

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 IN)	2024-00324
EXISTING RATES PURSUANT TO 807 KAR 5:078)	

JACKSON ENERGY'S RESPONSE TO PSC ORDER

Filed: November 25, 2024

Jackson Energy Cooperative Corporation
Case No. 2024-00324
PSC Order

Discussion and Findings Response:

The Commission's Order states on page 2 that "Supporting testimony submitted with the application explicitly stated that Jackson Energy is requesting rates that will result in continued operational losses" (footnote 4) and that the requested increase leaves "a shortfall exceeding \$3 million" (footnote 5). The Order states that Jackson Energy has not explained how it will continue to provide adequate service "while operating at a financial loss."

These statements are incorrect and reflect a misunderstanding of the cooperative's application.

The direct testimony makes no mention of operational losses, explicitly or implicitly. Instead, the testimony explains that the proposed revenue increase will provide the cooperative with the necessary increase in margins. This is demonstrated in Exhibit JW-2 to the Direct Testimony of John Wolfram in Application Exhibit 4 pursuant to 807 KAR 5:001 Sec. 16(4)(b).

Exhibit JW-2 provides the determination of the revenue deficiency. Under the new regulation, the proposed increase in this case is limited to the lower of (a) 5 percent overall or (b) whatever amount yields an OTIER of 1.85. The former is lower in this case and amounts to an increase of \$5,797,581. The latter would yield an increase of \$8,922,803 and thus is not applicable. The \$3 million dollar amount is simply the difference between these two criteria; it does not represent a revenue shortfall or operating loss of any kind.

Instead, Exhibit JW-2 demonstrates that if the proposed rates are approved, all else being equal, the cooperative will experience positive net margins in excess of \$1.7 million (Exhibit JW-2, line 32, column 6).¹ The proposed rate increase will yield a TIER of 1.41 and an OTIER of 1.10 (Exhibit JW-2, lines 35-36, column 6). There are no operational losses or revenue shortfalls. The positive net margins and the corresponding metrics will permit the cooperative to provide safe, reliable and economic electric service to its members.

¹ Recall that due to rounding of the actual per-unit charges in the tariff, the proposed rates generate \$5,793,612 which varies by \$3,969 or 0.07 percent from the exact revenue deficiency for the test period of \$5,797,581.

Jackson Energy Cooperative Corporation
Case No. 2024-00324
PSC Order

Request:

The application fails to include properly bookmarked sections as required under 807 KAR 5:001 Section 8(4)(b).

Response:

Please see the attached updated application to include bookmarked sections. This is included as a separate attachment.

Jackson Energy Cooperative Corporation
Case No. 2024-00324
PSC Order

Request:

Under 807 KAR 5:078 Section 3(2), the application lacks a detailed explanation for why Jackson Energy did not seek a general rate adjustment for over ten years, despite the regulation requiring this explanation when more than five years have elapsed since the last adjustment. While the cooperative acknowledges rising expenses as the basis for the current request, it provides no justification for the prolonged delay in seeking rate adjustments, nor has it filed a motion for deviation to address this omission.

Response:

Upon review of the Application, it appears that there was a clerical error with respect to the “Filing Requirement” identification in Table of Contents Exhibit 30. Table of Contents Exhibit 30 addressed both 807 KAR 5:078 § 3(1) and 807 KAR 5:078 § 3(2).² In addition to the filing requirement described in Section 3(1) of the regulation, the narrative contained at Table of Contents Exhibit 30 also contains the required “detailed explanation of why the cooperative did not seek a general rate adjustment” during the applicable timeframe since its last general rate adjustment.³ With this clarification and amendment, Jackson Energy respectfully requests that the Commission determine that this deficiency has been satisfied.

² An updated copy of the Table of Contents is attached as an exhibit to this filing.

³ See 807 KAR 5:078 § 3(2).

Jackson Energy Cooperative
Case No. 2024-00324

Table of Contents

Alternative Rate Adjustment for Electric Cooperatives - Filing Requirements / Exhibit List

(Historical Test Period: Twelve Months Ending 12/31/2023)

Exhibit No.	Filing Requirement	Description	Sponsoring Witness(es)
1	807 KAR 5:078 § 3(3)	New or revised tariff sheets	Carol Wright
2	807 KAR 5:078 § 3(4)(a)	Proposed tariff sheets with proposed changes identified	Carol Wright
3	807 KAR 5:078 § 3(4)(b)	Statement that notice has been given in compliance with Section 7	Carol Wright
4	807 KAR 5:001 § 16(4)(b)	Written testimony of witness in support of Application (Mr. Wolfram)	John Wolfram
5	807 KAR 5:078 § 3(5)	A general statement identifying any electric property or plant held for future use	Carol Wright
6		Board Resolution	Carol Wright
7	807 KAR 5:078 § 3(6)	All current agreements related to vegetation management, as well as a statement identifying any changes that occurred since the cooperative's base rate adjustment to the cooperative's policies on vegetation management, indicating the effective date and reason for these changes.	Carol Wright
8	807 KAR 5:078 § 3(7)	Any changes that occurred during the test year to the Distribution Cooperative's written policies on the compensation of its attorneys, auditors, and all other professional service providers, indicating the effective date and reason for these changes	Carol Wright
9	807 KAR 5:078 § 3(8)	A statement explaining whether the depreciation rates reflected in the filing are identical to those most recently approved by the Commission. If identical, identify the case in which they were approved. If not, provide the depreciation study that supports the rates reflected in the filing	Carol Wright
10	807 KAR 5:078 § 3(9)	The estimated dates for drawdowns of unadvanced loan funds at test-year-end and the proposed uses of these funds	Carol Wright
11	807 KAR 5:078 § 3(10)	A schedule of the Distribution Cooperative's standard directors' fees, per diems and other compensation in effect during the test year. The schedule shall include a description of any changes that occurred during the test year to the Cooperatives' written polices, including the compensation of directors; and indicate the effective date and explanation for any change	Carol Wright
12	807 KAR 5:078 § 3(11)	A schedule reflecting the salaries and other compensation of each executive officer for the test year and two preceding calendar years. The schedule shall include: the percentage of annual increase and the effective date of each increase, the job title, duty and responsibility of each officer, the number of employees who report to each executive officer, and to whom each executive officer reports. For employees elected to executive officer status during the test year, the salaries for the test year for those persons whom they replaced.	Carol Wright
13	807 KAR 5:078 § 3(12)	The Cooperative's TIER, OTIER, and debt service coverage ratio, as calculated by the Rural Utility Service, for the test year and the five most recent calendar years, including the data used to calculate each ratio.	Carol Wright
14	807 KAR 5:078 § 3(13)	The Cooperative's Debt Instruments	Carol Wright
15	807 KAR 5:078 § 3(14)	A copy of all exhibits and schedules that were prepared for the rate application in Excel spreadsheet format with all formulas intact and unprotected and with all columns and rows accessible.	Carol Wright
16	807 KAR 5:078 § 3(15)	A schedule comparing balances for each balance sheet account or subaccount included in the Distribution Cooperative's chart of accounts for each month of the test year to the same month of the 12-month period immediately preceding the test year.	Carol Wright
17	807 KAR 5:078 § 3(16)	A schedule comparing each income statement account or subaccount included in the Distribution Cooperative's chart of accounts for each month of the of the test year to the same month of the 12-month period immediately preceding the test year. The amounts should reflect the income or expense activity of each month, rather than the cumulative balances at the end of the particular month.	Carol Wright
18	807 KAR 5:078 § 3(17)	A schedule showing anticipated and incurred rate case expenses, with supporting documentation, which shall be updated every (30) days during the proceeding.	Carol Wright
19	807 KAR 5:078 § 3(18)	A statement estimating the effect that each new rate will have upon the revenues of the utility including, at minimum, the total amount of revenues resulting from the increase or decrease and the percentage of the increase or decrease.	John Wolfram
20	807 KAR 5:078 § 3(19)	Effect upon the average bill for each customer classification to which the proposed rate change will apply	John Wolfram

Jackson Energy Cooperative
Case No. 2024-00324

Table of Contents

Alternative Rate Adjustment for Electric Cooperatives - Filing Requirements / Exhibit List
(Historical Test Period: Twelve Months Ending 12/31/2023)

Exhibit No.	Filing Requirement	Description	Sponsoring Witness(es)
21	807 KAR 5:078 § 3(20)	A summary of the utility's determination of its revenue requirements based on return on TIER, OTIER, debt service coverage, and any metric required by the cooperative's current debt instruments, with supporting schedules.	John Wolfram
22	807 KAR 5:078 § 3(21)	If the utility had amounts charged or allocated to it by an affiliate or general or home office or paid monies to an affiliate or general or home office during the test period or during the previous three (3) calendar years, the utility shall file: 1. A detailed description of the method and amounts allocated or charged to the utility by the affiliate or general or home office for each charge allocation or payment; 2. An explanation of how the allocator for the test period was determined; and 3. All facts relied upon, including other regulatory approval, to demonstrate that each amount charged, allocated, or paid during the test period was reasonable.	Carol Wright
23	807 KAR 5:078 § 3(22)	The calculation of normalized depreciation expense (test-year end plant account balance multiplied by depreciation rate)	John Wolfram
24	807 KAR 5:078 § 3(23)	An analysis of FERC Account No. 930, Miscellaneous General Expenses, for the test year. The analysis shall include: (a) A complete breakdown of this account by the following categories: industry association dues, debt-serving expenses, institutional advertising, conservation advertising, rate department load studies, director's fees and expenses, dues and subscriptions, and miscellaneous. (b) detailed supporting workpapers that shall include for amounts over \$100, the date, vendor, reference, dollar amount, and a brief description of each expenditure.	Carol Wright
25	807 KAR 5:078 § 3(24)	An analysis of FERC Account No. 426, Other Income Deductions, for the test period. The analysis shall include a breakdown of this account by the following categories: donations, civic activities, political activities, and other; and detailed supporting workpapers that shall include for amounts over \$1,000, the date, vendor, reference, dollar amount, and a brief description of each expenditure.	Carol Wright
26	807 KAR 5:078 § 3(25)	A trial balance as of the last day of the test year showing account number, subaccount number, account title, subaccount title, and amount. The trial balance shall include all asset, liability, capital, income, and expense accounts used by the Cooperative; all income statements accounts showing activity for twelve (12) months that includes the balance in each control account and all underlying subaccounts per the company books.	Carol Wright
27	807 KAR 5:078 § 3(26)	A schedule showing employee health, dental, vision, and life insurance premium contributions by coverage type, including the cost split of each identified premium between the employee and the cooperative.	Carol Wright
28	807 KAR 5:078 § 3(27)	A detailed income statement and balance sheet reflecting the impact of all proposed adjustments.	John Wolfram
29	807 KAR 5:078 § 3(28)	The number of customers to be added to the test period end level of customers and the related revenue requirements impact for all pro forma adjustments with complete details and supporting work papers.	John Wolfram
30	807 KAR 5:078 § 3(1) - (2)	A narrative statement discussing any changes materially affecting the cooperative's rates or service that have occurred since the effective date of its last base rate adjustment and stating the reasons for the proposed adjustment.	Carol Wright

Jackson Energy Cooperative Corporation
Case No. 2024-00324
PSC Order

Request:

The application contained unsigned tariff sheets in contravention of 807 KAR 5:078 Section 3(3) and 807 KAR 5:011 Section 3(2)(f).

Response:

Please see the attached signed tariff. This is also included in the first request.

Jackson Energy Cooperative Corporation

Schedule 10 - Residential Service

Availability

Available only to the consumers for residential uses.

Rate

Customer Charge Per Month	\$36.48	I
All kWh	\$.10011	R

Minimum Charges

The minimum monthly charge is the customer charge.

Type of Service

Single-phase, 120/240 volt, 150 KVA or below.

Fuel Adjustment Clause

This tariff is subject to the Fuel Adjustment Clause Rider.

Energy Emergency Control Program

This tariff is subject to the Energy Emergency Control Program Rider.

Environmental Surcharge

This tariff is subject to the Environmental Surcharge Rider.

Date of Issue: November 8, 2024

Date Effective: Services rendered on or after January 1, 2025

Issued By: _____


President & CEO

Issued by authority of an Order of the Public Service Commission
of Kentucky in Case No. 2024-00324 dated _____.

Jackson Energy Cooperative Corporation
Case No. 2024-00324
PSC Order

Request:

The filing contains incorrect tariff notations. 807 KAR 5:078 Section 3(4) and 807 KAR 5:011.

Response:

Please see the attached signed tariff. This is also included in the first request.

Jackson Energy Cooperative Corporation

Schedule 10 - Residential Service

Availability

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Rate

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This tariff is subject to the Fuel Adjustment Clause Rider.

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Date of Issue: November 8, 2024

Date Effective: Services rendered on or after January 1, 2025

Issued By: _____


President & CEO

Issued by authority of an Order of the Public Service Commission
of Kentucky in Case No. 2024-00324 dated _____.

Jackson Energy Cooperative Corporation
Case No. 2024-00324
PSC Order

Request:

The application does not provide an adequate explanation for changes in directors' fees during the test year as required by 807 KAR 5:078 Section 3(10)(b). While the effective date of the change is included, no rationale for the adjustment is provided.

Response:

Jackson Energy's current Board of Director fees did not change during the test year. The policy provided in the application, see Exhibit 11, noted wording changes and the deletion of some benefits to deceased retired directors that no longer apply. The Board of Directors review policies and make the necessary revisions bi-annually or when an event occurs where the policy needs to be revised. For clarification on the changes to B101, see below.

Exhibit 11, Policy B101 was revised in February 2023 to directly identify the specific dollar amount of a Medicare subsidy received by spouses of deceased directors prior to 2006. In addition, language was changed regarding the Death and Dismemberment policy for Directors indicating any additional coverage would be paid by the Director. Current Board of Director fees did not change in the February 2023 revision.

Exhibit 11, Policy B101 was revised again in November 2023 due to the death of a retired Director (elected prior to 2006) who received an insurance benefit. This was the only retired Director that this section applied to and due to his death in 2023, that language was

removed from the policy. The current Board of Director fees did not change in this November 2023 revision.

Jackson Energy Cooperative Corporation
Case No. 2024-00324
PSC Order

Request:

The customer notices submitted under 807 KAR 5:078 Section 7(4)(a) are deficient. The cooperative provided two notices but failed to specify which one constitutes the “abbreviated notice.” Additionally, neither notice contains all the required elements from 807 KAR 5:001 Section 17(4), specifically omitting subsections 17(4)(f) and 17(4)(h), which detail public access to the application and filing, and the process for submitting public comments. It is important to note under 807 KAR 5:078 Section 7(4) that subsections (a), (b), and (c) are required. Specifically, subsection (a) refers to 807 KAR 5:001, Section 17(4), which has similar requirements to subsection (b), but they are not identical. In order for an abbreviated notice to sufficiently comply, the Commission general would need to grant a deviation, but the statement is still subject to compliance with the regulations as discussed in this paragraph.

Response:

Jackson Energy inadvertently stated an abbreviated notice was attached in Exhibit 3 (page 18) in the original application. This has been corrected to say the customer notice and public notice are attached. Please see the correction in Exhibit 3 in the updated application.

Please see the attached notices with footnotes that demonstrate our compliance with the regulations.

The notice titled “Official Notice (Public Posting)” complies with 807 KAR 5:078 Section 7(4)(a) and (c) and 807 KAR 5:001 Section 17 - and the notice titled “Official Notice” complies with 807 KAR 5:078 Section 7(4)(b) and (c).

OFFICIAL NOTICE

Jackson Energy Cooperative Corporation (“Jackson Energy”) intends to propose a general adjustment of its existing rates by filing an application with the Kentucky Public Service Commission (“KPSC”) on or after November 8, 2024 in Case No. 2024-00324¹. The application will request that the proposed rates become effective on or after January 1, 2025².

Jackson Energy intends to propose an adjustment only to certain rates. The present and proposed rates for each customer classification to which the proposed rates will apply are set forth below:

Rate Class		Present Rate	Proposed Rate
Rate 10	Customer Charge per Month	\$24.76	\$36.48
Residential Service	Energy Charge per kWh (All kWh)	\$0.10180	\$0.10011 ³

No revisions are proposed to any other charges or Rate Schedules.

The amount of change requested in both dollar amount and percentage change for customer classification to which the proposed change will apply is presented below:

Rate Class	Average Usage	Average Customer Bill Impact	Total Revenue Increase	Percentage Increase
Rate 10 Residential Service	999	\$10.03	\$5,793,612	7.20% ⁴

Any corporation, association, or person may within seven (7) days after the initial publication or mailing of notice of the proposed rate changes, submit a written request to intervene to the Public Service Commission, PO Box 615, Frankfort, Kentucky 40602 or emailed to PSCED@ky.gov, establishing the grounds for the request including the status and interest of the party⁵ and states that intervention may be granted beyond the seven (7) day period for good cause shown. The Public Service Commission is required to take action within 75 days of the date the application is filed.⁶

Written comments regarding the proposed rates may be submitted to the Public Service Commission by mail through the Public Service Commission’s website at <https://psc.ky.gov/>.

Any person may examine the rate application and any other documents the utility has filed with the Public Service Commission at the offices of Jackson Energy listed below, on the utility’s

¹ 807 KAR 5:078 Section 7(4)(b)(1)

² 807 KAR 5:078 Section 7(4)(b)(2)

³ 807 KAR 5:078 Section 7(4)(b)(3)

⁴ 807 KAR 5:078 Section 7(4)(b)(4)

⁵ 807 KAR 5:078 Section 7(4)(b)(8)

⁶ 807 KAR 5:078 Section 7(4)(b)(9)

website at www.jacksonenergy.com⁷ and on the utility's social media page at www.facebook.com/JacksonEnergy.⁸

Jackson Energy Cooperative
115 Jackson Energy Lane
McKee, Kentucky 40447
606-364-1000⁹

⁷ 807 KAR 5:078 Section 7(4)(b)(6)

⁸ 807 KAR 5:078 Section 7(4)(b)(7)

⁹ 807 KAR 5:078 Section 7(4)(b)(5)

OFFICIAL NOTICE (PUBLIC POSTING)

Jackson Energy Cooperative Corporation (“Jackson Energy”) intends to propose a general adjustment of its existing rates by filing an application with the Kentucky Public Service Commission (“KPSC”) on or after November 8, 2024 in Case No. 2024-00324. The application will request that the proposed rates become effective on or after January 1, 2025¹.

Jackson Energy intends to propose an adjustment only to one certain rate. The present and proposed rates for each customer classification to which the proposed rates will apply are set forth below:

Rate Class		Present Rate	Proposed Rate
Rate 10	Customer Charge per Month	\$24.76	\$36.48
Residential Service	Energy Charge per kWh (All kWh)	\$0.10180	\$0.10011 ²

No revisions are proposed to any other charges or Rate Schedules.

The amount of change requested in both dollar amount and percentage change for customer classification to which the proposed change will apply is presented below:

Rate Class	Average Usage	Average Customer Bill Impact	Total Revenue Increase	Percentage Increase
Rate 10 Residential Service	999	\$10.03 ³	\$5,793,612	7.20% ⁴

Comments regarding the application may be submitted to the Public Service Commission through its website or by mail to the Public Service Commission, PO Box 615, Frankfort, Kentucky 40602.⁵ A person may submit a timely written request for intervention to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request including the status and interest of the party;⁶

The rates contained in this notice are the rates proposed by Jackson Energy Cooperative Corporation, but the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice.⁷

Any person may examine the rate application and any other documents the utility has filed with the Public Service Commission at the Commission’s offices located at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the

¹ 807 KAR 5:001 Section 17(4)(a)

² 807 KAR 5:001 Section 17(4)(b)

³ 807 KAR 5:001 Section 17(4)(d)

⁴ 807 KAR 5:001 Section 17(4)(c)

⁵ 807 KAR 5:001 Section 17(4)(g)

⁶ 807 KAR 5:001 Section 17(4)(i)

⁷ 807 KAR 5:001 Section 17(4)(h)

commission's website at <http://psc.ky.gov> or at the offices of Jackson Energy listed below, on the utility's website at www.jacksonenergy.com and on the utility's social media page at www.facebook.com/JacksonEnergy.⁸

Jackson Energy Cooperative
115 Jackson Energy Lane
McKee, Kentucky 40447
606-364-1000

⁸ 807 KAR 5:001 Section 17(4)(e)-(f)

Jackson Energy Cooperative Corporation
Case No. 2024-00324
PSC Order

Request:

The public posting notice provided under 807 KAR 5:078 Section 7(4)(b)(9) omits the required statement that the Commission must act on the application within 75 days. This omission creates uncertainty for stakeholders and fails to comply with the regulation's public notification requirements.

Response:

Please see the attached notices with footnotes that demonstrate our compliance with the regulations.

The notice titled "Official Notice" complies with 807 KAR 5:078 Section 7(4)(b) and (c). This notice does provide the statement that the Commission must act on the application within 75 days.

OFFICIAL NOTICE

Jackson Energy Cooperative Corporation (“Jackson Energy”) intends to propose a general adjustment of its existing rates by filing an application with the Kentucky Public Service Commission (“KPSC”) on or after November 8, 2024 in Case No. 2024-00324¹. The application will request that the proposed rates become effective on or after January 1, 2025².

Jackson Energy intends to propose an adjustment only to certain rates. The present and proposed rates for each customer classification to which the proposed rates will apply are set forth below:

Rate Class		Present Rate	Proposed Rate
Rate 10	Customer Charge per Month	\$24.76	\$36.48
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No revisions are proposed to any other charges or Rate Schedules.

The amount of change requested in both dollar amount and percentage change for customer classification to which the proposed change will apply is presented below:

Rate Class	Average Usage	Average Customer Bill Impact	Total Revenue Increase	Percentage Increase
Rate 10 Residential Service	999	\$10.03	\$5,793,612	7.20% ⁴

Any corporation, association, or person may within seven (7) days after the initial publication or mailing of notice of the proposed rate changes, submit a written request to intervene to the Public Service Commission, PO Box 615, Frankfort, Kentucky 40602 or emailed to PSCED@ky.gov, establishing the grounds for the request including the status and interest of the party⁵ and states that intervention may be granted beyond the seven (7) day period for good cause shown. The Public Service Commission is required to take action within 75 days of the date the application is filed.⁶

Written comments regarding the proposed rates may be submitted to the Public Service Commission by mail through the Public Service Commission’s website at <https://psc.ky.gov/>.

Any person may examine the rate application and any other documents the utility has filed with the Public Service Commission at the offices of Jackson Energy listed below, on the utility’s

¹ 807 KAR 5:078 Section 7(4)(b)(1)

² 807 KAR 5:078 Section 7(4)(b)(2)

³ 807 KAR 5:078 Section 7(4)(b)(3)

⁴ 807 KAR 5:078 Section 7(4)(b)(4)

⁵ 807 KAR 5:078 Section 7(4)(b)(8)

⁶ 807 KAR 5:078 Section 7(4)(b)(9)

website at www.jacksonenergy.com⁷ and on the utility's social media page at www.facebook.com/JacksonEnergy.⁸

Jackson Energy Cooperative
115 Jackson Energy Lane
McKee, Kentucky 40447
606-364-1000⁹

⁷ 807 KAR 5:078 Section 7(4)(b)(6)

⁸ 807 KAR 5:078 Section 7(4)(b)(7)

⁹ 807 KAR 5:078 Section 7(4)(b)(5)

Jackson Energy Cooperative Corporation
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Request:

Administrative regulation 807 KAR 5:078, Section 3(2) requires that, if five or more years have elapsed since the cooperative's most recent general rate adjustment, a detailed explanation of why the cooperative did not seek a general rate adjustment in that period. Although the utility acknowledged that it had not been in for a general rate case in over ten years, Jackson Energy did not provide any detailed, specific discussions or financial information to explain why it chose not to file a general rate adjustment application. General cost saving measures are not adequate justification.

Response:

Jackson Energy had a general rate adjustment in 2019, specifically Case No. 2019-00066 under the pilot alternative streamlined regulation. The 2019 rate adjustment satisfies the regulation and qualifies as a general rate adjustment as defined in the regulation. See response to Deficiency No. 9.

Jackson Energy did not require a general rate case adjustment since our last general rate adjustment in 2019 due to the healthy financial metrics noted in Exhibit 13. Jackson Energy did not need additional revenue and had no reason to file for a rate adjustment. Jackson Energy's net margins and financial metrics were sufficient to provide reliable service for our members and any rate case adjustment would not be justified.

However, test year 2023 shows net margins and financial metrics below the required minimum levels and thus, Jackson Energy initiated the Cost-of-Service Study that is necessary to file for a general rate adjustment. Per Exhibit 13, Jackson Energy had no justification to file a

general rate adjustment prior to 2024. In addition, Jackson Energy does not want to put an unjustified increase in rates on our members when it is not warranted.

Jackson Energy Cooperative Corporation
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Request:

Finally, Jackson Energy has not received a general rate adjustment since 2013. Administrative regulation 807 KAR 5:078 Section 2(1) provides that a cooperative may seek a rate increase pursuant to the alternative procedure if, inter alia, Ten (10) or fewer years have elapsed since the effective date of new rates resulting from a cooperative's most recent base rate adjustment. Jackson Energy's last base rate adjustment became effective on February 27, 2014, and Jackson Energy submitted its current application on November 8, 2024. Therefore, on its face, Jackson Energy's application does not comply with one of the threshold legal requirements of 807 KAR 5:078. Pursuant to 807 KAR 5:078, Section 10(1), a cooperative may seek an exception from any requirement of the regulation. Administrative regulation 807 KAR 5:078, Section 10(1) provides that, a "utility may submit a written request to the commission to obtain an exception, based on good cause, for a requirement established in this administrative regulation. The utility shall attach supporting evidence of good cause to the written request." Jackson Energy did not submit a written request for an exception; provide good cause; nor attach any supporting evidence to support an exception. Absent such a request, and subsequent Commission approval, the Commission cannot accept the application under the alternative procedure.

Response:

The Order errs in concluding that "on its face, Jackson Energy's application does not comply with one of the threshold legal requirements of 807 KAR 5:078."⁴ (Order at 5.) While the Commission is correct to note that 807 KAR 5:078 § 2(1) states in relevant part that "A cooperative may apply for an adjustment of rates using the procedure established in this regulation if: (1) ten (10) or fewer years have elapsed since the effective date of new rates resulting from a cooperative's most recent base rate adjustment[.]" *id.*, the Order ignores Jackson Energy's last

⁴ 807 KAR 5:078 shall be referred to, hereinafter, as the "Streamlined Ratemaking Regulation."

general rate adjustment, filed in March of 2019.⁵ Because Jackson Energy’s 2019 general rate adjustment is well within the 10-year limitation under the Streamlined Ratemaking Regulation, the Order is in error, and the Commission should find that 807 KAR 5:078 § 2(1) has been satisfied.

It appears that the Order’s error perhaps derives from a faulty assumption that rate cases submitted under the Commission’s prior streamlined ratemaking pilot program (created in case No. 2018-00407)⁶ are not general rate adjustments under the Streamlined Ratemaking Regulation. To the contrary, the Commission’s own orders establishing the streamlined ratemaking pilot program reinforce the conclusion that prior Pilot Program Applications were nevertheless “adjustment[s] in rates received pursuant to an application filed pursuant to 807 KAR 5:001, Section 16.”⁷

In its initiating order in Case No. 2018-00407, “[t]he Commission, on its own motion, established this administrative case to review the procedure for filing general rate adjustments for electric distribution cooperatives (Distribution Cooperatives).”⁸ Recognizing that applications submitted through the pilot program were nevertheless still general rate adjustments,

⁵ *Electronic Application of Jackson Energy Cooperative Corporation for a General Adjustment in Existing Rates*, Case No. 2019-00066. (Emphasis added.)

⁶ *In the Matter of a Review of the Rate Case Procedure for Electric Distribution Cooperatives*, Case No. 2018-00407, Order of Dec. 11, 2018 at 1 (hereinafter, the “Streamlined Pilot Order”). Similarly, applications under the Streamlined Pilot Order shall be referred to, hereinafter, as “Pilot Program Applications.”

⁷ See 807 KAR 5:078 § 1(3).

⁸ *In the Matter of a Review of the Rate Case Procedure for Electric Distribution Cooperatives*, Case No. 2018-00407, Order of Dec. 11, 2018 at 1 (emphasis added) (hereinafter the “Streamlined Pilot Order”).

the Commission granted a significant number of deviations from the general rate adjustment filing requirements regulation set out at 807 KAR 5:001, Section 16.^{9, 10} One year later, the Commission revised select elements of the pilot program but otherwise reaffirmed the central purpose of its Streamlined Pilot Order: again confirming that its purpose was to “review the procedure for filing general rate adjustments for electric distribution cooperatives (Distribution Cooperatives).”¹¹ Consequently, there should be no question that Jackson Energy’s 2019 rate case satisfies the eligibility threshold created by 807 KAR 5:078 § 2(1), and the Commission should find that 807 KAR 5:078 § 2(1) has been satisfied.

⁹ This is the same regulation that 807 KAR 5:078 § 1(3) identifies as the defining characteristic of a “general rate adjustment.”

¹⁰ See Streamlined Pilot Order at 13, Ordering para. 4 (emphasis added).

¹¹ *Id.*, Order of Dec. 20, 2019 at 1 (hereinafter “Streamlined Pilot Order #2”); see also n. 1 of Streamlined Pilot Order #2 (identifying the case styles of each of the two initial pilot program cases, one of which was for Jackson Energy, as a “General Adjustment in Existing Rates”).)