

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

COMMENTS OF JACKSON ENERGY COOPERATIVE CORPORATION

Comes now Jackson Energy Cooperative Corporation (“Jackson Energy”), by counsel, pursuant to 807 KAR 5:078, Section 8 (8)(b) and all other applicable law, and hereby submits its comments in support of its rate application at issues in this matter.

On October 2, 2024, Jackson Energy filed notice of its intent to seek a general adjustment of rates. On November 11, 2024, Jackson Energy filed its application for a general rate adjustment pursuant to the streamlined rate case procedure for electric cooperatives set forth in 807 KAR 5:078. On November 22, 2024, the Commission entered an order rejecting Jackson Energy’s application. On November 25, 2024, Jackson Energy responded to the Commission’s November 22, 2024 order and resubmitted its application for an adjustment of rates. On December 10, 2024, the Commission entered an order again rejecting Jackson Energy’s application. On December 11, 2024, Jackson Energy filed a motion for deviation from certain requirements of 807 KAR 5:078 and its application for an adjustment of rates was also refiled on that same date. On December 26, 2024, the Commission entered an order granting Jackson Energy’s motion for deviation and accepting the application for an adjustment in rates. In its order, the Commission established a procedural schedule which

included deadlines for intervention, requests for information, responses to requests, submission of comments and final submission of the case. To date, intervention has been granted to the Kentucky Attorney General and Jackson Energy has submitted its responses to information requests from both the Commission and the Attorney General. At this point, all evidence has been submitted and the parties to this action now have the opportunity to submit comments.

Jackson Energy believes that its entitlement to the rate adjustment sought in its application has been fully justified by its application and exhibits thereto along with its responses to the data requests in this matter. However, in the interest of working together with a common goal of improving the streamlined process for electric cooperatives to submit rate applications, Jackson Energy offers these comments based on its experience in this matter.

While the streamlined rate regulation for electric cooperatives, 807 KAR 5:078, allows for intervention by the Attorney General and other parties, and while the regulation allows for data requests to be submitted by the Attorney General, some of those requests were onerous and required extensive work by Jackson Energy personnel while providing little information of probative value. The streamlined application provides little guidance as to the outer limits of data requests. Furthermore, while Jackson Energy could object to certain requests, it chose not to do so in the interest of full disclosure and was concerned that raising objections would lengthen and complicate a process intended to be streamlined in nature. Jackson Energy would suggest that a framework be developed for future cases concerning the extent of data requested that has a shortened period, preferably the previous 5 years in lieu of the 10 years requested by intervenors.

Jackson Energy would also like to respond to comments filed by the Attorney General on February 6, 2025.

A. Revenue Requirement

Jackson Energy appreciates the Attorney General's acknowledgement of its commitment to keeping its requested rate increase at a minimum and managing its stable financial position for the last 12 years without a rate increase.

B. Miscellaneous Adjustments to Revenue Requirement

1) AG DR1-11

For clarification, the FEMA amount of \$1.86 million was for reimbursement of storm repairs after declared disasters in 2023 and 2024. FEMA provides reimbursement only after the cooperative has expended funds for storm repair. FEMA requires detailed cost information on the storm expenditures and only provides 75% of the funding request. FEMA also conducts an audit to ensure that the funding received was appropriately used for storm repairs.

2) AG DR1-8

Jackson Energy Board members receive a \$1,200.00 monthly fee. The Chairman and Secretary/Treasurer (a combined position) receive a \$1,500.00 monthly Board fee due to their additional duties.

C. Customer Charge

Jackson Energy provided examples in its data request response illustrating that putting the entire requested increase in the customer charge would benefit

members by stabilizing their monthly bill and would provide relief during extremely hot or cold weather. If the requested rate increase is moved to the kWh charge, our members will see huge fluctuations in their monthly bill during the summer and especially winter months. In addition, Jackson Energy's request has the customer charge increasing but the current kWh charge would have a slight decrease. Jackson Energy's low-income members tend to see very high electric bills in the winter months due to their high kWh usage. Adjusting the customer charge to the appropriate cost of service will result in lower electric bills for those in financial hardship, which are our low-income members.

In addition, Jackson Energy's stable financial position is also due to the revenue neutral rate case in 2019 that increased the customer charge and lowered the kWh charge. The customer charge should reflect the actual cost of service. Cooperatives are financially burdened to depend on extreme weather conditions to become financially solvent because the operational costs are recouped through the kWh charge and not the customer charge. The kWh charge should be the reimbursement for the energy used by members and not the operational costs of the cooperative. Multiple cooperatives in Kentucky have expressed this concern and their cost-of-service studies have documented and substantiated this issue. Jackson Energy encourages the Attorney General and the Public Service Commission to review the documentation regarding a true cost of service customer charge.

Wherefore, Jackson Energy respectfully requests an appropriate order from the Commission granting its rate application as stated.

Respectfully submitted by,

Clayton O. Oswald

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CERTIFICATION

The undersigned counsel hereby certifies that this document was filed electronically with the Commission on February 6, 2025, and that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding. Pursuant to the Commission's July 22, 2021 Order in Case No. 2020-00085, no paper copies of this filing will be made.

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