

**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 JACKSON PURCHASE ENERGY
CORPORATION**

The Office of the Attorney General, Office of Rate Intervention, provides the following responses to the Data Requests filed by Jackson Purchase Energy Corporation. Mr. Kollen sponsors the testimony in the responses.

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Respectfully submitted,

DANIEL J. CAMERON
ATTORNEY GENERAL

A handwritten signature in blue ink that reads "J. Michael West". The signature is fluid and cursive, with a long horizontal stroke at the end.

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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 February 11, 2022, an electronic copy of the forgoing was served by e-mail to the following.

Mark David Goss
L. Allyson Honaker
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this 11th day of February, 2022

A handwritten signature in blue ink, appearing to read "J. Michael West".

Assistant Attorney General

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

1. Please reference the Direct Testimony of Lane Kollen (“Kollen Direct”), page 5, line 19. Please provide a list of all regulated electric utilities in Kentucky that have relied upon a forecast test period in a general rate case since 2000, pursuant to KRS 278.192, including the utility name and docket number.

Response: Objection. This request is unduly burdensome and not reasonably calculated to lead to admissible or relevant evidence in this proceeding. The request seeks original research on “all” regulated utilities that have filed a rate increase request since 2000 using a forecast test year. The request would require the AG to develop new work product in the form of original research, which it is neither willing nor required to do. In addition, the Company used a historic test year, not a forecast test year in this proceeding, although it incorporated numerous forecast proforma adjustments, resulting in a hodgepodge of test year components, a hybrid of historic test year and forecast test year.

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

2. Please reference Kollen Direct, page 9, lines 16-18. Please provide a list of all regulated utilities in Kentucky that use the recommended deferral accounting for rate riders, as described in the referenced paragraph.

Response: Objection. This request is unduly burdensome and not reasonably calculated to lead to admissible or relevant evidence in this proceeding. The request seeks original research on “all” regulated utilities that use deferral accounting for rate riders. Deferral accounting is an accounting mechanism that trues up the rider revenues and expenses each accounting period through a deferred expense entry (negative or positive) and a regulatory asset or regulatory liability. This benefits the utility and avoids volatility in the utility’s margins due to timing differences between the recognition of rider revenue and recordation of rider expenses. Without waiving these objections, Mr. Kollen is aware that KU, LG&E, Duke, KPC, and Atmos use deferral accounting. Mr. Kollen also is aware that the recent SKRECC rate filing reflects deferral accounting in a manner that ensures there is no effect on the margin from removing the rider revenues and expenses. Based on a schedule included in the SKRECC rate filing, its deferral is reflected in the receivables, not in a separate regulatory asset or liability. In addition to removing its rider revenues and rider expenses, SKRECC removed an amount from its receivables equivalent to the deferral that would have been recognized if it had been separately recorded as a regulatory asset or liability.

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3. Please reference Kollen Direct, page 13, lines 6-7. Provide all references in the case record to statements or other information from Jackson Purchase which was relied upon by Mr. Kollen as support for the statement in his testimony that "...the total payroll cost calculated in this manner is a forecast annual cost for the twelve months ending in June 2022 (July 2021 through June 2022)."

Response: The Company's proforma payroll is based on a calculation of a hypothetical payroll using the average April 26, 2021 wage and salary pay rates and assumptions regarding staffing, annual hours worked, and the expense percentage. The testimony referenced in the question should have used these dates. Refer to Schedule 1.12 and the original and supplemental responses to AG 1-28. The average hourly rate computed in the supplemental response to AG 1-28 were based on the wage and salary hourly rates at April 26, 2021, not June 2021. Even though it is a hypothetical payroll, it is not a historic payroll because the April 26, 2021 wage and salary pay rates were not in effect in the test year or 2020 or even in the twelve months ending April 2021. Therefore, the hypothetical payroll necessarily is forward looking on an annual basis from the first full month after the April 2021 wage and salary pay rates, staffing levels, and expense percentage were determined and/or assumed and used in the calculation of the annualized payroll expense starting in May 2021. The annual period would extend through April 2022.

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4. Please reference Kollen Direct, page 18, line 20 through page 19, lines 1-3.
 - a. Please provide a detailed explanation supporting Mr. Kollen's claim that Jackson Purchase recovers purchase power expense for the new headquarters building.

Response: The Company incurs purchased power expense to meet its load, including sales, losses, and internal usage, such as the new headquarters building. Refer to Kollen Direct at 18:13-18 and the Company's response to AG 1-14(e), which is replicated and attached as Exhibit___(LK-7) to Mr. Kollen's Direct Testimony.

- b. Explain the rationale for Mr. Kollen's claim that Jackson Purchase recovers this cost through its FAC rider, not base revenues.

Response: The Company's purchased power expense is recovered through the FAC rider. There is no exclusion or proforma adjustment to remove losses or internal usage from the purchased power expense included in the FAC rider tariff. There is no purchased power cost to recover through base rates.

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5. Please reference Kollen Direct, page 27, lines 3-10. Please provide a list of all regulated utilities in Kentucky (a) that utilize the recommended reserve accounting for allowed ROW maintenance expense, or (b) that limit any actual contractor charges to the reserve balance, as described in the referenced paragraph.

Response: Objection. This request is unduly burdensome and not reasonably calculated to lead to admissible or relevant evidence in this proceeding. The request seeks original research on “all” regulated utilities that use ROW deferral accounting. The request would require the AG to develop new work product in the form of original research, which it is neither willing nor required to do. Further, the Company’s failure to enforce its contractual rights and the magnitude of the ROW maintenance cost increases require the Commission to take significant steps to ensure that customer funds are spent prudently and that the costs incurred are reasonable.

AFFIDAVIT

STATE OF GEORGIA)

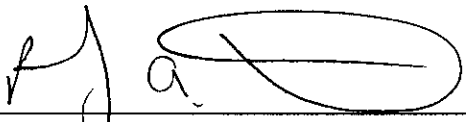
COUNTY OF FULTON)

LANE KOLLEN, being duly sworn, deposes and states: that the attached is his sworn testimony and that the statements contained are true and correct to the best of his knowledge, information and belief.



Lane Kollen

Sworn to and subscribed before me on this
11th day of February 2022.



Notary Public

