COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF JACKSON	)	
PURCHASE ENERGY CORPORATION	)	
FOR A GENERAL ADJUSTMENT OF	)	**Case No. 2021-00358**
RATES AND OTHER GENERAL RELIEF	)	

OAG'S RESPONSE TO DATA REQUESTS OF PSC STAFF

The Office of the Attorney General, Office of Rate Intervention, provides the following responses to the Data Requests filed by PSC Staff. Mr. Kollen sponsors the testimony in the response.

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Respectfully submitted,

DANIEL J. CAMERON
ATTORNEY GENERAL

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J. MICHAEL WEST
LAWRENCE W. COOK
ANGELA M. GOAD
JOHN G. HORNE II
ASSISTANT ATTORNEYS GENERAL
1024 CAPITAL CENTER DRIVE SUITE 200
FRANKFORT, KY 40601-8204
PHONE: (502) 696-5433
FAX: (502) 564-2698
Michael.West@ky.gov
Larry.Cook@ky.gov
Angela.Goad@ky.gov
John.Horne@ky.gov

Certificate of Service and Filing

Pursuant to the Commission's Order dated March 17, 2020 in Case No. 2020-00085, and in accord with all other applicable law, Counsel certifies that, on January 25, 2022, an electronic copy of the forgoing was served by e-mail to the following.

Mark David Goss
L. Allyson Honaker
mdgoss@gosssamfordlaw.com
allyson@gosssamfordlaw.com

this 25th day of January, 2022

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Assistant Attorney General

ELECTRONIC APPLICATION OF JACKSON PURCHASE ENERGY CORPORATION FOR A GENERAL ADJUSTMENT OF RATES AND OTHER GENERAL RELIEF

1. Refer to the Direct Testimony of Lane Kollen, pages 11–17, which discuss Jackson Purchase Energy Corporation's (Jackson Purchase) proposed adjustment to post test year payroll expense. Discuss whether it would be appropriate to calculate Jackson Purchase's actual payroll cost for the calendar year ended December 31, 2021, rather than the actual payroll cost for the calendar year ended December 31, 2020. If this would not be appropriate, explain why not.

RESPONSE:

No. Mr. Kollen believes that it is necessary to retain some semblance of a test year structure to determine the revenue requirement, one that does not compound the hodgepodge of test year components already reflected in the Company's claimed revenue requirement. The reason the utility files a case based on a defined test year is so that the parties and Staff can review the components of the test year, ask discovery, assess the Company's request, and then make recommendations. The Company cannot continue to update its filing on a rolling basis throughout the pendency of the proceeding without denying the AG the procedural opportunity to respond to such updates through discovery and testimony. In his testimony, Mr. Kollen argues that the Commission should limit post-test year adjustments to 2020, the twelve months after the end of the historic test year with the sole exception of the new headquarters building due to the magnitude of the cost. The use of a payroll cost at December 31, 2021 essentially moves that component of the revenue requirement to a forecast calendar year 2022 amount. Further, Mr. Kollen was critical of the Company's calculation of its proposed hypothetical payroll cost and expense methodologies. Would it use the same methodology to calculate the hypothetical payroll cost at December 31, 2021? Would it use the 2020 expense allocation to determine the hypothetical payroll expense at December 31, 2021 or would it modify that methodology, and if so, how would it be modified? Would the Company file its calculation in response to discovery? Would the AG have an opportunity for discovery? Would Mr. Kollen have a chance to respond if it was excessive or otherwise unreasonable? It should be noted that Mr. Kollen recommends that the Commission use the actual payroll expense for 2020, which he notes is unadjusted for the reduction of one Vice President position. Nevertheless, the actual payroll expense for 2020 is, in fact, known and measurable and does not rely on the Company's flawed methodology to calculate a hypothetical payroll expense.