

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF JACKSON)	
ENERGY COOPERATIVE CORPORATION)	CASE NO.
FOR A GENERAL ADJUSTMENT OF RATES)	2024-00324
PURSUANT TO 807 KAR 5:078)	

JACKSON ENERGY'S RESPONSE TO THE PSC'S DATA REQUEST

JACKSON ENERGY COOPERATIVE CORPORATION
PSC CASE NO. 2024-00324
RESPONSE FOR REQUEST FOR INFORMATION

PSC REQUEST FOR INFORMATION – 1/15/2025

Request 1:

Refer to the direct testimony of John Wolfram (Wolfram Direct Testimony) page 21.

- a. Explain why Jackson Energy proposed to primarily increase rates for residential rate classes.
- b. Explain whether Jackson Energy considered other rate increase allocations. If so, provide the allocations that were considered. If not, explain why not.

Response 1a:

The increase is assigned to the residential class because the cost-of-service study shows that the residential class has a negative rate of return on rate base (-3.87 percent) and sizable negative margins (almost -\$6 million) for the adjusted test year. This combination makes a residential increase the single most effective solution to the revenue shortfall in a manner consistent with cost causation.

Response 1b:

Jackson Energy did consider adjusting rates for all the classes that have negative rates of return; however, from a practical standpoint, the other two classes comprise such a small portion of total annual revenue (less than 1 percent), and the residential shortfall was so large that Jackson Energy elected to pursue the approach as proposed. Also please see the response to Item 3.

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Request 2:

Provide the number of disconnections and reconnections for 2021, 2022, and per month for 2023 and 2024.

Response 2:

2021		2022		2023		2024	
Disconnected	Reconnected	Disconnected	Reconnected	Disconnected	Reconnected	Disconnected	Reconnected
3599	3026	3751	3156	3685	3142	4199	3674

	2023		2024	
	Disconnected	Reconnected	Disconnected	Reconnected
January	290	243	354	308
February	291	235	381	344
March	298	220	324	279
April	318	256	416	354
May	325	273	469	424
June	329	273	331	283
July	355	329	295	256
August	252	226	316	276
September	232	208	286	244
October	337	304	362	322
November	322	283	319	277
December	336	292	346	307
	3685	3142	4199	3674

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Request 3:

Refer to the Wolfram Direct Testimony, page 23, lines 11 through 13. Explain whether an allocation including the other subsidized rate classes would also provide revenues that achieve the targeted revenue increase.

Response 3:

It is possible to allocate increases to the other subsidized rate classes (Commercial Off-Peak ETS in Rate 11 and All-Electric Schools AES in Rate 52). However, these two rate classes combined comprise less than one percent (1%) of annual revenues for Jackson Energy. The revenue for Rate 11 is less than \$1,500 per year, and the revenue from Rate 52 is one percent of the revenue collected from residential. To meaningfully reduce the impact on the residential increase, the adjustments to Rates 11 and 52 would have to be very large.

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Request 4:

State the TIER and OTIER requirements for each of Jackson Energy's debt covenants.

Response 4:

RUS debt covenants:

TIER – 1.25

OTIER – 1.10

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Request 5:

Refer to the Wolfram Direct Testimony, Exhibit JW-2, page 8.

- a. Provide the total test year amount of Donations, Promotional Advertising and Dues.
- b. Provide the line items for each amount removed from the test year.

Response 5a and 5b:

Line No.	Item	Included in requested Revenue Requirement	Excluded from requested Revenue Requirement
1	Annual Meeting Advertising*		\$ 2,831.30
2	Donations		\$ 54,866.00
3	Promo Items*		\$ 9,811.62
4	NRECA/KEC Dues		\$ 152,481.00
5	Employee Appreciation		\$ 17,714.00
6	Misc Expense - Annual Meeting		\$ 14,203.00
7	Miscellaneous Dues	\$ 6,439.21	
8	Newspaper Advertising **	\$ 40,595.45	
9	Advertising - Job Postings	\$ 1,402.38	
10	Total	\$ 48,437.04	\$ 251,906.92

*In the original application we inadvertently listed this total as \$25,989

** Newspaper advertisements are used for the purpose of delivering information that is specific to members regarding educational opportunities and programs offered by the coop; and/or energy efficiency and safety-related topics that would be beneficial to the general population of our communities.

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Request 6:

Refer to the Wolfram Direct Testimony, Exhibit JW-2, page 7. Provide the calculation of the total premium amount \$35,011.

Response 6:

Length of employment for current year	Life Salary (Rounded)	Salary x 2	x .162	Divide by 1,000	Total Premiums
Full Year	\$ 8,522,000.00	\$ 17,044,000.00	\$ 2,761,128.00	\$ 2,761.130	\$ 33,133.56
11 Months	\$ 72,000.00	\$ 144,000.00	\$ 23,328.00	\$ 23.330	\$ 256.63
10Months	\$ 83,000.00	\$ 166,000.00	\$ 26,892.00	\$ 26.890	\$ 268.90
7 Months	\$ 13,000.00	\$ 26,000.00	\$ 4,212.00	\$ 4.210	\$ 29.47
9 Months	\$ 293,000.00	\$ 586,000.00	\$ 94,932.00	\$ 94.930	\$ 854.37
5 Months	\$ 152,000.00	\$ 304,000.00	\$ 49,248.00	\$ 49.250	\$ 246.25
4 Months	\$ 44,000.00	\$ 88,000.00	\$ 14,256.00	\$ 14.260	\$ 57.04
3 Months	\$ 69,000.00	\$ 138,000.00	\$ 22,356.00	\$ 22.360	\$ 67.08
1 Month	\$ 304,000.00	\$ 608,000.00	\$ 98,496.00	\$ 98.500	\$ 98.50
					\$ 35,011.80

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Request 7:

Provide the number of employees Jackson Energy needs to be fully staffed.

Response 7:

122

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Request 8:

Refer to the Wolfram Direct Testimony, Exhibit JW-2, Page 11. Provide the proforma calculation of the average wage for regular time, overtime, and other hours.

Response 8:

Wages/hours – Used January through July 2024

Average Regular Time Wage = Wages \$4,948,077.60/Hours 125,373.49 = \$39.47

Average Overtime Wage = Wages \$787,459.31/Hours 12,944.40 = \$60.83

Average Other Hours Wage = Wages \$448,613.42/Hours 10,903.59 = \$41.14

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Request 9:

State if Jackson Energy has had an increase in Right of Way Expense since the test year. If so, state the reason(s) for any increase.

Response 9:

Jackson Energy has seen an increase in the cost per mile for right-of-way clearing expenses since the test year. This increase is attributed to the rising costs for labor & equipment in providing right-of-way clearing services.

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Request 10:

Provide the number of miles of right-of-way maintenance, cost per mile, and total cost expended, individually, for each calendar year 2020, 2021, 2022, 2023, and 2024.

Response 10:

Year	Miles Cleared	Cost/Mile	Total Expense
2020	801.12	\$3,789.68	\$3,035,990.00
2021	822.63	\$4,146.76	\$3,411,251.05
2022	816.82	\$4,684.84	\$3,826,672.32
2023	1023.41	\$5,257.24	\$5,380,312.79
2024	825.55	\$6,202.01	\$5,120,070.71

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Request 11:

Provide the annual number of miles and describe the cycle over which right-of-way maintenance is routinely conducted.

Response 11:

The annual number of miles is provided in Response 10. The number of miles cleared each year fluctuates due to budgetary concerns and the mileage of the individual circuits to be cleared. Since 2020, Jackson Energy has consistently cleared more than 800 miles of right-of-way annually.

One exception is in 2023 when more than 1,000 miles of line were cleared. There was one circuit that was not completed from the 2022 circuit clearing schedule and was added to the 2023 schedule resulting in more miles of line cleared.

Jackson Energy maintains a six-year cycle or less on all distribution feeders. Distribution feeders are routinely checked and may be reprioritized in the cycle and trimmed sooner depending on vegetation growth.

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Request 12:

Provide the expected cost of right-of-way maintenance in 2025.

Response 12:

The expected cost to cut 884 miles of circuits in 2025 is \$5,177,421.

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Request 13:

Refer to the response provided in Request 13, explain whether this expected cost is necessary to “catch up” the previous year’s right-of-way maintenance. Provide the expense and miles of right-of-way attributable to a previous calendar year.

Response 13:

This cost is not intended to “catch up” the previous year’s right-of-way maintenance. This cost is to maintain Jackson Energy’s current cycle and to stay on-course with our Vegetation Management objectives to provide safe and reliable electric service for our members.

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Request 14:

State if Jackson Energy is currently meeting its six-year right-of-way clearing cycle.

Response 14:

Yes, Jackson Energy is currently meeting its six-year right-of-way clearing cycle.

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Request 15:

If Jackson Energy is not meeting its six-year right-of-way clearing cycle, identify and explain the reasons why Jackson Energy has not met its six-year right-of-way clearing cycle.

Response 15:

Request is not applicable. Jackson Energy meets its six-year right-of-way clearing cycle.

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Request 16:

State whether Jackson Energy expects to meet its six-year right-of-way clearing cycle from the revenue requirement proposed in the current case. If yes, state how long it will take to meet the six-year right-of-way clearing cycle. If no, state why not.

Response 16:

Yes, Jackson Energy expects to meet its six-year right-of-way clearing cycle from the revenue requirement proposed in the current case. We are currently meeting our clearing cycle and will continue to maintain our clearing cycle while also meeting our debt obligations.

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Request 17:

Refer to the Wolfram Direct Testimony, Exhibit JW-2, Page 15. Provide the total rate case expense incurred as of the date of service of this data request and provide a revised estimate of the remaining expense.

Response 17:

Please refer to the attached Exhibit 1 with the updated case rate expenses and revised estimate of the remaining expense.

Rate Case Expenses
EXHIBIT 1

Case No. 2024-00324
Witness: Carol Wright

Description	Estimated Rate Case Expenses	Expense	Expense	Expense	Total Expenses Incurred
		Incurring as of Application Date	Incurring as of January 2, 2025	Incurring as of January 15, 2025	
Legal - Taylor, Keller & Oswald, PLLC	\$ 4,500.00	\$ 994.00	\$ 1,302.00		\$ 2,296.00
Consulting - Catalyst Consulting LLC	\$ 15,760.00	\$ 12,535.00	\$ 1,725.00		\$ 14,260.00
Advertising / Notices	\$ 8,000.00		\$ 7,845.05		\$ 7,845.05
Supplies/Misc	\$ 50.00				\$ -
Total	\$ 28,310.00	\$ 13,529.00	\$ 10,872.05		\$ 24,401.05

Detail of expenses incurred as of January 2, 2025:

Vendor Name	Date	Invoice Number	GL Account	Amount	Description
Catalyst Consulting LLC	5/10/2024	240411	186.50	\$ 2,990.00	Consulting
Catalyst Consulting LLC	6/7/2024	240510	186.50	\$ 2,645.00	Consulting
Catalyst Consulting LLC	7/9/2024	240609	186.50	\$ 2,530.00	Consulting
Catalyst Consulting LLC	8/16/2024	240712	186.50	\$ 3,335.00	Consulting
Catalyst Consulting LLC	10/11/2024	240911	186.50	\$ 460.00	Consulting
Taylor, Keller & Oswald, PLLC	11/1/2024	3795	186.50	\$ 994.00	Jackson Energy Rate Case
Catalyst Consulting LLC	11/1/2024	241010	186.50	\$ 575.00	Consulting
Catalyst Consulting LLC	12/1/2024	241111	186.50	\$ 1,380.00	Consulting
Estill County Tribune	11/29/2024	NA	186.50	\$ 302.40	Rate Case Notice
The Leslie County News	11/15/2024	20240512168	186.50	\$ 2,124.00	Rate Case Notice
Berea Citizen	11/6/2024	139034	186.50	\$ 310.00	Rate Case Notice
Berea Citizen	11/13/2024	139114	186.50	\$ 310.00	Rate Case Notice
Berea Citizen	11/20/2024	139182	186.50	\$ 310.00	Rate Case Notice
The Sentinel-Echo	11/30/2024	NA	186.50	\$ 647.40	Rate Case Notice
Intermountain Publishing Company In	11/6/2024	BE19851	186.50	\$ 192.00	Rate Case Notice
Intermountain Publishing Company In	11/6/2024	JT19837	186.50	\$ 176.00	Rate Case Notice
Intermountain Publishing Company In	11/13/2024	JT19878	186.50	\$ 176.00	Rate Case Notice
Intermountain Publishing Company In	11/13/2024	BE19892	186.50	\$ 192.00	Rate Case Notice
Intermountain Publishing Company In	11/20/2024	JT19909	186.50	\$ 176.00	Rate Case Notice
Intermountain Publishing Company In	11/20/2024	BE19925	186.50	\$ 192.00	Rate Case Notice
Booneville Sentinel Inc	11/6/2024	44337	186.50	\$ 215.00	Rate Case Notice
Booneville Sentinel Inc	11/13/2024	44361	186.50	\$ 215.00	Rate Case Notice
Booneville Sentinel Inc	11/20/2024	44377	186.50	\$ 215.00	Rate Case Notice
Jackson County Newsgroup Inc	11/6/2024	47240	186.50	\$ 240.00	Rate Case Notice
Jackson County Newsgroup Inc	11/13/2024	47263	186.50	\$ 240.00	Rate Case Notice
Jackson County Newsgroup Inc	11/20/2024	47304	186.50	\$ 240.00	Rate Case Notice
Manchester Enterprise Inc	11/6/2024	136481	186.50	\$ 330.75	Rate Case Notice
Manchester Enterprise Inc	11/13/2024	136549	186.50	\$ 330.75	Rate Case Notice
Manchester Enterprise Inc	11/20/2024	136595	186.50	\$ 330.75	Rate Case Notice
Courier Publishing Company	12/5/2024	NA	186.50	\$ 135.00	Rate Case Notice
The Interior Journal	12/30/2024	1907306	186.50	\$ 245.00	Rate Case Notice
Catalyst Consulting LLC	12/31/2024	241209	186.50	\$ 345.00	Consulting
Taylor, Keller & Oswald, PLLC	1/2/2025	9872	186.50	\$ 1,302.00	Jackson Energy Rate Case
TOTAL EXPENSES INCURRED				\$ 24,401.05	