#### **COMMONWEALTH OF KENTUCKY**

### BEFORE THE PUBLIC SERVICE COMMISSION

In	the	Matter	Λf٠

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

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

Filed: February 10, 2022

### COMMONWEALTH OF KENTUCKY

### BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:				
THE ELECTRONIC APPLICATION OF ) JACKSON PURCHASE ENERGY ) CORPORATION FOR A GENERAL ) Case No. 2021-00358 ADJUSTMENT OF RATES AND OTHER ) GENERAL RELIEF )				
VERIFICATION OF JOHN WOLFRAM				
COMMONWEALTH OF KENTUCKY )				
COUNTY OF JEFFERSON )				
John Wolfram, being duly sworn, states that he has supervised the preparation of certain responses to Commission Staff's Fourth Request for Information 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 27/2 day of February, 2022, by John Wolfram.				
Commission expiration: //// Jus 5				
PATRICK ANDREW MEKO Notary Public - State at Large Kentucky My Commission Expires Nov. 4, 2025				

# 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: Jol

John Wolfram

**COMPANY:** 

**Jackson Purchase Energy Corporation** 

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>&</sup>lt;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).

PSC Request 1 Page 2 of 4 Witness: John Wolfram

# **Jackson Purchase Energy Corporation**

Reconciliation of Net Original Cost Rate Base and Capitalization		
Net Original Cost Rate Base	\$98,305,257	
Total Capitalization	\$93,309,898	
Difference to be Reconciled	(\$4,995,359)	
Assets not included in Net Original Cost Rate Base:		
Other Property and Investments	\$3,604,487	
Cash and Temporary Investments	\$2,064,075	
Accounts Receivable	\$5,027,629	
Other Current and Accrued Assets	\$3,490,982	
Derivative Instrument Assets	\$0	
Other Assets and Debits	\$13,172	
Subtotal	\$14,200,345	
Liabilities not included in Net Original Cost Rate Base:		
Other Non-Current Liabilities	(\$2,677,095)	
Current and Accrued Liabilities	(\$17,128,744)	
Customer Deposits	\$2,789,538	
Other Liabilities and Credits	(\$168,096)	
Subtotal	(\$17,184,397)	
Included in Net Original Cost Rate Base:		
Cash Working Capital Allowance	(\$1,348,190)	
Difference between Year-End Balance and 13- Month Average -		
Material and Supplies	(\$596,724)	
Prepayments	(\$66,393)	
Fuel Stock	\$0	
Subtotal	(\$2,011,307)	
Total Reconciling Items	(\$4,995,359)	
Variance	\$0	
	Net Original Cost Rate Base  Total Capitalization  Difference to be Reconciled  Assets not included in Net Original Cost Rate Base: Other Property and Investments Cash and Temporary Investments Accounts Receivable Other Current and Accrued Assets Derivative Instrument Assets Other Assets and Debits Subtotal  Liabilities not included in Net Original Cost Rate Base: Other Non-Current Liabilities Current and Accrued Liabilities Current and Accrued Liabilities Customer Deposits Other Liabilities and Credits Subtotal  Included in Net Original Cost Rate Base: Cash Working Capital Allowance Difference between Year-End Balance and 13- Month Average - Material and Supplies Prepayments Fuel Stock Subtotal	

PSC Request 1 Page 3 of 4 Witness: John Wolfram

# **Jackson Purchase Energy Corporation**

1	Net Original Cost Rate Base		
2			Test Year
3			Actual
4		-	
5	Utility Plant in Service		\$167,719,173
6	Construction Work in Progress		\$1,537,505
7	Total Plant in Service	\$169,256,678	
8	Add:	<del>-</del>	<u> </u>
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	<del>-</del>	\$3,986,329
14	Deduct Accumulated Depreciation	<u>-</u>	(\$72,148,212)
	Deduct Customer Deposits	_	(\$2,789,538)
15			
16	Net Original Cost Rate Base	_	\$98,305,257
17		=	
18			
19	The balances for Materials and Supplies at	nd Prepayments are	e 13-month average balances
20			
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
36			
37			
38	Cash Working Capital Allowance is based	on 1/8 times (Total	O&M less Purchased Power)
39		<b>.</b>	
40	Total O&M	\$61,474,286	
41	Total Purchased Power	\$50,688,769	
42	Total O&M less Purchased Power	\$10,785,517	
43	1/8 scalar	0.125	
44	Cash Working Capital Allowance	\$1,348,190	

PSC Request 1 Page 4 of 4 Witness: John Wolfram

# **Jackson Purchase Energy Corporation**

1	Capitalization	
2		Test Year
3		Actual
4		
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	\$50,510,502
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	\$42,799,396
17		
18	Total Capitalization	\$93,309,898