

**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 SECOND REQUEST FOR  
INFORMATION TO JACKSON PURCHASE ENERGY CORPORATION  
DATED NOVEMBER 12, 2021**

Filed: November 28, 2021







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

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION—11/12/21**  
**REQUEST 1**

**RESPONSIBLE PERSON:** Jeff Williams

**COMPANY:** Jackson Purchase Energy Corporation

**Request 1.** Provide the average monthly usage for customers receiving assistance.

**Response 1.** For the test year the average monthly usage for members receiving assistance is 1,518 kWh (compared to the average monthly usage for the Residential class of 1,176 kWh as determined by Mr. Wolfram in Exhibit JW-9).

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**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION—11/12/21  
REQUEST 2**

**RESPONSIBLE PERSON: Jeff Williams**

**COMPANY: Jackson Purchase Energy Corporation**

**Request 2.** Provide the employee contribution percentage for the medical premium and supporting calculations for non-bargaining employees.

**Response 2.** Please refer to Jackson Purchase's response to PSC 1 – 25 which states that the NECA-IBEW Welfare Trust Plan, which utilizes the Anthem Blue Cross/Blue Shield Network is one combined payment for Medical, Vision and Dental. The current contribution rates are 5.8% for all non-bargaining employees for the entire package of Medical, Vision and Dental.

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**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION—11/12/21  
REQUEST 3**

**RESPONSIBLE PERSON: Jeff Williams**

**COMPANY: Jackson Purchase Energy Corporation**

**Request 3.** Provide the employee contribution percentage for the dental premium and supporting calculations for non-bargaining employees.

**Response 3.** Please refer to Jackson Purchase's response to PSC 2-2.

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PSC CASE NO. 2021-00358  
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**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION—11/12/21  
REQUEST 4**

**RESPONSIBLE PERSON: Jeff Williams**

**COMPANY: Jackson Purchase Energy Corporation**

**Request 4.** Provide the employee contribution percentage for the vision premiums and supporting calculations for non-bargaining employees.

**Response 4.** Please refer to Jackson Purchase's response to PSC 2-2.



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**PSC CASE NO. 2021-00358**  
**SECOND REQUEST FOR INFORMATION RESPONSE**

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION—11/12/21**  
**REQUEST 5**

**RESPONSIBLE PERSON:** Jeff Williams

**COMPANY:** Jackson Purchase Energy Corporation

**Request 5.** Refer to Case No. 2019-00053, Jackson Purchase's response to Staff's First Request for Information, Item 14. Provide any increases in healthcare since 2019, and if an increase has occurred, state whether the employee contribution is still 20 percent of the increase.

**Response 5.** On January 1, 2020, the total healthcare/dental/vision monthly premium increased \$32.00 per employee. Employees absorbed 20% of this increase.

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**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION—11/12/21  
REQUEST 6**

**RESPONSIBLE PERSON: Jeff Williams and John Wolfram**

**COMPANY: Jackson Purchase Energy Corporation**

**Request 6.** Refer to the final Order in Case No. 2019-00053, page 10.

(a) Explain why Jackson Purchase Energy did not make an adjustment for health benefits.

(b) If this cannot be provided, provide an update to JPEC-RevReg-Filed.xlsx and the associated revenue requirement with an adjustment for health benefits of 12 percent.

**Response.**

(a) Jackson Purchase did not make an adjustment for health benefits because the cooperative did not expect such a calculation to yield a significant change to the revenue requirement. Also, for traditional rate cases there is no requirement to include such an adjustment, but the procedures for the streamlined rate case pilot program require this

adjustment only if employees make no contribution to health care premiums, which is not the case for Jackson Purchase.

(b) The requested adjustment for health benefits of 12 percent is attached, and the updated revenue requirement file is uploaded to the Commission website with this response.

ATTACHMENTS  
ARE EXCEL  
SPREADSHEETS  
AND UPLOADED  
SEPARATELY

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

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION—11/12/21**  
**REQUEST 7**

**RESPONSIBLE PERSON:**           **Jeff Williams**

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

**Request 7.**           Refer to Jackson Purchase Energy's response to Commission Staff's First Request for Information (Staff's First Request), Item 19.

(a)     Explain why the meter reading expense per meter has increased from \$4.18 in 2018 to \$9.69 in 2020.

(b)     Refer to the Application, Direct Testimony of Greg Grissom (Grissom Testimony), page 5, lines 10-11. Mr. Grissom states that AMI PLC technology is saving an estimated \$1.9 million annually. Reconcile that statement with the increase in meter reading expense per meter noted in Item 7a above.

**Response.**

(a) The 2020 number (\$9.69) is a result of hiring outside contractors to do our manual reading. Whereas internal labor for meter readers splits their labor to different GL accounts, the outside contractors are coded entirely to account 586. The meter readers still split their time and code a certain amount of time to account 586 as well. The delta between the two years is mainly a function of where internal and external labor gets charged. The outside contractor is only included in 2020 and not 2018, and the internal labor still charges a portion of their time to account 586. This inflates 2020 due to looking at just the 586 account.

(b) Where the AMI is working well, we have no meter reading expenses. Jackson Purchase's response to part (a) is mainly because of account coding, not additional expenses.

**JACKSON PURCHASE ENERGY COOPERATIVE**  
**PSC CASE NO. 2021-00358**  
**SECOND REQUEST FOR INFORMATION RESPONSE**

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION—11/12/21**  
**REQUEST 8**

**RESPONSIBLE PERSON:**           **Greg Grissom (8a. and 8b.)**

**Jeff Williams (8c.)**

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

**Request 8.**           Refer to Jackson Purchase Energy's response to Staff's First Request, Item 23.

(a)    If Jackson Purchase Energy is approaching an undesirable financial condition, explain why merit increases were awarded to non-bargaining employees.

(b)    Explain whether the merit increases awarded to non-bargaining employees include a cost-of-living adjustment or are solely based upon performance.

(c)    Provide the matrix used in determining the non-bargaining merit increases.

**Response.**

(a)    From an employee headcount perspective, Jackson Purchase has operated

very lean for several years. Because of this, our employees are typically expected to have multiple responsibilities. As a general matter, Jackson Purchase has always tried to pay its employees fairly for the work they do without overpaying. In recognition of employees' multiple responsibilities management and the Board of Directors believes it is appropriate to make modest merit increases. Please refer to Jackson Purchase's response to PSC 1-1(b), specifically page 2, which states that Jackson Purchase is the 64<sup>th</sup> lowest staffed cooperative out of 69 while comparing similar sized cooperatives across the nation. Jackson Purchase continues to do an excellent job at keeping down overall costs that it can control.

(b) Jackson Purchase has transitioned to a performance-based culture whereby increases are based upon employee performance. Jackson Purchase does not take cost-of-living adjustments into account, nor offer separate increases for cost-of-living changes.

(c) Jackson Purchase does not use a matrix as described.



**JACKSON PURCHASE ENERGY CORPORATION**  
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**SECOND REQUEST FOR INFORMATION RESPONSE**

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION—11/12/21  
REQUEST 9**

**RESPONSIBLE PERSON:** Jeff Williams

**COMPANY:** Jackson Purchase Energy Corporation

**Request 9.** Refer to Jackson Purchase Energy's response to Staff's First Request, Item 24.

(a) Explain the 11.6 percent increase between 2017 and 2018 for the Vice President of Engineering and Operations.

(b) Explain the 12.7 percent and 8.0 percent increases between 2018 and 2019, and between 2019 and 2020, respectively, for the Vice President of Technology—now VP Operations.

**Response**

(a) As the Commission noted in the Order from Case No. 2019-00053, *The Electronic Application of Jackson Purchase Energy Corporation for a General Adjustment*

*in Existing Rates*, dated 6/20/19, page 11, this was the result of matching current employees in similar positions with new hires, as the VP of Finance & Accounting was hired in 2018 and at the time the VP of Engineering & Operations was the only other VP in Jackson Purchase. This increase was a result of the matching of compensation for these two positions.

(b) The VP of Technology's compensation was very low in his range and with good performance was increased to move him up in his range.

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**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION—11/12/21**  
**REQUEST 10**

**RESPONSIBLE PERSON:**           **Jeff Williams**

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

**Request 10.**           Explain why Jackson Purchase Energy does not utilize a prepay program.

**Response 10.**       Jackson Purchase does not have the ability to remote connect and remote disconnect all of its meters and therefore does not offer a prepay program.

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**SECOND REQUEST FOR INFORMATION RESPONSE**

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION—11/12/21**  
**REQUEST 11**

**RESPONSIBLE PERSON:**           **Jeff Williams and John Wolfram**  
**COMPANY:**                       **Jackson Purchase Energy Corporation**

**Request 11.**           Refer to the Application, Direct Testimony of John Wolfram (Wolfram Testimony), page 12, that states that Jackson Purchase Energy continues to depreciate its automated metering infrastructure and related assets at reasonable, industry standard rates.

(a)     State the depreciation rates being utilized for Jackson Purchase Energy's automated metering infrastructure and related assets.

(b)     Provide Jackson Purchase Energy's depreciation schedule for the test period ended December 31, 2019.

**Response**

(a) Please refer to Reference Schedule 1.13 in the Direct Testimony of Mr. Wolfram of the initial application which shows AMI meters are being depreciated at a rate of 6.67% for 15 years.

(b) Please refer to Reference Schedule 1.13 in the Direct Testimony of Mr. Wolfram of the initial application which shows the rates and amounts of depreciation in the test year.

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PSC CASE NO. 2021-00358  
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**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION—11/12/21  
REQUEST 12**

**RESPONSIBLE PERSON: Jeff Williams**

**COMPANY: Jackson Purchase Energy Corporation**

**Request 12.** Refer to the Wolfram Testimony, page 13, that discusses the adjustment to remove a one-time recovery of unclaimed retired capital credits.

- (a) Provide the years the unclaimed capital credits were earned.
  
- (b) Confirm that Jackson Purchase Energy performed its due diligence in the distribution of these unclaimed capital credits.
  
- (c) Provide the statute that allows for unclaimed capital credits to be recovered by a cooperative.

**Response**

(a) Please refer to Jackson Purchase's response to AG 1-41 from Case No. 2019-00053. The unclaimed capital credits were payable on margins earned 1937-1957.

(b) Please refer to Jackson Purchase's response to AG 1-41 from Case No. 2019-00053. Jackson Purchase performed its due diligence in the distribution of these capital credits. Being from 1937-1957, these credits were often owed to former members that are difficult, if not impossible, to identify and locate. Jackson Purchase continued its efforts to locate these individuals, specifically by providing a link on its website entitled 'CAPITAL CREDITS' which discussed the patronage capital retired, how to see if a relative is listed, and contact information for Jackson Purchase's member service department.

(c) Please refer to Jackson Purchase's response to AG 1-41 from Case No. 2019-00053. KRS 272.291 states that unclaimed capital credits may be recovered by the cooperative after a period of five years.

**JACKSON PURCHASE ENERGY CORPORATION**  
**PSC CASE NO. 2021-00358**  
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**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION—11/12/21**  
**REQUEST 13**

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

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

**Request 13.**           Provide justification for the current pole attachment rates.

(a)     Provide a calculation of CATV pole attachment rates using the formula prescribed in Administrative Case 251-42 and the 2019 annual report of Jackson Purchase Energy.

(b)     Explain whether there is a subsidization in the pole-attachment rates and the other rate classes.

**Response**

(a)     Please see attached. Jackson Purchase Energy has consistently and strictly adhered to the 1982 CATV rate formula prescribed in Administrative Case 251-422. However, as shown in the attached CATV Worksheets, the Cooperatives' composite per-unit costs have increased between 1982 and 2019.



(b) Jackson Purchase Energy does not know whether the pole attachment rates create or rely on subsidization from the other Cooperative rate classes. The COSS determines the degree of subsidization between the rate classes, but like lighting charges, prepay metering program fees, large and small cogeneration rates, and other possible charges included in distribution cooperative tariffs, the CATV data is not included in the COSS. This is consistent with the conventional approach used by electric cooperatives in rate filings with the Commission.

**JACKSON PURCHASE ENERGY CORPORATION**  
**CATV POLE ATTACHMENTS**  
**PSC ADMIN CASE NO. 251-42**  
**Updated November 23, 2021**

**CARRYING COST**

	<u>12/31/2019</u>	
1. Operation and Maintenance Expense Line No. 53, Page 14	\$ 6,230,123	
2. Consumer Accounts Expense Line No. 8, Page 15	\$ 1,273,783	
3. Customer Service and Informational Expense Line No. 14, Page 15	\$ 40,607	
Administrative & General Expense Line No. 35, Page 13	\$ 3,237,313	
Depreciation Expense Line No. 28, Page 13	\$ 6,016,651	
Taxes Other Than Income Taxes Line No. 30, Page 13	\$ 90,258	
Subtotal	<u>\$ 16,888,735</u>	
Divided by Line 2, Page 1 (Utility Plant) Cost of Money	\$ 169,545,838	9.96%
Rate of Return on investment allowed in the last General Rate Case		<u>4.50%</u>
Annual Carrying Charges		<u><u>14.46%</u></u>

**Notes**

A. Rate of Return is from Case No. 2019-00053 Order dated June 20, 2019, rate of return on rate base, page 13.

B. References to page/line from Annual Financial filings are from original formula and may not correspond exactly to 2019 financial filing references.

**JACKSON PURCHASE ENERGY CORPORATION  
CATV POLE ATTACHMENTS  
PSC ADMIN CASE NO. 251-42  
Updated November 23, 2021**

**POLE ATTACHMENT COSTS**

*Using 2019 Data*

**A 1. Two Party Pole Costs**

<u>Size</u>	<u>Qty</u>	<u>Cost</u>	<u>Weighted Avg Cost</u>
35'	12,505	\$ 4,372,600.74	
40'	23,271	\$ 12,616,286.53	
	<u>35,776</u>	<u>\$ 16,988,887.27</u>	\$ 474.87

**2. Three Party Pole Costs**

<u>Size</u>	<u>Qty</u>	<u>Cost</u>	<u>Weighted Avg Cost</u>
40'	23,271	\$ 12,616,286.53	
45'	4,973	\$ 3,154,290.89	
	<u>28,244</u>	<u>\$ 15,770,577.42</u>	\$558.37

**3. Average Cost of Anchors**

42,115	\$	8,590,893.44	\$203.99
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**B 1. Pole Charge**

	<u>Responsibility</u>	<u>Cost</u>	<u>Current Rate</u>
a. Two Party	0.1224	\$8.41	\$4.84
b. Three Party	0.0759	\$6.13	\$4.09

**2. Anchor Charge**

a. Two Party	0.50	\$14.75	\$5.88
b. Three Party	0.33	\$9.73	Not Avail

**3. Grounding Attachment Charge**

a. Two Party	\$12.50	\$0.22	\$0.24
b. Three Party	\$12.50	\$0.14	\$0.16

**Notes**

A. 2019 pole and anchor cost data from the 2019 Asset Listing.

B. Responsibility values stem from Commission Order in Administrative Case No. 251 dated Aug. 12, 1982.

ATTACHMENTS  
ARE EXCEL  
SPREADSHEETS  
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SEPARATELY

**JACKSON PURCHASE ENERGY CORPORATION**  
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**SECOND REQUEST FOR INFORMATION RESPONSE**

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION—11/12/21**  
**REQUEST 14**

**RESPONSIBLE PERSON:**           **Jeff Williams**

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

**Request 14.**           Provide cost support for each of the following nonrecurring charges:

- (a)   Collection Fee of \$20.00
- (b)   Returned Check Fee of \$20.00.
- (c)   Connection or Reconnection (Regular Hours) Fee of \$25.00
- (d)   Connection or Reconnection (After Hours) Fee of \$75.00
- (e)   Meter Test Request Fee of \$35.00; and
- (f)   Meter Pole Perpetual Lease Fee of \$100.00.

**Response:**

The requested support for items (a) through (f) is provided in the attachment. Some of the estimated values support a charge lower than the current tariff, while others reflect a charge higher than the current tariff amount. On balance, Jackson Purchase considers the current non-recurring charges to be reasonable.

Jackson Purchase did not review these charges or propose any revisions to them in this case in order to reduce the costs and scope of this filing.

Note that the revenue deficiency provided in Exhibit JW-2 was calculated on the premise that the non-recurring charges in the test period are representative going forward and thus were unchanged. If the Commission elects to revise any of these nonrecurring charges, then a revision to the revenue deficiency is also required to capture any changes to annual revenue resulting from such changes. In other words, if any non-recurring charges were decreased, then base rates would have to be increased to offset that decrease in non-recurring charge revenues.

**Jackson Purchase Energy Corporation**  
**Non-Recurring Charge Support**

<b>Collection Fee</b>				
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<u>Employee</u>	<u>Time/Min</u>	<u>Labor Rate/hr</u>	<u>Overhead Rate</u>	<u>Cost</u>
Meter Reader	50	32.74	73%	\$ 47.20
MSR	15	27.91	56%	\$ 10.88

<u>Transportation</u>	<u>Time/Hour</u>	<u>Rate/Hour</u>	
Service Truck	0.83	\$ 19.00	\$ 15.83

**TOTAL COST** \$ 73.92

**Jackson Purchase Energy Corporation**  
**Non-Recurring Charge Support**

<b>Returned Check Fee</b>					
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<u>Employee</u>	<u>Time/Min</u>	<u>Labor Rate/hr</u>	<u>Overhead Rate</u>		<u>Cost</u>
MSR	15	27.91	56%	\$	10.88
Bank Fee				\$	5.00
<b><u>Mailing</u></b>					
Paper				\$	0.01
Envelope				\$	0.04
Postage				\$	0.55
<b>Total Cost</b>				\$	<u>16.48</u>



**Jackson Purchase Energy Corporation**  
**Non-Recurring Charge Support**

<b>Connection/Reconnection Fee</b>
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<u>Employee</u>	<u>Time/Min</u>	<u>Labor Rate/hr</u>	<u>Overhead Rate</u>	<u>Cost</u>
Meter Reader	50	32.74	73%	\$ 47.20
MSR	15	27.91	56%	\$ 10.88

<u>Transportation</u>	<u>Time/Hour</u>	<u>Rate/Hour</u>	
Service Truck	0.83	19	\$ 15.83

**TOTAL COST** \$ 73.92

**Jackson Purchase Energy Corporation  
 Non-Recurring Charge Support**

<b>Connection/Reconnection Fee - After hours</b>				
<u>Employee</u>	<u>Time/Min</u>	<u>Labor Rate/hr</u>	<u>Overhead Rate</u>	<u>Cost</u>
Meter Reader	180	49.11	51%	\$ 222.47
MSR	15	27.91	56%	\$ 10.88
<u>Transportation</u>	<u>Time/Hour</u>	<u>Rate/Hour</u>		
Service Truck	0.83	19		\$ 15.83
<b>TOTAL COST</b>				<b>\$ 249.19</b>

Minimum 3 hour callout per the negotiated contract with the union.

**Jackson Purchase Energy Corporation**  
**Non-Recurring Charge Support**

<b>Meter Pole - Perpetual Lease Fee</b>
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30 foot pole	\$ 177.00
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Originally, Labor and Overheads may have been included, but the current cost of a 30 foot pole is more than the fee.

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

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION—11/12/21**  
**REQUEST 15**

**RESPONSIBLE PERSON:**           **Jeff Williams**

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

**Request 15.**           Provide the number of times and the total amount in the test period  
for the following nonrecurring charges:

- (a)    Collection Fee.
  
- (b)    Returned Check Fee.
  
- (c)    Connection or Reconnection (Regular Hours) Fee.
  
- (d)    Connection of Reconnection (After Hours) Fee.
  
- (e)    Meter Test Request Fee.
  
- (f)    Meter Pole Perpetual Lease Fee

(g) For the Connection or Reconnection Fees, provide the number of disconnections due to faulting on a payment plan that results from the disconnection moratorium associated with the COVID-19 pandemic.

**Response**

(a) Please see attached.

(b) Please see attached.

(c) Please see attached.

(d) Please see attached.

(e) Please see attached.

(f) Please see attached.

(g) There were no disconnections due to defaulting on a payment plan that results from the disconnection moratorium associated with the COVID-19 pandemic during the test year.

Jackson Purchase Energy Corporation  
Case No. 2021-00358  
PSC 2 - 15 (a - f)

	<u>Collection Fee</u>	<u>Returned Check Fee</u>	<u>Connection Regular hrs</u>	<u>Connection after hrs</u>	<u>Meter Test Fee</u>	<u>Meter Pole Perpetual Lease</u>
total #	2,333	10	6,214	236	6	20
Total \$	\$ 44,640.19	\$ 195.00	\$ 140,230.00	\$ 10,650.00	\$ 200.00	\$ 2,000.00

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

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION—11/12/21  
REQUEST 16**

**RESPONSIBLE PERSON:**           **Jeff Williams**

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

**Request 16.**           Explain the circumstances that allow a customer to be charged a Collection Fee.

**Response 16.**           If Jackson Purchase must disconnect a meter, it assesses a Collection fee. Please refer to Sheet 150, part H, of Jackson Purchase's tariff which states, "This charge is to be made regardless of whether the agent collects the amount due or disconnects the service."

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

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION—10/6/21  
REQUEST 17**

**RESPONSIBLE PERSON: Jeff Williams**

**COMPANY: Jackson Purchase Energy Corporation**

**Request 17.** Explain what a Meter Pole Perpetual Lease is.

**Response 17.** The Meter Pole Perpetual Lease fee is based upon Sheet 153, Part B, of Jackson Purchase's tariff. A Meter Pole Perpetual Lease is the installation of a meter pole at a mobile home.



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

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION—11/12/21  
REQUEST 18**

**RESPONSIBLE PERSON: Jeff Williams**

**COMPANY: Jackson Purchase Energy Corporation.**

**Request 18.** Provide the number of disconnections and reconnections for the years of 2018, 2019, 2020, and monthly for 2021.

**Response 18.** Please see attached.

**Jackson Purchase Energy Corporation**  
**Case No. 2021-00358**  
**PSC 2-18**

<b>Date</b>	<b>Disconnects</b>	<b>Reconnects</b>
2018	2,221	1,674
2019	1,169	633
2020	411	234
2021		
Jan	110	88
Feb	194	150
Mar	386	333
Apr	387	338
May	252	228
Jun	243	215
Jul	235	214
Aug	164	147
Sep	232	200
Oct	274	240

**JACKSON PURCHASE ENERGY CORPORATION  
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SECOND REQUEST FOR INFORMATION RESPONSE**

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION—11/12/21  
REQUEST 19**

**RESPONSIBLE PERSON:**           **Jeff Williams**

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

**Request 19.**           Provide the number of net metering customers annually for the past five years, including to date for 2021. Also, provide the percent of cumulative generating capacity of net metering systems as compared to Jackson Purchase Energy's peak load during the previous year for the test period.

**Response 19.**           Net Meter customers total 11, 15, 19, 24, 31, respectively for years 2017-2021.

**JACKSON PURCHASE ENERGY CORPORATION  
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**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION—11/12/21  
REQUEST 20**

**RESPONSIBLE PERSON: Jeff Williams**

**COMPANY: Jackson Purchase Energy Corporation**

**Request 20.** Refer to the Grissom Testimony, page 5, lines 6-7. Provide the amount of the loan received from the federal payroll protection program.

**Response 20.** The amount received from the federal payroll protection program was \$1,621,100.

**JACKSON PURCHASE ENERGY CORPORATION**  
**PSC CASE NO. 2021-00358**  
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**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION—11/12/21**  
**REQUEST 21**

**RESPONSIBLE PERSON:** Greg Grissom

**COMPANY:** Jackson Purchase Energy Corporation.

**Request 21.** Refer to the Application, Direct Testimony of Jeff Williams (Williams Testimony), page 12, lines 6-18.

(a) Provide the reason Jackson Purchase Energy's right-of-way (ROW) contractor walked away from the contract.

(b) Provide the number of years left on the ROW contract the contractor walked away from.

(c) Explain whether Jackson Purchase Energy received any compensation from the contractor.

(d) Provide the Request for Proposals and resulting bids for the recent ROW contract.

(e) Explain if Jackson Purchase Energy considered changing the five-year cycle to a six or more year cycle.

**Response**

(a) To Jackson Purchase's best knowledge and belief, the ROW contractor walked away from the contract because of a substantial increase in employee wages resulting from a highly competitive labor market which, in turn, caused the contractor to sustain business losses on such contracts.

(b) There were two years remaining on the ROW contract. The contractor completed years 2018 and 2019 of the contract but couldn't continue at the current pricing for 2020/2021.

(c) No compensation was received.

(d) Please see attached for the most recent bids.

(e) Due to the condition of its right of way, it is essential that Jackson Purchase stay with the current cycle to protect its membership's entitlement to safe and reliable power.

## ROW Clearing Contractors

Company Information	Primary Contact	Secondary Contact
Nelson Tree Service 3300 Office Park Drive Dayton, Ohio 45439 (800) 522-4311	Mike Laughman <a href="mailto:mike@nelsontree.com">mike@nelsontree.com</a>	
Wolf Tree 3310 Greenway Drive Knoxville, TN 37918 (865) 687-3400	(865) 363-0652 <a href="mailto:kbrooks@wolftree.com">kbrooks@wolftree.com</a>	
Trees, LLC 650 North Sam Houston Pkwy East Houston, TX 77060 (866) 865-9617	<a href="mailto:abarbee@trees-llc.com">abarbee@trees-llc.com</a> Adam Barbee	
W. A. Kendall P.O. Box 831 Lawrenceville, GA 30046 (770) 963-6017	David Fiebelkorn <a href="mailto:dfiebelkorn@wakendall.com">dfiebelkorn@wakendall.com</a>	
Wright Tree Service P.O.Box 1718 Des Moines, Iowa 50306 (800) 882-1216	<a href="mailto:ckobernick@wrighttree.com">ckobernick@wrighttree.com</a> Corey Kobernick 859-509-5774	
Townsend Tree Service  Muncie, IN	Tracy Kinslow <a href="mailto:tkinslow@townsendtree.com">tkinslow@townsendtree.com</a>	
McKenzie Tree Service 2141 TN Ave N Parsons, TN 38363 731-847-8733	Keith <a href="mailto:jkroach5@gmail.com">jkroach5@gmail.com</a>	
Asplundh Tree Expert Co. 202 Two Oaks Dr. Nicholasville, KY 40356	Attn: Mr. Dave Ellifritx Bobby King - 859-304-3700 <a href="mailto:bobbyking@asplundh.com">bobbyking@asplundh.com</a>	
Davey Tree Expert, LLC 1500 North Mantua St. Kent, OH 44240	Laura Wimer <a href="mailto:Laura.Wimer@davey.com">Laura.Wimer@davey.com</a>	
Phillips Tree Service	Brent Blanchard <a href="mailto:bblanchard3@phillipstreeexperts.com">bblanchard3@phillipstreeexperts.com</a> 606-524-5074	

## Townsend Tree Service

### Hourly Crews

Foreman	\$ 41.15	\$ 85,592.00
Helper	\$ 34.75	\$ 72,280.00
Truck (55'-60')	\$ 16.74	\$ 34,819.20
Chipper	\$ 5.15	\$ 10,712.00
Chain Saw	\$ 2.70	\$ 11,232.00
		<u>\$ 214,635.20</u>

## Wolf Tree

### Hourly Crews

Foreman	\$ 40.78	\$ 84,822.40
Helper	\$ 33.98	\$ 70,678.40
Truck (55'-60')	\$ 19.20	\$ 39,936.00
Chipper	\$ 7.25	\$ 15,080.00
Pickup	\$ 13.98	\$ 58,156.80
		<u>\$ 268,673.60</u>

## Trees, LLC

### Hourly Crews

Foreman	\$ 40.39	\$ 84,011.20
Helper	\$ 37.58	\$ 78,166.40
Truck (55'-60')	\$ 16.77	\$ 34,881.60
Chipper	\$ 9.72	\$ 20,217.60
Pickup	\$ 13.97	\$ 58,115.20
		<u>\$ 275,392.00</u>

## Wright Tree Service

### Hourly Crews

Foreman	\$ 55.91	\$ 116,292.80
Helper	\$ 52.32	\$ 108,825.60
Truck (55'-60')	\$ 22.30	\$ 46,384.00
Chipper	\$ 12.52	\$ 26,041.60
Pickup	\$ 12.67	\$ 52,707.20
		<u>\$ 350,251.20</u>

## W. A. Kendall

### Hourly Crews

Foreman	\$ 44.80	\$ 93,184.00
Helper	\$ 38.85	\$ 80,808.00
Truck (55'-60')	\$ 22.00	\$ 45,760.00
Chipper	\$ 11.00	\$ 22,880.00
Pickup	\$ 12.50	\$ 52,000.00
		<u>\$ 294,632.00</u>



## Townsend Tree Service Circuit Bids

### 2022

<b>Substation/Circuit</b>	<b>Circuit Bid</b>
Kansas 214-Lowes	\$401,574.00
Ledbetter 244-Ledbetter	\$452,309.00
Little Union 224-US 60 West	\$191,900.00
Olivet Church Road 214-Olivet Church Rd	\$52,175.00
Reidland 214-Ken Mar Rd	\$75,513.00
Smithland 214-Smithland	\$151,639.00
Grand Rivers 214-Iuka	\$450,000.00
Grand Rivers 254-Averitt GR #2	\$248,442.00
Little Union 244-Roy Lee Rd	\$258,322.00
New York 214-Hinkleville	\$309,541.00
New York 234-Blandville	\$291,137.00
Smithland 224-Tiline	\$774,817.00
Smithland 244-Mitchell Store	\$370,086.00

### 2023

<b>Substation/Circuit</b>	<b>Circuit Bid</b>
Grand Rivers 244-Pelican GR #1	\$ 151,417.00
Ragland 224-Ragland	No Bid
Strawberry Hill 224-Hansen Rd	No Bid
Calvert City 214-Hwy 95	No Bid
Ledbetter 224-US 60 East	\$ 241,224.00
Maxon 214-Maxon Rd	No Bid
Maxon 224-Express	No Bid
Possum Trot 234-Hwy 95	No Bid
Calvert City 224-Calvert Heights	No Bid
Coleman Road 224-Conrad Heights	No Bid
Freemont 244-Freemont	No Bid
High Point 224-Carneal Rd	No Bid
Joy 214-Hampton South	\$ 613,995.00
Joy 254-Lola	\$ 366,531.00
Kansas 244-Pottsville	\$ 392,448.00
LaCenter 224-Oscar	\$ 418,463.00
New York 254-Slater	\$ 492,174.00

**2024** No Bid

**2025** No Bid

# RIGHT-OF-WAY CLEARING CONTRACT CONTRACTOR'S PROPOSAL

(Proposal shall be submitted in ink or typewritten)

## ARTICLE 1 - GENERAL

**Section 1. Offer to Clear.** The undersigned (hereinafter called the "Contractor") hereby proposes to furnish all materials, equipment, machinery, tools, labor, transportation and other means required to trim and/or removes trees interfering with the Owner's electric transmission and distribution lines, to cut brush and undergrowth on Owner's right-of-way, and dispose of the debris resulting from such work as specified by the Owner. It agents or employees to the satisfaction of the property owner, bearing the RUS Designation Kentucky 20 McCracken in strict accordance with the Specifications and Drawings therefor, attached hereto and made a part hereof for the prices hereinafter stated.

**Section 2. Description of Project.** The Project will consist of approximately 350 miles of right-of-way clearing that may be split between Contractors. The Project is located in Ballard, Carlisle, Graves, Livingston, Marshall, and McCracken counties in the State of Kentucky.

**Section 3. Description of Contract.** The Description of Units, Specifications, Drawings and Plans attached hereto and made a part hereof, together with the Proposal and Acceptance constitute the Contract. The Plans consisting of maps and plan and profile sheets if transmission clearing is included, showing the miles of right-of-way units that are to be cleared, along with other special drawings are identified as follows:

Attachment 1 — Supplemental Conditions and Specific Requirements

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**Section 4. Familiarity with Conditions.** The Contractor warrants that it has made careful examination of the site of the Project and of the Specifications, and has become informed as to the location and nature of the proposed work, the transportation facilities, the kind and character of soil and terrain to be encountered, and the kind of facilities required for undertaking and completing the Project, and has become acquainted with the labor conditions, state and local laws and regulations which would affect the proposed work.

**Section 5. License.** The Contractor agrees to secure all permits and licenses necessary for the performance of the work to be preformed hereunder and to pay all charges and fees required for such permits and licenses.

**Section 6. Taxes.** The unit prices for Right-of-Way Clearing Units in this Proposal include any sums which are or may be payable by the Contractor on account of taxes imposed by any taxing authority on payments for materials furnished or services performed by the Contractor under the terms of this Contract.

## ARTICLE 11 – WORK

### Section 1. Time and Manner of Work.

- (a) The Contractor agrees to commence work no later than January 1, 2020 (hereinafter called the "Commencement Date ") or such date which shall be determined by the Owner after its acceptance of this Proposal, but in no event will the Commencement Date be later than thirty (30) calendar days after date of acceptance of this Proposal. The Contractor further agrees to prosecute diligently and to complete clearing in strict accordance with the Specifications and Drawings within three hundred and sixty five (365) calendar days (excluding Sundays and holidays) after Commencement Date.
- (b) The time for Completion of clearing shall be extended for the period of any reasonable delay which is due exclusively to causes beyond the control and without the fault of the Contractor, including acts of God, fires, floods, inability to obtain materials and acts or omissions of the Owner with respect to matters for which the Owner is solely responsible: Provided, however, that no such extension of time for completion shall be granted the Contractor unless within ten (10) days after the happening of any event relied upon by the Contractor for such an extension of time the Contractor shall have made a request therefor in writing to the

Owner, and provided further that no delay in such time of completion or in the progress of the work which results from any of the above causes except acts or omissions of the Owner, shall result in any liability on the part of the Owner.

- (c) The sequence of right-of-way clearance shall be as set forth below, the numbers or names being the designations of extensions or areas (hereinafter called the "Sections") corresponding to the numbers or names shown on the maps attached hereto, or if no Sections are set forth below, the sequence of trimming shall be as determined by the Contractor subject to the approval of the Owner.
- (d) The Owner may from time to time during the progress of the work on the Project make such changes in, additions to or subtractions from the Specifications, Drawings and sequence of work provided for in the previous paragraph which are part of the Contractor's Proposal as conditions may warrant: Provided, however, that if any change in the work to be done shall require an extension of time, a reasonable extension will be granted if the Contractor shall make a written request therefor to the Owner within ten (10) days after any such change is made. And provided further, that if the cost to the Contractor of completion of the Project shall be materially increased by any such change or addition, the Owner shall pay the Contractor for the reasonable cost thereof in accordance with a Contract Amendment signed by the Owner and the Contractor, but no claim for additional compensation for any such change or addition will be considered unless the Contractor shall have made a written request therefor to the Owner prior to the commencement of work in connection with such change or addition.
- (e) The Contractor shall not perform any work hereunder on Sundays, holidays observed by the Owner, or between the hours of 6 PM and 7 AM without the express written approval of the Owner. The time for completion specified in subsection (a) of this Section I shall not be affected in any way by inclusion of this subsection or by the Owner's consent or lack of consent to work any of these restricted periods.

**Section 2. Environmental Protection.** The Contractor shall perform work in such a manner as to maximize preservation of beauty, conservation of natural resources, and minimize marring and scarring of the landscape and silting of streams. The Contractor shall not deposit trash in streams or waterways and shall not deposit herbicides or other chemicals or their containers in or near streams, waterways or pastures.

### **Section 3. Supervision and Inspection.**

- (a) The Contractor shall cause the work on the Project to receive constant supervision by a competent general foreman or supervisor (hereinafter called the "Superintendent ") who shall be present at all times during working hours where work is being carried on. The Contractor shall also employ in connection with the Project, capable, experienced and reliable foremen and such skilled workmen as may be required for the various classes of work to be performed. Directions and instructions given to the Superintendent shall be binding upon the Contractor.
- (b) The Owner reserves the right to require the removal from the Project of any employee of the Contractor if in the judgment of the Owner such removal shall be necessary in order to protect the interest of the Owner. The Owner shall have the right to require the Contractor to increase the number of its employees and to increase or change the amount or kind of tools and equipment if at any time the progress of the work shall be unsatisfactory to the Owner; but the failure of the Owner to give any such directions shall not relieve the Contractor of its obligations to complete the work within the time and in the manner specified in this Proposal.
- (c) The manner of performance of the work, and all equipment used therein, shall be subject to the inspection and approval of the Owner. The Owner shall have the right to inspect all payrolls and other data and records of the Contractor relevant to the work. The Contractor will provide all reasonable facilities necessary for such inspection. The Contractor shall have an authorized agent accompany the inspector when final inspection is made and, if requested by the Owner, when any other inspection is made.
- (d) The Owner may suspend the work wholly or in part for such period or periods as the Owner may deem necessary due to unsuitable weather or such other conditions as are considered unfavorable for the satisfactory prosecution of the work or because of the failure of the Contractor to comply with any of the provisions of the Contract: provided, however, that the Contractor shall not suspend work pursuant to this provision without written authority from the Owner so to do. The time of completion hereinabove set forth shall be increased by the number of days of any such suspension, except when such suspension is due to the failure of the Contractor to comply with any of the provisions of this Contract. In the event that work is

suspended by the Contractor with the consent of the Owner, the Contractor before resuming work shall give the Owner at least twenty-four (24) hours notice thereof in writing.

**Section 4. Unsuitable Workmanship.** The acceptance of any workmanship by the Owner shall not preclude the subsequent rejection thereof if such workmanship shall be found to be unsuitable. Workmanship found unsuitable before final acceptance of the work shall be remedied, by and at the expense of the Contractor. The Contractor shall not be entitled to any payment hereunder so long as any unsuitable workmanship in respect to the Project, of which the Contractor shall have had notice, shall not have been remedied.

## ARTICLE 111 - PAYMENT

### Section 1. Payments to Contractor.

- (a) Within the first fifteen (15) days of each calendar month, the Owner shall make partial payment to the Contractor for work accomplished and audited during the preceding calendar month on the basis of a statement of completed work furnished and certified to by the Contractor and approved by the Owner solely for the purposes of payment: Provided, however, that such approval by the Owner shall not be deemed approval of the workmanship or materials. Only ninety percent (90%) of each such statement approved during the clearing of the feeders associated with a given substation shall be paid by the Owner to the Contractor prior to completion of all work for that substation. Upon completion of the clearing of a substation, the Contractor shall prepare a final statement and the Owner agrees to pay the remaining ten percent (10%) of the charges upon inspection of total completion.
- (b) The Contractor shall be paid on a lump sum basis in accordance with the prices quoted herein as amended by approved Contract Amendments, if any.
- (c) No payment shall be due while the Contractor is in default in respect of any of the provisions of this Contract and the Owner may withhold from the Contractor the amount of any claim by a third party against either the Contractor or the Owner based upon an alleged failure of the Contractor to perform the work hereunder in accordance with the provisions of the Contract.

**Section 2. Payments to Subcontractors.** The Contractor shall pay each subcontractor, if any, within five (5) days after receipt of any payment from the Owner, the amount thereof allowed the Contractor for and on account of services performed by each subcontractor.

## ARTICLE IV - PARTICULAR UNDERTAKINGS OF THE CONTRACTOR

**Section 1. Protection to Persons and Property.** The Contractor shall at all times take all reasonable precautions for the safety of employees on the work and of the public, and shall comply with all applicable provisions of Federal, state, and municipal safety laws and building and construction codes, as well as the safety rules and regulations of the Owner.

The following provisions shall not limit the generality of the above requirements:

- (a) The Contractor shall so conduct work on the Project as to cause the least possible obstruction of public highways.
- (b) The Contractor shall provide and maintain all such guard lights and other protection for the public as may be required by applicable statutes, ordinances, and regulations or by local conditions.
- (c) The Contractor shall do all things necessary or expedient to properly protect any and all parallel, converging, and intersecting lines, joint line poles, highways, and any and all property of others from damage, and in the event that any such parallel, converging and intersecting lines, joint line poles, highways, or other property are damaged in the course of work on the Project the Contractor shall at its own expense restore any or all of such damaged property immediately to as good a state as before such damage occurred.
- (d) Where the right-of-way of the Project traverses cultivated lands, the Contractor shall limit the movement of his crews and equipment so as to cause as little damage as possible to crops, orchards, or property and shall endeavor to avoid marring the lands. All fences which are necessarily opened or moved during work on the

Project shall be replaced in as good condition as they were found, and precautions shall be taken to prevent the escape of livestock. The Contractor shall not be responsible for loss of or damage to crops, orchards, or property (other than livestock) on the right-of-way necessarily incident to work on the Project and not caused by negligence or inefficient operation of the Contractor. The Contractor shall be responsible for all other loss of or damage to crops, orchards, or property, whether on or off the right-of-way, and for all loss of or damage to livestock caused by work on the Project. The right-of-way for purposes of this said section shall consist of an area extending twenty (20) feet on both sides of the center line of the poles along the route of the Project lines, plus such area reasonably required by the Contractor for access to the route of the Project lines from public roads to carry on the work.

- (e) The Project, from the commencement of work to completion, or to such earlier date or dates when the Contractor for access to the route of the Project lines from public roads to carry on the work.
- (f) The Project, from the commencement of work to completion, or to such earlier date or dates when the Owner may take possession and control in whole or in part as hereinafter provided, shall be under the charge and control of the Contractor and during such period of control by the Contractor all risks in connection with the work on the Project and the materials to be used therein shall be borne by the Contractor. ~~The Contractor shall make good and fully repair all injuries and damages to the Project or any portion thereof under the control of the Contractor by reason of an act of God or other casualty or cause whether or not the same shall have occurred by reason of the Contractor's negligence.~~ JSF 3/11/20
- (i) To the maximum extent permitted by law, Contractor shall defend, indemnify, and hold harmless Owner and Owner's directors, officers, and employees from all claims, causes of action, losses, liabilities, and expenses (including reasonable attorney's fees) for personal loss, injury, or death to persons (including but not limited to Contractor's employees) and loss, damage to or destruction of Owner's property or the property of any other person or entity (including but not limited to Contractor's property) in any manner arising out of or connected with the Contract, or the materials or equipment supplied, or services performed by Contractor, its subcontractors and suppliers of any tier. Such indemnification specifically includes, but is not limited to, any fines, penalties, sanctions, or judgments imposed by any local government, regulatory agency, or court against Owner and Owner's directors, officers, and employees for any act or omission or conduct of Contractor, its subcontractors, employees, suppliers, representatives, and assigns, including the costs of defending any such proceeding (including reasonable attorney's fees). But nothing herein shall be construed as making Contractor liable for any injury, death, loss, damage, or destruction caused by the sole negligence of Owner.
- (ii) To the maximum extent permitted by law, Contractor shall defend, indemnify, and hold harmless Owner and Owner's directors, officers, and employees from all liens and claims filed or asserted against Owner, its directors, officers, and employees, or Owner's property or facilities, for services performed or materials or equipment furnished by Contractor, its subcontractors and suppliers of any tier, and from all losses, demands, and causes of action arising out of any such lien or claim. Contractor shall promptly discharge or remove any such lien or claim by bonding, payment, or otherwise and shall notify Owner promptly when it has done so. If Contractor does not cause such lien or claim to be discharged or released by payment, bonding, or otherwise, Owner shall have the right (but shall not be obligated) to pay all sums necessary to obtain any such discharge or release and to deduct all amounts so paid from the amount due Contractor. No payments made by the owner pursuant to this provision shall be deemed payments of a "volunteer".
- (iii) Contractor shall provide to Owner's satisfaction evidence of Contractor's ability to comply with the indemnification provisions of subparagraphs (i) and (ii) above, which evidence may include but may not be limited to a bond or liability insurance policy obtained for this purpose through a licensed surety or insurance company.
- (g) Any and all excess debris, underbrush, and other useless material shall be removed by the Contractor from the site of the Project as rapidly as practicable as the work progresses. The Contractor shall not deposit trash in streams or waterways and shall not deposit herbicides or other chemicals or their containers in or near streams, waterways or pastures.
- (h) Upon violation by the Contractor of any provisions of this section, after written notice of such violation given to the Contractor by the Owner, the Contractor shall immediately correct such violation. Upon failure of the Contractor so to do the Owner may correct such violation at the Contractor's expense.

- (i) The Contractor shall submit to the Owner weekly reports in of all accidents, giving such data as may be prescribed by the Owner.
- (j) The Contractor shall promptly notify the Owner whenever any landowner objects to the trimming or felling of any trees or the performance of any other work on his land in connection with the Project and shall obtain the consent in writing of the Owner before proceeding in any such case.

**Section 2. Insurance.** Contractor shall take out and maintain throughout period of this Agreement the following minimum amounts of insurance:

- (a) Contractor agrees to provide Worker's Compensation insurance covering all employees in statutory limits who perform any of the obligations assumed by the Contractor under this Agreement.
- (b) Contractor agrees to provide employer's liability insurance, as required by law, covering all their employees who perform any of the obligations of the contractor, engineer, and architect under the Contract. If any employer or employee is not subject to workers ' compensation laws of the governing state, then insurance shall be obtained voluntarily to extend to the employer and employee coverage to the same extent as though the employer or employee were subject to the workers ' compensation laws.
- (c) Public liability insurance covering all operations under the Contract shall have limits for bodily injury or death of not less than \$2 million each occurrence, limits for property damage of not less than \$2 million each occurrence, and \$5 million aggregate for accidents during the policy period. This required insurance may be in a policy or policies of insurance, primary and excess including the umbrella or catastrophe form.
- (d) Automobile liability insurance on all motor vehicles used in connection with the Contract, whether owned, non-owned, or hired, shall have limits for bodily injury or death of not less than \$1 million per person and \$3 million each occurrence, and property damage limits of \$1 million for each occurrence. This required insurance may be in a policy or policies of insurance, primary and excess including the umbrella or catastrophe form.

The Owner shall have the right at any time to require public liability insurance and property damage liability insurance greater than those required in subsections (b) and (c) of this Section. In any such event, the additional premium or premiums payable solely as the result of such additional insurance shall be added to the Contract price.

The Owner shall be named as Additional Insured on all policies of insurance required in subsections "b" and "c" of this Section.

The policies of insurance shall be in such form and issued by such insurer as shall be satisfactory to the Owner. The Contractor shall furnish the Owner a certificate evidencing compliance with the foregoing requirements which shall provide not less than thirty (30) days prior written notice to the Owner of any cancellation or material change in the insurance.

**Section 3. Delivery of Possession and Control to the Owner.** Where the right-of-way clearance of a Section as hereinbefore defined in Article II, Section 1 (c) shall have been completed by the Contractor, the Owner agrees, after final inspection and having found the work acceptable and release of final payment for work performed on a circuit, to accept delivery of possession and control of such Section. Upon such delivery of the possession and control of any such Section to the Owner, the risk and obligations of the Contractor as set forth in Article IV, Section 1 (f) hereof with respect to such Section so delivered to the Owner shall be terminated: Provided, however, that nothing herein contained shall relieve the Contractor of any liability with respect to unsuitable workmanship as specified in Article II, Section 4 hereof.

**Section 4. Assignment of Guarantees.** All guarantees of materials and workmanship running in favor of the Contractor shall be transferred and assigned to the Owner prior to the time the Contractor receives final payment for any Section.

## ARTICLE V - REMEDIES

**Section 1. Completion on Contractor's Default.** If default shall be made by the Contractor or by any subcontractor in performance of any of the terms of this Proposal, Owner, without in any manner limiting its legal and equitable



remedies in the circumstances, may serve upon the Contractor and the Surety, if any, a written notice requiring the Contractor to cause such default to be corrected forthwith. Unless within twenty (20) days after the service of such notice upon the Contractor and the Surety, if any, such default shall be corrected or arrangements for the correction thereof satisfactory to the Owner shall be made, the Owner may take over the work on the Project and prosecute the same to completion by Contract or otherwise for the account and at the expense of the Contractor, and the Contractor shall be liable to the Owner for any cost or expense in excess of the Contract price occasioned thereby. In such event the Owner may take possession of and utilize, in completing the Project, any materials, tools, supplies, equipment, appliances, and plant belonging to the Contractor or any of its subcontractors, which may be situated at the site of the Project. The Owner in such contingency may exercise any rights, claims, or demands which the Contractor may have against third persons in connection with this Proposal and for such purpose the Contractor does hereby assign, transfer, and set over unto the Owner all such rights, claims, and demands.

~~Section 2. Liquidated Damages. The time of the Completion of Clearing is of the essence of the Contract. Should the Contractor neglect, refuse or fail to complete the clearing within the time herein agreed upon, after giving effect to extensions of time, if any, herein provided, then, in that event and in view of the difficulty of estimating with exactness damages caused by such delay, the Owner shall have the right to deduct from and retain out of such monies which may be then due, or which may become due and payable to the Contractor the sum of One Thousand Dollars (\$1,000) per day for each and every day that such work is delayed in its completion beyond the specified time, as liquidated damages and not as a penalty; if the amount due and to become due from the Owner to the Contractor is insufficient to pay in full any such liquidated damages, the Contractor shall pay to the Owner the amount necessary to effect such payment in full: Provided, however, that the Owner shall promptly notify the Contractor in writing of the manner in which the amount retained, deducted or claimed as liquidated damages was computed.~~

THE HASTER GROUP DOES NOT ACCEPT THIS AS PART OF ANY AGREEMENT

AN EQUAL INCENTIVE MUST BE OFFERED JSF 3/4/20

~~Section 3. Cumulative Remedies. Every right or remedy herein conferred upon or reserved to the Owner shall be cumulative, shall be in addition to every right and remedy now or hereafter existing at law or in equity or by statute and the pursuit of any right or remedy shall not be construed as an election: Provided, however, that the provision of Section 2 of this Article shall be the exclusive measure of damages for failure by the Contractor to complete the clearing within the time herein agreed upon.~~

JSF 3/4/20

N/A JSF 3/4/20

### ARTICLE VI - MISCELLANEOUS

#### Section 1. Definitions.

- (a) The term "Completion of Clearing" shall mean full performance by the Contractor of the Contractor's obligations under the Contract and all amendments and revisions thereof except the Contractor's obligations in respect of furnishing (1) the "Certificate of Contractor and Indemnity Agreement " and (2) the Final Inventory both referred to in Article III, Section 1 hereof.
- (b) The term "Completion " shall mean full performance by the Contractor of the Contractor's obligations under the Contract and all amendments and revisions thereof relating to any Section of the Project or to the Project.

**Section 2. Compliance with Statutes and Regulations.** The Contractor will comply with all applicable statutes, ordinances, rules, and regulations pertaining to the work. The Contractor acknowledges that it is familiar with the Rural Electrification Act of 1936, as amended, the so-called "Kick-Back" Statute (48 Stat. 948), and regulation issued pursuant thereto, and 18 U.S.C. 286, 287, 1001, as amended, The Contractor understand that the obligations of the parties hereunder are subject to the applicable regulations and orders of governmental agencies having jurisdiction in the premises.

#### Section 3. Equal Opportunity Provisions.

- (a) Contractor's Representations.

The Contractor represents that:

It has  does not have , 100 or more employees, and if it has, that it has , has not , furnished the Equal Employment Opportunity—Employer's Information Report EEO-I, Standard Form 100, required of

employers with 100 or more employees pursuant to Executive Order 11246 and Title VII of the Civil Rights Act of 1964.

The Contractor agrees that it will obtain, prior to the award of any subcontractor for more than \$10,000 hereunder to a subcontractor with 100 or more employees, a statement, signed by the proposed subcontractor, that the proposed subcontractor has filed a current report on Standard Form 100.

The Contractor agrees that if it has 100 or more employees and has not submitted a report on Standard Form 100 for the current reporting year and that if this Contract will amount to more than \$10,000, the Contractor will file such report, as required by law, and notify, the Owner in writing of such filing prior to the Owner's acceptance of this Proposal.

(b) Equal Opportunity Clause. During the performance of this Contract, the Contractor agrees as follows:

- (1) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to the following: Employment, upgrading, demotion or transfer; recruitment or recruitment advertising; lay off or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this Equal Opportunity Clause.
- (2) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.
- (3) The Contractor will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers representative of the Contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- (4) The Contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.
- (5) The Contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.
- (6) In the event of the Contractor's noncompliance with the Equal Opportunity Clause of this Contract or with any of the said rules, regulations or orders, this Contract may be cancelled, terminated or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts or federally-assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in the said Executive Order or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law
- (7) The Contractor will include this Equal Opportunity Clause in <sup>EVERY JSF 3/1/20</sup> every subcontract or purchase order unless exempted by rules, regulations or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided however that in the event a Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.



(c) Certificate of Nonsegregated Facilities. The Contractor certifies that it does not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Contractor certifies further that it will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it will not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Contractor agrees that a breach of this certification is a violation of the Equal Opportunity Clause in this Contract. As used in this certification, the term "segregated facilities " means any waiting rooms, work areas, restrooms and washrooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin, because of habit, local custom, or otherwise. The Contractor agrees that (except where it has obtained identical certifications from proposed subcontractors for specific time periods) it will obtain identical certifications from proposed subcontractors prior to the award of subcontracts exceeding \$1 000 which are not exempt from the provisions of the Equal Opportunity Clause, and that it will retain such certifications in its files.

**Section 4. Franchises and Rights-of-way.** The Contractor will be under no obligation to obtain or assist in obtaining any franchises, authorizations, permits, or approvals required to be obtained by the Owner from Federal, state, county, municipal or other authority; any rights-of-way over private lands; or any agreements between the Owner and third parties with respect to the Project other than permission to clear from landowners.

**Section 5. Nonassignment of Contract.** The Contractor shall not assign the Contract effected by an acceptance of this Proposal or any part thereof or enter into any contract with any person, firm or corporation for the performance of the Contractor's obligations thereunder, or any part thereof, without the approval in writing of the Owner.

**Section 6. Extension to Successors and Assigns.** Each and all of the covenants and agreements contained in the Contract effected by the acceptance of the Proposal shall extend to and be binding upon the successors and assigns of the parties thereto.

HALTER VEGETATION

Contractor

By: JEFFREY S. FOUTY

President

325 MAIN STREET

Address

VINCENNES IN 47591

3/4/20

Date

ATTEST:

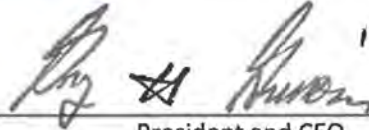
Secretary

This Proposal must be signed with the full name of the Contractor. If the Contractor is a partnership, the Proposal must be signed in the partnership name by a partner. If the Contractor is a corporation, the Proposal must be signed in the corporate name by a duly authorized officer and the corporate seal affixed and attested by the Secretary of the Corporation.

# ACCEPTANCE

The Owner hereby accepts the foregoing Proposal of the Contractor, THE Halter Group for the following:

Total Distribution Clearing: \$ \$ 544,912.23



President and CEO

Jackson Purchase Energy Corporation

ATTEST:



Secretary

4/6/20

Date

ATTACHMENT 1  
SUPPLEMENTAL CONDITIONS  
AND  
SPECIFIC REQUIREMENTS

**I. SPECIFIC REQUIREMENTS**

1. Right-of-way clearing standards:
  - a. Right-of-Way shall be a minimum of forty (40) feet wide for two and three phase lines and thirty (30) feet wide for single phase lines.
  - b. Effective tree clearance for line reliability is dependent on the type of tree, its growth rate and habit.
  - c. All trees, shrubs, brush, vines, etc. shall be cut "earth-to-sky" and cleaned up that are located under or within minimum clearance outlined above. Debris resulting from the clearing operation shall be chipped and left on the right-of-way, where permissible, and in such a manner as not to obstruct roads, ditches, drains, etc.
  - d. All yard trees to be cut will be signified by a red dot of paint on the trunk. A yard tree is defined as a tree located in a residential lawn that is regularly mowed. These trees shall be cut and cleaned up even if said tree(s) are located further than twenty (20) feet from existing overhead primary lines. When a yard tree is trimmed instead of cut, said trimming shall leave any portion of the tree a minimum of four (4) years clearance from existing primary lines. Said trimming on the sides of the right-of-way shall be "earth-to-sky" trimming. Said trimmings shall also be cleaned up. No overhang within the 40' or 30' specification will be accepted as completed.
  - e. Dwarf trees and shrubbery in a residential lawn will be left alone as long as they are located a minimum of ten (10) feet below the neutral and JPEC crews can safely work on the facilities.
  - f. Any growth located within a fencerow shall be cut and removed to the height of the fencerow.
  - g. Any and all trees removed or topped in a fencerow with a three inch (3") or larger diameter stump shall be treated with a dyed chemical.
2. Shaping or rounding-over trees beyond what is described in ANSI A300 to achieve the desired conductor/vegetation clearance shall not be performed.

**II. SUPPLEMENTAL CONDITIONS**

1. The Contractor shall prepare and forward to the Owner a written weekly report outlining work performed the previous week, miles trimmed, and trees removed, problems encountered and resolved, time lost due to inclement weather, issues requiring the Owner's input and/or assistance, etc. Any event upon which the Contractor intends to rely on for an extension of time and/or change order to the Contract shall be clearly and completely described in the first report issued after said event occurs. Failure to notify the Owner of such an event within ten (10) calendar days of its occurrence will negate any possibility of it being used to support a change to the Contract.
2. Contractor agrees that complaints of any nature received through the Cooperative or directly from

property owners, agents, or public authorities shall receive immediate attention and that all efforts shall be made for a prompt adjustment. All complaints, and any action taken by the Contractor in connection with such complaints, shall be reported to the Cooperative in writing.

3. Contractor agrees that its personnel attire and equipment shall be clearly marked with company logo. The Contractor shall maintain its tools and equipment in good working order and with as neat an appearance as possible considering the work being performed.
4. Contractor agrees to install and maintain the necessary guards and protective devices at locations where work is being performed to prevent accidents to the general public or damage to the property and personnel of the Cooperative or the general public.
5. All trees and brush removed in right-of-way cutting shall be cut flush as possible with ground lines. Logs shall be disposed of as designated on the right-of-way form or as designated in the Easement or Specifications. If upon request, logs may be cut to length, stacked neatly, and left on the right-of-way for the landowner.
6. The Contractor agrees to call the Cooperative immediately on all customer refusals. The Cooperative agrees to resolve these refusals within thirty (30) days of receipt from the Contractor. In the event that the refusal is not resolved within thirty (30) days, the Cooperative agrees to release the Contractor from responsibility for work associated with said refusal. Clearing and cutting in areas where refusals are related to land or weather conditions, such as crop lands or wet conditions, shall remain the responsibility of the Contractor.
7. The Cooperative agrees to provide circuit diagrams, which have been divided or broken into phases, outlining the flow of work. The Contractor agrees to complete all manual work on each phase before advancing to the next phase. It is agreed that machine work can advance once all machine work in a phase is completed.
10. The Contractor agrees to cut all circuitry, including disconnected lines, unless otherwise agreed to by the Cooperative.
11. Trimming or clearing associated with secondaries or services beyond the above stated distances is not included.
12. It is understood by and between the parties that the electric circuits of the Cooperative are to continue in normal operation during this work, and that Contractor is to provide and use all protective equipment necessary for the protection of Contractor's employees and to guard against interfering with the normal operation of said circuits.
13. The Contractor agrees to report all visually identifiable danger trees, which within reasonable judgement, threaten the operation of the Cooperative's circuitry and which are located outside of the 40' specification to the Cooperative's right-of-way foreman. A danger tree is defined as any tree that is off the right-of-way that, due to decay, leaning toward the line, or is exhibiting other abnormal characteristics, could fall and come into contact with supply lines.
14. All stumps shall be chemically treated to prevent regrowth as needed. The Contractor shall furnish all chemicals and related supplies required for treatment.

## RIGHT-OF-WAY AGREEMENT

THIS AGREEMENT, made and entered into this the 9<sup>th</sup> day of 2021, by and between **JACKSON PURCHASE ENERGY CORPORATION**, (Hereinafter referred to as "Cooperative") and **THE TOWNSEND CORPORATION**, (hereinafter referred to as "Contractor").

### WITNESSETH

That for and in consideration of the covenants and agreements hereinafter mentioned, to be performed by the parties hereto, and the payment hereinafter agreed to be made, it is mutually agreed as follows:

1. Contractor agrees to furnish its own labor. Said labor shall include a general foreman or supervisor who is expected to remain on the project at all times and who shall be the primary contact for the Cooperative's right-of-way foreman or his designee. Said labor shall also include an English-speaking foreman or member of each crew. Contractor also agrees to furnish all tools, transportation, equipment and materials necessary to trim and/or remove trees interfering with the Cooperative's electric transmission and distribution lines, to cut brush and undergrowth on Cooperative's right-of-way, and to dispose of the debris resulting from such work as specified by the Cooperative, its agents or employees to the satisfaction of the property owner.

2. When and where the Cooperative has not already done so, the Contractor shall notify the property owner, authorized agent, or public authority of the necessary work. During said notification, the Contractor and the landowner shall determine the best time and entry path to perform the necessary work. The Contractor shall also secure permission to windrow when

applicable. Said permission to windrow or to do anything other than completely clean-up all wood and trimmings shall be in writing and signed by the Contractor's general foreman or supervisor and the landowner. A copy of the signed agreement shall be provided to the Cooperative. In the event no signed agreement is provided to the Cooperative, the Contractor shall be held accountable for returning to said property if necessary and cleaning up all wood and trimming at the Contractor's own cost.

3. Contractor shall perform and carry out the work in accordance with the specifications for the work provided by the Cooperative and in accordance with prudent industry practices.

4. Contractor agrees to secure all permits and licenses necessary for the performance of the work to be performed hereunder and to pay all charges and fees required for such permits and licenses.

5. Contractor agrees to provide new laborers and to not hire away existing right-of-way contractor crews. If employees choose to leave an existing right-of-way contractor for another contractor working on the Jackson Purchase Energy Corporation system, it is agreed that said employee shall not be allowed to work on our project for six (6) weeks. The above restriction shall not apply to right-of way contractors who has been removed or whose work has been reduced by Cooperative and such work being awarded to Contractor for completion."

6. Contractor agrees to perform all work to the complete satisfaction of the Cooperative and in accordance with all federal, municipal, county, state and other local laws, ordinances and regulations applicable to said work. All work shall be performed in accordance with the following specifications:

Existing Distribution Line Specifications:

- a. All trees, shrubs, brush, vines, etc. shall be cut "earth-to-sky" and cleaned up that are located under or within twenty (20) feet of centerline (a total clearance of 40') of existing overhead two and three phase primary lines and fifteen (15) feet of centerline (a total clearance of 30') for single phase lines. Debris resulting from the clearing operation shall be chipped and left on the right-of-way, where applicable, and in such a manner as not to obstruct roads, ditches, drains, etc. Debris that is not able to be left in right-of-way, shall be hauled and dumped at Contractors expense. Brush located in fence rows in the right-of-way may be mechanically or hand cut at the Contractor's option except those items extending above the top of the fence shall be cut to the fence height. Logs shall be treated as debris and disposed of by chipping into right-of-way or by dumping. If upon request, logs may be cut to length, stacked neatly, and left on the right-of-way for the landowner.
- b. Trimming on the sides of the right-of-way shall be "earth-to-sky" trimming with proper arboricultural trimming methods used. Said trimmings shall also be cleaned up. No overhang within the 40' or 30' specification will be accepted as completed.
- c. Dwarf trees and shrubbery in a residential lawn or related to an orchard business will be left alone as long as they are located a minimum of ten (10) feet below the neutral and a minimum of ten (10) feet from existing primary lines.
- d. Any growth located within a fencerow shall be cut and removed to the height of the fencerow.
- e. Any and all trees removed or topped in a fencerow with a three inch (3") or larger



diameter stump shall be treated with a dyed chemical.

- f. Any specification that is listed in the Scope and Specification documentation during the bidding process.
- g. The Contractor agrees to report all visually identifiable danger trees, which within reasonable judgement, threaten the operation of the Cooperative's circuitry and which are located outside of the 30' specification to the Cooperative's right-of-way foreman.
- h. The Contractor agrees to cut all primary, including disconnected lines, unless otherwise agreed to by the Cooperative. This is to include overhead guide and anchor poles.
- i. The Contractor agrees to call the Cooperative immediately on all customer refusals. The Cooperative agrees to resolve these refusals within thirty (30) days of receipt from the Contractor. In the event that the refusal is not resolved within thirty (30) days, the Cooperative agrees to release the Contractor from responsibility for work associated with said refusal. Clearing and cutting in areas where refusals are related to land or weather conditions, such as crop lands or wet conditions, shall remain the responsibility of the Contractor.

The Cooperative agrees to provide circuit diagrams, which have been divided or broken into phases, outlining the flow of work. The Contractor agrees to complete all manual work on each phase before advancing to the next phase. It is agreed that machine work can advance once all machine work in a phase is completed.

- k. The Cooperative agrees to audit each completed phase upon notification of completion by the Contractor within thirty (30) days. The Contractor agrees to correct any noted deficiencies during said audit within seven (7) days post audit.



General Specifications:

- Trimming shall be done so as to obtain the aforementioned clearances and with due regard to current and future tree health and symmetry, where applicable, and in conformity with permissions obtained. Whenever practicable, all dangerous limbs shall be removed.
- All trees and brush removed in right-of-way cutting shall be cut flush as possible with ground lines. Logs shall be disposed of as designated on the right-of-way consent form or as designated in the Easement or Specifications.
- In the event a member refuses to grant permission to the Contractor that will allow the Contractor to meet the aforementioned requirements, the Contractor shall notify in writing the Cooperative's right-of-way foreman with details related to said refusal.

7. Contractor agrees that its personnel and equipment shall at all times present a neat appearance, and all work shall be done, and all complaints handled by Contractor with due regard for the Cooperative's public relations.

8. Contractor agrees that complaints of any nature received through the Cooperative or directly from property owners, agents, or public authorities shall receive immediate attention and that all efforts shall be made for a prompt adjustment. All complaints, and any action taken by the Contractor in connection with such complaints, shall be reported to the Cooperative in writing.

9. It is understood that the Contractor is an independent contractor under the terms of this Agreement, and each of the parties shall perform its obligations hereunder as an independent contractor and not as an agent, employee or servant of the other party. Further, it is also

understood that the Contractor does not represent the Cooperative and has no authority to obligate the Cooperative for any payment or benefit of any kind to any person.

10. Contractor agrees to install and maintain the necessary guards and protective devices at locations where work is being performed to prevent accidents to the general public or damage to the property and personnel of the Cooperative or the general public.

11. Contractor agrees to secure from the Cooperative information as to the nature of the circuits involved in all cases before work is commenced. It is understood by and between the parties that the electric circuits of the Cooperative are to continue in normal operation during this work, and that Contractor is to provide and use all protective equipment necessary for the protection of Contractor's employees and to guard against interfering with the normal operation of said circuits.

12. Contractor hereby covenants and agrees to indemnify, hold harmless and defend the Cooperative from and against any and all loss, costs, fines, penalties, damages, attorney's fees, judgements and expenses of any kind and nature which the Cooperative may suffer, expend or incur under, by reason of or in consequence of any negligent acts, omissions or conduct of the Contractor, its employees, representatives, successors or assigns. Contractor's indemnity obligations shall not apply to any losses or damages to the extent such losses or damages were initiated by, caused by or resulted from the negligence or willful misconduct of any of the Cooperative, including negligence attributed to it under the legal theory of vicarious liability.

13. Contractor agrees to provide Worker's Compensation insurance covering all employees in statutory limits who perform any of the obligations assumed by the Contractor under this Agreement.

14. Contractor agrees to provide Property Damage and Public Liability Insurance covering all operation under this Agreement. Property Damage limits shall be no less than two million dollars (\$2,000,000) for each accident and not less than five million dollars (\$5,000,000) aggregate for accidents during this Agreement. Public Liability limits for bodily injury or death shall not be less than two million dollars (\$2,000,000) per person and two million dollars (\$2,000,000) for each accident. Certificates showing that the Contractor has and continues to properly protect itself and the Cooperative by means of such insurance shall be forwarded to the Cooperative.

15. Automobile liability insurance on all motor vehicles used in connection with the Contract, whether owned, non-owned, or hired, shall have limits for bodily injury or death of not less than \$1 million per person and \$3 million each occurrence, and property damage limits of \$1 million for each occurrence. This required insurance may be in a policy or policies of insurance, primary and excess including the umbrella or catastrophe form.

16. The Cooperative shall be named as Additional Insured on all policies of insurance required. The Contractor shall furnish the Cooperative a certificate evidencing compliance with the foregoing requirements before commencing work and shall provide not less than thirty (30) days prior written notice to the Cooperative of any cancellation or material change in the insurance.

17. Upon execution of this Agreement by authorized representatives of each party herein, Contractor can commence cycle work on the following circuits CLINTON ROAD 29.10 miles for \$337,364.00 with 541 Estimated Removals, AIRPORT 14.60 miles for \$129,791 with 142 Estimated Removals, and WICKLIFFE 36.90 miles for \$400,124.00 with 304 Estimated Removals. Said work shall include two-phase circuits, single-phase circuits, three-phase circuits, and disconnected lines.

18. The contract price paid by the Cooperative to the Contractor for the clearing of the circuits listed in 17 shall be for the sum of **\$867,279.00 plus cost of removals.** This sum shall constitute the entire consideration paid under this Agreement and includes the total price for the completion of all work as specified herein. The Cooperative shall pay the Contractor upon audited notification of acceptance of any totally completed phase work by the mile and based upon the number of miles in the totally completed phase. In the event total completion of a phase is not met or cannot be met in an area in which crop lands or weather conditions prevent total completion until a later date, the Cooperative agrees to pay ninety percent (90%) of the charges associated with said phase upon monthly audited acceptance of the partially completed work, and to agree to pay the remaining ten percent (10%) of the charges upon audited acceptance of total completion. Cooperative shall initiate its audit and acceptance process as soon as reasonably practicable and not later than 15 days after Contractor's completion of each phase and payment shall be made by Cooperative within thirty (30) days after Contractor's submission of a proper invoice.

19. The Contractor shall complete the work specified herein by **December 15, 2021.**

20. In the event of default by Contractor as to any of the terms stated herein, the Cooperative may, at its option, notify Contractor of such default, which the Contractor agrees to immediately cure or, without notice to the Contractor, file suit in a court of appropriate jurisdiction to request specific performance of the contract or damages resulting from the default, breach or delay to the Contractor.

21. This agreement shall be binding upon the parties hereto and their heirs, executors, administrators and assigns. Contractor shall not assign any of its rights or duties under this

agreement, or sub-contract the whole or any part of the work to be performed hereunder without first having obtained written consent of the Cooperative authorizing such assignment or sub-contract.

22. This agreement is not intended to constitute an agreement of hiring under the provisions of any Worker's Compensation or Unemployment Compensation law, any old age benefit law, or any similar law and it shall not be so construed. Contractor agrees to accept full exclusive liability for the payment of contributions or taxes imposed under such laws by the Federal and/or State Government which are measured by remuneration paid to Contractor's employees.

23. There will be a \$1,000.00 penalty per day for every day the contract exceeds the aforementioned completion date of December 15, 2021, however; the completion date shall be extended if Contractor experiences a force majeure event, if Cooperative directs Contractor to perform alternative work circuits or if Cooperative directs Contractor to stop work due to budget cuts or other operational reasons.

24. This Agreement shall be amended only in writing and signed by both parties.

25. All work performed by Contractor during the term of this Agreement shall be governed by the terms herein and this Agreement supersedes all prior agreements, work orders or arrangements between the parties.

IN WITNESS WHEREOF, the parties hereto have executed this instrument the day as first above written.

Townsend Tree Service Company LLC  
Contractor

By: J. Michael McClure

Title: J. Michael McClure, CFO

Attest: Beth A. Henry  
Beth A. Henry, Notary

Jackson Purchase Energy Cooperative

By: Amy Vick

Title: Pres. JCO

Attest: Amy Vick  
Amy Vick, Notary



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

**COMMISSION STAFF’S SECOND REQUEST FOR INFORMATION—11/12/21  
REQUEST 22**

**RESPONSIBLE PERSON:**           **Jeff Williams & John Wolfram**

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

**Request 22.**           Refer to the Williams Testimony, page 13, lines 21-23, and page 14, lines 1-3. Provide all studies Jackson Purchase Energy conducted that supports the conclusion that all customers (including low-income customers) will benefit from a rate design that better aligns cost-causers with cost-payers.

**Response 22.**           The statement was not based on a study, nor did Jackson Purchase conduct any studies; instead, the statement is based on the general ratemaking principle of cost causation. NARUC considers “cost causation” to mean that “costs should be borne by those who cause them to be incurred” and that this “sends a correct price signal to the customer.”<sup>1</sup> The Commission’s authority to set rates is based upon the bedrock principle that such rates must be “fair, just and reasonable.”<sup>2</sup> Any rate design that does not at least

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<sup>1</sup> Robert Eckinrod, “Cost Allocation: From Revenue Requirement to Rates.” USAID & NARUC. <https://pubs.naruc.org/pub.cfm?id=537CFFC8-2354-D714-51BF-E6F94AD745A9> on 11/22/2021.

<sup>2</sup> See, for example, 807 KAR 5:001, Section 5, which requires that any pro forma adjustments must be based on known and measurable changes “to ensure fair, just and reasonable rates.” Decades of Commission rate-setting precedent also confirms this inviolable concept.

attempt to match cost-causers and cost-payers is, in Jackson Purchase's opinion, *ipso facto* unreasonable.



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

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION—11/12/21  
REQUEST 23**

**RESPONSIBLE PERSON:**           **Jeff Williams**

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

**Request 23.**           Refer to the Williams Testimony, page 14, lines 16-17. Also, refer to the Wolfram Testimony, Exhibit JW-2, page 20 of 24, Reference Schedule 1.14. Explain the reason Jackson Purchase Energy received a one-time FEMA Credit.

**Response 23.**           It is the current management's understanding that former management recorded a disallowance reserve for the Ice Storm in 2009. This was to ensure that FEMA did not disallow expenses at a later date. This amount was still on the books in the test year (2019) as a reserve or liability and was reversed after consulting with Jackson Purchase's auditor. There is no remaining reserve.

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

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION—11/12/21  
REQUEST 24**

**RESPONSIBLE PERSON:**           **Jeff Williams**

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

**Request 24.**           Refer to the Williams Testimony, page 14, lines 18-19. Also, refer to the Wolfram Testimony, Exhibit JW-2, page 14 of 24, Reference Schedule 1.10.

- (a)     Provide an explanation of the RUS Cushion of Credit program.
  
- (b)     Explain why Jackson Purchase Energy will no longer receive interest income on the RUS Cushion of Credit.

**Response**

(a)     The Cushion of Credit program is a valuable financing tool for RUS borrowers, which allows utilities to earn interest on funds set aside for RUS loan repayment. The interest was set at 5%, but due to a change in federal law, it was reduced to 4% in October 2020, then reduced again to the one-year U.S. Treasury rate in October 2021.

(b) RUS allowed eligible utilities to prepay RUS debt with their Cushion of Credit funds without prepayment penalty before October 1, 2020. Jackson Purchase used this option to pay off RUS debt over 4% with these funds. No balance remains in Jackson Purchase's Cushion of Credit.

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

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION—11/12/21**  
**REQUEST 25**

**RESPONSIBLE PERSON:** Jeff Williams

**COMPANY:** Jackson Purchase Energy Corporation.

**Request 25.** Refer to the Williams Testimony, Exhibit JRW-1, page 1 of 1.

(a) Provide a similar table that provides these metrics for each month of 2021. Provide monthly updates as they become available reported in the manner shown in the referenced Exhibit above, through the month of the public hearing in this case.

(b) Explain why the equity to assets ratio decreased from 44.59 percent to 39.28 percent between 2019 and 2020.

**Response**

(a) Please see the Excel spreadsheet that has been uploaded separately into the Commission's electronic filing system.

(b) Net Utility Plant increased due to the Construction Work Plan and the Headquarters project. This increase was \$17.5 million, with equity changing by \$1.1 million. This change was the main driver to a lower equity-to-assets ratio.

ATTACHMENTS  
ARE EXCEL  
SPREADSHEETS  
AND UPLOADED  
SEPARATELY

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

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION—11/12/21**  
**REQUEST 26**

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

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

**Request 26.**           Refer to JPEC-COS-FILED.xlsx, Func. & Classif tab, line 240, Poles, Towers and Fixtures, Functional Vector F002. The Pri & Sec. Distr Plant allocation vectors are 0.127555 for demand and 0.872445 for customer. Also, refer to Case No. 2019-00053, JPEC-COS- Revised-06-13-2019.xlsm, Func & Classif tab, line 470, Poles, Towers and Fixtures, Functional Vector F002. The Pri & Sec, Distr Plant allocation vectors are 0.752720 for demand and 0.274280 for customer.

- (a)     Explain why the demand allocation increased almost 500 percent.
  
- (b)     In Case No. 2019-00053, the allocation between customer and demand for Acct 364, Poles, Towers & Fixtures, was proposed to be based upon the minimum system. Explain how the allocation for Acct 364 between customer and demand was estimated in the current COSS.

**Response**

(a) In the 2019 Streamlined Procedure case, Case No. 2019-00053, the zero intercept method did not produce a reasonable result for Account 364, Poles, Towers & Fixtures—an outcome which in my experience is very common for distribution utilities—so the minimum system approach was used instead. However, in recent orders the Commission has rejected the minimum system approach as being “arbitrary” so for this case, the cooperative adopted the method used by Kentucky Utilities Company and Louisville Gas & Electric Company in numerous recent rate filings whereby the allocation vector for Account 364 is set equal to that determined by the zero intercept method for Account 365, Overhead Conductor. The rationale for this is that overhead conductor and poles are co-dependent; overhead conductor by definition requires poles, and poles are not required absent overhead conductor. This approach has been accepted by the Commission in KU and LG&E rate cases many times and is reasonable to apply in this case as well.

(b) Please see Response 26a.



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

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION—11/12/21**  
**REQUEST 27**

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

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

**Request 27.**           Refer to JPEC-COS\_FILED.xlsx, Alloc & Returns Tab, line 410, Meter Costs-Weighted Cost of Meters customer allocation factor. The weighted allocation factor for the residential class is 0.848331. Also, refer to Case No. 2019-00053, JPEC-COS\_Revised-06-13-2019.xlsm, Alloc & Returns Tab, line 707, Meter Costs-Weighted Cost of Meters customer allocation factor. The weighted allocation is 0.611168.

Explain the change in the weighted cost of meters.

**Response 27.**           The data in the current file should refer to the data in the last column of the Meters Tab. The weighted allocation factor for the residential class should be 0.578260, which is much closer to the 0.611168 allocation factor from the last case. This inadvertent error is corrected in the revised Excel spreadsheet uploaded separately into the Commission's electronic filing system. (Note the file also includes revisions noted in the cooperative's responses to AG 1-26 and AG 1-29.)

ATTACHMENTS  
ARE EXCEL  
SPREADSHEETS  
AND UPLOADED  
SEPARATELY

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

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION—11/12/21  
REQUEST 28**

**RESPONSIBLE PERSON: John Wolfram**

**COMPANY: Jackson Purchase Energy Corporation**

**Request 28.** Refer to JPEC-COS-FILED.xlsx, Summary of Rates tab. Also refer to Case No. 2019-00053, JPEC-COS Revised-06-13-2019.xlsm, Summary of Rates tab. Provide an explanation for the increase to the customer charges for each class. In this explanation, be thorough for the 37.5 percent increase for the residential class that has occurred between the approximate two years since the last COSS was filed.

**Response 28.** The cost-based customer charges for all classes have increased since the last rate case, as have all of the energy charges. This is driven in large part by the almost \$6 million dollar increase in the revenue requirement sought in this filing; the higher revenue requirement translates into higher cost-based per-unit customer and energy charges for all rate classes. Also, the number of customers declined slightly between the two cases, and the residential share of peak demand increased slightly between the two cases; these factors also have an impact (albeit much smaller) on the increased customer charges.

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

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION—11/12/21  
REQUEST 29**

**RESPONSIBLE PERSON: Jeff Williams and John Wolfram**

**COMPANY: Jackson Purchase Energy Corporation**

**Request 29.** Refer to the Wolfram Testimony, JW-2, page 12 of 24, Reference Schedule 1.08. Explain whether the estimated rate case expense includes the remaining amortization of the rate case expense from Case No. 2019-00053.

**Response 29.** The estimated rate case expense does not include the amortization of the rate case expense from Case. No. 2019-00053.

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

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION—11/12/21**  
**REQUEST 30**

**RESPONSIBLE PERSON:** Jeff Williams and John Wolfram

**COMPANY:** Jackson Purchase Energy Corporation

**Request 30.** Refer to the Wolfram Testimony, JW-2, pages 15-16, Reference Schedule 1.11.

- (a) For the consumer counts, explain why the totals do not match the Form 7.
  
- (b) For the consumer counts, explain why the totals do not match Jackson Purchase Energy's 2019 annual report.
  
- (c) Refer to Jackson Purchase Energy's response to Staff's First Request, Item 15. Explain why the customer counts do not match Jackson Purchase Energy's response.
  
- (d) Provide the source for the documents for the following:
  - (1) Customer counts; and
  - (2) Total and class kWh.

**Response**

(a) The categories in the Form 7 do not correspond one-to-one to the rate schedules in the Jackson Purchase Energy tariff (which are the basis of the categories in Reference Schedule 1.11). The Form 7 separates Irrigation which is not a rate class, and the Form 7 splits Commercial and Industrial into two categories (over- and under- 1000 kW) but the tariffs do not. However, the values in the two sources are extremely close; for Residential, the values in the Form 7 are 99.56% accurate (i.e., the Form 7 differs from Reference Schedule 1.11 by only 0.44%).

(b) The values in Jackson Purchase Energy's 2019 annual report match the Form 7. See Response 30a.

(c) In Reference Schedule 1.11, the customer counts for net metering customers are not separated but instead are rolled into the respective Residential or Commercial rate class; in the response to Staff's First Request Item 15, they are separated. However, because there are so few net metering customers, the values are very close; the difference for Residential is only 0.047%.

(d) The source data is provided in the Billing Determ Tab in the file JPEC-Pres Proposed Rates-FILED.xlsx. The source documents for that data is billing information provided by Jackson Purchase.

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

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION—11/12/21  
REQUEST 31**

**RESPONSIBLE PERSON:**           **Jeff Williams and John Wolfram**

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

**Request 31.**           Refer to the Wolfram Testimony, page 24 of 24, Reference Schedule  
1.19. Provide the source documents for the average residential and commercial customers  
for Jan-May.

**Response 31.**           The source document for both is the file provided in response to  
Staff's First Request, Item 15.