

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ELECTRONIC APPLICATION OF)	
JACKSON PURCHASE ENERGY CORPORATION)	CASE NO.
FOR A GENERAL ADJUSTMENT OF RATES)	2024-00085

REBUTTAL TESTIMONY OF GREG GRISSOM,
PRESIDENT AND CHIEF EXECUTIVE OFFICER,
ON BEHALF OF JACKSON PURCHASE ENERGY CORPORATION

Filed: August 21, 2024

1 **Q. PLEASE STATE YOUR NAME, POSITION, AND BUSINESS ADDRESS.**

2 A. My name is Greg Grissom and I serve as President and Chief Executive Officer of
3 Jackson Purchase Energy Corporation (“Jackson Purchase” or the “Cooperative”).
4 My business address is 6525 U.S. Highway 60 W., Paducah, Kentucky 42001.

5 **Q. ARE YOU THE SAME INDIVIDUAL THAT SPONSORED DIRECT**
6 **TESTIMONY IN THIS CASE?**

7 A. Yes.

8 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

9 A. The purpose of my rebuttal testimony is to respond to the Direct Testimony of Greg
10 R. Meyer (Meyer Direct) on behalf of the Office of the Attorney General of the
11 Commonwealth of Kentucky (“AG”). Specifically, I will address issues regarding
12 right of way (ROW) and the headquarters of Jackson Purchase.

13 **Q. THE ATTORNEY GENERAL RECOMMENDED REMOVING \$1,113,716**
14 **IN ROW EXPENSES. IS THIS REASONABLE?**

15 A. In Case No. 2021-00358¹ the Commission ordered Jackson Purchase to evaluate
16 and address ROW issues that were driving increased spending in the area. Jackson
17 Purchase discussed the possibility of combining circuit mileage with Big Rivers
18 Electric Corporation, Kenergy Corp., and Meade County Rural Electric
19 Cooperative Corporation in hopes to gain financial and logistical efficiencies in
20 ROW management. The contractor, The Halter Group, ultimately concluded that
21 it would not be able to supply the labor or other resources on that large of a scale.
22 Jackson Purchase has adjusted clearing specifications and has strategized on which

¹ Case No. 2021-00358, *Electronic Application of Jackson Purchase Energy Corporation for a General Adjustment of Rates and Other General Relief*, April 8, 2022 Order at 12 (Ky PSC April 8, 2022).

1 trees to remove within its circuits to work within the ROW budget, while still
2 trimming as many miles as possible and improve system reliability.

3 As the Attorney General is aware, ROW expenses have increased
4 considerably for all utilities in the state² and Jackson Purchase is attempted to
5 balance the increasing costs of ROW maintenance with its duty to provide
6 adequate, efficient and reliable service. Jackson Purchase has requested bids from
7 commonly utilized vegetation management contractors at the end of each ROW
8 contract and selects the most economical bid that meets its needs for the following
9 year. In recent years, Jackson Purchase has requested bids for multi-year ROW
10 contracts in an attempt to lower costs per mile, but contractors have been reluctant
11 to bid over multiple years due to labor shortages and unpredictable inflation.
12 However, a two-year contract was secured for 2024-2025 with Jackson Purchase's
13 current ROW contractor.

14 **Q. THERE HAS ALSO BEEN CONCERNS REGARDING THE COST**
15 **SAVINGS OF THE NEW HEADQUARTERS. CAN YOU EXPLAIN THE**
16 **DIFFERENCE BETWEEN THE EXPECTED COST SAVINGS AND WHAT**
17 **HAS MATERIALIZED.**

18 **A.** As stated in the response to Commission Staff's Second Request for Information,
19 Item 20 and the response to the Attorney General's Second Request for
20 Information, Item 7, for the last 12 months in the old building and the test year there
21 was a savings of \$34,564 in energy expenses for the new headquarters. In Case
22 No. 2019-00326, Jackson Purchase estimated a savings in energy expenses of

² Case No. 2023-00276, *Electronic Application of Kenergy Corp. for a General Adjustment of Rates*, Office of the Attorney General Direct Testimony, Futral Direct and Exhibits at 6 (filed January 3, 2024).

1 \$41,822. This is a difference of just \$7,258 from the estimated savings to the actual
2 savings. Note also that the energy savings were not the sole factor considered by
3 the Commission for awarding the Certificate of Public Convenience and Necessity.
4 While the focus in the requests for information has been on the expected energy
5 savings of the new headquarters, the Commission found the size, inefficiencies,
6 design, and location of the existing headquarters did not adequately satisfy the
7 current or future needs of Jackson Purchase. The Commission also found that the
8 ten-year financial forecast showed that the new headquarters expense would not
9 result in wasteful duplication even considering the general rate increases that were
10 expected during the ten-year period. So, although the actual energy savings to date
11 differ from the originally projected energy savings at the new headquarters, Jackson
12 Purchase's request for a rate increase is accordance with the information it provided
13 to the Commission during the request for a certificate of public convenience and
14 necessity for the new headquarters.

15 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

16 **A. Yes, it does.**