr. Cannon presented an overview of the benefits that accrued to the corporation as a result of its membership in CFC. As this was a strictly informational item, no action was taken.

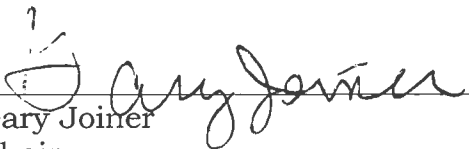
2016 CoBank Statement of Qualified Patronage Distribution: Mr. Cannon presented the 2016 cash and equity patronage distributions from CoBank to the corporation. As this was a strictly informational item, no action was taken.

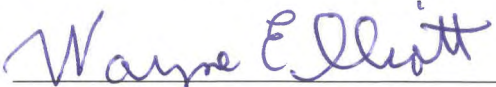
**EXECUTIVE SESSION**

The directors met in executive session.

**ADJOURNMENT**

Motion was made and seconded to adjourn; unanimously carried.

  
\_\_\_\_\_  
Gary Joiner  
Chair

  
\_\_\_\_\_  
Wayne Elliott  
Secretary/Treasurer



MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
April 27, 2017

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A regular meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on Thursday, April 27, 2017, at 6:00 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Lee Bearden, William Birney, Ivus Crouch, Wayne Elliott,  
Erick Harris, Gary Joiner, Jack Marshall, and Lori Thompson.

Also present were Dennis Cannon, president and CEO; Scott Ribble, vice president of engineering and operations; Terry Miller, manager of customer service; Vanessa Blagg, manager of human resources and administrative services; and Rick Walter, general counsel.

**OPENING BUSINESS**

The meeting was called to order by Mr. Joiner. Mr. Birney offered the invocation.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

The March, 2017, Operating Report was presented. Motion was made and seconded to approve the March, 2017, Operating Report; unanimously carried.

The March, 2017, Expenses were presented. Motion was made and seconded to approve the March, 2017, Expenses; unanimously carried.

**REPORTS**

Big Rivers Electric:

The report on the April, 2017, meeting of the Big Rivers Electric Corporation board of directors was delivered in Executive Session.

KAEC:

No report was offered as the board of directors of the Kentucky Association of Electric Cooperatives did not meet in April of 2017.

Management's Report:

There was discussion about the following: the beneficial use of the new underground primary cable puller; the status of the three solar power demonstration sites to be constructed by BREC in the corporation's service territory; the participation of three corporation employees in the BREC cooperative leadership program and the component of the program that was hosted by the corporation in April; the corporation's efforts to hire two journeyman line technicians and one material handler to fill vacancies in the bargaining unit; the successful resolution of various member complaints

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
May 25, 2017

---

A regular meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on Thursday, May 25, 2017, at 6:00 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Lee Bearden, William Birney, Wayne Elliott, Erick Harris,  
Gary Joiner, Jack Marshall, and Lori Thompson.

Also present were Dennis Cannon, president and CEO; Scott Ribble, vice president of engineering and operations; and Rick Walter, general counsel.

**OPENING BUSINESS**

The meeting was called to order by Mr. Joiner. Mr. Marshall offered the invocation.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

The April, 2017, Operating Report was presented. Motion was made and seconded to approve the April, 2017, Operating Report; unanimously carried.

The April, 2017, Expenses were presented. Motion was made and seconded to approve the April, 2017, Expenses; unanimously carried.

Mr. [REDACTED], a member of the corporation residing at [REDACTED] in Barlow, KY, was recognized by Mr. Joiner. Mr. [REDACTED] expressed his opinions to the board about the following fees that he was charged due to his disconnection for non-payment – connect fee, field collection fee, and after-hours connect fee. Mr. [REDACTED] was informed that all of the fees about which he expressed concern were approved by the Kentucky Public Service Commission as part of the corporation's tariff and that they are collected from all members to whom they apply so that members who are disconnected for non-payment are not subsidized by members who pay their bills in a timely manner.

**REPORTS**

Big Rivers Electric:

Messrs. Elliott and Joiner reported on the May, 2017, meeting of the Big Rivers Electric Corporation board of directors.

KAEC:

Messrs. Harris, Joiner, and Cannon reported on the May, 2017, meeting of the Kentucky Association of Electric Cooperatives board of directors.

Management's Report:

There was discussion about the following: the poor financial results for the month of April owing to mild temperatures and low usage by members; the participation of three line technicians in an advanced hotline skills safety training session offered by KAEC; the status of the three solar power demonstration sites to be constructed by BREC in the corporation's service territory; the safe and uneventful completion of switching operations on the Burna and Joy substations to accommodate the installation of an upgraded transmission line switching device by BREC; the participation of five customer service employees in cyber security awareness training offered by Paducah Bank; the corporation's ability and willingness to provide electric service to the Ohio River Triple Rail Megasite controlled by Paducah Economic Development and completely within the corporation's certified retail electric service territory as governed by Kentucky law; the employment of a new bargaining unit employee for the material handler position; and the recruitment efforts to fill the positions of manager of technical services and vice president of finance and accounting.

General Counsel's Report:

Mr. Walter reported that his work for the past month consisted of assisting management with routine matters.

**OLD BUSINESS**

No old business was addressed.

**NEW BUSINESS**

Assignment of 2016 Capital Credits: Motion was made and seconded to accept management's recommendation to assign all 2016 margins to the members as capital credits; unanimously carried.

NRECA 2017 Kentucky Director Election – Voting Delegate and Alternate : Motion was made and seconded to appoint Mr. Harris as the voting delegate and Mr. Cannon as the alternate voting delegate to the NRECA 2017 Kentucky Director Election; unanimously carried.

Federated Rural Electric Insurance Renewal for 2017-2018: Motion was made and seconded to accept the proposal from Federated Rural Electric Insurance Exchange for insurance for the 2017-2018 year; unanimously carried.

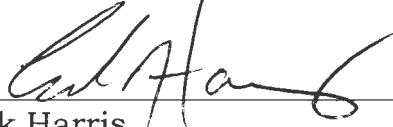
Proposed 2017 Capital Budget: Mr. Cannon presented the 2017 Capital Budget. Motion was made and seconded to approve the 2017 Capital Budget as proposed by management; unanimously carried.


**EXECUTIVE SESSION**

The directors met in executive session.

**ADJOURNMENT**

Motion was made and seconded to adjourn; unanimously carried.

  
\_\_\_\_\_  
Erick Harris  
Chair

  
\_\_\_\_\_  
Wayne Elliott  
Secretary/Treasurer

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
JUNE 20, 2017

---

In accordance with Article V, Section 1, and Article VI, Section 2, of the corporation's bylaws, a meeting of the Board of Directors of the Jackson Purchase Energy Corporation was held in the Green Room of the Luther F. Carson Four Rivers Center for the Performing Arts in Paducah, Kentucky.

The following directors were in attendance:

Lee Bearden, William Birney, Dr. Ivus Crouch, Wayne Elliott,  
Erick Harris, Gary Joiner, Jack Marshall, and Lori Thompson.

Also present were Dennis L. Cannon, president and CEO, and Richard Walter, general counsel.

The meeting was called to order by Chair Gary Joiner.

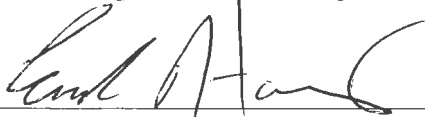
Ballots for the office of Chair were distributed to the directors. After the ballots were cast by the directors, the ballots were counted by Messrs. Cannon and Walter. Mr. Harris was unanimously elected to the office of Chair.


Ballots for the office of Vice Chair were distributed to the directors. After the ballots were cast, they were counted by Messrs. Cannon and Walter. Mr. Joiner was elected to the office of Vice Chair by a vote of five to three.

Ballots for the office of Secretary-Treasurer were distributed to the directors. After the ballots were cast, they were counted by Messrs. Cannon and Walter. Mr. Elliott was reelected to the office of Secretary-Treasurer by a vote of seven to one.

Ballots for the office of Representative to the KAEC Board of Directors were distributed to the directors. After the ballots were cast, they were counted by Messrs. Cannon and Walter. Mr. Harris was reelected to the office of Representative to the KAEC Board of Directors by a vote of seven to one.

There being no other business, a motion was made and seconded to adjourn the meeting; unanimously carried.

  
\_\_\_\_\_  
Erick Harris  
Chair

  
\_\_\_\_\_  
Wayne Elliott  
Secretary/Treasurer

MINUTES OF THE 2017 ANNUAL MEETING OF MEMBERS  
JACKSON PURCHASE ENERGY CORPORATION

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The 79th Annual Meeting of the Members of Jackson Purchase Energy Corporation was held on Tuesday, June 20st, 2017, at 6 p.m. at the Luther F. Carson Four Rivers Center for the Performing Arts in Paducah, Kentucky.

Mr. Gary Joiner, chairman of the board of directors, called the meeting to order.

Mr. Dennis L. Cannon, president and CEO, offered a remembrance of Mr. Joshua Franklin, a corporation line technician who died following a work-related accident in January of 2017. Following a minute of silence in memory of Mr. Franklin, Mr. Jack Marshall, a corporation director, offered the invocation. The Paducah Tilghman High School Navy Junior ROTC Color Guard posted the colors and led those gathered in reciting the Pledge of Allegiance to the Flag of the United States of America.

Mr. Joiner introduced the members of the Board of Directors in attendance and a number of special guests including the following:

- Mr. Bob Berry, President and CEO of Big Rivers Electric Corporation (BREC)
- Mr. David Smart, President and CEO of West Kentucky RECC

Next, Mr. Joiner introduced Mr. Cannon and asked him to provide management's report to the members.

Mr. Cannon began his comments by commending the Board of Directors for their dedication to providing superior customer service and delivering reliable, affordable, and safe electricity to the members and expressing his personal thanks to the employees for their dedicated efforts. Mr. Cannon then showed a brief video highlighting the purpose of electric cooperatives. He then referred to the annual report's emphasis on the corporation's commitment to the communities it serves and noted each employee featured therein. He also noted how three solar energy demonstration projects being installed by the corporation in cooperation with BREC were a demonstration of the corporation's commitment to the communities it serves. Mr. Cannon ended his remarks by encouraging members to contact him personally with items of concern or suggestions.

Following Mr. Cannon's report, Vice Chairman Erick Harris and Director Lee Bearden recognized the six (6) \$1,000 college scholarship winners:

- Alisha Boone, the daughter of Sheryl Boone
- Brycen Flynn, the son of Brian and Jill Flynn
- Shelby Locke, the daughter of James and Stacy Locke

- Karlee Phillips, the daughter of Charles and Denise Phillips
- Natalie Shadrick, the daughter of John and DeeDee Shadrick
- Audrie Swain, the daughter of Bobby and Jennifer Swain

Director Lori Thompson recognized the winner of the corporation's Frankfort and Washington Rural Electric Youth Tour competitions: Meghan Walker, the daughter of Steve and Beth Walker.

Mr. Joiner opened the business session, outlined the guidelines for the business meeting, and noted that Roberts Rules of Order would be followed. A motion to adopt the guidelines was duly made and seconded; the motion carried.

Mr. Joiner declared a quorum, consisting of at least 150 members, according to the bylaws of the corporation, present.

Mr. Joiner then presented the the Notice of Meeting and Proof of Due Publication and Mailing of Same. A motion to accept the Notice of Meeting and Proof of Due Publication and Mailing of Same was duly made and seconded; the motion carried.

Mr. Joiner presented the minutes of the 2016 Annual Meeting. A motion to approve the minutes was made and seconded; the motion carried.

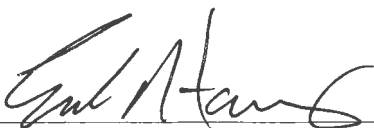
Mr. Joiner presented the financials and requested a motion to accept the financials as reported. A motion to accept the financial report was duly made and seconded; the motion carried.

Mr. Joiner acknowledged that there was no old business to be discussed.

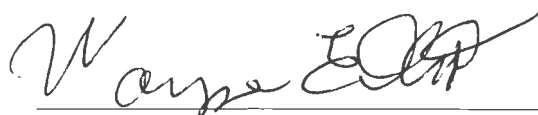
Mr. Joiner requested a motion to adjourn the business meeting. A motion to adjourn was made and seconded; the motion carried.

Mr. Joiner then opened the floor for comments and questions. Members offered questions and comments about a number of electric utility issues.

Mr. Thom Willingham, communications specialist for the Kentucky Association of Electric Cooperatives, Inc., ended the program with a drawing for door prizes with assistance from Ms. Vanessa Blagg, manager of human resources and administrative services.



Erick Harris  
Chair



Wayne Elliott  
Secretary/Treasurer



DECLARATION OF QUORUM

The Bylaws of the Corporation require one hundred fifty (150) members be present for a legal business meeting to be conducted.

Jackson Purchase Energy Corporation Bylaws:

ARTICLE III, MEETINGS OF MEMBERS, Section 4, Quorum: "As long as the total number of members does not exceed five hundred (500), ten (10) per centum of the total number of members present in person shall constitute a quorum. In case the total number of members shall exceed one thousand (1,000), one hundred fifty (150) members present in person shall constitute a quorum. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice. The minutes of each meeting shall contain a list of the members present in person.

NOTE:

Jackson Purchase Energy Corporation's membership to date is in excess of one thousand (1,000) members; therefore, one hundred fifty (150) members constitute a quorum.

OFFICIAL COUNT FROM REGISTRATION BOOTH:

Number of persons registered: 415

TIME: 6:00 PM

DATE: June 20, 2017

Amy Meien  
Signed

Manager of Customer Service  
Title

Vinessa Blagg  
Notary Public, State at Large ID 547474

My Commission Expires: 12-22-19





MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
June 22, 2017

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A regular meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on Thursday, June 22, 2017, at 6:00 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Lee Bearden, William Birney, Dr. Ivus Crouch, Wayne Elliott,  
Erick Harris, Jack Marshall, and Lori Thompson.

Also present were Dennis Cannon, president and CEO; Scott Ribble, vice president of engineering and operations; Terry Miller, manager of customer service; Vanessa Blagg, manager of human resources and administrative services; Bob Thome, financial consultant; and Rick Walter, general counsel.

**OPENING BUSINESS**

The meeting was called to order by Mr. Harris. Mr. Birney offered the invocation.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

The May, 2017, Operating Report was presented. Motion was made and seconded to approve the May, 2017, Operating Report; unanimously carried.

The May, 2017, Expenses were presented. Motion was made and seconded to approve the May, 2017, Expenses; unanimously carried.

**REPORTS**

Big Rivers Electric:

Mr. Elliott reported on the June, 2017, meeting of the Big Rivers Electric Corporation board of directors.

KAEC:

The Kentucky Association of Electric Cooperatives board of directors did not meet in June; therefore, no report was offered.

Management's Report:

There was discussion about the following: the poor financial results for the month of May owing to mild temperatures and low usage by members; the performance of the distribution automation infrastructure that serves the Kentucky Oaks Mall and surrounding area during an outage of the Coleman

Road substation on June 5; the impending purchase of a mini excavator as approved in the 2017 Capital Budget; the performance of the automated meter reading system; and the training of all bargaining unit personnel and engineering and operations supervisors on safety regulations for Vulcan Materials' Grand Rivers quarry.

General Counsel's Report:

Mr. Walter reported that his work for the past month consisted of, in addition to assisting management with routine matters, preparing to litigate a matter pertaining to a former employee and preparing to litigate a matter pertaining to damages to corporation property.

**OLD BUSINESS**

No old business was addressed.

**NEW BUSINESS**

2017 Annual Meeting Review: The recently concluded 2017 annual meeting of members was discussed; no action was taken.

NRECA 2017 Region III Meeting – Travel Authorization: Motion was made and seconded to permit all corporation directors to attend the NRECA 2017 Region III Meeting for continuing education purposes; unanimously carried.

NRECA 2017 Region III Meeting – Voting Delegate: Motion was made and seconded to name Mr. Cannon as the voting delegate to the NRECA 2017 Region III Meeting; unanimously carried.

Load Forecast for 2017 through 2031: Motion was made and seconded to approve the 2017 through 2031 Load Forecast as proposed by management; unanimously carried.

Husbands Road Substation Property – Transportation Cabinet Easement Resolution: Motion was made and seconded to adopt a resolution (annexed to these minutes as Exhibit A) permitting Mr. Cannon to grant on behalf of the corporation both temporary and permanent easements to the Kentucky Transportation Cabinet for property adjacent to the corporation's Husbands Road substation; unanimously carried.

Big Rivers Electric 2017 Annual Meeting – Travel Authorization: Motion was made and seconded to permit all corporation directors to attend the Big Rivers Electric 2017 Annual Meeting for continuing education purposes; unanimously carried.

**EXECUTIVE SESSION**

The directors met in executive session.

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
July 27, 2017

---

A regular meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on Thursday, July 27, 2017, at 6:00 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Lee Bearden, William Birney, Dr. Ivus Crouch, Wayne Elliott,  
Erick Harris, Gary Joiner, Jack Marshall, and Lori Thompson.

Also present were Dennis Cannon, president and CEO; Scott Ribble, vice president of engineering and operations; Terry Miller, manager of customer service; Vanessa Blagg, manager of human resources and administrative services; and Rick Walter, general counsel.

**OPENING BUSINESS**

The meeting was called to order by Mr. Harris. Mr. Elliott offered the invocation.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

The June, 2017, Operating Report was presented. Motion was made and seconded to approve the June, 2017, Operating Report; unanimously carried.

The June, 2017, Expenses were presented. Motion was made and seconded to approve the June, 2017, Expenses; unanimously carried.

**REPORTS**

Big Rivers Electric:

Messrs. Elliott and Joiner reported on the July, 2017, meeting of the Big Rivers Electric Corporation board of directors.

KAEC:

Messrs. Harris and Joiner reported on the July, 2017, meeting of the Kentucky Association of Electric Cooperatives board of directors.

Management's Report:

There was discussion about the following: breakeven financial results for June year-to-date; staff's analysis of the performance of the distribution automation infrastructure that serves the Kentucky Oaks Mall and surrounding area; the delivery, outfitting, and initial use of a new digger derrick truck; the improved

outage statistics of SAIDA, SAIFI, CAIDI, and ASAI owing greatly to the lack of severe weather since March; an outage of the Grand Rivers substation due to the failure of a current transformer (CT); an outage affecting much of the Livingston County service area due to an outage on the Big Rivers Electric Corporation transmission line serving the area; the merits of the corporation sponsoring an electric vehicle charging station in cooperation with a local retailer; and continuing efforts to recruit and place candidates for open positions.

General Counsel's Report:

Mr. Walter reported that his work for the past month consisted of, in addition to assisting management with routine matters, reviewing the two resolutions to be considered during new business.

**OLD BUSINESS**

No old business was addressed.

**NEW BUSINESS**

Big Rivers Electric Corporation 2017 Annual Meeting – Voting Delegate:

Motion was made and seconded to name Mr. Harris as the Voting Delegate to the 2017 BREC annual meeting; unanimously passed.

Kentucky Association of Electric Cooperatives 2017 Annual Meeting: Motion was made and seconded to name Mr. Harris as the voting delegate and Mr. Birney as the alternate voting delegate to the 2017 KAEC annual meeting; unanimously carried.

Resolution Authorizing the Amendment and Restatement of the Retirement Security and 401(k) Pension Plans: Motion was made and seconded to adopt the resolution (annexed to these minutes as Exhibit A) as recommended by management and approved by the general counsel; unanimously carried.

Resolution Authorizing the Execution of the NECA-IBEW Welfare Trust Fund – Health Plan Only: Motion was made and seconded to adopt the resolution (annexed to these minutes as Exhibit B) as recommended by management and approved by the general counsel; unanimously carried.

Revision to Board Policy 400-1 – Depository, Check Signature, Wire Transfer, and Cash Control: Motion was made and seconded to adopt a revised version of the policy (annexed to these minutes as Exhibit C) as recommended by management; unanimously carried.

**EXECUTIVE SESSION**

The directors met in executive session.

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
August 24, 2017

---

A regular meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on Thursday, August 24, 2017, at 6:00 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Lee Bearden, William Birney, Dr. Ivus Crouch, Wayne Elliott,  
Erick Harris, Gary Joiner, Jack Marshall, and Lori Thompson.

Also present were Dennis Cannon, president and CEO; Scott Ribble, vice president of engineering and operations; Terry Miller, manager of customer service; Vanessa Blagg, manager of human resources and administrative services; and Rick Walter, general counsel.

**OPENING BUSINESS**

The meeting was called to order by Mr. Harris. Mr. Marshall offered the invocation.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

The July, 2017, Operating Report was presented. Motion was made and seconded to approve the July, 2017, Operating Report; unanimously carried.

The July, 2017, Expenses were presented. Motion was made and seconded to approve the July, 2017, Expenses; unanimously carried.

**REPORTS**

Big Rivers Electric:

Messrs. Elliott and Joiner reported on the August, 2017, meeting of the Big Rivers Electric Corporation board of directors.

KAEC:

As the board of directors of the Kentucky Association of Electric Cooperatives did not meet in August, there was no report on KAEC.

Management's Report:

There was discussion about the following: the positive financial results for the month of July; staff's analysis of the performance of the distribution automation infrastructure that serves the Kentucky Oaks Mall and surrounding area; staff's analysis of outages of the Grand Rivers substation;

the failure of a transformer in Big Rivers Electric Corporation's McCracken Substation and the resulting impact on 69 kV transmission service to many of the corporation's substations; the appointment of Mr. Ribble to the System Planning Subcommittee of the NRECA Transmission and Distribution Committee; and continuing efforts to recruit and place candidates for open positions.

General Counsel's Report:

Mr. Walter reported that his work for the past month consisted of assisting management with routine matters and working on pending litigation.

**OLD BUSINESS**

No old business was addressed.

**NEW BUSINESS**

CFC 2017 Regional Meeting – Voting Delegate: Motion was made and seconded to name Mr. Cannon as the Voting Delegate to the 2017 National Rural Cooperatives Finance Corporation regional meeting; unanimously passed.

Revision to Board Policy 400-1 – Depository, Check Signature, Wire Transfer, and Cash Control: Motion was made and seconded to adopt a revised version of the policy (annexed to these minutes as Exhibit A) as recommended by management; unanimously carried.

Resolution to Revoke Board Policy 900-10 – Clothing Requirements to Meet OSHA Standards: Motion was made and seconded to adopt the resolution (annexed to these minutes as Exhibit B) as recommended by management and approved by the general counsel; unanimously carried.

Resolution Authorizing the Granting of an Easement to Atmos Energy for Husbands Road Property: Motion was made and seconded to adopt the resolution (annexed to these minutes as Exhibit C) as recommended by management and approved by the general counsel; unanimously carried.

CoBank Amended and Restated Loan Documents: Motion was made and seconded to authorize Mr. Cannon to execute various amended and restated loan agreements with CoBank for existing long-term loans and for the short-term line of credit following the review and approval of the general counsel; unanimously carried.

Resolution Authorizing the Granting of an Easement to Commissioners of Water Works, City of Paducah, for Husbands Road Property: Motion was made and seconded to adopt the resolution (annexed to these minutes as Exhibit D) as recommended by management and approved by the general counsel; unanimously carried.

## **EXECUTIVE SESSION**

The directors met in executive session.

## **RESUMPTION OF REGULAR SESSION**

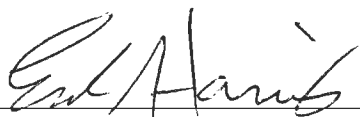
Election of Vice Chairman: Mr. Joiner informed the board of his desire to resign from the office of Vice Chairman. The board accepted Mr. Joiner's resignation. Ballots for the office of Vice Chairman were distributed to the directors. After the ballots were cast, they were counted by Mr. Cannon. Mr. Marshall was elected to the office of Vice Chairman by unanimous vote.


Nomination of Candidate for Service on BREC Board of Directors: Mr. Joiner informed the board of his resignation from the board of directors of Big Rivers Electric Corporation. Ballots for the position of Candidate for Service on the BREC Board of Directors were distributed to the directors. After the ballots were cast, they were counted by Mr. Cannon. Mr. Harris was elected to be the corporation's Candidate for Service on the BREC Board of Directors by a vote of five to three.

Election of Director Representative to KAEC Board of Directors: Mr. Harris informed the board of his resignation from the board of directors of the Kentucky Association of Electric Cooperatives. Ballots for the position of Director Representative to the KAEC Board of Directors were distributed to the directors. After the ballots were cast, they were counted by Mr. Cannon. Mr. Birney was elected to be the corporation's Director Representative to the KAEC Board of Directors by a vote of seven to one.

## **ADJOURNMENT**

Motion was made and seconded to adjourn; unanimously carried.

  
\_\_\_\_\_  
Erick Harris  
Chair

  
\_\_\_\_\_  
Wayne Elliott  
Secretary/Treasurer

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
September 28, 2017

---

A regular meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on Thursday, September 28, 2017, at 6:00 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Lee Bearden, William Birney, Wayne Elliott, Erick Harris,  
Jack Marshall, and Lori Thompson.

Also present were Dennis Cannon, president and CEO; Scott Ribble, vice president of engineering and operations; Ward Morgan, manager of technical services; Murray Riley, safety coordinator; Vanessa Blagg, manager of human resources and administrative services; and Rick Walter, general counsel.

**OPENING BUSINESS**

The meeting was called to order by Mr. Harris. Mr. Birney offered the invocation.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

The August, 2017, Operating Report was presented. Motion was made and seconded to approve the August, 2017, Operating Report; unanimously carried.

The August, 2017, Expenses were presented. Motion was made and seconded to approve the August, 2017, Expenses; unanimously carried.

**REPORTS**

Big Rivers Electric:

Messrs. Elliott and Harris reported on the September, 2017, meeting of the Big Rivers Electric Corporation board of directors.

KAEC:

Mr. Birney reported on the September, 2017, meeting of the Kentucky Association of Electric Cooperatives board of directors.

Management's Report:

There was discussion about the following: the Corporation's sale of eight percent less energy than budget on a year-to-date basis and the accompanying gross profit of seven percent less than budget; staff's progress on updating the software controlling the distribution automation infrastructure that serves the Kentucky Oaks Mall and surrounding area; the impending installation of solar power demonstration equipment at Livingston County Middle School and



McCracken County High School; the improvement in three of four of the Corporation's key reliability indicators on a year-to-date basis; the employment of Mr. Morgan as manager of technical services and his progress on several information technology projects; staff's response to 15 safety hazards at the headquarters facility that were identified on a visit from a representative of Federated Rural Electric Insurance; and staff's response to two regulatory matters pending before the Kentucky Public Service Commission (case numbers 2007-00304 and 2017-00345).

General Counsel's Report:

Mr. Walter reported that his work for the past month consisted of assisting management with routine matters and working on pending litigation.

**OLD BUSINESS**

No old business was addressed.

**NEW BUSINESS**

Resolution Accepting the Resignation of Gary L. Joiner, Director for District Two, from the Board of Directors: Motion was made and seconded to adopt the resolution (annexed to these minutes as Exhibit A); unanimously passed.

Resolution of Appreciation for Gary L. Joiner: Motion was made and seconded to adopt the resolution (annexed to these minutes as Exhibit B); unanimously carried.

Resolution Setting Forth the Process for Appointing a Director to Fill the District Two Vacancy on the Board of Directors: Motion was made and seconded to adopt the resolution (annexed to these minutes as Exhibit C); the motion carried by a vote of five to one.

NRECA 2017 Winter School for Directors – Travel Authorization: Motion was made and seconded to permit all corporation directors to attend the NRECA 2017 Winter School for Directors for continuing education purposes; unanimously carried.

KAEC 2017 Annual Meeting and Director Training – Travel Authorization: Motion was made and seconded to permit all corporation directors to attend the KAEC 2017 Annual Meeting and Director Training for continuing education purposes; unanimously carried.

November and December, 2017, Board Meeting Dates: Motion was made and seconded to fix the date of the November regular board meeting as Wednesday, November 15, and the date of the December regular board meeting as Thursday, December 21; unanimously carried.

KAEC 2016 Capital Credits Allocation and Distribution: Mr. Cannon reported that the Corporation was allocated \$20,930 in capital credits (\$4,186.00 of

which was returned to the Corporation in cash) for its patronage of the Kentucky Association of Electric Cooperatives for the 2016 fiscal year.

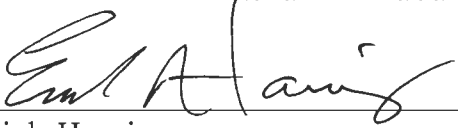
UUS 2016 Capital Credits Allocation and Distribution: Mr. Cannon reported that the Corporation was allocated \$4,622.00 in capital credits (\$924.00 of which was returned to the Corporation in cash) for its patronage of United Utility Supply Cooperative Corporation for the 2016 fiscal year.

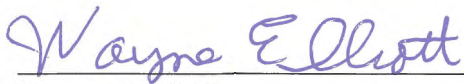
**EXECUTIVE SESSION**

The directors met in executive session.

**ADJOURNMENT**

Motion was made and seconded to adjourn; unanimously carried.

  
\_\_\_\_\_  
Erick Harris  
Chair

  
\_\_\_\_\_  
Wayne Elliott  
Secretary/Treasurer

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
October 26, 2017

---

A regular meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on Thursday, October 26, 2017, at 6:00 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Lee Bearden, William Birney, Dr. Ivus Crouch,  
Wayne Elliott, Erick Harris, and Lori Thompson.

Also present were Dennis Cannon, president and CEO; Scott Ribble, vice president of engineering and operations; Ward Morgan, manager of technical services; Terry Miller, manager of customer service; Murray Riley, safety coordinator; Vanessa Blagg, manager of human resources and administrative services; and Rick Walter, general counsel.

#### **OPENING BUSINESS**

The meeting was called to order by Mr. Harris. Mr. Bearden offered the invocation.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

The September, 2017, Operating Report was presented. Motion was made and seconded to approve the September, 2017, Operating Report; unanimously carried.

The September, 2017, Expenses were presented. Motion was made and seconded to approve the September, 2017, Expenses; unanimously carried.

#### **REPORTS**

##### Big Rivers Electric:

Messrs. Elliott and Harris reported on the October, 2017, meeting of the Big Rivers Electric Corporation board of directors.

##### KAEC:

Mr. Birney reported on the October, 2017, meeting of the Kentucky Association of Electric Cooperatives board of directors.

##### Management's Report:

There was discussion about the following: the Corporation's sale of 8.4% less energy than budget on a year-to-date basis and the accompanying gross profit of 10.9% less than budget due to mild weather; staff's progress in filling open

positions in the operations, customer service, finance/accounting, and human resources/administrative services departments (some created by internal transfers/promotions); the sale of "green power" produced from biomass to certain members; the year-to-date payment of \$89,410 in rebates to 13 commercial members for lighting upgrades; Mr. Morgan's participation in an NRECA/Department of Homeland Security cybersecurity summit and his plans for implementing various best practices; staff's review and renegotiation of various office services and communications contracts resulting in significant monthly savings with no diminishment in service quality or quantity; and staff's presentation of multiple electrical safety demonstrations to 7<sup>th</sup> and 8<sup>th</sup> grade students of Heath, Reidland, and Lone Oak middle schools.

General Counsel's Report:

Mr. Walter reported that his work for the past month consisted of assisting management with routine matters and working on pending litigation.

**OLD BUSINESS**

No old business was addressed.

**NEW BUSINESS**

Refinancing FFB Debt at Lower Interest Rate: Motion was made and seconded to authorize management to work with financial consultant Rod Crile to develop and submit to the Rural Utilities Service a letter of intent to refinance certain Federal Financing Bank loans with FFB; unanimously passed.


Engagement of Financial Auditor for 2017 Fiscal/Calendar Year: Motion was made and seconded to engage Alan Zumstein, CPA, to perform the financial audit and to prepare federal tax returns for the 2017 fiscal/calendar year; unanimously carried.

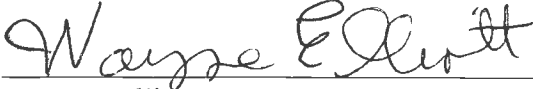
**EXECUTIVE SESSION**

The directors met in executive session.

**ADJOURNMENT**

Motion was made and seconded to adjourn; unanimously carried.

  
\_\_\_\_\_  
Erick Harris  
Chair

  
\_\_\_\_\_  
Wayne Elliott  
Secretary/Treasurer

finance/accounting, and human resources/administrative services departments (some created by internal transfers/promotions); the excellent year-to-date safety performance (no recordable injuries, no unintended outages, no vehicle accidents, 33 safety audits, and 9,232 hours worked) of the corporation's line construction contractor – Davis H. Elliot Company; and the comprehensive training provided to all of the corporation's CDL drivers by KAEC.

General Counsel's Report:

Mr. Walter reported that his work for the past month consisted of assisting management with routine matters and working on pending litigation.

**OLD BUSINESS**

No old business was addressed.

**NEW BUSINESS**

Right of Way Clearing and Maintenance Contract for 2018 through 2021:

Motion was made and seconded to authorize Mr. Cannon to execute a contract with the Townsend Corporation for right of way clearing and maintenance, based on the third of three scenarios presented, for the four year period of 2018 through 2021 subject to the review and approval of the general counsel.

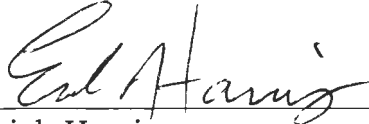
NRECA 2018 Annual Meeting: Motion was made and seconded to authorize all corporation directors to attend the NRECA 2018 Annual Meeting for continuing education purposes.

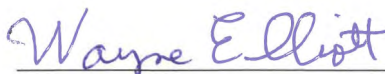
**EXECUTIVE SESSION**

The directors met in executive session.

**ADJOURNMENT**

Motion was made and seconded to adjourn; unanimously carried.

  
\_\_\_\_\_  
Erick Harris  
Chair

  
\_\_\_\_\_  
Wayne Elliott  
Secretary/Treasurer

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
December 21, 2017

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A regular meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on Thursday, December 21, 2017, at 6:00 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Lee Bearden, William Birney, Wayne Elliott, Erick Harris,  
Jack Marshall, Chuck Mullen, and Lori Thompson.

Also present were Dennis Cannon, president and CEO; Scott Ribble, vice president of engineering and operations; Ward Morgan, manager of technical services; Terry Miller, manager of customer service; Murray Riley, safety coordinator; Vanessa Blagg, manager of human resources and administrative services; and Rick Walter, general counsel.

### **OPENING BUSINESS**

The meeting was called to order by Mr. Harris. Mr. Elliott offered the invocation.

Seating of Charles Mullen as Director for District Two: Motion was made and seconded to seat Mr. Charles Mullen on the Board of Directors as the director for District Two pursuant to the bylaws of the Corporation and the resolutions of the Board of Directors; unanimously carried.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

The October, 2017, Operating Report was presented. Motion was made and seconded to approve the October, 2017, Operating Report; unanimously carried.

The November, 2017, Operating Report was presented. Motion was made and seconded to approve the November, 2017, Operating Report; unanimously carried.

The November, 2017, Expenses were presented. Motion was made and seconded to approve the November, 2017, Expenses; unanimously carried.

### **REPORTS**

Big Rivers Electric:

Messrs. Elliott and Harris reported on the December, 2017, meeting of the Big Rivers Electric Corporation board of directors.

KAEC:

Mr. Birney reported on the December, 2017, meeting of the board of directors and the 2017 annual meeting of the Kentucky Association of Electric Cooperatives.

Management's Report:

There was discussion about the following: the Corporation's sale of 6.8% less energy than budget on a year-to-date basis due to mild weather; staff's progress in filling open positions in the operations, customer service, finance/accounting, and human resources/administrative services departments (some created by internal transfers/promotions); the development of a 39-lot subdivision off North Friendship Road; the redevelopment of the Old Sears building at Kentucky Oaks Mall; an audit of Calvert City's street lighting; the transition of management of the AMR system from Engineering and Operations to Technical Services; the implementation of a Windows Update server that will aid in cybersecurity efforts; and the potential of a 3.8 MW industrial load in the Highpoint area.

General Counsel's Report:

Mr. Walter reported that his work for the past month consisted of assisting management with routine matters and working on pending litigation.

**OLD BUSINESS**

No old business was addressed.

**NEW BUSINESS**

2017 NRTC Annual Meeting Voting Delegate and Alternate: Motion was made and seconded to name Mr. Bearden as the voting delegate to the 2017 NRTC annual meeting and to name Ms. Thompson as the alternate voting delegate; unanimously carried.

CFC Director Training: Motion was made and seconded to authorize all corporation directors to attend the CFC cooperative director training to be held in conjunction with KAEC in Louisville on January 18-19, 2018; for continuing education purposes; unanimously carried.

KAEC Legislative Rally: Motion was made and seconded to authorize all corporation directors to attend the KAEC legislative rally to be held in Frankfort on January 31, 2018, for continuing education purposes; unanimously carried.

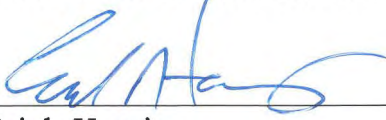
Federated Rural Electric Insurance Exchange Capital Credit Retirement: Mr. Cannon advised the board of the retirement in cash (\$9,705) of 40% of the member equity allocated by Federated to the Corporation in 2009. As this was an informational item, no action was taken.

**EXECUTIVE SESSION**

The directors met in executive session.

**ADJOURNMENT**

Motion was made and seconded to adjourn; unanimously carried.



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Erick Harris  
Chair



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Wayne Elliott  
Secretary/Treasurer



MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
January 25, 2018

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A regular meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on Thursday, January 25, 2018, at 6:00 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Lee Bearden, Dr. Ivus Crouch, Wayne Elliott, Erick Harris,  
Jack Marshall, Chuck Mullen, and Lori Thompson.

Also present were Dennis Cannon, president and CEO; Scott Ribble, vice president of engineering and operations; Ward Morgan, manager of technical services; Terry Miller, manager of customer service; Murray Riley, safety coordinator; Vanessa Blagg, manager of human resources and administrative services; and Rick Walter, general counsel.

**OPENING BUSINESS**

The meeting was called to order by Mr. Harris. Mr. Mullen offered the invocation.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

The December, 2017, Operating Report was not presented as the corporation's accounting staff had not yet closed the 2017 year.

The December, 2017, Expenses were presented. Motion was made and seconded to approve the December, 2017, Expenses; unanimously carried.

**REPORTS**

Big Rivers Electric:

Messrs. Elliott and Harris reported on the January, 2018, meeting of the Big Rivers Electric Corporation board of directors.

KAEC:

The board of directors of the Kentucky Association of Electric Cooperatives did not meet in January, 2018; therefore, no report was presented.

Management's Report:

There was discussion about the following: the Corporation's sale of 6.6% less energy than budget on a year-to-date basis due to mild weather; staff's progress in filling open positions in the operations, customer service, finance/accounting, and human resources/administrative services departments (some created by internal transfers/promotions); a corrected statement of insurance claims paid by Federated Rural Electric Insurance

during the 2017 year; the attainment of the corporation's reliability goal of 99.98% as measured by the Average System Availability Index (ASAI) during the 2017 year; the presentation of information on the Family Medical Leave Act and anti-harassment to all employees at the corporation's annual professional development day; the very cold weather experienced in December and January that resulted in additional electric use and an increased volume of high bill complaints; and the implementation of the KnowBe4 cybersecurity training program for all corporation employees.

General Counsel's Report:

Mr. Walter reported that, in addition to assisting management with routine matters and working on pending litigation, he and another member of his firm assisted the Corporation by providing anti-harassment training for all employees and business ethics training for management employees.

**OLD BUSINESS**

No old business was addressed.

**NEW BUSINESS**

2018 NRECA Annual Meeting Voting Delegate and Alternate: Motion was made and seconded to name Mr. Bearden as the voting delegate to the 2018 NRECA annual meeting and to name Mr. Cannon as the alternate voting delegate; unanimously carried.

2018 CFC Annual Meeting Voting Delegate and Alternate: Motion was made and seconded to name Mr. Bearden as the voting delegate to the 2018 CFC annual meeting and to name Ms. Cannon as the alternate voting delegate; unanimously carried.

2018-2019 Mowing Contract: Motion was made and seconded to accept management's recommendation to extend for two years the corporation's contract with D&R Lawn Service for mowing at substations and the headquarters facility at no increase in cost over the prior contract; unanimously carried.

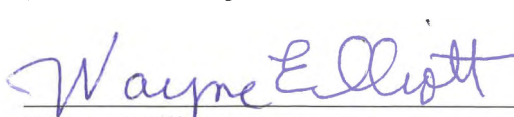
**EXECUTIVE SESSION**

The directors met in executive session.

**ADJOURNMENT**

Motion was made and seconded to adjourn; unanimously carried.

  
\_\_\_\_\_  
Erick Harris  
Chair

  
\_\_\_\_\_  
Wayne Elliott  
Secretary/Treasurer

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
February 22, 2018

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A regular meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on Thursday, February 22, 2018, at 6:00 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Lee Bearden, Dr. Ivus Crouch, Wayne Elliott, Erick Harris,  
Jack Marshall, Chuck Mullen, and Lori Thompson.

Also present were Dennis Cannon, president and CEO; Scott Ribble, vice president of engineering and operations; Ward Morgan, manager of technical services; Terry Miller, manager of customer service; Murray Riley, safety coordinator; Vanessa Blagg, manager of human resources and administrative services; and Chuck Walter, of Boehl Stopher Graves, attending in place of the Corporation's general counsel.

**OPENING BUSINESS**

The meeting was called to order by Mr. Harris. Mr. Elliott offered the invocation.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

The December, 2017, Operating Report was presented. Motion was made and seconded to approve the December, 2017, Operating Report; unanimously carried.

The January, 2018, Operating Report was presented. Motion was made and seconded to approve the January, 2018, Operating Report; unanimously carried.

The January, 2018, Expenses were presented. Motion was made and seconded to approve the January, 2018, Expenses; unanimously carried.

**REPORTS**

Big Rivers Electric:

Messrs. Elliott and Harris reported on the February, 2018, meeting of the Big Rivers Electric Corporation board of directors.

KAEC:

The board of directors of the Kentucky Association of Electric Cooperatives did not meet in February, 2018; therefore, no report was presented.

Management's Report:

There was discussion about the following: the Corporation's sale of 6.6% less energy than budget on a year-to-date basis due to mild weather; unaudited year-end financial results that met loan covenants with the Corporation's various lenders; staff's progress in filling open positions (some created by internal transfers/promotions); progress on upgrading the Palma substation with a new oil-filled circuit breaker and new control equipment; year-end safety statistics from the Corporation's line construction contractor (no recordable injuries, one vehicle accident, and 50 safety audits); the annual performance of ergonomic evaluations of all inside employees' workstations and the correction of noted deficiencies; the provision of annual Mine Safety and Health Administration site-specific training for all employees who may perform work in the three rock quarries served by the Corporation; the receipt of a final order from the Kentucky Public Service Commission approving the Corporation's application of the fuel adjustment clause for the period of November 1, 2016, through April 30, 2017; equipment and software upgrades that buttress the Corporation's significant cybersecurity efforts; and management's efforts on two significant economic development projects in the Corporation's certified electric service territory.

General Counsel's Report:

Mr. Walter reported that his activities consisted of assisting management with routine matters and working on pending litigation.

**OLD BUSINESS**

No old business was addressed.

**NEW BUSINESS**

Composition of Board Director Districts: Motion was made and seconded to affirm that, pursuant to Article IV, Section 4(a) of the Corporation's bylaws, the composition of the several districts as specified in the bylaws is in the best interest of the Corporation and its members; unanimously carried.

Travel Authorization – ACES Member Conference and CFC Forum: Motion was made and seconded to permit all Corporation directors to attend the ACES Member Conference and/or CFC Forum for continuing education purposes; unanimously carried.

Travel Authorization – NRECA Legislative Conference: Motion was made and seconded to permit all Corporation directors to attend the NRECA Legislative Conference for continuing education purposes; unanimously carried.

2018 Operating Budget: Motion was made and seconded to approve the 2018 Operating Budget based on operating revenues of \$76.2 million, non-operating revenues of \$0.5 million, operating expenses of \$77.1 million, Operating TIER of 0.60, and TIER of 0.86 as proposed by management; unanimously carried.

2018 Capital Budget: Motion was made and seconded to approve the 2018 Capital Budget based on \$0.7 million in equipment purchases and \$6.9 million in system improvements as proposed by management; unanimously carried.

Kentucky Wired Pole Attachment Agreement: Motion was made and seconded to authorize management, subject to the approval of the general counsel, to enter into a 30-year pole attachment with the Commonwealth of Kentucky for attachment of fiber-optic cables to the Corporation's poles; unanimously carried.

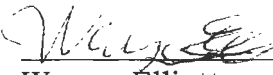
**EXECUTIVE SESSION**

The directors met in executive session.

**ADJOURNMENT**

Motion was made and seconded to adjourn; unanimously carried.

  
\_\_\_\_\_  
Erick Harris  
Chair

  
\_\_\_\_\_  
Wayne Elliott  
Secretary/Treasurer

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
March 22, 2018

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A regular meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on Thursday, March 22, 2018, at 6:00 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Lee Bearden, William Birney, Dr. Ivus Crouch, Wayne Elliott,  
Erick Harris, Jack Marshall, Chuck Mullen, and Lori Thompson.

Also present were Dennis Cannon, president and CEO; Scott Ribble, vice president of engineering and operations; Ward Morgan, manager of technical services; Terry Miller, manager of customer service; Murray Riley, safety coordinator; and Rick Walter, general counsel.

**OPENING BUSINESS**

The meeting was called to order by Mr. Harris. Mr. Birney offered the invocation.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

The February, 2018, Operating Report was presented. Motion was made and seconded to approve the February, 2018, Operating Report; unanimously carried.

The February, 2018, Expenses were presented. Motion was made and seconded to approve the February, 2018, Expenses; unanimously carried.

**REPORTS**

Big Rivers Electric:

Messrs. Elliott and Harris reported on the March, 2018, meeting of the Big Rivers Electric Corporation board of directors.

KAEC:

Mr. Birney reported on the March, 2018 meeting of the Kentucky Association of Electric Cooperatives, Inc. board of directors.

Management's Report:

There was discussion about the following: the Corporation's sale of 5.5% less energy than budget on a year-to-date basis due to mild February weather; the fact that controllable expenses were 3.37% less than budget on a year-to-date basis; management's work with Menard's and Falconite on preliminary routing of power lines for the new Menard's store on Hinkleville Road; the Corporation's Average System Availability Index (ASAI) score of 99.982 % on a year-to-date

basis (exceeding the established goal of 99.98%); staff's progress in filling open positions (some created by internal transfers/promotions); the participation of four employees in the BREC Cooperative Leadership Program; the Corporation's application for participation in the NRECA RC3 SANS voucher program for free cybersecurity training; the participation of nine employees in a TVPPA training workshop on the design, construction, and operation of underground utility lines; the introduction of the practice of requiring written documentation of all job briefings for construction, maintenance, and outage response activities involving two or more employees working on conductors energized at 600 or more volts; the receipt of a final order from the Kentucky Public Service Commission in Case 2017-00345 (a combined six-month and two-year review of the Corporation's application of the Environmental Surcharge) approving the Corporation's application of same; and management's continuing efforts on two significant economic development projects in the Corporation's certified electric service territory.

General Counsel's Report:

Mr. Walter reported that his activities consisted of assisting management with routine matters and working on pending litigation.

**OLD BUSINESS**

No old business was addressed.

**NEW BUSINESS**

12-31-2017 Operating Report – CFC Version: Motion was made and seconded to approve the 12-31-2017 Operating Report for submission to the National Rural Utilities Cooperative Finance Corporation (CFC); unanimously carried.

12-31-2017 Operating Report – RUS Version: Motion was made and seconded to approve the 12-31-2017 Operating Report for submission to the Rural Utilities Service; unanimously carried.

Selection of New Term and Interest Rate for Long-Term FFB Loan H0045: Motion was made and seconded to authorize management to reprice the Corporation's loan H0045 with the Federal Financing Bank for a term of one year at an interest rate of approximately 2.085%; motion carried with seven in favor and one in opposition.

2017 Federated Statement of Capital Allocation and Patronage Refund: Mr. Cannon presented the 2017 cash and equity patronage distributions from Federated Rural Electric Insurance Exchange to the Corporation. As this was a strictly informational item, no action was taken.

2017 CFC Statement of Benefits: Mr. Cannon presented an overview of the benefits that accrued to the corporation as a result of its membership in CFC. As this was a strictly informational item, no action was taken.


2017 CoBank Statement of Qualified Patronage Distribution: Mr. Cannon presented the 2017 cash and equity patronage distributions from CoBank to the corporation. As this was a strictly informational item, no action was taken.

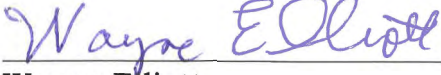
**EXECUTIVE SESSION**

The directors met in executive session.

**ADJOURNMENT**

Motion was made and seconded to adjourn; unanimously carried.

  
\_\_\_\_\_  
Erick Harris  
Chair

  
\_\_\_\_\_  
Wayne Elliott  
Secretary/Treasurer



MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
April 26, 2018

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A regular meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on Thursday, April 26, 2018, at 6:00 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Lee Bearden, William Birney, Dr. Ivus Crouch, Wayne Elliott,  
Erick Harris, Jack Marshall, Chuck Mullen, and Lori Thompson.

Also present were Dennis Cannon, president and CEO; Jeff Williams, vice president of finance and accounting; Ward Morgan, manager of technical services; Terry Miller, manager of customer service; Murray Riley, safety coordinator; Vanessa Blagg, manager of human resources and administrative services; and Rick Walter, general counsel.

**OPENING BUSINESS**

The meeting was called to order by Mr. Harris. Mr. Marshall offered the invocation.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

The March, 2018, Operating Report was presented. Motion was made and seconded to approve the March, 2018, Operating Report; unanimously carried.

The March, 2018, Expenses were presented. Motion was made and seconded to approve the March, 2018, Expenses; unanimously carried.

**REPORTS**

Big Rivers Electric:

Messrs. Elliott and Harris reported on BREC activities in executive session.

KAEC:

No report was provided as the board of directors of the Kentucky Association of Electric Cooperatives, Inc. did not meet during the month of April.

Management's Report:

There was discussion about the following: the Corporation's sale of 9.2% less energy than budget on a year-to-date basis due to mild February and March weather; the fact that controllable expenses were 0.78% in excess of budget on a year-to-date basis due to the extraordinary efforts required to deal with flooding in the area during March; progress on working with the owners of the Sears building in Kentucky Oaks Mall to install new metering equipment to accommodate a new Burlington store and to improve safety by lowering arc

flash potential; Mr. Ribble's efforts to find engineering solutions to reduce the system's vulnerability to flooding in areas of Livingston and Marshall Counties; the Corporation's Average System Availability Index (ASAI) score of 99.994 % on a year-to-date basis (exceeding the established goal of 99.98%); staff's progress in filling open positions (some created by internal transfers/promotions) including the hiring of Mr. Jeff Williams as the Corporation's vice president of finance and accounting; the excellent progress made by Mr. Morgan in improving the performance of the automated meter reading system; the wrongful termination of the Corporation's voice and data service by AT&T and the efforts made by management to correct the problem and to prevent it from recurring; the operation of a substation breaker that unexpectedly removed the Palma substation from service and management's efforts to diagnose the situation and to prevent it from recurring; and the participation of all CDL drivers in a hands-on safety training event that reviewed pre-trip inspections and driving of commercial motor vehicles on two- and four-lane roadways.

General Counsel's Report:

Mr. Walter reported that his activities consisted of assisting management with routine matters and working on pending litigation.

**OLD BUSINESS**

No old business was addressed.

**NEW BUSINESS**

2017 Financial Audit: Motion was made and seconded to accept the 2017 financial audit as presented by the independent auditor retained by the board of directors; unanimously carried.

Federated Rural Electric Insurance Renewal for 2018-2019: Mr. Cannon presented a proposal from Federated Rural Electric Insurance Exchange for corporate insurance (except for workers compensation) for the 2018-2019 coverage year. A request was made that Mr. Cannon obtain a quote for Data Restoration coverage as part of the All Risk Blanket policy. No action was taken.

KAEC Statewide Safety Goals Commitment: Motion was made and seconded to authorize Mr. Cannon to sign the commitment form on behalf of the Corporation and to take all reasonable actions in concert with the Safety Coordinator and the Vice President of Engineering and Operations to perform the Specific Objectives and to achieve the Statewide Goals; motion carried with seven in favor and one in opposition. The form is annexed to these minutes as Exhibit A.

Director Conflict of Interest and Business Ethics Policy Review and Declaration (Board Policy 900-18): The chair initiated a discussion of Policy 900-18 among the board. After the discussion, all directors completed and signed their respective conflict of interest disclosure forms and returned them to management for review and retention. No formal action was taken.

2017 IRS Form 990 – Return of Organization Exempt from Income Tax: Motion was made and seconded to approve the 2017 IRS Form 990 as prepared by the board’s independent auditor and to ratify his filing of same with the IRS on behalf of the corporation; unanimously carried.

Solar Power Generation Contract with Kentucky National Guard and Big Rivers Electric Corporation Pursuant to JPEC Tariff Schedule SPC-B: Motion was made and seconded to authorize Mr. Cannon to sign the contract and to authorize BREC to file same with the Kentucky Public Service Commission for approval on behalf of the Corporation; unanimously carried.

Appointment of Election Tellers for the 2018 Board of Directors Election: Motion was made and seconded to appoint the following 16 people as election tellers for the 2018 Board of Directors election pursuant to Article IV, Section 4(d) of the Corporation’s bylaws: Rodney Baker, Sandra Crowley, Faye Dae, Phillip Dae, Kristy Johnson, Brenda Kerley, J.V. Kerley, Dianne King, Steve Lyles, Rita Ramage, Robert Reynolds, Wanda Trail, Janet Viets, Mark Viets, Betty Wright, and William Wright; unanimously carried.

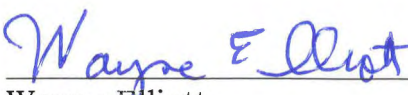
**EXECUTIVE SESSION**

The directors met in executive session.

**ADJOURNMENT**

Motion was made and seconded to adjourn; unanimously carried.

  
\_\_\_\_\_  
Erick Harris  
Chair

  
\_\_\_\_\_  
Wayne Elliott  
Secretary/Treasurer

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
May 24, 2018

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A regular meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on Thursday, May 24, 2018, at 6:00 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Lee Bearden, William Birney, Wayne Elliott, Erick Harris,  
Jack Marshall, Chuck Mullen, and Lori Thompson.

Also present were Dennis Cannon, president and CEO; Scott Ribble, vice president of engineering and operations; Jeff Williams, vice president of finance and accounting; Ward Morgan, manager of technical services; Murray Riley, safety coordinator; Vanessa Blagg, manager of human resources and administrative services; and Rick Walter, general counsel.

### **OPENING BUSINESS**

The meeting was called to order by Mr. Harris. Mr. Mullen offered the invocation.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

### **REPORTS**

#### Safety:

The following topics were discussed: a training program for all outside personnel on the topic of “near misses” that was presented in April; an electric safety demonstration for fifty third graders at Ballard Elementary School; the first quarter safety report from the Corporation’s line construction contractor, Davis H. Elliot Company reflecting 6,183 man-hours worked and 34 safety programs/audits delivered; and the Corporation’s achievement of 100 days of work with no lost-time injuries.

#### Big Rivers Electric:

Messrs. Elliott and Harris reported on the May meeting of the board of directors of Big Rivers Electric Corporation.

#### KAEC:

No report was provided as the board of directors of the Kentucky Association of Electric Cooperatives, Inc. had not yet held its May meeting.

Management's Report:

There was discussion about the following: the Corporation's sale of 5.4% less energy than budget on a year-to-date basis due to mild February and March weather; staff's progress in filling open positions – including the hiring of an administrative services assistant; the continued excellent progress in improving the performance of the automated meter reading system; the connection of two net metering installations to the Corporation's distribution system; preparations for the Corporation's 81<sup>st</sup> annual meeting and for the 2018 board of directors election; a 768% year-over-year increase in service disconnections for overdue bills attributable to better performance of the AMR system and assistance of the operations department in reading non-reporting meters; and efforts to procure a "cloud" storage for certain Corporation computer data that will enhance cybersecurity and meet federal data privacy requirements.

General Counsel's Report:

Mr. Walter reported that his activities consisted of assisting management with routine matters and working on pending litigation.

**OLD BUSINESS**

No old business was addressed.

**NEW BUSINESS**

April, 2018, Operating Report: Motion was made and seconded to accept the April, 2018, Operating Report; unanimously carried.

April 2018, Expense Report: Motion was made and seconded to accept the April, 2018, Expense Report; unanimously carried.

Assignment of 2017 Margins to Members: Motion was made and seconded to accept management's recommendation to assign all 2017 margins to the members as capital credits; unanimously carried.

Federated Rural Electric Insurance Renewal for 2018-2019: Motion was made and seconded to ratify Mr. Cannon's acceptance of the proposal from Federated Rural Electric Insurance Exchange for insurance for the 2018-2019 year; unanimously carried.

Voting Delegate for 2018 United Utility Supply Annual Meeting: Motion was made and seconded to name Mr. Birney as the voting delegate and Mr. Cannon as the alternate voting delegate for the 2018 UUS annual meeting; unanimously carried.

Voting Delegate for 2018 National Cooperative Services Corporation Annual Meeting: Motion was made and seconded to name Mr. Bearden as the voting delegate and Ms. Thompson as the alternate voting delegate to the 2018 NCSC annual meeting; unanimously carried.

Date for First Meeting of 2018 Board of Directors Election Tellers: Motion was made and seconded to fix the date of Thursday, May 31, 2018 as the date of the first meeting of the election tellers for the 2018 Board of Directors election; unanimously carried.

Travel Authorization – 2018 NRECA Summer Schools for Directors: Motion was made and seconded to permit all directors to attend the 2018 National Rural Electric Cooperative Association’s Summer Schools for Directors for continuing education purposes; unanimously carried.

Appointment of Applicant’s Agent for FEMA-4361-DR: Motion was made and seconded to adopt the resolution annexed to these minutes as Exhibit A; unanimously carried.

**EXECUTIVE SESSION**

The directors met in executive session.

**RESUMPTION OF REGULAR SESSION**

Following a brief executive session, the directors resumed regular session and considered the following items of new business:

Resolution – Confidentiality Agreement for Board of Directors: Motion was made and seconded to adopt the resolution annexed to these minutes as Exhibit B; unanimously carried.

Resolution – Orientation Meeting for Newly Elected Board Members: Motion was made and seconded to adopt the resolution annexed to these minutes as Exhibit C; unanimously carried.


Memorandum to Board of Director Election Candidates: Motion was made and seconded to instruct the Secretary Elliott to send the memorandum annexed to these minutes as Exhibit D to all seven candidates participating in the 2018 Board of Directors Election.

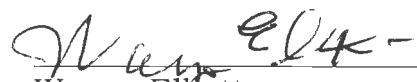
**RESUMPTION OF EXECUTIVE SESSION**

The directors resumed their executive session meeting.

**ADJOURNMENT**

Motion was made and seconded to adjourn; unanimously carried.

  
\_\_\_\_\_  
Erick Harris  
Chair

  
\_\_\_\_\_  
Wayne Elliott  
Secretary/Treasurer

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
June 19, 2018

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A special meeting of the Board of Directors of Jackson Purchase Energy Corporation, called by Chairman Erick Harris, was called to order on Tuesday, June 19, 2018, at 5:30 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Lee Bearden, William Birney, Dr. Ivus Crouch, Wayne Elliott  
Erick Harris, Jack Marshall, Chuck Mullen, and Lori Thompson.

Also present were Dennis Cannon, president and CEO (participating via telephone); Jeff Williams, vice president of finance and accounting; and Chuck Walter, acting general counsel.

**OPENING BUSINESS**

The meeting was called to order by Mr. Harris. Mr. Marshall offered the invocation.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

**OLD BUSINESS**

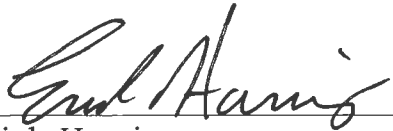
No old business was addressed.

**NEW BUSINESS**

Proposed Resolution Authorizing Management to File Revised Demand Side Management Tariff Sheets with Kentucky Public Service Commission: Motion was made and seconded to adopt the resolution annexed to these minutes as Exhibit A; unanimously carried.

**ADJOURNMENT**

Motion was made and seconded to adjourn; unanimously carried.

  
\_\_\_\_\_  
Erick Harris  
Chair

  
\_\_\_\_\_  
Wayne Elliott  
Secretary/Treasurer

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
JUNE 21, 2018

---

In accordance with Article V, Section 1, and Article VI, Section 2, of the corporation's bylaws, a meeting of the Board of Directors of the Jackson Purchase Energy Corporation was held in the Green Room of the Luther F. Carson Four Rivers Center for the Performing Arts in Paducah, Kentucky, on June 21, 2018, immediately upon adjournment of the 2018 Annual Meeting of Members.

The following directors were in attendance:

Joshua Barnes, Lee Bearden, Kevin Bell, Dr. Ivus Crouch,  
Wayne Elliott, Erick Harris, Jack Marshall, and Terry Teitloff.

Also present were Dennis L. Cannon, president and CEO; and Richard Walter, general counsel.

**OPENING BUSINESS**

The meeting was called to order by Chair Harris. The invocation was offered by Mr. Bearden.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

**OLD BUSINESS**

No old business was addressed.

**NEW BUSINESS**

Directors Barnes, Bell, and Teitloff executed confidentiality agreements between themselves, respectively, and Jackson Purchase Energy Corporation pursuant to the resolution passed by the Board of Directors at its May 24, 2018, regular meeting.

Directors Barnes, Bell, and Teitloff executed confidentiality agreements among themselves, respectively, and Jackson Purchase Energy Corporation and Big Rivers Electric Corporation pursuant to the resolution passed by the Board of Directors at its May 24, 2018, regular meeting.



Directors Barnes, Bell, and Teitloff scheduled a joint meeting with General Counsel Walter for Monday, June 25, 2018, for the purpose of understanding their fiduciary responsibilities owed to Jackson Purchase Energy Corporation members, which duties include but are not limited to confidentiality, loyalty, best business judgment, and the utmost good faith so as to prevent individual liability or responsibility on behalf of the individual Board member or Jackson Purchase Energy Corporation pursuant to the resolution passed by the Board of Directors at its May 24, 2018, regular meeting.

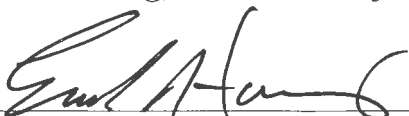
Ballots for the office of Chair were distributed to the directors. After the ballots were cast by the directors, the ballots were counted by Messrs. Cannon and Walter. Mr. Harris was reelected to the office of Chair by a vote of seven to one.

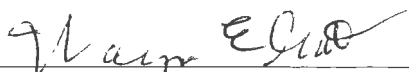
Ballots for the office of Vice Chair were distributed to the directors. After the ballots were cast, they were counted by Messrs. Cannon and Walter. Mr. Marshall was reelected to the office of Vice Chair by a vote of six to one with one abstention.

Ballots for the office of Secretary-Treasurer were distributed to the directors. After the ballots were cast, they were counted by Messrs. Cannon and Walter. Mr. Elliott was reelected to the office of Secretary-Treasurer by unanimous vote.

Ballots for the office of Representative to the KAEC Board of Directors were distributed to the directors. After the ballots were cast, they were counted by Messrs. Cannon and Walter. Mr. Bearden was elected to the office of Representative to the KAEC Board of Directors with seven votes and one abstention.

There being no other business, a motion was made and seconded to adjourn the meeting; unanimously carried.

  
\_\_\_\_\_  
Erick Harris  
Chair

  
\_\_\_\_\_  
Wayne Elliott  
Secretary/Treasurer

DECLARATION OF QUORUM

The Bylaws of the Corporation require one hundred fifty (150) members be present for a legal business meeting to be conducted.

Jackson Purchase Energy Corporation Bylaws:

ARTICLE III, MEETINGS OF MEMBERS, Section 4, Quorum: "As long as the total number of members does not exceed five hundred (500), ten (10) per centum of the total number of members present in person shall constitute a quorum. In case the total number of members shall exceed one thousand (1,000), one hundred fifty (150) members present in person shall constitute a quorum. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice. The minutes of each meeting shall contain a list of the members present in person.

NOTE:

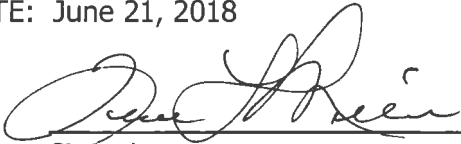
Jackson Purchase Energy Corporation's membership to date is in excess of one thousand (1,000) members; therefore, one hundred fifty (150) members constitute a quorum.

OFFICIAL COUNT FROM REGISTRATION BOOTH:

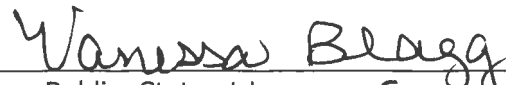
Number of persons registered: 367

TIME: 6:00 PM

DATE: June 21, 2018

  
\_\_\_\_\_  
Signed

  
\_\_\_\_\_  
Title

  
\_\_\_\_\_  
Notary Public, State at Large 547474  
My Commission Expires: 12-22-19

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
June 28, 2018

---

A regular meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on Thursday, June 28<sup>th</sup>, 2018, at 6:00 p.m. at the office of the company at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Josh Barnes, Lee Bearden, Kevin Bell, Ivus Crouch, Wayne Elliott, Erick Harris, Jack Marshall, and Terry Teitloff

Also present were Dennis Cannon, president & CEO; Scott Ribble, vice president of Engineering and Operations; Jeff Williams, vice president of accounting and finance; Ward Morgan, manager of technical services; Murray Riley, safety coordinator; Vanessa Blagg, manager of human resources and administrative services; Terry Miller, manager of customer service; and Rick Walter, general counsel.

**OPENING BUSINESS**

The meeting was called to order by Mr. Harris. Mr. Teitloff offered the invocation.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

**REPORTS**

Safety:

Mr. Riley reported on the monthly training for confined space rescue and bucket truck rescue that had been held, no lost time days, and the two safety demonstrations held for the Reidland Fire Department and for the Heath Elementary third grade students.

Big Rivers Electric:

Mr. Elliott reported on the June 2018 Big Rivers Electric board meeting.

KAEC:

Mr. Cannon reported on the June 2018 KAEC board meeting.

Departmental Reports:

The following topics were discussed; Owensboro Power, cushion of credit, flood projects, youth tour, scholarship program, staffing, energy efficiency programs, AT&T phone connections, AMI discrepancies, etc.

Attorney:

Mr. Walter reported that his activities consisted of assisting management with routine matters.

### **OLD BUSINESS**

No old business was addressed.

### **NEW BUSINESS**

May 2018 Operating Report: Motion was made and seconded to accept the May 2018 operating report; unanimously carried.

May 2018 Expense Report: Motion was made and seconded to accept the May 2018 expense report; unanimously carried.

Update Corporate Resolutions and Signature Cards of Paducah Bank: Motion was made and seconded to adopt the resolution and to authorize the corporate officers to sign the signature cards to include Mr. Jeff Williams, vice president of accounting and finance; unanimously carried.

Travel Authorization: Motion was made and seconded to authorize all corporation directors to attend the 2018 NRECA Region III Meeting for continuing education purposes; unanimously carried.

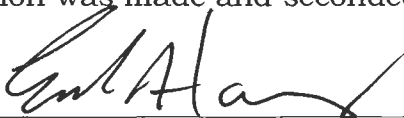
Purchase of Flashlights: Motion was made and seconded to authorize purchase of enough additional annual meeting flashlights to provide one to each cooperative employee; unanimously carried.


### **EXECUTIVE SESSION**

The directors met in executive session.

### **ADJOURNMENT**

Motion was made and seconded to adjourn; unanimously carried.

  
\_\_\_\_\_  
Erick Harris  
Chair

  
\_\_\_\_\_  
Wayne Elliott  
Secretary/Treasurer

**CORRECTED MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
SPECIAL MEETING  
JULY 19, 2018**

A special called meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on Thursday, July 19, 2018 at 5:30 p.m. at the offices of Boehl Stopher & Graves at 410 Broadway, Paducah, McCracken County, Kentucky.

The following Directors were in attendance:

Erick Harris  
Wayne Elliott  
Jack Marshall  
Ivus Crouch  
Lee Bearden  
Terry Teitloff  
Joshua Barnes  
Kevin Bell

Also present was Richard L. Walter, general counsel.

The meeting was called to order by Chairman Erick Harris. Mr. Elliott offered the invocation.

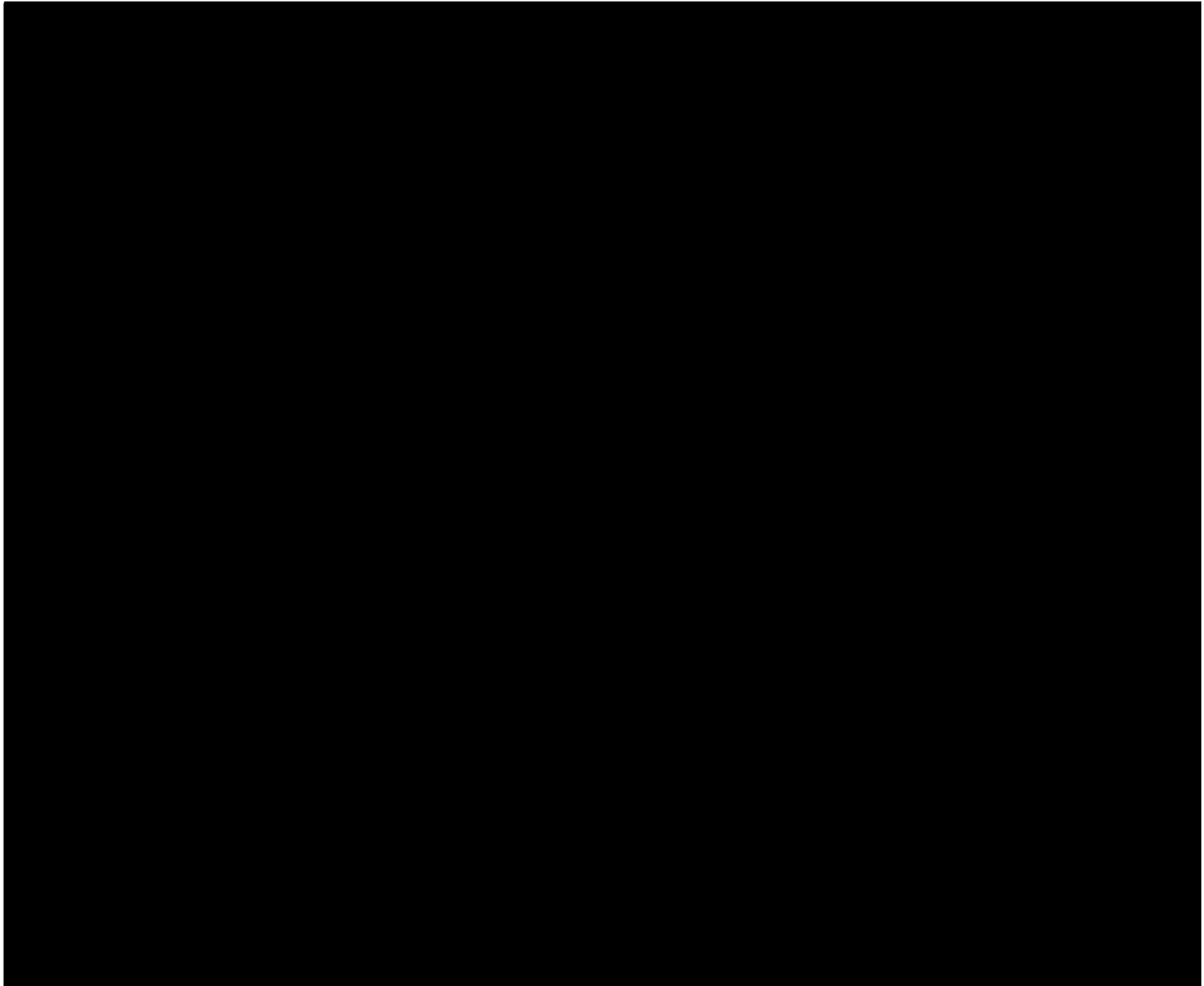
An Agenda for the special meeting was presented. Motion was made and seconded to accept the Agenda; unanimously carried.

Each Director was requested to execute a Waiver relative to the notice required for a special meeting of the Jackson Purchase Board of Directors. Each member of the Board of Directors executed the Waiver.

New Business: A discussion was held relative to banking activities for Jackson Purchase. It was determined that CFO Jeff Williams would be the authorized corporate representative for internet banking. Direction will be provided to the bank through written correspondence of Jackson Purchase.

EXECUTIVE SESSION: The Directors met in Executive Session.

Resumption of Special Meeting: After the Executive Session, the following motions were made:



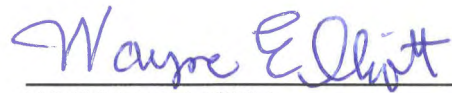
Information Technology, Administrative Rights: Motion was made and seconded to authorize Ward Morgan to have administrative rights on all computer programs and other IT equipment necessary to maintain Jackson Purchase computer logistics. It was also requested that Ward Morgan terminate, at an appropriate time in the future, all

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access of Dennis Cannon to any computer program, system, or other access to software immediately. Motion unanimously carried.

Adjournment: Motion was made and seconded to adjourn; unanimously carried.

  
ERICK HARRIS, CHAIR

  
WYANE ELLIOTT,  
SECRETARY/TREASURER

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
July 26, 2018

---

A regular meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on Thursday, July, 26<sup>th</sup> 2018, at 6:00 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Lee Bearden, Dr. Ivus Crouch, Wayne Elliott, Erick Harris, Jack Marshall, Terry Teitloff and Joshua Barnes.

Also present were Mike Chambliss, Interim President and CEO; Jeff Williams, Vice President of Finance and Accounting; Ward Morgan; Manager of Technical Services; Terry Miller, Manager of Customer Service; Murray Riley, Safety Coordinator; Vanessa Blagg, Manager of Human Resources and Administrative Services; and Rick Walter, general counsel.

**OPENING BUSINESS**

The meeting was called to order by Mr. Harris. Mr. Barnes offered the invocation.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

Motion was made and seconded to correct the June 19, 2018 special meeting minutes as those in attendance were incorrect; unanimously carried.

**REPORTS**

Safety:

Mr. Riley reported on the monthly training for Hazardous Recognition. This is required annual training. There were no reportable vehicle accidents nor were there any reportable injuries for the month.

Big Rivers Electric:

Mr. Elliott reported on the July 2018 Big Rivers Electric board meeting.

KAEC:

There was no KAEC meeting held to report on.



Departmental Reports:

The following topics were discussed; Bypass Rd project, Tiline project, storm restoration, staffing, hosting BREC leadership program, AT&T phone outage, AMI performance, collection of delinquent accounts, etc.

Attorney:

Mr. Walter reported his activities consisted of assisting management with routine matters.

**OLD BUSINESS**

No old business was addressed.

**NEW BUSINESS**

June 2018 Operating Report:

Motion was made and seconded to accept the June 2018 operating report; unanimously carried.

June 2018 Expense Report:

Motion was made and seconded to accept the June 2018 expense report; unanimously carried.

NRECA Annual and Regional Voting Delegate:


Motion was made and seconded to name Mr. Bearden as the NRECA voting delegate and Mr. Barnes as the alternate.

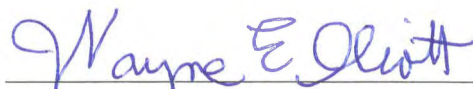
**EXECUTIVE SESSION**

The directors met in executive session.

**ADJOURNMENT**

Motion was made and seconded to adjourn; unanimously carried.

  
\_\_\_\_\_  
Erick Harris  
Chair

  
\_\_\_\_\_  
Wayne Elliott  
Secretary/Treasurer

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
August 23, 2018

---

A regular meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on August 23rd, 2018, at 6:00 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Lee Bearden, Dr. Ivus Crouch, Wayne Elliott, Erick Harris, Jack Marshall, Terry Teitloff, Joshua Barnes and Keven Bell.

Also present were Mike Chambliss, Interim President and CEO; Jeff Williams, Vice President of Finance and Accounting; Ward Morgan; Manager of Technical Services; Terry Miller, Manager of Customer Service; Murray Riley, Safety Coordinator; Vanessa Blagg, Manager of Human Resources and Administrative Services; and Rick Walter, general counsel.

**OPENING BUSINESS**

The meeting was called to order by Mr. Harris. Mr. Elliott offered the invocation.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

**REPORTS**

Safety:

Mr. Riley reported on the monthly training for Forklifts and D.O.T. refresher. This is required annual training. There were no reportable vehicle accidents nor were there any reportable injuries for the month.

Big Rivers Electric:

Mr. Elliott reported on the Big Rivers Electric board meeting.

KAEC:

There was no KAEC meeting held to report on.

Departmental Reports:

The following topics were discussed; Arc Flash Study, Kansas Substation, staffing, AMI performance, collection of delinquent accounts, etc.

Attorney:

Mr. Walter reported his activities consisted of assisting management with routine matters.

**OLD BUSINESS**

No old business was addressed.

**NEW BUSINESS**

July 2018 Operating Report:

Motion was made and seconded to accept the July 2018 operating report; unanimously carried.

July 2018 Expense Report:

Motion was made and seconded to accept the July 2018 expense report; unanimously carried.

BREC Director Election:

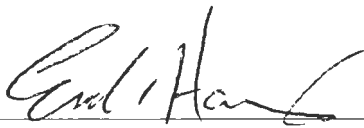
Election was held and Erick Harris was voted in as BREC Board Director

**EXECUTIVE SESSION**

The directors met in executive session.

**ADJOURNMENT**

Motion was made and seconded to adjourn; unanimously carried.



Erick Harris  
Chair



Wayne Elliott  
Secretary/Treasurer

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
September 6, 2018

---

A special meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on Thursday, September 6, 2018, at 6:00 p.m. at the law office of Boehl, Stopher, & Graves at 410 Broadway, Paducah, Kentucky. The following directors were in attendance:

Ivus Crouch, Lee Bearden, Erick Harris, Wayne Elliott, Terry Teitloff, Jack Marshall, Joshua Barnes, Kevin Bell

Also present was Charles D. Walter, who filled the place of Richard L. Walter as general counsel, as Mr. Walter was unavailable.

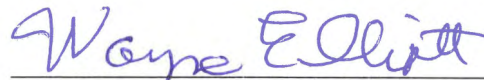
**OPENING BUSINESS**

Meeting was called to order by chairman, Erick Harris, for the sole purpose of extending an offer of employment to a new CEO for the organization. The motion was made by Lee Bearden with second by Wayne Elliott, to extend an offer of employment, pursuant to the terms discussed in an executive session to Greg Grissiom, with no additional discussion taking place the question was called by the chairman and the motion was accepted unanimously.

All Board members present signed a Waiver of Notice for Special Meeting, which shall accompany these minutes in Jackson Purchase Energy Corporation records.

**ADJOURNMENT**

A Motion was made by Jack Marshall with second by Joshua Barnes to adjourn the meeting; unanimously carried.



\_\_\_\_\_  
Wayne Elliott  
Secretary/Treasurer

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
September 27, 2018

---

A regular meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on September 27, 2018, at 6:00 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Lee Bearden, Dr. Ivus Crouch, Wayne Elliott, Erick Harris, Jack Marshall, Terry Teitloff, Joshua Barnes and Keven Bell.

Also present were Mike Chambliss, Interim President and CEO; Scott Ribble, Vice President of Engineering and Operations; Ward Morgan, Manager of Technical Services; Terry Miller, Manager of Customer Service; Murray Riley, Safety Coordinator; Vanessa Blagg, Manager of Human Resources and Administrative Services; and Rick Walter, general counsel.

**OPENING BUSINESS**

The meeting was called to order by Mr. Harris. Mr. Bearden offered the invocation.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

**REPORTS**

Safety:

Mr. Riley reported on the monthly training for Safety Leadership, and back safety, done by IMAC. There were no reportable vehicle accidents nor were there any reportable injuries for the month.

Big Rivers Electric:

Mr. Elliott reported on the Big Rivers Electric board meeting.

KAEC:

Mr. Bearden reported on the KAEC board meeting.

Departmental Reports:

The following topics were discussed; Policy and Procedure review, meeting dates scheduled, staffing, AMI performance, collection of delinquent accounts, etc.

Attorney:

Mr. Walter reported his activities consisted of assisting management with routine matters and update on the NBRI employee survey.

**OLD BUSINESS**

No old business was addressed.

**NEW BUSINESS**

August 2018 Operating Report:

Motion was made and seconded to accept the July 2018 operating report; unanimously carried.

August 2018 Expense Report:

Motion was made and seconded to accept the June 2018 expense report; unanimously carried.

**EXECUTIVE SESSION**

The directors met in executive session. The following actions were taken;

The Board authorizes management to execute a retail power sales agreement with Marathon Pipeline Inc.

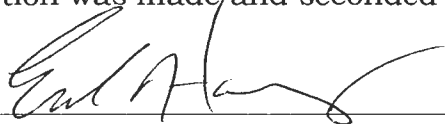
The Board authorizes management to move from the 13<sup>th</sup> edition of the APPA Safety Manual to the 16<sup>th</sup> edition of the APPA Safety Manual.


The Board authorizes management to engage Alan Zumstein to perform an audit of JPEC's 2018 financial Statements and Complete IRS 990, after review and approval of the engagement letter by Rick Walter.

The Board also agreed to drop the CoBank Line of Credit from \$10 million to \$1 million, after obtaining a written statement from CoBank that the Line of Credit could be increased back to \$10 million within approximately 1 week.

**ADJOURNMENT**

Motion was made and seconded to adjourn; unanimously carried.

  
\_\_\_\_\_  
Erick Harris  
Chair

  
\_\_\_\_\_  
Wayne Elliott  
Secretary/Treasurer

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
October 23, 2018

---

A regular meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on October 23, 2018, at 6:00 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Joshua Barnes, Lee Bearden, Kevin Bell, Dr. Ivus Crouch, Wayne Elliott, Erick Harris, and Jack Marshall.

Also present were Greg Grissom, President and CEO; Scott Ribble, Vice President of Engineering and Operations; Ward Morgan, Manager of Technical Services; Terry Miller, Manager of Member Services; Murray Riley, Safety Coordinator; Jeff Williams, Vice President of Finance and Accounting, Vanessa Blagg, Manager of Human Resources and Administrative Services; and Rick Walter, general counsel.

**OPENING BUSINESS**

The meeting was called to order by Mr. Harris. Mr. Barnes offered the invocation.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

**REPORTS**

Safety:

Mr. Riley reported on the monthly training the Lineman's Rodeo, accidents, and safety demonstrations.

Big Rivers Electric:

Mr. Elliott reported on the Big Rivers Electric board meeting.

KAEC:

Mr. Bearden reported on the KAEC board meeting.

Federated Member Update:

Mr. Grissom reported on the Federated Member Update.

Departmental Reports:

The following topics were discussed; Calvert City project, staffing, estimated accounts, Kentucky PSC call, name change of the Customer Service Department to Member Services, AMI system performance, new phone system, etc.

Attorney:

Mr. Walter reported his activities consisted of assisting management with routine matters and provided an update on the NBRI employee survey.

**OLD BUSINESS**

No old business was addressed.

**NEW BUSINESS**

October 2018 Operating Report:

Motion was made and seconded to accept the October 2018 operating report; unanimously carried.

October 2018 Expense Report:

Motion was made and seconded to accept the October 2018 expense report; unanimously carried.

CFC Line of Credit:

Motion was made and seconded to accept the renewal of the CFC line of credit for five million dollars.

Policy Updates:

Motion was made and seconded to accept policy changes to Policy 100-1 (Board of Directors – President & CEO Interrelationships), Policy 100-2 (Functions of the Board of Directors), and Policy 100-3 (Meetings of the Board of Directors).

Feasibility Study:

Motion was made and seconded to spend \$35,000.00 on a feasibility study on the corporation's facilities.

**EXECUTIVE SESSION**

The directors met in executive session.



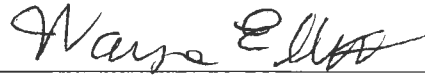
**ADJOURNMENT**

Motion was made and seconded to adjourn; unanimously carried.



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Erick Harris  
Chair



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Wayne Elliott  
Secretary/Treasurer

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
November 27, 2018

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A regular meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on November 27, 2018, at 6:00 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Joshua Barnes, Lee Bearden, Kevin Bell, Dr. Ivus Crouch, Wayne Elliott,  
Erick Harris, Jack Marshall and Terry Teitloff

Also present were Greg Grissom, President and CEO; Scott Ribble, Vice President of Engineering and Operations; Ward Morgan, Manager of Technical Services; Murray Riley, Safety Coordinator; Jeff Williams, Vice President of Finance and Accounting, Vanessa Blagg, Manager of Human Resources and Administrative Services; and Rick Walter, general counsel.

**OPENING BUSINESS**

The meeting was called to order by Mr. Harris. Mr. Bell offered the invocation.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

**REPORTS**

Safety:

Mr. Riley reported on the monthly cooperative safety training, safety demonstrations, mileage, general liability, days with no lost time, and the Commitment to Zero Contacts initiative.

Big Rivers Electric:

Mr. Elliott reported on the Big Rivers Electric board meeting.

KAEC:

Mr. Bearden reported on the KAEC board meeting.

Departmental Reports:

The following topics were discussed; apprentices and their status, Kentucky Labor Cabinet settlement agreement, cooperative Facebook page, employee Christmas dinner, employee development, staffing, contract meter readers, new telephone system, disaster recovery, Federated Rural Electric visit, 811-Call Before You Dig, strategic planning, and the cooperative budget.

Attorney:

Mr. Walter reported his activities consisted of assisting management with routine matters and discussed his recent training on hiring, cyber security in regards to vendors and director responsibilities/fiduciary duties. Mr. Walter also read a resolution honor Mike Chambliss' service as interim President & CEO.

**OLD BUSINESS**

No old business was addressed.

**NEW BUSINESS**

November 2018 Operating Report:

Motion was made and seconded to accept the November 2018 operating report; unanimously carried.

November 2018 Expense Report:

Motion was made and seconded to accept the November 2018 expense report; unanimously carried.

American Cancer Society:

Motion was made and seconded to approve a cooperative match of up to \$1,000.00 to the American Cancer Society to match employee contributions.

Resolution:

Motion was made and seconded to approve the board resolution honoring Mike Chambliss' service to Jackson Purchase Energy as interim President & CEO.

Other items of discussion included setting director workshop dates for the second Tuesday of each month. The board also changed the board meeting time to 5:30 p.m. starting in December.

**EXECUTIVE SESSION**

The directors met in executive session.

**ADJOURNMENT**

Motion was made and seconded to adjourn; unanimously carried.



\_\_\_\_\_  
Erick Harris  
Chair



\_\_\_\_\_  
Wayne Elliott  
Secretary/Treasurer

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
December 27, 2018

---

A regular meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on December 27, 2018, at 5:30 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Lee Bearden, Wayne Elliott, Erick Harris, Jack Marshall, Terry Teitloff,  
Joshua Barnes and Kevin Bell.

Also present were Greg Grissom, President and CEO, Ward Morgan, Vice President of Technology; Ashley Turner, Manager of Member Services; Murray Riley, Safety Coordinator; Jeff Williams, VP of Finance and Accounting; and Rick Walter, general counsel.

**OPENING BUSINESS**

The meeting was called to order by Mr. Harris. Mr. Bearden offered the invocation.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

**REPORTS**

Safety:

Mr. Riley reported on the new safety initiative, Commitment to Zero Contacts. There were no reportable vehicle accidents nor were there any reportable injuries for the month.

Big Rivers Electric:

Mr. Elliott reported on the Big Rivers Electric board meeting.

KAEC:

Mr. Bearden reported on the KAEC board meeting.

Departmental Reports:

The following topics were discussed; Economic Development, Flood projects, Policy and Procedure work, Bridging Ky program, Member Relations, the NRECA Annual Meeting and our new CISCO phone system.

Attorney:

Mr. Walter reported his activities consisted of assisting management with routine matters.

**OLD BUSINESS**

No old business was addressed.

**NEW BUSINESS**

KY Living Magazine:

Motion was made to approve 12 issues of the KY Living Magazine; unanimously carried.

**EXECUTIVE SESSION**

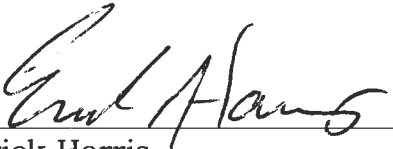
The directors met in executive session. The following actions were taken:

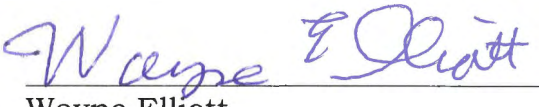
2019 Cooperative Budgets:

Motion was made to approve the operating budget and the capital budget for 2019; unanimously carried.

**ADJOURNMENT**

Motion was made and seconded to adjourn; unanimously carried.

  
\_\_\_\_\_  
Erick Harris  
Chair

  
\_\_\_\_\_  
Wayne Elliott  
Secretary/Treasurer

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
January 24, 2019

---

A regular meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on January 24, 2019 at 5:30 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Lee Bearden, Wayne Elliott, Erick Harris, Jack Marshall, Terry Teitloff,  
Joshua Barnes and Kevin Bell.

Also present were Greg Grissom, President and CEO, Ward Morgan, Vice President of Technology; Ashley Turner, Manager of Member Services; Murray Riley, Safety Coordinator; Jeff Williams, VP of Finance and Accounting; Amy Vick, Executive Assistant; and Rick Walter, general counsel.

**OPENING BUSINESS**

The meeting was called to order by Mr. Harris. Mr. Barnes offered the invocation.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

**REPORTS**

Big Rivers Electric:

Bob Berry, CEO of Big Rivers, presented Big Rivers' 2019 Strategic Plan. The plan detailed Big Rivers their strategic goals, their mitigation plan, along with the plan to resolve issues associated with the HMP&L contract and the operation of the HMP&L Station Two generation units. Mr. Berry spoke of ways they were working to provide cost-effective shared services desired by their member-owners.

Safety:

Mr. Riley reported the achievement of one year with no lost time. There were no reportable vehicle accidents nor were there any reportable injuries for the month.

KAEC:

Mr. Bearden reported on the KAEC board meeting.

Departmental Reports:

The following topics were discussed; new commercial development; flood projects; Conduit across bridge; Employee additions/promotions; new VOIP phone system; PSC's final order on streamlined rates.

Attorney:

Mr. Walter reported he had received preliminary documents from KYTC to run conduit along the bridge. The documents as presented were not workable, Mr. Walters felt further discussions with the state would be necessary to work out an agreement.

**OLD BUSINESS**

No old business was addressed.

**NEW BUSINESS**

December 2018 Expense Report: Motion was made and seconded to accept the December 2018 expense report; unanimously carried.

Travel Authorization – KEC Director Orientation & Legislative Breakfast: Motion as made and seconded to authorize all corporate directors to attend the February 2019 KEC Director Orientation training and the legislative breakfast; unanimously carried.


Travel Authorization – NRECA Legislative Conference: Motion as made and seconded to authorize all corporate directors to attend the April 2019; unanimously carried.

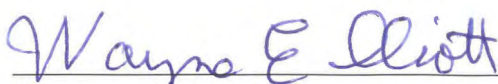
**EXECUTIVE SESSION**

The directors met in executive session.

**ADJOURNMENT**

Motion was made and seconded to adjourn; unanimously carried.

  
\_\_\_\_\_  
Erick Harris  
Chair

  
\_\_\_\_\_  
Wayne Elliott  
Secretary/Treasurer

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
February 28, 2019

---

A regular meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on February 28, 2019 at 5:30 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Lee Bearden, Wayne Elliott, Erick Harris, Jack Marshall, Ivus Crouch,  
Terry Teitloff, Joshua Barnes and Kevin Bell.

Also present were Greg Grissom, President and CEO; Ward Morgan, Vice President of Technology; Ashley Turner, Manager of Member Services; Murray Riley, Safety Coordinator; Jeff Williams, VP of Finance and Accounting; Scott Ribble, VP of Engineering & Operations; Vanessa Blagg, Human Resources; Amy Vick, Executive Assistant; Scott Adair, VP of Human Resources & Communications; and Chuck Walter and Rick Walter, general counsel.

**OPENING BUSINESS**

The meeting was called to order by Mr. Harris. Director Bearden offered the invocation.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

**DEPARTMENTAL REPORTS**

~~Safety~~ Riley gave a Safety Report. He reported on various educational programs using the trailer provided by Big Rivers. In addition, he reported there were no reportable accidents or injuries for the month.

Engineering:

Scott Ribble provided the Engineering Report. Mr. Ribble advised as to the status of flood waters and the impact they had on certain meter bases. He also discussed current issues regarding new conduit across various bridges in Livingston County, Kentucky. Mr. Ribble believes that we should proceed with replacing conduit at the Tennessee and Cumberland River bridges.



Human Resources:

Vanessa Blagg reported that the position of cashier has become an entry level position. In addition, Vanessa introduced JPEC's new VP of Human Resources and Communications, Scott Adair.

Member Services:

Ashley Turner reported updates on the Kentucky Living Magazine which is sponsored by Jackson Purchase and the circulation to Jackson Purchase members.

Technical Services:

Ward Morgan updated the Board on the telephone system upgrade and implementation and its importance to customer services. Mr. Morgan also discussed disaster recovery equipment that needs to be installed in the near future.

Finance:

See New Business.

Big Rivers:

Wayne Elliott and Erick Harris reported on Big Rivers. A general discussion was held concerning the winding up of the Himple deal and its huge financial impact upon Big Rivers.

KAEC

Mr. Bearden reported on the latest meeting of the KAEC Board.

Attorney:

Attorney Rick Walter reported on the legal activities he performed for and on behalf of the corporation during the month of February, including the preparation of various contracts at the direction of the corporation.

**OLD BUSINESS**

No old business was addressed.

**NEW BUSINESS**

January 2019 Expense Report: Motion was made and seconded to accept the January 2019 expense report; unanimously authorized.

Operating Report: The Operating Report was discussed by Jeff Williams with the Board. Motion was made and seconded to accept the Operating Report.

CFC Delegate: Motion was made to appoint Lee Bearden as the CFC Annual Meeting Delegate with Greg Grissom being the alternate; unanimously carried.

Meeting Minutes: Motion was made and seconded to authorize corporate counsel to maintain the minutes of Board of Director Meetings; unanimously carried.

### **EXECUTIVE SESSION**

Motion was made that the Board of Directors meet in Executive Session.

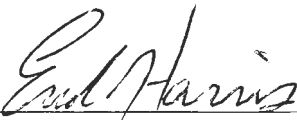
### **RESUMPTION OF NEW BUSINESS**


After the Board Members returned from Executive Session, there was a motion placed on the floor.

PSC rate increase for JPEC: Motion was made and seconded to authorize that JPEC submit to the PSC a rate increase consistent with the cost of services study presented to the Board in Executive Session; unanimously carried. A copy of the formal motion is attached hereto and incorporated herein by reference.

### **ADJOURNMENT**

Motion was made and seconded to adjourn; unanimously carried.

  
\_\_\_\_\_  
Erick Harris  
Chair

  
\_\_\_\_\_  
Wayne Elliott  
Secretary/Treasurer

MINUTES  
JACKSON PURCHASE ENERGY CORPORATION  
March 28, 2019

---

A regular meeting of the Board of Directors of Jackson Purchase Energy Corporation was called to order on March 28, 2019 at 5:30 p.m. at the office of the corporation at 2900 Irvin Cobb Drive, Paducah, Kentucky. The following directors were in attendance:

Erick Harris, Wayne Elliott, Lee Bearden, Jack Marshall, Terry Teitloff,  
Joshua Barnes and Kevin Bell.

Also present were Greg Grissom, President and CEO; Ward Morgan, Vice President of Technology; Jeff Williams, VP of Finance and Accounting; Scott Ribble, VP of Engineering and Operations; Amy Vick, Executive Assistant; Scott Adair, VP of Human Resources and Communications; and Richard L. Walter, general counsel.

**OPENING BUSINESS**

The meeting was called to order by Mr. Harris. Director Marshall offered the invocation.

The consent agenda was presented. Motion was made and seconded to accept the consent agenda; unanimously carried.

**DEPARTMENTAL REPORTS**

Engineering:

Scott Ribble provided the Engineering Report. He reported on various topics as was presented in his Board Report. In addition, he reported on his discussions with the state of Kentucky regarding the conduit running on the underside on the Ledbetter Bridge project.

Safety, Human Resources and Communications:

Scott Adair reported on the safety training that was ongoing through the month of March.

As it relates to Human Resources, Mr. Adair reported that three jobs had been posted. These included the Cashier, Dispatch, and Line Technician.

Finally, Mr. Adair reported that Communications included the publication of information concerning the rate case before the PSC. He also reported on public relations' activities including posting of the JPEC logo on various solar projects

at McCracken County, Marshall, and Livingston Middle Schools. Finally, it was reported to the Board that two candidates had been selected to participate in the upcoming summer youth tour.

Technical Services:

Ward Morgan updated the Board. He advised that we are moving forward on obtaining delivery date for the customer kiosk. He also reported on conversion to the Microsoft Office 365 Migration which was scheduled to occur March 29, 2019.

Member Services:

Jeff Williams reported to the Board on Member Services issues. He provided an update on Kentucky Living Publication as well as updates to the JPEC website. He noted that the rate case notices had been posted as is required by law. Finally, he reported that Big Rivers is paying for two member satisfaction surveys.

Attorney:

Attorney Rick Walter reported on the legal activities he performed for and on behalf of the corporation during the month of March.

CEO Report:

Greg Grissom reported to the Board that there will be no FEMA declaration on the recent tornado damages. He also reported to the Board he had recently had inquiry from the Marshall County Judge Executive as to whether JPEC would work to collect 911 fees. Mr. Grissom reported we would not be collecting those fees for any county governments. Finally, a general discussion was had by Mr. Grissom with the Board Members concerning the potential purchase of earthquake and flood insurance.

Big Rivers:

Wayne Elliott reported on Big Rivers. A general discussion was held concerning monthly Big Rivers' activities.

**OLD BUSINESS**

No old business was addressed.

**NEW BUSINESS**

Monthly Board Reports:

A motion was made and seconded to allow the monthly Board reports to be one month behind in reporting; unanimously authorized.

Operating Report: The Operating Report was discussed by Jeff Williams with the Board. Motion was made and seconded to accept the Operating Report; unanimously accepted.

Audited Financial Reports:

Motion was made and seconded to approve the Audited Financial Reports as presented to the Board at the recent workshop and presented by Jeff Williams at the Board of Directors' Meeting; unanimously carried.

A motion was made and seconded to approve RUS Form 674. Motion unanimously accepted.

A motion was made and seconded to approve the revisions to Board Policy 200-1, unanimously carried.

A motion was made and seconded to approve the 2019 Strategic Initiatives, carried unanimously.

Motion to move the July, November and December Board meeting dates. Motion made and seconded, unanimously carried.

**EXECUTIVE SESSION**

Motion was made and seconded that the Board of Directors meet in Executive Session.

**RETURN TO GENERAL SESSION**

After the Board Members returned from Executive Session, there was a motion presented as follows:

Employee Compensation:

Motion was made and seconded to authorize Greg Grissom as CEO to implement compensation plan presented by NDF HR Consultant and to apply the same to the non-union employees of Jackson Purchase, at his discretion; unanimously carried.

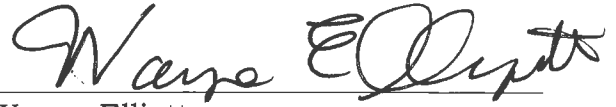
**ADJOURNMENT**

Motion was made and seconded to adjourn; unanimously carried.



---

Erick Harris  
Chair



---

Wayne Elliott  
Secretary/Treasurer

**Jackson Purchase Energy Corporation**  
**Case No. 2019-00053**  
**Attorney General's Data Requests**

28. Identify the current JPEC Board of Directors' designated NRECA representative, and the name of the representative for each of the past five (5) years.

**Response:**

2014 – Erick Harris

2015-2019 – Lee Bearden

For purposes of the pro-forma adjustment in Mr. John Wolfram's testimony, reference Schedule 1.15, Jackson Purchase excluded the highest two expenses for the NRECA conference (Bearden and Birney).

**Jackson Purchase Energy Corporation  
Case No. 2019-00053  
Attorney General's Data Requests**

29. Provide a copy of JPEC's anti-nepotism policy.

**Response:**

A copy of the requested policy is provided with this response.



## NEPOTISM

### I. OBJECTIVE

This policy is designed to prevent favoritism, conflicts of interest, violations of security and unlawful discrimination.

### II. POLICY

- A. JPEC will not hire any person who is a close relative of a current employee or member of the Board of Directors.
- B. JPEC will not promote or transfer an employee into a position that would place the employee in a supervisory position with another close relative.
- C. JPEC will not promote or transfer an employee into a position that would place the employee in the same department with another close relative.
- D. Employment will not be offered to relatives of employees who have access to confidential information (such as wages and salaries, employee benefits, personnel records, medical records, etc.) or who are in a position to influence or appear to influence employment or personnel decisions on behalf of the applicant.
- E. If these relationships come into existence after employment and the employees are employed in the same department or have the same job assignments, all efforts will be made to transfer and separate the employment duties. If a transfer is not permissible, the Company, to the extent necessary, may require one employee to resign his/her position.

### III. DEFINITION

For purposes of this policy, employees' and Directors' close relatives are defined as:

Spouse	Mother/Father-in-Law
Parents/Step Parents	Brother/Sister-in-Law
Children/Stepchildren	Son/Daughter-in-Law
Grandparents	Uncle/Aunt
Brother/Sister	Nephew/Niece

### IV. EXCEPTIONS

- A. The President/CEO may authorize an exception to this policy if: (1) the position requires specialized training and experience not generally available,

(2) there is a vital corporate need to fill the position, (3) substantial bona fide efforts have been made to locate and employ a person who is not a relative of an employee, and (4) the relationship between the relative and the applicant or employee is unlikely to materially affect their employment by the Company.

- B. Each request to the President/CEO for an exception shall be accompanied by: (1) a statement from the department Vice President requesting the employee (in which each of the criteria to be considered by the President/CEO is discussed) and (2) the recommendation of the Vice President of Human Resources regarding the situation.
- C. Temporary summer employment will be considered on an as-need basis.

V. RESPONSIBILITY

- A. Employees and applicants are expected to disclose these relationships created by marriage. Failure to do so may lead to discipline, which may include termination.
- B. It is the responsibility of the Vice President of Human Resources and the hiring manager or supervisor to verify relationship status for all new hires to ascertain that all who are hired at JPEC meet the requirements of this policy.
- C. The President/CEO and the Vice President of Human Resources are responsible for the administration of this policy.
- D. This policy will be applied in accordance with applicable laws.
- E. Violation of this policy may lead to discipline, including discharge.

VI. APPROVED  
01-25-2000

VII. REVISED  
06-07-2004  
01-31-2008

  
\_\_\_\_\_  
Gary Joiner, Chair  
Board of Directors

**Jackson Purchase Energy Corporation**  
**Case No. 2019-00053**  
**Attorney General's Data Requests**

30. Reference the JPEC Application generally. Provide all invoices from outside experts, consultants, and legal counsel related to the current rate case, as well as the total amount expended thus far. Provide this information on an ongoing basis.

**Response:**

As of May 1st, 2019, Jackson Purchase had received invoices for \$59,543 from its regulatory counsel and expert witness/consultant. Please see attachment for invoices.

6595

# Goss • Samford PLLC

3-15-19

Attorneys at Law



Mark David Goss  
mdgoss@gosssamfordlaw.com  
(859) 368-7740

20190308075107

Greg Grissom, CEO  
Jackson Purchase Energy Corporation  
2900 Irvin Cobb Dr.  
Paducah, KY 42002

Re: Invoices for February 1, 2019 to February 28, 2019

Dear Greg:

Please find enclosed the invoices for legal services performed by Goss Samford, PLLC on behalf of Jackson Purchase Energy Corporation for the period from February 1, 2019 to February 28, 2019. Please remit payment for the amounts due within thirty days of today's date. A summary of the amounts due and owing, by matter, are as follows:

Matter Description

Amount

[Redacted]

183,000

- 2019 General Rate Adjustment (Current Fees/Costs)
- Prior balance

\$5,552.88  
3,906.50

[Redacted]

OK  
3-6-19  
[Signature]

Should you have any questions, please contact me at your convenience. Once again, it is a privilege to represent Jackson Purchase Energy Corporation and we thank you for allowing us the opportunity to work with you.

U

Sincerely,

[Signature]

Mark David Goss

Enclosures

4595

# Goss ■ Samford PLLC

4-19-2019



Attorneys at Law

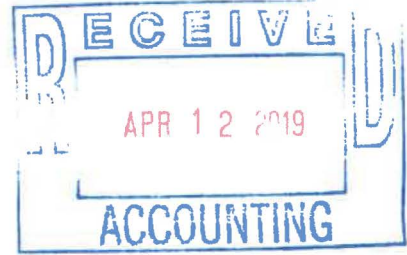


April 8, 2019

**Mark David Goss**  
mdgoss@gosssamfordlaw.com  
(859) 368-7740

20190415 080 626

Greg Grissom, CEO  
Jackson Purchase Energy Corporation  
2900 Irvin Cobb Dr.  
Paducah, KY 42002



Re: Invoices for March 1, 2019 to March 31, 2019

Dear Greg:

Please find enclosed the invoices for legal services performed by Goss Samford, PLLC on behalf of Jackson Purchase Energy Corporation for the period from March 1, 2019 to March 31, 2019. Please remit payment for the amounts due within thirty days of today's date. A summary of the amounts due and owing, by matter, is as follows:

<u>Matter Description</u>	<u>Amount</u>
[REDACTED]	
183.000 - 2019 General Rate Adjustment	\$37,464.80
(Current Fees/Costs)	\$-2,000.00
(Discount)	<u>\$35,464.80</u>
[REDACTED]	

*OK  
By [Signature]  
4-12-19*

As you are aware, the preparation and submission of the Application in the pending rate adjustment proceeding during the month of March was a substantial undertaking for all involved, a fact obviously reflected in the enclosed invoice. Some of the time spent working on that matter included the development of forms, documents and other original materials necessitated by the Commission's new streamlined ratemaking procedure and other factors; we believe Jackson Purchase Energy should receive some consideration as the first cooperative utility to pursue relief in this "uncharted territory," and thus a reasonable discount has been provided. We very much appreciate the trust you have placed in us to assist with this exceedingly important matter.

**Greg Grissom, CEO**  
**April 8, 2019**  
**Page 2**

Should you have any questions, please contact me at your convenience. Once again, it is a privilege to represent Jackson Purchase Energy Corporation and we thank you for allowing us the opportunity to work with you.

Sincerely,



Mark David Goss

Enclosures



5862

1-7-19



**CATAYST**  
**CONSULTING LLC**

3308 Haddon Road  
 Louisville, KY 40241  
 (502) 599-1739  
 johnwolfram@catalystcllc.com

**INVOICE**

<b>Date:</b> January 1, 2019	<b>Invoice #:</b> 181208
<b>Client:</b> Jackson Purchase Energy 2900 Irwin Cobb Drive Paducah, KY 42002-4030  Attn: Jeff Williams	<b>Project:</b> 2018 Cost of Service & Rate Review Case No. _____  For Services Provided in December, 2018

	Item	Description	Qty	Rate	Amt
1	Consulting Services	John Wolfram – consulting support for 2018 Cost of Service & Rate Review. Initialize COS model. Review initial data request responses. Begin processing financial data. Calls and emails with JPEC staff on same.	5.5 hours	\$185.00	\$ 1,017.50
<b>TOTAL</b>					<b>\$ 1,017.50</b>

Please remit payment to Catalyst Consulting LLC at the address listed above. Thank you.

*John Wolfram*  
 183,000

5862

2-8-19

RECEIVED  
FEB 05 2019  
ACCOUNTING



**CATAYST**  
**CONSULTING LLC**

3308 Haddon Road  
Louisville, KY 40241  
(502) 599-1739  
johnwolfram@catalystcllc.com

**INVOICE**

<b>Date:</b> February 1, 2019	<b>Invoice #:</b> 190106 ✓
<b>Client:</b> Jackson Purchase Energy 2900 Irwin Cobb Drive Paducah, KY 42002-4030  Attn: Jeff Williams	<b>Project:</b> 2018 Cost of Service & Rate Review Case No. _____  For Services Provided in January, 2019

	Item	Description	Qty	Rate	Amt
1	Consulting Services	John Wolfram – consulting support for 2018 Cost of Service & Rate Review. Prepare draft analysis of revenue requirement purchased power, zero intercept/minimum system allocators, and initial billing determinants. Calls and emails with JPEC staff on same.	8.0 hours	\$185.00	\$ 1,480.00
<b>TOTAL</b>					<b>\$ 1,480.00</b>

Please remit payment to Catalyst Consulting LLC at the address listed above. Thank you.



5862

3-1-19



**CATAYST**  
**CONSULTING LLC**

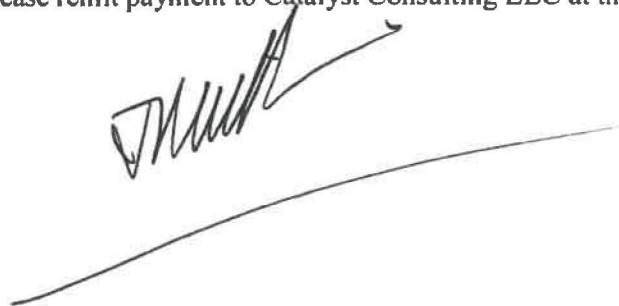
3308 Haddon Road  
 Louisville, KY 40241  
 (502) 599-1739  
 johnwolfram@catalystcllc.com

**INVOICE**

<b>Date:</b> March 1, 2019	<b>Invoice #:</b> 190205
<b>Client:</b>  Jackson Purchase Energy 2900 Irwin Cobb Drive Paducah, KY 42002-4030  Attn: Jeff Williams	<b>Project:</b>  2018 Cost of Service & Rate Review Case No. 2019-00053  For Services Provided in February, 2019

	Item	Description	Qty	Rate	Amt
1	Consulting Services	John Wolfram – consulting support for 2018 Cost of Service & Rate Review. Complete cost of service study, present and proposed rates, estimated billing impacts, and most pro forma adjustments. Travel to JPEC for 2/28 BOD Presentation. Calls and emails with JPEC staff on same.	23.5 hours	\$185.00	\$ 4,347.50
2	Mileage	2/28 Travel to JPEC	440	\$0.58	\$ 255.20
<b>TOTAL</b>					<b>\$ 4,602.70</b>

Please remit payment to Catalyst Consulting LLC at the address listed above. Thank you.



5862

4-5-2019



**CATAYST**  
**CONSULTING LLC**

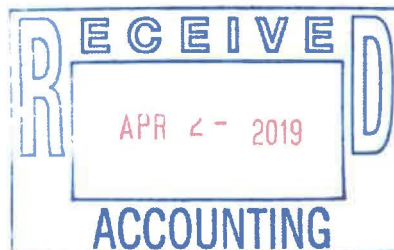
3308 Haddon Road  
 Louisville, KY 40241  
 (502) 599-1739  
 johnwolfram@catalystcllc.com

**INVOICE**

<b>Date:</b> April 1, 2019	<b>Invoice #:</b> 190307
<b>Client:</b> Jackson Purchase Energy 2900 Irwin Cobb Drive Paducah, KY 42002-4030  Attn: Jeff Williams	<b>Project:</b> 2018 Cost of Service & Rate Review Case No. 2019-00053  For Services Provided in March, 2019

	Item	Description	Qty	Rate	Amt
1	Consulting Services	John Wolfram – consulting support for 2018 Cost of Service & Rate Review. Complete cost of service study, revenue requirement, and proposed rates. Prepare testimony. Review notice, application and testimony. Calls and emails with JPEC staff on same.	27.0 hours	\$185.00	\$ 4,995.00
2	Shipping	UPS Notarized Verification to Counsel	1	\$26.28	\$ 26.28
<b>TOTAL</b>					<b>\$ 5,021.28</b>

Please remit payment to Catalyst Consulting LLC at the address listed above. Thank you.





## INVOICE

<b>Date:</b> May 1, 2019	<b>Invoice #:</b> 190409
<b>Client:</b>  Jackson Purchase Energy 2900 Irwin Cobb Drive Paducah, KY 42002-4030  Attn: Jeff Williams	<b>Project:</b>  2018 Cost of Service & Rate Review Case No. 2019-00053  For Services Provided in April, 2019

	Item	Description	Qty	Rate	Amt
1	Consulting Services	John Wolfram – consulting support for 2018 Cost of Service & Rate Review. Prepare draft responses to data requests from PSC Staff and AG. Calls and emails with JPEC staff on same.	13.5 hours	\$185.00	\$ 2,497.50
<b>TOTAL</b>					<b>\$ 2,497.50</b>

Please remit payment to Catalyst Consulting LLC at the address listed above. Thank you.

**Jackson Purchase Energy Corporation  
Case No. 2019-00053  
Attorney General's Data Requests**

31. Provide the average per capita income for residents of each of the counties in which the Company provides service. Additionally, provide the unemployment rate for each such county as well.

**Response:**

<b>County</b>	<b>2017 Per Capita Income</b>	<b>March 2019 Unemployment Rate</b>
Marshall County	27,391	5.2%
McCracken County	29,881	5.2%
Graves County	22,112	5.1%
Carlisle County	24,015	4.4%
Ballard County	25,063	6.3%
Livingston County	24,464	6.5%

**Sources:**

Per Capita Income (last accessed May 7, 2019):

<https://www.census.gov/quickfacts/fact/table/marshallcountykentucky,mccrackencountykentucky,gravescountykentucky,carlislecountykentucky,ballardcountykentucky,livingstoncountykentucky/PST045218>

Unemployment Rate (last accessed May 7, 2019):

[https://kystats.ky.gov/Content/Reports/201903\\_CountyLAUSMaps.pdf](https://kystats.ky.gov/Content/Reports/201903_CountyLAUSMaps.pdf)

**Jackson Purchase Energy Corporation**  
**Case No. 2019-00053**  
**Attorney General's Data Requests**

32. State to what extent, if any, JPEC utilizes weather normalization for its base rates.

**Response:**

JPEC does not incorporate a weather normalization adjustment into its base rates.

**Jackson Purchase Energy Corporation**  
**Case No. 2019-00053**  
**Attorney General's Data Requests**

33. Reference the JPEC application generally. Provide copies of all studies that JPEC has conducted addressing the impact that the proposed rate design will have on the elderly, low income, fixed income and home bound segments of its ratepayer base. Provide detailed information for each specified group.

**Response:**

Jackson Purchase did not conduct a formal analysis of the impact its proposed rate design may have on the elderly, low income, fixed income and home bound segments of its ratepayer base. That said, the basic financial impact of Jackson Purchase's proposed increased customer charge will be the same for each residential customer—a monthly bill increase of \$4.33.

Jackson Purchase believes that focusing its proposed rate increase on the customer charge reflects an equitable apportionment of the fixed costs necessarily incurred to serve each customer; moreover, Jackson Purchase asserts that all customers (including the selected populations identified by the Attorney General) will benefit from a rate design rooted in cost-of-service principles that minimizes monthly bill volatility and concurrently allows the Cooperative to operate under a more predictable and accurate budget.

Of course, Jackson Purchase recognizes that any increase in residential rates is likely to affect low- and fixed-income customers somewhat more significantly than those customers of average or above-average means, primarily because customers in the former categories must spend a proportionally-greater amount of their incomes on power expenses compared to customers in the latter categories. In light of this fact, Jackson Purchase remains committed to ensuring all its

customers have access to affordable electric service, and often works with customers (through LIHEAP, primarily) whose circumstances present unique needs. However, based on reasonable consideration of available information and data, Jackson Purchase believes the rate design it has proposed in this case does not exacerbate the impact of a residential rate increase on low- and fixed-income customers. To the contrary, Jackson Purchase believes that an increase to its fixed customer charge, rather than a significant increase in its volumetric energy charge, is generally more advantageous to its low- and fixed-income customers at this time.

Support for Jackson Purchase's conclusion in this regard is relatively straightforward. The cooperative's customers receiving assistance generally consume more energy than other residential customers. *See* Jackson Purchase's Response to PSC-2. Because a rate design that more heavily favors recovery of costs through volumetric charges (rather than fixed charges) necessarily means that higher energy users bear a proportionally-greater burden of any increase than lower energy users, Jackson Purchase's low-income customers would generally experience relatively higher monthly bills than if Jackson Purchase's proposed rates were approved as filed. Moreover, it warrants repeating that monthly bill volatility increases the more a customer's bill is based on consumption, which can be particularly difficult for low- and fixed-income customers.

The primary contention often raised in opposition to a proposed residential rate adjustment allocated substantially to an increased fixed customer charge is that it diminishes a low- or fixed-income customer's ability to minimize costs through conservation and energy efficiency. Initially, it is important to note the inherent problem with this argument from the perspective of the cooperative's ongoing financial health—essentially, it presumes at the outset that customers will

change their consumption patterns following a rate increase, which means the new rates (designed and dependent on a certain amount of expected consumption) will not yield revenues sufficient to maintain adequate margins. This predicament aside, the argument also presupposes that low- and fixed-income customers are readily capable of avoiding costs by using less energy, which in many cases they are not. Furthermore, because the great majority of all residential customer bills consist of charges based on usage (even after increasing the customer charge to move closer to cost-of-service), there continues to be opportunity to reduce costs through conservation and similar measures if the customer has the desire and means to implement the same. For these reasons, low- and fixed-income customers in Jackson Purchase's service territory would generally not benefit from a rate design that continues to rely disproportionately upon volumetric charges for the recovery of both fixed and variable costs.

When designing its rates, Jackson Purchase's overarching goal was to institute fair, just and reasonable rates considering both the constituencies of the discreet classes of the cooperative and the membership as a whole. Jackson Purchase believes the rates it has proposed satisfy these objectives and requests their approval.



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34. Provide copies of all studies JPEC has conducted regarding the ability of JPEC customers to conserve energy if the proposed revenue neutral rate design change is approved, and which take into consideration the reduced DSM offerings that JPEC and BREC, in Case No. 2018-00236, have made available to residential customers.

**Response:**

JPEC has not conducted the referenced studies. Also, please see Jackson Purchase's response to Item 33 of this request.

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35. Provide copies of all studies or estimates JPEC has produced indicating how much consumption will increase if its proposed rate change is approved.

**Response:**

JPEC has not produced studies or otherwise estimated the price elasticity of consumption associated with increasing residential rates by \$4.33 per month. Also, please see Jackson Purchase's response to Item 33 of this request.

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36. Explain the process JPEC followed in determining whether to classify costs as “fixed” or “variable.”
- s. Does JPEC agree that at some point in all time, all costs become variable? If JPEC does not so agree, explain why not.

**Response:**

JPEC adheres to the classification of costs as fixed or variable as set forth in *The NARUC Electric Utility Cost Allocation Manual* and consistent with previous Commission findings in other dockets, including some of those listed in Exhibit JW-1.

- s. No. JPEC believes that there will always be at least some fixed costs that JPEC must incur to serve its members, including but not limited to something as simple as a meter.

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37. Provide all evidence that JPEC is experiencing difficulty in meeting its financial commitments and paying its bills.

**Response:**

Please refer to the Direct Testimony of Greg Grissom, page 6, lines 6 through page 7 line 12 providing the principal rationale for this filing. Jackson Purchase is not currently “experiencing difficulty in meeting its financial commitments and paying its bills” as this request states. However, as stated in the Application and elsewhere in this filing, Jackson Purchase has initiated this proceeding because its existing retail rates do not provide sufficient revenue to ensure the consistent financial strength of the cooperative. Reference to the Direct Testimony of Jeffrey R. Williams, Exhibit JRW-1, demonstrates the trend of declining operating margins and other relevant financial benchmarks. Jackson Purchase is not coming to the Commission because it cannot meet its financial commitments or pay its bills; rather, Jackson Purchase has responsibly sought modest rate relief in a climate of deteriorating financial measures in order to prevent the very situation implied by this request.

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38. Provide all evidence indicating that the RUS is concerned about JPEC's margins.

**Response:**

Please see Jackson Purchase's Response to Item 37 of this request.

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39. Explain how the proposed rate design, together with the proposed subsidy reduction comports with the principle of gradualism.

**Response:**

The proposed rate increase closes approximately one-fourth of the gap between the current residential monthly fixed charge and the cost-based charge, as described in the response to Item 18. Furthermore, JPEC has not increased its base rates for over ten years. With this proposed revision, all residential members will experience an increase of only \$4.33 per month. The overall increase is limited to 2% and the average residential increase is limited to 3.2%. Both of these increases fall below the thresholds established by the Commission in its streamlined pilot program – thresholds established for the expressed purpose of supporting gradualism by avoiding or at least diminishing rate shock that may result from large infrequent rate increases. For these reasons, the proposed rate design comports with the principle of gradualism.

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40. Reference the JPEC Application generally. Provide the rationale and justification for applying the entire proposed revenue increase upon the customer charge instead of upon the usage charge.
- t. Confirm that by placing the full amount of the proposed rate increase upon the customer charge it will prevent its customers from having the ability to reduce their bills via energy conservation.

**Response:**

Please see the response to Item 18.

- t. This is incorrect. JPEC members with non-zero energy consumption have the ability to reduce their bills via energy conservation, and this will remain the case if the Commission approves the proposed rate revision. Using less energy will reduce electric bills under the proposed rates. Also, please see Jackson Purchase's response to Item 33 of this request.

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41. Reference the Williams testimony, page 8, lines 9–15. Describe what plans JPEC has, if any, regarding the \$925,024 in unclaimed retired capital credits. How will JPEC eventually return them to customers?

**Response:**

The referenced unclaimed capital credits were payable on margins earned 1937-1957 and are often owed to former members difficult (if not impossible) to identify and locate. Jackson Purchase continues its efforts to locate these individuals, specifically by providing a link on its website entitled 'CAPITAL CREDITS' discussing the patronage capital retired, how to see if a relative is on the list, and contact information for Jackson Purchase's member service department. Unclaimed capital credits may eventually be recovered by the cooperative consistent with KRS 272.291 and/or other application law.



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42. Reference the Williams testimony, pages 9–10. Provide the amount of wage increases for each of the last 5 years, in terms of both percentages and dollar amounts, for each employee.

**Response:**

Wage increases for bargaining unit employees are governed by the relevant Labor Agreement. Please refer to the attachment 'Bargaining Unit Position Wages' (which is subject to a motion for confidential treatment) showing the bargaining unit positions outlined in the Labor Agreement for the most recent 3-year contract. In this document, the base position is the Line Technician, listed at the top of the document. Once the amount for Line Technician is determined for each contract period, the other positions are calculated based upon the "% Line Technician Wages" column on the right. Some positions have step increases after a certain time (e.g. each 6 months). Additionally, some of these step increases require a review to make sure the employee can satisfactorily perform the work required. It is important to note that the contract typically runs November to November, and in this case November 2016 through November 2019, when the next contract will start.

Regarding non-union wage increases, an Excel file is provided (portions of which have been redacted and are subject to a motion for confidential treatment) showing each Non-Union position and the increases each year, in terms of both percentages and dollar amounts. Most of the raises are relatively uniform 2.7 – 4.2% increases, which are based on cost-of-living, employee

performance, and similar factors; certain raises reflected in the attachment are the result of unique circumstances, as follows:

- NB1 was promoted to [REDACTED] in 2016/2017.
- NB5 was promoted to [REDACTED] later in the year in 2018
- NB12 was promoted to [REDACTED] in 2018
- NB15 was promoted to [REDACTED]
- NB27 was awarded a raise based upon exceptional performance and market forces in 2018
- NB32 was promoted to [REDACTED] in 2017 and [REDACTED] [REDACTED] in 2018
- NB40 was promoted into [REDACTED] in 2018
- NB 41 experienced a range increase and was promoted in 2018

Finally, Jackson Purchase notes that the cooperative has kept controllable costs and headcount down since the last rate case. Additionally, the Key Ratio Trend Analysis referenced in these data requests shows in RATIO 109 – TOTAL WAGES PER TOTAL KWH SOLD that Jackson Purchase rank 722nd lowest out of 812 distribution cooperatives nationwide, and 58th lowest out of 68 in similar sized cooperatives when compared in 2017.

## Bargaining Unit Position Wages

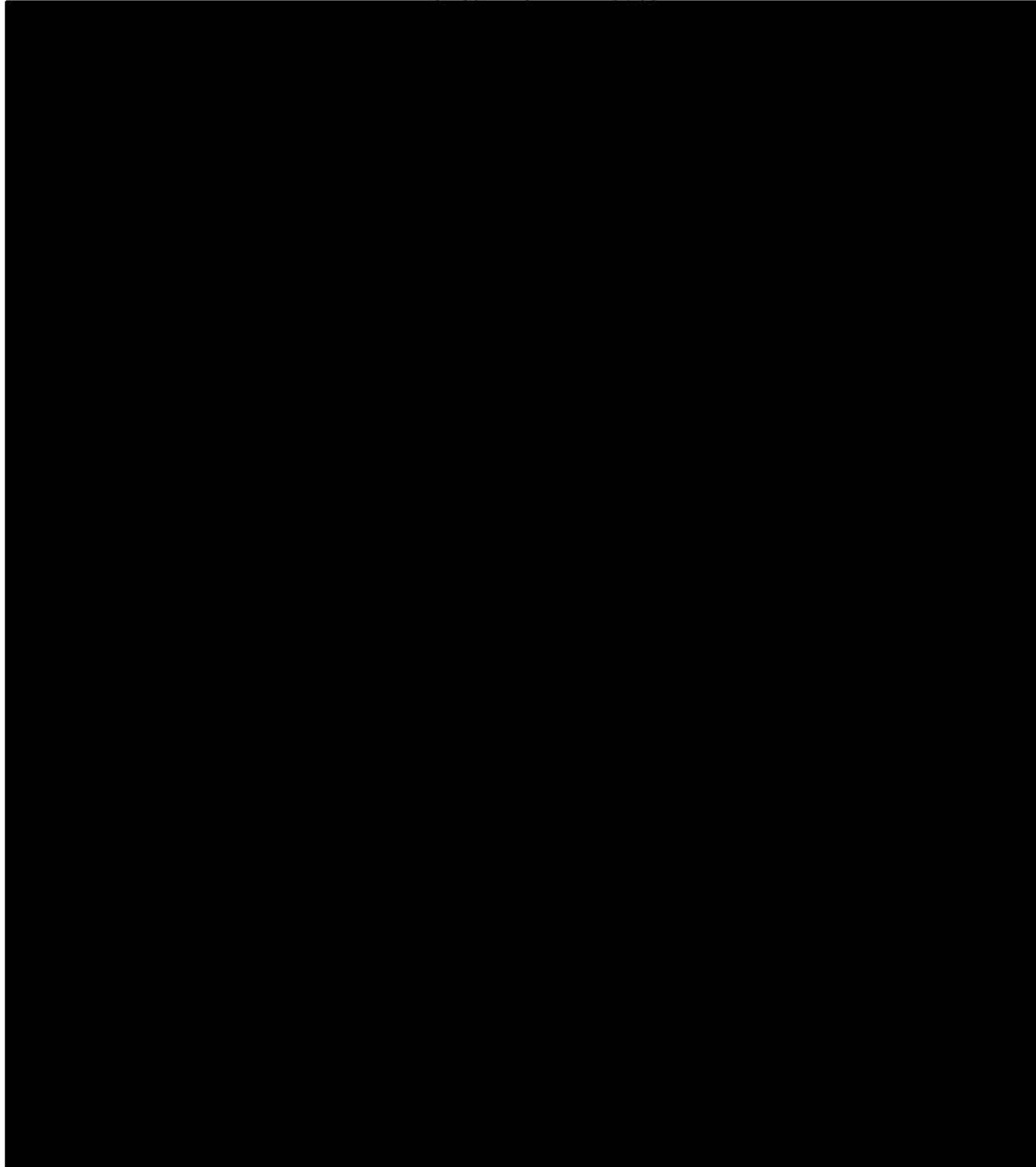
Classification:

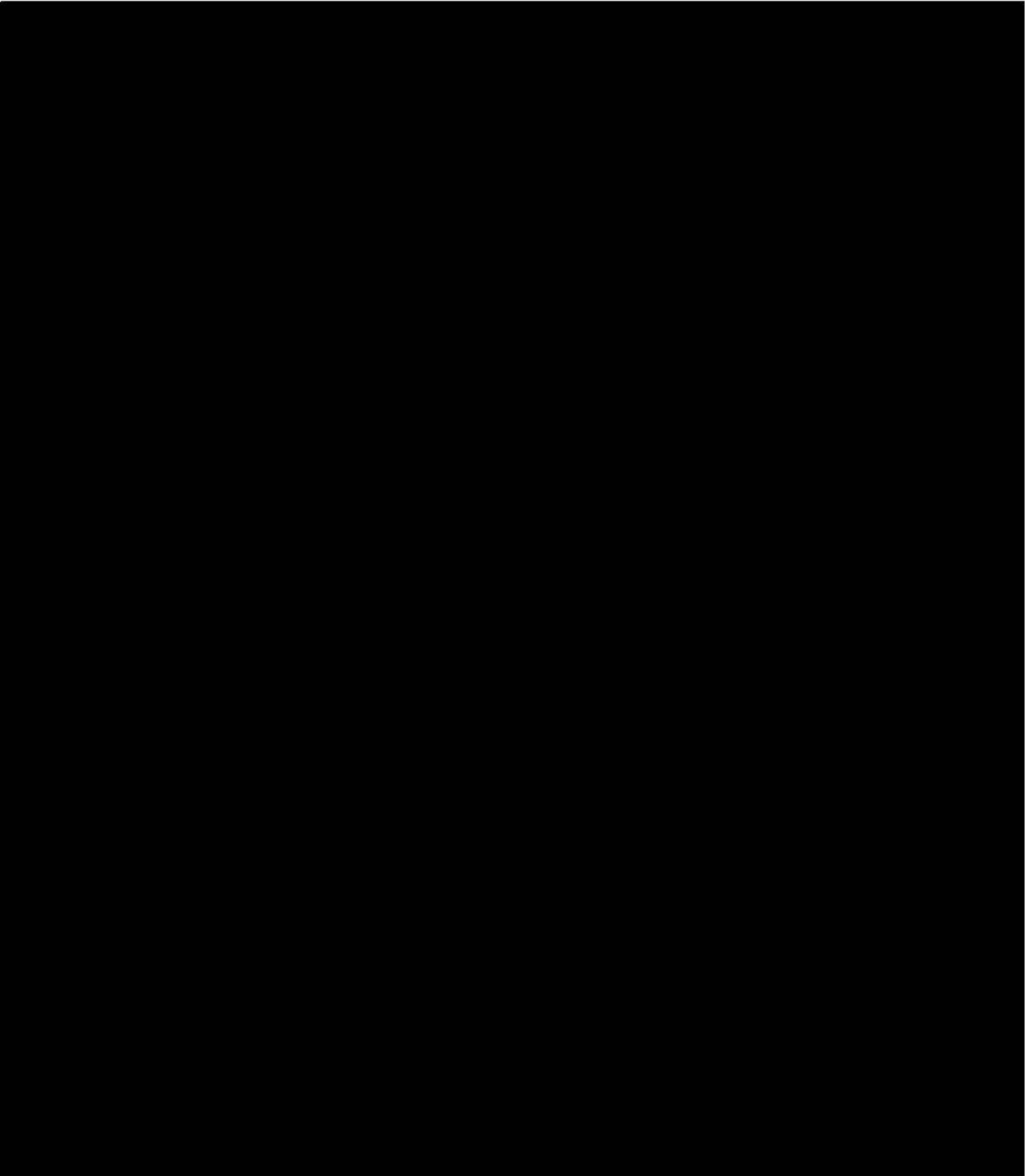
Line Technician

2016

2017

2018





Jackson Purchase Energy Corporation  
Response to AG-42  
Non-Bargaining Unit Raises past 5 years  
Case No. 2019-00053

Employee	Position	Raise Amount					Raise %				
		2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
NB1		\$ 2,050	\$ 3,246	\$ 2,375	\$ 23,648	\$ 2,642	4.0%	6.1%	4.2%	40.1%	3.2%
NB2		1,165	1,290	1,248	1,227	-	2.8%	3.0%	2.8%	2.7%	0.0%
NB3		1,270	1,413	-	-	-	2.7%	3.0%	0.0%	0.0%	0.0%
NB4		2,101	2,355	-	-	-	2.7%	3.0%	0.0%	0.0%	0.0%
NB5		-	1,720	1,747	1,727	8,902	0.0%	2.8%	2.8%	2.7%	13.5%
NB6		1,143	1,290	1,227	-	-	2.7%	3.0%	2.8%	0.0%	0.0%
NB7		1,352	1,519	1,456	1,435	1,748	2.8%	3.0%	2.8%	2.7%	3.2%
NB8		-	936	915	894	916	0.0%	3.0%	2.8%	2.7%	2.7%
NB9		1,352	1,498	2,162	1,727	1,497	2.8%	3.0%	4.2%	3.2%	2.7%
NB10		863	967	936	915	957	2.7%	3.0%	2.8%	2.7%	2.7%
NB11		1,868	2,094	2,013	-	-	2.7%	3.0%	2.8%	0.0%	0.0%
NB12		963	1,075	1,040	1,228	5,699	2.8%	3.0%	2.8%	3.2%	14.5%
NB13		2,352	2,635	2,534	2,512	2,486	2.8%	3.0%	2.8%	2.7%	2.6%
NB14		878	890	936	936	957	2.7%	2.7%	2.8%	2.7%	2.7%
NB15				1,872	2,995	1,935	0.0%	0.0%	5.9%	9.0%	5.3%
NB16		1,040	1,165	1,123	1,123	1,144	2.7%	3.0%	2.8%	2.7%	2.7%
NB17		1,228	1,372	1,311	1,310	1,352	2.8%	3.0%	2.8%	2.7%	2.7%
NB18		2,335	2,616	2,515	2,492	2,561	2.8%	3.0%	2.8%	2.7%	2.7%
NB19		3,037	1,019	1,477	998	1,019	9.7%	3.0%	4.2%	2.7%	2.7%
NB20		1,269	1,414	1,373	1,352	-	2.8%	3.0%	2.8%	2.7%	0.0%
NB21		2,070	1,973	2,845	2,964	-	3.2%	3.0%	4.2%	4.2%	0.0%
NB22		1,588	1,780	1,712	1,697	1,732	2.7%	3.0%	2.8%	2.7%	2.7%
NB23			1,439	-	-	-	0.0%	3.0%	0.0%	0.0%	0.0%
NB24		1,845	2,069	1,989	1,971	2,025	2.7%	3.0%	2.8%	2.7%	2.7%
NB25		1,207	1,352	1,289	1,290	1,331	2.8%	3.0%	2.8%	2.7%	2.7%
NB26		922	1,034	998	978	1,580	2.8%	3.0%	2.8%	2.7%	4.2%
NB27		3,110	3,486	5,027	5,238	15,042	2.7%	3.0%	4.2%	4.2%	11.6%
NB28		1,796	2,015	1,936	1,919	2,330	2.7%	3.0%	2.8%	2.7%	3.2%
NB29		1,229	1,371	1,331	1,310	-	2.7%	3.0%	2.8%	2.7%	0.0%
NB30		1,019	1,123	1,623	1,289	1,123	2.8%	3.0%	4.2%	3.2%	2.7%
NB31			2,371	873	895	894	0.0%	8.1%	2.8%	2.8%	2.7%
NB32			1,789	1,414	7,197	13,485	0.0%	5.6%	4.2%	20.4%	31.7%
NB33		1,269	1,414	1,352	1,352	1,393	2.8%	3.0%	2.8%	2.7%	2.7%
NB34		1,394	1,560	1,498	1,476	1,518	2.8%	3.0%	2.8%	2.7%	2.7%
NB35		2,644	2,965	-	-	-	2.8%	3.0%	0.0%	0.0%	0.0%
NB36		957	1,082	-	-	-	2.7%	3.0%	0.0%	0.0%	0.0%
NB37		2,852	3,197	4,610	-	-	2.7%	3.0%	4.2%	0.0%	0.0%
NB38		3,245	1,185	1,706	1,352	1,165	9.0%	3.0%	4.2%	3.2%	2.7%
NB39				4,750	7,501	-	0.0%	0.0%	3.3%	5.0%	0.0%
NB40						13,738	0.0%	0.0%	0.0%	0.0%	15.4%
NB41				2,987	5,204	4,376	0.0%	0.0%	6.1%	10.0%	7.6%
NB42		-	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%

**Jackson Purchase Energy Corporation  
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43. Reference the Wolfram testimony, p. 9, and Exhibit JW-9, page 10. Confirm that if JPEC's proposal is approved, residential customers in the consumption range of < 100 kWh to 1,000 kWh will experience an average increase of 10.57%.
- a. For the residential class consumption levels described above, state how the proposed increase comports with the principle of gradualism, as Mr. Wolfram states on pages 26–27 of his testimony.

**Response:**

This is not correct. Exhibit JW-9, page 10 shows that all residential customers will experience an increase of \$4.33 per month. For customers using zero (0) kWh per month, this \$4.33 is a 34.8% increase. For customers using 100 kWh per month, this \$4.33 is a 19.2% increase. For customers using 1,000 kWh per month, this \$4.33 is a 3.2% increase. In every case, the increase is \$4.33 per month. The consumption amounts in the table are discrete points; it is not meaningful to roll these points into an unweighted average percentage increase over a range of consumption as the question appears to suggest.

- a. Please see the responses to AG-18 and AG-39.

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44. Reference Schedule 1.15, Director Expenses and Wolfram Direct, page 15.
- a. Confirm that only \$16,213.78 is being removed from test year expenses.
  - b. Provide a break out of the remaining pro forma expense amount of \$57,409.91.

**Response:**

- a. Confirmed.
- b. Please refer to Exhibit 27 of the Application and specifically the General Ledger Activity report. Please reference pages 15-28 for the detail of each board member (activity codes 546-566), and reference page 33 for the summary of each board member expense, which totals the \$73,623.69. The amount removed, \$16,213.78, plus the amount referred to in this request, part (b), of \$57,409.91 total the \$73,623.69.

**Jackson Purchase Energy Corporation**  
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45. Reference General Ledger Activity, p. 17. State whether "Spouse Ticket" has been removed from the test year.

**Response:**

Confirmed. Please reference line 12 under items to be removed on reference schedule 1.15





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 )

VERIFICATION OF JEFFREY R. WILLIAMS

COMMONWEALTH OF KENTUCKY )
COUNTY OF McCracken )

Jeffrey R. Williams, CFO-VP, Accounting, Finance and Member Services of Jackson Purchase Energy Corporation, being duly sworn, states that he personally prepared or supervised the preparation of certain of the responses provided by Jackson Purchase Energy Corporation to the Attorney General’s Data Requests propounded in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

[Signature]
Jeffrey R. Williams

The foregoing Verification was signed, acknowledged and sworn to before me this 4th day of May, 2019, by Jeffrey R. Williams.



[Signature]
Commission expiration: 8-25-2022

**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 )

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**VERIFICATION OF JOHN WOLFRAM**

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COMMONWEALTH OF KENTUCKY )  
COUNTY OF Jefferson )

John Wolfram, being duly sworn, states that he personally prepared or supervised the preparation of certain of the responses provided by Jackson Purchase Energy Corporation to the Attorney General's Data Requests propounded in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

  
\_\_\_\_\_  
John Wolfram

The foregoing Verification was signed, acknowledged and sworn to before me this 3rd day of May, 2019, by John Wolfram.

**JOSEPH SINCLAIR NEWTON**  
Notary Public  
State at Large  
Kentucky  
My Commission Expires July 27, 2022

  
\_\_\_\_\_  
Commission expiration: July 27, 2022

