

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF JACKSON)	
PURCHASE ENERGY CORPORATION FOR A)	CASE NO.
CERTIFICATE OF PUBLIC CONVENIENCE AND)	2019-00326
NECESSITY TO CONSTRUCT A NEW)	
HEADQUARTERS FACILITY)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO JACKSON PURCHASE ENERGY CORPORATION

Jackson Purchase Energy Corporation (Jackson Purchase), pursuant to 807 KAR 5:001, is to file with the Commission the original and an electronic version of the following information. The information requested herein is due on November 25, 2019. Responses to requests for information in paper medium shall be appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry. Jackson Purchase shall make timely amendment to any prior response if Jackson Purchase obtains information which indicates that the response was incorrect when made or, though correct when made, is

now incorrect in any material respect. For any request to which Jackson Purchase fails or refuses to furnish all or part of the requested information, Jackson Purchase shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Jackson Purchase shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Provide the name and the relationship of any person(s) having a financial interest in the property to be sold to Jackson Purchase for use as its new headquarters that have a current relationship with Jackson Purchase, with any employee of Jackson Purchase, or with any current or former member of Jackson Purchase's Board of Directors.
2. Explain why additional repair and maintenance was not performed to prevent the current headquarters from falling into such disrepair.
3. Provide the estimated long-term maintenance expense for the proposed property, and the estimated useful service life of the proposed headquarters.
4. Refer to the application, paragraph 5.

a. Provide the purchase date and the purchase price for the 19 acres of land on which the current headquarters is located. Provide all improvements Jackson Purchase made to the 19 acres of land since the original purchase.

b. For each of the three separate masonry buildings, provide the date the buildings were placed in service, the original cost, the accumulated depreciation, and net book value as of December 31, 2018. In addition, for each of the three separate masonry buildings, provide the date of any capitalized improvements, the original cost, accumulated depreciation, and net book value of such improvements as of December 31, 2018.

c. Provide the assessed value of the land and the three separate masonry buildings for 2018 and 2019 as determined by the Kentucky Department of Revenue, Public Service Branch.

d. Provide the estimated fair market value of Jackson Purchase's current headquarters and the basis for this amount.

e. Explain how Jackson Purchase plans to treat any proceeds from the proposed sale of the current headquarters facility.

5. Refer to the application, paragraph 8.

a. Provide all supporting documentation for the assertion that Jackson Purchase's membership has increased by 20,000 members since 1969-70.

b. Explain whether Jackson Purchase projects further membership growth in the future and, if so, provide all documentation relied upon.

6. Refer to the application, paragraph 12.

a. Provide the assessed value for the land and improvements at the proposed site for 2018 and 2019 as determined by the McCracken County Property Valuation Administrator.

b. Provide a copy of the commercial appraisal of the proposed site.

7. Refer to the application, paragraph 14.

a. With respect to the employment of Cooperative Building Solutions (CBS), provide an itemized breakdown of the costs that Jackson Purchase has incurred to date and is expected to incur until such time a decision is made regarding facilities improvements.

b. Describe the process by which Jackson Purchase employed CBS for its services.

c. Explain if any other vendors were considered for the proposed project.

d. Explain if a request for proposal (RFP) was considered for the purpose of obtaining a vendor for the project. If not, explain why an RFP was not considered.

e. If the Commission approves the proposed project, provide the expected fair market value of the proposed property when all improvements are completed.

f. Provide a copy of the employment agreement between Jackson Purchase and CBS.

8. Refer to the Direct Testimony of Greg Grissom (Grissom Testimony), page 7, regarding Jackson Purchase's Board of Director's knowledge of the need to address the substandard conditions of the current headquarters facilities.

a. State when the substandard condition of the current headquarters facilities was brought to the attention of the Board of Directors.

b. Provide copies of the minutes of all Board of Directors meetings in which the need for new headquarters facilities was discussed.

9. Refer to the Grissom Testimony, page 8, lines 6–16, regarding the various options considered and the site visits. Identify all of the sites that were evaluated by Jackson Purchase and provide the reasons why these sites were not ultimately selected by Jackson Purchase.

10. Refer to the Grissom Testimony, page 9. Also, refer to the Direct Testimony of Tim E. Masa (Masa Testimony), Exhibit TEM-1, Section 08 Facility Design Option, Preliminary Cost Estimate. Explain the discrepancy in the cost estimates for Option B, Repurposing Existing Building.

11. Refer to the Grissom Testimony, page 9. If the Commission were to approve the proposed project, explain whether Jackson Purchase would retain the 40-acre tract or has it contemplated selling part of the tract.

12. Refer to the Grissom Testimony, page 11, lines 11–13. State when Jackson Purchase intends to have the existing headquarters facilities appraised and whether Jackson Purchase will have more than one appraisal performed.

13. Refer to the Direct Testimony of Jeffrey R. Williams (Williams Testimony), page 6. Provide the reasons for the assumption that Jackson Purchase will seek small rate increases in 2021, 2023, 2025, and 2027.

14. Refer to the Williams Testimony, page 8. Explain how the electricity and property tax expenses were determined. Provide a schedule showing how the amounts were determined.

15. Refer to the Masa Testimony, page 2. To the extent possible, provide a description of each project with which CBS has been employed and a comparison of the projected and actual cost for each project and the percentage difference.

16. Refer to the Masa Testimony, Exhibit TEM-1, Section 04, Assumptions, page 1, regarding the site improvements needed for the Repurposed Site Option. Identify the cost associated with the earthwork cuts and fills needed to bring the new office construction floor elevation to above the current flood plain elevation. Also, identify any other additional costs that would be needed to address the facility being located in a flood plain area.

17. Refer to the Masa Testimony, Exhibit TEM-1, Section 04, Assumptions, page 2, regarding the structural systems for the existing pre-engineered metal building that will be repurposed to an engineering and operations center and the construction of the new administrative building. Provide the rationale for proposing a hardened construction area to withstand 250 mph wind speeds and state whether this type of system design is standard for the construction of an office building in Kentucky.

18. Refer to the Masa Testimony, Exhibit TEM-1, Section 06, Existing Functionality Assessment. On the initial page that shows the Functionality Score

schedule, describe in detail the Standard Ratings column. Further, describe in detail the meaning of the numerical values assigned to each row under the Standard Ratings column.

19. Refer to the Masa Testimony, Exhibit TEM-1, Section 06, Existing Functionality Assessment, regarding the individual scoresheets assessing the existing office building, vehicle storage building, and warehouse building. Explain why each of the current buildings was assigned a zero score in category A, which evaluates the adequacy of the size of each building.

20. Refer to the Masa Testimony, Exhibit, TEM-1, Section 07, Needs Assessment.

- a. Explain the need for President/CEO office to include a 100 sq. ft. closet.
- b. Explain the need for a multi-purpose room with a catering kitchen.
- c. Explain the need for a wellness center.

21. Refer to the Masa Testimony, Exhibit TEM-1, Section 08, Facility Design Options, Option B (Repurpose Building).

- a. Explain why the cost is the same for the Enclosed Vehicle Storage and the Warehouse when they differ in square footage.
- b. Explain how the resale value of the existing building was determined. Provide all information utilized in making the determination of the resale value of the existing building (i.e., comparable sales, cost manuals, etc.).
- c. Explain whether the resale value of the existing building includes the land value.

22. Refer to the Masa Testimony, Exhibit TEM-1, Section 09, Option B. Explain why the proposed site was chosen when it is located in a flood plain. Also, identify the incremental costs associated with site improvement measures for facilities located in a flood plain compared to facilities not located in a flood plain.

23. Refer to the Masa Testimony, Exhibit TEM-4, unnumbered page 3, regarding the scope of work changes. Explain the need to add a second generator.

24. Refer to the Direct Testimony of Ronald S. Bacon (Bacon Testimony), page 7, lines 10–11, regarding the statement that the existing buildings have been maintained as well as expected. Provide support for this statement.

25. Refer to the Bacon Testimony, page 7, line 18, regarding the need to remove and replace the roof of the office building. Refer also to the Masa Testimony, Exhibit TEM-1, Section 05, Property Condition Assessment, page 23, which provides that the current office building roof was replaced in 2010 that came with a 20-year warranty. Explain why the roof on the office building will need to be removed and replaced when a new roof was placed on the building less than ten years ago.



Gwen R. Pinson
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED NOV 13 2019

cc: Parties of Record

*L Allyson Honaker
Goss Samford, PLLC
2365 Harrodsburg Road, Suite B325
Lexington, KENTUCKY 40504

*Jackson Purchase Energy Corporation
2900 Irvin Cobb Drive
P. O. Box 4030
Paducah, KY 42002-4030

*Jeff Williams
Jackson Purchase Energy Corporation
2900 Irvin Cobb Drive
P. O. Box 4030
Paducah, KY 42002-4030

*Mark David Goss
Goss Samford, PLLC
2365 Harrodsburg Road, Suite B325
Lexington, KENTUCKY 40504