

**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

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**REBUTTAL TESTIMONY OF MEREDITH KENDALL,**  
**CHIEF FINANCIAL OFFICER AND**  
**VICE PRESIDENT OF FINANCE AND ACCOUNTING**  
**ON BEHALF OF JACKSON PURCHASE ENERGY**  
**CORPORATION**

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**Filed: August 21, 2024**

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ELECTRONIC APPLICATION OF )  
JACKSON PURCHASE ENERGY )  
CORPORATION FOR A GENERAL )  
ADJUSTMENT OF RATES )

Case No. 2024-00085

VERIFICATION OF MEREDITH KENDALL

COMMONWEALTH OF KENTUCKY )  
 )  
COUNTY OF McCracken )

Meredith Kendall, Vice-President, and Chief Financial Officer of Jackson Purchase Energy Corporation, being duly sworn, states that she has supervised the preparation of her Rebuttal Testimony in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.

*Meredith Kendall*  
Meredith Kendall

The foregoing Verification was signed, acknowledged and sworn to before me this 21<sup>st</sup> day of August, 2024, by Meredith Kendall.

*Amy Vick*  
Commission expiration: 8/21/2024



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

2 A. My name is Meredith Kendall and I serve as the Chief Financial Officer and Vice President  
3 of Finance and Accounting for Jackson Purchase Energy Corporation (“Jackson Purchase”  
4 or the “Cooperative”). My business address is 6525 U.S. Highway 60 W., Paducah, KY  
5 42001.

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

8 A. Yes.

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

10 A. The purpose of my rebuttal testimony is to respond to the Direct Testimony of Greg R.  
11 Meyer (Meyer Direct) on behalf of the Office of the Attorney General of the  
12 Commonwealth of Kentucky (“AG”). Specifically, I explain why the AG’s claims  
13 regarding Jackson Purchase’s vegetation management and Times Interest Earned Ratio  
14 (“TIER”) are completely baseless and should be rejected by the Commission.

15 **Q. IN THE MEYER DIRECT PAGES 6-11, THE AG CLAIMS THAT THE**  
16 **PROPOSED ADJUSTMENT FOR RIGHT OF WAY (“ROW”) EXPENSE IS**  
17 **EXCESSIVE AND MAKES SEVERAL RECOMMENDATIONS REGARDING**  
18 **THIS ISSUE. HOW DO YOU BROADLY RESPOND TO THIS CLAIM?**

19 A. In general, the AG’s assertions regarding Jackson Purchase’s ROW program are based on  
20 historical performance which has been restricted due to the Cooperative’s financial  
21 constraints. Therefore, the AG’s suggestions are baseless and unreasonable. These  
22 recommendations are discussed in greater detail below.

1 **Q. IN MEYER DIRECT PAGES 10-11, THE AG RECOMMENDS THE**  
2 **COMMISSION INITIATE A ONE-WAY ROW EXPENSE TRACKER TO**  
3 **ADDRESS THE ROW MANAGEMENT. IS THIS RECOMMENDATION**  
4 **REASONABLE?**

5 A. No. The reasons for this are described in the Rebuttal Testimony of John Wolfram.

6 **Q. THE AG RECOMMENDS THAT THE COMMISSION REJECT THE PROPOSED**  
7 **ROW EXPENSE BECAUSE JACKSON PURCHASE HAS NOT HISTORICALLY**  
8 **CUT 358 MILES PER YEAR. EXPLAIN WHY JACKSON PURCHASE HAS NOT**  
9 **BEEN ABLE TO CUT 358 MILES PER YEAR.**

10 A. Jackson Purchase has been unable to cut the 358 miles per year necessary to achieve a five-  
11 year vegetation management cycle largely due to overall budget constraints and rising costs  
12 of ROW maintenance. As is the case with most of the Cooperative's expenses, market  
13 inflation has driven the cost of vegetation management up each year since its last rate case.  
14 In Jackson Purchase's last rate case, the Commission approved a pro forma adjustment for  
15 ROW expenses based on winning bids received by the Cooperative for circuit trimming in  
16 2020 at \$10,760 per mile; in 2023 Jackson Purchase's actual cost per mile averaged  
17 \$16,726, an increase of 55.4%. Furthermore, the Cooperative must begin planning and  
18 budgeting for ROW management well in advance of each new fiscal year. While initially  
19 constructing its budget, Jackson Purchase targeted to cut approximately 358 miles of ROW  
20 per year since its last rate case. However, expense cuts have been necessary each year to  
21 produce an ultimate budget that is practical and financially viable. Jackson Purchase's  
22 management must work within the constraints of the approved budget to cut as many miles  
23 as possible.

1 **Q. IN THE MEYER DIRECT PAGES 14-15, THE AG RECOMMENDS REMOVING**  
2 **4 VACANT POSITIONS BECAUSE THEY WERE CREATED IN OR AFTER**  
3 **MARCH 2024. IS THIS CORRECT?**

4 A. This is incorrect. Of the four open positions listed on the spreadsheet in response to the  
5 Attorney General’s Second Request for Information Items 20 and 21, only one of the  
6 positions listed (Apprentice Line Technician) could be described as a “new” position. This  
7 position is necessary for succession planning for future retirements within Jackson  
8 Purchase’s line crews. The other three positions listed were all positions that were present  
9 and occupied during the test period but have become open or vacant since March of 2024  
10 due to employee resignations or internal position shifts within the organization. Jackson  
11 Purchase has consistently maintained that a headcount of 70 employees is a prudent staffing  
12 level given the size of the cooperative, regardless of standard employee turnover due to  
13 retirements and resignations.

14 Additionally, as noted in the August 16, 2024, Monthly Rate Case Filing, AG 2-20  
15 2-21 Updated 8-2024, Jackson Purchase has hired two crew assistants. Jackson Purchase  
16 now has 68 active employees.

17 **Q. IN THE MEYER DIRECT PAGE 17, THE AG RECOMMENDS A REDUCTION**  
18 **IN THE OVERTIME HOURS. EXPLAIN WHY THE OVERTIME HOURS**  
19 **WOULD REMAIN HIGH IF THE AG’S REMOVAL OF THE VACANT**  
20 **POSITIONS IS ACCEPTED.**

21 A. Regardless of Jackson Purchase’s total headcount, in a typical year, the workload that is  
22 necessary to provide its members with safe and reliable electricity remains the same. If  
23 Jackson Purchase is required to keep its headcount at the extremely low levels that it has

1 maintained in recent history, its employees will continue to be pressured to complete their  
2 tasks within a reasonable amount of time. This has proven unworkable in regular time at  
3 the current headcount levels. Because of the nature of the services provided not only by  
4 Jackson Purchase but by all distribution cooperatives, overtime is often unavoidable;  
5 however, a low employee headcount only perpetuates the issue and hinders the cooperative  
6 from completing tasks in an efficient manner.

7 **Q. IN THE MEYER DIRECT TESTIMONY PAGE 26, THE AG RECOMMENDS A**  
8 **TIER OF 1.85. WOULD A TIER OF 1.85 ALLOW JACKSON PURCHASE TO**  
9 **EARN A REASONABLE RATE OF RETURN ON ITS INVESTMENT, AND**  
10 **MANAGE CONTINGENCIES RELATED TO PROVIDING SAFE, RELIABLE,**  
11 **AND COST-EFFECTIVE SERVICE TO ITS MEMBERS.**

12 A. No, this is not reasonable. Jackson Purchase's load is heavily residential, making its gross  
13 margins highly dependent on weather conditions and other unpredictable factors.  
14 Regardless, Jackson Purchase is still required to maintain an average TIER of 1.25 to  
15 comply with its loan covenants and operate at a healthy margin. As cited in the Meyer  
16 Direct Testimony, Table GRM-4, Jackson Purchase has not achieved a TIER anywhere  
17 close to a 2.0 level in the last ten years and will have to continue to make budget cuts on  
18 critical expenses such as vegetation management (as discussed above) in the future just to  
19 achieve a sufficient TIER absent a TIER award higher than 1.85. The Commission  
20 historically allows a TIER of 2.0 for ratemaking purposes and should not sway from that  
21 standard practice here.

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

23 A. Yes.