

**COMMONWEALTH OF KENTUCKY**

**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

<b>ELECTRONIC APPLICATION OF JACKSON</b>	)	
<b>PURCHASE ENERGY CORPORATION FOR</b>	)	<b>CASE NO.</b>
<b>GENERAL ADJUSTMENT OF RATES</b>	)	<b>2021-00358</b>
<b>AND OTHER GENERAL RELIEF</b>	)	

**RESPONSES TO COMMISSION STAFF'S FOURTH REQUEST FOR  
INFORMATION TO JACKSON PURCHASE ENERGY CORPORATION  
DATED FEBRUARY 3, 2022**

Filed: February 10, 2022



**JACKSON PURCHASE ENERGY CORPORATION**  
**PSC CASE NO. 2021-00358**  
**FOURTH REQUEST FOR INFORMATION RESPONSE**

**COMMISSION STAFF’S FOURTH REQUEST FOR INFORMATION—02/03/22**  
**REQUEST 1**

**RESPONSIBLE PERSON:**           **John Wolfram**

**COMPANY:**                       **Jackson Purchase Energy Corporation**

**Request 1.**           Refer to Jackson Purchase’s Application, Exhibit 15. Additionally, refer to the Commission’s January 10, 2022 Order in Case No. 2021-00407<sup>2</sup> where the Commission stated that it would be filing in a future request from South Kentucky Rural Electric Cooperative Corporation to provide a reconciliation of rate base and capital to satisfy the filing requirements outlined in 807 KAR 5:001 Section 16 (4)(i). For the historical test period ended December 31, 2019, provide a reconciliation of rate base and capital used to determine Jackson Purchase’s revenue requirements.

**Response 1.** Please see the attachment, which presents the reconciliation, the determination of the rate base, and the capital. While providing the reconciliation, Jackson Purchase notes that its revenue requirements in this Application were not determined using either the rate base or capital; see Application Exhibit 15.

---

<sup>2</sup> Case No. 2021-00407, *Electronic Application of South Kentucky Rural Electric Cooperative Corporation for a General Adjustment of Rates, Approval of Depreciation Study, and Other General Relief* (Ky. PSC Jan. 10, 2022).

## Jackson Purchase Energy Corporation

1 <b>Reconciliation of Net Original Cost Rate Base and Capitalization</b>	
2	
3	
4	Net Original Cost Rate Base <u><u>\$98,305,257</u></u>
5	
6	Total Capitalization <u><u>\$93,309,898</u></u>
7	
8	Difference to be Reconciled <u><u>(\$4,995,359)</u></u>
9	
10	Assets not included in Net Original Cost Rate Base:
11	Other Property and Investments \$3,604,487
12	Cash and Temporary Investments \$2,064,075
13	Accounts Receivable \$5,027,629
14	Other Current and Accrued Assets \$3,490,982
15	Derivative Instrument Assets \$0
16	Other Assets and Debits <u>\$13,172</u>
17	Subtotal <u><u>\$14,200,345</u></u>
18	
19	Liabilities not included in Net Original Cost Rate Base:
20	Other Non-Current Liabilities <u>(\$2,677,095)</u>
21	Current and Accrued Liabilities <u>(\$17,128,744)</u>
22	Customer Deposits \$2,789,538
23	Other Liabilities and Credits <u>(\$168,096)</u>
24	Subtotal <u><u>(\$17,184,397)</u></u>
25	
26	Included in Net Original Cost Rate Base:
27	Cash Working Capital Allowance <u>(\$1,348,190)</u>
28	Difference between Year-End Balance and 13- Month Average -
29	Material and Supplies <u>(\$596,724)</u>
30	Prepayments <u>(\$66,393)</u>
31	Fuel Stock <u>\$0</u>
32	Subtotal <u><u>(\$2,011,307)</u></u>
33	
34	Total Reconciling Items <u><u>(\$4,995,359)</u></u>
35	
36	Variance \$0

**Jackson Purchase Energy Corporation**

1	<b>Net Original Cost Rate Base</b>	
2		Test Year
3		Actual
4		<hr/>
5	Utility Plant in Service	\$167,719,173
6	Construction Work in Progress	\$1,537,505
7	Total Plant in Service	<hr/> \$169,256,678 <hr/>
8	Add:	
9	Materials and Supplies	\$2,113,982
10	Prepayments	\$524,157
11	Fuel Stock	\$0
12	Cash Working Capital Allowance	\$1,348,190
13	Subtotal	<hr/> \$3,986,329 <hr/>
14	Deduct Accumulated Depreciation	<hr/> (\$72,148,212) <hr/>
	Deduct Customer Deposits	<hr/> (\$2,789,538) <hr/>
15		
16	Net Original Cost Rate Base	<hr/> <hr/> \$98,305,257 <hr/> <hr/>

19 The balances for Materials and Supplies and Prepayments are 13-month average balances:

21	<u>Period</u>	<u>M&amp;S</u>	<u>Prepayments</u>
22	Dec 2018	\$1,987,072	\$396,156
23	Jan 2019	\$1,999,279	\$423,195
24	Feb 2019	\$2,032,523	\$492,986
25	Mar 2019	\$2,105,701	\$436,926
26	Apr 2019	\$2,100,167	\$489,338
27	May 2019	\$2,147,429	\$694,146
28	Jun 2019	\$2,344,512	\$604,400
29	Jul 2019	\$2,215,483	\$722,006
30	Aug 2019	\$2,279,048	\$686,536
31	Sep 2019	\$2,244,066	\$576,156
32	Oct 2019	\$2,242,693	\$473,864
33	Nov 2019	\$2,266,539	\$360,572
34	<u>Dec 2019</u>	<u>\$1,517,258</u>	<u>\$457,764</u>
35	13-mo. Avg	\$2,113,982	\$524,157

38 Cash Working Capital Allowance is based on 1/8 times (Total O&M less Purchased Power):

40	Total O&M	\$61,474,286
41	Total Purchased Power	\$50,688,769
42	Total O&M less Purchased Power	<hr/> \$10,785,517 <hr/>
43	1/8 scalar	0.125
44	Cash Working Capital Allowance	<hr/> \$1,348,190 <hr/>

## Jackson Purchase Energy Corporation

### 1 Capitalization

2	Test Year
3	Actual
4	<hr/>
5 Equities and Margins:	
6 Memberships	\$115,705
7 Patronage Capital	\$49,101,540
8 Operating Margins - Current Year	(\$360,987)
9 Non-Operating Margins	\$1,559,796
10 Other Margins and Equity	\$94,448
11 Total Equities and Margins	<hr/> \$50,510,502 <hr/>
12	
13 Long-Term Debt:	
14 Long-Term Debt - RUS	\$19,753,319
15 Long-Term Debt - Other	\$23,046,077
16 Total Long-Term Debt	<hr/> \$42,799,396 <hr/>
17	
18 Total Capitalization	<hr/> \$93,309,898 <hr/>