

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

<b>ELECTRONIC APPLICATION OF</b>	)	
<b>JACKSON ENERGY COOPERATIVE</b>	)	
<b>CORPORATION FOR A GENERAL</b>	)	<b>Case No. 2024-00324</b>
<b>ADJUSTMENT OF RATES PURSUANT</b>	)	
<b>TO 807 KAR 5:078</b>	)	

**ATTORNEY GENERAL'S COMMENTS**

The Attorney General provides these comments pursuant to the Commission’s Order of December 26, 2024. Jackson Energy Cooperative Corporation (“Jackson Energy”) filed an application on November 8, 2024 seeking an adjustment of rates. The proposed adjustment would increase rates by \$5,793,612, which is a 5% increase. Jackson Energy filed a revenue neutral streamlined rate case in 2019,<sup>1</sup> with its last general rate adjustment occurring about twelve years ago.<sup>2</sup> The Commission rejected Jackson Energy’s application in this matter by Order of November 22, 2024 when it determined the rates proposed by Jackson Energy would result in “continued operational losses.” That Order explained that the utility’s testimony provided the total revenue deficiency the utility currently experienced was \$8,922,803 annually, more than \$3,000,000 more than the utility requested.<sup>3</sup> That finding was not the sole basis for rejecting the filing. After two rounds of responsive filings, Jackson Energy satisfied the Commission’s requirements for filing for an alternative rate adjustment, and the Commission accepted

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<sup>1</sup> Case No. 2019-00066.

<sup>2</sup> Case No. 2013-00219.

<sup>3</sup> See Order of November 22, 2024 at 2.

the application for review.<sup>4</sup> The proposed rate increase would cause the average residential ratepayer's monthly bill to increase by 7.2%, which amounts to \$10.03.

#### **A. Revenue Requirement**

As mentioned, Jackson Energy requested a revenue increase of \$5,793,612 despite its expert's identification of a deficiency in the amount of \$8,922,803 in the test year. At the outset, the Attorney General commends Jackson Energy for operating in such a manner that it has maintained stable financial metrics since 2013 without a rate increase.<sup>5</sup> Further, Jackson Energy's proposal to limit its revenue increase to 5% when it arguably could have pursued a 7.7% increase by seeking the full amount of the revenue deficiency is equally commendable. This choice signals a commitment to keeping the interests of owner-members front-of-mind. The Attorney General is appreciative of that consideration.

#### **B. Miscellaneous Adjustments to Revenue Requirement**

The Attorney General has been afforded the opportunity to present one round of Data Requests to Jackson Energy. Typically, in a non-streamlined rate case, the Attorney General would have the opportunity to make supplemental follow-up requests. It does not have that ability here. The following issues are presented related to Jackson Energy's Response to those initial requests and are issues the Attorney General would have followed up on if it had the opportunity to ask further questions.

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<sup>4</sup> See Orders of December 10, 2024 and December 26, 2024.

<sup>5</sup> See Motion for Deviation at 3.

In Response to AG DR1-11, Jackson Energy noted that it received \$1.86 million in FEMA funding for 2023-2024. The Commission should ensure that these funds have been credited appropriately such that ratepayers receive the benefit of these funds and do not pay for the repairs for which those funds are meant to compensate.

In Response to AG DR 1-12, the utility noted that \$6,439.21 was included in the Revenue Requirement related to miscellaneous dues. Many types of dues are not recoverable from ratepayers, and the Response has not provided transparency with regard to whether these particular dues should be excluded.

In Response to AG DR 1-8, Jackson Energy states that Board Members received \$1,500 per month as a Board Fee. The Commission should ensure that this amount is reasonable and in-line with other similarly situated utilities.

In Response to AG DR 1-5, Jackson Energy disclosed executive salary information. The Commission should ensure that executive salaries are reasonable and similar to other cooperatives throughout the Commonwealth. The Commission should rely on its data and studies it has available to it to track executive compensation for cooperative distribution utilities in the Commonwealth. The compensation for certain positions certainly appears to exceed the compensation for similar positions at other cooperatives. The Commission should consider all data available to it on this subject to determine whether those costs are just and reasonable.

The Commission should review these specific issues closely to ensure ratepayers are not being subjected to unreasonable costs.

### **C. Customer Charge**

Jackson Energy proposes to increase its fixed customer charge by more than 47%, from \$24.76 per month to \$36.48.<sup>6</sup> The Attorney General has concerns regarding this sudden and severe increase in the fixed customer charge. An increase of this magnitude to the residential customer charge could hinder the ability of residential customers to control their monthly electric bills, and pose a further financial hardship on those customers struggling to make ends meet. The Commission has always relied upon the principle of gradualism in ratemaking, which mitigates the financial impact of rate increases on customers.<sup>7</sup> The Attorney General respectfully requests the Commission to continue to rely upon the principle of gradualism when awarding any increase to the residential monthly customer charge.

### **Conclusion**

The Attorney General requests the Commission approve the proposed revenue increase filed by Jackson Energy unless the Commission Staff identify necessary adjustments. If Commission Staff identify any such adjustments, the revenue requirement should be approved only after making those adjustments. The Attorney General requests that rates should be approved which allow for the necessary revenue increase with adjustments made to limit the increase to the fixed customer charge.

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<sup>6</sup> Wolfram Testimony at 22.

<sup>7</sup> Case No. 2014-00396, *In the Matter of Application of Kentucky Power Company for: (1) A General Adjustment of its Rates for Electric Service; (2) An Order Approving its 2014 Environmental Compliance Plan; (3) An Order Approving its Tariffs and Riders; and (4) An Order Granting All Other Required Approvals and Relief*, (Ky. PSC June 22, 2014) (“the Commission has long employed the principle of gradualism”); See also Case No. 2000-00080, *In the Matter of: The Application of Louisville Gas & Electric Company to Adjust its Gas Rates and to Increase its Charges for Disconnecting Service, Reconnecting Service and Returned Checks* (Ky. PSC Sept. 27, 2000) (“the Commission is adhering to the rate-making concepts of continuity and gradualism in order to lessen the impact of these increases on the customers that incur these charges.”)

Respectfully submitted,

RUSSELL COLEMAN  
ATTORNEY GENERAL



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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 6, 2025, a copy of the forgoing was served on the individuals on the e-service list.

this 6<sup>th</sup> day of February, 2025.



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Assistant Attorney General