

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF JACKSON	)	CASE NO.
PURCHASE ENERGY CORPORATION FOR A	)	2019-00053
GENERAL ADJUSTMENT IN EXISTING RATES	)	

**ATTORNEY GENERAL’S DATA REQUESTS**

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention (“Attorney General”), and submits these Data Requests to Jackson Purchase Energy Corporation (hereinafter “JPEC” or the “Cooperative”) to be answered by May 13, 2019, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate requested item will be deemed a satisfactory response.
- (2) Identify the witness who will be prepared to answer questions concerning each request.
- (3) Repeat the question to which each response is intended to refer.
- (4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.
- (5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person’s knowledge, information, and belief formed after a reasonable inquiry.

(6) If you believe any request appears confusing, please request clarification directly from undersigned Counsel for the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self-evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, notify the Office of the Attorney General as soon as possible, and in accordance with Commission direction.

(10) As used herein, the words “document” or “documents” are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting

records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information regardless of the media or format in which they are stored, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

(14) “And” and “or” should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.

(15) “Each” and “any” should be considered to be both singular and plural, unless specifically stated otherwise.

Respectfully submitted,

ANDY BESHEAR  
ATTORNEY GENERAL



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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?
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.
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.
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?
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?
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.

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.
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.
9. Refer to Williams Direct at 5. Provide JPEC's 2017 non-coincident peak.
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.
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.
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.
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.
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.
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.

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.
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.
18. Reference Wolfram Direct, at page 25. Provide and explain any support for JPEC's proposed increase on the residential customer charge.
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.
20. Provide JPEC's margins by month, and by class if available, for each month for 2017 and 2018.
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.
22. Provide JPEC's current debt service coverage and the debt service coverage level it is required to maintain by any applicable covenant.
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.
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.
25. Provide JPEC's uncollectible expenses for each of the past five (5) years, and 2019 to date.
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.
27. Provide full copies of the minutes of each meeting of JPEC's Board of Directors from January 2016 through the current date.
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.
29. Provide a copy of JPEC's anti-nepotism policy.



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.
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.
32. State to what extent, if any, JPEC utilizes weather normalization for its base rates.
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.
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.
35. Provide copies of all studies or estimates JPEC has produced indicating how much consumption will increase if its proposed rate change is approved.
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.
37. Provide all evidence that JPEC is experiencing difficulty in meeting its financial commitments and paying its bills.
38. Provide all evidence indicating that the RUS is concerned about JPEC's margins.
39. Explain how the proposed rate design, together with the proposed subsidy reduction comports with the principle of gradualism.
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.
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?
  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.
  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.
  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.
  45. Reference General Ledger Activity, p. 17. State whether "Spouse Ticket" has been removed from the test year.