



115 Jackson Energy Lane
McKee, Kentucky 40447
Telephone (606) 364-1000 • Fax (606) 364-1007

August 19, 2010

RECEIVED

AUG 24 2010

PUBLIC SERVICE
COMMISSION

Director of Engineering
Kentucky Public Service Commission
211 Sower Blvd.
PO Box 615
Frankfort, KY 40602-0615

Re: Tariff Filing of Jackson Energy Cooperative to establish Prepaid Electric Service
Administrative Case No. 2010-00210

Jackson Energy Cooperative respectfully submits the information requested per the order dated August 11, 2010 in Administrative Case No. 2010-00210.

Please inform me if any further information is required.

Sincerely,

A handwritten signature in black ink, appearing to read "Clayton Oswald", written in a cursive style.

Clayton Oswald
Attorney for Jackson Energy Cooperative

CW/cr

JACKSON ENERGY COOPERATIVE
CASE NO. 2010-00210
RESPONSE TO COMMISSION STAFF'S SECOND DATA REQUEST

1. Refer to Jackson Energy's response to Item 4 of Commission Staff's First Information Request ("Staff's First Request").

Response by Rodney Chrisman

- a. Given that it is based entirely on the wages and benefits for a clerical employee, explain why the Commission should approve a transaction fee for automated transactions which do not require the use of an employee.**

The automated system allows for customers to make payments without assistance from an employee; however, employees will be utilized to review and monitor the transactions through the automated system along with any maintenance required for this type of system.

- b. Explain whether Jackson Energy will have the system capability to not apply the transaction fee to fully automated transactions, similar to its ability to omit transaction fees for assistance vouchers as stated in its response to Item 11 of Staff's First Request.**

The software applies the transaction fee to all prepay accounts regardless the method of payment. Jackson Energy plans to manually remove the transaction fee for assistance vouchers applied to prepay accounts. Therefore, the transaction fee is not omitted, only removed after the voucher has been applied to a prepay account.

- c. Explain why Jackson Energy estimates that most customers will use a customer representative instead of the automated response system.**

Jackson Energy serves our members with four customer service offices. The offices are conveniently located for most of the membership to visit in person. On a monthly average, the cash register report reveals that more than 35% of the membership either walks in or drives through one of these offices to pay their bill. Our telephone reports indicate that the call center receives 13,000-16,000 non-emergency calls each month and 90% of these calls are billing related. Therefore, Jackson Energy feels the trend of customers utilizing a customer representative either in person or by telephone will continue with the prepay program.

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- 2. Refer to the response to Item 12 of the Staff's First Request and to the revised tariff in Exhibit D to Jackson Energy's responses to Staff's First Request. This response states that the prepay program would not be applicable to customers utilizing Levelized Billing. The revised tariff in Exhibit D states that the prepay rider is available to any and all rate schedules used by Jackson Energy. Explain whether Jackson Energy believes that the tariff should reflect the exclusion for customers on Levelized Billing.**

Response by Rodney Chrisman

A revised tariff sheet, Exhibit A, reflects that this rider is available for all rate schedules except those consumers on Levelized Billing.

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- 3. Refer to the response to Item 13 of Staff's First Request. This response states that the \$100,000 Jackson Energy received from the American Reinvestment and Recovery Act are not to be repaid and that Exhibit A shows software costs have been removed from the calculation of the monthly program fee. Exhibit A shows software costs of \$49,000. Explain how customers will benefit from the remaining \$51,000 received by Jackson Energy to implement the prepaid program.**

Response by Carol Wright

Additional expenses will be needed to develop this program such as educational material, initial training and setup of the software, and purchasing additional collars and in-home displays. Jackson Energy intends to utilize the remaining \$51,000 for the purchase of collars and in-home displays. Jackson Energy must match the \$100,000 grant funding with in-house labor for the education, training, and setup of the entire program. None of these expenses have been included in the rates developed shown in Exhibit B attached and no margins have been calculated in these charges.

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- 4. Refer to Section B, Annual Expenses, in Exhibit A to the response to Staff's First Request. Explain why the interest rate is increased to 5 percent from the 4 percent used in the Application at Exhibit I, in the Testimony of James R. Adkins.**

Response by James R. Adkins

The annual expense calculation has been revised and is attached as Exhibit B which uses an interest rate of 4%. The previous one filed with an interest rate of 5% was submitted in error.

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RESPONSE TO COMMISSION STAFF'S SECOND DATA REQUEST

5. Refer to Exhibits B and C to the response to Staff's First Request.

Response by Rodney Chrisman

- a. In the first sentence under the "Certificate of Deposit" section, explain whether Jackson Energy intended to refer to the Public Service Commission rather than the Energy Regulatory Commission.**

Jackson Energy intended to refer to the Public Service Commission and not the Energy Regulatory Commission. A revised sheet is submitted as Exhibit C.

- b. In the first sentence under the "Certificate of Deposit" section, explain whether Jackson Energy intended to refer to 807 KAR 5:006 rather than 807 KAR 50:006.**

Jackson Energy intended to refer to 807 KAR 5:006 rather than to 807 KAR 50:006. A revised sheet is submitted as Exhibit C.

JACKSON ENERGY COOPERATIVE
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RESPONSE TO COMMISSION STAFF'S SECOND DATA REQUEST

6. Refer to Exhibit D to the response to Staff's First Request, page 3 of 3.

Response by Rodney Chrisman

- a. Item B in the section Other, states that "Members will continue to receive monthly information much like the statement received by post pay members." Explain how the statements provided to prepay customers will be differentiated from bills issued to post-pay customers to guard against prepay customers mistakenly believing they are receiving a bill from Jackson Energy.**

The statement that a customer on prepay will receive will be marked "DO NOT PAY- THIS IS NOT A BILL". Jackson Energy issues a similar statement to all customers who are currently on bank or credit card draft and no confusion has been noted to date.

- b. Item D in that same section states that members will be billed for damaged equipment "as set forth in the rules and regulations". Specify the rules and regulations referred to in this item.**

Jackson Energy's Rates, Rules, & Regulations filed with the commission on 10-26-2008, Original sheet #101, Subsection 3, Titled "Consumer's Responsibility for Cooperative Property".

FOR ENTIRE SERVICE AREA
P.S.C. NO. 5
Original Sheet No. 26

JACKSON ENERGY COOPERATIVE CORPORATION
PREPAY ELECTRIC SERVICE

Standard Rider

This Prepay Electric Service is a rider to any and all rate schedules used by the Cooperative.

Availability

Available to all consumers receiving electric service, with the exception of the consumers on Levelized Billing.

Type of Service

Prepay Electric Service.

Rates:

Monthly Program Fee	\$5.00
Transaction Fee	\$1.25

Minimum Monthly Charge

The minimum monthly charge for this rider is the program fee of \$5.00.

Terms & Conditions

This program is a voluntary program available to members of the Cooperative. Consumers receiving service under this tariff are required to enter into a contract for a minimum of one (1) year. Subject consumer will also receive instructions from the Cooperative orally and in written form on all aspects of this program and the in-house display that will be installed. Subject consumers will also sign a form that states that they have been properly instructed and fully understand this program prior to the installation of these in-house displays.

ISSUED BY AUTHORITY OF AN ORDER OF THE PUBLIC SERVICE COMMISSION OF
KENTUCKY IN CASE NO. _____ DATED _____
Date of Issue: _____ Date Effective: _____
Issued By: _____ President & CEO.

FOR ENTIRE SERVICE AREA
P.S.C. NO. 5
Original Sheet No. 27

JACKSON ENERGY COOPERATIVE CORPORATION
PREPAY ELECTRIC SERVICE

Contracts/Agreements

Each member choosing the prepay option will be subject to all other applicable rules and regulations which apply to members using a tariff without the prepay rider. A member will be required to pay the membership fee and be entitled to all member benefits as other members. The membership agreement will include a statement providing the prepay option and will require a checkbox and signature. The membership agreement is for a minimum of 12 months, and the prepay agreement will follow this plan. However, if after a few months the member discovers the prepay option is not convenient for their lifestyle, then the member may revert to a tariff without the rider. At this point the member will be subject to conditions of the tariff without the rider, such as making a deposit with the cooperative. The member will also be asked to return any equipment that was issued to them as a participant of prepay (i.e. the in-home display).

Charges and Assessments

- (A) Non-energy charges such as the customer charge will be pro-rated daily. For example if the customer charge is \$15.00 then 30 days equals \$.50 per day. Each day at a time specific, \$.50 will be deducted from the total balance of the account.
- (B) The fuel adjustment and the environmental surcharge will be credited or debited to the account based upon the purchase. The dollar amount will be the allocation for the month of the purchase.
- (C) At the time the account is activated with the prepay option, the initial purchase is recommended to be a minimum of \$100.00. Purchases beyond the point of activation may be in any increment of the members choosing and could be \$20.00 or less.
- (D) When a member converts from post pay to prepay and that member has a deposit on file with the cooperative, the deposit will not be refunded but converted into a credit on the account going forward. This is of course if the deposit is not needed to meet the original purpose of the deposit.
- (E) After a member has been disconnected for non pay and chooses the prepay option for reconnect, they will be offered a plan whereas future purchases will be split 70/30 until the old debt is retired. 70% will be applied to new purchases while 30% will be applied towards retirement of the previous balance. For this plan a \$350.00 previous account balance will be the maximum.

ISSUED BY AUTHORITY OF AN ORDER OF THE PUBLIC SERVICE COMMISSION OF
KENTUCKY IN CASE NO. _____ DATED _____ .

Date of Issue: _____ Date Effective: _____ .

Issued By: _____ President & CEO .

FOR ENTIRE SERVICE AREA
P.S.C. NO. 5
Original Sheet No. 28

JACKSON ENERGY COOPERATIVE CORPORATION
PREPAY ELECTRIC SERVICE

Member Benefits

No deposit or late fees. The fact that you prepay for electric power means that there is no requirement for the member to pay a deposit with Jackson Energy. Considering that many deposits are running \$500.00 and more, this allows the member the benefit of having more spendable assets. The same holds true for the late fee. A typical member who pays the late fee will save \$78.00 annually. Also there is no disconnect/reconnect charges.

Other

- A) Refunds and credits: When a member decides to leave the program and they have a credit to their account they will have two options.) make some agreement with the new owner/tenant as to the balance, or 2) request a refund from Jackson Energy and have power disconnected.
- B) Members will continue to receive monthly information much like the statement received by post pay members.
- C) Should a member choose this plan and after a few months decide to discontinue, that member needs only to return the equipment issued them and meet the requirements of a non prepay member and Jackson Energy will continue to serve them under a new agreement.
- D) Payment for damaged equipment. The member will be billed for damaged equipment such as the meter, collar or the in-home display when such damage occurs as a result of neglect by the member. This will be in accordance as set forth in the rules and regulations.

ISSUED BY AUTHORITY OF AN ORDER OF THE PUBLIC SERVICE COMMISSION OF
KENTUCKY IN CASE NO. _____ DATED _____

Date of Issue: _____ Date Effective: _____

Issued By: _____ President & CEO .

**JACKSON ENERGY COOPERATIVE
CASE NO. 2010-00210**

Exhibit B

Software for program (not included in customer charge)	\$ 49,000.00	*Per Consumer \$ 12.25
A. Equipment Costs per Consumer		
1 Disconnect Collar	165	165.00
2 In-House Display	110	110.00
Investment per Consumer		<u>\$ 275.00</u>
B. Annual Expenses		
		<u>20 Year Life</u>
Depreciation	\$	13.75
Interest - 4%		11.00
O&M		
**Software - 40%		4.90
Disconnect Collar - 10%		16.50
In-House Display - 10%		11.00
Annual Expenses	\$	<u>57.15</u>
Monthly Expenses	\$	<u>4.76</u>
C. Transaction Fee Processing		
One Clerical Person with three minutes per transaction		
Wages	\$	15.41
Benefits		12.33
	\$	<u>27.74</u>
Number of transactions per hour		20
Cost per transaction	\$	<u>1.39</u>

*Per Consumer reflects 4,000 customers participating. Original filing was based on 1,500 customers.

**Software vendor offers various levels of support and this is based on the most comprehensive support. Original filing was based on minimum support level.



115 Jackson Energy Lane McKee, Kentucky 40447

APPLICATION FOR MEMBERSHIP AND ELECTRIC SERVICE

The undersigned (hereinafter called the "Applicant") hereby applies for membership in and agrees to purchase electric from the Jackson Energy Cooperative (hereinafter called the "Cooperative") upon the following terms and conditions:

1. The Applicant will pay to the Cooperative the sum of \$25.00 which, if this applicant is accepted by the Cooperative, will constitute the Applicant's membership fee.
2. When electric energy becomes available, the Applicant will purchase from the Cooperative all electric energy used on the premises described below and will pay monthly at rates which will be fixed by the board of Directors of the Cooperative. The Applicant will pay a bill of at least the flat rate or minimum bill per month regardless of the number of kilowatt hours consumed.
3. The applicant will cause his premises to be wired in accordance with wiring specifications approved by the appointed electrical inspectors for the county in which the electric service is to be provided.
4. The Applicant will comply with and be bound by the provisions of the charter and by-laws of the Cooperative, and such rules and regulations as may from time to time be adopted by the Cooperative.
5. The cost of a subscription to the Kentucky Living Magazine is to be paid for as part of the cost of furnishing electric service each year. The acceptance of this application by the Cooperative shall constitute an agreement between the Applicant and the Cooperative, and the contract for electric service shall continue in force for one year from the date service is made available by the Cooperative and thereafter until cancelled by at least 10 days' notice by either to the other.

Notwithstanding anything, herein contained, the Applicant expressly agrees that the Cooperative may, prior to the acceptance of the application, use the \$25.00 for further development of the rural electrification project. If this Cooperative is unable to extend electric service to the Applicant, only that part of the \$25.00 membership which has not been used in an effort to extend service to him will be refunded.

CERTIFICATE OF DEPOSIT

In accordance with the Public Service Commission Administrative Regulation 807 KAR 5:006, Section 7, Deposits, Jackson Energy Cooperative has adopted the following policy:

1. A deposit or suitable guarantee approximately equal to two times the average monthly bill may be required of any member before service is supplied.
2. Interest will be paid on deposits at a rate determined by the National Rural Utilities Cooperative Finance Corporation's Medium-term note as of January of each year. The interest will be applied to the members account on an annual basis.
3. Interest on deposits will not be applied to accounts that are delinquent or disconnected on the anniversary date of the deposit.
4. A deposit may be re-calculated by the cooperative at any time when there is evidence that the pre-determined amount is not sufficient. After a deposit is retained for eighteen months the member may request a re-calculation. If the amount differs more than \$10.00 for residential or more than 10% for other members, calculated on actual usages, a refund of over payment shall be made or a collection made of underpayment.
5. Upon termination of service any deposit and accumulated interest will be applied to unpaid bills and if a balance remains it will be paid back to the member.
6. _____ Prepay account, no deposit required.
_____ Member has had instruction and understands Prepay Program _____

Member Signature

Applicant Name:	SSN:	Driver's Lic. No.:
Date of Birth:	Home:	Mobile:
Mailing Address:	Service Address:	Work:
Email Address:		Marital Status:
Membership Amount:	Deposit Amount Required:	
Signature of Applicant: _____	Date: _____	
Signature of Employee _____		

Co-Applicant Name:	SSN:	Driver's Lic. No.:
Date of Birth:	Home:	Mobile:
Mailing Address:	Service Address:	Work:
Email Address:		Marital Status:
Signature of Applicant: _____	Date: _____	

Note: This Application for Membership and Electric Service & Certificate of Deposit is NOT a receipt of payment of fees. Receipts are generated separately at the time fees are actually paid.