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September 2, 2010

HON ANITA MITCHELL  
STAFF ATTORNEY  
KENTUCKY PUBLIC SERVICE COMMISSION  
211 SOWER BLVD.  
FRANKFORT KY 40602

RECEIVED  
SEP 07 2010  
PUBLIC SERVICE  
COMMISSION

**Re: Jackson Purchase Energy Corporation – Application to Amend Tariffs  
Public Service Commission Case No. 2009-00451**

Dear Anita:

In response to the telephonic Informal Conference held on August 26, 2010, JPEC provides the following responses:

In reference to Item 1, this is a continuation of JPEC's present procedures. Whenever the meter pole becomes unusable, JPEC will install a new pole at no cost to the member. JPEC will coordinate with the member for the relocation of the member's service entrance, meter base, disconnect and any other member owned equipment. The member is responsible for the work or contracting with a qualified electrical contractor to relocate the member's equipment to the new pole. JPEC employees are not electricians and are not qualified to undertake this work.

In reference to Item 2, since August 2009 until August 26, 2010, an additional 48 meter poles have been installed. The total number of meter poles would now stand at 107. Upon approval of the proposed change, and following payment to the member (less the perpetual lease fee), JPEC would assume ownership of the meter pole, with all of the duties to maintain the pole in the future.

In reference to Item 3, eleven (11) of the accounts are now in different names than the original applicant. One of the accounts is in a different name as a result of the marriage of the member. Three (3) accounts do not have a valid forwarding address; and one of the three accounts left JPEC with an outstanding balance greater than the projected payment. Therefore, only two of the accounts are not able to receive the payment. JPEC would propose to apply the undelivered payment into JPEC's contribution in aid of construction account.

Hon. Anita Mitchell  
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JPEC would make the payments with a check and letter of explanation to the member. JPEC is of the opinion the check clearly defines the purpose of the payment.

JPEC did not consider the perpetual lease on a prospective basis.

As a final point of reference, JPEC has had perpetual leases until the approval of the most recent rules and regulations. Prior to this recent change, JPEC was collecting \$25.00 for the meter pole.

The inquiry pertaining to retroactive rate making likely results from JPEC repeatedly referring to the proposed mobile home meter pole modification as a "refund. Right or wrong, we tend to think of refunds in the context of service charges. This matter is qualitatively different, in our eyes, which may explain how we came to labeling it a refund. If we had been thinking of service charges and the Filed Rate Doctrine we would have been more precise in our language.

The approval being sought is not for a refund but for a purchase/lease transaction. JPEC will purchase from the subject members their meter poles. Thereafter, JPEC will have ownership as has been previously explained. As part and parcel of the same transaction, and for the same consideration, JPEC shall grant to its member perpetual lease rights on the replacement pole allowing the member to attach its equipment without any charge whatsoever.

As Mr. Nuckols has explained, a prime motivator in acquiring ownership of the meter poles is due to safety concerns. Our union representatives and linemen have, understandably, voiced concern over the non-uniform quality and condition of poles belonging to others. JPEC believes that the purchase/lease transaction is the best way to address this important safety issue.

Should you wish JPEC to formally amend the record to delete the incorrect references to a "refund," we will be pleased to do so.

Sincerely,



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cc: Kelly Nuckols, JPEC, via e-mail

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