

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

In the Matter of:

ELECTRONIC APPLICATION OF JACKSON	)	
PURCHASE ENERGY CORPORATION FOR	)	CASE NO.
AUTHORITY TO EXTEND ITS DEBT LIMIT;	)	2026-00033
ESTABLISH A PERPETUAL LINE OF CREDIT;	)	
AND ENTER DEBT OBLIGATIONS	)	

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JACKSON PURCHASE ENERGY CORPORATION'S  
VERIFIED RESPONSE TO  
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION  
ENTERED MARCH 9, 2026

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Comes now Jackson Purchase Energy Corporation's ("Jackson Purchase"), by counsel, and does hereby tender its Verified Response to the Commission Staff's First Request for Information entered March 9, 2026.

Dated: March 20, 2026



**Jackson Purchase Energy Corporation**  
**Case No. 2026-00033**  
**Commission Staff's First Request for Information**

**Request 1:** Refer to the Direct Testimony of Meredith Kendall (Kendall Direct Testimony) at 3, which states that 100 percent of Jackson Purchase Energy's long-term debt is at fixed interest rates.

- a. Provide the anticipated interest rate of the PowerVision Loan. If this cannot be provided, explain why.
- b. Confirm that the PowerVision Loan will have a fixed interest rate. If unable to confirm, explain.
- c. Refer also to Attachment MK-1 to Kendall Direct Testimony. Reconcile the Kendall Direct Testimony and Attachment MK-1 as it appears that Attachment MK-1 specifies long-term debt obligations with variable interest rates.

**Response 1(a):** The interest rate of the PowerVision Loan cannot be determined at this time. At the time of each potential loan advance, CFC allows the borrower (Jackson Purchase) the option of choosing a long-term fixed rate for a term between one to thirty years that does not exceed the remaining loan term. Another feature of the PowerVision Loan is that borrowers can choose to convert their loans from a variable rate to a fixed rate based on their assessment of where rates are headed at any time and at no additional cost. Similarly, Jackson Purchase may also convert from a fixed rate to another fixed rate or to a variable rate at the end of the current fixed-rate period (referred to as the repricing date).

If Jackson Purchase were to choose an interest rate term less than the loan maturity, the loan advance would be eligible for repricing at the end of the interest rate term for no fee. In the event of a repricing, Jackson Purchase would have the option of a fixed or variable interest rate at that time.

**Response 1(b):** Jackson Purchase cannot confirm this at this time. The interest rate would be determined at the time of an advance. At that time, Jackson Purchase management would make its best judgement as to where rates are headed and choose based on its assessment of what would be assumed to be the most advantageous solution for the cooperative.

**Response 1(c):** Jackson Purchase is currently a borrower from CFC, CoBank, and RUS, with 100% of Jackson Purchase's long-term debt at fixed interest rates.

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**Request 2:** Refer to the Kendall Direct Testimony at 3-4. Provide Jackson Purchase Energy's current equity-to-assets ratio.

**Response 2:** Jackson Purchase's equity-to-assets ratio as of January 31, 2026 was 31.22%. This is consistent with the Board of Directors' Capital Management Policy, which indicates the Cooperative should maintain an equity-to-asset ratio between 30% and 50%. This policy is referenced in the Direct Testimony of Meredith Kendall.

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**Request 3:** Refer to the Kendall Direct Testimony at 4, lines 11-13. Provide examples of such financial and operational reporting requirements.

**Response 3:** The loan covenants are voluminous and require numerous reporting requirements. These vary from administrative requirements to financial metrics. Regarding the financial metrics, CoBank, CFC, and RUS require Jackson Purchase to submit an annual financial report with each entity using audited financial information. The loans require Jackson Purchase to maintain, at a minimum, the following financial ratios (best 2 of the most recent 3 calendar year average):

- Times Interest Earned Ratio (TIER) of 1.25;
- Debt Service Coverage (DSC) Ratio of 1.25;
- Operating Times Interest Earned Ratio (OTIER) of 1.10;
- Operating DSC Ratio of 1.10; and,
- Modified Debt Service Coverage (MDSC) Ratio of 1.35 (CFC requirement).

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**Request 4:** Refer to the Kendall Direct Testimony at 5. State whether Jackson Purchase Energy is currently pursuing additional long-term debt, or whether it intends to do so within the calendar year.

**Response 4:** Jackson Purchase Energy does not intend to pursue additional long-term debt other than applying for the PowerVision Loan through CFC.

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**Request 5:** Refer to the Kendall Direct Testimony at 5. Provide the actual outstanding principal on long term debt as of March 1, 2026.

**Response 5:** Jackson Purchase's outstanding debt as of March 1, 2026 is as follows:

RUS/FFB	81,685,485.55
CFC	13,222,256.74
CoBank	<u>5,479,326.08</u>
Total	<u>100,387,068.37</u>

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**Request 6:** Refer to the Kendall Direct Testimony, Attachment MK-1. Refer also to the Application, Exhibit 4. Reconcile the notes listed in Attachment MK-1 with the debt obligations listed in Exhibit 4.

**Response 6:** The amounts listed in Attachment MK-1 are the original face value of each note that Jackson Purchase Energy has outstanding with the respective entity listed (without regards to how much Jackson Purchase Energy borrowed on each note or how much principal has since been paid on each note). The amounts listed in Attachment MK-1 are the amounts that are counted toward Jackson Purchase's Maximum Debt Limit. However, Jackson Purchase's long-term debt in Exhibit 4 is a much more accurate depiction of the amount of long-term debt that is actually listed on Jackson Purchase's balance sheet. The amounts listed in the column titled "Amount Outstanding" in Exhibit 4 were the actual principal amounts outstanding on Jackson Purchase's balance sheet as of November 30, 2025.

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**Request 7:** Refer to the Application at 4, paragraph 10(b). Confirm that the title of the “Mortgage” contains a typographical error. If confirmed, provide the corrected title. If not confirmed, explain.

**Response 7:** There is no typographical error. The document is entitled “Full Title of Document.” It is also referred to as “the Mortgage.” In confidential Exhibit 5, the document is also referred to as “Restated Mortgage and Security Agreement.”

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**Request 8:** Refer to the Application at 6, paragraph 17. Provide an update to Jackson Purchase Energy's outstanding long-term debt balance as of March 1, 2026. If applicable, also provide any update to the face value of Jackson Purchase Energy's outstanding debt.

**Response 8:** Please see Response 5 for an update to Jackson Purchase's outstanding long-term debt as of March 1, 2026. The face value of Jackson Purchase's outstanding debt is the same as reported.

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**Request 9:** Refer to the Application at 6, paragraph 19.

- a. Provide and analyze both the positives and negatives between Jackson Purchase Energy using a revolving line of credit agreement versus a perpetual line of credit agreement.
- b. Provide a detailed explanation of Jackson Purchase Energy's rationale to change to a perpetual line of credit.
- c. Refer also to the Kendall Direct Testimony at 7. Provide a detailed explanation regarding how converting the line of credit agreement to a perpetual agreement will simplify record keeping and minimize administrative burdens.

**Response 9(a):** A perpetual agreement simply means that Jackson Purchase's line of credit through CFC would stay open indefinitely without having to file a new Board Resolution and paperwork to keep the line of credit open every two years. On the positive side, a perpetual line of credit saves the Board, Cooperative staff, and CFC employees time since Jackson Purchase intends to continually reapply for the line of credit. Jackson Purchase cannot analyze negative reasons for a perpetual line of credit because there are none.

**Response 9(b):** Jackson Purchase simply wishes to change to a perpetual line of credit to reduce paperwork and administrative burden of reapplying for a revolving line of credit every two years.

**Response 9(c):** A perpetual agreement simply means that Jackson Purchase's line of credit through CFC would stay open indefinitely without having to file a new Board Resolution and

paperwork to keep the line of credit open every two years. This reduces the administrative burden on the Board, Jackson Purchase employees, and CFC employees.

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**Response 10:** Refer to the Application, Exhibit 2. Provide a detailed explanation of what the \$6,621,243 in construction work-in-progress amount is in reference to. As part of the response, include an editable excel worksheet of all amounts included in the total construction work-in-progress referenced in Exhibit 2.

**Response 10:** Construction Work-in-Progress refers to the costs incurred for fixed assets on Jackson Purchase's balance sheet that have not been completed and placed into service as of a specific date (Exhibit 2 specifically refers to the amount in progress as of November 30, 2025). These costs, which include labor, overhead, and materials, will eventually be capitalized and depreciated with Jackson Purchase's Utility Plant in Service. Please see the Excel worksheet provided separately for details of this line item on Jackson Purchase's balance sheet as of November 30, 2025.

**ATTACHMENT  
IS AN EXCEL  
SPREADSHEET  
AND UPLOADED  
SEPARATELY**

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**Request 11:** Refer to the Application, Exhibit 4.

- a. Provide the face value of any listed debt obligations with maturity dates before December 31, 2027, individually.
- b. Provide the anticipated face value of all of Jackson Purchase Energy's outstanding debt after the obligations detailed in Item 4(a) are repaid.

**Response 11(a):** Please see below.

Type of Debt Issue (a)	Date of Issue (b)	Date of Maturity (c)	Amount Outstanding (d)	Original Face Value (e)
CoBank	1991	2026	69,660.00	739,237.00
CoBank	2010	2026	151,265.66	2,666,154.87
CFC	2017	2026	552,915.68	734,340.85
CFC	2017	2027	765,018.30	765,018.30

**Response 11(b):** When the debt obligations are paid, Jackson Purchase's anticipated face value of its debt would be \$0.

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**Request 12:** Refer to the Application, Exhibit 6.

- a. Provide when Jackson Purchase Energy's 2024-2027 Construction Work Plan (CWP) was developed.
- b. Explain how Jackson Purchase Energy has funded the CWP thus far.
- c. Explain what prompted Jackson Purchase Energy's requests in this proceeding at this time, rather than during or closely after the development of the CWP.

**Response 12(a):** Jackson Purchase's 2024-2027 Construction Work Plan was developed in 2023.

**Response 12(b):** Jackson Purchase has funded its 2024-2027 work plan projects through a mixture of distribution and sales of electricity to its members (equity) and advances funded by the RUS loan.

**Response 12(c):** Jackson Purchase Energy's management learned about the advantages of applying for the CFC PowerVision loan in mid-year 2025.

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**Request 13:** Provide Jackson Purchase Energy's most recent workplan filed with RUS.

**Response 13(a):** Please see the Application, Exhibit 6.

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**Request 14:** State whether Jackson Purchase Energy would, if all requests in this application are approved, have a debt limit exceeding its total plant in service.

**Response 14:** If all requests in this application are approved, Jackson Purchase's Maximum Debt Limit (MDL) would be \$250 million, which would slightly exceed total plant in service on Jackson Purchase's balance sheet. This is because the original face value of each note, without consideration of the amount that is actually outstanding on Jackson Purchase's balance sheet for each note, are what is used to calculate MDL. However, Jackson Purchase's outstanding debt-to-plant in service ratio, which is the amount that is considered by lenders when calculating debt-to-equity ratios, would remain at less than 1.0.

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**Request 15:** Provide the Times Interest Earned Ratio (TIER) that Jackson Purchase Energy would have if all requests in this application are approved. Include all relevant workpapers in editable excel spreadsheet form.

**Response 15:** The TIER cannot be calculated at this time. TIER is calculated by adding long-term interest expense to net margins and dividing that sum by long-term interest expense. Without knowing what Jackson Purchase's net margins will be, this ratio cannot be calculated.

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**Request 16:** Provide the Operating Times Interest Earned Ratio (OTIER) that Jackson Purchase Energy would have if all requests in this application are approved. Include all relevant workpapers in editable excel spreadsheet form.

**Response 16:** The OTIER cannot be calculated at this time. OTIER is calculated by adding long-term interest expense and cash received from patronage to net operating margins and dividing that sum by long-term interest expense. Without knowing what Jackson Purchase's net operating margins or cash received from patronage will be, this ratio cannot be calculated.

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**Request 17:** State whether any of the funding, if approved, will be utilized by Jackson Purchase Energy to finance operations and maintenance expenses.

**Response 17:** Jackson Purchase cannot confirm nor deny. The Cooperative does not maintain separate funding allocations for capital projects versus operations and maintenance expenses. These costs are managed within the same overall budget and are evaluated and approved based on operational needs and priorities.

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**Request 18:** State whether Jackson Purchase Energy expects a change to its credit rating if its requests are approved in this case.

**Response 18:** Jackson Purchase Energy does not receive credit ratings from financial institutions.